

Celina Five Year Forecast for Fiscal Year 2019

District Type: City

IRN: 043729

County: Mercer

Date Submitted: 10/25/2018 Date Processed: 10/25/2018

Line	Actual			Forecasted				
	2016	2017	2018	2019	2020	2021	2022	2023
1.010 General Property (Real Estate)	11,781,980	12,096,252	11,993,366	11,599,698	11,740,030	11,790,010	9,853,922	7,889,911
1.020 Tangible Personal Property Tax	267,555	227,259	454,570	520,908	512,395	526,388	456,262	367,608
1.030 Income Tax	2,726,113	2,692,279	2,800,361	3,058,740	3,531,726	4,070,064	4,207,758	4,350,171
1.035 Unrestricted Grants-in-Aid	12,386,094	12,751,819	12,579,481	12,641,998	12,819,476	12,816,930	13,269,608	13,558,480
1.040 Restricted Grants-in-Aid	320,917	398,249	357,799	350,572	369,991	372,107	371,692	373,628
1.050 Property Tax Allocation	1,733,543	1,726,248	1,711,636	1,692,447	1,684,344	1,674,475	1,388,519	1,106,162
1.060 All Other Operating Revenue	1,308,940	1,436,107	1,533,707	1,592,638	1,585,861	1,569,108	1,572,380	1,573,678
1.070 Total Revenue	30,525,142	31,328,213	31,430,920	31,457,001	32,243,823	32,819,082	31,120,141	29,219,638
2.050 Advances-In	324,000	106,000						
2.060 All Other Financial Sources	14,798	155,627	57,109	85,107	75,000	75,000	75,000	75,000
2.070 Total Other Financing Sources	338,798	261,627	57,109	85,107	75,000	75,000	75,000	75,000
2.080 Total Revenues and Other Financing Sources	30,863,940	31,589,840	31,488,029	31,542,108	32,318,823	32,894,082	31,195,141	29,294,638
3.010 Personnel Services	15,548,412	16,445,578	16,761,852	17,393,134	17,958,850	18,536,536	18,985,164	19,415,886
3.020 Employees' Retirement/Insurance Benefits	7,060,465	7,234,487	7,663,990	8,073,568	8,446,776	8,882,789	9,336,348	9,817,285
3.030 Purchased Services	5,297,888	6,054,161	6,454,182	6,577,660	6,587,258	6,620,856	6,665,454	6,719,052
3.040 Supplies and Materials	944,780	949,214	923,826	930,499	940,999	951,499	961,999	972,499
3.050 Capital Outlay	626,627	147,274	370,975	335,001	337,501	340,001	342,501	345,001
4.300 Other Objects	495,943	575,978	555,208	553,000	557,000	560,000	563,000	563,000
4.500 Total Expenditures	29,974,115	31,406,692	32,730,033	33,862,862	34,828,384	35,891,681	36,854,466	37,832,723
5.010 Operational Transfers - Out	146,000	143,000	96,000	125,000	125,000	125,000	125,000	125,000
5.020 Advances - Out	306,000							
5.030 All Other Financing Uses		1,858						
5.040 Total Other Financing Uses	452,000	144,858	96,000	125,000	125,000	125,000	125,000	125,000
5.050 Total Expenditure and Other Financing Uses	30,426,115	31,551,550	32,826,033	33,987,862	34,953,384	36,016,681	36,979,466	37,957,723
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	437,825	38,290	(1,338,004)	(2,445,754)	(2,634,561)	(3,122,599)	(5,784,325)	(8,663,085)
7.010 Beginning Cash Balance	8,573,572	9,011,397	9,049,687	7,711,683	5,265,929	2,631,368	(491,231)	(6,275,556)
7.020 Ending Cash Balance	9,011,397	9,049,687	7,711,683	5,265,929	2,631,368	(491,231)	(6,275,556)	(14,938,641)
8.010 Outstanding Encumbrances	525,701	940,511	777,764	750,000	750,000	750,000	750,000	750,000
10.010 Fund Balance June 30 for Certification of Appropriations	8,485,696	8,109,176	6,933,919	4,515,929	1,881,368	(1,241,231)	(7,025,556)	(15,688,641)
11.020 Property Tax - Renewal or Replacement							2,352,078	4,704,165
11.300 Cumulative Balance of Replacement/Renewal Levies							2,352,078	7,056,243
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	8,485,696	8,109,176	6,933,919	4,515,929	1,881,368	(1,241,231)	(4,673,478)	(8,632,398)
15.010 Unreserved Fund Balance June 30	8,485,696	8,109,176	6,933,919	4,515,929	1,881,368	(1,241,231)	(4,673,478)	(8,632,398)

Notes to the Five Year Forecast

**Celina City School District
Five-Year Forecast
Fiscal Years Ending June 30, 2019 Through 2023**

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

This forecast is submitted to the Ohio Department of Education to fulfill the October 31, 2018 deadline. It will be presented to the Board of Education for approval on November 19, 2018.

REVENUE ASSUMPTIONS

Property Taxes – Line 1.01

General Property Taxes comprise just about 37% of the District's total general fund revenue. Estimates are based upon county auditor projections, historic valuation data and scheduled updates and reappraisals.

The forecast assumes growth in residential property, as well as new construction during the five-year period of the forecast. In FY 2014, the County experienced a large valuation increase due to CAUV; in FY 2017 and we saw a significant decrease of approximately 30% in CAUV values.

In 2017, the County settled with 2 property owners, which resulted in a one-time adjustment of approximately \$300,000.

The emergency property tax levy was renewed in May of 2016, and will expire on December 31, 2021.

Public Utility Property Tax – Line 1.02

Public Utility Personal Property Taxes comprise less than 2% of the District's total general fund revenue. Estimates are based upon county auditor projections, historic valuation data and are projected to decrease over the five-year period of the forecast.

Income Tax – Line 1.03

Income Taxes comprise just under 10% of the District's general fund revenues. Estimates are based upon historic data and trends. In FY 2017, the District realized a slight decrease in income tax revenues. The voters on November 7, 2017 approved to replace the expiring 3/4% earned income tax with a 1% earned income tax effective January 1, 2019. For FY 2018, the District actually received @ \$108,000 more in income tax over FY 2017. This is a positive impact heading into FY 2019 where the new 1% earned income tax becomes effective on January 1, 2019. However, in FY 2019 the District will only receive 1 payment from the State of Ohio (April 2019) where the impact of the increase could be realized. It is not until FY 2020 where the District should realize the biggest gain.

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.

**Celina City School District
Five-Year Forecast
Fiscal Years Ending June 30, 2019 Through 2023**

REVENUE ASSUMPTIONS (Continued)

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

Unrestricted Grants-In -Aid comprise just over 40% of the District total General Fund revenue. This revenue is greatly impacted by the District's enrollment. The forecast is projecting a continuing decline in enrollment throughout the five years of the forecast.

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.

As a side note, I should indicate that we are also adversely affected by open-enrollment out, which is currently @ 316 students open-enrolling out of the District. This will impact the expenditure side of the forecast.

IMPORTANT NOTE: In addition to state funding, this line item contains Medicaid payments and casino tax revenue. Casino tax revenue should remain stable. Medicaid reimbursements are undergoing a shift to increasing regulations which may place additional costs and administrative burden on the District.

Restricted Grants-in-Aid (Career Tech & Economically Disadvantaged) – Line 1.04

Restricted Grants-in-Aid represent about 1% of total General Fund revenue. It is anticipated that this revenue will remain fairly stable.

Property Tax Allocation (Homestead & Rollback) – Line 1.05

Property Tax Allocation revenue comprise about 5.5% of total general fund revenue. Growth or declines somewhat parallels the growth and/or decline in real property taxes. It is forecast to remain fairly stable.

As a note, rollback funding has been eliminated for all newly voted levies, meaning all new levies will be fully funded with local dollars. Existing levies which are renewed will continue to receive rollback funding from the state.

At December 31, 2021 (FY 2022) the current Emergency levy will expire.

All Other Revenues – Line 1.06 / Other Financing Sources – Line 2.070

All Other Operating Revenue make up about 5% of all general fund revenue. These revenues are primarily from vocational tuition, class materials and fees, open enrollment and interest income.

Investment rates have started to tick up, which is resulting in additional interest income.

Total Other Financing Sources is a very small percentage of general fund revenue. The District is only forecasting very limited activity within this source. Some activity is forecasted here for any transfers necessary to subsidize the food service operations, as well as any advances if they are needed.

**Celina City School District
Five-Year Forecast
Fiscal Years Ending June 30, 2019 Through 2023**

EXPENDITURE ASSUMPTIONS

Personnel Services– Lines 3.01

Personnel Services represent about 52% of our general fund expenditures.

Negotiations recently settled with the OAPSE groups resulted in the following base increases in wages - 2.25% in FY 2019, and 2% in both FY 2020 and FY 2021.

As of October 25, 2018, we have not yet settled a contract with our teacher's union (CEA). For purposes of this forecast and the requirement to file with ODE by October 31, 2018, we chose to utilize the base percentages agreed to above.

Additional increases were also forecasted for educational and step advancement. Going forward, the forecast allows for a 1% increase in base wages, along with an allowance for steps and educational advancements for FY 2022 and FY 2023.

The end result of negotiations with CEA could impact the forecast.

Employees' Benefits – Line 3.02

Employee's Benefits comprise @ 24% of general fund expenditures.

Effective 1/1/2018, the District saw an 8% increase in medical premiums and a 5% increase in dental premiums. The 8% increase was significantly less than the percentage increase proposed by the consortium administrators, but the trust had a significantly high reserve balance, and the thought of the MABT was to keep the increase below 10% and allow the reserve to absorb some of the cost increase. The high cost of specialty drugs is significantly impacting the proposed premium hikes.

Effective 1/1/2019, the insurance consortium will be moving to a new carrier (SWOEPIC) for medical and dental insurance and will see an 8% increase in PPO medical premiums and a 1% increase in dental premiums. Had the MABT stayed with the current carrier the expected increase was close to 18%. The high cost of specialty drugs continues to significantly impact the proposed premium hikes.

Along with the PPO, which will be sunset on January 1, 2021, through the new carrier and the MABT, the District is offering a HDHP with an HSA account. The premium is significantly less than the PPO premium on the surface, but when you factor in a Board contribution to the employee's HSA account the overall cost to the Board will be about the same as the PPO premium.

Negotiations recently settled with the OAPSE groups will result in annual Board contributions to the employees HSA accounts of \$1,225 for an individual plan and \$2,450 for a family plan, for the term of the contract. It also resulted in the employees paying 7.5% of the HDHP premium for the term of the contract, while paying 15% of the PPO premium in FY 2019 and 20% of the PPO premium in FY 2020.

As of October 25, 2018, we have not yet settled a contract with our teacher's union (CEA). For purposes of this forecast and the requirement to file with ODE by October 31, 2018, we chose to utilize the insurance options agreed to above.

The end result of negotiations with CEA could impact the forecast.

**Celina City School District
Five-Year Forecast
Fiscal Years Ending June 30, 2019 Through 2023**

EXPENDITURE ASSUMPTIONS (Continued)

Purchased Services – Line 3.03

Purchased Services comprise approximately 19% of total general fund expenditures and include such things as tuition costs, open-enrollment, community schools, post-secondary costs, utilities and shared costs with the ESC.

The District is significantly impacted by open enrollment out of the District. In 2016, there were @ 250 students who open-enrolled out of the District; in 2017, there were @ 270; in FY 2018 there are @ 286; and currently for FY 2019 there are @ 316 students open-enrolling out to other school districts.

In FY 2019, the District will be absorbing the Alternative School back for the Mercer County ESC. The District was set to pay @ \$200,000 to the Mercer County ESC for these services. In exchange for the payment for these services the District will hire 2 staff members, one of which is scheduled to work only half-time for the program.

Small increases are reflected within the five years of the forecast for inflationary purposes

Supplies – Line 3.04

Supplies and Materials make up less than 3% of general fund expenditures. Small increases in spending are forecasted throughout the five year period.

Capital Outlay – Line 3.05

Capital Outlay expenditures make up @ 1% of general fund expenditures. The goal is to limit the capital outlay expenditures as much as possible from the general fund.

Of concern is the fact that the District is encountering issues which are causing an outlay of funds to repair and maintain, including roofing repairs, tuck pointing and parking lot repaving and repairs.

Other Objects – Line 4.300

Other Objects make up less than 2% of the District's general fund expenditures. It is projected that this category will remain fairly stable.

5.040 - Total Other Financing Uses

Total Other Financing Uses makes up about ½ % of total general fund expenditures. It is based upon transfers and advances made by the District mostly at fiscal year-end. Advances are made at year end to eliminate deficit fund balances and are repaid after the beginning of the next fiscal year when the advances can be returned. Transfers are a permanent shift in funds and are not expected to be repaid. I am assuming food service will have a deficit each of the next five years.

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 School District
Five-Year Forecast
Fiscal Years Ending June 30, 2019 Through 2023**

EXPENDITURE ASSUMPTIONS (Continued)

Revenue Over/Under Expenditures – Line 6.01

Line 6.010 Excess of Revenue Over (Under) Expenditures

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. Previously, FY13 had marked a fourth straight year of deficit spending, ultimately leading to the decrease of the district's cash balance. FY's 2014 through 2017 brought a much needed surplus to the District. The five years of this forecast all reflect deficit spending, thus beginning a decline in the district's carry-over balance.

Repairs to the District's capital environment remain a variable as well. This line will need to be monitored closely.

True-Days Cash = Ending Cash Balance (Line 7.020) / (Total Expenditures (Line 5.050) / 365)

2019 = @ 57 Days	(\$5,265,929 / (\$33,987,862 / 365))
2020 = @ 28 Days	(\$2,631,368 / (\$34,953,384 / 365))
2021 = @ -5 Day	(\$ -491,231) / (\$36,016,681 / 365))
2022 = @ -63 Days	(\$-6,275,556) / (\$36,446,439 / 365))

Impacted significantly by the Emergency
Levy which expires December 31, 2021

