

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2014, 2015 and 2016 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2017 THROUGH 2021**



**Forecast Provided By
Huber Heights City School District
Treasurer's Office
Gina M. Helmick, CPA, Treasurer/CFO
(937) 237 - 4126
May 11, 2017**

Huber Heights City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;

Forecasted Fiscal Years Ending June 30, 2017 Through 2021

	Actual			Average Change	Forecasted					
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
Revenues										
1.010 General Property Tax (Real Estate)	\$ 25,745,795	\$ 25,921,222	\$ 25,450,325	-0.57%	\$25,953,314	\$26,336,727	\$26,320,064	\$26,354,574	\$26,393,092	
1.020 Tangible Personal Property	-	259	741,155	0.00%	-	-	-	-	-	
1.035 Unrestricted State Grants-in-Aid	27,227,498	29,882,417	32,338,078	8.98%	33,689,393	33,937,684	34,046,999	34,274,734	34,505,556	
1.040 Restricted State Grants-in-Aid	963,244	1,515,988	1,102,799	15.06%	1,323,891	1,332,836	1,341,871	1,350,996	1,360,212	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 F	-	-	-	0.00%	-	-	-	-	-	
1.050 Property Tax Allocation	4,093,077	4,098,357	4,051,381	-0.51%	4,027,371	4,058,279	4,051,212	4,053,633	4,056,137	
1.060 All Other Revenues	2,809,139	2,533,353	2,511,361	-5.34%	2,520,973	2,026,799	2,002,983	2,009,219	2,015,507	
1.070 Total Revenues	60,838,754	63,951,596	66,195,099	4.31%	67,514,942	67,692,325	67,763,129	68,043,156	68,330,504	
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	0.00%	-	-	-	-	-	
2.050 Advances-In	1,296,800	605,791	931,591	0.25%	353,792	250,000	250,000	250,000	250,000	
2.060 All Other Financing Sources	374,982	5,115	85,824	739.63%	-	-	-	-	-	
2.070 Total Other Financing Sources	1,671,782	610,906	3,691,049	220.37%	353,792	250,000	250,000	250,000	250,000	
2.080 Total Revenues and Other Financing Sources	62,510,536	64,562,502	69,886,148	5.76%	67,868,734	67,942,325	68,013,129	68,293,156	68,580,504	
Expenditures										
3.010 Personal Services	29,857,613	29,499,246	30,667,756	1.38%	33,341,151	35,783,655	38,082,621	40,506,262	43,092,041	
3.020 Employees' Retirement/Insurance Benefits	13,550,738	11,867,124	12,333,651	-4.25%	12,740,512	13,283,581	14,097,612	14,945,587	15,850,732	
3.030 Purchased Services	11,265,623	11,723,712	10,192,054	-4.50%	10,889,205	11,378,486	11,890,249	12,425,546	12,985,479	
3.040 Supplies and Materials	946,002	1,207,353	2,318,936	59.85%	2,788,414	2,472,067	2,546,229	2,622,615	2,701,293	
3.050 Capital Outlay	8,308	53,943	420,062	614.00%	251,826	259,381	267,162	275,177	283,432	
3.060 Intergovernmental	-	-	-	0.00%	-	-	-	-	-	
Debt Service:										
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	688,249	604,722	1,877,852	99.20%	2,258,835	2,358,623	2,461,078	2,568,095	2,679,882	
4.500 Total Expenditures	56,316,533	54,956,100	57,810,311	1.39%	62,269,943	65,535,792	69,344,950	73,343,282	77,592,859	
Other Financing Uses										
5.010 Operating Transfers-Out	-	5,162	3,162,768	0.00%	-	-	-	-	-	
5.020 Advances-Out	605,791	931,591	353,792	-4.12%	250,000	250,000	250,000	250,000	250,000	
5.030 All Other Financing Uses	-	-	-	0.00%	-	-	-	-	-	
5.040 Total Other Financing Uses	605,791	936,753	3,516,560	165.02%	250,000	250,000	250,000	250,000	250,000	
5.050 Total Expenditures and Other Financing Uses	56,922,324	55,892,853	61,326,871	3.96%	62,519,943	65,785,792	69,594,950	73,593,282	77,842,859	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	5,588,212	8,669,649	8,559,277	26.93%	5,348,791	2,156,533	(1,581,821)	(5,300,126)	(9,262,354)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,841,944	11,430,156	20,099,805	85.75%	28,659,082	34,007,873	36,164,406	34,582,585	29,282,459	
7.020 Cash Balance June 30	11,430,156	20,099,805	28,659,082	59.22%	34,007,873	36,164,406	34,582,585	29,282,459	20,020,105	

Huber Heights City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;

Forecasted Fiscal Years Ending June 30, 2017 Through 2021

	Actual			Average Change	Forecasted				
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
8.010 <i>Estimated Encumbrances June 30</i>	1,137,203	1,890,130	1,207,387	15.04%	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	-	-	-	0.00%	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.00%	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.00%	-	-	-	-	-
9.040 DPIA	-	-	-	0.00%	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.00%	-	-	-	-	-
9.050 Debt Service	-	-	-	0.00%	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.00%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.00%	-	-	-	-	-
9.080 <i>Subtotal</i>	-	-	-	0.00%	-	-	-	-	-
<i>Fund Balance June 30 for Certification of</i>									
10.010 <i>Appropriations</i>	10,292,953	18,209,675	27,451,695	63.83%	32,807,873	34,964,406	33,382,585	28,082,459	18,820,105
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 <i>Fund Balance June 30 for Certification of</i>									
<i>Contracts, Salary Schedules and Other Obligations</i>	10,292,953	18,209,675	27,451,695	63.83%	32,807,873	34,964,406	33,382,585	28,082,459	18,820,105
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 <i>Unreserved Fund Balance June 30</i>	\$ 10,292,953	\$ 18,209,675	\$ 27,451,695	63.8%	\$ 32,807,873	\$ 34,964,406	\$ 33,382,585	\$ 28,082,459	\$ 18,820,105

Huber Heights City School District-Montgomery County
Notes to the Five Year Forecast
General Fund Only
May 11, 2017

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 2017 (July 1, 2016 through June 30, 2017) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data for the May 2017 filing.

May 2017 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 \$67,514,942 or .51% higher than the October forecasted amount of \$67,172,690. This indicates the October forecast was 99.49% accurate.

The change in revenue estimate is mostly affected by the change in estimate for state foundation revenue. The formula ADM for the District decreased by 66 students which was not anticipated when the October forecast was prepared. The corresponding decrease in revenue further emphasizes how much State revenue can fluctuate when the District is funded on the Formula. The decrease in state foundation revenue was offset by an increase in TIF payments reported as Other Revenues (line 1.06).

All other areas of revenue are tracking as anticipated for FY17.

Expenditures:

At this time we expect our original estimates for expenditures on Line 4.5 to remain materially accurate for FY17. There is no area of expenditures which we feel looks to be in conflict with our original projections.

Unreserved Ending Cash Balance:

With revenues slightly less than estimates and expenditures ending on target with estimates, our ending unreserved cash balance is anticipated to be roughly \$32.8 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2021 if assumptions we have made for state aid in the proposed HB49 budget remain close to our estimates. There is some uncertainty regarding HB49 as of the date this forecast is presented. This uncertainty is discussed in more detail below.

State Funding and The Proposed Biennium State Budget HB49(FY18 – FY19):

We have structured the District forecast estimating the effects of the current state biennium budget, HB64 which will end June 30, 2017. We have also tried to anticipate the effects of some changes proposed in HB49 on fiscal years 2018-2021 even though HB49 will not be known until late June 2017, beyond the date this forecast must be filed.

It is important to emphasize that we will not know the actual effects of HB49 until sometime in June 2017 when legislation is finally passed into law. Since we will not know with certainty the funding formula prior to May 31, 2017, our forecast filing deadline, we feel it is reasonable to be conservative regarding increases in per pupil funding and by anticipating no significant change in enrollment for FY18-21. This methodology is consistent with other May forecasts when there have been uncertainty regarding the final State budget bill. State foundation revenue equates to 58% of our revenue each year and the outcome of the HB49 funding proposal is significant to our district.

Local Funding:

Property tax collections are the largest single revenue source for the school system. We project property values will remain stable throughout the forecast. The local revenues equate to 41% of the district's resources.

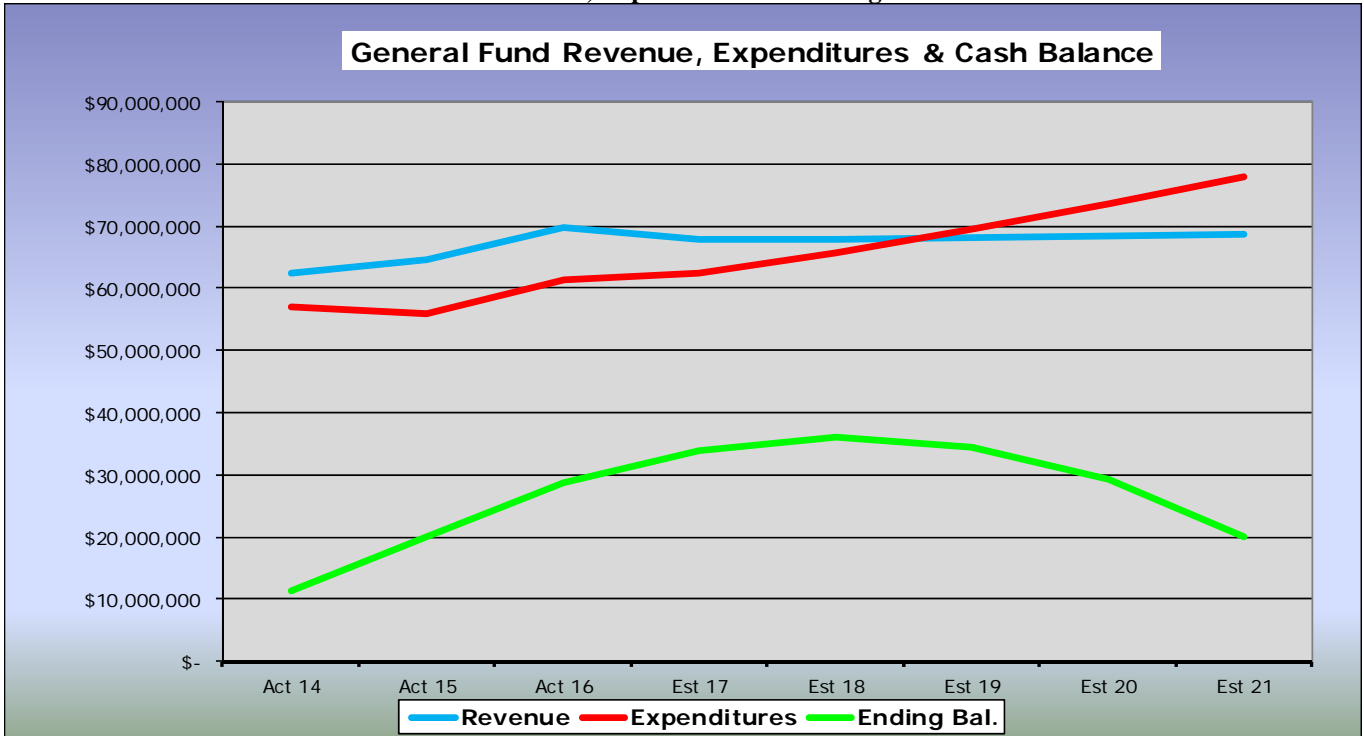
Forecast Risks and Uncertainty:

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 June 2017, and the spring of 2019 due to deliberation of the next two (2) state biennium budgets for FY18-19 & FY20-21, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

- I. Montgomery County went through a reappraisal update in the 2014 tax year to be collected in 2015. A full update occurred in tax year 2011 for collection in 2012, which decreased assessed values by \$34.6 million or a decrease of 5.71%. 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. We estimate values in future years to remain steady based on trends following previous updates and reappraisals.
- II. The State Budget represents 58% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY18 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY18 through FY21 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 FY21.
- III. There are many provisions in the current state budget bill HB64 that increased the district expenditures in the form of expanded school choice programs and increases in amounts deducted from our state aid in the 2016-17 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from \$20,000 each to \$27,000, a 35% increase. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- 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 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.

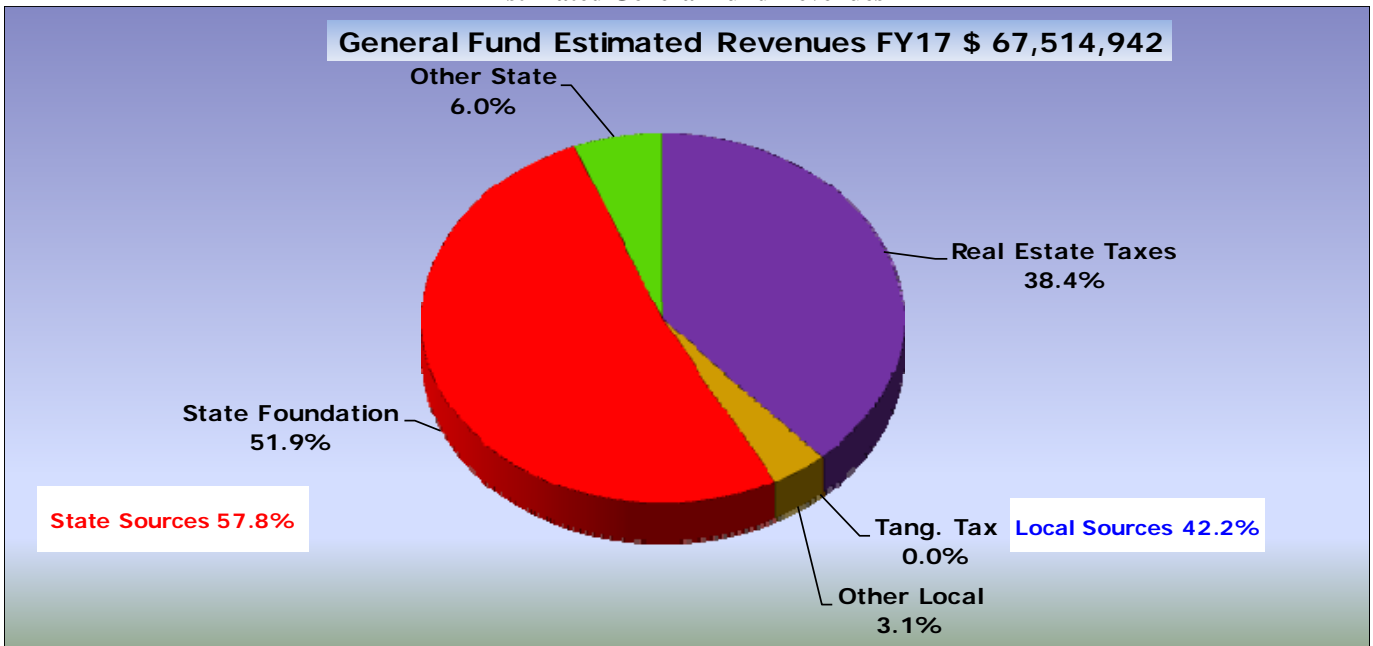
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact 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 \$36.0 million or 5.5% 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. We estimate values in future years to remain steady based

on trends following previous updates and reappraisals. These have been factored into the projection for the district's property values along with their corresponding tax reduction factors affecting outside voted millage.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2016	TAX YEAR2017	TAX YEAR2018	TAX YEAR2019	TAX YEAR2020
	<u>COLLECT 2017</u>	<u>COLLECT 2018</u>	<u>COLLECT 2019</u>	<u>COLLECT 2020</u>	<u>COLLECT 2021</u>
Res./Ag.	\$536,507,570	\$530,917,494	\$530,967,494	\$531,067,494	\$531,167,494
Comm./Ind.	126,908,300	126,091,029	125,616,029	125,316,029	125,016,029
Public Utility Personal Property (PUPP)	13,866,010	14,366,010	14,866,010	15,366,010	15,866,010
Tangible Personal Property (TPP)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assessed Value	<u>\$677,281,880</u>	<u>\$671,374,534</u>	<u>\$671,449,534</u>	<u>\$671,749,534</u>	<u>\$672,049,534</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Estimated Property Taxes	<u>\$25,953,314</u>	<u>\$26,336,727</u>	<u>\$26,320,064</u>	<u>\$26,354,574</u>	<u>\$26,393,092</u>

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 and open enrollment is forecasted to increase slightly for fiscal years 2017 through 2021. The District also received payments in lieu of taxes (TIF payments) from various companies in order to alleviate the loss of property taxes. Interest income is expected to remain constant throughout the forecast. The decrease in Other Income from FY17 to FY18 is a result of expected declines in Medicaid reimbursement but is expected to remain constant FY 18-FY21. There is also a decrease in Student Fee income as a result of reducing the pay to participate fees.

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Tuition SF-14 & SF-14H, Open Enrollment	\$399,666	\$401,664	\$403,672	\$405,690	\$407,718
Interest	262,985	262,985	262,985	262,985	262,985
TIF & PILOT Payments	710,505	417,610	421,786	426,004	430,264
Student Fees	224,540	194,540	164,540	164,540	164,540
Other Income and rentals	<u>923,277</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
Total Line # 1.060	<u>\$2,520,973</u>	<u>\$2,026,799</u>	<u>\$2,002,983</u>	<u>\$2,009,219</u>	<u>\$2,015,507</u>

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

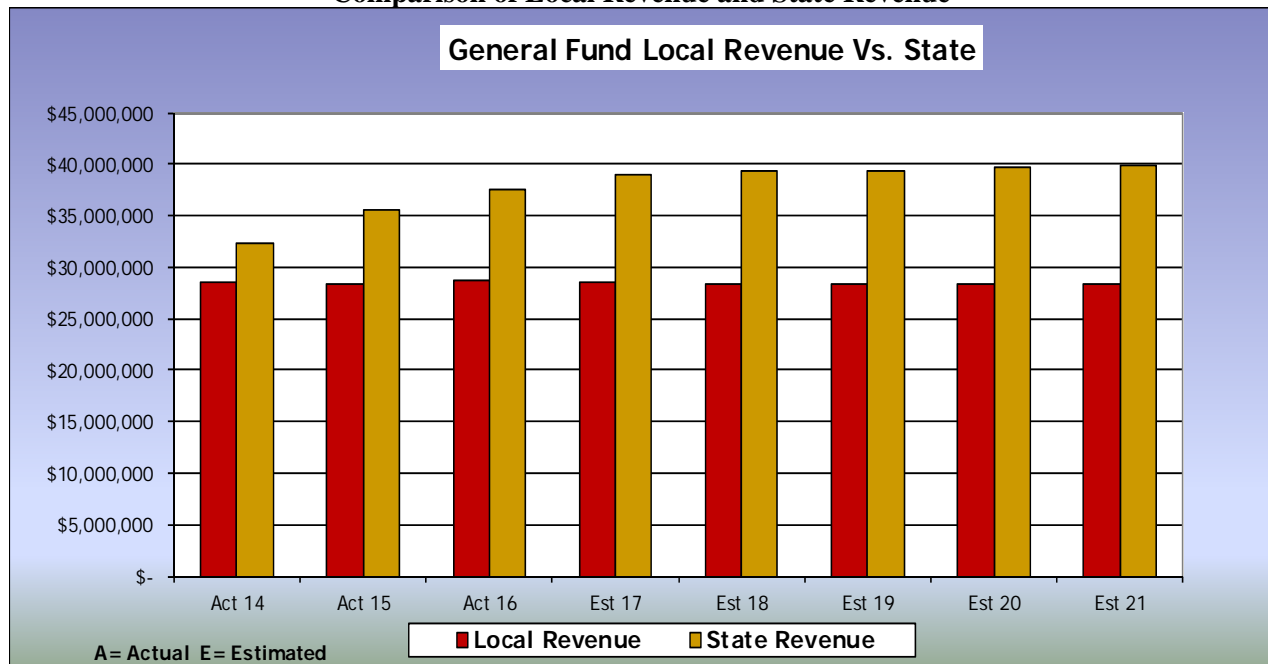
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill 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 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 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.

Summary of State Tax Reimbursement – Line #1.050

Source	FY17	FY18	FY19	FY 20	FY 21
a) Rollback and Homestead	\$4,027,371	\$4,058,279	\$4,051,212	\$4,053,633	\$4,056,137
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	<u>\$4,027,371</u>	<u>\$4,058,279</u>	<u>\$4,051,212</u>	<u>\$4,053,633</u>	<u>\$4,056,137</u>

Comparison of Local Revenue and State Revenue



State Foundation Revenue Estimates

A) Unrestricted State Foundation Revenue – Line #1.035

The amounts estimated for FY17 for state funding are based on the April 2017 State Foundation Payment Report (SFPR). The current FY16-17 state budget HB64 includes an increase in funding for our district in FY17. We are projected to be a formula district regarding state funding in FY17.

Important Reminder: Our state funding status for FY18-21 will depend on two new State budgets in the FY18-19 and FY20-21. HB 49, the current proposed new State budget for FY18-19, will not be known until late June 2017. We must file this forecast before May 31, 2017 which is before we will know what changes will be officially made to school funding. In addition, another State budget will be legislated beginning in Spring 2019 which will also affect our funding in FY 20-21 and beyond. Our revision to the October 2017 forecast will capture the changes made in HB 49.

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

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

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

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

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

Note: these additional components are only paid to districts that are on the CAP or a Formula district.

There are potentially 342 independent variables in the SFPR formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY17-21. Our estimates are based on the best information available to us and the most current calculation used by ODE.

Our current SFPR estimates for FY17 are using April 2017 adjusted average daily membership (ADM) and hold those numbers steady through FY21. 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 2017 and then adjustments will be made into the succeeding fiscal year. This could result in undulating state aid payments throughout the year based on each student count because our district is on the formula. Our estimate of state aid is based on the most current data we have available to us at the

time. We have estimated stable enrollment through FY21 and a ½% increase in FY18-19 and 1% increase in FY20-21 per pupil for Opportunity Grant funding.

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013 all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The initial student payment to schools in January 2013 (FY13) was a half year payment of \$21.00 per pupil that rose to \$51.50 per pupil for a full year in FY14 and \$50.50 in FY15. The state indicated recently that the original 2009 estimates of \$1.9 billion of GCR may be closer to \$900 million as revenues from casinos are not growing robustly as originally predicted. Actual numbers generated for FY16 statewide were 1,792,947 students at \$51.34 per pupil. For FY17-21 we estimated another 3 tenths of 1% decline in pupils to 1,789,000 and GCR increasing to \$89.2 million or \$49.85 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Basic Aid-Unrestricted	\$32,688,606	\$32,935,022	\$33,042,453	\$33,268,296	\$33,497,216
Additional Aid Items	<u>712,751</u>	<u>712,751</u>	<u>712,751</u>	<u>712,751</u>	<u>712,751</u>
Basic Aid-Unrestricted Subtotal	\$33,401,357	\$33,647,773	\$33,755,204	\$33,981,047	\$34,209,967
Ohio Casino Commission ODT	<u>288,036</u>	<u>289,911</u>	<u>291,795</u>	<u>293,687</u>	<u>295,589</u>
Total Unrestricted State Aid Line # 1.035	<u>\$33,689,393</u>	<u>\$33,937,684</u>	<u>\$34,046,999</u>	<u>\$34,274,734</u>	<u>\$34,505,556</u>

B) Restricted State Revenues – Line # 1.040

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

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Economically Disadvantaged Aid	\$894,531	\$903,476	\$912,511	\$921,636	\$930,852
Career Tech - Restricted	104,360	104,360	104,360	104,360	104,360
Catastrophic Sp Ed Reimb.	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>
Total Restricted State Revenues Line #1.040	<u>\$1,323,891</u>	<u>\$1,332,836</u>	<u>\$1,341,871</u>	<u>\$1,350,996</u>	<u>\$1,360,212</u>

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2017 through 2021.

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

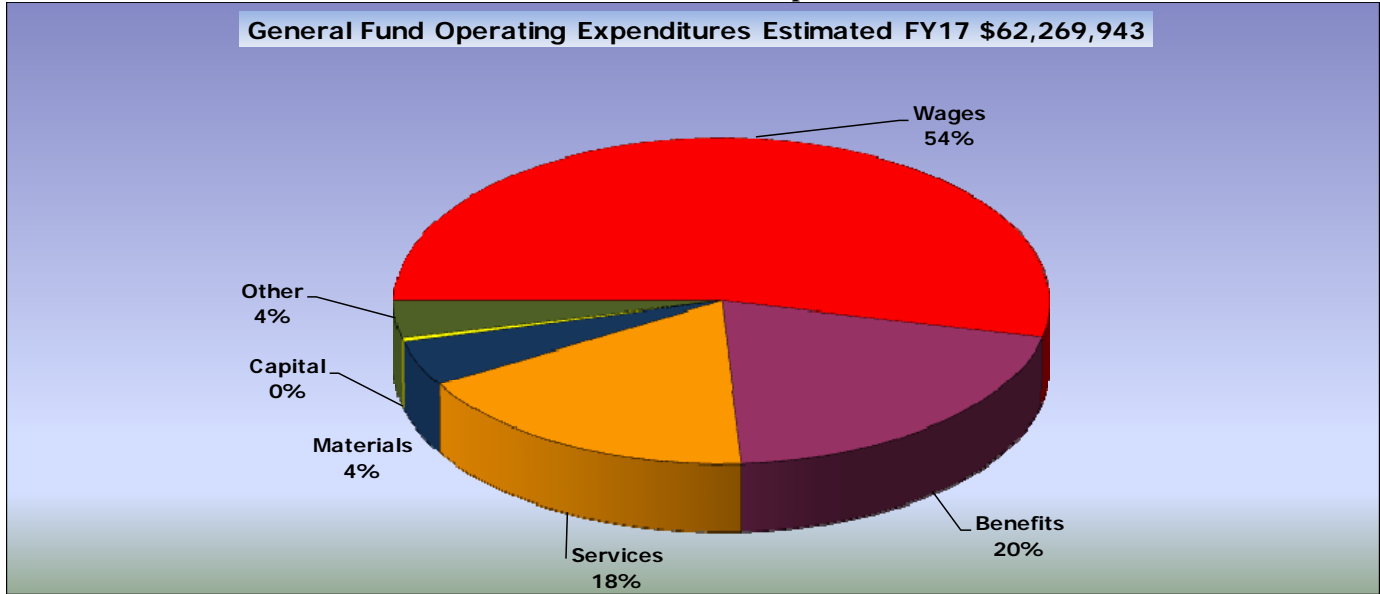
There is no short term borrowing planned for in this forecast at this time from any sources.

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

Other financing sources consist of advances 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 FY17-21.

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Base Wages	\$28,714,222	\$31,278,958	\$33,663,971	\$35,900,834	\$38,257,312
Increases/COA	861,427	861,427	938,369	1,009,919	1,077,025
Steps & Training/Performance Based Pay	1,148,569	1,148,569	1,251,158	1,346,559	1,436,033
Growth	554,740	375,017	47,336	0	0
Substitutes	1,263,649	1,276,285	1,289,048	1,301,938	1,314,957
Supplementals	448,544	493,399	542,739	597,012	656,714
Severance Pay/Other Compensation	350,000	350,000	350,000	350,000	350,000
Staff Reductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line 3.010	<u>\$33,341,151</u>	<u>\$35,783,655</u>	<u>\$38,082,621</u>	<u>\$40,506,262</u>	<u>\$43,092,041</u>

Fringe Benefits Estimates Line 3.02

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

A) STRS/SERS

SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. This will have the result of accelerating our costs by up to one-half a year's cost for SERS. We have taken the 1/6 additional costs per year for 6 years option. We are estimating this cost to be \$110,000 each year which began in fiscal year 2011 and ended in fiscal year 2016.

B) Insurance

The estimated increases for medical and dental insurance are 5% for fiscal year 2017 and 2018, and 7% for 2019-2021. The above 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 we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is reflecting no increase throughout the forecast. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

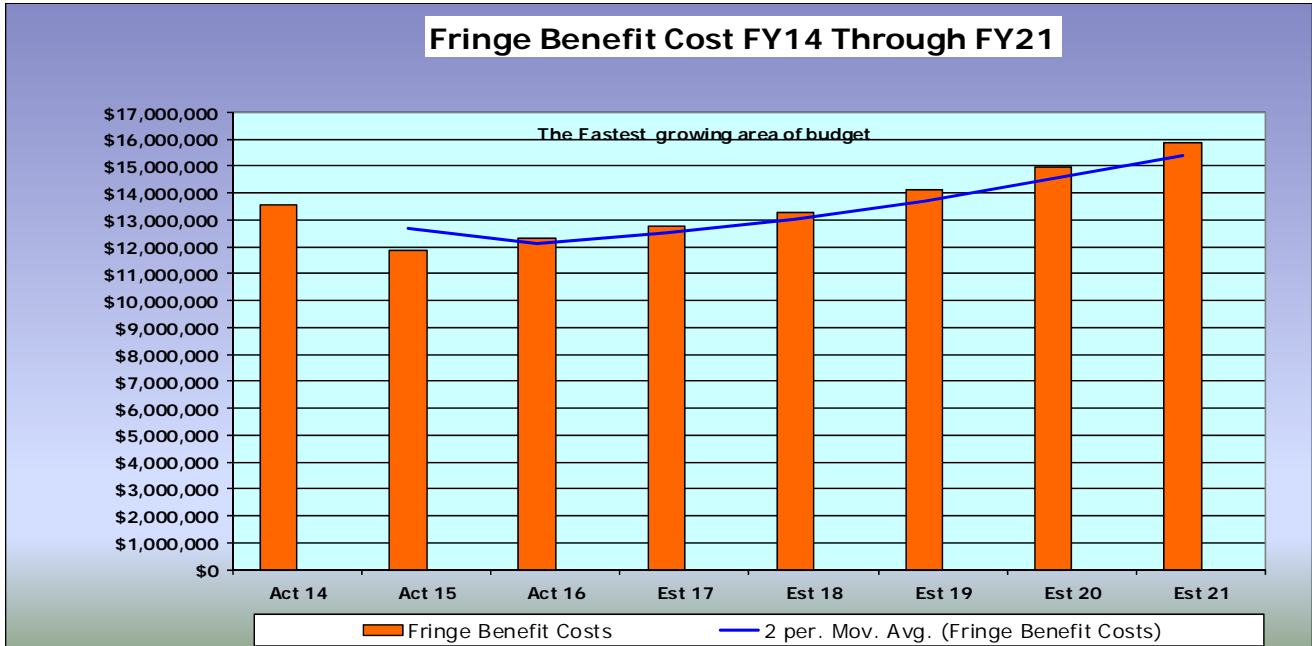
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
A) STRS/SERS	\$4,834,119	\$4,960,712	\$5,282,567	\$5,621,877	\$5,983,887
B) Insurance's	7,204,535	7,585,595	8,044,436	8,517,958	9,023,599
C) Workers Comp/Unemployment	212,990	212,990	212,990	212,990	212,990
D) Medicare	483,447	518,863	552,198	587,341	624,835
Other/Tuition	<u>5,421</u>	<u>5,421</u>	<u>5,421</u>	<u>5,421</u>	<u>5,421</u>
Total Line 3.020	<u>\$12,740,512</u>	<u>\$13,283,581</u>	<u>\$14,097,612</u>	<u>\$14,945,587</u>	<u>\$15,850,732</u>

**Fringe Benefits Actual Fiscal Year 2014 through Fiscal Year 2016 and
Estimated Fiscal Year 2017 through Fiscal Year 2021**

The graph below notes that health care is become the area of expenditures that 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 post-secondary enrollment option. Estimates for this line item were based on historical trends and estimated service needs. A 4% increase was incorporated throughout the forecast for inflationary purposes as well as estimated increases in community school deductions.

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Base Services	\$453,252	\$471,382	\$490,237	\$509,846	\$530,240
Professional Services	1,283,974	1,335,333	1,388,746	1,444,296	1,502,068
Open Enrollment Deduction	1,068,845	1,122,287	1,178,401	1,237,321	1,299,187
Community School Deductions	4,573,559	4,802,237	5,042,349	5,294,466	5,559,189
Other Tuition Including Ed Scholarship	856,701	899,536	944,513	991,739	1,041,326
Utilities	1,127,800	1,161,634	1,196,483	1,232,378	1,269,349
Property Maintenance and Repair	<u>1,525,074</u>	<u>1,586,077</u>	<u>1,649,520</u>	<u>1,715,500</u>	<u>1,784,120</u>
Total Line 3.030	<u>\$10,889,205</u>	<u>\$11,378,486</u>	<u>\$11,890,249</u>	<u>\$12,425,546</u>	<u>\$12,985,479</u>

Supplies and Materials – Line #3.040

An overall inflation of 3.0% is being estimated for this category of expenses. This is due to an anticipated increase in fuel costs and instructional materials as a whole.

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Supplies, Technology & Curriculum	\$2,214,361	\$1,880,792	\$1,937,216	\$1,995,332	\$2,055,192
Trasportation Fuel and Repairs	<u>574,053</u>	<u>591,275</u>	<u>609,013</u>	<u>627,283</u>	<u>646,101</u>
Total Line 3.040	<u>\$2,788,414</u>	<u>\$2,472,067</u>	<u>\$2,546,229</u>	<u>\$2,622,615</u>	<u>\$2,701,293</u>

Capital Outlay – Line # 3.050

Costs in FY 17-21 include purchasing equipment for students and staff and expected to increase 3% annually.

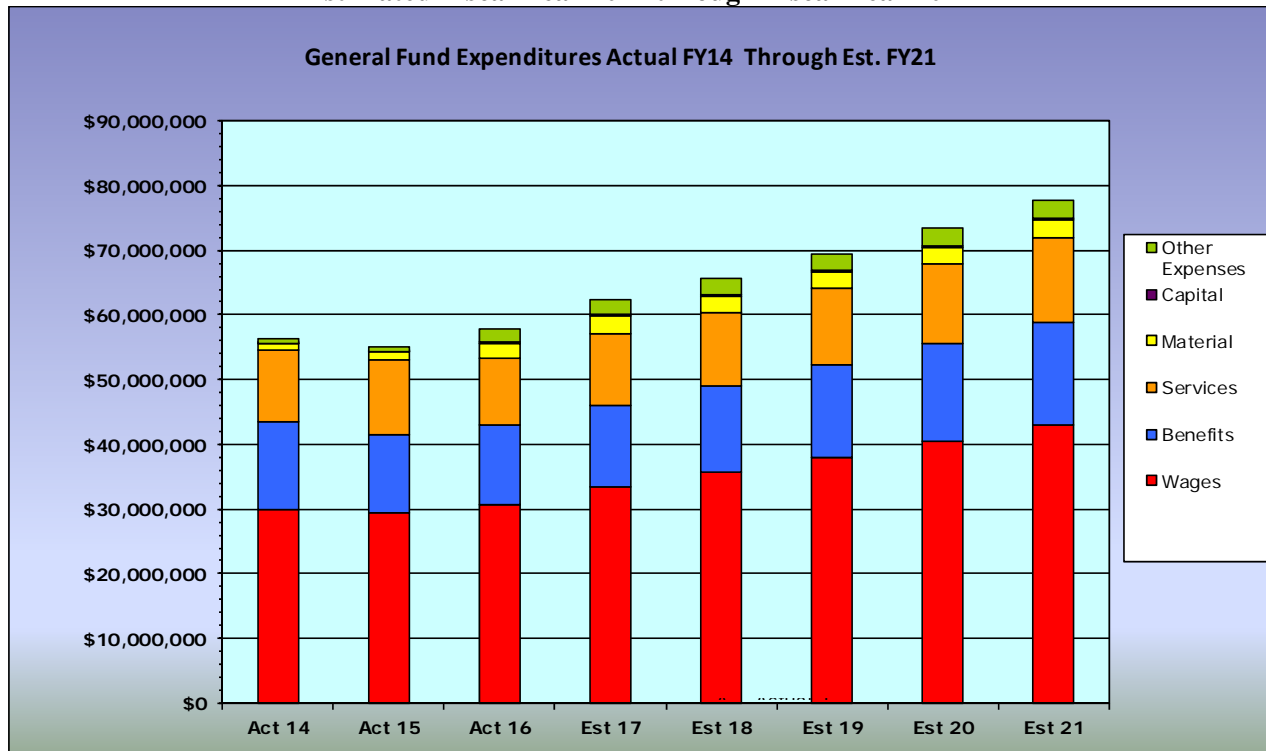
<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Capital Outlay	\$251,826	\$259,381	\$267,162	\$275,177	\$283,432
Replacement Bus Purchases	0	0	0	0	0
Budget Reserves or (Reductions)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line 3.050	<u>\$251,826</u>	<u>\$259,381</u>	<u>\$267,162</u>	<u>\$275,177</u>	<u>\$283,432</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 (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 increase of 3% for this forecast.

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
County Auditor & Treasurer Fees	\$385,437	\$397,000	\$408,910	\$421,177	\$433,812
County ESC	1,779,043	1,864,437	1,952,066	2,043,813	2,139,872
Other expenses	94,355	97,186	100,102	103,105	106,198
Budget Reductions	0	0	0	0	0
Total Line 4.300	<u>\$2,258,835</u>	<u>\$2,358,623</u>	<u>\$2,461,078</u>	<u>\$2,568,095</u>	<u>\$2,679,882</u>

Total Expenditure Categories Actual Fiscal Year 2014 through Fiscal Year 2016 and Estimated Fiscal Year 2017 through Fiscal Year 2021



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. Advances have limited impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

<u>Source</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Operating Transfers Out Line #5.010	\$0	\$0	\$0	\$0	\$0
Advances Out Line #5.020	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Total	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</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.

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Estimated Encumbrances	<u>\$1,200,000</u>	<u>\$1,200,000</u>	<u>\$1,200,000</u>	<u>\$1,200,000</u>	<u>\$1,200,000</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 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.

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>	<u>FY 21</u>
Ending Unencumbered Cash Balance	<u>\$32,807,873</u>	<u>\$34,964,406</u>	<u>\$33,382,585</u>	<u>\$28,082,459</u>	<u>\$18,820,105</u>

