

**Trotwood-Madison City School District – Montgomery County
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2013, 2014 and 2015 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2016 THROUGH 2020**



**Forecast Provided By
Trotwood-Madison City School District
Treasurer's Office
Janice Allen, Treasurer**

May 19, 2016

TROTWOOD MADISON LOCAL CITY SCHOOL DISTRICT
Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Years Ended June 30, 2013, 2014, 2015
 Forecasted Fiscal Year Ending June 30, 2016 through 2020

	Actual				Average Change	Forecasted				
	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015			Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Revenues										
1.010 General Property Tax (Real Estate)	6,596,800	7,454,919	7,270,545	5.3%	6,906,479	6,899,183	6,803,795	6,703,831	6,689,742	
1.020 Tangible Personal Property	428,027	470,226	487,712	6.8%	493,185	554,526	564,314	574,102	583,890	
1.030 Income Tax	-	-	-	0.0%	-	-	-	-	-	
1.035 Unrestricted State Grants-in-Aid	21,233,193	19,622,916	21,867,852	1.9%	22,018,075	22,593,362	22,668,319	22,787,436	22,984,142	
1.040 Restricted State Grants-in-Aid	243,428	3,032,939	3,225,749	576.1%	3,125,632	3,156,889	3,188,458	3,220,343	3,252,547	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	-	-	-	0.0%	-	-	-	-	-	
1.050 Property Tax Allocation	1,273,169	1,278,431	1,261,834	-0.4%	1,237,387	1,235,273	1,220,050	1,204,833	1,203,943	
1.060 All Other Revenues	574,826	3,582,244	957,407	225.0%	727,110	737,014	747,070	757,280	767,647	
1.070 Total Revenues	30,349,443	35,441,675	35,071,099	7.9%	34,507,868	35,176,247	35,192,006	35,247,825	35,481,911	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	2,234	767,183	1,301	17070.7%	-	-	-	-	-	
2.050 Advances-In	379,017	95,227	403,959	124.7%	309,666	100,000	100,000	100,000	100,000	
2.060 All Other Financing Sources	234,122	297,392	361,873	24.4%	297,891	200,000	200,000	200,000	200,000	
2.070 Total Other Financing Sources	615,373	1,159,802	767,133	27.3%	607,557	300,000	300,000	300,000	300,000	
2.080 Total Revenues and Other Financing Sources	30,964,816	36,601,477	35,838,232	8.1%	35,115,425	35,476,247	35,492,006	35,547,825	35,781,911	
Expenditures										
3.010 Personal Services	\$12,242,230	\$13,389,661	\$15,322,757	11.9%	\$16,633,402	\$17,833,477	\$18,564,311	\$19,335,704	\$20,142,985	
3.020 Employees' Retirement/Insurance Benefits	4,241,484	4,325,711	4,794,614	6.4%	5,204,726	5,566,873	5,915,897	6,283,889	6,676,208	
3.030 Purchased Services	8,406,846	10,877,690	7,828,816	0.7%	8,086,316	8,294,700	8,647,178	9,008,422	9,378,713	
3.040 Supplies and Materials	646,723	1,068,652	1,031,668	30.9%	1,241,904	980,000	719,100	733,482	748,152	
3.050 Capital Outlay	235,540	242,875	637,747	82.8%	778,250	498,000	1,113,914	542,443	559,856	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	-	-	36,980	0.0%	74,516	75,263	76,017	76,779	77,549	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	-	-	5,572	0.0%	14,332	13,585	12,831	12,067	11,297	
4.300 Other Objects	1,148,995	1,251,744	1,158,209	0.7%	1,229,049	1,228,467	1,262,120	1,296,751	1,332,389	
4.500 Total Expenditures	\$26,921,818	31,156,333	30,816,363	7.3%	33,262,495	34,490,365	36,311,368	37,289,537	38,927,149	
Other Financing Uses										
5.010 Operating Transfers-Out	369,117	594,791	847,873	51.8%	\$1,450,110	\$750,000	750,000	750,000	750,000	
5.020 Advances-Out	95,227	401,959	311,666	149.8%	100,000	100,000	100,000	100,000	100,000	
5.030 All Other Financing Uses	113	-	-	0.0%	-	-	-	-	-	
5.040 Total Other Financing Uses	464,457	996,750	1,159,539	65.5%	1,550,110	850,000	850,000	850,000	850,000	
5.050 Total Expenditures and Other Financing Uses	27,386,275	32,153,083	31,975,902	8.4%	34,812,605	35,340,365	37,161,368	38,139,537	39,777,149	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	3,578,541	4,448,394	3,862,330	5.6%	302,820	135,882	(1,669,362)	(2,591,712)	(3,995,238)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	15,908,821	19,487,362	23,935,756	22.7%	27,798,086	28,100,906	28,236,788	26,567,427	23,975,714	
7.020 Cash Balance June 30	19,487,362	23,935,756	27,798,086	19.5%	28,100,906	28,236,788	26,567,427	23,975,714	19,980,477	
8.010 Estimated Encumbrances June 30	30,855	-	-	0.0%	100,000	100,000	100,000	100,000	100,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-	
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-	
9.030 Budget Reserve	-	-	-	0.0%	500,000	1,000,000	1,500,000	2,000,000	2,500,000	
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-	
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-	
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-	
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-	
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-	
9.080 Subtotal	-	-	-	0.0%	500,000	1,000,000	1,500,000	2,000,000	2,500,000	
10.010 Fund Balance June 30 for Certification of Appropriations	19,456,507	23,935,756	27,798,086	19.6%	27,500,906	27,136,788	24,967,427	21,875,714	17,380,477	

TROTWOOD MADISON LOCAL CITY SCHOOL DISTRICT
Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2013, 2014, 2015
Forecasted Fiscal Year Ending June 30, 2016 through 2020

Revenue from Replacement/Renewal Levies								
11.010	Income Tax - Renewal	-	-	0.0%	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-	0.0%	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-	0.0%	-	-	-	-
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	19,456,507	23,935,756	27,798,086	19.6%	27,500,906	27,136,788	24,967,427
								21,875,714
								17,380,477
Revenue from New Levies								
13.010	Income Tax - New	-	-	0.0%	-	-	-	-
13.020	Property Tax - New	-	-	0.0%	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	0.0%	-	-	-	-
14.010	Revenue from Future State Advancements	-	-	0.0%	-	-	-	-
15.010	<i>Unreserved Fund Balance June 30</i>	19,456,507	23,935,756	27,798,086	19.6%	27,500,906	27,136,788	24,967,427
								21,875,714
								17,380,477

Trotwood-Madison City School District – Montgomery County
Notes to the Five Year Forecast
General Fund Only
May 19, 2016

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year forecast by October 31, and May 31, in each fiscal year. The five year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2016 is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data for the May 2016 filing.

Revenues:

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$1,028,819 or 3% lower than the October forecasted amount of \$35,536,687. This indicates the October forecast was 97% accurate.

The decrease in revenue estimate is mostly affected by the change in estimate for State revenues Line 1.035 and Line 1.040. The October forecast estimated State revenues to be \$25.8 million and the May forecast is estimating State revenues to be \$25.1 million or 3% lower. The cause for the decrease is due to a larger than expected decrease in Average Daily Membership (ADM).

Property tax is also expected to be about \$139,095 lower or 1.9% lower than estimated in October because our tax values were not as high as anticipated.

All other areas of revenue are tracking as anticipated for FY16.

Expenditures:

At this time we expect our original estimates for expenditures on Line 4.5 to be \$764,280 lower than our original estimate of \$34,026,775 from the October forecast. The reductions are primarily in the area purchased services Line 3.03 estimated to be lower by \$476,334 and supplies Line 3.04 coming in \$287,946 lower than originally estimated. These savings will help offset the impact on our general fund of lower revenues as noted above for FY16. The remaining amounts forecasted for FY16 will remain materially accurate. There is no area of expenditures which we feel looks to be in conflict with our original projections.

Unreserved Ending Cash Balance:

With revenues decreased slightly over estimates and expenditures ending on target of the estimates, our ending unreserved cash balance is anticipated to be just over \$28.0 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2020 if our interpretations of the FY16 & FY17 state budget (HB64) are correct. This uncertainty is discussed in more detail throughout the notes.

Forecast Risks and Uncertainty:

Our financial forecast is filled with some uncertainty not only due to economic uncertainties but also differences in the interpretation regarding how provisions of HB64 are applied to the funding formula. We have estimated revenues and expenses based on our understanding of the provisions in HB64. The items below give a short description of the current issues and how they may affect our forecast long term:

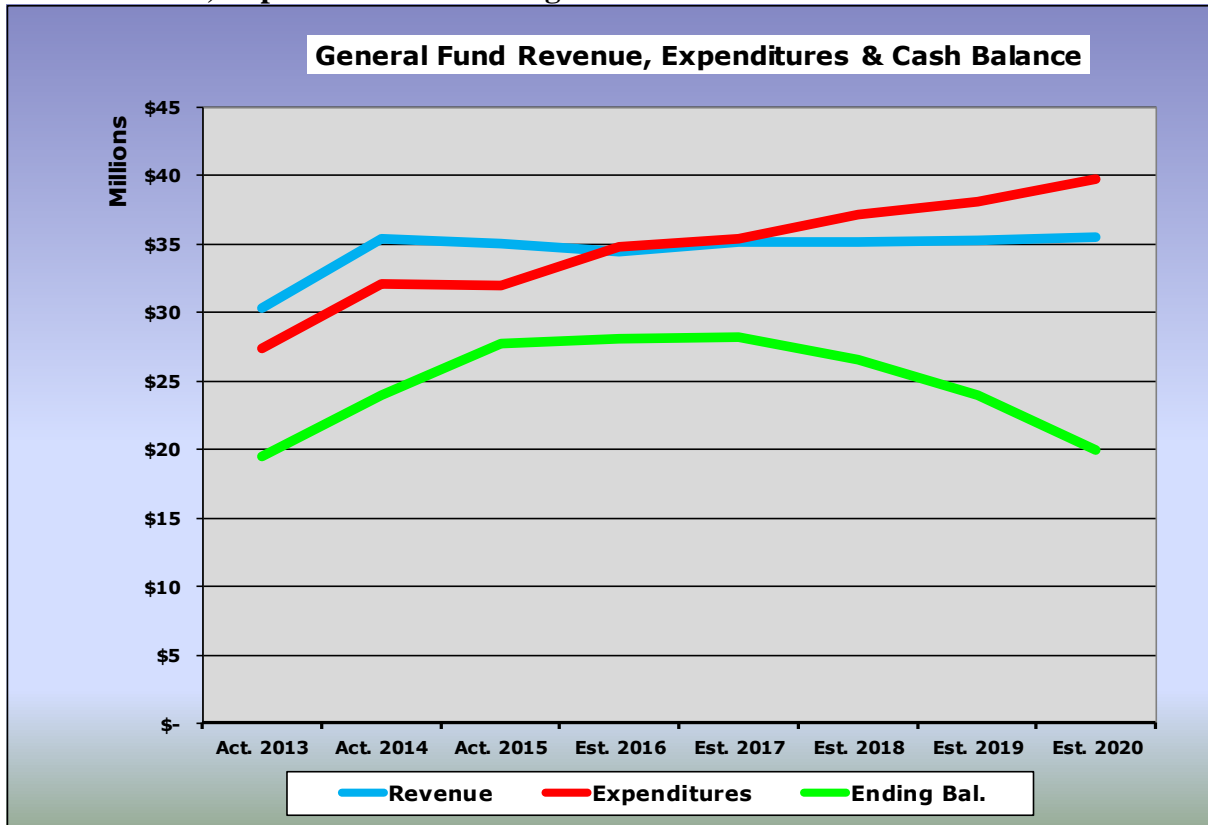
- Trotwood-Madison City School District went through a complete reappraisal update for tax year 2014 for collection in FY15. Real estate values fell 8.73% for residential and commercial property values fell

8.39% as a result of the reappraisal. An appraisal update will occur in 2017 for collection in FY18 and we are calling for a drop of 4% for residential and commercial property at that time. We do not feel the district is at a high risk for sharper declines than what we have projected at this time as the housing and business property market is showing signs of leveling out after the 2008 Great recession and housing bubble bust.

- The State Budget represents 76% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY18 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY18 through FY20 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY20.
- There are many provisions in the current state budget bill HB64 that will increase the district expenditures in the form of expanded school choice programs and increases in amounts deducted from our state aid in the 2016-17 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from \$20,000 each to \$27,000, a 35% increase. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were to be implemented January 1, 2015. Implementation of those provisions has increased costs by as much as 2%. There is the additional risk that costs will go up as additional staff is added to our health care rolls. We have made allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA is a risk to district costs. We continue to monitor the rules and implementation as this significant change to health care evolves.
- Labor relations in the district have been very amicable with all parties working for the best interest of students. We believe as the district moves forward a strong working relationship will continue.

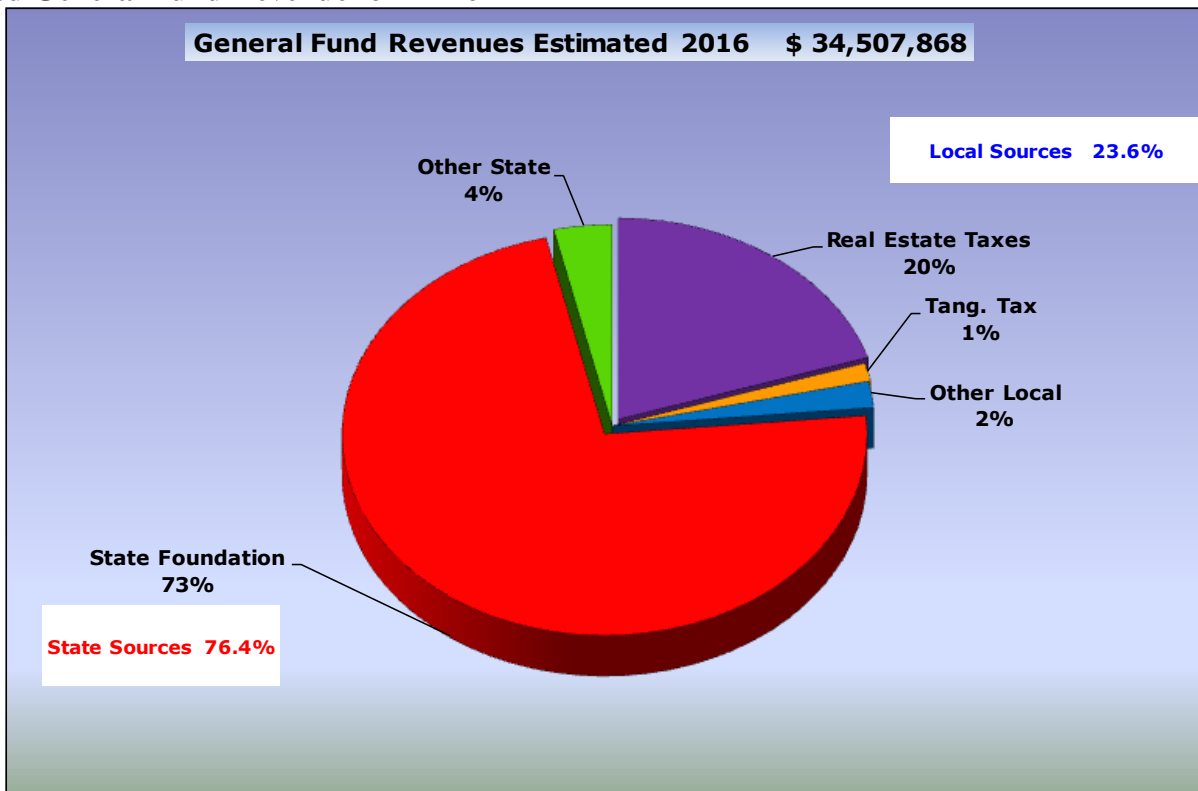
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Janice Allen, Treasurer/CFO of Trotwood-Madison City School District at 937-854-3050.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions

Estimated General Fund Revenue for FY16



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, Board of Revision (BOR)/Board of Tax Appeals (BTA) activity and complete reappraisal or updated values. District values have fallen from \$283.8 million in 2010 to \$211.9 million in 2016. This represents a drop of \$71.8 million or (25.3%) in the last six years. Due to HB920 provisions, tax rates will adjust up so losses would be limited; however, the district’s 8.15 and 7.8 mill “fixed rate” levies can never exceed the 8.15 and 7.8 mill amounts. Any further drop in Assessed Values (AV) will result in lower taxes as most of the district’s levies cannot adjust upward.

A complete reappraisal update occurred in tax year 2014 for collection in FY15. Real estate values fell 8.73% for residential and commercial property values fell 8.39% as a result of the reappraisal in 2014. An appraisal update will occur in 2017 for collection in FY18 and we are calling for a drop of 4% for residential and commercial property at that time. Real estate tax revenue makes up 21% of the district’s General Fund revenue. We will update values as more information is available.

In 2011 Tangible Personal Property (TPP) values were reduced to \$-0- as a result of HB 66 that took effect July 1, 2005.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated	Actual	Estimated	Estimated	Estimated
	TAX YEAR 2015	TAX YEAR 2016	TAX YEAR 2017	TAX YEAR 2018	TAX YEAR 2019
	<u>COLLECT 2016</u>	<u>COLLECT 2017</u>	<u>COLLECT 2018</u>	<u>COLLECT 2019</u>	<u>COLLECT 2020</u>
Res./Ag.	\$147,315,850	\$147,065,850	\$140,933,216	\$140,683,216	\$140,433,216
Comm./Ind.	53,445,810	53,020,810	50,474,978	50,049,978	49,624,978
Public Utility (PUPP)	11,230,730	11,430,730	11,630,730	11,830,730	12,030,730
Tangible Personal Property (TPP)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assessed Value	<u>\$211,992,390</u>	<u>\$211,517,390</u>	<u>\$203,038,924</u>	<u>\$202,563,924</u>	<u>\$202,088,924</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

In FY 13, the district experienced a significant reduction in tax revenue as a result of large BTA cases being settled which in turn resulted in large tax refunds to several large businesses. We believe the backlog and overhang from older BTA cases in the future will be diminished as these claims become resolved and normal tax collections will resume. Future year collections are based on anticipated reductions in the tax base as noted above for reappraisal and updates.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Est. General Property Taxes Line #1.010	<u>\$6,906,479</u>	<u>\$6,899,183</u>	<u>\$6,803,795</u>	<u>\$6,703,831</u>	<u>\$6,689,742</u>

Property tax levies are estimated to be collected at 90% of the annual amount. In general 53% of the new Res/Ag. and Comm/Ind. is expected to be collected in February tax settlements and 47% collected in August tax settlements. Public Utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August settlement from the Montgomery County Auditor. As previously noted, TPP ceased to be collected after FY11.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax – Line#1.020

The phase out of TPP taxes as noted earlier began in FY06. HB66 was adopted in June 2005 and the provisions of the legislation have estimated the tangible personal property tax would be eliminated after FY11. Any TPP revenues received in FY13 and beyond are delinquent TPP taxes. The amount remaining on Line 1.020 is the public utilities personal property (PUPP) tax revenues from telephone, electric, and gas companies tangible personal property which has shown signs of modest growth.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Public Utility Pers Property	\$493,185	\$554,526	\$564,314	\$574,102	\$583,890
Total Line # 1.020	<u>\$493,185</u>	<u>\$554,526</u>	<u>\$564,314</u>	<u>\$574,102</u>	<u>\$583,890</u>

Other Local Revenues – Line #1.060

Revenues from all other sources are based on historical growth patterns. This revenue largely consists of rental income, tuition payments, Medicaid reimbursements and payments from PILOT (Payments in Lieu of Taxes) programs. The district estimates that other revenue amounts will grow by 1% a year.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Tuition SF-14 & SF-14H	\$263,301	\$268,567	\$273,938	\$279,417	\$285,005
Employee Medical Ins. Portion	0	0	0	0	0
Interest	16,499	16,664	16,831	16,999	17,169
PNC Equipment Loan-Rent	0	0	0	0	0
Donations, Rentals, PILOT, Medicaid, erate	<u>447,310</u>	<u>451,783</u>	<u>456,301</u>	<u>460,864</u>	<u>465,473</u>
Total Line # 1.060	<u>\$727,110</u>	<u>\$737,014</u>	<u>\$747,070</u>	<u>\$757,280</u>	<u>\$767,647</u>

State Taxes Reimbursement/Property Tax Allocation Line 1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013. HB66 previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate

The district no longer receives any fixed rate reimbursement.

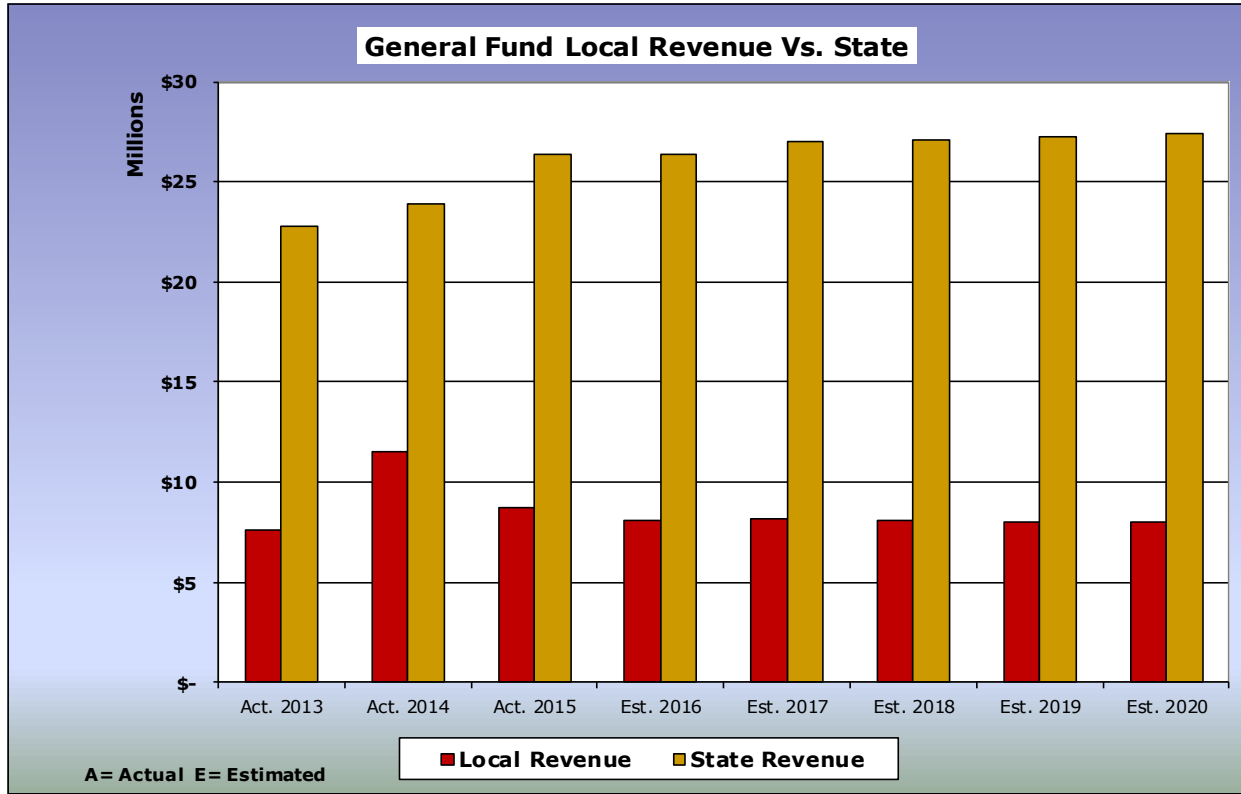
c) Tangible Personal Property Reimbursements – Fixed Sum

The district no longer receives TPP Fixed Sum reimbursement payments.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Rollback and Homestead	\$1,237,387	\$1,235,273	\$1,220,050	\$1,204,833	\$1,203,943
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$1,237,387</u>	<u>\$1,235,273</u>	<u>\$1,220,050</u>	<u>\$1,204,833</u>	<u>\$1,203,943</u>

Comparison of Local Revenue and State Revenue:



State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino – Line #1.035

The amounts estimated for FY16 for state funding are based on funding component computations from the May 2016 State Foundation Payment Report (SFPR). The current FY16-17 state budget HB64 includes a decrease in funding for our district. We are projected to be a formula district regarding state funding in FY16. Our state funding status for FY18-20 will depend on the FY18-19 and FY20-21 state budgets. There are two unknown state budgets in this forecast period covering four fiscal years.

In FY14-15, HB59 created the fourth (4th) new funding formula for public education since 2009. HB64 the state FY16-17 state budget made alterations to the funding formula and added several new components. The new funding formula is very complex and could change again with the new FY 18-19 or FY20-21 state budgets. The funding formula in HB64 has a modified State Share Index (SSI) method to measure a district’s wealth and capacity to raise local revenue.

The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

- 1) Opportunity Grant – Per pupil amount increased 1.7% from \$5,800 in FY15 to \$5,900 in FY16 and 1.7% to \$6,000 in FY17.
- 2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value
- 3) Special Education Additional Aid – Based on six (6) categories of disability
- 4) Limited English Proficiency – Based on three (3) categories based on time student enrolled in schools
- 5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students
- 6) K-3 Literacy Funds- Based on districts K-3 average daily membership and two Tiers
- 7) Gifted Funds –Based on average daily membership at \$5.05 in FY16 & FY17
- 8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) categories students enrolled in
- 9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 60% to 50%.

There are several new funding components provided in HB64 for FY16 &17. These are additional funds that can be earned by a district or is intended to help a district who has an undo burden or inability to raise local revenue.

- 1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated.
- 2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY16 and 50 in FY17. Provides additional funding based on rider density and the number of miles driven by the school buses.
- 3) 3rd Grade Reading Proficiency Bonus- Provides a bonus to districts based on third grade reading results.
- 4) High School Graduation Rate Bonus-Provides a bonus to districts based on high school graduation rates up to approximately \$450 per student.

There are potentially 342 independent variables in the State Foundation Payment Report (SFPR) formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY16-20. Currently, there are still changes being made to the above variables as well as changes that could result once the Ohio Department of Education (ODE) finalizes the calculations from FY15, which is not expected until late May 2016. Our estimates are based on the best information available to us and the most current calculation used by ODE. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY15 reconciliation.

Our current State Foundation Payment Report (SFPR) estimates for FY16 are using April 2016 adjusted Average Daily Membership (ADM) and hold those numbers steady through FY20. Beginning in FY15 the state changed the way it measures student ADM. Student counts are now updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2016. This could result in undulating state aid payments throughout the year based on each student count if a district is on the formula. Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated steady enrollment through FY20 and a 1% per pupil increase each year beginning in FY18 for Opportunity Grant funding.

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013 all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that

will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Basic Aid-Unrestricted	\$21,634,670	\$22,208,478	\$22,281,947	\$22,399,567	\$22,594,768
Additional Aid Items	<u>257,768</u>	<u>257,768</u>	<u>257,768</u>	<u>257,768</u>	<u>257,768</u>
Basic Aid-Unrestricted Subtotal	\$21,892,438	\$22,466,246	\$22,539,715	\$22,657,335	\$22,852,536
Ohio Casino Commission ODT	<u>125,637</u>	<u>127,116</u>	<u>128,604</u>	<u>130,101</u>	<u>131,606</u>
Total Unrestricted State Aid Line # 1.035	<u>\$22,018,075</u>	<u>\$22,593,362</u>	<u>\$22,668,319</u>	<u>\$22,787,436</u>	<u>\$22,984,142</u>

B) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenue, Economically Disadvantaged and Career Technical funds. The amount of the Economically Disadvantaged Aid is estimated to grow by 1% each remaining year of the forecast.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Economically Disadvantaged Aid	\$3,059,461	\$3,090,056	\$3,120,957	\$3,152,167	\$3,183,689
Career Tech - Restricted	<u>66,171</u>	<u>66,833</u>	<u>67,501</u>	<u>68,176</u>	<u>68,858</u>
Total Restricted State Revenues Line #1.040	<u>\$3,125,632</u>	<u>\$3,156,889</u>	<u>\$3,188,458</u>	<u>\$3,220,343</u>	<u>\$3,252,547</u>

C) Restricted Federal Grants in Aid – line #1.045

The district does not expect to receive any federal unrestricted funds in the general fund FY16-20.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Unrestricted Line # 1.035	\$22,018,075	\$22,593,362	\$22,668,319	\$22,787,436	\$22,984,142
Restricted Line # 1.040	3,125,632	3,156,889	3,188,458	3,220,343	3,252,547
Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$25,143,707</u>	<u>\$25,750,251</u>	<u>\$25,856,777</u>	<u>\$26,007,779</u>	<u>\$26,236,689</u>

Short-Term Borrowing – Lines #2.010 & Line #2.020

There are no short term borrowings planned at this time.

Transfers In / Return of Advances – Line #2.040 & Line #2.050

Returns of advances to other funds from the previous year are included in this area.

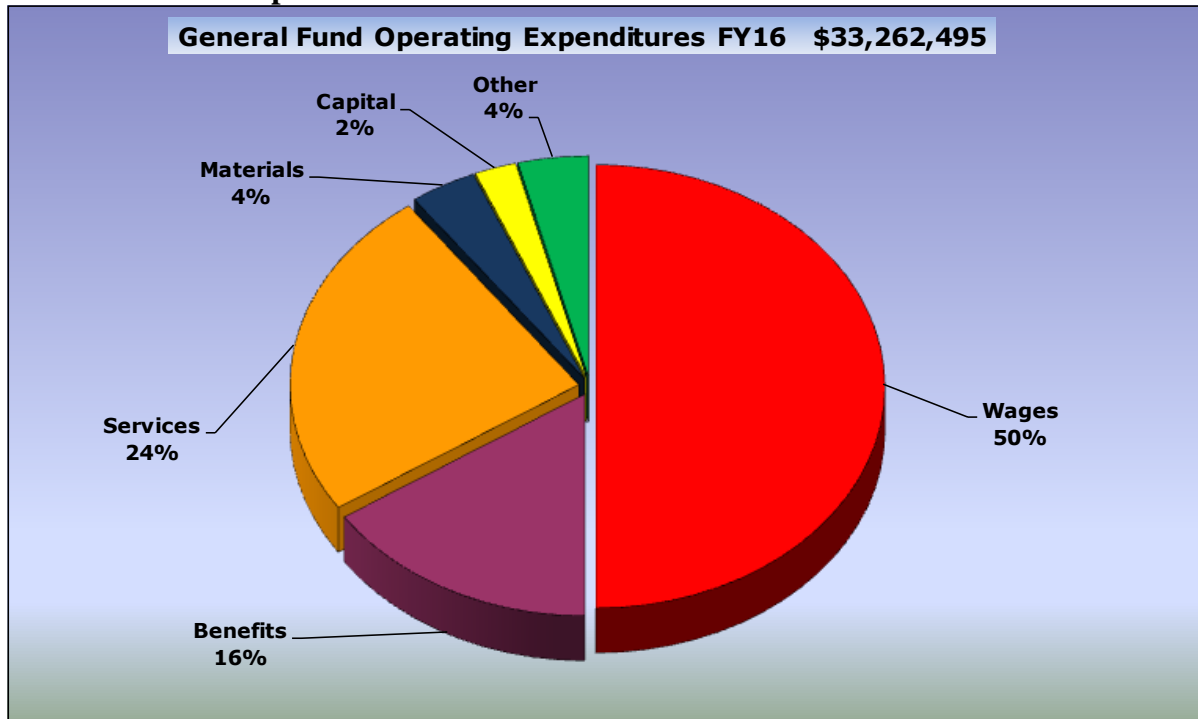
<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY17</u>	<u>FY19</u>	<u>FY20</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>309,666</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Transfer & Advances In	<u>\$309,666</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

All Other Financial Sources – Line #2.060 & Line #14.010

Refunds from prior years are projected to remain stable at \$200,000 in FY16 through FY20.

Expenditures Assumptions

Estimated General Fund Expenditures for FY16:



Wages – Line #3.010

In FY15 the district hired 21 FTE and in FY16 we hired 18 FTE employees to restore and improve educational services and support to children throughout the district. We are anticipating hiring 5 FTE teachers and 1 FTE para professional in FY17. The district is initiating aggressive action to help students improve academic performance and prepare them for success in the future. These amounts have been factored in the planning below for wages and benefits.

The model reflects step increases of 2% negotiated for FY16. The district settled negotiations in spring 2016 to secure a three year agreement that in FY17 provides a base increase of 2.5% for all employees. For those employees who were working in FY12, a step will be restored for FY12 and a one-time stipend will be paid to mitigate the financial loss in FY13. In FY18 a 2.75% base increase and in FY19 a 2.5% base increase is granted staff. For planning purposes a 2.5% increase in wages has been projected for FY20.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Base Wages	\$14,283,864	\$15,686,588	\$16,796,727	\$17,587,326	\$18,343,179
Increases/ Signing Bonus FY17	285,677	432,097	431,381	419,918	439,683
Steps & Training/Performance Based Pay	285,677	420,660	313,732	335,935	351,747
Growth	827,970	332,382	45,486	0	0
Unfunded Recapture	3,400	0	0	0	0
Subs & Supplemental Costs	746,814	761,750	776,985	792,525	808,376
Severance	200,000	200,000	200,000	200,000	200,000
Staff Reductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line 3.010	<u>\$16,633,402</u>	<u>\$17,833,477</u>	<u>\$18,564,311</u>	<u>\$19,335,704</u>	<u>\$20,142,985</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being directly related to the wages paid. The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

A) STRS/SERS

As required by law the BOE pays 14% of all employee wages to State Teachers Retirement System (STRS) or School Employees Retirement System (SERS). In addition, SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. We have taken the 1/6 additional costs per year for 6 years catch up provision. This cost is \$72,450 each year through FY16.

B) Insurance

Beginning in FY13 the district has joined the Southwestern Ohio Educational Purchasing Council (EPC) health care umbrella which is a consortium of 153 school districts. Medical trends indicate an 8% annual insurance increase in FY16 – FY20 would be good for planning purposes and include any expected costs due to the Affordable Care Act.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 1.25% of wages FY16 – FY20. Unemployment is expected to remain at a very low level. The district is a direct reimbursement employer which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
STRS/SERS	\$2,598,587	\$2,715,411	\$2,834,608	\$2,954,697	\$3,079,292
Insurance's	2,404,575	2,623,532	2,837,054	3,064,018	3,309,139
Workers Comp/Unemployment	224,551	240,751	250,618	261,032	271,930
Medicare	253,239	263,405	269,843	280,368	292,073
Other/Tuition	(276,226)	(276,226)	(276,226)	(276,226)	(276,226)
Total Line 3.020	<u>\$5,204,726</u>	<u>\$5,566,873</u>	<u>\$5,915,897</u>	<u>\$6,283,889</u>	<u>\$6,676,208</u>

Purchased Services – Line #3.030

This category includes payments for contracted services, utilities, gas, electric, property insurance and transportation. Significant payments are made to Community Schools, Open Enrollment and the Educational Choice Voucher program.

Also included in this category is the turf field capital lease payment of \$108,529 annually. This payment will drop off after June 2016 when the lease is fully paid. An additional \$50,000 was added beginning in FY 15 for cost associated with both Westbrooke and Madison Park Elementary schools at full capacity.

We continue to look for cost savings in other areas through shared services, consortiums, and reduction of resources.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Base Services	\$630,992	\$730,337	\$752,247	\$774,814	\$798,058
Legal , Network, Curriculum etc.	808,521	716,806	723,974	731,214	738,526
Open Enrollment Deduction	692,331	699,254	822,247	946,469	1,071,934
Community School Deductions	4,319,208	4,448,784	4,582,248	4,719,715	4,861,306
Other Tuition Including Ed Scholarship	875,422	901,685	928,736	956,598	985,296
Utilities	759,842	797,834	837,726	879,612	923,593
Health Ins. (Net)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line 3.030	<u>\$8,086,316</u>	<u>\$8,294,700</u>	<u>\$8,647,178</u>	<u>\$9,008,422</u>	<u>\$9,378,713</u>

Supplies and Materials – Line #3.040

Supplies and materials are expected to grow by 2% through FY20. In addition we are planning curriculum updates with new material for K-12 Science \$500,000 and Math 9-12 \$200,000 in FY16. In FY17 we are budgeting Math grades 6-8, World Languages for grades 8-12 and supplemental materials for Career Technical education.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Supplies	\$541,904	\$705,000	\$719,100	\$733,482	\$748,152
Textbook/Curriculum Updates	<u>700,000</u>	<u>275,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line 3.040	<u>\$1,241,904</u>	<u>\$980,000</u>	<u>\$719,100</u>	<u>\$733,482</u>	<u>\$748,152</u>

Equipment – Line # 3.050

Capital replacement for district equipment according to the capital replacement program is estimated to grow at an inflationary rate of 2 percent each year. In FY16 we have increased our estimates by \$100,000 per year for carpet replacements and other maintenance needs. In FY18 we have allocated \$600,000 for anticipated field turf replacement.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Capital Outlay	\$589,250	\$299,550	\$905,541	\$323,652	\$330,125
Replacement Bus Purchases	189,000	198,450	208,373	218,791	229,731
Track/ BBField/WB Playground/sign	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line 3.050	<u>\$778,250</u>	<u>\$498,000</u>	<u>\$1,113,914</u>	<u>\$542,443</u>	<u>\$559,856</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer fees. Auditor and Treasurer Fees will fluctuate with real estate revenue collections. The County ESC costs are projected to increase by 3% each year. We have included a reasonable contingency for unforeseen expenses that could occur. The district is working on a plan to reduce the County ESC costs by decreasing the number of special needs students placed out of the district.

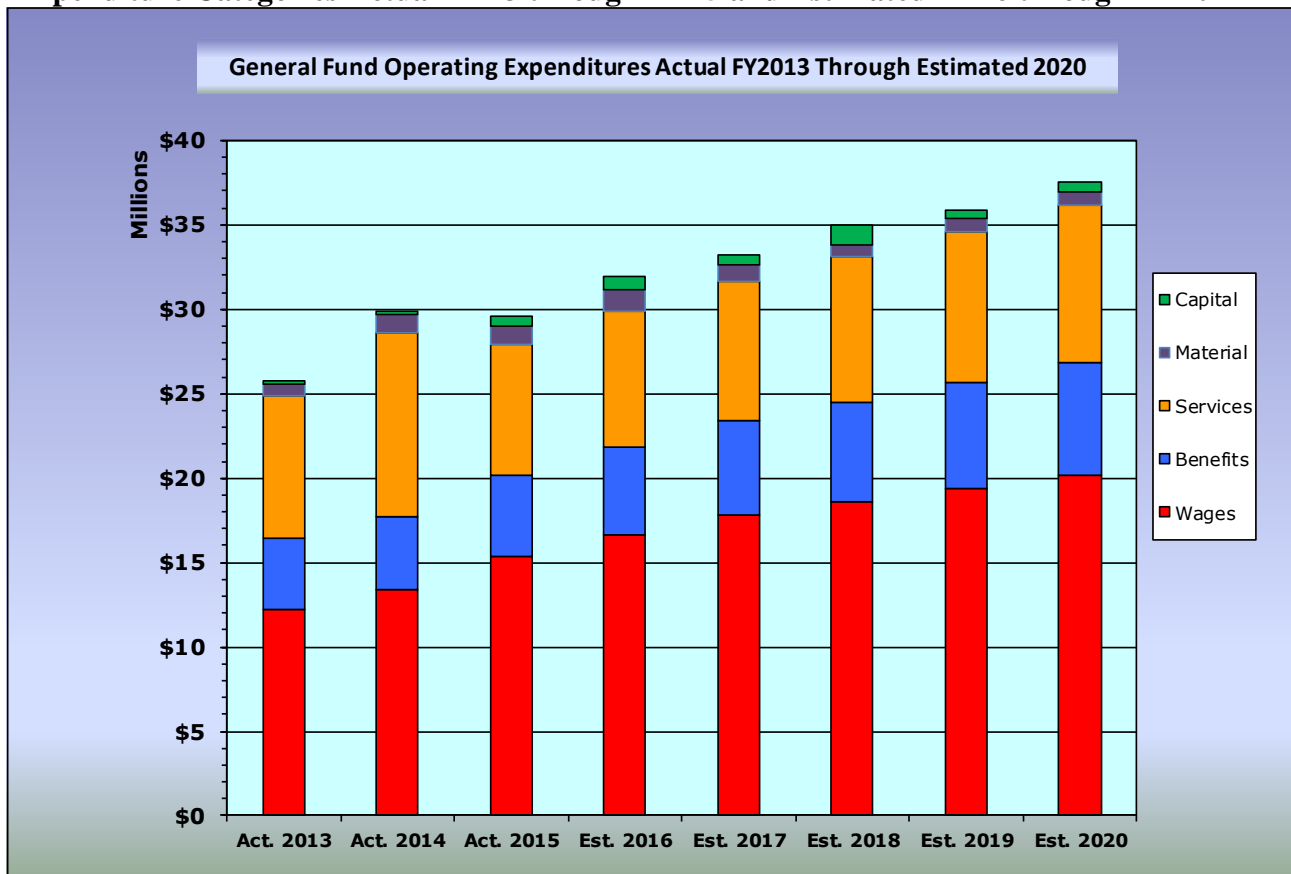
<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
County Auditor & Treasurer Fees	\$158,432	\$160,016	\$161,616	\$163,232	\$164,864
County ESC	892,569	919,346	946,926	975,334	1,004,594
Audit Fees/Liability Ins/Other	<u>178,048</u>	<u>149,105</u>	<u>153,578</u>	<u>158,185</u>	<u>162,931</u>
Total Line 4.300	<u>\$1,229,049</u>	<u>\$1,228,467</u>	<u>\$1,262,120</u>	<u>\$1,296,751</u>	<u>\$1,332,389</u>

Principal and Interest Payment – Lines # 4.05 and 4.06

The district entered into a HB264 program. There is no additional borrowing planned in the forecast at this time.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
HB 264 Principal Line # 4.050	<u>\$74,516</u>	<u>\$75,263</u>	<u>\$76,017</u>	<u>\$76,779</u>	<u>\$77,549</u>
<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Interest on TANS & HB 264 Total Line 4.060	<u>\$14,332</u>	<u>\$13,585</u>	<u>\$12,831</u>	<u>\$12,067</u>	<u>\$11,297</u>

Total Expenditure Categories Actual FY13 through FY15 and Estimated FY16 through FY20



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. We are transferring \$350,000 each year FY16-20 to the Permanent Improvement Fund to support our new Capital Plan we adopted, a \$100,000 annually for athletic fund support and \$300,000 for Bond Retirement Fund support that will help keep tax rates for our bond retirement fund stable for our taxpayers. An additional amount of \$700,110 is budgeted in FY 16 to transfer money to Fund 010 for the close out of the OSFC project. Advances are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Operating Transfers Out Line #5.010	\$1,450,110	\$750,000	\$750,000	\$750,000	\$750,000
Advances Out Line #5.020	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total	<u>\$1,550,110</u>	<u>\$850,000</u>	<u>\$850,000</u>	<u>\$850,000</u>	<u>\$850,000</u>

Encumbrances –Line#8.010

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

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Estimated Encumbrances	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

Budget Reserve- Line 9.04

The district has established a Budget Reserve as allowed by law to help buffer against a economic downturn, lower local or state revenues that could occur in the forecast period.

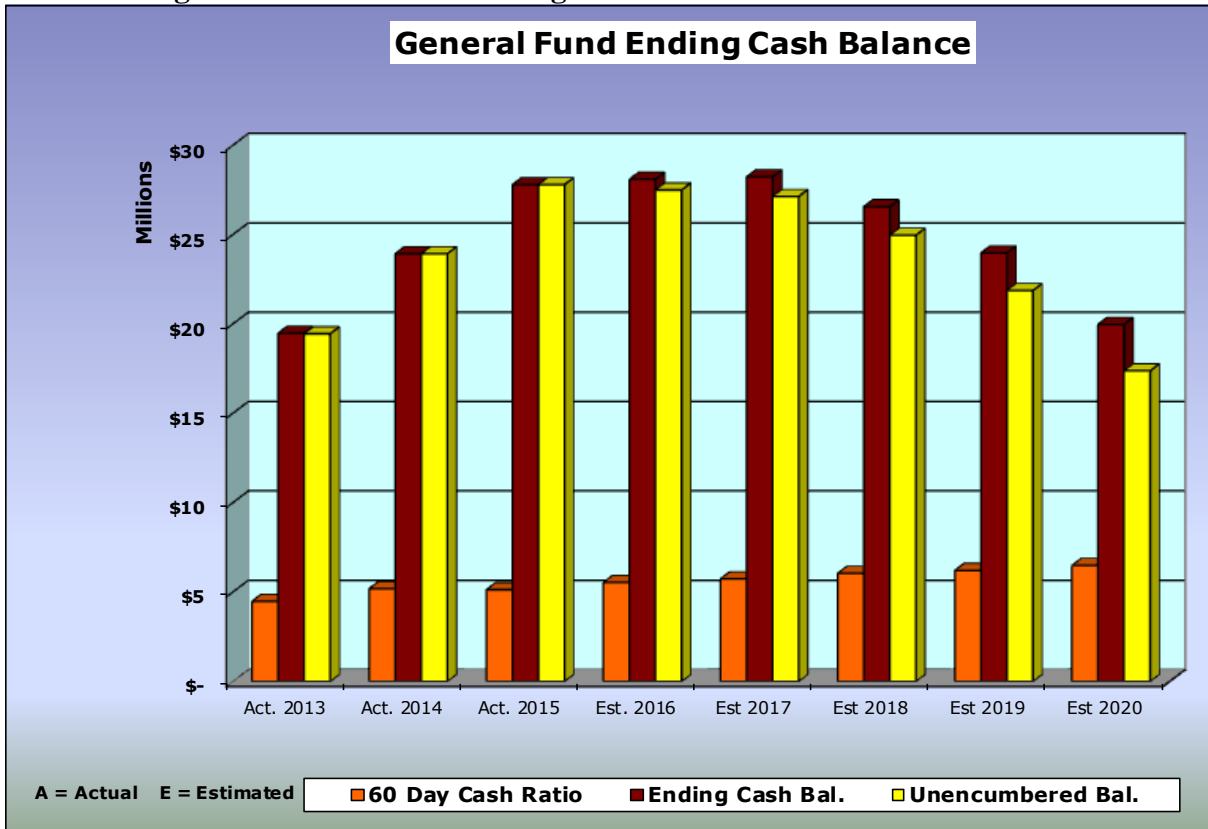
<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Textbooks & Instructional Materials- Line 9.010	\$0	\$0	\$0	\$0	\$0
Capital Improvements- Line 9.020	0	0	0	0	0
Budget Reserve - Line 9.030	500,000	1,000,000	1,500,000	2,000,000	2,500,000
DPIA - Line 9.040	0	0	0	0	0
Fiscal Stabilization - Line 9.045	0	0	0	0	0
Debt Service - Line 9.05	0	0	0	0	0
Property Tax Advances for Future Year- Line 9.060	0	0	0	0	0
State Bus Purchases- Line 9.070	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Reservations of Balance- Line#9.080	<u>\$500,000</u>	<u>\$1,000,000</u>	<u>\$1,500,000</u>	<u>\$2,000,000</u>	<u>\$2,500,000</u>

Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to HB153 effective September 30, 2011.

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Ending Cash Balance	<u>\$27,500,906</u>	<u>\$27,136,788</u>	<u>\$24,967,427</u>	<u>\$21,875,714</u>	<u>\$17,380,477</u>

General Fund Ending Cash Balance FY13 through Estimated FY20



True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds.

