

WEST MUSKINGUM LOCAL SCHOOL DISTRICT

Muskingum County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

| | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Average Change | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 |
|--|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | |
| 1.010 General Property Tax (Real Estate) | \$7,312,877 | \$7,618,258 | \$8,457,033 | 7.6% | \$7,943,488 | \$7,666,032 | \$6,543,163 | \$6,575,815 | \$6,634,512 |
| 1.020 Tangible Personal Property Tax | | 518 | | | | | | | |
| 1.030 Income Tax | | | | | | | | | |
| 1.035 Unrestricted State Grants-in-Aid | 5,399,823 | 5,300,258 | 5,267,804 | -1.2% | 5,282,044 | 5,265,044 | 5,265,044 | 5,365,044 | 5,415,044 |
| 1.040 Restricted State Grants-in-Aid | 377,267 | 374,079 | 424,802 | 6.4% | 431,009 | 431,009 | 431,009 | 431,009 | 431,009 |
| 1.045 Restricted Federal Grants-in-Aid | | | | | | | | | |
| 1.050 Property Tax Allocation | 1,179,024 | 1,207,018 | 1,002,255 | -7.3% | 915,832 | 888,427 | 800,000 | 805,000 | 815,000 |
| 1.060 All Other Revenues | 1,808,199 | 1,783,793 | 1,675,479 | -3.7% | 1,522,347 | 1,553,613 | 1,563,903 | 1,654,703 | 1,687,203 |
| 1.070 <i>Total Revenues</i> | 16,077,190 | 16,283,924 | 16,827,373 | 2.3% | 16,094,720 | 15,804,125 | 14,603,119 | 14,831,571 | 14,982,768 |
| Other Financing Sources | | | | | | | | | |
| 2.010 Proceeds from Sale of Notes | | | | | | | | | |
| 2.020 State Emergency Loans and Advancements (Approved) | | | | | | | | | |
| 2.040 Operating Transfers-In | | | | | 30,000 | | | | |
| 2.050 Advances-In | | | 150,000 | | 150,000 | | | | |
| 2.060 All Other Financing Sources | | 4,897 | 3,963 | | | | | | |
| 2.070 <i>Total Other Financing Sources</i> | | 4,897 | 153,963 | | 180,000 | | | | |
| 2.080 <i>Total Revenues and Other Financing Sources</i> | 16,077,190 | 16,288,821 | 16,981,336 | 2.8% | 16,274,720 | 15,804,125 | 14,603,119 | 14,831,571 | 14,982,768 |
| Expenditures | | | | | | | | | |
| 3.010 Personal Services | 6,757,264 | 7,032,024 | 7,275,227 | 3.8% | 7,148,051 | 7,141,327 | 7,090,256 | 7,104,830 | 7,190,885 |
| 3.020 Employees' Retirement/Insurance Benefits | 2,691,517 | 2,973,937 | 3,479,685 | 13.7% | 3,497,810 | 3,589,819 | 3,563,818 | 3,556,278 | 3,600,214 |
| 3.030 Purchased Services | 4,740,559 | 5,062,050 | 5,452,275 | 7.2% | 5,203,445 | 5,086,932 | 4,987,825 | 5,001,854 | 5,028,497 |
| 3.040 Supplies and Materials | 414,022 | 463,631 | 450,750 | 4.6% | 412,019 | 405,741 | 411,796 | 407,210 | 407,210 |
| 3.050 Capital Outlay | 163,767 | 202,148 | 200,414 | 11.3% | 25,000 | | | | |
| 3.060 Intergovernmental | | | | | | | | | |
| Debt Service: | | | | | | | | | |
| 4.010 Principal-All (Historical Only) | | | | | | | | | |
| 4.020 Principal-Notes | | | | | | | | | |
| 4.030 Principal-State Loans | | | | | | | | | |
| 4.040 Principal-State Advancements | | | | | | | | | |
| 4.050 Principal-HB 264 Loans | | | | | | | | | |
| 4.055 Principal-Other | 53,000 | 55,000 | 58,000 | 4.6% | 60,000 | 63,000 | 66,000 | 69,000 | 72,000 |
| 4.060 Interest and Fiscal Charges | 67,332 | 66,876 | 63,203 | -3.1% | 59,472 | 56,631 | 52,515 | 50,522 | 47,255 |
| 4.300 Other Objects | 258,331 | 231,106 | 239,145 | -3.5% | 259,000 | 245,000 | 232,000 | 185,000 | 185,000 |
| 4.500 <i>Total Expenditures</i> | 15,145,792 | 16,086,772 | 17,218,699 | 6.6% | 16,664,797 | 16,588,450 | 16,404,210 | 16,374,694 | 16,531,061 |
| Other Financing Uses | | | | | | | | | |
| 5.010 Operating Transfers-Out | 535,000 | 375,000 | 735,000 | 33.0% | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| 5.020 Advances-Out | | | 30,000 | | | | | | |
| 5.030 All Other Financing Uses | | | | | | | | | |
| 5.040 <i>Total Other Financing Uses</i> | 535,000 | 375,000 | 765,000 | 37.0% | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| 5.050 <i>Total Expenditures and Other Financing Uses</i> | 15,680,792 | 16,461,772 | 17,983,699 | 7.1% | 16,699,797 | 16,623,450 | 16,439,210 | 16,409,694 | 16,566,061 |
| 6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i> | 396,398 | 172,951- | 1,002,363- | 168.0% | 425,077- | 819,325- | 1,836,091- | 1,578,123- | 1,583,293- |

| | | | | | | | | | | |
|--------|--|-----------|-----------|-----------|--------|---------|----------|------------|------------|------------|
| 7.010 | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 1,688,539 | 2,084,937 | 1,911,986 | 7.6% | 909,623 | 484,546 | 334,779- | 2,170,870- | 3,748,993- |
| 7.020 | Cash Balance June 30 | 2,084,937 | 1,911,986 | 909,623 | -30.4% | 484,546 | 334,779- | 2,170,870- | 3,748,993- | 5,332,286- |
| 8.010 | Estimated Encumbrances June 30 | 456,567 | 534,618 | 382,370 | -5.7% | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| | Reservation of Fund Balance | | | | | | | | | |
| 9.010 | Textbooks and Instructional Materials | | | | | | | | | |
| 9.020 | Capital Improvements | | | | | | | | | |
| 9.030 | Budget Reserve | | | | | | | | | |
| 9.040 | DPIA | | | | | | | | | |
| 9.045 | Fiscal Stabilization | | | | | | | | | |
| 9.050 | Debt Service | | | | | | | | | |
| 9.060 | Property Tax Advances | | | | | | | | | |
| 9.070 | Bus Purchases | | | | | | | | | |
| 9.080 | Subtotal | | | | | | | | | |
| 10.010 | Fund Balance June 30 for Certification of Appropriations | 1,628,370 | 1,377,368 | 527,253 | -38.6% | 234,546 | 584,779- | 2,420,870- | 3,998,993- | 5,582,286- |
| | Revenue from Replacement/Renewal Levies | | | | | | | | | |
| 11.010 | Income Tax - Renewal | | | | | | | | | |
| 11.020 | Property Tax - Renewal or Replacement | | | | | | 888,871 | 1,777,741 | 1,777,741 | 1,777,741 |
| 11.300 | Cumulative Balance of Replacement/Renewal Levies | | | | | | 888,871 | 2,666,612 | 4,444,353 | 6,222,094 |
| 12.010 | Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations | 1,628,370 | 1,377,368 | 527,253 | -38.6% | 234,546 | 304,092 | 245,742 | 445,360 | 639,808 |
| | Revenue from New Levies | | | | | | | | | |
| 13.010 | Income Tax - New | | | | | | | | | |
| 13.020 | Property Tax - New | | | | | | | | | |
| 13.030 | Cumulative Balance of New Levies | | | | | | | | | |
| 14.010 | Revenue from Future State Advancements | | | | | | | | | |
| 15.010 | Unreserved Fund Balance June 30 | 1,628,370 | 1,377,368 | 527,253 | -38.6% | 234,546 | 304,092 | 245,742 | 445,360 | 639,808 |

See accompanying summary of significant forecast assumptions and accounting policies

West Muskingum Schools

Five-Year Forecast Assumptions and Notes

For the Period July 1, 2017 Through June 30, 2022

Overview

The five-year forecast is a document that reflects three years of history and five years of estimates. It is a working document that changes as updated information becomes available or when any of the underlying assumptions significantly change. Forecasts by nature are not designed to be precise, but are rather a tool to provide information to assist the District in its planning.

The Ohio Legislature advances the concept that the funding of our schools should be a state and local partnership. State and local funds are combined to fulfill the educational needs of our students. The ratio of state to local support is based upon demographics and community socioeconomic factors used in the calculation of the state funding formula. As a result of the diverse geographic population which exists within the West Muskingum Local School District, the state funding formula calculation dictates a heavy reliance on local funding from our taxpayer base.

The West Muskingum Local School District is located on one campus and includes the West Muskingum High School, West Muskingum Middle School and West Muskingum Elementary School. The elementary school is a new PreK-4 facility which opened for the school year 2016-2017. The new West Muskingum Elementary School building finalized an Ohio Facilities Construction Commission (OFCC) Master Plan building project which began in 2003 and included a new high school, renovation of a middle school and the final stage being the new elementary facility. Local dollars, including a bond initiative was used for the previously completed high school and middle school renovation. State of Ohio funding was used to construct the new elementary school.

West Muskingum School District offers an excellent educational opportunity. The Board of Education continuously monitors the financial condition of the District and strives to make the best decisions for students in the face of an ever changing future.

----Revenues----

General Property Tax (Real Estate) Line 1.01

The District receives real estate taxes from Muskingum and Licking Counties. Real Estate taxes forecasted for FY 2018 through FY 2022 are based on 100% collection rate, rather than the 96% rate that the County Auditor certifies. Estimates are projected to remain stagnant throughout the forecast period to include the 2018 reappraisal, collection in 2019, with the exception of increases as a result of new construction and abated properties becoming taxable.

The West Muskingum Local School District taxpayers approved a 5.9 mill, Five Year, Emergency Levy on Election Day, May 7, 2013, collections to begin in fiscal year 2014. During FY 2014 one half year of revenues were received. For FY 2015 through 2018, the levy will generate an

estimated \$1,777,741 annually, less estimated delinquencies. In FY 2019 the District will receive the final half year allocation of levy proceeds in the amount of \$888,871. Total proceeds to the District over the time period of the levy are \$8,888,706, less delinquencies. The passage of the emergency levy and the corresponding revenue receipts, allowed West Muskingum Local School District to maintain current programs and services.

The five year forecast as presented is reflective of initial Board of Education discussions regarding a May 2018 ballot issue requesting voter approval on an emergency levy renewal for the expiring 5.9 mill, 5 year emergency levy. See line 11.02 and corresponding line 12.01 reflecting new levy proceeds.

State Funding Lines 1.035, 1.040, and 1.045

State funding for schools is set every two years as part of the State of Ohio biennial budget. The FY2018 State of Ohio Budget, HB 49 set the educational per pupil funding for FY 2018 at \$6,010 per pupil. The educational funding formula results in a state share index (SSI) of 31.6% for the West Muskingum Local School District. The state share index (SSI) simultaneously takes into account the property wealth and the income of the residents of the district.

West Muskingum Local School District is currently on the Transitional Aid Guarantee which ensures districts the same state funding level received in FY 2015 during FY 2018. The guarantee allocation reflects 14.4% of total state funding or \$762,619. In order for the district to recover the loss of transitional aid guarantee funding from the state foundation formula, without experiencing cuts to current programs and services, a local funding initiative would be required which would equate to 2.4 mills in local revenue.

The basic average daily membership (ADM) funding continues to be based on student residency with open enrollment calculations being separately maintained and calculated.

Property Tax Allocation Line 1.050

Property tax allocations reflected in line 1.050 include Rollback, Homestead Exemption and tangible personal property reimbursements by the State of Ohio.

Tangible Personal Property (TPP) – Based upon the last several biennial budgets in relationship to TPP, West Muskingum Local School District experienced declining revenues for the period 2015-2017; however experienced 100% loss of revenues in FY 2018 and future discontinuation.

Other Revenues

The largest revenue source in Other Revenues, line 1.060, is open enrollment students coming into the district. In FY 2018, open enrollment students-in is estimated to be \$1,300,000. Other revenue sources in this line item include, e-rate reimbursements, interest on bank deposits, tuition, revenue in lieu of taxes from enterprise zone agreements, and other miscellaneous receipts. Based upon the phase-out of e-rate eligible reimbursements as well as the expiration of the Time Warner enterprise zone agreement, there are reductions estimated in the other revenue line item throughout the forecast period.

---Expenditures---

West Muskingum per pupil expenditure for FY 2016 was \$9,371; comparable districts per pupil expenditure \$10,127 and State of Ohio per pupil expenditure \$11,164.

Enrollment is the primary component of school funding. Enrollment patterns and trends must be monitored and evaluated when determining expenditure estimates and appropriate resource allocations. Based upon declining revenues throughout the forecast period, the district will be required to allocate resources in the most effective and efficient manner while still maintaining high academic standards. In order to align the forecasted expenditures to the available revenues, expenditure reduction assumptions have been made throughout the forecast period.

Levy proceeds from the FY 2014 emergency levy have been used to maintain expenditures in current programs in addition to expanding and restoring programs and services in the following areas; Technology, Class Size, Advanced Instructional Programs, Staff Retention and Instructional materials where it is financially feasible.

Salaries

Based upon the Master Agreement between the West Muskingum Local School District Board of Education and the West Muskingum Education Association, effective July 1, 2016 the base salary shall increase by 2.5%, for the 2016-2017 school year; 1.5% for the 2017-2018 school year; and 2.0% for the 2018-2019, plus step increases.

Based upon the Master Agreement between West Muskingum Local School District Board of Education and the West Muskingum Support Association effective July 1, 2016, all hourly rates shall increase by forty five cents (.45) for the 2016-2017 school year; thirty five cents (.35) for the 2017-2018 school year and thirty five cents (.35) for the 2018-2019 school year.

WMEA and WMSA contracts expire June 30, 2019.

Benefits Line 3.02

For FY 2017, benefits are estimated based on the staff employed as reflected in Line 3.01 and the benefits to which they are entitled. These benefits include STRS and SERS retirement, medical, dental, vision and life insurance, workers' compensation, and Medicare.

West Muskingum Schools operates a self-funded insurance plan that also utilizes a PPO. An active insurance committee exists within the District and they have worked diligently to keep insurance costs under control. West Muskingum experienced significant increases to health insurance premiums during FY16 and FY17 due to high employee and dependent claims. In addition, the Board of Education was required to transfer \$700,000 from the general fund to the self-insurance fund to maintain actuarially required balances. The Board of Education approved a 12% increase to medical/Rx premiums effective July 1, 2017.

West Muskingum Education Association, certified employees contribute 10% of a single premium and 20% of a family premium.

West Muskingum Support Association full time employees contribute 5.0% for a single premium and 11% for a family premium. Employees working a minimum of 4 hours per day but under 6 hours per day contribute 5.0% for a single premium and 20% for a family premium.

Estimated increases in health insurance premiums are estimated for FY 2019 through FY 2022. Significantly increased healthcare costs have been experienced based upon increased claims expense for insured lives under the West Muskingum group plan, as well as the impact of the recently enacted Affordable Care Act health care legislation.

Purchased Services Line 3.03

Purchased services include, among other things, service agreements, utilities, building repairs and maintenance, bus repairs and maintenance, copier leases, meeting and mileage expenses, technology services and site licenses, special education tuition and services. The most significant cost to purchased services is the student residency open enrollment and community school deductions.

Open enrollment students leaving the district are estimated to be 287 or \$1,724,870. Community School students being educated elsewhere are currently reported at 71 students estimated at \$558,000.

Materials and Supplies Line 3.04

Materials and supplies are approximately 2.5% of total expenditures. This line item includes instructional supplies, textbooks, online instructional curriculums, bus fuel, and maintenance supplies. The cost of fuel is approximately 24% of total FY 2018 materials and supplies.

Capital Outlay Line 3.05

Capital outlay is a relatively small part of the District's budget. Bus replacement needs are consistently reviewed and updated annually. For FY 2018 through FY 2022, one school bus purchase per year has been budgeted from the permanent improvement fund, therefore not reflected as an expense on the five year forecast. The need to replace the current bus fleet at one per year, is justified based upon the current fleet mileage and overall age.

Debt Service Payments Line 4.055 and 4.060

In July of 2005, the District entered into a lease-purchase financing agreement with the OASBO Expanded Asset Pooled Financing Program in order to complete the renovation and expansion of the middle school. The lease-purchase financing agreement is for \$1.8 million and is for a 27 year period from August, 2005 thru July, 2032. Debt service payments are known with certainty and payments have been made timely.

Other Expenditures Line 4.5

Other expenditures include, but are not limited to, fees paid to the county auditor and treasurer to collect the District's property taxes, membership fees and the cost of the annual audit.