

**Celina City School District  
Five-Year Forecast  
Fiscal Years Ending June 30, 2016 Through 2020**

**Notice:** All estimates are conservative and do not guarantee what will happen in estimated years.

**REVENUE ASSUMPTIONS**

Property Taxes – Line 1.01

Property tax revenue estimates are based on valuation data, scheduled updates and reappraisals combined with input from the Mercer County Auditor.

The forecast assumes a modest .40% average annual residential property value increase over the five years. There is also an increase of 1% average annual growth in residential construction and growth. While new construction has recently increased in Mercer County, I tend to take a conservative approach to forecasting future growth as the new construction market is still very unstable. These growth rates fall between the averages of the prior five year and prior ten year averages for each classification. Recent changes to CAUV calculations caused the assessed value of farmland to increase dramatically in Mercer County. Governmental influences will cause changes in the calculation of CAUV over the next five years to help mitigate this substantial increase.

The emergency property tax levy was renewed by voters in May of 2015. This will guarantee property tax funding through tax year 2021. Although new levies may be proposed, no new property taxes are included in the forecast until they are approved by the voters.

Public Utility Property Tax – Line 1.02

The valuation of Public Utility Property within the district has remained stable over the prior years and should remain stable.

Income Tax – Line 1.03

Because of stable or even declining unemployment, this revenue should remain relatively steady over the next five years. Historical trends have seen declining increases from a high of 5.66% in FY2013 to 3.38% in FY2015. The rate I am using for FY2016 is 2.64%. Unemployment rates in Mercer County remain extremely low so there should be no major jumps in income tax revenue. However, this revenue should increase modestly as wages increase through inflation.

This tax was renewed for five years in 2013 and will need to be renewed in 2018.

Unrestricted Grants-in-Aid (state foundation) – Line 1.035

This line of the forecast is always the most difficult to predict as the mechanisms that drive funding are constantly in motion. Funding is no longer based on an October count as it is now based on a real-time student count. The model is still primarily driven by property tax valuation per pupil but some other features were added to the biennium budget to help with some funding inequities. Celina City Schools was aided by an agricultural provision. Although the District's formula ADM, which is the total number

of Celina residents attending school, is forecasted to rise, the District is losing more students to open enrollment and to online community schools.

**IMPORTANT NOTE:** Years three through five of line 1.035 of this forecast continue to show an increase. Be cautious on trusting that increase. It is based on the current formula which is good for two years. The funding formula could be substantially modified or completely changed as the next budget bill is proposed. Any increase in funding over years three through five would also assume that the state legislators would continue to add funds to school funding.

#### Restricted Grants-in-Aid (SFSF & Career Tech) – Line 1.04

Career Tech (Tri-Star Career Compact) funding saw a significant increase in FY2014. This should be stable over the next 1-3 years.

A new component, Economic Disadvantaged Funding, was added to this line. I anticipate this funding to stay relatively flat.

State Fiscal Stabilization Funds (SFSF) were federal funds used to replace foundation dollars during the height of the economic recession. These funds have been phased out and will not be replaced.

#### Property Tax Allocation (Homestead & Rollback) – Line 1.05

The property tax allocation is calculated as a fixed percentage of real property tax receipts. The growth or decline parallels the anticipated growth or decline in real property taxes. This form of funding has been eliminated for all newly voted levies which mean all new levies will be fully funded by local dollars. Existing levies that are renewed will continue to receive this funding from the state.

#### All Other Revenues – Line 1.06

These receipts are primarily from open enrollment in the district, interest on investment and class fees. I have decreased this line based on the number of open enrollments students coming to the district has decreased.

## **EXPENDITURE ASSUMPTIONS**

#### Personnel Services and Retirement/Benefits – Lines 3.01 & 3.02

I have used a 3% increase in base salaries and a resumption of steps for FY16 and FY17. In FY18, FY19 and FY20, I used a 2.3% total increase annually. This covers step movement and a possible base increase.

For FY16, I calculated an increase of \$150,000 to fringe benefits. This is based on a 2% increase in health insurance, an increase in retirement, Medicare and workers' comp insurance based off the salary and a decrease in severance contribution based on a large carryover. For future years, I calculated a 3.3% annual increase in fringe benefits based on a 5% annual increase in health insurance and increases to retirement, Medicare and workers' comp based off salary increases.

#### Purchased Services – Line 3.03

An unexpected increase occurred in FY14 because of changes in pre-school funding, student defection to community schools and open enrollment and the way the district paid for this service from the ESC. The increase continued in FY15 mostly due to an additional increase in open enrollment and community school transfers. The trend of a larger number of open enrolled students continues in FY16. I have added \$75,000 to this line for open enrollment out of the district. The number of open enrollment students continues to increase in earlier grades and this trend continues to be a concern. I have increased spending in purchase services for all years of the forecast to cover open enrollment increases. I have added an additional \$75,000 to cover an increase in spending at the ESC not including Aladdin students. To date, I have not received the FY 16 estimate. I anticipate no increase for Aladdin students. I have added \$58,000 to this line item for the implementation of MUNIS accounting software. This is a one-time implementation fee.

#### Supplies – Line 3.04

This line on the forecast contains all classroom supplies and textbooks as well as supplies for maintenance items. I assume a growth of 1% annually for supplies. Textbook implementation has been assumed by the permanent improvement fund.

#### Capital Outlay – Line 3.05

A plan for servicing the district's immediate capital outlay plan has been implemented using funds in the Permanent Improvement fund. Receipts for this fund are collected through proceeds from Tax Increment Financing (TIFs). The district is also assessing the possibility of construction for new building(s). Based on preliminary reports of the condition of our buildings I have increased spending on this line from the last forecast. I anticipate significant growth based on the age of the buildings and systems in the district

#### Other Objects – Line 4.3

Other objects include expenditures for county auditor/treasurer fees and some ESC costs deducted through the state foundation and are projected to remain at a 1% inflationary growth as they are difficult to accurately project year to year.

#### Operating Transfers – Out – Line 5.01

I am assuming food service will have a deficit each of the next five years and that this deficit will increase with inflation (cost of supplies and salaries).

#### Encumbrances – Line 8.01

Encumbrances are budgeted to be expended in the year they occur and therefore the goal each school year would be to get this number closer to zero. Celina City Schools has implemented a plan to better achieve this goal annually.

#### Revenue Over/Under Expenditures – Line 6.01

This line is the true gauge of a school district's financial health. When this line is negative it means expenses are outpacing revenue and depleting a district's cash balance. FY13 marked a fourth straight year of deficit spending, ultimately leading to the decrease of the district's cash balance (line 7.02). FY14 and FY15 brought a much needed surplus to the District. Because of stable to increasing revenues, I anticipate a surplus in each of the next two years. However, this line needs to be monitored closely.

**Celina City School District**  
**Schedule Of Revenue, Expenditures and Changes In Fund Balances**  
**Actual and Forecasted Operating Fund**

	ACTUAL			FORECASTED				
	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
<b>Revenue:</b>								
1.010 - General Property Tax (Real Estate)	10,710,031	10,812,317	11,364,183	11,635,702	11,737,727	11,815,985	11,896,318	11,956,613
1.020 - Public Utility Personal Property	284,825	279,975	285,760	270,427	276,315	281,064	284,225	285,832
1.030 - Income Tax	2,347,537	2,458,115	2,541,206	2,604,736	2,637,025	2,661,476	2,525,052	664,263
1.035 - Unrestricted Grants-in-Aid	9,784,259	10,757,139	11,955,679	12,255,589	12,782,925	12,913,825	13,479,218	14,287,815
1.040 - Restricted Grants-in-Aid	175,404	335,638	284,128	271,899	274,011	274,018	277,390	280,833
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,660,645	1,649,015	1,705,373	1,715,890	1,723,584	1,735,496	1,747,634	1,756,959
1.060 - All Other Operating Revenues	1,645,557	1,507,374	1,455,030	1,411,379	1,432,550	1,418,224	1,446,589	1,475,521
<b>1.070 - Total Revenue</b>	<b>26,608,258</b>	<b>27,799,573</b>	<b>29,591,359</b>	<b>30,165,623</b>	<b>30,864,137</b>	<b>31,100,088</b>	<b>31,656,425</b>	<b>30,707,835</b>
<b>Other Financing Sources:</b>								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	297,500	990,000	341,500	324,000	350,000	350,000	350,000	350,000
2.060 - All Other Financing Sources	91,996	101,785	137,118	145,000	150,000	155,500	160,000	164,000
2.070 - Total Other Financing Sources	389,496	1,091,785	478,618	469,000	500,000	505,500	510,000	514,000
<b>2.080 - Total Revenues and Other Financing Sources</b>	<b>26,997,754</b>	<b>28,891,359</b>	<b>30,069,977</b>	<b>30,634,623</b>	<b>31,364,137</b>	<b>31,605,588</b>	<b>32,166,425</b>	<b>31,221,835</b>
<b>Expenditures:</b>								
3.010 - Personnel Services	15,333,508	14,704,752	15,045,473	15,735,333	16,444,181	16,864,058	17,241,988	17,626,572
3.020 - Employees' Retirement/Insurance Benefits	7,349,958	7,052,713	6,968,507	7,096,007	7,314,534	7,551,191	7,795,451	8,050,926
3.030 - Purchased Services	4,028,526	4,510,175	4,847,134	5,103,605	5,155,677	5,258,791	5,363,967	5,471,246
3.040 - Supplies and Materials	950,141	892,058	900,988	909,998	919,098	928,289	937,572	946,947
3.050 - Capital Outlay	304,806	165,273	253,053	408,114	416,276	424,602	433,094	437,425
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
<b>Debt Service:</b>								
4.010 - Principal-All Years	-	-	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-	-	-
4.300 - Other Objects	447,806	462,242	443,282	447,715	452,192	456,714	461,281	461,281
<b>4.500 - Total Expenditures</b>	<b>28,414,745</b>	<b>27,787,212</b>	<b>28,458,437</b>	<b>29,700,772</b>	<b>30,701,958</b>	<b>31,483,645</b>	<b>32,233,353</b>	<b>32,996,397</b>
<b>Other Financing Uses</b>								
5.010 - Operating Transfers-Out	-	114,257	146,000	160,600	176,660	194,326	213,759	225,000
5.020 - Advances-Out	785,000	346,500	324,000	325,000	350,000	350,000	350,000	350,000
5.030 - All Other Financing Uses	51,998	36,585	-	36,585	36,585	36,585	36,585	36,585
5.040 - Total Other Financing Uses	836,998	497,342	470,000	522,185	563,245	580,911	600,344	611,585
<b>5.050 - Total Expenditures and Other Financing Uses</b>	<b>29,251,743</b>	<b>28,284,554</b>	<b>28,928,437</b>	<b>30,222,957</b>	<b>31,265,203</b>	<b>32,064,556</b>	<b>32,833,696</b>	<b>33,607,982</b>
<b>Excess of Rev &amp; Other Financing Uses Over (Under)</b>								
<b>6.010 - Expenditures and Other Financing Uses</b>	<b>(2,253,989)</b>	<b>606,805</b>	<b>1,141,540</b>	<b>411,666</b>	<b>98,933</b>	<b>(458,968)</b>	<b>(667,271)</b>	<b>(2,386,148)</b>
<b>Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies</b>	<b>9,092,965</b>	<b>6,838,976</b>	<b>7,445,781</b>	<b>8,587,321</b>	<b>8,998,987</b>	<b>9,097,920</b>	<b>8,638,952</b>	<b>7,971,681</b>
<b>7.020 - Cash Balance June 30</b>	<b>6,838,976</b>	<b>7,445,781</b>	<b>8,587,321</b>	<b>8,998,987</b>	<b>9,097,920</b>	<b>8,638,952</b>	<b>7,971,681</b>	<b>5,585,533</b>
<b>8.010 - Estimated Encumbrances June 30</b>	<b>1,382,758</b>	<b>774,814</b>	<b>906,907</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Reservations of Fund Balance:</b>								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
<b>Fund Balance June 30 for Certification</b>								
<b>10.010 - of Appropriations</b>	<b>5,456,218</b>	<b>6,670,967</b>	<b>7,680,414</b>	<b>8,498,987</b>	<b>8,597,920</b>	<b>8,138,952</b>	<b>7,471,681</b>	<b>5,085,533</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	161,174	2,047,013
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	161,174	2,208,187
<b>Fund Balance June 30 for Certification</b>								
<b>12.010 - of Contracts, Salary and Other Obligations</b>	<b>5,456,218</b>	<b>6,670,967</b>	<b>7,680,414</b>	<b>8,498,987</b>	<b>8,597,920</b>	<b>8,138,952</b>	<b>7,632,854</b>	<b>7,293,720</b>
<b>Revenue from New Levies</b>								
13.010 - Income Tax - New	-	-	-	-	-	-	-	-
13.020 - Property Tax - New	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>5,456,218</b>	<b>6,670,967</b>	<b>7,680,414</b>	<b>8,498,987</b>	<b>8,597,920</b>	<b>8,138,952</b>	<b>7,632,854</b>	<b>7,293,720</b>
<b>ADM Forecasts</b>								
20.010 - Kindergarten	-	-	-	199	200	195	200	200
20.015 - Grades 1-12	-	-	-	2,373	2,387	2,356	2,387	2,419