CINCINNATI CITY SCHOOL DISTRICT-HAMILTON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2014, 2015 and 2016 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2017 THROUGH 2021

Forecast Provided By
Cincinnati City School District
Treasurer's Office
Jennifer M. Wagner, Treasurer/CFO
May 22, 2017

Cincinnati Public City

Hamilton County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Revenues									
1.010	General Property Tax (Real Estate)	228,992,222	224,078,567	229,951,469	0.2%	253,603,943	274,781,408	254,157,954	234,688,971	206,001,190
1.020	Tangible Personal Property	23,821,094	26,294,459	27,864,399	8.2%	31,131,664	31,782,112	30,225,528	28,616,944	26,354,618
1.030	Income Tax	-	-	-	0.0%	$0	$0	$0	$0	$0
1.035	Unrestricted State Grants-in-Aid	147,416,397	153,470,415	167,575,186	6.6%	173,391,698	178,794,136	181,830,232	187,879,743	192,374,521
1.040	Restricted State Grants-in-Aid	9,922,508	19,655,078	21,034,281	52.6%	22,043,784	22,800,815	21,810,479	20,835,723	20,229,502
1.045	Restricted Fed. SFSF Fd. 532 /Ed Jobs Fd.504 FY12	0	0	-	0.0%	$0	$0	$0	$0	$0
1.050	Property Tax Allocation	36,995,366	37,704,872	30,646,950	-8.4%	27,222,286	26,657,910	23,650,629	20,512,582	16,631,400
1.060	All Other Revenues	17,535,156	24,932,878	28,277,260	27.8%	22,600,461	20,765,258	20,769,036	20,772,851	20,776,705
1.070	*Total Revenues*	464,682,743	486,136,269	505,349,545	4.3%	529,993,836	555,581,639	532,443,858	513,306,814	482,367,935
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	$0	$0	$0	$0	$0
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	10,677,804	-	11,260	0.0%	-	-	-	-	-
2.050	Advances-In	23,764,764	26,182,275	17,288,115	-11.9%	12,354,183	12,500,000	12,500,000	12,500,000	12,500,000
2.060	All Other Financing Sources	1,991,514	1,242,097	4,327,591	105.4%	10,444,749	3,500,000	3,500,000	3,500,000	3,500,000
2.070	*Total Other Financing Sources*	36,434,082	27,424,372	21,626,966	-22.9%	22,798,932	16,000,000	16,000,000	16,000,000	16,000,000
2.080	*Total Revenues and Other Financing Sources*	501,116,825	513,560,641	526,976,511	2.5%	552,792,768	571,581,639	548,443,858	529,306,814	498,367,935
			513,560,641							
	Expenditures		0							
3.010	Personal Services	191,538,663	216,950,183	91,077,322	-22.4%	$104,542,480	$115,692,866	$122,277,624	$126,665,590	$129,198,901
3.020	Employees' Retirement/Insurance Benefits	74,185,232	70,056,843	28,769,824	-32.2%	32,914,900	36,547,652	38,507,856	40,140,640	41,505,754
3.030	Purchased Services	163,134,420	171,529,900	170,023,074	2.1%	186,103,573	198,683,079	205,637,020	212,877,285	220,416,427
3.040	Supplies and Materials	4,059,275	6,035,331	5,861,496	22.9%	8,230,917	8,393,211	8,558,751	8,727,602	8,899,829
3.050	Capital Outlay	4,147,763	6,273,870	4,689,415	13.0%	4,999,020	4,509,036	4,734,488	4,971,212	5,219,773
3.060	Intergovernmental	-			0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advances	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	2,671,072	0.0%	3,235,072	3,235,072	3,235,072	3,235,072	3,235,072
4.055	Principal-Other	-	-	4,620,000	0.0%	5,060,000	5,315,000	5,555,000	5,800,000	6,060,000
4.060	Interest and Fiscal Charges	-	-	7,471,206	0.0%	7,032,746	6,779,746	6,540,571	6,290,591	6,029,596
4.300	Other Objects	6,443,428	4,907,031	4,954,415	-11.4%	5,475,112	5,475,112	5,475,112	5,475,112	5,475,112
4.500	*Total Expenditures*	443,508,781	475,753,158	320,137,824	-12.7%	$357,593,821	384,630,773	400,521,494	414,183,104	426,040,465
	Other Financing Uses									
5.010	Operating Transfers-Out/Contingency	34,925,633	15,979,631	182,037,233	492.5%	$181,388,928	$192,361,194	$198,587,057	$205,023,400	$211,677,338
5.020	Advances-Out	26,601,867	17,288,115	12,354,183	-31.8%	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
5.030	All Other Financing Uses	-	-1,162,230	4,682,306	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	61,527,500	32,105,516	199,073,722	236.1%	$193,888,928	204,861,194	211,087,057	217,523,400	224,177,338
5.050	*Total Expenditures and Other Financing Uses*	505,036,281	507,858,674	519,211,546	1.4%	$551,482,749	589,491,967	611,608,551	631,706,503	650,217,803
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(3,919,456)	5,701,967	7,764,965	-104.6%	1,310,020	(17,910,328)	(63,164,693)	(102,399,689)	(151,849,868)
					0.0%					
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	56,898,627	52,979,171	58,681,138	1.9%	66,446,103	67,756,123	49,845,795	(13,318,899)	(115,718,588)
7.020	*Cash Balance June 30*	52,979,171	58,681,138	66,446,103	12.0%	67,756,123	49,845,795	(13,318,899)	(115,718,588)	(267,568,456)
			58,681,138							
8.010	*Estimated Encumbrances June 30*	21,272,539	13,622,917	12,322,749	-22.8%	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
	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%	-	-	-	-	-
9.050	Debt Service				0.0%	-	-	-	-	-
9.060	Property Tax Advances				0.0%	-	-	-	-	-
9.070	Bus Purchases				0.0%	-	-	-	-	-
9.080	*Subtotal*	-			0.0%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	31,706,632.00	45,058,221	54,123,354	31.1%	55,256,123	37,345,795	(25,818,899)	(128,218,588)	(280,068,456)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	26,265,000	51,500,000	84,100,000
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	26,265,000	77,765,000	161,865,000
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	31,706,632	45,058,221	54,123,354	0	55,256,123	37,345,795	446,101	(50,453,588)	(118,203,456)

Cincinnati Public City

Hamilton County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	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*	31,706,632	45,058,221	54,123,354	31.1%	55,256,123	37,345,795	446,101	(50,453,588)	(118,203,456)

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, and any portion of Debt Service fund related to General fund debt.

Cincinnati City School District –Hamilton County
Notes to the Five Year Forecast
General Fund Only
May 22, 2017

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 2017 (July 1, 2016 through June 30, 2017) 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 for the May 2017 filing.

May 2017 Updates:

Revenues:
The district passed a $48 million new Emergency Levy in November, 2016. This resulted in an additional $25.4 million in increased tax revenue in the current fiscal year. Excluding the impact of the November levy, revenues are substantially on target with original estimates. Total General Fund revenues (line 1.07) are estimated to be $529,993,836 or .7% higher than the October forecasted amount.

The $3.4 million increase in revenue estimates is the result of several changes noted below:
- On April 7, 2017, State funding, lines 1.034 and 1.04, were reduced by $3.5 million as the result of the state recalculating our revenue in 2016, which reduced our 2017 State funding cap. Unfortunately, details are not available at this time.
- All Other Revenue, line 1.06 increased by $4.1 million. This included a $1.3 million increase in payment in-lieu of taxes by local businesses, $1.1 million increase in tuition, and $1.6 million increase in Medicaid reimbursements.

Expenditures:
At this time, we expect line 5.05 will decrease $16.2 million or 2.9% from the October forecast levels. Major changes are noted below:
- Lines 3.01 and 3.02, salaries and benefits, are expected to decrease by $2.4 million.
- Line 3.03, purchased services, is expected to decrease by $4 million, of which, $2.7 million is from utilities and the mild winter for 2016-17, and $1.3 million is from reduced tuition payments.
- Line 3.05, capital costs, is expected to decrease by $2.3 as a result of reduced real estate purchase costs.
- Line 5.01, operating transfers and contingencies, is expected to decrease by $11.1 million as a result of reduced contingencies.
- Line 5.02, advances out, is expected to be $2 million higher due increased demand.

Unreserved Ending Cash Balance:
With the passage of the levy and other increases in revenue and with savings from expenditures, the expected ending available cash balance, line 10.01 will be approximately $55.2 million on June 30, 2017. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2019, if assumptions we have made for state aid in the proposed HB49 budget remain close to our estimates and the levy renewal in 2018 is approved. There is some uncertainty regarding HB49 as of the date this forecast is presented. This uncertainty is discussed in more detail below.

State Funding and The Proposed Biennium State Budget HB49(FY18 – FY19):
We have structured the District forecast by estimating the effects of the current state biennium budget, HB64 which will end June 30, 2017. We have also tried to anticipate the effects of some changes proposed in HB49 for fiscal years 2018-2021 even though HB49 will not be known until late June 2017, beyond the date this forecast must be filed. Major revenue changes were made in prior state budgets HB59 and HB 64 that impacted District revenue including TPP Fixed rate reimbursement phase out and a CAP on state funding.

HB64 continued a CAP on funding at a 7.5% increase for FY2016 and FY2017. HB49 as proposed continues CAP growth at a lower 5.5% rate. We have used HB49 CAP percentages in our forecast.

It is important to emphasize that we will not know the actual effects of HB49 until sometime in June 2017 when legislation is finally passed into law. Since we will not know with certainty the funding formula prior to May 31, 2017, our forecast filing deadline, we feel it is reasonable to assume the facts stated above for the period FY18-21. This methodology is consistent with other May forecasts when there have been uncertainty regarding the final State budget bill. State revenue equates to 42% of our revenue each year and the outcome of the HB49 funding proposal is significant to our district.

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 June 2017, and the spring of 2019 due to deliberation of the next two (2) state biennium budgets for FY18-19 & FY20-21, 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. The State Budget represents 42% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY18 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 FY18 through FY21 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 FY21.

II. Hamilton County will go through a complete reappraisal in the 2017 tax year to be collected in FY18. A reappraisal update occurred in tax year 2014 for collection in FY15, which increased assessed values by $59.8 million or an increase of 1.51%. In 2018 our district is expecting valuation changes to increase slightly since property values are starting to recover in our state. There is always some risk that the district could see value reduction but we do not anticipate that at this time.

III. The district was eligible for a new U.S. Department of Agriculture program in FY16 called Community Eligibility Provision (CEP). This program allows districts with 40% eligible students to certify free and reduced price lunches via Direct Certification. The ODE uses this information to certify Economically Disadvantaged students. In FY16 and FY17 if a school building was CEP eligible 100% of their students were reflected at Economically Disadvantaged even if they were not This greatly increased funding to our district in FY16 and FY17. We have heard that the ODE is looking into different EMIS codes to report students as Economically Disadvantaged and will not then result in 100% of the students in an eligible building being counted in the program. While this is a risk, we have chosen to report funding at its current level into the forecasted period. We will watch this very carefully as budget deliberations occur this spring and EMIS changes are made.

IV. The district's $65.1 million emergency levy was renewed November 4, 2014 and will expire on December 31, 2020. The district's $51.5 million emergency levy will expire December 31, 2018. It is necessary to renew these levies to keep the district financially healthy long term.

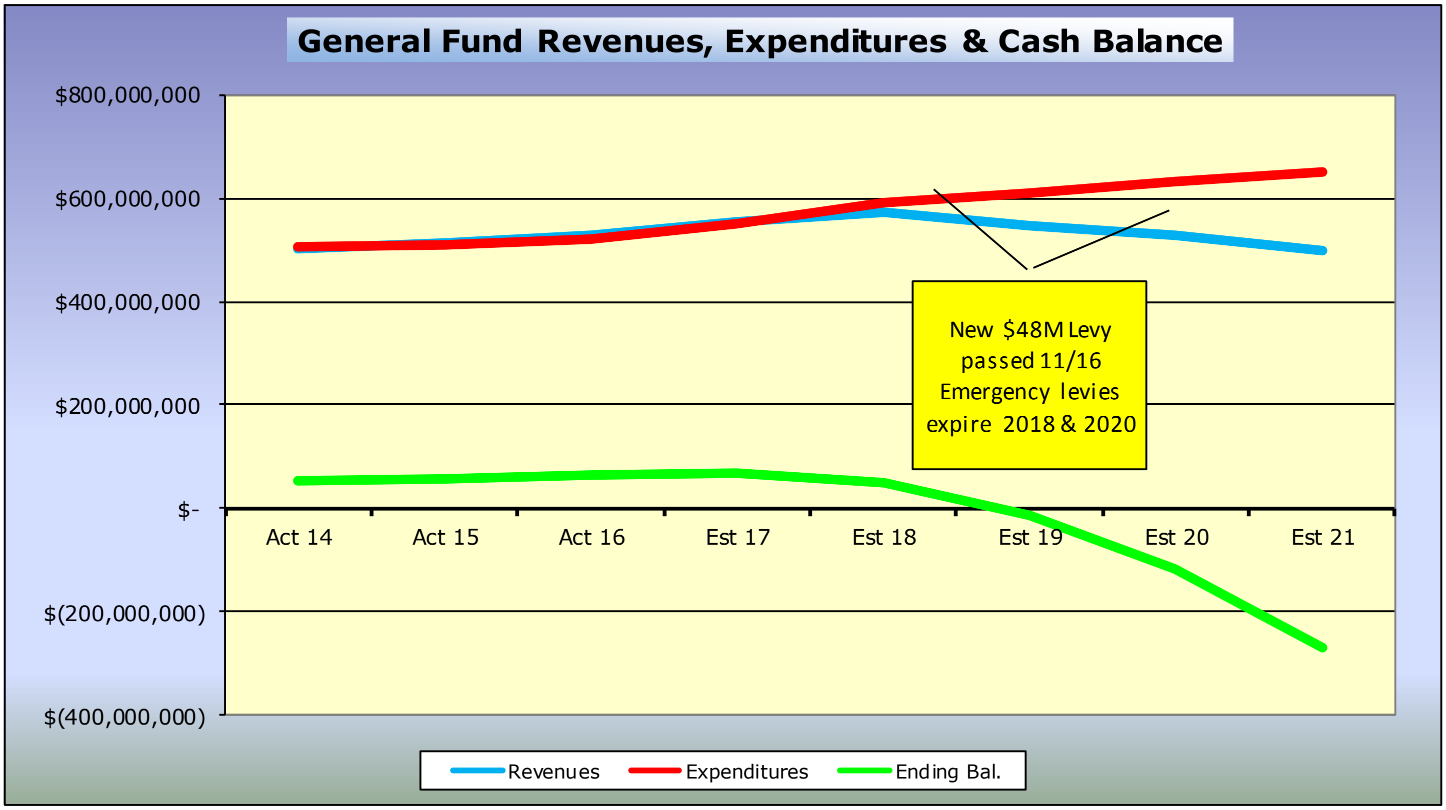
V. There were many provisions in the current state budget bill HB64 that increased the district expenditures in the form of expanded school choice programs such as College Credit Plus that will continue to reduce state aid for future years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from $20,000 each to $27,000, a 35% increase. 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 or increased expenditures that are not currently in the forecast. We are monitoring HB49 for any new threats to our state aid revenue or that could increase costs.

VI. 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 strong working relationships will continue as the District moves forward. The district has just completed negotiations with its teacher and office professional associations which included a 2% increase in July 2017, a 2% increase July 2018 if funding is stable, and a reopener in July 2019. All others are currently in negotiations are will begin next fiscal year.

VII. Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were to be implemented January 1, 2015. Implementation of those provisions has increased costs by as much as 2%. There is the additional risk that costs will go up as additional staffs are added to our health care rolls. We have made allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA exists as it is under review and potential repeal or modification at the Federal Level.

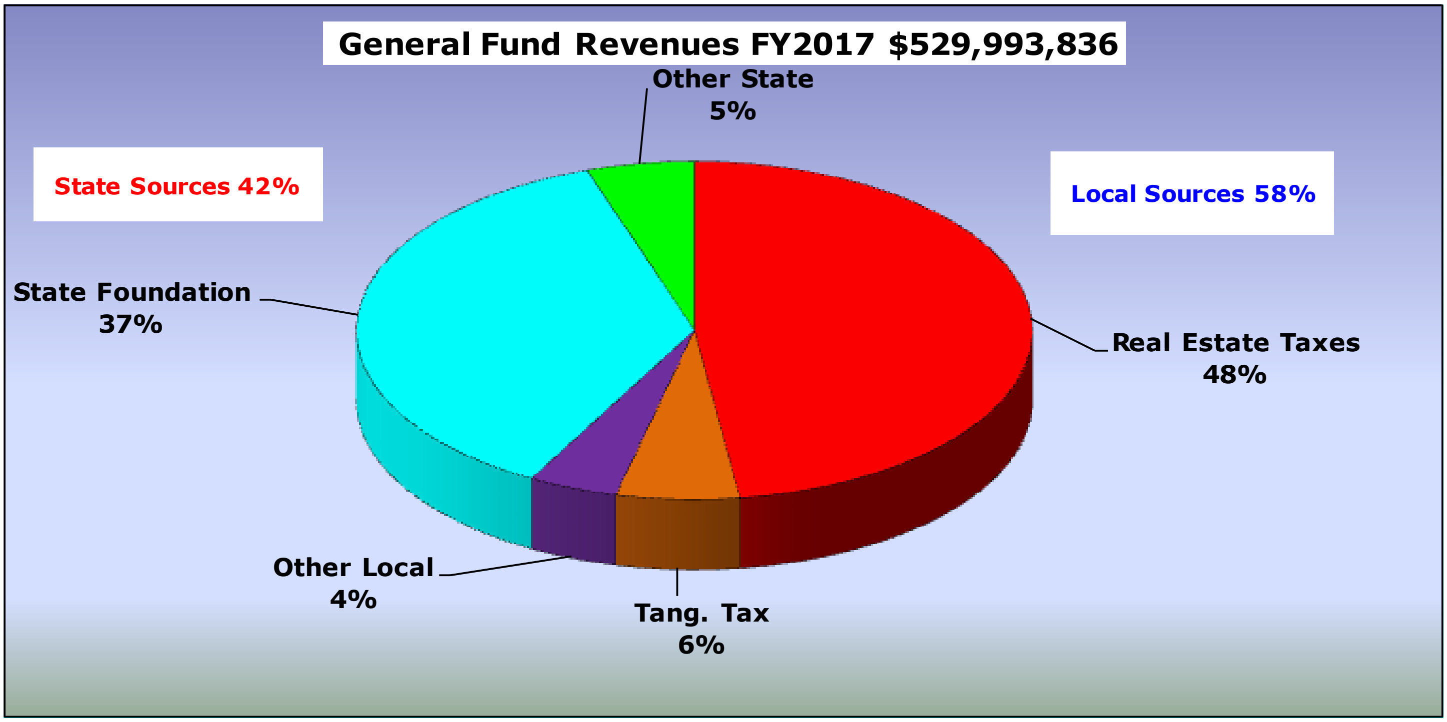
The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Jennifer M. Wagner, Treasurer/Chief Financial Officer of Cincinnati City School at 513-363-0420.

General Fund Revenue, Expenditure and Ending Cash Balance
Actual FY14-FY16 and Estimated FY17-FY21



The graph above captures in one snapshot the operating scenario facing Cincinnati City School District over the next few years. With passage of the new Emergency Levy November 8, 2016, the financial deficit has been delayed, but further action is needed to stop the decline in our ending cash balance. The District has an Emergency Levy expiring December 31, 2018 and December 31, 2020. The District expects these renewals to pass, but the Ohio Department of Education does not allow the district's forecast to reflect the renewal of these levies.

Revenue Assumptions
All Revenue Sources General Fund FY17



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 Appeal (BTA) activity and complete reappraisal or updated values. A reappraisal update of the district property value occurred for 2014 values collected in calendar year 2015. There will also be a complete reappraisal for 2017 values to be collected in 2018. The update in 2014 resulted in residential/agricultural values increasing by 1.3% while commercial/industrial values decreased by (0.15%) and Public Utility Personal Property values increased by 11.8%. Overall values increased $89.6 million or an overall average increase of 1.51%. Based on current sale to property valuation ratios we anticipate values will remain mostly steady with slight increases for the period 2017 through 2021, and in our next reappraisal in 2017.

Typically when assessed values fall due to reappraisals or adjustments through BOR and BTA actions, the tax millage rates for that class of property increase to offset the reduction in values, except non-voter approved, inside, millage, which will result in a decrease in taxes when values fall and an increase when values increase.

As a reminder Tangible Personal Property (TPP) values were reduced to $-0- in 2011 as a result of HB 66 to be effective July 1, 2005. This began a systematic phase-out of this tax base statewide to be replaced by a Commercial Activities Tax (CAT) which revenue was to fully reimburse school districts for TPP losses through FY18 based on 2004 property values. HB 64 effective July 1, 2015 will eliminate TPP reimbursement for our district in FY21. These reimbursements were to fully compensate the district for the TPP taxes that were lost.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2016	TAX YEAR 2017	TAX YEAR 2018	TAX YEAR 2019	TAX YEAR 2020
Classification	COLLECT 2017	COLLECT 2018	COLLECT 2019	COLLECT 2020	COLLECT 2021
Res./Ag.	$3,649,500,550	$3,681,495,556	$3,676,995,556	$3,672,495,556	$3,667,995,556
Comm./Ind.	1,990,046,420	1,990,546,420	1,992,046,420	1,993,546,420	1,995,046,420
Public Utility (PUPP)	433,577,920	436,577,920	439,577,920	442,577,920	445,577,920
Tangible Property (TPP)	0	0	0	0	0
Total	$6,073,124,890	$6,108,619,896	$6,108,619,896	$6,108,619,896	$6,108,619,896

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY17	FY18	FY19	FY20	FY21
Est. General Property Taxes - Line #1.01	$253,603,943	$274,781,408	$254,157,954	$234,688,971	$206,001,190

Property tax levies are estimated to be collected at 93% of the annual amount. This allows a 7% delinquency factor. In general, 51.5% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 48.5% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor. Revenues reflect the $48 million Emergency Levy passed November, 2016.

Renewal Tax Levies – Line #11.02

Two levies will need renewed within the forecast period.

Source	FY17	FY18	FY19	FY20	FY21
Renew Emergency $51.5M 2018	$0	$0	$26,265,000	$51,500,000	$51,500,000
Renew Emergency $65.2M 2020	0	0	0	0	32,600,000
Total Line # 11.020	$0	$0	$26,265,000	$51,500,000	$84,100,000

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. With elimination of the TPP taxes, only Public Utility Personal Property taxes continue to be collected in this category. Values continue to grow as new assets are brought on line through expansion and replacement of depreciated assets. This also reflects the new $48 million Emergency Levy passed November, 2016.

Source	FY17	FY18	FY19	FY20	FY21
TPP and Public Utility Tax	$31,131,664	$31,782,112	$30,225,528	$28,616,944	$26,354,618
Total Line # 1.020	$31,131,664	$31,782,112	$30,225,528	$28,616,944	$26,354,618

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for FY17 for state funding are based on funding component computations from the most recent May 5, 2017 State Foundation Payment Report (SFPR). We are a CAP district in FY17.

Important Reminder: Our funding status for the FY18-21 will depend on two (2) new state budgets. HB49 the current proposed new state budget for FY18 & FY19 will not be known until late June 2017. We must file this forecast before May 31, 2017 which is before we will know what changes will be officially made to school funding. In addition, another state budget will be legislated beginning in spring 2019 which will also affect our funding for the future. Our revisions to the October 2017 forecast will capture the changes made in HB49.

In FY14-FY15, HB59 created the fourth (4^{th}) new funding formula for public education since 2009. HB64 the FY16-FY17 state budget made alterations to the funding formula and added several new components. The new funding formula is very complex and could change again with the new FY18-FY19 or FY20-FY21 state budgets. The funding formula in HB64 has a modified State Share Index (SSI) method to measure a district's wealth and capacity to raise local revenue.

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 1.7% from $5,800 in FY15 to $5,900 in FY16 and 1.7% to $6,000 in FY17.
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value
3) Special Education Additional Aid – Based on six (6) categories of disability
4) Limited English Proficiency – Based on three (3) categories of students enrolled
5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students
6) K-3 Literacy Funds- Based on districts K-3 average daily membership and two Tiers
7) Gifted Funds –Based on average daily membership at $5.05 in FY16 & FY17
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) career-technical categories
9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 60% to 50%.

There are several new funding components provided in HB64 for FY16 & FY17. These are additional funds that can be earned by a district or is intended to help a district who has an undo burden or inability to raise local revenue.

1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median generated.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 50 in FY17 and the number of miles driven by the school buses.
3) 3rd Grade Reading Proficiency Bonus- Provides a bonus to districts based on third grade reading results.
4) High School Graduation Rate Bonus-Provides a bonus to districts based on high school graduation rates up to approximately $450 per student.

Note: these additional components are only paid to districts that are on the CAP or on formula.

There are potentially 342 independent variables in the SFPR formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY17-21. On April 7, 2017, ODE changed the district's 2016 revenue, which resulted in a $3.5 million reduction in the district's 2017 funding CAP and actual revenue. Details are not available at this time.

Our current SFPR estimates for FY17 are using May 5, 2017 adjusted average daily membership (ADM) for 2018 and adding between 700 and 1,100 new students each year for growth for FY19- FY21. Beginning in FY15 the state changed the way it measures student ADM. Student counts are now updated October 31, March 31, and June 30 of the fiscal year. The district will not know its actual student funded ADM until the end of

June 2017, and there will be adjustments into the succeeding fiscal year. This could result in undulating state aid payments throughout the year based on each student count if a district is on the formula.

We are presently a "CAP" district, which means we receive less revenue than the formula provides, and anticipate we will be a formula district with revenues less than CAP amounts for FY2018-FY2021. Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated per pupil state aid to increase by approximately .5% FY18-FY19 and 1% for FY20-21. We have estimated CAP increases at 5.5% for FY18-19 and 2.5% for FY20-21, until we know more about HB49 the new state budget.

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 are distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The initial student payment to schools in January 2013 (FY13) was a half year payment of $21.00 per pupil that rose to $51.50 per pupil for a full year in FY14 and $50.50 in FY15. The state indicated recently that the original 2009 estimates of $1.9 billion of GCR may be closer to $900 million as revenues from casinos are not growing robustly as originally predicted. . Actual numbers generated for FY16 statewide were 1,792,947 students at $51.34 per pupil. For FY17-21 we estimated another 3 tenths of 1% decline in pupils to 1,789,000 and GCR increasing to $89.2 million or $49.85 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Source	FY17	FY18	FY19	FY20	FY21
Basic Aid-Unrestricted	$166,858,542	$172,256,999	$175,289,204	$181,334,916	$185,825,992
Additional Aid Items	$3,832,986	$3,832,986	$3,832,986	$3,832,986	$3,832,986
Catestrophic Sp. Ed.	992,471	992,471	992,471	992,471	992,471
Subtotal State Basic Aid	171,684,000	177,082,456	180,114,661	186,160,373	190,651,449
Ohio Casino Commission ODT	1,707,698	1,711,680	1,715,571	1,719,369	1,723,072
Total Unrestricted State Aid Line # 1.035	$173,391,698	$178,794,136	$181,830,232	$187,879,743	$192,374,521

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. The district has adopted the Community Eligibility Provision (CEP) for counting free and reduced students in all but 9 of its schools. As a result of this change, the districts percentage of economically disadvantaged students rose from 66.98% to 72.2%, which resulted in approximately $3 million in additional state funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY17-FY21. We have heard that the ODE is looking into different EMIS codes to report students as Economically Disadvantaged and will not then result in 100% of the students in an eligible building being counted in the program. While this is a risk, we have chosen to report funding at its current level into the forecasted period. We will watch this very carefully as budget deliberations occur this spring and EMIS changes are made.

Source	FY17	FY18	FY19	FY20	FY21
Economically Disadvantaged Aid	$20,497,899	$21,254,930	$20,264,594	$19,289,838	$18,683,617
Career Tech Aid	1,545,885	1,545,885	1,545,885	1,545,885	1,545,885
Total Restricted Revenues Line #1.040	$22,043,784	$22,800,815	$21,810,479	$20,835,723	$20,229,502

C) Restricted Federal Grants in Aid – line #1.045

The district received its final payment of in Ed Jobs money in FY12. No federal unrestricted grants are projected FY17-FY21.

Summary	FY17	FY18	FY19	FY20	FY21
Unrestricted Line # 1.035	$173,391,698	$178,794,136	$181,830,232	$187,879,743	$192,374,521
Restricted Line # 1.040	$22,043,784	$22,800,815	$21,810,479	$20,835,723	$20,229,502
Restricted Federal Grants Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$195,435,482	$201,594,951	$203,640,711	$208,715,466	$212,604,022

State Tax 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 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 home owners. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older 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 did 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 (TPP) Reimbursements – Fixed Rate

School districts were to be reimbursed for the TPP tax losses by the state of Ohio at varying levels through 2026 but those reimbursements were severely curtailed or eliminated by HB153 effective July 1, 2012. The state of Ohio reduced its funding to school districts for TPP reimbursements from $1.13 billion in FY11 to $510 million in FY13, where it was frozen for FY15. HB64 the current state budget has reinstituted the phase out of TPP reimbursements to districts beginning in FY16. The phase out is based on five wealth tiers called quintiles. A Quintile 1 district will lose TPP funding based on 1% of qualifying revenue and a Quintile 5 districts will lose TPP reimbursements equal to 2% of qualifying revenue. Revenue will be phased out at these quintile levels until all TPP state funds are gone. We are a quintile 5 district and as a result will lose our entire fixed rate funding in FY17. In FY16 there is a TPP Phase out guarantee for districts whose total state and TPP reimbursements were lower in FY16 than were actually received in FY15. The TPP Phase out guarantee is only for FY16. We did not qualify for the guarantee.

c) Tangible Personal Property (TPP) 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, emergency levy 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.

Source	FY17	FY18	FY19	FY20	FY21
TPP - Fixed Sum	$4,430,808	$3,544,646	$2,658,484	$1,772,323	$886,162

Summary of State Tax Reimbursement – Line #1.050

Source	FY17	FY18	FY19	FY20	FY21
Rollback and Homestead	$22,791,478	$23,113,264	$20,992,145	$18,740,259	$15,745,239
TPP Reimbursement - Fixed Rate & PU	$0	$0	$0	$0	$0
TPP Reimbursement - Fixed Sum	4,430,808	3,544,646	2,658,484	1,772,323	886,162
Total Tax Reimb./Prop. Tax Allocations	$27,222,286	$26,657,910	$23,650,629	$20,512,582	$16,631,400

Other Local Revenues – Line #1.060

The largest source for "Other Revenues" is payments in lieu of taxes (PILOTS) at $11.4 million in FY17. These are payments received from the City of Cincinnati and local businesses that have entered into agreements with the school district. These payments to the district are to help reduce the amount of lost revenue as the result of tax incentives offered by the City. We assume this level of collection will continue for FY18-FY21.

The second largest source of income is tuition income and open enrollment tuition. FY17 revenue is $4.8 million and anticipate it to continue at this level for FY18-FY21.

"Miscellaneous Revenues" constitutes the third largest area of "Other Revenue" at $3 million. We assume this level of collection will continue for FY18-FY21.

The only Federal revenue which the district receives in the General Fund is for Medicaid reimbursements for medical services provided to qualified low income students covered by Medicaid. Reimbursements have varied from a high of $10.7 million in FY16 to a low of $248,271 in FY11. We anticipate it will $0 per year for FY18-21.

Interest rates are expected to remain low to flat for the forecast period. Security of the public funds collected by the district is the top priority of the treasurer's office when investing district funds.

Summary of "Other Local Revenues" – Line #1.060

Source	FY17	FY18	FY19	FY20	FY21
Payment In Lieu of Taxes	$11,422,021	$11,422,021	$11,422,021	$11,422,021	$11,422,021
Interest	1,152,781	1,152,781	1,152,781	1,152,781	1,152,781
Class Fees and Extra Activities	39,606	40,002	40,402	40,806	41,214
Tuition/Open Enrollment	4,812,675	4,812,675	4,812,675	4,812,675	4,812,675
Rentals	334,434	337,779	341,156	344,568	348,014
Federal Medicaid Reimb. OMSP	1,838,944	0	0	0	0
E-rate (moved to line 2.06)	0	0	0	0	0
Miscellaneous	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Line # 1.060	$22,600,461	$20,765,258	$20,769,036	$20,772,851	$20,776,705

Short-Term Borrowing – Lines #2.010 & Line #2.020 - There is no short term borrowing planned in this forecast.

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 over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

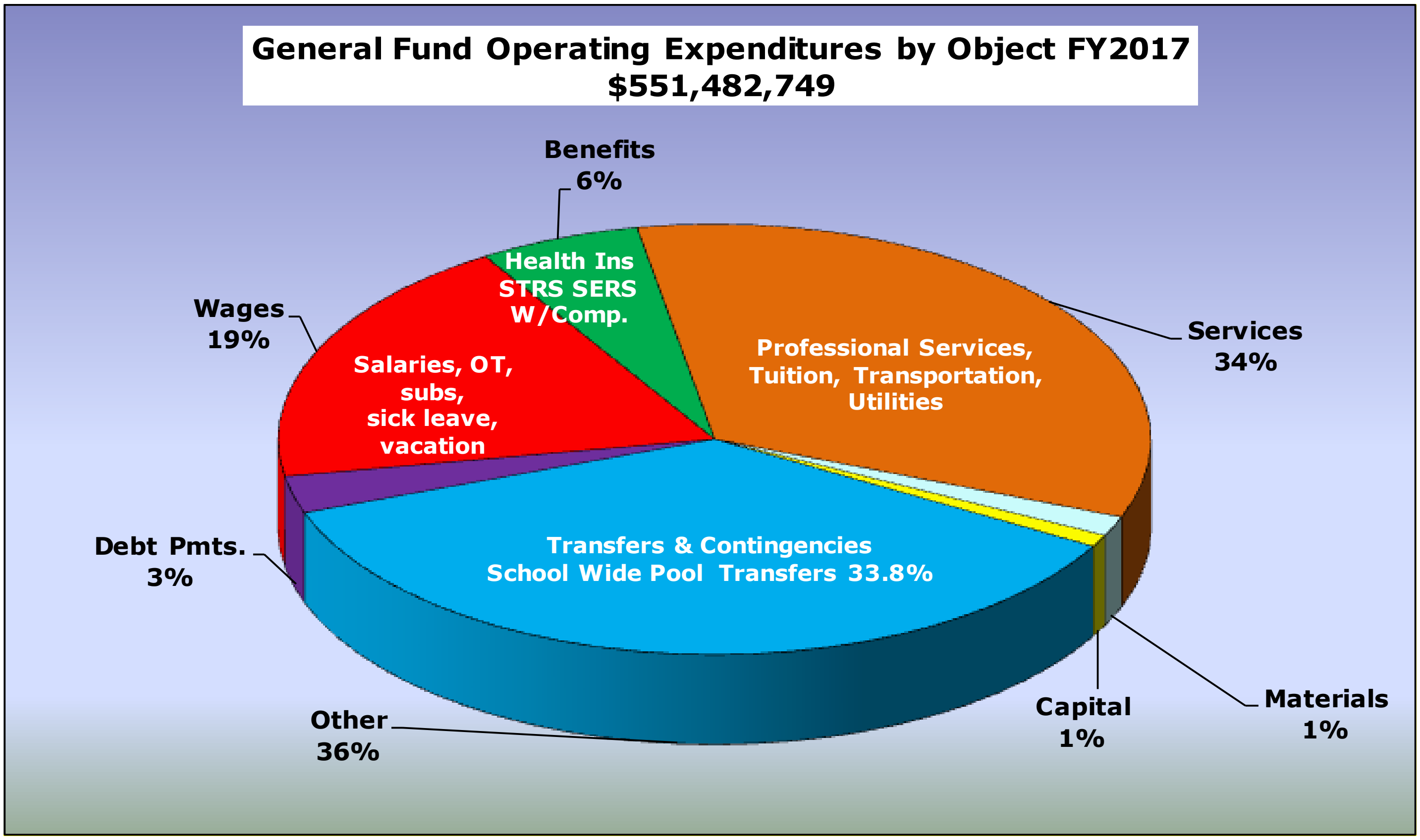
Source	FY17	FY18	FY19	FY20	FY21
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$12,354,183	$12,500,000	$12,500,000	$12,500,000	$12,500,000
Total Transfer & Advances In	$12,354,183	$12,500,000	$12,500,000	$12,500,000	$12,500,000

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures and is very unpredictable. Federal E-Rate reimbursements have been the primary source for these types of revenues in the past. The current year's E-Rate reimbursement is typically based upon the previous year's activity. However, in FY17 the district received $7.3 million in E-Rate reimbursements. This variance is due to reimbursements for fiscal years prior to FY16. It is anticipated the revenue will decline to a normal reimbursement level of $3.5 million in FY18-FY21.

Source	FY17	FY18	FY19	FY20	FY21
Refund of prior years expenditures	$10,444,749	$3,500,000	$3,500,000	$3,500,000	$3,500,000

Expenditure Assumptions

All Expense Categories General Fund FY17



Wages – Line #3.010

- Base increases:
  This forecast reflects a 2% base increase for FY17 and FY18. Base increases for FY19-FY21 are assumed to be 0%.
- Performance step and classified step increases:
  Effective January 1, 2011 teacher salary schedules contained performance steps. Step increases are assumed to continue at their current rate of approximately 2% each year for FY18-FY21 for Certificated and Non-Certificated employees at a cost of $1.8 million.
- Increases in staff:
  - FY17 includes an additional $4 million for increases in staff as a result of increased enrollment and $3.2 million for preschool expansion and Vision 2020.
  - FY18 includes an additional $5.3 million for Vision 2020 and Preschool expansion.
- Staff retirements resulted in a net savings of approximately $4.8 million in FY16 and $.3million in FY17. Severance costs were reduced by $1 million as a result of fewer anticipated retirements in future years.
- While further reductions in staffing are possible in future years, they cannot be quantified at this time.
- FY17 reflects expected cash outlays through the end of the fiscal year.

Reclassification of Salary Cost:
In FY16, expenditures demonstrate the reclassification of certain expenditures to the "transfer of funds" classification for transfer into the School Wide Pool Fund (Line 5.01). This is necessary due to the realignment of all but 7 of the district's schools to using one combining fund to operate which includes both General Funds and certain Federal Funds. In past years these funds were required to be kept separate for federal reporting purposes. As a result, salary expenditures in the GF for the FY16 reflected a net decrease of 59%. Fringe benefits, supplies, contract services, and equipment expenses were also reduced in FY16 and the "transfer" category increased by $188,219,549. This is expected to continue throughout the forecasted period.

In FY17 $6.5 million in staff costs shifted back from the School Wide Pool Fund as a result of 2 buildings no longer qualified to belong to the Pool.

Summary of Salaries – Line #3.010

Source	FY17	FY18	FY19	FY20	FY21
Base Wages	$91,077,322	$104,542,480	$115,692,866	$122,277,624	$126,665,590
Increases	0	2,090,850	2,313,857	0	0
Performance Incentives, Training & Step	1,821,546	2,090,850	2,313,857	2,445,552	2,533,312
Growth/Enrollment Increase	3,265,037	0	0	0	0
Moved from School Wide Pool	6,500,000	0	0	0	0
Preschool expansion/Vision 20-20	3,238,575	5,328,078	0	0	0
Severance - Extraordinary**	-1,000,000	0	0	0	0
Staff Retirement and Repalcement	-360,000	0	0	0	0
2017 Negotiations for 2018	0	1,640,608	1,957,044	1,942,413	0
Total Wages Line 3.010	$104,542,480	$115,692,866	$122,277,624	$126,665,590	$129,198,901

Fringe Benefits Estimates
This area of the forecast captures all costs associated with benefits and retirement costs. Fringe benefits ran 31.59% of wage costs in FY16. In FY16 the district made a $5.2 million reduction in costs when the rate charged against personal services was reduced. During this forecast fringe benefits are estimated to range from 31.48% - 33.13% of total personal services in FY17-FY21. See further explanation below.

A) STRS/SERS will increase as Wages Increase
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.

B) Insurance
The district's health and dental costs were tracking close to market trend in FY15 and FY16. It is anticipated that health and dental insurance will trend about 7% for FY17 and 5% for FY18-FY21.

In FY17 the district reduced the rate charged to personal services for insurance to bring charges more in line with actual costs.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act** (**PPACA**), 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 we are aware of “taxes” mandated by the act. The Transition Reinsurance fee due January 15, 2015, is a fee due the IRS for $5.25 per covered member per month for the prior year (2014). This will be $63 for each employee who had a full year of coverage in the prior year. Longer-term a significant concern is the 40% “Cadillac Tax” that was planned to be implemented in 2018 but has been delayed to 2020, which imposes an excise tax upon plans whose value of benefits exceeded $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 1.19% of wages FY17 – FY21. 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 and salaries.

E) Other

Other benefits costs include minor benefit costs not included in retirement, insurances, government benefit payments, which amount to about $38,000 per year.

FY17 reflects anticipated cash outlays through the end of the fiscal year.

Reclassification of Fringe Benefits Costs:

This forecast also demonstrates the reclassification of certain expenditures to a transfer of money to the School Wide Pool (Line 5.01). The $49.5 million transfer for fringe benefits in FY16 is necessary due to the realignment of most schools to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, benefit expenditures in GF for FY16 reflect a net decrease of 60.3% from FY15 operating cost levels. Salaries, supplies, contract services, equipment, etc. also reflect reductions in FY16 and the “transfer” category increased by $188,219,549. This is expected to continue throughout the forecasted period.

In FY17 $6.5 million in staff costs shifted back from the School Wide Pool Fund as a result of 2 buildings no longer qualified to belong to the Pool. As a result, approximately $2.2 million in benefit costs were moved back from the Pool in FY17.

Summary of Fringe Benefits – Line #3.020

Source	FY17	FY18	FY19	FY20	FY21
STRS/SERS	$14,775,947	$16,197,001	$17,118,867	$17,733,183	$18,087,846
Insurance's	15,129,335	17,024,152	17,875,360	18,769,128	19,707,584
Workers Comp/Unemployment	1,455,106	1,610,306	1,701,958	1,763,033	1,798,294
Medicare	1,515,866	1,677,547	1,773,026	1,836,651	1,873,384
Other	38,646	38,646	38,646	38,646	38,646
Total Line 3.020	$32,914,900	$36,547,652	$38,507,856	$40,140,640	$41,505,754

Purchased Services – Line #3.030
Purchase services are costs for personal services from individual who are not on the payroll of the school district, and other services that the school district may purchase. Expenditures in this category include: instructional services, instructional improvement services, health services, data processing services, professional/legal services, garbage removal, repairs and maintenance services, rentals, property insurance, lease-purchase agreements, meeting and mileage expenses, telephone expenses, postage, advertising, utilities, tuition paid to other districts, and pupil transportation. Most significantly, this category includes payments to Community Schools and Ed Choice Scholarship Voucher program established by HB153 and expanded in HB59 and HB64. There are other proposals that if passed will open up even more expense for the district in these choice type programs. If these initiatives become law costs for these programs will shoot up over the next several years.

Tuition costs for the district vary by the source of the cost. Details by type of tuition are found below:

- Community School costs are anticipated to decrease by 2% in FY18 due to decline in enrollment and increase at 3% for FY19-FY21.
- Voucher and Ed Choice Scholarships are estimated to increase at 3% for FY18-FY21.
- Open enrollment tuition is expected to be flat for FY18-FY21.
- The remaining tuition costs, which are primarily related to special needs students, are anticipated to continue to increase at about 3% per year for FY18-FY21.

In FY16 the district has changed how it purchases some technology from a cash purchase to lease. As a result an additional $1.8 million was added to leases in FY16.

FY17 reflects anticipated cash outlays through the end of the fiscal year.

FY18 reflects the following changes in program:

- Cincinnati Pres-school Promise increased $8.5 million.
- $2 million increase for Vision 2020 programmatic costs and $200,000 for preschool building leases.

After removing the impact of program changes above, an overall inflation of about 1% is being estimated for the purchased service accounts for FY18.. This rate is lower as a result of an anticipated 2% reduction in Community School tuition. Pupil transportation, utilities and professional services are all estimated to increase at 5% a year based upon FY17 base levels.

Reclassification of Contract Services Costs:
This forecast demonstrates the reclassification of certain expenditures to a transfer of money to the School Wide Pool (Line 5.01). This transfer for contract services is necessary due to the realignment of most schools to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, contract services expenditures in GF for FY16 reflect a $5 million reduction. Salaries, benefits, supplies, equipment, etc. also reflect reductions in FY16 and the “transfer” category increased by $188,219,549. This is expected to continue throughout the forecasted period.

Summary of Purchased Services – Line #3.030

Source	FY17	FY18	FY19	FY20	FY21
Base Services	$0	$0	$0	$0	$0
Open Enrollment & Tuition	21,073,829	21,604,044	22,150,165	22,712,670	23,292,050
Community Schools	52,041,401	51,000,573	52,530,590	54,106,508	55,729,703
Ed Choice & Autism Vouchers	25,703,116	26,474,209	27,268,436	28,086,489	28,929,084
Transportation	38,161,816	40,069,907	42,073,402	44,177,072	46,385,926
Utilities	14,841,166	15,583,224	16,362,386	17,180,505	18,039,530
Professional Services	22,890,684	24,035,218	25,236,979	26,498,828	27,823,769
Rental & Lease Payments	9,817,726	9,915,903	10,015,062	10,115,213	10,216,365
Cininnati Pre-School Promise	1,573,835	10,000,000	10,000,000	10,000,000	10,000,000
Total Line 3.030	$186,103,573	$198,683,079	$205,637,020	$212,877,285	$220,416,427

Supplies and Materials – Line #3.040
Amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or items that lose their identity through fabrication or incorporation into different or more complex units or subunits. Expenditures in this category include: instructional supplies, office supplies, teaching aides, software materials, textbooks, library books, newspapers, periodicals, films, filmstrips, supplies and materials for the operation, maintenance and repair of land, buildings, equipment and furniture, and fuel, tires and supplies for vehicles.

FY17 reflects anticipated cash outlays through the end of the fiscal year. Fuel is expected to remain flat and all other items are expected to increase by 2% for FY18-FY21.

Reclassification of Supplies and Materials Costs:
This forecast demonstrates the reclassification of certain expenditures to a transfer of money to the School Wide Pool (Line 5.01). This transfer for supplies and materials is necessary due to the realignment of most schools to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, supply and material expenditures in GF for FY16 reflect a $1.3 million reduction. Salaries, benefits, contract services, equipment, etc. also reflect reductions in FY16 and the "transfer" category increased by $188,219,549. This is expected to continue throughout the forecasted period.

Summary of Supplies and Materials – Line #3.040

Source	FY17	FY18	FY19	FY20	FY21
Base Supplies	$2,740,078	$2,794,880	$2,850,777	$2,907,793	$2,965,949
Instructional Supplies	1,290,201	1,316,005	1,342,325	1,369,172	1,396,555
Textbooks & Library Books	2,619,226	2,671,611	2,725,043	2,779,544	2,835,134
Building Mainteance Supplies	1,465,198	1,494,502	1,524,392	1,554,880	1,585,977
Fuel for vehicles	116,214	116,214	116,214	116,214	116,214
Total Line 3.040	$8,230,917	$8,393,211	$8,558,751	$8,727,602	$8,899,829

Equipment – Line # 3.050
FY17 reflects anticipated cash outlays through the end of the fiscal year Capital Outlay annual inflation costs are expected to be about 5% during the forecasted period FY18-FY21.

Reclassification of Equipment Costs:
This forecast demonstrates the reclassification of certain expenditures to a transfer of money to the School Wide Pool (Line 5.01). This transfer for equipment is necessary due to the realignment of most schools to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, equipment expenditures in GF for FY16 reflect a $216,536 reduction. Salaries, benefits, contract services, supplies, etc. also reflect reductions in FY16 and the "transfer" category increased by $188,219,549. This is expected to continue throughout the forecasted period.

Summary of Equipment – Line # 3.050

Source	FY17	FY18	FY19	FY20	FY21
Base Capital	$799,901	$839,896	$881,891	$925,985	$972,285
Buildings	704,700	0	0	0	0
Equipment	568,753	597,191	627,050	658,403	691,323
Technology Equipment	2,158,921	2,266,867	2,380,210	2,499,221	2,624,182
Improvements other than Buildings	527,986	554,385	582,105	611,210	641,770
Replacement of Vehicles	238,759	250,697	263,232	276,393	290,213
Total Line 3.050	$4,999,020	$4,509,036	$4,734,488	$4,971,212	$5,219,773

Other Expenses – Line #4.300
The category includes expenditures for memberships in professional organizations, charges for audit examinations, county auditor and treasurer fees, election expenses, charges for advertising the delinquent tax list, bank charges, liability insurance, accident insurance, fidelity bonds, and legal judgments against the district, back pay and awards. FY17 reflects anticipated cash outlays through the end of the fiscal year. Zero percent inflationary increases are anticipated for FY18-FY21.

Summary of Other Expenses – Line #4.300

Source	FY17	FY18	FY19	FY20	FY21
Auditor & Treasurer Fees	$4,753,208	$4,753,208	$4,753,208	$4,753,208	$4,753,208
Audit Fees	82,983	82,983	82,983	82,983	82,983
Banking Fees	135,000	135,000	135,000	135,000	135,000
Other expenses	503,921	503,921	503,921	503,921	503,921
Total Line 4.300	$5,475,112	$5,475,112	$5,475,112	$5,475,112	$5,475,112

General Fund Debt Service Payments – Lines #4.020; #4.030; #4.040; #4.050; #4.055; #4.060
In years 2010 and 2011 the district issued House Bill 264 Energy Conservation Bonds and refinanced $104.9 million in Capital Bonds first issued in 2002. Combined, they resulted in the increase in debt payment requirements for FY11 but also contributed to the reductions noted in FY12 along with the payoff of three other short term note issues. These same refunding and HB 264 debts resulted in the increased debt payments beginning in FY13.

The district issued Qualified School Construction Bonds (QCSB) which, were designed to have a minimal interest rate as a result of Federal reimbursement for qualified interest. In FY17 the district anticipates receipt of these reimbursements, which are reflected in FY17 in line #4.06.

Debt payment increased by $2.3 as a result of increased interest rates and reduced Federal reimbursements for qualified debt.

No debt issuances or refunding's are anticipated during the FY18-FY21 period.

Debt Principal HB264 – Line# 4.050

Source	FY17	FY18	FY19	FY20	FY21
HB 264 Principal 3 Issues Line # 4.050	$3,235,072	$3,235,072	$3,235,072	$3,235,072	$3,235,072

Debt Principal Other Line# 4.055

Source	FY17	FY18	FY19	FY20	FY21
Principal Bonds -	$0	$0	$0	$0	$0
Other LTGO Debt	5,060,000	5,315,000	5,555,000	5,800,000	6,060,000
Total Principal Payments - Line #4.055	$5,060,000	$5,315,000	$5,555,000	$5,800,000	$6,060,000

Debt Interest –Line #4.06

Source	FY17	FY18	FY19	FY20	FY21
Interest on Bonds & HB 264 Total Line	$7,032,746	$6,779,746	$6,540,571	$6,290,591	$6,029,596

Transfers Out/Advances Out/All Other Financing Uses – Lines #5.010, #5.020 & #5.030

These costs are made up of transfers to other funds, contingencies, advances to other funds and all other uses. Transfers are the permanent movement of cash from the General Fund to other funds as a result of obligations like debt or items which require that the actual expenditure be made from another fund but that General Fund provides the resources. Contingency is the preferred way to put additional dollars in the forecast to cover unplanned or uncontrollable costs. Advances are temporary cash loans from the General Fund to other funds, which have insufficient cash flows to meet their obligations. These loans will be repaid by the other funds back to General Fund at a later time when resources have been received from the designated sources into the other fund. All other uses would cover prior fiscal year corrections and adjustments.

Line #5.010

A) Transfers

FY17 contains two transfers. The first is $3.2 million to Fund 34, as required by the districts Ohio School Facility Master Plan, and is to fund facility maintenance and equipment replacement. The second is $178 million to the districts School Wide Pool Fund. This allows General Fund and certain grant dollars to be combined into one operating budget/fund, which provides for more efficient use of resources to better meet the need of students. General Fund and grant dollars are providing school budgets for all schools except 9, which were maintained in the General Fund. FY18-FY21 contains the same $3.2 million each year for Fund 34 and the amount established for the School Wide Pool increased each year by the same inflationary trends noted in the above categories. The average trend of inflation on the $175 million is 3.38%. FY17 reflects anticipated cash outlays through the end of the fiscal year.

B) Contingency

There no longer is a contingency in FY17.

Line #5.020

C) Advances Out

In FY16, $12.3 million was advanced/loaned to other funds. These funds were returned to General Fund in FY17. FY18-FY21, the assumption is that the revenue from returning cash advances and advance out will equal and a base amount of $12.5 million will likely be needed each year to advance to other funds for cash flow needs.

Summary of Transfers Out/Advances Out/All Other Financing Uses – Lines #5.010, #5.020 & #5.030

Source	FY17	FY18	FY19	FY20	FY21
Operating Transfers Out/Contingency	$181,388,928	$192,361,194	$198,587,057	$205,023,400	$211,677,338
Advances Out Line #5.020	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
Total	$193,888,928	$204,861,194	$211,087,057	$217,523,400	$224,177,338

Encumbrances –Line#8.010

Encumbrances are similar to an accounts payable in business. Budgetary accounting uses encumbrances as a method to reserve fund balance for future payment of goods and services ordered. In effect, it insures that the district will not spend the funds on something else when it has already been committed for a particular purpose, unlike an accounts payable, which is only established when the goods or services are actually received. Since all purchases are required to be encumbered when ordered, the amount of encumbrances at year-end is directly related to the timing of ordering, delivery and subsequent payment of the bill. As a result of these timing issues, the ending encumbrances as of June 30 each year can vary significantly. The only impact of a deviation is that if encumbrances increase then expenditures will have decreased from forecasted levels or vice versa. The impact on available funds would zero.

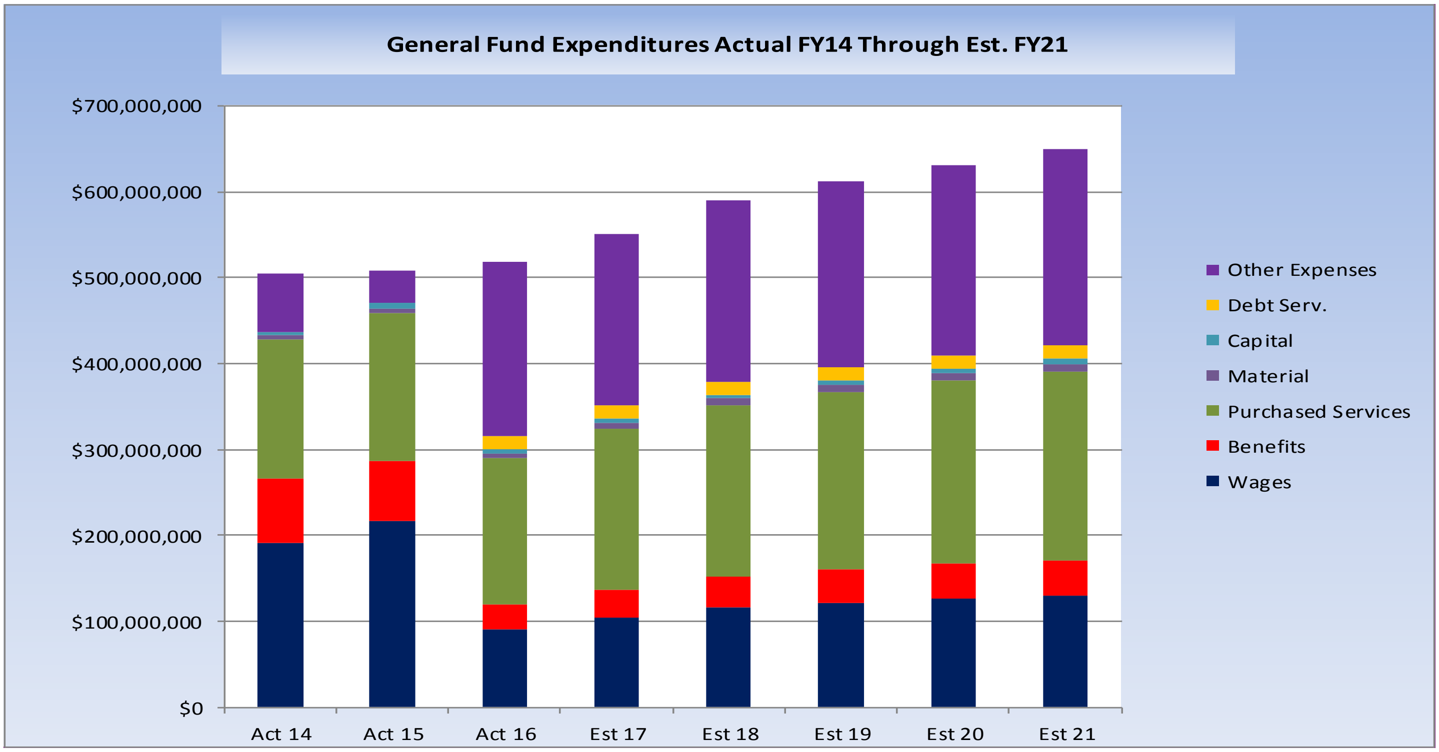
The administration reviews its list of encumbrances as of June 30th in an effort to cancel and reduce any encumbrances which may no longer be needed. Encumbrances are estimated at $12.5 million for June 30 each fiscal year.

	FY17	FY18	FY19	FY20	FY21
Estimated Encumbrances	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000

Reservations of Fund Balance – Line #9.080 – The district has no reservation of fund balance.

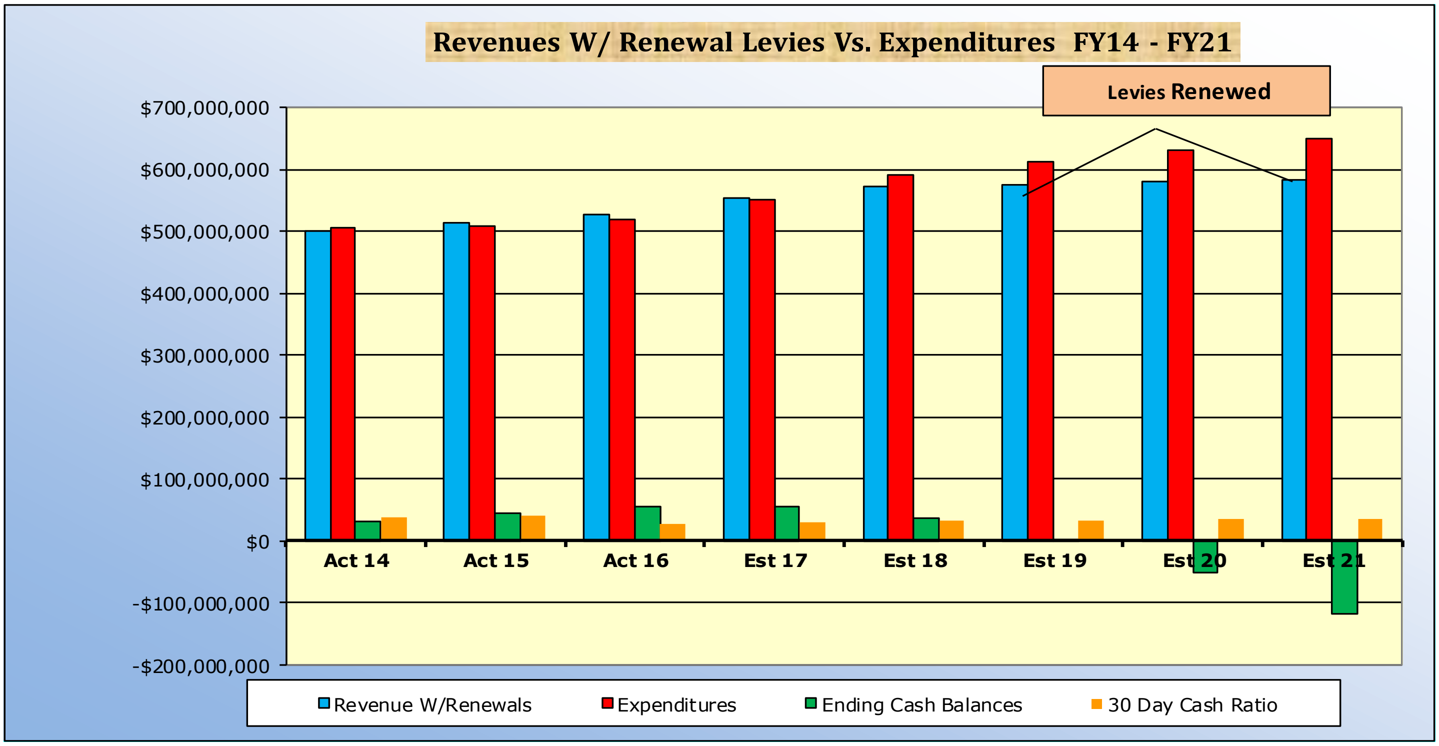
Operating Expenditures Actual FY14-FY16 and Estimated FY17-FY21

As the graph on the following page indicates we have been diligent at reducing costs in reaction to lower and flat state revenues. We are working to control our expenses while attempting to address student academic needs to enable them to compete and do well on state performance standards.



Ending Unencumbered Cash Balance – Line#15.010
While the district can forecast a negative amount in this line, it cannot actually go below $-0- or the district General Fund will have violated 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. It is recommended by the GFOA and other authoritative sources that a district should maintain a minimum of thirty (30) days worth of expenditures in its cash balance, which is about $45.6 million for our district.

Line #15.01 includes passage of a $51.5 million renewal levy prior to December 31, 2018 and a $65.2 million renewal levy prior to December 31, 2020. **Failure to pass any renewal levy will be devastating for the district.**



The revenue portion of the graph above demonstrates increased funding the district received as a result of HB 59, the last biennium budget, as well as the current budget HB64. Revenue is expected to be fairly flat thereafter.

The expenditure portion of the graph above demonstrates for FY14-FY16 the administrations ability to control costs through targeted actions so that they more closely match revenues. It is anticipated that this will continue through the forecasted period FY18-FY21. It also demonstrates the impact uncontrolled inflationary pressures have on a budget.