

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON 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 JUNE 30, 2024**



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

October 31, 2019

HARRISON HILLS CITY SCHOOL DISTRICT

Harrison County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018, 2019
Forecasted Fiscal Year 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)	12,229,182	14,907,684	18,224,657	22.1%	15,432,808	18,247,723	18,417,885	18,575,973	18,734,070	
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	9,979,688	9,976,200	10,017,246	0.2%	9,980,646	9,985,122	9,982,505	9,979,856	9,977,175	
1.040 Restricted State Grants-in-Aid	375,635	363,787	326,262	-6.7%	303,260	306,142	309,053	311,994	314,964	
1.045 Restricted Fed.	0	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
1.050 Property Tax Allocation	675,403	685,358	703,417	2.1%	688,459	689,084	692,220	692,299	692,378	
1.060 All Other Revenues	947,151	1,198,981	1,310,991	18.0%	1,050,694	928,038	2,064,678	2,076,433	1,863,307	
1.070 Total Revenues	24,207,059	27,132,010	30,582,573	12.4%	27,455,867	30,156,109	31,466,341	31,636,555	31,581,894	
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	279,520	282,668	276,021	-0.6%	276,021	276,021	276,021	276,021	276,021	
2.050 Advances-In	367,296	641,366	60,873	-7.9%	537	350,000	350,000	350,000	350,000	
2.060 All Other Financing Sources	2,813	0	0	0.0%	0	0	0	0	0	
2.070 Total Other Financing Sources	649,629	924,034	336,894	-10.7%	276,558	626,021	626,021	626,021	626,021	
2.080 Total Revenues and Other Financing Sources	24,856,688	28,056,044	30,919,467	11.5%	27,732,425	30,782,130	32,092,362	32,262,576	32,207,915	
Expenditures										
3.010 Personal Services	7,026,869	7,527,685	8,049,637	7.0%	\$8,518,300	\$9,268,200	\$9,568,500	\$9,877,051	\$10,199,085	
3.020 Employees' Retirement/Insurance Benefits	3,986,542	4,118,444	4,794,523	9.9%	\$5,437,434	\$5,967,066	\$6,424,391	\$6,834,380	\$7,274,670	
3.030 Purchased Services	3,829,644	4,267,842	3,821,242	0.5%	\$5,270,498	\$5,603,098	\$5,948,128	\$6,060,177	\$6,175,946	
3.040 Supplies and Materials	688,629	631,285	1,226,286	43.0%	2,612,500	2,082,350	1,877,550	1,877,550	1,877,550	
3.050 Capital Outlay	1,353,174	625,502	594,821	-29.3%	2,726,500	853,750	940,126	942,727	945,354	
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%	\$0	\$0	\$0	\$0	\$0	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	30,000	30,000	35,000	8.3%	\$35,000	\$40,000	\$40,000	\$40,000	\$45,000	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	1,394	1,236	1,000	-15.2%	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	
4.300 Other Objects	528,646	430,887	576,411	7.6%	\$622,105	\$626,144	\$647,713	\$670,134	\$693,443	
4.500 Total Expenditures	\$17,444,898	17,632,881	19,098,920	4.7%	25,224,837	24,443,108	25,448,907	26,304,518	27,213,548	
Other Financing Uses										
5.010 Operating Transfers-Out	8,230,197	1,887,164	2,867,021	-12.6%	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	
5.020 Advances-Out	254,055	505,698	537	-0.4%	350,000	350,000	350,000	350,000	350,000	
5.030 All Other Financing Uses	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 Total Other Financing Uses	8,484,252	2,392,862	2,867,558	-26.0%	675,000	675,000	675,000	675,000	675,000	
5.050 Total Expenditures and Other Financing Uses	25,929,150	20,025,743	21,966,478	-6.5%	25,899,837	25,118,108	26,123,907	26,979,518	27,888,548	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(1,072,462)	8,030,301	8,952,989	-418.6%	1,832,588	5,664,022	5,968,455	5,283,058	4,319,367	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	15,557,894	14,485,432	22,515,733	24.3%	31,468,722	33,301,310	38,965,332	44,933,786	50,216,844	
7.020 Cash Balance June 30	14,485,432	22,515,733	31,468,722	47.6%	33,301,310	38,965,332	44,933,786	50,216,844	54,536,211	
8.010 Estimated Encumbrances June 30	914,400	851,369	847,065	-3.7%	555,000	555,000	555,000	555,000	555,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-	
9.020 Capital Improvements	512,420	452,525	452,525	-5.8%	539,099	314,099	339,099	414,099	389,099	
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%	690,902	465,902	490,902	565,902	540,902	
10.010 Fund Balance June 30 for Certification of Appropriations	12,906,809	21,060,036	30,017,329	52.9%	32,055,408	37,944,430	43,887,884	49,095,942	53,440,309	

HARRISON HILLS CITY SCHOOL DISTRICT Harrison County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018, 2019
Forecasted Fiscal Year 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 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	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	12,906,809	21,060,036	30,017,329	52.9%	32,055,408	37,944,430	43,887,884	49,095,942	53,440,309
Revenue from New Levies										
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-			0.0%	-	-	-	-	-
15.010	<i>Unreserved Fund Balance June 30</i>	12,906,809	21,060,036	30,017,329	52.9%	32,055,408	37,944,430	43,887,884	49,095,942	53,440,309

Harrison Hills City School District – Harrison County
Notes to the Five Year Forecast
General Fund Only
October 31, 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 roughly 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 4.0% in June 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 and will reduce delinquent local property tax payments if employment remains strong. These indicators suggest the state of Ohio's overall economy is healthy and should be able to maintain stable funding through the foundation program through the forecast period.

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. Property values and tax collections show trends supporting stability and growth for the forecast period.

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. The long range forecast through FY24 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 20-24. 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.

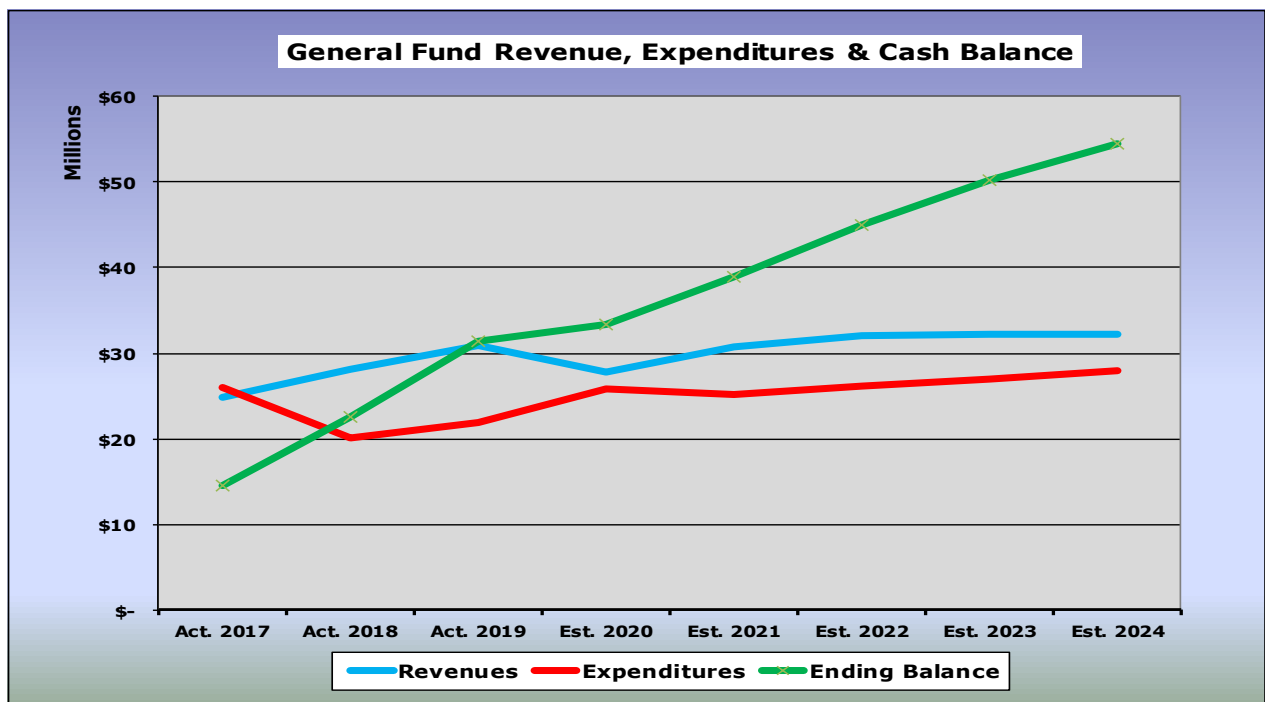
- II. Harrison County experienced a reappraisal in the 2017 tax year to be collected in FY18. The 2017 reappraisal increased overall assessed values by 5.76% due to the reappraisal. The changes authorized by HB49 to CAUV values that lowered agricultural values by an estimated 30% played a part in keeping 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 1.0% but as noted above, there are many changes that can take place that making predicting our values with high accuracy nearly impossible. Mineral values can decrease as rapidly as they increase and we are cautious in projecting large increases when a decrease may be as likely.
- III. 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. 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.
- IV. State Budget represents 49% of district revenues and is an 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.
- V. 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. These are examples of new choice 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.

VI. 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.

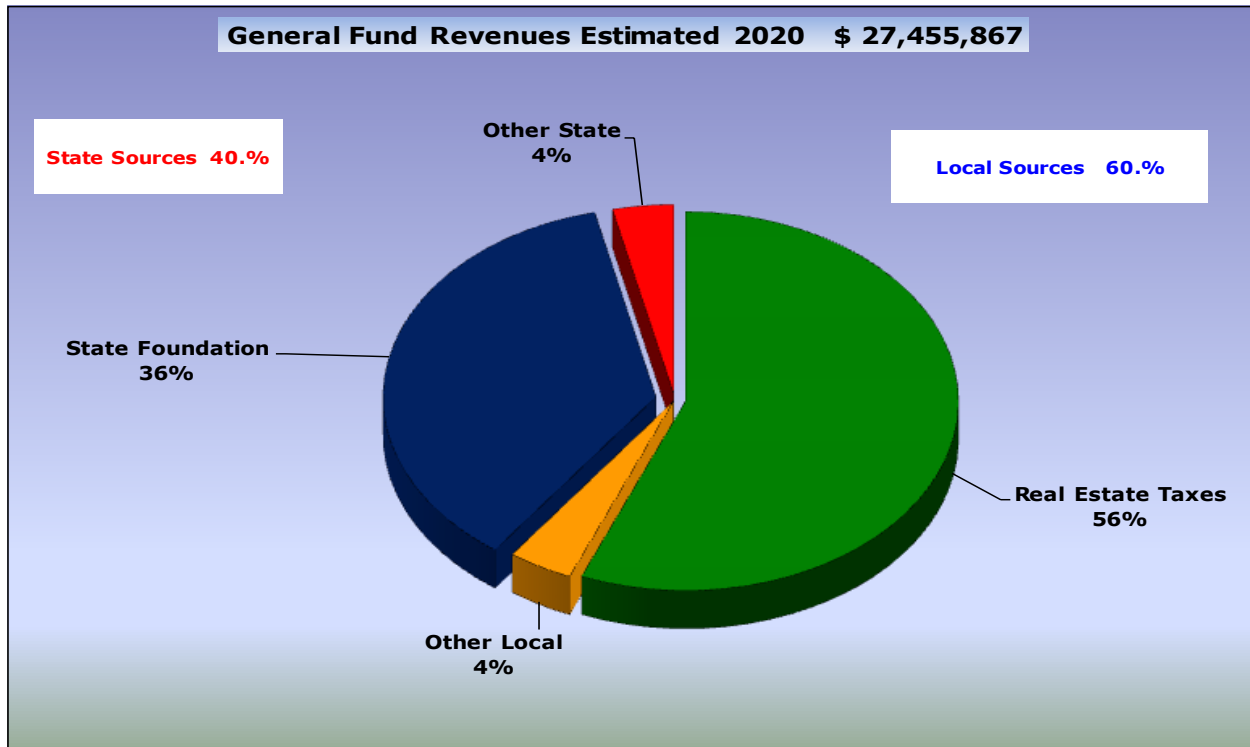
The major line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall 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 FY17 through FY19 and Estimated FY20 through FY24



Revenue Assumptions

Estimated General Fund Revenue for FY20



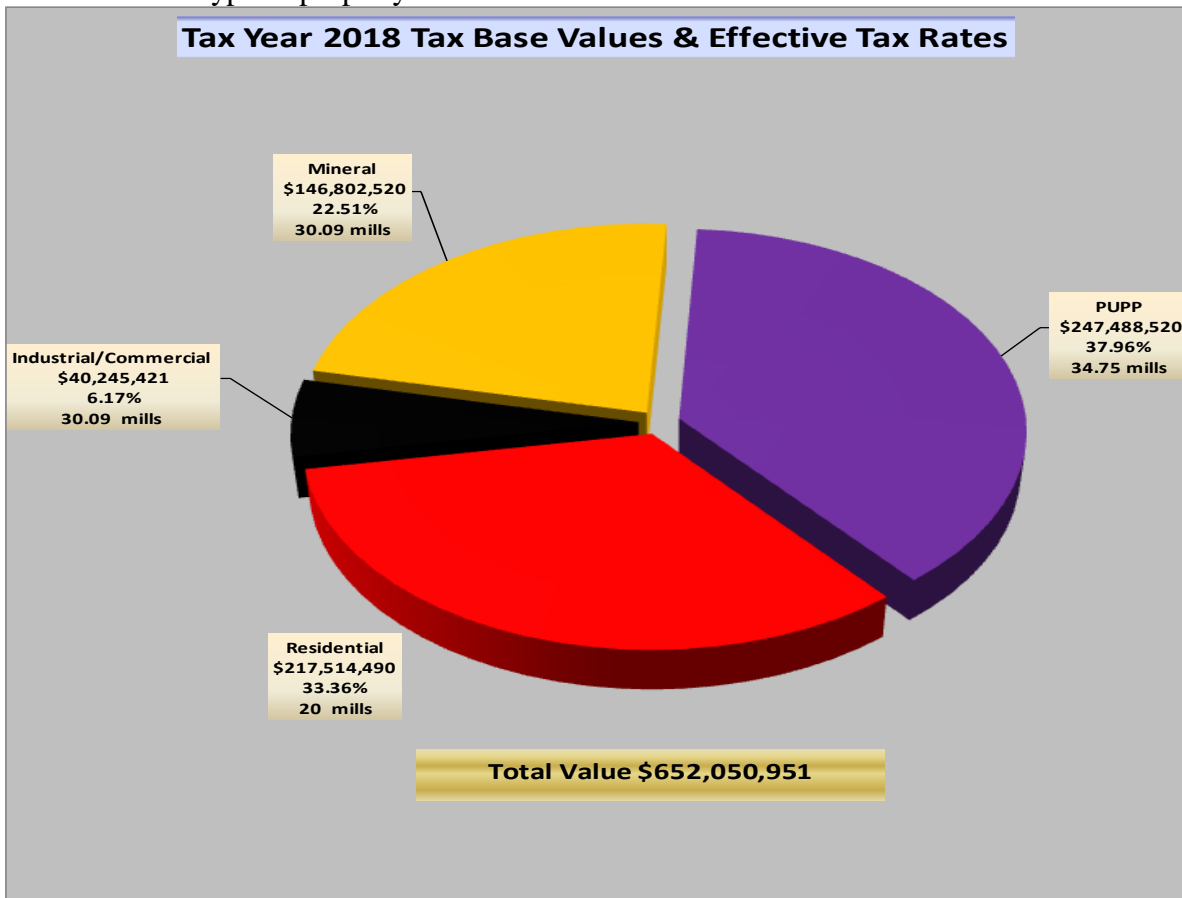
Real Estate Value Assumptions – Line # 1.010

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 was 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 20-24.

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

<u>Classification</u>	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2019 COLLECT 2020	TAX YEAR 2020 COLLECT 2021	TAX YEAR 2021 COLLECT 2022	TAX YEAR 2022 COLLECT 2023	TAX YEAR 2023 COLLECT 2024
Res./Ag.	\$217,539,490	\$219,739,885	\$219,764,885	\$219,789,885	\$219,814,885
Commercial/Mineral	190,022,941	194,898,171	197,873,171	200,848,171	203,823,171
Public Utility (PUPP)	249,488,520	251,488,520	253,488,520	255,488,520	257,488,520
Tangible Per. Prop. (TPP)	0	0	0	0	0
Total Assessed Value	<u>\$657,050,951</u>	<u>\$666,126,576</u>	<u>\$671,126,576</u>	<u>\$676,126,576</u>	<u>\$681,126,576</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

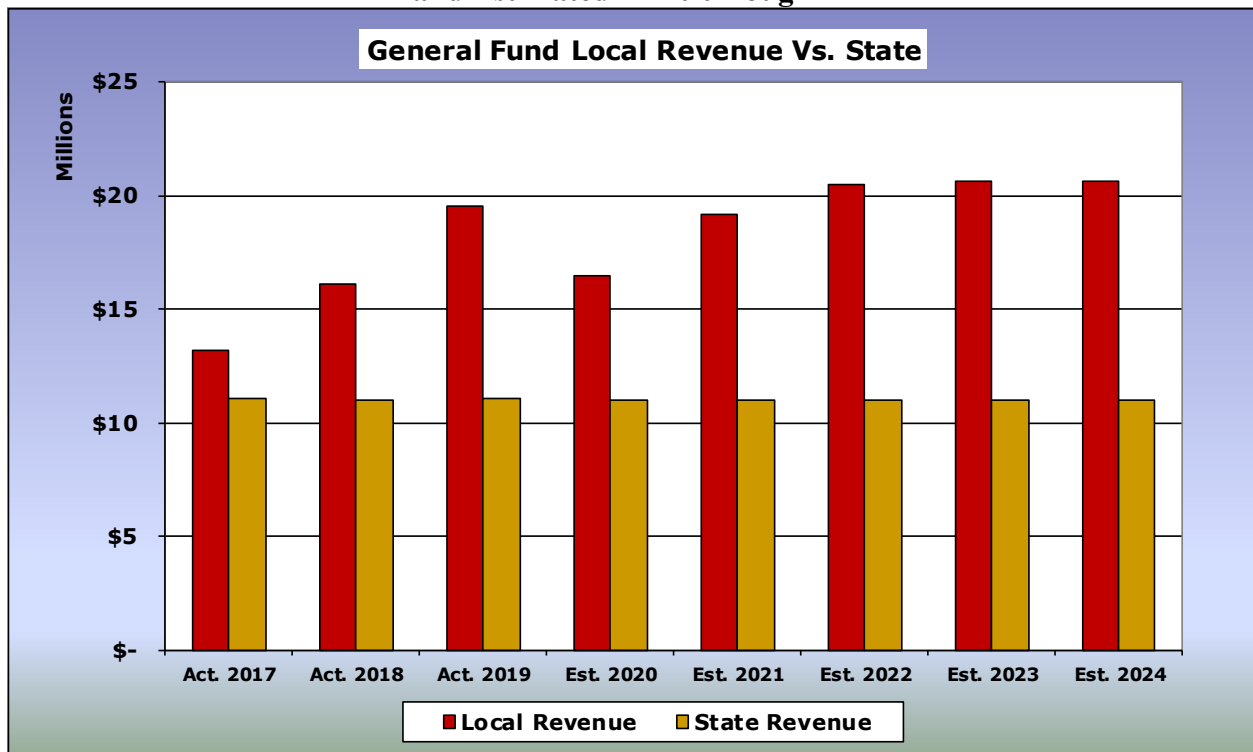
<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Property Taxes (Including PUPP)	<u>\$15,432,808</u>	<u>\$18,247,723</u>	<u>\$18,417,885</u>	<u>\$18,575,973</u>	<u>\$18,734,070</u>

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 FY17 through FY19 and Estimated FY20 through 24



State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino 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 \$484,117 in FY20 and \$705,511 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 planning on adding new initiatives to service student needs per our plan as identified in 3317.26 (B) which will be funded in the new Fund 467. We anticipate that these funds will be discontinued in FY22-24 but if successful we will add these new costs to the General Fund FY22-24 and the General Fund forecast has been adjusted for these new expenses.

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 continues to report that revenues from casinos are not growing robustly as originally predicted but are still growing 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	\$9,709,846	\$9,714,024	\$9,711,113	\$9,708,172	\$9,705,202
Additional Aid Items	184,824	184,824	184,824	184,824	184,824
Basic Aid-Unrestricted Subtotal	\$9,894,670	\$9,898,848	\$9,895,937	\$9,892,996	\$9,890,026
Ohio Casino Commission ODT	85,976	86,274	86,568	86,860	87,149
Unrestricted State Aid Line # 1.035	<u>\$9,980,646</u>	<u>\$9,985,122</u>	<u>\$9,982,505</u>	<u>\$9,979,856</u>	<u>\$9,977,175</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	\$216,143	\$218,304	\$220,487	\$222,692	\$224,919
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>\$303,260</u>	<u>\$306,142</u>	<u>\$309,053</u>	<u>\$311,994</u>	<u>\$314,964</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 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Unrestricted Line # 1.035	\$9,980,646	\$9,985,122	\$9,982,505	\$9,979,856	\$9,977,175
Restricted Line # 1.040	303,260	306,142	309,053	311,994	314,964
Rest. Fed. Grants #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$10,283,906</u>	<u>\$10,291,264</u>	<u>\$10,291,558</u>	<u>\$10,291,850</u>	<u>\$10,292,139</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. 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

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Rollback and Homestead	\$688,459	\$689,084	\$692,220	\$692,299	\$692,378
Total Tax Reimbursements #1.050	<u>\$688,459</u>	<u>\$689,084</u>	<u>\$692,220</u>	<u>\$692,299</u>	<u>\$692,378</u>

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.

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
PILOT Payments	\$0	\$0	\$1,125,000	\$1,125,000	\$900,000
Open Enrollment Gross	609,690	615,787	621,945	628,164	634,446
Interest	482,838	487,666	492,543	497,468	502,443
Tuition SF-14 & SF-14H	59,866	60,465	61,070	61,681	62,298
CAFS Funding	35,000	35,000	35,000	35,000	35,000
Other Income and adjustments	(136,700)	(270,880)	(270,880)	(270,880)	(270,880)
Total Line # 1.060	<u>\$1,050,694</u>	<u>\$928,038</u>	<u>\$2,064,678</u>	<u>\$2,076,433</u>	<u>\$1,863,307</u>

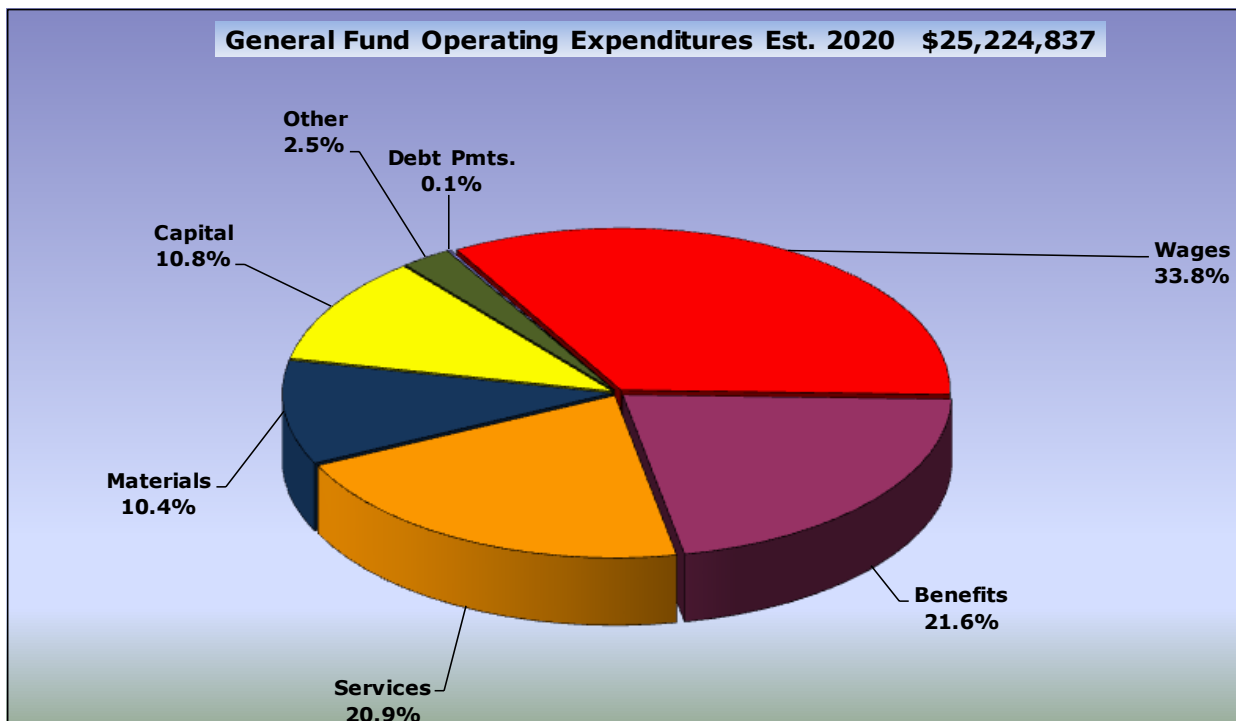
Short-Term Borrowing – Lines #2.010 & Line #2.020

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 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.

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Total Wages Line 3.010	<u>\$8,518,300</u>	<u>\$9,268,200</u>	<u>\$9,568,500</u>	<u>\$9,877,051</u>	<u>\$10,199,085</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 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 FY24 is projected at 8% 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 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. 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

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
STRS/SERS	\$1,411,634	\$1,529,669	\$1,647,942	\$1,698,160	\$1,750,223
Insurances	3,632,351	3,951,085	4,282,407	4,634,283	5,014,309
Workers Comp/Unemployment	33,066	87,617	90,294	93,044	95,915
Medicare	143,690	158,022	163,075	168,220	173,550
Other adjustments/Tuition	<u>216,693</u>	<u>240,673</u>	<u>240,673</u>	<u>240,673</u>	<u>240,673</u>
Total Line 3.020	<u>\$5,437,434</u>	<u>\$5,967,066</u>	<u>\$6,424,391</u>	<u>\$6,834,380</u>	<u>\$7,274,670</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 FY20 were used to determine this line item. Any increase for FY20 through FY24 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 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Base Services	\$171,380	\$176,521	\$181,817	\$187,272	\$192,890
Tuition, CAFS Contract	518,960	534,529	550,565	567,082	584,094
Open Enrollment Deduction	1,644,379	1,693,710	1,744,521	1,796,857	1,850,763
Community School Deductions	619,560	638,147	657,291	677,010	697,320
Utilities	326,925	343,271	360,435	378,457	397,380
Other	<u>1,989,294</u>	<u>2,216,920</u>	<u>2,453,499</u>	<u>2,453,499</u>	<u>2,453,499</u>
Total Line 3.030	<u>\$5,270,498</u>	<u>\$5,603,098</u>	<u>\$5,948,128</u>	<u>\$6,060,177</u>	<u>\$6,175,946</u>

Supplies and Materials – Line #3.040

The permanent appropriations were used to determine this line item. Any increase for FY20 through FY24 is based on each individual budget line.

<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Supplies	\$999,987	\$999,987	\$999,987	\$999,987	\$999,987
Items for New School	<u>1,612,513</u>	<u>1,082,363</u>	<u>877,563</u>	<u>877,563</u>	<u>877,563</u>
Total Line 3.040	<u>\$2,612,500</u>	<u>\$2,082,350</u>	<u>\$1,877,550</u>	<u>\$1,877,550</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, we have projected the cost of 3 new busses to this line 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>
Capital Outlay	\$ 250,806	\$ 250,806	\$ 250,806	\$ 250,806	\$ 250,806
Items for New School	2,220,694	345,394	429,194	429,194	429,194
School Busses	<u>255,000</u>	<u>257,550</u>	<u>260,126</u>	<u>262,727</u>	<u>265,354</u>
Total Line 3.050	<u>\$ 2,726,500</u>	<u>\$ 853,750</u>	<u>\$ 940,126</u>	<u>\$ 942,727</u>	<u>\$ 945,354</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 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
HB 264 Principal Line # 4.050	<u>\$35,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$45,000</u>
<u>Source</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</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>

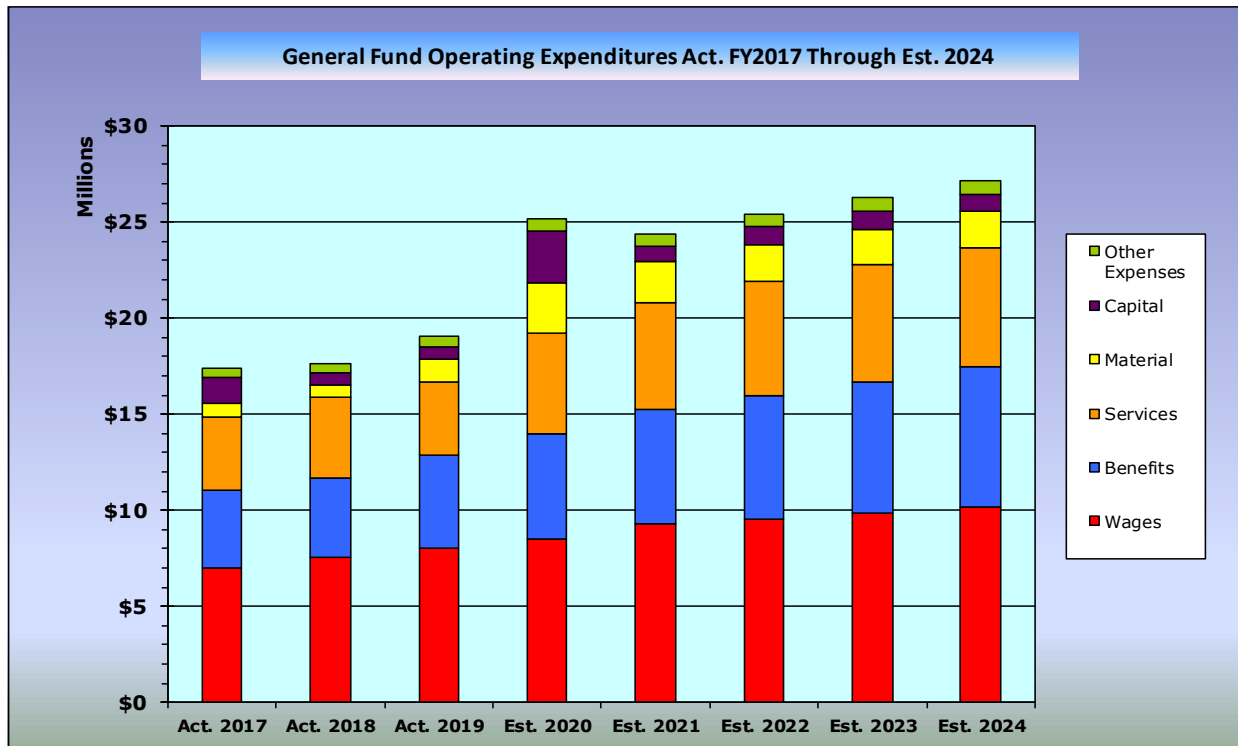
Other Expenses – Line #4.300

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 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
County Auditor & Treasurer Fees	\$412,000	\$428,480	\$445,619	\$463,444	\$481,982
County ESC	58,392	61,312	64,378	67,597	70,977
Other expenses	126,091	127,352	128,626	129,912	131,211
Miscellaneous	<u>25,622</u>	<u>9,000</u>	<u>9,090</u>	<u>9,181</u>	<u>9,273</u>
Total Line 4.300	<u>\$622,105</u>	<u>\$626,144</u>	<u>\$647,713</u>	<u>\$670,134</u>	<u>\$693,443</u>

Total Expenditure Categories Actual FY17through FY19 and Estimated FY20 through FY24

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.

<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	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000
Advances Out Line #5.020	350,000	350,000	350,000	350,000	350,000
Total	<u>\$675,000</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.

	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Estimated Encumbrances	<u>\$555,000</u>	<u>\$555,000</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 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
Ending Cash Balance	\$ 32,055,408	\$ 37,944,430	\$ 43,887,884	\$ 49,095,942	\$ 53,440,309

Ending Cash Balance Actual FY17 through FY19 and Estimated FY20 through FY24

