



**Chillicothe City School District**

# **Five Year Forecast Financial Report**

May, 2017

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### Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

**Five Year Forecast - Simplified Statement**

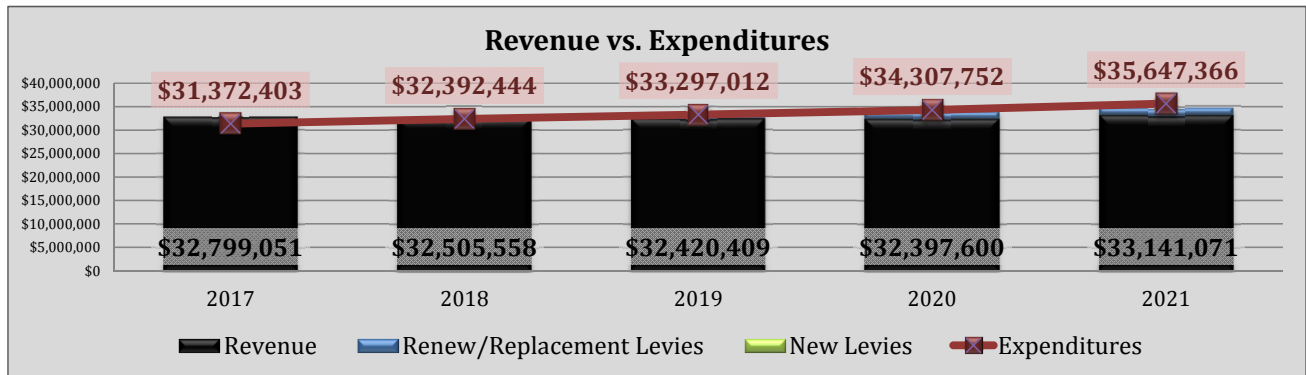
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	8,317,460	9,744,108	9,857,222	9,717,499	9,281,039
+ Revenue	32,799,051	32,505,558	32,420,409	32,397,600	33,141,071
+ Proposed Renew/Replacement Levies	-	-	736,880	1,473,692	1,473,648
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(31,372,403)	(32,392,444)	(33,297,012)	(34,307,752)	(35,647,366)
<b>= Revenue Surplus or Deficit</b>	<b>1,426,648</b>	<b>113,114</b>	<b>(139,723)</b>	<b>(436,460)</b>	<b>(1,032,648)</b>
Ending Balance	9,744,108	9,857,222	9,717,499	9,281,039	8,248,391
Revenue Surplus or Deficit w/o Levies	1,426,648	113,114	(876,603)	(1,910,152)	(2,506,296)
Ending Balance w/o Levies	9,744,108	9,857,222	8,980,619	7,070,467	4,564,172

Summary:

In November 2015, the District passed a 3.2 mill bond issue and in return agreed to reduce the District’s existing emergency levy by an equivalent amount. With that considered, the District is expecting to realize growing cash balances through FY18. Beginning in FY2019, spending is expected to outpace incoming revenue by a small amount.

State revenue has leveraged the district’s local revenue sources since the new funding formula is expected to generate additional revenue. Assuming the funding cap in the upcoming budget for schools remains at 5% as the Governor has proposed, state funding is expected to produce an additional \$2 million of additional state aid over the biennial. The forecast assumes continued formula increases, but the increases are partially offset by losses of tangible reimbursement dollars that are being phased out according to the same budget proposal (at a rate of approximately \$240,000 per year).

Because the district is trending toward expenditures exceeding revenue, the need for the continuation of existing levies is essential.

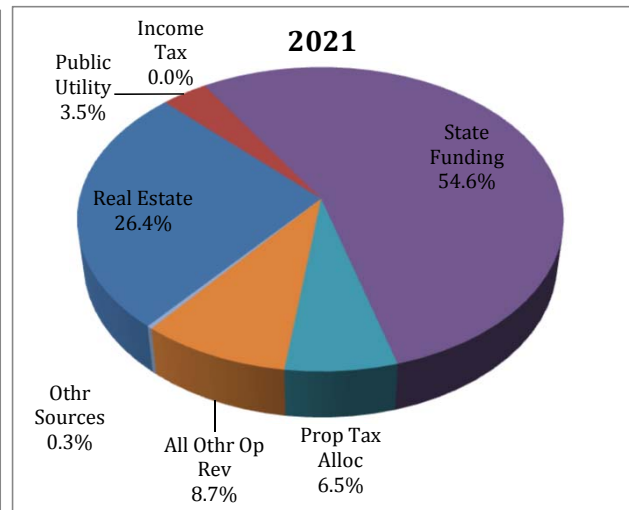
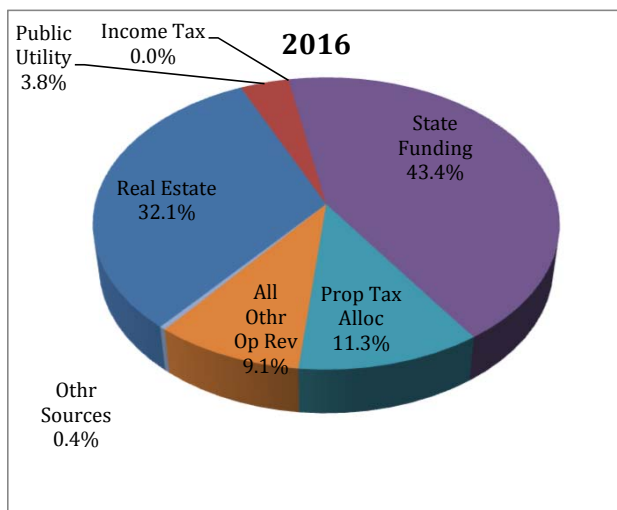


## Revenue Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
<b>Revenue:</b>							
1.010-Real Estate	3.71%	-3.17%	-2.66%	0.43%	0.73%	0.69%	-0.79%
1.020-Public Utility	5.48%	-3.81%	-0.85%	1.95%	1.77%	1.78%	0.17%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	3.64%	7.35%	11.48%	5.07%	5.27%	5.03%	6.84%
1.040-Restricted Aid	51.59%	11.88%	-37.96%	3.63%	1.09%	2.84%	-3.70%
1.045-Restr Federal SFSF	-71.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-4.84%	-9.50%	-6.81%	-7.83%	-8.34%	-9.10%	-8.32%
1.060-All Other Operating	13.44%	5.36%	-11.66%	1.92%	1.90%	1.89%	-0.12%
<b>1.070-Total Revenue</b>	<b>3.78%</b>	<b>1.75%</b>	<b>-0.90%</b>	<b>2.01%</b>	<b>2.16%</b>	<b>2.20%</b>	<b>1.44%</b>
<b>2.070-Total Other Sources</b>	<b>53.54%</b>	<b>-16.81%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>-3.36%</b>
<b>2.080-Total Rev &amp; Other Srcs</b>	<b>3.58%</b>	<b>1.68%</b>	<b>-0.89%</b>	<b>2.00%</b>	<b>2.15%</b>	<b>2.19%</b>	<b>1.43%</b>

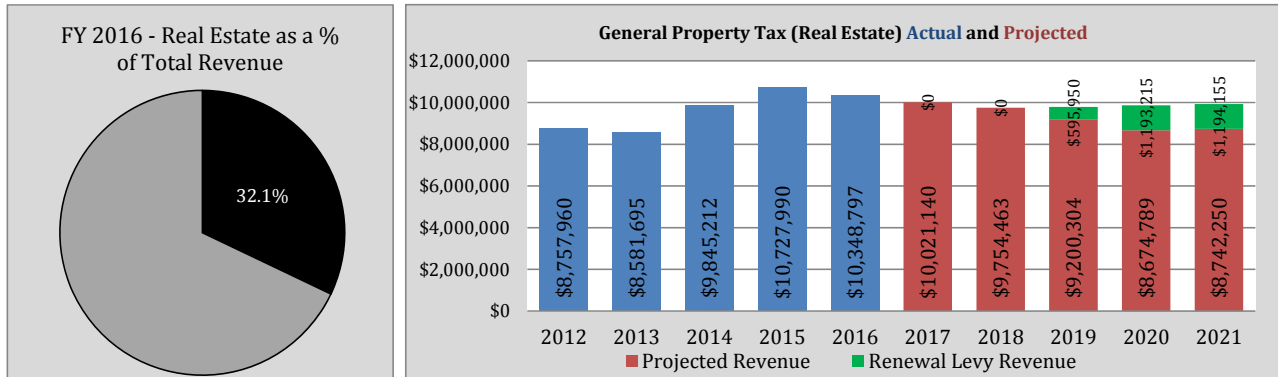
Local tax collections declined in FY2016 and FY2017 as a result of the 3.2 mill reduction in the District's emergency operating levy. Despite reduced local collections from the emergency levy, overall revenue is expected to still realize growth through the forecast period. Much of the overall revenue growth is being fueled by state funding increases which are expected to grow by the maximum gain caps permitted in future school funding formulas. The District also anticipates a slight pick-up in Other Revenue related to incoming open enrollment students. Growth is expected to be tempered a bit by the continued phase-out of the state tangible tax reimbursement (reflected in the Property Tax Allocation Note).

On average, the district's revenue is expected to increase 1.43% for the period 2017 through 2021.



### 1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



The revenue growth reflected in FY2014 & FY2015 is attributable to a 7.2 new emergency levy passed in 2013. In November, 2015 the District passed a 3.2 mill bond issue and in return agreed to reduce collections on the existing 7.2 mill operational emergency levy by an equivalent amount (the reduction began affecting revenue collections in FY2016 with the remainder of the reduction realized if FY2017). Better than expected delinquency collections during the first half 2017 (Tax Year 2016) real estate settlement helped boost FY2017 collections. Since this issue is view as a one-time impact, the forecast anticipates delinquency collections to fall back to more typical levels in FY2018 which explains the slight reduction in overall property tax collections in that year.

The forecast also includes the impact of the 2016 reappraisal which resulted in real estate values growing by slightly more than 4%. Nevertheless, projected property values in 2018 are still projected to remain below 2012 levels. \*\*Finally and probably most importantly the forecast anticipates the renewal of the remaining portion of the emergency levy (approximately 4 mills) in 2018. The proceeds from that renewal are reflected as "reserved" and appear as the green shaded area of the bar chart above.

Gross collection rates have remained very consistent at between 98% and 100% of billed and payable. Gross collection rates are expected to continue at this level.

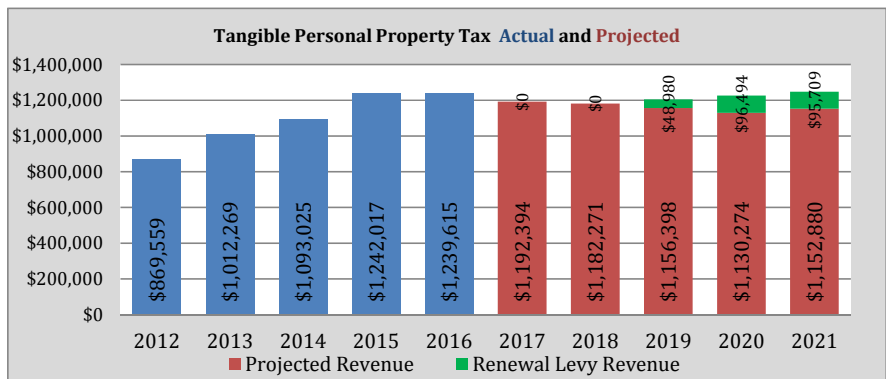
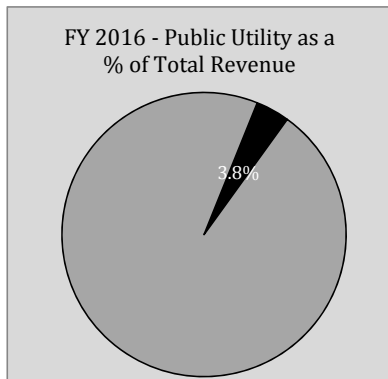
Tax Year	Real Property Valuation	Year-Over-Year Change	61.35% of Total Real Estate Revenue		38.65% of Total Real Estate Revenue		Gross Collection Rate All Taxes	
			Effective Residential Tax Rate	Year-Over-Year Change	Effective Business Tax Rate	Year-Over-Year Change		
2012	374,071,250	(624,730)	24.95	-	29.60	-	100.0%	Actual
2013	362,971,120	(11,100,130)	32.82	7.87	37.22	7.61	98.2%	Actual
2014	355,802,470	(7,168,650)	32.95	0.13	38.09	0.87	100.3%	Actual
2015	358,797,140	2,994,670	29.79	(3.16)	34.26	(3.83)	100.9%	Actual
2016	373,031,940	14,234,800	28.73	(1.06)	33.42	(0.84)	101.5%	Actual
2017	374,733,658	1,701,718	28.71	(0.02)	33.39	(0.02)	98.5%	Projected
2018	376,447,627	1,713,968	28.69	(0.02)	33.37	(0.02)	98.5%	Projected
2019	396,637,426	20,189,800	27.49	(1.20)	32.02	(1.35)	98.5%	Projected
2020	398,462,543	1,825,117	27.47	(0.02)	32.00	(0.02)	98.5%	Projected

Note: Tax Rates Include Existing Renewal Levies Included as Renewed, No New Levies Included

\*Projected % trends include renewal levies

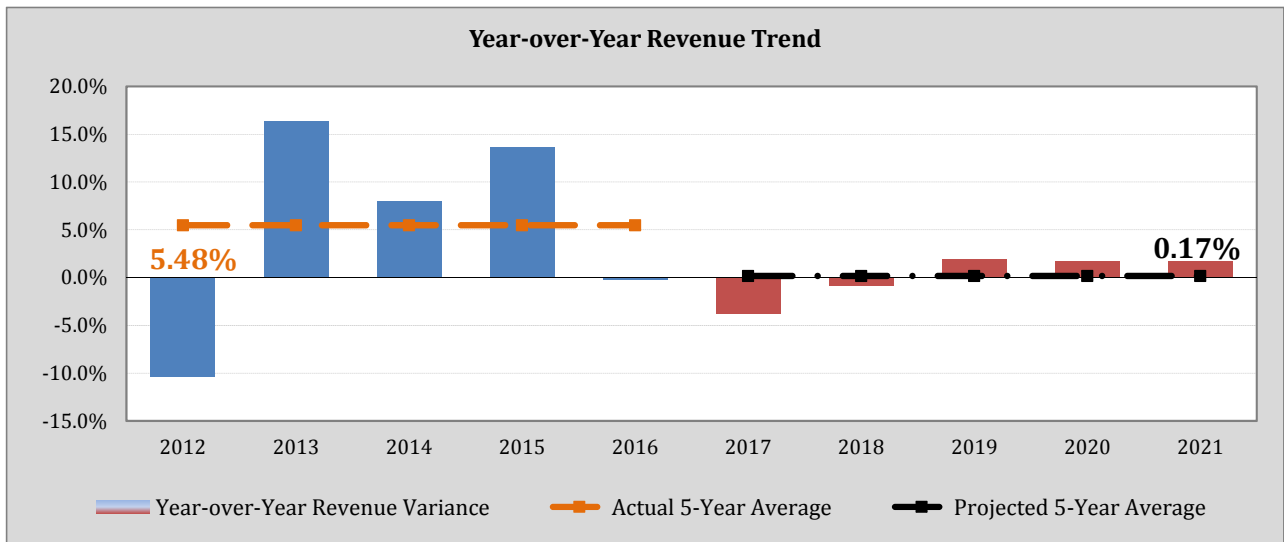
### 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



FY2009 marked the last year the District received any substantial revenue from the tangible tax paid by business. The state replaced the locally levied tangible tax with the state imposed Commercial Activity Tax (CAT) tax, which was supposed to provide the state a dedicated revenue stream to implement and continue replacement payments. However, those replacements began to be phased down starting in FY2010 and continues to be reduced today. See Property Tax Allocation Note for further detail.

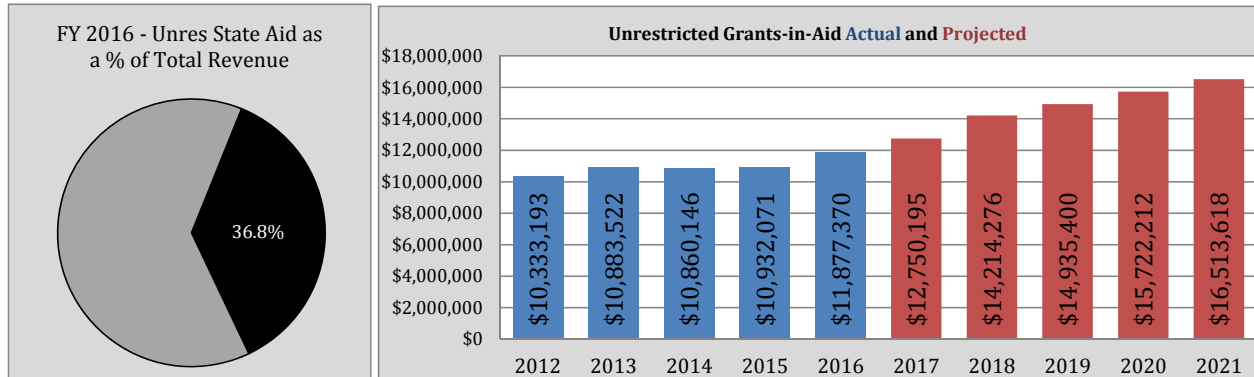
The revenue growth reflected in FY2014 & FY2015 is attributable to a 7.2 new emergency levy passed in 2013. As explained in the Real Estate narrative, the District passed a 3.2 mill bond issue in November, 2015 and in return agreed to reduce collection on the existing 7.2 mill emergency levy by an equivalent amount. In 2016 and beyond, underlying public utility values are expected to increase by 2% per year, which explains the modest revenue growth indicated. The proceeds associated with the emergency levy renewal are reflected as "reserved" and appear as the green shaded area of the bar chart above.



\*Projected % trends include renewal levies

### 1.035 - Unrestricted Grants-in-Aid

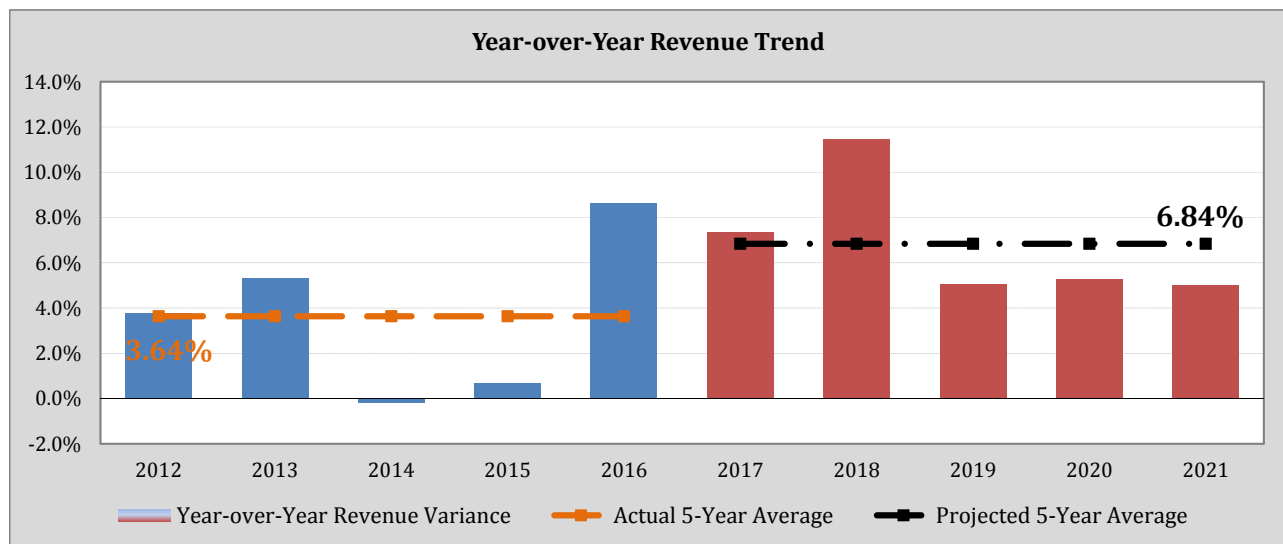
Funds received through the State Foundation Program with no restriction.



Beginning in FY2014, Ohio implemented a new state funding formula. That particular formula provided additional revenue, but the amount calculated for Chillicothe was limited by funding caps. Most of the cap-limited growth came in the form of economic disadvantaged funding. Since the dollars associated with this funding component is required to be spent in approved areas, a large portion of the associated revenue growth is reflected in the Restricted Grants-in-Aid category. With the caps in place, the District had in excess of \$4.6 million in overall calculated formula funding still owed it at the end of FY15.

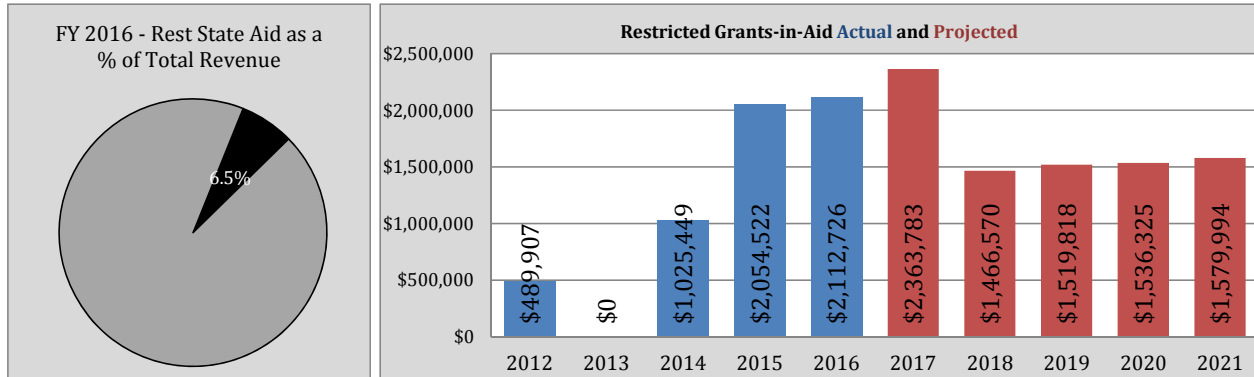
The state retained the basic framework of the last school funding formula in current biennial budget which covers FY2016 and FY2017. Again, the funding formula is expected to generate the maximum base funding increases permitted which includes a 7.5% annual base funding cap. In total, the current formula is expected to add \$3 million of additional state aid over the biennial.

The forecast assumes a continuation of the current school funding formula framework and a continued 5% cap limitation for FY2018 through FY2021. This assumption is in-line with the governor’s budget proposal for FY2018 and FY2019. Assuming, the forecast anticipates the District will still have approximately \$400,000 in unfunded formula by the end of FY2021. Of course, the final outcome of the 2018-19 budget has yet to receive legislative approval, so it will be essential to monitor and adjust if any changes to this assumption are warranted.



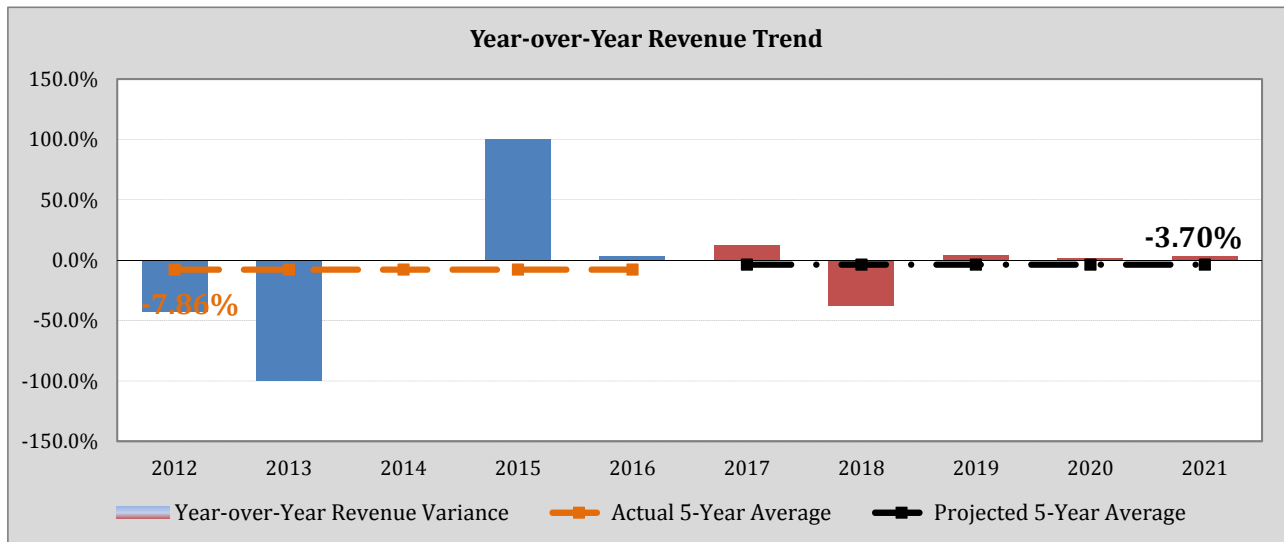
### 1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



As mentioned in the Unrestricted Grants-in-Aid supporting notes, the state funding formula adopted in FY2014 supplied significant additional revenue in the form of Economic Disadvantaged funding to Chillicothe. In FY2017, this funding component has steadily grown and is expected to generate over \$2.2 million.

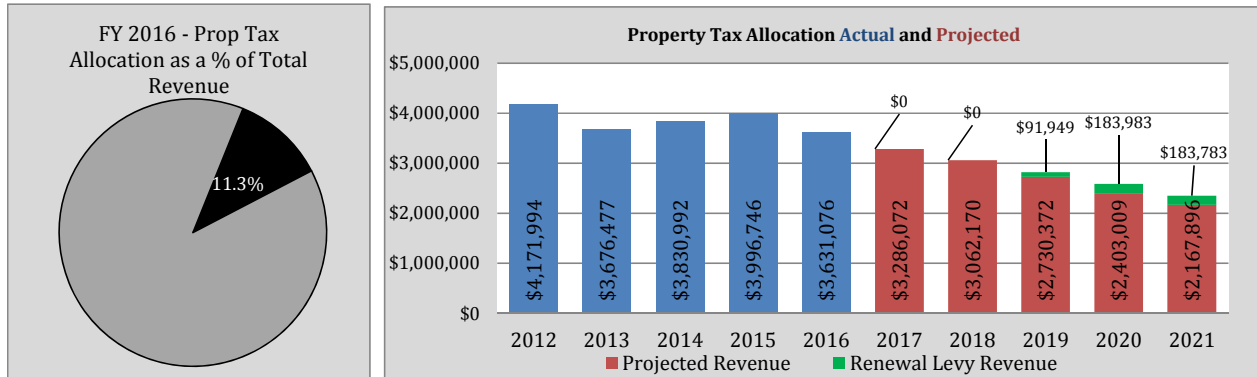
The forecast conservatively assumes this particular funding component will decrease in conjunction with the new biennial budget (covering FY2018 and FY2019). However, it is important to keep in mind that the combination of both Unrestricted and Restricted state aid are subject to the cap limitation (estimated at 5% as previously indicated). Therefore, despite the reduction forecasted in Restricted Aid, Unrestricted aid will pick up the cap-limited growth. In other words, it is important to view both Unrestricted and Restricted aid estimates in tandem.





### 1.050 - Property Tax Allocation

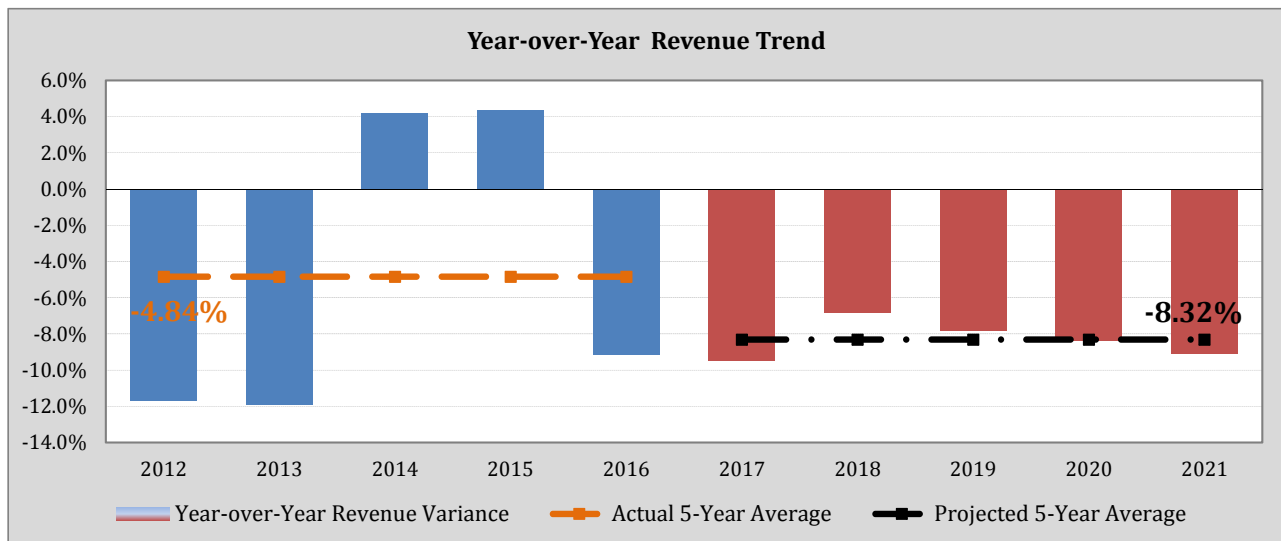
Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



Passage of the 2013 emergency levy resulted the growth noted in both FY2014 and FY2015 related to state supplied property tax reimbursements. Like General Property tax collections, this category was impacted by the reduction in the 7.2 mill emergency when a portion of that levy was rolled back affecting revenue collections in FY2016 and FY2017. Aside from that issue, valuations and millage are expected to remain consistent throughout the remainder of the forecast period, therefore property tax reimbursements from the state are expected to do likewise. The proceeds from state reimbursements associated with the emergency levy renewal are reflected as "reserved" and appear as the green shaded area of the bar chart above (see Real Estate and Public Utility Property Tax notes for further detail).

In addition to real estate property tax reimbursements, this category also reflects tangible personal property reimbursements. Although off its highs due to state imposed phase-outs of this reimbursement source, the District still expects to receive nearly \$2 million of tangible reimbursement revenue in FY17.

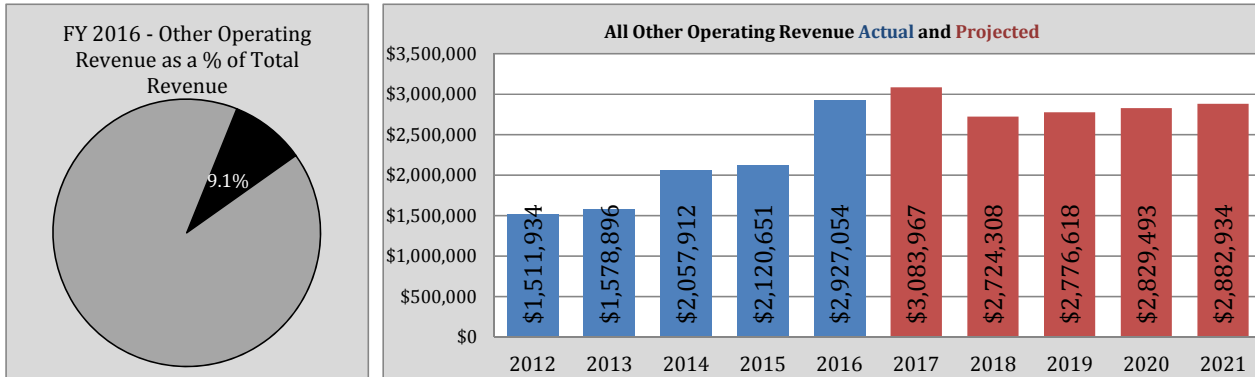
**\*\* IMPORTANT \*\*** Current legislation calls for the continued gradual phase-out of this revenue stream over the forecast period at a rate of approximately \$240,000 loss per year, which is incorporated and reflected in this category's overall totals.



\*Projected % trends include renewal levies

### 1.060 - All Other Operating Revenues

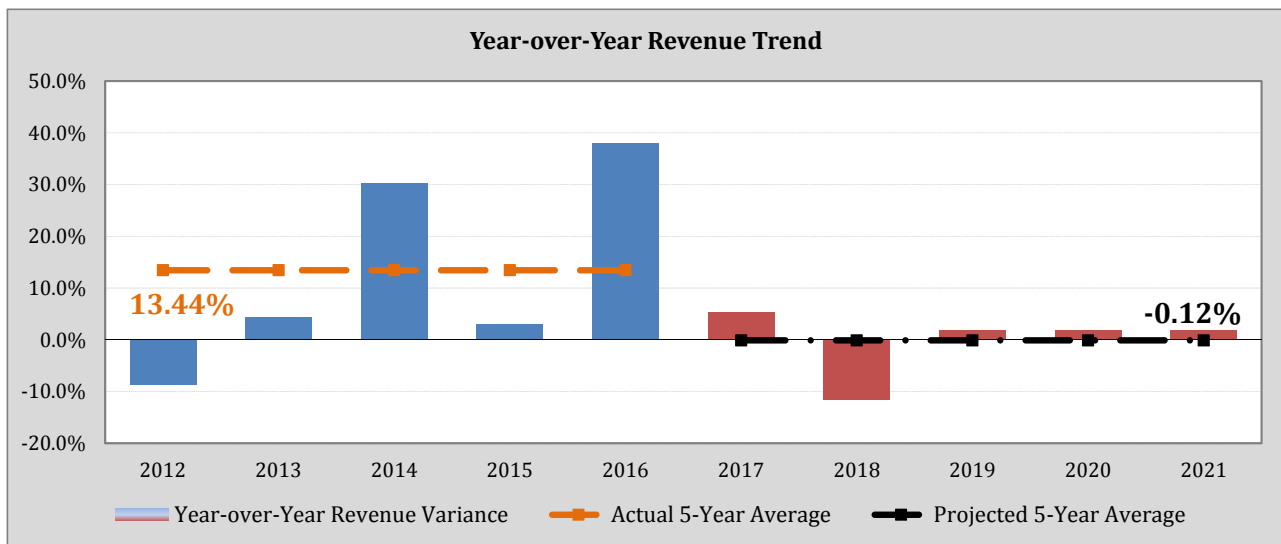
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Generally, revenue reflected in this category represent tuition payments, revenue for incoming open enrollment students, class fees, and interest earnings. In 2012 and 2013 these revenue sources were relatively stable. Then in FY2014 the District received a \$300,000 lump sum Medicaid reimbursement, which represented final payment on claims submitted for services performed during the 2011-12 school year. The District received another \$302,611 in Medicaid reimbursement in FY16 for services performed during the 2012/13 and 2013/14 school years. The forecast assumes Medicaid reimbursements will return to a more typical level of approximately \$100,000 per year from FY2017 through FY2021.

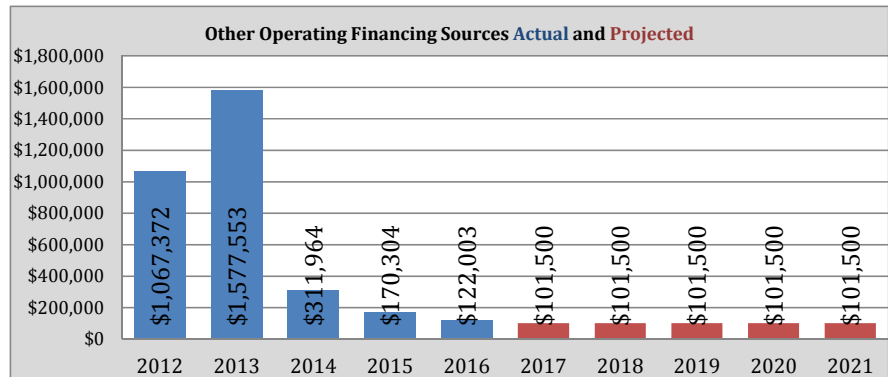
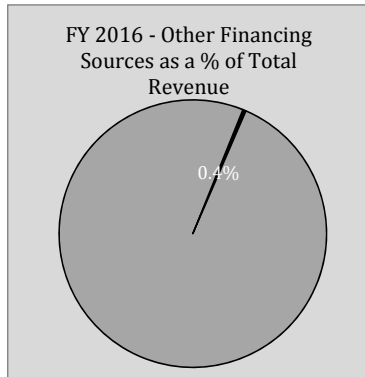
Both revenue and expenditures were inflated in FY2016 and FY2017 by the in and out transaction of \$331,415 and \$328,015 respectively to account for bond premiums (See Other Expenditures for the related expenditure posting).

The District's incoming open enrollment population continued to exhibit growth. From FY2016 to FY2017 incoming open enrollment grew from 291 students to 314 students, which generated an additional \$168,579 worth of revenue. The forecast assumes the District will maintain stable levels of incoming open enrollment students averaging 307 students from FY2018 through FY2021.



## 2.070 - Total Other Financing Sources

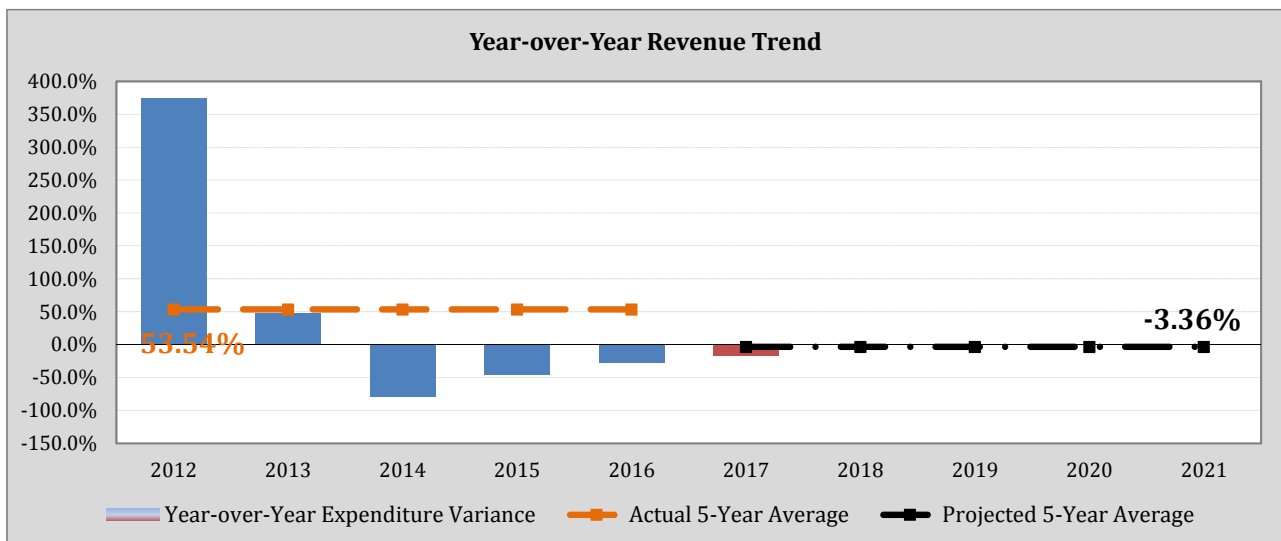
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



The District performed cash flow borrowing in both FY2012 and FY2013 to address budgetary needs within those particular years. The repayment of those borrowings are reflected as Other Operating Expenditures on the expenditure side of the ledger.

In FY2014, \$221,912 of the revenue reflected is related to the return of the contingency dollars, originally set-aside to address a potential liability related to contested values. Also, the District received another \$83,000 in FY2014 from the Bureau of Workers Compensation for refunds they granted public employers. The District received another \$98,000 in Workers Comp rebates in FY15.

Moving forward this category only assumes \$100,000 advance returns each year and very minimal other receipts. No additional refunds are projected.



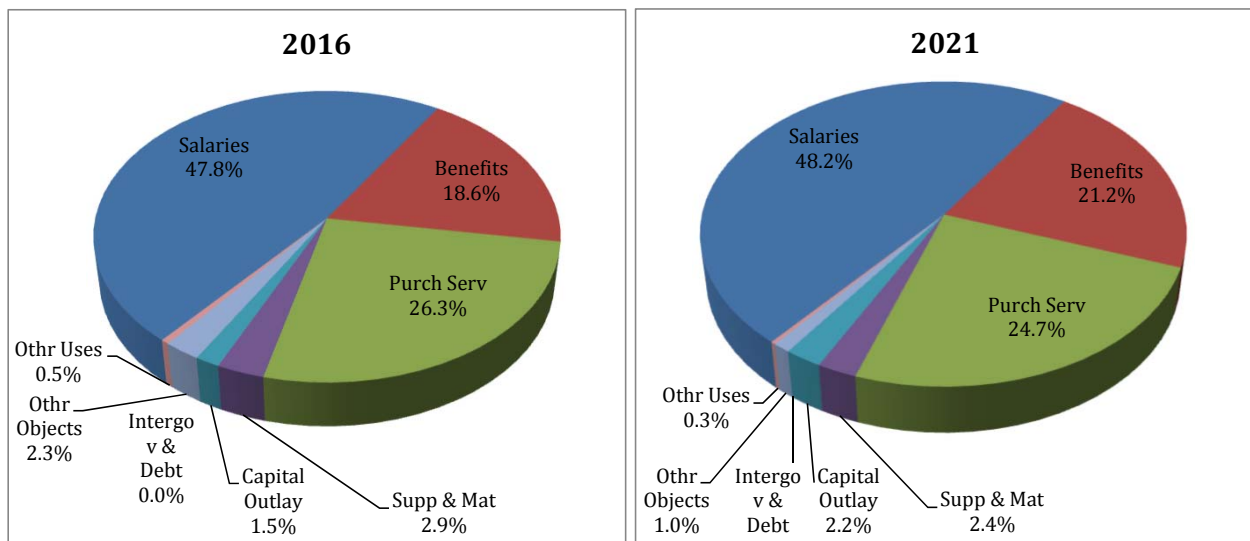
## Expenditures Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
<b>Expenditures:</b>							
3.010-Salaries	-0.45%	3.57%	3.35%	3.86%	3.41%	3.37%	3.51%
3.020-Benefits	-0.74%	4.52%	5.22%	7.55%	6.42%	6.52%	6.05%
3.030-Purchased Services	6.88%	4.96%	1.79%	0.27%	1.38%	1.83%	2.05%
3.040-Supplies & Materials	21.05%	-26.40%	17.85%	3.00%	3.00%	3.00%	0.09%
3.050-Capital Outlay	204.93%	56.29%	37.05%	-21.66%	-14.74%	19.03%	15.20%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	77.00%	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	8.52%	-1.48%	-47.97%	2.00%	2.00%	2.00%	-8.69%
4.500-Total Expenditures	1.58%	3.93%	3.26%	2.80%	3.04%	3.92%	3.39%
5.040-Total Other Uses	2051.74%	-35.44%	0.00%	0.00%	0.00%	0.00%	-7.09%
5.050-Total Exp & Other Uses	1.53%	3.73%	3.25%	2.79%	3.04%	3.90%	3.34%

Overall expenditures are projected to increase, on average, at a rate of 3.34% per year. Spending over the prior 5 year period averaged a modest 1.53% mainly due to reduction measures implemented to contain expenses during periods of declining revenue.

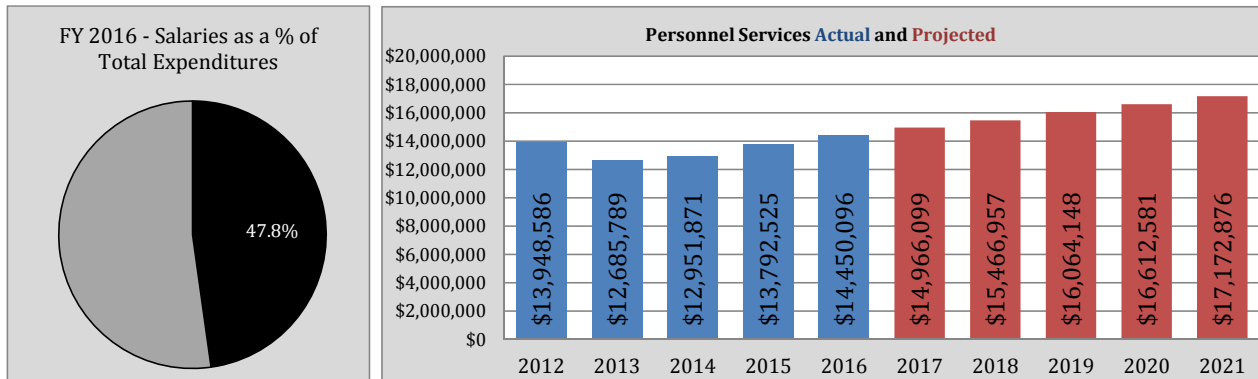
Some of the projected year-over-year increase is due to the district's partial restoration of capital spending. Additionally, in FY15 a portion of spending once accomplished by PI dollars was shifted back to the General Fund which to a large extent explains the increase reflected in the purchased services, supplies and capital outlay categories for that particular year.

Also, purchased services spending was impacted significantly in 2015 & 2016 because of the continued growth in the number of outgoing open enrollment students. The forecast assumes outgoing open enrollment to actually decline through FY2021.



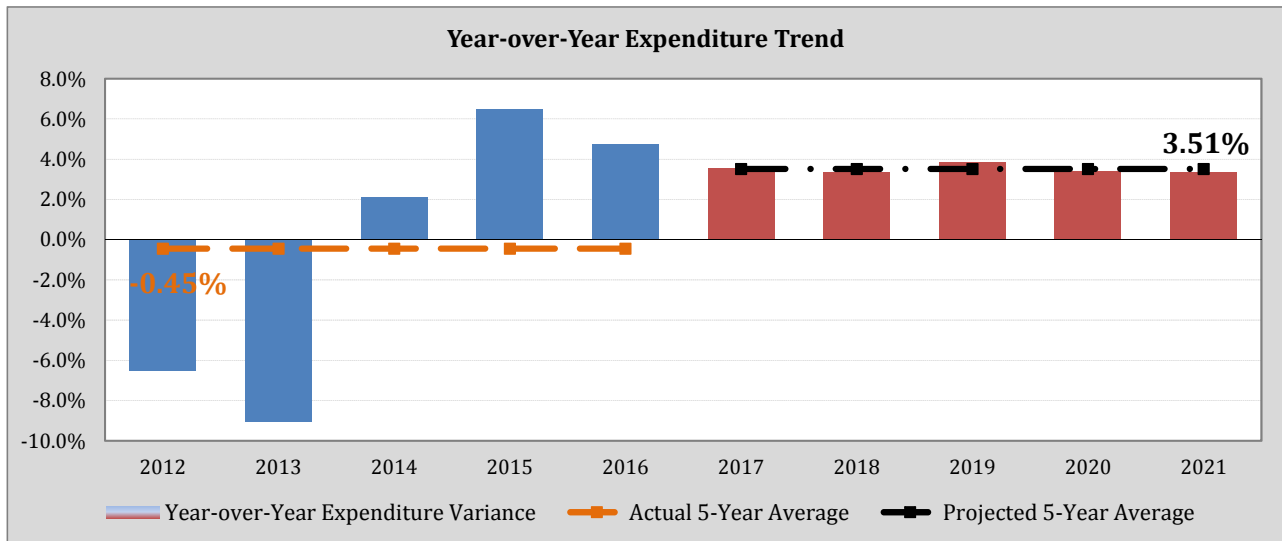
### 3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



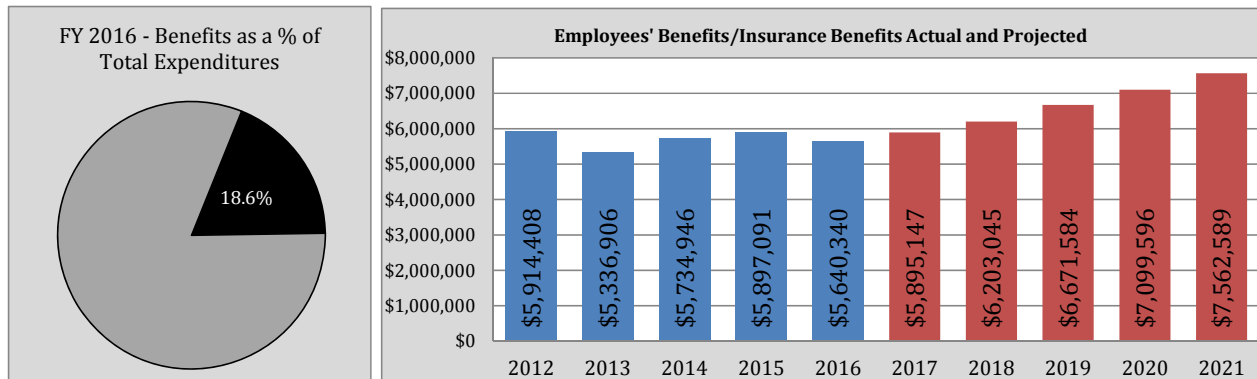
Salaries are projected grow annually by an average +3.51% over the forecast period. From 2014 through 2016 the District restored some teaching and non-certified positions that were critical to student success. The forecast assumes an overall reduction of 2 staff in FY2018. Stable staffing levels are anticipated from FY2019 through 2021.

The forecast includes negotiated base salary increases of 3%, 2.5% and 2% respectively in FY2017 through FY2019. The forecast assumes 2% annual base wage increases thereafter. The base wage increases come after recent years of wage freezes which left district salaries below neighboring districts. However, to afford wage increases the District recognized the need to address an unsustainable health insurance plan design. Therefore, the District implemented a new high deductible health plan coupled with health savings accounts (HSA) for all employees effective in FY15. For more information see Fringe Benefit note.



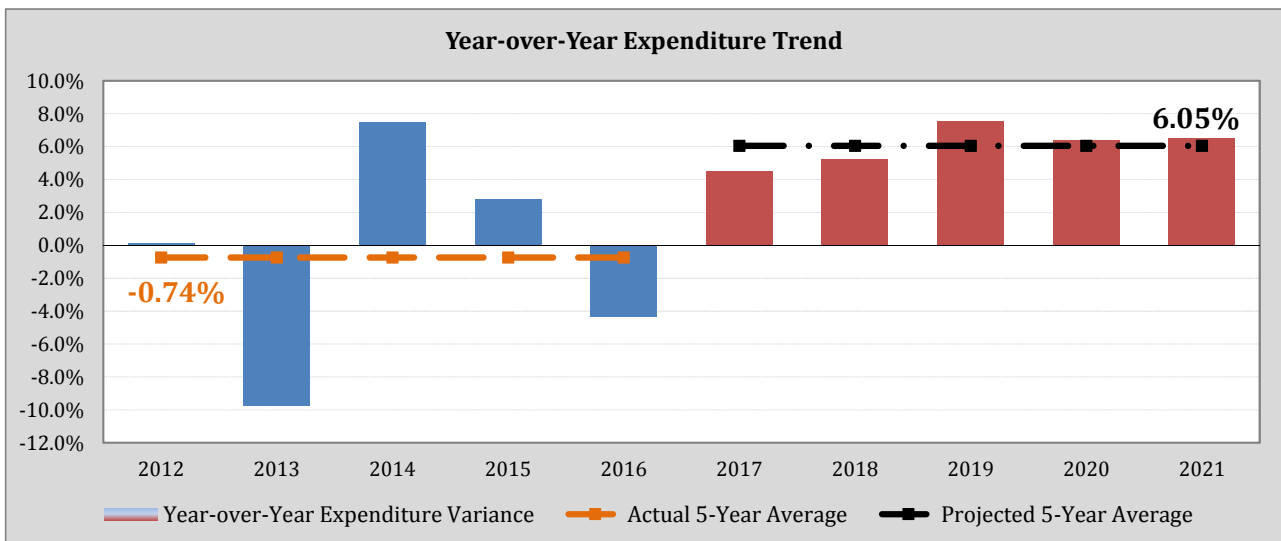
### 3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



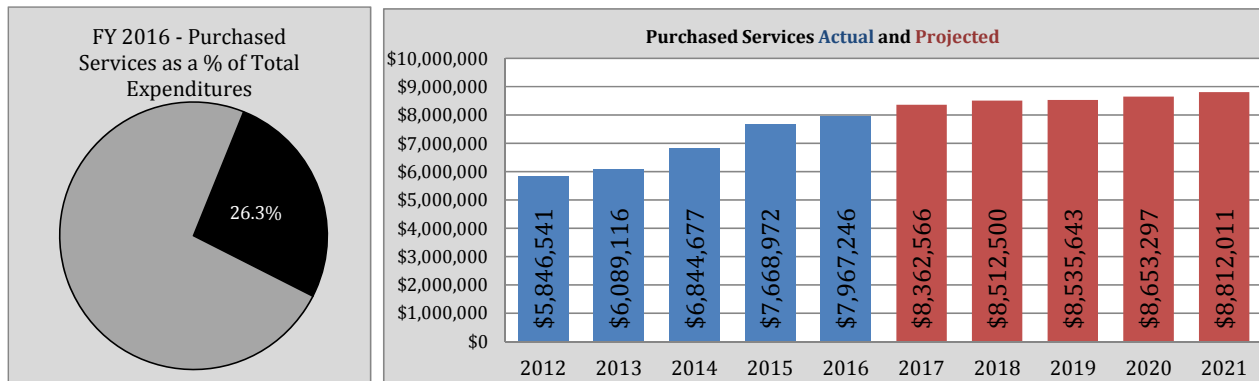
Bucking trend, the overall cost of District provided fringe benefits have decreased recently (FY2014 through FY2016). A large portion of the reduction can be attributed to the move from a traditional health insurance plan design to a high deductible plan design. During the transition to the new plan, the Board committed larger contributions to employee Health Savings Accounts (HSA), thus reducing an individual's out-of-pocket exposure. Board contributions to HSA accounts in FY2016 were half of the FY2015 levels and FY2016 premiums only increased by 2.38%. Both the reduced HSA contributions coupled with small premium increases helped free-up dollars for negotiated salary increases in FY16.

For FY2017 and beyond the forecast assumes a consistent number of health plans and rates increases averaging near the current industry trend of approximately 10% per year utilizing FY2017 as the base. FY2017-FY2021 also assumes HSA contributions to continue at FY16 levels.



### 3.030 - Purchased Services

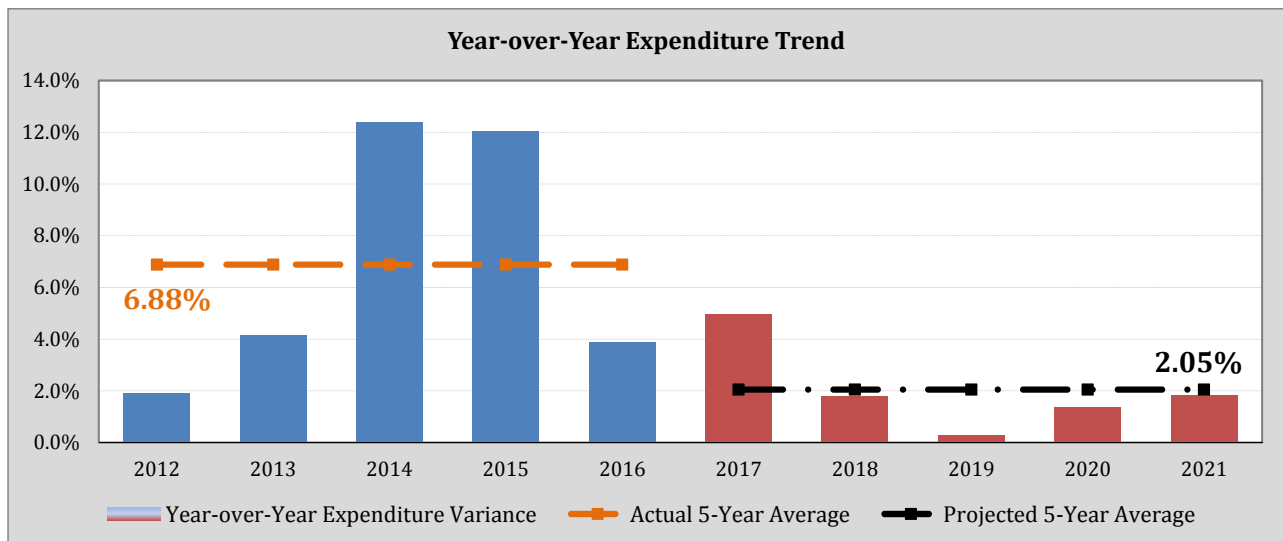
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



This category also accounts for a variety of other expenses including: special education tuition, utilities, transportation charges, rentals, as well as outgoing student enrollment charges.

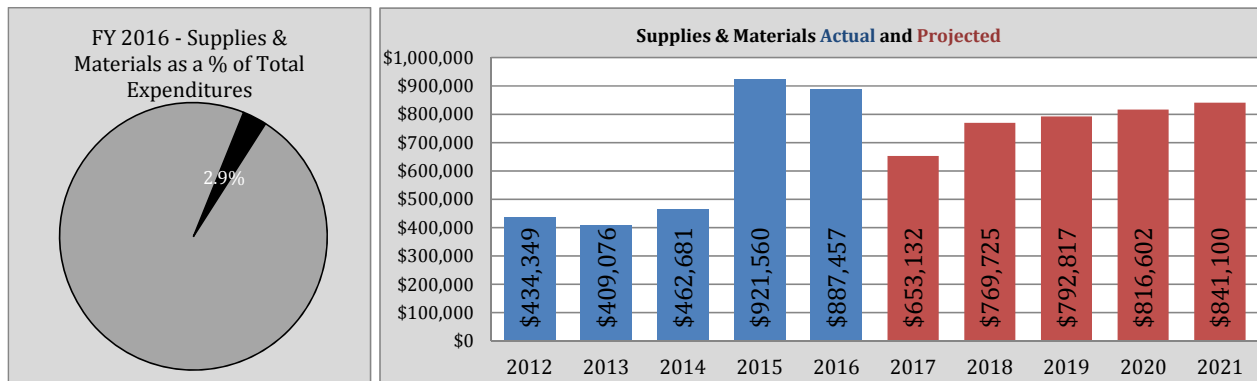
From FY2014 through FY2016 spending growth in this category was fueled by increases in outgoing open enrollment, community schools and other external scholarships. Also, in FY15 the District returned approximately \$125,000 worth of purchased service spending from its Permanent Improvement Fund to the General Fund. Also, FY2015 was affected by a one-time \$240,000 catch up payment for VLA charges.

The District lost a total of 671 students through open enrollment and another 94 to community schools in FY16, but in FY2017 have realized reductions in both of those numbers. FY2017 outgoing Open Enrollment currently stand at 652, and 88 are attending a community school. The District expects outgoing open enrollment to continue its gradual decline to 618 students by the end of FY2021. Part of this assumption is directly related to the District's new buildings, which are scheduled to open in FY2019. Outgoing community school levels are projected to remain consistent at approximately 90 to 95 students in FY18 and beyond.

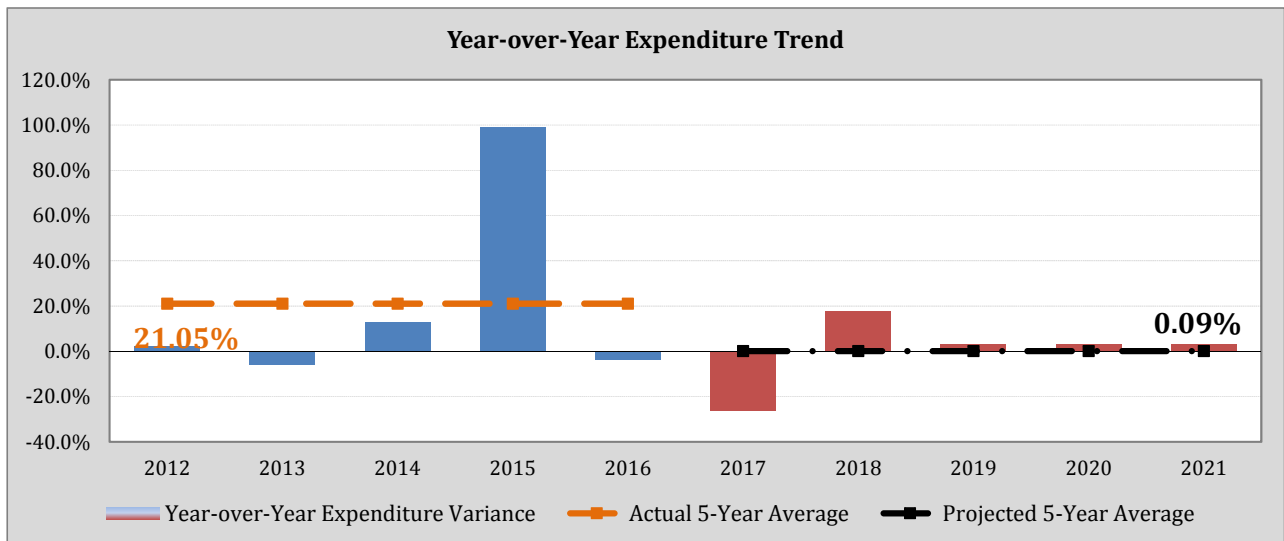


### 3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



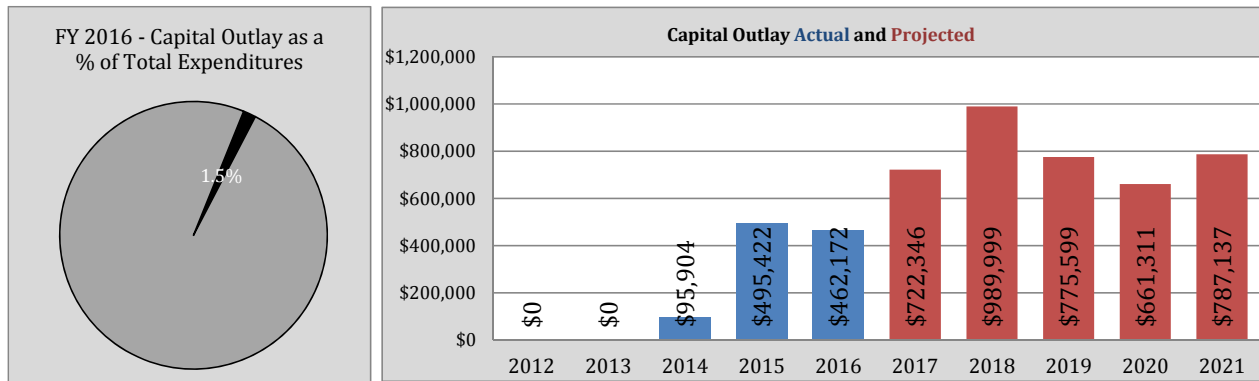
The District returned approximately \$450,000 worth of supply expenditures from its Permanent Improvement Fund to the General Fund in FY2015. In addition, textbook purchases were emphasized in both FY2015 and FY2016 averaging approximately \$300,000 per year. Text purchases in FY2017 are expected to end at approximately \$100,000 which is down significantly from the prior two years. In FY2018 the forecast anticipates text purchases to return to more typical levels and remain stable at \$200,000 annually through the end of the projection. Aside from text purchases, the District anticipates normal inflationary growth from 2018 to 2021.





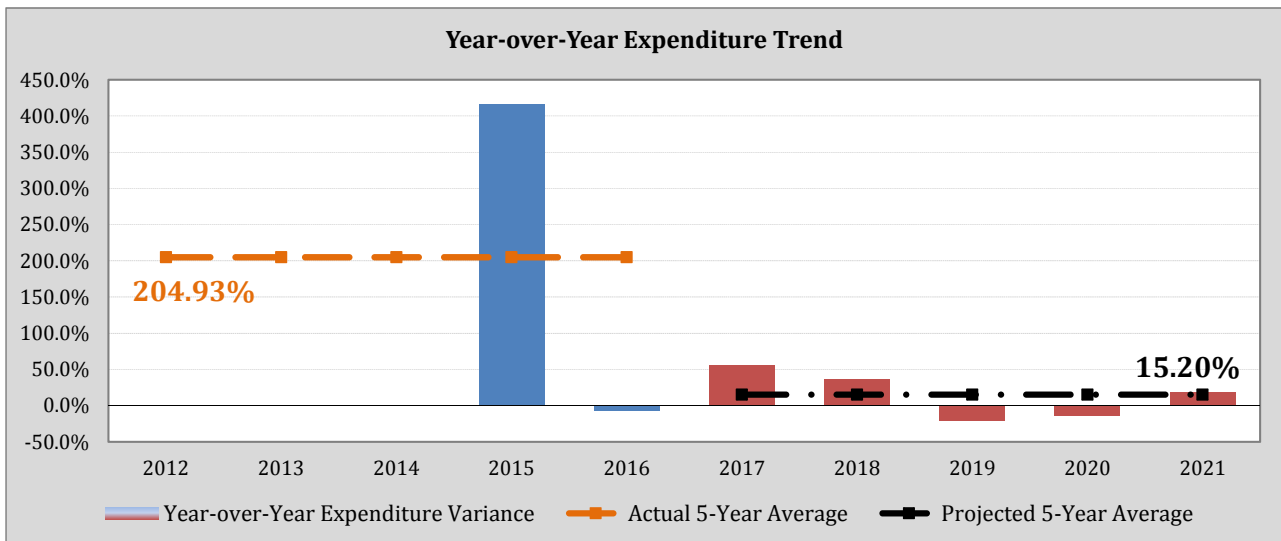
### 3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



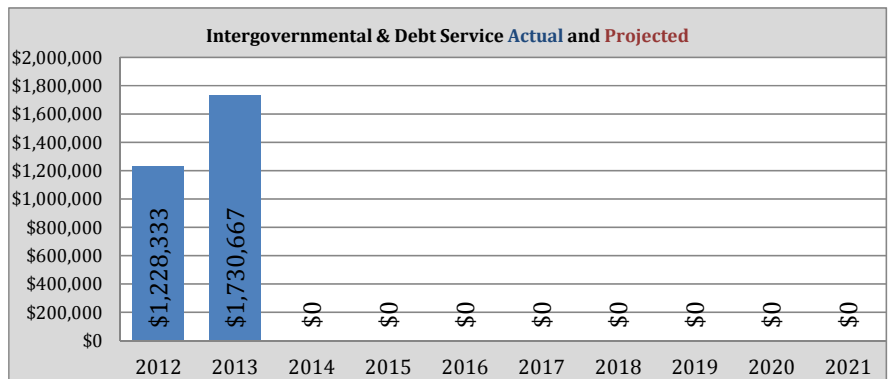
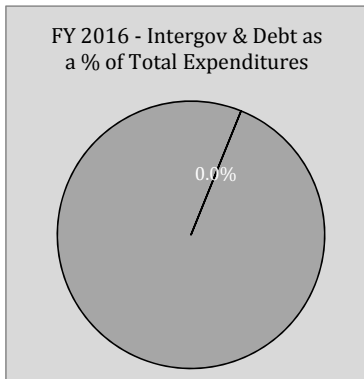
In FY2014, the District returned a portion of capital spending from its PI Fund to the General Fund. Part of those expenses included funding for a new technology plan. The forecast also assumes the purchase of 3 buses in FY2018 and one in both FY2019 and FY2021. No bus purchases are planned in FY2020.

Also beginning in FY2018 (and continuing through the end of the forecast period), \$370,000 per year in capital lease payments are budgeted for the Horizon warehouse building. The District is studying other one-time outlays, but any such decisions will require careful consideration as the forecast anticipates expenditures exceeding revenue in the near future.

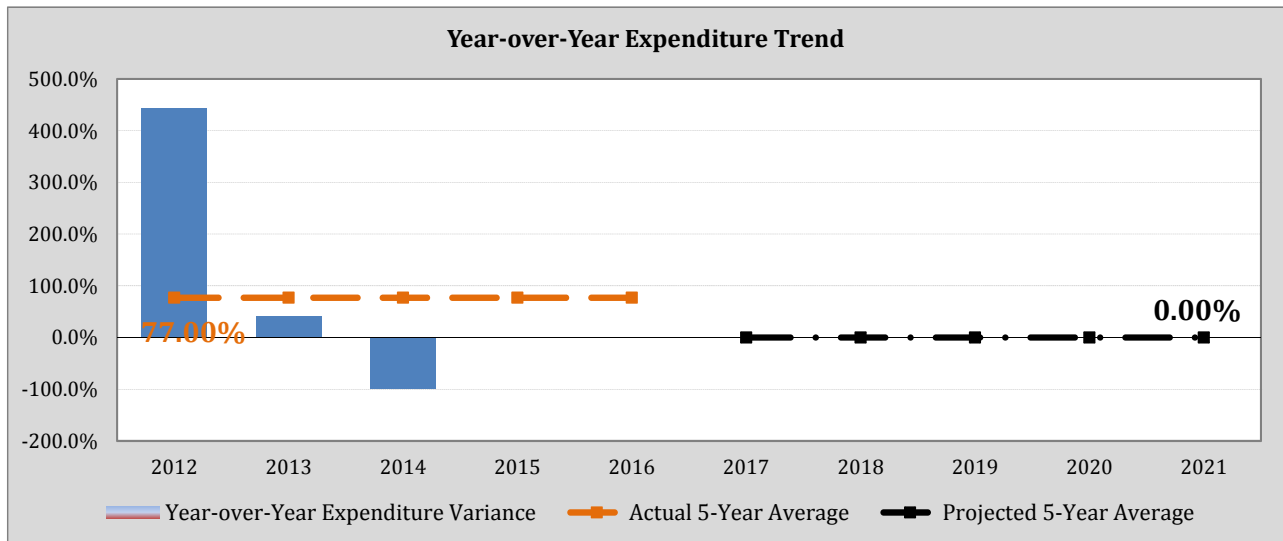


### 3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

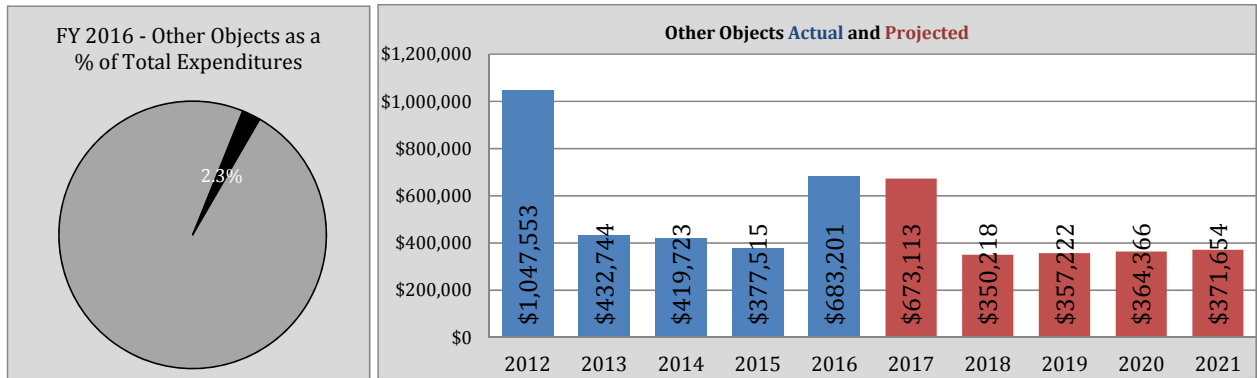


As previously mentioned in the Other Non-Operating Revenue narrative, FY2012 and FY2013 reflect the repayment of short-term cash flow borrowing. No other activity has been or is anticipated to be recorded in this particular line item of the forecast.



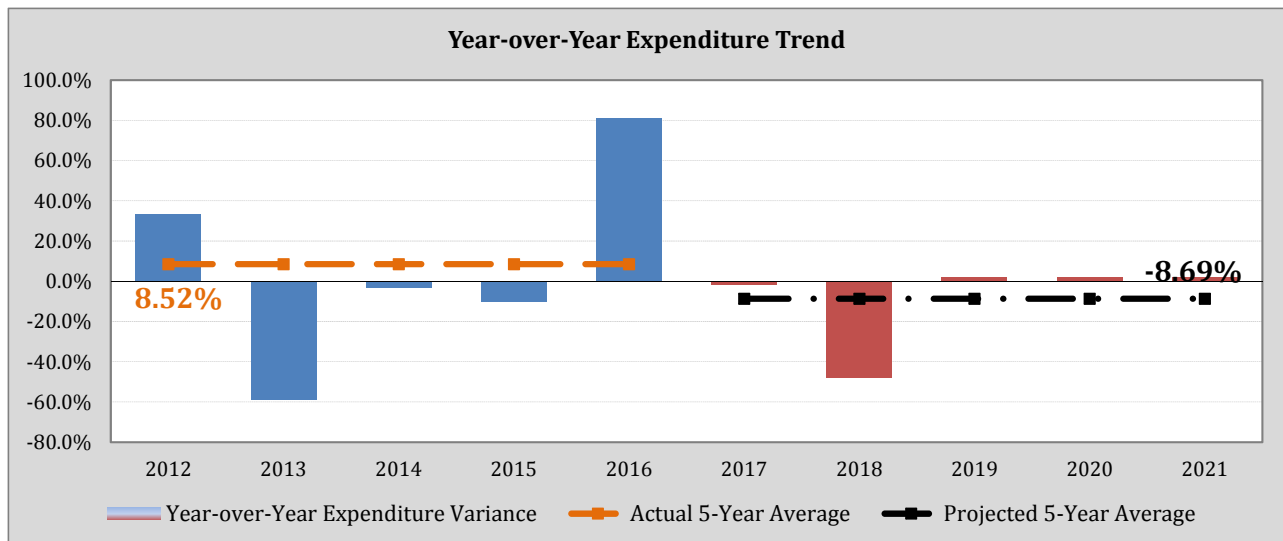
### 4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



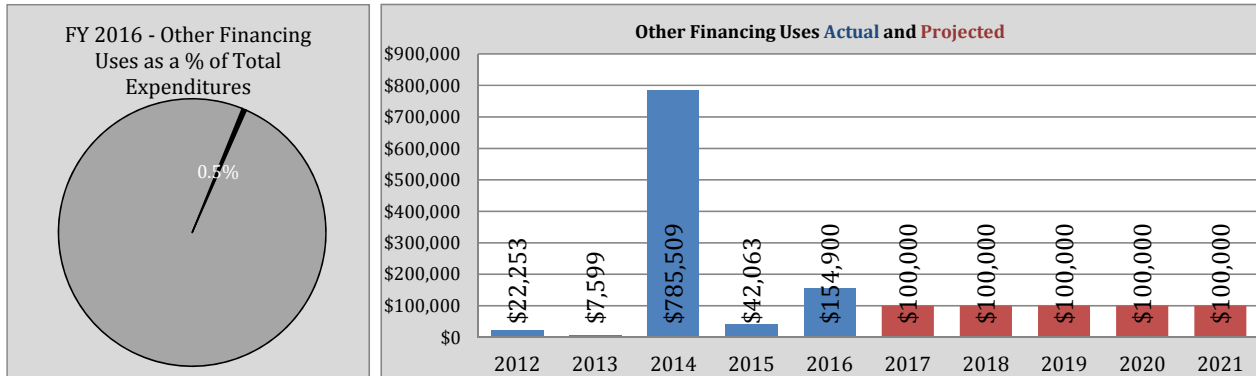
As mentioned on the revenue side of the ledger, both revenue and expenditure were inflated in both FY2016 and FY2017 by the in and out transaction of \$331,415 and \$328,015 respectively to account for bond premiums (See All Other Revenue note for the related receipt posting).

Aside from these large repayments, the other charges here are primarily related to county auditor and treasurer fees which serve as the basis of the projections from FY2017 - FY2021.



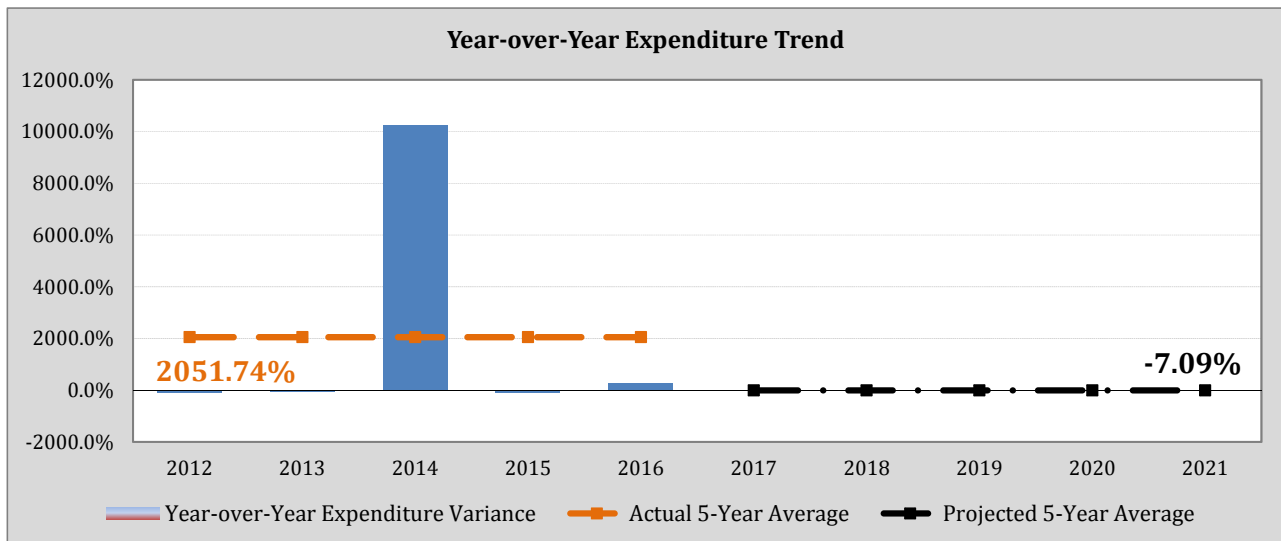
### 5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



FY2014 reflects the transfer of \$721,912 from the General Fund to the Permanent Improvement Fund. As previously mentioned, this transfer supported capital purchases necessary to maintain equipment and facilities. Moving forward, the District does not plan to transfer additional General Fund dollars, rather it intends to make necessary purchases directly from the General Fund instead of PI.

For FY2017 - FY21 the forecast only assumes advances of \$100,000 to address Federal program cash shortfalls during the year. These advance outs are offset by corresponding advance ins reflected on the revenue side of the ledger in Non-Operating Sources.



## Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers  
F.Y. 2017

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
		Forecast Amounts For F.Y. 2017 Prepared on: 10/6/2016	Forecast Amounts For F.Y. 2017 Prepared on: 4/19/2017		
<b>Revenue:</b>					
1	Real Estate & Property Allocation	\$13,035,492	\$13,307,212	\$271,719	2.1%
2	Public Utility Personal Property	\$1,219,793	\$1,192,394	-\$27,399	-2.2%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$14,999,086	\$15,113,978	\$114,892	0.8%
5	Other Revenue	\$2,533,984	\$3,083,967	\$549,983	21.7%
6	Other Non Operating Revenue	\$101,500	\$101,500	\$0	0.0%
7	<b>Total Revenue</b>	<b>\$31,889,855</b>	<b>\$32,799,051</b>	<b>\$909,196</b>	<b>2.9%</b>
<b>Expenditures:</b>					
8	Salaries	\$15,068,097	\$14,966,099	-\$101,997	-0.7%
9	Fringe Benefits	\$6,032,227	\$5,895,147	-\$137,079	-2.3%
10	Purchased Services	\$8,114,168	\$8,362,566	\$248,398	3.1%
11	Supplies, Debt, Capital Outlay & Other	\$1,989,003	\$2,048,590	\$59,587	3.0%
12	Other Non Operating Expenditures	\$100,000	\$100,000	\$0	0.0%
13	<b>Total Expenditures</b>	<b>\$31,303,494</b>	<b>\$31,372,403</b>	<b>\$68,909</b>	<b>0.2%</b>
14	<b>Revenue Over/(Under) Expenditures</b>	<b>\$586,361</b>	<b>\$1,426,648</b>	<b>\$840,287</b>	<b>2.7%*</b>
15	<b>Ending Cash Balance</b>	<b>\$8,903,827</b>	<b>\$9,744,108</b>	<b>\$840,281</b>	<b>2.7%*</b>

\*Percentage expressed in terms of total expenditures

The forecast for FY17 remains very consistent with the forecast filed in October 2016, which was prepared after the District passed its bond issue and took action to reduce 3.2 mills of emergency operating millage. Overall, the updated forecast for FY17 is only 2.7% different than the one filed in October. The good news is the variance represents an overall improvement in the District's cash position to end the year.

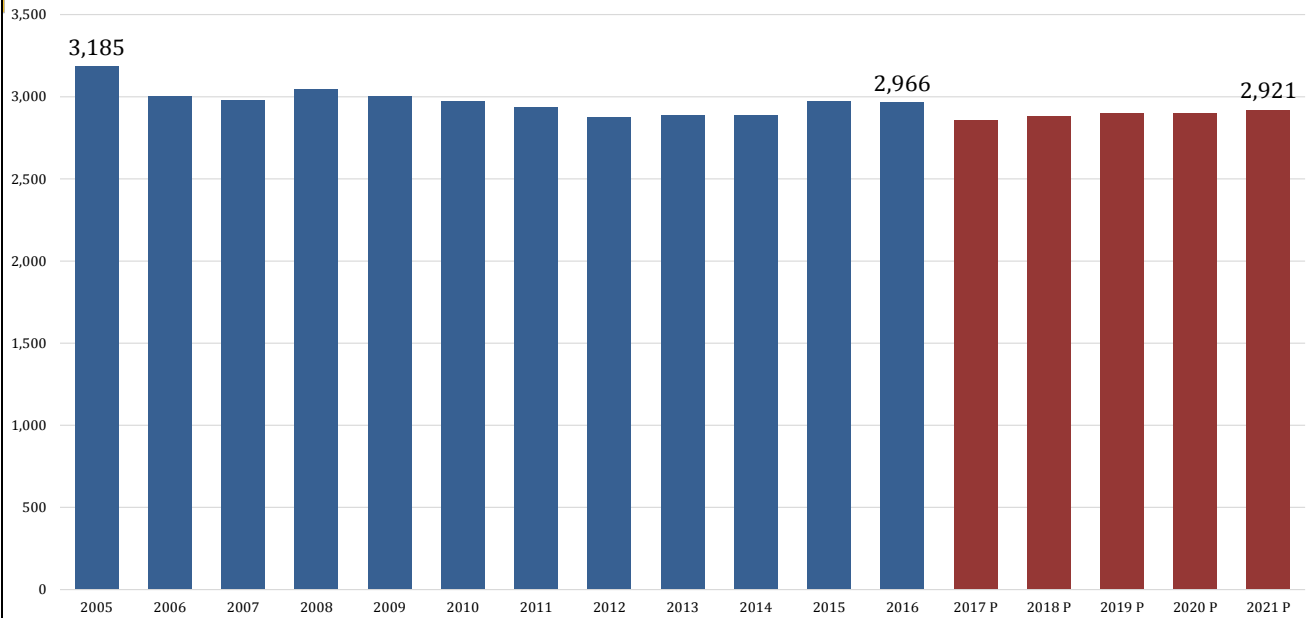
Chillicothe City School District

Fiscal Year:	Actual	FORECASTED				
	2016	2017	2018	2019	2020	2021
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	10,348,797	10,021,140	9,754,463	9,200,304	8,674,789	8,742,250
1.020 - Public Utility Personal Property	1,239,615	1,192,394	1,182,271	1,156,398	1,130,274	1,152,880
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	11,877,370	12,750,195	14,214,276	14,935,400	15,722,212	16,513,618
1.040 - Restricted Grants-in-Aid	2,112,726	2,363,783	1,466,570	1,519,818	1,536,325	1,579,994
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	3,631,076	3,286,072	3,062,170	2,730,372	2,403,009	2,167,896
1.060 - All Other Operating Revenues	2,927,054	3,083,967	2,724,308	2,776,618	2,829,493	2,882,934
<b>1.070 - Total Revenue</b>	<b>32,136,638</b>	<b>32,697,551</b>	<b>32,404,058</b>	<b>32,318,909</b>	<b>32,296,100</b>	<b>33,039,571</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	99,228	100,000	100,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	22,775	1,500	1,500	1,500	1,500	1,500
<b>2.070 - Total Other Financing Sources</b>	<b>122,003</b>	<b>101,500</b>	<b>101,500</b>	<b>101,500</b>	<b>101,500</b>	<b>101,500</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>32,258,641</b>	<b>32,799,051</b>	<b>32,505,558</b>	<b>32,420,409</b>	<b>32,397,600</b>	<b>33,141,071</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	14,450,096	14,966,099	15,466,957	16,064,148	16,612,581	17,172,876
3.020 - Employee Benefits	5,640,340	5,895,147	6,203,045	6,671,584	7,099,596	7,562,589
3.030 - Purchased Services	7,967,246	8,362,566	8,512,500	8,535,643	8,653,297	8,812,011
3.040 - Supplies and Materials	887,457	653,132	769,725	792,817	816,602	841,100
3.050 - Capital Outlay	462,172	722,346	989,999	775,599	661,311	787,137
3.060 - Intergovernmental	-	-	-	-	-	-
<b>Debt Service:</b>						
4.010 - Principal-All Years	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-
4.300 - Other Objects	683,201	673,113	350,218	357,222	364,366	371,654
<b>4.500 - Total Expenditures</b>	<b>30,090,512</b>	<b>31,272,403</b>	<b>32,292,444</b>	<b>33,197,012</b>	<b>34,207,752</b>	<b>35,547,366</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	25,000	-	-	-	-	-
5.020 - Advances-Out	129,900	100,000	100,000	100,000	100,000	100,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	154,900	100,000	100,000	100,000	100,000	100,000
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>30,245,412</b>	<b>31,372,403</b>	<b>32,392,444</b>	<b>33,297,012</b>	<b>34,307,752</b>	<b>35,647,366</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>2,013,229</b>	<b>1,426,648</b>	<b>113,114</b>	<b>(876,603)</b>	<b>(1,910,152)</b>	<b>(2,506,296)</b>
7.010 - Cash Balance July 1 (No Levies)	6,304,231	8,317,460	9,744,108	9,857,222	8,980,619	7,070,467
7.020 - Cash Balance June 30 (No Levies)	8,317,460	9,744,108	9,857,222	8,980,619	7,070,467	4,564,172
8.010 - Estimated Encumbrances June 30	391,397	150,000	150,000	150,000	150,000	150,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>7,926,063</b>	<b>9,594,108</b>	<b>9,707,222</b>	<b>8,830,619</b>	<b>6,920,467</b>	<b>4,414,172</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	736,880	1,473,692	1,473,648
11.030 - Cumulative Balance of Levies	-	-	-	736,880	2,210,572	3,684,219
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>7,926,063</b>	<b>9,594,108</b>	<b>9,707,222</b>	<b>9,567,499</b>	<b>9,131,039</b>	<b>8,098,391</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>7,926,063</b>	<b>9,594,108</b>	<b>9,707,222</b>	<b>9,567,499</b>	<b>9,131,039</b>	<b>8,098,391</b>

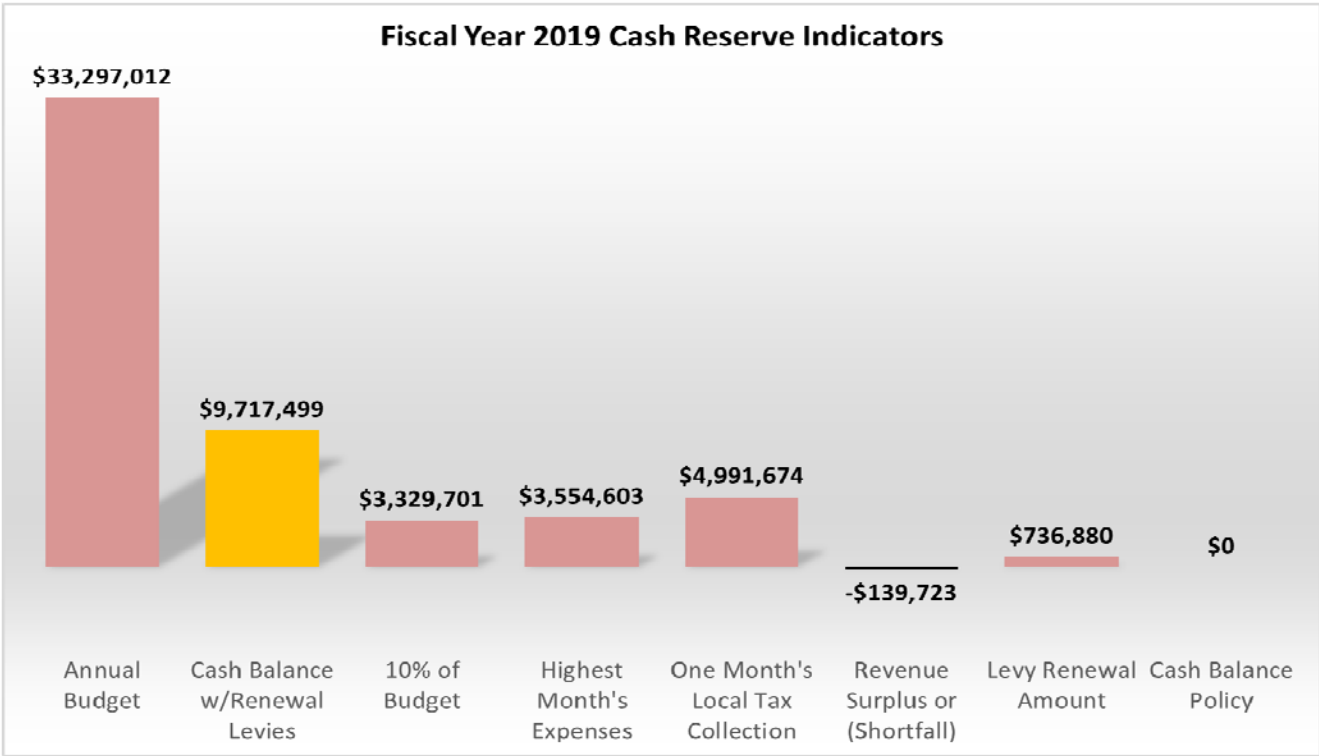
# Enrollment Supplement

	2017	2018	2019	2020	2021	
Prior Year Actual/Estimated Enrollment (October Count)	2,966	2,857	2,880	2,898	2,899	
<b>Projected Changes to Prior Year Enrollment</b>						
Net All-Grade Level Mobility Factor (Change) to Prior Year	-2	4	1	-5	2	
Net Aggregate Manual Adjustments to Mobility Factor	-50	0	0	20	0	
New Kindergartners In	186	255	225	230	245	
Loss of Seniors from Prior Year	-243	-236	-208	-244	-225	
Net Change in Outgoing and Incoming Pupils	-57	19	17	-14	20	
<b>Current Year Estimated Enrollment (Simulated October Count)</b>	<b>2,857</b>	<b>2,880</b>	<b>2,898</b>	<b>2,899</b>	<b>2,921</b>	
District Head Count	Grade					
	K	186	255	225	230	245
	1	211	181	249	219	224
	2	230	201	172	237	208
	3	210	232	203	173	239
	4	226	205	227	198	169
	5	221	223	203	224	196
	6	196	220	222	202	223
	7	214	198	223	225	204
	8	230	216	200	225	227
	9	241	267	251	253	262
	10	246	227	251	236	238
	11	210	247	228	252	237
	12	236	208	244	225	249
<b>Total Can Differ by Rounding</b>	<b>2,857</b>	<b>2,880</b>	<b>2,898</b>	<b>2,899</b>	<b>2,921</b>	
Year-Over-Year Percentage Change	-3.67%	0.81%	0.63%	0.03%	0.76%	

**Historic vs. Projected Enrollment**



### Cash Balance Projections & Benchmarks



Despite the small projected revenue shortfall in FY2019, the District's cash reserves are anticipated to remain comfortably above standard benchmark measures. Obviously, though the revenue shortfall projected for FY2019 signals a need to properly plan in future years to avoid a less sustainable downward trend. It also underscores the critical need to renew the District's emergency levy.