CINCINNATI CITY SCHOOL DISTRICT-HAMILTON 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

Forecast Provided By
Cincinnati City School District
Treasurer's Office
Jennifer M. Wagner, Treasurer/CFO
October 18, 2017

Cincinnati Public City

Hamilton 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
	Revenues									
1.010	General Property Tax (Real Estate)	224,078,567	229,951,469	253,604,244	6.5%	275,043,686	257,399,465	237,942,377	209,542,065	160,630,812
1.020	Tangible Personal Property	26,294,459	27,864,399	31,082,610	8.8%	34,537,923	33,206,971	31,865,591	29,722,387	25,583,616
1.030	Income Tax	-	-	-	0.0%	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	153,470,415	167,575,186	176,092,031	7.1%	183,647,015	186,511,622	188,090,135	189,742,967	191,598,675
1.040	Restricted State Grants-in-Aid	19,655,078	21,034,281	22,807,436	7.7%	21,692,216	21,445,908	21,204,822	20,968,823	20,737,781
1.045	Restricted Fed. SFSF Fd. 532 /Ed Jobs Fd.504 FY12	0	0	-	0.0%	-	-	-	-	-
1.050	Property Tax Allocation	37,704,872	30,646,950	28,140,734	-13.4%	27,243,368	24,573,816	21,451,779	17,625,677	13,304,824
1.060	All Other Revenues	24,932,878	28,277,260	35,488,014	19.5%	24,876,616	30,228,645	30,281,195	30,334,270	30,387,876
1.070	*Total Revenues*	486,136,269	505,349,545	547,215,069	6.1%	567,040,822	553,366,426	530,835,899	497,936,189	442,243,585
	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	-	11,260	35,518	0.0%	-	-	-	-	-
2.050	Advances-In	26,182,275	17,288,115	12,354,183	-31.3%	11,505,000	12,500,000	12,500,000	12,500,000	12,500,000
2.060	All Other Financing Sources	112,823	3,198,317	11,172,996	1492.1%	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
2.070	*Total Other Financing Sources*	26,295,098	20,497,692	23,562,697	-3.5%	15,005,000	16,000,000	16,000,000	16,000,000	16,000,000
2.080	*Total Revenues and Other Financing Sources*	512,431,367	525,847,237	570,777,766	5.6%	582,045,822	569,366,426	546,835,899	513,936,189	458,243,585
	Expenditures									
3.010	Personal Services	216,950,183	91,077,322	104,102,889	-21.9%	$117,801,315	$124,151,367	$127,184,395	$129,678,083	$132,221,644
3.020	Employees' Retirement/Insurance Benefits	70,056,843	28,769,824	32,445,283	-23.1%	37,218,446	40,715,205	42,787,951	44,738,418	46,773,816
3.030	Purchased Services	171,529,900	170,023,074	193,152,235	6.4%	201,326,615	208,375,129	215,708,250	223,338,242	227,777,927
3.040	Supplies and Materials	6,035,331	5,861,496	6,481,339	3.8%	11,282,349	11,465,380	11,652,071	11,842,497	12,036,730
3.050	Capital Outlay	6,273,870	4,689,415	3,409,414	-26.3%	2,839,604	2,981,584	3,130,664	3,287,197	3,451,557
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 Advances	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-
4.300	Other Objects	4,907,031	4,954,415	3,485,543	-14.3%	5,450,375	5,450,375	5,450,375	5,450,375	5,450,375
4.500	*Total Expenditures*	475,753,158	305,375,546	343,076,703	-11.7%	$375,918,704	393,139,041	405,913,706	418,334,811	427,712,048
	Other Financing Uses									
5.010	Operating Transfers-Out/Contingency	15,979,631	196,799,511	192,091,179	564.6%	$203,151,556	$207,586,872	$214,015,240	$220,668,178	$227,548,919
5.020	Advances-Out	17,288,115	12,354,183	11,505,000	-17.7%	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
5.030	All Other Financing Uses	(1,162,230)	4,682,306	16,933	-301.3%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	32,105,516	213,836,000	203,613,112	280.6%	$215,651,556	220,086,872	226,515,240	233,168,178	240,048,919
5.050	*Total Expenditures and Other Financing Uses*	507,858,674	519,211,546	546,689,815	3.8%	$591,570,260	613,225,913	632,428,945	651,502,989	667,760,967
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	4,572,693	6,635,691	24,087,951	154.1%	(9,524,438)	(43,859,487)	(85,593,046)	(137,566,800)	(209,517,383)
					0.0%					
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	54,108,439	58,681,132	65,316,823	9.9%	89,404,774	79,880,336	36,020,849	(49,572,197)	(187,138,997)
7.020	*Cash Balance June 30*	58,681,132	65,316,823	89,404,774	24.1%	79,880,336	36,020,849	(49,572,197)	(187,138,997)	(396,656,380)
8.010	*Estimated Encumbrances June 30*	13,622,917	12,322,749	13,136,744	-1.5%	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
	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*	45,058,215.00	52,994,074	76,268,030	30.8%	67,380,336	23,520,849	(62,072,197)	(199,638,997)	(409,156,380)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	26,265,000	51,500,000	84,752,000	141,180,000
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	26,265,000	77,765,000	162,517,000	303,697,000
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	45,058,215	52,994,074	76,268,030	0	67,380,336	49,785,849	15,692,803	(37,121,997)	(105,459,380)

Cincinnati Public City

Hamilton County

Schedule of Revenues, Expenditures and Changes in Fund Balances
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		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
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New	-			0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-			0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-			0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	45,058,215	52,994,074	76,268,030	30.8%	67,380,336	49,785,849	15,692,803	(37,121,997)	(105,459,380)

See accompanying forecast assumptions for more information.

Cincinnati City School District –Hamilton County
Notes to the Five Year Forecast
General Fund Only
October 18, 2017

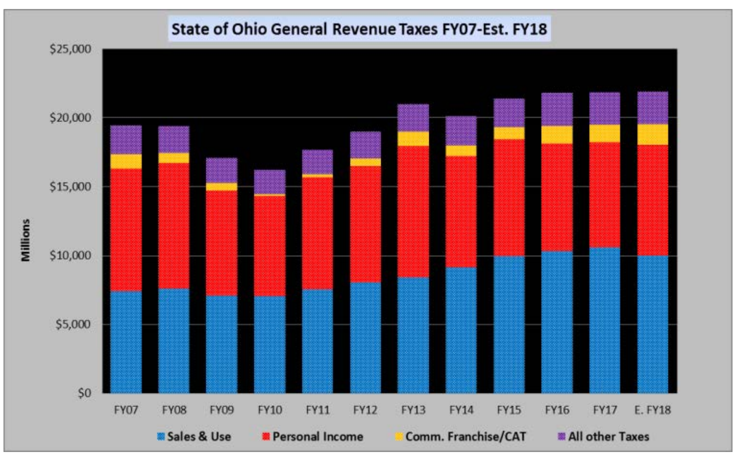
Introduction to the Five Year Forecast

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 is being updated to reflect the most current economic data available to us for the October 2017 filing.

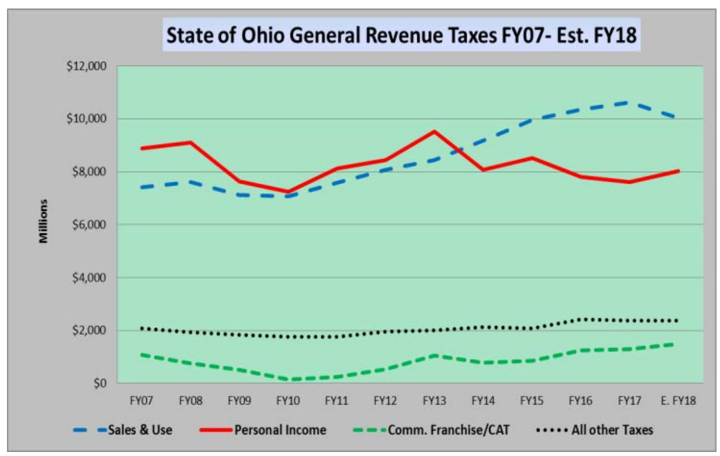
State Economic Variables Affecting the Five Year Forecast

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 of 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. Not withstanding these reductions, income tax would have grown steadily since FY13. Baring further legislative cuts personal income should continue to grow.



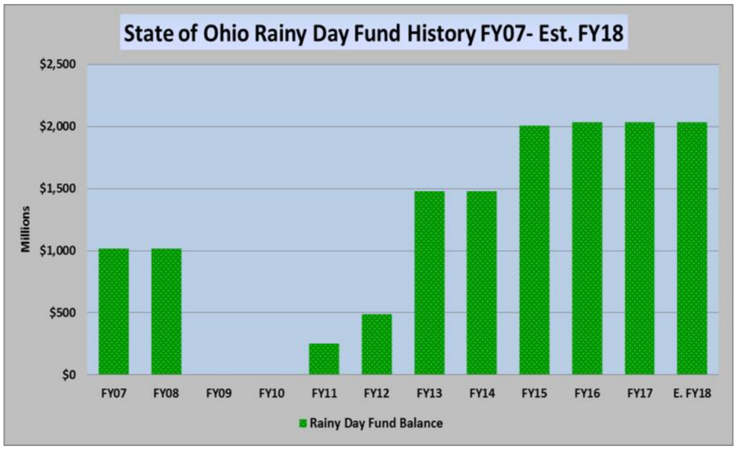
Source: Ohio Legislative Service Commission



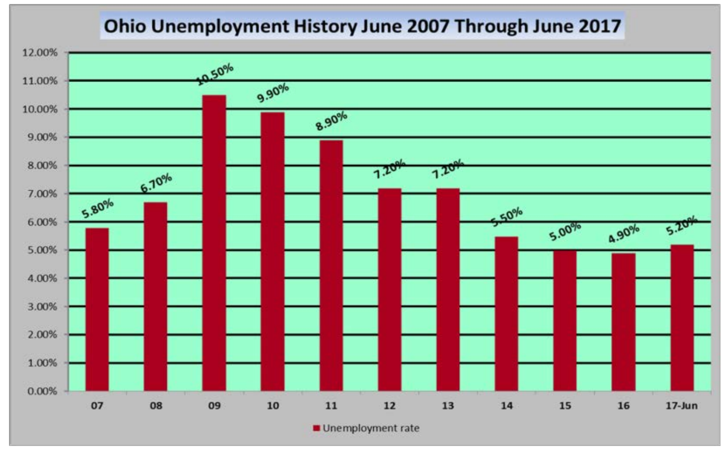
Source: Ohio Legislative Service Commission

The recovery of the labor market which 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 economist anticipate.



Source: Ohio Legislative Service Commission

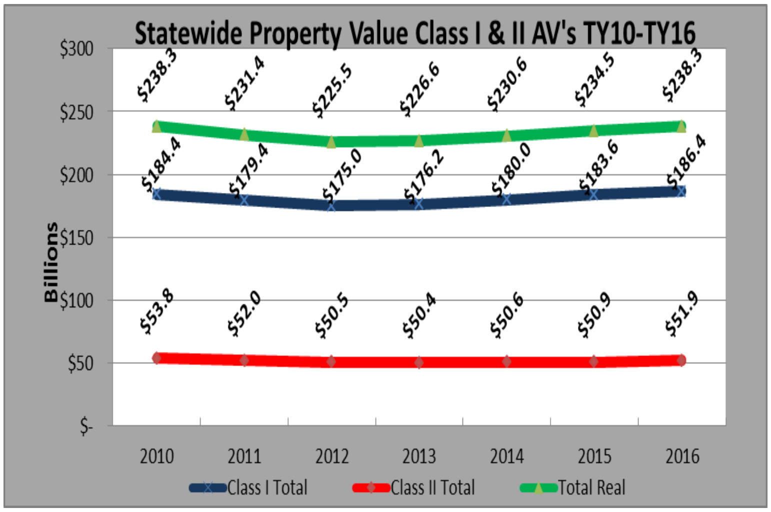


Source: U.S. Bureau of Labor Market Information

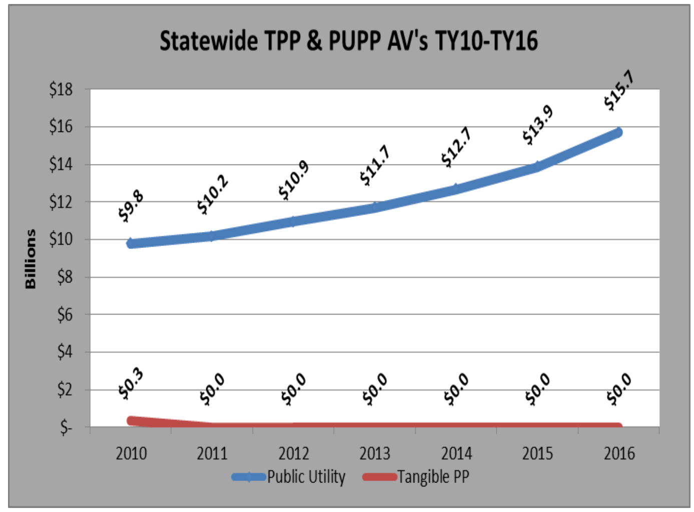
Over the past 12 months, ended June 2017, Ohio's unemployment rate increased slightly by .3% to 5.2%. This is a significant measure to monitor for continued economic growth and viability. As noted above, personal income taxes and sales tax are highly correlated to employment and have been the two major drivers of the recent recovery. As of July 2017, the unemployment rate in Hamilton County was 4.8% 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 homes 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.

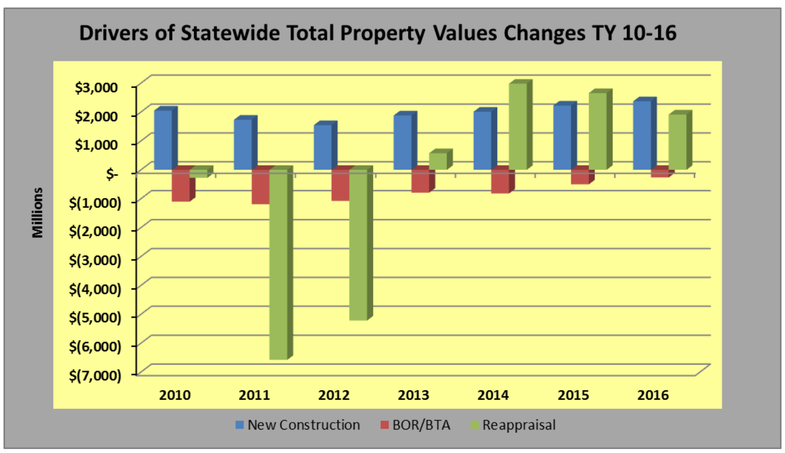


Source: Ohio Department of Taxation



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.



Source: Ohio Department of Taxation

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.

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. Hamilton County experienced a reappraisal update in the 2017 tax year to be collected in FY18**.** The 2017 reappraisal is anticipated to increase overall assessed values by $299.18 million or an overall increase of 5.3% for residential and commercial values. We anticipate new construction and other value changes in 2017 to be a net increase of $34.5 million or an overall increase of 0.6% for residential and commercial property. Public utility values are anticipated to increase $12.0 million due to new construction. Overall our tax base in 2017 is expected to increase by $345.7 million or 5.65% over 2016.

An update will occur in tax year 2020 for collection in FY21. We anticipate value increases for residential, commercial and public utility of $150.4 million or 2.32% over 2019 values. Overall our property values have shown a solid trend of recovery since 2014.

II. HB49 continued the Fixed Sum TPP reimbursement phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Unlike the TPP Fixed Rate reimbursement which was phased out in FY16 costing us $8.6 million per year, our district will not lose money due to this phase out. Instead, the amount of money the state is cutting as its reimbursement will be added on to our emergency levy millage automatically each year and collected in local property taxes. The state is directly shifting their $4.4 million financial obligation made in 2006 in HB66 to local tax payers.

III. The State Budget represents 41% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 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 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. The district was eligible for a new U.S. Department of Agriculture program which began in FY16 called Community Eligibility Provision (CEP). This program allows districts with 40% eligible students to certify free and reduced price lunches via Direct Certification. The ODE uses this information to certify Economically Disadvantaged students. In FY16 and FY17 if a school building was CEP eligible 100% of their students were reflected at Economically Disadvantaged even if they were not. This greatly increased funding to our district in FY16 and FY17. For FY18 and FY19 this program is supposed to continue as it did in FY16 and FY17. We will keep a close watch on this as the ODE could look into different EMIS codes to report students as Economically Disadvantaged that would not then result in 100% of the students in an eligible building being counted in the program. This would reduce state funding if this were to happen. We will watch this very carefully as any new budget deliberations occur in the future.

V. The district has three (3) emergency levies expiring in this forecast period FY18-22. The $51.5 million emergency levy was last approved November 6, 2012 and is up for renewal November 7, 2017. The district's $65.1 million emergency levy was renewed November 4, 2014 and will expire on December 31, 2020. The district's $48.0 million emergency levy approved November 8, 2016 will expire December 31, 2021. It is necessary to renew all three (3) of these levies to keep the district financially healthy long term.

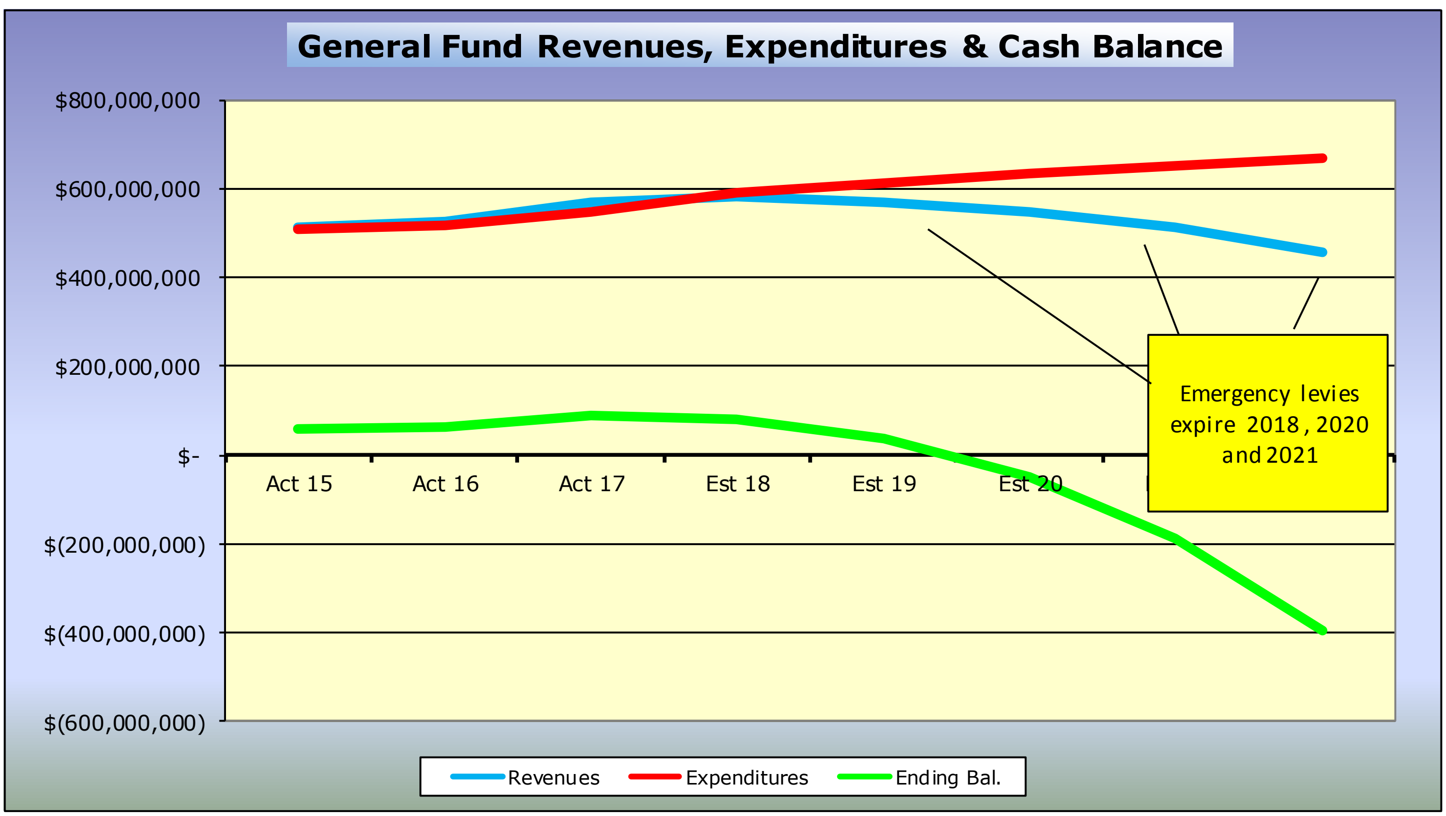
VI. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as Open Enrollment, Community Schools, Ed Choice, Autism Scholarships and College Credit Plus which are significant amounts deducted from our state aid each year. In total we estimate school choice deductions in FY18 to be $92.6 million. The cost of each Autism Scholarship increased sharply FY16 from $20,000 to $27,000 each, a 35% increase an added a new cost of $7.1 million to our district starting in FY16. College Credit Plus costs will continue to increase as this program becomes more understood. These are examples of new choice programs that were created in the past two years which 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.

VII. Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were to be implemented January 1, 2015. Implementation of those provisions has increased costs by as much as 2% in underlying insurance costs we pay. There is the additional risk that costs will go up as additional staffs are added to our health care rolls. We have made allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA exists as it is under review and potential repeal or modification at the Federal Level.

VIII. Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe strong working relationships will continue as the District moves forward. The district has just completed negotiations with its teacher and office professional associations which included a 2% increase in July 2017, a 2% increase July 2018 if funding is stable, and a reopener in July 2019

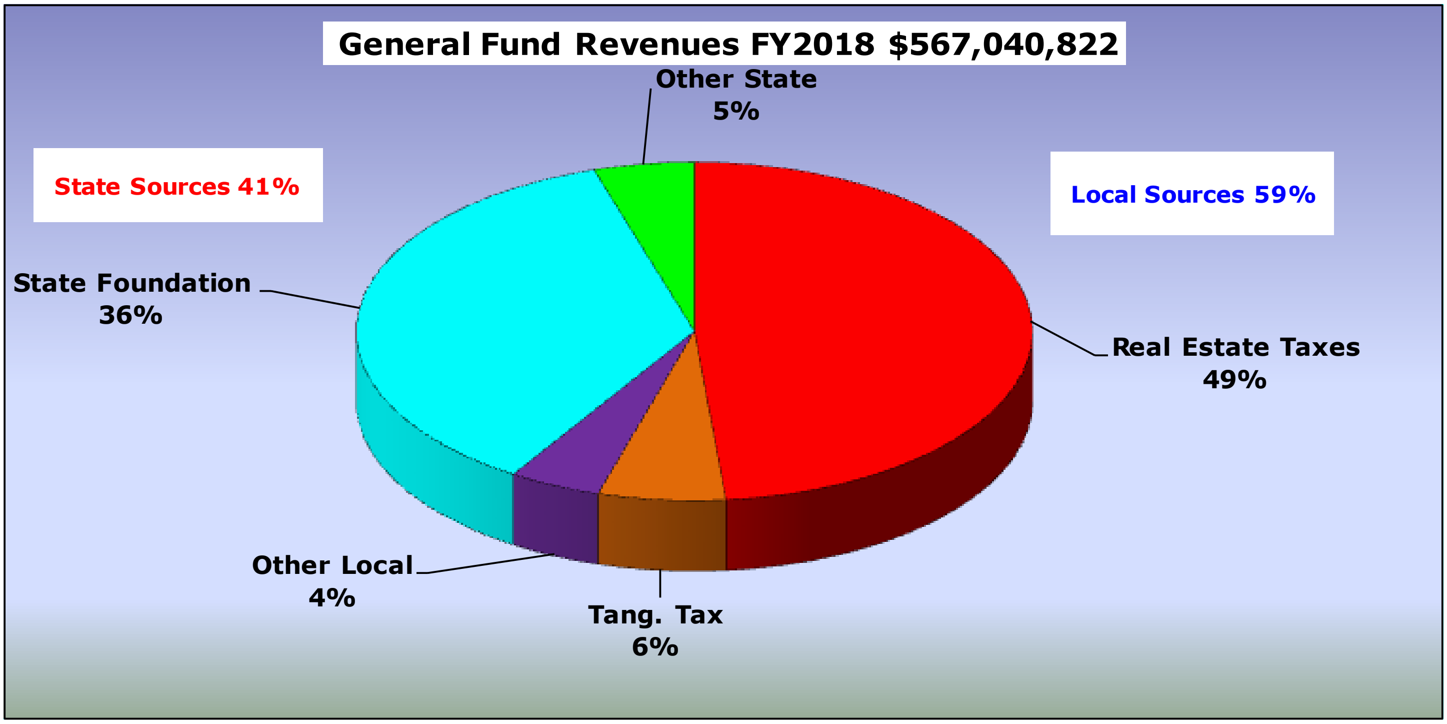
The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Jennifer M. Wagner, Treasurer/Chief Financial Officer of Cincinnati City School at 513-363-0420.

General Fund Revenue, Expenditure and Ending Cash Balance
Actual FY15-FY17 and Estimated FY18-FY22



The graph above captures in one snapshot the operating scenario facing Cincinnati City School District over the next few years. With passage of the new Emergency Levy November 8, 2016, the financial deficit projected in FY19 was delayed until FY22 if all three (3) of the levies are renewed during this forecast, but further action is needed to stop the decline in our ending cash balance. The District expects these renewals to be approved, but the Ohio Department of Education does not allow the district's forecast to reflect the renewal of these levies. The ending cash balance noted is what would occur if these levies were not approved by voters.

Revenue Assumptions
All Revenue Sources General Fund FY18



Real Estate Value Assumptions – Line # 1.010
Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Hamilton County experienced a complete reappraisal for the 2017 tax year to be collected in 2018. Residential values are estimated to increase 7.38% or $269.3 million due to the reappraisal led by an improving housing market. New construction in commercial property is estimated to increase 1.5% or $29.8 million in assessed value. Value increases for the reappraisal update in 2020 have been estimated at a 2.3% increase overall for residential and commercial property.

Typically when assessed values increase due to reappraisals or adjustments through Board of Revision and Board of Tax Appeals actions, the tax millage rates for that class of property decrease to offset the increase in values, except non-voter approved inside millage, which will result in an increase in taxes when values increase.

Taxes will also increase when there is new construction in residential and commercial property. In addition to the reappraisal increases noted above we are estimating an increase of $12 million in residential construction and $40 million in commercial new construction in 2017 for collection in 2018. Public utility personal property values are expected to increase by $12 million in new construction in 2017.Similar assumptions for growth have been made for FY19-22 which is based on recent trends for these values.

As a reminder Tangible Personal Property (TPP) values were reduced to $-0- in 2011 as a result of HB 66. This began a systematic phase-out of this tax base statewide to be replaced by a Commercial Activities Tax (CAT). The CAT tax revenue was to fully reimburse school districts for TPP losses through FY18 based on 2004 property values. HB 64 effective July 1, 2015 eliminated our TPP reimbursement in FY16. The reimbursements that were to fully compensate the district for the TPP taxes were eliminated early and did not fully repay us for the cuts.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2017	TAX YEAR 2018	TAX YEAR 2019	TAX YEAR 2020	TAX YEAR 2021
Classification	COLLECT 2018	COLLECT 2019	COLLECT 2020	COLLECT 2021	COLLECT 2022
Res./Ag.	$3,920,333,691	$3,922,833,691	$3,925,333,691	$4,065,220,370	$4,067,720,370
Comm./Ind.	2,052,897,116	2,054,397,116	2,055,897,116	2,057,397,116	2,058,897,116
Public Utility (PUPP)	486,016,250	495,016,250	504,016,250	513,016,250	522,016,250
Tangible Property (TPP)	0	0	0	0	0
Total	$6,459,247,057	$6,472,247,057	$6,485,247,057	$6,635,633,736	$6,648,633,736

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY18	FY19	FY20	FY21	FY22
Est. Property Taxes - Line #1.010	$275,043,686	$257,399,465	$237,942,377	$209,542,065	$160,630,812

Property tax levies are estimated to be collected at 94% of the annual amount. This allows a 6% delinquency factor. In general, 51% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 49% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor. Revenues on the forecast increase from FY16 to FY17 and again to FY18 to reflect the new $48 million Emergency Levy passed November, 2016.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. With elimination of the TPP taxes, only Public Utility Personal Property taxes continue to be collected in this category. Values continue to grow as new assets are brought on line through expansion and replacement of depreciated assets. This also reflects the new $48 million Emergency Levy passed November, 2016.

Source	FY18	FY19	FY20	FY21	FY22
TPP and Public Utility Tax	$34,537,923	$33,206,971	$31,865,591	$29,722,387	$25,583,616
Total Line # 1.020	$34,537,923	$33,206,971	$31,865,591	$29,722,387	$25,583,616

Renewal Tax Levies – Line #11.02

The district has three (3) emergency levies expiring in this forecast period FY18-22. The $51.5 million emergency levy was last approved November 6, 2012 and is up for renewal November 7, 2017. The district's $65.1 million emergency levy was renewed November 4, 2014 and will expire on December 31, 2020. The district's $48.0 million emergency levy approved November 8, 2016 will expire December 31, 2021. It is necessary to renew all three (3) of these levies to keep the district financially healthy long term. These levies are required to be moved form Lines 1.01, 1.02 and 1.05 and placed on Line 11.02. We reflect these at their full voted fixed sum amounts.

Source	FY18	FY19	FY20	FY21	FY22
Renew Emergency $51.5M 2018	$0	$26,265,000	$51,500,000	$51,500,000	$51,500,000
Renew Emergency $65.2M 2020	0	0	0	33,252,000	65,200,000
Renew Emergency $48.0 M 2021	$0	$0	$0	$0	$24,480,000
Total Line # 11.020	$0	$26,265,000	$51,500,000	$84,752,000	$141,180,000

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 all of the State Foundation Payment Report (SFPR) formulas for the various changes made. The ODE is not expected to have the SFPR adjustments 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. **We are projected to be a CAP district regarding state funding in FY18 then become a formula district beginning in FY19.**

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 therefor the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

1) Opportunity Grant – Per pupil amount increased .17% from $6,000 in FY17 to $6,010 in FY18 and .17% to $6,020 in FY19. Well below inflation rates.
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. 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 and 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 and not in addition to the Cap payments.

3) 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 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.

Our current SFPR estimates for FY18 are using July #2 FY17 Final SFPR average daily membership (ADM) and adding 300 new students each year for growth for FY18- FY22. 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. The district will not know its actual student funded ADM until the end of June 2018, and there will be adjustments into the succeeding fiscal year. This could result in undulating state aid payments throughout the year based on each student count if a district is on the formula.

We are presently a **"CAP"** district, which means we receive less revenue than the formula provides, and we anticipate that we will be a "**Formula"** district with revenues less than CAP amounts for FY19 through FY22. Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated per pupil state aid to increase by approximately 0.5% FY20-22. We have estimated CAP increases at 3.0% for FY18-19 and 2.5% for FY20-22. A future state budget will dictate what these actual numbers will be.

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

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY17statewide 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 for out years when actual casino revenues show signs of stronger increases.

Source	FY18	FY19	FY20	FY21	FY22
Basic Aid-Unrestricted	$177,978,984	$180,824,415	$182,383,535	$184,016,754	$185,852,628
Additional Aid Items	$4,004,646	$4,004,646	$4,004,646	$4,004,646	$4,004,646
TPP Supplement HB64	0	0	0	0	0
Subtotal State Basic Aid	181,983,630	184,829,061	186,388,181	188,021,400	189,857,274
Ohio Casino Commission ODT	1,663,385	1,682,561	1,701,954	1,721,567	1,741,402
Total Unrestricted State Aid Line # 1.035	$183,647,015	$186,511,622	$188,090,135	$189,742,967	$191,598,675

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. The district has adopted the Community Eligibility Provision (CEP) for counting free and reduced students in all but 9 of its schools. As a result of this change, the districts percentage of economically disadvantaged students rose from 66.98% to 72.7%, which resulted in approximately $3 million in additional state funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY18-FY22. There have been discussions that the ODE is looking into different EMIS codes to report students as Economically Disadvantaged and will not then result in 100% of the students in an eligible building being counted in the program. The current budget FY18-FY19 the program and student counts will remain as is. We will watch this very carefully as future budget deliberations occur in the spring of 2019.

We have also elected to report our state special education catastrophic reimbursements in this section of the report. This reimbursement is available when the cost of educating a pupil is greater than $27,375 or $32,850. (The cost difference is related to the special program in which the student is enrolled.) A number of students are served through programs that cost in excess of $60,000 per pupil per year

Source	FY18	FY19	FY20	FY21	FY22
Economically Disadvantaged Aid	$19,096,924	$18,840,691	$18,589,581	$18,343,458	$18,102,191
Catestrophic Sp. Ed.	$992,471	$1,002,396	$1,012,420	$1,022,544	$1,032,769
Career Tech Aid	1,602,821	1,602,821	1,602,821	1,602,821	1,602,821
Total Restricted Revenues Line #1.040	$21,692,216	$21,445,908	$21,204,822	$20,968,823	$20,737,781

C) Restricted Federal Grants in Aid – line #1.045

The district received its final payment of in Ed Jobs money in FY12. No federal unrestricted grants are projected FY18-FY22.

Summary	FY18	FY19	FY20	FY21	FY22
Unrestricted Line # 1.035	$183,647,015	$186,511,622	$188,090,135	$189,742,967	$191,598,675
Restricted Line # 1.040	$21,692,216	$21,445,908	$21,204,822	$20,968,823	$20,737,781
Restricted Federal Grants Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$205,339,231	$207,957,530	$209,294,956	$210,711,790	$212,336,456

State Tax Reimbursement/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 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Our new $48 million emergency levy passed November 8, 2016 is considered a "non-qualified" levy for homeowners to received state rollback reimbursement on. This was another way the state has shifted costs to local taxpayers. The new levy is still qualified for homestead exemptions if the taxpayer qualifies as noted below.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled home owners. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did 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 received 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 burden locally on taxpayers.

b) Tangible Personal Property (TPP) Reimbursements – Fixed Rate
School districts under prior laws were supposed to be reimbursed for the TPP tax losses by the state of Ohio at varying levels through 2026. HB64 the FY16-FY17 state budget phased out of TPP reimbursements to districts 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 district lost TPP reimbursements equal to 2% of qualifying revenue. We were a quintile 3 district and as a result lost our entire fixed rate funding after FY16. This amounted to a cut of over $8.7 million per year.

c) Tangible Personal Property (TPP) Reimbursements – Fixed Sum
HB49 has continued reimbursement of Fixed Sum TPP reimbursements but will phase out the reimbursement over five years starting in FY18 through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement will be added on the local fixed sum millage, emergency levy millage, and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

Source	FY18	FY19	FY20	FY21	FY22
Rollback and Homestead	$23,698,722	$21,915,332	$19,679,456	$16,742,784	$13,304,824
TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
TPP Reimbursement - Fixed Sum	3,544,646	2,658,484	1,772,323	882,894	0
Total Tax Reimb./Prop. Tax Allocations	$27,243,368	$24,573,816	$21,451,779	$17,625,677	$13,304,824

Other Local Revenues – Line #1.060
The largest source for "Other Revenues" is payments in lieu of taxes (PILOTS) estimated at $12.8 million in FY18. These are payments received from the City of Cincinnati and local businesses that have entered into agreements with the school district. These payments to the district are to help reduce the amount of lost revenue as the result of tax incentives offered by the City. We assume this level of collection will continue for FY18-FY22 based on data we have on expiration dates of these agreements.

The second largest source of income is tuition income and open enrollment tuition. FY18 revenue is $5.0 million and estimate it will continue at this level for FY18-FY22.

BOR/BTA settlement payments for tax complaints constitute the third largest area of "Other Revenue" at $4.5 million. These are settlements to resolve challenges to tax values. We assume this level of collection will continue for FY18-FY22.

The only Federal revenue which the district receives in the General Fund is for Medicaid reimbursements for medical services provided to qualified low income students covered by Medicaid. Reimbursements have varied from a high of $10.7 million in FY16 to a low of $248,271 in FY11. We anticipate it will be $4.8 million per year for FY18-22.

Interest rates are expected to remain low for the forecast period. Security of the public funds collected by the district is the top priority of the treasurer's office when investing district funds.

Summary of "Other Local Revenues" – Line #1.060

Source	FY18	FY19	FY20	FY21	FY22
Payment In Lieu of Taxes	$7,536,531	$12,836,531	$12,836,531	$12,836,531	$12,836,531
Interest	1,149,968	1,149,968	1,149,968	1,149,968	1,149,968
Class Fees and Extra Activities	29,936	30,236	30,538	30,844	31,152
Tuition/Open Enrollment	5,047,167	5,047,167	5,047,167	5,047,167	5,047,167
Rentals	337,779	341,156	344,568	348,014	351,494
Federal Medicaid Reimb. OMSP	4,835,235	4,883,587	4,932,423	4,981,747	5,031,565
BOR/BTA Tax Payments	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Miscellaneous	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000
Total Line # 1.060	$24,876,616	$30,228,645	$30,281,195	$30,334,270	$30,387,876

Short-Term Borrowing – Lines #2.010 & Line #2.020 - There is no short term borrowing planned in this forecast.

Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

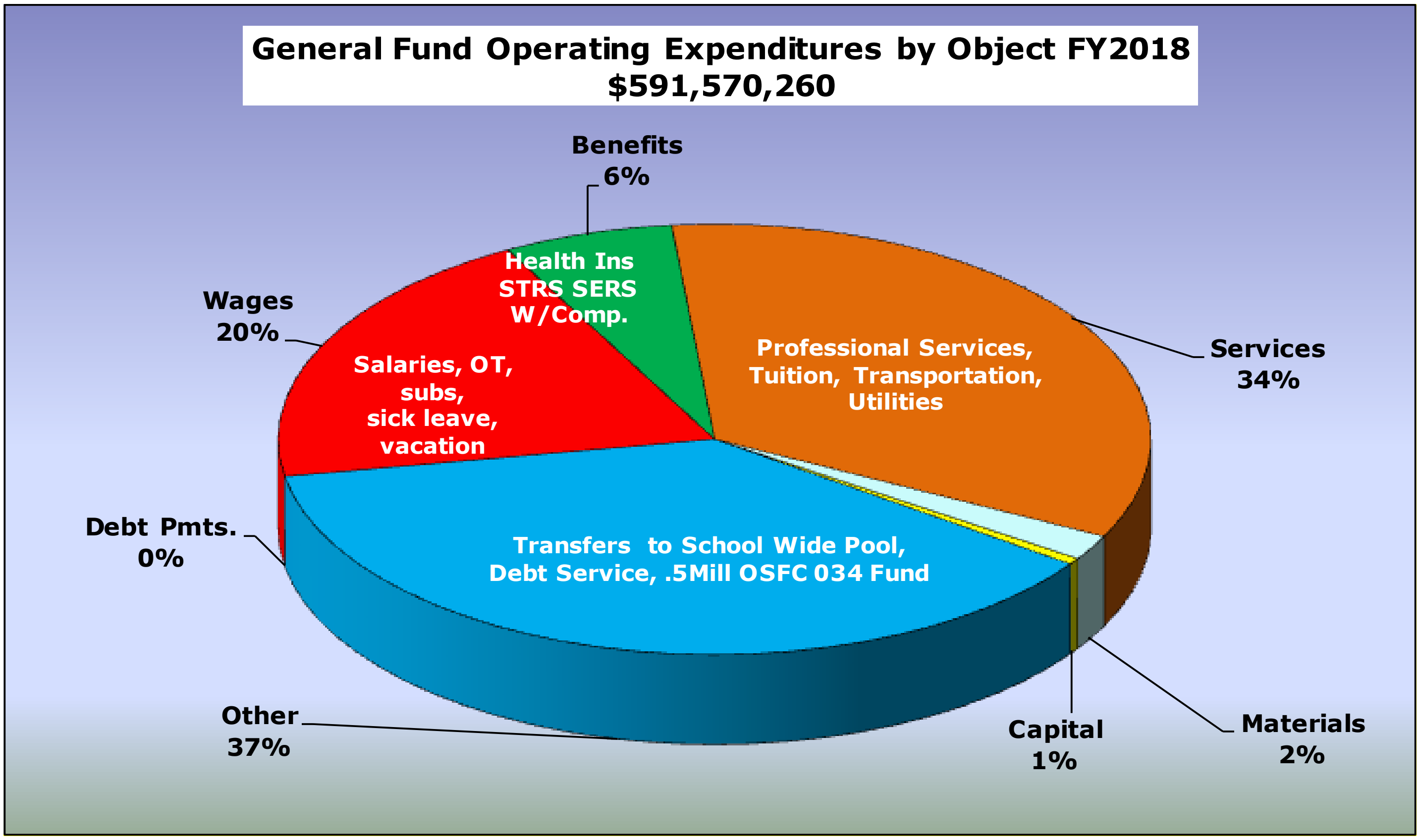
Source	FY18	FY19	FY20	FY21	FY22
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$11,505,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000
Total Transfer & Advances In	$11,505,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures and is very unpredictable. Federal E-Rate reimbursements have been the primary source for these types of revenues in the past. The current year's E-Rate reimbursement is typically based upon the previous year's activity. However, in FY17 the district received $7.3 million in E-Rate reimbursements. This variance is due to reimbursements for fiscal years prior to FY16. It is anticipated the revenue will decline to a normal reimbursement level of $3.5 million in FY18-FY22.

Source	FY18	FY19	FY20	FY21	FY22
Refund of prior years expenditures	$3,500,000	$3,500,000	$3,500,000	$3,500,000	$3,500,000

Expenditure Assumptions

All Expense Categories General Fund FY18



Wages – Line #3.010

- Base increases:
  This forecast reflects a 2% base increase for FY18 and FY19. Base increases for FY20-FY22 are assumed to be 0%.
- Performance step and classified step increases:
  Step increases are assumed to continue at their current rate of approximately 2% each year for FY18-FY22 for Certificated and Non-Certificated employees at a cost of $2.1 million per year.
  In FY19 we have added $583,000 a year to steps to adjust for adding a Masters +45 lane to the teachers salary schedule.
- Increases in staff:
  - FY18 includes an additional $5.3 million for Vision 2020 and Preschool expansion.
  - FY19 includes an additional $1.1 million for Vision 2020 and Preschool expansion.
  - FY20 includes an additional $600,000 for Vision 2020
- Staff retirements resulted in a net savings of approximately $4.8 million in FY16 and $.3million in FY17. Severance costs were reduced by $1 million as a result of fewer anticipated retirements in future years.

<u>Reclassification of Salary Cost:</u>
In FY16, expenditures reflect the reclassification of certain expenditures to the “transfer of funds” classification for transfer into the School Wide Pool Fund (Line 5.01). This is necessary due to the realignment of all but 7 of the district’s schools to using one combining fund to operate which includes both General Funds and certain

Federal Funds. In past years these funds were required to be kept separate for federal reporting purposes. As a result, salary expenditures in the GF for the FY16 reflected a net decrease of 59%. Fringe benefits, supplies, contract services, and equipment expenses were also reduced in FY16 and the "transfer" category increased by $180,819,880. This is expected to continue throughout the forecasted period.

In FY17 $6.5 million in staff costs shifted back from the School Wide Pool Fund as a result of 2 buildings no longer qualified to belong to the Pool.

Summary of Salaries – Line #3.010

Source	FY18	FY19	FY20	FY21	FY22
Base Wages	$105,743,497	$115,301,315	$121,651,367	$124,684,395	$127,178,083
Increases	2,114,870	2,306,026	0	0	0
Performance Incentives, Training & Step	2,114,870	2,889,026	2,433,027	2,493,688	2,543,562
Growth/Enrollment Increase	0	635,000	0	0	0
Preschool expansion/Vision 20-20	5,328,078	520,000	600,000	0	0
Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Staff Reductions	0	0	0	0	0
Total Wages Line 3.010	$117,801,315	$124,151,367	$127,184,395	$129,678,083	$132,221,644

Fringe Benefits Estimates

This area of the forecast captures all costs associated with benefits and retirement costs. Fringe benefits ran 31.17% of wage costs in FY17. In FY16 the district made a $5.2 million reduction in costs when the rate charged against personal services was reduced. During this forecast fringe benefits are estimated to range from 30.67% - 32.81% of total personal services in FY18-FY22. See further explanation below.

A) STRS/SERS will increase as Wages Increase

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

The district's health and dental costs were tracking close to market trend in FY16 and FY17. It is anticipated that health and dental insurance will trend about 5% for the period FY18-FY21.

In FY17 the district reduced the rate charged to personal services for insurance to bring charges more in line with actual costs.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act** (**PPACA**) or 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. We are not certain what these added costs may be but there are "taxes" mandated by the act which are collected by our third party administrators as part of our funding factors.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 1.19% of wages FY18 – FY22. Unemployment is expected to remain at a very low level FY18 – FY22. The district is a direct reimbursement employer which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare
Medicare will continue to increase at the rate of increases in 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 and salaries.

E) Other
Other benefits costs include minor benefit costs not included in retirement, insurances, government benefit payments, which amount to about $26,000 per year.

Reclassification of Fringe Benefits Costs:
This forecast also demonstrates the reclassification of certain expenditures to a transfer of money to the School Wide Pool (Line 5.01). The $49.5 million transfer for fringe benefits in FY16 is necessary due to the realignment of most schools to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, benefit expenditures in GF for FY16 reflect a net decrease of 60.3% from FY15 operating cost levels. Salaries, supplies, contract services, equipment, etc. also reflect reductions in FY16 and the "transfer" category increased by $180,819,880. This is expected to continue throughout the forecasted period.

In FY17 $6.5 million in staff costs shifted back from the School Wide Pool Fund as a result of 2 buildings no longer qualified to belong to the Pool. As a result, approximately $2.2 million in benefit costs were moved back from the Pool in FY17.

Summary of Fringe Benefits – Line #3.020

Source	FY18	FY19	FY20	FY21	FY22
STRS/SERS	$16,513,333	$17,404,252	$17,830,146	$18,179,868	$18,536,466
Insurance's	18,359,137	19,948,152	21,514,719	23,049,455	24,660,928
Workers Comp/Unemployment	611,343	1,536,092	1,572,397	1,602,247	1,632,693
Medicare	1,708,119	1,800,195	1,844,174	1,880,332	1,917,214
Other	26,515	26,515	26,515	26,515	26,515
Total Line 3.020	$37,218,446	$40,715,205	$42,787,951	$44,738,418	$46,773,816

Purchased Services – Line #3.030
Purchase services are costs for personal services from individuals who are not on the payroll of the school district, and other services that the school district may purchase. Expenditures in this category include: instructional services, instructional improvement services, health services, data processing services, professional/legal services, garbage removal, repairs and maintenance services, rentals, property insurance, lease-purchase agreements, meeting and mileage expenses, telephone expenses, postage, advertising, utilities, tuition paid to other districts, and pupil transportation. Most significantly, this category includes payments to Community Schools and Ed Choice Scholarship Voucher program established by HB153 and expanded in HB59 and HB64. There are other proposals that if passed will open up even more expense for the district in these choice type programs. If these initiatives become law costs for these programs will shoot up over the next several years.

Tuition costs for the district vary by the source of the cost. Details by type of tuition are found below:

- Community School costs are anticipated to decrease by 2% in FY18 due to decline in enrollment and increase at 3% for FY19-FY22.
- Voucher and Ed Choice Scholarships are estimated to increase at 3% for FY18-FY22.
- Open enrollment tuition is expected to be flat for FY18-FY22.
- The remaining tuition costs, which are primarily related to special needs students, are anticipated to continue to increase at about 3% per year for FY18-FY22.

In FY16 the district has changed how it purchases some technology from a cash purchase to lease. As a result an additional $1.8 million was added to leases in FY16.

FY18 reflects the following changes in program:

- Cincinnati Pre-school Promise increased $7.1 million.
- $2 million increase for Vision 2020 programmatic costs and $200,000 for preschool building leases.

After removing the impact of program changes above, an overall inflation of about .056% is being estimated for the purchased service accounts for FY18. This rate is lower as a result of an anticipated 2% reduction in Community School tuition. Pupil transportation, utilities and professional services are all estimated to increase at 5% a year based upon FY17 base levels.

Reclassification of Contract Services Costs:
This forecast demonstrates the reclassification of certain expenditures to a transfer of money to the School Wide Pool (Line 5.01). This transfer for contract services is necessary due to the realignment of most schools to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, contract services expenditures in GF for FY16 reflect a $5 million reduction. Salaries, benefits, supplies, equipment, etc. also reflect reductions in FY16 and the "transfer" category increased by $180,819,880. This is expected to continue throughout the forecasted period.

Summary of Purchased Services – Line #3.030

Source	FY18	FY19	FY20	FY21	FY22
Special Ed., Other Professional Services	$17,978,763	$18,518,126	$19,073,670	$19,645,880	$20,235,256
Open Enrollment	3,408,136	3,408,380	3,408,631	3,408,890	3,409,157
Autism & Peterson	7,362,809	7,583,693	7,811,204	8,045,540	8,286,906
Other Tuition, College Credit Plus	10,304,993	10,614,143	10,932,568	11,260,545	11,598,361
Community Schools	50,495,522	52,010,388	53,570,699	55,177,820	56,833,155
Ed Choice	21,078,385	21,710,736	22,362,058	23,032,920	23,723,907
Transportation	41,229,995	43,291,495	45,456,070	47,728,873	50,115,317
Utilities	15,218,993	15,979,943	16,778,940	17,617,887	18,498,781
Professional Services	18,442,921	19,365,067	20,333,321	21,349,987	22,417,486
Rental & Lease Payments	7,374,444	7,448,189	7,522,671	7,597,897	7,673,876
Property Services and Maintenance	1,331,653	1,344,969	1,358,419	1,372,003	1,385,723
Cininnati Pre-School Promise	7,100,000	7,100,000	7,100,000	7,100,000	3,600,000
Total Line 3.030	$201,326,615	$208,375,129	$215,708,250	$223,338,242	$227,777,927

Supplies and Materials – Line #3.040
Amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or items that lose their identity through fabrication or incorporation into different or more complex units or subunits. Expenditures in this category include: instructional supplies, office supplies, teaching aides, software

materials, textbooks, library books, newspapers, periodicals, films, filmstrips, supplies and materials for the operation, maintenance and repair of land, buildings, equipment and furniture, and fuel, tires and supplies for vehicles.

FY18 reflects anticipated cash outlays through the end of the fiscal year. Fuel and vehicle maintenance is expected to remain flat and all other items are expected to increase by 2% for FY19-FY22.

Reclassification of Supplies and Materials Costs:
This forecast demonstrates the reclassification of certain expenditures to a transfer of money to the School Wide Pool (Line 5.01). This transfer for supplies and materials is necessary due to the realignment of most schools to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, supply and material expenditures in GF for FY16 reflect a $1.3 million reduction. Salaries, benefits, contract services, equipment, etc. also reflect reductions in FY16 and the "transfer" category increased by $180,819,880. This is expected to continue throughout the forecasted period.

Summary of Supplies and Materials – Line #3.040

Source	FY18	FY19	FY20	FY21	FY22
Other Supplies	$2,486,895	$2,536,633	$2,587,365	$2,639,112	$2,691,895
Instructional Supplies	2,793,240	2,849,105	2,906,087	2,964,209	3,023,493
Textbooks & Library Books	2,390,114	2,437,916	2,486,675	2,536,408	2,587,136
Building Maintenance Supplies	1,481,285	1,510,910	1,541,129	1,571,951	1,603,390
Vehicles Maintenance Supplies	2,130,816	2,130,816	2,130,816	2,130,816	2,130,816
Total Line 3.040	$11,282,349	$11,465,380	$11,652,071	$11,842,497	$12,036,730

Equipment – Line # 3.050
FY18 reflects anticipated cash outlays through the end of the fiscal year Capital Outlay annual inflation costs are expected to be about 5% during the forecasted period FY19-FY22.

Reclassification of Equipment Costs:
This forecast demonstrates the reclassification of certain expenditures to a transfer of money to the School Wide Pool (Line 5.01). This transfer for equipment is necessary due to the realignment of most schools to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, equipment expenditures in GF for FY16 reflect a $216,536 reduction. Salaries, benefits, contract services, supplies, etc. also reflect reductions in FY16 and the "transfer" category increased by $180,819,880. This is expected to continue throughout the forecasted period.

Summary of Equipment – Line # 3.050

Source	FY18	FY19	FY20	FY21	FY22
Base Capital	$838,294	$880,208	$924,219	$970,430	$1,018,951
Buildings	0	0	0	0	0
Equipment	516,048	541,850	568,943	597,390	627,259
Technology Equipment	922,198	968,308	1,016,724	1,067,560	1,120,938
Improvements other than Buildings	364,209	382,420	401,541	421,618	442,699
Replacement of Vehicles	198,855	208,798	219,238	230,200	241,710
Total Line 3.050	$2,839,604	$2,981,584	$3,130,664	$3,287,197	$3,451,557

Other Expenses – Line #4.300
The category includes expenditures for memberships in professional organizations, charges for audit examinations, county auditor and treasurer fees, election expenses, charges for advertising the delinquent tax list, bank charges, liability insurance, accident insurance, fidelity bonds, and legal judgments against the district, back pay and awards. FY18 reflects anticipated cash outlays through the end of the fiscal year. Zero percent inflationary increases are anticipated for FY19-FY22.

Summary of Other Expenses – Line #4.300

Source	FY18	FY19	FY20	FY21	FY22
Auditor & Treasurer Fees	$4,753,000	$4,753,000	$4,753,000	$4,753,000	$4,753,000
Audit Fees	81,747	81,747	81,747	81,747	81,747
Banking Fees	111,707	111,707	111,707	111,707	111,707
Other expenses	503,921	503,921	503,921	503,921	503,921
Total Line 4.300	$5,450,375	$5,450,375	$5,450,375	$5,450,375	$5,450,375

General Fund Debt Service Payments – Lines #4.020; #4.030; #4.040; #4.050; #4.055; #4.060
All general fund debt payments will be made from the bond retirement fund through a detailed transfer out to that fund as noted below in Line 5.01 transfers out.

No debt issuances or refunding's are anticipated during the FY18-FY22 period.

Transfers Out/Advances Out/All Other Financing Uses – Lines #5.010, #5.020 & #5.030
These costs are made up of transfers to other funds, contingencies, advances to other funds and all other uses. Transfers are the permanent movement of cash from the General Fund to other funds as a result of obligations like debt or items which require that the actual expenditure be made from another fund but that General Fund provides the resources. Advances are temporary cash loans from the General Fund to other funds, which have insufficient cash flows to meet their obligations. These loans will be repaid by the other funds back to General Fund at a later time when resources have been received from the designated sources into the other fund. All other uses would cover prior fiscal year corrections and adjustments.

Line #5.010

A) **Transfers**

School Wide Pool –In FY18 we are anticipating a $186,876,410 transfer to the School Wide Pool Fund. This allows General Fund and certain grant dollars to be combined into one operating budget/fund, which provides for more efficient use of resources to better meet the need of students. General Fund and grant dollars are providing school budgets for all schools except 9, which were maintained in the General Fund. The School Wide Pool transfer is increased each year by the same inflationary trends noted in the above categories.

Debt Service Obligations-Beginning in FY18 we are detailing more of the reason for transfers out for debt service obligations belonging to the General Fund. These obligations are paid from the Bond Retirement Fund and will no longer be shown on Lines 4.05, 4.055 and 4.06 in order to maintain consistency in our forecast in not comingling General Fund and Debt Service Fund payments. The General Fund obligations will be shown as a Transfer out to the Debt Service Fund and then reflected as payments from the Debt Service Fund. There are four (4) transfers out during the period FY18-22 to the bond retirement fund to pay for general fund debt obligations for interest and principal as follows:

Series of Debt	Original Principal	Ends
Debt Obligation 9007	$104,900,000	June 1, 2023
Debt Obligation 9005/10	$ 21,715,000	June 1, 2025
Debt Obligation 9006/11	$ 3,000,000	June 1, 2026
Debt Obligation 9009/12	$ 26,250,000	June 15, 2032

WE have estimated in FY19 a Certificate of Participation borrowing.

Fund 034 ½ Mill Maintenance Fund- The district must transfer $3.2 million to Fund 34 as required by the districts Ohio School Facility Master Plan, and is to fund facility maintenance and equipment replacement. A ½ mill obligation is required in Fund 034 for as long as debt is outstanding to pay for the facilities partially funded by the OSFC.

Line #5.020

B) Advances Out

In FY17, $11.5 million was advanced/loaned to other funds. These funds were returned to General Fund in FY18. FY18-FY22, the assumption is that the revenue from returning cash advances and advance out will equal and a base amount of $12.5 million will likely be needed each year to advance to other funds for cash flow needs.

Summary of Transfers Out/Advances Out/All Other Financing Uses – Lines #5.010, #5.020 & #5.030

Purpose	FY18	FY19	FY20	FY21	FY22
School Wide Pool	$186,876,410	$190,382,901	$196,819,244	$203,473,182	$210,352,073
002-9007 LTGO Debt	9,412,063	9,415,888	9,407,913	9,406,913	9,408,763
002-9005/10 QSCB HB264 Debt	1,583,427	1,583,427	1,583,427	1,583,427	1,583,427
002-9006/11 QSCB HB264 Debt	219,000	219,000	219,000	219,000	219,000
002-9009/12 QSCB HB264 Debt	1,806,500	1,806,500	1,806,500	1,806,500	1,806,500
Planned COP Borrowing	0	925,000	925,000	925,000	925,000
034 Maintenance 1/2 Mill OSFC	3,254,156	3,254,156	3,254,156	3,254,156	3,254,156
Total Transfers Out Line # 5.01	$203,151,556	$207,586,872	$214,015,240	$220,668,178	$227,548,919
Advances Out Line #5.020	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000

Encumbrances –Line#8.010

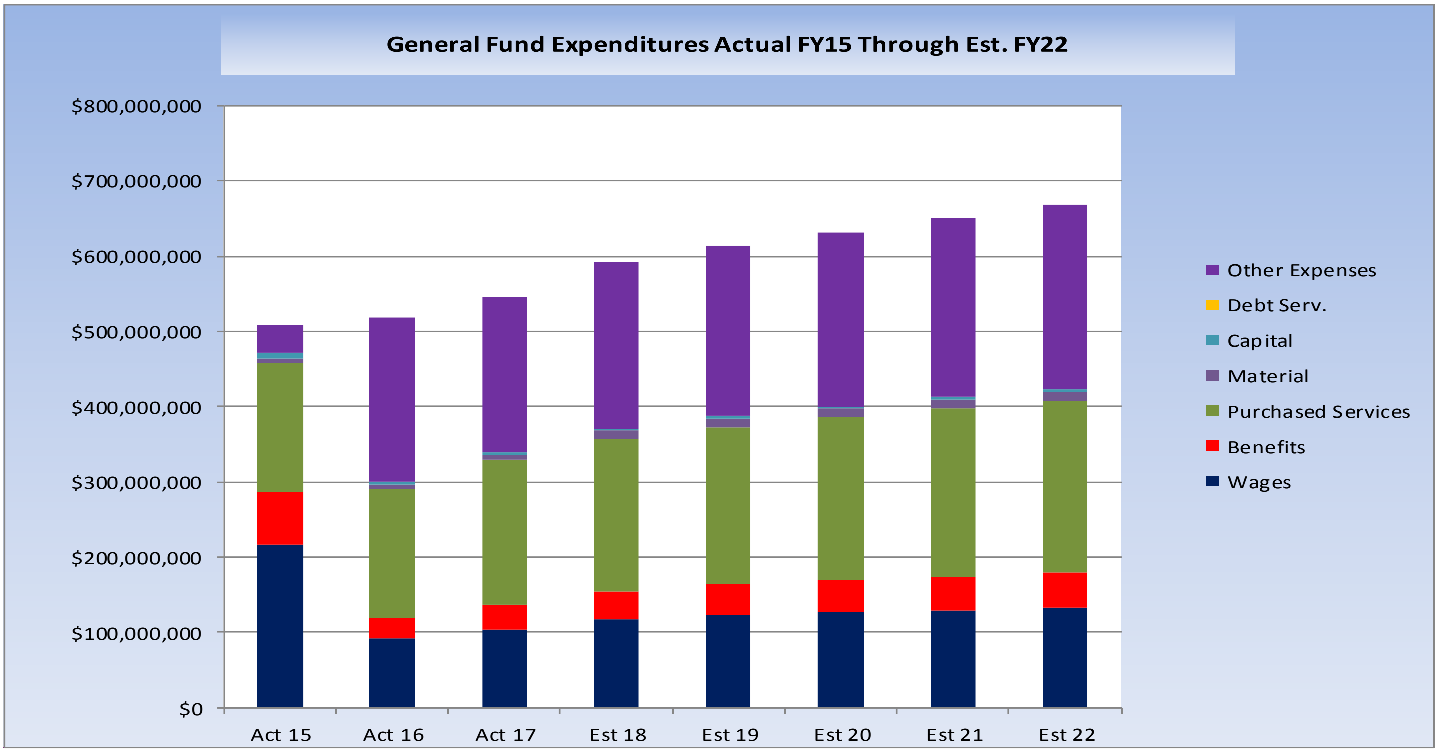
Encumbrances are similar to an accounts payable in business. Budgetary accounting uses encumbrances as a method to reserve fund balance for future payment of goods and services ordered. In effect, it insures that the district will not spend the funds on something else when it has already been committed for a particular purpose, unlike an accounts payable, which is only established when the goods or services are actually received. Since all purchases are required to be encumbered when ordered, the amount of encumbrances at year-end is directly related to the timing of ordering, delivery and subsequent payment of the bill. As a result of these timing issues, the ending encumbrances as of June 30 each year can vary significantly. The only impact of a deviation is that if encumbrances increase then expenditures will have decreased from forecasted levels or vice versa. The impact on available funds would zero.

The administration reviews its list of encumbrances as of June 30th in an effort to cancel and reduce any encumbrances which may no longer be needed. Encumbrances are estimated at $12.5 million for June 30 each fiscal year.

	FY18	FY19	FY20	FY21	FY22
Estimated Encumbrances	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000

Reservations of Fund Balance – Line #9.080 – The district has no reservation of fund balance.

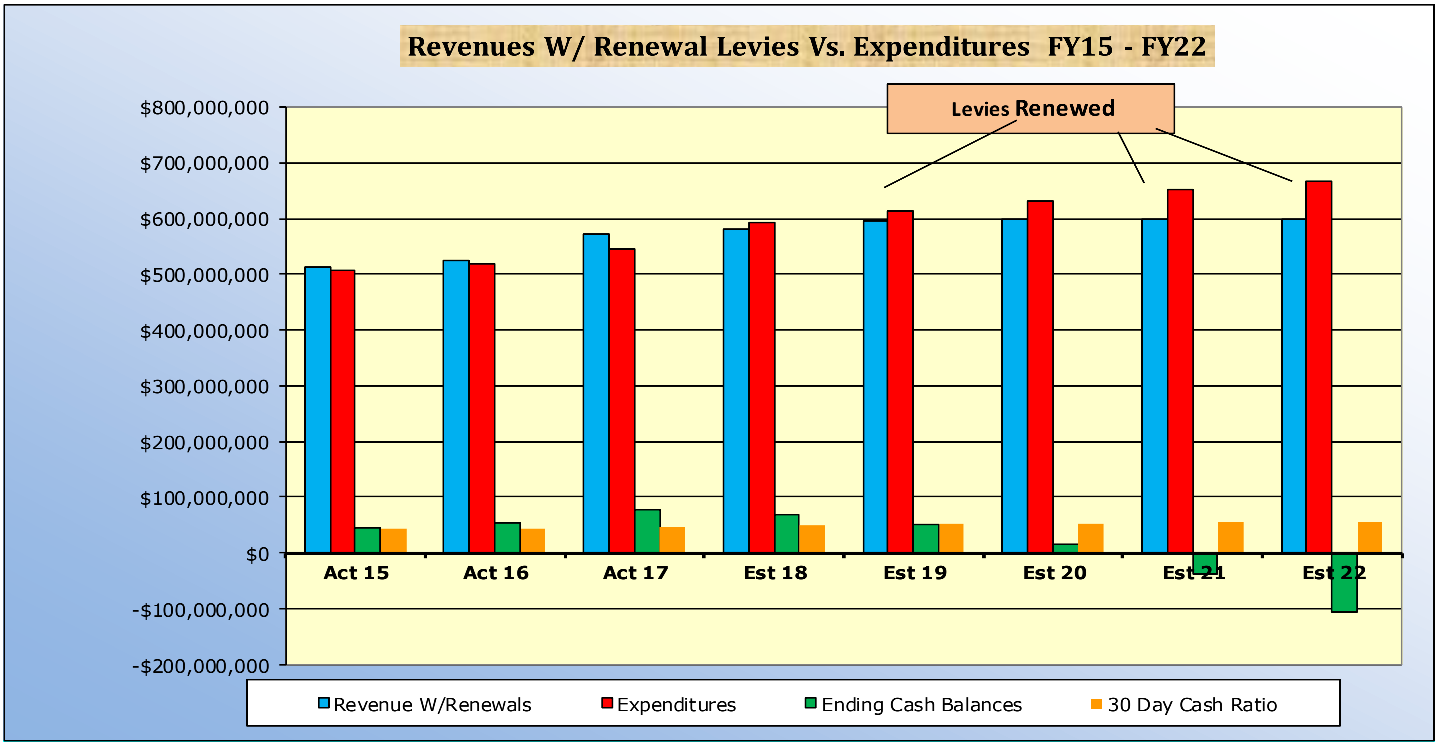
Operating Expenditures Actual FY15-FY17 and Estimated FY18-FY22
As the graph on the following page indicates we have been diligent at reducing costs in reaction to lower and flat state revenues. We are working to control our expenses while attempting to address student academic needs to enable them to compete and do well on state performance standards.



Ending Unencumbered Cash Balance – Line#15.010
While the district can forecast a negative amount in this line, it cannot actually go below $-0- or the district General Fund will have violated 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. It is recommended by the GFOA and other authoritative sources that a district should maintain a minimum of thirty (30) days worth of expenditures in its cash balance, which is about $48.3 million for our district.

Line #15.01 includes passage of three (3) emergency levy renewals as noted earlier in the forecast. The $51.5 million emergency levy was last approved November 6, 2012 and is up for renewal November 7, 2017. The district's $65.1 million emergency levy was renewed November 4, 2014 and will expire on December 31, 2020. The district's $48.0 million emergency levy approved November 8, 2016 will expire December 31, 2021. **Failure to pass any renewal levy will be devastating for the district.** Even with the renewal of all three (3) levies the district is projected to have a negative cash balance at the end of FY21.

	FY18	FY19	FY20	FY21	FY22
Ending Cash Balance	$ 67,380,336	$ 49,785,849	$ 15,692,803	$ (37,121,997)	$ (105,459,380)



The revenue portion of the graph above demonstrates increased funding the district received as a result of HB 64, the last biennium budget, as well as the current budget HB49. Revenue is expected to grow at a rate less than expenses throughout the forecast period. We are projecting a cash deficit in FY21 even with renewal of our current emergency levies.