Findlay City School District
Hancock County
Five Year Forecast for Fiscal Years 2016 through 2023

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenues		Reappraisal CY16				Update CY19			Reappraisal CY22
1.010	General Property Tax (Real Estate)	$25,275,862	$26,272,789	$26,849,655	3.1%	$27,386,648	$27,934,381	$28,493,069	$29,062,930	$30,044,189
1.020	Tangible Personal Property Tax									
1.030	Income Tax									
1.035	Unrestricted Grants-in-Aid (all 3100's except 3130)	23,490,047	24,727,384	24,415,744	2.0%	24,415,744	24,415,744	24,415,744	24,415,744	24,415,744
1.040	Restricted Grants-in-Aid (3200's)	872,197	954,189	875,898	0.6%	875,898	875,898	875,898	875,898	875,898
1.050	Property Tax Allocation (3130)	6,353,530	5,566,873	5,062,556	-10.7%	4,567,556	4,072,556	3,577,556	3,082,556	2,899,556
1.060	All Other Revenues	3,469,685	3,623,670	4,151,224	9.5%	3,911,224	3,891,224	3,871,224	3,851,224	3,831,224
1.070	*Total Revenues*	59,461,321	61,144,905	61,355,077	1.6%	61,157,070	61,189,803	61,233,491	61,288,352	62,066,611
	Other Financing Sources									
2.050	Advances-In	15,000		70,000	0.0%		50,000	50,000	50,000	50,000
2.060	All Other Financing Sources	497,008	89,180	844,577	382.5%	200,000	200,000	200,000	200,000	200,000
2.070	*Total Other Financing Sources*	512,008	89,180	914,577	421.5%	200,000	250,000	250,000	250,000	250,000
2.080	*Total Revenues and Other Financing Sources*	59,973,329	61,234,085	62,269,654	1.9%	61,357,070	61,439,803	61,483,491	61,538,352	62,316,611
	Expenditures									
3.010	Personnel Services	31,891,466	33,373,840	35,140,671	5.0%	35,062,776	35,212,929	35,635,484	36,063,110	36,495,867
3.020	Employees' Retirement/Insurance Benefits	11,267,409	13,080,083	13,586,893	10.0%	14,153,770	14,670,851	15,279,071	15,825,031	16,295,405
3.030	Purchased Services	12,545,982	11,730,419	10,188,553	-9.8%	10,123,689	10,224,925	10,327,175	10,430,446	10,534,751
3.040	Supplies and Materials	2,308,584	2,261,317	1,989,023	-7.0%	1,797,023	1,797,023	1,797,023	1,797,023	1,797,023
3.050	Capital Outlay	1,341,713	1,880,069	351,443	-20.6%	400,000	400,000	400,000	400,000	400,000
4.300	Other Objects	785,176	768,926	770,535	-0.9%	780,000	790,000	800,000	810,000	810,000
4.500	*Total Expenditures*	60,140,330	63,094,654	62,027,118	1.6%	62,317,257	63,095,729	64,238,753	65,325,610	66,333,047
	Other Financing Uses									
5.010	Operating Transfers-Out			1,000,000	0.0%	10,000	10,000	10,000	10,000	10,000
5.020	Advances-Out		70,000		0.0%	50,000	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses			760		2,500	2,500	2,500	2,500	2,500
5.040	*Total Other Financing Uses*		70,000	1,000,760	0.0%	62,500	62,500	62,500	62,500	62,500
5.050	*Total Expenditures and Other Financing Uses*	60,140,330	63,164,654	63,027,878	2.4%	62,379,757	63,158,229	64,301,253	65,388,110	66,395,547
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	167,001-	1,930,569-	758,224-	558.4%	1,022,687-	1,718,426-	2,817,762-	3,849,758-	4,078,936-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	13,764,045	13,597,044	11,666,475	-7.7%	10,908,251	9,885,564	8,167,138	5,349,376	1,499,618
7.020	*Cash Balance June 30*	13,597,044	11,666,475	10,908,251	-10.3%	9,885,564	8,167,138	5,349,376	1,499,618	2,579,318-
8.010	*Estimated Encumbrances June 30*	2,130,717	1,799,913	1,428,173	-18.1%	1,300,000	1,250,000	1,200,000	1,150,000	1,100,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	11,466,327	9,866,562	9,480,078	-8.9%	8,585,564	6,917,138	4,149,376	349,618	3,679,318-
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal									
11.020	Property Tax - Renewal or Replacement									
11.300	Cumulative Balance of Replacement/Renewal Levies									
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	11,466,327	9,866,562	9,480,078	-8.9%	8,585,564	6,917,138	4,149,376	349,618	3,679,318-
	Revenue from New Levies									
13.010	Income Tax - New									
13.020	Property Tax - New									
13.030	Cumulative Balance of New Levies									
15.010	*Unreserved Fund Balance June 30*	11,466,327	9,866,562	9,480,078	-8.9%	8,585,564	6,917,138	4,149,376	349,618	3,679,318-

RATIOS & ANALYSIS	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
True Days Cash* = line 10.010 / (line 5.050 / 365 days)	70 days	57 days	55 days	50 days	40 days	24 days	2 days	**-20 days**
True Days Cash* w/RENEWALS=line 15.010 / (line 5.050 / 365 day	70 days	57 days	55 days	50 days	40 days	24 days	2 days	**-20 days**
Target 15.010 balance to equal 60 days cash*	9,886,082	10,383,231	10,360,747	10,254,207	10,382,175	10,570,069	10,748,730	10,914,336
Amount over (short) of goal of 60 days true cash*	1,580,245	(516,668)	(880,669)	(1,668,643)	(3,465,036)	(6,420,693)	(10,399,113)	(14,593,655)
Salary & Benefit Costs / Total Costs (Target Range <= 75%)	71.76%	73.54%	77.31%	78.90%	78.98%	79.18%	79.35%	79.51%
Salary & Benefit Costs / Total Rev. (Target Range <=75%)	71.96%	75.86%	78.25%	80.21%	81.19%	82.81%	84.32%	84.71%
Salary & Benefit Costs / Total Rev. + Unresrvd Bal (Target<=65%)	60.41%	65.34%	67.91%	70.37%	72.98%	77.57%	83.84%	90.03%

**The Government Finance Officers Association recommends a minimum of 60 days (see http://www.gfoa.org/appropriate-level-unrestricted-fund-balance-general-fund)*

See accompanying summary of significant forecast assumptions and accounting policies

PRINTED: **9/6/2018**

Includes: General fund, Emergency Levy fund, PBA fund, Textbook fund, Fiscal Stabilization fund & any portion of Debt Service fund related to General fund debt

FOR BOARD APPROVAL: **9/10/2018**

FINDLAY CITY SCHOOLS FORECAST ASSUMPTIONS – September 10, 2018

REVENUES:

1.010-1.020 Property Tax - Property tax revenues are based on historical growth patterns, including scheduled updates and reappraisals. The District renewed a 4.9 mill operating levy in May 2017 and changed it from a 5-year term to a continuous levy. District voters had also passed a renewal of a 5.9 mill levy in May 2014 and changed it from a 5-year term to a continuous levy. The District no longer has any levies that need to be renewed or replaced. A countywide update occurred in 2013 and will take place again in 2019. A full appraisal occurred in 2016 and will happen again in 2022 with collections occuring in calendar year 2023. The District's total property values are slightly increasing from new construction. Any additional tax revenue collections are due to new growth, expired tax abatements and increased delinquency collections.

Effective tax year 2006, the tangible personal property tax began a four-year phase out from business owners. Reimbursement for the schools was promised as is noted below in line 1.050 from the State. Business owners no longer pay tangible personal property and the State reimbursements going to schools continue to be phased out.

The tangible personal property tax was replaced by the new commercial activity tax (CAT), which is a 0.26% tax on any business' gross receipts in excess of $1 million. Businesses with gross receipts between $150,000 and $1 million will pay a minimum of $150, while businesses with receipts of less than $150,000 will not be subject to the CAT.

Prior to 2004, taxpayers with less than $10,000 in personal property filed a tax return, even though they would not owe any taxes. The State would use the form to reimburse school districts for personal property tax revenues that were not collected based on the filings. The District used to receive 300K for this but now receives $0.

New levies may be proposed during this time period, and will likely need to be passed in CY2019 for collections to begin in FY2020 (i.e. receipts in January 2020).

1.030 Income Tax - The District has no income tax collections.

1.035-1.040 Grants-in-Aid –The FY16 state formula indicated FCS demographics justified $22.41 million in basic aid but we were capped at $21.74 million and thus denied 670K in formula funding. The FY15 formula denied FCS $2.62 million due to the cap provision. For FY17 Findlay just barely moved off of the cap so we did receive the full amount that the FY17 formula allows given our enrollment and demographics. Per AOS bulletin 2012-08 casino revenue is reflected in line 1.035 (277K in FY14, 275K in FY15, 276K in FY16, 267K in FY17, 273K in FY18). FY19 state funding simulation shows no increase in FY19 because we have declining enrollment but are guaranteed FY18 amount as long as enrollment does not drop more than 5%. The State does a budget every two years so no one knows whether funding will increase or decrease beyond FY19 which is why the assumption reflects flat funding.

1.050 Property Tax Allocation – These are taxes paid by the State on behalf of taxpayers (aka rollbacks and homestead credits). Property tax allocation revenues are based on historical growth patterns, including scheduled updates and reappraisals.

Effective tax year 2006, the tangible personal property tax began a four-year phase out. School districts were promised full replacement of this lost tax over the next few years via the school funding formula and direct payments from the State (excluding the inventory taxes that were already scheduled to be eliminated and the first half-mill on bond and emergency levies). In Findlay's case, the direct payments from the State were to be phased out over six (6) years from 2012 through 2017 with a $1 million reduction each year and they are part of line 1.050. That phase out was paused in FY14 and FY15, but the next biennial budget resumed it at 759K per year beginning with FY16. ODE's latest projections modified our phase out amount to 495K per year beginning with FY18 which is assumed throughout the rest of the forecast. If that rate continues then that will leave a final amount of 183K to be reduced in FY23.

1.060 All Other Revenues – FY2018-2022 anticipate lower investment income due to low rates and a declining cash balance. However, the biggest concern is to increase our incoming open enrollment from other districts which is part of this line at about $6,000 per student. Similarly, the district needs to decrease outgoing open enrollment which sends about $6,000 per student to other districts and is reflected in line 3.03. FY18 shows a one-time increase from revenue to be collected from the County and the City to be part of our Dark Fiber network.

2.010 Proceeds from Sale of Notes - The District does not anticipate any sale of notes.

2.050 Advances-In – Revenues received by a fund as a result of a transfer or advance from another fund in anticipation of future revenue. These are monies that were advanced out in previous year(s) and returned back to general fund. Line 2.050 should match the previous year's line 5.020.

2.060 All Other Financing Sources—This includes revenue for the sale of assets and refunds of prior year expenditures. Past receipts include SERS refund amounts, BWC rebate checks, Medicaid settlements, and true-up refunds from our gas purchasing consortium. FY18 saw a one-time $663,186 refund from the county auditor real estate assesment fund. This payment represents previously paid county auditor fees (within line 4.3) for reappraisal and other related work that were not needed by the county auditor's office.

EXPENDITURES:

3.010 Personnel Services – The amounts for salaries and benefits are based on existing negotiated agreements, which includes a 1% base raise in FY19. There was a 2.5% base salary increase for FY17 followed by an average base increase of 2.7% for teachers and 1.7% for all other employees in FY18. No base salary increases have been assumed for fiscal years beyond FY19. In addition to the base increases, personnel services are projected at 1.2% increases for FY19 and each year beyond to cover experience and education changes net of savings from retiring teachers who are replaced by newer teachers. For FY14 there was a 2.25% increase on the base followed by a 1.5% increase in FY15. FY16 included a 1% raise for OAPSE agreements and 1.5% for teacher and non-union base increases. It is the district's goal to continue to reduce positions if it makes sense in certain situations such as declining enrollment or lack of interest in a particular course. FY18 reflects 3 RIFs at Millstream, as well as 1 RIF at FHS and fewer rehired retirees at FHS due to decreasing enrollment. FY19 reflects 10 fewer teaching positions while FY20 reflects 3 more from declining enrollment and more efficient scheduling, all of which are possible via attrition. FY19 also reflects 11 fewer administrative and support staff positions. FY19 salaries are reduced 185K for fewer intervention services at the buildings.

3.020 Employees' Retirement/Insurance Benefits – FY19 is based on July 2018 total renewal quote of $10.4 million from Anthem, and 7.0%, 6.0%, 5.0%, and 4.0% increases respectively in the next four years. There is also 598K assumed for Dental/Vision costs and 18.5K for life insurance. Line 3.020 also includes approximately $160,000 for professional dues reimbursements, $67,000 for tuition reimbursements, $90,000 for STRS/SERS 14% contributions for Renhill employees. The remaining benefits (e.g. retirement, Medicare, workers compensation, and unemployment) in line 3.020 are based on 16% of salaries in line 3.010. Line 3.020 reflects a larger employee share of 22.5% since FY17 (20% since mid-FY12), which is covered by higher employee premiums and/or higher deductibles depending on which plan the employee chooses. Starting in FY12 spouses were required to move off of the FCS plan if their employer provided affordable coverage. Starting January 2019 the Original plan will not be offered. This is estimated to avoid 380K in annual claims costs and 125K in annual prescription costs. In FY19 the stop loss carrier was switched from Anthem to Sun Life for 205K less.

3.030-3.040 Purchased Service and Supplies and Materials – Purchased services, which include contracted substitutes, utilities, repairs, leases, and tuition payments, are forecast to increase by about 1% per year in FY20 through FY23. FY18 includes 366K of additional costs for outgoing open enrollment. Starting in FY18, 300K was no longer made available for district projects. FY15 and FY16 saw larger amounts due to HB264 energy efficiency purchases via Plug Smart. This line includes tuition paid to charter schools for which the Findlay Learning Center is helping to reduce since FY16. FY19 includes 210K of savings in electricity costs based on new agreements that are expected to reduce the rates by 30%. Supplies are forecast to remove textbooks in FY18 which will be purchased from Pemanent Improvement funds. FY19 assumes a 25% reduction to building budgets.

3.050 Capital Outlay – FY16 and FY17 show increases due to the dark fiber technology project with some final payments yet to be made in FY18. Fiscal years FY18 and beyond presumes fewer general fund district projects than in the past.

4.300 Other Objects – This line is based on historical patterns and county auditor fees, which increase as collections increase.

5.010 Operating Transfer-Out -- $10,000 is budgeted for miscellaneous transfers. A one-time $1 million transfer into the health insurance fund took place at the end of FY18 so that fund meets the required reserve level of approximately $1.7 million. The health insurance fund's balance dropped significantly in FY18 due to a claim that exceeded $2 million and is still being reviewed with favorable progress to the district.

5.020 Advances-Out – Advances are transactions, which withdraw money from one fund to another, in anticipation of future revenue. At most, for the fiscal years 2019-2023, the District anticipates a need to annually advance funds to the Food Service Fund, 006-9060, the Permanent Improvement fund, 003-9030, and/or to miscellaneous state and federal funds in for an amount of no more than $50,000 to cover cash flow needs. 15K was advanced to fund 506 in FY15 and returned in FY16. 70K was advanced to funds 524 and 572 in FY17 and returned in FY18.

11.020 Property Tax Renewal – The District no longer has any general fund levies that will expire. The District has not passed any new operating money since 2004. A PI levy in 2006 and bond levy in 2009 along with replacements and renewals of existing levies have alleviated financial stress on the general fund, but a new levy will likely need to be passed in CY2019 such that collections can begin in FY2020 (i.e. receipts in January 2020).

RESERVATION OF FUND BALANCE:

These section 9.000 lines and notes are maintained as part of the forecast but are not shown because they all equal 0 and no longer carry as much relevance. It also makes the forecast easier to read.

> **9.010 Textbooks and Instructional Materials –** The District meets the annual spending requirement for SB345 set-asides. If the District spends monies in the textbook and instructional material set-aside in excess of the required amount for that year, the Board may deduct the excess amount of money from the required deposit in future fiscal years. This requirement was repealed by HB 30 in 2011.
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> **9.020 Capital Improvements -** The district budget meets the annual spending requirement for SB345 set-asides. If the District spends monies in the Capital Improvements set-aside in excess of the required amount for that year, the Board may NOT deduct the excess amount of money from the required deposit in future fiscal years.
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> **9.070 Bus Purchases -** The District annually spends the allocations provided in these funds. While such subsidies used to be received every year, they stopped many years ago, and there is no expectation that such subsidies will be received in the future based on the current state budget.

HISTORICAL FLOOD NOTES: Hancock County sustained major flood damage from large rainfalls at the end of August 2007. The Findlay City Schools had 8 properties that were affected: Central, Washington, Lincoln, Wilson Vance, Northview, and Findlay High School, as well as the Transportation garage and offices, and the softball shed at FHS. Repair and restoration and mitigation exceeded $3.5 million. The bulk of the damage (over $3.3 million) occurred at Central Middle School where the district's central offices and records were located in the basement. On August 27, 2007, the Board appropriated $1.8 million for immediate needs to help clean up and replace what was damaged in the flood. The District qualified for public assistance from FEMA. FEMA covered 75% of the costs, while the State covered about 12.5% and the District covered the remainder.