Groveport-Madison Local School District – Franklin County

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2016, 2017 and 2018 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2019 THROUGH 2023**

GROVEPORT
MADISON
SCHOOLS

**Forecast Provided By
Groveport-Madison School District
Treasurer's Office
John Walsh, Treasurer**

May 8, 2019

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017, 2018
Forecasted Fiscal Year Ending June 30, 2019 through 2023

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenues									
1.010	General Property Tax (Real Estate)	32,155,208	33,795,007	34,158,402	3.1%	$35,362,195	$32,688,720	$30,703,525	$31,367,167	$31,930,133
1.020	Tangible Personal Property	0	0	0	0.0%	$0	$0	$0	$0	$0
1.030	Income Tax	-	-	-	0.0%	$0	$0	$0	$0	$0
1.035	Unrestricted State Grants-in-Aid	35,321,355	37,712,926	39,185,321	5.3%	$40,481,664	$41,672,902	$42,925,974	$42,995,556	$43,163,666
1.040	Restricted State Grants-in-Aid	2,009,661	2,265,448	2,359,606	8.4%	$2,265,232	$2,287,884	$2,310,763	$2,333,870	$2,357,209
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY1	-	-	-	0.0%	$0	$0	$0	$0	$0
1.050	Property Tax Allocation	2,909,981	2,841,785	2,767,245	-2.5%	2,655,057	2,676,333	2,570,576	2,525,009	2,527,184
1.060	All Other Revenues	4,739,478	7,271,459	5,005,876	11.1%	4,569,607	4,369,034	4,215,419	4,235,284	4,255,365
1.070	*Total Revenues*	77,135,683	83,886,625	83,476,450	4.1%	85,333,755	83,694,873	82,726,257	83,456,886	84,233,557
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	350,014	60	0.0%	$0	$0	$0	$0	$0
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	1,490,437	1,492,023	-	-49.9%	-	-	-	-	-
2.050	Advances-In	-	-	-	0.0%	-	-	-	-	-
2.060	All Other Financing Sources	432,899	8,447	9,773	-41.2%	$25,775	$10,000	$10,000	$10,000	$10,000
2.070	*Total Other Financing Sources*	1,923,336	1,850,484	9,833	-51.6%	25,775	10,000	10,000	10,000	10,000
2.080	*Total Revenues and Other Financing Sources*	79,059,019	85,737,109	83,486,283	2.9%	85,359,530	83,704,873	82,736,257	83,466,886	84,243,557
	Expenditures									
3.010	Personnel Services	$29,789,432	$31,672,935	$33,669,012	6.3%	$35,360,254	$37,249,521	$38,907,717	$40,604,652	$42,089,445
3.020	Employees' Retirement/Insurance Benefits	12,675,174	14,049,911	15,870,153	11.9%	$16,693,554	$17,940,153	$19,052,040	$20,285,165	$21,629,171
3.030	Purchased Services	24,995,611	26,659,143	24,252,433	-1.2%	$23,874,140	$24,207,383	$24,549,649	$24,780,168	$25,137,722
3.040	Supplies and Materials	1,851,554	1,835,078	2,546,622	18.9%	2,704,802	2,630,946	2,709,874	2,791,171	2,874,906
3.050	Capital Outlay	345,201	1,822,345	810,428	186.2%	640,000	1,190,587	1,495,125	1,210,739	1,213,150
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:									
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%	$0	$0	$0	$0	$0
4.050	Principal-HB 264 Loans	-	-	-	0.0%	$0	$0	$0	$0	$0
4.055	Principal-Other	-	-	-	0.0%	$0	$0	$0	$0	$0
4.060	Interest and Fiscal Charges	-	-	-	0.0%	$0	$0	$0	$0	$0
4.300	Other Objects	1,055,302	1,117,533	1,102,995	2.3%	$976,288	$1,147,565	$1,171,467	$1,195,980	$771,122
4.500	*Total Expenditures*	$70,712,274	77,156,945	78,251,643	5.3%	80,249,038	84,366,155	87,885,872	90,867,874	93,715,515
	Other Financing Uses									
5.010	Operating Transfers-Out	1,781,029	2,291,973	1,814,325	3.9%	$1,803,537	$1,399,358	$1,114,017	$926,265	$927,075
5.020	Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-
5.040	*Total Other Financing Uses*	1,781,029	2,291,973	1,814,325	3.9%	1,803,537	1,399,358	1,114,017	926,265	927,075
5.050	*Total Expenditures and Other Financing Uses*	72,493,303	79,448,918	80,065,968	5.2%	82,052,575	85,765,513	88,999,889	91,794,139	94,642,590
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	6,565,716	6,288,191	3,420,315	-24.9%	3,306,955	(2,060,640)	(6,263,632)	(8,327,253)	(10,399,033)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	485,751	7,051,466	13,339,657	720.4%	16,759,972	20,066,927	18,006,287	11,742,655	3,415,401
7.020	*Cash Balance June 30*	7,051,466	13,339,657	16,759,972	57.4%	20,066,927	18,006,287	11,742,655	3,415,401	(6,983,632)
8.010	*Estimated Encumbrances June 30*	2,070,190	995,888	1,135,794	-18.9%	491,000	394,000	394,000	394,000	394,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.0%	3,090,611	3,130,607	3,169,527	-	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.0%	3,090,611	3,130,607	3,169,527	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	4,981,276	12,343,769	15,624,178	87.2%	16,485,316	14,481,680	8,179,128	3,021,401	(7,377,632)

GROVEPORT MADISON LOCAL SCHOOL DISTRICT
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017, 2018
Forecasted Fiscal Year Ending June 30, 2019 through 2023

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-	-		0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-		0.0%	-	2,866,601	5,589,152	5,589,152	5,589,152
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	2,866,601	8,455,753	14,044,905	19,634,057
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	4,981,276	12,343,769	15,624,178	87.2%	16,485,316	17,348,281	16,634,881	17,066,306	12,256,425
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	$0	$0	$0	$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*	4,981,276	12,343,769	15,624,178	87.2%	16,485,316	17,348,281	16,634,881	17,066,306	12,256,425

Groveport-Madison School District – Franklin County
Notes to the Five Year Forecast
General Fund Only

May 8, 2019

Introduction to the Five Year Forecast
For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31 2018, and May 31, 2019. HB87, effective November 1, 2018, will change the filing date from October 31 to November 30 beginning with the 2019 November filing. The May 31 filing date will remain unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2019 (July 1, 2018-June 30, 2019) 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 2019 filing.

Updates for May
Taxes Lines 1.01 & 1.02: The taxes received in the February settlement was greater than expected by $203,498. Along with the additional amount received in the tax settlement the valuations increased more than expected that led to a total increase of $1.6 million for the entire forecast.

Restricted & Unrestricted grants in Aid Lines 1.035 & 1.04: The enrollment for FY19 increased more than what was projected which will cause an increase for the remainder of the forecast of $974,312 when the district becomes a formula district in the last three years of the forecast based on the current funding model.

Other Revenues Lines 1.06 & 2.07: These lines will experience a decrease of $1.4 million for the forecast based on the amounts that the district has received for FY19 for tuition from other districts, E-Rate reimbursements and other miscellaneous revenue.

Personnel Services Line 3.01: The unexpected decrease in the staff and wages during FY19 that occurred since the October forecast by $502,977 will then decrease the amount of salaries for the forecast by $2.7 million as a savings for the district.

Fringe Benefits Line 3.02: The change in salaries will also decrease the amount of benefits by $1.4 million for the forecast.

Other Expenditures Lines 3.03 to 4.30: There was a decrease in students going to other districts through Open Enrollment, Community Schools and the various Scholarship Programs in FY19 that greatly reduced the amount that the district had to pay for these programs, which will have an overall savings of $2.2 million for the forecast.

Forecast Risks and Uncertainty:
A five year financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will be happening in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budget for FY20-21 & 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. Property tax collections are the second largest single revenue source for the school district. In 2017 our district received an increase of 13.94% in values for Class I. The increase percentage is less than has been reported by the Franklin County Auditor as the percentage will be blended between the increase in residential and the loss of Current Agricultural Use Values (CAUV) from the authorized changes in HB49. The changes authorized by HB49 to CAUV values will lower those values by an estimated 30% beginning with counties experiencing a reappraisal or update in Tax Year 2017. It is anticipated this reduction will be mostly offset by HB920 as rates will adjust up if net values for Class I are lower. It is also expected that cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests. 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.

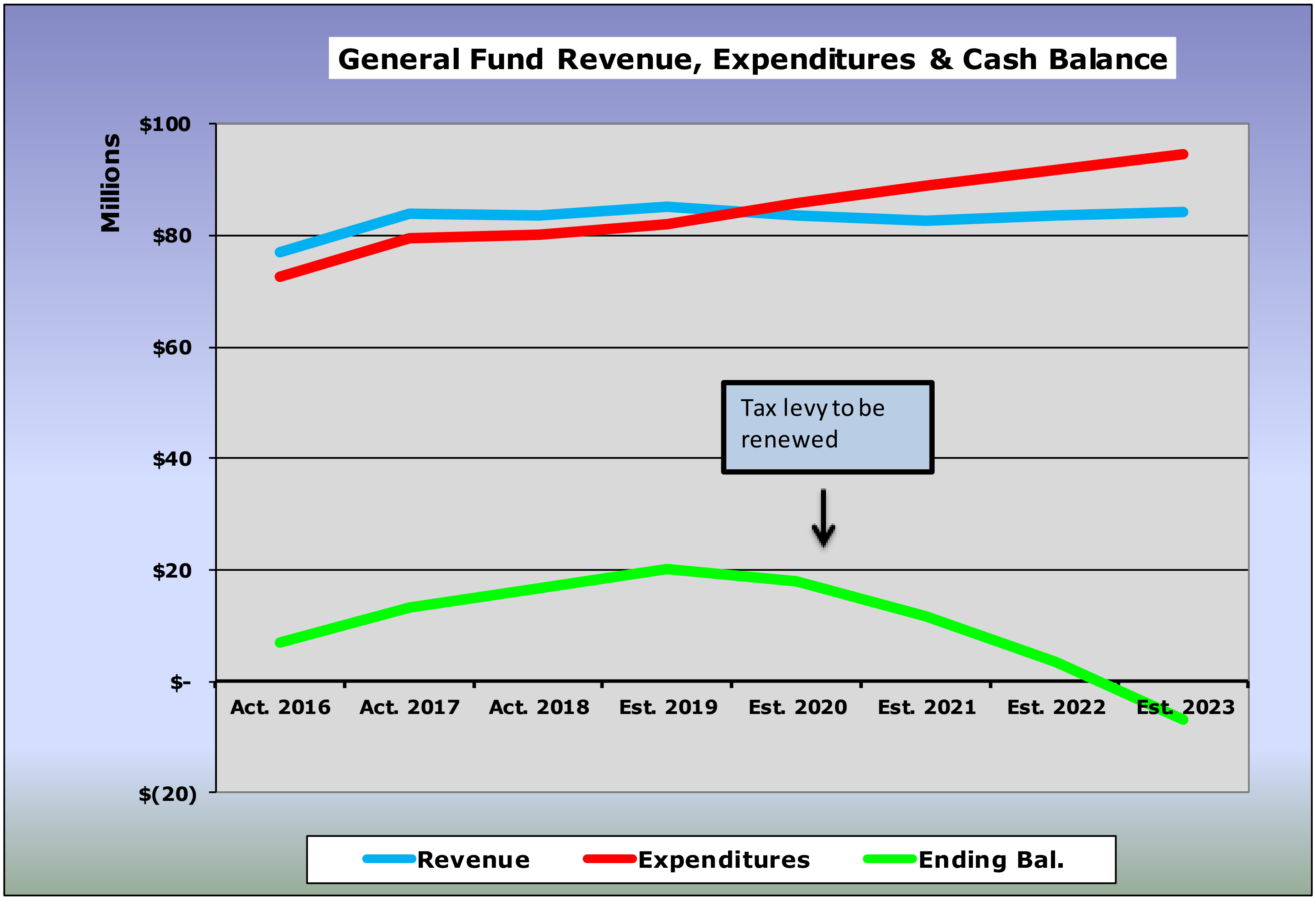
II. The State Budget represents 53.2% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY20 through FY23 in this forecast. For the May forecast there are two proposed scenarios for state funding for Groveport-Madison Local Schools which are; the state budget and the Cupp-Patterson Study. Even though the proposed budget has been introduced for FY20-FY21 it is much too early in the budget process to make changes in the forecast, as the final budget will not be completed until after the forecast filing deadline. 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 HB64 that will increase the district expenditures in the form of expanded school choice programs and increases in amounts deducted from our state aid in the 2018-19 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in FY16 from $20,000 each to $27,000, a 35% increase. The 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 new threats to our state aid and increased costs very closely.

IV. The district's 6.68 mill Current Expense levy will expire on December 31, 2019. The renewal of this levy is necessary to keep the district financially healthy long term.

V. Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

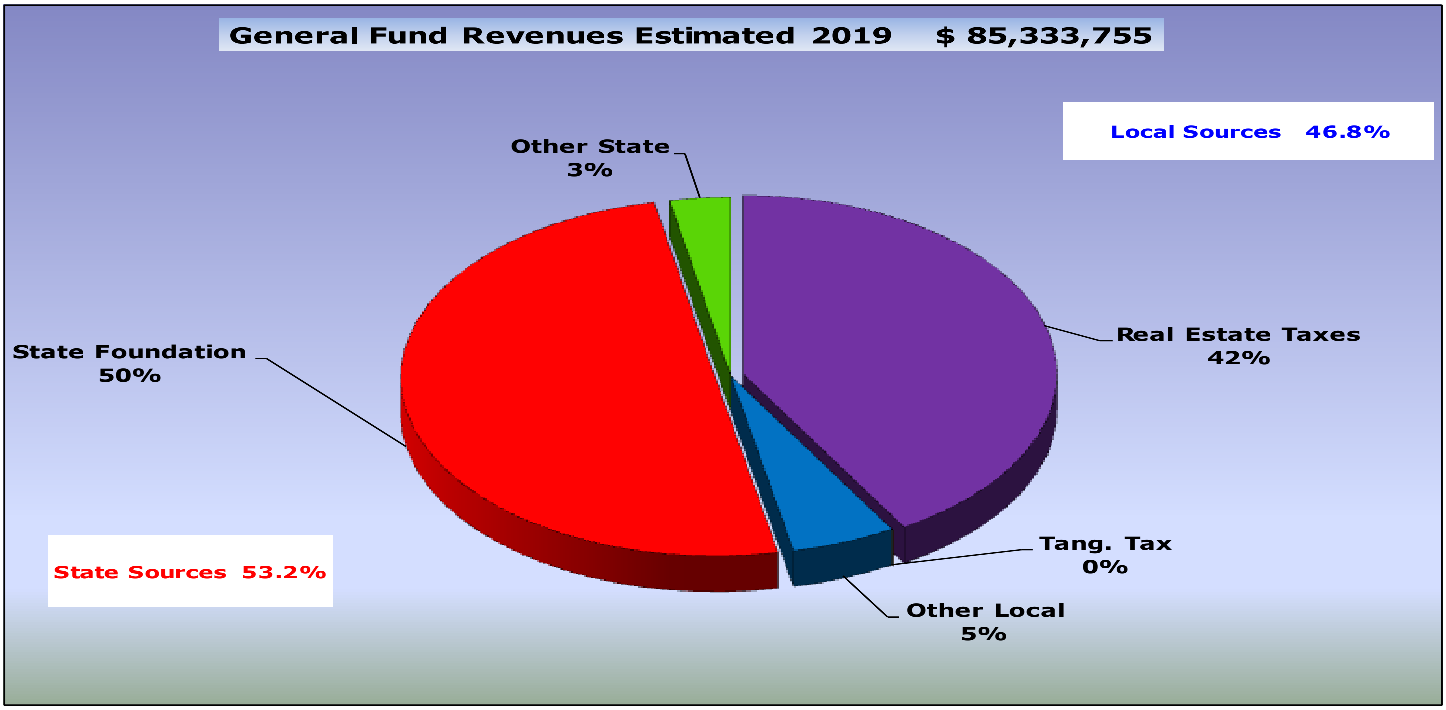
General Fund Revenue, Expenditure and Ending Cash Balance



The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact John Walsh, Treasurer/CFO of Groveport-Madison School District at 614-492-2520.

Revenue Assumptions

Estimated General Fund Revenue for FY19



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, Board of Revision (BOR)/Board of Tax Appeals (BTA) activity and complete reappraisal or updated values.

The Franklin County Auditor provided the district the values of all abatements that will be added to the Comm/Ind valuation beginning in 2015 collected in 2016. The first year that the values are added from being abated the values are treated as new construction which will give the district an increase in tax revenue. We have included these values in the forecast during the correct collection year.

A complete reappraisal occurred in 2017 for collection in FY18 and we received an increase of 13.94% in residential/agricultural values and an increase of 4.38% commercial/industrial property. Real estate tax revenue makes up 41% of the district's General Fund revenue.

CAUV values represent 1.8% of Class I residential agricultural values. HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. We experienced this in the Tax Year 2017 reappraisal. A reduction of value has been weighted in to our average Class I value change in 2017. This will cause a shift in taxes from agricultural taxpayers to residential taxpayers but should not result in lower taxes to our district.

In 2011 Tangible Personal Property (TPP) values were reduced to $-0- as a result of HB 66 that took effect July 1, 2005. Public Utility Personal Property (PUPP) values have seen a growth over the past five years and we expect a slight increase each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR 2018 COLLECT 2019	Actual TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023
Res./Ag.	$520,715,620	$521,665,620	$532,548,932	$532,998,932	$533,448,932
Comm./Ind.	$347,396,180	$355,661,325	$379,426,028	$394,159,838	$408,893,648
Public Utility (PUPP)	$66,765,250	$67,265,250	$67,765,250	$68,265,250	$68,765,250
Tangible Personal Property (TPP)	$0	$0	$0	$0	$0
Total Assessed Value	$934,877,050	$944,592,195	$979,740,210	$995,424,020	$1,011,107,830

ESTIMATED REAL ESTATE TAX (Line #1.010)

Property tax levies are estimated to be collected at 97% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws however, the timing of the tax payments is always in flux but they appear to have normalized. Property taxes are estimated to be collected at 53.94% of the Res/Ag and Comm/Ind in the February tax settlements and 46.06% collected in the August tax settlements. The December 2017 Federal Tax law changes to the deductibility of State and Local Tax (SALT) caused the first half 2018 tax collections to be and estimated $200,000 higher and will result in the second half 2018 (affects FY19) being lower by this amount. This will result in FY18 tax collections being higher and FY19 will be lower. This was an event that caused onetime cash flow acceleration only and is not additional new taxes. Tax collections will return to normal collections for FY20.

The district is forecasting tax settlement payments from Board of Revision complaints in FY19 of $348,633 and in FY20 through FY23 of $325,000. These are settlement payments from previous years taxes that were not paid as the amount of valuations were being challenged.

Public Utility Personal Property tax settlements (PUPP taxes) are estimated to be received 50% in the February and 50% in the August settlement from Franklin County Auditor. The district posts PUPP and Real Estate Taxes in Line 1.010.

Category	FY19	FY20	FY21	FY22	FY23
Est. General Property Taxes Line #1.010	$35,362,195	$32,688,720	$30,703,525	$31,367,167	$31,930,133

Estimated Tangible Personal Tax – Line#1.020

The phase out of TPP taxes as noted earlier began in FY06. HB66 was adopted in June 2005 and the provisions of the legislation have estimated the tangible personal property tax would be eliminated after FY11. Any TPP revenues received in FY13 and beyond are delinquent TPP taxes.

Renewal and Replacement Levies – Line #11.020

The May 2014 levy will expire at the end of 2019. The district will need to renew that levy in order for the collection to be maintained in 2019 for 2020.

Category	FY19	FY20	FY21	FY22	FY23
Renew 6.68 mill levy	$0	$2,866,601	$5,589,152	$5,589,152	$5,589,152
Total Line # 11.020	$0	$2,866,601	$5,589,152	$5,589,152	$5,589,152

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

State Foundation Revenue - Lines #1.035, 1.040 & 1.045

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

The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY19. We are projected to be a CAP district regarding state funding in FY19.

The current formula 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.

The current funding formula 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.

Transitional Guarantee Phase-Out- For the first time HB49 includes a phase-out of funding for districts on the guarantee. If a guarantee district's average daily membership (ADM) over three (3) years from FY14-FY16, on average fell by 10% or more, they will loose 5% of their funding from FY17 levels. If the average ADM loss is less than 5% then they will be guaranteed at 100% of FY17 levels. If average ADM loss is between 5% and 10% loss then funding is cut on a sliding scale of loss up to 5%.

We are anticipated to be a CAP district and not a Guarantee for the forecast period.

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 not anticipated to be a Gain Cap district during the forecast period.

Our current SFPR estimates for FY19 are using March #2 SFPR average daily membership (ADM) and holding student numbers steady each year through FY23. 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. The district has received two adjustments for FY18 in the amount of $24,898.

Future State Budgets: Our funding status for the FY20-23 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-FY23, due to the potential for the economy to be slower. Even though the proposed budget has been introduced for FY20-FY21 we are not making any changes to the forecast at this time since it is too early in the budgeting process and the final budget will not be completed until after the district is required to submit the May Forecast.

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 are 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 FY19-23 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.

Category	FY19	FY20	FY21	FY22	FY23
Basic Aid-Unrestricted	$39,396,286	$40,587,537	$41,840,609	$41,910,191	$42,078,301
Additional Aid Items	$768,210	$768,210	$768,210	$768,210	$768,210
Basic Aid-Unrestricted Subtotal	$40,164,496	$41,355,747	$42,608,819	$42,678,401	$42,846,511
Ohio Casino Commission ODT	$317,168	$317,155	$317,155	$317,155	$317,155
Total Unrestricted State Aid Line # 1.035	$40,481,664	$41,672,902	$42,925,974	$42,995,556	$43,163,666

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 a 1% increase each year of the forecast for FY18-22.

Category	FY19	FY20	FY21	FY22	FY23
Economically Disadvantaged Aid	$2,014,632	$2,034,778	$2,055,126	$2,075,677	$2,096,434
Career Tech - Restricted	$250,600	$253,106	$255,637	$258,193	$260,775
Total Restricted State Revenues Line #1.040	$2,265,232	$2,287,884	$2,310,763	$2,333,870	$2,357,209

C) Restricted Federal Grants in Aid – line #1.045

The district does not expect to receive any federal unrestricted funds in the general fund.

SUMMARY OF STATE REVENUES

SUMMARY	FY19	FY20	FY21	FY22	FY23
Unrestricted Line # 1.035	$40,481,664	$41,672,902	$42,925,974	$42,995,556	$43,163,666
Restricted Line # 1.040	$2,265,232	$2,287,884	$2,310,763	$2,333,870	$2,357,209
Fed. Grants - SFSF & Ed Jobs Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$42,746,896	$43,960,786	$45,236,737	$45,329,426	$45,520,875

State Taxes Reimbursement/Property Tax Allocation - Line #1.050

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. HB66 previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also 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 over age 65 years of age or who are disabled regardless of income. Effective September 29, 2013 HB59 changes 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, increase the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate

The district no longer receives Fixed Rate reimbursements.

c) Tangible Personal Property Reimbursements – Fixed Sum

HB 64 has continued reimbursement of Fixed Sum TPP reimbursements at current levels through FY17 and will begin a phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

Category	FY19	FY20	FY21	FY22	FY23
a) Rollback and Homestead	$2,500,435	$2,573,252	$2,519,035	$2,525,009	$2,527,184
b) TPP Fixed Rate	$0	$0	$0	$0	$0
c) TPP Fixed Sum	$154,622	$103,081	$51,541	$0	$0
Total Tax Reimb./Prop. Tax Allocations #1.050	$2,655,057	$2,676,333	$2,570,576	$2,525,009	$2,527,184

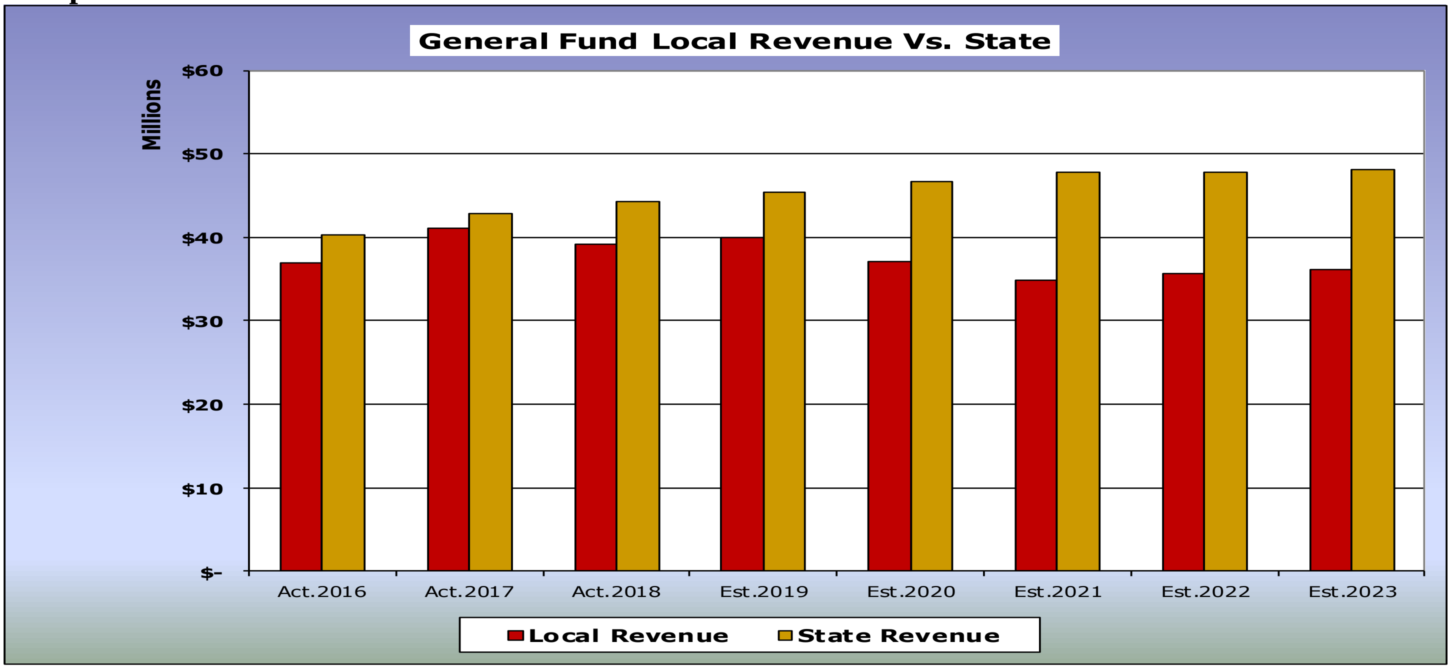
Other Local Revenues – Line #1.060

Revenues from all other sources are based on historical growth patterns. This revenue largely consists of rental income, tuition payments, Medicaid reimbursements and payments from TIF (Tax Increment Financing) and PILOT (Payments in Lieu of Taxes) programs.

The district expects to receive $300,000 in Medicaid payments each year of the forecast. This is considerably less than the past few years as the catch-up period has ended. The district expects to receive an additional $175,000 for a technology/telecommunication project that is eligible for e-rate funding in FY20.

Category	FY19	FY20	FY21	FY22	FY23
Tuition SF-14 & SF-14H	$1,672,000	$1,688,720	$1,705,607	$1,722,663	$1,739,890
Extra Curricular & Class Fees	$2,583	$2,790	$3,013	$3,254	$3,514
Interest	$500,000	$200,000	$200,000	$200,000	$200,000
Medicaid CAFS	$395,000	$300,000	$300,000	$300,000	$300,000
Cruiser Academy	$0	$0	$0	$0	$0
TIF & PILOT Payments	$1,750,000	$1,750,000	$1,750,000	$1,750,000	$1,750,000
Erate & Other Miscellaneous	$250,024	$427,524	$256,799	$259,367	$261,961
Total Line # 1.060	$4,569,607	$4,369,034	$4,215,419	$4,235,284	$4,255,365

Comparison of Local Revenue and State Revenue



The chart above shows that the district has been receiving additional funding from the state from FY16 through FY23. The state funding will hold steady in the last three years of the forecast due to the loss of TPP replacement funds that offsets any increase is SFPR payments. The local revenue increased in FY16 with the passing of the levy and will be maintained at that level until the levy is renewed in FY21. The district cannot include levy proceeds as actual income until a levy is approved by the voters.

Short-Term Borrowing – Lines #2.010 & Line #2.020
There are no short term borrowings planned at this time.

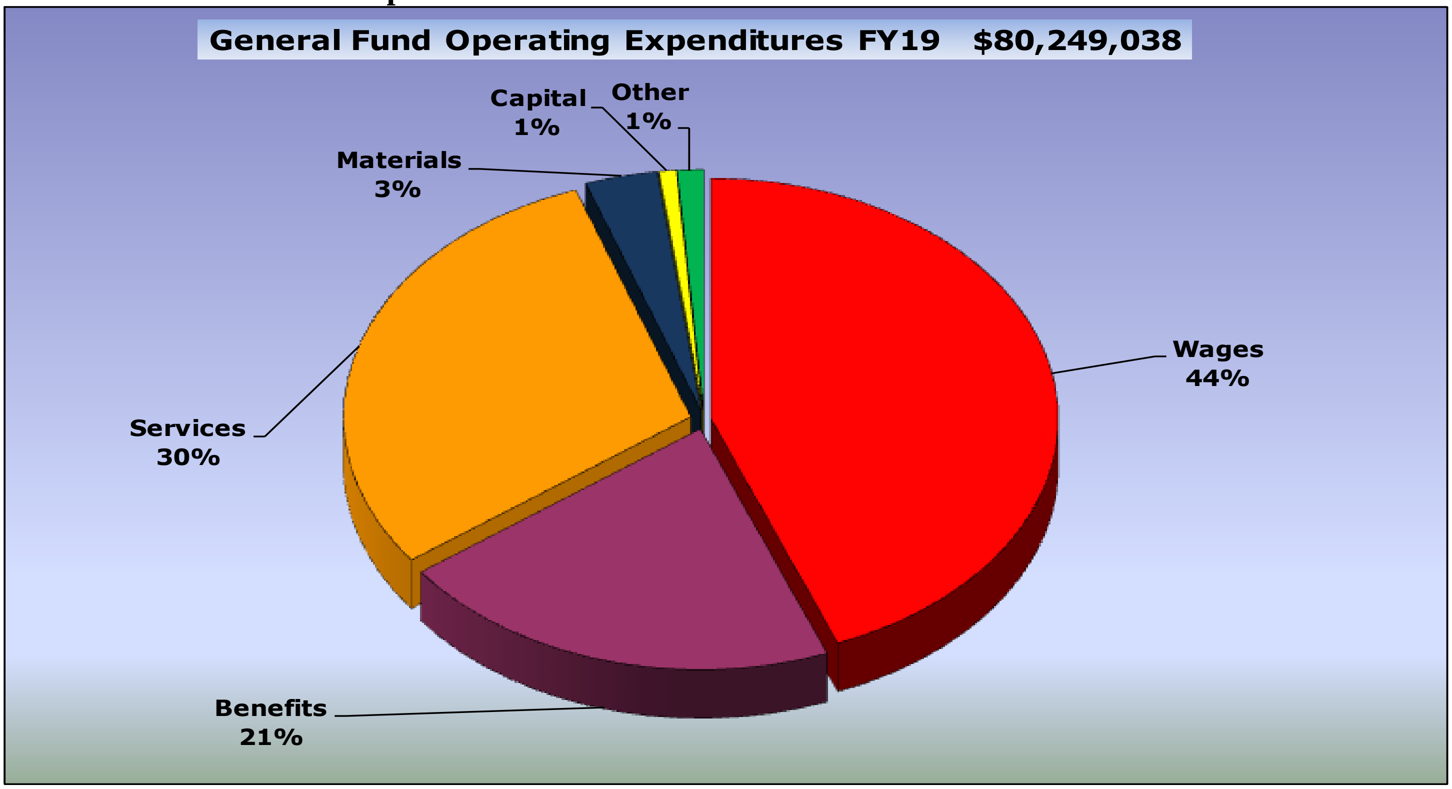
Transfers In / Return of Advances – Line #2.040 & Line #2.050
Returns of advances to other funds from the previous year are included in this area. The reserve can only be used for emergencies and must be approved by the Board of Education.

All Other Financial Sources – Line #2.060 & Line #14.010
The district received additional payments in FY19 of $15,775 and does not expect to receive that additional amount if future years.

Category	FY19	FY20	FY21	FY22	FY23
Refunds & Sale of Assets	$25,775	$10,000	$10,000	$10,000	$10,000

Expenditures Assumptions

Estimated General Fund Expenditures for FY19



Wages – Line #3.010

The district had successful negotiations with both the Certified and Classified staff. The classified staff agreement is for three years with base wages of 2.75% in FY19-FY21. The certified agreement will expire in FY19 with a 2.5% base wage increase. The district is including a base wage increase for forecasting purposes only for the certified staff at the same amount as for the classified staff in FY20 and FY21. The district is estimating base increases of 2.75% in FY22 and 2% in FY23. Due to staffing changes in FY19 there has been a decrease of $502,977 for the year.

The district's Student Achievement Improvement Plan includes additional staffing in in FY19 for 2 new teachers for the High School Pathway program. The district is estimating an average of 6 retirements per year with replacement of those staff members.

The district will be paying severance from the 034 fund and will no longer include the amounts within the forecast.

Category	FY19	FY20	FY21	FY22	FY23
Base Wages	$32,871,981	$34,557,297	$36,430,505	$38,072,321	$39,752,548
Increases/ Merit Based Pay	$834,127	$950,326	$1,001,839	$1,046,989	$795,051
Steps & Training/Performance Based Pay	$821,800	$739,526	$779,613	$814,748	$850,705
Growth	$1,000,942	$698,728	$337,679	$294,130	$300,013
Unfunded Recapture	-$502,977	$0	$0	$0	$0
Subs & Supplemental Costs	$802,957	$819,016	$835,396	$852,104	$869,146
Severance	$0	$0	$0	$0	$0
Staff Reductions	-$468,576	-$515,372	-$477,315	-$475,640	-$478,018
Total Wages Line 3.010	$35,360,254	$37,249,521	$38,907,717	$40,604,652	$42,089,445

Fringe Benefits Estimates Line 3.02
This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being directly related to the wages paid. 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.

A) STRS/SERS
As required by law the BOE pays 14% of all employee wages to State Teachers Retirement System (STRS) or School Employees Retirement System (SERS).

B) Insurance
Medical insurance trend is being projected annually at 4% in FY19 and 7% in FY20 with an increase of 0.5% each year for the remainder of the forecast. The trend is based on current plan design, enrollment in the plan and claim history. The insurance committee is working together to review possible options in order to reduce costs for employees and the district. The district will incur additional insurance costs in FY19 of $130,000 per the OAPSE negotiate agreement but a decrease of $110,863 from staff that are not participating in the district insurance program.

Patient Protection and Affordable Care Act (PPACA) Costs- the Patient Protection and Affordable Care Act (PPACA) commonly called Obamacare or the Affordable Care Act (ACA), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965.

It is uncertain to what extent the implementation of PPACA will cost our district additional funds. 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. This tax could equate to roughly a 2% annual increase in FY15. Longer-term a significant concern is the 40% "Cadillac Tax" that will be imposed in 2018 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to remain at about .5% of wages FY18 – FY22. The district is a self-insured workers compensation district, which means we only pay claims as they occur. In order for the district to maintain a reserve for claims the amount of premiums will be paid to a self-insurance fund based on a percentage of annual salary. This fund will be evaluated each on the amount of the payments in December. Unemployment is expected to remain at a very low level. The district is a direct reimbursement employer which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

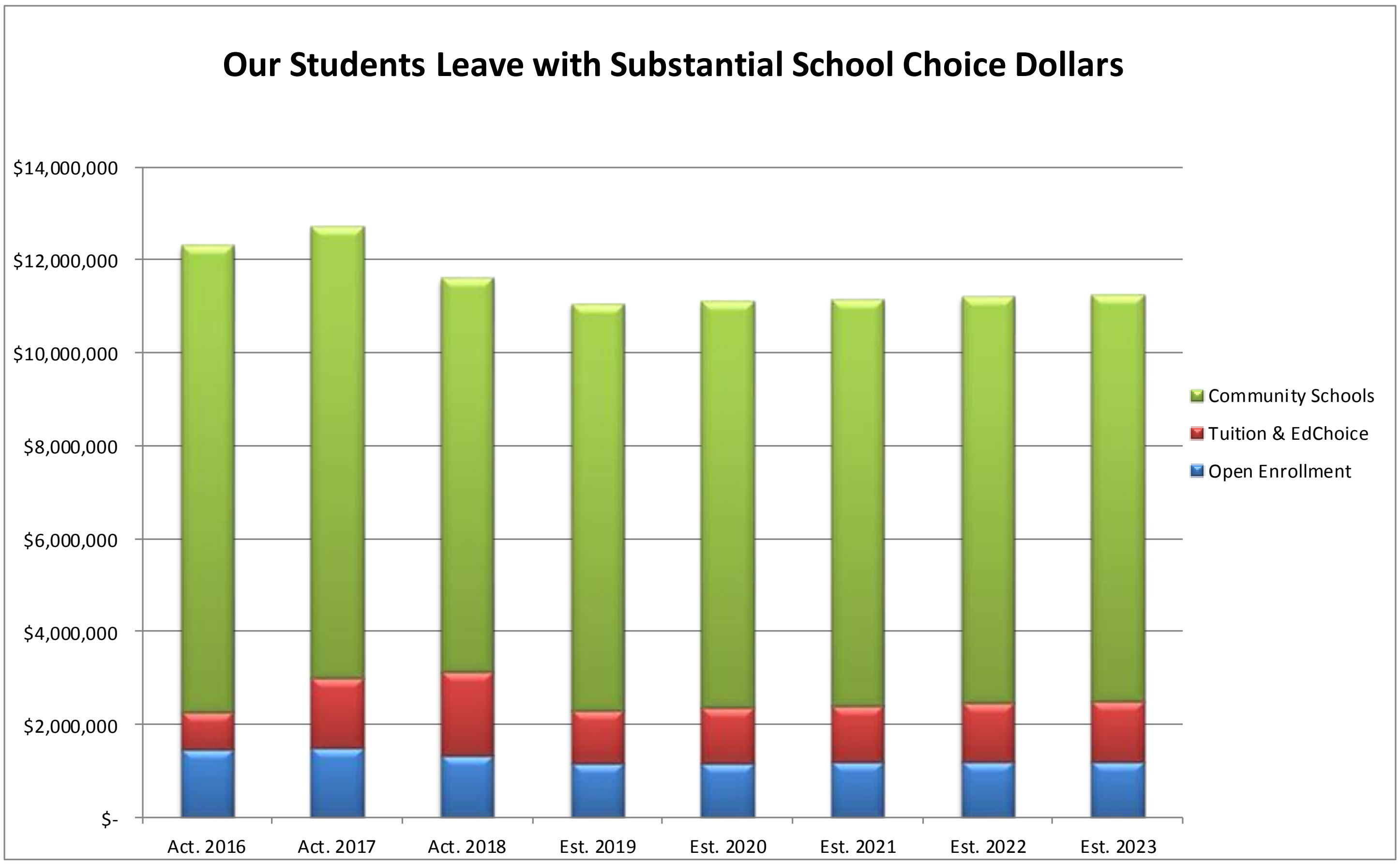
D) Medicare
Medicare will continue to increase at the rate of increases in wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Category	FY19	FY20	FY21	FY22	FY23
STRS/SERS	$5,319,756	$5,745,579	$6,006,069	$6,268,517	$6,501,848
Insurance's	$10,690,570	$11,479,248	$12,309,472	$13,254,298	$14,341,752
Workers Comp/Unemployment	$66,191	$68,235	$70,048	$71,901	$73,541
Medicare	$512,723	$542,777	$562,137	$586,135	$607,716
Other/Tuition	$104,314	$104,314	$104,314	$104,314	$104,314
Total Line 3.020	$16,693,554	$17,940,153	$19,052,040	$20,285,165	$21,629,171

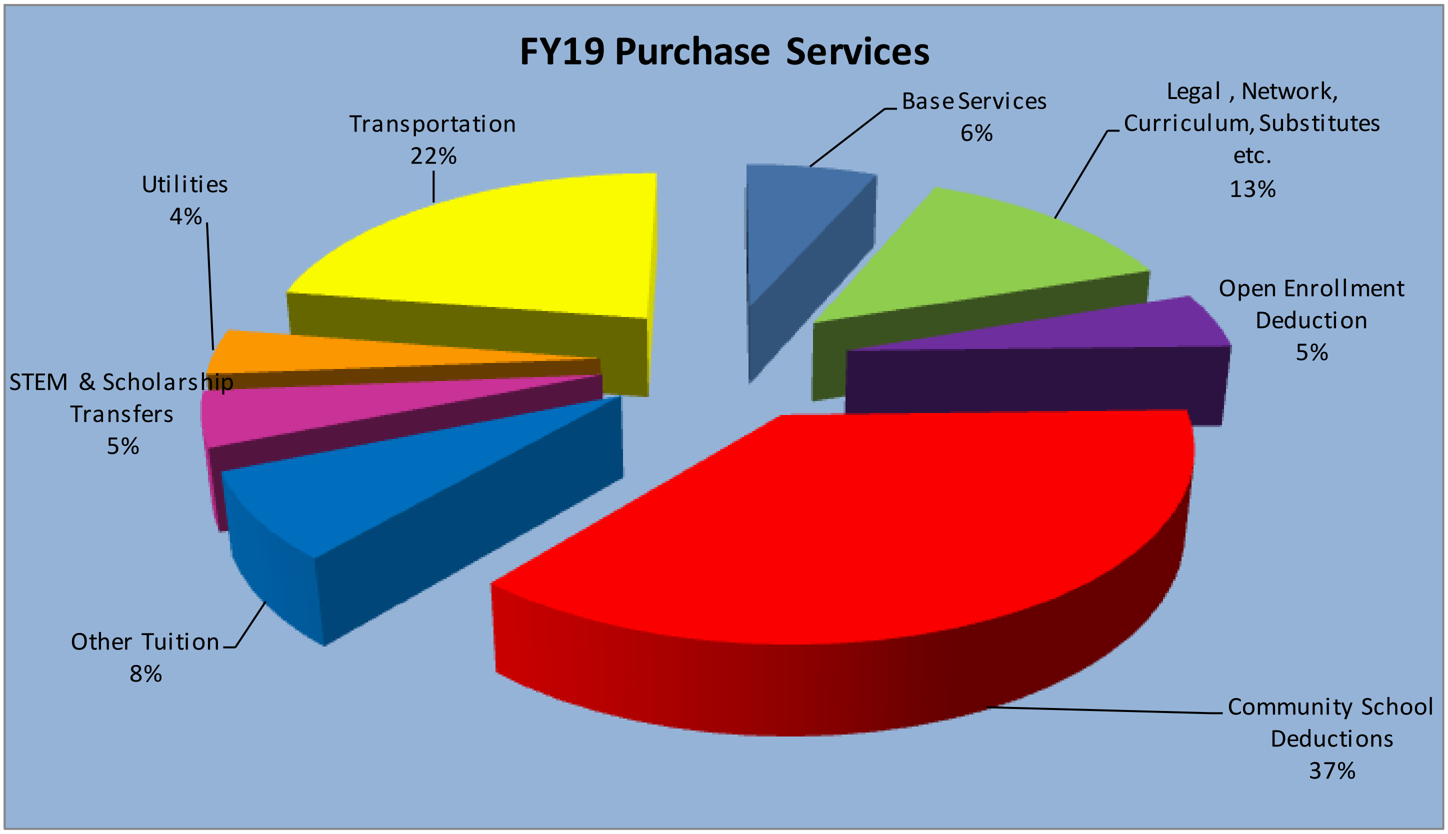
Purchased Services – Line #3.030

This category includes payments for contracted services, utilities, gas, electric, property insurance and transportation. Significant payments are made to Community Schools, Open Enrollment and the Educational Choice Voucher program. The Cruiser Academy will no longer be a community school therefore the students that attend that program will not be charged as a deduction to the district beginning in FY18. We are using the March #2 for tuition deductions from the state; which is less than what was projected in October. The chart below shows the depth of the loss of dollars for the district to other districts.



The district is projecting growth that was outlined within the Student Achievement Improvement Plan in the following areas: Early Learning Instruction services and student data management system, finishing of the floors for the athletic middle school programs, professional development for response to intervention, Connect Ohio Grant, gifted consultant, early teaching instruction consultant, additional middle school athletic transportation costs. The district will be leasing modular classrooms beginning in FY18 through FY21 for $121,057 per year.

In order to better understand where the amounts are spent for services the chart below shows what percentage is for each area within the Purchase Service line.



The amounts within the chart below correspond to the FY19 percentage as shown in the graph above.

Category	FY19	FY20	FY21	FY22	FY23
Base Services	$1,544,530	$1,590,866	$1,638,592	$1,566,693	$1,613,694
Legal , Network, Curriculum, Substitutes etc.	$3,144,615	$3,176,061	$3,207,822	$3,239,900	$3,272,299
Open Enrollment Deduction	$1,180,993	$1,192,803	$1,204,731	$1,216,778	$1,228,946
Community School Deductions	$8,740,862	$8,740,862	$8,740,862	$8,740,862	$8,740,862
Other Tuition	$1,816,008	$1,870,488	$1,926,603	$1,984,401	$2,043,933
STEM & Scholarship Transfers	$1,150,242	$1,184,749	$1,220,291	$1,256,900	$1,294,607
Utilities	$957,546	$1,005,423	$1,055,694	$1,108,479	$1,163,903
Transportation	$5,339,344	$5,446,131	$5,555,054	$5,666,155	$5,779,478
Total Line 3.030	$23,874,140	$24,207,383	$24,549,649	$24,780,168	$25,137,722

Supplies and Materials – Line #3.040

Supplies and materials are expected to grow by 3% through FY23. The additional supplies for new instructional programs and offerings have been put in place for student growth. The district is including an additional $150,000 for the new career technical courses that are beginning in FY19 for each year. There is an additional increase in FY19 for additional Chromebooks of $135,000 and $20,000 for the new E-Rate project.

Category	FY19	FY20	FY21	FY22	FY23
Supplies	$2,547,001	$2,468,411	$2,542,463	$2,618,737	$2,697,299
Textbook/Curriculum Updates	$157,801	$162,535	$167,411	$172,434	$177,607
Total Line 3.040	$2,704,802	$2,630,946	$2,709,874	$2,791,171	$2,874,906

Equipment – Line # 3.050

Most Capital Outlay is paid through the Permanent Improvement fund. The district has completed a Capital Outlay plan that includes: FY19-FY23 technology equipment and other items as they are needed. The district has included the replacement of a pick-up truck in FY21. The amounts for the updates at the softball field have been moved to FY20 from FY19 of $300,000. Also in FY20 there will be the E-rate project that was not expected in October for $160,000. Roof repair expenses have been added in FY21 through FY23 in the amount of $500,000 each year.

Category	FY19	FY20	FY21	FY22	FY23
Capital Outlay	$640,000	$1,190,587	$1,495,125	$1,210,739	$1,213,150
Other	$0	$0	$0	$0	$0
Total Line 3.050	$640,000	$1,190,587	$1,495,125	$1,210,739	$1,213,150

Debt Service – Line# 4.050; 4.060;

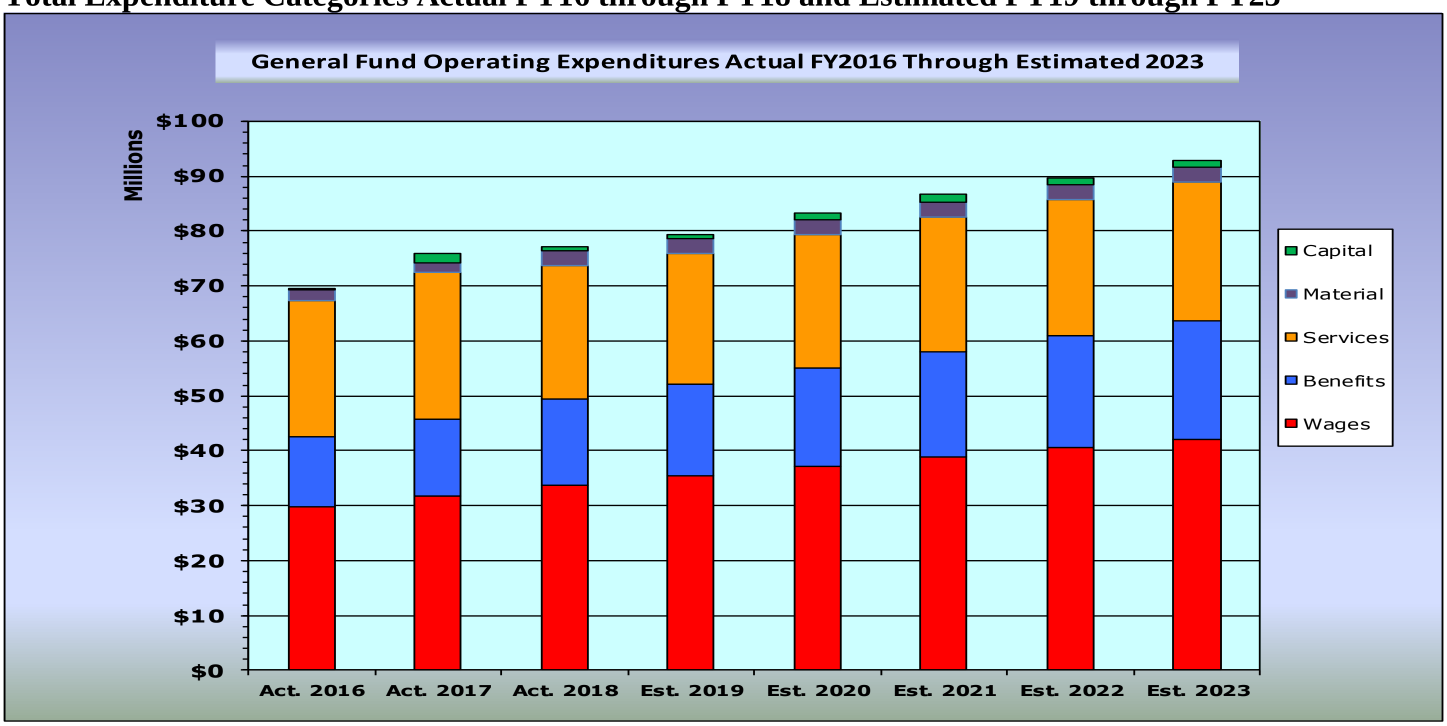
The district does not have any general fund debt.

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 fees. Auditor and Treasurer Fees will fluctuate with real estate revenue collections. The County ESC costs are projected to increase by 3% each year. The Win-Win agreement will expire in FY23 for a deduction of $450,000 in that year.

Category	FY19	FY20	FY21	FY22	FY23
County Auditor & Treasurer Fees	$373,097	$526,278	$531,541	$536,856	$92,225
County ESC	-$18,137	-$18,681	-$19,241	-$19,818	-$20,413
Audit Fees/Liability Ins/Other	$621,328	$639,968	$659,167	$678,942	$699,310
Total Line 4.300	$976,288	$1,147,565	$1,171,467	$1,195,980	$771,122

Total Expenditure Categories Actual FY16 through FY18 and Estimated FY19 through FY23



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district is required to transfer annually $114,100 to the 034 Building Maintenance Fund for the High School OFCC project for maintenance of the building for 38 years. In addition to the OFCC required transfer in FY19 the district will transfer for payments to the appropriate payment funds for Certificate of Participation Notes (COPS) $683,630, turf debt service $200,837, athletic field maintenance $55,000, Severance Fund $350,000 and $400,000 for the Columbus Public Schools Revenue Sharing Agreement. The district will be transferring for these items each year of the forecast; however the amounts may change based on payment schedules.

Category	FY19	FY20	FY21	FY22	FY23
Operating Transfers Out Line #5.010	$1,803,537	$1,399,358	$1,114,017	$926,265	$927,075
Advances Out Line #5.020	$0	$0	$0	$0	$0
Total	$1,803,537	$1,399,358	$1,114,017	$926,265	$927,075

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. Estimates are based on trends of expenditures and payments.

Category	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances	$491,000	$394,000	$394,000	$394,000	$394,000

Reservations of Fund Balance – Line #9.080

The district is establishing a Fiscal Stabilization policy as a goal of the passage of the levy. The amount within this line will not be permitted to be appropriated unless there is an emergency within the district and will need to be approved by action of the Board of Education.

Category	FY19	FY20	FY21	FY22	FY23
Textbooks & Materials- Line 9.010	$0	$0	$0	$0	$0
Capital Improvements- Line 9.020	$0	$0	$0	$0	$0
Budget Reserve - Line 9.030	$0	$0	$0	$0	$0
DPIA - Line 9.040	$0	$0	$0	$0	$0
Fiscal Stabilization - Line 9.045	$3,090,611	$3,130,607	$3,169,527	$0	$0
Debt Service - Line 9.05	$0	$0	$0	$0	$0
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	$3,090,611	$3,130,607	$3,169,527	$0	$0

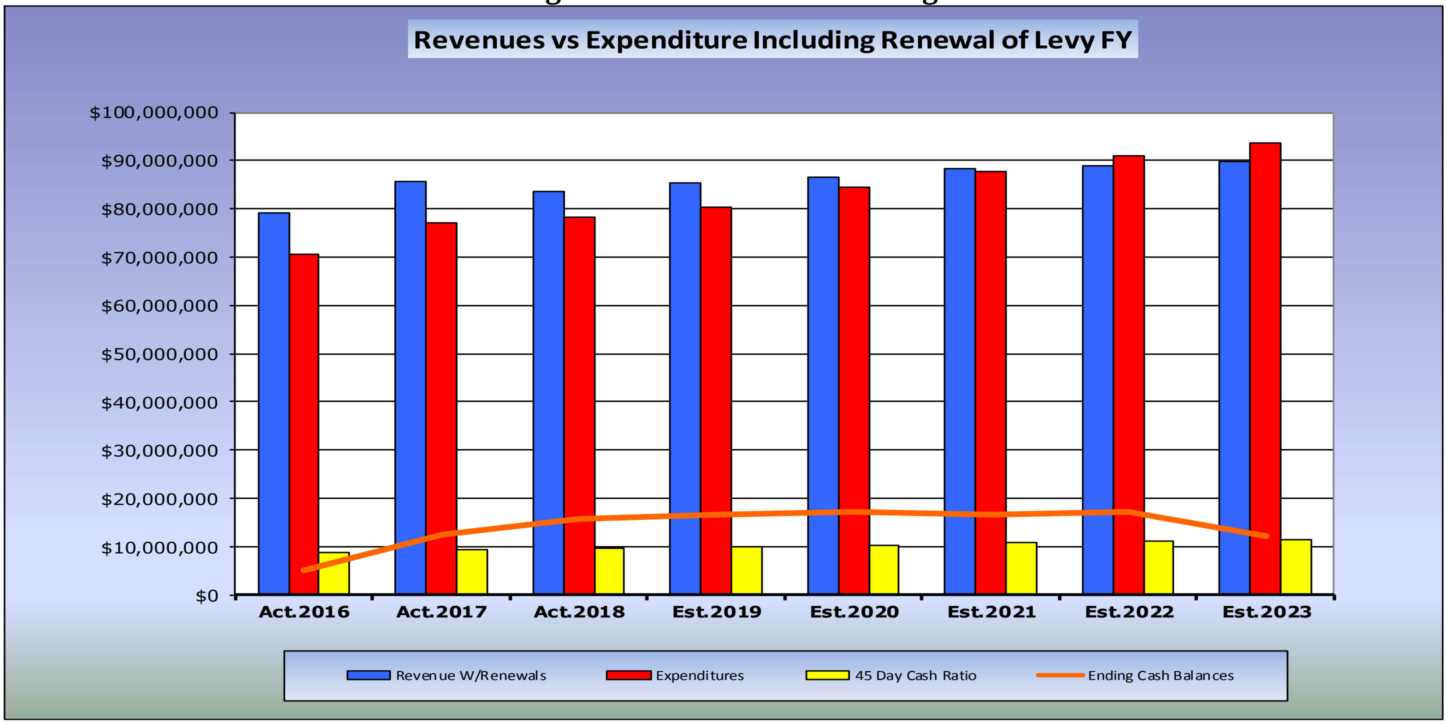
Ending Unencumbered Cash Balance "The Bottom-line" – Line#15.010

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 5705.412, ORC punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to HB153 effective September 30, 2011.

Category	FY19	FY20	FY21	FY22	FY23
Ending Cash Balance	$16,485,316	$17,348,281	$16,634,881	$17,066,306	$12,256,425

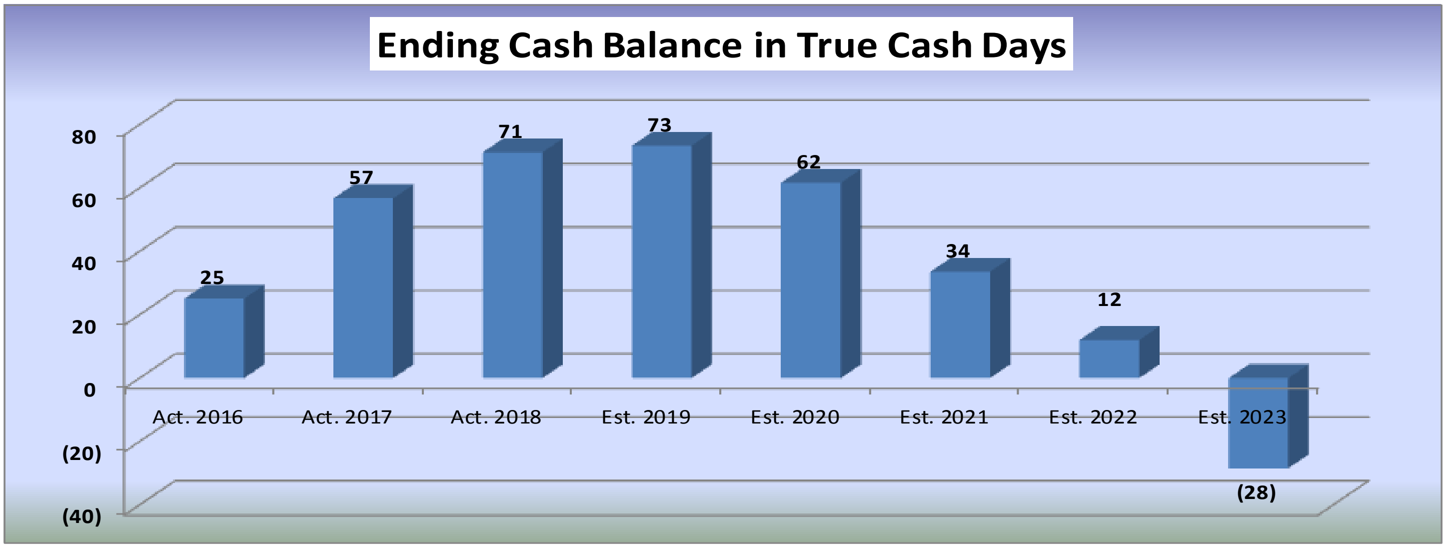
The chart below shows that the district is not deficit spending until the third year of the forecast which includes the renewal of the levy in 2019. By not deficit spending is allowing the district to increase our ending cash balance and to maintain 45 days of cash each year until FY23.

General Fund Ending Cash Balance FY16 through Estimated FY23



True Cash Days

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, 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. Based on the current fund balances, without the renewal of the levy and with deducting the Fiscal Stabilization Fund the district will not have the sixty (60) day balance at the end of FY21.This chart below shows the unencumbered cash balance and does not include the levy renewal.



Conclusion

The district is very fortunate to have received more funding for FY18 and FY19 than had been expected from the state budget. Being that 53.2% of the funding for the district is from state dollars this increase is very beneficial to the overall operations for the education of our students. However, the district must be very mindful of future state budgets and the effect on our district.

The Current Expense Levy will need to be renewed in 2019 for collection to continue in 2020 in order to maintain fiscal stability for the district in the future.

The district administration will be able to plan for the future needs of our students with the financial stability obtained with the current state budget and the passage of the levy. But they will also need to be mindful that there are many risks and uncertainties that will need to be considered in future planning as there are two new state budgets in the time period from FY20-FY23.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.