WASHINGTON COURT HOUSE CITY SCHOOL DISTRICT- FAYETTE COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2015, 2016 and 2017 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2018 THROUGH 2022

Forecast Provided By
Washington Court House City School District
Treasurer's Office
Becky Mullins, CPA, Treasurer/CFO
May 21, 2018

Washington Court House City School District

Fayette County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

		Actual				Forecasted				
		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
	Revenues									
1.010	General Property Tax (Real Estate)	$3,795,767	$3,961,966	$4,002,990	2.7%	$4,123,139	$4,167,374	$4,177,455	$4,186,175	$4,196,259
1.020	Tangible Personal Property	0	641	0	0.0%	$0	$0	$0	$0	$0
1.035	Unrestricted State Grants-in-Aid	13,317,647	14,597,746	15,786,788	8.9%	16,522,591	16,757,697	16,802,620	16,848,723	16,896,007
1.040	Restricted State Grants-in-Aid	653,620	636,882	590,596	-4.9%	504,476	509,448	514,470	519,542	524,665
1.045	Restricted Federal Grants-in-Aid - SFSF/EdJobs	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	553,724	552,237	551,231	-0.2%	557,195	559,964	560,638	561,042	561,610
1.060	All Other Revenues	1,731,823	992,438	1,270,144	-7.4%	1,282,591	1,291,030	1,299,532	1,308,096	1,316,723
1.070	*Total Revenues*	$20,052,581	$20,741,910	$22,201,749	1.8%	$22,989,992	$23,285,513	$23,354,715	$23,423,578	$23,495,264
	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	60,694	23,921	28,912	-19.9%	48,852	2,500	2,500	2,500	2,500
2.070	*Total Other Financing Sources*	60,694	23,921	28,912	-19.9%	48,852	2,500	2,500	2,500	2,500
2.080	*Total Revenues and Other Financing Sources*	$20,113,275	$20,765,831	$22,230,661	5.1%	$23,038,844	$23,288,013	$23,357,215	$23,426,078	$23,497,764
	Expenditures									
3.010	Personnel Services	$10,113,646	$10,183,993	$10,651,408	2.6%	$11,456,575	$12,087,191	$12,376,600	$12,644,221	$12,913,801
3.020	Employees' Retirement/Insurance Benefits	3,614,044	3,478,840	3,581,844	-0.4%	3,858,802	4,105,726	4,387,994	4,664,207	4,962,926
3.030	Purchased Services	4,086,313	4,226,305	5,216,722	13.4%	4,975,810	5,078,948	5,184,853	5,293,615	5,405,329
3.040	Supplies and Materials	733,362	536,577	595,729	-7.9%	653,673	766,546	829,637	792,950	806,489
3.050	Capital Outlay	653,758	423,153	415,383	-18.6%	745,194	312,756	371,849	430,289	361,880
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	0	0	0	0.0%	0	0	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	0	25,000	40,000	0.0%	45,000	45,000	45,000	50,000	50,000
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	19,114	16,943	0.0%	15,876	14,746	13,617	12,487	11,295
4.300	Other Objects	194,668	183,928	155,817	-10.4%	172,376	159,100	160,690	162,297	163,919
4.500	*Total Expenditures*	$19,395,791	$19,076,910	$20,673,846	3.4%	$21,923,305	$22,570,014	$23,370,240	$24,050,066	$24,675,639
	Other Financing Uses									
5.010	Operating Transfers-Out	3,000	-	-	0.0%	$0	$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*	3,000	-	-	0.0%	-	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	$19,398,791	$19,076,910	$20,673,846	3.4%	$21,923,305	$22,570,014	$23,370,240	$24,050,066	$24,675,639
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	714,484	1,688,921	1,556,815	64.3%	1,115,539	717,999	(13,025)	(623,988)	(1,177,875)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	1,510,713	2,225,197	3,914,118	61.6%	5,470,933	6,586,472	7,304,471	7,291,446	6,667,458
7.020	*Cash Balance June 30*	2,225,197	3,914,118	5,470,933	57.8%	6,586,472	7,304,471	7,291,446	6,667,458	5,489,583
8.010	*Estimated Encumbrances June 30*	669,719	507,351	483,797	-14.4%	483,797	483,797	483,797	483,797	483,797
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials			-	0.0%	-	-	-	-	-
9.020	Capital Improvements				0.0%	-	-	-	-	-
9.030	Budget Reserve			-	0.0%	25,226	25,226	25,226	25,226	25,226
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%	$25,226	$25,226	$25,226	$25,226	$25,226
10.010	*Fund Balance June 30 for Certification of Appropriations*	$1,555,478	$3,406,767	$4,987,136	82.7%	$6,077,449	$6,795,448	$6,782,423	$6,158,435	$4,980,560
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%					
11.020	Property Tax - Renewal or Replacement	-			0.0%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	-	-	-	-

Washington Court House City School District

Fayette County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

		Actual				Forecasted				
		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$1,555,478	$3,406,767	$4,987,136	82.7%	$6,077,449	$6,795,448	$6,782,423	$6,158,435	$4,980,560
	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%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$1,555,478	$3,406,767	$4,987,136	82.7%	$6,077,449	$6,795,448	$6,782,423	$6,158,435	$4,980,560

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

Washington Court House City School District –Fayette County
Notes to the Five Year Forecast
General Fund Only
May 21, 2018

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 2018 (July 1, 2017 through June 30, 2018) 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 2018 filing.

Forecast Risks and Uncertainty:

A five year financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will be happening in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 & FY22-23, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

1) Fayette County performed a reappraisal update for the 2015 tax year to be collected in 2016. A complete reappraisal will occur in tax year 2018 for collection in 2019. We anticipate values to increase for Class I and II in 2018 for collection in 2019 but it will be less than expected with the adjustments for lower Current Agricultural Use Values (CAUV) authorized by HB49. The changes authorized by HB49 to CAUV values will lower those values by an estimated 30% beginning with counties experiencing a reappraisal or update in Tax Year 2017. It is anticipated this reduction will be mostly offset by HB920 as rates will adjust up if net values for Class I are lower. It is also expected that cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

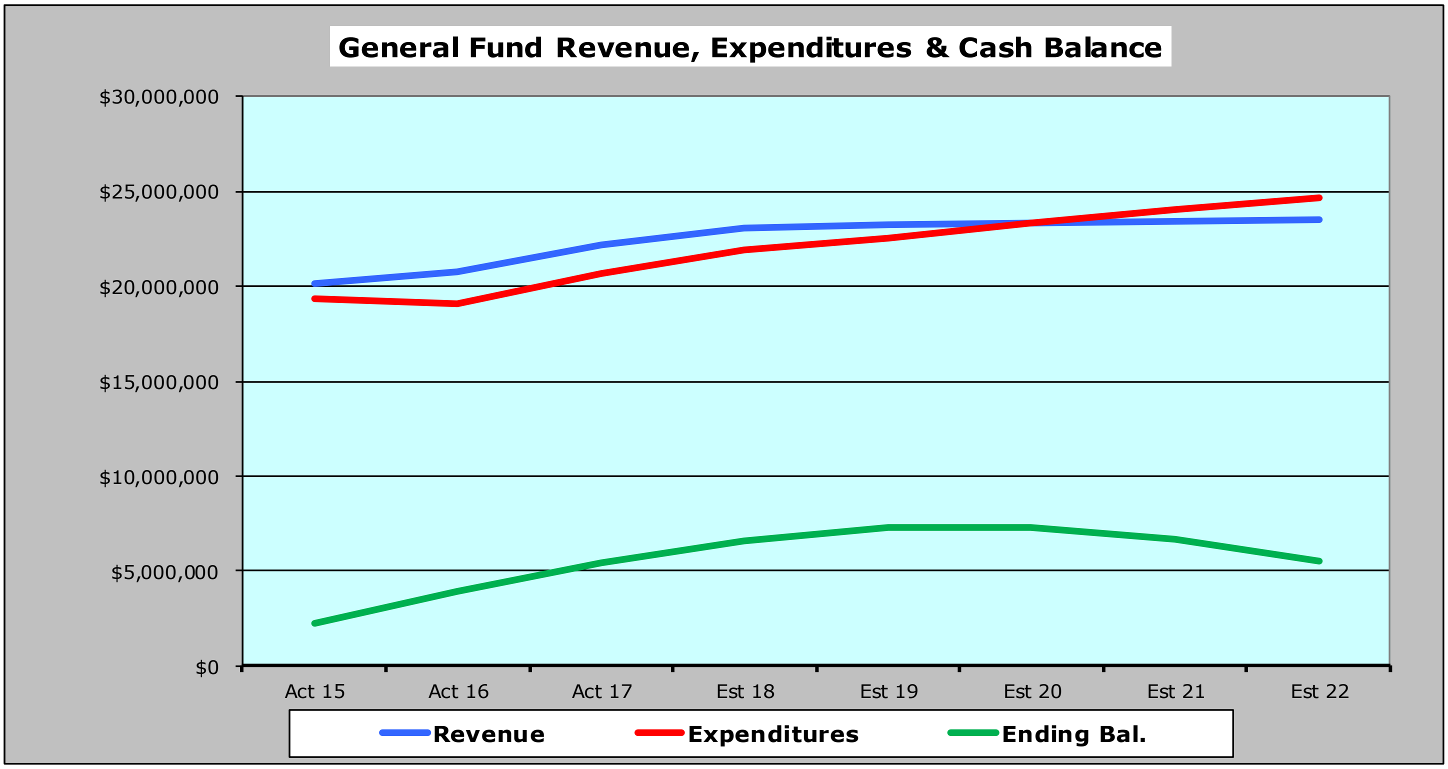
2) The State Budget represents nearly 76.8% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 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 FY22.

3) There are many provisions in the current state budget bill HB49 that will increase the district expenditures in the form of expanded school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2018-19 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from $20,000 each to $27,000, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

4) 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.

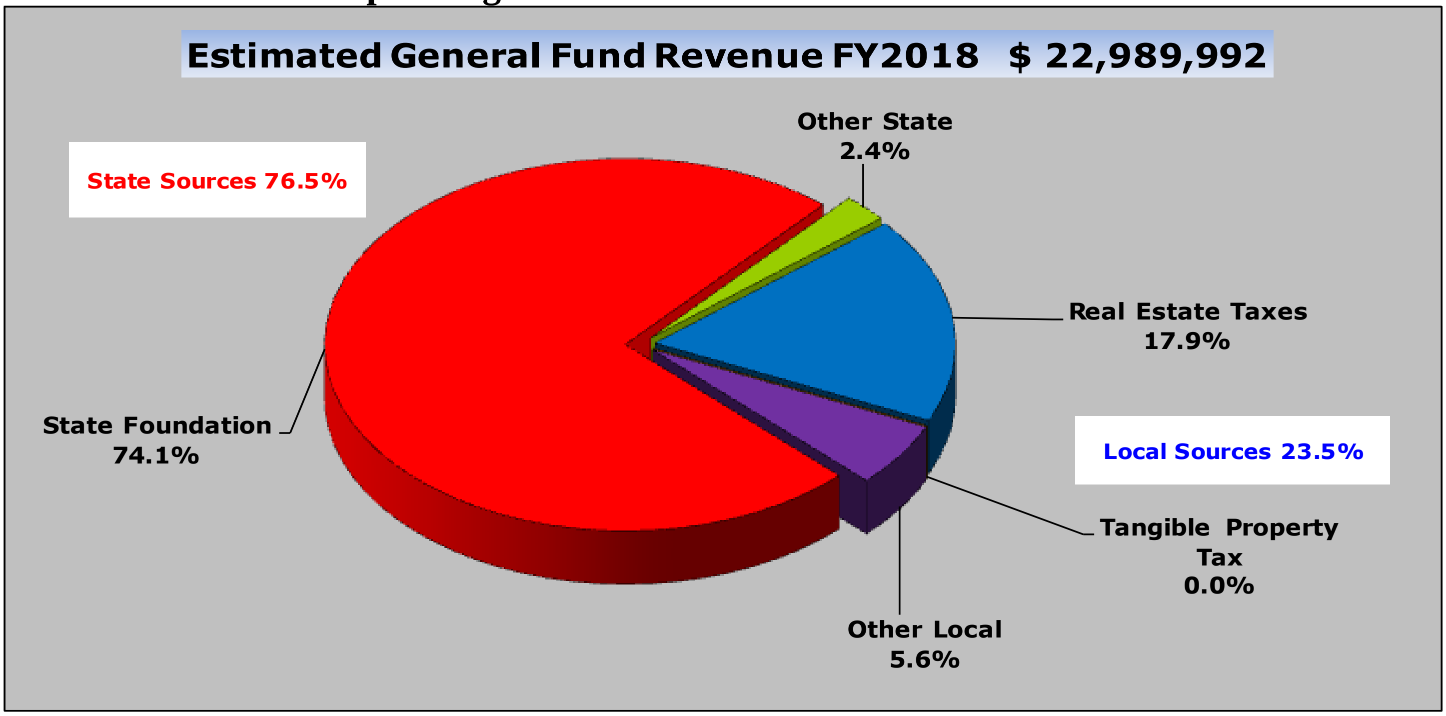
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mrs. Becky Mullins, Treasurer/CFO at 740-335-6620.

General Fund Revenue, Expenditure and Ending Cash Balance Actual FY15-17 and Estimated FY18-22
The graph captures in one snapshot the operating scenario facing the Washington Court House School District over the next few years.



Revenue Assumptions

Operating Revenue Sources General Fund FY18



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the Fayette County Auditor based on new construction, demolitions, Board of Revision/Board of Tax Appeal activity and complete reappraisal or updated values. Fayette County performed a triennial update in tax year 2015 for collection in 2016. The actual increase in 2015 for Residential/Agriculture Class I was 0.21% or $310,410 and the Commercial/Industrial Class II was a .37% or $192,000 increase. A county wide reappraisal will be completed in 2018 collected in 2019. At that time we are estimating a 1% increase in Class I and .5% increase for Class II.

CAUV values represent .5% of Class I residential agricultural values. HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. We will experience this in the 2018 reappraisal for collection in 2019. A reduction of value has been weighted in to our average Class I value change in 2019. This will cause a shift in taxes from agricultural taxpayers to residential taxpayers but should not result in lower taxes to our district.

Over the past several years the values for the district have decreased from Board of Revision (BOR/BTA) tax complaints. HB920 requires the millage rates either to decrease as values increase or to increase to the full voted millage as values decrease. With the loss of values from the BOR/BTA the millage rates will continue to increase since the district levies are not being collected at the full voted millage.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2017	TAX YEAR 2018	TAX YEAR 2019	TAX YEAR 2020	TAX YEAR 2021
Classification	COLLECT2018	COLLECT2019	COLLECT2020	COLLECT2021	COLLECT2022
Res./Ag.	$145,768,100	$147,157,129	$147,307,129	$147,457,129	$148,344,414
Comm./Ind.	$52,653,820	$52,967,089	$53,017,089	$53,067,089	$53,382,425
Public Utility (PUPP)	$6,282,280	$6,432,280	$6,582,280	$6,732,280	$6,882,280
Tangible Prop.(TPP)	$0	$0	$0	$0	$0
Total Assessed Valuation	$204,704,200	$206,556,498	$206,906,498	$207,256,498	$208,609,119

ESTIMATED REAL ESTATE TAX - Line #1.010

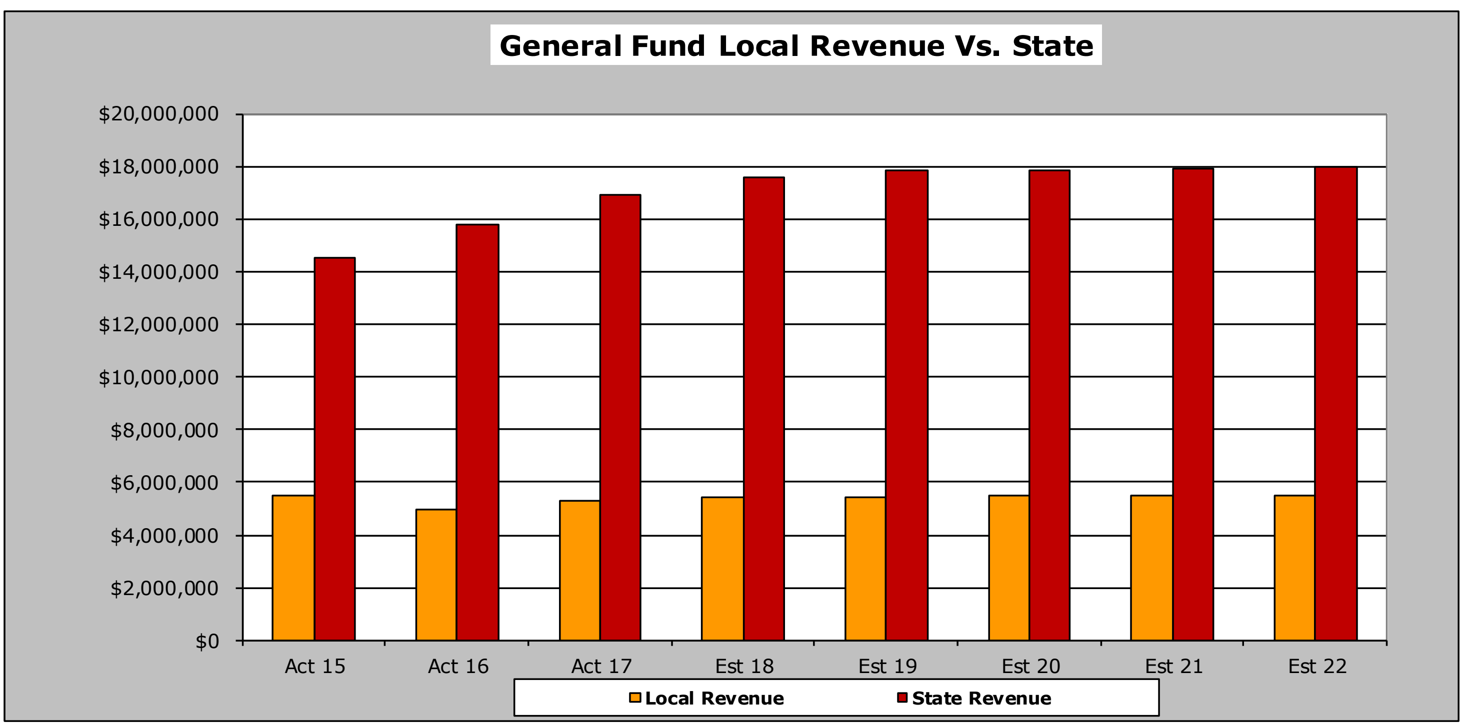
Category	FY 18	FY 19	FY 20	FY 21	FY 22
Est. Prop. Taxes Including PUPP	$4,123,139	$4,167,374	$4,177,455	$4,186,175	$4,196,259

Property tax levies are estimated to be collected at 98.48% of the annual amount including delinquent collections. This allows for a 1.52% delinquency factor. In general, 57.75% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 42.25% 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.

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

Estimated Tangible Personal Tax – Line#1.020

The phase out of TPP taxes began in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. These amounts are indeterminable at this time and are likely immaterial in amount.



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

A) Unrestricted State Foundation Revenue– Line #1.035

HB49 largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. The amounts estimated for state funding are based on component computations from the Legislative Service Commission (LSC) July 7, 2017 funding simulation of HB49 for FY18 and FY19. We are using March #1 for funding through the SFPR and ADM for FY18. There has been three funding reconciliations for FY17 that are included in the amount for our base state funding for a total increase of $10,137. We are projected to be a CAP district regarding state funding in FY18.

HB49 continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula's measure of a districts capacity to raise local revenue. The higher a district's ability to raise taxes based on wealth the lower the SSI will be, and vice versa. The index is derived from a district's wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district's SSI and therefore the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

1) Opportunity Grant – Per pupil amount increased .17% from $6,000 in FY17 to $6,010 in FY18 and .17% to $6,020 in FY19. Well below inflation rates.
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.
4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
7) Gifted Funds –Based on average daily membership at $5.05 in FY18 & FY19.
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

HB49 continues additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue; however, some items are now included in CAP district payments:

1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
3) 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately $450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

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

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

Gain Cap Funded Districts- For the first time HB49 has created tiers of funding for districts that are on the funding cap (or limit) based on the amount of student ADM growth. Generally, if a district is a "Cap" district the state formula calculates that a district is owed more than they are being paid. The Cap grew 7.5% in FY16 and FY17 from the FY15 levels. There are now funding tiers established for Cap district's based on three (3) year average ADM growth for the period FY14-FY16. The Cap will generally be 3% additional funding in FY18 and FY19 from the FY17 levels, with the following exceptions:

1) If average ADM from FY14 to FY16 is 5.5% or greater in FY18 or 6% greater in FY19, the gain cap is set at 5.5% or 6% respectively, of the district's previous year's state aid. Cap limits will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.
2) If average ADM from FY14 to FY16 is between 3% and 5.5% in FY18, or between 3% and 6% in FY19, the gain cap is set at a scaled amount between 3% and 5.5% and 3% and 6% respectively, of the districts previous year's state aid. Cap limit will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.

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

Our current SFPR estimates for FY18 are using July #1 Final SFPR average daily membership (ADM) and holding student numbers steady through FY22. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now supposed to be updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2018, and then there will be adjustments into the succeeding fiscal year.

Future State Budgets: Our funding status for the FY20-22 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding lowering per pupil growth to .5% per year FY20-FY22, due to the potential for the economy to be slower.

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

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY18 statewide were 1,791,648 students at $51.37 per pupil. For FY19-22 we estimated another 3 tenths of 1% decline in pupils to

1,786,273 and GCR increasing to $90.3 million or $51.37 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
State Basic Aid	$16,031,961	$16,271,446	$16,316,369	$16,362,472	$16,409,756
Additional Aid	$376,760	$376,760	$376,760	$376,760	$376,760
Basic Aid-Unrestricted Subtotal	$16,408,721	$16,648,206	$16,693,129	$16,739,232	$16,786,516
Ohio Casino Commission ODT	$113,870	$109,491	$109,491	$109,491	$109,491
Total Unrestricted State Aid Line # 1.035	$16,522,591	$16,757,697	$16,802,620	$16,848,723	$16,896,007

B) Restricted State Revenues – Line # 1.040

HB64 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated the amount based on March #1 for this amount into the restricted aid amount in Line # 1.04 for FY18-22.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Economically Disadvantaged Aid	$497,210	$502,182	$507,204	$512,276	$517,399
Career Tech - Restricted	$7,266	$7,266	$7,266	$7,266	$7,266
Total Restricted State Revenues Line #1.040	$504,476	$509,448	$514,470	$519,542	$524,665

C) Restricted Federal Grants in Aid – line #1.045

There are no additional federal restricted funds in the forecast period.

Summary of State Foundation Revenues

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Unrestricted Line # 1.035	$16,522,591	$16,757,697	$16,802,620	$16,848,723	$16,896,007
Restricted Line # 1.040	$504,476	$509,448	$514,470	$519,542	$524,665
Restricted Fed. SFSF /EdJobs #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$17,027,067	$17,267,145	$17,317,090	$17,368,265	$17,420,672

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 lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

B) Tangible Personal Property Reimbursements – Fixed Rate
State budget bill HB153 slashed these reimbursements to our district after FY11; reducing our state revenue by over $421,137 each year starting in FY12 which was the last year that the district received this funding.

Summary of State Tax Reimbursement – Line #1.050

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Rollback and Homestead	$557,195	$559,964	$560,638	$561,042	$561,610
TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
TPP Reimbursement - Fixed Sum	$0	$0	$0	$0	$0
Category	$557,195	$559,964	$560,638	$561,042	$561,610

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The main source of revenue in this area is open enrollment, tuition for court placed students, general rental fees and interest income. March #1 is being used for Open Enrollment for the district in Line #1.060 and the remainder of items are estimated between a .5% to 1% increases for the remainder of the lines for FY18-FY22.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Open Enrollment	$844,222	$848,443	$852,685	$856,948	$861,233
Tuition Revenue	$149,477	$150,972	$152,482	$154,007	$155,547
Interest	$33,193	$33,359	$33,526	$33,694	$33,862
Other Income, Rentals and Refunds	$255,699	$258,256	$260,839	$263,447	$266,081
Total Line # 1.060	$1,282,591	$1,291,030	$1,299,532	$1,308,096	$1,316,723

Short-Term Borrowing – Lines #2.010 & Line #2.020 – The district is not expecting any further borrowing during the 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. There are no advances planned at this time.

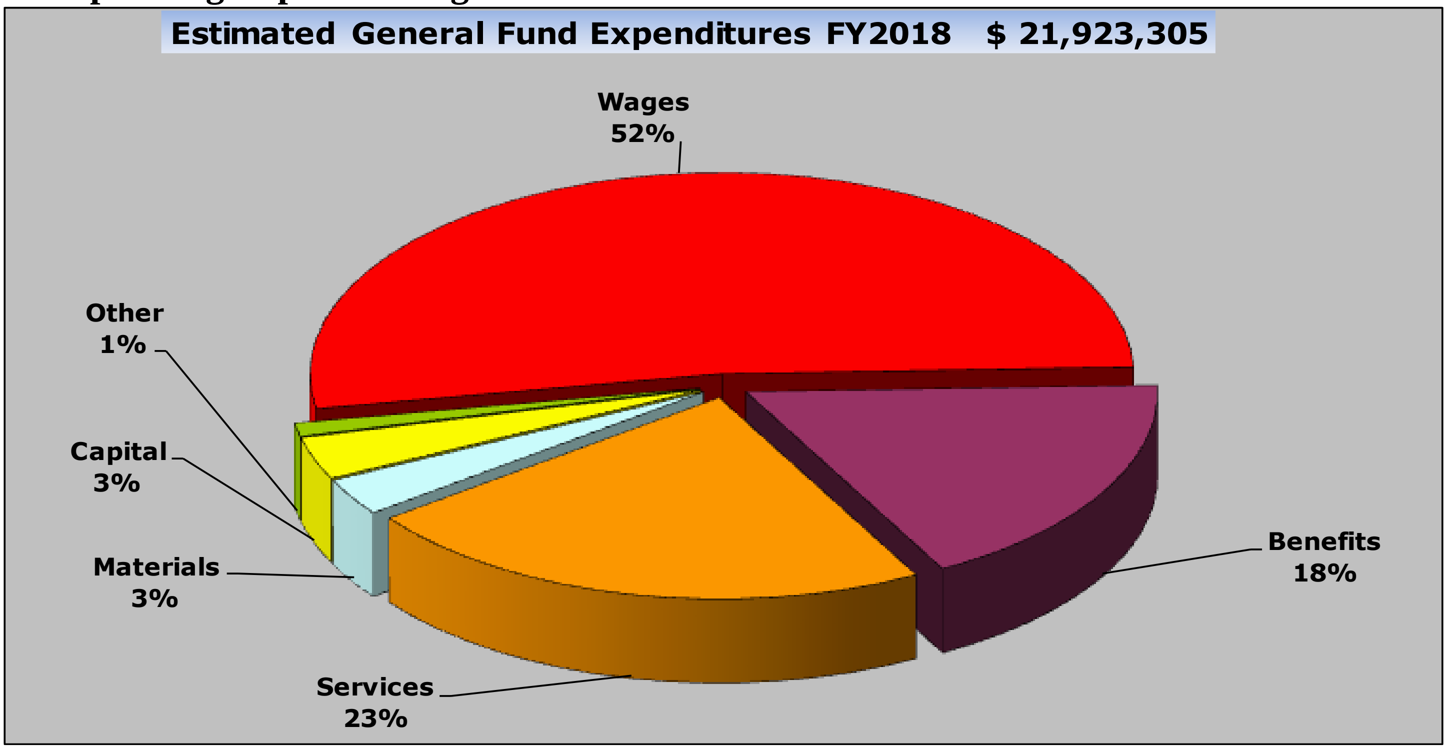
All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that are very unpredictable. The district received a refund from BWC in FY18 in the amount of $46,352 that is included for that year only. Based on the districts history we have included $2,500 for FY19-FY22.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Other Financial Categories	$48,852	$2,500	$2,500	$2,500	$2,500

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether with changes in curriculum or new technology needs. Expenditures are always looked upon through the filter of doing what's best for students and their educational needs.

All Operating Expense Categories - General Fund FY18



Wages – Line #3.010
The district finalized the negotiations with the teacher's union in the summer of 2016. There were many changes in the wage area that affected the forecast. The base salary increase was approved at FY18 2.0% and FY19 2.25% for certified staff. The classified staff will have a $1 per hour increase in FY18 and FY19. The district is projecting a 2% in FY18 and 2.25% in FY19 base pay increase. The remainder of the forecast the district is not projecting any base increase. There were changes in the salary grid which affected the steps and training during the forecast. The district will review those changes each year as the percentage will change based on retirements and resignations. For FY18 the district is adding 1 gifted teacher, 2 aides, 1 bus driver and a communication administrator. The technology staff will be employed through the ITC instead of the district beginning FY18. The district has reviewed the staffing needs for FY19 and will make additional staff for the following: 1 Psychologist, 1 School Resource Officer, 1 educational aid, 1 secretary, 1 teacher and ½ pre-school director. The district will not be replacing 1 library aide in FY19. The district will increase staffing in FY20 with 1 Chief Operating Officer.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Base Wages	$9,891,197	$10,431,153	$11,072,440	$11,273,964	$11,449,967
Base Increases	$332,824	$369,701	$0	$0	$0
Steps & Training	$108,803	$125,174	$135,084	$171,364	$174,039
Substitutes	$454,113	$512,800	$573,248	$635,509	$699,638
New/Replacement Staff	$117,597	$167,625	$68,210	$4,639	$0
Unfunded/Staff	$100,000	$0	$0	$0	$0
Supplemental Contracts	$366,309	$391,951	$419,388	$448,745	$480,157
Severance	$105,000	$110,000	$110,000	$110,000	$110,000
Staff Reductions	-$19,269	-$21,213	-$1,769	$0	$0
Total Wages Line 3.010	$11,456,575	$12,087,191	$12,376,600	$12,644,221	$12,913,801

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
As required by law the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance
The district has received the amount of the premium increase for FY18 which is 2.2%. The district insurance rates for FY19 will increase by 6.14%, less than projected in October. We are estimating an increase of 10% in FY20 – FY22 which reflects trend and the likely increase in health care as a result of PPACA which will affect our district. This is based on our current employee census and claims data. Insurance could increase at a much higher rate should claims increase dramatically.

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

It is uncertain to what extent the implementation of PPACA will cost our district in additional funds. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be but there are "taxes" mandated by the act which we are aware of. A longer-term significant concern is the 40% "Cadillac Tax" that could be imposed in 2020 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to remain at about .64% of wages for FY18 – FY22. Unemployment is expected to be approximately $2,200 during the forecast period. 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 and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Category	FY 18	FY 19	FY 20	FY 21	FY 22
STRS/SERS	$1,665,978	$1,757,789	$1,803,497	$1,842,711	$1,882,007
Insurance's	$1,919,981	$2,080,136	$2,306,860	$2,538,845	$2,792,730
Workers Comp & Unemployment	$75,522	$79,558	$81,410	$83,123	$84,848
Medicare	$157,321	$168,243	$176,227	$179,528	$183,341
Tuition/Other Reimbursement	$40,000	$20,000	$20,000	$20,000	$20,000
Total Line 3.020	$3,858,802	$4,105,726	$4,387,994	$4,664,207	$4,962,926

Purchased Services – Line #3.030

An overall inflation between 1% and 5% is being estimated for this category of expenses. 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 is using the March #1 payments for Open Enrollment and Community Schools in FY18, and for the remainder of the forecast are projecting an increase of 2% for Open Enrollment and a 3% increase for Community School deductions in FY19-FY22. This is one area that the district has no control over and is not able to know from one year to the next what students will be included in Open Enrollment or Community School Data. Part of the capital plan is to move copier and technology leases to the General Fund from Permanent Improvement which is included in the forecast for FY18-FY22. The district is contracting with the ITC for technology services in FY18.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Base Services, Prof Fees, etc.	$1,618,826	$1,635,014	$1,651,364	$1,667,878	$1,684,557
Property Repairs & Insurance	$156,672	$158,239	$159,821	$161,419	$163,033
Tuition & Sp. Ed. Services	$839,343	$864,523	$890,459	$917,173	$944,688
Community Schools	$346,537	$356,933	$367,641	$378,670	$390,030
Open Enrollment	$1,613,821	$1,646,097	$1,679,019	$1,712,599	$1,746,851
Copier Leases	$50,000	$50,000	$50,000	$50,000	$50,000
Utilities	$350,611	$368,142	$386,549	$405,876	$426,170
Total Line 3.030	$4,975,810	$5,078,948	$5,184,853	$5,293,615	$5,405,329

Supplies and Materials – Line #3.040

An overall inflation of 2% is being estimated for this category of expenses which are characterized by textbooks, educational supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. The district is increasing the textbook budgets beginning in FY18 for the adoption of new curriculum and College Credit Plus textbooks.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Textbooks	$110,000	$212,000	$264,000	$216,000	$218,000
Supplies & Materials	$543,673	$554,546	$565,637	$576,950	$588,489
Total Line 3.040	$653,673	$766,546	$829,637	$792,950	$806,489

Equipment – Line # 3.050
The district has completed the HB264 installation for equipment and has estimated the amounts needed for Capital Outlay for each year of the forecast.

The district has finalized a long-term capital plan that is vital to funding the proper maintenance of buildings, infrastructure and district vehicles and equipment. The capital plan will include buses and pupil transportation vehicles, furniture, asphalt and concrete replacement, maintenance/custodial equipment and athletic complex repairs.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
Capital Plan	$366,682	$137,756	$196,849	$255,289	$186,880
Other Capital Outlay	$170,512	$50,000	$50,000	$50,000	$50,000
Technology Plan	$208,000	$125,000	$125,000	$125,000	$125,000
Total Line 3.050	$745,194	$312,756	$371,849	$430,289	$361,880

Other Debt Payment – Line #4.050 & 4.060
The district began to repay the HB264 notes in December 2015. The principal is due each December 1st and interest will be paid December 1st and June 1st of each year with final payment on December 1, 2029.

Category	FY 18	FY 19	FY 20	FY 21	FY 22
HB 264 Principal Total Line 4.050	$45,000	$45,000	$45,000	$50,000	$50,000
HB 264 Interest - Line 4.060	$15,876	$14,746	$13,617	$12,487	$11,295

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, ESC charges, our annual audit and other miscellaneous expenses. A rate of 1% increase is used in this area.

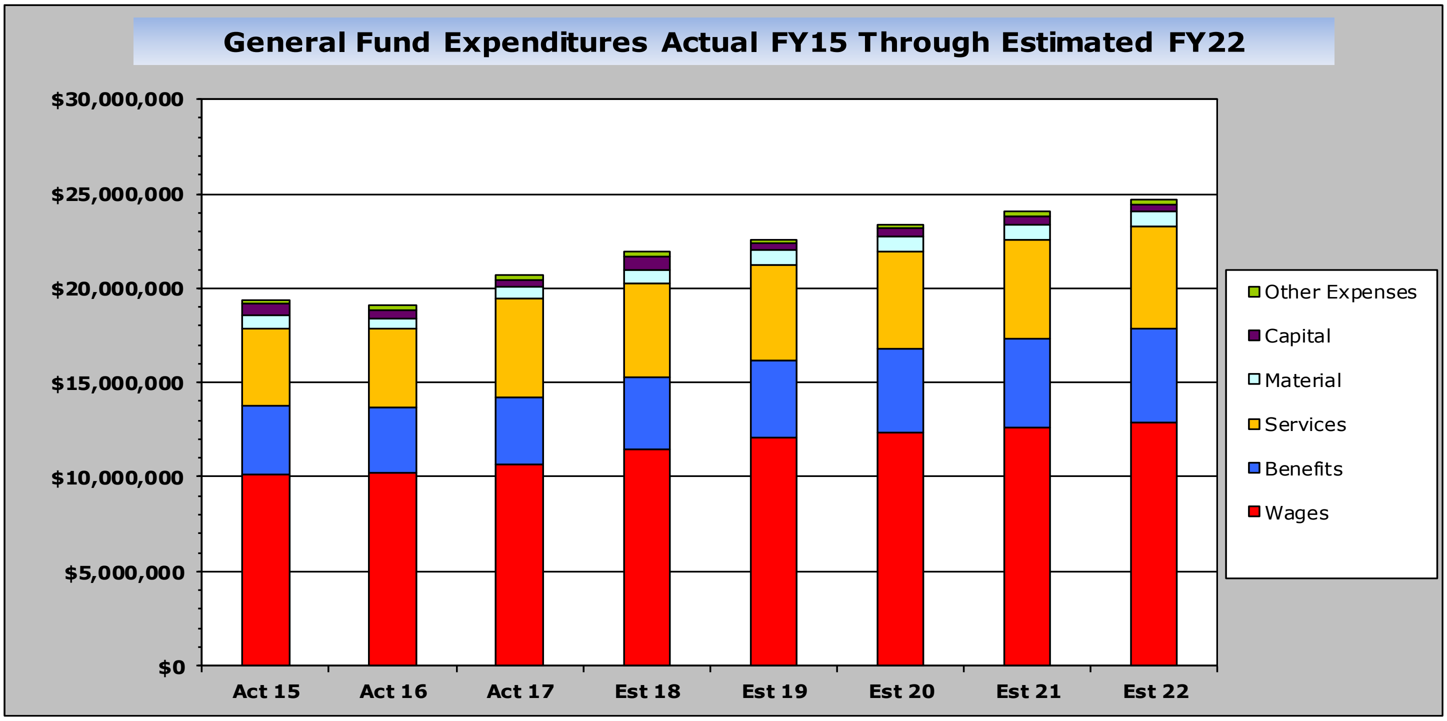
Category	FY 18	FY 19	FY 20	FY 21	FY 22
A & T Fees/ Election Costs	$119,322	$105,515	$106,570	$107,636	$108,712
ESC Fees	$14,194	$14,336	$14,479	$14,624	$14,770
Fees/Charges/Misc	$38,860	$39,249	$39,641	$40,037	$40,437
Other	$0	$0	$0	$0	$0
Total Line 4.300	$172,376	$159,100	$160,690	$162,297	$163,919

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 does not expect to have any advances or transfers.

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.

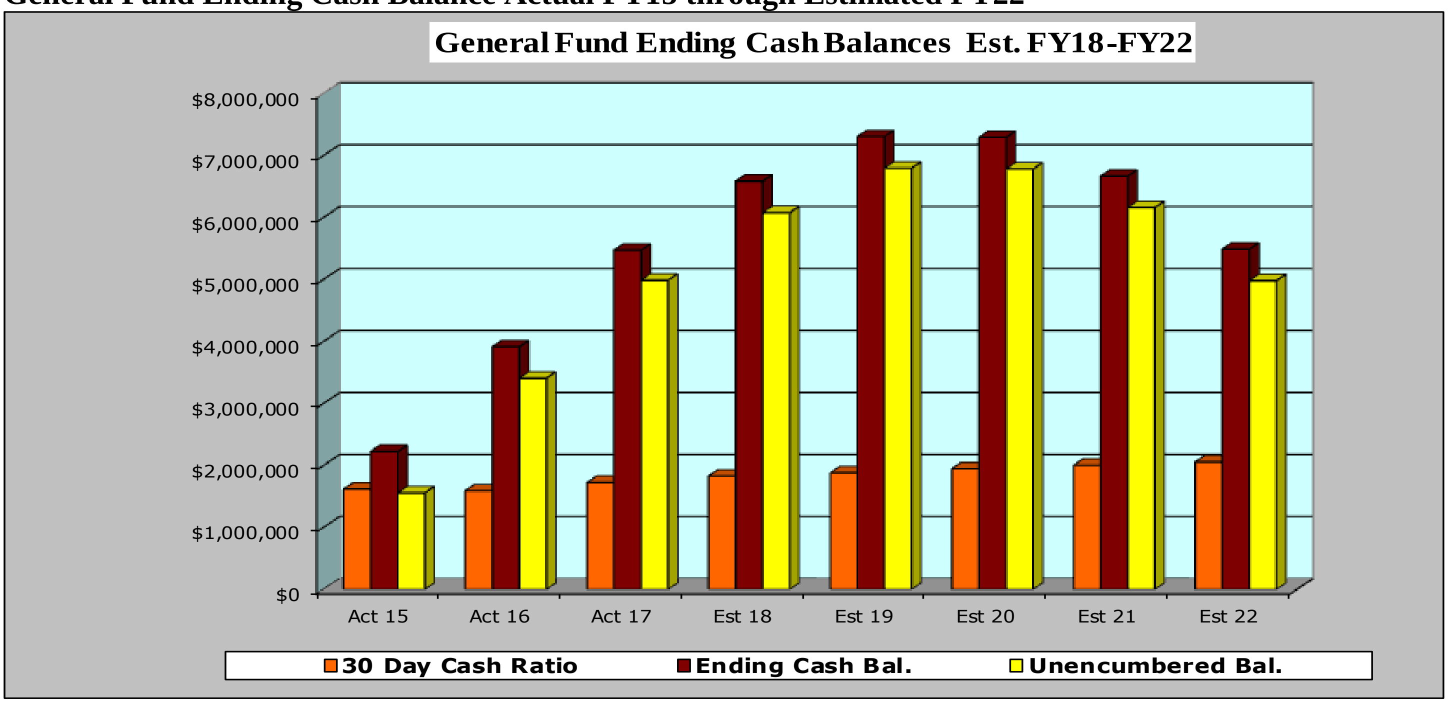
Category	FY 18	FY 19	FY 20	FY 21	FY 22
Estimated Encumbrances	$483,797	$483,797	$483,797	$483,797	$483,797

Operating Expenditures Actual FY15 through FY17 and Estimated FY18 through FY22
As the graph below indicates the district is increasing expenses throughout the forecast period. The administration is strategically expending funds that will enhance student achievement and improvement.

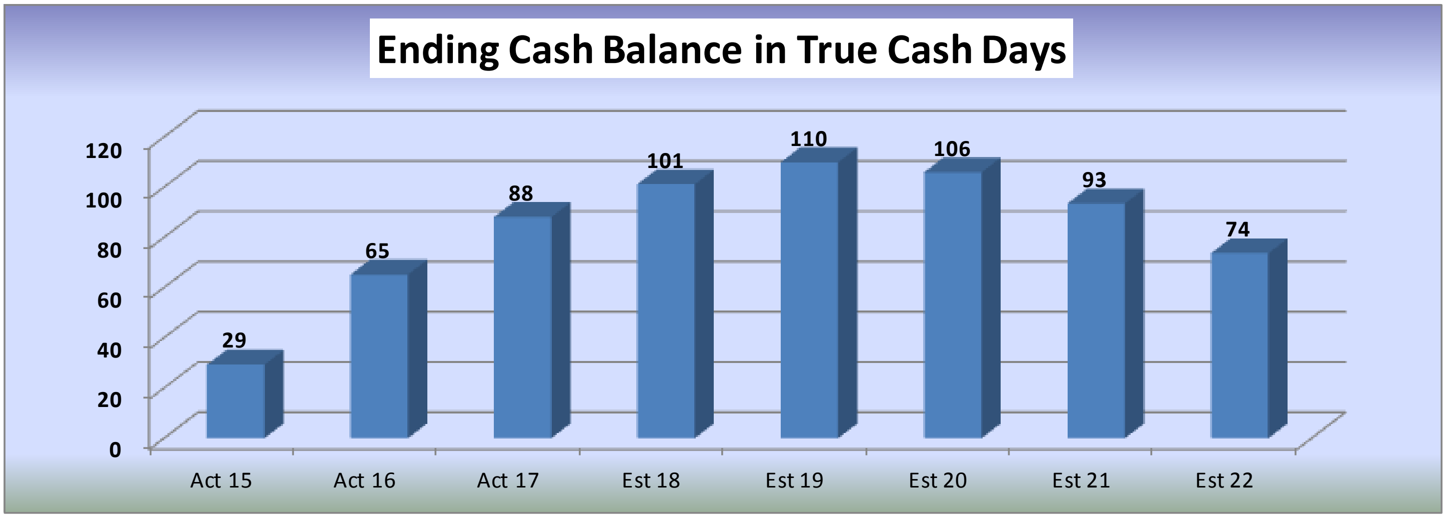


Ending Unencumbered Cash Balance – Line#15.010
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000

General Fund Ending Cash Balance Actual FY15 through Estimated FY22



True Cash Days for Ending Cash Balance
The district has seen an increase of revenue from the state as the percentage state revenue has increased with the past two budget bills. The increase has allowed the district to increase the districts true cash days from being underfunded in FY14 to a reputable balance. The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, for a district to maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.



<u>Conclusion</u>

The Washington Court House City Schools are very fortunate to have received more funding in FY18 and FY19 than had been expected from the state budget. Being that 76.5% of the funding for the district is from state dollars this increase is very beneficial to the overall operations for the education of our students.

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

The district administration is mindful that they have been very fortunate to have large carry over cash balances in the past few years, however, the district will begin to deficit spend in the last few years of the forecast which will reduce the true cash days.

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