BIG WALNUT LOCAL SCHOOL DISTRICT- DELAWARE COUNTY

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

Forecast Provided By
Big Walnut Local School District
Treasurer's Office
Jeremy Buskirk, Treasurer/CFO
May 16, 2019

Big Walnut Local School District

Delaware County

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

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenues									
1.010	General Property Tax (Real Estate)	16,089,626	16,416,912	17,574,730	4.5%	18,283,805	19,404,199	18,116,208	16,947,123	17,465,663
1.020	Tangible Personal Property	2,524,993	4,293,414	4,497,858	37.4%	4,457,625	4,428,290	4,002,334	3,597,469	3,543,507
1.030	Income Tax	6,016,216	6,356,869	6,901,674	7.1%	7,609,785	8,153,823	8,730,502	9,341,782	9,989,739
1.035	Unrestricted State Grants-in-Aid	6,159,176	6,648,879	6,844,308	5.4%	6,885,921	6,854,414	6,864,316	6,874,382	7,074,842
1.040	Restricted State Grants-in-Aid	23,162	31,867	51,038	48.9%	82,779	54,927	55,076	55,227	55,379
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	2,337,416	2,317,544	2,442,919	2.3%	2,575,147	2,679,455	2,524,352	2,360,602	2,436,878
1.060	All Other Revenues	1,430,467	1,564,909	1,657,908	7.7%	2,010,121	1,758,481	1,722,530	1,701,036	1,682,999
1.070	*Total Revenues*	34,581,056	37,630,394	39,970,435	7.5%	41,905,184	43,333,588	42,015,318	40,877,621	42,249,008
							3.41%	-3.04%	-2.71%	3.35%
	Other Financing Sources									
2.060	All Other Financing Sources	60,317	26,624	159,108	220.9%	361,334	42,933	42,933	42,933	42,933
2.070	*Total Other Financing Sources*	60,317	26,624	159,108	220.9%	361,334	42,933	42,933	42,933	42,933
2.080	*Total Revenues and Other Financing Sources*	34,641,373	37,657,018	40,129,543	7.6%	42,266,518	43,376,521	42,058,251	40,920,554	42,291,941
	Expenditures									
3.010	Personnel Services	$18,769,737	$20,472,771	$22,300,785	9.0%	23,211,971	24,635,173	26,362,717	28,122,407	30,216,699
3.020	Employees' Retirement/Insurance Benefits	$7,928,403	8,767,212	10,109,935	12.9%	11,133,488	12,626,975	14,405,780	15,877,937	17,527,075
3.030	Purchased Services	$4,848,927	5,430,706	5,600,413	7.6%	5,615,583	5,897,803	6,523,678	6,656,666	7,032,955
3.040	Supplies and Materials	904,897	1,023,501	1,074,984	9.1%	1,188,462	1,217,965	1,273,230	1,304,877	1,337,343
3.050	Capital Outlay	574,832	657,112	436,716	-9.6%	20,000	25,000	25,000	25,000	25,000
4.300	Other Objects	$513,907	515,390	510,312	-0.3%	542,727	557,896	573,497	589,544	606,049
4.500	*Total Expenditures*	33,540,703	36,866,692	40,033,145	9.3%	41,712,231	44,960,813	49,163,902	52,576,432	56,745,121
							7.79%	9.35%	6.94%	7.93%
	Other Financing Uses									
5.010	Operating Transfers-Out	$1,000,000	-	-	0.0%	-	-	-	-	-
5.020	Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	$0	-	-	0.0%	-	-	-	-	-
5.040	*Total Other Financing Uses*	1,000,000	-	-	0.0%	-	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	34,540,703	36,866,692	40,033,145	7.7%	41,712,231	44,960,813	49,163,902	52,576,432	56,745,121
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	100,670	790,326	96,398	298.6%	554,286	(1,584,293)	(7,105,651)	(11,655,878)	(14,453,180)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	9,081,791	9,182,461	9,972,787	4.9%	10,069,185	10,623,471	9,039,179	1,933,528	(9,722,350)
7.020	*Cash Balance June 30*	9,182,461	9,972,787	10,069,185	4.8%	10,623,471	9,039,179	1,933,528	(9,722,350)	(24,175,530)
8.010	*Estimated Encumbrances June 30*	556,403	568,542	339,757	-19.0%	346,552	353,483	360,553	367,764	375,119
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-			0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-			0.0%	-	-	2,735,044	5,388,037	5,388,037
11.300	Cumulative Balance of Replacement/Renewal Levies	-			0.0%	-	-	2,735,044	8,123,082	13,511,119
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	8,626,058	9,404,245	9,729,428	6.2%	10,276,919	8,685,696	4,308,019	(1,967,032)	(11,039,530)
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	8,626,058	9,404,245	9,729,428	6.2%	10,276,919	8,685,696	4,308,019	(1,967,032)	(11,039,530)

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

Introduction to the Five Year Forecast
For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31 2018, and May 31, 2019. HB87, effective November 1, 2018, will change the filing date from October 31 to November 30 beginning with the 2019 November filing. The May 31 filing date will remain unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2019 (July 1, 2018-June 30, 2019) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2019 filing.

May 2019 Updates

Revenues:
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $41,905,184 or 1.60% higher than the October forecasted amount of $41,246,125. This indicates revenues in the October forecast was 98.40% accurate.

The increase in revenue estimate is mostly affected by the increase in real estate taxes due to new construction, actual collection of income tax and increases in Open Enrollment. These increases will have a positive effect on revenues through the entire forecast period.

Other areas of revenue are tracking close to anticipated amounts for FY19.

Expenditures:
Total General Fund expenditures (line 4.5) are estimated to be $41,712,231 for FY19 which is below the original estimate of $41,970,125 or 0.61% decrease in the October forecast. The expenditure lines most significantly below projections are Personnel Services (line 3.01) due to lower actual cost of new staff and Purchased Services (line 3.03) due to utility savings and state foundation deductions for any type of tuition to other districts coming in under budget. This will have a positive effect on the long term forecast.

Unreserved Ending Cash Balance:
With projected revenues increasing slightly over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2019 is anticipated to be roughly $10.2 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2021 if assumptions we have made remain close to our estimates.

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. As new data becomes available, we are promptly assessing and revising our plans to accommodate legislative changes. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Delaware County experienced the reappraisal for the 2017 tax year to be collected in 2018, which increased residential/agricultural, assessed values by $67.6 million or an increase of 10.12%, and an increase of $2.8 million or 4.84% for commercial/industrial values. The changes authorized by HB49 to CAUV values lower Class I agricultural values for counties experiencing a reappraisal of update in Tax Year 2017. Since Delaware County experienced a reappraisal in 2017, these changes essentially took

effect immediately and decreased our agricultural assessed valuation by 14.29% compared to Tax Year 2016. It is anticipated this reduction will be mostly offset by HB920 as rates will adjust up if net values for Class I are lower. It is also expected that cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests.

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 has been set by the county at 5.45 for this levy. The renewal of this levy is necessary to keep the district financially healthy long term. We are concerned; however, we may not be able to provide the same level of services with only a renewal levy and District leadership is working to plan for what new resources are anticipated.

3) The State Budget represented nearly 22.77% of district revenues in FY19. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budget reduces funding to our district. There are two future State Biennium Budgets covering the periods from FY20-21 and FY22-23 in this forecast. For the May forecast there are two proposed scenarios for state funding for Big Walnut Local Schools which are; the state budget and the Cupp-Patterson Study. Even though the proposed budget has been introduced for FY20-FY21 it is much too early in the budget process to make changes in the forecast, as the final budget will not be completed until after the forecast filing deadline. 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 FY23.

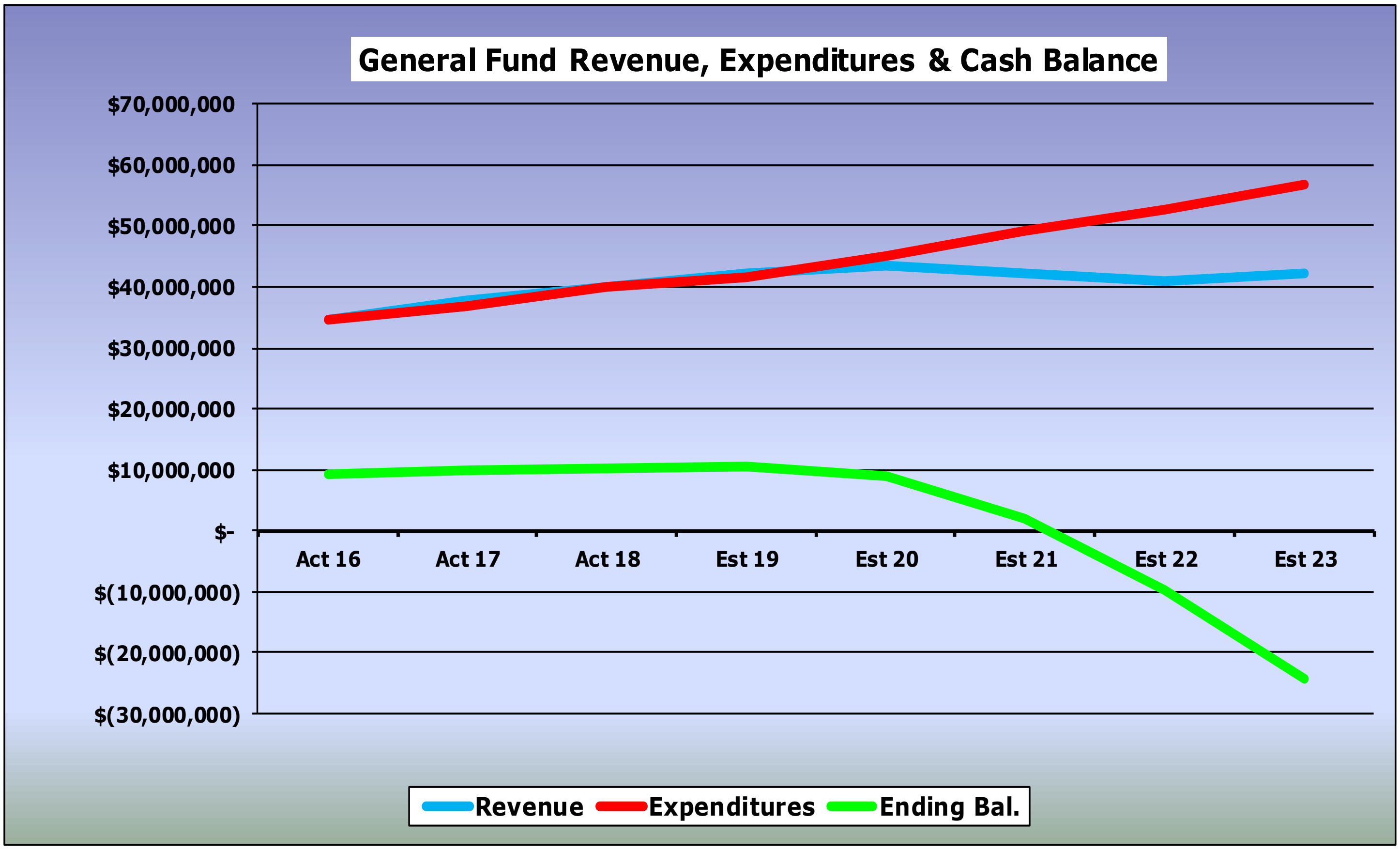
4) There are many provisions in the current state budget bill HB49 that have increased and will continue to increase the district expenditures in the form of expanded school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2018-19school years. The 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 costs continue to increase as this program becomes more understood. These are examples of new choice programs that cost the district money even though no additional state resources are provided. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

5) The enrollment reporting for the state is very difficult to track. This is another area that we must monitor very closely especially with the increased enrollment that we are expecting from new housing developments.

6) Labor relations in the district have been fairly 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 good 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 Jeremy Buskirk, Treasurer at 740-965-3010.

General Fund Revenue, Expenditure and Ending Cash Balance Actual FY16-18 and Estimated FY19-23
The graph captures in one snapshot the operating scenario facing the district over the next few years. The Substitute Emergency Levy expires December 31, 2020 and is moved to Line 11.02 of the forecast and is contributing to the negative balance.


General Fund Revenue, Expenditures & Cash Balance
$70,000,000
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$-
$(10,000,000)
$(20,000,000)
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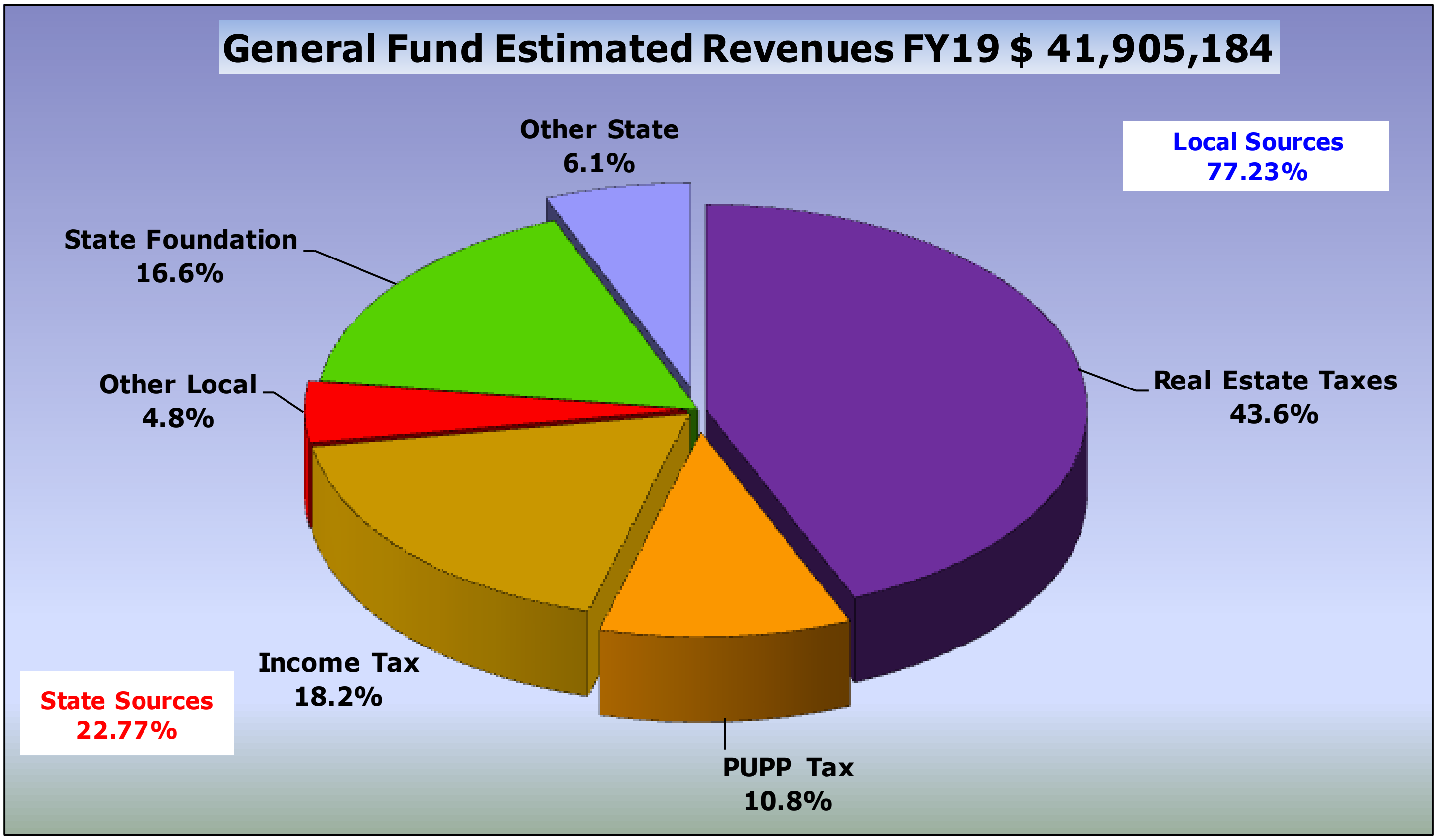
Act 16
Act 17
Act 18
Est 19
Est 20
Est 21
Est 22
Est 23
Revenue
Expenditures
Ending Bal.

Revenue Assumptions

All Revenue Sources General Fund FY19



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 went through a reappraisal for the 2017 tax year to be collected in 2018, which included a 10.12% increase in Class I reappraisal and a 4.84% increase for Class II. The Class I reappraisal includes the decreases for CAUV due to the changes in HB49 that took effect in the first year for any county going through either reappraisal or update after the passage of the law. This will cause a shift in taxes from agricultural taxpayers to residential taxpayers and may contribute to lower than anticipated taxes to our district.

There will be a reappraisal update in 2020 for collection in 2021. 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 increased the districts valuations each year between the reappraisal in 2017 and the update in 2020. With the growth in the district we continue to be at the 20 mill floor for the tax rates to be collected in 2017 for our Class I property. 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 is 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 actual increase for new construction in Class I was 27,196,930 and Class II was 2,448,010 for 2018 collection in 2019. This is important in that new construction is taxed at the full voted rate and not subject to the effective millage rates, for the first year of collection, which will increase the estimate for taxes being collected. Based on preliminary new construction information from Delaware County and information available from our municipalities, the district is anticipating increasing new construction at 2% each year for the remainder of the forecast.

Property tax levies are estimated to be collected at 98.14% of the annual amount. While we saw a shift from historical trends in 2018 payments, which we believe was due to federal tax law changes, we believe collect splits between first and second half will come back in line with trends. In general, 50.78% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 49.22% 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 collection year 2014 to 2017 was 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. The district received a $1.33 million decrease in values for 2017 collected in 2018. However, the district received an increase of $913,179 in valuations for 2018 collected in 2019. The district will continue to expect decreases in PUPP throughout the remainder of the forecast due to depreciation of the power plant equipment of approximately 2% each year. Due to new planned housing developments, we believe there will be additions to public utility infrastructure that will compensate for current depreciation, and our projection assume a 1.5% decrease throughout the forecast in this line starting in fiscal year 2021.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 FY18 and beyond.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	**Estimated**	**Estimated**	**Estimated**	**Estimated**
	TAX YEAR 2018	**TAX YEAR 2019**	**TAX YEAR 2020**	**TAX YEAR 2021**	**TAX YEAR 2022**
Classification	**COLLECT 2019**	**COLLECT 2020**	**COLLECT 2021**	**COLLECT 2022**	**COLLECT 2023**
Res./Ag.	$786,156,710	$813,727,579	$882,539,644	$911,231,243	$940,500,075
Comm./Ind.	$59,365,740	$60,690,740	$62,729,555	$63,554,555	$64,379,555
Public Utility (PUPP)	$131,757,830	$129,122,673	$127,185,833	$125,278,045	$123,398,875
Total Assessed Value	$977,280,280	$1,003,540,992	$1,072,455,031	$1,100,063,843	$1,128,278,504

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	**FY 19**	**FY 20**	**FY 21**	**FY 22**	**FY 23**
Est. Property Taxes Line #1.010	$18,283,805	$19,404,199	$18,116,208	$16,947,123	$17,465,663

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

There was a phase out of TPP taxes beginning 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 (PUPP) tax payments. The amounts noted below are tax payments from public utilities. The values for PUPP are noted on the estimated assessments table above under Public Utility, which was $131.7 million in assessed values in 2018 collected in 2019 and are anticipated to be $129.1 million for 2019 collection in 2020. These tax payments are collected at the district's gross voted millage rate. 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

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Public Utility Personal Property Taxes	$4,457,625	$4,428,290	$4,002,334	$3,597,469	$3,543,507
Est. PUPP Taxes Line 1.020	$4,457,625	$4,428,290	$4,002,334	$3,597,469	$3,543,507

Renewal Tax Levies – Line #11.020 – At a minimum, the Substitute Emergency Levy will need to be renewed in 2020 for collection in 2021 to allow for most services to be provided beyond a state required minimum. The current Substitute Emergency Levy was passed as a 6.9 mill levy in 2015 and is currently collecting at 5.45 mills. 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.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Renew Substitute Emergency Levy 2020	$0	$0	$2,735,044	$5,388,037	$5,388,037
Total Line # 11.020	$0	$0	$2,735,044	$5,388,037	$5,388,037

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast, however, the district will need to evaluate the needed resources to allow for the current educational delivery model and added services provided.

School District Income Tax – Line #1.03

The district passed an income tax (SDIT) of .75% effective in 1995, which was approved as a continuing tax in 2003. The amount of growth in income tax is difficult to estimate as most of the information from the Ohio Department of Taxation is confidential. 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 years, and with the information available at this time, we believe this trend will continue. In FY18 the district had a total increase of 8.57% from FY17 and in FY19 we have experience a 10.26% increase from the previous year. As we project forward we will assume for FY20 through FY23 a 6.0% growth annually based on a low unemployment rate and current economic growth indicators. In addition, we are estimating growth from new families based on the following assumption: 110 families per year with an annual family income of approximately $106,000 as estimated data from U.S. Census Bureau, 2013-2017 American Community Survey as compiled by Ohio Municipal Advisory Council OMAC data.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
SDIT Collection	$6,901,674	$7,609,785	$8,153,823	$8,730,502	$9,341,782
Adjustments	$708,111	$544,037	$576,679	$611,280	$647,957
Total to Line #1.030	$7,609,785	$8,153,823	$8,730,502	$9,341,782	$9,989,739

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 state funding are based on component computations from the most recent State Foundation Payment Report for FY19. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY18 SFPR reconciliation and the actual formulization of the current funding model. Based on current ADM, updated three year average of valuations, updated three year adjusted gross income for the district along with minor changes within the formula the district is a GUARANTEE district regarding state funding in FY19, which means the funding formula calculates a lower state share index for the funding responsibility for our District than in past years and will provide the same funding level as was provided in FY17.

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

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

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

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

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

We are a guarantee district at 100% of FY17 levels for FY18 and FY19 at this time.

Gain Cap Funded Districts- For the first time HB49 has created tiers of funding for districts that are on the funding cap (or limit) based on the amount of student ADM growth. Generally, if a district is a "Cap" district the state formula calculates that a district is owed more than they are being paid. The Cap grew 7.5% in FY16 and FY17 from the FY15 levels. There are now funding tiers established for Cap district's based on three (3) year average ADM growth for the period FY14-FY16. The Cap will generally be 3% additional funding in FY18 and FY19 from the FY17 levels, with the following exceptions:

1) If average ADM from FY14 to FY16 is 5.5% or greater in FY18 or 6% greater in FY19, the gain cap is set at 5.5% or 6% respectively, of the district's previous year's state aid. Cap limits will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.
2) If average ADM from FY14 to FY16 is between 3% and 5.5% in FY18, or between 3% and 6% in FY19, the gain cap is set at a scaled amount between 3% and 5.5% and 3% and 6% respectively, of the districts previous year's state aid. Cap limit will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.

Our district is not anticipated to be a Gain Cap district during the forecast period at this time.

Our current SFPR estimates for FY19 are using April #2 average daily membership (ADM) and adding an average of 163 students each year through FY23. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now changed monthly with the data that is collected in the Education Management Information System (EMIS). In most cases the district will not know its actual student funded ADM until the end of June 2019, and then there will be adjustments into the succeeding fiscal year. The district received two adjustments for FY18 in FY19 for a total of $40,646.

Future State Budgets: Our funding status for the FY20-23 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding lowering per pupil growth to .5% per year FY20-FY23, due to the potential for the economy to be slower. Even though the proposed budget has been introduced for FY20-FY21 we are not making any changes to the forecast at this time since it is too early in the budgeting process and the final budget will not be completed until after the district is required to submit the May Forecast.

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 state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY18 statewide were 1,791,647 students at $51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19-23 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to $92.9 million or $52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Basic Aid-Unrestricted	$6,383,695	$6,342,315	$6,342,166	$6,341,999	$6,532,044
Additional Aid Items	$311,371	$311,371	$311,371	$311,371	$311,371
Basic Aid-Unrestricted Subtotal	$6,695,066	$6,653,686	$6,653,537	$6,653,370	$6,843,415
Ohio Casino Commission ODT	$190,855	$200,728	$210,780	$221,012	$231,428
Total Line # 1.035	$6,885,921	$6,854,414	$6,864,316	$6,874,382	$7,074,842

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 FY19-23. The district also submits for catastrophic costs, which provides reimbursement for a portion of the extraordinary costs paid for students with special needs.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Economically Disadvantage Aid	$13,285	$13,418	$13,552	$13,687	$13,824
Career Tech - Restricted	$1,494	$1,509	$1,524	$1,539	$1,555
Catestrophic Aid	$68,000	$40,000	$40,000	$40,000	$40,000
Total Line #1.040	$82,779	$54,927	$55,076	$55,227	$55,379

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	FY 19	FY 20	FY 21	FY 22	FY 23
Unrestricted Line # 1.035	$6,885,921	$6,854,414	$6,864,316	$6,874,382	$7,074,842
Restricted Line # 1.040	$82,779	$54,927	$55,076	$55,227	$55,379
Restricted Fed. Grants - Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$6,968,700	$6,909,341	$6,919,392	$6,929,609	$7,130,221

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	FY 19	FY 20	FY 21	FY 22	FY 23
a) Rollback and Homestead	$2,575,147	$2,679,455	$2,524,352	$2,360,602	$2,436,878
b) TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
Total Tax Reimb./Prop. Tax Allocations	$2,575,147	$2,679,455	$2,524,352	$2,360,602	$2,436,878

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, interest earnings 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 are from the Sunbury Mills Plaza development.

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 interest income for FY19 has increase considerably from FY18 due to interest rates being higher than in past years, utilizing a better cash flow model for accounts payable payments and increases in Medicaid payments. The amount for interest in future years is not expected to be at the same level as FY19 and is decreasing the amount to 85% of FY19 in FY20, 87.5% of FY20in FY21 and 90 Percent of previous years for the remainder of the forecast. In FY19, this line was significantly helped by the state increasing the rate at which they paid out school Medicaid program reimbursements. The District received two settlement payments during the year for approximately $200,000 and may received a third payment prior the close of the fiscal year.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
TIF and PILOTS	$116,482	$117,647	$118,824	$120,012	$121,212
Tuition	$607,482	$625,706	$631,963	$638,283	$644,666
Open Enrollment	$375,877	$377,756	$379,645	$381,543	$383,451
Interest	$450,076	$382,565	$334,744	$301,270	$271,143
Class Fees	$205,602	$207,658	$209,734	$211,832	$213,950
Other Miscellaneous Receipts	$254,603	$47,149	$47,620	$48,096	$48,577
Total Line # 1.060	$2,010,121	$1,758,481	$1,722,530	$1,701,036	$1,682,999

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 and one-time payments that are very unpredictable. In FY19 there were several large one time payments for rebates from BWC, reimbursement of previous year fees in December from Delaware County and E-Rate reimbursement from previous years.

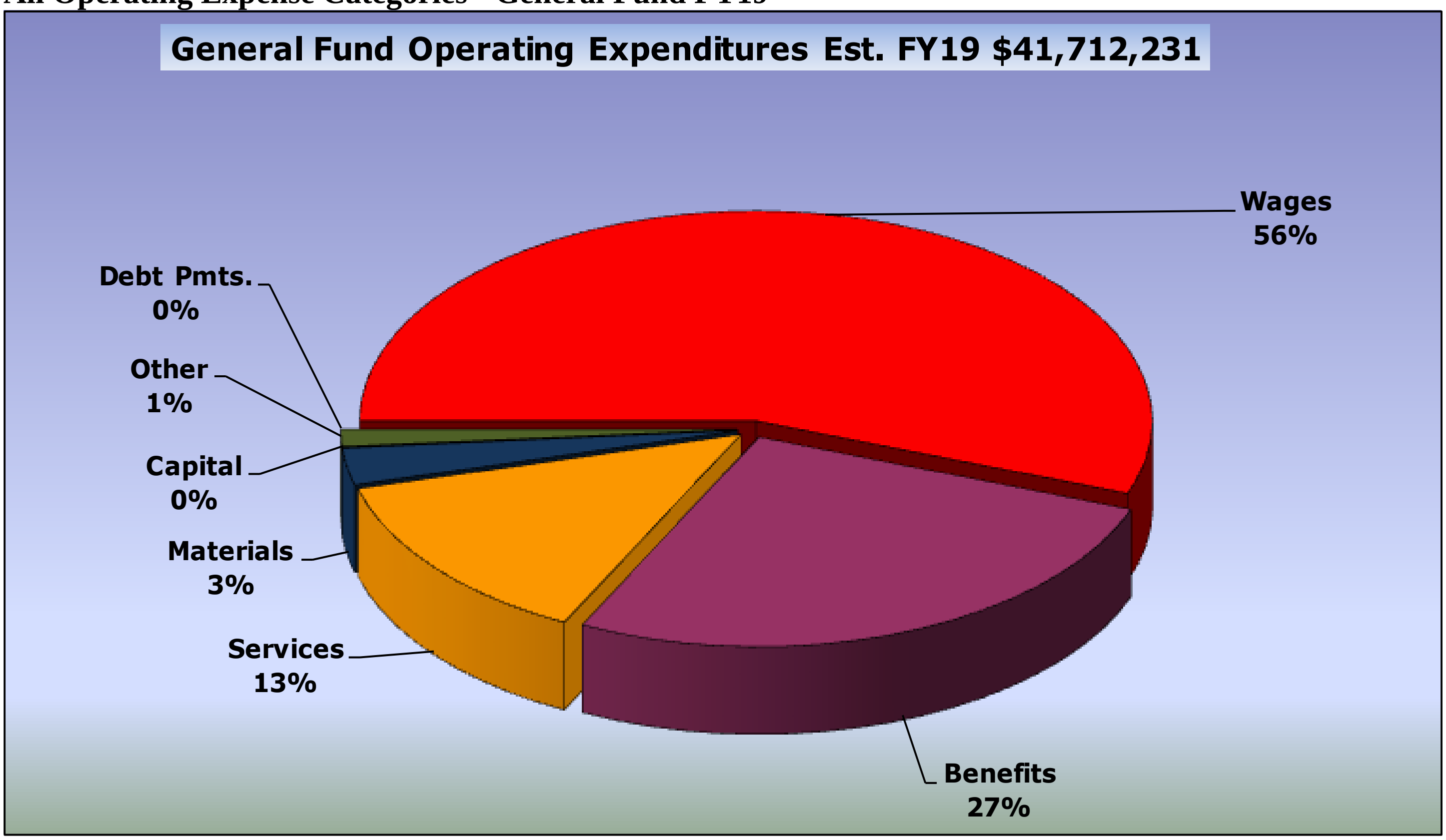
The district is estimating amounts for FY20 through FY23 based on currently received receipts and historical trends for this revenue area.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
All Other Sources	$361,334	$42,933	$42,933	$42,933	$42,933

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 FY19



Wages – Line #3.010

The district evaluates staffing needs with the help of enrollment projections that are based on the study conducted for the district by Future Think. Even though the district continues to see enrollment growth minimal staffing increases are planned due to budget pressures. The estimated net new hires accounted for are estimated to be 2 in FY19, 1 in FY20, 20 in FY21, 11 in FY22 and 16 in FY23. The planned positions are only for staffing we believe will be necessary to meet the demands of the new buildings, state or federal requirements for busing and students with special needs. These estimates will be adjusted each year with the needs of the educational programs and as actual student information is available. The district will continue to keep a close watch of available resources to evaluate whether additional staffing can be accommodated or if other action will need to be taken. The district currently has a contract with BWEA and BWPSS that runs from August 1, 2016 to July 31, 2019 and approved a 2% increase in wages for each year. Step increases for current employees are estimated to be 2.6%. The district has a contract with both OAPSE 524 and 696 unions that runs from July 1, 2017 to June 30, 2020 and approved a 2% increase in wages for each year. The district is forecasting an increase of 3% growth in Substitutes and Extra Curricular wages during the forecast years.

The district implemented an Early Retirement Incentive that will take effect in FY20 which has increased the amount of severance pay in FY20 and FY21 from the projected $50,000 during those years.

The salaries for the new staff hired during FY19 were less than projected by $220,000 which will be a savings for the district for the remainder of the forecast.

Summary of Personal Services – Line #3.010

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Base Wages	$20,923,127	$21,976,450	$22,965,786	$24,880,472	$26,708,331
Wage adjustments	$418,463	$439,529	$459,316	$497,609	$534,167
Steps & Training	$523,078	$571,388	$597,110	$646,892	$694,417
Growth/Replacement staff	$1,376,489	$500,235	$859,739	$615,156	$743,791
Other	$150,000	$200,000	$200,000	$200,000	$200,000
Salary In Lieu of Insurance	$182,920	$220,876	$254,007	$279,408	$307,349
Substutes & Supplemental	$1,002,600	$1,032,678	$1,063,658	$1,095,568	$1,128,435
Severance	$50,000	$425,000	$175,000	$50,000	$50,000
Staff Reductions	-$1,414,706	-$721,816	-$201,479	-$131,798	-$138,388
Total Wages Line 3.010	$23,211,971	$24,644,340	$26,373,138	$28,133,308	$30,228,102

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 is using a blended rate of 15.9% for those that received pick-up on pick-up of the retirement and the additional surcharge for SERS members that do not earn $21,600 each year. The amount in FY19 being deducted from the State Foundation increased more than expected by $120,728.

B) Insurance

As the graph below notes health care is a significant cost for the district and continues to be a real challenge as costs rise. With increasing employee participation in the insurance plan and higher than industry average claims, we anticipate premium increases of 18.5% for FY19, 20.5% for FY20, 15.0% for FY21 and 10.0% for FY22-FY23. This increase is a blend of the districts history of claims increases and the industry standards of annual premium increases. The district put in place an additional plan with higher deductibles and co-pays in FY18 which helped to keep costs down in that year, but challenging claim trends continues to impact this area of our forecast. We will be working diligently with our unions to reduce costs where we are able and hope to develop an insurance model for a sustainable insurance plan.

Implementation of Patient Protection and Affordable Care Act (PPACA) has cost our district additional funds. There are numerous new regulations that have and potentially will require to add to staff time. We are not certain what these added costs may be but there are "taxes" mandated by the act which we are aware will increase costs. Longer-term significant concern is the 40% "Cadillac Tax" that could be imposed in 2022 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 and benefit consultants continue continues to evaluate options to mitigate potential impacts of the "Cadillac Tax."

C) Workers Compensation & Unemployment Compensation

Workers Compensation is based on the district's rate of .3323% of the total salaries paid for each year of the forecast. The district for the past two years has had nominal 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.

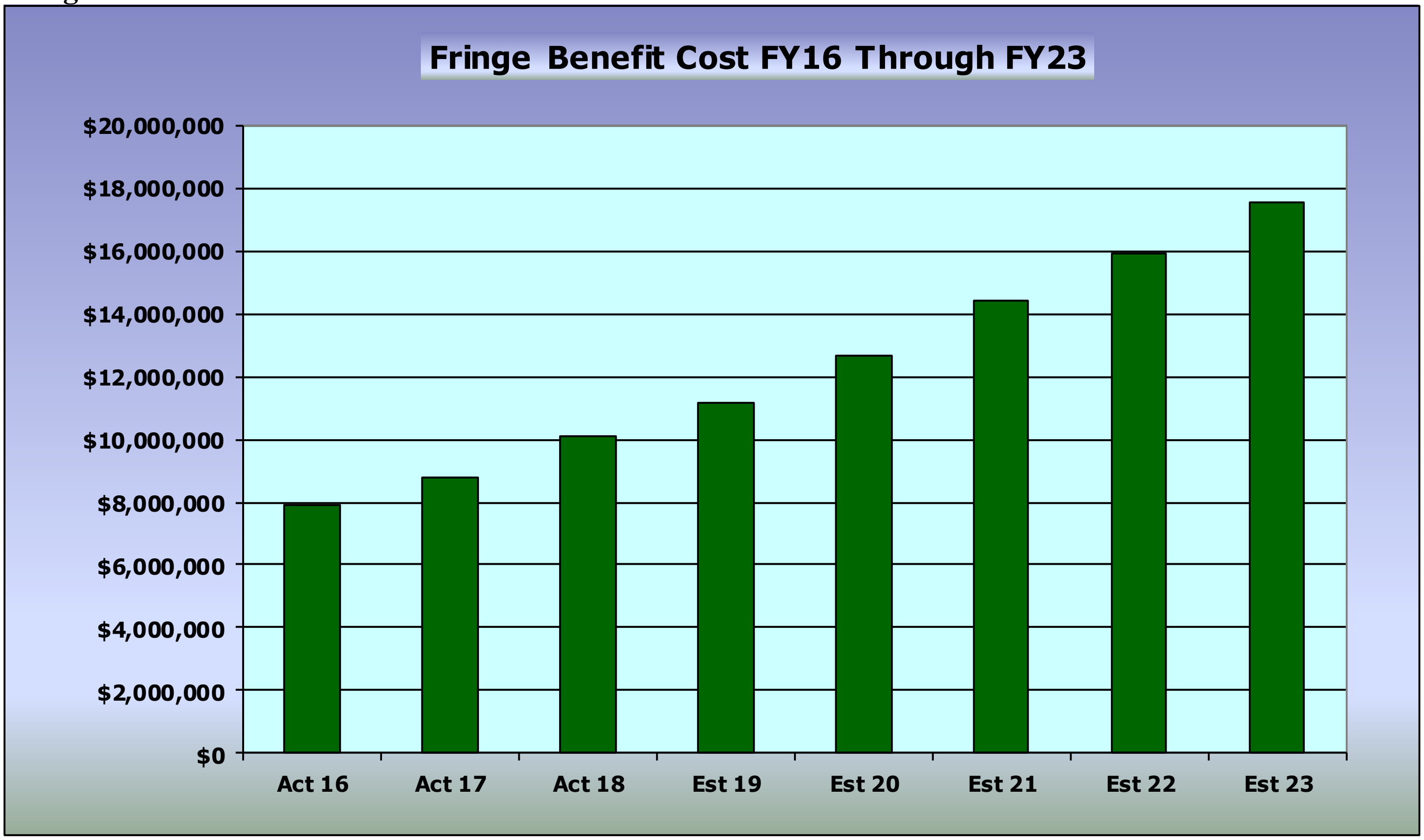
D) Medicare

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

Source	FY 19	FY 20	FY 21	FY 22	FY 23
STRS/SERS	$3,754,384	$3,796,958	$4,088,738	$4,386,091	$4,710,804
Insurance's	$6,911,853	$8,340,884	$9,797,999	$10,941,804	$12,229,281
Workers Comp/Unemployment	$78,677	$83,437	$89,182	$95,031	$101,992
Medicare	$336,574	$357,343	$382,410	$407,933	$438,307
Tuition and Other Benefits	$52,000	$52,000	$52,000	$52,000	$52,000
Total Line 3.020	$11,133,488	$12,630,622	$14,410,329	$15,882,859	$17,532,385

Fringe Benefits Costs Actual FY16-18 and Estimated FY19-23



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. Municipal leases for student technology are forecasted on this line. The District uses the permanent improvement levy funds to pay for buses that had previously been paid as a general fund costs.

The district increased the amount of the Community School deduction to be that of the April #2 payment from Ohio Department of Education.

The district experienced better utility usage in FY19 with a 2% increase and is projecting a 3% each remaining year of the forecast for utilities. We have also included an additional $77,900 in utilities for the anticipated opening of a new elementary in FY21. An additional $195,300 has been added in FY23 for utilities in anticipation of the opening of a new high school and closing the intermediate school for a year in order to renovate portions of the building for elementary students.

The district is using the amount of the April #2 payments for all tuition payments that include Open Enrollment, College Credit Plus and Excess Cost.

Purchased Services – Line #3.030

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Insurance, Leases, Postage, & Other	$956,111	$975,233	$1,144,738	$1,167,633	$1,190,985
Professional Services, Legal Fees & ESC	$2,351,512	$2,565,443	$2,908,551	$2,965,222	$3,068,127
Tuition, OE, SF14, CCP & Excess Costs	$701,112	$715,134	$729,437	$744,026	$758,906
Community School Deductions	$438,323	$447,089	$456,031	$465,152	$474,455
Phone and Internet Services	$57,841	$58,998	$60,178	$61,381	$62,609
Utilities	$700,865	$721,891	$801,448	$825,492	$1,045,556
Building Repairs & Services	$409,818	$414,014	$423,295	$427,761	$432,316
Total Line 3.030	$5,615,583	$5,897,803	$6,523,678	$6,656,666	$7,032,955

Supplies and Materials – Line #3.040

On average an inflation rate of 2.5% is being estimated for this category of expenses which are characterized by classroom supplies, textbooks, copy paper, maintenance supplies, materials, and bus fuel. In addition, we have estimated extra costs in FY19 for Chromebook purchases and in FY21 for additional needs for opening a new elementary school.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Supplies, Textbooks, and other	$615,110	$627,412	$654,960	$668,059	$681,420
Maintenance & Transportation Supplies	$573,353	$590,553	$618,270	$636,818	$655,922
Total Line 3.040	$1,188,462	$1,217,965	$1,273,230	$1,304,877	$1,337,343

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 FY19– FY23 a minimum amount is being used for the updating of all types of capital outlay. FY19 is based on the amount that has been spent throughout the year. The district has set the amount for FY20-FY23 to the annual amount of $25,000 for updating of all types of capital outlay. The majority of capital outlay will be made with Permanent Improvement levy dollars in future years of the forecast.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Capital Outlay	$20,000	$25,000	$25,000	$25,000	$25,000
Technology	$0	$0	$0	$0	$0
Facility Upkeep	$0	$0	$0	$0	$0
Replacement Bus Purchases	$0	$0	$0	$0	$0
Total Line 3.050	$20,000	$25,000	$25,000	$25,000	$25,000

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 2.8% for the annual increase for this area.

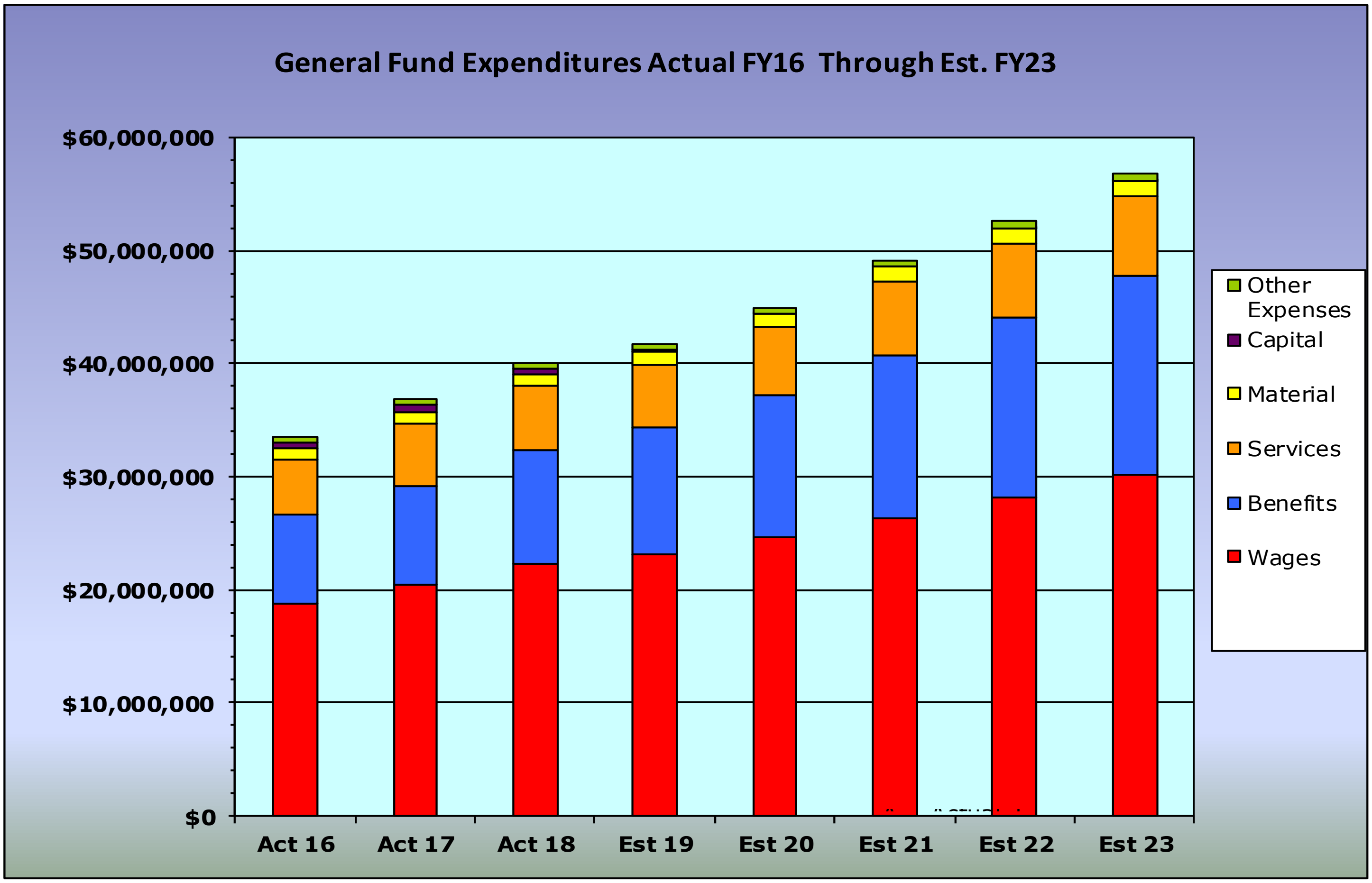
Source	FY 19	FY 20	FY 21	FY 22	FY 23
Auditor & Treasurer Fees	$322,715	$332,396	$342,368	$352,639	$363,218
County ESC	$23,642	$24,115	$24,597	$25,089	$25,591
SDIT Tax Collection Fees	$108,701	$111,962	$115,321	$118,781	$122,344
Other expenses	$87,669	$89,423	$91,211	$93,036	$94,896
Total Line 4.300	$542,727	$557,896	$573,497	$589,544	$606,049

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.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Estimated Encumbrances	$346,552	$353,483	$360,553	$367,764	$375,119

Operating Expenditures Actual FY16 through FY18 and Estimated FY19 through FY23.
As the graph below indicates the largest expenditure for the district is that of staffing. We are attempting to accommodate the needs of a growing student population with these expenditures, but understand the challenging budgetary constraints we face.



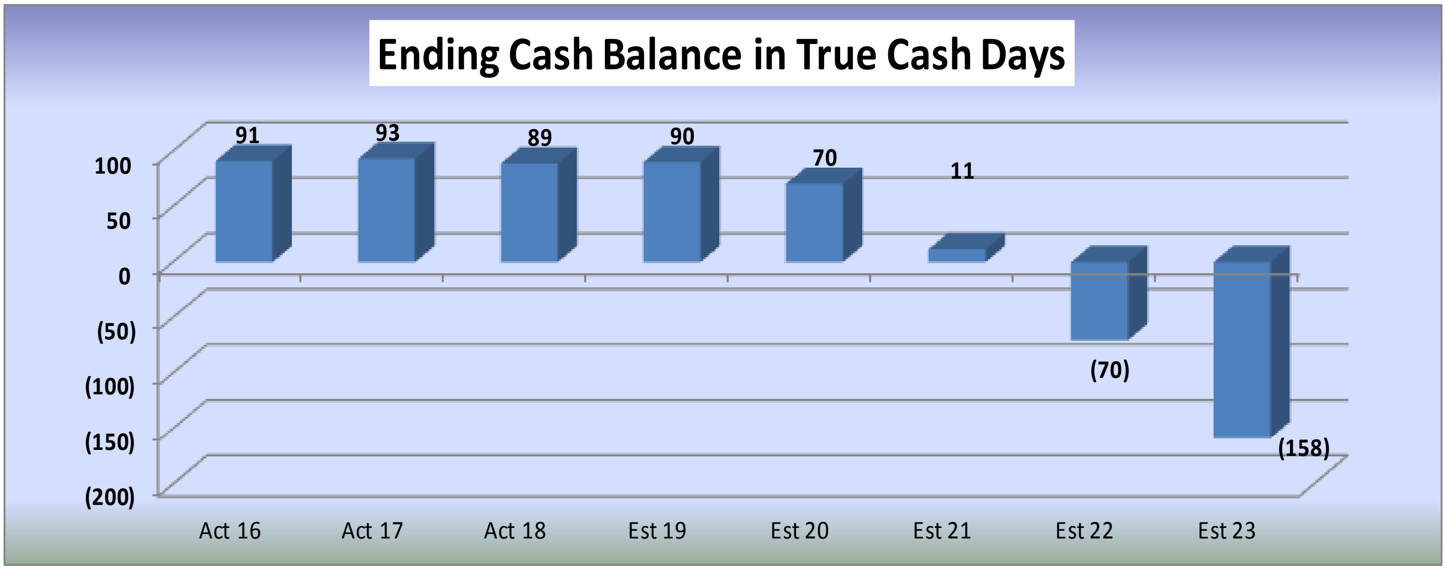
Ending Unencumbered Cash Balance – Line#15.010

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.

Source	FY 19	FY 20	FY 21	FY 22	FY 23
Ending Cash Balance	$10,276,919	$8,672,882	$4,280,236	($2,010,638)	($11,099,849)

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 FY21. 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 for five years. This levy allows for continuing opportunities for our students education during the collection period.

The Big Walnut Local Schools would also like to thank the voters for the passage of the 1.25 Mill Permanent Improvement Levy in November 2017. The passage of this levy allows the district to readjust the funding from general fund to permanent improvement which provides needed funding for facility upkeep and helps with the overall fiscal health of the district.

While we wish that we could anticipate additional help for our growing district from the state we are at least have not seen a decrease in FY18 and FY19 funding with a decreasing state share index. Being that 22.77% of the funding for the district is from state dollars, it is very beneficial to the overall operations for the education of our students.

District administrations appreciates the supportive Big Walnut community and are actively planning for the future needs of our students while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

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.