DAYTON

PUBLIC SCHOOLS

FIVE-YEAR FINANCIAL FORECAST NOTES AND ASSUMPTIONS

For the Fiscal Years Ending June 30, 2018 through 2022

October 10, 2017

The mission of the Dayton City School District is to equip our students to achieve success in a global society by implementing an effective and rigorous curriculum with fidelity.

General

The Ohio Constitution assigns the state the responsibility for a thorough and efficient system of public common schools as adopted in Article VI, section 2, which states, "The General Assembly shall make such provisions, by taxation, or otherwise, as, with the income arising from the school trust fund, will secure a thorough and efficient system of common schools throughout the state; but no religious or other sect, or sects, shall ever have any exclusive right to, or control of, any part of the schools funds of this state."

Ohio Revised Code (ORC) section 5705.391 and Ohio Administrative Code (OAC) section 3301-92-04 require a Board of Education (BOE) to submit a five-year forecast of operational revenues and expenditures along with assumptions to the Ohio Department of Education (ODE) prior to October 31 of each fiscal year and to update this forecast between April 1 and May 31 of each fiscal year. The Treasurer/CFO submits the forecast. The Board of Education is recognized as the official owner and has ultimate responsibility for its development.

A financial forecast can be broadly defined as the expected financial position and the results of operations and cash flows based on expected conditions. The five-year financial forecast is a key management tool designed to aid decision making in establishing and maintaining a prudent level of financial resources to ensure stable tax rates as well as to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Three key objectives of the five-year financial forecast include the following:

1) To engage the local board of education and the community in long range planning.

2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. 5705.412, commonly known as the "412 certificate".
3) To provide a method for the ODE and Auditor of State to identify school districts with potential financial problems.

Required funds to be included in the forecast are:

- General funds (001)
- Any special cost center associated with general fund money
- Emergency levy funds (016)
- Any debt service (002) activity that would otherwise have gone to the general fund
- Poverty Based Assistance (PBA) funds (494)
- Education Jobs funds (504)
- State Fiscal Stabilization funds (532)

The American Institute of Certified Public Accountants (AICPA) Guide for Prospective Financial Information defines "Particularly Sensitive Assumptions" as having a relatively high probability of variation that would materially affect the financial forecast. This may be due to a relatively high probability of a sizable variation or the probability of a sizable variation which is not as high but a small variation would have a large impact.
The following factors may be classified as such:

- Revenue and Other Financing Sources:
    - General Property Tax factors include taxable values, tax rates and collection rates.
    - Unrestricted Grants-In-Aid and Property Tax Allocation factors include political forces in the state biennium budget cycle, student enrollment and property/income wealth.
- Expenditures and Other Financing Uses:
    - Personal Services factors include the various collective bargaining agreements.
    - Purchased Services factors include enrollment and per pupil allocations for community schools, scholarships and open enrollment as well as political forces in the state biennium budget cycle.

The following is a detailed line-by-line description of the assumptions made in developing the forecast:

<u>Forecast Risks and Uncertainty:</u>
A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 and FY22-23, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

I. HB49, the new state budget continues the TPP Fixed Rate Reimbursement phase-out continuing the language provided for in SB208 that will lower the payment each year by what five-eights (5/8) of 1 mill that would raise locally, based on the 3 year average of Tax Year 14-16 assessed district values. The phase out was completed in FY17 for Dayton Public Schools.

II. The State Budget represents 74.2% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY22.

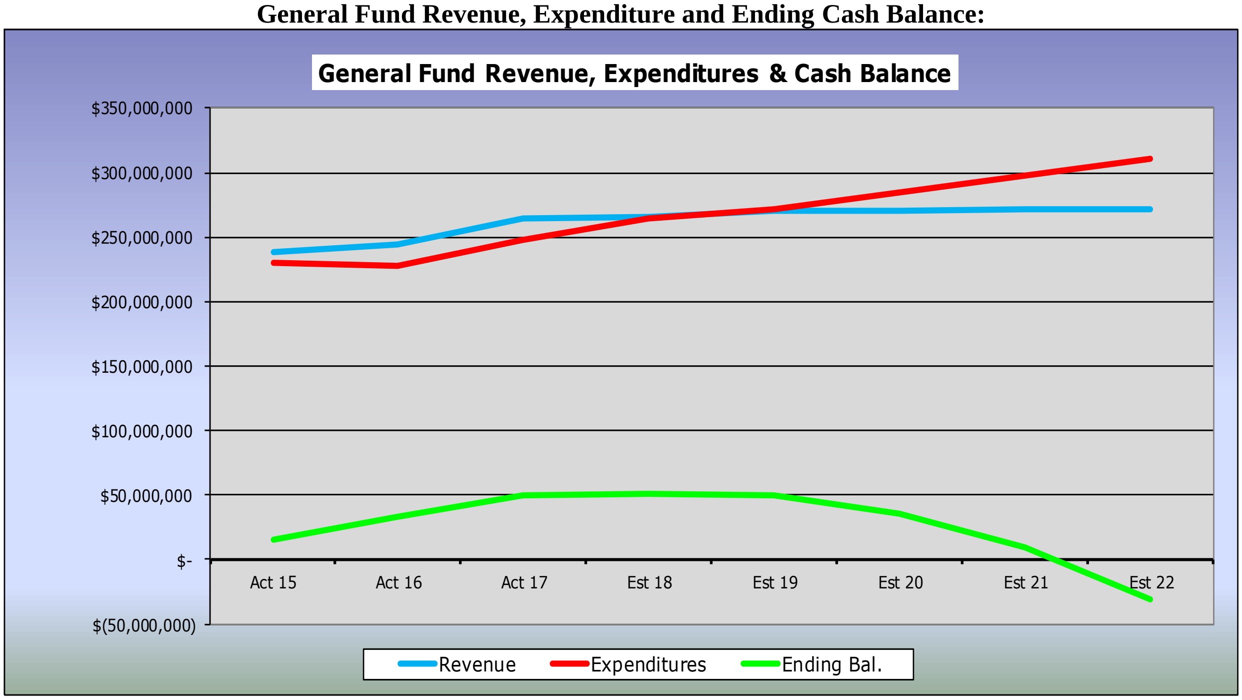
III. Montgomery County experienced a reappraisal update in the 2014 tax year to be collected in FY15. The 2017 update increased overall assessed values by $7.1 million or an increase of .5%. A next reappraisal will occur in tax year 2019 for collection in FY20.

IV. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply FY16 from $20,000 to $27,000 each, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

V. 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.

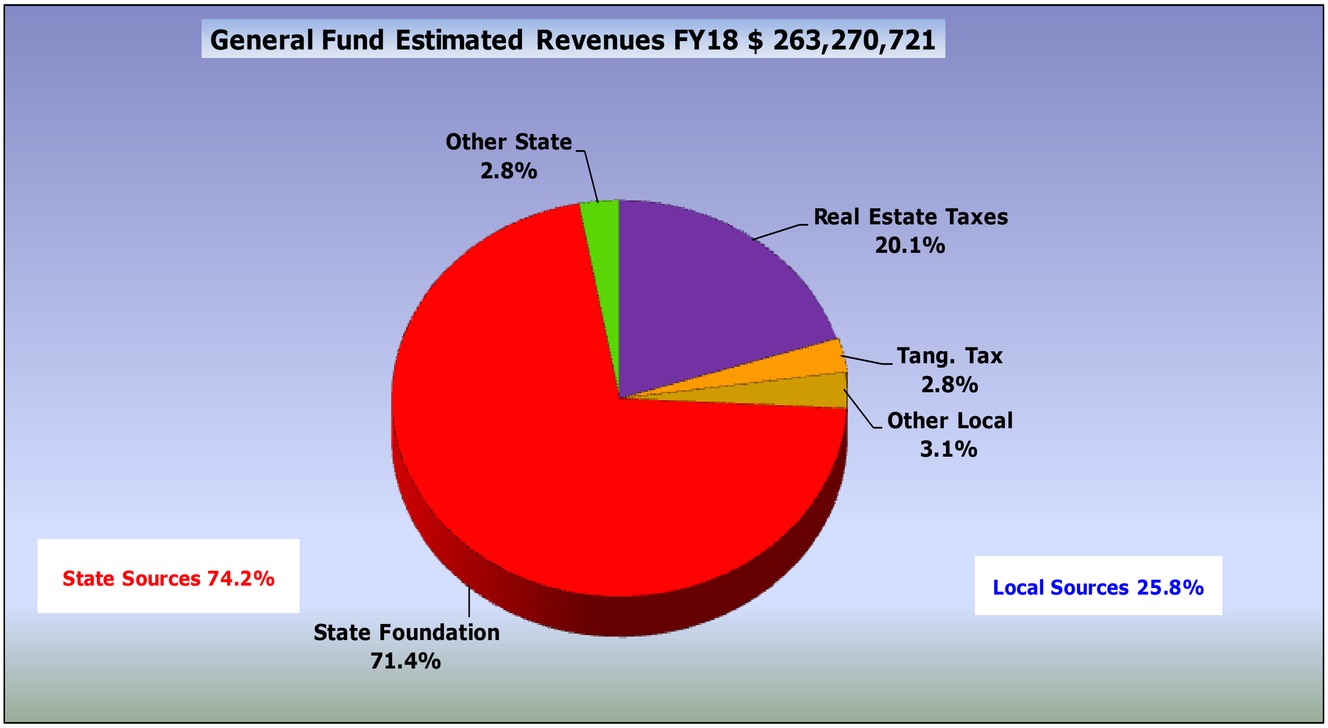
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for 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 and complete reappraisal or updated values. Montgomery County experienced a reappraisal for the 2014 tax year to be collected in 2015. In 2017 values increased 1/2% or $7.1 million due to the reappraisal update.

A full reappraisal will occur in 2020 for collection in 2021 for which we are estimating no increase for residential/agricultural or commercial/industrial property.

Public Utility Personal Property (PUPP) grew in Tax Year 2016 by $6.8 million and grew in F17 by another $1.8 million due to reinvestments being made by utilities statewide. Vectron settled a BOR request that reduced the district's PUPP values $8.6 million for tax year 2017 collected in FY18 which is reflected in this forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2017 COLLECT 2018	Estimated TAX YEAR2018 COLLECT 2019	Estimated TAX YEAR2019 COLLECT 2020	Estimated TAX YEAR2020 COLLECT 2021	Estimated TAX YEAR2021 COLLECT 2022
Res./Ag.	$914,386,492	$912,286,492	$910,186,492	$908,086,492	$905,986,492
Comm./Ind.	$410,618,084	$410,518,084	$410,918,084	$411,318,084	$411,718,084
Public Utility Personal Property (PUPP)	$96,321,940	$98,321,940	$100,321,940	$102,321,940	$104,321,940
Tangible Personal Property (TPP)	$0	$0	$0	$0	$0
Total Assessed Value	$1,421,326,516	$1,421,126,516	$1,421,426,516	$1,421,726,516	$1,422,026,516

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY18	FY19	FY20	FY21	FY22
General Property Taxes	$52,952,043	$53,093,717	$53,127,707	$53,175,888	$53,224,189

Property tax levies are estimated to be collected at 87% of the annual amount. This allows an 11% delinquency and 2% auditor and treasurer fees. Typically, 52% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 48% is expected to be collected in the August tax 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.

Source	FY18	FY19	FY20	FY21	FY22
TPP & PUPP Tax Revenues	$7,298,179	$6,574,097	$6,709,197	$6,844,297	$6,979,397
Total Line # 1.020	$7,298,179	$6,574,097	$6,709,197	$6,844,297	$6,979,397

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 2022. 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.

Source	FY18	FY19	FY20	FY21	FY22
Tuitions	$1,230,343	$1,242,646	$1,255,072	$1,267,623	$1,280,299
Interest	406,361	406,361	406,361	406,361	406,361
Medicaid, ROTC & Erate	3,440,470	3,474,872	3,509,618	3,544,711	3,580,155
Rentals	299,051	302,042	305,062	308,113	311,194
Other Income	2,263,757	2,438,757	2,438,757	2,438,757	2,438,757
Total Line # 1.060	$7,639,982	$7,864,678	$7,914,870	$7,965,565	$8,016,766

State Foundation Revenue Estimates
A) Unrestricted State Foundation & Casino Revenue – Line #1.035
HB49 largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. The amounts estimated for state funding are based on component computations from the Legislative Service Commission (LSC) July 7, 2017 funding simulation of HB49 for FY18 and FY19. The ODE **has not** updated the State Foundation Payment Report (SFPR) formulas for the various changes made. The ODE is not expected to have

the SFPR recomputed until after our forecast is required to be filed. If the LSC simulations are correct, then our state foundation estimates should be accurate. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY17 SFPR reconciliation and the actual formulization of the HB49 variables expected in the next few months. We are projected to be a CAP district regarding state funding in FY18.

HB49 continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula's measure of a districts capacity to raise local revenue. The higher a district's ability to raise taxes based on wealth the lower the SSI will be, and vice versa. The index is derived from a district's wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district's SSI and therefor the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

1) Opportunity Grant – Per pupil amount increased .17% from $6,000 in FY17 to $6,010 in FY18 and .17% to $6,020 in FY19. Well below inflation rates.
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.
4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
7) Gifted Funds –Based on average daily membership at $5.05 in FY18 & FY19.
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

HB49 continues additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue; however, some items are now included in CAP district payments:

1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
3) 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.
4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately $450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

Gain Cap Funded Districts- For the first time HB49 has created tiers of funding for districts that are on the funding cap (or limit) based on the amount of student ADM growth. Generally, if a district is a "Cap" district the state formula calculates that a district is owed more than they are being paid. The Cap grew 7.5% in FY16 and FY17 from the FY15 levels. There are now funding tiers established for Cap district's based on three (3) year average ADM growth for the period FY14-FY16. The Cap will generally be 3% additional funding in FY18 and FY19 from the FY17 levels, with the following exceptions:

1) If average ADM from FY14 to FY16 is 5.5% or greater in FY18 or 6% greater in FY19, the gain cap is set at 5.5% or 6% respectively, of the district's previous year's state aid. Cap limits will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.
2) If average ADM from FY14 to FY16 is between 3% and 5.5% in FY18, or between 3% and 6% in FY19, the gain cap is set at a scaled amount between 3% and 5.5% and 3% and 6% respectively, of the districts previous year's state aid. Cap limit will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.

Our current SFPR estimates for FY18 are using July #1 Final SFPR average daily membership (ADM) and through FY22. 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 2018, and then there will be adjustments into the succeeding fiscal year.

Future State Budgets: Our funding status for the FY20-22 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding lowering per pupil growth to .5% per year FY20-FY22, due to the potential for the economy to be slower.

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

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY17statewide were 1,799,220 students at $49.66 per pupil. For FY18-22 we estimated another 3 tenths of 1% decline in pupils to 1,793,800 and GCR increasing to $90.3 million or $50.34 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

A) Unrestricted State Foundation Revenue – Line #1.035

Source	FY18	FY19	FY20	FY21	FY22
Basic Aid-Unrestricted	$168,452,331	$174,445,613	$175,015,308	$174,729,992	$174,437,255
Additional Aid Items	$2,380,957	$2,380,957	$2,380,957	$2,380,957	$2,380,957
Basic Aid-Unrestricted Subtotal	$170,833,288	$176,826,570	$177,396,265	$177,110,949	$176,818,212
Ohio Casino Commission ODT	$633,327	$651,270	$669,720	$688,691	$708,197
Total Unrestricted State Aid Line # 1.035	$171,466,615	$177,477,840	$178,065,985	$177,799,640	$177,526,409

B) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 throughout the forecast.

Source	FY18	FY19	FY20	FY21	FY22
Economically Disadvantaged Aid	$14,801,019	$14,949,029	$15,098,519	$15,249,504	$15,401,999
Career Tech - Restricted	$1,624,873	$1,624,873	$1,624,873	$1,624,873	$1,624,873
Total Restricted State Revenues Line #1.040	$16,425,892	$16,573,902	$16,723,392	$16,874,377	$17,026,872

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2018 through 2022.

Summary of State Foundaton Revenues	FY18	FY19	FY20	FY21	FY22
Unrestricted Line # 1.035	$171,466,615	$177,477,840	$178,065,985	$177,799,640	$177,526,409
Restricted Line # 1.040	$16,425,892	$16,573,902	$16,723,392	$16,874,377	$17,026,872
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$187,892,507	$194,051,742	$194,789,377	$194,674,017	$194,553,281

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.

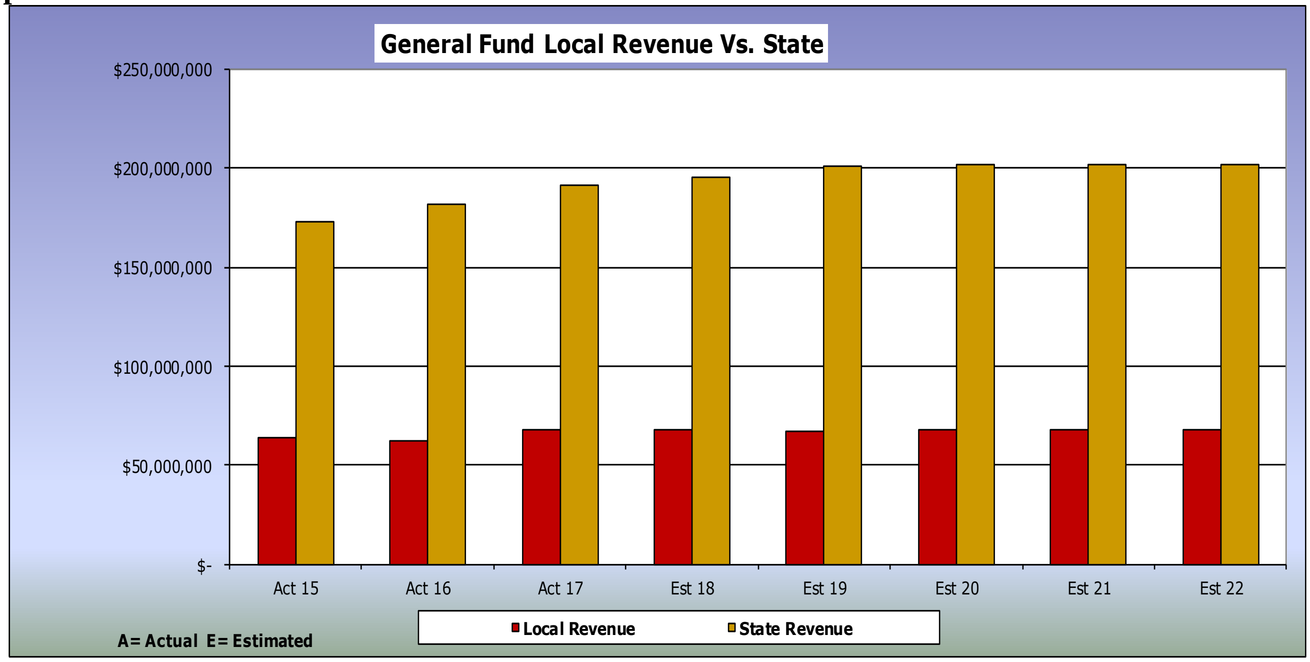
b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

The District no longer receives fixed rate or fixed sum TPP reimbursements.

Summary of State Tax Reimbursement – Line #1.050

Source	FY18	FY19	FY20	FY21	FY22
a) Rollback and Homestead	$7,488,010	$7,501,000	$7,503,346	$7,505,713	$7,508,102
Total Tax Reimb./Prop. Tax Allocations #1.050	$7,488,010	$7,501,000	$7,503,346	$7,505,713	$7,508,102

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.

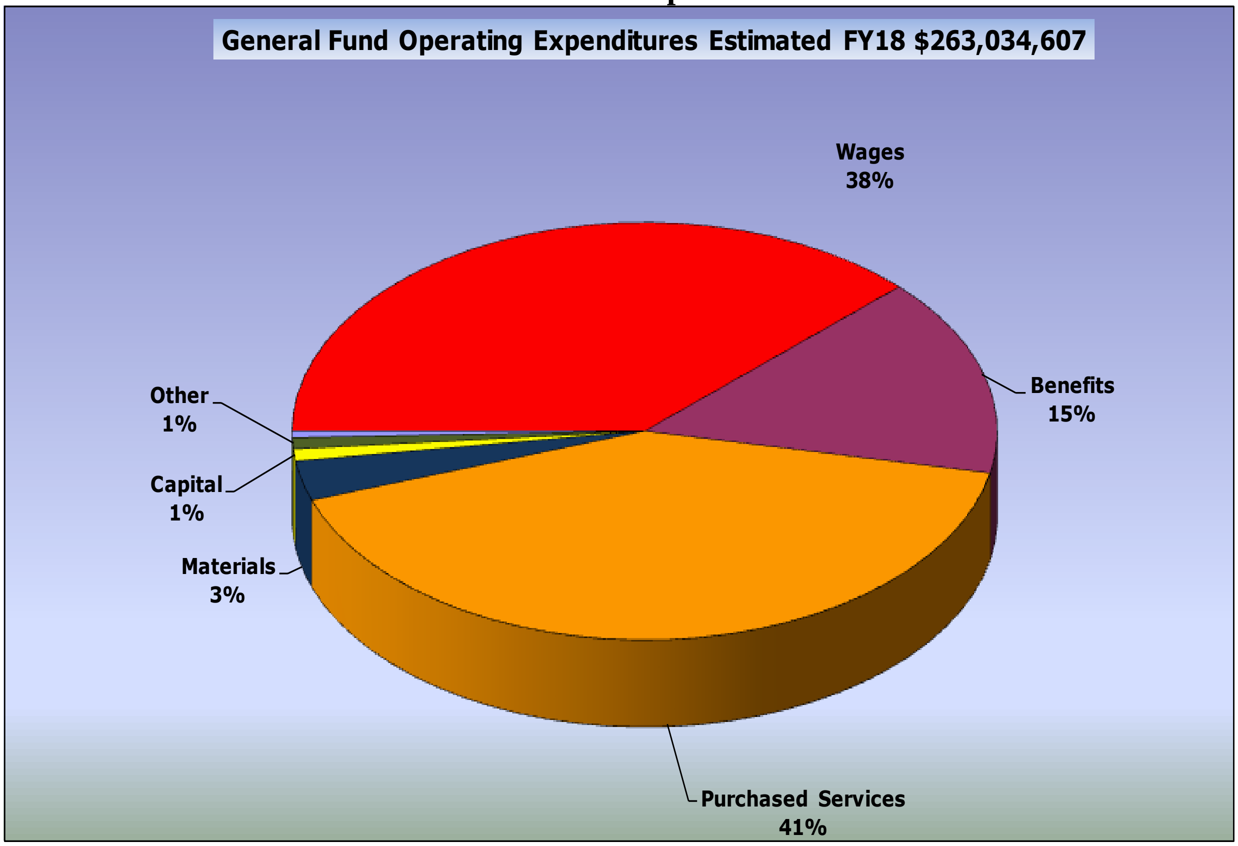
All Other Financial Sources – Line #2.060
The amount reflected in refund of prior year expenditures line for FY18 reports the $926,540 for BWC rebate and other miscellaneous refunds.

Source	FY18	FY19	FY20	FY21	FY22
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$1,557,869	$825,000	$825,000	$825,000	$825,000
Total Transfer & Advances In	$1,557,869	$825,000	$825,000	$825,000	$825,000

	FY18	FY19	FY20	FY21	FY22
Refund of prior years expenditures	$966,540	$40,000	$40,000	$40,000	$40,000

Expenditures Assumptions

Estimated General Fund Expenditures for FY18:



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. The other bargaining units are in varying stages of negotiations and we expect agreements through June 30, 2020.

Source	FY18	FY19	FY20	FY21	FY22
Base Wages	$89,429,647	$94,795,426	$100,246,163	$105,258,471	$110,521,395
Contractual Increases	5,365,779	5,450,737	5,012,308	5,262,924	5,526,070
Substitutes and Temporaries	2,385,886	2,385,886	2,385,886	2,385,886	2,385,886
Supplemental/Overtime	2,355,150	2,355,150	2,355,150	2,355,150	2,355,150
Staff Reductions	$0	$0	$0	$0	$0
Total Wages Line 3.010	$99,536,462	$104,987,199	$109,999,507	$115,262,431	$120,788,501

Fringe Benefits Estimates Line 3.02

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 8.0% for benefit year 2018-2022. 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.

<u>Patient Protection and Affordable Care Act (PPACA) Costs</u>- 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 carefully at the federal level for amendment or repeal. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be but there are "taxes" mandated by the act which 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 could 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 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

Source	FY18	FY19	FY20	FY21	FY22
A) STRS/SERS	$15,059,953	$15,930,371	$16,741,109	$17,578,164	$18,457,073
B) Insurance's	22,898,505	24,730,385	26,708,816	28,845,521	31,153,163
C) Workers Comp/Unemployment	1,095,365	1,149,872	1,199,995	1,252,624	1,307,885
D) Medicare	1,287,750	1,339,260	1,392,830	1,448,543	1,506,485
Other/Tuition	108,868	108,868	108,868	108,868	108,868
Total Line 3.020	$40,450,441	$43,258,756	$46,151,618	$49,233,720	$52,533,474

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. In FY 18-22, 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.

We have assumed the utilities to increase 5% in fiscal year 2018 and flat for 2019-2022 due to an increase and electricity transmission fees and the past two winters have been mild. Basic services and county ESC services

Source	FY18	FY19	FY20	FY21	FY22
Base Services	$5,198,851	$5,354,817	$5,515,462	$5,680,926	$5,851,354
Instructional &Professional Services	15,408,317	15,870,567	16,346,684	16,837,085	17,342,198
Open Enrollment Deduction-477	5,666,204	5,836,190	6,011,276	6,191,614	6,377,362
Community School Deductions-478	57,346,011	59,639,851	62,025,445	64,506,463	67,086,722
Other Tuition Including Ed Scholarship-479	14,198,459	14,908,382	15,653,801	16,436,491	17,258,316
Excess Cost and SF14 470-475	4,478,618	4,702,549	4,937,676	5,184,560	5,443,788
Building Services	2,996,600	3,146,430	3,303,752	3,468,940	3,642,387
Utilities	3,618,111	3,618,111	3,618,111	3,618,111	3,618,111
Total Line 3.030	$108,911,171	$113,076,897	$117,412,207	$121,924,190	$126,620,238

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.

Source	FY18	FY19	FY20	FY21	FY22
Supplies	$1,620,343	$1,668,953	$1,719,022	$1,770,593	$1,823,711
Transportation	$1,785,950	1,733,932	1,785,950	1,839,529	1,894,715
Textbooks & Technology	3,737,153	765,677	788,647	812,306	836,675
Building Supplies	925,943	953,721	982,333	1,011,803	1,042,157
Total Line 3.040	$8,069,389	$5,227,880	$5,384,717	$5,546,258	$5,712,646

Equipment – Line # 3.050

For FY 2018 we have $2.4 million budgeted for capital outlays and reduced for the remaining forecasted years.

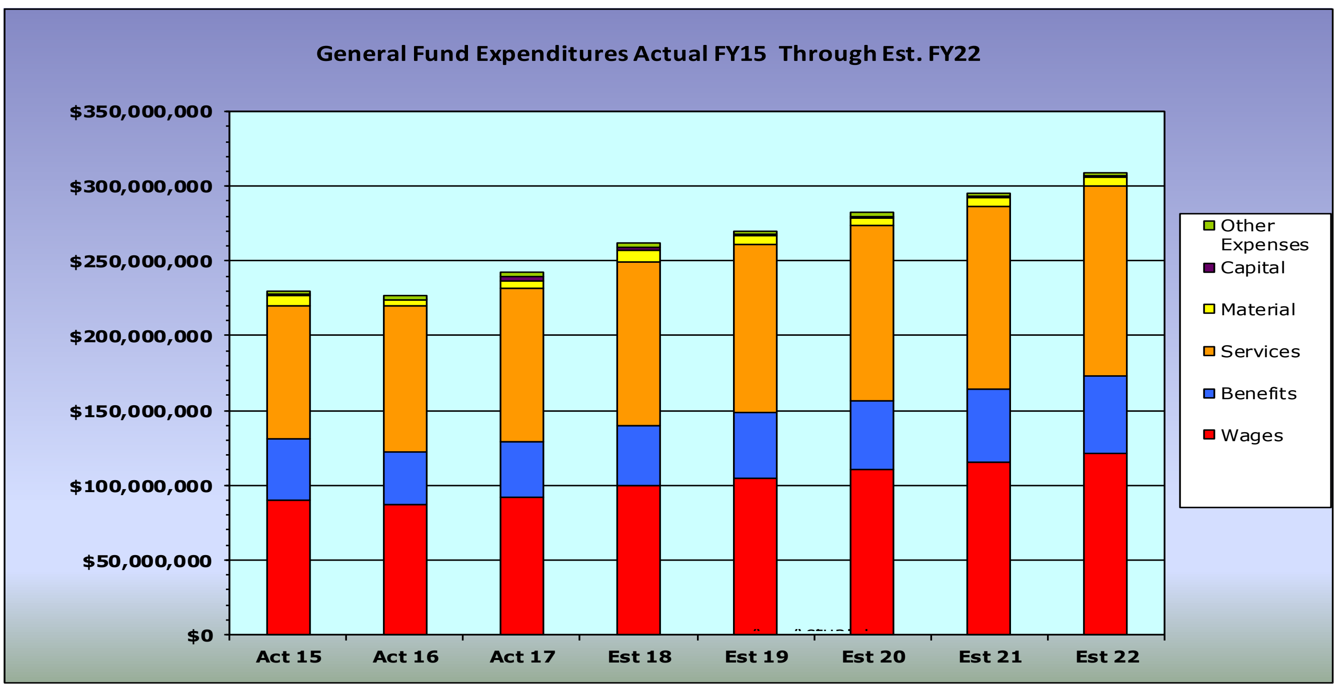
Source	FY18	FY19	FY20	FY21	FY22
Capital Outlay	$1,424,699	$500,000	$500,000	$500,000	$500,000
Technology	1,000,000	450,000	450,000	450,000	450,000
Total Line 3.050	$2,424,699	$950,000	$950,000	$950,000	$950,000

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.

Source	FY18	FY19	FY20	FY21	FY22
County Auditor & Treasurer Fees	$625,075	$631,326	$637,639	$644,015	$650,455
County ESC	100,000	100,000	100,000	100,000	100,000
Other expenses	1,579,529	1,626,915	1,675,722	1,725,994	1,777,774
Total Line 4.300	$2,304,604	$2,358,241	$2,413,361	$2,470,009	$2,528,229

Total Expenditure Categories Actual Fiscal Year 2015 through Fiscal Year 2017 and Estimated Fiscal Year 2018 Through Fiscal Year 2022



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.

Source	FY18	FY19	FY20	FY21	FY22
Operating Transfers Out Line #5.010	$0	$0	$0	$0	$0
Advances Out Line #5.020	825,000	825,000	825,000	825,000	825,000
Total	$825,000	$825,000	$825,000	$825,000	$825,000

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

Source	FY18	FY19	FY20	FY21	FY22
Principal -Other # 4.055	$1,194,272	$1,194,272	$1,194,272	$1,194,272	$1,194,272
Total Principal Payments	$1,194,272	$1,194,272	$1,194,272	$1,194,272	$1,194,272

Source	FY18	FY19	FY20	FY21	FY22
Interest Other Total Line 4.060	$143,569	$121,815	$99,608	$76,941	$76,941

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. .

	FY18	FY19	FY20	FY21	FY22
Estimated Encumbrances	$5,000,000	$5,000,000	$5,000,000	$5,000,000	$5,000,000

Reservation of Fund Balance "Budget Reserve" - Line #9.03

In December of 2014 the Board of Education passed Board Police 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.

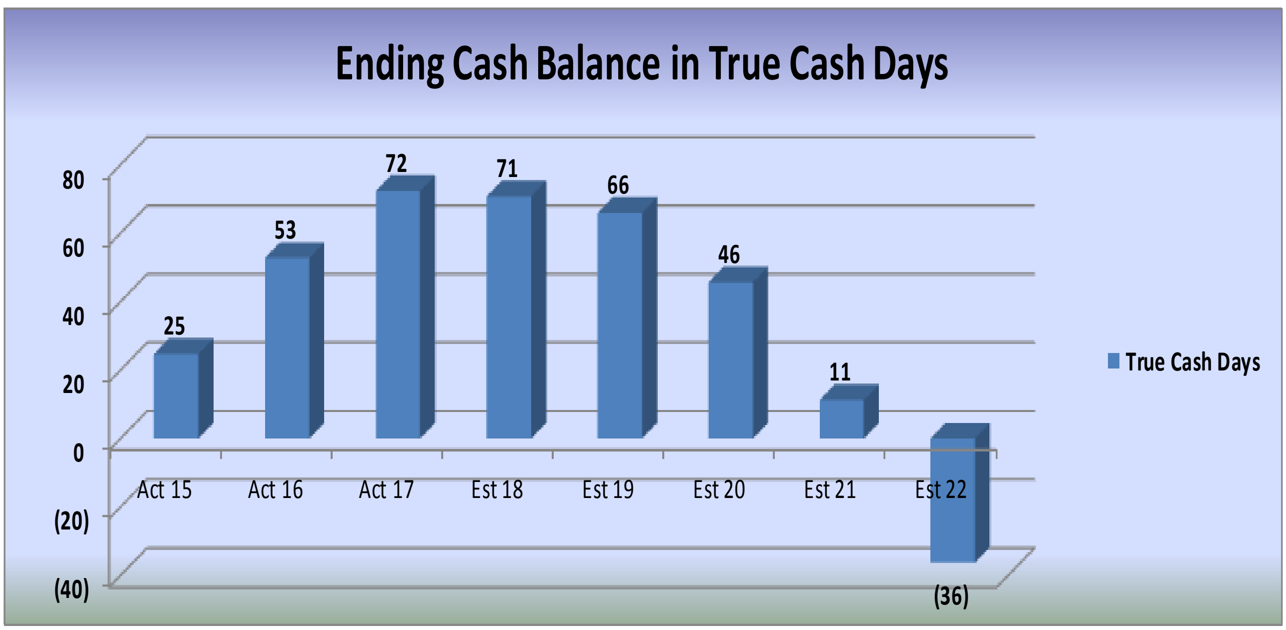
Upon receiving any indication that such a cash balance may not be maintained for any year during the current five-year financial forecast period, the Treasurer shall report such a finding to the Board. The Superintendent and Treasurer will propose options that the Board may consider.

Source	FY18	FY19	FY20	FY21	FY22
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)	$26,303,461	$27,117,506	$28,360,529	$29,665,782	$31,040,430
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	$0	$0	$0	$0	$0
Total Reservations of Balance- Line#9.080	$26,303,461	$27,117,506	$28,360,529	$29,665,782	$31,040,430

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.

	FY18	FY19	FY20	FY21	FY22
Ending Unencumbered Cash Balance	$19,860,689	$16,996,817	$2,233,001	-$25,524,593	-$66,981,807

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 FY19.



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 2019 and beyond may deviate significantly from the forecast.

Dayton City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

		Actual				Forecasted				
		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
	Revenues									
1.010	General Property Tax (Real Estate)	54,254,535	50,583,367	53,944,400	-0.1%	52,952,043	53,093,717	53,127,707	53,175,888	53,224,189
1.020	Tangible Personal Property	6,020,712	5,828,150	5,173,004	-7.2%	7,298,179	6,574,097	6,709,197	6,844,297	6,979,397
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	142,562,241	154,461,320	166,912,648	8.2%	171,466,615	177,477,840	178,065,985	177,799,640	177,526,409
1.040	Restricted State Grants-in-Aid	17,518,366	17,078,161	16,279,347	-3.6%	16,425,892	16,573,902	16,723,392	16,874,377	17,026,872
1.045	Restricted Federal	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	12,743,745	10,388,568	7,995,665	-20.8%	7,488,010	7,501,000	7,503,346	7,505,713	7,508,102
1.060	All Other Revenues	3,878,110	5,746,625	8,690,778	49.7%	7,639,982	7,864,678	7,914,870	7,965,565	8,016,766
1.070	*Total Revenues*	236,977,709	244,086,191	258,995,842	4.6%	263,270,721	269,085,234	270,044,497	270,165,480	270,281,735
	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	-	521	25,791	0.0%	-	-	-	-	-
2.050	Advances-In	849,234	480,771	4,760,637	423.4%	1,557,869	825,000	825,000	825,000	825,000
2.060	All Other Financing Sources	48,058	40,080	1,005,165	1195.6%	966,540	40,000	40,000	40,000	40,000
2.070	*Total Other Financing Sources*	897,292	521,372	5,791,593	484.5%	2,524,409	865,000	865,000	865,000	865,000
2.080	*Total Revenues and Other Financing Sources*	237,875,001	244,607,563	264,787,435	5.5%	265,795,130	269,950,234	270,909,497	271,030,480	271,146,735
	Expenditures									
3.010	Personal Services	89,688,073	86,830,403	92,237,900	1.5%	99,536,462	104,987,199	109,999,507	115,262,431	120,788,501
3.020	Employees' Retirement/Insurance Benefits	40,867,364	35,612,768	36,973,725	-4.5%	40,450,441	43,258,756	46,151,618	49,233,720	52,533,474
3.030	Purchased Services	89,232,164	97,206,366	102,826,246	7.4%	108,911,171	113,076,897	117,412,207	121,924,190	126,620,238
3.040	Supplies and Materials	6,630,121	4,001,363	4,840,581	-9.3%	8,069,389	5,227,880	5,384,717	5,546,258	5,712,646
3.050	Capital Outlay	1,167,631	576,007	3,048,054	189.3%	2,424,699	950,000	950,000	950,000	950,000
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	-	-	-	0.0%	1,194,272	1,194,272	1,194,272	1,194,272	1,194,272
4.060	Interest and Fiscal Charges	-	-	-	0.0%	$143,569	$121,815	$99,608	$76,941	$76,941
4.300	Other Objects	2,210,412	2,246,906	2,150,540	-1.3%	2,304,604	2,358,241	2,413,361	2,470,009	2,528,229
4.500	*Total Expenditures*	229,795,765	226,473,813	242,077,046	2.7%	263,034,607	$271,175,060	283,605,290	296,657,821	310,404,301
	Other Financing Uses									
5.010	Operating Transfers-Out	-	-	10	0.0%	$0	$0	$0	$0	$0
5.020	Advances-Out	480,771	858,275	6,318,506	357.4%	825,000	825,000	825,000	825,000	825,000
5.030	All Other Financing Uses	0	0	144	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	480,771	858,275	6,318,660	357.4%	825,000	825,000	825,000	825,000	825,000
5.050	*Total Expenditures and Other Financing Uses*	230,276,536	227,332,088	248,395,706	4.0%	263,859,607	272,000,060	284,430,290	297,482,821	311,229,301
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	7,598,465	17,275,475	16,391,729	61.1%	1,935,523	(2,049,826)	(13,520,793)	(26,452,341)	(40,082,566)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,962,957	15,561,422	32,836,897	103.2%	49,228,626	51,164,149	49,114,323	35,593,530	9,141,189
7.020	*Cash Balance June 30*	15,561,422	32,836,897	49,228,626	80.5%	51,164,149	49,114,323	35,593,530	9,141,189	(30,941,377)
8.010	*Estimated Encumbrances June 30*	4,395,882	5,436,711	4,209,400	0.6%	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Dayton City School District

Montgomery County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

		Actual				Forecasted				
		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	26,303,461	27,117,506	28,360,529	29,665,782	31,040,430
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%	26,303,461	27,117,506	28,360,529	29,665,782	31,040,430
10.010	*Fund Balance June 30 for Certification of Appropriations*	11,165,540	27,400,186	45,019,226	104.9%	19,860,689	16,996,817	2,233,001	(25,524,593)	(66,981,807)
	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	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	11,165,540	27,400,186	45,019,226	104.9%	19,860,689	16,996,817	2,233,001	(25,524,593)	(66,981,807)
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	11,165,540	27,400,186	45,019,226	104.9%	19,860,689	16,996,817	2,233,001	(25,524,593)	(66,981,807)