

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2015, 2016 and 2017 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2018 THROUGH JUNE 30, 2022**



**Harrison Hills City School District
Treasurer's Office
Roxane Harding, Treasurer**

May 28, 2018

HARRISON HILLS CITY SCHOOL DISTRICT

Harrison County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016, 2017
Forecasted Fiscal Year Ending June 30, 2018 through 2022

	Actual				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017			Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Revenues										
1.010 General Property Tax (Real Estate)	6,764,906	9,231,987	12,229,182	34.5%	14,890,072	15,345,953	15,559,083	15,772,111	15,985,050	
1.020 Tangible Personal Property	-	-	-	0.0%	-	-	-	-	-	
1.030 Income Tax	-	-	-	0.0%	-	-	-	-	-	
1.035 Unrestricted State Grants-in-Aid	10,076,030	9,959,552	9,979,688	-0.5%	10,016,102	9,995,416	9,694,409	9,402,307	9,118,841	
1.040 Restricted State Grants-in-Aid	486,011	364,606	375,635	-11.0%	343,633	346,919	350,238	353,591	356,977	
1.045 Restricted Fed.	-	-	-	0.0%	-	-	-	-	-	
1.050 Property Tax Allocation	658,674	671,350	675,403	1.3%	671,865	700,787	710,275	719,858	729,536	
1.060 All Other Revenues	555,820	1,524,051	947,151	68.2%	1,013,803	879,688	871,647	879,433	887,297	
1.070 Total Revenues	18,541,441	21,751,546	24,207,059	14.3%	26,935,475	27,268,763	27,185,652	27,127,300	27,077,701	
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	272,089	271,282	279,520	1.4%	282,668	282,668	282,668	282,668	282,668	
2.050 Advances-In	264,491	352,265	367,296	18.7%	641,365	350,000	350,000	350,000	350,000	
2.060 All Other Financing Sources	3,000	7,850	2,813	48.8%	0	0	0	0	0	
2.070 Total Other Financing Sources	539,580	631,397	649,629	10.0%	924,033	632,668	632,668	632,668	632,668	
2.080 Total Revenues and Other Financing Sources	19,081,021	22,382,943	24,856,688	14.2%	27,859,508	27,901,431	27,818,320	27,759,968	27,710,369	
Expenditures										
3.010 Personal Services	6,512,704	6,749,086	7,026,869	3.9%	7,703,800	8,074,399	8,561,609	9,256,300	9,545,000	
3.020 Employees' Retirement/Insurance Benefits	3,837,931	3,519,983	3,986,542	2.5%	4,387,700	4,893,900	5,472,037	5,982,674	6,462,221	
3.030 Purchased Services	3,618,120	3,446,196	3,829,644	3.2%	4,496,835	4,988,661	5,940,543	6,293,436	6,659,376	
3.040 Supplies and Materials	662,453	893,516	688,629	6.0%	919,767	1,550,600	2,612,500	2,082,350	1,877,550	
3.050 Capital Outlay	555,189	221,561	1,353,174	225.3%	637,000	970,000	1,471,500	596,200	680,000	
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	13,295	30,000	30,000	62.8%	30,000	35,000	35,000	40,000	40,000	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	1,714	1,495	1,394	-9.8%	2,500	2,500	2,500	2,500	2,500	
4.300 Other Objects	413,294	452,645	528,646	13.2%	501,600	638,550	678,250	714,750	731,750	
4.500 Total Expenditures	\$15,614,700	15,314,482	17,444,898	6.0%	18,679,202	21,153,610	24,773,939	24,968,210	25,998,397	
Other Financing Uses										
5.010 Operating Transfers-Out	307,089	430,589	8,230,197	925.8%	1,950,000	325,000	325,000	325,000	325,000	
5.020 Advances-Out	352,265	309,782	254,055	-15.0%	445,000	350,000	350,000	350,000	350,000	
5.030 All Other Financing Uses	-	56,692	-	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 Total Other Financing Uses	659,354	797,063	8,484,252	492.7%	2,395,000	675,000	675,000	675,000	675,000	
5.050 Total Expenditures and Other Financing Uses	16,274,054	16,111,545	25,929,150	30.0%	21,074,202	21,828,610	25,448,939	25,643,210	26,673,397	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	2,806,967	6,271,398	(1,072,462)	3.2%	6,785,306	6,072,821	2,369,381	2,116,758	1,036,972	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	6,479,537	9,286,504	15,557,902	55.4%	14,485,440	21,270,746	27,343,567	29,712,948	31,829,706	
7.020 Cash Balance June 30	9,286,504	15,557,902	14,485,440	30.3%	21,270,746	27,343,567	29,712,948	31,829,706	32,866,678	
8.010 Estimated Encumbrances June 30	441,373	601,209	914,400	44.2%	455,000	405,000	555,000	555,000	555,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	27,435	-	-	0.0%	-	-	-	-	-	
9.020 Capital Improvements	264,207	512,420	452,525	41.1%	1,350,059	1,319,579	1,539,099	1,758,619	1,958,139	
9.030 Budget Reserve	151,803	151,803	151,803	0.0%	151,803	151,803	151,803	151,803	151,803	
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	443,445	-	604,328	0.0%	1,501,862	1,471,382	1,690,902	1,910,422	2,109,942	
10.010 Fund Balance June 30 for Certification of Appropriations	8,401,686	14,956,693	12,966,712	32.4%	19,313,884	25,467,185	27,467,046	29,364,284	30,201,736	

HARRISON HILLS CITY SCHOOL DISTRICT Harrison County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016, 2017
Forecasted Fiscal Year Ending June 30, 2018 through 2022

	Actual				Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Revenue from Replacement/Renewal Levies									
11.010	-	-	-	0.0%	-	-	-	-	-
11.020	-	-	-	0.0%	-	-	-	-	-
11.300	-	-	-	0.0%	-	-	-	-	-
12.010									
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	8,401,686	14,956,693	12,966,712	32.4%	19,313,884	25,467,185	27,467,046	29,364,284	30,201,736
Revenue from New Levies									
13.010				0.0%	-	-	-	-	-
13.020				0.0%	-	-	-	-	-
13.030	-	-	-	0.0%	-	-	-	-	-
14.010	-			0.0%	-	-	-	-	-
15.010	8,401,686	14,956,693	12,966,712	32.4%	19,313,884	25,467,185	27,467,046	29,364,284	30,201,736

Harrison Hills City School District – Harrison County
Notes to the Five Year Forecast
General Fund Only
May 2018

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2018 (July 1, 2017-June 30, 2018) 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 2018 filing.

May 2018 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 \$26,935,475 or 5.63% higher than the October forecasted amount of \$25,497,732. This indicates the October forecast was 94.4% accurate, but they would have been 99% accurate if not for the unexpected significant increase in PUPP values noted below.

The increase in revenue estimate is driven by a significant \$60.7 million increase in Public Utility Personal Property (PUPP) taxes which is a 44% rise over last years value. 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. There is no way to predict these values ahead with accuracy. These values are taxed at our full gross rate; therefore, this increase will have a positive effect on revenues through the entire forecast period.

All other areas of revenue are tracking 99% accurate as anticipated for FY18.

Expenditures:

Total General Fund expenditures (line 4.5) are estimated to be \$18,679,202 for FY18 which is below the original estimate of \$19,155,309 in the October forecast. 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 is anticipated to be roughly \$19.3 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2022 if assumptions we have made for state aid in future state budgets and continued energy developments 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. The long range forecast through FY22 shows a positive ending cash balance mostly due to continued economic growth in property values and taxes in our school district. A major concern we have experienced in the past has been the unpredictable nature of our local property tax collections. Based on

our ongoing scrutiny of values reported to us each year we have disclosed various errors in assessed valuations. Those errors in turn resulted in fluctuations in tax collections estimates to actual. We continue to monitor data we are given and questions property values to ensure our district receives the local revenues we are supposed to receive and that values reported to us are reliable.

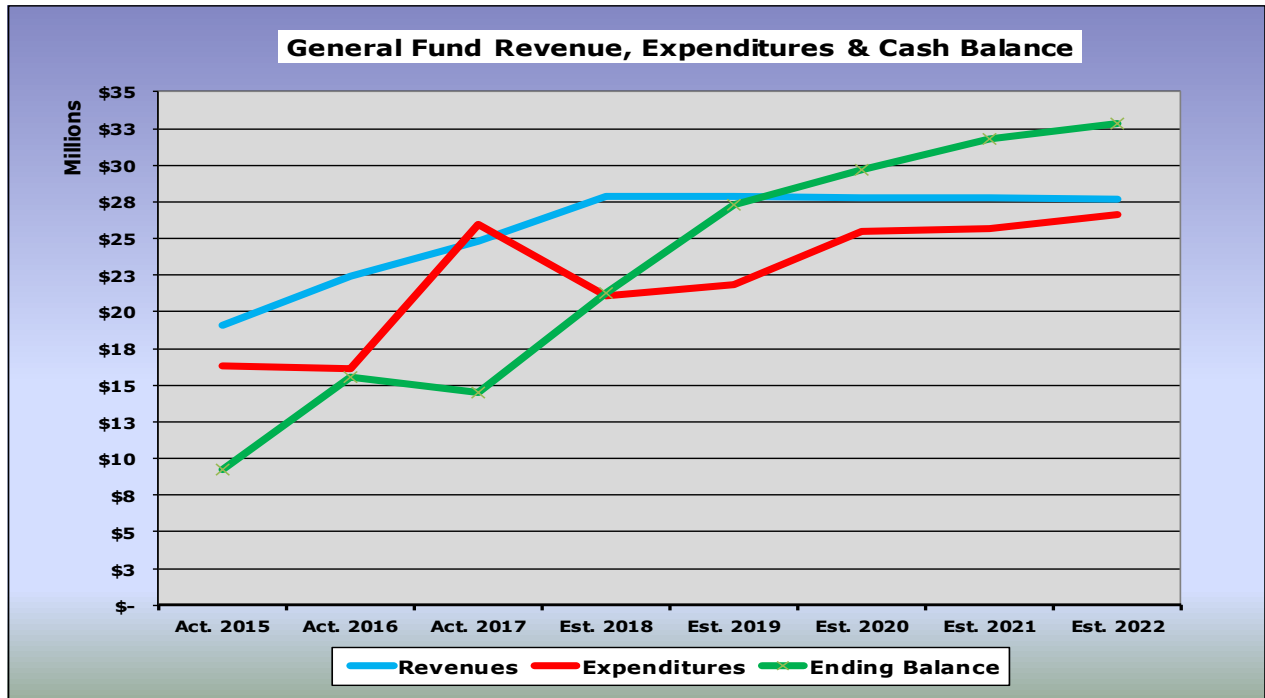
An area of concern we have mentioned to the county auditor this year is the large fluctuation in our mineral value. For Tax Year 2016, values that were collected in calendar year 2017, there was a large 28% increase in mineral values of \$108 million. This is a 28% overall increase in our total taxable value. However, in Tax Year 2017 we noted values fell \$43.9 million or a 17% drop. The response we received is to expect fluctuations for our school district in a boom and bust type cycle for this category of values. We will continue to monitor these values and information we receive closely but the values are not predictable based on information we are told from the auditor's office. 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.

We are also continuing to monitor Board of Revision (BOR) and Board of Tax Appeals (BTA) claims closely with district legal counsel and will note any adjustments to our tax estimates as a result. These matters are largely out of our control and monitoring is our only recourse. We continue to work with the County Auditor to seek current factual data in order to make more accurate estimates for FY 19-22. Any unexplained fluctuations in our local property tax collection are a risk to property tax estimates in the forecast and to the district's financial stability.

- II. Harrison County experienced a reappraisal in the 2017 tax year to be collected in FY18. The 2017 reappraisal increased overall assessed values by 5.76% due to the reappraisal. The changes authorized by HB49 to CAUV values that lowered agricultural values by an estimated 30% played a part in keeping our overall residential/agricultural value increases this low. Nevertheless, we are pleased that our tax base continues to expand. For the 2020 update we are projecting conservatively that our tax base overall will go up 1.72%, but as noted above, there are many changes that can take place that making predicting our values with high accuracy nearly impossible.
- III. State Budget represents 41% 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 range through FY22.
- IV. 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 and increases in amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply FY16 from \$20,000 to \$27,000 each, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that 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. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the extreme resource challenges today. As we move forward we believe our positive working relationship will continue and will only grow stronger.

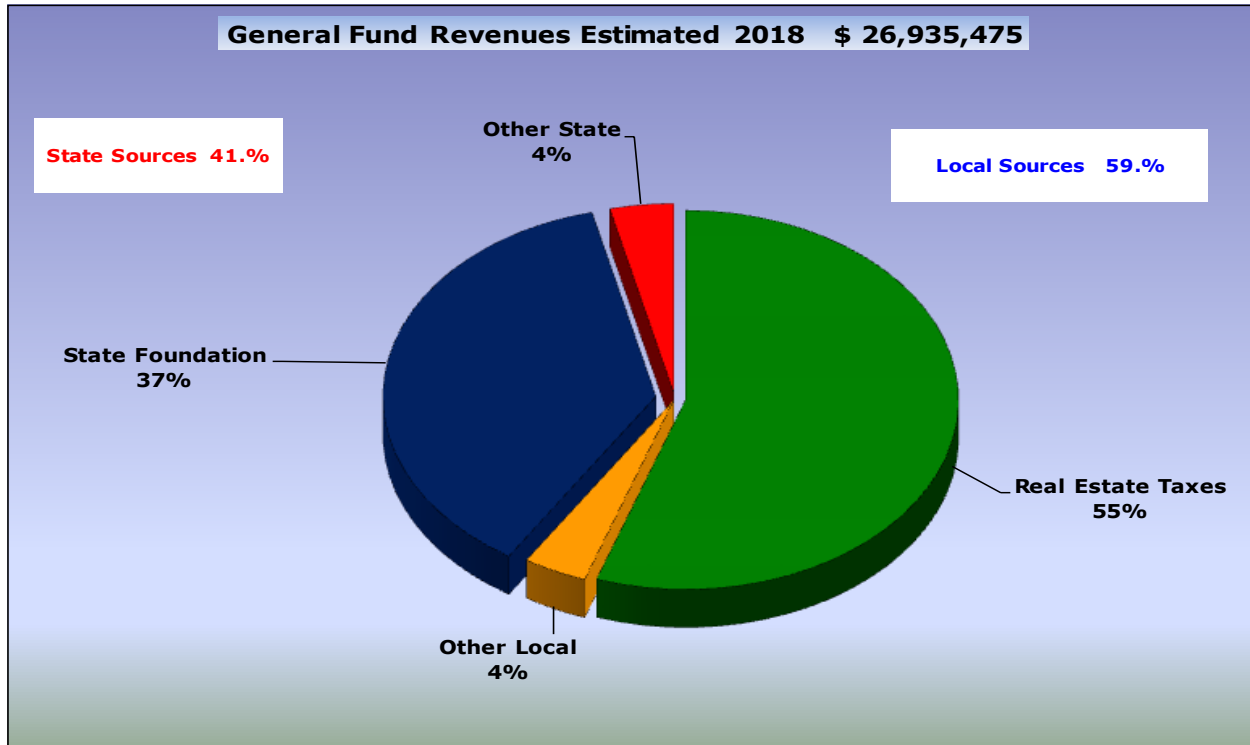
The major line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like additional information please feel free to contact Mrs. Roxane Harding, Treasurer/CFO at 740-942-7810.

General Fund Revenue, Expenditure and Ending Cash Balance Actual FY15 through FY17 and Estimated FY18 through FY22



Revenue Assumptions

Estimated General Fund Revenue for FY18



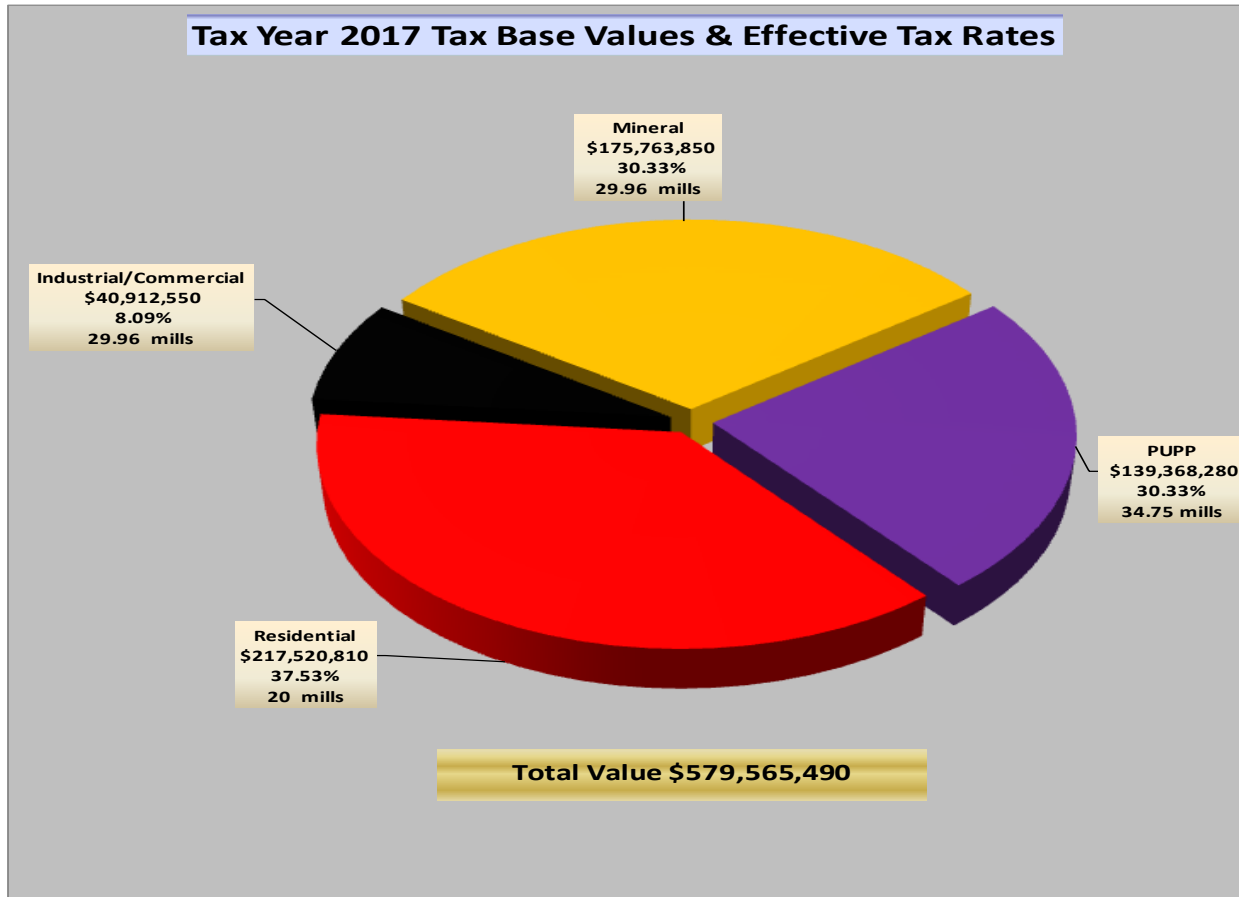
Real Estate Value Assumptions – Line # 1.010

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 for the 2017 tax year to be collected in 2018. Residential/agricultural (Class I values) were increased 5.768% or \$11.8 million. Commercial/industrial/mineral (Class II values) decreased by \$32.3 million overall or a 17% drop as noted below.

Tax Year 2017 we noted our mineral values (which are par of Class II commercial/industrial/mineral values) fell \$43.9 million or a 17% drop, which pulled overall Class II values down by \$32.3 million. The response we received is to expect fluctuations for our school district in a boom and bust type cycle for this category of values. We will continue to monitor these values and information we receive closely but the values are not predictable based on information we are told from the auditor's office. 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.

While mineral values fell our Public Utility Personal Property (PUPP) values rose by more than enough to offset the mineral value drop. A significant \$60.7 million increase in PUPP values which is a 44% rise over last years value 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. There is no way to predict these values ahead with accuracy. 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 estimated tax year 2017 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 concern is for the \$43.9 million drop in mineral values from the previous year. This is a huge 17% drop 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 out county auditors office.

We continue to work with the County Auditor to obtain data in order to make more accurate estimates for FY 18-22.

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	19,781,486	26,271,424	25,705,729	0	248,597,000
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
Est. 2018	220,471,018	46,841,399	181,036,766	141,368,280	0	589,717,462
Est. 2019	223,450,728	46,664,077	186,467,868	143,368,280	0	599,950,954
Est. 2020	226,460,236	46,376,361	192,061,905	145,368,280	0	610,266,781

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2017 COLLECT 2018	TAX YEAR 2018 COLLECT 2019	TAX YEAR 2019 COLLECT 2020	TAX YEAR 2020 COLLECT 2021	TAX YEAR 2021 COLLECT 2022
Res./Ag.	\$217,520,810	\$220,471,018	\$223,450,728	\$226,460,236	\$229,499,838
Commercial/Mineral	222,676,400	227,878,164	233,131,946	238,438,265	243,797,648
Public Utility (PUPP)	139,368,280	141,368,280	143,368,280	145,368,280	147,368,280
Tangible Per. Prop. (TPP)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assessed Value	<u>\$579,565,490</u>	<u>\$589,717,462</u>	<u>\$599,950,954</u>	<u>\$610,266,781</u>	<u>\$620,665,766</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

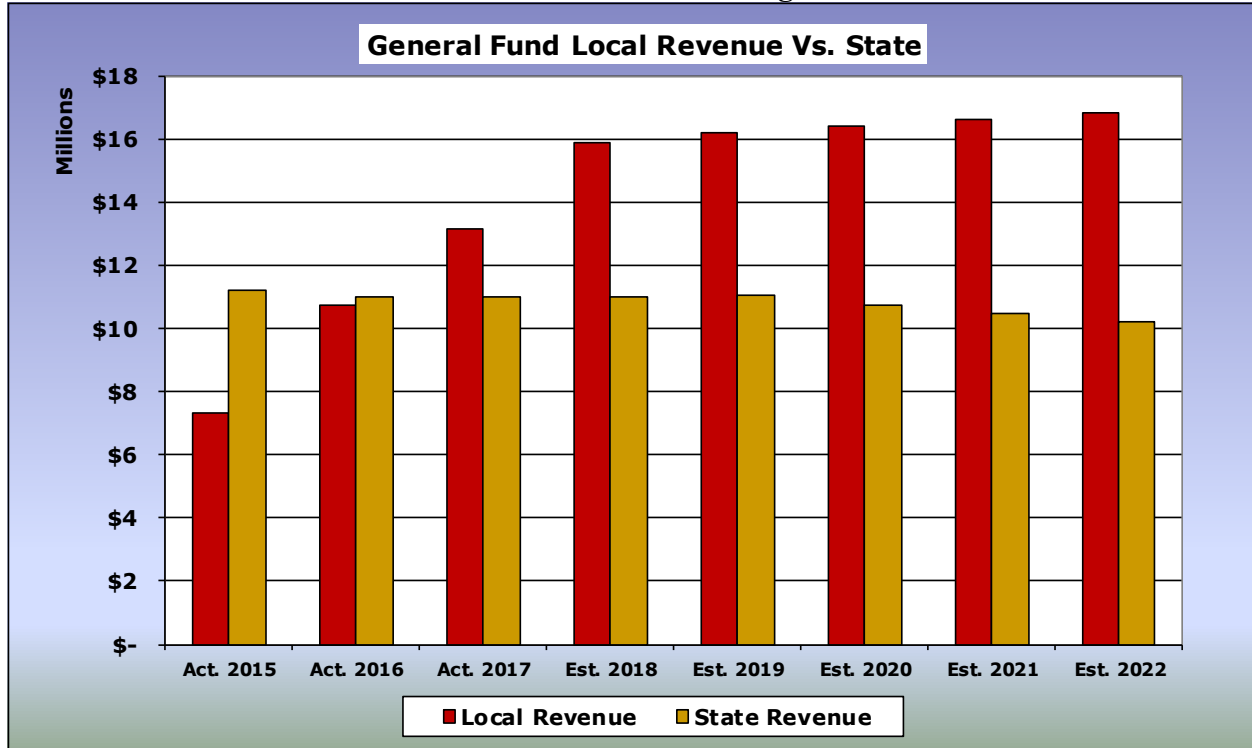
<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Property Taxes (Including PUPP)	<u>\$14,890,072</u>	<u>\$15,345,953</u>	<u>\$15,559,083</u>	<u>\$15,772,111</u>	<u>\$15,985,050</u>

Based on historical trends, property tax levies are estimated to be collected at 96.75% of the annual amount. In general, 66.5% of the new Res/Ag and Comm/Ind is expected to be collected in February tax settlements and 33.5% collected in August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from all County Auditors in which the district is located.

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. As a reminder, in 2004, prior to HB66 eliminating TPP taxes, Harrison Hills CSD’s TPP values were \$15,995,181 and yielded the General Fund \$579,021 in local taxes each year.

Comparison of Local Revenue and State Revenue Actual FY15 through FY17 and Estimated FY18 through 22



State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino Revenue – Line #1.035

HB 49 largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY18. Estimates for FY19 state aid are based on ODE simulations of HB49 for FY19. We are projected to be a Guarantee district regarding state funding in FY18-FY22.

HB49 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 therefor 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 .17% 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 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.

HB49 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.

Note: these additional components will not be paid to our district as we are heavily on the guarantee.

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 a guarantee district at 100% of FY17 levels for FY18 and FY19. **We are anticipated to be a guarantee at 100% for FY18 and FY19, but for the forecast period FY20-22 we will experience a an estimated 3% phase out due to declining enrollment.**

Our current SFPR estimates for FY18 are using April #1 SFPR formula calculations but we are deeply on the state aid guarantee so state aid is largely flat for our district.

Future State Budgets: Our funding status for the FY20-22 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding anticipating a 3% phase out of our guarantee beginning in FY20.

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 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 FY19-22 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to \$92.9 million or \$52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Basic Aid-Unrestricted	\$9,694,240	\$9,673,247	\$9,371,936	\$9,079,532	\$8,795,766
Additional Aid Items	237,513	237,513	237,513	237,513	237,513
Basic Aid-Unrestricted Subtotal	\$9,931,753	\$9,910,760	\$9,609,449	\$9,317,045	\$9,033,279
Ohio Casino Commission ODT	84,349	84,656	84,960	85,262	85,562
Unrestricted State Aid Line # 1.035	<u>\$10,016,102</u>	<u>\$9,995,416</u>	<u>\$9,694,409</u>	<u>\$9,402,307</u>	<u>\$9,118,841</u>

B) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY18-22. The district has chosen to show Catastrophic Aid in this category but is not restricted.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Economically Disadvantaged Aid	\$256,516	\$259,081	\$261,672	\$264,289	\$266,932
Career Tech - Restricted	72,117	72,838	73,566	74,302	75,045
Catestrophic Aid	15,000	15,000	15,000	15,000	15,000
Restricted Revenues Line #1.040	<u>\$343,633</u>	<u>\$346,919</u>	<u>\$350,238</u>	<u>\$353,591</u>	<u>\$356,977</u>

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted funds projected in this forecast.

<u>Summary</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Unrestricted Line # 1.035	\$10,016,102	\$9,995,416	\$9,694,409	\$9,402,307	\$9,118,841
Restricted Line # 1.040	343,633	346,919	350,238	353,591	356,977
Rest. Fed. Grants #1.045	0	0	0	0	0
Total State Foundation Revenue	<u>\$10,359,735</u>	<u>\$10,342,335</u>	<u>\$10,044,647</u>	<u>\$9,755,898</u>	<u>\$9,475,818</u>

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. The result of HB59 is that homestead reimbursements have decreased from previous levels and like the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Rollback and Homestead	\$671,865	\$700,787	\$710,275	\$719,858	\$729,536
Total Tax Reimbursements #1.050	<u>\$671,865</u>	<u>\$700,787</u>	<u>\$710,275</u>	<u>\$719,858</u>	<u>\$729,536</u>

Other Local Revenues – Line #1.060

Revenue from all other sources is based on historical patterns. For Fiscal Year 16 we received a lump sum catchup payment for CAFS funding of \$602,525 which is a one time payment. FY17 through 21 this revenue is expected to be mostly flat.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Open Enrollment Gross	\$598,406	\$604,390	\$610,434	\$616,538	\$622,703
Interest	164,899	166,548	168,213	169,895	171,594
Tuition SF-14 & SF-14H	0	0	0	0	0
CAFS Funding	35,000	35,000	35,000	35,000	35,000
Other Income and adjustments	<u>215,498</u>	<u>73,750</u>	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>
Total Line # 1.060	<u>\$1,013,803</u>	<u>\$879,688</u>	<u>\$871,647</u>	<u>\$879,433</u>	<u>\$887,297</u>

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

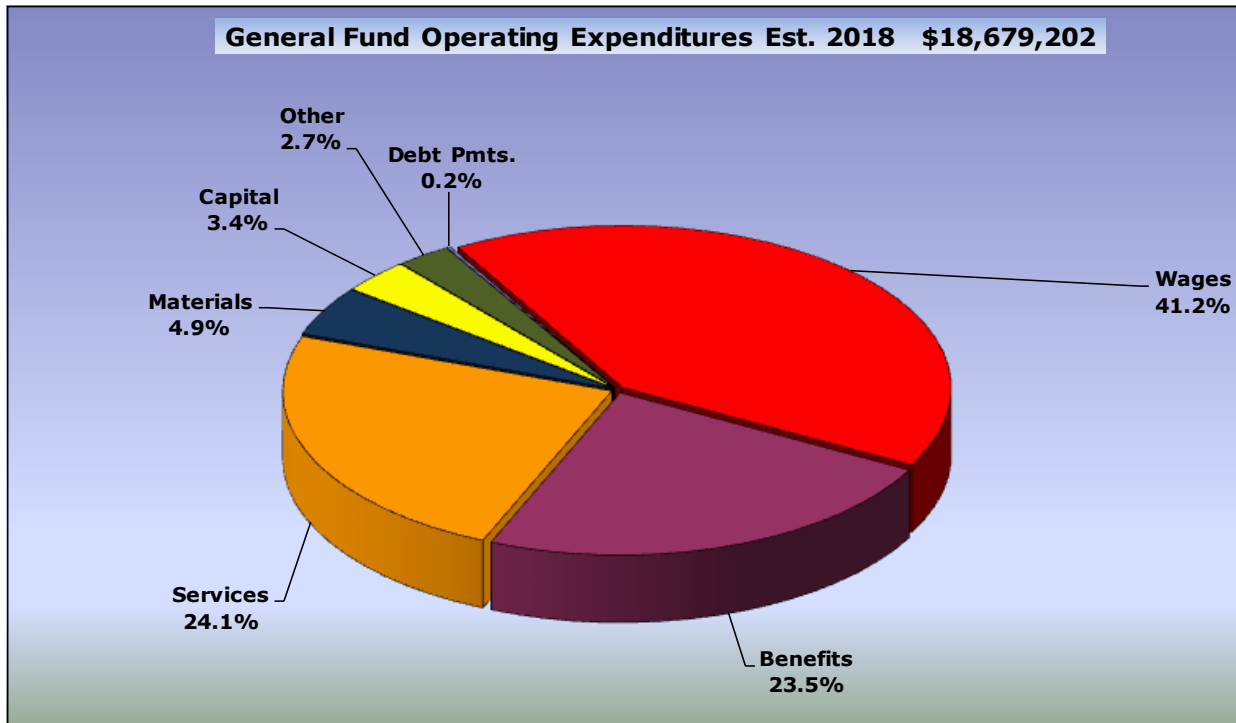
There is no short term borrowing planned for in this forecast at this time from any sources.

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.

Expenditure Assumptions



Wages – Line #3.010

The amounts for salaries and benefits are based on existing negotiated agreements and estimates for future settlements.

Negotiations with classified staff resulted in a new 3 year contract with an increase in FY18 of 4%; FY19 of 4% and FY20 of 3%. The certified and district office staff currently have a tentative agreement for FY19 through FY21 awaiting board approval. 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.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Total Wages Line 3.010	<u>\$7,703,800</u>	<u>\$8,074,399</u>	<u>\$8,561,609</u>	<u>\$9,256,300</u>	<u>\$9,545,000</u>

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.

B) Insurance

The rates for FY18 did increase for medical/prescription drug an average of 3.7% and 4.2% for dental. For FY 19, the only rate increase was for medical/prescription drug for an average of 4.81%. Increases for FY20-22 have been projected. 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.

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. 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. Longer-term, a significant concern is the 40% “Cadillac Tax” 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 expected to increase along with wages. We have estimated unemployment at \$5,000 each year.

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 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Total Line 3.020	<u>\$4,387,700</u>	<u>\$4,893,900</u>	<u>\$5,472,037</u>	<u>\$5,982,674</u>	<u>\$6,462,221</u>

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 FY18 were used to determine this line item. Any increase for FY19 through FY22 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.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Base Services	\$667,784	\$687,818	\$708,453	\$729,707	\$751,598
Tuition, CAFS Contract	372,361	383,532	395,038	406,889	419,096
Open Enrollment Deduction	1,698,771	1,749,734	1,802,226	1,856,293	1,911,982
Community School Deductions	668,416	688,468	709,122	730,396	752,308
Utilities	305,133	320,390	336,410	353,231	370,893
Other	784,370	1,158,719	1,989,294	2,216,920	2,453,499
Total Line 3.030	<u>\$4,496,835</u>	<u>\$4,988,661</u>	<u>\$5,940,543</u>	<u>\$6,293,436</u>	<u>\$6,659,376</u>

Supplies and Materials – Line #3.040

The permanent appropriations were used to determine this line item. Any increase for FY188 through FY22 is based on each individual budget line. We have anticipated the need to purchase supplies for the new facility which will open in FY19-22.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Supplies	\$886,162	\$999,987	\$999,987	\$999,987	\$999,987
Items for New School	33,605	550,613	1,612,513	1,082,363	877,563
Total Line 3.040	<u>\$919,767</u>	<u>\$1,550,600</u>	<u>\$2,612,500</u>	<u>\$2,082,350</u>	<u>\$1,877,550</u>

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. In FY17 -18 improvements to the football stadium occurred and were funded through Permanent Improvement Monies and Set Aside Funds. 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, it is the intention of the board of education to not renew its Permanent Improvement Levy. Therefore, FY22 will be the first year in which no monies will be received and the cost of 3 new busses are being projected here.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Capital Outlay	\$ 806	\$ 250,806	\$ 250,806	\$ 250,806	\$ 250,806
Items for New School	636,194	719,194	1,220,694	345,394	429,194
Football Field Turf	-	-	-	-	-
Total Line 3.050	<u>\$ 637,000</u>	<u>\$ 970,000</u>	<u>\$ 1,471,500</u>	<u>\$ 596,200</u>	<u>\$ 680,000</u>

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.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
HB 264 Principal Line # 4.050	<u>\$30,000</u>	<u>\$35,000</u>	<u>\$35,000</u>	<u>\$40,000</u>	<u>\$40,000</u>
<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Interest on Borrowing Line 4.060	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</u>

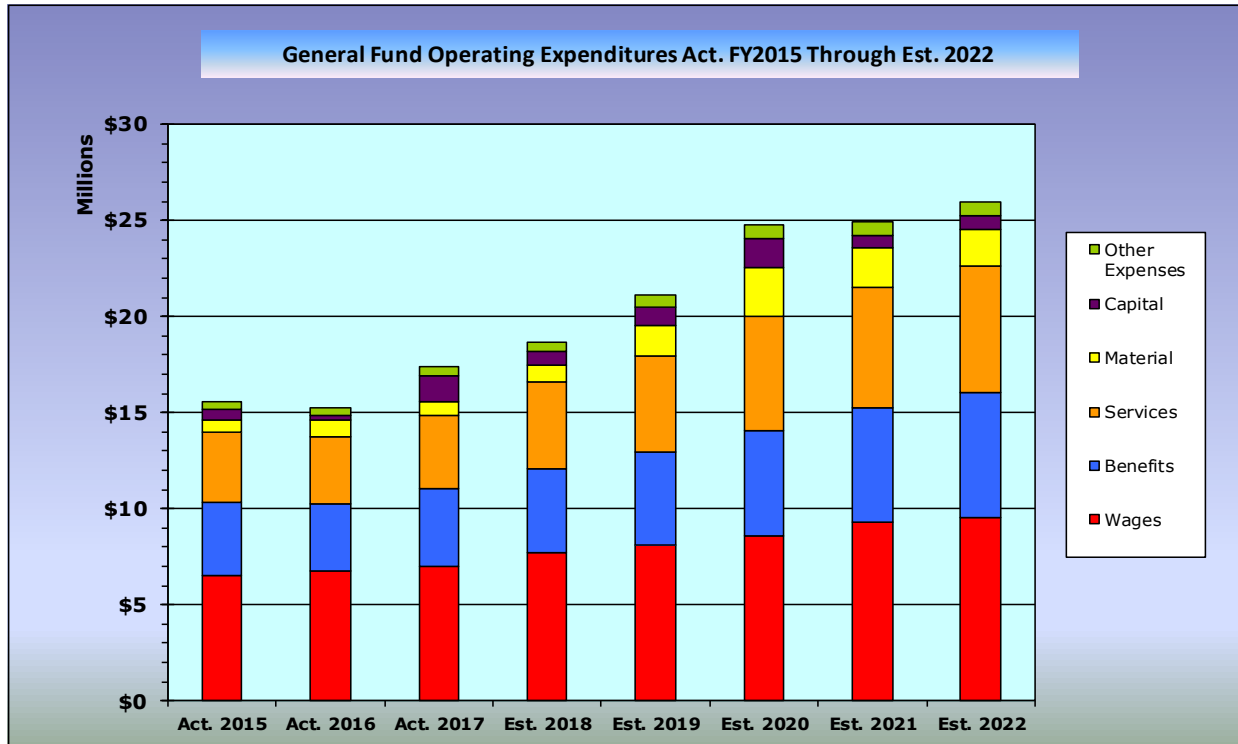
Other Expenses – Line #4.300

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

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
County Auditor & Treasurer Fees	\$356,892	\$371,168	\$386,015	\$401,456	\$417,514
County ESC	60,878	63,922	67,118	70,474	73,998
Other expenses	83,830	130,065	131,366	132,680	134,007
Miscellaneous	0	73,395	93,751	110,140	106,231
Increased A&T Fees for New Levies	0	0	0	0	0
Total Line 4.300	<u>\$501,600</u>	<u>\$638,550</u>	<u>\$678,250</u>	<u>\$714,750</u>	<u>\$731,750</u>

Total Expenditure Categories Actual FY15 through FY17 and Estimated FY18 through FY22

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



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. Funds are being transferred in FY18 to this fund to cover additional items that the board of education has determined are 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.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Operating Transfers Out Line #5.010	\$1,950,000	\$325,000	\$325,000	\$325,000	\$325,000
Advances Out Line #5.020	445,000	350,000	350,000	350,000	350,000
Total	<u>\$2,395,000</u>	<u>\$675,000</u>	<u>\$675,000</u>	<u>\$675,000</u>	<u>\$675,000</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. Encumbering funds is based on the financial condition of the district.

	FY 18	FY 19	FY 20	FY 21	FY 22
Estimated Encumbrances	<u>\$455,000</u>	<u>\$405,000</u>	<u>\$555,000</u>	<u>\$555,000</u>	<u>\$555,000</u>

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.

	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Ending Cash Balance	\$ 19,313,884	\$ 25,467,185	\$ 27,467,046	\$ 29,364,284	\$ 30,201,736

Ending Cash Balance Actual FY15 through FY17 and Estimated FY18 through FY22

