

Ripley-Union-Lewis-Huntington S.D.

Brown County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

	Actual				Average Change	Forecasted				
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016			Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Revenues										
1.010 General Property Tax (Real Estate)	\$2,065,955	\$2,056,004	\$2,079,442	0.3%	\$2,084,640	\$2,089,852	\$2,090,604	\$2,112,556	\$2,112,556	
1.020 Tangible Personal Property Tax		975	488		488	488	488	488	488	
1.035 Unrestricted State Grants-in-Aid	6,408,220	6,209,885	7,107,993	5.7%	7,373,883	7,373,883	7,373,883	7,373,883	7,373,883	
1.040 Restricted State Grants-in-Aid	497,947	863,731	353,003	7.2%	369,933	369,933	369,933	369,933	369,933	
1.050 Property Tax Allocation	286,894	291,614	298,165	1.9%	298,911	299,658	300,243	303,395	303,395	
1.060 All Other Revenues	529,297	676,502	631,371	10.6%	750,652	664,993	610,357	595,829	596,413	
1.070 Total Revenues	9,788,313	10,098,711	10,470,462	3.4%	10,878,507	10,798,807	10,745,508	10,756,084	10,756,668	
Other Financing Sources										
2.040 Operating Transfers-In		6,178								
2.050 Advances-In	391,409	150,486	180,199	-20.9%	160,198	150,000	150,000	150,000	150,000	
2.060 All Other Financing Sources	48,095	37,068	29,887	-21.2%	12,500	12,500	12,500	12,500	12,500	
2.070 Total Other Financing Sources	439,504	193,732	210,086	-23.7%	172,698	162,500	162,500	162,500	162,500	
2.080 Total Revenues and Other Financing Sources	10,227,817	10,292,443	10,680,548	2.2%	11,051,205	10,961,307	10,908,008	10,918,584	10,919,168	
Expenditures										
3.010 Personal Services	4,477,802	4,692,330	4,752,959	3.0%	4,948,735	5,112,929	5,354,844	5,461,678	5,508,155	
3.020 Employees' Retirement/Insurance Benefits	1,764,695	1,774,511	1,803,377	1.1%	1,982,205	2,052,288	2,124,542	2,214,549	2,306,514	
3.030 Purchased Services	2,034,014	2,118,111	2,290,553	6.1%	2,276,105	2,293,334	2,313,767	2,335,964	2,358,647	
3.040 Supplies and Materials	292,292	295,697	305,976	2.3%	291,647	299,655	307,765	316,157	324,583	
3.050 Capital Outlay	60,984	81,647	282,474	139.9%	443,022	216,316	246,316	126,316	126,316	
Debt Service:										
4.020 Principal-Notes	32,000	33,000	34,000	3.1%	36,000	38,000	39,000	41,000	43,000	
4.060 Interest and Fiscal Charges	19,850	18,359	16,739	-8.2%	15,037	13,198	11,257	9,215	7,071	
4.300 Other Objects	151,300	148,291	152,482	0.4%	152,782	159,379	159,680	159,680	159,680	
4.500 Total Expenditures	8,832,937	9,161,946	9,638,560	4.5%	10,145,533	10,185,099	10,557,171	10,664,559	10,833,966	
Other Financing Uses										
5.010 Operating Transfers-Out	8,764	27,411		56.4%	70,000	70,000	70,000	70,000	70,000	
5.020 Advances-Out	463,867	180,199	59,161	-64.2%	160,198	150,000	150,000	150,000	150,000	
5.030 All Other Financing Uses		7,433	70							
5.040 Total Other Financing Uses	472,631	215,043	59,231	-63.5%	230,198	220,000	220,000	220,000	220,000	
5.050 Total Expenditures and Other Financing Uses	9,305,568	9,376,989	9,697,791	2.1%	10,375,731	10,405,099	10,777,171	10,884,559	11,053,966	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	922,249	915,454	982,757	3.3%	675,474	556,208	130,837	34,025	134,798-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	1,872,032	2,794,281	3,709,735	41.0%	4,692,492	5,367,966	5,924,174	6,055,011	6,089,036	
7.020 Cash Balance June 30	2,794,281	3,709,735	4,692,492	29.6%	5,367,966	5,924,174	6,055,011	6,089,036	5,954,238	
8.010 Estimated Encumbrances June 30	188,108	373,269	63,434	7.7%	200,000	200,000	200,000	200,000	200,000	
10.010 Fund Balance June 30 for Certification of	2,606,173	3,336,466	4,629,058	33.4%	5,167,966	5,724,174	5,855,011	5,889,036	5,754,238	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	2,606,173	3,336,466	4,629,058	33.4%	5,167,966	5,724,174	5,855,011	5,889,036	5,754,238	
15.010 Unreserved Fund Balance June 30	2,606,173	3,336,466	4,629,058	33.4%	5,167,966	5,724,174	5,855,011	5,889,036	5,754,238	

See accompanying summary of significant forecast assumptions and accounting policies

Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

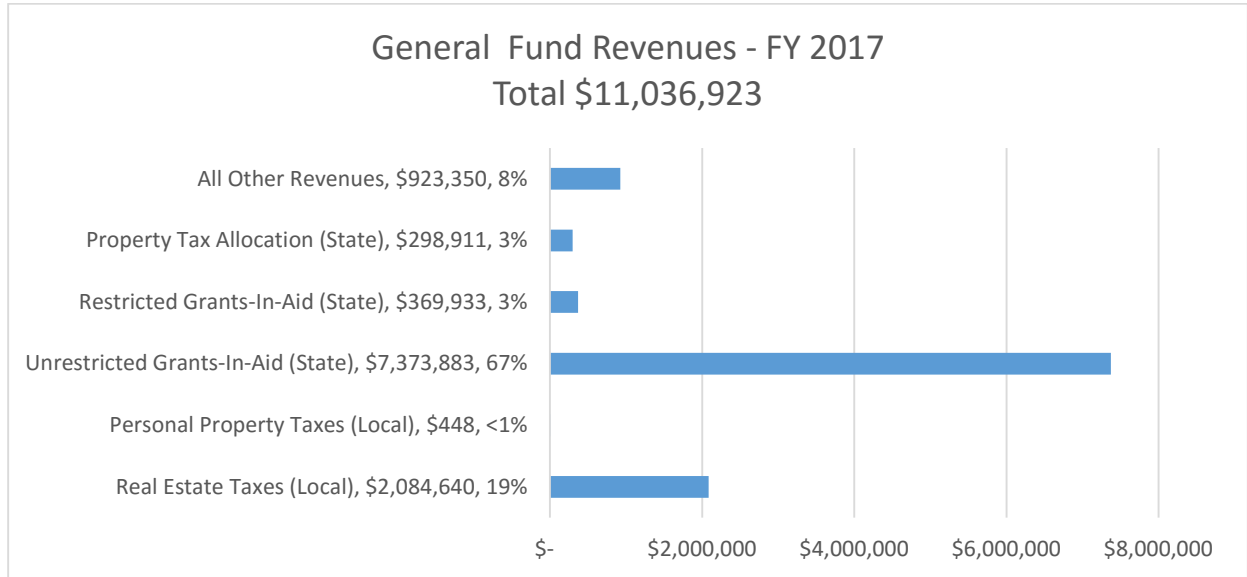
**RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST**

Nature of the Forecast

This financial forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool, and intended to engage the local board of education and the community in long range planning and discussions of financial issues facing the school district. It is also intended to provide a method for the Ohio Department of Education and Ohio Auditor of State to identify schools districts with potential financial problems.

The assumptions described below are those that are material to the forecast. Differences between forecasted and actual results usually occur because events and circumstances frequently do not occur as expected, and those differences may be significant.

REVENUES



Property Taxes (Lines 1.010 and 1.020)

Property tax revenues for the General Fund are generated from 29.90 gross operating mills which consist of 4.60 inside mills and 25.30 outside mills. The outside millage consists of various operating levies, all for a continuing period of years. The effective tax rate and valuation per classification for tax year 2015 (calendar year 2016 collections) are as follows:

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Property Class	Value	Effective Tax Rate
Residential Real Estate	\$57,397,700	24.88 mills
Agricultural Real Estate	\$25,934,910	24.88 mills
Commercial/Industrial Real Estate	\$13,289,640	28.24 mills
Public Utility Personal Property	\$7,924,550	25.00 mills
Total Valuation	\$104,546,800	

Ohio Law provides for a reduction of the effective tax rate for agricultural/residential and commercial/industrial real estate to offset increased values resulting from reappraisal of property. Likewise, effective tax rates may be increased to offset decreased values resulting from reappraisal. Reduction factors are applied to outside millage so that each levy yields approximately the same amount of revenue as the preceding year, excluding new construction. Increases in value from new construction will increase the revenues generated by the levies. State law prohibits the reduction factors from reducing the effective millage below 20.00 mills.

General Property Tax – Real Estate (Line 1.010) includes all real estate property taxes, including residential, agricultural, and commercial/industrial real estate. Brown County went through a triennial update in tax year 2015 (calendar year 2016 collections) and a revaluation is scheduled to occur in tax year 2018 (calendar year 2019 collections). Projections for all tax years assume a 0.25% increase in value resulting from new construction. The forecast projects no increase in value in tax year 2015 resulting from the scheduled triennial update and projects a 3% increase in tax year 2018 resulting from the revaluation.

Tangible Personal Property Tax (Line 1.020) includes business tangible personal property taxes and public utility personal property taxes. Business tangible personal property taxes were phased out as a result of House Bill 66 passed in June of 2005. Business tangible values were reduced by 25% each year starting in fiscal year 2007, until fully eliminated in fiscal year 2010, with the exception of telephone company property, which was phased out over a longer period and was fully eliminated in fiscal year 2012. However, HB 66 created a reimbursement mechanism for lost TPP taxes to schools, it also provided for the eventual elimination of those payments. School districts were to have their payments gradually reduced beginning in FY 2012, with payments falling to zero in FY 2019. Currently the District is receiving only about \$488 annually in reimbursement payments.

Unrestricted Grants-in-Aid (Line 1.035) and Restricted Grants-in-Aid (Line 1.040)

Unrestricted Grants-in-Aid and Restricted Grants-in-Aid represent revenues projected to be received primarily from the State under the foundation program.

Projections for fiscal year 2017 are based on the last enacted HB64, the state’s biennial budget, and are projected based on enrollment figures from fiscal year 2016. Projections are likely to fluctuate based on enrollment changes throughout the 2016-2017 school year.

**RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
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The HB64 funding formula used for fiscal years 2016 and 2017 is similar to the funding formula from fiscal years 2014 and 2015 (HB59). The funding formula utilizes a method to measure a district's wealth and capacity to raise local revenue. The wealth measure is called the State Share Index (SSI). There are three (3) components of the SSI:

1. Valuation Index that measures the district's average property value per pupil for tax year 2012, 2013, and 2014 compared to the statewide average valuation per pupil;
2. Median Income Index that uses tax year 2013 median income compared to statewide median income that is used to measure the ability of a district's residents to pay property taxes;
3. Wealth Index which uses 60% of the Valuation Index and 40% of the Median Income Index to compute the overall district Wealth Index.

The three components taken together form the State Share Index (SSI) which equalizes state funding based on wealth. In prior funding formulas, the primary equalization was based on tax valuation per pupil. The SSI, or one or more of the other three indexes, are applied in determining need on the twelve separate components that constitute state aid in fiscal years 2016 and 2017. The twelve components of the funding model are as follows:

1. Opportunity Grant – Per pupil amount of \$5,900 in FY16 and \$6,000 in FY17 multiplied by the SSI
2. Targeted Assistance – Funding provided to districts that do not raise much revenue beyond the local share of the foundation formula. Targeted Assistance targets school districts that are below a certain threshold of wealth in the state.
3. K-3 Literacy – Funding targeted to students in grades kindergarten through three to provide early additional educational investment.
4. Economic Disadvantaged – Funding to address poverty and its effects on educational outcomes. Funding amount is based on a per-pupil amount of \$272 equalized by the poverty index of the district. The poverty index is based on the district's poverty percentage relative to the statewide poverty percentage.
5. Limited English Proficiency – Funding provided to help districts provide additional educational services to student for whom English is not the native language.
6. Gifted Education – Funding for identification and service provision to gifted students. Funding is based on the enrollment of the district and is comprised of identification, coordinator, and teacher components.
7. Transportation – Funding to support transportation of students and is based on a formula with daily ridership and miles as the primary inputs.
8. Special Education – Funding for students with special needs and is based on additional per student funding amounts for six categories of disabilities equalized by the SSI.
9. Career Technical Education – Funding to support career technical programs and is based on additional per student funding amounts for five categories of programs equalized by the SSI.
10. Capacity Aid – Funding to provide supplemental funds to districts that raise less

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than the median amount of revenue from 1 mill of local property taxes.

11. Graduation Bonus – Performance bonus funding based on graduation rates in the previous year.
12. Third Grade Reading Bonus – Performance bonus funding based on 3rd grade reading test results in the previous year.

The twelve components together comprise the total state funding formula amount for the school district. Projections by component for fiscal year 2017 are as follows:

<u>HB64 Funding Component</u>	<u>FY2017</u>
Opportunity Grant	\$ 3,786,534
Targeted Assistance	1,128,869
K-3 Literacy	71,844
Economic Disadvantaged	284,899
Limited English Proficiency	-
Gifted Education	55,317
Transportation	554,087
Special Education	698,065
Career Technical Education	70,752
Capacity Aid	924,684
Graduation Bonus	20,166
3rd Grade Reading Bonus	2,710
Total State Funding - HB64 Formula	<u>\$ 7,597,927</u>

Funding amounts for all categories above are unrestricted with the exception of Economic Disadvantaged and Career Technical Funding which are restricted as to use and are presented in Line 1.040.

A breakdown of Unrestricted Grants-in-Aid (Line 1.035), which includes the unrestricted components above is as follows:

<u>Unrestricted Grants-in-Aid (Line 1.035)</u>	<u>FY2017</u>
HB 64 Formula Funding	\$ 7,242,277
(Excluding Economic Disadvantaged and Career-Tech)	-
Preschool Special Education Funding	50,324
Special Education Transportation	32,462
Casino Revenues	48,820
Total Unrestricted Grants-in-Aid (Line 1.035)	<u>\$ 7,373,883</u>

Additional aid items contained within HB64 include preschool special education and special education transportation, which are not part of the HB64 formula. Casino Revenues are a result of the Ohio Casino ballot issued passed in 2009. A portion of gross casino tax revenues is distributed to school districts based on enrollment and is currently projected at approximately \$50 per student.

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<u>Restricted Grants-in-Aid (Line 1.040)</u>	<u>FY2017</u>
Economic Disadvantaged (HB64 Formula)	\$ 284,899
Career Technical Education (HB64 Formula)	70,752
Special Education Catastrophic Cost	14,282
Total Restricted Grants-in-Aid (Line 1.040)	<u>\$ 369,933</u>

Special Education Catastrophic Cost dollars are provided by the State for special education expenses exceeding cost thresholds for students within special education categories.

Given the instability of the state foundation program over the last five years, projections beyond the current biennial budget must be considered highly speculative. For purposes of this forecast, Unrestricted Grants-in-Aid (Line 1.035) and Restricted Grants-in-Aid (Line 1.040) were left unchanged for fiscal years 2017 through 2021.

Property Tax Allocation (Line 1.050)

Homestead & Rollback revenue is in the form of tax relief to local property taxpayers. The State grants a ten percent rollback on all agricultural and residential real estate taxes and a two and one-half percent rollback on owner-occupied single-family residences. The State also grants tax relief to qualified elderly and disabled homeowners based on income eligibility. The State reimburses the District for these reductions of property taxes. These revenues are projected at approximately 14% of real estate taxes annually.

All Other Operating Revenue (Line 1.060)

Projections for All Other Operating Revenues are as follows:

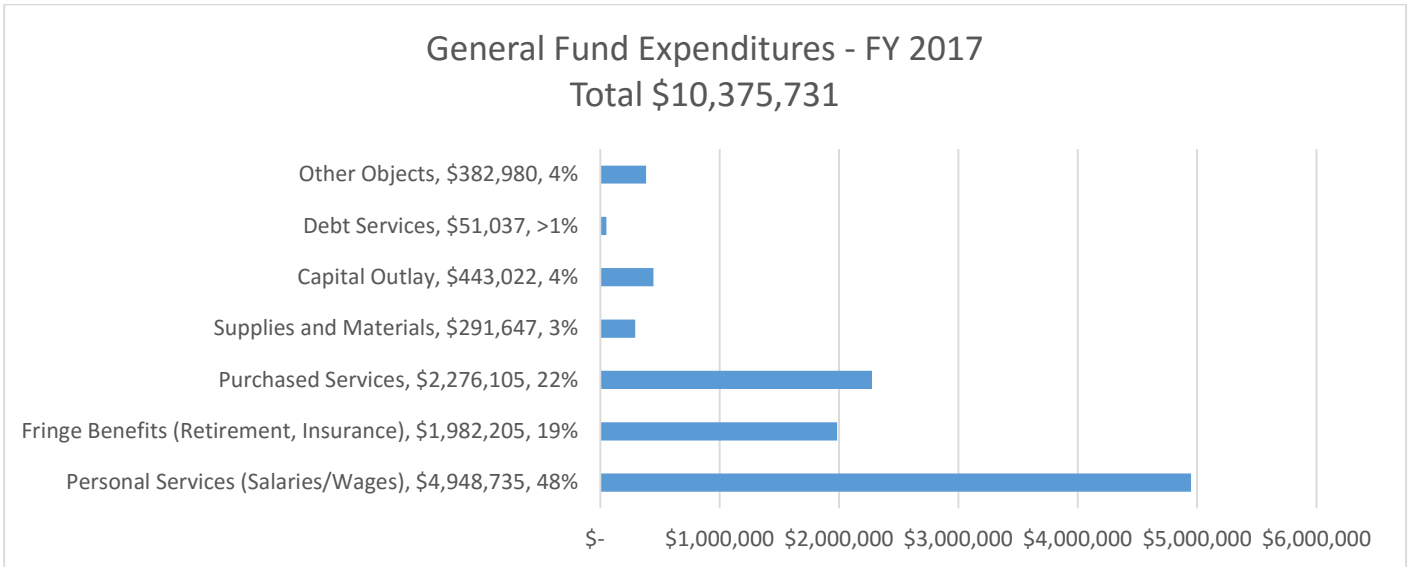
Category	2017	2018	2019	2020	2021
Tuition	32,378	22,378	22,378	22,378	22,378
Earnings on Investments	17,865	17,865	17,865	17,865	17,865
Open Enrollment	280,949	271,444	271,444	271,444	271,444
JROTC Reimbursements	56,107	56,668	57,802	58,379	58,962
Classroom Materials & Fees	20,247	20,246	20,246	20,247	20,246
E-Rate Reimbursement	177,202	125,178	69,408	54,302	54,302
Medicaid Reimbursement	115,000	115,000	115,000	115,000	115,000
Other Miscellaneous	50,904	36,214	36,214	36,214	36,216
Total All Other Revenue	750,652	664,993	610,357	595,829	596,413

Tuition includes revenue received from other Districts for their student(s) attending Ripley-Union-Lewis-Huntington School District as a result of a court-ordered placement or foster care. Earnings on Investments include interest earned on the District's deposits and investments. In the past four to five years, interest rates have declined from the 5% range down to 1% or less. This has had a detrimental effect on this revenue line item. The forecast assumes that interest rates remain relatively steady. The open enrollment revenue projection for fiscal year 2017 and beyond is

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NOTES TO THE FIVE-YEAR FORECAST**

based on 49 students attending schools within the District through open enrollment. E-rate reimbursement is based on the new service funding structure on a four-year cycle, and primarily being driven by three new 5 year service contracts with META (former SCOCA) for VoIP, Brand Band, and Internet Services, with the largest return being realized in FY17 based on FY16 Contract amounts. ROTC Reimbursements are impacted only by the salary increases in the Marine Instructor pay which are projected between 1-2% through the forecast. Manufactured Homes Tax, Classroom Materials and Fees, Medicaid Reimbursement, and Other Miscellaneous Revenues are not projected to change materially.

EXPENDITURES



Personal Services (Line 3.01)

The projections for Personal Services are as follows:

Category	2017	2018	2019	2020	2021
Certificated Salaries	\$ 3,309,640	\$ 3,428,687	\$ 3,628,916	\$ 3,705,752	\$ 3,739,179
Non-Certificated Salaries	618,580	629,057	649,551	663,304	669,287
Administrative Salaries	711,364	746,034	767,226	783,471	790,538
Supplementals	170,703	170,703	170,703	170,703	170,703
Substitutes and Other	138,448	138,448	138,448	138,448	138,448
Total Personal Services	\$ 4,948,735	\$ 5,112,929	\$ 5,354,844	\$ 5,461,678	\$ 5,508,155

Certificated salary projections are based on the agreement with the RULH Education Association, which runs through June 30, 2017. The agreement provided a 1% Base increases for fiscal years 2017. For fiscal years 2018 through 2021, the projected base remained unchanged. All projected years include 2.6% in incremental increases for advancement on the salary schedule by employees. Certificated salary projections for fiscal years 2018 and beyond assume current staffing levels.

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Non-Certificated salary projections are based on current salary schedules for fiscal year 2017 which includes a 1% base increase. For fiscal years 2018 through 2021, base salaries for all classifications remains unchanged. All projected years include 2.6% in incremental increases for advancement on the salary schedule by employees. Non-Certificated salary projections for fiscal years 2018 and beyond assume no staffing changes from current levels.

Administrative salaries and all other personal services projections are based on the current salaries for fiscal year 2016 and 1% base increases in fiscal years 2017 per the last approved salary schedule. Base Salaries for fiscal years 2018 through 2021 remain unchanged. All projected years include 2.6% in incremental increases for advancement on the salary schedule by employees. Administrative salaries and all other personal services projections assume current staffing levels remain constant.

Employees' Retirement/Insurance Benefits (Line 3.020)

Projections for this line include employer costs for contributions to the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS), employer share of Medicare, workers' compensation premiums, and health insurance premiums paid on behalf of employees.

Projections for contributions to STRS and SERS, Medicare, and workers' compensation premiums are tied to projected changes in personal services (Line 3.01).

The District provides insurance benefits to employees via participation in the Brown County Schools Insurance Consortium. Health insurance premiums increased by 5% for fiscal year 2017. Fiscal years 2018-2021 projections are based on estimates of 4% annual increases. It should be noted that the national average trend in health insurance costs has hovered at or near annual rate of 8% which is much higher than the general rate of inflation and the District's revenue growth. With the federal governments' passage of the "cadillac tax" and a potential for annual inflationary increases in health insurance cost, a reduction in health insurance benefits or implementation of other cost-saving measures will likely be needed to reduce the increase in costs to the District.

Purchased Services (Line 3.030)

Purchased service expenditures include tuition costs for RULH resident students attending elsewhere, services contracted through the Brown County Educational Service Center and Hopewell, utilities, professional services, and other contracted services. Electrical Utility cost have been reduced by an estimated \$90,000 beginning with the FY17 year in anticipation of the annual energy project savings. The projection for 2017 is based on the current year budget, minus estimated year-end encumbrances. Projections for 2018-2021 reflected an overall estimated annual increase of 2% where deemed applicable and are detailed as follows:

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NOTES TO THE FIVE-YEAR FORECAST**

Category	2017	2018	2019	2020	2021
Open Enrollment - Outgoing	\$ 463,002	\$ 475,202	\$ 475,202	\$ 475,202	\$ 475,202
Community School Tuition	170,594	170,594	174,006	177,486	181,036
Post-Secondary Tuition	22,895	22,895	23,353	23,820	24,296
Other Tuition/Vocational Compate	79,712	79,712	81,240	82,798	84,388
Special Ed Services- Brown ESC	335,903	342,621	349,473	356,463	363,592
Special Education - Hopewell	26,709	30,869	31,487	32,116	32,759
Excess Cost (Special Ed)	114,204	114,204	114,204	114,204	114,204
Professional/Tech Services incl Legal	447,042	448,779	448,797	448,825	448,852
Property and Building Repair Services	171,683	173,615	173,615	173,615	173,615
Property Insurance	31,247	30,622	31,541	32,487	33,462
Communication/Internet/Other Tech	36,723	37,450	37,450	37,450	37,450
Utilities	312,752	302,752	308,101	314,892	321,853
Other Miscellaneous	63,639	64,019	65,298	66,606	67,938
Total Purchased Services	\$ 2,276,105	\$ 2,293,334	\$ 2,313,767	\$ 2,335,964	\$ 2,358,647

Supplies and Materials (Line 3.040)

This line includes purchases of textbooks and instructional materials, custodial and maintenance supplies, fuel purchases for bus transportation, and other miscellaneous supplies and materials. Projections for 2017 and beyond are based on a 2% annual increases for all line items except bus parts and fuel. Based on past trends, we have projected a 6% and 3% annual increase in bus parts and fuel respectively for 2017 and beyond.

Capital Outlay (Line 3.050)

Capital outlay expenditures include items such as improvements to building property, purchase of school buses, equipment, computers, and other assets with an estimated useful life in excess of five years. For fiscal years 2017 through 2021, it is anticipated that District will be purchasing many of these items from the District's Permanent Improvement Fund. However, for fiscal year 2017, the District has budgeted \$154,500 additional capital outlay to pour concrete pads for storage buildings, and walkways at the new softball field, to pay \$68,000 toward the paving of the back High School Parking lot, \$86,000 toward the resurfacing of the High School track, \$12,000 to rework and seed the High School Soccer Field, and \$13,000 to replace the security gates at the Elementary School (gate covered by insurance claim). Due to the immediate need, the District will purchase two new bus in fiscal years 2017 (\$180,000), one bus in 2018 (\$90,000) and one bus and a new van 2019 (\$120,000).

Other Objects (Line 4.300)

Other objects include expenditures for property, fleet, and liability insurance, as well as all other expenditures which do not fall into one of the above categories. Due to their unpredictable and fluctuation nature, we did not project a change for these line items through the term of the forecast.

Encumbrances - Estimated encumbrances have been projected based on historical patterns.