

**NORTHEASTERN LOCAL SCHOOL DISTRICT-CLARK COUNTY**  
**SCHEDULE OF REVENUE, 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**



**Forecast Provided By**  
**Northeastern Local School District**  
**Treasurer's Office**  
**Dale R. Miller, CPA, Treasurer/CFO**  
**937-325-7615 ext 1010**  
*October 17, 2019*

# Northeastern Local School District

Clark County

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
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	10,741,064	10,881,277	10,855,226	0.5%	11,354,235	11,013,488	11,063,080	11,104,824	11,140,339	
1.020 Tangible Personal Property	589,438	650,058	687,100	8.0%	683,972	686,463	708,033	729,603	751,173	
1.030 Income Tax	2,815,410	4,725,455	5,129,277	38.2%	5,231,864	5,323,422	5,416,583	5,511,374	5,607,824	
1.035 Unrestricted State Grants-in-Aid	13,048,997	13,010,784	13,254,758	0.8%	13,022,159	13,025,263	13,028,445	13,031,707	13,035,051	
1.040 Restricted State Grants-in-Aid	336,103	340,406	305,888	-4.4%	306,831	307,784	308,747	309,719	310,701	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	0	0	-	0.0%	\$0	\$0	\$0	\$0	\$0	
1.050 Property Tax Allocation	1,829,471	1,775,928	1,777,915	-1.4%	1,757,162	1,734,994	1,740,276	1,744,187	1,746,725	
1.060 All Other Revenues	2,733,338	2,878,035	3,145,274	7.3%	3,163,164	3,106,161	3,132,387	3,158,876	3,185,630	
1.070 <b>Total Revenues</b>	<b>32,093,821</b>	<b>34,261,943</b>	<b>35,155,438</b>	<b>4.7%</b>	<b>35,519,387</b>	<b>35,197,575</b>	<b>35,397,551</b>	<b>35,590,290</b>	<b>35,777,443</b>	
<b>Other Financing Sources</b>										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-	
2.050 Advances-In	115,954	50,949	67,903	-11.4%	46,228	30,000	30,000	30,000	30,000	
2.060 All Other Financing Sources	156,038	166,166	274,933	36.0%	175,000	175,000	175,000	175,000	175,000	
2.070 <b>Total Other Financing Sources</b>	<b>271,992</b>	<b>217,115</b>	<b>342,836</b>	<b>18.9%</b>	<b>221,228</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>32,365,813</b>	<b>34,479,058</b>	<b>35,498,274</b>	<b>4.7%</b>	<b>35,740,615</b>	<b>35,402,575</b>	<b>35,602,551</b>	<b>35,795,290</b>	<b>35,982,443</b>	
<b>Expenditures</b>										
3.010 Personal Services	\$17,772,400	\$17,729,603	\$17,746,093	-0.1%	\$18,002,151	\$18,726,201	\$19,268,743	\$19,827,529	\$20,402,885	
3.020 Employees' Retirement/Insurance Benefits	\$6,334,507	\$6,313,282	\$6,723,827	3.1%	\$7,456,940	\$7,978,309	\$8,446,552	\$8,947,090	\$9,482,667	
3.030 Purchased Services	\$5,187,813	\$5,727,827	\$6,138,234	8.8%	\$6,372,251	\$6,589,756	\$6,797,682	\$7,013,676	\$7,238,083	
3.040 Supplies and Materials	929,633	981,344	1,191,492	13.5%	1,110,317	1,143,627	1,177,936	1,213,275	1,249,673	
3.050 Capital Outlay	432,973	282,721	837,097	80.7%	500,000	500,000	500,000	500,000	500,000	
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%	\$0	\$0	\$0	\$0	\$0	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
4.300 Other Objects	\$340,527	\$364,984	\$366,093	3.7%	\$377,756	\$382,592	\$387,514	\$392,526	\$397,630	
4.500 <b>Total Expenditures</b>	<b>30,997,853</b>	<b>31,399,761</b>	<b>33,002,836</b>	<b>3.2%</b>	<b>33,819,415</b>	<b>35,320,485</b>	<b>36,578,427</b>	<b>37,894,095</b>	<b>39,270,938</b>	
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	\$42,305	\$40,815	\$54,959	15.6%	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	
5.020 Advances-Out	50,949	69,537	52,031	5.7%	-	-	-	-	-	
5.030 All Other Financing Uses	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 <b>Total Other Financing Uses</b>	<b>93,254</b>	<b>110,352</b>	<b>106,990</b>	<b>7.6%</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>31,091,107</b>	<b>31,510,113</b>	<b>33,109,826</b>	<b>3.2%</b>	<b>33,861,415</b>	<b>35,362,485</b>	<b>36,620,427</b>	<b>37,936,095</b>	<b>39,312,938</b>	
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing</b>	<b>1,274,706</b>	<b>2,968,945</b>	<b>2,388,448</b>	<b>56.7%</b>	<b>1,879,200</b>	<b>40,090</b>	<b>(1,017,876)</b>	<b>(2,140,805)</b>	<b>(3,330,495)</b>	
7.010 <b>Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies</b>	<b>6,833,069</b>	<b>8,107,775</b>	<b>11,076,720</b>	<b>27.6%</b>	<b>13,465,168</b>	<b>15,344,368</b>	<b>15,384,458</b>	<b>14,366,583</b>	<b>12,225,777</b>	
7.020 <b>Cash Balance June 30</b>	<b>8,107,775</b>	<b>11,076,720</b>	<b>13,465,168</b>	<b>29.1%</b>	<b>15,344,368</b>	<b>15,384,458</b>	<b>14,366,583</b>	<b>12,225,777</b>	<b>8,895,283</b>	
8.010 <b>Estimated Encumbrances June 30</b>	<b>238,114</b>	<b>671,106</b>	<b>579,253</b>	<b>84.1%</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	

# Northeastern Local School District

Clark County

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				Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
<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%	-	-	-	-	-
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080 <i>Subtotal</i>	-	-	-	0.0%	-	-	-	-	-
<i>Fund Balance June 30 for Certification of</i>									
10.010 <i>Appropriations</i>	7,869,661	10,405,614	12,885,915	28.0%	15,094,368	15,134,458	14,116,583	11,975,777	8,645,283
<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</i>									
<i>Contracts, Salary Schedules and Other Obligations</i>	7,869,661	10,405,614	12,885,915	28.0%	15,094,368	15,134,458	14,116,583	11,975,777	8,645,283
<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>	7,869,661	10,405,614	12,885,915	28.0%	15,094,368	15,134,458	14,116,583	11,975,777	8,645,283

**Northeastern Local School District – Clark County**  
**Notes to the Five Year Forecast**  
**General Fund Only**  
*October 2019*

**Introduction to the Five Year Forecast**

For fiscal year 2020 (July 1, 2019 – June 30, 2020) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2019, and May 31, 2020. HB87, effective November 1, 2018, changed the October filing deadline to November 30 beginning with this forecast. The May 31 filing date remains unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget provided new restricted state funding to school districts in Fiscal Years 20 and 21 specifically for Student Wellness and Success. These revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT included in this forecast.

Fiscal year 2020 (July 1, 2019-June 30, 2020) 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 November 2019 filing.

**Economic Outlook**

It is prudent in long range forecasting to consider the economic climate that long range projection of revenues and expenses are made. The state of Ohio provides roughly 50% of all school district funding so the state's financial health is a stabilizing factor for school district funding. The state of Ohio ended FY19 with a surplus of revenue over expenses and is maintaining a statutory maximum balance of \$2.8 billion in the Budget Stabilization Fund that would enable it to weather an economic slowdown during the forecast period. Unemployment rates statewide fell from 4.5% in June 2018 to 4.0% in June 2019 and overall economic growth is predicted to grow at a relatively steady rate of 2% annually through 2021 according to the Ohio Office of Budget and Management. This positively impacts state revenues and local revenues for districts with school district income taxes and will reduce delinquent local property tax payments if employment remains strong. These indicators suggest the state of Ohio's overall economy is healthy and should be able to maintain stable funding through the foundation program through the forecast period.

Statewide assessed property values and local tax collections have recovered from the sharp drops that occurred in 2008 through 2011. In 2008 statewide property values reached \$256.23 billion of assessed value and in 2017 they rose above this to \$263.73 billion for the first time. Assessed values grew 4.3% overall from 2017 to \$275.01 billion in 2018. Property values and new construction are expected to continue growing throughout the forecast period with some districts with high agricultural values experiencing slightly lower growth due to changes in current agricultural use valuation that will occur during reappraisal and update years. Property values and tax collections show trends supporting stability and growth for the forecast period.

**Forecast Risks and Uncertainty:**

A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) HB166 the current state budget for FY20-21 has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. The only increase is funding to all districts in Ohio is restricted use money for Student

Wellness and Success which is restricted in use and must be placed in Fund 467 and is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22. In years beyond 2021, expenditures related to Fund 467 will need to be considered as to value added and if the General Fund will absorb these expenditures.

2) The State Budget represents 43.6% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 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 FY24. We have projected our state funding to be inline with our current estimates through FY24 which we feel are conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

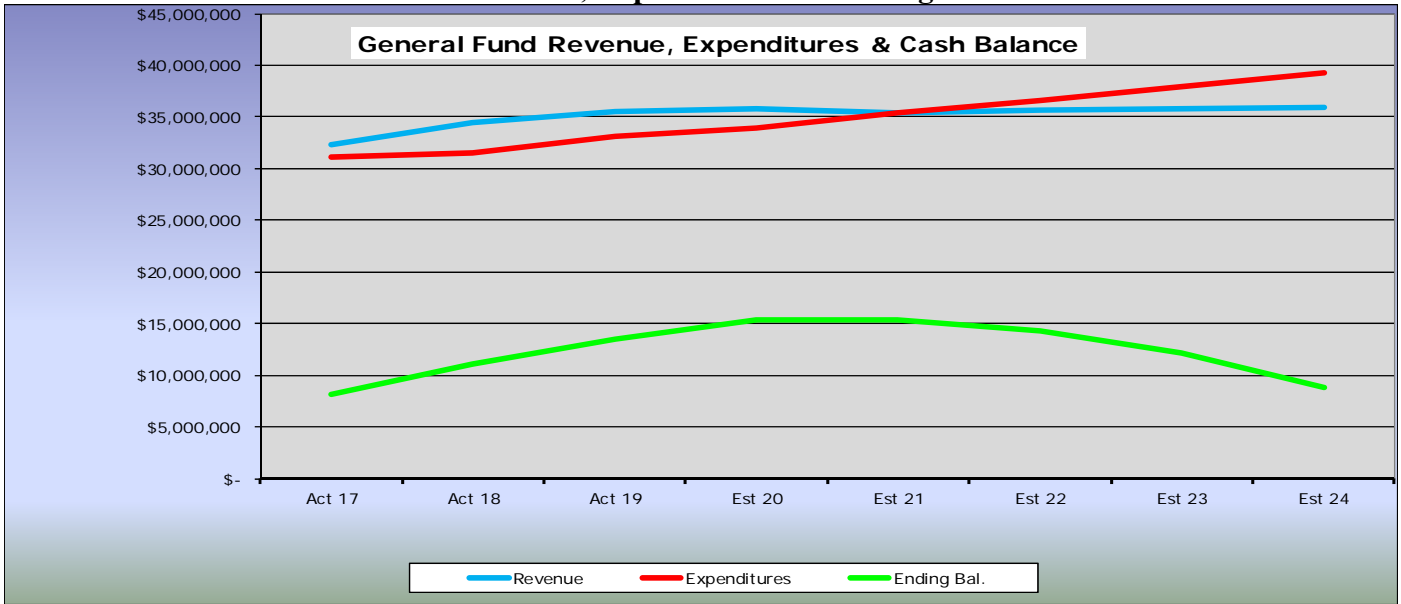
3) Clark County experienced a reappraisal update in the 2016 tax year to be collected in FY17. The 2016 update increased overall assessed values by \$23.4 million or an increase of 4.9%. A full reappraisal will occur in tax year 2019 for collection in FY20. We anticipate value increases for Class I and II property by \$32.7 million for an overall increase of 7.2% including the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49.

4) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that increase with each biennium budget 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.

5) 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.

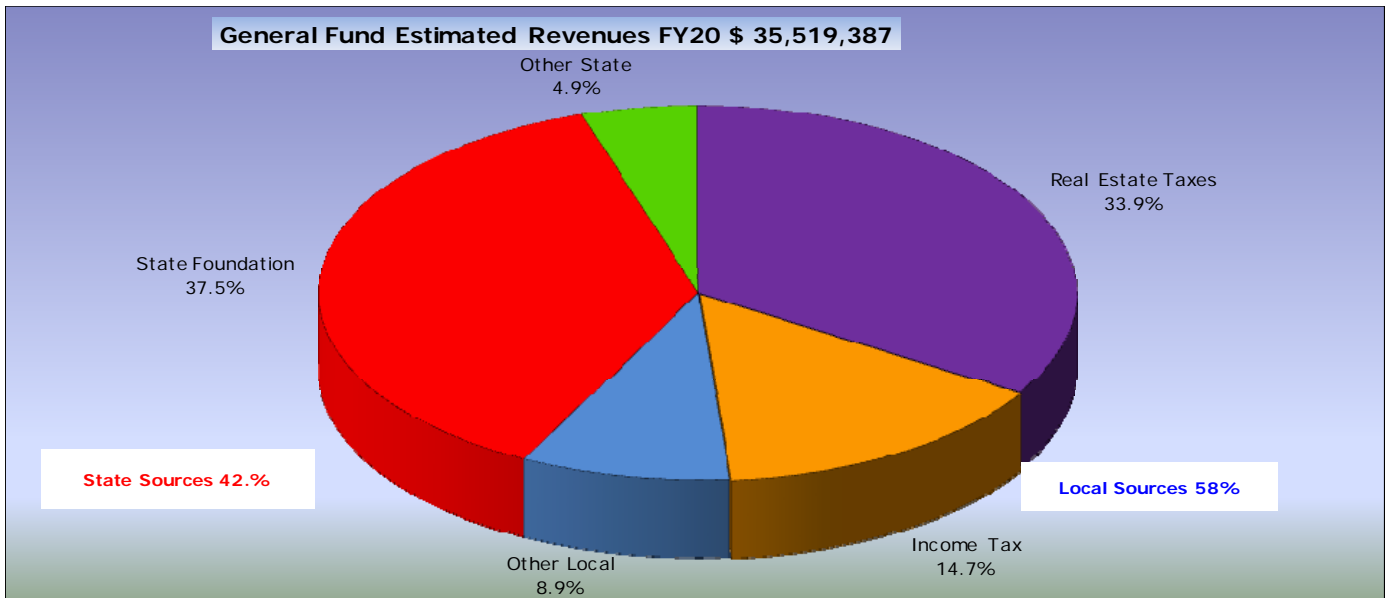
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mr. Dale R. Miller, Treasurer/CFO of Northeastern Local School District at 937-325-7615.

**General Fund Revenue, Expenditure and Ending Cash Balance:**



**Revenue Assumptions**

**Estimated General Fund Revenues:**



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

A full reappraisal will occur in 2019 for collection in 2020 for which we are estimating a 13.5% increase in residential and a 30% reduction in CAUV values for a 7.2% composite increase for residential/agricultural and a 2% increase for commercial/industrial property. We have received information from the county auditor that the reappraisal shows residential increases of 4% to 20% countywide. CAUV values represent 14.6% of Class I residential/agricultural values for our district which HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. We will experience this in the Tax Year 2019 reappraisal. A reduction of value has been weighted in to our average Class I value change in 2019. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$31.7 million or 7.2% overall.

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

Classification	Estimated TAX YEAR2019 <u>COLLECT 2020</u>	Estimated TAX YEAR2020 <u>COLLECT 2021</u>	Estimated TAX YEAR2021 <u>COLLECT 2022</u>	Estimated TAX YEAR2022 <u>COLLECT 2023</u>	Estimated TAX YEAR2023 <u>COLLECT 2024</u>
Res./Ag.	\$473,570,125	\$474,870,125	\$476,170,125	\$476,720,125	\$477,270,125
Comm./Ind.	\$54,757,831	\$54,957,831	\$55,157,831	\$55,357,831	\$55,557,831
Public Utility Personal Property (PUPP)	\$15,662,440	\$16,162,440	\$16,662,440	\$17,162,440	\$17,662,440
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	<u>\$543,990,397</u>	<u>\$545,990,397</u>	<u>\$547,990,397</u>	<u>\$549,240,397</u>	<u>\$550,490,397</u>

**ESTIMATED REAL ESTATE TAX (Line #1.010)**

Source	FY20	FY21	FY22	FY23	FY24
General Property Taxes	<u>\$11,354,235</u>	<u>\$11,013,488</u>	<u>\$11,063,080</u>	<u>\$11,104,824</u>	<u>\$11,140,339</u>

Property tax levies are estimated to be collected at 98% of the annual amount. This allows a .5% delinquency and 1.5% auditor and treasurer fees. Typically, 55% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 45% is expected to be collected in the August tax settlements.

**Renewal and Replacement Levies – Line #11.02**

No renewal or replacement levies are modeled in this forecast.

**New Tax Levies – Line #13.030**

No new levies are modeled in this forecast.

**Estimated Tangible Personal Tax & Public Utility Personal Property – Line#1.020**

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts’ gross tax rates not subject to reduction factors. We have estimated past trend growth in these values for future years. The phase out of tangible personal property tax (TPP) began in fiscal year 2006 and was completely eliminated after fiscal year 2011 for Northeastern School District.

Source	FY20	FY21	FY22	FY23	FY24
Public Utility Personal Property (Line#1.020)	<u>\$683,972</u>	<u>\$686,463</u>	<u>\$708,033</u>	<u>\$729,603</u>	<u>\$751,173</u>

**School District Income Tax –Line #1.030** - The school district has one 1% earned income tax levy which passed in August 2015 and will expire on December 31, 2026 unless renewed. The Ohio Department of Taxation suggests that a new income tax will take 18 months to reach full collection, July 2018. Then the collection should level off with increases based on earned income growth of our taxpayers. The forecast includes a 2% increase each year.

Source	FY20	FY21	FY22	FY23	FY24
School District Income Tax	<u>\$5,129,277</u>	<u>\$5,231,864</u>	<u>\$5,323,422</u>	<u>\$5,416,583</u>	<u>\$5,511,374</u>

**Other Local Revenues – Line #1.060**

All other revenue detailed line items should remain consistent during the forecast period. Open enrollment is expected to remain stable after several years of decreases in students entering the district students. An overall increase of 1% is factored through FY 2024.

Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period. The district’s balances available for investment vary month to month due to cash flow needs. The stable interest rates and fund balance will equate to a stable revenue source of investment earnings; however increased fund balance will assist in growth of this revenue source as well as providing the opportunity for longer term investment to increase the yield. Security of the public funds collected by the district is the top priority of the treasurer’s office.

Source	FY20	FY21	FY22	FY23	FY24
Open Enrollment Gross	\$1,830,000	\$1,815,000	\$1,833,150	\$1,851,482	\$1,869,997
Interest	\$400,000	\$350,000	\$350,000	\$350,000	\$350,000
Class Fees & Student Fees	\$304,061	\$307,099	\$310,167	\$313,266	\$316,396
Tuitions	\$495,861	\$500,820	\$505,828	\$510,886	\$515,995
Other Income and rentals	<u>\$133,242</u>	<u>\$133,242</u>	<u>\$133,242</u>	<u>\$133,242</u>	<u>\$133,242</u>
Total Line # 1.060	<u>\$3,163,164</u>	<u>\$3,106,161</u>	<u>\$3,132,387</u>	<u>\$3,158,876</u>	<u>\$3,185,630</u>

**State Taxes Reimbursement/Property Tax Allocation**

**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 reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. On the District revenue, if an existing levy is not renewed we would never regain this revenue on any levies in the future.

**b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum**

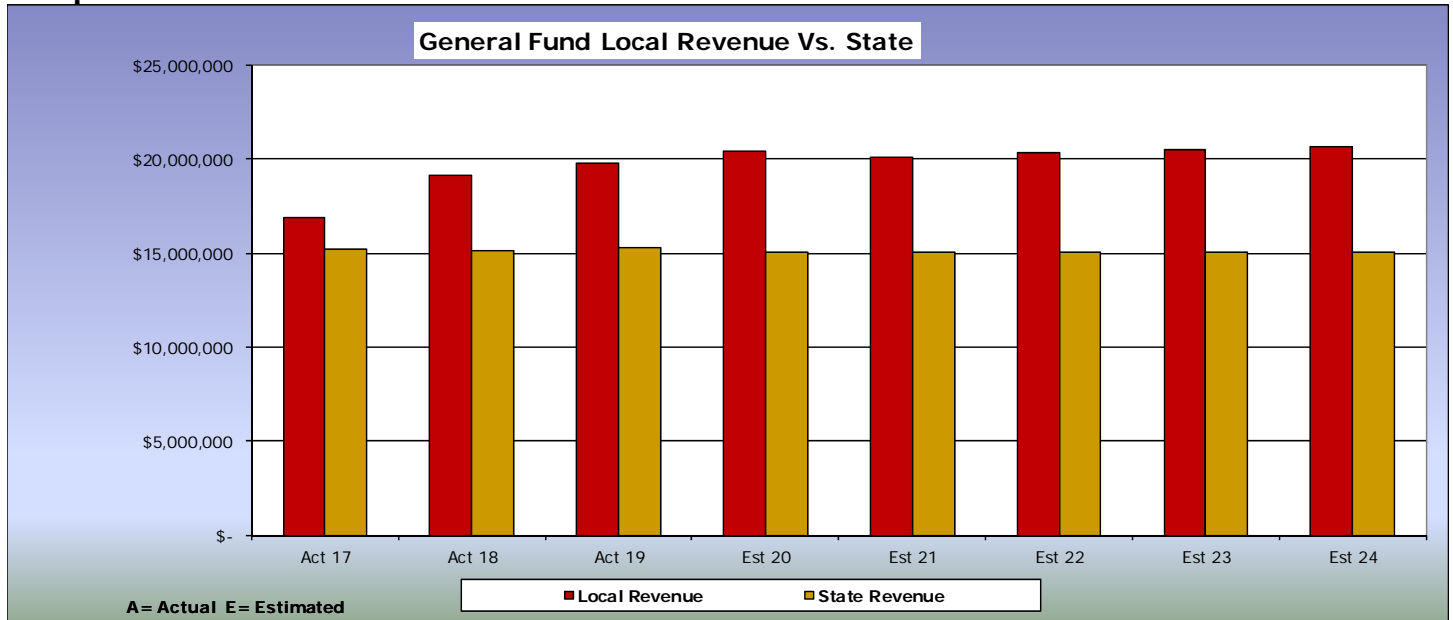
The District no longer receives fixed rate or fixed sum TPP reimbursements.



## Summary of State Tax Reimbursement – Line #1.050

Source	FY20	FY21	FY22	FY23	FY24
Rollback and Homestead	\$1,757,162	\$1,734,994	\$1,740,276	\$1,744,187	\$1,746,725
Total Tax Reimb./Prop. Tax Allocations #1.050	\$1,757,162	\$1,734,994	\$1,740,276	\$1,744,187	\$1,746,725

## Comparison of Local Revenue and State Revenue:



## State Foundation Revenue Estimates

The amounts estimated for state funding are based on HB166 funding simulations which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & 21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason, we have projected state aid flat through FY24 as we have nothing authoritative to rely on at this time.

## Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21 funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$25,000 in FY20 and \$30,000 in FY21. Our district is estimated to receive \$372,870 in FY20 and \$533,476 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166 that include the following:

**A. Student Wellness and Success Initiatives (ORC 3317.26(B))**

- Mental health services
- Services for homeless youth
- Services for child welfare involved youth
- Community liaisons
- Physical health care services
- Mentoring programs
- Family engagement and support services
- City Connects programming
- Professional development regarding the provision of trauma-informed care
- Professional development regarding cultural competence
- Student services provided prior to or after the regularly scheduled school day or any time school is not in session

**B. Community Partners (ORC 3317.26(C))**

- A board of alcohol, drug and mental health services
- An educational service center
- A county board of developmental disabilities
- A community-based mental health treatment provider
- A board of health of a city or general health district
- A county department of job and family services
- A nonprofit organization with experience serving children
- A public hospital agency

At this time our district is planning on adding new initiatives to service student needs per our plan as identified in 3317.26 (B) which will be funded in the new Fund 467. We anticipate that these funds will be discontinued in FY22-24 but if successful we will add these new costs to the General Fund FY22-24 and the General Fund forecast has not been adjusted for these new expenses.

**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 FY19 statewide were 1,785,583 students at \$52.59 per pupil. That is a decline of .36% students from the prior year. For FY20-24 we estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

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

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Basic Aid-Unrestricted	\$12,640,647	\$12,639,694	\$12,638,731	\$12,637,759	\$12,636,777
Additional Aid Items	\$208,846	\$208,846	\$208,846	\$208,846	\$208,846
Basic Aid-Unrestricted Subtotal	\$12,849,493	\$12,848,540	\$12,847,577	\$12,846,605	\$12,845,623
Ohio Casino Commission ODT	<u>\$172,666</u>	<u>\$176,723</u>	<u>\$180,868</u>	<u>\$185,102</u>	<u>\$189,428</u>
Total Unrestricted State Aid Line # 1.035	<u>\$13,022,159</u>	<u>\$13,025,263</u>	<u>\$13,028,445</u>	<u>\$13,031,707</u>	<u>\$13,035,051</u>

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

HB64 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.

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Economically Disadvantaged Aid	\$95,325	\$96,278	\$97,241	\$98,213	\$99,195
Career Tech - Restricted & Catastrophic	\$211,506	\$211,506	\$211,506	\$211,506	\$211,506
Total Restricted State Revenues Line #1.040	<u>\$306,831</u>	<u>\$307,784</u>	<u>\$308,747</u>	<u>\$309,719</u>	<u>\$310,701</u>

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

No amounts are included in the forecasted years 2019 through 2023.

Summary of State Foundation Revenues	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Unrestricted Line # 1.035	\$13,022,159	\$13,025,263	\$13,028,445	\$13,031,707	\$13,035,051
Restricted Line # 1.040	\$306,831	\$307,784	\$308,747	\$309,719	\$310,701
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	\$0	\$0	\$0	\$0	\$0
Total State Foundation Revenue	<u>\$13,328,990</u>	<u>\$13,333,047</u>	<u>\$13,337,192</u>	<u>\$13,341,426</u>	<u>\$13,345,752</u>

**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**

These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

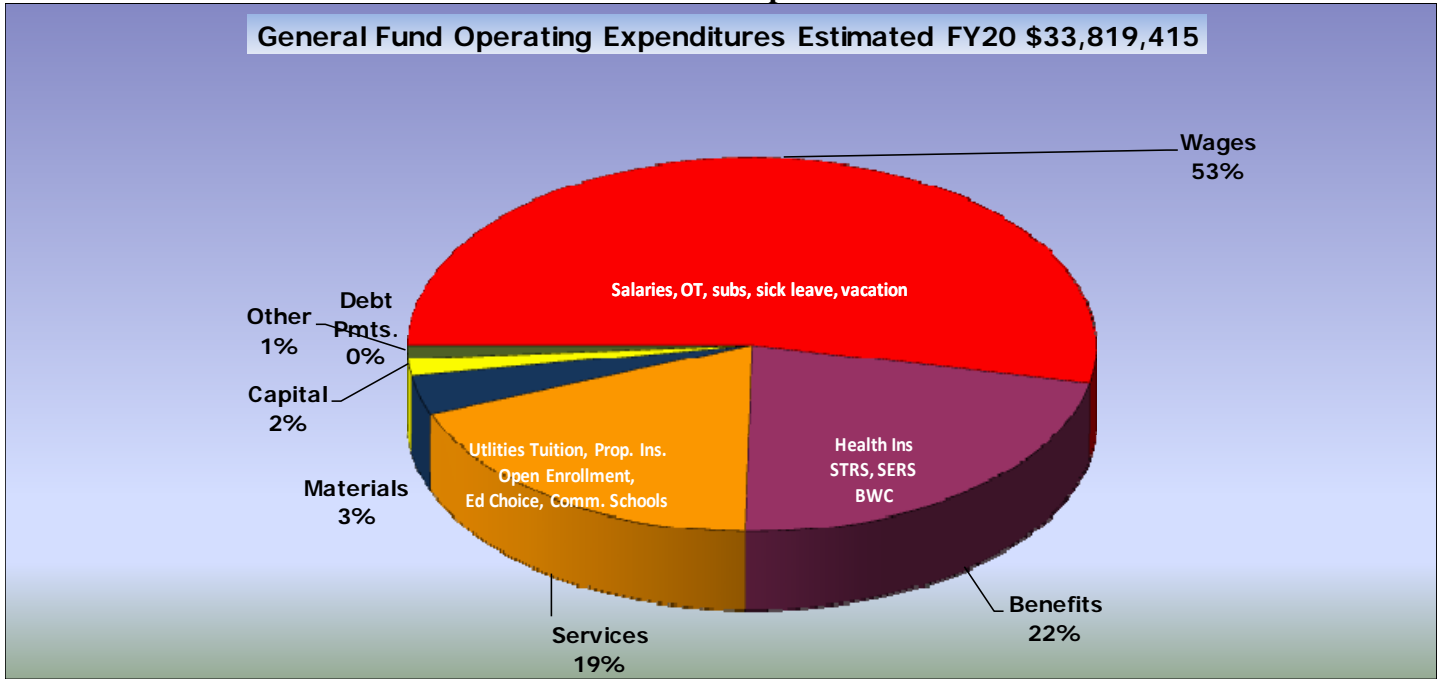
Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	\$46,228	\$30,000	\$30,000	\$30,000	\$30,000
Total Transfer & Advances In	<u>\$46,228</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>

**All Other Financial Sources – Line #2.060**

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Refund of prior years expenditures	<u>\$175,000</u>	<u>\$175,000</u>	<u>\$175,000</u>	<u>\$175,000</u>	<u>\$175,000</u>

## Expenditures Assumptions

### Estimated General Fund Expenditures for FY20:



#### Wages – Line #3.010

In March 2019, the Board ratified a contract with the Northeastern Local Education Association (NELEA) effective August 1, 2019. A contract with the Northeastern Local Association of School Employee/OEA-NEA effective September 1, 2019 was ratified in August 2019 by the Board of Education. We included a 2% increase in base wages and 2.2% increase for step and training adjustments for fiscal years 2020, the agreement has a 2% base increase in 2021, and 1% in 2022 based on these negotiated agreements.

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	\$17,066,580	\$17,407,912	\$17,945,998	\$18,484,378	\$19,038,909
Increases/ Merit Based Pay / Timing Adjust	\$0	\$348,158	\$358,920	\$369,688	\$380,778
Unfund Recapture	\$0	\$0	\$0	\$0	\$0
Growth	\$0	\$15,849	\$0	\$0	\$0
Substitutes	\$334,720	\$341,415	\$344,829	\$348,277	\$351,760
Supplementals	\$600,850	\$612,867	\$618,996	\$625,186	\$631,438
Staff Reductions	\$0	\$0	\$0	\$0	\$0
<b>Total Wages Line 3.010</b>	<b>\$18,002,151</b>	<b>\$18,726,201</b>	<b>\$19,268,743</b>	<b>\$19,827,529</b>	<b>\$20,402,885</b>

#### Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except for 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 medical and dental insurance are 26% for benefit year 2019-2020. The increases include adjustments for inflation and the cost of actual claims. The administration will be meeting with the employee groups to work together to address the growth and changes to control the increase.

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. 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 .5% of wages after fiscal year 2020 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

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
A) STRS/SERS	\$2,880,344	\$2,988,912	\$3,075,821	\$3,165,011	\$3,256,846
B) Insurance's	\$4,216,143	\$4,616,677	\$4,986,011	\$5,384,892	\$5,815,683
C) Workers Comp/Unemployment	\$46,005	\$47,816	\$49,172	\$50,569	\$52,007
D) Medicare	\$255,654	\$266,110	\$276,754	\$287,824	\$299,337
Other/Tuition	<u>\$58,794</u>	<u>\$58,794</u>	<u>\$58,794</u>	<u>\$58,794</u>	<u>\$58,794</u>
Total Line 3.020	<u>\$7,456,940</u>	<u>\$7,978,309</u>	<u>\$8,446,552</u>	<u>\$8,947,090</u>	<u>\$9,482,667</u>

### Purchased Services – Line #3.030

In FY20-24, an overall inflation of 3% is being estimated for all categories of this expense except for the Community School, Open Enrollment and Other Tuition categories. The estimated increase for these categories has been estimated at 7.5% as the students leaving for EdChoice and Community School will continue to absorb our savings in other areas of purchased services. The expenditure for our students attending elsewhere is one the fastest growing expenditures since fiscal year 2010. The increase in EdChoice vouchers has offset the decrease in community school enrollments in the previous years.

We have assumed the utilities to increase 3% in FY 20 due to an increase in electricity transmission fees. We estimate FY 20-24 utility costs will remain flat. This estimate is due to the District continuing to be aggressive regarding costs and we believe other cost cutting measures will maintain a flat charge throughout the forecast.

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Base Services	\$612,212	\$630,578	\$649,495	\$668,980	\$689,049
Excess Cost County ESC	\$90,733	\$93,455	\$96,259	\$99,147	\$102,121
Open Enrollment Deduction-477	\$1,675,000	\$1,725,250	\$1,777,008	\$1,830,318	\$1,885,228
Community School Deductions-478	\$1,400,000	\$1,428,000	\$1,456,560	\$1,485,691	\$1,515,405
Other Tuition Including Ed Scholarship-479	\$425,000	\$446,250	\$468,563	\$491,991	\$516,591
Professional Support	\$1,225,000	\$1,286,250	\$1,350,563	\$1,418,091	\$1,488,996
Building Maintenance Repairs	\$366,873	\$385,217	\$404,478	\$424,702	\$445,937
Utilities	\$577,433	\$594,756	\$594,756	\$594,756	\$594,756
Total Line 3.030	<u>\$6,372,251</u>	<u>\$6,589,756</u>	<u>\$6,797,682</u>	<u>\$7,013,676</u>	<u>\$7,238,083</u>

### Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. The District is working on updating the curriculum over the next few years, FY20-24 includes approximately \$160,000 to \$200,000 each fiscal year for an update to the district curriculum.

Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Supplies	\$626,198	\$644,984	\$664,334	\$684,264	\$704,792
Textbooks	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551
Building Maintenance	\$23,392	\$24,094	\$24,817	\$25,562	\$26,329
Transportation	<u>\$360,727</u>	<u>\$371,549</u>	<u>\$382,695</u>	<u>\$394,176</u>	<u>\$406,001</u>
Total Line 3.040	<u>\$1,110,317</u>	<u>\$1,143,627</u>	<u>\$1,177,936</u>	<u>\$1,213,275</u>	<u>\$1,249,673</u>

### Equipment – Line # 3.050

The administration has prepared five year capital plan which includes the Permanent Improvement Fund and the Capital Outlay objects in the General Fund. The May 2018 Bond Issue will relieve the stress on the General Fund capital budget and allowing the District General Fund to maintain financial stability. The expenditures remaining within the equipment object line is the ongoing investment annually in updating the bus fleet as necessary.

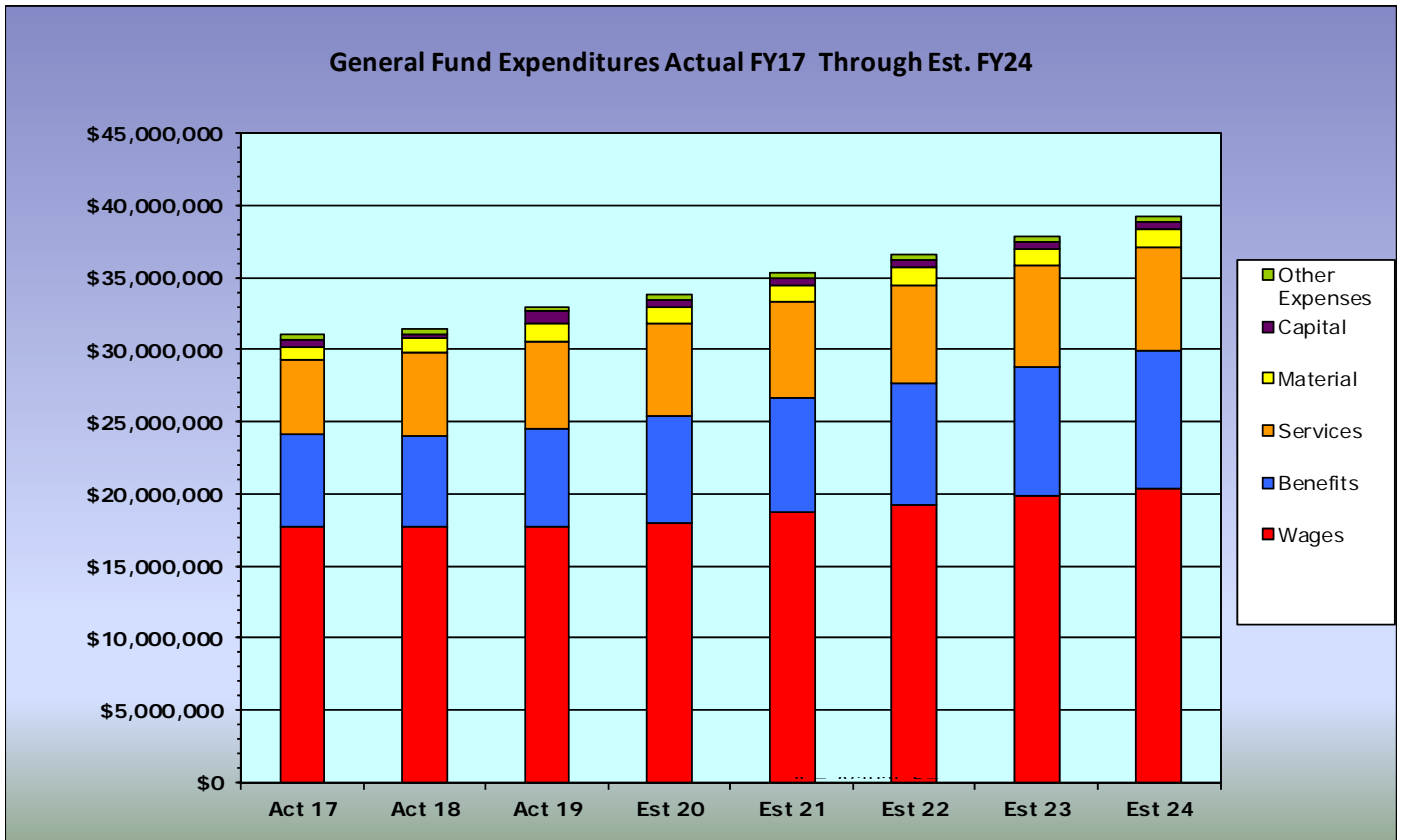
Source	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Capital Outlay	\$340,000	\$340,000	\$340,000	\$340,000	\$340,000
Replacement Bus Purchases	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
Budget Reserve	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</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 and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. A&T fees will decline with emergency levies expiring, however it is anticipated that they will be replaced. As a result, A&T fees noted below are maintained at current levels. Currently, we are estimating annual increase of 1% for this forecast.

Source	FY20	FY21	FY22	FY23	FY24
Clark County Auditor & Treasurer Fees	\$287,370	\$290,244	\$293,146	\$296,077	\$299,038
Clark County ESC	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other expenses	\$65,386	\$67,348	\$69,368	\$71,449	\$73,592
Increased A&T Fees for New Levies	\$0	\$0	\$0	\$0	\$0
Total Line 4.300	<u>\$377,756</u>	<u>\$382,592</u>	<u>\$387,514</u>	<u>\$392,526</u>	<u>\$397,630</u>

**Total Expenditure Categories Actual Fiscal Year 2017 Through Fiscal Year 2019 and Estimated Fiscal Year 2020 Through Fiscal Year 2024**



Notice in the graph above, the growth in purchased services compared the other data points, the increase in the enrollment dollars to other districts. The loss of enrollment causes an increase in the guarantee foundation dollars that may be at risk in the state budget.

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

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. The transfers are permanent and will not be paid back to the General Fund, the Food Service Fund is the only transfer in this forecast.

Source	FY20	FY21	FY22	FY23	FY24
Operating Transfers Out Line #5.010	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000
Advances Out Line #5.020	\$0	\$0	\$0	\$0	\$0
Total	<u>\$42,000</u>	<u>\$42,000</u>	<u>\$42,000</u>	<u>\$42,000</u>	<u>\$42,000</u>

**Debt Service:**

The District currently has no General Fund Debt issues.

**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.

	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Estimated Encumbrances	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

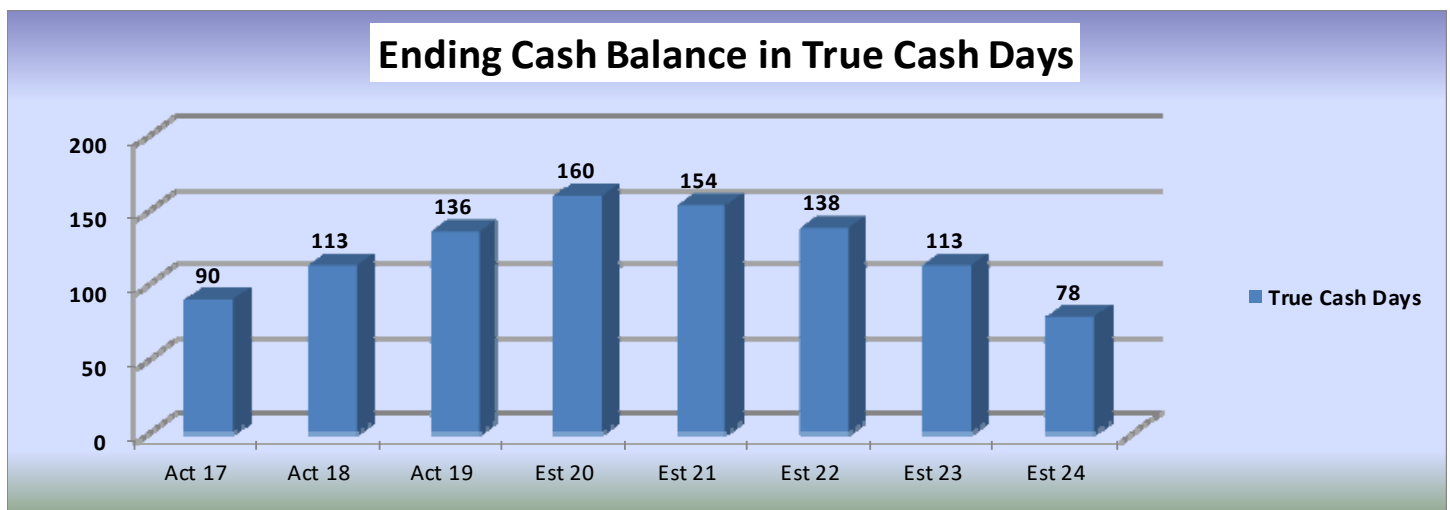
**Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010**

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 the 1% Income Tax.

	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Ending Unencumbered Cash Balance	<u>\$15,094,368</u>	<u>\$15,134,458</u>	<u>\$14,116,583</u>	<u>\$11,975,777</u>	<u>\$8,645,283</u>

**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. This calculation does not include renewal of the SDIT. Renewing this levy is important to maintain a 60 day or better ending true day cash balance.





## **Conclusion**

The forecast presented includes assumptions and facts that can be altered by external and internal issues. For the entire forecast period through June 30, 2024, the district forecast has adequate reserves to continue the instructions and programs as provided currently.

- The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds. Future state biennium budgets could affect us positively or negatively for FY22 through FY24.
- The CAUV value and property taxes will be of major concern in next fiscal years forecast. We have been estimated a 7.2% increase in assessed values that including the adjustment for the CAUV value in the reappraisal in FY20. Understanding the complexity of the property tax revenues, CAUV values, millage of tax, and the effectives of HB920 needs considered in the discussion of the districts finances.
- No growth in state funding, limited growth in local property tax and income tax will require a continued control on the expenditures.
- The 1% Earned Income Tax has become the backbone of the district finances.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.