# LAKOTA LOCAL SCHOOL DISTRICT-BUTLER COUNTY
## SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2013 and 2014 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2015 THROUGH 2019


**Forecast Provided By**
**Lakota Local School District**
**Treasurer's Office**
**Mrs. Jenni Logan, Treasurer/CFO**
**May 26, 2015**

# Lakota Local

**Butler County**

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2012, 2013 and 2014 Actual;
Forecasted Fiscal Years Ending June 30, 2015 Through 2019

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Average Change | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 |
| | **Revenues** | | | | | | | | | |
| 1.010 | General Property Tax (Real Estate) | 79,434,818 | 77,620,374 | 83,356,717 | 2.6% | 88,668,717 | 88,810,096 | 89,577,535 | 90,427,229 | 91,227,877 |
| 1.020 | Tangible Personal Property | 32,653 | 30,515 | 9,351 | -38.0% | 0 | 0 | 0 | 0 | 0 |
| 1.030 | Income Tax | - | - | - | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 1.035 | Unrestricted State Grants-in-Aid | 41,581,652 | 41,204,418 | 45,016,969 | 4.2% | 48,638,530 | 51,437,154 | 51,966,698 | 48,934,035 | 48,853,942 |
| 1.040 | Restricted State Grants-in-Aid | 5,528 | 6,982 | 118,514 | 811.9% | 140,180 | 141,582 | 142,998 | 144,428 | 145,872 |
| 1.045 | Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12 | 2,184,581 | 415,102 | 0 | -90.5% | 0 | 0 | 0 | 0 | 0 |
| 1.050 | Property Tax Allocation | 15,450,588 | 12,720,414 | 12,980,412 | -7.8% | 13,109,095 | 10,491,932 | 10,054,801 | 10,139,713 | 10,220,382 |
| 1.060 | All Other Revenues | 10,943,593 | 13,103,756 | 13,489,757 | 11.3% | 13,664,860 | 13,630,192 | 14,286,766 | 14,943,522 | 14,666,234 |
| 1.070 | *Total Revenues* | 149,633,413 | 145,101,561 | 154,971,720 | 1.9% | 164,421,382 | 164,510,955 | 166,028,798 | 164,588,926 | 165,114,307 |
| | **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 | 100,839 | - | 2,204 | 0.0% | - | - | - | - | - |
| 2.050 | Advances-In | 638,349 | 808,319 | 987,990 | 24.4% | 186,773 | 200,000 | 200,000 | 200,000 | 200,000 |
| 2.060 | All Other Financing Sources | 21,043 | 38,046 | 30,948 | 31.1% | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| 2.070 | *Total Other Financing Sources* | 760,231 | 846,365 | 1,021,142 | 16.0% | 186,773 | 220,000 | 220,000 | 220,000 | 220,000 |
| 2.080 | *Total Revenues and Other Financing Sources* | 150,393,644 | 145,947,926 | 155,992,862 | 2.0% | 164,608,155 | 164,730,955 | 166,248,798 | 164,808,926 | 165,334,307 |
| | **Expenditures** | | | | | | | | | |
| 3.010 | Personal Services | 89,386,639 | 80,549,978 | 78,926,375 | -6.0% | 81,052,511 | 82,916,719 | 84,823,803 | 86,774,751 | 88,770,570 |
| 3.020 | Employees' Retirement/Insurance Benefits | 28,531,922 | 26,026,152 | 26,285,563 | -3.9% | 28,357,805 | 29,318,861 | 30,959,864 | 33,043,531 | 35,561,728 |
| 3.030 | Purchased Services | 25,731,501 | 25,923,474 | 29,037,566 | 6.4% | 30,918,706 | 32,497,639 | 33,661,600 | 34,910,798 | 36,253,633 |
| 3.040 | Supplies and Materials | 3,280,475 | 3,568,759 | 4,102,696 | 11.9% | 3,969,494 | 4,029,036 | 4,089,472 | 4,150,814 | 4,213,076 |
| 3.050 | Capital Outlay | 2,284,375 | 3,494,902 | 3,305,081 | 23.8% | 300,000 | 301,734 | 303,478 | 305,232 | 306,996 |
| 3.060 | Intergovernmental | - | - | - | 0.0% | - | - | - | - | - |
| | Debt Service: | | | | 0.0% | | | | | |
| 4.010 | Principal-All (Historical Only) | - | 505,000 | 525,000 | 0.0% | - | - | - | - | - |
| 4.020 | Principal-Notes | - | - | - | 0.0% | - | - | - | - | - |
| 4.030 | Principal-State Loans | - | - | - | 0.0% | - | - | - | - | - |
| 4.040 | Principal-State Advancements | - | - | - | 0.0% | - | - | - | - | - |
| 4.050 | Principal-HB 264 Loans | 700,000 | 705,000 | 715,000 | 1.1% | 744,329 | 744,329 | 744,329 | 744,329 | 744,329 |
| 4.055 | Principal-Other | 485,000 | - | - | 0.0% | 520,671 | 520,671 | 520,671 | 520,671 | 520,671 |
| 4.060 | Interest and Fiscal Charges | 629,398 | 614,514 | 592,373 | -3.0% | 561,731 | 561,213 | 560,601 | 560,601 | 560,601 |
| 4.300 | Other Objects | 1,979,963 | 1,924,725 | 1,644,175 | -8.7% | 1,760,949 | 1,787,363 | 1,814,174 | 1,841,386 | 1,869,007 |
| 4.500 | *Total Expenditures* | 153,009,273 | 143,312,504 | 145,133,829 | -2.5% | 148,186,196 | 152,677,564 | 157,477,992 | 162,852,112 | 168,800,611 |
| | **Other Financing Uses** | | | | | | | | | |
| 5.010 | Operating Transfers Out | 654,659 | 474,567 | 575,584 | -3.1% | 935,515 | 940,000 | 940,000 | 940,000 | 940,000 |
| 5.020 | Advances-Out | 808,319 | 1,019,802 | 134,961 | -30.3% | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| 5.030 | All Other Financing Uses | 2,695 | 226 | 848 | 91.8% | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 5.040 | *Total Other Financing Uses* | 1,465,673 | 1,494,595 | 711,393 | -25.2% | 1,136,515 | 1,141,000 | 1,141,000 | 1,141,000 | 1,141,000 |
| 5.050 | *Total Expenditures and Other Financing Uses* | 154,474,946 | 144,807,099 | 145,845,222 | -2.8% | 149,322,711 | 153,818,564 | 158,618,992 | 163,993,112 | 169,941,611 |
| 6.010 | *Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses* | (4,081,302) | 1,140,827 | 10,147,640 | 330.8% | 15,285,444 | 10,912,391 | 7,629,806 | 815,814 | (4,607,305) |
| 7.010 | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 27,621,829 | 23,540,527 | 24,681,354 | -5.0% | 34,828,994 | 50,114,438 | 61,026,829 | 68,656,635 | 69,472,449 |
| 7.020 | *Cash Balance June 30* | 23,540,527 | 24,681,354 | 34,828,994 | 23.0% | 50,114,438 | 61,026,829 | 68,656,635 | 69,472,449 | 64,865,145 |
| 8.010 | *Estimated Encumbrances June 30* | $345,186 | $1,303,565 | $1,338,468 | 140.2% | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| | **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* | 23,195,341 | 23,377,789 | 33,490,526 | 22.0% | 48,614,438 | 59,526,829 | 67,156,635 | 67,972,449 | 63,365,145 |
| | **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 | *Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations* | 23,195,341 | 23,377,789 | 33,490,526 | 22.0% | 48,614,438 | 59,526,829 | 67,156,635 | 67,972,449 | 63,365,145 |

# Lakota Local

**Butler County**

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2012, 2013 and 2014 Actual;
Forecasted Fiscal Years Ending June 30, 2015 Through 2019

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Average Change | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 |
| | **Revenue from New Levies** | | | | | | | | | |
| 13.010 | Income Tax - New | | | | 0.0% | - | - | - | - | - |
| 13.020 | Property Tax - New | - | - | - | 0.0% | - | - | - | - | - |
| 13.030 | Cumulative Balance of New Levies | - | - | - | 0.0% | - | - | - | - | - |
| 14.010 | Revenue from Future State Advancements | - | - | - | 0.0% | - | - | - | - | - |
| 15.010 | *Unreserved Fund Balance June 30* | 23,195,341 | 23,377,789 | 33,490,526 | 22.0% | 48,614,438 | 59,526,829 | 67,156,635 | 67,972,449 | 63,365,145 |

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund and any portion of Debt Service fund related to General fund debt

# Lakota Local School District – Butler County
# Notes to the Five Year Forecast
# General Fund, Related Debt and Federal Funds Only
# May 26, 2015

**Introduction to the Five Year Forecast**
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2015 (July 1, 2014-June 30, 2015) is the first year of the five year forecast and is considered the baseline year. The May forecast is used to provide the school district administration an update on the financial changes during the current year and to reflect the most current economic data.

## *May 2015 Major Changes*

***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 and Other Sources (line 2.08) are estimated to be $164,608,155 or .08% or $129,411 higher than the October forecasted amount of $164,478,744. This indicates the October forecast is forecasted to be 99.92% accurate.

All other areas of revenue are tracking as anticipated for FY15. One variance worth noting is open enrollment. We anticipated $672,800 for this area based on our cap of 116 students. Because we allowed students who moved out of the district during the school year to remain through open enrollment, this number and revenue is increasing by $277,124 or 41%. The impact of open enrollment to our district is now very close to being zero ($0). The revenue we receive for students opening enrolling our district of $949,924 versus the expenditure we are charged for our resident students choosing to open enroll in another district of $959,397 is a difference of $9,473.

***Expenditures:***
At this time we expect our original estimates for expenditures on Line 4.5 to remain materially accurate for FY15. There is no area of expenditures which we feel looks to be in conflict with our original projections.

***Unreserved Ending Cash Balance***:
With revenues and expenditures ending on target with the estimates, our ending unreserved cash balance is anticipated to be approximately $48.6 million as expected. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2018 if assumptions we have made for state aid in the proposed FY16 & FY17 state budget (HB64) remain close to our estimates. This uncertainty is discussed in more detail below and throughout the notes.

***State Funding and the FY16 &17 State Biennium Budget Deliberation House Bill 64:***
At the time this forecast is approved, HB64 has been voted out of the House of Representatives and is currently being debated by the State Senate. No action is expected until May 25, 2015 by the senate, which will be followed by conference committee meetings until mid June before our funding numbers are known. As noted above, our district must file a five (5) year forecast by May 31, 2015, without the benefit of knowing the outcome of our final funding in HB64.

We have structured the District forecast estimating the effects of the current state biennium budget, HB59, for the period affected: July 1, 2013 through June 30, 2015. We have also tried to anticipate the affects of some of the changes presented in HB64 for future fiscal years 2016-2019.

The state TPP (tangible personal property) reimbursement is supposed to continue at the FY13 level ($3,146,223 annually) through FY26. We were cut from $6,005,022 in FY12 to $3,146,223 in FY13, FY14 and FY15 as budgeted in HB59. HB64 (as currently presented) is phasing out the remaining $3,146,223 by a proposed 1.75% a year beginning in FY16 until gone in FY17.

As HB59 presented the fourth funding formula in less than six years, the state foundation funding BRIDGE formula expired June 30, 2013 and was replaced with the School Funding Payment Report (SFPR) beginning July 1, 2013. HB64 continues the SFPR but with modifications to this funding formula which we do not have full data on at this time. At the present time, the best information available supports a "hold harmless guarantee" for our district based on Substitute HB64 as passed by the House on April 20, 2015. The simulation sheet provided by the LSC on April 17, 2015 shows our TPP Fixed rate would be phased down for FY16 and FY17 but other state hold harmless payments would be made to keep our total state funding at FY15 levels. For FY18 and FY19, the phase in of a proposed "Local Capacity Measure" could sharply reduce our state funding long term and harm our district. We have reflected an estimated increase in Line 1.035 of the forecast. but a corresponding decrease in TPP reimbursements on Line 1.05. We are intently watching proceeding on Sub HB64 in the Ohio Senate at this time.

It is important to emphasize again that we will not know the actual effects of HB64 until sometime in June when legislation is finally passed into law. Since we will not know with certainty the funding formula prior to May 31, 2015, our forecast filing deadline, we feel it is reasonable to assume the facts stated above for the period FY16-19. This methodology is consistent with other May forecasts when there have been uncertainty regarding the final State budget bill. State foundation revenue equates to 38% of our general operating revenue each year and the outcome of the HB64 funding proposal is significant to our district.

## Forecast Risks and Uncertainty:

Our financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to volatility of the legislative changes that are happening at the time this forecast is being prepared due to deliberation of the next state biennium budget for FY16 & FY17. 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. The recovery from the recession has adversely affected the real estate market for both residential and commercial property in our district. In 2014 Butler County experienced a complete reappraisal of property. Class I property rose by 1.66% and Class II fell by 4.27%. Overall total assessed value in the district rose 1.05% or $26.65 million. We have made very conservative estimates for assessed valuation changes for the 2014 reappraisal update. We have estimated an increase of 2% in residential/agricultural values and a .5% in commercial/industrial values. For the 2017 reappraisal update we have estimated a 2% increase for residential and 0% for commercial. Risk of a large reduction in local taxes is largely mitigated by the effect of HB920 and reduction factors, however the 2005, 5.6 mill levy and the 2000 4.9 mill levy have hit their fixed rate amount on commercial (Class II) property with the tax year 2012 drop in commercial value. Commercial tax collections will fall if values drop or if reductions continue through BOR activity. We believe the risk of sharply lower tax collections is estimated to be low following the 2014 reappraisal and 2017 update.

II. The State Budget represents nearly 38% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY16 and beyond if the state economy worsens or if the currently proposed HB64 budget alters the funding formula to reduce funding to our district in a future state budget. There are two future State Biennium Budgets covering the period from FY16 through FY19 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 FY19.

III. The State Budget greatly reduced Tangible Personal Property (TPP) fixed rate reimbursements to the district in FY13. HB153, the FY12-13 State Budget bill, promised to pay highly reliant districts like ours the TPP reimbursement at the FY13 level ($3,146,223 annually) into the future. HB59, the current State Budget bill, continues this reimbursement through FY15. There is uncertainty beyond FY15 as to the state's commitment to keep its promise to continue TPP fixed rate reimbursements to our district considering the reductions that have already taken place. HB64 the currently proposed state budget proposes to phase these dollars out beginning in FY16 and would be fully gone by FY17. We have projected this phase out sequence in our forecast to be safe but will continue to follow deliberations to determine if this becomes law July 1, 2015.

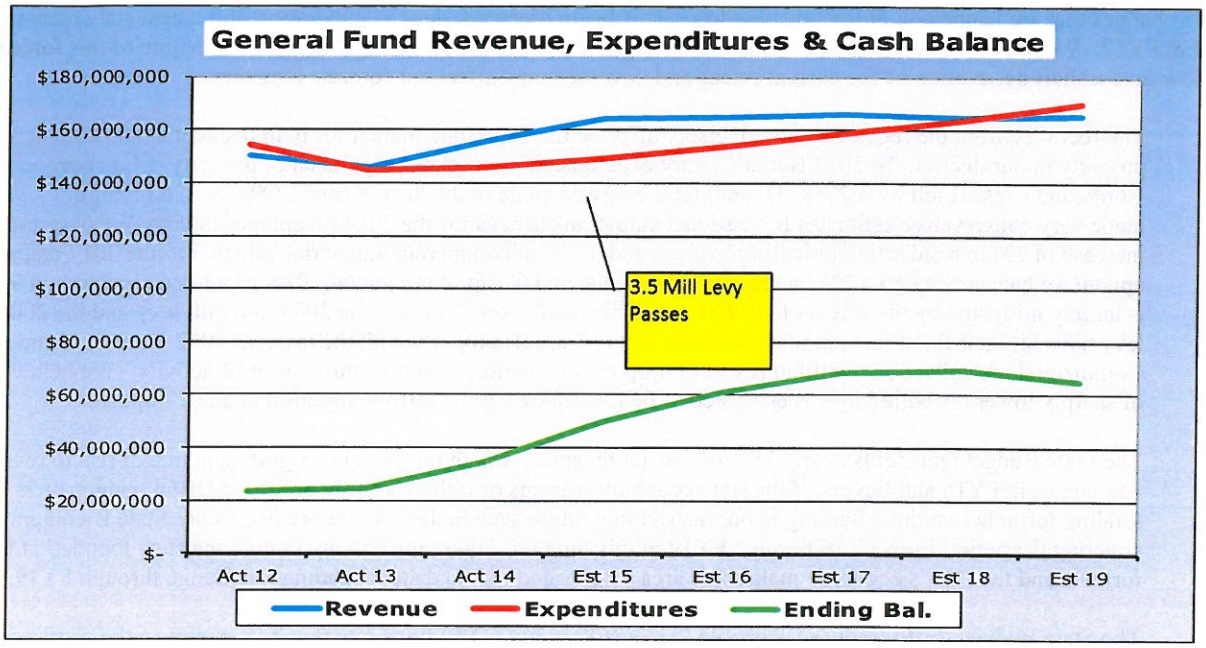
IV. There are many provisions in the current state budget bill HB59 and the current proposed state budget HB64 that would increase district expenditures in the form of an exposure to school choice scholarships or vouchers, additional special education costs, school reform initiatives, college credit plus, and several other school choice provisions. These all could expose the district to new expenditures that are not currently in the forecast. We are monitoring proposed and pending legislation very closely to evaluate the effects on our bottom line.

V. 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 supposed to be implemented January 1, 2014 but were delayed by the IRS on July 2, 2013 until January 1, 2015. We are aware of additional taxes that will be assessed on the district January 1, 2015, which could increase 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. Rules for the PPACA are in flux at this time and we are tracking them closely. 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.

VI. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the extreme resource challenges we face. We believe as we move forward that our positive working relationship will continue and will only grow stronger. At the time of this forecast we are involved in negotiations with the Lakota Education Association for both salary and fringe benefits. We reached a four year agreement with our classified union, Lakota Support Staff Association, which reduced the number of steps on the existing salary schedules. Movement on the salary schedule is now tied to job performance as well.

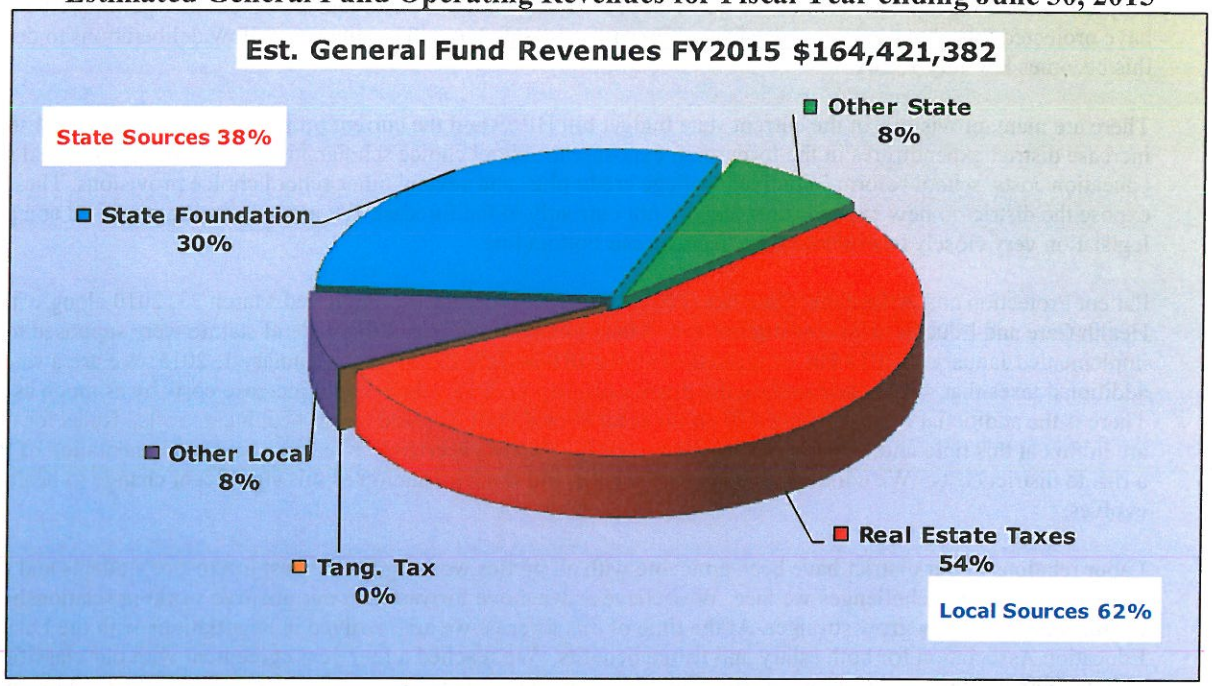
The district's five year forecast identifies major revenue, expenditures and balances by line number. Those major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the actual forecast. It should 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, Expenditure and Ending Cash Balance:




## Revenue Assumptions

### Estimated General Fund Operating Revenues for Fiscal Year ending June 30, 2015



**Real Estate Value Assumptions – Line # 1.010**

It appears that the rapid fall in valuations from previous years is beginning to reverse for residential property but commercial property continues to struggle. There are still losses in values showing up in Board of Revision and Board of Tax Appeals cases. When the district values fall due to these cases the HB 920 reduction factors are lowered, tax rates increase so the district's tax revenues are mostly held harmless as long as there is room for "fixed rate" levies to be increased back to their full voted rates, but they can never exceed their fully voted amounts. We believe our tax base is stabilizing and beginning to show signs of modest growth which will stabilize our tax collections.

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. In 2014 Butler County experienced a complete reappraisal of property. Class I property rose by 1.66% and Class II fell by 4.27%. Overall total assessed value in the district rose 1.05% or $26.65 million. We have made very conservative estimates for assessed valuation changes for the 2014 reappraisal update. We have estimated an increase of 2% in residential/agricultural values and a .5% in commercial/industrial values. For the 2017 reappraisal update we have estimated a 2% increase for residential and 0% for commercial.

Tangible personal property (TPP) values decreased to $-0- in 2011 as a result 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.

**Estimated Assessed Property Valuations by Collection Years**

| Classification | Actual TAX YEAR2014 COLLECT2015 | Estimated TAX YEAR2015 COLLECT2016 | Estimated TAX YEAR 2016 COLLECT 2017 | Estimated TAX YEAR 2017 COLLECT 2018 | Estimated TAX YEAR 2018 COLLECT 2019 |
|---|---|---|---|---|---|
| Res./Ag. | $1,981,808,100 | $1,994,258,100 | $2,006,708,100 | $2,057,792,262 | $2,068,742,262 |
| Comm./Ind. | 487,882,400 | 490,382,400 | 493,382,400 | 496,882,400 | 501,382,400 |
| Public Utility (PUPP) | 84,354,310 | 87,854,310 | 91,354,310 | 94,354,310 | 96,354,310 |
| Tangible Property (TPP) | 0 | 0 | 0 | 0 | 0 |
| Total | $2,554,044,810 | $2,572,494,810 | $2,591,444,810 | $2,649,028,972 | $2,666,478,972 |

**Estimated Real Estate Tax Collections**

Property tax levies are estimated to be collected at 99% of the annual amount allowing for a 1.0% delinquency. The tax settlements in February and August 2014 showed an improvement in current tax collections over 2013. 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 51.75% of the Res/Ag. and Comm./Ind. expected to be collected in the February tax settlements and 48.25% 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 Butler County Auditor. Gross and effective tax rates for General Fund Operations for 2014 collected in 2015 noted below including the new 3.5 mill levy.

| Tax Levies | Year Approved | Last Calendar Year of Collection | Full Tax Rate (per $1,000 of assessed valuation) | Effective Rates Res/Ag | Effective Rates Comm/Ind |
|---|---|---|---|---|---|
| Inside Ten Mill Limitation | n/a | n/a | $ 6.49 | $ 6.49 | $ 6.49 |
| Continuing Operating | 1976 | n/a | 15.88 | 3.25 | 5.21 |
| Continuing Operating | 1978 | n/a | 3.80 | .78 | 1.25 |
| Continuing Operating | 1985 | n/a | 5.90 | 2.36 | 2.93 |
| Continuing Operating | 1988 | n/a | 5.67 | 2.56 | 3.33 |
| Continuing Operating | 1991 | n/a | 5.90 | 3.61 | 4.64 |
| Continuing Operating | 1996 | n/a | 6.50 | 4.58 | 5.98 |
| Continuing Operating | 2000 | n/a | 4.90 | 3.95 | 4.90 |
| Continuing Operating | 2005 | n/a | 5.60 | 5.51 | 5.60 |
| Continuing Operating | 2013 | n/a | 3.50 | 3.44 | 3.50 |
| **Total Gross & Effective Tax Rates** | | | $64.14 | $36.53 | $43.84 |

As noted in our history, FY13 taxes were lower as a result of the reduction of ($1,802,211) in refunds deducted all at one time in our August 2012 tax settlement and (-$385,651) in net refunds deducted from our February 2013 settlement. The large reduction in delinquent taxes in August was due to large BTA cases that resulted in tax refunds to several large businesses that filed for reductions. If values are found to be lowered by the BTA in these cases, then refunds are due for several prior years and deducted from current tax collections. We believe the backlog and overhang from BTA cases in the future will be diminished as these claims become resolved and stabile tax collections are estimated to resume in FY15-19. Future years are based on calculated taxes based on very conservative growth estimates and estimates for tax base changes noted historically. The increase in FY14 and FY15 collections are due to new revenue from the 3.5 mill November 2013 operating levy being collected.

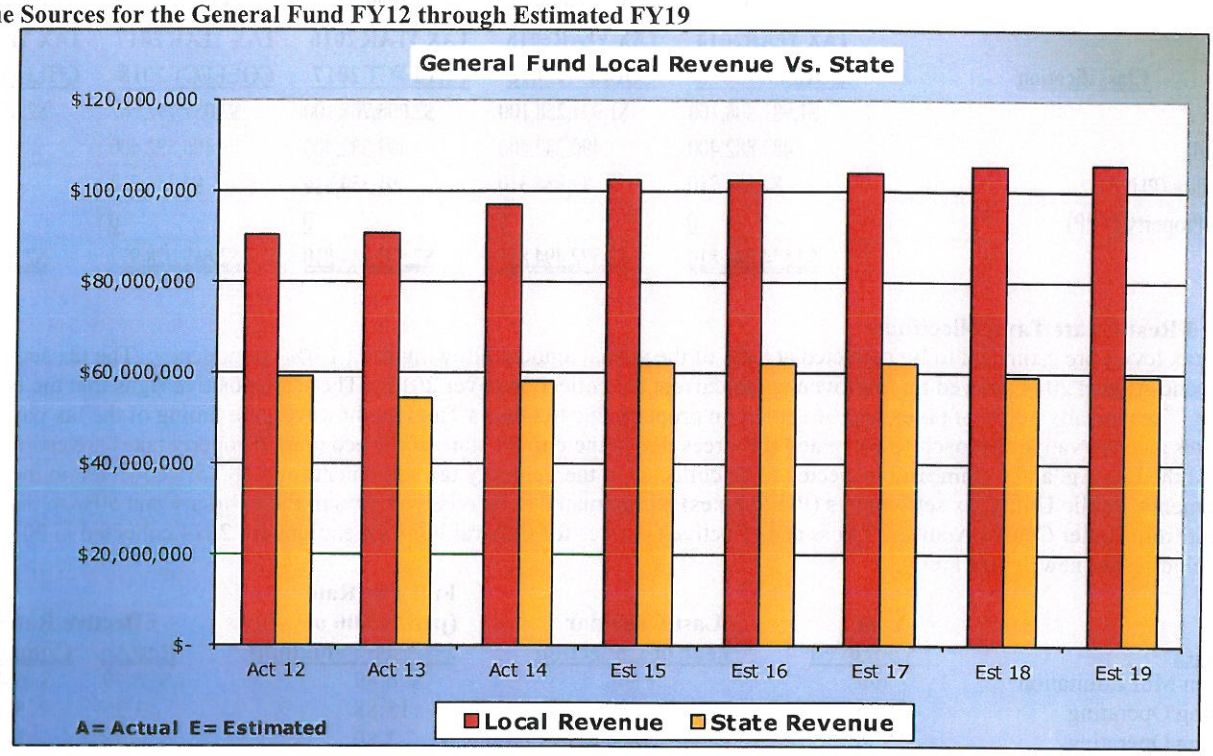
**Estimated Real Estate Tax Collections - Line #1.010**

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Estimated Real Estate Tax Line 1.01 | $88,668,717 | $88,810,096 | $89,577,535 | $90,427,229 | $91,227,877 |

**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 as a result 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.

**Revenue Sources for the General Fund FY12 through Estimated FY19**




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

**A) Unrestricted State Foundation Revenue– Line #1.035**

The amounts estimated for FY15 for state funding is based on funding component computations from the most recent State Foundation Payment Report (SFPR). The current FY14-15 state budget HB59 includes an increase in funding for our district. We are projected to be a formula district regarding state funding in FY15 as a result of a drop in ADM of 246 students form FY14. Our state funding status for FY16-19 will depend on the FY16-17 (HB64) and FY18-19 state budgets. There are two unknown state budgets in this forecast period covering four fiscal years.

In FY14-15, HB59 created the fourth (4th) new funding formula for public education since 2009. The proposed HB64 funding formula is also very complex for FY16-17 but is maintaining the basic structure of the formula of HB59; however, it is changing some of the components used in the formula calculation. These components and the funding formula could change again with a new FY18-19 state budget as well. FY16 will begin July 1, 2015 with whatever new funding and formula that results from this spring's budget deliberations on HB64. Of particular importance, HB64 is presenting a new component to measure a district's wealth and capacity to raise local revenue called a "Local Capacity Measure". There is little data available about this and how to calculate it. We will continue to watch the state budget deliberations carefully.

The new wealth measure is called the State Share Index (SSI). There are three (3) components of the SSI:

1) Valuation Index that measures the district's average property value per pupil for tax year 2010, 2011 and 2012 compared to the statewide average valuation per pupil;
2) Median Income Index that uses tax year 2011 median income compared to statewide median income that is used to measure the ability of a district's residents to pay property taxes;
3) Wealth Index which uses two thirds (2/3) of the Valuation Index and one third (1/3) of the Median Income Index to compute the overall district Wealth Index.

The three components taken together form the one (1) overarching State Share Index (SSI) which equalizes state funding based on wealth. In prior funding formulas the main tool to equalize wealth was a millage charge-off of 23 mills of adjusted valuation per pupil. If the SSI were reduced to a charge-off as in past formulas there would not be a uniform charge-off, rather a range of charge-off rates from 11.3 mills to 22.9 mills.

The SSI, or one or more of the other three (3) indexes, are applied in determining need on the nine separate components that constitute state aid in FY14 and FY15. The nine (9) components of the new funding model are:

1) Opportunity Grant – Per pupil amount increased 1% from $5,745 in FY14 to $5,800 in FY15
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 FY15
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) categories students enrolled in
9) Transportation Aid – Funding based only on greater of per rider or per mile costs for each district. A supplemental payment for districts that have a SSI of .5 or greater and pupil density at or below the state median

There are potentially 342 independent variables in the SFPR formula over the period from FY15 through FY19. 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 FY15-19. Currently we know most of the variables for FY15, except for our student ADM. A new state budget for FY16-17 and FY18-19 could change all the variables in the formula itself.

Our current SFPR estimates for FY15 are using current April 2015 ADM less 100 students per year through FY19. Beginning in FY15 the state is changed the way it measures student ADM. Student counts will be updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its student funded ADM until the end of June 2015. This will not likely impact our annual payments in FY16 and FY17 if Substitute HB64 as approved by the House on April 20, 2015 continues the planned hold harmless guarantee so no district gets less state aid in FY16 and FY17 than in FY15. However FY18 and FY19 we could see significant reductions depending on the phase in and potency of the "Local Capacity Measure" being looked at in either of the House or Governors original HB64 proposal Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated the base per pupil funding in FY16 at $5,900 and $6,000 in FY17 based on the preliminary estimates of the budget as it is progressing throughout the legislation. Then for FY18 through FY19 we have reduced funding back to FY15 SFPR levels less any state hold harmless revenues for TPP Fixed rate reimbursements in FY16 and FY17. In other words, we have cut $3,146,000 a year from our state revenue for FY18 and FY19 to be conservative regarding state revenues.

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. 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. We are estimating statewide student enrollment to decline by ½ of 1% from the FY14 total to average 1,798,000 students and GCR of $810 million with school district's share of GCR to be $90.8 million resulting in FY15 payments of $832,642 to our district. For FY15-19 we estimated another ½ of 1% decline in pupils to 1,789,000and GCR increasing to $93 million or $52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Basic Aid-Per HB59 | $46,589,551 | $49,165,792 | $49,672,360 | $46,616,112 | $46,511,808 |
| Additional Items | 1,416,337 | 1,416,337 | 1,416,337 | 1,416,337 | 1,416,337 |
| Basic Aid- Subtotal | $48,005,888 | $50,582,129 | $51,088,697 | $48,032,449 | $47,928,145 |
| Ohio Casino Commission | 832,642 | 855,025 | 878,001 | 901,586 | 925,796 |
| Total Unrestricted State Aid Line # 1.035 | $48,838,530 | $51,437,154 | $51,966,698 | $48,934,035 | $48,853,942 |

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

HB59 funded 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 FY15-19. These amounts can change and or be eliminated in future state budgets which will not be known for certain until July 2015.

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

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

| Summary | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| A) Unrestricted State Aid Line 1.035 | $48,838,530 | $51,437,154 | $51,966,698 | $48,934,035 | $48,853,942 |
| B) Restricted State Aid Line 1.040 | 140,180 | 141,582 | 142,998 | 144,428 | 145,872 |
| C) Restricted Federal Grants Line 1.045 | 0 | 0 | 0 | 0 | 0 |
| Total State Foundation Revenue | $48,978,710 | $51,578,735 | $52,109,696 | $49,078,463 | $48,999,813 |

**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 is frozen for FY15. Our district is a district highly reliant on TPP payments. As a result of the change in funding the district lost a portion of our TPP reimbursement in FY12 and in FY13. The district received $6,005,022 in FY12. The FY13 payment of $3,146,223 was supposed to remain in effect through FY26. Based on current simulations for HB64 the phase out of the TPP reimbursements is being targeted to begin again in FY16 at 1.75% each year until the total amount of the reimbursement is gone in FY18. The phase out percentage of 1.75%, is based

on our district being a Quintile 4 district, multiplied by state and local resources Line 1.01 through 1.05 on the five year forecast. We are projecting that this phase out will occur as being proposed in the new budget resulting in $-0- TPP Reimbursement in FY17.

**C) Tangible Personal Property Reimbursements – Fixed Sum**
The district does not receive TPP Fixed Sum reimbursement.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| A) Rollback and Homestead | $9,962,872 | $9,983,948 | $10,054,801 | $10,139,713 | $10,220,382 |
| B) TPP Reimbursement - Fixed Rate | 3,146,223 | 507,984 | 0 | 0 | 0 |
| Total Line 1.050 | $13,109,095 | $10,491,932 | $10,054,801 | $10,139,713 | $10,220,382 |

**Other Local Revenues – Line #1.060**
The School District received payments in lieu of taxes from several TIF's and RID's to help facilitate economic development within the district. These are significant revenue sources for the district. For fiscal year 2013 and 2014, the District received an additional payment from Liberty Township in relation to an agreement reached in 2006 on four (4) RIDs. This overage payment is reflected to continue through the life of the forecast at $1 million annually. We have also included the additional amounts estimated for the new Liberty Way and the settlement agreement for the West Chester hospital.

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 2015 through 2019. The District does allow open enrollment tuition now and has raised the cap to 116 to try and offset the open enrollment number of students going out. The goal is to try and make the open enrollment in this District a non-issue on the financial statements and not require any additions to staff.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Payment In Lieu of Taxes | $10,796,375 | $10,742,811 | $11,380,311 | $12,017,811 | $11,722,086 |
| Open Enrollment In | 949,924 | 949,924 | 949,924 | 949,924 | 949,924 |
| Interest | 129,000 | 130,000 | 131,000 | 132,000 | 132,000 |
| Class Fees and Extra Activities | 59,661 | 60,257 | 60,860 | 61,468 | 62,083 |
| Tuition | 936,958 | 946,327 | 955,791 | 965,349 | 975,002 |
| Rentals | 210,513 | 212,618 | 214,745 | 216,892 | 219,061 |
| Medicare Reimbursement | 351,079 | 354,589 | 358,135 | 361,717 | 365,334 |
| Miscellaneous | 231,351 | 233,664 | 236,001 | 238,361 | 240,744 |
| Total Other Local Revenues 1.060 | $13,664,860 | $13,630,192 | $14,286,766 | $14,943,522 | $14,666,234 |

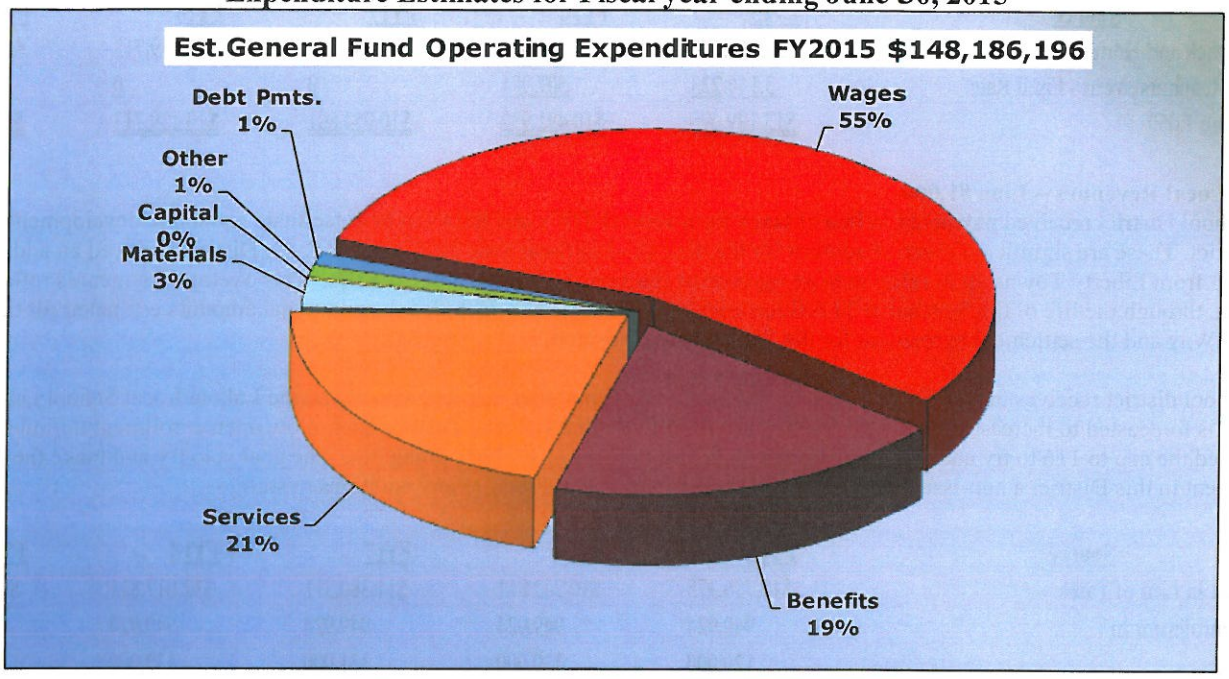
**All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010**
There is no short-term borrowing planned for in this forecast at this time from any sources. Other financing sources consist of advances that the school district anticipates will be made during the forecasted period. Advances 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. The refund of a prior year's expense below includes $385,280 for the return of real estate assessment fees collected by the county auditor which were not needed.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Transfers In | $0 | $0 | $0 | $0 | $0 |
| Advance Returns | 166,773 | 200,000 | 200,000 | 200,000 | 200,000 |
| Total Transfer & Advances In | $166,773 | $200,000 | $200,000 | $200,000 | $200,000 |

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Refund of prior years expenditures Line 2.06 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 |

# Expenditures Assumptions

## Expenditure Estimates for Fiscal year ending June 30, 2015




**Wages – Line #3.010**
The expenditures in this category are for salaries and wages for services rendered for all union and non-union employees. At the time of this forecast the District and LEA are negotiating for salaries and benefits. The LSSA contract extends to June 30, 2018. This contract reduced the number of steps on all salary schedules and requires job performance to movement on the salary schedule. For planning purposes only we have modeled a 2.3% increase in wages for the remainder of the forecast for all staff.

For both 2010 and 2011 a retirement incentive plan was offered to eligible employees. The cost of this incentive ($2.8 million) was paid through 2013. The cost savings from reductions, freezing wages and by replacing highly compensated employees with lower paid replacements or in some instances no replacement of certain positions have helped the District make a large impact to its human capital expenditure.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Base Wages | $81,052,511 | $81,052,511 | $82,916,719 | $84,823,803 | $86,774,751 |
| Increases | 0 | 1,864,208 | 1,907,085 | 1,950,947 | 1,995,819 |
| Total Wages Line 3.010 | $81,052,511 | $82,916,719 | $84,823,803 | $86,774,751 | $88,770,570 |

**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. Our enrollment is predicted to reduce over the next 10 years according to a recent demographic study. The enrollment decreases are estimated at an average of 202 students per year, which could equate to 9-10 students per building. These reductions predicted, when spread across the District, do not present an opportunity for an immediate or significant reduction in staffing levels. For that reason, we are assuming staffing levels will remain flat.

We will continue to evaluate and make final adjustments for the future years' staffing.

**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.

SERS announced on April 5, 2010, that they were 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 a calendar year to a fiscal year. This will have the result of accelerating our costs by up to one-half a year's cost of $274,408 for SERS. We are estimating this cost beginning in FY11, and ending in FY16 to remain $274,408 additional each year.

**B) Insurance**
For the third consecutive year we are continuing our health and dental coverage with Anthem. We ended our most recent two year agreement with Anthem on December 31, 2014. Our rates increased 7.6% for our PPO, 4.7% for our High Deductible Plan and 4% for dental. These premium increases are inclusive of all additional fees associated with the PPACA. We are beginning the work to strategically plan for our future years through our insurance committee. We are estimating 10% FY16 through FY19, which are national industry trends. The district works hard to control these costs as they are among the fastest growing in the district year over year.

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 that were scheduled to be implemented by employers on January 1, 2014 were delayed until January 1, 2015 by a July 2, 2013 ruling from the IRS.

It is uncertain to what extent the implementation of PPACA will cost our district additional funds. 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. We are not certain what these added costs may be but there are "taxes" mandated by the act which we are aware of. The Transition Reinsurance fee 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 could equate to roughly a 2% annual increase in FY15. Longer-term a significant concern is the 40% "Cadillac Tax" that will be imposed in 2018 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

**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. We had an adequate reserve and therefore took a premium vacation in 2014 and will resume transfers to this reserve fund in 2015. 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. We are anticipating a cash balance in our reserve fund at the end of 2015 of $1.5 million. Therefore, we will take a premium vacation until 2019. This will reduce our expenditures by $700,000 annually or $2.1 million during the forecasted period. 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.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| STRS/SERS | $11,881,128 | $12,044,854 | $12,041,166 | $12,318,113 | $12,601,429 |
| Insurance's | 14,640,574 | 16,104,631 | 17,715,095 | 19,486,604 | 21,435,264 |
| Workers Comp/Unemployment | 750,000 | 50,000 | 50,000 | 50,000 | 300,000 |
| Medicare | 1,086,104 | 1,119,376 | 1,153,604 | 1,188,814 | 1,225,034 |
| Other | 0 | 0 | 0 | 0 | 0 |
| Total Fringe Benefits Line 3.020 | $28,357,805 | $29,318,861 | $30,959,864 | $33,043,531 | $35,561,728 |

**Purchased Services – Line #3.030**

This line includes contracted services, utilities, legal services, data processing, tuition and professional meetings expenses. Key factors impacting this category include:

- Transportation services with Petermann Transportation are projected based upon enrollment. Busing was reduced to minimum standards in FY12. Since that time we were able to make modifications to restore busing to our youngest learners at the early childhood schools at no additional cost. One of the promises of the November, 2013, levy was to restore busing to 1 mile for grades 2-6 at a cost of $1.3 million annually.
- Additional SROs (School Resource Officers) are also reflected as an increase in our purchased services line item. This levy promise is a $330,000 annual addition to expenses and has been implemented.
- Utility costs continue to increase 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 11% 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 is predicted at 1.5%.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Postage & Advertising | $67,046 | $68,051 | $69,072 | $70,108 | $71,160 |
| Transportation | 14,015,503 | 14,225,735 | 14,439,121 | 14,655,708 | 14,875,544 |
| Community Schools/Tuition/OE | 5,366,191 | 5,956,472 | 6,611,684 | 7,338,969 | 8,146,256 |
| Professional Services | 6,852,736 | 6,955,527 | 7,059,860 | 7,165,758 | 7,273,244 |
| Repairs & Maintenance | 683,560 | 693,813 | 704,221 | 714,784 | 725,506 |
| Rental & Lease Payments | 559,593 | 567,987 | 576,507 | 585,154 | 593,932 |
| Utilities | 3,010,395 | 3,160,915 | 3,318,960 | 3,484,908 | 3,659,154 |
| Travel & Meeting Exp. | 164,596 | 167,065 | 169,571 | 172,114 | 174,696 |
| Data Processing Service | 139,687 | 141,782 | 143,909 | 146,068 | 148,259 |
| Property Insurance | 59,400 | 60,291 | 61,195 | 62,113 | 63,045 |
| Modernize Coursework | 0 | 500,000 | 507,500 | 515,113 | 522,839 |
| Total Purchased Services Line 3.030 | $30,918,706 | $32,497,639 | $33,661,600 | $34,910,798 | $36,253,633 |

**Supplies and Materials – Line #3.040**

An overall inflation rate of 1.5% 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 also necessary repairs required for existing school buildings are forecasted to increase for fiscal years 2015 through 2019.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| General Supplies | $312,103 | $316,785 | $321,536 | $326,359 | $331,255 |
| Instructional Supplies | 787,938 | 799,757 | 811,754 | 823,930 | 836,289 |
| Health Supplies | 16,091 | 16,332 | 16,577 | 16,826 | 17,078 |
| Textbooks & Library Books | 664,975 | 674,949 | 685,074 | 695,350 | 705,780 |
| Building Mainteance Supplies | 753,165 | 764,463 | 775,930 | 787,569 | 799,382 |
| Fuel for vehicles | 1,027,977 | 1,043,397 | 1,059,048 | 1,074,933 | 1,091,057 |
| Software | 407,244 | 413,353 | 419,553 | 425,846 | 432,234 |
| Total Line 3.040 | $3,969,494 | $4,029,036 | $4,089,472 | $4,150,814 | $4,213,076 |

**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 recent 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.

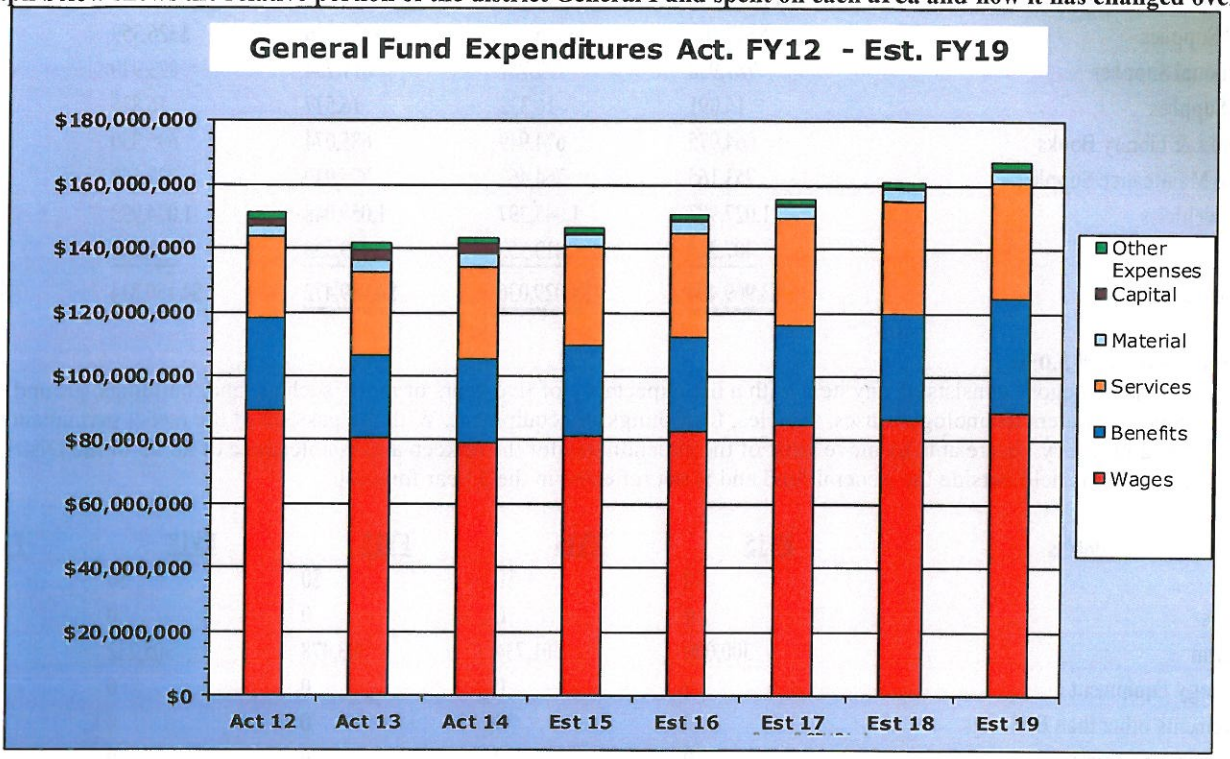
| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Land | $0 | $0 | $0 | $0 | $0 |
| Buildings | 0 | 0 | 0 | 0 | 0 |
| Equipment | 300,000 | 301,734 | 303,478 | 305,232 | 306,996 |
| Technology Equipment | 0 | 0 | 0 | 0 | 0 |
| Improvements other than Buildings | 0 | 0 | 0 | 0 | 0 |
| Replacement of Vehicles | 0 | 0 | 0 | 0 | 0 |
| Levy Planning | 0 | 0 | 0 | 0 | 0 |
| Total Capital Outlay Line 3.050 | $300,000 | $301,734 | $303,478 | $305,232 | $306,996 |

**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. The increase in fees by the County Auditor is included for the new levy in this forecast. Overall costs are estimated to increase by 1.5%.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Auditor & Treasurer Fees | $1,150,000 | $1,167,250 | $1,184,759 | $1,202,530 | $1,220,568 |
| Butler County ESC | 106,000 | 107,590 | 109,204 | 110,842 | 112,505 |
| Dues & Fees | 107,899 | 109,517 | 111,160 | 112,828 | 114,520 |
| Audit Fees | 65,000 | 65,975 | 66,965 | 67,969 | 68,989 |
| Banking Fees | 110,000 | 111,650 | 113,325 | 115,025 | 116,750 |
| Other expenses | 222,050 | 225,381 | 228,761 | 232,193 | 235,676 |
| Budget Reductions | 0 | 0 | 0 | 0 | 0 |
| Total Other Expenses Line 4.300 | $1,760,949 | $1,787,363 | $1,814,174 | $1,841,386 | $1,869,007 |

**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**

Repayment on debt began in FY08 for a $10 million bond issue which provided funding for the LeSourdsville-West Chester Road elementary school that replaced the existing Union Elementary. Also included is debt issued in 2009 and 2010 for energy conservation projects at Lakota East and West high schools and the central office. Payments for this 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. Our guaranteed federal subsidies have reduced indefinitely by 8.7% effective with our June 1, 2013 payment. This is an average of $17,000 additional each year in interest expense to the District.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Principal Bonds - $1.65 M Athletic Bldg. | $110,671 | $110,671 | $110,671 | $110,671 | $110,671 |
| Principal Bonds - $10 M Elem. Bldg. | 410,000 | 410,000 | 410,000 | 410,000 | 410,000 |
| Other LTGO Debt | 0 | 0 | 0 | 0 | 0 |
| Total Principal Payments Line 4.055 | $520,671 | $520,671 | $520,671 | $520,671 | $520,671 |

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| HB 264 Principal 3 Issues Line 4.050 | $744,329 | $744,329 | $744,329 | $744,329 | $744,329 |

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Interest on Bonds & HB 264 Total Line 4.060 | $561,731 | $561,213 | $560,601 | $560,601 | $560,601 |

**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 is recognized Marching Band as an extra-curricular beginning in 2014. Therefore, the District will transfer an equal amount per pupil to the band fund as it contributes for athletics. This has been estimated at $100,000. 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. To follow through with a levy promise which decreased extra-curricular fees and instituted a family cap, the general fund will be transferring $250,000 more annually to the athletic and band extra-curricular funds.

| Source | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Operating Transfers Out | $935,515 | $940,000 | $940,000 | $940,000 | $940,000 |
| Advances Out | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Total | $1,135,515 | $1,140,000 | $1,140,000 | $1,140,000 | $1,140,000 |

**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 2015 through 2019.

**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.

| | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| Ending Unreserved Cash Balance | $48,614,438 | $59,526,829 | $67,156,635 | $67,972,449 | $63,365,145 |

**The graph below shows the districts ending cash balance FY12 through FY19.**