Sycamore Community Schools

Hamilton

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

		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Revenues									
1.010	General Property Tax (Real Estate)	$52,762,998	$53,476,176	$54,617,052	1.7%	$59,117,000	$64,913,000	$65,238,000	$65,565,000	$65,893,000
1.020	Tangible Personal Property Tax									
1.030	Income Tax									
1.035	Unrestricted State Grants-in-Aid	3,184,412	3,408,777	4,437,186	18.6%	5,712,000	3,850,000	3,850,000	3,850,000	3,850,000
1.040	Restricted State Grants-in-Aid		745,979	655,133		375,000	375,000	375,000	375,000	375,000
1.045	Restricted Federal Grants-in-Aid - SFSF									
1.050	Property Tax Allocation	13,469,076	13,490,148	12,074,920	-5.2%	10,674,900	9,638,900	8,602,900	7,566,900	6,530,900
1.060	All Other Revenues	3,157,365	3,137,806	3,524,725	5.9%	3,724,700	3,974,700	4,124,700	4,399,700	4,849,700
1.070	*Total Revenues*	72,573,851	74,258,886	75,309,016	1.9%	79,603,600	82,751,600	82,190,600	81,756,600	81,498,600
	Other Financing Sources									
2.010	Proceeds from Sale of Notes									
2.020	State Emergency Loans and Advancements (Approved)									
2.040	Operating Transfers-In									
2.050	Advances-In	100,200	143,324	62,902	-6.5%	140,000	200,000	200,000	200,000	200,000
2.060	All Other Financing Sources									
2.070	*Total Other Financing Sources*	100,200	143,324	62,902	-6.5%	140,000	200,000	200,000	200,000	200,000
2.080	*Total Revenues and Other Financing Sources*	72,674,051	74,402,210	75,371,918	1.8%	79,743,600	82,951,600	82,390,600	81,956,600	81,698,600
	Expenditures									
3.010	Personal Services	44,631,476	45,333,013	44,654,233	0.0%	45,336,200	46,523,000	47,751,400	49,022,700	50,338,500
3.020	Employees' Retirement/Insurance Benefits	15,698,753	16,051,361	15,911,301	0.7%	15,211,200	15,722,500	16,593,800	17,526,200	18,524,400
3.030	Purchased Services	5,942,209	6,258,491	6,409,972	3.9%	6,644,300	6,644,300	6,644,300	6,644,300	6,644,300
3.040	Supplies and Materials	2,556,188	2,545,522	2,215,370	-6.7%	2,286,400	2,286,400	2,286,400	2,286,400	2,286,400
3.050	Capital Outlay	221,045	420,709	341,043	35.7%	450,000	350,000	350,000	350,000	350,000
3.060	Intergovernmental									
	Debt Service:									
4.010	Principal-All (Historical Only)	886,000	926,400	1,002,490	6.4%					
4.020	Principal-Notes									
4.030	Principal-State Loans									
4.040	Principal-State Advancements									
4.050	Principal-HB 264 Loans					828,000	805,000	780,000	700,000	683,000
4.055	Principal-Other					172,000	172,000	177,000	177,000	182,000
4.060	Interest and Fiscal Charges									
4.300	Other Objects	2,003,587	1,960,811	1,981,366	-0.5%	2,071,900	2,071,900	2,071,900	2,071,900	1,441,900
4.500	*Total Expenditures*	71,939,258	73,496,307	72,515,775	0.4%	73,000,000	74,575,100	76,654,800	78,778,500	80,450,500
	Other Financing Uses									
5.010	Operating Transfers-Out	2,634,000	2,615,500	3,112,000	9.1%	2,680,000	4,620,000	4,120,000	4,120,000	2,620,000
5.020	Advances-Out	150,488	80,169	96,606	-13.1%	140,000	200,000	200,000	200,000	200,000
5.030	All Other Financing Uses									
5.040	*Total Other Financing Uses*	2,784,488	2,695,669	3,208,606	7.9%	2,820,000	4,820,000	4,320,000	4,320,000	2,820,000
5.050	*Total Expenditures and Other Financing Uses*	74,723,746	76,191,976	75,724,381	0.7%	75,820,000	79,395,100	80,974,800	83,098,500	83,270,500
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	-2,049,695	-1,789,766	-352,463	0	3,923,600	3,556,500	1,415,800	-1,141,900	-1,571,900
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	38,145,600	36,095,905	34,306,139	-5.2%	33,953,676	37,877,276	41,433,776	42,849,576	41,707,676
7.020	*Cash Balance June 30*	36,095,905	34,306,139	33,953,676	-3.0%	37,877,276	41,433,776	42,849,576	41,707,676	40,135,776
8.010	*Estimated Encumbrances June 30*	806,921	596,577	763,502	1.0%	600,000	600,000	600,000	600,000	600,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials									
9.020	Capital Improvements									
9.030	Budget Reserve	1,000,000	1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
9.040	DPIA									
9.045	Fiscal Stabilization									
9.050	Debt Service									
9.060	Property Tax Advances									
9.070	Bus Purchases									
9.080	*Subtotal*	1,000,000	1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
10.010	*Fund Balance June 30 for Certification of*	34,288,984	32,709,562	32,190,174	-3.1%	36,277,276	39,833,776	41,249,576	40,107,676	38,535,776
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal									
11.020	Property Tax - Renewal or Replacement									
11.300	Cumulative Balance of Replacement/Renewal Levies									
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	34,288,984	32,709,562	32,190,174	-3.1%	36,277,276	39,833,776	41,249,576	40,107,676	38,535,776
15.010	*Unreserved Fund Balance June 30*	34,288,984	32,709,562	32,190,174	-3.1%	36,277,276	39,833,776	41,249,576	40,107,676	38,535,776

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

SYCAMORE COMMUNITY SCHOOLS
Five Year Forecast Assumptions
Fiscal Years 2017-2021
May, 2017

INTRODUCTION

The Ohio Department of Education (ODE) requires submission of a five year forecast of revenue and expenditures for the general operating fund of public school districts. This submission is required by October 31st of each fiscal year beginning July 1st with a revision submitted prior to May 31st of each fiscal year. This forecast is submitted in order to meet the May requirement.

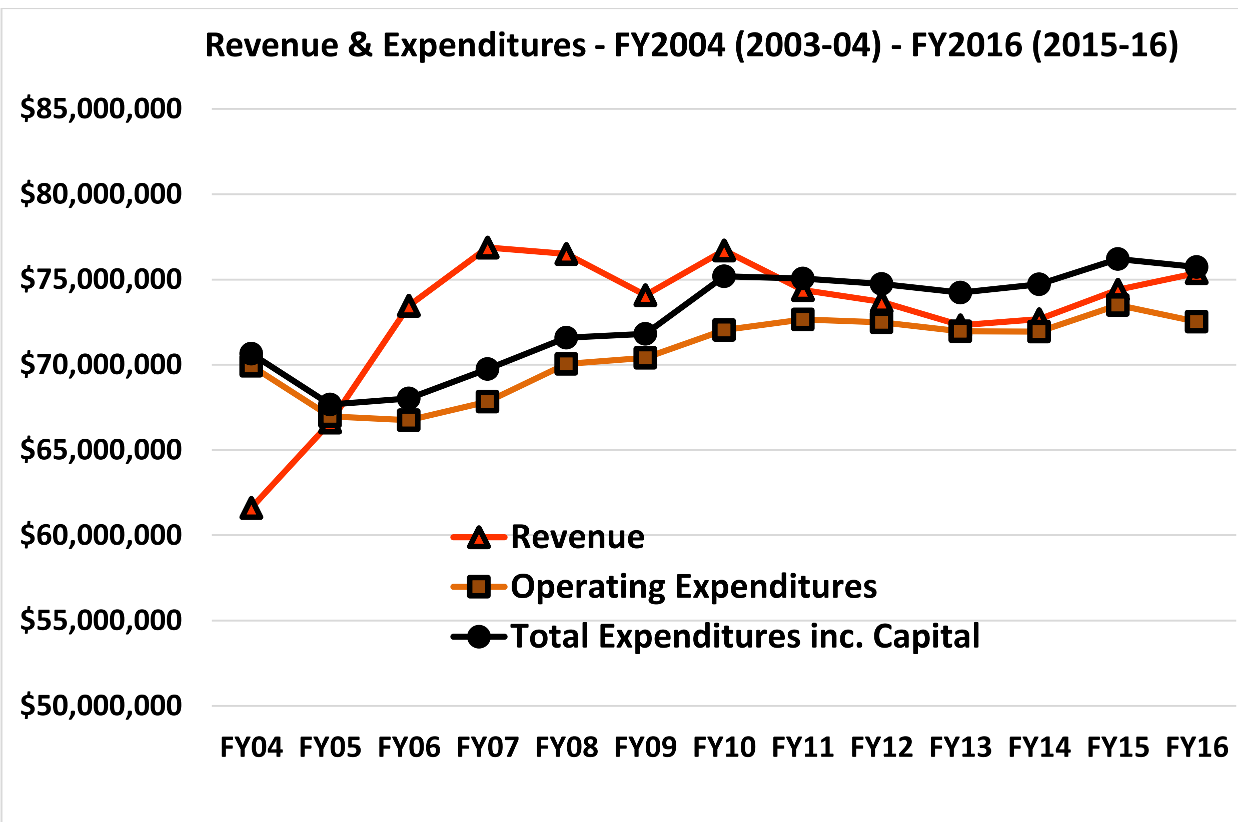
Beyond meeting ODE's mandate, the five year forecast is an important planning tool for the district's Board of Education and administration. It is used to identify and to prepare for future funding issues of the district in support of its mission and vision. It is a key tool in meeting the district's strategic priority to respect the investment of taxpayers by providing responsible management of resources as we continue our commitment to student success. Issues that affect future priorities along with their impact on the Board's use of the forecast as a tool for financial planning follow.

The forecast is submitted reflecting projected expenditures aligned with the Board's budget parameters through FY21 and projected revenue and expenditures through FY21, including funds generated by passage of the 6.5 mill operating levy. The district will continue to monitor and adjust its forecast for future years as additional information becomes available, including changes to the district's tax base and associated revenue generation, state funding changes and costs to implement State mandates. The Board will continue its commitment to cost controls, including potential short and long term budget reductions, while maintaining educational excellence.

FINANCIAL PARAMETERS/CAPITAL ALLOCATION

The district's budget practices have provided stability and have allowed the district to minimize requests to the community for additional resources. The district's request for a 6.5 mill operating levy was approved by the community in November, 2016, a twelve year span since the last additional levy for operations. Within those resources, the district has maintained a capital improvement plan, addressing needs for ongoing upkeep to its facilities and grounds including safety and security upgrades and energy conservation improvements, technology infrastructure and devices to support student learning and skills and maintenance of a safe transportation fleet. The district has renewed its financial parameters through fiscal year 2021. This core practice is the key to keeping the district's commitment to request no new levies for operations for at least 5 years. This commitment is made assuming the State will phase out the remaining $9 million in TPP reimbursement by 2023.

The chart below exhibits the revenue and expenditure trends through this time frame as well as the impact of the financial parameters and capital plan. Revenue from the levy approved in 2004 is realized beginning in FY05 with full collection in FY06. Utilization of the Board's financial parameters begins in FY06 and continues through the time frame presented. Operating expenditures remain below revenue for this time period. Expenditures including funding of the district's capital plan remain below revenue through FY2010. Excess revenue was maintained in the district's cash reserve to implement the district's capital plan and as an offset for changes in other revenue sources or programming mandates should they occur. In FY11 the district began to use its cash reserve to fund its capital plan. This became necessary when the Legislature reduced the district's TPP reimbursement by $3 million annually along with other state funding sources. The impact of State Budget decisions over this time frame is outlined in this forecast.



The district has worked diligently by using financial goals to contain costs while maintaining a broad array of programming. Investment in facilities, technology and transportation fleet has been maintained.

OPERATING LEVY – NOVEMBER, 2016

We are grateful to the Sycamore community for its support of a 6.5 mill continuing operating levy on the November 8, 2016 ballot. It will generate approximately $11 million annually with collection beginning in January, 2017. The District realized one half year of impact in FY2017 as projected and anticipates a full year collection beginning in FY2018.

STATE BUDGET - 2017

In February, Governor Kasich introduced a proposal for Ohio's upcoming 2-year budget cycle. The House of Representatives revised the proposal and approved its version in April. Both versions cut Sycamore's state funding by $2.9 million from current in fiscal year 2018 and $4 million from current in fiscal year 2019. While the Board and Administration anticipated this level of budget reduction in recent forecasts and in levy planning, they continued to lobby Legislators to restore cuts to tangible personal property tax reimbursement included in the last biennium budget. With Ohio's revenue generation underperforming, Legislators chose not to reinstate these funding sources. The budget is now in the Ohio Senate. The Legislature's work must be complete by June 30, 2017.

STATE BUDGET – 2015

In June 2015, the Ohio Legislature approved House Bill 64, the fiscal year 2016 and fiscal year 2017 biennium budget. Governor Kasich vetoed a section of the bill that provided TPP supplement funding that Sycamore would have received in fiscal year 2017. In response to the veto, the Legislature approved Senate Bill 208, restoring $1.8 million in TPP supplement funding in fiscal year 2017 and changing the phase out of the TPP reimbursement beginning in fiscal year 2018. While the legislation provides short term relief, it does not provide the long term solution that the district needs. The Board will continue to engage Legislators on this issue. An overview of the impact of this legislation follows:

The following is a summary of the impact of the Ohio Legislature's Biennium budget as enacted through House Bill 64 and Senate Bill 208:

- Sycamore received $12.1 million in fiscal year 2015 from two State revenue sources, Core Aid ($3.0 million), the State's education funding formula, and TPP reimbursement ($9.1 million).
- The budget includes flat state funding in fiscal year 2016 and a reduction of $500 thousand in fiscal year 2017. Sycamore's phase out of TPP reimbursement is $1.4 million in fiscal year 2016 and an additional $1.4 million in fiscal year 2017. Beginning in fiscal year 2018, TPP reimbursement will be phased out by approximately $1 million, increasing by that amount each year until $9.1 million is eliminated, a change that will result in a long term (by fiscal year 2023) loss of 12% of Sycamore's budget.

- House Bill 64 held the district harmless in fiscal year 2016 with $12.1 million in state funding, a combination of $3.2 million in core aid, $7.7 million in TPPR and $1.2 million in TPPR supplement. As a result of House Bill 64 and Senate Bill 208, state funding for fiscal year 2017 is approximately $11.6 million, a combination of $3.4 million in core aid, $6.4 million in TPPR and $1.8 million in TPPR supplement funds.
- It is estimated that Sycamore's state funding will decrease by $3.4 million from fiscal year 2015 to fiscal year 2018 due to loss of the TPP supplement and the phase out of TPP reimbursement. It is anticipated that an additional $1 million will be cut each year thereafter. A small portion of this may be offset by increases in Core Aid, but the district has not seen those estimates yet.
- The Board and administration continue to work with Legislators and lobbying groups to restore funds from the loss of local tangible personal property tax.

STATE BUDGET – 2013

House Bill 59 was the State's two-year budget bill approved in June, 2013. Included in this budget was maintenance of $9 million in tangible tax reimbursement in perpetuity. This funding source will be phased out as a result of the 2015 State budget. This was a key to the district's financial stability and a component to staying off the ballot for additional operating funds for at least 12 years. In the 2013 budget core aid increased by $150K in FY14 to almost $2.7 million and to approximately $3 million in FY14. Even with the increase, less than 20% of the reductions in State funding included in the 2011 budget were restored. These reductions are outlined below.

STATE BUDGET – 2011

The Ohio Legislature approved HB153, the State's biennium budget, in June, 2011. As a result the district lost approximately $2.4 million or 3.3% of the district's <u>total</u> operating budget in FY12 and approximately $3.9 million or 5.3% less in FY13 than in FY11. These cuts were primarily due to reduction in TPP reimbursement ($3 million annually) and electric deregulation reimbursement ($750,000 annually). The district was able to shoulder these cuts without asking our community for additional funds for operations.

STATE BUDGET – 2005

An issue that has been noted in past forecasts is the impact of the State Budget (HB66) passed in 2005. In that budget bill, sweeping changes were made in the taxation structure that funds Ohio's schools. House Bill 66 not only set <u>State</u> funding levels for schools, but also dramatically changed the tax structure for businesses in the State of Ohio, changes that directly impact <u>local</u> funding of school districts as well. The biggest change that has impacted Sycamore is the elimination of the tangible personal property tax (TPPT). In fiscal year 2005 (2004-05 school year) Sycamore received approximately $12 million or over 16% of its funding from this revenue source. Beginning in calendar year 2006 (FY07), the TPPT was phased out over a four-year period of time as a tax paid by businesses. In the original legislation, the State pledged to provide full reimbursement of TPPT lost as a result of the changes in tax structure due to HB66 through fiscal year 2011, followed by a phase out of the reimbursement funds through 2019. At that time, Legislators recognized the unintended consequences of the loss of these local funds to the schools, and earmarked 70% of the proceeds from the CAT tax to reimburse schools until a sustainable replacement mechanism could be established. For Sycamore and many other districts that were highly reliant on TPP, the likely replacement mechanism – increases from the funding formula - have not replaced TPP funds lost and likely will fall far short of ever reaching this goal.

Additional information on the impact of this change is outlined below in the tangible personal property tax category and in the property tax allocation category (state tax reimbursements).

PROTECTING THE COMMUNITY'S INVESTMENT – FACILITIES/TECHNOLOGY/TRANSPORTATION

Many facility improvements have been made as a result of the district capital plan. Last summer, the Board secured an architectural firm to assess the district's facilities. The assessment was presented to the Board in February and outlined potential needs for the next 10 years.

The goals of the plan are to:

- Protect our community's investment in all facilities
- Provide a safe and secure environment for our students, staff and community
- Maintain a safe fleet for the transportation of our students
- Update technology to support student learning and skills
- Include energy efficiency improvements to decrease usage and lower operational costs.
- Utilize a combination of funding sources, including the district's cash reserve and an energy conservation borrowing program.

In April, the administration provided a funding recommendation for fiscal years 2018 through 2020, increasing utilization of the district's cash reserve.

The capital improvement plan utilizes a variety of funding sources, including some that impact this forecast. In 2010, the Ohio School Facilities Commission approved a HB264 energy conservation program for the district. Participation provided funding for the installation of energy conservation systems, i.e. HVAC, lighting, that have reduced energy usage and associated operating costs for the district. Utility and operational cost savings are utilized to pay for these improvements. These improvements, along with negotiation of energy contracts, have reduced the district's annual utility costs by more than the annual debt payment for the energy conservation notes. We anticipate continued savings in future years to more than pay for the cost of these improvements. The corresponding debt payment is shown in line 4.05 of this forecast. Also issued in 2010, the district is utilizing its cash reserve to repay debt issued for construction of district offices through 2025. This is shown in line 4.055 of the forecast.

As the Board implements its funding plan for its facilities, adjustments to the annual funding allocation will occur, but at this point there is no change to the assumption that the cash reserve will be utilized for this purpose. With over one million square feet of facilities and more than 150 acres of grounds and athletic fields, the district must protect the community's investment. The district will also address the need to maintain up-to-date technology in support of 21st century teaching and learning and a safe transportation fleet. The impact of this part of the planning process will be noted later in the assumptions.

REVENUE

Real Estate Taxes (Line 1.010):

Projected real estate revenue is adjusted in fiscal years 2017-2021 based on fiscal year 2016 collections with an assumption of slow growth in the district's tax base. Proceeds from the 6.5 mill operating levy are included beginning in FY2017. It will generate approximately $11 million annually with collection beginning in January, 2017. The District realized one half year of impact in FY2017 as projected and anticipates a full year collection beginning in FY2018.

We continue to work with the county auditor's office to monitor property values and collections and the impact on the district's financial status. 2014 was the last update by the county, a triennial update year for property values. The district's overall valuation remained stable as a result of this process. The next countywide property re-appraisal will occur in 2017 and will be reflected in 2018 tax bills. Beginning in fiscal year 2014, tangible tax collections are reflected in this line.

Several economic development projects are underway or under consideration in our community. The projects are commercial, industrial and residential. The district will work with administration in the cities of Blue Ash and Montgomery and Symmes Township to project the potential impact on the district's tax base, real estate revenue and student enrollment and will update the five year forecast accordingly.

Tangible Personal Property Taxes (TPPT) (line 1.020):

As noted above, House Bill 66 eliminated tangible personal property tax on machinery, equipment and inventory used by businesses in the state of Ohio. This source of income was eliminated by FY10 with the exception of a small amount received for utilities and in fiscal year 2012 due to payments of delinquent TPPT. Beginning in fiscal year 2014 receipt of any tangible tax collections will be included in line 1.010.

Unrestricted Grants-in-Aid - State Foundation (line 1.035):

State Core aid is projected at $3.4 million in fiscal year 2017. The current State budget proposal maintains core aid funding at this level. Also included in this category is projected revenue from Ohio's casinos and the TPP supplement in fiscal year 2017. Core aid is assumed to be flat in fiscal years 2018-2021. The TPP supplement ($1.8 million) is eliminated in fiscal year 2018.

Restricted Grants-in-Aid - Other State Income (line 1.040):

This category includes reimbursements received for catastrophic special education costs and Medicaid reimbursement. There are no receipts in this category in fiscal year 2014 due to timing of payment. The fiscal year 2014 allocation of nearly $300,000 was received in fiscal year 2015. Beginning in fiscal year 2015, the district has applied for reimbursement from Medicaid for services such as speech, occupational and physical therapy. The district anticipates that this will generate approximately $75K per year along with catastrophic reimbursement of approximately $300K per year.

Property Tax Allocation (Rollback and Homestead (line 1.050):

The State provides reimbursement to the District for property tax relief given to residential taxpayers through the Homestead & Rollback program as well as reimbursement for Tangible Personal Property Taxes (TPPT) lost. Reimbursement of tangible personal property taxes lost began in fiscal year 2006 and peaked in fiscal year 2011. The district lost approximately $1.5 million in TPP reimbursement in fiscal year 2012 and an additional $1.5 million for an annual loss of $3 million in fiscal year 2013. The phase out of this revenue source was suspended in the last biennium budget with Sycamore slated to maintain $9.1 million in on-going reimbursement instead of a complete phase out through 2019 that was included in the original legislation. Sycamore's phase out of TPP reimbursement was $1.4 million in fiscal year 2016 and an additional $1.4 million in fiscal year 2017. Beginning in fiscal year 2018, TPP reimbursement will be phased out by approximately $1 million, increasing by that amount each year until $9.1 million is eliminated.

All Other Revenues -Investment Earnings and Other Local Income (line 1.060):

Other local income includes investment income, tuition from other districts, rental of school facilities, donations, Tax Increment Financing (TIF) payments and student fees. The impact of the Vintage Club TIF in Montgomery began in fiscal year 2009 and will expand due to the construction of the Christ Hospital Outpatient Center. The district recently revised the Vintage Club TIF agreement which will result in an increase in revenue to the district beginning in fiscal year 2018. Projects in Blue Ash include the Whiting property, iTelligience, Target and Aprecia Pharmaceuticals. The Board recently approved an agreement with Blue Ash near Summit Park that is projected to generate additional revenue for the district beginning in fiscal year 2020. The district also receives TIF funding from projects in Sycamore Township and the Vantiv Processing Center project in Symmes Township. The district will work with the cities of Blue Ash and Montgomery to determine the potential impact of these agreements. Historically low interest rates have greatly impacted the district's investment income included in this category.

Other Financing Sources - Advances In (line 2.050):

Advances- in are repayments to the general fund of monies loaned to finance other areas of the operation. In fiscal years 2017-2021, advances in may occur for repayment from federal grant programs if needed. You may note that line 5.02 - Advances out reflects the same amount of funding going out of the general fund to the federal grant programs.

EXPENDITURES

In spring, 2005, the Board of Education mandated financial parameters to control expenditure growth in the district and has approved extensions of those parameters through fiscal year 2021. The resolution approving this extension is included in these assumptions.

This forecast commits the Board and administration to these parameters and continues the budgeting practice that balances effective, efficient and controlled use of financial resources with attainment of high academic achievement. The administration along with the Board of Education will continue to evaluate and set its budget on an annual basis, using the forecast as a long term planning tool. For the 2016-17 school year, the Board approved operating expenditures (line 4.50) be set at $73.5 million, the same cap as 2015-16. The Board projects that expenditures will be approximately $73 million.

The Board continued its commitment to cost controls by extending its financial parameters through fiscal year 2021. The financial parameters resolution approved at the August, 2016 Board of Education meeting follows:

WHEREAS, on February 16, 2005 the Sycamore Board of Education approved resolution #05-033 to adopt a 5-year General Operating Fund budget forecast targeting limits on expenditure growth; and;

WHEREAS, the Sycamore Board of Education monitored the use of parameters and the impact on expenditures, and continued utilization of parameters through fiscal year 2016 (2015-16 school year), and;

WHEREAS, the administration and staff of the Sycamore Community Schools outperformed the financial parameters since 2005 and therefore reduced the expenditure trend of the district, averaging less than 1% per year through this time period and;

WHEREAS, the Sycamore Board of Education has not requested an additional tax levy for operations since 2004, a twelve year span between requests for additional taxes for the day-to-day operations of our schools, and;

WHEREAS, the Sycamore Board of Education has requested approval of a 6.5 mill operating levy on November 8, 2016 and has committed that the levy will last five years, and

WHEREAS, the use of parameters has been a cornerstone of the Board's financial practices, *THEREFORE*, the Sycamore Board of Education resolves to:

- Continue the utilization of financial parameters
- Continue its commitment to academic excellence
- Evaluate the condition of its facilities to maintain the community's investment in them, as well as, the need for technology infrastructure and equipment to provide tools to teach 21st century skills to Sycamore's students, utilizing cash reserve as prudent to meet identified needs in these areas

And FURTHER, the Sycamore Board of Education resolves to commit to new financial parameters as follows:

The Sycamore Community School General Operating Fund budget targets will be no more than an average of 2.5% growth of the budget for Fiscal Years FY17 through FY21. Annual deviation from the % growth may occur but in all cases the General Operating Fund Budget (Total Expenditures not including Other Financing Uses) will be capped at $82 million for FY21 with a minimum ending cash balance for FY21 of not less than 25% of the General Operating Fund Budget. Deviations from these parameters must be approved by Board action.

The following operating expenditures will controlled within these parameters:

Personnel Costs:

Personal Services - Salaries/Wages (line 3.010):
Salaries and wages reflect the impact of the collective bargaining agreement with SEA through fiscal year 2017 and with OAPSE through fiscal year 2019. Any costs associated with these or future settlements of these collective bargaining agreements will be included in the expenditure trend parameters set by the Board.

Employee's Retirement/Insurance Benefits (line 3.020):
Pension, medicare and worker's compensation premiums are estimated in line with salary projections. Health insurance costs through the Butler Health Plan reflect a 5% reduction in premium costs in 2015 (second half of fiscal year 2016) with these rates held in 2016 and 2017. along with the collective bargaining agreements with SEA through fiscal year 2017 and with OAPSE through fiscal year 2019. Any costs associated with these or future settlements of these collective bargaining agreements along with insurance renewals will be included in the expenditure trend parameters set by the Board. The district implemented use of the Butler Health Plan (BHP) for health and dental coverage for district employees in 2010. This change has and will continue to result in reduced costs of employee benefits for the district compared to purchase of health care independently.

Non-Personnel Costs:
Non-personnel costs include purchased services, supplies and materials, capital outlay and other objects.

Purchased Services (line 3.030):
This area includes items such as maintenance costs, utilities, contracted services and tuition to other districts. See page 6 for additional information on the impact of energy conservation improvements. The fiscal year 2017 budget level is maintained through fiscal year 2021 for this category.

Supplies and Materials (line 3.040):
Supply expenditures include instructional materials such as textbooks, software, etc. office and custodial supplies and fuel for buses. The fiscal year 2017 budget level is maintained through fiscal year 2021 for this category.

Capital Outlay (line 3.050):
This area is primarily used to fund equipment purchases from building and departmental budgets. Capital outlay expenditures such as roof replacement, bus replacement, etc. are accounted for through the permanent improvement fund. (See Other Financing Sources and Uses). The fiscal year 2018 budget level is maintained through fiscal year 2021 for this category.

HB264 (Line 4.05)
This area includes principal and interest payments on debt issued to fund energy conservation projects. Savings in operational and utility costs will be utilized to fund the debt. See page 6 for additional information on the impact of energy conservation improvements.

Principal Payments – Other (Line 4.055)
This area includes payment for certificates of participation payments made for the construction of the district office project.

Other Objects (line 4.300):
This area includes such items as auditor and treasurer fees paid to the County Auditor, membership fees, liability insurance and fees for the annual district audit. The lease/purchase payments for the high school addition and Blue Ash elementary are included as a miscellaneous expense. The fiscal year 2017 budget level is maintained through fiscal year 2020 for this category. It is reduced in 2021 due to the retirement of the lease purchase agreement for the high school in 2020.

Non-Operating Expenditures:
The following expenditures will not be included in the expenditure parameter calculation, but the use of cash reserve for these costs will be included as part of the cash reserve target.

Other Financing Uses (line 5.010):

The forecast reflects the annual allocation from the cash reserve used to support the district's capital improvement plan. The Board determined that in increase in this allocation is needed through at least fiscal year 2020 to support improvements identified in its recent facility assessment.

Reserved Funds (lines 8.010 and 9.030):

Two areas of the budget are currently reserved. The first is encumbrances, i.e. funds set aside for payment of goods or services ordered but not yet received at the end of the fiscal year. The second is a Budget Reserve. The Board has directed the Treasurer to maintain at least $1 million in this reserve for emergencies.

Unreserved Funds (Line 15.010)

As a result of the district reducing its expenditure trend, dollars were allocated to unreserved funds, commonly referred to as the cash reserve. The cash reserve is important for financial planning and stability for many reasons:

- A portion of the cash reserve is earmarked for the district's capital improvement plan as noted in other financing uses above.
- Reserves offset a portion of the state TPP reimbursement lost in the fiscal years 2011-12 State budget and will be available should the State further reduce funding beyond the scheduled loss of TPP through 2023.
- Reserves provide a buffer against future funding revisions and the cost of program mandates, as well as, provide a pool of funds for emergencies. This is important given possible changes in State funding and potential unfunded mandates.
- Stable and adequate reserves were an important factor in the district's receipt of a AAA bond rating from Standard & Poors.

Submitted by:
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