

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%	\$2,127,175	\$2,132,493	\$2,134,077	\$2,198,099	\$2,198,099	
1.020 Tangible Personal Property Tax		975	488							
1.035 Unrestricted State Grants-in-Aid	6,408,220	6,209,885	7,107,993	5.7%	6,891,043	6,458,195	6,471,754	6,471,754	6,471,754	
1.040 Restricted State Grants-in-Aid	497,947	863,731	353,003	7.2%	487,119	487,119	487,119	487,120	487,119	
1.050 Property Tax Allocation	286,894	291,614	298,165	1.9%	300,832	301,584	302,338	311,408	311,408	
1.060 All Other Revenues	529,297	676,502	631,371	10.6%	953,234	840,859	786,033	767,839	713,538	
1.070 Total Revenues	9,788,313	10,098,711	10,470,462	3.4%	10,759,403	10,220,250	10,181,321	10,236,220	10,181,918	
Other Financing Sources										
2.040 Operating Transfers-In		6,178								
2.050 Advances-In	391,409	150,486	180,199	-20.9%	59,161	75,000	75,000	75,000	75,000	
2.060 All Other Financing Sources	48,095	37,068	29,887	-21.2%	3,829	3,829	3,829	3,829	3,829	
2.070 Total Other Financing Sources	439,504	193,732	210,086	-23.7%	62,990	78,829	78,829	78,829	78,829	
2.080 Total Revenues and Other Financing Sources	10,227,817	10,292,443	10,680,548	2.2%	10,822,393	10,299,079	10,260,150	10,315,049	10,260,747	
Expenditures										
3.010 Personal Services	4,477,802	4,692,330	4,752,959	3.0%	4,914,063	5,161,781	5,367,312	5,422,509	5,517,967	
3.020 Employees' Retirement/Insurance Benefits	1,764,695	1,774,511	1,803,377	1.1%	1,966,888	2,048,914	2,126,488	2,188,388	2,241,675	
3.030 Purchased Services	2,034,014	2,118,111	2,290,553	6.1%	2,370,164	2,388,356	2,404,149	2,417,617	2,438,379	
3.040 Supplies and Materials	292,292	295,697	305,976	2.3%	328,085	330,686	336,099	338,008	338,008	
3.050 Capital Outlay	60,984	81,647	282,474	139.9%	239,094	92,954	44,954	44,954	44,954	
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%	137,628	144,214	146,088	146,943	147,815	
4.500 Total Expenditures	8,832,937	9,161,946	9,638,560	4.5%	10,006,959	10,218,103	10,475,347	10,608,634	10,778,869	
Other Financing Uses										
5.010 Operating Transfers-Out	8,764	27,411		56.4%	164,512	162,635	162,016	161,288	160,490	
5.020 Advances-Out	463,867	180,199	59,161	-64.2%	75,000	75,000	75,000	75,000	75,000	
5.030 All Other Financing Uses		7,433	70							
5.040 Total Other Financing Uses	472,631	215,043	59,231	-63.5%	239,512	237,635	237,016	236,288	235,490	
5.050 Total Expenditures and Other Financing Uses	9,305,568	9,376,989	9,697,791	2.1%	10,246,471	10,455,738	10,712,363	10,844,922	11,014,359	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	922,249	915,454	982,757	3.3%	575,922	156,659-	452,213-	529,873-	753,612-	
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	5,268,414	5,111,755	4,659,542	4,129,669	
7.020 Cash Balance June 30	2,794,281	3,709,735	4,692,492	29.6%	5,268,414	5,111,755	4,659,542	4,129,669	3,376,057	
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%	5,068,414	4,911,755	4,459,542	3,929,669	3,176,057	
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%	5,068,414	4,911,755	4,459,542	3,929,669	3,176,057	
15.010 Unreserved Fund Balance June 30	2,606,173	3,336,466	4,629,058	33.4%	5,068,414	4,911,755	4,459,542	3,929,669	3,176,057	

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

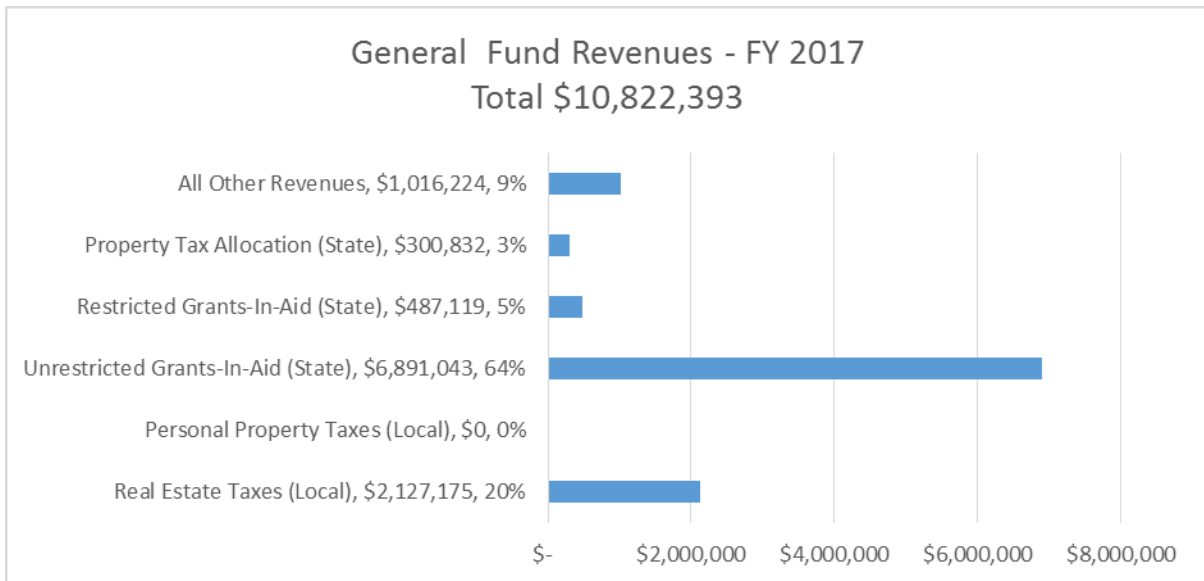
RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
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Nature of the Forecast

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 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.

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.

The HB64 funding formula used for fiscal years 2016 and 2017 is similar to the funding formula

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

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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	\$ 3,552,905
Targeted Assistance	981,107
K-3 Literacy	66,919
Economic Disadvantaged	334,952
Limited English Proficiency	-
Gifted Education	53,149
Transportation	513,715
Special Education	686,798
Career Technical Education	101,353
Capacity Aid	876,568
Graduation Bonus	20,165
3rd Grade Reading Bonus	2,710
Total State Funding - HB64 Formula	<u>\$ 7,190,341</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	\$ 6,754,036
(Excluding Economic Disadvantaged and Career-Tech)	-
Preschool Special Education Funding	61,845
Special Education Transportation	29,944
Casino Revenues	45,218
Total Unrestricted Grants-in-Aid (Line 1.035)	<u>\$ 6,891,043</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.

Budget Simulations for the proposed biennial budget for FY18-19 (HB49) are projected the district to lose \$253,985 in FY18 and gain back a marginal \$13,559 in FY19. Given the instability of the state foundation program over the last five 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 2019 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:

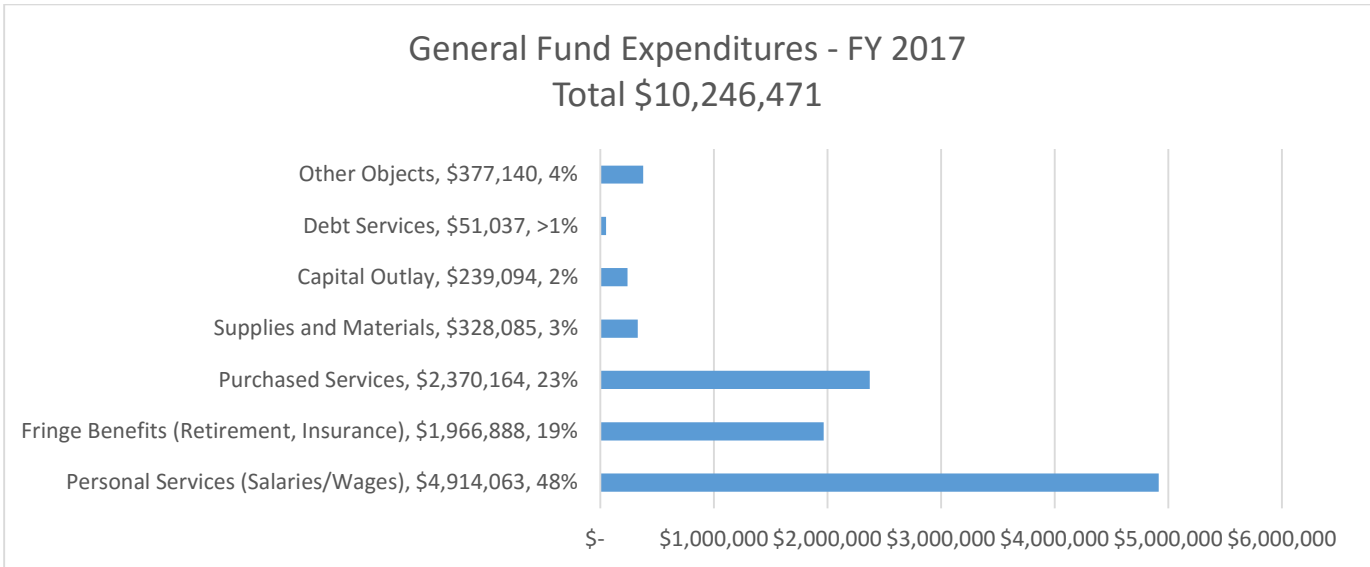
Category	2017	2018	2019	2020	2021
Tuition	78,767	78,767	78,767	78,767	78,767
Earnings on Investments	50,306	36,007	36,007	36,007	36,007
Open Enrollment	335,558	335,558	335,558	335,558	335,558
JROTC Reimbursements	58,325	47,223	48,167	48,167	48,167
Classroom Materials & Fees	19,893	19,893	19,893	19,893	19,894
E-Rate Reimbursement	194,838	125,178	69,408	54,302	-
Medicaid Reimbursement	167,213	167,213	167,213	167,213	167,213
Other Miscellaneous	48,334	31,020	31,020	27,932	27,932
Total All Other Revenue	953,234	840,859	786,033	767,839	713,538

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 2017 and beyond is 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	\$ 3,276,517	\$ 3,466,763	\$ 3,648,948	\$ 3,673,577	\$ 3,735,118
Non-Certificated Salaries	787,280	815,102	824,352	843,300	862,841
Administrative Salaries	517,341	531,477	541,295	552,915	567,291
Supplementals	171,578	175,010	178,524	178,524	178,524
Substitutes and Other	161,347	173,429	174,193	174,193	174,193
Total Personal Services	\$ 4,914,063	\$ 5,161,781	\$ 5,367,312	\$ 5,422,509	\$ 5,517,967

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Certificated salary projections are based on the agreement with the RULH Education Association. The current agreement which expires June 30, 2017 provided a 1% base increase for 2017. The newly negotiated agreement running through 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 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.

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 were adjusted to remain consist with the base increases negotiated with the teachers union until negotiations with the non-certified union have been completed. 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 a 1% base increases in fiscal years 2017 per the last approved salary schedule. Base Salaries for fiscal years 2018 through 2021 were adjusted to reflect the same base increase negotiated with the teachers union, until final adjustments have been approved by the board of education. 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.

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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:

Category	2017	2018	2019	2020	2021
Open Enrollment - Outgoing	\$ 504,697	\$ 504,697	\$ 504,697	\$ 504,697	\$ 504,697
Community School Tuition	146,719	146,719	146,719	146,719	146,719
Post-Secondary Tuition	36,556	36,556	36,556	36,556	36,556
Other Tuition/Vocational Compate	65,934	65,934	65,934	65,934	65,934
Special Ed Services- Brown ESC	335,903	369,535	380,621	392,039	403,800
Special Education - Hopewell	48,351	43,234	44,531	45,867	47,243
Excess Cost (Special Ed)	163,706	163,706	163,706	163,706	163,706
Professional/Tech Services incl Legal	432,023	420,021	420,254	420,968	421,724
Property and Building Repair Services	216,601	218,364	220,163	220,163	220,163
Property Insurance	32,500	31,688	32,321	32,321	32,321
Communication/Internet/Other Tech	12,736	12,981	13,232	13,232	13,232
Utilities	314,406	314,406	314,406	314,406	321,274
Other Miscellaneous	60,032	60,515	61,009	61,009	61,010
Total Purchased Services	\$ 2,370,164	\$ 2,388,356	\$ 2,404,149	\$ 2,417,617	\$ 2,438,379

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. Due to the addition of what will be 7 new buses to the fleet by next school year, we have projected no increase 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 2017, the District has budgeted \$154,500 additional capital outlay to purchase 2 new buses, pour concrete pads for storage buildings, and walkways at the new softball field, and \$10,940 to replace the security gates at the Elementary School (gate covered by insurance claim). For FY 2018 there will be no added bus purchase, work to the running track or soccer field due the cuts in state funding; however, we did add \$48,000 to cover the cost of constructing a new greenhouse for the Vo Ag department to be paid with weight funds.

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.

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