

**MILTON-UNION EXEMPTED
VILLAGE SCHOOL DISTRICT-MIAMI COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2017, 2018 and 2019 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2020 THROUGH 2024**



**Forecast Provided By
Milton-Union Exempted Village School District
Treasurer's Office
Kay Altenburger, Treasurer**

November 18, 2019

Milton Union Exempted Village School District

Miami County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Revenues										
1.010	General Property Tax (Real Estate)	4,457,987	4,594,182	4,498,633	0.5%	4,584,700	4,584,007	4,607,462	3,851,946	2,451,073
1.020	Tangible Personal Property	610,091	656,270	665,987	4.5%	679,403	690,651	700,086	613,003	461,941
1.030	Income Tax	187,611	189,718	187,099	-0.1%	188,970	190,860	192,769	194,697	196,644
1.035	Unrestricted State Grants-in-Aid	6,202,911	6,356,691	6,480,277	2.2%	6,436,023	6,436,181	6,436,085	6,435,989	6,435,890
1.040	Restricted State Grants-in-Aid	136,083	122,638	127,013	-3.2%	127,420	128,603	129,798	131,005	132,225
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
1.050	Property Tax Allocation	792,483	789,082	784,987	-0.5%	782,322	782,686	785,391	671,322	426,896
1.060	All Other Revenues	1,498,269	1,717,471	1,468,632	0.1%	1,288,746	1,206,623	1,124,511	1,030,369	984,399
1.070	Total Revenues	13,885,435	14,426,052	14,212,628	1.2%	14,087,584	14,019,611	13,976,102	12,928,331	11,089,068
Other Financing Sources										
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	-	-	9,771	0.0%	9,613	-	-	-	-
2.060	All Other Financing Sources	46,901	91,345	160,841	85.4%	85,000	50,000	50,000	50,000	50,000
2.070	Total Other Financing Sources	46,901	91,345	170,612	90.8%	94,613	50,000	50,000	50,000	50,000
2.080	Total Revenues and Other Financing Sources	13,932,336	14,517,397	14,383,240	1.6%	14,182,197	14,069,611	14,026,102	12,978,331	11,139,068
Expenditures										
3.010	Personal Services	7,456,577	7,661,459	7,699,361	1.6%	7,977,957	8,308,825	8,674,327	8,957,453	9,251,236
3.020	Employees' Retirement/Insurance Benefits	2,940,865	2,967,568	3,030,518	1.5%	3,291,313	3,612,242	3,981,352	4,374,372	4,815,178
3.030	Purchased Services	2,236,397	2,354,501	2,333,972	2.2%	2,477,942	2,565,492	2,876,118	2,977,281	3,082,571
3.040	Supplies and Materials	311,014	307,643	473,139	26.4%	458,379	400,130	412,134	424,498	437,233
3.050	Capital Outlay	28,617	116,577	120,208	155.2%	86,100	86,961	87,831	88,709	89,596
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
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	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-
4.300	Other Objects	144,448	147,172	143,392	-0.3%	149,000	151,410	153,872	156,388	158,957
4.500	Total Expenditures	13,117,918	13,554,920	13,800,590	2.6%	14,440,691	\$15,125,060	16,185,633	16,978,701	17,834,771
Other Financing Uses										
5.010	Operating Transfers-Out	340,000	320,000	325,000	-2.2%	340,000	345,000	345,000	345,000	345,000
5.020	Advances-Out	-	9,771	9,613	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
5.040	Total Other Financing Uses	340,000	329,771	334,613	-0.8%	340,000	345,000	345,000	345,000	345,000
5.050	Total Expenditures and Other Financing Uses	13,457,918	13,884,691	14,135,203	2.5%	14,780,691	15,470,060	16,530,633	17,323,701	18,179,771
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	474,418	632,706	248,037	-13.7%	(598,494)	(1,400,449)	(2,504,531)	(4,345,370)	(7,040,703)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,201,278	7,675,696	8,308,402	7.4%	8,556,439	7,957,945	6,557,496	4,052,965	(292,404)
7.020	Cash Balance June 30	7,675,696	8,308,402	8,556,439	5.6%	7,957,945	6,557,496	4,052,965	(292,404)	(7,333,108)
8.010	Estimated Encumbrances June 30	194,188	267,249	259,197	17.3%	200,000	200,000	200,000	200,000	200,000

Milton Union Exempted Village School District

Miami County

Schedule of Revenues, Expenditures and Changes in Fund Balances

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

Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Reservation of Fund Balance										
9.010	-	-	-	0.0%	-	-	-	-	-	-
9.020	-	-	-	0.0%	-	-	-	-	-	-
9.030	-	-	-	0.0%	-	-	-	-	-	-
9.040	-	-	-	0.0%	-	-	-	-	-	-
9.045	-	-	-	0.0%	-	-	-	-	-	-
9.050	-	-	-	0.0%	-	-	-	-	-	-
9.060	-	-	-	0.0%	-	-	-	-	-	-
9.070	-	-	-	0.0%	-	-	-	-	-	-
9.080	-	-	-	0.0%	-	-	-	-	-	-
	<i>Subtotal</i>					-	-	-	-	-
10.010	7,481,508	8,041,153	8,297,242	5.3%	7,757,945	6,357,496	3,852,965	(492,404)	(7,533,108)	
Revenue from Replacement/Renewal Levies										
11.010				0.0%	-	-	-	-	-	-
11.020				0.0%	-	-	-	965,281	2,761,478	
11.300				0.0%	-	-	-	965,281	3,726,759	
12.010	7,481,508	8,041,153	8,297,242	5.3%	7,757,945	6,357,496	3,852,965	472,877	(3,806,348)	
Revenue from New Levies										
13.010				0.0%	-	-	-	-	-	-
13.020				0.0%	-	-	-	-	-	-
13.030	-	-		0.0%	-	-	-	-	-	-
14.010				0.0%	-	-	-	-	-	-
15.010	7,481,508	8,041,153	8,297,242	5.3%	7,757,945	6,357,496	3,852,965	472,877	(3,806,348)	

Milton-Union Exempted Village School District – Miami County
Notes to the Five Year Forecast
General Fund Only
November 18, 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:

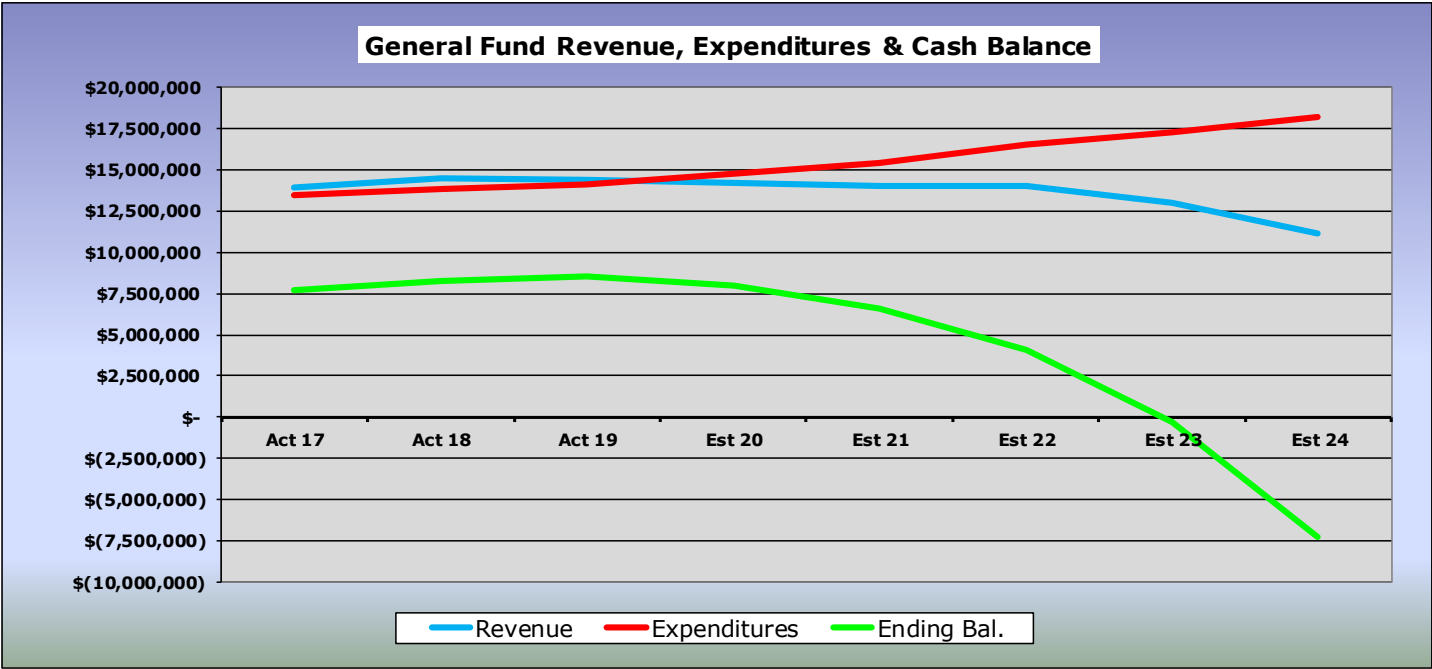
- I. Miami County experienced a reappraisal update in the 2016 tax year to be collected in FY17. The 2016 update increased overall assessed values by \$8.4 million or an increase of 5%. A reappraisal occurred in tax year 2019 for collection in FY20. We anticipate no value increases for Class I and II property due to the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. The changes authorized by HB49 to CAUV values will lower Class I agricultural values by an estimated 30% for our district in tax year 2019. It is anticipated this reduction will be mostly offset by HB920 as rates will adjust up if net values for Class I are lower. It is also expected that cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests.

There are ongoing discussions of a new mixed-use commercial and residential development at Stillwater Crossings, including Randall Residence, senior cottages and a Ryan Homes Development. Some of these may involve payment in lieu of taxes (PILOT) payments and additional new construction. At this time, we are estimating increases in new construction for the Ryan Home Development of up to 40 homes projecting 8 houses per year with an estimated fair market value of \$160,000 beginning in 2020 for collection in 2022. We will continue to monitor developments and project them in future forecasts when we have clear data to base our estimates and are confident the project will proceed with a timeline that is reliable. Our main objective in projecting new development revenues is to not over project these revenues or build speculation into our forecasting tool.

- II. HB166, the current state budget for FY20-21, has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success which is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22.
- III. The State Budget represents 52.1% of district revenues, which means it, is a significant area of risk to revenue. The future risk comes in FY22 and beyond if the state economy worsens or if the funding formula in future state budgets reduces funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY24. We have projected our state funding to be inline with our current estimates through FY24 which we feel are conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.
- IV. HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2020-21 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.
- V. The labor relations goal in our district has been for all parties to work for the best interest of students and realize the resource challenges we face.

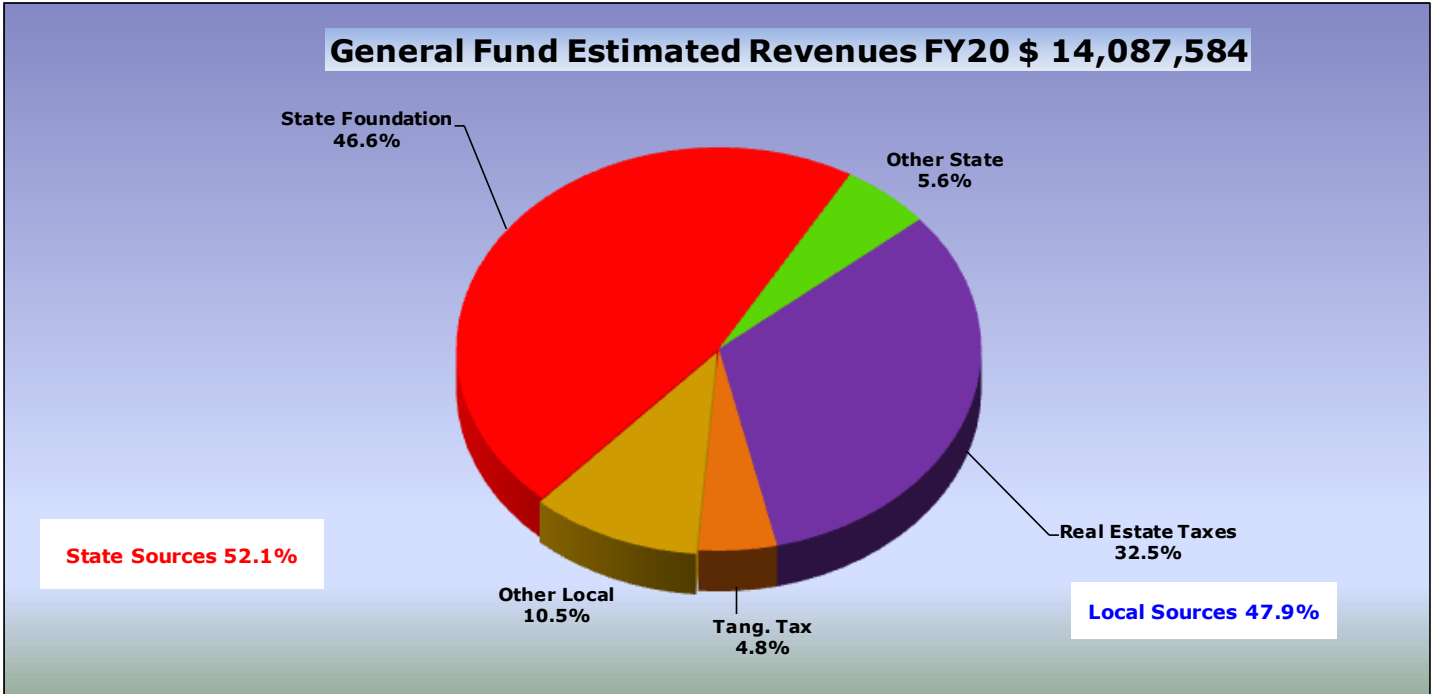
The major categories of revenue and expenditures in the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Kay Altenburger, Treasurer/CFO of Milton Union Exempted Village School District at 937-884-7910.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions

Estimated General Fund Revenues:



Real Estate Value Assumptions – Line # 1.010

Property values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. Miami County experienced a reappraisal update in the 2016 tax year which was collected in FY17. The 2016 update increased overall assessed values by \$8.4 million or an increase of 5%. A reappraisal occurred in tax year 2019 for collection in FY20. We anticipate no value increases for Class I and II property due to the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. The changes authorized by HB49 to CAUV values will lower Class I agricultural values by an estimated 30% for our district in tax year 2019. It is anticipated this reduction will be mostly offset by HB920 as rates will adjust up if net values for Class I are lower. It is also expected that cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests.

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ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2019 <u>COLLECT 2020</u>	TAX YEAR2020 <u>COLLECT 2021</u>	TAX YEAR2021 <u>COLLECT 2022</u>	TAX YEAR2022 <u>COLLECT 2023</u>	TAX YEAR2023 <u>COLLECT 2024</u>
Res./Ag.	\$169,356,870	\$169,806,870	\$170,704,870	\$171,602,870	\$172,500,870
Comm./Ind.	\$11,717,740	\$11,747,740	\$11,777,740	\$11,807,740	\$11,837,740
Public Utility Personal Property (PUPP)	\$10,905,150	\$11,055,150	\$11,205,150	\$11,355,150	\$11,505,150
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	<u>\$191,979,760</u>	<u>\$192,609,760</u>	<u>\$193,687,760</u>	<u>\$194,765,760</u>	<u>\$195,843,760</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
General Property Taxes	<u>\$4,584,700</u>	<u>\$4,584,007</u>	<u>\$4,607,462</u>	<u>\$3,851,946</u>	<u>\$2,451,073</u>

Property tax levies are estimated to be collected at 97% of the annual amount. This allows a 3% delinquency factor. Typically, 54.75% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 45.25% is expected to be collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals.

The December 2017 Federal Tax law changes to the deductibility of State and Local Tax (SALT) caused the first half 2018 tax collections to be an estimated \$65,000 higher and will result in the second half 2018 (affects FY19) being lower by this amount. This resulted in FY18 tax collections being higher and FY19 will be lower. This was an event that caused onetime cash flow acceleration only and is not additional new taxes. Tax collections will return to normal collections for FY20.

Renewal and Replacement Levies – Line #11.02

The 10.9 mill operating levy was approved November 7, 2017 and now will expire December 31, 2023. The district’s other 17 mill current operating levy will expire December 31, 2022.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Public Utility Property Tax – Line#1.020

Public Utility Personal Property Taxes are the only source of revenues in this line since the State of Ohio phased out tangible personal property tax (TPP), beginning in fiscal year 2006. These tax collections are estimated to continue to grow slightly year to year throughout the forecast. Public Utility Personal Property (PUPP) grew in Tax Year 2018 by 3.58%. For tax year 2019 through 2023 an annual increase of 1.5% is expected on an annual basis due to reinvestments being made by utilities statewide.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Tangible Personal Property Taxes (TPP)	<u>\$679,403</u>	<u>\$690,651</u>	<u>\$700,086</u>	<u>\$613,003</u>	<u>\$461,941</u>
Total Line # 1.020	<u>\$679,403</u>	<u>\$690,651</u>	<u>\$700,086</u>	<u>\$613,003</u>	<u>\$461,941</u>

School District Income Tax – Line#1.030

The district passed a 1.25% SDIT in November 2008. The tax is dual purpose, with 1.15% allocated to the permanent improvement fund and 0.10% allocated to the general fund. The permanent improvement portion is used to pay the debt service payments of the local portion of the Ohio School Facility Commission building project. Income tax revenue is anticipated to increase 1% annually throughout the forecast period.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
SDIT Collection	\$187,099	\$188,970	\$190,860	\$192,769	\$194,697
Adjustments	<u>\$1,871</u>	<u>\$1,890</u>	<u>\$1,909</u>	<u>\$1,928</u>	<u>\$1,947</u>
Total to Line #1.030	<u>\$188,970</u>	<u>\$190,860</u>	<u>\$192,769</u>	<u>\$194,697</u>	<u>\$196,644</u>

State Foundation Revenue Estimates

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 funding simulations which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & 21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason we have projected state aid flat through FY24 as we have nothing authoritative to rely on at this time.

Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district’s percentage of students in households at or below 185% of

the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21 funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$25,000 in FY20 and \$30,000 in FY21. Our district is estimated to receive \$283,388 in FY20 and \$409,401 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166 that include the following:

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

- Mental health services
- Services for homeless youth
- Services for child welfare involved youth
- Community liaisons
- Physical health care services
- Mentoring programs
- Family engagement and support services
- City Connects programming
- Professional development regarding the provision of trauma-informed care
- Professional development regarding cultural competence
- Student services provided prior to or after the regularly scheduled school day or any time school is not in session

Community Partners (ORC 3317.26(C))

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

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

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

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 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.

Unrestricted State Foundation Revenue – Line #1.035

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Basic Aid-Unrestricted	\$6,263,027	\$6,262,376	\$6,261,462	\$6,260,539	\$6,259,606
Additional Aid Items	\$92,004	\$92,004	\$92,004	\$92,004	\$92,004
Basic Aid-Unrestricted Subtotal	<u>\$6,355,031</u>	<u>\$6,354,380</u>	<u>\$6,353,466</u>	<u>\$6,352,543</u>	<u>\$6,351,610</u>
Ohio Casino Commission ODT	<u>\$80,992</u>	<u>\$81,801</u>	<u>\$82,619</u>	<u>\$83,446</u>	<u>\$84,280</u>
Total Unrestricted State Aid Line # 1.035	<u>\$6,436,023</u>	<u>\$6,436,181</u>	<u>\$6,436,085</u>	<u>\$6,435,989</u>	<u>\$6,435,890</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>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Economically Disadvantaged Aid	\$90,530	\$91,435	\$92,349	\$93,272	\$94,205
Career Tech - Restricted	\$9,061	\$9,061	\$9,061	\$9,061	\$9,061
Catastrophic Aid	<u>\$27,829</u>	<u>\$28,107</u>	<u>\$28,388</u>	<u>\$28,672</u>	<u>\$28,959</u>
Total Restricted State Revenues Line #1.040	<u>\$127,420</u>	<u>\$128,603</u>	<u>\$129,798</u>	<u>\$131,005</u>	<u>\$132,225</u>

C) Restricted Federal Grants in Aid – line #1.045

No restricted federal grants in aid are included throughout the forecast.

<u>Summary of State Foundaton Revenues</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Unrestricted Line # 1.035	\$6,436,023	\$6,436,181	\$6,436,085	\$6,435,989	\$6,435,890
Restricted Line # 1.040	\$127,420	\$128,603	\$129,798	\$131,005	\$132,225
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$6,563,443</u>	<u>\$6,564,784</u>	<u>\$6,565,883</u>	<u>\$6,566,994</u>	<u>\$6,568,115</u>

Other Local Revenues – Line #1.060

The main sources of revenue in this area are open enrollment, Medicaid, tuition for court placed students, student fees, and general rental fees.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Open Enrollment Gross	\$721,003	\$636,723	\$552,443	\$456,123	\$407,963
Interest	\$168,208	\$169,049	\$169,894	\$170,743	\$171,597
Medicaid	\$55,948	\$55,948	\$55,948	\$55,948	\$55,948
Tuition SF-14 & SF-14H	\$263,197	\$264,513	\$265,836	\$267,165	\$268,501
Other Income and rentals	<u>\$80,390</u>	<u>\$80,390</u>	<u>\$80,390</u>	<u>\$80,390</u>	<u>\$80,390</u>
Total Line # 1.060	<u>\$1,288,746</u>	<u>\$1,206,623</u>	<u>\$1,124,511</u>	<u>\$1,030,369</u>	<u>\$984,399</u>

State Taxes Reimbursement/Property Tax Allocation- Line #1.050**a) Rollback and Homestead Reimbursement**

Rollback funds are reimbursements paid to the district from the State of 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.

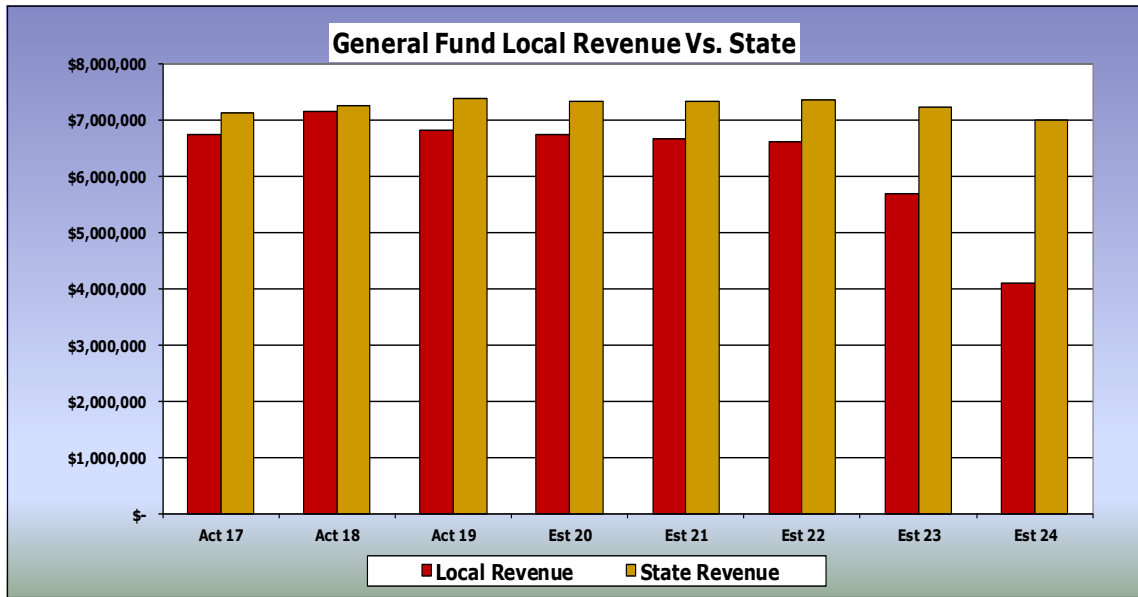
Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the 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 reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	FY20	FY21	FY22	FY23	FY24
a) Rollback and Homestead	\$782,322	\$782,686	\$785,391	\$671,322	\$426,896
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$782,322</u>	<u>\$782,686</u>	<u>\$785,391</u>	<u>\$671,322</u>	<u>\$426,896</u>

Comparison of Local Revenue and State Revenue:



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

There are no transfers planned in this forecast at this time. Other financing sources consist of advances that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year end.

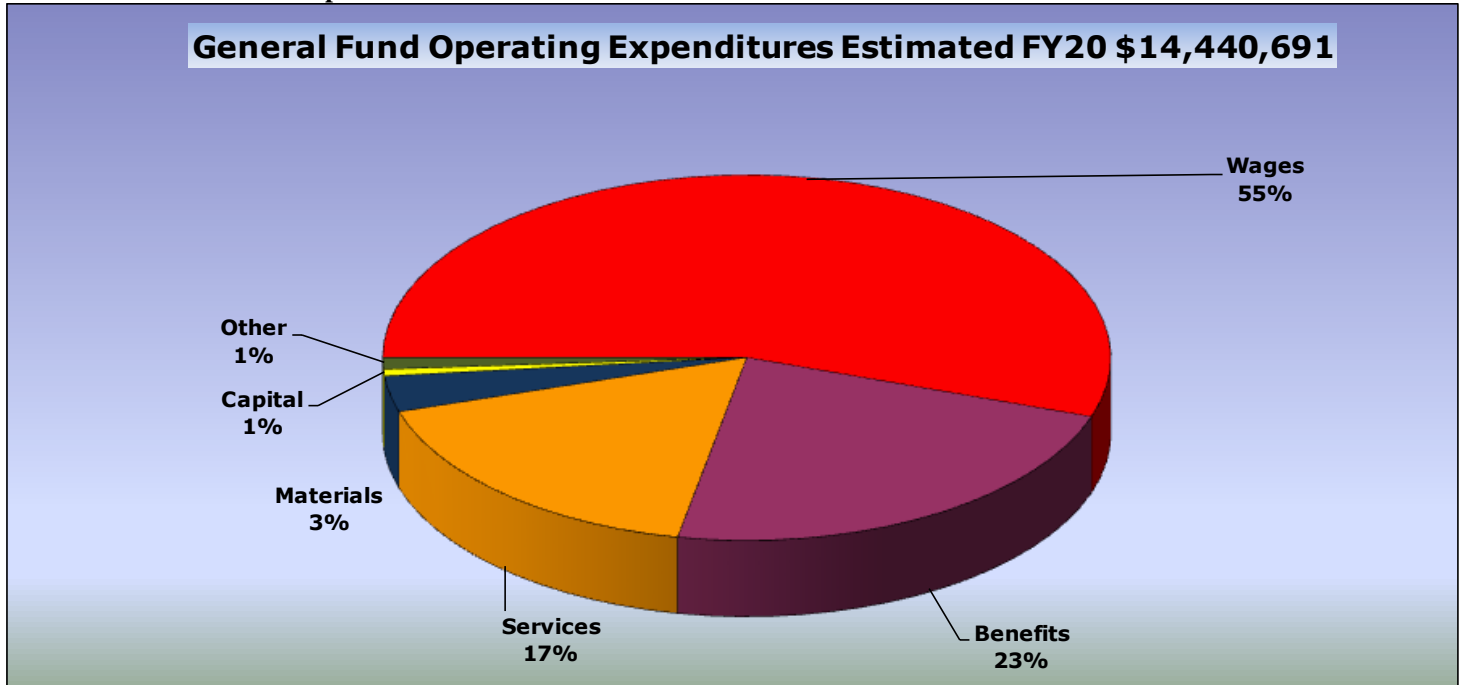
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. We did receive a Bureau of Workers Compensation refund of \$40,830.55 for FY20, but this is inconsistent year to year and we will not project that occurring in the remainder of the forecast.

<u>Source</u>	FY20	FY21	FY22	FY23	FY24
Refund of prior year expenditures	<u>\$85,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY20:



Wages – Line #3.010

The model reflects a base increase of 2.5% for FY20-FY21, 2.25% in FY22 and 2% for FY 23-24. We have estimated step and training increases of 1.8% for each year of the forecast. Due to a decrease in Federal funding Title I and School Improvement we started picking up an additional \$57,000 in the General Fund in FY18. We added an administrative intern and operations manager in FY18 and added an assistant principal position and reduced the administrative intern position in FY19. Beginning in FY19, we charged a portion of our operations manager salary to the permanent improvement fund. We have recoded expenses that qualify in our plan for use of Student Wellness and Success funding in FY20 and 21 and will reintroduce those costs to the General Fund for the period FY22-24.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Base Wages	\$7,385,732	\$7,586,952	\$7,914,260	\$8,276,166	\$8,555,660
Increases	\$184,643	\$189,674	\$178,071	\$165,523	\$171,113
Steps & Training	\$132,943	\$136,565	\$142,457	\$148,971	\$154,002
Growth/Replacement Staff	\$22,145	\$36,069	\$7,214	\$0	\$0
Fund 467 Recoding	(\$65,883)	\$0	\$69,164	\$0	\$0
Substitutes & Supplementals	\$356,005	\$359,565	\$363,161	\$366,793	\$370,461
Staff Reductions/Attrition	(\$37,628)	\$0	\$0	\$0	\$0
Total Wages Line 3.010	<u>\$7,977,957</u>	<u>\$8,308,825</u>	<u>\$8,674,327</u>	<u>\$8,957,453</u>	<u>\$9,251,236</u>

Fringe Benefits Estimates Line 3.02

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

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

B) Insurance

The estimated increases for insurance are 15.3% for FY20 and 14% for fiscal year 2021-2024.

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 remain at about 0.7% of wages throughout the forecast due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
A) STRS/SERS	\$1,257,242	\$1,307,387	\$1,364,777	\$1,411,290	\$1,457,731
B) Insurances	\$1,864,349	\$2,128,244	\$2,432,308	\$2,772,831	\$3,161,027
C) Workers Comp/Unemployment	\$48,168	\$50,153	\$52,346	\$54,045	\$55,807
D) Medicare	\$119,710	\$124,614	\$130,077	\$134,362	\$138,769
Other/Tuition	<u>\$1,844</u>	<u>\$1,844</u>	<u>\$1,844</u>	<u>\$1,844</u>	<u>\$1,844</u>
Total Line 3.020	<u>\$3,291,313</u>	<u>\$3,612,242</u>	<u>\$3,981,352</u>	<u>\$4,374,372</u>	<u>\$4,815,178</u>

Purchased Services – Line #3.030

Purchased services include expenditures for utilities, professional development and state foundation deductions for tuition-type students, including open enrollment, community school, scholarships and post-secondary enrollment option. In FY18 \$1.4 million left with students due to choice programs that are 10.2% of our planned budget and is a significant cost factor for our district. In FY19 we added \$107,000 to pay for safety and security initiatives throughout the district. Our top priority is to provide safety and security to our students and staff, which these investments will help us with that goal. Estimates for many items covered in this area of the forecast were based on historical trends and estimated service needs. A 3% increase was incorporated throughout the forecast for inflationary purposes as well as estimated increases in college credit plus deductions. We have reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SRO’s and then return these costs to the General Fund in FY22-24.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Base Services	\$129,792	\$133,686	\$137,697	\$141,828	\$146,083
Professional/Instructional	\$471,940	\$486,098	\$651,990	\$671,550	\$691,697
Open Enrollment Deduction	\$350,636	\$357,649	\$364,802	\$372,098	\$379,540
Community School Deductions	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000
SF14, Other Tuition & College Credit Plus	\$894,497	\$939,222	\$986,183	\$1,035,492	\$1,087,267
Building Maintenance & Service	\$184,500	\$193,725	\$203,411	\$213,582	\$224,261
Utilities	\$183,786	\$189,300	\$194,979	\$200,828	\$206,853
Security Services	<u>\$122,791</u>	<u>\$125,812</u>	<u>\$197,056</u>	<u>\$201,903</u>	<u>\$206,870</u>
Total Line 3.030	<u>\$2,477,942</u>	<u>\$2,565,492</u>	<u>\$2,876,118</u>	<u>\$2,977,281</u>	<u>\$3,082,571</u>

Supplies and Materials – Line #3.040

An overall inflation of 3.0% is being estimated for this category of expenses. This is due to an anticipated increase in fuel costs and instructional materials as a whole. Educational supplies include textbooks, office and classroom supplies. We have held building budgets at current levels and assumed textbook replacements for each year of the forecast. Building and transportation costs include

supplies to clean the buildings, provide paper supplies and other items custodians would need, and transportation costs are largely fuel, tires and other costs required to keep our fleet safe and operational.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Supplies, Textbooks & Technology	\$300,903	\$237,930	\$245,068	\$252,420	\$259,993
Building and Transportation	<u>\$157,476</u>	<u>\$162,200</u>	<u>\$167,066</u>	<u>\$172,078</u>	<u>\$177,240</u>
Total Line 3.040	<u>\$458,379</u>	<u>\$400,130</u>	<u>\$412,134</u>	<u>\$424,498</u>	<u>\$437,233</u>

Equipment – Line # 3.050

Costs in FY 20-24 include purchasing equipment for students and staff and is expected to increase 1% annually. We are projected to use our permanent improvement levy for major capital items but smaller items of equipment that has a shorter life will still need to come from the general fund. These amounts can vary year to year based on anticipated need.

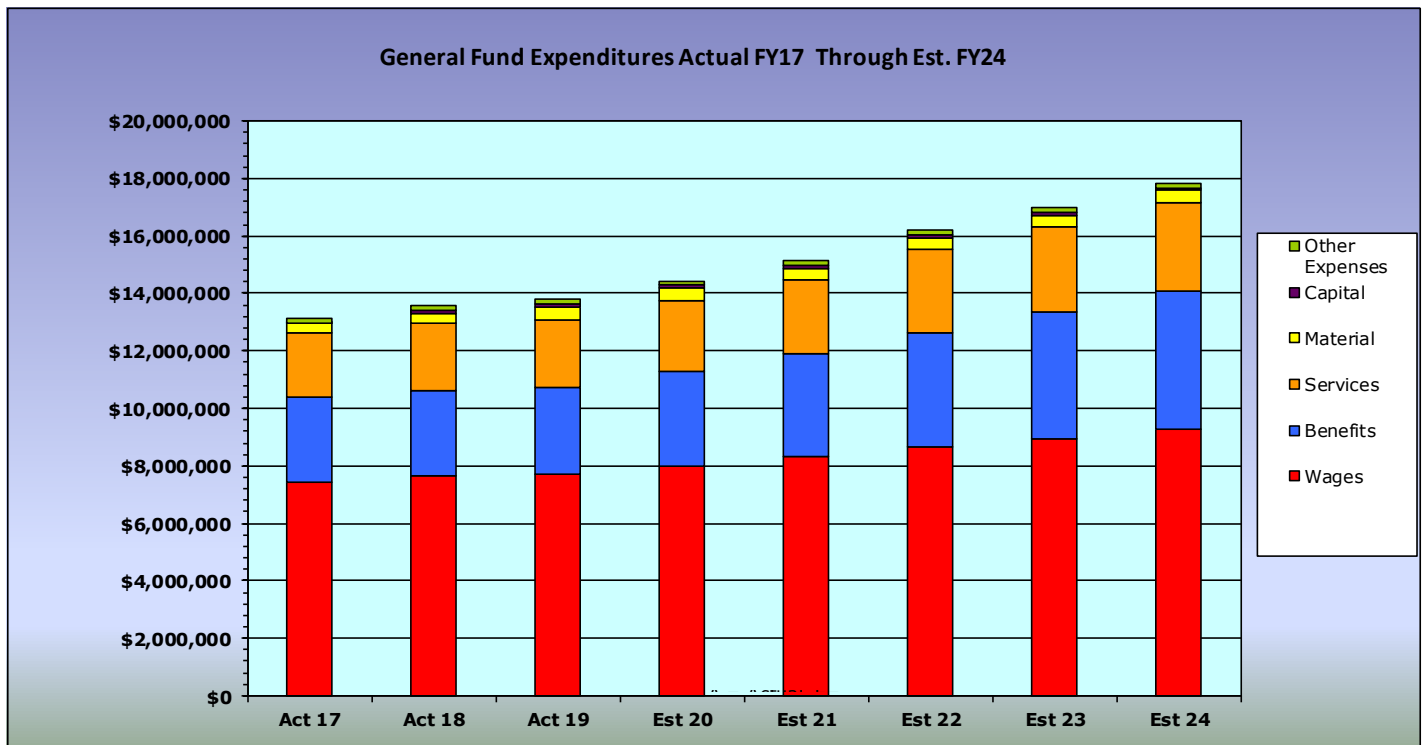
<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Capital Outlay	\$86,100	\$86,961	\$87,831	\$88,709	\$89,596
Total Line 3.050	<u>\$86,100</u>	<u>\$86,961</u>	<u>\$87,831</u>	<u>\$88,709</u>	<u>\$89,596</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer (A&T) fees and state audit fees. Other items such as dues and fees to professional organizations such as OSBA and employee bonds are paid from these funds. Currently, we are estimating annual increase of 2% for this forecast.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
County Auditor & Treasurer Fees	\$102,984	\$104,014	\$105,054	\$106,105	\$107,166
Other expenses	<u>\$46,016</u>	<u>\$47,396</u>	<u>\$48,818</u>	<u>\$50,283</u>	<u>\$51,791</u>
Total Line 4.300	<u>\$149,000</u>	<u>\$151,410</u>	<u>\$153,872</u>	<u>\$156,388</u>	<u>\$158,957</u>

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



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. Transfers out in FY 20 include \$75,000 to fund 035 for severance payments, and \$265,000 to 300 level funds to cover athletic coaches’ salaries and benefits. For FY21-24 the amount transferred to fund 035 for severance payments is increased to \$80,000 annually.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Operating Transfers Out Line #5.010	\$340,000	\$345,000	\$345,000	\$345,000	\$345,000
Advances Out Line #5.020	\$0	\$0	\$0	\$0	\$0
Total	<u>\$340,000</u>	<u>\$345,000</u>	<u>\$345,000</u>	<u>\$345,000</u>	<u>\$345,000</u>

Encumbrances –Line#8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

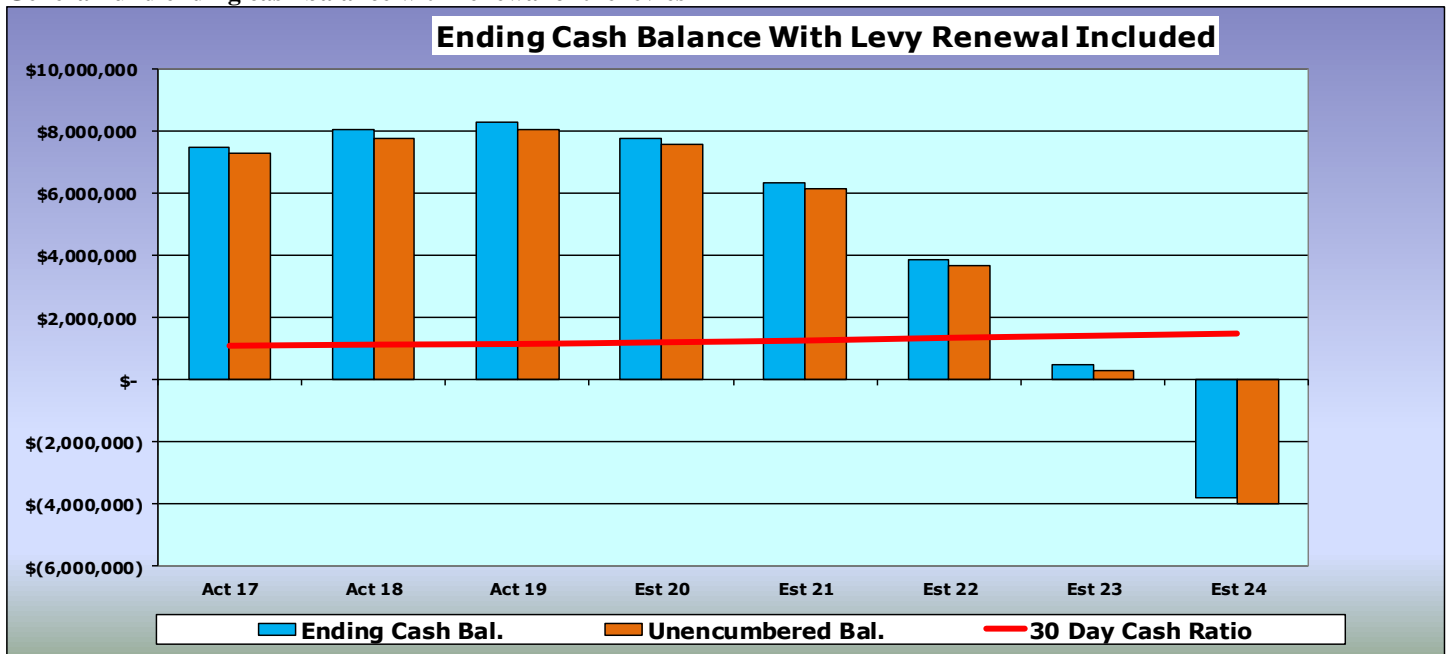
	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Estimated Encumbrances	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>

Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes renewal of the 17 mill levy in 2022 and the 10.9 mill operating levy that expires in December 2023.

	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Ending Unencumbered Cash Balance	<u>\$7,757,945</u>	<u>\$6,357,496</u>	<u>\$3,852,965</u>	<u>\$472,877</u>	<u>\$ (3,806,348)</u>

General fund ending cash balance with renewal of the levies



True Cash Days Ending Balance

Another way to look at ending cash is to state it in “True Cash Days”. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including

transfers as this is predictable funding source for other funds such as for severance payments. Even with the renewal of the 10.9 mill levy November 7, 2017 and anticipated renewal of the levies that expires in FY22 and FY24; FY23 will be below the 60 day mark. The district will need to keep an eye on expenses year to year to ensure we have adequate resources to end FY24.

