BOARDMAN LOCAL SCHOOL DISTRICT- MAHONING 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 JUNE 30, 2023**

BOARDMAN LOCAL
SCHOOLS

**Forecast Provided By
Boardman Local School District
Treasurer's Office
Nicholas E. Ciarniello, Treasurer**

May 20, 2019

Boardman Local School District

Mahoning 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)	26,653,693	26,704,738	26,487,827	-0.3%	28,974,442	31,634,454	31,747,497	28,542,879	25,661,150
1.020	Tangible Personal Property	1,768,785	2,116,190	2,420,889	17.0%	2,550,961	2,647,867	2,656,661	2,406,807	2,157,806
1.030	Income Tax	-	-	-	0.0%	$0	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	8,637,266	8,895,593	9,595,177	5.4%	9,863,381	10,164,025	10,457,266	10,759,250	11,405,949
1.040	Restricted State Grants-in-Aid	140,411	159,804	241,405	32.4%	309,595	309,595	309,595	309,595	309,595
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	-	-	-	0.0%	$0	-	-	-	-
1.050	Property Tax Allocation	5,124,639	4,436,091	3,884,679	-12.9%	3,384,518	3,364,466	3,374,554	2,991,437	2,604,250
1.060	All Other Revenues	1,011,821	842,350	1,465,564	28.6%	1,437,714	1,213,451	1,220,309	1,227,225	1,234,199
1.070	*Total Revenues*	43,336,615	43,154,765	44,095,541	0.9%	46,520,611	49,333,858	49,765,882	46,237,193	43,372,949
	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	2,304,346	-	-	0.0%	32,871	-	-	-	-
2.050	Advances-In	53,314	11,500	69,500	213.0%	49,756	50,000	50,000	50,000	50,000
2.060	All Other Financing Sources	11,815	37,675	301	59.8%	$58,186	-	-	-	-
2.070	*Total Other Financing Sources*	2,369,475	49,175	69,801	-28.0%	140,813	50,000	50,000	50,000	50,000
2.080	*Total Revenues and Other Financing Sources*	45,706,090	43,203,940	44,165,342	-1.6%	46,661,424	49,383,858	49,815,882	46,287,193	43,422,949
	Expenditures									
3.010	Personal Services	23,245,134	24,461,865	24,614,939	2.9%	24,723,946	25,552,539	26,166,058	26,794,555	27,438,397
3.020	Employees' Retirement/Insurance Benefits	10,127,084	10,420,515	10,437,308	1.5%	10,771,028	11,105,789	11,419,790	11,737,444	12,064,037
3.030	Purchased Services	6,670,422	7,213,934	7,742,334	7.7%	7,629,173	7,874,935	8,131,213	8,398,492	8,677,282
3.040	Supplies and Materials	961,825	925,952	1,003,338	2.3%	1,147,859	1,182,295	1,217,764	1,254,297	1,291,926
3.050	Capital Outlay	621,635	725,773	648,905	3.1%	511,797	591,797	591,797	591,797	591,797
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	102,394	105,233	246,547	68.5%	123,641	127,152	130,763	134,477	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	188,090	5,969	3,018	-73.1%	14,655	11,144	7,533	3,819	-
4.300	Other Objects	644,217	627,094	611,224	-2.6%	695,630	779,049	788,368	798,599	809,003
4.500	*Total Expenditures*	42,560,801	44,486,335	45,307,613	3.2%	45,617,729	$47,224,700	48,453,286	49,713,480	50,872,442
	Other Financing Uses									
5.010	Operating Transfers-Out	3,587,633	213,750	938,004	122.4%	881,118	656,294	656,383	656,427	656,338
5.020	Advances-Out	11,500	69,500	49,756	238.0%	50,000	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses	-	-	-	0.0%	$0	-	-	-	-
5.040	*Total Other Financing Uses*	3,599,133	283,250	987,760	78.3%	931,118	706,294	706,383	706,427	706,338
5.050	*Total Expenditures and Other Financing Uses*	46,159,934	44,769,585	46,295,373	0.2%	46,548,847	47,930,994	49,159,669	50,419,907	51,578,780
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(453,844)	(1,565,645)	(2,130,031)	140.5%	112,577	1,452,864	656,213	(4,132,714)	(8,155,831)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	10,710,074	10,256,230	8,690,585	-9.8%	6,560,554	6,673,131	8,125,995	8,782,208	4,649,495
7.020	*Cash Balance June 30*	10,256,230	8,690,585	6,560,554	-19.9%	6,673,131	8,125,995	8,782,208	4,649,495	(3,506,337)
8.010	*Estimated Encumbrances June 30*	214,416	211,094	31,241	-43.4%	200,000	200,000	200,000	200,000	200,000

Boardman Local School District

Mahoning 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
`	**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 Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.0%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	10,041,814	8,479,491	6,529,313	-19.3%	6,473,131	7,925,995	8,582,208	4,449,495	(3,706,337)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	-	3,787,329	7,283,325
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	3,787,329	11,070,654
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	10,041,814	8,479,491	6,529,313	-19.3%	6,473,131	7,925,995	8,582,208	8,236,824	7,364,317
	Revenue from New Levies									
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	*Unreserved Fund Balance June 30*	10,041,814	8,479,491	6,529,313	-19.3%	6,473,131	7,925,995	8,582,208	8,236,824	7,364,317

Boardman Local School District –Mahoning County
Notes to the Five Year Forecast
General Fund Only
May 20, 2019

Introduction to the Five Year Forecast

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

May 2019 Updates:

Revenues:

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $46,520,611 or .08% higher than the October forecasted amount of $46,484,639. This indicates the October forecast was 99.92% accurate.

Revenue is essentially on target with original estimates.

Expenditures:

Total General Fund expenditures (line 4.5) are overall estimated to be $45,617,729 for FY19 which is up $334,000 over the $45,283,729 estimate for the year. Line 3.03 purchased services was up due to higher open enrollment, community school deduction and SF14 tuition payments. Expenses are still overall expected to be very close to original estimates if other areas come under budget. The forecast for expenses are on target for the forecast period.

Unreserved Ending Cash Balance:

With revenues and expenditures overall on target with estimates, our ending unreserved cash balance June 30, 2019 is anticipated to be roughly $6.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2023 if assumptions we have made for state aid in future state budgets remain close to our estimates and all renewal levies are approved.

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. Mahoning County experienced a reappraisal update in the 2017 tax year to be collected in FY18**.** Residential values increased slightly by 1.26% and commercial values declined by .54%. The next update the district will experience a reappraisal in 2020 and we have assumed a 1% modest growth for residential values and 0% growth for commercial values in that update.

II. HB49, the new state budget continues the TPP Fixed Rate Reimbursement phase-out continuing the language provided for in SB208 that will lower the payment each year by what five-eights (5/8) of 1 mill would raise locally, based on the 3 year average of Tax Year 14-16 assessed district values. The phase out of the Fixed Rate will be complete in FY18. In FY15 the district received $2.5 million in TPP state reimbursement. The state CAPS our state aid so we are not fully funded to help make up for this drastic cut in TPP funds. After FY18 the risk of further TPP cuts is eliminated. In FY19 the state funding formula says we are owed $3.3 million more than we are being paid since we are capped.

III. The State Budget represents 29% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budget reduces funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY23. We have projected our state funding to be inline with our current estimates through FY23 which we feel are conservative and should be close to whatever the state approves for the FY20-21 biennium. We will make adjustments to the forecast in November when factual data is available following adoption of the state budget in late June 2019.

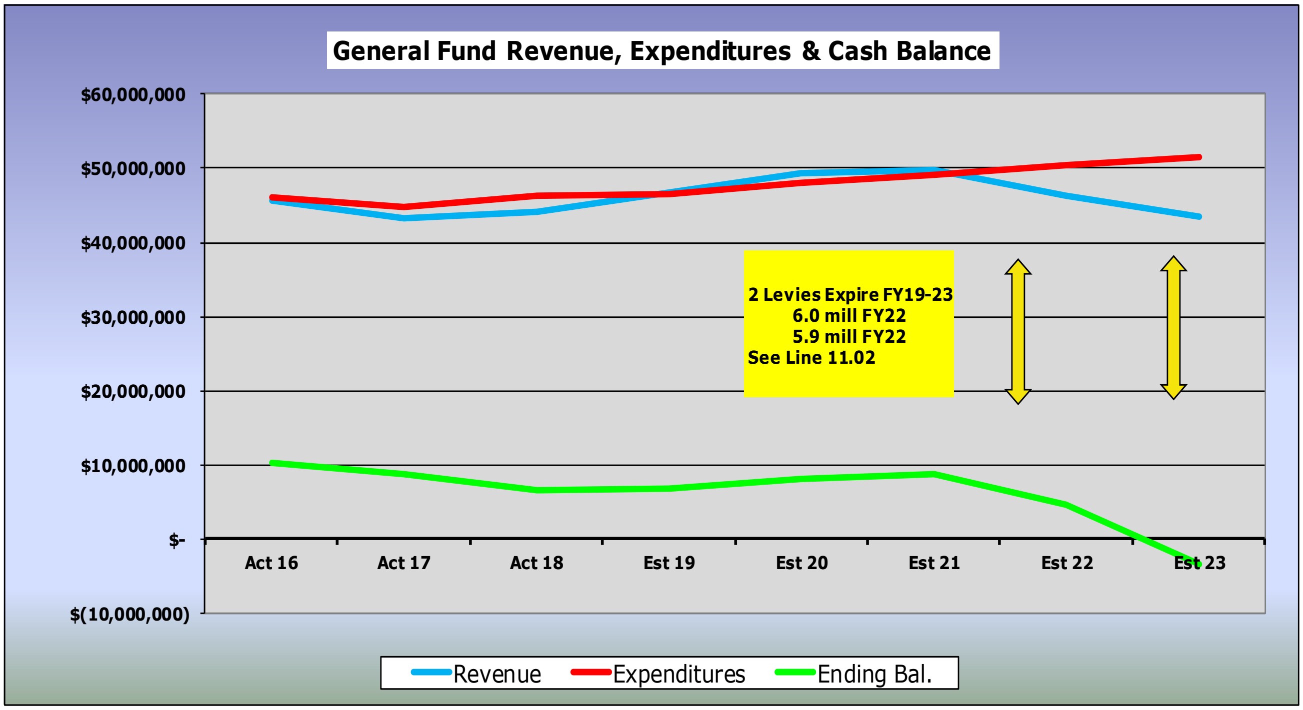
IV. The district has two (2) levies that will expire during this five (5) year forecast period. A 5.9 and 6.0 mill current expense levies expiring in 2021. Both of these levies are critical and are necessary to keep the district financially healthy long term. While all these levies have been renewed before should either fail there will be serious consequences for the districts financial stability.

V. 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 and increases in amounts deducted from our state aid in the 2018-19 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply FY16 from $20,000 to $27,000 each, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that 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.

VI. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

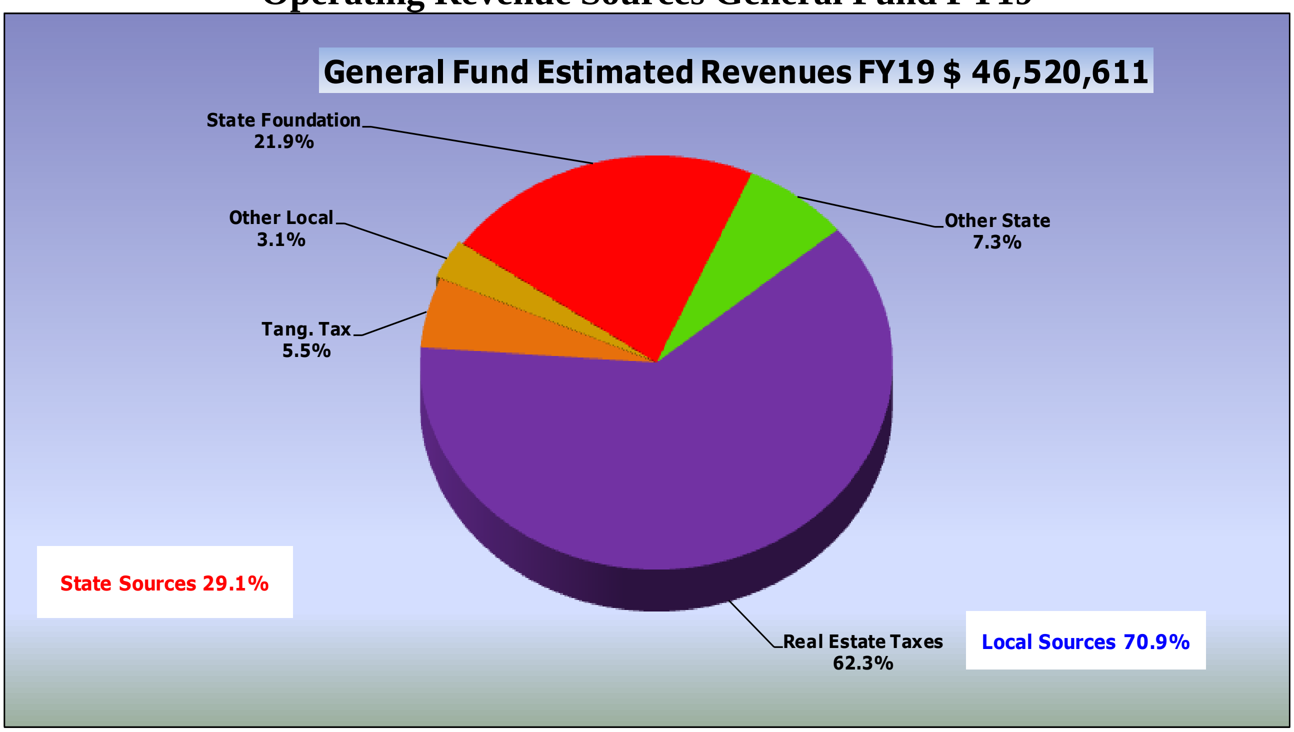
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Nicholas E. Ciarniello, Treasurer at 330-726-3403 Ex: 67113.

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



The graph captures in one snapshot the operating scenario facing the District over the next few years including our new May 8 emergency levy and the renewal of the 2.5 mill operating levy, the 5.9 mill and 6.0 mill operating levy. These levies are moved to Line 11.02 of the forecast and are what causes the ending cash balance to dip sharply in the graph above.

Revenue Assumptions
Operating Revenue Sources General Fund FY19



Real Estate Value Assumptions – Line # 1.010
Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Mahoning County experienced a reappraisal update in the 2017 tax year and collected in FY18. Residential values increased slightly by 1.26% and commercial values declined by .54%. The 2014 update increased overall assessed values by $1,221,180 or an increase of .15%. The next update the district will experience a reappraisal in 2020 and we have assumed a 1% modest growth for residential values and 0% growth for commercial values in that update.

In September 2017 we were informed that the Mercy Health Systems St. Elizabeth expansion which was added as taxable during construction was awarded an exemption in August. The value of the addition was added to the tax duplicate in tax year 2015 and 16 and taxes paid. When the exemption was granted a refund of nearly all taxes paid was made from our August 2017 settlement of approximately $920,000. Additional growth due to our 2017 reappraisal values and taxes will help buffer the loss, but still we are net down in FY18 compared to FY17 taxes. The dip in taxes from FY17 to 18 can be seen on Line 1.01 of the forecast. We anticipate HB920 will increase tax rates for Class II property and help buffer the loss from current collections as a result of the drop of an estimated $12.6 million in assessed value for the hospital expansion for future years.

In tax year 2018 to be collected in 2019 overall values fell .08% from $845,820,710 to $845,168,530. This was led by overall decline in Commercial values of ($621,490) and public utility personal property values of ($686,130) while residential property increased slightly by $655,440.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2018 COLLECT 2019	Estimated TAX YEAR2019 COLLECT 2020	Estimated TAX YEAR2020 COLLECT 2021	Estimated TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023
Res./Ag.	$505,635,090	$506,135,090	$511,696,441	$512,196,441	$512,696,441
Comm./Ind.	$296,967,040	$298,447,040	$299,927,040	$301,407,040	$302,887,040
Public Utility Personal Property (PUPP)	$42,566,400	$42,716,400	$42,866,400	$43,016,400	$43,166,400
Tangible Personal Property (TPP)	$0	$0	$0	$0	$0
Total Assessed Value	$845,168,530	$847,298,530	$854,489,881	$856,619,881	$858,749,881

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY19	FY20	FY21	FY22	FY23
General Property Taxes	$28,974,442	$31,634,454	$31,747,497	$28,542,879	$25,661,150

Property tax levies are estimated to be collected at 97.25% of the annual amount. This allows 2.75% delinquency factor. In general, 52% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 48% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

The increase in FY19 and FY20 are bumps showing the collection of the new May 8 Emergency Levy. The increase in FY20 is uneven as we have removed a renewal levy to Line 11.02 as shown below.

Levy Renewal –Line # 11.02
The District is currently working to renew a 5.9 mill and a 6.0 mill operating levy in the next 4 years of the forecast period. State law requires that renewal levies be removed from revenues on Line 1.01, 1.02 and 1.05

and shown on this line 11.02 of the forecast. Please note that renewal levies do not bring in additional tax revenues to the district. We are renewing levies for the same revenue we currently collect.

Source	FY19	FY20	FY21	FY22	FY23
Renewal 5.9 and 6.0 Mill Expire 12/31/21	$0	$0	$0	$3,787,329	$7,283,325
Total Line # 11.020	$0	$0	$0	$3,787,329	$7,283,325

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020
Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. Public Utility Personal Property (PUPP) values grew in Tax Year 2017 by $2.16 million due to reinvestments being made by utilities statewide.

Source	FY19	FY20	FY21	FY22	FY23
Public Utility Personal Property PUPP	$2,550,961	$2,647,867	$2,656,661	$2,406,807	$2,157,806
Total Line # 1.020	$2,550,961	$2,647,867	$2,656,661	$2,406,807	$2,157,806

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
A) Unrestricted State Foundation Revenue– Line #1.035
The current funding model largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. 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 continue to be a Cap district regarding state funding in FY19, which means the district will not receive the full amount of funding that the state formula calculates that we should.

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 districts 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 therefor 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.

HB49 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 a Gain Cap district in FY18 and FY19. The state Cap means that in FY19 we are owed an additional $3.3 million we are not being paid. This is equal to a 3.98 mill levy we are not collecting in state aid we are owed. Long range we believe we will continue to be a Cap district through FY23.

Our current SFPR estimates for FY19 are using April #2 SFPR average daily membership (ADM) and increasing by 5 students each year through FY23. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now supposed to be updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2019, and then there will be adjustments into the succeeding fiscal year.

Current FY20-21 State Biennium Budget Deliberations on School Funding

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

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

The Cupp/Patterson proposal is a funding formula that is on the basis of what it costs to educate a typical student in a typical district and it would also fund schools on actual enrollment and not ADM. Under this proposal not every district in Ohio would get new net money and it would cost the state significantly more than the Governor's proposal over the new biennium as currently proposed.

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

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. 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.

Source	FY19	FY20	FY21	FY22	FY23
Basic Aid-Unrestricted	$9,413,096	$9,711,536	$10,002,551	$10,302,287	$10,946,715
Additional Aid Items	$229,891	$229,891	$229,891	$229,891	$229,891
Basic Aid-Unrestricted Subtotal	$9,642,987	$9,941,427	$10,232,442	$10,532,178	$11,176,606
Ohio Casino Commission ODT	$220,394	$222,598	$224,824	$227,072	$229,343
Total Unrestricted State Aid Line # 1.035	$9,863,381	$10,164,025	$10,457,266	$10,759,250	$11,405,949

B) Restricted State Revenues – Line # 1.040

The current funding model continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The amount of the Economically Disadvantaged Aid is estimated to grow by 1% each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY19-23.

Source	FY19	FY20	FY21	FY22	FY23
Economically Disadvantaged Aid	$301,676	$301,676	$301,676	$301,676	$301,676
Career Tech	$7,919	$7,919	$7,919	$7,919	$7,919
Total Restricted State Revenues Line #1.040	$309,595	$309,595	$309,595	$309,595	$309,595

C) Restricted Federal Grants in Aid – line #1.045
No federal unrestricted grants are projected FY19-23.

Summary of State Foundaton Revenues	FY19	FY20	FY21	FY22	FY23
Unrestricted Line # 1.035	$9,863,381	$10,164,025	$10,457,266	$10,759,250	$11,405,949
Restricted Line # 1.040	$309,595	$309,595	$309,595	$309,595	$309,595
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$10,172,976	$10,473,620	$10,766,861	$11,068,845	$11,715,544

State Taxes Reimbursement/Property Tax Allocation
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 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 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate
State budget bill HB153 slashed these reimbursements to our district after FY12, reducing our state revenue each year starting in FY13. HB64, the FY16 -17 state budgets, reinstituted the phase out of TPP reimbursements to districts beginning in FY16.

SB 208 amended HB64 and became effective February 15, 2016. SB 208 provides that the TPP Fixed Rate funding will be phased out at 5/8ths (62.5%) of what 1 mill would raise in local taxes on the three (3) year average of TY14-16 assessed values. Based on our calculations, we did receive a TPP Phase out payment in FY18 and project these funds will be eliminated thereafter. We received $2.55 million in TPP fixed rate funds in FY15. This is a significant loss to our district.

Summary of State Tax Reimbursement – Line #1.050

Source	FY19	FY20	FY21	FY22	FY23
a) Rollback and Homestead	$3,384,518	$3,364,466	$3,374,554	$2,991,437	$2,604,250
b) TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
c) TPP Reimbursement - Fixed Sum	$0	$0	$0	$0	$0
Total Tax Reimb./Prop. Tax Allocations #1.050	$3,384,518	$3,364,466	$3,374,554	$2,991,437	$2,604,250

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area are various tuitions, pay to participate fees, student fees, and general rental fees.

Source	FY19	FY20	FY21	FY22	FY23
Tuition Income-1200	$703,639	$477,302	$482,075	$486,896	$491,765
Interest	$285,000	$286,425	$287,857	$289,296	$290,742
Medicaid	$220,000	$220,000	$220,000	$220,000	$220,000
Class & Transportation Fees	$129,875	$130,524	$131,177	$131,833	$132,492
Other Income and rentals	$99,200	$99,200	$99,200	$99,200	$99,200
Total Line # 1.060	$1,437,714	$1,213,451	$1,220,309	$1,227,225	$1,234,199

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

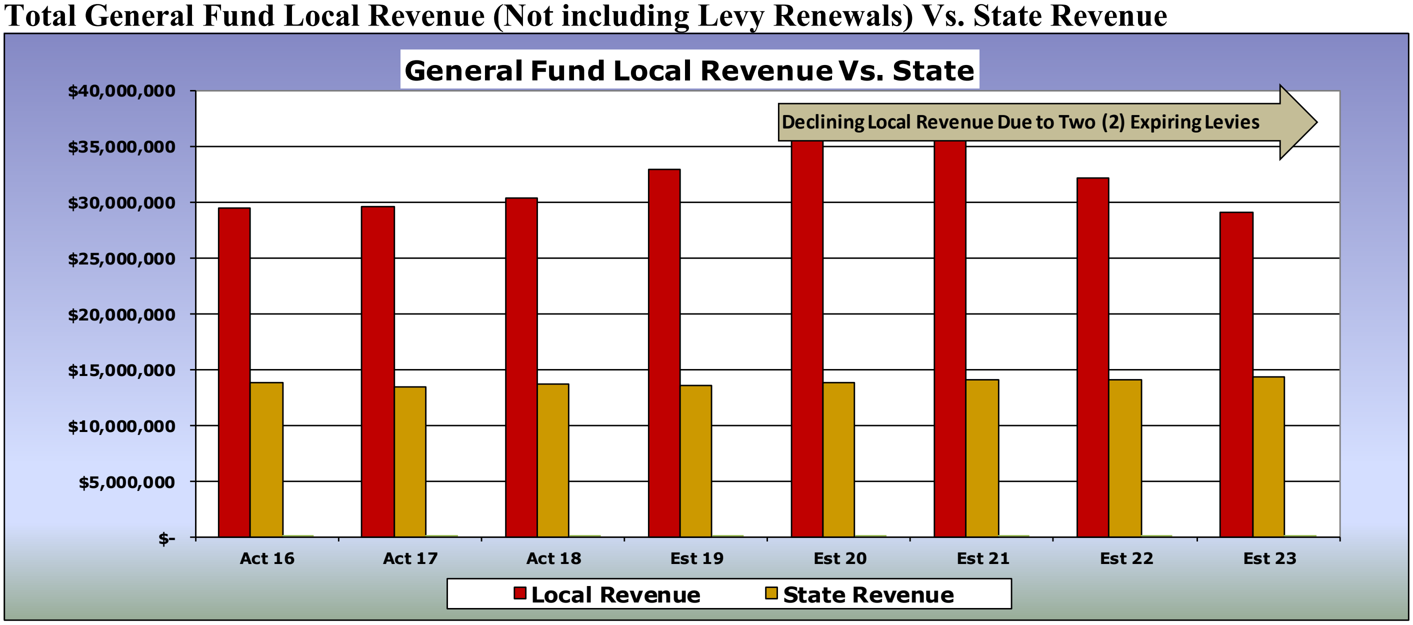
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

Source	FY19	FY20	FY21	FY22	FY23
Transfers In - Line 2.040	$32,871	$0	$0	$0	$0
Advance Returns - Line 2.050	$49,756	$50,000	$50,000	$50,000	$50,000
Total Transfer & Advances In	$82,627	$50,000	$50,000	$50,000	$50,000

All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. We will estimate these payments when we have solid data with which to do so.

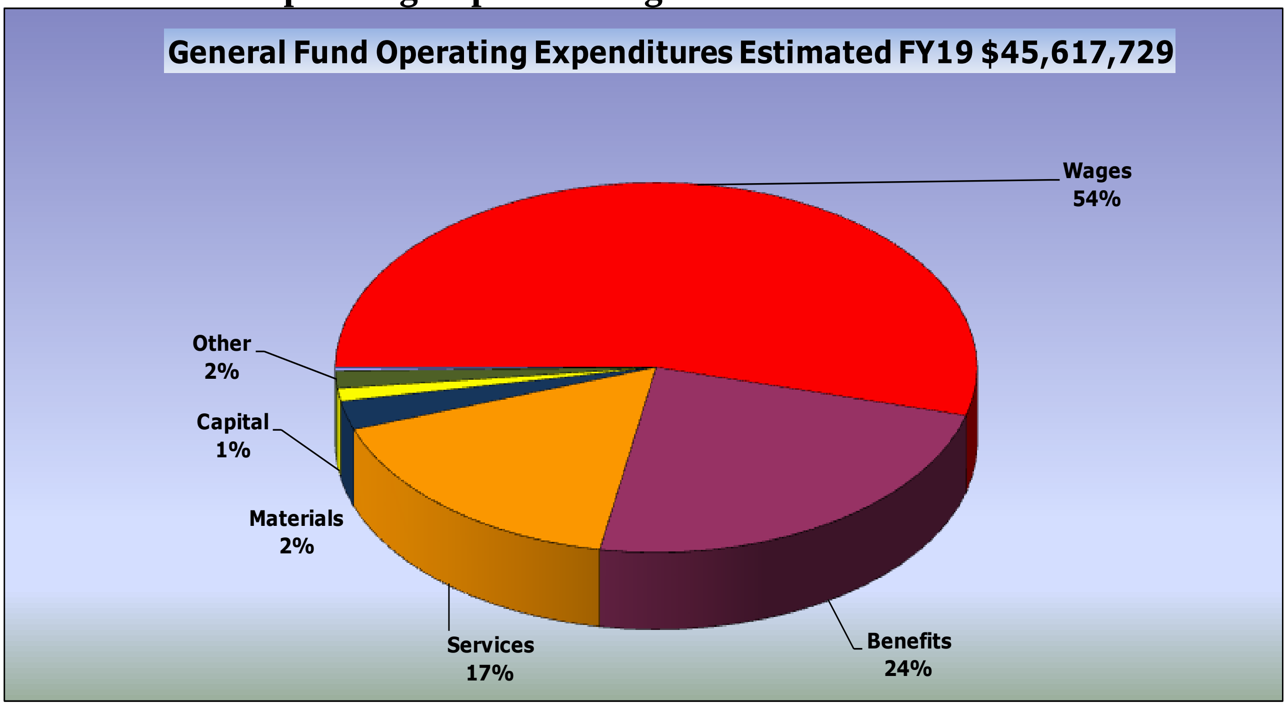
Total General Fund Local Revenue (Not including Levy Renewals) Vs. State Revenue



Expenditures Assumptions

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

All Operating Expense Categories - General Fund FY19



Wages – Line #3.010

Negotiations with bargaining unit members was completed in summer 2017 resulting in a three year agreement that includes a base increases of 1% and a 1% stipend for FY18, a 2% base increase for FY19 and FY20. Step and training increases are included for FY19-23. For planning purposes a 1% base increase has been reflected for FY21-23.

Source	FY19	FY20	FY21	FY22	FY23
Base Wages	$23,222,974	$23,536,611	$24,353,331	$24,954,858	$25,571,243
Increases/Stipend	$464,459	$470,732	$243,533	$249,549	$255,712
Steps & Training	$341,378	$345,988	$357,994	$366,836	$375,897
Substitutes & Sulpplementals	$1,187,335	$1,199,208	$1,211,200	$1,223,312	$1,235,545
Staff Reductions/Attrition	($492,200)	$0	$0	$0	$0
Total Wages Line 3.010	$24,723,946	$25,552,539	$26,166,058	$26,794,555	$27,438,397

Fringe Benefits Estimates

This area of the forecast captures all costs associated with benefits and retirement costs.

A) STRS/SERS will increase as Wages Increase

As required by law the BOE pays 14% of all employee wages to STRS or SERS. In addition, the district pays SERS surcharge for classified staff that does not make a set amount for retirement purposes.

B) Insurance

We are estimating insurance based on district caps in the labor agreements at $6.5 million for FY19, and $6.69 million for FY20. A 3.0% for each year FY21 - FY23, for planning purposes which reflects trend and the likely increase in health care costs as a result of PPACA. This is based on our current employee census and claims data.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act** (**PPACA**) commonly called **Obamacare** or the **Affordable Care Act** (**ACA**), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965.

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

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .2% of wages FY19– FY23. Unemployment is expected to remain at a very low level FY19-23. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. 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.

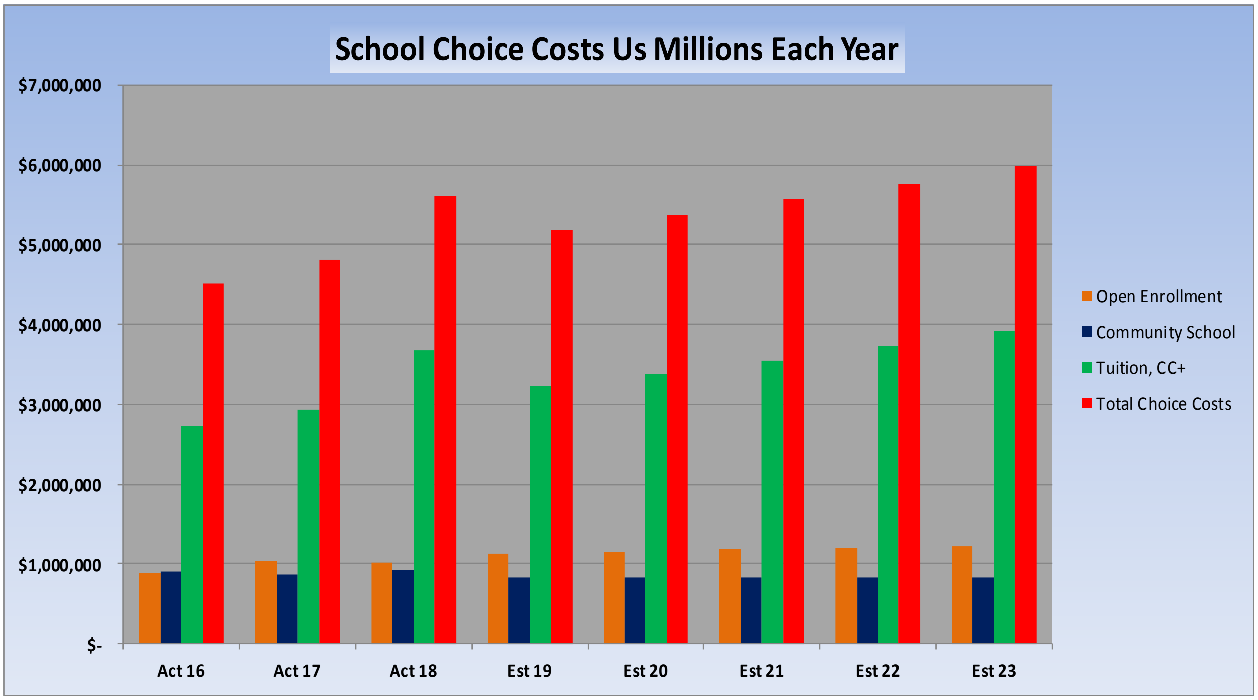
Summary of Fringe Benefits – Line #3.020

Source	FY19	FY20	FY21	FY22	FY23
A) STRS/SERS	$3,755,923	$3,925,906	$4,028,041	$4,127,534	$4,229,484
B) Insurance's	$6,563,500	$6,694,114	$6,894,937	$7,101,785	$7,314,839
C) Workers Comp/Unemployment	$50,605	$76,958	$78,798	$80,684	$82,615
D) Medicare	$376,000	$383,288	$392,491	$401,918	$411,576
Other/Tuition	$25,000	$25,523	$25,523	$25,523	$25,523
Total Line 3.020	$10,771,028	$11,105,789	$11,419,790	$11,737,444	$12,064,037

Purchased Services – Line #3.030

Utility costs are assumed to increase 3% per year, but can fluctuate significantly due to factors outside of our control such as the weather and rate changes. Open enrollment and community schools continue to draw a significant number of students, which are major expenditures in this area and have been increased based on historical trend. In FY19, community school deductions have generally held steady from FY18 levels to account for the students and per pupil state funding which will flow through our funding formula to the community schools. In addition, the state mandated College Credit Plus tuition costs are paid out of this line. The graph below shows the funds we anticipate to leave our district every year due to choice programs. In FY19 we anticipate $5.19 million in costs which is equivalent to a 6.14 mill levy leaving each year.

Source	FY19	FY20	FY21	FY22	FY23
Base Services	$874,572	$883,318	$892,151	$901,073	$910,084
Professional/Instructional	$482,108	$496,571	$511,468	$526,812	$542,616
Open Enrollment Deduction	$1,132,000	$1,154,640	$1,177,733	$1,201,288	$1,225,314
Community School Deductions	$839,000	$839,000	$839,000	$839,000	$839,000
SF14 Tuition & Scholarship Costs	$3,223,420	$3,384,591	$3,553,821	$3,731,512	$3,918,088
Building Maintenance & Service	$319,991	$335,991	$352,791	$370,431	$388,953
Utilities	$758,082	$780,824	$804,249	$828,376	$853,227
Total Line 3.030	$7,629,173	$7,874,935	$8,131,213	$8,398,492	$8,677,282



Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, educational supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

Source	FY19	FY20	FY21	FY22	FY23
Supplies, Textbooks & Technology	$537,792	$553,926	$570,544	$587,660	$605,290
Building and Transportation	$610,067	$628,369	$647,220	$666,637	$686,636
Total Line 3.040	$1,147,859	$1,182,295	$1,217,764	$1,254,297	$1,291,926

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. Our Apple Lease entered into in 2017 will be paid off in FY19. Those costs will be reallocated to replacing our chromebooks to ensure that our students are supported for testing.

Source	FY19	FY20	FY21	FY22	FY23
Capital Outlay	$421,797	$421,797	$421,797	$421,797	$421,797
Replacement Bus Purchases	$90,000	$170,000	$170,000	$170,000	$170,000
Total Line 3.050	$511,797	$591,797	$591,797	$591,797	$591,797

Principal and Interest Payment – Lines # 4.05 and 4.06

All payments for the two HB264 projects, the Qualified School Construction Bonds, and the related interest charges will be reflected as a transfer out to the bond retirement fund of the district where these obligations are paid beginning in FY18-23. The transfer out section has been more detailed to reflect the amount being transferred for the payments. The new bus lease approved this past summer will continue to be shown here as it is paid directly from the General Fund and will pay off on July 15, 2021.

Source	FY19	FY20	FY21	FY22	FY23
Principal Bus Lease Line #4.020	$123,641	$127,152	$130,763	$134,477	$0

Source	FY19	FY20	FY21	FY22	FY23
Interest on Leases & HB 264 Total Line 4.060	$14,655	$11,144	$7,533	$3,819	$0

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. We have increased Auditor and Treasurer Fees in FY19 and FY20 for our new levy. A rate of 2% increase is projected in this area.

Source	FY19	FY20	FY21	FY22	FY23
County Auditor & Treasurer Fees	$510,000	$590,100	$671,001	$677,711	$684,488
Other expenses	$110,630	$113,949	$117,367	$120,888	$124,515
Increased A&T Fees for New Levies	$75,000	$75,000	$0	$0	$0
Total Line 4.300	$695,630	$779,049	$788,368	$798,599	$809,003

Transfers and Advances Out – Lines #5.01 and #5.02

This account group covers fund to fund transfer 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. We are detailing the transfer out section for debt payment to reflect what amount the general fund supports to pay debt for the district in several series of debt issued over the past years. The district has two current debt issues it is supporting payment of principal and interest from the General Fund. Debt payments are made from the district's Bond Retirement Fund (002 Fund). The #4 HB264 debt supported by a Qualified School Construction Bond (QSCB) is split 50/50 with the Permanent Improvement Fund (003 Fund). HB264 #3 includes the new principal and interest payment schedule from the refund of that issue in October 2017 that will save the district over $114,000 in interest costs over the term of the notes which will be paid off January 1, 2024. In FY18 we transferred out $420,767 to the permanent improvement fund to pay for improvements at the transportation facility. In FY19 we transferred out to the permanent improvement fund $220,000 for renovation costs to convert the former administrative central offices into classrooms.

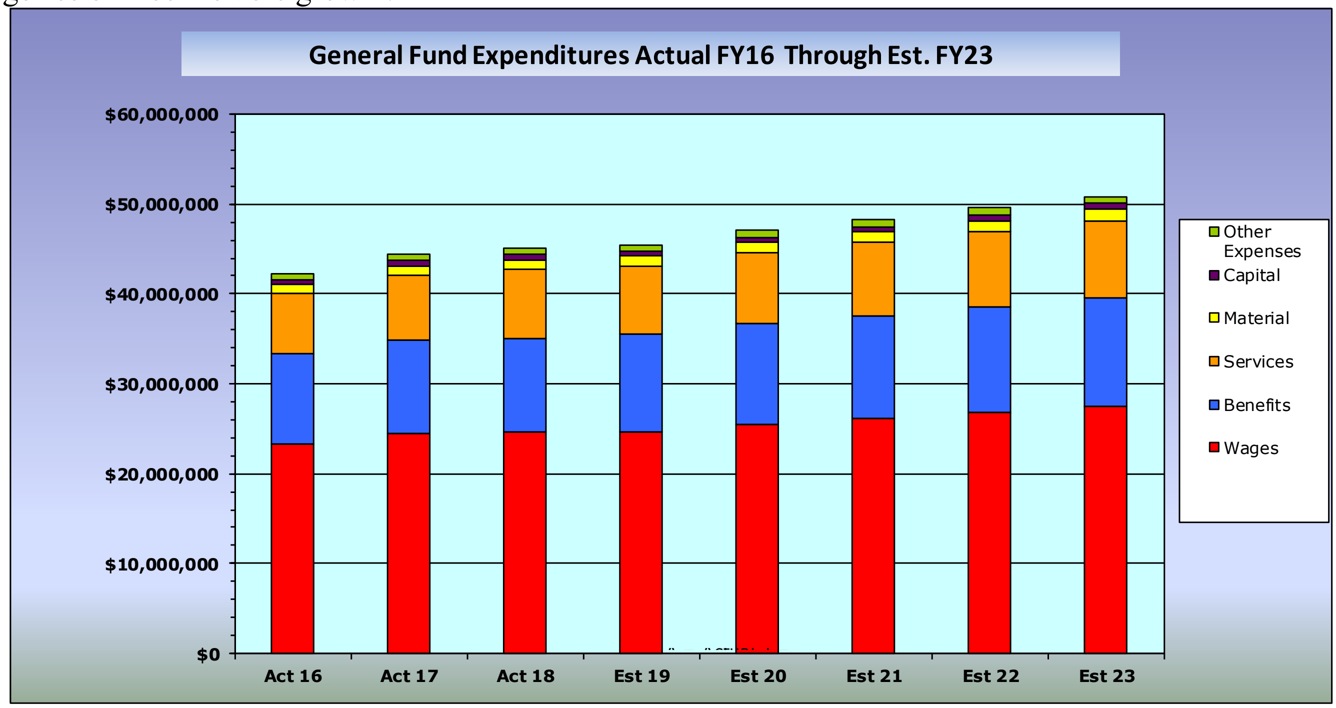
Purpose	FY19	FY20	FY21	FY22	FY23
Fund 035 Severance & 003 P.I.	$420,000	$200,000	$200,000	$200,000	$200,000
Fund 300 Athletics	$35,000	$35,000	$35,000	$35,000	$35,000
Fund 002 HB264 #3 & #4 -QSCB Debt	$426,118	$421,294	$421,383	$421,427	$421,338
Transfers Out Line #5.010	$881,118	$656,294	$656,383	$656,427	$656,338
Advances Out Line #5.020	$50,000	$50,000	$50,000	$50,000	$50,000
Total	$931,118	$706,294	$706,383	$706,427	$706,338

Encumbrances –Line#8.010

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

	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances	$200,000	$200,000	$200,000	$200,000	$200,000

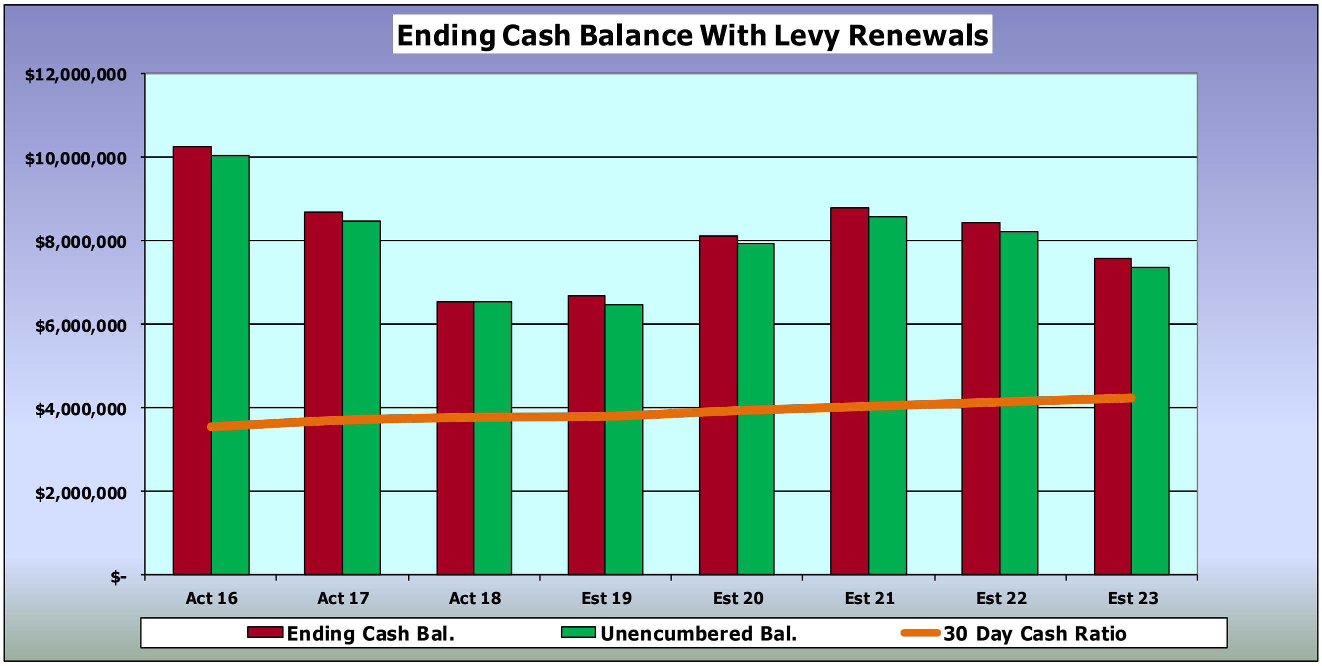
Operating Expenditures Actual FY16 through FY18 and Estimated FY19-FY23
As the graph below indicates the steady growth in general fund expenses year over year and shows the categories of most notable growth.



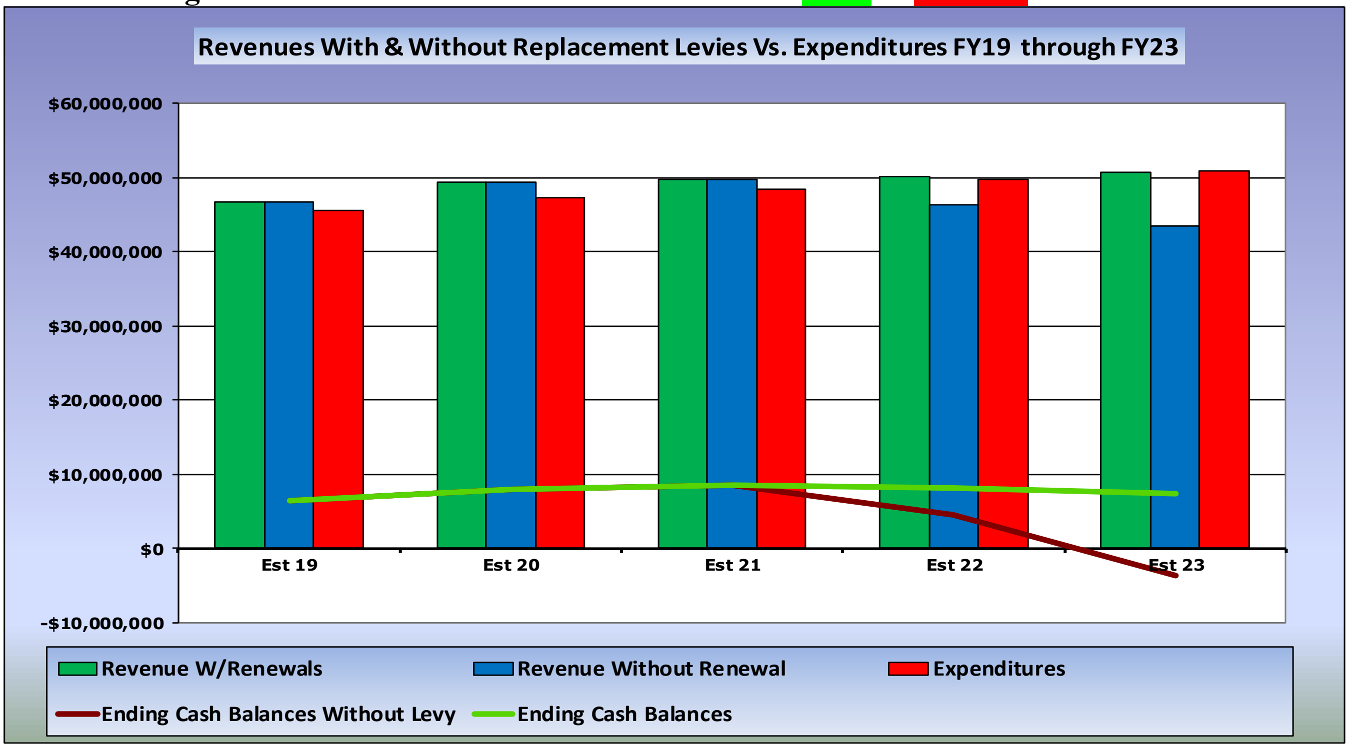
Ending Unencumbered Cash Balance Including Our New Levy and All Levy Renewals – Line#15.010
This amount must not go below $0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is about $3.8 million for our district. The Graphs on the following page shows cash balances compared to one month or a 30 day reserve, including our new May 8th levy and renewal of the two (2) levies the district has renewing in this forecast period. The second graph shows a combination of revenue with and without the levy renewals and the impact on our ending cash balance if the levies were not to be renewed. This points out the financial exposure the district has to levy renewals and the drastic impact it would have if any or all were to fail.

Ending Unencumbered Cash Balance Line #15.010 With Renewal Levies

	FY19	FY20	FY21	FY22	FY23
Ending Unencumbered Cash Balance	$6,473,131	$7,925,995	$8,582,208	$8,236,824	$7,364,317



Ending Unencumbered Cash Balance Line #15.010 With & Without Renewal Levies



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 one (1) months or 30 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 to the districts debt service fund to pay for debt obligations that belong to the general fund and for other funds such as for severance payments. **<u>This calculation includes our new May 8th levy and renewal of both levies affecting this forecast through FY23</u>.** Renewing each levy is critical to the financial sustainability of the district.