

**Trotwood-Madison City School District – Montgomery County
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2015, 2016 and 2017 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2018 THROUGH 2022**



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

May 17, 2018

TROTWOOD MADISON LOCAL SCHOOL DISTRICT
Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Years Ended June 30, 2015, 2016, 2017
 Forecasted Fiscal Year Ending June 30, 2018 through 2022

	Actual				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017			Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Revenues										
1.010 General Property Tax (Real Estate)	7,270,545	6,906,478	6,828,700	-3.1%	6,893,863	6,857,280	\$6,846,995	\$6,837,586	\$6,828,249	
1.020 Tangible Personal Property	487,712	494,806	516,457	2.9%	672,704	628,688	638,476	648,264	658,052	
1.030 Income Tax	-	-	-	0.0%	-	-	-	-	-	
1.035 Unrestricted State Grants-in-Aid	21,867,852	22,270,378	24,177,547	5.2%	25,241,337	26,046,303	26,097,006	26,328,735	26,564,420	
1.040 Restricted State Grants-in-Aid	3,225,749	3,198,395	3,326,796	1.6%	3,258,768	3,291,356	3,324,270	3,357,512	3,391,087	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	-	-	-	0.0%	-	-	-	-	-	
1.050 Property Tax Allocation	1,261,834	1,237,389	1,225,797	-1.4%	1,209,056	1,196,478	1,196,627	1,197,011	1,197,396	
1.060 All Other Revenues	957,407	752,753	1,107,586	12.9%	1,244,074	998,649	1,010,021	946,535	957,443	
1.070 Total Revenues	35,071,099	34,860,199	37,182,883	3.0%	38,519,802	39,018,754	39,113,395	39,315,643	39,596,647	
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	1,301	0	539,249	0.0%	-	-	-	-	-	
2.050 Advances-In	403,959	309,666	69,341	-50.5%	192,236	200,000	200,000	200,000	200,000	
2.060 All Other Financing Sources	361,873	384,793	223,207	-17.8%	394,129	302,346	\$302,346	\$302,346	\$302,346	
2.070 Total Other Financing Sources	767,133	694,459	831,797	5.2%	586,365	502,346	502,346	502,346	502,346	
2.080 Total Revenues and Other Financing Sources	35,838,232	35,554,658	38,014,680	3.1%	39,106,167	39,521,100	39,615,741	39,817,989	40,098,993	
Expenditures										
3.010 Personal Services	\$15,322,757	\$16,050,435	\$16,416,732	3.5%	\$17,879,512	\$19,927,185	\$20,882,565	\$21,741,279	\$22,642,693	
3.020 Employees' Retirement/Insurance Benefits	4,794,614	5,239,944	5,477,472	6.9%	6,126,637	6,934,802	\$7,407,627	\$7,856,113	\$8,336,555	
3.030 Purchased Services	7,828,816	8,587,337	9,179,043	8.3%	9,864,950	9,696,510	\$9,989,219	\$10,291,354	\$10,603,237	
3.040 Supplies and Materials	1,031,668	1,162,580	891,805	-5.3%	1,042,540	1,573,658	1,234,544	1,052,235	920,280	
3.050 Capital Outlay	637,747	879,114	415,672	-7.4%	822,345	1,090,550	1,016,501	962,661	997,514	
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	104,887	105,675	92.2%	106,469	107,269	\$108,075	\$108,887	\$109,705	
4.055 Principal-Other	-	-	-	0.0%	-	-	-	-	-	
4.060 Interest and Fiscal Charges	5,572	11,364	10,583	48.5%	13,052	12,986	\$10,911	\$9,828	\$8,737	
4.300 Other Objects	1,158,209	1,177,942	1,159,415	0.1%	1,384,316	1,384,316	\$1,410,605	\$1,437,405	\$1,464,727	
4.500 Total Expenditures	\$30,816,363	33,213,603	33,656,397	4.6%	37,239,821	40,727,276	42,060,047	43,459,762	45,083,448	
Other Financing Uses										
5.010 Operating Transfers-Out	847,873	1,390,110	670,012	6.1%	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	
5.020 Advances-Out	311,666	69,341	192,236	49.7%	200,000	200,000	100,000	100,000	100,000	
5.030 All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-	
5.040 Total Other Financing Uses	1,159,539	1,459,451	862,248	-7.5%	950,000	950,000	850,000	850,000	850,000	
5.050 Total Expenditures and Other Financing Uses	31,975,902	34,673,054	34,518,645	4.0%	38,189,821	41,677,276	42,910,047	44,309,762	45,933,448	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	3,862,330	881,604	3,496,035	109.7%	916,346	(2,156,176)	(3,294,306)	(4,491,773)	(5,834,455)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	23,934,455	27,796,785	28,678,389	9.7%	32,174,424	33,090,770	30,934,594	27,640,288	23,148,515	
7.020 Cash Balance June 30	27,796,785	28,678,389	32,174,424	7.7%	33,090,770	30,934,594	27,640,288	23,148,515	17,314,060	
8.010 Estimated Encumbrances June 30	-	127,208	14,403	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%	1,500,000	2,000,000	2,500,000	2,500,000	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%	1,500,000	2,000,000	2,500,000	2,500,000	2,500,000	
10.010 Fund Balance June 30 for Certification of Appropriations	27,796,785	28,551,181	32,160,021	7.7%	31,490,770	28,834,594	25,040,288	20,548,515	14,714,060	

TROTWOOD MADISON LOCAL SCHOOL DISTRICT
Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016, 2017
Forecasted Fiscal Year Ending June 30, 2018 through 2022

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>									
		27,796,785	28,551,181	32,160,021	7.7%	31,490,770	28,834,594	25,040,288	20,548,515	14,714,060
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>	27,796,785	28,551,181	32,160,021	7.7%	31,490,770	28,834,594	25,040,288	20,548,515	14,714,060

Trotwood-Madison City School District – Montgomery County
Notes to the Five Year Forecast
General Fund Only
May 17, 2018

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 2018 (July 1, 2017-June 30, 2018) 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 available to us for the May 2018 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 \$38,519,802 or .23% higher than the October forecasted amount of \$38,431,940. This indicates the October forecast of revenue receipts was 99.77% accurate.

Expenditures:

At this time operating expenditures on Line 4.50 for FY18 are estimated to be on target with the projection of \$37,120,300.

Unreserved Ending Cash Balance:

With overall revenue being slightly lower and overall expenditures on target with estimates we expect our unencumbered ending cash balance to be down slightly to end around \$31,490,770 for FY18.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 and FY22-23, 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:

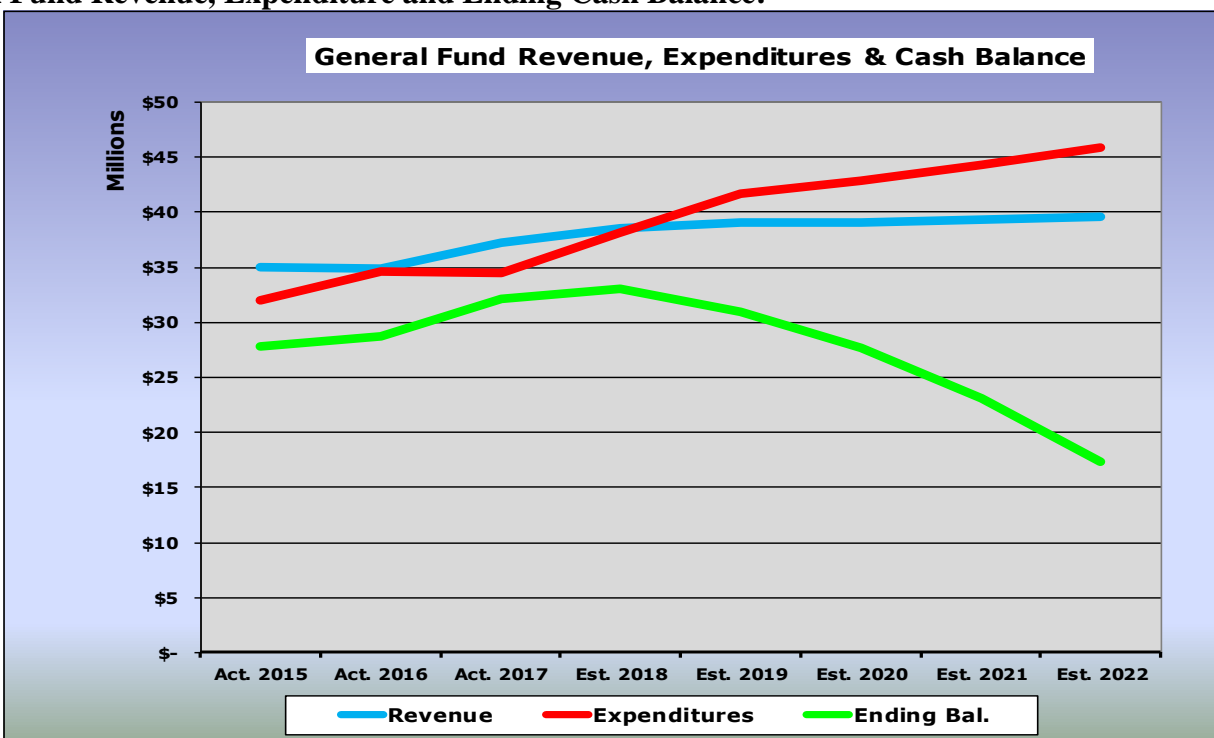
- Trotwood-Madison City School District went through a complete reappraisal update for tax year 2014 for collection in FY15. Real estate values fell 8.73% for residential and commercial property values fell 8.39% as a result of the reappraisal. An appraisal update occurred in 2017 for collection in FY18. There was no significant change in values for residential and commercial property as a result of the 2017 appraisal update. We anticipate the full reappraisal in 2020 will also be unchanged.
- The State resources represent 77% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduces funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 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 FY22.
- There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special

Needs voucher and Autism Scholarship Program increased sharply FY16 from \$20,000 to \$27,000 each, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. 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. It is uncertain to what extent the implementation of PPACA will cost our district in additional funds especially since it is being reviewed carefully at the federal level for amendment or repeal. We are not certain what these added costs may be but there are “taxes” mandated by the act which we are aware of. Longer-term, a significant concern is the 40% “Cadillac Tax” but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds \$10,200 for individual plans and \$27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.
- 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.

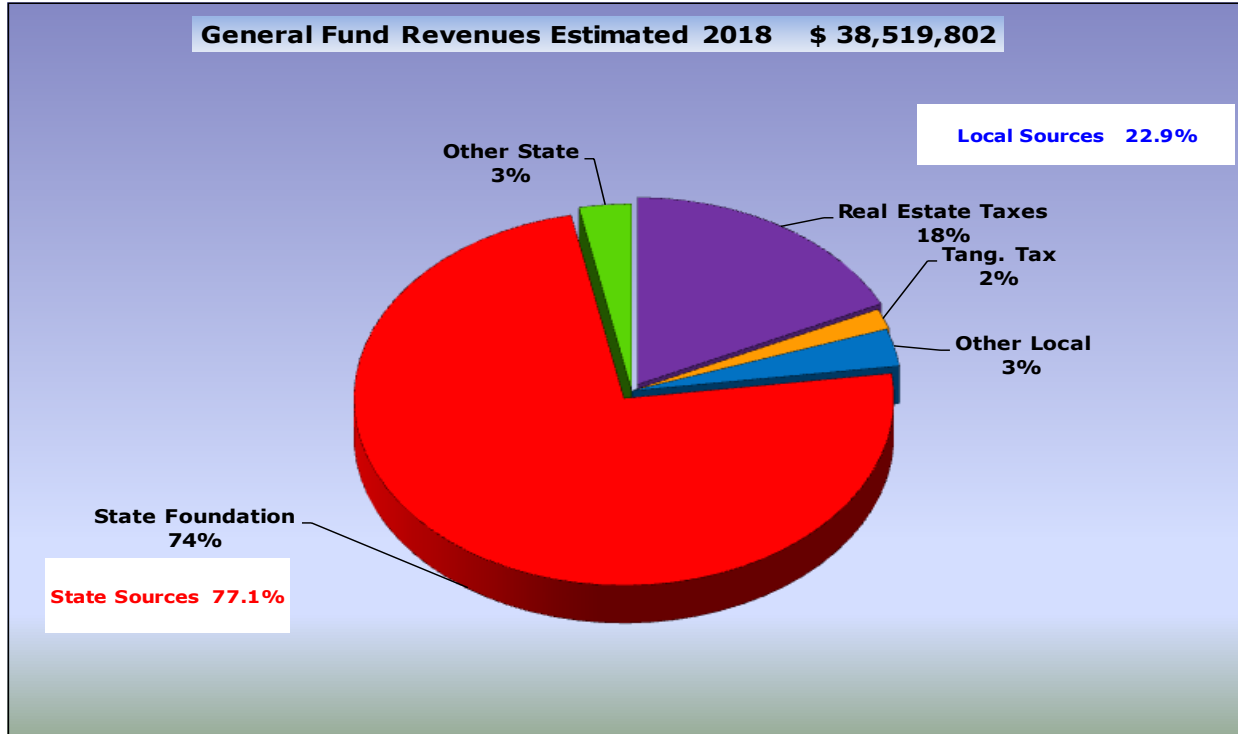
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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 FY18



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 \$211.5 million in 2018. This represents a drop of \$71.8 million or (25.5%) in the last nine 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 occurred in 2017 for collection in FY18. There was no significant change in tax values as a result of the 2017 update. We do not anticipate any significant value changes in 2020 when we have a full reappraisal.

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

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated	Actual	Estimated	Estimated	Estimated
	TAX YEAR 2017 COLLECT 2018	TAX YEAR 2018 COLLECT 2019	TAX YEAR 2019 COLLECT 2020	TAX YEAR 2020 COLLECT 2021	TAX YEAR 2021 COLLECT 2022
Res./Ag.	\$147,458,480	\$147,308,480	\$147,158,480	\$147,376,376	\$147,226,376
Comm./Ind.	51,277,720	50,852,720	50,427,720	50,002,720	49,577,720
Public Utility (PUPP)	12,746,100	12,946,100	13,146,100	13,346,100	13,546,100
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	<u>\$211,482,300</u>	<u>\$211,107,300</u>	<u>\$210,732,300</u>	<u>\$210,725,196</u>	<u>\$210,350,196</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.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Est. General Property Taxes Line #1.010	<u>\$6,893,863</u>	<u>\$6,857,280</u>	<u>\$6,846,995</u>	<u>\$6,837,586</u>	<u>\$6,828,249</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.

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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Public Utility Pers Property	\$672,704	\$628,688	\$638,476	\$648,264	\$658,052
Total Line # 1.020	<u>\$672,704</u>	<u>\$628,688</u>	<u>\$638,476</u>	<u>\$648,264</u>	<u>\$658,052</u>

State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino – Line #1.035

HB49 largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY18. Estimates for FY19 state aid are based on ODE simulations of HB49 for FY19. We are projected to be a CAP district regarding state funding in FY18 and Formula for FY19.

HB49 continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula’s measure of a districts capacity to raise local revenue. The higher a district’s ability to raise taxes based on wealth the lower the SSI will be, and vice versa. The index is derived from a district’s wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district’s SSI and therefor the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. 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 .17% from \$6,000 in FY17 to \$6,010 in FY18 and .17% to \$6,020 in FY19. Well below inflation rates.
- 2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
- 3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.

- 4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
- 5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
- 6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
- 7) Gifted Funds –Based on average daily membership at \$5.05 in FY18 & FY19.
- 8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
- 9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

HB49 continues additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue; however, some items are now included in CAP district payments:

- 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. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
- 2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
- 3) 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.
- 4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately \$450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

We are anticipated to be a **CAP** district in FY18 and a **Formula** district in FY19 and not a Guarantee for the forecast period.

Gain Cap Funded Districts- For the first time HB49 has created tiers of funding for districts that are on the funding cap (or limit) based on the amount of student ADM growth. Generally, if a district is a “Cap” district the state formula calculates that a district is owed more than they are being paid. The Cap grew 7.5% in FY16 and FY17 from the FY15 levels. There are now funding tiers established for Cap district’s based on three (3) year average ADM growth for the period FY14-FY16. The Cap will generally be 3% additional funding in FY18 and FY19 from the FY17 levels, with the following exceptions:

- 1) If average ADM from FY14 to FY16 is 5.5% or greater in FY18 or 6% greater in FY19, the gain cap is set at 5.5% or 6% respectively, of the district’s previous year’s state aid. Cap limits will include Capacity Aid and Transportation Supplement payments which limit the state’s increased payment.
- 2) If average ADM from FY14 to FY16 is between 3% and 5.5% in FY18, or between 3% and 6% in FY19, the gain cap is set at a scaled amount between 3% and 5.5% and 3% and 6% respectively, of the districts previous year’s state aid. Cap limit will include Capacity Aid and Transportation Supplement payments which limit the state’s increased payment.

Our district is anticipated to be a Gain Cap district in FY18 and a Formula District in FY19 and beyond. Our current SFPR estimates for FY18 are using April #2 average daily membership (ADM). For FY19 and FY20 the forecast estimates that student population will remain flat. In FY21 and FY22. the district through

marketing strategies estimates the student number to increase by 25 for those two years. Student counts are now supposed to be 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 2018.

Future State Budgets: Our funding status for the FY20-22 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding lowering per pupil growth to .5% per year FY20-FY22, due to the potential for the economy to be slower.

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.

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY18 statewide were 1,791,647 students at \$51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19-22 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to \$92.9 million or \$52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Basic Aid-Unrestricted	\$24,706,694	\$25,510,029	\$25,559,090	\$25,789,164	\$26,023,184
Additional Aid Items	<u>400,749</u>	<u>400,749</u>	<u>400,749</u>	<u>400,749</u>	<u>400,749</u>
Basic Aid-Unrestricted Subtotal	\$25,107,443	\$25,910,778	\$25,959,839	\$26,189,913	\$26,423,933
Ohio Casino Commission ODT	<u>133,894</u>	<u>135,525</u>	<u>137,167</u>	<u>138,822</u>	<u>140,487</u>
Total Unrestricted State Aid Line # 1.035	<u>\$25,241,337</u>	<u>\$26,046,303</u>	<u>\$26,097,006</u>	<u>\$26,328,735</u>	<u>\$26,564,420</u>

B) Restricted State Revenues – Line # 1.040

HB49 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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Economically Disadvantaged Aid	\$3,087,376	\$3,118,250	\$3,149,433	\$3,180,927	\$3,212,736
Career Tech - Restricted	<u>171,392</u>	<u>173,106</u>	<u>174,837</u>	<u>176,585</u>	<u>178,351</u>
Total Restricted State Revenues Line #1.040	<u>\$3,258,768</u>	<u>\$3,291,356</u>	<u>\$3,324,270</u>	<u>\$3,357,512</u>	<u>\$3,391,087</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 FY18-22.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Unrestricted Line # 1.035	\$25,241,337	\$26,046,303	\$26,097,006	\$26,328,735	\$26,564,420
Restricted Line # 1.040	3,258,768	3,291,356	3,324,270	3,357,512	3,391,087
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>\$28,500,105</u>	<u>\$29,337,659</u>	<u>\$29,421,276</u>	<u>\$29,686,247</u>	<u>\$29,955,507</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

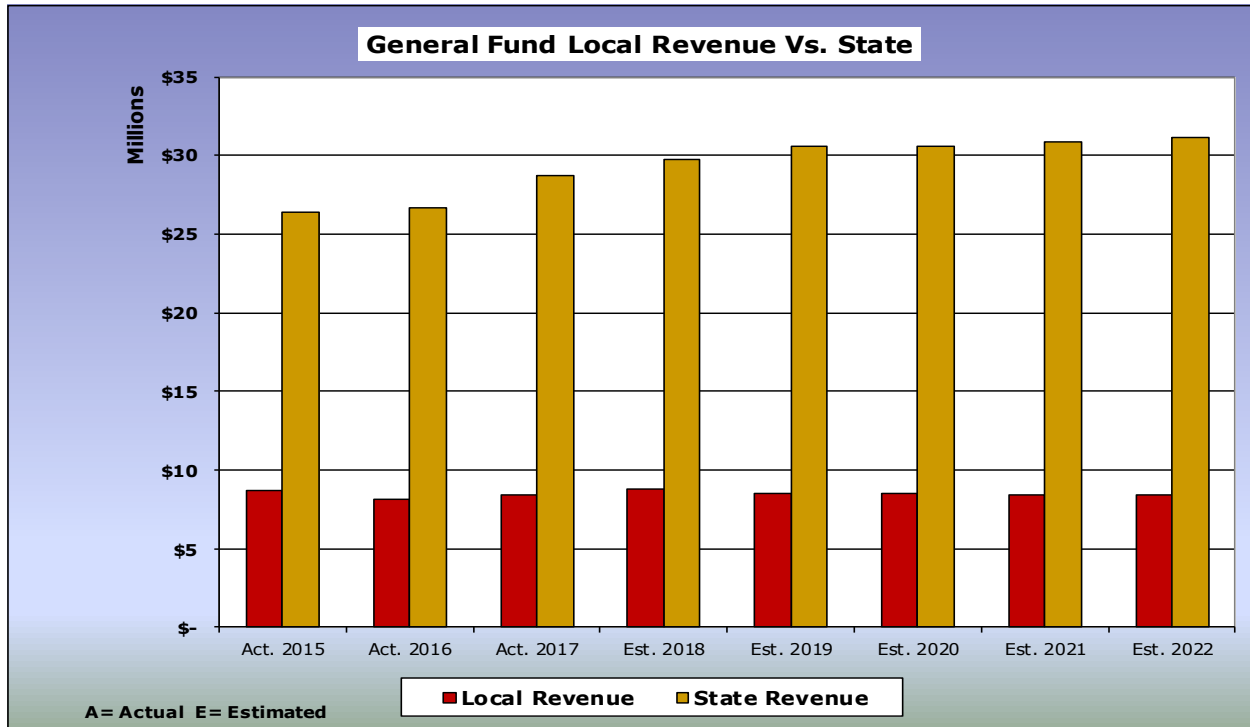
<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Rollback and Homestead	\$1,209,056	\$1,196,478	\$1,196,627	\$1,197,011	\$1,197,396
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$1,209,056</u>	<u>\$1,196,478</u>	<u>\$1,196,627</u>	<u>\$1,197,011</u>	<u>\$1,197,396</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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Tuition SF-14 & SF-14H	\$135,863	\$138,580	\$141,352	\$144,179	\$147,063
Interest	300,000	303,000	306,030	309,090	312,181
PILOT City of Trotwood	82,897	83,726	84,563	85,409	86,263
Donations, Rentals, Medicaid, erate	<u>725,314</u>	<u>473,343</u>	<u>478,076</u>	<u>407,857</u>	<u>411,936</u>
Total Line # 1.060	<u>\$1,244,074</u>	<u>\$998,649</u>	<u>\$1,010,021</u>	<u>\$946,535</u>	<u>\$957,443</u>

Comparison of Local Revenue and State Revenue:



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.

Source	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>192,236</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Total Transfer & Advances In	<u>\$192,236</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>

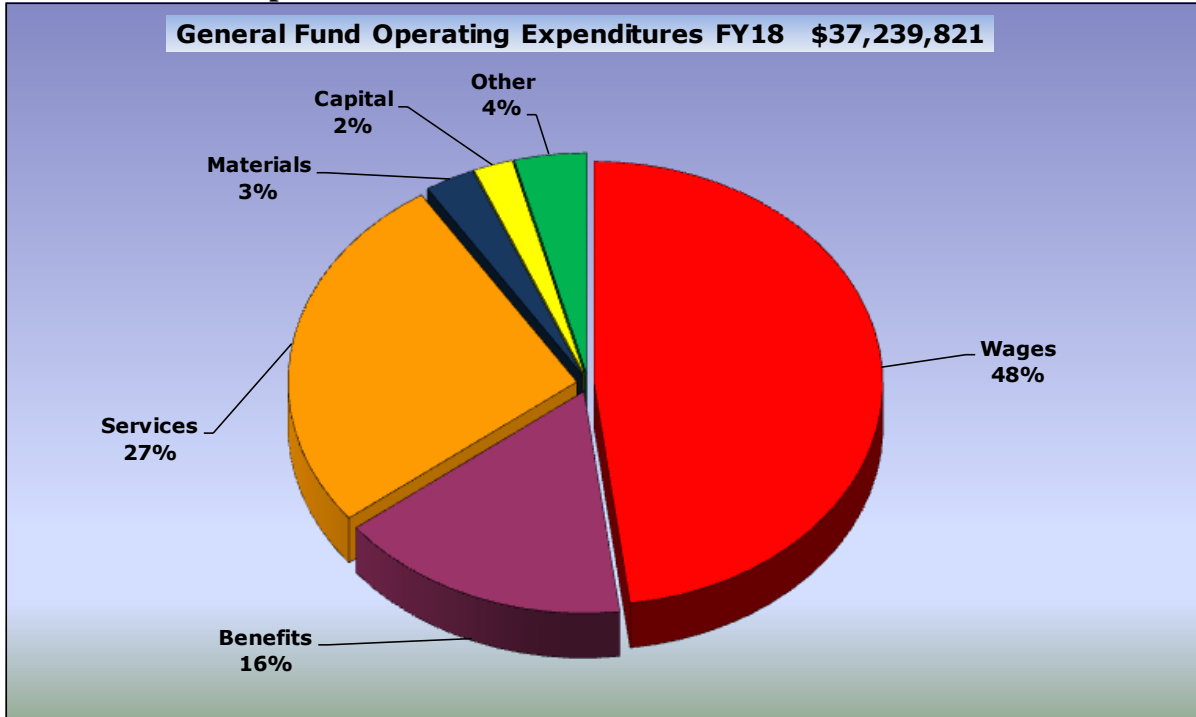
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable.

	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Other Financial Sources - Line 2.060	<u>\$394,129</u>	<u>\$302,346</u>	<u>\$302,346</u>	<u>\$302,346</u>	<u>\$302,346</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY18:



Wages – Line #3.010

FY18 the district hired 12 FTE certificated staff and 3FTE non-teaching staff. The district plans to hire 18.9 FTE certificated positions and 14.7 FTE non-teaching staff to increase daily student attendance and reduce discipline behaviors and to improve academic performance outcomes. Some of the additional positions are to increase parent participation and engagement. 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 district settled negotiations in spring 2016 to secure a three year agreement that provides a base increase of 2.75% in FY18 and 2.5% in FY19. For planning purposes a 2.5% increase in wages has been projected for FY20-FY22.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Base Wages	\$15,521,795	\$16,856,501	\$18,895,944	\$19,843,012	\$20,693,330
Increases/ Signing Bonus	407,930	388,045	421,413	472,399	496,075
Steps & Training/Performance Based Pay	296,676	310,436	337,130	377,919	396,860
Growth	630,101	1,340,962	188,525	0	0
Subs & Supplemental Costs	823,011	831,241	839,553	847,949	856,428
Severance/Retirement Incentive	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>\$17,879,512</u>	<u>\$19,927,185</u>	<u>\$20,882,565</u>	<u>\$21,741,279</u>	<u>\$22,642,693</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.

A) STRS/SERS

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.

B) Insurance

Beginning in FY13 the district 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 FY18. There will be a 12% increase in medical insurance rates for FY19 due to several cancer and other severe medical cases in the district. Medical trends in a normal environment indicate an 8% annual insurance for FY20– FY22 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 .9% of wages FY18 – FY22. 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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
STRS/SERS	\$2,834,608	\$3,027,122	\$3,191,591	\$3,326,144	\$3,465,224
Insurance's	2,838,516	3,393,692	3,695,351	3,990,979	4,310,257
Workers Comp/Unemployment	178,796	199,272	208,826	217,413	226,427
Medicare	268,389	308,388	305,531	315,249	328,319
Other/Tuition	<u>6,328</u>	<u>6,328</u>	<u>6,328</u>	<u>6,328</u>	<u>6,328</u>
Total Line 3.020	<u>\$6,126,637</u>	<u>\$6,934,802</u>	<u>\$7,407,627</u>	<u>\$7,856,113</u>	<u>\$8,336,555</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.

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

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Base Services	\$687,417	\$508,040	\$523,281	\$538,979	\$555,148
Legal , Network, Curriculum etc.	944,579	693,588	700,524	707,529	714,604
Open Enrollment Deduction	585,607	603,175	621,270	639,908	659,105
Community School Deductions	5,615,927	5,784,405	5,957,937	6,136,675	6,320,775
Other Tuition Including Ed Scholarship	1,284,485	1,323,020	1,362,711	1,403,592	1,445,700
Utilities	<u>746,935</u>	<u>784,282</u>	<u>823,496</u>	<u>864,671</u>	<u>907,905</u>
Total Line 3.030	<u>\$9,864,950</u>	<u>\$9,696,510</u>	<u>\$9,989,219</u>	<u>\$10,291,354</u>	<u>\$10,603,237</u>

Supplies and Materials – Line #3.040

Supplies and materials are expected to grow by 2% through FY22. In addition, in FY18, FY20 and FY21 we are budgeting for curriculum updates in Math grades 6-8, World Languages for grades 8-12 and supplemental materials for Career Technical education.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Supplies	\$691,540	\$867,200	\$884,544	\$902,235	\$920,280
Textbook/Curriculum Updates	<u>351,000</u>	<u>706,458</u>	<u>350,000</u>	<u>150,000</u>	<u>0</u>
Total Line 3.040	<u>\$1,042,540</u>	<u>\$1,573,658</u>	<u>\$1,234,544</u>	<u>\$1,052,235</u>	<u>\$920,280</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% each year. We are also budgeting to replace two busses each year throughout the forecast.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Capital Outlay	\$573,345	\$522,550	\$483,001	\$492,661	\$502,514
Replacement Bus Purchases	<u>249,000</u>	<u>435,000</u>	<u>188,500</u>	<u>125,000</u>	<u>150,000</u>
Facility Maintenance	<u>0</u>	<u>133,000</u>	<u>345,000</u>	<u>345,000</u>	<u>345,000</u>
Total Line 3.050	<u>\$822,345</u>	<u>\$1,090,550</u>	<u>\$1,016,501</u>	<u>\$962,661</u>	<u>\$997,514</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 2% 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.

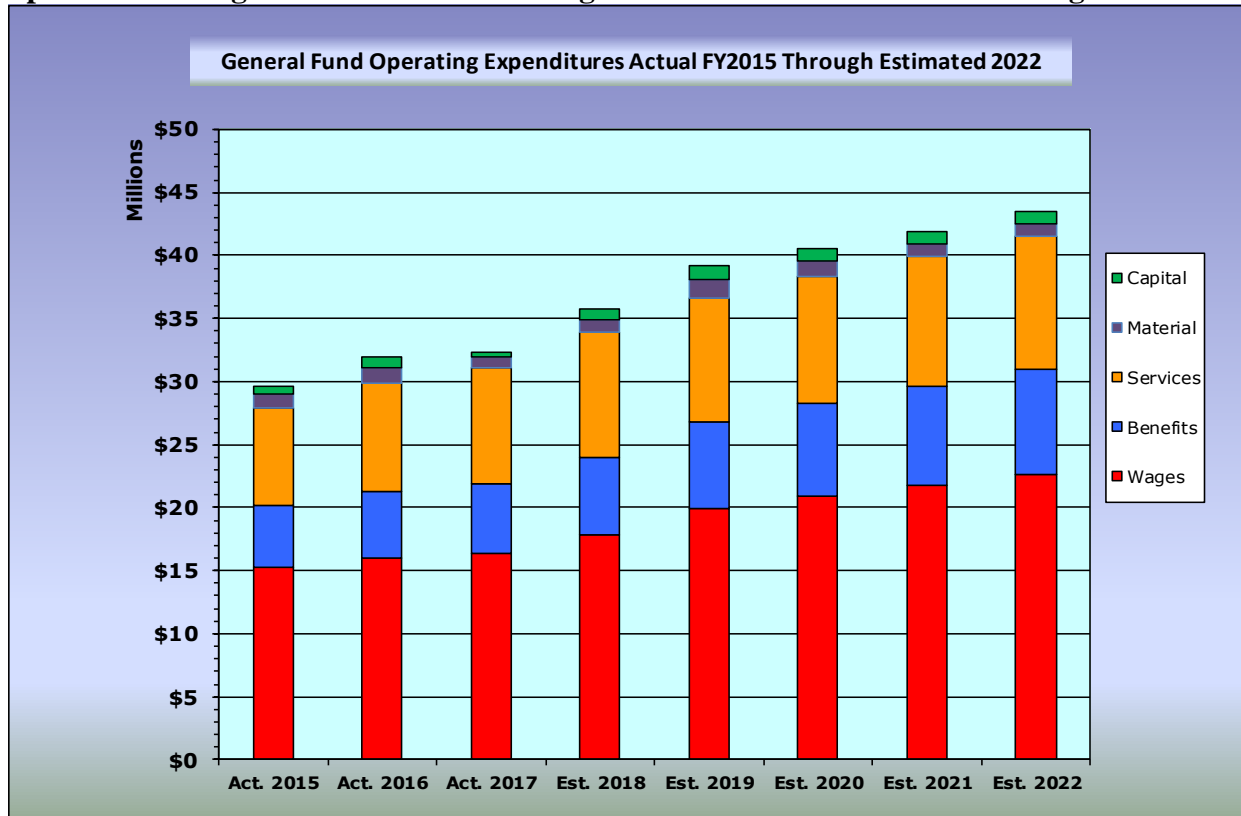
<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
County Auditor & Treasurer Fees	\$138,410	\$139,794	\$141,192	\$142,604	\$144,030
County ESC	1,086,497	1,081,925	1,103,564	1,125,635	1,148,148
Audit Fees/Liability Ins/Other	<u>159,409</u>	<u>162,597</u>	<u>165,849</u>	<u>169,166</u>	<u>172,549</u>
Total Line 4.300	<u>\$1,384,316</u>	<u>\$1,384,316</u>	<u>\$1,410,605</u>	<u>\$1,437,405</u>	<u>\$1,464,727</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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
HB 264 Principal Line # 4.050	<u>\$106,469</u>	<u>\$107,269</u>	<u>\$108,075</u>	<u>\$108,887</u>	<u>\$109,705</u>
<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Interest on TANS & HB 264 Total Line 4.060	<u>\$13,052</u>	<u>\$12,986</u>	<u>\$10,911</u>	<u>\$9,828</u>	<u>\$8,737</u>

Total Expenditure Categories Actual FY15 through FY17 and Estimated FY18 through FY22



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 FY18-22 to the Permanent Improvement Fund to support our new Capital Plan we adopted, \$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. 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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Operating Transfers Out Line #5.010	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Advances Out Line #5.020	200,000	200,000	100,000	100,000	100,000
Total	<u>\$950,000</u>	<u>\$950,000</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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</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 an economic downturn, lower local or state revenues that could occur in the forecast period.

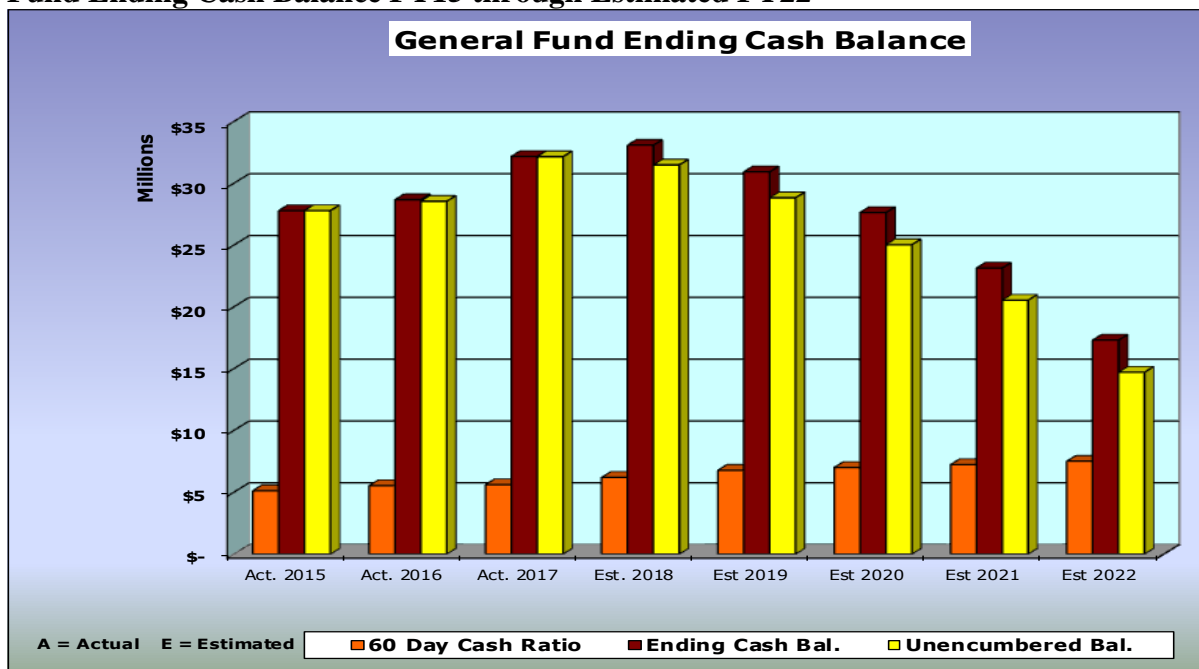
<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Textbooks & Instructional Materials- Line 9.010	\$0	\$0	\$0	\$0	\$0
Capital Improvements- Line 9.020	0	0	0	0	0
Budget Reserve - Line 9.030	1,500,000	2,000,000	2,500,000	2,500,000	2,500,000
DPIA - Line 9.040	0	0	0	0	0
Fiscal Stabilization - 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>\$1,500,000</u>	<u>\$2,000,000</u>	<u>\$2,500,000</u>	<u>\$2,500,000</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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Ending Cash Balance	<u>\$31,490,770</u>	<u>\$28,834,594</u>	<u>\$25,040,288</u>	<u>\$20,548,515</u>	<u>\$14,714,060</u>

General Fund Ending Cash Balance FY15 through Estimated FY22



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.

