NILES CITY SCHOOL DISTRICT-TRUMBULL COUNTY
SCHEDULE OF REVENUE, 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
Niles City School District
Treasurer's Office
LINDA MOLINARO, CFO
October 19, 2016

Niles City Schools

Trumbull County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended gune 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending gune 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)	$6,472,570	$6,272,027	$6,267,204	-1.6%	$6,255,642	$6,306,751	$6,387,548	$5,830,107	$5,341,316
1.020	Tangible Personal Property	$302,779	189,307	141,049	-31.5%	$136,876	$195,828	$202,326	$194,311	$186,021
1.030	Income Tax	-	-	-	0.0%	$0	$0	-	-	-
1.035	Unrestricted State Grants-in-Aid	$13,247,713	14,732,995	15,890,627	9.5%	$16,514,666	$16,652,574	$16,686,905	$16,721,855	$16,757,198
1.040	Restricted State Grants-in-Aid	$818,936	793,179	872,203	3.4%	$885,639	$894,495	$903,440	$912,474	$921,599
1.045	Restricted Federal Grants-in-Aid - SFSF/Edgobs	$0	-	-	0.0%	$0	$0	$0	$0	$0
1.050	Property Tax Allocation	$1,337,853	1,336,871	1,336,699	0.0%	$1,322,587	$1,287,552	$1,262,340	$1,126,279	$990,290
1.060	All Other Revenues	1,187,337	1,249,745	1,198,522	0.6%	1,200,507	$1,162,512	$1,124,137	$1,085,378	$1,046,232
1.070	*Total Revenues*	$23,367,188	$24,574,124	$25,706,304	1.8%	$26,315,917	$26,499,712	$26,566,696	$25,870,404	$25,242,656
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0
2.050	Advances-In	0	0	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	90,225	214,418	127,894	48.6%	16,000	$16,000	$16,000	$16,000	$16,000
2.070	*Total Other Financing Sources*	90,225	214,418	127,894	48.6%	16,000	16,000	16,000	16,000	16,000
2.080	*Total Revenues and Other Financing Sources*	$23,457,413	$24,788,542	$25,834,198	4.9%	$26,331,917	$26,515,712	$26,582,696	$25,886,404	$25,258,656
	Expenditures									
3.010	Personal Services	$11,733,128	$11,811,182	$12,204,212	0.0%	$12,835,444	$12,975,981	$13,298,558	$13,435,314	$13,574,122
3.020	Employees' Retirement/Insurance Benefits	4,378,722	5,296,068	6,466,252	21.5%	6,297,999	6,466,402	7,037,129	7,350,674	7,682,316
3.030	Purchased Services	5,842,269	5,777,444	5,981,453	1.2%	6,175,274	6,293,210	6,453,136	6,617,434	6,786,229
3.040	Supplies and Materials	444,137	497,559	465,913	2.8%	309,200	309,200	529,200	534,200	534,200
3.050	Capital Outlay	449,137	293,416	218,182	-30.2%	197,500	170,125	112,829	115,614	118,482
3.060	Intergovernmental	0	0	0	0.0%					
	Debt Service:									
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	110,000	144,261	140,844	14.4%	110,000	110,000	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	132,000	132,000	132,000	0.0%	132,000	132,000	132,000	132,000	0
4.055	Principal-Other	0	0	0	0.0%	34,261	34,261	34,261	34,261	34,261
4.060	Interest and Fiscal Charges	50,731	45,648	39,809	-11.4%	34,309	28,809	23,309	17,809	0
4.300	Other Obgects	229,766	207,450	203,992	-5.7%	207,794	211,680	215,653	219,714	223,865
4.500	*Total Expenditures*	$23,369,890	$24,205,028	$25,852,657	5.2%	$26,333,781	$26,731,668	$27,836,074	$28,457,020	$28,953,475
	Other Financing Uses									
5.010	Operating Transfers-Out	-	134,505	82,826	0.0%	$70,000	$0	$0	$0	$0
5.020	Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	-	134,505	82,826	0.0%	70,000	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	$23,369,890	$24,339,533	$25,935,483	5.4%	$26,403,781	$26,731,668	$27,836,074	$28,457,020	$28,953,475
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	87,523	449,009	(101,285)	145.2%	(71,864)	(215,956)	(1,253,378)	(2,570,616)	(3,694,819)
7.010	Cash Balance guly 1 - Excluding Proposed Renewal/Replacement and New Levies	82,883	170,403	619,412	184.5%	518,127	446,263	230,307	(1,023,071)	(3,593,687)
7.020	*Cash Balance June 30*	170,403	619,412	518,127	123.6%	446,263	230,307	(1,023,071)	(3,593,687)	(7,288,506)
8.010	*Estimated Encumbrances gune 30*	-	98,421	186,823	0.0%	90,000	90,000	90,000	90,000	90,000
	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	$0	0.0%	$0	$0	$0	$0	$0
10.010	*Fund Balance gune 30 for Certification of Appropriations*	$170,403	$520,991	$331,304	84.7%	$356,263	$140,307	($1,113,071)	($3,683,687)	($7,378,506)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	-	648,768	1,224,091
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	-	-	648,768	1,872,859

Niles City Schools

Trumbull County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended gune 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending gune 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
12.010	*Fund Balance gune 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$170,403	$520,991	$331,304	84.7%	$356,263	$140,307	($1,113,071)	($3,034,919)	($5,505,647)
	Revenue from New Levies									
13.010	Income Tax - New			-	0.0%	-	-	-	-	-
13.020	Property Tax - New			-	0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements			-	0.0%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance gune 30*	$170,403	$520,991	$331,304	84.7%	$356,263	$140,307	($1,113,071)	($3,034,919)	($5,505,647)

Niles City School District – Trumbull County
Notes to the Five Year Forecast
General Fund Only
October 19, 2016

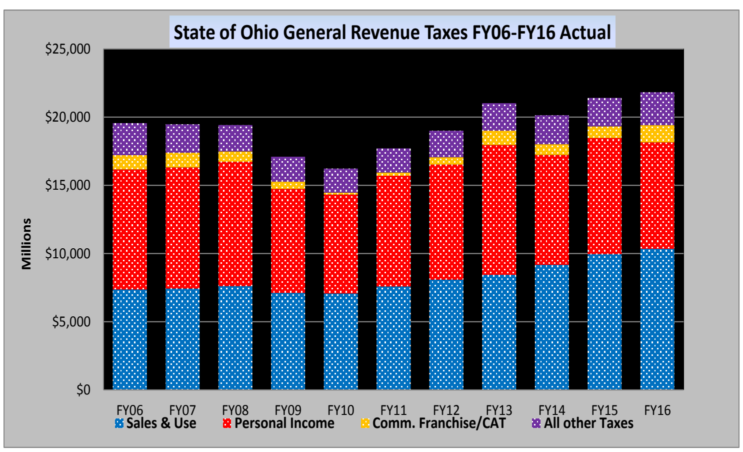
Introduction to the Five Year Forecast

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 October 2016 filing.

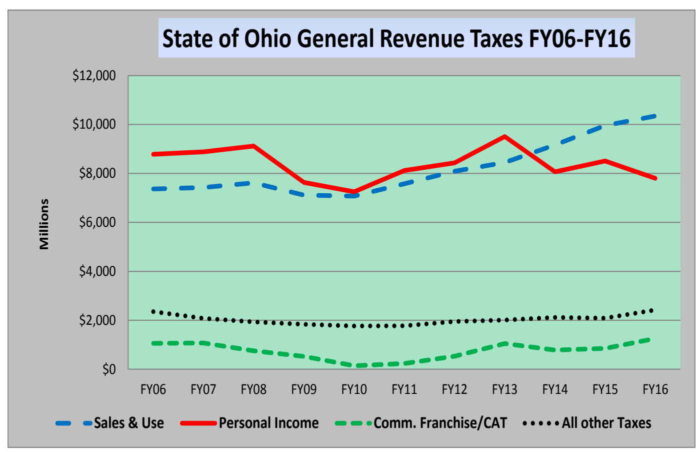
Economic Environment Affecting Forecast Variables –State Economy

It is important in long range forecasting to consider the economic climate in which projections of revenues are made. Below is significant statewide economic data which suggests that the economy for the FY17-21 period is growing moderately and should continue during the forecast period. It is important for our school district to consider the statewide economic data for two very important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. The effects of the 2008 recession on the economy at the state level created a budget deficit which required the State of Ohio to make nearly $8 billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio. Second, the same economic forces driving state tax revenues are also likely affecting the underlying economics of most communities in Ohio, which directly impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.

The graphs below note that the State of Ohio revenues through FY16 have recovered and are at record levels in spite a personal income tax reduction in FY15 and FY16. The two significant contributors to the economic recovery continue to be personal income taxes and sales and use taxes. The decline in personal income tax in FY15 and FY16 is misleading. The declines are due to HB59's across-the-board reductions in income and corporate franchise tax rates which began in FY14. Reductions in FY16 personal income tax is due to an additional 6.3% reduction as authorized by HB64. Not withstanding these reductions income tax would have grown steadily through FY16. Barring further legislative cuts personal income tax will continue to grow.

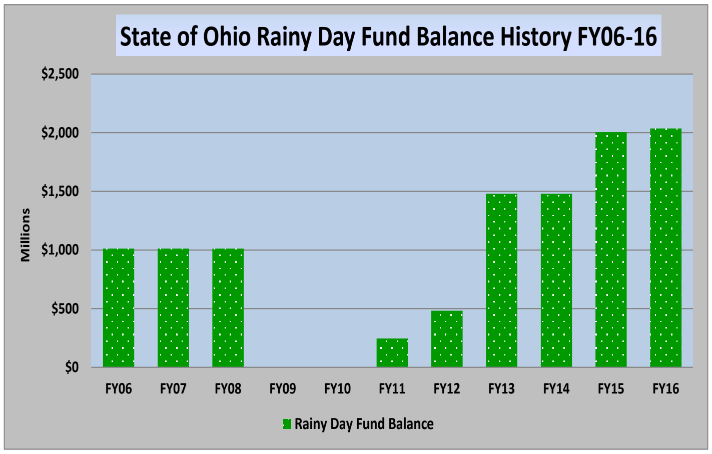


Source: Ohio Legislative Service Commission

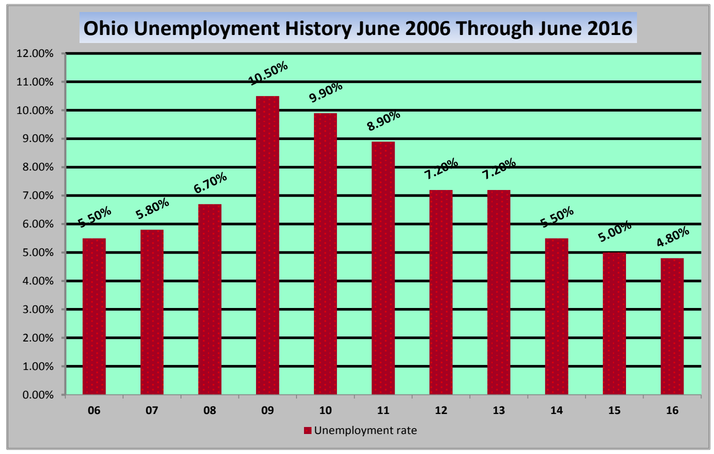


Source: Ohio Legislative Service Commission

The recovery of the labor market which began in 2010 continues in 2015 as noted in both personal income tax and sales tax collections. The above State revenue is a clear indication that the economy has recovered and that there is economic growth in our state. Another indication that the state of Ohio has achieved solid footing economically is the accumulation of reserves in the State Rainy Day Fund (RDF). The graph below shows the ten-year history of the Rainy Day Fund balance. The recession depleted the RDF in FY09. FY11 began the recovery of the economy and enabled the state to contribute excess revenues to the RDF. As noted, the RDF balance in FY16 has reached an all time record high deposit of $2.034 billion thanks to a higher statutory balance allowed by HB64. This cushion should continue to help ensure that funding for schools approved in the recent state biennium budget HB64 will be met through FY17and could be continued into the future even if a brief pull back in the economy occurs as some economists project for late 2017 or 2018.



Source: Ohio Legislative Service Commission

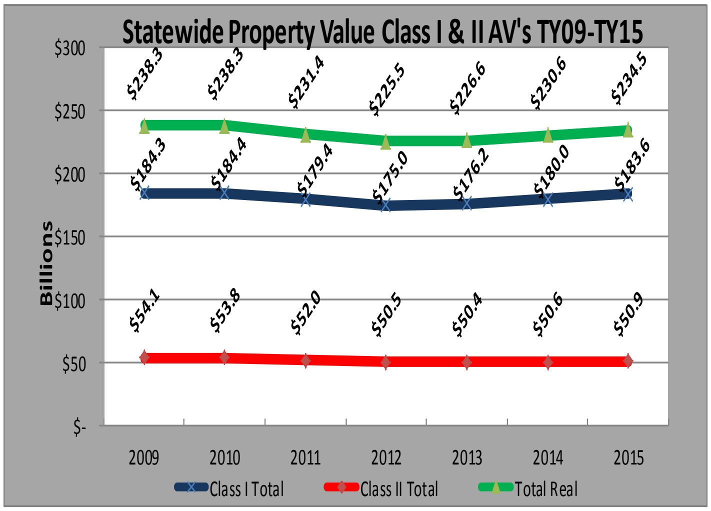


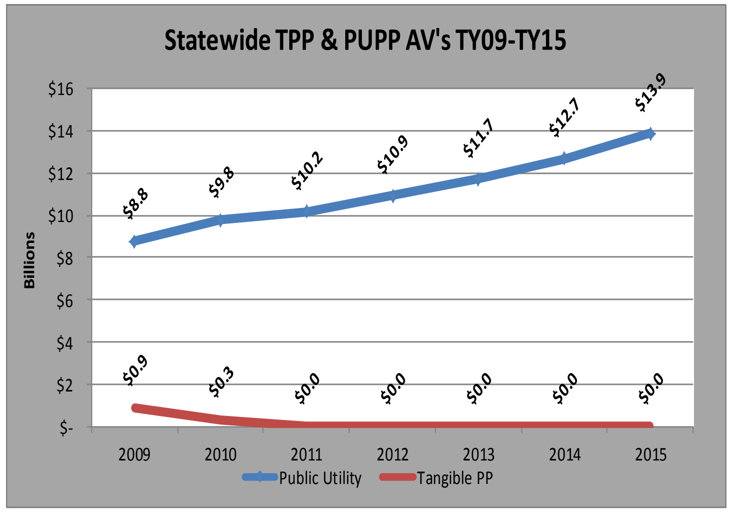
Source: U.S. Bureau of Labor Market Information

The state of Ohio's unemployment rate hit 4.8% the end of June 2016. The last time it was at this level was in October 2001. Over the past 12 months ended May 2016 the unemployment rate dropped .2% as 27,600 new jobs were created. This is a significant measure to monitor for continued economic growth and viability. As noted above, personal income taxes and sales tax are highly correlated and have been the two major drivers of the recent recovery. As of June 2016, the unemployment rate in Trumbull County was 6.0% which is above the 4.8% state average.

For school districts, a final piece of economic data which is highly relevant is the value of real property. In the 2015Tax Year, 24 of Ohio's 88 counties went through a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From tax year 2007 to 2012, Class 1 and 2 property values declined by $10.8 billion, a reduction of 4.6%. In 2015 Class 1 values rose by $3.58 billion or 1.99% statewide, while Class 2 property increased for the second time since 2009 by $270.0 million or .54% statewide. Home values for the 12 month period ending in June 2016 were up statewide by 3.5%. Clearly property values have stabilized and should begin to rise at varying levels across the state.

The final category of property is Public Utility Personal Property (PUPP) values. The graph on the following page shows that Tangible Personal Property (TPP) was eliminated for all categories of TPP in tax year 2011 by HB66, which became effective July 1, 2005. PUPP values on the other hand continued to grow throughout the Great Recession and into Tax Year 2015due in part to continued new construction, reinvestment in aging infrastructure due to historic low interest rates and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher value as they are taxed at the full gross tax rate. PUPP values grew $1.2 billion or 9.5% statewide in Tax Year 2015.

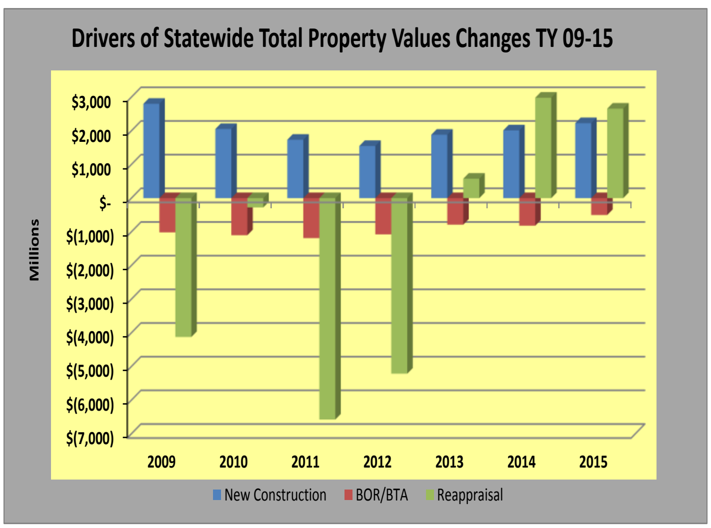




Source: Ohio Department of Taxation

Source: Ohio Department of Taxation

The graph below sums up the main drivers of real property value changes across the state for Tax Year 2009 through 2015. The changes noted below are for Class 1 and 2 property values. Note that new construction is picking up, reappraisal and update values have moved from negative to positive for the last three tax years and Board of Revision/Board of Tax appeals property value changes are trending down from record levels from 2009 through 2012.



Source: Ohio Department of Taxation

Overall, we believe the economy of the state is stable and growing. This should provide a stable basis for which to make projections of state revenues to the district as noted in HB64 through FY17 and continuing through FY21 in future state budgets. The improving labor market is also providing for steady property tax collections in this forecast by: 1) increasing or stabilizing property values; 2) increasing current property tax collections; and, 3) increasing prior delinquent tax collections.

<u>Forecast Risks and Uncertainty:</u>

A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 2017 and 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:

- The recession has adversely affected the real estate market for both residential and commercial property. The reappraisal update in 2014 for collection in 2015 resulted in an additional decline in Residential/Agricultural values of 6.55% and overall property values fell 5.34%. Despite the falling values, the risk of radical reduction in local taxes is mitigated by the effect of HB920 reduction factors and our two (2) emergency levies which are fixed sum. The district's fixed sum emergency levy will automatically adjust upward in response to lower values. The risk of sharply lower tax collections is low even if values fall. The County will go through an appraisal update in calendar year 2017 to be collected in FY18. We do not anticipate any significant change in property values as a result of the appraisal update.

- The State Budget represents 71% 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.

- The state budget eliminated tangible personal property (TPP) "Fixed Rate" reimbursements to the district after FY12. 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.

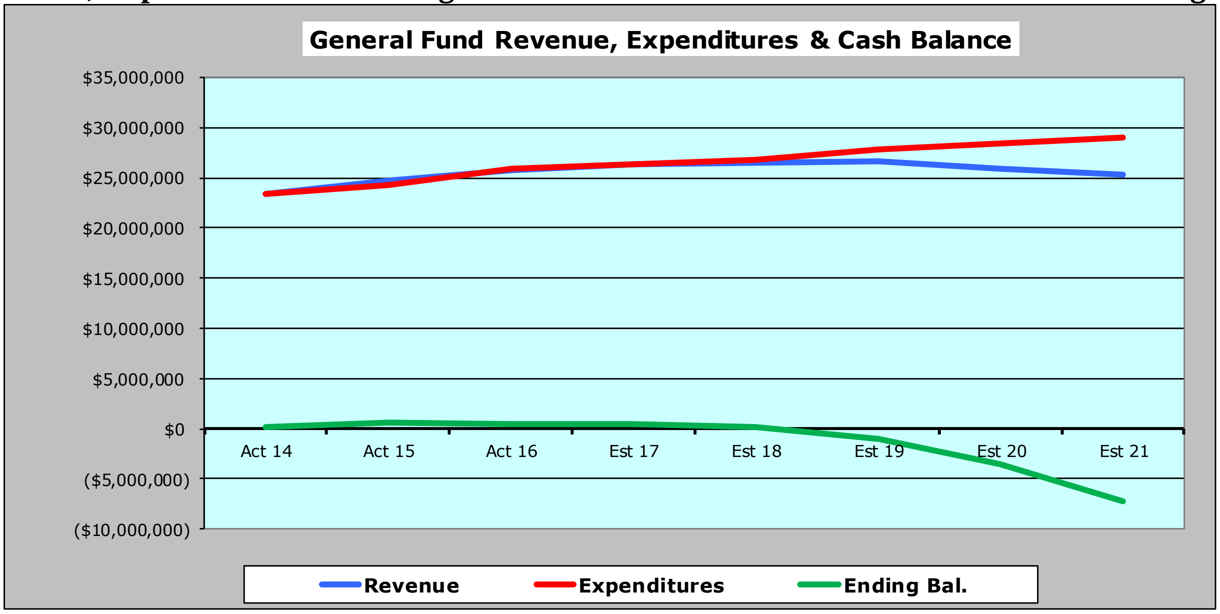
- There are many provisions in the current state budget bill HB64 that will increase the district expenditures in the form of expanded school choice programs and increases in amounts deducted from our state aid in the 2016-17 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship 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 expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

- 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 provision 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 could go up as additional staff is 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 is a risk to district costs. We continue to monitor the rules and implementation as this significant change to health care evolves.

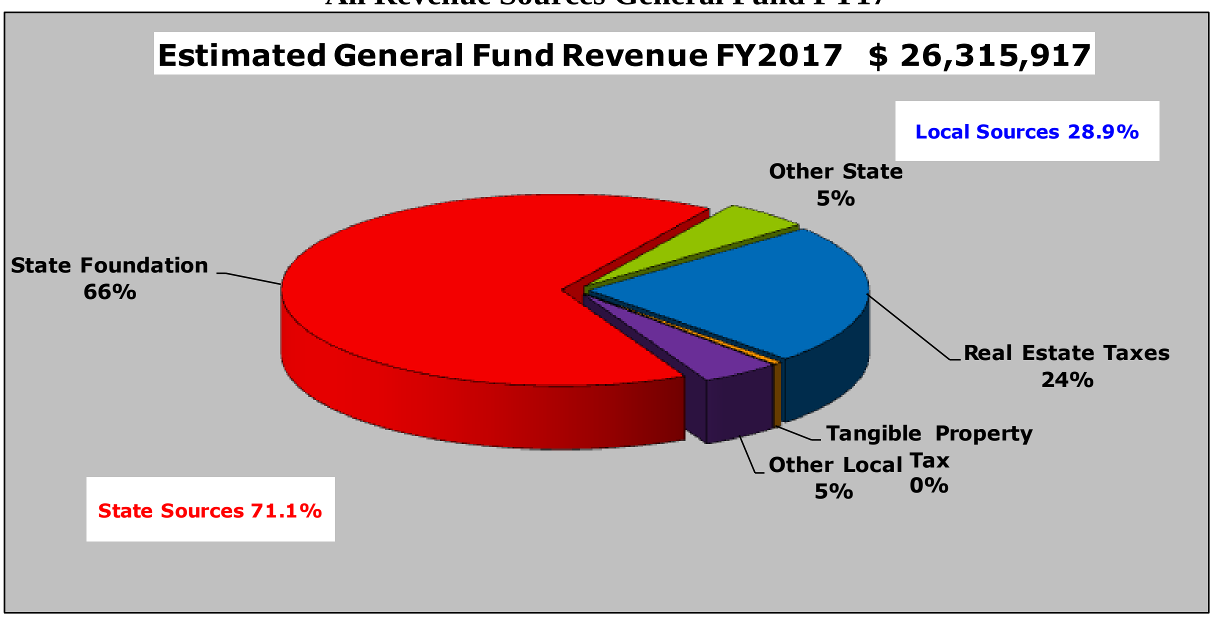
- Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

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 in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Ms. Linda Molinaro, Treasurer of Niles Local at 330-989-5095.

Total Revenue, Expenditures and Ending Cash Balance FY14-FY16 and Estimated FY17 through FY21



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 and complete reappraisal or updated values. There was a reappraisal update for 2014 values to be collected in 2015. As a result of this reappraisal update there was an additional decline in Residential/Agricultural values of 6.55% and overall property values fell 5.34%. Due to the ongoing decline in property values and slow housing recovery, no inflationary increase in values has been projected in the entire forecast. Because the district has fixed sum emergency levies and is on the 20 mill floor, declines in values would have minimal impact in the amount of taxes to be collected due to the slow economy.

Tangible personal property (TPP) values decreased to $-0- in 2011 as a result of HB66 passed in 2005 to be effective July 1, 2005.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2016 COLLECT2017	Estimated TAX YEAR2017 COLLECT2018	Estimated TAX YEAR2018 COLLECT2019	Estimated TAX YEAR2019 COLLECT2020	Estimated TAX YEAR2020 COLLECT2021
Res./Ag.	$164,494,960	$164,694,960	$164,894,960	$165,094,960	$165,294,960
Comm./Ind.	49,356,750	49,481,750	49,606,750	49,731,750	49,856,750
Public Utility (PUPP)	4,008,860	4,108,860	4,208,860	4,308,860	4,408,860
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	$217,860,570	$218,285,570	$218,710,570	$219,135,570	$219,560,570

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Est. Prop. Taxes Excluding TPP	$6,255,642	$6,306,751	$6,387,548	$5,830,107	$5,341,316

Property tax levies are estimated to be collected at 98.5% of the annual amount. This allows 1.5% delinquency factor. In general, 53% of the new Res/Ag and Comm/Ind is expected to be collected in the February tax settlement and 47% 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.

The 10 year 5.3 mill emergency levy passed November 2009 will expire December 31, 2019, and; the 10 year 5.3 mill levy passed March 2012 will expire December 31, 2022. The actual millage on the emergency levies increased because of assessed valuation declines mentioned above.

Renewal and Replacement Levies – Line #11.02 –
As mentioned, the levy passed in November 2009 will expire on December 31, 2019. Renewal revenue has been moved to Line 11.02 from Line 1.01, 1.02 and 2.05 of the forecast in FY20.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated 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. Only Public Utility Personal Property Taxes (PUPP) is shown below in this revenue category in FY13 and beyond. Any actual TPP taxes collected in this forecast period will be from older delinquent taxes being collected.

In tax year 2013 Genon Power Midwest LP closed down a coal fired electric plant in our district. That reduced the PUPP values by $7,613,240 or a drop of 75.3% of our PUPP values. This had a significant impact on our PUPP tax collections, which fell by $360,487 on a calendar year basis. This represented 1.5% of the General Fund revenues.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Public Utility Personal Property	$136,876	$195,828	$202,326	$194,311	$186,021
Total Line # 1.020	$136,876	$195,828	$202,326	$194,311	$186,021

State Foundation & Casino Revenue Estimates – Lines #1.035, 1.040 and 1.045
A) Unrestricted State Foundation & Casino Revenue – Line #1.035
The amounts estimated for FY16 for state funding are based on the September 2016 State Foundation Payment Report (SFPR). The current FY16-17 state budget HB64 includes an increase in funding for our district. We are projected to be a formula district in FY17. Our state funding status for FY18-21 will depend on the FY18-

19 and FY20-21 state budgets. There are two unknown state budgets in this forecast period covering four fiscal years.

In FY14-15, HB59 created the fourth (4th) new funding formula for public education since 2009. HB64 the state FY16-17 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 FY 18-19 or FY20-21 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 based on time student enrolled in schools
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) categories students enrolled in
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 &17. 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 for what is generated.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY16 and 50 in FY17. Provides additional funding based on rider density 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.

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. Currently, there are still changes being made to the above variables as well as changes that could result once ODE finalizes the calculations from FY16, which is not expected until late February 2017. Our estimates are based on the best information available to us and the most current calculation used by ODE. Changes to our forecasted data could occur if there are large adjustments made by ODE based on the final FY16 reconciliation.

Our current SFPR estimates for FY16 are using September 2016 adjusted average daily membership (ADM) and estimate a slight decline in those numbers through FY21. 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 2017 and then 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 because the district is on the formula. Our estimate of state aid is based on the most current data we have available to us at the time. We have estimated slightly declining enrollment through FY21 and a 1% per pupil increase each year beginning in FY18 for Opportunity Grant funding.

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

The 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 $93 million or $51.91 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

In the summer of 2014 a Racino opened in Austintown. This will not result in addition revenue for our school district because they are not part of the Gross Casino Tax Revenue stream.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Basic Aid-Unrestricted	$16,265,496	$16,403,190	$16,437,316	$16,472,070	$16,507,225
Additional Aid Items	122,977	122,977	122,977	122,977	122,977
Basic Aid-Unrestricted Subtotal	$16,388,473	$16,526,167	$16,560,293	$16,595,047	$16,630,202
Ohio Casino Commission ODT	126,193	126,407	126,612	126,808	126,996
Unrestricted State Aid Line # 1.035	$16,514,666	$16,652,574	$16,686,905	$16,721,855	$16,757,198

B) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenue, Economically Disadvantaged and Career Technical funds. The amount of the Economically Disadvantaged Aid is estimated to grow by 1% each remaining year of the forecast.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Economically Disadvantaged Aid	$875,636	$884,392	$893,236	$902,168	$911,190
Career Tech - Restricted	10,003	10,103	10,204	10,306	10,409
Total Restricted State Revenues Line #1.040	$885,639	$894,495	$903,440	$912,474	$921,599

C) Restricted Federal Grants in Aid – line #1.045

There is no restricted federal aid projected in this forecast.

SUMMARY	FY 17	FY 18	FY 19	FY 20	FY 21
Unrestricted Line # 1.035	$16,514,666	$16,652,574	$16,686,905	$16,721,855	$16,757,198
Restricted Line # 1.040	885,639	894,495	903,440	912,474	921,599
Restricted Fed. SFSF /EdJobs #1.045	0	0	0	0	0
Total State Foundation Revenue	$17,400,305	$17,547,069	$17,590,345	$17,634,329	$17,678,797

State Taxes Reimbursement/Property Tax Allocation
A) Rollback and Homestead Reimbursement
Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are 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 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 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 loose 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
HB153 effective July 1, 2011 slashed these reimbursements to our district after FY12, reducing our state revenue by over $2.35 million in future revenue beyond FY12.

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

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Rollback and Homestead	$1,123,316	$1,128,135	$1,142,777	$1,046,571	$950,436
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	199,271	159,417	119,563	79,708	39,854
Total Tax Reimb./Prop Allocations Line #1.050	$1,322,587	$1,287,552	$1,262,340	$1,126,279	$990,290

Other Local Revenues – Line #1.060
An overall increase of 1% is projected for this category with the exception of Other Income, Rentals & Donations. FY 18 begins to show a decline in Other Income to do the District no longer collecting on the turf field.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Open Enrollment Gross	$781,523	$789,338	$797,231	$805,203	$813,255
Tuition Meridian	0	0	0	0	0
Tuition SF-14 & SF-14H	100,216	101,218	102,230	103,252	104,285
Other, rentals & Catestrophic aid	318,768	271,956	224,676	176,923	128,692
Total Line # 1.060	$1,200,507	$1,162,512	$1,124,137	$1,085,378	$1,046,232

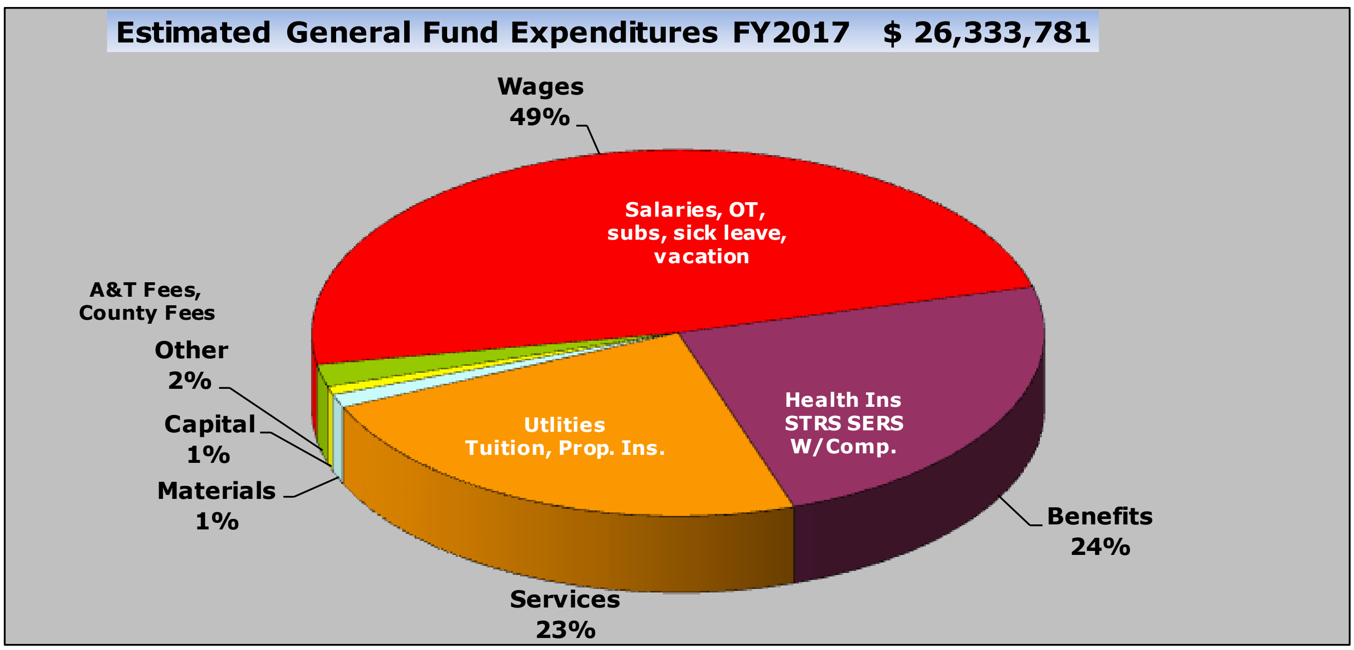
Short-Term Borrowing – Lines #2.010 & Line #2.020 - There is no short term borrowing planned for in this forecast at this time from any sources.

Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds 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.

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable.

	FY 17	FY 18	FY 19	FY 20	FY 21
Refund of prior years expenditures	$16,000	$16,000	$16,000	$16,000	$16,000

Expenditures Assumptions



Wages – Line #3.010
Base wages in the forecast are projected to increase 2.0% in FY17, 1.5% in FY18-19 and 0% in FY20-21. Steps and training increases are estimated at the normal level FY17-21. We estimate that each year we will capture savings via replacing two higher paid teachers with two lower paid teachers through attrition.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Base Wages	$11,422,434	$11,793,845	$12,091,756	$12,402,945	$12,539,701
Increases	228,449	176,908	181,376	0	0
All Staff - Steps & Training	171,337	176,908	181,376	186,044	188,096
Staff Replacement	241,873	95,777	77,366	77,366	77,366
Substitutes/Supplementals	748,005	759,225	770,613	770,613	770,613
Severance	150,000	125,000	125,000	125,000	125,000
Staff Reductions/Retiree	(126,654)	(151,683)	(128,929)	(126,654)	(126,654)
Total Wages Line 3.010	$12,835,444	$12,975,981	$13,298,558	$13,435,314	$13,574,122

Fringe Benefits Estimates
This area of the forecast captures all costs associated with benefits and retirement costs.

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. SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. This will have the result of accelerating our costs by up to one-half a year's cost of $228,000 for SERS. We are taking the 1/6 additional costs per year for 6 years option. The SERS catch-up payments which cost $38,000 additional each year ended in FY16.

Insurance
A 0% increase is estimated for FY 17, 4.0% for FY18, and a 6.5% increase is estimated for FY19 through FY21, for medical, dental and vision insurance. Medical trend and utilization would suggest an increase of roughly 9% in each year FY17 through FY21; however, such an increase may not be likely due to the cost containment features in our plan.

B) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to remain at about 1% of wages FY17 – FY21.

C) Medicare
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% on all wages paid.

Summary of Fringe Benefits – Line #3.020

Source	FY 17	FY 18	FY 19	FY 20	FY 21
STRS/SERS	$1,848,984	$1,874,455	$1,921,473	$1,942,484	$1,962,738
Insurance's	4,136,485	4,276,713	4,782,525	5,071,852	5,379,985
Workers & UC Comp	118,519	119,784	135,986	137,353	138,741
Medicare	173,024	174,463	176,158	177,998	179,865
Other/Tuition	20,987	20,987	20,987	20,987	20,987
Total Line 3.020	$6,297,999	$6,466,402	$7,037,129	$7,350,674	$7,682,316

Purchased Services – Line #3.030
An overall inflation of 3% is being estimated for this category of expenses. Utility costs are assumed to increase at a slower rate do to cost containment efforts made this past year. Open enrollment and Community schools continue to draw a significant number of students from our funding which are major expenditures in this area and have been increased based on historical trend. The District hopes to draw students back from these areas with improved performance and with the new facilities.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Base Services & SRO	$1,031,951	$1,052,590	$1,084,168	$1,116,693	$1,150,194
Tuition & ESC Sp Ed	1,489,887	1,519,685	1,565,276	1,612,234	1,660,601
Open Enrollment Deduction	1,135,213	1,157,917	1,181,075	1,204,697	1,228,791
Community School Deductions	1,365,165	1,392,468	1,434,242	1,477,269	1,521,587
Other Tuition	194,901	200,748	206,770	212,973	219,362
Autism Scholarship	206,373	210,500	214,710	219,004	223,384
Utilities	751,784	759,302	766,895	774,564	782,310
Total Line 3.030	$6,175,274	$6,293,210	$6,453,136	$6,617,434	$6,786,229

Supplies and Materials – Line #3.040

An overall inflation of 1% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and materials, etc. Beginning in FY19-21 we are making an allowance to update our textbook and curriculum adoption cycle to provide new resources to our students.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Supplies	$309,200	$309,200	$309,200	$309,200	$309,200
Textbook Series	0	0	220,000	225,000	225,000
Total Line 3.040	$309,200	$309,200	$529,200	$534,200	$534,200

Equipment – Line # 3.050

Work needs to be done to repair or replace of our bus garage, we also need to do repairs at our stadium and a new bus needs to be purchased. Limited monies are forecasted due to budget constraints to cover the above mentioned items.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Capital Outlay	$20,000	$20,000	$20,000	$20,000	$20,000
Additional Bus Purchases	87,500	90,125	92,829	95,614	98,482
Technology/New Buildings	90,000	60,000	0	0	0
Total Line 3.050	$197,500	$170,125	$112,829	$115,614	$118,482

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees. A&T fees will decline with emergency levies expiring, however it is anticipated that they will be replaced so the A&T fees noted below are maintained at current levels. Currently, we are estimating annual increase of 3% for this forecast.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
County Tax Fees & Election Costs	$138,096	$139,891	$141,710	$143,552	$145,418
Annual Audit Fees	24,493	25,228	25,985	26,765	27,568
Liability Ins, &Other Misc.Costs	45,205	46,561	47,958	49,397	50,879
Budget Reductions	0	0	0	0	0
Increased A&T Fees for New Levies	0	0	0	0	0
Total Line 4.300	$207,794	$211,680	$215,653	$219,714	$223,865

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer 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 presently planning on transferring out funds in FY17 to cover accumulating deficits in our Food Service Fund. No additional transactions are expected during the remaining forecast period.

Debt Service – Line# 4.020; 4.050; 4.060

In 2013 the district borrowed $550,000 for a turf project at the high school athletic stadium. The first payment was due November 1, 2013. In August 2014, the District entered into a five year lease purchase agreement to finance the purchase of two school buses totaling $162,650. The first payment was made in August 2014 at the time the lease agreement was signed. The District is also making payments on a HB264 loan that matures in FY20.

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Turf Note Principal Line 4.020	$110,000	$110,000	$0	$0	$0
Principal State Loans Line 4.030	0	0	0	0	0
Principal State Advances Line 4.040	0	0	0	0	0
Bus Lease Line 4.055	34,261	34,261	34,261	34,261	34,261
Total Principal Payments	$144,261	$144,261	$34,261	$34,261	$34,261

Source	FY 17	FY 18	FY 19	FY 20	FY 21
HB 264 Principal Line 4.050	$132,000	$132,000	$132,000	$132,000	$0

Source	FY 17	FY 18	FY 19	FY 20	FY 21
Interest on Lease, Turf Loan & HB 264 Line 4.0(	$34,309	$28,809	$23,309	$17,809	$0

Encumbrances –Line#8.010

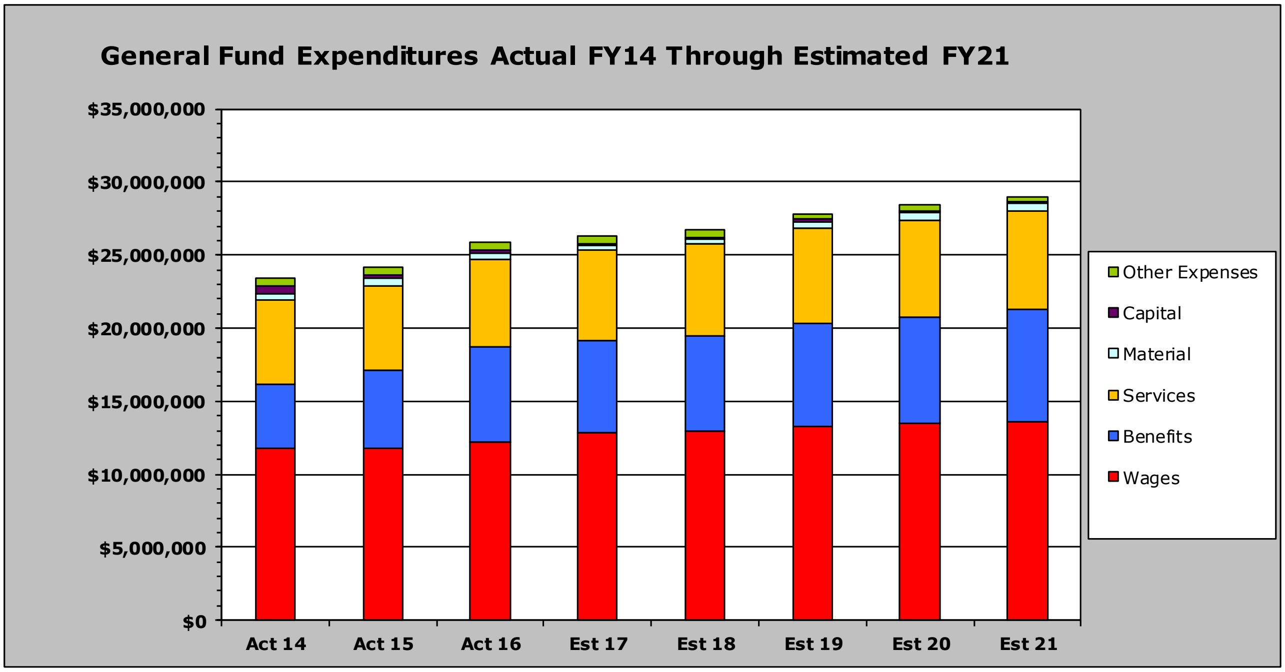
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY 17	FY 18	FY 19	FY 20	FY 21
Estimated Encumbrances	$90,000	$90,000	$90,000	$90,000	$90,000

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

Operating Expenditures Actual FY14 through FY16 and Estimated FY17-FY21

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



Ending Unencumbered Cash Balance – 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. It is recommended by GFOA and other authoritative sources than a district maintains a minimum of thirty (30) day cash balance which is about $1.9 million for our district. The balance noted in FY20 below includes the renewal of the emergency levy that expires on December 31, 2019.

	FY 17	FY 18	FY 19	FY 20	FY 21
Ending Cash Balance	$356,263	$140,307	($1,113,071)	($3,034,919)	($5,505,647)