

Wayne County Schools Career Center

Five-Year Forecast and Assumptions

Fiscal Year 2020

October 16, 2019



Wayne County Schools Career Center Board of Education

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Wayne County Schools Career Center

October 2019 Five-Year Forecast

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**Wayne County Schools Career Center
October 2019 Five-Year Forecast
Income and Expense Simplified Statement**

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Beginning Balance	9,175,960	7,040,621	7,714,933	8,318,830	7,925,073	8,134,316
+ Revenue	11,705,469	11,908,251	12,444,443	12,737,500	12,850,500	12,951,500
+ Proposed Renew/Replacement Levies	-	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-	-
- Expenditures	(13,840,808)	(11,233,939)	(11,840,546)	(13,131,257)	(12,641,257)	(13,167,257)
= Revenue Surplus or Deficit	(2,135,339)	674,312	603,897	(393,757)	209,243	(215,757)
Ending Balance	7,040,621	7,714,933	8,318,830	7,925,073	8,134,316	7,918,560
Revenue Surplus or Deficit w/o Levies	(2,135,339)	674,312	603,897	(393,757)	209,243	(215,757)
Ending Balance w/o Levies	7,040,621	7,714,933	8,318,830	7,925,073	8,134,316	7,918,560

Deficit spending due to the RAMTEC facility and Auto Tech lab renovations

Budgetary adjustments are necessary to ensure spending does not exceed revenue

Wayne County Schools Career Center
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

	ACTUAL			FORECASTED				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenue:								
1.010 - General Property Tax (Real Estate)	4,294,352	4,453,298	4,452,049	4,537,000	4,615,000	4,685,000	4,714,000	4,772,000
1.020 - Public Utility Personal Property	437,706	459,623	751,101	1,043,000	1,055,000	1,063,000	1,072,000	1,080,000
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	4,289,143	4,260,322	4,306,991	4,307,000	4,307,000	4,307,000	4,307,000	4,307,000
1.040 - Restricted Grants-in-Aid	1,600,691	1,604,016	1,566,808	1,567,000	1,567,000	1,567,000	1,567,000	1,567,000
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	605,838	583,563	590,488	585,000	597,000	609,000	613,000	622,000
1.060 - All Other Operating Revenues	463,768	481,108	748,745	696,000	707,000	718,000	729,000	740,000
1.070 - Total Revenue	11,691,498	11,841,930	12,416,182	12,735,000	12,848,000	12,949,000	13,002,000	13,088,000
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-	-	-
2.060 - All Other Financing Sources	13,971	66,321	28,261	2,500	2,500	2,500	2,500	2,500
2.070 - Total Other Financing Sources	13,971	66,321	28,261	2,500	2,500	2,500	2,500	2,500
2.080 - Total Revenues and Other Financing Sources	11,705,469	11,908,251	12,444,443	12,737,500	12,850,500	12,951,500	13,004,500	13,090,500
Expenditures:								
3.010 - Personnel Services	6,034,131	6,327,969	6,443,499	6,609,000	6,807,000	7,064,000	7,269,000	7,480,000
3.020 - Employees' Retirement/Insurance Benefits	2,307,511	2,563,325	2,531,823	2,754,000	2,928,000	3,114,000	3,315,000	3,534,000
3.030 - Purchased Services	1,354,678	1,288,809	1,527,694	1,665,000	1,740,000	1,818,000	1,900,000	1,986,000
3.040 - Supplies and Materials	541,656	512,367	593,473	678,000	678,000	678,000	678,000	678,000
3.050 - Capital Outlay	3,294,598	232,310	424,999	1,096,000	154,000	154,000	154,000	154,000
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	129,977	130,902	140,801	151,000	156,000	161,000	166,000	171,000
4.500 - Total Expenditures	13,662,551	11,055,682	11,662,289	12,953,000	12,463,000	12,989,000	13,482,000	14,003,000
Other Financing Uses								
5.010 - Operating Transfers-Out	178,257	178,257	178,257	178,257	178,257	178,257	178,257	178,257
5.020 - Advances-Out	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	178,257	178,257	178,257	178,257	178,257	178,257	178,257	178,257
5.050 - Total Expenditures and Other Financing Uses	13,840,808	11,233,939	11,840,546	13,131,257	12,641,257	13,167,257	13,660,257	14,181,257
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	(2,135,339)	674,312	603,897	(393,757)	209,243	(215,757)	(655,757)	(1,090,757)
Cash Balance July 1 - Excluding Proposed Renewal/								
7.010 - Replacement and New Levies	9,175,960	7,040,621	7,714,933	8,318,830	7,925,073	8,134,316	7,918,560	7,262,803
7.020 - Cash Balance June 30	7,040,621	7,714,933	8,318,830	7,925,073	8,134,316	7,918,560	7,262,803	6,172,046
8.010 - Estimated Encumbrances June 30	334,620	376,334	813,093	250,000	250,000	250,000	250,000	250,000
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
10.010 - of Appropriations	6,706,001	7,338,599	7,505,737	7,675,073	7,884,316	7,668,560	7,012,803	5,922,046
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	6,706,001	7,338,599	7,505,737	7,675,073	7,884,316	7,668,560	7,012,803	5,922,046
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	6,706,001	7,338,599	7,505,737	7,675,073	7,884,316	7,668,560	7,012,803	5,922,046

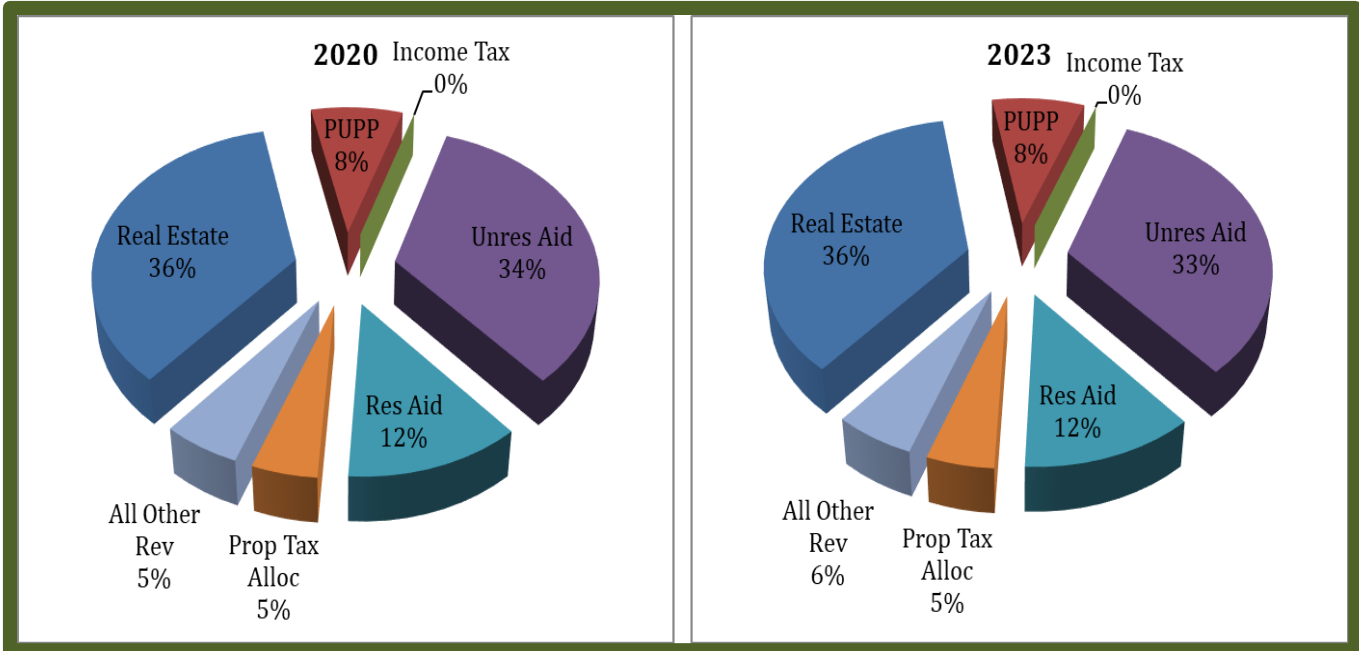
**Wayne County Schools Career Center
 October 2019 Five-Year Forecast
 Forecast Notes and Assumptions**

Wayne County Schools Career Center has prepared this forecast in good faith as of data available on September 30, 2019. This forecast does not include revenue generated from the Permanent Improvement Fund, Federal or State Grants, Student Activity Funds, Cafeteria Funds, and Adult Education Funds (except for any advances or transfers to these funds). The Wayne County Schools Career Center Board of Education voted to adopt this financial forecast and underlying assumptions at the October 16, 2019 regular meeting. The following information represents the assumptions that support the five-year financial forecast.

REVENUE SOURCES AND ANNUAL CHANGES

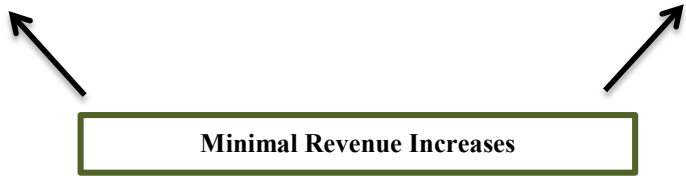
FY2020 Revenue Sources

FY2023 Revenue Sources



Revenue Sources – Annual Changes

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Revenue:							
1.010 - General Property Tax (Real Estate)	2.06%	1.91%	1.72%	1.52%	0.62%	1.23%	1.40%
1.020 - Public Utility Personal Property	18.26%	38.86%	1.15%	0.76%	0.85%	0.75%	8.47%
1.030 - Income Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.035 - Unrestricted Grants-in-Aid	-0.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.040 - Restricted Grants-in-Aid	3.46%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
1.045 - Restricted Federal Grants-in-Aid - SFSF	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.050 - Property Tax Allocation	-10.04%	-0.93%	2.05%	2.01%	0.66%	1.47%	1.05%
1.060 - All Other Operating Revenues	27.37%	-7.04%	1.58%	1.56%	1.53%	1.51%	-0.17%
1.070 - Total Revenue	1.69%	2.57%	0.89%	0.79%	0.41%	0.66%	1.06%



REVENUE ASSUMPTIONS

1.010 Real Estate Taxes: The Career Center receives tax revenue from Wayne, Ashland, Holmes, Medina and Stark Counties. Wayne County makes up the majority of tax revenue for the school. Overall, real estate revenue comprises 36% of the school’s total revenue sources and is projected to only grow 1.4% on average through fiscal year 2024.

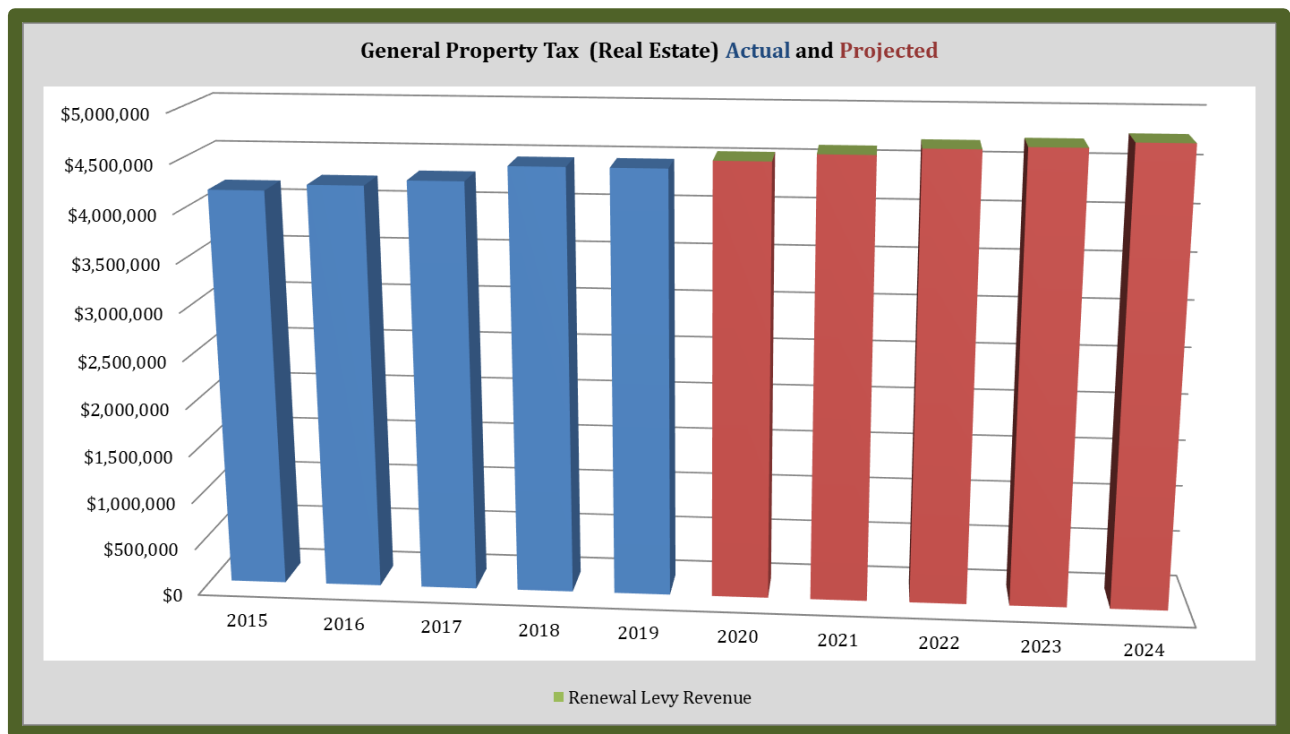
WCSCC operates at the 2-mill floor, which allows the district to receive growth from property value increases. A full reappraisal was conducted for tax year 2014. Residential and agriculture valuation average increase was 6.13%, which was mainly contributed to the updated CAUV values. The commercial and industrial average decrease was 1.39%. The triennial update in 2017 resulted in an overall decrease in agriculture by 15% and an increase of 6.2% in residential values.

The 2020 reappraisal is estimated to increase the residential valuations by 6% and decrease the agriculture values by 12%. The WCSCC will continue to monitor the

conditions of the economy as well as the housing market and make adjustments as needed.

There were changes in federal tax laws for 2018 which limited the amount of property taxes that could be deducted. As a result, many taxpayers opted to pay 2018 taxes at the end of the 2017 calendar year in order to avoid the deductibility limits in 2018. This had an impact on collection splits for calendar year 2018. The fall collections were lower than normal due to the full year of taxes paid in the spring collections.

The chart below reflects the actual five year history of real estate collections as well as the projected real estate collections for five years.



1.020 Public Utility Personal Property: Public utility personal property tax revenue continues to be collected in this revenue line throughout the forecast period and is

assumed to continue at the same rate other than the addition of the Rover pipeline as mentioned below.

The Rover pipeline is traversing through approximately 55 miles in Wayne County. The pipeline was placed into operation in phases. The first phase was operational in 2017. This portion was included on the 2018 taxable values which is payable in 2019. The second phase was operational in 2018. This portion was included on the 2019 taxable values payable in 2020. The values for the second phase assumes the same values of the first phase.

Rover collections were paid in full during the 1st half of collection in calendar year 2019. Therefore, the forecast assumes this payment method will continue.

1.035 Unrestricted Grants-in-Aid/1.040 Restricted Grants-in-Aid: This revenue comprises 50% of the district's revenue. HB166 was recently passed for the biennial budget which includes FY20 and FY21. There is no longer a funding formula for base aid which includes career technical funding. Essentially, the new budget ensures districts will receive at least what they received in FY2019. This will have a negative impact for growing career technical programs and the addition of new programs with no funding to offset costs.

The budget bill included new funds for "Enhanced Wellness." These funds are accounted for in a separate fund and not included in the forecast. These funds can be used to supplant current services as well as to help implement new services that meet the purpose of these funds. WCSCC will use these funds to offset a portion of the nurse salary in FY20 and FY21. The forecast assumes these funds will not continue and the above mentioned expense will be brought back to the General Fund.

Gambling casinos are permitted to operate in the State of Ohio per the Ohio Constitutional Amendment passed in 2009. 34% of the tax revenue has been

earmarked for public schools and can not be used to supplant or replace existing school funding. Casino revenue collections began in FY13. Casino revenue collections have been estimated at \$43,000.

1.050 Property Tax Allocation: The State of Ohio provides local property tax relief to taxpayers. The State then reimburses school districts. This includes 2.5% rollback, 10% homestead, the revised homestead exemption, and other poverty based exemptions. These sources reflect fluctuations that are based upon expected local property tax collections.

1.060 All Other Revenue/2.060 All Other Financing Sources: Open enrollment income has fluctuated from year to year. WCSCC received \$266,719 in FY17, \$283,316 in FY18, and \$368,751 in FY19. FY20 estimate of \$306,000 is based upon a three-year average from FY17-FY19.

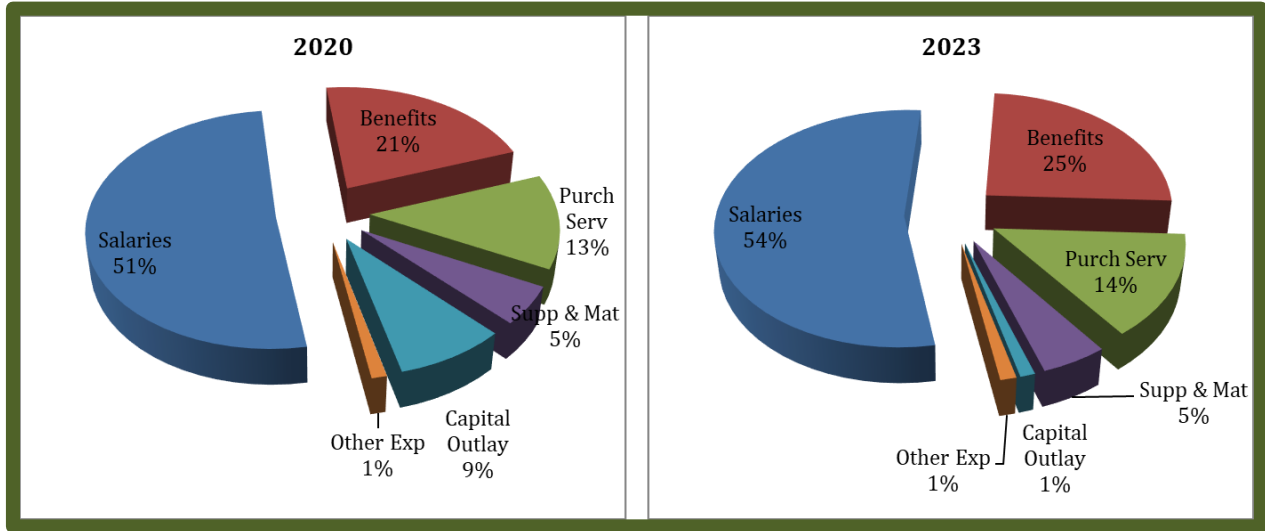
In FY18, the Ohio Bureau of Workers Compensation issued a 66% refund for 2015 premiums. Another premium refund was issued in FY19 for the 2016 premiums. It is not assumed the premium refund will continue.

Other examples of revenue items included in this line are interest revenue, manufactured homes tax revenue, 1 to 1 technology fees, and donations.

EXPENDITURE TYPES AND ANNUAL CHANGES

FY2020 Expenditure Types

FY2023 Expenditure Types



Types of Expenditures – Annual Changes

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Expenditures:							
3.010 - Personnel Services	1.84%	2.57%	3.00%	3.78%	2.90%	2.90%	3.03%
3.020 - Employees' Retirement/Insurance Benefits	1.63%	8.78%	6.32%	6.35%	6.45%	6.61%	6.90%
3.030 - Purchased Services	4.65%	8.99%	4.50%	4.48%	4.51%	4.53%	5.40%
3.040 - Supplies and Materials	2.40%	14.24%	0.00%	0.00%	0.00%	0.00%	2.85%
3.050 - Capital Outlay	100.53%	157.88%	-85.95%	0.00%	0.00%	0.00%	14.39%
3.060 - Intergovernmental	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010 - 4.060 - Principal, Interest & Fiscal Charges	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300 - Other Objects	9.50%	7.24%	3.31%	3.21%	3.11%	3.01%	3.98%
4.500 - Total Expenditures	3.19%	11.07%	-3.78%	4.22%	3.80%	3.86%	3.83%

Budgetary adjustments will be necessary to align with revenue sources beginning in FY2022 to avoid deficit spending

EXPENDITURE ASSUMPTIONS

3.010 Personnel Services: This line item reflects all salaries, wages, overtime, substitute costs, and supplemental contracts paid to employees. This comprises 51% of the school's budget.

The district maintains exempt employees, association employees, and administrators. The school has one bargaining unit: WCJVS Education Association for certified and classified staff. The Association contract is for a 3-year term effective July 1, 2017 through June 30, 2020. Base salary increases are 2% per year with steps averaging 1.4% per year. A new part-time bargaining unit contract was approved for a 2-year term effective July 1, 2018 through June 30, 2020. A new salary schedule was agreed upon along with various other employee benefits.

This forecast assumes a 1.5% base increase for FY21 through FY24 for all employees. However, increases in base salary are subject to the negotiated agreements between the Board of Education and the Association. Any increases agreed upon by both parties will be based on financial solvency and the ability to sustain such increases.

The District contracts for services with the Tri-County Educational Service Center as well as shared services with the ESC and area schools. This has reduced the salaries/benefits line, increased the purchased services line, as well as providing flexibility, and cost savings of shared services. Additional staffing adjustments are made each year in order to align staff with student needs.

Employees who retire are eligible for severance payments as outlined in the negotiated agreements and employee handbooks. It is important to note severance estimates are subject to individual decisions to retire, and estimates will change depending upon actual retirements submitted.

3.020 Employees' Retirement/Insurance Benefits: This line item reflects STRS/SERS employer contribution, Medicare, Worker's Compensation, and insurance premiums paid on behalf of employees. This comprises 21% of the school's budget. Health insurance premiums increased by 5.4% in FY18, 6.85% in FY19, and 1.21% in FY20. Even though the FY19 rate increase was 6.85%, the Stark COG changed how the holiday month premiums were calculated which changed the actual rate increase. Districts used to pay the difference between the old rate and the new rates during the holiday premium months. The COG eliminated this in FY19 but adjusted the monthly insurance premiums to make up for these differences. This resulted in a blended rate increase of 9.14% in FY19. FY20 increased by 1.21%. Insurance premiums are assumed to increase 10% for FY21 through FY24 based on forecasting recommendations from the Stark COG.

The Stark COG has issued at least one health insurance premium holiday each year. The district received two insurance premium holidays in FY18, three in FY19, and two in FY20. This is an estimated savings of \$130,000 per holiday. One holiday is assumed in FY21 through FY24.

Wayne County Schools Health Insurance History			
YEAR	% INCREASE	Holidays	Notes
97/98	5.00%		
98/99	2.00%		
99/00	2.00%		
00/01	9.90%		
01/02	8.00%		
02/03	14.00%		
03/04	8.00%		
04/05	10.00%		
05/06	10.00%		Joined COG
06/07	9.00%		
07/08	9.80%	1	
08/09	6.75%	1	
09/10	9.80%	1	
10/11	9.80%	2	
11/12	5.00%	3	
12/13	5.00%	3	
13/14	4.50%	2	
14/15	5.00%	2	
15/16	2.60%	2	
16/17	2.50%	3	
17/18	5.40%	2	
			9.14% Blended rate due to holiday premium rate difference calculated into remaining premium payments
18/19	6.85%	3	
19/20	1.21%	2	Blended increase

Certified bargaining unit members' and administrators' contribution increased from 13% to 14% for medical insurance premiums in FY16 and to 15% in FY17. Classified bargaining unit members, exempt employees, and managers contribute 13% to medical insurance premiums. All other benefits are expected to increase at the same rate as personnel services.

3.030 Purchased Services: This line item includes expenses such as utilities, educational service contracts and shared services with Green Local Schools (see above note under salaries), repairs, professional development, postage, copier leases, and other contractual items. This comprises 13% of the district's budget. In FY17 and FY18, there was a one-time implementation cost for a new business operations software package. In FY19, a full-time resource officer was added versus a shared resource officer. This was an additional cost of \$46,000. All other purchased services are expected to increase by 4.5% in FY20 through FY24.

3.040 Supplies and Materials: Items include textbooks, instructional supplies, office supplies, maintenance supplies, and other educational materials. All other items in this line have been flat lined for FY20 through FY24.

3.050 Capital Outlay: Included in this line are building improvements, furnishings and technology expenditures. The board budgeted \$3.5 million for the RAMTEC project which occurred from FY16 through FY19. The Board also budgeted \$1 million capital improvements and new equipment for the auto technology lab. This project is reflected in FY19 and FY20.

The remaining amount allocated in this line is for the 1 to 1 technology for students as well as for equipment that does not meet the requirements of the Permanent Improvement levy.

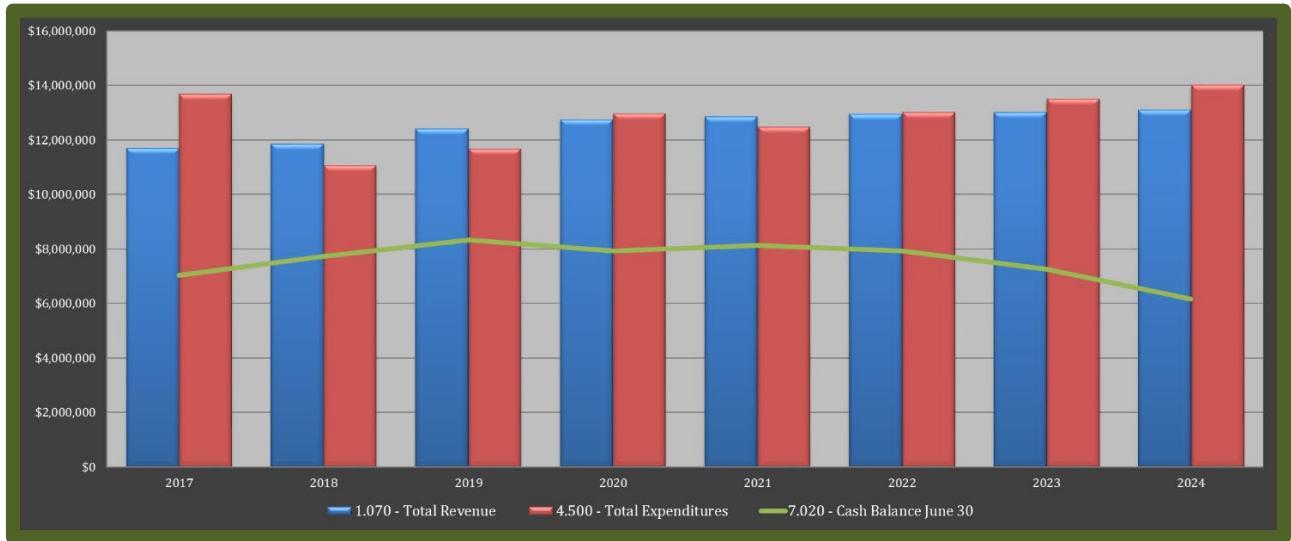
4.300 Other Objects: Included in this line are county auditor/treasurer fees, annual audit fees, and bank fees. All other objects are expected to increase 3% per year.

5.010 Operating Transfers-Out: Included in this line are transfers to other funds. The OSFC renovation project requires the school to transfer a total of \$6,600,000 into the 034 Maintenance Fund over a 23-year period. This equates to a transfer of \$164,757 each year to meet this commitment. The funds are to be used to maintain the school facilities. The school implemented a Drug Free Clubs of America program in the 2014-2015 school year. The program is designed to encourage students to remain drug free, promotes good health and will assist students in obtaining jobs that require drug testing. The Board committed to match up to \$12,500 in community donations to this club each year to assist in managing the expense of the actual drug testing kits. The Board grants two \$500 Ambassador Program Achievement Awards each year, which began in FY16.

8.010 Encumbrances: Estimated encumbrances are based on recent history and current financial conditions.

In summary, the WCSCC has successfully managed the funds of the district while providing outstanding opportunities for the students. The WCSCC will continually monitor and develop a plan to ensure expenses do not exceed revenue sources as entrusted to do so by the community.

Revenue, Expenditures and Year End Fund Balance



*\$3.5 million RAMTEC facility expenditures reflected in FY16 through FY19

*\$1 million Auto Tech lab upgrades expenditures reflected in FY19 through FY20

*Balances do not reflect the Operating Transfers-Out