

This general fund forecast was approved at the May 14, 2019 Board Meeting.

The District passed a new continuing 1% income tax on May 8, 2018. While this will be a huge boost to the District's revenue when it begins to be collected in January 2019, it will take two school years until there is full collection of \$2,500,000 annually. (According to information from the Ohio Department of Taxation, we will collect 5.9% in the 2018-19 school year and 70.4% in the 2019-20 school year.)

The 21st Century grant, a three-year federal grant, ended on June 30, 2017. It was used to pay for 1.5 kindergarten teachers and educational aides, a number of support personnel, an after-school program, and educational materials. All continuing expenses are now paid by the general fund.

Furthermore, the Board passed a cash balance policy requiring the Board to maintain a 37-day cash balance at the end of the current year and the next three. In the event this requirement will not be met, the Board must develop a plan to meet those shortfalls.

REVENUES:

Lines 1.01 and 1.02 (Real estate and tangible personal property taxes) - Current real estate and personal property taxes are based on the certificate of estimated resources from the county auditor. Our general fund effective millage rate for residential and agricultural property is at 20 mills, so any increase in valuation results in additional tax revenue. It is assumed that valuations will grow by 1% per year and that the emergency level that generates \$452,000 annually will be renewed before it expires in December 2020.

Line 1.03 (Income tax) - The district has a 1/2% continuing income tax originating in 1992 and a new 1% continuing tax originating in May 2018. Growth is projected at 2.5% per year. The new income tax began to be collected in January 2019 and will result in phased-in revenue through the 2019-20 school year. School year 2020-21 will be the first year of full collection.

Line 1.035 (Unrestricted state grants-in-aid) – There has been no significant state funding change since the 2016-17 school year, and Ottawa-Glandorf will receive no additional revenue from state aid. We saw an increase in resident student counts in fiscal year 2018 that resulted in higher funding, but there is no formula change and no anticipated future enrollment growth. As such, no increase was included for subsequent state budgets. The state provides revenue to our district at 44% of that rate. It is assumed that local funds (local property and income taxes) provide the remaining 56% of the cost of basic education.

Line 1.04 (Restricted state grants-in-aid) - This includes payments received from the state for poverty assistance and for students attending vocational programs, primarily Millstream. No growth is assumed.

Line 1.05 (Property tax allocation) - These include the Homestead and 10% and 2.5% Rollback reimbursements received from the state. They follow the same growth as property taxes in line 1.01.

Line 1.06 (Other revenues) - Other Revenues include many different items: open enrollment, casino revenue, Medicaid reimbursements, workbook and class fees, interest income, and other miscellaneous sources.

Because there is no room in our buildings to enroll new students from other districts to ours, revenue from open enrollment will decline as grandfathered students graduate.

EXPENDITURES:

Line 3.01 (Personal services) – For certified positions, this forecast assumes a reduction of two teaching positions in the 2019-20 school year, a \$950 lump payment in FY20, a 1% increase in FY20, and a 1.5% increase in FY21. For classified positions, there is a 1.75% increase in FY19, a \$950 lump payment in FY20, a 1% increase in FY21, and a 1.5% increase in FY22. No increases are projected in subsequent years and are subject to negotiations.

Line 3.02 (Employee benefits) – Medical insurance premiums increased by 30% in January 2017, by 15% in January 2018, and 20% in January 2019 because of consistent increases in claims. It is assumed that health insurance rates will increase by 10% in each subsequent year. Dental premiums will increase by 5% in January 2019 and are assumed to increase by 5% in each of the following years. The district currently pays 93% of the HSA health insurance premium for teachers and administrators, and anywhere from 80-98% of the health insurance premium for its non-teacher staff. Similarly, the district pays 85% of the PPO2 health insurance premium for teachers and administrators and anywhere from 75-95% of the health insurance premium for its non-teacher staff. Other items included in retirement & benefits include tuition reimbursement, workers compensation, and a partially Board-funded Section 125 Plan.

Line 3.03 (Purchased services)

- Instructional services from the Putnam County Educational Service Center are forecasted to increase by \$50,000 each year. These are expenses for our special needs students.
- Ottawa-Glandorf has agreements with Interstate Gas Service (IGS) for lower generation and transmission charges on electricity. The district funded a \$620,000 House Bill 264 Energy Conservation project in fiscal year 2016 that guarantees savings of over \$70,000 per year. Unfortunately, internal costs charged by AEP offset some of those savings.
- Repairs and maintenance remain low due to hiring a maintenance supervisor and by using the 034 Maintenance Fund for qualifying expenses.
- The property and liability insurance premiums have typically been paid at the end of June for coverage in the following fiscal year. In 2016, this bill was received late, and was paid in fiscal year 2017. As a result, 2016 expenses were \$144,000 less than they would normally be. Premiums for 2018 and 2019 were during fiscal year 2018 and we are now back on track.
- Costs to participate in the Millstream program for career/tech programs are forecasted to increase by 2% per year. There was a reduction in the number of students enrolled in these programs in FY19, but a small increase is projected for future years
- Costs for our district students to open enroll to other districts is forecasted to remain unchanged.
- College Credit Plus is proving to be an expensive educational opportunity for students. Enrollment in these courses has increased, as has cost.
- The numbers of district residents attending private facilities and requiring special services through the Peterson and Autism scholarships has increased, and is assumed to remain steady for all years.

Line 3.04 (Supplies) – This reflects little change.

Line 3.05 (Capital) – This includes all purchases for items that cost more than \$1,500 and have an expected life of at least five years. Our computers are a big part of this line item. During 2015, the Board adopted a 1:1 technology initiative at the high school that cost \$317,000. Because of favorable pricing, these devices were purchased at the end of FY19 for use beginning in the 2019-20 school year.

Line 4.3 (Other Objects) - Other objects include property and income tax collection fees and auditing charges.

Line 5.01 (Operating transfers out) - Board-approved transfers are made from the General Fund (001) to the Bond Debt Fund (002) and Termination of Benefits Fund (035). Fund 002 is used to pay off the House Bill 264 Energy Conservation notes. Fund 035 is used to pay severance when staff members retire. Using this special fund allows the district to accumulate an allowance for those years when there are high numbers of retirements. The transfer is based on staff members currently eligible to retire and those who will become eligible in the next few years.