

**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
May 17, 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				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017			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%	17,587,487	18,551,725	19,256,067	17,846,797	16,490,319	
1.020 Tangible Personal Property	828,796	2,524,993	4,293,414	137.3%	4,497,857	4,401,693	4,313,764	3,890,008	3,474,676	
1.030 Income Tax	5,597,672	6,016,216	6,356,869	6.6%	6,901,673	7,433,673	7,997,594	8,595,349	9,228,970	
1.035 Unrestricted State Grants-in-Aid	5,638,791	6,159,176	6,648,879	8.6%	6,860,996	6,844,421	6,853,618	7,052,679	7,257,430	
1.040 Restricted State Grants-in-Aid	34,688	23,162	31,867	2.2%	48,993	34,133	34,275	34,417	34,562	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY11	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%	2,439,444	2,253,154	2,304,058	2,144,988	1,981,030	
1.060 All Other Revenues	1,230,947	1,430,467	1,564,909	12.8%	1,552,346	1,503,547	1,505,971	1,508,961	1,512,494	
1.070 Total Revenues	31,617,174	34,581,056	37,630,394	9.1%	39,888,797	41,022,347	42,265,347	41,073,200	39,979,480	
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%	39,988,108	41,048,971	42,291,971	41,099,824	40,006,104	
Expenditures										
3.010 Personnel Services	\$17,479,164	\$18,769,737	\$20,472,771	8.2%	22,380,613	23,660,094	24,915,732	26,232,413	27,604,711	
3.020 Employees' Retirement/Insurance Benefits	\$7,340,342	7,928,403	8,767,212	9.3%	10,182,434	10,967,966	11,907,975	12,929,398	14,038,385	
3.030 Purchased Services	\$4,568,004	4,848,927	5,430,706	9.1%	5,651,760	5,722,870	5,766,923	6,034,069	6,156,778	
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%	437,959	25,000	25,000	25,000	25,000	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-	
4.300 Other Objects	\$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%	40,232,138	42,126,479	44,411,064	47,062,395	49,713,695	
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%	40,232,138	42,126,479	44,411,064	47,062,395	49,713,695	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	474,367	100,670	790,326	303.1%	(244,031)	(1,077,507)	(2,119,092)	(5,962,571)	(9,707,591)	
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	9,728,755	8,651,248	6,532,156	569,584	
7.020 Cash Balance June 30	9,081,790	9,182,460	9,972,786	4.9%	9,728,755	8,651,248	6,532,156	569,584	(9,138,007)	
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%	9,148,842	8,059,737	5,928,814	(45,824)	(9,765,723)	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-	
11.020 Property Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	2,822,173	5,559,681	
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	-	-	2,822,173	8,381,855	
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%	9,148,842	8,059,737	5,928,814	2,776,350	(1,383,868)	

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				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017			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 <i>Unreserved Fund Balance June 30</i>	8,862,810	8,626,057	9,404,244	3.2%	9,148,842	8,059,737	5,928,814	2,776,350	(1,383,868)	

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

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 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.

May 2018 Updates:

Tax Revenue - Lines 1.01 & 1.02

Adjustments were made to the tax revenue line that resulted in a decrease of \$23,362 across the five years of the forecast. The actual tax abstract from the Ohio Department of Taxation (ODT) was used for the May forecast. The abstract from ODT agrees with the preliminary amounts received from the data received from the Delaware County Auditor, for Class I with a 10.12% instead of 7.5% projected in October. 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%. 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 also anticipates a decrease in Public utility Personal Property (PUPP) of \$1.33 million use due to the depreciation of the AEP substation.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Original	\$22,048,770	\$23,196,781	\$23,542,976	\$21,634,907	\$19,910,322
Revised	\$22,085,344	\$22,953,419	\$23,569,832	\$21,736,804	\$19,964,995
Increase (Decrease)	\$36,574	-\$243,362	\$26,856	\$101,897	\$54,673

School District Income Tax – Line 1.03

Adjustments have been made with the total collection for FY18, which was greater than expected for the April collection by \$109,060. For the remainder of the forecast there was an adjustment of an annual 6% increase over the previous year and additional growth of income based on new construction of \$117,900 annually, which will provide an increase in the forecast of for the five years of \$214,450.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Original	\$6,792,613	\$7,368,044	\$7,961,034	\$8,583,673	\$9,237,445
Revised	\$6,901,673	\$7,433,673	\$7,997,594	\$8,595,349	\$9,228,970
Increase (Decrease)	\$109,060	\$65,629	\$36,560	\$11,676	-\$8,475

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

Adjustments have been made for state funding based on the March #2 payment and the transportation simulation for FY19 with a decrease of \$275,133 for the five years of the forecast. This line will keep fluctuating with changes in the formula and the changes in the district enrollment.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Original	\$6,815,734	\$6,823,187	\$7,023,047	\$7,228,618	\$7,440,074
Revised	\$6,909,990	\$6,878,555	\$6,887,893	\$7,087,097	\$7,291,992
Increase (Decrease)	\$94,256	\$55,368	-\$135,154	-\$141,521	-\$148,082

Property Tax Allocation – Line 1.050

The change in the property tax allocations is based on the changes in the values from the final tax abstract for 2017 from Ohio Department of Taxation for an increase of \$461,407.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Original	\$2,254,843	\$2,193,905	\$2,236,204	\$2,072,177	\$1,904,138
Revised	\$2,439,444	\$2,253,154	\$2,304,058	\$2,144,988	\$1,981,030
Increase (Decrease)	\$184,601	\$59,249	\$67,854	\$72,811	\$76,892

Other Revenues – Lines 1.060 and 2.060

The district has seen a decrease in the amount of Open Enrollment students during FY18. This decrease is causing the five year decrease of \$444,205 for other revenue.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Original	\$1,677,588	\$1,618,391	\$1,632,004	\$1,645,742	\$1,659,606
Revised	\$1,651,657	\$1,530,171	\$1,532,595	\$1,535,585	\$1,539,118
Increase (Decrease)	-\$25,931	-\$88,220	-\$99,409	-\$110,157	-\$120,488

Wages – Line 3.010

There is an increase of \$354,057 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. There was a \$10,000 increase in severance for Fiscal Year 2018 from what was included in the October forecast.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Original	\$22,326,928	\$23,658,730	\$24,876,582	\$26,114,436	\$27,462,830
Revised	\$22,380,613	\$23,660,094	\$24,915,732	\$26,232,413	\$27,604,711
Save (Cost)	-\$53,685	-\$1,364	-\$39,150	-\$117,977	-\$141,881

Benefits – Line 3.020

There is a decrease of \$2,531,233 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.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Original	\$10,216,054	\$11,513,873	\$12,504,984	\$13,578,273	\$14,744,207
Revised	\$10,182,434	\$10,967,966	\$11,907,975	\$12,929,398	\$14,038,385
Save (Cost)	\$33,620	\$545,907	\$597,009	\$648,875	\$705,822

Other Expenditures – Lines 3.030 – 4.3

There is a savings of \$1,640,367 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.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Original	\$7,878,840	\$7,838,655	\$8,024,199	\$8,214,663	\$8,410,061
Revised	\$7,669,092	\$7,498,418	\$7,587,357	\$7,900,584	\$8,070,600
Save (Cost)	\$209,748	\$340,237	\$436,842	\$314,079	\$339,461

Summary

There are many variables at play in our forecast. The property values 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 greater 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 some expenditure from the general fund by utilizing those resources, which will help with the overall cash balance in the future.

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Current Year	\$588,243	\$733,443	\$891,408	\$779,684	\$757,922
Cumulative	\$588,243	\$1,321,686	\$2,213,094	\$2,992,777	\$3,750,699

Forecast Risks and Uncertainty:

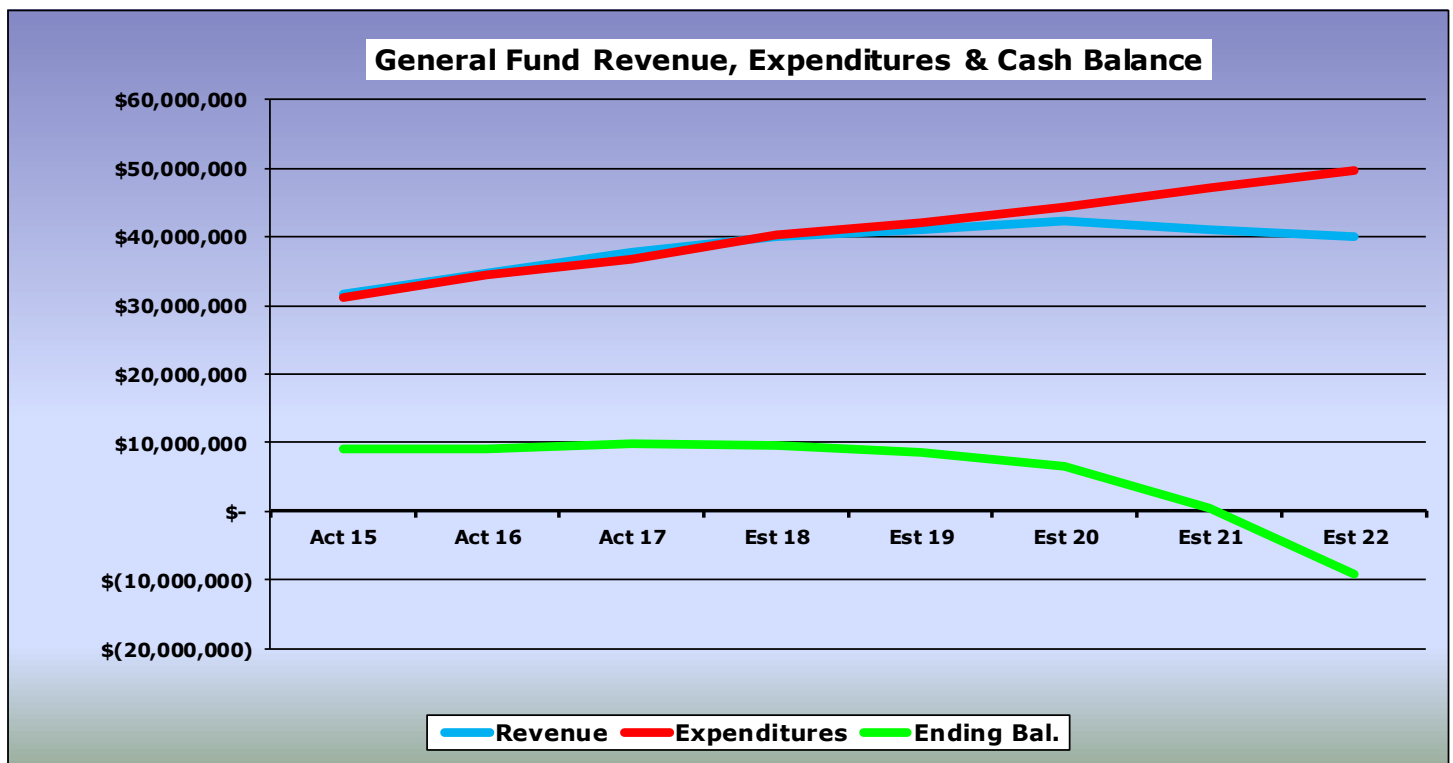
Our financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to volatility of the legislative changes that are happening quickly with very little detail to assist us. As new data becomes available, we are promptly assessing and revising our plans to accommodate 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 5.48 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.

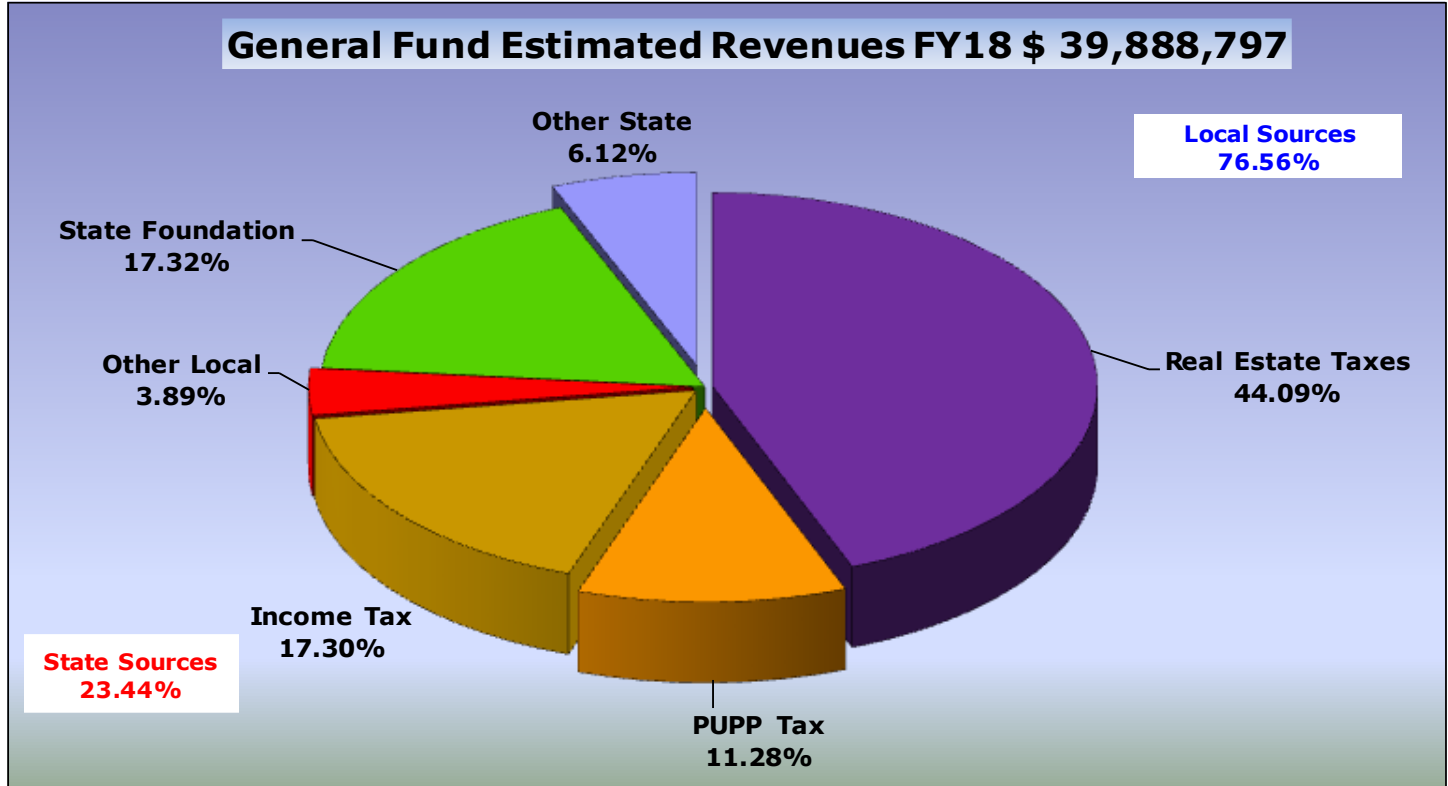
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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.

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 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 increase the districts valuations each year between the update in 2014 and reappraisal in 2017. 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 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, for the first year of collection, 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.

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. We believe this collection rate percentage is an irregularity from past trends for Tax Year 2017 due changes made December 2017 in federal tax law limiting the deductibility of state and local taxes (SALT taxes) in calendar year 2018. We believe this caused an increase in full payments of 2018 property taxes in the February payment than in past years.

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 received a \$1.33 million decrease in values for 2017 collected in 2018. 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. 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

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2017	TAX YEAR 2018	TAX YEAR 2019	TAX YEAR 2020	TAX YEAR 2021
<u>Classification</u>	<u>COLLECT 2018</u>	<u>COLLECT 2019</u>	<u>COLLECT 2020</u>	<u>COLLECT 2021</u>	<u>COLLECT 2022</u>
Res./Ag.	\$753,139,000	\$770,025,511	\$787,253,153	\$844,191,405	\$862,121,911
Comm./Ind.	\$57,454,340	\$58,379,340	\$60,504,340	\$62,339,427	\$62,964,427
Public Utility (PUPP)	<u>\$130,844,650</u>	<u>\$128,227,757</u>	<u>\$125,663,202</u>	<u>\$123,149,938</u>	<u>\$120,686,939</u>
Total Assessed Value	<u>\$941,437,990</u>	<u>\$956,632,609</u>	<u>\$973,420,695</u>	<u>\$1,029,680,770</u>	<u>\$1,045,773,278</u>

ESTIMATED REAL ESTATE TAX - Line #1.010

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Est. Property Taxes Line #1.010	\$17,587,487	\$18,551,725	\$19,256,067	\$17,846,797	\$16,490,319

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 (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 are \$130.8 million in assessed values in 2017 collected in 2018 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

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Public Utility Personal Property Taxes	\$4,497,857	\$4,401,693	\$4,313,764	\$3,890,008	\$3,474,676
Est. PUPP Taxes Line 1.020	<u>\$4,497,857</u>	<u>\$4,401,693</u>	<u>\$4,313,764</u>	<u>\$3,890,008</u>	<u>\$3,474,676</u>

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

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Renew Substitute Emergency Levy	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,822,173</u>	<u>\$5,559,681</u>
Total Line # 11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,822,173</u>	<u>\$5,559,681</u>

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

School District Income Tax – Line #1.03

The district passed a continuing income tax (SDIT) of .75% effective in 1995. The district experienced a 9.04% increase from FY 13 to FY14, an additional 4.18% increase from FY 14 to FY15 and an increase from FY15 to FY16 of 7.48%. The district has received all of the payments for FY17 from the Ohio Department of Taxation, which included a 5.66% increase over FY16. As we project forward we will assume for FY18 through FY21 a 6.0% 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 actual amounts for FY18 have been received which was an increase from the October forecast.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
SDIT Collection	\$6,356,869	\$6,901,673	\$7,433,673	\$7,997,594	\$8,595,349
Adjustments	<u>\$544,803</u>	<u>\$532,000</u>	<u>\$563,920</u>	<u>\$597,756</u>	<u>\$633,621</u>
Total to Line #1.030	<u>\$6,901,673</u>	<u>\$7,433,673</u>	<u>\$7,997,594</u>	<u>\$8,595,349</u>	<u>\$9,228,970</u>

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 March #2 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 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 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 FY17 statewide 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 \$51.88 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Basic Aid-Unrestricted	\$6,367,363	\$6,342,488	\$6,342,346	\$6,532,069	\$6,727,481
Additional Aid Items	<u>\$308,992</u>	<u>\$308,992</u>	<u>\$308,992</u>	<u>\$308,992</u>	<u>\$308,992</u>
Basic Aid-Unrestricted Subtotal	\$6,676,355	\$6,651,480	\$6,651,338	\$6,841,061	\$7,036,473
Ohio Casino Commission ODT	<u>\$184,641</u>	<u>\$192,942</u>	<u>\$202,280</u>	<u>\$211,619</u>	<u>\$220,957</u>
Total Line # 1.035	<u>\$6,860,996</u>	<u>\$6,844,421</u>	<u>\$6,853,618</u>	<u>\$7,052,679</u>	<u>\$7,257,430</u>

B) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY18-22. 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 18	FY 19	FY 20	FY 21	FY 22
Economically Disadvantage Aid	\$12,500	\$12,625	\$12,751	\$12,878	\$13,007
Career Tech - Restricted	\$1,494	\$1,509	\$1,524	\$1,539	\$1,554
Catastrophic Aid	<u>\$35,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
Total Line #1.040	<u>\$48,993</u>	<u>\$34,133</u>	<u>\$34,275</u>	<u>\$34,417</u>	<u>\$34,562</u>

Restricted Federal Grants in Aid – line #1.045

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

Summary of State Foundation Revenues

SUMMARY	FY 18	FY 19	FY 20	FY 21	FY 22
Unrestricted Line # 1.035	\$6,860,996	\$6,844,421	\$6,853,618	\$7,052,679	\$7,257,430
Restricted Line # 1.040	\$48,993	\$34,133	\$34,275	\$34,417	\$34,562
Restricted Fed. Grants - Line #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$6,909,990</u>	<u>\$6,878,555</u>	<u>\$6,887,893</u>	<u>\$7,087,097</u>	<u>\$7,291,992</u>

State Taxes Reimbursement/Property Tax Allocation

A) Rollback and Homestead Reimbursement

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

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

b) Tangible Personal Property Reimbursements –

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

Summary of State Tax Reimbursement – Line #1.050

Source	FY 18	FY 19	FY 20	FY 21	FY 22
a) Rollback and Homestead	\$2,439,444	\$2,253,154	\$2,304,058	\$2,144,988	\$1,981,030
b) TPP Reimbursement - Fixed Rate	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Tax Reimb./Prop. Tax Allocations	<u>\$2,439,444</u>	<u>\$2,253,154</u>	<u>\$2,304,058</u>	<u>\$2,144,988</u>	<u>\$1,981,030</u>

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main source of revenue in this area is tuition for court placed students, Open Enrollment, pay to participate fee, general rental fees, 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 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 March #2 foundation payment. The district has decreased the annual percentage increase from 3% to 1% to reflect the reduction in the Kindergarten tuition.

<u>Source</u>	FY 18	FY 19	FY 20	FY 21	FY 22
TIF and PILOTS	\$115,329	\$116,482	\$117,647	\$118,824	\$120,012
Tuition	\$475,780	\$460,537	\$465,143	\$469,794	\$474,492
Open Enrollment	\$324,853	\$326,477	\$328,109	\$329,750	\$331,398
Interest	\$223,441	\$182,977	\$173,828	\$165,137	\$156,880
Class Fees	\$189,500	\$191,395	\$193,309	\$195,242	\$197,194
Other Miscellaneous Receipts	<u>\$223,444</u>	<u>\$225,679</u>	<u>\$227,936</u>	<u>\$230,215</u>	<u>\$232,517</u>
Total Line # 1.060	<u>\$1,552,346</u>	<u>\$1,503,547</u>	<u>\$1,505,971</u>	<u>\$1,508,961</u>	<u>\$1,512,494</u>

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

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

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

All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that are very unpredictable. The district received a large rebate in July from BWC for \$72,687.

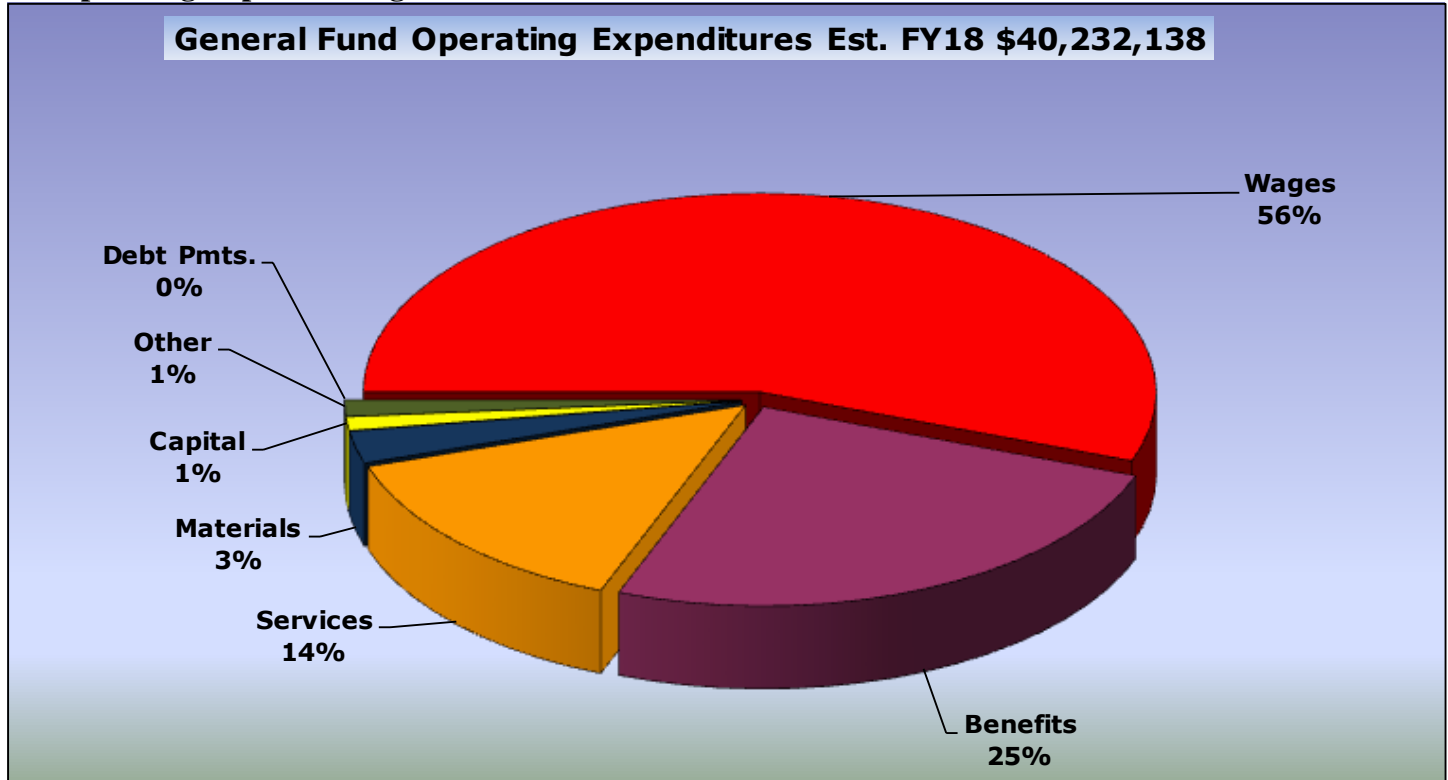
The district is estimating the increases for FY19 through FY22 at the same as received in FY17.

<u>Source</u>	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 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 new hires and replacements due to retirements are estimated to be 41 in FY18, 3 in FY19, and 4 each year for FY20 through FY22. These estimates will be adjusted each year with the needs of the educational program. The district, however, is keeping a close watch of available resources to evaluate whether additional staffing can be accommodated. 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

<u>Source</u>	FY 18	FY 19	FY 20	FY 21	FY 22
Base Wages	\$19,402,195	\$21,283,580	\$22,528,122	\$23,738,247	\$25,006,745
Wage adjustments	\$388,044	\$425,672	\$450,562	\$474,765	\$500,135
Steps & Training	\$504,457	\$553,373	\$585,731	\$617,194	\$650,175
Growth/Replacement staff	\$1,455,948	\$290,476	\$137,207	\$148,083	\$151,045
Other	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Salary In Lieu of Insurance	\$167,621	\$186,479	\$205,126	\$225,639	\$248,203
Substitutes & Supplemental	\$869,412	\$895,494	\$922,359	\$950,030	\$978,530
Severance	\$60,000	\$50,000	\$50,000	\$50,000	\$50,000
Administration	\$0	\$0	\$0	\$0	\$0
Staff Reductions (Retire/Resignation)	<u>-\$667,064</u>	<u>-\$224,979</u>	<u>-\$163,376</u>	<u>-\$171,544</u>	<u>-\$180,122</u>
Total Wages Line 3.010	<u>\$22,380,613</u>	<u>\$23,660,094</u>	<u>\$24,915,732</u>	<u>\$26,232,413</u>	<u>\$27,604,711</u>

Fringe Benefits Estimates – Line #3.020

A) STRS/SERS will increase as Wages Increase

As required by law the BOE pays 14% of all employee wages to STRS or SERS. The district 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. 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 put in place an additional plan with higher deductibles and co-pays in FY18 which lowered the percentage of the blended increase for both the current fiscal year and FY19 compared to original estimates.

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 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 and benefit consultants continue 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.

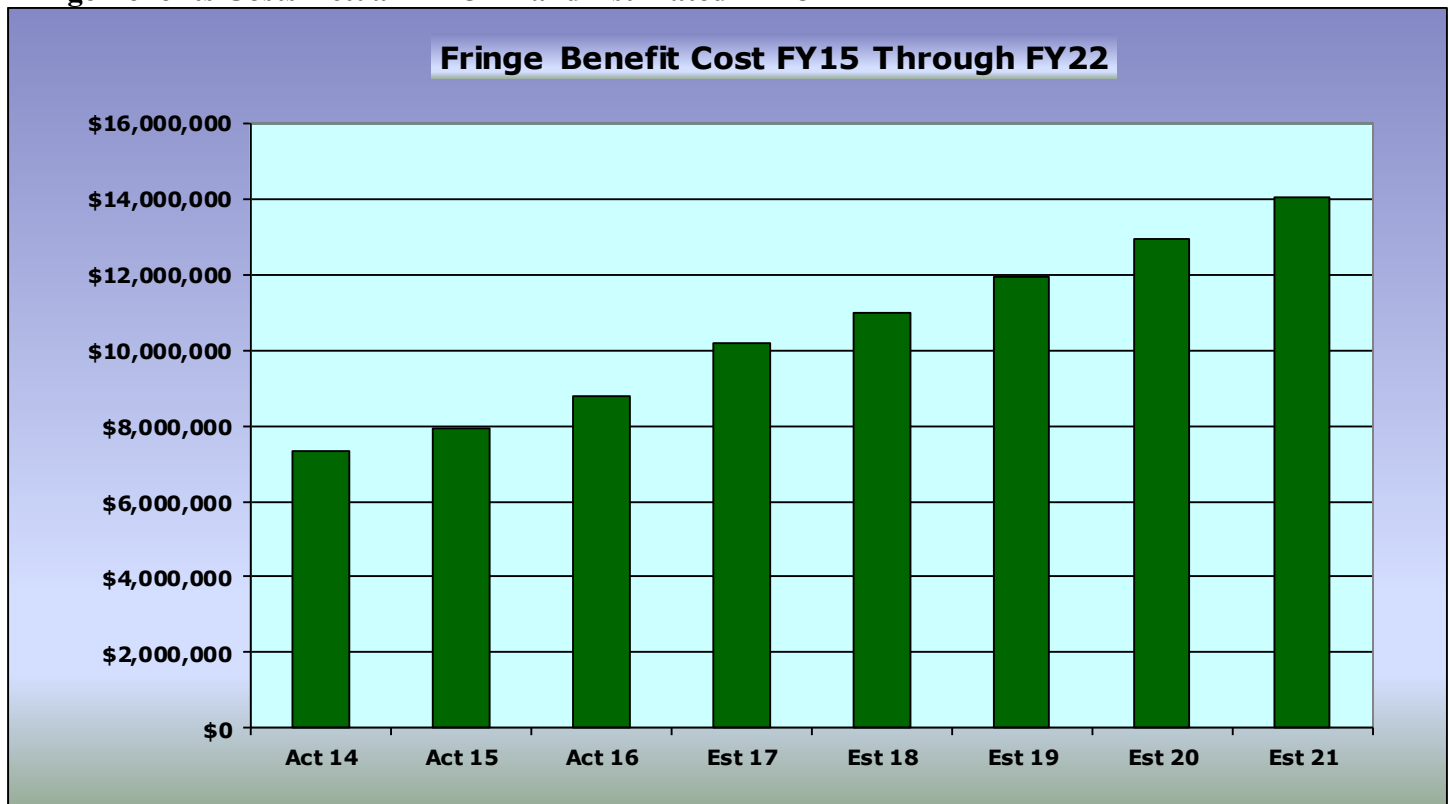
D) Medicare

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 18	FY 19	FY 20	FY 21	FY 22
STRS/SERS	\$3,486,579	\$3,700,709	\$3,898,044	\$4,103,026	\$4,316,631
Insurance's	\$6,237,151	\$6,785,749	\$7,506,044	\$8,299,018	\$9,169,941
Workers Comp/Unemployment	\$74,371	\$78,622	\$82,795	\$87,170	\$91,730
Medicare	\$324,519	\$343,071	\$361,278	\$380,370	\$400,268
Tuition and Other Benefits	\$59,814	\$59,814	\$59,814	\$59,814	\$59,814
Total Line 3.020	<u>\$10,182,434</u>	<u>\$10,967,966</u>	<u>\$11,907,975</u>	<u>\$12,929,398</u>	<u>\$14,038,385</u>

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. In future years of the forecast, the District plans to use the permanent improvement levy funds to pay for buses. The district decreased the amount of the Community School deduction to be that of the March #2 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.

Purchased Services – Line #3.030

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Insurance, Leases, Postage, & Other	\$990,691	\$841,691	\$786,524	\$952,255	\$971,300
Professional Services, Legal Fees & ESC	\$2,264,159	\$2,333,442	\$2,378,611	\$2,424,683	\$2,471,677
Tuition, OE, SF14, CCP & Excess Costs	\$827,044	\$943,584	\$962,456	\$981,705	\$1,001,339
Community School Deductions	\$400,218	\$408,222	\$416,387	\$424,715	\$433,209
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	<u>\$5,651,760</u>	<u>\$5,722,870</u>	<u>\$5,766,923</u>	<u>\$6,034,069</u>	<u>\$6,156,778</u>

Supplies and Materials – Line #3.040

An overall inflation of 2.5% 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.

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

Equipment – Line # 3.050

The district is developing a capital projects budget to update the aging bus fleet and replenish or refresh other assets such as roofing, asphalt, computers, desks and chairs. 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 \$25,000 is being used 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.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Capital Outlay	\$223,189	\$25,000	\$25,000	\$25,000	\$25,000
Technology	\$39,244	\$0	\$0	\$0	\$0
Facility Upkeep	\$175,526	\$0	\$0	\$0	\$0
Replacement Bus Purchases	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$437,959</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>

Principal and Interest Payment – Lines # 4.05 and 4.06

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

Other Expenses – Line #4.300

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

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
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.

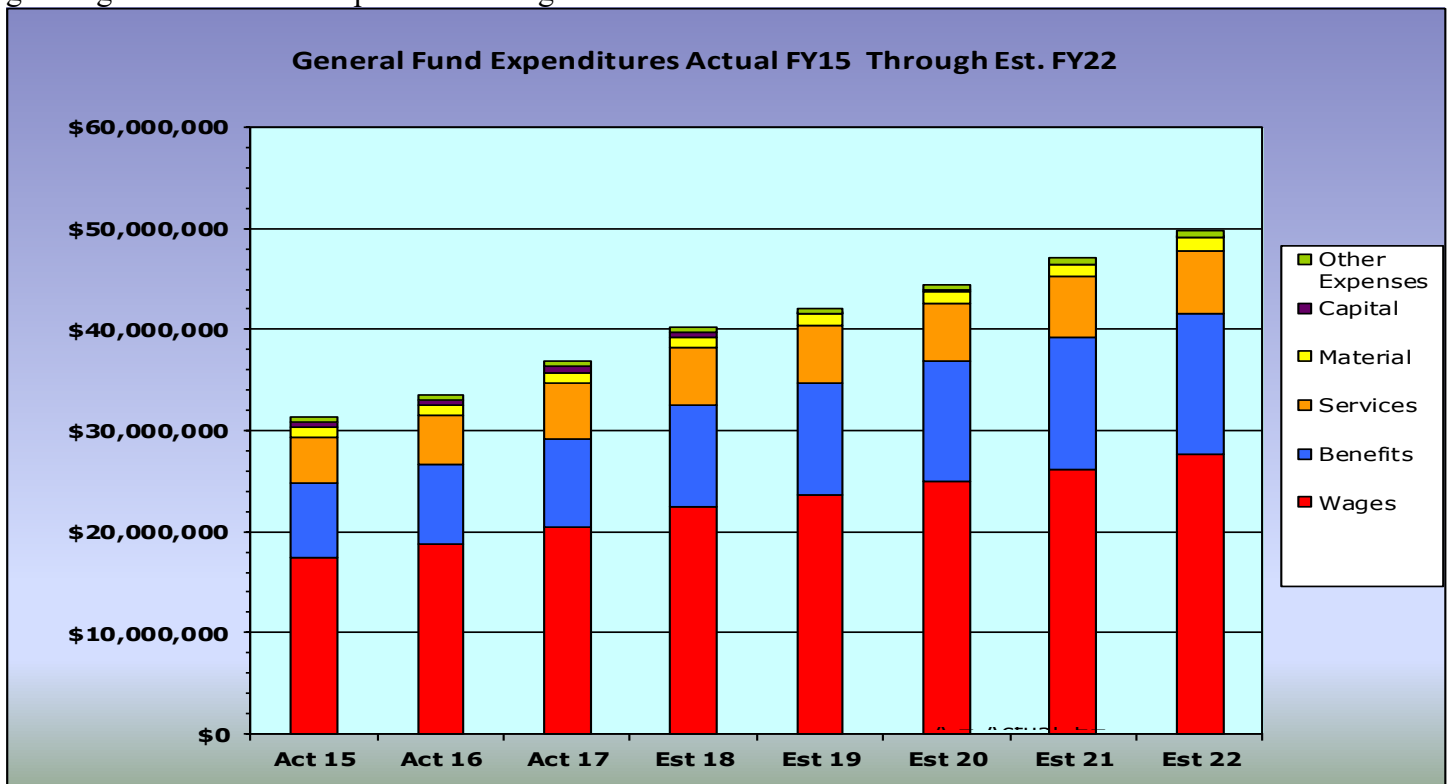
Encumbrances –Line #8.010

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.

<u>Source</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
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.



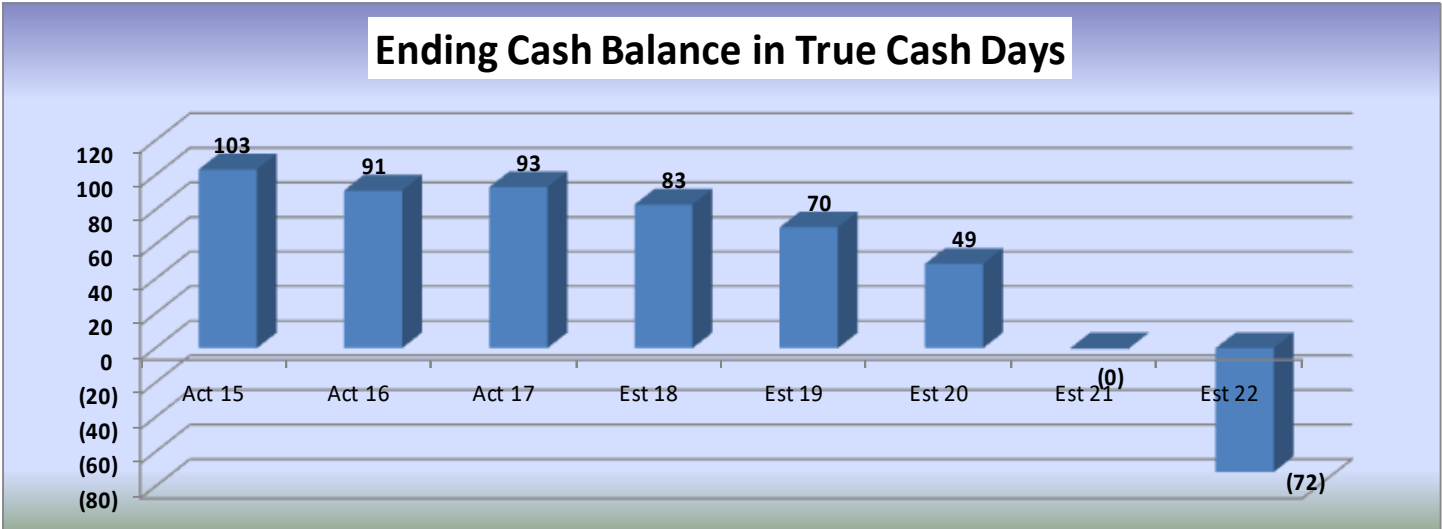
Ending Unencumbered Cash Balance – Line#15.010

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	<u>\$9,148,842</u>	<u>\$8,059,737</u>	<u>\$5,928,814</u>	<u>\$2,776,350</u>	<u>-\$1,383,868</u>

True Cash Days

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Based on the current fund balances the district will not have the sixty (60) day balance at the end of FY19. 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.

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.

District administration 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.