

**NORTH FORK LOCAL SCHOOL DISTRICT-LICKING COUNTY**  
**SCHEDULE OF REVENUE, 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**



**Forecast Provided By**  
**North Fork Local School District**  
**Treasurer's Office**  
**Kellie Breehl, Treasurer**

*May 20, 2019*

# North Fork Local School District

Licking 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
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	4,050,561	4,026,423	4,141,141	1.1%	4,203,849	4,290,710	4,338,769	4,378,810	4,394,270	
1.020 Tangible Personal Property	662,305	680,825	685,286	1.7%	738,663	775,712	783,470	791,304	799,217	
1.030 Income Tax	2,068,479	2,163,105	2,294,679	5.3%	2,253,145	2,275,676	2,298,433	2,321,417	2,344,631	
1.035 Unrestricted State Grants-in-Aid	7,920,191	8,179,956	8,248,058	2.1%	8,254,651	8,232,357	8,232,171	8,231,982	8,231,792	
1.040 Restricted State Grants-in-Aid	202,909	191,323	179,181	-6.0%	185,523	186,734	187,957	189,192	190,439	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY11	-	-	-	0.0%	-	-	-	-	-	
1.050 Property Tax Allocation	655,366	652,613	662,930	0.6%	673,789	688,432	694,244	700,003	702,554	
1.060 All Other Revenues	1,273,458	1,308,293	1,587,267	12.0%	1,550,365	1,543,250	1,536,983	1,531,479	1,526,664	
1.070 <b>Total Revenues</b>	<b>16,833,269</b>	<b>17,202,538</b>	<b>17,798,542</b>	<b>2.8%</b>	<b>17,859,985</b>	<b>17,992,871</b>	<b>18,072,027</b>	<b>18,144,187</b>	<b>18,189,567</b>	
<b>Other Financing Sources</b>										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	187,600	182,635	326,619	38.1%	250,000	250,000	250,000	250,000	250,000	
2.050 Advances-In	3,220	990	2,024	17.6%	-	-	-	-	-	
2.060 All Other Financing Sources	94,233	37,508	61,887	2.4%	80,000	80,000	80,000	80,000	80,000	
2.070 <b>Total Other Financing Sources</b>	<b>285,053</b>	<b>221,133</b>	<b>390,530</b>	<b>27.1%</b>	<b>330,000</b>	<b>330,000</b>	<b>330,000</b>	<b>330,000</b>	<b>330,000</b>	
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>17,118,322</b>	<b>17,423,671</b>	<b>18,189,072</b>	<b>3.1%</b>	<b>18,189,985</b>	<b>18,322,871</b>	<b>18,402,027</b>	<b>18,474,187</b>	<b>18,519,567</b>	
<b>Expenditures</b>										
3.010 Personal Services	7,957,408	8,131,047	8,534,502	3.6%	8,949,158	9,403,626	9,679,762	9,957,552	10,243,547	
3.020 Employees' Retirement/Insurance Benefits	2,732,682	2,879,950	3,065,245	5.9%	3,193,220	3,395,864	3,576,285	3,762,426	3,959,596	
3.030 Purchased Services	3,227,605	3,447,843	3,620,279	5.9%	3,812,205	3,923,237	4,038,241	4,157,373	4,280,792	
3.040 Supplies and Materials	614,475	598,949	722,773	9.1%	652,500	659,025	665,615	672,271	678,993	
3.050 Capital Outlay	618,443	317,677	712,004	37.7%	750,000	575,000	575,000	575,000	575,000	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	69,120	69,120	69,120	0.0%	69,120	69,120	69,120	69,120	69,120	
4.300 Other Objects	229,512	402,569	176,476	9.6%	209,349	213,570	217,897	222,333	226,881	
4.500 <b>Total Expenditures</b>	<b>15,449,245</b>	<b>15,847,155</b>	<b>16,900,399</b>	<b>4.6%</b>	<b>17,635,552</b>	<b>18,239,442</b>	<b>18,821,920</b>	<b>19,416,075</b>	<b>20,033,929</b>	
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	401,181	652,420	549,599	23.4%	375,000	375,000	375,000	375,000	375,000	
5.020 Advances-Out	990	2,024	-	2.2%	-	-	-	-	-	
5.030 All Other Financing Uses	65,814	86,507	86,264	15.6%	65,000	65,000	65,000	65,000	65,000	
5.040 <b>Total Other Financing Uses</b>	<b>467,985</b>	<b>740,951</b>	<b>635,863</b>	<b>22.1%</b>	<b>440,000</b>	<b>440,000</b>	<b>440,000</b>	<b>440,000</b>	<b>440,000</b>	
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>15,917,230</b>	<b>16,588,106</b>	<b>17,536,262</b>	<b>5.0%</b>	<b>18,075,552</b>	<b>18,679,442</b>	<b>19,261,920</b>	<b>19,856,075</b>	<b>20,473,929</b>	
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>1,201,092</b>	<b>835,565</b>	<b>652,810</b>	<b>-26.2%</b>	<b>114,433</b>	<b>(356,571)</b>	<b>(859,893)</b>	<b>(1,381,888)</b>	<b>(1,954,362)</b>	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,998,258	6,199,350	7,034,915	18.8%	7,687,725	7,802,158	7,445,587	6,585,694	5,203,806	
7.020 <b>Cash Balance June 30</b>	<b>6,199,350</b>	<b>7,034,915</b>	<b>7,687,725</b>	<b>11.4%</b>	<b>7,802,158</b>	<b>7,445,587</b>	<b>6,585,694</b>	<b>5,203,806</b>	<b>3,249,444</b>	
8.010 <b>Estimated Encumbrances June 30</b>	<b>385,960</b>	<b>266,394</b>	<b>594,355</b>	<b>46.1%</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	

# North Fork Local School District

Licking 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
<b>Reservation of Fund Balance</b>										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	50,000	50,000	50,000	50,000	50,000	50,000
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%	768,000	853,000	938,000	1,024,000	1,110,000	
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-	-
9.080 <i>Subtotal</i>	-	-	-	0.0%	818,000	903,000	988,000	1,074,000	1,160,000	
<i>Fund Balance June 30 for Certification of Appropriations</i>	5,813,390	6,768,521	7,093,370	10.6%	6,909,158	6,467,587	5,522,694	4,054,806	2,014,444	
<b>Revenue from Replacement/Renewal Levies</b>										
11.010 Income Tax - Renewal				0.0%	-	-	-	-	-	
11.020 Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-	
11.300 Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-	
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	5,813,390	6,768,521	7,093,370	10.6%	6,909,158	6,467,587	5,522,694	4,054,806	2,014,444	
<b>Revenue from New Levies</b>										
13.010 Income Tax - New				0.0%	-	-	-	-	-	
13.020 Property Tax - New				0.0%	-	-	-	-	-	
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-	
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-	
15.010 <i>Unreserved Fund Balance June 30</i>	5,813,390	6,768,521	7,093,370	10.6%	6,909,158	6,467,587	5,522,694	4,054,806	2,014,444	

**North Fork Local School District – Licking County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
**May 20, 2019**

**Introduction to the Five Year Forecast**

For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31, 2018, and May 31, 2019. HB87, effective November 1, 2018, will change the filing date from October 31 to November 30 beginning with the November filing in 2019. The May 31 filing date will remain unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2019 (July 1, 2018-June 30, 2019) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2019 filing.

**May 2019 Updates:**

**Revenues:**

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$17,859,985 or .75% lower than the October forecasted amount of \$17,994,849. This indicates the October forecast was 99.25% accurate.

The decrease in revenue estimates are affected by delinquencies in Class II are down \$20,000 due to refunds. Current Class I valuation also decreased due to reappraisal and updates decreasing value more than anticipated. School district income tax collections are down \$87,000 for the year over FY18.

All other areas of revenue are tracking as anticipated for FY19.

**Expenditures:**

Total General Fund expenditures (line 4.5) are estimated to be \$17,635,552 for FY19 which is below the original estimate of \$18,020,362 in the October forecast. The expenditure lines most significantly below projections are Capital Outlay (line 3.05) due to lower than anticipated purchase of equipment in FY19. This will have a positive effect on the long term forecast.

**Unreserved Ending Cash Balance:**

With revenues decreasing slightly over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2019 is anticipated to be roughly \$6.9 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2023 if assumptions we have made for state aid in future state budgets remain close to our estimates.

**Forecast Risks and Uncertainty:**

A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 and FY22-23, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

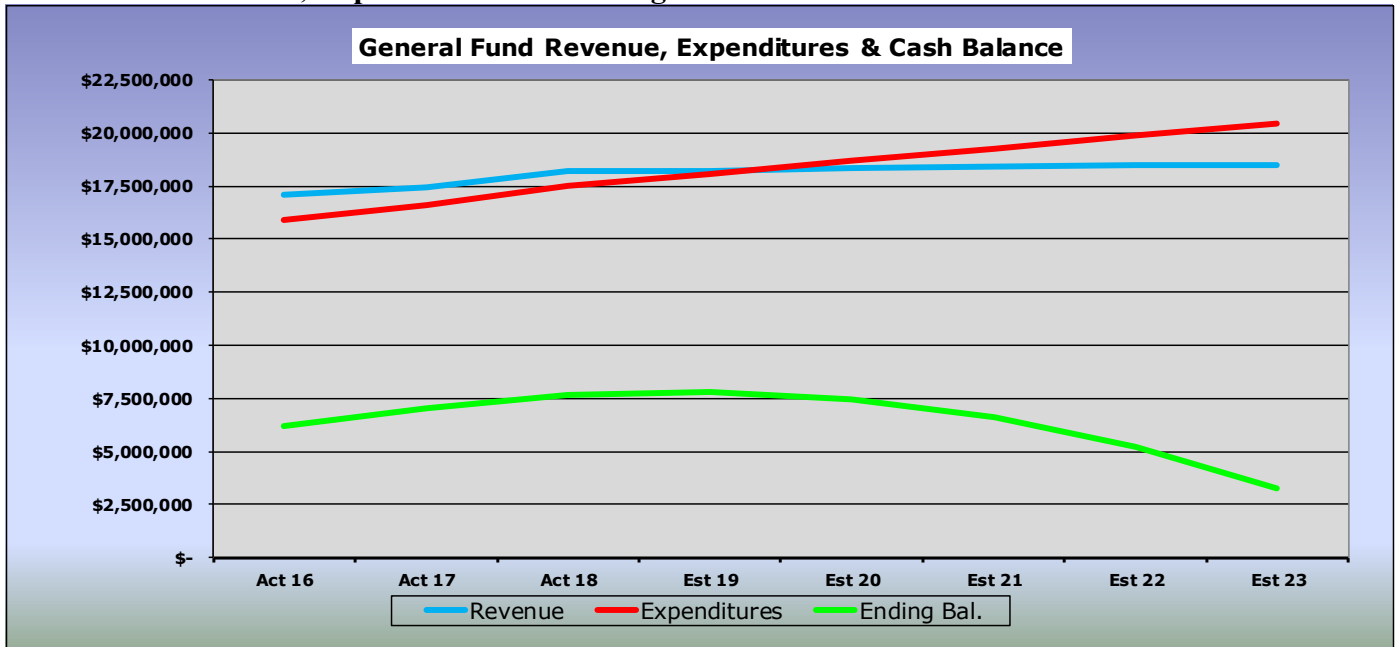
- I. Licking County experienced a full reappraisal and Knox County experienced a reappraisal update in the 2017 tax year to be collected in FY18. The 2017 updates increased overall assessed values by \$7.95 million or an increase of 3.4% for residential/agricultural property (Class I) and commercial/industrial property (Class II). A reappraisal will occur in tax year 2020 for collection in FY21. We anticipate an

overall value increases for Class I and II property of 5.11%. There is however always a chance that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

- II. The State Budget represents 50.8% of district revenues, which means it, is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budget reduces funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY23. We have projected our state funding to be inline with our current estimates through FY23 which we feel are conservative and should be close to whatever the state approves for the FY20-21 biennium. We will make adjustments to the forecast in November when factual data is available following adoption of the state budget in late June 2019.
- III. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in amounts deducted from our state aid in the 2018-19 school years. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that will continue to cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- IV. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

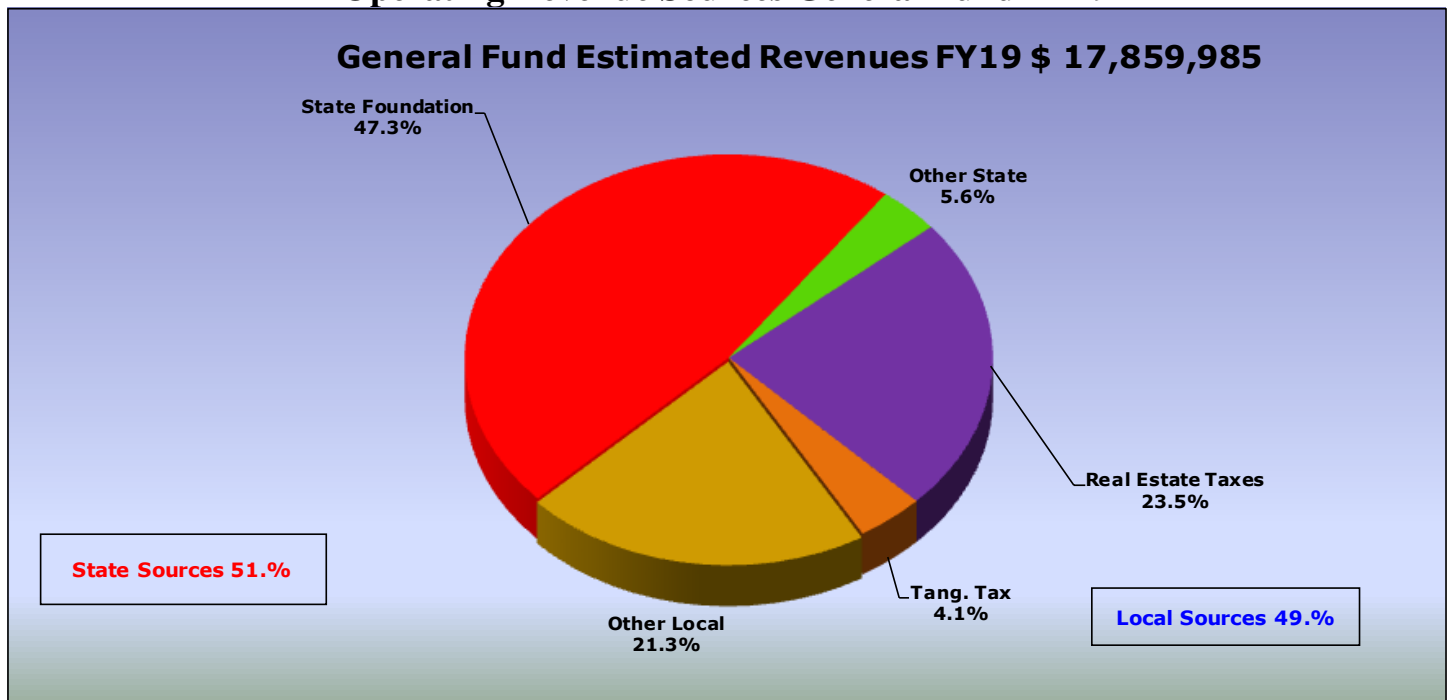
The major categories of revenue and expenditures in the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Kellie Breehl, Treasurer of North Fork Local District, at 740-892-3897.

**General Fund Revenue, Expenditures and Ending Cash Balance Actual FY16-18 and Estimated FY19-23**



The graph captures in one snapshot the operating scenario facing the District over the next few years including the renewal of the 1% School District Income Tax renewal was approved May 7, 2019. The income tax now expires December 31, 2025.

**Revenue Assumptions  
Operating Revenue Sources General Fund FY19**



**Real Estate Value Assumptions – Line # 1.010**

Property values are established each year by the Knox and Licking County Auditors based on new construction and complete reappraisal or updated values. Licking County experienced a full reappraisal and Knox County experienced a reappraisal update in the 2017 tax year to be collected in FY18. The 2017 updates increased

overall assessed values by \$7.95 million or an increase of 3.4% for residential/agricultural property (Class I) and commercial/industrial property (Class II). A reappraisal will occur in tax year 2020 for collection in FY21. We anticipate an overall value increases for Class I and II property of 5.11%. There is however always a chance that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

Public Utility Personal Property (PUPP) grew in Tax Year 2018 by 9.1% or an increase of \$2.23 million. For tax year 2019 through 2022 an annual increase of 1% is expected on an annual basis due to reinvestments being made by utilities statewide.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

<u>Classification</u>	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2018 <u>COLLECT 2019</u>	TAX YEAR2019 <u>COLLECT 2020</u>	TAX YEAR2020 <u>COLLECT 2021</u>	TAX YEAR2021 <u>COLLECT 2022</u>	TAX YEAR2022 <u>COLLECT 2023</u>
Res./Ag.	\$230,138,660	\$230,988,660	\$243,388,093	\$244,238,093	\$245,088,093
Comm./Ind.	13,817,236	13,847,236	14,154,181	14,184,181	14,214,181
Public Utility Personal Property (PUPP)	26,856,410	27,124,974	27,396,224	27,670,186	27,946,888
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	<u>\$270,812,306</u>	<u>\$271,960,870</u>	<u>\$284,938,498</u>	<u>\$286,092,460</u>	<u>\$287,249,162</u>

**ESTIMATED REAL ESTATE TAX - Line #1.010**

<u>Source</u>	FY19	FY20	FY21	FY22	FY23
General Property Taxes - Line #1.010	<u>\$4,203,849</u>	<u>\$4,290,710</u>	<u>\$4,338,769</u>	<u>\$4,378,810</u>	<u>\$4,394,270</u>

Property tax levies are estimated to be collected at 98% of the annual amount. This allows a 2% delinquency factor. Typically, 58% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 42% is expected to be collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals.

**Public Utility Property Tax – Line#1.020**

Public Utility Personal Property Taxes are the only source of revenues in this line since the state Ohio phased out tangible personal property tax (TPP), began in fiscal year 2006. These tax collections are estimate to continue to grow slightly year to year throughout the forecast. For tax year 2019 through 2022 an annual increase of 1% is expected on an annual basis due to reinvestments being made by utilities statewide. PUPP values increased by 9.1% in TY18 or an increase of \$2,239,330 in valuation.

<u>Source</u>	FY19	FY20	FY21	FY22	FY23
Tangible Personal Property Taxes (TPP)	<u>738,663</u>	<u>775,712</u>	<u>783,470</u>	<u>791,304</u>	<u>799,217</u>
Total Line # 1.020	<u>\$738,663</u>	<u>\$775,712</u>	<u>\$783,470</u>	<u>\$791,304</u>	<u>\$799,217</u>

**Renewal and Replacement Levies – Line #11.01**

The 1% income tax was approved May 2017 and will expire December 31, 2022. The amount noted on Line 1.03 will dip in FY23 due to the renewal being moved to Line 11.01 as required by the Auditor of States Office.

<u>Source</u>	FY18	FY18	FY21	FY22	FY23
Renew 1% SDIT Line # 11.010	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**New Tax Levies – Line #13.030**

No new levies are modeled in this forecast.

**School District Income Tax – Line#1.030**

The district renewed a 1% SDIT in May 7,2019. FY19 saw the SDIT fall 1.81% over FY18, but we are anticipating growth of 2% a year for the forecast period. The SDIT falls off in FY23 and is moved to Line 11.01 of the forecast as required.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
SDIT Collection	\$2,294,679	\$2,253,145	\$2,275,676	\$2,298,433	\$2,321,417
Adjustments	<u>-41,534</u>	<u>22,531</u>	<u>22,757</u>	<u>22,984</u>	<u>23,214</u>
Total to Line #1.030	<u>\$2,253,145</u>	<u>\$2,275,676</u>	<u>\$2,298,433</u>	<u>\$2,321,417</u>	<u>\$2,344,631</u>

**State Foundation Revenue Estimates**

**A) Unrestricted State Foundation Revenue– Line #1.035**

The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY19. We are projected to be a formula district regarding state funding in FY19 and possibly fall to a Guarantee funded district FY20-23. Our funding status will depend on our ADM and the next two state biennium state budgets.

The current funding model continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula’s measure of a district’s capacity to raise local revenue. The higher a district’s ability to raise taxes based on wealth the lower the SSI will be, and vice versa. The index is derived from a district’s wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district’s SSI and therefore the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

- 1) Opportunity Grant – Per pupil amount increased .17% from \$6,000 in FY17 to \$6,010 in FY18 and .17% to \$6,020 in FY19 well below inflation rates.
- 2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
- 3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.
- 4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
- 5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
- 6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
- 7) Gifted Funds –Based on average daily membership at \$5.05 in FY18 & FY19.
- 8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
- 9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

The current funding model continues additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue; however, some items are now included in CAP district payments:



- 1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
- 2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
- 3) 3<sup>rd</sup> Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.
- 4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately \$450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

Transitional Guarantee Phase-Out- For the first time HB49 includes a phase-out of funding for districts on the guarantee. If a guarantee district's average daily membership (ADM) over three (3) years from FY14-FY16, on average fell by 10% or more, they will lose 5% of their funding from FY17 levels. If the average ADM loss is less than 5% then they will be guaranteed at 100% of FY17 levels. If average ADM loss is between 5% and 10% loss then funding is cut on a sliding scale of loss up to 5%.

**We are anticipated to be a formula funded district in FY19 and a Guarantee Funded district at 100% in FY20-23 based on our ADM and estimates of state funding. This is based on the best information we have at this time.**

Our current SFPR estimates for FY19 are using March #2 SFPR average daily membership (ADM) and holding that level with no growth in students each year through FY23. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now supposed to be updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2019, and then there will be adjustments into the succeeding fiscal year.

### **Current FY20-21 State Biennium Budget Deliberations on School Funding**

Current state biennium budget deliberations for FY20 -21 include two (2) school funding methodologies. One proposed by the new Governor contained in HB166, and the second is a proposal from two legislators referred to as the Cupp/Patterson School Funding Work Group plan.

The Governor has proposed guaranteeing all school districts their net state funding received in FY19 and giving all districts new money restricted for use on defined areas in Student Wellness and Student Success. This proposal would distribute these new funds using federal poverty data and actual number of students educated in each district, as opposed to a state created state share index that measures district wealth and average daily membership (ADM) to statewide comparisons to distribute current funds. The new formula for Student Wellness and Success Funding proposed by the Governor would send new money to all districts in Ohio without regard to their being designated as a CAP, Guarantee or Formula district as the current state funding formula determines.

The Cupp/Patterson proposal creates another complicated funding formula that tries to identify what it costs to educate each student based on each districts unique circumstances and it would also fund schools on actual enrollment and not ADM. Under this proposal not every district in Ohio would get new net money and it would cost the state significantly more than the Governor's proposal over the new biennium.

We believe our current state funding estimates for FY20-23 are reasonable and that we will adjust the forecast in November when we actually have authoritative data when the budget has been approved in late June 2019.

**Casino Revenue**

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31<sup>st</sup> of January and August each year which began for the first time on January 31, 2013.

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY18 statewide were 1,791,647 students at \$51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19-23 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to \$92.9 million or \$52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

**B) Unrestricted State Foundation Revenue – Line #1.035**

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Basic Aid-Unrestricted	\$7,991,711	\$7,968,535	\$7,967,458	\$7,966,370	\$7,965,271
Additional Aid Items	174,754	174,754	174,754	174,754	174,754
Basic Aid-Unrestricted Subtotal	8,166,465	8,143,289	8,142,212	8,141,124	8,140,025
Ohio Casino Commission ODT	<u>88,186</u>	<u>89,068</u>	<u>89,959</u>	<u>90,858</u>	<u>91,767</u>
Total Unrestricted State Aid Line # 1.035	<u>\$8,254,651</u>	<u>\$8,232,357</u>	<u>\$8,232,171</u>	<u>\$8,231,982</u>	<u>\$8,231,792</u>

**C) Restricted State Revenues – Line # 1.040**

The current funding model continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 throughout the forecast.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Economically Disadvantaged Aid	\$106,677	\$107,744	\$108,821	\$109,909	\$111,008
Career Tech - Restricted	64,437	64,437	64,437	64,437	64,437
Catastrophic Aid	<u>14,409</u>	<u>14,553</u>	<u>14,699</u>	<u>14,846</u>	<u>14,994</u>
Total Restricted State Revenues Line #1.040	<u>\$185,523</u>	<u>\$186,734</u>	<u>\$187,957</u>	<u>\$189,192</u>	<u>\$190,439</u>

**D) Restricted Federal Grants in Aid – line #1.045**

No restricted federal grants in aid are included throughout the forecast.

<u>Summary of State Foundaton Revenues</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Unrestricted Line # 1.035	\$8,254,651	\$8,232,357	\$8,232,171	\$8,231,982	\$8,231,792
Restricted Line # 1.040	185,523	186,734	187,957	189,192	190,439
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$8,440,174</u>	<u>\$8,419,091</u>	<u>\$8,420,128</u>	<u>\$8,421,174</u>	<u>\$8,422,231</u>

**Other Local Revenues – Line #1.060**

The main sources of revenue in this area are open enrollment, Medicaid, tuition for court placed students, student fees, and general rental fees.

<u>Source</u>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
Open Enrollment Gross	\$958,685	\$958,685	\$958,685	\$958,685	\$958,685
Interest	84,143	75,729	68,156	61,340	55,206
Class Fees & School Supplies	104,077	104,077	104,077	104,077	104,077
Tuition SF-14 & SF-14H	259,835	261,134	262,440	263,752	265,071
Other Income, Rentals & Medicaid	<u>143,625</u>	<u>143,625</u>	<u>143,625</u>	<u>143,625</u>	<u>143,625</u>
OTHER LOCAL REVENUES - Line # 1.060	<u>\$1,550,365</u>	<u>\$1,543,250</u>	<u>\$1,536,983</u>	<u>\$1,531,479</u>	<u>\$1,526,664</u>

## **State Taxes Reimbursement/Property Tax Allocation- Line #1.050**

### **a) Rollback and Homestead Reimbursement**

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

### **Summary of State Tax Reimbursement – Line #1.050**

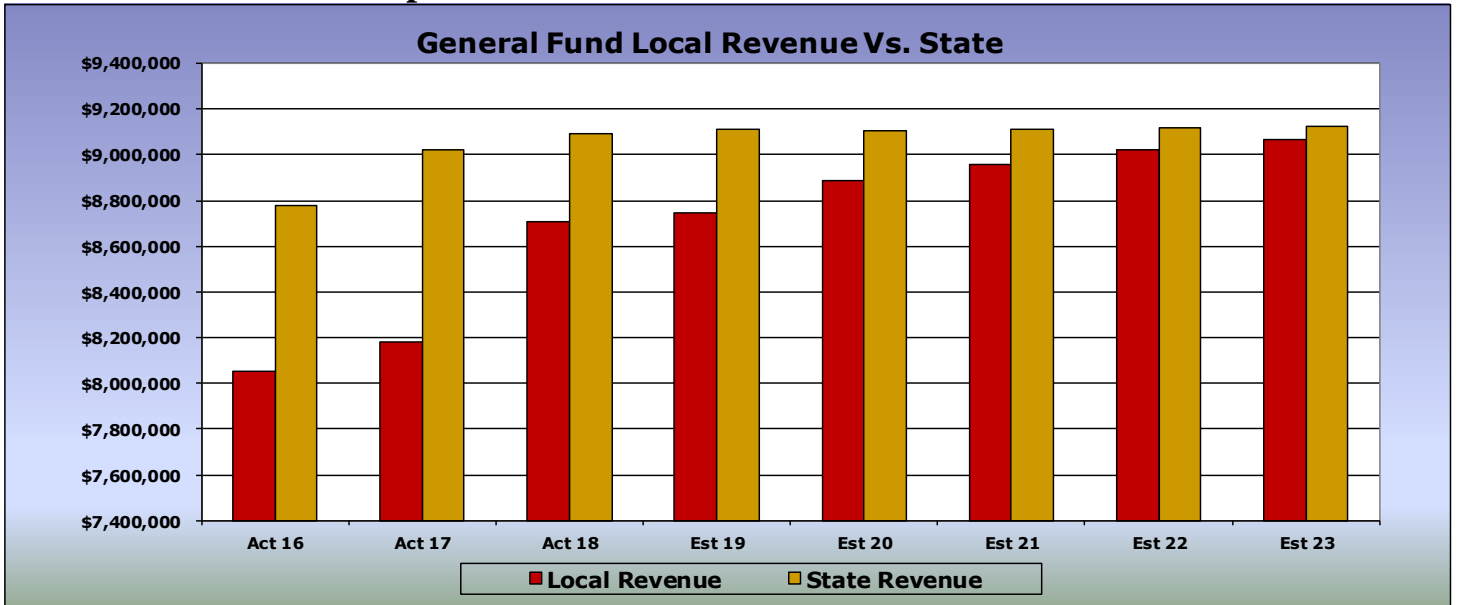
<u>Source</u>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
a) Rollback and Homestead	<u>673,789</u>	<u>688,432</u>	<u>694,244</u>	<u>700,003</u>	<u>702,554</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$673,789</u>	<u>\$688,432</u>	<u>\$694,244</u>	<u>\$700,003</u>	<u>\$702,554</u>

### **Other Local Revenues – Line #1.060**

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area are open enrollment, interest, tuition for court placed students, student fees, and general rental fees.

<u>Source</u>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
Open Enrollment Gross	\$958,685	\$958,685	\$958,685	\$958,685	\$958,685
Interest	84,143	75,729	68,156	61,340	55,206
Class Fees & School Supplies	104,077	104,077	104,077	104,077	104,077
Tuition SF-14 & SF-14H	259,835	261,134	262,440	263,752	265,071
Other Income, Rentals & Medicaid	<u>143,625</u>	<u>143,625</u>	<u>143,625</u>	<u>143,625</u>	<u>143,625</u>
OTHER LOCAL REVENUES - Line # 1.060	<u>\$1,550,365</u>	<u>\$1,543,250</u>	<u>\$1,536,983</u>	<u>\$1,531,479</u>	<u>\$1,526,664</u>

## Comparison of Local Revenue and State Revenue



### Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short term borrowing planned for in this forecast at this time from any sources.

### Transfers In / Return of Advances – Line #2.040 & Line #2.050

Other financing sources consist of transfer and advances that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year end. The refund of prior year expenditures line varies from year to year and is highly unpredictable.

Source	FY19	FY20	FY21	FY22	FY23
Transfers In - Line 2.040	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Advance Returns - Line 2.050	0	0	0	0	0
Total Transfer & Advances In	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>

### All Other Financial Sources – Line #2.060

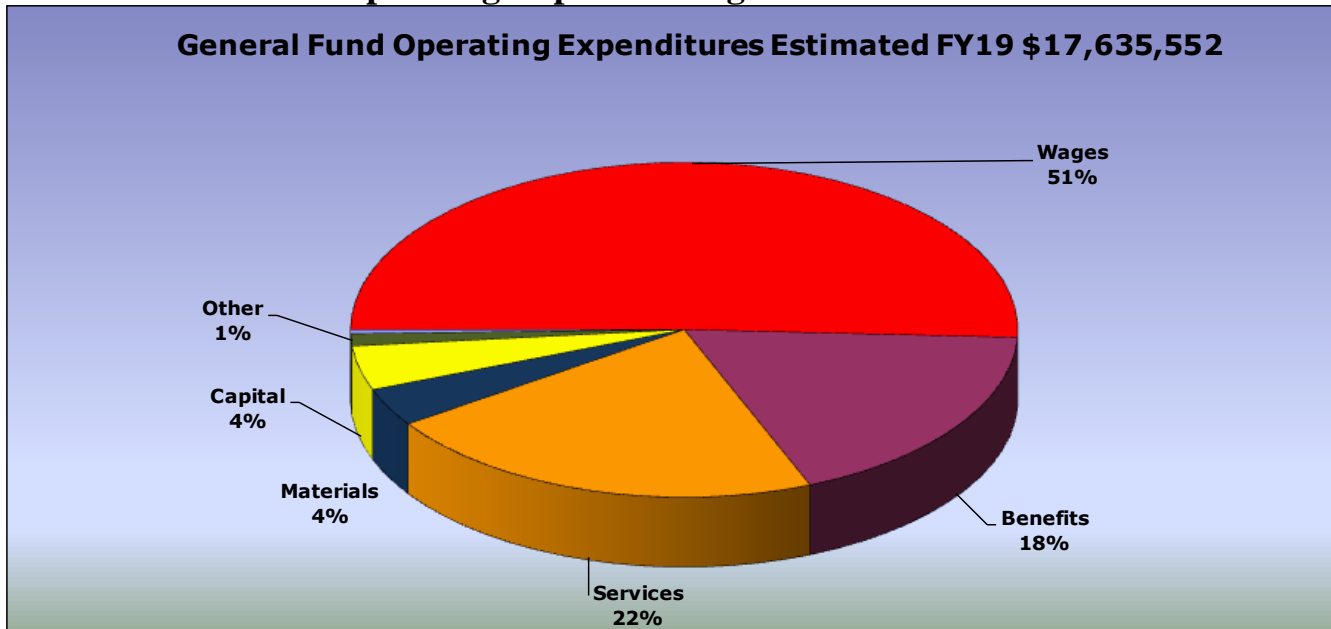
This funding source is typically a refund of prior year expenditures that is very unpredictable but comes from sources such as bureau of workers compensation refunds, STRS/SERS adjustments and other miscellaneous items associated with prior fiscal years.

Source	FY19	FY20	FY21	FY22	FY23
Refund of prior year expenditures	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>

## Expenditures Assumptions

The district’s leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

### All Operating Expense Categories - General Fund FY19



#### Wages – Line #3.010

The model reflects a base increase of 2.0% for FY19, 2.5% for FY20, and for planning purposes a 1% increase for FY 21-23. We have estimated step and training increases of 1.8% for each year of the forecast in addition to 1 FTE certificated staff that may be needed.

<u>Source</u>	FY19	FY20	FY21	FY22	FY23
Base Wages	\$8,120,593	\$8,435,510	\$8,885,192	\$9,156,494	\$9,429,401
Increases	162,412	210,888	88,852	91,565	94,294
Steps & Training	146,171	151,839	159,933	164,817	169,729
Growth/Replacement Staff	41,334	121,955	57,517	51,525	52,040
Substitutes & Sulpplementals	478,648	483,434	488,268	493,151	498,083
Staff Reductions/Attrition	0	0	0	0	0
<b>Total Wages Line 3.010</b>	<u>\$8,949,158</u>	<u>\$9,403,626</u>	<u>\$9,679,762</u>	<u>\$9,957,552</u>	<u>\$10,243,547</u>

#### Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance are directly related to the wages paid.

##### A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

##### B) Insurance

The estimated increases for insurance are 3% for fiscal year 2019 and 7% for fiscal year 2020-2023.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act (PPACA)** commonly called **Obamacare** or the **Affordable Care Act (ACA)**, is a United States federal statute

signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965.

It is uncertain to what extent the implementation of PPACA will cost our district in additional funds especially since it is being reviewed carefully at the federal level for amendment or repeal. We are not certain what these added costs may be but Longer-term, a significant concern is the 40% “Cadillac Tax” provision but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds \$10,200 for individual plans and \$27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

**C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to remain at about 0.38% of wages throughout the forecast due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

**D) Medicare**

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

**Summary of Fringe Benefits – Line #3.020**

<u>Source</u>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
A) STRS/SERS	\$1,327,982	\$1,396,449	\$1,442,300	\$1,485,255	\$1,529,380
B) Insurances	1,658,633	1,784,493	1,914,009	2,052,112	2,199,923
C) Workers Comp/Unemployment	34,307	36,034	37,083	38,139	39,225
D) Medicare	129,762	136,352	140,357	144,384	148,532
Other/Tuition	<u>42,536</u>	<u>42,536</u>	<u>42,536</u>	<u>42,536</u>	<u>42,536</u>
Total Line 3.020	<u>\$3,193,220</u>	<u>\$3,395,864</u>	<u>\$3,576,285</u>	<u>\$3,762,426</u>	<u>\$3,959,596</u>

**Purchased Services – Line #3.030**

Purchased services include expenditures for utilities, professional development and state foundation deductions for tuition-type students, including open enrollment, community school, scholarships and post-secondary enrollment option. Estimates for many items covered in this area of the forecast were based on historical trends and estimated service needs. A 3% increase was incorporated throughout the forecast for inflationary purposes as well as estimated increases in college credit plus deductions.

<u>Source</u>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
Base Services	\$146,559	\$150,956	\$155,485	\$160,150	\$164,955
ESC & Instructional Services	1,205,000	1,241,150	1,278,385	1,316,737	1,356,239
Open Enrollment Deduction	686,076	699,798	713,794	728,070	742,631
Community School & Scholarships	401,000	401,000	401,000	401,000	401,000
SF14, Other Tuition & College Credit Plus	438,687	460,621	483,652	507,835	533,227
Building Maintenance & Service	339,136	356,093	373,898	392,593	412,223
Utilities	<u>488,747</u>	<u>503,409</u>	<u>518,511</u>	<u>534,066</u>	<u>550,088</u>
Total Line 3.030	<u>\$3,812,205</u>	<u>\$3,923,237</u>	<u>\$4,038,241</u>	<u>\$4,157,373</u>	<u>\$4,280,792</u>

**Supplies and Materials – Line #3.040**

An overall inflation of 1.0% is being estimated for this category of expenses. This is due to an anticipated increase in fuel costs and instructional materials as a whole. Educational supplies include textbooks, office and classroom supplies, we have no textbook updates budgeted at this time. Building and transportation costs

include supplies to clean the buildings, provide paper supplies and other items custodians would need, and transportation costs are largely fuel, tires and other costs required to keep our fleet safe and operational.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Supplies, Textbooks & Technology	\$306,751	\$309,819	\$312,917	\$316,046	\$319,206
Building and Transportation	<u>345,749</u>	<u>349,206</u>	<u>352,698</u>	<u>356,225</u>	<u>359,787</u>
Total Line 3.040	<u>\$652,500</u>	<u>\$659,025</u>	<u>\$665,615</u>	<u>\$672,271</u>	<u>\$678,993</u>

**Equipment – Line # 3.050**

Costs in FY 19-23 include purchasing equipment for students and staff, we continue to fund the lease purchase agreement to update the bus fleet. We have computer updating, construction of the bus garage, HVAC upgrade at JH and pave the JH and HS parking lots These amounts can vary year to year based on anticipated need.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Capital Outlay	<u>750,000</u>	<u>575,000</u>	<u>575,000</u>	<u>575,000</u>	<u>575,000</u>
Total Line 3.050	<u>\$750,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>

**Other Expenses – Line #4.300**

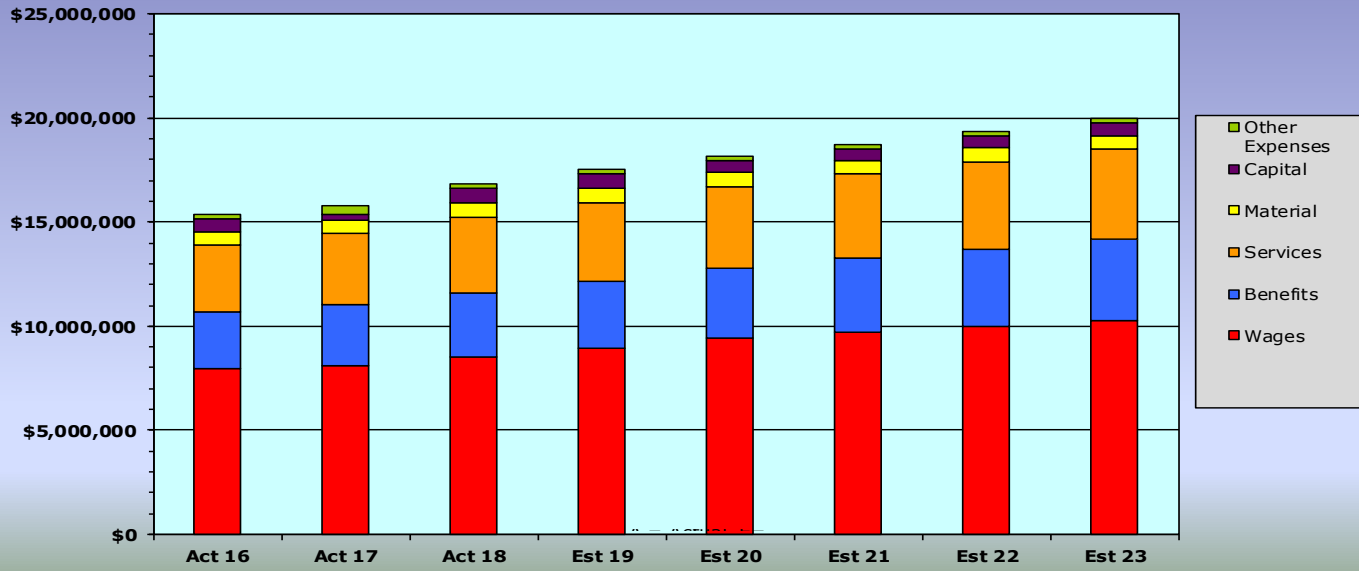
The category of Other Expenses consists primarily of Auditor & Treasurer (A&T) fees and state audit fees. Other items such as dues and fees to professional organizations such as OSBA and employee bonds are paid from these funds. Currently, we are estimating annual increase of 2% for this forecast.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
County Auditor & Treasurer Fees	\$102,984	\$104,014	\$105,054	\$106,105	\$107,166
Other expenses	<u>106,365</u>	<u>109,556</u>	<u>112,843</u>	<u>116,228</u>	<u>119,715</u>
Total Line 4.300	<u>\$209,349</u>	<u>\$213,570</u>	<u>\$217,897</u>	<u>\$222,333</u>	<u>\$226,881</u>

**Operating Expenditures Actual FY16 through FY18 and Estimated FY19-FY23**

As the graph below indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.

### General Fund Expenditures Actual FY16 Through Est. FY23



**Transfers Out/Advances Out – Line# 5.010**

This account group covers fund to fund transfer for the Permanent Improvement and Food Service Fund when needed and end of year to supplement State and Federal Grants based on staffing and funding level.

Source	FY19	FY20	FY21	FY22	FY23
Operating Transfers Out Line #5.010	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
Advances Out Line #5.020	0	0	0	0	0
<b>Total</b>	<b>\$375,000</b>	<b>\$375,000</b>	<b>\$375,000</b>	<b>\$375,000</b>	<b>\$375,000</b>

**Encumbrances –Line#8.010**

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. .

	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances - Line #8.010	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000

**Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010**

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes renewal of the 1% SDIT in FY23.

Source	FY19	FY20	FY21	FY22	FY23
Ending Unencumbered Cash Balance - Line #15.010	\$6,909,158	\$6,467,587	\$5,522,694	\$4,054,806	\$2,014,444

**True Cash Days Ending Balance**

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without



additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments. The True Day cash Balance in FY23 includes renewal of the 1% SDIT.

