

Greeneview Local
Five Year Forecast for Fiscal Years 2018-2022
September 21, 2017

Revenues:

1.010 General Property Tax - Property values are established each year by the County Auditor of each county based on new construction and applicable reappraisals or updates. Every six years the County Auditor reappraises properties in the county. Due to the fact that the school's fiscal year runs from 7/1 through 6/30, tax revenues collected in a calendar year are reflected in two different fiscal years. The amount in the forecast for fiscal year 2018 is based on amounts reported by Greene County Auditor on the Official Certificate of Estimated Resources and historical trends. Fiscal year 2019 reflects a two and one half percent increase (2.5%) as the next triennial update occurs in tax year 2017 with collections in tax year 2018. Fiscal year 2020 reflects a one percent (1%) increase. Due to the reappraisal year in tax year 2020, the forecast reflects a 7% increase for fiscal years 2021 and 2022. The district's estimates for assessed property valuations are as follows:

Greene County, Fayette County, and Clinton County

<u>Year</u>	<u>Grand Total</u>	<u>% Change</u>	<u>Notes</u>	
2005	155,982,515	4.13%	*Triennial Update	actual
2006	156,387,179	0.26%		actual
2007	159,089,197	1.73%		actual
2008	185,139,696	16.37%	*Reappraisal Year	actual
2009	183,956,060	-0.64%		actual
2010	194,712,160	5.85%		actual
2011	206,434,500	6.02%	*Triennial Update	actual
2012	203,466,310	-1.44%		actual
2013	203,589,660	0.06%		actual
2014	241,080,980	18.42%	*Reappraisal Year	actual
2015	240,753,300	-.14%		actual
2016	241,673,650	.38%		actual
2017	253,757,333	5.00%	*Triennial Update	estimate
2018	256,294,906	1.00%		estimate
2019	258,857,855	1.00%		estimate
2020	295,097,955	14.00%	*Reappraisal Year	estimate
2021	296,573,444	0.50%		estimate

The 2016 total effective tax rate of 25.2 mills includes 1.45 inside, 2.5 Permanent Improvement inside, 18.55 outside continuing operating, and 2.7 bond mills.

1.020 Tangible Personal Property Tax - House Bill 66 phased out the tax on the tangible personal property of general business, telephone and telecommunications companies, and railroads. The reader should be aware that State funding for schools is subject to deliberations and approval of the Ohio General Assembly and is set as part of the State's biennial budget. The forecast is based on information from the County Auditor's office on public utility values showing the elimination

of the telephone and railroad values. The district receives revenue for personal public utility due to a natural gas pipeline constructed by Rockies Express.

- 1.030 Income Tax - The district has a continuing ½ % income tax and additional ½% that is renewable every five years for a total of one percent (1%) for school district income tax. In November 2015 the voters of the district renewed for five more years the additional ½% School District Income Tax. It becomes effective January 2017 and shall run through December 2021. During FY2015 the income tax revenue increased by three percent (3%), however FY2016 resulted in a 2% decrease from the previous year. FY2017 resulted in a 2.63% increase. The forecast reflects a two percent (2%) increase for the remaining forecasted years in anticipation for a steady economic recovery. This line item will be closely monitored with each quarterly income tax distribution and based on trends in the economy. To find out more information regarding the School District Income Tax please visit The State of Ohio Department of Taxation web site.
- 1.035 Unrestricted Grants – The reader should be aware that State funding for schools is subject to deliberations and approval of the Ohio General Assembly and is set as part of the State’s biennial budget. With the passage of HB49, the State’s biennial budget for FY2018 and FY2019, Greeneview’s state foundation will remain unchanged. The remaining forecasted years reflect flat state funding. Fiscal year 2018 reflects an estimate of \$70,000 for the casino tax revenue matching what the district received during the past fiscal years. Lottery and casino tax revenues do not necessarily result in increases to education funding as these types of revenues are used to offset the allocations from the State’s general fund that are targeted for education. It is uncertain at this time what the casino revenues will generate in the future and represent a small amount in the overall district budget. Ohio’s casino tax has underperformed revenue estimates.
- 1.040 Restricted Grants – The district will receive Economic Disadvantaged funding in the estimated amount of \$45,000 and Career Tech Education funding in the estimated amount of \$3,800. The forecast reflects no growth in these areas.
- 1.050 Property Tax Allocation – Each of the fiscal year amounts are based on historical data, and represent rollback and homestead payments from the state. The reader should be aware that State funding for schools is subject to deliberations and approval of the Ohio General Assembly and is set as part of the State’s biennial budget.
- 1.060 Other Revenue –This line includes operating revenue such as tuition, open enrollment, participation fees, interest, and school supply fees. Fiscal Year 2018 is showing a decline in the open enrollment numbers. These demographics are difficult to forecast. The forecast reflects a one percent (1%) increase in each of the next four years overall for Other Revenue.

Other Financing Sources:

- 2.010 Proceed from Sale of Notes – N/A
- 2.020 State Emergency Loans – N/A
- 2.040 Operating Transfer-In – N/A

- 2.050 Advances-In – This reflects the payments back to general fund of advances that had been made in the previous fiscal years from the Lunchroom Fund, Marching Band, Music Fund or Federal Projects that required advances.
- 2.060 All Other Financing – The amounts here are receipts that may be received as a reduction of “prior year expenditure”. An example of this would be the Ohio Bureau of Workers Compensation premium rebates.

Expenditures:

- 3.010 Personal Services – Salary amounts for fiscal years 2017, 2018, and 2019 reflect a three percent (3%), two percent (2%), and two percent (2%), base increase respectively for all employees as negotiated by both certified and classified staff. Fiscal years 2020 and 2021 reflect a 0% base increase. The line item reflects the added cost of step increases and estimates for teacher severance due to retirements.
- 3.020 Employee Retirement/Benefits –The School District contributes 14% on wages paid to each employee to the State Teachers Retirement System and to the School Employees Retirement System. The retirement contributions are deducted from the School Foundation payments received from the State of Ohio. The amount deducted changes every January based upon salary estimates and actual payments in the prior year. Medicare tax is paid by all employees hired after April 1, 1986. The School District is required to match the 1.45% payment made by these employees. Health care costs continue to increase and remain a real concern therefore cost containment measures are continually reviewed. During the negotiation process with the certified and classified unions the district implemented insurance plan design changes and increased the percentage amount that the employees contribute from 10% to 20% over several years. The plan design changes have helped to offset the premium increases. The other change in health insurance occurred in January 2014 with the offer of a high deductible health plan option. The forecast includes a three percent (3%) increase in FY18 as the insurance benefits negotiated include a 2% reduction in the employer portion of the premium. A four percent (4%) increase in health insurance premiums is estimated for the remaining fiscal years. The estimate is based on the trend increases in health claims in the group plan. The district belongs to the Southwestern Ohio Educational Purchasing Council for the United Health Care group plan. The district’s health insurance plan is a negotiated item between the unions and the Board of Education.
- 3.030 Purchased Service – Purchased Services include utilities, consultants, rentals, copier leases, data processing services, repairs, trash collection, fleet and property insurance, legal cost, mileage, professional meeting expense, and tuition paid to other districts. The district’s forecast for each of the remaining fiscal years reflects a seven percent (7%) increase. A project at the Elementary during the Summer 2016 also included HVAC, therefore the utility expenses are expected to increase. The district belongs to an educational purchasing cooperative. This cooperative, namely the Southwestern Ohio Educational Purchasing Council (EPC), has been very proactive in helping districts receive competitive bids on natural gas and electricity. A new contract was negotiated for the natural gas through the EPC and is expected to save the district approximately 30% in natural gas costs. Contracts with the EPC member districts and Dayton Power and Light have resulted in significant electricity savings. The purchased service line item also includes open enrollment expenses for students that choose to go elsewhere and the state per pupil amount follows that student. Another cost reflected in this line item is excess costs for special education and therapy services provided by the Greene County ESC and for the academy and outdoor education programs.

- 3.040 Supplies and Materials –The forecast projects a five percent (5%) increase in each of the fiscal years. The bus fuel prices continue to be a concern. The district uses the Southwestern Ohio Educational Purchasing Council (EPC) to get the best prices possible for many of its supplies.
- 3.050 Capital Outlay – The district purchased two more school buses during fiscal year 2017, one of which was not paid until July 2018, in addition to the spending for the technology rotation plan. The district is in the process of purchasing a building on Cottonville Road for the administrative offices and preschool education space reflected in this line item at an approximate cost of \$275,000. The district implemented a bus replacement plan to update the aging bus fleet. The plan included the purchase of eight school buses, two of which were in FY13 and six are reflected in FY14. Two additional buses were purchased in FY15. The most recent purchase last year will bring the total new buses to twelve over the five year period. The district is assessing the remaining bus fleet for a replacement plan and will align the new bus routing program to that need. Other expenses out of this line item would include technology replacement and improvements to facilities. Just as the district has experienced an aging bus fleet, the district technology is growing to be obsolete and the district has developed a five year plan to upgrade the technology. The district does not have a permanent improvement levy, therefore these capital expenditures will be a drain on the general fund. It is important to note that the permanent improvement funds are generated by inside mills, not a levy, and are used to pay the principal and interest on the high school roof and wall panel project and the elementary HVAC, security and technology projects.
- 4.050 Principal – HB264 Loans – The district was approved by the Ohio Facilities Construction Commission to participate in the School Energy Conservation Financing Program. Under ORC Section 133.06(G), the school board must monitor the energy consumption and the operations and maintenance costs of the buildings affected by the project. The project cost including the financing is \$633,185 with the average annual payment of \$42,928. The annual energy savings are expected to offset the cost of the payment completely.
- 4.060 Interest – HB264 Loans – Reference above 4.050
- 4.300 Other Objects – Educational Service Center charges for special education, curriculum services, and administrative fees are included in this line item. Also this line includes county and state auditor fees and county treasurer’s fees as well as administrative fees that are charged to the district by the state to handle the collection of school income taxes.

Other Financing Uses:

- 5.010 Transfers-Out – Fiscal Year 2018 reflects a transfer of \$79,515 as required by Ohio School Facilities Commission to be transferred into the fund 034 OSFC Project Maintenance Fund. Each of the remaining years forecasted reflect the amount \$79,515 OSFC maintenance requirement. At the present time the district has earmarked funds from the continuing income tax to meet the ½ mill maintenance requirement.
- 5.020 Advances-Out – Fiscal Year 2018 reflects \$20,000 estimated to be advanced to Federal Projects or other funds such as the food service fund that may have a negative balance at fiscal year end. Each of the remaining fiscal years shows an estimate of \$20,000.00 to be advanced out of the general fund. These amounts are returned to the General Fund at the beginning of the new fiscal year.

8.010 Encumbrances - The District operates on a cash basis therefore monies must be reserved at year end to pay for items which have been ordered, but not yet received and paid for. The estimates are based on balances from previous years.

Reservation of Fund Balance:

9.030 Budget Reserve –The board has \$210,585.00 as a budget reserve, this amount may be released for operational use by board action. HB30 eliminated the requirement to put money into the set-aside fund for instructional materials and supplies. HB153 allows districts to transfer monies out of the fund into their General Revenue Fund.

Revenue from Replacement/Renewal Levies:

12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations - House Bill 412 requires that school districts certify that adequate revenues will be available to maintain all personnel, programs, and services, essential to the provision of an adequate educational program for a specified number of days.

Certification for contracts, salary schedules, and other financial obligations MAY anticipate the renewal or replacement of existing property tax levies and the approval to extend an existing income tax levy beyond its current expirations. This certification includes revenue from the renewal or replacement of current levies. It is also important to note that the school district has implemented a cash balance policy such that ninety (90) days of operating expenses is necessary in the interest of sound fiscal management.