

R-U-L-H SCHOOL DISTRICT

BROWN

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;
Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020			Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenues										
1.010 General Property Tax (Real Estate)	\$1,965,466	\$2,314,004	\$2,143,751	5.2%	\$2,151,807	\$2,287,127	\$2,287,127	\$2,287,127	\$2,287,127	
1.035 Unrestricted State Grants-in-Aid	6,943,583	6,986,627	6,850,062	-0.7%	6,558,480	6,982,433	6,990,933	7,025,933	7,025,933	
1.040 Restricted State Grants-in-Aid	377,236	327,089	371,236	0.1%	331,402	379,655	379,655	379,655	379,655	
1.050 Property Tax Allocation	294,292	300,194	292,228	-0.3%	292,228	303,194	303,194	303,194	303,194	
1.060 All Other Revenues	782,370	868,796	1,008,058	13.5%	813,578	753,984	750,984	747,984	744,984	
1.070 Total Revenues	10,362,947	10,796,710	10,665,335	1.5%	10,147,495	10,706,393	10,711,893	10,743,893	10,740,893	
Other Financing Sources										
2.040 Operating Transfers-In	4,213	2,730	3,573	-2.2%						
2.050 Advances-In	31,479	19,195	67,453	106.2%	65,273	20,000	20,000	20,000	20,000	
2.060 All Other Financing Sources	26,937	6,475	4,236	-55.3%						
2.070 Total Other Financing Sources	62,629	28,400	75,262	55.2%	65,273	20,000	20,000	20,000	20,000	
2.080 Total Revenues and Other Financing Sources	10,425,576	10,825,110	10,740,597	1.5%	10,212,768	10,726,393	10,731,893	10,763,893	10,760,893	
Expenditures										
3.010 Personal Services	5,229,299	5,479,927	5,538,090	2.9%	5,539,139	5,686,480	5,827,809	5,871,915	5,926,381	
3.020 Employees' Retirement/Insurance Benefits	2,134,688	2,373,817	2,339,554	4.9%	2,378,554	2,467,228	2,558,201	2,639,376	2,723,601	
3.030 Purchased Services	2,546,923	2,601,793	2,468,754	-1.5%	2,323,661	2,332,421	2,341,397	2,350,597	2,360,026	
3.040 Supplies and Materials	310,776	250,273	260,809	-7.6%	289,948	256,846	259,534	262,275	265,071	
3.050 Capital Outlay	91,998	114,494	8,308	-34.1%	151,598	17,928	17,928	17,928	17,928	
Debt Service:										
4.020 Principal-Notes	38,000	38,000	41,000	3.9%	43,000	45,000	47,000	42,000		
4.060 Interest and Fiscal Charges	13,198	12,257	9,215	-16.0%	7,071	5,071	2,825	7,476		
4.300 Other Objects	154,070	155,745	151,965	-0.7%	174,991	168,830	169,675	170,528	171,387	
4.500 Total Expenditures	10,518,952	11,026,306	10,817,695	1.5%	10,907,962	10,979,804	11,224,369	11,362,095	11,464,394	
Other Financing Uses										
5.010 Operating Transfers-Out	138,892	150,686	165,011	9.0%	123,903	126,678	125,916	130,216	129,126	
5.020 Advances-Out	19,195	67,453	85,273	138.9%	20,000	20,000	20,000	20,000	20,000	
5.030 All Other Financing Uses	222									
5.040 Total Other Financing Uses	158,309	218,139	250,284	26.3%	143,903	146,678	145,916	150,216	149,126	
5.050 Total Expenditures and Other Financing Uses	10,677,261	11,244,445	11,067,979	1.9%	11,051,865	11,126,482	11,370,285	11,512,311	11,613,520	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	251,685-	419,335-	327,382-	22.3%	839,097-	400,089-	638,392-	748,418-	852,627-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,469,121	5,217,436	4,798,101	-6.3%	4,470,719	3,631,622	3,231,533	2,593,141	1,844,723	
7.020 Cash Balance June 30	5,217,436	4,798,101	4,470,719	-7.4%	3,631,622	3,231,533	2,593,141	1,844,723	992,096	
8.010 Estimated Encumbrances June 30	110,858	11,399	212,118	835.6%	200,000	200,000	200,000	200,000	200,000	
10.010 Fund Balance June 30 for Certification of Appropriations	5,106,578	4,786,702	4,258,601	-8.6%	3,431,622	3,031,533	2,393,141	1,644,723	792,096	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	5,106,578	4,786,702	4,258,601	-8.6%	3,431,622	3,031,533	2,393,141	1,644,723	792,096	
15.010 Unreserved Fund Balance June 30	5,106,578	4,786,702	4,258,601	-8.6%	3,431,622	3,031,533	2,393,141	1,644,723	792,096	

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

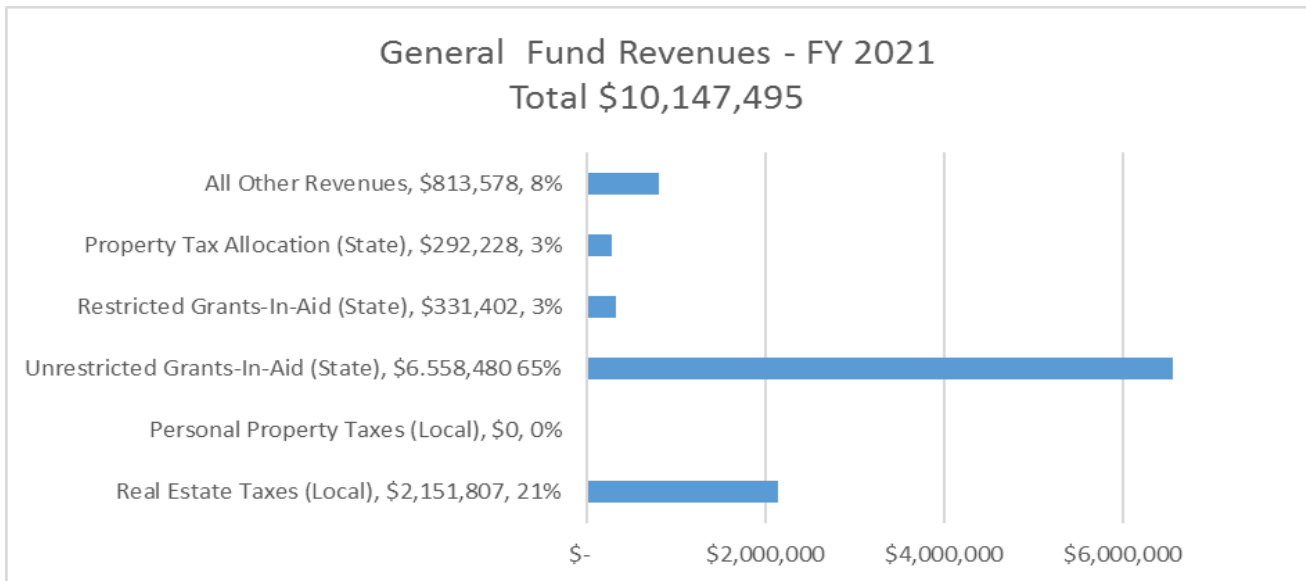
**RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
NOVEMBER 2020**

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 families/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 2019 (calendar year 2020 collections) are as follows:

**RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
NOVEMBER 2020**

Property Class	Value	Effective Tax Rate
Residential Real Estate	\$65,430,590	24.67 mills
Agricultural Real Estate	\$24,417,720	24.67 mills
Commercial/Industrial Real Estate	\$15,457,470	25.41 mills
Public Utility Personal Property	\$8,006,120	25.30 mills
Total Valuation	\$113,311,900	

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 revaluation in tax year 2018 (calendar year 2019 collections) and a triennial update is scheduled for tax year 2021 (calendar year 2022 collections). Due to the number of job losses district wide as a result of the COVID-19 shutdown in CY 2020, we are anticipating an increase in the number of delinquent tax accounts, the amount of which cannot be quantified at this time, so projections for tax year 2021 and beyond are being held constant going forward. There is a strong likelihood that the negative effects of the job losses on delinquencies and the decrease in the final CAUV adjustment revaluation in 2021 will likely offset any valuation increases due to new construction.

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 2020 and beyond are based on the enacted HB166, the state’s biennial budget passed in July 2019. The HB166 funding formula still has the district on the guarantee, which everything being left status-quo would have meant that the district’s basic formula funding would have remained the same in fiscal years 2020 and 2021, as the district received in 2019 (utilizing HB49 components). However, as a result of the COVID-19 shutdown of businesses and schools across the State of Ohio in March of 2020, the negative impact to the State’s Budget resulted in the District’s basic funding being cut \$138,795 in FY20, and we are projected the cut by the State of Ohio in FY21 to be 3 times that amount in order to meet the Office of Budget and Management projected \$5.4M State Budget Deficit at fiscal year-end June 2021. Projections outside the basic funding formula are likely to fluctuate based on enrollment changes throughout the 2020-2021 school years.

The 2019 funding formula utilized 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:

RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
NOVEMBER 2020

1. Valuation Index that measures the district's average property value per pupil for tax year 2014, 2015, and 2016 compared to the statewide average valuation per pupil;
2. Median Income Index that uses tax year 2015 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 2020 and 2021. The twelve components of the funding model are as follows:

1. Opportunity Grant – Per pupil amount of \$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.
12. Third Grade Reading Bonus – Performance bonus funding based on 3rd grade reading test results in the previous year.

RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
NOVEMBER 2020

The twelve components together comprise the total state funding formula amount for the school district. Projections by component for fiscal year 2020 and beyond are as follows:

<u>HB166 Funding Component</u>	<u>FY2021</u>
Opportunity Grant	\$ 3,012,335
Targeted Assistance	883,830
K-3 Literacy	55,209
Economic Disadvantaged	204,645
Gifted Education	50,945
Transportation	440,500
Special Education	609,548
Career Technical Education	108,761
Capacity Aid	988,945
Transitional Aid Guarantee	801,142
Graduation Bonus	18,723
3rd Grade Reading Bonus	3,752
COVID-19 State Funding Cut	(413,067)
Total State Funding - HB166 Formula	<u>\$ 6,765,268</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 is 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>FY2021</u>
HB 166 Formula Funding	\$ 6,451,862
(Excluding Economic Disadvantaged and Career-Tech)	
Preschool Special Education Funding	35,622
Special Education Transportation	48,657
Casino Revenues	22,339
Total Unrestricted Grants-in-Aid (Line 1.035)	<u>\$ 6,558,480</u>

Additional aid items contained within line 1.035 include preschool special education and special education transportation, which are not part of the HB166 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. However, due to the COVID-19 shutdown of Casino's in March 2020, we are projecting a 51% reduction in Casino Tax Revenue from the State in FY21.

**RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
NOVEMBER 2020**

<u>Restricted Grants-in-Aid (Line 1.040)</u>	<u>FY2021</u>
Economic Disadvantaged (HB49 Formula)	\$ 204,645
Career Technical Education (HB49 Formula)	108,761
Special Education Catastrophic Cost	17,996
Total Restricted Grants-in-Aid (Line 1.040)	<u>\$ 331,402</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 eight years, projections beyond the current proposed biennial budget must be considered highly speculative. For purposes of this forecast, as mentioned above we have cut Unrestricted Grants-in-Aid (Line 1.035) for FY21 by \$413,067 for expected reduction in basic formula funding and casino revenues, but are projected those to return to FY20 amounts for FY22 and beyond.

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 13-14% of real estate taxes annually.

All Other Operating Revenue (Line 1.060)

Projections for All Other Operating Revenues are as follows:

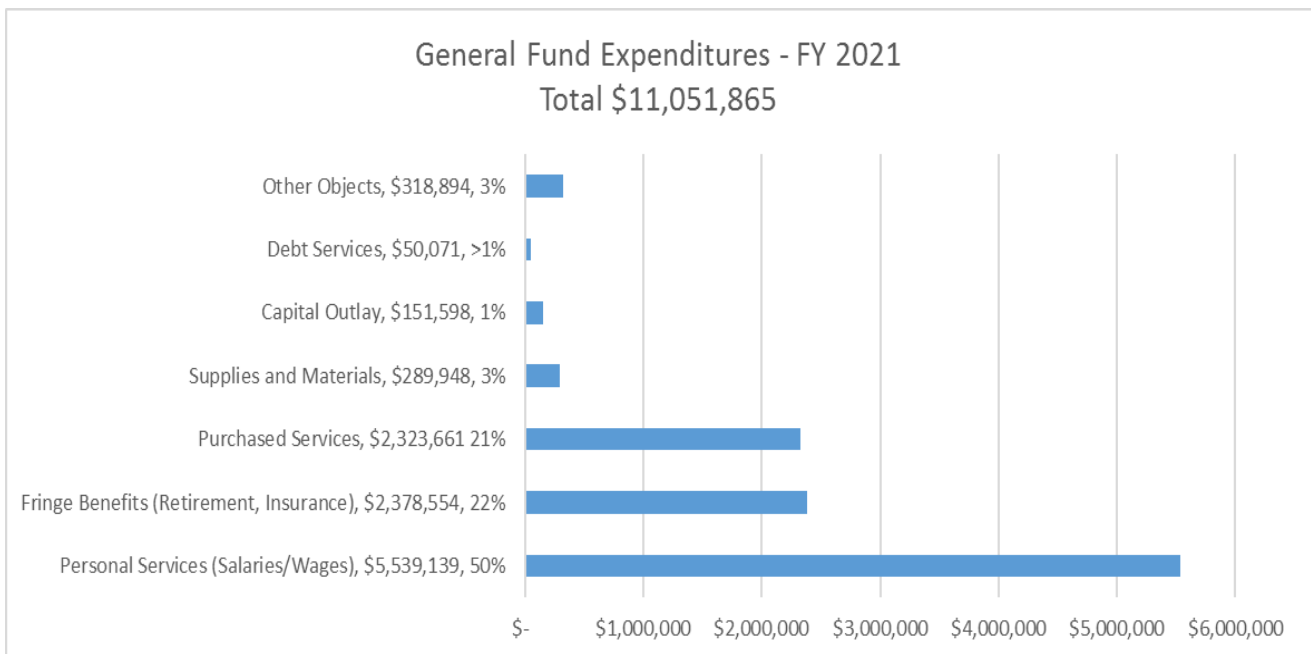
Category	2021	2022	2023	2024	2025
Tuition	147,858	147,858	147,858	147,858	147,858
Earnings on Investments	63,816	63,816	63,816	63,816	63,816
Open Enrollment	288,182	288,182	288,182	288,182	288,182
JROTC Reimbursements	23,000	34,000	34,000	34,000	34,000
Classroom Materials & Fees	13,596	13,596	13,596	13,596	13,596
E-Rate Reimbursement	23,349	6,000	6,000	6,000	6,000
Medicaid Reimbursement	108,500	108,500	108,500	108,500	108,500
Other Miscellaneous	145,277	92,032	89,032	86,032	83,032
Total All Other Revenue	813,578	753,984	750,984	747,984	744,984

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 2-3 months interest rates have declined from the 2-3% range down to less than 1%, and due to the COVID-19 economic impact we expect rates to remain at less than 1% on reinvestments. We have reduced expected returns on investments by 40% in FY21 due to the expected cuts in state funding. The open enrollment revenue projection for fiscal year 2021 and beyond is based on 51 students

**RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
NOVEMBER 2020**

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 two new service contracts with META for Internet Services and Charter Communications (Spectrum) for the high-speed line from the high school to the middle school, but both will be fully phased out by FY2022. 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. However, the district currently operating under a waiver due to having only 1 of the 2 required instructors. 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	2021	2022	2023	2024	2025
Certificated Salaries	\$ 3,603,248	\$ 3,706,213	\$ 3,810,968	\$ 3,836,683	\$ 3,878,091
Non-Certificated Salaries	640,772	658,824	675,409	686,644	692,546
Administrative Salaries	724,232	746,579	763,080	770,236	777,392
Supplementals	257,639	261,616	265,104	265,104	265,104
Substitutes and Other	313,248	313,248	313,248	313,248	313,248
Total Personal Services	\$ 5,539,139	\$ 5,686,480	\$ 5,827,809	\$ 5,871,915	\$ 5,926,381

Certificated salary projections are based on the newly ratified agreement with the RULH Education Association. The agreement which expires June 30, 2023 provides a 2.25% for 2021, 1.5% for 2022, and 1.25% for 2023. All projected years include incremental increases for advancement on the salary

RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
NOVEMBER 2020

schedule by employees. Certificated salary projections for fiscal years 2021 and beyond assume current staffing levels, excluding retirees.

Non-Certificated salary projections are based on a new agreement with OAPSE which expires June 30, 2023 and provides base increases of 2.25% for 2021, 1.5% for 2022, and 1.25% for 2023. All projected years include 2.6% in incremental increases for advancement on the salary schedule by employees. Non-Certificated salary projections for fiscal year 2021 and beyond assume no staffing changes from current levels.

Administrative salaries and all other personal services projections for fiscal year 2021 and beyond 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 3% for fiscal year 2021. Fiscal years 2022-2025 projections are based on estimates of a 5% annual increase each fiscal year. Beginning with the October 2019 enrollment period, the District did implement a new medical insurance opt-out payment program to those employees who enroll in another providers (spouse, guardian) coverage plan. That program in FY2020 saved the District \$154,410 with the corresponding opt-outs payments in FY 2021 of \$83,200, for a net savings to the District of \$71,210.

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, however, in February of this year the Village of Ripley instituted a 7% increase in Electric Rates so we projected a 4% increase in FY20, and another 2% in FY 21. Other remaining purchased service projections for 2021 is based on the current year budget, minus estimated year-end encumbrances. Projections for 2022-2025 reflected an overall estimated annual increase of 2-3% where deemed applicable and are detailed as follows:

**RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
NOVEMBER 2020**

Category	2021	2022	2023	2024	2025
Open Enrollment - Outgoing	\$ 574,145	\$ 574,145	\$ 574,145	\$ 574,145	\$ 574,145
Community School Tuition	73,656	73,656	73,656	73,656	73,656
Post-Secondary Tuition	33,862	33,862	33,862	33,862	33,862
Other Tuition/Vocational Compate	52,710	52,710	52,710	52,710	52,710
Special Ed Services- Brown ESC	341,855	341,855	341,855	341,855	341,855
Special Education - Hopewell	114,336	114,336	114,336	114,336	114,336
Excess Cost (Special Ed)	140,522	140,522	140,522	140,522	140,522
Professional/Tech Services incl Legal	185,331	189,570	193,936	198,433	203,065
Property and Building Repair Services	190,356	193,070	195,839	198,663	201,544
Property Insurance	39,271	39,271	39,271	39,271	39,271
Communication/Internet/Other Tech	11,945	12,141	12,342	12,546	12,754
Utilities	385,815	385,815	385,815	385,815	385,815
Other Miscellaneous	179,857	181,468	183,108	184,783	186,491
Total Purchased Services	\$ 2,323,661	\$ 2,332,421	\$ 2,341,397	\$ 2,350,597	\$ 2,360,026

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 2021 and beyond are based on a 2% annual increases for all material line items to cover inflation. Due to the addition of what will be 9 new buses as of the end of this school year, we have projected no increase in bus parts and fuel respectively for 2021 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 2021 through 2025, it is anticipated that District will be purchasing many of these items from the District's Permanent Improvement Levy Fund which was renewed by the voters in November 2019 for another 5 years. However, due to cost estimates to renovate the elementary school playground being over the funds budgeted from the PI Levy for FY 20-21, we have budgeted an additional \$58,670 from General Fund Capital Outlay for FY21 to fulfill that project, and have budgeted an additional \$75,000 in FY21 in anticipation of having to pay to have the underlying asphalt replaced for 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.