



TALAWANDA SCHOOL DISTRICT - - BUTLER
COUNTY

Five Year Forecast Financial Report

May, 2020

Shaunna Tafelski, Interim Treasurer

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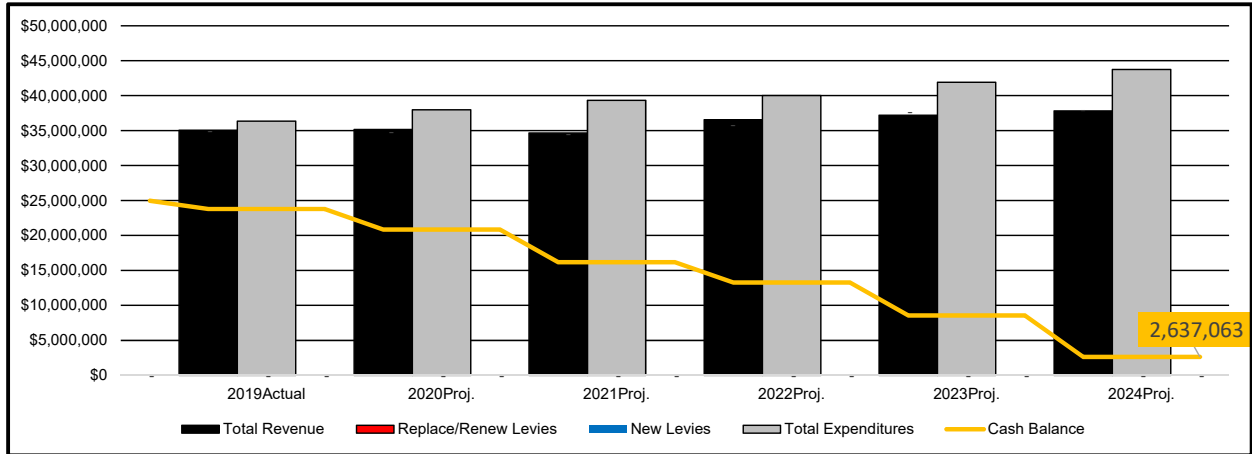
Forecast Purpose/Objectives

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.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is reduced for encumbrances.

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	24,737,100	21,919,146	17,249,290	13,784,291	9,070,270
+ Revenue	35,157,019	34,644,054	36,554,739	37,203,753	37,813,779
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(37,974,973)	(39,313,910)	(40,019,739)	(41,917,773)	(43,747,867)
= Revenue Surplus or Deficit	(2,817,954)	(4,669,856)	(3,465,000)	(4,714,020)	(5,934,088)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	21,919,146	17,249,290	13,784,291	9,070,270	3,136,183

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(2,817,954)	(4,669,856)	(3,465,000)	(4,714,020)	(5,934,088)
Ending Balance w/o Levies	21,919,146	17,249,290	13,784,291	9,070,270	3,136,183

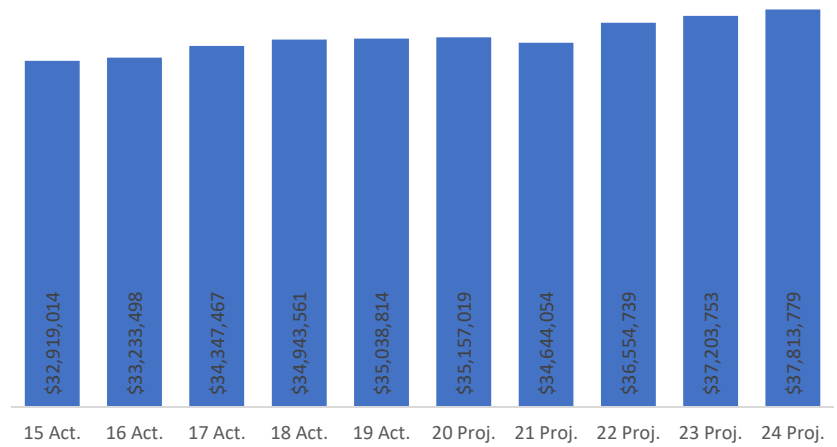
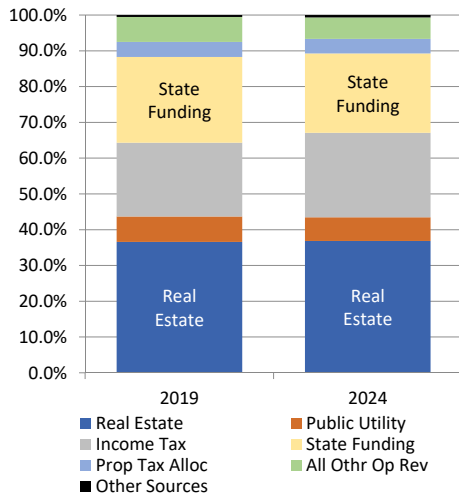
In FY 2020 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$2,817,954 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,934,088. The district would need to cut its FY 2024 projected expenses by 15.69% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2020 and is projected to worsen by FY 2024. A worsening cash balance can erode the district's financial stability over time.

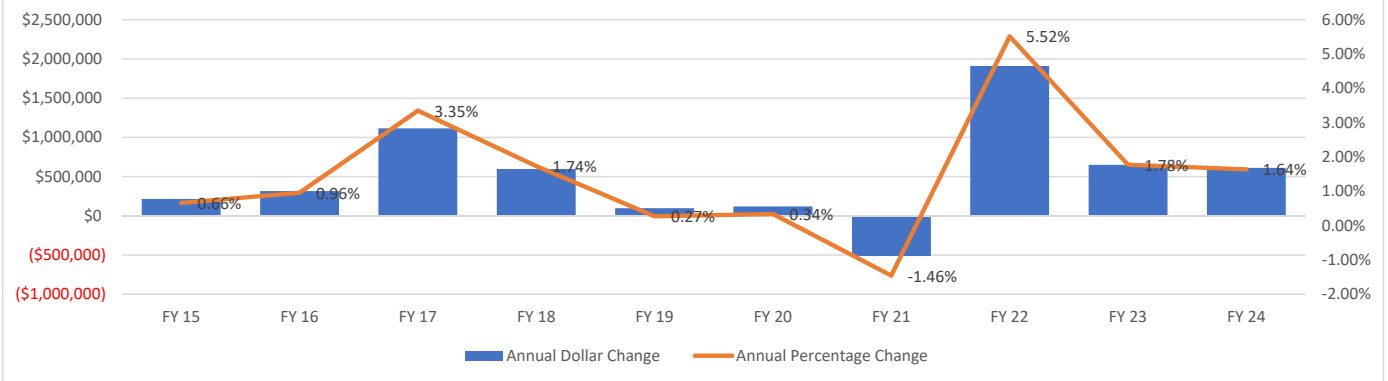
The forecast varies from the November filing mostly because of the current COVID-19 crisis. Fiscal year 2020 actually shows some improvement compared to November because of reduced expenditures associated with the cancellation of in-person classes. Fiscal year 2021 through FY 2024 are worsened primarily because of initial reductions estimated for income tax revenue. The state revenue has been adjusted to reflect the Governor's education reductions for FY 2020, additional scenarios have been modeled, see page 23 for full detail. Finally, the crisis has brought on exponential growth in the known unknowns and every effort will be made to keep the forecast updated with the most recent information every month. The district is fortunate to have cash reserves that can sustain operations through FY 2021.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

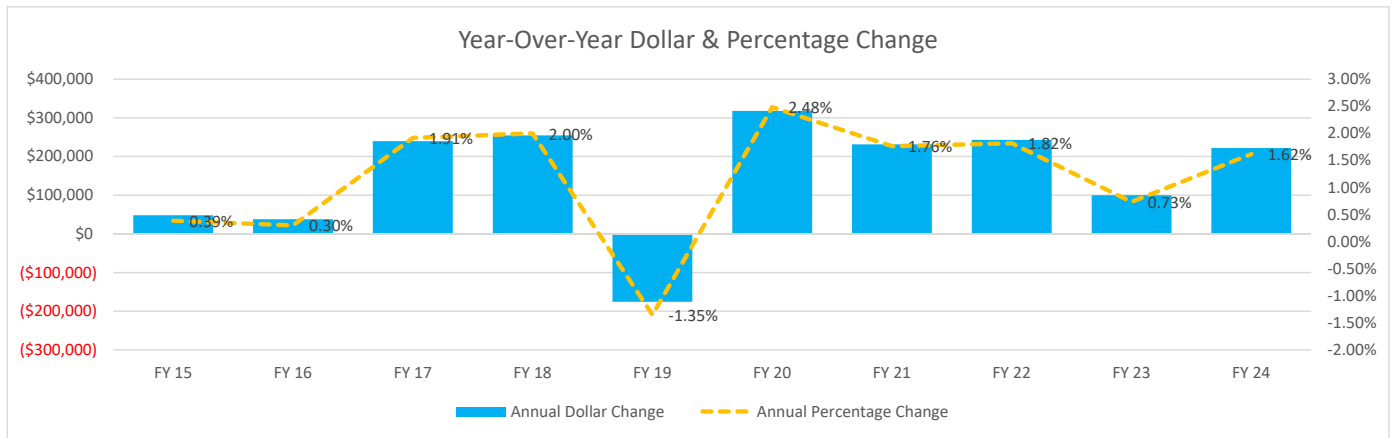
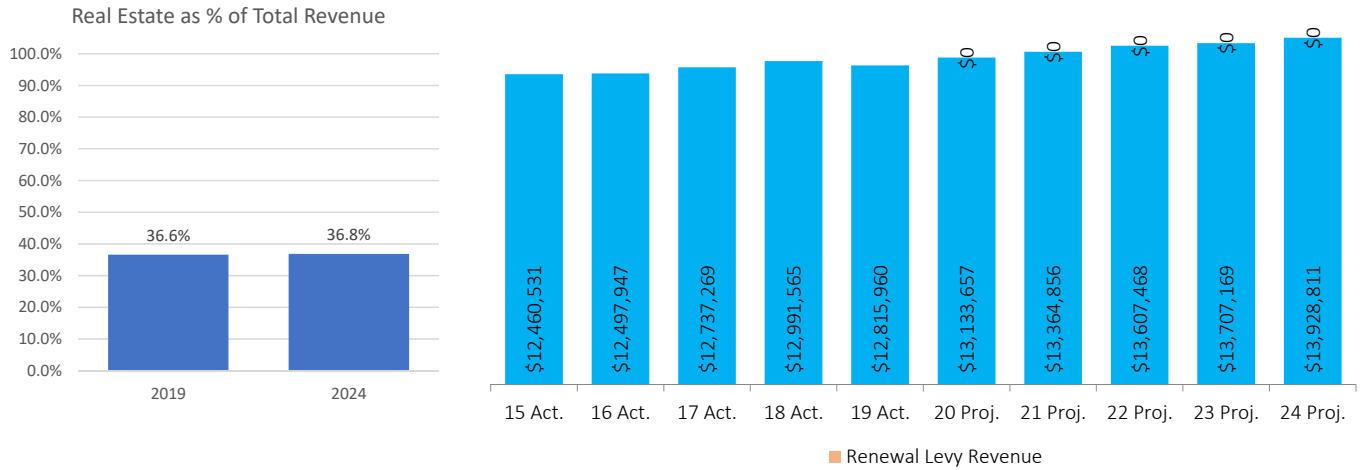
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance
Real Estate	\$80,660	\$222,570	\$141,910
Public Utility	\$12,459	\$5,436	(\$7,023)
Income Tax	\$262,466	\$340,489	\$78,023
State Funding	\$16,497	(\$5,653)	(\$22,149)
Prop Tax Alloc	(\$19,281)	\$15,318	\$34,599
All Othr Op Rev	\$119,835	(\$35,421)	(\$155,255)
Other Sources	(\$5,724)	\$12,254	\$17,977
Total Average Annual Change	\$466,911	\$554,993	\$88,082
	1.39%	1.56%	0.17%

Total revenue increased 1.39% or \$466,911 annually during the past five years and is projected to increase 1.56% or \$554,993 annually through FY2024. All Othr Op Rev has the most projected average annual variance compared to the historical average at -\$155,255

Note: Expenditure average annual change is projected to be > \$1,479,343 On an annual average basis, expenditures are projected to grow faster than revenue.

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).



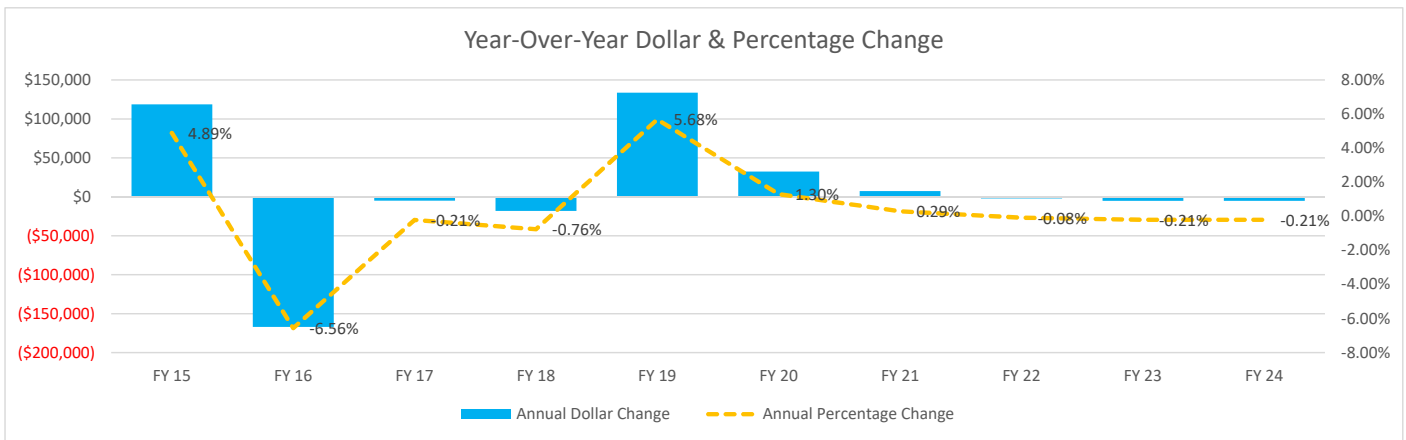
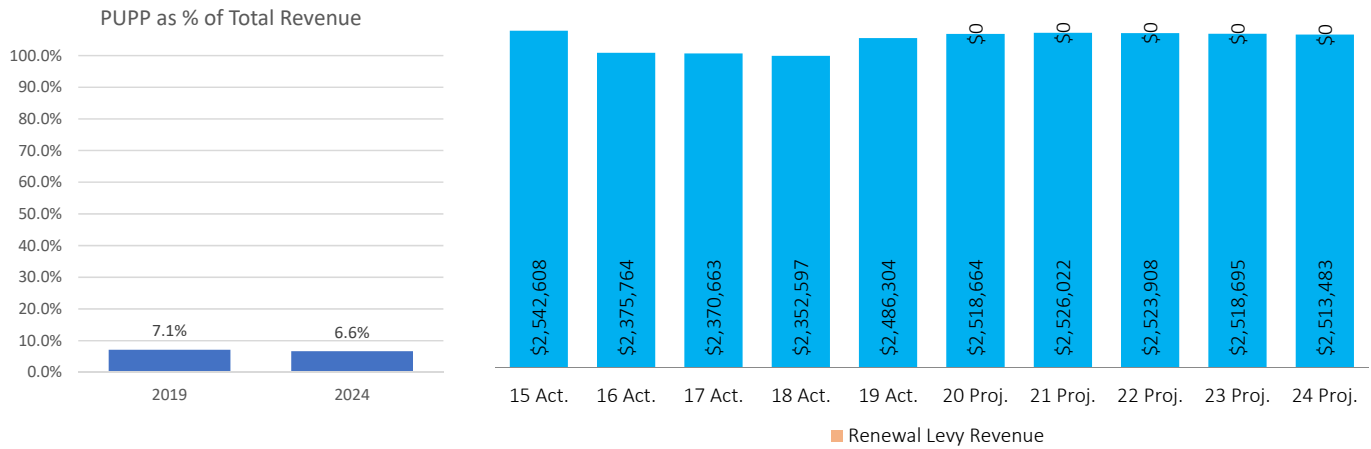
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies	
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change		
2018	693,820,860	3,899,690	20.08	0.01	23.46	0.10	103.8%	
2019	702,106,320	8,285,460	20.04	(0.04)	23.40	(0.06)	100.1%	
2020	731,259,204	29,152,884	20.00	(0.04)	22.99	(0.41)	99.8%	
2021	736,525,810	5,266,606	20.00	-	22.99	-	99.7%	
2022	741,792,416	5,266,606	20.00	-	22.99	-	99.6%	
2023	762,002,367	20,209,951	20.00	-	22.78	(0.21)	99.6%	

Real estate property tax revenue accounts for 36.58% of total revenue. Class I or residential/agricultural taxes make up approximately 76.26% of the real estate property tax revenue. The Class I tax rate is 20.04 mills in tax year 2019. The projections reflect an average gross collection rate of 99.8% annually through tax year 2023. The revenue changed at an average annual historical rate of 0.65% and is projected to change at an average annual rate of 1.68% through FY 2024.

*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.



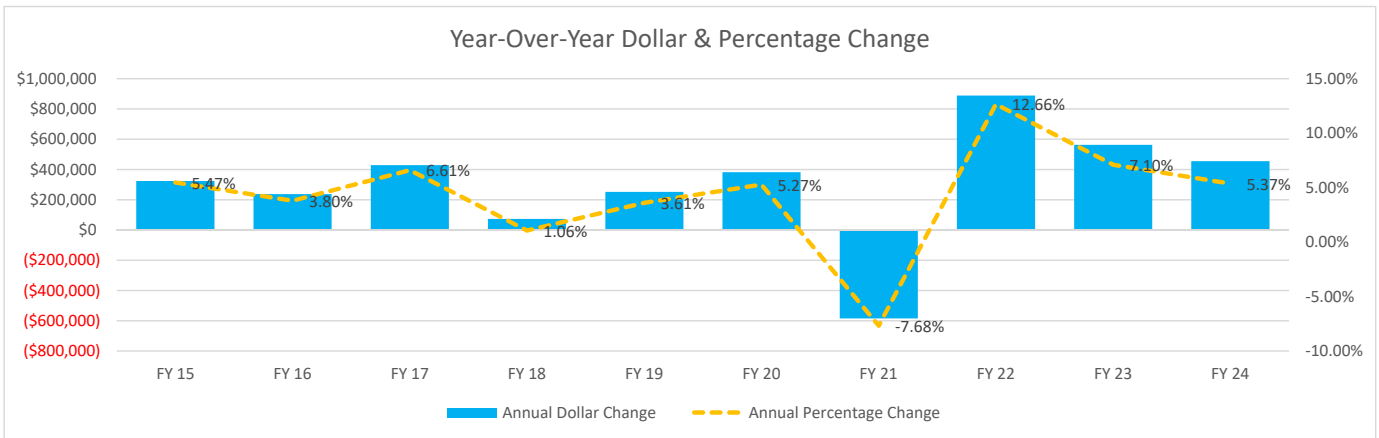
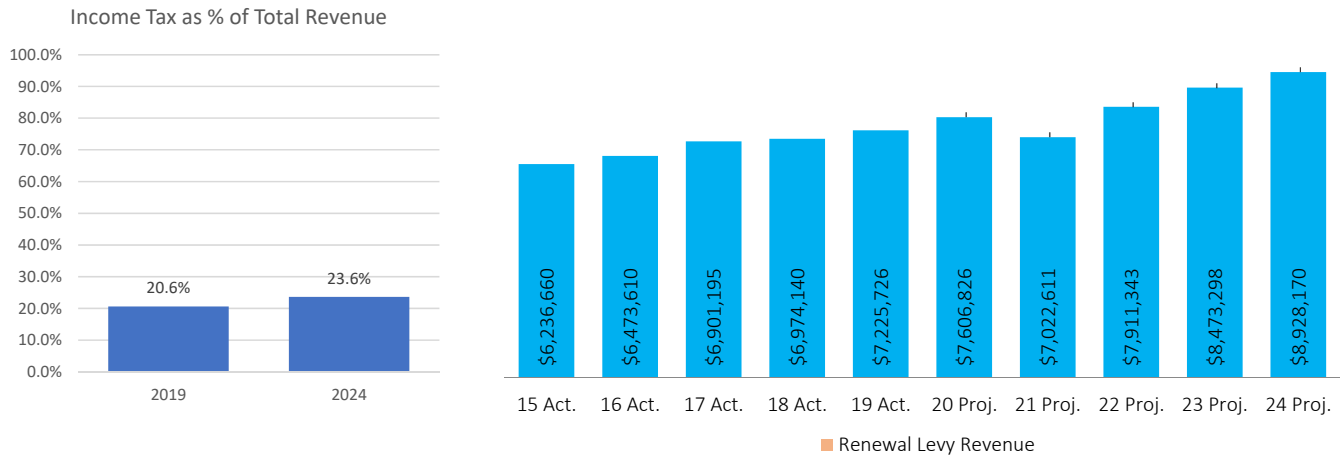
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2018	52,230,720	3,169,510	48.30	-	100.0%	
2019	52,422,580	191,860	48.30	-	100.0%	
2020	52,314,657	(107,923)	48.30	-	100.0%	
2021	52,206,734	(107,923)	48.30	-	100.0%	
2022	52,098,811	(107,923)	48.30	-	100.0%	
2023	51,990,888	(107,923)	48.30	-	100.0%	

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 7.10% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 48.3 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$12,459 and is projected to change at an average annual dollar amount of \$5,436 through FY 2024.

**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.

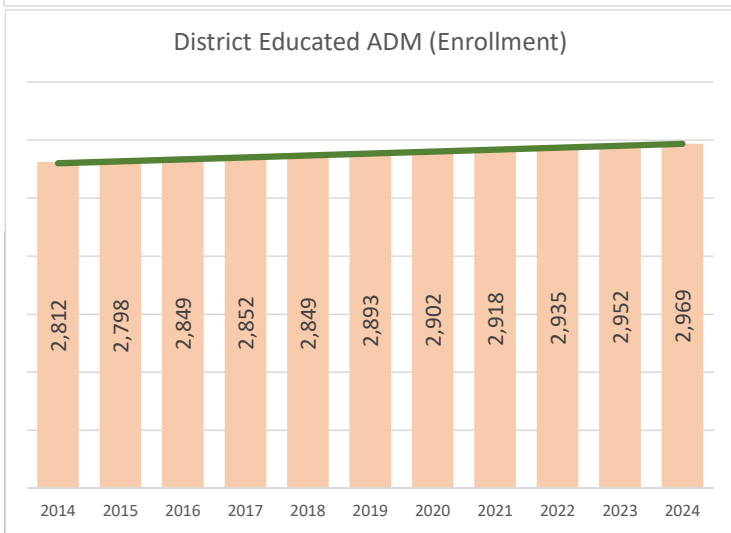
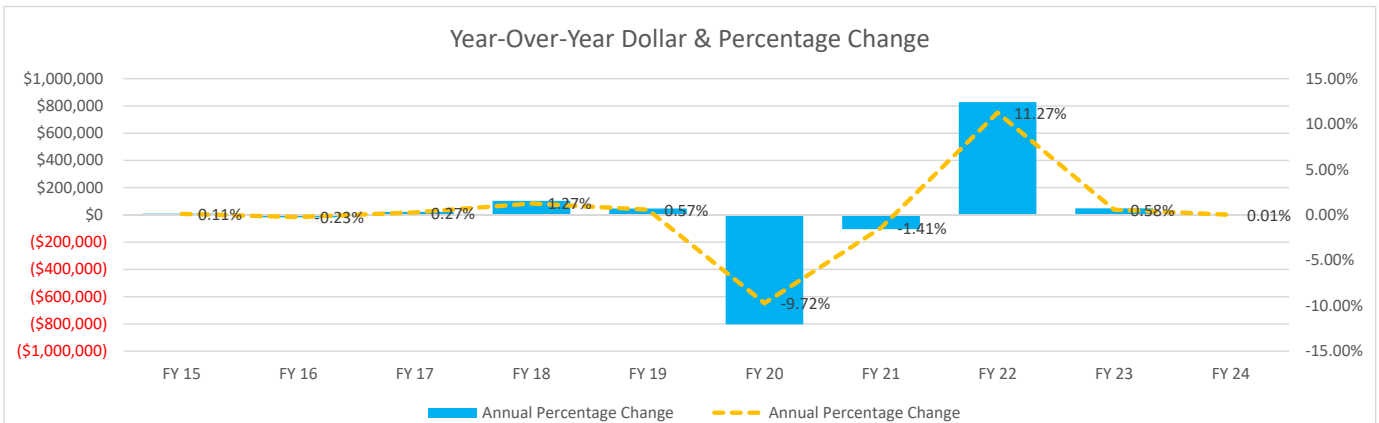
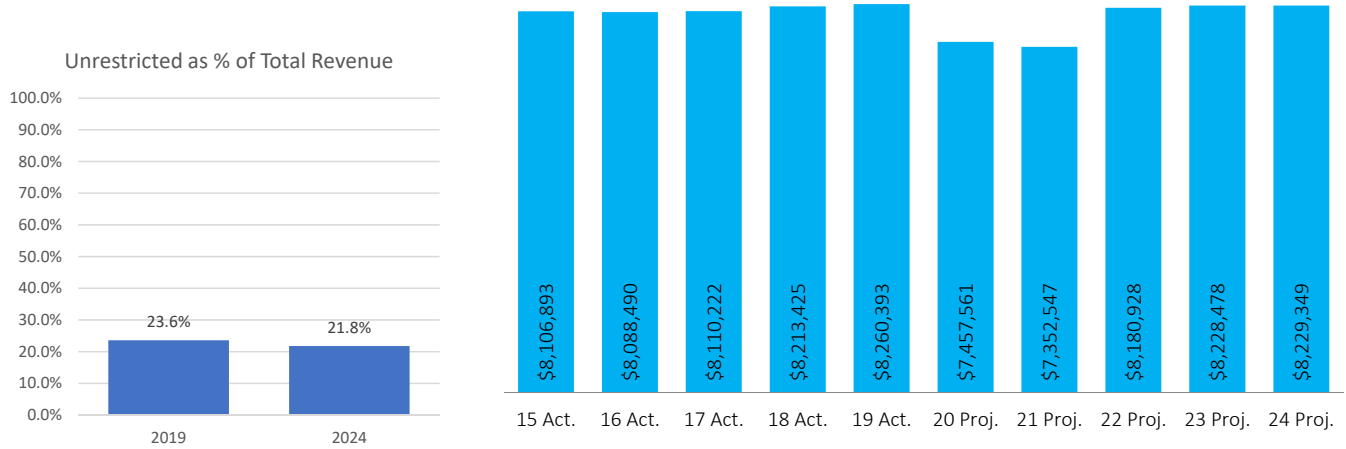


The district maintains one levy which uses the Traditional income tax base with a rate of 1.0% and had gross collections of \$7,225,726 in FY 2019. Income tax remitted through payroll withholding accounts for 57.7% of total income tax revenue. The average annual dollar change in total income tax revenue is forecasted to be \$340,489 through FY 2024. Income tax revenue is projected to account for 23.6% of total district revenue in FY 2024.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

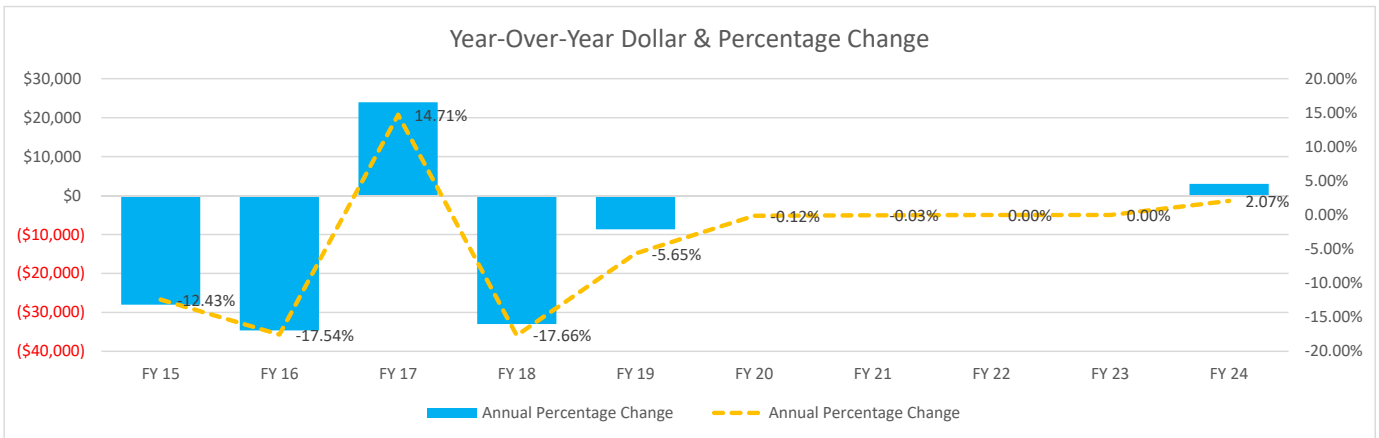
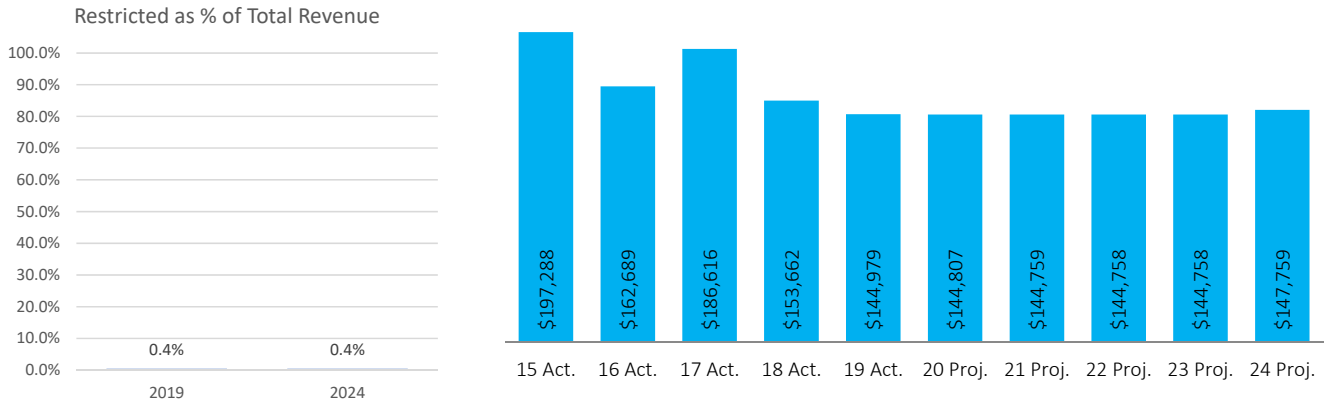
Funds received through the State Foundation Program with no restriction.



The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2019 base funding amount of \$7,963,915 the district is projected to receive FY 2020 categorical funding of \$243,079. These funds will be recorded in a special revenue fund and are not included in this forecast. The district has the option to move some expenditures from the general fund forecast to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 4.0%

1.040 & 1.045 - Restricted Grants-in-Aid

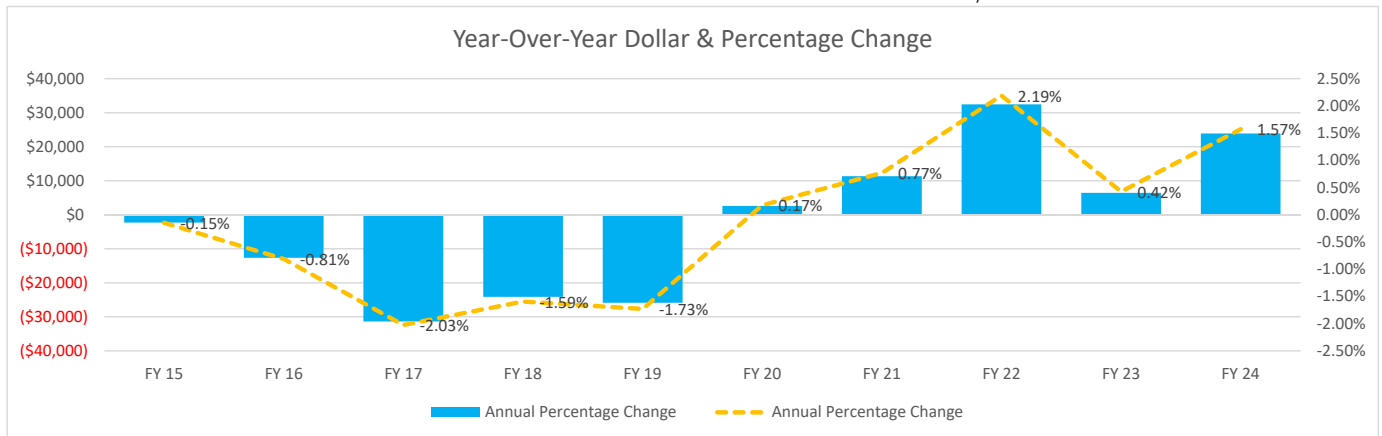
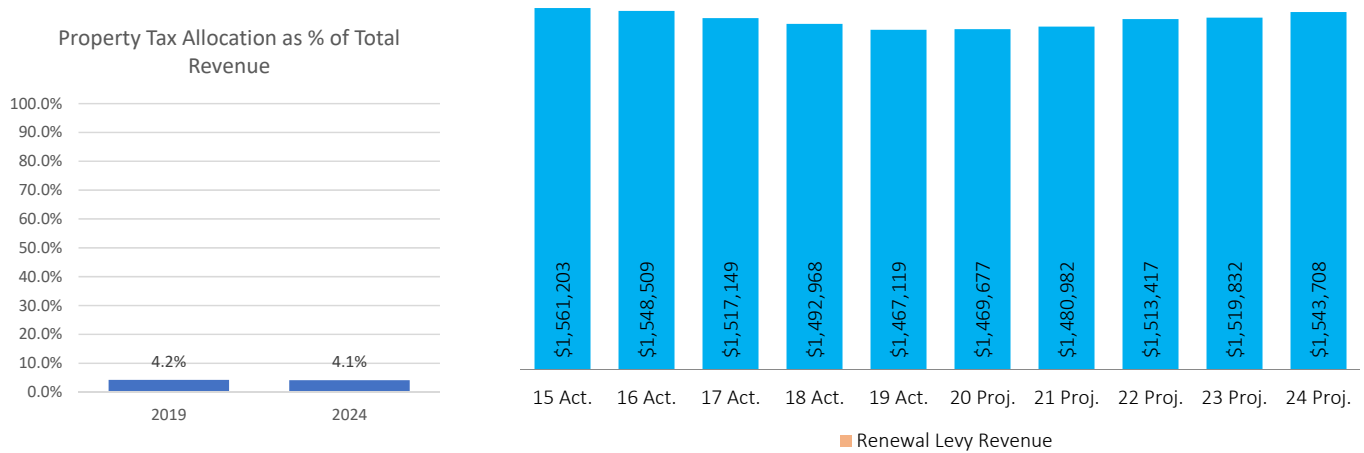
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$10,065 and is projected to change annually on average by \$556. Restricted funds represent 0.41% of total revenue.

1.050 - Property Tax Allocation

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

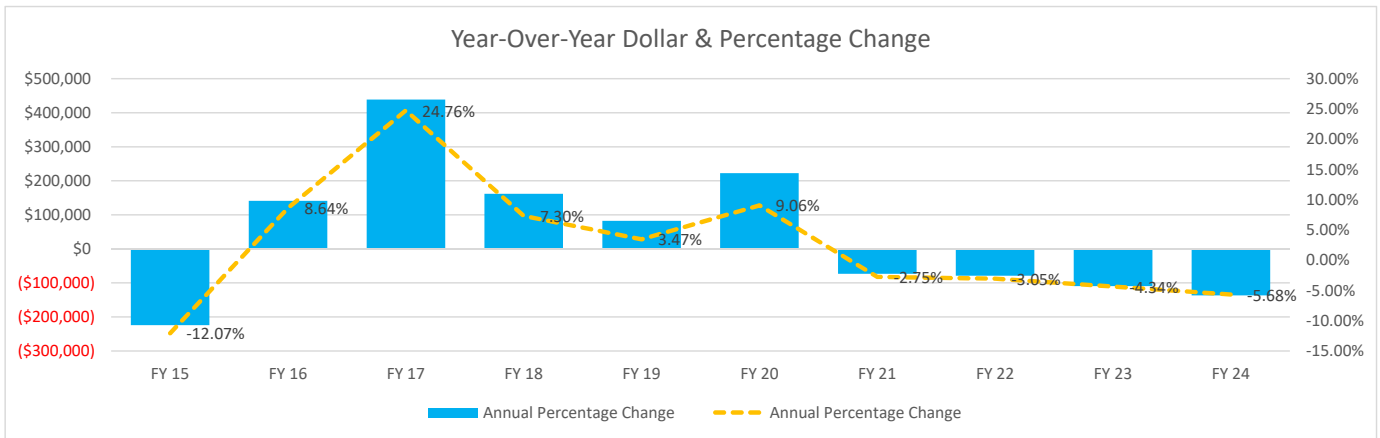
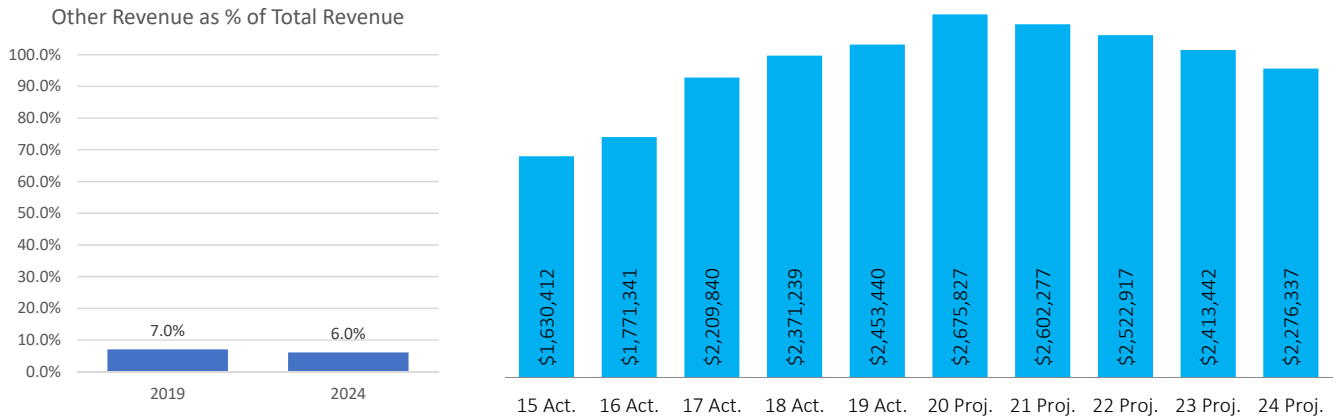


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 10.9% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.3% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

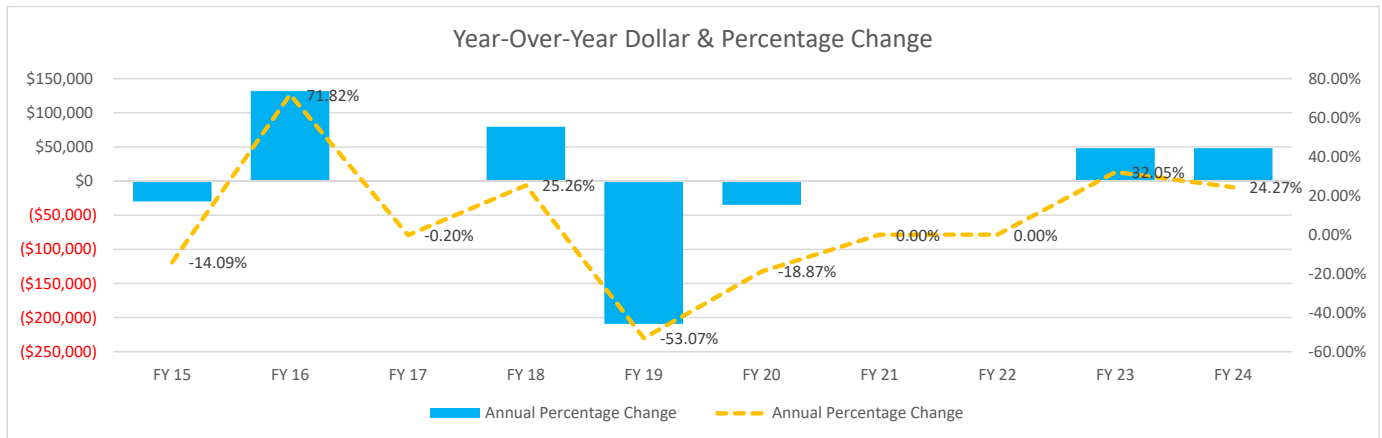
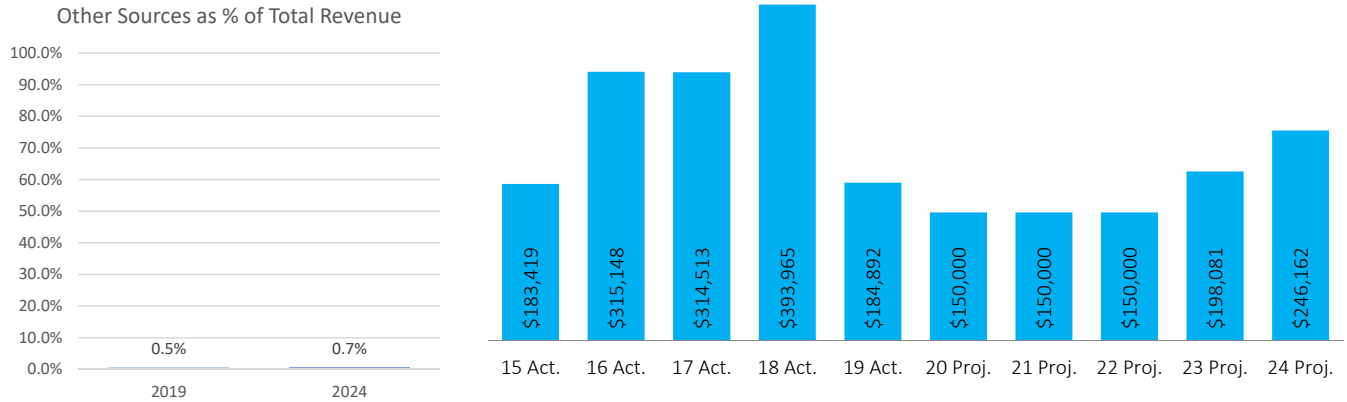
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$119,835. The projected average annual change is -\$35,421 through FY 2024.

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.

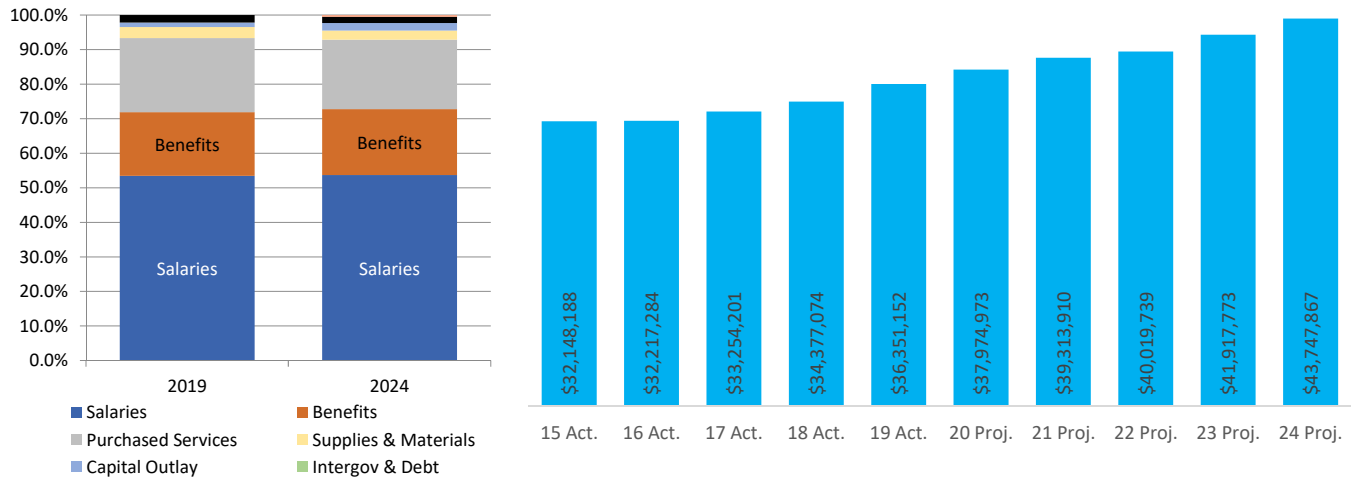


	FORECASTED					
	2019	2020	2021	2022	2023	2024
Transfers In	-	-	-	-	48,081	96,162
Advances In	-	-	-	-	-	-
All Other Financing Sources	184,892	150,000	150,000	150,000	150,000	150,000

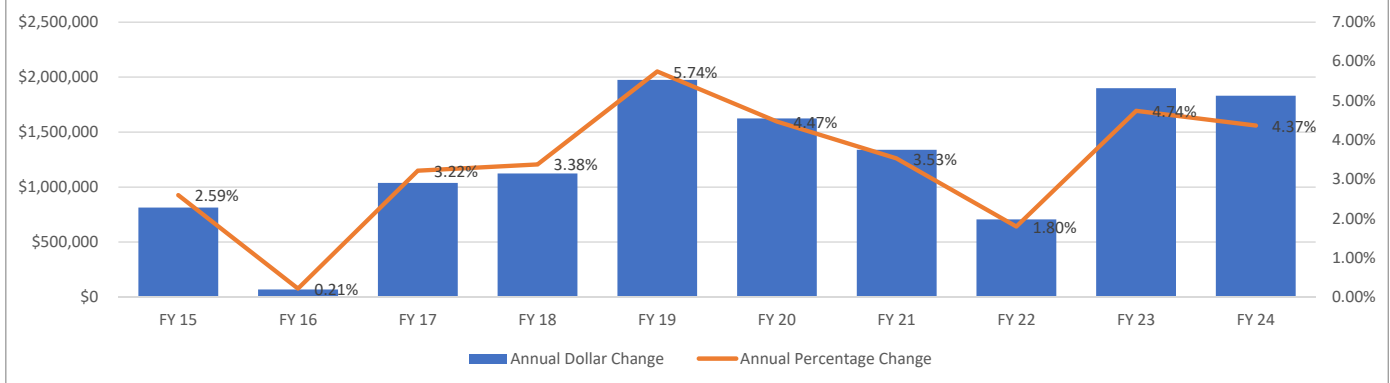
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2019 the district received \$0 as advances-in and is projecting advances of \$0 in FY 2020. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$150,000 in FY 2020 and average \$150,000 annually through FY 2024.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance
Salaries	\$551,620	\$809,721	\$258,101
Benefits	\$117,216	\$328,699	\$211,482
Purchased Services	\$240,697	\$203,620	(\$37,077)
Supplies & Materials	\$51,014	\$44	(\$50,971)
Capital Outlay	\$36,973	\$90,392	\$53,419
Intergov & Debt	\$0	\$0	\$0
Other Objects	\$5,690	\$18,019	\$12,329
Other Uses	\$0	\$28,849	\$28,849
Total Average Annual Change	\$1,003,210	\$1,479,343	\$476,133
	3.03%	4.07%	1.04%

Total expenditures increased 3.03% or \$1,003,210 annually during the past five years and is projected to increase 4.07% or \$1,479,343 annually through FY2024. Salaries has the most projected average annual variance compared to the historical average at \$258,101.

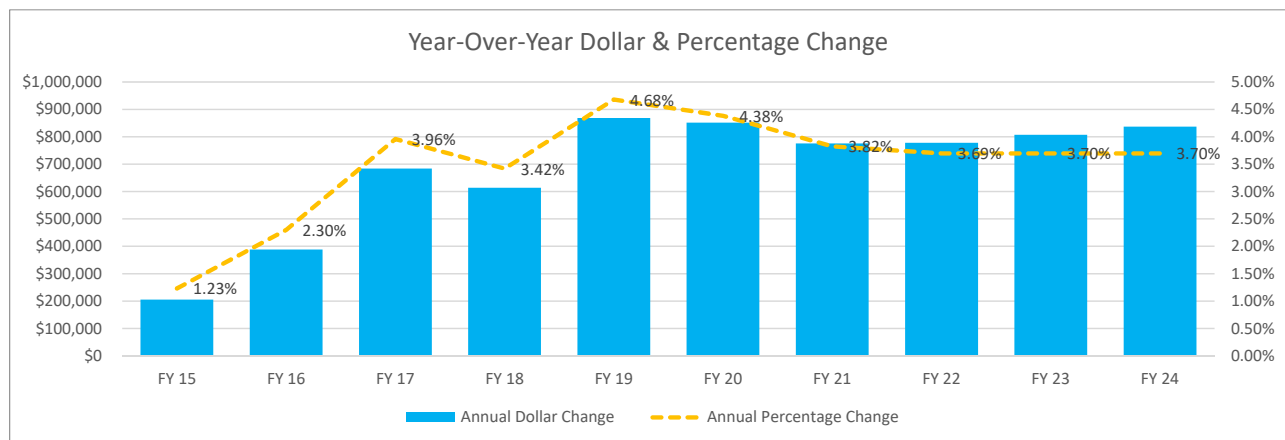
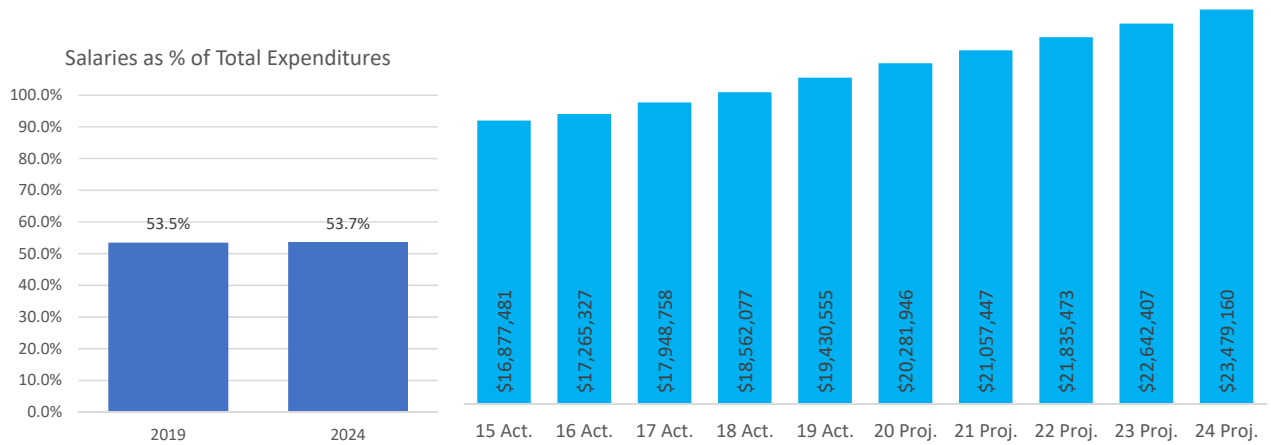
Note: Expenditure average annual change is projected

to be > \$1,479,343

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

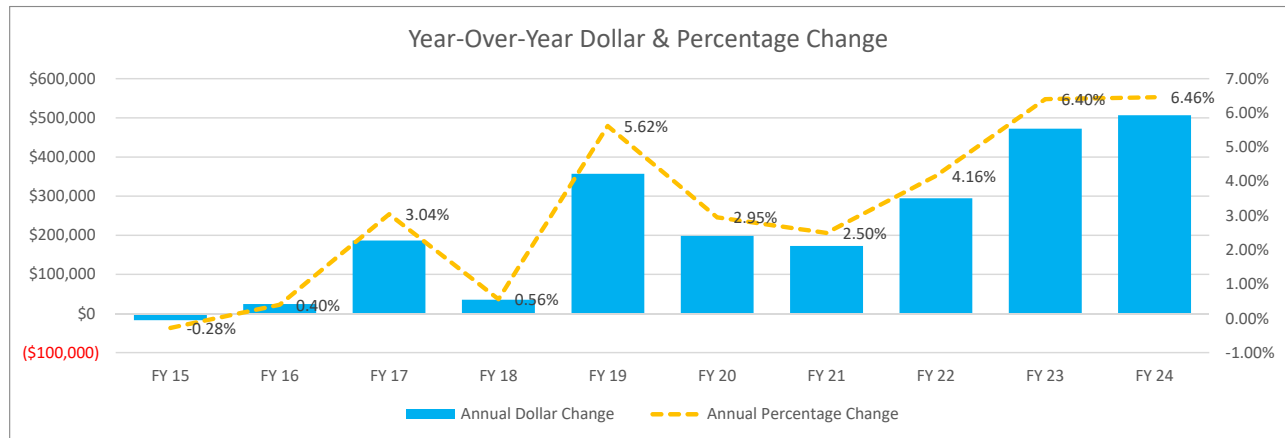
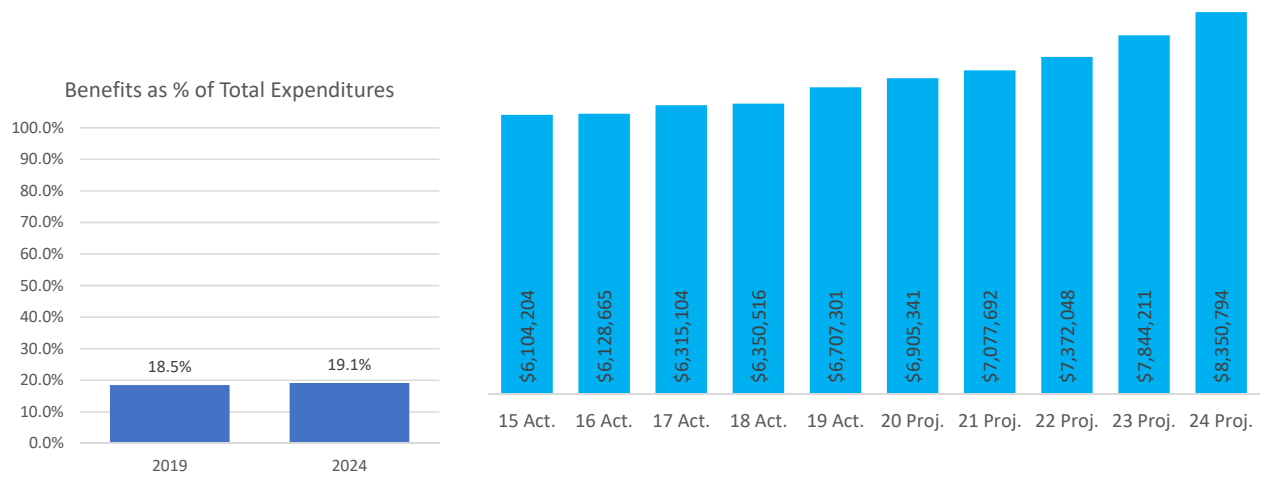
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 53.45% of total expenditures and increased at a historical average annual rate of 3.12% or \$551,620. This category of expenditure is projected to grow at an average annual rate of 3.86% or \$809,721 through FY 2024. The projected average annual rate of change is 0.74% more than the five year historical annual average.

3.020 - Employees' Benefits

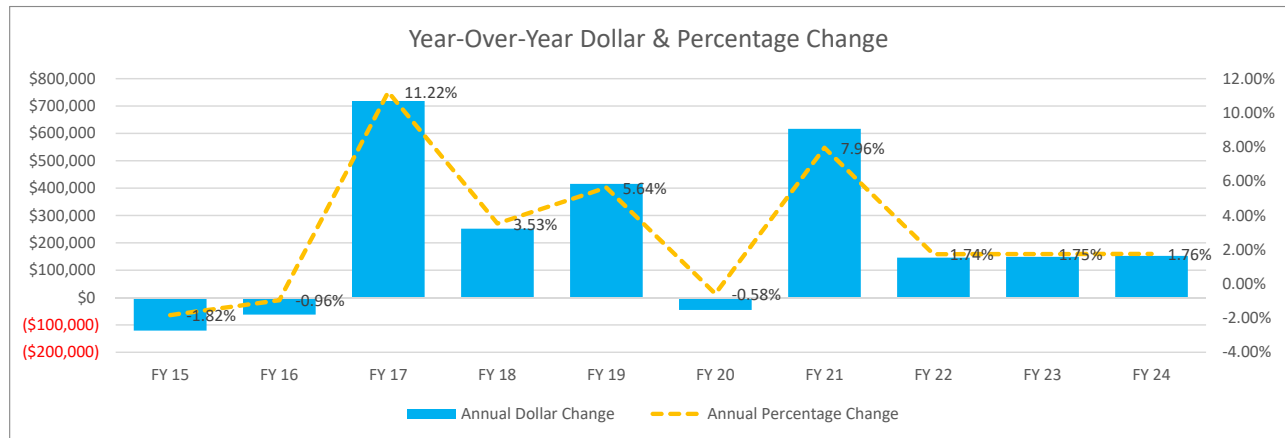
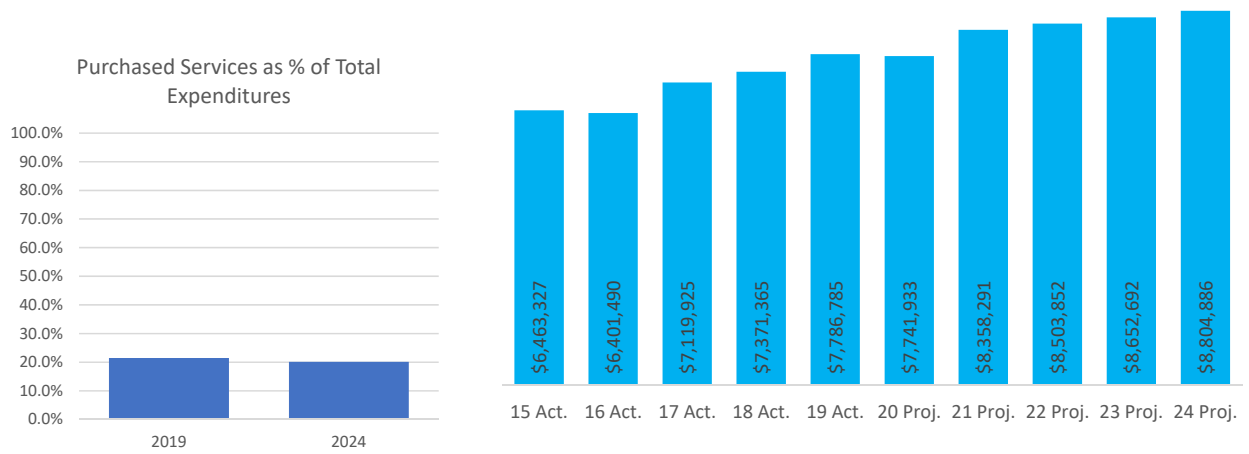
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 18.45% of total expenditures and increased at a historical average annual rate of 1.87% in the previous five years. This category of expenditure is projected to grow at an annual average rate of 4.49% through FY 2024. The projected average annual rate of change is 2.63% more than the five year historical annual average.

3.030 - Purchased Services

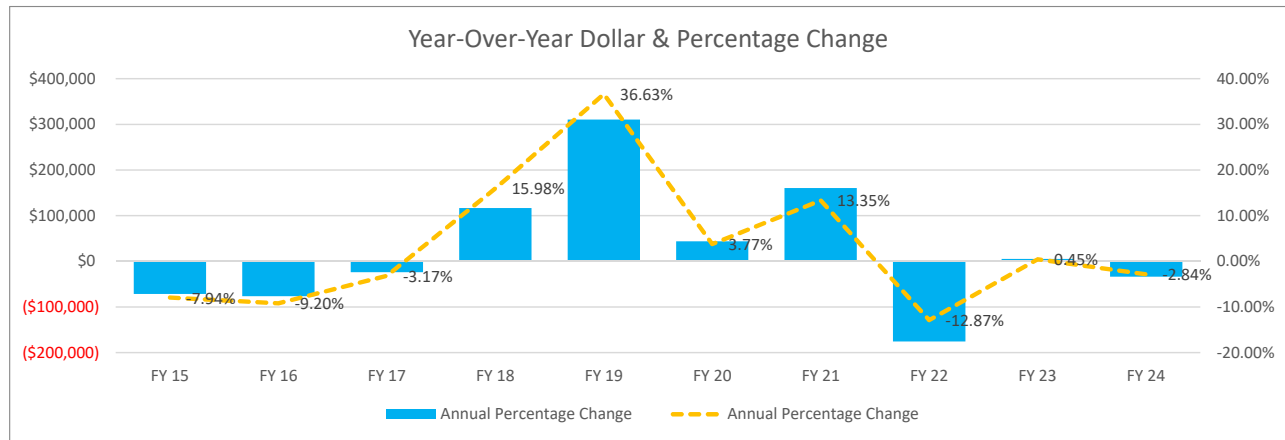
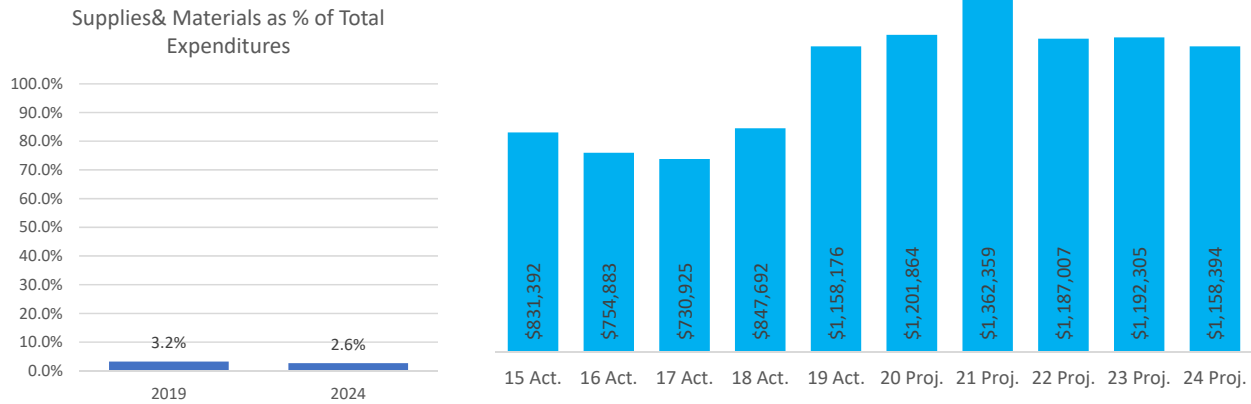
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



Purchased Services represent 21.42% of total expenditures and increased at a historical average annual rate of 3.52%. This category of expenditure is projected to grow at an annual average rate of 2.53% through FY 2024. The projected average annual rate of change is -0.99% less than the five year historical annual average.

3.040 - Supplies & Materials

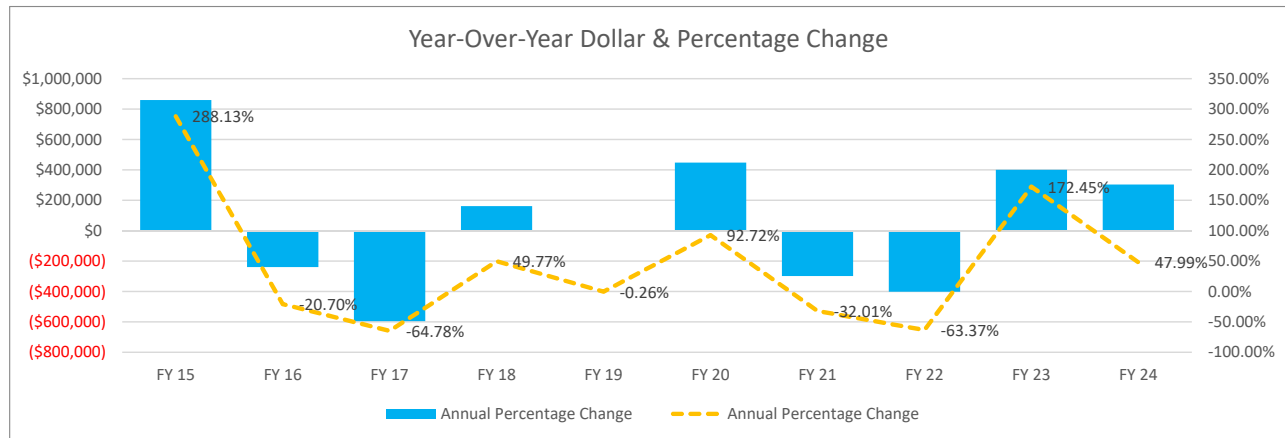
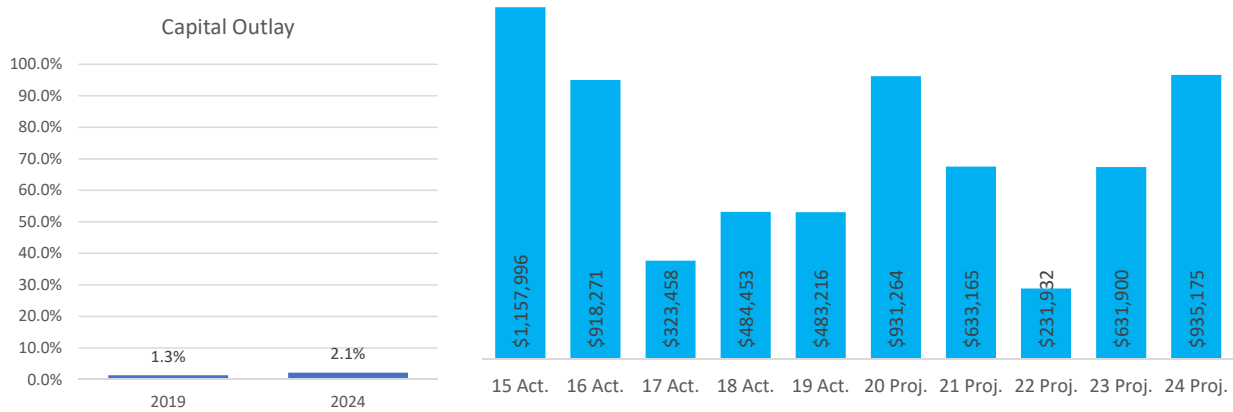
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.19% of total expenditures and increased at a historical average annual rate of 6.46%. This category of expenditure is projected to grow at an annual average rate of 0.37% through FY 2024. The projected average annual rate of change is -6.09% less than the five year historical annual average.

3.050 - Capital Outlay

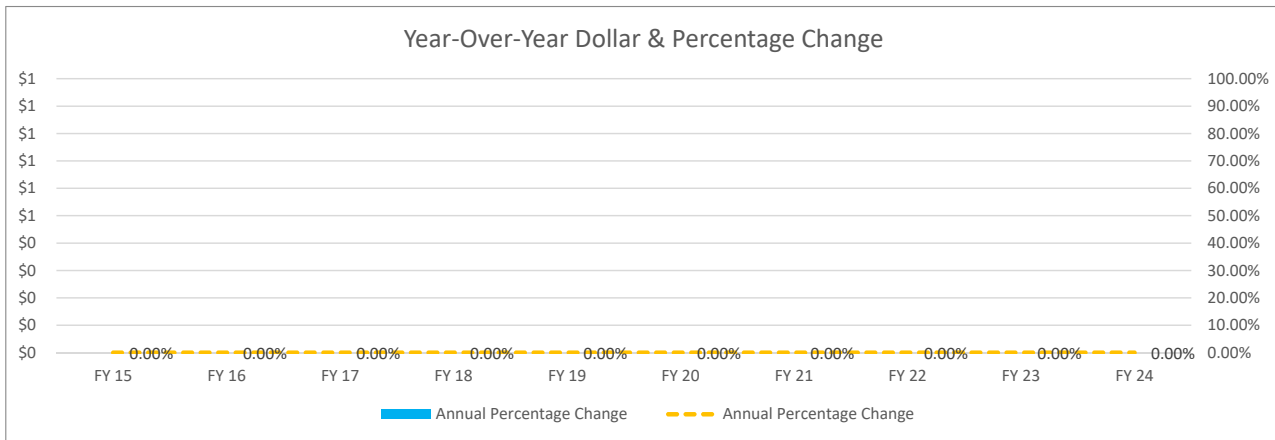
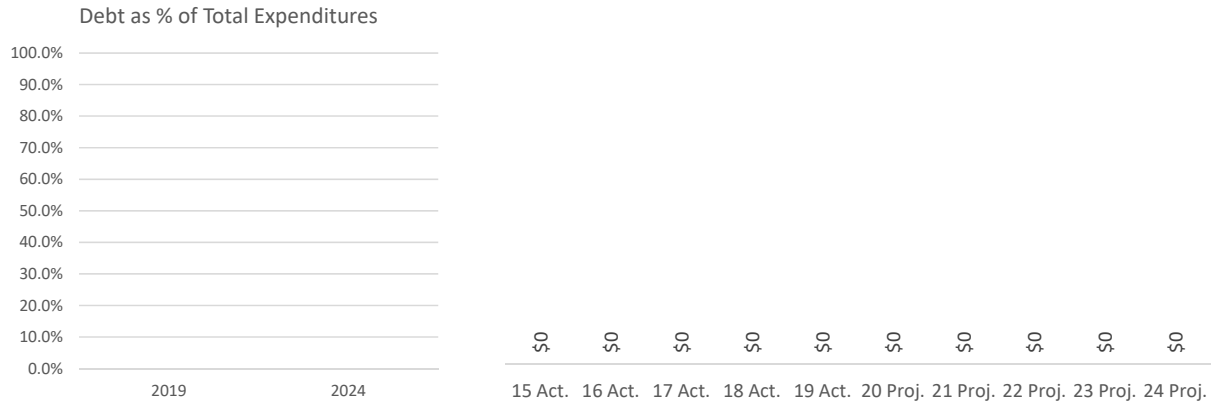
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 1.33% of total expenditures and increased at a historical average annual amount of \$36,973. This category of expenditure is projected to grow at an annual average amount of \$90,392 through FY 2024. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

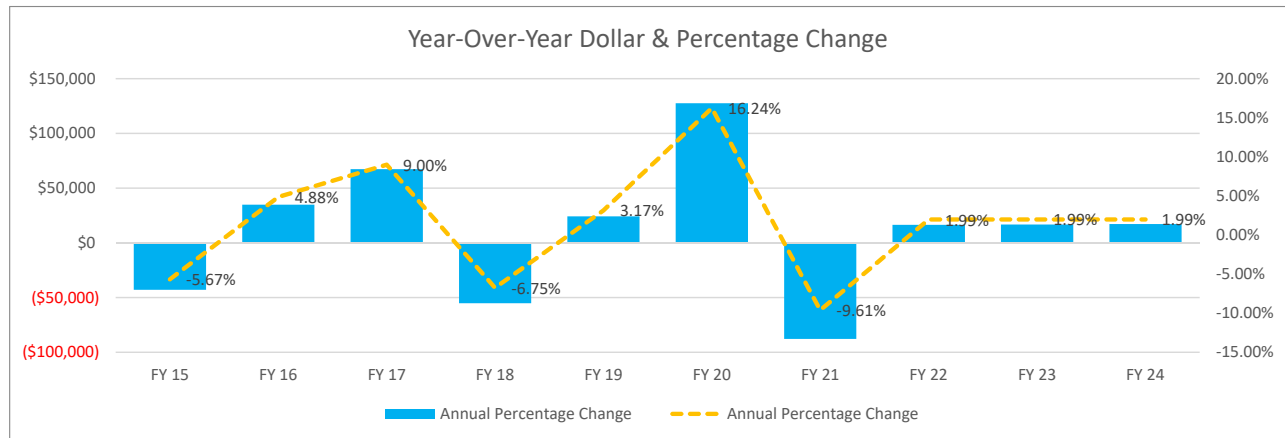
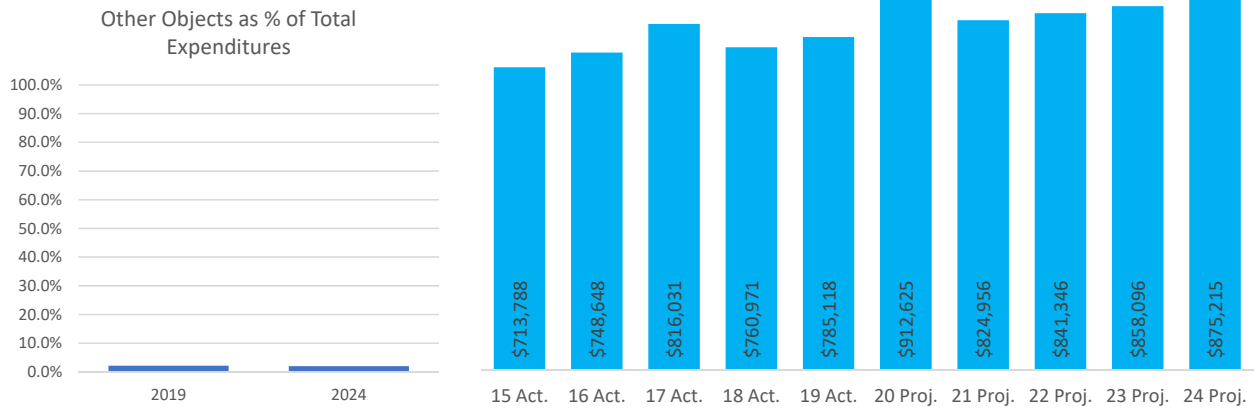
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

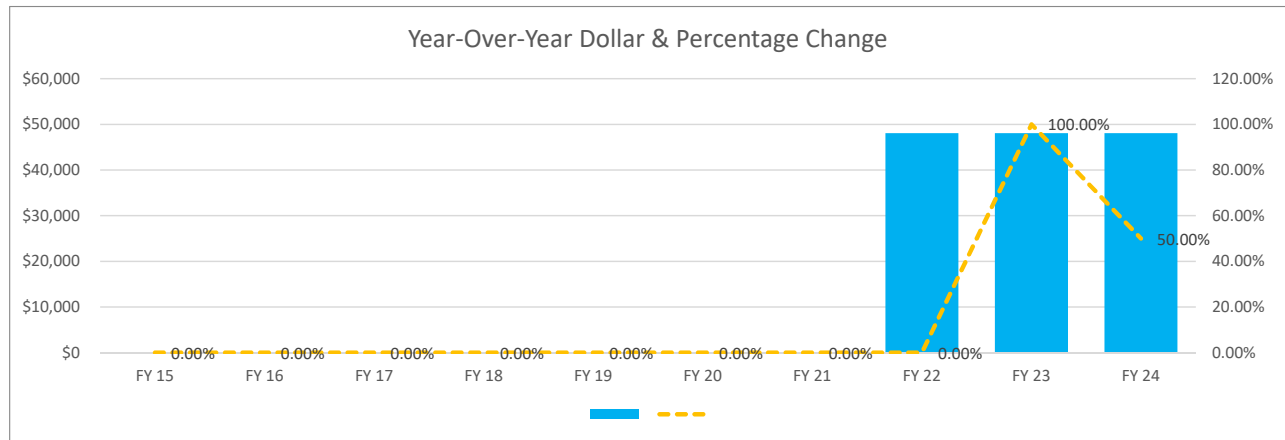
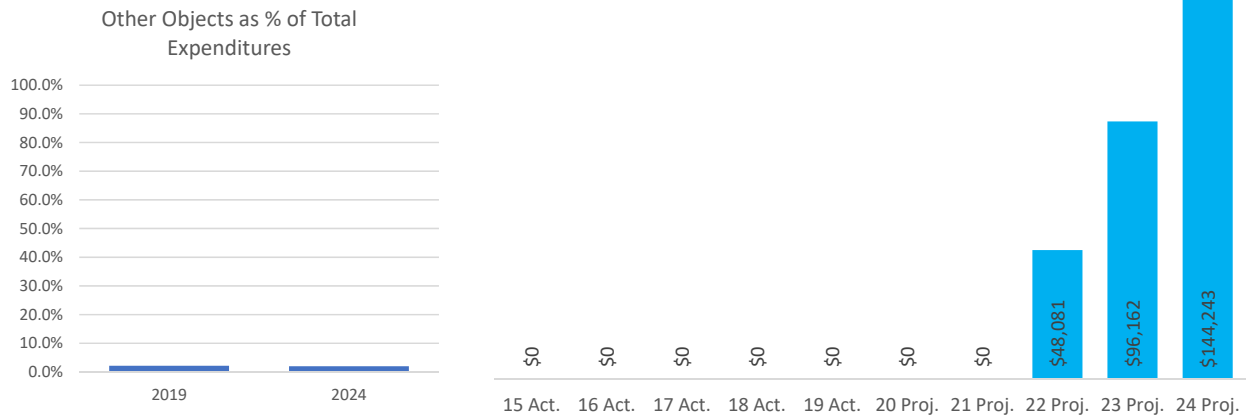
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 2.16% of total expenditures and increased at a historical average annual rate of 0.93%. This category of expenditure is projected to grow at an annual average rate of 2.52% through FY 2024. The projected average annual rate of change is 1.59% more than the five year historical annual average.

5.040 - Total Other Financing Uses

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Transfers Out	-	-	-	-	-	-
Advances Out	-	-	-	48,081	96,162	144,243
Other Financing Uses	-	-	-	-	-	-

Other uses includes revenue that is generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2019 the district had no advances-out and has advances-out forecasted through FY 2024. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2024. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

TALAWANDA SCHOOL DISTRICT -- BUTLER COUNTY

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	12,815,960	13,133,657	13,364,856	13,607,468	13,707,169	13,928,811
1.020 - Public Utility Personal Property	2,486,304	2,518,664	2,526,022	2,523,908	2,518,695	2,513,483
1.030 - Income Tax	7,225,726	7,606,826	7,022,611	7,911,343	8,473,298	8,928,170
1.035 - Unrestricted Grants-in-Aid	8,260,393	7,457,561	7,352,547	8,180,928	8,228,478	8,229,349
1.040 - Restricted Grants-in-Aid	144,979	144,807	144,759	144,758	144,758	147,759
1.050 - Property Tax Allocation	1,467,119	1,469,677	1,480,982	1,513,417	1,519,832	1,543,708
1.060 - All Other Operating Revenues	2,453,440	2,675,827	2,602,277	2,522,917	2,413,442	2,276,337
1.070 - Total Revenue	34,853,922	35,007,019	34,494,054	36,404,739	37,005,672	37,567,617
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	48,081	96,162
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	184,892	150,000	150,000	150,000	150,000	150,000
2.070 - Total Other Financing Sources	184,892	150,000	150,000	150,000	198,081	246,162
2.080 - Total Rev & Other Sources	35,038,814	35,157,019	34,644,054	36,554,739	37,203,753	37,813,779
Expenditures:						
3.010 - Personnel Services	19,430,555	20,281,946	21,057,447	21,835,473	22,642,407	23,479,160
3.020 - Employee Benefits	6,707,301	6,905,341	7,077,692	7,372,048	7,844,211	8,350,794
3.030 - Purchased Services	7,786,785	7,741,933	8,358,291	8,503,852	8,652,692	8,804,886
3.040 - Supplies and Materials	1,158,176	1,201,864	1,362,359	1,187,007	1,192,305	1,158,394
3.050 - Capital Outlay	483,216	931,264	633,165	231,932	631,900	935,175
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	785,118	912,625	824,956	841,346	858,096	875,215
4.500 - Total Expenditures	36,351,152	37,974,973	39,313,910	39,971,658	41,821,611	43,603,624
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	-	-	-	48,081	96,162	144,243
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	-	-	-	48,081	96,162	144,243
5.050 - Total Exp and Other Financing Uses	36,351,152	37,974,973	39,313,910	40,019,739	41,917,773	43,747,867
6.010 - Excess of Rev Over/(Under) Exp	(1,312,338)	(2,817,954)	(4,669,856)	(3,465,000)	(4,714,020)	(5,934,088)
7.010 - Cash Balance July 1 (No Levies)	26,049,438	24,737,100	21,919,146	17,249,290	13,784,291	9,070,270
7.020 - Cash Balance June 30 (No Levies)	24,737,100	21,919,146	17,249,290	13,784,291	9,070,270	3,136,183
		Reservations				
8.010 - Estimated Encumbrances June 30	33,776	149,227	149,227	149,227	149,227	149,227
9.080 - Reservations Subtotal	913,026	913,026	913,026	349,893	349,893	349,893
10.010 - Fund Bal June 30 for Cert of App	23,790,298	20,856,893	16,187,037	13,285,171	8,571,150	2,637,063
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	23,790,298	20,856,893	16,187,037	13,285,171	8,571,150	2,637,063
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	23,790,298	20,856,893	16,187,037	13,285,171	8,571,150	2,637,063

COVID-19 State Funding Update

FY 2020 Announced State Funding Cuts FY 2021 & 2022 Projected -10% State Funding Cut	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	24,737,100	21,919,146	17,249,290	12,984,291	8,270,270
+ Revenue	35,157,019	34,644,054	35,754,739	37,203,753	37,813,779
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(37,974,973)	(39,313,910)	(40,019,739)	(41,917,773)	(43,747,867)
= Revenue Surplus or Deficit	(2,817,954)	(4,669,856)	(4,265,000)	(4,714,020)	(5,934,088)
Ending Balance	21,919,146	17,249,290	12,984,291	8,270,270	2,336,183

FY 2020 Announced State Funding Cuts FY 2021 Projected -10% State Funding Cut	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	24,737,100	21,919,146	17,249,290	13,784,291	9,070,270
+ Revenue	35,157,019	34,644,054	36,554,739	37,203,753	37,813,779
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(37,974,973)	(39,313,910)	(40,019,739)	(41,917,773)	(43,747,867)
= Revenue Surplus or Deficit	(2,817,954)	(4,669,856)	(3,465,000)	(4,714,020)	(5,934,088)
Ending Balance	21,919,146	17,249,290	13,784,291	9,070,270	3,136,183

FY 2020 Announced State Funding Cuts FY 2021 State Funding Unchanged	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	24,737,100	21,919,146	18,123,477	14,658,478	9,944,457
+ Revenue	35,157,019	35,518,241	36,554,739	37,203,753	37,813,779
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(37,974,973)	(39,313,910)	(40,019,739)	(41,917,773)	(43,747,867)
= Revenue Surplus or Deficit	(2,817,954)	(3,795,669)	(3,465,000)	(4,714,020)	(5,934,088)
Ending Balance	21,919,146	18,123,477	14,658,478	9,944,457	4,010,370

On May 6, 2020 Governor Dewine announced state funding cuts for FY 2020. Both scenarios above capture that reduction. There has been no announced cuts beyond FY 2020. However, current economic conditions suggest a downward trend. Because of the COVID-19 crisis the forecast includes a -10% reduction in state funding in FY 2021 and FY 2022 as well as FY 2021 only. The bottom scenario reflects the forecast with no reductions beyond FY 2020.