MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT- UNION COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2017, 2018 and 2019 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2020 THROUGH JUNE 30, 2024

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Forecast Provided By
Marysville Exempted Village School District
Treasurer's Office
Todd Johnson, Treasurer/CFO

November 21, 2019

Marysville Exempted Village School District

Union County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

		Actual				Forecasted				
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
	Revenues									
1.010	General Property Tax (Real Estate)	$19,564,696	$19,557,647	$19,874,805	0.8%	$20,232,392	$20,272,493	$20,329,131	$20,438,860	$20,595,531
1.020	Tangible Personal Property	5,058,200	5,185,849	5,133,255	0.8%	5,241,974	$5,238,627	$5,286,487	$5,334,347	$5,382,207
1.035	Unrestricted State Grants-in-Aid	20,997,555	21,601,000	22,287,478	3.0%	22,282,756	$22,281,358	$22,275,618	$22,269,934	$22,264,307
1.040	Restricted State Grants-in-Aid	474,298	343,276	306,783	-19.1%	307,068	$307,068	$307,068	$307,068	$307,068
1.045	Restricted Federal Grants-in-Aid - SFSF/EdJobs	-	-	-	0.0%	-	$0	$0	$0	$0
1.050	Property Tax Allocation	6,221,611	5,751,585	5,298,808	-7.7%	4,831,291	$4,373,876	$3,823,763	$3,279,711	$2,722,978
1.060	All Other Revenues	1,167,128	1,717,675	3,261,876	68.5%	3,672,576	$3,400,243	$3,228,175	$3,156,373	$3,184,840
1.070	*Total Revenues*	$53,483,488	$54,157,032	$56,163,005	1.8%	$56,568,057	$55,873,665	$55,250,242	$54,786,293	$54,456,931
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.020	State Emergency Loans	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.040	Operating Transfers-In	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.050	Advances-In	$0	$0	$0	0.0%	$2,000,000	$1,150,000	$0	$0	$0
2.060	All Other Financing Sources	99	$0	15,359	0.0%	500	$500	$500	$500	$500
2.070	*Total Other Financing Sources*	99	-	15,359	0.0%	2,000,500	1,150,500	500	500	500
2.080	*Total Revenues and Other Financing Sources*	$53,483,587	$54,157,032	$56,178,364	2.5%	$58,568,557	$57,024,165	$55,250,742	$54,786,793	$54,457,431
	Expenditures									
3.010	Personal Services	$30,201,679	$31,401,963	$32,663,868	4.0%	$34,000,685	$35,501,407	$37,090,105	$38,540,461	$40,021,944
3.020	Employees' Retirement/Insurance Benefits	10,579,345	11,308,825	12,274,403	7.7%	13,137,522	14,095,147	14,985,529	15,903,512	16,877,439
3.030	Purchased Services	5,195,662	5,077,173	5,166,429	-0.3%	5,348,843	5,471,336	5,807,864	5,940,688	6,077,897
3.040	Supplies and Materials	1,052,853	1,195,539	1,181,184	6.2%	1,339,000	1,379,170	1,420,545	1,463,161	1,507,056
3.050	Capital Outlay	49,951	19,623	20,296	-28.6%	26,520	27,050	27,591	28,143	28,706
3.060	Intergovernmental	-	-	-	0.0%					
	Debt Service:									
4.010	Principal-All (Historical Only)	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.020	Principal-Notes	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.030	Principal-State Loans	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.040	Principal-State Advancements	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.050	Principal-HB 264 Loans	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.055	Principal-Other	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.060	Interest and Fiscal Charges	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.300	Other Objects	624,272	595,942	633,901	0.9%	652,028	658,548	665,134	671,786	678,504
4.500	*Total Expenditures*	$47,703,762	$49,599,065	$51,940,081	4.3%	$54,504,598	$57,132,658	$59,996,768	$62,547,751	$65,191,546
	Other Financing Uses									
5.010	Operating Transfers-Out	$400,000	$0	$0	0.0%	$0	$0	$0	$0	$0
5.020	Advances-Out	$0	$0	$3,150,000	0.0%	$0	$0	$0	$0	$0
5.030	All Other Financing Uses	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	400,000	-	3,150,000	0.0%	-	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	$48,103,762	$49,599,065	$55,090,081	7.1%	$54,504,598	$57,132,658	$59,996,768	$62,547,751	$65,191,546
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	5,379,825	4,557,967	1,088,283	-45.7%	4,063,959	(108,493)	(4,746,026)	(7,760,958)	(10,734,115)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	13,552,901	18,932,726	23,490,693	31.9%	24,578,976	28,642,935	28,534,442	23,788,416	16,027,458
7.020	*Cash Balance June 30*	18,932,726	23,490,693	24,578,976	14.4%	28,642,935	28,534,442	23,788,416	16,027,458	5,293,343
8.010	*Estimated Encumbrances June 30*	396,380	419,787	343,359	-6.2%	400,000	400,000	400,000	400,000	400,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials			-	0.0%	$0	$0	$0	$0	$0
9.020	Capital Improvements				0.0%	$0	$0	$0	$0	$0
9.030	Budget Reserve			-	0.0%	$0	$0	$0	$0	$0
9.040	DPIA			-	0.0%	$0	$0	$0	$0	$0
9.045	Fiscal Stabilization				0.0%	$0	$0	$0	$0	$0
9.050	Debt Service				0.0%	$0	$0	$0	$0	$0
9.060	Property Tax Advances				0.0%	$0	$0	$0	$0	$0
9.070	Bus Purchases				0.0%	$0	$0	$0	$0	$0
9.080	*Subtotal*	-	$0	$0	0.0%	$0	$0	$0	$0	$0
10.010	*Fund Balance June 30 for Certification of Appropriations*	$18,536,346	$23,070,906	$24,235,617	14.8%	$28,242,935	$28,134,442	$23,388,416	$15,627,458	$4,893,343
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%					
11.020	Property Tax - Renewal or Replacement		-		0.0%	$0	$0	$0	$0	$0
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	-	-	-	-

Marysville Exempted Village School District

Union County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

		Actual				Forecasted				
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$18,536,346	$23,070,906	$24,235,617	14.8%	$28,242,935	$28,134,442	$23,388,416	$15,627,458	$4,893,343
	Revenue from New Levies									
13.010	Income Tax - New		-	-	0.0%	$0	$0	$0	$0	$0
13.020	Property Tax - New		-	-	0.0%	$0	$0	$0	$0	$0
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements		-	-	0.0%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance June 30*	$18,536,346	$23,070,906	$24,235,617	14.8%	$28,242,935	$28,134,442	$23,388,416	$15,627,458	$4,893,343

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund portion of Debt Service fund related to General fund debt.

Marysville Exempted Village School District –Union County
Notes to the Five Year Forecast
General Fund Only
November 21, 2019

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

Fiscal year 2020 (July 1, 2019-June 30, 2020) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2019 filing.

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

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

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

HB166, the current state budget that ends June 30, 2021 continues the TPP Fixed Rate Reimbursement phase-out contained in SB208 that will lower the payment each year by the amount raised by five-eights (5/8) of 1 mill based on the 3 year average of Tax Year 14-16 assessed district values. We have estimated that this phase out will continue in our projections until TPP is finally gone in FY26 based on our estimates.

The State Budget represents 49% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY24. We have projected our state funding to be inline with our current estimates through FY24 which we feel are conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will make adjustments to the forecast in future years as we have data to help guide this decision.

Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes. Total local revenues which are predominately local taxes equate to 51% of the district's resources. We believe there is a low risk that local collections would fall below projections in the forecast.

Union County experienced a reappraisal update in the 2016 tax year to be collected in FY17. The 2016 update increased overall assessed values by $66.01 million or an increase of 10.35%. A full reappraisal will occur in tax year 2019 for collection in FY20. We anticipate value increases for Class I and II property by $58.7 million for an overall increase of 8.2% including the adjustment for lower Current Agricultural Use Values (CAUV) authorized by HB49. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

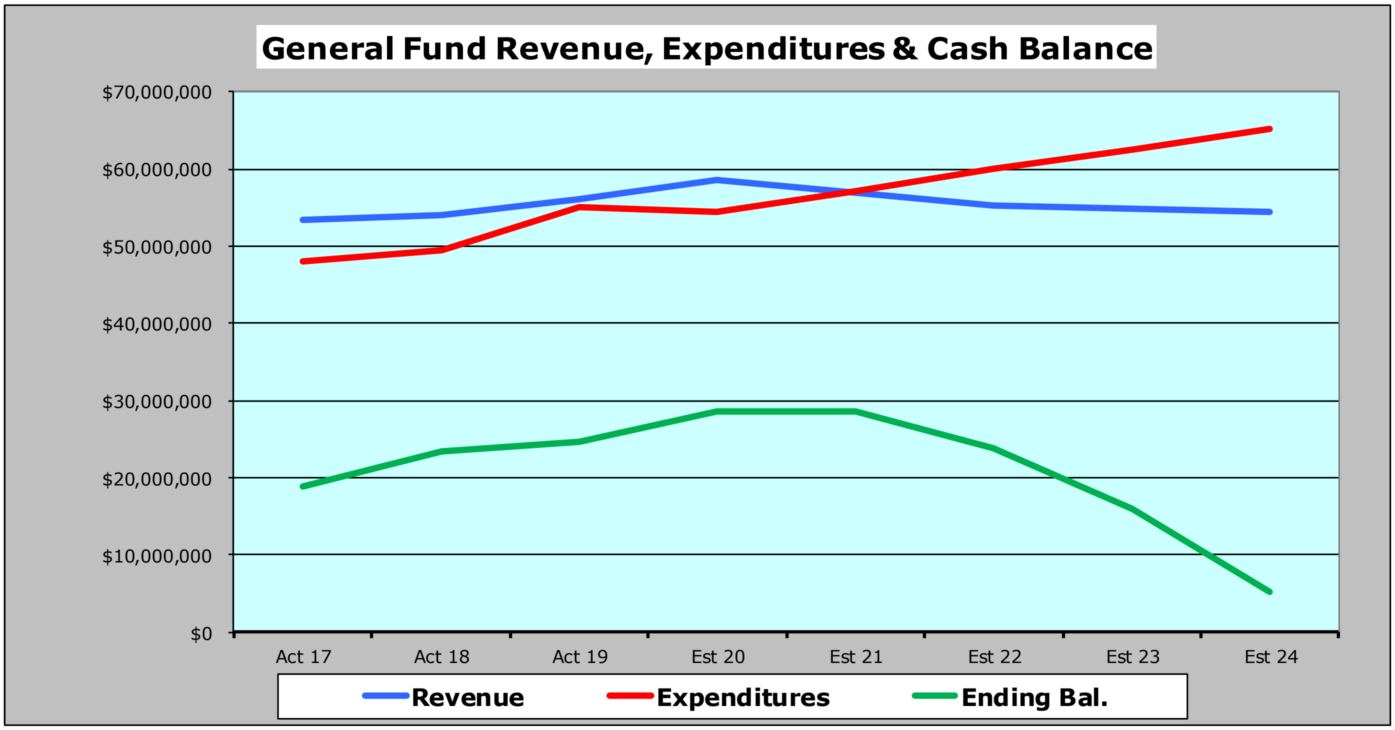
We appreciate the community's approval of the 6.56 mill levy that was renewed November 6, 2018 as a continuing levy at its current effective Class I rate of 2.68 mills. The renewal of this levy will help to keep the district financially healthy long term.

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

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.

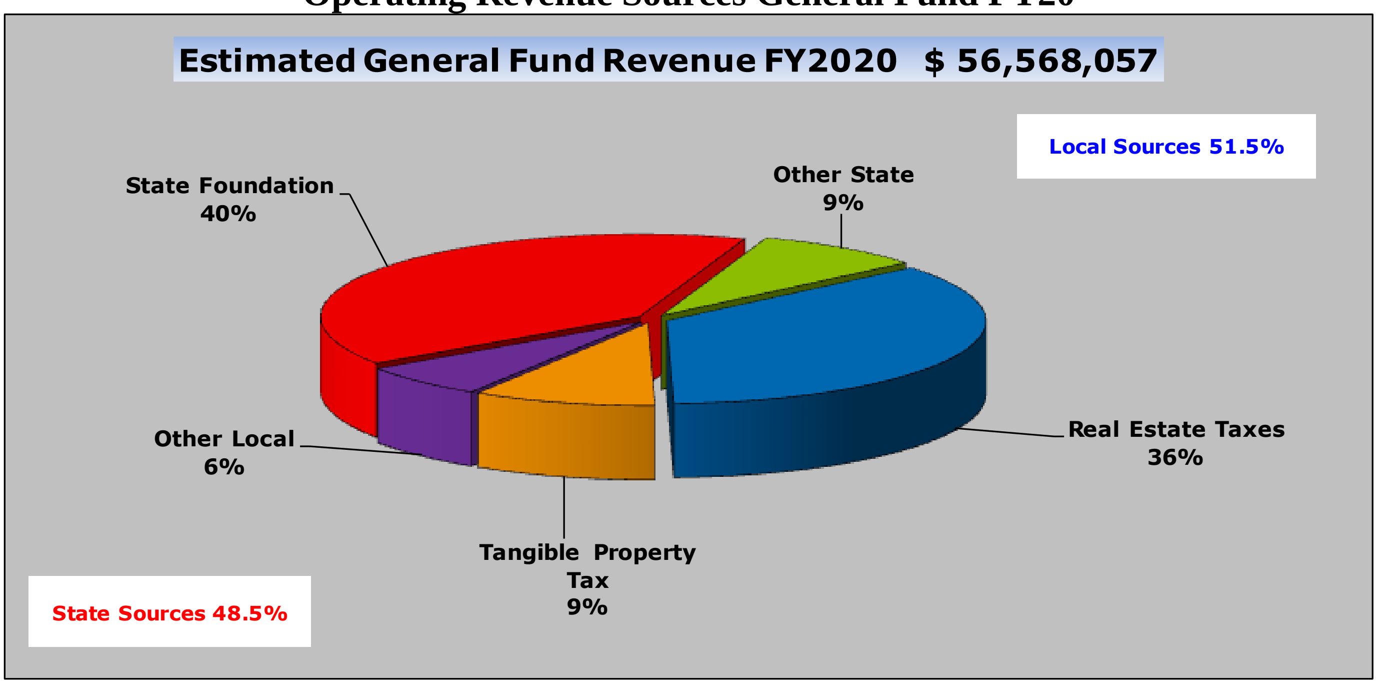
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Todd Johnson, Treasurer/CFO at 937-578-6100.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY17-19 and Estimated FY20-24



The graph captures in one snapshot the operating scenario facing the District over the next few years.

Revenue Assumptions
Operating Revenue Sources General Fund FY20



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. Union County experienced a reappraisal for the 2016 tax year to be collected in 2017. Residential/agricultural values increased 12.24% or $58.6 million due to the reappraisal update led by an improving housing market. New construction in residential property was up ½% or $2,506,000 in assessed value. Commercial/industrial values decreased .51% or $811,000, but increased overall by $3.45 million due to new construction.

A full reappraisal will occur in 2019 for collection in 2020 for which we are estimating an 18% increase in residential and a 30% reduction in CAUV values for a 10.2% composite increase for residential/agricultural and a .5% increase for commercial/industrial property. We have received information from the county auditor that the reappraisal shows residential increases of 18% to 28%. CAUV values represent 16.9% of Class I residential/agricultural values. HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. We will experience this in the Tax Year 2019 reappraisal. A reduction of value has been weighted in to our average Class I value change in 2019. This will cause somewhat of a shift in taxes from agricultural taxpayers to residential taxpayers but should not result in lower taxes to our district. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $58.7 million or 8.2% overall.

Public Utility Personal Property (PUPP) values fell by $861,820 in Tax Year 2018 due to depreciation of assets exceeding new PUPP asset growth. We expect our values to continue to grow by $1 million each year of the forecast.

The table below shows actual property value history for the district along with actual values for Tax Year 2018.

Tax Year	Agriculture	Residential	Class I Total	Class II Total	TPP	P.U. Personal	Total
2000	35,906,310	223,021,930	258,928,240	111,926,960	155,970,920	46,622,390	573,448,510
2001	40,261,430	265,935,530	306,196,960	122,728,440	161,268,517	30,979,820	621,173,737
2002	42,851,560	284,555,480	327,407,040	133,256,490	166,053,975	31,614,380	658,331,885
2003	40,980,990	301,544,680	342,525,670	136,651,920	167,907,464	33,708,920	680,793,974
2004	39,824,490	350,730,270	390,554,760	155,785,160	206,921,855	34,990,230	788,252,005
2005	42,157,490	367,845,740	410,003,230	163,576,650	209,045,632	32,945,240	815,570,752
2006	42,158,070	383,860,330	426,018,400	173,277,940	150,034,977	36,697,280	786,028,597
2007	52,326,910	419,955,760	472,282,670	178,941,610	99,321,489	34,785,750	785,331,519
2008	48,758,160	415,489,265	464,247,425	189,193,070	42,118,470	35,623,300	731,182,265
2009	48,938,010	403,162,400	452,100,410	193,941,160	1,154,260	35,008,550	682,204,380
2010	59,312,410	402,879,460	462,191,870	191,757,760	538,340	35,035,830	689,523,800
2011	59,740,000	404,237,160	463,977,160	192,626,280	0	36,733,820	693,337,260
2012	59,680,678	407,870,848	467,551,526	186,843,428	0	38,997,660	693,392,614
2013	82,062,280	394,103,180	476,165,460	150,316,670	0	60,532,510	687,014,640
2014	83,474,140	392,790,640	476,264,780	157,365,410	0	67,337,060	700,967,250
2015	84,308,881	394,596,859	478,905,740	158,576,820	0	102,700,670	740,183,230
2016	91,277,010	450,191,020	541,468,030	162,027,150	0	107,678,300	811,173,480
2017	92,145,920	454,267,330	546,413,250	162,886,870	0	108,819,130	818,119,250
2018	92,045,730	459,222,700	551,268,430	168,653,610	0	107,957,310	827,879,350

(A)- As a reminder, Tangible Personal Property (TPP) values were reduced to $0 in 2011 as a result of HB 66.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT2021	Estimated TAX YEAR 2021 COLLECT2022	Estimated TAX YEAR 2022 COLLECT2023	Estimated TAX YEAR 2023 COLLECT2024
Res./Ag.	$608,997,810	$610,497,810	$611,997,810	$644,097,700	$677,802,585
Comm./Ind.	169,696,878	169,896,878	170,096,878	170,296,878	170,496,878
Public Utility (PUPP)	108,957,310	109,957,310	110,957,310	111,957,310	112,957,310
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	$887,651,998	$890,351,998	$893,051,998	$926,351,888	$961,256,773

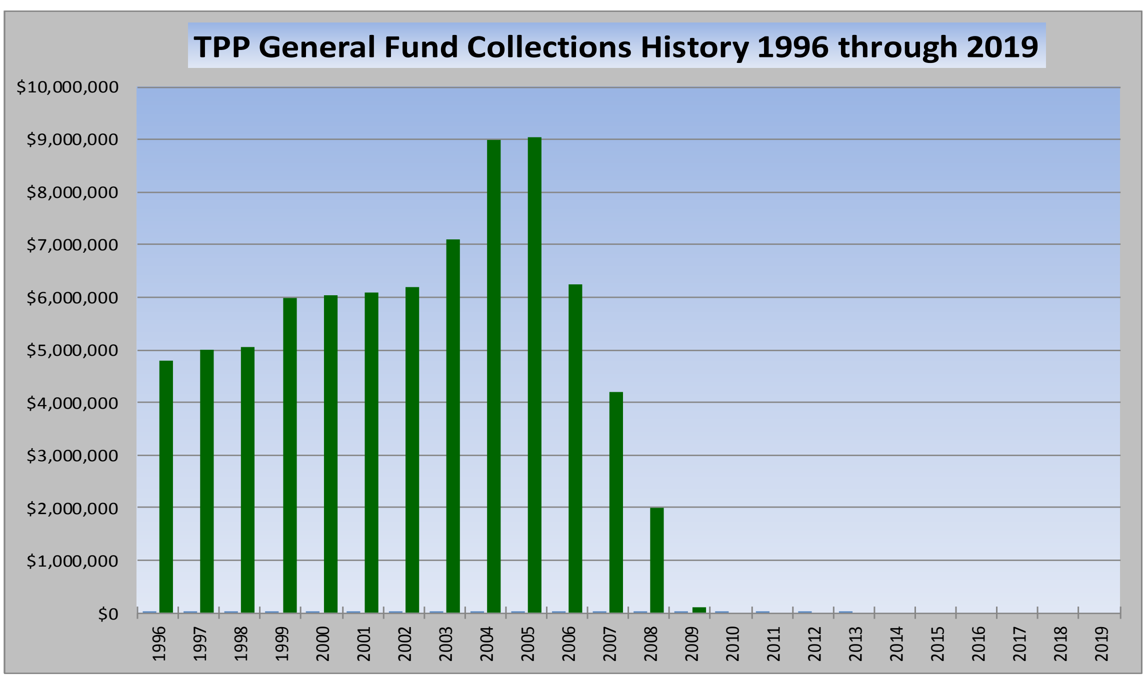
ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Est. Prop. Taxes Excluding PUPP	$20,232,392	$20,272,493	$20,329,131	$20,438,860	$20,595,531

Property tax levies are estimated to be collected at 97.40% of the annual amount. This allows 2.60% delinquency factor. In general, 53.66% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 46.34% 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.

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

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020
The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. The graph below shows the demise of TPP taxes collected locally by the district. This was a significant revenue source that was lost.



Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under P.U. Personal, which were $107.9 million in assessed values in 2018 and are collected at the district's gross voted millage rate. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. The values in 2018 fell by .7% or $861,820, but are expected to grow by $1 million each year of the forecast.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Public Utility Personal Property	$5,241,974	$5,238,627	$5,286,487	$5,334,347	$5,382,207
Total Line # 1.020	$5,241,974	$5,238,627	$5,286,487	$5,334,347	$5,382,207

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

Current State Funding Model Per HB166 Through June 30, 2021

A) Unrestricted State Foundation Revenue– Line #1.035

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

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

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating $250 million in FY20 and $358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from $20 per student to $250 per student and in FY21, funding ranges from $25 per student to $300 per student. All schools and students are to receive a minimum additional funding of $25,000 in FY20 and $30,000 in FY21. Our district is estimated to receive $293,464 in FY20 and $418,444 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166 that include the following:

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

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

B. Community Partners (ORC 3317.26(C))

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

At this time our district is spending money in our General Fund that is servicing student needs as identified in 3317.26 (B) and our approved plan calls for a portion of these expenses to be recoded to Fund 467 for FY20 and FY21, then returning these expenses to the General Fund for FY22-24 as we have no direction on the future continuation of this funding. The General Fund reflects the reduction of these expenses for FY20 and FY21.

We believe our current state funding estimates for FY20-24 are reasonable and that we will adjust the forecast in the future when we actually have authoritative data to work with.

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The state continues to report that revenues from casinos are not growing robustly as originally predicted but are still growing as the economy has improved. Actual numbers generated for FY19 statewide were 1,785,583 students at $52.59 per pupil. That is a decline of .36% students from the prior year. For FY20-24 we estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $95.5 million or $53.75 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
State Basic Aid	$21,366,413	$21,360,811	$21,350,811	$21,340,811	$21,330,811
Additional Aid	631,662	631,662	631,662	631,662	631,662
Basic Aid-Unrestricted Subtotal	$21,998,075	$21,992,473	$21,982,473	$21,972,473	$21,962,473
Ohio Casino Commission ODT	284,681	288,885	293,145	297,461	301,834
Total Unrestricted State Aid Line # 1.035	$22,282,756	$22,281,358	$22,275,618	$22,269,934	$22,264,307

B) Restricted State Revenues – Line # 1.040

HB166 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY20-24.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Catastrophic Aid - JV96	$142,851	$142,851	$142,851	$142,851	$142,851
Economically Disadvantaged Aid	48,562	48,562	48,562	48,562	48,562
Career Tech - Restricted	115,655	115,655	115,655	115,655	115,655
Total Restricted Revenues Line #1.040	$307,068	$307,068	$307,068	$307,068	$307,068

C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY20-24.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Unrestricted Line # 1.035	$22,282,756	$22,281,358	$22,275,618	$22,269,934	$22,264,307
Restricted Line # 1.040	307,068	307,068	307,068	307,068	307,068
Restricted Fed. SFSF /EdJobs #1.045	0	0	0	0	0
Total State Foundation Revenue	$22,589,824	$22,588,426	$22,582,686	$22,577,002	$22,571,375

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 had 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 budget, reinstituted the phase out of TPP reimbursements to districts beginning in FY16, which included a TPP Supplement Payment for some districts. We were not eligible for TPP Supplemental Payments as our state foundation aid grew by enough to offset the loss in TPP.

Beginning in FY18, SB 208 amended HB64 and became effective February 15, 2016. SB 208 provides that beginning in FY18, 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 will receive TPP Phase out payments FY20 through FY26. We project with the new phase-out calculation that TPP Fixed Rate reimbursements will be fully phased out for our district in 2026.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Rollback and Homestead	$2,024,081	$2,035,539	$2,041,896	$2,056,001	$2,078,238
TPP Reimbursement - Fixed Rate	2,807,210	2,338,337	1,781,867	1,223,710	644,740
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop Allocations Line #1.050	$4,831,291	$4,373,876	$3,823,763	$3,279,711	$2,722,978

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 open enrollment, tuition for court placed students, pay to participate fees, student fees, and general rental fees. Beginning in FY20 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. All other revenues are expected to continue on historic trends.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Open Enrollment and other tuition revenue	$511,785	$514,344	$516,916	$519,501	$522,099
Interest	650,000	350,000	150,000	50,000	50,000
Student Fees	441,575	445,991	450,451	454,956	459,506
Medicaid Reimbursement	145,000	146,450	147,915	149,394	150,888
Rentals, PILOT's, and Other Income	1,924,216	1,943,458	1,962,893	1,982,522	2,002,347
Total Line # 1.060	$3,672,576	$3,400,243	$3,228,175	$3,156,373	$3,184,840

Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short term borrowing projected in this forecast.

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. The advances out in FY19 are planned to be repaid over a two year period as noted in the table below.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$2,000,000	$1,150,000	$0	$0	$0
Total Transfer & Advances In	$2,000,000	$1,150,000	$0	$0	$0

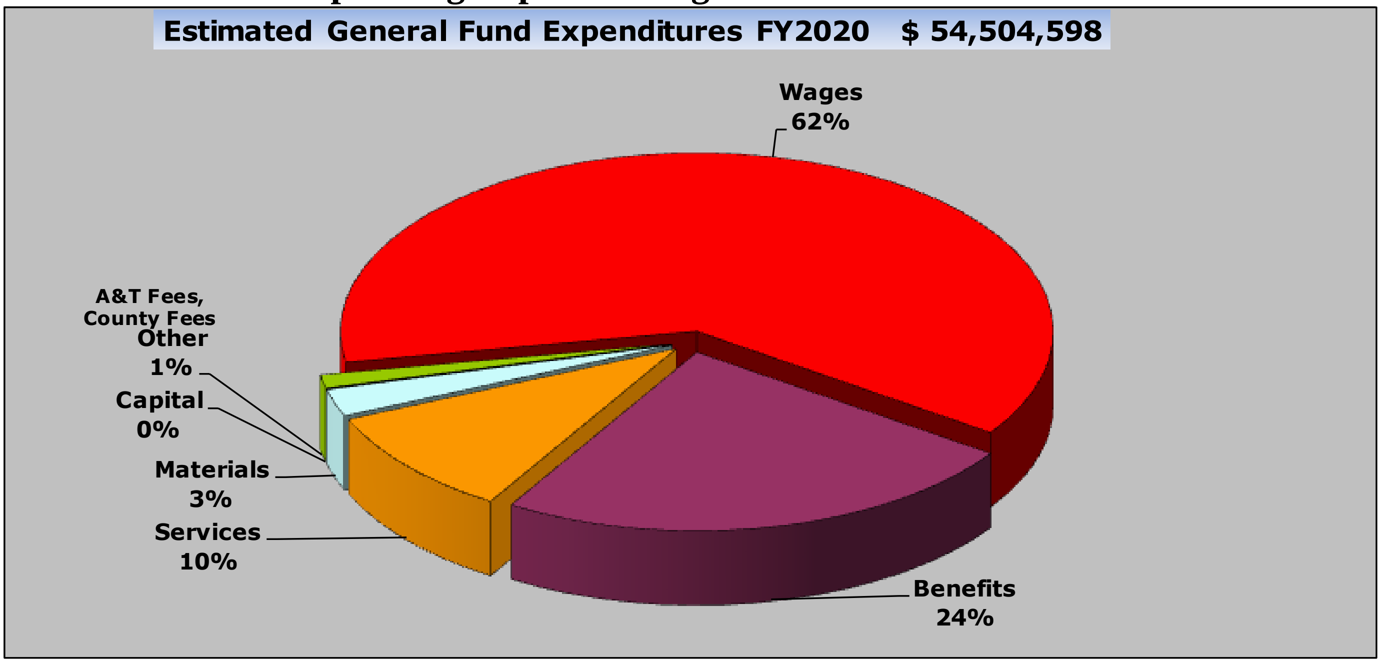
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable.

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 FY20



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.0% for FY17 through FY20 including step increases. This was extended an additional two years to include base increases of 3.0% for FY21 and 2.5% for FY22, while insurance waiver stipends of $215,000 have been removed in FY20.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Base Wages	$31,648,635	$32,754,553	$34,439,089	$36,014,003	$37,450,299
Base Increases	632,973	982,637	860,977	720,280	749,006
Steps & Performance	590,000	600,000	610,000	610,000	610,000
Performance Pay	200,000	0	0	0	0
Substitutes	223,116	223,116	223,116	223,116	223,116
New/Replacement Staff	97,945	101,899	103,937	106,016	108,136
Supplemental Contracts	675,688	689,202	702,986	717,046	731,387
Severance	147,328	150,000	150,000	150,000	150,000
Wage Adjustments	-215,000	0	0	0	0
Total Wages Line 3.010	$34,000,685	$35,501,407	$37,090,105	$38,540,461	$40,021,944

Fringe Benefits Estimates

This area of the forecast captures all costs associated with benefits and retirement costs. These payments along with HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase
As required by law, the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance
Due to switching from fully insured medical insurance to self-insured, there was no increase in premiums for the 2016 renewal. We are estimating an increase of 10% for FY20, and 8% for FY21-24 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. 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 be about .06% of wages FY20– FY24. Unemployment is expected to remain at a very low level FY20-FY24. 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	FY 20	FY 21	FY 22	FY 23	FY 24
STRS/SERS	$5,403,731	$5,601,387	$5,855,540	$6,088,444	$6,323,319
Insurances	6,677,551	7,240,287	7,848,612	8,506,185	9,216,958
Workers Comp & Unempl	61,272	241,930	252,733	262,595	272,669
Medicare	503,239	519,814	536,915	554,559	572,764
Other/VEBA/ERIP/Tuition	491,729	491,729	491,729	491,729	491,729
Total Line 3.020	$13,137,522	$14,095,147	$14,985,529	$15,903,512	$16,877,439

Purchased Services – Line #3.030
Open enrollment, community schools and other tuition costs continue to draw funds away from the district, which are major expenditures in this area and have been adjusted based on historical trend. In FY20, community school and open enrollment deductions are expected to grow moderately due to slower growth of students leaving our district and smaller increases in per pupil scholarship from the state which will flow through our funding formula to these schools. We have reduced costs in purchased services for FY20 and 21 for the Fund 467 recoding for our SRO's and then return these costs to the General Fund in FY22-24.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Base Services, Prof Fees, etc.	$749,601	$757,097	$764,668	$772,315	$780,038
Prof. & Tech. Student Services	445,327	449,780	664,278	670,921	677,630
Contracted Staff Services	406,192	410,254	414,357	418,501	422,686
Tuition, Sp. Ed. Services & College Credit Plus	1,041,654	1,072,904	1,105,091	1,138,244	1,172,391
Open Enrollment Deduction	1,221,877	1,234,096	1,246,437	1,258,901	1,271,490
Community School Deductions	559,838	576,633	593,932	611,750	630,103
Utilities	924,354	970,572	1,019,101	1,070,056	1,123,559
Total Line 3.030	$5,348,843	$5,471,336	$5,807,864	$5,940,688	$6,077,897

Supplies and Materials – Line #3.040
Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Supplies	$1,339,000	$1,379,170	$1,420,545	$1,463,161	$1,507,056
Total Line 3.040	$1,339,000	$1,379,170	$1,420,545	$1,463,161	$1,507,056

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.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Capital Outlay	$26,520	$27,050	$27,591	$28,143	$28,706
Total Line 3.050	$26,520	$27,050	$27,591	$28,143	$28,706

Principal and Interest Payment – Lines # 4.05 and 4.06
There are no borrowings planned in the forecast period.

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A rate of 1% increase is projected in this area.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
A & T Fees/ Election Costs	$423,248	$427,480	$431,755	$436,073	$440,434
Annual Audit Fees	32,838	33,166	33,498	33,833	34,171
Fees/Charges/Misc	163,366	165,000	166,650	168,317	170,000
ESC Fees	32,576	32,902	33,231	33,563	33,899
Total Line 4.300	$652,028	$658,548	$665,134	$671,786	$678,504

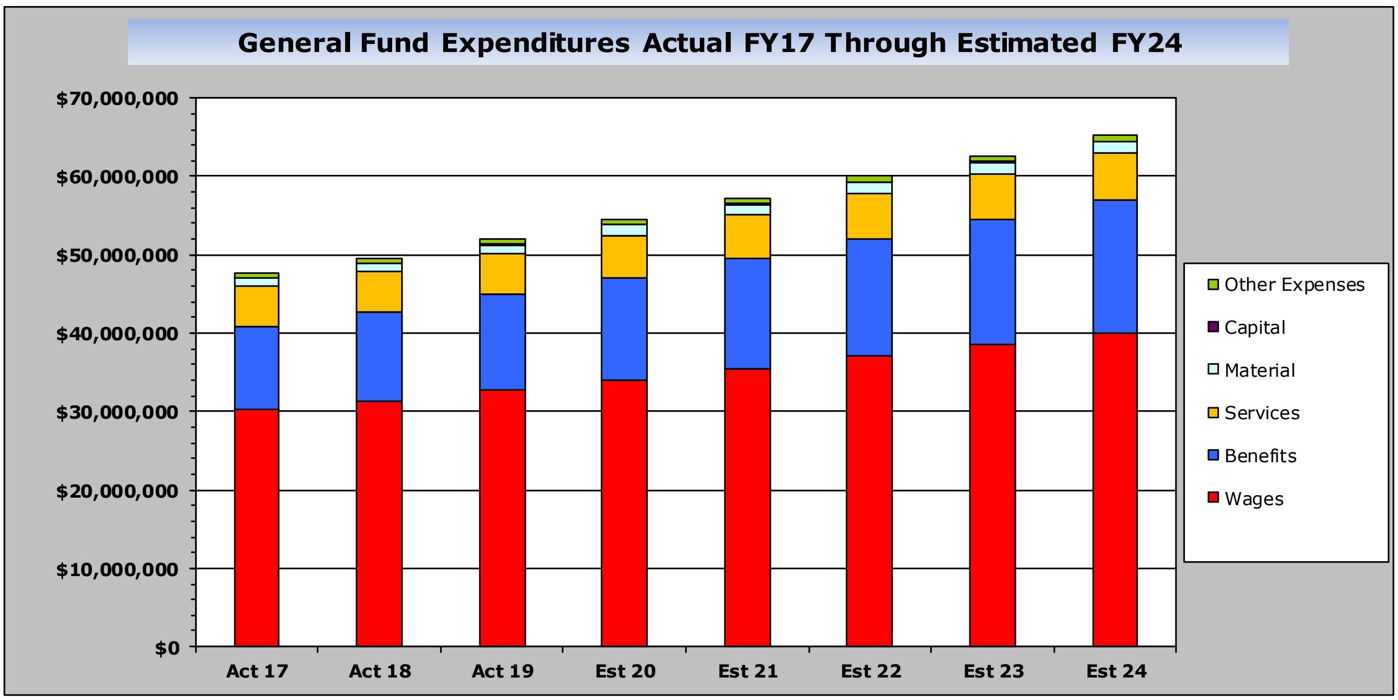
Transfers Out/Advances Out – Lines # 5.010 and 5.020
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The transfer of $400,000 in FY17 is to provide a reserve balance in our Medical Self Insurance Fund. The advance of $3,150,000 in FY19 was a loan from the General Fund to the Medical Self Insurance Fund due to a bad claims year and also the Permanent Improvement Fund to help pay for the stadium project until sufficient TIF revenue was received. These amounts will be repaid to the General fund. There are no planned transfers or advances in the forecast period at this time.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Transfer Line 5.010	$0	$0	$0	$0	$0
Advances Line 5.020	0	0	0	0	0
Total Transfers & Advances	$0	$0	$0	$0	$0

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.

Source	FY 20	FY 21	FY 22	FY 23	FY 24
Estimated Encumbrances	$400,000	$400,000	$400,000	$400,000	$400,000

Operating Expenditures Actual FY17 through FY19 and Estimated FY20-FY24
As the graph on the following page indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Ending Unencumbered Cash Balance – 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 $4.5 million for our district.

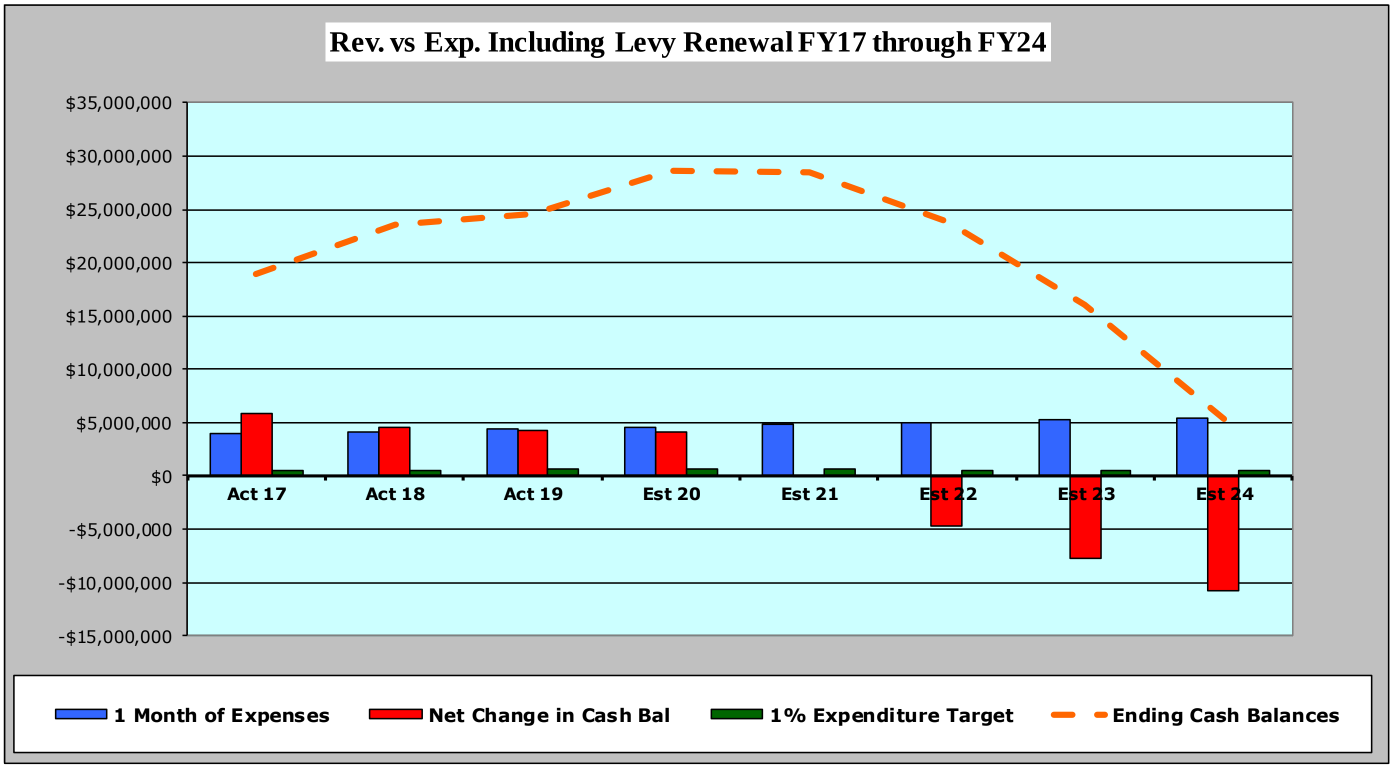
Board Policy DBE calls for the district to manage finances according to both of these criteria:

- Projected General Fund cash balances for the current year and following four fiscal years are at least equal to one month of expected expenditures.
- Projected year-end General Fund expenditures do not exceed projected General Fund revenues by more than one percent.

The Graph below shows cash balances compared to one month expenditures and the net change in cash balance (revenues less expenditures) compared to the 1% target. We are meeting policy DBE directives FY20-24 on all criteria. FY22 indicates that expenditures are exceeding revenues by more than 1%. The District is in the process of analyzing this variance and will make decisions as necessary to bring cash in line with this policy.

	FY 20	FY 21	FY 22	FY 23	FY 24
Ending Cash Balance	$28,242,935	$28,134,442	$23,388,416	$15,627,458	$4,893,343

Operating Revenue, Expenditures, Ending Cash Balances Compared to Board Policy DBE



Conclusion

The district was very fortunate to have received additional state funding in HB64 (FY16 and FY17) and HB49 (FY18 and FY19). The increases have been beneficial to the overall operations of the district and for the education of our students. We are disappointed that HB166 does not provide additional non-restricted funding to our district to help offset the ongoing phase out of TPP reimbursements enacted by HB64 and SB 208. The flat foundation funding in the current biennium adds insult to the loss of TPP revenue, which means unrestricted state revenues are being reduced to our district overall. In addition, the impact of the TPP revenue loss will be felt in the long-term as foundation funding levels off.

The district appreciates the support the community gave on November 6, 2018 for the passage of the 6.56 mill levy at the current effective rate of 2.68 mill for a continuing period. The renewal of this levy is key in keeping the district on stable financial footing.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds to our district which in the past has helped to offset the drop in our TPP reimbursements. Future state biennium budgets could affect us positively or negatively for FY22 through FY24.

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