

**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**

October 15, 2015

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 | | | | Forecasted | | | | |
|----------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal Year 2013 | Fiscal Year 2014 | Fiscal Year 2015 | Average Change | 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% | 7,045,574 | 6,880,924 | 6,763,578 | 6,641,429 | 6,604,740 |
| 1.020 Tangible Personal Property | 428,027 | 470,226 | 487,712 | 6.8% | 513,879 | 545,322 | 555,110 | 564,898 | 574,686 |
| 1.030 Income Tax | - | - | - | 0.0% | - | - | - | - | - |
| 1.035 Unrestricted State Grants-in-Aid | 21,233,193 | 19,622,916 | 21,867,852 | 1.9% | 22,568,326 | 23,116,715 | 23,445,517 | 23,780,774 | 24,122,611 |
| 1.040 Restricted State Grants-in-Aid | 243,428 | 3,032,939 | 3,225,749 | 576.1% | 3,202,473 | 3,234,497 | 3,266,842 | 3,299,511 | 3,332,506 |
| 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% | 1,236,873 | 1,227,807 | 1,212,068 | 1,196,335 | 1,194,865 |
| 1.060 All Other Revenues | 574,826 | 3,582,244 | 957,407 | 225.0% | 969,562 | 981,891 | 994,396 | 1,007,079 | 1,019,944 |
| 1.070 Total Revenues | 30,349,443 | 35,441,675 | 35,071,099 | 7.9% | 35,536,687 | 35,987,156 | 36,237,511 | 36,490,026 | 36,849,352 |
| 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% | 311,666 | 100,000 | 100,000 | 100,000 | 100,000 |
| 2.060 All Other Financing Sources | 234,122 | 297,392 | 361,873 | 24.4% | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| 2.070 Total Other Financing Sources | 615,373 | 1,159,802 | 767,133 | 27.3% | 511,666 | 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% | 36,048,353 | 36,287,156 | 36,537,511 | 36,790,026 | 37,149,352 |
| Expenditures | | | | | | | | | |
| 3.010 Personal Services | \$12,242,230 | \$13,389,661 | \$15,322,757 | 11.9% | \$16,633,402 | \$17,311,826 | \$17,954,525 | \$18,624,069 | \$19,319,022 |
| 3.020 Employees' Retirement/Insurance Benefits | 4,241,484 | 4,325,711 | 4,794,614 | 6.4% | 5,204,726 | 5,456,534 | 5,781,697 | 6,128,838 | 6,498,653 |
| 3.030 Purchased Services | 8,406,846 | 10,877,690 | 7,828,816 | 0.7% | 8,562,650 | 9,112,948 | 9,788,577 | 10,482,628 | 11,195,669 |
| 3.040 Supplies and Materials | 646,723 | 1,068,652 | 1,031,668 | 30.9% | 1,529,850 | 646,447 | 659,376 | 672,564 | 686,015 |
| 3.050 Capital Outlay | 235,540 | 242,875 | 637,747 | 82.8% | 778,250 | 799,485 | 1,421,429 | 856,108 | 879,794 |
| 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 | 1,262,751 | 1,297,433 | 1,333,124 | 1,369,853 |
| 4.500 Total Expenditures | \$26,921,818 | 31,156,333 | 30,816,363 | 7.3% | 34,026,775 | 34,678,839 | 36,991,885 | 38,186,177 | 40,037,852 |
| Other Financing Uses | | | | | | | | | |
| 5.010 Operating Transfers-Out | 369,117 | 594,791 | 847,873 | 51.8% | \$1,450,110 | \$450,000 | 450,000 | 450,000 | 450,000 |
| 5.020 Advances-Out | 95,227 | 401,959 | 311,666 | 149.8% | 300,000 | 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% | 1,750,110 | 550,000 | 550,000 | 550,000 | 550,000 |
| 5.050 Total Expenditures and Other Financing Uses | 27,386,275 | 32,153,083 | 31,975,902 | 8.4% | 35,776,885 | 35,228,839 | 37,541,885 | 38,736,177 | 40,587,852 |
| 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% | 271,468 | 1,058,317 | (1,004,374) | (1,946,151) | (3,438,500) |
| 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 | 28,069,554 | 29,127,871 | 28,123,498 | 26,177,346 |
| 7.020 Cash Balance June 30 | 19,487,362 | 23,935,756 | 27,798,086 | 19.5% | 28,069,554 | 29,127,871 | 28,123,498 | 26,177,346 | 22,738,847 |
| 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% | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| 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% | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| Fund Balance June 30 for Certification of Appropriations | 19,456,507 | 23,935,756 | 27,798,086 | 19.6% | 27,219,554 | 28,277,871 | 27,273,498 | 25,327,346 | 21,888,847 |

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% | 27,219,554 | 28,277,871 | 27,273,498 | 25,327,346 |
| | | | | | | | | | |
| 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% | 27,219,554 | 28,277,871 | 27,273,498 | 25,327,346 |
| | | | | | | | | | |

Trotwood-Madison City School District – Montgomery County
Notes to the Five Year Forecast
General Fund Only
October 15, 2015

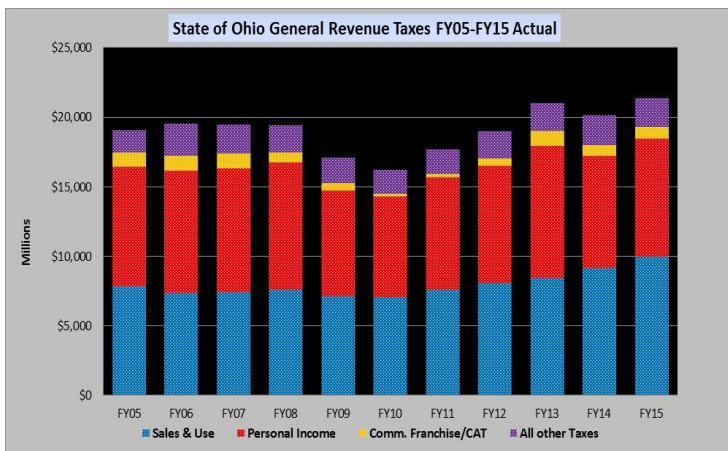
Introduction to the Five Year Forecast

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 October 2015 filing.

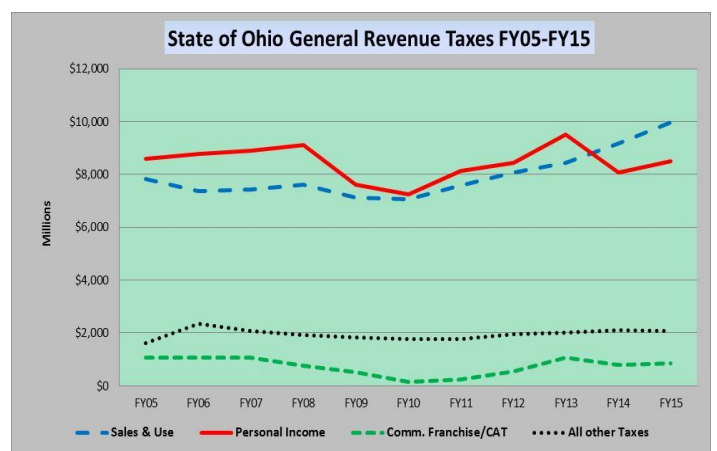
Economic Environment Affecting Forecast Variables –State Economy

It is important in long range forecasting to consider the economic climate in which projections of revenues are made. Below is significant statewide economic data which suggests that the economy for the FY16-20 period is growing moderately and has recovered from the Great Recession of 2008. It is important for our school district to consider the statewide economic data for two very important reasons. First, our state funding is directly affected by state revenue collections. The effects of the recession on the economy at the state level created a budget deficit which required the State of Ohio to make nearly \$8 billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio. Second, the same economic forces driving state tax revenues are also likely affecting the underlying economics of most communities in Ohio, which directly impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.

The graphs below note that the State of Ohio revenues through FY15 have recovered and are at record levels despite a personal income tax reduction in FY14. The two significant contributors to the economic recovery continue to be personal income taxes and sales and use taxes. The decline in personal income tax of \$1.442 billion and corporate franchise taxes of \$273.3 million is due to HB59's across-the-board reductions in income and corporate franchise tax rates which began in FY14. Tax revenues would have been up \$835.2 million or 3.96% over FY13 levels if no tax reductions were made. Steady growth is seen through FY15 and is expected to continue for FY16 and FY17.



Source: Ohio Legislative Service Commission

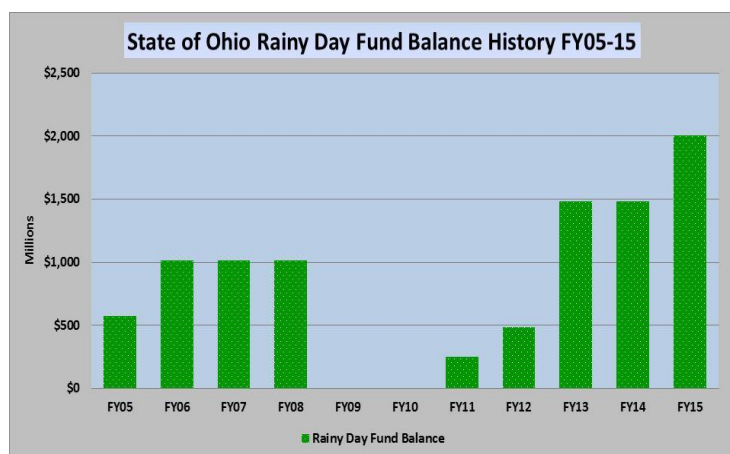


Source: Ohio Legislative Service Commission

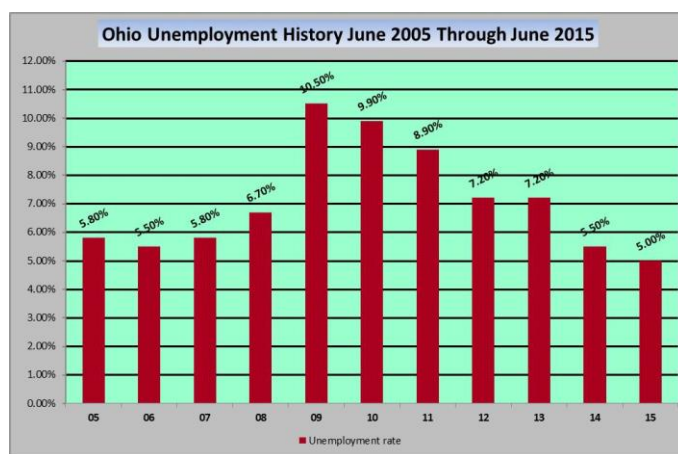
The recovery of the labor market which began in 2010 continued in 2015 as noted in both personal income tax and sales tax collections. The above State revenue is a clear indication that the economy has recovered and that there is economic growth in our state. Another indication that the state of Ohio has achieved solid footing economically is the accumulation of reserves in the State Rainy Day Fund (RDF). The graph below shows the

ten-year history of the Rainy Day Fund balance. The recession depleted the RDF in FY09. FY11 began the recovery of the economy and enabled the state to contribute excess revenues to the RDF. As noted, the RDF balance in FY15 has reached an all time record high deposit of \$2.005 billion thanks to a higher statutory balance allowed by HB64. This cushion should continue to help ensure that funding for schools approved in the recent state biennium budget HB64 will be met through FY17 and could be continued into the future if a brief pull back in the economy occurs over the next few years.

The state of Ohio's unemployment rate hit 5.0% in June 2015. The last time it was at this level was in October 2001. Over the past 12 months the unemployment rate dropped .5% as 40,500 new jobs were created. This is a significant measure to monitor for continued economic growth and viability. As noted above, personal income taxes and sales tax are highly correlated and have been the two major drivers of the recent recovery. As of June 2015, the unemployment rate in Montgomery County was 5.1 % which is slightly above the 5.0% state average.



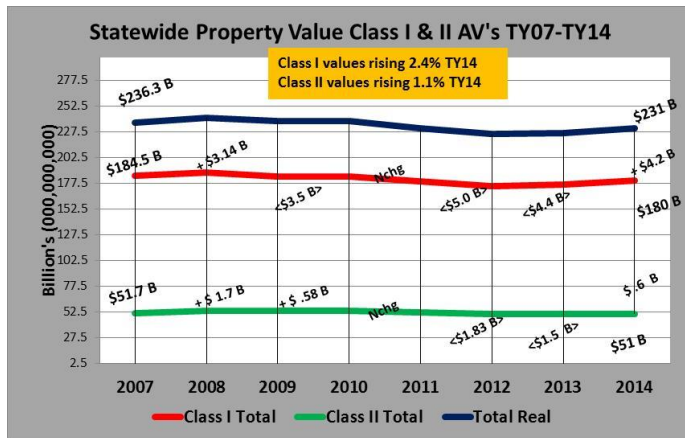
Source: Ohio Legislative Service Commission



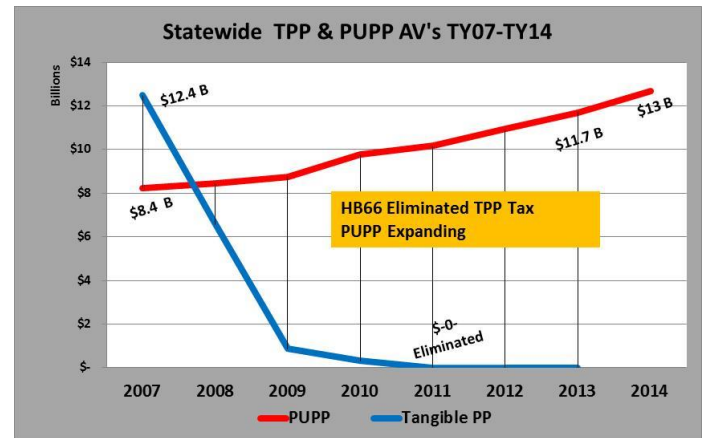
Source: U.S. Bureau of Labor Market Information

For school districts, a final piece of economic data which is highly relevant is the value of real property. In the 2014 Tax Year, 41 of Ohio's 88 counties, including Montgomery County, went through a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). Statewide from tax year 2007 to 2012, Class 1 and 2 property values declined by \$10.8 billion, a reduction of 4.6%. In 2014 Class 1 values rose by \$4.2 billion or 2.4% statewide, while Class 2 property increased for the first time since 2009 by \$377.0 million or 1.1% statewide. Home values for the 12 month period ending in June 2015 were up statewide by 3.1%. Clearly property values have stabilized and should begin to rise at varying levels across the state.

The final category of property is Public Utility Personal Property (PUPP) values. The graph on the following page shows that Tangible Personal Property (TPP) was eliminated for all categories of TPP in tax year 2011 by HB66, which became effective July 1, 2005. PUPP values continued to grow throughout the Great Recession due in part to continued new construction, reinvestment in aging infrastructure and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher value as they are taxed at the full gross tax rate.

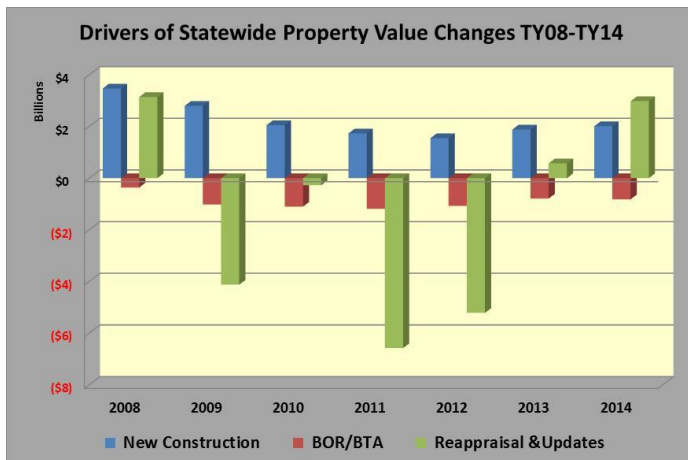


Source: Ohio Department of Taxation



Source: Ohio Department of Taxation

The graph below sums up the main drivers of property value changes across the state for Tax Year 2008 through 2014. The changes noted below are for Class 1 and 2 property values. Note that new construction is picking up, reappraisal and update values have moved from negative to positive for the last two tax years and Board of Revision/Board of Tax appeals property value changes are trending down from record levels the previous four tax years.



Source: Ohio Department of Taxation

Overall, we believe the economy of the state is stable and growing. This should provide a stable basis for which to make projections of state revenues to the district as noted in HB64 through FY17 and continuing through FY20 in future state budgets. The improving labor market is also providing for a recovery in property tax collections in this forecast by: 1) increasing or stabilizing property values; 2) increasing current property tax collections; and, 3) increasing prior delinquent tax collections.

Forecast Risks and Uncertainty:

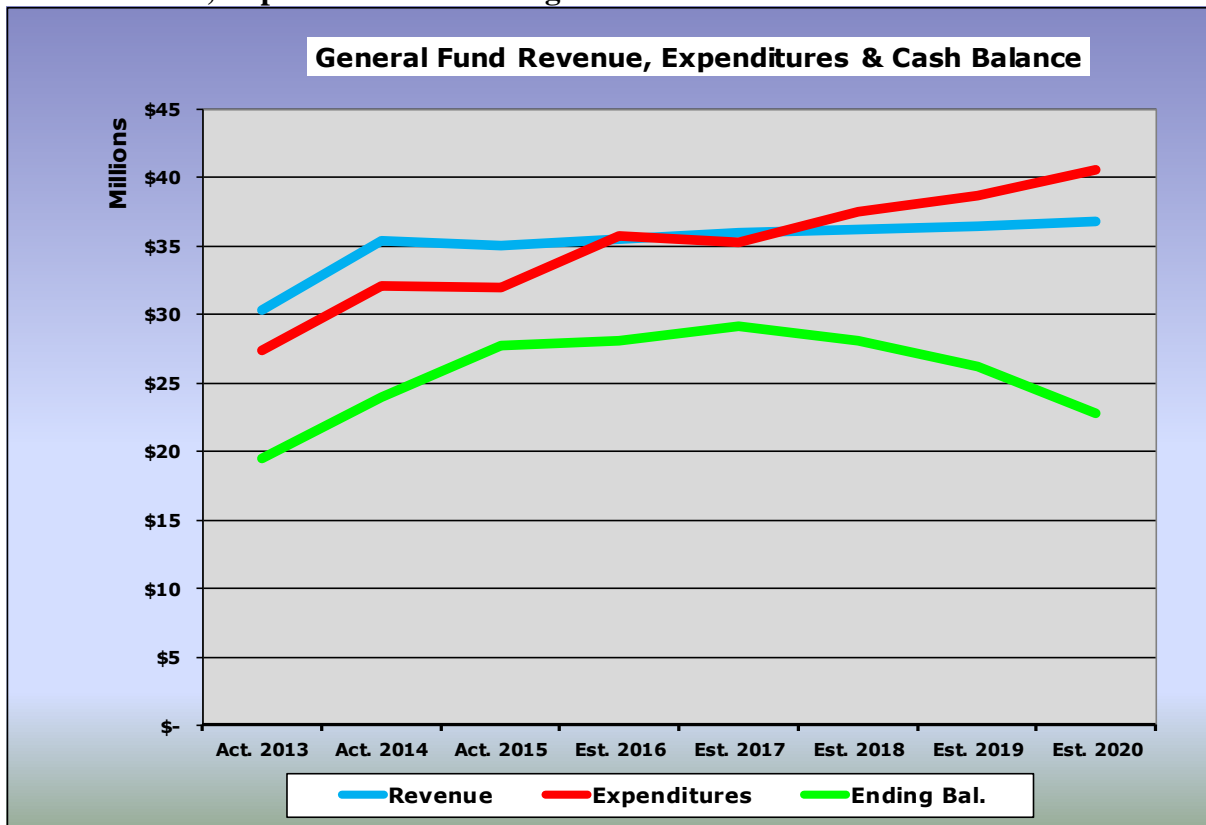
A five year financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will be happening in the spring of 2017 and 2019 due to deliberation of the next two (2) state biennium budget for FY18-19 & FY20-21, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. 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 currently adopted HB64 funding formula is changed to reduce funding to our district in a future state budget. 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.

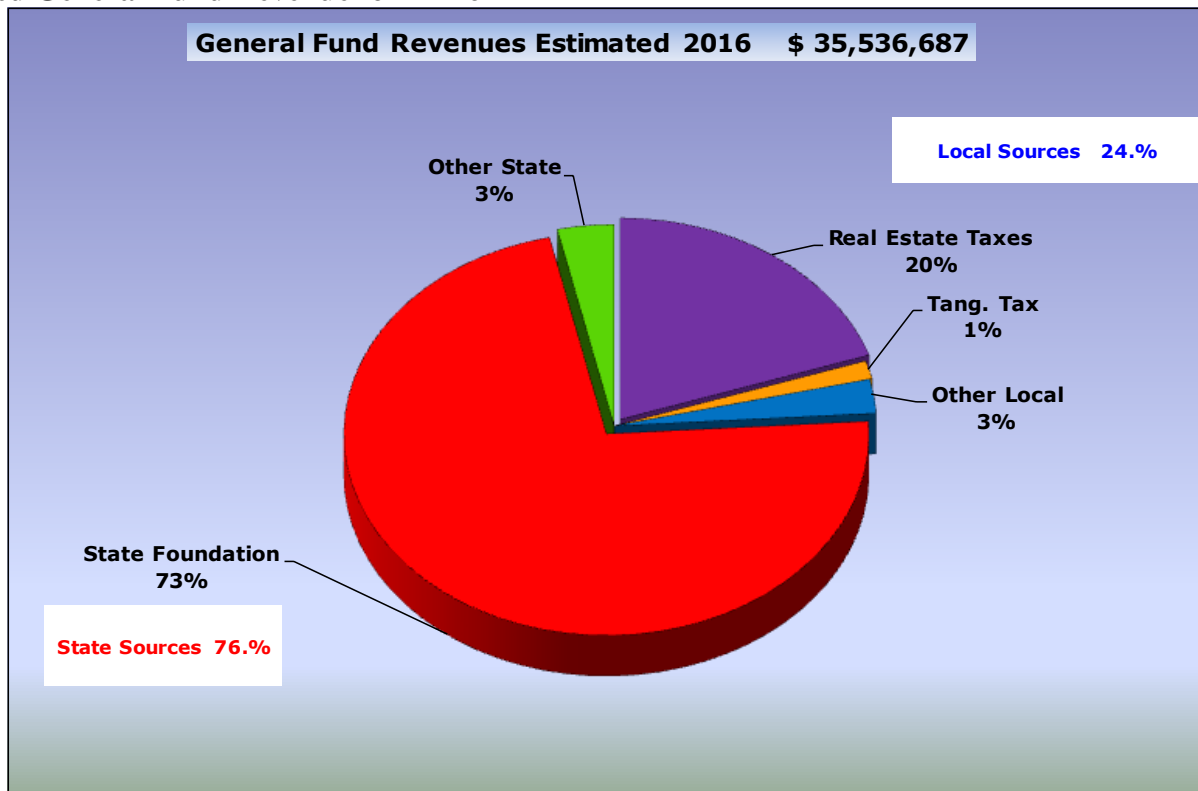
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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 \$212.7 million in 2014. This represents a drop of \$71.1 million or (25.1%) in the last five 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

| | Estimated TAX YEAR 2015 <u>COLLECT 2016</u> | Estimated TAX YEAR 2016 <u>COLLECT 2017</u> | Estimated TAX YEAR 2017 <u>COLLECT 2018</u> | Estimated TAX YEAR 2018 <u>COLLECT 2019</u> | Estimated TAX YEAR 2019 <u>COLLECT 2020</u> |
|----------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| <u>Classification</u> | | | | | |
| Res./Ag. | \$147,636,430 | \$147,261,430 | \$140,995,973 | \$140,620,973 | \$140,245,973 |
| Comm./Ind. | 53,078,610 | 52,278,610 | 49,387,466 | 48,587,466 | 47,787,466 |
| Public Utility (PUPP) | 11,042,670 | 11,242,670 | 11,442,670 | 11,642,670 | 11,842,670 |
| Tangible Personal Property (TPP) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assessed Value | <u>\$211,757,710</u> | <u>\$210,782,710</u> | <u>\$201,826,109</u> | <u>\$200,851,109</u> | <u>\$199,876,109</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>\$7,045,574</u> | <u>\$6,880,924</u> | <u>\$6,763,578</u> | <u>\$6,641,429</u> | <u>\$6,604,740</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 | \$513,879 | \$545,322 | \$555,110 | \$564,898 | \$574,686 |
| Total Line # 1.020 | <u>\$513,879</u> | <u>\$545,322</u> | <u>\$555,110</u> | <u>\$564,898</u> | <u>\$574,686</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>689,762</u> | <u>696,660</u> | <u>703,627</u> | <u>710,663</u> | <u>717,770</u> |
| Total Line # 1.060 | <u>\$969,562</u> | <u>\$981,891</u> | <u>\$994,396</u> | <u>\$1,007,079</u> | <u>\$1,019,944</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.

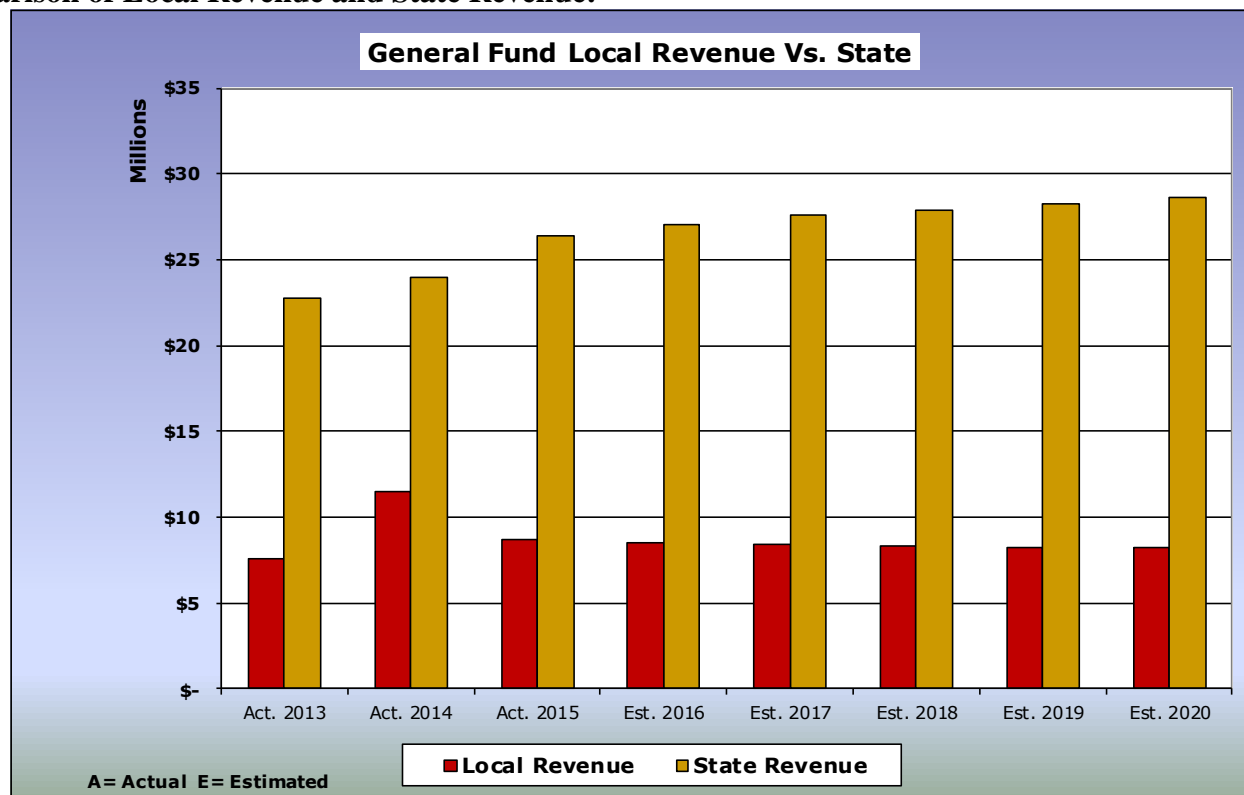
c) Tangible Personal Property Reimbursements – Fixed Sum

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 | \$1,236,873 | \$1,227,807 | \$1,212,068 | \$1,196,335 | \$1,194,865 |
| 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>\$1,236,873</u> | <u>\$1,227,807</u> | <u>\$1,212,068</u> | <u>\$1,196,335</u> | <u>\$1,194,865</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 most recent State Foundation Payment Report (SFPR) and from the July 2015 Legislative Service Commission (LSC) Simulations of HB64. These simulations are required as the actual new state funding formula adopted in HB64 is not totally complete for school districts to use in their state aid projections. Therefore, simulations must be used for state aid.

The current FY15-16 state budget HB64 simulation includes an increase in funding for our district. We are projected to be a formula district regarding state funding in FY16 and FY17. 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 three 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 potentially 342 independent variables in the 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 we know most of the variables for FY16 &17 that were in the old formula but there has not been a new simulation model released at the time of this forecast to more precisely estimate our state aid.

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. Our estimates for these components are from the July 2015 LSC simulation since the actual formulas are not available at the time of this forecast.

- 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.

Our current SFPR estimates for FY16 are using FY15 year end adjusted average daily membership (ADM) and slightly decrease those numbers 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. The current payment to the district is based on adjusted student ADM count as of June 30, 2015. Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated slightly declining enrollment through FY20 and a 1.5% 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 | \$22,147,514 | \$22,694,380 | \$23,021,650 | \$23,355,366 | \$23,695,652 |
| Additional Aid Items | <u>292,410</u> | <u>292,410</u> | <u>292,410</u> | <u>292,410</u> | <u>292,410</u> |
| Basic Aid-Unrestricted Subtotal | \$22,439,924 | \$22,986,790 | \$23,314,060 | \$23,647,776 | \$23,988,062 |
| Ohio Casino Commission ODT | <u>128,402</u> | <u>129,925</u> | <u>131,457</u> | <u>132,998</u> | <u>134,549</u> |
| Total Unrestricted State Aid Line # 1.035 | <u>\$22,568,326</u> | <u>\$23,116,715</u> | <u>\$23,445,517</u> | <u>\$23,780,774</u> | <u>\$24,122,611</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 | \$3,156,735 | \$3,188,302 | \$3,220,185 | \$3,252,387 | \$3,284,911 |
| Career Tech - Restricted | <u>45,738</u> | <u>46,195</u> | <u>46,657</u> | <u>47,124</u> | <u>47,595</u> |
| Total Restricted State Revenues Line #1.040 | <u>\$3,202,473</u> | <u>\$3,234,497</u> | <u>\$3,266,842</u> | <u>\$3,299,511</u> | <u>\$3,332,506</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 | \$22,568,326 | \$23,116,715 | \$23,445,517 | \$23,780,774 | \$24,122,611 |
| Restricted Line # 1.040 | 3,202,473 | 3,234,497 | 3,266,842 | 3,299,511 | 3,332,506 |
| 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>\$25,770,799</u> | <u>\$26,351,212</u> | <u>\$26,712,359</u> | <u>\$27,080,285</u> | <u>\$27,455,117</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.

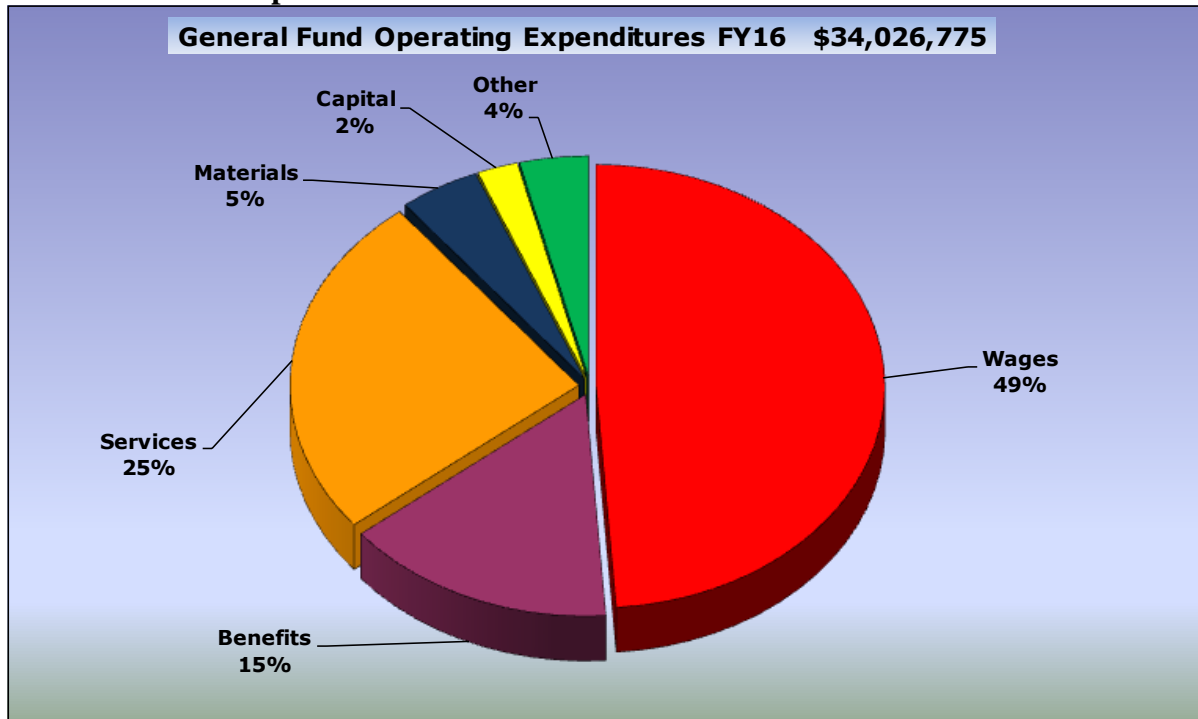
| <u>Source</u> | <u>FY16</u> | <u>FY17</u> | <u>FY17</u> | <u>FY19</u> | <u>FY20</u> |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| Transfers In - Line 2.040 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Advance Returns - Line 2.050 | <u>311,666</u> | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> |
| Total Transfer & Advances In | <u>\$311,666</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 \$150,000 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 is hiring 18 FTE employees to restore and improve educational services and support to children throughout the district. 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 FY15 through 16 and for planning purposes includes steps for FY17 through 19. A 2% increase in wages has been projected for FY 16-20 for planning purposes.

| <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 | \$16,350,076 | \$16,977,540 | \$17,631,544 |
| Increases/ Merit Based Pay | 285,677 | 285,677 | 313,732 | 327,002 | 339,551 |
| Steps & Training/Performance Based Pay | 285,677 | 285,677 | 313,732 | 327,002 | 339,551 |
| Growth | 827,970 | 92,134 | 0 | 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 | 0 | 0 | 0 | 0 | 0 |
| Total Wages Line 3.010 | <u>\$16,633,402</u> | <u>\$17,311,826</u> | <u>\$17,954,525</u> | <u>\$18,624,069</u> | <u>\$19,319,022</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 23 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 | \$2,642,381 | \$2,742,538 | \$2,845,920 | \$2,953,262 |
| Insurance's | 2,404,575 | 2,604,312 | 2,812,657 | 3,037,670 | 3,280,684 |
| Workers Comp/Unemployment | 224,551 | 233,710 | 242,387 | 251,425 | 260,807 |
| Medicare | 253,239 | 252,357 | 260,341 | 270,049 | 280,126 |
| Other/Tuition | (276,226) | (276,226) | (276,226) | (276,226) | (276,226) |
| Total Line 3.020 | <u>\$5,204,726</u> | <u>\$5,456,534</u> | <u>\$5,781,697</u> | <u>\$6,128,838</u> | <u>\$6,498,653</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 | \$711,407 | \$732,749 | \$754,731 | \$777,373 | \$800,694 |
| Legal , Network, Curriculum etc. | 901,806 | 802,295 | 810,318 | 818,421 | 826,605 |
| Open Enrollment Deduction | 692,331 | 815,254 | 939,407 | 1,064,801 | 1,191,449 |
| Community School Deductions | 4,621,842 | 5,063,131 | 5,517,659 | 5,985,823 | 6,468,032 |
| 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>\$8,562,650</u> | <u>\$9,112,948</u> | <u>\$9,788,577</u> | <u>\$10,482,628</u> | <u>\$11,195,669</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.

| <u>Source</u> | <u>FY16</u> | <u>FY17</u> | <u>FY18</u> | <u>FY19</u> | <u>FY20</u> |
|-----------------------------|--------------------|------------------|------------------|------------------|------------------|
| Supplies | \$829,850 | \$646,447 | \$659,376 | \$672,564 | \$686,015 |
| Textbook/Curriculum Updates | <u>700,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Line 3.040 | <u>\$1,529,850</u> | <u>\$646,447</u> | <u>\$659,376</u> | <u>\$672,564</u> | <u>\$686,015</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 | \$601,035 | \$1,213,056 | \$637,317 | \$650,063 |
| 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>\$799,485</u> | <u>\$1,421,429</u> | <u>\$856,108</u> | <u>\$879,794</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.

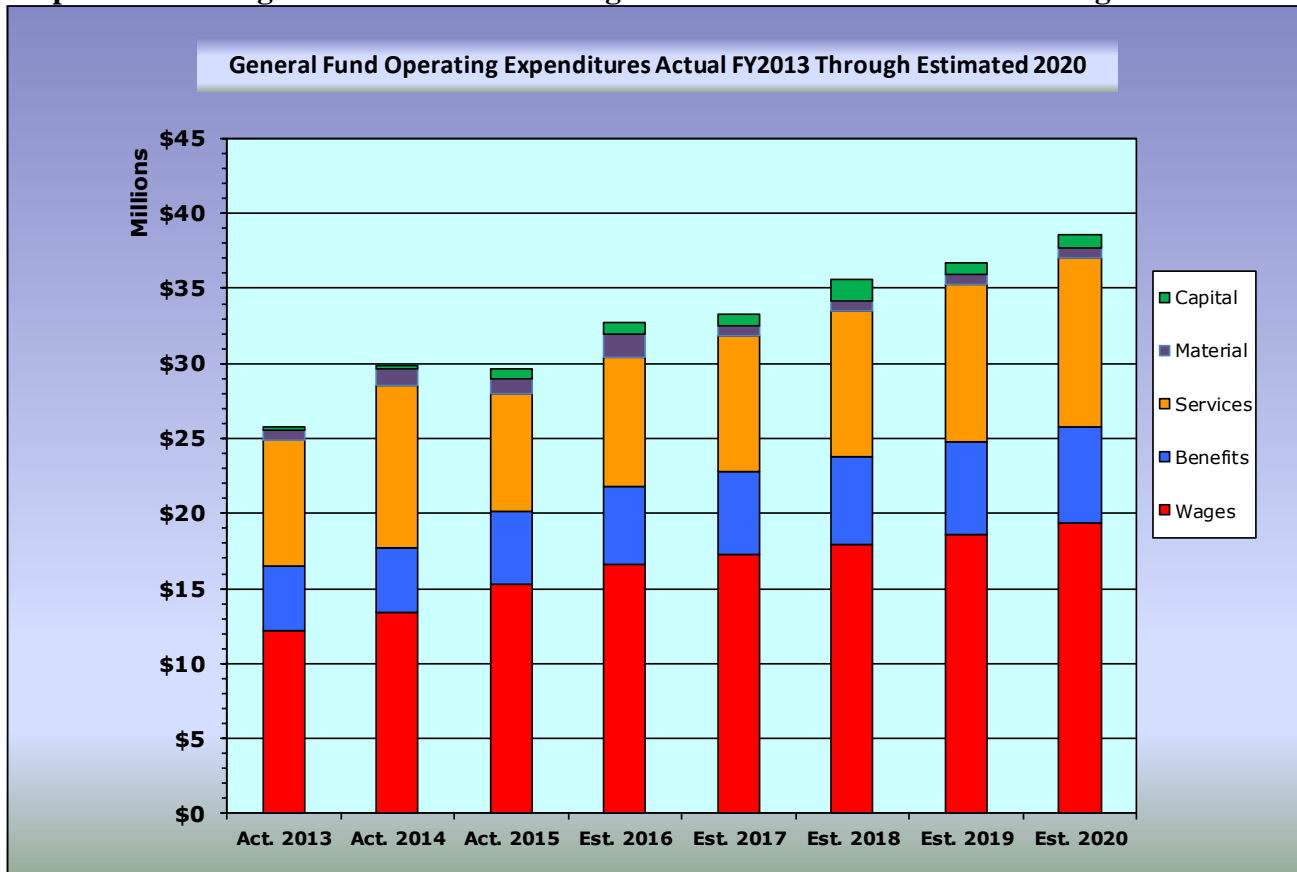
| <u>Source</u> | <u>FY16</u> | <u>FY17</u> | <u>FY18</u> | <u>FY19</u> | <u>FY20</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| County Auditor & Treasurer Fees | \$158,432 | \$160,016 | \$161,616 | \$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>183,389</u> | <u>188,891</u> | <u>194,558</u> | <u>200,395</u> |
| Total Line 4.300 | <u>\$1,229,049</u> | <u>\$1,262,751</u> | <u>\$1,297,433</u> | <u>\$1,333,124</u> | <u>\$1,369,853</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 as part of a levy commitment and \$100,000 annually for athletic fund support. 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 and \$300,000 for Bond Retirement Fund support that will help keep tax rates for our bond retirement fund stable for our taxpayers. 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 | \$450,000 | \$450,000 | \$450,000 | \$450,000 |
| Advances Out Line #5.020 | <u>300,000</u> | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> |
| Total | <u>\$1,750,110</u> | <u>\$550,000</u> | <u>\$550,000</u> | <u>\$550,000</u> | <u>\$550,000</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> |

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>\$27,219,554</u> | <u>\$28,277,871</u> | <u>\$27,273,498</u> | <u>\$25,327,346</u> | <u>\$21,888,847</u> |

General Fund Ending Cash Balance FY13 through Estimated FY20

