

# West Liberty-Salem Five Year Forecast for Fiscal Year 2019

District Type: Local

IRN: 046219

County: Champaign

Date Submitted: 10/24/2018 Date Processed: 10/24/2018

Line	Actual			Forecasted				
	2016	2017	2018	2019	2020	2021	2022	2023
1.010 General Property (Real Estate)	2,378,269	2,487,051	2,595,101	2,616,267	2,700,247	2,769,454	2,783,301	2,872,443
1.020 Tangible Personal Property Tax	196,690	200,994	215,801	218,616	218,616	218,616	218,616	218,616
1.030 Income Tax	2,403,647	2,439,842	2,489,681	2,564,371	2,530,339	1,594,362	1,270,891	1,210,989
1.035 Unrestricted Grants-in-Aid	6,289,759	6,032,983	5,972,726	5,943,898	5,817,898	5,717,098	5,636,458	5,571,946
1.040 Restricted Grants-in-Aid	107,199	158,149	182,509	123,804	123,804	123,804	123,804	123,804
1.050 Property Tax Allocation	344,049	352,707	365,765	368,372	379,243	388,276	390,167	401,703
1.060 All Other Operating Revenue	2,024,431	3,028,698	2,594,038	1,759,931	1,761,930	1,763,950	1,765,989	1,768,049
1.070 Total Revenue	13,744,044	14,700,424	14,415,621	13,595,260	13,532,077	12,575,560	12,189,227	12,167,551
2.060 All Other Financial Sources	17,762	56,096	20,830	22,279	20,000	20,000	20,000	20,000
2.070 Total Other Financing Sources	17,762	56,096	20,830	22,279	20,000	20,000	20,000	20,000
2.080 Total Revenues and Other Financing Sources	13,761,806	14,756,520	14,436,451	13,617,539	13,552,077	12,595,560	12,209,227	12,187,551
3.010 Personnel Services	5,847,632	6,179,341	6,407,551	6,751,815	6,988,129	7,162,832	7,341,903	7,525,451
3.020 Employees' Retirement/Insurance Benefits	2,425,637	2,554,501	2,651,030	2,998,888	3,169,818	3,359,986	3,542,001	3,758,734
3.030 Purchased Services	3,038,019	3,089,020	2,165,059	2,644,709	2,776,659	2,913,886	3,029,883	3,115,641
3.040 Supplies and Materials	226,851	313,281	373,845	516,799	527,471	553,570	580,712	603,941
3.050 Capital Outlay	136,062	223,925	206,671	614,764	461,761	724,849	661,091	934,146
4.300 Other Objects	217,663	265,195	203,968	277,127	265,441	293,404	279,272	304,857
4.500 Total Expenditures	11,891,864	12,625,263	12,008,124	13,804,101	14,189,277	15,008,526	15,434,863	16,242,769
5.010 Operational Transfers - Out	460,268	824,950	832,286	458,472	458,472	458,472	458,472	458,472
5.040 Total Other Financing Uses	460,268	824,950	832,286	458,472	458,472	458,472	458,472	458,472
5.050 Total Expenditure and Other Financing Uses	12,352,132	13,450,213	12,840,410	14,262,573	14,647,749	15,466,998	15,893,335	16,701,241
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	1,409,674	1,306,307	1,596,041	(645,034)	(1,095,673)	(2,871,438)	(3,684,108)	(4,513,690)
7.010 Beginning Cash Balance	3,574,603	4,984,277	6,290,584	7,886,625	7,241,591	6,145,918	3,274,480	(409,629)
7.020 Ending Cash Balance	4,984,277	6,290,584	7,886,625	7,241,591	6,145,918	3,274,480	(409,629)	(4,923,319)
8.010 Outstanding Encumbrances	77,979	161,441	88,506	90,000	90,000	90,000	90,000	90,000
10.010 Fund Balance June 30 for Certification of Appropriations	4,906,298	6,129,143	7,798,119	7,151,591	6,055,918	3,184,480	(499,629)	(5,013,319)
11.010 Income Tax - Renewal					85,320	1,073,610	1,450,440	1,564,769
11.300 Cumulative Balance of Replacement/Renewal Levies					85,320	1,158,930	2,609,370	4,174,139
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	4,906,298	6,129,143	7,798,119	7,151,591	6,141,238	4,343,410	2,109,741	(839,180)
15.010 Unreserved Fund Balance June 30	4,906,298	6,129,143	7,798,119	7,151,591	6,141,238	4,343,410	2,109,741	(839,180)

## Notes to the Five Year Forecast

Please visit the Ohio Department of Education website at  
<ftp://ftp.ode.state.oh.us/geodoc/5-yrForecast/>

Copyright © 2001 - [ODE](#), Site developed and hosted by [SSDT](#)

## **FIVE-YEAR FORECAST ASSUMPTIONS**

**These assumptions deal with calendar years 2018 & 2019, (fiscal year 2019) and the next four fiscal years FY 2020, FY 2021, FY 2022 and FY 2023.**

### **REVENUES**

#### **Property Tax**

Property tax revenues for FY 2019 are based on the Official Certificate of Estimated Resources for July 1, 2018 received from our Champaign County Auditor and the Five-Year Projection Program, which calculates the anticipated amount based on property values and past history. Property valuations for Tax Year (calendar year) 2018 are currently being projected until actual values are received from the Champaign County and Logan County Auditor, which will not take place until December 2018. These values will impact both FY 2019 and FY 2020. Future years are based on these same calculations and the anticipated property values for those future years. Negative or positive adjustments may be required in December 2018 once we know our actual property valuations. I have built this forecast to allow for moderate improving conditions over the next five year period. I will continue to monitor those conditions throughout the year.

Our property valuation for Tax Year 2017 - FY 2018 increased in value by \$1,922,629 to its current level of \$152,505,551 for both counties, or 1.27% increase. Most of the increase was in residential property values. For WL-S Agriculture values account for 38% of our total Real Estate values. Our next significant change will be the Re-Appraisal Year in 2019, impacting FY 2020 and FY 2021. The anticipated increase in values is 4.61%. Any increase less or more than this amount will be adjusted accordingly.

West Liberty-Salem Local is a multi-county school (Champaign and Logan), and is at the 20-mill floor (of which 3.9 is inside millage). Our general fund levies consist of seven (9.7 mill, 3.0 mill, 3.0 mill, 3.0 mill, 5.0 mill, 3.0 mill, and 3.0 mill which total 29.7 voted mills, however the total effective or collected mills is 16.1) that are for a continuing period of time. West Liberty-Salem has very little industry within the school district, however the district has a large amount of agriculture property as discussed above. All Property Tax revenue for our district in FY 2019 will account for approximately 19% of our total general fund revenue.

#### **Personal Tangible Property Tax**

With the passage of HB153, the hold-harmless payment for our district has been eliminated effective FY 2012. In FY 2011 we received \$151,087.00 as our hold-harmless amount and our overall revenue for this area was reduced by \$151,087 due to the loss of the hold harmless amount as determined by the State.

Overall in FY 2018 the district received a total of \$215,801 for this area of revenue which was \$14,807 more than we received the previous year. For FY 2019 collections in the amount of \$218,616 are being projected or an increase of \$2,815.00. The remaining four years of the forecast are being left the same as FY 2019. Adjustments will be made once this year has been

completed. These dollars are considered real estate related and appear on the Champaign and Logan County tax payment distribution sheets as All Other Collections. The Personal Tangible Property Tax revenue for our district in FY 2019 will account for approximately 1.6% of our total general fund revenue.

## **Income Tax**

WL-S now has a total income tax of 1.75 % of which .5 is continuing, 1% which generates in excess of 1.4 million dollars each year is up for renewal every three years and the new .25 is for a 23 year term. The additional .25% can only be used to pay down the debt associated with the building renovation and construction project. This money is earmarked to pay off remaining 2.97 million dollars (out of the original 3.45 million) of the OSFC building project debt. These payments began in early June FY 2014. In addition, this .25% is used to cover the OSFC ½ mill maintenance requirement which also started June FY 2014. The additional .25% collected amount is reflected in this forecast for all future years. This additional dollar amount that is collected is posted as a revenue to the general fund and then offset by an expense that shows up in the Transfer-Out Expense Account Line 5.010 of this Forecast.

As mentioned above the 1.0 % is up for renewal every three years. This was last renewed March, 2016 for tax years 2017, 2018, and 2019. The .5 continuing portion was approved in June 1983 and has been in effect since January 1984 and the 1.0 % first passed in November 1992, with collections starting in 1993 for a three-year period.

Overall collections for FY 2018 increased by \$49,839 when compared to FY 2017 collections. At this time for FY 2019 the projected amount indicates an increase of 3%. All other remaining years are adjusted due to the 1% renewal needing to happen in the 2019 election year. Those dollar amounts are listed on line 11.01, Income Tax Renewal.

We will continue to monitor this area of revenue on a payment by payment basis as we have in the past and make adjustments as needed. Payments are received quarterly with the next payment due at the end of October 2018, end of January 2019 and end of April 2019. The July 2018 payment has been received and has been accounted for in the forecast. The Income Tax revenue for our district in FY 2019 will account for approximately 18% of our total general fund revenue.

## **Unrestricted Grants-In-Aid / School Finance Payment Report (SFPR)**

The current funding formula uses a wealth index to distribute state per pupil revenue to districts. The formula uses per pupil property valuations and local taxpayer income factors to determine the Wealth Index, which is then used to determine the portion of Opportunity Aid (base aid) that will come from the state versus the level that is assumed to be provided locally. Each district's property value is averaged over three years and is calculated on a per pupil basis. An individual district per pupil valuation (PPV) is divided by the statewide average PPV.

In addition to valuation, the school funding formula looks to local taxpayer local income wealth in the form of median Ohio Adjusted Gross Income (OAGI) to calculate an Income Indicator. The median OAGI for each district is compared to the state's median OAGI. It is the final Wealth Index that is used to rank Ohio's school districts for state share funding.

The Wealth Index takes the Valuation Indicator and weights it with the Income Indicator, if the Income Indicator is lower than the Valuation Indicator. Each district's Wealth Index is converted into a State Share Index that ranges from a high of 90 percent (for Wealth Indexes at or below .35) to a low of five percent (for Wealth Indexes equal to or above 1.8). In the current budget, the Transitional Aid Guarantee is being adjusted based on decline in enrollment percentages. Since West Liberty-Salem did have more than 5% decline and the district was on the guarantee, the amount of funds received for the guarantee was approximately \$48,000 less than it would have been if enrollment had not declined. There were two funding lines that were added with the budget back in FY 2016, both of which helped WL-S a great deal. The first one is Targeted Assistance which in FY 2018 amounted to \$989,439 for our district and is projected to be \$1,014,318 in FY 2019. The other addition was Capacity Aid which in FY 2018 amounted to \$529,807 and is projected to be approximately \$546,365 in FY 2019. These two funding lines accounted for \$1,519,246 in FY 2018 and is anticipated to be approximately \$1,560,683 in FY 2019. As you can see if for some reason the Governor decides to eliminate these two areas of funding the impact for WL-S will be huge.

FY 2019 funding is based on more up to date ADM data. We are anticipating the October ODE payment #2 will reflect the most recent enrollment. There will still be some adjustments, however, our payments will begin to reflect current data. In regards to our enrollment the district is projecting that overall enrollment will increase slightly for FY 2019. Most recent data would suggest an increase of 20 FTEs. This is the result of primarily the difference between the senior class graduating and the kindergarten class enrollment, which was a gain of 23. Dollar amounts for all remaining years of the forecast are being reduced slightly due to the unknown future of guarantee funding line. I've reduced the guarantee specifically by approximately 20% for each year. The Unrestricted State revenue for our district in FY 2019 will account for approximately 44% of our total general fund revenue.

### **Restricted Grants-in-Aid**

This area of revenue for our district is made up of the following: Career Tech Funding, School Age Catastrophic Aid funding and Economic Disadvantage Funding. We are anticipating receiving \$42,898 in Career Tech Funding, \$65,300 in School Age Catastrophic Aid funding and \$15,606 in Economic Disadvantage Funding for FY 2019. These same amounts are being used for all other years of the forecast as well. The Restricted State revenue for our district in FY 2019 will account for approximately 1% of our total general fund revenue.

### **Property Tax Allocation**

This area consists of Rollback and Homestead / Exemptions payments which we receive from the State a month or two after our county auditors have processed the real estate tax payments. In FY 2018 this area of revenue increased from the previous year by \$13,058. Normally if the district receives an increase in their Real Estate collections they will also see a small increase in this area of revenue as well. Future years are projected to increase, a small amount each year. The Property Tax revenue for our district in FY 2019 will account for approximately 2.7% of our total general fund revenue.

## **All Other Revenues**

This area consists of interest income, donations, crop sales, Open Enrollment In, school fees, and other miscellaneous revenues such as the SF14 & SF14H Non-Special Education Tuition and Special Education Tuition payments and SF-6 Special Education Excess Cost payments. This area of revenue decreased in FY 2018 due mostly to Excess Cost payment being much less as a result of the Adriel closing. In FY 2019 this area of revenue indicates another decrease for the same reason. In FY18, the district received the final Excess Cost payment for the Adriel population. While there will still be some Excess Cost revenue, it is expected to be much less.

Open Enrollment In for FY 2019 is anticipated to be approximately 238 students or about 22 less than last year with a few adjustments. Open Enrollment Out students for FY 2019 is anticipated to be approximately 34 students or about 12 less than last year. In addition, there will be approximately 12 WL-S students attending various Community Schools and approximately 13 WL-S students attending the Ohio Hi Point Career Center. All of these numbers are being estimated at this point in time based on what happened last year and what we know as of early October 2018. Actual numbers won't be known until later once all of the changes regarding the daily enrollment count have been established and put in place by the state. Effective for the previous few years, there is no longer a set week in October that the student count is taken. This count has been replaced with a daily enrollment count. Other Revenue for our district in FY 2019 will account for approximately 12.9% of our total general fund revenue.

## **Other Financing Sources**

This area accounts for funds that are refunded or rebated from a prior year, such as BWC rebates. It is anticipated that this area will continue to remain steady over the forecast. It could be impacted by a federal grant that the district received, however until that is known, those amounts have not been included in this forecast. Once known, the forecast will be adjusted accordingly. This revenue source accounts for .2% of our total general fund revenue.

## **EXPENDITURES**

### **Personnel Services**

Personnel Services increased for FY 2018 mainly due to step and base increases. For FY 2019 I have created payroll calculations according to the new 4 year negotiated agreement covering FY18 through FY21, which called for a 2% base increase along with a standard step increase. In FY18, a retroactive step was put in place for those employees who were employed during the step freeze years of FY2013 and FY2014. The retro step was included in the

negotiated agreements for both classified and certified employees. The percentages for all employees for FY2019 and FY2020 are calculated on a 2% base increase and a 1% base increase for FY2021. Each of these years also includes a step adjustment calculated at 1.5%. During FY2020 and FY2021 the increase would drop to 1.5% and .5% accordingly if the unreserved cash balance falls below \$3 million. The Staffing levels for FY 2019 reflect a total number of 155 jobs being performed by 143 contract employees. In addition, there are supplemental positions and sub employees who only work as required. The total salary expense for FY 2019 is projected to be \$6,751,815 or 47% of our total general fund expense.

### **Employer Retirement / Insurance Benefits**

In FY 2019 the district which belongs to the Southwest Ohio EPC consortium will experience an 8.5% Health and 12% Dental Insurance Rate increase based on the performance of the district for the previous year. For FY19, the original proposed increase was 12%, however the insurance committee worked to make plan design changes that lowered the rate increase by 3.5%. Plan changes primarily included co-pays after the deductible in order reach a higher out of pocket maximum. The district currently offers a High Deductible Plan / Health Savings Account as well as the traditional PPO plan. The rates for FY 2019 and the remaining years of this forecast are assumed to be increasing by 7.0% to 8% each year. We are using this percentage because over the years it has been the average increase for the EPC consortium. It should be noted the increase next year will be based on the overall performance of the consortium and not the individual performance of West Liberty-Salem School.

Total health insurance cost is calculated on three months at the old rate and nine months at the new rate less the amounts the employees are required to pay. Employees with single coverage will be paying 10% of the monthly premium or any excess above the cap of \$565 per month. Employees with family coverage and married couples who are both employees of the district will pay 15% of the monthly premium or any excess above the cap of \$938 for employee plus children coverage and the cap of \$1,357 for family coverage. In addition, non-certified employees working less than 30 hours per week will be required to pay a higher percentage or any excess beyond the same caps as listed above. This higher percentage is calculated as follows, anyone working 25 hours or more but less than 30 and all transportation staff will pay 35% of the cost for single or family coverage. Anyone working 20 hours or more but less than 25 hours will pay 40% of the cost for single or family coverage.

Other additional expenses in this area for this year include the following: \$164,000 payment to Security Bank which is the BOE payment for their share of the HDP for the 96 people who chose that plan. This represents \$1,000 for single coverage and \$2,000 for family coverage out of pocket with the employee paying an equal amount. Other areas of expense in this area include SERS, STRS, Medicare, Workers Compensation and SERS Surcharge, an area that keeps increasing each year. In addition, the district is now required to conform to the ACA (Affordable Care Act) rules and regulations. The total benefit expense for FY 2019 is projected to be \$2,998,888 or 21% of our total general fund expense.

## **Purchase Services**

This cost decreased by \$923,961 from FY17 to FY18 due to the closing of Adriel. This line item largely depends on the number of Special Education Students that come in and out of our district, which impacts how much our costs are with the Madison/ Champaign Educational Service Center and the Midwest Regional ESC (formerly Logan County ESC). I am using an overall increase of 4% as the Projected Trend increase for FY 2019, FY2020, and FY2021, 3% for FY2022 and 2% for FY2023. However, other changes also impacted the FY2019 amount including a contract increase of \$66,000 from the Madison Champaign ESC, and an anticipated increase of \$30,000 for the required College Credit Plus (CCP) program. Other increases include services requested by the transportation and maintenance departments.

Other areas of major impact to this expense include Open Enrollment Out expenses, Community School expense, Utilities, and Tuition to Other Districts. Open Enrollment Out expenses for FY 2019 are based on slightly less students compared to last year or about 34 students (about 12 less). This cost will fluctuate some as students flow into and out of the district and due to the State funding amount per student changing. In addition, the number of students attending Community Schools is anticipated to decrease compared to last year. We are anticipating about 12 students. In regards to utilities the district belongs to the Southwest Ohio EPC consortium and they are always looking at ways to take advantage of the consortium buying power. The district and the consortium have obtained group purchasing power for electric services similar to what is currently being used for our natural gas and they entered into recent contracts for electrical services after going out for bid. In addition, the consortium went out for bid in regards to a new gas supplier for FY 2016 and has a three year contract. Electric cost for the district decreased by \$12,600 last year due to decreased unit pricing even though the usage increased. Gas cost (Columbia Gas & Direct Energy) increased approximately \$1,600 due to just slightly higher usage.

CCP (College Credit Plus) a new program that began in FY16 and the cost appears to be on the rise due to more students using this available resource. This new program CCP (College Credit Plus) is replacing our previous dual enrollment program. The new program as mandated by the State will be paid for by the district unlike the old dual enrollment program which was paid for by the student parents. While it's unknown exactly how many students will utilize this resource, the budgeted amount for FY 2019 is \$85,000. The total purchase service expense for FY 2019 is projected to be \$2,644,709 or 19% of our total general fund expense.

## **Supplies and Materials**

I am using a 4% increase for this expense area in FY 2019 and 4% for the remaining years. This additional amount is based on information provided by the administrative team. In FY 2018 this area of expense increased by \$60,564 mostly due to bus fuel cost and curriculum supplies and maintenance supplies. In addition to the normal annual supplies, in FY19 the district is purchasing trauma kits at an estimated cost of \$15,000. At one time the district was required by the State to spend a pre-determined amount in this area however in FY 2012 spending requirements and set aside requirement were repealed, by the passage of HB 30 of the Ohio 129<sup>th</sup> General Assembly. This approval eliminated the Set Aside requirement for this area of expense but not for the Capital and Maintenance expense discussed in the next section below. The total supply expense for FY 2019 is projected to be \$516,799 or 4% of our total general fund expense.

## **Capital Outlay**

In FY 2018 the total amount spent in this area was \$206,671. This was an decrease of \$17,254 as compared to the previous year. In FY 2019 the district plans to spend approximately \$614,764 and does plan to purchase two new regular buses and one handicap bus from this area of expense, for a total of 3 new buses. The district has a plan to try to purchase two new busses every other year from this expense area and this has been allowed for in this forecast. The State set aside spending requirements for this area of expense were not repealed for FY 2019 or any other future years. The set aside spending requirement for FY 2019 in this area for our district will be approximately \$215,000. Unlike supplies and materials, a carry over balance was never allowed in this area of expense, meaning that the district is required to spend at least this amount of money in FY 2019. The district is allowed to use its Permanent Improvement Levy revenue as an offset against this spending requirement. The total of this offset will account for approximately \$160,000 in FY 2019. The remaining amount will be offset by the amounts mentioned above and the following two general fund maintenance accounts, Contract Service / Grounds & Maintenance and Repairs. All expenses that meet the set aside requirement from these two accounts will be counted towards our overall total. The total equipment expense for FY 2019 is projected to be \$614,764 or 4% of our total general fund expense.

## **Debt Service**

The approved construction / renovation project will be paid out of the Bond Fund, both principal and interest and from the .25 % additional income tax, as stated above and below. This additional .25% income tax revenue and the expense associated with this construction / renovation project as well as the Classroom Facility requirement have been factored into this forecast in the Income Tax Revenue and the Other Financing Expense sections.

## **Other Objects**

For FY 2019 projected expenses, I am using a 4% increase. Remaining years are factored at a 3% increase for FY20 and FY21 and then a 2% for FY22 and FY23. In FY 2013 the Board of Education made the decision to go back to a cash basis audit from the previous GAAP/GASB 34 audit process which has saved this district money in this area of expense. As of FY 2017 the district is now on a 2 year State Audit cycle, meaning the next audit will take place in the fall of 2018 to audit FY 2017 and FY 2018. Total estimated expenses for this category are projected to be \$277,127 or 2% of our total general fund expense.



## **Other Financing Uses**

As stated above this area has been changed to allow for the additional .25% income tax revenue to be transferred out to the Bond Retirement and Classroom Facility accounts as required. For FY 2019 I indicate that a total of \$458,472 may need to be transferred out. The breakdown of this amount is as follows: 034 Classroom Facility Funds \$60,472 each year, OFCC Project Debt Service \$360,000 each year, and \$38,000 to miscellaneous requirements if needed this year. All other years reflect the same amount. Transfers are normally used by the Board of Education to make debt payments and or help out other areas or departments such as Athletics, Cafeteria, Band, Building Project, etc. Transfers are not paid back. Advancements on the other hand if required must be paid back however no advancements are being planned at this time. All transfers and advancements as required must be approved by the Board of Education. The total expenses for this category are projected to be \$458,472 or 3% of our total general fund expense.

## **Estimated Encumbrances**

Estimated Encumbrances are based on previous years. For FY 2018 the year-end amount was \$88,506. For FY 2019 and all other remaining years I am using \$90,000.

**Prepared by: Chelsea Baldwin, Treasurer West Liberty-Salem Local School October, 2018.**