UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT-HARDIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2017 and 2018 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2019 THROUGH JUNE 30, 2023

UPPER SCIOTO VALLEY

Forecast Provided By
Upper Scioto Valley Local School District
Treasurer's Office
Mrs. Stacy Gratz Treasurer/CFO
October 15, 2018

Upper Scioto Valley

Hardin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;
Forecasted Fiscal Years Ending June 30, 2019 Through 2023

	Actual				Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenues									
General Property Tax (Real Estate)	2,245,032	2,286,803	2,296,956	1.2%	2,137,786	2,010,855	2,018,702	2,027,030	2,036,219
Tangible Personal Property	62	-	-	0.0%	0	0	0	0	0
Income Tax	364,385	380,732	405,158	5.5%	411,235	417,404	423,665	430,020	436,470
Unrestricted State Grants-in-Aid	4,242,017	4,255,593	4,210,469	-0.4%	4,181,040	4,097,734	4,096,032	4,012,689	3,930,914
Restricted State Grants-in-Aid	114,325	87,395	76,636	-17.9%	68,829	70,723	72,674	74,683	76,753
Restricted Federal Grants-in-Aid	-	-	-	0.0%	0	0	0	0	0
Property Tax Allocation	329,456	322,810	322,377	-1.1%	305,195	286,487	287,144	288,116	289,088
All Other Revenues	306,924	346,195	393,065	13.2%	323,127	325,908	328,717	331,555	334,421
Total Revenues	$7,602,201	$7,679,528	$7,704,661	0.7%	$7,427,212	$7,209,111	$7,226,934	$7,164,093	$7,103,865
Other Financing Sources									
Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
State Emergency Loans and Advancements	-	-	-	0.0%	-	-	-	-	-
Operating Transfers-In	1,308	-	-	0.0%	-	-	-	-	-
Advances-In	-	-	-	0.0%	-	-	-	-	-
All Other Financing Sources	7,534	11,326	23,502	78.9%	2,000	2,000	2,000	2,000	2,000
Total Other Financing Sources	8,842	11,326	23,502	67.8%	2,000	2,000	2,000	2,000	2,000
Total Revenues and Other Financing Sources	$7,611,043	$7,690,854	$7,728,163	0.8%	$7,429,212	$7,211,111	$7,228,934	$7,166,093	$7,105,865
Expenditures									
Personal Services	2,713,021	2,843,166	2,918,074	3.7%	3,051,013	3,193,814	3,343,046	3,499,276	3,662,834
Employees' Retirement/Insurance Benefits	924,043	993,316	1,131,202	10.7%	1,285,308	1,306,236	1,344,399	1,384,028	1,425,192
Purchased Services	1,895,474	2,372,985	2,219,168	9.4%	2,411,678	2,509,293	2,611,218	2,717,653	2,828,813
Supplies and Materials	180,351	141,729	173,656	0.6%	241,302	229,314	219,554	229,674	240,274
Capital Outlay	240,920	226,688	58,331	-40.1%	190,700	61,883	63,739	65,651	67,621
Intergovernmental	-	-	-	0.0%	-	-	-	-	-
Debt Service:									
Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
Principal-Notes	-	-	-	0.0%	-	-	-	-	-
Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
Principal-HB 264 Loans	$35,000	40,000	40,000	7.1%	45,000	45,000	45,000	45,000	45,000
Principal-Other	-	-	-	0.0%	$0	$0	$0	$0	$0
Interest and Fiscal Charges	$19,854	17,938	15,888	-10.5%	13,709	13,709	13,709	13,709	13,709
Other Objects	$132,832	127,484	134,273	0.6%	138,301	142,450	146,723	151,124	155,658
Total Expenditures	$6,141,495	$6,763,306	$6,690,592	4.5%	$7,377,011	$7,501,699	$7,787,388	$8,106,115	$8,439,101
Other Financing Uses									
Operating Transfers-Out	1,010,000	210,000	-	-89.6%	$0	$0	$0	$0	$0
Advances-Out	-	-	-	0.0%	-	-	-	-	-
All Other Financing Uses	-	-	133	0.0%	$0	$0	$0	$0	$0
Total Other Financing Uses	1,010,000	210,000	133	-89.6%	-	-	-	-	-
Total Expenditures and Other Financing Uses	$7,151,495	$6,973,306	$6,690,725	-3.3%	$7,377,011	$7,501,699	$7,787,388	$8,106,115	$8,439,101
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	459,548	717,548	1,037,438	50.4%	52,201	(290,588)	(558,454)	(940,022)	(1,333,236)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	2,854,675	3,314,222	4,031,770	18.9%	5,069,208	5,121,409	4,830,821	4,272,367	3,332,345
Cash Balance June 30	3,314,223	4,031,770	5,069,208	23.7%	5,121,409	4,830,821	4,272,367	3,332,345	1,999,109
Estimated Encumbrances June 30	265,063	15,801	51,031	64.5%	51,031	51,031	51,031	51,031	51,031
Reservation of Fund Balance									
Textbooks and Instructional Materials	-			0.0%	-	-	-	-	-
Capital Improvements	-			0.0%	-	-	-	-	-
Budget Reserve	-			0.0%	-	-	-	-	-
DPIA	-			0.0%	-	-	-	-	-
Fiscal Stabilization	-			0.0%	-	-	-	-	-
Debt Service	-			0.0%	-	-	-	-	-
Property Tax Advances	-			0.0%	-	-	-	-	-
Bus Purchases	-			0.0%	-	-	-	-	-
Subtotal	-			0.0%	-	-	-	-	-

Upper Scioto Valley

Hardin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;
Forecasted Fiscal Years Ending June 30, 2019 Through 2023

	Actual				Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Fund Balance June 30 for Certification of Appropriations	$3,049,160	$4,015,969	$5,018,177	28.3%	$5,070,378	$4,779,790	$4,221,336	$3,281,314	$1,948,078
Revenue from Replacement/Renewal Levies									
Income Tax - Renewal				0.0%					
Property Tax - Renewal or Replacement				0.0%	149,544	241,200	241,200	241,200	241,200
Cumulative Balance of Replacement/Renewal Levies				0.0%	149,544	390,744	631,944	873,144	1,114,344
Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	$3,049,160	$4,015,969	$5,018,177	28.3%	$5,219,922	$5,170,534	$4,853,280	$4,154,458	$3,062,422
Revenue from New Levies									
Income Tax - New				0.0%	-	-	-	-	-
Property Tax - New				0.0%	-	-	-	-	-
Cumulative Balance of New Levies				0.0%	-	-	-	-	-
Revenue from Future State Advancements				0.0%	$0	$0	$0	$0	$0
Unreserved Fund Balance June 30	$3,049,160	$4,015,969	$5,018,177	28.3%	$5,219,922	$5,170,534	$4,853,280	$4,154,458	$3,062,422

Upper Scioto Valley Local School District – Hardin County
Notes to the Five Year Forecast
General Fund Only
October 15, 2018

Introduction to the Five Year Forecast

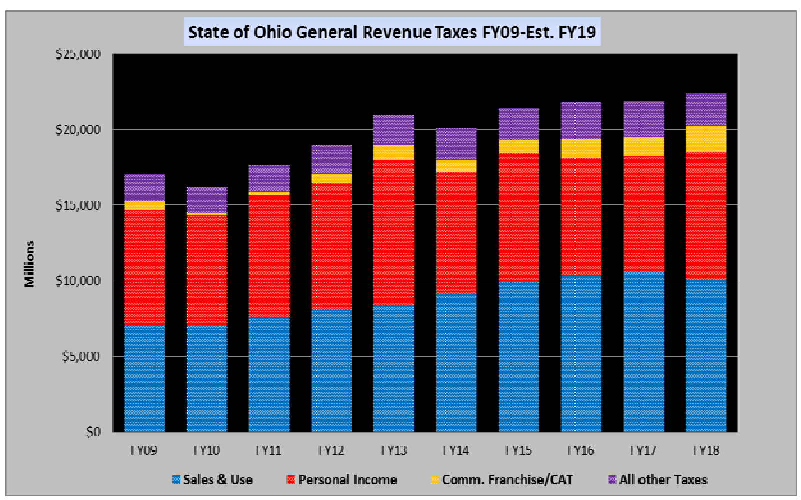
For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31 2018, and May 31, 2019. HB87, effective November 1, 2018, will change the filing date from October 31 to November 30 beginning with the November filing in 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 October 2018 filing.

State Economic Variables Affecting the Five Year Forecast

It is prudent in long range forecasting to consider the economic climate in which projections of revenues are made. Below are significant statewide economic data which suggests that the economy for the FY19-23 period should grow at approximately 2% annual pace and will be relatively consistent for FY19 and FY20, however, the U. S Treasury bond rate for the two year bond is close to exceeding the ten year rate. When this occurs it is referred to as an "inverted yield curve" and is a reliable economic predictor of recessions in our economy. We feel FY19 and FY20 will be relatively stable but an economic slowdown for our state could occur in 2021.

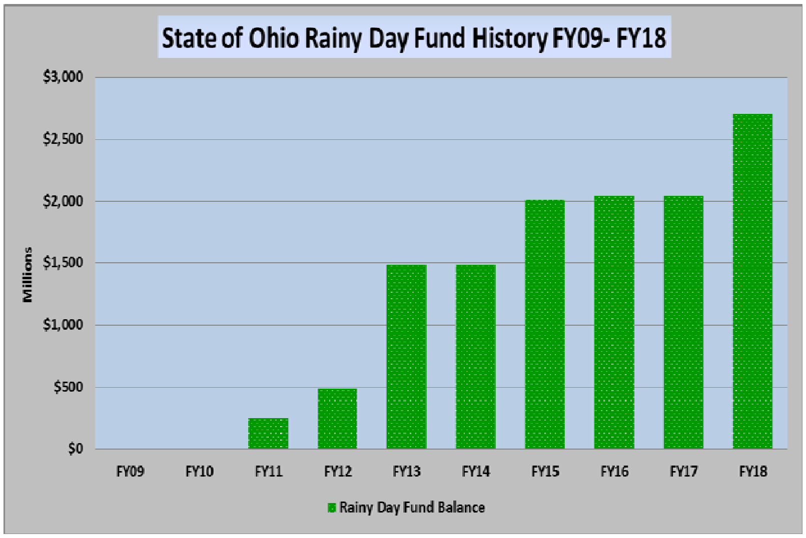
It is important for our school district to consider the statewide economic data for two important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. While the state presently has a record $2.7 billion Budget Stabilization Fund, a recession would likely result in state funding cuts to public education. We anticipate that the FY20-FY21 state biennium budget should be stable based on current data. Second, the same economic forces driving state tax revenues are also generally affecting the underlying economics of most communities across Ohio, which impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.

The graph to the right notes that the State of Ohio revenues through FY18 have recovered in spite of the personal income tax cuts in FY15 and FY16. State revenue has been relatively flat since FY15 due to reductions in income tax rates. The state economy is not expected to tip into a recession during FY19 or FY20 but long term that could be a concern. The decline in personal income tax in FY15 is due to an 8.5% rate reduction from HB59 and the drop in FY16 and FY17 is due to a 6.3% rate reduction in HB64. Baring further legislative cuts personal income should continue to grow.



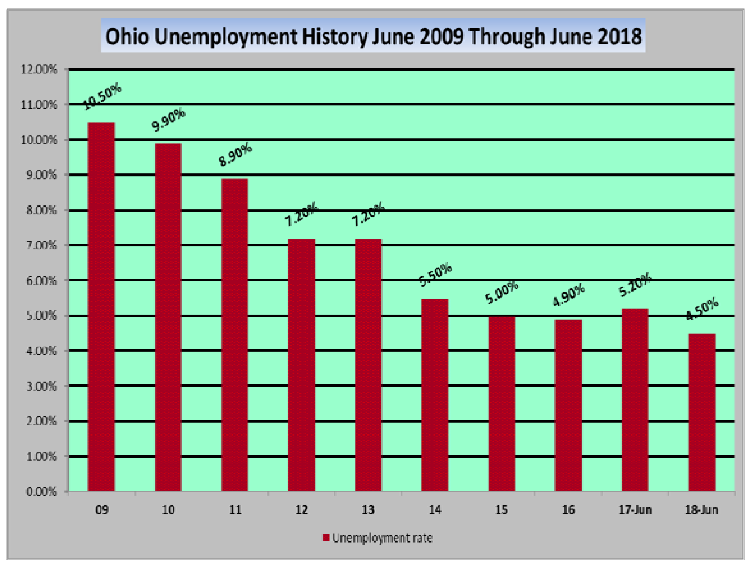
Source: Ohio Legislative Service Commission

The recovery of the labor market which began in 2010 continues in 2018 as noted in personal income tax growth and overall growth in state revenues in 2018. Modest 2% to 2.5% growth in state revenue is an indication that the economy is growing at a slower pace and that there could be an economic slow down coming within three years. The state rainy day fund (RDF) also known as the Budget Stabilization Fund, has been steady since FY15 but in FY18 legislation allowed for an increase in contributions. There is currently $2.7 billion in this fund and will help long term if there is an economic slow down. This cushion should continue to help ensure that funding for schools approved in the new state biennium budget to be approved in June 2019 should be met through FY21 even if a brief slow down in the economy occurs as some economist anticipate by 2021.



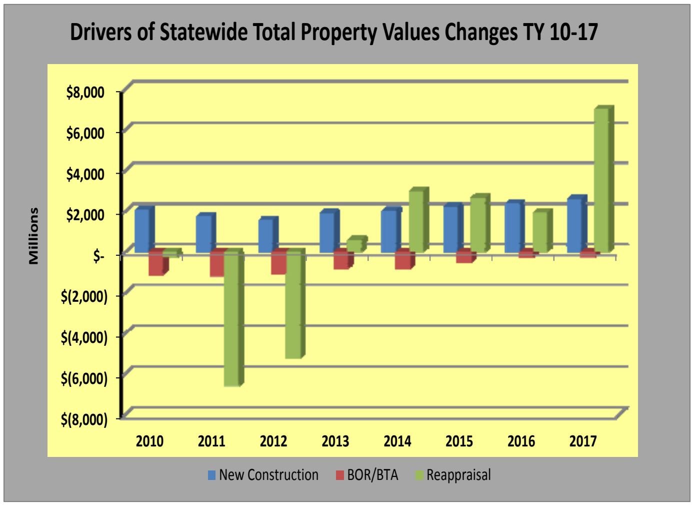
Source: Ohio Legislative Service Commission

Over the past 12 months ended June 2018 Ohio's unemployment rate decreased slightly by .7% to 4.5%. This is a significant measure to monitor for continued economic growth and viability. Many believe the state is at nearing full employment. As noted above, personal income taxes and sales tax are highly correlated to employment and have been the two major drivers of the recent recovery. As of July 2018, the unemployment rate in Hardin County was 5.1 % which is above the 4.5% state average.

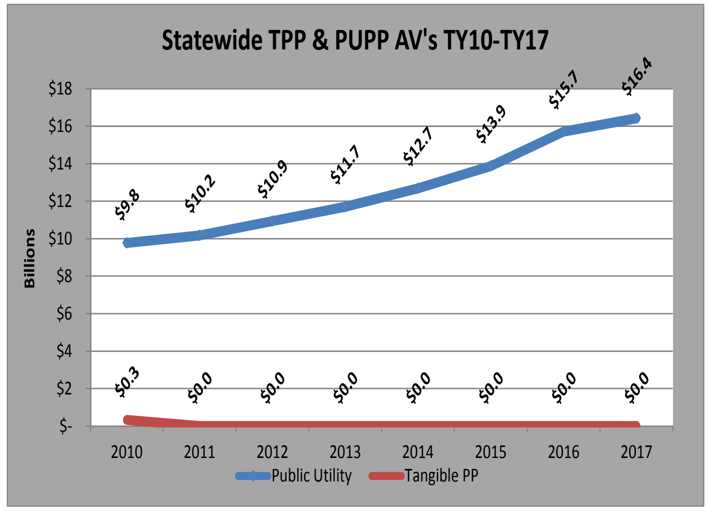


For school districts, real property values are another important piece of economic data. In the 2017 Tax Year, 41 of Ohio's 88 counties experienced a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From Tax Year 2007 to 2012, Class 1 and 2 property values declined by $10.8 billion, a reduction of 4.6% reflecting the impacts of the 2008 recession on property devaluation. In 2017 Class 1 values rose by $7.3 billion or 3.9% statewide, while Class 2 property increased by $1.67 billion or 3.2% statewide. Property values in Tax Year 2017 have fully recovered and exceed pre-recession values for all classes of property. Home values for the 12 month period ending in June 2018 were up statewide by an average of 5.1%. The green bar noted in the graph on the following page shows the 2017 reappraisal reflected a sharp increase in property values statewide.

The final category of property is Public Utility Personal Property (PUPP) values. The graph on the following page shows that Tangible Personal Property (TPP) was eliminated by HB66 for all categories of TPP in tax year 2011. PUPP values on the other hand continued to grow throughout the 2008 Recession and into Tax Year 2017 due in part to continued new construction, reinvestment in aging infrastructure due to low interest rates and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher worth as they are taxed at the full gross tax rate. PUPP values grew $717.1 million or 4.6% statewide in Tax Year 2017.



Source: Ohio Department of Taxation



Source: Ohio Department of Taxation

Overall, the economy of the state is stable and should continue to grow slightly during the forecast period. This should provide a stable basis for which to make projections of state revenues to the district in the next biennium budget covering FY20 and FY21. The improved labor market continues to provide for steady property tax collections in this forecast by: 1) increasing and stabilizing property values; 2) increasing current property tax collections; and, 3) liquidating prior delinquent tax collections.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 and FY22-23, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

I. A full reappraisal for Hardin and Auglaize Counties took place in tax year 2017 collected in FY 2018. Logan County will go through a full reappraisal in tax year 2019 to be collected in fiscal year 2020. Class I – Residential/Agricultural tax values decreased $14.4 million or 13.4% as a result of the 2017 reappraisal in Hardin and Auglaize counties. This decline was a result of the changes authorized by HB49 to CAUV values which lowered those values by an estimated 30% beginning with counties experiencing a reappraisal or update in Tax Year 2017. This reduction will be mostly offset by HB920 as rates will adjust up if net values for Class I are lower. It is also expected that cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests.

II. The state budget represents 61% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 through FY22-23 in this forecast. Future uncertainty in both the state foundation funding formula in regards to Guarantee Funding and the state's economy makes this area an elevated risk to district funding long range through FY23.

III. Long term the district could be the benefactor of renewal energy development funds from several sources including school district income tax or additional land leases for the 644 acre district farm. We have eliminated the risks posed by all such revenues from the forecast due to the uncertainty of the eventuality of these revenues and the need to operate positively on known existing resources. This will help the Board of Education work with resources that are measurable and should be received. The district will include such alternative energy development revenues at such time as they are definite, measurable and can be reasonably estimated to be received.

IV. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in amounts deducted from our state aid in the 2018-19 school years. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that will continue to 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.

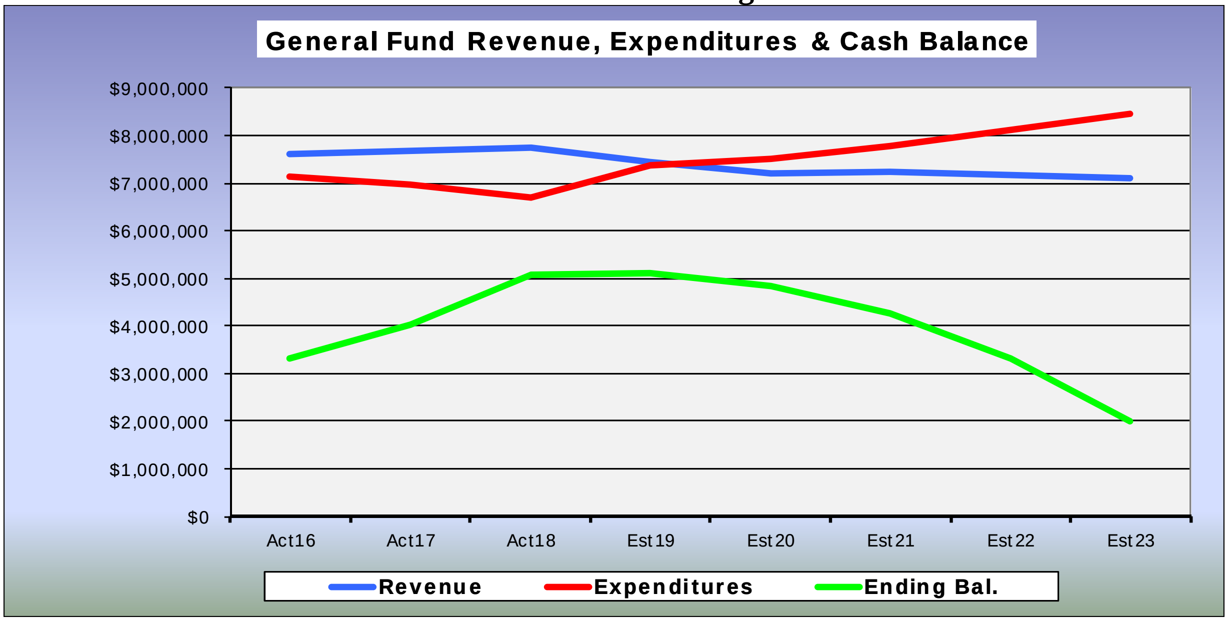
V. Patient Protection and Affordable Care Act (PPACA) - This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. It is uncertain to what extent the implementation of PPACA will cost our district in additional funds especially since it is being reviewed carefully at the federal level for amendment or repeal. Longer-term, a significant concern is the 40% “Cadillac Tax” 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.

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

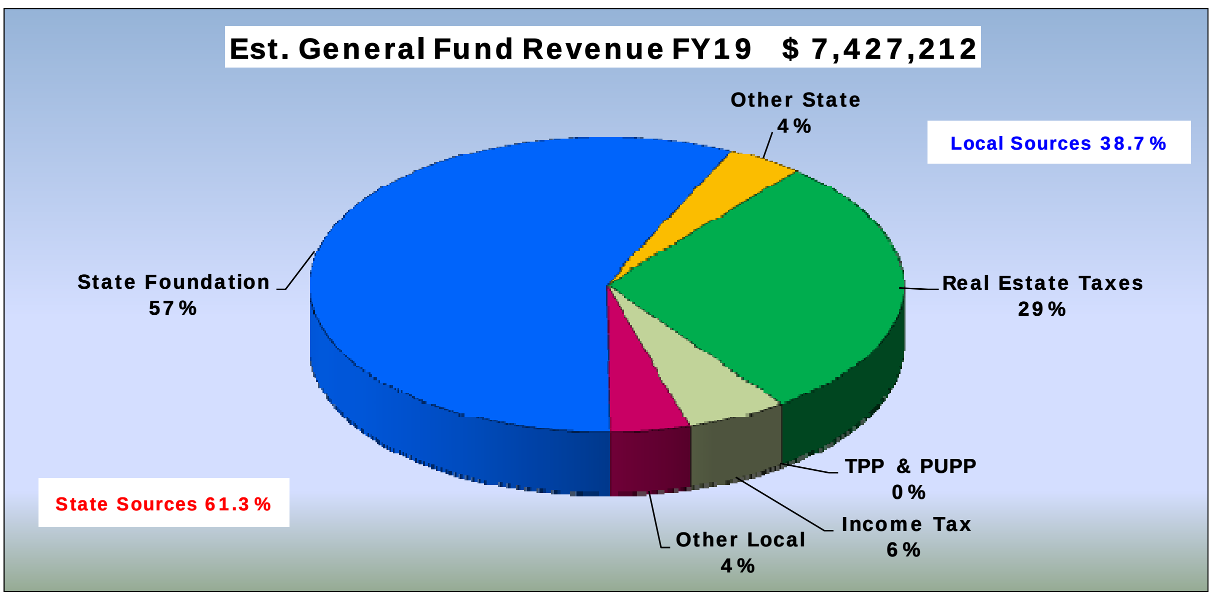
The financial forecast presents, to the best of the Upper Scioto Valley School District Board of Education's knowledge and belief, the expected revenues, expenditures, and operating balance of the General Fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

The major line numbers used as references to 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. For additional information feel free to contact Mrs. Stacy Gratz, Treasurer/CFO of the district at 419-757-3231.

General Fund Revenue, Expenses and Ending Cash Balances Actual FY16 through FY18 and Estimated FY19 through FY23



REVENUE ASSUMPTIONS



Real Estate Value Assumptions – Line # 1.010

Property tax collections are the second largest source of revenue for the district. Property tax revenue estimates are based on current growth patterns as historical growth patterns are of little value. We have included scheduled updates and reappraisals and are substantiated by information provided for the upcoming fiscal year from the County Auditor. A full reappraisal took place in calendar year 2017 collected in FY 2018 for Hardin and Auglaize Counties, with a full reappraisal for Logan County in 2019 to be collected in 2020.

CAUV values represent 64% 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 experienced this in the tax year 2017 reappraisal for Hardin and Auglaize counties and will experience again in the tax year 2019 reappraisal for Logan County.

Class I - Residential/Agricultural tax values decreased $14.4 million or 13.4% as a result of the 2017 reappraisal in Hardin and Auglaize counties. A reduction of value has been weighted in to our average Class I value change in 2019. This will cause a shift in taxes from agricultural taxpayers to residential taxpayers but should not result in lower taxes to our district. We anticipate the Logan County reappraisal in 2019 to lower overall values by .86% due again to CAUV changes approved in HB49 that will first affect Logan County in 2019.

The December 2017 Federal Tax law changes to the deductibility of State and Local Tax (SALT) caused the first half 2018 tax collections to be and estimated $55,000 higher and will result in the second half 2018 (affects FY19) being lower by this amount. This was an event that caused onetime cash flow acceleration only and is not additional new taxes. Tax collections will return to normal collections for FY20.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023
Res./Ag.	$93,290,020	$92,302,249	$93,450,272	$93,675,272	$94,837,024
Comm./Ind.	2,395,390	2,395,390	2,395,390	2,395,390	2,395,390
Public Utility Personal Property (PUPP)	6,194,420	6,294,420	6,394,420	6,494,420	6,594,420
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Valuation	$101,879,830	$100,992,059	$102,240,082	$102,565,082	$103,826,834

Estimated Real Estate Tax (Line #1.010)

The real estate tax line reflects a decline in fiscal year 2019 and 2020 as we are required to remove the future emergency levy that expires on December 31, 2018 and move to Line 11.02.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Est. Gen. Prop. Taxes to Line #1.010	$2,137,786	$2,010,855	$2,018,702	$2,027,030	$2,036,219

Renewal and Replacement Levies – Line #11.02

The district currently has one emergency levy that expires on December 31, 2018.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Em. Levy Renewal 3.1 Mills Exp. 12/31/18	$149,544	$241,200	$241,200	$241,200	$241,200
Total Line # 11.020	149,544	241,200	241,200	241,200	241,200

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

Estimated Tangible Personal Tax – Line#1.020

The phase out of TPP taxes 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. These payments are unpredictable and therefore we have not estimated future revenue for these delinquent taxes.

Estimated PILOT Payments, SDIT Revenue Increases, Property Tax Increases and Other Income Due to Renewable Energy Developments Located on USV Farm Land and Property in USV School District

In previous forecasts we have tried to estimate and anticipate the various forms of taxes and other income that we have anticipated would result from the location of alternative/renewable energy sources on the USV school district's 644 acre farm land; and, the revenues as a result of anticipated development on privately owned agricultural property located in the USV district. It is well known that the USV school district tax base is a prime site in Ohio for wind energy generation but we also believe that in the undeterminable future, USV will also be the location of other new technologies which will benefit the school district.

However likely these developments are in the future, our actual experience has shown that these developments and anticipated revenue is completely unpredictable and subject to many factors including but not limited to: economic forces, government subsidies, cost of current fossil fuel sources, and the cost of development for these new forms of energy and possible government tax breaks, as well as other unknown conditions.

Therefore, in completing this forecast we have not considered any revenues from these developments until such time that they actually are underway and that the revenue potential of such developments is clearly known and is predictable in amount and timing of receipt. As experience has shown, to estimate this potential revenue into the forecast presents a sense of economic wellbeing that may or may not occur. It is the rule of conservatism that the district only predicts and estimate revenue from known sources.

School District Income Tax Collections – Line #1.030

It is estimated that collections will be 1.5% year over year FY19-23 reaching $436,000 by FY22.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
SDIT Collection	$405,158	$411,235	$417,404	$423,665	$430,020
Adjust. Trend up	6,077	6,169	6,261	6,355	6,450
Total to Line #1.030	$411,235	$417,404	$423,665	$430,020	$436,470

Other Local Revenues – Line #1.060

Other revenues include open enrollment in to the district, lab fees, interest, Medicaid reimbursements and miscellaneous income. Open enrollment students are expected to remain level and income for open enrollment will be stable in the forecast.

USV entered into a lease agreement in August 2009 with Hardin Wind Energy, LLC (A.K.A Invenergy) and Invenergy Solar Development LLC, for options on the USV 644 acres farm at $8.00 per acre which provided $10,318 a year through 2014. A renewal of the wind lease in 2014 provided a continued $5,159 annually.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Open Enrollment	$150,829	$152,337	$153,860	$155,399	$156,953
Interest , Class Fees, E-rate, etc.	87,637	88,513	89,398	90,292	91,195
Land Options For Wind & Solar	5,159	5,159	5,159	5,159	5,159
Medicaid CAFS Reimb.	39,718	40,115	40,516	40,921	41,330
Misc. Inc./Rentals/Ins. Reimb.	39,784	39,784	39,784	39,784	39,784
Total Line # 1.060	$323,127	$325,908	$328,717	$331,555	$334,421

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 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 received a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not loose 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, increase the taxes collected locally on taxpayers

b) Tangible Personal Property Reimbursements – Fixed Rate
Upper Scioto Valley Local Schools no longer receives fixed rate tangible personal property reimbursement.

Summary of State Property Tax Allocation Payments

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Rollback and Homestead	$305,195	$286,487	$287,144	$288,116	$289,088
TPP Reimbursement - Fixed Rate	0	0	0	0	0
Total Tax Reimb./Prop Allocations Line #1.050	$305,195	$286,487	$287,144	$288,116	$289,088

State Foundation Revenue Estimates – Line #1.035, 1.040 and 1.045
A) The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY19. We are projected to be a guarantee district regarding state funding in FY19 and throughout the forecast period.

The current funding model continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula's measure of a districts capacity to raise local revenue. The higher a district's ability to raise taxes based on wealth the lower the SSI will be, and vice versa. The index is derived from a district's wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district's SSI and therefor the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

1) Opportunity Grant – Per pupil amount increased .17% from $6,000 in FY17 to $6,010 in FY18 and .17% to $6,020 in FY19. Well below inflation rates.
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.
4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
7) Gifted Funds –Based on average daily membership at $5.05 in FY18 & FY19.
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

The current funding model continues additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue; however, some items are now included in CAP district payments:

1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
3) 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.
4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately $450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

Transitional Guarantee Phase-Out- For the first time HB49 includes a phase-out of funding for districts on the guarantee. If a guarantee district's average daily membership (ADM) over three (3) years from FY14-FY16, on average fell by 10% or more, they will loose 5% of their funding from FY17 levels. If the average ADM loss is less than 5% then they will be guaranteed at 100% of FY17 levels. If average ADM loss is between 5% and 10% loss then funding is cut on a sliding scale of loss up to 5%.

Our district is estimated to be on the phase out guarantee funded district as our ADM fell on average by 7.0% from FY14 through FY16. Therefore, we estimate we will be guaranteed 2% less than what we received in FY17 for FY19. For future year we anticipate state funding will continue to be phased out at 2% a year over our previous year amount. We will have to watch new state budgets carefully on how they handle guarantee districts.

Our current SFPR estimates for FY19 are using September #1 average daily membership (ADM) and slightly declining those numbers by 20 students annually through FY23. Beginning in FY16 the state changed the way it measures student ADM. Student counts are now supposed to be updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2019.

Future State Budgets: Our funding status for the FY20-23 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding lowering per pupil growth to .5% per year FY20-FY23, due to the potential for the economy to be slower. Even with these per pupil funding increases we still anticipate to be a phase out guarantee district.

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

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY18 statewide were 1,791,647 students at $51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For

FY19-23 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to $92.9 million or $52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Basic Aid-Unrestricted	$4,103,449	$4,019,892	$4,017,941	$3,934,353	$3,852,335
Additional Aid Items	52,778	53,306	53,839	54,377	54,921
Basic Aid-Unrestricted Subtotal	$4,156,227	$4,073,198	$4,071,780	$3,988,730	$3,907,256
Ohio Casino Commission ODT	24,813	24,536	24,252	23,959	23,658
Unrestricted State Aid Line # 1.035	$4,181,040	$4,097,734	$4,096,032	$4,012,689	$3,930,914

A) Restricted State Revenues – Line # 1.040

The current funding model continues funding two restricted sources of revenue, Economically Disadvantaged and Career Technical funds. The amount of the Economically Disadvantaged Aid is estimated to grow by 1% each remaining year of the forecast.

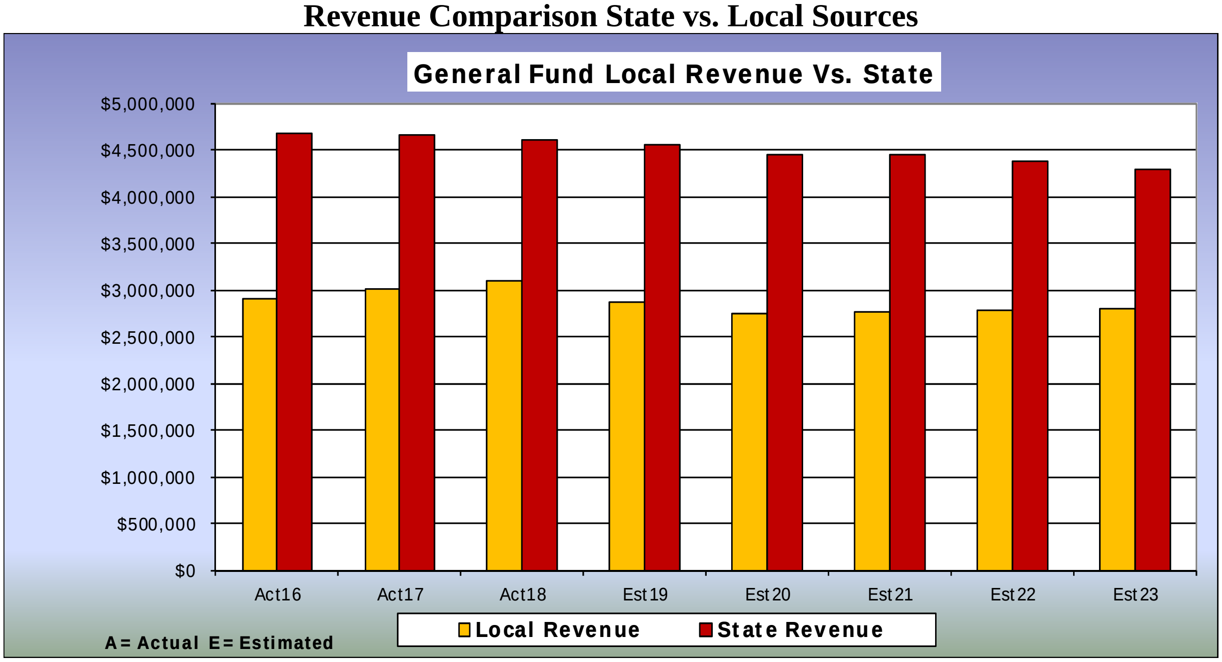
Source	FY 19	FY 20	FY 21	FY 22	FY 23
Economically Disadvantaged Aid	$63,134	$65,028	$66,979	$68,988	$71,058
Career Tech - Restricted	5,695	5,695	5,695	5,695	5,695
Restricted State Revenues Line #1.040	$68,829	$70,723	$72,674	$74,683	$76,753

B) Restricted Federal Grants in Aid – line #1.045

There is no additional Federal Assistance projected in the forecast.

SUMMARY	FY 19	FY 20	FY 21	FY 22	FY 23
Unrestricted Line # 1.035	$4,181,040	$4,097,734	$4,096,032	$4,012,689	$3,930,914
Restricted Line # 1.040	68,829	70,723	72,674	74,683	76,753
Rest. Fed. Grants in Aid- SFSF Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$4,249,869	$4,168,457	$4,168,706	$4,087,372	$4,007,667

Revenue Comparison State vs. Local Sources

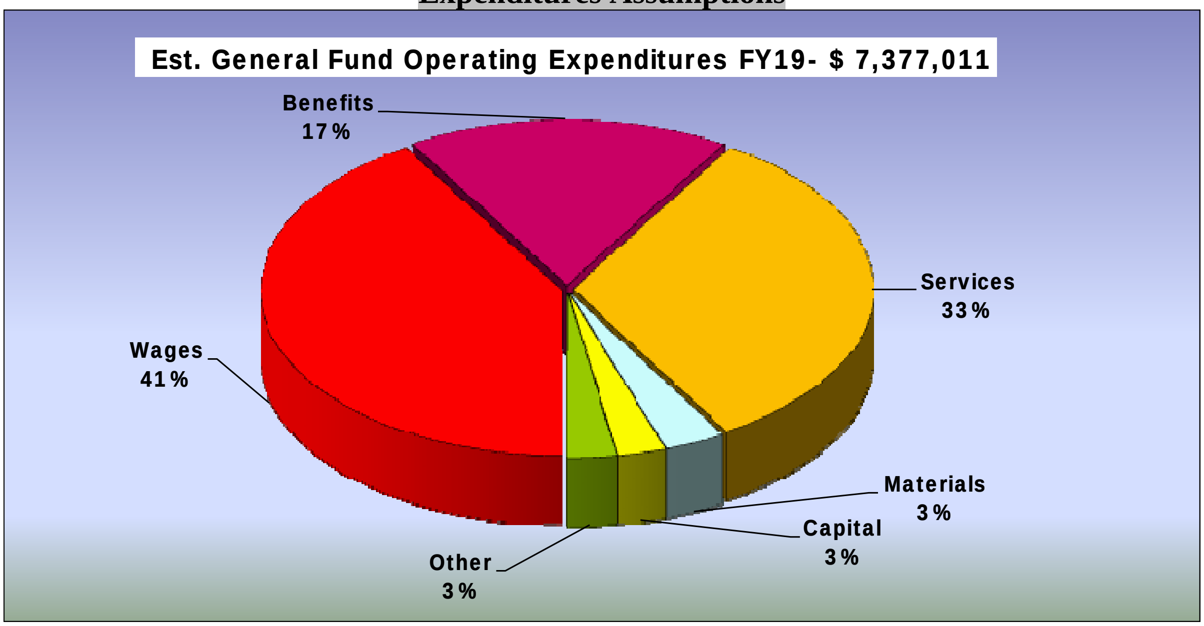


Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short term borrowing planned for in this forecast at this time from any sources.

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 over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year. No transfers or advances are estimated throughout the forecast period.

All Other Financial Sources – Line #2.060 & Line #14.010
Refund of prior year expenditures is the primary non-operating revenue source on Line 2.06. We have anticipated that we will receive the BWC rebate at the historic trend of $2,000 a year FY19 through FY23.

Expenditures Assumptions



Wages – Line #3.010
For planning purposes we have estimated a 2.5% base increase in FY 19-23 with normal step increases in all years. Other adjustments for attrition have been made as well for FY19 – FY23.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Base Wages	$2,672,406	$2,810,717	$2,941,503	$3,078,119	$3,221,103
Increases	74,984	76,539	79,845	83,576	87,482
Steps & Training	51,577	54,247	56,771	59,408	62,167
Subs/OT/Inctiv./Supps/Supt.	240,296	252,311	264,927	278,173	292,082
Growth	22,286	0	0	0	0
Staff Reductions	(10,536)	0	0	0	0
Total Wages Line 3.010	$3,051,013	$3,193,814	$3,343,046	$3,499,276	$3,662,834

Fringe Benefits Estimates

A) STRS/SERS will increase as Wages Increase

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

For FY19 we are estimating an increase of 22.4% and For FY20-23 we are estimating 2% growth in costs.

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. 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 coverage that do not have coverage now. Longer-term, a significant concern is the 40% "Cadillac Tax" but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .006% of wages. Unemployment Compensation has been adjusted based on actual data through FY2018. 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 increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

Summary of Fringe Benefits – Line #3.020

Source	FY 19	FY 20	FY 21	FY 22	FY 23
STRS/SERS	$483,677	$489,687	$512,559	$536,498	$561,562
Insurance's	579,845	591,442	603,271	615,336	627,643
Workers & UC Comp	22,393	23,464	24,583	25,755	26,981
Medicare	47,886	50,143	52,486	54,939	57,506
Opt Out/Tuition/Health Savings	151,507	151,500	151,500	151,500	151,500
Total Line 3.020	$1,285,308	$1,306,236	$1,344,399	$1,384,028	$1,425,192

Purchased Services – Line #3.030

Anticipated expenditures in these areas are based on historical patterns. The change in recording administrative costs for tax collections is also appearing in this category as well as special education services, open enrollment and community school costs. For FY19 -23 we are projecting an average per year increase of 4%.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Professional, Legal, Technical Fees & Maintenance	$187,660	$193,290	$199,089	$205,062	$211,214
Legal Fees /Policy updates	73,409	74,877	76,375	77,903	79,461
Open Enrollment Deduction/Voc adj	889,598	916,286	943,775	972,088	1,001,251
Community School/ Scholarships/College Credit +	254,167	269,417	285,582	302,717	320,880
Other Tuition/Special Tuition/ESC services	651,083	683,637	717,819	753,710	791,396
Utilities/Telephone/Postage/Internet	297,005	311,855	327,448	343,820	361,011
Copier Fees and Lease Agreements	58,756	59,931	61,130	62,353	63,600
Total Line 3.030	$2,411,678	$2,509,293	$2,611,218	$2,717,653	$2,828,813

Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for supplies and materials expenses in FY19-23. Throughout the forecast period, amounts were adjusted upward for textbooks and curriculum to account for software licensing fees and other additional instructional supplies and student classroom furniture.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Supplies/Materials/Bus Fuel/Bus Repairs	$160,230	$168,242	$176,654	$185,487	$194,761
Textbooks, CCP books & Curriculum Adoptions	81,072	61,072	42,900	44,187	45,513
Total Line 3.040	$241,302	$229,314	$219,554	$229,674	$240,274

Equipment – Line # 3.050

Capital outlay expenditures are based on recent historical patterns. Additional items added in FY19-23 are for roof work and technology updates as well as athletic complex repairs and other building maintenance repairs.

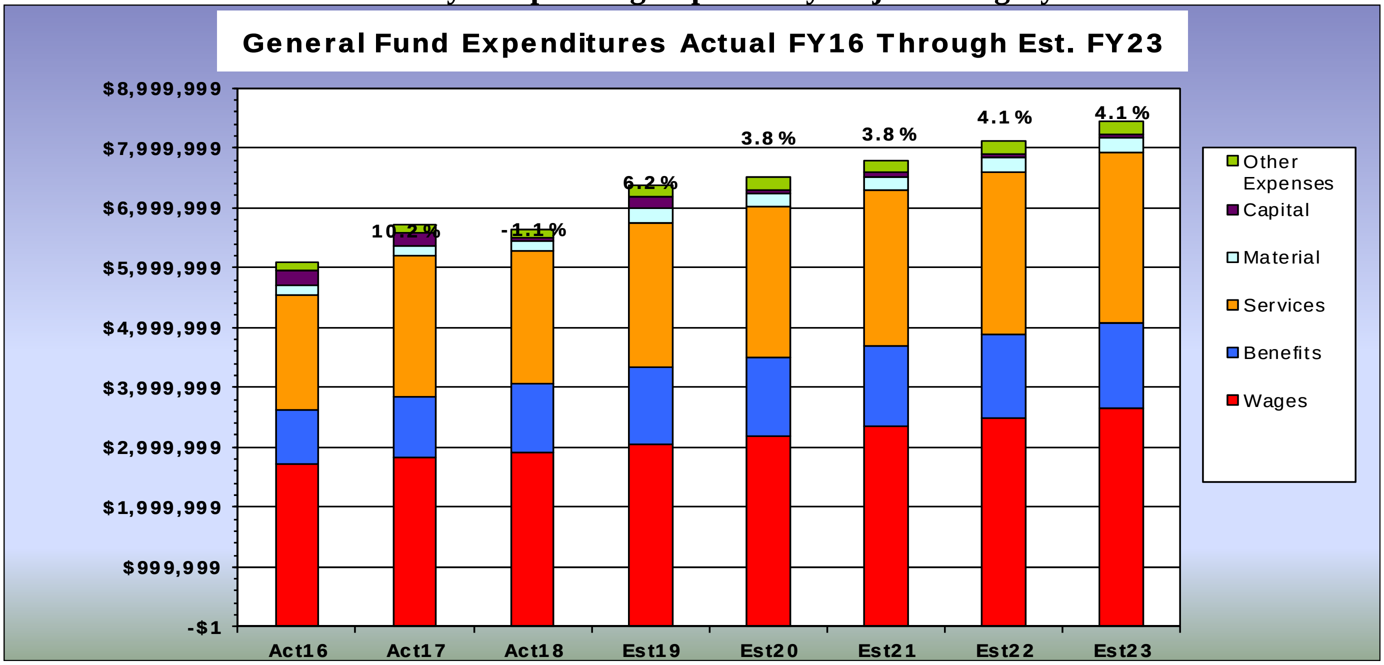
Source	FY 19	FY 20	FY 21	FY 22	FY 23
Capital Outlay	$60,081	$61,883	$63,739	$65,651	$67,621
Facility Repairs	75,000	0	0	0	0
Building Repair/Technology	55,619	0	0	0	0
Total Line 3.050	$190,700	$61,883	$63,739	$65,651	$67,621

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees charged for collection of property taxes. Currently, we are estimating annual increase of 3% for this forecast.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Auditor & Treasurer Fees	$47,865	$49,301	$50,780	$52,303	$53,872
Insurance and other expenses	90,436	93,149	95,943	98,821	101,786
Total Line 4.300	$138,301	$142,450	$146,723	$151,124	$155,658

Summary of Operating Expenses by Object Category



Transfers Out/Advances Out – Line# 5.010

Advances are short term loans to other funds over the end of the fiscal that are anticipated to be received when the receiving fund can repay the General Fund. Advances are often needed to help the district comply with state budget laws. We are not currently estimating any advances out or transfers to the Fund 035 Severance Fund as noted below FY19-23.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
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

Debt Service – Line# 4.020; 4.050; 4.060

We obtained a fifteen year HB 264 Loan in July 2009 and therefore are reflecting the interest and principal payments. The loan is with U.S. Bank National Association. The HB 264 project will be financed over a 15 year term to cover $1.72 million in improvements. The total accumulated energy savings from the improvements through the year 2024 are projected to be over $1.72 million.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Fieldhouse/USBANK Debt Line 4.055	$0	$0	$0	$0	$0
HB 264 Principal Line 4.050	45,000	45,000	45,000	45,000	45,000
Interest HB 264 Line 4.060	13,709	13,709	13,709	13,709	13,709
Total Debt Service	$58,709	$58,709	$58,709	$58,709	$58,709

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.

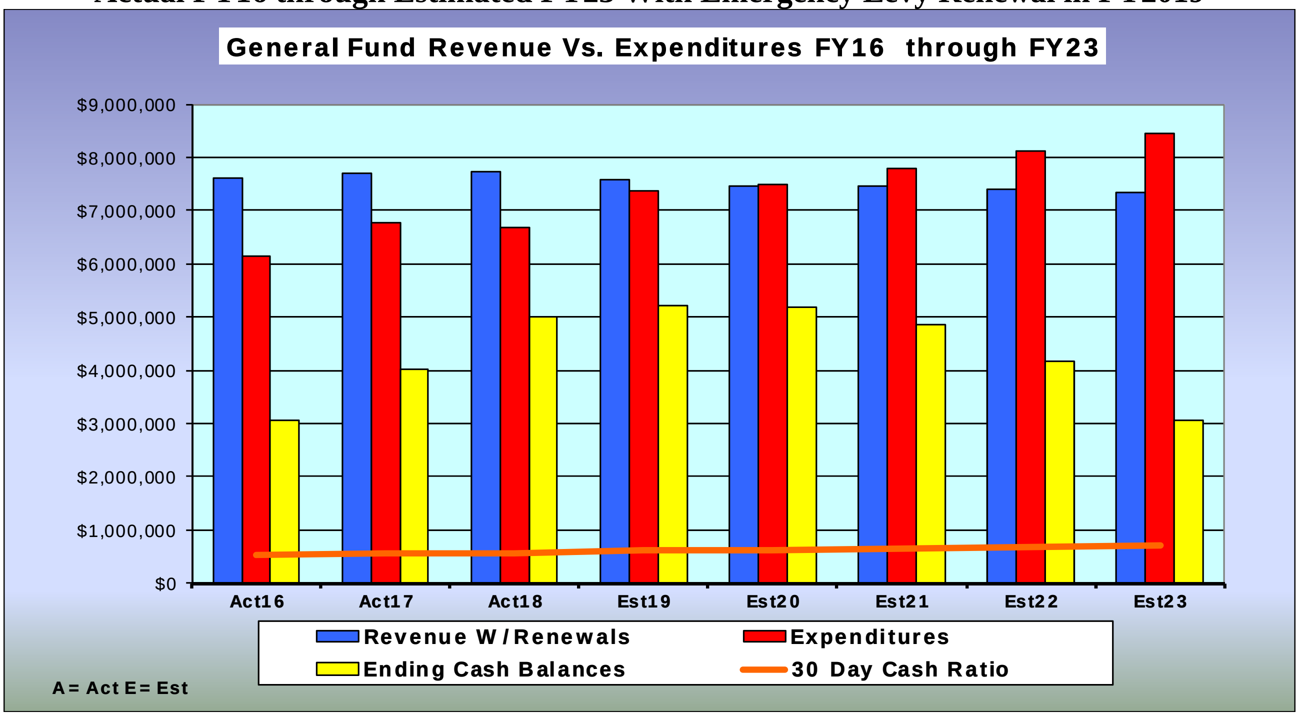
	FY 19	FY 20	FY 21	FY 22	FY 23
Estimated Encumbrances	$51,031	$51,031	$51,031	$51,031	$51,031

Reservations of Fund Balance – Line #9.080
Upper Scioto Valley Local School District currently has no reservations of fund balance.

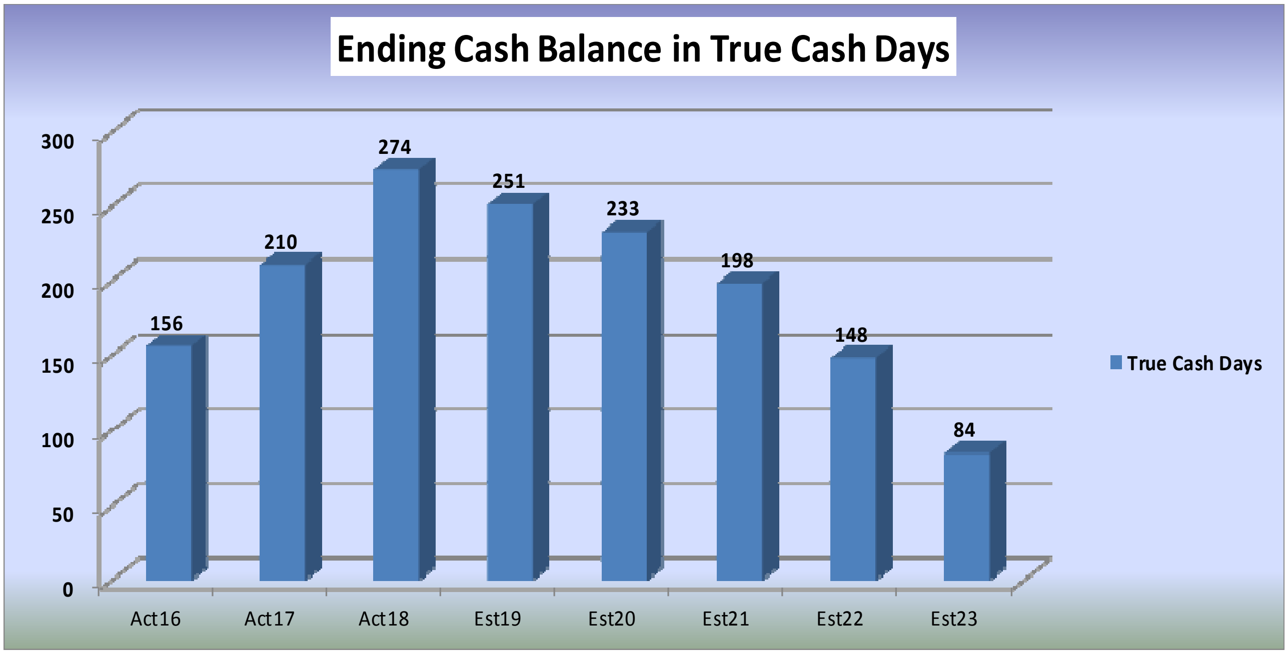
Ending Unencumbered Cash Balance – Line#15.010
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000. This includes renewal of the emergency levy in FY2019.

	FY 19	FY 20	FY 21	FY 22	FY 23
Ending Cash Balance	$5,219,922	$5,170,534	$4,853,280	$4,154,458	$3,062,422

General Fund Revenue, Expenditures and Ending Cash Balance
Actual FY16 through Estimated FY23 With Emergency Levy Renewal in FY2019



True Cash Days Ending Balance-Not Including Emergency Levy Renewal
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 with out additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds but does not include renewal of the district's emergency levy, which shows that in order to maintain adequate cash reserves in FY23 the district needs to renew the levy.


Ending Cash Balance in True Cash Days
300
250
200
150
100
50
0
156
210
274
251
233
198
148
84
Act16
Act17
Act18
Est19
Est20
Est21
Est22
Est23
True Cash Days