



**PUBLIC
FINANCE
RESOURCES**

EMPOWERING THE PUBLIC'S FINANCIAL LEADERS

Forecast Update Service

PFR File Review & Observations

Your School District

File Review & Update

	Complete
Actual FY2017 Cash Flow Activity - 'Data Entry'	X
Forecast Compare Data Updated - as of 05/26/2016	X
Revenue & Expenditure Notes Reconciled	X
2015 Valuations - 'Data Entry'	X
2015 Tax Rates by Levy - 'Modeling'	X
Real Estate Settlement Input - 'Data Entry'	X
Real Estate Revenue Reconciliation - 'Revenue'	X
2016 Enrollment Input - 'Modeling'	X
SFPR Data Updated - 'Modeling' & 'Revenue'	X
Live Birth Data Updated - 'Modeling'	X
2016 Casino Revenue Updated - 'Revenue'	X
Income Tax Revenue Actuals Input - 'Revenues'	X
2016 FTE Average Salary & Count Updated - 'Expenditures'	X
FINDET Amounts Updated - 'Expenditures'	X
Update Notes 1-3 Purchased Serv, Supplies, Capital, & Other Obj	X

Valuations & Tax Rates

Valuation Change

BOR/Inflation:	<u>Agriculture</u>	<u>Residential</u>	<u>Tax Rate Chg</u>	<u>Class II</u>	<u>Tax Rate Chg</u>
2013	-0.2%	-0.9%	0.15	-0.8%	0.18
2014	27.0%	-3.6%	(0.33)	2.8%	(0.62)
2015	0.2%	0.0%	(0.01)	0.0%	(0.01)
2016	0.0%	-0.5%	0.07	0.0%	0.00
2017	4.8%	-0.5%	(0.09)	0.0%	-
2018	0.0%	0.0%	0.00	0.0%	-
2019	0.0%	0.0%	0.00	0.0%	-
2020	4.8%	0.0%	(0.17)	0.0%	-

Valuation Change

Growth/(Loss):	<u>Agriculture</u>	<u>Residential</u>	<u>Class II</u>	<u>PUPP</u>	<u>Total</u>
2013	1.0%	-0.1%	4.1%	6.2%	1.2%
2014	-0.1%	0.5%	0.8%	0.5%	0.5%
2015	0.3%	0.7%	1.5%	-0.9%	0.7%
2016	0.3%	0.4%	1.0%	0.0%	0.0%
2017	0.3%	0.3%	1.0%	0.0%	0.0%
2018	0.3%	0.3%	1.0%	0.0%	0.0%
2019	0.3%	0.3%	1.0%	0.0%	0.0%
2020	0.0%	0.0%	0.0%	0.0%	0.0%

Levy Modeling:

Renewal Levies (5 Years)	0	Non-Renewal Levies (5 Years)	0
New Levies (5 Years)	0		

TY Millage:	Class I	Class II	<u>Fixed Sum</u>
	<u>Fixed Rate</u>	<u>Fixed Rate</u>	
2016	20.92	24.13	0.00
2017	20.83	24.13	0.00
2018	20.83	24.13	0.00
2019	20.83	24.13	0.00
2020	20.66	24.13	0.00

Note: Real Estate Tax is 37.6% of Total District Revenue

It is surprising that the residential values were not more stable in the FY 2014 which was a full reappraisal. Keep monitoring to see if there is any indication of stable to slightly increasing. In the meantime the 'in-between' year of 2015 provided a very small +0.006 increase in residential values, this is better than in 2013 and 2012 so it is hopefully the 1st year of a new more stable or even positive trend. See how the 2016 BOR's look and hopefully they too will be positive for the yak.

Agricultural values increased substantially in the 2014 reappraisal, the 2017 update may provide negative change to the ag values of -7% to -12% (cell T81 on the valuations tab). The presenters will discuss this at the seminar, there is a great graph that explain the concept confronting agricultural values appraised in 2015. Also check the commercial valuation increases, look at cell Z80 (on valuation tab) relative to the prior years. Looks like Class II is increasing slightly.

Real Estate Settlements & Collections

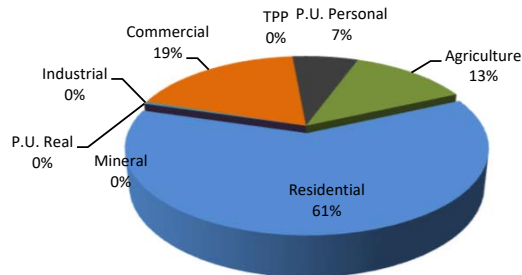
Real Estate Settlement Sheet Reconciliation

	<u>Spring CY2014</u>	<u>Spring CY2015</u>	<u>Spring CY2016</u>
Real Estate Revenue Recapped (Current + Delinquent)	\$6,688,131	\$6,768,065	\$6,796,528
Cash Flow Actuals - 1.01	\$6,688,131	\$6,768,065	\$6,796,528
Variance	\$0	\$0	\$0
	<u>Fall CY2014</u>	<u>Fall CY2015</u>	<u>Fall CY2016</u>
Real Estate Revenue Recapped (Current + Delinquent)	\$5,692,466	\$5,701,419	\$5,780,583
Cash Flow Actuals - 1.01	\$5,692,466	\$5,701,419	\$5,072,545
Variance	\$0	\$0	-\$708,038

Collection Rates & Splits

Collection Rate>>>	Current	Gross
2013	96.4%	100.9%
2014	96.4%	100.7%
2015	97.0%	100.9%
2016	97.0%	100.5%
2017	97.0%	100.5%
2018	97.0%	100.5%
2019	97.0%	100.4%
2020	97.0%	100.4%

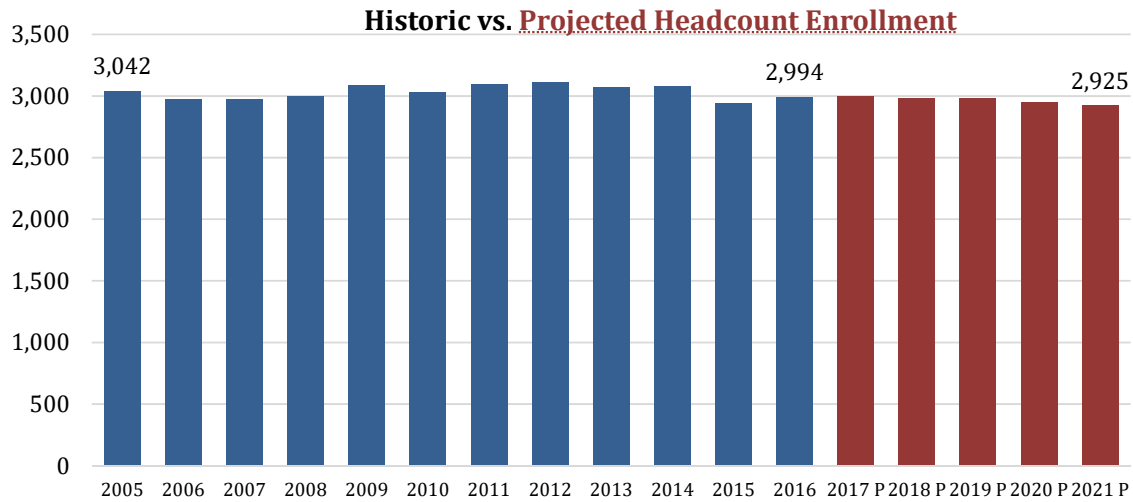
Current Year Values:



Note: Real Estate Tax is 37.6% of Total District Revenue

Settlement sheet posting is balanced to actual and looks good. An estimate was entered on the data entry tab for the secondary and much smaller county, when the actual settlement sheet is received then it should replace the estimate in cell P76 on the data entry tab. The combined projected collection rates above appear consistent with history reasonable.

Enrollment & State Funding



Unrestricted Notes:	2016	2017	2018	2019	2020	2021
Funded ADM	2,859	2,865	2,884	2,890	2,856	2,830
Core \$ PP	\$5,900	\$6,000	\$6,100	\$6,200	\$6,300	\$6,400
Change in Valuation PP	2.1%	0.9%	-0.1%	0.3%	1.7%	0.0%
Change in Median Inc.		0.0%	2.5%	1.3%	1.3%	0.0%
Change in FAGI		8.8%	2.2%	1.7%	-3.4%	1.8%
State Share Index	23.30%	23.30%	23.91%	23.91%	27.36%	27.36%
Funding Status	Guarantee	Guarantee	Guarantee	Guarantee	Formula	Formula
Status Percentage	19.0%	14.1%	9.4%	7.3%	N/A	N/A
Guarantee %	100.0%	100.0%	99.0%	98.0%	97.0%	97.0%
Cap %	107.5%	107.5%	105.0%	105.0%	105.0%	105.0%
YOY \$ Chg	-\$18,403	\$18,503	-\$101,133	-\$79,529	\$172,125	\$54,607
YOY % Chg	-0.2%	0.2%	-1.2%	-1.0%	2.2%	0.7%

Restricted:	2016	2017	2018	2019	2020	2021
YOY \$ Chg	-\$184	-\$80	\$325	-\$1,841	-\$1,408	\$0
YOY % Chg	-0.1%	0.0%	0.2%	-1.1%	-0.9%	0.0%

Note: Unrestricted is 24.3% of Total District Revenue, Restricted is 0.5% of Total District Revenue

The district is trending toward increasing state share because of its depressed property values. The per pupil valuation growth is also trailing PFR's estimates for the state and therefore the district is getting "poorer" relative to the state as a whole. It was also suggested that the district consider lowering its agricultural valuation in 2017 because of the CAUV correction that PFR discusses at the seminar. The 2014 districts saw the most ag growth but they will also see the most ag correction.

Might consider lowering the cap to 1.03% in FY 2020 and FY 2021 to temper the potential formula impact starting in FY 2020.

Also, the district is projecting very stable funded enrollment, this assumption is key to the trend toward becoming a formula district. Finally, there has been concern expressed about the district's exempt values and so this should be further researched to assess correctness and impact.

Additional Revenue Notes

Public Utility is 7.1% of District Total Revenue

	2017	2018	2019	2020	2021
Total Change	4,007	8,270	-	-	-
YOY % Change	0.17%	0.35%	0.00%	0.00%	0.00%

Property Tax Allocation is 4.7% of District Total Revenue

	2017	2018	2019	2020	2021
Total Change	(31,985)	4,750	5,259	4,893	3,175
YOY % Change	-2.07%	0.31%	0.35%	0.32%	0.21%
TPP Fixed Rate Loss	-	-	-	-	-
TPP FR Levy Resv.	-	-	-	-	-
TPP Fixed Sum Phase Out	-	-	-	-	-
TPP FS Resv./Non Renew	-	-	-	-	-

All Other Revenue is 5.3% of District Total Revenue

	2017	2018	2019	2020	2021
Total Change	(86)	(86)	(87)	(88)	(89)
YOY % Change	0.00%	0.00%	0.00%	0.00%	-0.01%

Other Sources is 0.9% of District Total Revenue

	2017	2018	2019	2020	2021
Total Change	(315,148)	-	-	-	-
YOY % Change	-100.00%	0.00%	0.00%	0.00%	0.00%

Income Tax is 19.5% of District Total Revenue

	2017	2018	2019	2020	2021
Total Change	186,756	23,477	24,496	25,504	26,503
YOY % Change	2.88%	0.35%	0.37%	0.38%	0.39%

Historical Income Tax Growth

2012	3.59%
2013	1.20%
2014	5.68%
2015	5.47%
2016	3.80%
5-Year Average	3.95%

Projected Income Tax Growth

2017	2.88%
2018	0.35%
2019	0.37%
2020	0.38%
2021	0.39%
5-Year Average	0.88%

Reasonable to project slight growth for PUPP growth instead of 0% in FY 2019, 2020, and 2021. Consider updating all valuation estimates through at least 2021.

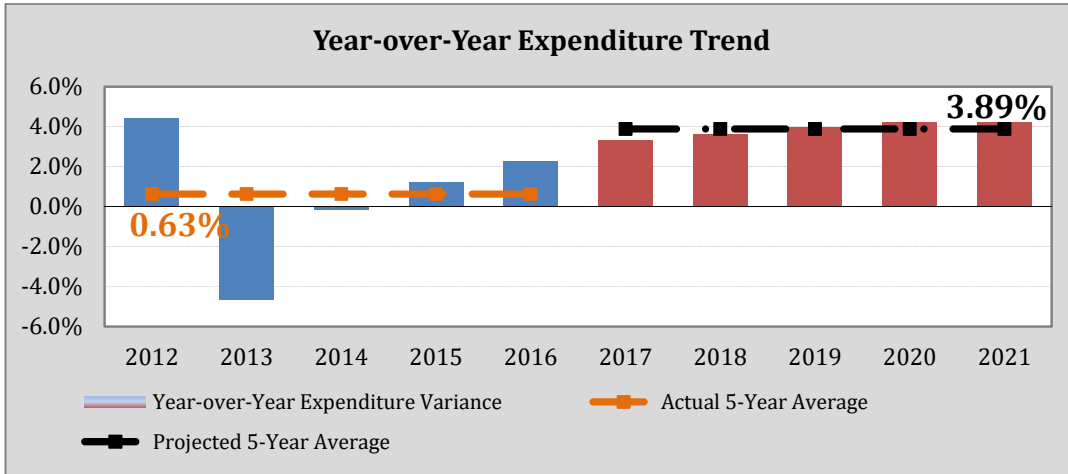
Property tax allocation looks consistent with history.

Other revenue needs updated on notes 1,2,3, there is no YOY change, look at each revenue line item on Notes 1,2,3 and the recent history (2015 and 2016) to begin estimates for FY 2017 and beyond.

Other sources drop substantially in FY 2016, there are manual entries on note 3 starting in cell BG 457. Do estimates need to made/built for FY 2017 and beyond?

Inc tax looks conservative relative to history, for example, July 2016 withholding had a large increase but only 1.08% is modeled. Estimated payments look stable but projections have -2.39%. The 5-year average growth is 3.95% but the projected is only 0.88% yet July withholding was up considerably and estimated payments were stable. Discuss further with the PFR presenters at seminar.

Salaries

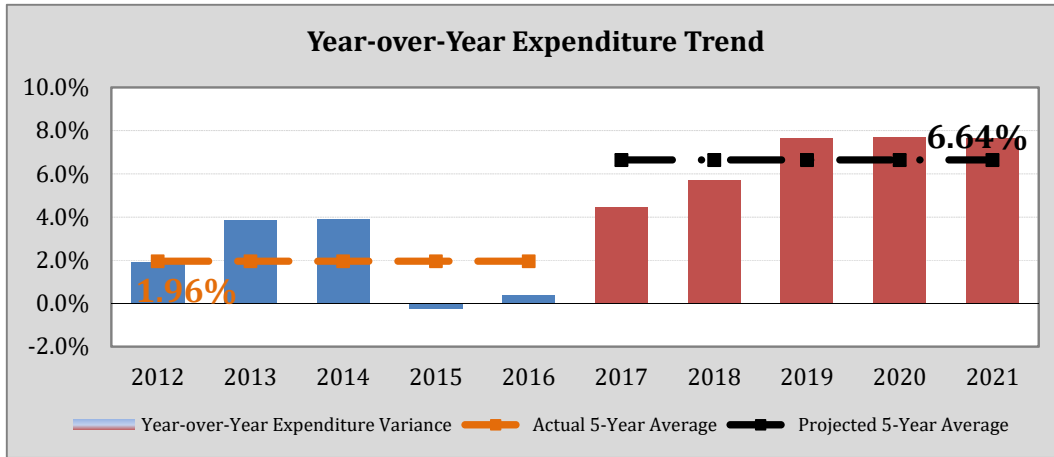


Change due to:	2017	2018	2019	2020	2021
\$ Change Express	-	-	-	-	-
Note 1, Change in YOY \$	733,954	647,806	738,151	815,396	849,979
Note 3, FTE	-	-	-	-	-
All Other Change	(159,631)	0	-	-	-
Total Change	574,323	647,806	738,151	815,396	849,979
YOY % Change	3.33%	3.63%	3.99%	4.24%	4.24%

It is a little hard to follow the notes on the detail page with what is entered on Note 1. Might want to discuss process with PFR presenter. However if satisfied with results then it is simply a matter of modeling preference.

With that said, the YOY changes being projected appear reasonable.

Benefits



Change due to:	2017	2018	2019	2020	2021
\$ Change Express	-	-	-	-	-
Note 1, Census & Detail	173,792	252,207	389,478	420,444	454,451
Note 1, Salary Based Chg	100,020	112,817	128,550	142,003	148,026
All Other Change	(0)	0	(0)	-	-
Total Change	273,812	365,024	518,028	562,447	602,476
YOY % Change	4.47%	5.70%	7.65%	7.72%	7.68%

The health insurance increases being modeled are high relative to history however the rationale could be an expected recovery of current, or recent underfunded losses. If the consortium or broker documents that the current rates are underfunded relative to current claims then the need to capture this loss is reasonable and documented. And also, sometimes there is a rebound in rates for a year or two after a 0% change. Still, would make sure that the 10% YOY increases are supported by some methodology and external source, not saying it is not, but just reminding to include the report notes.

Non-Payroll Expense

Purchased Services:

Change due to:	2017	2018	2019	2020	2021
\$ Change Express	0	0	0	0	0
Note 1	21,913	22,351	22,798	23,254	23,719
Note 2	19,917	20,316	20,722	21,136	21,559
Note 3	86,200	87,924	89,682	91,476	93,306
All Other	(0)	-	(0)	-	(0)
Total Change	128,030	130,590	133,202	135,866	138,584
YOY % Change	2.00%	2.00%	2.00%	2.00%	2.00%

Supplies

	2017	2018	2019	2020	2021
Total Change	(14,598)	63,556	8,352	(25,756)	15,729
YOY % Change	-1.93%	8.59%	1.04%	-3.17%	2.00%

Capital

	2017	2018	2019	2020	2021
Total Change	843	860	(101,634)	141,295	913
YOY % Change	0.09%	0.09%	-11.05%	17.27%	0.10%

Inter Gov/Debt

	2017	2018	2019	2020	2021
Total Change	-	400,000	-	-	-
YOY % Change	0.00%	0.00%	0.00%	0.00%	0.00%

Other Objects

	2017	2018	2019	2020	2021
Total Change	14,973	15,272	15,578	15,889	16,207
YOY % Change	2.00%	2.00%	2.00%	2.00%	2.00%

Other Uses

	2017	2018	2019	2020	2021
Total Change	-	-	-	-	-
YOY % Change	0.00%	0.00%	0.00%	0.00%	0.00%

Purchased service YOY growth is consistent but community school and SF 14 (475) tuition increased substantially in FY 2016 (note 1). Utilities were fairly low in FY 2016 relative to FY 2015, might want to consider FY 2017 estimates at a mi-point relative to FY 2015 and 2016 to hedge against some increases, be careful not to increase too much or else it adds expense in a compounding way.

Supplies dropped in FY 2017, increased substantially (%) in FY 2018, then dropped again in FY 2020, just be sure report notes explain variances. Same with capital, appears to decrease in FY 2019 then increase in FY 2020.

Make sure debt is complete, large increase in FY 2018, no YOY change in other years.

Other objects are consistent.