

**HUBER HEIGHTS CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES FOR THE FISCAL YEARS ENDED  
JUNE 30, 2013, 2014 and 2015 ACTUAL  
FORECASTED FISCAL YEARS ENDING  
JUNE 30, 2016 THROUGH 2020**



**Forecast Provided By  
Huber Heights City School District  
Treasurer's Office  
Gina M. Helmick, CPA, Treasurer/CFO  
937-237-4126  
May 24, 2016**

# Huber Heights City School District

Montgomery County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015			Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
<b>Revenues</b>										
1.010	General Property Tax (Real Estate)	\$ 25,951,025	\$ 25,745,795	\$ 25,921,222	-0.1%	\$ 26,186,992	\$ 26,139,963	\$ 26,119,931	\$ 26,103,419	\$ 26,137,965
1.020	Tangible Personal Property	6,282	-	259	0.0%	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	25,955,929	27,227,498	29,882,417	7.3%	32,360,017	33,781,106	34,139,793	34,375,637	34,619,355
1.040	Restricted State Grants-in-Aid	172,046	963,244	1,515,988	258.6%	963,109	971,865	980,709	989,641	998,663
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY11	-	-	-	0.0%	-	-	-	-	-
1.050	Property Tax Allocation	4,039,353	4,093,077	4,098,357	0.7%	4,046,416	4,060,123	4,052,079	4,045,037	4,047,461
1.060	All Other Revenues	2,582,003	2,809,140	2,533,353	-0.5%	1,935,534	1,943,623	1,951,778	1,960,001	1,968,291
1.070	<b>Total Revenues</b>	<b>58,706,638</b>	<b>60,838,754</b>	<b>63,951,596</b>	<b>4.4%</b>	<b>65,492,068</b>	<b>66,896,680</b>	<b>67,244,290</b>	<b>67,473,735</b>	<b>67,771,735</b>
<b>Other Financing Sources</b>										
2.010	Proceeds from Sale of Notes	4,009,360	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	560,851	1,296,800	605,791	39.0%	931,591	250,000	250,000	250,000	250,000
2.060	All Other Financing Sources	-	374,982	5,115	0.0%	20,222	-	-	-	-
2.070	<b>Total Other Financing Sources</b>	<b>4,570,211</b>	<b>1,671,782</b>	<b>610,906</b>	<b>-63.4%</b>	<b>951,813</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
2.080	<b>Total Revenues and Other Financing Sources</b>	<b>63,276,849</b>	<b>62,510,536</b>	<b>64,562,502</b>	<b>1.0%</b>	<b>66,443,881</b>	<b>67,146,680</b>	<b>67,494,290</b>	<b>67,723,735</b>	<b>68,021,735</b>
<b>Expenditures</b>										
3.010	Personal Services	35,288,787	29,857,613	29,499,246	-8.3%	31,613,849	33,537,799	35,304,834	36,609,410	37,966,789
3.020	Employees' Retirement/Insurance Benefits	14,710,997	13,550,738	11,867,124	-10.2%	12,895,325	12,740,448	13,189,243	14,804,710	16,515,256
3.030	Purchased Services	10,845,444	11,265,623	11,723,712	4.0%	11,259,134	11,762,223	12,288,269	12,838,337	13,413,542
3.040	Supplies and Materials	1,024,249	946,002	1,207,353	10.0%	3,224,359	3,321,090	3,420,723	2,723,345	2,625,046
3.050	Capital Outlay	11,668	8,308	53,943	260.2%	259,788	467,788	682,028	513,504	528,909
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:	-	-	-	0.0%	-	-	-	-	-
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	4,000,000	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	15,667	-	-	0.0%	-	-	-	-	-
4.300	Other Objects	524,852	688,249	604,722	9.5%	1,792,885	1,846,671	1,928,233	2,011,973	2,099,442
4.500	<b>Total Expenditures</b>	<b>66,421,664</b>	<b>56,316,533</b>	<b>54,956,100</b>	<b>-8.8%</b>	<b>61,045,340</b>	<b>63,676,019</b>	<b>66,813,330</b>	<b>69,501,278</b>	<b>73,148,985</b>
<b>Other Financing Uses</b>										
5.010	Operating Transfers-Out	-	-	5,162	0.0%	500,000	-	-	-	-
5.020	Advances-Out	1,296,800	605,791	931,591	0.2%	250,000	250,000	250,000	250,000	250,000
5.030	All Other Financing Uses	3,732	-	-	0.0%	-	-	-	-	-
5.040	<b>Total Other Financing Uses</b>	<b>1,300,532</b>	<b>605,791</b>	<b>936,753</b>	<b>0.6%</b>	<b>750,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
5.050	<b>Total Expenditures and Other Financing Uses</b>	<b>67,722,196</b>	<b>56,922,324</b>	<b>55,892,853</b>	<b>-8.9%</b>	<b>61,795,340</b>	<b>63,926,019</b>	<b>67,063,330</b>	<b>69,751,278</b>	<b>73,398,985</b>
6.010	<b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>(4,445,347)</b>	<b>5,588,212</b>	<b>8,669,649</b>	<b>-85.3%</b>	<b>4,648,541</b>	<b>3,220,661</b>	<b>430,961</b>	<b>(2,027,543)</b>	<b>(5,377,249)</b>
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	10,287,291	5,841,944	11,430,156	26.2%	20,099,805	24,748,346	27,969,007	28,399,968	26,372,425
7.020	<b>Cash Balance June 30</b>	<b>5,841,944</b>	<b>11,430,156</b>	<b>20,099,805</b>	<b>85.8%</b>	<b>24,748,346</b>	<b>27,969,007</b>	<b>28,399,968</b>	<b>26,372,425</b>	<b>20,995,176</b>
8.010	<b>Estimated Encumbrances June 30</b>	<b>857,140</b>	<b>1,137,203</b>	<b>1,890,130</b>	<b>49.4%</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</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>4,984,804</b>	<b>10,292,953</b>	<b>18,209,675</b>	<b>91.7%</b>	<b>23,248,346</b>	<b>26,469,007</b>	<b>26,899,968</b>	<b>24,872,425</b>	<b>19,495,176</b>
<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	<b>Cumulative Balance of Replacement/Renewal Levies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.010	<b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>4,984,804</b>	<b>10,292,953</b>	<b>18,209,675</b>	<b>91.7%</b>	<b>23,248,346</b>	<b>26,469,007</b>	<b>26,899,968</b>	<b>24,872,425</b>	<b>19,495,176</b>
<b>Revenue from New Levies</b>										
13.010	Income Tax - New	-	-	-	0.0%	-	-	-	-	-
13.020	Property Tax - New	-	-	-	0.0%	-	-	-	-	-
13.030	<b>Cumulative Balance of New Levies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.010	Revenue from Future State Advancements	-	-	-	0.0%	-	-	-	-	-
15.010	<b>Unreserved Fund Balance June 30</b>	<b>4,984,804</b>	<b>10,292,953</b>	<b>18,209,675</b>	<b>91.7%</b>	<b>23,248,346</b>	<b>26,469,007</b>	<b>26,899,968</b>	<b>24,872,425</b>	<b>19,495,176</b>

See accompanying summary of significant forecast assumptions and accounting policies  
Includes: General fund, Emergency Levy fund

# Huber Heights City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2016 - May 2016 vs. Oct 2015

		FY 2016 - Forecasted			
		Oct 2015	May 2016	Variance	Var. %
<b>Revenues</b>					
1.010	General Property Tax (Real Estate)	25,177,353	26,186,992	1,009,639	4.01%
1.020	Tangible Personal Property	0	0	0	
1.030	Income Tax	0	0	0	
1.035	Unrestricted State Grants-in-Aid	31,843,485	32,360,017	516,532	-0.14%
1.040	Restricted State Grants-in-Aid	1,526,705	963,109	-563,596	
1.045	Restricted Fed. Grants-- SFSF FY10&11/EdJobs FY12	0	0	0	0.00%
1.050	Property Tax Allocation	4,055,847	4,046,416	-9,431	-0.23%
1.060	All Other Revenues	1,935,534	1,935,534	0	0.00%
1.070	<b>Total Revenues</b>	<b>64,538,924</b>	<b>65,492,068</b>	<b>953,144</b>	<b>1.48%</b>
<b>Other Financing Sources</b>					
2.010	Proceeds from Sale of Notes	0	0	0	
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	
2.040	Operating Transfers-In	0	0	0	0.00%
2.050	Advances-In	750,000	931,591	181,591	24.21%
2.060	All Other Financing Sources	0	20,222	20,222	#DIV/0!
2.070	<b>Total Other Financing Sources</b>	<b>750,000</b>	<b>951,813</b>	<b>201,813</b>	<b>26.91%</b>
2.080	<b>Total Revenues and Other Financing Sources</b>	<b>65,288,924</b>	<b>66,443,881</b>	<b>1,154,957</b>	<b>1.77%</b>
<b>Expenditures</b>					
3.010	Personal Services	\$31,645,136	31,613,849	-31,287	-0.10%
3.020	Employees' Retirement/Insurance Benefits	\$13,363,170	12,895,325	-467,845	-3.50%
3.030	Purchased Services	\$12,249,409	11,259,134	-990,275	-8.08%
3.040	Supplies and Materials	2,588,576	3,224,359	635,783	24.56%
3.050	Capital Outlay	246,308	259,788	13,480	5.47%
3.060	Intergovernmental	-	\$0	0	
<b>Debt Service:</b>					
4.010	Principal-All (Historical Only)	-	\$0	0	
4.020	Principal-Notes	-	\$0	0	
4.030	Principal-State Loans	-	\$0	0	
4.040	Principal-State Advancements	-	\$0	0	
4.050	Principal-HB 264 Loans	\$0	\$0	0	#DIV/0!
4.060	Interest and Fiscal Charges	0	\$0	0	#DIV/0!
4.300	Other Objects	646,811	1,792,885	1,146,074	177.19%
4.500	<b>Total Expenditures</b>	<b>60,739,410</b>	<b>61,045,340</b>	<b>305,930</b>	<b>0.50%</b>
<b>Other Financing Uses</b>					
5.010	Operating Transfers-Out	\$0	500,000	500,000	#DIV/0!
5.020	Advances-Out	750,000	250,000	-500,000	-66.67%
5.030	All Other Financing Uses	\$0	\$0	0	
5.040	<b>Total Other Financing Uses</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$0</b>	<b>0.00%</b>
5.050	<b>Total Expenditures and Other Financing Uses</b>	<b>\$61,489,410</b>	<b>\$61,795,340</b>	<b>\$305,930</b>	<b>0.50%</b>
6.010	<b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>3,799,514</b>	<b>4,648,541</b>	<b>849,027</b>	<b>22.35%</b>
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	20,099,805	20,099,805	0	0.00%
7.020	<b>Cash Balance June 30</b>	<b>23,899,319</b>	<b>24,748,346</b>	<b>849,027</b>	<b>3.55%</b>
8.010	<b>Estimated Encumbrances June 30</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>-</b>	<b>0.00%</b>
<b>Reservation of Fund Balance</b>					
9.010	Textbooks and Instructional Materials	-	-	0	
9.020	Capital Improvements	-	-	0	
9.030	Budget Reserve	-	-	0	
9.040	DPIA	-	-	0	
9.045	Fiscal Stabilization	-	-	0	
9.050	Debt Service	-	-	0	
9.060	Property Tax Advances	-	-	0	
9.070	Bus Purchases	-	-	0	
9.080	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>0</b>	
10.010	<b>Fund Balance June 30 for Certification of Appropriations</b>	<b>22,399,319</b>	<b>23,248,346</b>	<b>849,027</b>	<b>3.79%</b>
<b>Revenue from Replacement/Renewal Levies</b>					
11.010	Income Tax - Renewal	-	-	0	
11.020	Property Tax - Renewal or Replacement	-	-	0	
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-	-	
12.010	<b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>22,399,319</b>	<b>23,248,346</b>	<b>849,027</b>	<b>3.79%</b>
<b>Revenue from New Levies</b>					
13.010	Income Tax - New	-	-	0	
13.020	Property Tax - New	-	-	0	
13.030	Cumulative Balance of New Levies	-	-	-	
14.010	Revenue from Future State Advancements	-	-	-	
15.010	<b>Unreserved Fund Balance June 30</b>	<b>22,399,319</b>	<b>23,248,346</b>	<b>849,027</b>	<b>3.79%</b>

**Huber Heights City School District - Montgomery County**  
**Notes to the Five Year Forecast**  
**General Fund Only**

**Introduction to the Five Year Forecast**

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

**Revenues:**

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.070) are estimated to be \$953,144 or 1.5% higher than the October forecasted amount of \$64,538,924. This indicates the October forecast was 98.5% accurate.

The increase in revenue estimate is mostly affected by the change in estimate for property tax. The October forecast estimated tax revenues in lines 1.010 and 1.020 to be \$25.2 million and the May forecast is estimating tax revenues to be \$26.2 million or 4.0% higher. The cause for the increase is due to higher than expected increases in new construction for residential and commercial and industrial values, and higher collection of delinquent property taxes.

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

**Expenditures:**

Forecasted insurance benefits decreased by 3.5% in FY16 due to a decrease in the number of policies purchased and change in policy coverage. (Please note that in FY16 County ESC deductions for purchased services were reclassified from line #3.030 Purchased Services to line #4.300 Other Objects)

There are no other areas of expenditures which are in conflict with original projections.

**Unreserved Ending Cash Balance:**

With revenues increased slightly over estimates and expenditures ending on target of the estimates, our ending unreserved cash balance is anticipated to be just over \$24.7 million in FY16. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2020 if our interpretations of the FY16 & FY17 state budget (HB64) are correct. This uncertainty is discussed in more detail throughout the notes.

**Forecast Risks and Uncertainty:**

Our financial forecast is filled with some uncertainty not only due to economic uncertainties but also differences in the interpretation regarding how provisions of HB64 are applied to the funding formula. We have estimated revenues and expenses based on our understanding of the provisions in HB64. The items below give a short description of the current issues and how they may affect our forecast long term:

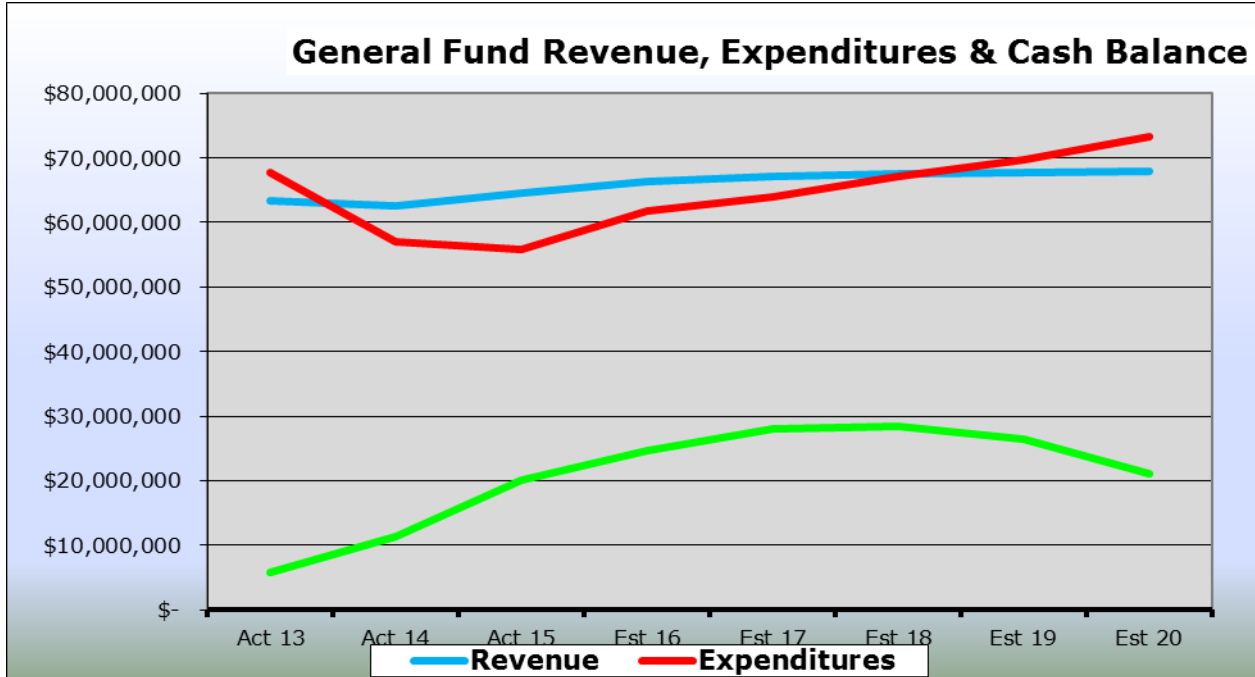
- I. Montgomery County went through a reappraisal update in the 2014 tax year to be collected in 2015. A full update occurred in tax year 2011 for collection in 2012, which decreased assessed

values by \$34.6 million or a decrease of 5.71%. The reappraisal update that took place in the 2014 tax year resulted in decreased assessed values of \$35.0 million or 6.14%. The 2015 tax values, on which 2016 tax collections are based, resulted in an overall increase in values of \$3.1 million. We estimate values in future years to remain steady based on trends following previous updates and reappraisals.

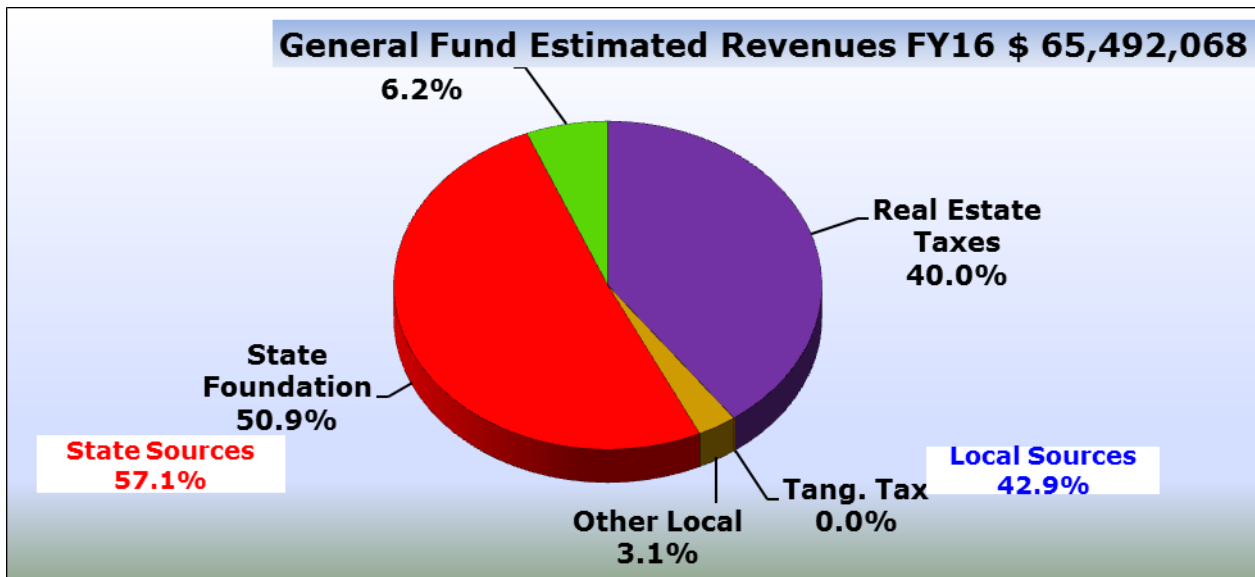
- II. The State Budget represents 57% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY18 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY18 through FY20 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY20.
- III. There are many provisions in the current state budget bill HB64 that will increase the district expenditures in the form of expanded school choice programs and increases in amounts deducted from our state aid in the 2016-17 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from \$20,000 each to \$27,000, a 35% increase. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- IV. 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%. There is the additional risk that costs will go up as additional staff is 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 is a risk to district costs. We continue to monitor the rules and implementation as this significant change to health care evolves.
- V. HB59 eliminated the Rollback exemption on any future new or replacement levy. This means that should the District place a new levy on the ballot taxpayers will no longer receive the 12.5% reduction as they do on current levies. This could make passing any new levy more difficult. This will not effect the total collection for the school district but will further shift the tax burden from the State of Ohio onto local taxpayers.
- VI. Labor relations in the district have been amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. 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 me – Ms. Gina Helmick, Treasurer/CFO of Huber Heights City School District at 937-237-4126.

**General Fund Revenue, Expenditure and Ending Cash Balance**



**Revenue Assumptions**  
Estimated General Fund Revenues



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

Property Values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. There was a full reappraisal completed in 2014 to be collected in 2015. Values decreased by \$36.0 million or 5.5% led by a large decrease in residential values. The

2015 tax values, on which 2016 tax collections are based, resulted in an overall increase in values of \$3.1 million. We estimate values in future years to remain steady based on trends following previous updates and reappraisals. These have been factored into the projection for the district's property values along with their corresponding tax reduction factors affecting outside voted millage.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR	TAX YEAR	TAX YEAR	TAX YEAR	TAX YEAR
	2015	2016	2017	2018	2019
<u>Classification</u>	<u>COLLECT</u>	<u>COLLECT</u>	<u>COLLECT</u>	<u>COLLECT</u>	<u>COLLECT 2020</u>
	2016	2017	2018	2019	
Res./Ag.	\$535,766,040	\$535,216,040	\$529,638,880	\$529,688,880	\$529,788,880
Comm./Ind.	119,579,460	119,627,357	118,828,289	118,353,289	118,053,289
Public Utility Personal Property (PUPP)	13,366,010	13,866,010	14,366,010	14,866,010	15,366,010
Tangible Personal Property (TPP)	0	0	0	0	0
<b>Total Assessed Value</b>	<b>\$668,711,510</b>	<b>\$668,709,407</b>	<b>\$662,833,179</b>	<b>\$662,908,179</b>	<b>\$663,208,179</b>

**ESTIMATED REAL ESTATE TAX (Line #1.010)**

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
Estimated Property Taxes	\$26,186,992	\$26,139,963	\$26,119,931	\$26,103,419	\$26,137,965

Property tax levies are estimated to be collected at 97.5% of the annual amount. This allows a 2.5% delinquency. Typically, 52.5% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 47.5% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August.

**Renewal and Replacement Levies – Line #11.020**

**New Tax Levies – Line #13.030**

No new levies are modeled in this forecast.

**Estimated Tangible Personal Tax – Line #1.020**

The phase out of tangible personal property tax (TPP) began in fiscal year 2006. The TPP was eliminated after fiscal year 2011.

**Other Local Revenues – Line #1.060**

Tuition and open enrollment is forecasted to increase slightly for fiscal years 2016 through 2020. The District also received payments in lieu of taxes (TIF payments) from various companies in order to alleviate the loss of property taxes. Student fees, interest and other income are expected to remain constant throughout the forecast.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
Tuition SF-14 & SF-14H, Open Enrollment	\$565,166	\$567,992	\$570,832	\$573,686	\$576,554
Interest	453,445	453,445	453,445	453,445	453,445
TIF & PILOT Payments	526,275	531,538	536,853	542,222	547,644
Student Fees	315,648	315,648	315,648	315,648	315,648
Other Income and rentals	75,000	75,000	75,000	75,000	75,000
<b>Total Line # 1.060</b>	<b><u>\$1,935,534</u></b>	<b><u>\$1,943,623</u></b>	<b><u>\$1,951,778</u></b>	<b><u>\$1,960,001</u></b>	<b><u>\$1,968,291</u></b>

**State Taxes Reimbursement/Property Tax Allocation**

**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.

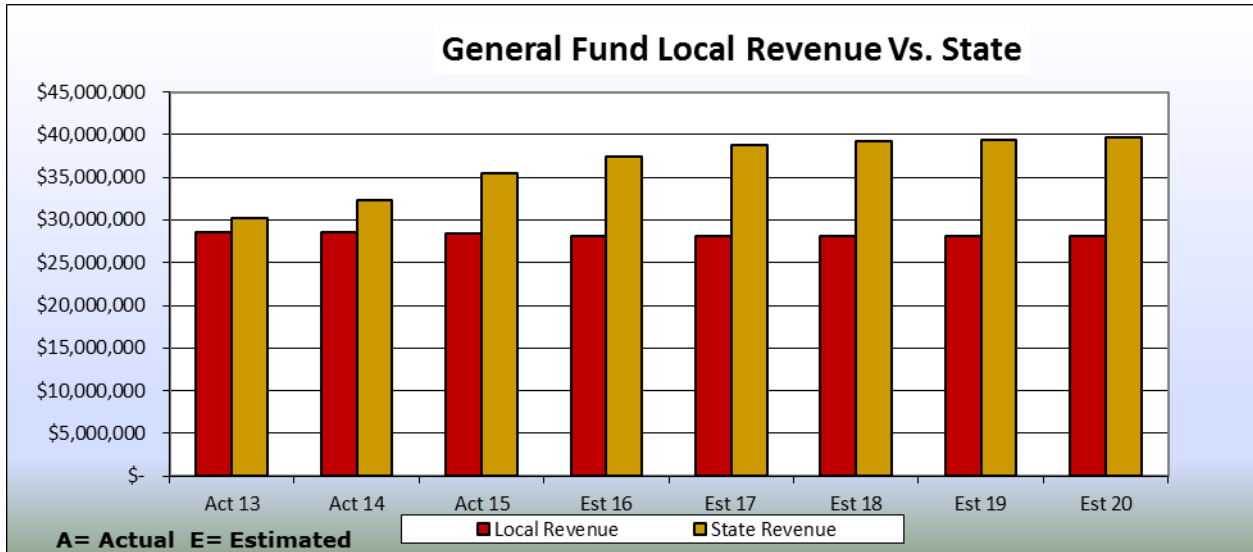
Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement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

**Summary of State Tax Reimbursement – Line #1.050**

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
a) Rollback and Homestead	\$4,046,416	\$4,060,123	\$4,052,079	\$4,045,037	\$4,047,461
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	0	0	0	0	0
<b>Total Tax Reimb./Prop. Tax Allocations #1.050</b>	<b><u>\$4,046,416</u></b>	<b><u>\$4,060,123</u></b>	<b><u>\$4,052,079</u></b>	<b><u>\$4,045,037</u></b>	<b><u>\$4,047,461</u></b>



## Comparison of Local Revenue and State Revenue



### State Foundation Revenue Estimates

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

The amounts estimated for FY16 for state funding are based on the April 2016 State Foundation Payment Report (SFPR).

The current FY16-17 state budget HB64 simulation includes an increase in funding for our district in FY16 through FY17. We are projected to be a CAP district regarding state funding in FY16. We are estimating that we will be a formula district in FY17. Our state funding status for FY18-20 will depend on the FY18-19 and FY20-21 state budgets. There are two unknown state budgets in this forecast period covering three fiscal years.

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

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

- 1) Opportunity Grant - Per pupil amount increased 1.7% from \$5,800 in FY15 to \$5,900 in FY16 and 1.7% to \$6,000 in FY17.
- 2) Targeted Assistance - Tier I based on wealth and Tier II based on percentage of district agricultural assessed value.
- 3) Special Education Additional Aid - Based on six (6) categories of disability.
- 4) Limited English Proficiency - Based on three (3) categories based on time student enrolled in schools.
- 5) Economically Disadvantaged Aid - Based on number and concentration of economically disadvantaged students

- 6) K-3 Literacy Funds - Based on districts K-3 average daily membership and two Tiers.
- 7) Gifted Funds - Based on average daily membership at \$5.05 in FY16 & FY17.
- 8) Career-Technical Education Funds - Based on career technical average daily membership and five (5) categories students enrolled in .
- 9) Transportation Aid - Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 60% to 50%.

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

- 1) Capacity Aid - Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated.
- 2) Transportation Supplement - Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY16 and 50 in FY17. Provides additional funding based on rider density and the number of miles driven by the school buses.
- 3) 3<sup>rd</sup> Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results.
- 4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately \$450 per student.

Note: these additional components are only paid to districts that are on the CAP or a Formula district.

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

Our current SFPR estimates for FY16 are using April 2016 adjusted average daily membership (ADM) and hold those numbers steady through FY20. Beginning in FY15 the state changed the way it measures student ADM. Student counts are now updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2016. This could result in undulating state aid payments throughout the year based on each student count if a district is on the formula. Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated stable enrollment through FY20 and a 1% per pupil increase each year beginning in FY18 for Opportunity Grant funding.

Current calculations indicate our district is a "CAP" funded district for FY16. We anticipate that we will be a formula district in FY17. The CAP growth rate for FY16 & 17 is 7.5% each year. We believe the district will receive additional funds for the period FY16-17, however, if ADM remains constant revenue is estimated to be relatively flat for FY18 through FY20. We have conservatively estimated an increase in the CAP amount of 2% each year for FY18-20, but this amount could be higher or lower. There is no guidance on the state funding model or increases for the FY18-20 period.

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 initial student payment to schools in January 2013 (FY13) was a half year payment of \$21.00 per pupil that rose to \$51.50 per pupil for a full year in FY14 and \$50.50 in FY15. The state indicated recently that the original 2009 estimates of \$1.9 billion of GCR may be closer to \$900 million as revenues from casinos are not growing robustly as originally predicted. Actual numbers generated for FY 16 statewide were 1,796,394 students at \$50.66 per pupil. For FY17-20 we estimated another ½ of 1% decline in pupils to 1,778,000 and GCR increasing to \$93 million or \$52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
Basic Aid-Unrestricted	\$31,395,658	\$32,814,841	\$33,171,614	\$33,405,535	\$33,647,321
Additional Aid Items	<u>671,494</u>	<u>671,494</u>	<u>671,494</u>	<u>671,494</u>	<u>671,494</u>
Basic Aid-Unrestricted Subtotal	\$32,067,152	\$33,486,335	\$33,843,108	\$34,077,029	\$34,318,815
Ohio Casino Commission ODT	<u>292,865</u>	<u>294,771</u>	<u>296,685</u>	<u>298,608</u>	<u>300,540</u>
Total Unrestricted State Aid Line #1.035	<u>\$32,360,017</u>	<u>\$33,781,106</u>	<u>\$34,139,793</u>	<u>\$34,375,637</u>	<u>\$34,619,355</u>

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

HB64 continues funding two restricted sources of revenue, Economically Disadvantaged and Career Technical funds. The amount of the Economically Disadvantaged Aid is estimated to grow by 1% each remaining year of the forecast.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
Economically Disadvantaged Aid	\$875,628	\$884,384	\$893,228	\$902,160	\$911,182
Career Tech - Restricted	87,481	87,481	87,481	87,481	87,481
Catastrophic Sp Ed Reimb.	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>
Total Restricted State Revenues Line #1.040	<u>\$963,109</u>	<u>\$971,865</u>	<u>\$980,709</u>	<u>\$989,641</u>	<u>\$998,663</u>

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

No amounts are included in the forecasted years 2016 through 2020.

**Short-Term Borrowing – Lines #2.010 & Line #2.020**

There is no short term borrowing planned for in this forecast at this time from any sources.

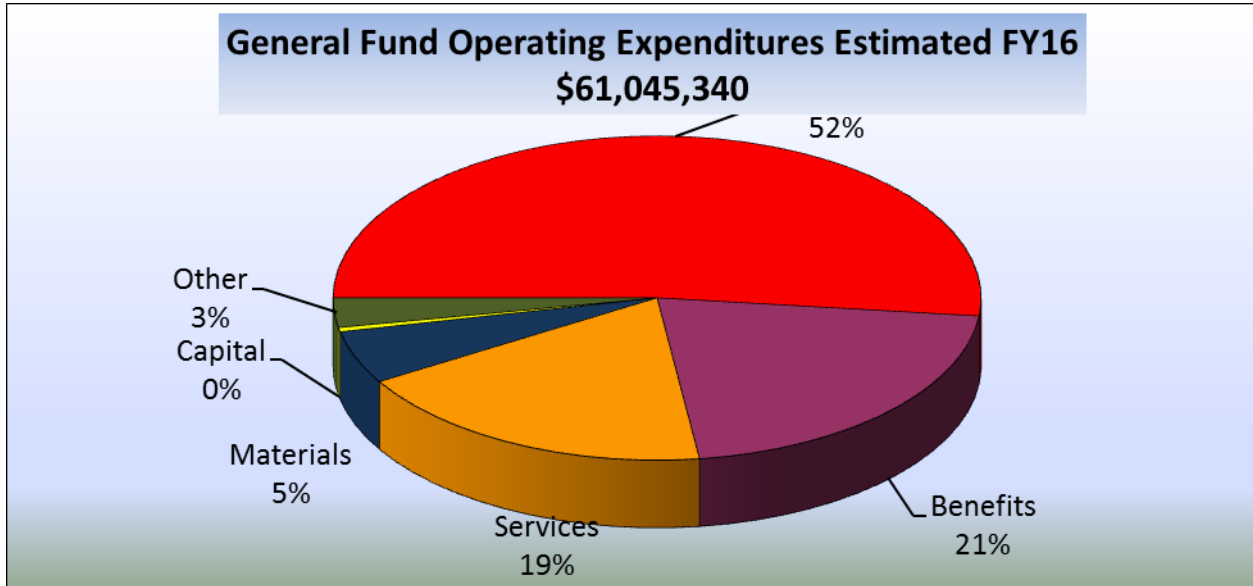
**Transfers In / Return of Advances – Line #2.040 & Line #2.050**

Other financing sources consist of advances that the school district anticipates will be re-paid during the forecasted period. Advances are made from the general fund to other funds, primarily to cover grant

monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year-end.

**Expenditures Assumptions**

**Estimated General Fund Expenditures**



**Personal Services - Line #3.010**

The model reflects a base increase of 3% for FY16-18 and 1.5% for FY16-20. Step increases of 1.5% are projected for FY 17-20.

Source	FY16	FY17	FY18	FY19	FY20
Base Wages	\$27,962,440	\$30,042,188	\$32,028,003	\$33,771,779	\$35,052,619
Increases/COA	838,873	838,873	901,266	480,420	506,577
Steps & Training	419,437	419,437	450,633	480,420	506,577
Growth	0	407,505	71,877	0	0
Substitutes	1,090,858	1,101,767	1,112,785	1,123,913	1,135,152
Supplementals	480,803	408,029	420,270	432,878	445,864
Severance pay/Other Compensation	821,438	320,000	320,000	320,000	320,000
<b>Total Wages Line #3.010</b>	<b>\$31,613,849</b>	<b>\$33,537,799</b>	<b>\$35,304,834</b>	<b>\$36,609,410</b>	<b>\$37,966,789</b>

**Employees' Retirement/Insurance Benefits - Line #3.020**

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

**A) STRS/SERS**

SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. This will have the result of accelerating our costs by up to one-half a year’s cost for SERS. We have taken the 1/6 additional costs per year for 6 years option. We are estimating this cost to be \$110,000 each year which began in fiscal year 2011will end in fiscal year 2016.

**B) Insurance**

The estimated increases for medical and dental insurance are 0% for fiscal year 2016, 5% for fiscal year 2017 and 7% for 2018-2020. The above increases include adjustments for inflation and the most current research of where premiums will be going in the future.

Patient Protection and Affordable Care Act (PPACA) Costs- the Patient Protection and Affordable Care Act (PPACA) commonly called Obamacare or the Affordable Care Act (ACA), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965. Many of the significant provisions of the PPACA were scheduled to be implemented by employers on January 1, 2015.

It is uncertain to what extent the implementation of PPACA will affect costs in our district. 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 insurance coverage that do not have coverage now. Longer-term, a significant concern is the 40% “Cadillac Tax” that will be imposed in 2020 for plans whose value of benefits exceed \$10,200 for individual plans and \$27,400 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

**C) Workers Compensation & Unemployment Compensation**

Workers compensation and unemployment compensation is holding steady through the forecast.

**D) Medicare**

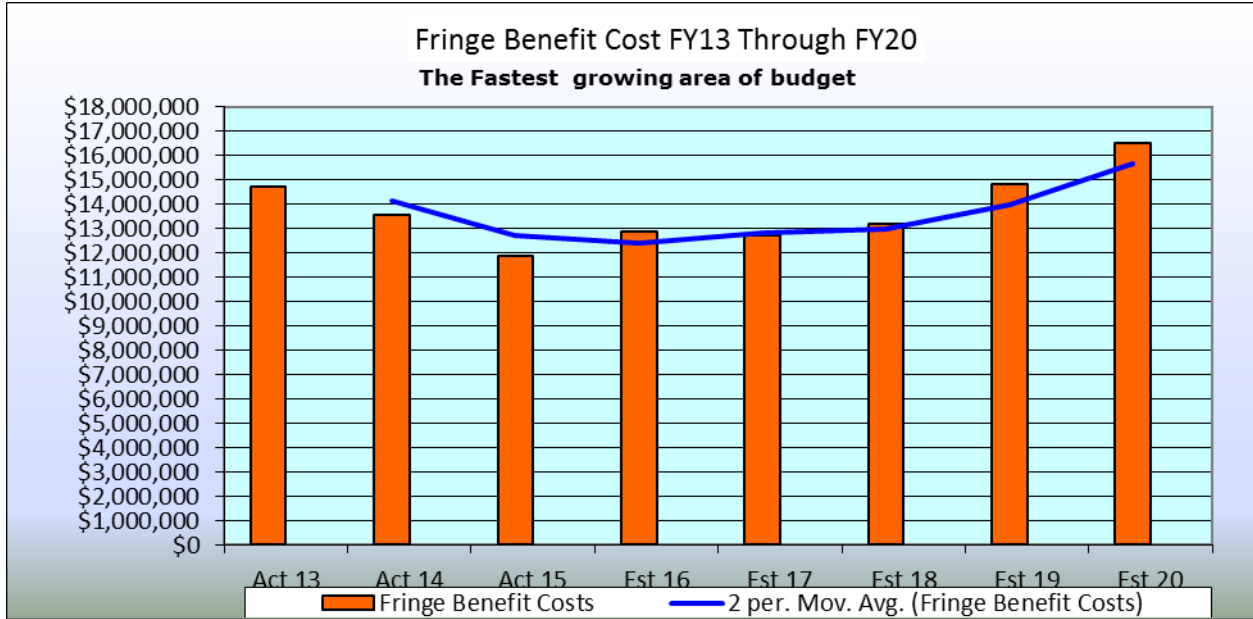
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

**Summary of Employees’ Retirement/Insurance Benefits – Line #3.020**

Source	FY16	FY17	FY18	FY19	FY20
A) STRS/SERS	\$4,871,648	\$5,202,372	\$5,488,004	\$5,704,009	\$5,918,099
B) Insurance's	7,196,119	6,657,172	6,769,118	8,115,756	9,556,659
C) Workers Comp/Unemployment	363,000	363,000	363,000	363,000	363,000
D) Medicare	464,558	517,904	569,121	621,945	677,498
Other/Tuition	0	0	0	0	0
<b>Total Line #3.020</b>	<b>\$12,895,325</b>	<b>\$12,740,448</b>	<b>\$13,189,243</b>	<b>\$14,804,710</b>	<b>\$16,515,256</b>

**Fringe Benefits Actual Fiscal Year 2013 through Fiscal Year 2015 and  
Estimated Fiscal Year 2016 through Fiscal Year 2020**

The graph below notes that health care has become an area where expenditures are outpacing inflation. The federal Affordable Care Act and the increase in claims will require management to control the cost of health care.



**Purchased Services – Line #3.030**

Purchased services include expenditures for utilities, professional development and state foundation deductions for tuition-type students, including open enrollment, community school, scholarships and post-secondary enrollment option. Estimates for this line item were based on historical trends and estimated service needs. A 4% increase was incorporated throughout the forecast for inflationary purposes as well as estimated increases in community school deductions.

Source	FY16	FY17	FY18	FY19	FY 20
Professional Services	3,206,350	3,334,604	3,467,988	3,606,708	3,750,976
Open Enrollment Deduction	1,017,948	1,068,845	1,122,287	1,178,401	1,237,321
Community School Deductions	4,355,770	4,573,559	4,802,237	5,042,349	5,294,466
Other Tuition Including Ed Scholarship	881,164	925,222	971,483	1,020,057	1,071,060
Utilities	982,454	1,011,927	1,042,285	1,073,554	1,105,760
Property Maintenance and Repair	815,448	848,066	881,989	917,268	953,959
<b>Total Line #3.030</b>	<b><u>\$11,259,134</u></b>	<b><u>\$11,762,223</u></b>	<b><u>\$12,288,269</u></b>	<b><u>\$12,838,337</u></b>	<b><u>\$13,413,542</u></b>

**Supplies and Materials – Line #3.040**

An overall inflation of 3.0% is being estimated for this category of expenses. This is due to an anticipated increase in transportation repairs and instructional materials as a whole.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
Supplies, Technology & Curriculum	\$2,802,029	\$2,886,090	\$2,972,673	\$2,261,853	\$2,149,709
Transportation Fuel and Repairs	<u>422,330</u>	<u>435,000</u>	<u>448,050</u>	<u>461,492</u>	<u>475,337</u>
Total Line #3.040	<u>\$3,224,359</u>	<u>\$3,321,090</u>	<u>\$3,420,723</u>	<u>\$2,723,345</u>	<u>\$2,625,046</u>

**Capital Outlay – Line #3.050**

Costs in FY 16-20 include purchasing technology equipment for students and staff. In addition these expenses are expected to increase through the purchase of two school buses each year from 2016 through 2018 to upgrade our aging fleet. FY17 through FY20 also includes phased-in upgrades/additions to instructional technology.

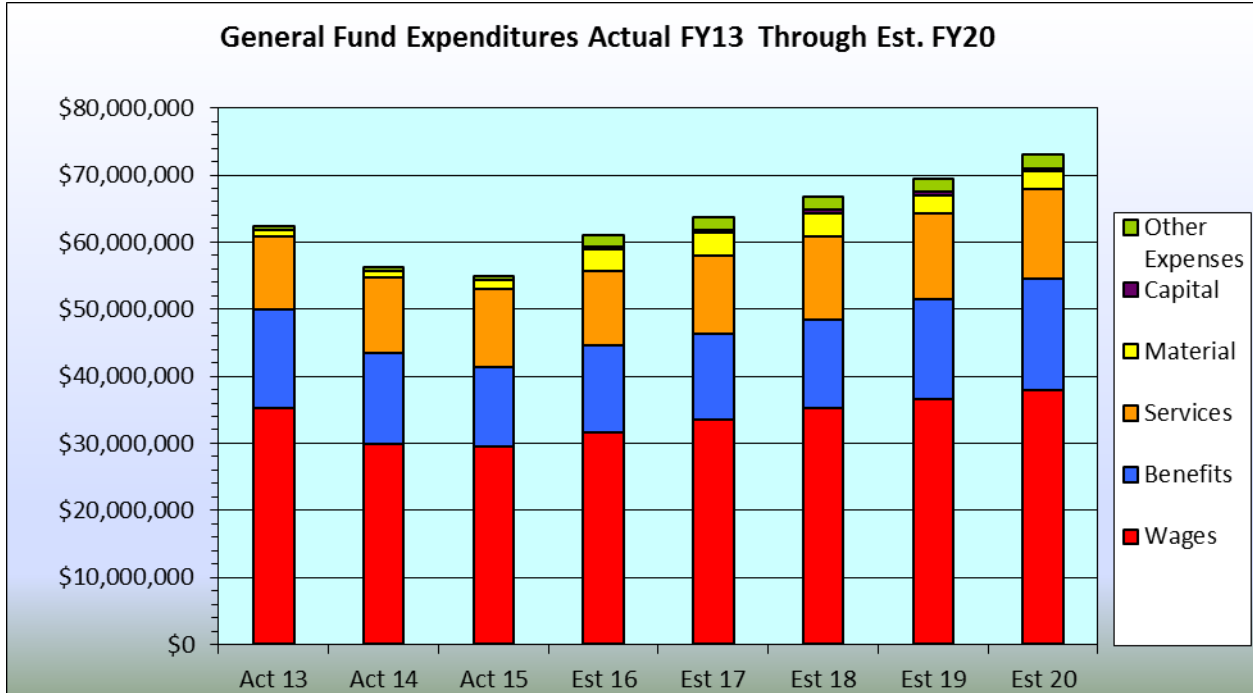
<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
Capital Outlay	\$76,308	\$284,308	\$498,548	\$513,504	\$528,909
Replacement Bus Purchases	183,480	183,480	183,480	0	0
Total Line #3.050	<u>\$259,788</u>	<u>\$467,788</u>	<u>\$682,028</u>	<u>\$513,504</u>	<u>\$528,909</u>

**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 (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating an annual increase of 3% for this forecast.

<u>Source</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
County Auditor & Treasurer Fees	\$262,872	\$270,758	\$278,881	\$287,247	\$295,864
County ESC	1,411,074	1,453,406	1,523,170	1,594,759	1,669,712
Other expenses	118,939	122,507	126,182	129,967	133,866
Total Line #4.300	<u>\$1,792,885</u>	<u>\$1,846,671</u>	<u>\$1,928,233</u>	<u>\$2,011,973</u>	<u>\$2,099,442</u>

**Total Expenditure Categories Actual Fiscal Year 2013 through Fiscal Year 2015 and  
Estimated Fiscal Year 2016 through Fiscal Year 2020**



**Transfers Out/Advances Out – Line #5.010, Line #5.020**

This account group covers fund to fund transfers and end of year short term loans (advances) from the General Fund to other funds until they have received reimbursements to repay the General Fund. Advances have limited impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Source	FY16	FY17	FY18	FY19	FY 20
Operating Transfers Out Line #5.010	\$500,000	\$0	\$0	\$0	\$0
Advances Out Line #5.020	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
<b>Total</b>	<b><u>\$750,000</u></b>	<b><u>\$250,000</u></b>	<b><u>\$250,000</u></b>	<b><u>\$250,000</u></b>	<b><u>\$250,000</u></b>

**Encumbrances –Line # 8.010**

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY16	FY17	FY18	FY19	FY 20
Estimated Encumbrances	<u>\$1,500,000</u>	<u>\$1,500,000</u>	<u>\$1,500,000</u>	<u>\$1,500,000</u>	<u>\$1,500,000</u>

**Ending Unencumbered Cash Balance “The Bottom-line” – Line# 15.010**

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 Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000,



unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011. Based on the chart immediately below, unencumbered fund balance will be positive throughout the forecast.

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
Ending Unencumbered Cash Balance	<u>\$23,248,346</u>	<u>\$26,469,007</u>	<u>\$26,899,968</u>	<u>\$24,872,425</u>	<u>\$19,495,176</u>

