

**XENIA COMMUNITY CITY SCHOOL DISTRICT-GREENE 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
Xenia Community City School District
Treasurer's Office
Carolyn Huber, Interim Treasurer
May 20, 2019**

Xenia Community City School District

Greene 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)	17,916,853	17,998,874	18,127,624	0.6%	17,768,803	18,222,556	18,403,747	18,474,040	18,502,570
1.020 Tangible Personal Property	973,699	1,028,538	1,076,150	5.1%	1,042,660	1,102,485	1,135,022	1,162,883	1,193,037
1.030 Income Tax	3,605,181	3,792,982	3,880,295	3.8%	4,228,357	4,355,208	4,485,864	4,620,440	4,759,053
1.035 Unrestricted State Grants-in-Aid	20,229,796	20,631,328	20,443,785	0.5%	20,872,317	20,865,382	20,910,769	20,956,246	21,002,047
1.040 Restricted State Grants-in-Aid	1,632,283	1,494,980	2,594,245	32.6%	2,482,761	2,505,069	2,527,600	2,550,356	2,573,340
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.50	0	0	0	0.0%	0	0	0	0	0
1.050 Property Tax Allocation	3,003,058	2,993,021	2,965,992	-0.6%	2,903,621	2,878,039	2,861,804	2,804,423	2,807,126
1.060 All Other Revenues	1,651,832	1,655,048	2,438,405	23.8%	2,458,826	2,479,451	2,500,282	2,521,322	2,542,572
1.070 Total Revenues	49,012,702	49,594,771	51,526,496	2.5%	51,757,345	52,408,189	52,825,088	53,089,710	53,379,744
Other Financing Sources									
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020 State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040 Operating Transfers-In	1,000,000	21,141	-22,327	-151.7%	0	0	0	0	0
2.050 Advances-In	0	630,772	110,000	0.0%	0	0	0	0	0
2.060 All Other Financing Sources	376,947	178,680	348,917	21.3%	0	10,000	10,000	10,000	10,000
2.070 Total Other Financing Sources	1,376,947	830,593	436,590	-43.6%	0	10,000	10,000	10,000	10,000
2.080 Total Revenues and Other Financing Sources	50,389,649	50,425,364	51,963,086	1.6%	51,757,345	52,418,189	52,835,088	53,099,710	53,389,744
Expenditures									
3.010 Personal Services	21,630,108	23,712,851	25,540,311	8.7%	25,947,702	27,284,769	28,505,383	29,278,176	30,082,338
3.020 Employees' Retirement/Insurance Benefits	7,422,287	7,321,561	8,763,279	9.2%	8,620,801	9,157,377	9,728,701	10,337,615	10,989,631
3.030 Purchased Services	11,769,042	13,978,981	15,160,587	13.6%	15,232,421	13,789,250	13,979,644	14,173,253	14,370,145
3.040 Supplies and Materials	797,541	1,379,251	1,112,887	26.8%	1,071,996	1,280,216	1,490,518	1,500,923	1,511,432
3.050 Capital Outlay	1,090,268	1,086,327	256,822	-38.4%	365,906	450,000	301,000	302,010	303,030
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:									
4.010 Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020 Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050 Principal-HB 264 Loans	115,000	120,000	0	-47.8%	125,000	125,000	125,000	125,000	125,000
4.055 Principal-Other	116,000	0	120,000	0.0%	0	0	0	0	0
4.060 Interest and Fiscal Charges	55,531	47,413	44,263	-10.6%	40,738	36,831	36,831	36,831	36,831
4.300 Other Objects	2,568,318	653,403	657,655	-37.0%	802,231	948,624	958,111	967,692	977,368
4.500 Total Expenditures	45,564,095	48,299,787	51,655,804	6.5%	52,206,795	53,072,067	55,125,188	56,721,500	58,395,775
Other Financing Uses									
5.010 Operating Transfers-Out	1,000,000	126,267	-22,327	-102.5%	0	0	0	0	0
5.020 Advances-Out	300,772	110,000	0	-81.7%	0	0	0	0	0
5.030 All Other Financing Uses	0	0	31	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	1,300,772	236,267	(22,296)	-95.6%	-	-	-	-	-
5.050 Total Expenditures and Other Financing Uses	46,864,867	48,536,054	51,633,508	5.0%	52,206,795	53,072,067	55,125,188	56,721,500	58,395,775
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	3,524,782	1,889,310	329,578	-64.5%	(449,450)	(653,877)	(2,290,100)	(3,621,790)	(5,006,031)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	16,630,945	20,155,727	22,045,037	15.3%	22,374,615	21,925,165	21,271,287	18,981,187	15,359,397
7.020 Cash Balance June 30	20,155,727	22,045,037	22,374,615	5.4%	21,925,165	21,271,287	18,981,187	15,359,397	10,353,366
8.010 Estimated Encumbrances June 30	1,219,853	1,047,042	610,488	-27.9%	750,000	750,000	750,000	750,000	750,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0.0%	8,581,939	8,724,175	9,061,675	9,324,082	9,599,305
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080 Subtotal	0	0	0	0.0%	8,581,939	8,724,175	9,061,675	9,324,082	9,599,305
10.010 Fund Balance June 30 for Certification of Appropriations	18,935,874	20,997,995	21,764,127	7.3%	12,593,226	11,797,112	9,169,512	5,285,315	4,061

Xenia Community City School District

Greene 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
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal				0.0%	0	0	0	0	0
11.020 Property Tax - Renewal or Replacement				0.0%	0	0	0	0	0
11.300 Cumulative Balance of Renewal Levies				0.0%	-	-	-	-	-
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	18,935,874	20,997,995	21,764,127	7.3%	12,593,226	11,797,112	9,169,512	5,285,315	4,061
Revenue from New Levies									
13.010 Income Tax - New				0.0%	0	0	0	0	0
13.020 Property Tax - New				0.0%	0	0	0	0	0
13.030 Cumulative Balance of New Levies	-	-		0.0%	-	-	-	-	-
14.010 Revenue from Future State Advancements				0.0%	0	0	0	0	0
15.010 <i>Unreserved Fund Balance June 30</i>	18,935,874	20,997,995	21,764,127	7.3%	12,593,226	11,797,112	9,169,512	5,285,315	4,061

**Xenia Community City School District – Greene County
Assumptions 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 became effective November 1, 2018 and will change the filing date from October 31 to November 30 beginning with the November filing in 2019. The May 31 filing date remained 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 \$51,757,345 or 1.12% lower than the October forecasted amount of \$52,342,151. This indicates the October forecast was 98.88% accurate.

The decrease in revenue estimate is mostly affected by a slight decrease in real estate taxes due to less delinquents and a drop in the economically disadvantaged numbers. The decrease in economically disadvantaged students could have a negative effect on revenues through the entire forecast period depending on how future state funding models may compensate districts for these students.

Expenditures:

Total General Fund expenditures (line 4.5) are estimated to be \$ 52,158,007 for FY19 which is below the original estimate of \$ \$54,059,677 in the October forecast. The expenditure line most significantly below projections are capital outlays budgeted for the buildings (line 3.05) which we reduced as there are no set plans for these dollars at this time.

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 \$12.65 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2022 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:

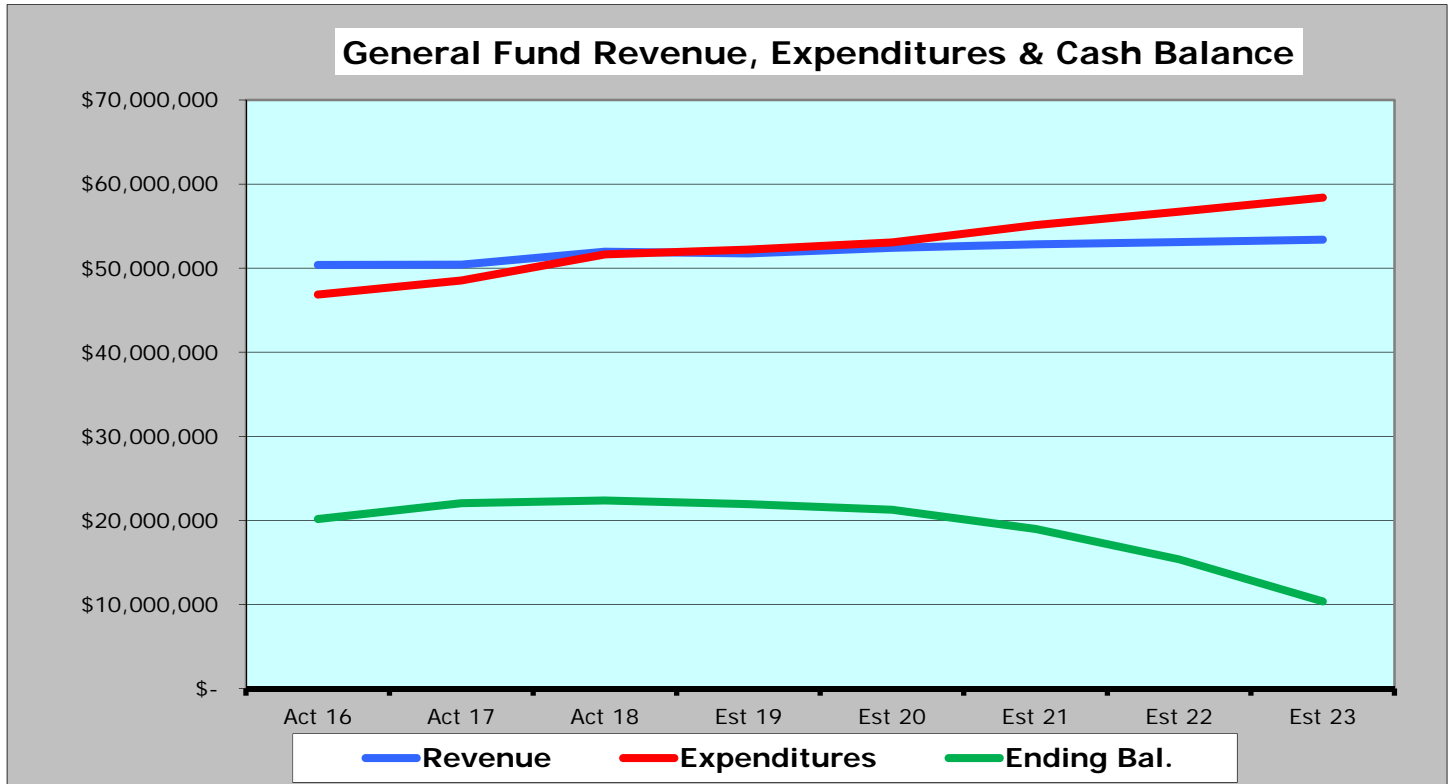
- I. Property tax collections are the second largest revenue source for the school system. The housing market in our district has recovered from the 2008 recession. We project slow growth

in appraised values every three (3) years and continued slow growth in local taxes. The local revenues equate to 49.3% of the district's resources. Greene County experienced an update in the 2017 tax year, collected in FY18. The 2017 update increased overall assessed values by \$18.0 million or an increase of 2.9%, including the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. A reappraisal will occur in tax year 2020 for collection in FY21. We anticipate value increases for Class I and II property by \$16.1 million for an overall increase of 2.45%. There is, however, always a minor risk 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 district's 11.75 mill emergency levy was renewed May 5, 2015 for a seven (7) year period and will expire on December 31, 2023. The emergency levy is approved to raise \$7,760,000 annually. In addition, the District passed an operating .5% Income Tax that will also expire on December 31, 2023. Both renewal levies are necessary to keep the district financially healthy long term.
- III. The State Budget represents 50.7% of district revenues and is an area of risk to revenue. The future risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduces funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 in this forecast. 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 in line with our current estimates through FY23 which we feel are conservative and should be close to what 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.
- IV. There are many provisions in state budget bill HB49 that we anticipate will continue to draw funds away 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.
- V. The district was eligible for a new U.S. Department of Agriculture program in FY18 called Community Eligibility Provision (CEP). This program allows districts with 40% eligible students to certify free and reduced price lunches via Direct Certification. The ODE uses this information to certify Economically Disadvantaged students. In FY16 and FY17 if a school building was CEP eligible, 100% of their students were reflected at Economically Disadvantaged even if they were not. This greatly increased funding to our district in FY16 and FY17. For FY18 and FY19 this program was continued as it was in FY16 and FY17. We will keep a close watch on this as the ODE could look into different EMIS codes to report students as Economically Disadvantaged that would not then result in 100% of the students in an eligible building being counted in the program. This would reduce state funding if this were to happen. We will watch this very carefully as any new budget deliberations occur in the future.
- VI. 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 lines of reference for the forecast are noted in the headings to make it easier to relate the assumptions made for the forecast item back to the forecasted numbers. It should be of assistance to the reader to review the assumptions noted in understanding the overall five year financial forecast for the district. If you would like further information, please feel free to contact Carolyn Huber, Interim Treasurer of Xenia Community City Schools, at 937-562-9032.

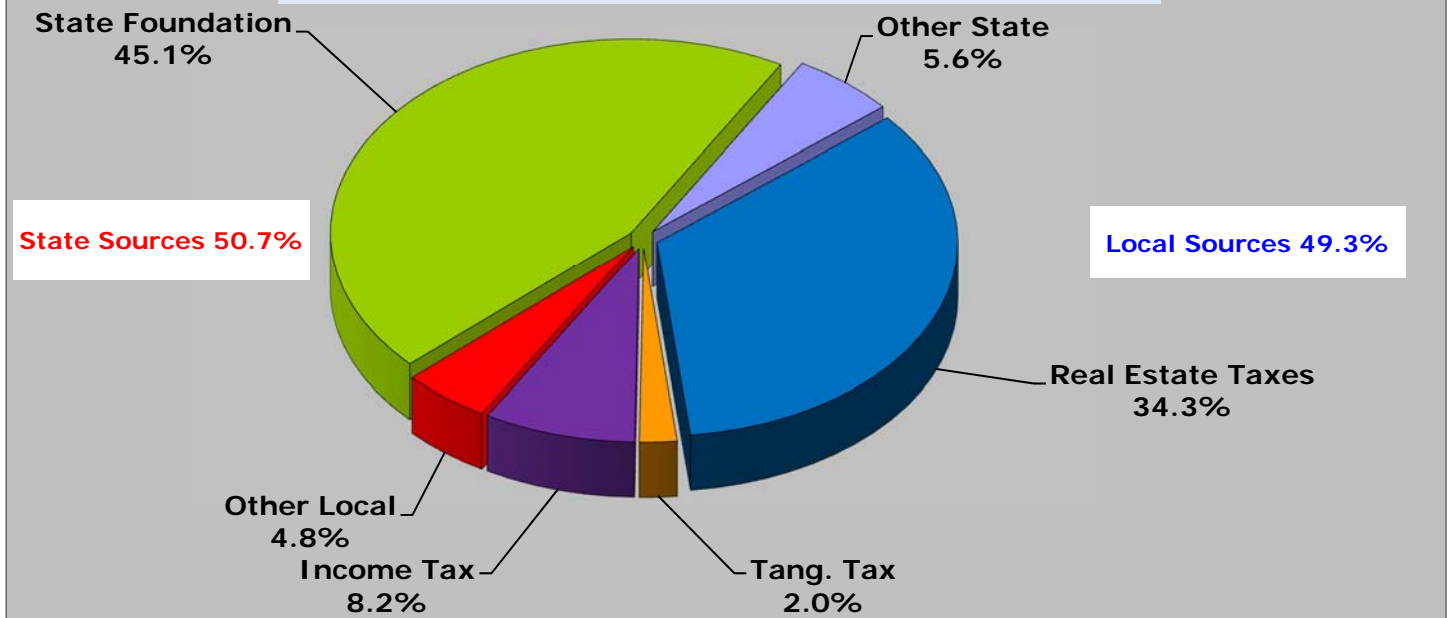
General Fund Revenue, Expenditures and Ending Cash Balance:



Revenue Assumptions

Estimated Revenues for Fiscal Year ending June 30, 2019

Estimated General Fund Revenue FY2019
\$51,757,345



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. There was an update completed in 2017, collected in 2018. Values increased by \$16.0 million, or 2.9%. A reappraisal will take place for 2020 values to collect in 2021. Minimal growth of 2.45% has been estimated in 2020 for residential/agricultural and commercial/industrial values at this time. These have been factored into the projection for the district's property values, along with their corresponding tax reduction factors affecting outside voted millage.

Estimated Assessed Property Valuations by Collection Years

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2018	TAX YEAR 2019	TAX YEAR 2020	TAX YEAR 2021	TAX YEAR 2022
Classification	COLLECT2019	COLLECT2020	COLLECT2021	COLLECT2022	COLLECT2023
Res./Ag.	\$556,589,580	\$558,689,580	\$574,256,820	\$575,356,820	\$576,456,820
Comm./Ind.	\$95,381,540	\$95,881,540	\$96,381,540	\$96,881,540	\$97,381,540
Public Utility Personal Property (PUPP)	\$26,039,430	\$26,789,430	\$27,539,430	\$28,289,430	\$29,039,430
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	\$678,010,550	\$681,360,550	\$698,177,790	\$700,527,790	\$702,877,790

Estimated Real Estate Tax Collections

Property tax levies are estimated to be collected at 95.75% of the annual amount. Delinquencies are estimated at 4.25%. Technically, 100% of taxes will be settled on property due to Ohio's property tax

laws; however, the timing of the tax payments has a tendency to fluctuate. More recently, they appear to have normalized. Property taxes are estimated to be collected at 54.8% of the Residential/Agricultural and Commercial/Industrial in the February tax settlements, and 45.2% collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in the February settlement and 50% in the August settlement from the Greene County Auditor.

Source	FY19	FY20	FY21	FY22	FY23
Property Tax Exclude PUPP	\$17,768,803	\$18,222,556	\$18,403,747	\$18,474,040	\$18,502,570

Tangible Personal Property – Line #1.020

The revenues reported on Line 1.02 are Public Utility Personal Property Tax. This is estimated to grow by roughly 3% a year as utilities continue to invest in infrastructure across Ohio.

Source	FY19	FY20	FY21	FY22	FY23
Public Utility Personal Property	\$1,042,660	\$1,102,485	\$1,135,022	\$1,162,883	\$1,193,037
Total Line # 1.020	<u>\$1,042,660</u>	<u>\$1,102,485</u>	<u>\$1,135,022</u>	<u>\$1,162,883</u>	<u>\$1,193,037</u>

School District Income Tax Collections – Line #1.030

The current SDIT will expire on December 31, 2023, and has produced \$4,228,357 in FY19, an increase of 8.97%. The district forecasts a conservative 3% growth rate in income tax collections FY20 through FY23.

Source	FY19	FY20	FY21	FY22	FY23
SDIT Collection	\$3,880,295	\$4,228,357	\$4,355,208	\$4,485,864	\$4,620,440
Adjustments	<u>348,062</u>	<u>126,851</u>	<u>130,656</u>	<u>134,576</u>	<u>138,613</u>
Total to Line #1.030	<u>\$4,228,357</u>	<u>\$4,355,208</u>	<u>\$4,485,864</u>	<u>\$4,620,440</u>	<u>\$4,759,053</u>

Emergency Levy and School District Income Tax Renewals– Line #11.010 & #11.020

The district is required to remove current levies that expire during the included years of the five year forecast. The current Emergency Levy and SDIT expire December 31, 2023 and will be reflected in the November 2019 forecast when FY24 is added to the forecast.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

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, which means the district will receive the full amount of funding that the state formula calculates that we should be receiving.

The current formula 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 are calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It is 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 in which students enrolled. 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 the CAP amount paid districts to reduce state costs:

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. 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & FY19 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 & FY19 guarantee at FY17 levels and is in addition to the Cap payments.

Our district is anticipated to be a Formula district in FY19 and beyond at this time.

Our current SFPR estimates for FY19 are using April #1 average daily membership (ADM) and holding steady 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. It would also fund schools on actual enrollment rather than 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 after 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 is collected as a tax. School districts receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds are distributed to school districts in January and August each year and 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 future years when actual casino revenues show signs of stronger increases.

Source	FY19	FY20	FY21	FY22	FY23
Basic Aid-Unrestricted	\$19,972,560	\$19,963,906	\$20,008,417	\$20,053,022	\$20,097,957
Additional Aid Items	\$679,032	\$679,032	\$679,032	\$679,032	\$679,032
Basic Aid-Unrestricted Subtotal	\$20,651,592	\$20,642,938	\$20,687,449	\$20,732,054	\$20,776,989
Ohio Casino Commission ODT	<u>\$220,725</u>	<u>\$222,444</u>	<u>\$223,320</u>	<u>\$224,192</u>	<u>\$225,058</u>
Total Unrestricted State Aid Line # 1.035	<u>\$20,872,317</u>	<u>\$20,865,382</u>	<u>\$20,910,769</u>	<u>\$20,956,246</u>	<u>\$21,002,047</u>

Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school districts, both the Economically Disadvantaged Funding and Career Technical Education funding. This forecast incorporates these amounts into the restricted aid amount in Line #1.04 for FY19-23. As mentioned earlier, additional students in K-8 has qualified the building for an increase in aid.

Source	FY19	FY20	FY21	FY22	FY23
Economically Disadvantaged Aid	\$2,230,796	\$2,253,104	\$2,275,635	\$2,298,391	\$2,321,375
Career Tech - Restricted	166,782	166,782	166,782	166,782	166,782
Catastrophic Aide	85,183	85,183	85,183	85,183	85,183
Total Restricted State Revenues Line #1.040	<u>\$2,482,761</u>	<u>\$2,505,069</u>	<u>\$2,527,600</u>	<u>\$2,550,356</u>	<u>\$2,573,340</u>

B. Restricted Federal Grants in Aid – line #1.045

There are no restricted federal funds projected in this forecast for FY19-23.

Summary of State Foundation Revenues – Line#1.035; 1.040; and, 1.045

Source	FY19	FY20	FY21	FY22	FY23
Unrestricted Line # 1.035	\$20,872,317	\$20,865,382	\$20,910,769	\$20,956,246	\$21,002,047
Restricted Line # 1.040	\$2,482,761	\$2,505,069	\$2,527,600	\$2,550,356	\$2,573,340
Rest. Federal Funds #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$23,355,078</u>	<u>\$23,370,451</u>	<u>\$23,438,369</u>	<u>\$23,506,602</u>	<u>\$23,575,387</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

A. Rollback and Homestead Reimbursements

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given for 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, 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 individuals. In 2007, HB119 expanded the homestead exemption for all seniors over the age of 65 or who are disabled, regardless of income. Effective September 29, 2013, HB59 changed 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 reduce homestead reimbursements to the district and, as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

B. Tangible Personal Property Reimbursements – Fixed Rate

The district does not receive TPP Fixed Rate reimbursement payments.

C. Tangible Personal Property Reimbursements – Fixed Sum

HB49 has continued the Fixed Sum TPP phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum

millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursements – Line #1.050

Source	FY19	FY20	FY21	FY22	FY23
a) Rollback and Homestead	\$2,739,526	\$2,760,828	\$2,791,478	\$2,804,423	\$2,807,126
b) TPP Reimb - Fixed Rate	0	0	0	0	0
c) TPP Reimb - Fixed Sum	<u>164,095</u>	<u>117,211</u>	<u>70,326</u>	<u>0</u>	<u>0</u>
Total Tax Reimbursements #1.050	<u>\$2,903,621</u>	<u>\$2,878,039</u>	<u>\$2,861,804</u>	<u>\$2,804,423</u>	<u>\$2,807,126</u>

Other Local Revenues – Line #1.060

Open enrollment into the district is one the largest revenue sources in this line item and is expected to fluctuate. Medicaid reimbursements are also a significant revenue source within this line item. Overall, this line item is projected to grow by 0.5% annually. Interest rates have moved upward over the fiscal year, and the district has realized greater revenues in this area than in past fiscal years. As always, security of the public funds collected by the district is the top priority of the treasurer’s office when investing district funds.

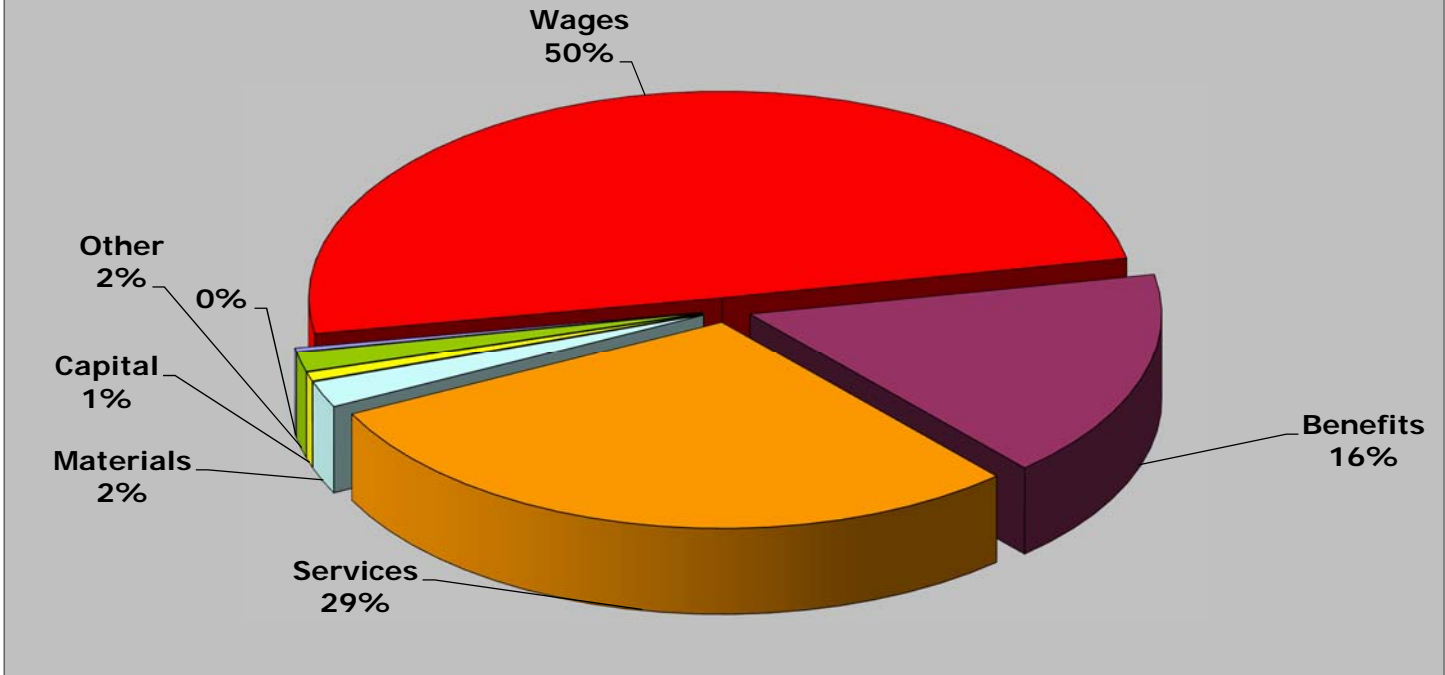
All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010

There is no short-term borrowing planned for in this forecast at this time. Other financing sources consist of advances that the school district anticipates will be repaid 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.

Expenditures Assumptions

Expenditure Estimates for Fiscal year ending June 30, 2019

Estimated General Fund Expenditures FY2019 \$52,158,007



Wages – Line #3.010

The district approved new contracts effective July 1, 2018 through June 30, 2021 with certificated and classified employees. For certificated staff the district negotiated a 2.75% wage increase and step for fiscal year 2019; 2.5% wage increase and step for fiscal year 2020, and 2.25% increase and step for fiscal year 2021. For classified staff the district negotiated a 2.75% increase in fiscal years 2019 and 2020 and a 2.5% increase in fiscal year 2021. Step increases are included through FY23 for planning purposes. For FY20, eight (8) classified positions will be added, offset by the non-renewal of contracts for the outsourcing of these staff. Additionally, two (2) administrative positions will be eliminated after FY19. From FY19-23, the following breakdown is assumed.

Source	FY19	FY20	FY21	FY22	FY23
Base Wages	\$23,596,321	\$24,602,702	\$25,759,769	\$26,805,383	\$27,578,176
Based Pay Increase	\$648,898	\$589,908	\$553,561	\$257,598	\$268,054
Steps & Academic Training	\$357,484	\$471,926	\$492,054	\$515,195	\$536,108
Increased Staff	\$0	\$350,000	\$0	\$0	\$0
Unfunded Recaptured Positions	\$0	\$0	\$0	\$0	\$0
Substitutes	\$550,000	\$700,000	\$700,000	\$700,000	\$700,000
Supplementals	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000
Retirement Severance/Other	\$270,000	\$300,000	\$475,000	\$475,000	\$475,000
Staff Reductions		(\$254,768)	\$0	\$0	\$0
Total Wages Line 3.010	<u>\$25,947,702</u>	<u>\$27,284,769</u>	<u>\$28,505,383</u>	<u>\$29,278,176</u>	<u>\$30,082,338</u>

Fringe Benefits Estimates – Line #3.020

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

A. STRS/SERS will Increase With Wages

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

In FY19 and FY20, the district projects a 9% increase, and in FY21-FY23, this forecast conservatively includes a 10% increase in premiums. The district received information that insurance rates will increase by 17% for calendar year 2020, however, the negotiated agreement with XEA limits the district's contribution to the rates paid in calendar year 2019.

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 0.5% of wages in FY19 and beyond. Premiums are paid in January for claims and estimates made in the current year. The district then pays a "true-up" payment in the spring of the following calendar year. Unemployment compensation has been a negligible cost for the district.

D. Medicare

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

Summary of Fringe Benefit Expenses

Source	FY19	FY20	FY21	FY22	FY23
A) STRS/SERS	\$3,798,324	\$3,975,408	\$4,139,151	\$4,263,025	\$4,387,200
B) Insurance's	3,939,910	4,275,358	4,660,140	5,126,154	5,638,769
C) Workers Comp/Unemployment	134,389	140,924	146,152	150,016	154,037
D) Medicare	356,199	373,708	391,279	406,441	417,646
Other/Tuition/Annuities	<u>391,979</u>	<u>391,979</u>	<u>391,979</u>	<u>391,979</u>	<u>391,979</u>
Total Line 3.020	<u>\$8,620,801</u>	<u>\$9,157,377</u>	<u>\$9,728,701</u>	<u>\$10,337,615</u>	<u>\$10,989,631</u>

Purchased Services – Line #3.030

Professional and technical services are generally projected to decrease in FY2020 due to a change in out-sourced staffing services. The district plans to end the contract for maintenance, building and grounds services, as well as technical services and to hire employees for those positions. This results in a decrease for FY2020. Transportation services will continue to be out-sourced. The district is

soliciting bids for a new custodial service contract and at this time, the cost is unknown. After FY2020, there is a projected increase by 1% in the forecasted period. The district is in the Ohio Edison service territory and participates in Power4Schools, a lower-priced electricity purchasing program from First Energy Utility. Again, a 1% increase for all purchased services is forecasted for FY19 and beyond.

Tuition and community school payments are forecasted to increase each fiscal year due to the increase in the per pupil cost related to state foundation, with the assumption that the number of students leaving the school district will remain relatively constant. Travel and meeting expenses, communication costs, and trade services are forecasted to remain fairly consistent over the forecasted period.

In FY19, the district estimates an increase each remaining year of the forecast by 1% for open enrollment and community school deductions.

Source	FY19	FY20	FY21	FY22	FY23
Base Services	117,695	118,872	120,061	121,262	122,475
Instructional Service	2,643,303	2,269,736	2,292,433	2,315,357	2,338,511
Property Service 422-429	472,155	476,877	481,646	486,462	491,327
Management Contract	4,649,004	3,500,000	3,587,500	3,677,188	3,769,118
Open Enrollment Deduction	1,701,944	1,718,963	1,736,153	1,753,515	1,771,050
Community School Deductions	2,634,827	2,661,175	2,687,787	2,714,665	2,741,812
Other Tuition, Ed Scholarship, CCP	2,233,245	2,255,577	2,278,133	2,300,914	2,323,923
Utilities & Communication 440-453	<u>780,248</u>	<u>788,050</u>	<u>795,931</u>	<u>803,890</u>	<u>811,929</u>
Total Line 3.030	<u>\$15,232,421</u>	<u>\$13,789,250</u>	<u>\$13,979,644</u>	<u>\$14,173,253</u>	<u>\$14,370,145</u>

Supplies and Materials – Line #3.040

The district believes that this supply line item will remain consistent during the forecast period, with a projected 1% increases from FY19 and beyond. In an effort to improve course offerings and expand the effectiveness of the curriculum, the district continues to budget for new textbooks and curriculum supplies.

Source	FY19	FY20	FY21	FY22	FY23
Supplies	\$360,593	\$564,199	\$569,841	\$575,539	\$581,294
Instructional Supplies	\$461,403	\$466,017	\$470,677	\$475,384	\$480,138
New Textbook	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$450,000</u>	<u>\$450,000</u>	<u>\$450,000</u>
Total Line 3.040	<u>\$1,071,996</u>	<u>\$1,280,216</u>	<u>\$1,490,518</u>	<u>\$1,500,923</u>	<u>\$1,511,432</u>

Equipment – Line # 3.050

The Board of Education may have to increase the allocations for future years for building repairs if other capital funds are not approved by voters. For now FY19 through FY23 represent an our best estimate of expenditures for this respective line item, and are subject to change as new capital outlay purchases are considered.

Source	FY19	FY20	FY21	FY22	FY23
Capital Outlay	\$165,906	\$100,000	\$101,000	\$102,010	\$103,030
Building Repairs (XHS/WMS)	\$200,000	\$100,000	\$200,000	\$200,000	\$200,000
Technology	-	<u>\$250,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$365,906</u>	<u>\$450,000</u>	<u>\$301,000</u>	<u>\$302,010</u>	<u>\$303,030</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the county ESC deductions for specialized services provided to the district, as well as County Auditor/Treasurer fees and insurance. County Auditor/Treasurer fees will increase in FY20 due to credits that were previously received due to a county surplus. Forecasted for FY21-23 is an assumption of 1% increase in costs.

Source	FY19	FY20	FY21	FY22	FY23
County A&T, State SDIT Fees	\$433,560	\$576,266	\$582,029	\$587,849	\$593,727
ESC Deduction	54,658	55,205	55,757	56,315	56,878
Other expenses	314,013	317,153	320,325	323,528	326,763
Total Line 4.300	<u>\$802,231</u>	<u>\$948,624</u>	<u>\$958,111</u>	<u>\$967,692</u>	<u>\$977,368</u>

Total Other Financing Uses - # 5.040

In each year FY19 – FY23, annual planned transfers are forecasted, and are adjusted as needed.

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

Debt Service – Line #4.020; #4.050; #4.060

The district approved and completed a HB264 project, which is the only debt financed with the General Fund.

Source	FY19	FY20	FY21	FY22	FY23
HB 264 Principal Line # 4.050	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000

Source	FY19	FY20	FY21	FY22	FY23
Interest on TANS & HB 264 Total Line 4.060	\$40,738	\$36,831	\$36,831	\$36,831	\$36,831

Encumbrances –Line #8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance. Encumbrances are forecasted based on the treasurer of the district's estimates for FY19-23.

	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>

Reservations of Fund Balance – Line #9.010 to #9.080

The district established a budget reserve in FY16 to help stabilize the budget and district operations. The district's policy is to have a minimum of 60 days' worth of operating expenses on hand in order to prevent the General Fund from being overdrawn.

Source	FY19	FY20	FY21	FY22	FY23
Budget Reserve - Line 9.030	8,581,939	8,724,175	9,061,675	9,324,082	9,599,305
Total Reservations- Line#9.080	<u>\$8,581,939</u>	<u>\$8,724,175</u>	<u>\$9,061,675</u>	<u>\$9,324,082</u>	<u>\$9,599,305</u>

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 ORC 5705.412, punishable by personal liability of \$10,000; unless an alternative 412 certificate, as permitted by HB153 effective September 30, 2011, could be issued.

	FY19	FY20	FY21	FY22	FY23
Ending Cash Balance	\$ 12,593,226	\$ 11,797,112	\$ 9,169,512	\$ 5,285,315	\$ 4,061

True Cash Days Ending Balance

Another way to look at the district’s ending cash balance is to state it in terms of “True Cash Days”. In other words, this figure demonstrates how many days the district could operate at year end if no additional revenues were received. This is the current year’s Ending Cash Balance divided by (current year’s expenditures divided by 365 days), which equals the number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association recommends no less than two months, or 60 days, cash be on hand at year end. However, it 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 capital and Fund 034.

