

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%	\$1,965,466	\$2,145,997	\$2,115,844	\$2,105,844	\$2,105,844	
1.020 Tangible Personal Property Tax	975	488		-75.0%						
1.030 Income Tax										
1.035 Unrestricted State Grants-in-Aid	6,209,885	7,107,993	6,906,266	5.8%	6,978,031	6,978,031	6,991,590	6,991,590	6,991,590	
1.040 Restricted State Grants-in-Aid	863,731	353,003	456,234	-14.9%	385,288	370,116	370,116	370,116	370,116	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	291,614	298,165	300,832	1.6%	310,051	313,826	316,826	316,826	316,826	
1.060 All Other Revenues	676,502	631,371	1,004,681	26.2%	741,948	768,891	717,516	713,016	713,016	
1.070 Total Revenues	10,098,711	10,470,462	10,795,188	3.4%	10,380,784	10,576,861	10,511,892	10,497,392	10,497,392	
Other Financing Sources										
2.010 Proceeds from Sale of Notes										
2.020 State Emergency Loans and Advancements (Approved)										
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%	22,437	18,000	18,000	18,000	18,000	
2.070 Total Other Financing Sources	193,732	210,086	72,106	-28.6%	53,916	53,000	53,000	53,000	53,000	
2.080 Total Revenues and Other Financing Sources	10,292,443	10,680,548	10,867,294	2.8%	10,434,700	10,629,861	10,564,892	10,550,392	10,550,392	
Expenditures										
3.010 Personal Services	4,692,330	4,752,959	4,974,980	3.0%	5,259,516	5,489,514	5,723,632	5,719,678	5,863,114	
3.020 Employees' Retirement/Insurance Benefits	1,774,511	1,803,377	1,965,721	5.3%	2,088,295	2,237,838	2,273,346	2,306,214	2,351,589	
3.030 Purchased Services	2,118,111	2,290,553	2,295,201	4.2%	2,532,732	2,573,635	2,597,128	2,619,770	2,644,554	
3.040 Supplies and Materials	295,697	305,976	277,460	-2.9%	309,689	299,341	304,025	308,222	308,222	
3.050 Capital Outlay	81,647	282,474	252,089	117.6%	131,603	77,597	24,897	24,897	24,897	
3.060 Intergovernmental										
Debt Service:										
4.010 Principal-All (Historical Only)										
4.020 Principal-Notes	33,000	34,000	36,000	4.5%	38,000	38,000	39,000	41,000	43,000	
4.060 Interest and Fiscal Charges	18,359	16,739	15,037	-9.5%	13,198	12,257	11,215	9,071	6,825	
4.300 Other Objects	148,291	152,482	139,556	-2.8%	155,788	159,366	161,252	162,102	162,969	
4.500 Total Expenditures	9,161,946	9,638,560	9,956,044	4.2%	10,528,821	10,887,548	11,134,495	11,190,954	11,405,170	
Other Financing Uses										
5.010 Operating Transfers-Out	27,411		103,140		141,402	139,526	138,907	138,178	137,381	
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%	222					
5.040 Total Other Financing Uses	215,043	59,231	134,619	27.4%	176,624	174,526	173,907	173,178	172,381	
5.050 Total Expenditures and Other Financing Uses	9,376,989	9,697,791	10,090,663	3.7%	10,705,445	11,062,074	11,308,402	11,364,132	11,577,551	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	915,454	982,757	776,631	-6.8%	270,745-	432,213-	743,510-	813,740-	1,027,159-	
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	5,198,378	4,766,166	4,022,656	3,208,916	
7.020 Cash Balance June 30	3,709,735	4,692,492	5,469,123	21.5%	5,198,378	4,766,166	4,022,656	3,208,916	2,181,757	
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%	4,998,378	4,566,166	3,822,656	3,008,916	1,981,757	
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%	4,998,378	4,566,166	3,822,656	3,008,916	1,981,757	
15.010 Unreserved Fund Balance June 30	3,336,466	4,629,058	5,379,272	27.5%	4,998,378	4,566,166	3,822,656	3,008,916	1,981,757	

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

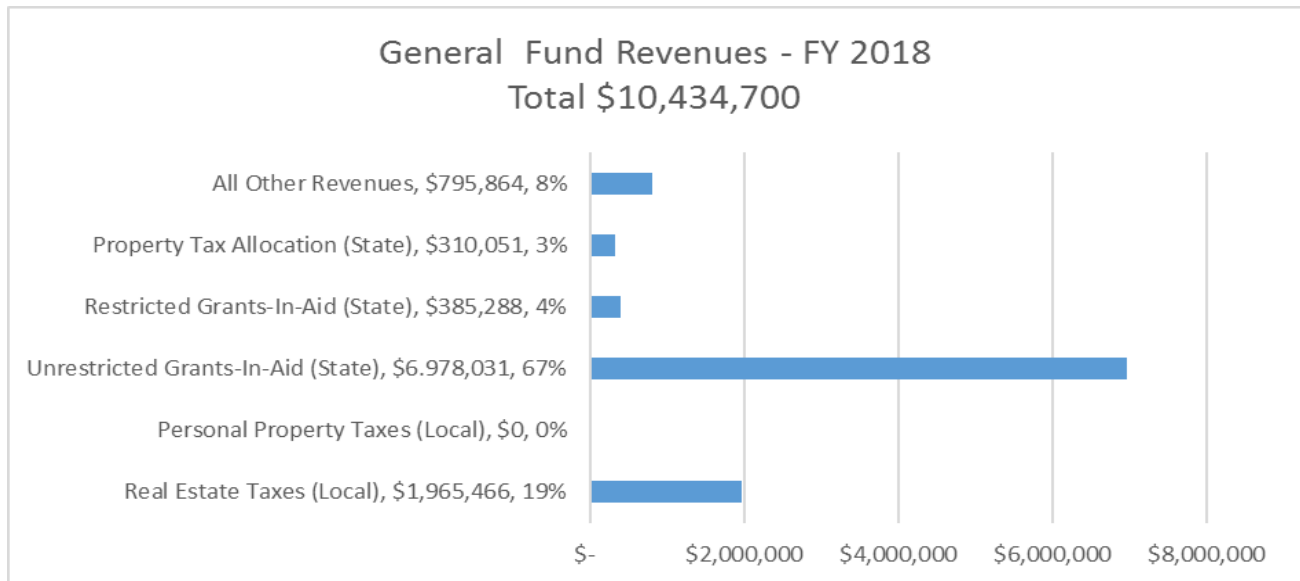
RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
May 2018

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 0.9% 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. Property tax revenue from Utility Property was reduced in 2018 by \$122,200 due to a late payment from Duke Energy, which is conversely shown to be collected in 2019.

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

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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 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.

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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 2018 are as follows:

<u>HB49 Funding Component</u>	<u>FY2018</u>
Opportunity Grant	\$ 3,141,514
Targeted Assistance	932,864
K-3 Literacy	58,568
Economic Disadvantaged	240,087
Limited English Proficiency	-
Gifted Education	52,255
Transportation	428,121
Special Education	613,197
Career Technical Education	108,761
Capacity Aid	991,452
Transitional Aid Guarantee	587,618
FY2017 SFPR Adjustment	(25,722)
Additional Aid items	22,227
Graduation Bonus	18,832
3rd Grade Reading Bonus	5,068
Total State Funding - HB49 Formula	<u>\$ 7,174,842</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	\$ 6,825,994
(Excluding Economic Disadvantaged and Career-Tech)	-
Preschool Special Education Funding	73,436
Special Education Transportation	34,026
Casino Revenues	44,575
Total Unrestricted Grants-in-Aid (Line 1.035)	<u>\$ 6,978,031</u>

Additional aid items contained within line 1.035 include preschool special education and special

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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 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)	\$ 241,867
Career Technical Education (HB49 Formula)	108,761
Special Education Catastrophic Cost	19,488
One-time Security Grant (FY18 only)	15,172
Total Restricted Grants-in-Aid (Line 1.040)	<u>\$ 385,288</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, we are projecting a moderate increase in Unrestricted Grants-in-Aid (Line 1.035) in FY 2020 due to anticipated increases in preschool funding as a result of the District offering free preschool beginning in FY18-19, and Restricted Grants-in-Aid (Line 1.040) was 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)

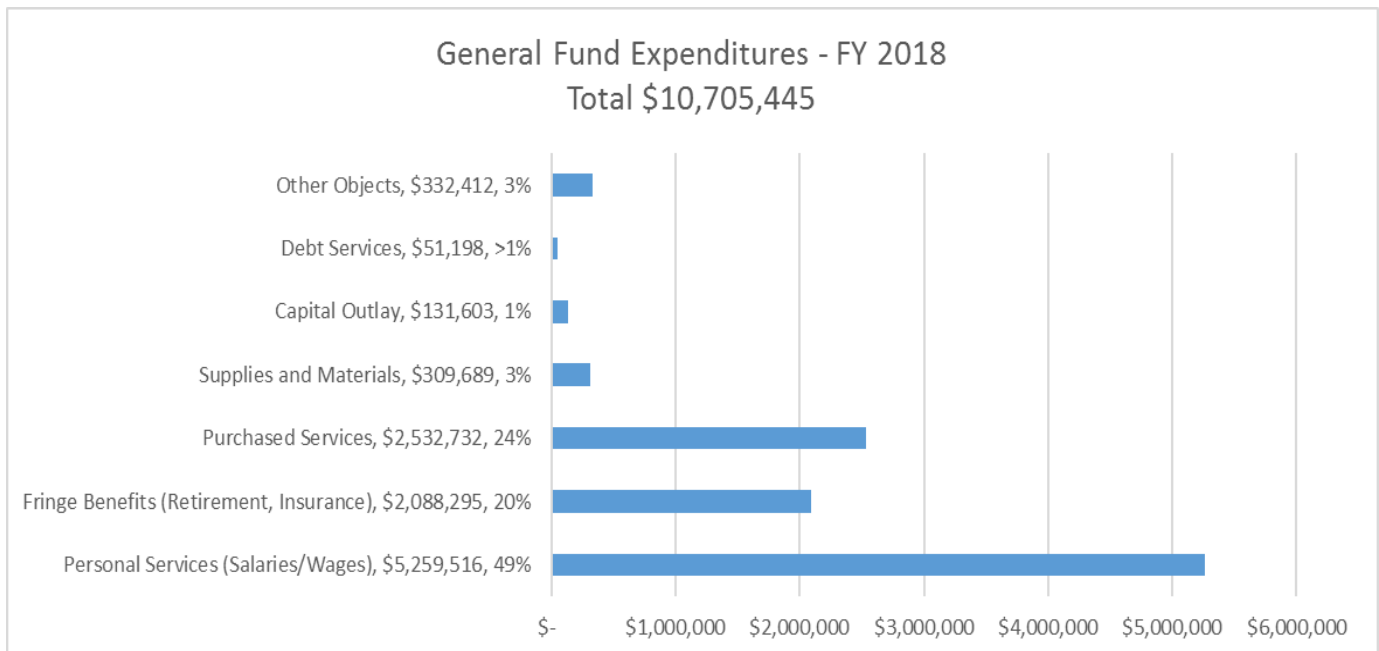
Projections for All Other Operating Revenues are as follows:

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Category	2018	2019	2020	2021	2022
Tuition	123,126	123,126	123,126	123,126	123,126
Earnings on Investments	82,038	82,038	82,038	82,038	82,038
Open Enrollment	326,595	326,595	326,595	326,595	326,595
JROTC Reimbursements	30,340	46,372	47,300	47,300	47,300
Classroom Materials & Fees	14,183	14,183	14,183	14,183	14,183
E-Rate Reimbursement	71,392	54,303	-	-	-
Medicaid Reimbursement	60,199	60,199	60,199	60,199	60,199
Other Miscellaneous	34,075	62,075	64,075	59,575	59,575
Total All Other Revenue	741,948	768,891	717,516	713,016	713,016

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 had declined from the 5% range down to less than 1%, but short term rates are projected to be around 2% for the remainder of the forecast. The open enrollment revenue projection for fiscal year 2018 and beyond is based on 56 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, and being fully phased out by FY2020. 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



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Personal Services (Line 3.01)

The projections for Personal Services are as follows:

Category	2018	2019	2020	2021	2022
Certificated Salaries	\$ 3,567,189	\$ 3,759,479	\$ 3,901,361	\$ 3,898,474	\$ 4,003,218
Non-Certificated Salaries	626,875	630,286	679,142	678,639	696,873
Administrative Salaries	727,328	748,262	762,004	761,440	781,898
Supplementals	185,569	187,889	190,707	190,707	190,707
Substitutes and Other	152,555	163,598	190,418	190,418	190,418
Total Personal Services	\$ 5,259,516	\$ 5,489,514	\$ 5,723,632	\$ 5,719,678	\$ 5,863,114

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

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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 an 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 2-4% where deemed applicable and are detailed as follows:

Category	2018	2019	2020	2021	2022
Open Enrollment - Outgoing	\$ 593,276	\$ 593,276	\$ 593,276	\$ 593,276	\$ 593,276
Community School Tuition	127,415	127,416	127,416	127,416	127,416
Post-Secondary Tuition	54,549	54,549	54,549	54,549	54,549
Other Tuition/Vocational Compate	123,146	123,146	123,146	123,146	123,146
Special Ed Services- Brown ESC	369,318	370,973	385,812	401,244	413,281
Special Education - Hopewell	108,878	133,745	139,095	144,659	148,999
Excess Cost (Special Ed)	168,441	168,441	168,441	168,441	168,441
Professional/Tech Services incl Legal	323,714	333,282	333,820	335,466	337,212
Property and Building Repair Services	255,368	257,178	259,024	259,024	259,024
Property Insurance	28,463	30,563	30,563	30,563	30,563
Communication/Internet/Other Tech	13,813	14,076	14,345	14,345	14,345
Utilities	299,537	299,537	299,537	299,537	306,198
Other Miscellaneous	66,814	67,453	68,104	68,104	68,104
Total Purchased Services	\$ 2,532,732	\$ 2,573,635	\$ 2,597,128	\$ 2,619,770	\$ 2,644,554

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

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these items from the District's Permanent Improvement Fund. However, for fiscal year 2018, the District has budgeted \$118,205 capital outlay for the following additions/improvements - to construct a new Vo-Ag Educational Greenhouse; to begin the resurfacing of the HS running track; and to purchase A Swings for the special education department that is being funded with a BWC safety grant. Another \$39,000 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.