HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2018, 2019 and 2020 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2021 THROUGH JUNE 30, 2025

Harrison Hills City School District

Treasurer's Office

Roxane Harding, Treasurer

May 18, 2021

HARRISON HILLS CITY SCHOOL DISTRICT
Harrison County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019, 2020
Forecasted Fiscal Year Ending June 30, 2021 through 2025

		Actual				Forecasted				
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
	Revenues									
1.010	General Property Tax (Real Estate)	14,907,684	18,224,657	18,024,699	10.6%	19,744,697	21,774,338	21,857,976	22,043,036	22,213,688
1.020	Public Utility Personal Property Tax	-	-	-	0.0%	-	-	-	-	-
1.030	Income Tax	-	-	-	0.0%	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	9,976,200	10,017,246	9,542,937	-2.2%	9,753,822	9,943,727	9,941,905	9,940,065	9,938,206
1.040	Restricted State Grants-in-Aid	363,787	326,262	329,703	-4.6%	303,245	306,127	309,038	311,979	314,949
1.045	Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-
1.050	Property Tax Allocation	685,358	703,417	702,043	1.2%	729,970	744,358	744,436	748,237	752,037
1.060	All Other Revenues	1,198,981	1,310,991	1,926,700	28.2%	1,436,481	1,239,000	1,239,000	1,214,000	1,189,000
1.070	*Total Revenues*	27,132,010	30,582,573	30,526,082	6.3%	31,968,215	34,007,550	34,092,355	34,257,317	34,407,880
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	282,668	276,021	272,009	-1.9%	272,344	272,344	272,344	272,344	272,344
2.050	Advances-In	641,366	60,873	537	-94.8%	612,365	350,000	350,000	350,000	350,000
2.060	All Other Financing Sources	-	-	123,943	0.0%	149,277	-	-	-	-
2.070	*Total Other Financing Sources*	924,034	336,894	396,489	-22.9%	1,033,986	622,344	622,344	622,344	622,344
2.080	*Total Revenues and Other Financing Sources*	28,056,044	30,919,467	30,922,571	5.1%	33,002,201	34,629,894	34,714,699	34,879,661	35,030,224
	Expenditures									
3.010	Personal Services	7,527,685	8,049,637	8,388,764	5.6%	$9,057,700	$9,336,500	$9,673,989	$10,149,100	$10,555,064
3.020	Employees' Retirement/Insurance Benefits	4,118,444	4,794,523	5,103,837	11.4%	$5,452,795	$5,735,500	$6,232,000	$6,734,900	$7,071,893
3.030	Purchased Services	4,267,842	3,821,242	4,348,799	1.7%	$4,350,828	$5,401,000	$5,531,800	$5,646,000	$5,815,380
3.040	Supplies and Materials	631,285	1,226,286	867,541	32.5%	1,733,769	1,893,411	1,998,991	2,106,239	2,169,426
3.050	Capital Outlay	625,502	594,821	767,992	12.1%	415,977	863,983	1,270,152	1,180,807	1,216,231
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:									
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	30,000	35,000	35,000	8.3%	$40,000	$40,000	$40,000	$45,000	$45,000
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	1,236	1,000	7,532	317.1%	($6,323)	$2,500	$2,500	$2,500	$2,500
4.300	Other Objects	430,887	576,411	626,332	21.2%	$746,531	$735,086	$744,090	$776,695	$799,996
4.500	*Total Expenditures*	$17,632,881	19,098,920	20,145,797	6.9%	21,791,278	24,007,979	25,493,522	26,641,241	27,675,491
	Other Financing Uses									
5.010	Operating Transfers-Out	1,887,164	2,867,021	7,784,259	111.7%	$2,344,831	$5,325,000	$325,000	$325,000	$325,000
5.020	Advances-Out	505,698	537	2,474	130.4%	636,360	350,000	350,000	350,000	350,000
5.030	All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-
5.040	*Total Other Financing Uses*	2,392,862	2,867,558	7,786,733	95.7%	2,981,191	5,675,000	675,000	675,000	675,000
5.050	*Total Expenditures and Other Financing Uses*	20,025,743	21,966,478	27,932,530	18.4%	24,772,469	29,682,979	26,168,522	27,316,241	28,350,491
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	8,030,301	8,952,989	2,990,041	-27.6%	8,229,732	4,946,915	8,546,177	7,563,420	6,679,733
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	14,485,432	22,515,733	31,468,722	47.6%	34,458,763	42,688,495	47,635,410	56,181,588	63,745,008
7.020	*Cash Balance June 30*	22,515,733	31,468,722	34,458,763	24.6%	42,688,495	47,635,410	56,181,588	63,745,008	70,424,741
8.010	*Estimated Encumbrances June 30*	851,369	847,065	610,640	-14.2%	555,000	555,000	555,000	555,000	555,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	452,525	452,525	539,099	9.6%	901,471	1,051,471	1,273,815	1,422,096	1,275,000
9.030	Budget Reserve	151,803	151,803	151,803	0.0%	151,803	151,803	151,803	151,803	151,803

HARRISON HILLS CITY SCHOOL DISTRICT
Harrison County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019, 2020
Forecasted Fiscal Year Ending June 30, 2021 through 2025

		Actual				Forecasted				
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	604,328	604,328	690,902	7.2%	1,053,274	1,203,274	1,425,618	1,573,899	1,426,803
10.010	*Fund Balance June 30 for Certification of Appropriations*	21,060,036	30,017,329	33,157,221	26.5%	41,080,221	45,877,136	54,200,970	61,616,109	68,442,938
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-	-		0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-		0.0%	-	-	-	-	-
11.300	Cumulative Balance of Renewal Levies	-	-		0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	21,060,036	30,017,329	33,157,221	26.5%	41,080,221	45,877,136	54,200,970	61,616,109	68,442,938
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-			0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	21,060,036	30,017,329	33,157,221	26.5%	41,080,221	45,877,136	54,200,970	61,616,109	68,442,938

Harrison Hills City School District – Harrison County
Notes to the Five Year Forecast
General Fund Only
May 18, 2021

Introduction to the Five Year Forecast

School districts are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021 for fiscal year 2021 (July 1, 2020 to June 30, 2021). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2021 (July 1, 2020-June 30, 2021) 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 2021 filing.

Economic Outlook

This five-year forecast is being filed during a recovery from the COVID-19 Pandemic and a health and financial struggle that encompassed our state, country and global economy. School districts play a vital role in their communities and we believe it is important to maintain continuity of services to our students and staff. The district has maintained services to students throughout the Pandemic. The State of Ohio's economic pressure has not been as great as first expected due to the effects of the pandemic thus the restoration of a portion of the original school foundation funding cuts was ordered by the Governor on January 22, 2021. Federal funding sent to school districts through the Elementary and Secondary Schools Education Relief Funds (ESSER) has also been a much needed resource to offset the loss of state funding. Additional Federal CARES Act funding was used to cover the costs of additional technology needs, personal protective equipment, and cleaning costs caused by the pandemic. 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 2021 Updates:

<u>Revenues FY21:</u>

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 $31,968,215 or 11.5% higher than the November forecasted amount of $28,670,183. This indicates the November forecast was 88.5 % accurate.

Property tax revenues are up $2.99 million due to a large increase of $38.9 million in additional Public Utility Personal Property (PUPP) values and Rover likely Tender Paid a large portion of their 2020 taxes in the 1st half.

State Aide, as noted above, began the year with continued cuts at the FY20 level; however, on January 22, 2021 Governor DeWine reinstated funding of approximately 53% of those reductions thus having a positive impact of $255,038 for our district's revenue.

All other areas of revenue are tracking as anticipated for FY21 based on our best information at this time.

<u>Expenditures FY21:</u>

Total General Fund expenditures (line 4.5) are estimated to be $21,791,278 for FY21 which is under the original estimate of $22,594,060 in the November forecast. Various lines of the forecasted expenses have been adjusted down to trend. The Student Wellness and Success Funds (SWSF) and ESSER Funds the district received has helped lower costs originally projected in the general fund. This will have a positive effect on the long term forecast.

Unreserved Ending Cash Balance:
With revenues matching estimates and expenditures ending at estimates, our ending unreserved cash balance June 30, 2021 is anticipated to be roughly $41.08 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2025 if assumptions we have made for state aid in future state budgets remain close to our estimates, and there are no future state budget cuts to our funding beyond FY21.

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 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, 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) HB166 the current state budget for FY20-21 initially froze funding for all school districts in Ohio at their FY19 level with two exceptions Student Wellness and Success Funding and Enrollment Growth Supplement funds: Student Wellness and Success is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. The current proposed state budget for FY22 - FY23 is Sub. HB110 and it includes increases for SWSF for each year of the biennium budget along with guarantees that no district will receive less funding than they received in FY21. We have assumed this money will continue through FY25. Enrollment Growth Supplement money is paid to a small number of growing districts and Sub. HB110 also proposes these funds be continued in FY22 and FY23 at current FY21 levels. We do not receive Enrollment Supplement Funds.

2) While state funding was initially guaranteed at the FY19 level, the Coronavirus Pandemic caused the most rapid and largest decrease of employment in history. In order to balance the State Budget on May 6, 2020 the Governor ordered a reduction of state foundation funding to school districts by $300.5 million by the end of June 2020. These cuts were to continue through FY21 as well, however the Governor subsequently reinstated $160 million of these reductions to school districts in an executive order dated January 22, 2021. With the economy rebounding from the sharp drop in employment in March and April 2020 and state tax revenues well above estimates for FY21, we anticipate funding will remain unchanged for the rest of FY21. Governor DeWine submitted his FY22-FY23 biennial budget (Sub. HB110) which returns state foundation funding to schools at their FY19 funded level. The biennial budget is now working its way through the legislative process. HB1, also known as the Fair School Funding Bill, was introduced on February 4, 2021 and will work its way through the legislative process where it has been combined with Sub. HB110. The certainty of foundation funding levels will not likely be known until late June 2021. At this time the FY19 funding level is the basis for districts state funding in FY22 and FY23. We believe Ohio’s economy will continue to improve through FY21 and that FY22-25 will see funding returned to the FY19 levels at a minimum. We will not project an increase beyond the FY19 levels at this time until the state budget it known for FY22 and FY23.

3) The State Budget represents 33.7% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy stalls or worsens and the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 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 FY25. We have projected our state funding to be in line with the FY19 funding level FY22 through FY25 which we feel is conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

4) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing along with our Public Utility Personal Property values. We are however concerned that a planned natural gas power plant may not come online which may cost us prior estimated PILOT tax payments. We are watching this closely. We project continued growth in appraised values every three (3) years and new construction growth with continued increases in local taxes. Total local revenues which are predominately local taxes equate to 66.3% of the district's resources. Collection rates for the 1st half 2020 collection, collected in 2021 did not show sharp declines due to increased delinquencies. We believe there is a low risk that local collections would fall below projections in the forecast.

5) Harrison County experienced a reappraisal update in the 2020 tax year to be collected in FY21. The 2020 update increased overall assessed values by $22.25 million or an increase of 14.02%. A full reappraisal will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by $2.39 million for an overall increase of 1% including the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

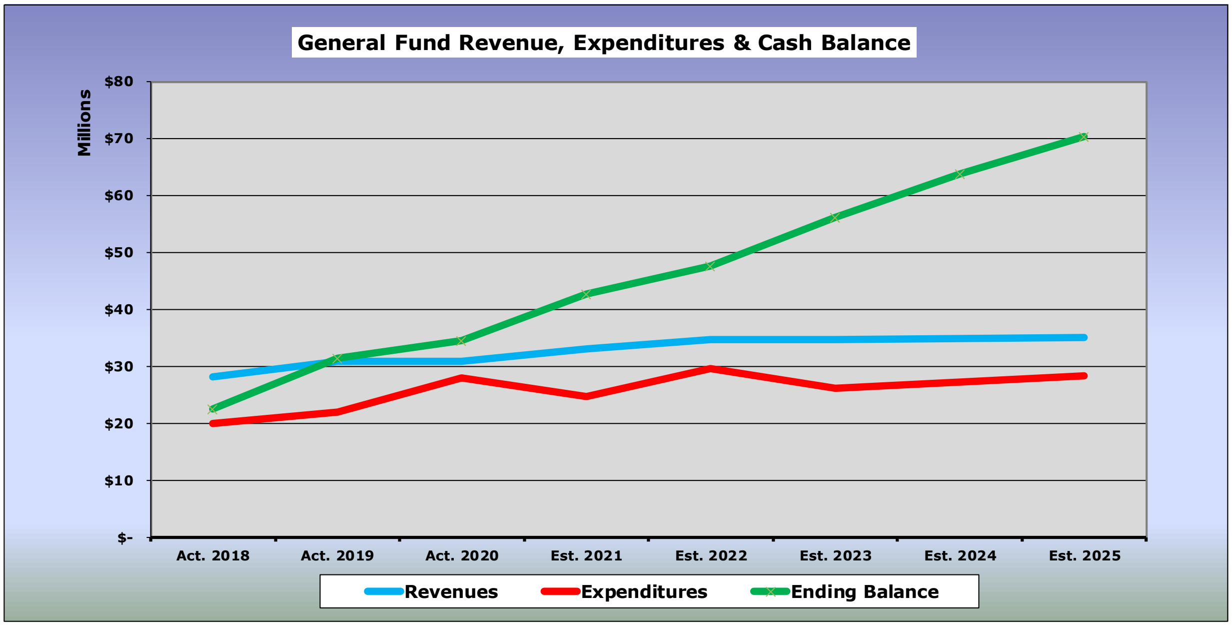
6) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. These are examples of school choice programs that increase with each biennium budget and costs the district money. Expansion or creation of programs such as these can expose the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely as the proposed new state budget bill Sub. HB110 moves through the legislative process.

7) Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

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 Roxane Harding, Treasurer at 740.942.7810.

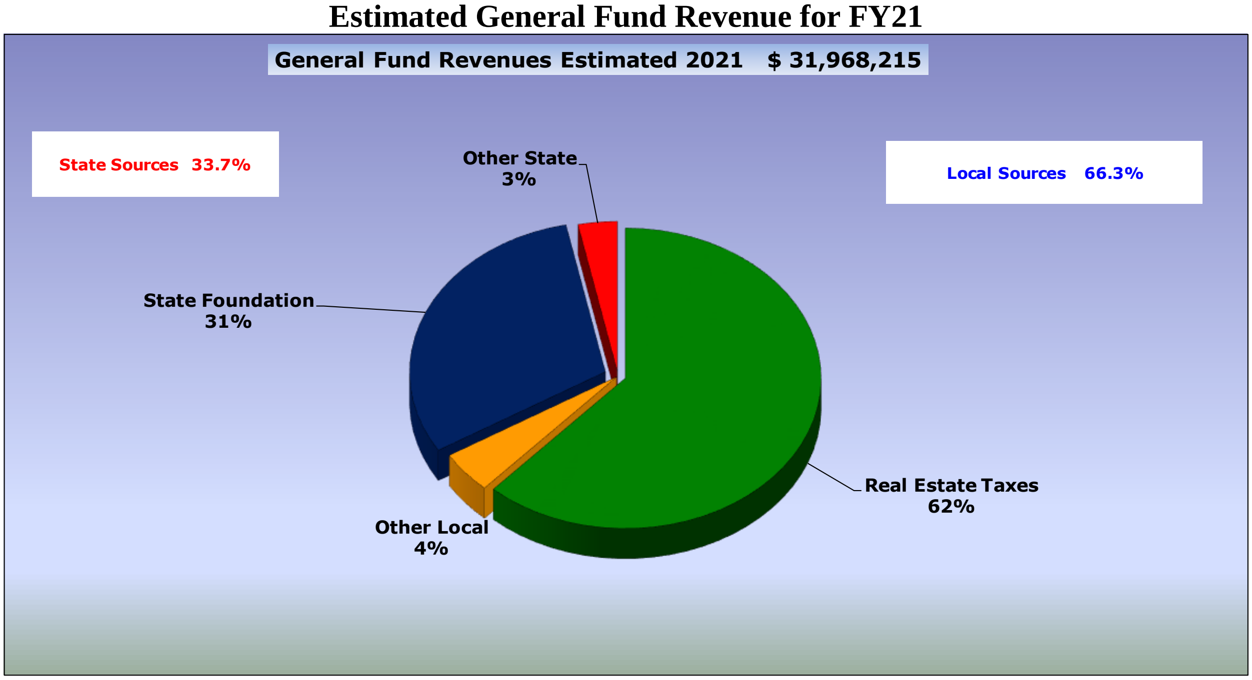
General Fund Revenue, Expenditure and Ending Cash Balance Actual FY18-20 and Estimated FY21-25

The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions

Estimated General Fund Revenue for FY21



Real Estate Value Assumptions – Line # 1.010
Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Harrison County experienced a reappraisal update for the 2020 tax year to be collected in 2021. Residential/agricultural (Class I values) were increased

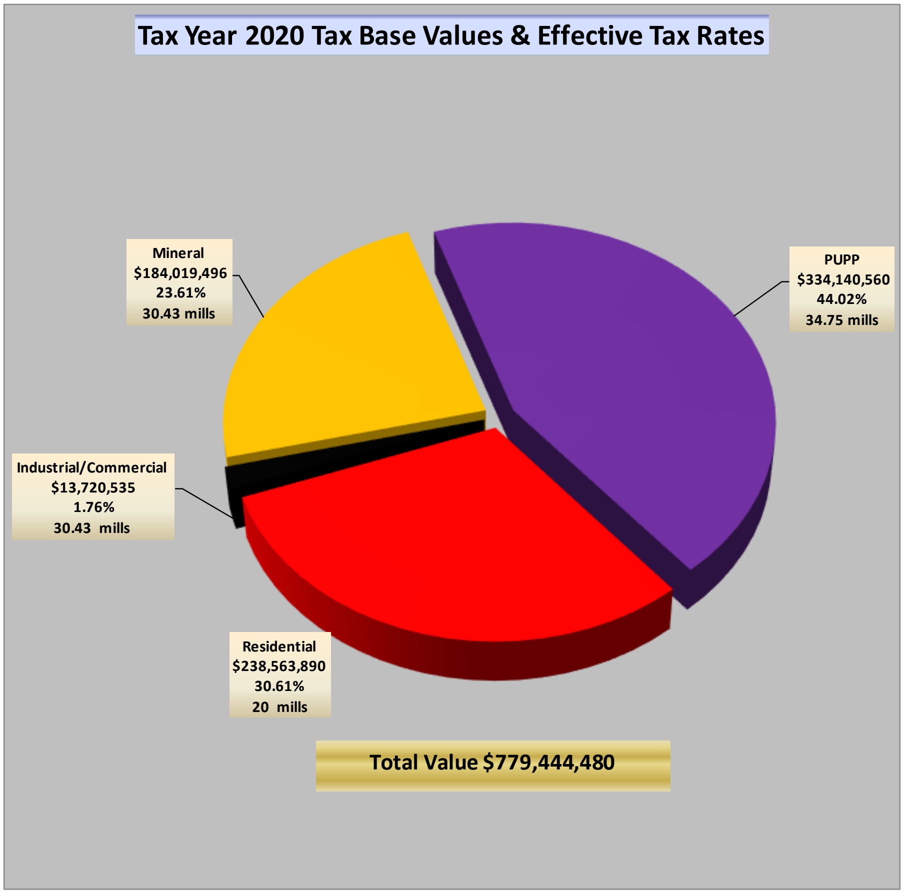
9.54% or $20.8 million. Commercial/industrial/mineral (Class II values) increased by $1.4 million overall or a .86% increase as noted below.

A reappraisal update occurred in 2020 for collection in 2021 for which we saw a 9.54% increase in residential and a .86% increase for commercial/industrial property. CAUV values represent 47.9% of Class I residential/agricultural values HB49 authorized a reduction in CAUV computations. These reductions will occur as districts experience their next reappraisal or update cycle. We experienced this in the Tax Year 2020 reappraisal update. A reduction of value has been weighed in to our average Class I value change in 2019. This caused somewhat of a shift in taxes from agricultural taxpayers to residential taxpayers but should not result in lower taxes to our district. Residential/Agricultural and Commercial/Industrial values increased $1.4 million or .86% overall. A reappraisal update is scheduled to occur in 2023 to be collected FY24. We anticipate a 1% increase in Class I for $2.39M and no increase or decrease occurring in Class II.

Tax Year 2017 we noted our mineral values (which are part of Class II commercial/industrial/mineral values) fell $43.9 million or a 17% drop, in tax year 2018 they fell again $28.9 million at 15% drop, and, again in tax year 2019 they fell $20.9 million or 11% drop. In 2020 mineral values shot up $32.8 million or a 20% increase. This pattern illustrates the boom and bust type cycle for mineral values. We will continue to monitor these values and information we receive closely but the values are not easily predictable. Based on this we are reluctant to speculate on future value increases or decreases with so little information to base these predictions on. We have estimated values to increase conservatively in each future year of the forecast but these values could just as likely continue to fall.

Public Utility Personal Property (PUPP) values rose by a significant $38.96 million in 2020 which a 13% rise over last years' values and caused revenue collection for taxes on Line 1.01 to rise sharply. PUPP values are determined at the Ohio Department of Taxation from confidential filings from utilities and then certified to each county auditor late in the calendar year. These values are particularly valuable as they are taxed at our full 34.75 general fund tax rate. We did note that Rover Pipeline has filed an appeal to lower their values by 43% ($109.27 million drop) on the new pipeline. The case was originally scheduled to be heard in May 2021 it is not been delayed to November 10, 2021. This case could take a year or more to settle. We have removed the entire $109.27 million from the districts certified PUPP values as Rover is not paying taxes on the ODT amount. We want to be conservative in our estimates of these taxes since there is no way to predict these values ahead with accuracy or as to the outcome of the eventual Board of Tax Appeals outcome. These values are taxed at our full gross rate; therefore, this increase will have a positive effect on revenues through the entire forecast period.

The chart below shows our tax year 2020 values as reported to us by the County Auditor and our current tax rates for each type of property value.



Historic Concerns with Property Valuation and Tax Collections and Growth in Energy Development
The table below shows the property valuation of the district since tax year 2000 for collection in 2001. Property values continued to grow in the district even during the phase out of TPP values by HB66 and reductions in values for the housing bubble were made in 2009. A major factor in our growth is anticipated to be mineral value as a result of the oil and gas "fracking" boom underway in our county. According to the Ohio Department of Natural Resources our county continues to have the highest number of active "fracking" wells in the state. It was not a surprise that mineral values soared in tax year 2012, 2015 and again in 2016. It was a surprise, however, to find that our tax collections for 2013 actually fell from a year earlier. The tax collections in 2012 were $5,076,221 while in 2013 they were $4,737,901. This is improbable since our values were actually up by 15.7%. Upon further investigation between the County Auditor and Ohio Department of Taxation, we noted various reporting errors in assessed valuations. Those errors in turn resulted in the undulations in tax collections between fiscal years. For this reason, we are very conservative in estimating increases in assessed values and tax revenues.

Our most recent tax base concerns are for the $43.9 million, $28.9 million and $20.9 million drop in mineral values in tax years 2017, 2018, and 2019 respectively, from the previous years. These are large drops in Class II value with no explanation other than this is how mineral values will fluctuate which is in a boom and bust cycle. This underscores the ongoing concerns we have about large tax base swings and the reason we continue to try and work closely with our county auditor's office. We continue to work with the County Auditor to obtain data in order to make more accurate estimates for FY 21-25.

Tax Year	Residential Agriculture	Commercial Industrial	Mineral	P.U. Personal	TPP	Total Value Per ODT
2000	107,078,450	21,382,490	2,270,880	27,367,290	1,893,140	159,992,250
2001	107,300,860	20,868,180	2,149,920	15,918,080	18,942,170	165,179,210
2002	122,471,490	21,620,110	2,284,990	16,331,890	15,844,980	178,553,460
2003	124,618,210	21,607,490	2,277,140	15,982,620	15,462,424	179,947,884
2004	126,834,060	21,909,710	2,222,460	16,456,650	15,995,181	183,418,061
2005	151,685,100	23,312,520	2,442,430	16,809,190	15,711,322	209,960,562
2006	148,911,080	23,481,720	2,282,770	16,807,600	16,609,385	208,092,555
2007	149,561,300	23,312,980	2,131,290	17,171,880	9,573,205	201,750,655
2008	170,195,390	23,714,630	2,075,290	17,551,500	4,744,460	218,281,270
2009	169,242,380	23,621,210	2,560,120	19,033,780	534,140	214,991,630
2010	169,597,730	23,377,810	2,113,010	22,040,450	285,520	217,414,520
2011	177,763,050	22,774,160	3,319,110	23,028,781	0	226,885,101
2012	177,485,840	22,354,770	37,036,660	25,705,729	0	262,582,999
Adj. 2013	176,838,360	19,781,770	26,271,424	25,705,729	0	248,597,283
2014	199,556,190	23,977,805	27,059,567	50,813,460	0	301,407,022
2015	198,239,160	32,001,450	117,801,920	72,341,180	0	420,383,710
2016	205,255,632	30,862,628	224,123,060	78,674,302	0	538,915,622
2017	217,520,810	46,912,550	175,763,850	139,368,280	0	579,565,490
2018	217,514,490	40,245,421	146,802,520	247,488,520	0	652,050,951
2019	218,443,130	13,001,465	151,206,596	304,173,060	0	686,824,250
2020	238,563,890	13,720,535	184,019,496	343,140,560	0	779,444,480

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024
Classification	COLLECT 2021	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025
Res./Ag.	$238,563,890	$238,588,890	$238,613,890	$241,025,029	$241,050,029
Commercial/Mineral	197,740,030	192,715,030	195,690,030	198,665,030	201,640,030
Public Utility (PUPP)	343,140,560	345,140,560	347,140,560	349,140,560	351,140,560
Total Assessed Value	$779,444,480	$776,444,480	$781,444,480	$788,830,619	$793,830,619

ESTIMATED REAL ESTATE TAX (Line #1.010)

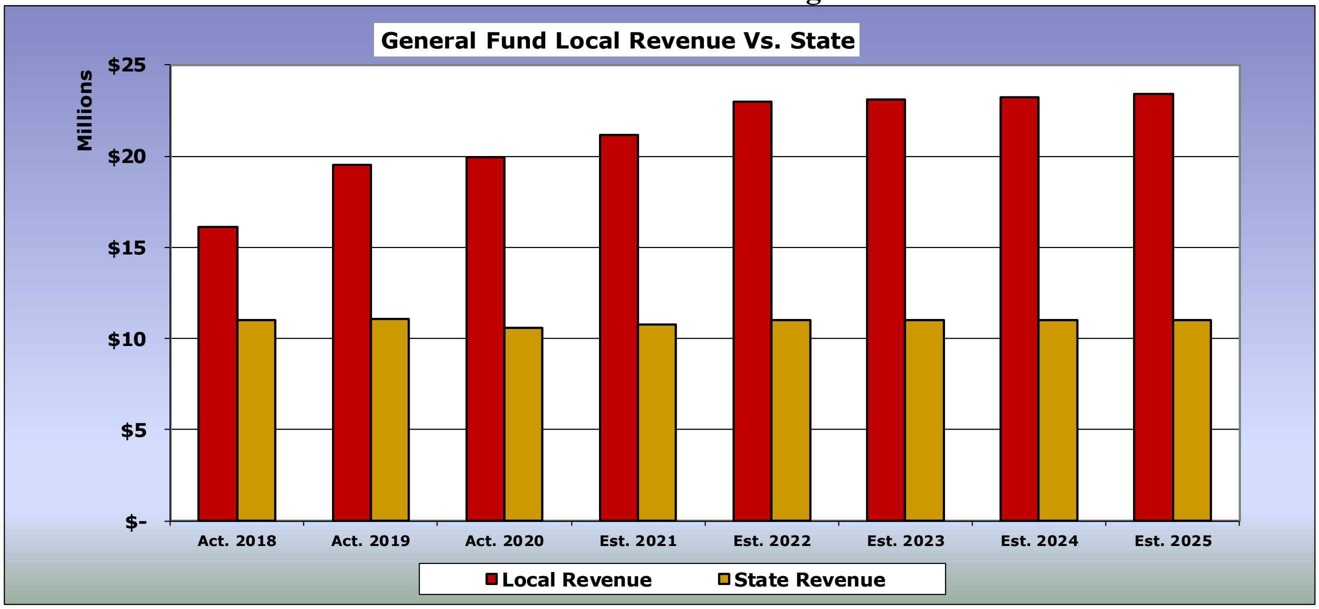
Source	FY 21	FY 22	FY 23	FY 24	FY 25
Property Taxes (Including PUPP)	$19,744,697	$21,774,338	$21,857,976	$22,043,036	$22,213,688

Property tax levies are estimated to be collected at 95% of the annual amount. This allows 5% delinquency factor. Lower collection rates predicted due to the COVID-19 pandemic and economic slowdown did not occur as advised by the County Auditor. In general, 68% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 32% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

Estimated Tangible Personal Tax – Line#1.020

HB66 systematically phased out the general tangible personal property tax after tax year 2010. The only tax that may be received in future years could be from delinquent TPP taxes outstanding after 2010.

Comparison of Local Revenue and State Revenue Actual FY18 through FY20 and Estimated FY21 through 25



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model Per HB166 Through June 30, 2021
A) Unrestricted State Foundation & Casino Revenue – Line #1.035

The amounts estimated for state funding are based on HB166 which on May 6, 2020 was cut and then funding partially restored by executive order signed January 22, 2021 by the Governor. Initially state aid funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers was frozen for FY20 & FY21 at the FY19 funding level. The State Foundation Funding Formula used since FY14 was dropped in FY20 after six (6) years. HB1, aka the Fair School Funding Plan, is currently being considered by the legislature and has been combined with Sub. HB110 and will produce a successor funding formula for the FY22-23 biennium budget. Currently Sub. HB110, the proposed budget, projects funding for districts at FY19 guarantee amounts for FY22 and FY23. For this reason, we have projected state aid flat at the FY19 funding level through FY25 as we have nothing authoritative to rely on at this time.

Foundation Funding Partially Restored January 22, 2021 for FY21

On January 22, 2021 the Governor signed an executive order reinstating $160 million of previous cuts to public schools thus reducing the cuts in FY21. At this time the state funding for FY21 is being reduced $184,011 from the FY19 amount.

Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating $250 million in FY20 and $358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY21, proposed funding ranges from $30 per student to $360 per student. All schools and students are to receive a minimum additional funding of $36,000 in FY21. All districts are guaranteed to get 131% of what they received in FY20, and the proposed state budget (Sub. HB110) is guaranteeing all districts will get 100% of what they received in FY21 for FY22 and FY23. Our district is estimated to receive $659,550 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with two approved community partner organizations per HB110.

Future State Budgets: Our funding status for the FY22-25 will depend on two (2) new state budgets which are unknown. With the change to the state funding and reductions for FY20-21 state amounts, we will increase funding in FY22 back to FY19 levels and hold it level through FY25. We believe our current state funding estimates for FY21-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

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. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

Due to the COVID-19, casinos were closed from March 12~~,~~ to June 18, 2020. We are reducing the amount of funding in FY21 by 26% then increasing the amount in FY22 back to 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 FY21-25 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $95.5 million or $53.75 per pupil. We believe it will be FY22 when revenues return to the post COVID-19 level.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Basic Aid-Unrestricted	$9,539,361	$9,714,449	$9,711,538	$9,708,597	$9,705,627
Additional Aid Items	147,311	147,311	147,311	147,311	147,311
Basic Aid-Unrestricted Subtotal	9,686,672	9,861,760	9,858,849	9,855,908	9,852,938
Ohio Casino Commission ODT	67,150	81,967	83,056	84,157	85,268
Unrestricted State Aid Line # 1.035	$9,753,822	$9,943,727	$9,941,905	$9,940,065	$9,938,206

B) Restricted State Revenues – Line # 1.040

HB166 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line #1.04 for FY21-25.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Economically Disadvantaged Aid	$216,127	$218,288	$220,471	$222,676	$224,903
Career Tech - Restricted	72,118	72,839	73,567	74,303	75,046
Catestrophic Aid	15,000	15,000	15,000	15,000	15,000
Restricted Revenues Line #1.040	$303,245	$306,127	$309,038	$311,979	$314,949

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted funds projected in this forecast.

Summary	FY 21	FY 22	FY 23	FY 24	FY 25
Unrestricted Line # 1.035	$9,753,822	$9,943,727	$9,941,905	$9,940,065	$9,938,206
Restricted Line # 1.040	303,245	306,127	309,038	311,979	314,949
Rest. Fed. Grants #1.045	-	-	-	-	-
Total State Foundation Revenue	$10,057,067	$10,249,854	$10,250,943	$10,252,044	$10,253,155

State Taxes Reimbursement/Property Tax Allocation – Line #1.050
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 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

Rollback and Homestead	$729,970	$744,358	$744,436	$748,237	$752,037

Other Local Revenues – Line #1.060
Revenue from all other sources is based on historical patterns. Beginning in FY21 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. We have reduced FY21 interest by 50% and FY22 by another 25% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession. All other revenues are expected to continue on historic trends. We have suspended the anticipated $1.25 million Payment in Lieu of Taxes (PILOT), originally planned for FY23 for the Harrison Power LLC for the $1 billion Natural Gas Power Plant being built in Cadiz by EmberClear Corporation of Texas until we know exactly when the plant will come online. Currently the district leases out space to a dance studio in the old Westgate Elementary School. It is anticipated that this building will be auctioned this summer. Therefore, the rental proceeds of $15,750 has been eliminated beginning in FY22.The power plant will be able to supply power for one million homes. ~~Beginning in FY21 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area~~.

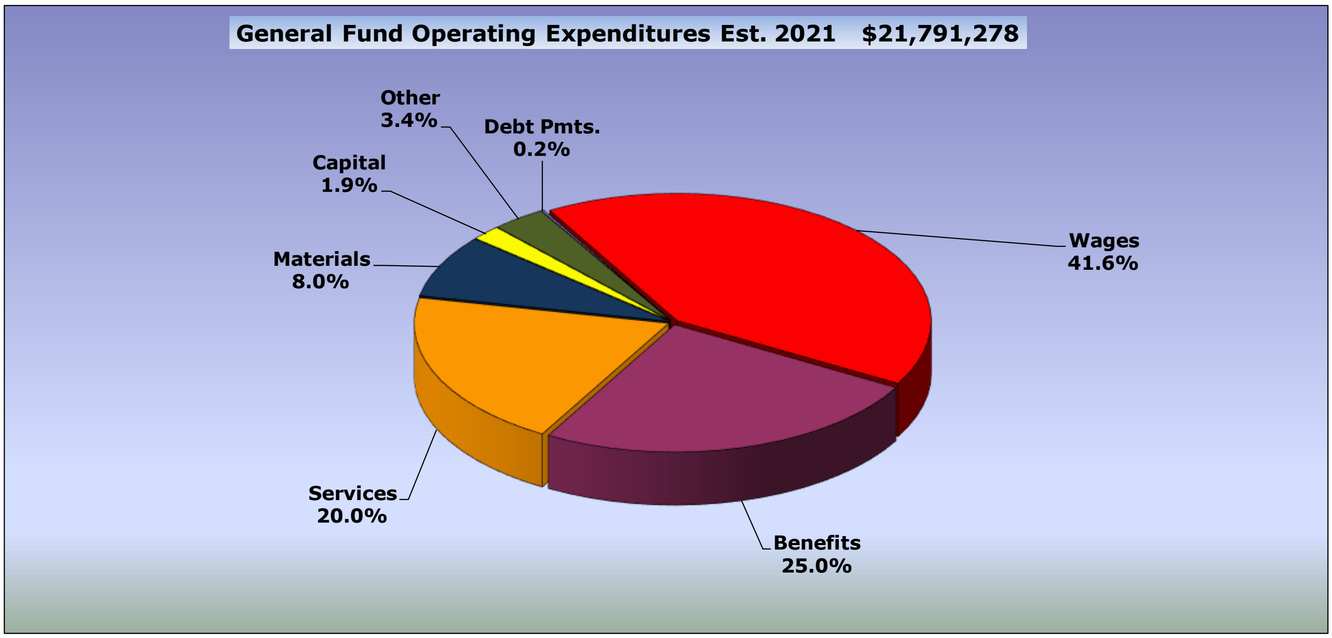
Source	FY 21	FY 22	FY 23	FY 24	FY 25
PILOT Payments	$0	$0	$0	$0	$0
Open Enrollment Gross	740,126	747,527	755,002	762,552	770,178
Interest	389,159	291,869	294,788	297,736	300,713
Tuition SF-14 & SF-14H	152,501	154,026	155,566	157,122	158,693
CAFS Funding	50,000	50,000	50,000	50,000	50,000
Other Income and adjustments	104,695	(4,422)	(16,356)	(53,410)	(90,584)
Total Other Local Revenue Line #1.060	$1,436,481	$1,239,000	$1,239,000	$1,214,000	$1,189,000

Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short-term borrowing planned for in this forecast at this time from any sources.

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. Repayment of advances from previous years is expected to continue.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Transfers In - Line 2.040	$272,344	$272,344	$272,344	$272,344	$272,344
Advance Returns - Line 2.050	612,365	350,000	350,000	350,000	350,000
Total Transfer & Advances In	$884,709	$622,344	$622,344	$622,344	$622,344

Expenditure Assumptions
All Operating Expense Categories – General Fund FY21



Wages – Line #3.010
The amounts for salaries and benefits are based on existing negotiated agreements and estimates for future settlements.

The board of education and classified staff successfully negotiated a 3-year contract beginning FY21 through FY23. There is a 4% increase in each year of the contract. The certified staff's contract will expire 6/30/21. Negotiations with the certified staff has resulted in a tentative agreement of which is reflected in this forecast. As contracts expire a base increase for each year thereafter has been applied. Costs for salaries also includes: extended time, shift differential, overtime, substitute cost, leave incentive, severances and retirements with replacements. For planning purposes, a 4% base amount has been used for FY24-25.

Fringe Benefits Estimates – Line #3.02
This area of the forecast captures all costs associated with benefits and retirement costs.

A) STRS/SERS Retirement Costs

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. In addition, there are negotiated "pick ups" that are paid by the district for certified and administrative staff.

B) Insurance

Due to the district being a self-funded district, their experience and future impact on claims has to be considered. The district has experienced rate increases from 1% to 10%. For FY22, the increase is 1%. Due to the impact of claims on the setting of our rate, we believe our claims were down due to COVID-19 and the related shutdown. Non-emergency procedures were cancelled as well as routine visits. This has also caused a change from in person visits to tele-visits. Therefore, this all contributed to such a low increase for FY22. However, beginning in FY23 through FY25, we are using a rate of 12%. In addition, there are increases related to the Affordable Care Act and its unknown impacts. The insurance committee will continue to work to shop around for the best benefit at the most reasonable costs.

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 expected to increase along with wages. Due to COVID19, unemployment costs have increased. These costs are related to substitute employees and Ohio law on how costs are shared with employers. Costs are estimated higher for FY21 and then reduced for FY22 and beyond. This will need to be watched closely.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. 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.

Summary of Fringe Benefits – Line #3.020

Source	FY 21	FY 22	FY 23	FY 24	FY 25
STRS/SERS	1,505,567	1,538,904	1,607,563	1,681,594	1,746,344
Insurances	3,976,921	4,337,105	4,757,399	5,253,518	5,805,779
Workers Comp/Unemployment	45,997	89,028	92,066	96,342	99,996
Medicare	155,984	160,237	165,561	173,261	180,001
Other adjustments/Tuition	(231,674)	(389,774)	(390,589)	(469,815)	(760,227)
Total Fringe Benefits Line #3.020	$5,452,795	$5,735,500	$6,232,000	$6,734,900	$7,071,893

Purchased Services – Line #3.030

It is anticipated that the costs incurred by special education and utilities will continue to increase. Therefore, the historical trend was utilized to determine increase trends. The district contracts for occupational therapy, physical therapy and resource officers. The permanent appropriations for FY21 were used to determine this line item. Any increase for FY21 through FY25 was based on each individual budget line. It is anticipated that open enrollment, community school and utility costs will rise throughout the forecast. We are working hard to control costs as much as possible in the purchased services area. Since the school district was successful in passing its bond issue in November of 2015, additional costs that were not co-fundable, as well as some anticipated increased costs of operating the new facility, have been included. We will continue to monitor the effects of state budget cuts on the potential reductions in costs to tuition, community school, scholarship and STEM school payments made to other organizations that are deducted from our foundation payments. In FY21, community school and open enrollment deductions are expected to grow moderately due to slower growth of students leaving our district and smaller increases in per pupil scholarship from the state which will flow through our funding formula to these schools.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Base Services	210,367	216,678	223,178	229,873	236,769
Tuition, CAFS, CC+	708,962	730,231	752,138	774,702	797,943
Open Enrollment Deduction	1,788,769	1,897,315	1,954,234	2,012,861	2,073,247
Community Schl. & Scholarship Ded.	664,189	554,671	571,311	588,450	606,104
Utilities	326,925	343,271	360,435	378,457	397,380
Other	651,616	1,658,834	1,670,504	1,661,657	1,703,937
Total Purchased Services Line #3.030	$4,350,828	$5,401,000	$5,531,800	$5,646,000	$5,815,380

Supplies and Materials – Line #3.040

The permanent appropriations were used to determine this line item. Any increase for FY21 through FY25 is based on each individual budget line.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Supplies	$1,054,986	$1,086,636	$1,119,235	$1,152,812	$1,187,396
Items for New School	678,783	806,775	879,756	953,427	982,030
Total Supplies Line #3.040	$1,733,769	$1,893,411	$1,998,991	$2,106,239	$2,169,426

Equipment – Line # 3.050

Computers and technological upgrades will be done by using federal and general fund monies when available. General fund monies will be monitored closely. Capital Improvement Set Aside funds will be used as much as possible. Additional equipment or upgrades at the new facility that are over and above what is provided through the Ohio Facilities Construction Commission will also be purchased. In addition, the board of education did not renew the Permanent Improvement Levy at the end of CY 2019. Therefore, we have projected the cost of 3 new busses to this line for FY23-25.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Capital Outlay	$ 530,768	$ 58,858	$ 172,703	$ 196,014	$ 196,014
Items for New School	(114,791)	805,125	797,449	681,793	714,187
School Busses	-	-	300,000	303,000	306,030
Total Equipment Line #3.050	$ 415,977	$ 863,983	$ 1,270,152	$ 1,180,807	$ 1,216,231

Principal, Interest and Fiscal Charges– HB264 Loans – Lines #4.05 and #4.06

Funding for the HB 264 project was completed using the Federally Taxable Qualified School Construction Bonds – Direct Pay program. The district is responsible for interest payments. However, due to the funding mechanism, the district will complete a Form 8038-CP for a reduction to the credit payment. If funding is available through the federal government, the district will be reimbursed up to the full amount of the interest payment.

This is for the repayment of principal related to the HB 264 project that was done the summer and fall of 2010. This was for a lighting project at Harrison East Elementary and the Jr. /Sr. High School; and replacement of steam traps at the Jr./Sr. High School. The final payment will be December 2025.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
HB 264 Principal Line # 4.050	$40,000	$40,000	$40,000	$45,000	$45,000
Source	**FY 21**	**FY 22**	**FY 23**	**FY 24**	**FY 25**
Interest on Borrowing Line 4.060	($6,323)	$2,500	$2,500	$2,500	$2,500

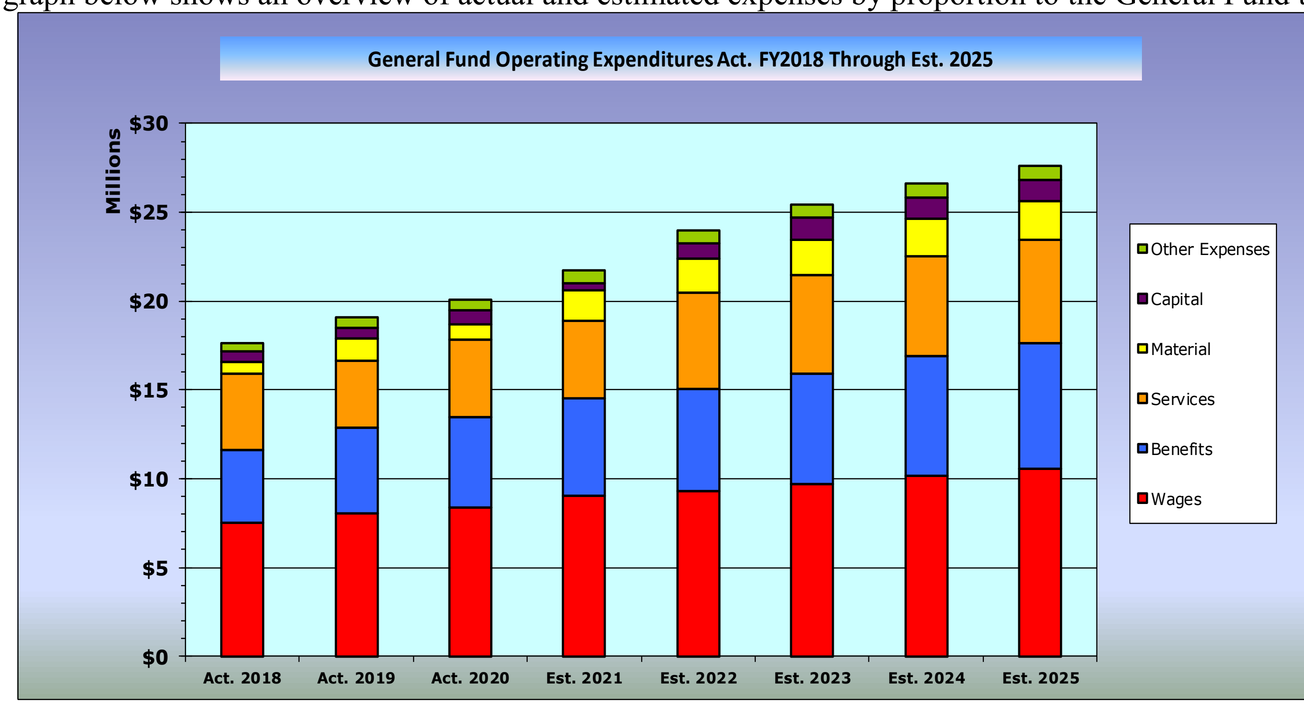
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer fees. Also, any increase in local taxes will cause ~~A&T~~ Auditor and Treasurer fees to increase as more dollars are collected. A rate of 1% increase is projected in this area.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
County Auditor & Treasurer Fees	$405,818	$422,051	$438,933	$456,490	$474,750
County ESC	57,343	60,210	63,221	66,382	69,701
Other expenses	183,326	185,159	187,011	188,881	190,770
Miscellaneous	100,044	67,666	54,925	64,942	64,775
Total Other Expenses Line #4.300	$746,531	$735,086	$744,090	$776,695	$799,996

Total Expenditure Categories Actual FY18 through FY20 and Estimated FY21 through FY25

The graph below shows an overview of actual and estimated expenses by proportion to the General Fund total.



Transfers Out/Advances Out – Line# 5.010

The expenditures that are reflected are for those transfer of funds from the general fund (001 no special cost center) to the set aside funds (001 with special cost centers). The board set up the Capital Improvement Fund in FY17. The board of education has determined these revisions were necessary to the success of the new facility and to meet the needs of the students. These costs are not covered by the Ohio School Facility Commission. At the completion of the project, any excess funds may be returned to the general fund. It is the goal of the board of education to provide a facility that will meet the needs of the district and its students for many years to come. For this reason, we have increased the transfer out in FY21 for a new press box/concession stand and in FY22 for a new baseball field and complex.

Source	FY 21	FY 22	FY 23	FY 24	FY 25
Operating Transfers Out Line #5.010	$2,344,831	$5,325,000	$325,000	$325,000	$325,000
Advances Out Line #5.020	636,360	350,000	350,000	350,000	350,000
Total Transfer & Advances Out	$2,981,191	$5,675,000	$675,000	$675,000	$675,000

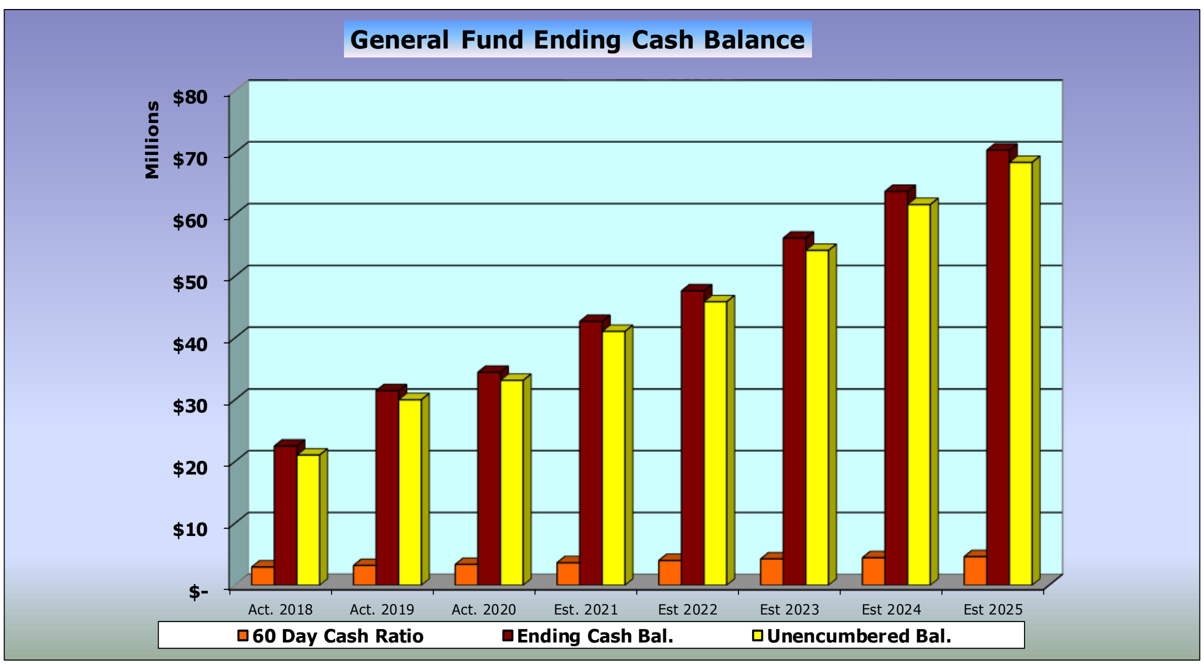
Encumbrances – Line #8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. Encumbering funds is based on the financial condition of the district.

	FY 21	FY 22	FY 23	FY 24	FY 25
Estimated Encumbrances	$555,000	$555,000	$555,000	$555,000	$555,000

Reserve Assumptions
The district is planning a small budget reserve each of the forecast years. We also are carrying a set aside for capital improvements as required by state law.

Ending Unencumbered Cash Balance – Line#15.010
This line must **not** go below $-0- or the district's General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed and results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000.

	FY 21	FY 22	FY 23	FY 24	FY 25
Ending Cash Balance	$ 41,080,221	$ 45,877,136	$ 54,200,970	$ 61,616,109	$ 68,442,938



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 districts 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.