



HURON CITY SCHOOLS

BUDGET REQUEST FOR ALL FUNDS

FISCAL YEAR 2019

July 1, 2017 through June 30, 2018

July 1, 2018 through June 30, 2019

Dennis Muratori, Superintendent

Dawn M. Jacobs, Treasurer/CFO

HURON CITY SCHOOL DISTRICT
712 Cleveland Road East
Huron, OH 44839
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**FY2019 TAX BUDGET
Executive Summary**

As part of the District budget planning, the first step is preparation and adoption of the annual tax budget. Since any school district in the State of Ohio is considered a political subdivision, and thus a taxing authority, the County Auditor treats the finances of the district in much the same way as a county, township or other municipality. The budgetary laws governing political subdivisions in the State of Ohio can be found in Section 5705 of the Ohio Revised Code.

The tax budget, adopted each January for submission to the County Auditor, is part of the initial stages of district-wide budgeting. This submission covers the completion of FY2018 through June of 2018, the forecast of FY2019 through the close of June 2019 and the projection through December 2019. This budget works in conjunction with the Five Year Forecast submissions, the Appropriation measures and the Certificate of Estimated Resources. This document as well as all of the submissions to the Erie County Auditor's office identifies the need of tax revenues for ongoing operations of the district. These documents are also reviewed by the Board of Education to identify the need for any new levy measures for the district.

The Ohio Revised Code mandates Board adoption of the tax budget no later than January 15 of each year for the next succeeding fiscal and calendar years. This helps to align the finances of the district, which operate by a fiscal year calendar, to the County Auditor finances, which run on a calendar year basis for tax collection. The format used to submit the tax budget document is required by the Auditor of State.

Once the tax budget is approved by the Huron City School District Board of Education, the budget is submitted for review by the Erie County Budget Commission. The County budget commission is comprised of the County Auditor, the County Treasurer and the County Prosecutor. While the budget commission has no authority to reduce voted millage other than debt service millage, it can adjust the inside millage from general property tax to conform to the needs demonstrated by the tax budget document. It is an important step in this process to identify the true need of the district for the ongoing revenue generated by existing tax levies. The action of the budget commission is submitted to the Board of Education by March 1 annually through the Certificate of Estimated resources. This certificate governs the maximum amount available for appropriation for the district's next fiscal year.

As a final step in the process, the Board of Education will adopt a resolution certifying the tax rates and authorizing the county auditor to collect the property taxes on or before April 1 annually. These rates are the voter approved tax rates plus the inside millage allowance. These rates will be instituted for collection beginning on January of the following year.

The tax budget provides past financial results with future projections covering an eighteen month period. This is an important document for current collection and levy of future taxes. It also is important to the Board of Education to set the operation levels in the district.

For more information about his document, please contact Dawn M. Jacobs, Treasurer/CFO of Huron City Schools at 419.433.1234 or via email at djacobs@huronhs.com.

Alternative Tax Budget Information

Huron City School District
For the Fiscal Year Commencing July 1, 2019

Fiscal Officer Signature _____ Date _____

COUNTY OF ERIE

Background

Substitute House Bill 129 (HB129) effective June 23, 2002, was enacted by the 124th General Assembly in part to allow a county budget commission to waive the requirement that a taxing authority adopt a tax budget for a political subdivision or other taxing unit, pursuant to Ohio Revised Code (ORC) Sections 5705.281.

Under the law in effect prior to June 3, 2002, the budget commission could only waive the tax budget for a subdivision or other taxing unit receiving a share of the county undivided local government fund or the county undivided local government revenue assistance fund under an alternative method or formula pursuant to ORC Sections 5747.53 and 5747.63. Thus, tax budgets could be waived only for counties, municipalities, townships, and park districts. This restriction is now removed.

Ohio Revised Code Section 5705.281

Under the amended version of this section pursuant to HB 129, a county budget commission, by an affirmative vote of a majority of the commission, including an affirmative vote by the county auditor, may waive the tax budget for any subdivision or other taxing unit. However, the commission may require the taxing authority to provide any information needed by the commission to perform its duties, including the division of the tax rates as provided under ORC Section 5705.04.

County Budget Commission Duties

The county budget commission must still certify tax rates to each subdivision or other taxing unit by March 1 for school districts and by September 1 for all other taxing authorities under ORC Section 5705.35, even when a tax budget is waived. Also, the commission is still required to issue an official certificate of estimated resources under ORC Section 5705.35 and amended official certificates of estimated resources under ORC Section 5705.36.

Therefore, when a budget commission is setting tax rates based on the need of a taxing unit, for purposes of ORC Sections 5705.32, 5705.34, and 5705.341, the determination must be based on other information the commission asked the taxing authority to provide under ORC Section 5705.281, when the tax budget was waived. Also, an official certificate must be based on the other information the commission asked the taxing authority to provide.

Alternative Tax Budget Information Filing Deadline

The fiscal officer for each school district must file one copy of this document with the County Auditor on or before January 20. [Note: The traditional deadline for submission of the tax budget has been January 20. There is the potential for flexibility on this date as a result of HB 129 depending on the need of the Budget Commission, but in order to align with set deadlines to submit the certificate of estimated resources the date may need to be very close to January 20.

**GUIDELINES FOR COMPLETING THE
ALTERNATIVE TAX BUDGET INFORMATION**

SCHEDULE 1

The general purpose of Schedule 1 is to meet the requirement of Ohio Revised Code (ORC) Section 5705.04 which requires the taxing authority of each subdivision to divide the taxes levied into separate levies. For help use the Schedule B issued by the budget commission for the current year and any new levies. This will help to ensure no levies are missed.

In column 1 list only those individual funds which are requesting general property tax revenue. In column 2 purpose refers to the following terms: inside, current expenses and special levy for example. In column 9 identify the amount of general property tax you wish to request.

SCHEDULE 2

The general purpose of schedule 2 is to demonstrate the need to produce property tax revenues to cover the estimated expenditures for the budget year. ORC Section 5705.341 states in part;

“Nothing in this section or any section of the ORC shall permit or require the levying of any rate of taxation, whether within the 10 mill limitation or whether the levy has been approved by the electors, the political subdivision or the charter of a municipal corporation in excess of such 10 mill limitation, unless such rate of taxation for the ensuing fiscal year is clearly required by a budget properly and lawfully, adopted under this chapter or by other information required per ORC 5705.281.”

Property tax revenue includes real estate taxes, personal property taxes, and homestead / rollback. For the General Fund you may use your 5 Year Forecast or the form that is displayed.

SCHEDULE 3

The general purpose of schedule3 is to provide for the proper amount of millage to cover debt service requirements on voted bond issues. Major capital improvement projects are sometimes financed through the use of voted bonds. The taxing authority seeks voter approval of the general obligation bonds and of the levy of property taxes outside the indirect debt limitation in whatever amount is necessary to pay debt service on those bonds.

In column 6 you must take into consideration any carry over plus or minus cash balance estimated for the current year. This can happen because there are no certainties concerning tax payments and the valuation of personal property taxpayers.

DIVISION OF TAXES LEVIED
 (Levies inside and outside 10 Mill Limitation, Inclusive of Debt Levies)

Listing of All Levies of the Taxing Authority

Funds: (General, Permanent Improvement, Library, Other)

Schedule 1

Fund	Purpose	Authorized By Voters on MM/DD/YY	Levy Type	Number of Years Levy to Run	Tax Year Begins / Ends	Collection year Begins / Ends	Maximum Rate Authorized
General	Inside		Inside Mills	Continuing		Continuing	5.30
Library - Huron	Inside		Inside Mills	Continuing		Continuing	0.10
General	Current Expense	Prior 1976	Additional	Continuing	1976 / Continuing	Continuing	36.50
General	Current Expense	5/7/1985	Additional	Continuing	1985 / Continuing	Continuing	7.30
General	Current Expense	5/8/1990	Additional	Continuing	1990 / Continuing	Continuing	3.00
Permanent Improvement	Improvements	11/2/2010	Renewal	Continuing	2011 / Continuing	Continuing	5.90
General	Current Expense	11/6/2014	Emergency	5	2014 / 2018	5	1.21
General	Current Expense	11/6/2013	Renewal	5	2013 / 2017	5	5.90
Bond Retirement - Library	Debt	5/4/1999	Bond	26	1999 / 2024	26	0.90
General	Current Expense	11/9/2009	Emergency	10	2010 / 2019	10	8.20
Totals							74.31

STATEMENT OF FUND ACTIVITY
 (Complete only for General Fund, Bond Retirement Fund and
 Any other Funds Requesting General Property Tax Revenue)

Funds: (General/ Permanent Improvement)

Schedule 2

Fund: General	07/01/2016 - 06/30/2017	7/1/2017 - 12/31/2017	01/01/2018 - 06/30/2018	07/01/2018 - 12/31/2018	01/01/2019 - 06/30/2019	
	Description	Prior Fiscal year 2017 Actual	Current Year		Budget Year	
			Current Fiscal Year 2018 Budgeted Jul 1 - Dec 31, 2017	Current Fiscal Year 2018 Budgeted Jan 1 - Jun 30, 2018	Next Fiscal Year 2019 Estimated July 1 to Dec 31 2018	Next Fiscal Year 2019 Estimated Jan 1 to June 30 2019
Beginning Unencumbered Fund Balance	\$5,323,292.00	\$5,481,648.00		\$4,964,186.00		
Revenues:						
Property Taxes	\$9,654,525.00	\$4,427,814.00	\$5,226,711.00	\$4,427,813.88	\$5,226,711.00	
Income Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Other Receipts	\$5,328,373.00	\$2,571,635.00	\$2,571,635.00	\$2,571,635.00	\$2,571,635.00	
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total Resources	\$14,982,898.00	\$6,999,449.12	\$7,798,345.88	\$6,999,449.00	\$7,798,346.00	
Total Expenditures & Encumbrances	\$14,824,542.00	\$7,935,935.00	\$7,379,322.00	\$7,350,322.00	\$7,450,322.00	
Ending Unencumbered Balance	\$5,481,648.00		\$4,964,186.00		\$4,961,337.00	

Fund: Permanent Improvement	07/01/2016 - 06/30/2017	7/1/2017 - 12/31/2017	01/01/2018 - 06/30/2018	07/01/2018 - 12/31/2018	01/01/2019 - 06/30/2019	
	Description	Prior Fiscal year 2017 Actual	Current Year		Budget Year	
			Current Fiscal Year 2018 Budgeted Jul 1 - Dec 31, 2017	Current Fiscal Year 2018 Budgeted Jan 1 - Jun 30, 2017	Next Fiscal Year 2019 Estimated July 1 to Dec 31 2018	Next Fiscal Year 2019 Estimated Jan 1 to June 30 2019
Beginning Unencumbered Fund Balance	\$248,197.75	\$252,187.00		\$162,710.02		
Revenues:						
Property Taxes	\$262,029.35	\$119,615.87	\$212,312.95	\$230,973.05	\$212,312.95	
Income Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Other Receipts	\$59,769.00	\$37,065.09	\$78,537.11	\$65,269.72	\$131,000.00	
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total Resources	\$321,798.35	\$156,680.96	\$290,850.06	\$296,242.77	\$343,312.95	
Total Expenditures & Encumbrances	\$317,808.31	\$268,504.00	\$268,504.00	\$400,000.00	\$250,000.00	
Ending Unencumbered Balance	\$252,187.00		\$162,710.02		\$152,265.74	

STATEMENT OF FUND ACTIVITY
 (Complete only for General Fund, Bond Retirement Fund and
 Any other Funds Requesting General Property Tax Revenue)

Funds: (Bond Retirement / Maintenance)

Schedule 2

Bond Description	07.01.2016 - 06.30.2017	7.1.2017 - 12.31.2017	01.01.2018 - 06.30.2018	07.01.2018 - 12.31.2018	01.01.2019 - 06.30.2019
	Prior Fiscal year 2017 Actual	Current Year		Budget Year	
		Current Fiscal Year 2018 Budgeted Jul 1 - Dec 31, 2017	Current Fiscal Year 2018 Budgeted Jan 1 - Jun 30, 2018	Next Fiscal Year 2018 Estimated July 1 to Dec 31 2017	Next Fiscal Year 2019 Estimated Jan 1 to June 30 2019
Beginning Unencumbered Fund Balance	\$248,197.75	\$252,187.44		\$263,420.38	
Revenues:					
Property Taxes	\$262,029.35	\$119,615.87	\$146,211.59	\$119,615.87	\$146,211.59
Income Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Receipts	\$59,769.00	\$37,065.22	\$26,094.26	\$37,065.22	\$26,094.26
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Resources	\$321,798.00	\$156,681.09	\$172,305.85	\$156,681.09	\$172,305.85
Total Expenditures & Encumbrances	\$317,808.31	\$268,504.00	\$49,250.00	\$268,504.00	\$49,250.00
Ending Unencumbered Balance	\$252,187.44		\$263,420.38		\$274,653.32

DETAIL OF TAX LEVY FUNDS

Schedule 3

Statement of Fund Activity	I	II	III	IV	V
Fund by Type	Beginning Estimated Balance	Total Estimated Revenues	Total Resources Available for Expenditures	Total Estimated Expenses and Encumbrances	Ending Estimated Unencumbered Balance
Special Revenue Funds - 400s, 500s	\$4,298.99	\$784,514.00	\$788,812.99	\$738,812.99	\$50,000.00
Debt Service Funds - 002	\$252,187.05	\$321,798.00	\$573,985.05	\$442,517.50	\$131,467.55
Expendable Trust Funds - 007	\$128,577.67	\$46,534.00	\$175,111.67	\$50,000.00	\$125,111.67
Enterprise Funds - 006	-\$1,065.66	\$523,300.00	\$522,234.34	\$520,000.00	\$2,234.34
Internal Service Funds - 018, 019	\$47,005.88	\$42,643.00	\$89,648.88	\$51,552.38	\$38,096.50
Fiduciary Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Agency Funds - 022, 200, 300	\$211,421.60	\$346,675.00	\$558,096.60	\$347,700.00	\$210,396.60

VOTED AND UNVOTED DEBT OUTSIDE 10 MILL LIMIT

Voted	Unvoted Debt Outside 10 Mill Limit	I	II	III	IV	V	
		Authorized by Voters On (Date)	Date of Issue	Final Maturity Date	Principal Amt Outstanding at the Beginning of the Yr	Amt Required to Meet Budget Yr Principal/Interest Pymts	
					6/1/2018 to Maturity	6/1/19 and 12/1/19 Payments	
	Library Bond	5/4/1999	9/7/2017	12/1/2025	\$2,334,324.25	\$290,447.50	Refunding Series 2007
	Energy Conservation Notes	N/A	9/18/2008	12/1/2023	\$740,000.00	\$144,670.00	
						\$435,117.50	



HURON CITY SCHOOLS

Huron City Schools

FIVE YEAR FORECAST

For Actual Fiscal Years 2014 through 2016

For Forecasted Fiscal Years 2017 through 2021

Prepared and Submitted by Treasurer of

Huron City Schools

Regular Board of Education Meeting October 18, 2016

FY2019 Tax Budget Submission - Huron City School District

Huron City School District

Erie County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

	Actual				Average Change	Forecasted				
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016			Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Revenues										
1.010 General Property Tax (Real Estate)	\$9,440,153	\$9,499,097	\$9,195,351	-1.3%	\$9,635,359	\$9,683,536	\$9,731,953	\$9,780,613	9,829,518	
1.020 Tangible Personal Property Tax			528,777		\$301,777	\$78,777				
1.030 Income Tax										
1.035 Unrestricted State Grants-in-Aid	2,245,349	2,416,929	2,145,193	-1.8%	\$2,078,429	\$2,078,429	\$2,078,429	\$2,078,429	2,078,429	
1.040 Restricted State Grants-in-Aid	42,442	30,548	34,032	-8.3%	\$34,033	\$30,000	\$30,000	\$30,000	30,000	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	2,356,094	2,228,304	2,354,598	0.1%	\$2,354,598	\$2,354,598	\$2,354,598	\$2,354,598	2,354,598	
1.060 All Other Revenues	816,053	868,256	872,564	3.4%	711,987	715,547	719,125	722,720	728,334	
1.070 Total Revenues	14,900,091	15,043,134	15,128,515	0.8%	15,116,183	14,940,887	14,914,105	14,966,360	15,018,877	
Other Financing Sources										
2.010 Proceeds from Sale of Notes										
2.020 State Emergency Loans and Advancements (Approved)										
2.040 Operating Transfers-In										
2.050 Advances-In	447,884									
2.060 All Other Financing Sources	13,083	29,509	12,667	34.2%	25,000	30,000	30,000	30,000	30,000	
2.070 Total Other Financing Sources	460,947	29,509	12,667	-75.3%	25,000	30,000	30,000	30,000	30,000	
2.080 Total Revenues and Other Financing Sources	15,361,038	15,072,643	15,141,182	-0.7%	15,141,183	14,970,887	14,944,105	14,996,360	15,048,877	
Expenditures										
3.010 Personal Services	7,955,610	7,967,229	7,869,883	-0.5%	8,273,085	8,406,045	8,537,677	8,625,557	8,714,509	
3.020 Employees' Retirement/Insurance Benefits	3,160,152	3,167,892	3,065,503	-1.5%	2,979,630	3,194,417	3,289,597	3,388,882	3,492,778	
3.030 Purchased Services	2,920,350	3,184,828	2,855,882	-3.8%	2,816,999	3,121,281	3,189,567	3,281,908	3,338,856	
3.040 Supplies and Materials	812,291	541,331	577,417	-2.5%	524,971	628,001	641,154	650,862	660,586	
3.050 Capital Outlay	6,839	3,148	114,450	1740.8%	101,691	112,034	112,241	112,245	112,245	
3.060 Intergovernmental										
Debt Service:										
4.010 Principal-All (Historical Only)										
4.020 Principal-Notes	209,786	138,113	141,013	-16.0%	141,013	141,013	141,013	141,013	141,013	
4.030 Principal-State Loans										
4.040 Principal-State Advancements										
4.050 Principal-HB 264 Loans	95,000	100,000		-47.4%	100,000	100,000	100,000	100,000	100,000	
4.055 Principal-Other										
4.060 Interest and Fiscal Charges	79,871	48,908		-69.4%						
4.300 Other Objects	246,427	275,672	307,720	11.7%	981,090	335,065	332,472	336,019	339,859	
4.500 Total Expenditures	15,286,306	15,427,119	14,731,628	-1.8%	15,918,479	16,037,856	16,343,721	16,616,586	16,899,844	
Other Financing Uses										
5.010 Operating Transfers-Out	17,652									
5.020 Advances-Out	277,800									
5.030 All Other Financing Uses										
5.040 Total Other Financing Uses	295,452									
5.050 Total Expenditures and Other Financing Uses	15,581,758	15,427,119	14,731,628	-2.8%	15,918,479	16,037,856	16,343,721	16,616,586	16,899,844	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	220,720	354,476	409,554	-77.5%	777,296	1,066,969	1,399,616	1,620,226	1,850,967	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,488,930	5,268,210	4,913,734	-5.4%	5,323,288	4,545,992	3,479,023	2,079,407	459,181	
7.020 Cash Balance June 30	5,268,210	4,913,734	5,323,288	0.8%	4,545,992	3,479,023	2,079,407	459,181	1,391,786	
8.010 Estimated Encumbrances June 30	406,120	44,158	65,308	-20.6%	200,000	200,000	200,000	200,000	200,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials										
9.020 Capital Improvements										
9.030 Budget Reserve										
9.040 DPIA										
9.045 Fiscal Stabilization										
9.050 Debt Service										
9.060 Property Tax Advances										
9.070 Bus Purchases										
9.080 Subtotal										
10.010 Fund Balance June 30 for Certification of	4,862,090	4,869,576	5,257,980	4.1%	4,345,992	3,279,023	1,879,407	259,181	1,591,786	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal										
11.020 Property Tax - Renewal or Replacement							500,000			
11.300 Cumulative Balance of Replacement/Renewal Levies							500,000	500,000	500,000	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	4,862,090	4,869,576	5,257,980	4.1%	4,345,992	3,279,023	2,379,407	759,181	1,091,786	
Revenue from New Levies										
13.010 Income Tax - New										
13.020 Property Tax - New										
13.030 Cumulative Balance of New Levies										
14.010 Revenue from Future State Advancements										
15.010 Unreserved Fund Balance June 30	4,862,090	4,869,576	5,257,980	4.1%	4,345,992	3,279,023	2,379,407	759,181	1,091,786	
ADM Forecasts										
20.010 Kindergarten - October Count										
20.015 Grades 1-12 - October Count										
State Fiscal Stabilization Funds										
21.010 Personal Services SFSF										
21.020 Employees Retirement/Insurance Benefits SFSF										
21.030 Purchased Services SFSF										
21.040 Supplies and Materials SFSF										
21.050 Capital Outlay SFSF										
21.060 Total Expenditures - SFSF										

Huron City School District

Significant Financial Assumptions – October 2016

Purpose:

Every school district in Ohio creates and presents a five year forecast. This submission includes financial projections reflecting actual, audited numbers from fiscal year 2014 through fiscal year 2016. The projected numbers are presented for fiscal year 2017 through 2021. These projections are based on a *snapshot* of the information available today and using submitted information to make judgments and assumptions as to what will occur in the future. The document can be used in the following ways:

1. To engage the local board of education and the community in long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate".
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial warning signs.

The forecast tracks activity for the General Fund (Fund 001) as well as all retired State Fiscal Stabilization funding (Fund 532), and EdJobs funding (fund 504). The stabilization and EdJobs funding were allocated from fiscal year 2010 through fiscal year 2012.

Basis of Accounting:

This financial document has been prepared on a cash basis. This type of accounting is required by governmental agencies and political subdivisions. This non-GAAP basis of accounting recognizes revenues when received instead of earned and recognizes expenditures when paid rather than when the obligation is incurred. The Ohio law governing the district requires encumbrances for future expenses to ensure appropriations cover all legally binding commitments.

Fund Accounting:

Huron City School District maintains accounts in accordance with the principles of fund accounting. This method of accounting is primarily used by governmental entities and political subdivisions allowing for financial reporting by segregating transactions into separate accounts. Specific funds are determined by the Uniform School Accounting System (USAS) and based on the origination of the revenue streams. Each fund is identified as to the purpose of the revenues received and the anticipated expenditures. State law regulates how each fund is used and all activity is tracked in accordance with these regulations. This forecast looks only at the General fund (fund 001) and other operational funding associated with the day to day operation of the district. As with any projection, the figures contained herein are the best projections based on the information known at the time the forecast was prepared. Since circumstances change and conditions may not occur as anticipated or expected there will, most likely, be a difference between the projected figures and the actual results.

School District Description:

The Board of Education for the Huron City School District is a political subdivision and corporate body charged with the responsibility of managing and controlling the affairs of the district. The operation of

the district is governed by the Ohio Revised Code and State Law. The Board of Education is comprised of five generally elected board members each serving four year terms.

Annually, the Board of Education elects a President and Vice-President. The Board appoints two officials: the Superintendent, who acts as the Chief Executive Officer, and the Treasurer, who serves as the Chief Financial Officer.

The Huron City School District was organized in 1887, drawing enrollment from the City of Huron, Ohio. The district serves an area of approximately twenty two square miles located in Erie County, Ohio. The current enrollment is approximately 1430 from Pre-K to Grade 12. There is one Elementary building, one Middle School, one Junior High Building and one High School building. The Administrative offices are attached to the Elementary Building.

Revenue Assumptions:

Line 1.010 - General Property Tax (Real Estate)

Property values are established by the County Auditor based on any new construction and updated property values. A triennial occurred in 2014 for collection in 2015 with distribution in 2016 – reappraisal occurs in 2017 for collection in 2018 with distribution in 2019 on all Huron City School District properties. The valuations as reported by the County Auditor have been included in the estimates factored into the projection as well as tax reduction factors. The Erie County Auditor has provided valuation figures for tax year 2015 to be collected in 2016. These valuation figures have been used in this projection and are as follows:

Real Property Taxable Value:	\$324,404,470
Public Utility Taxable Value:	<u>\$ 7,668,340</u>
Total Valuation:	\$332,072,850

While the overall movement in this revenue stream from fiscal year 2013 through fiscal year 2015 is .5%, the reappraisal has indicated additional increases in valuation over the previous years. The valuation increases were received in January and are noted above.

Line 1.020 – Tangible Personal Property Tax

Amended Substitute House Bill 66 provided for the phase out of the tangible personal property tax for business, telephone and railroad property from tax years 2006 to 2010. The reductions were to be implemented from fiscal years 2008 through 2012. According to the language, in fiscal year 2013 no general tangible values would be left in the property tax base of school districts. A phase out schedule was created based on this adopted language.

According to the law, school districts will be held harmless for a specified period and then a phase-out period will begin in August of 2011 and last for six years, through 2017. The phase-out period was then postponed due to language in House Bill 1 to August of 2013. The reimbursements to school districts during the hold-harmless and phase-out periods are based on all fixed sum levies (levies passed with a

fixed sum dollar amount). According to the Ohio Department of Education, districts will be reimbursed for as long as those levies are in effect. Additional language from SB208 was released in November 2015 continuing the TPP reductions over the next few years. The forecast indicates our projections with total loss by 2019.

The only entities who continue to be subject to the tax are telephone and inter-exchange telecommunications companies or entities leasing property to telephone and inter-exchange telecommunications companies. The revenue stream included with this forecast is following trends identified over the past few years. This line item has been forecasted flat for the last few years or eliminated altogether; while there seems to be an identifiable trend this revenue stream has been forecast with that trend in mind along with a scheduled loss of \$282,600 in 2016 and incremental losses until phase out by 2019.

Line 1.030 – Income Tax

Huron City School District currently has no Income Tax on the books creating revenue for the district. With the current make up of the community, this may be a revenue stream to explore in coming years.

Line 1.035 – Unrestricted State Grants-in-Aid

This line item has become more and more difficult to project. The revenue shortfalls in past years at the state and federal levels have caused a measure of uncertainty in the state foundation funding. This is a revenue stream districts in the State of Ohio have come to rely.

Currently, districts are just beginning to feel the effect of the funding provided educational entities through HB59. The most recent information indicates a slight increase in funding over the next two years through supplemental funding attached to foundation revenues. There has been a measure of uncertainty with this stream of funding throughout this fiscal year, but the foundation remains as first projected by ODE; with an increase of approximately \$100,000. Early information and subsequent contradicting information regarding funding levels has caused caution with ongoing foundation payments for the district.

Fiscal Year 2013 is the first time districts in Ohio received funding from the launching of casinos in the State of Ohio. This funding has been deployed through the State Department of Taxation by individual County Auditors, much as Tangible Personal Property Tax. The first payment reached districts in Ohio in August 2012 with subsequent payments each January and August. Each of these payments based on partial year results from the casino gross profits since the casino openings were: Cleveland, Toledo, Columbus and Cincinnati.

Casino revenue is taxed in the following manner:

State tax on all gross casino revenue (GCR) 33%
(GCR is calculated as the total amount wagered less the amount paid to players as winnings.)

Amount set aside in support of all public school districts 34%

This revenue is calculated on a per pupil basis. In the Huron City School District scenario, the ADM of 1462 was used to create the projections.

Our most recent results indicate an annual total of casino tax revenue of just under \$75,000. With all the discussion and analysis projecting several different figures, Huron’s results are just under \$25 per pupil, paid twice a year.

The current funding system for State Foundation payments is based upon the new formula developed through the passage of HB59. This calculation incorporates district Average Daily Membership (ADM) against state-defined factors to arrive with foundation funding levels.

This formula is designed with several new areas of interest including Targeted Assistance, K-3 Literacy, Economic Disadvantaged, Limited English Proficiency, and Preschool Special Education. The first payment on the new formula began on the October #1 payment with FY13 student counts. Figures from this payment have been used as the basis for this line item.

The actual foundation trend for FY2011 through FY2014 is a decrease of 0.5%, on average. There was a slight increase of foundation payments for FY2015, but the foundation revenue stream has not been returned to pre-stimulus funding levels. With the election of a new Governor in November 2018, districts in Ohio will most likely anticipate a new funding formula to address continued weaknesses in the funding of public schools in the State of Ohio. This is an unknown for the later years addressed in this forecast.

Line 1.040 – Restricted Grants-in-Aid

The Restricted Grants-in-Aid line item is tracking our current Career Tech funding from the Ohio Department of Education. This amount is estimated taking into account an ongoing attention to career tech classes and integration of those classes in the district curriculum.

Line 1.045 – Restricted Federal Grants-in-Aid

Since fiscal year 2010, this line item has tracked the Federal stimulus funding. In fiscal years 2010 and 2011, the State Fiscal Stabilization Funding had offset a portion of the State foundation funding reductions, earmarked for operational expenses. Once this funding stream was completed, at the end of fiscal year 2011, the EdJobs funding was implemented to help keep Educational jobs at the building level. As of 2012, this funding stream has also ceased. Over the fiscal years covered by this forecast, Huron City School District has received just over \$480,000 to retain Educator jobs in the district.

Unfortunately, the district foundation funding was reduced to account for this additional revenue stream and as of this date, the foundation funding has not been returned to the fiscal year 2009 levels. As of fiscal year 2013, this funding line item is eliminated. There is no additional stimulus funding anticipated.

Line 1.050 – Property Tax Allocation

Property tax allocations or the Homestead and Rollback include a 10% property tax rollback for all residential real property owners. In 1979, an additional 2.5% rollback was enacted for owner occupied homes. Additional relief is granted to qualified elderly and disabled homeowners based on income through the Homestead Exemption program. The Homestead Exemption was expanded in 2008 to exempt the first \$25,000 of appraised home value for senior citizens. These tax credits are reimbursed to the district through the State and are calculated by applying the appropriate percentages to residential property tax collections. This revenue moves at the same pace as residential real estate assessed valuation. A tax levy would have an increasing effect on these revenues as well. HB59 has removed some of the relief associated with this exemption. This income stream has been projected flat until the full effect of HB59 on this revenue is realized.

Tangible Personal Property Tax Replacement Revenues are also tracked under this line item. These revenues reflect the replacement of local tax revenues eliminated by House Bill 66. The Governor's biennium budget would have removed this funding completely by fiscal year 2015 if the House of Representatives had not amended the budget bill to allow the reduction of the replacement revenues over the next few years.

Line 1.060 – All other Revenues

This revenue stream houses all other revenues including interest income, class fees, miscellaneous receipts, sale of assets, PILOT revenues, Medicaid reimbursement and E-Rate reimbursements.

There are some areas of movement to mention for this revenue line item. Interest income will begin to increase. The interim funds are now segregated and have been identified for targeted interest rates, laddered out over the next few months. This will result in additional income over the next few years. The revenue stream is projected somewhat flat until anticipated results are realized. I anticipate the investment interest to continue to grow this is a welcomed change over previous years.

Line 2.060 – Other Financing Sources

This line item accounts for advancements and adjustments needed from the General Fund to eliminate deficit balances in other funds of the district. These amounts are always returned to the General fund. The other activity in this area account for refunds of prior year expenditures, needed to account for activity adjustments from prior fiscal years. This line item is normally immaterial and is forecast as reducing over the next few years to move away from the practice in previous fiscal years.

Expenditure Assumptions:

Line 3.010 – Personal Services

The personal services category represents all salaries and wages for employees of the school district paid through the General fund. These expenses are affected by current negotiated agreements with certified and classified unions; those specific agreements have been taken into account when projecting these expenses. A significant assumption made for the purpose of this contract is the staffing levels over the next few years. Several positions have been eliminated for FY2015 with additional reductions taking affect in FY2016.

All salaries have been calculated on an individual basis. All contracted amounts have been forecast allowing for small increases on the base as well as allowing for experience steps for those staff members. The classified agreement will be in the negotiations process next spring. This forecast views the outcome of these negotiations as an unknown. If the district is unable to reverse deficit spending, additional cuts in this area will be inevitable.

Line 3.020 – Employees Retirement/Insurance Benefits

The two items of most significance in this category are employee health insurance costs and employee pension costs. The retirement costs are, for the most part, calculated at 14% of total salary. According to State law, the district must participate in employee retirement at this level. Until there are any changes to statute, this amount will be forecast as such. The recent retirement changes have no increase in employer contribution.

Employee health insurance costs for fiscal year 2017 have resulted in a slight increase from 2016. Since FY2010, there has been a decrease of over \$179,000 through FY2015, this is due to staff reductions and program redesigns. There are changes coming in the medical insurance plan for the district over the remainder of the fiscal year and moving forward. This line item is projected with an increase of 5% for the life of this forecast.

The other important factor associated with medical costs is the implementation of the Affordable Health Care Act as of July 1, 2013. With the new federal legislation, all employees working a minimum of 30 hours per week are entitled medical coverage. A minimum coverage plan must be offered to these employees. The implementation of the Affordable Health Care Act in this regard has been delayed through 2016. We have yet to identify the process by which this coverage is offered low hour employees and what cost will be borne by the district to do so. As of this writing additional requirements of the legislation are being addressed to ensure compliance.

Line 3.030 – Purchased Services

Expenditures in this category include all services purchased by the district. This could be anything from utilities, to open enrollment out payments, community school payments, special education costs, payments to other educational entities and all other services related to the operation of the district.

The latest State budget provides for special education scholarships for students to attend private schools rather than attending public schools. According to the most recent projections, there should be a deficit to the foundation funding of approximately \$42,374 if the projected figures are realized.

The utilities costs are always significant for the district. The actual results of all utility expenses since 2010 have indicated a decrease over this timeframe. All utility expenses are tracked monthly to identify trends for electric, gas, phone, water and refuse removal. The installation of monitoring systems for gas and electric, as well as lower turf maintenance costs are accredited with the reductions.

The next segment of purchased services of most significance holds the most uncertainty. All payments for students through school choice regulations allow for payments to community schools, open enrollment to other districts, payments to other districts for foster students, payments for special education services for students choosing to attend other districts and payments for special education services for students attending Huron City Schools. The forecast does not assume a sizeable increase of expenses in this area. For fiscal year 2017, the projected net effect for Open Enrollment is a positive \$93,527; this a reduction of \$100,000 over FY2016. Huron Schools remain a destination school in the area. If the Community School transfer figure is used to reduce this figure, the outcome is a loss of \$155,318 if the projected figure of \$248,844 is realized. This is an increase over FY2016 numbers of over \$136,000.

The contracted services agreement through North Point Educational Service Center is one of the most sizeable contracts to be considered here. While this contract has continued to be reduced over the last two years, fiscal year 2017 will see a base contract in excess of \$561,000. This contract covers Speech services, Occupational Therapy, Physical Therapy, Gifted services and Curriculum services. This is a sizeable amount considering the population size. This is an area the district will need to continually monitor for any potential cost savings.

As the year progresses the review of existing contracts will continue to identify any area of additional district funding can be realized.

Line 3.040 – Supplies and Materials

Expenditures in this line item include fuel for the district buses, educational supplies and materials, repair and maintenance supplies, paper, textbook costs, office supplies and all other consumable items.

From FY2012 through FY2014, the district has decreased the overall supply costs by 5.4%. The staff has been cognizant of adhering to spending disciplines, but there is only so much the district can absorb. There has been an effort by Administration to conserve curriculum and instructional purchases, but 2017 will see some purchases to keep the teaching materials current and provide additional needed curriculum.

Maintenance and Transportation supplies are on the rise for this fiscal year. In the prior years of conservation, there are operational issues which need to be addressed; the district is essentially playing ‘catch up’ for some facility upkeep. We have been working through these issues this year to ensure building safety and compliance. An aging bus fleet has also added to these issues. We are in the process of catching up on some of the overdue expenses for district repair/maintenance and operation.

Line 3.050 – Capital Outlay

Much of the Capital Outlay expenses currently planned have been focused on technology, transportation and building operations. Instructional equipment is a necessity in order to have our students prepared for post K-12 education. The movement of state-based testing to electronic formats is driving the necessity for the additional expense. The district is has moved to a wireless environment with much of the expense landing in 2016 and 2017.

In the area of Transportation and Operations, a plan is being developed to replace aging equipment and fleet members. Over the next few years, the Board will need to look at the replacement of vehicles versus maintenance costs.

Strategic planning was completed in 2015. As part of that process, the development of a complete maintenance plan has been identified and implemented to keep operational equipment updated on an identified schedule.

Line 3.060 – Debt Service

Currently there are several leases in place that are charged to the General Fund. Each of the loans and sources of debt are being researched to ensure the appropriate funds are set aside for the satisfaction of each item. The other Debt Service processed by the district is charged to the Bond fund 002.

Line 4.300 – Other Objects

This forecast has assumed no substantial growth in this category. This line item accounts for County ESC deductions, County Auditor and Treasurer Fees, Auditor Election Expenses and miscellaneous membership fees and auditing fees. Of these expenses the County ESC deduction, the County Auditor fees and the Auditing and GAAP conversion fees are the largest. The County Auditor fees are expected to exceed \$100,000 for fiscal year 2016. A portion of the ESC charges are covered by Federal funding as part of the Federal grant applications. This section would also cover any unanticipated miscellaneous expenses.

Lines 5.010 through 5.303 – Other Financing Uses

These deductions have been used historically to transfer revenues to other funds holding a negative balance. This practice has been curtailed for all federal programming, noting all project cash requests as receivables. The other sizeable transfers were for the athletic and food service programs. These programs are currently operating in the black. There is a plan in place to reduce the amount of transfers to other funds for the life of this forecast.

Line 6.010 – Excess of Revenues Over / (Under) Expenses

This line item is a formula that tracks receipts by the fiscal year and subtracts the anticipated expenses for the year. The result is a positive number if the revenues exceed the expenses or a negative number if the expenses exceed the revenues. The goal is to not exceed the amount of revenue received for the year. Over the next few years, the projection will see larger deficits for the upcoming fiscal years covered in this forecast – this trend is not sustainable. The implementation of HB59 has seen no real adjustments to the projections for the life of this forecast.

Line 8.010 – Estimated Encumbrances June 30

Encumbrances are outstanding purchase orders awaiting payment. All purchase orders are in place prior to purchase of goods or services. Once the goods or services are received, an invoice then needs to be approved to allow payment to the vendor. The anticipated encumbrance figures will be purchase orders in this process. All ‘standing’ purchase orders will be closed for the end of the fiscal year and re-opened in the following fiscal year. The projection takes this practice into account.

Line 10.010 – Fund Balance June 30 for Certification of Appropriations

This line item tracks the ending cash balance including encumbrances. According to the Ohio Revised Code, this number cannot be negative.