



SOUTHERN LOCAL SCHOOL DISTRICT - - MEIGS COUNTY

Five Year Forecast Financial Report

October, 2018

Christi Hendrix, Treasurer

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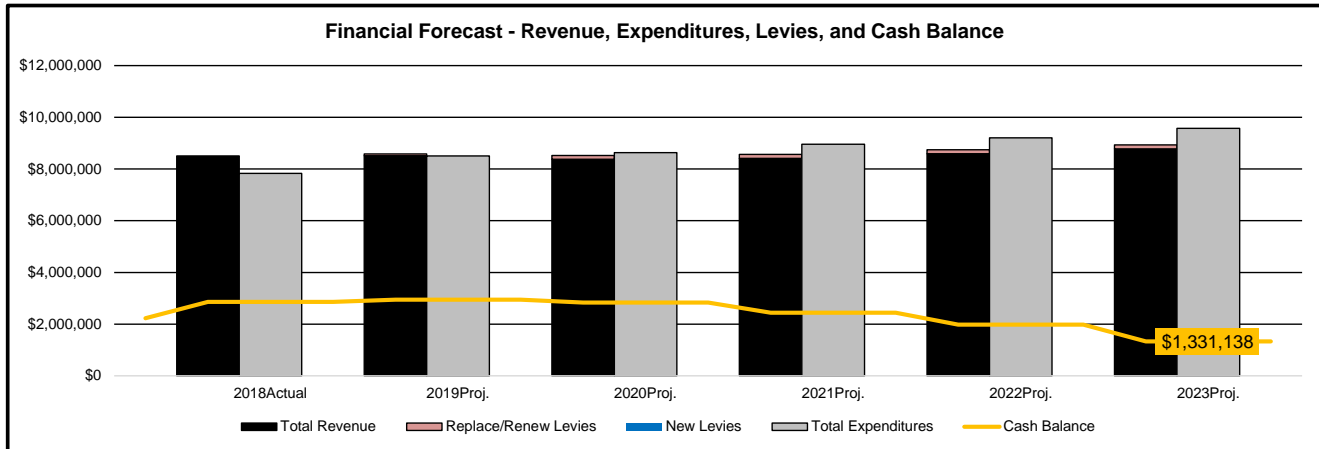
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the 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 problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



SOUTHERN LOCAL SCHOOL DISTRICT - - MEIGS COUNTY

Financial Forecast

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Beginning Balance	2,913,468	2,995,823	2,885,621	2,490,904	2,027,772
+ Revenue	8,510,788	8,373,445	8,414,348	8,594,125	8,780,640
+ Proposed Renew/Replacement Levies	73,711	148,068	149,294	150,460	149,401
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(8,502,144)	(8,631,715)	(8,958,360)	(9,207,717)	(9,576,675)
= Revenue Surplus or Deficit	82,355	(110,202)	(394,718)	(463,132)	(646,634)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	2,995,823	2,885,621	2,490,904	2,027,772	1,381,138

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	8,644	(258,270)	(544,012)	(613,592)	(796,035)
Ending Balance w/o Levies	2,922,112	2,663,842	2,119,830	1,506,238	710,203

Introduction to the Five Year Forecast

All schools in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). 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.

Forecast Purpose

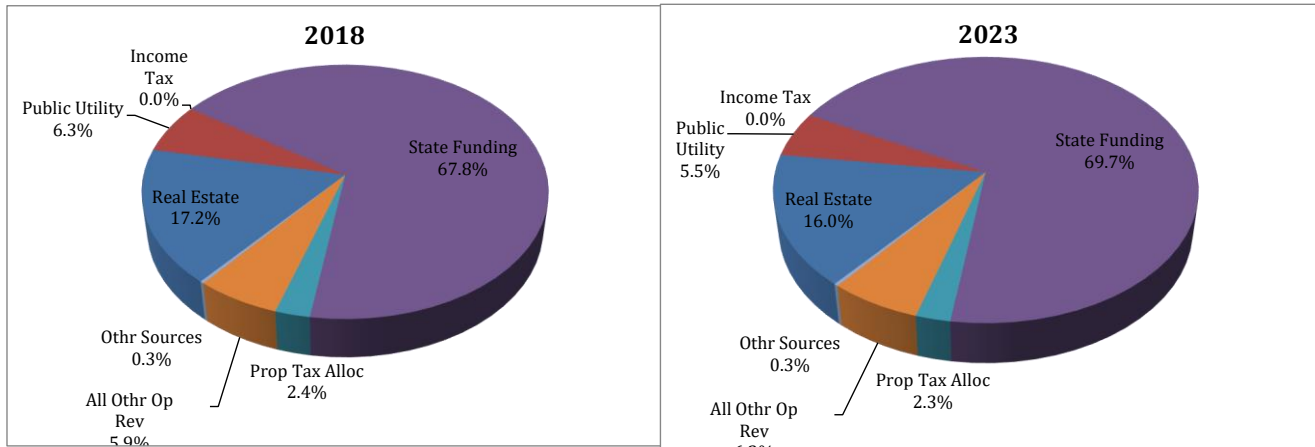
The forecast is like a "painting of the future based upon a snapshot of today". The forecast is viewed as a key management tool and is intended to assist the school district in the financial management of its resources. The forecast will provide trend information to help determine local tax levy needs, union negotiations, program resource allocation, and overall effort to balance the district's budget. The forecast is also intended to provide insight into the future, rather than reaction to the past. It encourages districts to examine future years' projections and identify when challenges will arise and helps management to be proactive in meeting those challenges. Many events ultimately impact the latter years of the forecast, such as state budget, enrollment, property valuation, tax levies, negotiated agreements, just to name a few.

This report includes information regarding key revenue and expenditure assumptions as well as the resulting implications. **An emphasis should be placed on line 6.010 of the forecast. Particular attention should be given to not only the relationship of expenditures to revenue, but the rate of any trend (expenditures exceeding revenue). Cash balance reserves should not be treated as a revenue source to support ongoing operations.**

In the forecast, the numbers only tell a small part of the story, the assumptions to the financial forecast make the numbers meaningful. As with any forecast, the assumptions drive the data. The assumptions are very important to understanding the rationale of the numbers. Additionally, the further out in the forecast, the likelihood for variances is increased.

Assumptions will change, as the district's needs change. They are management's best estimates at the time, and need updated as actual information becomes available. It is crucial that the forecast is updated periodically.

Revenue Sources and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
Revenue:							
1.010-Real Estate	1.76%	-2.66%	1.84%	0.67%	0.66%	0.42%	0.18%
1.020-Public Utility	9.05%	1.78%	1.00%	0.98%	0.98%	0.37%	1.02%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	5.23%	0.09%	-0.19%	0.50%	2.92%	3.14%	1.29%
1.040-Restricted Aid	136.73%	1.39%	-7.44%	-0.10%	1.86%	-0.37%	-0.93%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	1.00%	-2.39%	1.59%	-0.21%	-0.10%	-0.05%	-0.23%
1.060-All Other Operating	0.79%	19.82%	-10.90%	0.05%	0.05%	0.05%	1.81%
1.070-Total Revenue	4.68%	0.88%	-0.74%	0.50%	2.12%	2.13%	0.98%
2.070-Total Other Sources	28.77%	5.83%	0.00%	0.00%	0.00%	0.00%	1.17%
2.080-Total w/Other Srcs	4.15%	0.90%	-0.73%	0.49%	2.11%	2.12%	0.98%

REVENUE OVERVIEW

Over the past several years, school districts have experienced formula changes in state funding. Historically, funding formulas have been inconsistent and calculated using various formulas and components, but have maintained that Ohio’s school funding formula is centered on the needs of students. FY19, the baseline year of the forecast retained the states biennium budget (HB49) and new funding formula (FY18-FY19). The goal of this funding is to work with the existing formula enacted under HB64 and provisions of HB49 that govern the calculation of the foundation formula.

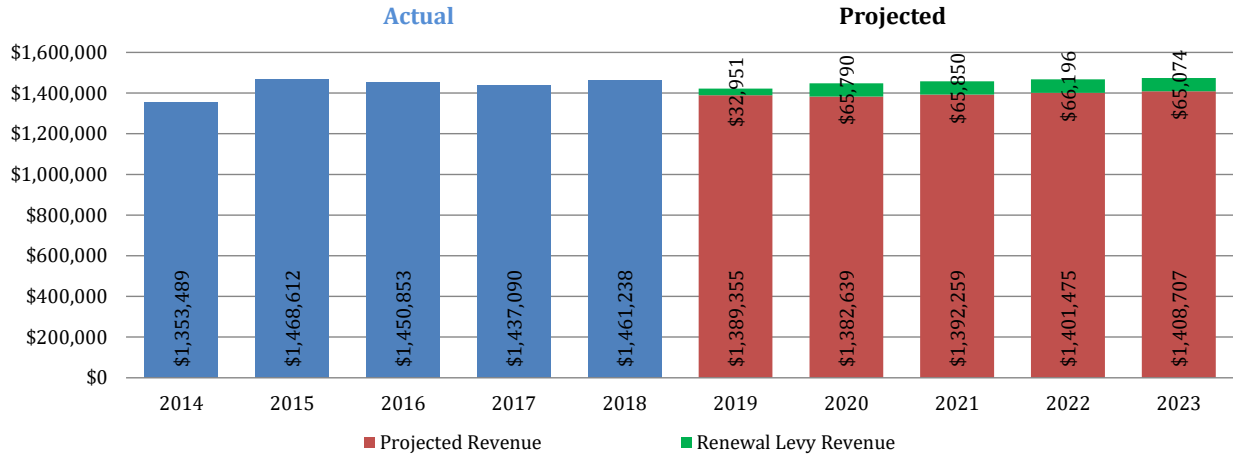
The component “Capacity Aid” is where the district continues to receive the biggest increase in funding. The funding is very similar to former aims to manage low property wealth and in the past this funding has not been sustained. **Forecasted years FY19 through FY23 reflect a continuation of this components funding, however the district must consider its sustainability within future biennial budgets. Any change in the formula and enrollment would have a large effect on the forecast.**

To allocate resources accordingly and distinguish between the higher and lower wealth districts, the state share index is used as the mechanism for the formula to work. The state share index is applied to elements of the foundation formula and provides for measuring the wealth of the district in terms of property tax base and the residents’ ability to pay.

To allocate state dollars to districts, the funding formula uses Caps (limit the increase in a district’s state formula aid from year to year), and conversely, a Guarantee (that ensures that a district will not receive less funding than it received in a previous year). These funding statuses are based upon enrollment growth or decline, changes in district property values, and resident incomes. For this forecast, FY19-FY20 the districts funding status is Guaranteed, FY21 Formula, and FY22 and FY23 we move to Capped funding status due to a slight growth in projected enrollment. The forecast projects state funding for FY19 and beyond based on the formula established under HB49 and applying projected enrollment. It assumes the formula will stay in place during FY19 through FY23.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	1,461,238	1,422,306	1,448,429	1,458,109	1,467,671	1,473,781
YOY \$ Change	24,148	(38,932)	26,123	9,680	9,562	6,110
YOY % Change	1.7%	-2.7%	1.8%	0.7%	0.7%	0.4%

Percentage of Total Revenue	2018	2019	2020	2021	2022	2023
	17.2%	16.6%	17.0%	17.0%	16.8%	16.5%

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2017	79,982,730	85,080	20.01	0.01	23.04	(0.00)	99.2%
2018	80,532,166	549,436	20.01	-	23.04	-	97.5%
2019	79,921,685	(610,481)	20.50	0.49	22.84	(0.20)	97.4%
2020	80,489,205	567,520	20.50	-	22.84	-	97.4%
2021	81,061,733	572,528	20.50	-	22.84	-	97.4%
2022	82,360,233	1,298,500	20.16	(0.34)	22.82	(0.02)	97.4%

General Property Tax (Real Estate) Line 1.010

For Southern Local, general property taxes account for nearly 16.6% of our total general fund revenue. *Meigs County underwent a reappraisal in 2016 and will have an update in 2019.* The district received the real estate valuations from the county auditor and residential values increased from \$38,571,130 to \$38,960,135. Agricultural values increased from \$19,317,830 to \$19,366,075. The forecast projects continued valuation increases TY18-TY22 in Residential, Class II, and Personal Property, but projects a valuation decrease in Agricultural beginning TY19. Under current law, CAUV (Current Agricultural Use Value) values declined statewide in 2017. For some districts, the phase in may have yielded a change in the 25% range in 2017 and projects another similar drop in 2019. Calendar year 2019 will be a triennial update in valuation and the forecast reflects a decrease in Agricultural values. **The district's Current Agricultural Use Value (CAUV) percentage is key to the calculation of the current Supplemental Targeted Assistance Funds.**

Currently, the district has the following millage:

- Inside Millage - 3.50 mills
- Outside (voted) Millage-23.50
- 1976 Current Expense Continuous
- 1982 Current Expense Continuous
- 1991 Current Expense 4.0 mills (renews every five years)

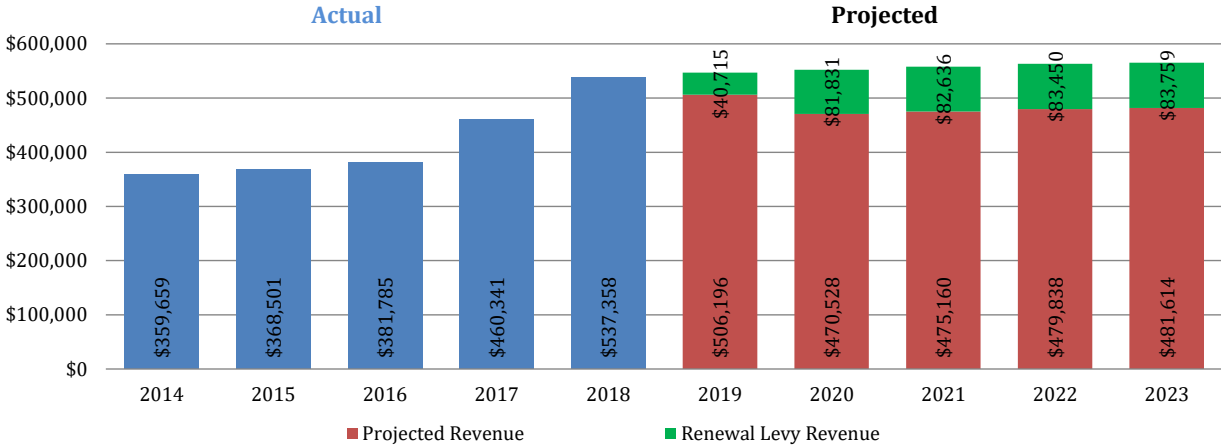
The 1991 Current Expense 4.0 will expire with tax year 2018 and is up for renewal. If you look at FY19 through FY23 of the forecast, Line 10.010 you will see the cash balance without levy renewal and line 12.010 is the cash balance with levy renewal.

In collection year 2018, the district's actual collection rate for Class I was 91.27%, Class II was 99.28%, and PUPP was 100%. Historically, the district has had an excellent total collection rate and that is projected throughout the remainder of the forecast.

**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	537,358	546,911	552,359	557,796	563,288	565,373
YOY \$ Change	77,017	9,553	5,448	5,438	5,492	2,085
YOY % Change	16.7%	1.8%	1.0%	1.0%	1.0%	0.4%

Percentage of Total Revenue	2018	2019	2020	2021	2022	2023
	6.3%	6.4%	6.5%	6.5%	6.4%	6.3%

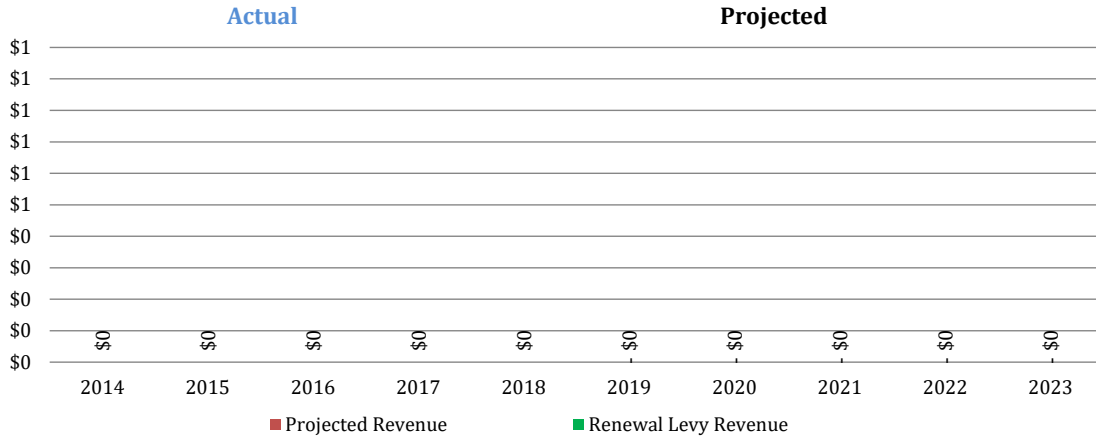
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2017	20,159,110	514,460	27.00	-	100.0%
2018	20,357,521	198,411	27.00	-	100.0%
2019	20,557,916	200,395	27.00	-	100.0%
2020	20,760,315	202,399	27.00	-	100.0%
2021	20,964,738	204,423	27.00	-	100.0%
2022	20,914,738	(50,000)	27.00	-	100.0%

Public Utility Personal Property 1.020
 Public Utility Personal Property represent 6.4% overall percentage of total revenue for the district's general fund. In 2004, legislation (HB 66) was approved by the General Assembly to eliminate the general tangible tax paid by business on equipment and inventory. Tangible personal property taxes are based on the commercial, industrial, and public utility base of the District and the effective tax rate applied. The district experienced an increase of values in Public Utilities without land in TY16 resulting in an increase of revenue. This increase was primarily a result of new electric transmission lines installed by AEP within our district. The forecast projects slight increases each year in valuation. **Again, the 1991 Current Expense 4.0 will expire with tax year 2018 and is up for renewal. If not renewed, the district will experience a reduction in PUPP revenue.**

*Projected % trends include renewal levies

1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



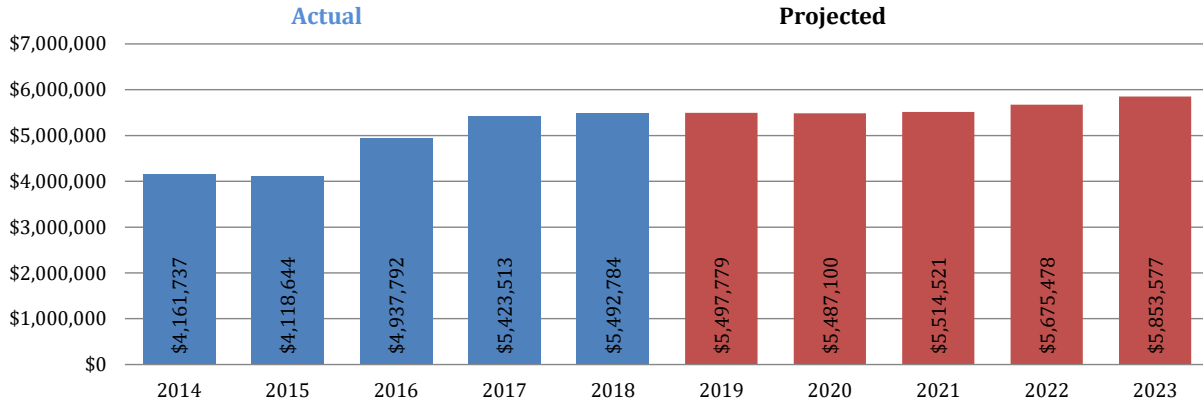
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	-	-	-	-	-	-
YOY \$ Change	-	-	-	-	-	-
YOY % Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The district has no revenue collected from income tax.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	5,492,784	5,497,779	5,487,100	5,514,521	5,675,478	5,853,577
YOY \$ Change	69,271	4,995	(10,679)	27,421	160,957	178,099
YOY % Change	1.3%	0.1%	-0.2%	0.5%	2.9%	3.1%

Percentage of Total Revenue	64.6%	64.0%	64.4%	64.4%	64.9%	65.5%
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Core Funding Per Pupil	6,010	6,020	6,030	6,040	6,050	6,060
State Share Index (SSI)	57.9%	57.9%	56.2%	56.2%	58.9%	58.9%
State Core Funding Per Pupil	3,478	3,484	3,387	3,393	3,561	3,567

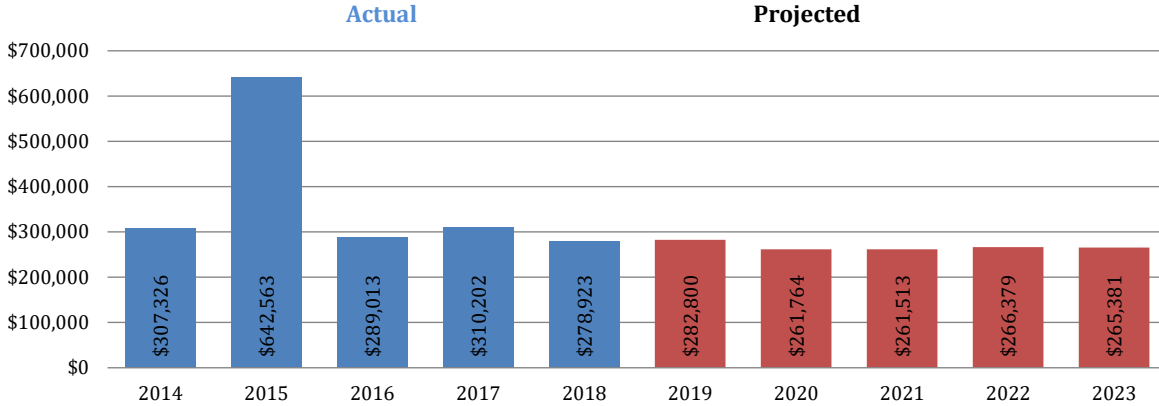
Formula ADM (Funded Student Count)	755	741	742	741	752	749
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Funding Status	Guarantee	Guarantee	Guarantee	Formula	Capped	Capped
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HB 64, the State's biennial budget passed for FY16 and FY17. The new funding model provided new funding components for Ohio schools. Major components of this formula were Opportunity Grant (capped), Targeted Assistance (capped), K-3 Literacy (capped), Limited English Proficiency (capped), Gifted Education (capped), Transportation (capped), and Special Education Funding (capped). HB 49 maintained these primary aid categories used in the existing formula. Opportunity Grant per pupil funding increased to \$6,010 in FY18 and \$6,020 in FY19. The forecast projects the per-pupil funding increase to be limited to \$10.00 per pupil each year. Targeted Assistance primarily targets additional funding to school districts that do not raise enough local revenue beyond the local share of the foundation formula and is targeted to districts that are below a certain threshold of wealth in the state. Tier Two Targeted Assistance provides additional funds to districts with more than 10% of their real property value in agricultural land. **The district's current agricultural targeted percentage is 19.29%, but is projected to gradually decrease FY19-FY23.** Special Education is calculated using per pupil categorical amounts in each fiscal year. K-3 Literacy is calculated using two per-pupil amounts in each fiscal year. Transportation funding is calculated using an approach in which two sets of calculations are done for each district based on different parameters. The approach that yields the higher amount is provided to the district. To allocate resources accordingly and distinguish between the higher and lower wealth districts, the state share index is used as the mechanism for the formula to work. The state share index is applied to elements of the foundation formula and provides for measuring the wealth of the district in terms of property tax base and the residents' ability to pay. **With HB49 provisions, the new components of the formula have been moved inside the cap calculation** and include Capacity Aid (funding for districts where the income generated for one mill of property tax is below the state median), Graduation Bonus (bonus based on high school graduation rate), Third Grade Reading Bonus (bonus on third grade reading guarantee results), and a Transportation Supplement (funding based on rider density and the number of miles driven). **Capacity Aid is where the district has received the biggest increase of funding. The district yield per mill is \$97,511 and the statewide median yield per mill is \$238,201, allowing direct additional resources due to low capacity.** To allocate state dollars to districts, the funding formula uses Caps (limit the increase in a district's state formula aid from year to year), and conversely, a Guarantee (that ensures that a district will not receive less funding than it received in a previous year). These funding statuses are based upon enrollment growth or decline, changes in district property values, and resident incomes. For this forecast, FY19-FY20 the districts funding status is Guaranteed, FY21 Formula, and FY22 and FY23 we move to Capped funding status due to a slight growth in projected enrollment. The forecast projects state funding for FY19 and beyond based on the formula established under HB49 and applying projected enrollment. It assumes the formula will stay in place during FY19 through FY23. In overall, the percentage of total revenue of Unrestricted Grants-in-Aid is 64.0% of total revenue.

1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



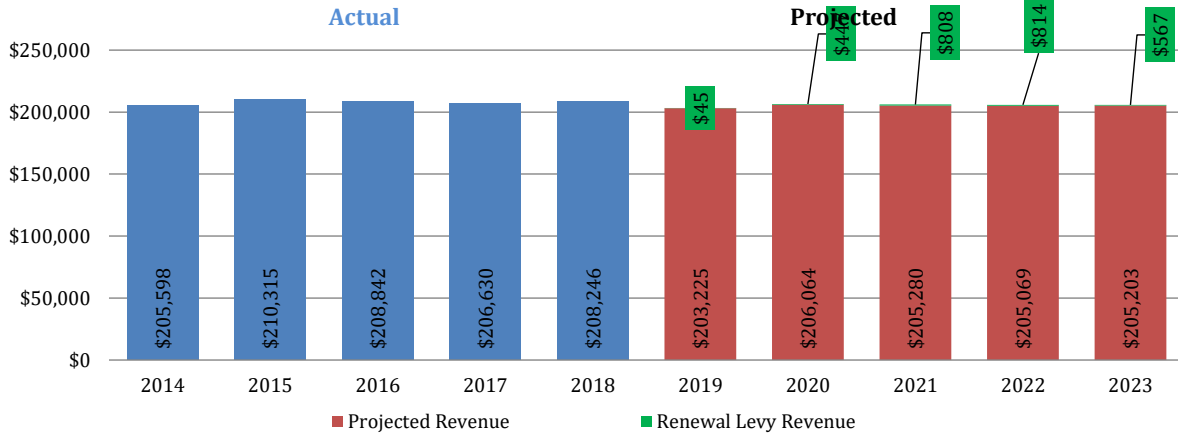
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	278,923	282,800	261,764	261,513	266,379	265,381
YOY \$ Change	(31,279)	3,877	(21,036)	(251)	4,866	(998)
YOY % Change	-10.1%	1.4%	-7.4%	-0.1%	1.9%	-0.4%
Percentage of Total Revenue	3.3%	3.3%	3.1%	3.1%	3.0%	3.0%
Economic Disadvantaged Funding	209,044	212,916	208,706	208,455	213,321	212,323
Percentage of Disadvantaged Students	62.8%	62.8%	62.8%	62.8%	62.8%	62.8%

Restricted Grants-in-Aid Line 1.040

Of particular note for the district is the economic disadvantaged category. FY18, the K-8 qualified and is participating in the Community Eligibility Provision (CEP). Participation in this program impacts the districts economic disadvantaged ADM; and changes in the numbers of students and their needs, those who are economically disadvantaged impacts the amount of funding each district receives. Participation in the CEP inflates a districts percentage of economically disadvantaged students and shows a higher FRP (Free and Reduced Price) percentage than their "true" FRP percentage. Due to anticipated adjustments to formula numbers in an effort to resolve the "true" count of economically disadvantaged students in CEP districts, rather than the CEP inflated figure, the forecast reflects no major increase in funding. **Currently, for FY19, the district's Economic Disadvantaged ADM is 469.77 and our percentage is expected to be 63.50% from 62.8%. The statewide economic disadvantaged percentage is 48.41%. In future years, the district must make sure to have all families/students that are eligible complete necessary paperwork for classification.** Another funding component is Career-Tech funding.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	208,246	203,270	206,511	206,088	205,883	205,770
YOY \$ Change	1,616	(4,976)	3,241	(423)	(205)	(113)
YOY % Change	0.8%	-2.4%	1.6%	-0.2%	-0.1%	-0.1%
Percentage of Total Revenue	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%
% of Residential Real Estate 10% Rollback	9.96%	9.96%	9.96%	9.96%	9.96%	9.96%
% of Residential Real Estate 2.5% Rollback	1.22%	1.22%	1.22%	1.22%	1.22%	1.22%
% of Residential Real Estate Homestead	5.94%	5.94%	5.94%	5.94%	5.94%	5.94%

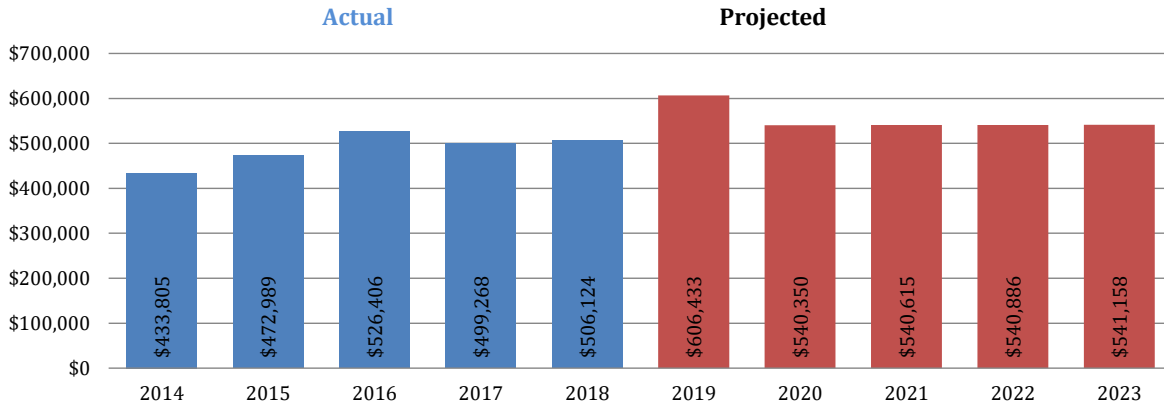
Property Tax Allocation Line 1.050

Around 2.4% of overall revenue comes from this category. State law grants relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted to residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The state reimburses the district for the loss of real property taxes as a result of the rollback and homestead programs. The district currently receives around \$203,000 from the program and the funding is calculated based upon the projected property valuations. **As previously mentioned the 1991 Current Expense 4.0 will expire with tax year 2018 and is up for renewal. If not renewed, the district will experience a reduction in Property Tax Allocation revenue.**

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	506,124	606,433	540,350	540,615	540,886	541,158
YOY \$ Change	6,856	100,309	(66,083)	265	271	272
YOY % Change	1.4%	19.8%	-10.9%	0.0%	0.1%	0.1%
Percentage of Total Revenue	5.9%	7.1%	6.3%	6.3%	6.2%	6.1%

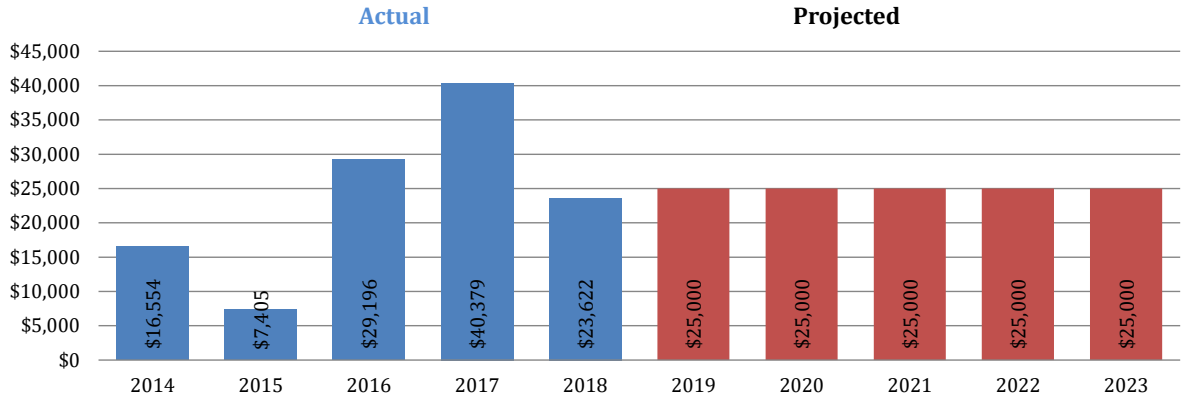
All Other Operating Revenues Line 1.060

All other revenue consists of tuition, open enrollment, interest on investments, Ohio Medicaid School Program, and other smaller sources of revenue. Open Enrollment (IN) is the major source of revenue in this category. **The forecast projects an increase in FY19, then a decrease to open enrollment into the district FY20-FY23.**

Administration will closely monitor the effects of open enrollment upon the district.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

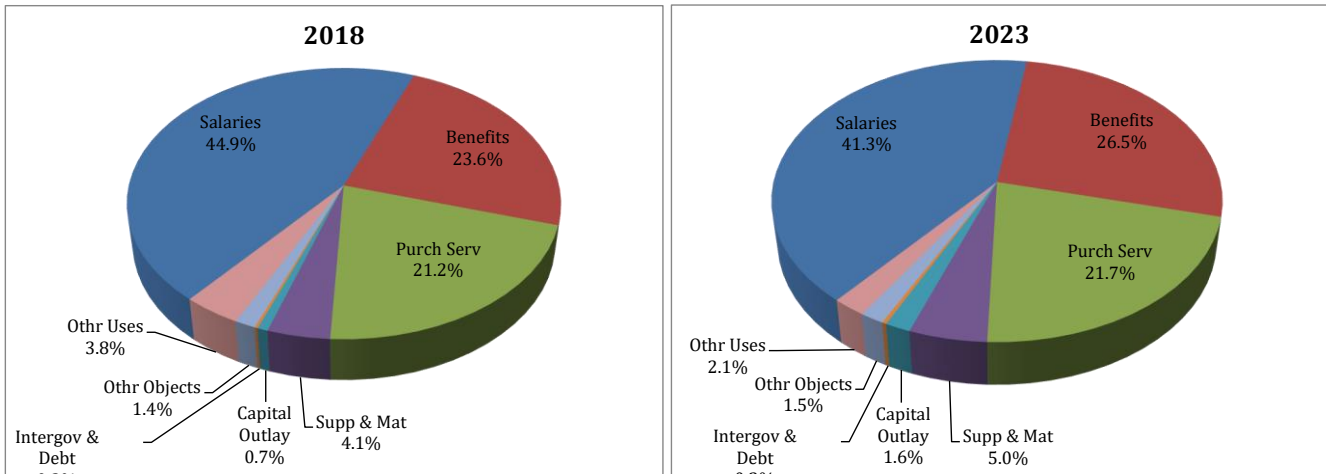


	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	23,622	25,000	25,000	25,000	25,000	25,000
YOY \$ Change	(16,757)	1,378	-	-	-	-
YOY % Change	-41.5%	5.8%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Transfers In	-	-	-	-	-	-
Advances In	15,863	5,000	5,000	5,000	5,000	5,000

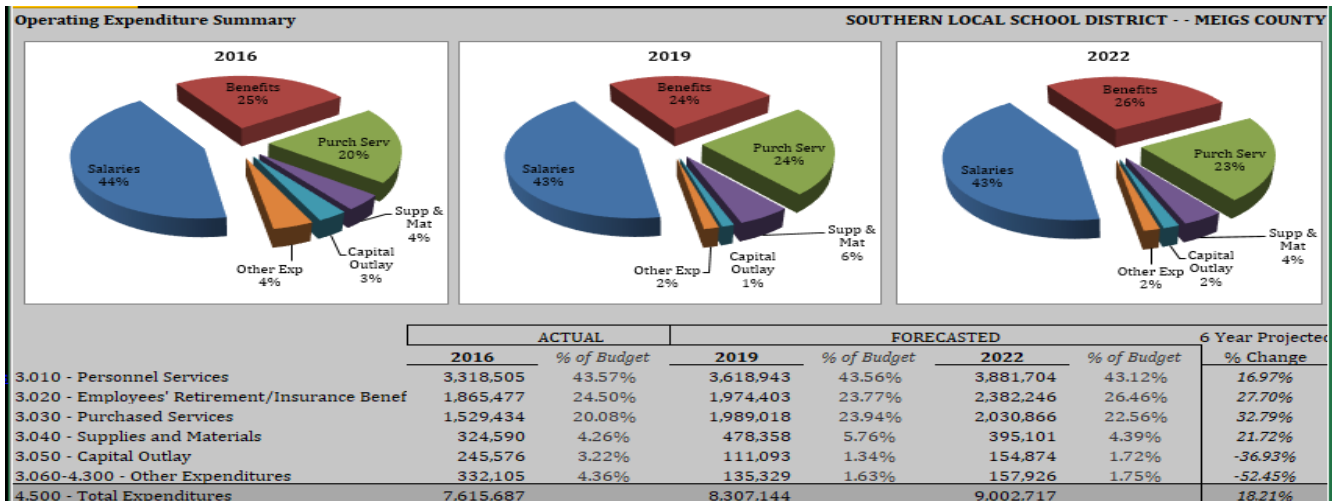
Total Other Financing Sources 2.070

This includes proceeds from sales of notes, state emergency loans and advancements, operating transfers-in, all other financing sources like sale and loss of assets, and refund of prior year expenditures.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

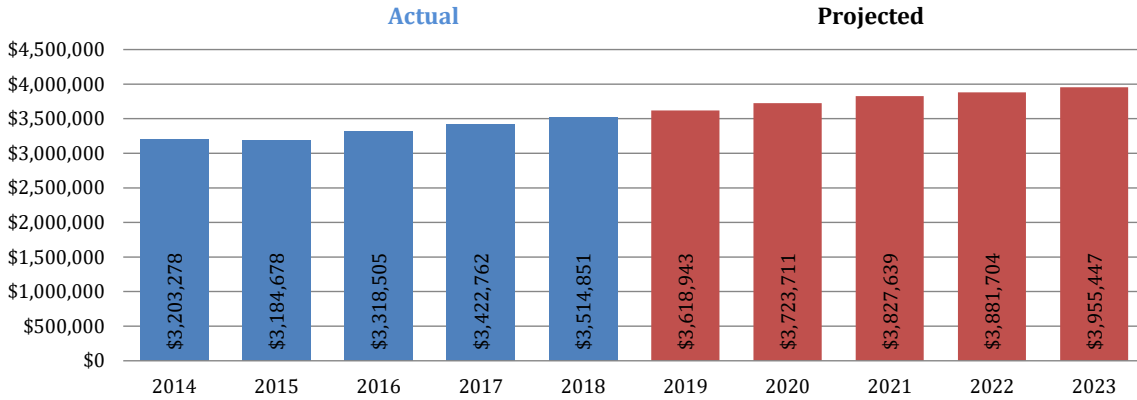


	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
Expenditures:							
3.010-Salaries	1.73%	2.96%	2.89%	2.79%	1.41%	1.90%	2.39%
3.020-Benefits	0.32%	6.74%	6.50%	6.59%	6.29%	6.55%	6.53%
3.030-Purchased Services	4.67%	19.67%	0.61%	0.36%	1.12%	2.27%	4.80%
3.040-Supplies & Materials	-1.65%	48.06%	-21.03%	20.81%	-13.42%	20.03%	10.89%
3.050-Capital Outlay	270.20%	105.19%	-46.49%	9.14%	138.73%	0.00%	41.31%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	234.21%	0.01%	0.01%	-0.01%	0.01%	69.31%	13.87%
4.300-Other Objects	-0.47%	10.33%	13.83%	2.21%	2.21%	2.19%	6.15%
4.500-Total Expenditures	1.84%	10.35%	1.32%	4.00%	2.85%	4.10%	4.52%
5.040-Total Other Uses	29.36%	-35.01%	10.26%	-4.65%	0.00%	0.00%	-5.88%
5.050-Total w/Other Uses	2.04%	8.61%	1.52%	3.78%	2.78%	4.01%	4.14%



3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	3,514,851	3,618,943	3,723,711	3,827,639	3,881,704	3,955,447
YOY \$ Change	92,089	104,092	104,768	103,928	54,065	73,743
YOY % Change	2.7%	3.0%	2.9%	2.8%	1.4%	1.9%
Percentage of Total Budget	44.9%	42.6%	43.1%	42.7%	42.2%	41.3%

Personnel Services Line 3.010

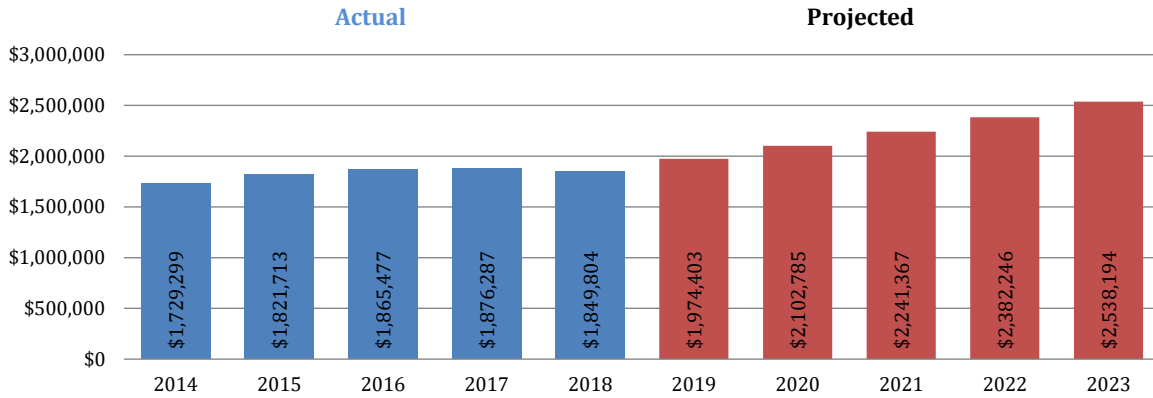
Personal services represent the salaries and wages to certified staff, classified staff, administrative staff, exempt staff, substitutes, tutors, and board members. It also includes extended time, severance pay, supplemental contracts, leave bonuses, one time and waive payments, and overtime. All employees are paid on a bi-weekly basis. Salaries are significant to the district budget, making up of 42.6% of the total budget. The district currently has negotiated agreements in effect for both certified and classified unions for the period of July 1, 2016 - June 30, 2019. The forecast estimates include step and base increases based on the current negotiated agreements, on historic trends, and in relationship with insurance adjustments.

Going forward, the forecast assumes projected severance pay and savings through retirement. Due to future teacher turnover/retirements, the district may continue savings due to the hiring of less experienced staff members and attrition. **This will need to be monitored by administration and the board in the future in order to hold expenditures within budget availability.**

Lastly, federal grants such as Title I, IDEA, and Title IIA continue to decrease shifting a portion of the expense to the general fund. **This trend is expected to continue throughout the forecast.**

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	1,849,804	1,974,403	2,102,785	2,241,367	2,382,246	2,538,194
YOY \$ Change	(26,483)	124,599	128,382	138,582	140,879	155,948
YOY % Change	-1.4%	6.7%	6.5%	6.6%	6.3%	6.5%
Percentage of Total Budget	23.6%	23.2%	24.4%	25.0%	25.9%	26.5%

Employees Retirement/Insurance Benefits Line 3.020

Components of this line include insurance, retirement, and other salary driven fringe benefits. Benefits represent 23.2% of total expenditures. Total annual cost for all components in FY18 was \$1,849,804 and is projected to be in FY19 \$1,974,403. The increase is attributed to salary driven fringe benefits, insurance rate increase, and the decrease in federal grant funds shifting a portion of benefit expenses to the general fund.

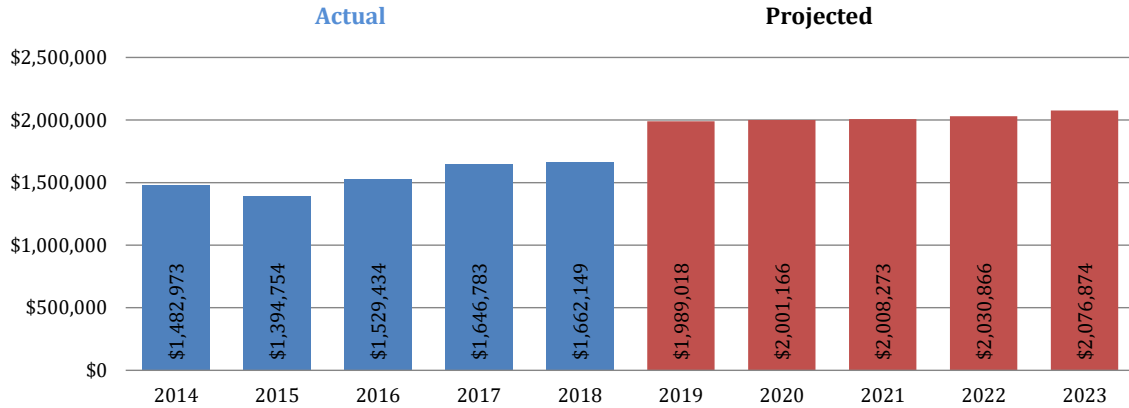
Currently, all full-time employees pay 10% of their medical/prescription premium. Beginning FY17, negotiated agreements for both certified and classified unions introduced health insurance plan options; PPO and HDHP. In January 2017, the board offered insurance coverage through a high deductible insurance plan, including prescription drug coverage, with an associated health savings account. Exempt staff also had plan options. FY18, the district experienced a 3% increase to the medical/prescription plans. **FY19, the district experienced a 6.23% increase. Going forward, the forecast assumes an average yearly increase of 9%.** Insurance related costs account for approximately 66.8% of the total employee benefits costs. Management and Labor, along with the insurance committee must maintain efforts to discuss continued changes to insurance plan design and healthcare costs and prevent meeting the criteria for the current Federal Affordable Care Act (ACA) "Cadillac Tax" on high cost plans. Of note, as of today it appears that the district will meet criteria for the "Cadillac Tax" for family and single plans this forecast. The current ACA tax threshold will be met and the district will experience costly penalties without plan design changes. ***This assumption must be monitored and no estimated tax has been projected in this forecast. Any additional increases may be material to the forecast.***

Outside the health plan, the district has a vision, dental, and life insurance program for employees. **The board pays 100% of the premium for those insurance offerings.** Lastly, Retirement (STRS and SERS-14%), Medicare contributions, Workers Compensation, and Unemployment are driven by salary and projected increases are included in the forecast.

This forecast reflects minimal change due to current negotiated agreements (plan options), but will be revisited in the May update after optional plan enrollments are determined.

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	1,662,149	1,989,018	2,001,166	2,008,273	2,030,866	2,076,874
YOY \$ Change	15,366	326,869	12,148	7,107	22,593	46,008
YOY % Change	0.9%	19.7%	0.6%	0.4%	1.1%	2.3%
Percentage of Total Budget	21.2%	23.4%	23.2%	22.4%	22.1%	21.7%

Purchased Services Line 3.030

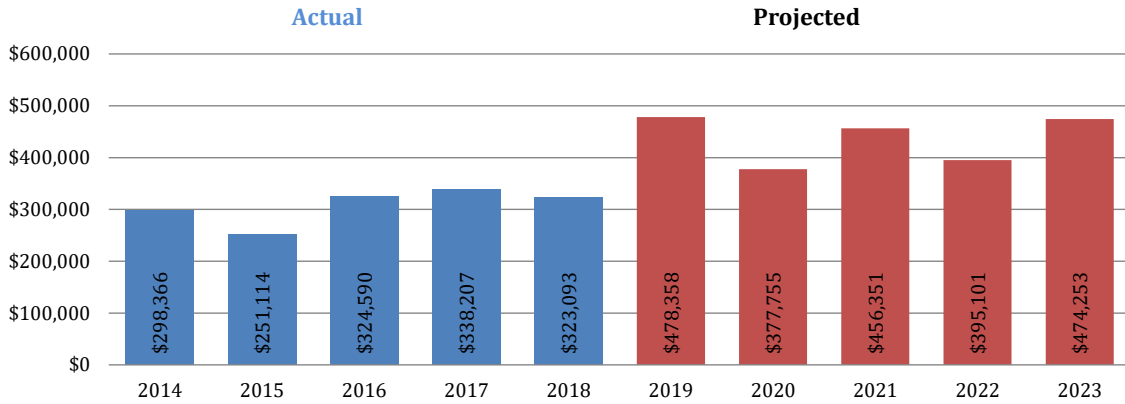
Outside of salary and benefits, this category represents the largest expenditure line item for the district. This category is wide ranging from open enrollment (students leaving the school district), community schools (on-line academic institutions), excess cost tuition (ESC), tuition costs (resident students attending other districts or colleges), HVAC services, travel/professional development, legal fees, utilities, and any contracted service. FY 14, the district entered into an agreement with Direct Energy for energy management and that agreement remains thru June 2020. FY18, the district entered into a Preventative Maintenance/Control Energy Management Agreement with Limbach and FY17 entered into a energy efficiency service agreement with Energy Optimizers for cost savings.

Open enrollment historically has been a negative adjustment to the district. More students are open enrolling out of the district than coming into the district. In FY19, the district will experience an increase to our open enrollment negative adjustment, from -\$496,508.24 to -\$550,808.64. Community Schools have also been a negative adjustment to the district. Special Education/Intervention services are another large expenditure in this category. It includes speech services, occupational therapy, scholarships, transportation, tuition, intervention, legal fees, travel/professional development, excess costs and other misc. services. These costs continue to increase due to the needs of our students. Utility costs are also estimated to increase each year, as well as HVAC services. FY19, the forecast reflects a significant increase to this expenditure line item.

Overall, purchased services represent 23.4% of the overall operating budget. ***Going forward the district must monitor these areas and the projected increase in costs.***

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



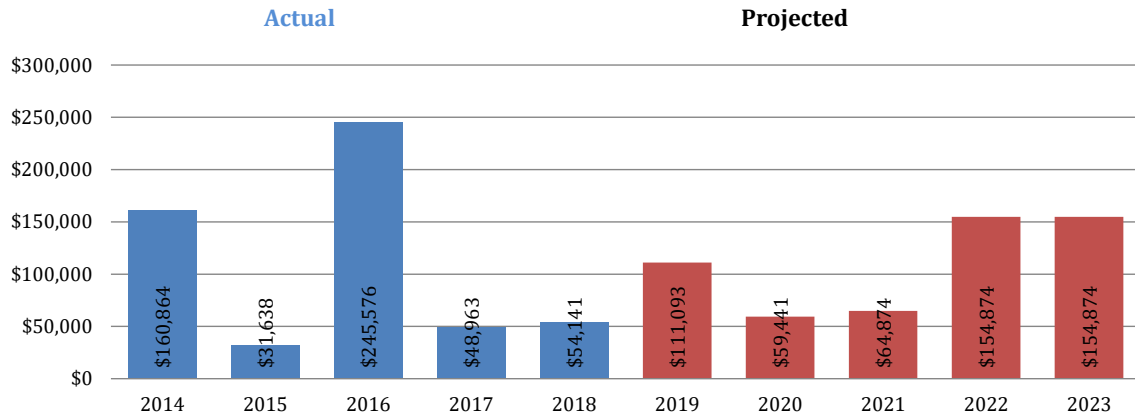
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	323,093	478,358	377,755	456,351	395,101	474,253
YOY \$ Change	(15,114)	155,265	(100,603)	78,596	(61,250)	79,152
YOY % Change	-4.5%	48.1%	-21.0%	20.8%	-13.4%	20.0%
Percentage of Total Budget	4.1%	5.6%	4.4%	5.1%	4.3%	5.0%

Supplies and Materials Line 3.040

This line item consists of education workbooks/textbooks, computer software/supplies, custodian supplies and bus supplies, including fuel. FY17, the district purchased a large textbook series and the forecasted years project additional textbook replacements (FY19, FY21 and FY23). The forecasted years also project additional instructional improvements by a more constant amount. FY19, fuel costs are forecasted to increase and remain steady throughout and inflationary increases are built in for all other supplies.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



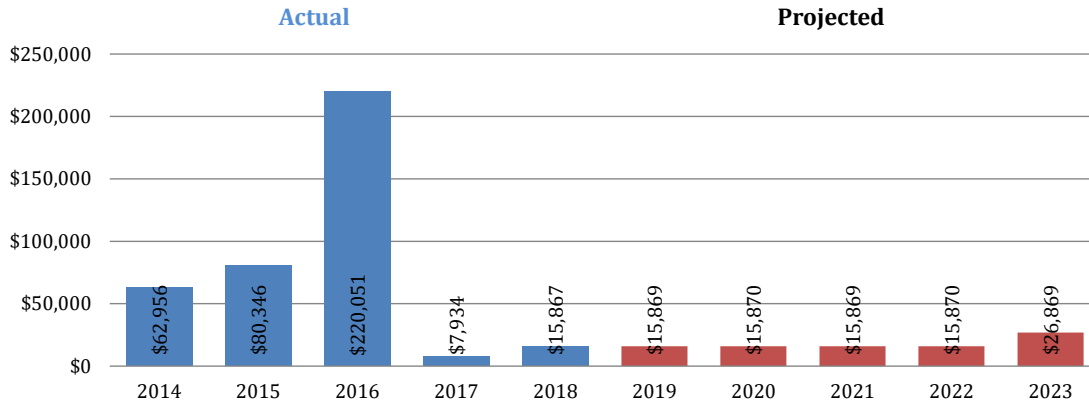
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	54,141	111,093	59,441	64,874	154,874	154,874
YOY \$ Change	5,178	56,952	(51,652)	5,433	90,000	-
YOY % Change	10.6%	105.2%	-46.5%	9.1%	138.7%	0.0%
Percentage of Total Budget	0.7%	1.3%	0.7%	0.7%	1.7%	1.6%

Capital Outlay Line 3.050

This line includes expenditures for items having at least five-year expectancy, such as land, buildings, improvements of grounds/buildings, equipment, computers/technology, furnishings, and buses. FY19, improvements of grounds/buildings are forecasted to increase due to needed repairs and technology enhancements. The forecast projects a bus purchase in FY22 and FY23 and additional computer/technology instructional enhancement purchases throughout the forecast.

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



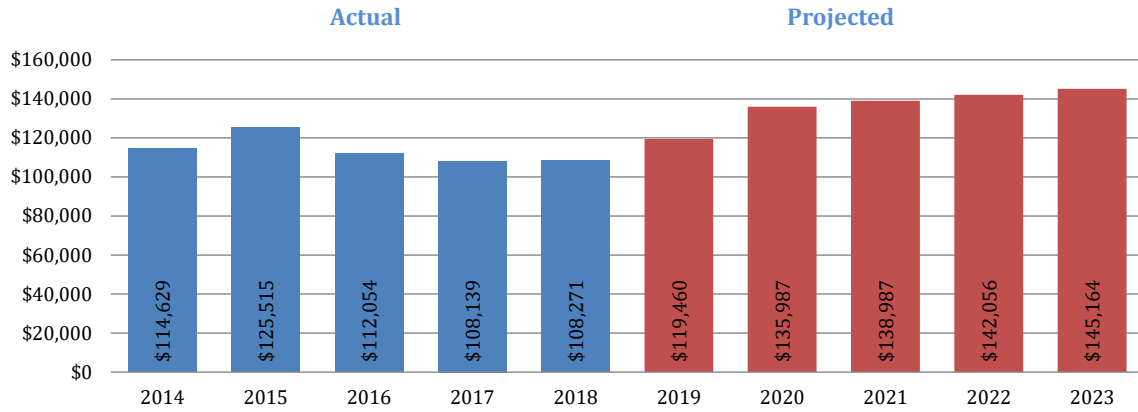
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	15,867	15,869	15,870	15,869	15,870	26,869
YOY \$ Change	7,933	2	1	(1)	1	10,999
YOY % Change	100.0%	0.0%	0.0%	0.0%	0.0%	69.3%
Percentage of Total Budget	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%

Intergovernmental & Debt Service

In FY17 the district entered into an energy efficiency service agreement with Energy Optimizers for cost savings. Remaining agreement payments are spread over a ten year agreement period and the forecast reflects future payments.

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



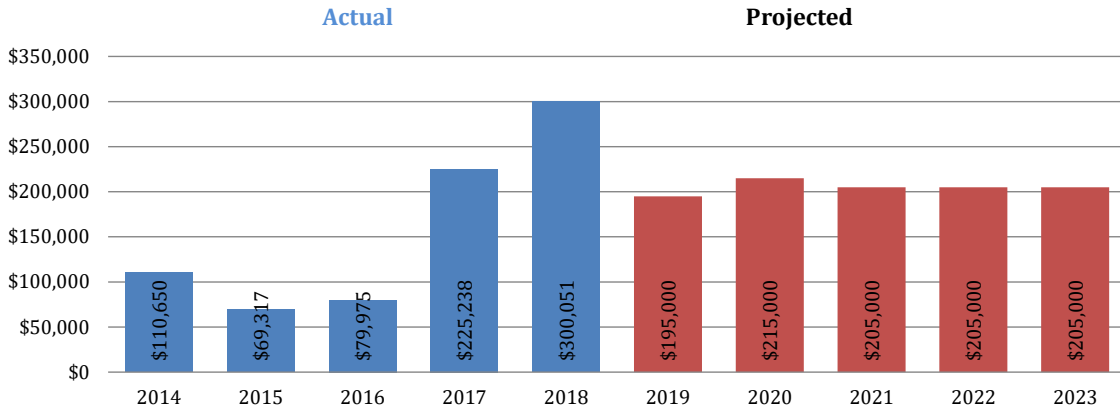
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	108,271	119,460	135,987	138,987	142,056	145,164
YOY \$ Change	132	11,189	16,527	3,000	3,069	3,108
YOY % Change	0.1%	10.3%	13.8%	2.2%	2.2%	2.2%
Percentage of Total Budget	1.4%	1.4%	1.6%	1.6%	1.5%	1.5%

Other Objects

This category includes County Auditor and Treasurer Fees, audit costs, and other miscellaneous items. The district has entered into an agreement with a private firm for fiscal audit costs savings for FY15 through FY19. The Auditor of the State's office contacted the district and allowed additional years with the private firm. The state will allow ten (10) years out and then the district must go back to the Auditor of the State. The forecast reflects this return and assumes an annual percentage change as tax collection fees are based on local property tax collections.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	300,051	195,000	215,000	205,000	205,000	205,000
YOY \$ Change	74,813	(105,051)	20,000	(10,000)	-	-
YOY % Change	33.2%	-35.0%	10.3%	-4.7%	0.0%	0.0%
Percentage of Total Budget	3.8%	2.3%	2.5%	2.3%	2.2%	2.1%
Transfers Out	300,051	190,000	210,000	200,000	200,000	200,000
Advances Out	-	5,000	5,000	5,000	5,000	5,000

Other Uses

This line item consists primarily of transfers out, advances out to other funds, any refunds from prior year receipts that would be required, and all other general fund financing uses. **The forecast assumes in FY19 and throughout a transfer of \$100,000 to cover continued deficits in food service operations.** In addition, FY19 and throughout the forecast includes transfers out to Capital Improvement and Maintenance Fund for infrastructure and operational costs, to the severance fund for future retirements, and advances to cover federal funds.

SOUTHERN LOCAL SCHOOL DISTRICT - - MEIGS COUNTY

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2018	2019	2020	2021	2022	2023
Revenue:						
1.010 - General Property Tax (Real Estate)	1,461,238	1,389,355	1,382,639	1,392,259	1,401,475	1,408,707
1.020 - Public Utility Personal Property	537,358	506,196	470,528	475,160	479,838	481,614
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	5,492,784	5,497,779	5,487,100	5,514,521	5,675,478	5,853,577
1.040 - Restricted Grants-in-Aid	278,923	282,800	261,764	261,513	266,379	265,381
1.050 - Property Tax Allocation	208,246	203,225	206,064	205,280	205,069	205,203
1.060 - All Other Operating Revenues	506,124	606,433	540,350	540,615	540,886	541,158
1.070 - Total Revenue	8,484,673	8,485,788	8,348,445	8,389,348	8,569,125	8,755,640
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	15,863	5,000	5,000	5,000	5,000	5,000
2.060 - All Other Financing Sources	7,759	20,000	20,000	20,000	20,000	20,000
2.070 - Total Other Financing Sources	23,622	25,000	25,000	25,000	25,000	25,000
2.080 - Total Rev & Other Sources	8,508,295	8,510,788	8,373,445	8,414,348	8,594,125	8,780,640
Expenditures:						
3.010 - Personnel Services	3,514,851	3,618,943	3,723,711	3,827,639	3,881,704	3,955,447
3.020 - Employee Benefits	1,849,804	1,974,403	2,102,785	2,241,367	2,382,246	2,538,194
3.030 - Purchased Services	1,662,149	1,989,018	2,001,166	2,008,273	2,030,866	2,076,874
3.040 - Supplies and Materials	323,093	478,358	377,755	456,351	395,101	474,253
3.050 - Capital Outlay	54,141	111,093	59,441	64,874	154,874	154,874
Intergovernmental & Debt Service	15,867	15,869	15,870	15,869	15,870	26,869
4.300 - Other Objects	108,271	119,460	135,987	138,987	142,056	145,164
4.500 - Total Expenditures	7,528,176	8,307,144	8,416,715	8,753,360	9,002,717	9,371,675
Other Financing Uses						
5.010 - Operating Transfers-Out	300,051	190,000	210,000	200,000	200,000	200,000
5.020 - Advances-Out	-	5,000	5,000	5,000	5,000	5,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	300,051	195,000	215,000	205,000	205,000	205,000
5.050 - Total Exp and Other Financing Uses	7,828,227	8,502,144	8,631,715	8,958,360	9,207,717	9,576,675
6.010 - Excess of Rev Over/(Under) Exp	680,068	8,644	(258,270)	(544,012)	(613,592)	(796,035)
7.010 - Cash Balance July 1 (No Levies)	2,233,400	2,913,468	2,922,112	2,663,842	2,119,830	1,506,238
7.020 - Cash Balance June 30 (No Levies)	2,913,468	2,922,112	2,663,842	2,119,830	1,506,238	710,203
		Reservations				
8.010 - Estimated Encumbrances June 30	50,000	50,000	50,000	50,000	50,000	50,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	2,863,468	2,872,112	2,613,842	2,069,830	1,456,238	660,203
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	73,711	148,068	149,294	150,460	149,401
11.030 - Cumulative Balance of Levies	-	73,711	221,779	371,074	521,534	670,935
12.010 - Fund Bal June 30 for Cert of Obligations	2,863,468	2,945,823	2,835,621	2,440,904	1,977,772	1,331,138
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	2,863,468	2,945,823	2,835,621	2,440,904	1,977,772	1,331,138