

South Euclid-Lyndhurst City Schools  
 Cuyahoga County  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE HISTORICAL FISCAL YEARS ENDED JUNE 30, 2015, 2016 & 2017  
 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2018 THROUGH 2022

Line Number	Fiscal Year 2015 ACTUAL	Fiscal Year 2016 ACTUAL	Fiscal Year 2017 ACTUAL	Ave. Annual CHANGE	Fiscal Year 2018 FORECAST	Fiscal Year 2019 FORECAST	Fiscal Year 2020 FORECAST	Fiscal Year 2021 FORECAST	Fiscal Year 2022 FORECAST
<b>Revenue:</b>									
1.01 General Property (Real Estate)	41,751,670	42,246,997	41,554,579	-0.23%	40,592,000	40,342,000	40,342,000	40,342,000	40,342,000
1.02 Tangible Personal Property Tax	0	0	0	0.00%	0	0	0	0	0
1.03 Income Tax	0	0	0	0.00%	0	0	0	0	0
1.035 Unrestricted Grants-In-Aid (All 3100's except 3130)	7,120,097	7,886,219	8,162,407	7.13%	8,115,000	8,115,000	8,115,000	8,115,000	8,115,000
1.04 Restricted Grants-In-Aid (All 3200's)	952,971	783,691	956,151	2.12%	930,000	930,000	930,000	930,000	930,000
1.045 Restricted Federal Grants-In-Aid - SFSF (4220)	0	0	0	0.00%	0	0	0	0	0
1.05 Property Tax Allocation (3130)	6,125,574	6,044,898	5,983,129	-1.17%	5,938,000	5,903,000	5,903,000	5,903,000	5,903,000
1.06 All Other Rev except 1931,1933,1940,1950,5100 & 5200	3,345,636	3,118,921	2,233,625	-17.58%	2,624,000	2,070,000	2,035,000	2,025,000	2,015,000
1.07 Total Revenue	59,295,948	60,080,726	58,889,891	-0.33%	58,199,000	57,360,000	57,325,000	57,315,000	57,305,000
<b>Other Financing Sources</b>									
2.01 Proceeds From Sale of Notes (1940)	0	0	0	0.00%	0	0	0	0	0
2.02 State Emergency Loans & Advancements (Approved - 1950)	0	0	0	0.00%	0	0	0	0	0
2.04 Operational Transfers-In (5100's)	150,000	164,000	195,000	14.12%	0	0	0	0	0
2.05 Advances-in (5200's)	18,000	27,000	24,000	19.44%	325,000	20,000	20,000	20,000	20,000
2.06 All Other Financing Sources ( 1931 & 1933)	467,195	516,091	378,051	-8.14%	26,000	25,000	25,000	25,000	25,000
2.07 Total Other Financing Sources	635,195	707,091	597,051	-2.12%	351,000	45,000	45,000	45,000	45,000
2.08 Total Revenues and Other Financing Sources	59,931,143	60,787,817	59,486,942	-0.36%	58,550,000	57,405,000	57,370,000	57,360,000	57,350,000
<b>Expenditures:</b>									
3.01 Personnel Services	32,236,272	32,471,437	32,414,689	0.28%	33,055,000	33,716,100	34,390,422	35,078,230	35,779,795
3.02 Employees' Retirement/Insurance Benefits	13,337,806	12,367,188	12,382,162	-3.58%	13,125,000	14,568,750	16,171,313	17,950,157	19,924,674
3.03 Purchased Services	9,044,785	8,678,094	9,199,420	0.98%	10,027,000	9,700,000	9,700,000	9,700,000	9,700,000
3.04 Supplies and Materials	1,570,814	2,051,643	2,269,500	20.61%	2,165,000	2,000,000	2,000,000	2,000,000	2,000,000
3.05 Capital Outlay	539,485	851,141	453,407	5.52%	295,000	250,000	100,000	100,000	100,000
3.06 Intergovernmental (7600 and 7700 Functions)	0	0	0	0.00%	0	0	0	0	0
<b>Debt Service:</b>									
4.01 All Principal - (Historical Only)	0	0	0	0.00%	0	0	0	0	0
4.02 Principal-Notes	0	0	0	0.00%	0	0	0	0	0
4.03 Principal-State Loans	0	0	0	0.00%	0	0	0	0	0
4.04 Principal-State Advancements	0	0	0	0.00%	0	0	0	0	0
4.05 Principal-HB 264 Loans	0	0	0	0.00%	0	0	0	0	0
4.055 Principal other	0	0	0	0.00%	0	0	0	0	0
4.06 Interest and Fiscal Charges	0	0	0	0.00%	0	0	0	0	0
4.3 Other Objects	1,050,566	1,079,241	1,070,304	0.95%	1,113,000	1,200,000	1,200,000	1,200,000	1,200,000
4.5 Total Expenditures	57,779,728	57,498,744	57,789,482	0.01%	59,780,000	61,434,850	63,561,735	66,028,387	68,704,469
<b>Other Financing Uses</b>									
5.01 Operational Transfers-Out	803,020	1,350,000	1,100,000	24.80%	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
5.02 Advances-Out	27,000	24,000	325,000	621.53%	20,000	20,000	20,000	20,000	20,000
5.03 All Other Financing Uses	0	0	0	0.00%	0	0	0	0	0
5.04 Total Other Financing Uses	830,020	1,374,000	1,425,000	34.62%	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
5.05 Total Expenditures and Other Financing Uses	58,609,748	58,872,744	59,214,482	0.51%	60,900,000	62,554,850	64,681,735	67,148,387	69,824,469
<b>Excess Of Revenues and Other Financing Sources over(under) Expenditures and Other Financing Uses</b>									
6.01 Other Financing Uses	1,321,395	1,915,073	272,460	-20.42%	-2,350,000	-5,149,850	-7,311,735	-9,788,387	-12,474,469
<b>Cash Balance July 1 - Excluding Proposal Renewal/ Replacement and New Levies</b>									
7.01	13,452,333	14,773,728	16,688,801	11.39%	16,961,261	14,611,261	9,461,411	2,149,677	-7,638,711
7.02 Cash Balance June 30	14,773,728	16,688,801	16,961,261	7.30%	14,611,261	9,461,411	2,149,677	-7,638,711	-20,113,180
8.01 Estimated Encumbrances June 30	696,973	491,883	606,583	-3.05%	600,000	600,000	600,000	600,000	600,000

Reservation of Fund Balance:										
9.01	Textbook and Instructional Materials	0	0	0	0.00%	0	0	0	0	0
9.02	Capital Improvements	0	0	0	0.00%	0	0	0	0	0
9.03	Budget Reserve	0	0	0	0.00%	0	0	0	0	0
9.04	DPIA	0	0	0	0.00%	0	0	0	0	0
9.045	SFSF	0	0	0	0.00%	0	0	0	0	0
9.05	Debt Service	0	0	0	0.00%	0	0	0	0	0
9.06	Property Tax Advances	0	0	0	0.00%	0	0	0	0	0
9.07	Bus Purchases	0	0	0	0.00%	0	0	0	0	0
9.08	Subtotal	0	0	0	0.00%	0	0	0	0	0
Fund Balance June 30 For Certification										
10.01	of Appropriations	14,076,755	16,196,918	16,354,678	8.02%	14,011,261	8,861,411	1,549,677	-8,238,711	-20,713,180
Revenue from Replacement / Renewal Levies:										
11.01	Income Tax - Renewal	0	0	0	0.00%	0	0	0	0	0
11.02	Property Tax - Renewal or Replacement	0	0	0	0.00%	0	0	0	0	0
11.3	Cumulative Balance of Renewal / Replacement Levies	0	0	0	0.00%	0	0	0	0	0
Fund Balance June 30 For Certificates of Contracts, Salary Schedules, and Other Obligations										
12.01		14,076,755	16,196,918	16,354,678	8.02%	14,011,261	8,861,411	1,549,677	-8,238,711	-20,713,180
Revenue from New Levies:										
13.01	Income Tax - New	0	0	0	0.00%	0	0	0	0	0
13.02	Property Tax - New	0	0	0	0.00%	0	0	0	0	0
13.03	Cumulative Balance of New Levies	0	0	0	0.00%	0	0	0	0	0
14.01	Revenue from Future State Advancements	0	0	0	0.00%	0	0	0	0	0
15.01	Unreserved Fund Balance June 30	14,076,755	16,196,918	16,354,678	8.02%	14,011,261	8,861,411	1,549,677	-8,238,711	-20,713,180
20.01	Kindergarten - October Count					250	240	230	220	210
20.015	Grades 1-12 - October Count					3,150	3,125	3,100	3,050	3,000
21.01	Personal Services SFSF	0	0	0	0.00%	0	0	0	0	0
21.02	Employees Retirement/Insurance Benefits SFSF	0	0	0	0.00%	0	0	0	0	0
21.03	Purchased Services SFSF	0	0	0	0.00%	0	0	0	0	0
21.04	Supplies and Materials SFSF	0	0	0	0.00%	0	0	0	0	0
21.05	Capital Outlay SFSF	0	0	0	0.00%	0	0	0	0	0
21.06	Total Expenditures - SFSF	0	0	0		0	0	0	0	0

See accompanying summary of significant forecast Assumptions and accounting policies.

Includes: General Fund, Emergency Levy Fund, SDFSF, PBA fund, and any portion of debt service fund related to general fund debt.

**South Euclid-Lyndhurst City School District**  
**Cuyahoga County**  
**Five-Year Forecast Assumptions**  
**Fiscal Year 2018-2022**

The following assumptions are an integral part of the 5-Year financial forecast and are provided to assist the reader in understanding the basis and determination of the figures presented in the 5-Year financial forecast. For the most part, the 5-Year financial forecast reflects conservative estimates of revenue and expenditure expectations for the five-year period beginning July 1, 2017 and ending June 30, 2022. The five-year forecast is designed to assist management in making well informed decisions regarding educational programming while recognizing the financial impact of such decisions. Unfortunately, given the financial climate and the unforeseen financial and economic variables that often exist within school districts in Cuyahoga County, the 5-Year forecast tends to be a “moving target”. With that said, the reader should be cognizant of the fact that the 5-Year forecast is only as accurate as the information that was available at the time it was prepared. Thus, one should not place a high level of reliance on the accuracy of the forecasted figures beyond the first couple years.

**REVENUE ASSUMPTIONS**

**Line 1.01 – General Property Tax - Real Estate (69%)**

**Fiscal Year 2018**

This line represents the expected tax collections on residential properties, commercial and industrial properties and public utilities on the majority of properties located in the City of South Euclid, all of properties located in the City of Lyndhurst and a small portion of properties located in the City of Richmond Heights. Because taxes are the largest revenue item in the General Fund (about 70% of the General Fund’s yearly estimated revenue), a significant amount of time is dedicated to analyzing data provided by the County Auditor’s Office and to analyzing historical trends and data maintained by the district as well as current economic conditions that exist within our district boundaries with respect to property values and tax collection rates.

The estimate for fiscal year 2018 is \$40,592,000 for all general property taxes. This amount is approximately \$1,000,000 less than what was actually received in fiscal year 2017. Key factors in arriving at the estimate for fiscal year 2018 are overall tax collection rates related to real estate, commercial and public utility properties over the past few years, delinquent taxes received over the past few years and the anticipation of refunds of taxes already paid.

In FY 17, the district received just over \$1.4 million in delinquent tax collections. Fiscal prudence suggests that one should not expect or plan for delinquent tax collections in any given year; however, since fiscal year 2012, the district has received no less than \$1.187 million. Based on that fact, an estimate of just under \$1 million has been included for fiscal year 2018.

The County Board of Revision granted a large tax complaint decrease for the Richmond Mall and for the Hilltop Plaza for tax year 2016. Since taxes have already been paid to the district, it is anticipated

that approximately \$600,000 will be refunded, proportionally, to the Richmond Mall and Hilltop Plaza from total taxes collected during this fiscal year.

**Fiscal Years 2019-2022**

The 5-Year forecast reflects a decrease of \$250,000 in FY 2019 from the FY 2018 estimate. This decrease is anticipated as a result of the reappraisal of all properties in Cuyahoga County in calendar year 2018. The estimate for FY 2020-2022 is the same as FY 2019.

**Line 1.035 – Unrestricted Grants-in-Aid (14%)**

**Fiscal Year 2018**

This line represents the expected revenue from the State Foundation Program and revenue generated from the Ohio Casino Tax (imposed in fiscal year 2013). According to initial reports from the Ohio Department of Education, the school district is expected to receive approximately \$8 million from the State Foundation Program. This amount is almost exactly what the district received last fiscal year. The district’s estimate for fiscal year 2018 is \$7,950,000 from the State Foundation Program.

Last fiscal year the district received just over \$173,000 from the Casino Tax and based on the fact that this revenue source has declined each year since it was imposed, the estimate for this fiscal year is \$165,000.

The estimate for unrestricted grants-in-aid in total for fiscal year 2018 is \$8,115,000.

**Fiscal Years 2019-2022**

For these fiscal years, the 5-Year forecast reflects no increase or decrease from what is expected to be received in fiscal year 2018.

**Line 1.04 – Restricted Grants-in-Aid ( 2%)**

**Fiscal Year 2018**

This line represents the expected revenue from the Ohio Department of Education for Catastrophic Special Education Reimbursement, Economically Disadvantaged Funding and Career Tech Funding. The estimate for this revenue line account is \$930,000 for fiscal year 2018. Below are the amounts received last fiscal year and the estimates for this fiscal year:

	<u>FY 17</u>	<u>FY 18</u>
Catastrophic Special Education Reimbursement	\$ 91,516	\$ 75,000
Economically Disadvantaged Funding	\$779,690	\$775,000
Career Tech Funding	<u>\$ 84,946</u>	<u>\$ 80,000</u>
Total	\$956,152	\$930,000

**Fiscal Years 2019-2022**

For these fiscal years, the 5-Year forecast reflects no increase or decrease from what is expected to be received in fiscal year 2018.

## **Line 1.05 – Property Tax Allocation (10%)**

### **Fiscal Year 2018**

This line represents the expected revenue from the State of Ohio for Homestead and Rollback reimbursements. The State of Ohio contributes 10% of the real estate taxes for homeowners in the State of Ohio. The State of Ohio also contributes 2.5% of the real estate taxes for owner occupied homes in the State of Ohio. Finally, the State of Ohio contributes a portion of real estate taxes for qualified senior or disabled citizens, regardless of income, on the dwelling that is the individual's principal place of residence. This portion of taxes paid by the State of Ohio directly to school districts is known as the Homestead Exemption.

The estimate for fiscal year 2018 is \$5,938,000, which is approximately \$45,000 less than what the district received in fiscal year 2017. This particular revenue source has been on the decline since 2012. In FY 13, the district received just under \$6.2 million and has declined to about \$5,983,000 in FY 17, which is a decline of about \$217,000 over 4 years.

### **Fiscal Years 2019-2022**

The 5-Year forecast reflects a decrease of \$35,000 in FY 19 from the estimate of FY 2018. For FY 2020-2022, there is no increase or decrease from what is expected to be received in fiscal year 2019.

## **Line 1.06 – All Other Revenue (4%)**

### **Fiscal Year 2018**

This line represents the other local revenue that is received by the school district and is estimated to be \$2,624,000 for FY 2018. Below are the revenue sources, the FY 18 estimate and the FY 17 actual amount received.

<u>Source</u>	<u>2018 Estimate</u>	<u>2017 Actual</u>
Tuitions from all sources	\$2,072,000	\$1,094,415
Interest Earnings	\$ 240,000	\$ 237,490
Pay to Participate Fees	\$ 72,000	\$ 76,725
Class Fees	\$ 40,000	\$ 50,436
Miscellaneous Revenue	\$ 75,000	\$ 149,177
Revenue in Lieu	\$ 000	\$ 40,000
Income Tax – TIF	\$ 20,000	\$ 102,792
Insurance Proceeds	\$ 000	\$ 000
Medicaid Reimbursement	<u>\$ 100,000</u>	<u>\$ 482,589</u>
Total	\$2,619,000	\$2,233,624

The reason for the increase in estimated revenue in FY 2018 compared to what the district actually received in FY 2017 primarily has to do with tuition revenue but is also impacted negatively by Medicaid reimbursement and to a lesser degree miscellaneous revenue and income tax.

The increase in tuition revenue of almost \$1 million is a result of a timing issue related to last fiscal year. The district expected to receive tuition revenue from the home school of regular education and

special education students who reside in foster homes in our district in August 2016 and February 2017. However, the Department of Education changed the reporting “window” for the second half of the year from December 2016 to June 2017. Because of this change, the district did not receive payment in the second half of the school year but has been assured it will receive the appropriate tuition revenue in July 2017. The estimate for FY 18 includes an estimate in July of \$625,000, an estimate in November of \$625,000 and an estimate in May of \$625,000.

The decrease of about \$382,000 in FY 18 in Medicaid reimbursement has to do with the fact that in FY 17 the district received just over \$380,000 in settlements for years 2012-2013 and 2013-2014. Settlements are not anticipated or expected in any given fiscal year and; therefore, are not included in forecasted estimates.

The decrease in income tax from the City of Lyndhurst in FY 18 has to do with the expectation of only receiving city income tax paid by those employees employed at the new Hyatt Hotel at Legacy Village (the result of a negotiated TIF agreement). The amount received in FY 17 included the income tax paid by trade workers involved in building the hotel.

### **Fiscal Years 2019-2022**

The estimate related to FY 2019 reflects the expectation of a full year of tuition revenue related to regular education and special education students who reside in foster homes in our district. The estimate for FY 2020-2022 reflects a slight decrease from that of FY 2019.

### **Line 2.05 – Advances-In (0%)**

#### **Fiscal Year 2018**

This line represents the return of funds advanced to other funds (fund accounts) at the end of the last fiscal year. In fiscal year 2018, the return of advances from the previous year will be \$325,000.

### **Fiscal Years 2019-2022**

For these fiscal years, an estimate of \$20,000 is being reflected.

### **Line 2.06 – All Other Financing Sources (0%)**

#### **Fiscal Year 2018**

This line represents the sale of assets and refunds of prior year’s expenditures. This line varies from year to year and is typically not a large source of revenue. However, the past 5 years have seen significant revenue in the area of refunds, but there is little expectation this fiscal year or beyond. The estimate for fiscal year 2018 is \$26,000.

### **Fiscal Years 2019-2022**

For these fiscal years, an estimate of \$25,000 is being reflected.

# **EXPENDITURE ASSUMPTIONS**

## **Line 3.01 – Personnel Services (54%)**

### **Fiscal Year 2018**

This line represents the salary expectations for all employees of the School District that are paid out of the General Fund based on current contractual obligations. Personnel services include administrative staff, teachers, classified personnel, some substitutes but not all, supplemental contracts, overtime and other salary related items.

Because school districts are a service industry, costs associated with personnel are the largest expenditure. In many school districts, personnel costs (salaries and benefits) account for between 80-85% of the total budget of a school district (we are closer to 76%). As a result of that fact, fiscal prudence requires extensive monitoring and extensive data analysis regarding salaries and benefits of all employees of the district.

The District has three (3) unions, one inclusive of all teaching staff and two (2) support staff unions representing all classified personnel such as secretaries, custodians, bus drivers, cafeteria workers, etc. School district administrator's both certified and classified are not represented by a union nor are the five (5) administrative secretarial assistants. All three (3) unions are under a contract through June 30, 2018.

The personnel services estimate for fiscal year 2018 is \$33,055,000 and includes all current staff (except cafeteria staff, which are paid out of a different fund and a handful of teachers paid out of Federal Grant Funds). Historical trends and a thorough analysis were used to determine an estimate for substitute costs, supplemental contracts and overtime.

A major change took place at the beginning of school year 2014-2015 with respect to substitute teachers. The district entered into a contract with a third party that provided substitute teachers when necessary. This cost of teacher substitutes will no longer be reflected as a personnel cost but will be included in purchased services costs and other objects. In the 2015-2016, the district entered into a contract with the same third party to provide substitute Intervention Specialist Assistants. Lastly, in the 2016-2017 school year, a change in the accounting practice related to severance pay was made whereby the severance pay amount was no longer charged to the General Fund but was instead charged to the newly created "Severance Fund".

### **Fiscal Years 2019-2022**

Because all negotiated agreements with all staff will expire on June 30, 2018, the 5-year forecast for fiscal years 2019-2022 only reflects an increase of 2% which represents a step increase for those employees who may be entitled to one. It is important to understand that this increase does not assume that all staff will receive a 2% increase in each of these years, but that overall salary expenditures will increase by 2%.

## **Line 3.02 – Employees’ Retirement/Insurance Benefits (22%)**

### **Fiscal Year 2018**

This line represents the cost of benefits for all employees of the School District that are paid out of the General Fund based on current contractual obligations. These benefits include expenses for retirement (STRS and SERS), healthcare benefits (hospitalization, dental, vision and life insurance), Medicare, unemployment compensation and other employee reimbursements. Fiscal prudence requires extensive monitoring and extensive data analysis regarding benefits similar to that of the extensive monitoring and data analysis done in the area of salaries.

Beginning this fiscal year, a change in the accounting practice related to the premium for worker’s compensation will take place. This premium will no longer be accounted for within the General Fund and will be accounting for in a separate fund specifically designated for this premium payment. This fund will be funded by a transfer from the General Fund at the end of the year to cover the premium payment made in December/January.

The estimate for fiscal year 2018 is \$13,125,000 and includes all benefits for current staff (except cafeteria staff, which are paid out of a different fund and a handful of teachers paid out of Federal Grant Funds). The district has projected a 12% increase to healthcare benefits to begin in October.

### **Fiscal Years 2019-2022**

For fiscal years 2019-2022 an 11% increase to the previous years estimate has been utilized for illustration purposes. This increase does not assume that all benefits items will increase by 11% each year, but that overall benefit expenditures will increase by 11%.

## **Line 3.03 – Purchased Services (16%)**

### **Fiscal Year 2018**

This line represents the cost of purchased services for the district. This expenditure category consists of a variety of subcategories which include but are not limited to: legal services, contract services (including certified teaching substitutes and ISA substitutes paid to a third party), property insurance, travel/meeting expenses, utilities, postage, maintenance services, tuition, excess costs, community school deduction, post secondary options deduction and open enrollment deductions.

The estimate for fiscal year 2018 is \$10,027,000. The actual expenditures last fiscal year were just under \$9.2 million. The district is anticipating significant increases this year in the area of tuition related to PEP Programs, excess costs, open enrollment, community school deduction and autism scholarship deductions.

### **Fiscal Years 2019-2022**

For these fiscal years, the estimate reflects a decrease of about \$325,000 from the estimate of FY 18. The district anticipates a decline in purchased services expenses in these years.



### **Line 3.04 – Supplies and Materials (4%)**

#### **Fiscal Year 2018**

This line represents the cost of supplies and materials for the district. This expenditure category consists of a variety of subcategories which include but are not limited to: instructional supplies, software, textbooks, workbooks, library books, custodial/maintenance supplies, bus supplies and bus fuel. The estimate for fiscal year 2018 is \$2,165,000, which is about \$100,000 less than actual expenditures last fiscal year. The primary reason for the decrease is primarily because the district made a large Chromebook purchase last school year that will not be repeated in fiscal year 2018.

#### **Fiscal Years 2019-2022**

For these fiscal years, the estimate reflects a decrease of about \$150,000 from the estimate of FY 18. The district anticipates a decline in supply and material purchases in these years.

### **Line 3.05 – Capital Outlay (<1%)**

#### **Fiscal Year 2018**

This line represents the cost of new and replacement equipment. The estimate for fiscal year 2018 is \$295,000.

#### **Fiscal Years 2019-2022**

A slight decrease (about \$45,000) is reflected for FY 2019. For fiscal years 2020-2022, the estimate reflects a decrease of about \$150,000 from the estimate of FY 19. The district anticipates a decline in equipment purchases in these years.

### **Line 4.3 – Other Objects (2%)**

#### **Fiscal Year 2018**

This line represents the cost of other objects also referred to as dues and fees. This expenditure category consists of a variety of subcategories which include but are not limited to: State audit charges, Cuyahoga County ESC deductions, County Auditor/Treasurer fees related to tax collections, third party fees for all substitutes, bank service charges, liability insurance, etc. The estimate for fiscal year 2018 is \$1,113,000.

#### **Fiscal Years 2019-2022**

For these fiscal years, an estimate of \$1,200,000 is being reflected.

### **Line 5.01 – Operational Transfers Out (2%)**

#### **Fiscal Year 2018**

This line represents transfers from the General Fund to other funds in the district that require a transfer of funds to cover any deficit. The largest transfer is typically made to the Nutrition Services Fund (cafeteria).

Over the past number of years when the actual ending cash balance in April was significantly higher than the estimated ending cash balance, the Board of Education has entertained the notion of adding to existing reserve accounts through a transfer in either May or June. However, for the purpose of financial planning, transfers to reserve funds are not included in any estimate in any year because of the timing of when transfers to reserve funds could be a possibility.

The estimate for fiscal year 2018 is \$1,100,000. Below is a list of the funds that are expected to need a transfer and the anticipated transfer amounts:

Building Fund	\$ 85,000 (HB 264 Loan payment)
Nutrition Service Fund	325,000
Korb Field Repl.	50,000
Worker's Comp Fund	350,000
Severance Fund	100,000
Student Activity Funds	10,000
Athletics	<u>180,000</u>
Total	\$1,100,000

**Fiscal Years 2019-2022**

For these fiscal years, the estimate of \$1,100,000 is being utilized.

**Line 5.02 – Advances-Out (0%)**

**Fiscal Year 2018**

This line represents advances from the General Fund to other funds in the district that require an advance to end the fiscal year with a positive cash balance. An advance is different from a transfer in that an advance must be repaid to the General Fund in the next fiscal year and a transfer of funds is not to be repaid. Typically, advances are made to Federal Funds due to the fact that most Federal Funds require funds to be spent before Federal Funds are released to the school district. Most of the time, the advance is only necessary to cover the amount of purchase orders that are on the system at the end of the fiscal year. The estimate of advances for fiscal year 2018 is \$20,000.

**Fiscal Years 2019-2022**

For these fiscal years, the estimate of \$20,000 is being utilized.

**Line 7.02 – Cash Balance June 30**

**Fiscal Year 2018**

This line represents the actual ending cash balance of the General Fund. A negative ending cash balance indicates deficit spending and corrective action must be taken to ensure the ending cash balance is no longer negative. The estimated ending cash balance for June 30, 2018 is \$14,611,261.

### **Fiscal Years 2019-2022**

The ending cash balance is expected to steadily decline during fiscal years 2018-2022 from almost \$17 million at the end of FY 17 to an estimated negative \$20.1 million at the end of FY 22. This is a typical cycle; however, corrective action will occur over the next couple of years in an effort to reduce anticipated expenses in order to delay, as long as possible, the need for additional tax revenue.

### **Line 10.01 – Fund Balance June 30**

#### **Fiscal Year 2018**

This line represents the actual ending fund balance of the General Fund. The fund balance is calculated by subtracting outstanding encumbrances from the actual ending cash balance at the end of the year. A negative ending fund balance is not permitted under Ohio Law. The estimated ending fund balance for June 30, 2018 is \$14,011,261. For reference, there is a direct correlation between line 7.02 and line 10.01 with respect to the ending fund balance figures.

### **Fiscal Years 2019-2022**

To avoid the estimated deficit of approximately \$8.2 million at the end of fiscal year 2021 and based solely on the figures presented in the 5-year forecast and the information provided in these assumptions, it would appear that the most financially prudent decision would be to present a ballot issue to residents requesting additional funding through a tax levy in November 2019.