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
April 17, 2017

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%	$19,564,696	$19,570,271	$19,632,502	$18,579,698	$17,572,181
1.020	Tangible Personal Property	2,366,080	2,907,651	4,090,203	31.8%	5,058,199	$5,202,531	$5,250,391	$4,933,505	$4,613,339
1.035	Unrestricted State Grants-in-Aid	16,374,044	18,091,329	19,502,602	9.1%	21,056,331	$21,808,422	$22,337,983	$21,409,096	$21,657,151
1.040	Restricted State Grants-in-Aid	197,822	591,814	563,059	97.2%	455,363	$457,167	$458,988	$460,828	$462,686
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%	6,179,646	$5,763,223	$5,261,597	$4,660,650	$4,033,106
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%	$53,507,366	$54,004,693	$54,154,577	$51,267,020	$49,571,925
	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%	$53,507,866	$54,005,193	$54,155,077	$51,267,520	$49,572,425
	Expenditures									
3.010	Personal Services	$27,629,897	$28,336,813	$28,828,532	2.1%	$30,248,099	$31,737,308	$32,843,982	$33,804,140	$34,792,978
3.020	Employees' Retirement/Insurance Benefits	10,758,674	10,306,443	10,204,351	-2.6%	10,610,284	11,550,549	12,208,975	12,850,962	13,532,243
3.030	Purchased Services	5,053,192	4,695,878	4,880,363	-1.6%	5,245,227	5,978,649	6,117,698	6,261,423	6,410,014
3.040	Supplies and Materials	1,244,114	1,169,310	1,035,781	-8.7%	1,050,000	1,342,661	1,382,941	1,424,429	1,467,162
3.050	Capital Outlay	52,272	25,828	4,841	-65.9%	50,000	24,500	24,990	25,490	26,000
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%	615,320	689,679	696,575	703,541	710,576
4.500	*Total Expenditures*	$46,173,782	$45,752,468	$45,641,217	-0.6%	$47,818,930	$51,323,346	$53,275,161	$55,069,985	$56,938,973
	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%	$48,218,930	$51,323,346	$53,275,161	$55,069,985	$56,938,973
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%	5,288,936	2,681,847	879,916	(3,802,465)	(7,366,548)
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	18,841,837	21,523,684	22,403,600	18,601,135
7.020	*Cash Balance June 30*	3,921,432	7,594,549	13,552,901	86.1%	18,841,837	21,523,684	22,403,600	18,601,135	11,234,587
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%	$18,491,837	$21,173,684	$22,053,600	$18,251,135	$10,884,587
	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	1,735,744	3,321,998
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	-	-	1,735,744	5,057,742

Marysville Exempted Village School District

Union County

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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%	$18,491,837	$21,173,684	$22,053,600	$19,986,879	$15,942,329
	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%	$18,491,837	$21,173,684	$22,053,600	$19,986,879	$15,942,329

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
April 17, 2017

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 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 May 2017 filing.

May 2017 Updates:

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 1.07) are estimated to be $53,507,366 or .48% higher than the October forecasted amount of $53,249,737. This indicates the October forecast was 99.5% accurate.

The increase in revenue estimate is mostly affected by the change in estimate for real estate tax. The Tax Year 2016 reappraisal update increased values by 12.2% for residential and agricultural values and Public Utility Personal Property (PUPP) Values were up by 5.3%. The increase in residential property will increase inside millage collections and the PUPP values will increase taxes on the total gross millage of the district. Both increases will have a positive effect on revenues through the entire forecast period.

All other areas of revenue are tracking as anticipated for FY17.

Expenditures:

Total General Fund expenditures (line 4.5) are estimated to be $47,818,930 for FY17 which is below the original estimate of $49,167,595 in the October forecast. The expenditure line most significantly below projections is Purchased Services (line 3.03) due most significantly to utility savings and state foundation deductions coming in under budget such as College Credit Plus and Special Education Tuition.

Unreserved Ending Cash Balance:

With revenues increasing slightly over estimates and expenditures ending below estimates, our ending unreserved cash balance is anticipated to be roughly $18.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2021 if assumptions we have made for state aid in the proposed HB49 budget remain close to our estimates and the levy renewal in 2019 is approved. There is some uncertainty regarding HB49 as of the date this forecast is presented. This uncertainty is discussed in more detail below.

State Funding and The Proposed Biennium State Budget HB49(FY18 – FY19):

We have structured the District forecast estimating the effects of the current state biennium budget, HB64 which will end June 30, 2017. We have also tried to anticipate the effects of some changes proposed in HB49 on fiscal years 2018-2021 even though HB49 will not be known until late June 2017, beyond the date this forecast must be filed. Major revenue changes were made in prior state budgets HB59 and HB64 that impacted District revenue including TPP Fixed rate reimbursement phase out and a CAP on state funding.

The TPP fixed rate reimbursement that was supposed to continue at the FY13 level ($5,650,436 annually) through FY26 was cut in HB64. HB64 phased out an additional $700,000 per year and would have eliminated

TPP by fiscal year 2023. Senate Bill 208, effective February 15, 2016, modified HB64 and instituted TPP Supplement payment in FY17 (our district did not qualify for supplement funding) and a slower phase down of TPP Fixed rate reimbursement. Currently annual TPP phase out under SB208 is a reduction of what 5/8 of 1 mill would raise each year in the district. This will likely result in TPP reimbursement ending after 2025 for our district if HB49 does not alter this going forward.

HB64 continued a CAP on funding with a 7.5% increase for FY2016 and FY2017. HB49 as proposed continues CAP growth at a lower 5% rate. We have estimated a CAP growth rate of 4% to hedge against uncertainty and potential changes due to lobbying.

It is important to emphasize that we will not know the actual effects of HB49 until sometime in June 2017 when legislation is finally passed into law. Since we will not know with certainty the funding formula prior to May 31, 2017, our forecast filing deadline, we feel it is reasonable to assume the facts stated above for the period FY18-21. This methodology is consistent with other May forecasts when there have been uncertainty regarding the final State budget bill. State foundation revenue equates to 40% of our revenue each year and the outcome of the HB49 funding proposal is significant to our district.

Local Funding:

Property tax collections are the largest single revenue source for the school system and the housing market has recovered from the Great Recession in our district with values increasing robustly. We project continued growth in appraised values every three (3) years and continued modest growth in local taxes. The local revenues equate to 49% of the district's resources.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties, but also due to state legislative changes that will occur in June 2017 and the spring of 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:

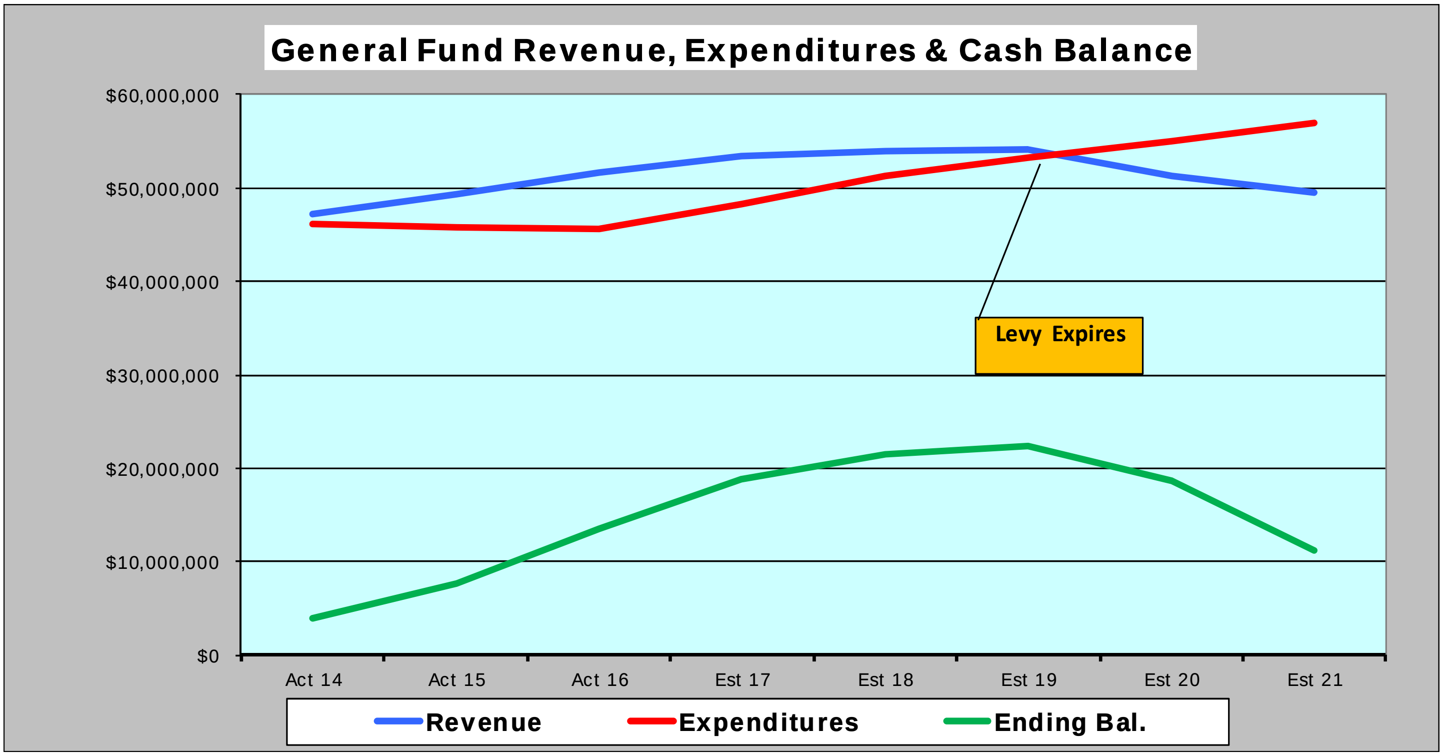
Beginning in FY18, SB208 adjusts the TPP phase out by lowering the payment each year by what five-eights (5/8) of a mill would raise locally. We have estimated that this phase out will continue in our projections until TPP is finally gone in FY25 based on our estimates.

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 that will continue to reduce state aid for future 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 expose the district to new or increased expenditures that are not currently in the forecast. We are monitoring HB49 for any new threats to our state aid revenue or that could increase costs.

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.

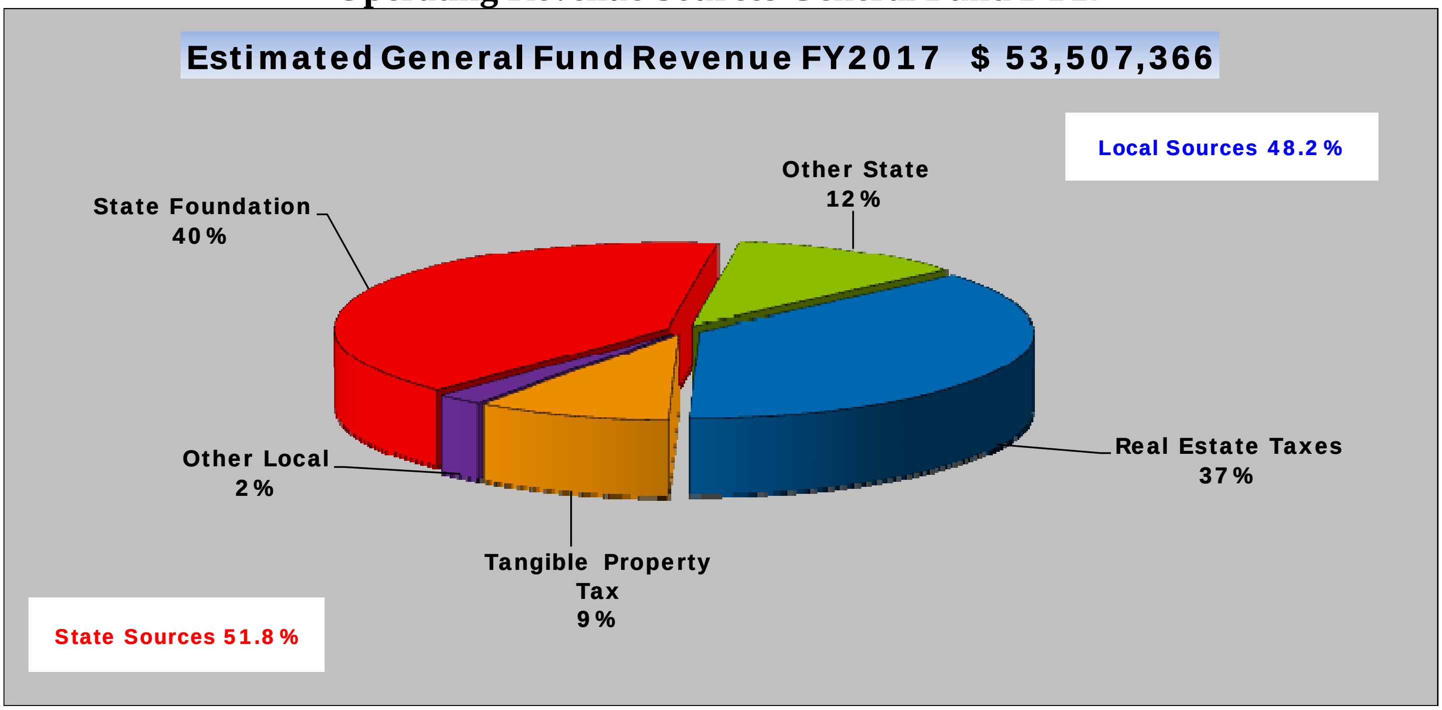
General Fund Revenue, Expenditures and Ending Cash Balance Actual FY14-16 and Estimated FY17-21



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 2016 tax year to be collected in 2017. Residential/agricultural values increased 12.24% or $58.6 million due to the reappraisal update led by an improving housing market. New construction in residential property was up ½% or $2,506,000 in assessed value.

As a result of the 2016 reappraisal update Commercial/industrial values decreased .51% or $811,000 but increased overall by $3.45 million due to new construction.

A full reappraisal will occur in 2019 for collection in 2020 for which we are estimating a 7% increase for residential/agricultural and a .5% increase for commercial/industrial property.

Public Utility Personal Property (PUPP) grew in Tax Year 2016 by $5.5 million due to reinvestments being made by utility companies statewide.

The table on the following page shows actual property value history for the district along with actual values for tax year 2016.

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
2016	91,277,010	450,191,020	541,468,030	162,027,150	0	108,203,120	811,698,300

(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.	$541,468,830	$542,968,830	$544,468,830	$584,081,648	$585,581,648
Comm./Ind.	162,027,150	162,227,150	162,427,150	163,439,286	163,639,286
Public Utility (PUPP)	108,203,120	109,203,120	110,203,120	111,203,120	112,203,120
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	$811,699,100	$814,399,100	$817,099,100	$858,724,054	$861,424,054

ESTIMATED REAL ESTATE TAX - Line #1.010

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Est. Prop. Taxes Excluding PUPP	$19,564,696	$19,570,271	$19,632,502	$18,579,698	$17,572,181

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

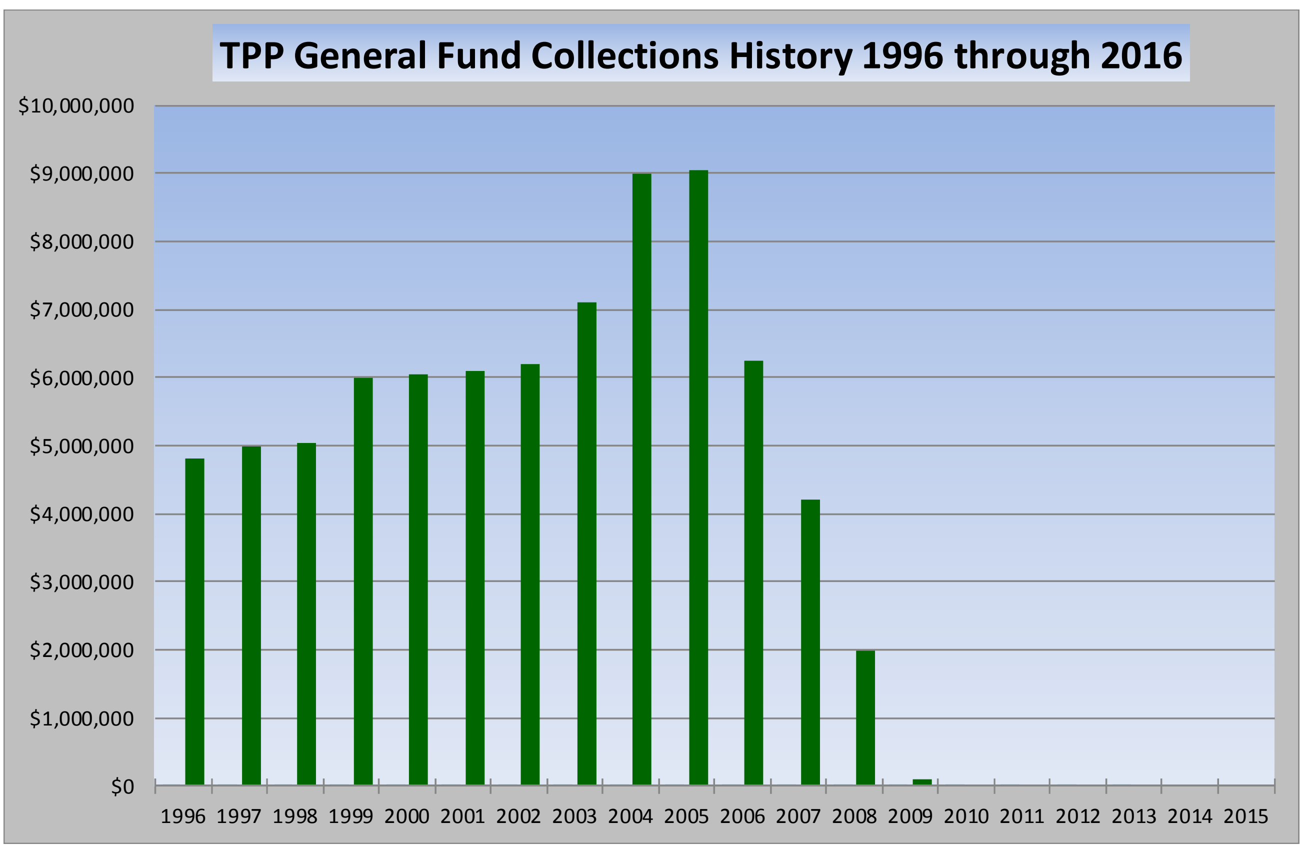
The district plans to renew the 6.56 mill levy by 2019 to continue collection. State law requires that renewal levies be removed from revenues on Line 2.08 and shown on this line of the forecast.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Renew 6.56 Mill levy 2019	$0	$0	$0	$1,735,744	$3,321,998
Total Line # 11.020	$0	$0	$0	$1,735,744	$3,321,998

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 $108.2 million in assessed values in 2016 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 2016 rose by 5.1% or $5.5 million.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Public Utility Personal Property	$5,058,199	$5,202,531	$5,250,391	$4,933,505	$4,613,339
Total Line # 1.020	$5,058,199	$5,202,531	$5,250,391	$4,933,505	$4,613,339

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 FY17.

Important Reminder: Our state funding for FY18-21 will depend on two (2) new state budgets. HB49, the current proposed new state budget for FY18 & FY19, will not be known until late June 2017. We must file this forecast before May 31, 2017 which is before we will know what changes will be officially made to school funding. In addition, another state budget will be legislated beginning in Spring 2019 which will also affect our funding for the future. Our revision to the October 2017 forecast will capture the changes made in HB49.

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 were 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 June 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 April 2017 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 per pupil state aid to increase by approximately .5% FY18-FY19 and 1% for FY20-21. We have estimated CAP increases at 4% for FY18-19 and 2% for FY20-21 until we know more about HB49, the new state budget.

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 $89.2 million or $49.85 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	$20,192,767	$20,940,980	$21,466,613	$20,533,745	$20,777,767
Additional Aid	601,680	601,680	601,680	601,680	601,680
Basic Aid-Unrestricted Subtotal	$20,794,447	$21,542,660	$22,068,293	$21,135,425	$21,379,447
Ohio Casino Commission ODT	261,884	265,762	269,690	273,671	277,704
Total Unrestricted State Aid Line # 1.035	$21,056,331	$21,808,422	$22,337,983	$21,409,096	$21,657,151

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	64,375	65,019	65,669	66,326	66,989
Career Tech - Restricted	115,988	117,148	118,319	119,502	120,697
Total Restricted Revenues Line #1.040	$455,363	$457,167	$458,988	$460,828	$462,686

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	$21,056,331	$21,808,422	$22,337,983	$21,409,096	$21,657,151
Restricted Line # 1.040	455,363	457,167	458,988	460,828	462,686
Restricted Fed. SFSF /EdJobs #1.045	0	0	0	0	0
Total State Foundation Revenue	$21,511,694	$22,265,589	$22,796,971	$21,869,924	$22,119,837

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. We were not eligible for TPP Supplement payments in FY16 and FY17.

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 2025.

Summary of State Tax Reimbursement – Line #1.050

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Rollback and Homestead	$1,999,366	$2,090,255	$2,097,628	$2,007,368	$1,916,527
TPP Reimbursement - Fixed Rate	4,180,280	3,672,968	3,163,969	2,653,282	2,116,579
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop Allocations Line #1.050	$6,179,646	$5,763,223	$5,261,597	$4,660,650	$4,033,106

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

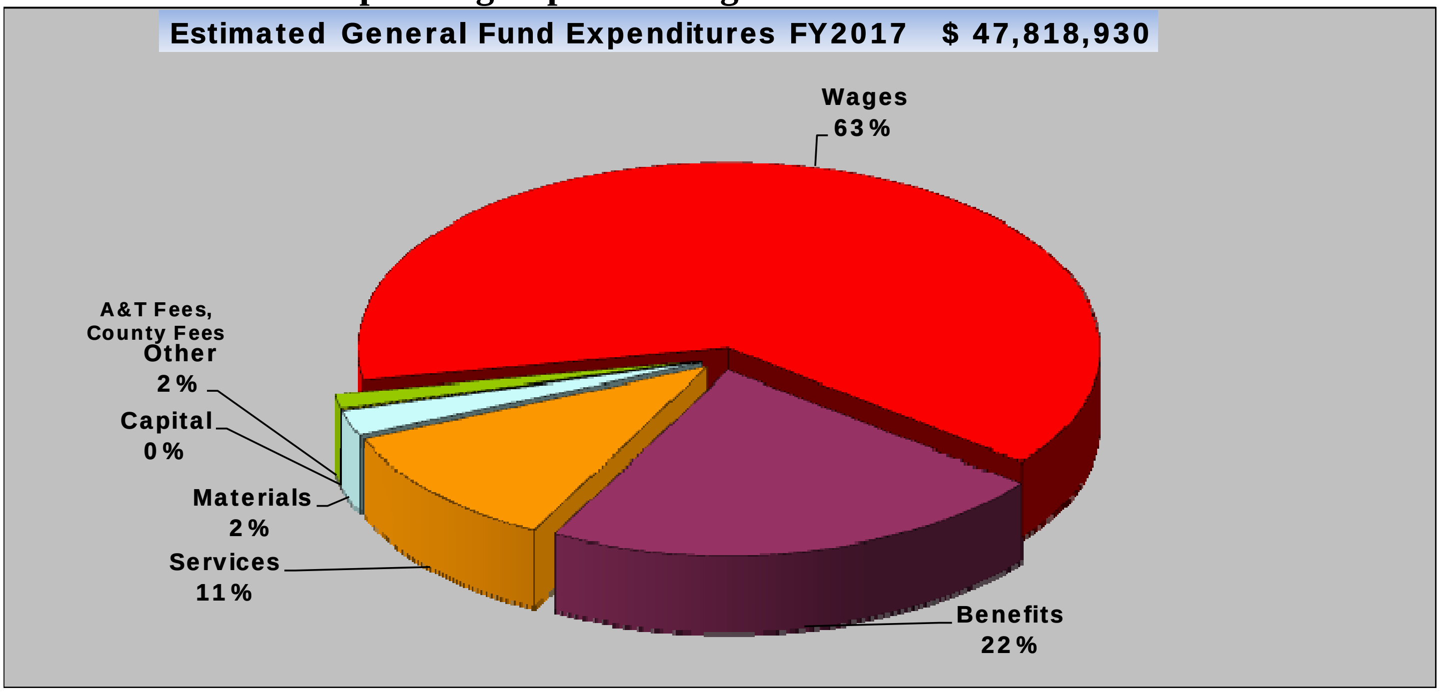
All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable.

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	$30,493,472	$31,587,869	$32,535,505
Base Increases	553,982	436,894	457,402	947,636	976,065
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	360,279	56,995	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	$31,737,308	$32,843,982	$33,804,140	$34,792,978

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 especially since it is being reviewed at the federal level for amendment or repeal. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be but there are "taxes" mandated by the act which 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	$4,630,197	$4,994,409	$5,175,272	$5,330,874	$5,487,954
Insurances	4,846,659	5,361,270	5,806,131	6,270,621	6,772,271
Workers Comp & Unempl	187,538	220,814	228,339	234,868	241,592
Medicare	458,848	487,014	512,191	527,557	543,384
Other/VEBA/ERIP/Tuition	487,042	487,042	487,042	487,042	487,042
Total Line 3.020	$10,610,284	$11,550,549	$12,208,975	$12,850,962	$13,532,243

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.	$493,532	$669,599	$676,295	$683,058	$689,889
Prof. & Tech. Student Services	726,726	800,000	808,000	816,080	824,241
Contracted Staff Services	380,343	480,000	484,800	489,648	494,544
Tuition, Sp. Ed. Services & College Credit Plus	792,423	945,000	973,350	1,002,551	1,032,628
Open Enrollment Deduction	1,147,221	1,200,000	1,212,000	1,224,120	1,236,361
Community School Deductions	703,242	750,000	772,500	795,675	819,545
Utilities	1,001,740	1,134,050	1,190,753	1,250,291	1,312,806
Total Line 3.030	$5,245,227	$5,978,649	$6,117,698	$6,261,423	$6,410,014

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	$1,050,000	$1,342,661	$1,382,941	$1,424,429	$1,467,162
Budget Reductions	0	0	0	0	0
Total Line 3.040	$1,050,000	$1,342,661	$1,382,941	$1,424,429	$1,467,162

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	$50,000	$24,500	$24,990	$25,490	$26,000
Additional Bus Purchases	0	0	0	0	0
Technology/New Buildings	0	0	0	0	0
Total Line 3.050	$50,000	$24,500	$24,990	$25,490	$26,000

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	$435,000	$465,000	$469,650	$474,347	$479,090
Annual Audit Fees	32,320	34,000	34,340	34,683	35,030
Fees/Charges/Misc	115,000	157,349	158,922	160,511	162,116
ESC Fees	33,000	33,330	33,663	34,000	34,340
Total Line 4.300	$615,320	$689,679	$696,575	$703,541	$710,576

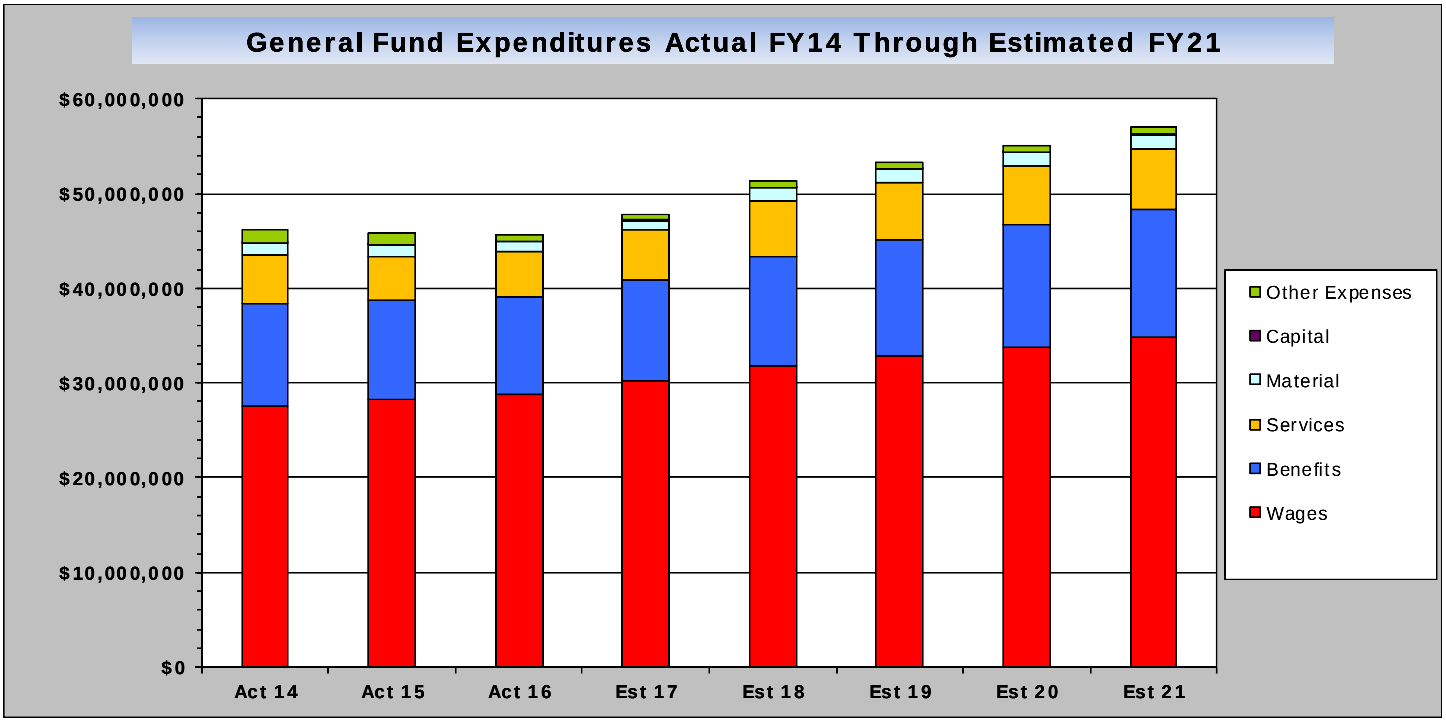
Transfers Out/Advances Out – Line# 5.010
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The transfer in FY17 is to provide a reserve balance in our Medical Self 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.

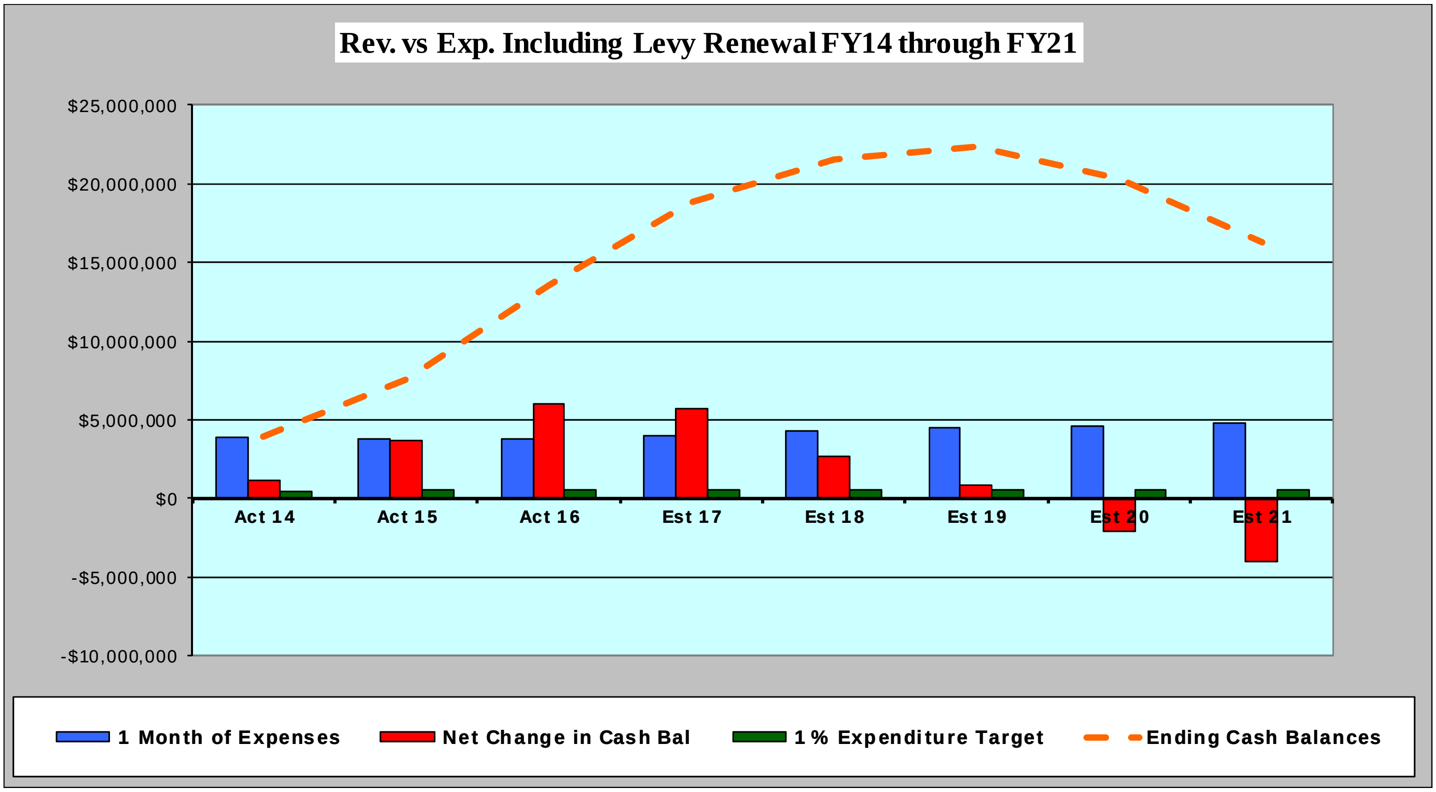
Board Policy DBE calls for the district to manage finances according to both of these criteria:

- 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	$18,491,837	$21,173,684	$22,053,600	$19,986,879	$15,942,329

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



Conclusion

The district is very fortunate to have received more funding for HB64 (FY16 and FY17) than had been expected from the state budget as 51.8% 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 and SB 208. 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.