

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER 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
JULY 1, 2018 THROUGH JUNE 30, 2023**



**Forecast Provided By
Lakota Local School District
Treasurer's Office
Ms. Jenni Logan, Treasurer/CFO
October 29, 2018**

Lakota Local School District

Butler 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				Average Change	Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
Revenues										
1.010 General Property Tax (Real Estate)	91,756,506	93,309,597	97,670,034	3.2%	96,056,298	100,150,118	101,503,846	102,816,612	103,886,866	
1.020 Tangible Personal Property	8,813	19,322	18,095	56.4%	-	-	-	-	-	
1.030 Income Tax	-	-	-	0.0%	-	-	-	-	-	
1.035 Unrestricted State Grants-in-Aid	49,105,446	49,630,539	51,451,089	2.4%	51,301,955	50,999,678	50,689,584	50,630,976	50,638,232	
1.040 Restricted State Grants-in-Aid	159,190	163,621	141,940	-5.2%	141,559	142,975	144,404	145,849	147,307	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	-	-	-	0.0%	-	-	-	-	-	
1.050 Property Tax Allocation	12,790,014	11,234,638	10,484,541	-9.4%	10,344,673	10,637,410	10,807,060	10,974,278	11,095,128	
1.060 All Other Revenues	15,568,573	19,500,864	19,657,578	13.0%	20,987,357	21,564,217	22,642,294	22,721,611	22,802,188	
1.070 Total Revenues	169,388,542	173,858,581	179,423,277	2.9%	178,831,842	183,494,398	185,787,188	187,289,326	188,569,721	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-	
2.020 State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-	
2.040 Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-	
2.050 Advances-In	67,070	8,283	8,839	-40.5%	20,000	20,000	20,000	20,000	20,000	
2.060 All Other Financing Sources	10,819	106,087	136,885	454.8%	20,000	20,000	20,000	20,000	20,000	
2.070 Total Other Financing Sources	77,889	114,370	145,724	37.1%	40,000	40,000	40,000	40,000	40,000	
2.080 Total Revenues and Other Financing Sources	169,466,431	173,972,951	179,569,001	2.9%	178,871,842	183,534,398	185,827,188	187,329,326	188,609,721	
Expenditures										
3.010 Personal Services	82,925,932	85,088,916	87,971,208	3.0%	93,618,960	96,764,557	100,015,846	103,016,321	106,106,811	
3.020 Employees' Retirement/Insurance Benefits	29,112,820	29,097,693	29,996,697	1.5%	31,175,643	31,914,152	32,461,384	33,736,998	35,462,782	
3.030 Purchased Services	30,958,101	33,685,267	36,726,498	8.9%	35,592,050	36,480,271	37,396,501	38,341,827	39,317,384	
3.040 Supplies and Materials	3,682,919	4,108,926	4,472,115	10.2%	5,612,320	4,779,536	4,851,229	4,923,997	4,997,857	
3.050 Capital Outlay	595,241	614,959	800,291	16.7%	1,103,105	919,651	933,446	947,448	961,659	
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010 Principal-All (Historical Only)	565,000	733,000	663,000	10.1%	-	-	-	-	-	
4.020 Principal-Notes	-	-	-	0.0%	-	-	-	-	-	
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-	
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-	
4.050 Principal-HB 264 Loans	740,000	772,000	777,000	2.5%	802,000	827,000	846,000	856,000	856,000	
4.055 Principal-Other	-	-	-	0.0%	638,000	653,000	664,000	689,000	689,000	
4.060 Interest and Fiscal Charges	354,394	404,528	344,180	-0.4%	298,402	253,158	211,567	183,113	183,113	
4.300 Other Objects	1,684,074	1,666,136	1,692,181	0.2%	1,829,592	1,879,281	1,863,138	1,947,630	1,958,184	
4.500 Total Expenditures	150,618,481	156,171,425	163,443,170	4.2%	170,670,072	174,470,606	179,243,111	184,642,334	190,532,790	
Other Financing Uses										
5.010 Operating Transfers Out	1,190,931	1,678,897	1,743,379	22.4%	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	
5.020 Advances-Out	8,283	8,839	-	-46.6%	20,000	20,000	20,000	20,000	20,000	
5.030 All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-	
5.040 Total Other Financing Uses	1,199,214	1,687,736	1,743,379	22.0%	1,820,000	1,820,000	1,820,000	1,820,000	1,820,000	
5.050 Total Expenditures and Other Financing Uses	151,817,695	157,859,161	165,186,549	4.3%	172,490,072	176,290,606	181,063,111	186,462,334	192,352,790	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	17,648,736	16,113,790	14,382,452	-9.7%	6,381,770	7,243,792	4,764,077	866,992	(3,743,069)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	51,274,403	68,923,139	85,036,929	28.9%	99,419,381	105,801,151	113,044,943	117,809,020	118,676,012	
7.020 Cash Balance June 30	68,923,139	85,036,929	99,419,381	20.1%	105,801,151	113,044,943	117,809,020	118,676,012	114,932,943	
8.010 Estimated Encumbrances June 30	475,131	826,240	423,349	12.6%	500,000	500,000	500,000	500,000	500,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-	
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-	
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-	
9.040 DPIA	-	-	-	0.0%	-	-	-	-	-	
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-	
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-	
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-	
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-	
9.080 Subtotal	-	-	-	0.0%	-	-	-	-	-	
10.010 Fund Balance June 30 for Certification of Appropriations	68,448,008	84,210,689	98,996,032	20.3%	105,301,151	112,544,943	117,309,020	118,176,012	114,432,943	

Lakota Local School District

Butler 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				Average Change	Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018			Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	-	-	-	-	-
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	68,448,008	84,210,689	98,996,032	20.3%	105,301,151	112,544,943	117,309,020	118,176,012	114,432,943	
Revenue from New Levies										
13.010 Income Tax - New				0.0%	\$0	\$0	\$0	\$0	\$0	\$0
13.020 Property Tax - New	-	-	-	0.0%	-	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-	-
14.010 Revenue from Future State Advancements	-	-	-	0.0%	-	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	68,448,008	84,210,689	98,996,032	20.3%	105,301,151	112,544,943	117,309,020	118,176,012	114,432,943	

Lakota Local School District – Butler County
Notes to the Five-Year Forecast
General Fund, Related Debt and Federal Funds Only
October 29, 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.

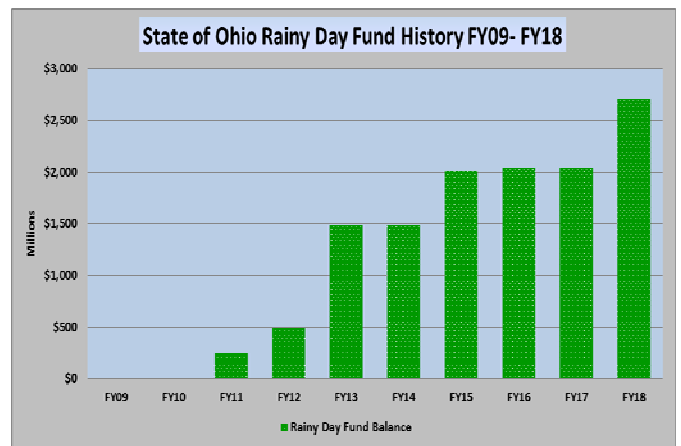
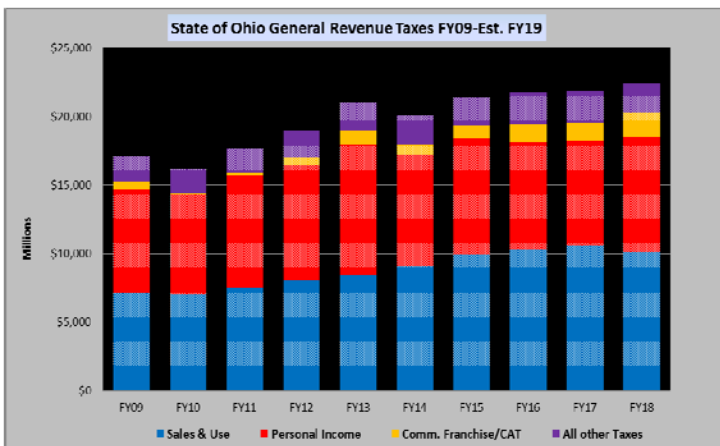
State Economic Variables Affecting the Five Year Forecast

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.

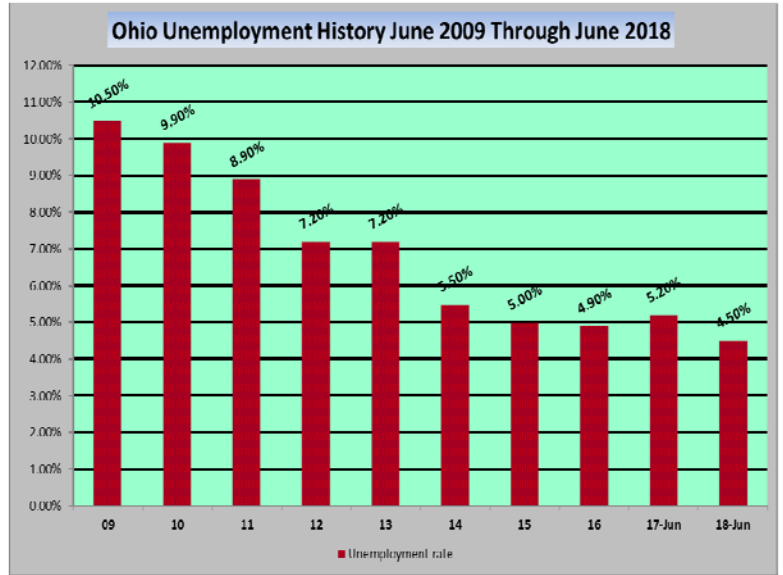
The first graph below notes that the State of Ohio revenues through FY18 have recovered in spite of the personal income tax cuts in FY15 and FY16. State revenue has been relatively flat since FY15 due to reductions in income tax rates. The state economy is not expected to tip into a recession during 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.

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 and will help long term if there is an economic slow down. This cushion should continue to help ensure that funding for schools approved in the new state biennium budget to be approved in June 2019 should be met through FY21 even if a brief slow down in the economy occurs as some economists anticipate by 2021.



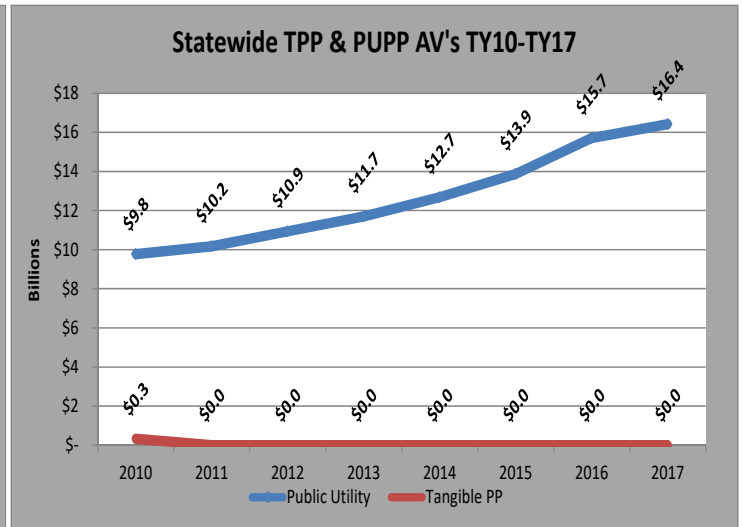
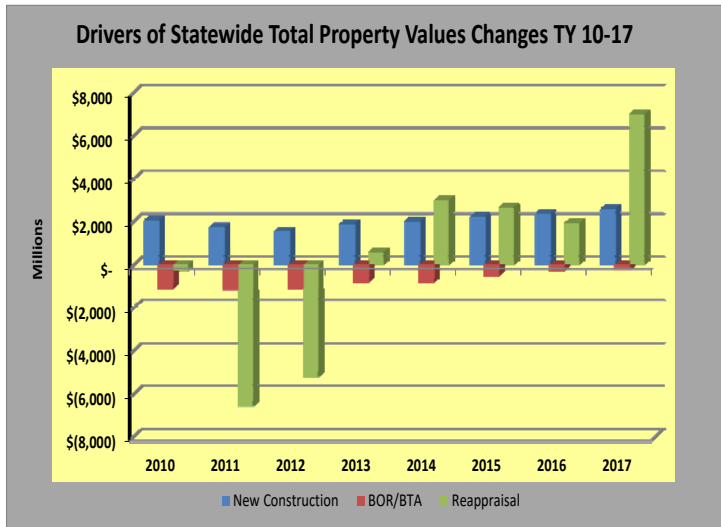
Source: Ohio Legislative Service Commission

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 at 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 August 2018, the unemployment rate in Butler County was 4.1 % which is below the 4.6% 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 below 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 second graph below 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 economy of the state 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 economics 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. This five year forecast includes

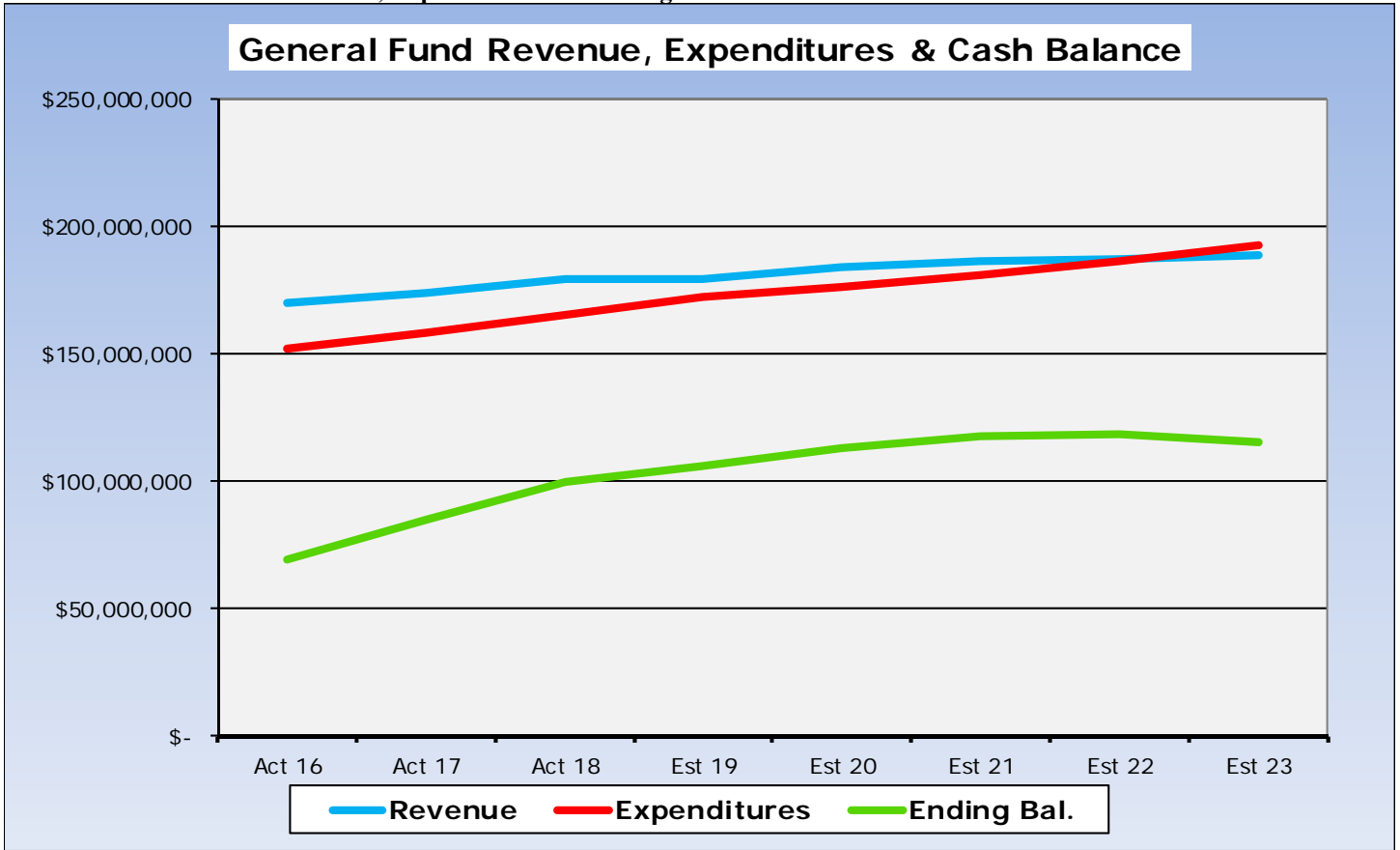
two future biennium budgets which do have a material impact. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

- I. Butler County experienced a reappraisal update in the 2017 tax year and is being collected in calendar year 2018. The 2017 update increased overall residential assessed values by 8.67%. A full reappraisal will occur in tax year 2020 for collection in calendar year 2021. We anticipate value increases for residential and commercial property by an overall rate of 5% at that time. This estimate is in line with recent actual history as we track the market recovery in our district. We feel these estimates are conservative but they could unexpectedly be lower which would reduce anticipated property tax collections. New construction assessed value in 2017 for residential property was \$35 million and \$7.5 million for commercial industrial property.
- II. HB64, the previous state budget, reinstated the phase out of district Tangible Personal Property (TPP) reimbursements that were promised under previous budget bills. HB64 began the phase out in FY16 & FY17 based on Quintiles. Beginning in FY18, SB208 will take over and ease the TPP phase out by lowering the payment each year by what five-eighths (5/8) of a mill would raise locally. SB 208, which made corrections to HB64, did include a TPP Supplemental hold harmless payment provision for districts whose loss would have resulted in FY16 total state revenues being less than state revenues received in FY15, and further guaranteed that FY17 payments would equal 96% of FY15 state aid. We received a \$2,621,153 payment in FY16, and \$1,047,527 in FY17, which will hold us harmless up to 96% of state aid we received in FY15. HB49, the new state budget continues the TPP Fixed Rate Reimbursement phase-out continuing the language provided for in SB208. We have estimated that we will receive a final payment of a minimal amount in 2018 and our TPP reimbursement will be gone beginning in FY19. This will cost our district \$3,146,223 in reduced state revenue annually, which is equal to a 1.2 mill-operating levy annually.
- III. The State Budget represents 29% of district revenues, which means it is a significant area of risk to revenue. The risk appears beginning in FY20, which is the date for the next state biennium budget. If the state economy worsens the education budget could decrease. Additionally, if changes to the funding formula are made, our district is always at risk of decreased funding. 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.
- IV. There are many provisions in the current state budget bill (HB49) that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus and increases in amounts deducted from our state aid. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in fiscal year 2016 from \$20,000 to \$27,000 each, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood and utilized. 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.

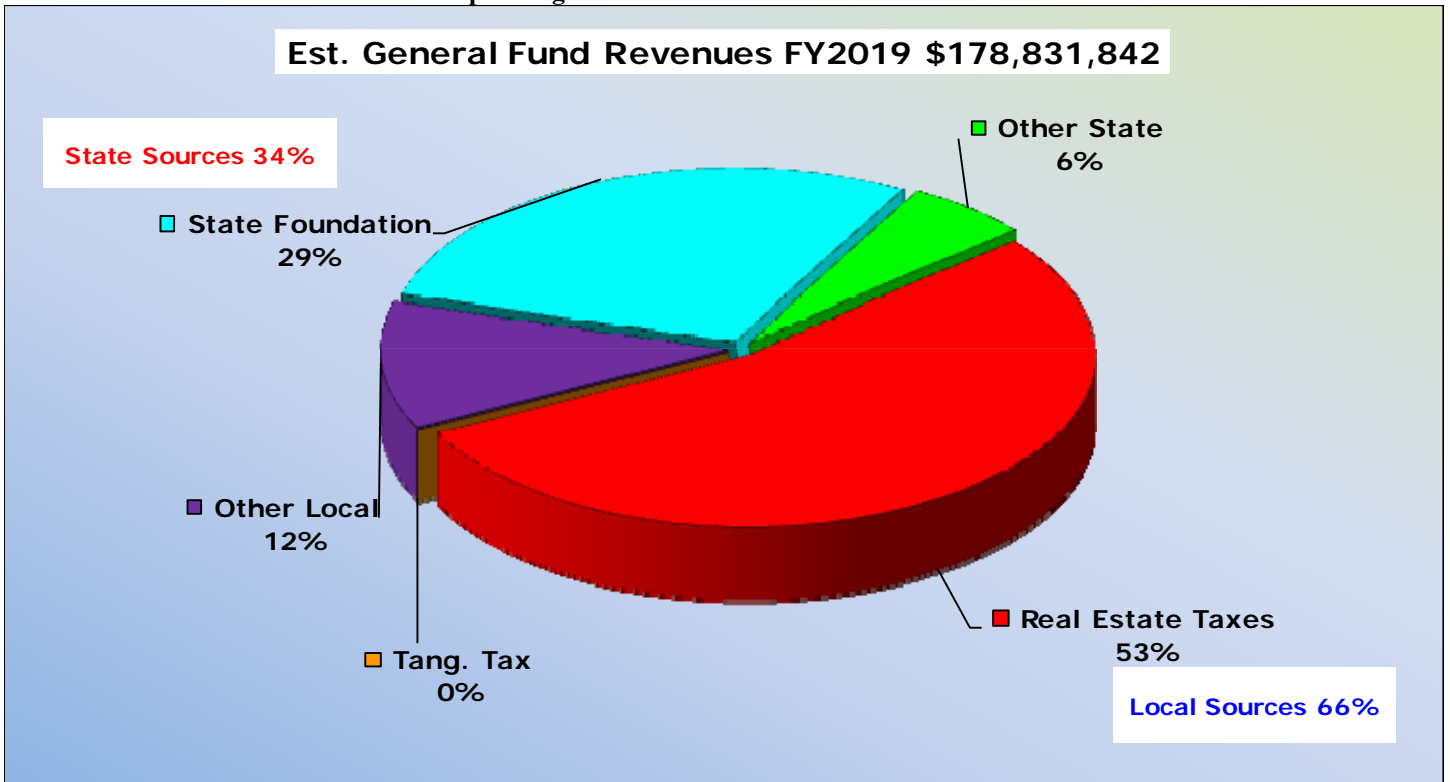
Labor relations in our district have been amicable with all parties working for the best interest of students. We believe as we move forward our positive working relationship will continue and will only grow stronger. Both labor union contracts were finalized in the spring. The new master contracts cover the period of July 1, 2018 through June 30, 2021.

The district's five-year forecast identifies major revenue, expenditures and balances by line number. Those 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 actual 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 Ms. Jenni Logan, Treasurer/CFO of Lakota Local Schools at 513-644-1180.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY16-18 and Estimated FY19-23



Revenue Assumptions
Operating Revenue Sources General Fund FY19



Real Estate Value Assumptions – Line # 1.010

Property values have shown a trend of recovering since 2014 and the pace of the recovery is picking up. Our 2017 reappraisal update shows value increasing at a pace not seen since before 2008. When the district values rise due to inflation, HB920 will reduce voted tax rates so there is no increase other than on the unvoted inside millage amount. As we get further away from the recession of 2008 our values will continue to increase and HB920 will prevent our district from collecting additional revenues from those increased values.

Property Values are established each year by the Butler County Auditor based on new construction and complete reappraisal or updated values, which occur every three (3) years. The update for 2017 has shown 8.67% increase for residential and 2.53% increase for commercial. Our new construction continues to exceed our expectations. We are watching new construction closely to determine the trend direction for the forecast period.

Tangible personal property (TPP) values decreased to \$-0- in 2011 because of HB66 passed in 2005 to be effective July 1, 2005. This began a systematic phase-out of this tax base statewide to be replaced by a Commercial Activities Tax (CAT). The district has not been held harmless from the loss of the local taxes by the state TPP reimbursements noted below for Line # 1.050, under TPP Reimbursements due to cuts made in HB153 reimbursements. In 2004, our district’s TPP values were \$183,373,135 and yielded the General Fund \$11,119,738, in local taxes, which is equivalent to losing a 4.42 mill levy each year. Eliminating the TPP taxes, in effect, transferred the burden for those lost dollars into increased taxes on local taxpayers, a shift of taxes from businesses to residential taxpayers.

CAUV values represent 1% of Class I residential/agricultural values and therefore is not a significant part of our tax base. HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30%. These reductions will occur in 2017 for our district and have been factored in to the overall Class I value increase of 7%, which is marginally lower than it would have been with out this change to HB49.

Estimated Assessed Property Valuations by Collection Years

<u>Classification</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
	<u>TAX YEAR 2018</u>	<u>TAX YEAR 2019</u>	<u>TAX YEAR 2020</u>	<u>TAX YEAR 2021</u>	<u>TAX YEAR 2022</u>
	<u>COLLECT 2019</u>	<u>COLLECT 2020</u>	<u>COLLECT 2021</u>	<u>COLLECT 2022</u>	<u>COLLECT 2023</u>
Res./Ag.	\$2,320,966,690	\$2,346,916,690	\$2,490,212,524	\$2,516,162,524	\$2,542,112,524
Comm./Ind.	571,814,330	576,314,330	580,814,330	585,314,330	589,814,330
Public Utility (PUPP)	102,952,960	104,952,960	106,952,960	108,952,960	110,952,960
Tangible Property (TPP)	0	0	0	0	0
Total	<u>\$2,995,733,980</u>	<u>\$3,028,183,980</u>	<u>\$3,177,979,814</u>	<u>\$3,210,429,814</u>	<u>\$3,242,879,814</u>

Estimated Real Estate Tax Collections

Property tax levies are estimated to be collected at 100% of the annual amount. The tax settlements in August 2017 and February 2018 showed an improvement in current tax collections over 2017. These are positive signs that the economy is improving. Technically 100% of taxes will be settled on property due to Ohio’s Tax Law. However, the timing of the tax payments necessitates a conservative approach to estimated resources due to the current state of the economy. Property taxes are estimated to be 52.5% of the Res/Ag. and Comm. /Ind. expected to be collected in the February tax settlements and 47.5% collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in the February and 50% in the August settlement from the Butler County Auditor. Gross and effective tax rates for General Fund Operations for 2017 collected in 2018 noted below.

<u>Tax Levies</u>	<u>Year Approved</u>	<u>Last Calendar Year of Collection</u>	<u>Full Tax Rate</u>	<u>Effective Rates</u>	
			<u>(per \$1,000 of assessed valuation)</u>	<u>Res/Ag</u>	<u>Comm/Ind</u>
Inside Ten Mill Limitation	n/a	n/a	\$ 6.49	\$ 6.49	\$ 6.49
Continuing Operating	1976	n/a	15.88	2.95	4.99
Continuing Operating	1978	n/a	3.80	.71	1.19
Continuing Operating	1985	n/a	5.90	2.14	2.80
Continuing Operating	1988	n/a	5.67	2.33	3.18
Continuing Operating	1991	n/a	5.90	3.27	4.43
Continuing Operating	1996	n/a	6.50	4.16	5.72
Continuing Operating	2000	n/a	4.90	3.57	4.68
Continuing Operating	2005	n/a	5.60	4.99	5.35
Continuing Operating	2013	n/a	3.50	3.13	3.34
Total Gross & Effective Tax Rates			<u>\$64.14</u>	<u>\$33.74</u>	<u>\$42.17</u>

The increase in tax revenue we predicted for fiscal year 2018 in the October 2017 forecast is mainly due to an abnormally high collection of taxes in the first half settlement received in 2018 caused by changes made December 2017 in federal tax laws limiting the deductibility of state and local taxes (SALT taxes) in calendar year 2018. The new tax code which became effective January 1, 2018 will limit deduction of SALT taxes to \$10,000 annually. Many tax payers paid all or an estimate of their 2018 taxes in December 2017 in order to take these deductions on their 2017 federal taxes. This resulted in our first half settlement in 2018 being an estimated \$2,161,506 higher than it should have been. Note, this is not additional new taxes, these advance payments for 2018 will be deducted from the second half settlement. In essence, we received an advance payment for the second half of 2018 tax collections. This will result in FY18 taxes being higher on the forecast, and FY19 appearing lower, as deducting the advanced payment portion of taxes from the second half 2018 collection falls into fiscal year 2019. By fiscal year 2020 tax collections should return to normal collection amounts for the first and second half settlements.

The termination of a portion of the Union Centre Boulevard TIF prior to its expiration is also reflected beginning in fiscal year 2019. This is estimated to generate an additional \$1.4 million in calendar year tax revenue. Therefore, we have predicted ½ of this collection in 2019 and full collection thereafter. Additionally, two RIDs were terminated in Liberty Township which have resulted in additional tax revenue and less PILOT (payments in lieu of taxes) payments to the District. Which all these complicated revenue changes converging at the same time it is difficult to predict the exact amount of additional dollars collected due to the SALT changes.

Estimated Real Estate Tax Collections - Line #1.010

Source	FY19	FY20	FY21	FY22	FY23
Estimated Real Estate Tax Line 1.01	\$96,056,298	\$100,150,118	\$101,503,846	\$102,816,612	\$103,886,866

New Tax Levies – Line #13.020

No new tax levies are modeled in this five-year forecast.

Estimated Tangible Personal Tax – Line#1.020

The phase out of TPP taxes as noted earlier began in FY06 because of HB66, which systematically phased out General Personal Property tax along with telephone/railroad public utility property by 2011. The last collection of local TPP taxes was October 2010. Any amounts received in the forecast period are from settlement of old outstanding delinquent TPP taxes. These settlements are not determinable and are not estimated.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

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 district regarding state funding 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 formula continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula’s measure of a district’s 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 .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. The higher the percentage of agricultural value, the 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 Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
- 5) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
- 6) Gifted Funds –Based on average daily membership at \$5.05 in FY18 & FY19.
- 7) 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.
- 8) 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 the CAP amount paid districts to reduce state costs:

- 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 & FY19 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 & FY19 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 lose 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 not anticipated to be a Transitional Guarantee District.

We are anticipated to be a formula district in FY19.

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 districts 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 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 district's previous year state aid. Cap limit will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.

Our district is not anticipated to be a Gain Cap district during the forecast period.

Our current SFPR estimates for FY19 are using September #1 SFPR average daily membership (ADM) and holding student numbers steady for the remainder of the forecast. The District is anticipating a new enrollment study to be complete before January 1, 2019. We will update our enrollment projections at that time. 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 2019, 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 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 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.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Basic Aid-Per HB59	\$47,507,973	\$47,197,238	\$46,878,602	\$46,811,367	\$46,809,908
Additional Items	1,948,229	1,948,229	1,948,229	1,948,229	1,948,229
Basic Aid- Subtotal	49,456,202	49,145,467	48,826,831	48,759,596	48,758,138
Casino & Catastrophic Aid	<u>1,845,753</u>	<u>1,854,211</u>	<u>1,862,753</u>	<u>1,871,380</u>	<u>1,880,094</u>
Total Unrestricted State Aid Line # 1.035	<u>\$51,301,955</u>	<u>\$50,999,678</u>	<u>\$50,689,584</u>	<u>\$50,630,976</u>	<u>\$50,638,232</u>

B) Restricted State Revenues – Line # 1.040

HB49 continues funding two restricted sources of revenues to school district, which are Economic Disadvantaged Funding, and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY19-23.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Economically Disadvantage Aid	\$111,903	\$113,022	\$114,152	\$115,293	\$116,446
Career Tech Aid	<u>29,657</u>	<u>29,953</u>	<u>30,253</u>	<u>30,555</u>	<u>30,861</u>
Total Restricted State Revenues Line #1.040	<u>\$141,559</u>	<u>\$142,975</u>	<u>\$144,404</u>	<u>\$145,849</u>	<u>\$147,307</u>

C) Restricted Federal Grants in Aid – line #1.045

There are no restricted federal funds projected in the forecast at this time.

<u>Summary</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
A) Unrestricted State Aid Line 1.035	\$51,301,955	\$50,999,678	\$50,689,584	\$50,630,976	\$50,638,232
B) Restricted State Aid Line 1.040	<u>141,559</u>	<u>142,975</u>	<u>144,404</u>	<u>145,849</u>	<u>147,307</u>
Total State Foundation Revenue	<u>\$51,443,514</u>	<u>\$51,142,653</u>	<u>\$50,833,989</u>	<u>\$50,776,825</u>	<u>\$50,785,539</u>

State Tax Reimbursements/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 (such as our November 5.5 mill combined levy) 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 were 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

School districts were to be reimbursed for the TPP tax losses by the state of Ohio at varying levels through 2026 but those reimbursements were severely curtailed or eliminated by HB153 effective July 1, 2012. The state of Ohio reduced its funding to school districts for TPP reimbursements from \$1.13 billion in FY11 to \$510 million in FY13, where it was frozen for FY15. HB64 the previous state budget eliminated TPP reimbursements to our district going forward. The \$330,984 payment we received in January, 2018 is the 20% portion of the FY17 TPP supplement payment, which was part of HB64. Our current state budget HB49 does not contain a TPP supplement or guarantee. Our district is losing \$3.14 million each year because of legislative cuts to our funding.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
A) Rollback and Homestead	\$10,344,673	\$10,637,410	\$10,807,060	\$10,974,278	\$11,095,128
B) TPP Reimbursement - Fixed Rate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line 1.050	<u>\$10,344,673</u>	<u>\$10,637,410</u>	<u>\$10,807,060</u>	<u>\$10,974,278</u>	<u>\$11,095,128</u>

Other Local Revenues – Line #1.060

The School District received payments in lieu of taxes from several TIFs and RIDs to help facilitate economic development within the district. These are significant revenue sources for the district. In total the Lakota Local School District’s borders include 8 TIF districts for West Chester Township, 12 TIF/RID districts for Liberty Township and 4 TIF districts for Butler County. The District currently receives compensation on all but one TIF, the Union Centre (UCB) TIF. The TIF district was created before legislation was adopted

which required school district involvement/approval. Due to the early expiration of a portion of the UCB TIF the District will begin receiving tax revenue in the collection year of 2019. The total annual amount is forecasted at \$1.4 million. West Chester did extend the remaining UCB TIF district for 15 years but at the same time worked with the District to modify the current 747 TIF. The modifications agreed to in this amendment are predicted to produce an additional \$2 million in revenue for the District beginning in tax collection year 2020. All other TIFs involve some sort of compensation agreement with the district. Unfortunately, not all agreements hold the district financially harmless. The district strives to balance the economic vitality of the entire community with the financial well-being of the district. Two RIDs in Liberty Township have also been terminated early, Hawthorne Hills and Allen Estates which have lowered our payments beginning in 2018 and beyond. This has merely moved the revenue line item from Other Local Revenues to Real Estate Tax collections.

The school district receives tuition for special education students from other districts who attend the Lakota Local School District. Tuition is forecasted to increase slightly for fiscal years 2019 through 2023. The District does allow open enrollment tuition now and has held the cap in an attempt to offset the open enrollment number of students going out. The goal is to try to make the open enrollment in this District a non-issue on the financial statements and not require any additions to staff.

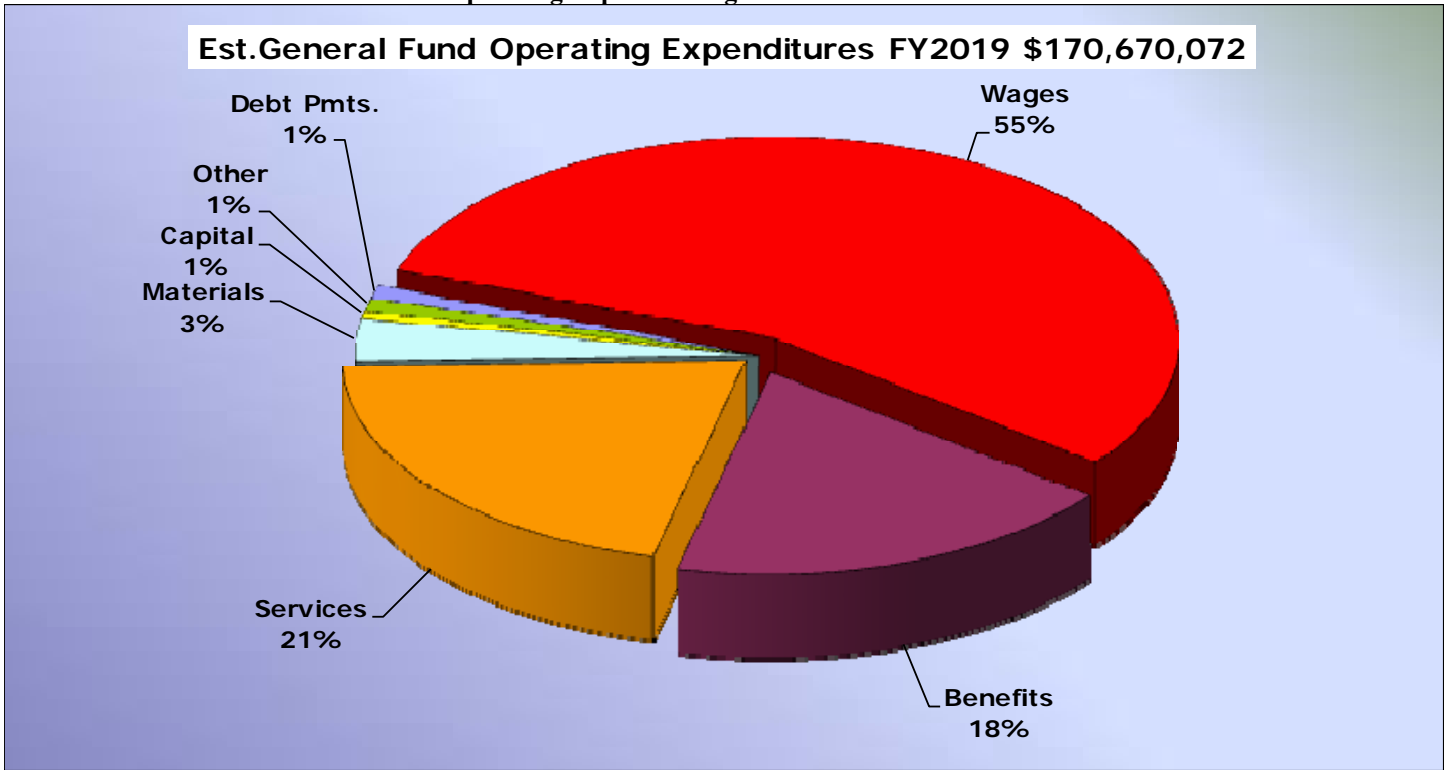
<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Payment In Lieu of Taxes	\$13,000,000	\$13,500,000	\$14,500,000	\$14,500,000	\$14,500,000
Open Enrollment In	1,666,000	1,666,000	1,666,000	1,666,000	1,666,000
Interest	2,246,144	2,291,067	2,336,888	2,383,626	2,431,299
Credit card transaction fee	0	0	0	0	0
Tuition	2,410,372	2,434,476	2,458,821	2,483,409	2,508,243
Rentals	131,530	131,530	131,530	131,530	131,530
Medicare Reimbursement	750,000	750,000	750,000	750,000	750,000
Miscellaneous	<u>783,311</u>	<u>791,144</u>	<u>799,055</u>	<u>807,046</u>	<u>815,116</u>
Total Other Local Revenues 1.060	<u>\$20,987,357</u>	<u>\$21,564,217</u>	<u>\$22,642,294</u>	<u>\$22,721,611</u>	<u>\$22,802,188</u>

All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010

There is no short-term borrowing planned for in this forecast at this time from any sources. Other financing sources consist of advances that the school district anticipates during the forecasted period. Advances are approved 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.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Advance Returns	20,000	20,000	20,000	20,000	20,000
Total Transfer & Advances In	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Refund of prior years expenditures Line 2.06	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

**Expenditures Assumptions
All Operating Expense Categories - General Fund FY19**



Wages – Line #3.010

The expenditures in this category represent salaries and wages for services rendered for all union and non-union employees. The agreement with LEA (Lakota Education Association) provides for a 1.97% COLA (cost of living adjustment) for each year as well as a 3.5%, 3.25%, 3.25% increase on the base for each year of the contract. The contract for LSSA transitions to a new salary schedule which provides for a 1% COLA and a 2.5% increase on the base for the next three (3) years. Administrative and non-represented salary increases for the future have been estimated at 3% annually.

The trend in total wage increase versus the base plus COLA increases have resulted in a lesser net result. Therefore, we are predicting an overall 3.35% increase in 2020, 2021, and 2022. We are predicting a flat 3% increase for the final two years of the forecasted period.

Stipend, supplemental, severance and sub cost for classified positions are included in this line item also.

Staffing and Enrollment

The District has put into place a process to analyze and audit classroom sizes. We will continue this practice and align classroom teachers to enrollment. The District moved to all day kindergarten this school year and our overall ADM (average daily membership) has increased. We are predicting our enrollment will remain constant throughout this forecast. When the new demographic study is complete we will adjust our enrollment projections accordingly. No additional staff are projected during this forecasted period.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Base Wages	\$87,971,208	\$93,618,960	\$96,764,557	\$100,015,846	\$103,016,321
Increases	<u>5,647,752</u>	<u>3,145,597</u>	<u>3,251,289</u>	<u>3,000,475</u>	<u>3,090,490</u>
Total Wages Line 3.010	<u>\$93,618,960</u>	<u>\$96,764,557</u>	<u>\$100,015,846</u>	<u>\$103,016,321</u>	<u>\$106,106,811</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs. With the exception of health insurance, all are directly related to the wages paid.

A) Retirement Contributions

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

In January, 2019, the District will be moving from Anthem to Medical Mutual of Ohio (MMO) for health care coverage of its employees. This move facilitates a 1% decrease in premiums which will remain constant for two (2) additional years. We also negotiated a contingent premium agreement which could result in a payment back to the district if our loss ratios result positively at the end of the third year. Premiums reflect a 1 percent increase for dental insurance. Both increases are 1 percent less than our guaranteed caps. Based on national trends, we are assuming a 10 percent annual increase in premiums beginning in 2022 for health insurance. Additionally, we are assuming a 5 percent annual increase in premiums for dental insurance for the same time period. Life insurance is estimated to be \$120,000 annually. These premium increases/(decreases) are inclusive of all additional fees associated with the PPACA. The district works hard to control these costs.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act (PPACA)** commonly called the **Affordable Care Act (ACA)**, is a United States federal statute signed into law 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.

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. 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 coverage that do not have coverage now. 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

Lakota is one of a handful of Districts in the state who have taken advantage of self-insuring their Workers Compensation. We have historically funded this at slightly less than 1% of wages. This move to self-insurance has saved the District and its residents millions of dollars over the past decade. After meeting with our worker's comp consultant, Hunter Consultants, and analyzing our cash reserve and maximum exposure, we are setting a reserve target of \$750,000. To meet this reserve target, we have been taking an advantage of a premium vacation which will end in 2019. Unemployment compensation has been a negligible cost for the district.

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>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
STRS/SERS	\$14,426,222	\$14,951,322	\$15,453,687	\$15,922,523	\$16,400,198
Insurance's	15,307,425	15,307,425	15,307,425	16,072,796	17,278,256
Workers Comp/Unemployment	130,000	300,000	300,000	300,000	300,000
Medicare	1,291,942	1,335,351	1,380,219	1,421,625	1,464,274
Other	<u>20,054</u>	<u>20,054</u>	<u>20,054</u>	<u>20,054</u>	<u>20,054</u>
Total Fringe Benefits Line 3.020	<u>\$31,175,643</u>	<u>\$31,914,152</u>	<u>\$32,461,384</u>	<u>\$33,736,998</u>	<u>\$35,462,782</u>

Purchased Services – Line #3.030

This line includes contracted services, utilities, legal services, data processing, tuition and professional meetings expenses.

Key factors affecting this category include:

- Transportation services with Petermann Transportation are projected based upon the new contract in place. Under the leadership of Mr. Chris Passarge, our COO, we were able to negotiate a decrease in our transportation services contract with Petermann. This annual reduction of over \$2 million beginning in fiscal year 2019 is reflected in this forecast
- Utility costs are predicted to increase 3% annually due to market factors. Management is utilizing various methods to reduce costs. These methods include renegotiating contracts as well as our energy conservation projects, which are producing positive results.
- Tuition paid to community schools, open enrollment, choice scholarships, post- secondary education option costs, and tuition paid for students who are court placed in other districts are projected to increase 5% annually.
- The pre-school program continues to be contracted through the Butler County ESC.
- The District continues to out-source the payroll for substitute teachers.
- An inflationary increase of 1.5 percent is predicted in all other areas of this line item.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Postage & Advertising	\$264,564	\$268,532	\$272,560	\$276,648	\$280,798
Transportation	15,375,000	15,682,500	15,996,150	16,316,073	16,642,394
CS/OE/CCP/Scholarships/Tuition	6,892,990	7,237,640	7,599,521	7,979,498	8,378,472
Professional Services	9,044,167	9,179,830	9,317,527	9,457,290	9,599,149
Repairs & Maintenance	628,389	637,814	647,382	657,092	666,949
Rental & Lease Payments	461,149	468,066	475,087	482,214	489,447
Utilities	2,413,939	2,486,357	2,560,948	2,637,776	2,716,909
Travel & Meeting Exp.	385,000	390,775	396,637	402,587	408,625
Property Insurance	126,853	128,755	130,687	132,647	134,637
Total Purchased Services Line 3.030	<u>\$35,592,050</u>	<u>\$36,480,271</u>	<u>\$37,396,501</u>	<u>\$38,341,827</u>	<u>\$39,317,384</u>

Supplies and Materials – Line #3.040

An overall inflation rate of 1.5 percent is being estimated for this category of expenses, which are characterized, by textbooks, copy paper, maintenance supplies and materials, etc. The cost of diesel fuel for buses and necessary repairs required for existing school buildings are forecasted to increase for fiscal years 2019 through 2023.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
General Supplies	\$536,514	\$544,562	\$552,730	\$561,021	\$569,436
Instructional Supplies	1,888,640	1,000,000	1,015,000	1,030,225	1,045,678
Health Supplies	11,356	11,526	11,699	11,874	12,052
Textbooks & Library Books	737,665	748,730	759,961	771,360	782,931
Building Maintenance Supplies	799,317	811,307	823,476	835,828	848,366
Fuel for vehicles	914,075	927,786	941,703	955,829	970,166
Software & Computer Supplies	<u>724,754</u>	<u>735,625</u>	<u>746,660</u>	<u>757,859</u>	<u>769,227</u>
Total Line 3.040	<u>\$5,612,320</u>	<u>\$4,779,536</u>	<u>\$4,851,229</u>	<u>\$4,923,997</u>	<u>\$4,997,857</u>

Equipment – Line # 3.050

The capital outlay category consists of any item with a life expectancy of five years or more, such as land, buildings, ground improvements, computers/technology, buses, vehicles, furnishings and equipment. With the passage of the permanent improvement 2 mill levy, we are able to move most of the expenditures for the upkeep and maintenance of all 25 of the Districts' facilities. This fund is held outside the general fund and is not reflected in the 5-year forecast.

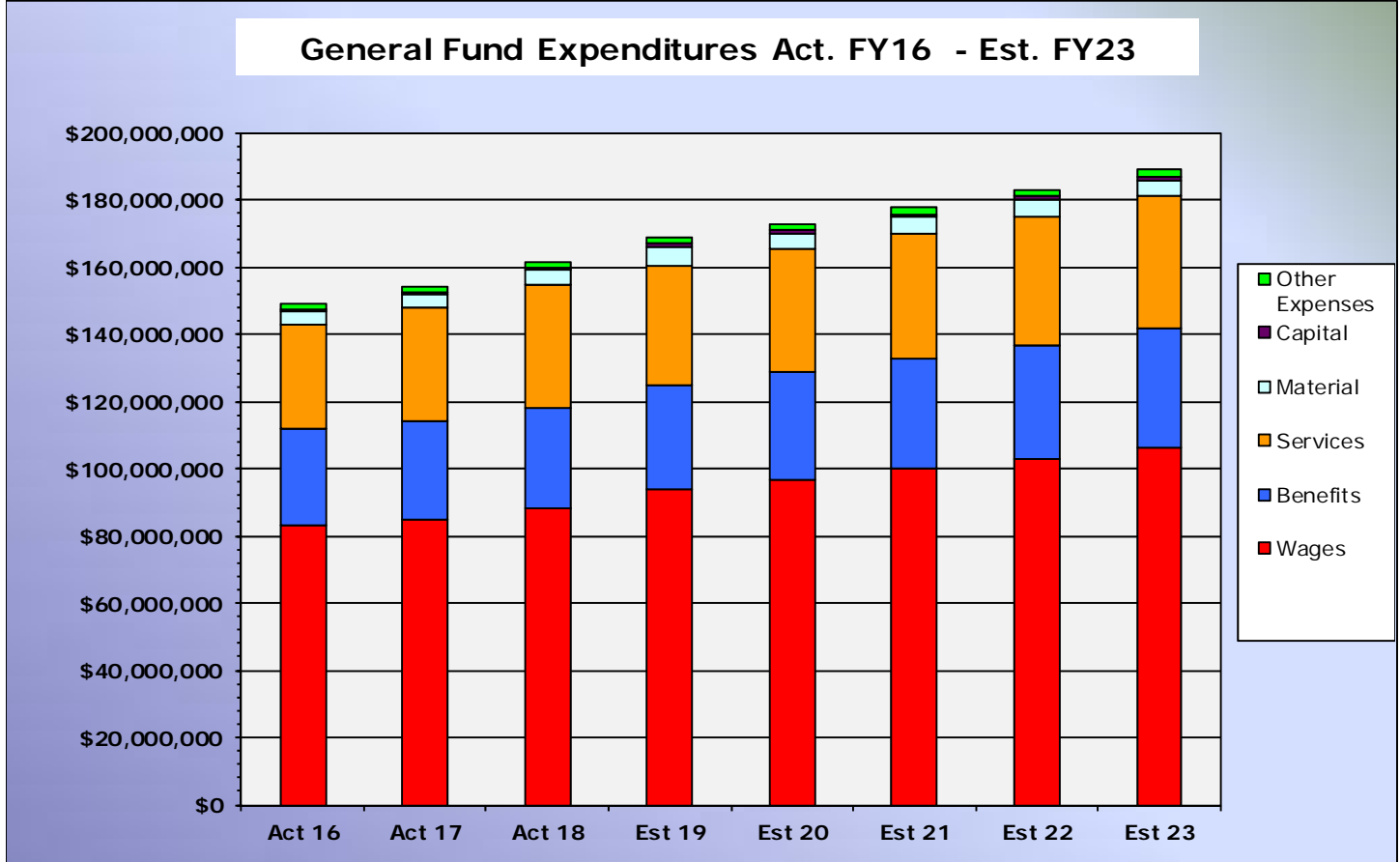
<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Total Capital Outlay Line 3.050	<u>\$1,103,105</u>	<u>\$919,651</u>	<u>\$933,446</u>	<u>\$947,448</u>	<u>\$961,659</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the district and auditor & treasurer fees. Auditor and treasurer fees will increase anytime a new operating levy is collected. Overall costs are estimated to increase by 1.5 percent.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
County Auditor & Treasurer Fees	\$1,191,961	\$1,231,586	\$1,205,218	\$1,279,323	\$1,279,323
Butler County ESC	99,835	101,831	103,868	105,945	108,064
Dues & Fees	102,483	104,020	105,580	107,164	108,771
Audit Fees	71,112	72,179	73,261	74,360	75,476
Banking Fees	197,812	200,780	203,791	206,848	209,951
Other expenses	<u>166,390</u>	<u>168,886</u>	<u>171,419</u>	<u>173,990</u>	<u>176,600</u>
Total Other Expenses Line 4.300	<u>\$1,829,592</u>	<u>\$1,879,281</u>	<u>\$1,863,138</u>	<u>\$1,947,630</u>	<u>\$1,958,184</u>

The graph below shows the relative portion of the district General Fund spent on each area and how it has changed over time.



Debt Service – Line# 4.020; 4.050; 4.060

Debt, which commits general fund sources to its repayment, must be included in the forecast. Repayment on debt began in FY08 for a \$10 million bond issue, which provided funding for the new Union elementary school. Additionally, the District issued debt in 2009 and 2010 for energy conversation projects at both high schools and the central office. The final issuance, which is required to be included in the forecast, is debt associated with the artificial turf at both high school stadiums. Payments for the aforementioned debt are reflected in the forecast but paid from the debt service fund per applicable Ohio law. Sequestration has increased our interest payments for our energy conservation projects from its original debt issuance. Our guaranteed federal subsidies have reduced indefinitely by 8.7%. This is an average of \$17,000 additional each year in interest expense to the District.

Source	FY19	FY20	FY21	FY22	FY23
Principal Bonds - \$1.65 M Athletic Bldg.	\$148,000	\$148,000	\$149,000	\$149,000	\$149,000
Principal Bonds - \$10 M Elem. Bldg.	490,000	505,000	515,000	540,000	540,000
Total Principal Payments Line 4.055	\$638,000	\$653,000	\$664,000	\$689,000	\$689,000

Expenditures:

Total General Fund expenditures (line 4.5) are estimated to be \$161,276,710 for FY18. This is a variance from our October projection of .8%.

Source	FY19	FY20	FY21	FY22	FY23
HB 264 Principal 3 Issues Line 4.050	\$802,000	\$827,000	\$846,000	\$856,000	\$856,000
Interest on Bonds & HB 264 Total Line 4.060	\$298,402	\$253,158	\$211,567	\$183,113	\$183,113

Transfers, Advances and All Other Financing Uses – Line# 5.010; 5.020; 5.030

This category includes operating transfers-out, advances-out and refund of prior year receipts. Operating transfers are funds transferred to the athletic fund to pay for coaching supplemental contracts, athletic administration and field maintenance supplies. The District recognized Marching Band as an extra-curricular beginning in 2014. Therefore, the District transfers an equal amount per pupil to the band fund as it contributes for athletics. This has been estimated at \$100,000. Transfers out increased in line with the levy promise to reduce fees and implement a family cap. The Board of Education reduced extra-curricular student fees by ½ as well as provided for a fee waiver for our students in poverty. Advances out include loans to another fund to cover a temporary end of year

deficit balance. These funds are returned to the general fund in the subsequent fiscal year. Refunds of prior year receipts are payments received in one fiscal year and returned to the original payer in another fiscal year.

<u>Source</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Operating Transfers Out	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Advances Out	20,000	20,000	20,000	20,000	20,000
Total	<u>\$1,820,000</u>	<u>\$1,820,000</u>	<u>\$1,820,000</u>	<u>\$1,820,000</u>	<u>\$1,820,000</u>

Encumbrances –Line#8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance. Encumbrances for purchased services, supplies and materials, capital outlay and other objects are forecasted based on historic data used to make future estimates for fiscal years 2018 through 2022.

	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Estimated Encumbrances	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

Reservations of Fund Balance – Line #9.080

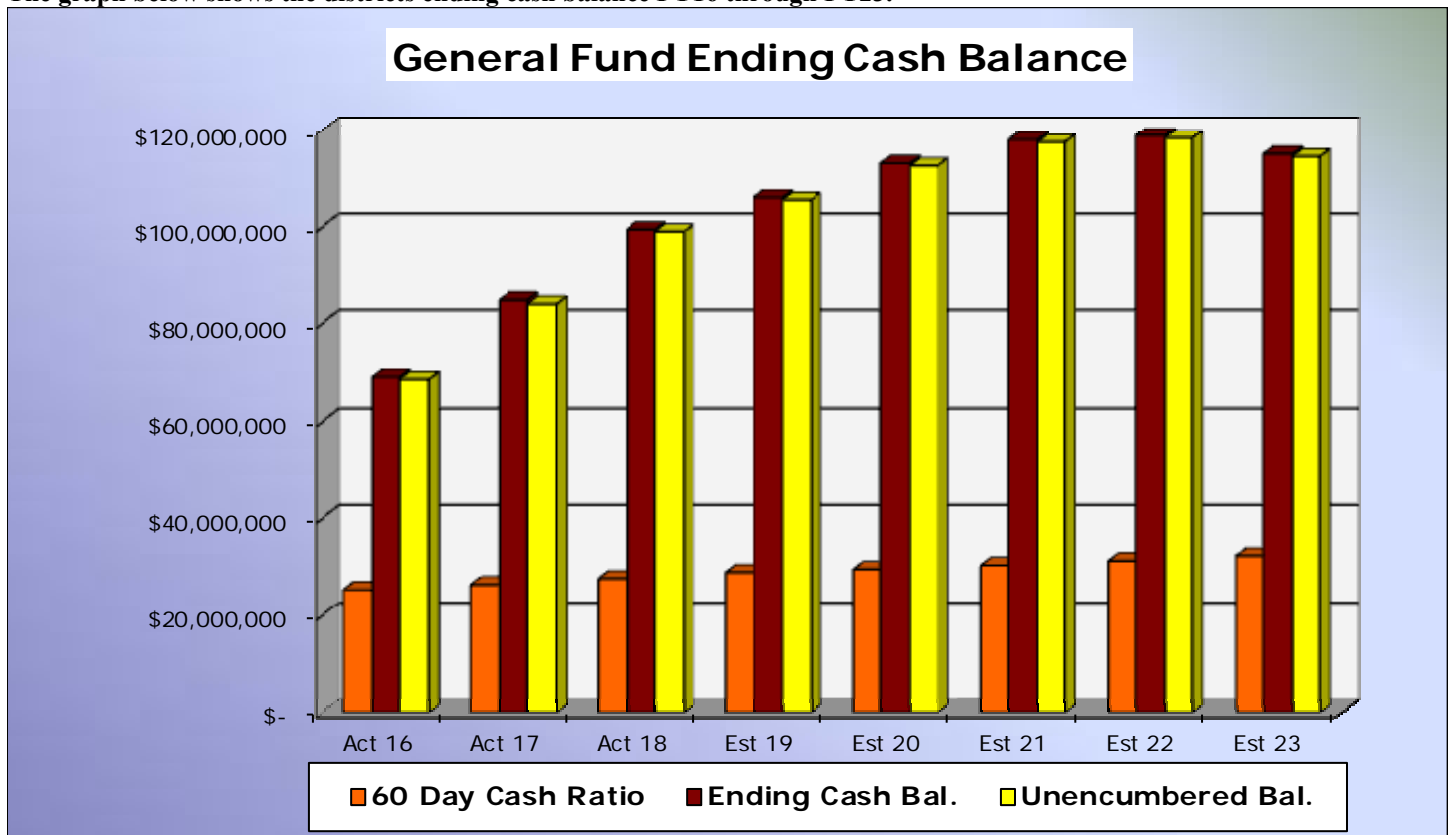
The school district does not have formal reservations of fund balance at this time as HB153 did away with textbook set-asides.

Ending Unreserved Cash Balance “The Bottom-line” – Line#12.010

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 the new alternative 412 certificate allowed by HB153 would be applicable after September 30, 2011.

	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Ending Unreserved Cash Balance	<u>\$ 105,301,151</u>	<u>\$ 112,544,943</u>	<u>\$ 117,309,020</u>	<u>\$ 118,176,012</u>	<u>\$ 114,432,943</u>

The graph below shows the districts ending cash balance FY16 through 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 with out additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year-end but could be more depending on each districts complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds.

