# SPRINGFIELD CITY SCHOOL DISTRICT-CLARK COUNTY

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2016, 2017 and 2018 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2019 THROUGH JUNE 30, 2023**

Springfield
CITY SCHOOL DISTRICT

Every Student | Every Opportunity | Every Day

**Forecast Provided By
Springfield City School District
Treasurer's Office
Nicole Cottrell, CPA
Treasurer/CFO**

***October 25, 2018***

# Springfield City School District

**Clark County**

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;
Forecasted Fiscal Years Ending June 30, 2019 Through 2023

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Average Change | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 |
| | **Revenues** | | | | | | | | | |
| 1.010 | General Property Tax (Real Estate) | $ 20,231,688 | $ 20,764,221 | $ 20,956,742 | 1.8% | $ 21,146,686 | $ 21,177,589 | $ 19,664,384 | $ 18,366,468 | $ 18,400,997 |
| 1.020 | Tangible Personal Property | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 1.030 | Income Tax | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 1.035 | Unrestricted State Grants-in-Aid | 61,933,628 | 66,106,994 | 68,447,983 | 5.1% | 70,169,833 | 68,029,678 | 67,223,037 | 66,559,311 | 66,499,600 |
| 1.040 | Restricted State Grants-in-Aid | 7,093,890 | 7,319,228 | 7,450,174 | 2.5% | 7,518,847 | 7,588,206 | 7,658,259 | 7,729,012 | 7,800,473 |
| 1.045 | Restricted Federal | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 1.050 | Property Tax Allocation | 2,775,332 | 2,722,256 | 2,665,226 | -2.0% | 2,650,210 | 2,645,796 | 2,472,328 | 2,298,938 | 2,295,171 |
| 1.060 | All Other Revenues | 2,460,237 | 3,941,497 | 3,822,910 | 28.6% | 3,663,236 | 3,678,688 | 3,694,265 | 3,709,969 | 3,725,801 |
| 1.070 | *Total Revenues* | 94,494,775 | 100,854,196 | 103,343,035 | 4.6% | 105,148,812 | 103,119,957 | 100,712,273 | 98,663,698 | 98,722,042 |
| | **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 | 27,457 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 2.050 | Advances-In | 123,008 | 13,500 | 0 | -94.5% | 668,295 | 128,000 | 128,000 | 128,000 | 128,000 |
| 2.060 | All Other Financing Sources | 109,872 | 266,710 | 708,919 | 154.3% | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 |
| 2.070 | *Total Other Financing Sources* | 260,337 | 280,210 | 708,919 | 80.3% | 848,295 | 308,000 | 308,000 | 308,000 | 308,000 |
| 2.080 | *Total Revenues and Other Financing Sources* | 94,755,112 | 101,134,406 | 104,051,954 | 4.8% | 105,997,107 | 103,427,957 | 101,020,273 | 98,971,698 | 99,030,042 |
| | **Expenditures** | | | | | | | | | |
| 3.010 | Personal Services | 46,184,601 | 49,124,071 | 50,516,616 | 4.6% | 52,028,244 | 53,808,408 | 55,655,841 | 57,567,746 | 59,546,567 |
| 3.020 | Employees' Retirement/Insurance Benefits | 17,500,460 | 18,893,797 | 20,854,955 | 9.2% | 22,542,322 | 24,388,442 | 26,479,062 | 28,793,607 | 31,356,301 |
| 3.030 | Purchased Services | 21,545,518 | 22,825,334 | 22,636,386 | 2.6% | 24,529,427 | 25,412,025 | 26,328,639 | 27,280,652 | 28,269,501 |
| 3.040 | Supplies and Materials | 4,295,402 | 2,209,269 | 4,452,642 | 26.5% | 4,006,664 | 2,902,299 | 2,885,118 | 3,244,672 | 2,106,012 |
| 3.050 | Capital Outlay | 1,604,993 | 564,752 | 324,726 | -53.7% | 150,000 | 150,000 | 300,000 | 300,000 | 300,000 |
| 3.060 | Intergovernmental | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| | Debt Service: | | | | 0.0% | | | | | |
| 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 | 65,000 | 65,000 | 65,000 | 0.0% | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 |
| 4.055 | Principal-Other | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 4.060 | Interest and Fiscal Charges | 40,858 | 37,023 | 33,188 | -9.9% | 28,656 | 24,912 | 21,168 | 21,168 | 21,168 |
| 4.300 | Other Objects | 703,275 | 815,722 | 711,181 | 1.6% | 771,170 | 781,541 | 792,126 | 802,930 | 813,958 |
| 4.500 | *Total Expenditures* | 91,940,107 | 94,534,968 | 99,594,694 | 4.1% | 104,121,483 | 107,532,627 | 112,526,954 | 118,075,776 | 122,478,507 |
| | **Other Financing Uses** | | | | | | | | | |
| 5.010 | Operating Transfers-Out | 1,757,457 | 1,730,000 | 1,740,000 | -0.5% | 1,280,000 | 1,280,000 | 1,280,000 | 1,280,000 | 1,280,000 |
| 5.020 | Advances-Out | 860,500 | 0 | 0 | 0.0% | 668,295 | 128,000 | 128,000 | 128,000 | 128,000 |
| 5.030 | All Other Financing Uses | 283,574 | 179,663 | 0 | -68.3% | 0 | 0 | 0 | 0 | 0 |
| 5.040 | *Total Other Financing Uses* | 2,901,531 | 1,909,663 | 1,740,000 | -21.5% | 1,948,295 | 1,408,000 | 1,408,000 | 1,408,000 | 1,408,000 |
| 5.050 | *Total Expenditures and Other Financing Uses* | 94,841,638 | 96,444,631 | 101,334,694 | 3.4% | 106,069,778 | 108,940,627 | 113,934,954 | 119,483,776 | 123,886,507 |
| 6.010 | *Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses* | (86,526) | 4,689,775 | 2,717,260 | -2781.1% | (72,671) | (5,512,670) | (12,914,681) | (20,512,078) | (24,856,465) |
| 7.010 | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 28,740,024 | 28,653,498 | 33,343,273 | 8.0% | 36,060,533 | 35,987,862 | 30,475,193 | 17,560,512 | (2,951,566) |
| 7.020 | *Cash Balance June 30* | 28,653,498 | 33,343,273 | 36,060,533 | 12.3% | 35,987,862 | 30,475,193 | 17,560,512 | (2,951,566) | (27,808,031) |
| 8.010 | *Estimated Encumbrances June 30* | 1,510,198 | 1,439,707 | 1,411,064 | -3.3% | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |

# Springfield City School District

**Clark County**

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;
Forecasted Fiscal Years Ending June 30, 2019 Through 2023

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Average Change | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 |
| ` | **Reservation of Fund Balance** | | | | | | | | | |
| 9.010 | Textbooks and Instructional Materials | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.020 | Capital Improvements | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.030 | Budget Reserve | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.040 | DPIA | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.045 | Fiscal Stabilization | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.050 | Debt Service | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.060 | Property Tax Advances | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.070 | Bus Purchases | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.080 | *Subtotal* | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 10.010 | *Fund Balance June 30 for Certification of Appropriations* | 27,143,300 | 31,903,566 | 34,649,469 | 13.1% | 34,487,862 | 28,975,193 | 16,060,512 | (4,451,566) | (29,308,031) |
| | **Revenue from Replacement/Renewal Levies** | | | | | | | | | |
| 11.010 | Income Tax - Renewal | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 11.020 | Property Tax - Renewal or Replacement | | | | 0.0% | 0 | 0 | 1,866,274 | 3,732,633 | 3,735,543 |
| 11.300 | Cumulative Balance of Replacement/Renewal Levies | | | | 0.0% | 0 | 0 | 1,866,274 | 5,598,907 | 9,334,450 |
| 12.010 | *Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations* | 27,143,300 | 31,903,566 | 34,649,469 | 13.1% | 34,487,862 | 28,975,193 | 17,926,786 | 1,147,341 | (19,973,581) |
| | **Revenue from New Levies** | | | | | | | | | |
| 13.010 | Income Tax - New | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 13.020 | Property Tax - New | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 13.030 | Cumulative Balance of New Levies | 0 | 0 | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 14.010 | Revenue from Future State Advancements | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 15.010 | *Unreserved Fund Balance June 30* | $ 27,143,300 | $ 31,903,566 | $ 34,649,469 | $ 0 | $ 34,487,862 | $ 28,975,193 | $ 17,926,786 | $ 1,147,341 | $ (19,973,581) |

**Springfield City School District – Clark County**
**Notes to the Five Year Forecast**
**General Fund Only**
***October 25, 2018***

## Introduction to the Five Year Forecast

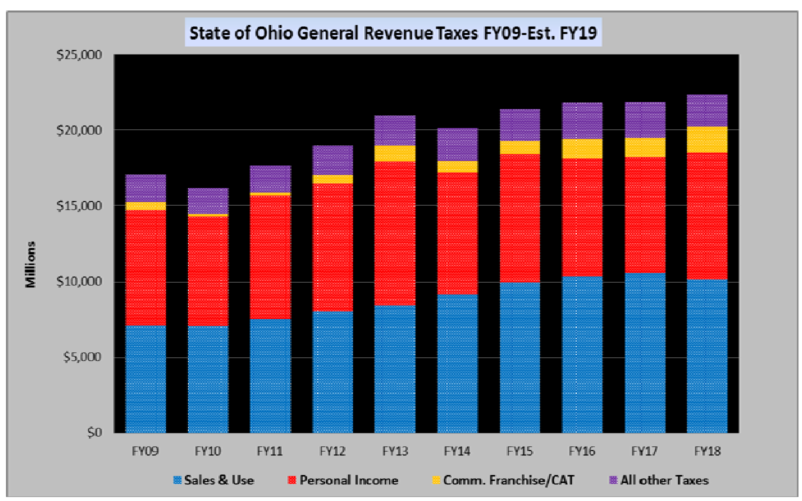
For fiscal year 2019 (July 1, 2018 – June 30, 2019) school districts in Ohio are required to file a five (5) year financial forecast by October 31, 2018, and May 31, 2019. HB87, effective November 1, 2018, will change the filing date from October 31 to November 30 beginning with the November filing in 2019. The May 31 filing date will remain unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2019 (July 1, 2018-June 30, 2019) 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 available to us for the October 2018 filing.

## State Economic Variables Affecting the Five Year Forecast

It is prudent in long range forecasting to consider the economic climate in which projections of revenues are made. Below are significant statewide economic data which suggests that the economy for the FY19-23 period should grow at approximately 2% annual pace and will be relatively consistent for FY19 and FY20, however, the U. S Treasury bond rate for the two year bond is close to exceeding the ten year rate. When this occurs it is referred to as an "inverted yield curve" and is a reliable economic predictor of recessions in our economy. We feel FY19 and FY20 will be relatively stable but an economic slowdown for our state could occur in 2021.

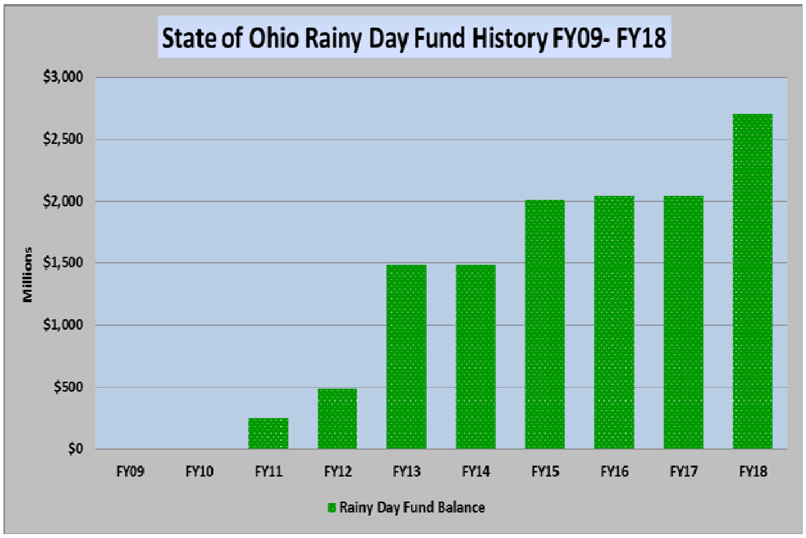
It is important for our school district to consider the statewide economic data for two important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. While the state presently has a record $2.7 billion Budget Stabilization Fund, a recession would likely result in state funding cuts to public education. We anticipate that the FY20-FY21 state biennium budget should be stable based on current data. Second, the same economic forces driving state tax revenues are also generally affecting the underlying economics of most communities across Ohio, which impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.

The graph to the right notes that the State of Ohio revenues through FY18 have recovered in spite of the personal income tax cuts in FY15 and FY16. State revenue has been relatively flat since FY15 due to reductions in income tax rates. The state economy is not expected to tip into a recession during FY19 or FY20 but long term that could be a concern. The decline in personal income tax in FY15 is due to an 8.5% rate reduction from HB59 and the drop in FY16 and FY17 is due to a 6.3% rate reduction in HB64. Baring further legislative cuts personal income should continue to grow.




Source: Ohio Legislative Service Commission

The recovery of the labor market which began in 2010 continues in 2018 as noted in personal income tax growth and overall growth in state revenues in 2018. Modest 2% to 2.5% growth in state revenue is an indication that the economy is growing at a slower pace and that there could be an economic slow down coming within three years. The state rainy day fund (RDF) also known as the Budget Stabilization Fund, has been steady since FY15 but in FY18 legislation allowed for an increase in contributions. There is currently $2.7 billion in this fund and will help long term if there is an economic slow down. This cushion should continue to help ensure that funding for schools approved in the new state biennium budget in June 2019 should be met through FY21 even if a brief slow down in the economy occurs as some economists anticipate by 2021.




Source: Ohio Legislative Service Commission

Overall, the economy of the state is stable and should continue to grow slightly through FY20. This should provide a stable basis for which to make projections of state revenues to the district in the next biennium budget covering FY20 and FY21. The improved labor market continues to provide for steady property tax collections in this forecast by increasing current property tax collections and liquidating prior delinquent tax collections.

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

A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 and 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:

I. The State Budget represents 76% 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 FY23.

II. Clark County experienced a reappraisal update in the 2013 tax year which was collected in FY14. The 2016 update collected in 2017 increased overall assessed values by $7.7 million or an increase of 1.4%. A reappraisal will occur in tax year 2019 for collection in FY20. No significant change in tax values is expected for the tax year 2019 reappraisal.

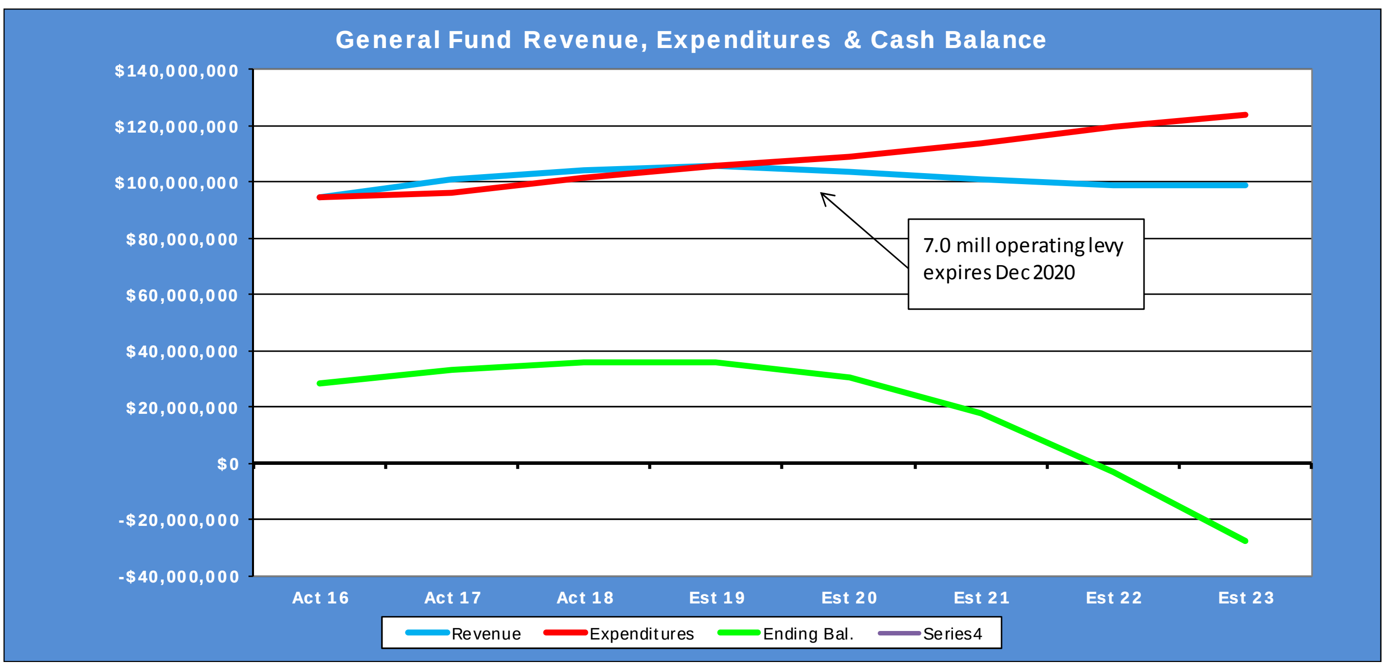
III. The district was eligible for a U.S. Department of Agriculture program in FY18 called Community Eligibility Provision (CEP). This program allows districts with 40% eligible students to certify free and reduced price lunches via Direct Certification. The ODE uses this information to certify Economically Disadvantaged students. There is some concern the ODE could look into different EMIS codes to report students as Economically Disadvantaged that would result in less than 100% of the students in an eligible building being counted in the program. This would reduce state funding if this were to happen. We will watch this very carefully as any new budget deliberations occur in the future.

IV. The district has a 7.0 mill operating levy that will expire on December 31, 2020. The renewal of this levy is necessary to keep the district financially healthy long term.

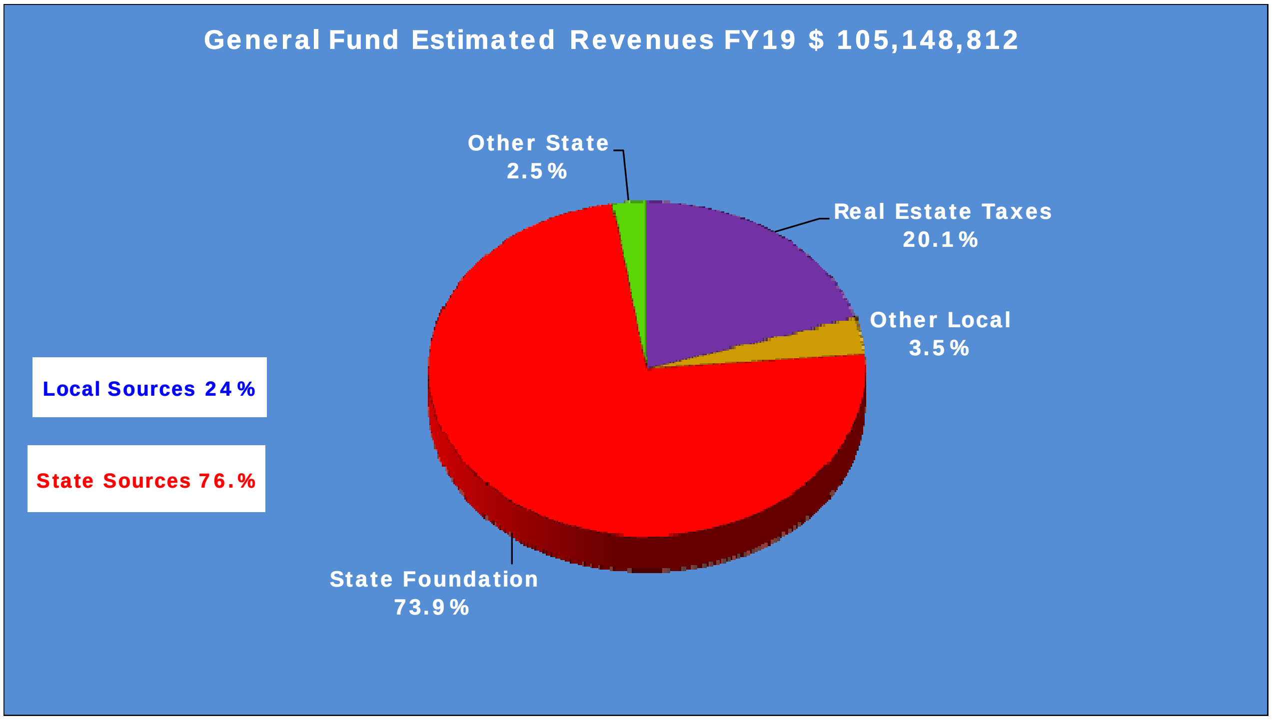
V. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in amounts deducted from our state aid in the 2018-19 school years. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that will continue to 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.

VI. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue.

The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. 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. Nicole Cottrell, Treasurer/CFO of Springfield City School District at 937-505-2825.



## Revenue Assumptions




**Real Estate Value Assumptions – Line # 1.010**

Property values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. An update of the district property value occurred for tax year 2016 values collected in calendar year 2017. Residential values increased by 1.37% or $4,188,760 as a result of the update. The small increase in tax year 2016 results in no significant increase or decrease in tax values in the remaining forecasted years. These factors are reflected in the flat property tax revenues on Line 1.01 for fiscal year 2019 through fiscal year 2023. Also note, fiscal year 2021-2023 the revenues related to renewal of the levies moved to line 11.02.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

| Classification | Estimated TAX YEAR2018 COLLECT 2019 | Estimated TAX YEAR2019 COLLECT 2020 | Estimated TAX YEAR2020 COLLECT 2021 | Estimated TAX YEAR2021 COLLECT 2022 | Estimated TAX YEAR2022 COLLECT 2023 |
|---|---|---|---|---|---|
| Res./Ag. | $395,946,980 | $395,371,980 | $394,796,980 | $394,221,980 | $393,646,980 |
| Comm./Ind. | $165,106,600 | $165,506,600 | $165,906,600 | $166,306,600 | $166,706,600 |
| Public Utility Personal Property (PUPP) | $54,959,200 | $55,459,200 | $55,959,200 | $56,459,200 | $56,959,200 |
| Tangible Personal Property (TPP) | $0 | $0 | $0 | $0 | $0 |
| Total Assessed Value | $616,012,780 | $616,337,780 | $616,662,780 | $616,987,780 | $617,312,780 |

**ESTIMATED REAL ESTATE TAX (Line #1.010)**

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| General Property Taxes | $21,146,686 | $21,177,589 | $19,664,384 | $18,366,468 | $18,400,997 |

Property tax levies are estimated to be collected at 95% of the annual amount. This allows a 3.25% delinquency and 1.75% auditor and treasurer fees. Typically, 54% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 46% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August. Tangible personal property tax (TPP) is no longer collected.

**Renewal and Replacement Levies – Line #11.02**
The district has one renewal levy; a 7.0 mill operating levy which will expire on December 31, 2020.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Renew 7.0 mill Levy in 2020 | $0 | $0 | $1,866,274 | $3,732,633 | $3,735,543 |

**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 tangible personal property tax (TPP), began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any revenues received in fiscal year 2014 and beyond are delinquent TPP taxes.

**Other Local Revenues – Line #1.060**
Open enrollment is expected to remain stable after several years of decreases in students entering the district. We have budgeted increases in tuition reimbursement for court placed students. An overall increase of 1% is factored through FY 23. Medicaid revenue has fluctuated from year to year due to the State catching up on year end reconciliations. The State reconciliations are now current and Medicaid revenue is expected to remain flat throughout the forecast period.

Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period. The district's balances available for investment vary month to month due to cash flow needs. Interest income is forecasted to remain constant due to forecasted declines in cash balances despite anticipated increases in interest rates. Security of the public funds collected by the district is the top priority of the treasurer's office.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Open Enrollment Gross | $1,144,537 | $1,150,260 | $1,156,011 | $1,161,791 | $1,167,600 |
| Interest | $397,054 | $397,054 | $397,054 | $397,054 | $397,054 |
| Indirect Cost & E-Rate | $470,480 | $475,182 | $479,931 | $484,727 | $489,571 |
| Medicaid | $311,408 | $311,408 | $661,408 | $311,408 | $311,408 |
| Tuition SF-14 & SF-14H | $502,668 | $507,695 | $512,772 | $517,900 | $523,079 |
| Other Income and rentals | $837,089 | $837,089 | $837,089 | $837,089 | $837,089 |
| Total Line # 1.060 | $3,663,236 | $3,678,688 | $3,694,265 | $3,709,969 | $3,725,801 |

**State Taxes Reimbursement/Property Tax Allocation**

**a) Rollback and Homestead Reimbursement**
Rollback funds are reimbursements paid to the district from the State of 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

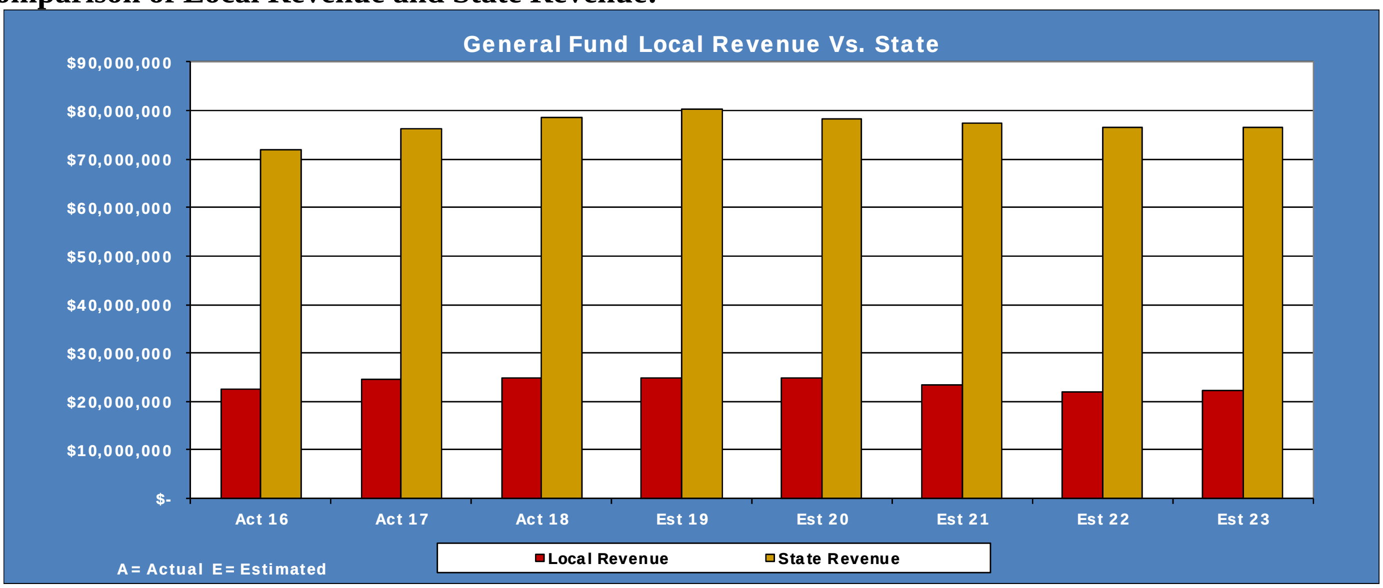
Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who 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 reduce 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/Fixed Sum**
The District no longer receives fixed rate or fixed sum TPP reimbursements.

**Summary of State Tax Reimbursement – Line #1.050**

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Rollback and Homestead | $2,650,210 | $2,645,796 | $2,472,328 | $2,298,938 | $2,295,171 |

**Comparison of Local Revenue and State Revenue:**




**State Foundation Revenue Estimates**
The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY19. We are projected to be a **Formula** funded district regarding state funding in FY19.

The current funding model 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 therefor 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.

The current funding model 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.

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 anticipated to be a **Formula** funded district in FY19.

Our current SFPR estimates for FY19 are using October #2 average daily membership (ADM) and decreasing that number by 75 annually through FY23. 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 2019, and then there will be adjustments into the succeeding fiscal year.

Future State Budgets: Our funding status for FY20-23 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-FY23, 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 were open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The 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 1,791,647 students at $51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19-23 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to $92.9 million or $52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

### A) Unrestricted State Foundation Revenue – Line #1.035

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Basic Aid-Unrestricted | $68,863,861 | $66,712,857 | $65,895,075 | $65,219,907 | $65,148,446 |
| Additional Aid Items | $908,060 | $908,060 | $908,060 | $908,060 | $908,060 |
| Basic Aid-Unrestricted Subtotal | $69,771,921 | $67,620,917 | $66,803,135 | $66,127,967 | $66,056,506 |
| Ohio Casino Commission ODT | $397,912 | $408,761 | $419,902 | $431,344 | $443,094 |
| Total Unrestricted State Aid Line # 1.035 | $70,169,833 | $68,029,678 | $67,223,037 | $66,559,311 | $66,499,600 |

### B) Restricted State Revenues – Line # 1.040

The current funding model continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. The amount of the Economically Disadvantaged Aid is estimated to grow by 1% each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line # 1.04 throughout the forecast.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Economically Disadvantaged Aid | $6,935,927 | $7,005,286 | $7,075,339 | $7,146,092 | $7,217,553 |
| Career Tech - Restricted | $582,920 | $582,920 | $582,920 | $582,920 | $582,920 |
| Total Restricted State Revenues Line #1.040 | $7,518,847 | $7,588,206 | $7,658,259 | $7,729,012 | $7,800,473 |

**C) Restricted Federal Grants in Aid – line #1.045**
No amounts are included throughout the forecast period.

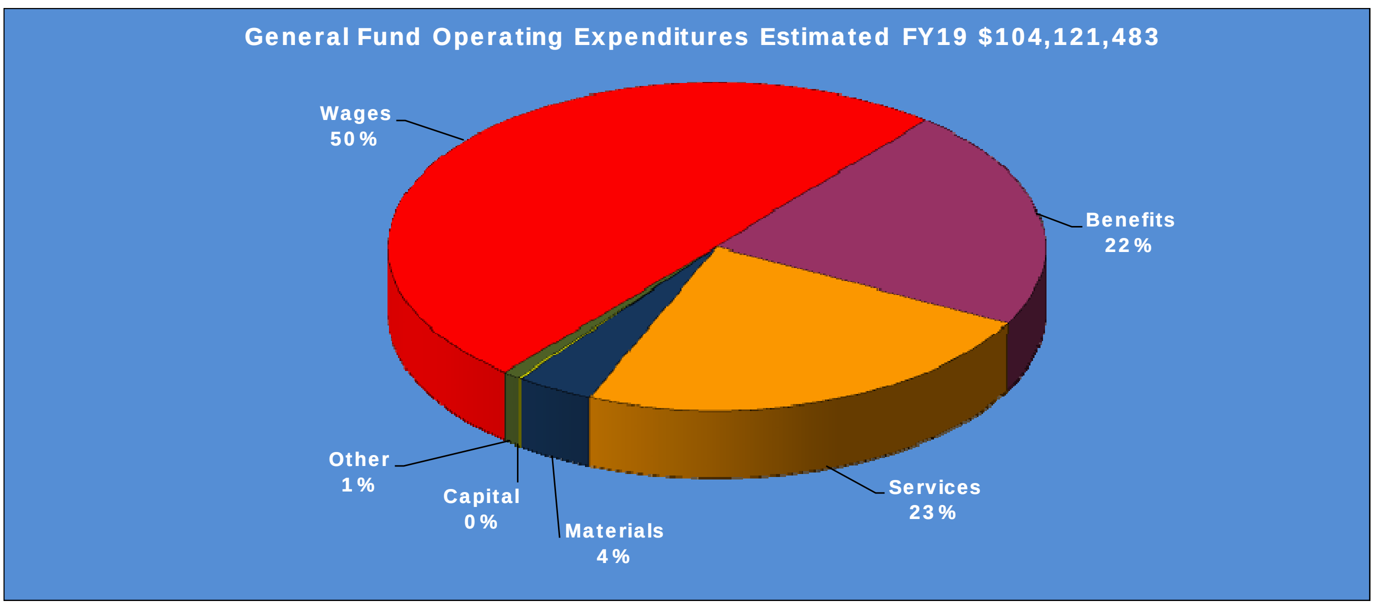
**Short-Term Borrowing – Lines #2.010 & Line #2.020**
There is no short term borrowing planned for in this forecast at this time from any sources.

**Transfers In / Return of Advances – Line #2.040 & Line #2.050**
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Transfers In - Line 2.040 | $0 | $0 | $0 | $0 | $0 |
| Advance Returns - Line 2.050 | $668,295 | $128,000 | $128,000 | $128,000 | $128,000 |
| Total Transfer & Advances In | $668,295 | $128,000 | $128,000 | $128,000 | $128,000 |

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

## Expenditures Assumptions




**Wages – Line #3.010**
In July 2017, the Board ratified a contract with the Springfield Education Association (SEA) effective August 1, 2017. In November 2017, the Board ratified a contract with the Springfield Education United Support Staff (SEUSS) effective September 1, 2017. Based on these negotiated agreements, we included a 2% increase in base wages and 1.5% increase for step and training adjustments for fiscal years 2019 through fiscal year 2023. As a result of the contracts with the SEA and SEUSS, the District will also incur a one time payment to each employee subject to the contract. The cost of this one time payment is included as annual stipend and will cost the general fund an estimated $1,030,000 for fiscal year 2019.

The focus of the Board of Education and Administration for fiscal year 2019 and onward was to maintain the level of services not only for our students but to the community.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Base Wages | $50,476,348 | $52,007,771 | $53,818,563 | $55,702,213 | $57,651,790 |
| Increases/ Merit Based Pay / Timing Adjust | $715,000 | $780,117 | $807,278 | $835,533 | $864,777 |
| Growth | $460,257 | $54,782 | $0 | $0 | $0 |
| Unfunded Recapture | $89,956 | $8,178 | $0 | $0 | $0 |
| Retirement Incentive | $0 | $0 | $0 | $0 | $0 |
| Annual Stipend | $1,030,000 | $1,030,000 | $1,030,000 | $1,030,000 | $1,030,000 |
| Staff Reductions | ($743,317) | ($72,440) | $0 | $0 | $0 |
| Total Wages Line 3.010 | $52,028,244 | $53,808,408 | $55,655,841 | $57,567,746 | $59,546,567 |

**Fringe Benefits Estimates Line 3.02**
This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance are directly related to the wages paid.

**A) STRS/SERS**
The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

**B) Insurance**
The estimated increases for medical and dental insurance are 14% for fiscal year 2019 and 12% in fiscal year 2020-2023. The above increases include adjustments for inflation and the function of the health insurance committee to maintain control of costs. Over the past two plan years claims have increased and have resulted in use of the reserve which increases the percentage needed to cover the plan.

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 especially since it is being reviewed carefully at the federal level for amendment or repeal. 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. Longer-term, a significant concern is the 40% “Cadillac Tax” but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

**C) Workers Compensation & Unemployment Compensation**
Workers Compensation is expected to remain at about 1/4% of wages after fiscal year 2019 due to a moderated claim experience over prior years. Unemployment Compensation is anticipated to increase slightly in FY19 due to recent staff reductions.

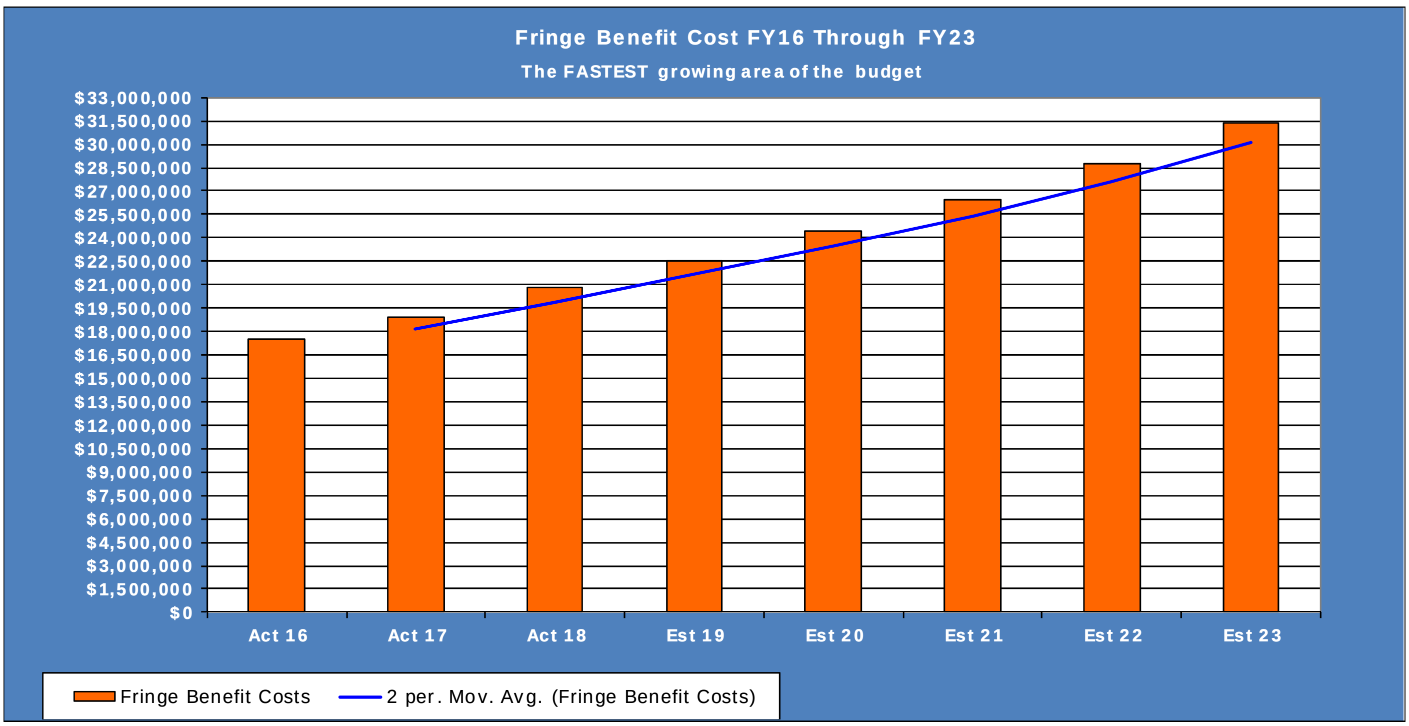
**D) Medicare**
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

**Summary of Fringe Benefits – Line #3.020**

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| A) STRS/SERS | $8,426,967 | $8,706,032 | $9,009,228 | $9,324,550 | $9,650,909 |
| B) Insurance's | $13,062,233 | $14,617,352 | $16,371,434 | $18,336,006 | $20,536,327 |
| C) Workers Comp/Unemployment | $195,071 | $179,521 | $184,140 | $188,919 | $193,866 |
| D) Medicare | $690,583 | $718,069 | $746,792 | $776,664 | $807,731 |
| Other/Tuition | $167,468 | $167,468 | $167,468 | $167,468 | $167,468 |
| Total Line 3.020 | $22,542,322 | $24,388,442 | $26,479,062 | $28,793,607 | $31,356,301 |

**Fringe Benefits Actual Fiscal Year 2016 Through Fiscal Year 2018 and Estimated Fiscal Year 2019 Through Fiscal Year 2023**

The graph below notes that health care cost has become the area of expenditures that are outpacing inflation. The federal Affordable Care Act and the increase in claims will require management to control the cost of health care.




**Purchased Services – Line #3.030**

In FY19-23, an overall inflation of 5% is being estimated for all categories of this expense except for the Community School, Open Enrollment and Other Tuition categories. The estimated increase for these categories has been estimated at 7.5% as the students leaving for EdChoice and Community School will continue to absorb our savings in other areas of purchased services. The expenditure for our students attending elsewhere is a second area of fast growing expenditures. The increase in EdChoice vouchers has offset the decrease in community school enrollments in the previous years

We have assumed the utilities to increase 3% throughout the forecast due to an increase in electricity transmission fees, gas per unit costs and decreases in ERate eligible costs.

Two programs that the Springfield City School District funded with grant dollars have been eliminated by the funding agency. The Board of Education and Administration evaluated each program and determined the District will commit Springfield City School General Fund money to continue these programs. Community Connectors provides staffing to communicate between the individual school and parents, the second program, Eagle & Dove is a program of after school tutoring.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Base Services | $5,881,784 | $6,058,238 | $6,239,985 | $6,427,185 | $6,620,001 |
| Excess Cost 474-475 | $1,014,972 | $1,045,421 | $1,076,784 | $1,109,088 | $1,142,361 |
| Open Enrollment Deduction-477 | $4,224,295 | $4,351,024 | $4,481,555 | $4,616,002 | $4,754,482 |
| Community School Deductions-478 | $5,573,061 | $5,795,983 | $6,027,822 | $6,268,935 | $6,519,692 |
| Other Tuition Including Ed Scholarship-471/479 | $5,551,432 | $5,829,004 | $6,120,454 | $6,426,477 | $6,747,801 |
| Court Mediators - Grant Funding Ended | $120,000 | $120,000 | $120,000 | $120,000 | $120,000 |
| Eagle & Dove - Grant Funding Ended | $225,000 | $225,000 | $225,000 | $225,000 | $225,000 |
| Utilities | $1,938,883 | $1,987,355 | $2,037,039 | $2,087,965 | $2,140,164 |
| Total Line 3.030 | $24,529,427 | $25,412,025 | $26,328,639 | $27,280,652 | $28,269,501 |

**Supplies and Materials – Line #3.040**

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. The budget includes an additional $1.6 million in FY19 for purchase of electronic equipment to refresh the 1:1 initiative approved in FY15. FY19 also includes $500,000 for the purchase of curriculum resources. In FY20 through FY 22, a cumulative total of $3.1 million is budgeted to refresh the 1:1 initiative and replace electronic devices issued in prior years.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Supplies | $1,871,164 | $1,927,299 | $1,985,118 | $2,044,672 | $2,106,012 |
| Curriculum Resources | $500,000 | $0 | $0 | $0 | $0 |
| Compters One-to-One | $1,635,500 | $975,000 | $900,000 | $1,200,000 | $0 |
| Total Line 3.040 | $4,006,664 | $2,902,299 | $2,885,118 | $3,244,672 | $2,106,012 |

**Equipment – Line # 3.050**

The administration prepares a five year capital plan which has relieved the stress on the General Fund allowing the District to allocate funds that would have been used to complete safety and security projects towards projects aimed at improving student test scores. The plan is reviewed and updated annually with the appropriation budget. The annual bus purchase is expected to be covered by the permanent improvement fund FY 19-23.

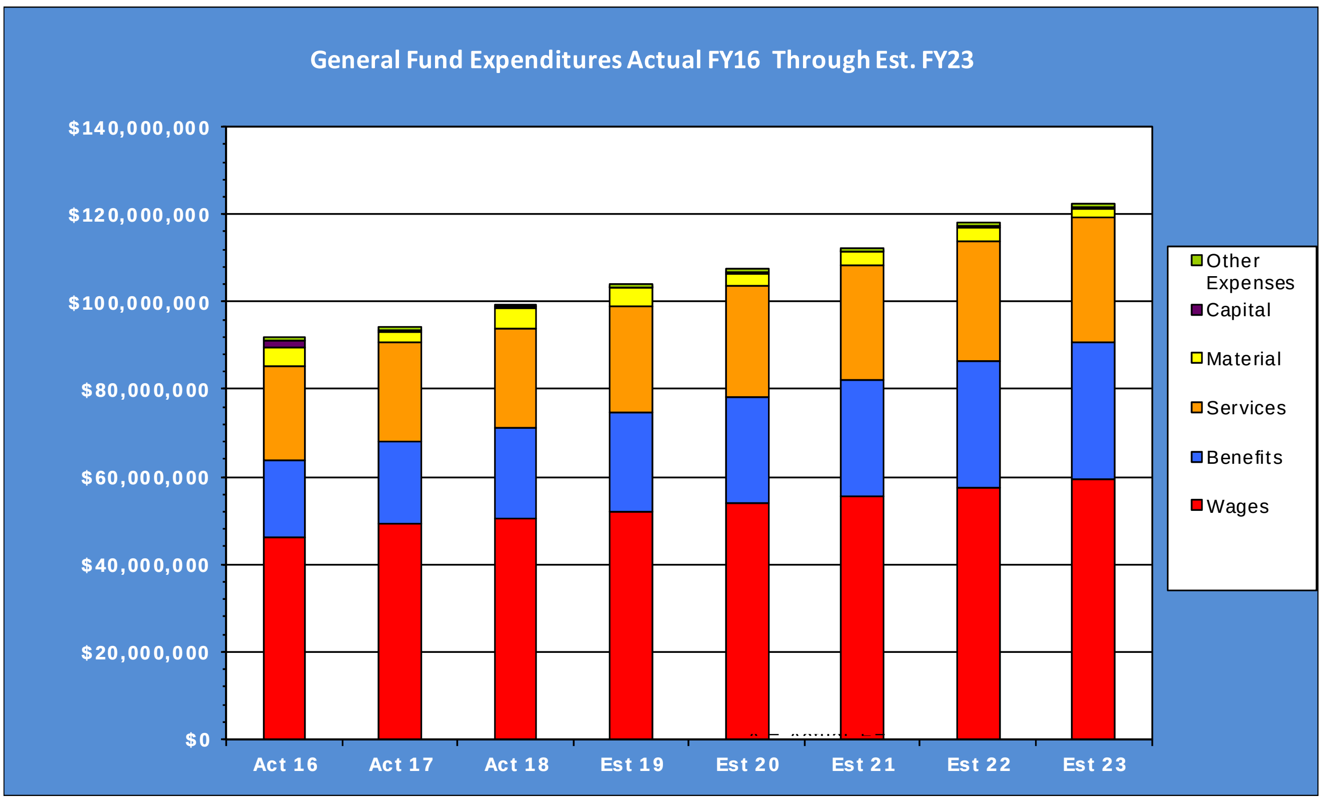
| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Capital Outlay | $150,000 | $150,000 | $300,000 | $300,000 | $300,000 |
| Replacement Bus Purchases | $0 | $0 | $0 | $0 | $0 |
| Budget Reserve | $0 | $0 | $0 | $0 | $0 |
| Total Line 3.050 | $150,000 | $150,000 | $300,000 | $300,000 | $300,000 |

**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. A&T fees will decline with emergency levies expiring, however it is anticipated that they will be replaced. As a result, A&T fees noted below are maintained at current levels. Currently, we are estimating annual increase of 1% for this forecast.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Clark County Auditor & Treasurer Fees | $488,188 | $493,070 | $498,001 | $502,981 | $508,011 |
| Clark County ESC | $100,000 | $100,000 | $100,000 | $100,000 | $100,000 |
| Other expenses | $182,982 | $188,471 | $194,125 | $199,949 | $205,947 |
| Increased A&T Fees for New Levies | $0 | $0 | $0 | $0 | $0 |
| Total Line 4.300 | $771,170 | $781,541 | $792,126 | $802,930 | $813,958 |

**Total Expenditure Categories Actual Fiscal Year 2016 Through Fiscal Year 2018 and Estimated Fiscal Year 2019 Through Fiscal Year 2023**




**Transfers Out/Advances Out – Line# 5.010**

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. While the financial position is strong, the Board of Education has earmarked funds from the most recent levy renewal to be transferred to the Permanent Improvement fund. This transfer will be used in conjunction with the 1.55 mill maintenance levy to fund the five year capital plan.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Operating Transfers Out Line #5.010 | $1,280,000 | $1,280,000 | $1,280,000 | $1,280,000 | $1,280,000 |
| Advances Out Line #5.020 | $668,295 | $128,000 | $128,000 | $128,000 | $128,000 |
| Total | $1,948,295 | $1,408,000 | $1,408,000 | $1,408,000 | $1,408,000 |

**Debt Service:**
The District currently amortizes one HB264 energy conservation loan issued for projects that are returning savings considerably more than the debt schedule. HB264 phase II will reach maturity in December 2025 and is supported as QZEB and therefore have minimal interest.

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| HB 264 Principal Line # 4.050 | $65,000 | $65,000 | $65,000 | $65,000 | $65,000 |

| Source | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Interest on TANS & HB 264 Total Line 4.060 | $28,656 | $24,912 | $21,168 | $21,168 | $21,168 |

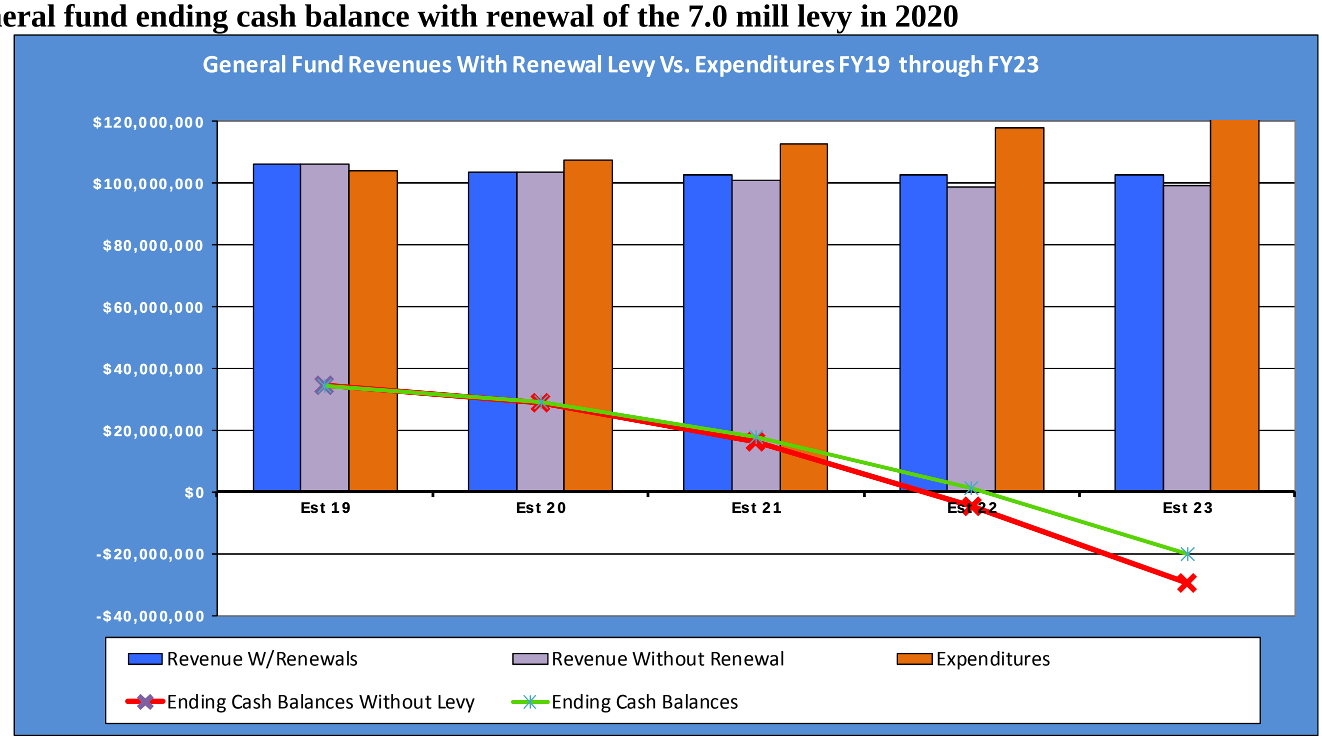
**Encumbrances –Line#8.010**
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. .

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Estimated Encumbrances | $1,500,000 | $1,500,000 | $1,500,000 | $1,500,000 | $1,500,000 |

**Ending Unencumbered Cash Balance "The Bottom-line" – 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 Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The cash balance below includes renewal of the 7.0 mill levy in 2020.

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| Ending Unencumbered Cash Balance | $34,487,862 | $28,975,193 | $17,926,786 | $1,147,341 | ($19,973,581) |

**General fund ending cash balance with renewal of the 7.0 mill levy in 2020**



**True Cash Days Ending Balance**

Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year end without additional resources or severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash is on hand at year end. Expenditures are calculated including transfers as this is a predictable funding source when used in the forecast. The graph indicates the district will need to stay focused on FY21-23 period as adequate reserves are estimated to fall below acceptable levels in this time frame.