

Celina City School District

# Five Year Forecast Financial Report

October, 2016



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### Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

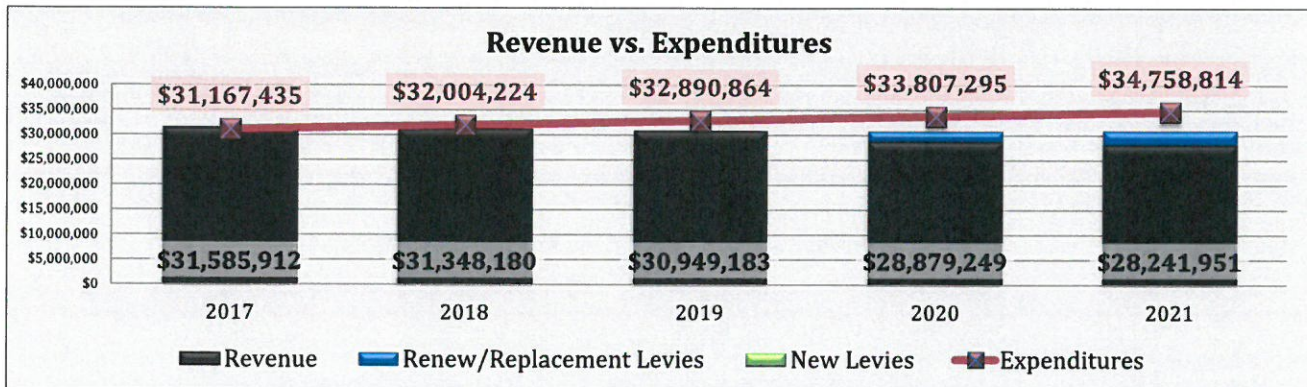
Five Year Forecast - Simplified Statement

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	8,997,640	9,416,117	8,760,073	6,987,092	4,201,735
+ Revenue	31,585,912	31,348,180	30,949,183	28,879,249	28,241,951
+ Proposed Renew/Replacement Levies	-	-	168,700	2,142,689	2,864,647
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(31,167,435)	(32,004,224)	(32,890,864)	(33,807,295)	(34,758,814)
<b>= Revenue Surplus or Deficit</b>	<b>418,477</b>	<b>(656,044)</b>	<b>(1,772,981)</b>	<b>(2,785,357)</b>	<b>(3,652,216)</b>
Ending Balance	9,416,117	8,760,073	6,987,092	4,201,735	549,519
Revenue Surplus or Deficit w/o Levies	418,477	(656,044)	(1,941,681)	(4,928,046)	(6,516,863)
Ending Balance w/o Levies	9,416,117	8,760,073	6,818,392	1,890,345	(4,626,518)

Summary:

For FY 2017, it appears that the District could experience a positive cash flow. In FY 2018 through FY 2021, the District will enter a phase of deficit spending. The deficit is further exasperated with the school district income tax set to expire at December 31, 2018.

It will be very important for the the District to review its options to renew or replace this existing income tax levy





### 1.010 - General Property Tax (Real Estate)

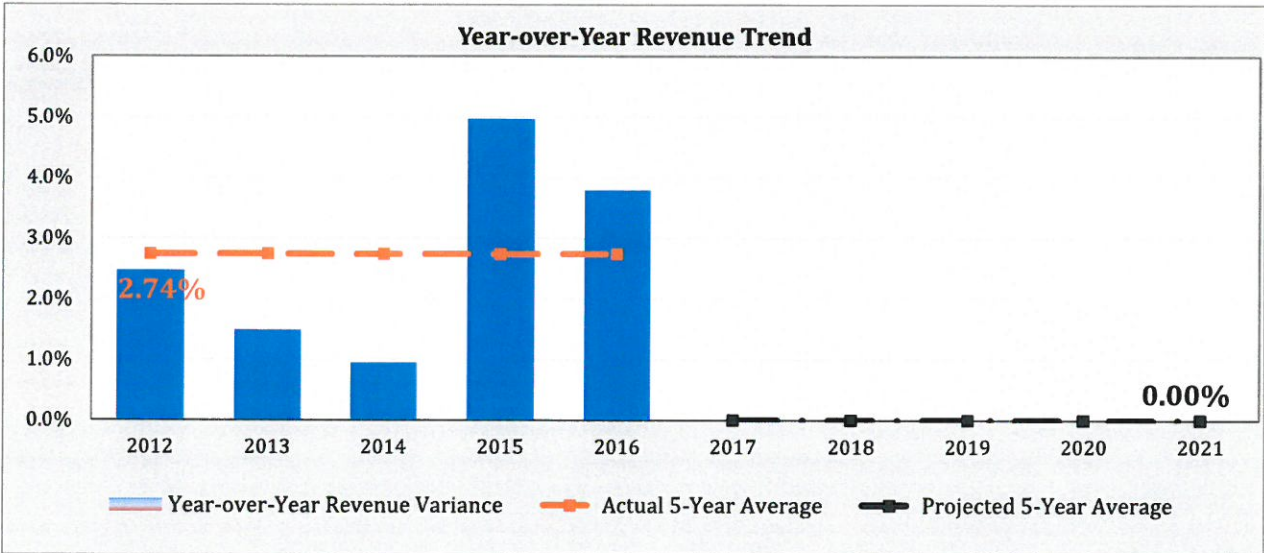
Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



General Property Taxes comprise just over 38% of the District's total general fund revenues. Estimates are based upon county auditor's projections, historic valuation data, scheduled updates and reappraisals.

The forecast assumes a modest increase in residential property values as well as new construction during the five year period. In 2014, Mercer County experienced a large valuation increase due to CAUV on farmland. In 2017, due to political influences, I believe that Mercer County will see a rather significant decrease in valuation due to the changes effected by the CAUV formula.

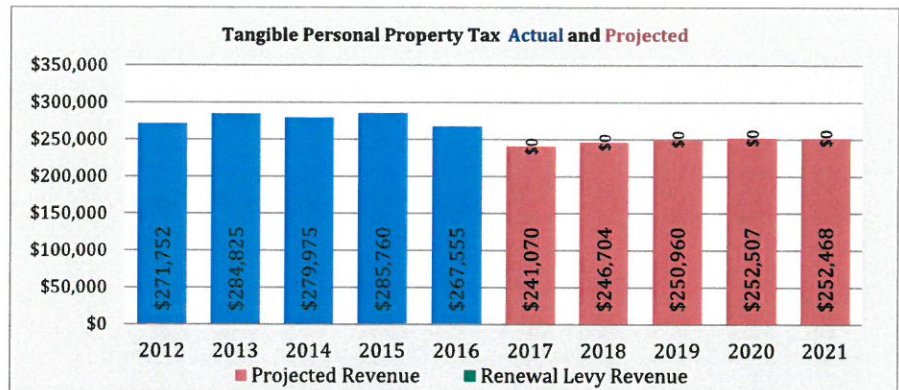
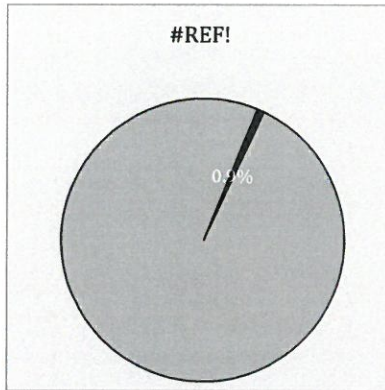
The emergency property tax levy was renewed in May of 2016, and will expire on December 31, 2021.



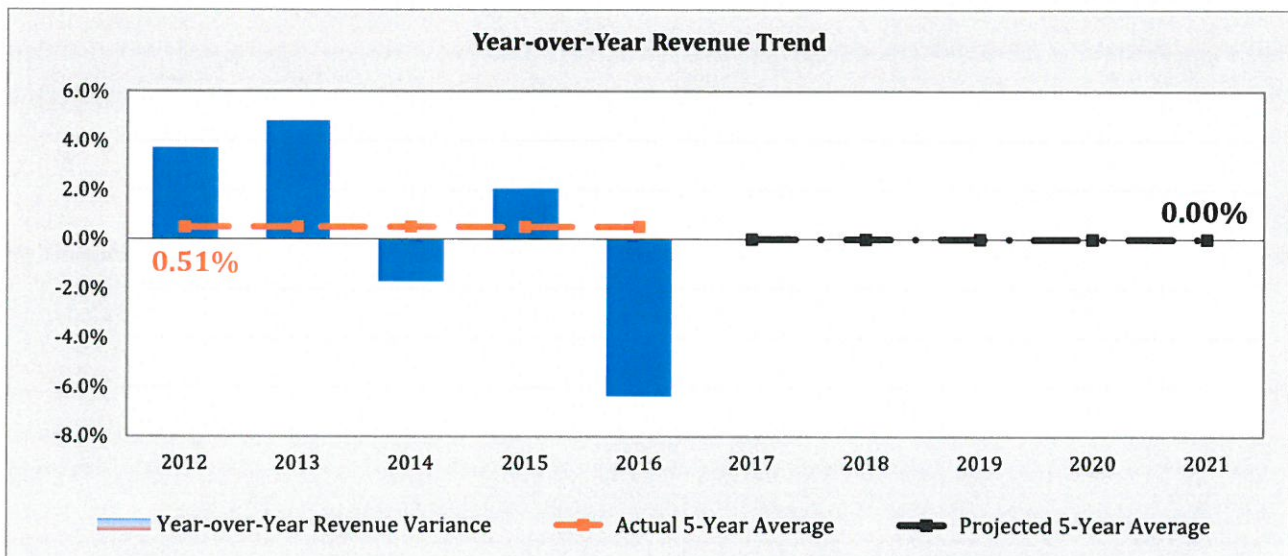
\*Projected % trends include renewal levies

### 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Public Utility Personal Property taxes comprise less than 1% of the District's total general fund revenue. Estimates are based upon county auditor's estimates, historical data and are projected to remain fairly stable over the five year period of the forecast.

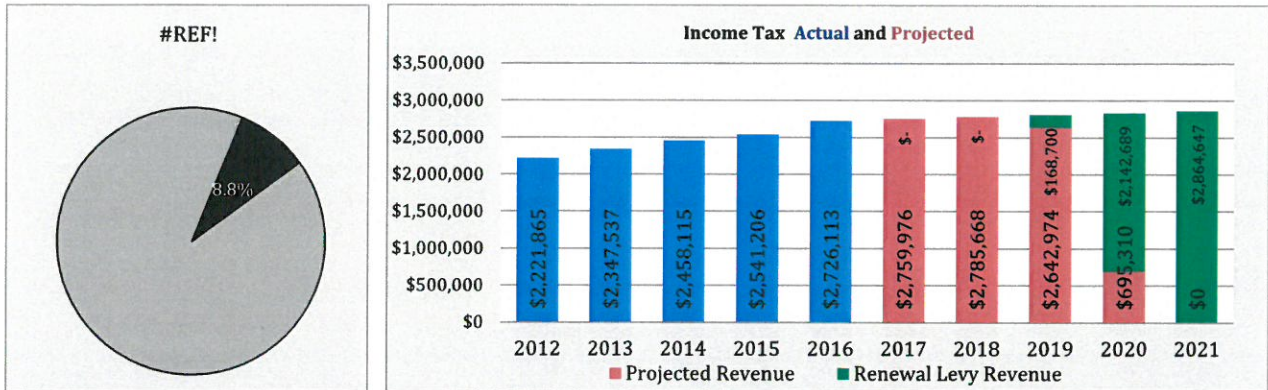


\*Projected % trends include renewal levies



### 1.030 - Income Tax

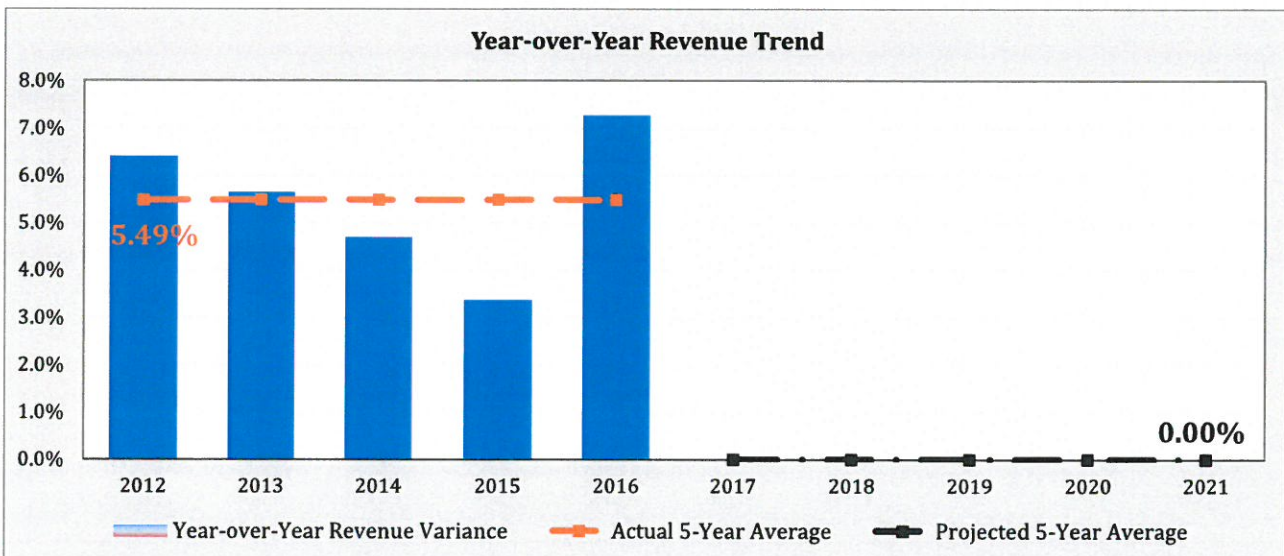
Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



Income Taxes comprise just under 9% of the District's total general fund revenues. Estimates are based upon historic data and trends. The current income tax levy is set to expire on December 31, 2018. The forecast reflects the income tax falling to the lower portion of the forecast page to reflect the impact of not renewing said levy.

If the District is to renew the levy in 2018, the District's income tax is forecasted to increase slightly in each of the five years. Failure to renew would be very costly to the District.

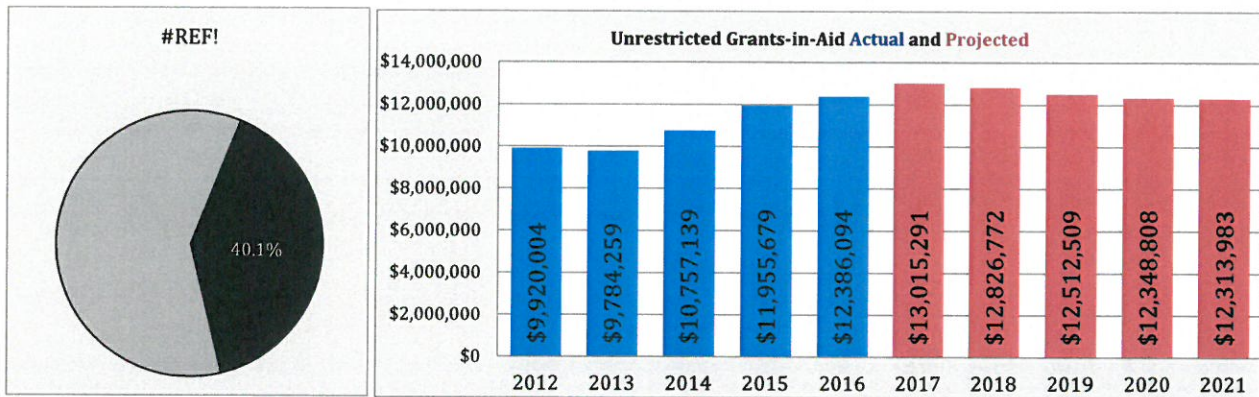
Unemployment rates in Mercer County remain extremely low so there should be no major jumps in income tax revenue. However, this revenue should increase modestly as wages increase through inflation.



\*Projected % trends include renewal levies

### 1.035 - Unrestricted Grants-in-Aid

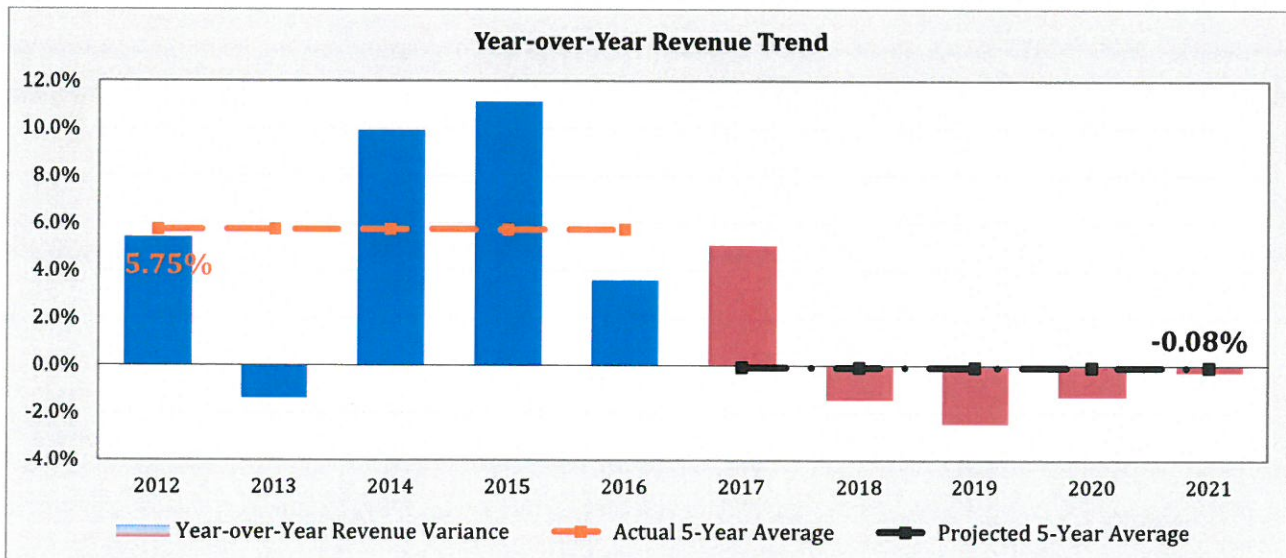
Funds received through the State Foundation Program with no restriction.



Unrestricted Grants-in-Aid comprise approximately 40% of the total general fund revenue. This category of revenue is greatly impacted by enrollment within the District. Per discussions with the EMIS coordinator, the District enrollment is up considerably from last year (over 100 students), she indicated there were a lot of move-ins over the Summer. This alone will impact this revenue line item. Also in discussions, it appears that the District's open-enrollment in has remained flat from last year, at just under 70 students. This initial increase in enrollment is reflected herein, but I remain cautious and reflect a slightly declining enrollment in future years.

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.

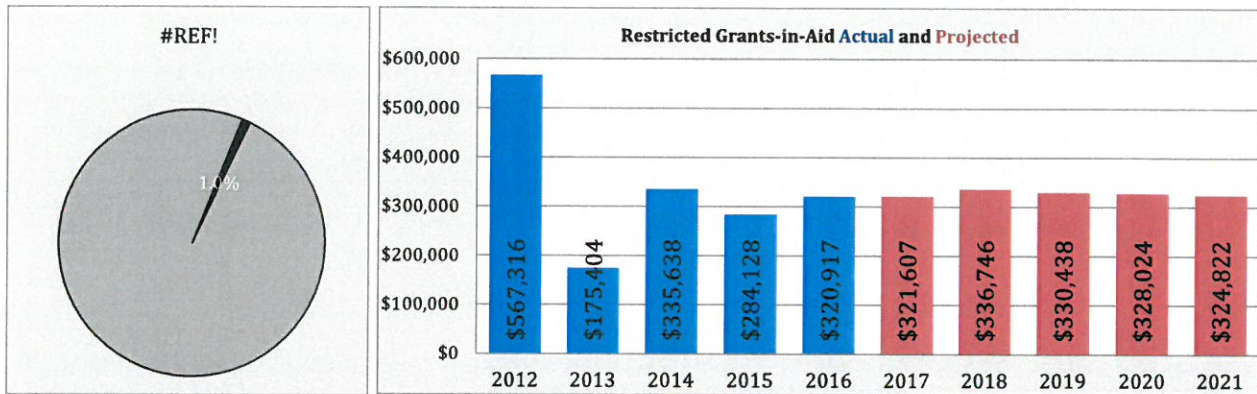
As a side note, I should indicate that we are also adversely affected by open-enrollment out, which last year was around 250 students open-enrolling out of the District, while early numbers for this year (2017) are right at 300 open-enrolling out of the District. This will impact the expenditure side of the forecast.



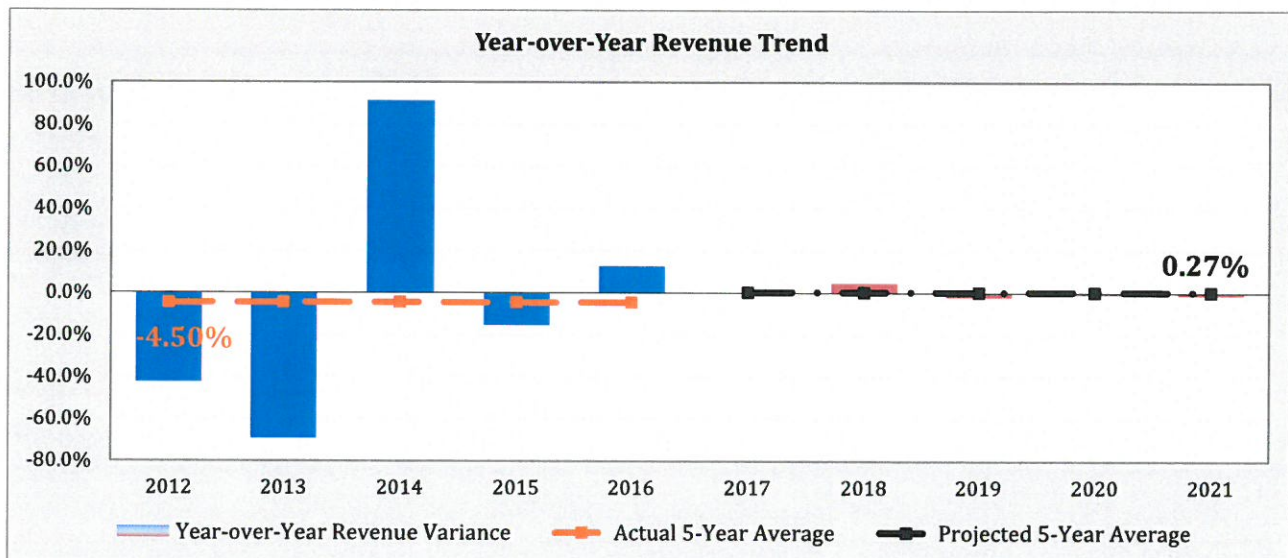


### 1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



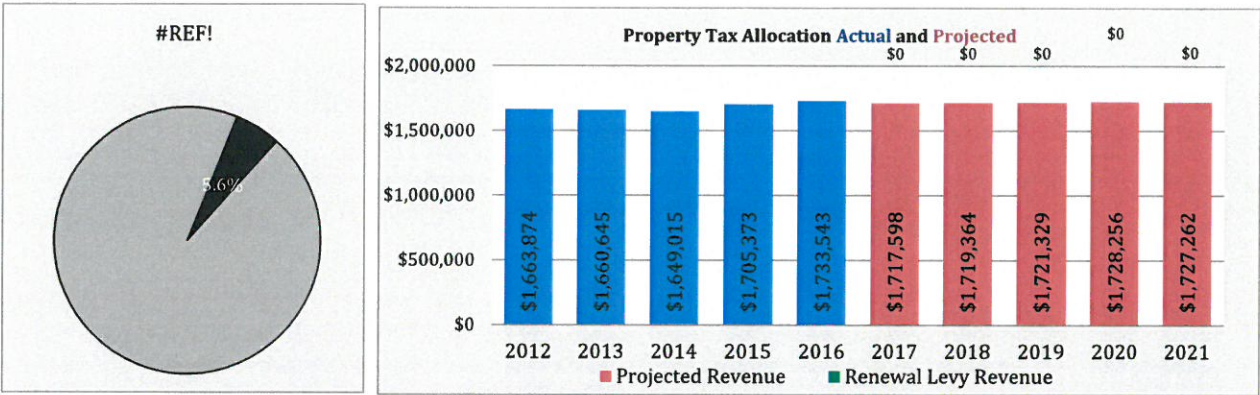
Restricted Grants-in-Aid represent about 1% of total General Fund revenue. It is anticipated that this revenue will remain fairly stable.





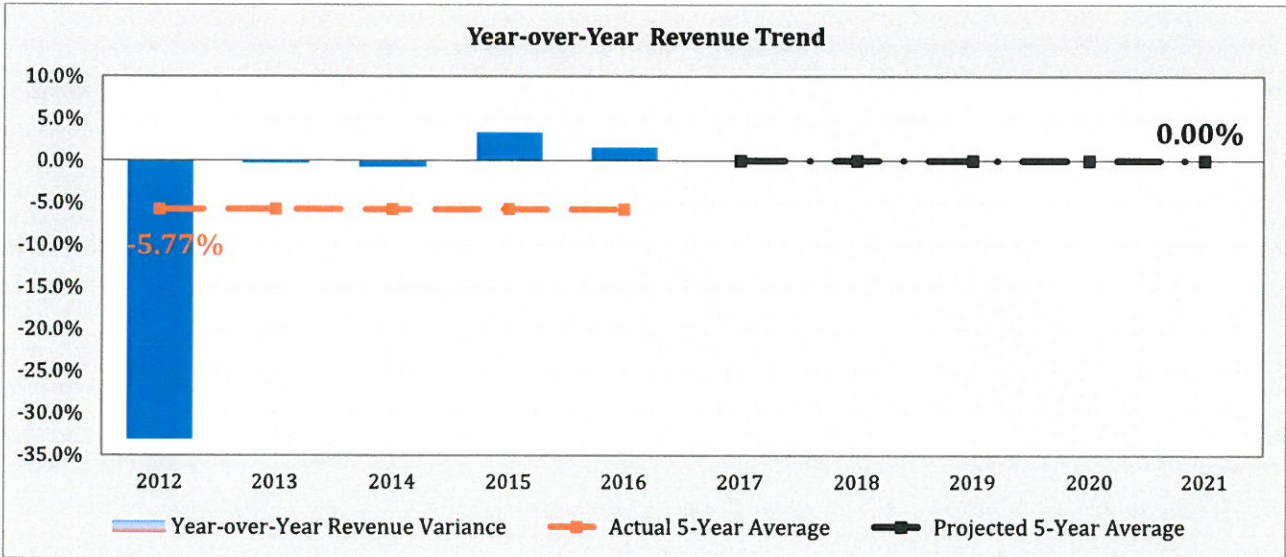
### 1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



Property Tax Allocation revenue comprises just under 6% of General Fund revenue. The growth and/or decline somewhat parallels the growth and/or decline in real property taxes. It is anticipated that this revenue source will remain fairly stable..

As a note, this form of 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 this funding from the State.



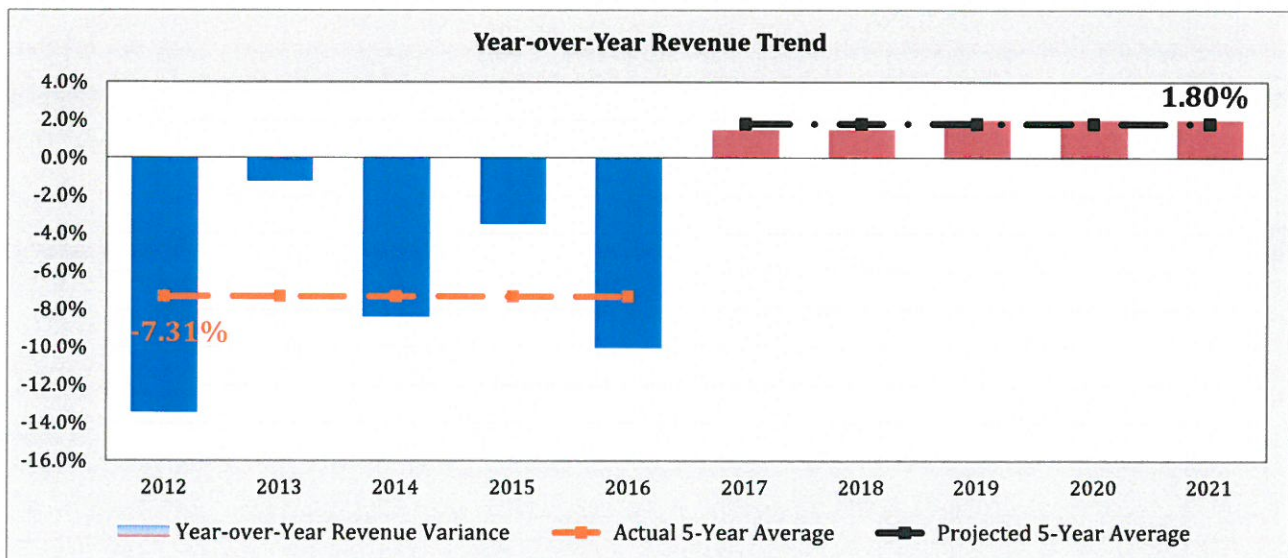
\*Projected % trends include renewal levies

### 1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



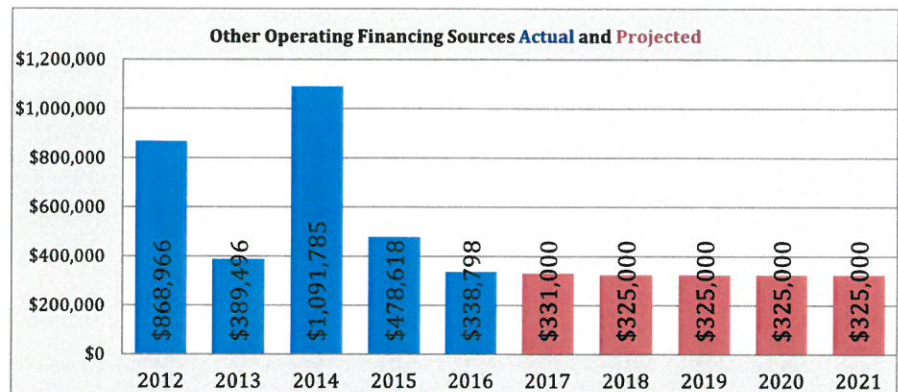
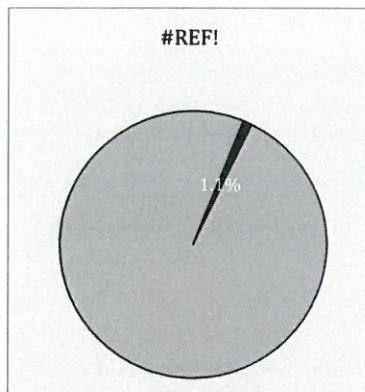
All Other Operating Revenues makes up just over 4% of all general fund revenue. These revenues are primarily from open enrollment into the District, interest earnings and class fees. This revenue source has been declining over the past number of years. I believe that this has leveled off and will remain fairly stable through the five years of the forecast.



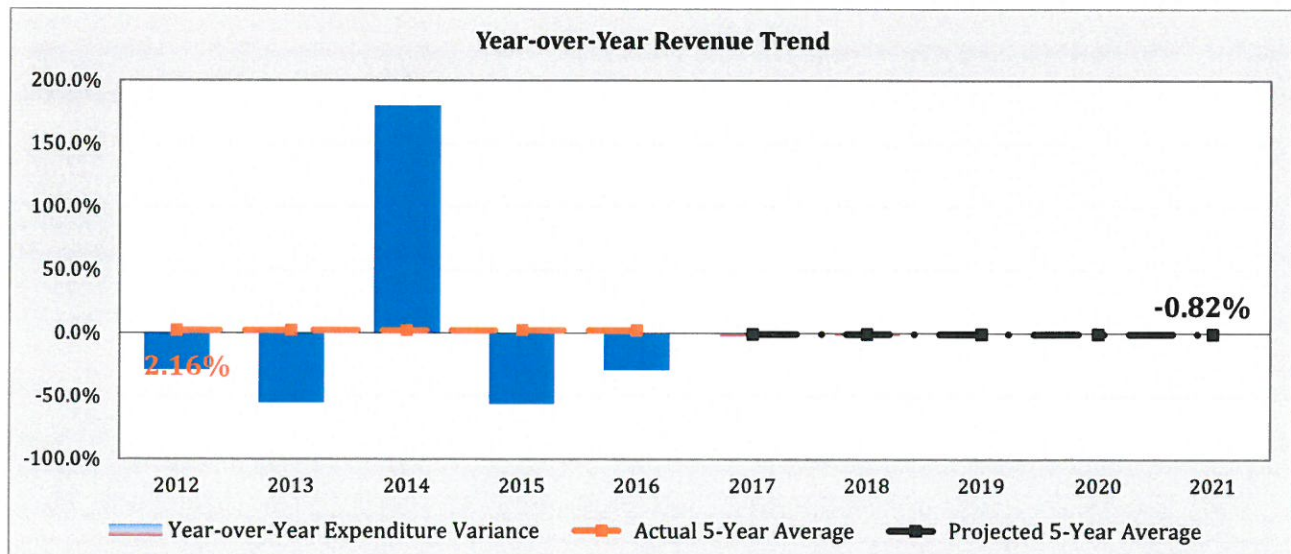


## 2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



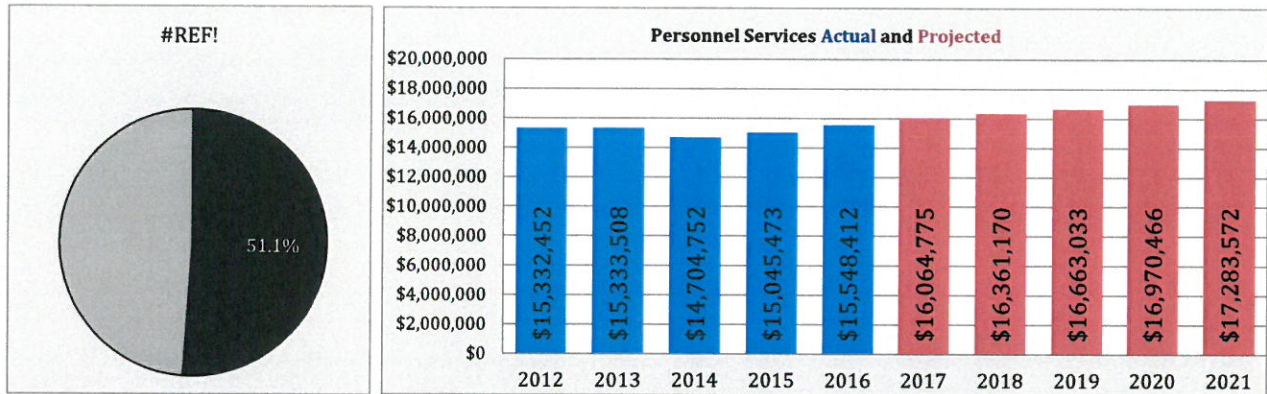
Other Financing Sources is just a small percentage of total general fund revenues. The biggest portion of this revenue account comes from the repayment of advances made prior to the beginning of the fiscal year (from advances-out made at the end of the preceding fiscal year).



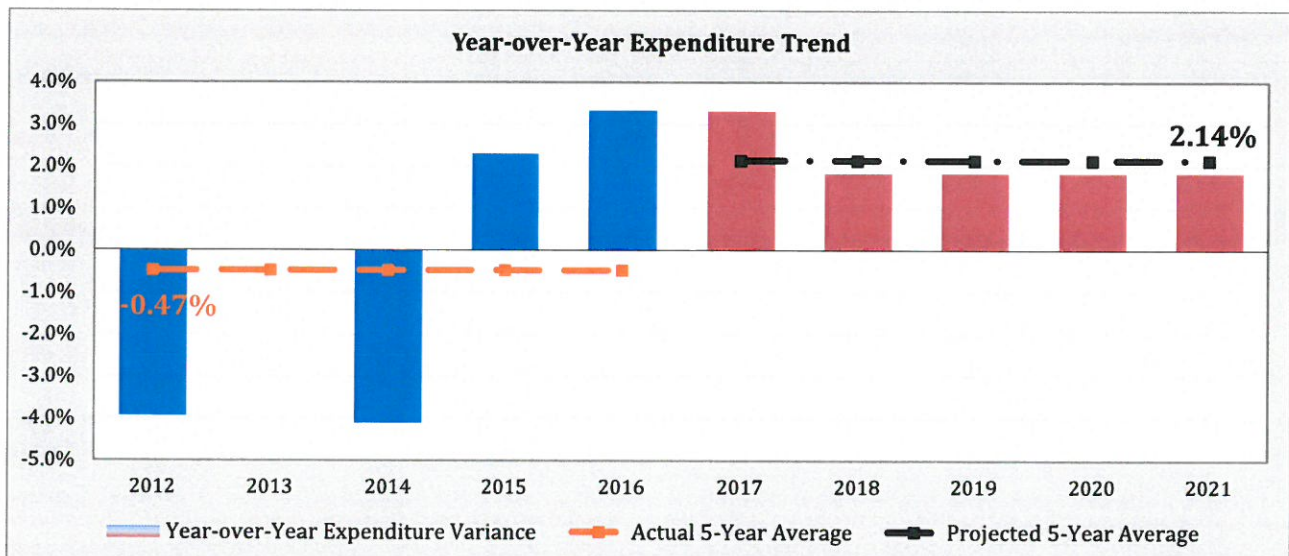


### 3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.

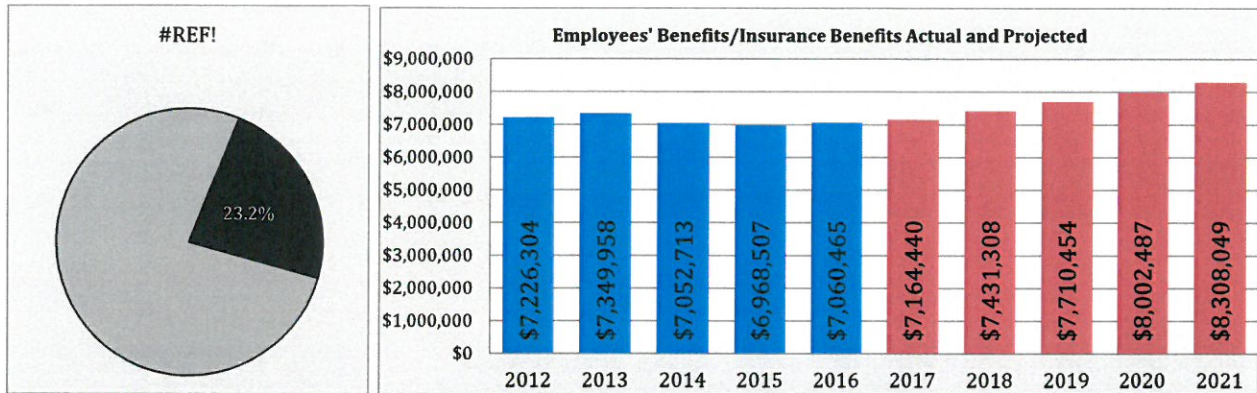


Personnel Services represents just over 51% of general fund expenditures. For FY 2017, the negotiated 3% base increase, as well as resumptions of steps, is included. A small percentage has also been included for educational and normal step movements. For 2018, the negotiated 1% base increase is reflected, along with a small percentage for educational and step advancements. For the remaining three years of the forecast there is an allowance for a small base increase along with step and educational advancements.



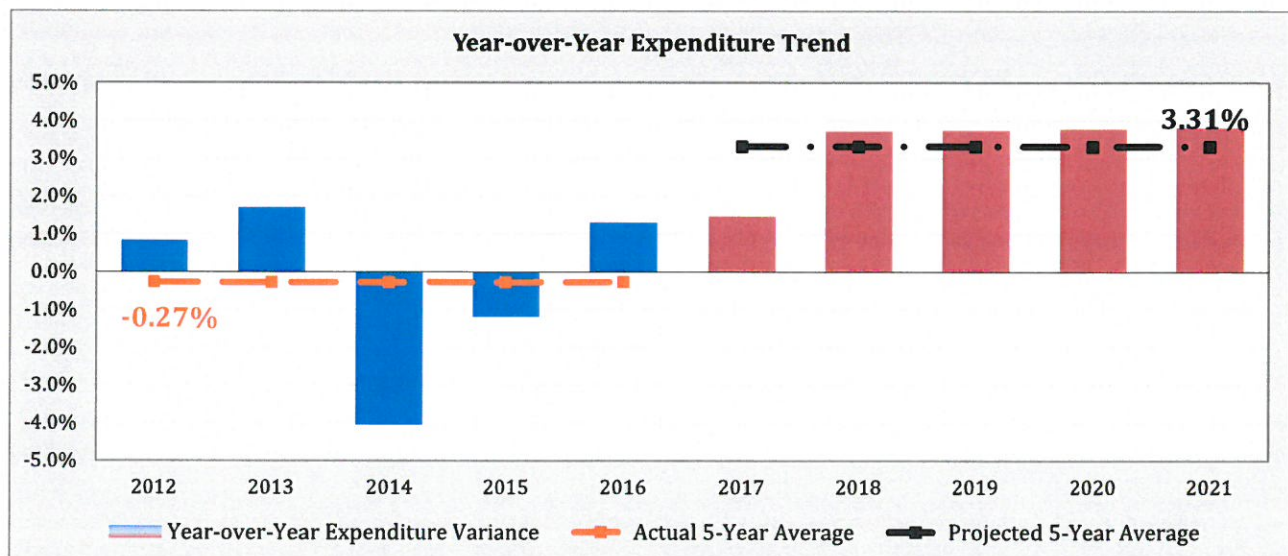
### 3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Employees' Benefits comprise just over 23% of total general fund expenditures. For Calendar year 2017, the District does not anticipate an increase in premiums for health and prescription drug insurance, but is anticipating a premium increase of 10% for the dental insurance program.

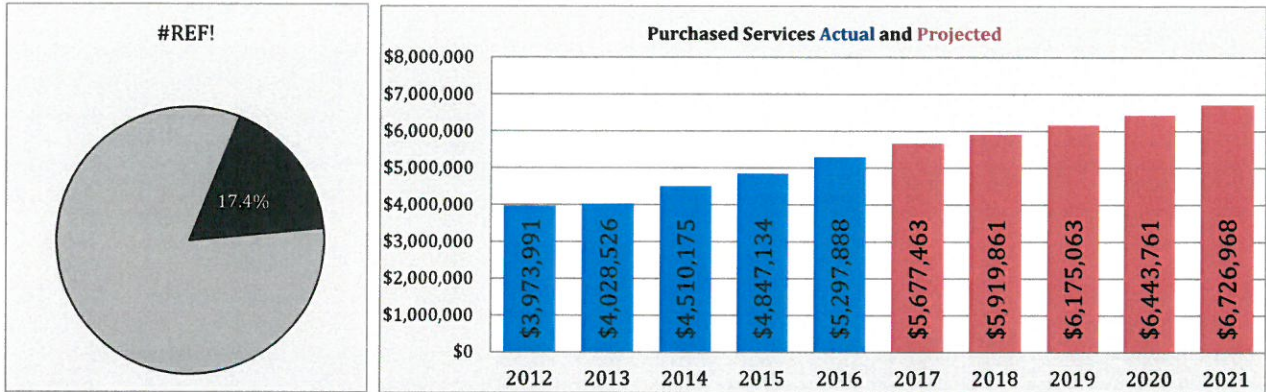
For years 2018 through 2021, the District is forecasting a 5% increase in insurance premiums. Although the MABT consortium has been running very well over the past few years, an anticipated increase of 5% is still below the norm, which according to our plan administrator is closer to 10%.





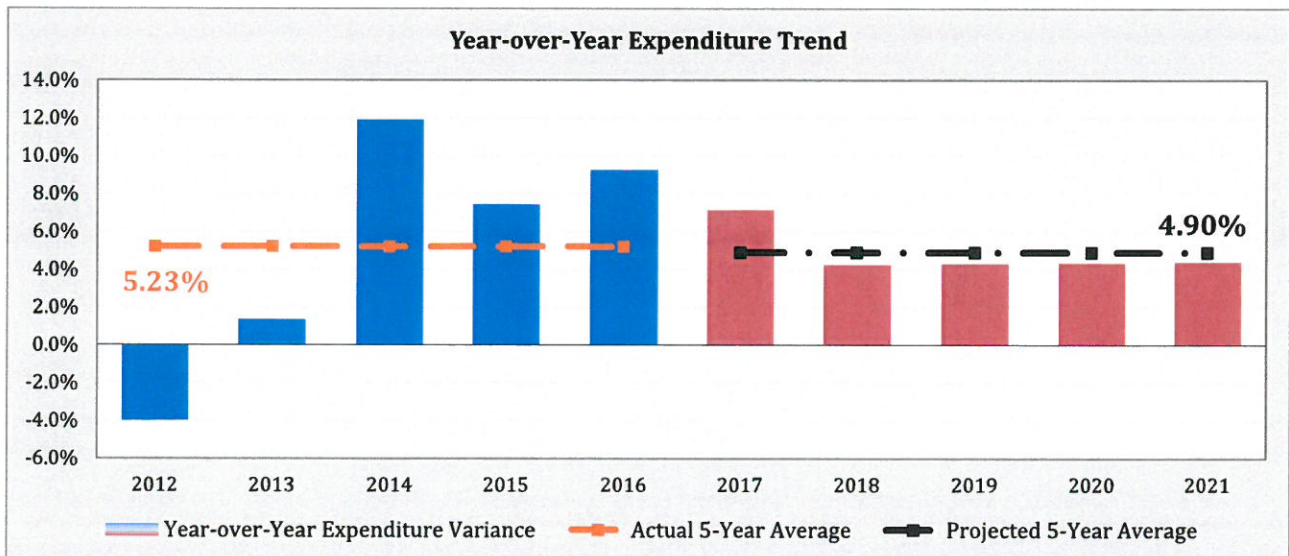
### 3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



Purchased Services comprise approximately 17% of total general fund expenditures. 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, based upon EMIS data, there are @ 300 students who have open enrolled out of the District.

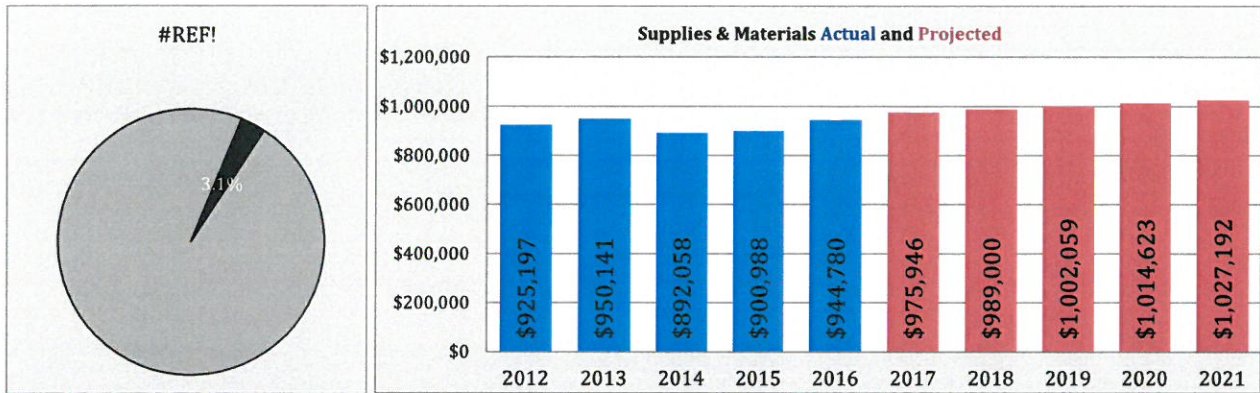
The number of open enrollment students continues to increase in earlier grades and this trend continues to be a concern. I have increased spending in purchase services for all years of the forecast to cover open enrollment increases.



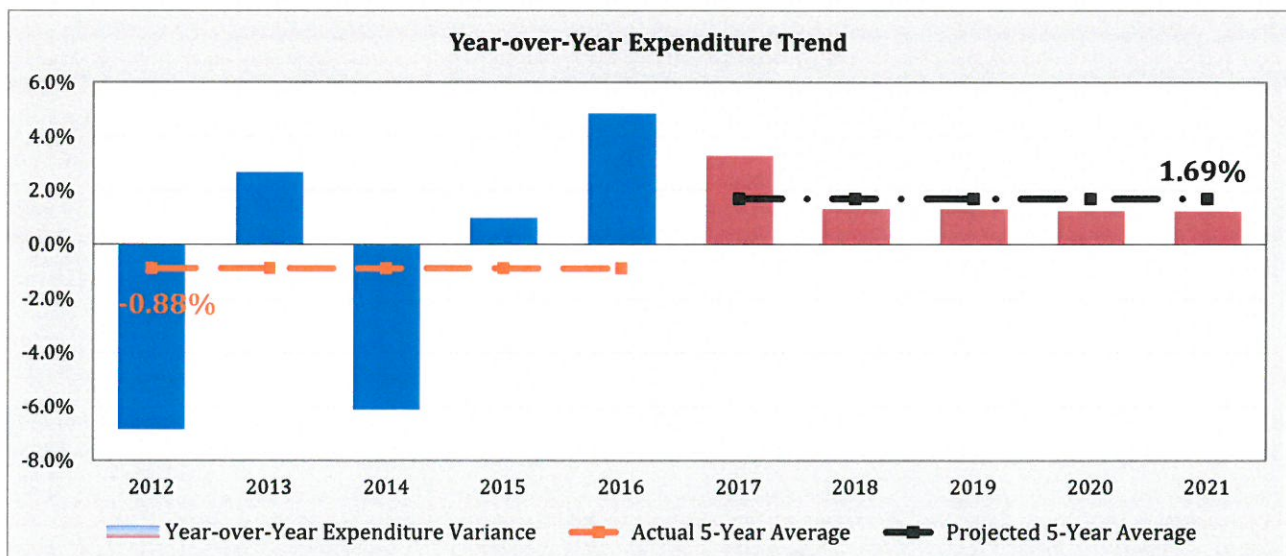


### 3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.

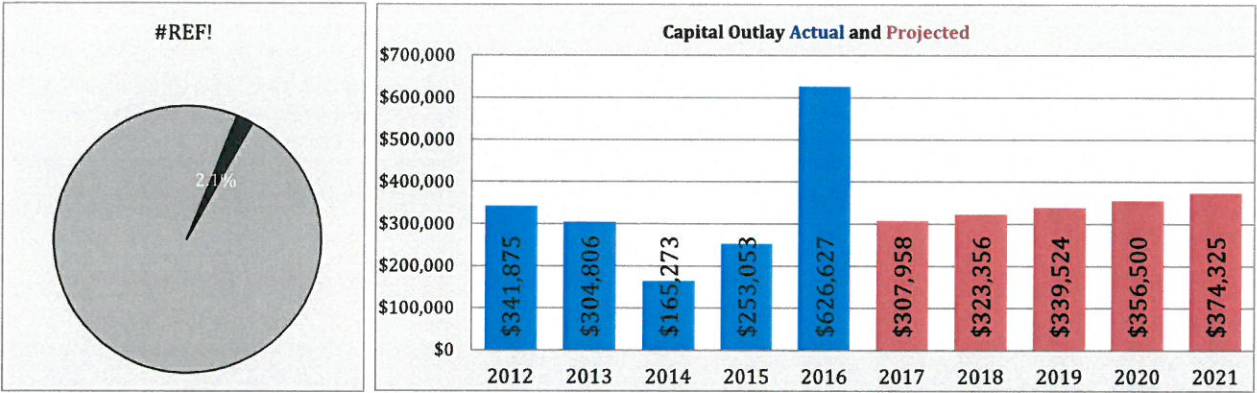


Supplies make up just over 3% our total general fund expenditures. The forecasted increases throughout the 5 years of the forecast are based upon past history and trends. Small increases of 1% to 3% are forecasted.

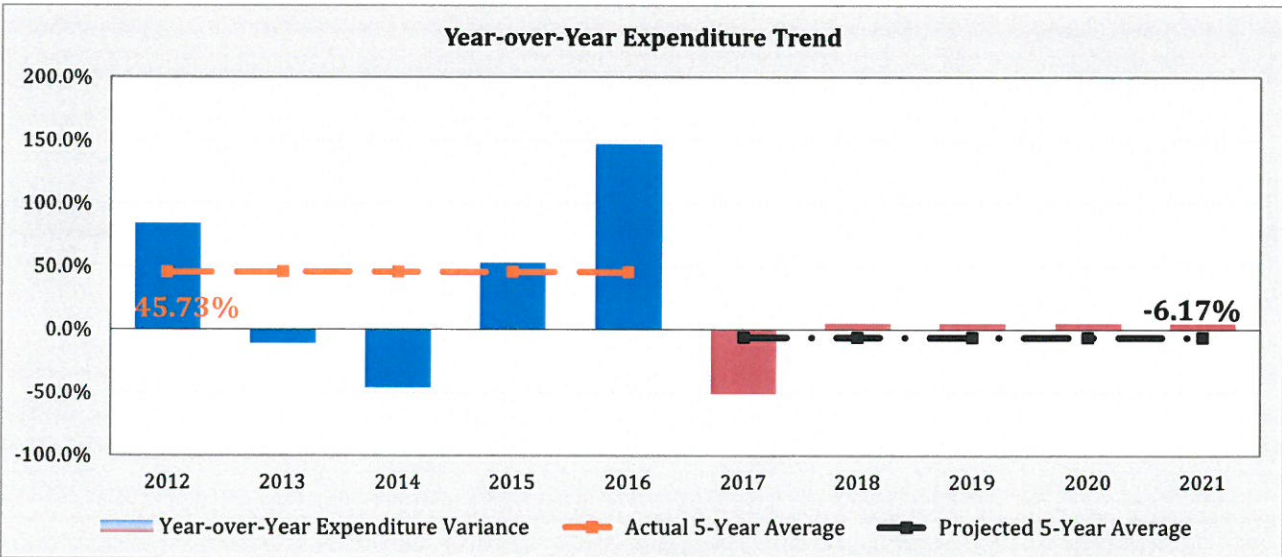


### 3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

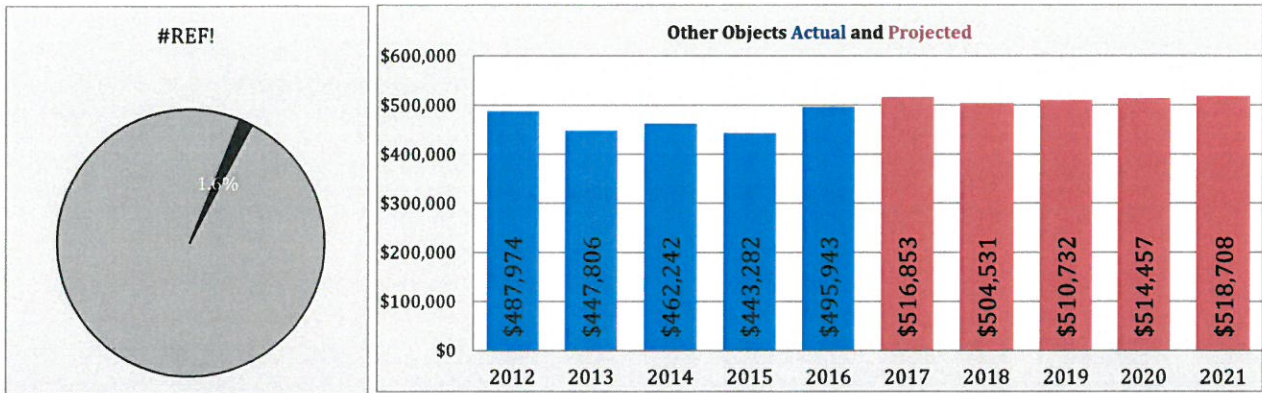


Capital Outlay represents just over 2% of the total general fund expenditures. In 2016 there was a rather large outlay for technology. It is anticipated that after factoring out the large 2016 outlay, the district will project 5% expenditure increases in each year of the forecast going forward.

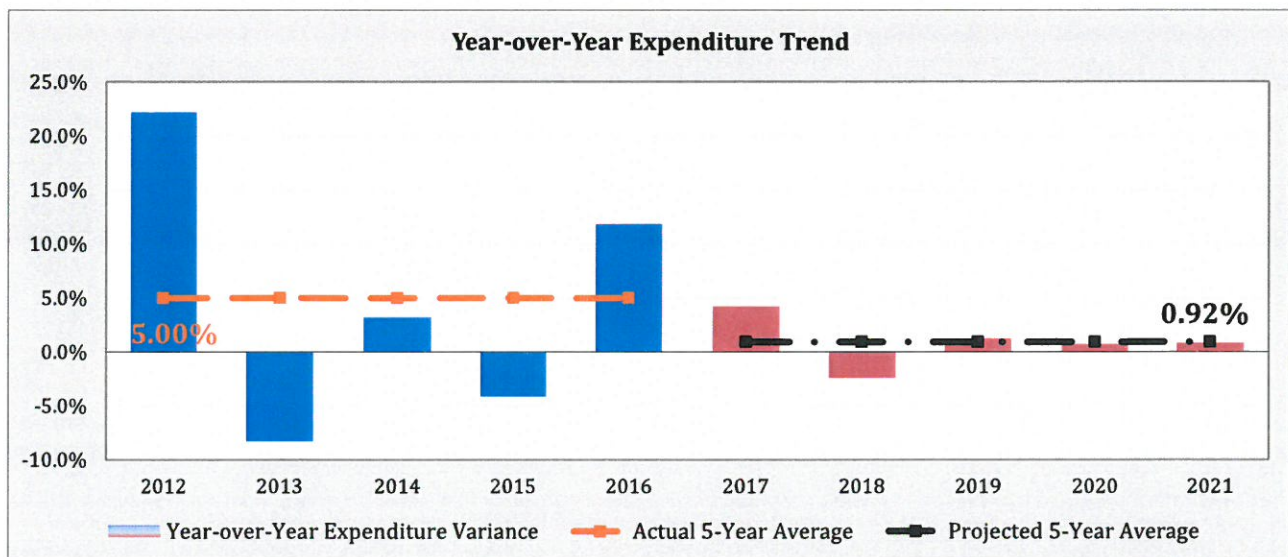


### 4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



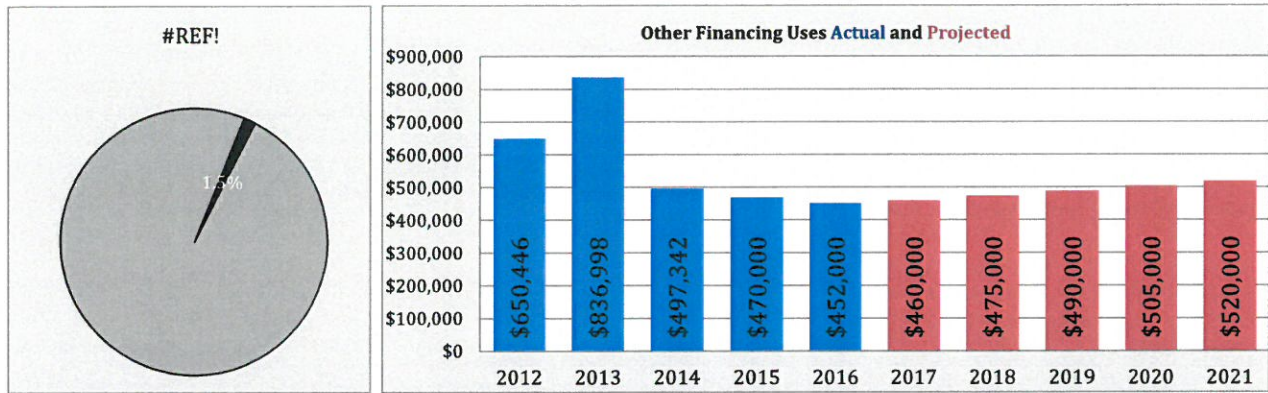
Other Object represent just over one and a half percent of general fund expenditures. The forecast is based upon past history and trends. It is felt that this category of expenditures will remain fairly stable throughout the forecast.



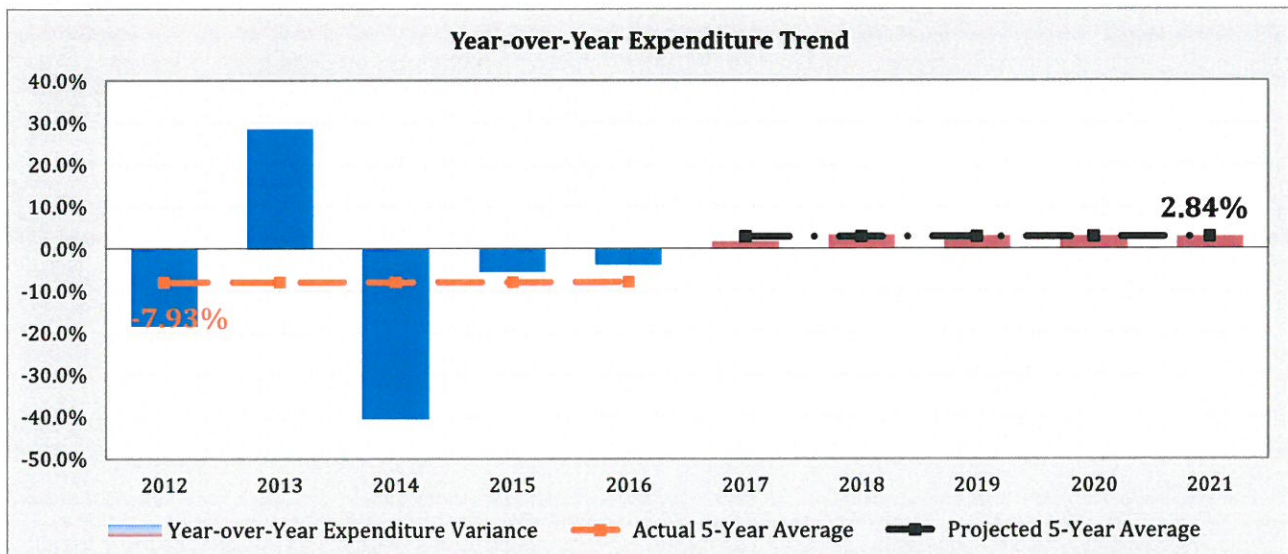


### 5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



Total Other Financing Uses makes up about one and a half percent 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 and that this deficit will increase with inflation (cost of supplies and salaries).



## Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers  
F.Y. 2017

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar	Percent
		Forecast	Forecast	Difference	Difference
		Amounts For	Amounts For	Between	Between
		F.Y. 2017	F.Y. 2017	Previous	Previous
		Prepared on:	Prepared on:	and	and
		5/24/2016	10/10/2016	Current	Current
<b>Revenue:</b>					
1	Real Estate & Property Allocation	\$13,528,965	\$13,588,395	\$59,430	0.4%
2	Public Utility Personal Property	\$276,315	\$241,070	-\$35,245	-12.8%
3	Income Tax	\$2,699,613	\$2,759,976	\$60,363	2.2%
4	State Foundation Restricted & Unrestricted	\$13,032,392	\$13,336,898	\$304,506	2.3%
5	Other Revenue	\$1,432,550	\$1,328,574	-\$103,976	-7.3%
6	Other Non Operating Revenue	\$500,000	\$331,000	-\$169,000	-33.8%
7	<b>Total Revenue</b>	<b>\$31,469,835</b>	<b>\$31,585,912</b>	<b>\$116,077</b>	<b>0.4%</b>
<b>Expenditures:</b>					
8	Salaries	\$16,297,381	\$16,064,775	-\$232,606	-1.4%
9	Fringe Benefits	\$7,411,216	\$7,164,440	-\$246,776	-3.3%
10	Purchased Services	\$5,205,677	\$5,677,463	\$471,786	9.1%
11	Supplies, Debt, Capital Outlay & Other	\$1,889,567	\$1,800,757	-\$88,810	-4.7%
12	Other Non Operating Expenditures	\$763,245	\$460,000	-\$303,245	-39.7%
13	<b>Total Expenditures</b>	<b>\$31,567,086</b>	<b>\$31,167,435</b>	<b>-\$399,651</b>	<b>-1.3%</b>
14	<b>Revenue Over/(Under) Expenditures</b>	<b>-\$97,251</b>	<b>\$418,477</b>	<b>\$515,728</b>	<b>1.6%*</b>
15	<b>Ending Cash Balance</b>	<b>\$9,293,832</b>	<b>\$9,416,117</b>	<b>\$122,285</b>	<b>0.4%*</b>

\*Percentage expressed in terms of total expenditures

### Line 6.010 Excess of Revenue Over(Under) Exp (Line 14 above)

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 marked a fourth straight year of deficit spending, ultimately leading to the decrease of the district's cash balance. FY14, FY15 and FY16 brought a much needed surplus to the District. Because of stable to increasing revenues, I anticipate a small surplus in FY17. The remainder of the forecast reflects 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 over the next few years.



Celina City School District

Fiscal Year:	Actual	FORECASTED				
	2016	2017	2018	2019	2020	2021
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	11,781,980	11,870,797	11,759,423	11,790,501	11,798,362	11,867,375
1.020 - Public Utility Personal Property	267,555	241,070	246,704	250,960	252,507	252,468
1.030 - Income Tax	2,726,113	2,759,976	2,785,668	2,642,974	695,310	-
1.035 - Unrestricted Grants-in-Aid	12,386,094	13,015,291	12,826,772	12,512,509	12,348,808	12,313,983
1.040 - Restricted Grants-in-Aid	320,917	321,607	336,746	330,438	328,024	324,822
1.045 - Restricted Federal Grants - SFSP	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,733,543	1,717,598	1,719,364	1,721,329	1,728,256	1,727,262
1.060 - All Other Operating Revenues	1,308,940	1,328,574	1,348,503	1,375,473	1,402,982	1,431,042
1.070 - Total Revenue	30,525,142	31,254,912	31,023,180	30,624,183	28,554,249	27,916,951
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	324,000	306,000	300,000	300,000	300,000	300,000
2.060 - All Other Financing Sources	14,798	25,000	25,000	25,000	25,000	25,000
2.070 - Total Other Financing Sources	338,798	331,000	325,000	325,000	325,000	325,000
2.080 - Total Rev & Other Sources	30,863,940	31,585,912	31,348,180	30,949,183	28,879,249	28,241,951
<b>Expenditures:</b>						
3.010 - Personnel Services	15,548,412	16,064,775	16,361,170	16,663,033	16,970,466	17,283,572
3.020 - Employee Benefits	7,060,465	7,164,440	7,431,308	7,710,454	8,002,487	8,308,049
3.030 - Purchased Services	5,297,888	5,677,463	5,919,861	6,175,063	6,443,761	6,726,968
3.040 - Supplies and Materials	944,780	975,946	989,000	1,002,059	1,014,623	1,027,192
3.050 - Capital Outlay	626,627	307,958	323,356	339,524	356,500	374,325
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	495,943	516,853	504,531	510,732	514,457	518,708
4.500 - Total Expenditures	29,974,115	30,707,435	31,529,224	32,400,864	33,302,295	34,238,814
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	146,000	160,000	175,000	190,000	205,000	220,000
5.020 - Advances-Out	306,000	300,000	300,000	300,000	300,000	300,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	452,000	460,000	475,000	490,000	505,000	520,000
5.050 - Total Exp and Other Financing Uses	30,426,115	31,167,435	32,004,224	32,890,864	33,807,295	34,758,814
6.010 - Excess of Rev Over/(Under) Exp	437,825	418,477	(656,044)	(1,941,681)	(4,928,046)	(6,516,863)
7.010 - Cash Balance July 1 (No Levies)	8,559,815	8,997,640	9,416,117	8,760,073	6,818,392	1,890,345
7.020 - Cash Balance June 30 (No Levies)	8,997,640	9,416,117	8,760,073	6,818,392	1,890,345	(4,626,518)
8.010 - Estimated Encumbrances June 30	525,701	550,000	550,000	550,000	550,000	550,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	8,471,939	8,866,117	8,210,073	6,268,392	1,340,345	(5,176,518)
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	168,700	2,142,689	2,864,647
11.030 - Cumulative Balance of Levies	-	-	-	168,700	2,311,390	5,176,037
12.010 - Fund Bal June 30 for Cert of Obligations	8,471,939	8,866,117	8,210,073	6,437,092	3,651,735	(481)
<b>Revenue from New Levies</b>						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	8,471,939	8,866,117	8,210,073	6,437,092	3,651,735	(481)