

Ripley-Union-Lewis-Huntington S.D.

Brown

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Revenues										
1.010 General Property Tax (Real Estate)	\$2,127,175	\$1,965,466	\$2,314,004	5.1%	\$2,287,127	\$2,287,127	\$2,277,127	\$2,277,127	\$2,277,127	
1.035 Unrestricted State Grants-in-Aid	6,906,266	6,943,583	6,986,627	0.6%	6,986,627	6,986,627	6,986,627	6,986,627	6,986,627	
1.040 Restricted State Grants-in-Aid	456,234	377,236	327,089	-15.3%	366,921	327,089	327,089	327,089	327,089	
1.050 Property Tax Allocation	300,832	294,292	300,194	-0.1%	303,194	303,194	303,194	303,194	303,194	
1.060 All Other Revenues	1,004,681	782,370	868,796	-5.5%	762,049	752,967	719,738	710,177	697,802	
1.070 Total Revenues	10,795,188	10,362,947	10,796,710	0.1%	10,705,918	10,657,004	10,613,775	10,604,214	10,591,839	
Other Financing Sources										
2.040 Operating Transfers-In	454	4,213	2,730	396.4%						
2.050 Advances-In	59,161	31,479	19,195	-42.9%	67,453	20,000	20,000	20,000	20,000	
2.060 All Other Financing Sources	12,491	26,937	6,475	19.8%						
2.070 Total Other Financing Sources	72,106	62,629	28,400	-33.9%	67,453	20,000	20,000	20,000	20,000	
2.080 Total Revenues and Other Financing Sources	10,867,294	10,425,576	10,825,110	-0.1%	10,773,371	10,677,004	10,633,775	10,624,214	10,611,839	
Expenditures										
3.010 Personal Services	4,974,980	5,229,299	5,479,927	5.0%	5,504,049	5,591,741	5,584,052	5,624,498	5,684,336	
3.020 Employees' Retirement/Insurance Benefits	1,965,721	2,134,688	2,373,817	9.9%	2,270,747	2,315,028	2,364,593	2,441,077	2,521,492	
3.030 Purchased Services	2,295,201	2,546,923	2,601,793	6.6%	2,529,876	2,522,977	2,562,166	2,585,597	2,608,070	
3.040 Supplies and Materials	277,460	310,776	250,273	-3.7%	266,340	270,213	274,163	269,590	269,590	
3.050 Capital Outlay	252,089	91,998	114,494	-19.5%						
Debt Service:										
4.020 Principal-Notes	36,000	38,000	38,000	2.8%	41,000	43,000	45,000	47,000		
4.060 Interest and Fiscal Charges	15,037	13,198	12,257	-9.7%	9,215	7,071	4,825	2,476		
4.300 Other Objects	139,556	154,070	155,745	5.7%	160,685	159,256	160,097	160,957	161,834	
4.500 Total Expenditures	9,956,044	10,518,952	11,026,306	5.2%	10,781,912	10,909,286	10,994,896	11,131,195	11,245,322	
Other Financing Uses										
5.010 Operating Transfers-Out	103,140	138,892	150,686	21.6%	124,672	123,903	123,077	122,115	126,015	
5.020 Advances-Out	31,479	19,195	67,453	106.2%	20,000	20,000	20,000	20,000	20,000	
5.030 All Other Financing Uses		222								
5.040 Total Other Financing Uses	134,619	158,309	218,139	27.7%	144,672	143,903	143,077	142,115	146,015	
5.050 Total Expenditures and Other Financing Uses	10,090,663	10,677,261	11,244,445	5.6%	10,926,584	11,053,189	11,137,973	11,273,310	11,391,337	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	776,631	251,685-	419,335-	-32.9%	153,213-	376,185-	504,198-	649,096-	779,498-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,692,490	5,469,121	5,217,436	6.0%	4,798,101	4,644,888	4,268,703	3,764,505	3,115,409	
7.020 Cash Balance June 30	5,469,121	5,217,436	4,798,101	-6.3%	4,644,888	4,268,703	3,764,505	3,115,409	2,335,911	
8.010 Estimated Encumbrances June 30	89,851	110,858	11,399	-33.2%	20,000	20,000	20,000	20,000	20,000	
10.010 Fund Balance June 30 for Certification of Appropriations	5,379,270	5,106,578	4,786,702	-5.7%	4,624,888	4,248,703	3,744,505	3,095,409	2,315,911	
15.010 Unreserved Fund Balance June 30	5,379,270	5,106,578	4,786,702	-5.7%	4,624,888	4,248,703	3,744,505	3,095,409	2,315,911	

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

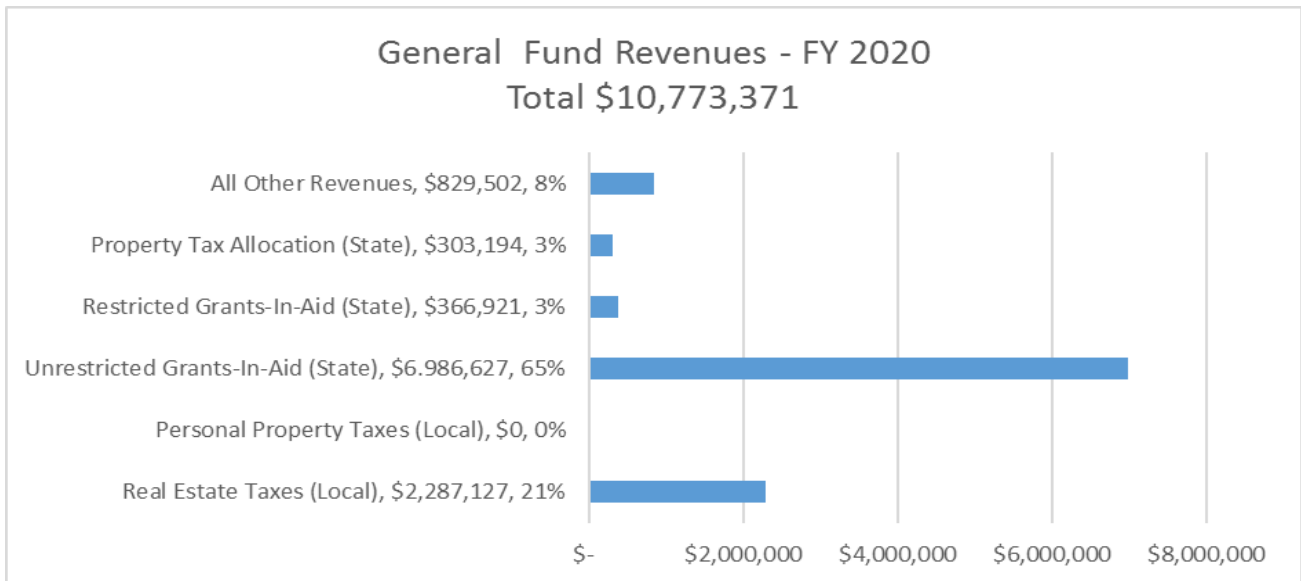
RIPLEY-UNION-LEWIS-HUNTINGTON SCHOOL DISTRICT
NOTES TO THE FIVE-YEAR FORECAST
October 2019

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 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 2018 (calendar year 2019 collections) are as follows:

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Property Class	Value	Effective Tax Rate
Residential Real Estate	\$64,844,490	24.67 mills
Agricultural Real Estate	\$24,157,110	24.67 mills
Commercial/Industrial Real Estate	\$15,459,550	25.41 mills
Public Utility Personal Property	\$8,102,260	25.30 mills
Total Valuation	\$112,563,410	

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). Projections for tax year 2021 assumes a 0.9% increase in value resulting from new construction. The forecast projects a 1.3% decrease in fiscal year 2022 resulting from the final CAUV adjustment revaluation in 2021.

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 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, meaning that the district’s basic formula funding will remain the same in fiscal years 2020 and 2021, as the district received in 2019 (utilizing HB49 components). 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:

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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.

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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>HB49 Funding Component</u>	<u>FY2019</u>
Opportunity Grant	\$ 3,012,452
Targeted Assistance	883,830
K-3 Literacy	55,209
Economic Disadvantaged	204,528
Limited English Proficiency	-
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
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 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>FY2020</u>
HB 49 Formula Funding	\$ 6,865,046
(Excluding Economic Disadvantaged and Career-Tech)	-
Preschool Special Education Funding	43,218
Special Education Transportation	41,397
Casino Revenues	36,966
Total Unrestricted Grants-in-Aid (Line 1.035)	<u><u>\$ 6,986,627</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>FY2020</u>
Economic Disadvantaged (HB49 Formula)	\$ 204,528
Career Technical Education (HB49 Formula)	108,761
Special Education Catastrophic Cost	50,632
Total Restricted Grants-in-Aid (Line 1.040)	<u>\$ 363,921</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, we are leaving Unrestricted Grants-in-Aid (Line 1.035) unchanged for fiscal years 2020 and beyond, and Restricted Grants-in-Aid (Line 1.040) was reduced in fiscal year 2020 by \$39,832, which was the amount of a BWC safety grant received in FY2019.

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% of real estate taxes annually.

All Other Operating Revenue (Line 1.060)

Projections for All Other Operating Revenues are as follows:

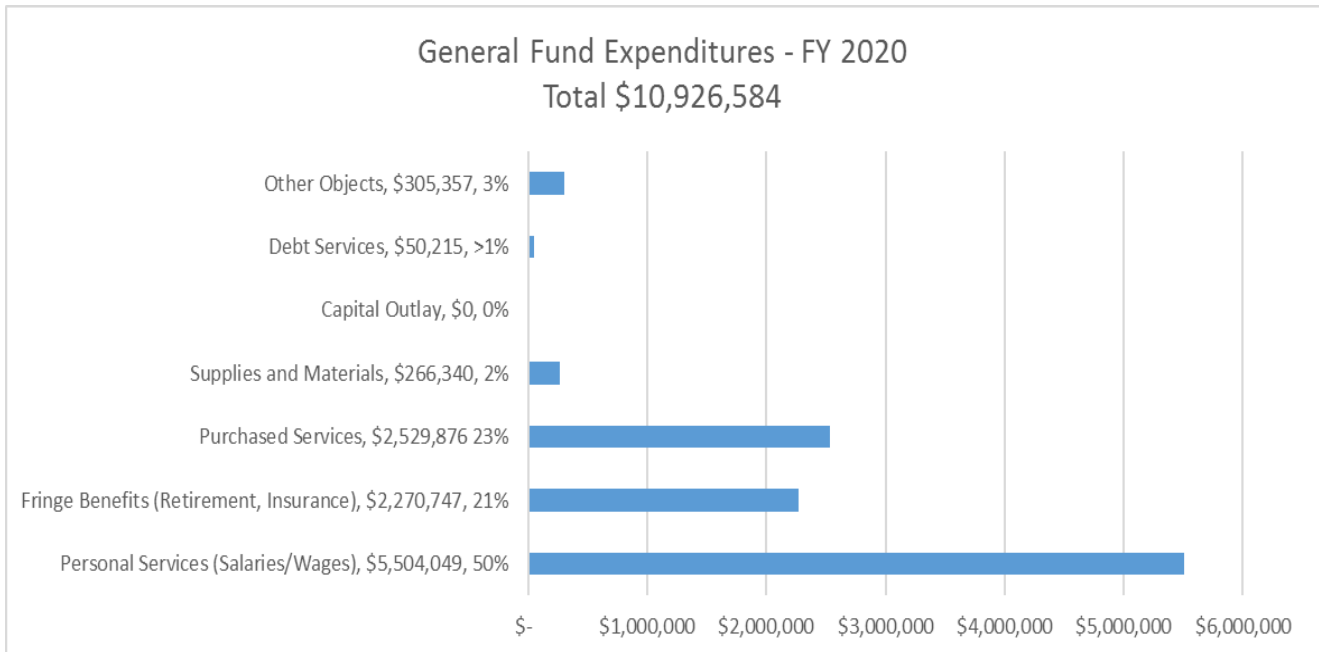
Category	2020	2021	2022	2023	2024
Tuition	58,145	58,145	58,145	58,145	58,145
Earnings on Investments	125,556	125,556	117,756	110,256	100,881
Open Enrollment	300,290	300,290	300,290	300,290	300,290
JROTC Reimbursements	24,011	46,011	46,931	47,870	47,870
Classroom Materials & Fees	17,451	17,451	17,451	17,451	17,451
E-Rate Reimbursement	51,431	23,349	-	-	-
Medicaid Reimbursement	108,442	108,442	108,442	108,442	108,442
Other Miscellaneous	76,723	73,723	70,723	67,723	64,723
Total All Other Revenue	762,049	752,967	719,738	710,177	697,802

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 2-3% for the remainder of the forecast. The open enrollment revenue projection for fiscal year 2020 and beyond is based on 51 students attending schools within the

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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 (former SCOCA) 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. 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	2020	2021	2022	2023	2024
Certificated Salaries	\$ 3,683,418	\$ 3,708,266	\$ 3,682,793	\$ 3,715,324	\$ 3,757,432
Non-Certificated Salaries	653,013	710,173	714,619	713,117	720,350
Administrative Salaries	700,953	712,085	725,423	734,843	745,336
Supplementals	204,405	206,230	206,230	206,230	206,230
Substitutes and Other	262,260	254,987	254,987	254,984	254,988
Total Personal Services	\$ 5,504,049	\$ 5,591,741	\$ 5,584,052	\$ 5,624,498	\$ 5,684,336

Certificated salary projections are based on the agreement with the RULH Education Association. The current agreement which expires June 30, 2020 provides a 1.5% for 2020. For fiscal year 2021 and beyond, the projected base remained unchanged, until a new agreement is negotiated. All projected

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years include incremental increases for advancement on the salary schedule by employees. Certificated salary projections for fiscal years 2020 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 2020 includes the same corresponding annual base increase as the RULHEA agreement of 1.5%. For fiscal year 2021 and beyond, the projected base remained unchanged, until a new agreement is negotiated. All projected years include 2.6% in incremental increases for advancement on the salary schedule by employees. Non-Certificated salary projections for fiscal year 2020 and beyond assume no staffing changes from current levels.

Administrative salaries and all other personal services projections for fiscal year 2020 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 2% for fiscal year 2020. Fiscal years 2021-2024 projections are based on estimates of 5% 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% which is much higher than the general rate of inflation and the District's revenue growth. 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. The projection for 2020 is based on the current year budget, minus estimated year-end encumbrances. Projections for 2021-2024 reflected an overall estimated annual increase of 2-4% where deemed applicable and are detailed as follows:

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Category	2020	2021	2022	2023	2024
Open Enrollment - Outgoing	\$ 608,592	\$ 608,592	\$ 608,592	\$ 608,592	\$ 608,592
Community School Tuition	89,559	89,559	89,559	89,559	89,559
Post-Secondary Tuition	81,205	81,205	81,205	81,205	81,205
Other Tuition/Vocational Compate	112,781	112,781	112,781	112,781	112,781
Special Ed Services- Brown ESC	273,116	288,845	305,204	322,217	335,487
Special Education - Hopewell	120,125	120,125	120,125	120,125	120,125
Excess Cost (Special Ed)	298,236	298,236	298,236	298,236	298,236
Professional/Tech Services incl Legal	275,359	282,143	297,108	298,438	299,847
Property and Building Repair Services	202,623	164,586	166,416	166,416	166,416
Property Insurance	37,408	40,116	40,116	40,116	40,116
Communication/Internet/Other Tech	9,568	9,723	9,882	9,882	9,882
Utilities	330,115	335,006	339,994	345,082	352,876
Other Miscellaneous	91,189	92,060	92,948	92,948	92,948
Total Purchased Services	\$ 2,529,876	\$ 2,522,977	\$ 2,562,166	\$ 2,585,597	\$ 2,608,070

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 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 2020 through 2024, it is anticipated that District will be purchasing many of these items from the District's Permanent Improvement Fund. However, with this levy being up for renewal in the November 2019 with an anticipated annual collection of \$292,000, a non-approval of this levy renewal by the voters will have a drastic negative impact on the forecast, which will need to be adjusted and resubmitted in late 2019.

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.