

SHELBY CITY SCHOOLS
Richland County

Summary of Significant Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2017 through 2021

November 2016

REVENUES

Line 1.010 General Property Tax (Real Estate)

For fiscal year 2017 General Property Tax is estimated based on actual receipts to date – and the county auditor’s estimates as expressed in the tax budget. Fiscal years 2018-21 are projected to be similar to the previous year based on the tax budget and current economic and real-estate conditions, including recent complaints for revision. An emergency levy representing approximately 4.3 mills and generating \$950,000 was renewed in November 2016. The last reappraisal for Richland county property was in calendar year 2011, collectible in 2012. A tri-annual update is anticipated in calendar year 2014 collectible in 2015. The next reappraisal will be in calendar 2017, collectible in calendar 2018. The estimates include all property taxes and telephone personal property tax scheduled for settlement for fiscal years 2017 – 2021 and exclude the receipt of any advances against succeeding years’ scheduled property tax settlements.

Line 1.020 Tangible Personal Property Tax

Tangible Personal Property Tax is phased out by Fiscal 2013.

Line 1.030 Income Tax

On May 3, 2005, the voters of the Shelby City School District authorized a one percent (1%) continuing income tax that became effective January 1, 2006. The income tax is estimated to generate approximately \$2,730,000 in 2017 with small annual increases.

Lines 1.035 Foundation / State Grants –in -Aid

The current year is estimated based on the current State estimate as shown on the second September 2016 Report and settlements to date. Years 2018 – 2021 are estimated at a very small increase from Fiscal 2017. The state funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. A new state budget cycle beginning in Fiscal 2018, and enrollment changes

will impact funding, possibly significantly. This line also includes casino funding \$100,000 in FY 2017 and the same amount annually through 2021.

Line 1.040 Restricted State Grants This represents Career Tech and Economically Disadvantaged funds. Estimates are per the second September 2016 state guidance.

Line 1.045 State Foundation Stimulus Funding This line represents a two year cash flow from the federal government meant to supplement what was previously received fully from state funds. Cash flows from this source were phased out by fiscal 2013.

Line 1.050 Property Tax Allocation

This line includes both reimbursement for Homestead and Rollback allowances on property taxes and reimbursement for the Tangible Personal Property (TPP) Tax lost due to the phase out of tax on personal property. The current forecast includes \$740,000 for homestead and rollback reimbursement and \$100,000 for PPT reimbursement along with small amounts for ODE corrections and Mobile Home tax. PPT reimbursement is estimated based on our current understanding of the state budget, to be phased out completely after FY 2017.

Line 1.060 All Other Revenues

Other Revenues include open enrollment, tuition, extracurricular transportation, Medicaid reimbursement property tax abatements, interest, student class fees, refund of prior year expenditures and other revenue. Projections include a small decrease in fiscal 2017 abatements decline. A material increase in interest rates could move this line in a positive direction.

Line 2.020

No new debt issues are projected for the period of 2017 -2021. The debt related to building project doesn't show up in the general fund.

Line 2.060 All Other Financing Sources

All other financing sources consists of sales of fixed assets, compensation for loss of assets and reimbursement for prior years expenses. In the past this has been a relatively small source of income.

EXPENSES

Line 3.010 Personal Services

Fiscal year 2017 is calculated using current staff and salary levels. Fiscal year 2018 is estimated on the same basis. For Fiscal Years 2019-21 we have applied a 1.0% increase to the previous year to allow for step increases. We assume that the current level of federal grant funds will be available to cover some contracted salaries. At this point we have not factored in any additional attrition or any changes to either salary or benefits other than those mentioned above. Both this line and line 3.020, Benefits are subject to collective bargaining.

Line 3.020 Benefits

Fiscal Year 2017 is projected based on experience including a 6% increase in health insurance costs beginning in December 2016. Fiscal Year 2018 projections include 3% increases in health insurance and small increases in STRS and SERS based on a stable staff count. No increases to the STRS or SERS rates or pick-up have been specifically included in the forecast at this time.

Line 3.030 Purchased Services

Purchased Services, which include special education and other student services as well as utility costs, are estimated for 2016 based on experience and current contract expenses.

Line 3.040 Supplies & Materials

Supply and material costs are projected as indicated for fiscal 2017 – 2021. Set-aside requirements have ended for the forecast period, however spending has been increased to cover necessary classroom materials and technology.

Line 3.050 Capital Outlay

We have added additional funds in fiscal year 2017, 2019 and 2021 to be used along with Permanent Improvement Funds as necessary to cover the purchase of two new busses in each of the years mentioned.

Line 4.020 Principal Notes; None

Line 4.030 Principal State Loans; None

Line 4.050

Line 4.060

Line 4.300

Other objects include fees associated with collection of real estate and income taxes, audit, county office and other items. Costs are projected to remain stable, increasing slightly in the coming years.

Line 5.010 & Line 5.020

No significant transfers or advances out are estimated for fiscal years 2016 through 2020.

Line 8.010

These are outstanding purchase orders that have not been approved for payment as goods were not received in the fiscal year in which they were ordered.

Line 9.030

A budget reserve has been established and stands at the amount shown on this line.

Line 9.060 Property Tax Advances

No advances are anticipated.

Lines 9.010 & 9.070 Bus Purchases

At this point, Classroom Supply reserves are projected to be fully spent by the end of fiscal 2016. A Bus Purchase reserve will be spent early in Fiscal 2017.

11.020 Property Tax Renewal or Replacement

13.020 Property Tax – New

No new property tax is anticipated at this time.

Lines 20.010 -.015 ADM Forecasts

Average Daily Membership is projected to be stable over the forecast period.