BIG WALNUT LOCAL SCHOOL DISTRICT- DELAWARE COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2015, 2016 and 2017 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2018 THROUGH 2022

Forecast Provided By
Big Walnut Local School District
Treasurer's Office
Jeremy Buskirk, Treasurer/CFO
January 18, 2018

Big Walnut Local School District

Delaware County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

		Actual				Forecasted				
		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
	Revenues									
1.010	General Property Tax (Real Estate)	15,931,179	16,089,626	16,416,912	1.5%	17,617,717	18,861,596	19,262,568	17,771,357	16,459,120
1.020	Tangible Personal Property	828,796	2,524,993	4,293,414	137.3%	4,479,385	4,407,112	4,319,075	3,892,637	3,474,676
1.030	Income Tax	5,597,672	6,016,216	6,356,869	6.6%	6,792,613	7,368,044	7,961,034	8,583,673	9,237,445
1.035	Unrestricted State Grants-in-Aid	5,638,791	6,159,176	6,648,879	8.6%	6,783,548	6,790,091	6,989,607	7,194,833	7,405,938
1.040	Restricted State Grants-in-Aid	34,688	23,162	31,867	2.2%	32,186	32,508	32,833	33,161	33,493
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	2,355,101	2,337,416	2,317,544	-0.8%	2,284,166	2,256,670	2,307,287	2,146,531	1,981,030
1.060	All Other Revenues	1,230,947	1,430,467	1,564,909	12.8%	1,578,277	1,591,767	1,605,380	1,619,118	1,632,982
1.070	*Total Revenues*	31,617,174	34,581,056	37,630,394	9.1%	39,567,891	41,307,785	42,477,784	41,241,310	40,224,683
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	43,824	-	-	0.0%	-	-	-	-	-
2.060	All Other Financing Sources	114,952	60,317	26,624	-51.7%	99,311	26,624	26,624	26,624	26,624
2.070	*Total Other Financing Sources*	158,776	60,317	26,624	-58.9%	99,311	26,624	26,624	26,624	26,624
2.080	*Total Revenues and Other Financing Sources*	31,775,950	34,641,373	37,657,018	8.9%	39,667,202	41,334,409	42,504,408	41,267,934	40,251,307
	Expenditures									
3.010	Personnel Services	$17,479,164	$18,769,737	$20,472,771	8.2%	22,404,613	23,765,719	25,034,832	26,358,578	27,738,425
3.020	Employees' Retirement/Insurance Benefits	$7,340,342	7,928,403	8,767,212	9.3%	10,182,861	10,999,840	11,946,718	12,971,305	14,083,592
3.030	Purchased Services	$4,568,004	4,848,927	5,430,706	9.1%	5,680,222	5,726,401	5,770,525	6,037,743	6,160,526
3.040	Supplies and Materials	984,949	904,897	1,023,501	2.5%	1,049,158	1,205,483	1,235,096	1,265,466	1,296,613
3.050	Capital Outlay	493,867	574,832	657,112	15.4%	418,959	50,000	50,000	50,000	50,000
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
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	$435,257	513,907	515,390	9.2%	530,215	545,065	560,338	576,049	592,209
4.500	*Total Expenditures*	31,301,583	33,540,703	36,866,692	8.5%	40,266,028	42,292,509	44,597,509	47,259,141	49,921,363
	Other Financing Uses									
5.010	Operating Transfers-Out	$0	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*	31,301,583	34,540,703	36,866,692	8.5%	40,266,028	42,292,509	44,597,509	47,259,141	49,921,363
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	474,367	100,670	790,326	303.1%	(598,826)	(958,099)	(2,093,101)	(5,991,208)	(9,670,056)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	8,607,423	9,081,790	9,182,460	3.3%	9,972,786	9,373,960	8,415,860	6,322,760	331,552
7.020	*Cash Balance June 30*	9,081,790	9,182,460	9,972,786	4.9%	9,373,960	8,415,860	6,322,760	331,552	(9,338,504)
8.010	*Estimated Encumbrances June 30*	218,980	556,403	568,542	78.1%	579,913	591,511	603,341	615,408	627,716
`	**Reservation of Fund Balance**									
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*	8,862,810	8,626,057	9,404,244	3.2%	8,794,047	7,824,349	5,719,418	(283,856)	(9,966,221)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-			0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-			0.0%	-	-	-	2,838,572	5,591,986
11.300	Cumulative Balance of Replacement/Renewal Levies	-			0.0%	-	-	-	2,838,572	8,430,558
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	8,862,810	8,626,057	9,404,244	3.2%	8,794,047	7,824,349	5,719,418	2,554,716	(1,535,663)

Big Walnut Local School District

Delaware County

Schedule of Revenues, Expenditures and Changes in Fund Balances
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Forecasted Fiscal Years Ending June 30, 2018 Through 2022

		Actual				Forecasted				
		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
	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%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	8,862,810	8,626,057	9,404,244	3.2%	8,794,047	7,824,349	5,719,418	2,554,716	(1,535,663)

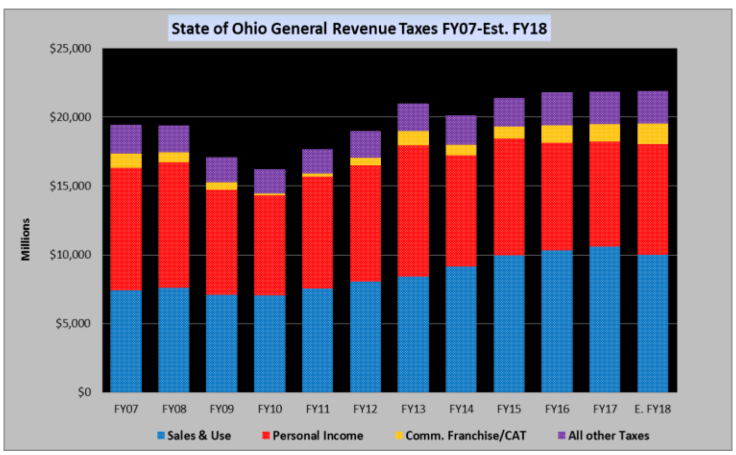
Introduction to the Five Year Forecast

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 2018 (July 1, 2017-June 30, 2018) 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 as we evaluate our facility and enrollment needs.

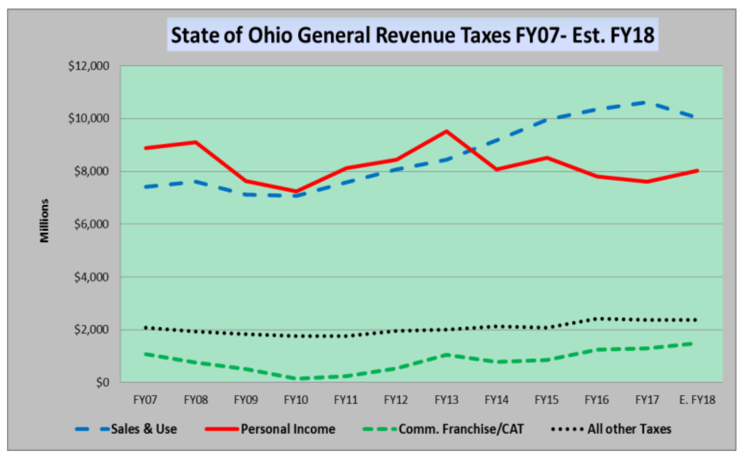
State Economic Variables Affecting the Five Year Forecast

It is prudent in long range forecasting to consider the economic climate in which projections of revenues are made. Below are significant statewide economic data which suggests that the economy for the FY18-22 period is slowing substantially and will be relatively flat for FY18 and 19. It is important for our school district to consider the statewide economic data for two important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. The effects of the 2008 recession required the State of Ohio to make nearly $8 billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio. Second, the same economic forces driving state tax revenues are also generally affecting the underlying economics of most communities across Ohio, which impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.

The graphs below note that the State of Ohio revenues through FY17 have recovered in spite of sharp personal income tax cuts in FY15 and FY16. State revenue was flat from FY16 to FY17 and is expected to remain flat in total for FY18. The state economy is not expected to tip into a recession during FY18 or FY19 but long term that could be a concern. The decline in personal income tax in FY15 is due to an 8.5% rate reduction from HB59 and the drop in FY16 and FY17 is due to a 6.3% rate reduction in HB64. No new personal income tax cuts were legislated in HB49 the current state budget bill. Notwithstanding these reductions income tax would have grown steadily since FY13. Barring further legislative cuts personal income should continue to grow.



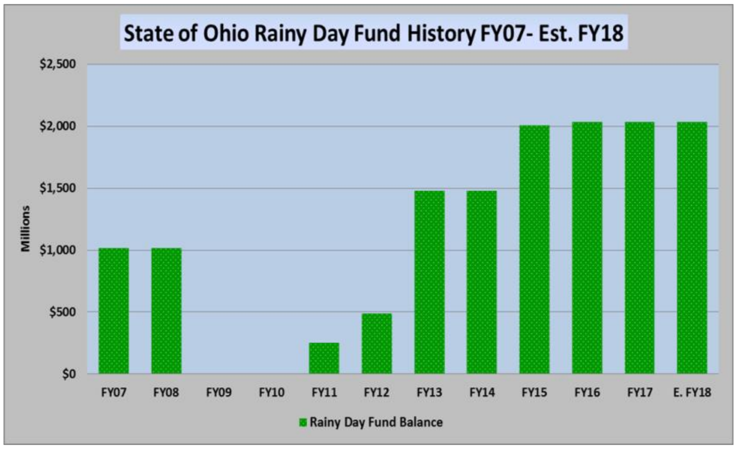
Source: Ohio Legislative Service Commission



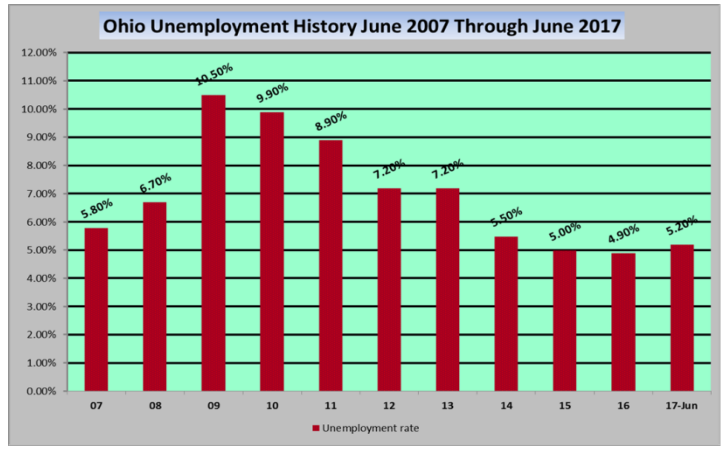
Source: Ohio Legislative Service Commission

The recovery of the labor market which began in 2010 continues in 2017 as noted in personal income tax but sales tax collections dipped in 2017. Flat state revenue is an indication that the economy is slowing and that there is concern about slowing growth for future years. The state rainy day fund (RDF) has been steady since FY15 with no new additions made since then or anticipated for FY18. The recession depleted the RDF in

FY09. FY11 began the recovery of the economy and enabled the state to contribute excess revenues to the RDF. As noted, the RDF balance in FY17 has reached an all-time record high deposit of $2.034 billion thanks to a higher statutory balance allowed by HB64. This cushion should continue to help ensure that funding for schools approved in state biennium budget HB49 will be met through FY19 and could be continued into the future even if a brief slow down in the economy occurs as some economist anticipate.



Source: Ohio Legislative Service Commission

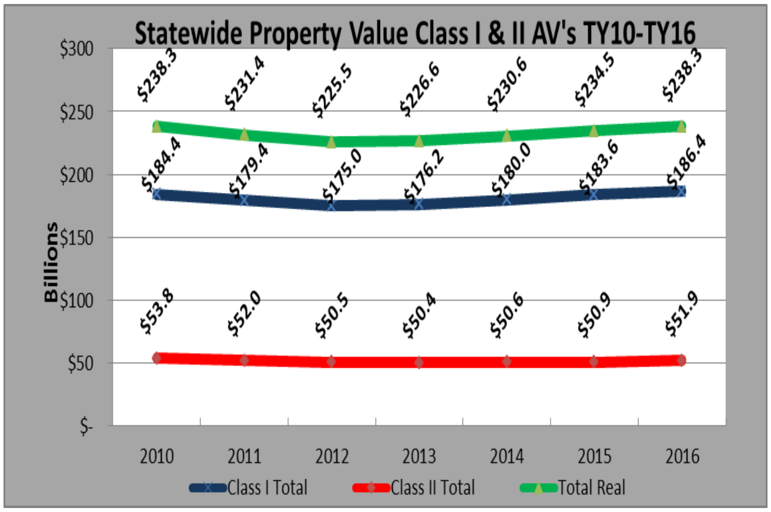


Source: U.S. Bureau of Labor Market Information

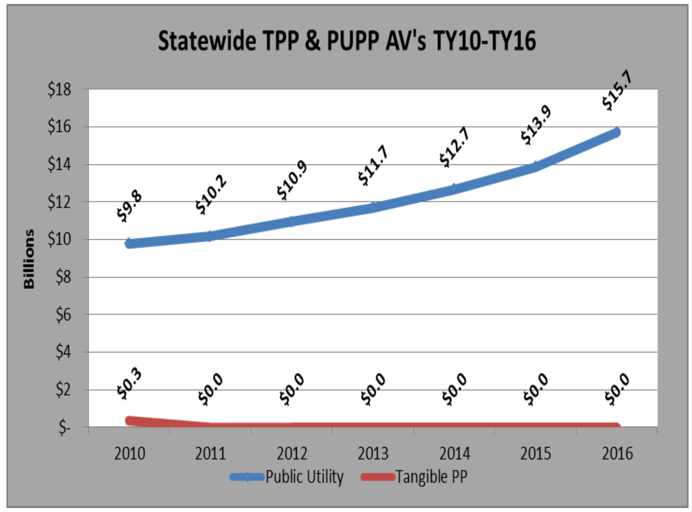
Over the past 12 months ended June 2017 Ohio's unemployment rate increased slightly by .3% to 5.2%. This is a significant measure to monitor for continued economic growth and viability. As noted above, personal income taxes and sales tax are highly correlated to employment and have been the two major drivers of the recent recovery. As of July 2017, the unemployment rate in Delaware County was 3.9 %which is below the 5.2% state average.

For school districts, real property values are another important piece of economic data. In the 2016 Tax Year, 23 of Ohio's 88 counties experienced a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From Tax Year 2007 to 2012, Class 1 and 2 property values declined by $10.8 billion, a reduction of 4.6%. In 2016 Class 1 values rose by $2.81 billion or 1.53% statewide, while Class 2 property increased for the third and highest amount since 2009 by $1.06 billion or 2.1% statewide. Property values in Tax Year 2016 have fully recovered back to pre-recession losses. Home values for the 12 month period ending in June 2017 were up statewide by 5.9%. May 2017 recorded the highest number of home sales in one month in Ohio history.

The final category of property is Public Utility Personal Property (PUPP) values. The graph on the following page shows that Tangible Personal Property (TPP) was eliminated for all categories of TPP in tax year 2011 by HB66, which became effective July 1, 2005. PUPP values on the other hand continued to grow throughout the Great Recession and into Tax Year 2016 due in part to continued new construction, reinvestment in aging infrastructure due to historic low interest rates and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher worth as they are taxed at the full gross tax rate. PUPP values grew $1.8 billion or 12.9% statewide in Tax Year 2016.

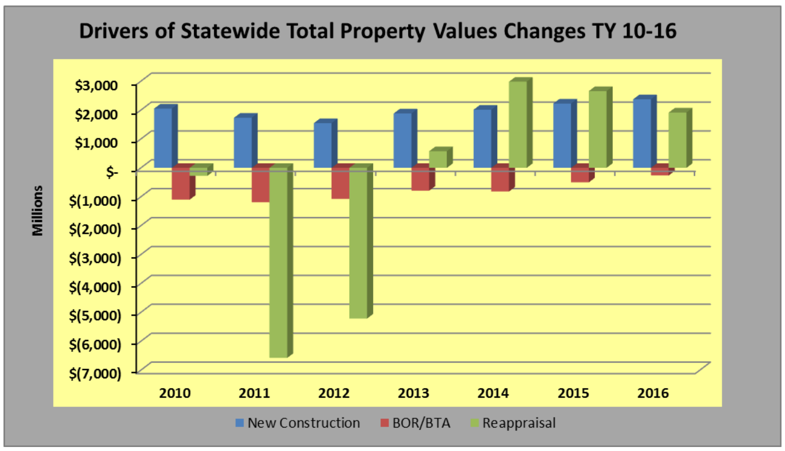


Source: Ohio Department of Taxation



Source: Ohio Department of Taxation

The graph below sums up the main drivers of real property value changes across the state for Tax Year 2010 through 2016. The changes noted below are for Class 1 and 2 property values. Note that new construction is picking up, reappraisal and update values have moved from negative to positive for the last four tax years and Board of Revision/Board of Tax appeals continue to trend down from record levels from 2010 through 2012.



Source: Ohio Department of Taxation

Overall, we believe the economy of the state is stable and should continue to grow slightly during the forecast period. This should provide a stable basis for which to make projections of state revenues to the district as noted in HB49 through FY19 and continuing through FY22 in future state budgets. The improved labor market is also providing for steady property tax collections in this forecast by: 1) increasing and stabilizing property values; 2) increasing current property tax collections; and, 3) liquidating prior delinquent tax collections.

<u>January 2018 Updates:</u>

Tax Revenue - Lines 1.01 & 1.02

Adjustments were made to the tax revenue line that resulted in an increase of $211,487 across the five years of the forecast. Based on the data received from the Delaware County Auditor, preliminary reappraisal increase in Class I is 10.12% instead of 7.5% projected in October. Anticipated assess valuation increases from reappraisal are $67.59 million and from new construction are $16.72 million. There were also increases in the percentage of Class Ii values from 2.00% to 4.84%. Anticipated assessed valuation increases from reappraisal are $2.81 million from new construction are $6.22 million. This was offset, however, by $9.83 million decrease from changes in exempt property. The district has not received the final official values from Ohio Department of Taxation as they are not posed until late February or early March. The district also anticipates a decrease in Public utility Personal Property (PUPP) of $1.33 million use to the depreciation of the AEP substation.

	FY2018	FY2019	FY2020	FY2021	FY2022
Original	$22,048,770	$23,196,781	$23,542,976	$21,634,907	$19,910,322
Revised	$22,097,102	$23,268,707	$23,581,643	$21,663,994	$19,933,796
Increase (Dececrease)	$48,332	$71,926	$38,667	$29,087	$23,474

School District Income Tax – Line 1.03

The district is not changing the income tax projections until the May forecast as the October forecast contained the most recent data based on the first payments within the fiscal year.

	FY2018	FY2019	FY2020	FY2021	FY2022
Original	$6,792,613	$7,368,044	$7,961,034	$8,583,673	$9,237,445
Revised	$6,792,613	$7,368,044	$7,961,034	$8,583,673	$9,237,445
Increase (Dececrease)	$0	$0	$0	$0	$0

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

The district has not seen any major changes in the state funding from the October forecast. There are slight changes beginning in FY2019 due to the valuation changes as received from the county auditor that are used within the SFPR formula. The district will make the final changes for the May forecast.

	FY2018	FY2019	FY2020	FY2021	FY2022
Original	$6,815,734	$6,823,187	$7,023,047	$7,228,618	$7,440,074
Revised	$6,815,733	$6,822,598	$7,022,440	$7,227,994	$7,439,430
Increase (Dececrease)	-$1	-$589	-$607	-$624	-$644

Property Tax Allocation – Line 1.050

The change in the property tax allocations is based on the changes in the values from the reappraisal amounts that were received from the Delaware County Auditor.

	FY2018	FY2019	FY2020	FY2021	FY2022
Original	$2,254,843	$2,193,905	$2,236,204	$2,072,177	$1,904,138
Revised	$2,284,166	$2,256,670	$2,307,287	$2,146,531	$1,981,030
Increase (Dececrease)	$29,323	$62,765	$71,083	$74,354	$76,892

Other Revenues – Lines1.060 and 2.060

The district is not changing any of the other revenue amounts for the mid-year forecast. They will update the May forecast with actual amounts for the first three quarters of the year and estimate the final quarter.

	FY2018	FY2019	FY2020	FY2021	FY2022
Original	$1,677,588	$1,618,391	$1,632,004	$1,645,742	$1,659,606
Revised	$1,677,588	$1,618,391	$1,632,004	$1,645,742	$1,659,606
Increase (Dececrease)	$0	$0	$0	$0	$0

Wages – Line 3.010

There is an increase of $862,662 for the remainder of the forecast. The district has made adjustments in FY2018 for actual increases in the steps and training that were not available in October for the mid-year forecast review. There was a $10,000 increase in severance for Fiscal Year 2018 from what was included in the October forecast.

	FY2018	FY2019	FY2020	FY2021	FY2022
Original	$22,326,928	$23,658,730	$24,876,582	$26,114,436	$27,462,830
Revised	$22,404,613	$23,765,719	$25,034,832	$26,358,578	$27,738,425
Save (Cost)	-$77,685	-$106,989	-$158,250	-$244,142	-$275,595

Benefits – Line 3.020

There is a decrease of $2,373,075 over the five years of the forecast from October. The district's teacher and support staff unions agreed to changes in the district medical insurance, which provided for lower premium costs than were originally planned. The district has taken actual premium amounts and updated staff enrollment data in the two plans offered for the current plan year into account in preparing estimates Industry trends have been used for future years of the forecast.

	FY2018	FY2019	FY2020	FY2021	FY2022
Original	$10,216,054	$11,513,873	$12,504,984	$13,578,273	$14,744,207
Revised	$10,182,861	$10,999,840	$11,946,718	$12,971,305	$14,083,592
Save (Cost)	$33,193	$514,033	$558,266	$606,968	$660,615

Other Expenditures – Lines 3.030 – 4.3

There is a savings of $1,516,351 for the forecast. With the passage of the Permanent Improvement Levy in November, the district is able to pay for capital equipment, maintenance, and repairs expenditures from these resources instead of the general fund. The district plans to pay for these expenditures from the permanent improvement funds in future years of the forecast as well.

	FY2018	FY2019	FY2020	FY2021	FY2022
Original	$7,878,840	$7,838,655	$8,024,199	$8,214,663	$8,410,061
Revised	$7,678,554	$7,526,949	$7,615,959	$7,929,258	$8,099,347
Save (Cost)	$200,286	$311,706	$408,240	$285,405	$310,714

Summary

There are many variables at play in our forecast. The property values are improved from the October forecast due primarily to sizeable increases to our tax based in residential valuation. The district also went from being a CAP district and receiving more state funding to a guarantee district receiving the same amount of state funding as in FY17, but enrollment continues to increase. This could change over the five-year period if student enrollment is great than the amounts that have been planned in the forecast at this time. With the passage of the November Permanent Improvement levy the district is able to decrease expenditures from the general fund by utilizing those resources, which will help with the overall cash balance in the future.

	FY2018	FY2019	FY2020	FY2021	FY2022
Current Year	$233,448	$852,851	$917,399	$751,047	$795,457
Cumulative	$233,448	$1,086,298	$2,003,698	$2,754,745	$3,550,202

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 experienced 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. Delaware County is going through a reappraisal for the 2017 tax year to be collected in 2018. The changes authorized by HB49 to CAUV values will lower those values by an estimated 20-30% beginning with counties experiencing a reappraisal or update in Tax Year 2017. 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. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time. 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 anticipated to be 5.48 for this levy. The renewal of this levy is necessary to keep the district financially healthy long term.

3) The State Budget represented nearly 23% of district revenues in FY18. 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 period from FY20-21 and FY22-23 in this forecast. 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 FY22.

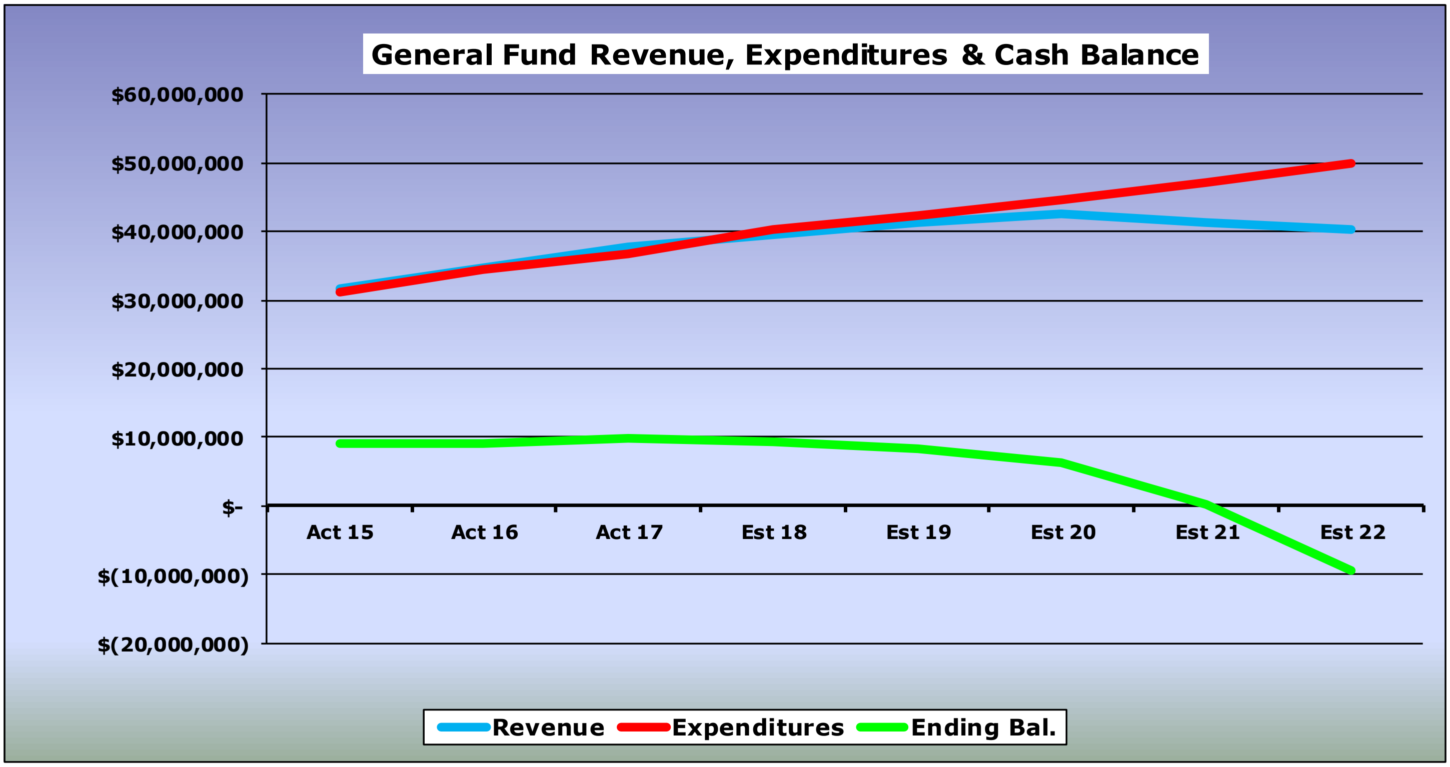
4) There are many provisions in the current state budget bill HB49 that will increase the district expenditures in the form of expanded school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from $20,000 each to $27,000, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. 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 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 the new housing developments.

6) 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.

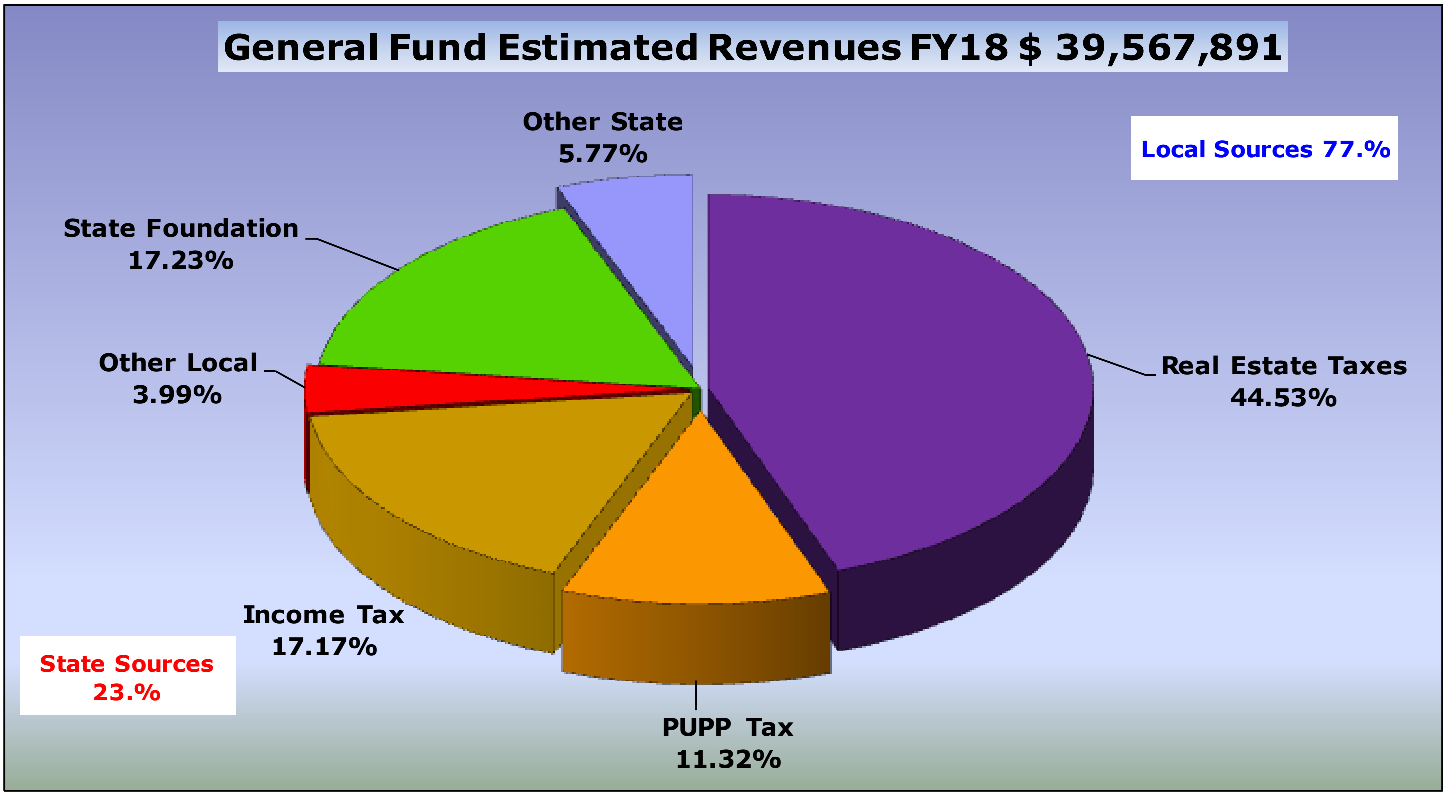
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast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

General Fund Revenue, Expenditure and Ending Cash Balance Actual FY15-17 and Estimated FY18-22
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.



Revenue Assumptions

All Revenue Sources General Fund FY18



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. An update occurred in Delaware County during 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.

Delaware County went through a reappraisal for the 2017 tax year to be collected in 2018. The district has received the preliminary values from the Delaware County Auditor 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. The district will not have the actual certified valuations until February or March from the Department of Taxation. This will cause a shift in taxes from agricultural taxpayers to residential taxpayers but should not result in lower 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 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 preliminary increase for new construction in Class I is 16,722,070 and Class II is 6,217,660 for 2017 collection in 2018. 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. The district is increasing new construction at 2% each year for the remainder of the forecast instead of the amounts that was received from the townships and county.

Property tax levies are estimated to be collected at 98.5% of the annual amount. In general, 52.30% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.70% 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. The district is expecting decreases in PUPP throughout the remainder of the forecast due to depreciation of the power plant equipment of approximately 2% each year. 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 2017	TAX YEAR 2018	TAX YEAR 2019	TAX YEAR 2020	TAX YEAR 2021
Classification	COLLECT 2018	COLLECT 2019	COLLECT 2020	COLLECT 2021	COLLECT 2022
Res./Ag.	$753,139,000	$770,025,511	$787,253,153	$844,191,405	$862,121,911
Comm./Ind.	$57,428,630	$58,053,630	$58,678,630	$60,477,203	$61,102,203
Public Utility (PUPP)	$130,844,650	$128,227,757	$125,663,202	$123,149,938	$120,686,939
Total Assessed Value	$941,412,280	$956,306,899	$971,594,985	$1,027,818,546	$1,043,911,053

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Est. Property Taxes Line #1.010	$17,617,717	$18,861,596	$19,262,568	$17,771,357	$16,459,120

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. 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 18	FY 19	FY 20	FY 21	FY 22
Public Utility Personal Property Taxes	$4,479,385	$4,407,112	$4,319,075	$3,892,637	$3,474,676
Est. PUPP Taxes Line 1.020	$4,479,385	$4,407,112	$4,319,075	$3,892,637	$3,474,676

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.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Renew Substitute Emergency Levy	$0	$0	$0	$2,838,572	$5,591,986
Total Line # 11.020	$0	$0	$0	$2,838,572	$5,591,986

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, and with the information available at this time, we believe this trend will continue.

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. FY18 is estimating a half a year of collections due to delayed timing of a new apartment complex than was originally anticipated.

Income Taxes	FY18	FY19	FY20	FY21	FY22
Based on New Construction	117,900	235,800	224,588	224,588	224,588

FY18 includes a 5% increase from FY17 and a small portion attributed to the new families from construction of homes.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
SDIT Collection	$6,356,869	$6,792,613	$7,368,044	$7,961,034	$8,583,673
Adjustments	$435,743	$575,431	$592,990	$622,640	$653,772
Total to Line #1.030	$6,792,613	$7,368,044	$7,961,034	$8,583,673	$9,237,445

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

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

HB49 largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY17 SFPR reconciliation and the actual formulization of the HB49 variables. 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 now a GUARANTEE district regarding state funding in FY18, 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.

HB49 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.

HB49 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 FY18 are using July #1 Final SFPR average daily membership (ADM) and adding an average of 163 students each year through FY22. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now supposed to be updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2018, and then there will be adjustments into the succeeding fiscal year.

Future State Budgets: Our funding status for the FY20-22 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-FY22, due to the potential for the economy to be slower.

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 FY17statewide were

1,799,220 students at $49.66 per pupil. For FY18-22 we estimated another 3 tenths of 1% decline in pupils to 1,793,800 and GCR increasing to $90.3 million or $50.34 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Basic Aid-Unrestricted	$6,343,590	$6,341,832	$6,532,010	$6,727,897	$6,929,664
Additional Aid Items	$255,317	$255,317	$255,317	$255,317	$255,317
Basic Aid-Unrestricted Subtotal	$6,598,907	$6,597,149	$6,787,327	$6,983,214	$7,184,981
Ohio Casino Commission ODT	$184,641	$192,942	$202,280	$211,619	$220,957
Total Line # 1.035	$6,783,548	$6,790,091	$6,989,607	$7,194,833	$7,405,938

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	FY 18	FY 19	FY 20	FY 21	FY 22
Economically Disadvantage Aid	$13,691	$13,827	$13,966	$14,105	$14,246
Career Tech - Restricted	$18,495	$18,680	$18,867	$19,056	$19,246
Total Line #1.040	$32,186	$32,508	$32,833	$33,161	$33,493

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 18	FY 19	FY 20	FY 21	FY 22
Unrestricted Line # 1.035	$6,783,548	$6,790,091	$6,989,607	$7,194,833	$7,405,938
Restricted Line # 1.040	$32,186	$32,508	$32,833	$33,161	$33,493
Restricted Fed. Grants - Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$6,815,733	$6,822,598	$7,022,440	$7,227,994	$7,439,430

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 18	FY 19	FY 20	FY 21	FY 22
a) Rollback and Homestead	$2,284,166	$2,256,670	$2,307,287	$2,146,531	$1,981,030
b) TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
Total Tax Reimb./Prop. Tax Allocations	$2,284,166	$2,256,670	$2,307,287	$2,146,531	$1,981,030

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 increased 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 Final #1 for FY17 foundation payment as there is not any current data for FY18. The district has decreased the annual percentage increase from 3% to 1% to reflect the reduction in the Kindergarten tuition.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
TIF and PILOTS	$111,786	$112,904	$114,033	$115,173	$116,325
Tuition	$455,780	$460,337	$464,941	$469,590	$474,286
Open Enrollment	$458,561	$460,854	$463,158	$465,474	$467,802
Interest	$148,441	$149,925	$151,424	$152,939	$154,468
Class Fees	$180,265	$182,067	$183,888	$185,727	$187,584
Other Miscellaneous Receipts	$223,444	$225,679	$227,936	$230,215	$232,517
Total Line # 1.060	$1,578,277	$1,591,767	$1,605,380	$1,619,118	$1,632,982

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.

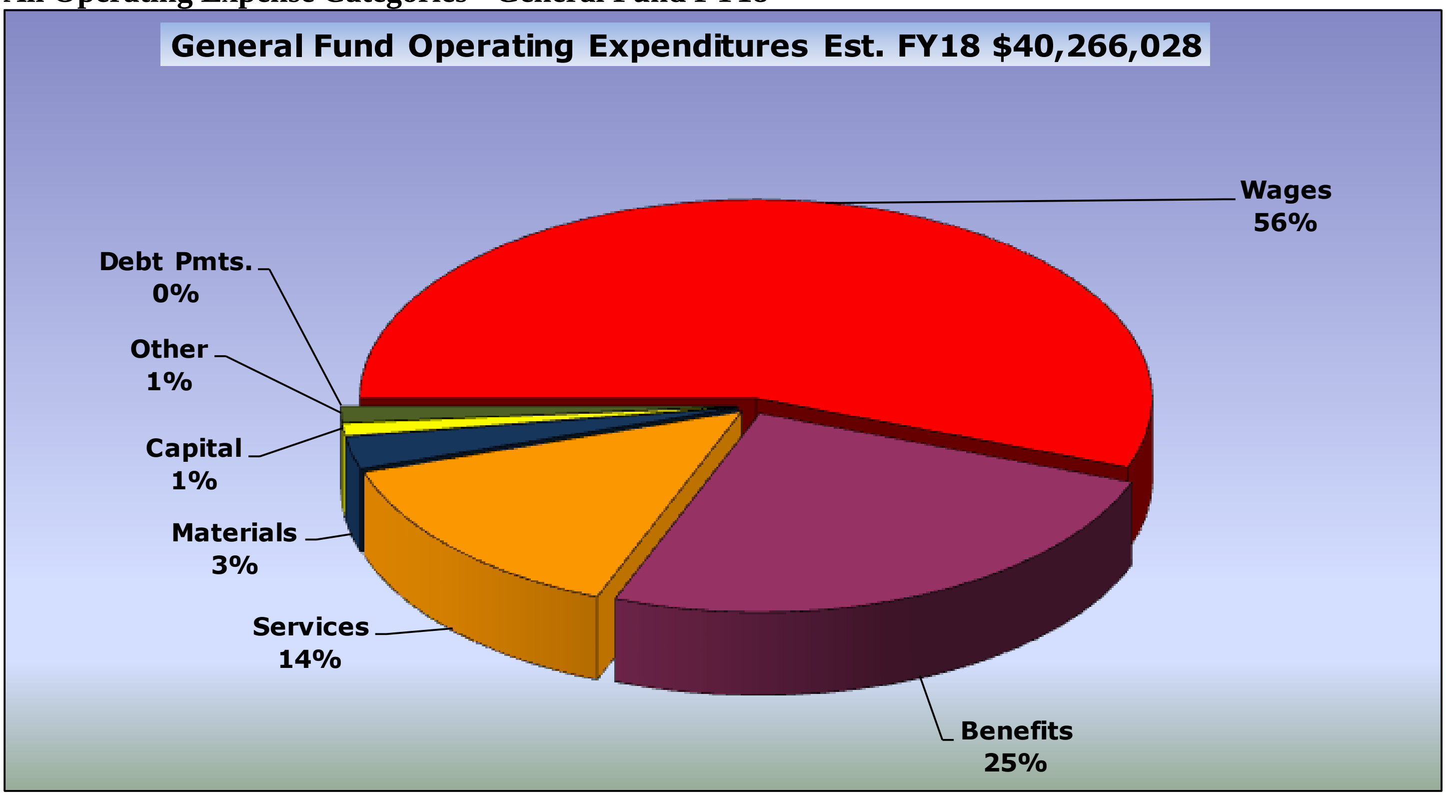
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that are very unpredictable. The district received a large rebate in July from BWC for $72,687.
The district is estimating the increases for FY19 through FY22 at the same as received in FY17.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
All Other Sources	$99,311	$26,624	$26,624	$26,624	$26,624

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 FY18



Wages – Line #3.010
The district is planning for slight staffing increases each year of the forecast to correspond with specific student needs within those years. Staffing needs are also being considered utilizing enrollment projects that are based on the study conducted for the district by Future Think. The estimated new hires and replacements due to retirements are estimated to be 41 in FY18 and 4 in each year for FY19 through FY22. 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 August 1, 2016 to July 31, 2019 and has approved a 2% increase in wages for each year. The step increases for the current employees is 2.6%. The district is forecasting an increase of 3% growth in Substitutes and Extra Curricular wages during the forecast years. The district has decreased the amount for severance pay to $60,000 in FY2018 and then $50,000 each year of the forecast as there are not as many retirements projected.

Summary of Personal Services – Line #3.010

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Base Wages	$19,402,195	$21,283,580	$22,607,047	$23,827,977	$25,100,603
Wage adjustments	$388,044	$425,672	$452,141	$476,560	$502,012
Steps & Training	$504,457	$553,373	$587,783	$619,527	$652,616
Growth/Replacement staff	$1,455,948	$369,401	$144,382	$148,083	$151,045
Other	$200,000	$200,000	$200,000	$200,000	$200,000
Salary In Lieu of Insurance	$191,621	$213,179	$234,496	$257,946	$283,741
Substututes & Supplemental	$869,412	$895,494	$922,359	$950,030	$978,530
Severance	$60,000	$50,000	$50,000	$50,000	$50,000
Staff Reductions	-$667,064	-$224,979	-$163,376	-$171,544	-$180,122
Total Wages Line 3.010	$22,404,613	$23,765,719	$25,034,832	$26,358,578	$27,738,425

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 $23,500 each year.

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. The district received a 12% increase in CY2017 and anticipates a combined 12.50% increase between both insurance plans for CY2018. With an increased employee participation in the district insurance and rate increases, a combined 13.25% increase is estimated for FY18. The district expects a combined 11.25% increase for FY19 and then 10% in FY20-FY22.This increase is a blend of the districts history of claims increases and the industry standards of annual premium increases. The district offered a high deductible plan in FY18 which lowered the percentage of the blended increase for both the current fiscal year and FY19.

It is uncertain to what extent the implementation of Patient Protection and Affordable Care Act (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 will increase costs. Longer-term significant concern is the 40% "Cadillac Tax" that could 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 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 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.

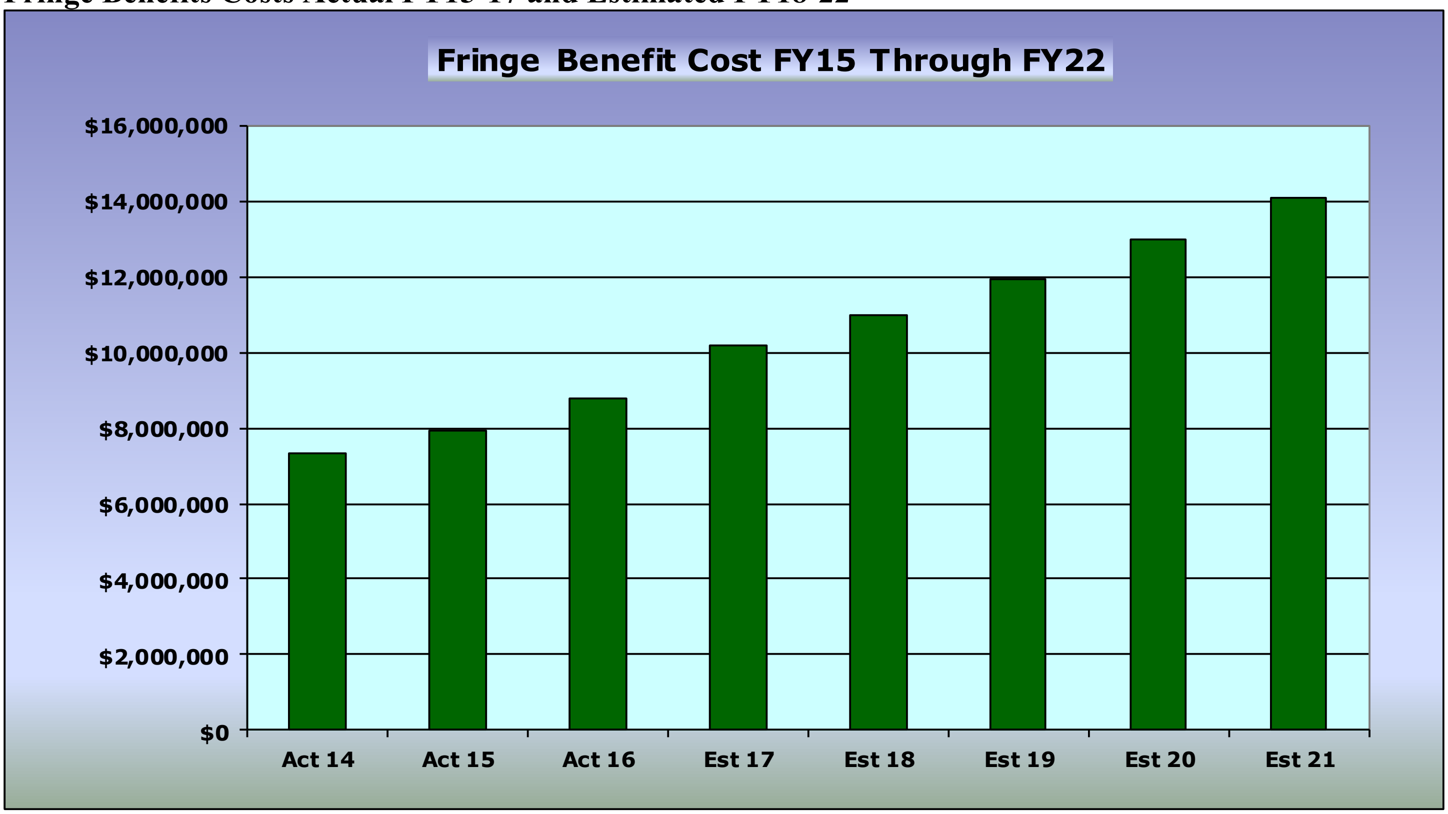
D) Medicare

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

Source	FY 18	FY 19	FY 20	FY 21	FY 22
STRS/SERS	$3,486,579	$3,711,758	$3,912,106	$4,117,871	$4,332,159
Insurance's	$6,237,151	$6,804,691	$7,528,602	$8,323,832	$9,197,236
Workers Comp/Unemployment	$74,451	$78,973	$83,191	$87,590	$92,175
Medicare	$324,867	$344,603	$363,005	$382,199	$402,207
Tuition and Other Benefits	$59,814	$59,814	$59,814	$59,814	$59,814
Total Line 3.020	$10,182,861	$10,999,840	$11,946,718	$12,971,305	$14,083,592

Fringe Benefits Costs Actual FY15-17 and Estimated FY18-22



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 purchases of buses and student technology are forecasted on this line. The district decreased the amount of the Community School deduction to be that of the December #1 payment from Ohio Department of Education.

The district is projecting a 3% each year of the forecast for utilities.

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.

With the passage of the Permanent Improvement Levy in November the district was able to decrease the amount of leases for every year of the forecast.

Summary of Purchased Services – Line #3.030

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Insurance, Leases, Postage, & Other	$990,691	$841,691	$786,524	$952,255	$971,300
Professional Services, Legal Fees & ESC	$2,289,159	$2,333,442	$2,378,611	$2,424,683	$2,471,677
Tuition, SF14, PSEO & Excess Costs	$827,044	$943,584	$962,456	$981,705	$1,001,339
Community School Deductions	$403,680	$411,754	$419,989	$428,388	$436,956
Phone and Internet Services	$77,047	$78,588	$80,160	$81,763	$83,398
Utilities	$688,873	$709,539	$730,826	$752,750	$775,333
Building Repairs & Services	$403,729	$407,803	$411,959	$416,199	$420,522
Total Line 3.030	$5,680,222	$5,726,401	$5,770,525	$6,037,743	$6,160,526

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. Instead of leasing chrome books the district has decided to purchase them and added $130,000 in FY2019 for that purchase.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Supplies, Textbooks, and other	$514,913	$655,212	$668,316	$681,682	$695,316
Maintenance & Transportation Supplies	$534,245	$550,272	$566,780	$583,783	$601,297
Total Line 3.040	$1,049,158	$1,205,483	$1,235,096	$1,265,466	$1,296,613

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. The district is including projects that were started in FY17 and concluded in FY18. In FY19– FY22 a minimum amount is being used for the updating of all types of capital outlay. The district has decreased in FY19-FY22 the annual amount of $50,000 for facility upkeep that has been paid through general fund with the passage of the Permanent Improvement Levy.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Capital Outlay	$204,189	$50,000	$50,000	$50,000	$50,000
Technology	$39,244	$0	$0	$0	$0
Facility Upkeep	$175,526	$0	$0	$0	$0
Replacement Bus Purchases	$0	$0	$0	$0	$0
Total Line 3.050	$418,959	$50,000	$50,000	$50,000	$50,000

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 2.5% for the annual increase for this area.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Auditor & Treasurer Fees	$326,298	$336,087	$346,169	$356,554	$367,251
County ESC	$22,322	$22,768	$23,224	$23,688	$24,162
SDIT Tax Collection Fees	$98,214	$101,160	$104,195	$107,321	$110,540
Other expenses	$83,382	$85,050	$86,751	$88,486	$90,255
Total Line 4.300	$530,215	$545,065	$560,338	$576,049	$592,209

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.

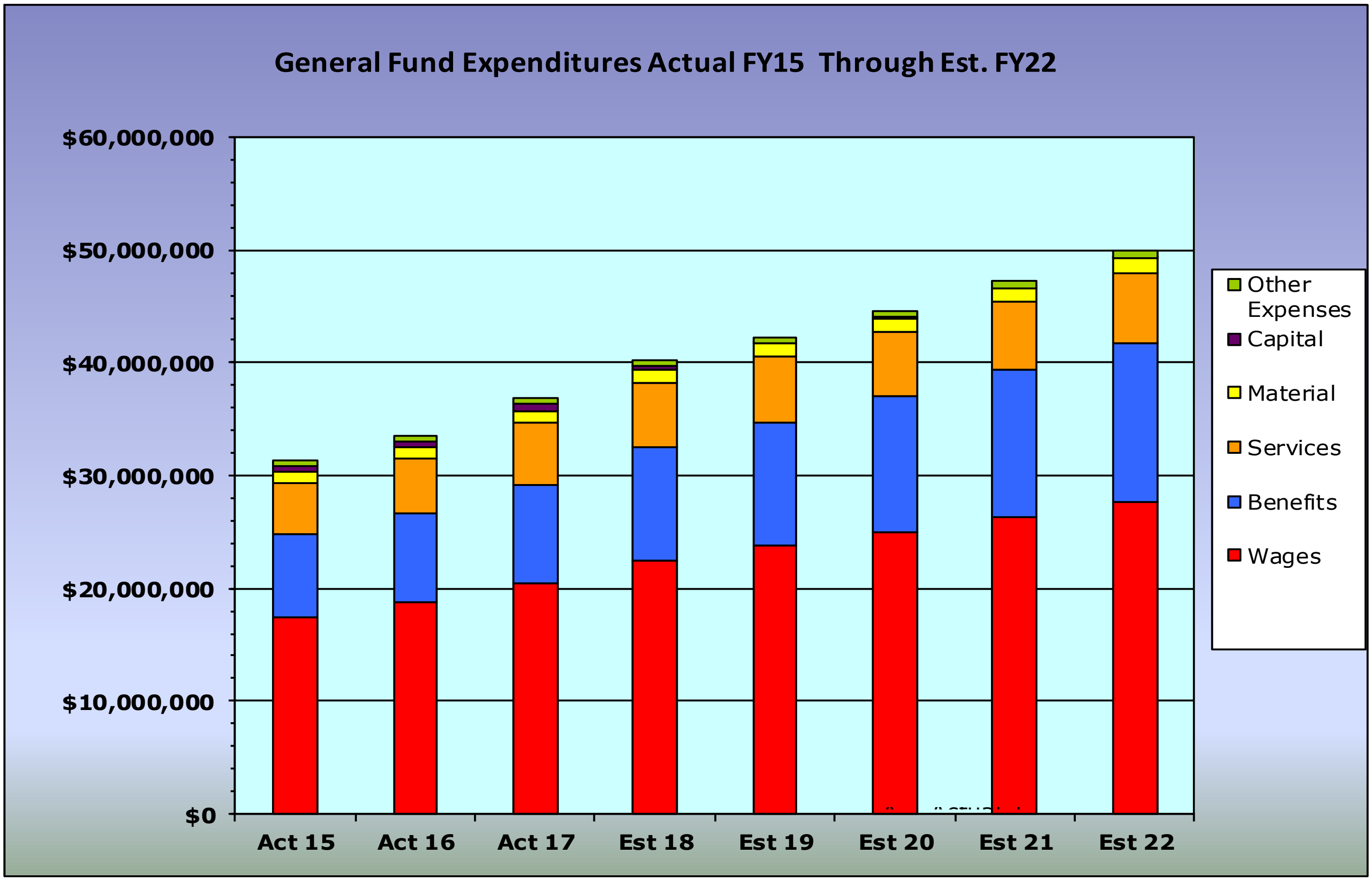
Encumbrances –Line#8.010

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 18	FY 19	FY 20	FY 21	FY 22
Estimated Encumbrances	$579,913	$591,511	$603,341	$615,408	$627,716

Operating Expenditures Actual FY15 through FY17 and Estimated FY18 through FY22.

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.



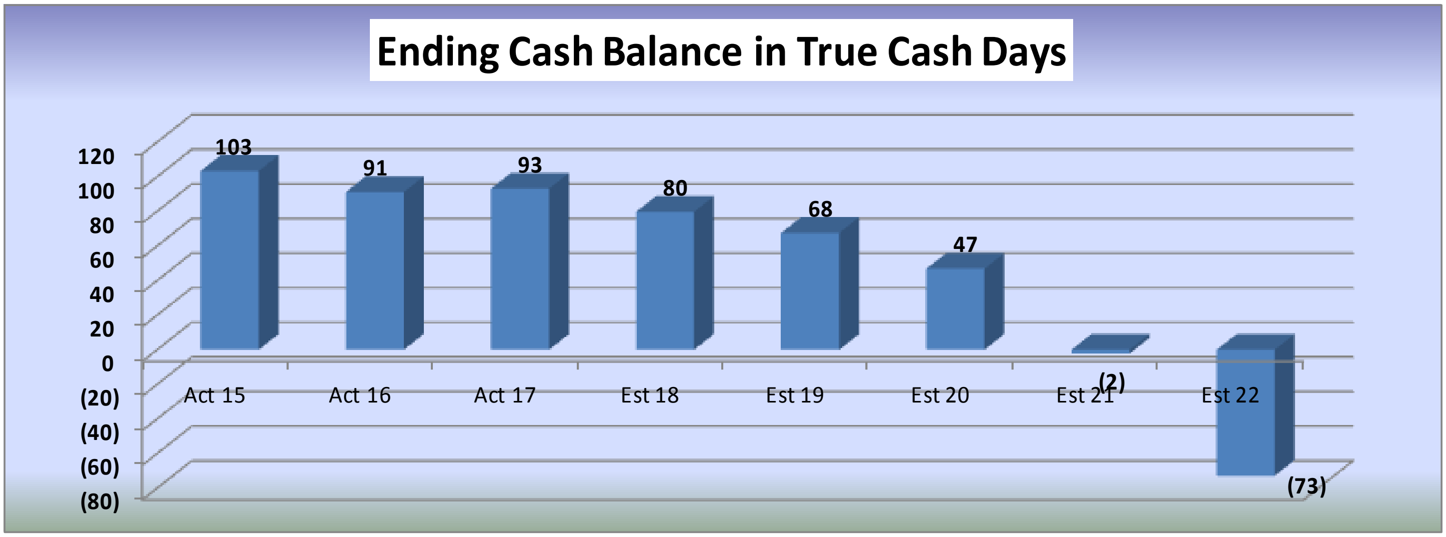
Ending Unencumbered Cash Balance – Line#15.010

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.

Source	FY 18	FY 19	FY 20	FY 21	FY 22
Ending Cash Balance	$8,794,047	$7,824,349	$5,719,418	$2,554,716	-$1,535,663

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 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 will benefit the overall fiscal health of the district.

The district is also very fortunate to not receive a decrease in FY18 and FY19 in state funding. Being that 22.97% 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 FY18-FY22.

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.