

Gahanna- Jefferson City School District – Franklin County
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2017 and 2018 ACTUAL
FORECASTED FISCAL YEARS ENDING JUNE 30, 2019
THROUGH 2023



Forecast Provided By
Gahanna-Jefferson City School District
Kristine Blind, Treasurer/CFO

May 16, 2019

GAHANNA-JEFFERSON PUBLIC SCHOOLS

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2016, 2017, 2018

Forecasted Fiscal Year Ending June 30, 2019 through 2023

	Actual				Average Change	Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018			Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenues										
1.010 General Property Tax (Real Estate)	\$50,948,800	\$51,493,152	\$53,256,700	2.2%	\$54,247,822	\$60,073,613	\$60,555,644	\$61,036,416	\$61,453,128	
1.020 Tangible Personal Property	2,322,723	3,016,084	3,582,309	24.3%	\$4,121,916	\$4,534,799	\$4,549,675	\$4,564,551	\$4,579,427	
1.035 Unrestricted State Grants-in-Aid	13,904,340	14,632,915	15,342,572	5.0%	\$15,796,005	\$15,899,077	\$16,046,151	\$16,195,119	\$16,345,931	
1.040 Restricted State Grants-in-Aid	350,508	347,496	244,702	-15.2%	\$234,508	\$237,308	\$240,144	\$243,015	\$245,922	
1.050 Property Tax Allocation	7,546,266	6,506,758	6,443,454	-7.4%	\$6,491,737	\$6,523,241	\$6,563,460	\$6,603,369	\$6,633,315	
1.060 All Other Revenues	7,309,459	7,027,585	8,418,963	8.0%	\$9,594,416	\$8,571,525	\$8,759,947	\$8,518,948	\$8,535,880	
1.070 Total Revenues	82,382,096	83,023,990	87,288,700	3.0%	90,486,404	95,839,563	96,715,021	97,161,418	97,793,603	
Other Financing Sources										
2.040 Operating Transfers-In	0	-	28,700	0.0%	\$1,116,073	-	-	-	-	
2.050 Advances-In	49,478	0	0	0.0%	-	-	-	-	-	
2.060 All Other Financing Sources	233,419	339,112	29,176	-23.1%	\$56,122	\$56,122	\$56,122	\$56,122	\$56,122	
2.070 Total Other Financing Sources	282,897	339,112	57,876	-31.5%	1,172,195	56,122	56,122	56,122	56,122	
2.080 Total Revenues and Other Financing Sources	82,664,993	83,363,102	87,346,576	2.8%	91,658,599	95,895,685	96,771,143	97,217,540	97,849,725	
Expenditures										
3.010 Personal Services	\$48,699,157	\$53,607,155	\$52,852,022	4.3%	\$53,274,370	\$55,013,550	\$56,183,795	\$57,959,846	\$59,288,829	
3.020 Employees' Retirement/Insurance Benefits	15,508,376	16,041,783	16,608,405	3.5%	\$18,046,321	\$19,374,933	\$19,293,710	\$20,631,989	\$21,966,861	
3.030 Purchased Services	10,907,723	10,552,207	11,127,727	1.1%	\$11,962,144	\$11,973,127	\$12,187,577	\$12,254,692	\$12,335,034	
3.040 Supplies and Materials	2,001,670	2,554,298	2,045,590	3.8%	\$2,069,309	\$2,368,856	\$2,078,450	\$2,088,092	\$2,097,783	
3.050 Capital Outlay	1,205,238	960,265	831,922	-16.8%	\$869,000	\$1,320,000	\$960,000	\$950,000	\$950,000	
Debt Service:										
4.010 Principal-All (Historical Only)	1,391,902	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	524,585	1,435,005	0.0%	\$1,423,185	\$1,458,185	\$1,518,184	\$1,553,184	\$1,593,184	
4.055 Principal-Other	-	135,000	145,000	0.0%	\$0	\$0	\$0	\$0	\$0	
4.060 Interest and Fiscal Charges	522,510	799,132	635,777	16.2%	\$422,366	\$374,072	\$321,654	\$269,517	\$237,298	
4.300 Other Objects	1,131,307	1,155,571	1,071,178	-2.6%	\$1,124,299	\$1,142,776	\$1,153,254	\$1,163,833	\$1,174,512	
4.500 Total Expenditures	\$81,367,883	86,609,996	86,752,626	3.3%	89,190,994	\$93,025,499	\$93,696,624	\$96,871,152	\$99,643,500	
Other Financing Uses										
5.010 Operating Transfers-Out	180,737	105,004	\$178,529	14.1%	\$1,672,818	\$483,022	\$483,022	\$483,022	\$483,022	
5.020 Advances-Out	0	-	-	0.0%	-	-	-	-	-	
5.030 All Other Financing Uses	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040 Total Other Financing Uses	180,737	105,004	178,529	14.1%	1,672,818	483,022	483,022	483,022	483,022	
5.050 Total Expenditures and Other Financing Uses	81,548,620	86,715,000	86,931,155	3.3%	90,863,812	93,508,521	94,179,646	97,354,174	100,126,522	
6.010 Sources over (under) Expenditures and Other Financing Uses	1,116,373	(3,351,898)	415,421	-256.3%	794,787	2,387,164	2,591,497	(136,634)	(2,276,797)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	9,233,664	10,350,037	6,998,139	-10.1%	\$7,413,560	\$8,208,347	\$10,595,511	\$13,187,008	\$13,050,374	
7.020 Cash Balance June 30	10,350,037	6,998,139	7,413,560	-13.2%	\$8,208,347	\$10,595,511	\$13,187,008	\$13,050,374	\$10,773,577	
					30	39	49	46	37	
8.010 Estimated Encumbrances June 30	1,815,275	1,585,015	548,626	-39.0%	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	
Reservation of Fund Balance										
9.030 Budget Reserve	1,000,303	1,000,303	1,000,303	0.0%	\$2,000,303	\$3,000,303	\$4,000,303	\$5,000,303	\$5,000,303	
9.080 Subtotal	1,000,303	1,000,303	1,000,303	0.0%	\$2,000,303	\$3,000,303	\$4,000,303	\$5,000,303	\$5,000,303	
10.010 Fund Balance June 30 for Certification of Appropriations	7,534,459	4,412,821	5,864,631	-4.3%	5,558,044	6,945,208	8,536,705	7,400,071	5,123,274	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-	
11.020 Property Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	-	-	
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	-	-	-	-	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	7,534,459	4,412,821	5,864,631	-4.3%	5,558,044	6,945,208	8,536,705	7,400,071	5,123,274	
Revenue from New Levies										
13.010 Income Tax - New	-	-	-	0.0%	\$0	\$0	\$0	\$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	7,534,459	4,412,821	5,864,631	-4.3%	5,558,044	6,945,208	8,536,705	7,400,071	5,123,274	
True Day Cash Ratio (TDC) (9.030 + 15.010)	38	23	29		30	39	49	46	37	

Gahanna-Jefferson City School District –Franklin County
Notes to the Five Year Forecast
General Fund Only
May 16, 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:

Total General Fund revenue (line 1.07) is estimated to be \$90,486,404 or 1.14% higher than the October forecasted amount of \$89,467,951. The increase in revenue is mainly an increase in tax increment financing revenue due to the new levy and growth in the TIF areas. These increases will have a positive effect on revenues through the entire forecast period.

Expenditures:

Total General Fund expenditures (line 4.5) is estimated to be \$89,190,994, which is 1.5% below the original estimate of \$89,641,423 in the October forecast. This will have a positive effect on the long-term forecast.

Unreserved Ending Cash Balance:

With the slight increase in revenue and decrease in expenditures, our ending unreserved cash balance June 30, 2019 is anticipated to be \$5.55 million. The ending unreserved cash balance on Line 15.010 of the forecast is \$5,558,044.

Forecast Risks and Uncertainty

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

I. Property Value Adjustments

New Construction –Several large developments, including single-family homes will be added in Jefferson Township. These projects will be developed in phases and will increase tax revenue. As the timeline for each phase becomes known, the forecast will be updated to reflect the timing of the new revenue.

II. State Foundation - The State Budget represents nearly 18% of our revenues. We expect a slight increase for FY20. If the state economy worsens or the state funding formula is changed in a way that reduces funds to our district, state foundation funding through FY23 may be impacted.

III. Rollback - HB59 eliminated the Rollback exemption on any future new or replacement levy. This means that with our new levy, taxpayers no longer receive the 12.5% reduction as they do on current

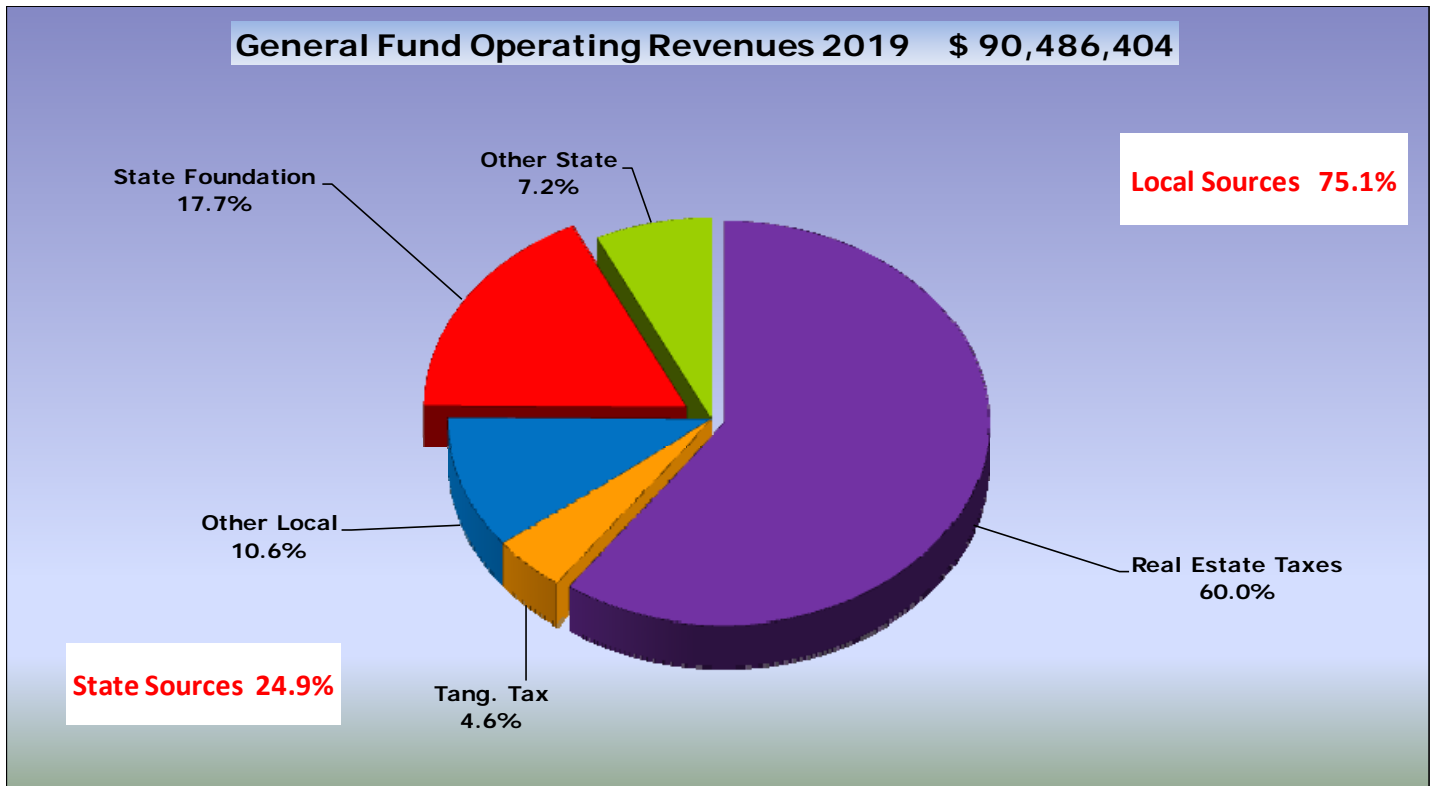
levies. This could make passing any new levy more difficult. This will not affect the total collection for the school district, but will shift the burden from the State of Ohio to local taxpayers.

- IV. Health Insurance Premiums** –The insurance fund balance was depleted during FY18 due to underfunding and unusually high claims. The district borrowed \$2 million in a short term note in order to keep the fund solvent and allow time for the increased premiums to correct the fund balance. The note will be paid off in June 2020. The District increased premiums by 17% for FY19 and is expecting an additional increase for FY20. The exact increase has not yet been determined, but for modeling purposes a 10% increase annually was used.

DETAILED FORECAST ASSUMPTIONS

The following assumptions relate back to the forecast with line numbers as reference. If you would like further information please feel free to contact Kristine Blind, Treasurer/CFO of Gahanna-Jefferson School District at 614-478-5530.

REVENUE ASSUMPTIONS



General Property Tax (Real Estate) Assumptions – Line # 1.010

Real estate and personal property taxes make up 64.6% of the district's General Fund revenue. Forecasted future revenue takes into account the changing value of existing property, potential new property due to construction, and public utility personal property values (PUPP).

Value Assumptions

Property Values are established each year by the County Auditor. New construction, demolitions, Board of Revision (BOR)/Board of Tax Appeals (BTA) adjustments and complete reappraisal or updates are all components of the values. There are numerous residential projects approved for Jefferson Township which will increase revenue from property taxes. An estimate of that potential increase is built into this forecast, based on historical percentages. As the timeline of the projects becomes known, the estimates will be revised to more accurately reflect when the increases will occur.

A reappraisal update occurred in tax year 2017 for collection in FY18. Real estate values increased 11.84% for residential and 7.68% for commercial property. Overall, property values rose by \$171.6 million (11.81%). An update to the appraised values will occur in 2020 and projections are 2.5% for residential, 1% for commercial and 0.5% growth for PUPP.

The table on the following page reflects these assumptions.

Estimated Assessed Value (AV) by Collection Year

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR	TAX YEAR	TAX YEAR	TAX YEAR	TAX YEAR
	2018	2019	2020	2021	2022
Classification	COLLECT 2019	COLLECT 2020	COLLECT 2021	COLLECT 2022	COLLECT 2023
Res./Ag.	\$1,245,451,890	\$1,250,151,890	\$1,286,105,687	\$1,290,805,687	\$1,295,505,687
Comm./Ind.	338,354,650	342,804,650	350,682,697	355,132,697	359,582,697
Public Utility (PUPP)	60,867,990	61,067,990	61,267,990	61,467,990	61,667,990
Total Assessed Value	<u>\$1,644,674,530</u>	<u>\$1,654,024,530</u>	<u>\$1,698,056,374</u>	<u>\$1,707,406,374</u>	<u>\$1,716,756,374</u>

General Property Real Estate Tax Revenue (Line #1.010)

Property tax levies are collected at approximately 97.5% of the annual amount. On average, 52.5% of the Res/Ag. and Comm./Ind. taxes are expected to be received in the February tax settlement and 47.5% in the August tax settlement. Public Utility taxes (PUPP) are estimated to be received 50% in February and 50% in August.

Source	FY19	FY20	FY21	FY22	FY23
General Property Taxes Line #1.010	\$54,247,822	\$60,073,613	\$60,555,644	\$61,036,416	\$61,453,128

Public Utility Personal Property Tax – Line#1.020

The phase out of tangible personal property (TPP) taxes began in FY06. HB66 was adopted in June 2005 and resulted in the phase out and elimination of TPP after FY11. The amount remaining on Line 1.020 is the public utilities personal property (PUPP) tax revenues from telephone, electric, and gas company tangible personal property. These amounts were not affected by HB66 and values for PUPP are collected at our gross tax rates.

Source	FY19	FY20	FY21	FY22	FY23
Public Utility Personal Property	\$4,121,916	\$4,534,799	\$4,549,675	\$4,564,551	\$4,579,427
Total Line # 1.020	<u>\$4,121,916</u>	<u>\$4,534,799</u>	<u>\$4,549,675</u>	<u>\$4,564,551</u>	<u>\$4,579,427</u>

Unrestricted State Grants-in-Aid – Line #1.035

A) State Foundation Revenue Estimates

The amounts estimated for FY19 for state funding is based on funding component computations from the most recent State Foundation Payment Report (SFPR). The current FY18-19 state budget HB67 included an increase in funding for our district, but it was limited to a “capped” amount of 3% in FY19. The proposed budget for FY20-21 is currently going through the legislative process. Conservatively we have estimated an increase of 1% each year until further information is available.

B) Additional Aid Items

Additional Aid items include preschool special education funding and special education transportation funding. We are assuming these funds continue throughout the life of the forecast at current levels.

C) Casino Revenue

On November 3, 2009 voters passed the Ohio casino ballot issue which 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 is collected as a tax and paid into a student fund at the state level. School districts receive 34% of the 33% GCR that is distributed to school districts on the 31st of January and August each year.

Casino revenue generated is divided among all pupils in the state. In FY18 there were 1,791,647 students which equated to \$51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19 statewide pupils decreased another 4 tenths of 1% decline in pupils to 1,784,480 and GCR grew, increasing to \$92.9 million or \$52 per pupil. We will increase estimates for FY20-23 when actual casino revenues show signs of stronger increases.

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 Cupp/Patterson School Funding Work Group.

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 funds using federal poverty data and actual number of students educated in each district. The current funding model uses a created state share index that compares district wealth and average daily membership (ADM) to statewide comparisons to distribute 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 creates another complicated funding formula that tries to identify what it costs to educate each student based on each districts unique circumstances and actual enrollment. 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.

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

Source	FY19	FY20	FY21	FY22	FY23
Basic Aid-Unrestricted	\$14,729,749	\$14,832,859	\$14,980,150	\$15,128,901	\$15,279,713
Additional Aid Items	<u>662,943</u>	<u>662,943</u>	<u>662,943</u>	<u>662,943</u>	<u>662,943</u>
Basic Aid-Unrestricted Subtotal	\$15,392,692	\$15,495,802	\$15,643,093	\$15,791,844	\$15,942,656
Ohio Casino Commission ODT	<u>403,313</u>	<u>403,275</u>	<u>403,058</u>	<u>403,275</u>	<u>403,275</u>
Total Unrestricted State Line # 1.035	<u>\$15,796,005</u>	<u>\$15,899,077</u>	<u>\$16,046,151</u>	<u>\$16,195,119</u>	<u>\$16,345,931</u>

Restricted State Grants-in-Aid – Line # 1.040

There are two items currently required in “restricted aid” which are Economically Disadvantaged Aid and Career Technical funds. These amounts can change or be eliminated in future state budgets. Growth is estimated at 1.5% for Economically Disadvantaged and 1% for Career Tech throughout this forecast.

Source	FY19	FY20	FY21	FY22	FY23
Economically Disadvantaged Aid	\$91,089	\$92,455	\$93,842	\$95,250	\$96,679
Career Tech - Restricted	<u>\$143,419</u>	<u>\$144,853</u>	<u>\$146,302</u>	<u>\$147,765</u>	<u>\$149,243</u>
Total Restricted State Line #1.040	<u>234,508</u>	<u>237,308</u>	<u>240,144</u>	<u>243,015</u>	<u>245,922</u>

Property Tax Allocation Line #1.050

This section relates to property tax payments made by the State of Ohio via legislation relating to tax credits for home ownership and exemptions.

A) Rollback and Homestead Reimbursements

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner-occupied residences. Credits equal 12.5% of the gross property taxes charged residential taxpayers on levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions funds are paid to the district from the State of Ohio for qualified elderly and disabled homeowners. 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 did not get a new application approved by tax year 2013, will only receive a Homestead Exemption if they meet certain income qualifications. In effect, HB59 shifted more burden of tax payment to taxpayers.

Summary of State Tax Reimbursement – Line #1.050

Source	FY19	FY20	FY21	FY22	FY23
Rollback and Homestead	\$6,491,737	\$6,523,241	\$6,563,460	\$6,603,369	\$6,633,315
Total Tax Reimb. Line #1.050	<u>\$6,491,737</u>	<u>\$6,523,241</u>	<u>\$6,563,460</u>	<u>\$6,603,369</u>	<u>\$6,633,315</u>

All Other Revenues – Line #1.060

Revenues from all other sources are projected based on historical patterns and known contractual arrangements. This revenue category largely consists of tuition from other districts, student fees, rentals and tax increment financing payments for various agreements the district has with the cities of Gahanna and Columbus. In addition, the District participates in the Medicaid in Schools Program. The District is reimbursed by the state for services provided to eligible students. Catastrophic aid is also included which is state reimbursement for special education costs that exceed an unusually large, state determined amount. This category also includes E-Rate funds, which is state reimbursement for specific types of technology equipment. The district expects to receive approximately \$280,000 in FY21 relating to projects due to be completed in FY20.

Source	FY19	FY20	FY21	FY22	FY23
Tuition SF-14,SF-14H,Cat Cost(121*,122*,123*)	\$961,766	\$601,062	\$601,062	\$601,062	\$601,062
Interest	243,750	231,563	219,985	208,986	219,435
Student Fees and PTP Fees (16*,1740,1790,)	240,576	240,576	240,576	240,576	240,576
Clark Hall Revenue(1440)	132,000	132,000	132,000	132,000	132,000
Rentals, Donations,Misc, Medicaid (1344,18**,1931,4120)	678,258	718,258	918,258	688,258	695,141
PILOT & Easton TIF	<u>7,338,066</u>	<u>6,688,066</u>	<u>6,688,066</u>	<u>6,688,066</u>	<u>6,688,066</u>
Total Line # 1.060	<u>\$9,594,416</u>	<u>\$8,611,525</u>	<u>\$8,799,947</u>	<u>\$8,558,948</u>	<u>\$8,576,280</u>

Operating Transfers In / Advances-In – Line #2.040 & Line #2.050

This revenue source consists of moving money from dormant activity funds, from other funds as approved by the Board and the return of previously advanced or “borrowed” funds In FY19, a transfer of \$1,116,073 was made to combine two general fund accounts into one. There is a corresponding transfer out in the expense section of the forecast and the net result of this action was \$0.

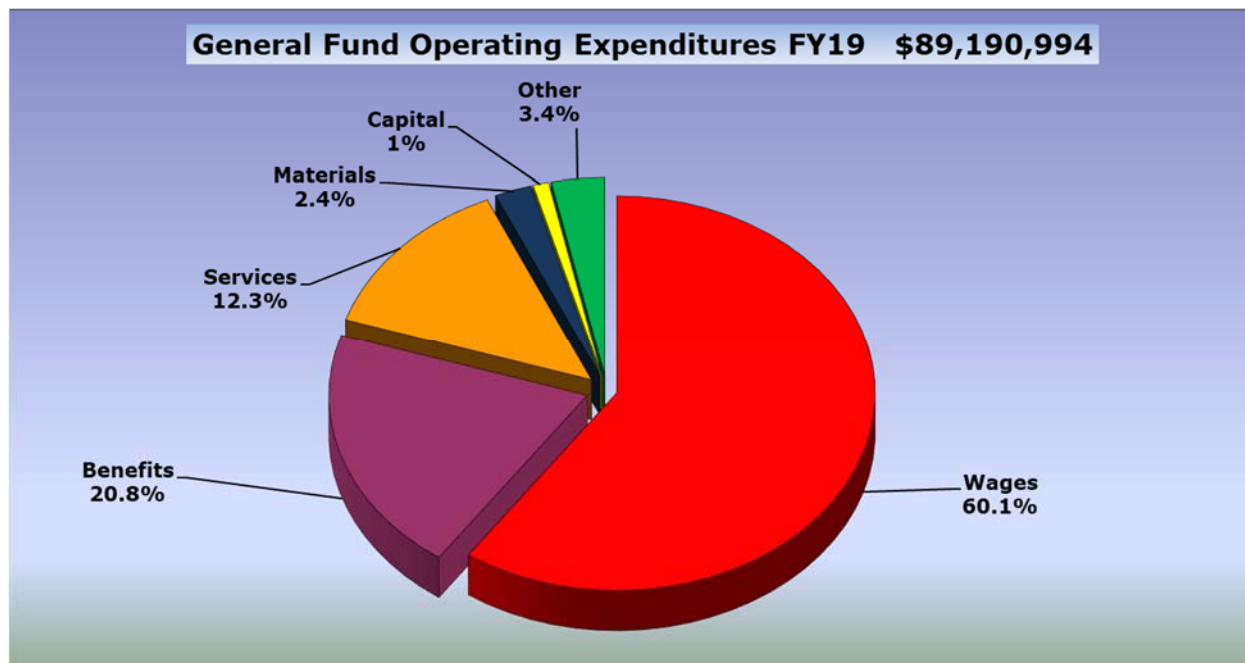
Source	FY19	FY20	FY21	FY22	FY23
Transfers In - Line 2.040	\$1,116,073	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances In	<u>\$1,116,073</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

All Other Financing Sources – Line #2.060

This revenue consists of refunds from prior years’ expenses and the sale of assets.

Source	FY19	FY20	FY21	FY22	FY23
Refunds & Sale of Assets	\$56,122	\$56,122	\$56,122	\$56,122	\$56,122

EXPENDITURE ASSUMPTIONS



Personal Services – Line #3.010

The personal services category represents all wages for the employees of the school district paid from the General Fund. Current negotiated agreements with certified and classified unions are factored into the projections. The three actual years, 2016 through 2018, include negotiated salary increases on the base of 0% , 2.25% and 2.25% respectively. For FY19 the annual base wage increase is 0%. Beyond F19, the model reflects no annual base wage increases for either union, teachers (GJEA) bus drivers (OAPSE) or other staff.

- Projections from FY19 through FY23 include step increases, degree change increases, supplemental compensations, and other miscellaneous salary increases.
- A projection of additional staff is estimated in FY22 for the new Lincoln Elementary building, projected to open for that school year.

Source	FY19	FY20	FY21	FY22	FY23
Base Wages	\$ 50,369,600	\$ 51,279,600	\$ 53,152,600	\$ 54,306,391	\$ 56,065,741
Increases/ Performance Pay	0	0	0	0	0
Steps & Training	910,000	928,000	1,153,791	1,195,934	1,221,894
Subs/OT 112,114,142,144	609,000	609,000	609,000	609,000	609,000
New Staff(Staffing tab)	0	945,000	0	563,416	90,137
Supplemental Costs	1,065,000	1,096,950	1,113,404	1,130,105	1,147,057
Severance	165,770	0	0	0	0
Other:122,152,17*	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000
Staff Reductions/Retirement	0	0	0	0	0
Total Wages Line 3.010	\$ 53,274,370	\$ 55,013,550	\$ 56,183,795	\$ 57,959,846	\$ 59,288,829

Employees' Retirement/Insurance-Benefits Line # 3.020

This area of the forecast captures all costs associated with benefits and retirement costs. Retirement, medicare and workers compensation expenses are directly related to the wages paid.

A) STRS/SERS

As required by law the BOE pays 14% of all employee wages to State Teachers Retirement System (STRS) or School Employees Retirement System (SERS).

B) Insurance

The district is self-insured. Insurance costs increased approximately 17% for FY19 and are estimated to increase 10% in FY20-FY23. Due to not taking a premium increase for 7 years and unusually high claims over the past two years, the self-insurance fund experienced a shortage in funding. The District borrowed \$2M to alleviate this shortage. This loan will be repaid over FY19 and FY20, with both employees and the district sharing in the cost.

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.

A significant concern is the 40% "Cadillac Tax" that will be imposed in 2020 for plans whose value of benefits exceed \$10,200 for individual plans and \$27,500 for family plans. We will monitor for future changes.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .035% of wages FY19 – FY23. Unemployment is expected to remain at a very low level. 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. 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
STRS/SERS	\$7,885,204	\$8,313,950	\$8,061,089	\$8,313,950	\$8,506,402
Insurance	9,045,537	9,940,891	10,086,980	11,140,751	12,262,037
Workers Comp/Unemployment	226,060	203,047	207,143	207,859	212,511
Medicare	743,520	771,045	792,498	823,429	839,911
Other/Tuition	<u>146,000</u>	<u>146,000</u>	<u>146,000</u>	<u>146,000</u>	<u>146,000</u>
Total Line 3.020	<u>\$18,046,321</u>	<u>\$19,374,933</u>	<u>\$19,293,710</u>	<u>\$20,631,989</u>	<u>\$21,966,861</u>

Purchased Services – Line #3.030

This category includes payments for contracted staff and services, utilities, property insurance, special education student transportation, and legal fees. In addition, significant payments are made to Community Schools and other school choice programs for our students who choose to enroll in those programs. Projections beyond FY19 are very modest and based upon historical experience and enrollment composition.

The tuition category is comprised of programs for students placed outside of our district as well as College Credit Plus costs. ESC services are for preschool aide services, other special education related services, and services for substitutes teachers. Utilities are expected to remain stable each year due to negotiated contracts through a purchasing consortium with META Solutions. Purchased services includes leasing of copiers through Blue Technologies.

Source	FY19	FY20	FY21	FY22	FY23
Tuition,Spec Ed, excess cost 471,473,474,475	\$1,831,000	\$1,831,000	\$1,831,000	\$1,831,000	\$1,831,000
Comm School,OE,CCP 477,478,479	1,492,000	1,499,460	1,506,957	1,514,492	1,522,064
Legal/Prof Serv/ Prof Dev Travel 418,43x	570,420	470,420	470,420	470,420	470,420
Contracted staff,RO,Instruct services 411,412,413,415,416	3,833,091	3,852,256	3,890,779	3,929,687	3,968,984
Repairs,Ins,Printing,Food Serv 423,424,460,461,462	478,000	478,000	478,000	478,000	478,000
Transportation- Special Ed. 481, 483	260,000	260,000	260,000	260,000	278,868
Utilities 441,451,452,453, 422	1,650,000	1,658,250	1,666,541	1,674,874	1,683,248
Purch Serv,Rent, Lease,Postage 410,419,425,426,429,443,446,447,449,490	<u>1,221,633</u>	<u>1,227,741</u>	<u>1,233,880</u>	<u>1,246,219</u>	<u>1,252,450</u>
Total Line 3.030	<u>\$11,962,144</u>	<u>\$11,997,127</u>	<u>\$12,187,577</u>	<u>\$12,254,692</u>	<u>\$12,335,034</u>

Supplies and Materials – Line #3.040

Supplies and materials are expenses for items such as classroom supplies, textbooks, maintenance supplies, custodial supplies, curriculum material, office supplies, bus parts and fuel. College Credit Plus textbooks cost the District approximately \$30,000 each year. Inflation of .05% is included in each year of this forecast.

Source	FY19	FY20	FY21	FY22	FY23
Supplies	\$1,909,309	\$1,918,856	\$1,928,450	\$1,938,092	\$1,947,783
Curriculum Update (Textbooks)	<u>160,000</u>	<u>450,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Total Line 3.040	<u>\$2,069,309</u>	<u>\$2,368,856</u>	<u>\$2,078,450</u>	<u>\$2,088,092</u>	<u>\$2,097,783</u>

Capital Outlay – Line # 3.050

Computer and network equipment replacements represent the majority of this category. In FY18, the district began implementing a one-to-one initiative with Chromebooks. Building improvement capital outlay is mainly being paid for with Permanent Improvement levy funds, which passed in November 2014. Whenever the PI budget allows, General Fund capital purchases will be shifted to the PI budget.

Source	FY19	FY20	FY21	FY22	FY23
Capital Outlay/Building Improve	\$383,000	\$100,000	\$100,000	\$100,000	\$100,000
Technology/Network -OPU 040	<u>486,000</u>	<u>1,220,000</u>	<u>160,000</u>	<u>270,000</u>	<u>540,000</u>
Total Line 3.050	<u>\$869,000</u>	<u>\$1,320,000</u>	<u>\$260,000</u>	<u>\$370,000</u>	<u>\$640,000</u>

Debt Service – Line # 4.02 Through #4.060

This section includes all principal and interest payments related to the District’s non-voted debt. This includes payments associated with purchase of the land and construction of Clark Hall for expanding the high school’s educational facilities, the debt on our energy conservation HB 264 project and the stadium bleacher project.

Source	FY19	FY20	FY21	FY22	FY23
Principal TANS Line #4.020	\$1,423,185	\$1,458,185	\$1,518,184	\$1,553,184	\$1,593,184
Interest on Debt Line #4.060	<u>\$422,366</u>	<u>\$374,072</u>	<u>\$321,654</u>	<u>\$269,517</u>	<u>\$237,298</u>
Total Lines #4.02 - #4.06	<u>\$1,845,551</u>	<u>\$1,832,257</u>	<u>\$1,839,838</u>	<u>\$1,822,701</u>	<u>\$1,830,482</u>

Other Objects – Line #4.300

The category of Other Objects consists primarily of the County Auditor & Treasurer fees for local property tax collection service, which will fluctuate with real estate revenue collections.

Source	FY19	FY20	FY21	FY22	FY23
County Auditor & Treasurer Fees:845,846,847	\$943,449	\$952,883	\$962,412	\$972,036	\$981,757
Audit/Liab Ins/ESC/Other:800's(exclude811,821)	180,850	189,893	190,842	191,796	192,755
Total Line 4.300	<u>\$1,124,299</u>	<u>\$1,142,776</u>	<u>\$1,153,254</u>	<u>\$1,163,833</u>	<u>\$1,174,512</u>

Other Financing Uses – Lines # 5.010, 5.020 & 5.030

This account group covers fund transfers and end of year short-term loans from the General Fund to other funds, until they have received reimbursements and can repay the General Fund. A transfer of \$1,116,073 is included in FY19 in order to combine two general fund accounts into one. There is a corresponding transfer in the revenue section of the forecast and the net result of this action was \$0. This also includes a transfer of \$275,000 to establish a severance fund in order to ensure funds to cover retirements in the future.

Source	FY19	FY20	FY21	FY22	FY23
Operating Transfers Out					
Other transfers out	<u>\$1,672,818</u>	<u>\$483,022</u>	<u>\$483,022</u>	<u>\$483,022</u>	<u>\$483,022</u>
Operating Transfers Out Line #5.010	\$1,672,818	\$483,022	\$483,022	\$483,022	\$483,022
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,672,818</u>	<u>\$483,022</u>	<u>\$483,022</u>	<u>\$483,022</u>	<u>\$483,022</u>

Encumbrances –Line#8.010

These are outstanding purchase orders that could not be fully paid prior to June 30th. Typically, these are for ongoing summer work or materials ordered but not yet received. They are expected to remain constant.

Source	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances	<u>\$650,000</u>	<u>\$650,000</u>	<u>\$650,000</u>	<u>\$650,000</u>	<u>\$650,000</u>

Reservation of Fund Balances –Line#9.030 & #9.080

Budgetary Reserve – The Board of Education has a goal of building a cash reserve equal to 60 days operating expenditures. This is considered a best practice and recommended by GFOA. We will work toward this goal steadily. In FY19-FY22, we are increasing our reserve by \$1 million dollars each year. Although not forecasted, it is possible additional funds will be reserved in the future.

Source	FY19	FY20	FY21	FY22	FY23
Budget Reserve - Line 9.030	\$2,000,303	\$3,000,303	\$4,000,303	\$5,000,303	\$5,000,303
Total Reservations of Balance-Line#9.080	\$2,000,303	\$3,000,303	\$4,000,303	\$5,000,303	\$5,000,303

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

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract that is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to HB153 effective September 30, 2011.

Source	FY19	FY20	FY21	FY22	FY23
Ending Unreserved Cash Balance	\$5,558,044	\$6,961,208	\$9,292,705	\$8,776,071	\$6,849,674

True Days Cash

The graph below captures the “True Days Cash” balance for our district. This measure is essential to the long-term success and stability of the District. True Days Cash is defined as the number of days that the district can cover normal and customary expenditures. It included both reserved and unreserved cash.

