

SHELBY CITY SCHOOL DISTRICT-RICHLAND 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 2024



Forecast Provided By
Shelby City School District
Treasurer's Office
Barbara Donohue, Treasurer/CFO
November 2019

Shelby City School District
 Richmond County
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Years Ended June 30, 2017, 2016 and 2019 Actual;
 Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual			Average Change	Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenues									
1.010 General Property Tax (Real Estate)	5,651,331	5,292,354	(541,133)	-4.7%	4,632,000	4,619,000	4,678,000	4,312,000	4,078,000
1.020 Tangible Personal Property	0	0	1,601,811	0.0%	1,743,000	2,844,000	2,869,000	2,775,000	2,891,000
1.030 Income Tax	2,789,599	2,817,359	2,778,331	-0.2%	2,776,000	2,778,000	2,774,000	2,776,000	2,776,000
1.035 Unrestricted State Grants-In-Aid	10,091,351	10,274,560	10,511,700	2.1%	10,350,000	10,352,000	10,354,000	10,356,000	10,358,000
1.040 Restricted State Grants-In-Aid	309,345	322,358	317,126	5.9%	343,000	348,000	343,000	343,000	343,000
1.045 Restricted Fed. SFSF Fd. 532 FY10S11/Ed Jobs Fd.504 FY12	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
1.050 Property Tax Allocation	746,310	735,165	704,854	-2.5%	679,000	674,000	678,000	678,000	550,000
1.060 All Other Revenues	927,351	1,034,789	1,311,087	19.1%	1,311,000	1,311,000	1,311,000	1,311,000	1,311,000
1.070 Total Revenues	19,918,353	20,477,056	21,891,244	4.9%	21,891,000	22,664,000	23,007,000	22,664,000	22,142,000
Other Financing Sources									
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050 Advances-In	0	0	0	0.0%	68,741	0	0	0	0
2.060 All Other Financing Sources	91,915	155,574	70,001	4.5%	70,000	70,000	70,000	70,000	70,000
2.070 Total Other Financing Sources	91,915	155,574	70,001	4.5%	138,741	70,000	70,000	70,000	70,000
2.080 Total Revenues and Other Financing Sources	20,010,268	20,632,630	21,961,245	4.8%	22,029,741	23,024,000	23,077,000	22,734,000	22,212,000
Expenditures									
3.010 Personal Services	\$9,470,572	\$9,821,559	\$10,212,120	3.8%	\$10,658,000	\$10,991,000	\$11,125,000	\$11,261,000	\$11,256,000
3.020 Employees' Retirement/Insurance Benefits	\$4,863,374	\$5,056,434	\$5,397,914	4.7%	\$5,708,000	\$5,892,000	\$6,054,000	\$6,293,000	\$6,556,000
3.030 Purchased Services	\$2,497,300	\$2,512,112	\$2,514,527	1.0%	\$2,589,000	\$2,695,000	\$2,748,000	\$2,878,000	\$2,912,000
3.040 Supplies and Materials	742,502	741,350	795,059	3.8%	821,000	811,000	821,000	811,000	811,000
3.050 Capital Outlay	269,537	10,932	507,037	2221.1%	50,000	215,000	50,000	215,000	50,000
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-
Debt Service	-	-	-	0.0%	-	-	-	-	-
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040 Principal-State Advancements	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
4.050 Principal-HE 261 Loans	-	-	-	0.0%	-	-	-	-	-
4.055 Principal-Other	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
4.060 Interest and Fiscal Charges	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
4.300 Other Objects	577,215	572,333	550,870	-18.4%	\$506,000	\$552,000	\$652,000	\$552,000	\$552,000
4.500 Total Expenditures	18,918,899	18,998,281	19,972,274	3.4%	20,512,000	21,137,000	21,382,000	21,970,000	22,239,000
Other Financing Uses									
5.010 Operating Transfers-Out	\$0	\$0	\$0	0.0%	\$594,809	\$0	\$0	\$0	\$0
5.020 Advances-Out	-	-	68,741	0.0%	-	-	-	-	-
5.030 All Other Financing Uses	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
5.040 Total Other Financing Uses	\$0	\$0	68,741	0.0%	644,809	\$0	\$0	\$0	\$0
Total Expenditures and Other Financing Uses	18,918,899	18,998,281	19,991,015	3.8%	21,498,809	21,137,000	21,382,000	21,970,000	22,239,000
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,091,369	1,634,349	1,970,230	19.1%	666,932	1,887,000	1,695,000	664,000	(27,000)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,509,151	8,592,429	10,028,657	19.0%	12,601,007	13,158,019	15,045,019	16,740,019	17,348,819
7.020 Cash Balance June 30	8,592,429	10,028,657	12,601,007	19.0%	13,158,019	15,045,019	16,740,019	17,348,019	17,319,819
8.010 Estimated Encumbrances June 30	81,176	454,445	380,353	221.8%	150,000	150,000	150,000	150,000	150,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	33,609	20,000	-	-70.2%	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-
9.045 Fiscal Stabilization	223,419	223,419	223,419	0.0%	223,419	223,419	223,419	223,419	223,419
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080 Subtotal	257,028	243,419	223,419	-8.9%	223,419	223,419	223,419	223,419	223,419
10.010 Fund Balance June 30 for Certification of Appropriations	8,564,158	9,800,843	11,997,265	18.4%	12,784,570	14,071,570	16,368,570	17,447,570	17,899,570
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	475,000	475,000
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	-	-	475,000	950,000
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	8,564,158	9,800,843	11,997,265	18.4%	12,784,570	14,071,570	16,368,570	17,447,570	17,899,570
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	8,564,158	9,800,843	11,997,265	18.4%	12,784,570	14,071,570	16,368,570	17,447,570	17,899,570

Shelby City School District – Richland County
Notes to the Five Year Forecast
General Fund Only
November 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 filing date from October 31 to November 30 beginning with this forecast. 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. HB166, the new state biennium budget provided new restricted state funding to 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 all 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 that would enable it to weather an economic slowdown during 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 positively impacts 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 statewide 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 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 at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

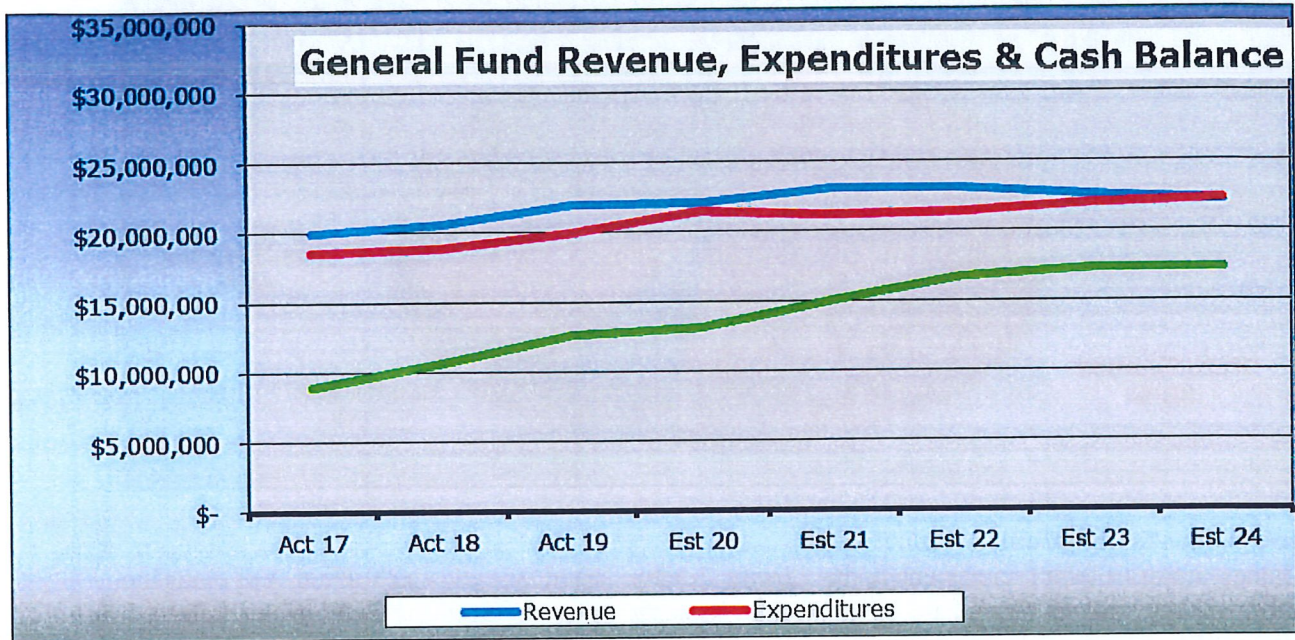
- I. The State Budget represents 48.4% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the 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 flat through FY24 which we feel are conservative and should be close to whatever the state approves for the FY22-23 biennium. We will make adjustments to the forecast in future years as we have data to help guide this decision.

- II. HB166, the current state budget for FY20-21 has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. Our district is estimated to receive \$6,617 in FY20 and we will treat this amount as guaranteed in FY22-24. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success which is restricted in use and must be placed in Fund 467. This is not general fund money and thus not included in the forecast. We have assumed this money will not continue after FY22.
- III. The District's \$950K emergency levy will expire December 31, 2022. This levy provides a significant source of operating revenue and will need to be successfully renewed to maintain stability of our operations.
- IV. There are many provisions in the current state budget bill HB66 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. 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.
- V. 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.

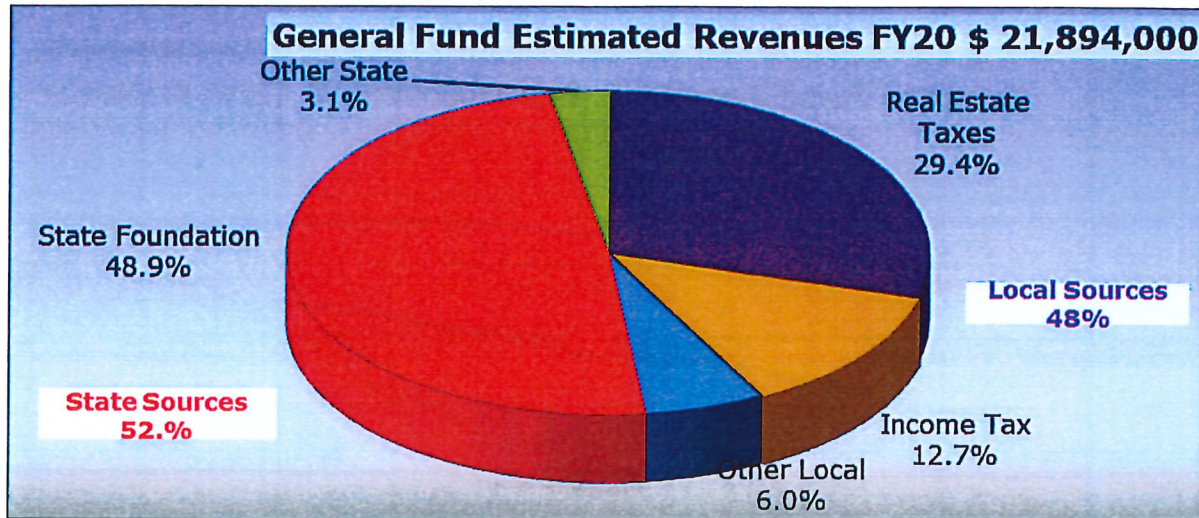
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Ms. Barbara Donohue, Treasurer/CFO of Shelby City School District at (419) 342-3530.

General Fund Revenue, Expenditure and Ending Cash Balance:



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 and complete reappraisal or updated values. An update of the district property value occurred for 2016 values collected in calendar year 2017. Residential values increased by 4.77% or \$21,486,100 as a result of the update.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2019 COLLECT	TAX YEAR2020 COLLECT	TAX YEAR2021 COLLECT	TAX YEAR2022 COLLECT	TAX YEAR2023 COLLECT
Res./Ag.	\$169,229,020	\$169,779,020	\$170,329,020	\$170,879,020	\$171,429,020
Comm./Ind.	\$33,047,870	\$33,547,870	\$34,047,870	\$34,547,870	\$35,047,870
Public Utility Personal Property (PUPP)	\$60,110,500	\$60,610,500	\$61,110,500	\$61,610,500	\$62,110,500
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	\$262,387,390	\$263,937,390	\$265,487,390	\$267,037,390	\$268,587,390

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY20	FY21	FY22	FY23	FY24
General Property Taxes	\$4,682,000	\$4,649,000	\$4,676,000	\$4,312,000	\$4,078,000

Property tax levies are estimated to be collected at 98% of the annual amount. This allows a .25% delinquency and 1.75% auditor and treasurer fees. Typically, 58% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 42% is expected to be collected in the August tax settlements.

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & Public Utility Personal Property – Line#1.020

Revenues posted on this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts’ gross tax rates not subject to reduction factors. We have included new pipeline revenue estimated at \$1 million additional this year and past trend growth in these values for future years.

Source	FY20	FY21	FY22	FY23	FY24
Public Utility Personal Property (Line#1.020)	\$1,748,000	\$2,844,000	\$2,866,000	\$2,775,000	\$2,691,000

School District Income Tax –Line #1.030 - The school district has one 1% traditional continuing income tax levy which passed in May 2005. The forecast includes no increase each year.

Source	FY20	FY21	FY22	FY23	FY24
School District Income Tax	\$2,776,000	\$2,776,000	\$2,776,000	\$2,776,000	\$2,776,000
Inflationary increase	\$0	\$0	\$0	\$0	\$0
Total to Line#1.030	\$2,776,000	\$2,776,000	\$2,776,000	\$2,776,000	\$2,776,000

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 \$545,728 in FY20 and \$797,645 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:

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

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 working on a plan for these additional funds. We have not projected any effect on the forecast, but we do not expect these funds to continue after the biennium.

Future State Budgets: Our funding status for the FY22-24 will depend on two (2) new state budgets which are unknown. With the change to the state funding and no growth for the FY20-21 state amounts, we are not increasing the state funding for any year of the forecast. We believe our current state funding estimates for FY20-24 are reasonable and that we will adjust the forecast in the future when we 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 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 FY19 statewide were 1,785,583 students at \$52.59 per pupil. That is a decline of .36% from the prior year. For FY20-24 we estimated another .40% 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

B) Unrestricted State Foundation Revenue – Line #1.035

Source	FY20	FY21	FY22	FY23	FY24
Basic Aid-Unrestricted	\$10,026,000	\$10,026,000	\$10,026,000	\$10,026,000	\$10,026,000
Additional Aid Items	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000
Basic Aid-Unrestricted Subtotal	\$10,246,000	\$10,246,000	\$10,246,000	\$10,246,000	\$10,246,000
Ohio Casino Commission ODT	\$104,000	\$106,000	\$108,000	\$110,000	\$112,000
Total Unrestricted State Aid Line # 1.035	\$10,350,000	\$10,352,000	\$10,354,000	\$10,356,000	\$10,358,000

C) Restricted State Revenues – Line # 1.040

HB166 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 throughout the forecast.

Source	FY20	FY21	FY22	FY23	FY24
Economically Disadvantaged Aid	\$299,000	\$299,000	\$299,000	\$299,000	\$299,000
Career Tech - Restricted	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000
Total Restricted State Revenues Line #1.040	\$348,000	\$348,000	\$348,000	\$348,000	\$348,000

D) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2017 through 2021.

Summary of State Foundation Revenues	FY20	FY21	FY22	FY23	FY24
Unrestricted Line # 1.035	\$10,350,000	\$10,352,000	\$10,354,000	\$10,356,000	\$10,358,000
Restricted Line # 1.040	\$348,000	\$348,000	\$348,000	\$348,000	\$348,000
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	\$0	\$0	\$0	\$0	\$0
Total State Foundation Revenue	\$10,698,000	\$10,700,000	\$10,702,000	\$10,704,000	\$10,706,000

Other Local Revenues – Line #1.060

All other revenue detailed line items should remain consistent during the forecast period. Open enrollment is expected to remain stable after several years of decreases in students entering the district students. An overall increase of 1% is factored through FY 2024.

Interest income will increase and decrease as rates change and the cash position of the General Fund fluctuates over the forecast period. The district's balances available for investment vary month to month due to cash flow needs. The stable interest rates and fund balance will equate to a stable revenue source of investment earnings; however increased fund balance will assist in growth of this revenue source as well as providing the opportunity for longer term investment to increase the yield. Security of the public funds collected by the district is the top priority of the treasurer's office.

Source	FY20	FY21	FY22	FY23	FY24
Open Enrollment Gross	\$644,079	\$644,079	\$644,079	\$644,079	\$644,079
Interest	\$291,288	\$291,288	\$291,288	\$291,288	\$291,288
Class Fees & Student Fees	\$20,791	\$20,791	\$20,791	\$20,791	\$20,791
Tuitions	\$100,441	\$100,441	\$100,441	\$100,441	\$100,441
Other Income and rentals	\$254,488	\$254,488	\$254,488	\$254,488	\$254,488
Total Line# 1.060	\$1,311,000	\$1,311,000	\$1,311,000	\$1,311,000	\$1,311,000

State Taxes Reimbursement/Property Tax Allocation

Rollback and Homestead Reimbursement

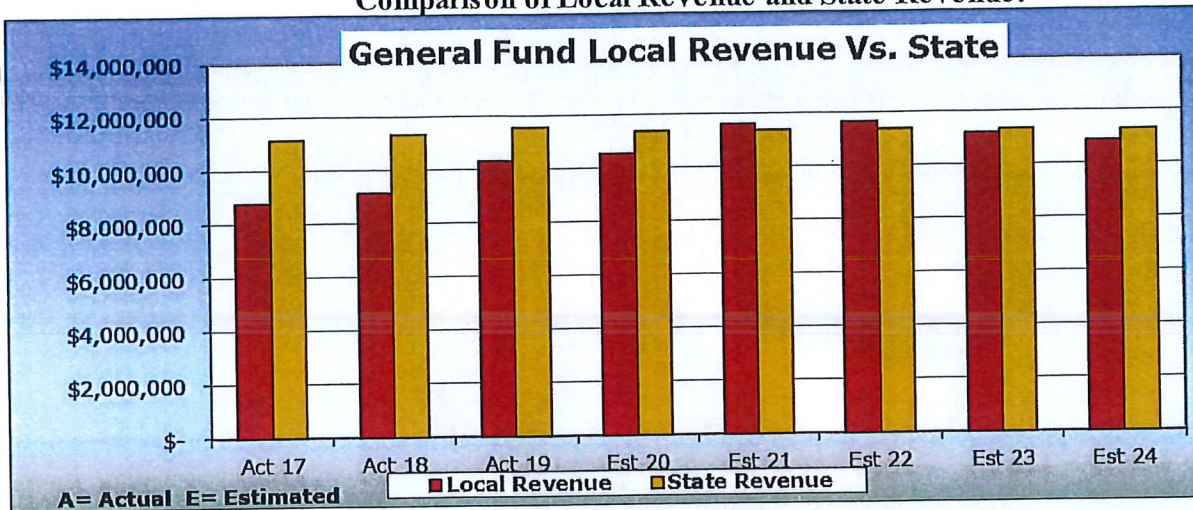
Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. On the District revenue, if an existing levy is not renewed we would never regain this revenue on any levies in the future.

Summary of State Tax Reimbursement – Line #1.050

Source	FY20	FY21	FY22	FY23	FY24
Rollback and Homestead #1.050	\$679,000	\$674,000	\$676,000	\$628,000	\$580,000

Comparison of Local Revenue and State Revenue:



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

There is no short term borrowing planned for in this forecast at this time from any sources.

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

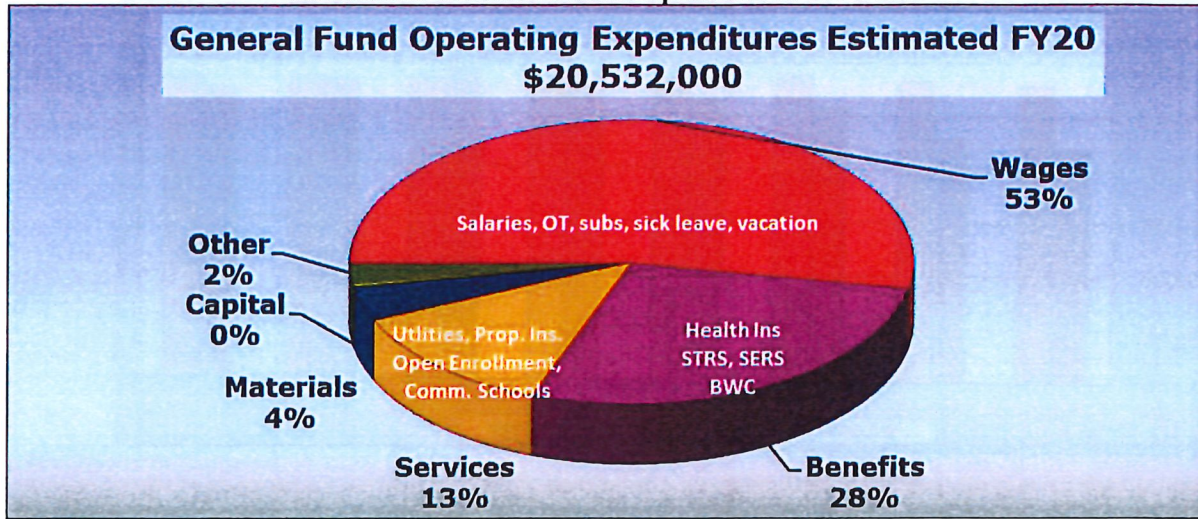
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

All Other Financial Sources – Line #2.060

Source	FY20	FY21	FY22	FY23	FY24
Refund of prior years expenditures	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000

Expenditures Assumptions

Estimated General Fund Expenditures for FY20



Wages – Line #3.010

In August 2017, the Board ratified contracts with the Shelby Education Association and the Shelby Association of School Support effective July 1, 2017 and ending June 30, 2020. We included a 2% increase in base wages for FY20 in addition to 2.3% increase for step and training adjustments for fiscal years 2020 through fiscal year 2024 based on these negotiated agreements.

The focus of the Board of Education and Administration for fiscal year 2019 and onward was right size the staffing to the lower enrollment in the past few years. During the budget process all positions are reviewed and considered.

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	\$9,526,000	\$10,160,000	\$10,292,000	\$10,426,000	\$10,562,000
Increases/ Merit Based Pay / Timing Adjust	\$262,000	\$132,000	\$134,000	\$136,000	\$137,000
Substitutes	\$418,000	\$418,000	\$418,000	\$418,000	\$418,000
Supplementals	\$281,000	\$281,000	\$281,000	\$281,000	\$281,000
Staff Additions(Reductions)	\$372,000	\$0	\$0	\$0	\$0
Total Wages Line 3.010	\$10,859,000	\$10,991,000	\$11,125,000	\$11,261,000	\$11,398,000

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance are directly related to the wages paid.

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

B) Insurance

The estimated increases for medical and dental insurance are 7.4% for fiscal year 2018-2019. We estimate future increases to be 5% each year.

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. Many of the significant provisions of the PPACA that were scheduled to be implemented by employers on January 1, 2014 were delayed until January 1, 2015.

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. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to insurance coverage that do not have coverage now. Longer-term, a significant concern is the 40% "Cadillac Tax" that may be imposed in 2022 for plans whose value of benefits exceed \$10,200 for individual plans and \$27,400 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 .55% of wages after fiscal year 2019 due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY20	FY21	FY22	FY23	FY24
A) STRS/SERS	\$2,278,000	\$2,294,000	\$2,313,000	\$2,332,000	\$2,351,000
B) Insurance's	\$3,203,000	\$3,363,000	\$3,531,000	\$3,708,000	\$3,893,000
C) Workers Comp/Unemployment	\$65,000	\$67,000	\$69,000	\$71,000	\$73,000
D) Medicare	\$162,000	\$168,000	\$175,000	\$182,000	\$189,000
Other/Tuition	\$0	\$0	\$0	\$0	\$0
Total Line 3.020	\$5,708,000	\$5,892,000	\$6,088,000	\$6,293,000	\$6,506,000

Purchased Services – Line #3.030

In FY20-24, an overall inflation of 3% is being estimated for all categories of this area.

Source	FY20	FY21	FY22	FY23	FY24
Base Services	\$34,000	\$35,000	\$36,000	\$37,000	\$38,000
Excess Cost County ESC-471-475	\$423,000	\$436,000	\$449,000	\$462,000	\$476,000
Open Enrollment Deduction-477	\$445,000	\$458,000	\$472,000	\$486,000	\$501,000
Community School Deductions-478	\$348,000	\$358,000	\$369,000	\$380,000	\$391,000
Other Tuition Including Ed Scholarship-479	\$97,000	\$100,000	\$103,000	\$106,000	\$109,000
Professional Support	\$559,000	\$576,000	\$593,000	\$611,000	\$629,000
Building Maintenance Repairs	\$305,000	\$314,000	\$323,000	\$333,000	\$343,000
Utilities	\$378,000	\$389,000	\$401,000	\$413,000	\$425,000
Budget Reserves or (Reductions)	\$0	\$0	\$0	\$0	\$0
Total Line 3.030	\$2,589,000	\$2,666,000	\$2,746,000	\$2,828,000	\$2,912,000

Supplies and Materials – Line #3.040

An overall inflation of 0% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. The District is working on updating the curriculum over the next few years.

Source	FY20	FY21	FY22	FY23	FY24
Supplies	\$581,000	\$581,000	\$581,000	\$581,000	\$581,000
Textbooks	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000
Building Maintenance	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000
Transportation	\$152,000	\$152,000	\$152,000	\$152,000	\$152,000
Total Line 3.040	\$821,000	\$821,000	\$821,000	\$821,000	\$821,000

Equipment – Line # 3.050

The administration will prepare five year capital plan which will include the Permanent Improvement Fund and the Capital Outlay objects in the General Fund. The expenditures remaining within the equipment object line are the ongoing investment annually in miscellaneous equipment and the bus fleet as necessary.

Source	FY20	FY21	FY22	FY23	FY24
Capital Outlay	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Replacement Bus Purchases	\$0	\$165,000	\$0	\$165,000	\$0
Total Line 3.050	\$50,000	\$215,000	\$50,000	\$215,000	\$50,000

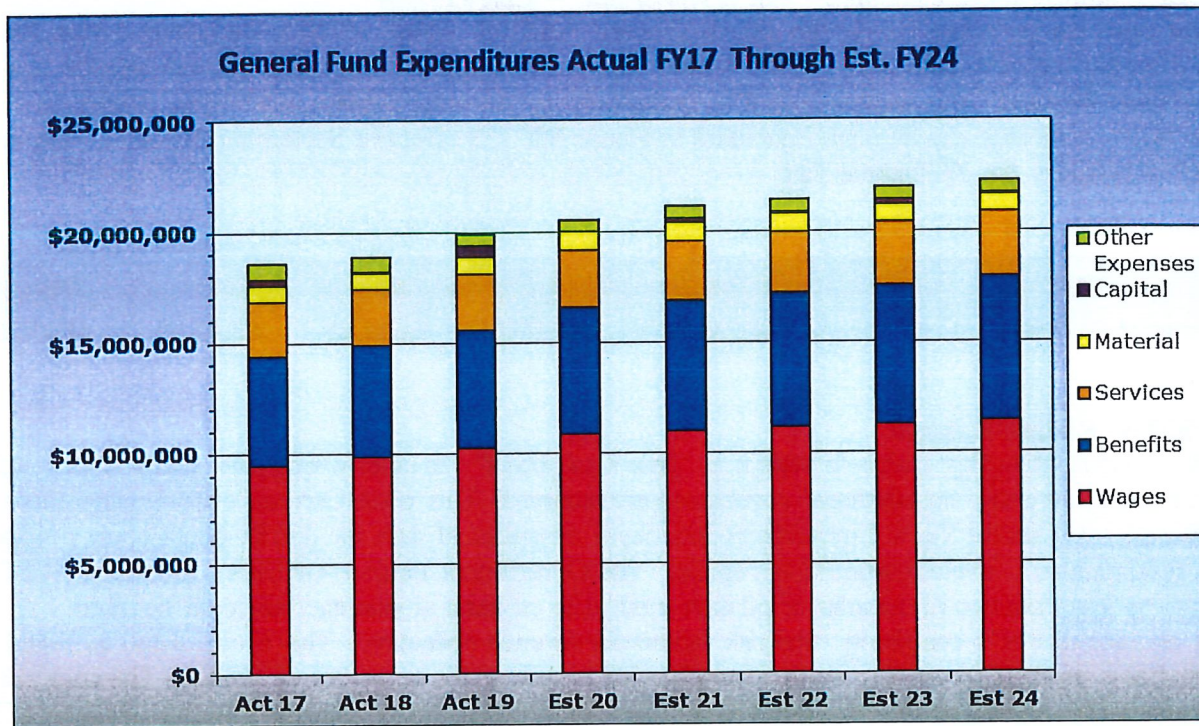
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. A&T fees will decline with emergency levies expiring, however it is anticipated that they

will be replaced. As a result, A&T fees noted below are maintained at current levels. Currently, we are reducing the ESC cost as we will be bringing these services in house with new staffing for next year in this forecast.

Source	FY20	FY21	FY22	FY23	FY24
County Auditor & Treasurer Fees	\$101,000	\$102,000	\$102,000	\$102,000	\$102,000
County ESC	\$305,000	\$308,000	\$308,000	\$308,000	\$308,000
Other expenses	\$99,000	\$142,000	\$142,000	\$142,000	\$142,000
Total Line 4.300	\$505,000	\$552,000	\$552,000	\$552,000	\$552,000

Total Expenditure Categories Actual Fiscal Year 2017 Through Fiscal Year 2019 and Estimated Fiscal Year 2020 Through Fiscal Year 2024



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and advances (end of year short term loans) from the General Fund to other funds until they have received reimbursements to repay the General Fund. There are no amounts forecast in this area.

Debt Service:

The District currently has no General Fund Debt issues.

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. .

	FY20	FY21	FY22	FY23	FY24
Estimated Encumbrances	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000

Reservations of Fund Balance Line #9.010-9.080

Reservations of fund balance are either required set asides per state law or by resolution of the board of education. The District currently has a fiscal stabilization reserve set aside in case of emergency.

Source	FY20	FY21	FY22	FY23	FY24
Fiscal Stabilization - Line 9.045	\$223,449	\$223,449	\$223,449	\$223,449	\$223,449
Total Reservations of Balance- Line#9.080	\$223,449	\$223,449	\$223,449	\$223,449	\$223,449

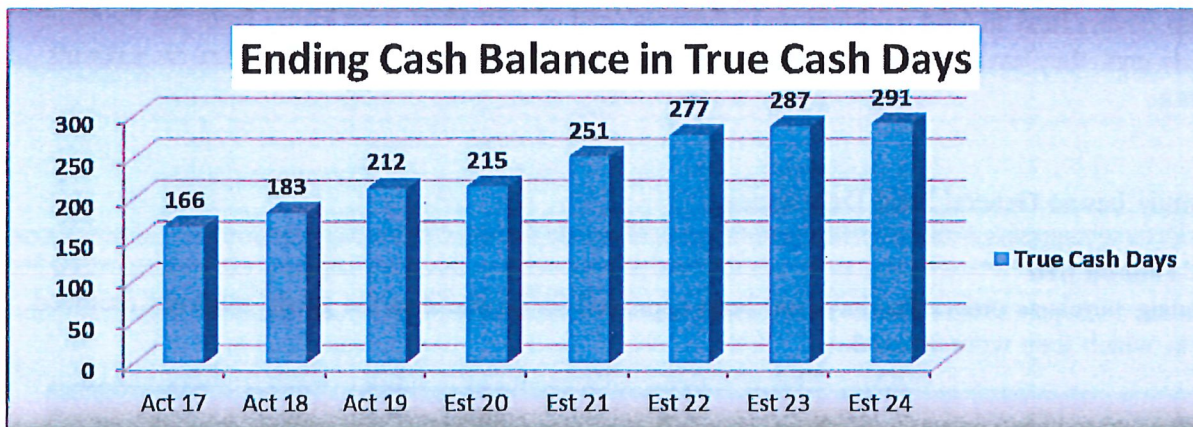
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes the 1% Income Tax.

	FY20	FY21	FY22	FY23	FY24
Ending Unencumbered Cash Balance	\$12,784,570	\$14,671,570	\$16,366,570	\$17,447,570	\$17,895,570

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 two (2) months or 60 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 for other funds such as for severance payments. The cash balance does not include the renewal of the emergency levy, this levy is important to maintain a 60 day or better ending true day cash balance.



Conclusion

The forecast presented includes assumptions and facts that can be altered by external and internal issues. For the entire forecast period through June 30, 2024, the district forecast has adequate reserves to continue the instructions and programs as provided currently.

- The forecast reflects \$965,000 transfer from the General fund.
- Additional revenue from the Rover pipeline PUPP is now included in this forecast, and should continue for an indefinite period.

