

South Euclid-Lyndhurst City Schools
Cuyahoga County
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE HISTORICAL FISCAL YEARS ENDED JUNE 30, 2014, 2015 & 2016
ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2017 THROUGH 2021

Line Number	Fiscal Year 2014 ACTUAL	Fiscal Year 2015 ACTUAL	Fiscal Year 2016 ACTUAL	Ave. Annual CHANGE	Fiscal Year 2017 FORECAST	Fiscal Year 2018 FORECAST	Fiscal Year 2019 FORECAST	Fiscal Year 2020 FORECAST	Fiscal Year 2021 FORECAST
Revenue:									
1.010 General Property (Real Estate)	41,304,275	41,751,670	42,246,997	1.13%	41,280,500	41,280,500	41,280,500	41,280,500	41,280,500
1.020 Tangible Personal Property Tax	31	0	0	0.00%	0	0	0	0	0
1.030 Income Tax	0	0	0	0.00%	0	0	0	0	0
1.035 Unrestricted Grants-In-Aid (All 3100's except 3130)	6,665,884	7,120,097	7,886,219	8.79%	8,075,000	8,075,000	8,075,000	8,075,000	8,075,000
1.040 Restricted Grants-In-Aid (All 3200's)	586,822	952,971	783,691	22.32%	805,000	805,000	805,000	805,000	805,000
1.045 Restricted Federal Grants-In-Aid - SFSF (4220)	0	0	0	0.00%	0	0	0	0	0
1.050 Property Tax Allocation (3130)	6,191,239	6,125,574	6,044,898	-1.19%	5,919,500	5,919,500	5,919,500	5,919,500	5,919,500
1.060 All Other Rev except 1931,1933,1940,1950,5100 & 5200	3,252,497	3,345,636	3,118,921	-1.96%	1,956,000	1,877,000	1,867,000	1,857,000	1,847,000
1.070 Total Revenue	<u>58,000,748</u>	<u>59,295,948</u>	<u>60,080,726</u>	<u>1.78%</u>	<u>58,036,000</u>	<u>57,957,000</u>	<u>57,947,000</u>	<u>57,937,000</u>	<u>57,927,000</u>
Other Financing Sources									
2.010 Proceeds From Sale of Notes (1940)	0	0	0	0.00%	0	0	0	0	0
2.020 State Emergency Loans & Advancements (Approved - 1950)	0	0	0	0.00%	0	0	0	0	0
2.040 Operational Transfers-In (5100's)	125,000	150,000	164,000	14.67%	0	0	0	0	0
2.050 Advances-in (5200's)	78,000	18,000	27,000	-13.46%	24,000	20,000	20,000	20,000	20,000
2.060 All Other Financing Sources (1931 & 1933)	347,157	467,195	516,091	22.52%	40,000	50,000	50,000	50,000	50,000
2.070 Total Other Financing Sources	<u>550,157</u>	<u>635,195</u>	<u>707,091</u>	<u>13.39%</u>	<u>64,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
2.080 Total Revenues and Other Financing Sources	<u>58,550,905</u>	<u>59,931,143</u>	<u>60,787,817</u>	<u>1.89%</u>	<u>58,100,000</u>	<u>58,027,000</u>	<u>58,017,000</u>	<u>58,007,000</u>	<u>57,997,000</u>
Expenditures:									
3.010 Personal Services	32,265,619	32,236,272	32,471,437	0.32%	32,687,000	33,912,763	34,523,192	35,144,610	35,777,213
3.020 Employees' Retirement/Insurance Benefits	13,026,674	13,337,806	12,367,188	-2.44%	12,850,000	14,006,500	15,267,085	16,641,123	18,138,824
3.030 Purchased Services	8,353,280	9,044,785	8,678,094	2.11%	9,578,355	9,600,000	9,600,000	9,600,000	9,600,000
3.040 Supplies and Materials	1,583,290	1,570,814	2,051,643	14.91%	2,498,395	2,400,000	2,200,000	2,200,000	2,200,000
3.050 Capital Outlay	272,377	539,485	851,141	77.92%	412,620	400,000	100,000	100,000	100,000
3.060 Intergovernmental (7600 and 7700 Functions)	0	0	0	0.00%	0	0	0	0	0
Debt Service:									
4.010 All Principal - (Historical Only)	0	0	0	0.00%	0	0	0	0	0
4.020 Principal-Notes	0	0	0	0.00%	0	0	0	0	0
4.030 Principal-State Loans	0	0	0	0.00%	0	0	0	0	0
4.040 Principal-State Advancements	0	0	0	0.00%	0	0	0	0	0
4.050 Principal-HB 264 Loans	0	0	0	0.00%	0	0	0	0	0
4.055 Principal other	0	0	0	0.00%	0	0	0	0	0
4.060 Interest and Fiscal Charges	0	0	0	0.00%	0	0	0	0	0
4.300 Other Objects	1,490,393	1,050,566	1,079,241	-13.39%	1,190,630	1,200,000	1,200,000	1,200,000	1,200,000
4.500 Total Expenditures	<u>56,991,633</u>	<u>57,779,728</u>	<u>57,498,744</u>	<u>0.45%</u>	<u>59,217,000</u>	<u>61,519,263</u>	<u>62,890,277</u>	<u>64,885,732</u>	<u>67,016,036</u>
Other Financing Uses									
5.010 Operational Transfers-Out	845,827	803,020	1,350,000	31.53%	700,000	700,000	700,000	700,000	700,000
5.020 Advances-Out	18,000	27,000	24,000	19.44%	20,000	20,000	20,000	20,000	20,000
5.030 All Other Financing Uses	0	0	0	0.00%	0	0	0	0	0
5.040 Total Other Financing Uses	<u>863,827</u>	<u>830,020</u>	<u>1,374,000</u>	<u>30.81%</u>	<u>720,000</u>	<u>720,000</u>	<u>720,000</u>	<u>720,000</u>	<u>720,000</u>
5.050 Total Expenditures and Other Financing Uses	<u>57,855,460</u>	<u>58,609,748</u>	<u>58,872,744</u>	<u>0.88%</u>	<u>59,937,000</u>	<u>62,239,263</u>	<u>63,610,277</u>	<u>65,605,732</u>	<u>67,736,036</u>
Excess Of Revenues and Other Financing Sources over(under) Expenditures and									
6.010 Other Financing Uses	695,445	1,321,395	1,915,073	67.47%	-1,837,000	-4,212,263	-5,593,277	-7,598,732	-9,739,036
Cash Balance July 1 - Excluding Proposal Renewal/									
7.010 Replacement and New Levies	12,756,888	13,452,333	14,773,728	7.64%	16,688,801	14,851,801	10,639,539	5,046,261	-2,552,471
7.020 Cash Balance June 30	<u>13,452,333</u>	<u>14,773,728</u>	<u>16,688,801</u>	<u>11.39%</u>	<u>14,851,801</u>	<u>10,639,539</u>	<u>5,046,261</u>	<u>-2,552,471</u>	<u>-12,291,507</u>

South Euclid-Lyndhurst City Schools
Cuyahoga County
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE HISTORICAL FISCAL YEARS ENDED JUNE 30, 2014, 2015 & 2016
ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2017 THROUGH 2021

Line Number	Fiscal Year 2014 ACTUAL	Fiscal Year 2015 ACTUAL	Fiscal Year 2016 ACTUAL	Ave. Annual CHANGE	Fiscal Year 2017 FORECAST	Fiscal Year 2018 FORECAST	Fiscal Year 2019 FORECAST	Fiscal Year 2020 FORECAST	Fiscal Year 2021 FORECAST	
8.010	Estimated Encumbrances June 30	1,051,232	696,973	491,883	-31.56%	650,000	650,000	650,000	650,000	650,000
Reservation of Fund Balance:										
9.010	Textbook and Instructional Materials	0	0	0	0.00%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.00%	0	0	0	0	0
9.030	Budget Reserve	0	0	0	0.00%	0	0	0	0	0
9.040	DPIA	0	0	0	0.00%	0	0	0	0	0
9.045	SFSF	0	0	0	0.00%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.00%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.00%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.00%	0	0	0	0	0
9.080	Subtotal	0	0	0	0.00%	0	0	0	0	0
10.010	Fund Balance June 30 For Certification of Appropriations	12,401,101	14,076,755	16,196,918	14.29%	14,201,801	9,989,539	4,396,261	-3,202,471	-12,941,507
Revenue from Replacement / Renewal Levies:										
11.010	Income Tax - Renewal	0	0	0	0.00%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.00%	0	0	0	0	0
11.300	Cumulative Balance of Renewal / Replacement Levies	0	0	0	0.00%	0	0	0	0	0
12.010	Fund Balance June 30 For Certificates of Contracts, Salary Schedules, and Other Obligations	12,401,101	14,076,755	16,196,918	14.29%	14,201,801	9,989,539	4,396,261	-3,202,471	-12,941,507
Revenue from New Levies:										
13.010	Income Tax - New	0	0	0	0.00%	0	0	0	0	0
13.020	Property Tax - New	0	0	0	0.00%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	0	0	0	0.00%	0	0	0	0	0
14.010	Revenue from Future State Advancements	0	0	0	0.00%	0	0	0	0	0
15.010	Unreserved Fund Balance June 30	12,401,101	14,076,755	16,196,918	14.29%	14,201,801	9,989,539	4,396,261	-3,202,471	-12,941,507
20.010	Kindergarten - October Count					225	225	225	225	225
20.015	Grades 1-12 - October Count					3,200	3,200	3,200	3,200	3,200
21.010	Personal Services SFSF	0	0	0	0.00%	0	0	0	0	0
21.020	Employees Retirement/Insurance Benefits SFSF	0	0	0	0.00%	0	0	0	0	0
21.030	Purchased Services SFSF	0	0	0	0.00%	0	0	0	0	0
21.040	Supplies and Materials SFSF	0	0	0	0.00%	0	0	0	0	0
21.050	Capital Outlay SFSF	0	0	0	0.00%	0	0	0	0	0
21.060	Total Expenditures - SFSF	0	0	0	0.00%	0	0	0	0	0

See accompanying summary of significant forecast Assumptions and accounting policies.

Includes: General Fund, Emergency Levy Fund, SDFSF, PBA fund, and any portion of debt service fund related to general fund debt.

South Euclid-Lyndhurst City School District
Cuyahoga County
Five-Year Forecast Assumptions
Fiscal Year 2017-2021

These are the assumptions for the 5-Year financial forecast which are an integral part of the forecast and designed to assist the reader in understanding how the figures in forecast were determined. For the most part, the 5-Year forecast reflects conservative estimates of revenue and expenditure expectations for the five-year period beginning July 1, 2016 and ending June 30, 2021. The five-year forecast and assumptions are designed to assist management in making well informed decisions regarding programming while being as fiscally responsible as possible. Unfortunately, given the financial climate and unforeseen variables that exist when projecting school district finances, the 5-Year forecast tends to be a “moving target”. With that said, the reader should be aware that the 5-Year forecast is only as accurate as the information that was available at the time it was prepared. Thus, the reader should not place a high level of reliance on the accuracy of the forecasted figures past the first couple years.

REVENUE ASSUMPTIONS

Line 1.01 – General Property Tax - Real Estate (71%)

Fiscal Year 2017

This line represents the expected tax collections from real estate taxes, commercial real estate taxes and public utility tangible taxes as collected by the Cuyahoga County Auditor for properties in South Euclid City, Lyndhurst City and a small portion of Richmond Heights City. Because taxes are the largest revenue item in the General Fund (about 71% of the General Fund’s yearly estimated revenue), a significant amount of time is dedicated to analyzing data provided by the County Auditor’s Office as well as analyzing historical trends and current economic conditions that exist within our district boundaries with respect to property values and tax collection rates.

The estimate for fiscal year 2017 is \$41,280,500 for all general property taxes. This amount is approximately \$1,000,000 less than what was actually received in fiscal year 2016. In FY 16, the district received approximately \$1.3 million in delinquent tax collections. Fiscal prudence suggests one not to expect or plan for delinquent tax collections in any given year. However, the district received just over \$2.5 million in delinquent tax collections during fiscal years 2015 and 2016. With that said, an estimate of just under \$670,000 is included in the FY 17 total. The remaining difference from FY 2015 is due to the fact we anticipate a decrease in property values in January which will reduce tax revenue by approximately \$500,000.

Fiscal Years 2018-2021

For these fiscal years, the 5-Year forecast reflects no increase or decrease from what is expected to be received in fiscal year 2017.

Line 1.035 – Unrestricted Grants-in-Aid (14%)

Fiscal Year 2017

This line represents the expected revenue from the State Foundation Program and revenue generated from the Ohio Casino Tax (imposed in fiscal year 2013). According to initial reports from the Ohio Department of Education, the school district is expected to receive approximately \$8 million from the State Foundation Program. This amount is about \$300,000 more than the district received last fiscal year. However, based on continued declining enrollment over the past few years, I remain cautious and skeptical about how much the district will ultimately receive this fiscal year. With that said, the estimate for fiscal year 2017 is \$7.9 million.

Based on receiving about \$180,000 from the Casino Tax last fiscal year and the fact that this revenue source has declined each year since it was imposed, the estimate for this fiscal year is \$175,000. Therefore, the estimate for unrestricted grants-in-aid in total for fiscal year 2017 is \$8,075,000.

Fiscal Years 2018-2021

For these fiscal years, the 5-Year forecast reflects no increase or decrease from what is expected to be received in fiscal year 2017.

Line 1.04 – Restricted Grants-in-Aid (2%)

Fiscal Year 2017

This line represents the expected revenue from the Ohio Department of Education for Catastrophic Special Education Reimbursement, Economically Disadvantaged Funding and Career Tech funding. The estimate for this revenue line account is \$805,000 for fiscal year 2017. Below are the amounts received last fiscal year and the estimates for this fiscal year:

	<u>FY 16</u>	<u>FY 17</u>
Catastrophic Special Education Reimbursement	\$ 74,200	\$ 75,000
Economically Disadvantaged Funding	\$636,621	\$660,000
Career Tech Funding	<u>\$ 72,873</u>	<u>\$ 70,000</u>
Total	\$783,694	\$805,000

Fiscal Years 2018-2021

For these fiscal years, the 5-Year forecast reflects no increase or decrease from what is expected to be received in fiscal year 2017.

Line 1.05 – Property Tax Allocation (10%)

Fiscal Year 2017

This line represents the expected revenue from the State of Ohio for Homestead and Rollback reimbursements. The State of Ohio contributes 10% of the real estate taxes for homeowners in the State of Ohio. The State of Ohio also contributes 2.5% of the real estate taxes for owner occupied homes in the State of Ohio. Finally, the State of Ohio contributes a portion of real estate taxes for qualified senior or disabled citizens, regardless of income, on the dwelling that is the individual's principal place of residence. This portion of taxes paid by the State of Ohio directly to school districts is known as the Homestead Exemption.

The estimate for fiscal year 2017 is \$5,919,500, which is approximately \$125,000 less than we received in fiscal year 2016. This particular revenue source has been on the decline since 2012. In FY 13, the district received just under \$6.2 million and has declined by about \$75,000 each year thereafter.

Fiscal Years 2018-2021

For these fiscal years, the 5-Year forecast reflects no increase or decrease from what is expected to be received in fiscal year 2017.

Line 1.06 – All Other Revenue (3%)

Fiscal Year 2017

This line represents the other local revenue that is received by the school district and is estimated to be \$2,034,000 for FY 2017. Below is the revenue sources, the FY 17 estimate and the FY 16 actual amount received.

<u>Source</u>	<u>2017 Estimate</u>	<u>2016 Actual</u>
Tuitions from all sources	\$1,517,000	\$1,394,130
Interest Earnings	\$ 162,000	\$ 146,686
Pay to Participate Fees	\$ 70,000	\$ 83,505
Class Fees	\$ 32,000	\$ 83,655
Miscellaneous Revenue	\$ 115,000	\$ 416,241
Revenue in Lieu	\$ 40,000	\$ 69,907
Income Tax – TIF	\$ 20,000	\$ 8,534
Insurance Proceeds	\$ 0	\$ 4,317
Medicaid Reimbursement	\$ 0	\$ 911,943
Total	\$1,956,000	\$3,118,918

The reason for the significant reduction in estimated revenue in FY 2017 compared to what the district actually received in FY 2016 is primarily in the area of miscellaneous revenue and Medicaid reimbursement.

Miscellaneous revenue in FY 16 included 6 months of employee healthcare premium contributions. In the middle of FY 16, the district changed the accounting procedure related to how these premium contributions were being accounted for and handled. The district now remits through a wire transfer the district's portion of the premium and the employee's portion through a payroll deduction. Previously, the General Fund remitted the full premium amount and the employee portion was receipted as miscellaneous revenue.

With respect to Medicaid reimbursement, in November 2015 (FY 16) the district received a "back claiming" settlement for the period of July 2005 through September 2009 (known as the shut-down period) in the amount of \$678,251. Additionally, in March 2016 (FY 16) the district received a settlement for years 2011-2012 in the amount of \$110,096. By adjusting for these large two (2) amounts, actual Medicaid reimbursement for FY 16 would have been just under \$124,000.

The FY 17 estimate for Medicaid reimbursement is \$0 because of two (2) factors. The first is that the district does not anticipate receiving any settlements as it did in FY 16. The second is that the State of Ohio has imposed certain rules, regulations and procedures to future reimbursements that give the appearance that this reimbursement program will not be cost beneficial moving forward, thus no expectation of reimbursement this year or beyond.

Fiscal Years 2018-2021

A decrease of \$79,000 from fiscal year 2017 is being reflected in fiscal year 2018 and a decrease of \$10,000 each year from 2019-2021. The decrease is a result of a decline in revenue expected in interest earnings, classroom fees, pay to participate fees and revenue in Lieu.

Line 2.05 – Advances-In (0%)

Fiscal Year 2017

This line represents the return of funds advanced to other funds (fund accounts) at the end of the last fiscal year. In fiscal year 2017, the return of advances is \$24,000

Fiscal Years 2018-2021

For these fiscal years, an estimate of \$20,000 is being reflected.

Line 2.06 – All Other Financing Sources (0%)

Fiscal Year 2016

This line represents the sale of assets and refunds of prior year's expenditures. This line varies from year to year and is typically not a large source of revenue. However, the past 4 years has seen significant revenue in the area of refunds, but there is little expectation this fiscal year and beyond. The estimate for fiscal year 2017 is \$25,000.

Fiscal Years 2018-2021

For these fiscal years, an estimate of \$50,000 is being reflected.

EXPENDITURE ASSUMPTIONS

Line 3.01 – Personal Services (55%)

Fiscal Year 2017

This line represents the salary expectations for all employees of the School District that are paid out of the General Fund based on current contractual obligations. These salaries include administrative staff, teachers, classified personnel, some substitutes but not all, supplemental contracts, overtime, etc.

Because school districts are a service industry, costs associated with personnel are the largest expenditure. In many school districts, personnel costs (salaries and benefits) account for between 80-85% of the total budget of a school district (we are closer to 77%). Fiscal prudence requires extensive monitoring and extensive data analysis regarding salaries similar to that of the extensive monitoring and data analysis done in the area of real estate taxes.

The District has three (3) unions, one inclusive of all teaching staff and two (2) support staff unions representing all classified personnel such as secretaries, custodians, bus drivers, cafeteria workers, etc. School district administrator's both certified and classified are not represented by a union nor are the five (5) administrative secretarial assistants. All three (3) unions are under a contract through June 30, 2018.

The estimate for fiscal year 2017 is \$32,687,000 and includes all current staff (except cafeteria staff, which are paid out of a different fund and a handful of teachers paid out of Federal Grant Funds). Historical trends and a thorough analysis were used to determine an estimate for substitute costs, supplemental contracts and overtime.

A major change took place at the beginning of school year 2014-2015 with respect to substitute teachers. The district entered into a contract with a third party that provided substitute teachers when necessary. This cost will no longer be reflected as a personnel cost but will be included in purchased services costs and dues/fees. The district is still under contract with the third party to provide certified substitutes again this school year.

Fiscal Years 2018-2021

For fiscal year 2018 an increase of 3.75% has been included to overall salaries for illustration purposes. It is important to understand that this increase does not assume that all staff will receive a 3.75% increase next year, but that overall salary expenditures will increase by 3.75%. In fiscal years 2019-2021 an increase of 1.8% has been included to overall salaries for illustration purposes.

Line 3.02 – Employees’ Retirement/Insurance Benefits (21%)

Fiscal Year 2017

This line represents the cost of benefits for all employees of the School District that are paid out of the General Fund based on current contractual obligations. These benefits include payment into the retirement systems (STRS and SERS), healthcare benefits (hospitalization, dental, vision and life insurance), medicare, workers compensation premiums, unemployment compensation and other employee reimbursements. Fiscal prudence requires extensive monitoring and extensive data analysis regarding benefits similar to that of the extensive monitoring and data analysis done in the area of salaries.

The estimate for fiscal year 2017 is \$12,850,000 and includes all benefits for current staff (except cafeteria staff, which are paid out of a different fund and a handful of teachers paid out of Federal Grant Funds).

It is important to note that through contract negotiations with all unions and non-union personnel, a major change is in effective this fiscal year regarding healthcare. At various times during last fiscal year classified staff, administrative assistants and all administrators agreed to “spousal available” insurance concessions. The teaching staff agreed to this concession beginning this fiscal year. In essence, this provision requires spouses of district employees to select healthcare from their employers if available.

By agreeing to this concession, the district experienced a 15% reduction in premium cost of the family healthcare and prescription coverage moving forward. This 15% reduction amounts to approximately a \$800,000 a year savings to the district.

Fiscal Years 2018-2021

For fiscal years 2018-2021 a 9% increase to the previous years estimate has been utilized for illustration purposes. This increase does not assume that all benefits items will increase by 9% each year, but that overall benefit expenditures will increase by 9%.

Line 3.03 – Purchased Services (16%)

Fiscal Year 2017

This line represents the cost of purchased services for the district. This expenditure category consists of a variety of subcategories which include but are not limited to: legal services, contract services (including certified teaching substitutes paid to a third party), property insurance, travel/meeting expenses, utilities, postage, maintenance services, tuition, excess costs, community school deduction, post secondary options deduction and open enrollment deductions.

The estimate for fiscal year 2017 is \$9,578,355. The actual expenditures last fiscal year were just under \$8.7 million. There are a couple reasons for the significant increase over last year. Primarily the area of gas heat, tuitions, excess costs, community school deduction and autism scholarship deductions are anticipated to be higher than they were last fiscal year.

Fiscal Years 2018-2021

For these fiscal years, the estimate reflects a slight increase from the estimate of FY 17.

Line 3.04 – Supplies and Materials (4%)

Fiscal Year 2017

This line represents the cost of supplies and materials for the district. This expenditure category consists of a variety of subcategories which include but are not limited to: instructional supplies, software, textbooks, workbooks, library books, custodial/maintenance supplies, bus supplies and bus fuel. The estimate for fiscal year 2017 is \$2,498,395, which is almost \$450,000 higher than actual expenditures last fiscal year. The primary reason for the increase is in the area of capital supplies which is about \$300,000 higher. The district will be purchasing over 1,000 Chromebooks this school year. Additionally, instructional supplies are about \$100,000 higher as well.

Fiscal Years 2018-2021

In FY 18 a decrease of about \$100,000 from the estimate in FY 17 is reflected and a decrease of \$200,000 in each year from FY 19-21 as a result of significantly less Chromebook purchases.

Line 3.05 – Capital Outlay (<1%)

Fiscal Year 2017

This line represents the cost of new and replacement equipment. The estimate for fiscal year 2017 is \$412,620.

Fiscal Years 2018-2021

A slight decrease (about \$12,000) is reflected for 2018. A \$300,000 decrease is reflected in FY 19-21.

Line 4.3 – Other Objects (2%)

Fiscal Year 2017

This line represents the cost of other objects also known as dues and fees. This expenditure category consists of a variety of subcategories which include but are not limited to: State audit charges, Cuyahoga County ESC deductions, County Auditor/Treasurer fees, third party fees for substitutes, bank service charges, liability insurance and tax assessments on district owned properties not used for educational purposes. The estimate for fiscal year 2017 is \$1,190,830.

Fiscal Years 2018-2021

For these fiscal years, an estimate of \$1,200,000 is being reflected.

Line 5.01 – Operational Transfers Out (1%)

Fiscal Year 2017

This line represents transfers from the General Fund to other funds in the district that require a transfer to cover any deficit. The largest transfer is typically made to the Nutrition Services Fund (cafeteria). However, with the creation of a new fund to account for employee severance payments (Fund 035) it is anticipated that this fund will require the largest transfer each year. Previously, employee severance payments were included in salaries of the General Fund.

In years when the actual ending cash balance in April significantly surpasses estimated ending cash balance, the Board of Education has authorized transfers to existing reserve accounts as a means of financial prudence for the future of the school district. However, these transfers are not included in any estimate.

The estimate for fiscal year 2017 is \$700,000. Below are the Funds and the anticipated transfer amounts:

Building Fund	\$ 75,000 (HB 264 Loan payment)
Nutrition Service Fund	175,000
Korb Field Repl.	50,000
Severance Fund	215,000
Student Activity Funds	10,000
Athletics	<u>175,000</u>
Total	\$700,000

Fiscal Years 2018-2021

For these fiscal years, the estimate of \$700,000 reflected in FY 17 is being utilized.

Line 5.02 – Advances-Out (0%)

Fiscal Year 2017

This line represents advances from the General Fund to other funds in the district that require an advance to end the fiscal year with a positive cash balance. An advance is different from a transfer in that an advance must be repaid to the General Fund in the next fiscal year. A transfer of funds is not repaid. Typically, advances are made to Federal Funds due to the fact that most Federal Funds require funds to be spent before Federal Funds are released to the school district. Most of the time, the advance is only necessary to cover the amount of purchase orders that are on the system at the end of the fiscal year. The estimate of advances for fiscal year 2017 is \$20,000.

Fiscal Years 2018-2021

For these fiscal years, the estimate of \$20,000 is being utilized.

Line 7.02 – Cash Balance June 30

Fiscal Year 2017

This line represents the actual ending cash balance of the General Fund. A negative ending cash balance indicates deficit spending and corrective action must be taken to ensure the ending cash balance is no longer negative. The estimated ending cash balance for June 30, 2017 is \$14,851,801.

Fiscal Years 2018-2021

The ending cash balance is expected to steadily decline in fiscal years 2017-2021 from \$14.8 million to (\$12.3 million). This is a typical cycle; however, corrective action will occur over the next couple of years in an effort to reduce anticipated expenses in order to delay as long as possible the need for additional tax revenue.

Line 10.01 – Fund Balance June 30

Fiscal Year 2017

This line represents the actual ending fund balance of the General Fund. The fund balance is calculated by subtracting outstanding encumbrances from the actual ending cash balance at the end of the year. A negative ending fund balance is not permitted under Ohio Law. The estimated ending fund balance for June 30, 2017 is \$14,201,801. For reference, as line 7.02 Cash balance goes, so does line 10.01 Fund Balance.

Fiscal Years 2018-2021

Based solely on the figures presented in the 5-year forecast and the information provided in these assumptions, it would appear that the need for tax levy would not be necessary most likely until November 2019.