HUBER HEIGHTS 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
Huber Heights City School District
Treasurer's Office
Gina M. Helmick, CPA, Treasurer/CFO
Katie L. Arnett, CPA, Assistant Treasurer
(937) 237 - 4126
October 18, 2018

Huber Heights City School District

Montgomery County

Schedule of Revenues, 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

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenues									
1.010	General Property Tax (Real Estate)	$ 25,450,324	$ 25,220,056	$ 25,135,533	-0.62%	$25,057,600	$25,424,617	$25,460,317	$25,496,047	$25,531,807
1.020	Tangible Personal Property	741,155	736,241	889,693	10.09%	875,647	904,772	933,897	963,022	992,147
1.035	Unrestricted State Grants-in-Aid	32,338,077	33,639,775	34,793,555	3.73%	36,045,772	35,735,336	35,510,160	35,619,897	35,698,872
1.040	Restricted State Grants-in-Aid	1,102,800	1,083,022	1,248,186	6.73%	1,430,780	1,430,780	1,430,780	1,430,780	1,430,780
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	-	-	-	0.00%	-	-	-	-	-
1.050	Property Tax Allocation	4,051,381	4,027,555	3,986,418	-0.80%	3,967,361	3,966,693	3,973,298	3,979,906	3,986,519
1.060	All Other Revenues	2,511,361	3,753,231	4,298,181	31.98%	3,932,923	3,959,636	3,971,647	3,983,903	3,996,407
1.070	*Total Revenues*	66,195,099	68,459,880	70,351,566	3.09%	71,310,083	71,421,834	71,280,099	71,473,555	71,636,532
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.00%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.00%	-	-	-	-	-
2.040	Operating Transfers-In	2,673,634	-	812,005	0.00%	-	-	-	-	-
2.050	Advances-In	931,591	353,792	348,092	-31.82%	701,704	300,000	300,000	300,000	300,000
2.060	All Other Financing Sources	85,824	35,344	75,006	26.70%	-	-	-	-	-
2.070	*Total Other Financing Sources*	3,691,049	389,136	1,235,103	63.97%	701,704	300,000	300,000	300,000	300,000
2.080	*Total Revenues and Other Financing Sources*	69,886,148	68,849,016	71,586,669	1.25%	72,011,787	71,721,834	71,580,099	71,773,555	71,936,532
	Expenditures									
3.010	Personal Services	30,667,756	32,368,660	34,162,768	5.54%	36,407,410	38,117,567	39,720,670	41,388,664	43,098,166
3.020	Employees' Retirement/Insurance Benefits	12,333,651	11,944,515	12,799,177	2.00%	14,574,037	15,030,429	15,808,568	16,630,802	17,496,084
3.030	Purchased Services	10,192,054	10,538,323	10,366,405	0.88%	11,171,259	11,327,233	11,514,419	11,689,617	11,874,810
3.040	Supplies and Materials	2,318,936	1,931,710	1,543,458	-18.40%	2,242,176	2,309,441	2,378,724	2,450,086	2,523,589
3.050	Capital Outlay	420,062	50,773	17,064	-77.15%	83,978	86,497	89,092	91,765	94,518
3.060	Intergovernmental	-	-	-	0.00%	-	-	-	-	-
	Debt Service:				0.00%					
4.010	Principal-All (Historical Only)	-	-	-	0.00%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.00%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.00%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.00%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.00%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.00%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.00%	-	-	-	-	-
4.300	Other Objects	1,877,852	2,371,896	2,900,251	24.29%	2,703,882	2,824,799	2,951,216	3,083,383	3,221,565
4.500	*Total Expenditures*	57,810,311	59,205,877	61,789,123	3.39%	67,182,741	69,695,966	72,462,689	75,334,316	78,308,732
	Other Financing Uses									
5.010	Operating Transfers-Out	3,162,768	-	912,005	0.00%	-	-	-	-	-
5.020	Advances-Out	353,792	348,092	701,704	49.99%	300,000	300,000	300,000	300,000	300,000
5.030	All Other Financing Uses	-	-	-	0.00%	-	-	-	-	-
5.040	*Total Other Financing Uses*	3,516,560	348,092	1,613,709	136.74%	300,000	300,000	300,000	300,000	300,000
5.050	*Total Expenditures and Other Financing Uses*	61,326,871	59,553,969	63,402,832	1.79%	67,482,741	69,995,966	72,762,689	75,634,316	78,608,732
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	8,559,277	9,295,047	8,183,837	-1.68%	4,529,046	1,725,868	(1,182,589)	(3,860,761)	(6,672,200)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	20,099,832	28,659,109	37,954,156	37.51%	46,137,993	50,667,039	52,392,907	51,210,317	47,349,556
7.020	*Cash Balance June 30*	28,659,109	37,954,156	46,137,993	27.00%	50,667,039	52,392,907	51,210,317	47,349,556	40,677,356
8.010	*Estimated Encumbrances June 30*	1,207,387	834,207	583,032	-30.51%	600,000	600,000	600,000	600,000	600,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	27,451,722	37,119,949	45,554,961	28.97%	50,067,039	51,792,907	50,610,317	46,749,556	40,077,356
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.00%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.00%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies				0.00%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	27,451,722	37,119,949	45,554,961	28.97%	50,067,039	51,792,907	50,610,317	46,749,556	40,077,356

Huber Heights City School District

Montgomery County

Schedule of Revenues, 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

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenue from New Levies									
13.010	Income Tax - New				0.00%	-	-	-	-	-
13.020	Property Tax - New				0.00%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		0.00%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.00%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$ 27,451,722	$ 37,119,949	$ 45,554,961	29.0%	$ 50,067,039	$ 51,792,907	$ 50,610,317	$ 46,749,556	$ 40,077,356

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, and
Education Jobs Fund 504 for FY12

Huber Heights City School District-Montgomery County
Notes to the Five Year Forecast
General Fund Only
October 18, 2018

Introduction to the Five Year Forecast

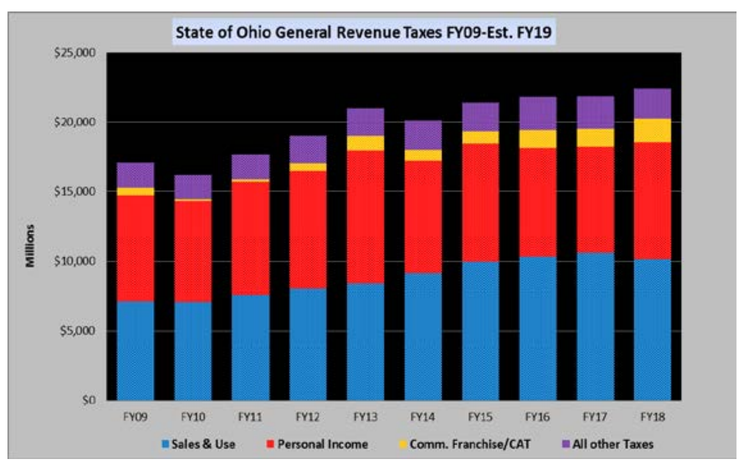
For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31 2018, and May 31, 2019. HB87, effective November 1, 2018, will change the filing date from October 31 to November 30 beginning with the November filing in 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 October 2018 filing.

State Economic Variables Affecting the Five Year Forecast

It is prudent in long range forecasting to consider the economic climate in which projections of revenues are made. Below are significant statewide economic data which suggests that the economy for the FY19-23 period should grow at approximately 2% annual pace and will be relatively consistent for FY19 and FY20, however, the U. S Treasury bond rate for the two year bond is close to exceeding the ten year rate. When this occurs it is referred to as an “inverted yield curve” and is a reliable economic predictor of recessions in our economy. We feel FY19 and FY20 will be relatively stable but an economic slowdown for our state could occur in 2021.

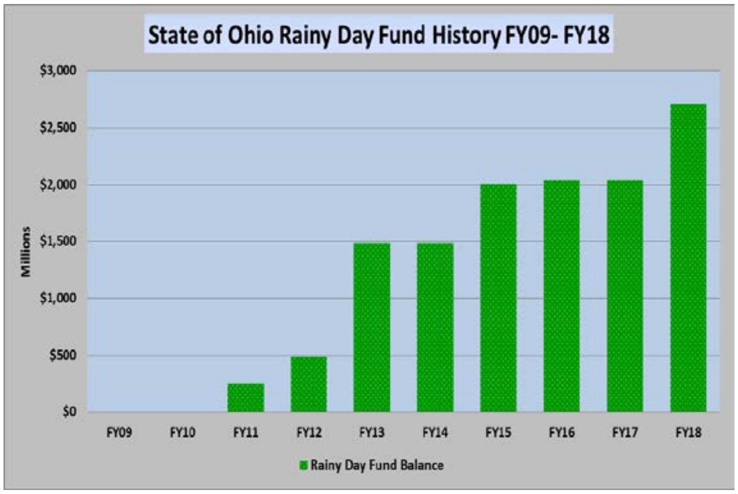
It is important for our school district to consider the statewide economic data for two important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. While the state presently has a record $2.7 billion Budget Stabilization Fund, a recession would likely result in state funding cuts to public education. We anticipate that the FY20-FY21 state biennium budget should be stable based on current data. Second, the same economic forces driving state tax revenues are also generally affecting the underlying economics of most communities across Ohio, which 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 graph to the right notes that the State of Ohio revenues through FY18 have recovered in spite of the personal income tax cuts in FY15 and FY16. State revenue has been relatively flat since FY15 due to reductions in income tax rates. The state economy is not expected to tip into a recession during FY19 or FY20 but long term that could be a concern. The decline in personal income tax in FY15 is due to an 8.5% rate reduction from HB59 and the drop in FY16 and FY17 is due to a 6.3% rate reduction in HB64. Baring further legislative cuts personal income should continue to grow.



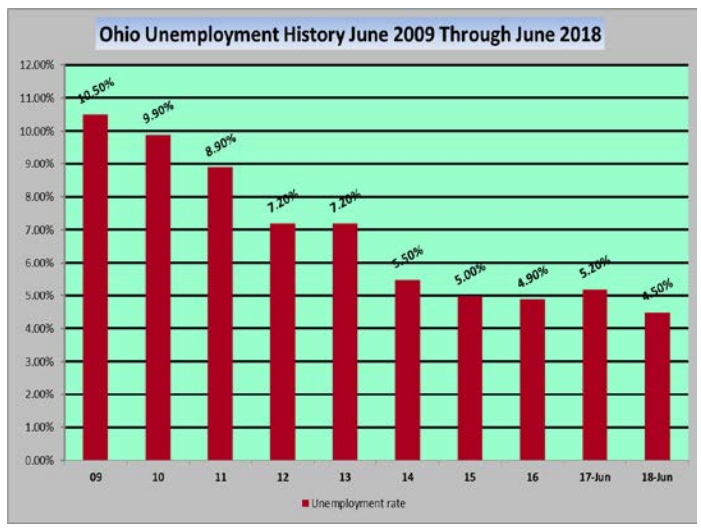
Source: Ohio Legislative Service Commission

The recovery of the labor market which began in 2010 continues in 2018 as noted in personal income tax growth and overall growth in state revenues in 2018. Modest 2% to 2.5% growth in state revenue is an indication that the economy is growing at a slower pace and that there could be an economic slow down coming within three years. The state rainy day fund (RDF) also known as the Budget Stabilization Fund, has been steady since FY15 but in FY18 legislation allowed for an increase in contributions. There is currently \$2.7 billion in this fund which will help long term if there is an economic slow down. This cushion should help to ensure that funding for schools approved in the new state biennium budget (which is to be approved in June 2019) is not negatively impacted, even if a brief slow down in the economy occurs as some economist anticipate by 2021.



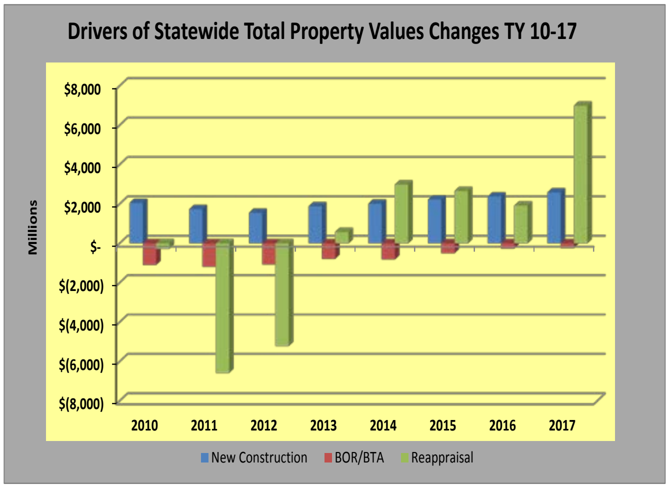
Source: Ohio Legislative Service Commission

Over the past 12 months ended June 2018 Ohio's unemployment rate decreased slightly by .7% to 4.5%. This is a significant measure to monitor for continued economic growth and viability. Many believe the state is nearing full employment. As noted above, personal income taxes and sales tax are highly correlated to employment and have been the two major drivers of the recent recovery. As of July 2018, the unemployment rate in Montgomery County was 5.0 % which is above the 4.5% state average.

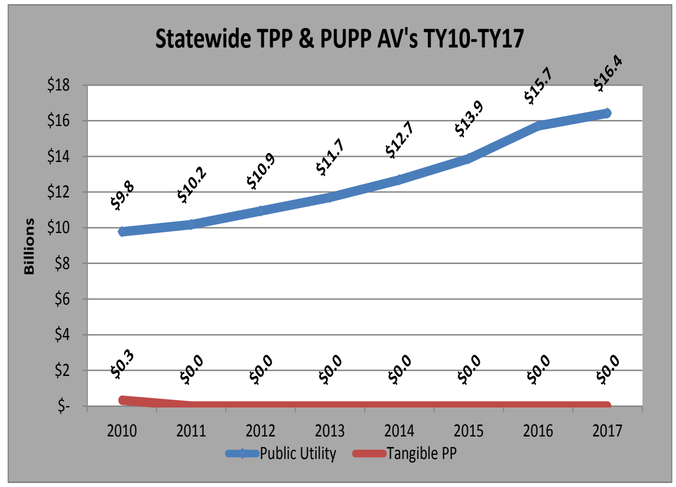


For school districts, real property values are another important piece of economic data. In the 2017 Tax Year, 41 of Ohio's 88 counties experienced a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From Tax Year 2007 to 2012, Class 1 and 2 property values declined by \$10.8 billion, a reduction of 4.6% reflecting the impacts of the 2008 recession on property devaluation. In 2017 Class 1 values rose by \$7.3 billion or 3.9% statewide, while Class 2 property increased by \$1.67 billion or 3.2% statewide. Property values in Tax Year 2017 have fully recovered and exceed pre-recession values for all classes of property. Home values for the 12 month period ending in June 2018 were up statewide by an average of 5.1%. The green bar noted in the graph on the following page shows the 2017 reappraisal reflected a sharp increase in property values statewide.

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 by HB66 for all categories of TPP in tax year 2011. PUPP values on the other hand continued to grow throughout the 2008 Recession and into Tax Year 2017 due in part to continued new construction, reinvestment in aging infrastructure due to low interest rates, and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher worth as they are taxed at the full gross tax rate. PUPP values grew \$717.1 million or 4.6% statewide in Tax Year 2017.



Source: Ohio Department of Taxation



Source: Ohio Department of Taxation

Overall, the state economy is stable and should continue to grow slightly during the forecast period. This should provide a stable basis for which to make projections of state revenues to the district in the next biennium budget covering FY20 and FY21. The improved labor market continues to provide for steady property tax collections in this forecast by: 1) increasing and stabilizing property values; 2) increasing current property tax collections; and, 3) liquidating prior delinquent tax collections.

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:

I. Montgomery County went through a reappraisal update in the 2014 tax year to be collected in 2015. The reappraisal update that took place in the 2014 tax year resulted in decreased assessed values of $35.0 million or 6.14%. The 2015 tax values, on which 2016 tax collections are based, resulted in an overall increase in values of $3.1 million. Montgomery County went through an appraisal update in tax year 2017 to be collected in 2018. Class I values increased $29.6 million to a total value of $566 million and Class II values decreased $3.4 million to a value of $123 million.

II. The State Budget represents 58.1% 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-term through FY23.

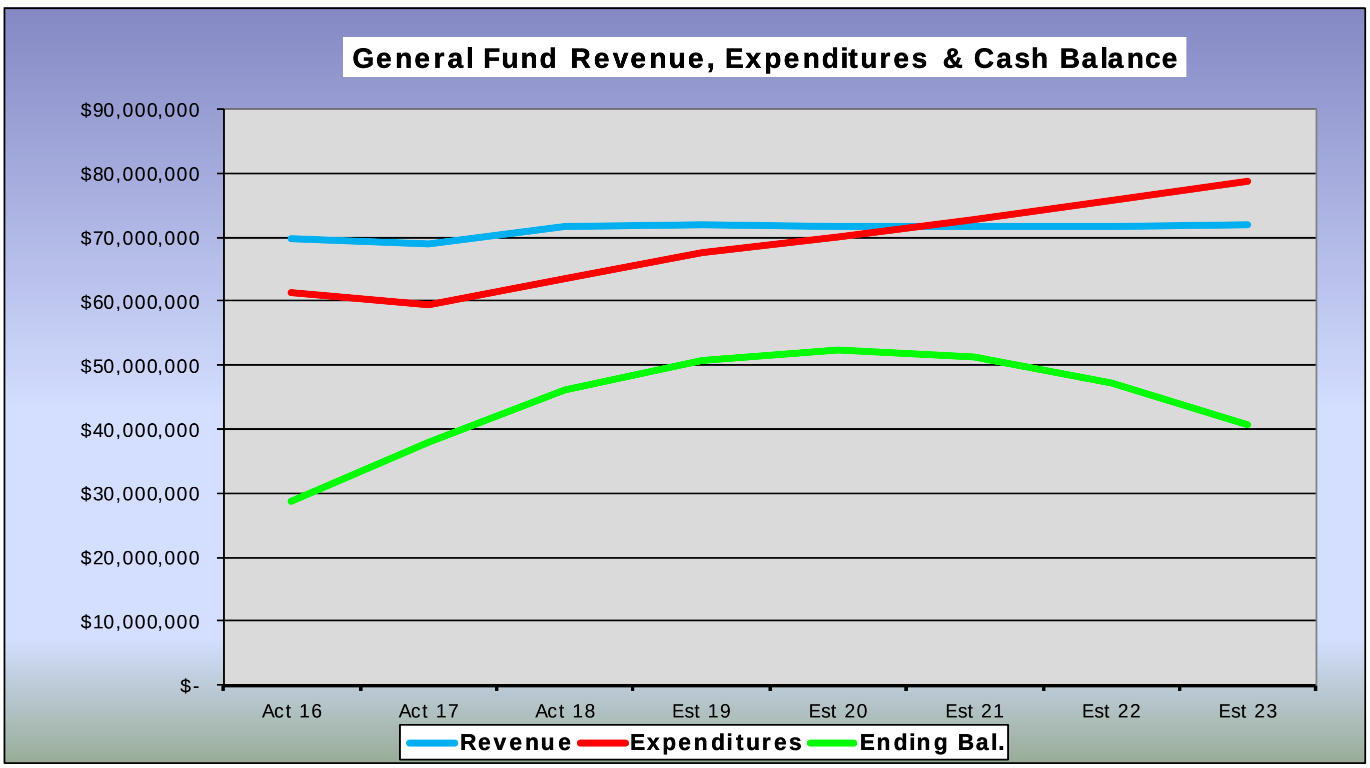
III. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in amounts deducted from our state aid in the 2018-19 school years. College Credit 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.

IV. 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 an 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.

V. Labor relations in the district have been amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

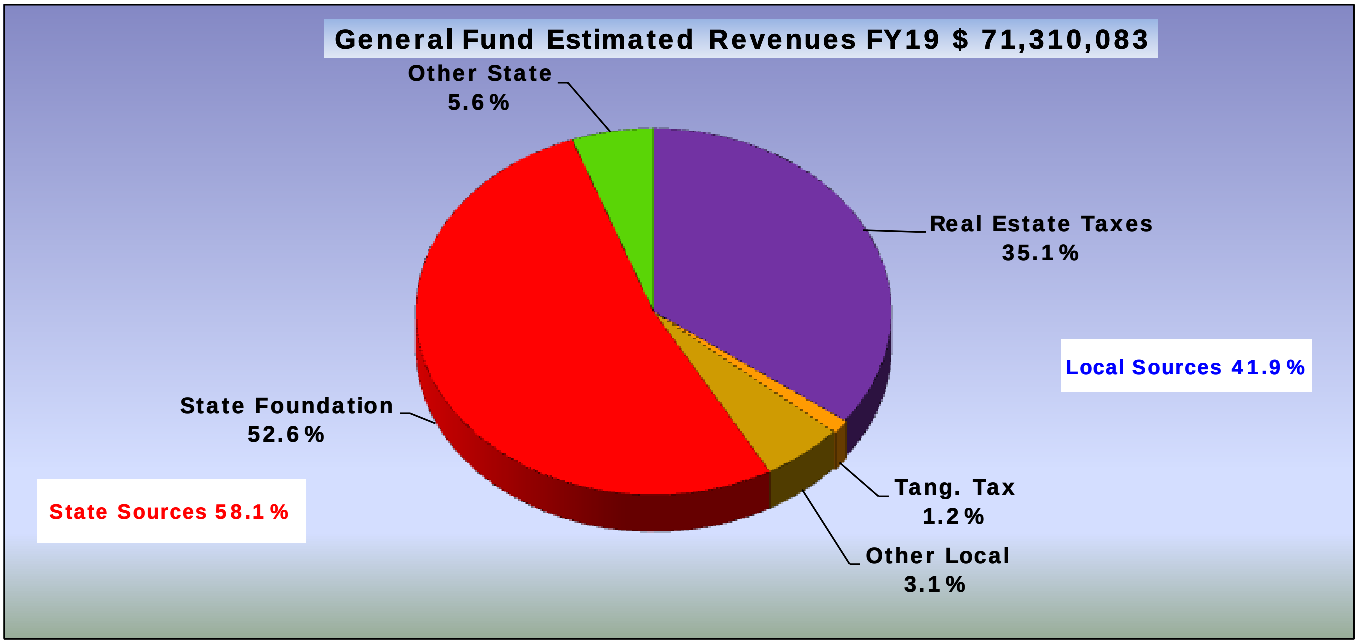
If you would like further information please feel free to contact me – Ms. Gina Helmick, Treasurer/CFO of Huber Heights City School District at 937-237-4126.

General Fund Revenue, Expenditure and Ending Cash Balance



Revenue Assumptions

Estimated General Fund Revenues



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. There was a full reappraisal completed in 2014 to be collected in 2015. Values decreased by $35.0 million or 6.14% led by a large decrease in residential values. The 2015 tax values, on which 2016 tax collections are based, resulted in an overall increase in values of $3.1 million. Montgomery County went through an appraisal update in tax year 2017 to be collected in 2018. Class I values increased $29.6 million to a total value of $566 million and Class II values decreased $3.4 million to a value of $123 million. We are projecting tax values will remain steady through 2022.

HB49 authorized a reduction in CAUV computations that will result in CAUV values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. CAUV values represent less than 1% of the District's Class I residential agricultural values, therefore there will be no significant effect on our tax payers or tax revenues.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2018 COLLECT 2019	Estimated TAX YEAR2019 COLLECT 2020	Estimated TAX YEAR2020 COLLECT 2021	Estimated TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023
Res./Ag.	$566,926,320	$567,576,320	$568,226,320	$568,876,320	$569,526,320
Comm./Ind.	123,074,980	122,774,980	122,474,980	122,174,980	121,874,980
Public Utility Personal Property (PUPP)	15,282,560	15,782,560	16,282,560	16,782,560	17,282,560
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	$705,283,860	$706,133,860	$706,983,860	$707,833,860	$708,683,860

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY19	FY 20	FY 21	FY 22	FY 23
Estimated Property Taxes	$25,057,600	$25,424,617	$25,460,317	$25,496,047	$25,531,807

Property tax levies are estimated to be collected at 97.5% of the annual amount. This allows a 2.5% delinquency. Typically, 52.5% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 47.5% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August.

Renewal and Replacement Levies – Line #11.02
No renewal or replacement levies are modeled in this forecast.

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 tangible personal property tax (TPP) began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any amounts received are delinquent TPP taxes which are unpredictable and therefore not modeled in this forecast.

Other Local Revenues – Line #1.060
Tuition is forecasted to increase slightly for fiscal years 2019 through 2023. The District also received payments in lieu of taxes (TIF payments) from various companies in order to alleviate the loss of property taxes. These payments are expected to increase slightly across the forecast. Interest revenue is also forecasted to increase slightly through FY20 as interest rates increase and cash balances trend upward, then to decrease slightly during FY21-23 in line with cash balance. The remaining other local revenue sources are expected to remain constant from FY19 to FY23.

Source	FY19	FY 20	FY 21	FY 22	FY 23
Tuition SF-14 & SF-14H	$918,966	$923,561	$928,179	$932,820	$937,484
Interest	739,927	747,326	739,853	732,454	725,129
TIF & PILOT Payments	1,471,856	1,486,575	1,501,441	1,516,455	1,531,620
Student Fees	252,174	252,174	252,174	252,174	252,174
Medicaid, other Income and rentals	550,000	550,000	550,000	550,000	550,000
Total Line # 1.060	$3,932,923	$3,959,636	$3,971,647	$3,983,903	$3,996,407

State Taxes Reimbursement/Property Tax Allocation

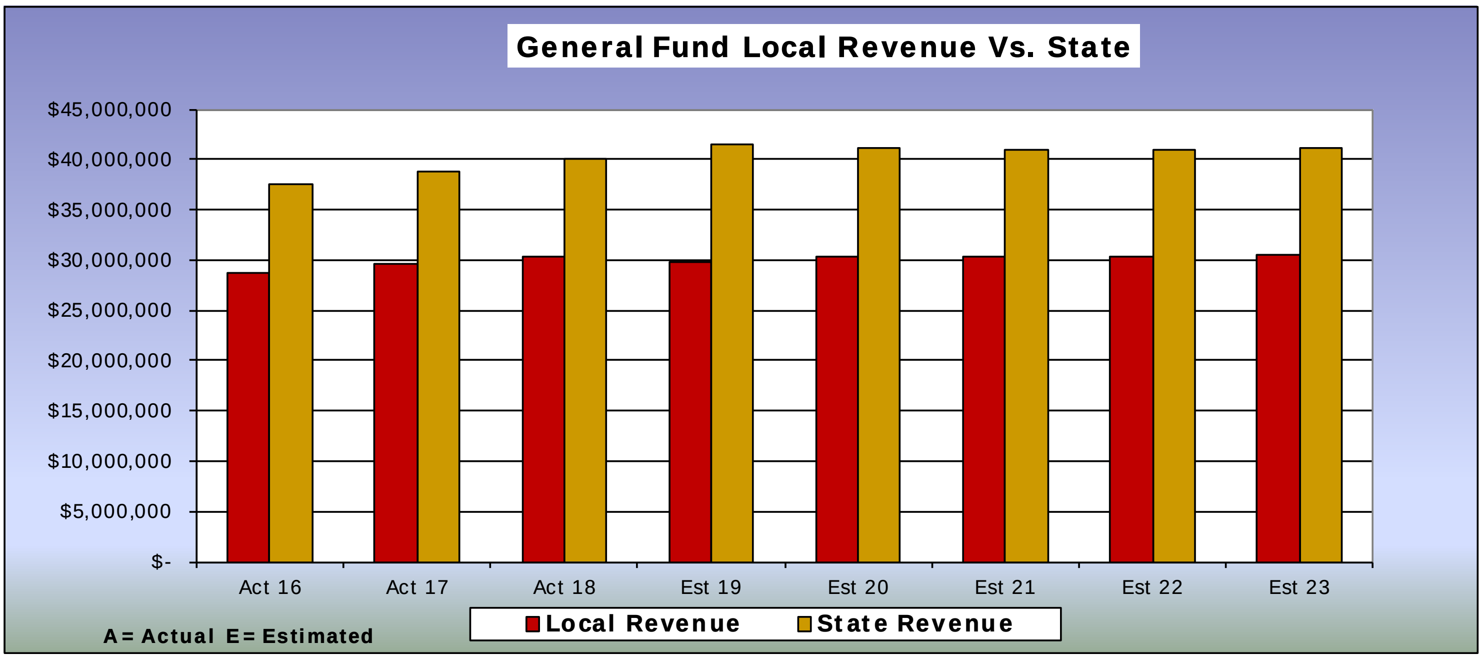
a) Rollback and Homestead Reimbursement
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged to residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59.

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 or who are disabled regardless of income. Effective September 29, 2013, HB59 changed 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 had their Homestead Exemption as of September 29, 2013 will not loose 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.

Summary of State Tax Reimbursement – Line #1.050

Source	FY19	FY 20	FY 21	FY 22	FY 23
a) Rollback and Homestead	$3,967,361	$3,966,693	$3,973,298	$3,979,906	$3,986,519
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1.050	$3,967,361	$3,966,693	$3,973,298	$3,979,906	$3,986,519

Comparison of Local Revenue and State Revenue



State Foundation Revenue Estimates

A) Unrestricted State Foundation Revenue – 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 Formula funded district in FY19, which means the district will receive the full amount of funding that the state formula calculates that we should be receiving.

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 therefore 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 .16% 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.

Transitional Guarantee Phase-Out- For the first time, HB49 includes a phase-out of funding for districts on the guarantee. If a guarantee district's average daily membership (ADM) over three (3) years from FY14-FY16, on average fell by 10% or more, they will loose 5% of their funding from FY17 levels. If the average ADM loss is less than 5% then they will be guaranteed at 100% of FY17 levels. If average ADM loss is between 5% and 10% loss then funding is cut on a sliding scale of loss up to 5%.

We are anticipated to be a Cap district in FY19 and a Formula District from FY20 to FY23.
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 Formula district in FY19 and throughout the forecast period. Our ADM growth and deliberation of state funding will be especially important to us in FY20 and beyond.

Our current SFPR estimates for FY19 are using FY2018 Final Payment #1 SFPR average daily membership (ADM) and holding those numbers steady each year through FY23. Beginning in FY16, the state changed the way it measures student ADM. 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, and then there will be adjustments into the succeeding fiscal year.

Future State Budgets: Our funding status for the FY20-23 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 in FY20-FY23, 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 as 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 approximately $52 per pupil.

Source	FY19	FY 20	FY 21	FY 22	FY 23
Basic Aid-Unrestricted	$35,077,610	$34,765,226	$34,538,093	$34,645,864	$34,722,864
Additional Aid Items	668,663	668,663	668,663	668,663	668,663
Basic Aid-Unrestricted Subtotal	$35,746,273	$35,433,889	$35,206,756	$35,314,527	$35,391,527
Ohio Casino Commission ODT	299,499	301,447	303,404	305,370	307,345
Total Unrestricted State Aid Line # 1.035	$36,045,772	$35,735,336	$35,510,160	$35,619,897	$35,698,872

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 remain flat each remaining year of the forecast.

Source	FY19	FY 20	FY 21	FY 22	FY 23
Economically Disadvantaged Aid	$962,417	$962,417	$962,417	$962,417	$962,417
Career Tech - Restricted	143,363	143,363	143,363	143,363	143,363
Catastrophic Sp Ed Reimb.	325,000	325,000	325,000	325,000	325,000
Total Restricted State Revenues Line #1.040	$1,430,780	$1,430,780	$1,430,780	$1,430,780	$1,430,780

C)

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included throughout the forecast period.

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

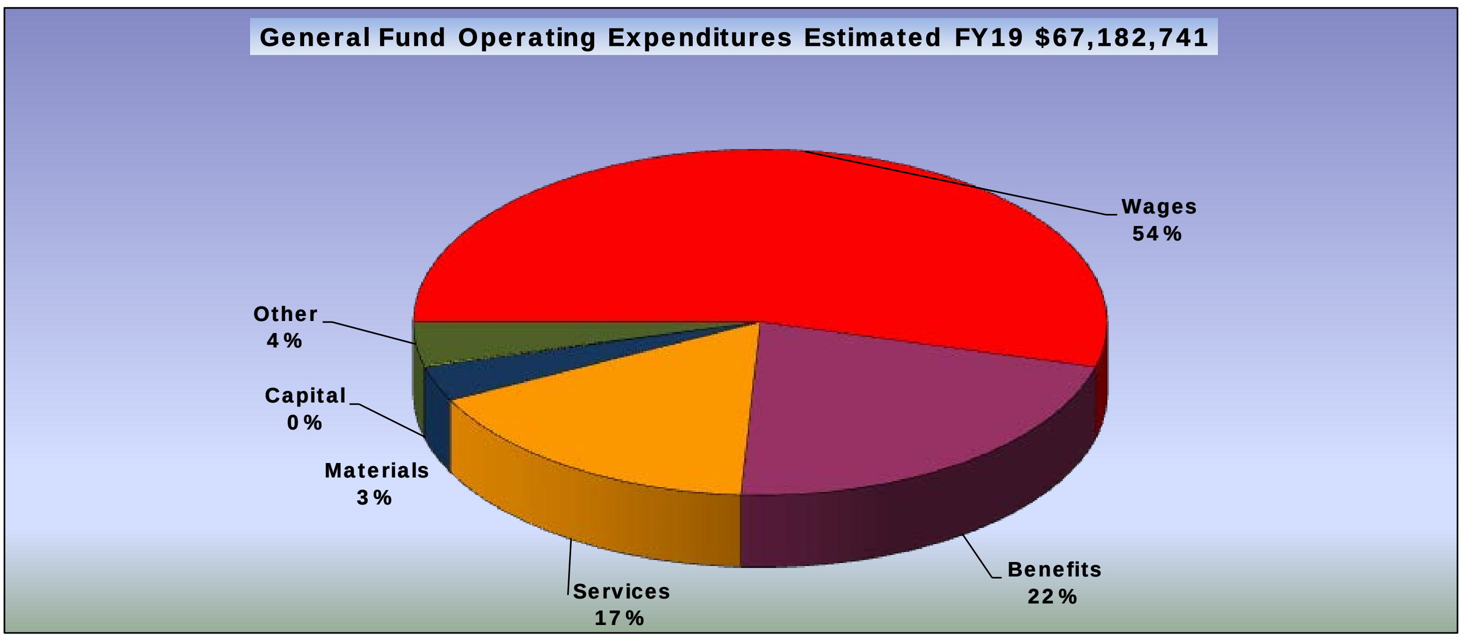
There is no short term borrowing planned for in this forecast at this time from any sources.

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

Other financing sources consist of transfers and advances. Transfers are permanent reallocation of funds and advances are those funds that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year end.

Expenditures Assumptions

Estimated General Fund Expenditures



Wages – Line #3.010

The model reflects a base increase of 3% for FY19-20 and 2.5% for FY 21-23. Additionally, the model reflects known or anticipated growth in FY19.

Source	FY19	FY 20	FY 21	FY 22	FY 23
Base Wages	$33,046,705	$35,334,998	$36,884,623	$38,498,614	$40,178,579
Increases/COA	0	0	0	0	0
Steps & Training/Performance Based Pay	625,000	650,000	675,000	700,000	700,000
Growth	634,118	0	0	0	0
Substitutes	1,243,280	1,255,713	1,268,270	1,280,953	1,293,763
Supplementals	618,307	636,856	652,777	669,097	685,824
Severance Pay/Other Compensation	240,000	240,000	240,000	240,000	240,000
Total Wages Line 3.010	$36,407,410	$38,117,567	$39,720,670	$41,388,664	$43,098,166

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, of which all benefits except health insurance are 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. The model also includes an estimate for the annual surcharge due to the School Employees Retirement System

B) Insurance

The estimated increase for medical and dental insurance is 7% for 2019-2023. The increases include adjustments for inflation and the most current research of where premiums will be going in the future.

Patient Protection and Affordable Care Act (PPACA) Costs- the Patient Protection and Affordable Care Act (PPACA) commonly called Obamacare or the Affordable Care Act (ACA), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965. Many of the significant provisions of the PPACA were scheduled to be implemented by employers on January 1, 2015.

It is uncertain to what extent the implementation of PPACA will affect costs in our district. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to insurance coverage that do not have coverage now. The Transition Reinsurance fee that was due January 15, 2015, is a fee due the IRS for $5.25 per covered member per month for the prior year (2014). This will be $63 for each employee who had a full year of coverage in the prior year. This tax equated to a roughly a 2% annual increase in fiscal year 2015. Longer-term, a significant concern is the 40% “Cadillac Tax” that will be imposed in 2020 for plans whose value of benefits exceed $10,200 for individual plans and $27,400 for family plans. The rules and implementation of the PPACA is an ongoing issue which we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is estimated at 0.7% of wages which is consistent with past forecasts. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

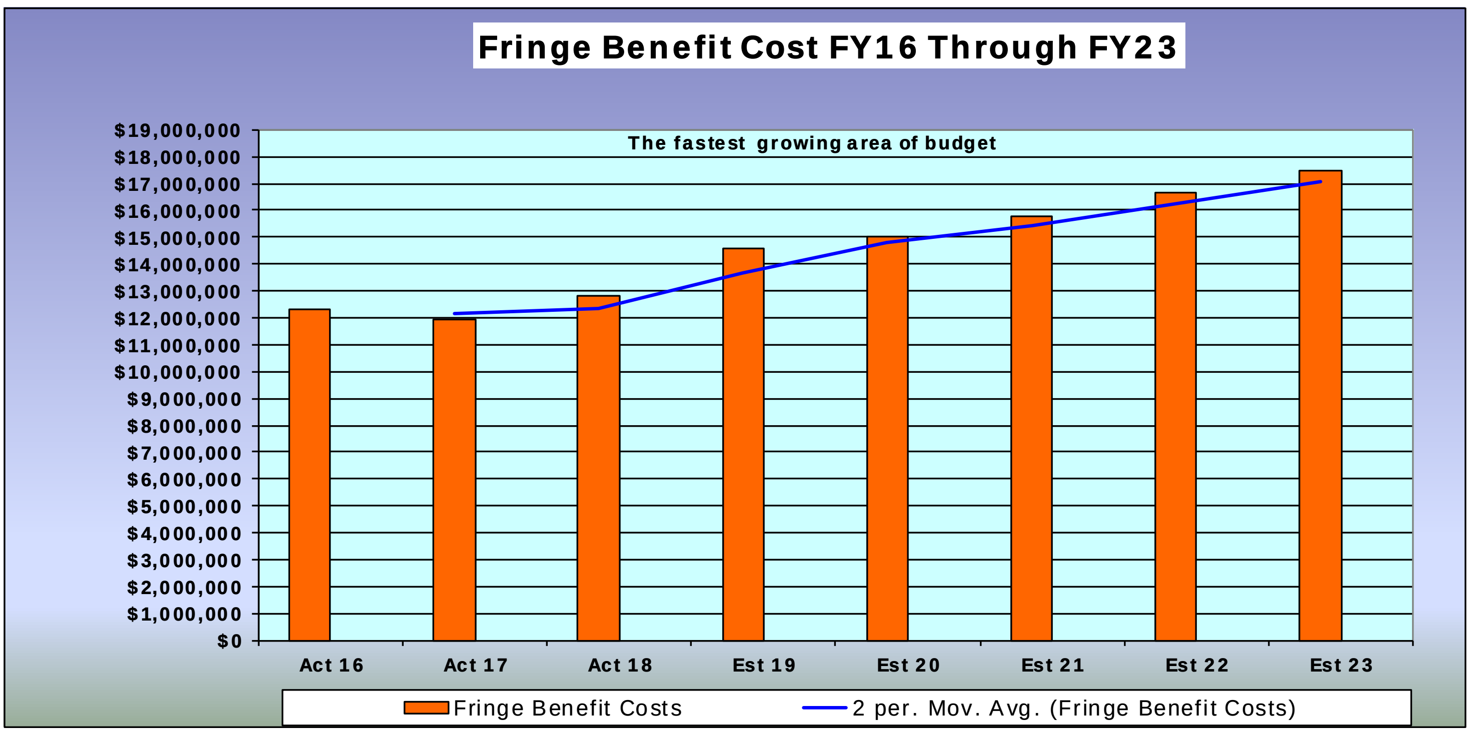
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY19	FY 20	FY 21	FY 22	FY 23
A) STRS/SERS	$5,513,438	$5,452,860	$5,677,294	$5,910,813	$6,150,143
B) Insurance's	8,267,692	8,747,893	9,267,131	9,819,984	10,409,183
C) Workers Comp/Unemployment	264,852	276,823	288,045	299,721	311,687
D) Medicare	527,907	552,705	575,950	600,136	624,923
Other/Tuition	148	148	148	148	148
Total Line 3.020	$14,574,037	$15,030,429	$15,808,568	$16,630,802	$17,496,084

Fringe Benefits Actual Fiscal Year 2016 through Fiscal Year 2018 and Estimated Fiscal Year 2019 through Fiscal Year 2023

The graph below notes that health care is becoming an area for which expenditures are outpacing inflation. The federal Affordable Care Act and the increase in claims will require management to control the cost of health care.



Purchased Services – Line #3.030

Purchased services include expenditures for utilities, professional development and state foundation deductions for tuition-type students, including open enrollment, community school, scholarships and college credit plus. Estimates for this line item were based upon historical trends and estimated service needs. A 3-4% increase was incorporated throughout the forecast from FY19 – FY23 for inflationary purposes; with the exception of community school deduction expenditures for which the model shows a slight decrease due to the decrease in students enrolled in community schools.

Source	FY19	FY 20	FY 21	FY 22	FY 23
Base Services	$586,758	$610,228	$634,637	$660,022	$686,423
Professional Services	1,931,780	2,009,051	2,089,413	2,172,990	2,259,910
Open Enrollment Deduction	1,311,000	1,350,330	1,390,840	1,432,565	1,475,542
Community School Deductions	3,800,000	3,724,000	3,649,520	3,576,530	3,504,999
Other Tuition Including Ed Scholarship	1,229,130	1,266,004	1,303,984	1,343,104	1,383,397
Copier Lease	$478,276	$478,276	$500,000	$500,000	$500,000
Utilities	1,214,715	1,251,156	1,288,691	1,327,352	1,367,173
Trans/Property Maintenace and Repair	619,600	638,188	657,334	677,054	697,366
Total Line 3.030	$11,171,259	$11,327,233	$11,514,419	$11,689,617	$11,874,810

Supplies and Materials – Line #3.040

An overall inflation of 3.0% is being estimated for this category of expenses, as well as the District's five year plans for technology and textbook adoptions.

Source	FY19	FY 20	FY 21	FY 22	FY 23
Supplies, Technology & Curriculum	$1,863,376	$1,919,277	$1,976,855	$2,036,161	$2,097,246
Transportation Fuel and Supplies	378,800	390,164	401,869	413,925	426,343
Total Line 3.040	$2,242,176	$2,309,441	$2,378,724	$2,450,086	$2,523,589

Capital Outlay – Line # 3.050

Costs in FY 19-23 include purchasing equipment for students and staff and is based on the District's five-year plans for capital improvements and technology.

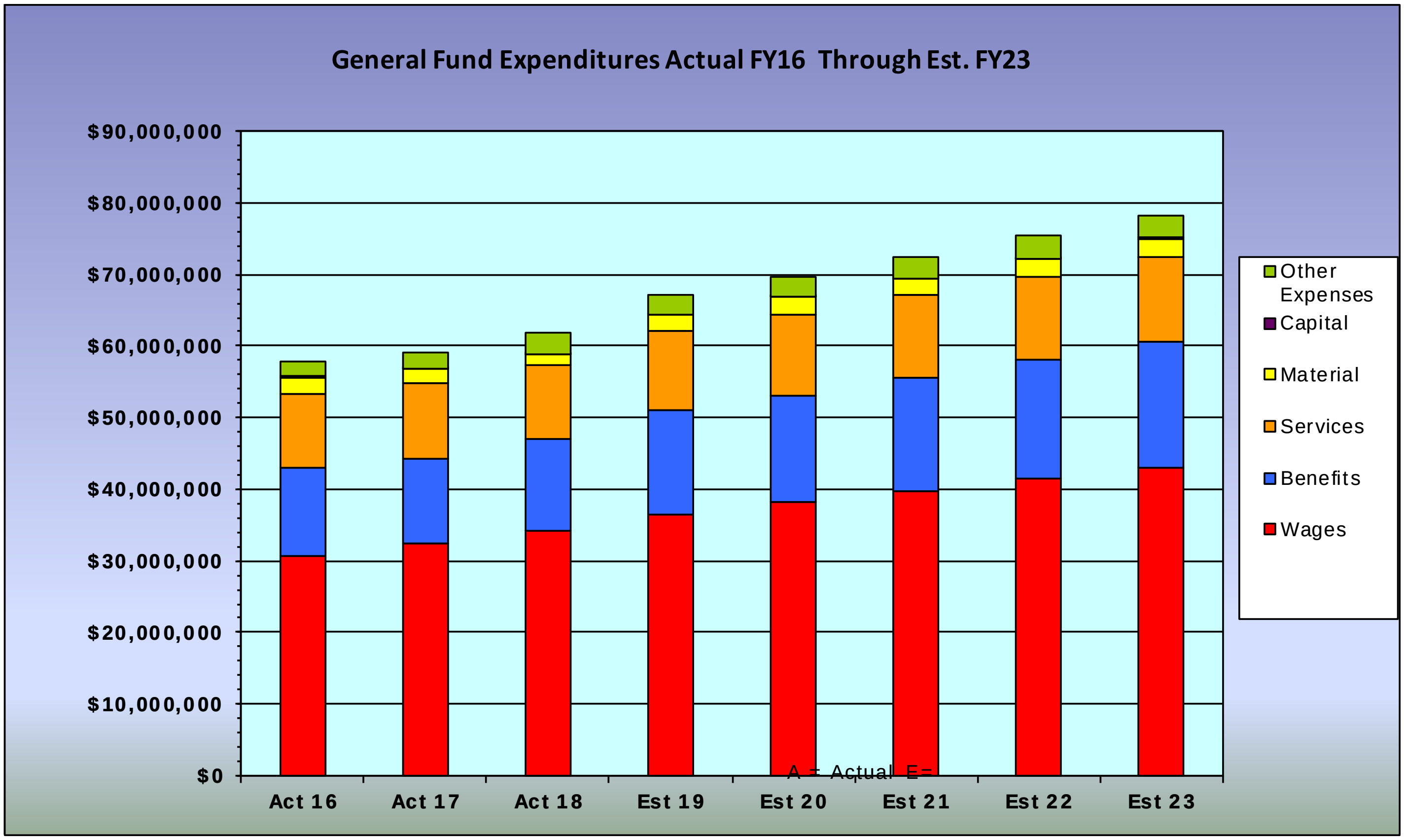
Source	FY19	FY 20	FY 21	FY 22	FY 23
Capital Outlay	$83,978	$86,497	$89,092	$91,765	$94,518
Replacement Bus Purchases	$0	$0	$0	$0	$0
Budget Reserves or (Reductions)	$0	$0	$0	$0	$0
Total Line 3.050	$83,978	$86,497	$89,092	$91,765	$94,518

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 (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increases of 3% for this forecast.

Source	FY19	FY 20	FY 21	FY 22	FY 23
County Auditor & Treasurer Fees	$275,269	$283,527	$292,033	$300,794	$309,818
County ESC	2,341,243	2,451,281	2,566,492	2,687,117	2,813,411
Other expenses	87,370	89,991	92,691	95,472	98,336
Budget Reductions	0	0	0	0	0
Total Line 4.300	$2,703,882	$2,824,799	$2,951,216	$3,083,383	$3,221,565

Total Expenditure Categories Actual Fiscal Year 2016 through Fiscal Year 2018 and Estimated Fiscal Year 2019 through Fiscal Year 2023



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements to repay the General Fund. Transfers are permanent reallocation of funds. Advances have limited impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Source	FY19	FY 20	FY 21	FY 22	FY 23
Operating Transfers Out Line #5.010	$0	$0	$0	$0	$0
Advances Out Line #5.020	300,000	300,000	300,000	300,000	300,000
Total	$300,000	$300,000	$300,000	$300,000	$300,000

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.

	FY19	FY 20	FY 21	FY 22	FY 23
Estimated Encumbrances	$600,000	$600,000	$600,000	$600,000	$600,000

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 Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011. Based on the chart immediately below, unencumbered fund balance will be positive throughout the forecast. In addition, Board policy requires cash reserves equal 4 months of operating expenditures. Based on the chart immediately below, cash reserves are in compliance with Board policy throughout the forecast.

	FY19	FY 20	FY 21	FY 22	FY 23
Ending Unencumbered Cash Balance	$50,067,039	$51,792,907	$50,610,317	$46,749,556	$40,077,356