

Ripley-Union-Lewis-Huntington S.D.

Brown County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2013, 2014 and 2015 Actual;
Forecasted Fiscal Years Ending June 30, 2016 Through 2020

	Actual				Forecasted				
	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Average Change	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Revenues									
1.010 General Property Tax (Real Estate)	\$2,005,312	\$2,065,955	\$2,056,004		\$2,056,004	\$2,026,284	\$1,986,284	\$2,006,147	\$2,006,147
1.020 Tangible Personal Property Tax			975		975	975			
1.030 Income Tax									
1.035 Unrestricted State Grants-in-Aid	6,737,957	6,408,220	6,209,885	-4.0%	6,980,201	6,837,666	6,837,666	6,837,666	6,837,666
1.040 Restricted State Grants-in-Aid	53,702	497,947	863,731	450.3%	632,349	632,349	632,349	632,349	632,349
1.045 Restricted Federal Grants-in-Aid - SFSF									
1.050 Property Tax Allocation	284,992	286,894	291,614	1.2%	290,656	292,053	291,996	294,916	294,916
1.060 All Other Revenues	513,948	529,297	676,502	15.4%	704,392	628,966	617,002	610,009	610,629
1.070 Total Revenues	9,595,911	9,788,313	10,098,711	2.6%	10,664,577	10,418,293	10,365,297	10,381,087	10,381,707
Other Financing Sources									
2.040 Operating Transfers-In			6,178						
2.050 Advances-In	409,470	391,409	150,486	-33.0%	200,000	200,000	150,000	150,000	150,000
2.060 All Other Financing Sources	66,874	48,095	37,068	-25.5%	36,637	7,500	7,500		
2.070 Total Other Financing Sources	476,344	439,504	193,732	-31.8%	236,637	207,500	157,500	150,000	150,000
2.080 Total Revenues and Other Financing Sources	10,072,255	10,227,817	10,292,443	1.1%	10,901,214	10,625,793	10,522,797	10,531,087	10,531,707
Expenditures									
3.010 Personal Services	4,766,395	4,477,802	4,692,330	-0.6%	5,062,112	5,178,135	5,293,197	5,416,235	5,542,473
3.020 Employees' Retirement/Insurance Benefits	1,881,948	1,764,695	1,774,511	-2.8%	1,865,958	1,994,656	2,053,218	2,141,115	2,230,652
3.030 Purchased Services	1,996,882	2,034,014	2,118,111	3.0%	2,503,618	2,493,646	2,463,645	2,465,289	2,474,104
3.040 Supplies and Materials	357,487	292,292	295,697	-8.5%	364,880	363,477	353,076	347,176	347,176
3.050 Capital Outlay	119,049	60,984	81,647	-7.4%	263,599	140,096	140,096	50,096	50,096
Debt Service:									
4.020 Principal-Notes	30,000	32,000	33,000	4.9%	34,000	36,000	38,000	39,000	41,000
4.060 Interest and Fiscal Charges	21,263	19,850	18,359	-7.1%	16,740	15,037	13,198	11,257	9,215
4.300 Other Objects	154,721	151,300	148,291	-2.1%	164,762	166,383	166,696	166,696	166,696
4.500 Total Expenditures	9,327,745	8,832,937	9,161,946	-0.8%	10,275,669	10,387,430	10,521,126	10,636,864	10,861,412
Other Financing Uses									
5.010 Operating Transfers-Out		8,764	27,411						
5.020 Advances-Out	263,028	463,867	180,199	7.6%	200,000	200,000	150,000	150,000	150,000
5.030 All Other Financing Uses			7,433		70				
5.040 Total Other Financing Uses	263,028	472,631	215,043	12.6%	200,070	200,000	150,000	150,000	150,000
5.050 Total Expenditures and Other Financing Uses	9,590,773	9,305,568	9,376,989	-1.1%	10,475,739	10,587,430	10,671,126	10,786,864	11,011,412
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	481,482	922,249	915,454	45.4%	425,475	38,363	148,329-	255,777-	479,705-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	1,390,551	1,872,033	2,794,282	41.9%	3,709,736	4,135,211	4,173,574	4,025,245	3,769,468
7.020 Cash Balance June 30	1,872,033	2,794,282	3,709,736	41.0%	4,135,211	4,173,574	4,025,245	3,769,468	3,289,763
8.010 Estimated Encumbrances June 30	137,576	188,108	373,269	67.6%	200,000	200,000	200,000	200,000	200,000
10.010 Fund Balance June 30 for Certification of Appropriations	1,734,457	2,606,174	3,336,467	39.1%	3,935,211	3,973,574	3,825,245	3,569,468	3,089,763
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	1,734,457	2,606,174	3,336,467	39.1%	3,935,211	3,973,574	3,825,245	3,569,468	3,089,763
15.010 Unreserved Fund Balance June 30	1,734,457	2,606,174	3,336,467	39.1%	3,935,211	3,973,574	3,825,245	3,569,468	3,089,763

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
Five Year Forecast Notes
October, 2015

REVENUES

Tax (line 1.010)

Ripley-Union-Lewis-Huntington School District receives all of its real estate taxes from Brown County residents. County Tax collection rates remaining fairly good at 94%. Brown County is schedule for a tri-annual reappraisal update in 2015. Collections from the update will occur during 2016. A full reappraisal will be completed in 2018.

The District noticed just over a 2% increase in collections between 2012 and 2014, this is likely due to a couple of factors. First, over the past few years there has been a slight decrease in the amount of delinquencies across the County which has provided some additional revenue. Second, Brown County did notice a large increase in the values placed on farmland during the past full reappraisal, but these values were offset by an average of a 10% valuation decrease in residential and commercial property. The net effect of these values calculated to be less than a 1% increase in tax revenues to the school district. We are predicting the economy to see a slight improvement over the next 3-4 years, and for this reason we have estimated only slight increases of .5% to 1% property tax revenue growth from 2016 through 2018.

One item of interest that has been reported to us that could have a negative effect on the District's Tax Base is the pending sale of 3,000 acres of land in Brown County to the State of Ohio, the majority of which sets in the RULH School District. It is understood that this land is primarily wooded, non-residential, which would result in a negative impact on the CAUV tax revenues received by the District. Early estimates indicate a potential loss of approximately \$80,000 annually. We have included adjustments for this beginning in calendar year 2016, but will revise as more facts are made available.

The District does not have any renewal or replacement levies included in this forecast.

State Revenues (lines 1.035; 1.040; 1.050)

State Funding for the District through H.B. 64 while showing some positive results for the District, will likely not be as favorable as early settlements are showing due to the fact the annualized earnings are based on prior school year data. Per HB64 the per pupil Opportunity Grant ADM formula funding amount increased \$100 to \$5,900 in the current year, and another \$100 to \$6,000 for the 16-17 school year. We however, have projected a 6% decrease in estimated Opportunity Grant funding for the 15-16 school year estimates due to our current student count dropping from the prior year 983 to 927. Going forward we have projected this reduction to slow to a 3-4% loss in the 16-17 school year (900), and leveling off thereafter.

Additionally, the state has estimated the District to receive an additional \$468,710 (\$933,881) beginning in school year 15-16 in Poverty Based Assistance, but we are expecting that amount to

Ripley Union Lewis Huntington
School District
Five Year Forecast Notes
October, 2015

return to near prior year amounts (\$465,171) after October. The reasoning for this sharp decline is due to the fact in the prior school year the District was participating in the Community Eligibility Program (CEP) in which 100% of our student lunches were fully funded; however, due to noted errors in the CEP application, the District will be returning to the National School Lunch Program (NSLP) for the 15-16 school year where funded lunches will be based on individual student applications for poverty assistance, wherein we expect full free reimbursed meals to drop to 66-67%.

State funding amounts beginning in the 17-18 school year will be shown unchanged throughout the remainder of the forecast due to uncertainty of the results of the new State Bi-Annual Budget due for approval by June 30, 2017.

Homestead and Rollback collections have averaged 12-14% of total real estate collections in the District, and we therefore have calculated homestead and rollback taxes at 13% of the expected real estate collections each year of the forecast (line 1.050)

All Other Revenues (line 1.060)

While the District has saw moderate increases and decreases in the number of open enrollment revenues from students entering the District over the past 2-3 years, the net change has been minimal. However, with the March 2015 foundation settlement, ODE adjusted open enrollment numbers to more accurately reflect the most recent snap-shot count, which resulted in the District showing an increase in open enrollment revenues of over \$82,000. Based on the minimal changes we have seen in recent open enrollment students entering the District, we have left this revenue stable through 2019.

Other revenues also includes tuition payments, interest, rentals, donations, insurance claims, ROTC payments, Medicaid reimbursements, etc... The District has entered into another contract to have a Medicaid Audit performed, but there is no way of predicting if we will see a similar return as we did in 2014-15 which totaled just over \$114,970. We therefore reduced that projection back to a prior four year average of just over \$75,000 for the 15-16 school year, and reduced it an additional 10% each year thereafter.

During 2015, the District filed a property insurance claim for an uncontrollable freezing and damaging of HVAC coils at the Elementary and High School in February 2015 in the amount of \$79,323. This claim was approved for claim value reimbursement, with \$62,958 being received in 2015, and the balance of \$16,365 to be received in 2016 when the work to the HVAC units has been reported complete.

Regarding E-Rate reimbursements, the District recently signed new contracts with SCOCA for new VoIP, 500 mg Broadband, and Internet services which will result in an additional \$150,764 e-rate funding in 15-16, \$98,600 in 16-17, \$93,530 in 17-18, and \$85,922 in 18-19 over the 2015 reimbursement amounts.

Ripley Union Lewis Huntington
School District
Five Year Forecast Notes
October, 2015

Advances In, Transfers In, and Other Sources (lines 2.040; 2.050; 2.060)

Advances-in vary with the state and federal grant activity that we have, and are merely a return of monies fronted those funds until the District receives sufficient program cash request to repay the original advances to those special funds.

EXPENDITURES

Salaries (line 3.01)

Salaries are based on existing negotiated agreements. The current contract with the classified staff expires June 30, 2016. The current negotiated agreement has the classified staff receiving a 1% base increase in fiscal year 2016. The certified staff in May signed a new three year agreement that expires June 30, 2017, in which was negotiated a 1% base increase in both fiscal years 2016 and 2017. Projections for 2016 through 2020 salaries include the estimated cost of the step-ups, and the annual negotiated base increase for the classified and certified staff as per the agreements discussed above. This line item will need to be revised once the classified staff agreement beginning July 2016 has been determined.

Benefits (line 3.02)

Benefits are based on existing negotiated agreements. The Board pays 90% of the health insurance cost. The 2015-16 health insurance remained with United Health Care, and are self-funded thru the Brown County Insurance Consortium. Although funding balances have shown slight increases, it was voted by the consortium members to increase rates by 2% beginning in November 2015 (fiscal year 2016) to insure funding to cover anticipated increases in medical cost and to cover the reported 4% increase in cost associated with the Affordable Care Act. Based on these facts, and looking at the past trends for the District we have projected an increase of approximately 4% for each year starting with the 16-17 school year. Based on current retirement eligibility projections the District will pay for the Retirement Incentive Plan as adopted by the board for 1 teacher and 2 classified retirees for FY15-16, and 2 teachers and 1 classified retirees for FY 16-17 which is estimated at \$19,861 and \$72,971 respectively. Employer portion of STRS, SERS, and Medicare tax are projected to increase proportional to the step and base salary increases as adopted by the union agreements as presented in line 3.010. Based on the recent rates with Spooner's retro plan, Workers' Compensation will remain the same for each projected fiscal year.

Purchased Services (line 3.03)

In fiscal year 2015-16, the services total reflects an increase in the special services with the Brown County ESC of \$10,133 over the 14-15 contract.

Ripley Union Lewis Huntington
School District
Five Year Forecast Notes
October, 2015

The District has expanded its contract with the South Central Ohio Computer Association to add additional wireless connections throughout the buildings in preparation for the required computerized standard testing of students which is estimated at and additional \$7,600 per year over the fiscal year 2014 rate. In addition, the Board has approved to enter into a new VoIP and Broadband Contract with SCOCA, which include upgraded wiring for the high school. The annual cost of the VoIP service contact before e-rating is \$105,125 in 2015-16, \$37,850 in 16-17 and 17-18, and \$20,677 in 18-19 and 19-20. The annual cost of the Broadband Service contract before e-rating will be \$93,195 for five years beginning in 2015-16. The current Internet Service contract with SCOCA including wireless has an annual cost before e-rating of \$26,027.

Despite expectations in May that the number of students open enrolling to other District's would stabilized, the actual number of students open enrolling to other schools in 2015-16 compared to prior year increased approximately 8.65, leaving the current annual deduction at \$451,819. A portion of this increase was due to teachers leaving the district to take jobs at adjacent districts, and taking their children with them.

In FY 2015, building repair and replacement services and equipment throughout the District increased to just over \$139,694, largely in part due to the freeze damage done at both the elementary and high school buildings which was completed ahead of schedule in FY15, as well as replacement of water heaters at both buildings. These cost are projected to increase between 7-8% to \$150,000 in 2016 to complete final updates and repairs to the HVAC systems at the Elementary and High School, with those cost declining between \$10-40,000 for the remainder of the forecast period as more of the PI Levy becomes available after all technology improvements have been made.

Based on past trends we have projected an additional 2.5% annual increase in Electric for the 15-16 school year and a 4% increase in Gas charges for the 15-16 school year due to predicted bad winter. For both the Electrical and Gas Services expenses through the subsequent periods we have left them unchanged as we are anticipating savings from the upcoming HB264 project which should be completed by the beginning of the 2016-17 school year.

The District will be re-bidding our property insurance policy in 2016, so we have included an estimated 3% (+\$1,028) increase in that service line item for the 2016-17 school year, and left it unchanged for the remainder of the forecast period.

Supplies and Materials (line 3.04)

The per building general educational supply budgets for the foreseeable future continue to be capped at \$20,000 each.

Due to the continuing aging and deterioration of the District's transportation fleet and increase inflation of parts cost, the District is estimating a continuing average annual increase in bus parts

Ripley Union Lewis Huntington
School District
Five Year Forecast Notes
October, 2015

and maintenance expenditures of 11% in 15/16, 9% in 16/17, and 6% in 17/18. In addition, due to the volatile fluctuations in fuel prices, we are estimating an annual increase in fuel cost of 3% in 15/16, 2.5% in 16/17, and 2% in 17/18. The percentage increases have been reduced from prior expectations by as much as 15-20% each year with the anticipation that as more new buses are added to the fleet, the reduction in repair demand and improved fuel efficiency should add cost savings.

Capital Outlay (line 3.05)

We have included an estimated \$16,000 for Other Building/Ground Improvements just for the 15-16 school year to cover the quoted cost to complete the fencing, backstop, and concrete work at the new high school level softball field being constructed at the Middle School property. ORC 3315.062(A) allows a board of education to expend general operating funds on pupil activity programs (which includes student athletics) as long as they do not exceed five-tenths of one percent (ie 0.5%) of the board's annual operating budget.

A one-time cost of \$67,275 has been added to the Technical Equipment Budget in 15-16 to cover the cost of the VoIP Equipment.

Despite the permanent improvement levy passing in the last election, the District still has an immediate need to update its bus fleet, with 3 of the 11 active busses being at or over 15 years of age and each nearing a total of 200,000 miles, which is the max life expectancy of a school bus. Therefore the District is projecting to purchase one new bus each year beginning in 2016 through 2018 with an annual cost for each being approximately \$90,000. In the past forecast, these expenditures were included as purchased services with the anticipation of leasing the buses, but increase in state funding, we have chosen to avoid the interest charges by purchasing the buses instead.

Principal and Interest (lines 4.02 & 4.06)

The cost of the capital project financing through the OASBO pool will have to be paid each year until November 28, 2023.

Other Objects (line 4.30)

Auditor and Treasurer Fees are included as well as Brown County ESC fees, the cost of position bonds, and the cost of liability insurance. Due to the line item being over budgeted in the past, we cut the liability insurance line by \$10,000 to bring it more in line with actual annual expenditures.

Advances and Transfers (line 5.01 & 5.02)

Anticipated expenditures in these areas are estimates only and will vary each year based on activities of federal and state grants. For fiscal years 15/16 and 16/17 advances out are estimated

Ripley Union Lewis Huntington
School District
Five Year Forecast Notes
October, 2015

to be \$200,000. That amount was reduced to \$150,000 for the remainder of the forecast with the anticipation the federal funding will continue to show decline.

Encumbrances (line 8.01)

Encumbrances at June 30th are estimated to be \$200,000 for fiscal year 2015-16 and beyond.