

HILLSBORO CITY SCHOOL DISTRICT
FIVE YEAR FORECAST ASSUMPTION
UPDATE FY23 -FY27 Submitted February 2023

INTRODUCTION

Every year the Ohio Department of Education requires the submission of a five year forecast of revenue and expenditures for the general operating fund. This forecast is an update of what is known today and the prediction of what may happen in the future.

REVENUE ASSUMPTION:

1.010

General Property Tax (Real Estate)

General Property Real Estate Tax was \$7,068,166. for FY 22, accounting for 26% of the District's total revenue. Property tax revenue estimates are based on historical growth patterns, including scheduled updates and reappraisals, and information provided for the upcoming fiscal year from the county auditor. FY23 to FY27 I have shown an increase for each of these years for new construction and reappraisals.

1.020 Tangible Personal Property Tax

Tangible Personal Property Taxes were assessed against inventory and equipment owned by businesses. House Bill 66, the budget bill of 2005, phases out the tangible personal property tax as shown in 1.02. No further TPP.

1.030 Income Tax

This is a one percent tax on income. This income for FY 22 was \$3,526,742. accounting for 13% of the District's total revenue. This is an increase of \$431,434. over FY 21. The upward trend has continued into FY 23 with the anticipated income tax to reach \$3,835,000 with this in mind I am projecting that for FY 24 through FY27 the income tax will remain on the same level. The trend will be monitored to determine if changes in this line should be increased, decreased, or stabilized in future years.

1.035 Unrestricted Grants in Aid

The State funding for schools is based on several factors all of which are subject to deliberation and approval by the Ohio General Assembly. This line is 53% of the district revenue. With the passage of the new biennial budget in June of 2021 the Fund 467 student wellness funding will now be included in the Five Year Forecast in the amount of \$432,000. The General Assembly will have a new biennial budget in place in the summer of 2023 to cover two years of revenue for K – 12 education. It has been the trend that Hillsboro City School has received approximately 4% increases in the past. The District is taking a conservative approach to this line item and flat lining the revenue from FY 24 – FY 27. This can be updated after the new biennial budget is approved.

The casino revenue falls in this category. The casino revenue is disbursed in two payments, one in July and again in January. The catastrophic reimbursement is included in this line item in FY 2022 the amount was \$191,982.29.

1.040 Restricted Grants in Aid

This line includes Career Technical Education weighted funding, Economic Disadvantaged funding, Gifted, English Learners, and Student Wellness funding received from the state. In FY22 the District received \$1,034,039. And projected to receive \$1,264,000 in FY 23. For FY23 – FY 27 the district has flat-lined the funding at FY 22 levels.

1.045 Restricted Federal Grants-in-Aid (SFSF & Ed Jobs)

1.050 Property Tax Allocation

The homestead and rollback reimbursements are tax credits by the State of Ohio granted to owners of real estate property. This makes up 2% of the district's revenue. All property owners get a 10% reduction on their property taxes. This reduction is reimbursed to the school district by the state. If the property owner occupies the property, then an additional 2.5% reduction in property taxes is paid by the state to the school district. The District received \$1,230,858 in FY22. This \$400,000 more than the years prior because the paper work from the County Auditor was not submitted in time to get the funding in FY 21 it was added to the FY 22 funding. Projected funding is approximately 12 percent of line one on the forecasted real estate collections for year.

1.060 All Other Revenues

This line includes open enrollment, summer school tuition, and preschool tuition, interest on investments, rentals, donations, Medicaid reimbursement, and misc. receipts. This makes up 6% of the district's revenue.

This line will be watched carefully for possible modifications in the FY24 – FY27.

2.010 Proceeds from Sale of Notes: No notes being sold.

2.020 State Emergency Loans and Advancements (Approved): No loans requested.

2.040 Transfers in

This category is for the lease purchase loans that we have. The money is transferred to the bond fund for the semi-annual payments for the bus garage, the High School Gym expansion, and the High School Auditorium.

2.050 Advance in: No advances.

2.060

All other Financing Sources

Non-real property sale & Refund of prior year expenditure.

EXPENDITURE ASSUMPTION

3.010 Personal Services

The salaries and benefits represent 75% to 79% of the operating budget; this is well within the traditional safety range for the five year projection. It is the intent for the district to keep this line under 80% because schools are service oriented entities where salaries and benefits represent the bulk of school district expenditures. The amounts for salaries and fringe benefits are based on existing negotiated agreement and Board approved salary schedules. The district has two different unions. The OAPSE contract for classified employees expires June 30, 2025. The HEA contract expires June 30, 2025. Each of these contracts contain a 9 percent increase in wages for the first year of the contracts and no increases in the last two years of the contract except for step increases. The forecast shows an increase of expenses to this line for FY23, because the Student Wellness funding salaries are now to be included in the forecast (\$430,000). With FY 24 the salaries that were paid out of the ESSER funds will now come back to the General Fund.

3.020 Employee's Retirement/Insurance Benefits

This line item includes the District's share of State Teachers Retirement System (STRS), School Employee Retirement System (SERS), Medicare, Workers Compensation, Unemployment, SERS Surcharge, tuition reimbursement and Insurances. This category is based on personal service category. Retirement amounts are directly connected to the amount paid in salaries. As salaries increase due to steps, the retirement amounts will increase as well. Over the past several years school districts have found Insurance premiums have been steadily increasing, which is also increasing this line. In the District's October 2022 forecast we had anticipated a large increase to health insurance, but we received a three percent increase. The district was able to reduce this line item. Healthcare provided by the South Central Ohio Insurance Consortium beginning January 1, 2019. The District will offer one plan for H.S.A. This line of expense represents 45 percent of personal service. In the October 2022 Forecast the district used 49 percent of personal

service. With the health insurance rates coming lower than expected we are able to lower this item.

3.030 Purchased Services

The purchase service expenditures are based on historical patterns along with careful attention to utility costs. This category is 16% of our operating budget. Some of the budget items in this area include utilities (natural gas, electric, water, sewer, phone, and garbage), computer purchased services, tuition, related services for Hopewell expenditures (speech, occupational therapy, psychological services, PT, etc.)community school, attorney fees, postsecondary expenses, and Hillsboro City School District students open enrolling to other Districts. For FY23 to FY27 I have based the expenses on past history.

3.040 Supplies and Materials

This category reflects expenses for instructional supplies, material, textbooks, fuel, maintenance items, and all other supplies. The district increased the amount for FY23 through FY27 do to the increase cost of supplies and fuel.

3.050 Capital Outlay

This line includes all new and replacement equipment for the district. This area is governed by House Bill 412 and Senate Bill 345 requirements mandating purchases toward capital improvements and maintenance (set aside). This line is flat lined in FY23-FY27.

3.060 Intergovernmental: Nothing to report.

4.010 Principal-All (Historical Only): No Historical information to report on.

4.020 Principal_Notes: Nothing to report

4.030 Principal-State Loans: No state loans.

4.040 Principal-State Advancements: No state advancements.

4.050 Principal-HB 264 loans: No project under the HB 264.

4.055 Principal-Other: This to pay for the extending the High School gym, Transportation garage, and the School auditorium. The auditorium will be paid off after FY 27 decreasing this expense by \$700,000.

4.060 Interest and Fiscal Charges: Interest on the High School gym, Transportation garage, and the School auditorium.

4.030 Other Objects

This line item includes Auditor and Treasurer Fees from the Highland County Auditor, Ohio Department of Taxation Auditor fees, State Auditor fee's, dues/memberships, bank fees, and the main expense is the Southern Ohio Educational Service Center fees.

5.010 Operating Transfer Out

The transfers-out category is intended for internal accounting transactions from one fund to another to move cash balances. The forecasted amount consists of cash transfers from the general fund to the 035 Termination Benefit Fund (severance fund), 002 (bond retirement fund) for the payment of the additional space added to the High School gym when the building was constructed, and to pay the High School Auditorium Note. The District makes transfers with plans for funding future capital projects. The Bond Retirement and Termination Benefit Funds receive part of this transferred amount.

5.020 Advances-Out

Advances-out is an internal accounting transactions from one fund to another to move cash balances but to expect the money back in return. This is primarily used at year end to assure no negative balances in the Federal grants.

5.030 All Other Financing Uses: None

8.010 Estimated Encumbrances

The District projects a carryover for encumbrances.

CLOSING REMARKS:

The District is working hard to maintain the current budget, being proactive, and taking aggressive action in looking for ways to reduce expenses. Local revenues are generated from the collection of real estate tax which are forecasted to show increases for new construction for this forecast. Income tax has been up and down over the past three years, but flat-lining for FY23 – FY27 because of the unemployment. Capital projects and technology will be a significant expense for the District in forecasted years, and we will be monitoring them for efficiency.

HILLSBORO CITY SCHOOL DISTRICT

HIGHLAND

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual				Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues									
1.010 General Property Tax (Real Estate)	\$6,435,852	\$6,510,546	\$7,068,166	4.9%	\$7,400,000	\$7,548,000	\$7,700,000	\$7,850,000	\$8,000,000
1.020 Tangible Personal Property Tax									
1.030 Income Tax	3,514,361	3,095,308	3,526,742	1.0%	3,835,000	3,800,000	3,700,000	3,700,000	3,700,000
1.035 Unrestricted State Grants-in-Aid	14,263,693	14,454,090	14,622,444	1.2%	13,850,000	13,800,000	13,800,000	13,800,000	13,800,000
1.040 Restricted State Grants-in-Aid	723,134	723,125	1,034,039	21.5%	1,264,400	1,264,400	1,264,400	1,264,400	1,264,400
1.045 Restricted Federal Grants-in-Aid - SFSF									
1.050 Property Tax Allocation	797,451	401,087	1,230,858	78.6%	814,000	830,280	847,000	863,500	880,000
1.060 All Other Revenues	2,465,513	2,405,013	1,188,750	-26.5%	1,604,432	1,500,000	1,500,000	1,500,000	1,500,000
1.070 Total Revenues	28,200,004	27,589,169	28,670,999	0.9%	28,767,832	28,742,680	28,811,400	28,977,900	29,144,400
Other Financing Sources									
2.010 Proceeds from Sale of Notes									
2.020 State Emergency Loans and Advancements (Approved)									
2.040 Operating Transfers-In	517,984	640,500	676,730	14.7%	600,000	600,000	600,000	600,000	600,000
2.050 Advances-In									
2.060 All Other Financing Sources	14,838	1,205	233	-86.3%	1,000	1,500	1,500	1,500	1,500
2.070 Total Other Financing Sources	532,822	641,705	676,963	13.0%	601,000	601,500	601,500	601,500	601,500
2.080 Total Revenues and Other Financing Sources	28,732,826	28,230,874	29,347,962	1.1%	29,368,832	29,344,180	29,412,900	29,579,400	29,745,900
Expenditures									
3.010 Personal Services	14,638,915	14,468,294	14,793,031	0.5%	15,586,848	17,184,275	17,527,960	17,878,520	18,236,090
3.020 Employees' Retirement/Insurance Benefits	5,932,641	6,862,136	7,180,772	10.2%	7,150,291	7,740,609	7,950,141	8,114,904	8,288,962
3.030 Purchased Services	4,333,717	5,021,897	3,907,234	-3.2%	3,999,062	4,000,000	4,000,000	4,000,000	4,000,000
3.040 Supplies and Materials	930,613	725,415	895,317	0.7%	928,763	850,000	850,000	850,000	850,000
3.050 Capital Outlay	211,308	129,136	44,896	-52.1%	66,050	65,000	65,000	65,000	65,000
3.060 Intergovernmental									
Debt Service:									
4.010 Principal-All (Historical Only)	31,000	702,000	724,000	1083.8%					
4.020 Principal-Notes									
4.030 Principal-State Loans									
4.040 Principal-State Advancements									
4.050 Principal-HB 264 Loans									
4.055 Principal-Other					741,000	752,000	764,000	780,000	798,000
4.060 Interest and Fiscal Charges	23,280	103,506	90,094	165.8%	77,825	63,657	49,210	34,500	19,410
4.300 Other Objects	358,283	389,106	391,375	4.6%	367,000	400,000	400,000	400,000	400,000
4.500 Total Expenditures	26,459,757	28,401,490	28,026,719	3.0%	28,916,839	31,055,541	31,606,311	32,122,924	32,657,462
Other Financing Uses									
5.010 Operating Transfers-Out	950,000	807,500	815,722	-7.0%	815,722	815,657	813,210	814,500	817,410
5.020 Advances-Out									
5.030 All Other Financing Uses									
5.040 Total Other Financing Uses	950,000	807,500	815,722	-7.0%	815,722	815,657	813,210	814,500	817,410
5.050 Total Expenditures and Other Financing Uses	27,409,757	29,208,990	28,842,441	2.7%	29,732,561	31,871,198	32,419,521	32,937,424	33,474,872
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,323,069	978,116-	505,521	-162.8%	363,729-	2,527,018-	3,006,621-	3,358,024-	3,728,972-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	6,504,210	7,827,279	6,849,163	3.9%	7,354,684	6,990,955	4,463,937	1,457,316	1,900,708-
7.020 Cash Balance June 30	7,827,279	6,849,163	7,354,684	-2.6%	6,990,955	4,463,937	1,457,316	1,900,708-	5,629,680-
8.010 Estimated Encumbrances June 30	218,231	196,128	270,770	14.0%	240,000	240,000	240,000	240,000	240,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials									
9.020 Capital Improvements									
9.030 Budget Reserve									
9.040 DPIA									
9.045 Fiscal Stabilization									
9.050 Debt Service									
9.060 Property Tax Advances									
9.070 Bus Purchases									
9.080 Subtotal									
10.010 Fund Balance June 30 for Certification of Appropriations	7,609,048	6,653,035	7,083,914	-3.0%	6,750,955	4,223,937	1,217,316	2,140,708-	5,869,680-
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal									
11.020 Property Tax - Renewal or Replacement									
11.300 Cumulative Balance of Replacement/Renewal Levies									
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	7,609,048	6,653,035	7,083,914	-3.0%	6,750,955	4,223,937	1,217,316	2,140,708-	5,869,680-
Revenue from New Levies									
13.010 Income Tax - New									
13.020 Property Tax - New									
13.030 Cumulative Balance of New Levies									
14.010 Revenue from Future State Advancements									
15.010 Unreserved Fund Balance June 30	7,609,048	6,653,035	7,083,914	-3.0%	6,750,955	4,223,937	1,217,316	2,140,708-	5,869,680-
ADM Forecasts									
20.010 Kindergarten - October Count									
20.015 Grades 1-12 - October Count									
State Fiscal Stabilization Funds									
21.010 Personal Services SFSF									
21.020 Employees Retirement/Insurance Benefits SFSF									
21.030 Purchased Services SFSF									
21.040 Supplies and Materials SFSF									
21.050 Capital Outlay SFSF									
21.060 Total Expenditures - SFSF									

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt