

**LAKOTA LOCAL SCHOOL DISTRICT-BUTLER COUNTY  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES FOR THE FISCAL YEARS ENDED  
JUNE 30, 2015, 2016 and 2017 ACTUAL  
FORECASTED FISCAL YEARS ENDING  
JULY 1, 2017 THROUGH JUNE 30, 2022**



**Forecast Provided By  
Lakota Local School District  
Treasurer's Office  
Ms. Jenni Logan, Treasurer/CFO  
October 23, 2017**

# Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;  
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

	Actual				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
<b>Revenues</b>										
1.010	General Property Tax (Real Estate)	88,658,242	91,756,506	93,309,597	2.6%	93,800,237	95,499,882	98,235,155	99,159,359	100,051,612
1.020	Tangible Personal Property	36,027	8,813	19,322	21.9%	0	0	0	0	0
1.030	Income Tax	-	-	-	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	49,202,349	49,105,446	49,630,539	0.4%	50,204,624	50,065,514	50,068,282	50,070,236	50,073,835
1.040	Restricted State Grants-in-Aid	143,641	159,190	163,621	6.8%	156,554	158,120	159,701	161,298	162,911
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	13,147,700	12,790,014	11,234,638	-7.4%	10,420,483	10,421,282	10,479,516	10,581,702	10,682,740
1.060	All Other Revenues	15,621,932	15,568,573	19,500,864	12.5%	18,879,594	18,915,700	19,952,016	20,988,546	22,010,292
1.070	<b>Total Revenues</b>	<b>166,809,891</b>	<b>169,388,542</b>	<b>173,858,581</b>	<b>2.1%</b>	<b>173,461,491</b>	<b>175,060,497</b>	<b>178,894,669</b>	<b>180,961,141</b>	<b>182,981,389</b>
<b>Other Financing Sources</b>										
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	0	-	0	0.0%	-	-	-	-	-
2.050	Advances-In	134,961	67,070	8,283	-69.0%	8,839	20,000	20,000	20,000	20,000
2.060	All Other Financing Sources	10,360	10,819	106,087	442.5%	94,570	20,000	20,000	20,000	20,000
2.070	<b>Total Other Financing Sources</b>	<b>145,321</b>	<b>77,889</b>	<b>114,370</b>	<b>0.2%</b>	<b>103,409</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
2.080	<b>Total Revenues and Other Financing Sources</b>	<b>166,955,212</b>	<b>169,466,431</b>	<b>173,972,951</b>	<b>2.1%</b>	<b>173,564,900</b>	<b>175,100,497</b>	<b>178,934,669</b>	<b>181,001,141</b>	<b>183,021,389</b>
<b>Expenditures</b>										
3.010	Personal Services	82,200,864	82,925,932	85,088,916	1.7%	87,216,139	89,396,542	91,631,456	93,922,242	96,270,298
3.020	Employees' Retirement/Insurance Benefits	28,813,510	29,112,820	29,097,693	0.5%	30,089,570	31,658,397	33,045,402	34,504,474	36,039,731
3.030	Purchased Services	30,985,347	30,958,101	33,685,267	4.4%	34,199,007	35,037,703	35,902,039	36,792,981	37,711,535
3.040	Supplies and Materials	3,648,749	3,682,919	4,108,926	6.3%	4,135,798	4,218,514	4,302,884	4,388,942	4,476,721
3.050	Capital Outlay	412,666	593,469	614,959	23.7%	706,333	716,928	727,682	738,597	749,676
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	540,000	565,000	733,000	17.2%	-	-	-	-	-
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	725,000	740,000	772,000	3.2%	777,000	802,000	827,000	846,000	856,000
4.055	Principal-Other	-	-	-	0.0%	663,000	638,000	653,000	664,000	689,000
4.060	Interest and Fiscal Charges	558,075	354,394	404,528	-11.2%	345,861	298,402	253,158	211,567	183,113
4.300	Other Objects	1,621,984	1,684,074	1,666,136	1.4%	1,825,776	1,808,591	1,892,022	1,876,081	1,960,778
4.500	<b>Total Expenditures</b>	<b>149,506,195</b>	<b>150,616,709</b>	<b>156,171,425</b>	<b>2.2%</b>	<b>159,958,484</b>	<b>164,575,077</b>	<b>169,234,644</b>	<b>173,944,883</b>	<b>178,936,853</b>
<b>Other Financing Uses</b>										
5.010	Operating Transfers Out	936,539	1,190,931	1,678,897	34.1%	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
5.020	Advances-Out	67,070	8,283	8,839	-40.5%	20,000	20,000	20,000	20,000	20,000
5.030	All Other Financing Uses	-	47,223	-	0.0%	1,000	1,000	1,000	1,000	1,000
5.040	<b>Total Other Financing Uses</b>	<b>1,003,609</b>	<b>1,246,437</b>	<b>1,687,736</b>	<b>29.8%</b>	<b>1,821,000</b>	<b>1,821,000</b>	<b>1,821,000</b>	<b>1,821,000</b>	<b>1,821,000</b>
5.050	<b>Total Expenditures and Other Financing Uses</b>	<b>150,509,804</b>	<b>151,863,146</b>	<b>157,859,161</b>	<b>2.4%</b>	<b>161,779,484</b>	<b>166,396,077</b>	<b>171,055,644</b>	<b>175,765,883</b>	<b>180,757,853</b>
6.010	<b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>16,445,408</b>	<b>17,603,285</b>	<b>16,113,790</b>	<b>-0.7%</b>	<b>11,785,416</b>	<b>8,704,420</b>	<b>7,879,025</b>	<b>5,235,258</b>	<b>2,263,536</b>
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	34,828,995	51,274,403	68,877,688	40.8%	84,991,478	96,776,894	105,481,314	113,360,340	118,595,597
7.020	<b>Cash Balance June 30</b>	<b>51,274,403</b>	<b>68,877,688</b>	<b>84,991,478</b>	<b>28.9%</b>	<b>96,776,894</b>	<b>105,481,314</b>	<b>113,360,340</b>	<b>118,595,597</b>	<b>120,859,134</b>
8.010	<b>Estimated Encumbrances June 30</b>	<b>583,240</b>	<b>475,131</b>	<b>826,240</b>	<b>27.7%</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Reservation of Fund Balance</b>										
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	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.010	<b>Fund Balance June 30 for Certification of Appropriations</b>	<b>50,691,163</b>	<b>68,402,557</b>	<b>84,165,238</b>	<b>29.0%</b>	<b>96,276,894</b>	<b>104,981,314</b>	<b>112,860,340</b>	<b>118,095,597</b>	<b>120,359,134</b>

# Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;  
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

	Actual				Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
<b>Revenue from Replacement/Renewal Levies</b>									
11.010 Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	-	-
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	-	-	-	-
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	50,691,163	68,402,557	84,165,238	29.0%	96,276,894	104,981,314	112,860,340	118,095,597	120,359,134
<b>Revenue from New Levies</b>									
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 <i>Unreserved Fund Balance June 30</i>	50,691,163	68,402,557	84,165,238	29.0%	96,276,894	104,981,314	112,860,340	118,095,597	120,359,134

**Lakota Local School District – Butler County**  
**Notes to the Five-Year Forecast**  
**General Fund, Related Debt and Federal Funds Only**  
**October 23, 2017**

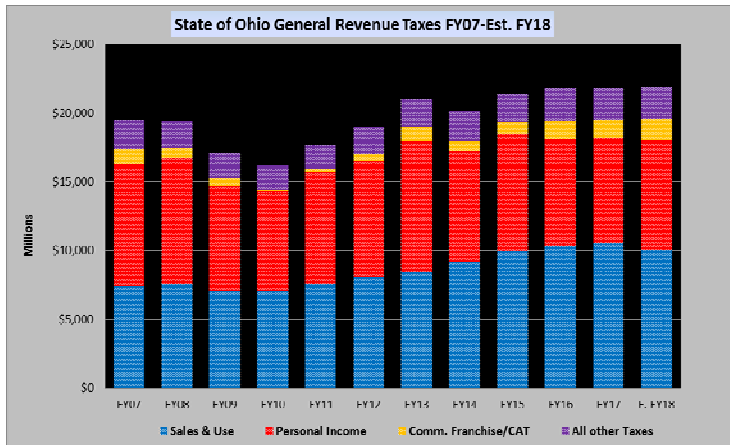
**Introduction to the Five Year Forecast**

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 2018 (July 1, 2017-June 30, 2018) is the first year of the five year forecast and is considered the baseline year. Our forecast reflects the most current economic data available to us for the October 2017 filing.

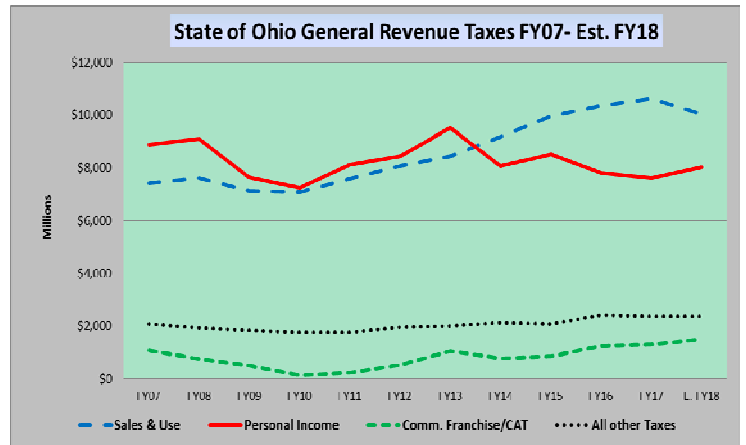
**State Economic Variables Affecting the Five Year Forecast**

It is prudent in long range forecasting to consider the economic climate in which projections of revenues are made. Below are significant statewide economic data, which suggests that the economy for the FY18-22 period is slowing substantially and will be relatively flat for FY18 and 19. It is important for our school district to consider the statewide economic data for two important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. The effects of the 2008 recession 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 generally affecting the underlying economics of most communities across Ohio, which impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state’s economic viability.

The graphs below note that the State of Ohio revenues through FY17 have recovered in spite sharp personal income tax cuts in FY15 and FY16. State revenue was flat from FY16 to FY17 and is expected to remain flat in total for FY18. The state economy is not expected to tip into a recession during FY18 or FY19 but long term that could be a concern. The decline in personal income tax in FY15 is due to an 8.5% rate reduction from HB59 and the drop in FY16 and FY17 is due to a 6.3% rate reduction in HB64. No new personal income tax cuts were legislated in HB49 the current state budget bill. Notwithstanding these reductions, income tax would have grown steadily since FY13. Baring further legislative cuts personal income should continue to grow.

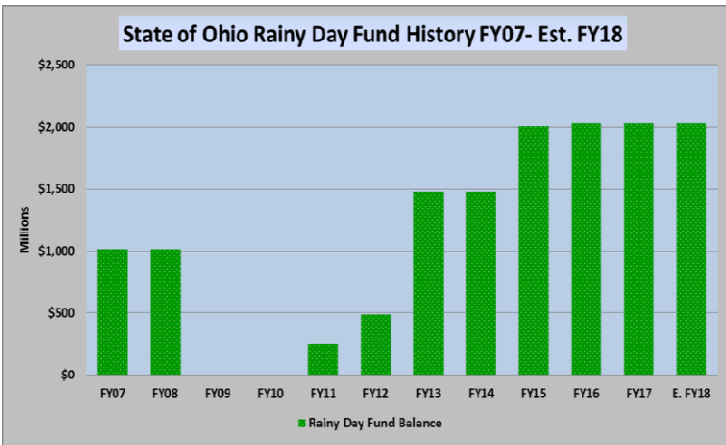


Source: Ohio Legislative Service Commission

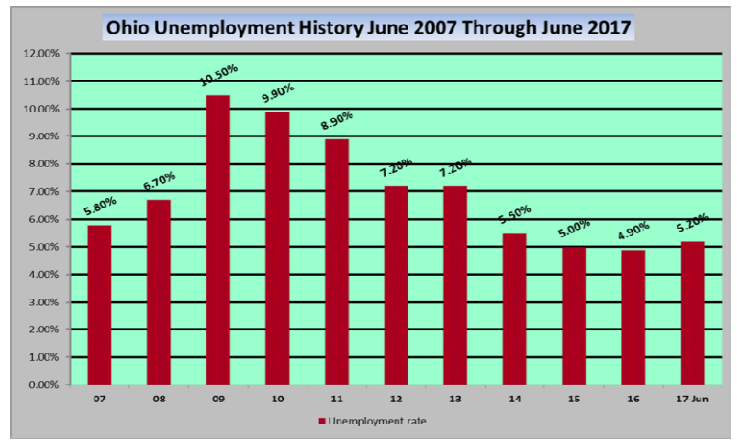


Source: Ohio Legislative Service Commission

The recovery of the labor market that began in 2010 continues in 2017 as noted in personal income tax but sales tax collections dipped in 2017. Flat state revenue is an indication that the economy is slowing and that there is concern about slowing growth for future years. The state rainy day fund (RDF) has been steady since FY15 with no new additions made since then or anticipated for FY18. 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 FY17 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 state biennium budget HB49 will be met through FY19 and could be continued into the future even if a brief slow down in the economy occurs as some economists anticipate.



Source: Ohio Legislative Service Commission

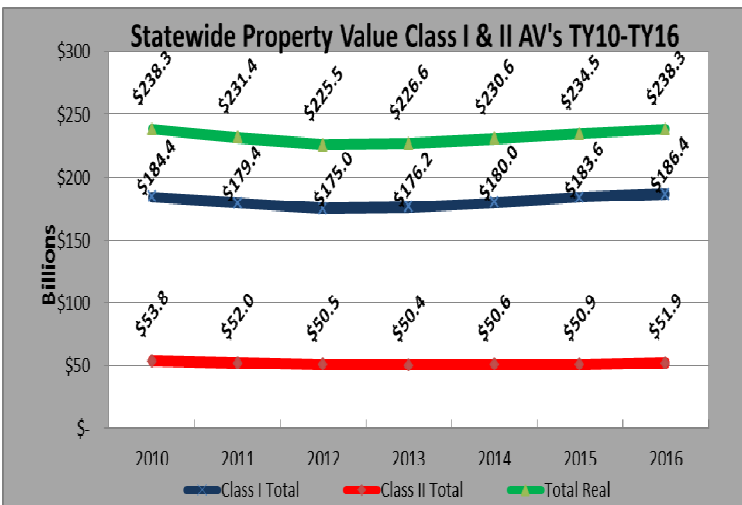


Source: U.S. Bureau of Labor Market Information

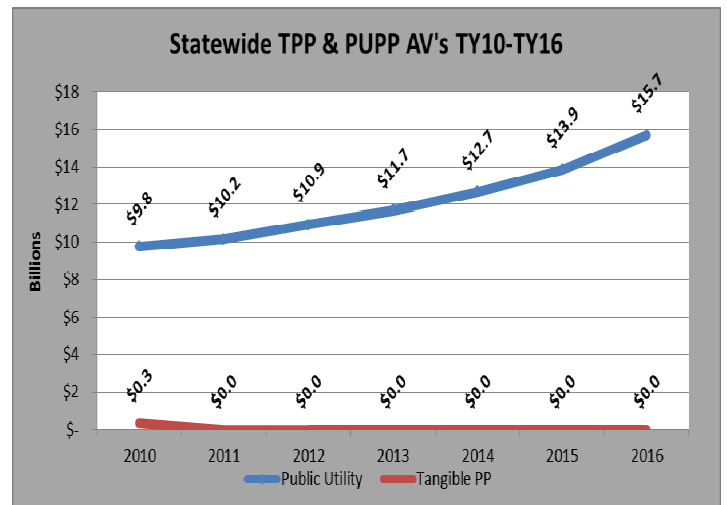
Over the past 12 months Ohio’s unemployment rate increased slightly by .3% to 5.2% at the end of June 2017. This is a significant measure to monitor for continued economic growth and viability. As noted above, personal income taxes and sales tax are highly correlated to employment and have been the two major drivers of the recent recovery. As of July 2017, the unemployment rate in Butler County was 4.9%, which is below the 5.2% state average.

For school districts, real property values are another important piece of economic data. In the 2016 Tax Year, 23 of Ohio’s 88 counties experienced a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From Tax Year 2007 to 2012, Class 1 and 2 property values declined by \$10.8 billion, a reduction of 4.6%. In 2016 Class 1 values rose by \$2.81 billion or 1.53% statewide, while Class 2 property increased for the third and highest amount since 2009 by \$1.06 billion or 2.1% statewide. Property values in Tax Year 2016 have fully recovered back to pre-recession losses. Home values for the 12-month period ending in June 2017 were up statewide by 5.9%. May 2017 recorded the highest number of home sales in one month in Ohio history.

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 2016 due 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 worth as they are taxed at the full gross tax rate. PUPP values grew \$1.8 billion or 12.9% statewide in Tax Year 2016.

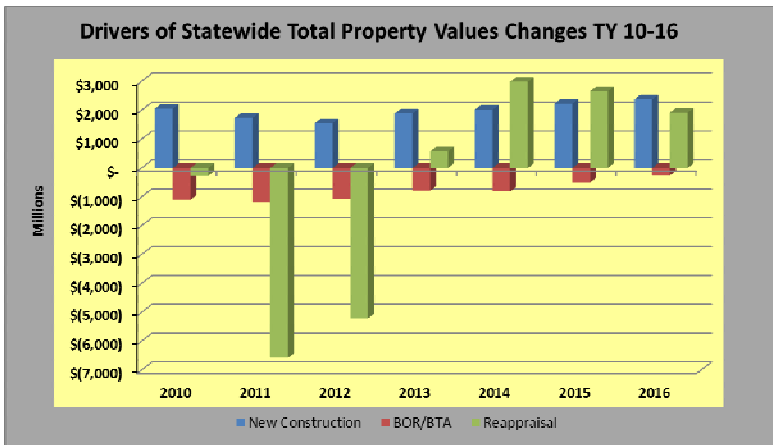


Source: Ohio Department of Taxation



Source: Ohio Department of Taxation

The graph below sums up the main drivers of real property value changes across the state for Tax Year 2010 through 2016. 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 four tax years and Board of Revision/Board of Tax appeals continue to trend down from record levels from 2010 through 2012.



Overall, we believe the economy of the state is stable and should continue to grow slightly during the forecast period. This should provide a stable basis for which to make projections of state revenues to the district as noted in HB49 through FY19 and continuing through FY22 in future state budgets. The improved labor market is also providing for steady property tax collections in this forecast by: 1) increasing and stabilizing property values; 2) increasing current property tax collections; and, 3) liquidating prior delinquent tax collections.  
Source: Ohio Department of Taxation

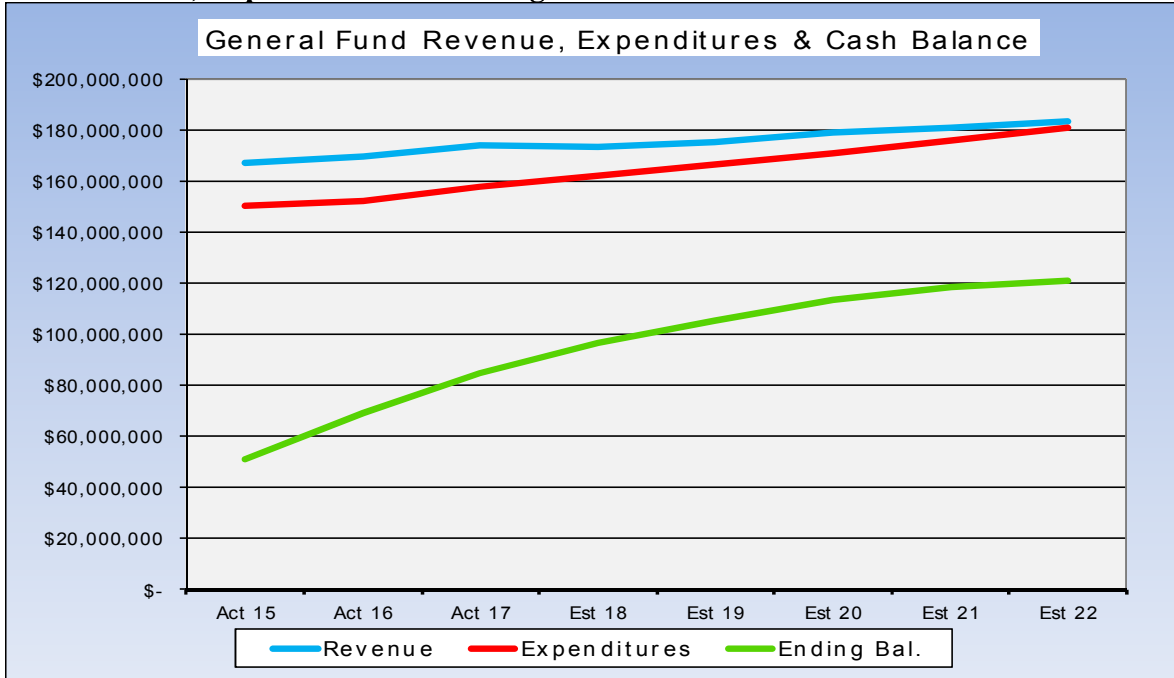
**Forecast Risks and Uncertainty:**

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 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 and FY22-23, 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. Butler County will experience a reappraisal update in the 2017 tax year to be collected in FY18. The 2017 update is estimated to increase overall residential assessed values by 7%. A full reappraisal will occur in tax year 2020 for collection in FY21. We anticipate value increases for residential and commercial property by an overall rate of 5% at that time. New construction assessed value estimates in 2017 for residential are \$25 million and \$15 million for commercial are inline with recent actual history as we track the market recovery in our district. We feel these estimates are conservative but they could unexpectedly be lower which would reduce anticipated property tax collections.
- II. HB64, the previous state budget, reinstated the phase out of district Tangible Personal Property (TPP) reimbursements that were promised under previous budget bills. HB64 began the phase out in FY16 & FY17 based on Quintiles. Beginning in FY18, SB208 will take over and ease the TPP phase out by lowering the payment each year by what five-eighths (5/8) of a mill would raise locally. SB 208, which made corrections to HB64, did include a TPP Supplemental hold harmless payment provision for districts whose loss would have resulted in FY16 total state revenues being less than state revenues received in FY15, and further guaranteed that FY17 payments would equal 96% of FY15 state aid. We received a \$2,621,153 payment in FY16, and \$1,047,527 in FY17, which will hold us harmless up to 96% of state aid we received in FY15. HB49, the new state budget continues the TPP Fixed Rate Reimbursement phase-out continuing the language provided for in SB208. We have estimated that we will receive a final payment of a minimal amount in 2018 and our TPP reimbursement will be gone beginning in FY19. This will cost our district \$3,146,223 in reduced state revenue annually, which is equal to a 1.2 mill-operating levy annually.
- III. The State Budget represents 29% of district revenues, which means it is a significant area of risk to revenue. The risk appears beginning in FY20, which is the date for the next state biennium budget. If the state economy worsens the education budget could decrease. Additionally if changes to the funding formula are made, our district is always at risk of decreased funding. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 in this forecast. Future uncertainty in both the state foundation funding formula and the state’s economy makes this area an elevated risk to district funding long range through FY22.
- IV. There are many provisions in the current state budget bill (HB49) that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply FY16 from \$20,000 to \$27,000 each, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. 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. 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. Both labor union contracts will expire at the end of June 2018. We have made assumptions regarding personnel costs which will be impacted by the results of the new negotiated agreement.

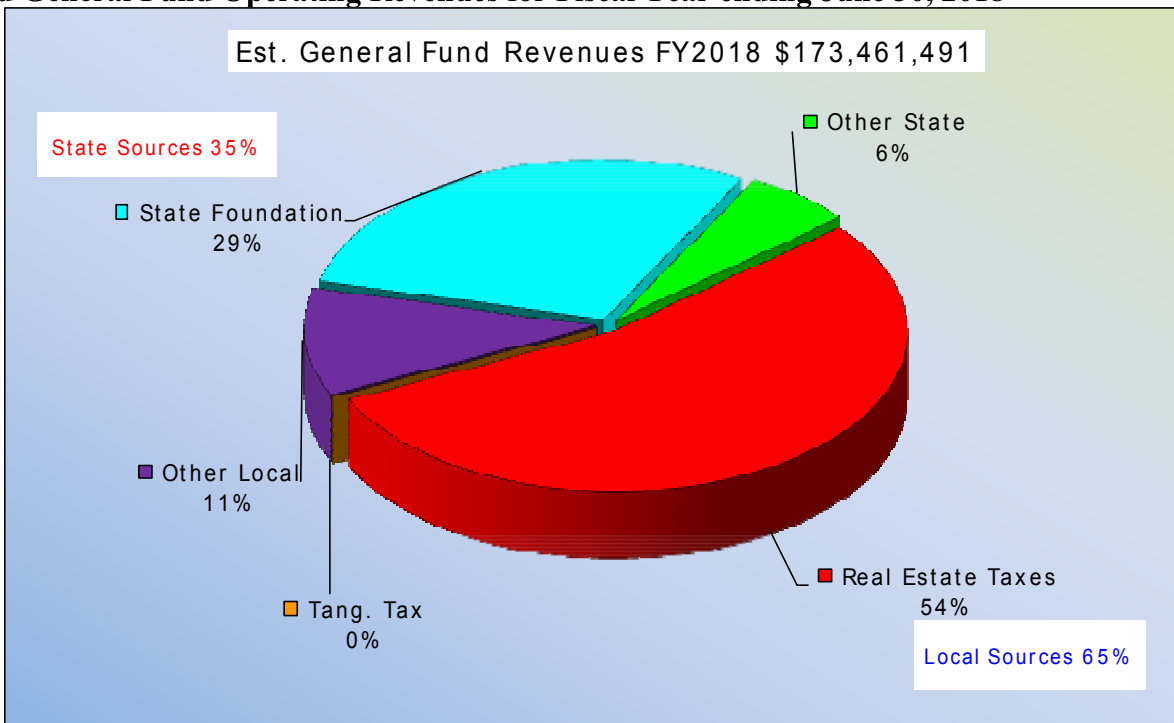
The district's five-year forecast identifies major revenue, expenditures and balances by line number. Those major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the actual forecast. It should 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, 2018**





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

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

Property Values are established each year by the Butler County Auditor based on new construction and complete reappraisal or updated values, which occur every three (3) years. We have made estimates for assessed valuation changes for the 2017 reappraisal update. For this update, we have estimated a 7% increase for residential and 0% for commercial based on sales to market value ratios, which indicates these levels of anticipated increases. New construction exceeded our expectations for collection in FY17. We had estimated \$5.5 million in commercial new construction and the actual was nearly 3 times that at \$15.3 million. We are watching new construction closely to determine the trend direction for the forecast period.

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

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

**Estimated Assessed Property Valuations by Collection Years**

<u>Classification</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
	<u>TAX YEAR 2017</u>	<u>TAX YEAR 2018</u>	<u>TAX YEAR 2019</u>	<u>TAX YEAR 2020</u>	<u>TAX YEAR 2021</u>
	<u>COLLECT 2018</u>	<u>COLLECT 2019</u>	<u>COLLECT 2020</u>	<u>COLLECT 2021</u>	<u>COLLECT 2022</u>
Res./Ag.	\$2,245,323,641	\$2,256,273,641	\$2,267,223,641	\$2,391,534,823	\$2,402,484,823
Comm./Ind.	521,686,260	558,486,260	562,986,260	567,486,260	571,986,260
Public Utility (PUPP)	93,853,360	95,853,360	97,853,360	99,853,360	101,853,360
Tangible Property (TPP)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$2,860,863,261</u>	<u>\$2,910,613,261</u>	<u>\$2,928,063,261</u>	<u>\$3,058,874,443</u>	<u>\$3,076,324,443</u>

**Estimated Real Estate Tax Collections**

Property tax levies are estimated to be collected at 100% of the annual amount. The tax settlements in February 2017 and August 2016 showed an improvement in current tax collections over 2016. These are positive signs that the economy is improving. Technically 100% of taxes will be settled on property due to Ohio’s Tax Law however, the timing of the tax payments necessitates a conservative approach to estimated resources due to the current state of the economy. Property taxes are estimated to be 52.5% of the Res/Ag. and Comm. /Ind. expected to be collected in the February tax settlements and 47.5% collected in the August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in the February and 50% in the August settlement from Butler County Auditor. Gross and effective tax rates for General Fund Operations for 2017 collected in 2018 noted below.

<u>Tax Levies</u>	<u>Year Approved</u>	<u>Last Calendar Year of Collection</u>	<u>Full Tax Rate</u>	<u>Effective Rates</u>	
			<u>(per \$1,000 of assessed valuation)</u>	<u>Res/Ag</u>	<u>Comm/Ind</u>
Inside Ten Mill Limitation	n/a	n/a	\$ 6.49	\$ 6.49	\$ 6.49
Continuing Operating	1976	n/a	15.88	2.98	5.15
Continuing Operating	1978	n/a	3.80	.71	1.23
Continuing Operating	1985	n/a	5.90	2.17	2.89
Continuing Operating	1988	n/a	5.67	2.35	3.29
Continuing Operating	1991	n/a	5.90	3.31	4.58
Continuing Operating	1996	n/a	6.50	4.21	5.91
Continuing Operating	2000	n/a	4.90	3.62	4.84
Continuing Operating	2005	n/a	5.60	5.05	5.53
Continuing Operating	2013	n/a	<u>3.50</u>	<u>3.16</u>	<u>3.46</u>
<b>Total Gross &amp; Effective Tax Rates</b>			<b><u>\$64.14</u></b>	<b><u>\$34.06</u></b>	<b><u>\$43.38</u></b>



Fiscal year 2017 collections were up over original estimates due to new commercial construction nearly triple the amount we estimated during the October 2016 forecast. This will affect future year tax projections positively as noted below. Additionally, the recent decision by West Chester Township to end a portion of the Union Centre Boulevard TIF prior to its expiration is estimated to bring in an additional \$1.4 million annually to the District in property taxes. An additional \$700,000 has been predicted beginning in FY19 and \$1.4 million has been forecasted FY20 and beyond.

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

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Estimated Real Estate Tax Line 1.01	<u>\$93,800,237</u>	<u>\$95,499,882</u>	<u>\$98,235,155</u>	<u>\$99,159,359</u>	<u>\$100,051,612</u>

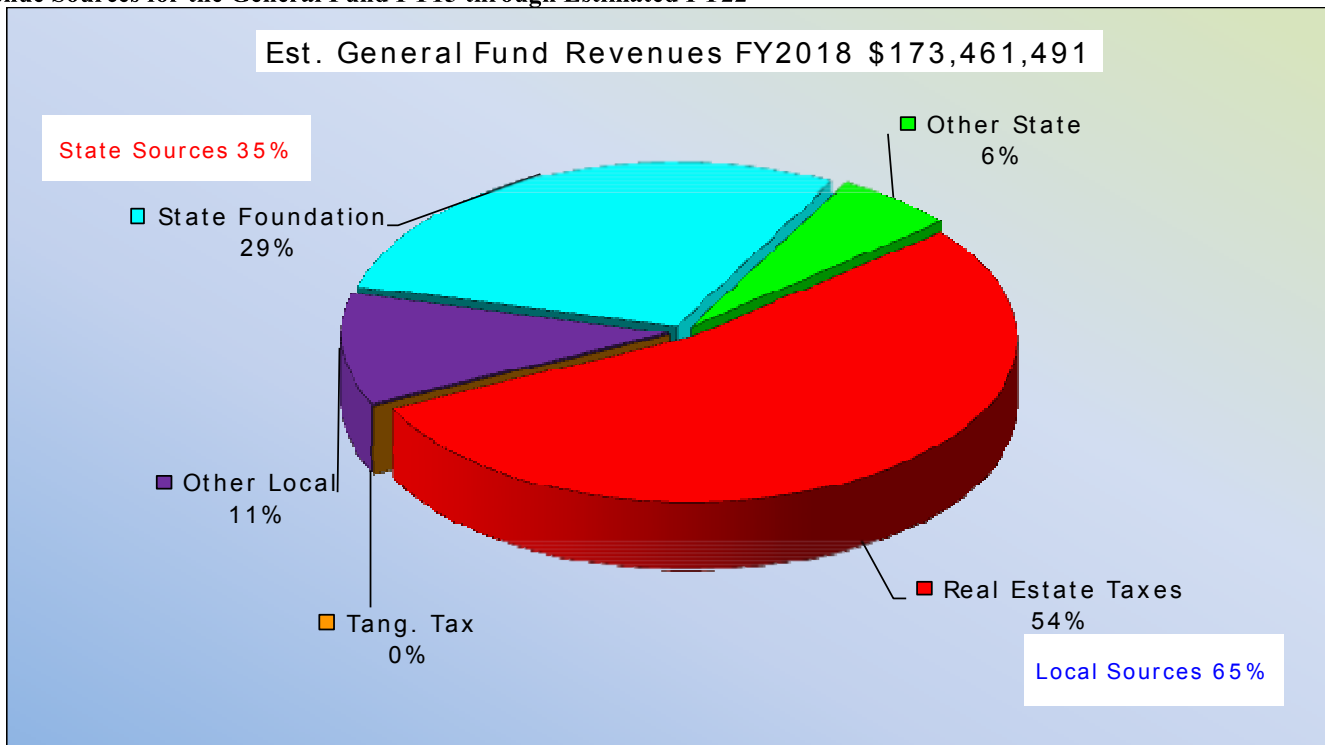
**New Tax Levies – Line #13.020**

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 FY15 through Estimated FY22**



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

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

HB49 largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. The amounts estimated for state funding are based on component computations from the Legislative Service Commission (LSC) July 7, 2017 funding simulation of HB49 for FY18 and FY19. The ODE **has not** updated fully the State Foundation Payment Report (SFPR) formulas for the various changes made. The ODE is not expected to have the SFPR completely recomputed until after our forecast is required to be filed. If the LSC simulations are correct, then our state foundation estimates should be accurate. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY17 SFPR reconciliation and the actual formulization of the HB49 variables expected in the next few months. **Based on our ADM estimates we are projected to remain a formula district regarding state funding in FY18 and become a guarantee district FY19-FY22.**

HB49 continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula’s measure of a districts capacity to raise local revenue. The higher a district’s ability to raise taxes based on wealth the lower the SSI will be, and vice versa.

The index is derived from a district's wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district's SSI and therefore the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 2018 and 2019. The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

- 1) Opportunity Grant – Per pupil amount increased .17% from \$6,000 in FY17 to \$6,010 in FY18 and .17% to \$6,020 in FY19. Well below inflation rates.
- 2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
- 3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.
- 4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
- 5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
- 6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
- 7) Gifted Funds –Based on average daily membership at \$5.05 in FY18 & FY19.
- 8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
- 9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

HB49 continues additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue; however, some items are now included in CAP district payments:

- 1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
- 2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
- 3) 3<sup>rd</sup> Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.
- 4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately \$450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

Transitional Guarantee Phase-Out- For the first time HB49 includes a phase-out of funding for districts on the guarantee. If a guarantee district's average daily membership (ADM) over three (3) years from FY14-FY16, on average fell by 10% or more, they will lose 5% of their funding from FY17 levels. If the average ADM loss is less than 5% then they will be guaranteed at 100% of FY17 levels. If average ADM loss is between 5% and 10% loss then funding is cut on a sliding scale of loss up to 5%.

**We are estimated to be a formula funded district at 100% of FY17 levels for FY18 and become a guarantee funded district in FY19. Future funding will depend on 2 new state biennium budgets.**

Our current SFPR estimates for FY18 are using July #2 Final SFPR average daily membership (ADM) and reducing those numbers by 50 students for FY18 through FY22 which is less than 5% reduction so this should not affect our guarantee funding. Beginning in FY16 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. A shift in our enrollment could move us between the formula and guarantee.

**Future State Budgets:** Our funding status for the FY20-22 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding lowering per pupil growth to .5% per year FY20-FY22, due to the potential for the economy to be slower.

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013, all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts

will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31<sup>st</sup> of January and August each year which began for the first time on January 31, 2013.

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY17 statewide were 1,799,220 students at \$49.66 per pupil. For FY18-22 we estimated another 3 tenths of 1% decline in pupils to 1,793,800 and GCR increasing to \$90.3 million or \$50.34 per pupil. We will increase estimates in future years when actual casino revenues show signs of stronger increases.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Basic Aid-Per HB59	\$46,942,035	\$46,797,247	\$46,794,304	\$46,790,517	\$46,788,343
Additional Items	<u>1,840,486</u>	<u>1,840,486</u>	<u>1,840,486</u>	<u>1,840,486</u>	<u>1,840,486</u>
Basic Aid- Subtotal	\$48,782,521	\$48,637,733	\$48,634,790	\$48,631,003	\$48,628,829
Casino & Catastrophic Aid	<u>1,422,103</u>	<u>1,427,781</u>	<u>1,433,492</u>	<u>1,439,233</u>	<u>1,445,006</u>
Total Unrestricted State Aid Line # 1.035	<u>\$50,204,624</u>	<u>\$50,065,514</u>	<u>\$50,068,282</u>	<u>\$50,070,236</u>	<u>\$50,073,835</u>

**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 FY18-22.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Economically Disadvantage Aid	\$127,524	\$128,799	\$130,087	\$131,388	\$132,702
Career Tech Aid	<u>29,030</u>	<u>29,320</u>	<u>29,614</u>	<u>29,910</u>	<u>30,209</u>
Total Restricted State Revenues Line #1.040	<u>\$156,554</u>	<u>\$158,120</u>	<u>\$159,701</u>	<u>\$161,298</u>	<u>\$162,911</u>

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

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

<u>Summary</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
A) Unrestricted State Aid Line 1.035	\$50,204,624	\$50,065,514	\$50,068,282	\$50,070,236	\$50,073,835
B) Restricted State Aid Line 1.040	156,554	158,120	159,701	161,298	162,911
C) Restricted Federal Grants Line 1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$50,361,178</u>	<u>\$50,223,634</u>	<u>\$50,227,982</u>	<u>\$50,231,534</u>	<u>\$50,236,746</u>

**State Tax Reimbursements/Property Tax Allocation – Line #1.050**

**A) Rollback and Homestead Reimbursement**

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 (such as our November 5.5 mill combined levy) which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who were disabled regardless of income. Effective September 29, 2013, HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013, will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

**B) Tangible Personal Property Reimbursements – Fixed Rate**

School districts were to be reimbursed for the TPP tax losses by the state of Ohio at varying levels through 2026 but those reimbursements were severely curtailed or eliminated by HB153 effective July 1, 2012. The state of Ohio reduced its funding to school districts for TPP reimbursements from \$1.13 billion in FY11 to \$510 million in FY13, where it was frozen for FY15. HB64 the previous state budget eliminated TPP reimbursements to our district going forward. The \$130,614 payment we expect to receive in November is the 20% portion of the FY17 TPP supplement payment, which was part of HB64. Our current state budget HB49 does not contain a TPP supplement or guarantee. Our district is loosing \$3.14 million each year because of legislative cuts to our funding.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
A) Rollback and Homestead	\$10,289,869	\$10,421,282	\$10,479,516	\$10,581,702	\$10,682,740
B) TPP Reimbursement - Fixed Rate	<u>130,614</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line 1.050	<u>\$10,420,483</u>	<u>\$10,421,282</u>	<u>\$10,479,516</u>	<u>\$10,581,702</u>	<u>\$10,682,740</u>

**Other Local Revenues – Line #1.060**

The School District received payments in lieu of taxes from several TIFs and RIDs to help facilitate economic development within the district. These are significant revenue sources for the district. In total the Lakota Local School District's borders include 8 TIF districts for West Chester Township, 12 TIF/RID districts for Liberty Township and 4 TIF districts for Butler County. The District currently receives compensation on all but one TIF, the Union Centre (UCB) TIF. The TIF district was created before legislation was adopted which required school district involvement/approval. Due to the early expiration of a portion of the UCB TIF the District will begin receiving tax revenue in the collection year of 2019. The total annual amount is forecasted at \$1.4 million. West Chester did extend the remaining UCB TIF district for 15 years but at the same time worked with the District to modify the current 747 TIF. The modifications agreed to in this amendment are predicted to produce an additional \$2 million in revenue for the District beginning in tax collection year 2020. All other TIFs involve some sort of compensation agreement with the district. Unfortunately, not all agreements hold the district financially harmless. The district strives to balance the economic vitality of the entire community with the financial well-being of the district.

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 2018 through 2022. The District does allow open enrollment tuition now and has held the cap at 225 students for FY18 in an attempt to offset the open enrollment number of students going out. The goal is to try to make the open enrollment in this District a non-issue on the financial statements and not require any additions to staff.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Payment In Lieu of Taxes	\$13,500,000	\$13,500,000	\$14,500,000	\$15,500,000	\$16,500,000
Open Enrollment In	1,519,020	1,519,020	1,519,020	1,519,020	1,519,020
Interest	800,000	815,000	830,000	845,000	845,000
Credit card transaction fee	54,277	54,820	55,368	55,922	56,481
Tuition	1,498,217	1,513,199	1,528,331	1,543,614	1,559,050
Rentals	200,000	200,000	200,000	200,000	200,000
Medicare Reimbursement	750,000	750,000	750,000	750,000	750,000
Miscellaneous	<u>558,080</u>	<u>563,660</u>	<u>569,297</u>	<u>574,990</u>	<u>580,740</u>
Total Other Local Revenues 1.060	<u>\$18,879,594</u>	<u>\$18,915,700</u>	<u>\$19,952,016</u>	<u>\$20,988,546</u>	<u>\$22,010,292</u>

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

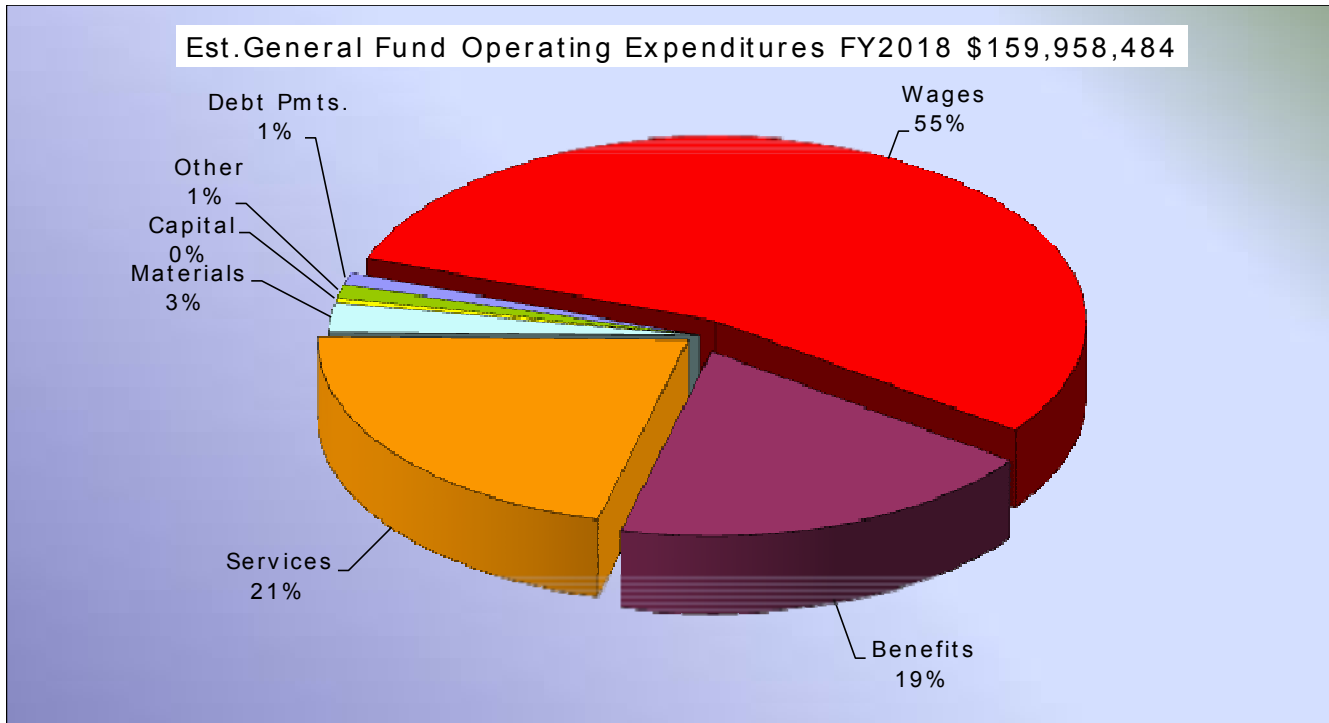
There is no short-term borrowing planned for in this forecast at this time from any sources. Other financing sources consist of advances that the school district anticipates during the forecasted period. Advances are approved from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year-end.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Transfers In	\$0	\$0	\$0	\$0	\$0
Advance Returns	<u>8,839</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total Transfer & Advances In	<u>\$8,839</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Refund of prior years expenditures Line 2.06	<u>\$94,570</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

## Expenditures Assumptions

### Expenditure Estimates for Fiscal year ending June 30, 2018



#### Wages – Line #3.010

The expenditures in this category represent salaries and wages for services rendered for all union and non-union employees. Both bargaining unit agreements expire on 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 an approximate savings of 1.47% from employees exiting the district annually. Therefore, the annual increase forecasted will be a net of 2.5%.

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

#### Staffing and Enrollment

The District has put into place a process to analyze and audit classroom sizes. We will continue this practice and align classroom teachers to enrollment. We will be updating our enrollment projections in the spring of 2018. Our last demographic study anticipated enrollment decreases. For this forecast we are estimating a decrease of 50 students per year. We will update the May forecast with the results of the new enrollment study. We are assuming staffing levels will remain flat.

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

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Base Wages	\$85,088,916	\$87,216,139	\$89,396,542	\$91,631,456	\$93,922,242
Increases	2,127,223	2,180,403	2,234,914	2,290,786	2,348,056
Total Wages Line 3.010	<u>\$87,216,139</u>	<u>\$89,396,542</u>	<u>\$91,631,456</u>	<u>\$93,922,242</u>	<u>\$96,270,298</u>

### Fringe Benefits Estimates Line 3.02

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

#### A) Retirement Contributions

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

#### B) Insurance

For the seventh consecutive year, we will be continuing our health coverage with Anthem. We will see the first rate increase in three years from Anthem on January 1, 2018. Premiums will reflect a 3.5 percent increase for health coverage, and a 2 percent increase for dental insurance. Both increases are 1 percent less than our guaranteed caps. Based on trends, we are assuming a 6.2 percent annual increase in premiums beginning in 2019 for health insurance through 2022. Additionally, we are assuming a 5 percent annual increase in premiums for dental insurance for the remainder of the forecasted period. Life insurance is estimated to be \$120,000 annually. These premium increases/(decreases) are inclusive of all additional fees associated with the PPACA. The district works hard to control these costs 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 the **Affordable Care Act (ACA)**, is a United States federal statute signed into law on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965.

It is uncertain to what extent the implementation of PPACA will cost our district in additional funds especially since it is being reviewed carefully at the federal level for amendment or repeal. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

#### C) Workers Compensation & Unemployment Compensation

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

#### D) Medicare

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

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
STRS/SERS	\$13,486,593	\$13,823,758	\$14,169,352	\$14,523,586	\$14,886,675
Insurance's	15,347,936	16,299,509	17,310,078	18,383,303	19,523,068
Workers Comp/Unemployment	50,000	300,000	300,000	300,000	300,000
Medicare	1,203,583	1,233,672	1,264,514	1,296,127	1,328,530
Other	<u>1,458</u>	<u>1,458</u>	<u>1,458</u>	<u>1,458</u>	<u>1,458</u>
Total Fringe Benefits Line 3.020	<u>\$30,089,570</u>	<u>\$31,658,397</u>	<u>\$33,045,402</u>	<u>\$34,504,474</u>	<u>\$36,039,731</u>

### Purchased Services – Line #3.030

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

Key factors affecting this category include:

- Transportation services with Petermann Transportation are projected based upon the 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. We continue to look for efficiency opportunities to increase our ridership.
- 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 5% annually.
- ☐ The pre-school program continues to be contracted through the Butler County ESC.
- ☐ The District continues to out-source the payroll for substitute teachers.
- ☐ An inflationary increase of 1.5 percent is predicted in all other areas of this line item.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Postage & Advertising	\$332,568	\$337,557	\$342,620	\$347,759	\$352,976
Transportation	16,650,280	16,983,286	17,322,951	17,669,410	18,022,799
CS/OE/CCP/Scholarships/Tuition	5,885,982	6,180,281	6,489,295	6,813,760	7,154,448
Professional Services	7,419,037	7,530,323	7,643,277	7,757,927	7,874,295
Repairs & Maintenance	609,500	618,643	627,922	637,341	646,901
Rental & Lease Payments	521,640	529,465	537,407	545,468	553,650
Utilities	2,430,000	2,502,900	2,577,987	2,655,327	2,734,986
Travel & Meeting Exp.	225,000	228,375	231,801	235,278	238,807
Property Insurance	125,000	126,875	128,778	130,710	132,670
Total Purchased Services Line 3.030	<u>\$34,199,007</u>	<u>\$35,037,703</u>	<u>\$35,902,039</u>	<u>\$36,792,981</u>	<u>\$37,711,535</u>

### Supplies and Materials – Line #3.040

An overall inflation rate of 2 percent is being estimated for this category of expenses, which are characterized, by textbooks, copy paper, maintenance supplies and materials, etc. The cost of diesel fuel for buses and necessary repairs required for existing school buildings are forecasted to increase for fiscal years 2018 through 2022.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
General Supplies	\$273,695	\$279,169	\$284,752	\$290,447	\$296,256
Instructional Supplies	730,254	744,859	759,756	774,951	790,450
Health Supplies	11,500	11,730	11,965	12,204	12,448
Textbooks & Library Books	805,918	822,036	838,477	855,247	872,352
Building Maintenance Supplies	851,695	868,729	886,103	903,826	921,902
Fuel for vehicles	690,000	703,800	717,876	732,234	746,878
Software & Computer Supplies	<u>772,736</u>	<u>788,191</u>	<u>803,955</u>	<u>820,034</u>	<u>836,434</u>
Total Line 3.040	<u>\$4,135,798</u>	<u>\$4,218,514</u>	<u>\$4,302,884</u>	<u>\$4,388,942</u>	<u>\$4,476,721</u>

### Equipment – Line # 3.050

The capital outlay category consists of any item with a life expectancy of five years or more, such as land, buildings, ground improvements, computers/technology, buses, vehicles, furnishings and equipment. With the passage of the 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.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Land	\$0	\$0	\$0	\$0	\$0
Buildings	0	0	0	0	0
Equipment	706,333	716,928	727,682	738,597	749,676
Technology Equipment	0	0	0	0	0
Improvements other than Buildings	0	0	0	0	0
Replacement of Vehicles	0	0	0	0	0
Levy Planning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Outlay Line 3.050	<u>\$706,333</u>	<u>\$716,928</u>	<u>\$727,682</u>	<u>\$738,597</u>	<u>\$749,676</u>

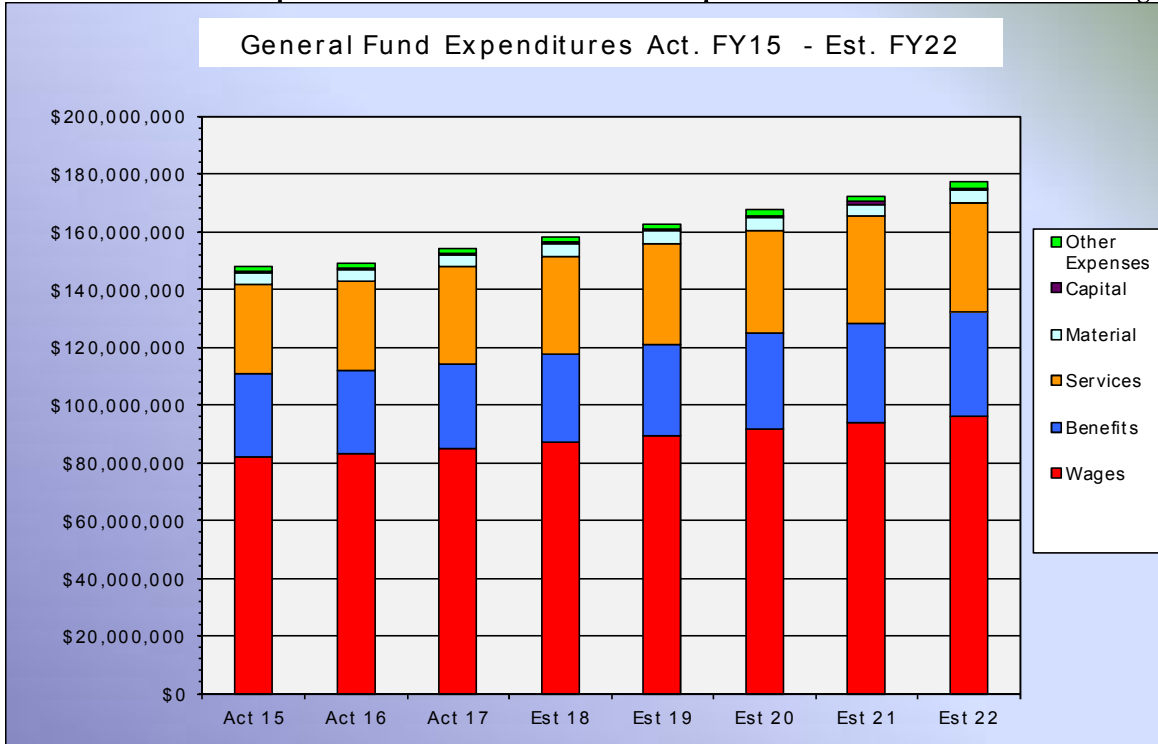
### Other Expenses – Line #4.300

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



<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
County Auditor & Treasurer Fees	\$1,185,704	\$1,158,418	\$1,231,586	\$1,205,218	\$1,279,323
Butler County ESC	100,000	102,000	104,040	106,121	108,243
Dues & Fees	104,672	106,242	107,836	109,453	111,095
Audit Fees	80,000	81,200	82,418	83,654	84,909
Banking Fees	190,000	192,850	195,743	198,679	201,659
Other expenses	165,400	167,881	170,399	172,955	175,550
Total Other Expenses Line 4.300	<u>\$1,825,776</u>	<u>\$1,808,591</u>	<u>\$1,892,022</u>	<u>\$1,876,081</u>	<u>\$1,960,778</u>

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



**Debt Service – Line# 4.020; 4.050; 4.060**

Debt, which commits general fund sources to its repayment, must be included in the forecast. Repayment on debt began in FY08 for a \$10 million bond issue, which provided funding for the new Union elementary school. Additionally, the District issued debt in 2009 and 2010 for energy conservation 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.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Principal Bonds - \$1.65 M Athletic Bldg.	\$148,000	\$148,000	\$148,000	\$149,000	\$149,000
Principal Bonds - \$10 M Elem. Bldg.	515,000	490,000	505,000	515,000	540,000
Total Principal Payments Line 4.055	<u>\$663,000</u>	<u>\$638,000</u>	<u>\$653,000</u>	<u>\$664,000</u>	<u>\$689,000</u>

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
HB 264 Principal 3 Issues Line 4.050	<u>\$777,000</u>	<u>\$802,000</u>	<u>\$827,000</u>	<u>\$846,000</u>	<u>\$856,000</u>

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Interest on Bonds & HB 264 Total Line 4.060	<u>\$345,861</u>	<u>\$298,402</u>	<u>\$253,158</u>	<u>\$211,567</u>	<u>\$183,113</u>

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

This category includes operating transfers-out, advances-out and refund of prior year receipts. Operating transfers are funds transferred to the athletic fund to pay for coaching supplemental contracts, athletic administration and field maintenance supplies. The District recognized Marching Band as an extra-curricular beginning in 2014. Therefore, the District transfers an equal amount per pupil to the band fund as it contributes for athletics. This has been estimated at \$100,000. Transfers out increased in line with the levy promise to reduce fees and implement a family cap. The Board of Education 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. Advances out include loans to another fund to cover a temporary end of year deficit balance. These funds are returned to the general fund in the subsequent fiscal year. Refunds of prior year receipts are payments received in one fiscal year and returned to the original payer in another fiscal year.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Operating Transfers Out	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Advances Out	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total	<u>\$1,820,000</u>	<u>\$1,820,000</u>	<u>\$1,820,000</u>	<u>\$1,820,000</u>	<u>\$1,820,000</u>

**Encumbrances –Line#8.010**

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

	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Estimated Encumbrances	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

**Reservations of Fund Balance – Line #9.080**

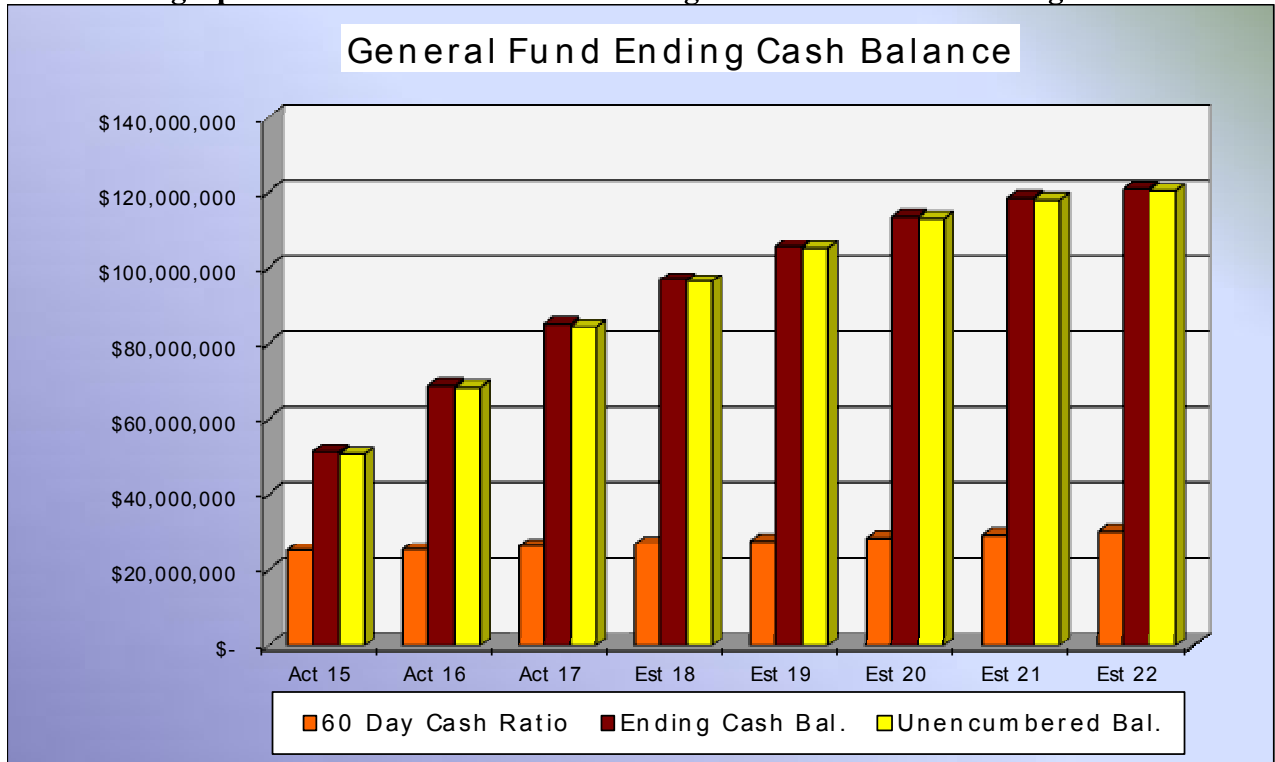
The school district does not have formal reservations of fund balance at this time as HB153 did away with textbook set-asides.

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

This amount must not go below \$-0- or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly, signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000, unless the new alternative 412 certificate allowed by HB153 would be applicable after September 30, 2011.

	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Ending Unreserved Cash Balance	<u>\$ 96,276,894</u>	<u>\$ 104,981,314</u>	<u>\$ 112,860,340</u>	<u>\$ 118,095,597</u>	<u>\$ 120,359,134</u>

The graph below shows the districts ending cash balance FY15 through FY22.



**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.

