



Tecumseh Local School District

Five Year Forecast Financial Report

May, 2018

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Forecast Purpose/Objectives

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

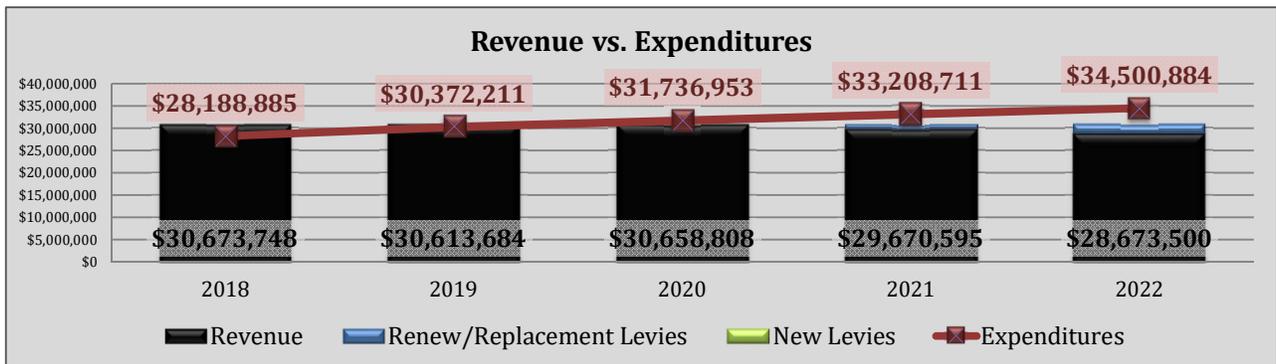
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 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 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Beginning Balance	8,603,101	11,087,964	11,329,437	10,251,291	7,738,536
+ Revenue	30,673,748	30,613,684	30,658,808	29,670,595	28,673,500
+ Proposed Renew/Replacement Levies	-	-	-	1,025,360	2,050,602
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(28,188,885)	(30,372,211)	(31,736,953)	(33,208,711)	(34,500,884)
= Revenue Surplus or Deficit	2,484,863	241,472	(1,078,146)	(2,512,755)	(3,776,782)
Ending Balance	11,087,964	11,329,437	10,251,291	7,738,536	3,961,754
Revenue Surplus or Deficit w/o Levies	2,484,863	241,472	(1,078,146)	(3,538,116)	(5,827,384)
Ending Balance w/o Levies	11,087,964	11,329,437	10,251,291	6,713,176	885,792

Summary:

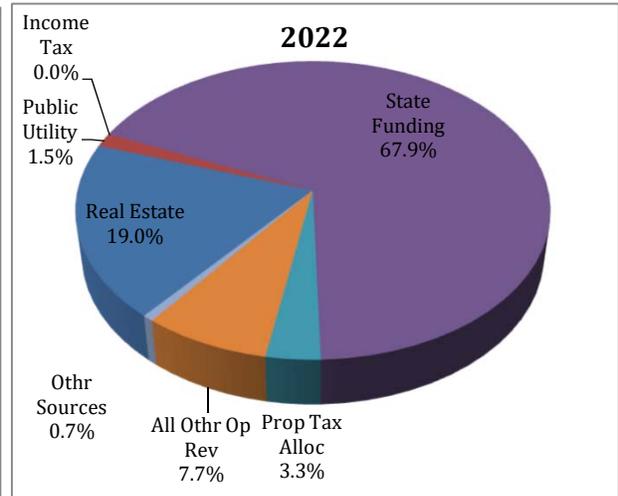
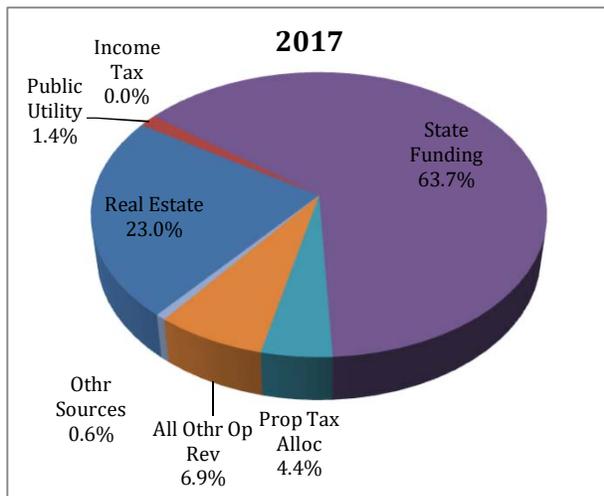
The executive summary shows the district is deficit spending beginning in FY 20. This is due to revenues not exceeding expenditures during that year. The district will need to monitor spending and look at other possible revenue streams to combat this trend.



Revenue Overview

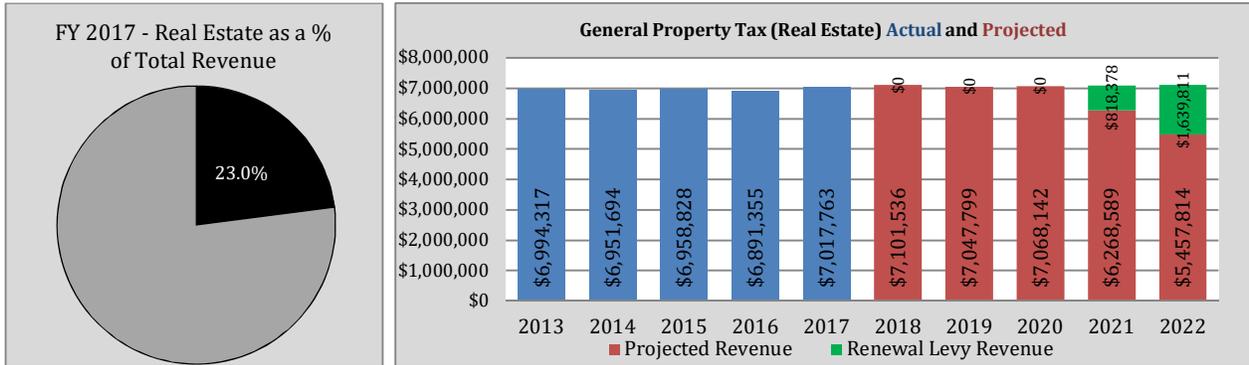
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Revenue:							
1.010-Real Estate	0.38%	1.19%	-0.76%	0.29%	0.27%	0.15%	0.23%
1.020-Public Utility	4.79%	9.69%	1.51%	2.99%	2.90%	2.99%	4.02%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	4.56%	0.83%	-0.02%	0.06%	0.04%	0.00%	0.18%
1.040-Restricted Aid	91.22%	-15.07%	-1.25%	-1.52%	-1.15%	-0.07%	-3.81%
1.045-Restr Federal SFSF	-91.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-0.68%	-5.16%	-1.05%	-0.29%	-0.83%	-1.00%	-1.67%
1.060-All Other Operating	0.14%	1.91%	0.62%	0.64%	0.66%	0.67%	0.90%
1.070-Total Revenue	2.73%	0.39%	-0.20%	0.15%	0.12%	0.09%	0.11%
2.070-Total Other Sources	-41.16%	-4.15%	0.00%	0.00%	0.00%	0.00%	-0.83%
2.080-Total Rev & Other Srcs	2.22%	0.36%	-0.20%	0.15%	0.12%	0.09%	0.11%

The revenue summary shows the percent change in each revenue line item through the five year forecast. The largest change is in Public Utility and Restricted Aid. Public utility/personal property tax is based on the total valuation of property taxes and tax rates. During FY 18, the total personal property valuation increased over \$500,000, creating an increase in revenue in this line item. Restricted aid shows a large decrease this year. This is due to a decrease in Economic Disadvantaged funding from the State. The number of students that qualify for this have declined, which causes a decline in revenue as well. I currently do not predict any other large fluctuations in revenue over the five year forecast.

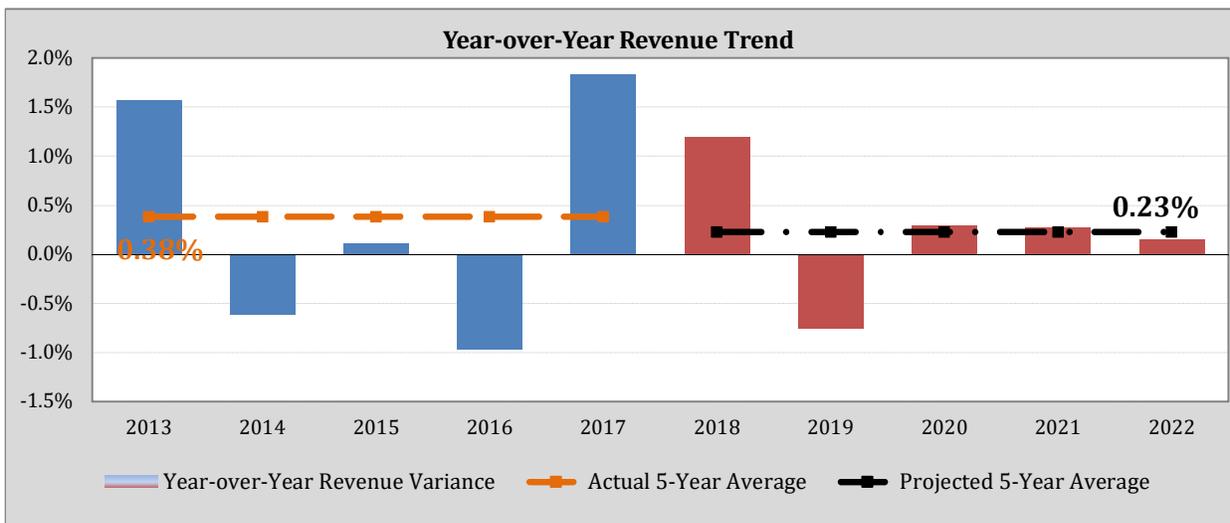


1.010 - General Property Tax (Real Estate)

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).



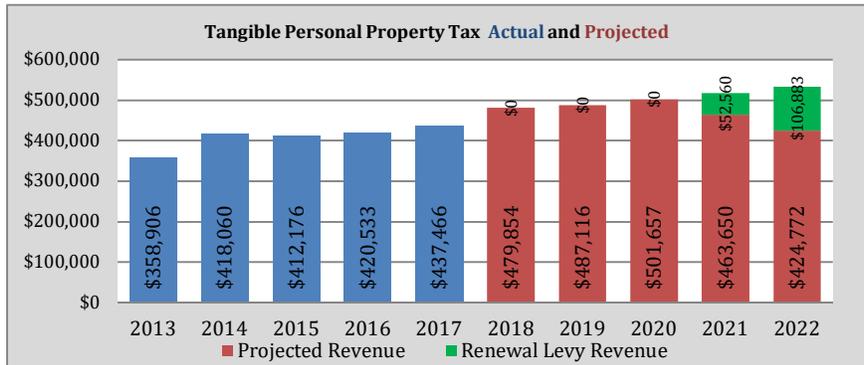
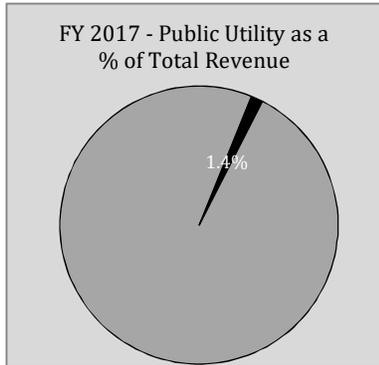
General Property Tax represents 23% of the districts revenue. As can be seen by the graph, this revenue stream stays fairly consistent from year to year. There are two renewal levies (emergency levies) that show up in 2021 and one in 2022. It is imperative that the district passes these levies – as you can see how much revenue will be lost if they do not pass. Our next revaluation for property will be in FY 19.



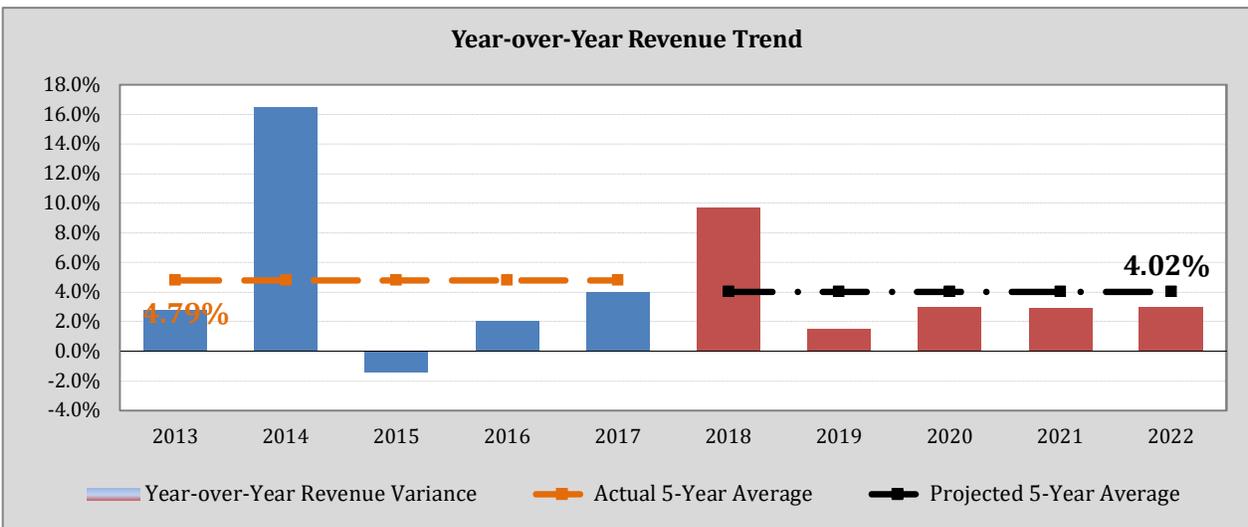
*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



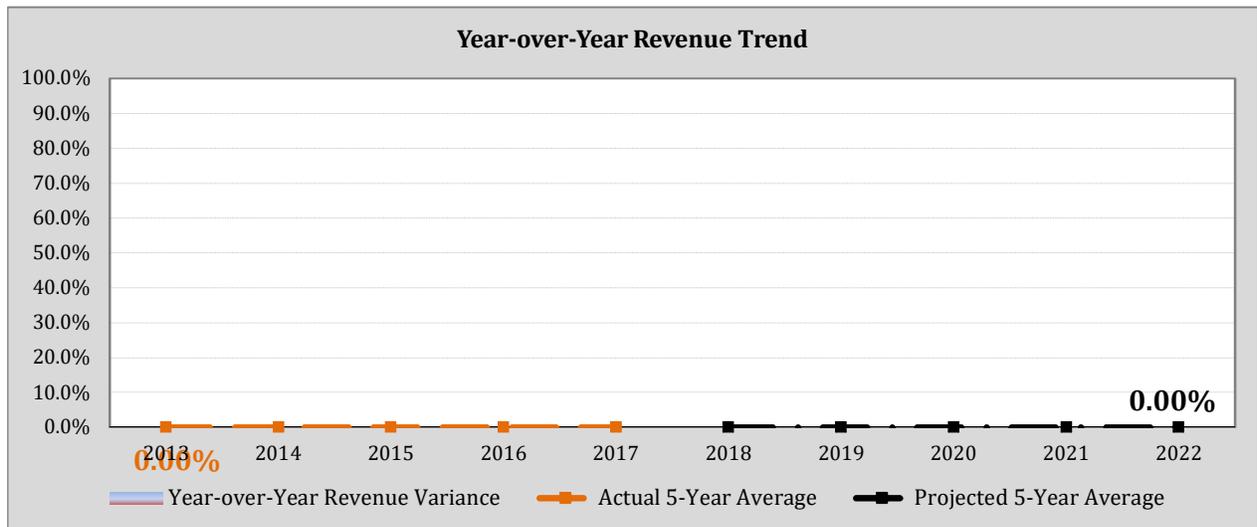
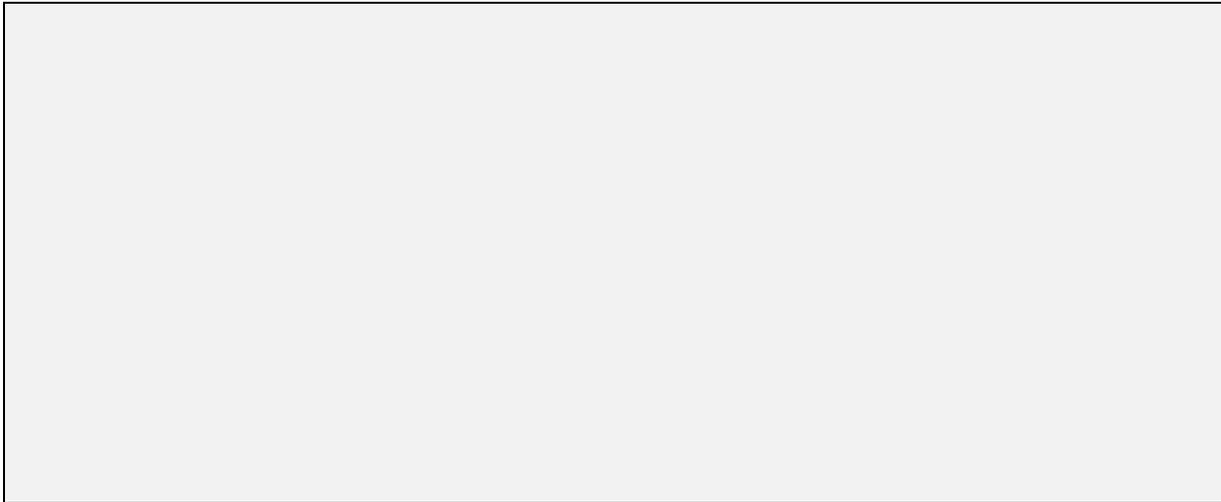
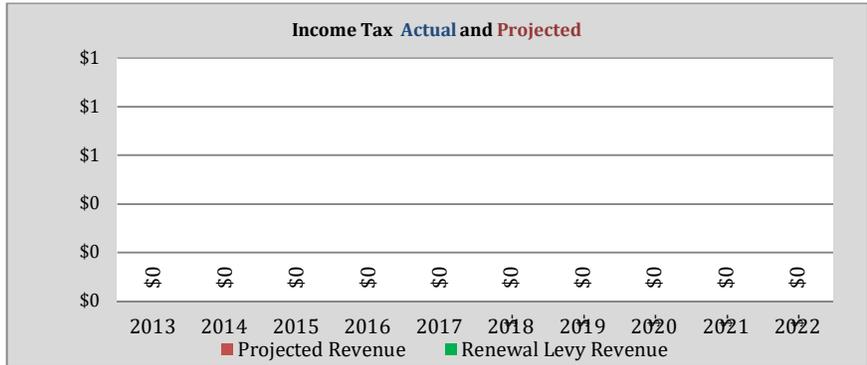
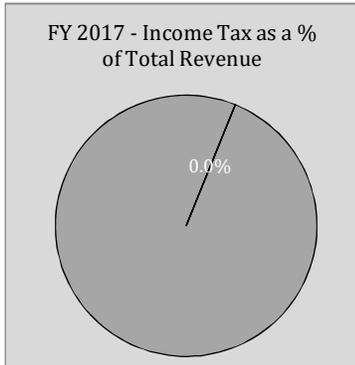
Public Utility Personal Property (PUPP) makes up 1.4% of the district's revenue. This revenue stream continues to climb slightly each year, but is also dependent upon the renewal levies.



*Projected % trends include renewal levies

1.030 - Income Tax

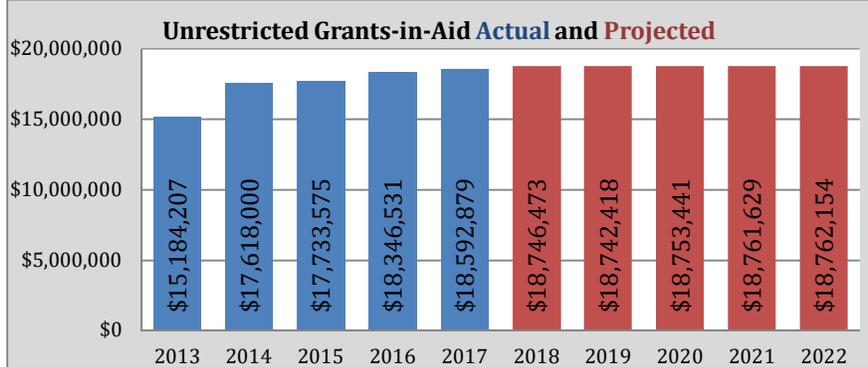
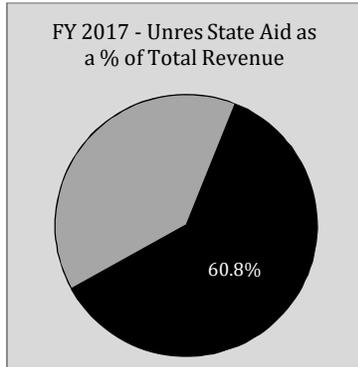
Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



*Projected % trends include renewal levies

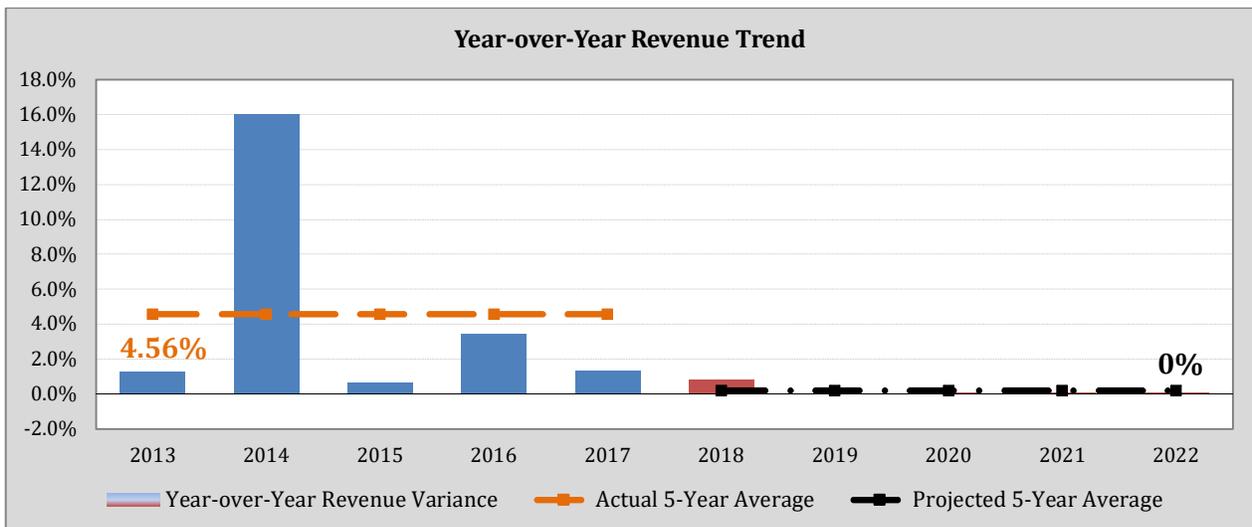
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



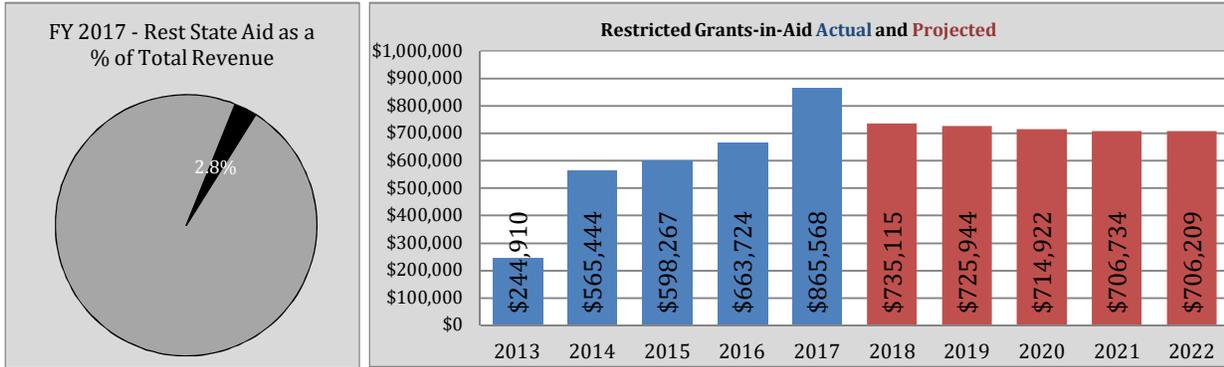
Unrestricted Grant in Aid represents almost 61% of the district’s revenue. These are the funds received directly from the State through our foundation program. This revenue stream is driven by district wealth and student population. The district’s student population has been declining over the last few years.

State funding changes every two years with the Governor’s biennium budget. The current budget passed is for FY 18 and FY 19. The district is currently on the “guarantee”. This means that we are guaranteed to receive the same state funding amount as we did in FY 17. The “guarantee” was funding in this biennium budget, but rumors are that it will be phased out in the next few budgets. This will be a concern for TLSD because I am currently projecting that the district will be on the guarantee throughout the five year forecast.

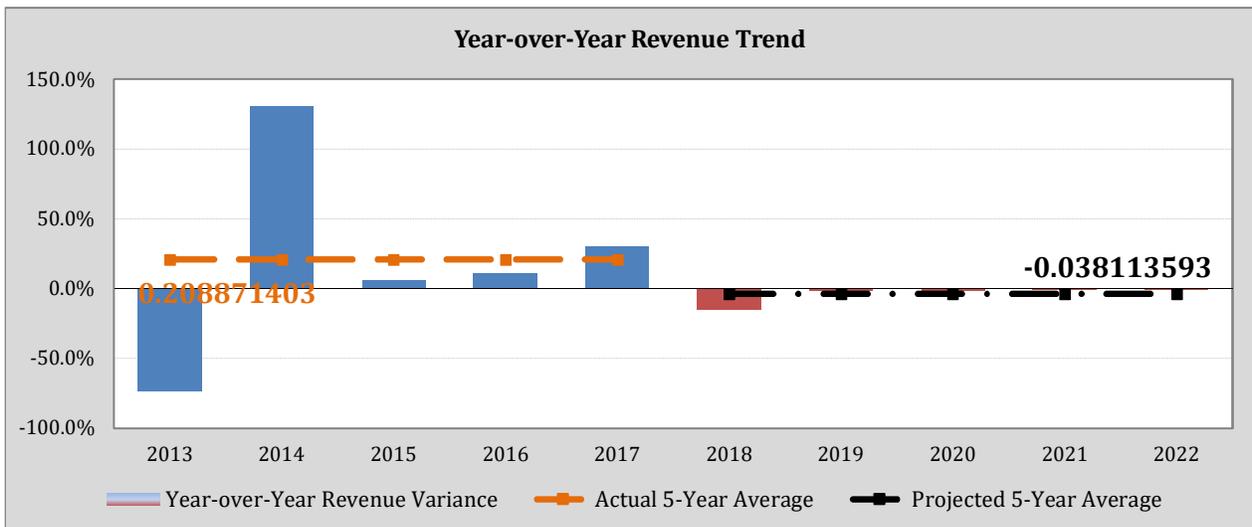


1.040 & 1.045 - Restricted Grants-in-Aid

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

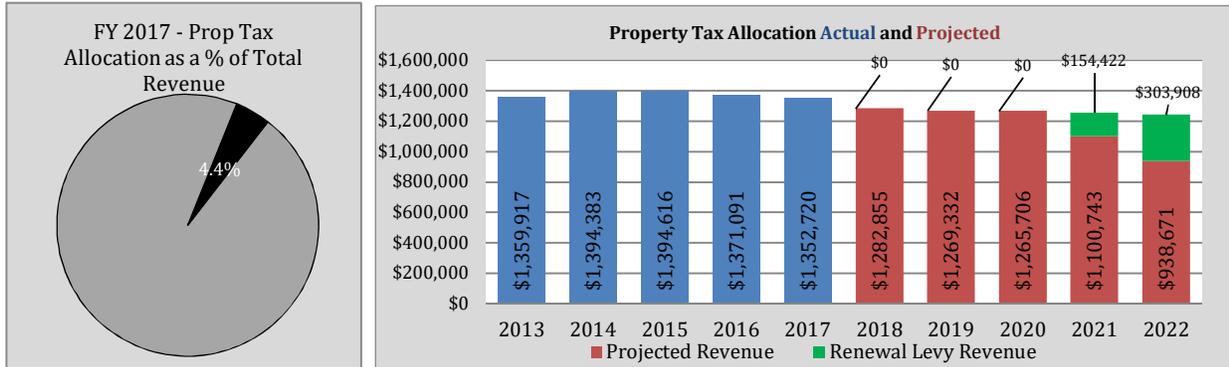


Restricted Grants in Aid represents 2.8% of the district's revenue. As mentioned before, there is a decrease this year due to the number of students identified as economically disadvantaged in the district. Career tech funding is also restricted revenue from the state and is represented here.



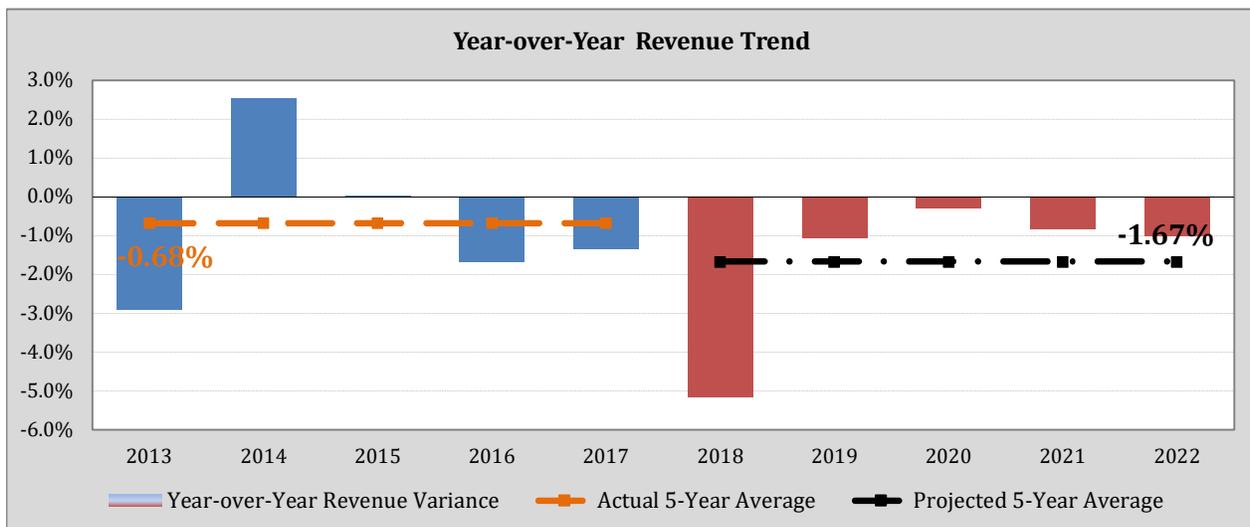
1.050 - Property Tax Allocation

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



Property Tax Allocation represents approximately 4.4% of the district's revenue. This line item represents funds received from the Tangible Personal Property (TPP) Tax Reimbursement and Homestead and Rollback. For TPP, phase out started in August 2013 on business and telephone/telecommunications. Our last payment will be in FY 2022.

Homestead and Rollback remain steady but are also effected by the renewals of the three emergency levies. These payments come from the state due to revenue lost from property tax relief programs granted by the state. The homestead exemption allows low-income senior citizens and permanently and totally disabled Ohioans, to reduce their property tax bills, by shielding some of the market value of their homes from taxation. The exemption, which takes the form of a credit on property tax bills, allows qualifying homeowners to exempt up to \$25,000 of the market value of their homes from all local property taxes. For example, through the homestead exemption, a home with a market value of \$100,000 is billed as if it is worth \$75,000. For Rollback, current state law (Revised Code Section 319.302) requires each county auditor to reduce all qualifying levies against real property taxes charged by a 10 percent Non-Business Credit. In addition, Section 323.152(B) requires the county auditor to further reduce the same qualifying levies against real property taxes on by a 2.5 percent Owner Occupancy credit. Owner-occupants who are age 65 or older or who are permanently and totally disabled may qualify for an additional reduction in their real property taxes by applying for a homestead exemption under Section 323.152(A).



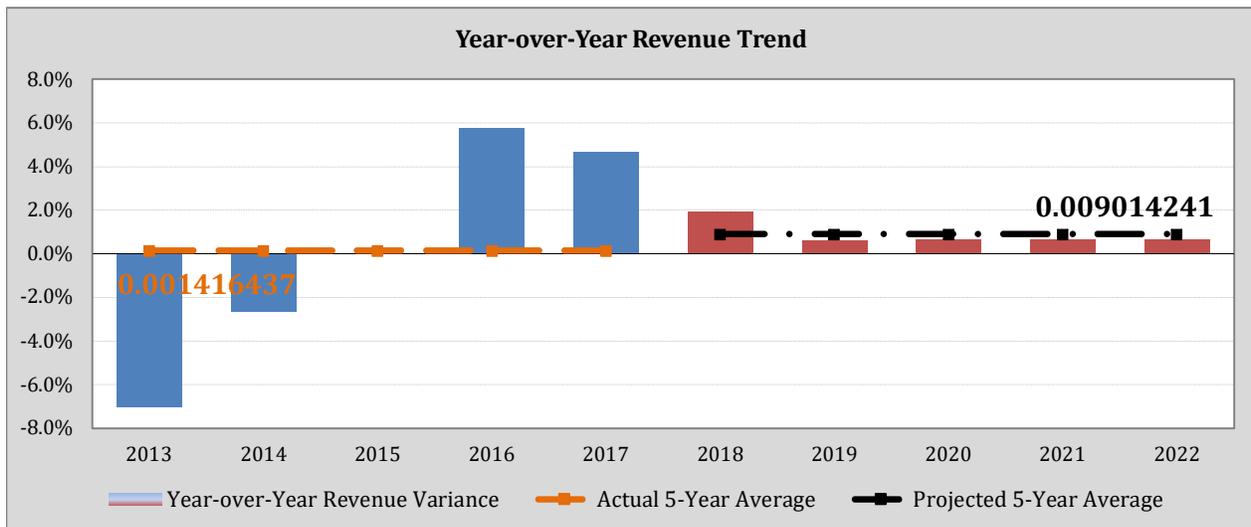
*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

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

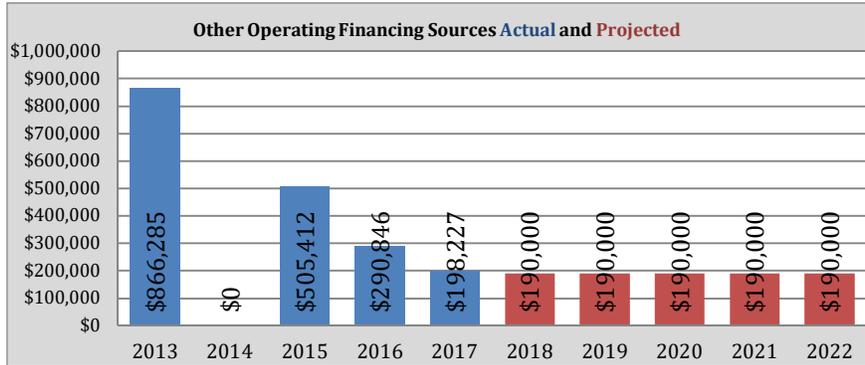
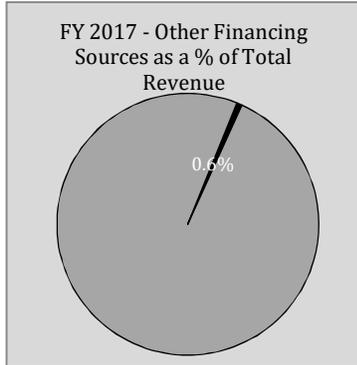


Other Operating Revenues represents 6.9% of the district’s revenue. This includes tuition, fees, interest earnings, rentals and donations. As the graph indicates, I’m projected these revenues to stay consistent from year to year, with slight increases only. The largest revenue item in this category is open enrollment in.

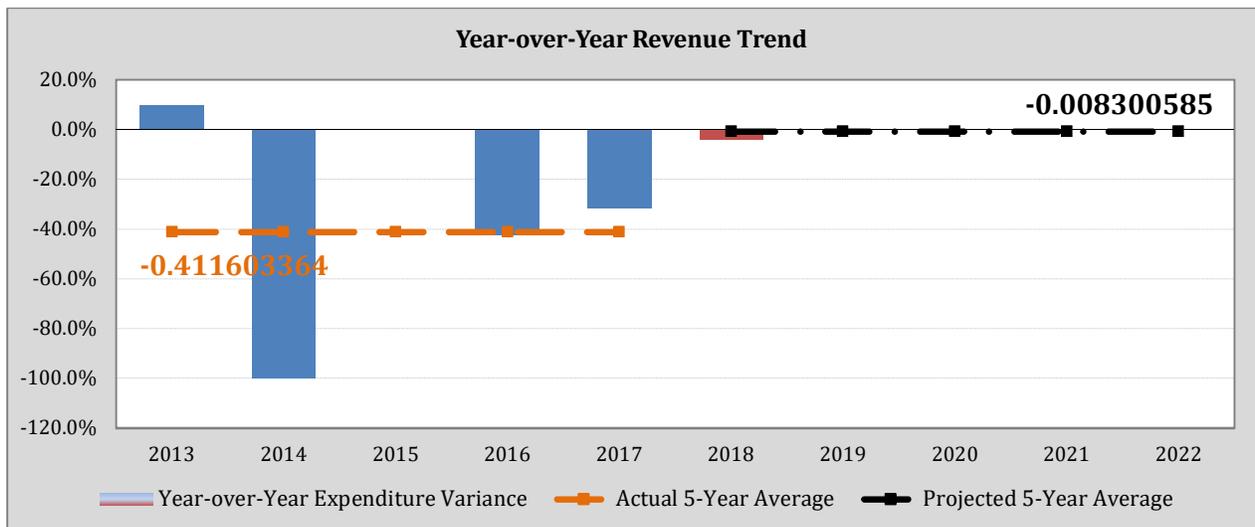


2.070 - Total Other Financing Sources

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.



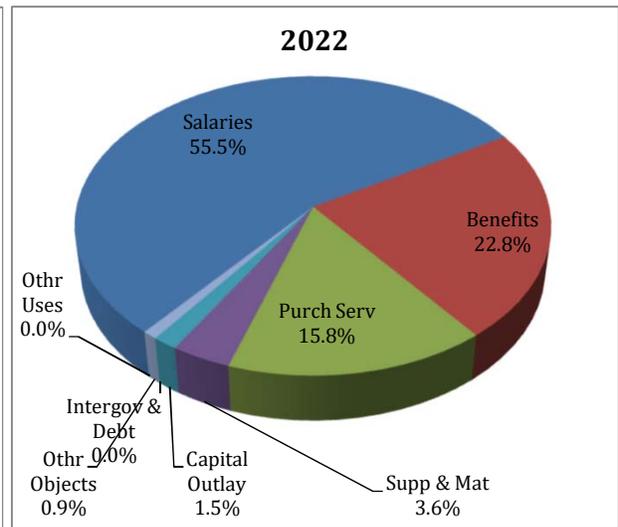
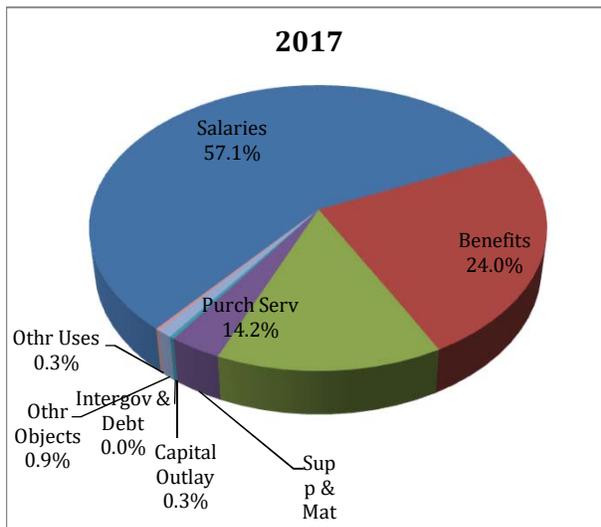
This area represents less than one percent of the district's revenue. This category includes operating transfers, sale of fixed assets, and refunds of prior year expenditures.



Expenditures Overview

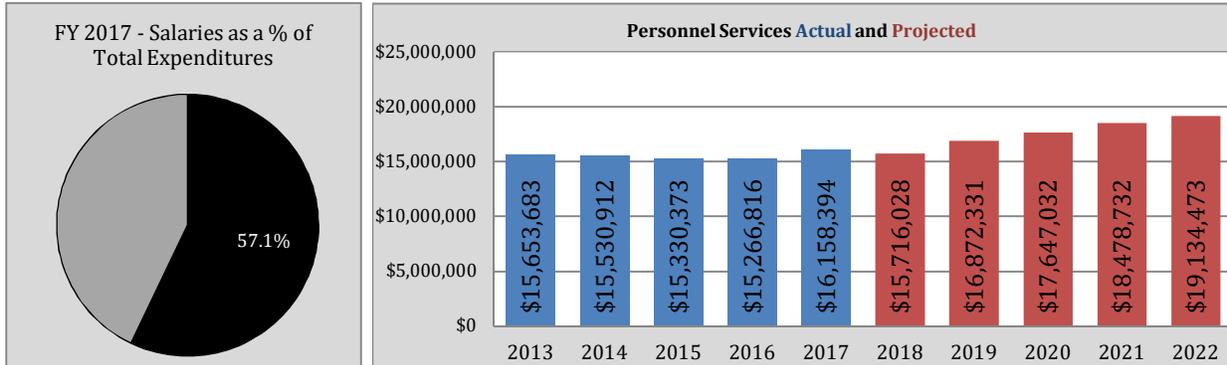
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Expenditures:							
3.010-Salaries	0.51%	-2.74%	7.36%	4.59%	4.71%	3.55%	3.49%
3.020-Benefits	2.73%	0.55%	4.49%	3.39%	3.53%	2.91%	2.97%
3.030-Purchased Services	1.49%	5.58%	7.17%	6.05%	6.18%	6.33%	6.26%
3.040-Supplies & Materials	-0.71%	8.59%	13.42%	3.14%	3.17%	3.20%	6.31%
3.050-Capital Outlay	1.02%	60.71%	202.73%	7.31%	8.18%	9.07%	57.60%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	1.63%	6.33%	2.82%	2.87%	2.92%	2.98%	3.58%
4.500-Total Expenditures	1.07%	-0.12%	7.75%	4.49%	4.64%	3.89%	4.13%
5.040-Total Other Uses	-55.52%	-100.00%	n/a	n/a	n/a	n/a	-100.00%
5.050-Total Exp & Other Uses	0.52%	-0.37%	7.75%	4.49%	4.64%	3.89%	4.08%

For expenditures, the largest change is in Capital Outlay. For FY 18, additional chromebooks and chromebook carts were purchased. For FY 19 through FY 22, I have increased this line item by \$250,000 for the upcoming Capital Improvement Strategic Plan.

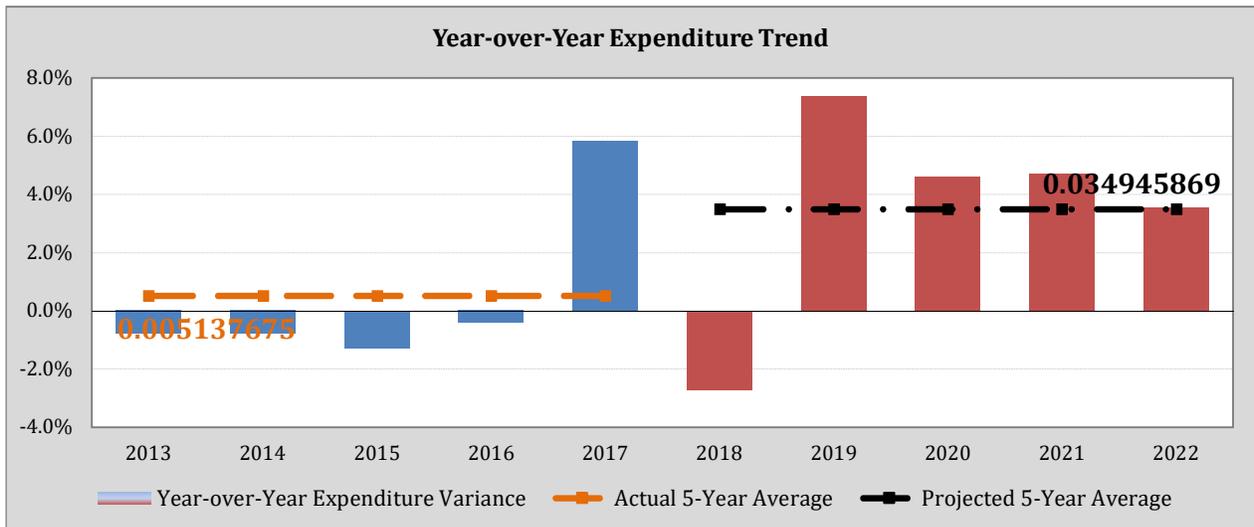


3.010 - Personnel Services

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

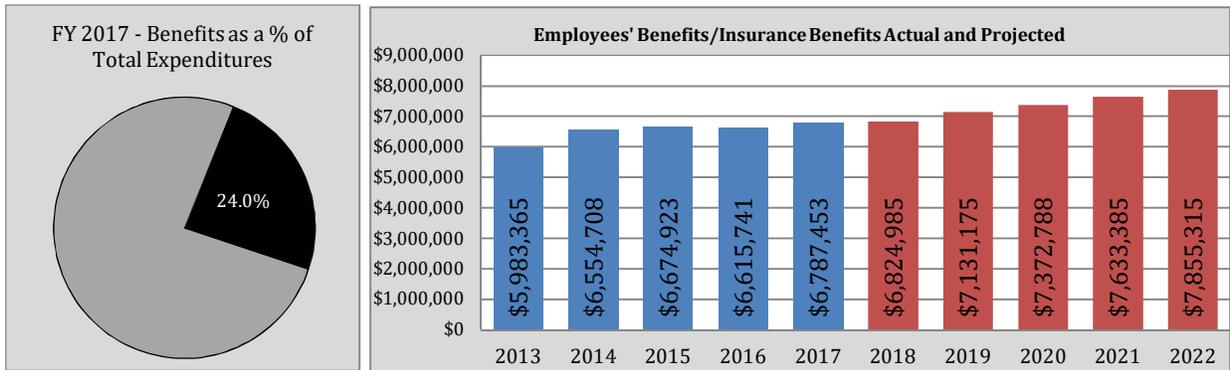


Personnel Services represents 57.1% of the district's expenses. During FY 17, there were 27 pays. The last pay in June 2017 (3rd pay of the month) should have been made in July. So, for FY 18, we must do a pay skip to ensure that there will be 26 pays for FY 19 and beyond. This is required every 5 to 7 years with districts who are on the 26 pay cycle. This line item actually decreases in FY 18 due to the one pay made in June of FY 17, even though there were raises given for FY 18. However, from FY 19 - FY 22 I am showing an increase in personnel services for step increases and negotiations.

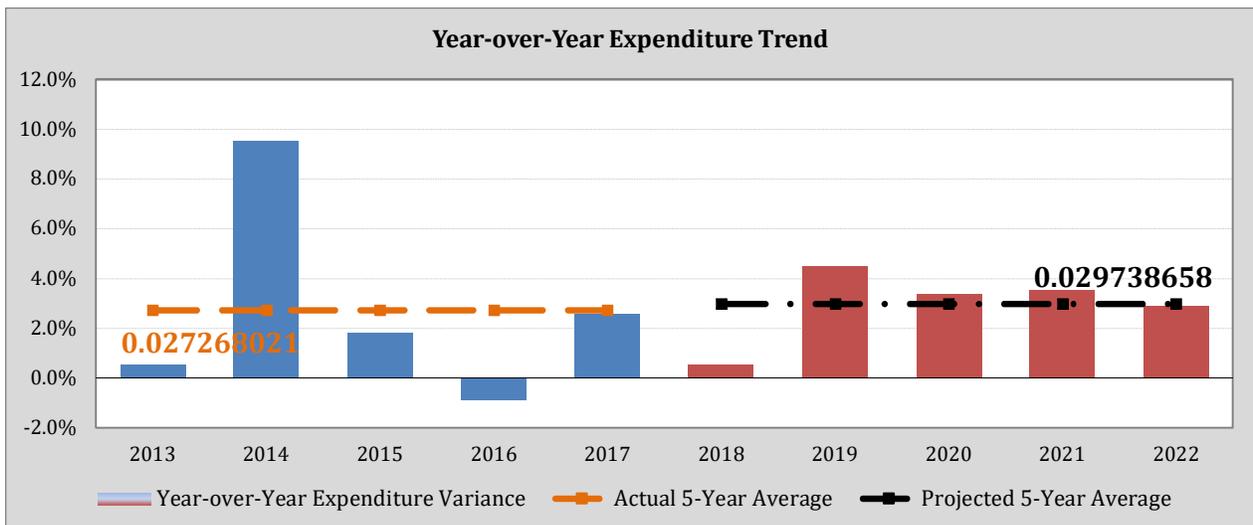


3.020 - Employees' Benefits

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

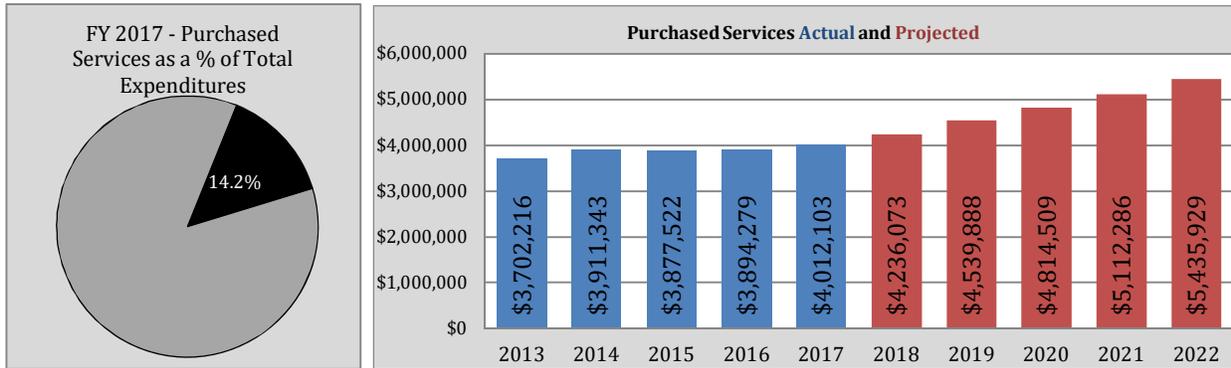


Employee Benefits represent 24% of the district's expenses. This line item includes retirement, worker's compensation, Medicare, unemployment, and all health insurance. During FY 18, there was a 5% increase in medical insurance and a 3% increase in dental insurance. For FY 19, there will be a 6% increase in medical insurance, a 4% increase in dental insurance, and a 3% increase in vision insurance. The district participates in the SOEPC (Southwest Ohio Educational Purchasing Cooperative) for insurance benefits. This co-op allows many school districts to pool their benefits to get a lower cost for insurance.

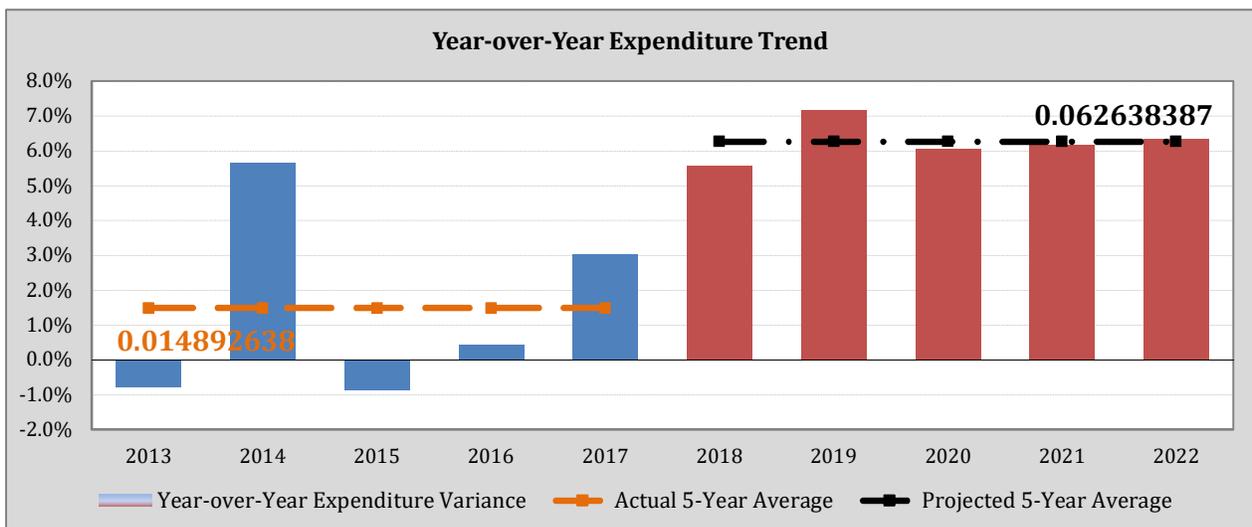


3.030 - Purchased Services

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 represents 14.2% of the district's expenses. This line item consists of the costs of open enrollment out, utilities, repairs, and other contracted services. The majority of the expenses derives from open enrollment out and tuition paid to community schools, including the STEM school in Springfield, and excess costs.

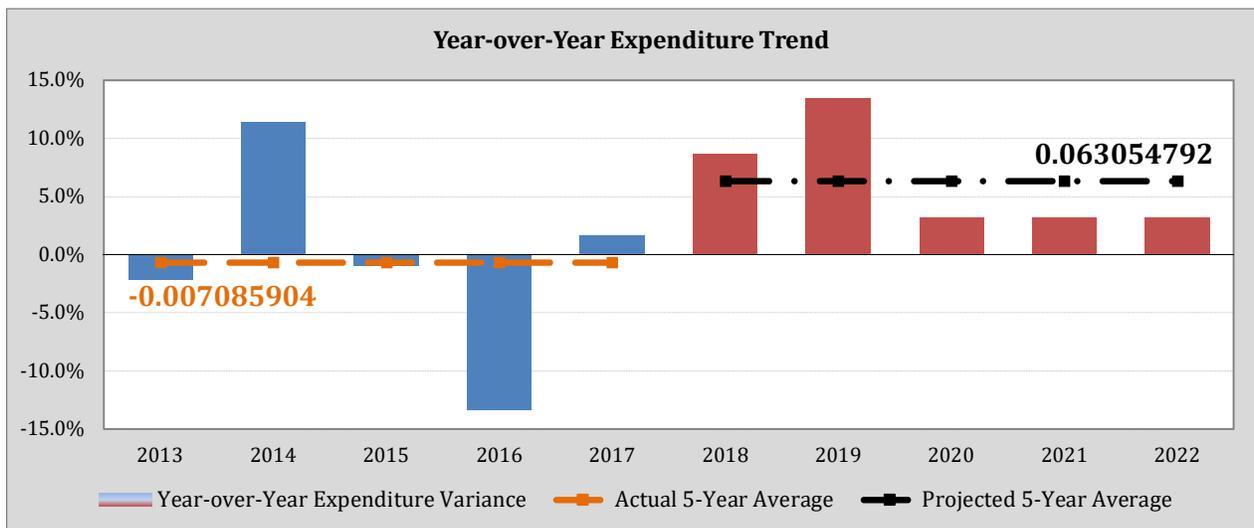


3.040 - Supplies & Materials

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

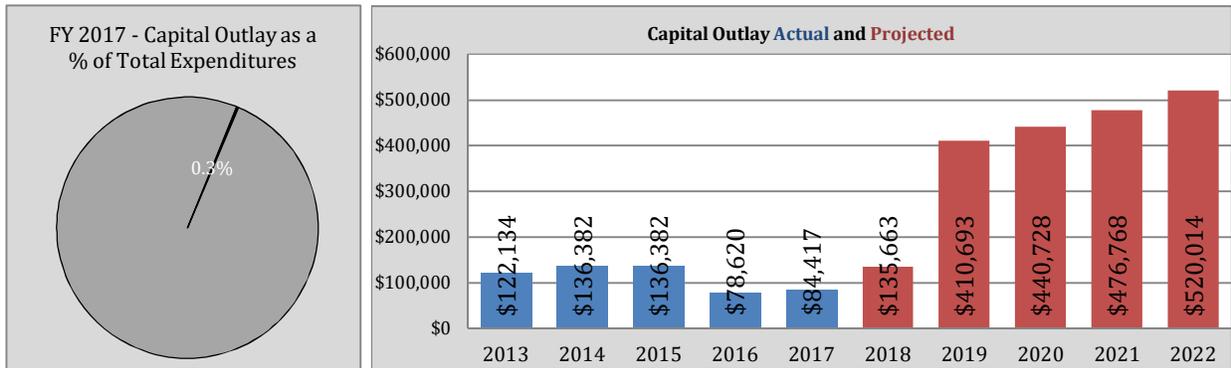


Supplies and Materials represents 3.3% of the district's expenses. This line item consists of general supplies, bus fuel, tires, and other maintenance supplies. The district is part of the SOEPC Co-op for supplies – which provides us discounts when purchasing. For FY 19 I have included \$100,000 for the purchase of a Social Studies curriculum that has been piloted in the district this year. Going forward I have projected a 3% increase each year for supplies.

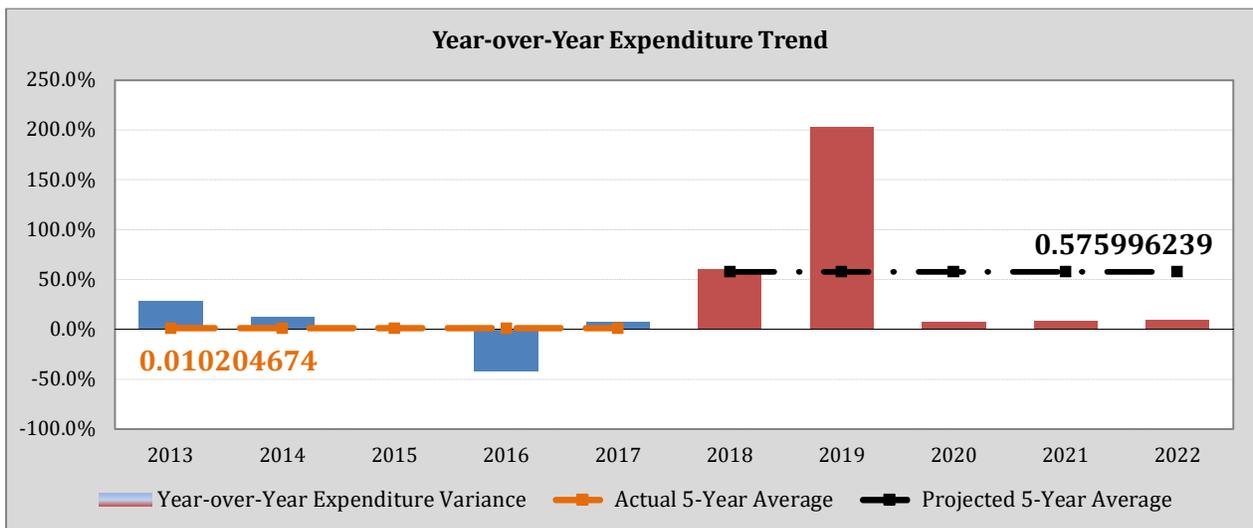


3.050 - Capital Outlay

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.

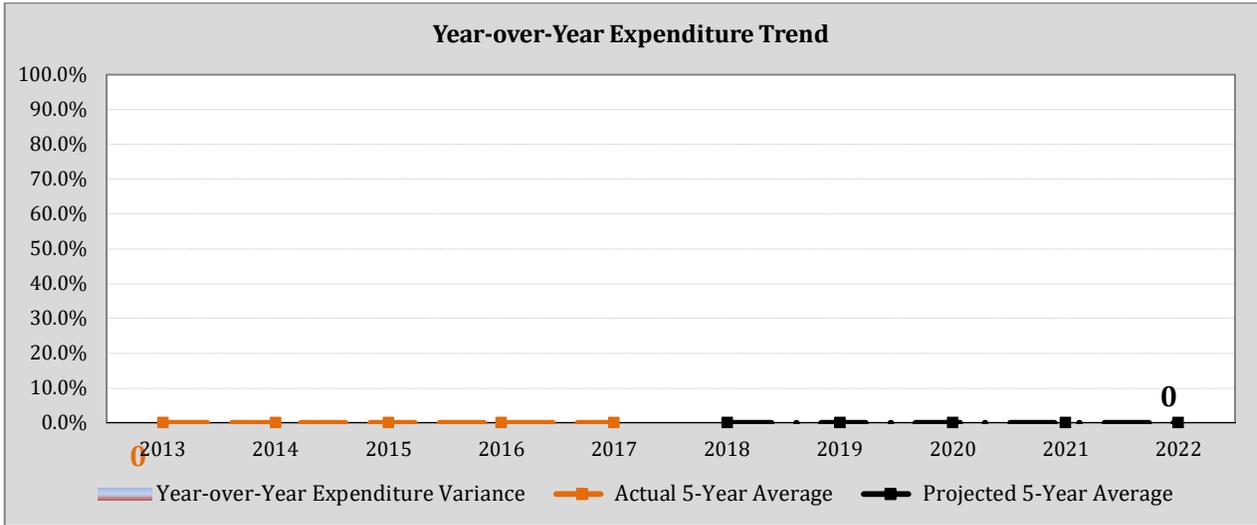
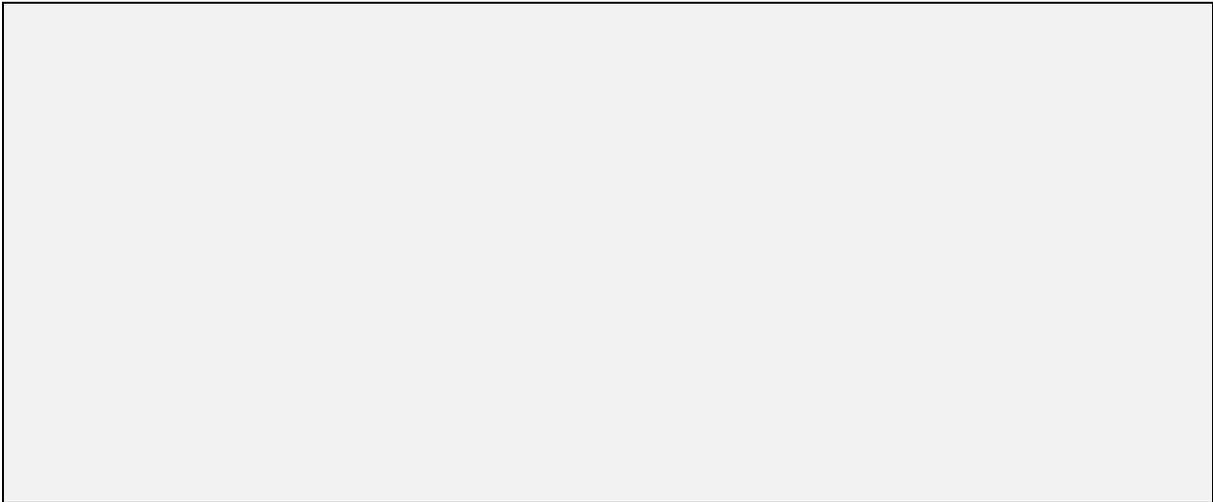
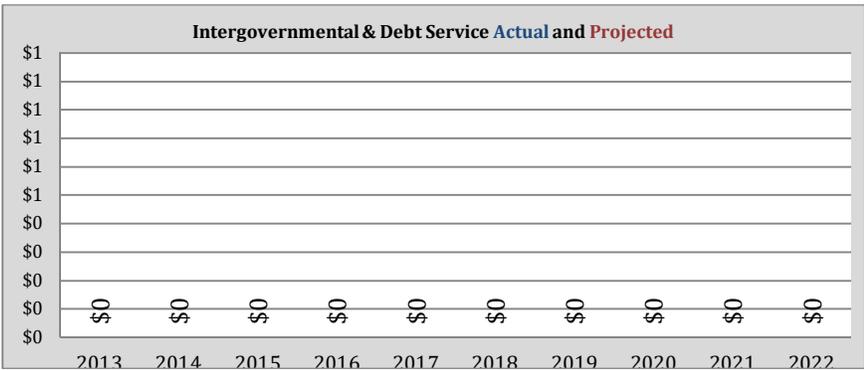
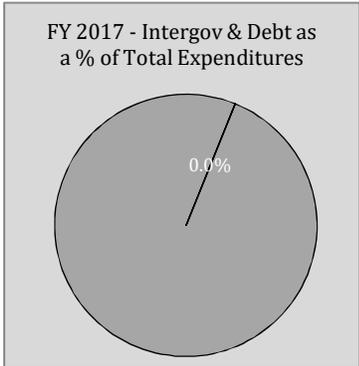


Capital Outlay represents less than one percent of the district's expenses currently. However, as mentioned earlier, the district is working towards a Capital Improvement Strategic Plan. With that in mind, I have budgeted \$250,000 for FY 19 – FY 22 for those expenses. These funds can be used for items that have at least a five-year life expectancy, such as busses, equipment, computers, etc.



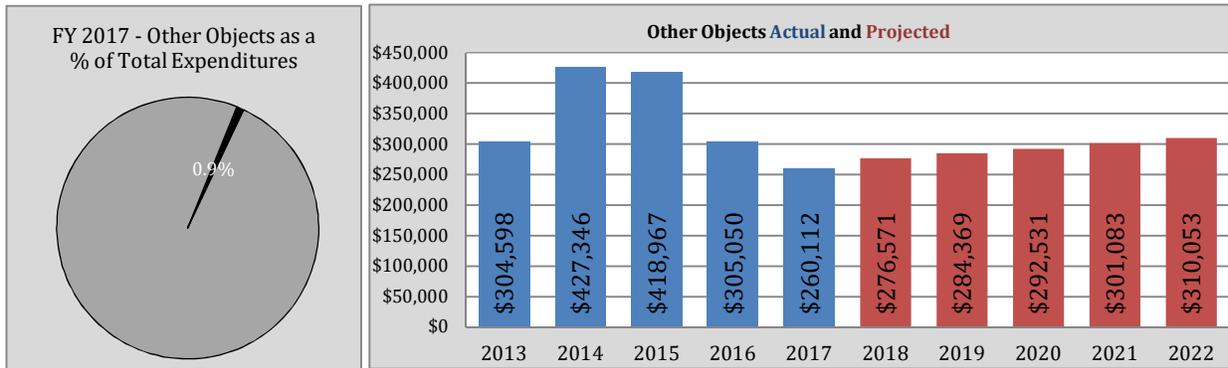
3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

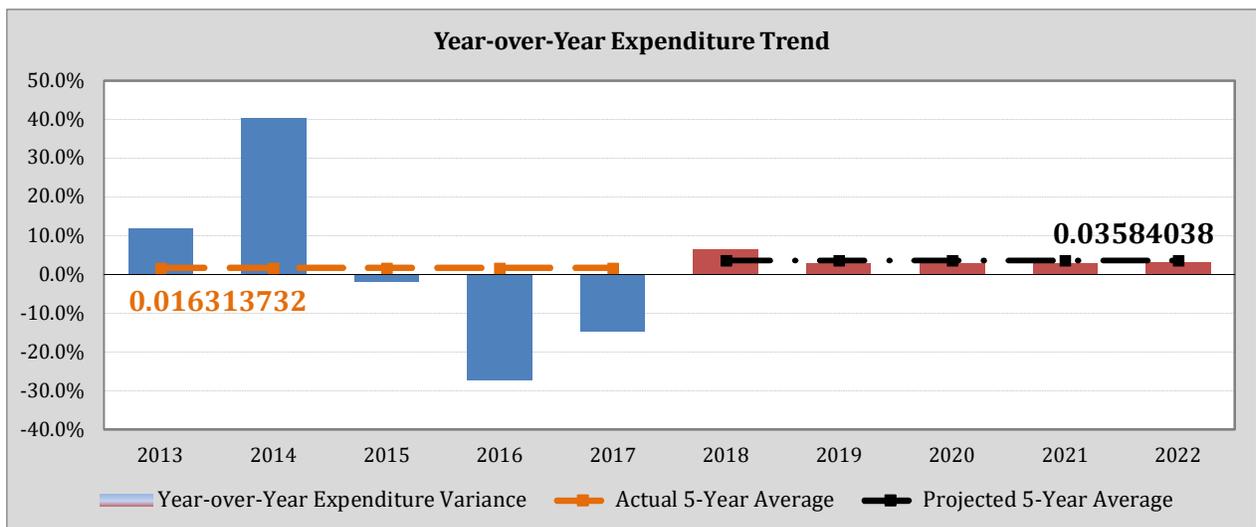


4.300 - Other Objects

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

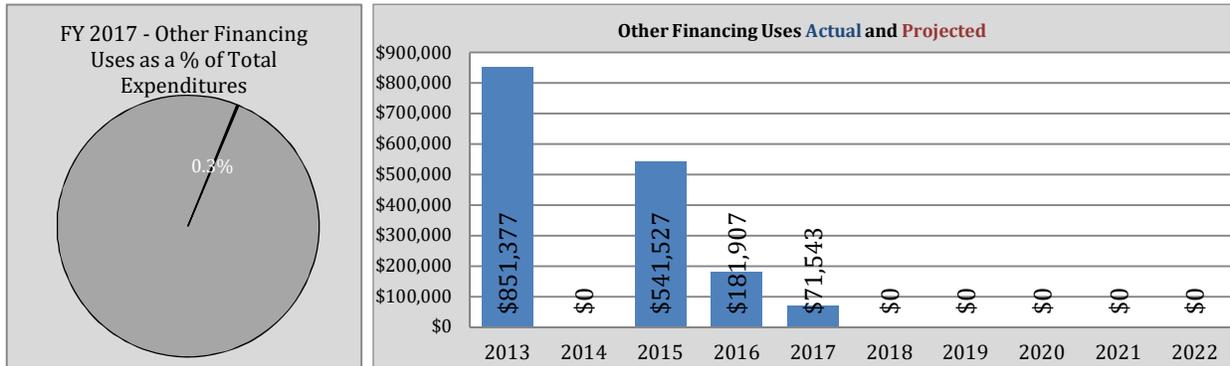


Other Objects represents less than one percent of the district's expenses. This line encompasses membership dues and fees, audit expenses, and auditor and treasurer fees. I am only predicting an increase of up to 3% each year in this category.

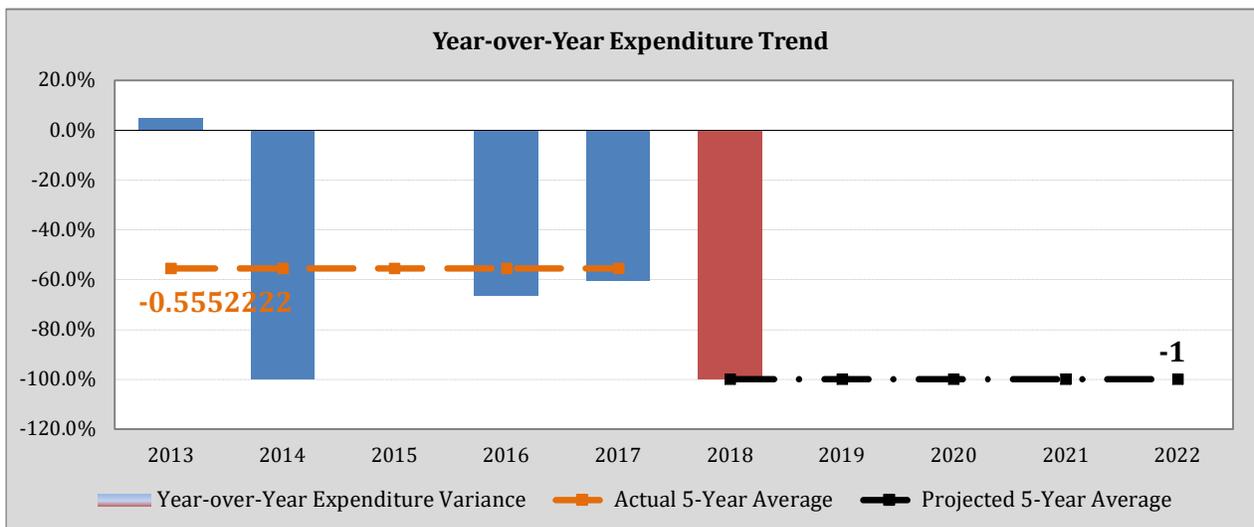


5.040 - Total Other Financing Uses

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



This area is for transfers out and advances to other funds. At the end of the fiscal year, the General Fund will advance money to the Federal Grant Funds because they will have a negative balance (reimbursable grants). This amount is unknown until year end. On July 1st, the funds will be advanced back to the General Fund.



Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2018

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
		Forecast Amounts For F.Y. 2018 Prepared on: 10/30/2017	Forecast Amounts For F.Y. 2018 Prepared on: 5/17/2018		
Revenue:					
1	Real Estate & Property Allocation	\$8,472,537	\$8,384,391	-\$88,146	-1.0%
2	Public Utility Personal Property	\$437,466	\$479,854	\$42,388	9.7%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$19,334,000	\$19,481,589	\$147,589	0.8%
5	Other Revenue	\$2,197,200	\$2,137,914	-\$59,286	-2.7%
6	Other Non Operating Revenue	\$0	\$190,000	\$190,000	n/a
7	Total Revenue	\$30,441,203	\$30,673,748	\$232,545	0.8%
Expenditures:					
8	Salaries	\$16,165,688	\$15,716,028	-\$449,660	-2.8%
9	Fringe Benefits	\$7,088,387	\$6,824,985	-\$263,402	-3.7%
10	Purchased Services	\$4,103,961	\$4,236,073	\$132,112	3.2%
11	Supplies, Debt, Capital Outlay & Other	\$1,316,280	\$1,411,799	\$95,519	7.3%
12	Other Non Operating Expenditures	\$0	\$0	\$0	n/a
13	Total Expenditures	\$28,674,316	\$28,188,885	-\$485,431	-1.7%
14	Revenue Over/(Under) Expenditures	\$1,766,887	\$2,484,863	\$717,976	2.5%*
15	Ending Cash Balance	\$10,369,988	\$11,087,964	\$717,976	2.5%*

*Percentage expressed in terms of total expenditures

Forecast compare looks at what was forecasted in October 2017 versus what is being forecasted in May 2018. Six month of actual data is now known that wasn't in October. As you can see, I am showing about a 2.6% increase in ending cash than what was previously predicted. Most of this can be contributed to the decrease in salaries and benefits due to the 27 pays from the previous year. This is a good tool to see how much data can change throughout the year.

Tecumseh Local School District

Fiscal Year:	Actual	FORECASTED				
	2017	2018	2019	2020	2021	2022
Revenue:						
1.010 - General Property Tax (Real Estate)	7,017,763	7,101,536	7,047,799	7,068,142	6,268,589	5,457,814
1.020 - Public Utility Personal Property	437,466	479,854	487,116	501,657	463,650	424,772
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	18,592,879	18,746,473	18,742,418	18,753,441	18,761,629	18,762,154
1.040 - Restricted Grants-in-Aid	865,568	735,115	725,944	714,922	706,734	706,209
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,352,720	1,282,855	1,269,332	1,265,706	1,100,743	938,671
1.060 - All Other Operating Revenues	2,097,749	2,137,914	2,151,074	2,164,940	2,179,251	2,193,879
1.070 - Total Revenue	30,364,145	30,483,748	30,423,684	30,468,808	29,480,595	28,483,500
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	181,907	150,000	150,000	150,000	150,000	150,000
2.060 - All Other Financing Sources	16,320	40,000	40,000	40,000	40,000	40,000
2.070 - Total Other Financing Sources	198,227	190,000	190,000	190,000	190,000	190,000
2.080 - Total Rev & Other Sources	30,562,372	30,673,748	30,613,684	30,658,808	29,670,595	28,673,500
Expenditures:						
3.010 - Personnel Services	16,158,394	15,716,028	16,872,331	17,647,032	18,478,732	19,134,473
3.020 - Employee Benefits	6,787,453	6,824,985	7,131,175	7,372,788	7,633,385	7,855,315
3.030 - Purchased Services	4,012,103	4,236,073	4,539,888	4,814,509	5,112,286	5,435,929
3.040 - Supplies and Materials	920,523	999,566	1,133,755	1,169,364	1,206,456	1,245,100
3.050 - Capital Outlay	84,417	135,663	410,693	440,728	476,768	520,014
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
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	260,112	276,571	284,369	292,531	301,083	310,053
4.500 - Total Expenditures	28,223,002	28,188,885	30,372,211	31,736,953	33,208,711	34,500,884
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	71,543	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	71,543	-	-	-	-	-
5.050 - Total Exp and Other Financing Uses	28,294,545	28,188,885	30,372,211	31,736,953	33,208,711	34,500,884
6.010 - Excess of Rev Over/(Under) Exp	2,267,827	2,484,863	241,472	(1,078,146)	(3,538,116)	(5,827,384)
7.010 - Cash Balance July 1 (No Levies)	6,335,274	8,603,101	11,087,964	11,329,437	10,251,291	6,713,176
7.020 - Cash Balance June 30 (No Levies)	8,603,101	11,087,964	11,329,437	10,251,291	6,713,176	885,792
8.010 - Estimated Encumbrances June 30	1,039,996	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
9.080 - Reservations Subtotal	544,596	544,596	544,596	544,596	544,596	544,596
10.010 - Fund Bal June 30 for Cert of App	7,018,509	9,443,368	9,684,841	8,606,695	5,068,580	(758,804)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	1,025,360	2,050,602
11.030 - Cumulative Balance of Levies	-	-	-	-	1,025,360	3,075,962
12.010 - Fund Bal June 30 for Cert of Obligations	7,018,509	9,443,368	9,684,841	8,606,695	6,093,940	2,317,158
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	7,018,509	9,443,368	9,684,841	8,606,695	6,093,940	2,317,158