

**BIG WALNUT LOCAL SCHOOL DISTRICT- DELAWARE COUNTY  
SCHEDULE OF REVENUE, 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**



**Forecast Provided By  
Big Walnut Local School District  
Treasurer's Office  
Terri Eyeran-Day, Treasurer/CFO  
May 18, 2017**

# Big Walnut Local School District

Delaware 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
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	15,539,111	15,931,179	16,089,626	1.8%	16,394,876	18,273,989	19,864,466	20,307,745	19,033,676	
1.020 Tangible Personal Property	644,753	828,796	2,524,993	116.6%	4,293,414	4,548,169	4,515,952	4,488,596	4,141,623	
1.030 Income Tax	5,402,338	5,597,672	6,016,216	5.5%	6,356,869	6,905,293	7,486,358	8,085,263	8,714,115	
1.035 Unrestricted State Grants-in-Aid	5,245,440	5,638,791	6,159,176	8.4%	6,654,508	6,807,537	6,816,857	7,119,011	7,614,134	
1.040 Restricted State Grants-in-Aid	17,746	34,688	23,162	31.1%	18,918	19,107	19,298	19,491	19,686	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY1	0	0	0	0.0%	0	0	0	0	0	
1.050 Property Tax Allocation	2,308,103	2,355,101	2,337,416	0.6%	2,313,055	2,563,860	2,802,700	2,871,204	2,708,329	
1.060 All Other Revenues	780,684	1,230,947	1,430,467	36.9%	1,485,168	1,498,102	1,511,155	1,524,330	1,537,626	
1.070 Total Revenues	29,938,175	31,617,174	34,581,056	7.5%	37,516,808	40,616,055	43,016,785	44,415,640	43,769,189	
<b>Other Financing Sources</b>										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	4,466	-	-	0.0%	-	-	-	-	-	
2.050 Advances-In	31,374	43,824	-	-30.2%	-	-	-	-	-	
2.060 All Other Financing Sources	286,934	114,952	60,317	-53.7%	60,317	60,317	60,317	60,317	60,317	
2.070 Total Other Financing Sources	322,774	158,776	60,317	-56.4%	60,317	60,317	60,317	60,317	60,317	
2.080 Total Revenues and Other Financing Sources	30,260,949	31,775,950	34,641,373	7.0%	37,577,125	40,676,372	43,077,102	44,475,957	43,829,506	
<b>Expenditures</b>										
3.010 Personnel Services	\$15,876,598	\$17,479,164	\$18,769,737	8.7%	20,926,598	22,570,228	24,058,155	25,504,057	26,888,671	
3.020 Employees' Retirement/Insurance Benefits	\$6,725,022	7,340,342	7,928,403	8.6%	8,858,663	10,435,555	11,376,186	12,397,530	13,457,719	
3.030 Purchased Services	\$4,865,069	4,568,004	4,848,927	0.0%	5,380,790	5,829,100	6,306,563	6,713,766	7,129,310	
3.040 Supplies and Materials	911,383	984,949	904,897	0.0%	1,127,306	1,154,293	1,181,953	1,210,303	1,239,361	
3.050 Capital Outlay	241,697	493,867	574,832	60.4%	400,000	100,000	100,000	100,000	100,000	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-	
4.300 Other Objects	\$453,328	435,257	513,907	7.0%	528,281	543,066	558,272	573,913	590,002	
4.500 Total Expenditures	29,073,097	31,301,583	33,540,703	7.4%	37,221,638	40,632,242	43,581,128	46,499,569	49,405,063	
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	\$18,395	-	1,000,000	0.0%	-	-	-	-	-	
5.020 Advances-Out	43,824	-	-	0.0%	-	-	-	-	-	
5.030 All Other Financing Uses	\$0	-	-	0.0%	-	-	-	-	-	
5.040 Total Other Financing Uses	62,219	-	1,000,000	0.0%	-	-	-	-	-	
5.050 Total Expenditures and Other Financing Uses	29,135,316	31,301,583	34,540,703	8.9%	37,221,638	40,632,242	43,581,128	46,499,569	49,405,063	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,125,633	474,367	100,670	-68.3%	355,487	44,131	(504,026)	(2,023,612)	(5,575,557)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,481,789	8,607,422	9,081,789	10.3%	9,182,459	9,537,946	9,582,077	9,078,050	7,054,438	
7.020 Cash Balance June 30	8,607,422	9,081,789	9,182,459	3.3%	9,537,946	9,582,077	9,078,050	7,054,438	1,478,881	
8.010 Estimated Encumbrances June 30	132,333	218,980	556,403	109.8%	567,531	578,882	590,459	602,269	614,314	
<b>Reservation of Fund Balance</b>										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-	
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-	
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-	
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-	
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-	
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-	
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-	
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-	
9.080 Subtotal	-	-	-	0.0%	-	-	-	-	-	
10.010 Fund Balance June 30 for Certification of Appropriations	8,475,089	8,862,809	8,626,056	1.0%	8,970,415	9,003,195	8,487,591	6,452,170	864,567	
<b>Revenue from Replacement/Renewal Levies</b>										
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-	
11.020 Property Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	-	3,189,162	
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	-	-	-	3,189,162	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	8,475,089	8,862,809	8,626,056	1.0%	8,970,415	9,003,195	8,487,591	6,452,170	4,053,729	

# Big Walnut Local School District

Delaware 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
<b>Revenue from New Levies</b>										
13.010 Income Tax - New				0.0%	-	-	-	-	-	-
13.020 Property Tax - New				0.0%	-	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-	-
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	8,475,089	8,862,809	8,626,056	1.0%	8,970,415	9,003,195	8,487,591	6,452,170	4,053,729	

**Big Walnut Local School District –Delaware County**  
**Notes to the Five Year Forecast**  
**General Fund Only**

**Introduction to the Five Year Forecast**

All school districts 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 2017 (July 1, 2016 through June 30, 2017) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data for the May 2017 filing.

**May 2017 Updates:**

*Tax Revenue - Lines 1.01 & 1.02*

Adjustments were made to the tax revenue line that resulted in an increase of \$2,690,463 across the five years of the forecast. Adjustments that were made to the 2016 valuations for taxes collected in 2017 to align with the State of Ohio certified values. Actual receipts were in line with the state provided numbers, which were greater than the original data used. Adjustments were also made to the reappraisal estimates based on information obtained from Delaware County concerning growth in the county and in the school district. This will be monitored closely and adjusted on the October 2017 forecast if we become aware of any changes that impact the current estimate.

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>5 Yr. Change</u>
Original	\$20,487,301	\$22,276,112	\$23,714,022	\$24,161,403	\$22,533,203	
Revised	\$20,688,290	\$22,822,157	\$24,380,417	\$24,796,340	\$23,175,299	
Inc (Dec)	\$200,989	\$546,045	\$666,395	\$634,937	\$642,096	\$2,690,463

*School District Income Tax – Line 1.03*

There is a total decrease of \$1,914,398 across the entire five years of the forecast. FY17 was estimates included proposed development that was delayed which in-turn delayed estimated school district income tax receipts in FY2017. FY2017 was adjusted to match actual SDIT receipts. This reduction had an effect on each year of the forecast.

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>5 Yr. Change</u>
Original	\$6,703,327	\$7,269,074	\$7,868,327	\$8,486,332	\$9,135,236	
Revised	\$6,356,869	\$6,905,293	\$7,486,358	\$8,085,263	\$8,714,115	
Inc (Dec)	-\$346,458	-\$363,781	-\$381,969	-\$401,069	-\$421,121	-\$1,914,398

*Restricted & Unrestricted Grants in Aid – Lines 1.035, 1.04, 1.045*

There is a decrease of \$645,311 for the forecast. The increase in AV impacted the calculated state share index which in turn will decrease state funding to the district.

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>5 Yr. Change</u>
Original	\$6,654,885	\$6,973,219	\$7,170,333	\$7,374,141	\$7,583,773	
Revised	\$6,673,426	\$6,826,644	\$6,836,155	\$7,138,502	\$7,633,820	
Inc (Dec)	\$18,541	-\$146,575	-\$334,178	-\$235,639	\$50,047	-\$647,803

*Property Tax Allocation – Line 1.050*

The forecast is reflecting only slight changes in the Homestead and Rollback funding received from the state. The increases in FY2018-2021 are a result of the estimated increase in valuation with 2017 reappraisals.

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>5 Yr. Change</u>
Original	\$2,323,030	\$2,545,076	\$2,765,000	\$2,837,297	\$2,670,756	
Revised	\$2,313,055	\$2,563,860	\$2,802,700	\$2,871,204	\$2,708,329	
Inc (Dec)	-\$9,975	\$18,784	\$37,700	\$33,907	\$37,573	\$117,988

*Wages – Line 3.010*

There is a savings of \$133,876 for the forecast due to adjustments made to October 2017 staffing estimates.

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>5 Yr. Change</u>
Original	\$20,926,598	\$22,640,163	\$24,079,675	\$25,525,411	\$26,909,739	
Revised	\$20,926,598	\$22,570,228	\$24,058,155	\$25,504,057	\$26,888,671	
Save (Cost)	\$0	\$69,935	\$21,520	\$21,354	\$21,068	\$133,876

*Benefits – Line 3.020*

There is an increase of \$2,835,307 over the five years of the forecast. The majority of the change on this line is a direct result of data received concerning expected insurance premium increases next year. The district adjusted the FY18 insurance estimates to reflect an estimated 18% increase in premiums in FY2018 and a 10% increase each year after.

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>5 Yr. Change</u>
Original	\$8,794,687	\$9,817,470	\$10,720,312	\$11,681,996	\$12,675,880	
Revised	\$8,858,663	\$10,435,555	\$11,376,186	\$12,397,530	\$13,457,719	
Save (Cost)	-\$63,976	-\$618,085	-\$655,874	-\$715,534	-\$781,839	-\$2,835,307

*Other Expenditures – Lines 3.030 – 4.3*

There is a savings of \$1,257,813 for the forecast. The Community School deduction is less for April #2 state foundation calculations than the district had expected which will affect the remainder of the forecast. The amount for Capital Outlay for FY18-FY21 has been reduced. Capital Outlay needs will be monitored closely and adjusted as needed.

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>5 Yr. Change</u>
Original	\$7,506,294	\$7,997,775	\$8,419,530	\$8,870,179	\$9,330,314	
Revised	\$7,436,377	\$7,626,459	\$8,146,788	\$8,597,982	\$9,058,673	
Save (Cost)	\$69,917	\$371,316	\$272,742	\$272,197	\$271,641	\$1,257,813

**Forecast Risks and Uncertainty:**

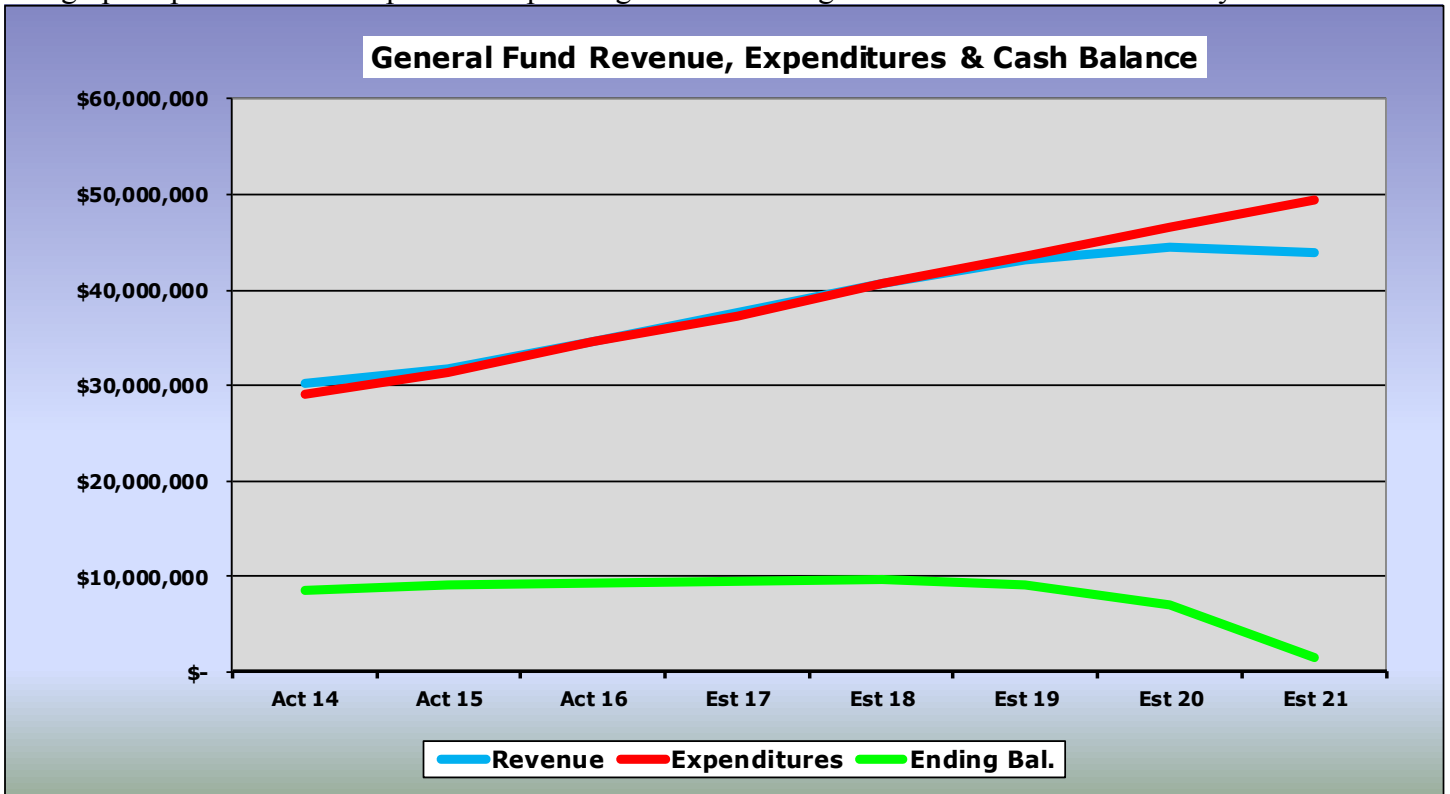
Our financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to volatility of the legislative changes that are happening quickly with very little detail to assist us. We are simply responding to the changes that are occurring with promptness and the best data we have available to us at the time. The items below give a short description of the current issues and how they may affect our forecast long term:

- 1) Delaware County will be going through a reappraisal for the 2017 tax year to be collected in 2018. An update occurred in tax year 2014 for collection in 2015, which increased residential/agricultural, assessed values by \$38.7 million or an increase of 6.59%, and an increase of \$434,650 or 1.03% was noted for commercial/industrial values. We are estimating a 14% increase in residential/agricultural values that also includes estimates for new construction as well as an increase due to the 2017 reappraisal. We are estimating a 2% increase in commercial/industrial value. As a growing district we have risks that other districts do not and must continue to monitor very closely the growth with the needs of our students.

- 2) The district's 6.9 mill substitute emergency levy was passed in May 2015 and will expire on December 31, 2020. The current effective millage rate is 5.91 for this levy. The renewal of this levy is necessary to keep the district financially healthy long term.
- 3) The State Budget represented nearly 24% of district revenues in FY17. Proposed changes to the state funding in the FY18 State Biennial Budget are an area of risk to district revenue in FY18 and beyond. The State Biennial Budgets are impacted by an anticipated worsening of the state economy. There are two future State Biennium Budgets in this forecast covering the period from FY18 through FY21. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY21.
- 4) There are many provisions in the current state budget bill HB64 that will increase the district expenditures in the form of expanded school choice programs and increases in amounts deducted from our state aid in the 2016-17 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from \$20,000 each to \$27,000, a 35% increase. College Credit Plus is also a state mandate that will cause the district to incur substantial costs. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring HB49 for any new threats to our state aid and increased costs very closely.
- 5) The enrollment reporting for the state is very difficult to track. Now that there are three different reporting periods and with the district growth the district has received many adjustments from previous years. This is another area that we must monitor very closely especially with the increased enrollment that we are expecting from the new housing developments.
- 6) Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were to be implemented January 1, 2015. Implementation of those provisions has increased costs by as much as 2%. There is the additional risk that costs will go up as additional staffs are added to our health care rolls. We have made allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA exists as it is under review and potential appeal or mediation at the federal level.
- 7) Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

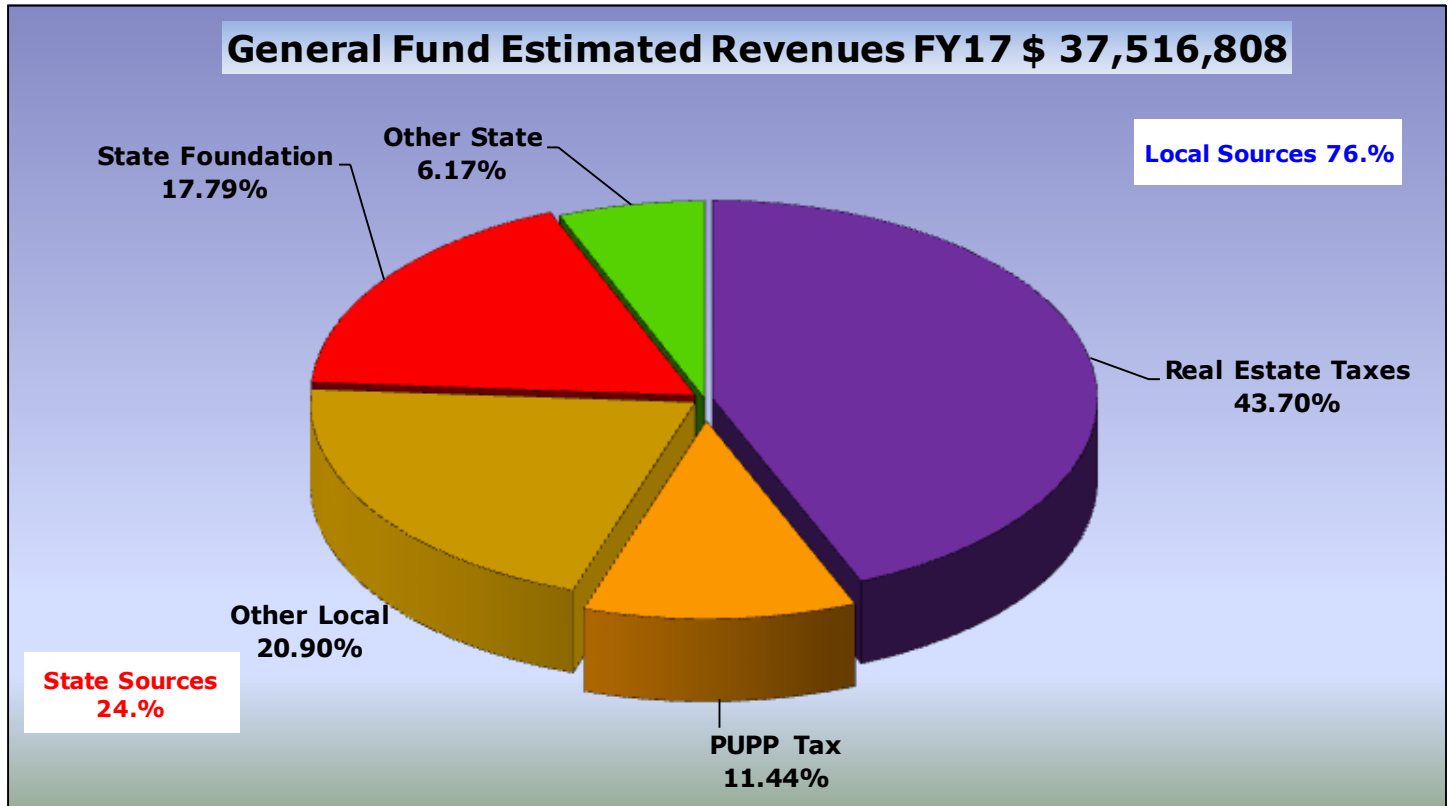
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Terri Eyerman Day, Treasurer at 740-965-3010

**General Fund Revenue, Expenditure and Ending Cash Balance Actual FY14-16 and Estimated FY17-21**  
The graph captures in one snapshot the operating scenario facing the district over the next few years.



## Revenue Assumptions

### All Revenue Sources General Fund FY17



### Real Estate Value Assumptions – Line # 1.010

The County Auditor, based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values, establishes property Values each year. Delaware County will go through a reappraisal for the 2017 tax year to be collected in 2018. An update occurred in tax year 2014 for collection in 2015, which increased Class I residential/agricultural, assessed values by \$38.7 million or an increase of 6.59%, and an increase of \$434,650 or 1.03% was noted for Class II commercial/industrial values. In 2017 our district will undergo a reappraisal for collection in 2018. Based on reappraisal estimates that we have received from the Delaware County Auditor and estimated new construction values we are estimating a 14% increase in Class I values for reappraisals and a 2% increase in Class II values. There is some discussion that CAUV property may see some decrease in the next reappraisal, however the information from the county auditor is not showing any decrease in this area at this time. CAUV makes up less than 8% of the total Class I values in the Big Walnut District.

The last year of the forecast the district will be in the valuation update year. The district is estimating a 5% increase of values for Class I and a 2% increase in Class II for this update.

The growth of new construction for homes will increase the districts valuations each year between the update in 2014 and reappraisal in 2017. With the growth in the district we are anticipating that we will be at the 20 mill floor for the tax rates to be collected in 2017. When values increase reduction factors are increased and House Bill 920 decreases effective tax rates so the district tax revenues are held harmless, until the effective millage is lowered to 20 mills. No district can collect less than 20 mills if the district voted millage is greater than 20 mills. Only the Class I rates will be at the 20 mill floor with the new values. Since the district will be at the 20 mill floor the district will see some increase in the amount that is collected for taxes. The substitute emergency levy is not included in the millage rate for the 20 mill floor.



Data captured from the different townships and villages is used to estimate new construction for each collection year for the forecast. These are only estimates based on information provided at this time. The amounts certified by the Ohio Department of Taxation for new construction to collect in 2017 increased over the estimate by the Delaware County Auditor by 275,760 for a total new construction value of 24,974,760. This is important in that new construction is taxed at the full voted rate and not subject to the effective millage rates which will increase the estimate for taxes being collected. Until updated data is received on the new construction valuation we are using the same amount for FY19-FY21.

Property tax levies are estimated to be collected at 98.5% of the annual amount. In general, 50.80% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 49.20% collected in the August tax settlement.

The district has received a very large increase in Public Utility Personal Property (PUPP) tax valuation with the new AEP Vassell Substation over the past three years. The total increase in PUPP from 2015 to 2017 is 113,477,710. This is very significant for the district since PUPP values are taxed at full voted rates. The increase of values has a direct increase in tax dollars that are collected. Prior to the new substation being brought on line the split of tax collection was 50% for each half of the year. We anticipate that PUPP collections will return to the 50% each half collection we have experienced historically in FY17 and beyond. The amount received in August was less than the February collection; we will continue to monitor these amounts with the collection next year and the amount for values that are being provided for taxing purposes.

The table below shows actual property value history for the district along with estimated values for tax year 2016 based on the Delaware County Auditor’s information at the time of this forecast. These values have been certified by the Department of Taxation. Unless the county auditor provides an estimate adjustment, there will not be any changes in the values for October as the actual new values will not be available until January.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2016	TAX YEAR 2017	TAX YEAR 2018	TAX YEAR 2019	TAX YEAR 2020
<u>Classification</u>	<u>COLLECT 2017</u>	<u>COLLECT 2018</u>	<u>COLLECT 2019</u>	<u>COLLECT 2020</u>	<u>COLLECT 2021</u>
Res./Ag.	\$667,726,580	\$794,478,301	\$822,510,801	\$850,543,301	\$921,102,966
Comm./Ind.	\$58,034,350	\$67,182,537	\$67,807,537	\$68,432,537	\$70,426,188
Public Utility (PUPP)	\$132,179,380	\$132,379,380	\$132,579,380	\$132,779,380	\$132,979,380
Total Assessed Value	<u>\$857,940,310</u>	<u>\$994,040,218</u>	<u>\$1,022,897,718</u>	<u>\$1,051,755,218</u>	<u>\$1,124,508,534</u>

**ESTIMATED REAL ESTATE TAX - Line #1.010**

<u>Source</u>	<b>FY17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
Est. Property Taxes Line #1.010	\$16,394,876	\$18,273,989	\$19,864,466	\$20,307,745	\$19,033,676

**Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020**

The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. Big Walnut does not receive any TPP payments.

The amounts on this line of the forecast consist of Public Utility Personal Property tax payments. The amounts noted below are public utility personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the estimated assessments table above under P.U. Personal, which were \$132.1 million in assessed values in 2016 collected in 2017 and are collected at the district’s gross voted millage rate. After

FY18 a slight decrease is noted. This is due to the reduced substitute levy millage each year as new construction is added. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor.

**ESTIMATED PUBLIC UTILITY PERSONAL TAX – Line 1.020**

<u>Source</u>	<b>FY17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
Public Utility Personal Property Taxes	\$4,293,414	\$4,548,169	\$4,515,952	\$4,488,596	\$4,141,623
Est. PUPP Taxes Line 1.020	<u>\$4,293,414</u>	<u>\$4,548,169</u>	<u>\$4,515,952</u>	<u>\$4,488,596</u>	<u>\$4,141,623</u>

**Renewal Tax Levies – Line #11.020** – The Substitute Emergency Levy will need to be renewed in 2020 for collection in 2021. The amount of the renewal is deducted from Lines 1.010 and 1.020 as a district cannot include any tax dollars that are not approved by the voters of a district.

<u>Source</u>	<b>FY17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
Renew Substitute Emergency Levy	\$0	\$0	\$0	\$0	\$3,189,162
Total Line # 11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,189,162</u>

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

**School District Income Tax – Line #1.03**

The district passed a continuing income tax (SDIT) of .75% effective in 1995. The district experienced a 9.04% increase from FY 13 to FY14, an additional 4.18% increase from FY 14 to FY15 and an increase from FY15 to FY16 of 7.48%. The district has received all of the payments for FY17 from the Ohio Department of Taxation, which included a 5.66% increase over FY16. As we project forward we will assume for FY18 through FY21 a 5.0% growth annually based on a low unemployment rate and an improving economy. The Department of Taxation has advised for increases between 2.0% and 4.0% for school income taxes. The district has received increases that have out-paced these estimates in the past three years.

The chart below is an estimate of the additional income tax that the district will receive from the new construction. A rule of thumb is that a purchase of a home is 2.5 times the annual salary, based on this rule we are forecasting the increase in the income tax plus the additional 5%. For the Multiple Units the incomes are being used at \$45,000 for 2 bedroom units, \$55,000 for 3 bedroom units and \$40,000 for apartments. The district only receives 75% of an annual salary the first year that the new property is added to the values.

<b>Income Taxes</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
<b>Based on New Construction</b>	<b>155,745</b>	<b>230,580</b>	<b>235,800</b>	<b>224,588</b>	<b>238,158</b>

The total Income Tax collection is the actual amount for FY17 and estimated for the remainder years of the forecast, which include the new construction amounts from the chart above.

<u>Source</u>	<b>FY17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
SDIT Collection	\$6,016,216	\$6,356,869	\$6,905,293	\$7,486,358	\$8,085,263
Adjustments	<u>\$340,653</u>	<u>\$548,423</u>	<u>\$581,065</u>	<u>\$598,906</u>	<u>\$628,851</u>
Total to Line #1.030	<u>\$6,356,869</u>	<u>\$6,905,293</u>	<u>\$7,486,358</u>	<u>\$8,085,263</u>	<u>\$8,714,115</u>

## State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

### A) Unrestricted State Foundation Revenue & Casino Revenue– Line #1.035

The amounts estimated for FY17 for state funding is based on funding component computations from the most recent State Foundation Payment Report (SFPR). The current FY16-17 state budget HB64 includes an increase in funding for our district. We are projected to be a CAP district regarding state funding through the end of FY17.

Our funding status for the FY18-21 will depend on two (2) new state budgets. HB49 the current proposed new state budget for FY18 & FY19 will not be known until late June 2017. We must file this forecast before May 31, 2017, which is before we will know what changes will be officially made to school funding. In addition, another state budget will be legislated beginning in spring 2019 which will also affect our funding for the future. At this time we have adjusted FY18 and FY19 to reflect the changes in the Executive proposal of HB49 that have passed the House committee at this point. There will be an updated revision to the October 2017 forecast that will capture all changes made in HB49.

In FY14-15, HB59 created the third (3<sup>rd</sup>) new funding formula for public education since 2009. HB64 the state FY16-17 state budget made alterations to the funding formula and added several new components. The new funding formula is very complex and could change again with the new FY 18-19 or FY20-21 state budgets. The funding formula in HB64 has a modified State Share Index (SSI) method to measure a district's wealth and capacity to raise local revenue.

The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

- 1) Opportunity Grant – Per pupil amount increased 1.7% from \$5,800 in FY15 to \$5,900 in FY16 and 1.7% to \$6,000 in FY17.
- 2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value
- 3) Special Education Additional Aid – Based on six (6) categories of disability
- 4) Limited English Proficiency – Based on three (3) categories based on time student enrolled in schools
- 5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students
- 6) K-3 Literacy Funds- Based on districts K-3 average daily membership and two Tiers
- 7) Gifted Funds –Based on average daily membership at \$5.05 in FY16 & FY17
- 8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) categories students enrolled in
- 9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 60% to 50%.

There are several new funding components provided in HB64 for FY16 &17. These are additional funds that can be earned by a district or is intended to help a district who has an undo burden or inability to raise local revenue.

- 1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated.
- 2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY16 and 50 in FY17. Provides additional funding based on rider density and the number of miles driven by the school buses.
- 3) 3<sup>rd</sup> Grade Reading Proficiency Bonus- Provides a bonus to districts based on third grade reading results.
- 4) High School Graduation Rate Bonus-Provides a bonus to districts based on high school graduation rates up to approximately \$450 per student.

There are potentially 342 independent variables in the SFPR formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY17-21. Currently, there are still changes being made to the above variables as well as changes that could result once ODE finalizes the calculations from FY16. Our estimates are based on the best information available to us and the most current calculation used by ODE.

Beginning in FY16 the state changed the way it measures student ADM. Student counts are now updated with each payment made to the district. In most cases the district will not know its actual student funded ADM for any fiscal year until the end of June. This could result in undulating state aid payments throughout the year based on each student count if a district is on the formula. Our estimate of state aid is based on the April #2 SFRP report data. We have estimated growing enrollment through FY21 based upon the enrollment report from Future Think of 100 to 150 students per year. Based on the most recent data from HB49 we have included only a \$20 per pupil increase in FY18, no change in FY19 and a 1.0% per pupil base amount of increase each year beginning in FY20 & FY21 for Opportunity Grant funding.

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

The initial student payment to schools in January 2013 (FY13) was a half year payment of \$21.00 per pupil that rose to \$51.50 per pupil for a full year in FY14 and \$50.50 in FY15. The state indicated recently that the original 2009 estimates of \$1.9 billion of GCR may be closer to \$900 million as revenues from casinos are not growing robustly as originally predicted. For FY17-21 we estimated another 3 tenths of 1% decline in pupils to 1,789,000 and GCR increasing to \$89.2 million or \$49.69 per pupil. We will increase estimates for future years when actual casino revenues show signs of stronger increases.

Source	FY17	FY 18	FY 19	FY 20	FY 21
Basic Aid-Unrestricted	\$6,224,569	\$6,365,133	\$6,366,152	\$6,658,968	\$7,144,753
Additional Aid Items	<u>\$257,763</u>	<u>\$257,763</u>	<u>\$257,763</u>	<u>\$257,763</u>	<u>\$257,763</u>
Basic Aid-Unrestricted Subtotal	\$6,482,333	\$6,622,896	\$6,623,915	\$6,916,731	\$7,402,516
Ohio Casino Commission ODT	<u>\$172,176</u>	<u>\$184,641</u>	<u>\$192,942</u>	<u>\$202,280</u>	<u>\$211,619</u>
Total Line # 1.035	<u>\$6,654,508</u>	<u>\$6,807,537</u>	<u>\$6,816,857</u>	<u>\$7,119,011</u>	<u>\$7,614,134</u>

**B) Restricted State Revenues – Line # 1.040**

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY17-21.

Source	FY17	FY 18	FY 19	FY 20	FY 21
Economically Disadvantage Aid	\$17,642	\$17,818	\$17,997	\$18,177	\$18,358
Career Tech - Restricted	<u>\$1,276</u>	<u>\$1,289</u>	<u>\$1,302</u>	<u>\$1,315</u>	<u>\$1,328</u>
Total Line #1.040	<u>\$18,918</u>	<u>\$19,107</u>	<u>\$19,298</u>	<u>\$19,491</u>	<u>\$19,686</u>

## Restricted Federal Grants in Aid – line #1.045

There is no additional restricted federal funding projected in this forecast.

### Summary of State Foundation Revenues

SUMMARY	FY17	FY 18	FY 19	FY 20	FY 21
Unrestricted Line # 1.035	\$6,654,508	\$6,807,537	\$6,816,857	\$7,119,011	\$7,614,134
Restricted Line # 1.040	\$18,918	\$19,107	\$19,298	\$19,491	\$19,686
Restricted Fed. Grants - Line #1.045	\$0	\$0	\$0	\$0	\$0
Total State Foundation Revenue	<u>\$6,673,426</u>	<u>\$6,826,644</u>	<u>\$6,836,155</u>	<u>\$7,138,502</u>	<u>\$7,633,820</u>

### State Taxes Reimbursement/Property Tax Allocation

#### A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only received a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

#### b) Tangible Personal Property Reimbursements –

The previous state budget bill HB153 reduced all reimbursements that the district received on TPP replacement dollars for both Fixed Rate and Fixed Sum Levies.

### Summary of State Tax Reimbursement – Line #1.050

Source	FY17	FY 18	FY 19	FY 20	FY 21
a) Rollback and Homestead	\$2,313,055	\$2,563,860	\$2,802,700	\$2,871,204	\$2,708,329
b) TPP Reimbursement - Fixed Rate	\$0	\$0	\$0	\$0	\$0
Total Tax Reimb./Prop. Tax Allocations	<u>\$2,313,055</u>	<u>\$2,563,860</u>	<u>\$2,802,700</u>	<u>\$2,871,204</u>	<u>\$2,708,329</u>

### Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main source of revenue in this area is tuition for court placed students, Open Enrollment, pay to participate fee, general rental fees and Medicaid reimbursements.

We anticipate TIF receipts to continue throughout the forecast period with a modest growth rate which is indicative of the past trends. The TIF payments from the Outlet Mall have not been included in this forecast as the district has not received any projections on the amounts of this payment.

FY15 was the first year for Open Enrollment for our staff only. The district is expecting a ½% increase each year for remaining years of the forecast. The amount has been updated based on the April#2 foundation payment. The district has decreased the annual percentage increase from 3% to 1% to reflect the reduction in the Kindergarten tuition.

<u>Source</u>	<b>FY17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
TIF and PILOTS	\$151,426	\$152,940	\$154,469	\$156,014	\$157,574
Tuition	\$506,300	\$511,363	\$516,476	\$521,641	\$526,858
Open Enrollment	\$383,580	\$385,498	\$387,425	\$389,363	\$391,309
Interest	\$77,139	\$77,910	\$78,689	\$79,476	\$80,271
Class Fees	\$205,819	\$207,877	\$209,956	\$212,055	\$214,176
Other Miscellaneous Receipts	<u>\$160,905</u>	<u>\$162,514</u>	<u>\$164,139</u>	<u>\$165,780</u>	<u>\$167,438</u>
Total Line # 1.060	<u>\$1,485,168</u>	<u>\$1,498,102</u>	<u>\$1,511,155</u>	<u>\$1,524,330</u>	<u>\$1,537,626</u>

**Short-Term Borrowing – Lines #2.010 & Line #2.020** –There is no additional borrowing planned in the forecast at this time.

**Transfers In / Return of Advances – Line #2.040 & Line #2.050**

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The district does not anticipate any Transfers or Advances during the remainder of the forecast.

**All Other Financial Sources – Line #2.060**

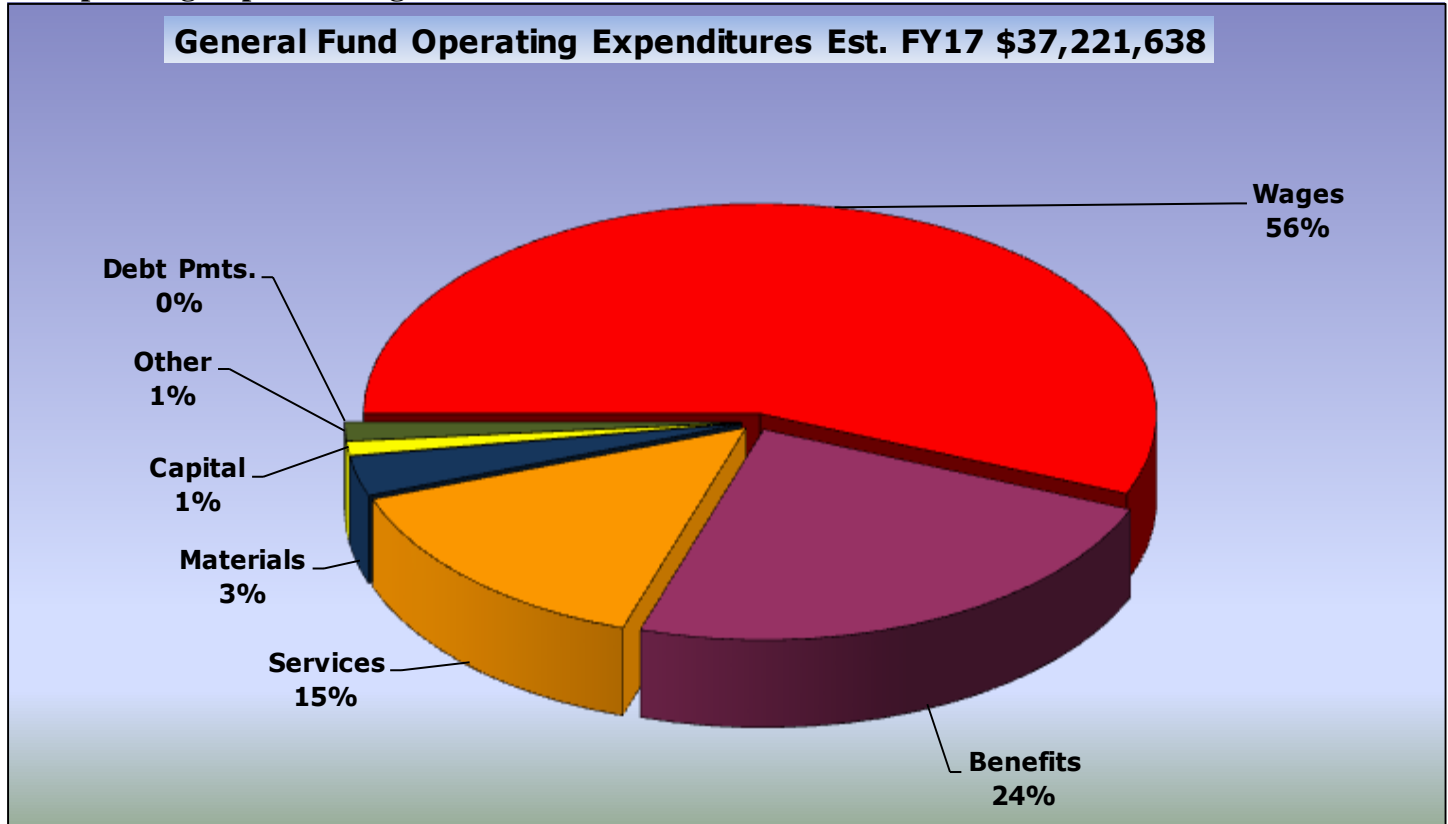
This funding source is typically a refund of prior year expenditures that are very unpredictable. Previous years included Worker’s Compensation and School Employees Retirement Refund; the district does not expect to receive any of these refunds in the remainder of the forecast and are estimating the final amount to not increase during the forecast.

<u>Source</u>	<b>FY17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
All Other Sources	\$60,317	\$60,317	\$60,317	\$60,317	\$60,317

## Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether with changes in curriculum or new technology needs. As the administration of the district constantly reviews expenditures the education of our students is the forefront of decision making.

### All Operating Expense Categories - General Fund FY17



#### Wages – Line #3.010

The district is expecting to increase staffing each year of the forecast to correspond with the growth of students within those years. The enrollment projections that are being used to forecast additional staffing were based on the study conducted for the school district by Future Think. The estimated new hires and replacements due to retirements are estimated to be 29.275 for FY17, 38.25 in FY18 and 12 in FY19 & FY20 and 8 in FY21. These estimates will be adjusted each year with the needs of the educational program. The district has completed the negotiations with the BWEA for the contract to run from FY17 to FY19 and has approved a 2% increase in wages for each year. The step increases have been recalculated for the current employees and have found that the average calculated step increase is 2.4% instead of 2.31% and that increase has been included for each year of the contract. The changes in the salaries for new staff and reduction of those that left is less than the actual amount of the contracts so the district is increasing the salary amount to equal the actual amount for staff contracts in FY17. The district also increased the amount of the Salary in Lieu of Insurance to match the amount of the insurance premium increases each year, this if for the staff that does not take the districts insurance but receives a payment that actually is a savings for the district. The district is forecasting an increase of 3% growth in Substitutes and Extra Curricular wages during the forecast years, which include the additional supplemental positions. The district has decreased the amount for severance pay to \$50,000 each year of the forecast as there are not as many retirements projected.



**Summary of Personal Services – Line #3.010**

<u>Source</u>	<b>FY17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>
Base Wages	\$17,456,634	\$19,345,200	\$21,363,968	\$22,798,016	\$24,186,545
Wage adjustments	\$349,133	\$386,904	\$427,279	\$455,960	\$483,731
Steps & Training	\$418,959	\$464,285	\$512,735	\$547,152	\$580,477
Growth/Replacement staff	\$1,107,597	\$1,534,854	\$664,204	\$507,149	\$383,414
Other	\$442,232	\$200,000	\$0	\$0	\$0
Salary In Lieu of Insurance	\$226,085	\$266,780	\$293,458	\$322,804	\$355,085
Substitutes & Supplemental	\$913,713	\$941,124	\$969,358	\$998,439	\$1,028,392
Severance	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Staff Reductions	<u>-\$37,754</u>	<u>-\$618,919</u>	<u>-\$222,848</u>	<u>-\$175,463</u>	<u>-\$178,972</u>
Total Wages Line 3.010	<u>\$20,926,598</u>	<u>\$22,570,228</u>	<u>\$24,058,155</u>	<u>\$25,504,057</u>	<u>\$26,888,671</u>

**Fringe Benefits Estimates – Line #3.020**

**A) STRS/SERS will increase as Wages Increase**

As required by law the BOE pays 14% of all employee wages to STRS or SERS. The district has changed the way it is calculating the retirement for the employees that receive Pick-up on Pick-up. Instead of blending the percentage for all employees they are calculating the rate for those employees and for the employees that do not receive that benefit.

**B) Insurance**

As the graph below notes health care is a significant cost for the district and continues to rise and multiples of the overall consumer price index. For FY18 the district is expecting an 18% increase and FY198-FY21 we are anticipating a 10% increase effective each January 1 for our insurance costs. This increase is a blend of the districts history of claims increases and the industry standards of annual premium increases.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act (PPACA)** commonly called the **Affordable Care Act (ACA)**, is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965.

It is uncertain to what extent the implementation of PPACA will cost our district additional funds. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be but there are “taxes” mandated by the act which we are aware of. Longer-term a significant concern is the 40% “Cadillac Tax” that will be imposed in 2020 for plans whose value of benefits exceed \$10,200 for individual plans and \$27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district. The district insurance committee looked at options in order to avoid the “Cadillac Tax”. It was determined that offering second plan as an option to staff that has a lower premium plan could aid in reducing the Cadillac Tax. The insurance committee is working with bargaining units to try to get a second plan option accepted (voted) into the contracts. If the bargaining units do not accept this option, the committee will need to continue search for other options in order to avoid payment of Cadillac Tax.

**C) Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to increase by 2% each year of the forecast. The 2016 payment was split between FY16 and FY17 from this time forward those payments will now be made in one lump sum which has



doubled the payment in FY18. The district for the past two years have not had any claims for Unemployment, therefore, is not forecasting any expenditure during the forecast since we are a direct reimbursement employer. By being a direct reimbursement employer unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

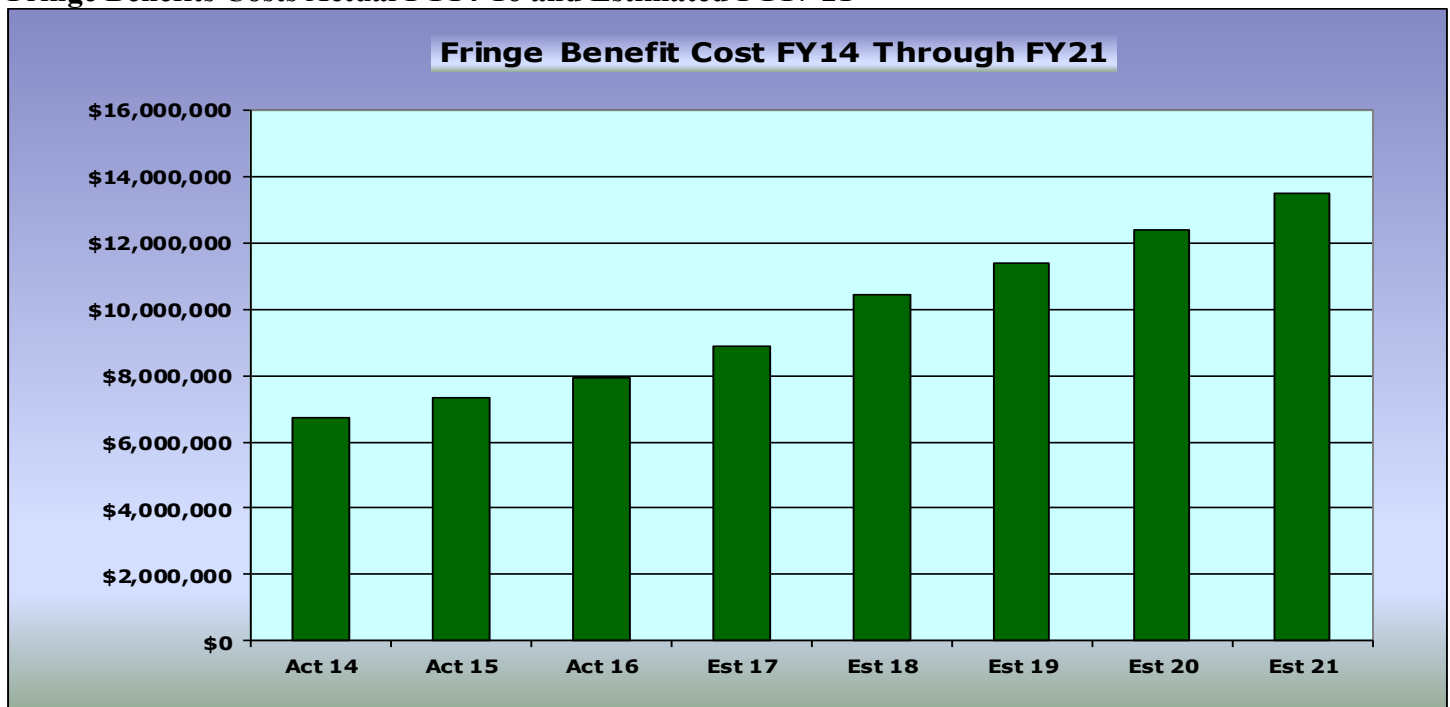
**D) Medicare**

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

**Summary of Fringe Benefits – Line #3.020**

<u>Source</u>	<u>FY17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
STRS/SERS	\$3,208,897	\$3,536,728	\$3,715,137	\$3,921,356	\$4,118,743
Insurance's	\$5,228,705	\$6,389,697	\$7,134,592	\$7,927,656	\$8,769,487
Workers Comp/Unemployment	\$65,166	\$131,635	\$134,268	\$136,953	\$139,692
Medicare	\$318,948	\$340,549	\$355,243	\$374,618	\$392,850
Tuition and Other Benefits	\$36,946	\$36,946	\$36,946	\$36,946	\$36,946
Total Line 3.020	<u>\$8,858,663</u>	<u>\$10,435,555</u>	<u>\$11,376,186</u>	<u>\$12,397,530</u>	<u>\$13,457,719</u>

**Fringe Benefits Costs Actual FY14-16 and Estimated FY17-21**



**Purchased Services – Line #3.030**

An overall average inflation of 2% is being estimated for this category. Community School deductions and tuition paid to other districts are the largest unknown costs for the district as these areas are dependent upon the information that is received from other districts and can fluctuate significantly from one year to the next. The district is using April#2 Foundation Payment for this amount is FY17. Municipal leases for purchases of buses and student technology are forecasted on this line. Four buses and all high school 1:1 technology was purchased in FY16 and forecasted through 2021. Additional bus purchases are forecasted each year as the district estimates needs for growth and replacement of the aging fleet.

The district decreased the percentage of increase in the utilities from 5% to 3% based on the amount that the district paid in FY16. Even though the amount of utilities from FY15 to FY16 decreased the winter was not as cold as in previous years and contributed to the district savings in costs. The district is increasing the Building Repairs and Services in FY17 in order to handle any additional repairs that might arise. There is also an increase of \$75,000 in professional services in FY17 in case the district has any additional special education needs.

The district is increasing the tuition line by \$100,000 in FY19 for College Credit Plus amounts for students that will be attending in FY18 but the district will not pay for until FY19.

**Summary of Purchased Services – Line #3.030**

<u>Source</u>	<u>FY17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
Insurance, Leases, Postage, & Other	\$835,796	\$1,192,512	\$1,476,363	\$1,785,890	\$2,101,608
Professional Services, Legal Fees & ESC	\$2,218,716	\$2,261,590	\$2,305,322	\$2,349,928	\$2,395,427
Tuition, SF14, PSEO & Excess Costs	\$615,545	\$627,855	\$740,412	\$755,221	\$770,325
Community School Deductions	\$440,696	\$449,510	\$458,500	\$467,670	\$477,023
Phone and Internet Services	\$75,536	\$77,047	\$78,588	\$80,160	\$81,763
Utilities	\$619,466	\$638,050	\$657,191	\$676,907	\$697,214
Building Repairs & Services	\$575,036	\$582,536	\$590,187	\$597,991	\$605,951
Total Line 3.030	<u>\$5,380,790</u>	<u>\$5,829,100</u>	<u>\$6,306,563</u>	<u>\$6,713,766</u>	<u>\$7,129,310</u>

**Supplies and Materials – Line #3.040**

An overall inflation of 2.5% for inflation is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies, materials, and bus fuel. The district is increasing supplies in FY17 in order to handle the growth of students.

<u>Source</u>	<u>FY17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
Supplies, Textbooks, and other	\$683,242	\$696,907	\$710,845	\$725,062	\$739,563
Maintenance & Transportation Supplies	\$444,064	\$457,386	\$471,107	\$485,241	\$499,798
Total Line 3.040	<u>\$1,127,306</u>	<u>\$1,154,293</u>	<u>\$1,181,953</u>	<u>\$1,210,303</u>	<u>\$1,239,361</u>

**Equipment – Line # 3.050**

The district is developing a capital projects budget to update the aging bus fleet and replenish or refresh other assets such as roofing, asphalt, computers, desks and chairs. In FY17 the district is forecasting Capital Outlay for additional science labs and teacher and student computers and in FY18 – FY21 a minimum amount is being used for the updating of equipment.

<u>Source</u>	<u>FY17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
Capital Outlay	\$112,000	\$50,000	\$50,000	\$50,000	\$50,000
Technology	\$100,000	\$20,000	\$20,000	\$20,000	\$20,000
Facility Upkeep	\$188,000	\$30,000	\$30,000	\$30,000	\$30,000
Replacement Bus Purchases	\$0	\$0	\$0	\$0	\$0
Total Line 3.050	<u>\$400,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

**Principal and Interest Payment – Lines # 4.05 and 4.06**

There is no additional borrowing planned in the forecast at this time.

**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of Auditor & Treasurer fees, SDIT collection fees and our annual audit and other miscellaneous expenses. The district uses an average increase of 2.5% for the annual increase for this area.

<u>Source</u>	<u>FY17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
Auditor & Treasurer Fees	\$328,933	\$338,801	\$348,965	\$359,433	\$370,216
County ESC	\$20,983	\$21,403	\$21,831	\$22,268	\$22,713
SDIT Tax Collection Fees	\$92,950	\$95,739	\$98,611	\$101,569	\$104,616
Other expenses	\$85,415	\$87,123	\$88,866	\$90,643	\$92,456
Total Line 4.300	<u>\$528,281</u>	<u>\$543,066</u>	<u>\$558,272</u>	<u>\$573,913</u>	<u>\$590,002</u>

**Transfers Out/Advances Out – Line# 5.010**

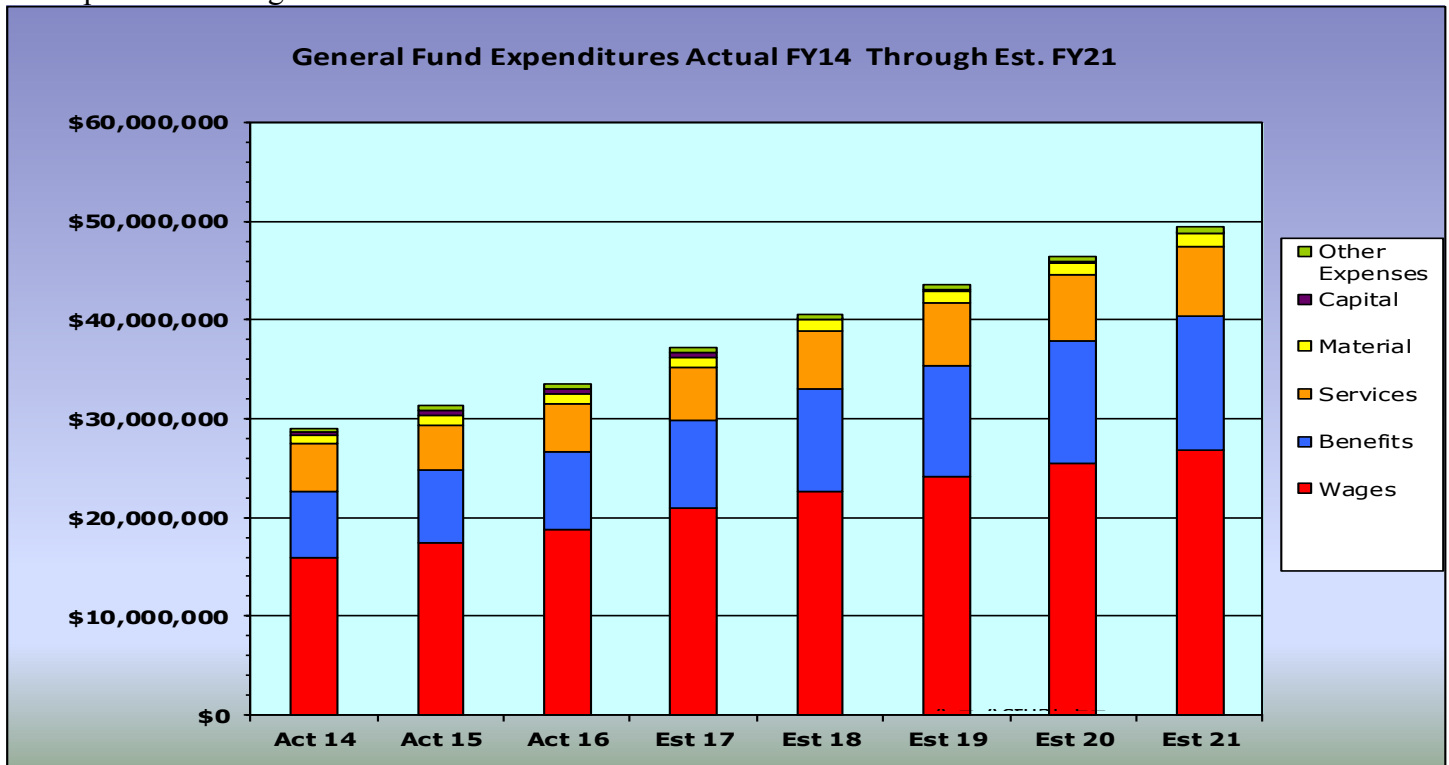
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district is not expecting any future transfers or advances.

**Encumbrances –Line#8.010**

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

<u>Source</u>	<u>FY17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
Estimated Encumbrances	<u>\$567,531</u>	<u>\$578,882</u>	<u>\$590,459</u>	<u>\$602,269</u>	<u>\$614,314</u>

**Operating Expenditures Actual FY14 through FY16 and Estimated FY17-FY21.** As the graph below indicates the largest expenditure for the district is that of staffing. These expenditures are growing at rates that correspond with the growth of students within the district.



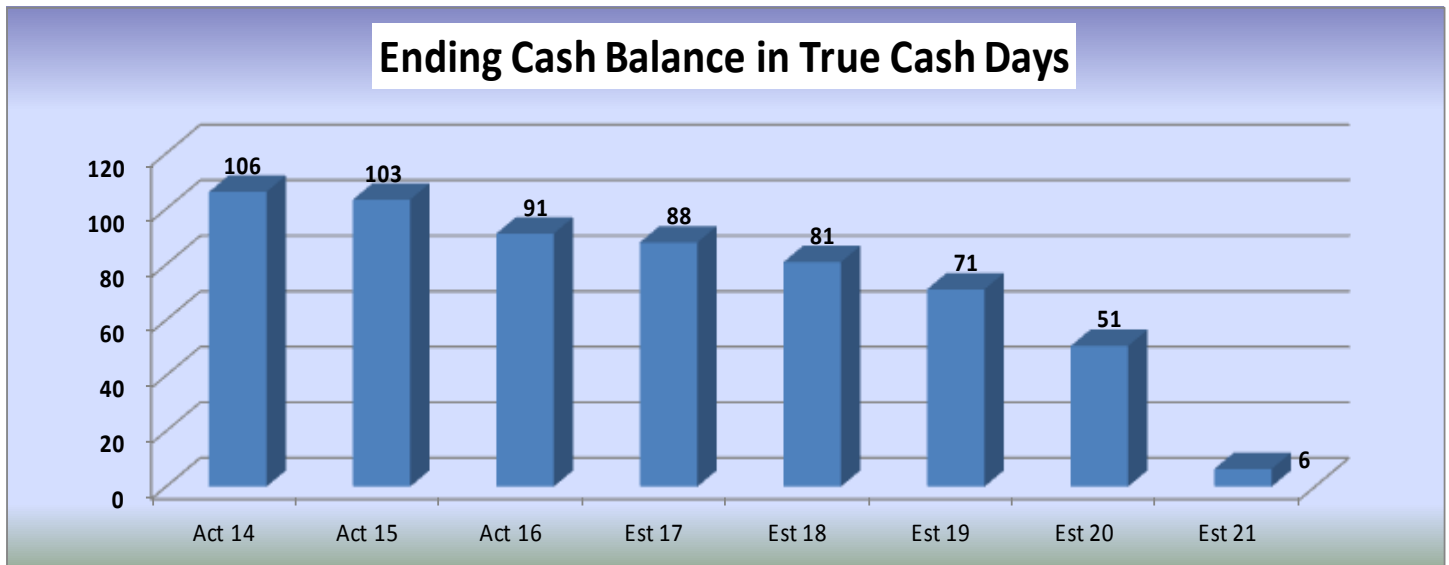
**Ending Unencumbered Cash Balance – Line#15.010**

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000.

<u>Source</u>	<u>FY17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
Ending Cash Balance	<u>\$8,970,415</u>	<u>\$9,003,195</u>	<u>\$8,487,591</u>	<u>\$6,452,170</u>	<u>\$4,053,729</u>

**True Cash Days**

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Based on the current fund balances the district will not have the sixty (60) day balance at the end of FY20. True Cash Days graph does not include the renewal of the Substitute Emergency Levy.



**Conclusion**

The Big Walnut Local Schools would like to thank the voters for the passage of the 6.9 Mill Substitute Emergency Levy in May 2015. This levy will allow for new opportunities for our students education during the next 5 years.

The district is also very fortunate to have received more funding for FY16 and FY17 than had been expected from the state budget. Being that 24% of the funding for the district is from state dollars this increase is very beneficial to the overall operations for the education of our students.

The district administration will be able to plan for the future needs of our students with the financial stability obtained with the current state budget and the passage of the levy. But they will also need to be mindful that there are many risks and uncertainties that will need to be considered in future planning as there are two new state budgets in the time period from FY17-FY21.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.