

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2016, 2017 and 2018 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2019 THROUGH 2023**



**Forecast Provided By
Huber Heights City School District
Treasurer's Office
Gina M. Helmick, CPA, Treasurer/CFO
Katie L. Arnett, CPA, Assistant Treasurer
(937) 237 - 4126
May 9, 2019**

Huber Heights City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;

Forecasted Fiscal Years Ending June 30, 2019 Through 2023

	Actual				Average Change	Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018			Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenues										
1.010	General Property Tax (Real Estate)	\$ 25,450,324	\$ 25,220,056	\$ 25,135,533	-0.62%	\$ 25,374,661	\$ 25,529,584	\$ 25,565,233	\$ 25,600,910	\$ 25,636,617
1.020	Tangible Personal Property	741,155	736,241	889,693	10.09%	884,563	922,604	951,729	980,854	1,009,979
1.035	Unrestricted State Grants-in-Aid	32,338,077	33,639,775	34,793,555	3.73%	35,814,562	35,526,115	35,248,304	35,312,695	35,386,298
1.040	Restricted State Grants-in-Aid	1,102,800	1,083,022	1,248,186	6.73%	1,220,003	1,220,003	1,220,003	1,220,003	1,220,003
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	-	-	-	0.00%	-	-	-	-	-
1.050	Property Tax Allocation	4,051,381	4,027,555	3,986,418	-0.80%	3,964,484	3,965,694	3,972,294	3,978,899	3,985,507
1.060	All Other Revenues	2,511,361	3,753,231	4,298,181	31.98%	4,148,648	4,261,898	4,262,323	4,262,980	4,263,869
1.070	Total Revenues	66,195,099	68,459,880	70,351,566	3.09%	71,406,921	71,425,898	71,219,886	71,356,341	71,502,273
Other Financing Sources										
2.010	Proceeds from Sale of Notes	-	-	-	0.00%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.00%	-	-	-	-	-
2.040	Operating Transfers-In	2,673,634	-	812,005	0.00%	-	-	-	-	-
2.050	Advances-In	931,591	353,792	348,092	-31.82%	701,704	300,000	300,000	300,000	300,000
2.060	All Other Financing Sources	85,824	35,344	75,006	26.70%	10,562	10,562	10,562	10,562	10,562
2.070	Total Other Financing Sources	3,691,049	389,136	1,235,103	63.97%	712,266	310,562	310,562	310,562	310,562
2.080	Total Revenues and Other Financing Sources	69,886,148	68,849,016	71,586,669	1.25%	72,119,187	71,736,460	71,530,448	71,666,903	71,812,835
Expenditures										
3.010	Personal Services	30,667,756	32,368,660	34,162,768	5.54%	36,141,319	38,179,488	39,852,266	41,526,092	43,241,589
3.020	Employees' Retirement/Insurance Benefits	12,333,651	11,944,515	12,799,177	2.00%	13,915,811	16,222,303	17,587,091	19,246,289	21,068,412
3.030	Purchased Services	10,192,054	10,538,323	10,366,405	0.88%	10,632,423	10,404,609	10,592,815	10,768,378	10,953,271
3.040	Supplies and Materials	2,318,936	1,931,710	1,543,458	-18.40%	2,058,130	2,362,874	2,690,760	2,771,483	2,854,628
3.050	Capital Outlay	420,062	50,773	17,064	-77.15%	303,838	724,516	731,055	914,352	921,289
3.060	Intergovernmental	-	-	-	0.00%	-	-	-	-	-
Debt Service:										
4.010	Principal-All (Historical Only)	-	-	-	0.00%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.00%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.00%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.00%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.00%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.00%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.00%	-	-	-	-	-
4.300	Other Objects	1,877,852	2,371,896	2,900,251	24.29%	2,726,588	2,723,430	2,841,201	2,964,201	3,092,665
4.500	Total Expenditures	57,810,311	59,205,877	61,789,123	3.39%	65,778,109	70,617,220	74,295,188	78,190,794	82,131,854
Other Financing Uses										
5.010	Operating Transfers-Out	3,162,768	-	912,005	0.00%	100,000	100,000	100,000	100,000	100,000
5.020	Advances-Out	353,792	348,092	701,704	49.99%	300,000	300,000	300,000	300,000	300,000
5.030	All Other Financing Uses	-	-	-	0.00%	-	-	-	-	-
5.040	Total Other Financing Uses	3,516,560	348,092	1,613,709	136.74%	400,000	400,000	400,000	400,000	400,000
5.050	Total Expenditures and Other Financing Uses	61,326,871	59,553,969	63,402,832	1.79%	66,178,109	71,017,220	74,695,188	78,590,794	82,531,854
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	8,559,277	9,295,047	8,183,837	-1.68%	5,941,078	719,240	(3,164,740)	(6,923,892)	(10,719,019)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	20,099,832	28,659,109	37,954,156	37.51%	46,137,993	52,079,071	52,798,311	49,633,571	42,709,679
7.020	Cash Balance June 30	28,659,109	37,954,156	46,137,993	27.00%	52,079,071	52,798,311	49,633,571	42,709,679	31,990,660
8.010	Estimated Encumbrances June 30	1,207,387	834,207	583,032	-30.51%	600,000	600,000	600,000	600,000	600,000
10.010	Fund Balance June 30 for Certification of Appropriations	27,451,722	37,119,949	45,554,961	28.97%	51,479,071	52,198,311	49,033,571	42,109,679	31,390,660
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal	-	-	-	0.00%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-	-	0.00%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.00%	-	-	-	-	-
12.010	Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	27,451,722	37,119,949	45,554,961	28.97%	51,479,071	52,198,311	49,033,571	42,109,679	31,390,660

Huber Heights City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;

Forecasted Fiscal Years Ending June 30, 2019 Through 2023

	Actual				Average Change	Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018			Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenue from New Levies										
13.010 Income Tax - New				0.00%	-	-	-	-	-	-
13.020 Property Tax - New				0.00%	-	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-		0.00%	-	-	-	-	-	-
14.010 Revenue from Future State Advancements				0.00%	-	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	\$ 27,451,722	\$ 37,119,949	\$ 45,554,961	29.0%	\$ 51,479,071	\$ 52,198,311	\$ 49,033,571	\$ 42,109,679	\$ 31,390,660	

See accompanying summary of significant forecast assumptions and accounting policies

Includes: General fund, Emergency Levy fund, and
Education Jobs Fund 504 for FY12

Huber Heights City School District-Montgomery County
Notes to the Five Year Forecast
General Fund Only
May 9, 2019

Introduction to the Five Year Forecast

For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31 2018, and May 31, 2019. HB87 became effective November 1, 2018 and will change the filing date from October 31 to November 30 beginning with the November filing in 2019. The May 31 filing date will remain unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2019 (July 1, 2018-June 30, 2019) 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 2019 filing.

May 2019 Updates:

Revenues:

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 \$71,406,921 or .14% higher than the October forecasted amount of \$71,310,083. This indicates the October forecast was 97.22% accurate.

Expenditures:

Total General Fund expenditures (line 4.5) are estimated to be \$65,778,109 for FY19 which is below the original estimate of \$67,182,743 in the October forecast. The expenditure lines most significantly below projections are Employees' Retirements/Insurance Benefits (line 3.02) due to updates to Worker's Compensation estimates and staff insurance enrollments, and Purchased Services (line 3.03) due to a decrease in estimates for Montgomery County ESC deductions. This will have a positive effect on the long term forecast.

Unreserved Ending Cash Balance:

With revenues increasing slightly over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2019 is anticipated to be roughly \$52.1 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2023 if assumptions we have made for state aid in future state budgets remain close to our estimates.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the Spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 and FY22-23, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

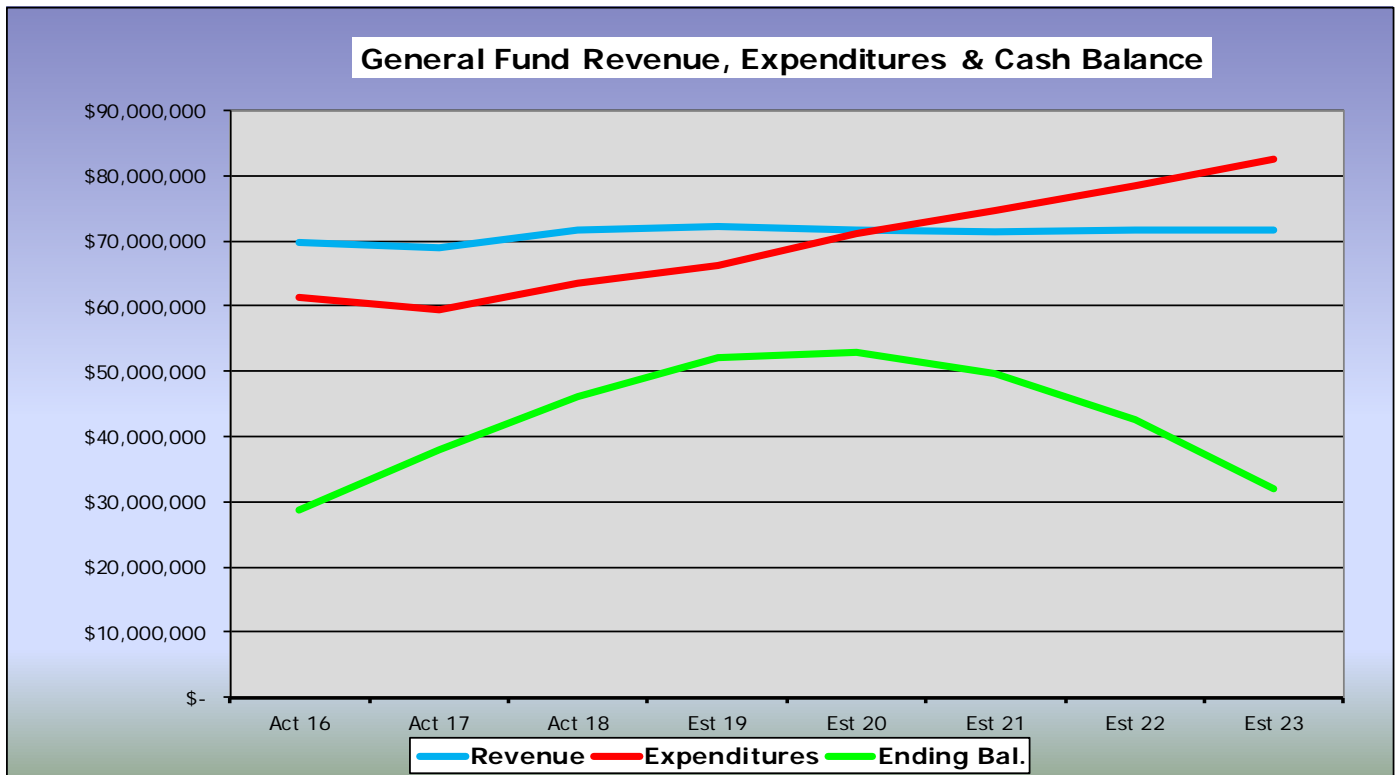
- I. Montgomery County went through a reappraisal update in the 2014 tax year to be collected in 2015. The reappraisal update that took place in the 2014 tax year resulted in decreased assessed values of \$35.0 million or 6.14%. The 2015 tax values, on which 2016 tax collections are based, resulted in an overall increase in values of \$3.1 million. Montgomery County went through an appraisal update in tax year 2017 to be collected in 2018. Class I values increased \$29.6 million to a total value of \$566 million and Class II values decreased \$3.4 million to a value of \$123 million.
- II. The State Budget represents 57% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in

future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 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-term through FY23. We have projected our state funding to be inline with our current estimates through FY23 which we feel are conservative and should be close to whatever the state approves for the FY20-21 biennium. We will make adjustments to the forecast in November when factual data is available following adoption of the state budget in late June 2019.

- III. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in amounts deducted from our state aid in the 2018-19 school years. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that will continue to cost the district money. Expansion or creation of programs such as these exposes 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.
- IV. Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were to be implemented January 1, 2015. Implementation of those provisions has increased costs by as much as 2%. There is the additional risk that costs will go up as additional staff is added to our health care rolls. We have made an allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA is a risk to district costs. We continue to monitor the rules and implementation as this significant change to health care evolves.
- V. Labor relations in the district have been 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 strong working relationship will continue.

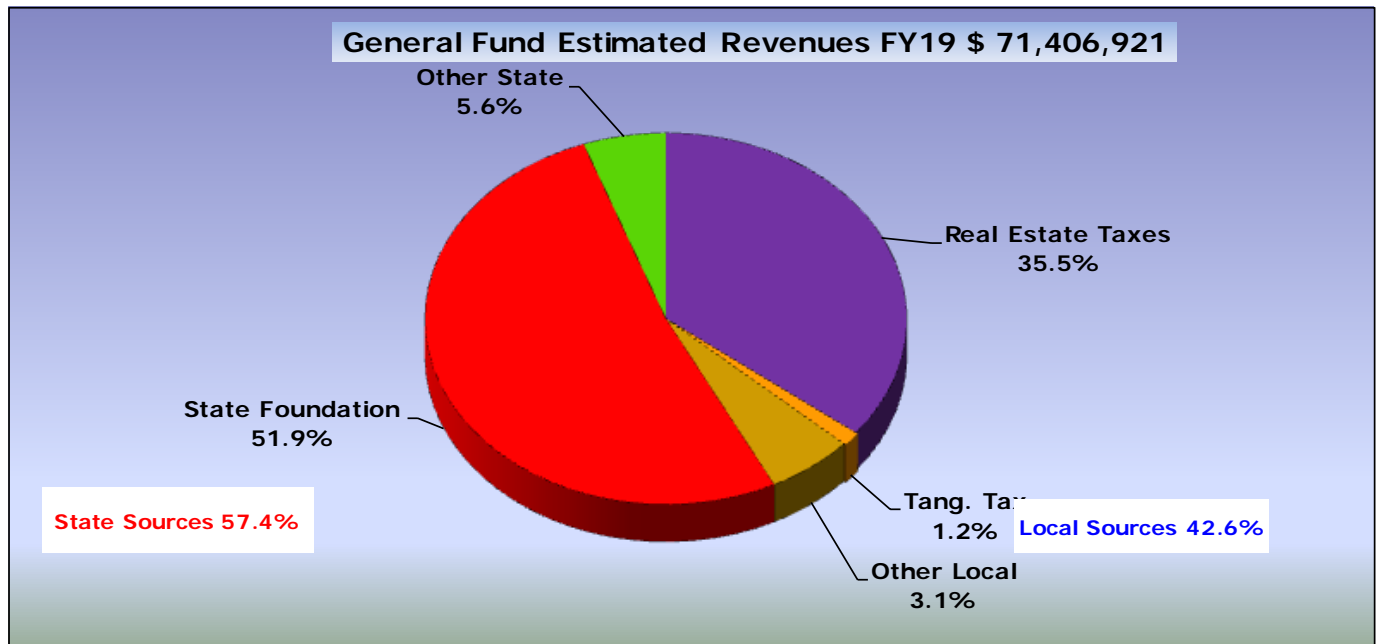
If you would like further information please feel free to contact me – Ms. Gina Helmick, Treasurer/CFO of Huber Heights City School District at 937-237-4126.

General Fund Revenue, Expenditure and Ending Cash Balance



Revenue Assumptions

Estimated General Fund Revenues



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. There was a full reappraisal completed in 2014 to be collected in 2015. Values decreased by \$35.0 million or 6.14% led by a large decrease in residential values. The 2015 tax values, on

which 2016 tax collections are based, resulted in an overall increase in values of \$3.1 million. Montgomery County went through an appraisal update in tax year 2017 to be collected in 2018. Class I values increased \$29.6 million to a total value of \$566 million and Class II values decreased \$3.4 million to a value of \$123 million. We are projecting tax values will remain steady through 2022.

HB49 authorized a reduction in CAUV computations that will result in CAUV values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. CAUV values represent less than 1% of the District’s Class I residential agricultural values, therefore there will be no significant effect on our tax payers or tax revenues.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
	<u>TAX YEAR2018</u>	<u>TAX YEAR2019</u>	<u>TAX YEAR2020</u>	<u>TAX YEAR2021</u>	<u>TAX YEAR2022</u>
	<u>COLLECT 2019</u>	<u>COLLECT 2020</u>	<u>COLLECT 2021</u>	<u>COLLECT 2022</u>	<u>COLLECT 2023</u>
Res./Ag.	\$567,123,090	\$567,773,090	\$568,423,090	\$569,073,090	\$569,723,090
Comm./Ind.	126,645,260	126,345,260	126,045,260	125,745,260	125,445,260
Public Utility Personal Property (PUPP)	15,588,700	16,088,700	16,588,700	17,088,700	17,588,700
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	<u>\$709,357,050</u>	<u>\$710,207,050</u>	<u>\$711,057,050</u>	<u>\$711,907,050</u>	<u>\$712,757,050</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Estimated Property Taxes	<u>\$25,374,661</u>	<u>\$25,529,584</u>	<u>\$25,565,233</u>	<u>\$25,600,910</u>	<u>\$25,636,617</u>

Property tax levies are estimated to be collected at 97.5% of the annual amount. This allows a 2.5% delinquency. Typically, 52.5% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 47.5% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August.

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax – Line#1.020

The phase out of tangible personal property tax (TPP) began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any revenues received in this line at Public Utility Personal Property taxes which are collected at the districts gross tax rates not subject to reduction factors.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Public Utility Taxes	<u>\$884,563</u>	<u>\$922,604</u>	<u>\$951,729</u>	<u>\$980,854</u>	<u>\$1,009,979</u>

Other Local Revenues – Line #1.060

Medicaid is forecasted to increase slightly for fiscal years 2019 through 2023. The District also received payments in lieu of taxes (TIF payments) from various companies in order to alleviate the loss of property taxes. These payments are expected to increase slightly across the forecast. Interest revenue is also forecasted to increase slightly through FY20 as interest rates increase and cash balances trend upward, then to decrease

slightly during FY21-23 in line with cash balances. The remaining other local revenue sources are expected to remain constant from FY19 to FY23.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Tuition SF-14 & SF-14H	\$902,359	\$906,871	\$911,405	\$915,962	\$920,542
Interest	1,240,037	1,252,437	1,239,913	1,227,514	1,215,239
TIF & PILOT Payments	833,188	841,520	849,935	858,434	867,018
Student Fees	204,483	204,483	204,483	204,483	204,483
Medicaid, other Income and rentals	968,581	1,056,587	1,056,587	1,056,587	1,056,587
Total Line # 1.060	<u>\$4,148,648</u>	<u>\$4,261,898</u>	<u>\$4,262,323</u>	<u>\$4,262,980</u>	<u>\$4,263,869</u>

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

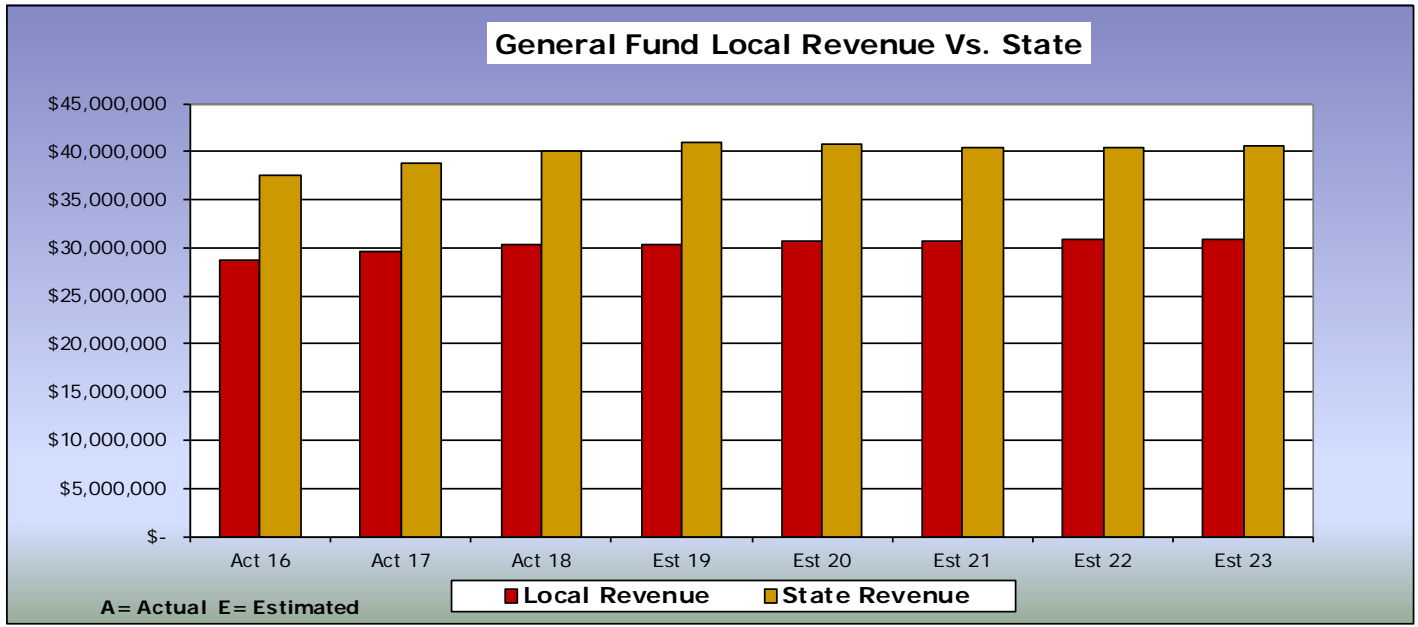
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged to residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59.

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 or who are disabled regardless of income. Effective September 29, 2013 HB59 changed 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 had 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 slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
a) Rollback and Homestead	\$3,964,484	\$3,965,694	\$3,972,294	\$3,978,899	\$3,985,507
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$3,964,484</u>	<u>\$3,965,694</u>	<u>\$3,972,294</u>	<u>\$3,978,899</u>	<u>\$3,985,507</u>

Comparison of Local Revenue and State Revenue



State Foundation Revenue Estimates

A) Unrestricted State Foundation Revenue – Line #1.035

The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY19. We are projected to be aCAP funded district in FY19, which means the district will not receive the full amount of funding that the state formula calculates that we should be receiving. However, the District is very close to being a formula funded district and fluctuates based on changes in District ADM.

The current funding model continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula’s measure of a districts capacity to raise local revenue. The higher a district’s ability to raise taxes based on wealth the lower the SSI will be, and vice versa. The index is derived from a district’s wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district’s SSI and therefore the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

- 1) Opportunity Grant – Per pupil amount increased .17% from \$6,000 in FY17 to \$6,010 in FY18 and .16% to \$6,020 in FY19. Well below inflation rates.
- 2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
- 3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.
- 4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
- 5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
- 6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
- 7) Gifted Funds –Based on average daily membership at \$5.05 in FY18 & FY19.

- 8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
- 9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

The current funding model continues additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue; however, some items are now included in CAP district payments:

- 1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
- 2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
- 3) 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.
- 4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately \$450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

Transitional Guarantee Phase-Out- For the first time HB49 includes a phase-out of funding for districts on the guarantee. If a guarantee district’s average daily membership (ADM) over three (3) years from FY14-FY16, on average fell by 10% or more, they will lose 5% of their funding from FY17 levels. If the average ADM loss is less than 5% then they will be guaranteed at 100% of FY17 levels. If average ADM loss is between 5% and 10% loss then funding is cut on a sliding scale of loss up to 5%. We are not anticipated to be a Transitional Guarantee District.

Gain Cap Funded Districts- For the first time HB49 has created tiers of funding for districts that are on the funding cap (or limit) based on the amount of student ADM growth. Generally, if a district is a “Cap” district the state formula calculates that a district is owed more than they are being paid. The Cap grew 7.5% in FY16 and FY17 from the FY15 levels. There are now funding tiers established for Cap district’s based on three (3) year average ADM growth for the period FY14-FY16. The Cap will generally be 3% additional funding in FY18 and FY19 from the FY17 levels, with the following exceptions:

- 1) If average ADM from FY14 to FY16 is 5.5% or greater in FY18 or 6% greater in FY19, the gain cap is set at 5.5% or 6% respectively, of the district’s previous year’s state aid. Cap limits will include Capacity Aid and Transportation Supplement payments which limit the state’s increased payment.
- 2) If average ADM from FY14 to FY16 is between 3% and 5.5% in FY18, or between 3% and 6% in FY19, the gain cap is set at a scaled amount between 3% and 5.5% and 3% and 6% respectively, of the districts previous year’s state aid. Cap limit will include Capacity Aid and Transportation Supplement payments which limit the state’s increased payment.

We are anticipated to be a CAP funded district in FY19 and a formula district beyond at this time. Our ADM growth and deliberation of state funding will be especially important to us FY20 and beyond.

Current FY20-21 State Biennium Budget Deliberations on School Funding

Current state biennium budget deliberations for FY20 -21 include two (2) school funding methodologies. One proposed by the new Governor contained in HB166, and the second is a proposal from two legislators referred to as the Cupp/Patterson School Funding Work Group plan.

The Governor has proposed guaranteeing all school districts their net state funding received in FY19 and giving all districts new money restricted for use on defined areas in Student Wellness and Student Success. This proposal would distribute these new funds using federal poverty data and actual number of students educated in each district, as opposed to a state created state share index that measures district wealth and average daily membership (ADM) to statewide comparisons to distribute current funds. The new formula for Student Wellness and Success Funding proposed by the Governor would send new money to all districts in Ohio without regard to their being designated as a CAP, Guarantee or Formula district as the current state funding formula determines.

The Cupp/Patterson proposal creates another funding formula that tries to identify what it costs to educate each student based on each district's unique circumstances and it would fund schools on actual enrollment and not ADM. Under this proposal not every district in Ohio would get new net money and it would cost the state significantly more than the Governor's proposal over the new biennium.

We believe our current state funding estimates for FY20-23 are reasonable and that we will adjust the forecast in November when we actually have authoritative data when the budget has been approved in late June 2019.

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 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.

The state indicated recently that revenues from casinos are not growing as robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY18 statewide were 1,791,647 students at \$51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19-23 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to \$92.9 million or approximately \$52 per pupil.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Basic Aid-Unrestricted	\$34,776,667	\$34,486,174	\$34,206,307	\$34,268,632	\$34,340,159
Additional Aid Items	<u>726,957</u>	<u>726,957</u>	<u>726,957</u>	<u>726,957</u>	<u>726,957</u>
Basic Aid-Unrestricted Subtotal	\$35,503,624	\$35,213,131	\$34,933,264	\$34,995,589	\$35,067,116
Ohio Casino Commission ODT	<u>310,938</u>	<u>312,984</u>	<u>315,040</u>	<u>317,106</u>	<u>319,182</u>
Total Unrestricted State Aid Line # 1.035	<u>\$35,814,562</u>	<u>\$35,526,115</u>	<u>\$35,248,304</u>	<u>\$35,312,695</u>	<u>\$35,386,298</u>

B) Restricted State Revenues – Line # 1.040

The current funding model continues funding two restricted sources of revenue, Economically Disadvantaged and Career Technical funds. The amount of the Economically Disadvantaged Aid is estimated to remain flat each remaining year of the forecast.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Economically Disadvantaged Aid	\$810,384	\$810,384	\$810,384	\$810,384	\$810,384
Career Tech - Restricted	139,453	139,453	139,453	139,453	139,453
Catastrophic Sp Ed Reimb.	<u>270,166</u>	<u>270,166</u>	<u>270,166</u>	<u>270,166</u>	<u>270,166</u>
Total Restricted State Revenues Line #1.040	<u>\$1,220,003</u>	<u>\$1,220,003</u>	<u>\$1,220,003</u>	<u>\$1,220,003</u>	<u>\$1,220,003</u>

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included throughout the forecast period.

Short-Term Borrowing – Lines #2.010 & Line #2.020

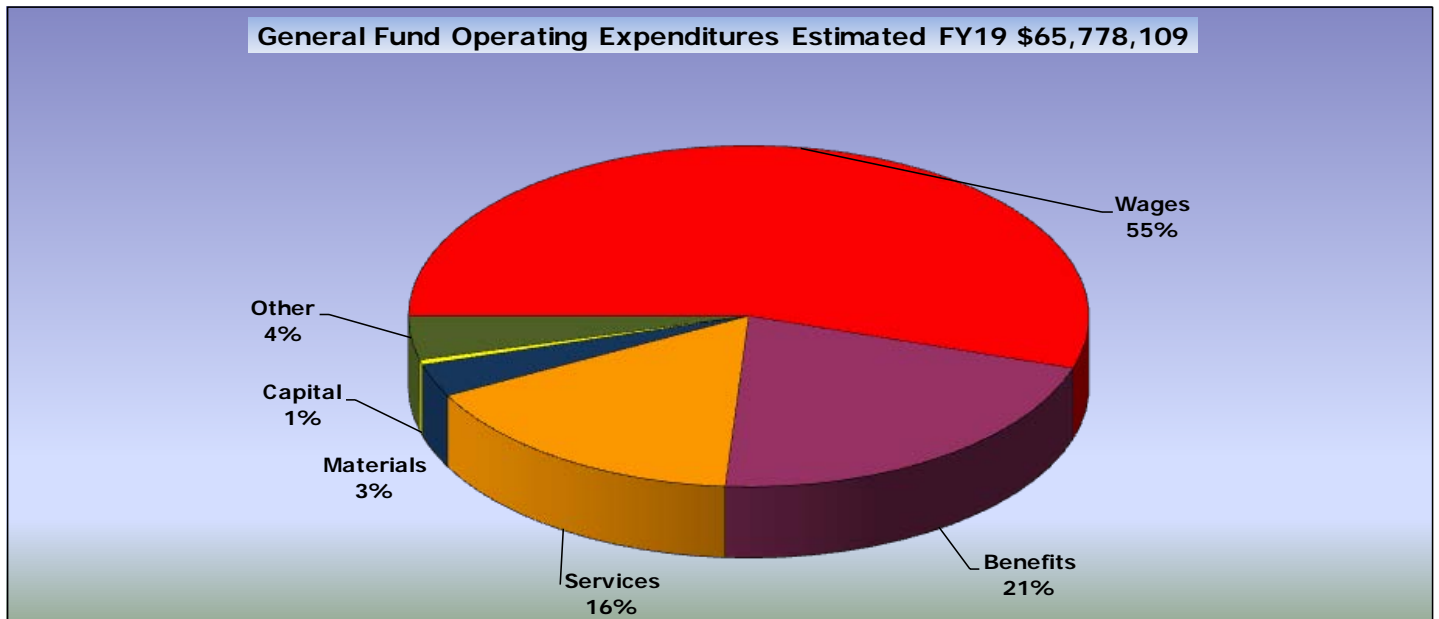
There is no short term borrowing planned for in this forecast at this time from any sources.

Transfers In / Return of Advances – Line #2.040 & Line #2.050

Other financing sources consist of transfers and advances. Transfers are permanent reallocation of funds and advances are those funds that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year end. The current forecasted transfer is to cover the deficit balance in the Uniform School Supplies Account. Based on current collection trends this transfer remains in over the life of the forecast.

Expenditures Assumptions

Estimated General Fund Expenditures



Wages – Line #3.010

The model reflects a base increase of 3% for FY19-20 and 2.5% for FY 21-23. Additionally, the model reflects known or anticipated growth in FY19-FY21.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Base Wages	\$33,046,705	\$35,247,231	\$37,138,801	\$38,826,385	\$40,514,545
Increases/COA	0	0	0	0	0
Steps & Training/Performance Based Pay	539,789	528,747	675,000	700,000	700,000
Growth	634,119	456,999	65,599	0	0
Substitutes	1,142,437	1,153,861	1,165,400	1,177,054	1,188,825
Supplementals	575,388	592,650	607,466	622,653	638,219
Severance Pay/Other Compensation	202,881	200,000	200,000	200,000	200,000
Total Wages Line 3.010	<u>\$36,141,319</u>	<u>\$38,179,488</u>	<u>\$39,852,266</u>	<u>\$41,526,092</u>	<u>\$43,241,589</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, of which all benefits except health insurance are directly related to the wages paid.

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 model also includes an estimate for the annual surcharge due to the School Employees Retirement System.

B) Insurance

The estimated increase for medical and dental insurance is 7% for FY19, 26% for FY20 and 15% for FY21-FY23. The increases include adjustments for inflation and the most current research of where premiums will be going in the future.

Patient Protection and Affordable Care Act (PPACA) Costs- the Patient Protection and Affordable Care Act (PPACA) commonly called Obamacare or the Affordable Care Act (ACA), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965.

It is uncertain to what extent the implementation of PPACA will cost our district in additional funds especially since it is being reviewed carefully at the federal level for amendment or repeal. We are not certain what these added costs may be but Longer-term, a significant concern is the 40% “Cadillac Tax” provision but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds \$10,200 for individual plans and \$27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is estimated at 0.7% of wages which is consistent with past forecasts. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

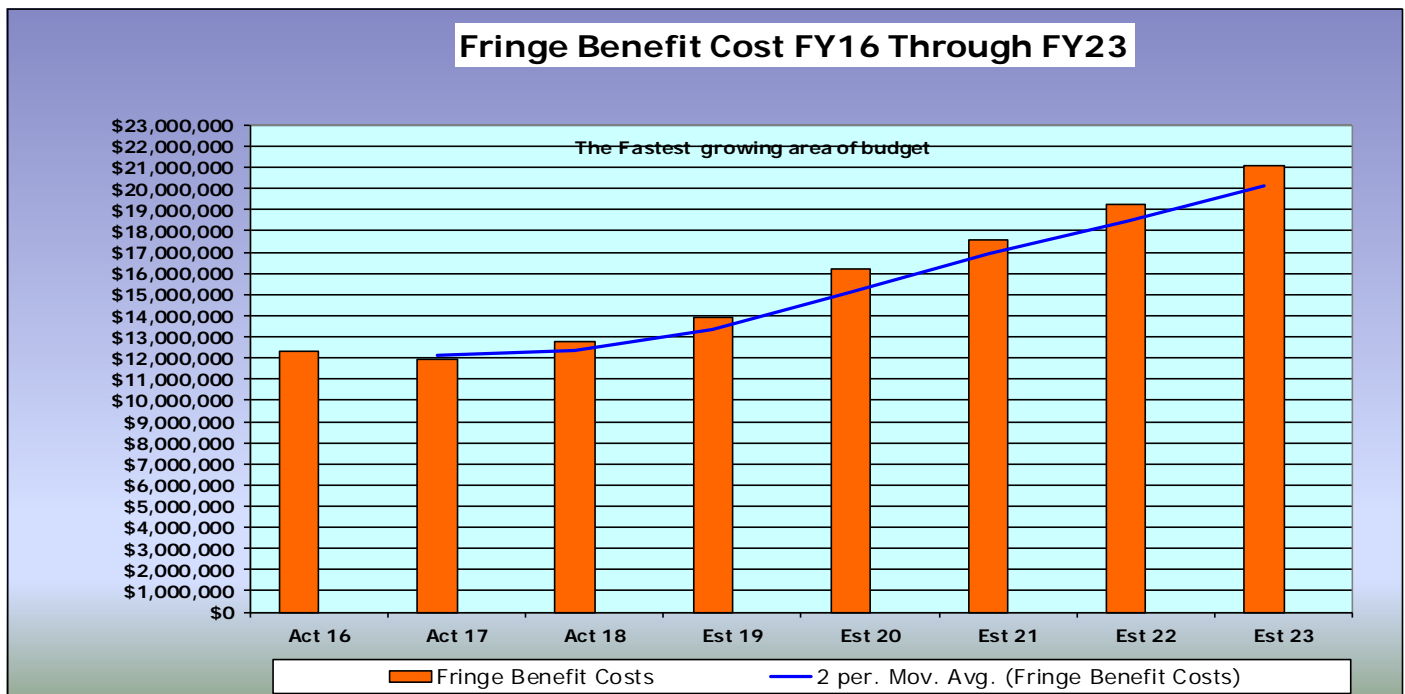
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
A) STRS/SERS	\$5,175,757	\$5,317,129	\$5,551,317	\$5,785,653	\$6,025,823
B) Insurance's	8,164,565	10,074,167	11,168,802	12,557,677	14,102,747
C) Workers Comp/Unemployment	82,058	277,256	288,966	300,683	312,691
D) Medicare	493,283	553,603	577,858	602,128	627,003
Other/Tuition	148	148	148	148	148
Total Line 3.020	<u>\$13,915,811</u>	<u>\$16,222,303</u>	<u>\$17,587,091</u>	<u>\$19,246,289</u>	<u>\$21,068,412</u>

Fringe Benefits Actual Fiscal Year 2016 through Fiscal Year 2018 and Estimated Fiscal Year 2019 through Fiscal Year 2023

The graph below notes that health care is becoming an area for which expenditures are outpacing inflation. The federal Affordable Care Act and the increase in claims will require management to control the cost of health care.



Purchased Services – Line #3.030

Purchased services include expenditures for utilities, professional development and state foundation deductions for tuition-type students, including open enrollment, community school, scholarships and college credit plus. Estimates for this line item were based upon historical trends and estimated service needs. A 3-4% increase was incorporated throughout the forecast from FY19 – FY23 for inflationary purposes; with the exception of community school deduction expenditures for which the model shows a slight decrease due to the decrease in students enrolled in community schools and utility payments for which savings will be seen after an installation of a new telephone system, and energy efficiency savings due to upgrades at Studebaker.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Base Services	\$772,684	\$743,591	\$773,335	\$804,268	\$836,439
Professional Services	1,864,473	1,689,052	1,756,614	1,826,879	1,899,954
Open Enrollment Deduction	1,297,529	1,336,455	1,376,549	1,417,845	1,460,380
Community School Deductions	3,176,203	3,112,679	3,050,425	2,989,417	2,929,629
Other Tuition Including Ed Scholarship	950,000	978,500	1,007,855	1,038,091	1,069,234
Copier Lease	\$0	\$0	\$432,233	\$478,276	\$478,276
Utilities	1,276,259	1,224,547	1,261,283	1,299,121	1,338,095
Trans/Property Maintenance and Repair	<u>816,999</u>	<u>841,509</u>	<u>866,754</u>	<u>892,757</u>	<u>919,540</u>
Total Line 3.030	<u>\$10,632,423</u>	<u>\$10,404,609</u>	<u>\$10,592,815</u>	<u>\$10,768,378</u>	<u>\$10,953,271</u>

Supplies and Materials – Line #3.040

An overall inflation of 3.0% is being estimated for this category of expenses, as well as the District's five year plans for technology and textbook adoptions.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Supplies, Technology & Curriculum	\$1,666,245	\$1,959,232	\$2,275,009	\$2,343,259	\$2,413,557
Transportation Fuel and Supplies	<u>391,885</u>	<u>403,642</u>	<u>415,751</u>	<u>428,224</u>	<u>441,071</u>
Total Line 3.040	<u>\$2,058,130</u>	<u>\$2,362,874</u>	<u>\$2,690,760</u>	<u>\$2,771,483</u>	<u>\$2,854,628</u>

Capital Outlay – Line # 3.050

Costs in FY 19-23 include purchasing equipment for students and staff and is based on the District's five-year plans for capital improvements and technology.

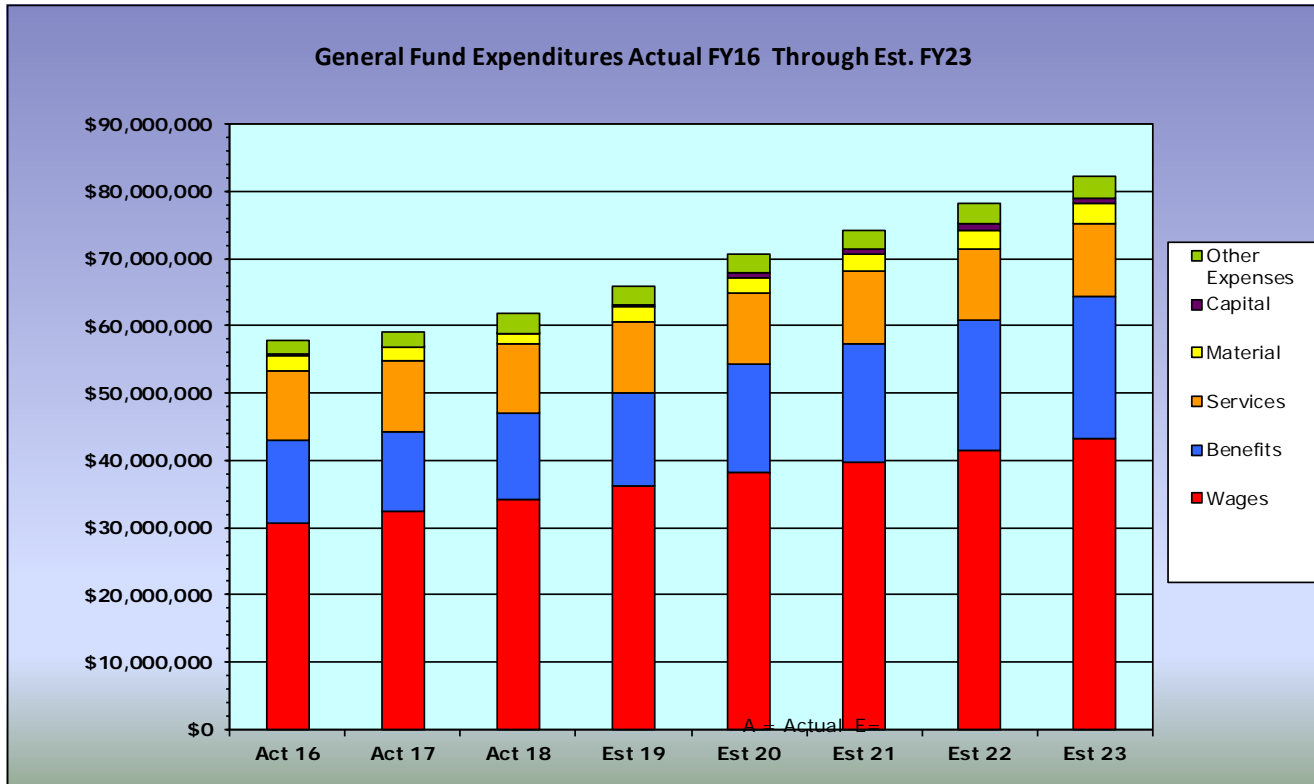
<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Capital Outlay	\$303,838	\$217,953	\$224,492	\$231,227	\$238,164
Replacement Bus Purchases	\$0	\$200,000	\$200,000	\$200,000	\$200,000
Technology	\$0	<u>\$306,563</u>	<u>\$306,563</u>	<u>\$483,125</u>	<u>\$483,125</u>
Total Line 3.050	<u>\$303,838</u>	<u>\$724,516</u>	<u>\$731,055</u>	<u>\$914,352</u>	<u>\$921,289</u>

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 (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increases of 3% for this forecast.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
County Auditor & Treasurer Fees	\$463,000	\$476,890	\$491,197	\$505,933	\$521,111
County ESC	2,142,347	2,121,662	2,221,380	2,325,785	2,435,097
Other expenses	121,241	124,878	128,624	132,483	136,457
Budget Reductions	0	0	0	0	0
Total Line 4.300	<u>\$2,726,588</u>	<u>\$2,723,430</u>	<u>\$2,841,201</u>	<u>\$2,964,201</u>	<u>\$3,092,665</u>

**Total Expenditure Categories Actual Fiscal Year 2016 through Fiscal Year 2018 and
Estimated Fiscal Year 2019 through Fiscal Year 2023**



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements to repay the General Fund. Transfers are permanent reallocation of funds. Advances have limited impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

<u>Source</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Operating Transfers Out Line #5.010	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Advances Out Line #5.020	300,000	300,000	300,000	300,000	300,000
Total	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>

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.

	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Estimated Encumbrances	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>

Ending Unencumbered Cash Balance “The Bottom-line” – 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 Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. Based on the chart immediately below, unencumbered fund balance will be positive throughout the forecast. In addition, Board policy requires cash reserves equal 4 months of operating expenditures. Based on the chart immediately below, cash reserves are in compliance with Board policy throughout the forecast.

	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Ending Unencumbered Cash Balance	<u>\$51,479,071</u>	<u>\$52,198,311</u>	<u>\$49,033,571</u>	<u>\$42,109,679</u>	<u>\$31,390,660</u>

