

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2017, 2018 and 2019 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2020 THROUGH 2024**



**Forecast Provided By
Huber Heights City School District
Treasurer's Office
Gina M. Helmick, CPA, Treasurer/CFO
(937) 237 - 4126
November 14, 2019**

Huber Heights City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;

Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019			Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenues										
1.010	General Property Tax (Real Estate)	\$ 25,220,055	\$ 25,135,533	\$ 25,377,479	0.31%	\$ 25,563,404	\$ 25,596,874	\$ 25,658,166	\$ 25,693,273	\$ 25,728,408
1.020	Tangible Personal Property	736,241	889,693	884,563	10.13%	922,604	951,729	980,854	1,009,979	1,039,104
1.035	Unrestricted State Grants-in-Aid	33,639,774	34,793,555	35,987,742	3.43%	36,047,644	36,148,810	36,150,970	36,153,141	36,155,323
1.040	Restricted State Grants-in-Aid	1,083,023	1,248,186	1,150,597	3.72%	1,219,611	1,219,611	1,219,611	1,219,611	1,219,611
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	0	0	0	0.00%	0	0	0	0	0
1.050	Property Tax Allocation	4,027,555	3,986,418	3,964,848	-0.78%	3,966,697	3,977,941	3,990,134	3,996,624	4,003,118
1.060	All Other Revenues	3,753,231	4,298,181	4,554,607	10.24%	4,611,898	4,612,323	4,612,980	4,613,869	4,614,990
1.070	Total Revenues	68,459,880	70,351,566	71,919,836	2.50%	72,331,858	72,507,288	72,612,715	72,686,497	72,760,554
Other Financing Sources										
2.010	Proceeds from Sale of Notes	0	0	0	0.00%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.00%	0	0	0	0	0
2.040	Operating Transfers-In	0	812,005	0	0.00%	0	0	0	0	0
2.050	Advances-In	353,792	348,092	701,704	49.99%	524,000	300,000	300,000	300,000	300,000
2.060	All Other Financing Sources	35,344	75,006	10,562	13.15%	10,562	10,562	10,562	10,562	10,562
2.070	Total Other Financing Sources	389,136	1,235,103	712,266	87.53%	534,562	310,562	310,562	310,562	310,562
2.080	Total Revenues and Other Financing Sources	68,849,016	71,586,669	72,632,102	2.72%	72,866,420	72,817,850	72,923,277	72,997,059	73,071,116
Expenditures										
3.010	Personal Services	32,368,660	34,162,768	35,949,847	5.39%	38,425,148	40,103,116	41,785,457	43,506,468	45,270,317
3.020	Employees' Retirement/Insurance Benefits	11,944,515	12,799,177	13,405,178	5.94%	16,383,491	17,650,315	19,290,226	21,093,456	23,106,003
3.030	Purchased Services	10,538,323	10,366,405	10,011,029	-2.53%	9,985,402	10,088,844	11,372,144	11,555,612	11,748,153
3.040	Supplies and Materials	1,931,710	1,543,458	1,542,418	-10.08%	2,398,831	2,470,796	2,544,920	2,621,268	2,699,906
3.050	Capital Outlay	50,773	17,064	324,774	868.44%	731,016	740,946	751,174	761,709	772,560
3.060	Intergovernmental	0	0	0	0.00%	0	0	0	0	0
Debt Service:										
4.010	Principal-All (Historical Only)	0	0	0	0.00%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.00%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.00%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.00%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.00%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.00%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0.00%	0	0	0	0	0
4.300	Other Objects	2,371,896	2,900,251	3,074,338	14.14%	2,814,411	2,935,936	3,062,851	3,195,399	3,333,834
4.500	Total Expenditures	59,205,877	61,789,123	64,307,584	4.22%	70,738,299	73,989,954	78,806,772	82,733,911	86,930,772
Other Financing Uses										
5.010	Operating Transfers-Out	0	912,005	100,000	0.00%	200,000	100,000	100,000	100,000	100,000
5.020	Advances-Out	348,092	701,704	524,000	38.13%	300,000	300,000	300,000	300,000	300,000
5.030	All Other Financing Uses	0	0	152	0.00%	0	0	0	0	0
5.040	Total Other Financing Uses	348,092	1,613,709	624,152	151.13%	500,000	400,000	400,000	400,000	400,000
5.050	Total Expenditures and Other Financing Uses	59,553,969	63,402,832	64,931,736	4.44%	71,238,299	74,389,954	79,206,772	83,133,911	87,330,772
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	9,295,047	8,183,837	7,700,366	-8.93%	1,628,121	(1,572,103)	(6,283,495)	(10,136,852)	(14,259,656)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	28,659,109	37,954,156	46,137,993	27.00%	53,838,359	55,466,480	53,894,377	47,610,882	37,474,029
7.020	Cash Balance June 30	37,954,156	46,137,993	53,838,359	19.13%	55,466,480	53,894,377	47,610,882	37,474,029	23,214,373
8.010	Estimated Encumbrances June 30	834,207	583,032	954,884	16.83%	600,000	600,000	600,000	600,000	600,000
10.010	Fund Balance June 30 for Certification of Appropriations	37,119,949	45,554,961	52,883,475	19.41%	54,866,480	53,294,377	47,010,882	36,874,029	22,614,373
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal	0	0	0	0.00%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.00%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies	0	0	0	0.00%	0	0	0	0	0
12.010	Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	37,119,949	45,554,961	52,883,475	19.41%	54,866,480	53,294,377	47,010,882	36,874,029	22,614,373

Huber Heights City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;

Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019			Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenue from New Levies										
13.010 Income Tax - New	0	0	0	0.00%	0	0	0	0	0	0
13.020 Property Tax - New	0	0	0	0.00%	0	0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0.00%	0	0	0	0	0	0
14.010 Revenue from Future State Advancements	0	0	0	0.00%	0	0	0	0	0	0
15.010 <i>Unreserved Fund Balance June 30</i>	\$ 37,119,949	\$ 45,554,961	\$ 52,883,475	19.4%	\$ 54,866,480	\$ 53,294,377	\$ 47,010,882	\$ 36,874,029	\$ 22,614,373	

Huber Heights City School District-Montgomery County
Notes to the Five Year Forecast
General Fund Only
November 14, 2019

Introduction to the Five Year Forecast

For fiscal year 2020 (July 1, 2019 – June 30, 2020) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2019, and May 31, 2020. HB87, effective November 1, 2018, changed the October filing deadline to November 30 beginning with this forecast. The May 31 filing date remains unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget provided new restricted state funding to school districts in Fiscal Years 20 and 21 specifically for Student Wellness and Success. These revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are **NOT** included in this forecast.

Fiscal year 2020 (July 1, 2019-June 30, 2020) 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 November 2019 filing.

Economic Outlook

It is prudent in long range forecasting to consider the economic climate that long range projection of revenues and expenses are made. The state of Ohio provides over 50% of all school district funding so the state's financial health is a stabilizing factor for school district funding. The state of Ohio ended FY19 with a surplus of revenue over expenses and is maintaining a statutory maximum balance of \$2.8 billion in the Budget Stabilization Fund that would enable it to weather an economic slowdown during the forecast period. Unemployment rates statewide fell from 4.5% in June 2018 to 3.5% in September 2019 and overall economic growth is predicted to grow at a relatively steady rate of 2% annually through 2021 according to the Ohio Office of Budget and Management. This positively impacts state revenues and local revenues for districts with school district income taxes. The nationwide and global economic indicators are predicting a slowing of the economy and a possible recession in the next 18-24 months. The Federal Reserve has reduced rates to address current economic trends and stimulate the economy. These indicators suggest the state of Ohio's overall economy is healthy and reserves have been built in to address any downturns. There is concern, however, that the slowing may occur and impact State funding and property tax collections beginning in FY22.

Statewide assessed property values and local tax collections have recovered from the sharp drops that occurred in 2008 through 2011. In 2008 statewide property values reached \$256.23 billion of assessed value and in 2017 they rose above this to \$263.73 billion for the first time. Assessed values grew 4.3% overall from 2017 to \$275.01 billion in 2018. Property values and new construction are expected to continue growing throughout the forecast period with some districts with high agricultural values experiencing slightly lower growth due to changes in current agricultural use valuation that will occur during reappraisal and update years.

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:

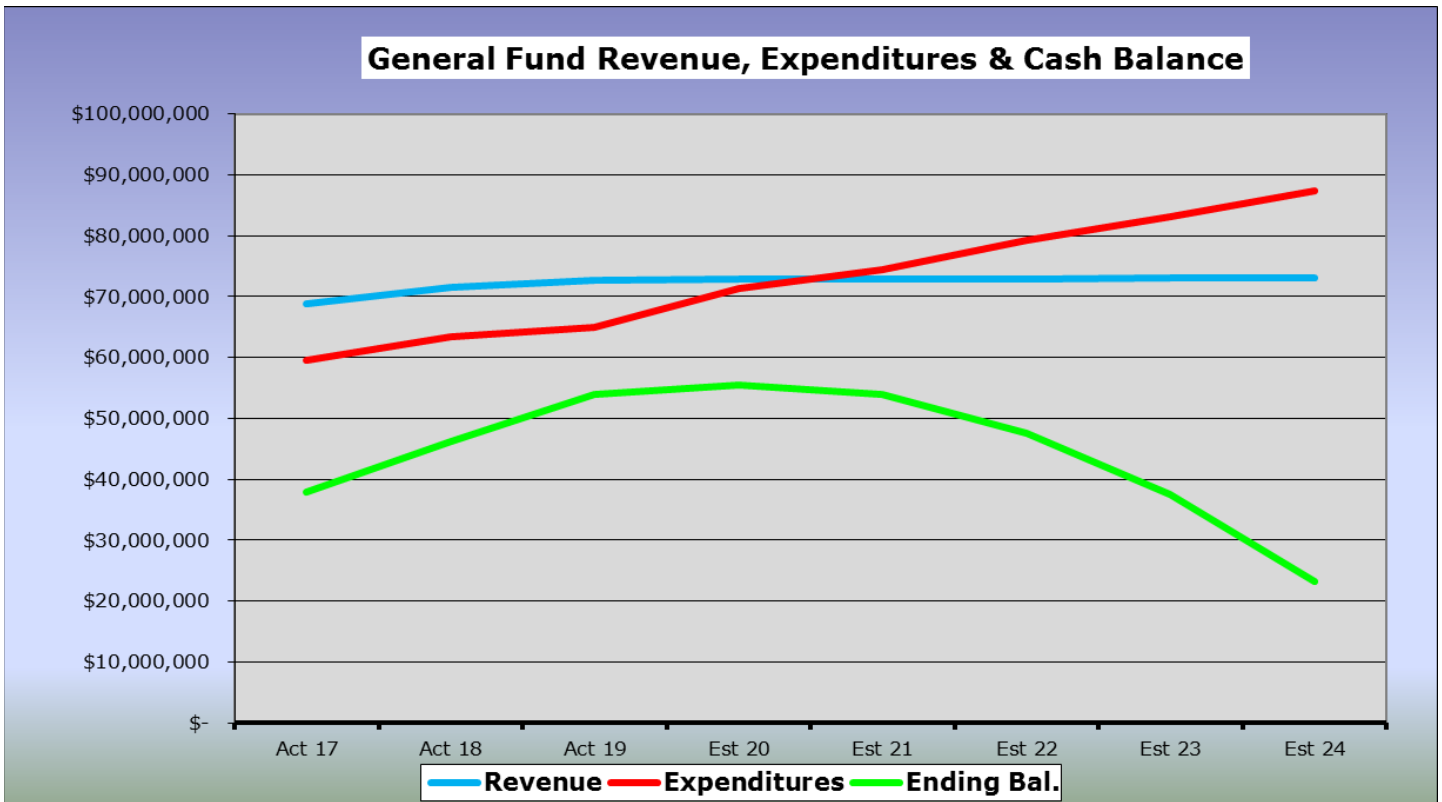
- I. Montgomery County went through a reappraisal update in the 2014 tax year to be collected in 2015. The reappraisal update that took place in the 2014 tax year resulted in decreased assessed values of

\$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 the values on which 2018 tax collections were based. 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 as a result of the 2017 appraisal update.

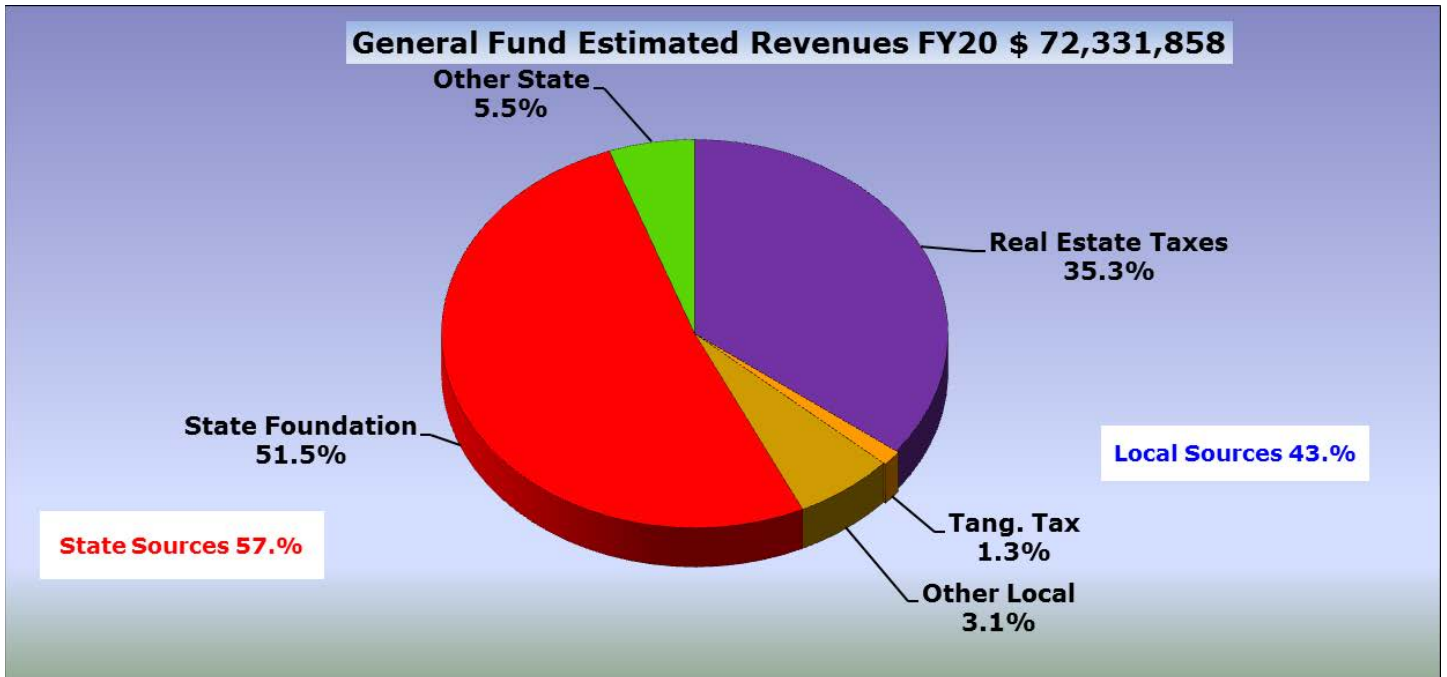
- II. HB166 the current state budget for FY20-21 has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. Our district is estimated to receive enrollment growth money for FY20-21 and will treat it as guaranteed FY22-24. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success which is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22.
- III. The State Budget represents 57% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY22 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 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 FY24. We have projected our state funding to be inline with our current estimates through FY24 which we feel are 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.
- IV. 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. College Credit Plus costs continue to increase as this program becomes more understood. EdChoice scholarships are being offered to our students at the middle and high school level for the first time. The impact on the forecast due to this expansion is unknown at this time. These are examples of programs that increase with each biennium budget 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.
- V. 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.
- VI. 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 which was 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 which was 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>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
	<u>TAX YEAR2019</u>	<u>TAX YEAR2020</u>	<u>TAX YEAR2021</u>	<u>TAX YEAR2022</u>	<u>TAX YEAR2023</u>
	<u>COLLECT 2020</u>	<u>COLLECT 2021</u>	<u>COLLECT 2022</u>	<u>COLLECT 2023</u>	<u>COLLECT 2024</u>
Res./Ag.	\$567,773,090	\$579,778,552	\$580,428,552	\$581,078,552	\$581,728,552
Comm./Ind.	126,345,260	126,045,260	125,745,260	125,445,260	125,145,260
Public Utility Personal Property (PUPP)	16,088,700	16,588,700	17,088,700	17,588,700	18,088,700
Tangible Personal Property (TPP)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assessed Value	<u>\$710,207,050</u>	<u>\$722,412,512</u>	<u>\$723,262,512</u>	<u>\$724,112,512</u>	<u>\$724,962,512</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Estimated Property Taxes	<u>\$25,563,404</u>	<u>\$25,596,874</u>	<u>\$25,658,166</u>	<u>\$25,693,273</u>	<u>\$25,728,408</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>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Public Utility Taxes	<u>\$922,604</u>	<u>\$951,729</u>	<u>\$980,854</u>	<u>\$1,009,979</u>	<u>\$1,039,104</u>

Other Local Revenues – Line #1.060

Tuition is forecasted to increase slightly for fiscal years 2020 through 2024. 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. Beginning in FY20 interest is expected to decline due to federal rate reductions which will impact our earning capability in this area. The remaining other local revenue sources are expected to remain constant from FY20 to FY24.

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Tuition SF-14 & SF-14H	\$906,871	\$911,405	\$915,962	\$920,542	\$925,145
Interest	1,252,437	1,239,913	1,227,514	1,215,239	1,203,087
TIF & PILOT Payments	841,520	849,935	858,434	867,018	875,688
Student Fees	238,825	238,825	238,825	238,825	238,825
Medicaid, other Income and rentals	1,372,245	1,372,245	1,372,245	1,372,245	1,372,245
Total Line # 1.060	<u>\$4,611,898</u>	<u>\$4,612,323</u>	<u>\$4,612,980</u>	<u>\$4,613,869</u>	<u>\$4,614,990</u>

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

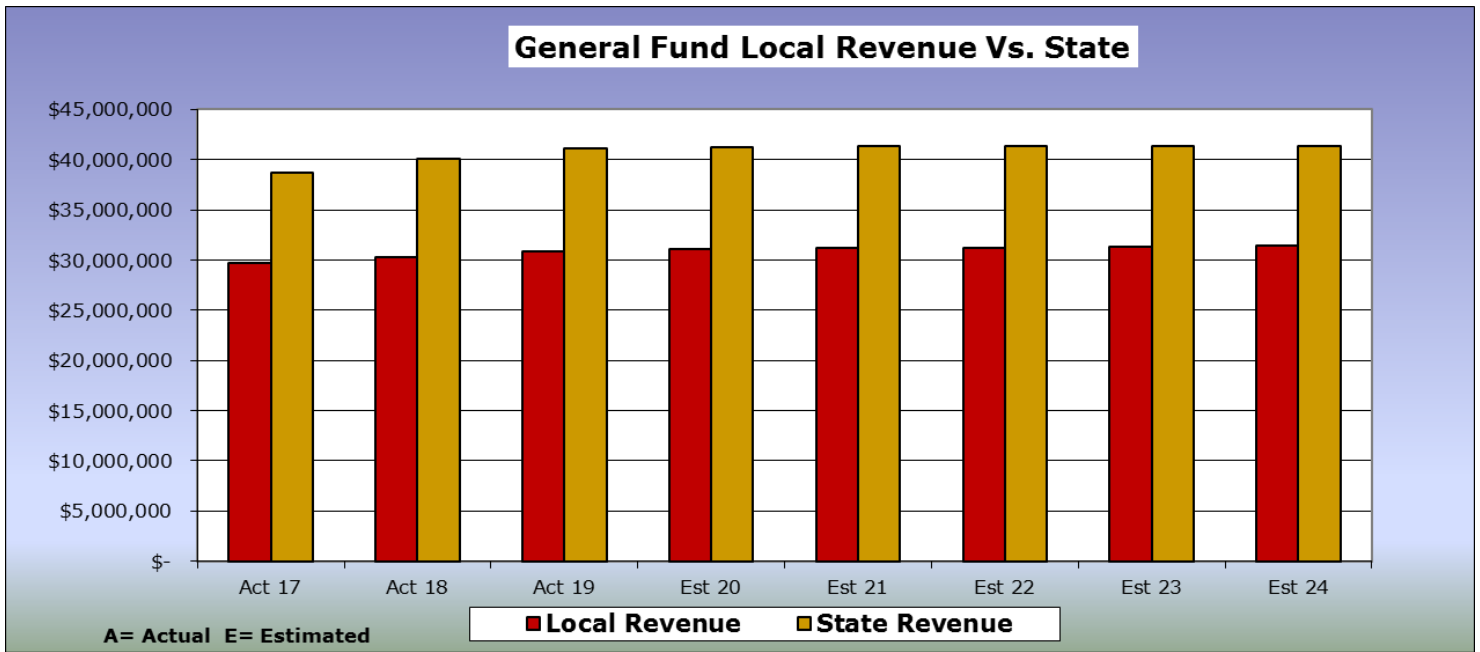
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged to residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved 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>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
a) Rollback and Homestead	\$3,966,697	\$3,977,941	\$3,990,134	\$3,996,624	\$4,003,118
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$3,966,697</u>	<u>\$3,977,941</u>	<u>\$3,990,134</u>	<u>\$3,996,624</u>	<u>\$4,003,118</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 HB166 funding simulations which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & 21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason we have projected state aid flat through FY24 as we have nothing authoritative to rely on at this time.

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 FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21 funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$25,000 in FY20 and \$30,000 in FY21. Our district is estimated to receive \$1,158,662 in FY20 and \$1,682,240 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 one of the approved community partner organizations approved in HB166 that include the following:

Student Wellness and Success Initiatives (ORC 3317.26(B))

- Mental health services
- Services for homeless youth
- Services for child welfare involved youth
- Community liaisons
- Physical health care services

- Mentoring programs
- Family engagement and support services
- City Connects programming
- Professional development regarding the provision of trauma-informed care
- Professional development regarding cultural competence
- Student services provided prior to or after the regularly scheduled school day or any time school is not in session

Community Partners (ORC 3317.26(C))

- A board of alcohol, drug and mental health services
- An educational service center
- A county board of developmental disabilities
- A community-based mental health treatment provider
- A board of health of a city or general health district
- A county department of job and family services
- A nonprofit organization with experience serving children
- A public hospital agency

At this time our district is spending money in our General Fund that is servicing student needs as identified in 3317.26 (B) and our approved plan calls for these expenses to be recoded to Fund 467 for FY20 and FY21, then returning these expenses to the General Fund for FY22-24 as we have no direction on the future continuation of this funding. The General Fund reflects the reduction of these expenses for FY20 and FY21 and increase in expenses in FY22-24.

We believe our current state funding estimates for FY20-24 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

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 FY19 statewide were 1,785,583 students at \$52.59 per pupil. That is a decline of .36% students from the prior year. For FY20-24 we estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Basic Aid-Unrestricted	\$34,944,112	\$34,944,112	\$34,944,112	\$34,944,112	\$34,944,112
Additional Aid Items	<u>777,166</u>	<u>876,182</u>	<u>876,182</u>	<u>876,182</u>	<u>876,182</u>
Basic Aid-Unrestricted Subtotal	\$35,721,278	\$35,820,294	\$35,820,294	\$35,820,294	\$35,820,294
Ohio Casino Commission ODT	<u>326,366</u>	<u>328,516</u>	<u>330,676</u>	<u>332,847</u>	<u>335,029</u>
Total Unrestricted State Aid Line # 1.035	<u>\$36,047,644</u>	<u>\$36,148,810</u>	<u>\$36,150,970</u>	<u>\$36,153,141</u>	<u>\$36,155,323</u>

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 FY20-24.

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Economically Disadvantaged Aid	\$806,901	\$806,901	\$806,901	\$806,901	\$806,901
Career Tech - Restricted	142,544	142,544	142,544	142,544	142,544
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>\$1,219,611</u>	<u>\$1,219,611</u>	<u>\$1,219,611</u>	<u>\$1,219,611</u>	<u>\$1,219,611</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

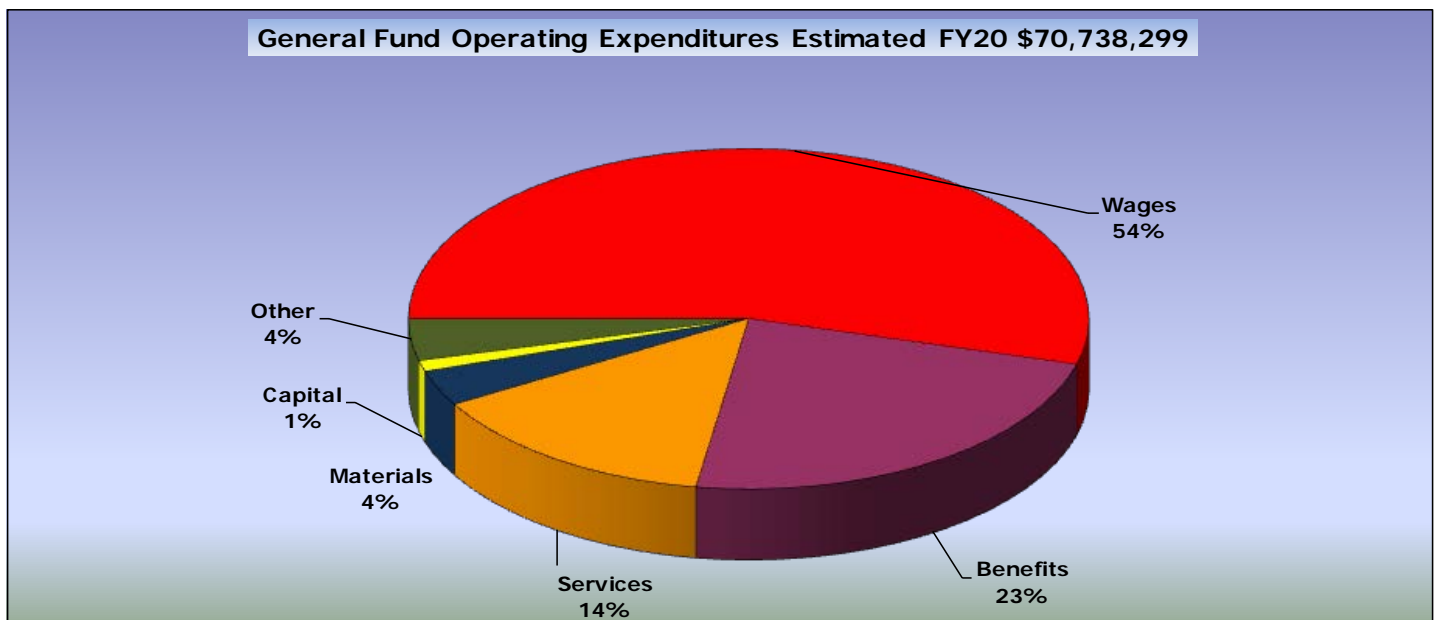
There is no short term borrowing planned for in this forecast at this time from any sources.

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.

Expenditures Assumptions

Estimated General Fund Expenditures



Wages – Line #3.010

The model reflects a base increase of 3% for FY20 and 2.5% for FY 21-24. Additionally, the model reflects known or anticipated growth in FY20-FY22.

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Base Wages	\$35,156,691	\$37,281,899	\$38,973,060	\$40,668,172	\$42,402,376
Steps & Training	528,747	675,000	700,000	700,000	700,000
Growth	687,146	65,599	3,205	0	0
Substitutes	1,217,299	1,229,472	1,241,767	1,254,185	1,266,727
Supplementals	635,265	651,146	667,425	684,111	701,214
Severance Pay/Other Compensation	200,000	200,000	200,000	200,000	200,000
Total Wages Line 3.010	<u>\$38,425,148</u>	<u>\$40,103,116</u>	<u>\$41,785,457</u>	<u>\$43,506,468</u>	<u>\$45,270,317</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 26% for FY20 and 15% for FY21-FY24. 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

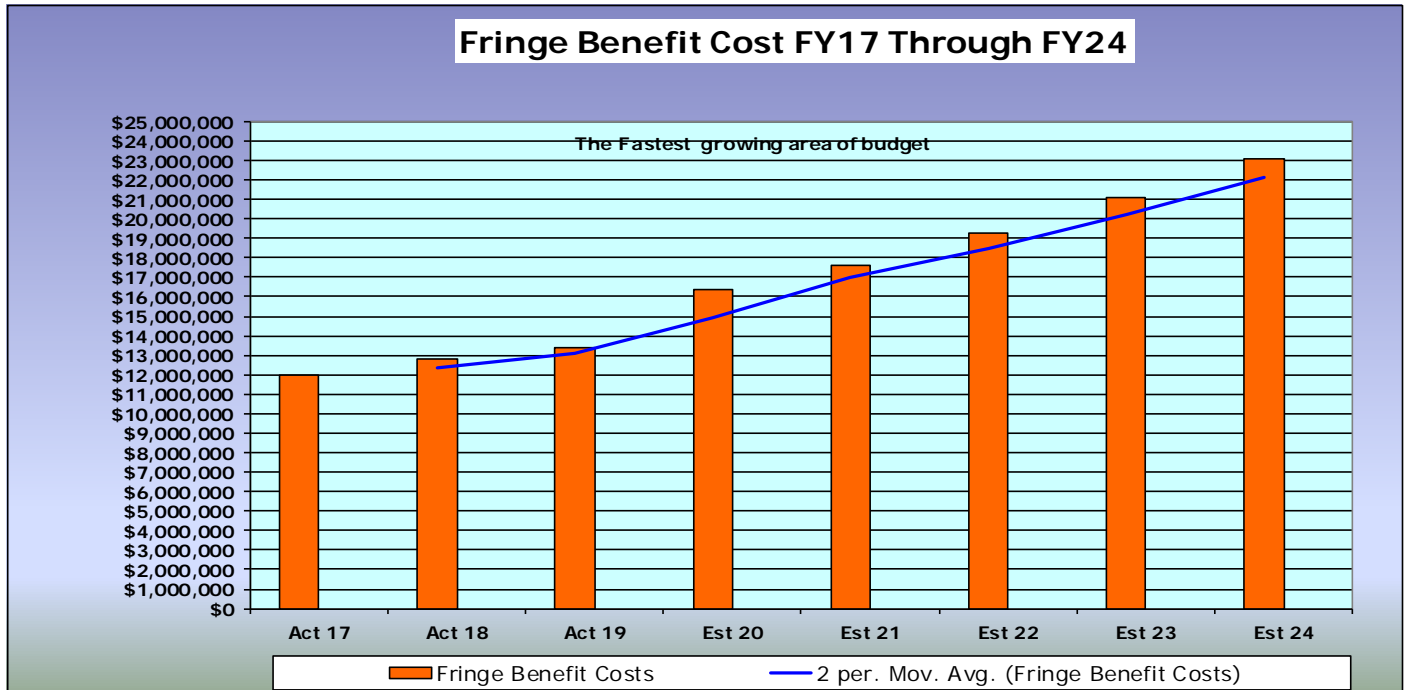
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
A) STRS/SERS	\$5,353,756	\$5,586,437	\$5,821,964	\$6,062,906	\$6,309,845
B) Insurances	10,086,376	11,127,220	12,507,210	14,044,543	15,784,575
C) Workers Comp/Unemployment	378,547	355,000	355,000	355,000	355,000
D) Medicare	564,649	581,495	605,889	630,844	656,420
Other/Tuition	163	163	163	163	163
Total Line 3.020	<u>\$16,383,491</u>	<u>\$17,650,315</u>	<u>\$19,290,226</u>	<u>\$21,093,456</u>	<u>\$23,106,003</u>

Fringe Benefits Actual Fiscal Year 2017 through Fiscal Year 2019 and Estimated Fiscal Year 2020 through Fiscal Year 2024

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 FY20 – FY24 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. We have reduced costs in purchased services for FY20 and 21 for the Student Wellness and Success (Fund 467) recoding and then return these costs to the General Fund in FY22-24.

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Base Services	\$614,484	\$639,063	\$664,626	\$691,211	\$718,859
Professional Services	1,421,351	1,478,205	1,537,333	1,598,826	1,662,779
Open Enrollment Deduction	1,300,000	1,339,000	1,379,170	1,420,545	1,463,161
Community School Deductions	2,800,000	2,744,000	2,689,120	2,635,338	2,582,631
Other Tuition Including Ed Scholarship	1,303,000	1,342,090	1,382,353	1,423,824	1,466,539
Copier Lease	462,600	400,000	350,000	350,000	350,000
Utilities	1,458,165	1,501,910	1,546,967	1,593,376	1,641,177
Trans/Property Maintenance and Repair	625,802	644,576	663,913	683,830	704,345
Total Line 3.030	<u>\$9,985,402</u>	<u>\$10,088,844</u>	<u>\$11,372,144</u>	<u>\$11,555,612</u>	<u>\$11,748,153</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>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Supplies, Technology & Curriculum	\$2,008,831	\$2,069,096	\$2,131,169	\$2,195,104	\$2,260,957
Transportation Fuel and Supplies	<u>390,000</u>	<u>401,700</u>	<u>413,751</u>	<u>426,164</u>	<u>438,949</u>
Total Line 3.040	<u>\$2,398,831</u>	<u>\$2,470,796</u>	<u>\$2,544,920</u>	<u>\$2,621,268</u>	<u>\$2,699,906</u>

Capital Outlay – Line # 3.050

Costs in FY20-24 include purchasing equipment for students and staff and is based on the District’s five-year plans for bus purchases, capital improvements and technology.

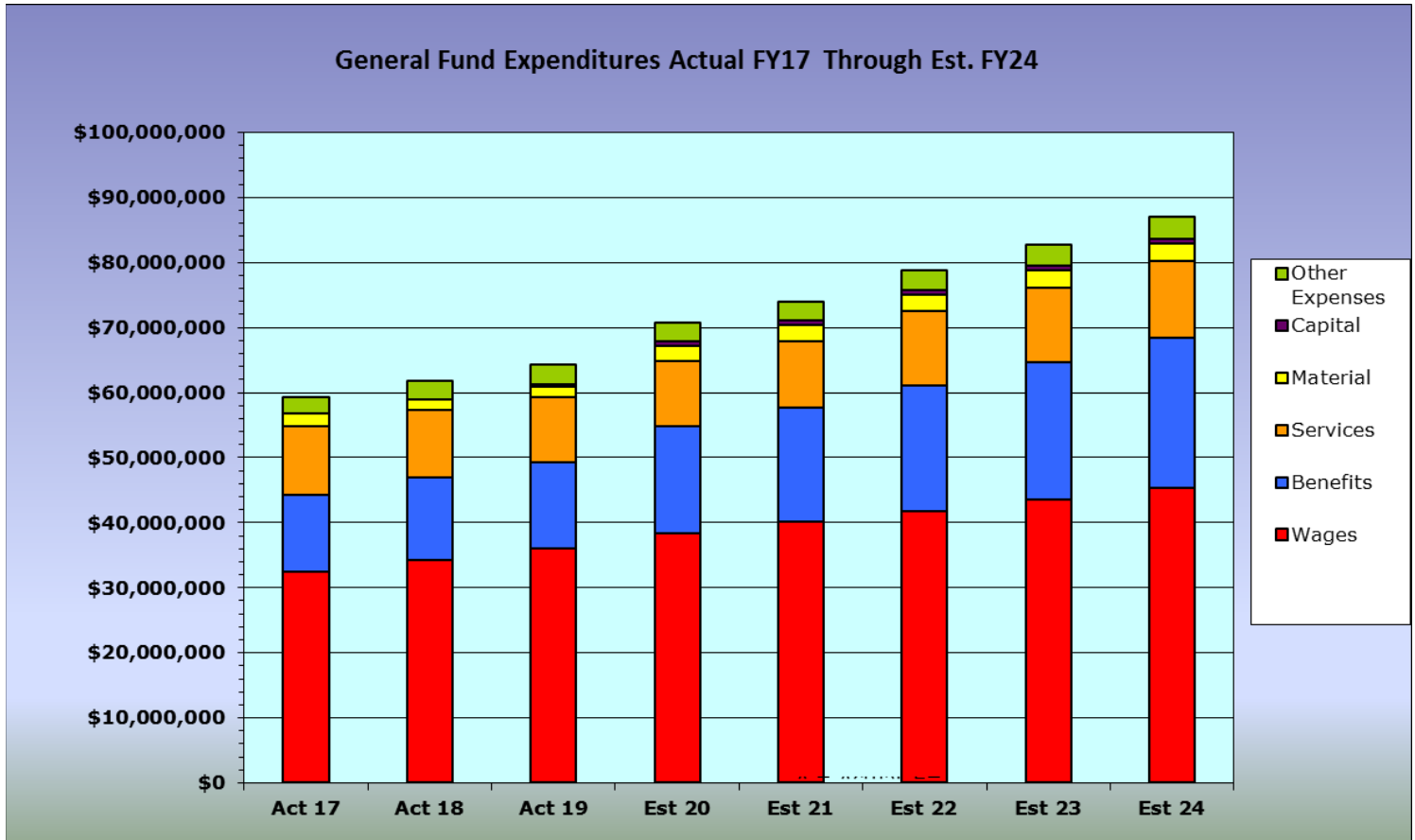
<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Capital Outlay	\$331,016	\$340,946	\$351,174	\$361,709	\$372,560
Replacement Bus Purchases	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>
Total Line 3.050	<u>\$731,016</u>	<u>\$740,946</u>	<u>\$751,174</u>	<u>\$761,709</u>	<u>\$772,560</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>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
County Auditor & Treasurer Fees	\$465,000	\$478,950	\$493,319	\$508,119	\$523,363
County ESC	2,181,919	2,284,469	2,391,839	2,504,256	2,621,956
Other expenses	167,492	172,517	177,693	183,024	188,515
Total Line 4.300	<u>\$2,814,411</u>	<u>\$2,935,936</u>	<u>\$3,062,851</u>	<u>\$3,195,399</u>	<u>\$3,333,834</u>

**Total Expenditure Categories Actual Fiscal Year 2017 through Fiscal Year 2019 and
Estimated Fiscal Year 2020 through Fiscal Year 2024**



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>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Operating Transfers Out Line #5.010	\$200,000	\$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>\$500,000</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>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</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 FY23.

	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Ending Unencumbered Cash Balance	<u>\$55,355,152</u>	<u>\$53,783,049</u>	<u>\$48,658,216</u>	<u>\$39,680,025</u>	<u>\$26,579,031</u>

