

# ANTHONY WAYNE LOCAL SCHOOLS~048207 FINANCIAL FORECAST ASSUMPTIONS – May 2019

## REVENUES

### 1.0 General Property Tax –

The district continues to see an increase in new construction...a noticeable number of new homes being built through the community as well as commercial and industrial development. It is hopeful we will continue to see increases in Real Estate revenue as well in our district valuation. Current valuation increased to \$1,043,723,890 this year which is up \$105,761,590 from last year due to the county reappraisal (2018). Property values are established each year by the Lucas County Auditor based on new construction and complete reappraisal or updated values, which occur every three (3) years.

The Anthony Wayne Board of Education was successful on the November 2013 ballot for a 4.9 mills new operating levy. Collections began in January 2014 and with generate roughly \$4 million annually. Our 2003 Emergency levy was renewed in November 2012. The renewal is for 10 years.

Due to the elimination of S.A.L.T. for tax year 2018, real estate was down in FY 2019 due to \$1,255,810 being prepaid in FY 2018. This revenue will come back to the district in FY 2020 along with roughly a 3% increase due to full year collection of the 2018 reappraisal.

We are estimating a 2.5% growth annually in years 2021-2023, with a slight spike in FY 2020 from the reappraisal.

**Note:** The district does have Nexus pipeline property that was complete and running natural gas through it in calendar year 2018. We do have estimates of potential revenue, however; Ohio Department of Taxation stated when I asked for updated numbers "we are prohibited from sharing that information with you, unfortunately". Therefore; no estimates are included in the forecast.

**Public Utility Personal Property (PUPP) Tax** will also be included in this line item. This line item is based on local collections....collections should remain constant with slight adjustments for refunds, BOR decisions and delinquent taxes. A 2.5% increase is estimated.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Real Estate	\$24,618,267	\$25,371,559	\$26,653,722	\$26,360,085	\$28,460,707	\$29,189,301	\$29,936,548	\$30,702,923
PUPP	\$1,342,740	\$1,371,915	\$1,441,638	\$1,578,161	\$1,630,082	\$1,671,812	\$1,714,611	\$1,758,505
<b>Total</b>	<b>\$25,961,007</b>	<b>\$26,743,474</b>	<b>\$28,095,360</b>	<b>\$27,938,246</b>	<b>\$30,090,789</b>	<b>\$30,861,113</b>	<b>\$31,651,159</b>	<b>\$32,461,428</b>

1.020 **Tangible Personal Property Tax** – Tangible Personal Property Tax was eliminated.

1.035 **Unrestricted Grants-In-Aid** – This figure is composed of the receipts from the State Foundation Program. The 2018-19 biennium budget is reflected in the forecast. This includes \$160,643 for preschool and \$80,476 for special education transportation. It also includes roughly \$60,000 in those years for the graduation rate and 3rd grade reading bonuses.

Casino revenues were received (\$21.00 per pupil) in FY13 and that amount was projected to increase to \$51.00 per pupil in FY 2014, however casino revenues are not warranting that continued increase pattern. We are using \$232,000.00 as our estimate through-out the remainder of the forecast, based on FY 19 collections. State Aid is flat lined throughout the remaining years of the forecast.

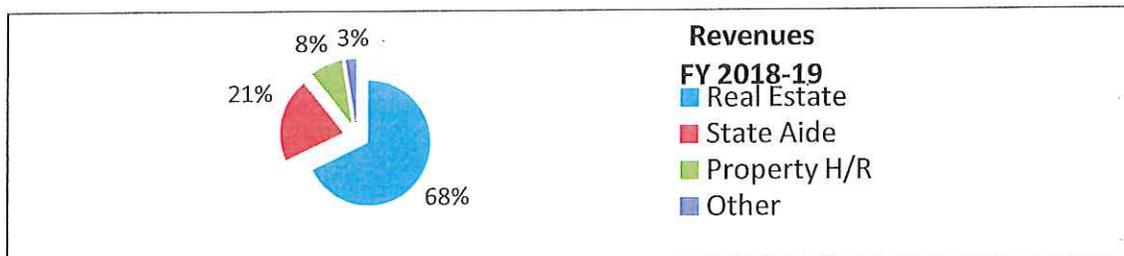
1.040 **Restricted Grants-In-Aid** - FY 2019-2023 includes \$17,122 for Career Tech Education funding, per the biennium budget.

1.050 **Property Tax Allocation** – This category contains the 10% & 2.5% rollback and homestead exemptions of property taxes reimbursed to the district by the State of Ohio. 2.00% is estimated as an annual increase. With the last biennium budget, TPP reimbursement was phased out over FY16 (\$913,000) and FY17 (\$174,152) and eliminated for this biennium budget. Because of this, the district will see a loss of revenue in FY 2017-18 of \$174,152....(\$870,760 over the life of the forecast).

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18-22
Tangible PP	\$3,199,721.00	\$1,660,752.00	\$1,652,284.00	\$1,638,674.00	\$920,023.00	\$174,152.00	0.00%

1.060 **All Other Revenues** – This figure is a combination of a number of things including tuition and excess cost billed to other districts, investment earnings (which continues to be minimal), fuel reimbursement, and other miscellaneous revenues. The estimate is flat-lined based on the average of the last 3 years collections.

2.060 **All Other Financing Sources** – This is primarily refunds of prior year expenditures and advances. This amount is reduced slightly in FY 2019-2023 being less federal dollars are being received.

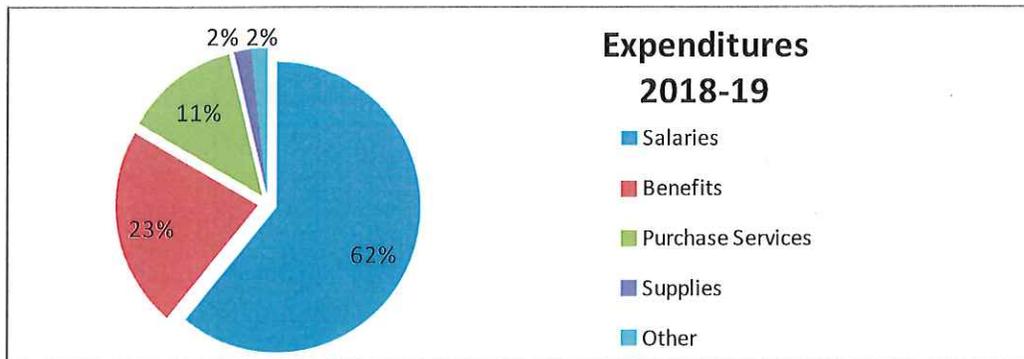


## EXPENDITURES

- 3.010 **Personnel Services** – These figures are based on salaries paid to all staff including certified, classified, supplementals, administrators, substitutes, tutors, etc. These figures are based on the current negotiated agreement with our teaching and non-teaching unions. FY16 and FY17 included a 2.5% increase and steps and FY18 included a 1.75% increase and steps (negotiated) for AWEA and OAPSE members. Both Union contracts expired on June 30, 2018. We were able to reach 3 year agreements with both effective July 1, 2018 - June 30, 2021. FY 19 and FY 20 include a 2.25% increase and steps and FY 21 a 1.75% increase and steps. FY 22 and 23 are estimated at 2%, as contracts will be open for negotiations.
- 3.020 **Employees' Retirement/Insurance Benefits** – The retirement portion of this number is a derivative of the salary amounts above, (14%). The insurance (medical, dental, vision and life) benefit portion included a 3% increase in FY16 for medical and vision insurance, then a 0% in FY17 (Reached a two-year deal with both Paramount and VSP). FY19 includes a 3.0% increase and 1.0% each year thereafter is estimated at this time. FY 2020 we will see a 6% increase on our health insurance costs and no increase in dental, vision and life.
- 3.030 **Purchased Services** – This category represents such things as contracted equipment/building repairs, private contractors for special education services, Lucas County contracts, copier leases/rentals/maintenance agreements, property and fleet insurance, travel and meeting expense, all utility costs – phone, gas, electric, garbage, water & sewer, autism and Peterson scholarship, community school charge-off, CCP, etc. FY 2016-17 was increased due to error with another placement facility on non-resident students. A 1% increase is estimated for FY 20 - 23 of the forecast.
- 3.040 **Supplies and Materials** – This category represents the supplies and materials used in the various classrooms, for meetings, printer cartridges, supplies needed for school buses, fuel for all the district vehicles, including school buses, janitorial supplies, media center supplies, etc. FY 2020-2023 are flat-lined at \$900,000.
- 3.050 **Capital Outlay** – This category includes the purchase of new and replacement equipment for the district. In FY 12 (through FY14), we reduced this expenditure line to zero, using Permanent Improvement funds for these purchases. Beginning FY15, we increased this line item to roughly \$300,000 for technology purchases, upgrades and upkeep. In effort to offset the loss of revenue in TPP, we reduced general fund expenditures (made out of PI fund) in FY16 and FY17. There is no estimate in FY 19-23 due to revenue reductions as well. Purchases we will be allocated out of PI fund.
- 4.300 **Other Objects** – This category is composed of primarily the Auditor and Treasurer Fees that are deducted from every tax settlement we receive from each

of the three county auditors that our district resides in, audit charges for annual audit and property taxes (farm). These figures are based on historical information as well as being a function of the property and tangible taxes collected.

5.40 **Other Uses** - This category is used to offset negative cash balances in grant accounts due to the time the funds are received. General funds are repaid when grant revenue is received, usually early July. Our grant allocations are much less; therefore the amount to advance at June 30<sup>th</sup> will reflect that as well.



True Cash Days	Fiscal Year							
General Fund 5 Year Forecast	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Balance	\$5,613,571	\$6,515,321	\$6,364,581	\$6,507,337	\$5,345,215	\$4,601,091	\$3,493,285	\$2,424,475
Revenues	\$39,115,846	\$39,399,690	\$41,329,145	\$41,414,853	\$43,242,238	\$44,075,416	\$44,929,573	\$45,805,236
Expenditures	\$38,214,096	\$39,550,430	\$41,186,389	\$42,576,975	\$43,986,362	\$45,183,222	\$45,998,383	\$46,829,278
Revenue Surplus or Deficit Spend	\$901,750	-\$150,740	\$142,756	-\$1,162,122	-\$744,124,	-\$1,107,806	-\$1,068,810	-\$1,024,042
Cash Balance	\$6,515,321	\$6,364,581	\$6,507,337	\$5,345,215	\$4,601,091	\$3,493,285	\$2,424,475	\$1,400,433
True Cash Days	62.23	58.74	57.67	45.82	38.18	28.22	19.24	10.92

**Summation** –Trying to allocate resources to provide an excellent education to the children of the Anthony Wayne LSD is always a challenge when factoring in the unfunded mandates, such as technology requirements, evaluation system, third grade reading guarantee, college credit plus, scholarships, payment in lieu, etc, etc....!

We continue to operate as efficiently as we can without affecting our educational programs and services provided.

**\*PLEASE NOTE:** meeting the statutory requirement for this forecasting period continues to be a **work-in-progress** and extremely challenging to provide a prudent and useful forecast for financial guidance than any other previously required submissions.