Trotwood-Madison City School District – Montgomery County
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2017 and 2018 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2019 THROUGH 2023

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

May 16, 2019

Trotwood-Madison City School District – Montgomery County
Notes to the Five Year Forecast
General Fund Only
May 16, 2019

Introduction to the Five Year Forecast

For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31, 2018, and May 31, 2019. HB87 became effective November 1, 2018 and will change the filing date from October 31 to November 30 beginning with the November filing in 2019. The May 31 filing date will remain unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2019 (July 1, 2018-June 30, 2019) 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 2019 filing.

May 2019 Updates:

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 $39,546,344 or .93% higher than the October forecasted amount of $39,183,745. This indicates the October forecast was 99.07% accurate.

Expenditures:
Total General Fund expenditures (line 4.5) are estimated to be $41,971,702 for FY19 which is $1,850,000 below the original estimate in the October forecast. Purchased services, supplies and capital are all running below estimates for the year.

Unreserved Ending Cash Balance:
With revenues increasing slightly over estimates and expenditures ending below projections, our ending unreserved cash balance June 30, 2019 is anticipated to be roughly $30.0 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2023 if assumptions we have made for state aid in future state budgets remain close to our estimates.

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 78% 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 reduce 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 FY23. We have projected our state funding to be inline with our current estimates through FY23 which we feel are conservative and should be close to whatever the state approves for the FY20-21 biennium. We will make adjustments to the forecast in November when factual data is available following adoption of the state budget in late June 2019.

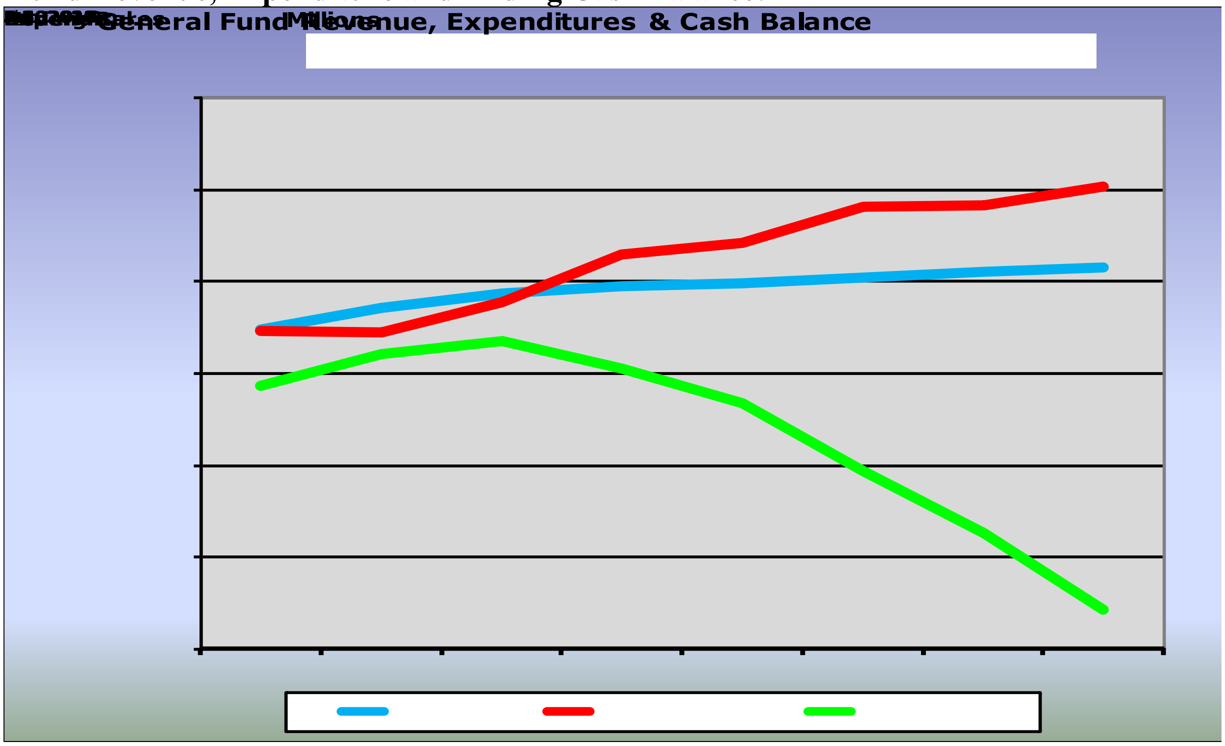
- There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in amounts deducted from our state aid in the 2018-19 school years. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that will continue to 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.

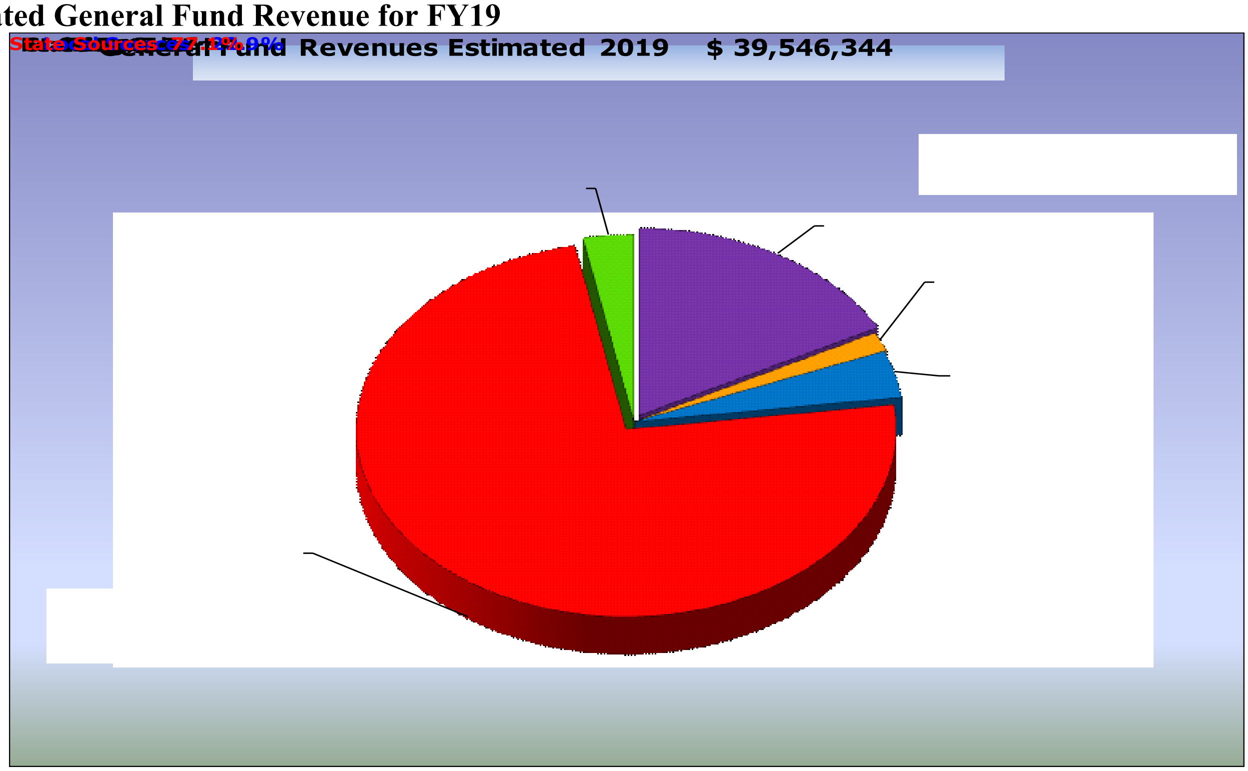
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast 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 FY19



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 $212.2 million in 2019. This represents a drop of $71.6 million or (25.5%) in the last 10 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

	Actual	Actual	Estimated	Estimated	Estimated
	TAX YEAR 2018	TAX YEAR 2019	TAX YEAR 2020	TAX YEAR 2021	TAX YEAR 2022
Classification	COLLECT 2019	COLLECT 2020	COLLECT 2021	COLLECT 2022	COLLECT 2023
Res./Ag.	$147,245,620	$147,095,620	$147,313,359	$147,163,359	$147,013,359
Comm./Ind.	51,200,370	50,775,370	50,350,370	49,925,370	49,500,370
Public Utility (PUPP)	13,828,330	14,028,330	14,228,330	14,428,330	14,628,330
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	$212,274,320	$211,899,320	$211,892,059	$211,517,059	$211,142,059

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.

Source	FY19	FY20	FY21	FY22	FY23
Est. General Property Taxes Line #1.010	$6,807,757	$6,844,389	$6,838,700	$6,829,344	$6,819,076

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 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.

Source	FY19	FY20	FY21	FY22	FY23
Public Utility Pers Property	$650,276	$681,652	$691,440	$701,228	$711,016
Total Line # 1.020	$650,276	$681,652	$691,440	$701,228	$711,016

State Foundation Revenue Estimates

A) **Unrestricted State Foundation & Casino – Line #1.035**

The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY19. We are projected to be a CAP district regarding state funding in FY19 and becoming a Formula district in FY20 through FY23.

The current funding model 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.

The current funding model 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 FY19 and a Formula district for state funding FY20-23.

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 FY19 and becoming a Formula district for funding FY20 through FY23

Our current SFPR estimates for FY19 are using March #2 average daily membership (ADM) and adding 25 students. FY20 to FY23, due to continued marketing strategies; the district estimates the student ADM number to increase by 25 for those three 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 2019.

Current FY20-21 State Biennium Budget Deliberations on School Funding
Current state biennium budget deliberations for FY20 -21 include two (2) school funding methodologies. One proposed by the new Governor contained in HB166, and the second is a proposal from two legislators referred to as the Cupp/Patterson School Funding Work Group plan.

The Governor has proposed guaranteeing all school districts their net state funding received in FY19 and giving all districts new money restricted for use on defined areas in Student Wellness and Student Success. This proposal would distribute these new funds using federal poverty data and actual number of students educated in each district, as opposed to a state created state share index that measures district wealth and average daily membership (ADM) to statewide comparisons to distribute current funds. The new formula for Student Wellness and Success Funding proposed by the Governor would send new money to all districts in Ohio without regard to their being designated as a CAP, Guarantee or Formula district as the current state funding formula determines.

The Cupp/Patterson proposal creates another complicated funding formula that tries to identify what it costs to educate each student based on each districts unique circumstances and it would also fund schools on actual enrollment and not ADM. Under this proposal not every district in Ohio would get new net money and it would cost the state significantly more than the Governor's proposal over the new biennium.

We believe our current state funding estimates for FY20-23 are reasonable and that we will adjust the forecast in November when we actually have authoritative data when the budget has been approved in late June 2019.

Casino Revenue

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. 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 FY19-23 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.

Source	FY19	FY20	FY21	FY22	FY23
Basic Aid-Unrestricted	$25,501,084	$26,044,536	$26,593,958	$27,154,692	$27,591,702
Additional Aid Items	392,689	392,689	392,689	392,689	392,689
Basic Aid-Unrestricted Subtotal	$25,893,773	$26,437,225	$26,986,647	$27,547,381	$27,984,391
Ohio Casino Commission ODT	135,715	137,359	139,015	140,683	142,361
Total Unrestricted State Aid Line # 1.035	$26,029,488	$26,574,584	$27,125,662	$27,688,064	$28,126,752

B) **Restricted State Revenues – Line # 1.040**

The current funding model 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.

Source	FY19	FY20	FY21	FY22	FY23
Economically Disadvantaged Aid	$3,089,183	$3,120,075	$3,151,276	$3,182,789	$3,214,617
Career Tech - Restricted	171,393	173,107	174,838	176,586	178,352
Total Restricted State Revenues Line #1.040	$3,260,576	$3,293,182	$3,326,114	$3,359,375	$3,392,969

C) **Restricted Federal Grants in Aid – line #1.045**

The district does not expect to receive any federal unrestricted funds in the general fund throughout the forecast.

Source	FY19	FY20	FY21	FY22	FY23
Unrestricted Line # 1.035	$26,029,488	$26,574,584	$27,125,662	$27,688,064	$28,126,752
Restricted Line # 1.040	3,260,576	3,293,182	3,326,114	3,359,375	3,392,969
Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$29,290,064	$29,867,766	$30,451,776	$31,047,439	$31,519,721

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

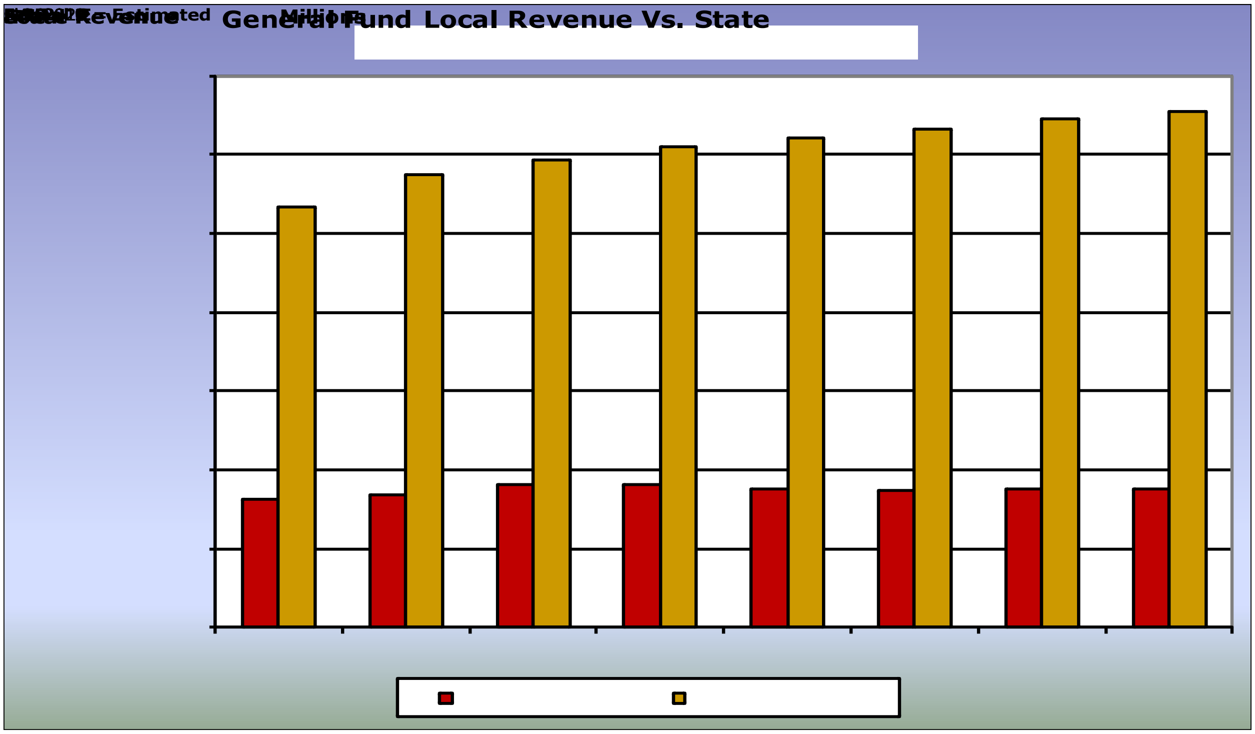
Source	FY19	FY20	FY21	FY22	FY23
Rollback and Homestead	$1,197,352	$1,196,451	$1,196,835	$1,197,219	$1,197,369
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1.050	$1,197,352	$1,196,451	$1,196,835	$1,197,219	$1,197,369

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. We anticipate beginning open enrollment in our district in FY20 with 25 students per year estimated at this time. We will increase this number once we have more experience to project these students. The district estimates that other revenue amounts will grow by 1% a year.

Source	FY19	FY20	FY21	FY22	FY23
Tuition SF-14 & SF-14H	$638,500	$145,000	$147,900	$150,858	$153,875
Open Enrollment	0	150,500	152,005	153,525	155,060
Interest	363,907	367,546	371,221	374,933	378,682
PILOT City of Trotwood	83,726	84,563	85,409	86,263	87,126
Donations, Rentals, Medicaid, erate	514,762	519,910	450,109	454,610	459,156
Total Line # 1.060	$1,600,895	$1,267,519	$1,206,644	$1,220,189	$1,233,899

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.

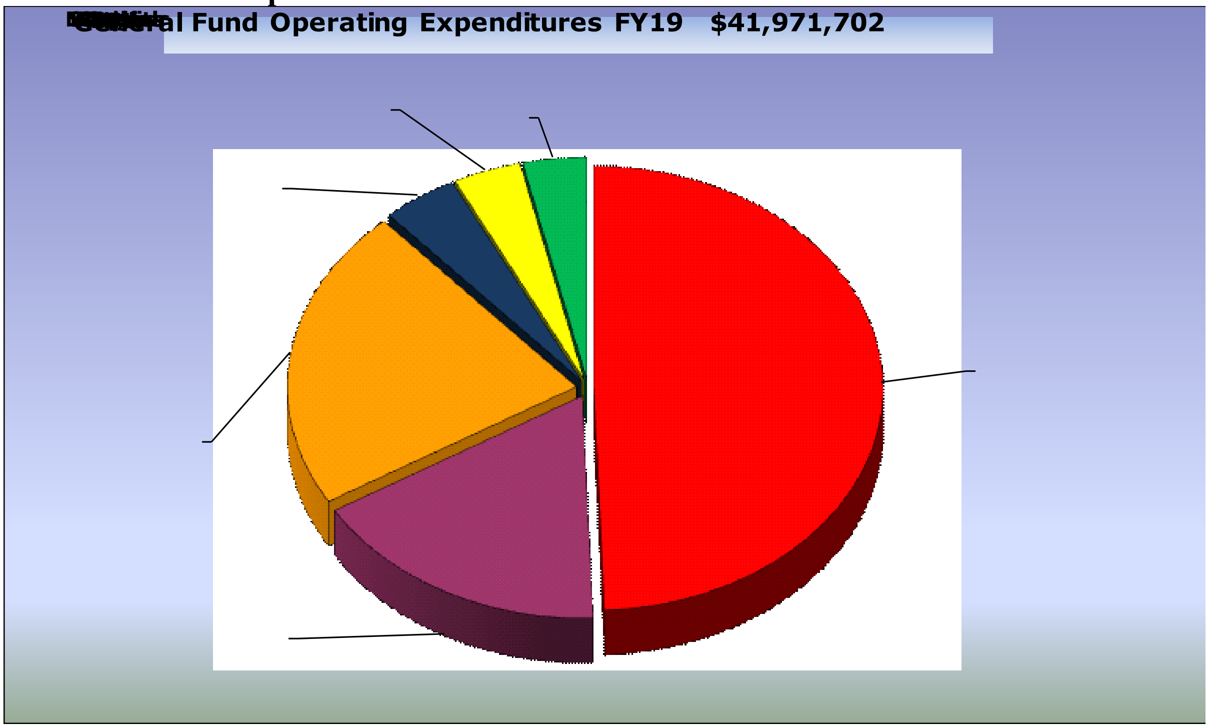
Source	FY19	FY20	FY21	FY22	FY23
Transfers In - Line 2.040	$47,777	$0	$0	$0	$0
Advance Returns - Line 2.050	303,907	300,000	300,000	300,000	300,000
Total Transfer & Advances In	$351,684	$300,000	$300,000	$300,000	$300,000

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable.

	FY19	FY20	FY21	FY22	FY23
Other Financial Sources - Line 2.060	$178,228	$178,228	$178,228	$178,228	$178,228

Expenditures Assumptions

Estimated General Fund Expenditures for FY19:



Wages – Line #3.010

FY18 the district hired 12 FTE certificated staff and 3FTE non-teaching staff. For FY19 the district plans to hire 22 FTE certificated positions and 20 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 2.5% in FY19. For planning purposes a 2.5% increase in wages has been projected for FY20-FY23.

Source	FY19	FY20	FY21	FY22	FY23
Base Wages	$17,380,843	$19,552,310	$20,544,709	$21,424,563	$22,349,075
Increases/ Signing Bonus	434,521	434,521	488,808	513,618	535,614
Steps & Training/Performance Based Pay	347,617	347,617	391,046	410,894	428,491
Growth	1,389,329	210,261	0	0	0
Subs & Supplemental Costs	986,667	996,534	1,006,499	1,016,564	1,026,730
Severance/Retirement Incentive	200,000	200,000	200,000	200,000	200,000
Staff Reductions	0	0	0	0	0
Total Wages Line 3.010	$20,738,977	$21,741,243	$22,631,062	$23,565,639	$24,539,910

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. There will be a 12% increase in medical insurance rates for FY19 due to several cancer and other severe medical cases in the district. These losses and Medical trends will be with us for the next couple years before normalizing. In FY20 we are estimating 19% increase, FY21 a 17% increase and then 8% annual insurance increases for FY22– FY23 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 FY19 – FY23. 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

Source	FY19	FY20	FY21	FY22	FY23
STRS/SERS	$3,150,969	$3,324,007	$3,463,616	$3,607,807	$3,758,225
Insurance's	3,430,934	4,116,453	4,816,250	5,201,550	5,617,674
Workers Comp/Unemployment	207,390	217,412	226,311	235,657	245,399
Medicare	320,860	318,297	328,150	341,702	355,829
Other/Tuition	6,723	6,723	6,723	6,723	6,723
Total Line 3.020	$7,116,876	$7,982,892	$8,841,050	$9,393,439	$9,983,850

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.

Source	FY19	FY20	FY21	FY22	FY23
Base Services	$879,061	$735,433	$772,496	$795,672	$819,543
Legal , Network, Curriculum etc.	709,611	716,707	723,874	731,113	738,424
Open Enrollment Deduction	581,320	598,760	616,723	635,225	654,282
Community School Deductions	5,132,144	5,146,608	5,301,006	5,460,036	5,623,837
Other Tuition, ESC, and Ed Scholarship	1,269,000	1,307,070	1,846,282	1,901,670	1,958,720
Utilities	671,858	705,451	740,724	777,760	816,648
Total Line 3.030	$9,242,994	$9,210,029	$10,001,105	$10,301,476	$10,611,454

Supplies and Materials – Line #3.040
Supplies and materials are expected to grow by 2% through FY23. In addition, in FY19, 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.

Source	FY19	FY20	FY21	FY22	FY23
Supplies	$1,280,158	$1,144,261	$1,167,146	$1,190,489	$1,214,299
Textbook/Curriculum Updates	500,000	350,000	150,000	0	0
Total Line 3.040	$1,780,158	$1,494,261	$1,317,146	$1,190,489	$1,214,299

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 8 busses in FY19 and then two (2) busses each year throughout the forecast. In FY19 we budgeted $350,000 to replace our turf field and in FY21 we have allocated $1.5 million for preschool renovations.

Source	FY19	FY20	FY21	FY22	FY23
Capital Outlay	$472,550	$942,001	$960,841	$980,058	$999,659
Replacement Bus Purchases	775,000	180,000	180,000	180,000	180,000
Facility Rennovation	350,000	100,000	1,600,000	100,000	100,000
Total Line 3.050	$1,597,550	$1,222,001	$2,740,841	$1,260,058	$1,279,659

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.

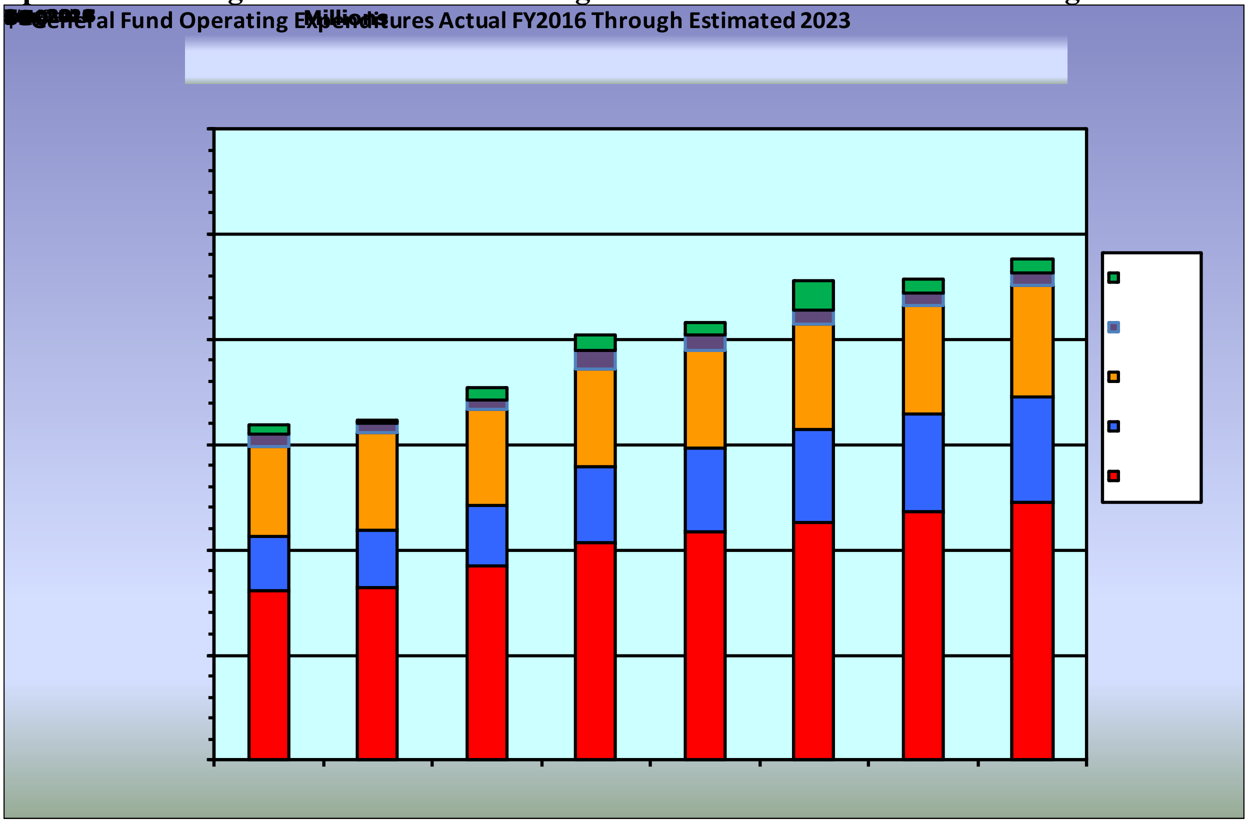
Source	FY19	FY20	FY21	FY22	FY23
County Auditor & Treasurer Fees	$125,990	$127,250	$128,523	$129,808	$131,106
County ESC	1,086,305	1,108,031	1,130,192	1,152,796	1,175,852
Audit Fees/Liability Ins/Other	162,597	165,849	169,166	172,549	176,000
Total Line 4.300	$1,374,892	$1,401,130	$1,427,881	$1,455,153	$1,482,958

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.

Source	FY19	FY20	FY21	FY22	FY23
HB 264 Principal Line # 4.050	$107,269	$108,075	$108,887	$109,705	$110,529

Source	FY19	FY20	FY21	FY22	FY22
Interest on TANS & HB 264 Total Line 4.060	$12,986	$10,911	$9,828	$8,737	$7,638

Total Expenditure Categories Actual FY16 through FY18 and Estimated FY19 through FY23



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 FY19-23 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.

Source	FY19	FY20	FY21	FY22	FY23
Operating Transfers Out Line #5.010	$750,000	$750,000	$750,000	$750,000	$750,000
Advances Out Line #5.020	300,000	300,000	300,000	300,000	300,000
Total	$1,050,000	$1,050,000	$1,050,000	$1,050,000	$1,050,000

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.

	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances	$100,000	$100,000	$100,000	$100,000	$100,000

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.

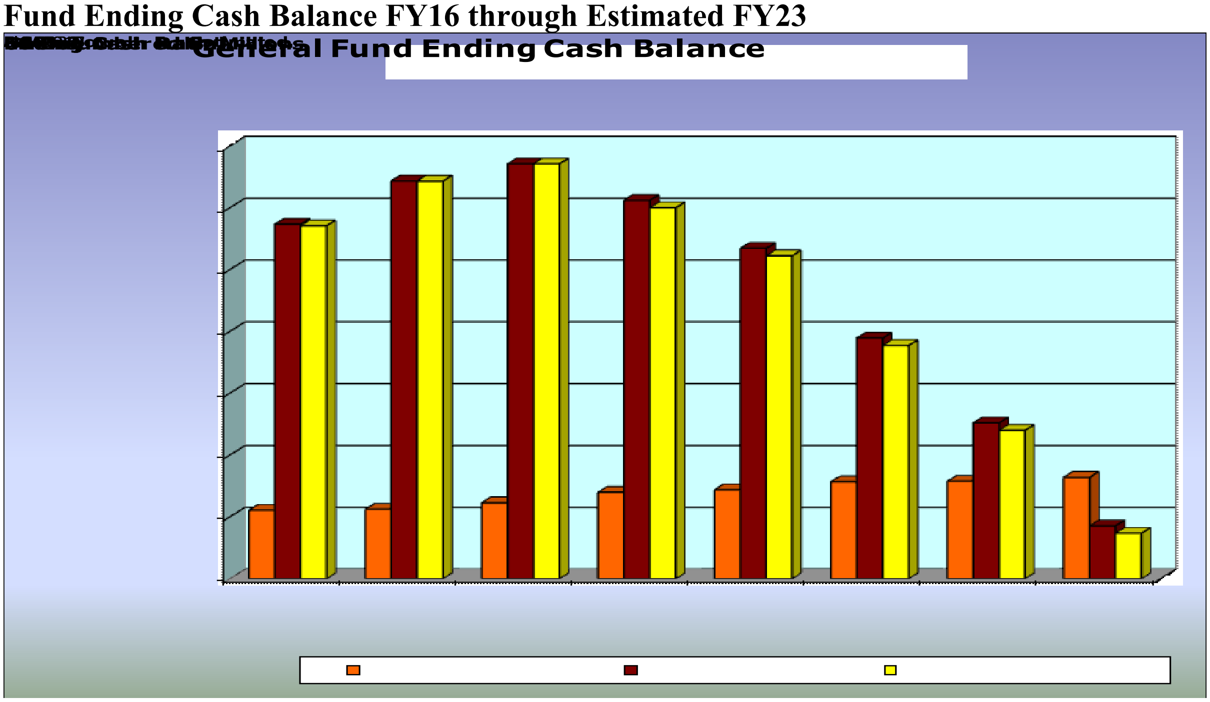
Source	FY19	FY20	FY21	FY22	FY23
Textbooks & Instructional Materials- Line 9.010	$0	$0	$0	$0	$0
Capital Improvements- Line 9.020	0	0	0	0	0
Budget Reserve - Line 9.030	500,000	500,000	500,000	500,000	500,000
DPIA - Line 9.040	0	0	0	0	0
Fiscal Stabilization - Line 9.045	0	0	0	0	0
Debt Service - Line 9.05	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	0	0	0	0	0
Total Reservations of Balance- Line#9.080	$500,000	$500,000	$500,000	$500,000	$500,000

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.

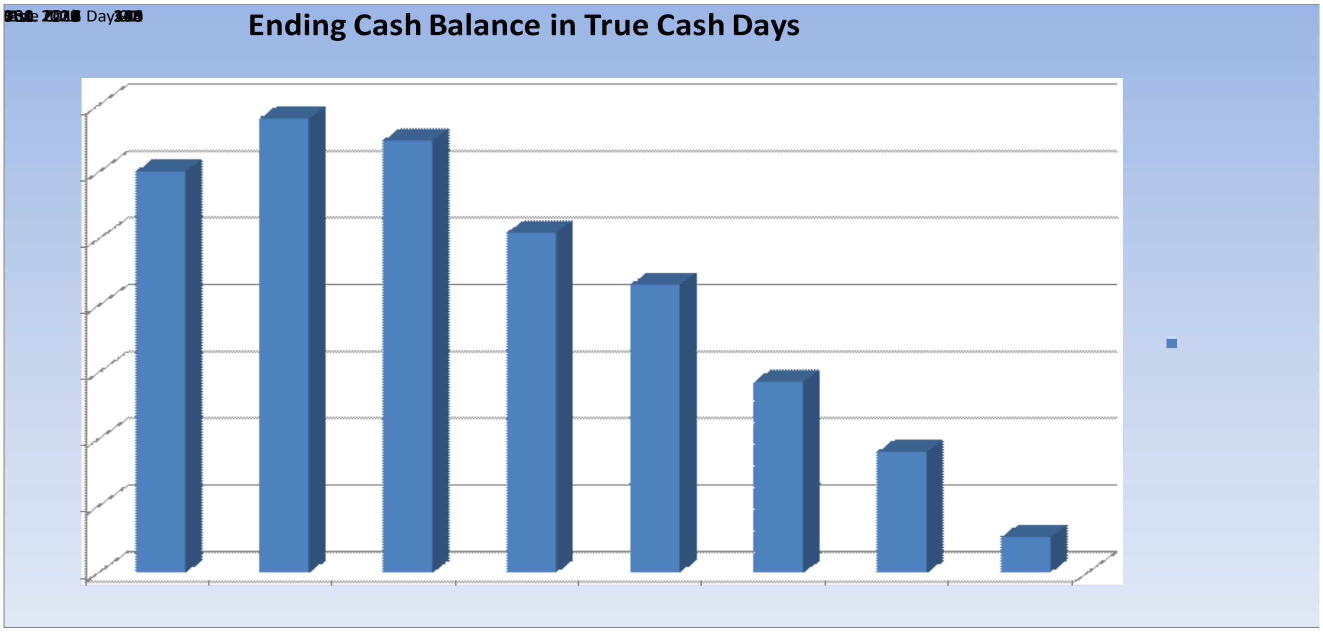
	FY19	FY20	FY21	FY22	FY23
Ending Cash Balance	$30,009,654	$26,125,117	$18,860,940	$11,999,891	$3,678,903

General Fund Ending Cash Balance FY16 through Estimated FY23



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.


Ending Cash Balance in True Cash Days