LAKOTA LOCAL SCHOOL DISTRICT-BUTLER COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2014, 2015 and 2016 ACTUAL
FORECASTED FISCAL YEARS ENDING
JULY 1, 2016 THROUGH JUNE 30, 2021

Forecast Provided By
Lakota Local School District
Treasurer's Office
Ms. Jenni Logan, Treasurer/CFO
October 24, 2016

Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

October, 2016 Forecast

		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Revenues									
1.010	General Property Tax (Real Estate)	83,356,717	88,658,242	91,756,506	4.9%	91,435,540	91,482,986	92,280,387	92,969,424	93,658,640
1.020	Tangible Personal Property	9,351	36,027	8,813	104.9%	0	0	0	0	0
1.030	Income Tax	-	-	-	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	45,016,969	49,202,349	49,105,446	4.6%	48,738,951	49,291,997	49,232,709	49,216,033	49,197,959
1.040	Restricted State Grants-in-Aid	118,514	143,641	159,190	16.0%	177,045	178,815	180,604	182,410	184,234
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	12,980,412	13,147,700	12,790,014	-0.7%	11,101,685	10,358,519	10,341,591	10,403,415	10,465,289
1.060	All Other Revenues	13,489,757	15,621,932	15,568,573	7.7%	15,697,707	16,494,184	16,540,876	16,587,785	16,584,913
1.070	*Total Revenues*	154,971,720	166,809,891	169,388,542	4.6%	167,150,928	167,806,502	168,576,166	169,359,067	170,091,035
	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	2,204	-	0	0.0%	-	-	-	-	-
2.050	Advances-In	987,990	134,961	67,070	-68.3%	8,283	200,000	200,000	200,000	200,000
2.060	All Other Financing Sources	30,948	10,360	10,819	-31.0%	20,000	20,000	20,000	20,000	20,000
2.070	*Total Other Financing Sources*	1,021,142	145,321	77,889	-66.1%	28,283	220,000	220,000	220,000	220,000
2.080	*Total Revenues and Other Financing Sources*	155,992,862	166,955,212	169,466,431	4.3%	167,179,211	168,026,502	168,796,166	169,579,067	170,311,035
	Expenditures									
3.010	Personal Services	78,926,375	82,200,864	82,925,932	2.5%	85,727,299	87,613,299	89,540,792	91,510,689	93,523,924
3.020	Employees' Retirement/Insurance Benefits	26,285,563	28,813,510	29,112,820	5.3%	28,994,573	30,109,494	31,809,939	33,340,303	34,965,458
3.030	Purchased Services	29,037,566	30,985,347	30,958,101	3.3%	32,265,362	33,222,292	34,225,003	35,276,551	36,380,219
3.040	Supplies and Materials	4,102,696	3,648,749	3,682,919	-5.1%	3,956,981	4,033,101	4,110,698	4,189,801	4,270,439
3.050	Capital Outlay	3,305,081	412,666	593,469	-21.9%	358,538	363,916	369,375	374,915	380,539
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)				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	715,000	725,000	740,000	1.7%	772,000	777,000	802,000	827,000	846,000
4.055	Principal-Other	525,000	540,000	565,000	3.7%	733,000	663,000	638,000	653,000	664,000
4.060	Interest and Fiscal Charges	592,373	558,075	354,394	-21.1%	405,520	345,861	298,402	253,158	211,567
4.300	Other Objects	1,644,175	1,621,984	1,684,074	1.2%	1,724,387	1,756,201	1,788,611	1,821,629	1,855,265
4.500	*Total Expenditures*	145,133,829	149,506,195	150,616,709	1.9%	154,937,661	158,884,164	163,582,820	168,247,046	173,097,412
	Other Financing Uses									
5.010	Operating Transfers Out	575,584	936,539	1,190,931	44.9%	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
5.020	Advances-Out	134,961	67,070	8,283	-69.0%	200,000	200,000	200,000	200,000	200,000
5.030	All Other Financing Uses	848	-	47,223	0.0%	1,000	1,000	1,000	1,000	1,000
5.040	*Total Other Financing Uses*	711,393	1,003,609	1,246,437	32.6%	2,201,000	2,201,000	2,201,000	2,201,000	2,201,000
5.050	*Total Expenditures and Other Financing Uses*	145,845,222	150,509,804	151,863,146	2.0%	157,138,661	161,085,164	165,783,820	170,448,046	175,298,412
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	10,147,640	16,445,408	17,603,285	34.6%	10,040,551	6,941,337	3,012,347	(868,979)	(4,987,377)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	24,681,354	34,828,994	51,274,402	44.2%	68,877,687	78,918,238	85,859,575	88,871,922	88,002,943
7.020	*Cash Balance June 30*	34,828,994	51,274,402	68,877,687	40.8%	78,918,238	85,859,575	88,871,922	88,002,943	83,015,565
8.010	*Estimated Encumbrances June 30*	1,338,468	583,240	475,131	-37.5%	500,000	500,000	500,000	500,000	500,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.0%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	33,490,526	50,691,162	68,402,556	43.1%	78,418,238	85,359,575	88,371,922	87,502,943	82,515,565

Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

October, 2016 Forecast

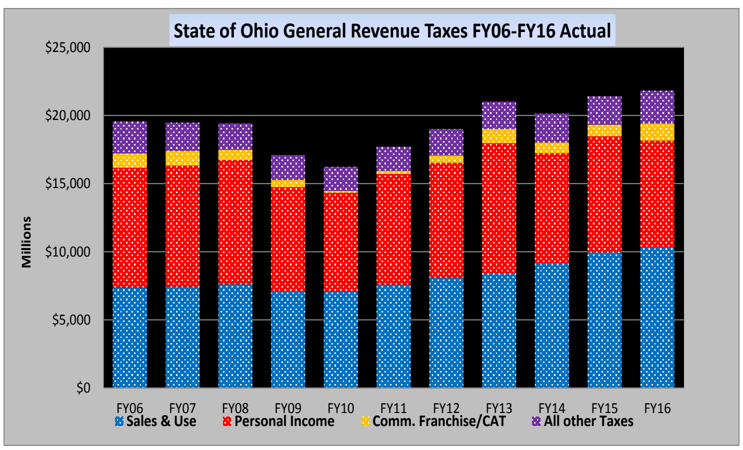
		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-
11.020	Property Tax - Renewal 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*	33,490,526	50,691,162	68,402,556	43.1%	78,418,238	85,359,575	88,371,922	87,502,943	82,515,565
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	$0	$0	$0	$0	$0
13.020	Property Tax - New	-	-	-	0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-	-	-	0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	33,490,526	50,691,162	68,402,556	43.1%	78,418,238	85,359,575	88,371,922	87,502,943	82,515,565

Lakota Local School District – Butler County
Notes to the Five-Year Forecast
General Fund, Related Debt and Federal Funds Only
October 24, 2016

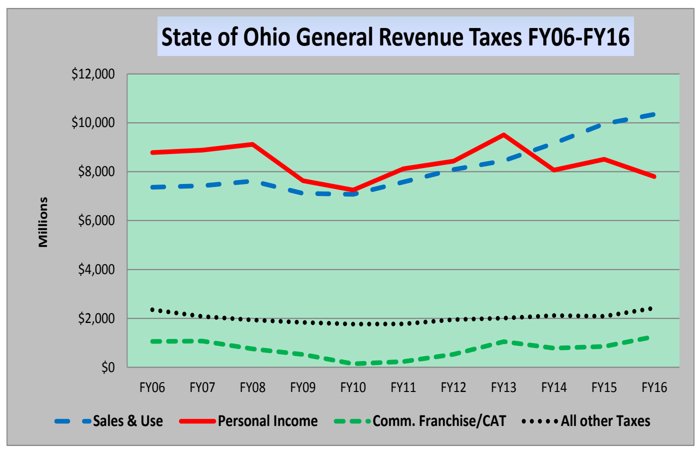
Introduction to the Five Year Forecast
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2017 (July 1, 2016 through June 30, 2017) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data for the October 2016 filing.

Economic Environment Affecting Forecast Variables –State Economy
It is important in long range forecasting to consider the economic climate in which projections of revenues are made. Below is significant statewide economic data, which suggests that the economy for the FY17-21 period is growing moderately and should continue during the forecast period. It is important for our school district to consider the statewide economic data for two very important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. The effects of the 2008 recession on the economy at the state level created a budget deficit, which required the State of Ohio to make nearly $8 billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio. Second, the same economic forces driving state tax revenues are also likely affecting the underlying economics of most communities in Ohio, which directly affects the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.

The graphs below note that the State of Ohio revenues through FY16 have recovered and are at record levels in spite a personal income tax reduction in FY15 and FY16. The two significant contributors to the economic recovery continue to be personal income taxes and sales and use taxes. The decline in personal income tax in FY15 and FY16 is misleading. The declines are due to HB59's across-the-board reductions in income and corporate franchise tax rates, which began in FY14. Reductions in FY16 personal income tax is due to an additional 6.3% reduction as authorized by HB64. Not withstanding these reductions income tax would have grown steadily through FY16. Barring further legislative cuts personal income tax will continue to grow.

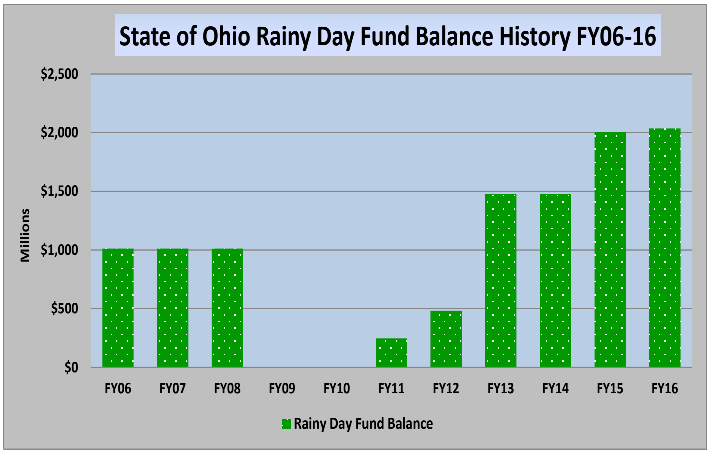


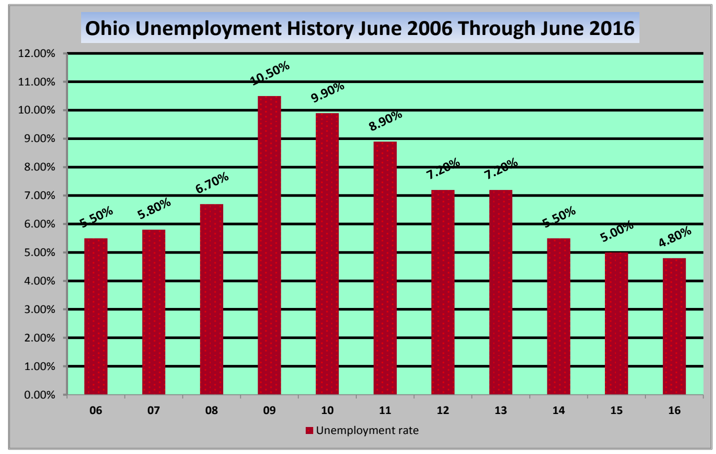
Source: Ohio Legislative Service Commission



Source: Ohio Legislative Service Commission

The recovery of the labor market, which began in 2010, continues in 2015 as noted in both personal income tax and sales tax collections. The above State revenue is a clear indication that the economy has recovered and that there is economic growth in our state. Another indication that the state of Ohio has achieved solid footing economically is the accumulation of reserves in the State Rainy Day Fund (RDF). The graph on the following page shows the ten-year history of the Rainy Day Fund balance. The recession depleted the RDF in FY09. FY11 began the recovery of the economy and enabled the state to contribute excess revenues to the RDF. As noted, the RDF balance in FY16 has reached an all time record high deposit of $2.034 billion thanks to a higher statutory balance allowed by HB64. This cushion should continue to help ensure that funding for schools approved in the recent state biennium budget HB64 will be met through FY17and could be continued into the future even if a brief pull back in the economy occurs as some economist project for late 2017 or 2018.





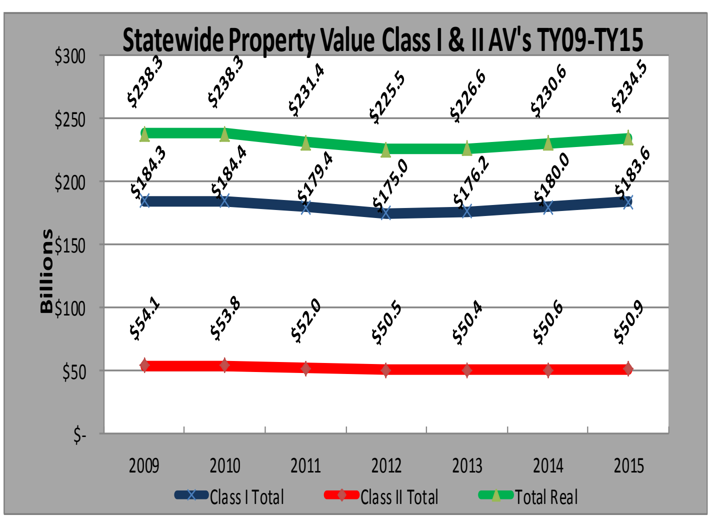
Source: Ohio Legislative Service Commission

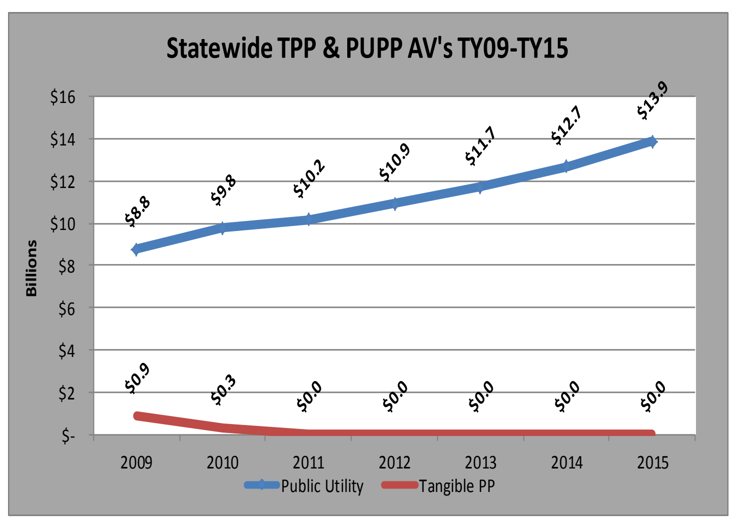
Source: U.S. Bureau of Labor Market Information

The state of Ohio's unemployment rate hit 4.8% the end of June 2016. The last time it was at this level was in October 2001. Over the past 12 months ended May 2016, the unemployment rate dropped .2% as 27,600 new jobs were created. This is a significant measure to monitor for continued economic growth and viability. As noted above, personal income taxes and sales tax are highly correlated and have been the two major drivers of the recent recovery. As of June 2016, the unemployment rate in Butler County was 4.4%, which is below the 4.8% state average.

For school districts, a final piece of economic data, which is highly relevant, is the value of real property. In the 2015Tax Year, 24 of Ohio's 88 counties went through a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From tax year 2007 to 2012, Class 1 and 2 property values declined by $10.8 billion, a reduction of 4.6%. In 2015 Class 1 values rose by $3.58 billion or 1.99% statewide, while Class 2 property increased for only the second time since 2009 by $270.0 million or .54% statewide. Home values for the 12 month period ending in June 2016 were up statewide by 3.5%. Clearly property values have stabilized and should begin to rise at varying levels across the state.

The final category of property is Public Utility Personal Property (PUPP) values. The graph on the following page shows that Tangible Personal Property (TPP) was eliminated for all categories of TPP in tax year 2011 by HB66, which became effective July 1, 2005. PUPP values on the other hand continued to grow throughout the Great Recession and into Tax Year 2015due in part to continued new construction, reinvestment in aging infrastructure due to historic low interest rates and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher value as they are taxed at the full gross tax rate. PUPP values grew $1.2 billion or 9.5% statewide in Tax Year 2015.

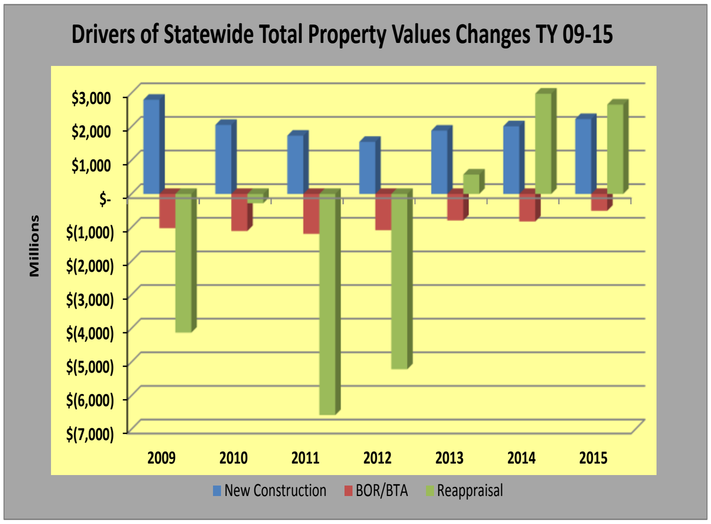




Source: Ohio Department of Taxation

Source: Ohio Department of Taxation

The graph below sums up the main drivers of real property value changes across the state for Tax Year 2009 through 2015. The changes noted below are for Class 1 and 2 property values. Note that new construction is picking up, reappraisal and update values have moved from negative to positive for the last three tax years and Board of Revision/Board of Tax appeals property value changes are trending down from record levels from 2009 through 2012.



Overall, we believe the economy of the state is stable and growing. This should provide a stable basis for which to make projections of state revenues to the district as noted in HB64 through FY17 and continuing through FY21 in future state budgets. The improving labor market is also providing for steady property tax collections in this forecast by: 1) increasing or stabilizing property values; 2) increasing current property tax collections; and, 3) increasing prior delinquent tax collections.

Source: Ohio Department of Taxation

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 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 significant issues and how they may affect our forecast long term:

I. Butler County went through a reappraisal in the 2014 tax year to for collection in 2015. The 2015 reappraisal increased overall real estate values by 1% as property values are starting to recover in our state. A reappraisal update will occur in tax year 2017 for collection in 2018 we are estimating an overall increase of 2% as values continue to recover. We believe the recovery as witnessed by statewide values noted in graphs above indicate this is a reasonable assumption.

II. HB64, the current state budget, reinstitutes the phase out of district Tangible Personal Property (TPP) reimbursements that were promised under previous budget bills. HB64 begins the phase out in FY16 & FY17 based on Quintiles. Beginning in FY18, SB208 will take over and ease the TPP phase out by lowering the payment each year by what five-eights (5/8) of a mill would raise locally. We have estimated that our TPP will be gone after FY16. This will cost our district $3,146,223 in reduced state revenue equal to a 1.2 mill-operating levy annually.

III. SB 208, which made corrections to HB64, did include a TPP Supplemental hold harmless payment provision for districts whose loss would have resulted in FY16 total state revenues being less than state revenues received in FY15, and further guaranteed that FY17 payments would equal 96% of FY15 state aid. We received a $2,625,000 one-time payment in FY16, and we are estimating a $486,000 for FY17, which will hold us harmless up to 96% of state aid we received in FY15. We believe our calculation of this payment is accurate and these dollars will be received as planned.

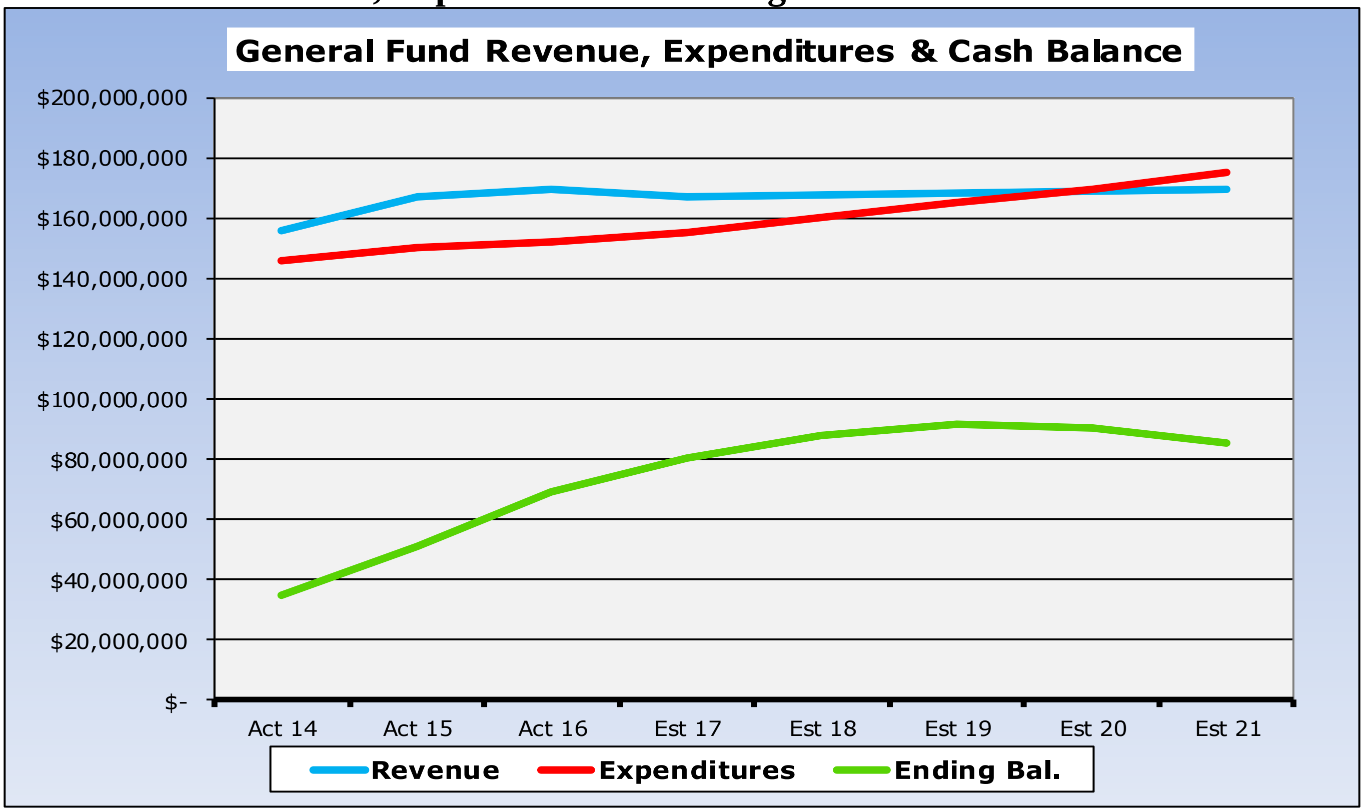
IV. The State Budget represents 36% of district revenues, which means it, is a significant area of risk to revenue. The risk comes in FY18 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY18 through FY21 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY21.

V. 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 such as College Credit Plus 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.

VI. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

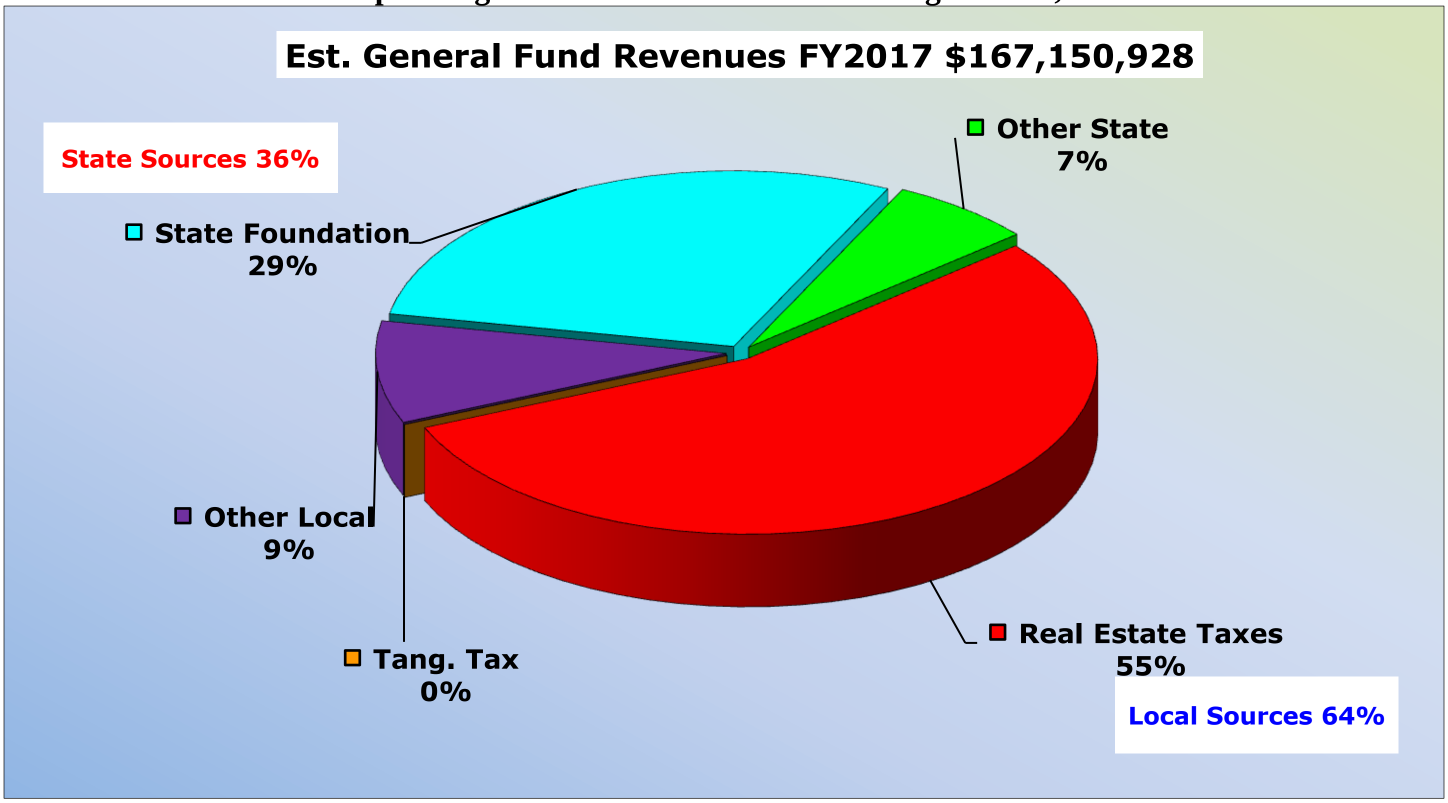
The district's five-year forecast identifies major revenue, expenditures and balances by line number. Those major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the actual forecast. It should 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, 2017



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	Estimated TAX YEAR 2016 COLLECT 2017	Estimated TAX YEAR 2017 COLLECT 2018	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021
Res./Ag.	$2,039,259,140	$2,090,994,323	$2,101,944,323	$2,112,894,323	$2,123,844,323
Comm./Ind.	506,583,380	510,083,380	514,583,380	519,083,380	523,583,380
Public Utility (PUPP)	91,019,700	94,019,700	96,019,700	98,019,700	100,019,700
Tangible Property (TPP)	0	0	0	0	0
Total	$2,636,862,220	$2,695,097,403	$2,712,547,403	$2,729,997,403	$2,747,447,403

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 2016 showed an improvement in current tax collections over 2015. 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 3.5 mill levy passed in 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**

The increase in FY15 collections are due to new revenue from the 3.5 mill November 2013 operating levy being collected for a full year vs half year collections in 2014.

Estimated Real Estate Tax Collections - Line #1.010

Source	FY17	FY18	FY19	FY20	FY21
Estimated Real Estate Tax Line 1.01	$91,435,540	$91,482,986	$92,280,387	$92,969,424	$93,658,640

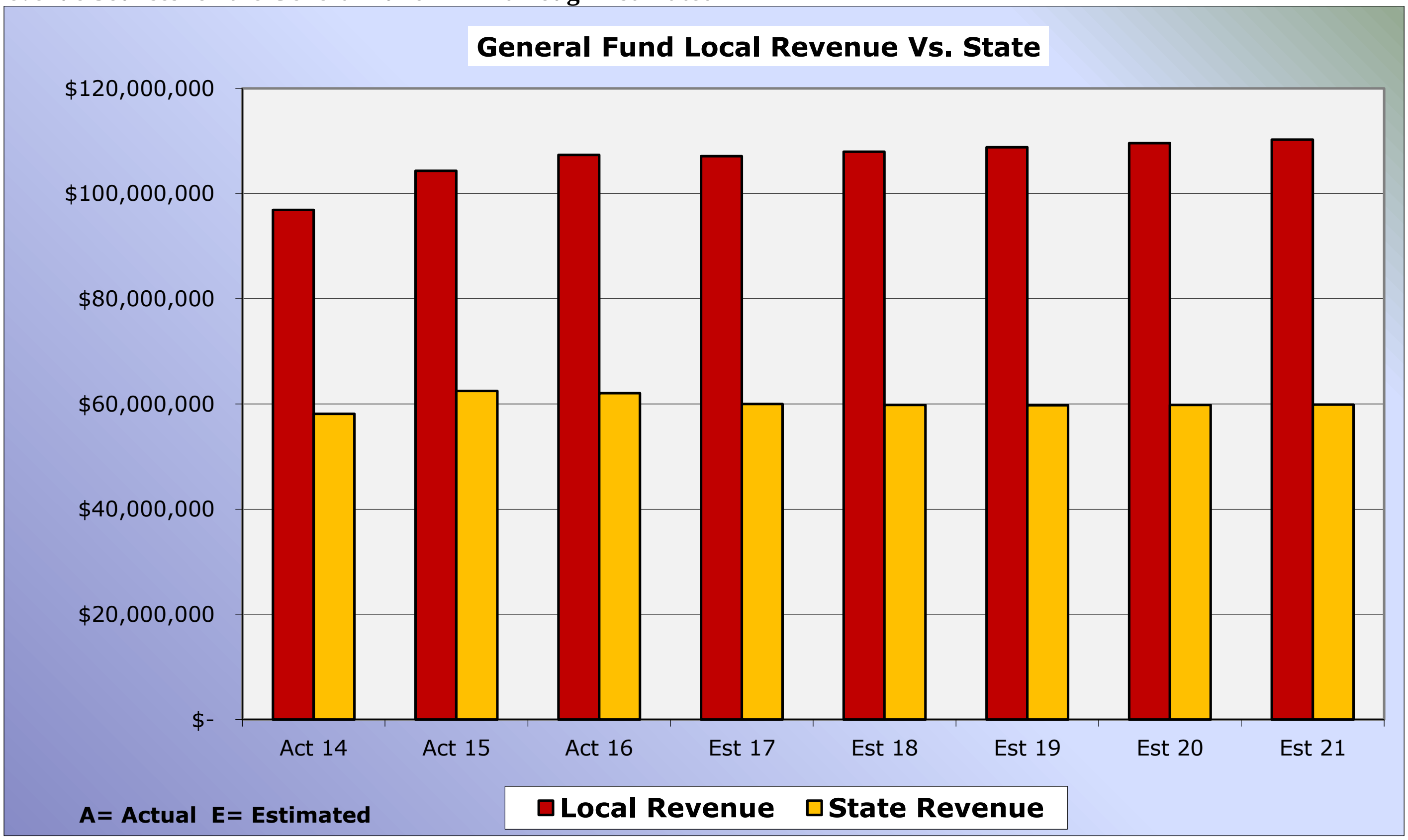
New Tax Levies – Line #13.020

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 FY14 through Estimated FY21



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 FY17 for state funding are based on the October 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 formula district regarding state funding for the forecasted period. This could shift to guarantee status if our enrollment decreases more than the 100 decrease projected. Our state funding status for FY18-21 will depend on the FY18-19 and FY20-21 state budgets. There are two unknown state budgets in this forecast period covering four fiscal years.

In FY14-15, HB59 created the fourth (4^{th}) 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 undue 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 on the guarantee for FY17.

There are potentially 342 independent variables in the SFPR formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY17-21. Currently, there are still changes being made to the above variables as well as changes that could result once ODE finalizes the calculations from FY16, which is not expected until February, 2017. 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 FY16 reconciliation.

Our current SFPR estimates for FY17 are using October 2016 average daily membership (ADM) and reducing those numbers by 100 students annually through FY21. 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. Enrollment fluctuations could affect our state aid payments since we are projected to be a formula district for the projected period. But a minor shift in our enrollment could move us between the formula and guarantee. As the year progresses and we continue to analyze our student numbers we will know more about our funding situation.

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 Formula funded district for FY17, but this could change depending on actual data becoming available. We are estimating 1% increases in per pupil funding from the state FY18-21, changes in these amounts could affect our state funding as estimated.

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 FY17-21, 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	FY17	FY18	FY19	FY20	FY21
Basic Aid-Per HB59	$46,379,756	$46,926,897	$46,861,670	$46,839,022	$46,814,944
Additional Items	1,506,469	1,506,469	1,506,469	1,506,469	1,506,469
Basic Aid- Subtotal	$47,886,225	$48,433,366	$48,368,139	$48,345,491	$48,321,413
Ohio Casino Commission	852,726	858,631	864,570	870,542	876,546
Total Unrestricted State Aid Line # 1.035	$48,738,951	$49,291,997	$49,232,709	$49,216,033	$49,197,959

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 FY17-21.

Source	FY17	FY18	FY19	FY20	FY21
Economically Disadvantage Aid	$147,070	$148,541	$150,026	$151,526	$153,042
Career Tech Aid	29,975	30,275	30,577	30,883	31,192
Total Restricted State Revenues Line #1.040	$177,045	$178,815	$180,604	$182,410	$184,234

C) Restricted Federal Grants in Aid – line #1.045

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

Summary	FY17	FY18	FY19	FY20	FY21
A) Unrestricted State Aid Line 1.035	$48,738,951	$49,291,997	$49,232,709	$49,216,033	$49,197,959
B) Restricted State Aid Line 1.040	177,045	178,815	180,604	182,410	184,234
C) Restricted Federal Grants Line 1.045	0	0	0	0	0
Total State Foundation Revenue	$48,915,996	$49,470,812	$49,413,312	$49,398,443	$49,382,193

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-out 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 2017. TPP Supplemental payments are included in the TPP Reimbursement Line noted below. Phase-out payments are split between fiscal years meaning FY 17 will include a 20% payment from FY16 and 80% payment for FY17. According to our calculations the final 20% payment will be received in FY18. This will be our last guaranteed payment for TPP reimbursement based on the current law.

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

Source	FY17	FY18	FY19	FY20	FY21
A) Rollback and Homestead	$10,191,889	$10,261,287	$10,341,591	$10,403,415	$10,465,289
B) TPP Reimbursement - Fixed Rate	909,796	97,232	0	0	0
Total Line 1.050	$11,101,685	$10,358,519	$10,341,591	$10,403,415	$10,465,289

Other Local Revenues – Line #1.060
The School District received payments in lieu of taxes from several TIFs and RIDs to help facilitate economic development within the district. These are significant revenue sources for the district. 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 8 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, Union Centre Boulevard (UCB). 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.

We have received official notification from West Chester Township that they intend to extend a portion of the UCB TIF for an additional 15 years. Additionally, the notification indicated the Township proposes to expire early the remaining portion of the UCB TIF at the end of tax year 2018. Because nothing has been finalized at this time we have not included the financial impact in this forecast.

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 2017 through 2021. 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 to make the open enrollment in this District a non-issue on the financial statements and not require any additions to staff.

Source	FY17	FY18	FY19	FY20	FY21
Payment In Lieu of Taxes	$11,750,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000
Open Enrollment In	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Interest	600,000	625,000	650,000	675,000	650,000
Credit card transaction fee	45,000	45,450	45,905	46,364	46,827
Tuition	900,000	909,000	918,090	927,271	936,544
Rentals	202,707	204,734	206,781	208,849	210,938
Medicare Reimbursement	500,000	505,000	510,050	515,151	520,302
Miscellaneous	500,000	505,000	510,050	515,151	520,302
Total Other Local Revenues 1.060	$15,697,707	$16,494,184	$16,540,876	$16,587,785	$16,584,913

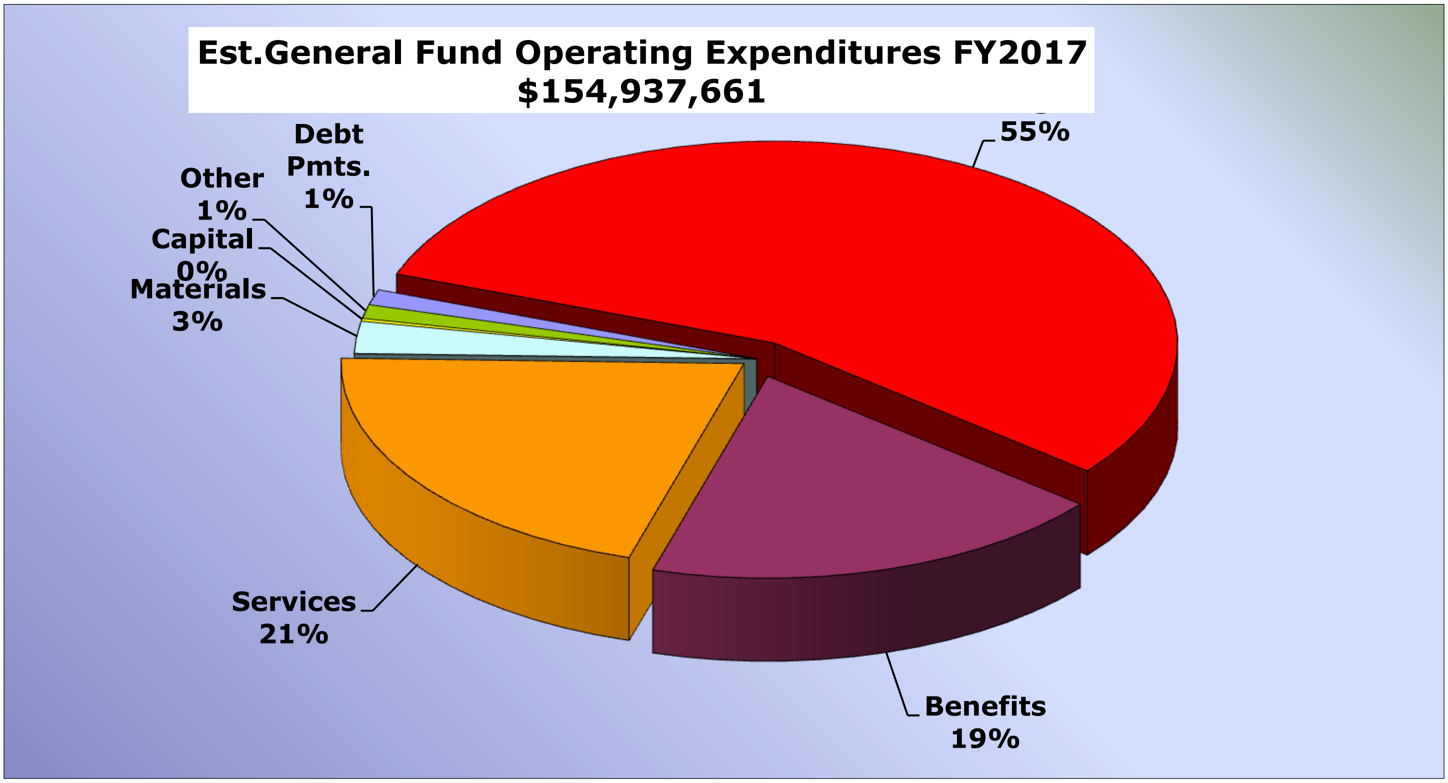
All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010
There is no short-term borrowing planned for in this forecast at this time from any sources. Other financing sources consist of advances that the school district anticipates will be made during the forecasted period. Advances 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	FY17	FY18	FY19	FY20	FY21
Transfers In	$0	$0	$0	$0	$0
Advance Returns	8,283	200,000	200,000	200,000	200,000
Total Transfer & Advances In	$8,283	$200,000	$200,000	$200,000	$200,000

Source	FY17	FY18	FY19	FY20	FY21
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, 2017



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	FY17	FY18	FY19	FY20	FY21
Base Wages	$82,925,932	$85,727,299	$87,613,299	$89,540,792	$91,510,689
Increases	2,801,367	1,886,001	1,927,493	1,969,897	2,013,235
Total Wages Line 3.010	$85,727,299	$87,613,299	$89,540,792	$91,510,689	$93,523,924

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 the most 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.

The SERS retirement catch up payments of $274,408 ended after FY16. This will help slow growth of retirement costs from FY16 to FY17.

B) Insurance
For the fifth consecutive year, we will be continuing our health coverage with Anthem. We continue to work with our insurance consultant, Horan, to go back to the market for the best bids for our health and dental coverage. This has proven to be advantageous for the district and its employees. We were able to secure a zero percent (0%) increase in health rates with Anthem effective January 1, 2017. They had previously guaranteed us a 4.5% cap. Our dental premium rates will also remain intact for 2017. This rate is capped at 5% for 2018. Based on trends, we are assuming a 4.5% annual increase in premiums beginning in 2018 for health insurance and 7.5% for 2019-2021. 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. After meeting with our worker's comp consultant, Hunter Consultants, and analyzing our cash reserve and maximum exposure, we are setting a reserve target of $750,000. To meet this reserve target, we will take a premium vacation until 2019. This will reduce our expenditures by $700,000 annually or $2.75 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	FY17	FY18	FY19	FY20	FY21
STRS/SERS	$12,847,666	$13,551,771	$13,849,910	$14,154,608	$14,466,010
Insurance's	14,927,429	15,300,615	16,417,560	17,616,041	18,902,012
Workers Comp/Unemployment	69,158	50,000	300,000	300,000	300,000
Medicare	1,143,514	1,200,302	1,235,663	1,262,848	1,290,630
Other	6,806	6,806	6,806	6,806	6,806
Total Fringe Benefits Line 3.020	$28,994,573	$30,109,494	$31,809,939	$33,340,303	$34,965,458

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 are predicted to increase 3% annually due to market factors. Management is utilizing various methods to reduce costs. These methods include renegotiating contracts as well as our energy conservation projects, which are producing positive results.
- Tuition paid to community schools, open enrollment, choice scholarships, post- secondary education option costs, and tuition paid for students who are court placed in other districts are projected to increase 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	FY17	FY18	FY19	FY20	FY21
Postage & Advertising	$247,084	$250,791	$254,553	$258,371	$262,246
Transportation	14,890,836	15,188,653	15,492,426	15,802,274	16,118,320
CS/OE/CCP/Scholarships/Tuition	5,533,694	5,976,390	6,454,501	6,970,861	7,528,530
Professional Services	7,513,803	7,626,511	7,740,908	7,857,022	7,974,877
Repairs & Maintenance	642,126	651,757	661,534	671,457	681,529
Rental & Lease Payments	497,253	504,712	512,283	519,967	527,766
Utilities	2,586,966	2,664,575	2,744,512	2,826,848	2,911,653
Travel & Meeting Exp.	222,372	225,708	229,093	232,530	236,018
Property Insurance	131,227	133,195	135,193	137,221	139,280
Total Purchased Services Line 3.030	$32,265,362	$33,222,292	$34,225,003	$35,276,551	$36,380,219

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 2017 through 2021.

Source	FY17	FY18	FY19	FY20	FY21
General Supplies	$200,229	$204,234	$208,318	$212,485	$216,734
Instructional Supplies	739,146	753,929	769,007	784,387	800,075
Health Supplies	12,000	12,180	12,363	12,549	12,737
Textbooks & Library Books	1,086,635	1,108,368	1,130,535	1,153,146	1,176,209
Building Mainteance Supplies	858,665	875,838	893,355	911,222	929,446
Fuel for vehicles	591,954	600,834	609,846	618,994	628,279
Software & Computer Supplies	468,351	477,718	487,273	497,018	506,959
Total Line 3.040	$3,956,981	$4,033,101	$4,110,698	$4,189,801	$4,270,439

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.

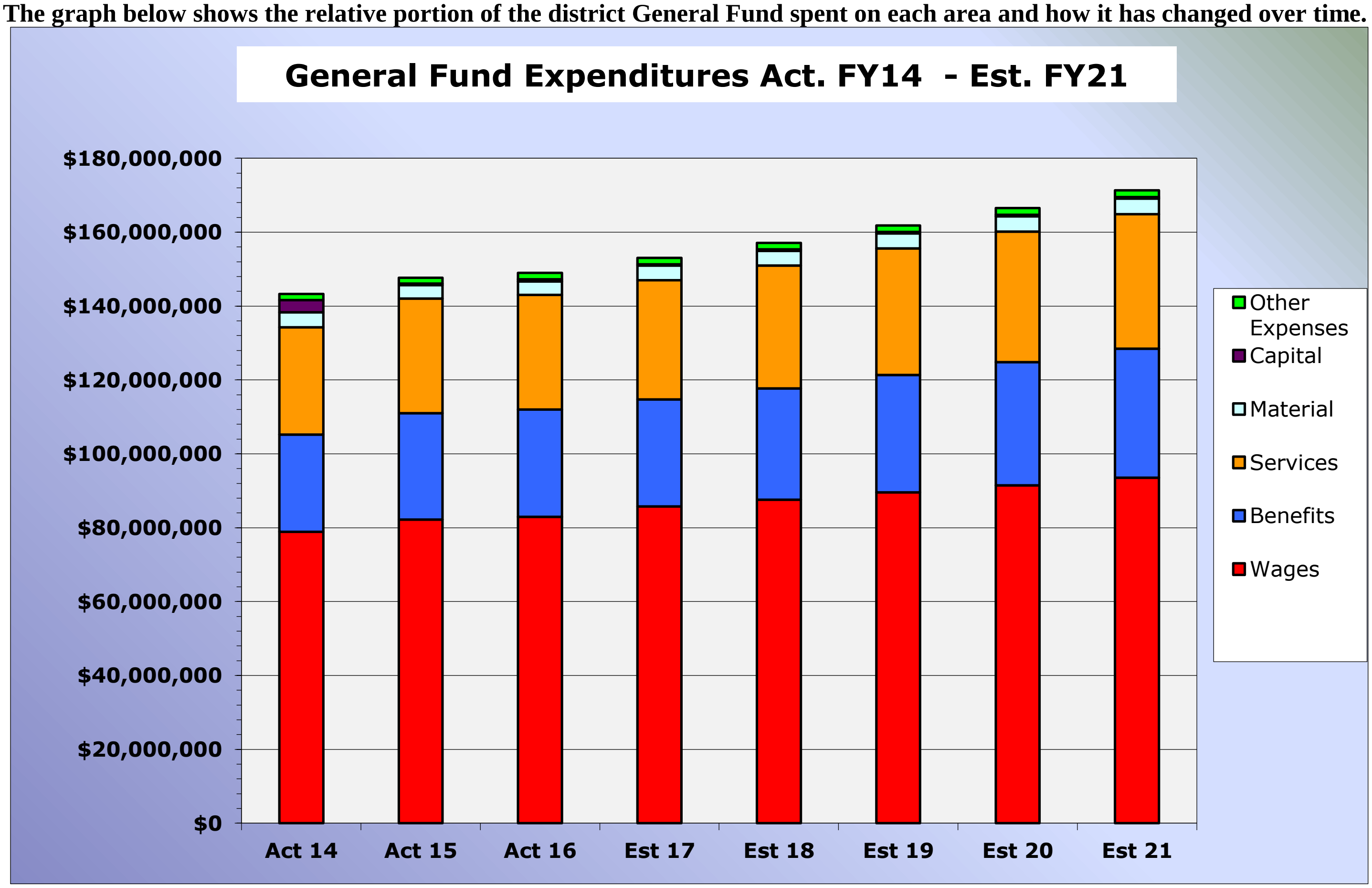
Source	FY17	FY18	FY19	FY20	FY21
Equipment	358,538	363,916	369,375	374,915	380,539
Total Capital Outlay Line 3.050	$358,538	$363,916	$369,375	$374,915	$380,539

Other Expenses – Line #4.300

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

Source	FY17	FY18	FY19	FY20	FY21
County Auditor & Treasurer Fees	$1,089,836	$1,111,633	$1,133,866	$1,156,543	$1,179,674
Butler County ESC	99,755	101,750	103,785	105,861	107,978
Dues & Fees	94,438	95,854	97,292	98,751	100,233
Audit Fees	78,338	79,513	80,705	81,916	83,145
Banking Fees	135,200	137,228	139,286	141,376	143,496
Other expenses	226,821	230,223	233,676	237,182	240,739
Total Other Expenses Line 4.300	$1,724,387	$1,756,201	$1,788,611	$1,821,629	$1,855,265

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	FY17	FY18	FY19	FY20	FY21
Principal Bonds - $1.65 M Athletic Bldg.	$148,000	$148,000	$148,000	$148,000	$149,000
Principal Bonds - $10 M Elem. Bldg.	585,000	515,000	490,000	505,000	515,000
Total Principal Payments Line 4.055	$733,000	$663,000	$638,000	$653,000	$664,000

Source	FY17	FY18	FY19	FY20	FY21
HB 264 Principal 3 Issues Line 4.050	$772,000	$777,000	$802,000	$827,000	$846,000

Source	FY17	FY18	FY19	FY20	FY21
Interest on Bonds & HB 264 Total Line 4.060	$405,520	$345,861	$298,402	$253,158	$211,567

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. The Board of Education recently reduced extra-curricular student fees by ½ as well as provided for a fee waiver for our students in poverty. We are continuing our analysis of all student fees and anticipate more changes to occur. Therefore, we are estimating our transfer out line item to increase by $800,000. 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.

Source	FY17	FY18	FY19	FY19	FY19
Operating Transfers Out	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
Advances Out	200,000	200,000	200,000	200,000	200,000
Total	$2,200,000	$2,200,000	$2,200,000	$2,200,000	$2,200,000

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 2017 through 2021.

	FY17	FY18	FY19	FY20	FY21
Estimated Encumbrances	$500,000	$500,000	$500,000	$500,000	$500,000

Reservations of Fund Balance – Line #9.080

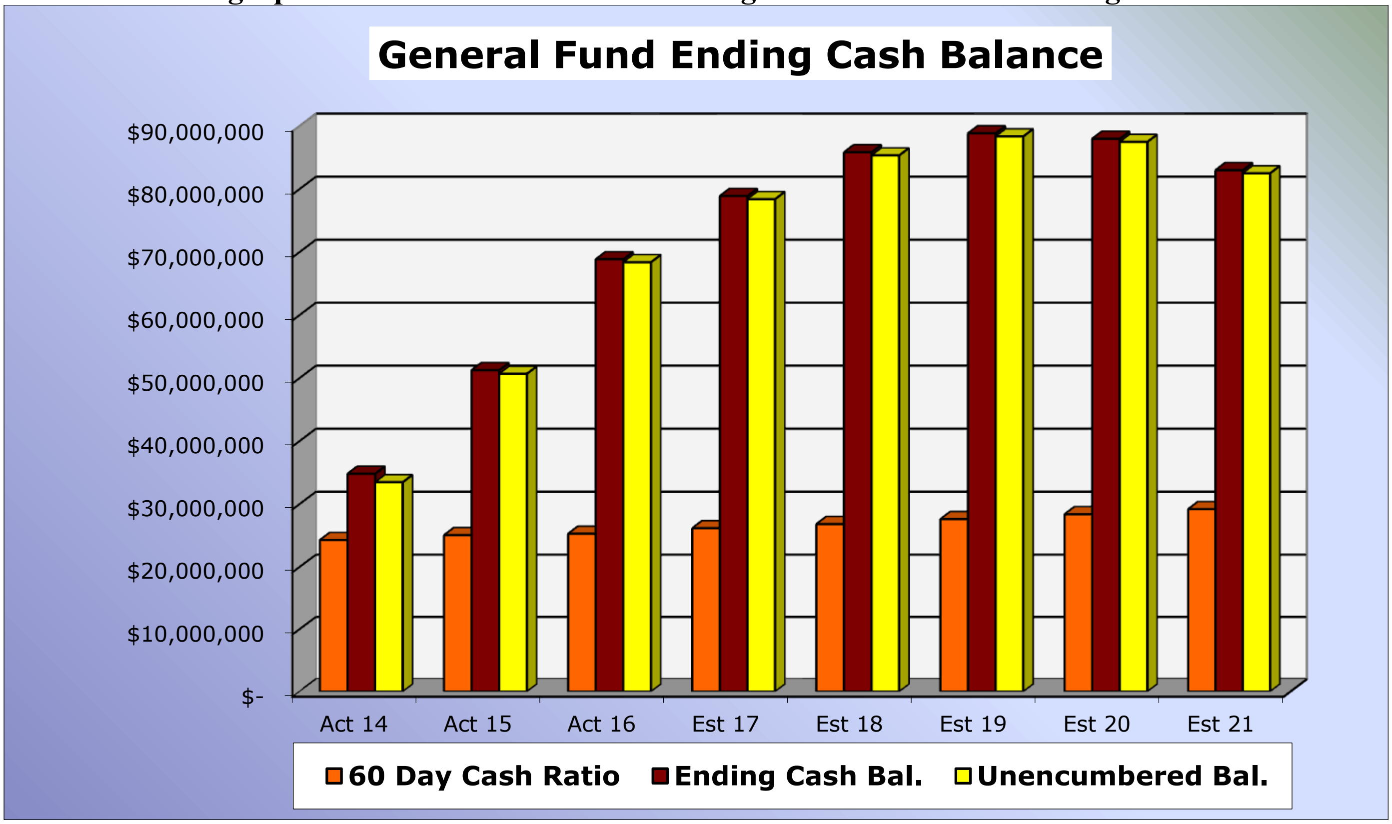
The school district does not have formal reservations of fund balance at this time as HB153 did away with textbook set-asides.

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.

	FY17	FY18	FY19	FY20	FY21
Ending Unreserved Cash Balance	$ 78,418,238	$ 85,359,575	$ 88,371,922	$ 87,502,943	$ 82,515,565

The graph below shows the districts ending cash balance FY14 through FY21.



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.