

Ripley-Union-Lewis-Huntington S.D.

Brown County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Revenues										
1.010 General Property Tax (Real Estate)	\$2,056,004	\$2,079,442	\$2,127,175	1.7%	\$2,132,493	\$2,174,077	\$2,196,905	\$2,202,397	\$2,207,903	
1.020 Tangible Personal Property Tax	975	488		-75.0%						
1.035 Unrestricted State Grants-in-Aid	6,209,885	7,107,993	6,906,266	5.8%	6,940,269	6,940,269	6,953,828	6,953,828	6,953,828	
1.040 Restricted State Grants-in-Aid	863,731	353,003	456,234	-14.9%	397,523	397,523	397,523	397,523	397,523	
1.045 Restricted Federal Grants-in-Aid - SFSS										
1.050 Property Tax Allocation	291,614	298,165	300,832	1.6%	301,584	307,465	310,693	311,470	312,141	
1.060 All Other Revenues	676,502	631,371	1,004,681	26.2%	753,976	739,372	739,885	685,584	685,584	
1.070 Total Revenues	10,098,711	10,470,462	10,795,188	3.4%	10,525,845	10,558,706	10,598,834	10,550,802	10,556,979	
Other Financing Sources										
2.040 Operating Transfers-In	6,178		454							
2.050 Advances-In	150,486	180,199	59,161	-23.7%	31,479	35,000	35,000	35,000	35,000	
2.060 All Other Financing Sources	37,068	29,887	12,491	-38.8%						
2.070 Total Other Financing Sources	193,732	210,086	72,106	-28.6%	31,479	35,000	35,000	35,000	35,000	
2.080 Total Revenues and Other Financing Sources	10,292,443	10,680,548	10,867,294	2.8%	10,557,324	10,593,706	10,633,834	10,585,802	10,591,979	
Expenditures										
3.010 Personal Services	4,692,330	4,752,959	4,974,980	3.0%	5,224,518	5,508,452	5,640,123	5,746,835	5,928,644	
3.020 Employees' Retirement/Insurance Benefits	1,774,511	1,803,377	1,965,721	5.3%	2,070,687	2,160,682	2,231,659	2,286,648	2,343,272	
3.030 Purchased Services	2,118,111	2,290,553	2,295,201	4.2%	2,455,773	2,446,224	2,463,645	2,485,495	2,507,991	
3.040 Supplies and Materials	295,697	305,976	277,460	-2.9%	289,288	293,890	298,584	299,955	299,955	
3.050 Capital Outlay	81,647	282,474	252,089	117.6%	200,250	127,229	42,229	42,229	42,229	
Debt Service:										
4.020 Principal-Notes	33,000	34,000	36,000	4.5%	38,000	39,000	41,000	43,000	45,000	
4.060 Interest and Fiscal Charges	18,359	16,739	15,037	-9.5%	13,198	11,257	9,071	6,825	4,475	
4.300 Other Objects	148,291	152,482	139,556	-2.8%	140,292	140,885	142,647	143,502	144,375	
4.500 Total Expenditures	9,161,946	9,638,560	9,956,044	4.2%	10,432,006	10,727,619	10,868,958	11,054,489	11,315,941	
Other Financing Uses										
5.010 Operating Transfers-Out	27,411		103,140		103,635	103,360	102,673	101,903	101,078	
5.020 Advances-Out	180,199	59,161	31,479	-57.0%	35,000	35,000	35,000	35,000	35,000	
5.030 All Other Financing Uses	7,433	70		-99.5%						
5.040 Total Other Financing Uses	215,043	59,231	134,619	27.4%	138,635	138,360	137,673	136,903	136,078	
5.050 Total Expenditures and Other Financing Uses	9,376,989	9,697,791	10,090,663	3.7%	10,570,641	10,865,979	11,006,631	11,191,392	11,452,019	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	915,454	982,757	776,631	-6.8%	13,317-	272,273-	372,797-	605,590-	860,040-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	2,794,281	3,709,735	4,692,492	29.6%	5,469,123	5,455,806	5,183,533	4,810,736	4,205,146	
7.020 Cash Balance June 30	3,709,735	4,692,492	5,469,123	21.5%	5,455,806	5,183,533	4,810,736	4,205,146	3,345,106	
8.010 Estimated Encumbrances June 30	373,269	63,434	89,851	-20.7%	200,000	200,000	200,000	200,000	200,000	
10.010 Fund Balance June 30 for Certification of Appropriations	3,336,466	4,629,058	5,379,272	27.5%	5,255,806	4,983,533	4,610,736	4,005,146	3,145,106	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	3,336,466	4,629,058	5,379,272	27.5%	5,255,806	4,983,533	4,610,736	4,005,146	3,145,106	
15.010 Unreserved Fund Balance June 30	3,336,466	4,629,058	5,379,272	27.5%	5,255,806	4,983,533	4,610,736	4,005,146	3,145,106	

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

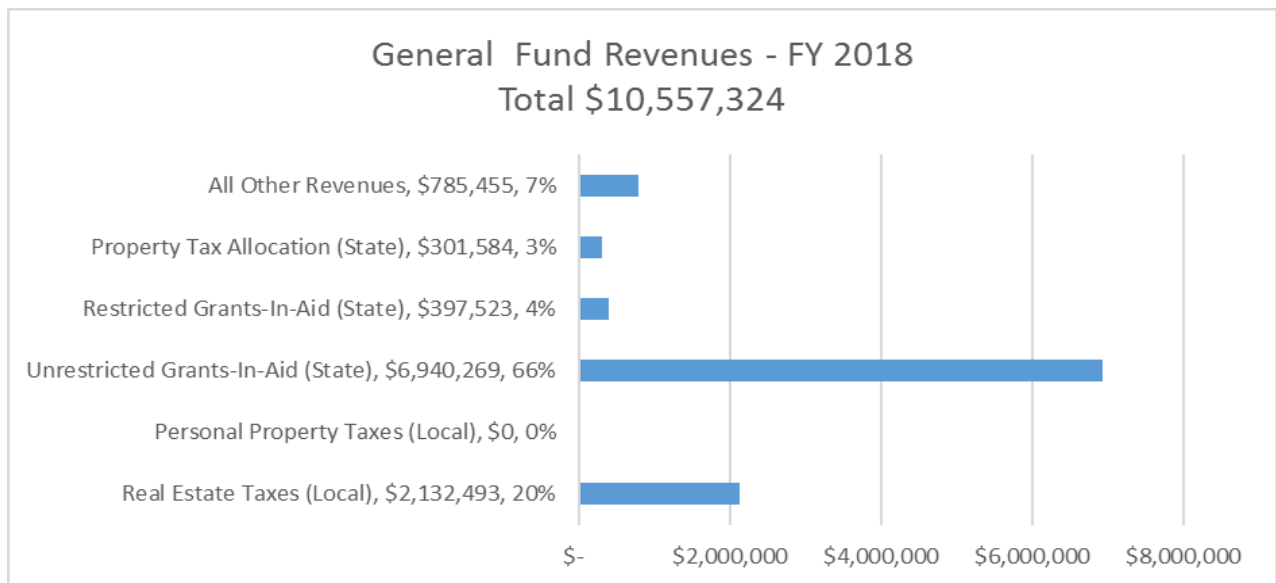
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Nature of the Forecast

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 is 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 2016 (calendar year 2017 collections) are as follows:

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Property Class	Value	Effective Tax Rate
Residential Real Estate	\$58,991,020	24.88 mills
Agricultural Real Estate	\$25,037,990	24.88 mills
Commercial/Industrial Real Estate	\$13,195,530	28.24 mills
Public Utility Personal Property	\$8,179,840	25.00 mills
Total Valuation	\$105,404,380	

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 a 3% increase resulting from the revaluation in 2018, of which we project 65% will be collected in SY 2018-19, and 35% will be collected in SY2019-20.

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.

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 2018 are based on the enacted HB49, the state’s biennial budget passed in June 2017, and are projected based on enrollment figures from fiscal year 2017. Projections are likely to fluctuate based on enrollment changes throughout the 2017-2018 school year.

The HB49 funding formula used for fiscal years 2018 and 2019 has put the district back onto the guarantee due to a large reduction in projected funding as a result of the revised funding formula. 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

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SSI:

1. Valuation Index that measures the district's average property value per pupil for tax year 2013, 2014, and 2015 compared to the statewide average valuation per pupil;
2. Median Income Index that uses tax year 2014 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 2018 and 2019. The twelve components of the funding model are as follows:

1. Opportunity Grant – Per pupil amount of \$6,010 in FY18 and \$6,020 in FY19 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 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.

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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 2018 are as follows:

<u>HB49 Funding Component</u>	<u>FY2018</u>
Opportunity Grant	\$ 3,241,485
Targeted Assistance	1,000,951
K-3 Literacy	64,133
Economic Disadvantaged	321,473
Limited English Proficiency	-
Gifted Education	53,142
Transportation	479,952
Special Education	630,136
Career Technical Education	105,940
Capacity Aid	1,012,221
Transitional Aid Guarantee	243,413
FY2017 SFPR Adjustment	(25,722)
Additional Aid items	86,570
Graduation Bonus	18,832
3rd Grade Reading Bonus	5,068
Total State Funding - HB49 Formula	<u>\$ 7,237,594</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>FY2018</u>
HB 49 Formula Funding	\$ 6,810,181
(Excluding Economic Disadvantaged and Career-Tech)	-
Preschool Special Education Funding	56,635
Special Education Transportation	29,935
Casino Revenues	43,518
Total Unrestricted Grants-in-Aid (Line 1.035)	<u>\$ 6,940,269</u>

Additional aid items contained within line 1.035 include preschool special education and special education transportation, which are not part of the HB49 formula. Casino Revenues are a result of the Ohio Casino ballot issued passed in 2009. A portion of gross casino tax revenues is distributed

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to school districts based on enrollment and is currently projected at approximately \$50 per student.

<u>Restricted Grants-in-Aid (Line 1.040)</u>	<u>FY2018</u>
Economic Disadvantaged (HB49 Formula)	\$ 272,095
Career Technical Education (HB49 Formula)	105,940
Special Education Catastrophic Cost	19,488
Total Restricted Grants-in-Aid (Line 1.040)	<u>\$ 397,523</u>

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

Budget Simulations for the proposed biennial budget for FY18-19 (HB49) are placing the district back on guaranteed funding, matching fiscal year 2017. Given the instability of the state foundation program over the last six years, projections beyond the current proposed 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 2020 through 2022.

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:

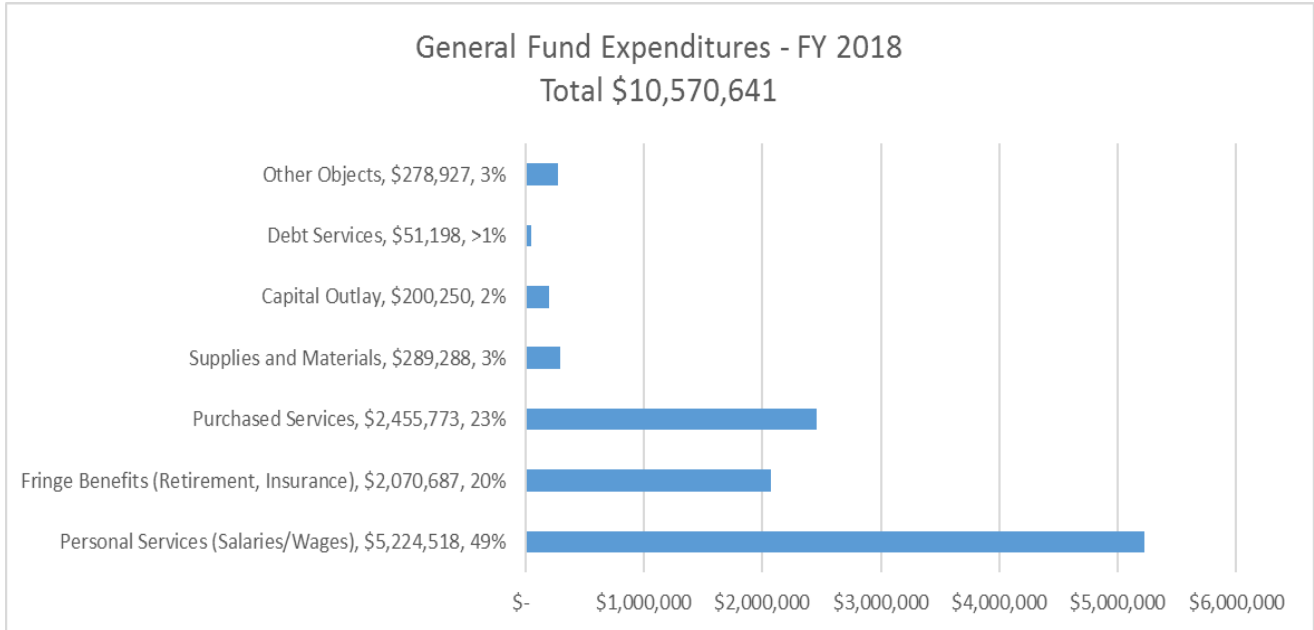
Category	2018	2019	2020	2021	2022
Tuition	46,761	46,761	46,761	46,761	46,761
Earnings on Investments	61,019	61,019	61,019	61,019	61,019
Open Enrollment	336,600	336,600	336,600	336,600	336,600
JROTC Reimbursements	25,145	25,648	26,161	26,161	26,161
Classroom Materials & Fees	16,247	16,247	16,247	16,247	16,247
E-Rate Reimbursement	69,408	54,301	54,301	-	-
Medicaid Reimbursement	166,167	166,167	166,167	166,167	166,167
Other Miscellaneous	32,629	32,629	32,629	32,629	32,629
Total All Other Revenue	753,976	739,372	739,885	685,584	685,584

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

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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 2018 and beyond is based on 58 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. E-rate funding for the 5 year period reimbursement period is on phase-out with the largest return having already been realized in FY17 based on FY16 Contract amounts. ROTC Reimbursements are impacted by two primary factors, the number of instructors, and 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	2018	2019	2020	2021	2022
Certificated Salaries	\$ 3,549,446	\$ 3,778,045	\$ 3,862,156	\$ 3,940,012	\$ 4,072,656
Non-Certificated Salaries	683,852	718,017	741,265	756,208	781,667
Administrative Salaries	651,073	669,085	690,201	704,114	727,820
Supplementals	184,639	186,947	189,283	189,283	189,283
Substitutes and Other	155,508	156,358	157,218	157,218	157,218
Total Personal Services	\$ 5,224,518	\$ 5,508,452	\$ 5,640,123	\$ 5,746,835	\$ 5,928,644

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Certificated salary projections are based on the agreement with the RULH Education Association. The current agreement which expires June 30, 2020 provides a 2% Base increases for fiscal years 2018, 1.25% for 2019, and 1.5% for 2020. For fiscal year 2021, the projected base remained unchanged. All projected years include incremental increases for advancement on the salary schedule by employees. Certificated salary projections for fiscal years 2019 and beyond assume current staffing levels.

Non-Certificated salary projections are based on the agreement with OAPSE which was recently ratified, and will expire June 30, 2020. Salary schedules for fiscal year 2018-2020 includes the same corresponding annual base increases as the RULHEA agreement of 2%, 1.25%, and 1.5%. All projected years include 2.6% in incremental increases for advancement on the salary schedule by employees. Non-Certificated salary projections for fiscal years 2019 and beyond assume no staffing changes from current levels.

Administrative salaries and all other personal services projections for fiscal years 2018 through 2020 were adjusted to reflect the same base increase negotiated with the teacher's union. 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 5.3% for fiscal year 2018. Fiscal years 2019-2022 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. Projections for Electrical Utility cost were reduced by an estimated \$90,000 beginning with the FY17 year in anticipation of the annual energy project savings. The projection for 2018 is based on the current year budget, minus estimated year-end encumbrances. Projections for 2019-2022 reflected an overall estimated annual increase of 2% where

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deemed applicable and are detailed as follows:

Category	2018	2019	2020	2021	2022
Open Enrollment - Outgoing	\$ 506,714	\$ 506,714	\$ 506,714	\$ 506,714	\$ 506,714
Community School Tuition	146,837	146,837	146,837	146,837	146,837
Post-Secondary Tuition	50,600	50,600	50,600	50,600	50,600
Other Tuition/Vocational Compate	81,563	81,563	81,563	81,563	81,563
Special Ed Services- Brown ESC	342,342	351,483	362,027	372,888	384,074
Special Education - Hopewell	108,572	111,445	114,788	118,232	121,779
Excess Cost (Special Ed)	245,152	245,152	245,152	245,152	245,152
Professional/Tech Services incl Legal	378,646	379,345	380,087	380,873	381,707
Property and Building Repair Services	214,413	191,452	193,531	193,531	193,531
Property Insurance	3,500	3,570	3,641	3,641	3,641
Communication/Internet/Other Tech	13,467	13,724	13,986	13,986	13,986
Utilities	310,675	310,675	310,675	317,434	324,363
Other Miscellaneous	53,292	53,665	54,044	54,044	54,044
Total Purchased Services	\$ 2,455,773	\$ 2,446,224	\$ 2,463,645	\$ 2,485,495	\$ 2,507,991

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 2018 and beyond are based on a 2% annual increases for all material line items. Due to the addition of what will be 7 new buses as of the end this school year, we have projected no increase in bus parts and fuel respectively for 2018 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 2018, the District has budgeted \$160,020.70 capital outlay for the following additions/improvements - to construct a new Vo-Ag Educational Greenhouse; to begin the resurfacing of the HS running track; to install the scoreboard at softball field at Middle School; to recondition and reseed the High School Soccer Field; and install new room identification placards in the High School. Another \$75,000 was budgeted for fiscal year 2019 to complete the resurfacing work to the High School Running Track.

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.