

Northwestern LSD - Clark County

Five Year Forecast Financial Report

May, 2019

Prepared by Julie Gibson, Treasurer

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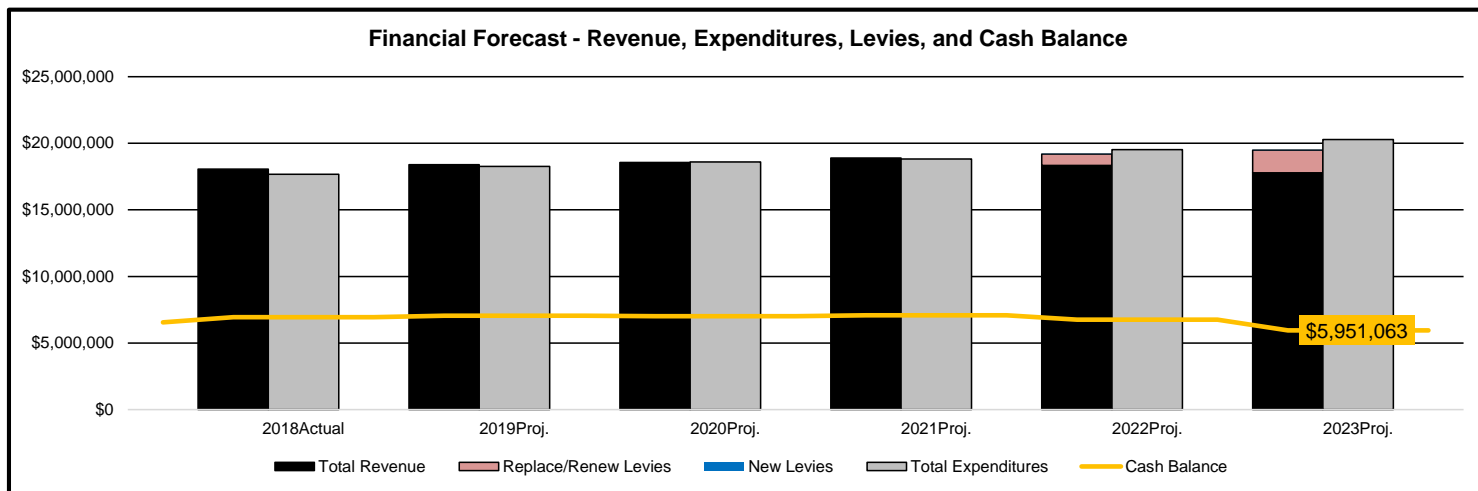
Forecast Purpose/Objectives

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



Northwestern LSD - Clark County

Financial Forecast

Financial Forecast	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Beginning Balance	7,170,942	7,297,084	7,257,911	7,335,389	7,005,924
+ Revenue	18,388,346	18,561,938	18,899,005	18,344,236	17,784,044
+ Proposed Renew/Replacement Levies	-	-	-	849,520	1,696,390
+ Proposed New Levies	-	-	-	1,928	5,788
- Expenditures	(18,262,204)	(18,601,111)	(18,821,527)	(19,525,149)	(20,289,652)
= Revenue Surplus or Deficit	126,142	(39,173)	77,478	(329,466)	(803,430)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	7,297,084	7,257,911	7,335,389	7,005,924	6,202,494

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	126,142	(39,173)	77,478	(1,180,913)	(2,505,608)
Ending Balance w/o Levies	7,297,084	7,257,911	7,335,389	6,154,476	3,648,868

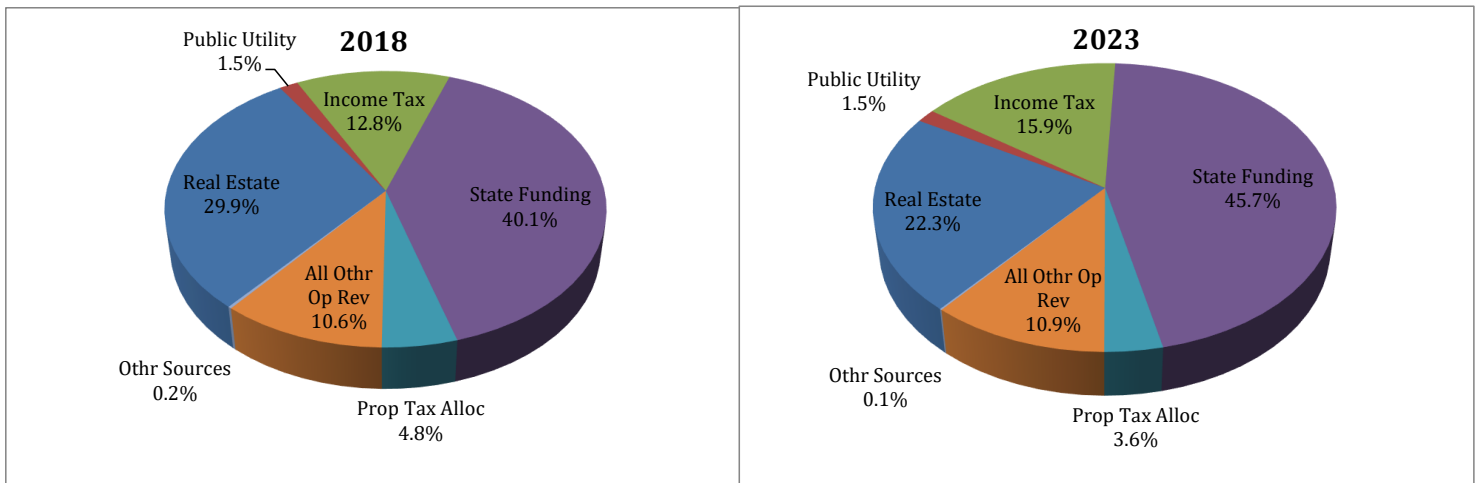
All five year forecasts are filled with variables that require assumptions to be made in order to make predictions. Examples of these variables include the impact of the economy on real estate values and income tax receipts, education funding formula changes by the State of Ohio, the numbers of students enrolled, potential health care regulation changes, and future employee contract negotiations. All assumptions are based on information the District has received at the time the forecast is compiled.

One of the most important lines to look at in a forecast is the "Revenue Surplus or Deficit" in the table above. The table shows the district is projected to first deficit spend in Fiscal Year 2020. The same line in Fiscal Years 2020 through 2023 shows how fast deficit spending increases. It is easy to see that deficit spending can quickly eliminate a cash balance.

On the positive side, the forecast projects the district to be somewhat fiscally sound over the next couple of years. This will allow the district to implement programs and projects that will have a positive effect on students.

The forecast will be presented to the Board of Education for approval on May 16, 2019.

Revenue Sources and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
Revenue:							
1.010-Real Estate	1.01%	-1.96%	-0.83%	1.85%	0.21%	0.19%	-0.11%
1.020-Public Utility	6.75%	9.90%	2.93%	4.38%	2.85%	2.65%	4.54%
1.030-Income Tax	1.78%	8.52%	2.91%	3.00%	3.00%	3.00%	4.09%
1.035-State Funding	3.37%	1.30%	2.13%	2.39%	2.98%	2.98%	2.36%
1.040-Restricted Aid	103.97%	20.08%	-16.05%	0.49%	-3.06%	0.88%	0.47%
1.045-Restr Federal SF SF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	0.18%	-1.28%	0.30%	-0.40%	-0.42%	0.23%	-0.31%
1.060-All Other Operating	4.80%	3.22%	3.16%	-1.22%	-1.24%	-2.51%	0.28%
1.070-Total Revenue	2.50%	1.56%	1.31%	1.82%	1.56%	1.50%	1.55%
2.070-Total Other Sources	128.18%	122.64%	-74.35%	0.00%	0.00%	0.00%	9.66%
2.080-Total w/Other Srcs	2.50%	1.83%	0.94%	1.82%	1.56%	1.49%	1.53%

The above table shows average percentage of revenue changes over the last five years and projected percentage changes over the next five years.

The total general fund revenue has been fairly steady over the last five years. This can be seen in total revenue (Line 2.080) only increased 2.50%.

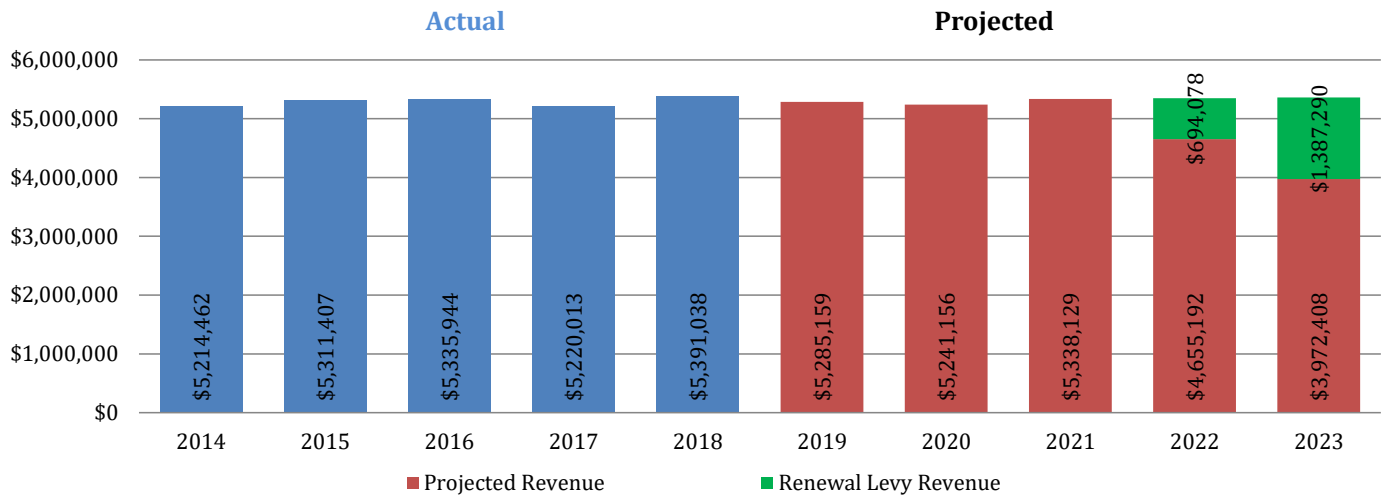
The decrease in revenues for FY19 are largely due to timing of payments particularly with the real estate. The projected revenue increases in future years are small. Fiscal Year 2022 & 2023 show decreases in tax related revenue due to the Substitute Levy which expires in Fiscal Year 2021. That explains the shift in the percentages of real estate and state revenues from 2018 to 2023. The levy must be renewed by the end of 2021 to maintain current levels of educational programs. With projected decreases in enrollment, state funding will also be negatively affected. The current funding formula "guarantees" a minimal level of funding. This guarantee could be decreased in future budgets. The funding formula also has a cap designed to limit the distribution of state funds so that no district receives more funding than the limitation base allows. The reader should note that state funding is subject to the deliberations of Ohio legislators.

The graphs above show that approximately 75% of the district revenue in Fiscal Year 2018 was some way related to a combination of real estate taxes and state funding. Any changes in property values and/or state funding could have a significant impact on overall future projections.

Please see the detailed notes for more information about each category.

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).



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	5,391,038	5,285,159	5,241,156	5,338,129	5,349,270	5,359,698
YOY \$ Change	171,025	(105,879)	(44,003)	96,973	11,141	10,427
YOY % Change	3.3%	-2.0%	-0.8%	1.9%	0.2%	0.2%

Percentage of Total Revenue	2018	2019	2020	2021	2022	2023
	29.9%	28.7%	28.2%	28.2%	27.9%	27.5%

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2017	221,760,150	366,290	27.37	(0.03)	30.39	(0.51)	100.0%
2018	221,763,250	3,100	27.40	0.02	30.53	0.15	99.5%
2019	221,895,250	132,000	27.44	0.04	30.67	0.14	99.7%
2020	222,177,250	282,000	27.47	0.03	30.80	0.13	99.7%
2021	222,459,250	282,000	27.48	0.01	30.92	0.12	99.7%
2022	223,841,250	1,382,000	27.37	(0.11)	30.87	(0.05)	99.7%

Real Estate Taxes represented 29.9% of the Fiscal Year 2018 total general fund revenue.

Real estate taxes are divided into two classes:

- Class I – Residential/Agricultural
 - o Residential values have been fairly steady over the past few years.
 - o Residential values increased by 2.67% in the 2016 update, and projected to increase by 5% in the 2019 reappraisal.
 - o Agricultural values increased by 8.91% in the 2016 update. Proposed state legislation could affect future ag values. The ag land values are projected to decrease by approximately 11% in the 2019 reappraisal.
- Class II – Commercial Industrial
 - o Commercial values have decreased in each of the last several years, mainly due to the businesses in the Upper Valley Mall area.
 - o Commercial values decreased by 21.69% in the 2016 update.
 - o Industrial values have had small decreases over the last several years.

Tax rates are the other main factor in real estate tax revenue.

- The district's Substitute Levy was "renewed" for five years in 2016. The levy must be renewed by December 31, 2021. If not renewed, the loss of projected revenue is shown in green in the above graphs.

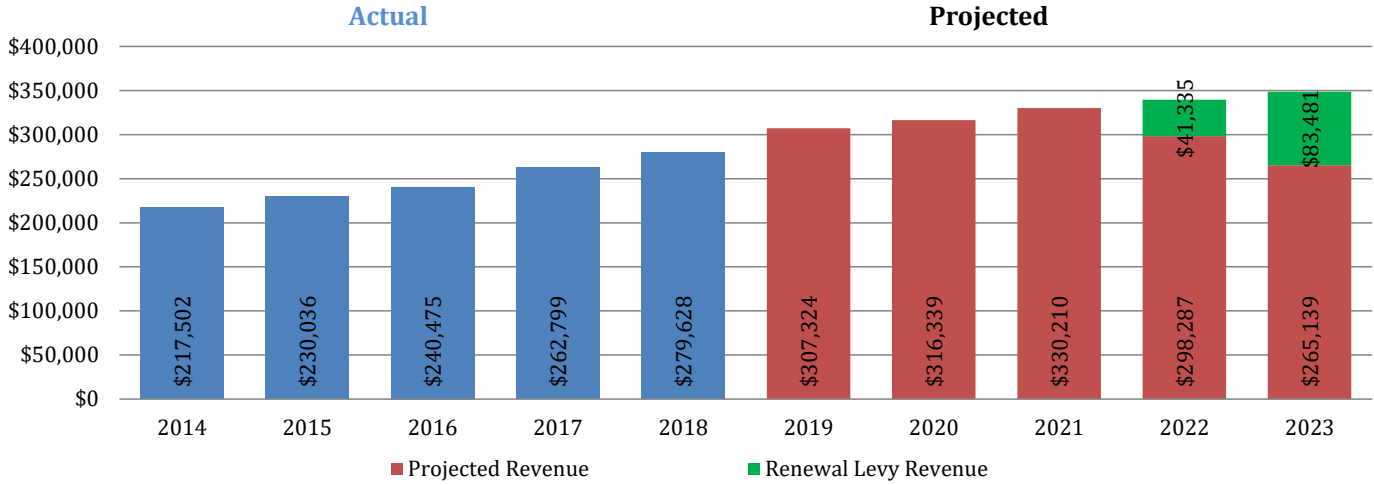
Real estate tax revenue does not drastically change directly with the increases or decreases in property values. Instead, the Ohio Department of Taxation adjusts most rates up or down to keep the revenue more constant. The rate adjustments result in tax burdens being shifted from one class to another.

Recent tax law changes prompted many taxpayers to prepay 2018 taxes in order to take the tax deduction. This resulted in higher than projected revenues in 2018 and will result in lower tax revenues in 2019. However, the overall impact should be minimal as the timing of tax receipts normalizes.

**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.



	2018	2019	2020	FORECASTED		
				2021	2022	2023
Total With Renewal Levies	279,628	307,324	316,339	330,210	339,622	348,620
YOY \$ Change	16,829	27,696	9,015	13,871	9,412	8,998
YOY % Change	6.4%	9.9%	2.9%	4.4%	2.9%	2.6%

Percentage of Total Revenue	2018	2019	2020	2021	2022	2023
	1.5%	1.7%	1.7%	1.7%	1.8%	1.8%

Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2017	9,393,680	762,450	30.85	(0.05)	100.0%
2018	10,232,510	838,830	30.87	0.02	100.0%
2019	10,532,510	300,000	30.90	0.03	100.0%
2020	10,832,510	300,000	30.92	0.02	100.0%
2021	11,132,510	300,000	30.93	0.00	100.0%
2022	11,432,510	300,000	30.87	(0.05)	100.0%

Public Utility Personal Property Tax Revenue represented 1.5% of the Fiscal Year 2018 total general fund revenue.

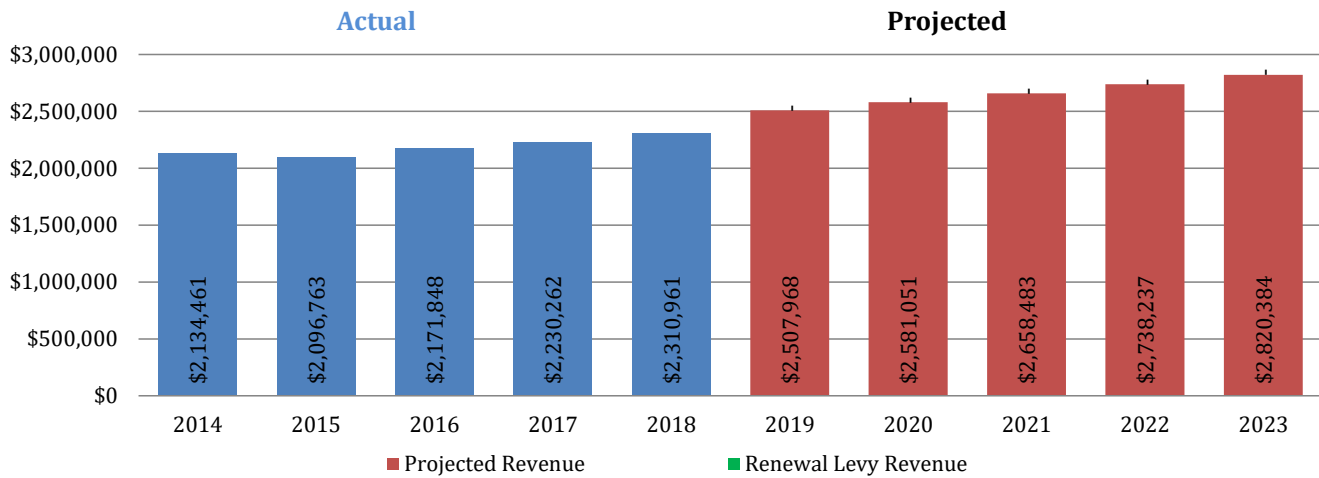
These tax receipts are generated from telephone, natural gas, and electric lines and equipment.

Public utility personal property values have had small increases, but it is little impact on overall revenue.

*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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	2,310,961	2,507,968	2,581,051	2,658,483	2,738,237	2,820,384
YOY \$ Change	80,700	197,007	73,083	77,432	79,754	82,147
YOY % Change	3.6%	8.5%	2.9%	3.0%	3.0%	3.0%
Percentage of Total Revenue	12.8%	13.6%	13.9%	14.1%	14.3%	14.5%

Income Taxes represented 12.8% of the Fiscal Year 2018 total general fund revenue.

The 1% income tax is based on wage earnings of district residents. Non-wage earnings (retirement, interest, etc.) are not subject to the income tax.

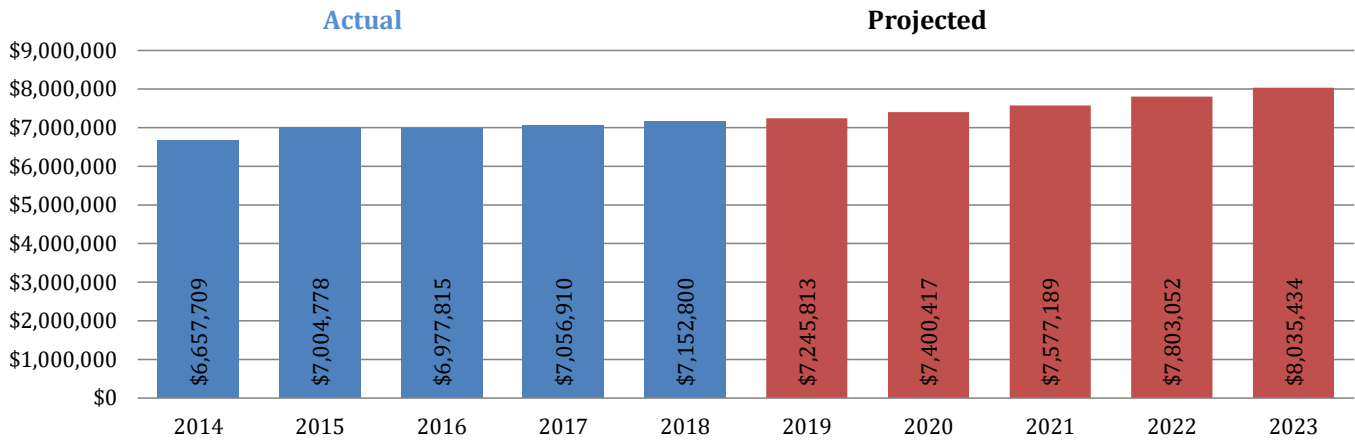
Fiscal Year 2018 resulted in a 3.62% increase from the previous year. Fiscal Year 2019 revenues are up 8.5%.

Income tax revenue is projected to increase approximately 3% annually assuming a steady economic recovery.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	7,152,800	7,245,813	7,400,417	7,577,189	7,803,052	8,035,434
YOY \$ Change	95,890	93,013	154,604	176,772	225,863	232,382
YOY % Change	1.4%	1.3%	2.1%	2.4%	3.0%	3.0%
Percentage of Total Revenue	39.6%	39.4%	39.9%	40.1%	40.7%	41.2%
Core Funding Per Pupil	6,010	6,020	6,030	6,040	6,050	6,060
State Share Index (SSI)	48.3%	48.3%	48.8%	48.8%	53.1%	53.1%
State Core Funding Per Pupil	2,900	2,905	2,946	2,950	3,214	3,219
Formula ADM (Funded Student Count)	1,547	1,500	1,499	1,512	1,521	1,525
Funding Status	Formula	Formula	Formula	Formula	Capped	Capped

Unrestricted aid is funding from the State of Ohio and represented 39.6% of Fiscal Year 2018 the total general fund revenue. The reader should be aware that State funding for schools is subject to deliberations and approval of the Ohio General Assembly and is set as part of the State's biennial budget.

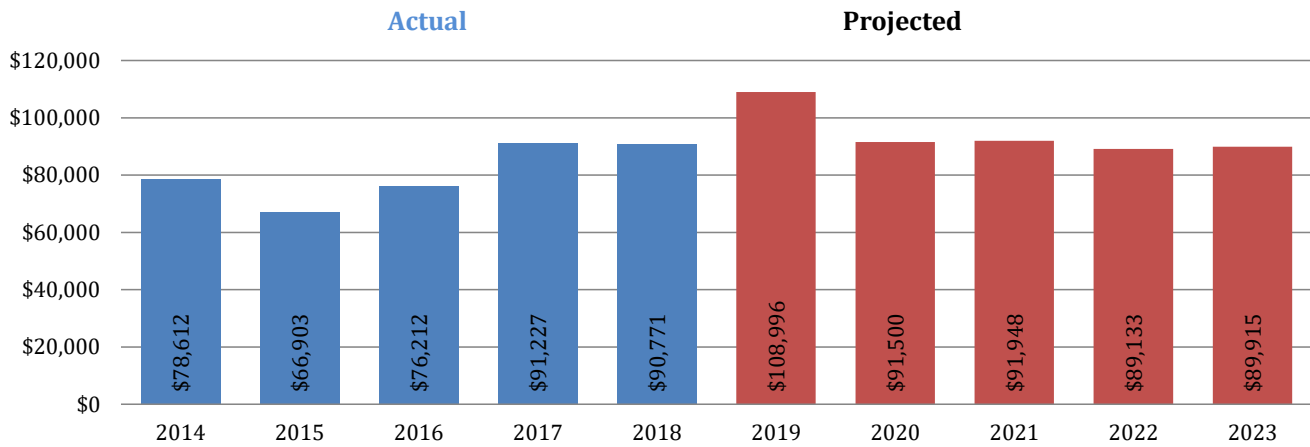
The funding formula was part of the State of Ohio budget approved for a two year period that was effective for Fiscal Years 2018 and 2019. Projections for Fiscal Years 2018 - 2023 reflect the same funding formula.

The base formula for Fiscal Year 2018 is \$6,010 per student and \$6,020 in Fiscal Year 2019. The base formula is projected at \$6,100 in Fiscal Years 2020 - 2023. It is important to remember only a portion of the funding amount per student is actually received by the district (the current state funding share is 48.2%) - the district does not actually receive \$6,020 per student.

The projected enrollment is based on a three year average of mobility factors (students moving in and of the district) and classes graduating. For the past several years, incoming kindergarten classes have been significantly smaller than graduating classes. This results in long term projections of decreased enrollment. The mobility factors show some student increases, but this is not enough to overcome projected large decreases in enrollment. If enrollment does decrease at the projected rate, state funding will be adversely affected.

1.040 & 1.045 - Restricted Grants-in-Aid

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



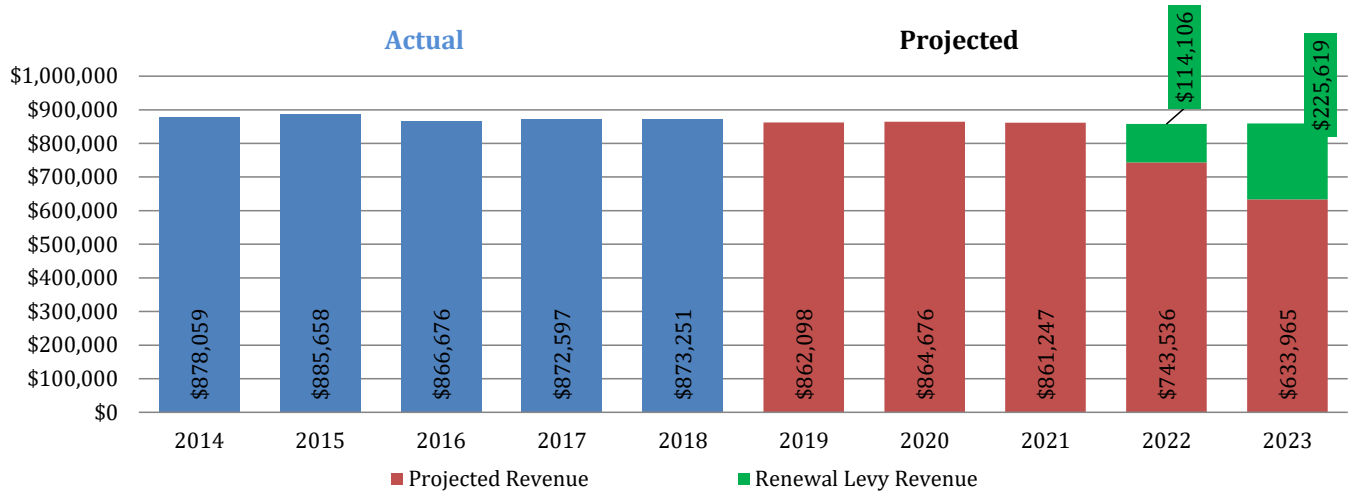
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	90,771	108,996	91,500	91,948	89,133	89,915
YOY \$ Change	(455)	18,225	(17,496)	448	(2,815)	782
YOY % Change	-0.5%	20.1%	-16.1%	0.5%	-3.1%	0.9%
Percentage of Total Revenue	0.5%	0.6%	0.5%	0.5%	0.5%	0.5%
Economic Disadvantaged Funding	58,555	52,895	55,171	55,619	52,804	53,586
Percentage of Disadvantaged Students	31.5%	30.4%	31.2%	31.2%	31.2%	31.2%

Restricted state funding represented 0.5% of the Fiscal Year 2018 total general fund revenue.

This funding includes economic disadvantaged and career tech funding.

1.050 - Property Tax Allocation

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	873,251	862,098	864,676	861,247	857,642	859,584
YOY \$ Change	655	(11,153)	2,578	(3,429)	(3,605)	1,942
YOY % Change	0.1%	-1.3%	0.3%	-0.4%	-0.4%	0.2%
Percentage of Total Revenue	4.8%	4.7%	4.7%	4.6%	4.5%	4.4%
% of Residential Real Estate 10% Rollback	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
% of Residential Real Estate 2.5% Rollback	1.52%	1.52%	1.52%	1.52%	1.52%	1.52%
% of Residential Real Estate Homestead	3.57%	3.57%	3.57%	3.57%	3.57%	3.57%

Property Tax Allocation represented 4.8% of the Fiscal Year 2018 total general fund revenue.

Homestead and Rollback include the original 10% property tax rollback, enacted in 1971, for all real property owners. In 1979, an additional 2.5% rollback was enacted for owner occupied homes. Homeowners 65 years old or permanently disabled may be eligible for the homestead exemption based on income class. The homestead exemption was put into effect in 1976. The 2.5% rollback and the homestead exemption are not automatic and must be applied for through the County Auditor's office.

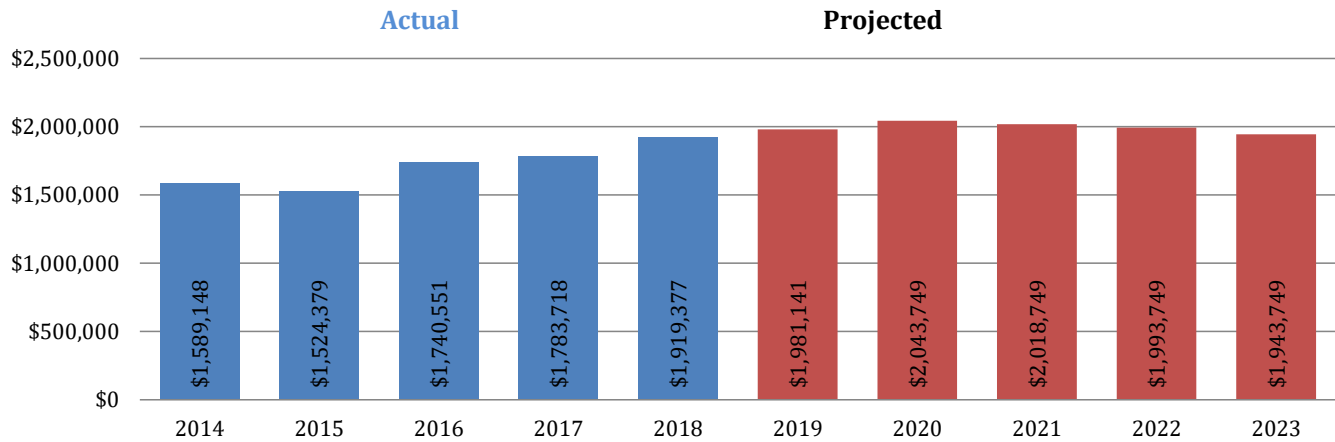
The district receives Tangible Personal Property Tax reimbursements from the State of Ohio. The phase out of this reimbursement is scheduled to begin in Fiscal Year 2018. The amount to be received for Fiscal Year 2019 is \$18,633.

The green portion of the above graph represents the amount of revenue that will be lost in Fiscal Year 2022 and 2023 if the Substitute Levy is not renewed.

**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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	1,919,377	1,981,141	2,043,749	2,018,749	1,993,749	1,943,749
YOY \$ Change	135,659	61,764	62,608	(25,000)	(25,000)	(50,000)
YOY % Change	7.6%	3.2%	3.2%	-1.2%	-1.2%	-2.5%
Percentage of Total Revenue	10.6%	10.8%	11.0%	10.7%	10.4%	10.0%

Other operating revenue represented 10.6% of the Fiscal Year 2018 overall general fund revenue.

Other operating includes revenue received for tuition from other districts, student fees, fines, interest earnings, as well as, rental income and miscellaneous revenue.

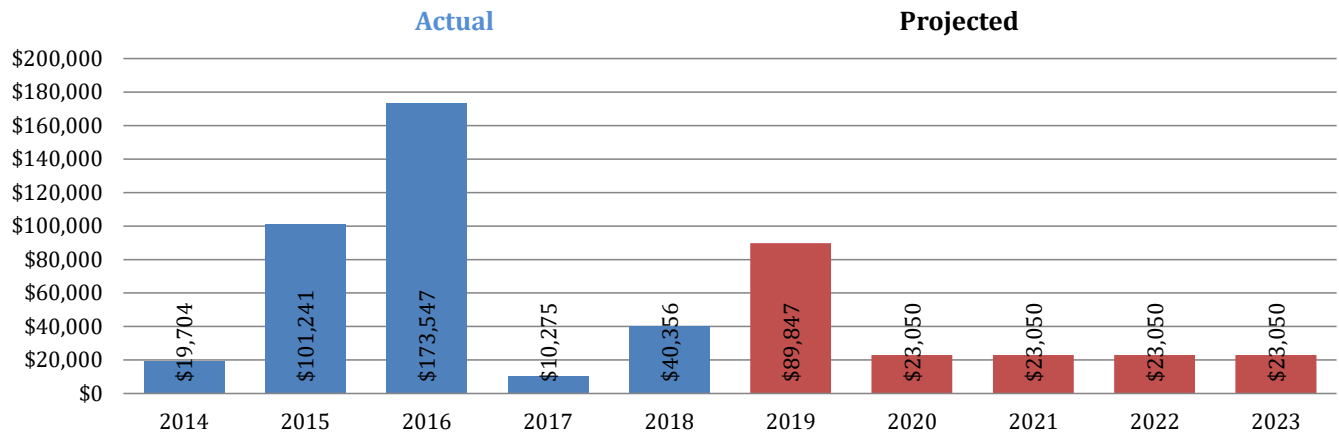
Open enrollment tuition is the largest single source in this category. Open enrollment tuition is projected bring in a little over \$1.2 million annually.

Tuition from other districts is based mostly on court placed and foster children attending Northwestern with residence assigned to another district. This number can have wide fluctuations. In addition, some students have special education needs than cannot be predicted. This results in revenue that is difficult to project. The timing of the payments also results in fluctuations from year to year.

Fiscal Year 2018 is inflated due to the State of Ohio sending reimbursements late. Reimbursements normally received meant for Fiscal Year 2017 were not received until Fiscal Year 2018.

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.



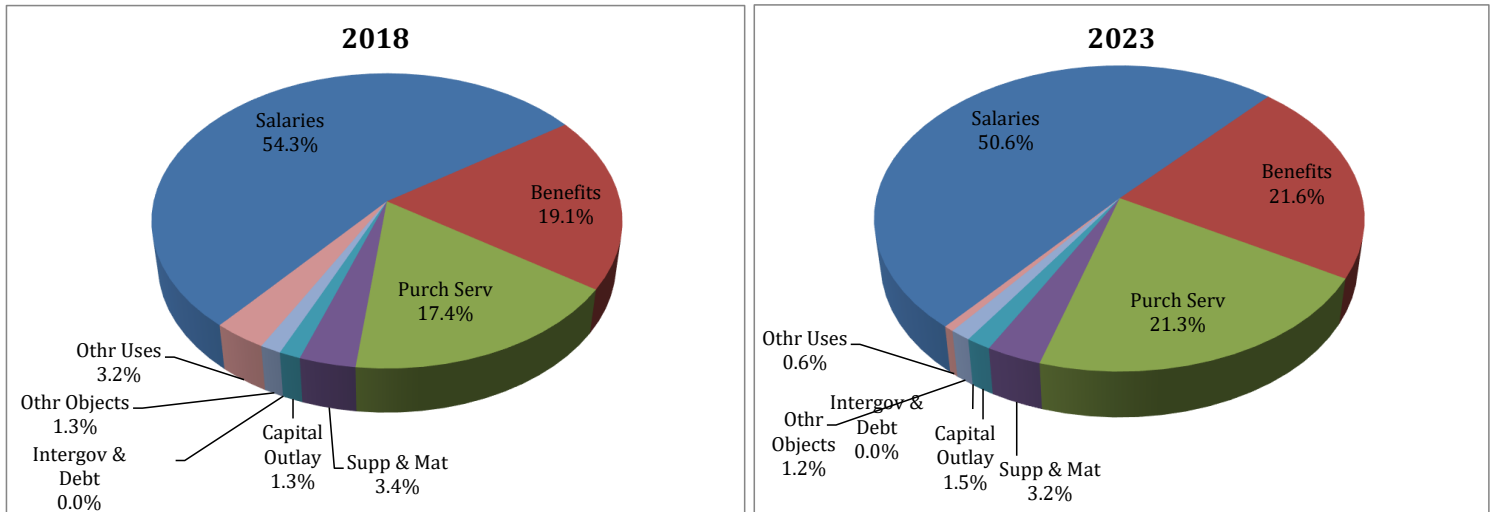
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	40,356	89,847	23,050	23,050	23,050	23,050
YOY \$ Change	30,081	49,491	(66,797)	-	-	-
YOY % Change	292.8%	122.6%	-74.3%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.2%	0.5%	0.1%	0.1%	0.1%	0.1%
Transfers In	-	-	-	-	-	-
Advances In	-	815	10,000	10,000	10,000	10,000

Other financing sources represented .2% of the Fiscal Year 2018 overall general fund revenue.

The return of advances made to other funds is also included in the line. No significant advances and/or returns are planned for future years.

This category includes refund of prior year receipts and the sale of assets. These amounts are usually small and fairly consistent from year to year. In Fiscal Year 2019 the Clark County Auditor refunded charges for previous years Auditor/Treasurer fees of approximately \$45,000 to the general fund. This was a one-time receipt that will not be repeated in future years.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
Expenditures:							
3.010-Salaries	3.10%	-1.35%	1.17%	1.47%	2.79%	2.84%	1.38%
3.020-Benefits	0.93%	2.35%	5.15%	6.13%	6.57%	6.71%	5.38%
3.030-Purchased Services	6.63%	19.01%	4.42%	4.21%	4.27%	4.34%	7.25%
3.040-Supplies & Materials	3.67%	1.49%	1.72%	1.77%	0.24%	2.67%	1.58%
3.050-Capital Outlay	-7.97%	21.62%	36.40%	-23.25%	0.44%	0.45%	7.13%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	-0.92%	-3.54%	3.00%	3.00%	3.00%	3.00%	1.70%
4.500-Total Expenditures	2.88%	3.42%	3.22%	2.48%	3.76%	3.94%	3.36%
5.040-Total Other Uses	96.60%	1.57%	-39.51%	-65.76%	0.00%	0.00%	-20.74%
5.050-Total w/Other Uses	3.40%	3.36%	1.86%	1.18%	3.74%	3.92%	2.81%

The above table shows average percentage of expenditure changes over the last five years and projected percentage changes over the next five years.

The two categories with notable changes are Capital Outlay and Purchased Services. This is due to large projects, such as an additional bus every fifth year as well as recent classroom technology enhancements. Purchased services continue to be an area of concern as special education costs increase. Overall total operating expenditures (Line 4.500) showed an average increase of only 2.88% per year.

During fiscal year 2019 an account coding change occurred that shifted about \$340,000 from salaries to purchased services in the general fund as federal procurement legislation warranted a change in coding for federal grants.

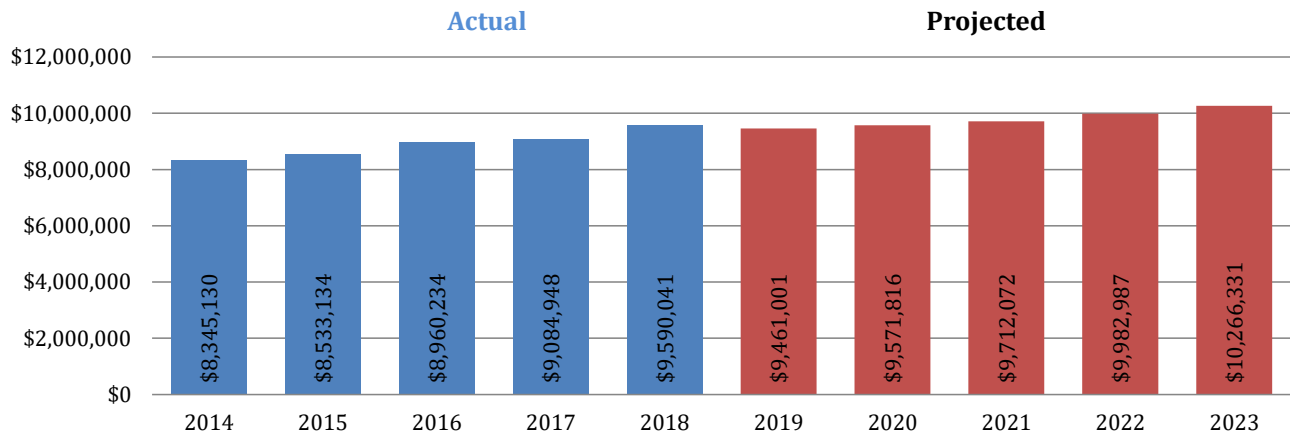
Although the projected percentage increases appear to be small, they can be significant dollar amounts. Salaries accounted for 54.3% of overall Fiscal Year 2018 expenditures. The projected annual increase of 1.87% represents a large dollar amount of increased expenditures.

It is also important to notice the projections for purchased services in the graph above as purchased services are projected to exceed the costs of employee benefits. Most of this increase is due to the projected costs of tuition paid for special education services. These are costs that are difficult for the district to control. The district has also implemented several cost containment measures in the health insurance premiums.

Please see the detailed notes for more information about each category.

3.010 - Personnel Services

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	9,590,041	9,461,001	9,571,816	9,712,072	9,982,987	10,266,331
YOY \$ Change	505,093	(129,040)	110,815	140,256	270,915	283,344
YOY % Change	5.6%	-1.3%	1.2%	1.5%	2.8%	2.8%
Percentage of Total Budget	54.3%	51.8%	51.5%	51.6%	51.1%	50.6%

Personnel Service (Salaries) represented 54.3% of the Fiscal Year 2018 overall general fund expenditures.

Salaries for the teaching staff and non-certified employees are set by negotiated agreements. The teachers are covered by the Northwestern Teachers Association (NTA) and the non-certified staff members are covered by the Northwestern Association of School Employees (NASE). Employees who are not covered by the union agreements generally receive similar salary increases.

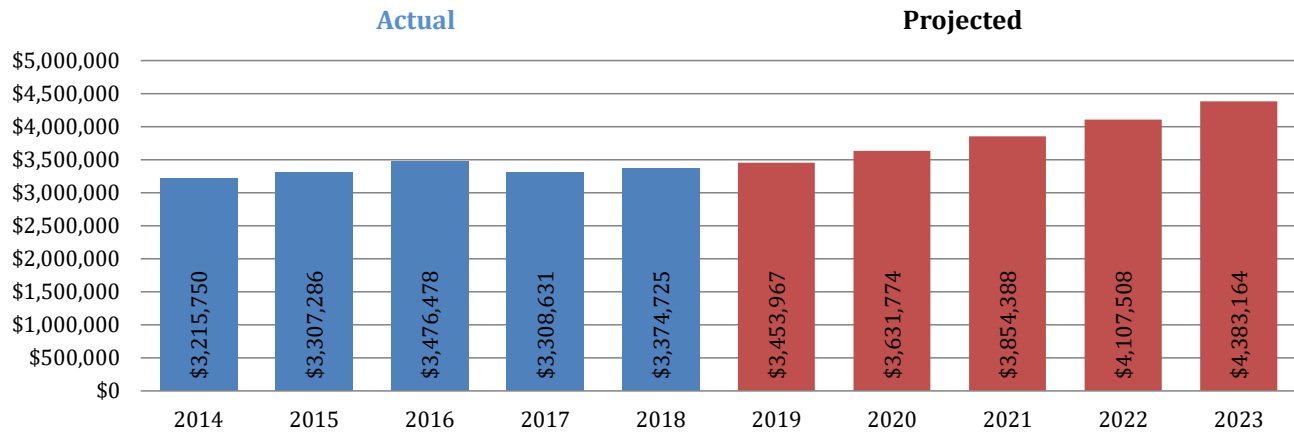
Negotiated agreements with both unions are in place for Fiscal Years 2020-2022. The base increase for the NTA is 1.5% for Fiscal Years 2020 - 2022 while the base increase for NASE is 3%. Forecasted year 2023 includes a 1.5% increase for all employees. Additional step and educational increases for certified staff are estimated at 2.28% annually. The step increment for classified staff is estimated at 2% annually.

An additional half time literacy teacher was added for Fiscal Year 2018. One teaching position was reduced through attrition for the FY2019 school year. Staffing levels for FY20 and FY21 are being monitored closely as reductions in staff through attrition will be in place. This forecast reflects four teaching and one administrative position to be reduced for FY20 and an additional three position to be reduced in FY21. These measures are aimed at addressing the deficit spending with the least impact on the quality of education provided to our students.

During fiscal year 2019 an account coding change occurred that shifted about \$340,000 from salaries to purchased services in the general fund as federal procurement legislation warranted a change in coding for federal grants.

3.020 - Employees' Benefits

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	3,374,725	3,453,967	3,631,774	3,854,388	4,107,508	4,383,164
YOY \$ Change	66,094	79,242	177,807	222,614	253,120	275,656
YOY % Change	2.0%	2.3%	5.1%	6.1%	6.6%	6.7%
Percentage of Total Budget	19.1%	18.9%	19.5%	20.5%	21.0%	21.6%

Employees' Benefits represented 19.1% of the Fiscal Year 2018 overall general fund expenditures.

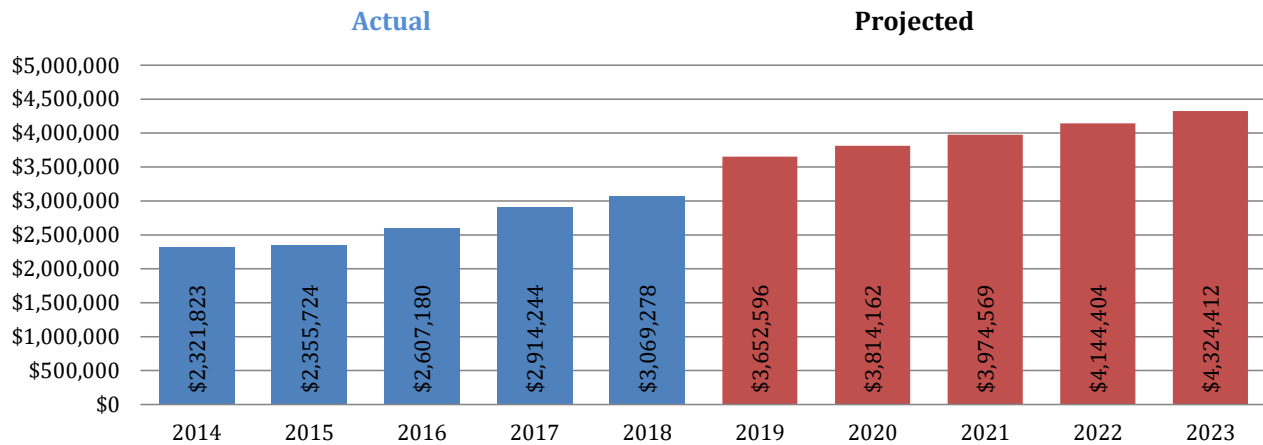
School districts are required to contribute 14% of salary to the State Teachers Retirement System (certified employees) or the School Employees Retirement System (classified employees). In addition, the district pays 1.45% of salary for Medicare and a percentage that changes annually to the Ohio Bureau of Workers Compensation. These increases (decreases) change with the projected changes to salaries.

As part of the new negotiated union contracts, medical insurance plan design and the split between the board and employee share will change effective January 1, 2020 in attempt to contain costs.

Medical, dental, vision, and life insurance expenditures are based on the October 2018 insurance rosters. The monthly district contribution to insurance premium was capped in Fiscal Years 2018 (no increase) and 2019 (maximum 2.5% medical increase). The district was informed in March 2019 that the insurance rates were increasing by an unprecedented amount of 26% effective January 1, 2020. Insurance expenditures are projected to increase 10% annually in Fiscal Years 2021 thru 2023 based on historical trends. The full impact of the Affordable Care Act is uncertain.

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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	3,069,278	3,652,596	3,814,162	3,974,569	4,144,404	4,324,412
YOY \$ Change	155,034	583,318	161,566	160,407	169,835	180,008
YOY % Change	5.3%	19.0%	4.4%	4.2%	4.3%	4.3%
Percentage of Total Budget	17.4%	20.0%	20.5%	21.1%	21.2%	21.3%

Purchased Services represented 17.4% of the Fiscal Year 2018 overall general fund expenditures. This category represents the largest increase in average annual costs over the last several years.

Purchased Services includes special education services, tuition to other districts, open enrollment, community school tuition, utilities, and repairs.

Special education tuition costs and services change with the students enrolled and services required. There can be large changes from year to year and even within a year. It is important to remember these are in addition to costs charged to Federal Funds that are not part of the forecast. With potential cuts to Federal funding, the local costs could see significant increases that are not projected in the forecast. As previously noted, for fiscal year 2019 an account coding change occurred that shifted about \$340,000 from salaries to purchased services in the general fund as federal procurement legislation warranted a change in coding for federal grants.

Open enrollment costs for resident students attending other districts are projected to continue near the Fiscal Year 2018 level of \$502,216. Community school costs are also projected to continue near the Fiscal Year 2018 level of \$255,875.

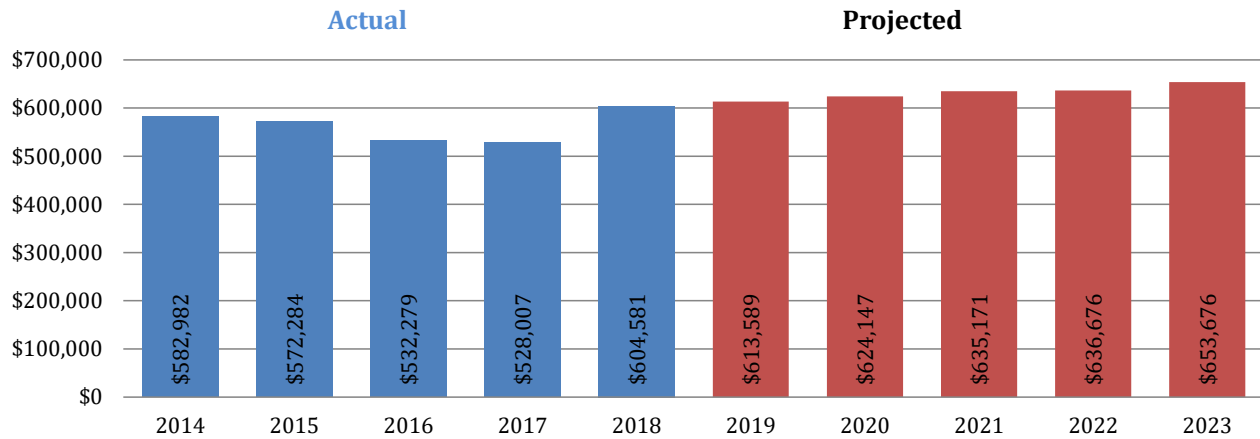
The College Credit Plus (CCP) program replaced the post-secondary enrollment program in Fiscal Year 2016. The tuition cost for CCP continues to increase as more students elect to take advantage of this program. During fiscal year 2018 the amount spent was over \$61,000.

Purchased services for district technology oversight and repairs were eliminated in Fiscal Year 2017 with employment of personnel to handle these duties.

Other expenditures are projected to increase 3% annually in Fiscal Years 2020 – 2023.

3.040 - Supplies & Materials

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	604,581	613,589	624,147	635,171	636,676	653,676
YOY \$ Change	76,573	9,008	10,558	11,024	1,505	17,000
YOY % Change	14.5%	1.5%	1.7%	1.8%	0.2%	2.7%
Percentage of Total Budget	3.4%	3.4%	3.4%	3.4%	3.3%	3.2%

Supplies and Materials represented 3.4% of the Fiscal Year 2018 overall general fund expenditures.

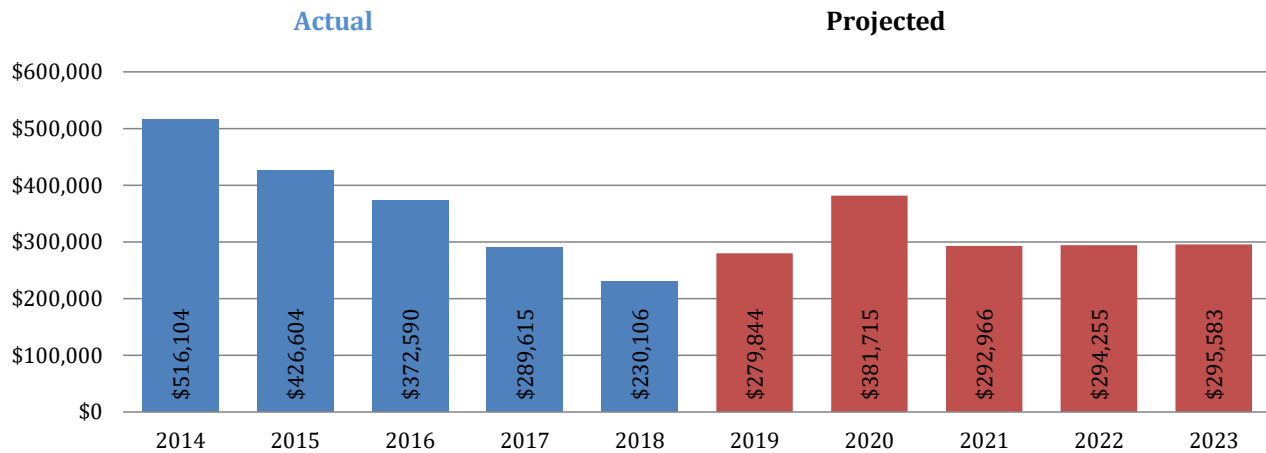
Supplies include materials used in the classroom, textbooks, software, custodial/maintenance supplies, bus parts, and fuel.

Expenditures on textbooks and software vary from year to year based on the new curriculum being adopted that year. These annual textbook/software purchases range from approximately \$99,000 to over \$164,000.

Most expenditures for supplies are projected to increase 3% annually in Fiscal Year 2020 - 2023

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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	230,106	279,844	381,715	292,966	294,255	295,583
YOY \$ Change	(59,509)	49,738	101,871	(88,749)	1,289	1,328
YOY % Change	-20.5%	21.6%	36.4%	-23.3%	0.4%	0.5%
Percentage of Total Budget	1.3%	1.5%	2.1%	1.6%	1.5%	1.5%

Capital Outlay represented 1.3% of the Fiscal Year 2018 overall general fund expenditures. Expenditures for capital outlays are normally for higher priced items that will last several years.

Expenditures are split between replacing equipment that happens every year and one time expenditures for items that are not purchased on a regular basis.

For many years, Northwestern has purchased one new school bus every year. In the fiscal years ending 0 or 5, the district has purchased two buses. This practice has been followed to maintain the bus fleet. Although this same pattern is projected throughout the forecast, it can be adjusted as needed. The district purchased a used dump truck during the fiscal year 2018.

The district invested approximatel \$51,000 in E-Rate eligible broadband internal connection components during fiscal year 2019. Past "one time" expenditures include the additional guardrails on the district property, maintenance truck, band uniforms, and sinkhole repair.

Northwestern has invested in technology to benefit students. The annual district technology equipment budget is projected at approxiamtely \$160,000.

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.

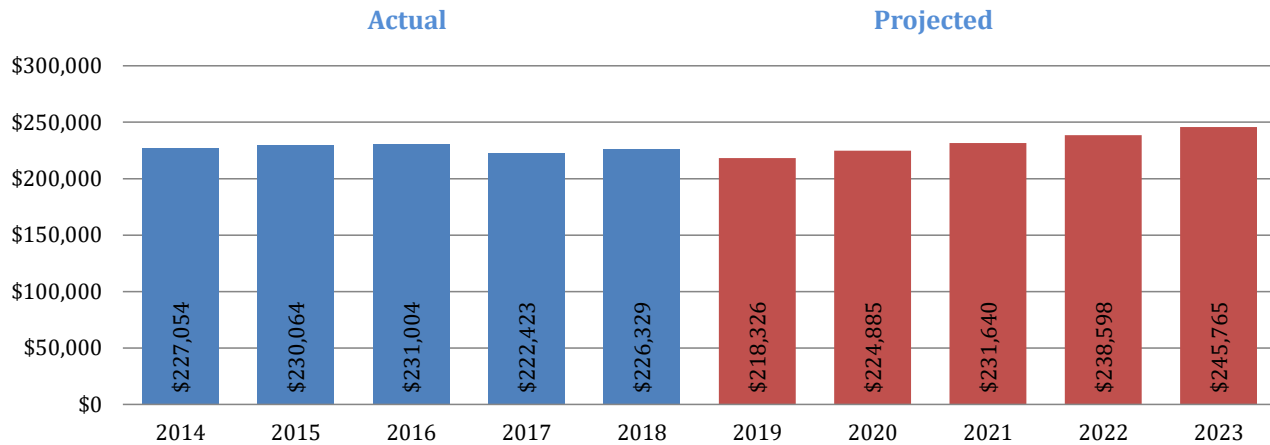
	Actual					Projected				
\$1										
\$1										
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023

	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	-	-	-	-	-	-
YOY \$ Change	-	-	-	-	-	-
YOY % Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

There are no expenditures in this category.

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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	226,329	218,326	224,885	231,640	238,598	245,765
YOY \$ Change	3,906	(8,003)	6,559	6,755	6,958	7,167
YOY % Change	1.8%	-3.5%	3.0%	3.0%	3.0%	3.0%
Percentage of Total Budget	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%

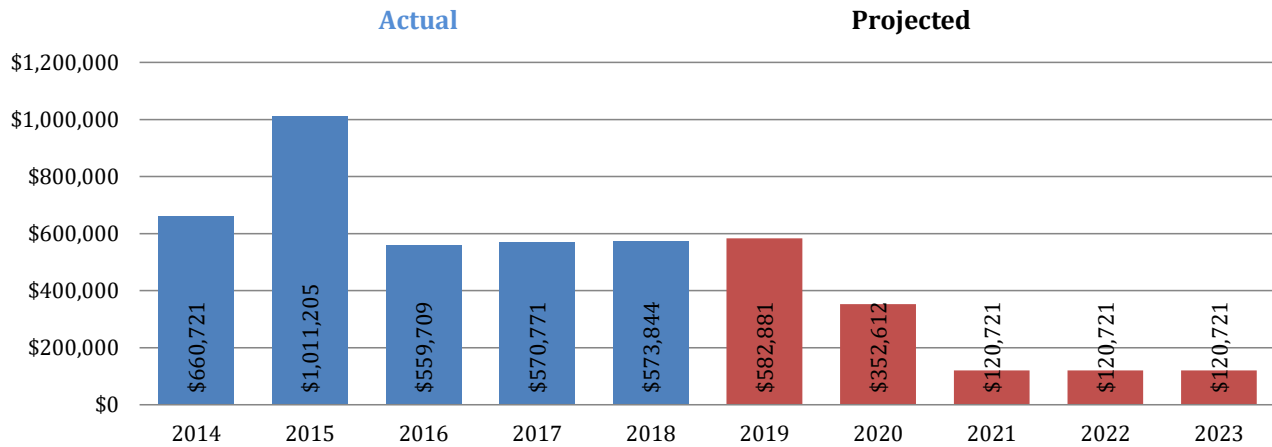
Other Objects represented 1.3% of the Fiscal Year 2018 overall general fund expenditures.

This line includes miscellaneous expenditures that are not included in the previous categories. In many cases these expenditures are deducted from various revenue sources received and are merely an accounting entry required in order to post revenue as a gross figure as required by law instead of a net amount as it is received. Expenditures in this category include County Auditor and Treasurer fees, Clark County ESC charges, election expenses, memberships, bank fees, and liability insurance.

Expenditures are projected to increase 3% annually in Fiscal Years 2020 – 2023.

5.040 - Total Other Financing Uses

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	573,844	582,881	352,612	120,721	120,721	120,721
YOY \$ Change	3,073	9,037	(230,269)	(231,891)	-	-
YOY % Change	0.5%	1.6%	-39.5%	-65.8%	0.0%	0.0%

Percentage of Total Budget	3.2%	3.2%	1.9%	0.6%	0.6%	0.6%
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Transfers Out	573,029	572,881	342,612	110,721	110,721	110,721
Advances Out	815	10,000	10,000	10,000	10,000	10,000

Other Financing Uses represented 3.2% of the Fiscal Year 2018 overall general fund expenditures.

Advances are made from the General Fund to cover year end deficits in other funds. The advances are returned to the General Fund in the next fiscal year. The forecast projects \$10,000 advances annually. The same amount shows in the revenue section as a return in the following fiscal year.

Transfers made to other funds are not returned to the General Fund.

The building construction project agreement requires \$110,721 to be transferred to a building maintenance fund (034) annually.

In June 2015, the Board of Education approved a cash balance policy. If the projected cash balance (line 7.020) exceeds three months of projected operating expenditures (line 4.50 x 3/12) in the second projected fiscal year, an amount equal to one mill will be transferred to make debt payments or fund a capital project.

If the projected cash balance exceeds four months of projected operating expenditures (line 4.50 x 4/12) in the second projected fiscal year, an amount equal to two mills will be transferred to make debt payments or fund a capital project.

A two mill equivalent transfer is projected for Fiscal Year 2019. The equivalent of one mill transfer is projected in Fiscal Year 2020.

Northwestern LSD - Clark County

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2018	2019	2020	2021	2022	2023
Revenue:						
1.010 - General Property Tax (Real Estate)	5,391,038	5,285,159	5,241,156	5,338,129	4,655,192	3,972,408
1.020 - Public Utility Personal Property	279,628	307,324	316,339	330,210	298,287	265,139
1.030 - Income Tax	2,310,961	2,507,968	2,581,051	2,658,483	2,738,237	2,820,384
1.035 - Unrestricted Grants-in-Aid	7,152,800	7,245,813	7,400,417	7,577,189	7,803,052	8,035,434
1.040 - Restricted Grants-in-Aid	90,771	108,996	91,500	91,948	89,133	89,915
1.050 - Property Tax Allocation	873,251	862,098	864,676	861,247	743,536	633,965
1.060 - All Other Operating Revenues	1,919,377	1,981,141	2,043,749	2,018,749	1,993,749	1,943,749
1.070 - Total Revenue	18,017,828	18,298,499	18,538,888	18,875,955	18,321,186	17,760,994
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	815	10,000	10,000	10,000	10,000
2.060 - All Other Financing Sources	40,356	89,032	13,050	13,050	13,050	13,050
2.070 - Total Other Financing Sources	40,356	89,847	23,050	23,050	23,050	23,050
2.080 - Total Rev & Other Sources	18,058,183	18,388,346	18,561,938	18,899,005	18,344,236	17,784,044
Expenditures:						
3.010 - Personnel Services	9,590,041	9,461,001	9,571,816	9,712,072	9,982,987	10,266,331
3.020 - Employee Benefits	3,374,725	3,453,967	3,631,774	3,854,388	4,107,508	4,383,164
3.030 - Purchased Services	3,069,278	3,652,596	3,814,162	3,974,569	4,144,404	4,324,412
3.040 - Supplies and Materials	604,581	613,589	624,147	635,171	636,676	653,676
3.050 - Capital Outlay	230,106	279,844	381,715	292,966	294,255	295,583
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	226,329	218,326	224,885	231,640	238,598	245,765
4.500 - Total Expenditures	17,095,060	17,679,323	18,248,499	18,700,806	19,404,428	20,168,931
Other Financing Uses						
5.010 - Operating Transfers-Out	573,029	572,881	342,612	110,721	110,721	110,721
5.020 - Advances-Out	815	10,000	10,000	10,000	10,000	10,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	573,844	582,881	352,612	120,721	120,721	120,721
5.050 - Total Exp and Other Financing Uses	17,668,904	18,262,204	18,601,111	18,821,527	19,525,149	20,289,652
6.010 - Excess of Rev Over/(Under) Exp	389,279	126,142	(39,173)	77,478	(1,180,913)	(2,505,608)
7.010 - Cash Balance July 1 (No Levies)	6,781,664	7,170,942	7,297,084	7,257,911	7,335,389	6,154,476
7.020 - Cash Balance June 30 (No Levies)	7,170,942	7,297,084	7,257,911	7,335,389	6,154,476	3,648,868
		Reservations				
8.010 - Estimated Encumbrances June 30	30,272	50,000	50,000	50,000	50,000	50,000
9.080 - Reservations Subtotal	201,431	201,431	201,431	201,431	201,431	201,431
10.010 - Fund Bal June 30 for Cert of App	6,939,239	7,045,653	7,006,480	7,083,958	5,903,045	3,397,437
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	849,520	1,696,390
11.030 - Cumulative Balance of Levies	-	-	-	-	849,520	2,545,909
12.010 - Fund Bal June 30 for Cert of Obligations	6,939,239	7,045,653	7,006,480	7,083,958	6,752,565	5,943,347
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	1,928	5,788
13.030 - Cumulative Balance of New Levies	-	-	-	-	1,928	7,716
15.010 - Unreserved Fund Balance June 30	6,939,239	7,045,653	7,006,480	7,083,958	6,754,493	5,951,063