

Ripley-Union-Lewis-Huntington S.D.

Brown County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;
Forecasted Fiscal Years Ending June 30, 2019 Through 2023

	Actual			Average Change	Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenues									
1.010 General Property Tax (Real Estate)	\$2,079,442	\$2,127,175	\$1,965,466	-2.7%	\$2,305,948	\$2,278,914	\$2,278,914	\$2,268,914	\$2,268,914
1.020 Tangible Personal Property Tax	488								
1.030 Income Tax									
1.035 Unrestricted State Grants-in-Aid	7,107,993	6,906,266	6,943,583	-1.1%	6,983,718	6,997,277	6,997,277	6,997,277	6,997,277
1.040 Restricted State Grants-in-Aid	353,003	456,234	377,236	6.0%	353,282	353,282	353,282	353,282	353,282
1.045 Restricted Federal Grants-in-Aid - SFSF									
1.050 Property Tax Allocation	298,165	300,832	294,292	-0.6%	300,194	303,194	303,194	303,194	303,194
1.060 All Other Revenues	631,371	1,004,681	782,370	18.5%	873,435	712,647	698,196	686,323	669,603
1.070 Total Revenues	10,470,462	10,795,188	10,362,947	-0.5%	10,816,577	10,645,314	10,630,863	10,608,990	10,592,270
Other Financing Sources									
2.010 Proceeds from Sale of Notes									
2.020 State Emergency Loans and Advancements (Approved)									
2.040 Operating Transfers-In		454	4,213						
2.050 Advances-In	180,199	59,161	31,479	-57.0%	19,195	20,000	20,000	20,000	20,000
2.060 All Other Financing Sources	29,887	12,491	26,937	28.7%	55				
2.070 Total Other Financing Sources	210,086	72,106	62,629	-39.4%	19,250	20,000	20,000	20,000	20,000
2.080 Total Revenues and Other Financing Sources	10,680,548	10,867,294	10,425,576	-1.2%	10,835,827	10,665,314	10,650,863	10,628,990	10,612,270
Expenditures									
3.010 Personal Services	4,752,959	4,974,980	5,229,299	4.9%	5,478,660	5,467,790	5,554,351	5,566,831	5,673,090
3.020 Employees' Retirement/Insurance Benefits	1,803,377	1,965,721	2,134,688	8.8%	2,402,338	2,240,711	2,278,754	2,378,683	2,529,486
3.030 Purchased Services	2,290,553	2,295,201	2,546,923	5.6%	2,570,975	2,569,173	2,556,873	2,582,853	2,607,211
3.040 Supplies and Materials	305,976	277,460	310,776	1.3%	293,631	298,195	298,195	300,105	300,105
3.050 Capital Outlay	282,474	252,089	91,998	-37.1%	114,494	4,383	4,383	4,383	4,383
Debt Service:									
4.010 Principal-All (Historical Only)									
4.020 Principal-Notes	34,000	36,000	38,000	5.7%	38,000	40,000	42,000	44,000	46,000
4.060 Interest and Fiscal Charges	16,739	15,037	13,198	-11.2%	12,257	10,215	8,073	5,825	3,476
4.300 Other Objects	152,482	139,556	154,070	1.0%	156,091	161,711	161,712	162,554	163,413
4.500 Total Expenditures	9,638,560	9,956,044	10,518,952	4.5%	11,066,446	10,792,178	10,904,341	11,045,234	11,327,164
Other Financing Uses									
5.010 Operating Transfers-Out		103,140	138,892		139,525	138,837	138,067	137,242	136,280
5.020 Advances-Out	59,161	31,479	19,195	-42.9%	20,000	20,000	20,000	20,000	20,000
5.030 All Other Financing Uses	70	222							
5.040 Total Other Financing Uses	59,231	134,619	158,309	72.4%	159,525	158,837	158,067	157,242	156,280
5.050 Total Expenditures and Other Financing Uses	9,697,791	10,090,663	10,677,261	4.9%	11,225,971	10,951,015	11,062,408	11,202,476	11,483,444
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	982,757	776,631	251,685-	-76.7%	390,144-	285,701-	411,545-	573,486-	871,174-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,709,735	4,692,492	5,469,123	21.5%	5,217,438	4,827,294	4,541,593	4,130,048	3,556,562
7.020 Cash Balance June 30	4,692,492	5,469,123	5,217,438	6.0%	4,827,294	4,541,593	4,130,048	3,556,562	2,685,388
8.010 Estimated Encumbrances June 30	63,434	89,851	110,858	32.5%	120,000	120,000	120,000	120,000	120,000
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	4,629,058	5,379,272	5,106,580	5.6%	4,707,294	4,421,593	4,010,048	3,436,562	2,565,388
15.010 Unreserved Fund Balance June 30	4,629,058	5,379,272	5,106,580	5.6%	4,707,294	4,421,593	4,010,048	3,436,562	2,565,388

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

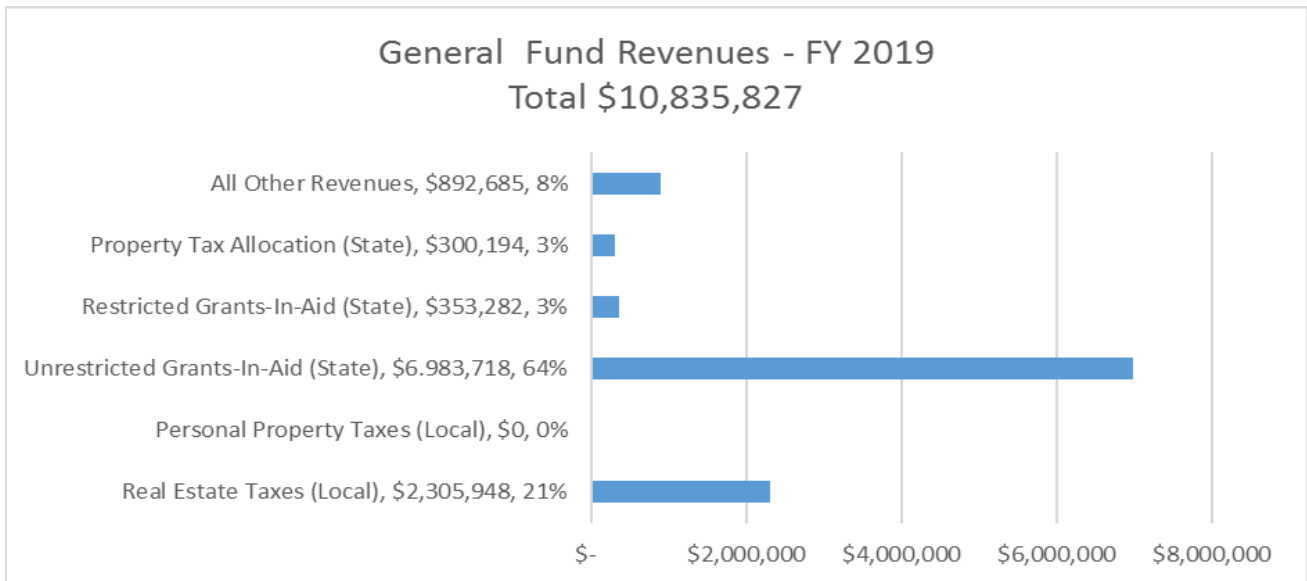
RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
May 2019

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 2018 (calendar year 2019 collections) are as follows:

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Property Class	Value	Effective Tax Rate
Residential Real Estate	\$59,585,810	24.92 mills
Agricultural Real Estate	\$24,702,130	24.92 mills
Commercial/Industrial Real Estate	\$13,412,900	28.25 mills
Public Utility Personal Property	\$7,636,300	25.30 mills
Total Valuation	\$105,337,140	

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 2 ½ % 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 2019 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 2018. Projections are likely to fluctuate based on enrollment changes throughout the 2018-2019 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 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 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>FY2019</u>
Opportunity Grant	\$ 3,017,772
Targeted Assistance	887,897
K-3 Literacy	55,456
Economic Disadvantaged	204,689
Limited English Proficiency	-
Gifted Education	50,952
Transportation	440,500
Special Education	609,198
Career Technical Education	108,761
Capacity Aid	990,223
Transitional Aid Guarantee	790,412
Graduation Bonus	18,723
3rd Grade Reading Bonus	3,752
Total State Funding - HB49 Formula	<u><u>\$ 7,178,335</u></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>FY2019</u>
HB 49 Formula Funding	\$ 6,864,885
(Excluding Economic Disadvantaged and Career-Tech)	-
Preschool Special Education Funding	43,638
Special Education Transportation	31,782
Casino Revenues	43,413
Total Unrestricted Grants-in-Aid (Line 1.035)	<u><u>\$ 6,983,718</u></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 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>FY2019</u>
Economic Disadvantaged (HB49 Formula)	\$ 204,689
Career Technical Education (HB49 Formula)	108,761
Special Education Catastrophic Cost	39,832
Total Restricted Grants-in-Aid (Line 1.040)	<u>\$ 353,282</u>

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

The Last Bi-Annual State Budget (HB49) has placed 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:

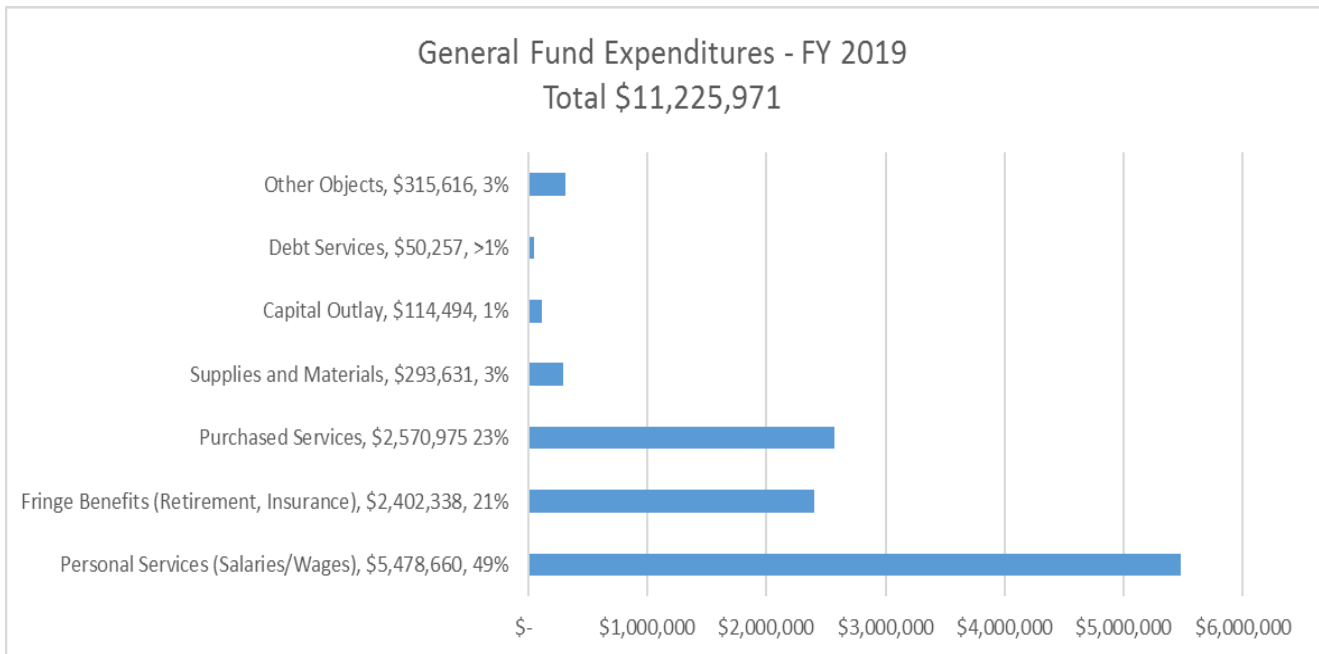
Category	2019	2020	2021	2022	2023
Tuition	54,599	54,599	54,599	54,599	54,599
Earnings on Investments	130,231	120,931	113,571	103,771	90,051
Open Enrollment	299,506	299,506	299,506	299,506	299,506
JROTC Reimbursements	45,147	45,453	46,362	47,289	47,289
Classroom Materials & Fees	17,285	17,285	17,285	17,285	17,285
E-Rate Reimbursement	59,362	5,060	5,060	5,060	5,060
Medicaid Reimbursement	101,800	101,800	101,800	101,800	101,800
Other Miscellaneous	165,505	68,013	60,013	57,013	54,013
Total All Other Revenue	873,435	712,647	698,196	686,323	669,603

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

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five years interest rates had declined from the 5% range down to less than 1%, but short term rates are projected to be around 2-3% for the remainder of the forecast. The open enrollment revenue projection for fiscal year 2019 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



Personal Services (Line 3.01)

The projections for Personal Services are as follows:

Category	2019	2020	2021	2022	2023
Certificated Salaries	\$ 3,712,617	\$ 3,666,249	\$ 3,689,447	\$ 3,691,832	\$ 3,779,876
Non-Certificated Salaries	626,428	658,591	685,480	682,740	690,687
Administrative Salaries	681,108	700,427	711,902	724,736	735,004
Supplementals	210,512	213,294	213,294	213,294	213,294
Substitutes and Other	247,995	229,229	254,228	254,229	254,229
Total Personal Services	\$ 5,478,660	\$ 5,467,790	\$ 5,554,351	\$ 5,566,831	\$ 5,673,090

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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 6% annual increases. It should be noted that the national average trend in health insurance costs has hovered at or near an annual rate of 6.4% 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 2019 is based on the current year budget, minus estimated year-end encumbrances. Projections for 2020-2023 reflected an overall estimated annual increase of 2-4% where

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deemed applicable and are detailed as follows:

Category	2019	2020	2021	2022	2023
Open Enrollment - Outgoing	\$ 614,965	\$ 614,965	\$ 614,965	\$ 614,965	\$ 614,965
Community School Tuition	92,027	92,027	92,027	92,027	92,027
Post-Secondary Tuition	61,154	61,154	61,154	61,154	61,154
Other Tuition/Vocational Compate	124,186	124,186	124,186	124,186	124,186
Special Ed Services- Brown ESC	381,067	399,081	417,816	437,300	452,498
Special Education - Hopewell	69,290	69,290	69,290	69,290	69,290
Excess Cost (Special Ed)	214,875	214,875	214,875	214,875	214,875
Professional/Tech Services incl Legal	318,006	319,437	320,954	322,562	324,267
Property and Building Repair Services	257,178	227,604	189,322	189,322	189,322
Property Insurance	34,700	37,408	37,408	37,408	37,408
Communication/Internet/Other Tech	14,076	14,345	14,619	14,619	14,619
Utilities	316,940	321,638	326,429	331,317	338,772
Other Miscellaneous	72,511	73,163	73,828	73,828	73,828
Total Purchased Services	\$ 2,570,975	\$ 2,569,173	\$ 2,556,873	\$ 2,582,853	\$ 2,607,211

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 2019 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 7 new buses as of the this school year, we have projected no increase in bus parts and fuel respectively for 2019 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 2019, the District has budgeted \$127,597 to complete the resurfacing work to the High School Running Track, replace the cooler in the High School Cafeteria, and to replace to air handlers at the High School.

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.