



FIVE-YEAR FINANCIAL FORECAST NOTES AND ASSUMPTIONS

For the Fiscal Years Ending June 30, 2020 through 2024

**Forecast Provided By
Dayton Public Schools
Treasurer's Office
Hiwot Abraha, Treasurer/CFO
November 19, 2019**

Dayton City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

	Actual				Average Change	Forecasted				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019			Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenues										
1.010	General Property Tax (Real Estate)	53,944,400	53,795,150	53,088,486	-0.8%	53,254,838	53,210,757	53,265,777	53,313,885	53,362,115
1.020	Tangible Personal Property	5,173,004	7,623,742	7,517,148	23.0%	7,948,172	7,966,933	8,102,033	8,237,133	8,372,233
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	166,912,648	171,934,650	177,248,611	3.0%	178,031,691	177,657,837	177,659,404	177,660,870	177,662,231
1.040	Restricted State Grants-in-Aid	16,279,347	16,268,705	16,585,151	0.9%	16,137,836	16,137,836	16,137,836	16,137,836	16,137,836
1.045	Restricted Federal	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	7,995,665	7,414,897	7,320,326	-4.3%	7,308,539	7,360,694	7,365,178	7,367,564	7,369,971
1.060	All Other Revenues	8,690,778	10,909,214	10,490,222	10.8%	8,916,488	8,855,069	8,800,566	8,752,669	8,711,088
1.070	Total Revenues	258,995,842	267,946,358	272,249,944	2.5%	271,597,564	271,189,126	271,330,794	271,469,957	271,615,474
Other Financing Sources										
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	25,791	-	13,000,000	0.0%	-	-	-	-	-
2.050	Advances-In	4,760,637	2,451,145	1,903,789	-35.4%	1,271,196	1,250,000	825,000	825,000	825,000
2.060	All Other Financing Sources	1,005,165	250,319	1,377,247	187.6%	160,000	75,000	75,000	75,000	75,000
2.070	Total Other Financing Sources	5,791,593	2,701,464	16,281,036	224.7%	1,431,196	1,325,000	900,000	900,000	900,000
2.080	Total Revenues and Other Financing Sources	264,787,435	270,647,822	288,530,980	4.4%	273,028,760	272,514,126	272,230,794	272,369,957	272,515,474
Expenditures										
3.010	Personal Services	92,237,900	88,834,337	91,035,425	-0.6%	103,747,724	109,205,409	114,963,267	120,485,576	126,284,000
3.020	Employees' Retirement/Insurance Benefits	36,973,725	34,904,544	35,879,019	-1.4%	39,641,464	41,965,967	44,367,233	46,824,230	49,413,591
3.030	Purchased Services	102,826,246	103,555,185	106,407,378	1.7%	116,809,891	117,831,735	120,684,070	123,637,555	126,696,438
3.040	Supplies and Materials	4,840,581	6,210,459	5,410,225	7.7%	8,887,775	6,654,408	6,854,041	7,059,661	7,271,451
3.050	Capital Outlay	3,048,054	1,135,830	6,272,821	194.8%	13,199,577	10,649,577	10,844,577	7,345,850	7,552,726
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	1,045,319	1,072,459	0.0%	1,094,665	1,117,331	1,140,467	1,164,082	591,049
4.060	Interest and Fiscal Charges	-	148,954	121,814	0.0%	\$99,608	\$76,941	\$53,806	\$30,192	6,088
4.300	Other Objects	2,150,540	2,121,016	4,058,147	45.0%	2,424,698	2,478,450	2,533,655	2,590,355	2,648,592
4.500	Total Expenditures	242,077,046	237,955,642	250,257,288	1.7%	285,905,402	\$289,979,818	301,441,115	309,137,501	320,463,935
Other Financing Uses										
5.010	Operating Transfers-Out	10	-	-	0.0%	150,000	1,170,000	2,358,900	3,558,950	4,782,525
5.020	Advances-Out	6,318,506	3,438,789	2,187,341	-41.0%	1,250,000	825,000	825,000	825,000	825,000
5.030	All Other Financing Uses	144	0	1,706	0.0%	\$0	\$0	\$0	\$0	\$0
5.040	Total Other Financing Uses	6,318,660	3,438,789	2,189,047	-41.0%	1,400,000	1,995,000	3,183,900	4,383,950	5,607,525
5.050	Total Expenditures and Other Financing Uses	248,395,706	241,394,431	252,446,335	0.9%	287,305,402	291,974,818	304,625,015	313,521,451	326,071,460
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	16,391,729	29,253,391	36,084,645	50.9%	(14,276,642)	(19,460,692)	(32,394,221)	(41,151,494)	(53,555,986)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	32,836,897	49,228,626	78,482,017	54.7%	114,566,662	100,290,019	80,829,327	48,435,106	7,283,612
7.020	Cash Balance June 30	49,228,626	78,482,017	114,566,662	52.7%	100,290,019	80,829,327	48,435,106	7,283,612	(46,272,374)
8.010	Estimated Encumbrances June 30	4,209,400	6,360,410	9,678,404	51.6%	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	30,144,112	30,913,750	32,046,393	32,046,393	32,046,393
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	Subtotal	-	-	-	0.0%	30,144,112	30,913,750	32,046,393	32,046,393	32,046,393
10.010	Fund Balance June 30 for Certification of Appropriations	45,019,226	72,121,607	104,888,258	52.8%	65,145,908	44,915,577	11,388,712	(29,762,782)	(83,318,768)

Dayton City School District

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	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019			Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal				0.0%	-	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-	-
11.300 Cumulative Balance of Renewal Levies				0.0%	-	-	-	-	-	-
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	45,019,226	72,121,607	104,888,258	52.8%	65,145,908	44,915,577	11,388,712	(29,762,782)	(83,318,768)	
Revenue from New Levies										
13.010 Income Tax - New				0.0%	-	-	-	-	-	-
13.020 Property Tax - New				0.0%	-	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-	
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-	
15.010 <i>Unreserved Fund Balance June 30</i>	45,019,226	72,121,607	104,888,258	52.8%	65,145,908	44,915,577	11,388,712	(29,762,782)	(83,318,768)	

Dayton Public School District –Montgomery County
Notes to the Five Year Forecast
General Fund Only
November 19, 2019

Introduction to the Five Year Forecast

For fiscal year 2020 (July 1, 2019 – June 30, 2020) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2019, and May 31, 2020. HB87, effective November 1, 2018, changed the October filing deadline to November 30 beginning with this forecast. The May 31 filing date remains unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget provided new restricted state funding to school districts in Fiscal Years 20 and 21 specifically for Student Wellness and Success. These revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT included in this forecast.

Fiscal year 2020 (July 1, 2019-June 30, 2020) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2019 filing.

Economic Outlook

It is prudent in long range forecasting to consider the economic climate that long range projection of revenues and expenses are made. The state of Ohio provides roughly 50% of all school district funding so the state's financial health is a stabilizing factor for school district funding. The state of Ohio ended FY19 with a surplus of revenue over expenses and is maintaining a statutory maximum balance of \$2.8 billion in the Budget Stabilization Fund that would enable it to weather an economic slowdown during the forecast period. Unemployment rates statewide fell from 4.5% in June 2018 to 4.0% in June 2019 and overall economic growth is predicted to grow at a relatively steady rate of 2% annually through 2021 according to the Ohio Office of Budget and Management. This positively impacts state revenues and local revenues for districts with school district income taxes and will reduce delinquent local property tax payments if employment remains strong. These indicators suggest the state of Ohio's overall economy is healthy and should be able to maintain stable funding through the foundation program through the forecast period.

Statewide assessed property values and local tax collections have recovered from the sharp drops that occurred in 2008 through 2011. In 2008 statewide property values reached \$256.23 billion of assessed value and in 2017 they rose above this to \$263.73 billion for the first time. Assessed values grew 4.3% overall from 2017 to \$275.01 billion in 2018. Property values and new construction are expected to continue growing throughout the forecast period with some districts with high agricultural values experiencing slightly lower growth due to changes in current agricultural use valuation that will occur during reappraisal and update years. Property values and tax collections show trends supporting stability and growth for the forecast period.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) HB166 the current state budget for FY20-21 has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts which will be accounted for in Fund 467.

2) The State Budget represents 74% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY24. We have projected our state funding to be inline with our current estimates through FY24 which we feel are conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

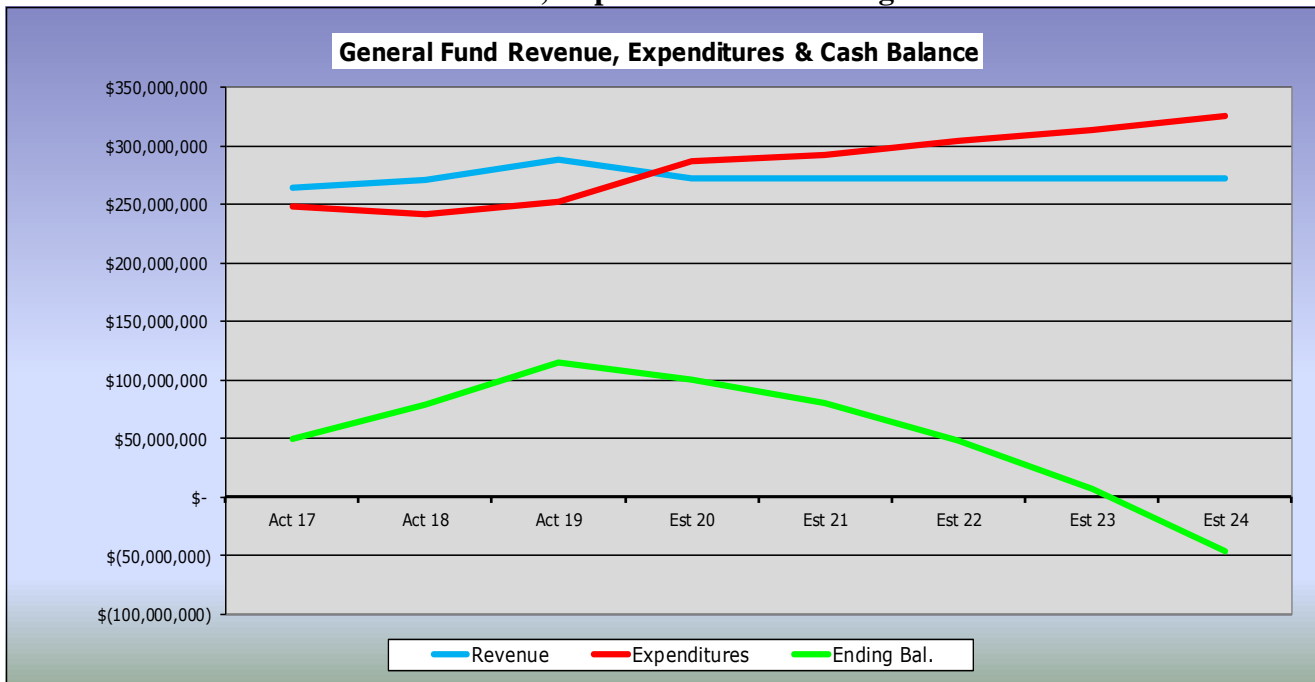
3) Property tax collections are the largest single local revenue source for the school system. The housing market in our district is stable. Total local revenues which are predominately local taxes equate to 22.5% of the district's resources.

4) HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that increase with each biennium budget 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.

5) 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.

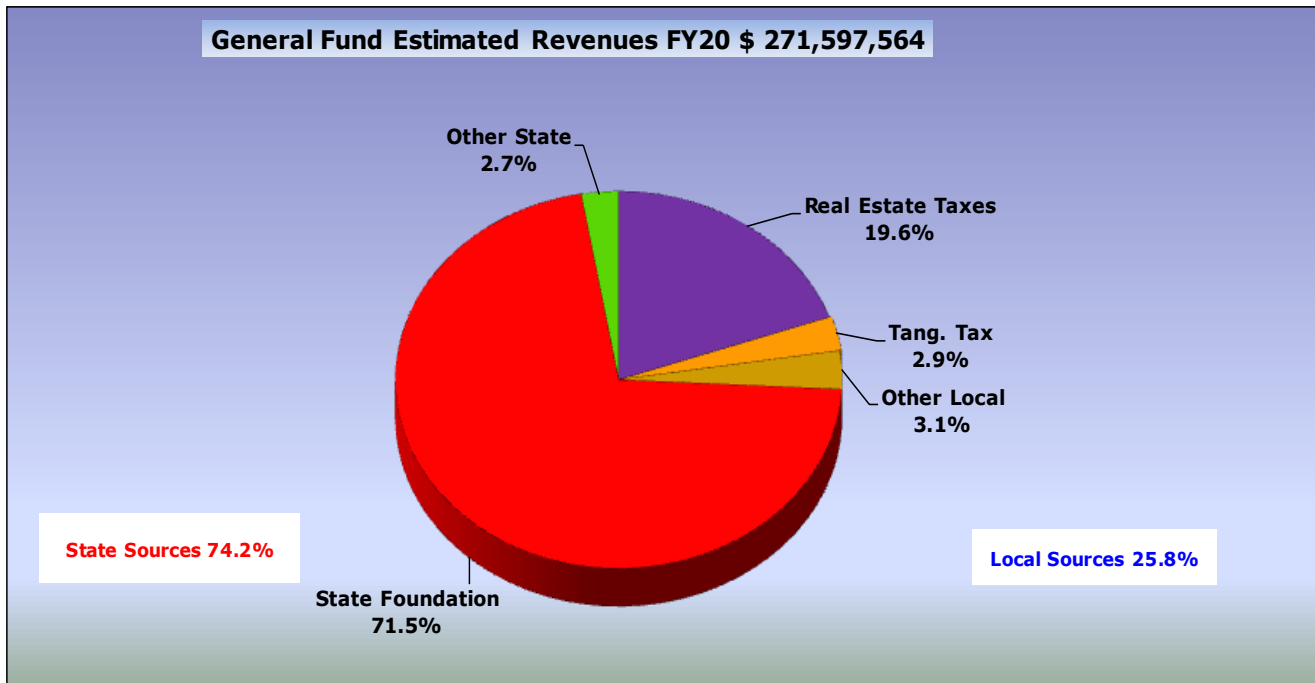
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact me Hiwot Abraha, Treasurer/CFO of Dayton City School District.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions

Estimated General Fund Revenues:



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity. Montgomery County experienced a reappraisal update in the 2017 tax year to be collected in 2018. The 2017 update increased Class I residential property by .55%, but Class II commercial property fell by .71% and overall values fell by .16%. A full reappraisal will occur in tax year 2020 for collection in 2021. At

that time Class I property is estimated to increase by \$2.3 million or .25% and Class II property to remain unchanged. Our total overall property values are expected to increase in 2020 by .2% or \$300,000 in 2020.

We believe the decrease in values which has occurred since the 2008 recession has bottomed out with the 2017 update and the next full reappraisal in 2020 should show some slight gains in values. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

Public Utility Personal Property (PUPP) grew in Tax Year 2018 by \$7.7 million due to reinvestments being made by utilities statewide. This will increase revenue long range for the district.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2019	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023
	<u>COLLECT 2020</u>	<u>COLLECT 2021</u>	<u>COLLECT 2022</u>	<u>COLLECT 2023</u>	<u>COLLECT 2024</u>
Res./Ag.	\$900,968,480	\$901,120,901	\$899,020,901	\$896,920,901	\$894,820,901
Comm./Ind.	\$413,092,380	\$413,492,380	\$413,892,380	\$414,292,380	\$414,692,380
Public Utility Personal Property (PUPP)	\$116,911,280	\$118,911,280	\$120,911,280	\$122,911,280	\$124,911,280
Tangible Personal Property (TPP)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Assessed Value	<u>\$1,430,972,140</u>	<u>\$1,433,524,561</u>	<u>\$1,433,824,561</u>	<u>\$1,434,124,561</u>	<u>\$1,434,424,561</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	FY20	FY21	FY22	FY23	FY24
General Property Taxes	<u>\$53,254,838</u>	<u>\$53,210,757</u>	<u>\$53,265,777</u>	<u>\$53,313,885</u>	<u>\$53,362,115</u>

Property tax levies are estimated to be collected at 87% of the annual amount. This allows a 13% current delinquency. Typically, 52.5% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 47.5% is expected to be collected in the August tax settlements. In FY20 tax collections should return to normal collection amounts for the first and second half settlements.

Renewal and Replacement Levies – Line #11.02

All levies are currently continuing.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Tax – Line#1.020

The phase out of tangible personal property tax (TPP), as noted earlier, began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any revenues received in this line are Public Utility Personal Property (PUPP) taxes which are collected at the districts’ gross tax rates not subject to reduction factors. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August.

<u>Source</u>	FY20	FY21	FY22	FY23	FY24
TPP & PUPP Tax Revenues	<u>\$7,948,172</u>	<u>\$7,966,933</u>	<u>\$8,102,033</u>	<u>\$8,237,133</u>	<u>\$8,372,233</u>

Other Local Revenues – Line #1.060

Open enrollment is expected to remain stable or a slight increase. In addition to increases in open enrollment revenue, we have budgeted increases in tuition reimbursement for court placed students. An overall increase of 1% is factored through FY 2024. Medicaid revenue has experienced an increase over the past several years and is expected to continue to increase throughout the forecast.

Interest income will increase or decrease as the cash position of the General Fund fluctuates over the forecast period. The district’s balances available for investment vary month to month due to cash flow needs. The sharply reduced interest rates will lower investment earnings; however increased fund balance will assist in growth of this revenue source as well as providing the opportunity for longer term investment to increase the yield. Security of the public funds collected by the district is the top priority of the treasurer’s office.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Tuitions	\$1,348,996	\$1,362,486	\$1,376,111	\$1,389,872	\$1,403,771
Interest	2,509,682	2,384,198	2,264,988	2,151,739	2,044,152
Medicaid, ROTC & Erate	1,948,765	1,968,250	1,987,930	2,007,806	2,027,881
Rentals	76,110	76,871	77,640	78,416	79,200
Other Income	<u>3,032,935</u>	<u>3,063,264</u>	<u>3,093,897</u>	<u>3,124,836</u>	<u>3,156,084</u>
Total Line # 1.060	<u>\$8,916,488</u>	<u>\$8,855,069</u>	<u>\$8,800,566</u>	<u>\$8,752,669</u>	<u>\$8,711,088</u>

State Foundation Revenue Estimates

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

The amounts estimated for state funding are based on HB166 funding simulations which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & 21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason, we have projected state aid flat through FY24 as we have nothing authoritative to rely on at this time.

Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district’s percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21 funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$25,000 in FY20 and \$30,000 in FY21. Our district is estimated to receive \$2,985,520 in FY20 and \$4,299,148 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166 that include the following:

Student Wellness and Success Initiatives (ORC 3317.26(B))

- Mental health services
- Services for homeless youth
- Services for child welfare involved youth
- Community liaisons
- Physical health care services
- Mentoring programs
- Family engagement and support services
- City Connects programming
- Professional development regarding the provision of trauma-informed care
- Professional development regarding cultural competence
- Student services provided prior to or after the regularly scheduled school day or any time school is not in session

Community Partners (ORC 3317.26(C))

- A board of alcohol, drug and mental health services
- An educational service center
- A county board of developmental disabilities
- A community-based mental health treatment provider
- A board of health of a city or general health district
- A county department of job and family services
- A nonprofit organization with experience serving children
- A public hospital agency

At this time our district is planning on adding new initiatives to service student needs per our plan as identified in 3317.26 (B) which will be funded in the new Fund 467. We anticipate that these funds will be discontinued in FY22-24 but if successful we may add these new costs to the General Fund FY22-24 and the General Fund forecast has been adjusted for these new expenses.

We believe our current state funding estimates for FY20-24 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

Casino Revenue

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. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY19 statewide were 1,785,583 students at \$52.59 per pupil. That is a decline of .36% students from the prior year. For FY20-24 we estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

A) Unrestricted State Foundation Revenue – Line #1.035

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Basic Aid-Unrestricted	\$175,449,599	\$175,074,080	\$175,074,080	\$175,074,080	\$175,074,080
Additional Aid Items	\$1,925,723	\$1,925,723	\$1,925,723	\$1,925,723	\$1,925,723
Basic Aid-Unrestricted Subtotal	<u>\$177,375,322</u>	<u>\$176,999,803</u>	<u>\$176,999,803</u>	<u>\$176,999,803</u>	<u>\$176,999,803</u>
Ohio Casino Commission ODT	\$656,369	\$658,034	\$659,601	\$661,067	\$662,428
Total Unrestricted State Aid Line # 1.035	<u>\$178,031,691</u>	<u>\$177,657,837</u>	<u>\$177,659,404</u>	<u>\$177,660,870</u>	<u>\$177,662,231</u>

B) Restricted State Revenues – Line # 1.040

HB166 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY20-24.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Economically Disadvantaged Aid	\$14,185,303	\$14,185,303	\$14,185,303	\$14,185,303	\$14,185,303
Career Tech - Restricted	<u>\$1,952,533</u>	<u>\$1,952,533</u>	<u>\$1,952,533</u>	<u>\$1,952,533</u>	<u>\$1,952,533</u>
Total Restricted State Revenues Line #1.040	<u>\$16,137,836</u>	<u>\$16,137,836</u>	<u>\$16,137,836</u>	<u>\$16,137,836</u>	<u>\$16,137,836</u>

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2020 through 2024.

<u>Summary of State Foundaton Revenues</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Unrestricted Line # 1.035	\$178,031,691	\$177,657,837	\$177,659,404	\$177,660,870	\$177,662,231
Restricted Line # 1.040	\$16,137,836	\$16,137,836	\$16,137,836	\$16,137,836	\$16,137,836
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$194,169,527</u>	<u>\$193,795,673</u>	<u>\$193,797,240</u>	<u>\$193,798,706</u>	<u>\$193,800,067</u>

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. The result of HB59 is that homestead reimbursements have decreased from previous levels and like the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

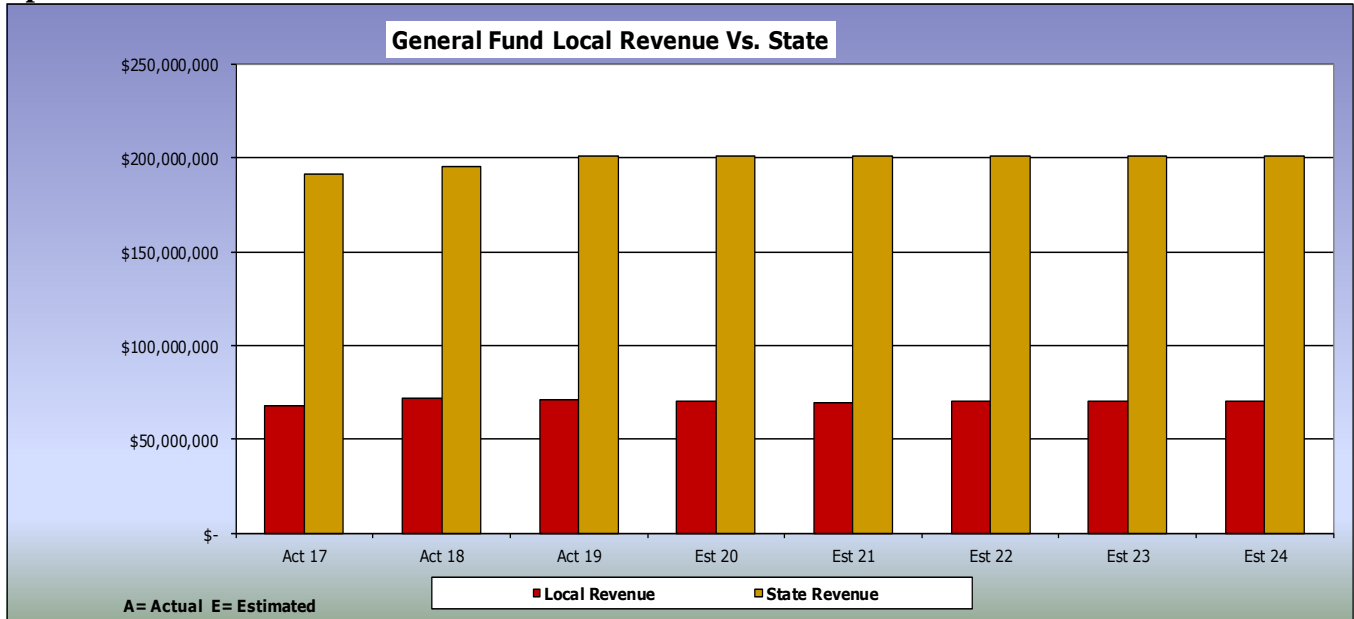
b) Tangible Personal Property Reimbursements – Fixed Rate

The District no longer receives fixed rate TPP reimbursements.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Rollback and Homestead	<u>\$7,308,539</u>	<u>\$7,360,694</u>	<u>\$7,365,178</u>	<u>\$7,367,564</u>	<u>\$7,369,971</u>

Comparison of Local Revenue and State Revenue:



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

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

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

These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$1,271,196</u>	<u>\$1,250,000</u>	<u>\$825,000</u>	<u>\$825,000</u>	<u>\$825,000</u>
Total Transfer & Advances In	<u>\$1,271,196</u>	<u>\$1,250,000</u>	<u>\$825,000</u>	<u>\$825,000</u>	<u>\$825,000</u>

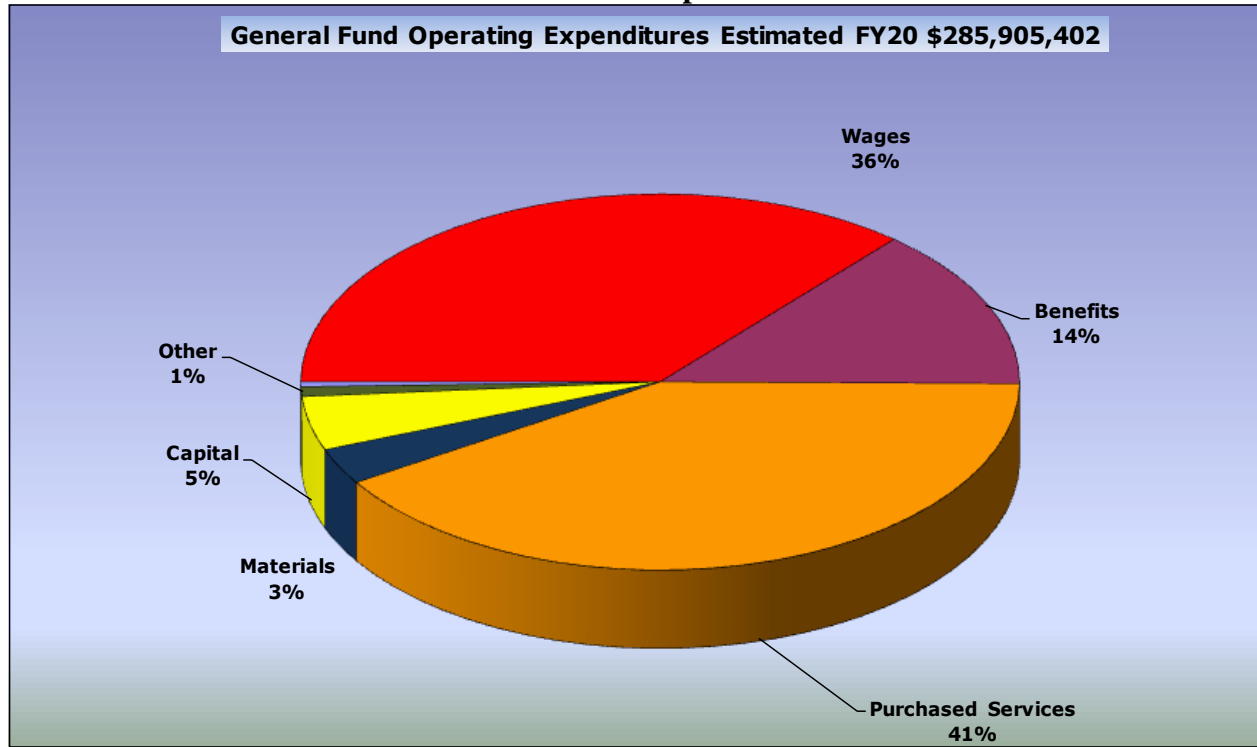
All Other Financial Sources – Line #2.060

The amount reflected in refund of prior year expenditures line for FY20 reports the \$140,000 for education testing services received in FY19 and \$20,000 is for other miscellaneous refunds.

	FY20	FY21	FY22	FY23	FY24
Refund of prior years expenditures	<u>\$160,000</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,000</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY20:



Wages – Line #3.010

The expenditures in this category are for salaries and wages for services rendered for all union and non-union employees. In addition to cost of living wage increases, a majority of employees who are paid on a salary schedule receive vertical step increases based on years of experience. Additionally, certified staff can move horizontally between ranges on the salary schedule by furthering their education (i.e. Bachelor’s Degree to Master’s Degree, etc.). Union employees are represented by eleven different associations. Professional staff members are represented by the Dayton Education Association (DEA). In August 2017, DEA and the District approved a new Master Contract effective through June 30, 2019 and also, in June 2019 a continuation contract was approved through June 30, 2022. The other ten bargaining units’ contracts also approved effective July 1, 2017 through June 30, 2020. We have increased the wage increases to retain and attract additional high quality staff at all levels of the organization.

<u>Source</u>	FY20	FY21	FY22	FY23	FY24
Base Wages	\$88,635,338	\$99,230,637	\$104,688,322	\$110,446,180	\$115,968,489
Contractual Increases	9,528,299	5,457,685	5,757,858	5,522,309	5,798,424
Growth	\$1,067,000	\$0	\$0	\$0	\$0
Substitutes and Temporaries	3,767,096	3,767,096	3,767,096	3,767,096	3,767,096
Supplemental/Overtime	749,991	749,991	749,991	749,991	749,991
Staff Reductions	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Wages Line 3.010	<u>\$103,747,724</u>	<u>\$109,205,409</u>	<u>\$114,963,267</u>	<u>\$120,485,576</u>	<u>\$126,284,000</u>

Fringe Benefits Estimates Line 3.020

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

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. In addition, SERS Levies a surcharge for part time employees who earn less than \$35,800. There is a cap of 2% of total district payroll. In addition, SERS cannot collect more than 1.5% of the total statewide payroll.

B) Insurance

Health care coverage is provided for employees on a self-insured basis up to stop loss limit of \$350,000 specific claim. Claims are funded based upon per employee charge. The district contributes 85% of the medical premium for full time staff and less for part time staff. The district also contributes 90% of the dental and vision premiums. The health insurance plan is administered as a high deductible health plan (HDHP) with a health savings account (HSA). The board’s contribution to the health savings account \$750 for single plan and \$1,500 for a family plan. The estimated increases for medical, vision and dental insurance are 6.0% for benefit year 2020-2024. The above increases include adjustments for inflation, historical trends and the function of the health insurance committee to maintain control of costs. Vision was added to the last labor agreement.

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. We are not certain what these added costs may be but there are “taxes” mandated by the act which we are aware of. Longer-term, a significant concern is the 40% “Cadillac Tax” but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds \$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 continues in a Group Retrospective Rating Program. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
A) STRS/SERS	\$14,778,643	\$15,648,672	\$16,509,348	\$17,340,050	\$18,207,052
B) Insurance's	22,354,114	23,695,361	25,117,083	26,624,108	28,221,554
C) Workers Comp/Unemployment	1,137,477	1,192,054	1,249,633	1,304,856	1,362,840
D) Medicare	1,303,331	1,361,981	1,423,270	1,487,317	1,554,246
Other/Tuition	<u>67,899</u>	<u>67,899</u>	<u>67,899</u>	<u>67,899</u>	<u>67,899</u>
Total Line 3.020	<u>\$39,641,464</u>	<u>\$41,965,967</u>	<u>\$44,367,233</u>	<u>\$46,824,230</u>	<u>\$49,413,591</u>

Purchased Services – Line #3.030

This line includes costs for community and Science, Technology, Engineering and Math (STEM) schools, scholarships, open enrollment, contracted services, utilities, legal services, data processing, tuition, and professional meeting expenses, transportation for high school (contract with RTA) and contracted substitutes. In FY 20-24, an overall inflation of 3% is being estimated for all categories of this expense except for the Community School, Open Enrollment and Other Tuition categories. The estimated increase for these categories has been estimated at 5% as the students leaving for EdChoice, Open Enrollment and Community School include an additional 100 Student for each group. The expenditure for our students attending elsewhere is one the fastest growing expenditures since fiscal year 2014. An area on concern has been sub teacher availability, we have increased the services contract, the administration also has added a contract with Dayton Public Transit to improve the student access to transportation.

We have assumed the utilities to increase 1.5% in fiscal year 2020-2024 due to an increase and electricity transmission fees. Basic services and county ESC services has increased to include additional instructional services.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Base Services	\$1,953,213	\$2,011,809	\$2,072,163	\$2,134,328	\$2,198,358
Instructional & Professional Services	19,975,322	20,574,582	21,191,819	21,827,574	22,482,401
Open Enrollment Deduction-477	5,926,155	6,103,940	6,287,058	6,475,670	6,669,940
Community School Deductions-478	56,070,954	56,631,664	57,197,981	57,769,961	58,347,661
Other Tuition Including Ed Scholarship-479	16,808,617	16,976,703	17,825,538	18,716,815	19,652,656
Excess Cost and SF14 470-475	5,402,519	5,564,595	5,842,825	6,134,966	6,441,714
Transportation Contract	4,104,410	3,202,680	3,202,680	3,202,680	3,202,680
Building Services	2,680,978	2,761,407	2,899,477	3,044,451	3,196,674
Utilities	<u>3,887,723</u>	<u>4,004,355</u>	<u>4,164,529</u>	<u>4,331,110</u>	<u>4,504,354</u>
Total Line 3.030	<u>\$116,809,891</u>	<u>\$117,831,735</u>	<u>\$120,684,070</u>	<u>\$123,637,555</u>	<u>\$126,696,438</u>

Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. We have added supplies for diversity, after school programming, River's Edge, and Thurgood STEM. The administration will continue to invest additional monies into the textbooks and Chrome Books to improve the curriculum for the students.

<u>Source</u>	FY20	FY21	FY22	FY23	FY24
Supplies	\$3,397,469	\$3,499,393	\$3,604,375	\$3,712,506	\$3,823,881
Transportation	\$2,683,329	1,733,932	1,371,136	1,126,980	2,683,329
Textbooks & Technology	1,713,270	764,668	787,608	811,236	835,573
Building Supplies	<u>1,093,707</u>	<u>1,126,518</u>	<u>1,160,314</u>	<u>1,195,123</u>	<u>1,230,977</u>
Total Line 3.040	<u>\$8,887,775</u>	<u>\$6,654,408</u>	<u>\$6,854,041</u>	<u>\$7,059,661</u>	<u>\$7,271,451</u>

Equipment – Line # 3.050

For FY 2020 through FY2024 we included a capital plan around all building improvements. The administration added dollars for Building Maintenance and Improvements at approximately \$10 million for FY 20-23. The General Fund will transfer the payment annually to the Debt Service Fund to retire any of this debt we issue.

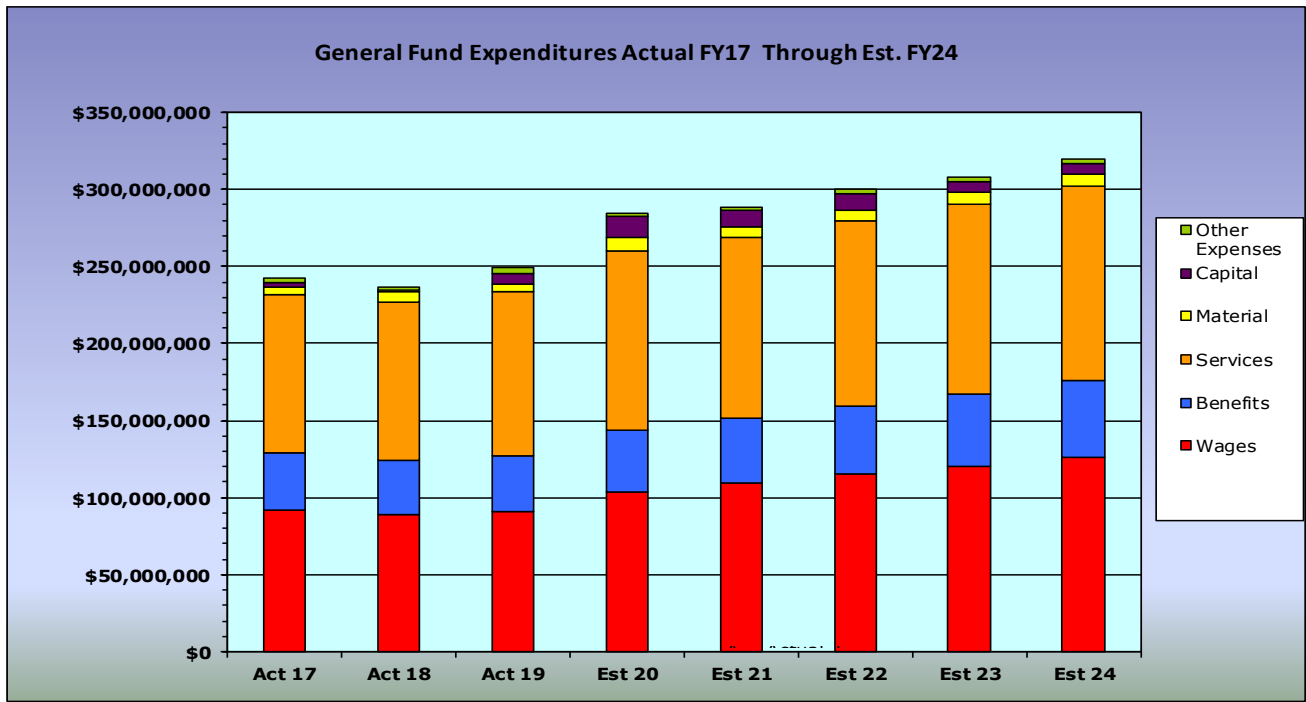
<u>Source</u>	FY20	FY21	FY22	FY23	FY24
Capital Outlay	\$8,000,000	\$6,500,000	\$6,695,000	\$6,895,850	\$7,102,726
Building Improvements	\$3,699,577	\$3,699,577	\$3,699,577	\$0	\$0
Technology	<u>1,500,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
Total Line 3.050	<u>\$13,199,577</u>	<u>\$10,649,577</u>	<u>\$10,844,577</u>	<u>\$7,345,850</u>	<u>\$7,552,726</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase with new construction as more dollars are collected. As a result, A&T fees noted below are maintained at current levels. Currently, we are estimating annual increase of 1% for this forecast.

<u>Source</u>	FY20	FY21	FY22	FY23	FY24
County Auditor & Treasurer Fees	\$799,424	\$807,418	\$815,492	\$823,647	\$831,883
County ESC	100,000	100,000	100,000	100,000	100,000
Other expenses	<u>1,525,274</u>	<u>1,571,032</u>	<u>1,618,163</u>	<u>1,666,708</u>	<u>1,716,709</u>
Total Line 4.300	<u>\$2,424,698</u>	<u>\$2,478,450</u>	<u>\$2,533,655</u>	<u>\$2,590,355</u>	<u>\$2,648,592</u>

Total Expenditure Categories Actual Fiscal Year 2017 through Fiscal Year 2019 and Estimated Fiscal Year 2020 through Fiscal Year 2024



Transfers Out/Advances Out – Line# 5.010

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

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Operating Transfers Out #5.010- Debt Service	\$150,000	\$1,170,000	\$2,358,900	\$3,558,950	\$4,782,525
Advances Out Line #5.020	1,250,000	825,000	825,000	825,000	825,000
Total	<u>\$1,400,000</u>	<u>\$1,995,000</u>	<u>\$3,183,900</u>	<u>\$4,383,950</u>	<u>\$5,607,525</u>

Debt Service:

The District currently amortizes the purchase of \$9.2 million bus fleet lease that is complete in October of 2023.

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Principal -Other # 4.055	<u>\$1,094,665</u>	<u>\$1,117,331</u>	<u>\$1,140,467</u>	<u>\$1,164,082</u>	<u>\$591,049</u>
Total	<u>\$1,094,665</u>	<u>\$1,117,331</u>	<u>\$1,140,467</u>	<u>\$1,164,082</u>	<u>\$591,049</u>

<u>Source</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Interest Other Total Line 4.060	<u>\$99,608</u>	<u>\$76,941</u>	<u>\$53,806</u>	<u>\$30,192</u>	<u>\$6,088</u>

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.

	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Estimated Encumbrances	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>

Reservation of Fund Balance “Budget Reserve” - Line #9.03

In December of 2014 the Board of Education passed Board Policy DBDA. The Board believes that the creation and maintenance of a cash balance reserve of ten percent (10%) of operating expenditures is both prudent and necessary and in the interest of sound fiscal management.

The Board affirms and declares that tax levies shall be pursued, and or the School District’s finances otherwise be managed, to ensure a general fund cash balance equivalent to at least ten percent (10%) of general fund operating expenditures.

Upon receiving any indication that such a cash balance may not be maintained for any year during the current five-year financial forecast period, the Treasurer shall report such a finding to the Board. The Superintendent and Treasurer will propose options that the Board may consider.

<u>Source</u>	FY20	FY21	FY22	FY23	FY24
Textbooks & Instructional Materials- Line 9.010	\$0	\$0	\$0	\$0	\$0
Capital Improvements- Line 9.020	\$0	\$0	\$0	\$0	\$0
Budget Reserve-Line 9.030 (BOE Policy DBDA)	\$30,144,112	\$30,913,750	\$32,046,393	\$32,046,393	\$32,046,393
DPIA - Line 9.040	\$0	\$0	\$0	\$0	\$0
Fiscal Stabilization - Line 9.045	\$0	\$0	\$0	\$0	\$0
Debt Service - Line 9.05	\$0	\$0	\$0	\$0	\$0
Property Tax Advances for Future Year- Line 9.060	\$0	\$0	\$0	\$0	\$0
State Bus Purchases- Line 9.070	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Reservations of Balance- Line#9.080	<u>\$30,144,112</u>	<u>\$30,913,750</u>	<u>\$32,046,393</u>	<u>\$32,046,393</u>	<u>\$32,046,393</u>

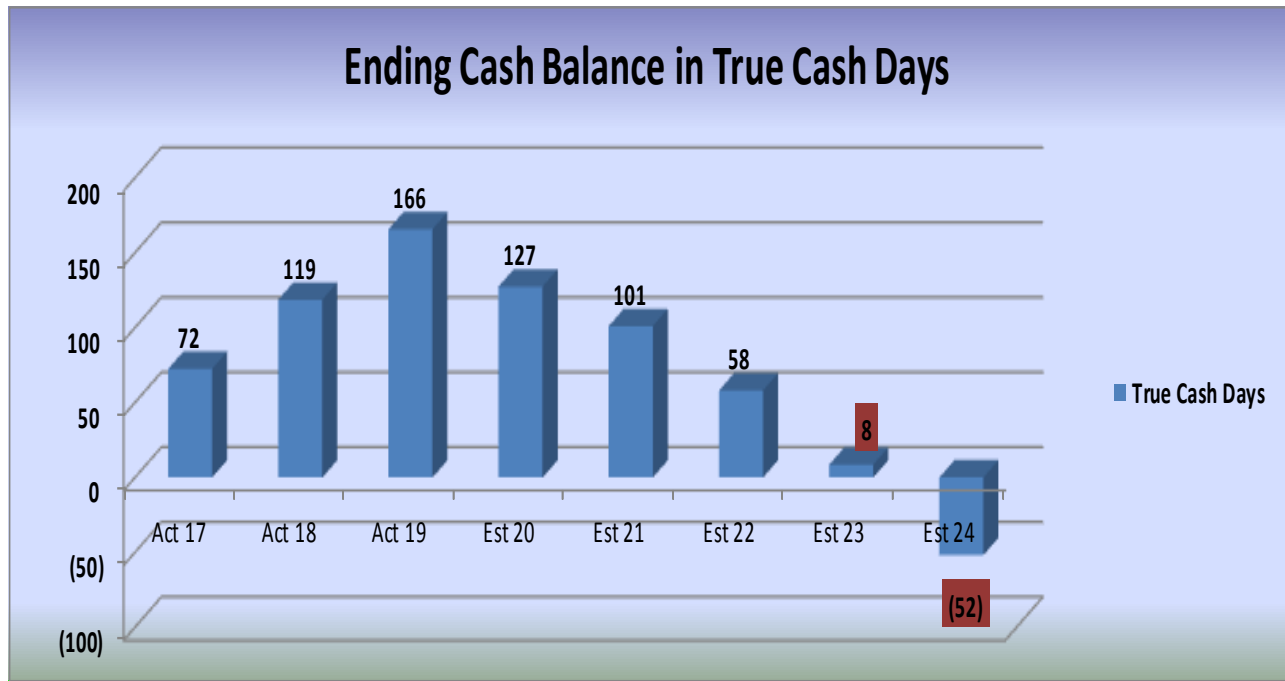
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

	FY20	FY21	FY22	FY23	FY24
Ending Unencumbered Cash Balance	<u>\$65,145,908</u>	<u>\$44,915,577</u>	<u>\$11,388,712</u>	<u>-\$29,762,782</u>	<u>-\$83,318,768</u>

True Cash Days for Ending Cash Balance

The district has seen an increase of revenue from the state as the percentage state revenue has increased with the past two budget bills. The increase has allowed the district to increase the districts true cash days from being underfunded in FY14 to a reputable balance. The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, for a district to maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The district will have that amount at the end of FY21.



Conclusion

State law requires schools to operate with positive cash balances. Additional revenue and/or expenditure reductions will need to be considered prior to years where line 7.020 Cash Balance June 30 is negative. Changes in circumstances and the availability of additional information make this forecast subject to revision. Given the uncertainty of future state budgets, local, state and national economic factors, fiscal year 2022 and beyond may deviate significantly from the forecast.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds to our district which in the past has helped to offset the drop in our TPP reimbursements. Future state biennium budgets could affect us positively or negatively for FY22 through FY24.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.