HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON 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 JUNE 30, 2023

Harrison Hills City School District

Treasurer's Office

Roxane Harding, Treasurer

May 30, 2019

HARRISON HILLS CITY SCHOOL DISTRICT
Harrison County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017, 2018
Forecasted Fiscal Year Ending June 30, 2019 through 2023

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenues									
1.010	General Property Tax (Real Estate)	9,231,987	12,229,182	14,907,684	27.2%	18,138,851	15,530,029	18,223,598	18,393,760	18,551,848
1.020	Tangible Personal Property	0	-	-	0.0%	$0	$0	$0	$0	$0
1.030	Income Tax	0	-	-	0.0%	$0	$0	$0	$0	$0
1.035	Unrestricted State Grants-in-Aid	9,959,552	9,979,688	9,976,200	0.1%	10,007,147	9,700,208	9,408,563	9,125,555	8,850,927
1.040	Restricted State Grants-in-Aid	364,606	375,635	363,787	-0.1%	301,121	303,982	306,871	309,790	312,738
1.045	Restricted Fed.	0	-	-	0.0%	$0	$0	$0	$0	$0
1.050	Property Tax Allocation	671,350	675,403	685,358	1.0%	689,273	685,622	689,084	692,220	692,299
1.060	All Other Revenues	1,524,051	947,151	1,198,981	-5.6%	1,193,359	953,863	965,119	2,100,781	2,111,549
1.070	*Total Revenues*	21,751,546	24,207,059	27,132,010	11.7%	30,329,751	27,173,704	29,593,235	30,622,106	30,519,361
	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	271,282	279,520	282,668	2.1%	276,021	276,021	276,021	276,021	276,021
2.050	Advances-In	352,265	367,296	641,366	39.4%	60,872	350,000	350,000	350,000	350,000
2.060	All Other Financing Sources	7,850	2,813	0	-82.1%	0	0	0	0	0
2.070	*Total Other Financing Sources*	631,397	649,629	924,034	22.6%	336,893	626,021	626,021	626,021	626,021
2.080	*Total Revenues and Other Financing Sources*	22,382,943	24,856,688	28,056,044	12.0%	30,666,644	27,799,725	30,219,256	31,248,127	31,145,382
	Expenditures									
3.010	Personal Services	6,749,086	7,026,869	7,527,685	5.6%	$8,156,914	$8,642,195	$9,338,405	$9,628,589	$9,943,867
3.020	Employees' Retirement/Insurance Benefits	3,519,983	3,986,542	4,118,444	8.3%	$5,012,100	$5,430,311	$5,877,959	$6,317,865	$6,718,404
3.030	Purchased Services	3,446,196	3,829,644	4,267,842	11.3%	$4,505,350	$5,697,439	$6,042,950	$6,401,282	$6,527,037
3.040	Supplies and Materials	893,516	688,629	631,285	-15.6%	1,825,000	2,612,500	2,082,350	1,877,550	1,877,550
3.050	Capital Outlay	221,561	1,353,174	625,502	228.5%	921,500	2,726,500	853,750	940,126	942,727
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:									
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	30,000	30,000	30,000	0.0%	$35,000	$35,000	$40,000	$40,000	$40,000
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	1,495	1,394	1,236	-9.0%	$1,000	$2,500	$2,500	$2,500	$2,500
4.300	Other Objects	452,645	528,646	430,887	-0.9%	$617,000	$633,486	$650,574	$668,288	$686,653
4.500	*Total Expenditures*	$15,314,482	17,444,898	17,632,881	7.5%	21,073,864	25,779,931	24,888,488	25,876,200	26,738,738
	Other Financing Uses									
5.010	Operating Transfers-Out	430,589	8,230,197	1,887,164	867.2%	$2,738,021	$325,000	$325,000	$325,000	$325,000
5.020	Advances-Out	309,782	254,055	505,698	40.5%	350,000	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*	797,063	8,484,252	2,392,862	446.3%	3,088,021	675,000	675,000	675,000	675,000
5.050	*Total Expenditures and Other Financing Uses*	16,111,545	25,929,150	20,025,743	19.1%	24,161,885	26,454,931	25,563,488	26,551,200	27,413,738
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	6,271,398	(1,072,462)	8,030,301	-482.9%	6,504,759	1,344,794	4,655,768	4,696,927	3,731,644
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	9,286,498	15,557,896	14,485,434	30.3%	22,515,735	29,020,494	30,365,288	35,021,056	39,717,983
7.020	*Cash Balance June 30*	15,557,896	14,485,434	22,515,735	24.3%	29,020,494	30,365,288	35,021,056	39,717,983	43,449,627
8.010	*Estimated Encumbrances June 30*	601,209	914,400	851,369	22.6%	1,003,000	555,000	555,000	555,000	555,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	-		-	0.0%	-	-	-	-	-
9.020	Capital Improvements	512,420	452,525	452,525	-5.8%	595,000	539,099	814,099	1,089,099	1,364,099
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*	664,223	604,328	604,328	-4.5%	746,803	690,902	965,902	1,240,902	1,515,902
10.010	*Fund Balance June 30 for Certification of Appropriations*	14,292,464	12,966,706	21,060,038	26.6%	27,270,691	29,119,386	33,500,154	37,922,081	41,378,725

HARRISON HILLS CITY SCHOOL DISTRICT
Harrison County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017, 2018
Forecasted Fiscal Year Ending June 30, 2019 through 2023

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-	-		0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-		0.0%	-	-	-	-	-
11.300	Cumulative Balance of Renewal Levies	-	-		0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	14,292,464	12,966,706	21,060,038	26.6%	27,270,691	29,119,386	33,500,154	37,922,081	41,378,725
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	$0	$0	$0	$0	$0
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-			0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	14,292,464	12,966,706	21,060,038	26.6%	27,270,691	29,119,386	33,500,154	37,922,081	41,378,725

Harrison Hills City School District – Harrison County
Notes to the Five Year Forecast
General Fund Only
May 30, 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, effective November 1, 2018, 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 over original revenue estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $30,329,751 or 14.28% higher than the October forecasted amount of $26,539,841.

The increase in revenue estimate is mostly affected by 3 things: 1) We had an increase in public utility personal property value of $108.2 million which is a 77.5% increase in values which drove up 1st half PUPP collections by $1,934,075; 2) we noted our PUPP was up more than it should have been based on values and tax rates and upon investigating we discovered several utilities, most notably Rover Pipeline, paid 100% of their taxes the 1st half which amounted to $2,508,000 of taxes that should have been paid in August 2019 and will be deducted from that PUPP settlement; and, 3) interest income and CAFS revenue are up $338,800 more than we had estimated for FY19. All of which caused revenue to be up $3,789,910 more than estimated for FY19 but $2,508,000 was an advance in PUPP taxes that should have been credited to August 2019 settlement. Line 1.01 will show an increase in FY19 and then a dip in FY20 before taxes should return to normal collections in FY21.

All other areas of revenue are tracking as anticipated for FY19.

Expenditures:

Total General Fund expenditures (line 4.5) are estimated to be $21,073,864 for FY19 which is below the original estimate of $21,926,476 in the October forecast. Purchased services, supplies and capital are all down a net total of $852,612 from October. This is due to moving into the new school facility and reducing supplies and equipment in anticipation of moving. Other financing uses are up $913,021 for additional transfers needed to fund the Locally Funded Initiative for the Ohio School Facility project. Overall expenditures will end up $60,409 over all projected expenses and other financing uses of funds for FY19.

Unreserved Ending Cash Balance:

With revenues increasing over estimates and expenditures ending just slightly above estimates, our ending unreserved cash balance June 30, 2019 is anticipated to be roughly $27.3 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2023.

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 FY23 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 issues with assessed valuations and have worked with the County Auditor and Department of Taxation to resolve most of them. We will continue to scrutinize our values every year to make sure our values are being reported properly to us.

   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 19-23. 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 residential/agricultural tax base overall will go up 1.0% as a result of the update, and that commercial and mineral values will grow by 2.6% but as noted above, there are many changes that can take place that making predicting our values with high accuracy nearly impossible.

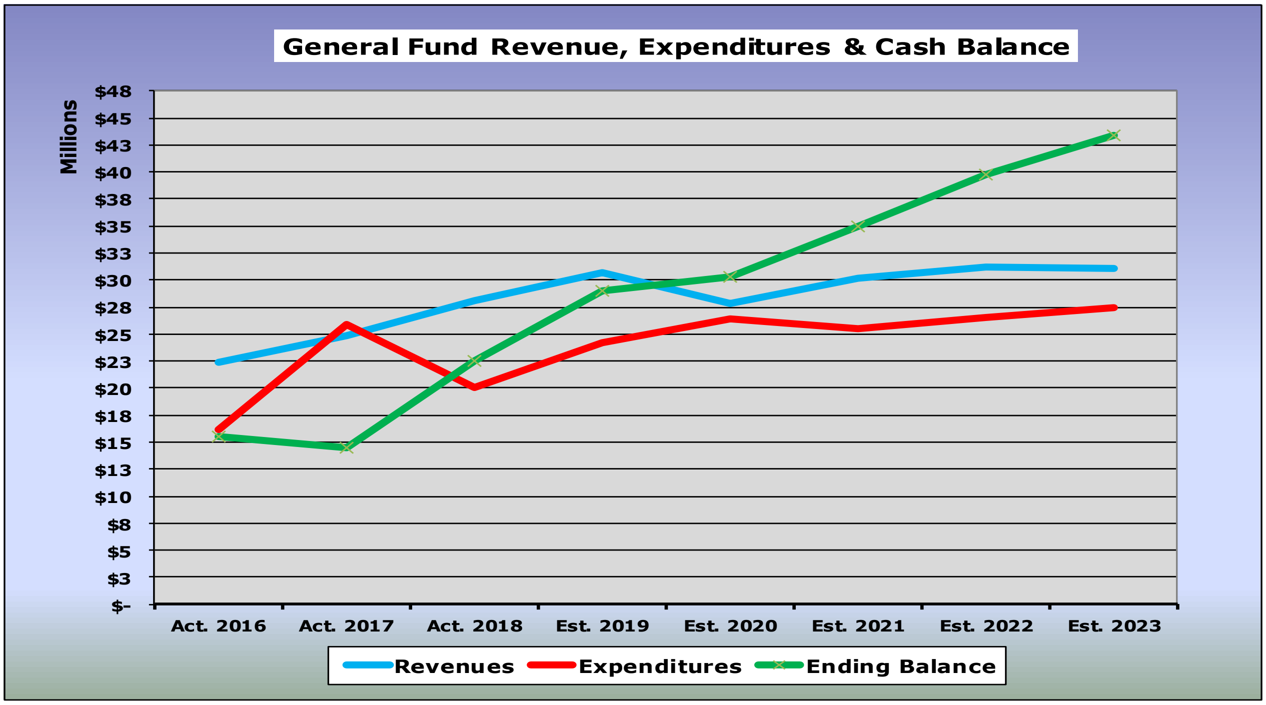
III. State Budget represents 36.3% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets 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. 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.

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, 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.

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.

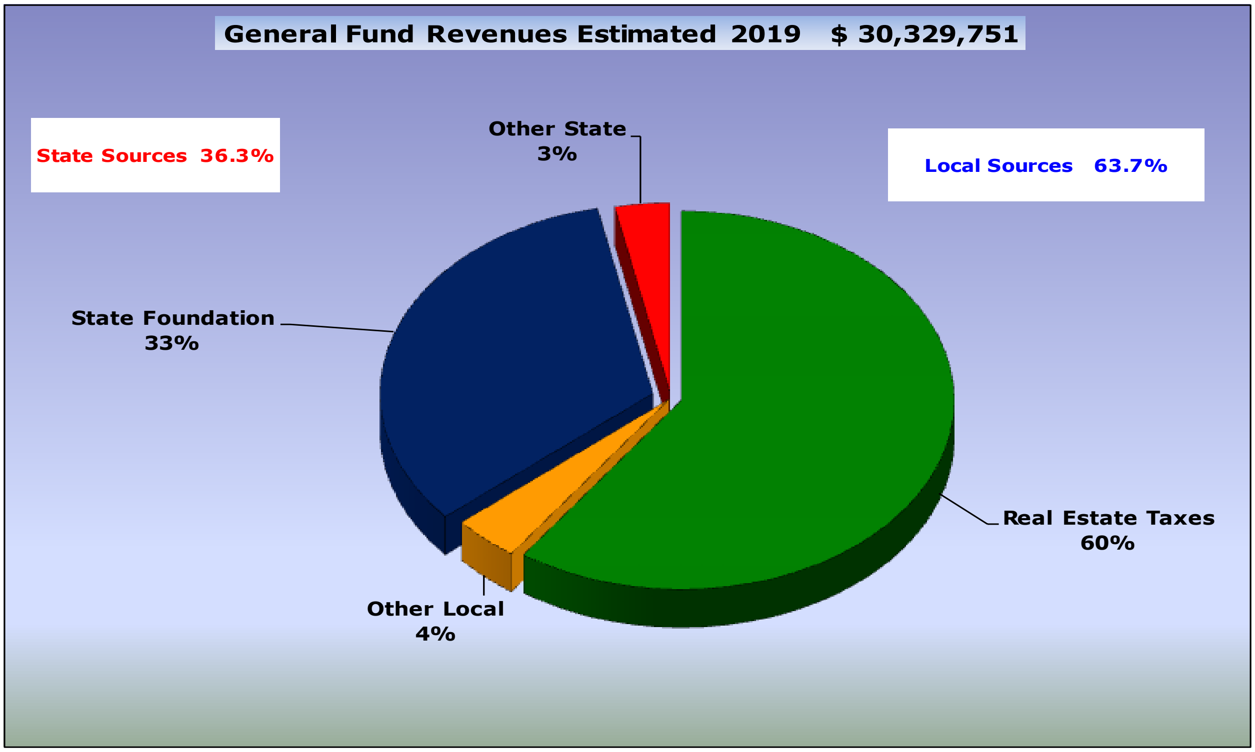
The major line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall 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 FY16 through FY18 and Estimated FY19 through FY23



Revenue Assumptions

Estimated General Fund Revenue for FY19



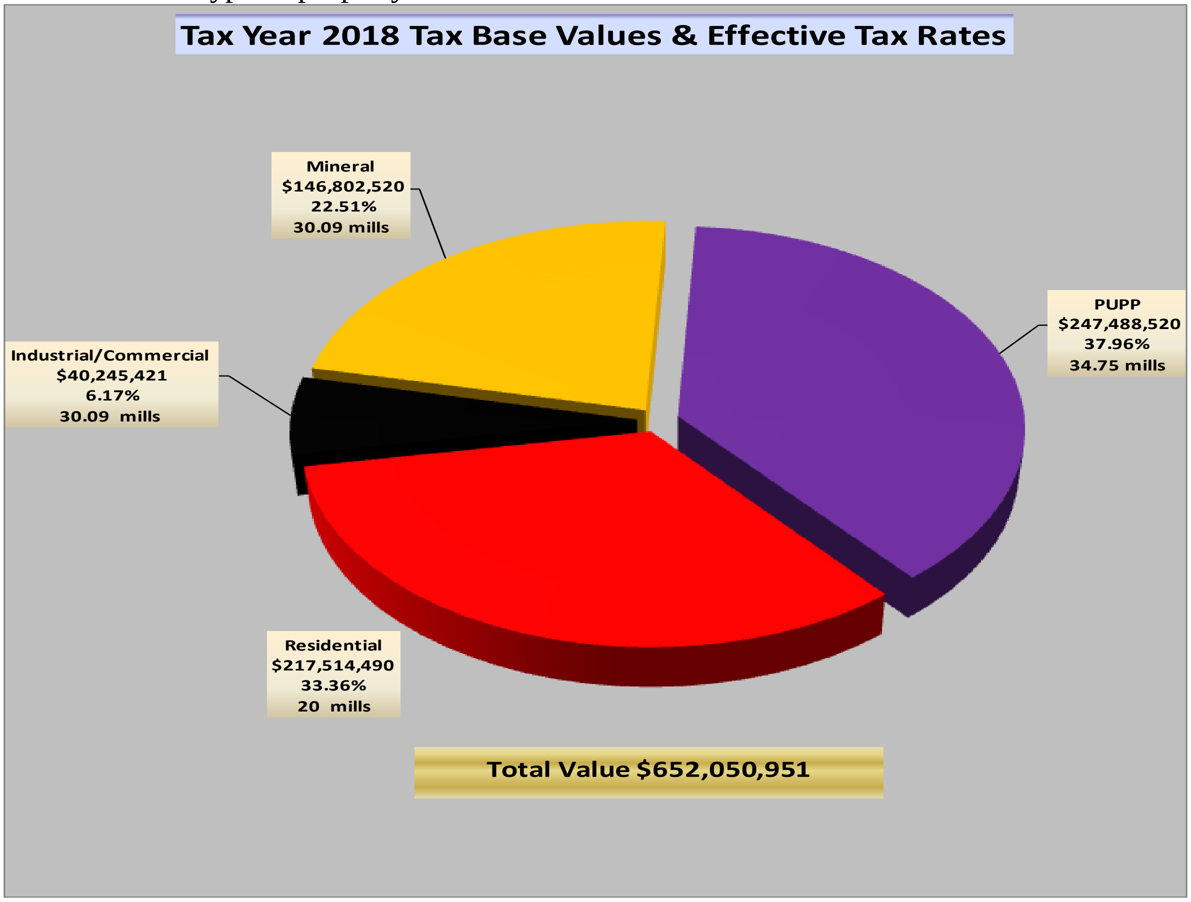
Real Estate Value Assumptions – Line # 1.010

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 part of Class II commercial/industrial/mineral values) fell $43.9 million or a 17% drop and in tax year 2018 they fell again $28.9 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 decreased our Public Utility Personal Property (PUPP) values rose by more than enough to offset the mineral value drop. A significant $108.1 million increase in PUPP values which is a 77.5% 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. We did note that several PUPP tax payers paid about $2,583,000 in taxes the 1st half settlement that would typically be paid in the August 2nd half settlement. We will adjust the 2nd half settlement which will affect FY20 Line 1.01 taxes by noting a drop. 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 2018 values as reported to us by the County Auditor and our current tax rates for each type of property value.



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

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

We continue to work with the County Auditor to obtain data in order to make more accurate estimates for FY 19-23.

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
2018	217,514,490	40,245,421	146,802,520	247,488,520	0	652,050,951
Est. 2019	217,539,490	38,816,346	151,206,596	249,488,520	0	657,050,951
Est. 2020	219,739,885	39,155,377	155,742,793	251,488,520	0	666,126,576

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023
Res./Ag.	$217,514,490	$217,539,490	$219,739,885	$219,764,885	$219,789,885
Commercial/Mineral	187,047,941	190,022,941	194,898,171	197,873,171	200,848,171
Public Utility (PUPP)	247,488,520	249,488,520	251,488,520	253,488,520	255,488,520
Tangible Per. Prop. (TPP)	0	0	0	0	0
Total Assessed Value	$652,050,951	$657,050,951	$666,126,576	$671,126,576	$676,126,576

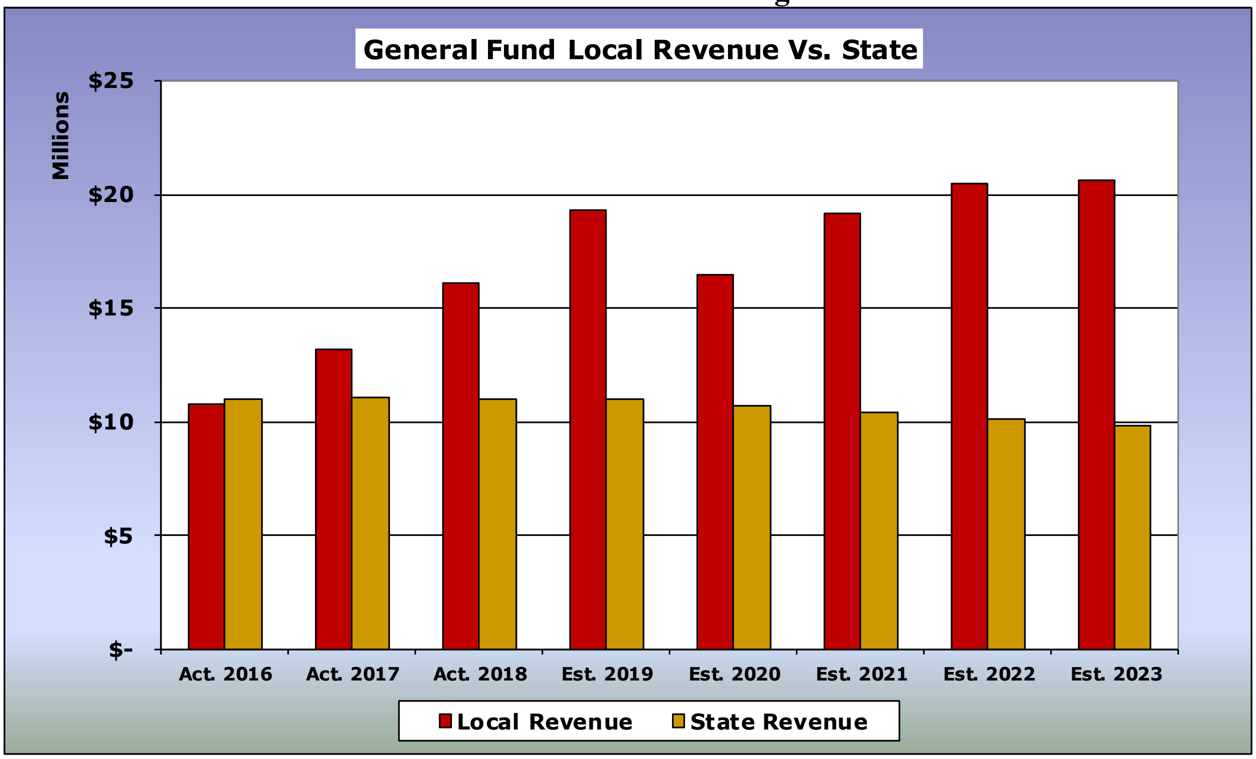
ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Property Taxes (Including PUPP)	$18,138,851	$15,530,029	$18,223,598	$18,393,760	$18,551,848

Based on historical trends, property tax levies are estimated to be collected at 96.75% of the annual amount. In general, 68% of the new Res/Ag and Comm/Ind is expected to be collected in February tax settlements and 32% 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.

Comparison of Local Revenue and State Revenue Actual FY16 through FY18 and Estimated FY19 through 23



State Foundation Revenue Estimates
A) Unrestricted State Foundation & Casino Revenue – Line #1.035
Estimates for FY19 state aid are based on the September #1 SFPR calculations. We are projected to be a Guarantee district regarding state funding in FY19-FY23.

The current formula 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 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.

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 loose 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 FY20-23 we will experience an estimated 3% phase out due to declining enrollment.

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 complicated funding formula that tries to identify what it costs to educate each student based on each districts unique circumstances and it would also 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.

Casino Revenue
On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

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 FY19-23 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.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Basic Aid-Unrestricted	$9,725,427	$9,418,192	$9,126,252	$8,842,953	$8,568,036
Additional Aid Items	196,883	196,883	196,883	196,883	196,883
Basic Aid-Unrestricted Subtotal	$9,922,310	$9,615,075	$9,323,135	$9,039,836	$8,764,919
Ohio Casino Commission ODT	84,837	85,133	85,428	85,719	86,008
Unrestricted State Aid Line # 1.035	$10,007,147	$9,700,208	$9,408,563	$9,125,555	$8,850,927

B) Restricted State Revenues – Line # 1.040
HB49 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 FY19-23. The district has chosen to show Catastrophic Aid in this category but is not restricted.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Economically Disadvantaged Aid	$214,003	$216,143	$218,304	$220,487	$222,692
Career Tech - Restricted	72,118	72,839	73,567	74,303	75,046
Catestrophic Aid	15,000	15,000	15,000	15,000	15,000
Restricted Revenues Line #1.040	$301,121	$303,982	$306,871	$309,790	$312,738

C) Restricted Federal Grants in Aid – line #1.045
There are no federal restricted funds projected in this forecast.

Summary	FY 19	FY 20	FY 21	FY 22	FY 23
Unrestricted Line # 1.035	$10,007,147	$9,700,208	$9,408,563	$9,125,555	$8,850,927
Restricted Line # 1.040	301,121	303,982	306,871	309,790	312,738
Rest. Fed. Grants #1.045	0	0	0	0	0
Total State Foundation Revenue	$10,308,268	$10,004,190	$9,715,434	$9,435,345	$9,163,665

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Rollback and Homestead	$689,273	$685,622	$689,084	$692,220	$692,299
Total Tax Reimbursements #1.050	$689,273	$685,622	$689,084	$692,220	$692,299

Other Local Revenues – Line #1.060

Revenue from all other sources is based on historical patterns. Beginning in FY22 we are reflecting our Payment In Lieu of Taxes (PILOT) with Harrison Power LLC for the $1 billion Natural Gas power Plant being built in Cadiz by EmberClear Corporation of Texas. The power plant will be able to supply power for one million homes. Beginning in FY24, this will decrease for the next 13 years (through FY36) and they will receive $900,000 each year.

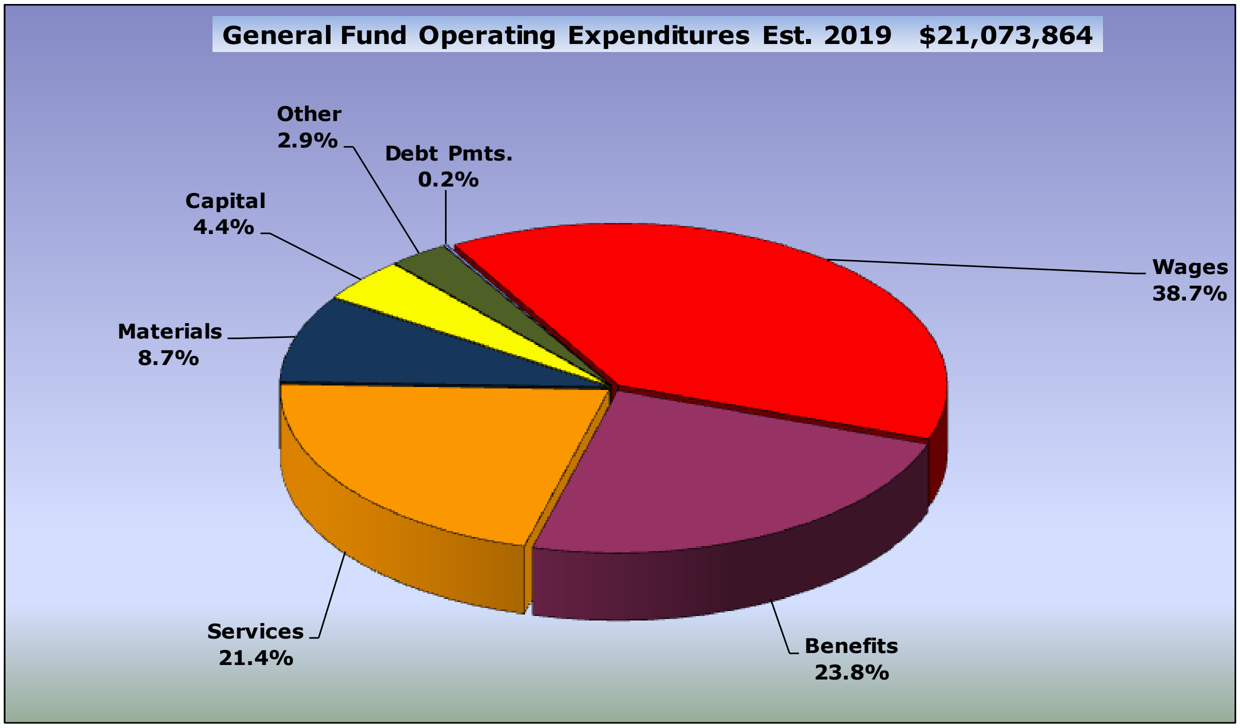
Source	FY 19	FY 20	FY 21	FY 22	FY 23
PILOT Payments	$0	$0	$0	$1,125,000	$1,125,000
Open Enrollment Gross	599,612	605,608	611,664	617,781	623,959
Interest	387,000	390,870	394,779	398,727	402,714
Tuition SF-14 & SF-14H	58,500	59,085	59,676	60,273	60,876
CAFS Funding	80,500	35,000	35,000	35,000	35,000
Other Income and adjustments	67,747	(136,700)	(136,000)	(136,000)	(136,000)

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

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

Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. Repayment of advances from previous years is expected to continue.

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 that will expire June 30, 2020. There is an increase in FY19 of 4% and FY20 of 3%. Negotiations with certificated staff resulted in a new 3 year agreement for the period of July 1, 2018 through June 30, 2021. The result was a 4% increase in each year of the contract. 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.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Base Wages	$7,207,683	$7,694,175	$8,179,456	$8,875,666	$9,165,850
Base Increases	219,200	216,230	230,825	245,384	266,270
Steps & Training/Perf. Incentives	161,721	168,776	175,812	185,907	190,115
Growth	0	0	0	0	0
Unfunded Recapture	24,795	170,259	332,002	332,002	332,002
Substitute Wages	218,321	218,321	218,321	218,321	218,321
Severance	145,426	145,426	145,426	145,426	145,426
Replacement Savings & Other	179,768	29,008	29,008	29,008	29,008
Total Wages Line 3.010	$8,156,914	$8,642,195	$9,338,405	$9,628,589	$9,943,867

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 FY 19 did increase for medical/prescription drug an average of 5%. Due to the district being a self-funded district, their experience and future impact on claims has to be considered. Therefore, the rate increases for FY20 through FY23 is projected at 10% for each year. 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. 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 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

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Total Line 3.020	$5,012,100	$5,430,311	$5,877,959	$6,317,865	$6,718,404

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 FY19 were used to determine this line item. Any increase for FY20 through FY23 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.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Base Services	$383,737	$395,249	$407,106	$419,319	$431,899
Tuition, CAFS Contract	417,730	430,262	443,170	456,465	470,159
Open Enrollment Deduction	1,723,238	1,774,935	1,828,183	1,883,028	1,939,519
Community School Deductions	753,054	775,646	798,915	822,882	847,568
Utilities	316,241	332,053	348,656	366,089	384,393
Other	911,350	1,989,294	2,216,920	2,453,499	2,453,499
Total Line 3.030	$4,505,350	$5,697,439	$6,042,950	$6,401,282	$6,527,037

Supplies and Materials – Line #3.040

The permanent appropriations were used to determine this line item. Any increase for FY19 through FY23 is based on each individual budget line.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Supplies	$999,987	$999,987	$999,987	$999,987	$999,987
Items for New School	825,013	1,612,513	1,082,363	877,563	877,563
Total Line 3.040	$1,825,000	$2,612,500	$2,082,350	$1,877,550	$1,877,550

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.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Capital Outlay	$ 250,806	$ 250,806	$ 250,806	$ 250,806	$ 250,806
Items for New School	$670,694	$2,220,694	$345,394	$429,194	$429,194
School Busses	$0	$255,000	$257,550	$260,126	$262,727
Total Line 3.050	$ 921,500	$ 2,726,500	$ 853,750	$ 940,126	$ 942,727

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

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

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

Source	FY 19	FY 20	FY 21	FY 22	FY 23
HB 264 Principal Line # 4.050	$35,000	$35,000	$40,000	$40,000	$40,000
Source	**FY 19**	**FY 20**	**FY 21**	**FY 22**	**FY 23**
Interest on Borrowing Line 4.060	$1,000	$2,500	$2,500	$2,500	$2,500

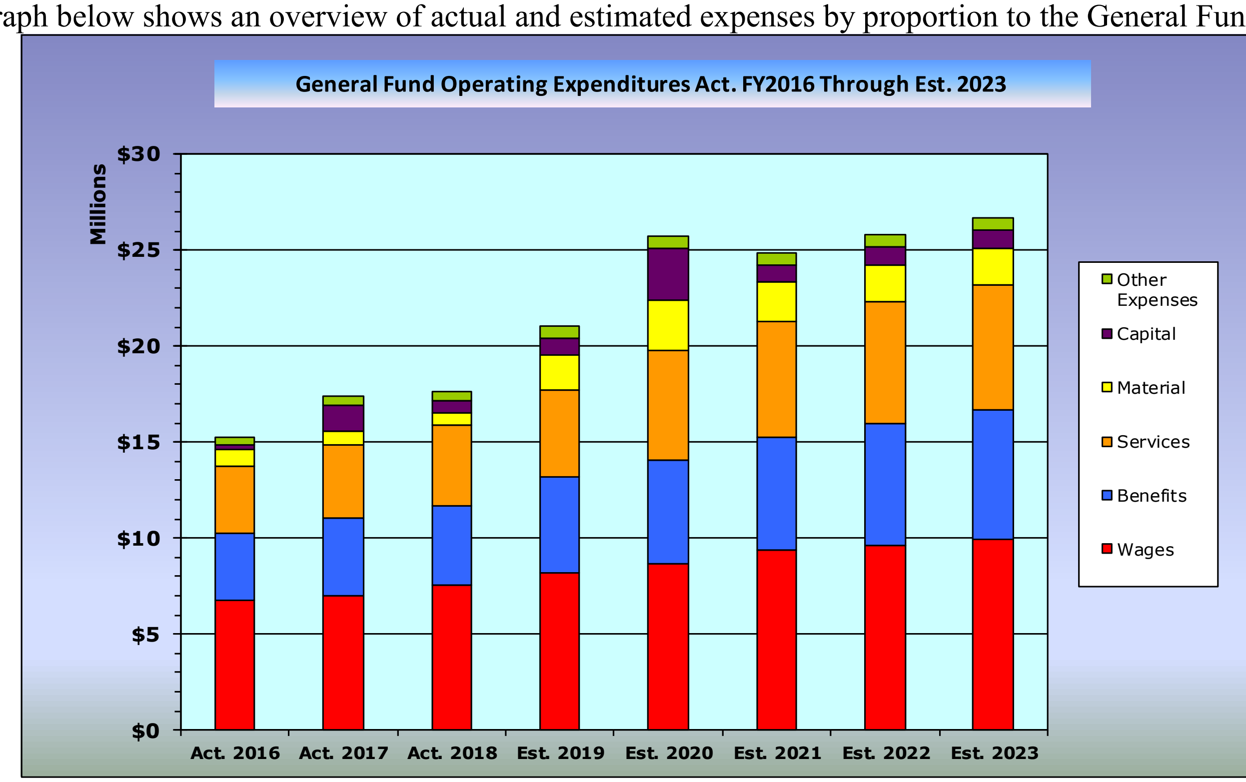
Other Expenses – Line #4.300

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

Source	FY 19	FY 20	FY 21	FY 22	FY 23
County Auditor & Treasurer Fees	$263,457	$273,995	$284,955	$296,353	$308,207
County ESC	60,295	63,310	66,476	69,800	73,290
Other expenses	130,065	131,366	132,680	134,007	135,347
Miscellaneous	163,183	164,815	166,463	168,128	169,809
Total Line 4.300	$617,000	$633,486	$650,574	$668,288	$686,653

Total Expenditure Categories Actual FY16 through FY18 and Estimated FY19 through FY23

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



Transfers Out/Advances Out – Line# 5.010

The expenditures that are reflected are for those transfer of funds from the general fund (001 no special cost center) to the set aside funds (001 with special cost centers). The board set up the Capital Improvement Fund in FY17. Due to some revisions to the district's building project, an increase in transfers out was needed in FY19 to this fund. The board of education has determined these revisions were necessary to the success of the new facility and to meet the needs of the students. These costs are not covered by the Ohio School Facility Commission. At the completion of the project, any excess funds may be returned to the general fund. It is the goal of the board of education to provide a facility that will meet the needs of the district and its students for many years to come.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Operating Transfers Out Line #5.010	$2,738,021	$325,000	$325,000	$325,000	$325,000
Advances Out Line #5.020	350,000	350,000	350,000	350,000	350,000
Total	$3,088,021	$675,000	$675,000	$675,000	$675,000

Encumbrances –Line#8.010

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

	FY 19	FY 20	FY 21	FY 22	FY 23
Estimated Encumbrances	$1,003,000	$555,000	$555,000	$555,000	$555,000

Reserve Assumptions

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

Ending Unencumbered Cash Balance – Line#15.010

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

	FY 19	FY 20	FY 21	FY 22	FY 23
Ending Cash Balance	$ 27,270,691	$ 29,119,386	$ 33,500,154	$ 37,922,081	$ 41,378,725

Ending Cash Balance Actual FY16 through FY18 and Estimated FY19 through FY23