

**Dayton City School District**  
**Schedule Of Revenue, Expenditures and Changes In Fund Balances**  
**Actual and Forecasted Operating Fund**  
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;  
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

	ACTUAL				Average Change	FORECASTED				
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016			Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
<b>Revenue:</b>										
1.010 - General Property Tax (Real Estate)	51,257,416	54,254,535	50,583,367	-0.46%	52,639,121	51,930,448	51,463,610	51,221,258	50,765,600	
1.020 - Public Utility Personal Property	5,839,121	6,020,712	5,828,150	-0.04%	5,571,747	6,285,478	6,428,109	6,346,009	6,328,174	
1.030 - Income Tax	-	-	-	-	-	-	-	-	-	
1.035 - Unrestricted Grants-in-Aid	129,430,194	142,562,241	154,461,320	9.25%	165,461,390	169,590,017	173,829,997	178,148,961	182,602,685	
1.040 - Restricted Grants-in-Aid	15,738,844	17,518,366	17,078,161	4.40%	17,451,390	17,501,249	17,919,541	18,240,181	18,332,856	
1.045 - Restricted Federal Grants-in-Aid - SFSP	-	-	-	-	-	-	-	-	-	
1.050 - Property Tax Allocation	12,724,914	12,743,745	10,388,568	-9.17%	8,038,780	7,563,493	7,510,465	7,501,060	7,451,619	
1.060 - All Other Operating Revenues	4,346,644	3,878,110	5,746,625	18.70%	5,447,256	5,612,797	4,778,785	4,945,232	5,087,152	
<b>1.070 - Total Revenue</b>	<b>219,337,134</b>	<b>236,977,708</b>	<b>244,086,191</b>	<b>5.52%</b>	<b>254,609,684</b>	<b>258,483,482</b>	<b>261,930,507</b>	<b>266,402,701</b>	<b>270,568,087</b>	
<b>Other Financing Sources:</b>										
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-	-	
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-	-	
2.040 - Operating Transfers-In	279,315	-	521	0.00%	-	-	-	-	-	
2.050 - Advances-In	4,483,510	849,234	480,771	-62.22%	5,000,000	750,000	750,000	750,000	750,000	
2.060 - All Other Financing Sources	3,885	48,058	40,080	560.16%	25,000	25,000	25,000	25,000	25,000	
<b>2.070 - Total Other Financing Sources</b>	<b>4,766,711</b>	<b>897,292</b>	<b>521,372</b>	<b>-61.54%</b>	<b>5,025,000</b>	<b>775,000</b>	<b>775,000</b>	<b>775,000</b>	<b>775,000</b>	
<b>2.080 - Total Revenues and Other Financing Sources</b>	<b>224,103,845</b>	<b>237,875,000</b>	<b>244,607,563</b>	<b>4.49%</b>	<b>259,634,684</b>	<b>259,258,482</b>	<b>262,705,507</b>	<b>267,177,701</b>	<b>271,343,087</b>	
<b>Expenditures:</b>										
3.010 - Personnel Services	91,501,859	89,688,073	86,830,403	-2.58%	99,540,209	97,858,712	100,817,471	104,111,205	107,339,112	
3.020 - Employees' Retirement/Insurance Benefits	44,624,299	40,867,364	35,612,768	-10.64%	40,102,989	40,524,243	42,649,905	48,264,386	51,634,480	
3.030 - Purchased Services	81,826,479	89,232,164	97,206,366	8.99%	104,115,267	104,351,454	104,594,521	105,130,887	105,514,105	
3.040 - Supplies and Materials	5,234,141	6,630,121	4,001,363	-6.49%	4,513,207	4,656,360	4,702,924	4,820,497	4,941,009	
3.050 - Capital Outlay	531,404	1,167,631	576,007	34.53%	2,092,876	2,541,871	570,887	602,553	637,131	
3.060 - Intergovernmental	12,634	-	-	-	-	-	-	-	-	
4.300 - Other Objects	2,803,653	2,210,412	2,246,906	-9.75%	3,028,697	2,809,158	2,851,325	2,894,125	2,937,566	
<b>4.500 - Total Expenditures</b>	<b>226,534,469</b>	<b>229,795,765</b>	<b>226,473,814</b>	<b>0.00%</b>	<b>253,393,245</b>	<b>252,741,798</b>	<b>256,187,033</b>	<b>265,823,652</b>	<b>273,003,403</b>	
<b>Other Financing Uses</b>										
5.010 - Operating Transfers-Out	-	-	-	-	-	-	-	-	-	
5.020 - Advances Out	849,234	480,771	858,275	17.57%	5,750,000	750,000	750,000	750,000	750,000	
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-	-	
<b>5.040 - Total Other Financing Uses</b>	<b>849,234</b>	<b>480,771</b>	<b>858,275</b>	<b>17.57%</b>	<b>5,750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	
<b>5.050 - Total Expenditures and Other Financing Uses</b>	<b>227,383,703</b>	<b>230,276,536</b>	<b>227,332,089</b>	<b>0.00%</b>	<b>259,143,245</b>	<b>253,491,798</b>	<b>256,937,033</b>	<b>266,573,652</b>	<b>273,753,403</b>	
<b>Excess of Rev &amp; Other Financing Uses Over (Under)</b>										
<b>6.010 - Expenditures and Other Financing Uses</b>	<b>(3,279,859)</b>	<b>7,598,464</b>	<b>17,275,474</b>	<b>-102.16%</b>	<b>491,439</b>	<b>5,766,684</b>	<b>5,768,474</b>	<b>604,050</b>	<b>(2,410,316)</b>	
Cash Balance July 1 - Excluding Proposed Renewal/ 7.010 - Replacement and New Levies	11,242,816	7,962,957	15,561,421	33.12%	32,836,895	33,328,334	39,095,018	44,863,492	45,467,542	
<b>7.020 - Cash Balance June 30</b>	<b>7,962,957</b>	<b>15,561,421</b>	<b>32,836,895</b>	<b>103.22%</b>	<b>33,328,334</b>	<b>39,095,018</b>	<b>44,863,492</b>	<b>45,467,542</b>	<b>43,057,225</b>	
8.010 - Estimated Encumbrances June 30	3,154,148	4,395,882	5,436,711	31.52%	-	-	-	-	-	
<b>Fund Balance June 30 for Certification</b>										
<b>10.010 - of Appropriations</b>	<b>4,808,809</b>	<b>11,165,539</b>	<b>27,400,184</b>	<b>138.79%</b>	<b>33,328,334</b>	<b>39,095,018</b>	<b>44,863,492</b>	<b>45,467,542</b>	<b>43,057,225</b>	
<b>Rev from Replacement/Renewal Levies</b>										
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-	-	
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-	-	
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-	-	
<b>Fund Balance June 30 for Certification</b>										
<b>12.010 - of Contracts, Salary and Other Obligations</b>	<b>4,808,809</b>	<b>11,165,539</b>	<b>27,400,184</b>	<b>138.79%</b>	<b>33,328,334</b>	<b>39,095,018</b>	<b>44,863,492</b>	<b>45,467,542</b>	<b>43,057,225</b>	
<b>Revenue from New Levies</b>										
13.010 - Income Tax - New	-	-	-	-	-	-	-	-	-	
13.020 - Property Tax - New	-	-	-	-	-	-	-	-	-	
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-	-	
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-	-	
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>4,808,809</b>	<b>11,165,539</b>	<b>27,400,184</b>	<b>138.79%</b>	<b>33,328,334</b>	<b>39,095,018</b>	<b>44,863,492</b>	<b>45,467,542</b>	<b>43,057,225</b>	
<b>ADM Forecasts</b>										
20.010 - Kindergarten	-	-	-	-	1,010	1,111	1,103	1,101	1,145	
20.015 - Grades 1-12	-	-	-	-	11,354	11,053	11,005	11,025	11,030	



## **FIVE-YEAR FINANCIAL FORECAST NOTES AND ASSUMPTIONS**

**For the Fiscal Years Ending June 30, 2017 through 2021**

October 26, 2016

**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:

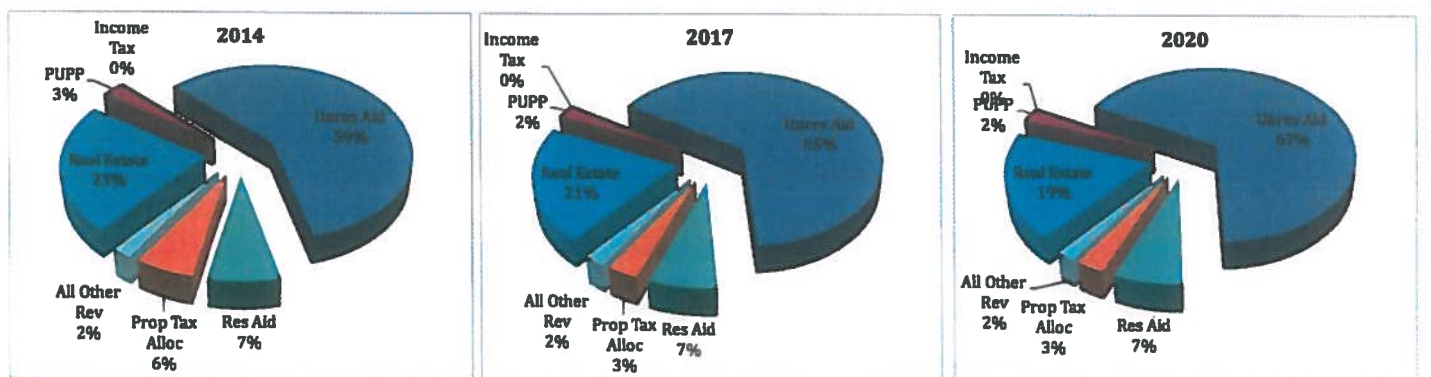
- Revenue and Other Financing Sources:
  - ❖ General Property Tax factors include taxable values, tax rates and collection rates.
  - ❖ Unrestricted Grants-In-Aid and Property Tax Allocation factors include political forces in the state biennium budget cycle, student enrollment and property/income wealth.
- 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:

**REVENUE**

Operating Revenue Summary

Dayton City School District



	ACTUAL		FORECASTED		6 Year Projected		
	2014	% of Revenue	2017	% of Revenue	2020	% of Revenue	% Change
1.010 - General Property Tax (Real Estate)	51,257,416	23.37%	52,639,121	20.67%	51,221,258	19.23%	-0.07%
1.020 - Public Utility Personal Property	5,839,121	2.66%	5,571,747	2.19%	6,346,009	2.38%	8.68%
1.030 - Income Tax	-	0.00%	-	0.00%	-	0.00%	0.00%
1.035 - Unrestricted Grants-in-Aid	129,430,194	59.01%	165,461,390	64.99%	178,148,961	66.87%	37.64%
1.040 & 1.045 - Restricted Grants-in-Aid	15,738,844	7.18%	17,451,390	6.85%	18,240,181	6.85%	15.89%
1.050 - Property Tax Allocation	12,724,914	5.80%	8,038,780	3.16%	7,501,060	2.82%	-41.05%
1.060 - All Other Operating Revenues	4,346,644	1.98%	5,447,256	2.14%	4,945,232	1.86%	13.77%
<b>1.070 - Total Revenue</b>	<b>219,337,134</b>		<b>254,609,684</b>		<b>266,402,701</b>		<b>21.46%</b>



**Line 1.010 General Property Tax (Real Estate)**

Residential/agricultural and commercial/industrial real estate property tax revenue collection estimates are based on taxable valuation, effective tax rates and collection rates. Based on the reappraised or updated tax value increases, voted tax rates are reduced proportionately to produce the same amount of revenue as originally approved by the voters. Conversely, if tax values should happen to decrease, voted tax rates are raised proportionately up to the maximum revenue amount approved by the voters. The 4.48 unvoted inside mills is not impacted during reappraisal or update years. The districts voted levies are indicated below:

Original Year of Passage	Term	Year Levy Was Last Approved	2015 Full Voted/ Amount/Millage	2015 Class I Effective	2015 Class II Effective
1976	Continuing	1976	32.50	13.78777	26.54412
1988	Continuing	1988	15.27	9.71804	15.27000
1992	Continuing	1992	10.40	8.14288	10.40000
2008	Continuing	2008	4.90	4.90000	4.90000

Tax year 2015 actual real property valuation and effective millage and estimates for tax years thru 2020 are indicated below:

Tax Year	Real Property Valuation	Year-Over-Year Change	Res.Agr. Tax Rate	Year-Over-Year Change	Business Tax Rate	Year-Over-Year Change
2013	1,466,344,310	6,854,830	36.92	0.19	59.89	0.00
2014	1,328,401,510	(137,942,800)	40.59	3.68	61.36	1.47
2015	1,322,350,390	(6,051,120)	41.03	0.44	61.59	0.24
2016	1,310,738,015	(11,612,375)	41.18	0.15	62.04	0.44
2017	1,243,984,189	(66,753,826)	43.23	2.05	62.92	0.88
2018	1,233,029,063	(10,955,126)	43.4	0.16	63.39	0.47
2019	1,222,257,919	(10,771,144)	43.56	0.16	63.86	0.47
2020	1,160,223,401	(62,034,518)	45.77	2.21	64.80	0.94

- Tax year 2014 was a reappraisal year in Montgomery County.
- Class I property consists of agricultural and residential property.
  - ❖ Assessed valuation is 64% of the total valuation.
  - ❖ Collection rates, excluding delinquencies, are projected at 81.40%.
  - ❖ Projected increases for new construction/growth are as follows:

Tax Year	2015	2016	2017	2018	2019	2020
Class I New Construction/Growth	-0.17%	-0.02%	0.11%	-0.02%	-0.02%	-0.02%

- Class II property consists of public utility real, industrial and commercial property.
  - ❖ Assessed valuation is 29% of the total valuation.
  - ❖ Collection rates, excluding delinquencies, are projected at 85.00%.
  - ❖ Projected increases for new construction/growth are as follows:

Tax Year	2015	2016	2017	2018	2019	2020
Class II New Construction/Growth	2.93%	-0.07%	0.02%	-0.06%	-0.05%	-0.05%

- The actual 5-year average annual change was .33%.
- The projected 5-year average annual change is -1.87%.

**Line 1.020 Personal Property Taxes**

Tangible personal property (TPP) taxes are assessed on the equipment and inventory owned by businesses and public utility personal property (PUPP) taxes are assessed on electric power and natural gas providers. The assessed value is taxed at the full voted rate of 67.55 mills. Businesses and public utilities report personal values annually which may cause substantial fluctuations from year to year.

Beginning in tax year 2006, HB 66 (Ohio Budget Bill FY06-07) provided for phase-out of tangible personal property (TPP) taxes on general business, telephone & telecommunications, and railroad properties over a period starting in tax year 2006 and ending in tax year 2010. In fiscal year terms this would be from FY 2008 to FY 2012. The state provided only partial reimbursement for this tax loss to all governmental agencies (including schools) through the creation of a new state tax on businesses called a Commercial Activities Tax (CAT). The estimates of taxes and associated state fixed rate direct reimbursements are included in Line 1.050 Property Tax Allocation based on information currently available from the Ohio Department of Taxation.

Tax year 2015 actual personal property valuation and effective millage and estimates for tax years thru 2021 are indicated below:

Tax Year	Real Property Valuation	Year-Over-Year Change	Full Voted Tax Rate	Year-Over-Year Change
2014	93,576,040		67.55	0.00
2015	96,310,250	2,734,210	67.55	0.00
2016	95,080,175	(1,230,075)	67.55	0.00
2017	95,772,359	692,184	67.55	0.00
2018	94,549,155	(1,223,205)	67.55	0.00
2019	93,341,573	(1,207,582)	67.55	0.00
2020	94,021,099	679,527	67.55	0.00
2021	92,820,262	(1,200,837)	67.55	0.00

- Tax year 2014 was a reappraisal year in Montgomery County.
- Tangible personal property consists of general business machinery, equipment and inventories.
  - ❖ Assessed valuation is 0% of the total valuation.
  - ❖ Collection rates are 0%.
  - ❖ Projected increases for new construction/growth are 0%.
- Public utility personal property is subject to taxation on their tangible personal property include electric, rural electric, natural gas, pipeline, water works, water transportation, heating, and telegraph companies.
  - ❖ Assessed valuation is 7% of the total valuation.
  - ❖ Collection rates are projected at 89.50% due to a natural gas valuation appeal by Vectren Energy Delivery of Ohio, Inc. Taxpayer is only required to pay the tax on the undisputed value.
  - ❖ Projected increases for new construction/growth are as follows:

Tax Year	2015	2016	2017	2018	2019	2020
Public Utility New Construction/Growth	2.92%	-1.28%	0.73%	-1.28%	-1.28%	-1.28%

- The actual 5-year average annual change was 1.12%.
- The projected 5-year average annual change is 1.31%.

### Line 1.035 Unrestricted Grants-in-Aid

The funding of K-12 public elementary and secondary schools in Ohio is a joint effort between the state and local school districts. State foundation funding distributions to school districts are determined by the biennial budget bill. The state budget is adopted in odd numbered years and implemented beginning in even numbered years. Payments are received twice per month.

The 131<sup>th</sup> General Assembly adopted the FY 2016-2017 biennium budget as Amended Substitute House Bill 64. The amount of state funds that a district receives is based on a calculation that takes into account student enrollment and both the property and income wealth of the district. The School Finance Payment Report (SFPR) provides details of funding components, parameters and calculations.

Key factors, parameters and components of the calculations are highlighted below by the 3 primary segments:

- **Statewide Factors and Parameters:**
  - ❖ Total ADM, Formula ADM, Median Income, Economic Disadvantaged Percentage, 3 Year Average Valuation and 3 Year Federal Adjusted Gross Income
  - ❖ Guarantee: 2016, 2017=100% of 2015 funding
  - ❖ Growth Cap: **2016, 2017=7.50%**
  - ❖ We believe the district will receive additional funds for the period of 2018 through 2021. We have conservatively estimated an increase in the CAP amount of 2.50% each year for FY 2018 – 2021, but the amount could be higher or lower. There is no guidance on the state funding model or increases for the FY 2018 – 2021 period.
- **District Factors and Parameters:**
  - ❖ Basic ADM, Special Education ADM, Career Tech FTE, Limited English Proficient ADM, K-3 Formula ADM, K-3 Formula ADM, K-3 E-School Formula ADM, Preschool Autism Scholarship ADM, Brick & Mortar Community and STEM School Formula ADM, E-School Formula ADM, Jon Peterson Scholarship ADM, Autism Scholarship ADM, Ed Choice Scholarship ADM, Economic Disadvantaged ADM, Economic Disadvantaged Percentage, 3 Year Average Federal Adjusted Gross Income, 3 Year Average Total Real Valuation, 3 Year Average Agricultural Real Valuation, 3 Year Average Adjusted Total Valuation, 3-Year Average Total Valuation, Exempt Property Valuation for TY14, Potential Property Valuation, Median Income for TY13, State Share Percentage, Economic Disadvantaged Index, Capacity Measure
    - Formula ADM: 2016=22,980; 2017=22,983
    - Median Income for TY13 = \$22,877
    - State Share Percentage = .8412
    - Economic Disadvantaged Index = 3.2534
- **Foundation Funding Components:**
  - ❖ A. Opportunity Grant – Per pupil: 2016=\$5,900; 2017=\$6,000 at state share percentage
  - ❖ B. Targeted Assistance – uses the capacity measure and a target millage rate of 6 mills each year
  - ❖ C. K-3 Literacy Funding – Tier 1: 2016=\$184; 2017=\$193 for each student in grades K-3 multiplied by the state share percentage. Tier 2: 2016=\$121; 2017=\$127

❖ E. Limited English Proficiency Funding – at state share percentage

ELL Category	Description	2016	2017
1	Enrolled <= 180 days	\$1,515	\$1,515
2	Enrolled > 180 days	\$1,136	\$1,136
3	Not category 1 or 2	\$758	\$758

❖ F. Gifted Education Funding – Identification funding: 2016, 2017=\$5.05 for all resident students. Service funding: 2016, 2017=\$37,370 for every 1,100 students for intervention specialist services and for every 3,300 students for coordination services

❖ G. Transportation Funding – Greater of the cost per rider or cost per mile at state share index. Cap exempt.

❖ H. Special Education Additional Funding – funded by category. Cap exempt.

Category	Description	2016	2017
1	Speech Only	\$1,547	\$1,578
2	Cognitive Disabilities, Specific Learning Disability, Developmentally Delayed, Other Health Impaired (Minor)	\$3,926	\$4,005
3	Hearing Impaired, Emotional Disturbance	\$9,433	\$9,622
4	Visual Impairment, Other Health Impaired (Major)	\$12,589	\$12,841
5	Multiple Disabilities, Orthopedic	\$17,049	\$17,390
6	Deaf-Blind, Autism, Traumatic Brain Injury	\$25,134	\$25,637

❖ J. Capacity Aid – 2016=\$578; 2017=\$743. Cap exempt.

❖ K. Graduation Bonus – 2016=\$442.50; 2017=\$450 at state share percentage. Cap exempt.

❖ L. 3<sup>rd</sup> Grade Reading Bonus – 2016-\$442.50; 2017=\$450 at state share percentage. Cap exempt.

- Casino revenue is included and projected as follows:
  - ❖ Per Pupil amounts are forecasted at \$51.91
- The actual 5-year average annual change was 4.52%.
- The projected 5-year average annual change is 3.42%.

**Line 1.040 Restricted State Grants-in-Aid**

Restricted state revenue sources are based on the state biennium budget. These include funding for economic disadvantaged students, career technical education and reimbursement for special education catastrophic costs.

❖ D. Economic Disadvantaged Funding – 2016, 2017=\$272 at disadvantaged index

❖ I. Career-Technical Educational Funding – 2016=\$236; 2017=\$246 at state share percentage for associated services plus funded by category. Cap exempt.

Category	Career Fields	2016	2017
1	Agricultural & environmental systems, construction technologies, engineering & science technologies, finance, health science, information technology, manufacturing technologies.	\$4,992	\$5,192
2	Business & administration, hospitality &		

	tourism, human services, law & public safety, transportation systems, arts & communications	\$4,732	\$4,921
3	Career based intervention	\$1,726	\$1,795
4	Education & training, marketing, workforce, development academics, public administration, career development	\$1,466	\$1,525
5	Family and consumer sciences (which includes students enrolled in GRADS)	\$1,258	\$1,308

**Line 1.050 Property Tax Allocation**

This line includes state reimbursement for tangible personal property (TPP) tax, public utility deregulation (PUD), electric deregulation (KwH), homestead and rollback, and the “ten thousand dollar exemption” where businesses are exempt from paying the first \$10,000 of property tax.

The state of Ohio’s 2005 tax reform package eliminated the state-wide business franchise (non-financial institutions) tax and a local tangible personal property (TPP) tax on business equipment and inventory. Both taxes were replaced with a Commercial Activity Tax (CAT) collected and maintained by the state of Ohio. The original language contained a phase-out of TPP reimbursement with policymakers committing 70% of CAT revenue to schools.

Amended Substitute House Bill 153 (Ohio Budget Bill FY12-FY13) removed the original provision that 70% of the CAT revenue would go to schools and replaced it with a commitment that the current TPP reimbursement would remain “in perpetuity”. However, Amended Substitute House Bill 64 (Ohio Budget Bill FY16-FY17) resumed phase-out and made changes in the calculation and distribution methodology of TPP and PUD reimbursements. Different levy losses have different methodologies for calculating the reimbursement.

HB59 (Ohio Budget Bill FY14-FY15) eliminated both the 10% rollback and the 2.5% rollback for additional, replacement and the increase portions of renewal levies passed after the August 2013 election. Also, beginning with tax year 2014, new participants in the homestead exemption program will be subject to a means test.

The reimbursement for TPP is made twice a year in November and May.

- Amended Substitute HB 59 TPP projection: 2015=\$5,023,786
- Amended Substitute HB 64 TPP projection: 2016=\$2,721,550; 2017=\$421,981
- The KwH was completely phased out in fiscal 2012.
- The actual 5-year average annual change was -14.77%.
- The projected 5-year average annual change is -6.0%.

**Line 1.060 All Other Revenues**

This line item serves as a miscellaneous revenue category for various sources not included above such as investment income, payments in lieu of taxes for compensation agreements, facility rentals, fees, tuition, donations, and other miscellaneous revenue sources. Estimates are based upon historical trends.



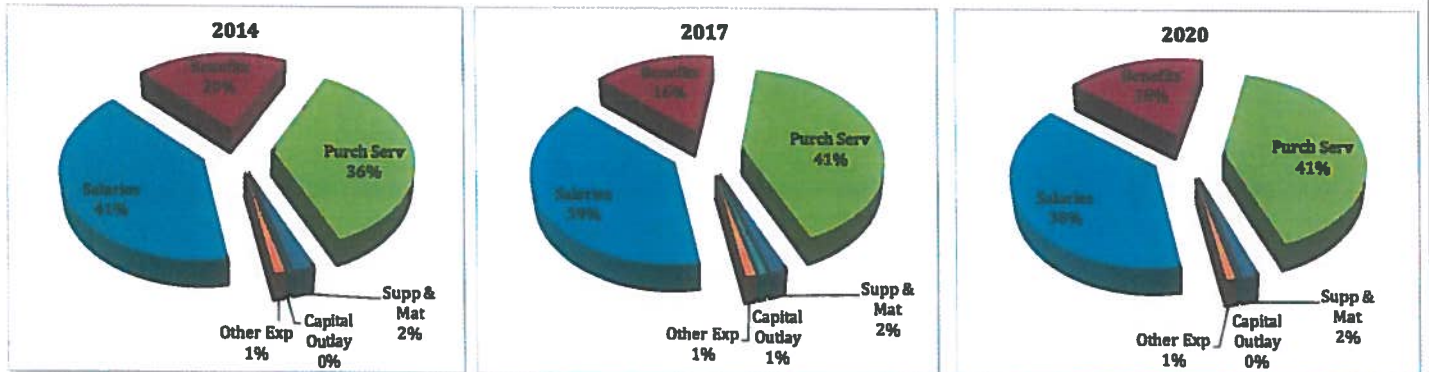
**Lines 2.010 through 2.060 Other Financing Sources**

Included in this category are operating transfers-in and advances-in. Advances-in include returns of money advanced by the General Fund to other funds to cover a short-term end of year deficit balance. These transactions are considered a “loan” to the deficit fund and must be repaid to the General Fund. Projected amounts are based on prior and current year actual advances-out and historical trends.

**EXPENDITURES**

**Operating Expenditure Summary**

Dayton City School District



	ACTUAL		FORECASTED				6 Year Projected % Change
	2014	% of Budget	2017	% of Budget	2020	% of Budget	
3.010 - Personnel Services	91,501,859	40.39%	99,540,209	39.28%	104,111,205	38.38%	13.78%
3.020 - Employees' Retirement/Insurance Benefi	44,624,299	19.70%	40,102,989	15.83%	48,264,386	17.79%	8.16%
3.030 - Purchased Services	81,826,479	36.12%	104,115,267	41.09%	110,549,161	40.76%	35.10%
3.040 - Supplies and Materials	5,234,141	2.31%	4,513,207	1.78%	4,820,497	1.78%	-7.90%
3.050 - Capital Outlay	531,404	0.23%	2,092,876	0.83%	602,553	0.22%	13.39%
3.060-4.300 - Other Expenditures	2,816,287	1.24%	3,028,697	1.20%	2,894,125	1.07%	2.76%
<b>4.500 - Total Expenditures</b>	<b>226,534,469</b>		<b>253,393,245</b>		<b>271,241,926</b>		<b>19.74%</b>

**Line 3.010 Personal Services**

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 December 2013, DEA and the District approved a new Master Contract effective through June 30, 2017. The other bargaining units have agreements through June 30, 2017.

Key personal services factors used in the model are highlighted below:

- Salary and wage allocations by category are as follows:
  - ❖ Certified staff are 61% of total personal services
  - ❖ Classified staff are 22% of total personal services
  - ❖ Administrative staff are 10% of total personal services
  - ❖ Substitutes, overtime and other are 7% of total personal services
- Costs for horizontal range increases are between 0.10% and .25%.

- DEA staff members shall remain frozen on their 2013-2014 step through June 30, 2017.
- DEA staff members received a flat \$1,100 on each step of the salary schedule for 2014-2015.
- DEA staff members will receive a flat \$1,100 on each step of the salary schedule for 2015-2016.
- DEA staff members will receive a flat \$1,000 on each step of the salary schedule for 2016-2017.
- Most other union employees will receive 2% increases in 2014-2015, 2015-2016 and 2016-2017.
- Fiscal year 2017 will have 27 pay periods.
- The actual five-year average annual change is -2.15%.
- The projected five-year average annual change is 4.47%.

### **Line 3.020 Employees' Retirement and Insurance Benefits**

Employee benefits include the following:

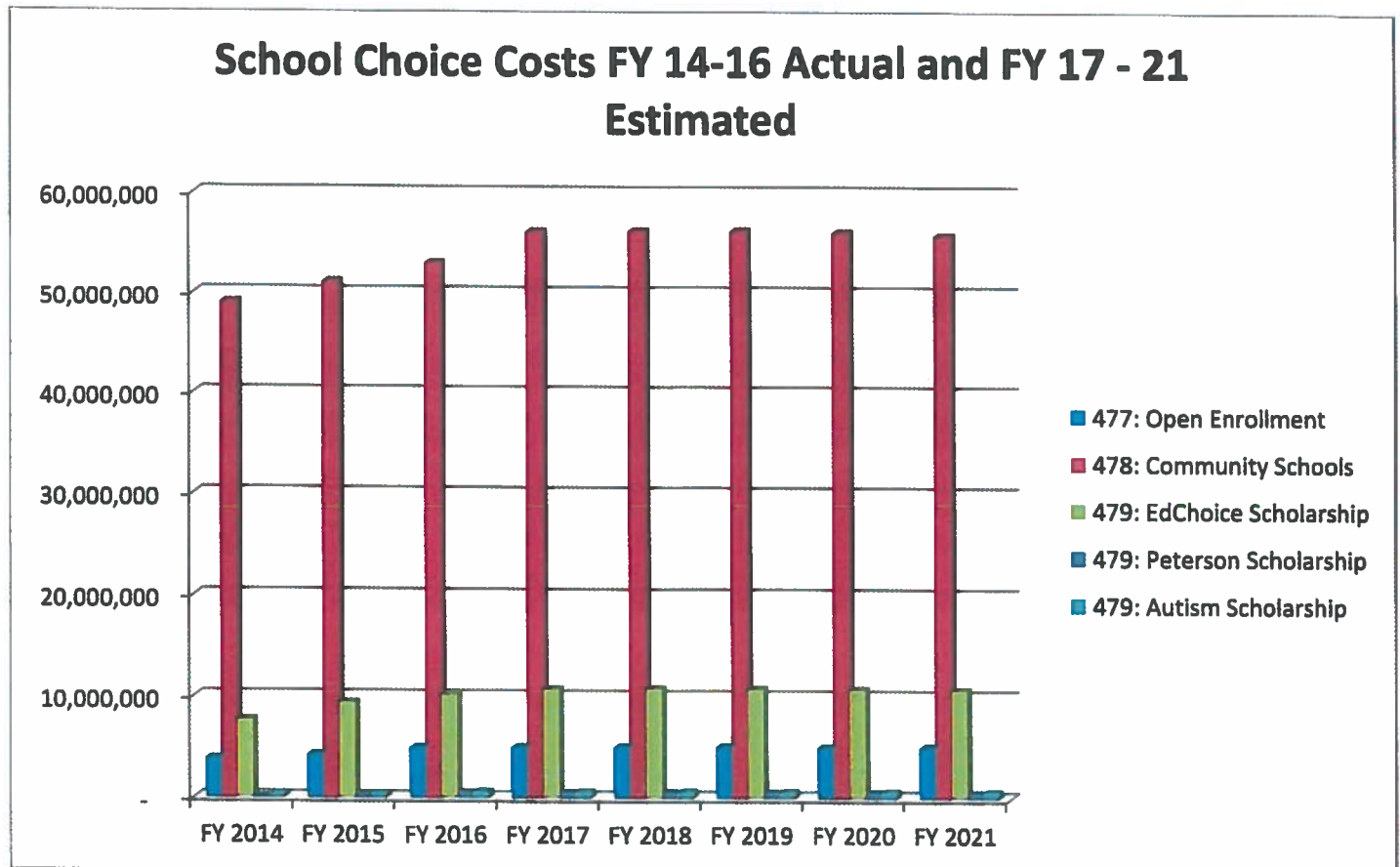
- Employer retirement payments to the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) are equal to 14% of salary. SERS levies a surcharge for part time employees who earn less than \$35,800. There is a cap of 2% of total district payroll. In addition, SERS cannot collect more than 1.5% of the total statewide payroll.
- Health care coverage is provided for employees on a self-insured basis up to a stop loss limit of \$350,000 specific claim. Claims are funded based upon a per employee charge. Future increases are projected to range between 3.0-10.0% based upon actuarial assumptions and historical claims trend.
- The district contributes 85% of the medical premium for full time staff and less for part time staff.
- Effective January 1, 2015, 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 shall be \$750 for a single plan and \$1,500 for a family plan.
- The district contributes 90% of the dental premium.
- Effective January 1, 2016, Workers Compensation continues in a Group Retrospective Rating Program.
- In accordance with the Affordable Care Act, an excise tax on Cadillac Plans is effective January 1, 2018.
- The actual five-year average annual change is 2.32%.
- The projected five-year average annual change is 7.81%.

### **Line 3.030 Purchased Services**

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 and lease payments for Certificates of Participation (COPS). Starting in 2016 COPS payments will be made from the permanent improvement fund using leftover classroom facilities funds. The following table shows the amount of money our students take with them to attend other schools. The expenditure for our students attending elsewhere has been one of the fastest growing expenditures since fiscal year 2014. For fiscal year 2017 we projected 5.5% increase in expenditure for our students attending elsewhere. However, due to improvement measures taken by the district such as restructuring, implementation of 1:1 technology, getting A in value added and getting out of academic distress, we assumed that we will not be losing students at the previous rates and we expect to get back the students we lost. We estimated an average decrease of -0.15% for FY 2018 -2021.

**School Choice Costs FY 14-16 Actual and FY 17 - 21 Estimated**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
477: Open Enrollment	3,897,932	4,303,262	4,984,298	5,034,141	5,059,312	5,059,818	5,059,818	5,044,638
478: Community Schools	49,112,022	51,178,469	53,035,087	56,217,192	56,273,409	56,301,546	56,132,641	55,851,978
479: EdChoice Scholarship	7,710,260	9,425,594	10,230,556	10,793,237	10,804,030	10,809,432	10,777,004	10,723,119
479: Peterson Scholarship	124,036	190,194	532,571	533,104	533,370	533,637	533,904	534,171
479: Autism Scholarship	390,075	437,325	618,450	618,512	618,821	619,131	619,750	620,369
<b>Total Transfers</b>	<b>61,234,325</b>	<b>65,534,844</b>	<b>69,400,962</b>	<b>73,196,185</b>	<b>73,288,942</b>	<b>73,323,563</b>	<b>73,123,116</b>	<b>72,774,275</b>



**Line 3.040 Supplies and Materials**

This line includes general supplies, instructional textbooks, bus fuel, tires and maintenance supplies.

- The projected five-year average annual change is 4.39%.

**Line 3.050 Capital Outlay**

The capital outlay category consists of any item having a life expectancy of five years or more, such as land, buildings, ground improvements, computers/technology, buses, vehicles, furnishings and equipment.

- The projected amount for FY 2017 includes purchase of Chrome books that will be used to implement the 1:1 initiative for high schools and the projected amount for FY 2018 includes purchase of buses.

**Line 4.300 Other Objects**

Expenditures in this category include property tax collection fees, memberships and audit fees.

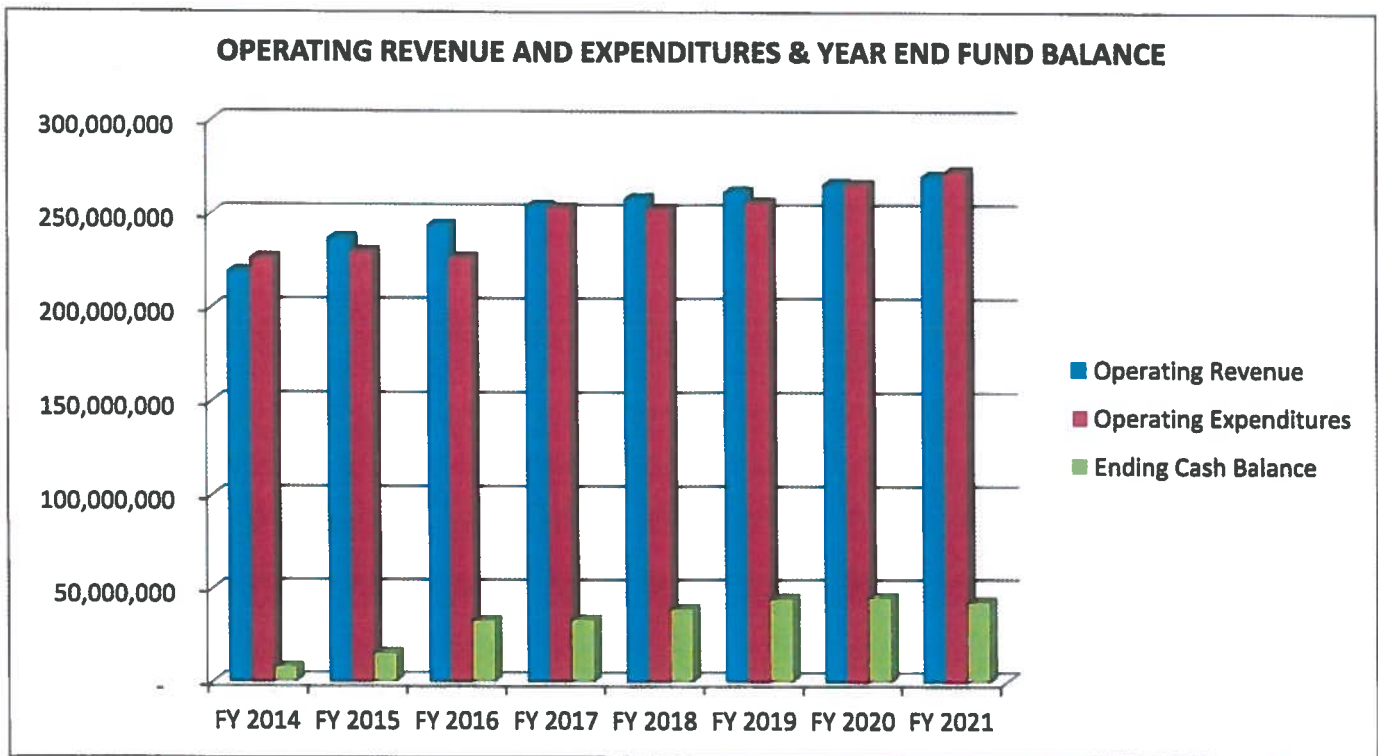
- The projected five-year average annual change is 6.41%.

**Lines 5.010 through 5.030 Other Financing Uses**

This category includes other financing uses. Operating transfers are amounts transferred to other funds. Advances are a loan to another fund to cover a temporary deficit balance. Refunds of prior year receipts are payments received in one fiscal year and returned to original payer in another fiscal year.

**Line 8.010 Estimated Encumbrances**

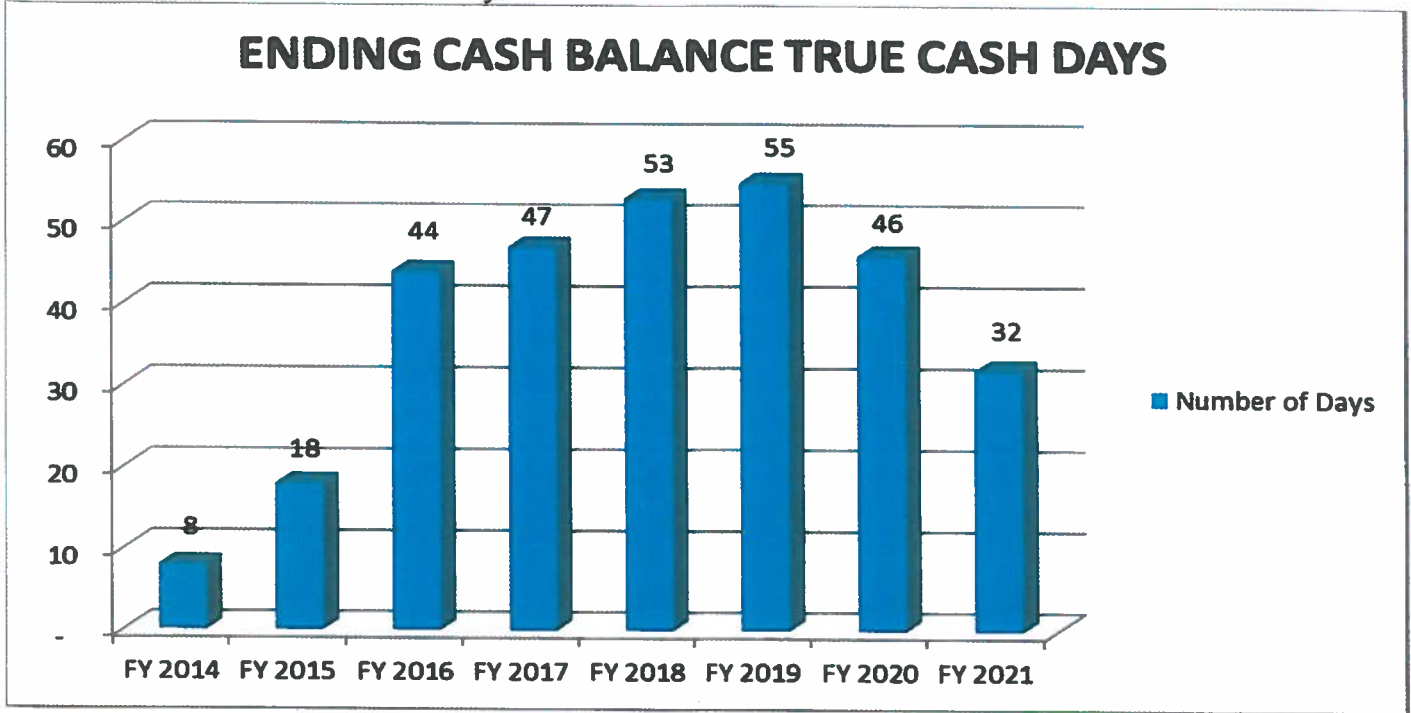
Encumbrances are legal financial obligations incurred but not paid at fiscal year-end. They are not projected.



**True Cash Days Ending Balance**

To look at ending cash is to state it in “True Cash Days”. How many days could the district operate at year end if no additional revenues were received. True cash days is calculated  $\{ \text{Current Years Ending Cash Balance} / (\text{Current Years Expenditures} / 365 \text{ days}) \}$  equals the number of days that the district could operate without additional resources or a severe resource interruption. The government finance officers association (GFOA) recommends no less than two (2) months or 60 days cash is on hand at year end but could be more

depending on the district's complexity and risk factors. The graph on the following page indicates the district will need to stay focused starting FY17 and beyond as adequate reserves are estimated to be less than the recommended amount which is 60 days or more.



**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. Past performance is not an indication of future results. 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 2018 and beyond may deviate significantly from the forecast.