LAKOTA LOCAL SCHOOL DISTRICT-BUTLER COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2013, 2014 and 2015 ACTUAL FORECASTED FISCAL YEARS ENDING JULY 1, 2015 THROUGH JUNE 30, 2020

Forecast Provided By
Lakota Local School District
Treasurer's Office
Ms. Jenni Logan, Treasurer/CFO
May 23, 2016

Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2013, 2014 and 2015 Actual;
Forecasted Fiscal Years Ending June 30, 2016 Through 2020

		Actual				Forecasted				
		Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Average Change	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
	Revenues									
1.010	General Property Tax (Real Estate)	77,620,374	83,356,717	88,658,242	6.9%	91,758,771	90,461,698	91,308,965	92,106,697	92,795,490
1.020	Tangible Personal Property	30,515	9,351	36,027	108.0%	0	0	0	0	0
1.030	Income Tax	-	-	-	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	41,204,418	45,016,969	49,202,349	9.3%	51,455,774	50,081,852	48,935,427	48,939,482	48,943,552
1.040	Restricted State Grants-in-Aid	6,982	118,514	143,641	809.3%	173,973	175,713	177,470	179,245	181,037
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	415,102	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	12,720,414	12,980,412	13,147,700	1.7%	10,657,284	10,162,975	10,247,819	10,328,442	10,390,512
1.060	All Other Revenues	13,103,756	13,489,757	15,621,932	9.4%	14,330,699	15,363,719	16,142,191	16,171,035	15,940,222
1.070	*Total Revenues*	145,101,561	154,971,720	166,809,891	7.2%	168,376,501	166,245,956	166,811,873	167,724,901	168,250,812
	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	2,204	0	0.0%	-	-	-	-	-
2.050	Advances-In	808,319	987,990	134,961	-32.1%	67,070	200,000	200,000	200,000	200,000
2.060	All Other Financing Sources	38,046	30,948	10,360	-42.6%	20,000	20,000	20,000	20,000	20,000
2.070	*Total Other Financing Sources*	846,365	1,021,142	145,321	-32.6%	87,070	220,000	220,000	220,000	220,000
2.080	*Total Revenues and Other Financing Sources*	145,947,926	155,992,862	166,955,212	7.0%	168,463,571	166,465,956	167,031,873	167,944,901	168,470,812
	Expenditures									
3.010	Personal Services	80,549,978	78,926,375	82,200,864	1.1%	83,218,407	85,049,212	86,920,295	88,832,541	90,786,857
3.020	Employees' Retirement/Insurance Benefits	26,026,152	26,285,563	28,813,510	5.3%	29,052,779	28,994,573	30,236,971	32,076,478	33,756,738
3.030	Purchased Services	25,923,474	29,037,566	30,985,347	9.4%	31,637,099	32,664,289	33,753,892	34,911,353	36,142,648
3.040	Supplies and Materials	3,568,759	4,102,696	3,648,749	1.9%	3,784,551	3,841,319	3,898,939	3,957,423	4,016,784
3.050	Capital Outlay	3,494,902	3,305,081	412,666	-46.5%	513,756	521,462	529,284	537,224	545,282
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	505,000	525,000	540,000	3.4%	-	-	-	-	-
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	705,000	715,000	725,000	1.4%	744,329	744,329	744,329	744,329	744,329
4.055	Principal-Other	-	-	-	0.0%	520,671	520,671	520,671	520,671	520,671
4.060	Interest and Fiscal Charges	614,514	592,373	558,075	-4.7%	561,213	560,601	560,601	560,601	560,601
4.300	Other Objects	1,924,725	1,644,175	1,621,984	-8.0%	1,617,393	1,641,654	1,666,279	1,691,273	1,716,642
4.500	*Total Expenditures*	143,312,504	145,133,829	149,506,195	2.1%	151,650,198	154,538,111	158,831,261	163,831,893	168,790,552
	Other Financing Uses									
5.010	Operating Transfers Out	474,567	575,584	936,539	42.0%	940,000	940,000	940,000	940,000	940,000
5.020	Advances-Out	1,019,802	134,961	67,070	-68.5%	200,000	200,000	200,000	200,000	200,000
5.030	All Other Financing Uses	226	848	-	87.6%	1,000	1,000	1,000	1,000	1,000
5.040	*Total Other Financing Uses*	1,494,595	711,393	1,003,609	-5.7%	1,141,000	1,141,000	1,141,000	1,141,000	1,141,000
5.050	*Total Expenditures and Other Financing Uses*	144,807,099	145,845,222	150,509,804	2.0%	152,791,198	155,679,111	159,972,261	164,972,893	169,931,552
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,140,827	10,147,640	16,445,408	425.8%	15,672,373	10,786,846	7,059,611	2,972,007	(1,460,740)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	23,540,527	24,681,354	34,828,994	23.0%	51,274,402	66,946,775	77,733,621	84,793,233	87,765,240
7.020	*Cash Balance June 30*	24,681,354	34,828,994	51,274,402	44.2%	66,946,775	77,733,621	84,793,233	87,765,240	86,304,500
8.010	*Estimated Encumbrances June 30*	1,303,565	1,338,468	583,240	-26.9%	1,175,000	1,175,000	1,175,000	1,175,000	1,175,000
	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*	23,377,789	33,490,526	50,691,162	47.3%	65,771,775	76,558,621	83,618,233	86,590,240	85,129,500

Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2013, 2014 and 2015 Actual;
Forecasted Fiscal Years Ending June 30, 2016 Through 2020

		Actual				Forecasted				
		Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Average Change	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
	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*	23,377,789	33,490,526	50,691,162	47.3%	65,771,775	76,558,621	83,618,233	86,590,240	85,129,500
	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*	23,377,789	33,490,526	50,691,162	47.3%	65,771,775	76,558,621	83,618,233	86,590,240	85,129,500

Lakota Local School District – Butler County
Notes to the Five-Year Forecast
General Fund, Related Debt and Federal Funds Only
May 23, 2016

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 2016 (July 1, 2015-June 30, 2016) 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 financial data for the May 2016 filing.

Revenues:
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $2.77 million or 1.7% higher than the October forecasted amount of $165,607,791. This indicates the October forecast was 98.3% accurate.

The change in revenue estimate is mostly affected by the change in the estimate for property tax. The October forecast estimated tax revenues in lines 1.01 to be $89.6 million and the May forecast is estimating tax revenues to be $91.76 million or 2.4% higher. We had estimated a negative TIF adjustment of $1.4 million in the 1st half settlement, which has been the norm for several years. This year the Butler County Auditor's Office has indicated there was no adjustment reported to them. This caused the bulk of the increase over our estimate. The remaining amount is a result of new construction in Residential and Commercial property being up $16 million in assessed values over the $25million increase projected. This increase in value will affect revenue positively throughout the remaining years of the forecast as well.

All other areas of revenue are tracking as anticipated for FY16.

Expenditures:
At this time, we expect our original estimates for overall expenditures on Line 4.5 of $151,259,120 to be on target with actuals for FY16. The adjustments made in this update reflect a .3% increase and are immaterial to the overall financial picture. We are pleased with this conclusion and our budgetary process, which manages expenditures so tightly.

Unreserved Ending Cash Balance:
With revenues slightly over estimates and expenditures ending on target of the estimates, our ending unreserved cash balance is anticipated to be just under $67 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2020 if our interpretations of the FY16 & FY17 state budget (HB64) are correct. This uncertainty is discussed in more detail throughout the notes.

Forecast Risks and Uncertainty:
A five-year financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will be happening in the spring of 2017 and 2019 due to deliberation of the next two (2) state biennium budgets for FY18-19 & FY20-21, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

I. 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 2017 reappraisal update. 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. .

II. The State Budget represents nearly 37% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY18 and beyond if the state economy worsens or if the currently adopted HB64 funding formula is changed to reduce funding to our district in a future biennium budget. There are two future State Biennium Budgets covering the period from FY18 through FY20 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 FY20.

III. The new State Budget HB64 reinstitutes the phase out of district Tangible Personal Property (TPP) reimbursements, which had been promised under previous budget bills. HB64 begins the phase out in FY16 and we estimate this state money will be gone after FY16, a loss of $3,146,000 annually. 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. We estimate we will receive a $2,645,000 one-time payment in FY16 per HB64, which will hold us harmless from an overall loss in state revenue in FY16 compared to FY15 amounts.

The Budget Correction Bill SB208, which became law February 15, 2016, provided for a second hold harmless payment for FY17 to ensure no district would receive less than 96% of the FY15 total state aid received. We anticipate that in FY17 we will receive a one-time payment of $1,150,000 because of SB208.

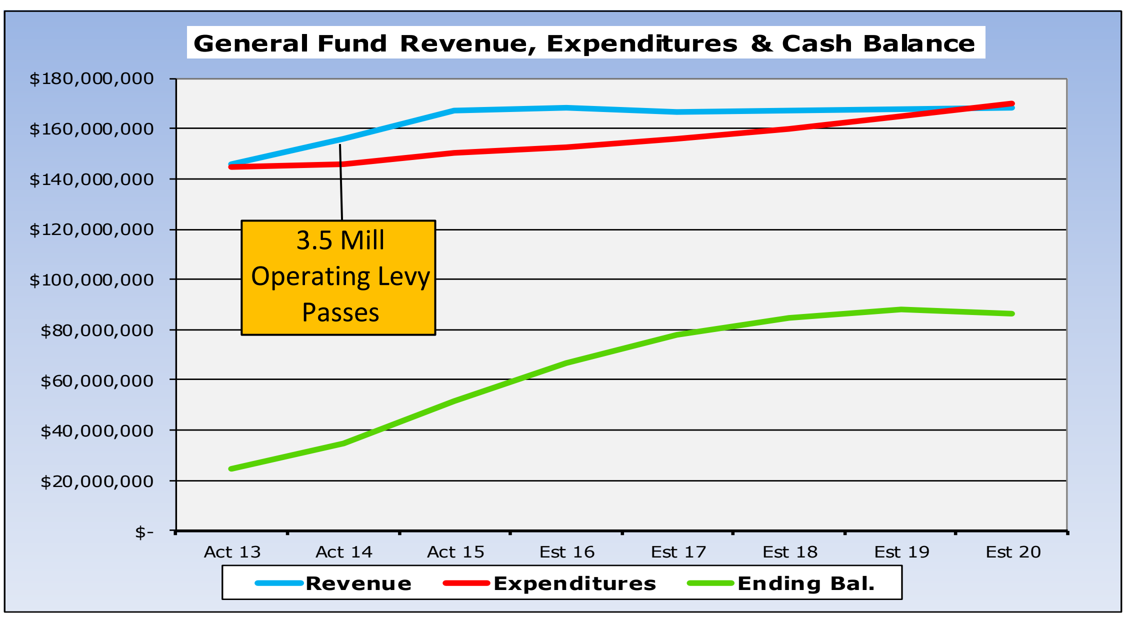
IV. There are many provisions in the current state budget bill HB64 that will increase the district expenditures in the form of expanded school choice programs and increases in amounts deducted from our state aid in the 2016-17 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from $20,000 each to $27,000, a 35% increase. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

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 to be implemented January 1, 2015. Continued implementation of provisions will continue into the future. We continue to work with a consultant to assist with compliance. We have made allowance for increases in our costs for health care, where appropriate, in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA is a risk to district costs. We continue to monitor the rules and implementation as this significant change to health care evolves.

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 school districts face. We believe as we move forward that our positive working relationship will continue and will only grow stronger. Currently we have contracts with both the Lakota Education Association (LEA) and the Lakota Support Staff Association (LSSA) that extend through 2018.

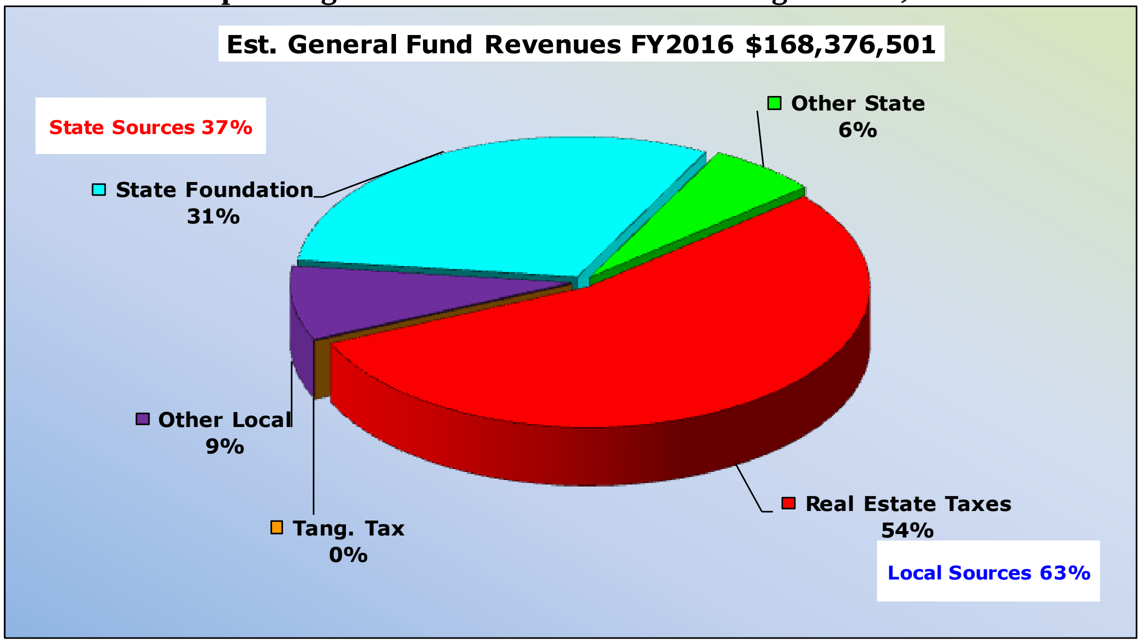
The district's five-year forecast identifies major revenue, expenditures and balances by line number. Those major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the actual forecast. It should 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, 2016



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. This has occurred for the 2005, 5.6 mill levy and the 2000 4.9 mill levy. In Tax Year 2015, our overall tax base stabilized and began growing again with overall growth of 2.5% over Tax Year 2014. This growth allowed for modest growth in new taxes but also reduced both the 5.6 and 4.9 mill levy from their full gross rates providing a minor buffer in revenue loss should values decline again in the future.

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 2017 reappraisal update. For this update, we have estimated a 2% increase for residential and 0% for commercial. We will adjust this estimate in future forecasts as we see evidence that inflationary growth is higher than we are estimating at this time.

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 YEAR2015 COLLECT2016	Estimated TAX YEAR 2016 COLLECT 2017	Estimated TAX YEAR 2017 COLLECT 2018	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020
Res./Ag.	$2,026,809,140	$2,039,259,140	$2,090,994,323	$2,101,944,323	$2,112,894,323
Comm./Ind.	503,583,380	506,583,380	510,083,380	514,583,380	519,083,380
Public Utility (PUPP)	87,519,700	91,019,700	94,019,700	96,019,700	98,019,700
Tangible Property (TPP)	0	0	0	0	0
Total	$2,617,912,220	$2,636,862,220	$2,695,097,403	$2,712,547,403	$2,729,997,403

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 2015 showed an improvement in current tax collections over 2014. 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 2015 collected in 2016 noted below including the new 3.5 mill levy passed n 2013.

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	3.23	5.12
Continuing Operating	1978	n/a	3.80	.77	1.22
Continuing Operating	1985	n/a	5.90	2.35	2.87
Continuing Operating	1988	n/a	5.67	2.55	3.26
Continuing Operating	1991	n/a	5.90	3.59	4.55
Continuing Operating	1996	n/a	6.50	4.56	5.87
Continuing Operating	2000	n/a	4.90	3.93	4.81
Continuing Operating	2005	n/a	5.60	5.48	5.49
Continuing Operating	2013	n/a	3.50	3.43	3.43
Total Gross & Effective Tax Rates			**$64.14**	**$36.36**	**$43.14**

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. 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.

Fiscal year 2016 collections are up over original estimates. This is primarily due to a $1.4 million TIF adjustment that was anticipated, based on historical trends, not happening. This may be made in a subsequent settlement but we do not have data to indicate if and when that would be made. Also, new construction overall was up $16 million in assessed value over the $25 million we projected. This will affect future year tax projections positively as noted below.

Estimated Real Estate Tax Collections - Line #1.010

Source	FY16	FY17	FY18	FY19	FY20
Estimated Real Estate Tax Line 1.01	$91,758,771	$90,461,698	$91,308,965	$92,106,697	$92,795,490

New Tax Levies – Line #13.020

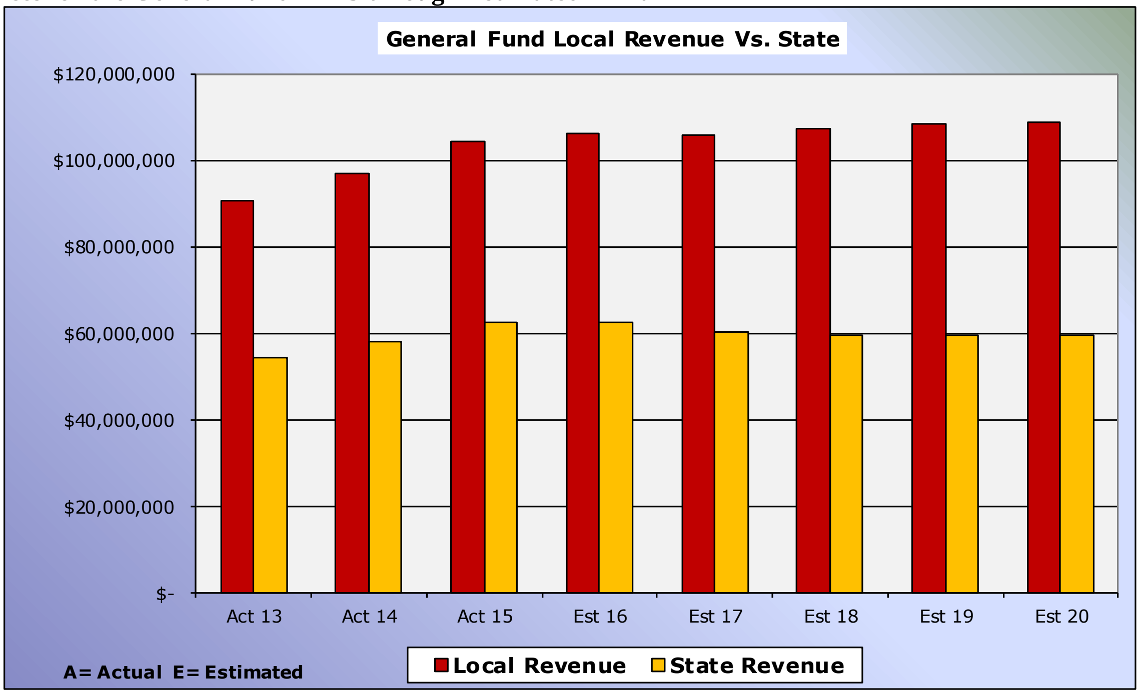
No new tax levies are modeled in this five-year forecast.

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.

Revenue Sources for the General Fund FY13 through Estimated FY20



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 FY16 for state funding are based on the May 2016 State Foundation Payment Report (SFPR). The current FY16-17 state budget HB64 simulation includes relatively flat funding for our district. We are projected to be a Guarantee district regarding state funding in FY16-17. Our state funding status for FY18-20 will depend on the FY18-19 and FY20-21 state budgets. There are two unknown state budgets in this forecast period covering three fiscal years.

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

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

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

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

1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated.

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

Note: these additional components will not be paid to our district as we are heavily on the guarantee.

There are potentially 342 independent variables in the SFPR formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY16-20. Currently, there are still changes being made to the above variables as well as changes that could result once ODE finalizes the calculations from FY15, which is not expected until late May 2016. Our estimates are based on the best information available to us and the most current calculation used by ODE. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY15 reconciliation.

Our current SFPR estimates for FY16 are using May 2016 average daily membership (ADM) and reducing those numbers by 100 each year through FY20. Beginning in FY15 the state changed the way it measures student ADM. Student counts are now 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. This will not affect our state aid payments since we are a guarantee district.

HB64 included a hold harmless guarantee that no district would get less state funding in FY16 & 17 than they did in FY15. Current calculations indicate our district is a Guarantee funded district for FY16 and we anticipate that we will remain a Guarantee funded district in FY17 as well. Because our District is being funded on the Guarantee means that revenue from state funding will remain flat for FY16 & 17, other than we estimate that we will receive a one-time TPP Supplement payment in FY16 of $2,645,789 and a reduced TPP supplement payment in FY17 of $1,150,000.

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

The initial student payment to schools in January 2013 (FY13) was a half-year payment of $21.00 per pupil that rose to $51.50 per pupil for a full year in FY14 and $50.50 in FY15. The state indicated recently that the original 2009 estimates of $1.9 billion of GCR may be closer to $900 million as revenues from casinos are not growing robustly as originally predicted. Actual numbers generated for FY 16 statewide were 1,796,394 students at $50.66 per pupil. For FY17-20, we estimated another ½ of 1% decline in pupils to 1,778,000 and 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	FY16	FY17	FY18	FY19	FY20
Basic Aid-Per HB59	$49,102,151	$47,722,464	$46,570,241	$46,568,466	$46,566,674
Additional Items	1,521,329	1,521,329	1,521,329	1,521,329	1,521,329
Basic Aid- Subtotal	$50,623,480	$49,243,793	$48,091,570	$48,089,795	$48,088,003
Ohio Casino Commission	832,294	838,059	843,857	849,687	855,549
Total Unrestricted State Aid Line # 1.035	$51,455,774	$50,081,852	$48,935,427	$48,939,482	$48,943,552

B) Restricted State Revenues – Line # 1.040

HB64 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 FY16-20.

C) Restricted Federal Grants in Aid – line #1.045

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

Summary	FY16	FY17	FY18	FY19	FY20
A) Unrestricted State Aid Line 1.035	$51,455,774	$50,081,852	$48,935,427	$48,939,482	$48,943,552
B) Restricted State Aid Line 1.040	173,973	175,713	177,470	179,245	181,037
C) Restricted Federal Grants Line 1.045	0	0	0	0	0
Total State Foundation Revenue	$51,629,747	$50,257,565	$49,112,897	$49,118,727	$49,124,589

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 current state budget has reinstituted the phase our of TPP reimbursements to districts beginning in FY16. The phase out is based on five wealth tiers called quintiles. A Quintile 1 district will lose TPP funding based on 1% of qualifying revenue and a Quintile 5 districts will lose TPP reimbursements equal to 2% of qualifying revenue. Our district is a Quintile 4 district and will lose TPP reimbursement at 1.75% times our operating revenues. Revenue will be phased out at this quintile level until all our TPP state funds are gone. For our district, the total phase out would occur in 2016 and will cost us $3,146,000 annually from FY17 on.

SB 208 amended HB64 and became effective February 15, 2016. SB 208 affected TPP reimbursements in two ways: 1) It provides for a FY17 Guarantee that no district's combined state foundation funding plus TPP Fixed Rate reimbursement will be less than 96% of FY15 foundation and TPP Fixed Rate funding received, and; 2) Beginning in FY18, the TPP Fixed Rate funding will be phased out at 5/8ths (62.5%) of what 1 mill would raise in local taxes beginning with Tax Year 2016 assessed property values. Based on our calculations, we will receive a TPP Phase out guarantee in FY17 of $1,150,000. TPP Supplemental payments are included with State Foundation revenues on Line 1.035. This will be our last guaranteed payment for TPP reimbursement based on the current law. We are predicting this will totally go away in 2018.

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

Source	FY16	FY17	FY18	FY19	FY20
A) Rollback and Homestead	$10,156,850	$10,162,975	$10,247,819	$10,328,442	$10,390,512
B) TPP Reimbursement - Fixed Rate	500,434	0	0	0	0
Total Line 1.050	$10,657,284	$10,162,975	$10,247,819	$10,328,442	$10,390,512

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. This overage (waterfall) payment is in effect holding us harmless. In total the Lakota Local School District's borders include 5 TIF districts for West Chester Township, 12 TIF/RID districts for Liberty Township and 4 TIF districts for Butler County. The District received compensation on all but one TIF, the Union Centre TIF. This TIF district was created before legislation was adopted which required school district involvement/approval. 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. 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 2016 through 2020. The District does allow open enrollment tuition now and has raised the cap to 200 to try to 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	FY16	FY17	FY18	FY19	FY20
Payment In Lieu of Taxes	$11,000,000	$11,750,000	$12,500,000	$12,500,000	$12,500,000
Open Enrollment In	1,041,126	1,200,000	1,200,000	1,200,000	1,200,000
Interest	425,000	433,500	442,170	451,013	200,000
Credit card transaction fee	70,000	70,700	71,407	72,121	72,842
Tuition	1,032,418	1,042,742	1,053,170	1,063,701	1,074,338
Rentals	150,000	151,500	153,015	154,545	156,091
Medicare Reimbursement	312,155	315,277	318,429	321,614	324,830
Miscellaneous	300,000	400,000	404,000	408,040	412,120
Total Other Local Revenues 1.060	$14,330,699	$15,363,719	$16,142,191	$16,171,035	$15,940,222

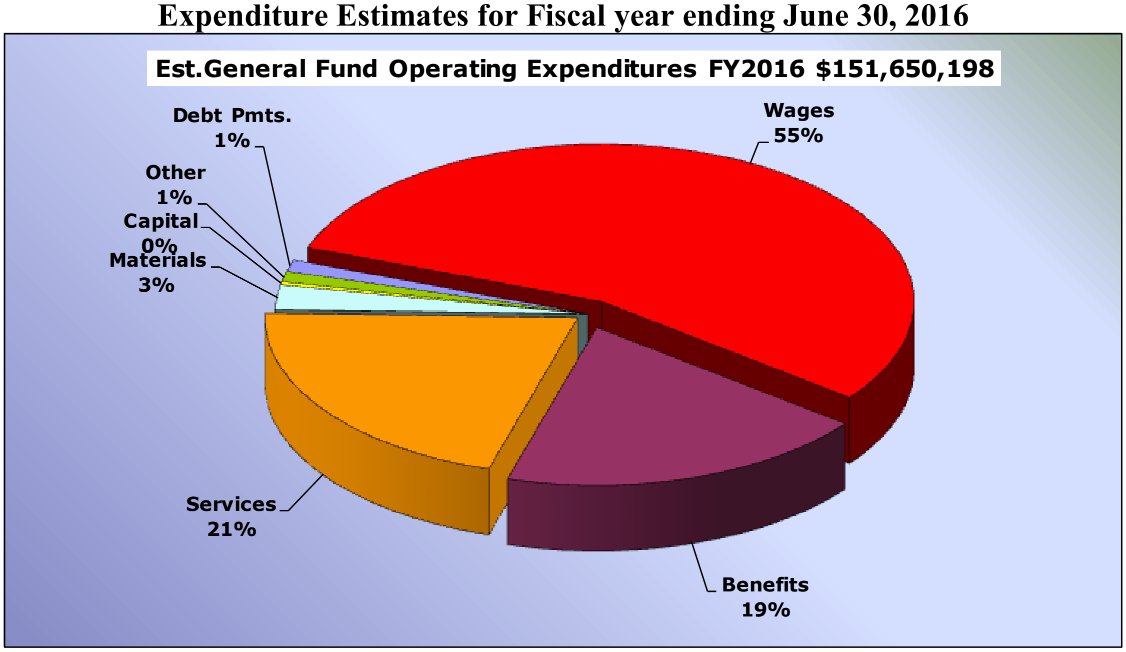
All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010
There is no short-term borrowing planned for in this forecast at this time from any sources. Other financing sources consist of advances that the school district anticipates will be made during the forecasted period. Advances 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.

Source	FY16	FY17	FY18	FY19	FY20
Transfers In	$0	$0	$0	$0	$0
Advance Returns	67,070	200,000	200,000	200,000	200,000
Total Transfer & Advances In	$67,070	$200,000	$200,000	$200,000	$200,000

Source	FY16	FY17	FY18	FY19	FY20
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, 2016



Wages – Line #3.010
The expenditures in this category are for salaries and wages for services rendered for all union and non-union employees. Both bargaining unit agreements extend through June 30, 2018. The agreement with LEA (Lakota Education Association) provides for a 1.97% COLA (cost of living adjustment) for each year as well as a 1.97%, 2%, 2% increase on the base for each year of the contract. The contract with our classified staff, LSSA (Lakota Support Staff Association), includes incremental increases and a $.40/hour increase for 2016, $.15/hour increase for 2017, and a $.45/hour increase for 2018 on base wages. The contract with the LSSA reduced the number of steps on all salary schedules and requires job performance to move on the salary schedule.

For planning purposes, administrative and non-represented salaries are predicted to increase by 2% annually. Based on trend and analytical predictions we are assuming a savings of 1.75% from an average of 60 employees exiting the district annually from the LEA. Therefore, the annual increase forecasted will be a net of 2.2%.

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

Source	FY16	FY17	FY18	FY19	FY20
Base Wages	$82,200,864	$83,218,407	$85,049,212	$86,920,295	$88,832,541
Increases	1,017,543	1,830,805	1,871,083	1,912,246	1,954,316
Total Wages Line 3.010	$83,218,407	$85,049,212	$86,920,295	$88,832,541	$90,786,857

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 fourth consecutive year, we will be continuing our health coverage with Anthem. We worked with our insurance consultant, Horan, to go back to the market for the best bids for our health and dental coverage. This proved to be advantageous for the district and its employees. We are receiving a 1.5% decrease in health rates with Anthem effective January 1, 2016, and a rate cap of 4.5% effective January 1, 2017. We moved to a new provider for dental coverage. Our new provider, Dental Care Plus, offers a better network of providers with a reduction of premiums of 7% effective January 1, 2016. This reduced premium will remain through 2017 and is capped at 5% for 2018. Based on trends, we are assuming a 7.5% annual increase in premiums beginning in 2018. Additionally, we are assuming a 5% annual increase in premiums for dental insurance for the remainder of the forecasted period. Life insurance is estimated to be $100,000 annually. These premium increases/(decreases) are inclusive of all additional fees associated with the PPACA. 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.

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. 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	FY16	FY17	FY18	FY19	FY20
STRS/SERS	$12,948,000	$12,739,074	$13,019,333	$13,305,759	$13,598,485
Insurance's	14,900,000	15,072,000	16,000,000	17,268,000	18,628,564
Workers Comp/Unemployment	79,500	25,000	25,000	275,000	275,000
Medicare	1,123,448	1,156,669	1,190,808	1,225,889	1,252,859
Other	1,830	1,830	1,830	1,830	1,830
Total Fringe Benefits Line 3.020	$29,052,779	$28,994,573	$30,236,971	$32,076,478	$33,756,738

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 contract in place. 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) were also a levy promise and have been included in the annual line item anticipated cost.
- Utility costs continue to increase 3% annually due to market factors. Management is utilizing various methods to reduce Cost. 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 10% 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	FY16	FY17	FY18	FY19	FY20
Postage & Advertising	$301,906	$306,435	$311,031	$315,697	$320,432
Transportation	14,161,457	14,444,686	14,733,580	15,028,251	15,328,816
Community Schools/Tuition/OE	5,232,672	5,755,939	6,331,533	6,964,686	7,661,155
Professional Services	8,003,131	8,123,178	8,245,026	8,368,701	8,494,232
Repairs & Maintenance	583,409	592,160	601,043	610,058	619,209
Rental & Lease Payments	527,583	535,497	543,529	551,682	559,957
Utilities	2,469,926	2,544,024	2,620,344	2,698,955	2,779,923
Travel & Meeting Exp.	228,361	231,786	235,263	238,792	242,374
Property Insurance	128,654	130,584	132,543	134,531	136,549
Total Purchased Services Line 3.030	$31,637,099	$32,664,289	$33,753,892	$34,911,353	$36,142,648

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 necessary repairs required for existing school buildings are forecasted to increase for fiscal years 2016 through 2020.

Source	FY16	FY17	FY18	FY19	FY20
General Supplies	$135,245	$137,274	$139,333	$141,423	$143,544
Instructional Supplies	538,742	546,823	555,025	563,351	571,801
Health Supplies	14,119	14,331	14,546	14,764	14,985
Textbooks & Library Books	985,910	1,000,699	1,015,709	1,030,945	1,046,409
Building Mainteance Supplies	803,090	815,136	827,363	839,774	852,370
Fuel for vehicles	807,202	819,310	831,600	844,074	856,735
Software & Computer Supplies	500,243	507,747	515,363	523,093	530,940
Total Line 3.040	$3,784,551	$3,841,319	$3,898,939	$3,957,423	$4,016,784

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.

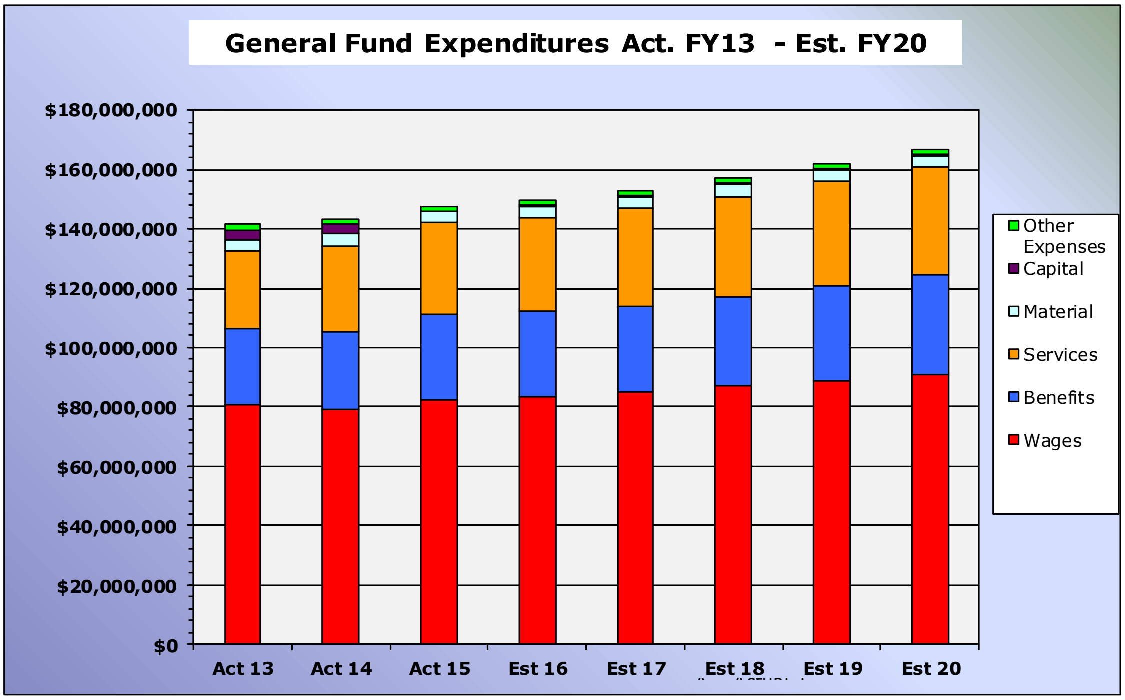
Source	FY16	FY17	FY18	FY19	FY20
Buildings	13,756	13,962	14,172	14,384	14,600
Equipment	500,000	507,500	515,113	522,839	530,682
Total Capital Outlay Line 3.050	$513,756	$521,462	$529,284	$537,224	$545,282

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	FY16	FY17	FY18	FY19	FY20
County Auditor & Treasurer Fees	$1,052,291	$1,068,075	$1,084,096	$1,100,358	$1,116,863
Butler County ESC	105,210	106,788	108,390	110,016	111,666
Dues & Fees	109,225	110,864	112,526	114,214	115,928
Audit Fees	70,037	71,088	72,154	73,236	74,335
Banking Fees	144,943	147,117	149,324	151,564	153,837
Other expenses	135,687	137,723	139,788	141,885	144,013
Total Other Expenses Line 4.300	$1,617,393	$1,641,654	$1,666,279	$1,691,273	$1,716,642

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	FY16	FY17	FY18	FY19	FY20
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
Total Principal Payments Line 4.055	$520,671	$520,671	$520,671	$520,671	$520,671

Source	FY16	FY17	FY18	FY19	FY20
HB 264 Principal 3 Issues Line 4.050	$744,329	$744,329	$744,329	$744,329	$744,329

Source	FY16	FY17	FY18	FY19	FY20
Interest on Bonds & HB 264 Total Line 4.060	$561,213	$560,601	$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. Transfers out increased in line with the levy promise to reduce fees and implement a family cap. We are anticipating this annual amount to remain constant throughout the forecasted period. 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.

Source	FY16	FY17	FY18	FY19	FY19
Operating Transfers Out	$940,000	$940,000	$940,000	$940,000	$940,000
Advances Out	200,000	200,000	200,000	200,000	200,000
Total	$1,140,000	$1,140,000	$1,140,000	$1,140,000	$1,140,000

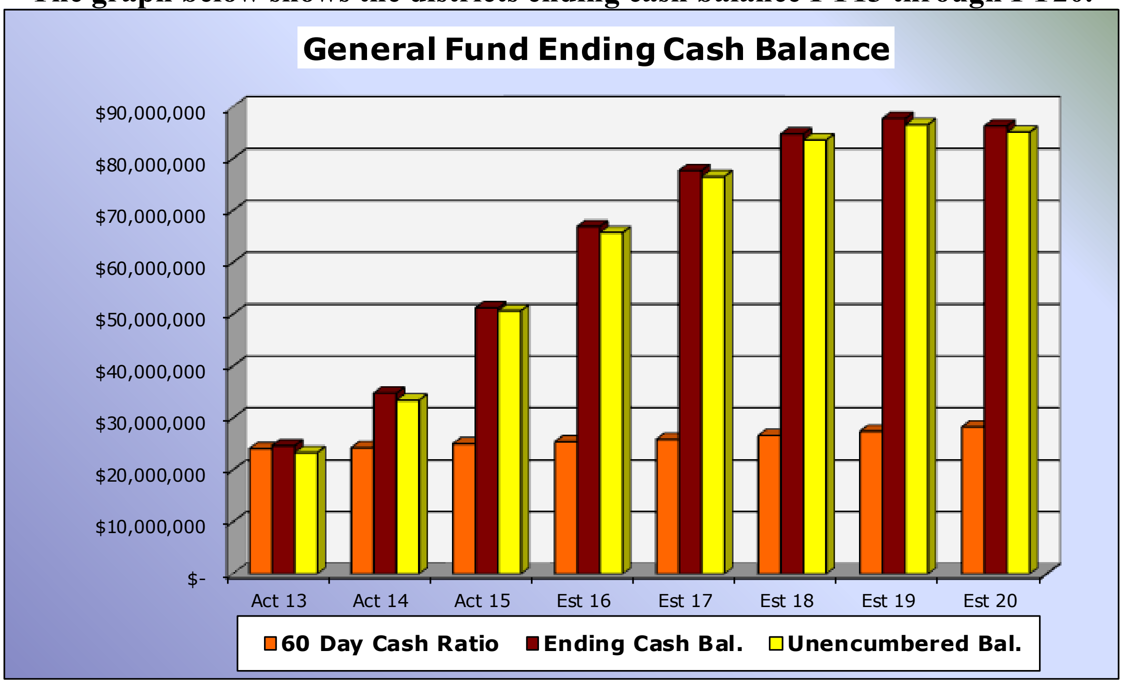
Encumbrances –Line#8.010
Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the 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 2016 through 2020.

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.

	FY16	FY17	FY18	FY19	FY20
Ending Unreserved Cash Balance	$65,771,775	$76,558,621	$83,618,233	$86,590,240	$85,129,500

The graph below shows the districts ending cash balance FY13 through FY20.



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.