

**BATH LOCAL SCHOOL DISTRICT - ALLEN 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
Bath Local School District
Treasurer's Office
Mrs. Annette Morman, Treasurer/CFO
October 16, 2018**

Bath Local School District

Allen 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				Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenues									
1.010 General Property Tax (Real Estate)	5,684,059	5,752,414	5,843,349	1.4%	5,959,372	6,124,184	6,281,152	6,479,761	6,584,983
1.020 Tangible Personal Property	870,137	924,369	1,053,151	10.1%	1,107,663	1,153,562	1,195,958	1,246,129	1,282,164
1.030 Income Tax	-	-	-	0.0%	0	0	0	0	0
1.035 Unrestricted State Grants-in-Aid	5,333,454	5,819,379	6,144,920	7.4%	6,240,691	6,272,770	6,278,675	6,284,726	6,291,013
1.040 Restricted State Grants-in-Aid	138,537	111,158	95,957	-16.7%	98,825	98,825	98,825	98,825	98,825
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	0	0	0	0.0%	0	0	0	0	0
1.050 Property Tax Allocation	2,313,335	2,107,537	1,850,828	-10.5%	1,522,431	1,339,105	1,159,669	885,370	900,383
1.060 All Other Revenues	1,513,799	1,688,127	1,806,455	9.3%	1,680,343	1,693,526	1,706,912	1,720,503	1,734,300
1.070 Total Revenues	15,853,321	16,402,984	16,794,660	2.9%	16,609,325	16,681,972	16,721,191	16,715,314	16,891,668
Other Financing Sources									
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040 Operating Transfers-In	-	-	0	0.0%	-	-	-	-	0
2.050 Advances-In	0	0	0	0.0%	1,600	20,000	20,000	20,000	20,000
2.060 All Other Financing Sources	229	58,685	126,773	12821.3%	54,995	2,000	2,000	2,000	2,000
2.070 Total Other Financing Sources	229	58,685	126,773	12821.3%	56,595	22,000	22,000	22,000	22,000
2.080 Total Revenues and Other Financing Sources	15,853,550	16,461,669	16,921,433	3.3%	16,665,920	16,703,972	16,743,191	16,737,314	16,913,668
Expenditures									
3.010 Personal Services	8,351,249	8,550,158	8,649,196	1.8%	8,939,460	\$9,334,458	\$9,492,724	\$9,651,410	\$9,812,786
3.020 Employees' Retirement/Insurance Benefits	\$2,869,266	2,887,407	2,932,334	1.1%	3,041,738	\$3,200,931	\$3,386,912	\$3,581,526	\$3,793,277
3.030 Purchased Services	\$3,013,733	3,458,696	3,325,182	5.5%	3,575,713	\$3,681,416	\$3,790,518	\$3,903,141	\$4,019,408
3.040 Supplies and Materials	477,859	393,084	401,248	-7.8%	452,244	466,836	481,918	497,506	513,618
3.050 Capital Outlay	138,170	76,516	47,301	-41.4%	217,512	217,512	217,512	217,512	217,512
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-
Debt Service:				0.0%					
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	39,999	39,997	39,983	0.0%	40,000	\$40,000	\$40,000	\$40,000	\$40,000
4.055 Principal-Other	-	-	-	0.0%	0	-	-	-	-
4.060 Interest and Fiscal Charges	7,678	6,938	6,198	-10.2%	6,198	\$6,198	\$6,198	\$6,198	\$6,198
4.300 Other Objects	\$226,318	226,842	248,951	5.0%	258,909	\$269,265	\$280,036	\$291,238	\$302,888
4.500 Total Expenditures	15,124,272	15,639,638	15,650,393	1.7%	16,531,774	17,216,616	17,695,818	18,188,531	18,705,687
Other Financing Uses									
5.010 Operating Transfers-Out	80,000	70,664	30,000	-34.6%	50,000	\$50,000	\$50,000	\$50,000	\$50,000
5.020 Advances-Out	-	-	1,600	0.0%	20,000	20,000	20,000	20,000	20,000
5.030 All Other Financing Uses	-	-	-	0.0%	0	\$0	\$0	\$0	\$0
5.040 Total Other Financing Uses	80,000	70,664	31,600	-33.5%	70,000	70,000	70,000	70,000	70,000
5.050 Total Expenditures and Other Financing Uses	15,204,272	15,710,302	15,681,993	1.6%	16,601,774	17,286,616	17,765,818	18,258,531	18,775,687
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	649,278	751,367	1,239,440	40.3%	64,146	(582,644)	(1,022,627)	(1,521,217)	(1,862,019)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	10,672,915	11,322,193	12,073,560	6.4%	13,313,000	13,377,146	12,794,502	11,771,875	10,250,658
7.020 Cash Balance June 30	11,322,193	12,073,560	13,313,000	8.5%	13,377,146	12,794,502	11,771,875	10,250,658	8,388,639
8.010 Estimated Encumbrances June 30	245,711	115,871	169,260	-3.4%	125,000	125,000	125,000	125,000	125,000
Reservation of Fund Balance									
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 Advancements	-	-	-	0.0%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080 Subtotal	-	-	-	0.0%	-	-	-	-	-
Fund Balance June 30 for Certification of Appropriations	11,076,482	11,957,689	13,143,740	8.9%	13,252,146	12,669,502	11,646,875	10,125,658	8,263,639
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-
11.020 Income Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	-	-	-	-
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	11,076,482	11,957,689	13,143,740	8.9%	13,252,146	12,669,502	11,646,875	10,125,658	8,263,639
Revenue from New Levies									

Bath Local School District

Allen County

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For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;
Forecasted Fiscal Years Ending June 30, 2019 Through 2023

	Actual				Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
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>	11,076,482	11,957,689	13,143,740	8.9%	13,252,146	12,669,502	11,646,875	10,125,658	8,263,639

Bath Local School District – Allen County
Notes to the Five Year Forecast
General Fund Only
October 16, 2018

Introduction to the Five Year Forecast

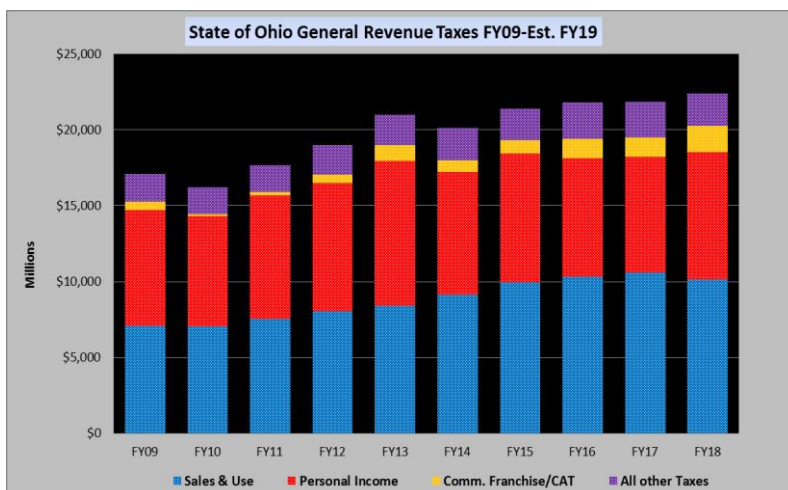
For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31, 2018, and May 31, 2019. HB87, effective November 1, 2018, will change the filing date from October 31 to November 30 beginning with the November filing in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

State Economic Variables Affecting the Five Year Forecast

It is prudent in long range forecasting to consider the economic climate in which projections of revenues are made. Below are significant statewide economic data which suggests that the economy for the FY19-23 period should grow at approximately 2% annual pace and will be relatively consistent for FY19 and FY20, however, the U. S Treasury bond rate for the two year bond is close to exceeding the ten year rate. When this occurs it is referred to as an “inverted yield curve” and is a reliable economic predictor of recessions in our economy. We feel FY19 and FY20 will be relatively stable but an economic slowdown for our state could occur in 2021.

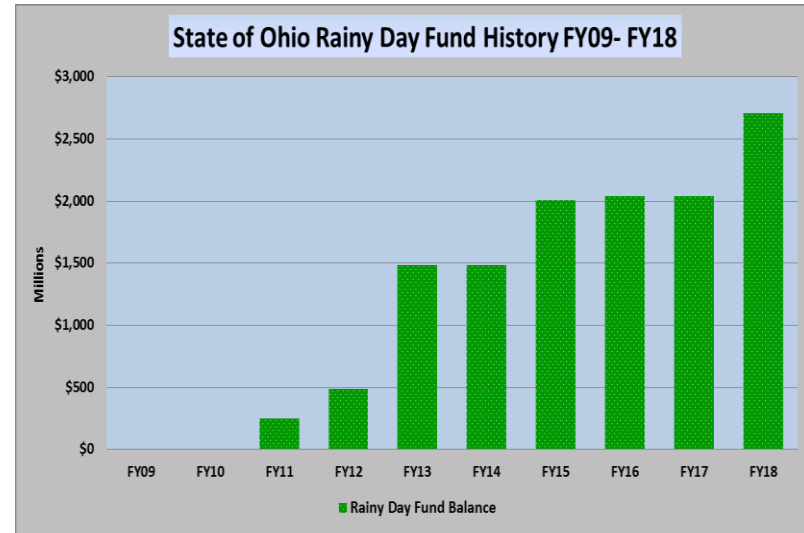
It is important for our school district to consider the statewide economic data for two important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. While the state presently has a record \$2.7 billion Budget Stabilization Fund, a recession would likely result in state funding cuts to public education. We anticipate that the FY20-FY21 state biennium budget should be stable based on current data. Second, the same economic forces driving state tax revenues are also generally affecting the underlying economics of most communities across Ohio, which impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state’s economic viability.

The graph to the right notes that the State of Ohio revenues through FY18 have recovered in spite of the personal income tax cuts in FY15 and FY16. State revenue has been relatively flat since FY15 due to reductions in income tax rates. The state economy is not expected to tip into a recession during FY19 or FY20 but long term that could be a concern. The decline in personal income tax in FY15 is due to an 8.5% rate reduction from HB59 and the drop in FY16 and FY17 is due to a 6.3% rate reduction in HB64. Baring further legislative cuts personal income should continue to grow.



Source: Ohio Legislative Service Commission

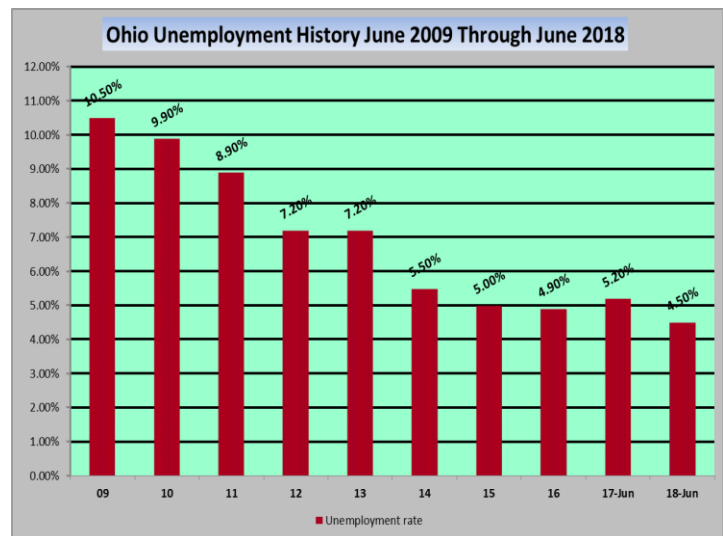
The recovery of the labor market which began in 2010 continues in 2018 as noted in personal income tax growth and overall growth in state revenues in 2018. Modest 2% to 2.5% growth in state revenue is an



indication that the economy is growing at a slower pace and that there could be an economic slow down coming within three years. The state rainy day fund (RDF) also known as the Budget Stabilization Fund, has been steady since FY15 but in FY18 legislation allowed for an increase in contributions. There is currently \$2.7 billion in this fund and will help long term if there is an economic slow down. This cushion should continue to help ensure that funding for schools approved in the new state biennium budget to be approved in June 2019 should be met through FY21 even if a brief slow down in the economy occurs as some economists anticipate by 2021.

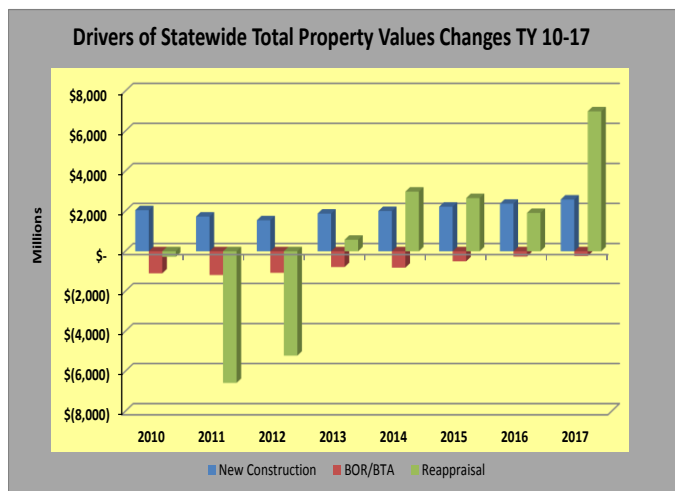
Source: Ohio Legislative Service Commission

Over the past 12 months ended June 2018 Ohio's unemployment rate decreased slightly by .7% to 4.5%. This is a significant measure to monitor for continued economic growth and viability. Many believe the state is nearing full employment. As noted above, personal income taxes and sales tax are highly correlated to employment and have been the two major drivers of the recent recovery. As of July 2018, the unemployment rate in Allen County was 5.3 % which is above the 4.5% state average.

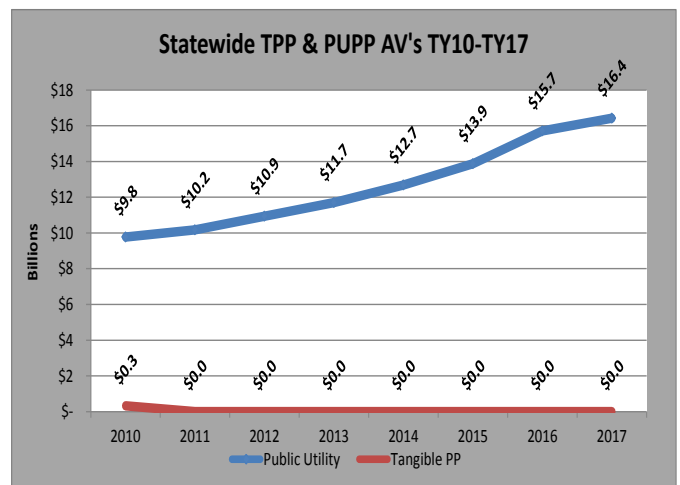


For school districts, real property values are another important piece of economic data. In the 2017 Tax Year, 41 of Ohio's 88 counties experienced a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From Tax Year 2007 to 2012, Class 1 and 2 property values declined by \$10.8 billion, a reduction of 4.6% reflecting the impacts of the 2008 recession on property devaluation. In 2017 Class 1 values rose by \$7.3 billion or 3.9% statewide, while Class 2 property increased by \$1.67 billion or 3.2% statewide. Property values in Tax Year 2017 have fully recovered and exceed pre-recession values for all classes of property. Home values for the 12 month period ending in June 2018 were up statewide by an average of 5.1%. The green bar noted in the graph on the following page shows the 2017 reappraisal reflected a sharp increase in property values statewide.

The final category of property is Public Utility Personal Property (PUPP) values. The graph on the following page shows that Tangible Personal Property (TPP) was eliminated by HB66 for all categories of TPP in tax year 2011. PUPP values on the other hand continued to grow throughout the 2008 Recession and into Tax Year 2017 due in part to continued new construction, reinvestment in aging infrastructure due to low interest rates and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher worth as they are taxed at the full gross tax rate. PUPP values grew \$717.1 million or 4.6% statewide in Tax Year 2017.



Source: Ohio Department of Taxation



Source: Ohio Department of Taxation

Overall, the economy of the state is stable and should continue to grow slightly during the forecast period. This should provide a stable basis for which to make projections of state revenues to the district in the next biennium budget covering FY20 and FY21. The improved labor market continues to provide for steady property tax collections in this forecast by: 1) increasing and stabilizing property values; 2) increasing current property tax collections; and, 3) liquidating prior delinquent tax collections.

Forecast Risks and Uncertainty:

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

- I. The district's 11.47 mill emergency levy was renewed May 8, 2018 and will expire again on December 31, 2024. The renewal of this levy was necessary to keep the district financially healthy long term.
- II. Allen County experienced a reappraisal in the 2015 tax year to be collected in FY16. The 2015 reappraisal increased overall values by 2.3% as property values are starting to recover in our part of the state. Allen County will go through a reappraisal update in tax year 2018 to be collected in fiscal year 2019. We previously projected that the 2018 update would result in an overall increase in total values of 3.7% in FY19. We are now projecting an overall increase of 2.4% in all values. There is however always a minor risk that the district could sustain an overall reduction in values in the next appraisal update but we do not anticipate that at this time.
- III. The State Budget represents 47% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budget reduces funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY23.
- IV. HB49, the new state budget continues the TPP Fixed Rate Reimbursement phase-out including the language provided for in SB208 that will lower the payment each year by what five-eighths (5/8) of 1 mill

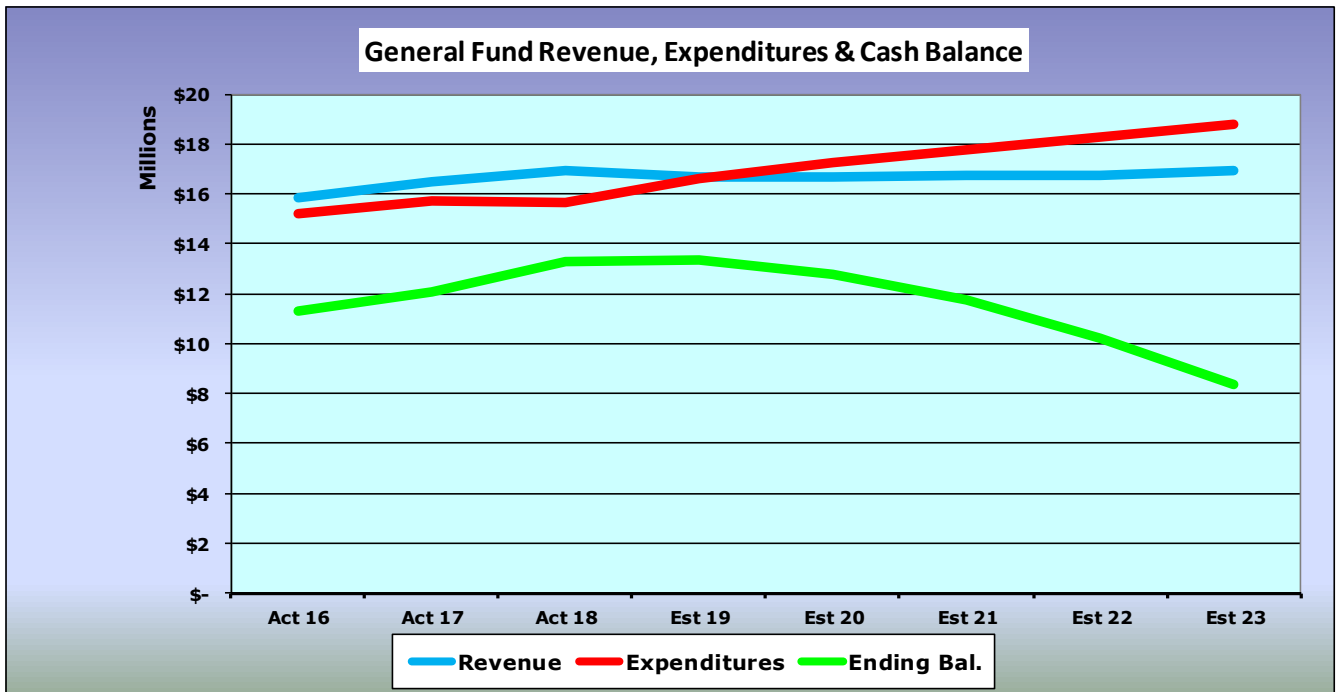
would raise locally in taxes, based on the 3 year average of Tax Year 14-16 assessed values. Our TPP fixed rate reimbursement reached \$1,365,355 per year in FY10, as a result of the phase out of TPP local tax collections by HB66 passed in 2006. Our TPP fixed rate reimbursement after FY18 is \$-0-. This is equivalent to losing a 5.46 mill operating levy every year.

- V. HB 49 has also continued the Fixed Sum TPP reimbursement phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Unlike the TPP Fixed Rate reimbursement noted above, districts will not lose money due to this phase out. Instead, the amount of money the state is cutting as its reimbursement will be added on to our emergency levy millage automatically each year and collected in local property taxes. The state directly shifted their financial obligation made in 2006 in HB66 to local tax payers.
- VI. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in amounts deducted from our state aid in the 2018-19 school years. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that will continue to cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- VII. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the extreme resource challenges today. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The financial forecast presents, to the best of the Bath Local School District Board of Education's knowledge and belief, the expected revenues, expenditures, and operating balance of the General Fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material. The major Line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. 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 Mrs. Annette Morman, Treasurer/CFO at 419-221-0807.

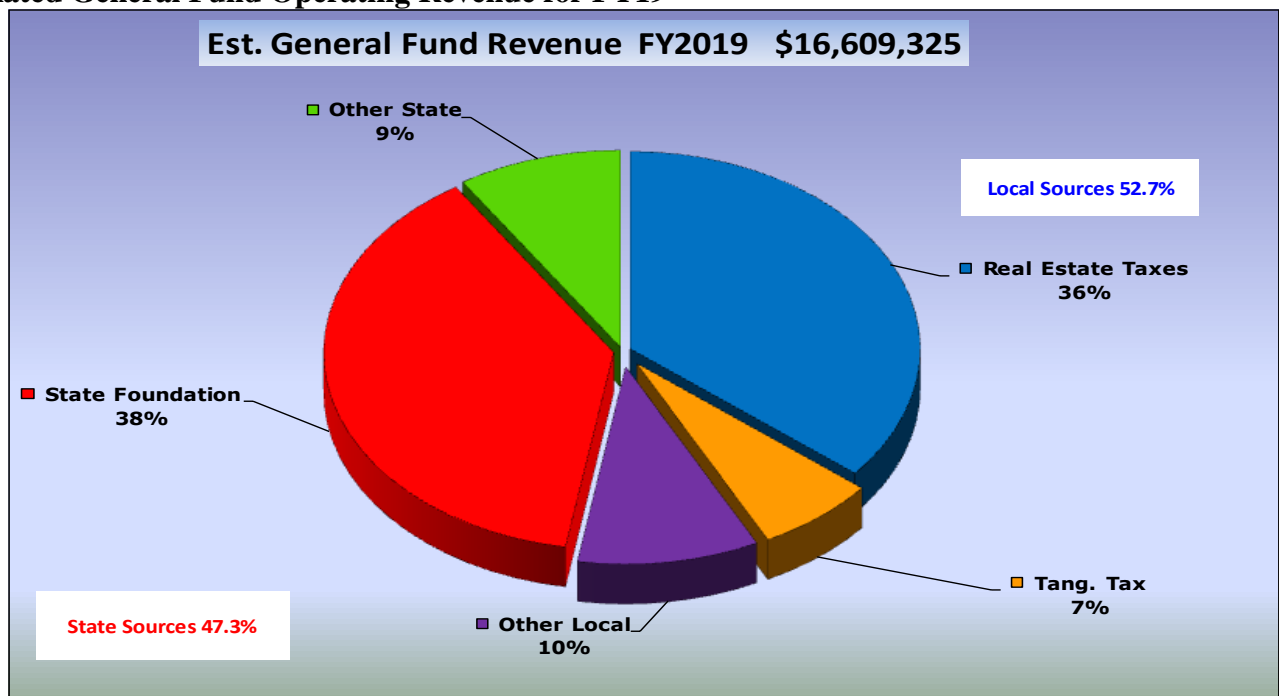
General Fund Revenue, Expenditure and Ending Cash Balance

The graph below shows in summary the forecasted revenue, expenses and ending balance of the district's General Fund for the period FY19-23, with actual data provided for FY16-18.



Revenue Assumptions

Estimated General Fund Operating Revenue for FY19



Real Estate Value Assumptions – Line # 1.010

In 2015 the district experienced a complete reappraisal of property. The overall assessed values increased 2.3% as a result of the reappraisal. HB49 included reductions in CAUV agricultural values to become effective at each county's next reappraisal or update. Allen County will experience a tax update in tax year 2018 to be collected in fiscal year 2019.

CAUV values represent 12.8% of Class I residential agricultural values. HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30% according to the Ohio Department of Taxation. These reductions will occur as districts experience their next reappraisal or update cycle. We will experience this in the tax year 2018 update for Allen County. A reduction of CAUV value has been weighted into our average Class I value change in 2018 of 3.1%. We are projecting an overall increase of 2.4% for all assessed values in 2018. When values increase in our district we will see an increase in taxes on our fixed rate levies because they are at the 20 mill floor and cannot be reduced below that according to Ohio law.

Tangible Personal Property (TPP) values decreased to \$-0- for 2011 as a result of HB 66 effective July 1, 2005. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. These amounts are immaterial and indeterminable as to collection in the future. In 2004 Bath Local School District's TPP value was \$92,308,798 and local tax collections were \$2,793,264, which is equivalent to losing a 12 mill levy each year. This in effect transferred the burden for those lost dollars into increased taxes on local taxpayers.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023
Res./Ag.	\$168,428,785	\$168,628,785	\$168,828,785	\$169,028,785	\$169,228,785
Comm./Ind.	55,699,340	56,049,340	56,399,340	56,749,340	57,099,340
Public Utility Personal Property (PUPP)	37,025,870	37,525,870	38,025,870	38,525,870	39,025,870
Tangible Personal Property (TPP)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assessed Value	<u>\$261,153,995</u>	<u>\$262,203,995</u>	<u>\$263,253,995</u>	<u>\$264,303,995</u>	<u>\$265,353,995</u>

Estimated Real Estate Tax (Line #1.010)

<u>Source</u>	FY 19	FY 20	FY 21	FY 22	FY 23
Real Estate Taxes to Line #1.010	<u>\$5,959,372</u>	<u>\$6,124,184</u>	<u>\$6,281,152</u>	<u>\$6,479,761</u>	<u>\$6,584,983</u>

Property tax levies are estimated to be collected at 100% of the annual amount due to the historically low delinquency rate. In general 54% of the Res/Ag and Comm/Ind. taxes are expected to be collected in February tax settlements and 46% collected in August tax settlements. Public Utility Personal Property (PUPP taxes) is estimated to be received 50% in February and 50% in August settlement from the County Auditor. As previously noted, general personal property tax TPP ceased to be collected after FY11.

The December 2017 Federal Tax law changes to the deductibility of State and Local Tax (SALT) caused the first half 2018 tax collections to be an estimated \$40,000 higher and will result in the second half 2018 (affects FY19) being lower by this amount. This was an event that caused onetime cash flow acceleration only and is not additional new taxes. Tax collections will return to normal collections for FY20.

Estimated Public Utility Personal Property Tax – Line #1.020

The phase out of TPP taxes as noted earlier began in FY06. Any general TPP tax revenues received in FY13 and beyond are delinquent TPP taxes. The amounts noted on Line 1.02 in the forecast are public utility personal property taxes (PUPP) which increased in value only slightly for 2016 collected in 2017 and they are expected to continue to increase slightly each year according to historic trends.

<u>Source</u>	FY 19	FY 20	FY 21	FY 22	FY 23
Public Utility Taxes to Line # 1.020	<u>\$1,107,663</u>	<u>\$1,153,562</u>	<u>\$1,195,958</u>	<u>\$1,246,129</u>	<u>\$1,282,164</u>

Renewal of Property Tax Levy – Line #11.020

The district renewed the 11.47 mill emergency levy at the May 8, 2018 election. The levy will next expire on December 31, 2024.

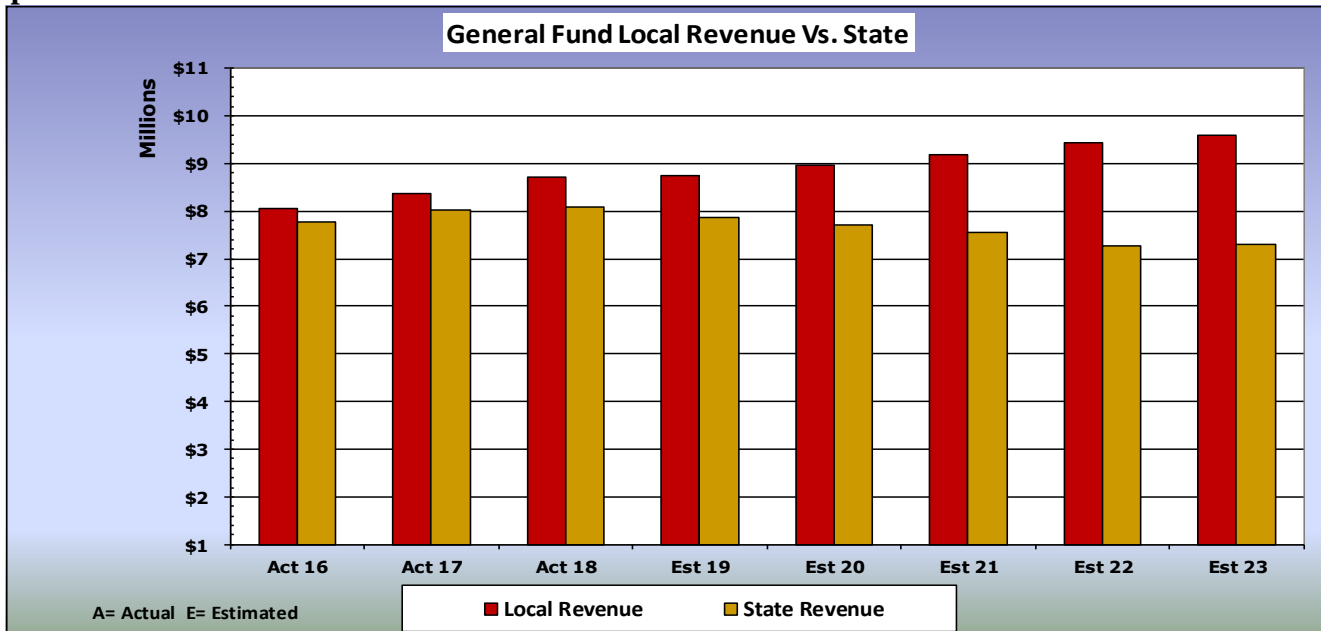
New Tax Levies – Line #13.030

No new levies are modeled in this forecast at this time.

School District Income Tax – Line #1.03

The school district has no income tax levy at this time

Comparison of Local Revenue State Revenue:



State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino 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 **CAP** district regarding state funding in FY19.

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

- 1) Opportunity Grant – Per pupil amount increased .17% from \$6,000 in FY17 to \$6,010 in FY18 and .17% to \$6,020 in FY19. Well below inflation rates.
- 2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
- 3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.

- 4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
- 5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
- 6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
- 7) Gifted Funds –Based on average daily membership at \$5.05 in FY18 & FY19.
- 8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
- 9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

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

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

Gain Cap Funded Districts- For the first time HB49 has created tiers of funding for districts that are on the funding cap (or limit) based on the amount of student ADM growth. Generally, if a district is a “Cap” district the state formula calculates that a district is owed more than they are being paid. The Cap grew 7.5% in FY16 and FY17 from the FY15 levels. There are now funding tiers established for Cap district’s based on three (3) year average ADM growth for the period FY14-FY16. The Cap will generally be 3% additional funding in FY18 and FY19 from the FY17 levels, with the following exceptions:

- 1) If average ADM from FY14 to FY16 is 5.5% or greater in FY18 or 6% greater in FY19, the gain cap is set at 5.5% or 6% respectively, of the district’s previous year’s state aid. Cap limits will include Capacity Aid and Transportation Supplement payments which limit the state’s increased payment.
- 2) If average ADM from FY14 to FY16 is between 3% and 5.5% in FY18, or between 3% and 6% in FY19, the gain cap is set at a scaled amount between 3% and 5.5% and 3% and 6% respectively, of the districts previous year’s state aid. Cap limit will include Capacity Aid and Transportation Supplement payments which limit the state’s increased payment.

Our district is anticipated to be a Gain Cap district in FY19.

Our current SFPR estimates for FY19 are using September #2 average daily membership (ADM) and subtracting 10 students each year through FY23. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now supposed to be updated October 31, March 31, and June 30 of the fiscal

year. In most cases the district will not know its actual student funded ADM until the end of June 2019, and then there will be adjustments into the succeeding fiscal year.

Future State Budgets: Our funding status for FY 20-23 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding, projecting gain cap increases of zero percent (0%) for FY 20-23.

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. As of March 4, 2013 all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). 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 31st of January and August each year which began for the first time on January 31, 2013.

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

<u>Source</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Basic Aid-Unrestricted	\$5,952,965	\$5,984,080	\$5,989,012	\$5,994,081	\$5,999,375
Additional Aid Items	<u>191,400</u>	<u>191,400</u>	<u>191,400</u>	<u>191,400</u>	<u>191,400</u>
Basic Aid-Unrestricted Subtotal	\$6,144,365	\$6,175,480	\$6,180,412	\$6,185,481	\$6,190,775
Ohio Casino Commission ODT	<u>96,326</u>	<u>97,290</u>	<u>98,263</u>	<u>99,245</u>	<u>100,238</u>
Total Unrestricted State Aid Line # 1.035	<u>\$6,240,691</u>	<u>\$6,272,770</u>	<u>\$6,278,675</u>	<u>\$6,284,726</u>	<u>\$6,291,013</u>

B) Restricted State Revenues – Line # 1.040

The current funding model continues funding two restricted sources of revenue, Economically Disadvantaged and Career Technical funds. The amount of the Economically Disadvantaged Aid is estimated to remain flat for the forecast period.

<u>Source</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Economically Disadvantaged Aid	\$92,719	\$92,719	\$92,719	\$92,719	\$92,719
Career Tech - Restricted	<u>6,106</u>	<u>6,106</u>	<u>6,106</u>	<u>6,106</u>	<u>6,106</u>
Total Restricted State Revenues Line #1.040	<u>\$98,825</u>	<u>\$98,825</u>	<u>\$98,825</u>	<u>\$98,825</u>	<u>\$98,825</u>

C) Restricted Federal Grants in Aid – line #1.045

There is no further federal SFSF or Ed Jobs funding estimated in this forecast.

<u>SUMMARY</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Unrestricted Line # 1.035	\$6,240,691	\$6,272,770	\$6,278,675	\$6,284,726	\$6,291,013
Restricted Line # 1.040	98,825	98,825	98,825	98,825	98,825
Rest. Fed. Grants - Ed Jobs Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$6,339,516</u>	<u>\$6,371,595</u>	<u>\$6,377,500</u>	<u>\$6,383,551</u>	<u>\$6,389,838</u>

State Taxes Reimbursement & TPP Property Tax Allocations – Line #1.05

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to

September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

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

b) Tangible Personal Property Reimbursements – Fixed Rate

HB49 continues the TPP Fixed Rate Reimbursement phase-out including the language provided for in SB208 that will lower the payment each year by what five-eighths (5/8) of 1 mill would raise locally in taxes, based on the 3 year average of Tax Year 14-16 assessed values. Our TPP fixed rate reimbursement reached \$1,365,355 per year in FY10, as a result of the phase out of TPP local tax collections by HB66 passed in 2006. Our TPP fixed rate reimbursement after FY18 is \$-0-. This is equivalent to losing a 5.46 mill operating levy every year.

c) Tangible Personal Property Reimbursements – Fixed Sum

HB 49 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 Reimbursement – Line #1.050

<u>Source</u>	FY 19	FY 20	FY 21	FY 22	FY 23
Rollback and Homestead	\$823,150	\$839,619	\$859,977	\$885,370	\$900,383
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	<u>699,281</u>	<u>499,486</u>	<u>299,692</u>	<u>0</u>	<u>0</u>
Tax Reimb./Prop. Tax Allocations #1.050	<u>\$1,522,431</u>	<u>\$1,339,105</u>	<u>\$1,159,669</u>	<u>\$885,370</u>	<u>\$900,383</u>

Other Local Revenues – Line #1.060

This line of the forecast includes open enrollment, rentals, student fees, tuitions, federal funds, and interest income. Open enrollment is the largest item in this category and is expected to continue growth at 1% per year. The remaining other revenues are projected to grow by 1% annually with the exception of interest income which is expected to decline for the forecast period.

<u>Source</u>	FY 19	FY 20	FY 21	FY 22	FY 23
Open Enrollment Gross	\$1,159,693	\$1,171,290	\$1,183,003	\$1,194,833	\$1,206,781
Interest	120,706	118,292	115,926	113,607	111,335
Tuition SF6, SF-14 & SF-14H	117,061	118,232	119,414	120,608	121,814
Other Income, Medicare Reimb. and rentals	<u>282,883</u>	<u>285,712</u>	<u>288,569</u>	<u>291,455</u>	<u>294,370</u>
Total Line # 1.060	<u>\$1,680,343</u>	<u>\$1,693,526</u>	<u>\$1,706,912</u>	<u>\$1,720,503</u>	<u>\$1,734,300</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.

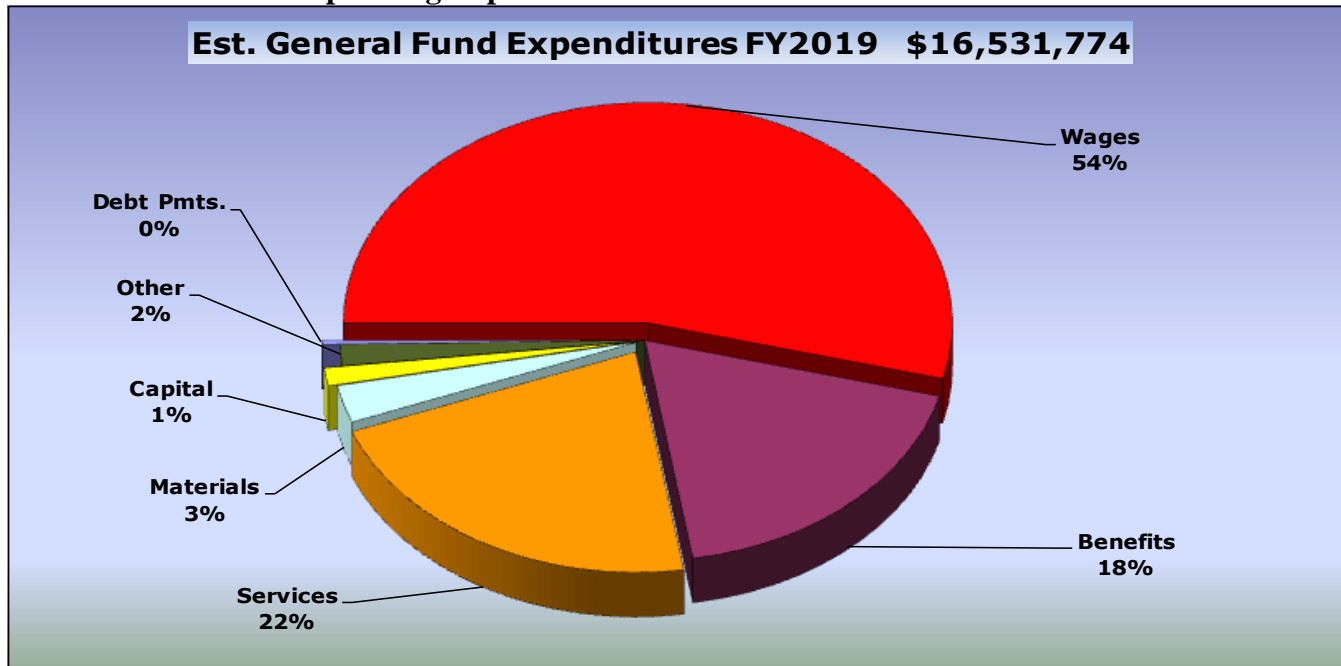
Transfers In / Return of Advances & All Other Financial Sources – Line #2.040, #2.050 and #2.060

The district is forecasting transfers/advances out during the forecast period as noted below. All other financial sources on Line 2.06 include a refund of prior year's expenditures which includes a BWC refund estimated at \$2,000 annually.

<u>Source</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>1,600</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total Transfer & Advances In	<u>\$1,600</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY19:



Wages – Line #3.010

Our collective bargaining agreements call for a base increases of 2% in FY19 and FY20 and have been built into our forecast. Step and training increases are reflected at current step and training amounts of 1.7% for FY19-23.

<u>Source</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Total Wages Line 3.010	<u>\$8,939,460</u>	<u>\$9,334,458</u>	<u>\$9,492,724</u>	<u>\$9,651,410</u>	<u>\$9,812,786</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, where all except health insurance are directly related to 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 District anticipates an overall composite trend increase of 6% for FY19 and 10% for FY20-23. The graph on the following page shows that the district has been working hard to keep these costs down with the cooperation of the district's employees. This area is the main contributor to the reason fringe benefits are expected to be one of the fastest growing costs in the budget FY19-23.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be .80% of payroll FY19-FY23. Unemployment is estimated at an annual amount of \$3,000 throughout the forecast period.

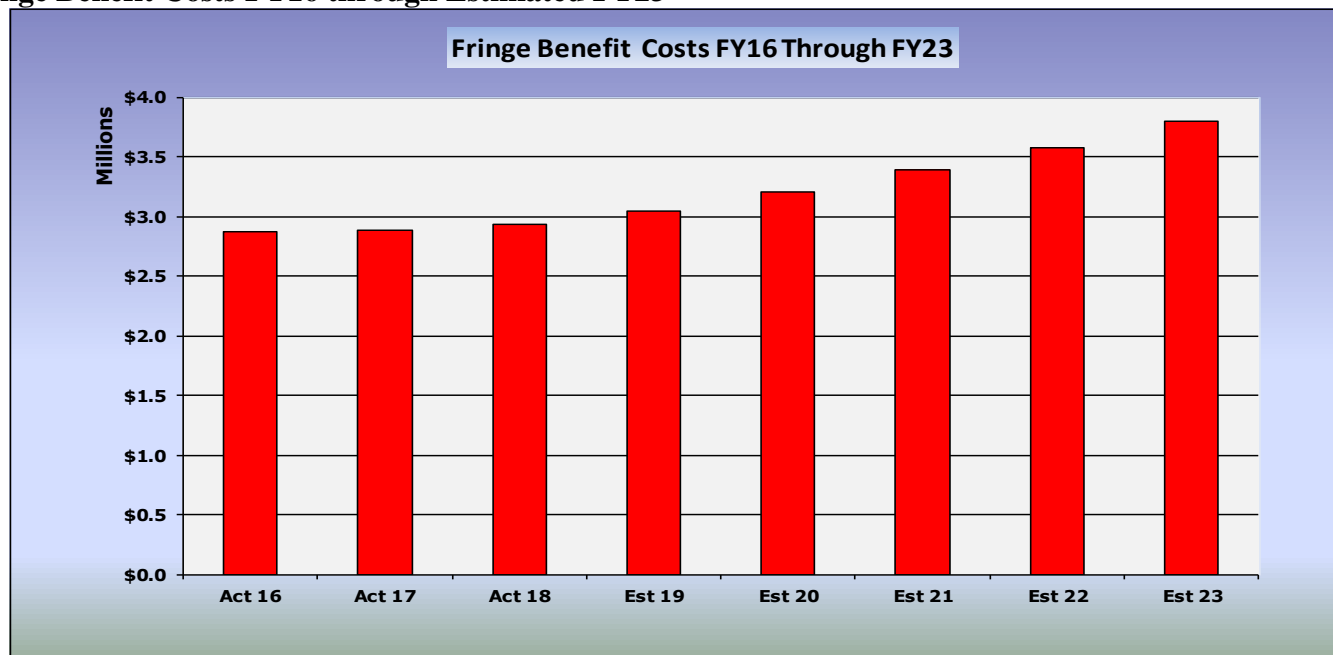
D) Medicare

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.

Estimated Fringe Benefits – Line #3.020

<u>Source</u>	FY 19	FY 20	FY 21	FY 22	FY 23
STRS/SERS	\$1,391,960	\$1,441,979	\$1,468,998	\$1,493,588	\$1,518,562
Insurances	1,411,071	1,510,984	1,663,442	1,829,786	2,012,765
Workers Comp/Unemployment	74,516	77,676	78,942	80,211	81,502
Medicare	136,235	142,336	147,574	149,985	152,492
Other/Tuition	<u>27,956</u>	<u>27,956</u>	<u>27,956</u>	<u>27,956</u>	<u>27,956</u>
Total Line 3.020	<u>\$3,041,738</u>	<u>\$3,200,931</u>	<u>\$3,386,912</u>	<u>\$3,581,526</u>	<u>\$3,793,277</u>

Fringe Benefit Costs FY16 through Estimated FY23



Purchased Services – Line #3.030

The accounts in this area include utility and special education tuition charges. Open enrollment is one of the largest areas of expense in this category and continues to draw significant dollars from our funding. Community school and County ESC expenses are projected to grow by 3% annually. Utility costs are projected to increase by approximately 5% a year. We have added a new line of estimated expenses for College Credit Plus which is a new anticipated cost to the district which began in FY16 and is costing \$110,000 a year now and is expected to grow slightly year to year. HB64, added over \$250,000 annually of new costs to our General Fund in FY17 and HB49 has continued those items in FY18 and 19, and will increase costs throughout the forecast.

<u>Source</u>	FY 19	FY 20	FY 21	FY 22	FY 23
Repairs, insurance, rentals, and other	\$1,025,836	\$1,046,353	\$1,067,280	\$1,088,626	\$1,110,399
County ESC Services	941,618	969,867	998,963	1,028,932	1,059,800
Community School & Ed Scholarships	298,169	307,114	316,327	325,817	335,592
Open Enrollment	757,894	780,631	804,050	828,172	853,017
Utilities	434,438	456,160	478,968	502,916	528,062
College Credit Plus	<u>117,758</u>	<u>121,291</u>	<u>124,930</u>	<u>128,678</u>	<u>132,538</u>
Total Line 3.030	<u>\$3,575,713</u>	<u>\$3,681,416</u>	<u>\$3,790,518</u>	<u>\$3,903,141</u>	<u>\$4,019,408</u>

Supplies and Materials – Line #3.040

We have included a 3% increase for each year within the forecast. This category of expenses includes textbooks, copy paper, maintenance supplies and materials, bus fuel, etc.

<u>Source</u>	FY 19	FY 20	FY 21	FY 22	FY 23
Supplies	\$400,978	\$413,007	\$425,397	\$438,159	\$451,304
Textbooks	<u>51,266</u>	<u>53,829</u>	<u>56,521</u>	<u>59,347</u>	<u>62,314</u>
Total Line 3.040	<u>\$452,244</u>	<u>\$466,836</u>	<u>\$481,918</u>	<u>\$497,506</u>	<u>\$513,618</u>

Equipment – Line # 3.050

Equipment expenditures were increased in to offset the HB64 TPP reimbursement cut to our P.I. Fund. These additional capital costs have been permanently shifted to our General Fund due to legislative changes that have reduced our funding. Without this support from the General Fund our P.I. Fund would be short these amounts which are needed to maintain our facilities.

<u>Source</u>	FY 19	FY 20	FY 21	FY 22	FY 23
Capital Outlay	\$217,512	\$217,512	\$217,512	\$217,512	\$217,512
Total Line 3.050	<u>\$217,512</u>	<u>\$217,512</u>	<u>\$217,512</u>	<u>\$217,512</u>	<u>\$217,512</u>

Other Expenses – Line #4.300

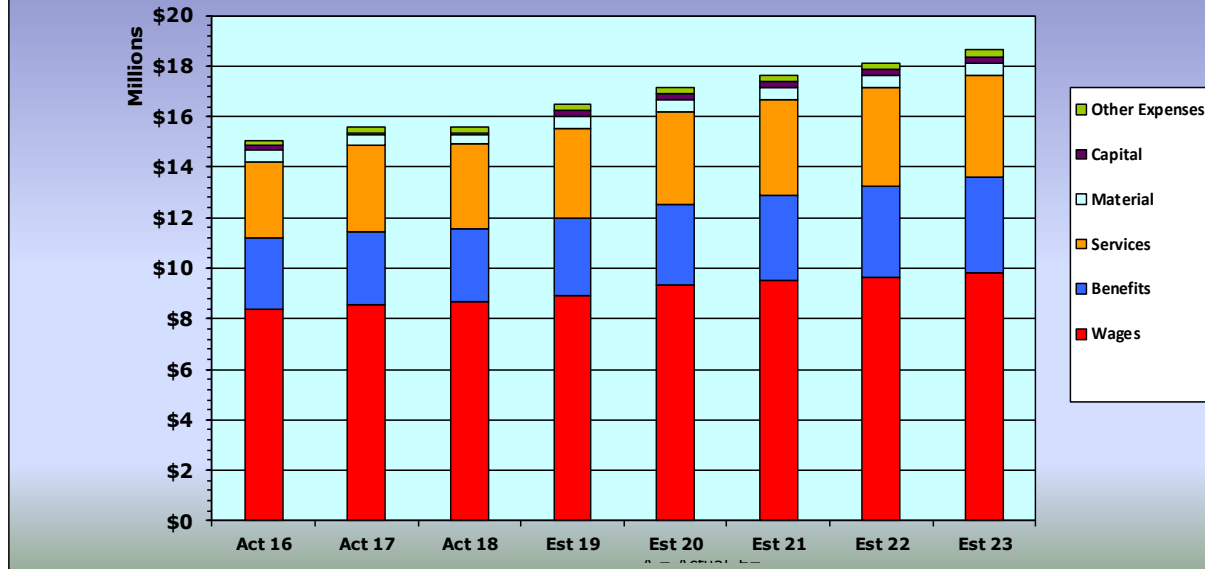
This category of expenses is primarily fees to the county auditor and treasurer for collecting property taxes. The other expense category is several small expenses with the largest being district liability insurance and dues.

County Auditor & Treasurer Fees	\$140,808	\$146,440	\$152,298	\$158,390	\$164,726
Other expenses	<u>118,101</u>	<u>122,825</u>	<u>127,738</u>	<u>132,848</u>	<u>138,162</u>
Total Line 4.300	<u>\$258,909</u>	<u>\$269,265</u>	<u>\$280,036</u>	<u>\$291,238</u>	<u>\$302,888</u>

Total Expenditure Categories Actual FY16 through FY18 and Estimated FY19 through FY23

The graph below shows a quick overview of actual and estimated expenses by proportion in the General Fund.

General Fund Operating Expenditures Actual FY16 Through Est. FY23



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short-term loans from the General Fund to other funds until they have received reimbursements and can 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 transfer is related to funding severance payments in a fund 035 so the district is recognizing future obligations.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Operating Transfers Out Line #5.010	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Advances Out Line #5.020	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>	<u>\$70,000</u>

Debt Service – Line# 4.050; 4.060;

The Debt Service relates to a HB264 Energy project that is structured so that the savings in utility costs for a project will finance the debt payment; Bath Local completed a HB264 project in 2010 and will pay the debt through Fiscal Year 2025.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
HB 264 Principal Line # 4.050	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Interest on HB 264 Total Line 4.060	<u>\$6,198</u>	<u>\$6,198</u>	<u>\$6,198</u>	<u>\$6,198</u>	<u>\$6,198</u>

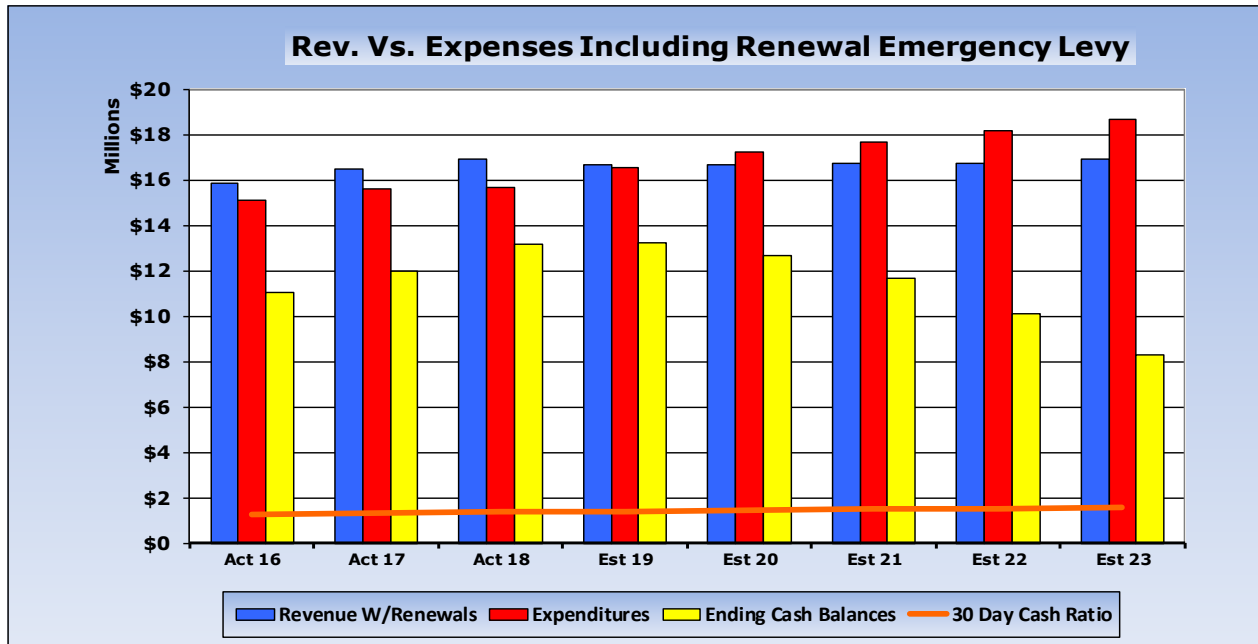
Encumbrances –Line#8.010

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. The amounts outstanding vary year to year. All outstanding purchase orders that can be closed prior to fiscal year-end are closed.

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 5705.412, ORC punishable by personal liability of \$10,000, unless an alternate 412 certificate can be issued under new provisions established by HB153. **The positive balance noted in FY22 below includes the renewal of the emergency levy on May 8, 2018. Thank you, tax payers, for your support.**

	FY 19	FY 20	FY 21	FY 22	FY 23
Ending Cash Balance	\$ 13,252,146	\$ 12,669,502	\$ 11,646,875	\$ 10,125,658	\$ 8,263,639



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 recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves.

Ending Cash Balance in True Cash Days- With Levy Renewal

