



Five Year Forecast October 2018

Presented by: Nicole Marshall, Treasurer

Purpose of the Forecast



- ▶ Valuable long-range planning tool
- ▶ To serve as a basis for determining a district's ability to sign the "412" certificate
- ▶ To provide a method for the Ohio Department of Education (ODE) and the Auditor of State to identify districts headed toward financial difficulties.

Requirements of Forecast



- ▶ File a five year projection no later than October 31st each year with ODE (this will change to November 30 in 2019)
- ▶ Current fiscal year and ensuing four fiscal years
- ▶ Update five year projection no later than May 31st each year with ODE
- ▶ Three years actual information is included for historical purposes

Revenues

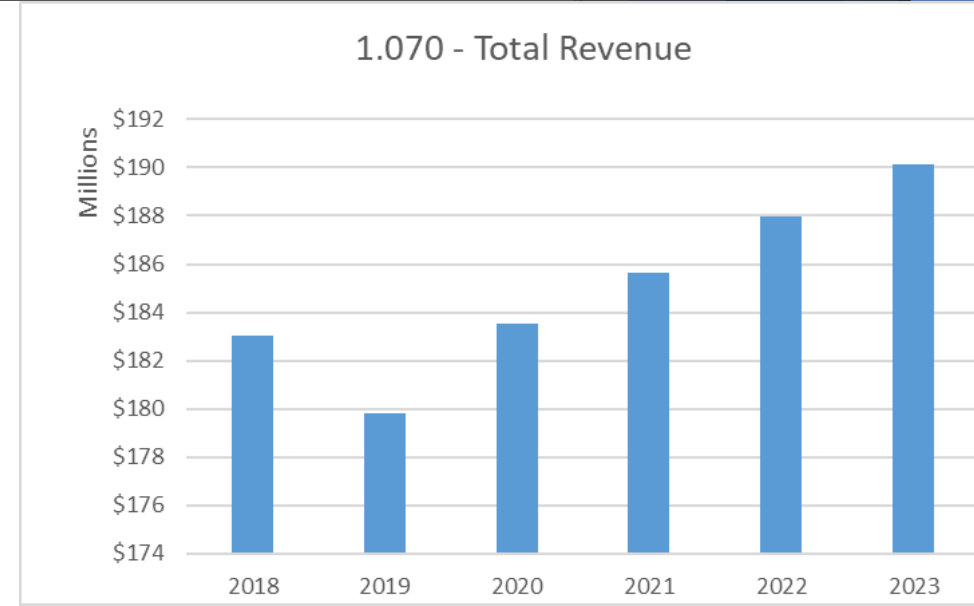
	Fiscal Year 2018	FORECASTED				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenue:						
1.010 - General Property Tax (Real Estate)	108,504,413	105,403,896	108,319,062	109,728,818	111,091,794	112,049,862
1.020 - Public Utility Personal Property	3,537,139	3,531,600	3,582,212	3,677,099	3,774,298	3,884,593
1.035 - Unrestricted Grants-in-Aid	44,313,023	45,353,284	46,426,187	47,564,064	48,684,888	49,885,962
1.040 - Restricted Grants-in-Aid	1,256,974	1,357,646	1,356,280	1,083,055	1,100,445	1,115,953
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	14,018,187	14,000,446	14,072,672	14,192,680	14,313,453	14,388,551
1.060 - All Other Operating Revenues	11,412,345	10,189,174	9,752,525	9,399,861	8,997,754	8,791,488
1.070 - Total Revenue	183,042,081	179,836,046	183,508,938	185,645,577	187,962,632	190,116,409
Other Financing Sources:						
2.060 - All Other Financing Sources	1,392,175	1,220,000	250,000	250,000	250,000	250,000
2.070 - Total Other Financing Sources	1,392,175	1,220,000	250,000	250,000	250,000	250,000
2.080 - Total Revenues and Other Financing Sources	184,434,256	181,056,046	183,758,938	185,895,577	188,212,632	190,366,409
Expenditures:						
3.010 - Personnel Services	93,657,721	100,221,661	106,590,292	112,709,304	119,174,443	130,496,889
3.020 - Employees' Retirement/Insurance Benefits	32,592,766	34,599,551	37,421,928	40,170,886	43,078,573	46,955,267
3.030 - Purchased Services	22,020,733	21,712,495	22,188,400	22,826,134	23,483,458	24,161,014
3.040 - Supplies and Materials	5,818,417	5,441,794	5,588,719	5,739,820	5,895,218	6,055,039
3.050 - Capital Outlay	1,585,767	2,621,003	2,702,423	2,934,471	2,467,160	2,500,503
4.300 - Other Objects	10,010,401	11,060,367	10,869,377	11,295,559	11,739,660	12,202,462
4.500 - Total Expenditures	165,685,805	175,656,871	185,361,139	195,676,174	205,838,512	222,371,174
Other Financing Uses						
5.010 - Operating Transfers-Out	90,500	115,000	115,000	115,000	115,000	115,000
5.050 - Total Expenditures and Other Financing Uses	165,776,305	175,771,871	185,476,139	195,791,174	205,953,512	222,486,174
Excess of Rev & Other Financing Uses Over (Under)						
6.010 - Expenditures and Other Financing Uses	18,657,951	5,284,175	(1,717,201)	(9,895,597)	(17,740,880)	(32,119,765)
Cash Balance July 1 - Excluding Proposed Renewal/						
7.010 - Replacement and New Levies	94,724,367	113,382,318	118,666,493	116,949,292	107,053,695	89,312,815
7.020 - Cash Balance June 30	113,382,318	118,666,493	116,949,292	107,053,695	89,312,815	57,193,050
8.010 - Estimated Encumbrances June 30	2,951,094	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Reservations of Fund Balance:						
9.030 - Budget Reserve	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
15.010 - Unreserved Fund Balance June 30	91,431,224	96,766,493	95,049,292	85,153,695	67,412,815	35,293,050

Balances Expenditures

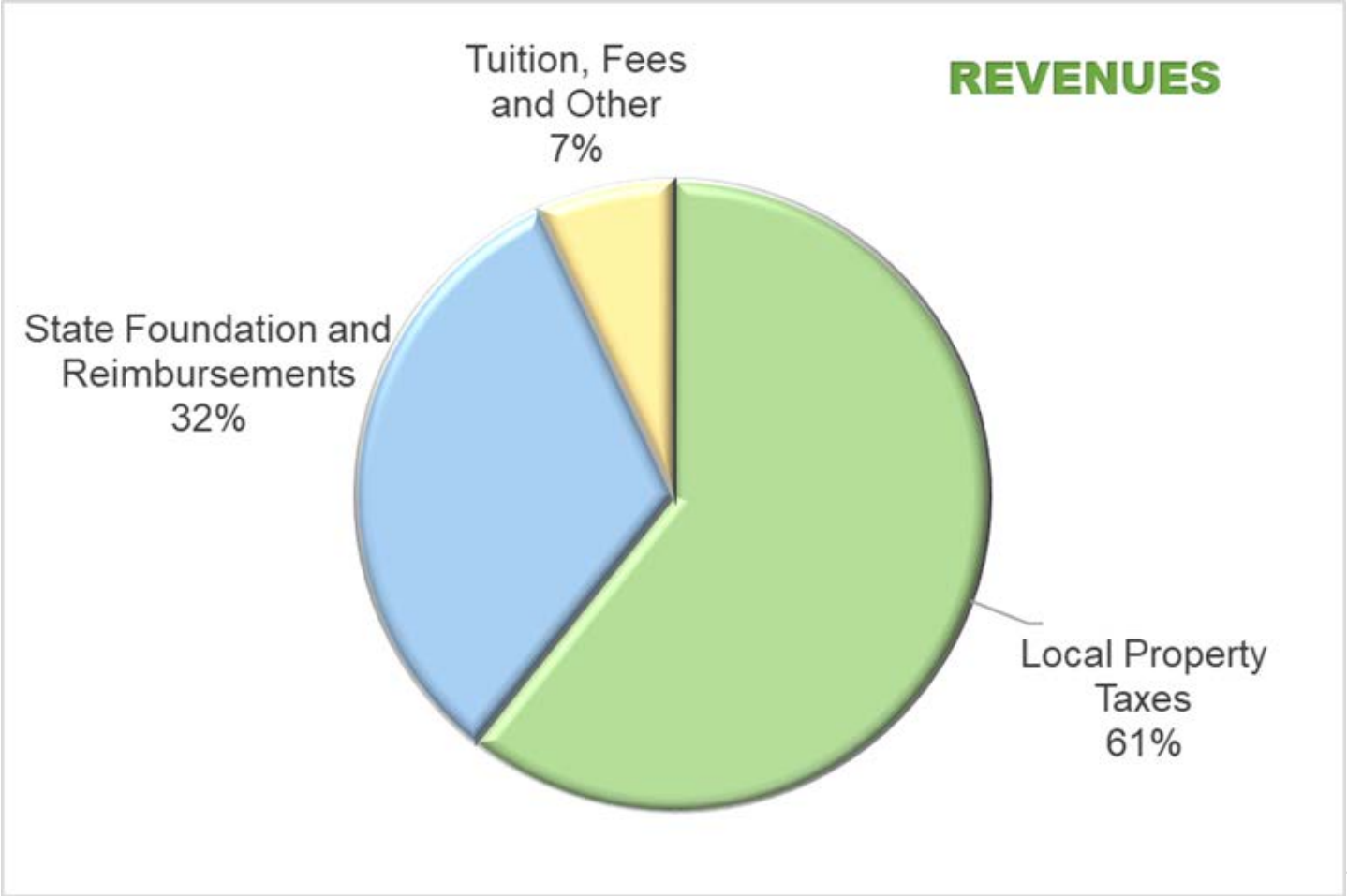
Revenues

	Fiscal Year 2018	FORECASTED				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenue:						
1.010 - General Property Tax (Real Estate)	108,504,413	105,403,896	108,319,062	109,728,818	111,091,794	112,049,862
1.020 - Public Utility Personal Property	3,537,139	3,531,600	3,582,212	3,677,099	3,774,298	3,884,593
1.035 - Unrestricted Grants-in-Aid	44,313,023	45,353,284	46,426,187	47,564,064	48,684,888	49,885,962
1.040 - Restricted Grants-in-Aid	1,256,974	1,357,646	1,356,280	1,083,055	1,100,445	1,115,953
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	14,018,187	14,000,446	14,072,672	14,192,680	14,313,453	14,388,551
1.060 - All Other Operating Revenues	11,412,345	10,189,174	9,752,525	9,399,861	8,997,754	8,791,488
1.070 - Total Revenue	183,042,081	179,836,046	183,508,938	185,645,577	187,962,632	190,116,409
Other Financing Sources:						
2.060 - All Other Financing Sources	1,392,175	1,220,000	250,000	250,000	250,000	250,000
2.070 - Total Other Financing Sources	1,392,175	1,220,000	250,000	250,000	250,000	250,000
2.080 - Total Revenues and Other Financing Sources	184,434,256	181,056,046	183,758,938	185,895,577	188,212,632	190,366,409

- ▶ Slight increases anticipated in revenues beginning in FY2020



Revenues FY 2018



Local Property Taxes

	FORECASTED					
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenue:						
1.010 - General Property Tax (Real Estate)	108,504,413	105,403,896	108,319,062	109,728,818	111,091,794	112,049,862
1.020 - Public Utility Personal Property	3,537,139	3,531,600	3,582,212	3,677,099	3,774,298	3,884,593

- ▶ General Property Taxes are 58% of total revenues
 - ▶ Increases expected from growth and expiring tax abatements
 - ▶ Reduction in FY2019 expected due to timing of payments due to federal tax law changes
- ▶ Public Utility Property Taxes are 2% of total revenues
 - ▶ Slight increases expected from growth

Local Property Taxes Comparison of May Forecast

Forecasted as of:

	May Update	9/24/2018	
	Fiscal Year 2019	Fiscal Year 2019	Dollar Difference
1.010 - General Property Tax (Real Estate)	105,768,518	105,403,896	(364,622)
1.020 - Public Utility Personal Property	4,263,655	3,531,600	(732,055)

Revenue:

- ▶ General Property Taxes reduction due to change in assumptions for residential new construction growth
- ▶ Public Utility Property Taxes reduction due to county auditor error in values reported to the district
 - ▶ Values were overstated by \$9 million for May forecast

State Foundation and Reimbursements

	FORECASTED					
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenue:						
1.035 - Unrestricted Grants-in-Aid	44,313,023	45,353,284	46,426,187	47,564,064	48,684,888	49,885,962
1.040 - Restricted Grants-in-Aid	1,256,974	1,357,646	1,356,280	1,083,055	1,100,445	1,115,953
1.050 - Property Tax Allocation	14,018,187	14,000,446	14,072,672	14,192,680	14,313,453	14,388,551

- ▶ Unrestricted and Restricted Grants-in-Aid (State Foundation) are capped by 3% for FY2019
 - ▶ 2 new budget cycles during forecast period (FY2020 and FY2022)
 - ▶ Forecast assumes same funding model and a 2.5% cap for the forecast period
 - ▶ District lost \$12 million during FY2018 due to the cap
 - ▶ Another \$11.5 million loss expected for FY2019
- ▶ Property Tax Allocation are reimbursements and direct payments from the state for property tax rollback and homestead exemptions
 - ▶ Estimates follow property tax estimates

State Foundation and Reimbursements Comparison of May Forecast

Forecasted as of:

	May Update	9/24/2018	
	Fiscal Year	Fiscal Year	Dollar
	2019	2019	Difference
1.035 - Unrestricted Grants-in-Aid	45,314,737	45,353,284	38,547
1.040 - Restricted Grants-in-Aid	1,021,020	1,357,646	336,626
1.050 - Property Tax Allocation	14,361,762	14,000,446	(361,316)

Revenue:

- 1.035 - Unrestricted Grants-in-Aid
- 1.040 - Restricted Grants-in-Aid
- 1.050 - Property Tax Allocation

- ▶ Unrestricted and Restricted Grants-in-Aid (State Foundation) have been updated with most recent payment report from ODE
- ▶ Property Tax Allocation follows changes in Local Property Taxes

All Revenues Comparison of May Forecast

Revenue:	Forecasted as of:		Dollar Difference	Percentage Variance
	May Update	9/24/2018		
	Fiscal Year 2019	Fiscal Year 2019		
1.010 - General Property Tax (Real Estate)	105,768,518	105,403,896	(364,622)	-0.34%
1.020 - Public Utility Personal Property	4,263,655	3,531,600	(732,055)	-17.17%
1.030 - Income Tax	-	-	-	0
1.035 - Unrestricted Grants-in-Aid	45,314,737	45,353,284	38,547	0.09%
1.040 - Restricted Grants-in-Aid	1,021,020	1,357,646	336,626	32.97%
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	0
1.050 - Property Tax Allocation	14,361,762	14,000,446	(361,316)	-2.52%
1.060 - All Other Operating Revenues	9,678,734	10,189,174	510,440	5.27%
1.070 - Total Revenue	180,408,426	179,836,046	(572,380)	-0.32%
2.070 - Total Other Financing Sources	750,000	1,220,000	470,000	62.67%
2.080 - Total Revenues and Other Financing Sources	181,158,426	181,056,046	(102,380)	-0.06%

Revenue Uncertainty

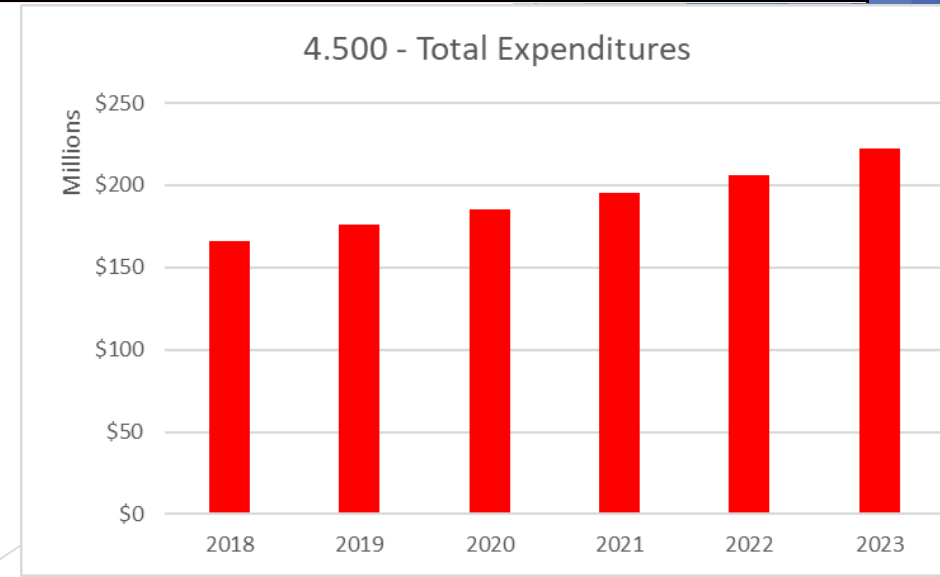
- ▶ State Funding - New Biennium Budgets in FY20/21 and FY22/23
- ▶ Property Values
- ▶ Economy
- ▶ Legislative Changes



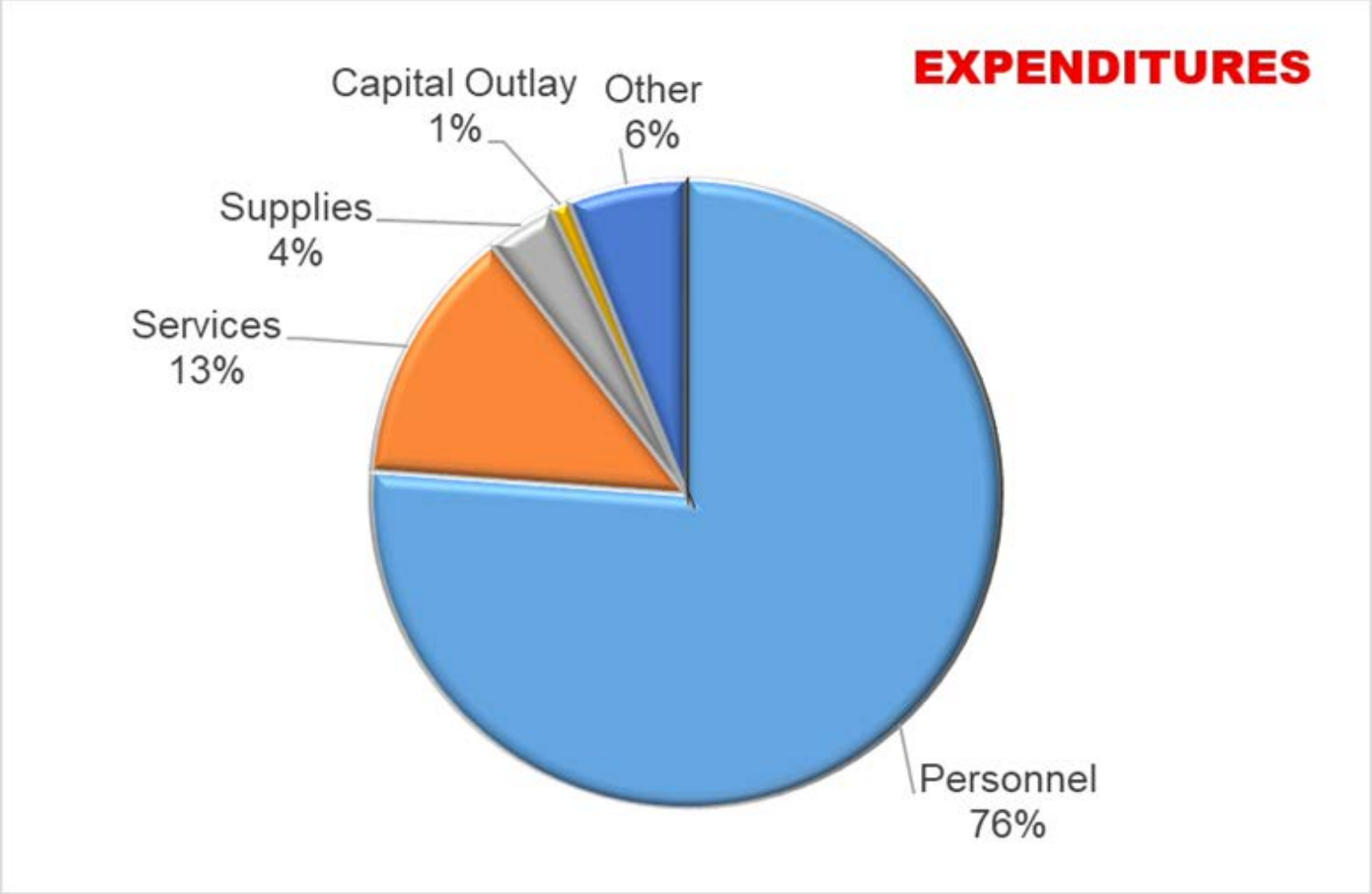
Expenditures

	FORECASTED					
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Expenditures:						
3.010 - Personnel Services	93,657,721	100,221,661	106,590,292	112,709,304	119,174,443	130,496,889
3.020 - Employees' Retirement/Insurance Benefits	32,592,766	34,599,551	37,421,928	40,170,886	43,078,573	46,955,267
3.030 - Purchased Services	22,020,733	21,712,495	22,188,400	22,826,134	23,483,458	24,161,014
3.040 - Supplies and Materials	5,818,417	5,441,794	5,588,719	5,739,820	5,895,218	6,055,039
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4.300 - Other Objects	10,010,401	11,060,367	10,869,377	11,295,559	11,739,660	12,202,462
4.500 - Total Expenditures	165,685,805	175,656,871	185,361,139	195,676,174	205,838,512	222,371,174
Other Financing Uses						
5.010 - Operating Transfers-Out	90,500	115,000	115,000	115,000	115,000	115,000
5.050 - Total Expenditures and Other Financing Uses	165,776,305	175,771,871	185,476,139	195,791,174	205,953,512	222,486,174

- ▶ Expenditures are expected to outpace revenues by FY2020



Expenditures FY 2018



Personnel

	Fiscal Year 2018	FORECASTED				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Expenditures:						
3.010 - Personnel Services	93,657,721	100,221,661	106,590,292	112,709,304	119,174,443	130,496,889
3.020 - Employees' Retirement/Insurance Benefits	32,592,766	34,599,551	37,421,928	40,170,886	43,078,573	46,955,267

- ▶ 76% of total expenditures
- ▶ Teachers had pay spread out over 27 pays during FY2018 due to payroll creep
- ▶ Forecast includes adding 11 FTE for FY2019 and 10 FTE for FY2020 through FY2023
 - ▶ Growth anticipated in enrollment and special education needs
 - ▶ My Van drivers paid through ESCCO in FY2019, planned to be hired in district beginning in FY2020
- ▶ FY2023 Personnel Services inflated by approximately \$4.5 million due to 27 pay dates in fiscal year
- ▶ Health insurances anticipated to increase by approximately 8% throughout the forecast period



Other Expenditures

	Fiscal Year 2018	FORECASTED				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Expenditures:						
3.030 - Purchased Services	22,020,733	21,712,495	22,188,400	22,826,134	23,483,458	24,161,014
3.040 - Supplies and Materials	5,818,417	5,441,794	5,588,719	5,739,820	5,895,218	6,055,039
3.050 - Capital Outlay	1,585,767	2,621,003	2,702,423	2,934,471	2,467,160	2,500,503
4.300 - Other Objects	10,010,401	11,060,367	10,869,377	11,295,559	11,739,660	12,202,462
4.500 - Total Expenditures	165,685,805	175,656,871	185,361,139	195,676,174	205,838,512	222,371,174
Other Financing Uses						
5.010 - Operating Transfers-Out	90,500	115,000	115,000	115,000	115,000	115,000
5.050 - Total Expenditures and Other Financing Uses	165,776,305	175,771,871	185,476,139	195,791,174	205,953,512	222,486,174

- ▶ Purchased Services includes payments to other districts for tuition for special needs and other students and payments to charter schools and utilities and other services
 - ▶ Decrease anticipated from new My Van Program - Costs are shifted to Other Objects
- ▶ Materials and Supplies includes textbooks, software licenses, consumable items that do not have long-term useful lives
- ▶ Capital Outlay includes equipment, technology and other items with long-term useful lives
- ▶ Other Objects includes services purchased from ESCCO - van drivers costs shifted to salaries and benefits beginning in FY2020



All Expenditures Comparison to May Forecast

Forecasted as of:

	May Update	9/24/2018	Dollar	Percentage
	Fiscal Year	Fiscal Year		
Expenditures:				
3.010 - Personnel Services	99,368,616	100,221,661	853,045	0.86%
3.020 - Employees' Retirement/Insurance Benefits	35,469,315	34,599,551	(869,764)	-2.45%
3.030 - Purchased Services	21,653,450	21,712,495	59,045	0.27%
3.040 - Supplies and Materials	5,042,981	5,441,794	398,813	7.91%
3.050 - Capital Outlay	2,839,914	2,621,003	(218,911)	-7.71%
4.300 - Other Objects	11,303,576	11,060,367	(243,209)	-2.15%
4.500 - Total Expenditures	175,677,853	175,656,871	(20,982)	-0.01%
5.040 - Total Other Financing Uses	115,000	115,000	-	0.00%
5.050 - Total Expenditures and Other Financing Uses	175,792,853	175,771,871	(20,982)	-0.01%

- ▶ Personnel services increase due to 27 pay spread for teachers during 2018
- ▶ Benefits savings due to health insurance savings from concessions in negotiations and better than expected claims
- ▶ Other expenditure lines adjusted based on FY2018 ending amounts

Expenditure Uncertainty

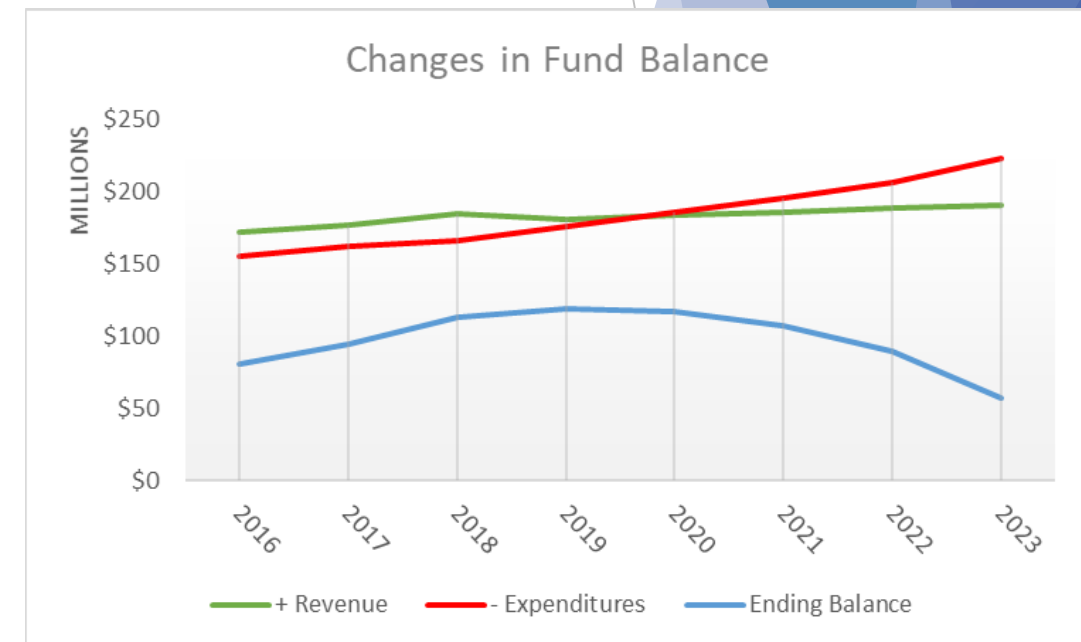
- ▶ Staffing Needs
- ▶ Educational Needs of Students
- ▶ Economy/Inflation
- ▶ Healthcare Costs
- ▶ Legislative Mandates



Changes in Balances

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Beginning Balance	63,954,991	80,620,365	94,724,367	113,382,318	118,666,493	116,949,292	107,053,695	89,312,815
+ Revenue	171,952,921	176,506,937	184,434,256	181,056,046	183,758,938	185,895,577	188,212,632	190,366,409
- Expenditures	155,287,547	162,402,935	165,776,305	175,771,871	185,476,139	195,791,174	205,953,512	222,486,174
= Revenue Surplus or Deficit	16,665,374	14,104,002	18,657,951	5,284,175	(1,717,201)	(9,895,597)	(17,740,880)	(32,119,765)
Ending Balance	80,620,365	94,724,367	113,382,318	118,666,493	116,949,292	107,053,695	89,312,815	57,193,050

- ▶ Deficit spending expected to begin in FY2020
- ▶ State has historically underfunded the district
 - ▶ \$12 million in FY2018 and \$11.5 million projected in FY2019
- ▶ District will need to evaluate future levy options to help offset state shortfall



Questions?