



FIVE-YEAR FINANCIAL FORECAST NOTES AND ASSUMPTIONS

For the Fiscal Years Ending June 30, 2018 through 2022

**Forecast Provided By
Dayton Public Schools
Treasurer's Office
Hiwat Abraha
Treasurer/CFO
May 29, 2018**

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				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017			Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Revenues										
1.010	54,254,535	50,583,367	53,944,400	-0.1%	53,756,357	51,238,704	52,685,108	52,741,723	52,797,607	
1.020	6,020,712	5,828,150	5,173,004	-7.2%	7,667,630	7,310,125	7,445,225	7,580,325	7,715,425	
1.030	0	0	0	0.0%	0	0	0	0	0	
1.035	142,562,241	154,461,320	166,912,648	8.2%	171,900,782	177,882,744	181,494,027	181,157,514	180,813,581	
1.040	17,518,366	17,078,161	16,279,347	-3.6%	16,321,511	16,467,004	16,613,952	16,762,369	16,912,270	
1.045	0	0	0	0.0%	0	0	0	0	0	
1.050	12,743,745	10,388,568	7,995,665	-20.8%	7,414,854	7,358,729	7,362,140	7,366,611	7,371,095	
1.060	3,878,110	5,746,625	8,690,778	49.7%	8,433,621	8,670,317	8,720,509	8,771,204	8,822,405	
1.070	236,977,709	244,086,191	258,995,842	4.6%	265,494,755	268,927,623	274,320,961	274,379,746	274,432,383	
Other Financing Sources										
2.010	-	-	-	0.0%	-	-	-	-	-	
2.020	-	-	-	0.0%	-	-	-	-	-	
2.040	-	521	25,791	0.0%	-	-	-	-	-	
2.050	849,234	480,771	4,760,637	423.4%	2,451,145	825,000	825,000	825,000	825,000	
2.060	48,058	40,080	1,005,165	1195.6%	250,318	40,000	40,000	40,000	40,000	
2.070	897,292	521,372	5,791,593	484.5%	2,701,463	865,000	865,000	865,000	865,000	
2.080	237,875,001	244,607,563	264,787,435	5.5%	268,196,218	269,792,623	275,185,961	275,244,746	275,297,383	
Expenditures										
3.010	89,688,073	86,830,403	92,237,900	1.5%	90,265,127	104,659,327	111,903,403	117,261,521	122,887,545	
3.020	40,867,364	35,612,768	36,973,725	-4.5%	36,849,871	42,199,709	44,653,050	47,653,243	50,817,856	
3.030	89,232,164	97,206,366	102,826,246	7.4%	105,854,948	114,052,236	117,892,848	122,386,735	127,063,787	
3.040	6,630,121	4,001,363	4,840,581	-9.3%	5,682,236	7,020,725	7,231,348	7,448,288	7,671,737	
3.050	1,167,631	576,007	3,048,054	189.3%	3,424,699	6,206,999	1,450,000	1,450,000	950,000	
3.060	-	-	-	0.0%	-	-	-	-	-	
Debt Service:										
4.010	-	-	-	0.0%	-	-	-	-	-	
4.020	-	-	-	0.0%	-	-	-	-	-	
4.030	-	-	-	0.0%	-	-	-	-	-	
4.040	-	-	-	0.0%	-	-	-	-	-	
4.050	-	-	-	0.0%	-	-	-	-	-	
4.055	-	-	-	0.0%	1,194,272	1,194,272	1,194,272	1,194,272	1,194,272	
4.060	-	-	-	0.0%	\$143,569	\$121,815	\$99,608	\$76,941	\$76,941	
4.300	2,210,412	2,246,906	2,150,540	-1.3%	2,304,604	3,108,381	3,186,006	3,265,833	3,347,928	
4.500	229,795,765	226,473,813	242,077,046	2.7%	245,719,326	\$278,563,464	287,610,535	300,736,834	314,010,067	
Other Financing Uses										
5.010	-	-	10	0.0%	\$0	\$0	\$0	\$0	\$0	
5.020	480,771	858,275	6,318,506	357.4%	2,325,000	825,000	825,000	825,000	825,000	
5.030	0	0	144	0.0%	\$0	\$0	\$0	\$0	\$0	
5.040	480,771	858,275	6,318,660	357.4%	2,325,000	825,000	825,000	825,000	825,000	
5.050	230,276,536	227,332,088	248,395,706	4.0%	248,044,326	279,388,464	288,435,535	301,561,834	314,835,067	
6.010	7,598,465	17,275,475	16,391,729	61.1%	20,151,892	(9,595,841)	(13,249,574)	(26,317,088)	(39,537,684)	
7.010	7,962,957	15,561,422	32,836,897	103.2%	49,228,626	69,380,518	59,784,677	46,535,103	20,218,016	
7.020	15,561,422	32,836,897	49,228,626	80.5%	69,380,518	59,784,677	46,535,103	20,218,016	(19,319,668)	
8.010	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	
Reservation of Fund Balance										
9.010	-	-	-	0.0%	-	-	-	-	-	
9.020	-	-	-	0.0%	-	-	-	-	-	
9.030	-	-	-	0.0%	24,571,933	27,856,346	28,761,054	30,073,683	31,401,007	
9.040	-	-	-	0.0%	-	-	-	-	-	
9.045	-	-	-	0.0%	-	-	-	-	-	
9.050	-	-	-	0.0%	-	-	-	-	-	
9.060	-	-	-	0.0%	-	-	-	-	-	
9.070	-	-	-	0.0%	-	-	-	-	-	
9.080	-	-	-	0.0%	24,571,933	27,856,346	28,761,054	30,073,683	31,401,007	
<i>Fund Balance June 30 for Certification of Appropriations</i>										
10.010	11,165,540	27,400,186	45,019,226	104.9%	39,808,585	26,928,331	12,774,050	(14,855,668)	(55,720,675)	
Revenue from Replacement/Renewal Levies										
11.010	-	-	-	0.0%	-	-	-	-	-	
11.020	-	-	-	0.0%	-	-	-	-	-	
11.300	-	-	-	0.0%	-	-	-	-	-	

Dayton City School District

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Forecasted Fiscal Years Ending June 30, 2018 Through 2022

	Actual				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017			Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	11,165,540	27,400,186	45,019,226	104.9%	39,808,585	26,928,331	12,774,050	(14,855,668)	(55,720,675)	
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>	11,165,540	27,400,186	45,019,226	104.9%	39,808,585	26,928,331	12,774,050	(14,855,668)	(55,720,675)	

Dayton Public Schools - Montgomery County
Notes to the Five Year Forecast
General Fund Only
May 2018

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 2018 (July 1, 2017-June 30, 2018) 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 May 2018 filing.

Revenues:

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$265,494,755 or .84% higher than the October forecasted amount of \$263,270,721. This indicates the October forecast of revenue was 99.16% accurate.

Expenditures:

At this time operating expenditures on Line 4.50 for FY18 are estimated to be lower than the October projection due to unfilled vacancies. Total General Fund expenditures (line 4.50) are expected to be \$245,719,326 or (6.58%) lower .

Unreserved Ending Cash Balance:

With overall revenue being slightly higher and overall expenditures a little less than estimates we expect our unencumbered ending cash balance to end around \$39,808,585 for FY18.

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 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:

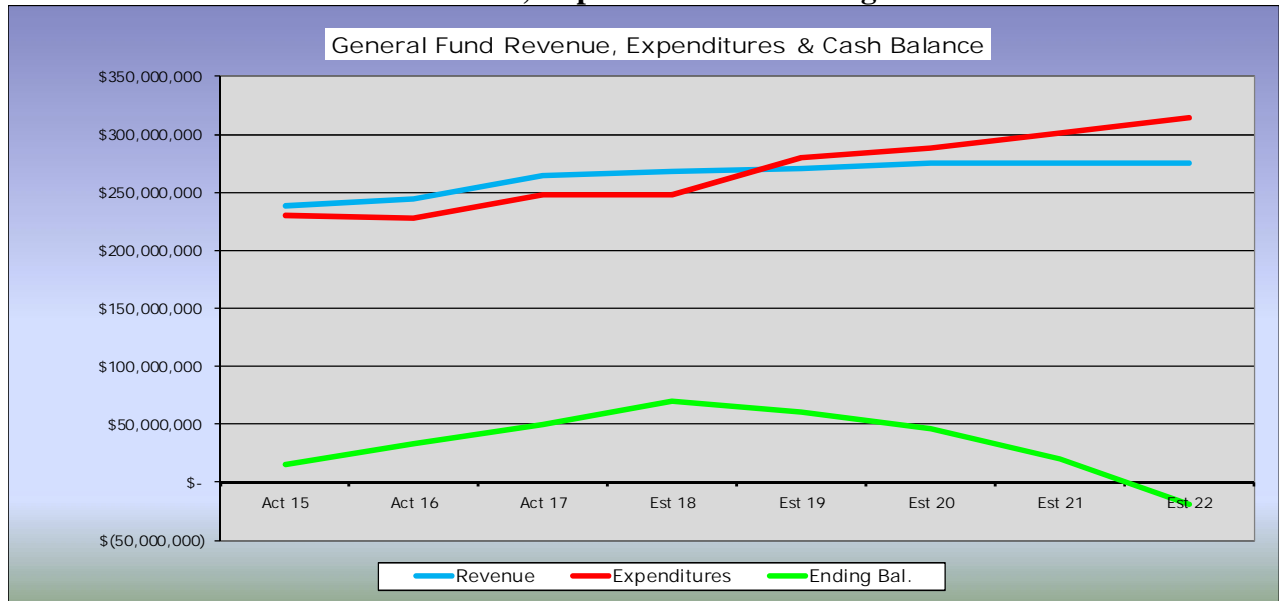
- I. Montgomery County experienced a reappraisal update in the 2017 tax year to be collected in 2018. The 2017 update increased overall assessed values by \$2.07 million or a increase of .16%. A full reappraisal will occurred in tax year 2020 for collection in 2021. Overall real estate values decreased for Class I by \$2.3 million or .25% and Class II property decreased by \$2.0 million or .50% for an overall decrease \$4.31 million or .33%. Public Utility Personal Property (PUPP) Values increased by \$4.1 million in value or 3.96%. 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.

- II. The State Budget represents 73.7% 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. 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 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 our district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- IV. 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.

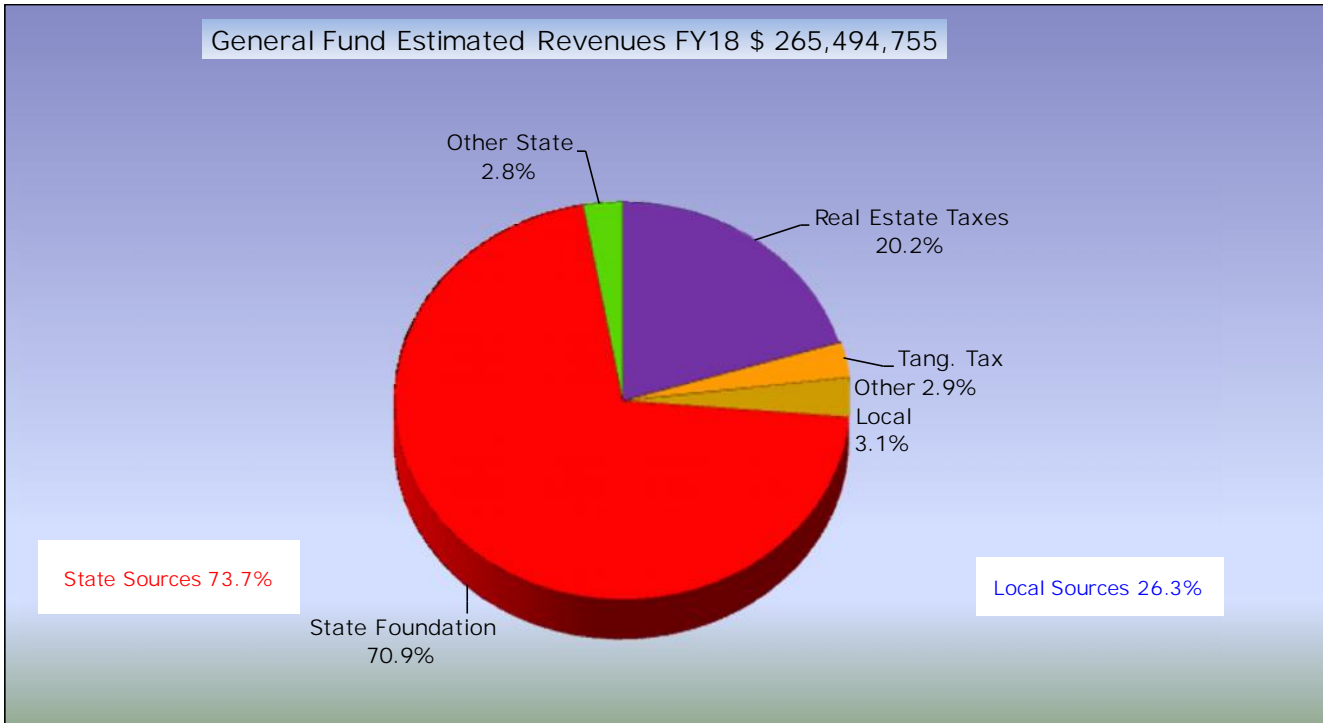
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for 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. A reappraisal update occurred in tax year 2017 for collection in 2018. Our real estate values decreased for Class I by \$2.3 million or .25%, and, Class II property decreased by \$2.0 million or .50% for an overall real property decrease of \$4.31 million or .33%. 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 2017 by \$4.1 million due to reinvestments being made by utilities statewide. The new growth occurred in 2017 net of the Vectron Board of revision approved reduction of \$8.6 million for tax year 2017.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2017	TAX YEAR2018	TAX YEAR2019	TAX YEAR2020	TAX YEAR2021
	COLLECT 2018	COLLECT 2019	COLLECT 2020	COLLECT 2021	COLLECT 2022
Res./Ag.	\$906,290,760	\$904,190,760	\$902,090,760	\$902,245,987	\$900,145,987
Comm./Ind.	\$409,437,810	\$409,337,810	\$409,737,810	\$410,137,810	\$410,537,810
Public Utility Personal Property (PUPP)	\$107,217,990	\$109,217,990	\$111,217,990	\$113,217,990	\$115,217,990
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	<u>\$1,422,946,560</u>	<u>\$1,422,746,560</u>	<u>\$1,423,046,560</u>	<u>\$1,425,601,787</u>	<u>\$1,425,901,787</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY18	FY19	FY20	FY21	FY22
General Property Taxes	<u>\$53,756,357</u>	<u>\$51,238,704</u>	<u>\$52,685,108</u>	<u>\$52,741,723</u>	<u>\$52,797,607</u>

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.

We experienced an unexpected increase in tax revenue from the October 2017 forecast which was due to an abnormally high collection of taxes in the first half settlement received in 2018 caused by changes made December 2017 federal tax laws limiting the deductibility of state and local taxes (SALT taxes) in calendar year 2018. The new tax code which became effective January 1, 2018 will limit deduction of SALT taxes to \$10,000 annually. Several tax payers paid all or an estimate of their 2018 taxes in December 2017 in order to take these deductions on their 2017 federal taxes which were not limited to \$10,000. This resulted in our first half settlement in 2018 being an estimated \$1,275,000 higher than it should have been. Note, this is not additional new taxes, these advance payments for 2018 will be deducted from the second half settlement. In essence, we received an advance payment for the second half of 2018 tax collections. This will result in FY18 taxes being higher on the forecast than anticipated in October for FY18, and FY19 appearing lower, as deducting the advanced payment portion of taxes from the second half 2018 collection falls into fiscal year 2019. By fiscal year 2020 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>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
TPP & PUPP Tax Revenues	\$7,667,630	\$7,310,125	\$7,445,225	\$7,580,325	\$7,715,425
Total Line # 1.020	\$7,667,630	\$7,310,125	\$7,445,225	\$7,580,325	\$7,715,425

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.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Tuitions	\$1,230,343	\$1,242,646	\$1,255,072	\$1,267,623	\$1,280,299
Interest	1,200,000	1,212,000	1,212,000	1,212,000	1,212,000
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	<u>2,263,757</u>	<u>2,438,757</u>	<u>2,438,757</u>	<u>2,438,757</u>	<u>2,438,757</u>
Total Line # 1.060	<u>\$8,433,621</u>	<u>\$8,670,317</u>	<u>\$8,720,509</u>	<u>\$8,771,204</u>	<u>\$8,822,405</u>

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 most recent State Foundation Payment Report for FY18. Estimates for FY19 state aid are based on ODE simulations of HB49 for FY19. We are projected to be a Cap district regarding state funding in FY18 and FY19, which means the district will not receive the full amount of funding that the state formula calculates for our district. In FY20, depending on the next state budget, we are anticipating that we should be a formula district starting in FY20-22.

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 district is anticipated to be a Gain Cap district in FY18 and FY19 at 3% growth as our 3 year average ADM growth was 2.7% and a Formula District in FY20and beyond.

Our current SFPR estimates for FY18 are using May #1 SFPR average daily membership (ADM) and decreasing by 50 students each year 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 FY18 statewide were

1,791,647 students at \$51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19-22 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to \$92.9 million or \$52 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>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Basic Aid-Unrestricted	\$168,694,279	\$174,657,891	\$178,250,306	\$177,894,391	\$177,530,508
Additional Aid Items	\$2,559,575	\$2,559,575	\$2,559,575	\$2,559,575	\$2,559,575
Basic Aid-Unrestricted Subtotal	<u>\$171,253,854</u>	<u>\$177,217,466</u>	<u>\$180,809,881</u>	<u>\$180,453,966</u>	<u>\$180,090,083</u>
Ohio Casino Commission ODT	\$646,928	\$665,278	\$684,146	\$703,548	\$723,498
Total Unrestricted State Aid Line # 1.035	<u>\$171,900,782</u>	<u>\$177,882,744</u>	<u>\$181,494,027</u>	<u>\$181,157,514</u>	<u>\$180,813,581</u>

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.

<u>Source</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Economically Disadvantaged Aid	\$14,549,269	\$14,694,762	\$14,841,710	\$14,990,127	\$15,140,028
Career Tech - Restricted	<u>\$1,772,242</u>	<u>\$1,772,242</u>	<u>\$1,772,242</u>	<u>\$1,772,242</u>	<u>\$1,772,242</u>
Total Restricted State Revenues Line #1.040	<u>\$16,321,511</u>	<u>\$16,467,004</u>	<u>\$16,613,952</u>	<u>\$16,762,369</u>	<u>\$16,912,270</u>

C) Restricted Federal Grants in Aid – line #1.045

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

<u>Summary of State Foundaton Revenues</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Unrestricted Line # 1.035	\$171,900,782	\$177,882,744	\$181,494,027	\$181,157,514	\$180,813,581
Restricted Line # 1.040	\$16,321,511	\$16,467,004	\$16,613,952	\$16,762,369	\$16,912,270
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>\$188,222,293</u>	<u>\$194,349,748</u>	<u>\$198,107,979</u>	<u>\$197,919,883</u>	<u>\$197,725,851</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.

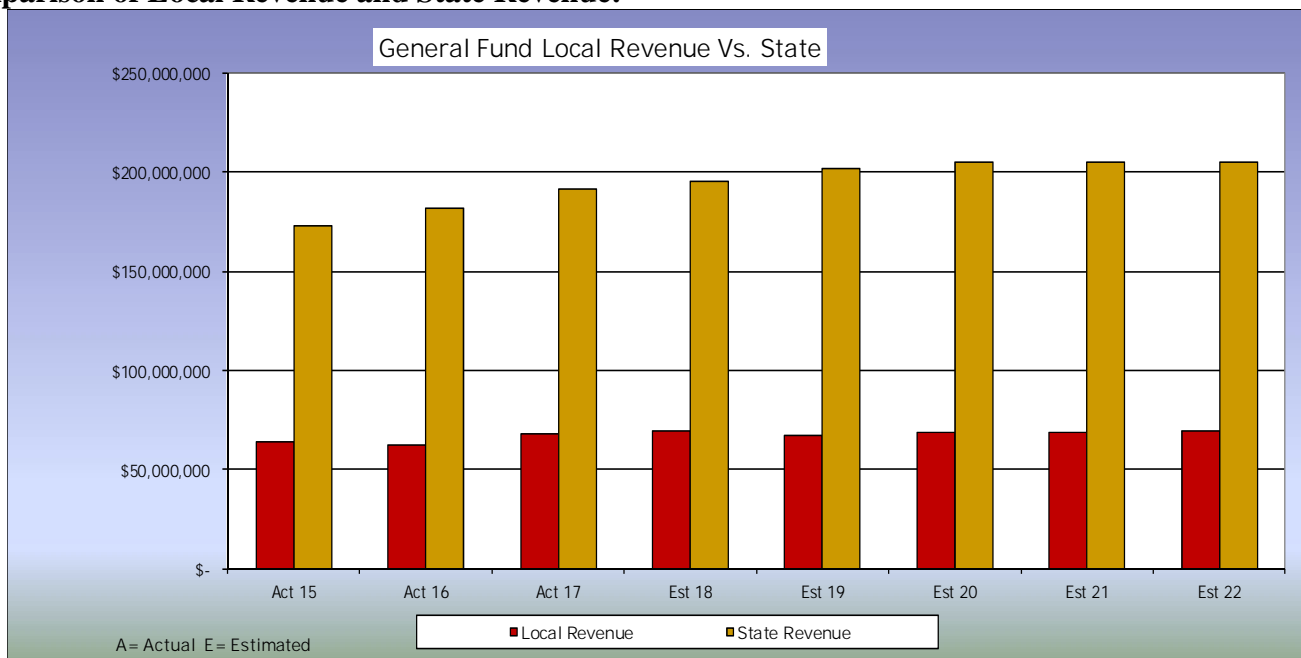
b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

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	\$7,414,854	\$7,358,729	\$7,362,140	\$7,366,611	\$7,371,095
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$7,414,854</u>	<u>\$7,358,729</u>	<u>\$7,362,140</u>	<u>\$7,366,611</u>	<u>\$7,371,095</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.

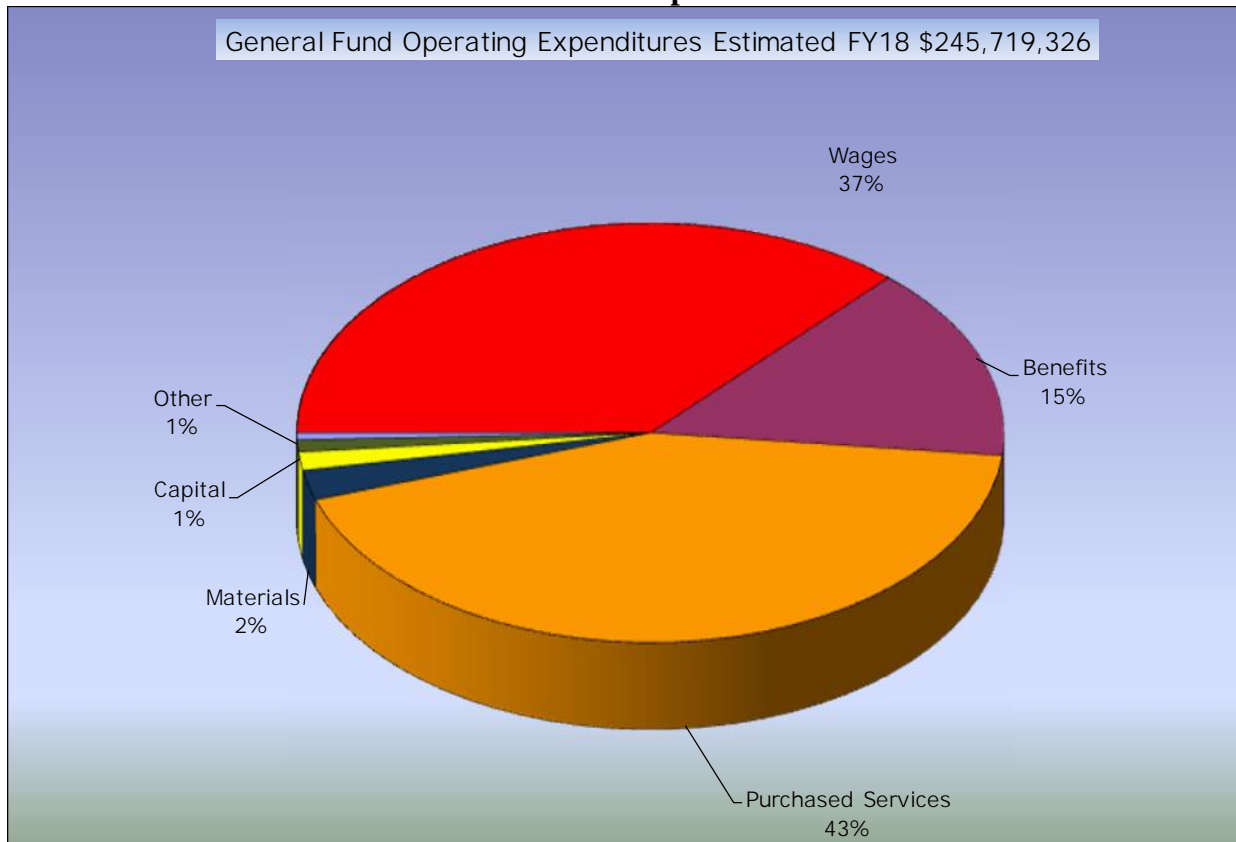
All Other Financial Sources – Line #2.060

The amount reflected in refund of prior year expenditures line for FY18 reports the \$926,540 for BWC rebate and other miscellaneous refunds.

<u>Source</u>	FY18	FY19	FY20	FY21	FY22
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$2,451,145</u>	<u>\$825,000</u>	<u>\$825,000</u>	<u>\$825,000</u>	<u>\$825,000</u>
Total Transfer & Advances In	<u>\$2,451,145</u>	<u>\$825,000</u>	<u>\$825,000</u>	<u>\$825,000</u>	<u>\$825,000</u>
	FY18	FY19	FY20	FY21	FY22
Refund of prior years expenditures	<u>\$250,318</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$40,000</u>

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 ten bargaining units contracts also approved effective July 1, 2017 through June 30, 2020. Wages were lower than planned in FY18 due to over 150 positions remaining unfilled.

<u>Source</u>	FY18	FY19	FY20	FY21	FY22
Base Wages	\$89,429,647	\$85,524,091	\$99,918,291	\$107,162,367	\$112,520,485
Contractual Increases	5,765,779	6,628,117	7,244,076	5,358,118	5,626,024
Growth	(\$1,796,335)	\$7,766,083	\$0	\$0	\$0
Unfunded Recapture	\$0	\$0	\$0	\$0	\$0
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	(\$7,875,000)	\$0	\$0	\$0	\$0
Total Wages Line 3.010	<u>\$90,265,127</u>	<u>\$104,659,327</u>	<u>\$111,903,403</u>	<u>\$117,261,521</u>	<u>\$122,887,545</u>

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.

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. 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. 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

Source	FY18	FY19	FY20	FY21	FY22
A) STRS/SERS	\$13,761,966	\$16,521,756	\$17,001,098	\$17,896,116	\$18,790,921
B) Insurance's	20,828,871	23,116,468	24,965,785	26,963,048	29,120,092
C) Workers Comp/Unemployment	1,002,651	1,146,593	1,219,034	1,272,615	1,328,875
D) Medicare	1,147,515	1,306,024	1,358,265	1,412,596	1,469,100
Other/Tuition	<u>108,868</u>	<u>108,868</u>	<u>108,868</u>	<u>108,868</u>	<u>108,868</u>
Total Line 3.020	<u>\$36,849,871</u>	<u>\$42,199,709</u>	<u>\$44,653,050</u>	<u>\$47,653,243</u>	<u>\$50,817,856</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. 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	\$7,504,976	\$7,730,125	\$7,962,029	\$8,200,890
Instructional & Professional Services	15,408,317	16,270,567	16,758,684	17,261,445	17,779,288
Open Enrollment Deduction-477	5,666,204	6,036,190	6,217,276	6,403,794	6,595,908
Community School Deductions-478	53,924,601	56,081,585	57,764,033	60,074,594	62,477,578
Other Tuition Including Ed Scholarship-479	14,563,646	15,291,828	16,056,419	16,859,240	17,702,202
Excess Cost and SF14 470-475	4,478,618	5,202,549	5,462,676	5,735,810	6,022,601
Building Services	2,996,600	3,546,430	3,723,752	3,909,940	4,105,437
Utilities	<u>3,618,111</u>	<u>4,118,111</u>	<u>4,179,883</u>	<u>4,179,883</u>	<u>4,179,883</u>
Total Line 3.030	<u>\$105,854,948</u>	<u>\$114,052,236</u>	<u>\$117,892,848</u>	<u>\$122,386,735</u>	<u>\$127,063,787</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.

<u>Source</u>	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	1,350,000	2,558,522	2,635,278	2,714,336	2,795,766
Building Supplies	<u>925,943</u>	<u>953,721</u>	<u>982,333</u>	<u>1,011,803</u>	<u>1,042,157</u>
Total Line 3.040	<u>\$5,682,236</u>	<u>\$7,020,725</u>	<u>\$7,231,348</u>	<u>\$7,448,288</u>	<u>\$7,671,737</u>

Equipment – Line # 3.050

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

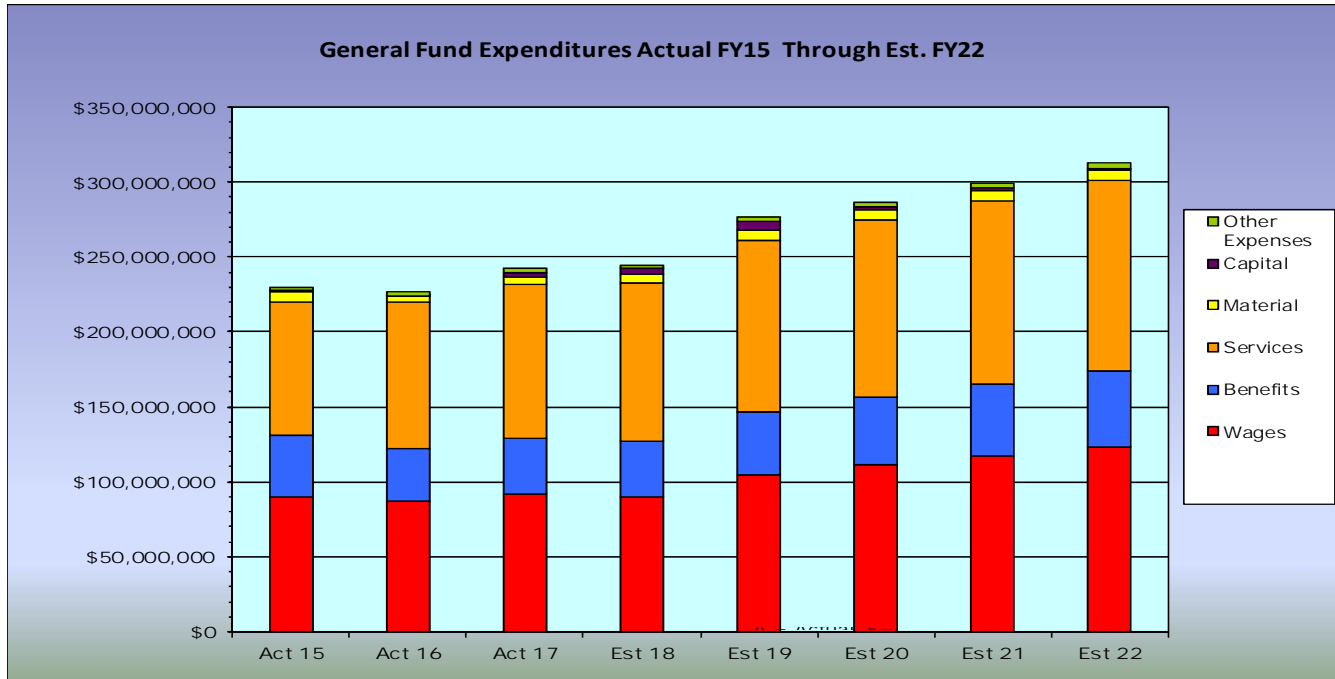
<u>Source</u>	FY18	FY19	FY20	FY21	FY22
Capital Outlay	\$2,424,699	\$5,206,999	\$1,000,000	\$1,000,000	\$500,000
Technology	<u>1,000,000</u>	<u>1,000,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
Total Line 3.050	<u>\$3,424,699</u>	<u>\$6,206,999</u>	<u>\$1,450,000</u>	<u>\$1,450,000</u>	<u>\$950,000</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>	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	<u>1,579,529</u>	<u>2,377,055</u>	<u>2,448,367</u>	<u>2,521,818</u>	<u>2,597,473</u>
Total Line 4.300	<u>\$2,304,604</u>	<u>\$3,108,381</u>	<u>\$3,186,006</u>	<u>\$3,265,833</u>	<u>\$3,347,928</u>

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.

<u>Source</u>	FY18	FY19	FY20	FY21	FY22
Operating Transfers Out Line #5.010	\$0	\$0	\$0	\$0	\$0
Advances Out Line #5.020	<u>2,325,000</u>	<u>825,000</u>	<u>825,000</u>	<u>825,000</u>	<u>825,000</u>
Total	<u>\$2,325,000</u>	<u>\$825,000</u>	<u>\$825,000</u>	<u>\$825,000</u>	<u>\$825,000</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>	FY18	FY19	FY20	FY21	FY22
Principal -Other # 4.055	<u>\$1,194,272</u>	<u>\$1,194,272</u>	<u>\$1,194,272</u>	<u>\$1,194,272</u>	<u>\$1,194,272</u>
Total Principal Payments	<u>\$1,194,272</u>	<u>\$1,194,272</u>	<u>\$1,194,272</u>	<u>\$1,194,272</u>	<u>\$1,194,272</u>

<u>Source</u>	FY18	FY19	FY20	FY21	FY22
Interest Other Total Line 4.060	<u>\$143,569</u>	<u>\$121,815</u>	<u>\$99,608</u>	<u>\$76,941</u>	<u>\$76,941</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. .

	FY18	FY19	FY20	FY21	FY22
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 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)	\$24,571,933	\$27,856,346	\$28,761,054	\$30,073,683	\$31,401,007
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>\$24,571,933</u>	<u>\$27,856,346</u>	<u>\$28,761,054</u>	<u>\$30,073,683</u>	<u>\$31,401,007</u>

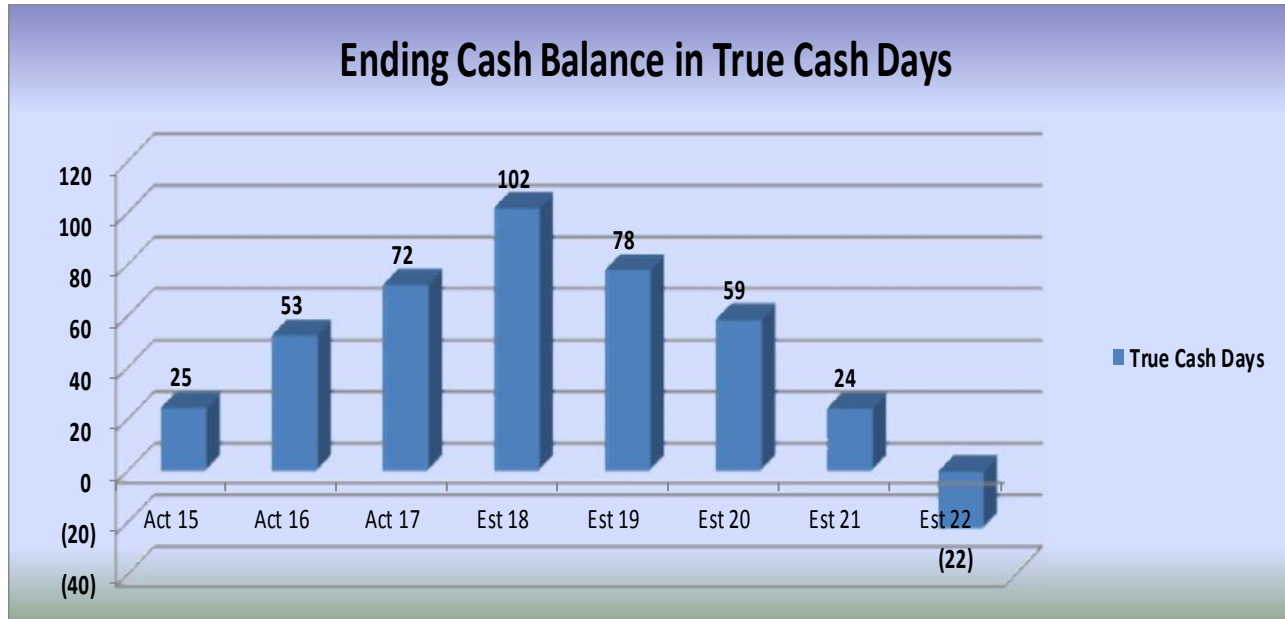
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

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.

	FY18	FY19	FY20	FY21	FY22
Ending Unencumbered Cash Balance	<u>\$39,808,585</u>	<u>\$26,928,330</u>	<u>\$12,774,049</u>	<u>-\$14,855,669</u>	<u>-\$55,720,676</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 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 2020 and beyond may deviate significantly from the forecast.