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

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Forecast Provided By
Marysville Exempted Village School District
Treasurer's Office
Todd Johnson, Treasurer/CFO
October 20, 2016

Marysville Exempted Village School District

Union County

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

		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Revenues									
1.010	General Property Tax (Real Estate)	$18,717,495	$18,897,351	$18,949,772	0.6%	$19,128,379	$19,168,682	$19,232,657	$18,168,130	$17,149,985
1.020	Tangible Personal Property	2,366,080	2,907,651	4,090,203	31.8%	4,962,275	$4,987,044	$5,034,904	$4,732,786	$4,427,388
1.035	Unrestricted State Grants-in-Aid	16,374,044	18,091,329	19,502,602	9.1%	21,274,076	$21,478,215	$21,870,993	$22,282,209	$22,722,028
1.040	Restricted State Grants-in-Aid	197,822	591,814	563,059	97.2%	484,745	$486,843	$488,962	$491,101	$493,262
1.045	Restricted Federal Grants-in-Aid - SFSF/EdJobs	-	-	-	0.0%	-	$0	$0	$0	$0
1.050	Property Tax Allocation	7,658,236	7,672,375	6,954,605	-4.6%	6,207,131	$5,759,111	$5,294,466	$4,725,884	$4,145,350
1.060	All Other Revenues	1,288,761	1,248,682	1,539,103	10.1%	1,193,131	$1,203,079	$1,213,116	$1,223,243	$1,233,462
1.070	*Total Revenues*	$46,602,438	$49,409,202	$51,599,344	1.8%	$53,249,737	$53,082,974	$53,135,098	$51,623,353	$50,171,475
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	445,000	$0	$0	0.0%	$0	$0	$0	$0	$0
2.020	State Emergency Loans	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.040	Operating Transfers-In	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.050	Advances-In	89,772	$0	$0	0.0%	$0	$0	$0	$0	$0
2.060	All Other Financing Sources	132,591	16,383	225	-93.1%	500	$500	$500	$500	$500
2.070	*Total Other Financing Sources*	667,363	16,383	225	-98.1%	500	500	500	500	500
2.080	*Total Revenues and Other Financing Sources*	$47,269,801	$49,425,585	$51,599,569	4.5%	$53,250,237	$53,083,474	$53,135,598	$51,623,853	$50,171,975
	Expenditures									
3.010	Personal Services	$27,629,897	$28,336,813	$28,828,532	2.1%	$30,248,099	$31,423,459	$32,468,430	$33,417,322	$34,394,556
3.020	Employees' Retirement/Insurance Benefits	10,758,674	10,306,443	10,204,351	-2.6%	10,856,433	11,486,887	12,113,091	12,750,202	13,427,281
3.030	Purchased Services	5,053,192	4,695,878	4,880,363	-1.6%	6,035,365	6,155,213	6,307,338	6,464,765	6,627,713
3.040	Supplies and Materials	1,244,114	1,169,310	1,035,781	-8.7%	1,343,988	1,384,308	1,425,837	1,468,612	1,512,670
3.050	Capital Outlay	52,272	25,828	4,841	-65.9%	25,085	25,587	26,099	26,621	27,153
3.060	Intergovernmental	-	-	-	0.0%					
	Debt Service:									
4.010	Principal-All (Historical Only)	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.020	Principal-Notes	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.030	Principal-State Loans	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.040	Principal-State Advancements	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.050	Principal-HB 264 Loans	580,000	530,000	90,000	-45.8%	$0	$0	$0	$0	$0
4.055	Principal-Other	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
4.060	Interest and Fiscal Charges	20,421	15,302	2,183	-55.4%	$0	$0	$0	$0	$0
4.300	Other Objects	835,212	672,894	595,166	-15.5%	658,625	665,211	671,864	678,583	685,369
4.500	*Total Expenditures*	$46,173,782	$45,752,468	$45,641,217	-0.6%	$49,167,595	$51,140,665	$53,012,659	$54,806,105	$56,674,742
	Other Financing Uses									
5.010	Operating Transfers-Out	$0	$0	$0	0.0%	$400,000	$0	$0	$0	$0
5.020	Advances-Out	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
5.030	All Other Financing Uses	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	-	-	-	0.0%	400,000	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	$46,173,782	$45,752,468	$45,641,217	-0.6%	$49,567,595	$51,140,665	$53,012,659	$54,806,105	$56,674,742
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,096,019	3,673,117	5,958,352	148.7%	3,682,642	1,942,809	122,939	(3,182,252)	(6,502,767)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	2,825,413	3,921,432	7,594,549	66.2%	13,552,901	17,235,543	19,178,352	19,301,291	16,119,039
7.020	*Cash Balance June 30*	3,921,432	7,594,549	13,552,901	86.1%	17,235,543	19,178,352	19,301,291	16,119,039	9,616,272
8.010	*Estimated Encumbrances June 30*	394,082	332,412	336,464	-7.2%	350,000	350,000	350,000	350,000	350,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials			-	0.0%	$0	$0	$0	$0	$0
9.020	Capital Improvements				0.0%	$0	$0	$0	$0	$0
9.030	Budget Reserve			-	0.0%	$0	$0	$0	$0	$0
9.040	DPIA			-	0.0%	$0	$0	$0	$0	$0
9.045	Fiscal Stabilization				0.0%	$0	$0	$0	$0	$0
9.050	Debt Service				0.0%	$0	$0	$0	$0	$0
9.060	Property Tax Advances				0.0%	$0	$0	$0	$0	$0
9.070	Bus Purchases				0.0%	$0	$0	$0	$0	$0
9.080	*Subtotal*	-	$0	$0	0.0%	$0	$0	$0	$0	$0
10.010	*Fund Balance June 30 for Certification of Appropriations*	$3,527,350	$7,262,137	$13,216,437	93.9%	$16,885,543	$18,828,352	$18,951,291	$15,769,039	$9,266,272
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%					
11.020	Property Tax - Renewal or Replacement		$0		0.0%	$0	$0	$0	1,612,228	3,085,605
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	-	-	1,612,228	4,697,833

Marysville Exempted Village School District

Union County

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

		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$3,527,350	$7,262,137	$13,216,437	93.9%	$16,885,543	$18,828,352	$18,951,291	$17,381,267	$13,964,105
	Revenue from New Levies									
13.010	Income Tax - New		-	-	0.0%	$0	$0	$0	$0	$0
13.020	Property Tax - New		-	-	0.0%	$0	$0	$0	$0	$0
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements		-	-	0.0%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance June 30*	$3,527,350	$7,262,137	$13,216,437	93.9%	$16,885,543	$18,828,352	$18,951,291	$17,381,267	$13,964,105

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund portion of Debt Service fund related to General fund debt.

Marysville Exempted Village School District –Union County
Notes to the Five Year Forecast
General Fund Only
October 20, 2016

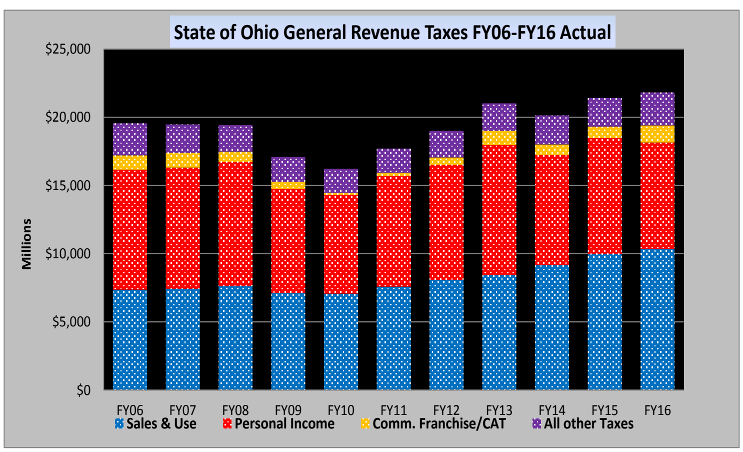
Introduction to the Five Year Forecast

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

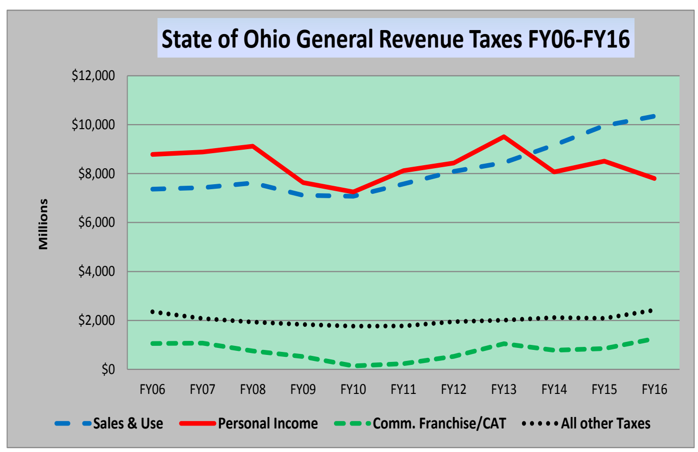
Economic Environment Affecting Forecast Variables –State Economy

It is important in long range forecasting to consider the economic climate in which projections of revenues are made. Below is significant statewide economic data which suggests that the economy for the FY17-21 period is growing moderately and should continue during the forecast period. It is important for our school district to consider the statewide economic data for two very important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. The effects of the 2008 recession on the economy at the state level created a budget deficit which required the State of Ohio to make nearly $8 billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio. Second, the same economic forces driving state tax revenues are also likely affecting the underlying economics of most communities in Ohio, which directly 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 FY16 have recovered and are at record levels in spite of a personal income tax reduction in FY15 and FY16. The two significant contributors to the economic recovery continue to be personal income taxes and sales and use taxes. The decline in personal income tax in FY15 and FY16 is misleading. The declines are due to HB59's across-the-board reductions in income and corporate franchise tax rates which began in FY14. Reductions in FY16 personal income tax is due to an additional 6.3% reduction as authorized by HB64. Notwithstanding these reductions, income tax would have grown steadily through FY16. Barring further legislative cuts, personal income tax will continue to grow.

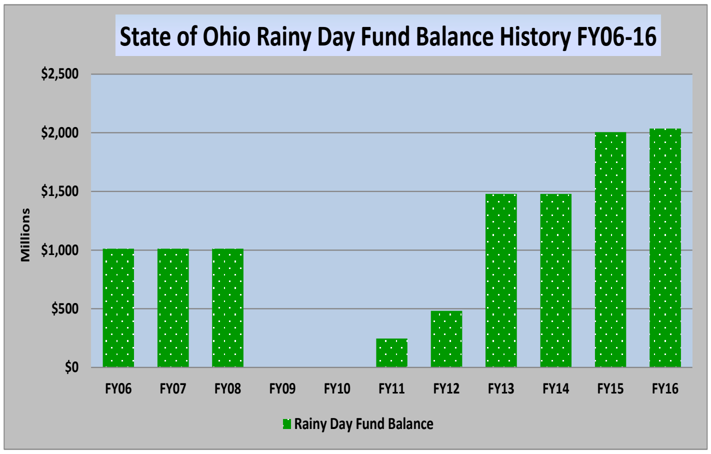


Source: Ohio Legislative Service Commission

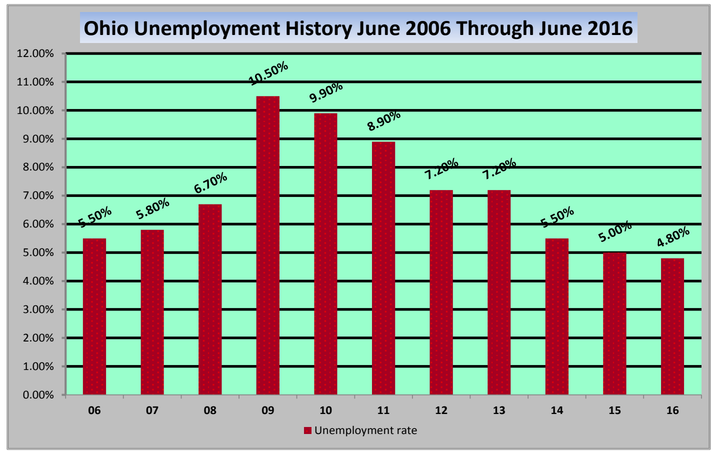


Source: Ohio Legislative Service Commission

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



Source: Ohio Legislative Service Commission

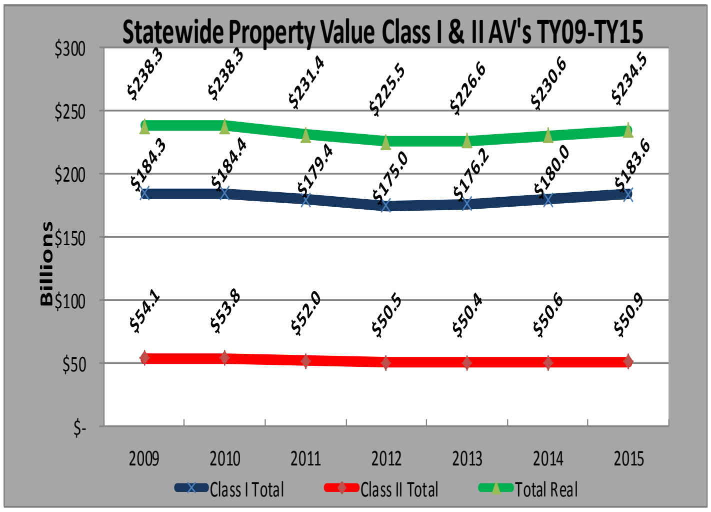


Source: U.S. Bureau of Labor Market Information

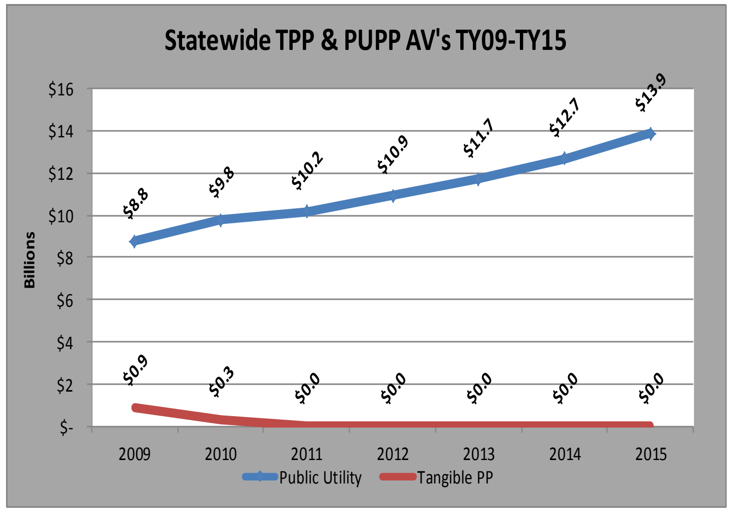
The state of Ohio's unemployment rate hit 4.8% the end of June 2016. The last time it was at this level was in October 2001. Over the past 12 months ended May 2016 the unemployment rate dropped .2% as 27,600 new jobs were created. This is a significant measure to monitor for continued economic growth and viability. As noted above, personal income taxes and sales tax are highly correlated and have been the two major drivers of the recent recovery. As of June 2016, the unemployment rate in Union County was 3.6 %which is below the 4.8% state average.

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

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

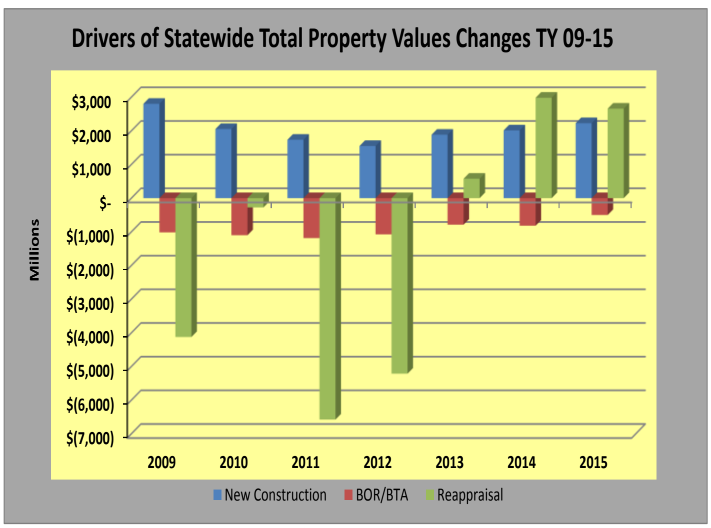


Source: Ohio Department of Taxation



Source: Ohio Department of Taxation

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



Source: Ohio Department of Taxation

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

<u>Forecast Risks and Uncertainty:</u>

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

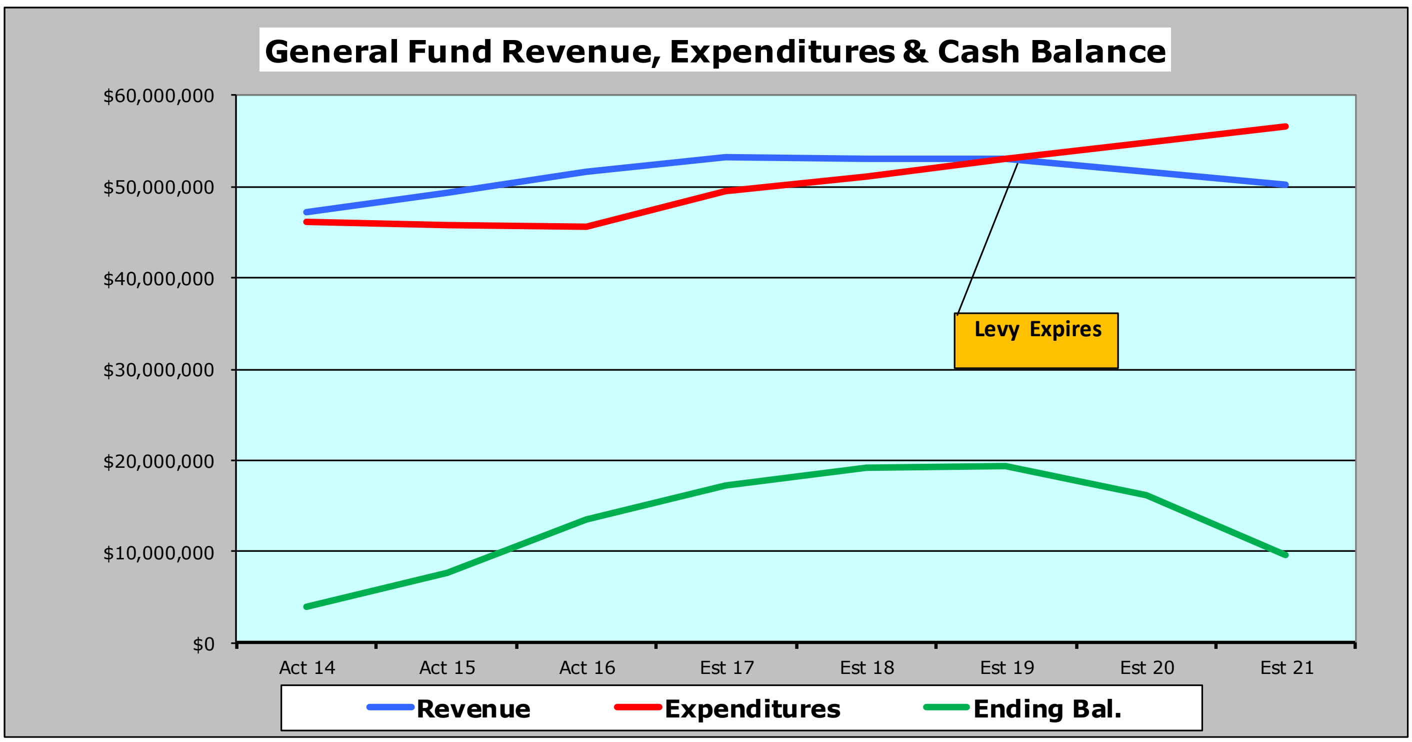
HB64, the current state budget, reinstitutes the phase out of district Tangible Personal Property (TPP) reimbursements which had been promised under previous budget bills. HB64 begins the phase out in FY16 & FY17 based on Quintiles. Beginning in FY18, SB208 will take over and ease the TPP phase out by lowering the payment each year by what five-eights (5/8) of a mill would raise locally. We have estimated that this phase out will continue in our projections until TPP is finally gone in FY27 based on our estimates.

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

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

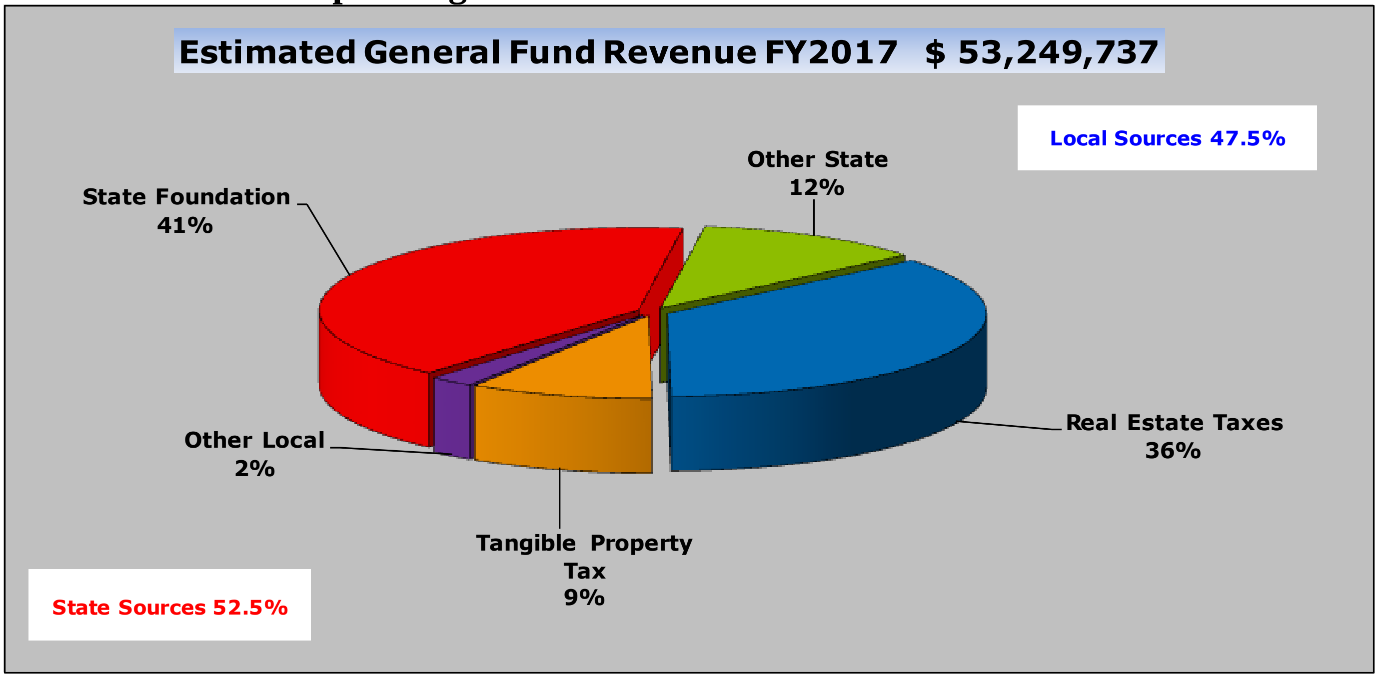
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Todd Johnson, Treasurer/CFO at 937-578-6100.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY14-16 and Estimated FY17-21



The graph captures in one snapshot the operating scenario facing the District over the next few years including the renewal of the 6.56 mill levy approved November 5, 2013. The levy now expires December 31, 2019 and is moved to Line 11.02 of the forecast and is what causes the ending cash balance to dip in the graph above.

Revenue Assumptions
Operating Revenue Sources General Fund FY17



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. Union County experienced a reappraisal for the 2013 tax year to be collected in 2014. Residential/agricultural values increased 1.65% or $7.7 million due to the reappraisal led by a large increase in agricultural values. Increases in Res/ag values due to the reappraisal and increases in values from new construction resulted in a total increase in value of $8.6 million.

Commercial/industrial values decreased 19.05% or $35.58 million due to the reappraisal and decreased overall by $36.53 million in 2013. However, due to new construction, commercial/industrial values increased in tax year 2014. A reappraisal update will occur in 2016 for collection in 2017 for which we are estimating a 2% increase for residential/agricultural and a .5% increase for commercial/industrial property. The improving economy should help to stabilize property values in the district.

Public Utility Personal Property (PUPP) grew in Tax Year 2015 by $35.3 million due in large part to a substantial increase in values by AEP for transmission lines. AEP values rose statewide due to improvements they have been making to their power grid.

The table on the following page shows actual property value history for the district along with actual values for tax year 2015.

Tax Year	Agriculture	Residential	Class I Total	Class II Total	TPP	P.U. Personal	Total
2000	35,906,310	223,021,930	258,928,240	111,926,960	155,970,920	46,622,390	573,448,510
2001	40,261,430	265,935,530	306,196,960	122,728,440	161,268,517	30,979,820	621,173,737
2002	42,851,560	284,555,480	327,407,040	133,256,490	166,053,975	31,614,380	658,331,885
2003	40,980,990	301,544,680	342,525,670	136,651,920	167,907,464	33,708,920	680,793,974
2004	39,824,490	350,730,270	390,554,760	155,785,160	206,921,855	34,990,230	788,252,005
2005	42,157,490	367,845,740	410,003,230	163,576,650	209,045,632	32,945,240	815,570,752
2006	42,158,070	383,860,330	426,018,400	173,277,940	150,034,977	36,697,280	786,028,597
2007	52,326,910	419,955,760	472,282,670	178,941,610	99,321,489	34,785,750	785,331,519
2008	48,758,160	415,489,265	464,247,425	189,193,070	42,118,470	35,623,300	731,182,265
2009	48,938,010	403,162,400	452,100,410	193,941,160	1,154,260	35,008,550	682,204,380
2010	59,312,410	402,879,460	462,191,870	191,757,760	538,340	35,035,830	689,523,800
2011	59,740,000	404,237,160	463,977,160	192,626,280	0	36,733,820	693,337,260
2012	59,680,678	407,870,848	467,551,526	186,843,428	0	38,997,660	693,392,614
2013	82,062,280	394,103,180	476,165,460	150,316,670	0	60,532,510	687,014,640
2014	83,474,140	392,790,640	476,264,780	157,365,410	0	67,337,060	700,967,250
2015	84,308,881	394,596,859	478,905,740	158,576,820	0	102,700,670	740,183,230

(A)- As a reminder, Tangible Personal Property (TPP) values were reduced to $0 in 2011 as a result of HB 66.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR 2016 COLLECT 2017	Estimated TAX YEAR 2017 COLLECT 2018	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT2021
Res./Ag.	$490,283,957	$491,783,957	$493,283,957	$509,582,476	$511,082,476
Comm./Ind.	159,569,704	159,769,704	159,969,704	160,969,553	161,169,553
Public Utility (PUPP)	103,700,670	104,700,670	105,700,670	106,700,670	107,700,670
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	$753,554,331	$756,254,331	$758,954,331	$777,252,699	$779,952,699

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Est. Prop. Taxes Excluding PUPP	$19,128,379	$19,168,682	$19,232,657	$18,168,130	$17,149,985

Property tax levies are estimated to be collected at 97.75% of the annual amount. This allows 2.25% delinquency factor. In general, 52.25% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.75% 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 and are noted in Line #1.02 totals below.

Levy Renewal –Line # 11.02

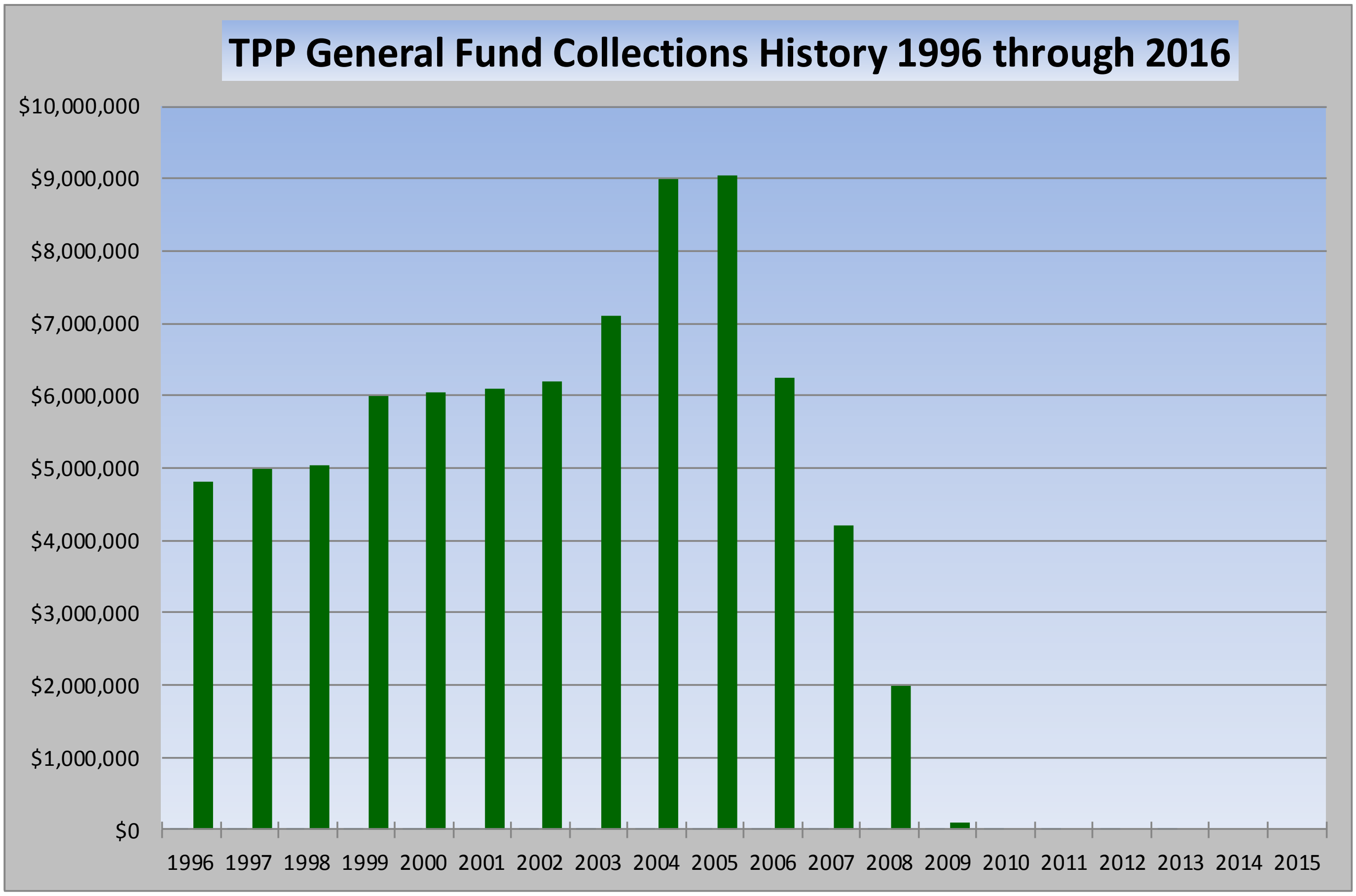
The district plans to renew the 6.56 mill levy by 2019 to continue collection. State law requires that renewal levies be removed from revenues on Line 2.08 and shown on this line of the forecast.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Renew 6.56 Mill levy 2019	$0	$0	$0	$1,612,228	$3,085,605
Total Line # 11.020	$0	$0	$0	$1,612,228	$3,085,605

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

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. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. The graph below shows the demise of TPP taxes collected locally by the district. This was a significant revenue source that was lost.



Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under P.U. Personal, which were $103.7 million in assessed values in 2015 and are collected at the district's gross voted millage rate. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. The values in 2015 rose by 52% or $35.3 million. The increase in this tax base will generate $1.69 million annually in PUPP taxes each year through the forecast.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Public Utility Personal Property	$4,962,275	$4,987,044	$5,034,904	$4,732,786	$4,427,388
Total Line # 1.020	$4,962,275	$4,987,044	$5,034,904	$4,732,786	$4,427,388

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

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for FY17 for state funding are based on funding component computations from the most recent September 2016 State Foundation Payment Report (SFPR). The current FY16-17 state budget HB64 includes an increase in funding for our district. We are projected to be a CAP district regarding state funding in FY16 and 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 four fiscal years.

In FY14-15, HB59 created the third (3rd) 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 FY18-19 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 district 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 undue burden or inability to raise local revenue:

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

There are potentially 342 independent variables in the SFPR formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY17-21. Currently, there are still changes being made to the above variables as well as changes that could result once ODE finalizes the calculations from FY16, which is not expected until late February 2017. Our estimates are based on the best information available to us and the most current calculation used by ODE. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY16 reconciliation.

Our current SFPR estimates for FY17 are using August 2016 adjusted average daily membership (ADM) and adding 25 new students each year for growth through FY21. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now supposed to be 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 2017, and then 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 our district was on the formula. We are presently a CAP district so changes in enrollment will not likely affect our funding unless they are very large swings. Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated state aid to increase by approximately 1.0% FY18-FY21.

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

The initial student payment to schools in January 2013 (FY13) was a half year payment of $21.00 per pupil that rose to $51.50 per pupil for a full year in FY14 and $50.50 in FY15. The state indicated recently that the original 2009 estimates of $1.9 billion of GCR may be closer to $900 million as revenues from casinos are not growing robustly as originally predicted. Actual numbers generated for FY16 statewide were 1,792,947 students at $51.34 per pupil. For FY17-21 we estimated another 3 tenths of 1% decline in pupils to 1,789,000 and GCR increasing to $93 million or $51.91 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
State Basic Aid	$20,425,172	$20,625,267	$21,013,948	$21,421,012	$21,856,624
Additional Aid	575,586	575,586	575,586	575,586	575,586
Basic Aid-Unrestricted Subtotal	$21,000,758	$21,200,853	$21,589,534	$21,996,598	$22,432,210
Ohio Casino Commission ODT	273,318	277,362	281,459	285,611	289,818
Total Unrestricted State Aid Line # 1.035	$21,274,076	$21,478,215	$21,870,993	$22,282,209	$22,722,028

B) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to grow by 1% each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY17-21.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Catastrophic Aid - JV96	$275,000	$275,000	$275,000	$275,000	$275,000
Economically Disadvantaged Aid	78,367	79,151	79,943	80,742	81,549
Career Tech - Restricted	131,378	132,692	134,019	135,359	136,713
Total Restricted Revenues Line #1.040	$484,745	$486,843	$488,962	$491,101	$493,262

C) Restricted Federal Grants in Aid – line #1.045

The district received its final payment of Ed Jobs money in FY13. No federal unrestricted grants are projected FY17-21.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Unrestricted Line # 1.035	$21,274,076	$21,478,215	$21,870,993	$22,282,209	$22,722,028
Restricted Line # 1.040	484,745	486,843	488,962	491,101	493,262
Restricted Fed. SFSF /EdJobs #1.045	0	0	0	0	0
Total State Foundation Revenue	$21,758,821	$21,965,058	$22,359,955	$22,773,310	$23,215,290

State Taxes Reimbursement/Property Tax Allocation

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.

Homestead Exemptions are 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 currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate
State budget bill HB153 slashed these reimbursements to our district after FY12, reducing our state revenue by over $902,989 each year starting in FY13. HB64, the current state budget, has reinstituted the phase out of TPP reimbursements to districts beginning in FY16. The phase out is based on five wealth tiers called quintiles. A Quintile 1 district will lose TPP funding based on 1% of qualifying revenue and a Quintile 5 districts will lose TPP reimbursements equal to 2% of qualifying revenue. Revenue will be phased out at these quintile levels for FY16 & FY17. Our district is a Quintile 3 district and will lose funding at 1.5%. In FY16 there is a TPP phase out guarantee for districts whose total state and TPP reimbursements were lower in FY16 than were actually received in FY15. Based on our calculations, we will not receive a TPP Phase out guarantee as our overall state aid in FY16 is projected to be higher than FY15.

Beginning in FY18, SB 208 amended HB64 and became effective February 15, 2016. SB 208 affected TPP reimbursements in two ways: 1) It provides for a FY17 Guarantee that no district's combined state foundation funding plus TPP Fixed Rate reimbursement will be less than 96% of FY15 foundation and TPP Fixed Rate funding received, and; 2) Beginning in FY18, the TPP Fixed Rate funding will be phased out at 5/8ths (62.5%) of what 1 mill would raise in local taxes beginning with Tax Year 2016 assessed property values. Based on our calculations, we will not receive a TPP Phase out guarantee in FY17. We project with the new phase-out calculation that TPP Fixed Rate reimbursements will be fully phased out for our district in 2027.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Rollback and Homestead	$2,026,851	$2,049,802	$2,057,816	$1,963,581	$1,868,830
TPP Reimbursement - Fixed Rate	4,180,280	3,709,309	3,236,650	2,762,303	2,276,520
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop Allocations Line #1.050	$6,207,131	$5,759,111	$5,294,466	$4,725,884	$4,145,350

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area are open enrollment, tuition for court placed students, pay to participate fees, student fees, and general rental fees. Beginning in FY16, all day kindergarten tuition has been eliminated reducing the revenue while the introduction of open enrollment will increase revenue.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Tuition revenue	$372,712	$374,576	$376,449	$378,331	$380,223
Interest	24,022	24,142	24,263	24,384	24,506
Student Fees	446,464	450,929	455,438	459,992	464,592
Medicaid Reimbursement	140,000	141,400	142,814	144,242	145,684
Rentals, PILOT's, and Other Income	209,933	212,032	214,152	216,294	218,457
Total Line # 1.060	$1,193,131	$1,203,079	$1,213,116	$1,223,243	$1,233,462

Short-Term Borrowing – Lines #2.010 & Line #2.020 – In FY14 the district issued one year roll over notes for the 2005 HB264 project. Due to the size of the issuance, it was fiscally sound to issue notes rather than to issue bonds for this project. The principal payment noted on Line 4.05 has been $50,000 each year through FY15. The District elected to pay off the debt in FY16.

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	FY 17	FY 18	FY 19	FY 20	FY 21
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$0	$0	$0	$0	$0
Total Transfer & Advances In	$0	$0	$0	$0	$0

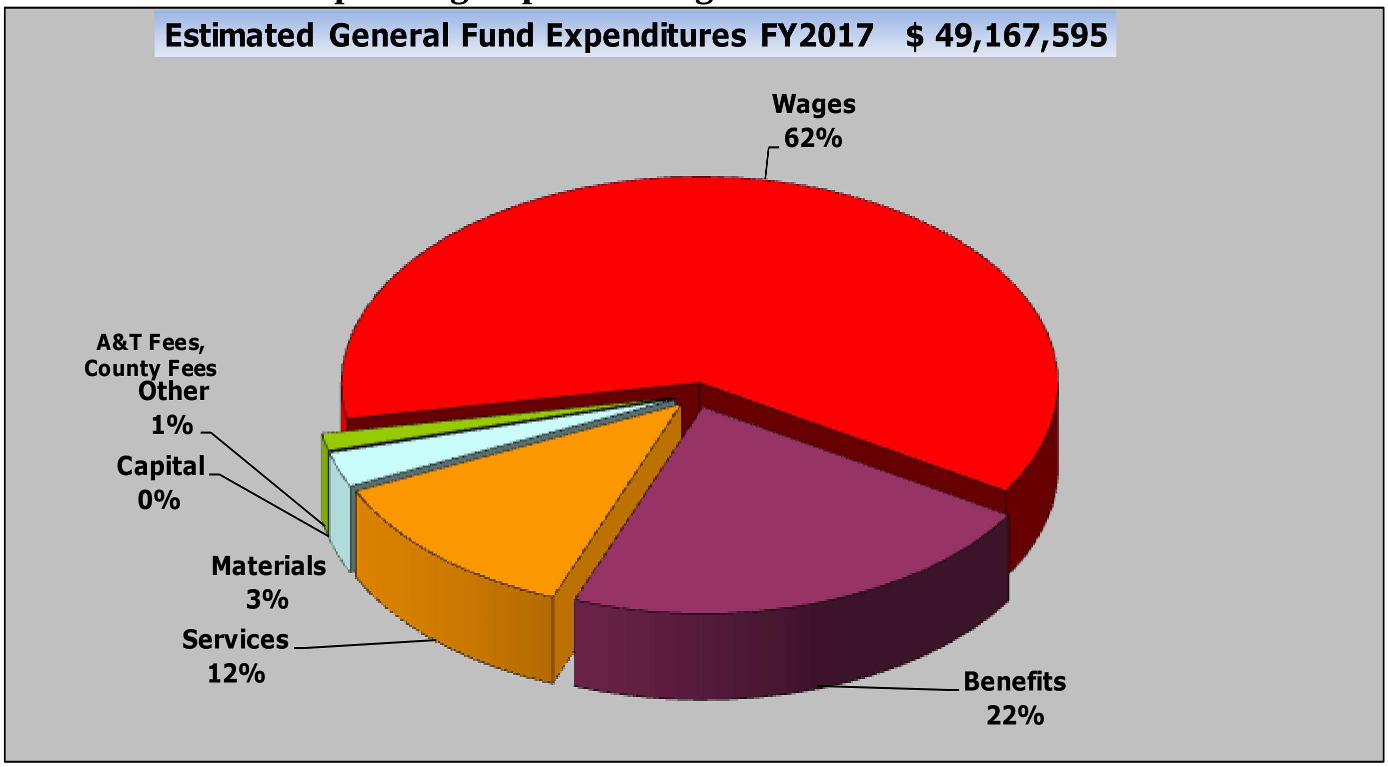
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. In FY14 we received a large BWC refund from the state of Ohio as noted on the forecast. In FY15 the state offered a similar sized refund which was recorded as a reduction of expenses as it is not technically a revenue.

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY17



Wages – Line #3.010

The district settled a salary reopener with bargaining unit members for FY16 with a 1.5% base increase with steps and training. Negotiations with bargaining unit members was completed in June 2016 resulting in a three year agreement that includes base increases of 2.0% for FY17 and 1.5% for FY18-FY19 including step increases for FY17-19. Base increases for planning purposes have been added to FY20-FY21 with no step increase at this time.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Base Wages	$27,699,121	$29,126,299	$30,179,623	$31,212,317	$32,148,687
Base Increases	553,982	436,894	452,694	936,370	964,461
Steps & Performance	560,000	570,000	580,000	0	0
Performance Pay	110,000	200,000	200,000	200,000	200,000
Substitutes	280,000	280,000	280,000	280,000	280,000
New/Replacement Staff	313,196	46,430	0	0	0
Supplemental Contracts	601,800	613,836	626,113	638,635	651,408
Severance	130,000	150,000	150,000	150,000	150,000
Staff Reductions	0	0	0	0	0
Total Wages Line 3.010	$30,248,099	$31,423,459	$32,468,430	$33,417,322	$34,394,556

Fringe Benefits Estimates
This area of the forecast captures all costs associated with benefits and retirement costs. The final year of the employee retirement incentive payments to EPC was FY15. These payments along with the VEBA/HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase
As required by law, the BOE pays 14% of all employee wages to STRS or SERS. In FY13, the district was also paying 4.75% of STRS contributions for teachers with 0-27 years of experience and 2% for teachers with 27 or more years of experience. In FY14, the district negotiated with staff and stopped paying these amounts to STRS and instead paid these amounts as wages to employees allowing them to pay their required amount to STRS. The district also stopped paying the 4.75% to SERS for classified staff in FY14. The SERS catch-up payments which cost $104,396 per year ended in FY16.

B) Insurance
The district staff pays for any increase over 8% of premium increases per negotiated agreement. Due to switching from fully insured medical insurance to self-insured, there was no increase in premiums for the 2016 renewal. We are estimating an increase of 8% each year FY17 – FY21, which reflects trend and the likely increase in health care costs as a result of PPACA. This is based on our current employee census and claims data.

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

It is uncertain to what extent the implementation of PPACA will cost our district in additional funds. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be but there are “taxes” mandated by the act which we are aware of. The Transition Reinsurance fee due January 15, 2015 is a fee due the IRS for $5.25 per covered member per month for the prior year (2014). This will be $63 for each employee who had a full year of coverage in the prior year. Longer-term, a significant concern is the 40% “Cadillac Tax” that will be imposed in 2018 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to remain at about .68% of wages FY17 – FY21. Unemployment is expected to remain at a very low level FY17-21. 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 and as new employees are hired. 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 Fringe Benefits – Line #3.020

Source	FY 17	FY 18	FY 19	FY 20	FY 21
STRS/SERS	$4,760,197	$4,950,470	$5,117,187	$5,270,128	$5,425,387
Insurances	4,944,659	5,353,232	5,781,491	6,244,010	6,743,531
Workers Comp & Unempl	205,687	213,680	220,785	227,238	233,883
Medicare	458,848	482,463	506,586	521,784	537,438
Other/VEBA/ERIP/Tuition	487,042	487,042	487,042	487,042	487,042
Total Line 3.020	$10,856,433	$11,486,887	$12,113,091	$12,750,202	$13,427,281

Purchased Services – Line #3.030

Utility costs are assumed to increase 5% per year, but can fluctuate significantly due to factors outside of our control such as the weather and rate changes. Open enrollment and community schools continue to draw a significant number of students, which are major expenditures in this area and have been increased based on historical trend. In FY17, community school and open enrollment deductions are increased by 3% to account for the increase in students and per pupil state funding, which will flow through our funding formula to the community schools. In addition, the state mandated College Credit Plus tuition costs are paid out of this line.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Base Services, Prof Fees, etc.	$634,410	$640,754	$647,162	$653,634	$660,170
Prof. & Tech. Student Services	715,095	722,246	729,468	736,763	744,131
Contracted Staff Services	477,000	481,770	486,588	491,454	496,369
Tuition, Sp. Ed. Services & College Credit Plus	1,018,000	1,020,540	1,051,156	1,082,691	1,115,172
Open Enrollment Deduction	1,100,000	1,111,000	1,122,110	1,133,331	1,144,664
Community School Deductions	825,000	849,750	875,243	901,500	928,545
Utilities	1,265,860	1,329,153	1,395,611	1,465,392	1,538,662
Total Line 3.030	$6,035,365	$6,155,213	$6,307,338	$6,464,765	$6,627,713

Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, educational supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Supplies	$1,343,988	$1,384,308	$1,425,837	$1,468,612	$1,512,670
Budget Reductions	0	0	0	0	0
Total Line 3.040	$1,343,988	$1,384,308	$1,425,837	$1,468,612	$1,512,670

Equipment – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Capital Outlay	$25,085	$25,587	$26,099	$26,621	$27,153
Additional Bus Purchases	0	0	0	0	0
Technology/New Buildings	0	0	0	0	0
Total Line 3.050	$25,085	$25,587	$26,099	$26,621	$27,153

Principal and Interest Payment – Lines # 4.05 and 4.06

These are expenses related to the 2001 HB264 project that was paid off in December 2015 and the 2005 HB264 project that was paid off in May 2015.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. A rate of 1% increase is projected in this area.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
A & T Fees/ Election Costs	$446,000	$450,460	$454,965	$459,515	$464,110
Annual Audit Fees	32,320	32,643	32,969	33,299	33,632
Fees/Charges/Misc	145,305	146,758	148,226	149,708	151,205
ESC Fees	35,000	35,350	35,704	36,061	36,422
Total Line 4.300	$658,625	$665,211	$671,864	$678,583	$685,369

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The transfer in FY17 is to provide a reserve balance in our Medical Self Insurance Fund.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Transfer Line 5.010	$400,000	$0	$0	$0	$0
Advances Line 5.020	0	0	0	0	0
Total Transfers & Advances	$400,000	$0	$0	$0	$0

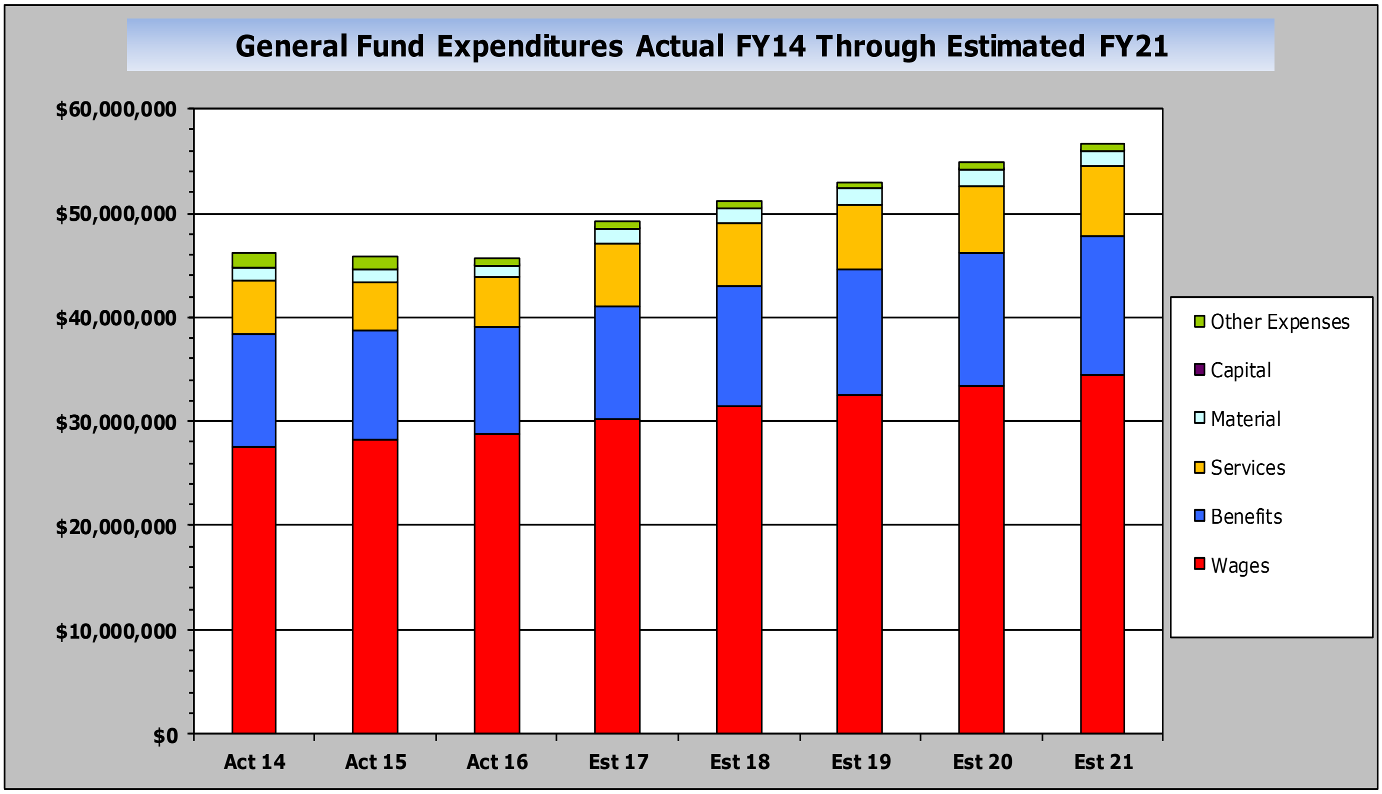
Encumbrances –Line#8.010

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.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Estimated Encumbrances	$350,000	$350,000	$350,000	$350,000	$350,000

Operating Expenditures Actual FY14 through FY16 and Estimated FY17-FY21

As the graph on the following page indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Ending Unencumbered Cash Balance – 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 5705.412, ORC punishable by personal liability of $10,000. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is about $3.9 million for our district.

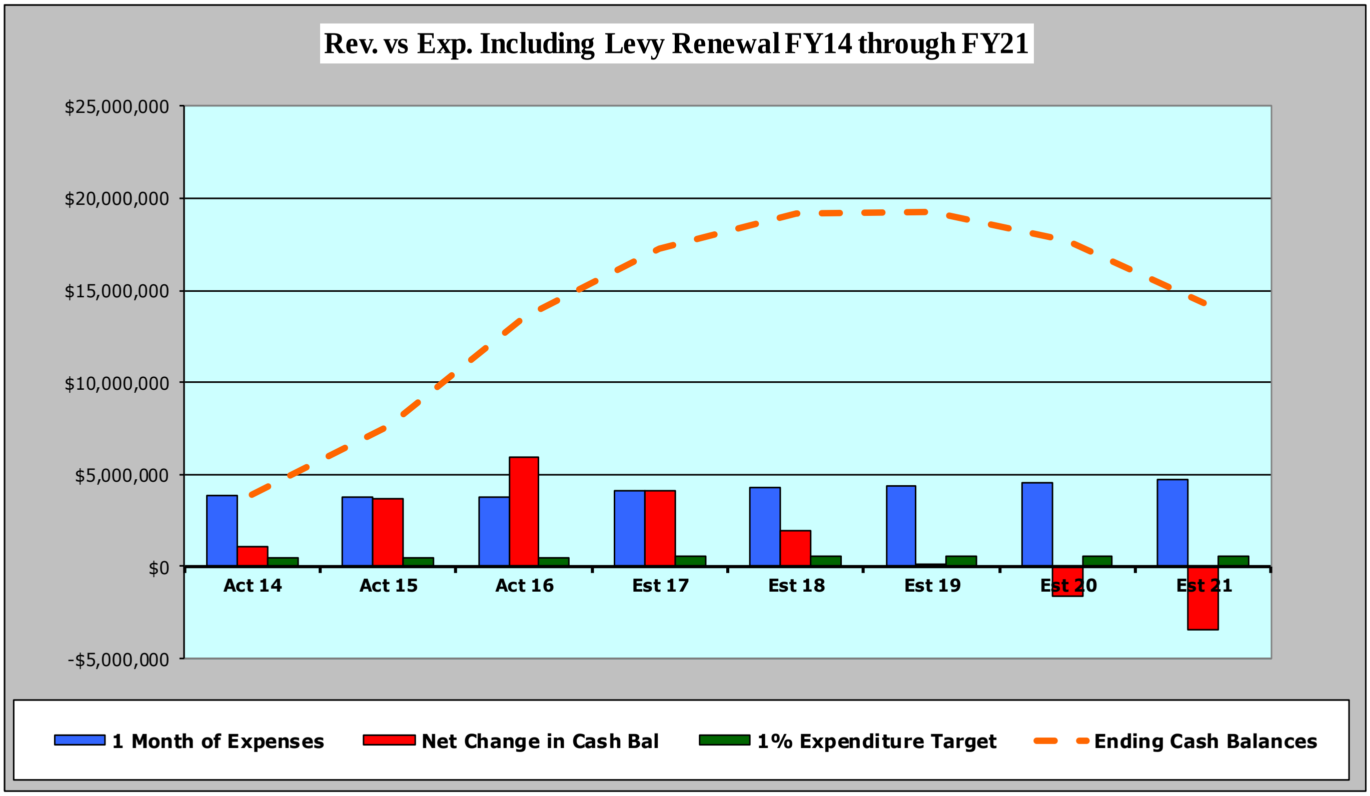
Board Policy DBE calls for the district to manage finances according to both of these criteria:

- Projected General Fund cash balances for the current year and following four fiscal years are at least equal to one month of expected expenditures.
- Projected year-end General Fund expenditures do not exceed projected General Fund revenues by more than one percent.

The Graph below shows cash balances compared to one month expenditures and the net change in cash balance (revenues less expenditures) compared to the 1% target. We are meeting policy DBE directives FY16-18 on all criteria. FY19 indicates that expenditures are exceeding revenues by more than 1%. The District is in the process of analyzing this variance and will make decisions as necessary to bring cash in line with this policy.

	FY 17	FY 18	FY 19	FY 20	FY 21
Ending Cash Balance	$16,885,543	$18,828,352	$18,951,291	$17,381,267	$13,964,105

Operating Revenue, Expenditures, Ending Cash Balances Compared to Board Policy DBE



Conclusion

The Marysville Exempted Village School forecast is very fortunate to have received more funding for HB64 (FY16 and FY17) than had been expected from the state budget as 52.5% of our funding for the district is from state dollars. This increase is very beneficial to the overall operations of the district and for the education of our students. We are also fortunate that in Tax Year 15, PUPP values increased by 52%, which increased tax revenues though the forecast period. At the same time, we are very disappointed with the phase out of TPP reimbursements enacted by HB64. The increase in foundation funding in the current biennium more than offsets the loss of TPP revenue, but the impact of the TPP revenue loss will be felt in the long-term as foundation funding levels off.

The district appreciates the support the community gave on November 5, 2013 for the passage of the 6.56 mill levy to be maintained beginning in 2015 through 2019. The renewal of this levy will be paramount in keeping the district on stable financial footing. Thank you voters for your support!

The district administration will continue to be able to plan for the future needs of our students with the financial stability obtained with the current state budget, but they will also need to be mindful that there are many risks and uncertainties that will need to be considered in future planning. The largest risk is future changes to TPP reimbursements and state foundation funding in the next biennial budget.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.