



Chillicothe City School District

Five Year Forecast Financial Report

May, 2018

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Table of Contents

| | <u>PAGE #</u> |
|---|---------------|
| Table of Contents | 2 |
| Executive Summary | 3 |
| Revenue Overview | 4 |
| 1.010 - General Property Tax (Real Estate) | 5 |
| 1.020 - Public Utility Personal Property | 6 |
| 1.035 - Unrestricted Grants-in-Aid | 7 |
| 1.040 & 1.045 - Restricted Grants-in-Aid | 8 |
| 1.050 - Property Tax Allocation | 9 |
| 1.060 - All Other Operating Revenues | 10 |
| 2.070 - Total Other Financing Sources | 11 |
| Expenditures Overview | 12 |
| 3.010 - Personnel Services | 13 |
| 3.020 - Employee Benefits | 14 |
| 3.030 - Purchased Services | 15 |
| 3.040 - Supplies and Materials | 16 |
| 3.050 - Capital Outlay | 17 |
| 3.060 - 4.060 - Intergovernmental & Debt | 18 |
| 4.300 - Other Objects | 19 |
| 5.040 - Total Other Financing Uses | 20 |
| Forecast Compare | 21 |
| Five Year Forecast | 22 |
| FY2020 Projected Cash Balance and Benchmarks | 23 |
| Enrollment Supplement | 24 |

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

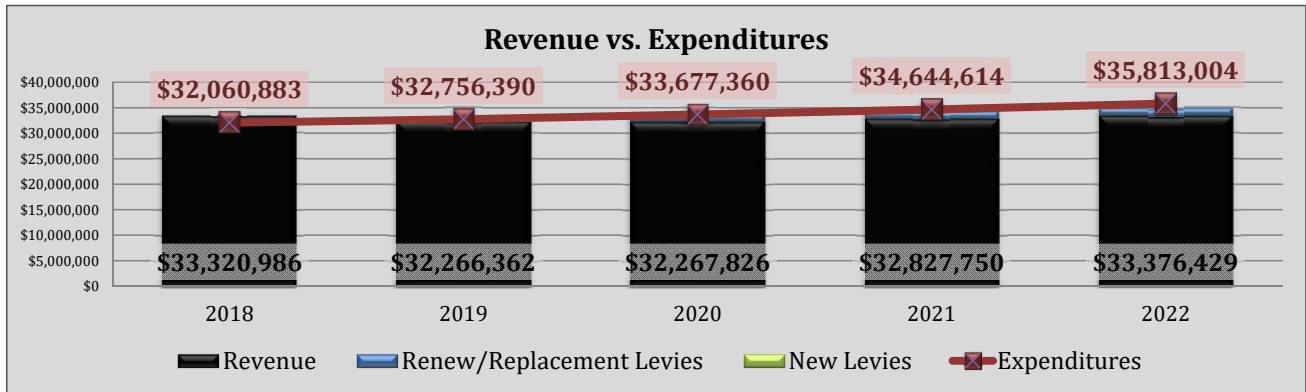
| | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning Balance | 9,960,895 | 11,220,998 | 11,430,573 | 11,420,156 | 11,002,329 |
| + Revenue | 33,320,986 | 32,266,362 | 32,267,826 | 32,827,750 | 33,376,429 |
| + Proposed Renew/Replacement Levies | - | 699,604 | 1,399,116 | 1,399,038 | 1,399,063 |
| + Proposed New Levies | - | - | - | - | - |
| - Expenditures | (32,060,883) | (32,756,390) | (33,677,360) | (34,644,614) | (35,813,004) |
| = Revenue Surplus or Deficit | 1,260,103 | 209,575 | (10,417) | (417,826) | (1,037,511) |
| Ending Balance | 11,220,998 | 11,430,573 | 11,420,156 | 11,002,329 | 9,964,818 |
| Revenue Surplus or Deficit w/o Levies | 1,260,103 | (490,028) | (1,409,534) | (1,816,864) | (2,436,574) |
| Ending Balance w/o Levies | 11,220,998 | 10,730,970 | 9,321,436 | 7,504,572 | 5,067,997 |

Summary:

In November 2015, the District passed a 3.2 mill bond levy and in return agreed to reduce collections on its existing emergency levy by the amount generated from the 3.2 mill bond issue so taxpayers would see no net millage increase. Since that time, values increased in both the 2016 triennial update and again in 2017 (primarily due to new construction) a bit more than anticipated. Therefore, the District reduced collections on the emergency levy by another \$100,000 effective for the 2018 collection period. Assuming the renewal of the emergency levy and despite the associated collection reductions, overall tax collections are forecasted to remain stable.

Additionally, State revenue continues to leverage the district's local revenue sources. While the new formula incorporates a lower funding cap of 3% compared to the larger increases realized the past two biennials, state funding is still expected to produce an additional \$1.3 million of revenue 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 (at a rate of approximately \$240,000 per year).

Because the District is trending toward expenditures exceeding revenue even with the renewal of the District's emergency renewal, the continuation of that renewal is essential in order to support existing programing and operations as forecasted.

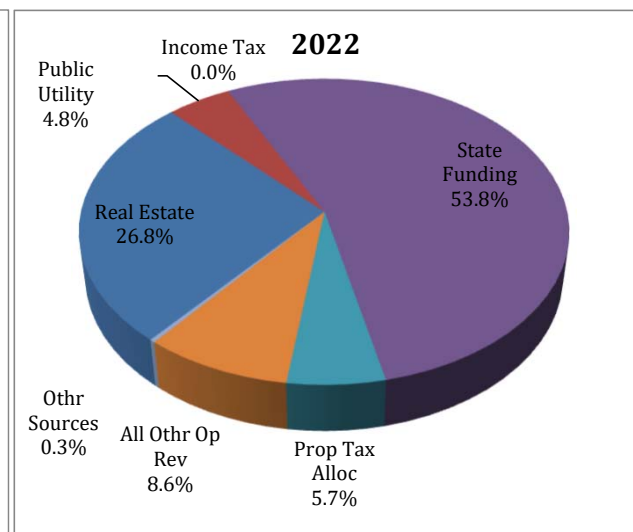
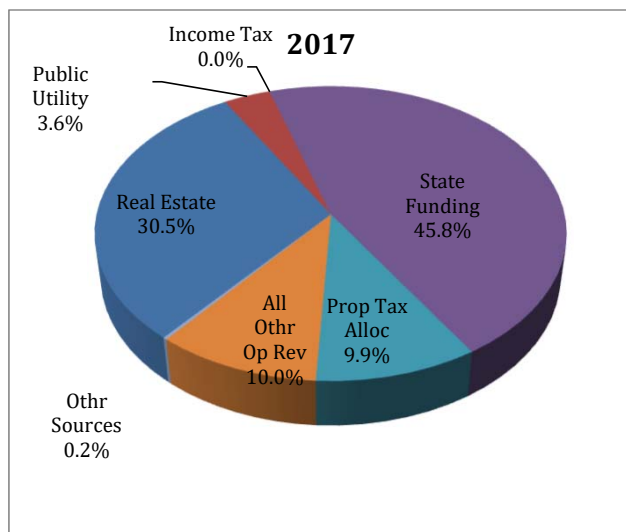


Revenue Overview

| | Prev. 5-Year Avg. Annual Change | PROJECTED | | | | | 5-Year Avg. Annual Change |
|------------------------------|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------|
| | | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | |
| Revenue: | | | | | | | |
| 1.010-Real Estate | 3.00% | 3.00% | -6.05% | 2.42% | 0.72% | 0.46% | 0.11% |
| 1.020-Public Utility | 6.80% | 17.12% | 16.75% | 1.80% | 1.80% | 1.96% | 7.88% |
| 1.030-Income Tax | n/a | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 1.035-State Funding | 4.28% | 3.84% | 2.32% | 4.41% | 4.13% | 4.12% | 3.77% |
| 1.040-Restricted Aid | 37.87% | 5.40% | 2.13% | 1.16% | 2.25% | 2.50% | 2.69% |
| 1.045-Restr Federal SFSP | -100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 1.050-Property Tax Alloc | -4.55% | -7.08% | -7.91% | -8.46% | -9.24% | -10.36% | -8.61% |
| 1.060-All Other Operating | 17.57% | -17.14% | 0.66% | 1.75% | 1.96% | 1.39% | -2.28% |
| 1.070-Total Revenue | 4.74% | 0.99% | -0.76% | 2.13% | 1.67% | 1.61% | 1.13% |
| 2.070-Total Other Sources | -28.65% | 165.14% | -50.14% | 0.00% | 0.00% | 0.00% | 23.00% |
| 2.080-Total Rev & Other Srcs | 3.89% | 1.38% | -1.07% | 2.13% | 1.66% | 1.60% | 1.14% |

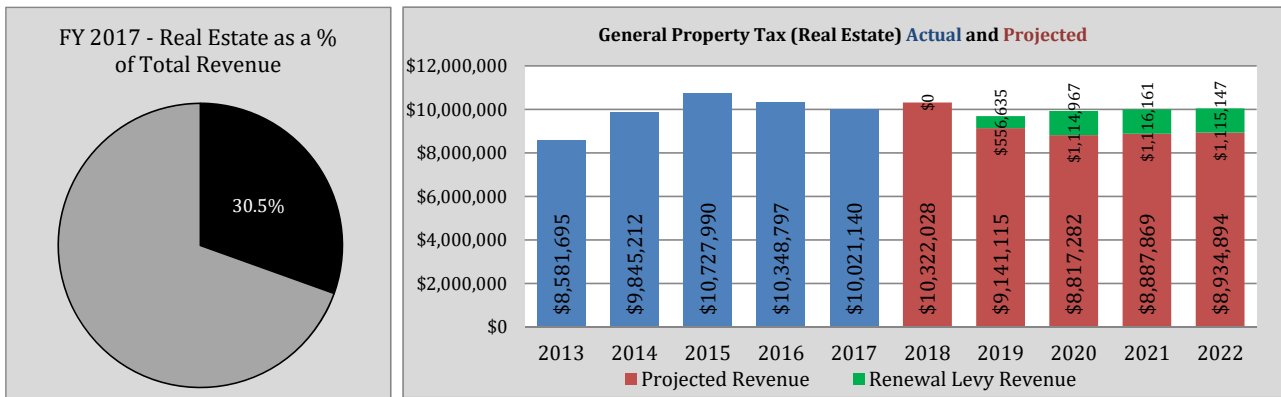
Although the forecast calls for stagnate local tax collections, overall revenue is still expected realize growth through the forecast period. Much of the projected overall revenue growth is fueled by state funding which is expected to grow by the maximum gain caps permitted in future school funding formulas. Growth is expected to be tempered 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 average increases of 1.14% per year for the period 2018 through 2022 (again assuming the renewal of the District's emergency levy).



1.010 - General Property Tax (Real Estate)

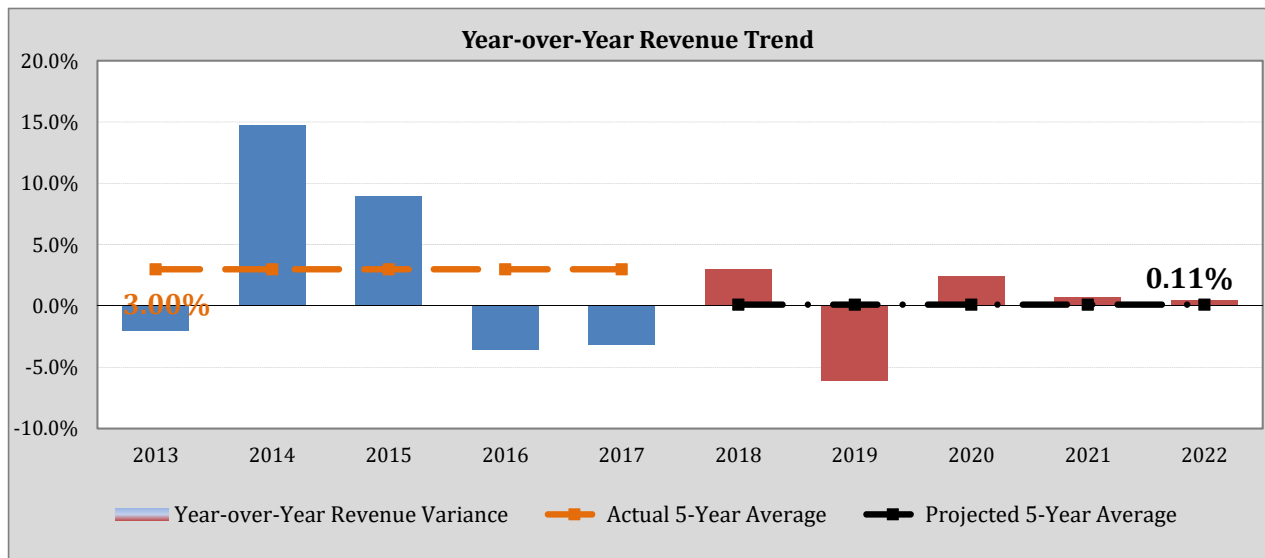
Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



The revenue growth reflected in FY2014 & FY2015 is attributable to a 7.2 operational 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 7.2 mill emergency levy by the amount generated from the bond issue (the reduction affected tax collections in both FY2016 and FY2017). Property values grew at rates slightly better than forecasted and tax collections have been favorable. Therefore, the District decided to reduce collections on the its operational emergency levy collections by another \$100,000 during the 2018 collection year.

Despite the added rollback of the emergency levy, tax revenue in FY2018 will end above FY2017 levels thanks to continued favorable collection rates combined with a higher first half 2018 collection split (related to federal tax law changes). FY2019 collections are expected to drop due to the lower second half collection split and then stabilize in FY2020 and beyond.

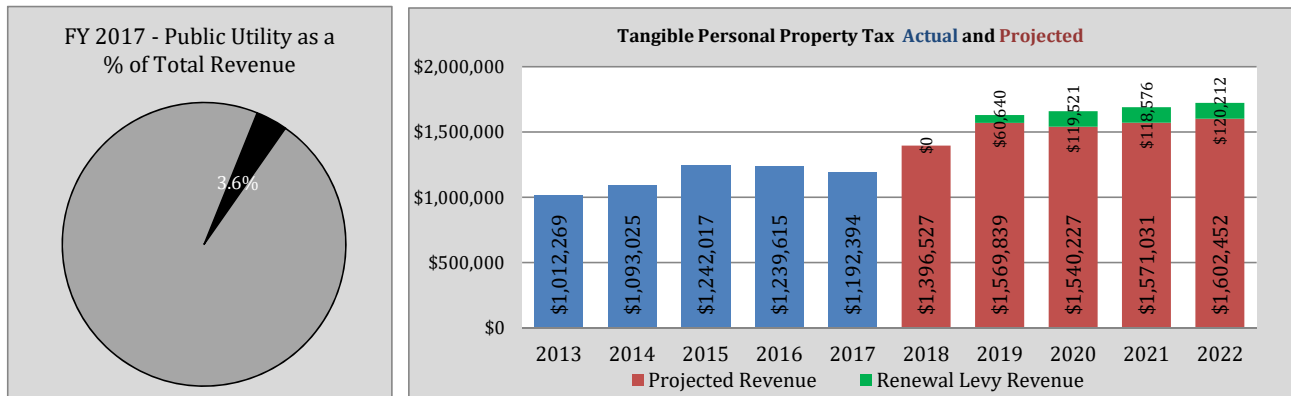
**As mentioned and probably most importantly, the forecast anticipates the renewal of the remaining portion of the emergency levy (approximately 3.65 mills) in 2018. The proceeds from that renewal are reflected as "reserved" and appear as the green shaded area of the bar chart above.



*Projected % trends include renewal levies

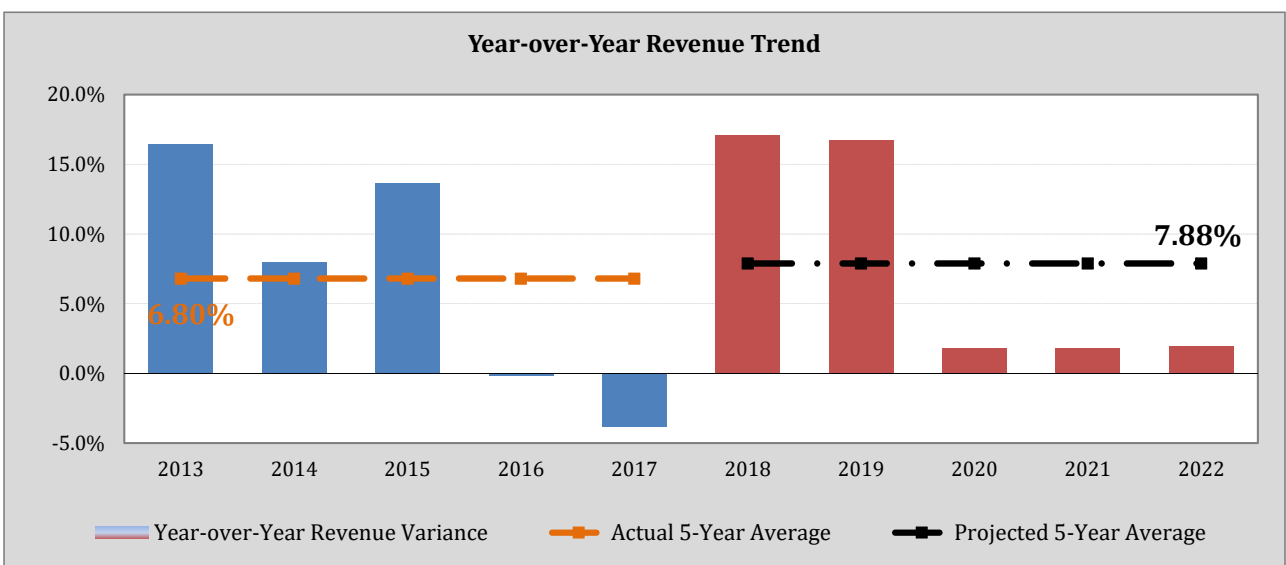
1.020 - Public Utility Personal Property

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



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 explaining the revenue drop in FY2017.

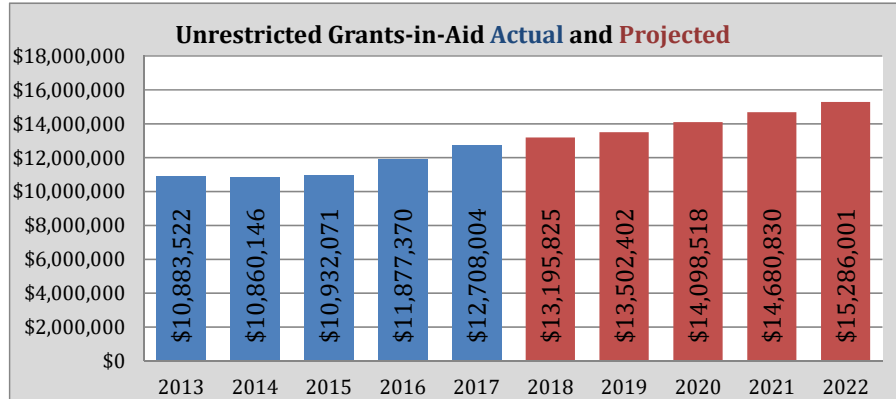
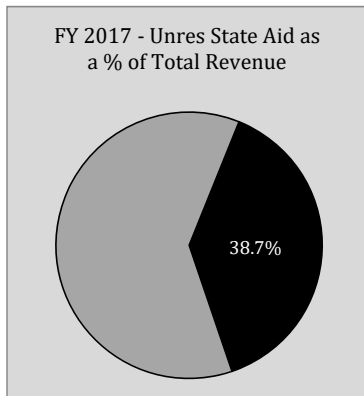
Values jumped nearly 40% or \$10 million in 2017 related to utility infrastructure improvements (for collection in calendar 2018), which explains the collection boost in both FY2018 and FY2019. Subsequent public utility values are expected to increase by 2% per year leading to modest forecasted revenue growth in FY2020 and beyond. 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

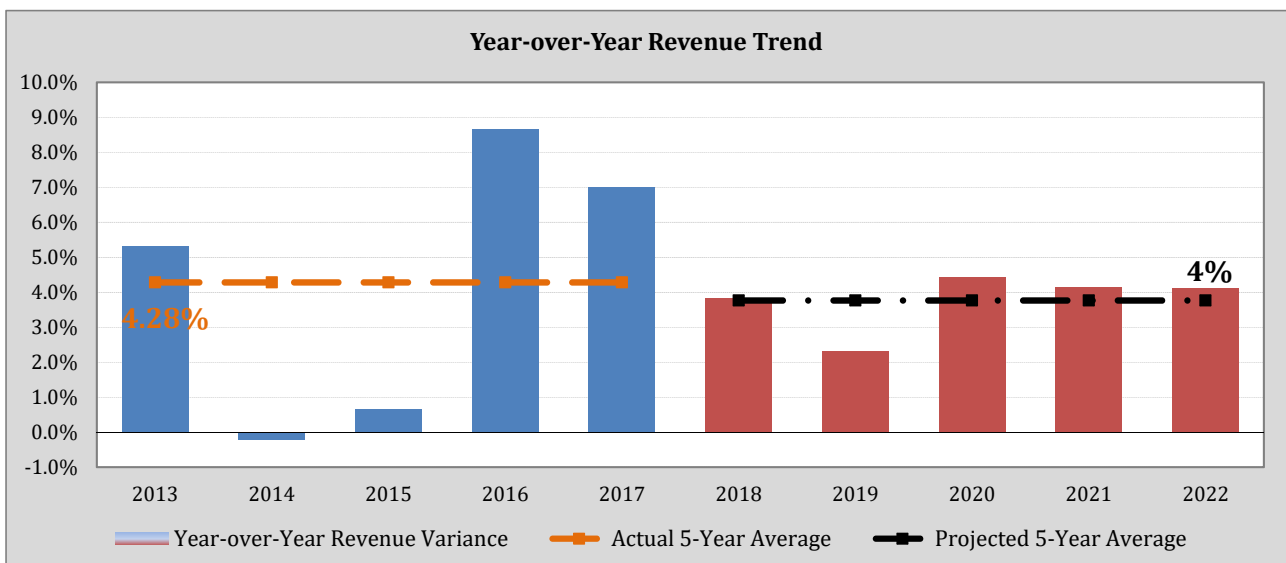
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



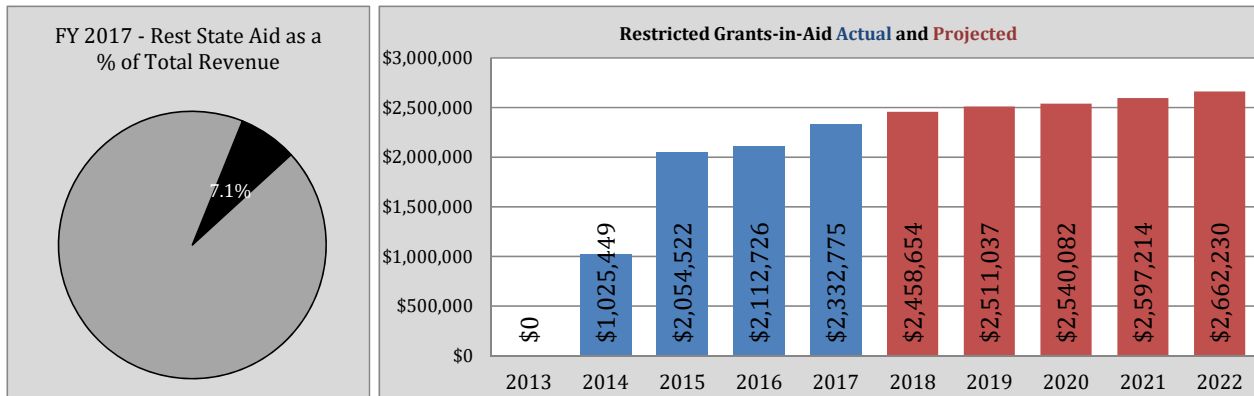
Beginning in FY2014, Ohio implemented a new state funding formula. That formula provided additional revenue (when both Unrestricted and Restricted State aid are considered), but the amounts calculated for Chillicothe have been limited by funding caps. In FY2014 and FY2015, most of the cap-limited growth came in the form of economic disadvantaged funding. Since the dollars associated with this funding component are required to be spent in approved areas, a large portion of the associated revenue growth is reflected in the Restricted Grants-in-Aid category.

The state retained the basic framework of the school funding formula in both subsequent biennial budgets (FY2016/2017 and FY2018/2019). The formula covering the current biennial (FY2018/FY2019) is expected to continue to generate the maximum base funding increases permitted which include a 3% annual base funding cap. In total, the current formula is expected to add another \$1.5 million of additional state aid over the biennial. The forecast anticipates the District will still have approximately \$355,000 in unfunded formula by the end of FY2022 (assuming a continuation of the current formula in subsequent state budgets combined with a 4% cap limit).



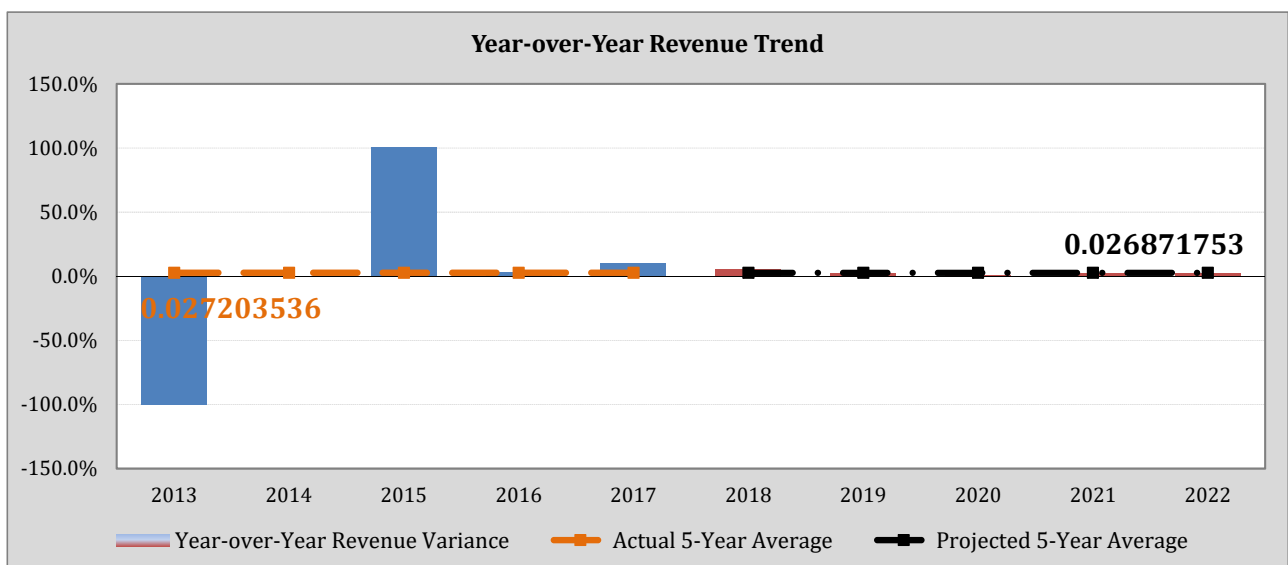
1.040 & 1.045 - Restricted Grants-in-Aid

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



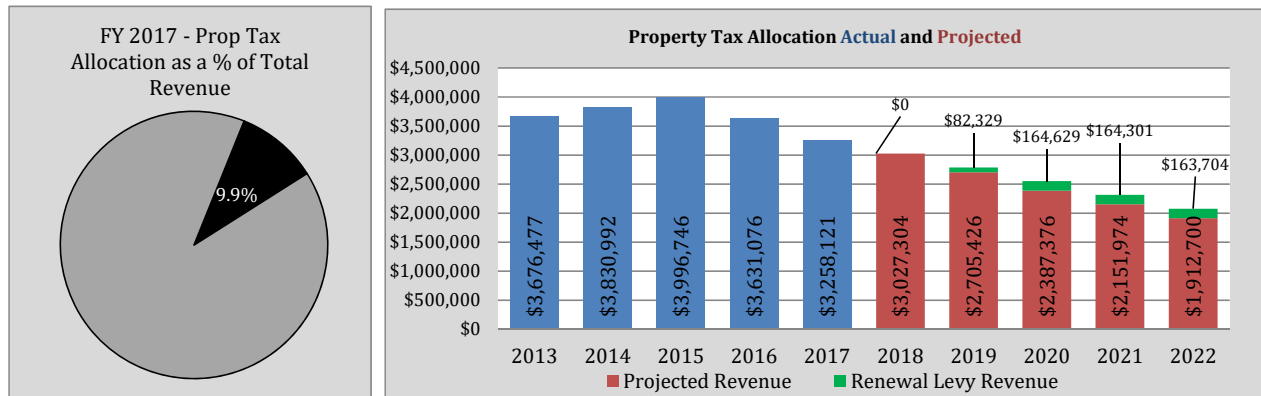
As mentioned in the Unrestricted Grants-in-Aid supporting notes, the state funding formula adopted in FY2014 supplied significant additional revenue in the form of Economic Disadvantaged funding to Chillicothe. This funding component has steadily grown and is expected to generate over \$2.4 million in FY2018.

The forecast assumes restricted funding will continue slow but steady growth through the end of the forecast period. Further, it is important to keep in mind that the combination of both Unrestricted and Restricted state aid is subject to the cap limitation (3% for the current biennial and 4% limit thereafter as previously indicated). Consequently, it is expected Unrestricted Aid will pick up most of the cap-limited growth after FY2019. In other words, it is important to view both Unrestricted and Restricted aid estimates in tandem.



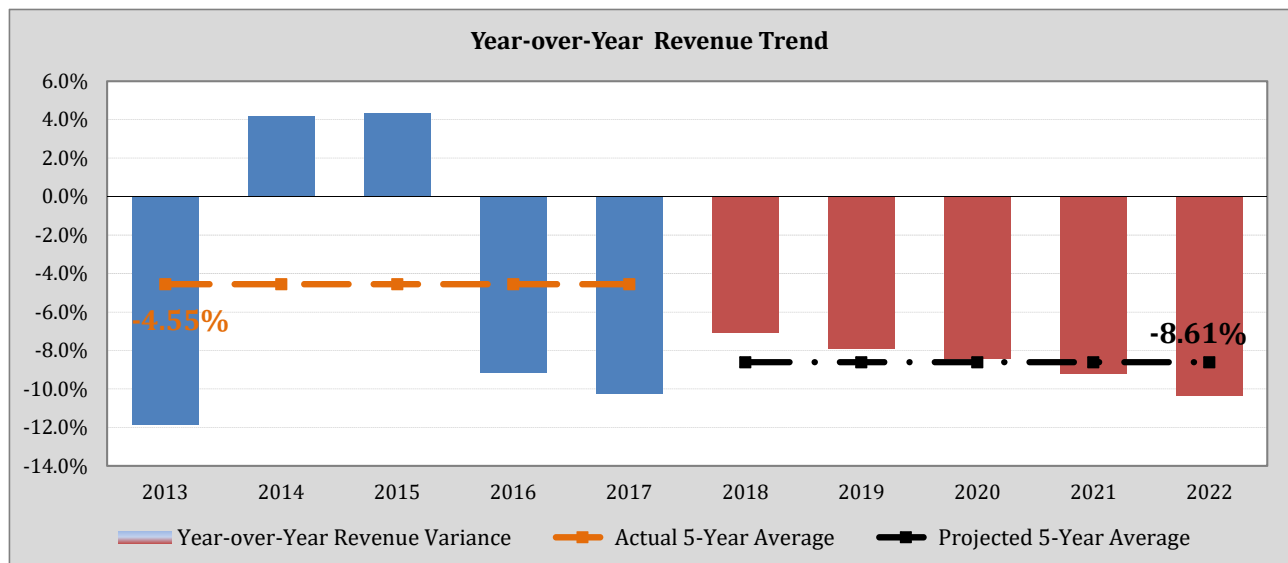
1.050 - Property Tax Allocation

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



Passage of the 2013 emergency levy resulted in the growth of state supplied property tax reimbursements as noted in both FY2014 and FY2015. 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 in the green shaded area of the bar chart above (see Real Estate and Public Utility Property Tax notes for further detail).

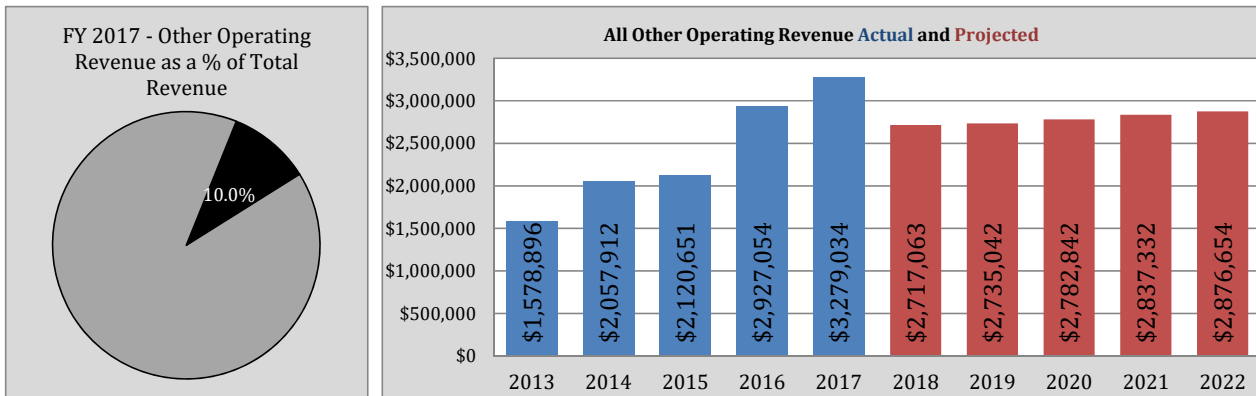
Although future state supplied property tax reimbursements are anticipated to remain stable, this category reflects overall reductions due to gradual elimination of tangible personal property reimbursements. The state replaced locally levied tangible taxes (last collected in FY2009) with a state imposed Commercial Activity Tax (CAT) tax. That tax was supposed to provide dedicated revenue stream the state could use provide replacement payments recorded in this category. However, those replacements have consistently been phased down. Although off its highs, the District still expects to receive over \$1.6 million of tangible reimbursement revenue in FY18. Current legislation calls for the continued phase-out of this revenue stream over the forecast period at a rate of approximately \$240,000 per year.



*Projected % trends include renewal levies

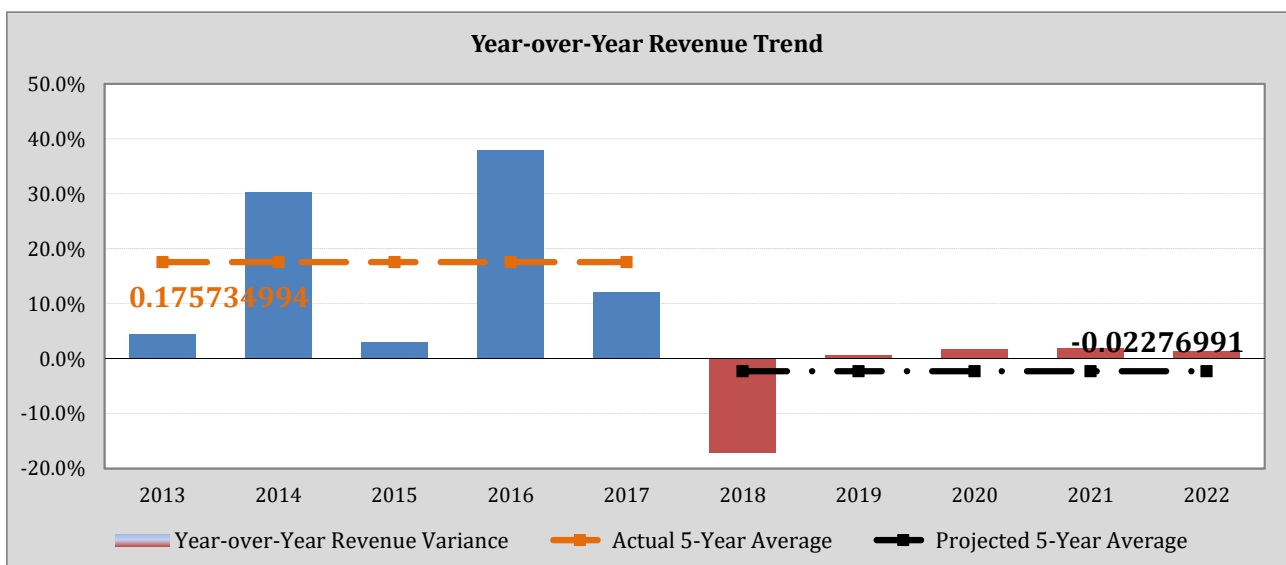
1.060 - All Other Operating Revenues

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



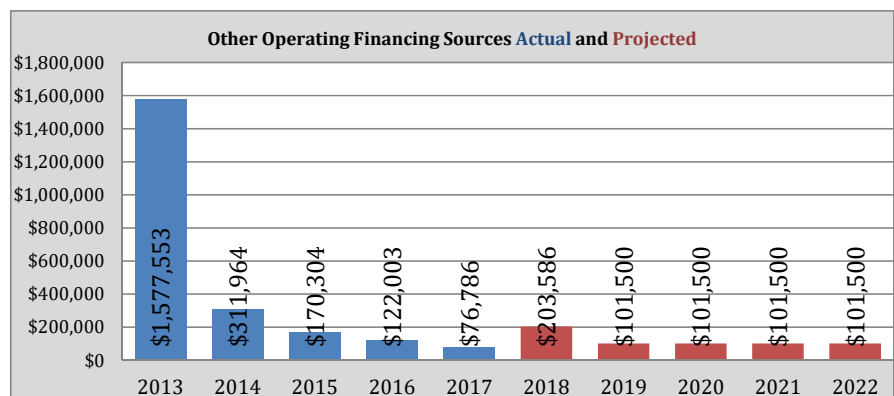
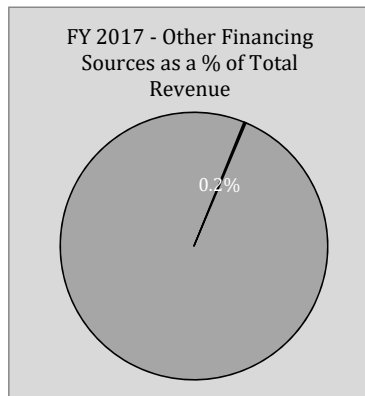
Generally, revenue reflected in this category represents tuition payments, revenue for incoming open enrollment students, class fees, and interest earnings. However, both revenue and expenditures were inflated in FY2016 and FY2017 by “accounting” transactions of \$331,415 and \$328,015 respectively to record bond premiums (See Other Expenditures for the related expenditure posting). In addition to the accounting transactions recorded in FY2016 and FY2017, the District received \$302,611 and \$141,774 respectively during those same years in “true-up” Medicaid reimbursements. FY2018 collections returned to more typical levels after the two straight years of inflated results.

Aside from the higher than normal receipts recorded in FY2016 and FY2017, the District’s incoming open enrollment population continued to exhibit growth. From FY2015 to FY2017 incoming open enrollment grew from 265 students to 313 students, generating \$340,000 of additional revenue. The forecast assumes the District will maintain stable levels of incoming open enrollment students averaging 308 students from FY2018 through FY2022. The forecast also assumes Medicaid “true-up” reimbursements will continue, but at lower amounts (approximately \$85,000) per year from FY2018 though FY2022.



2.070 - Total Other Financing Sources

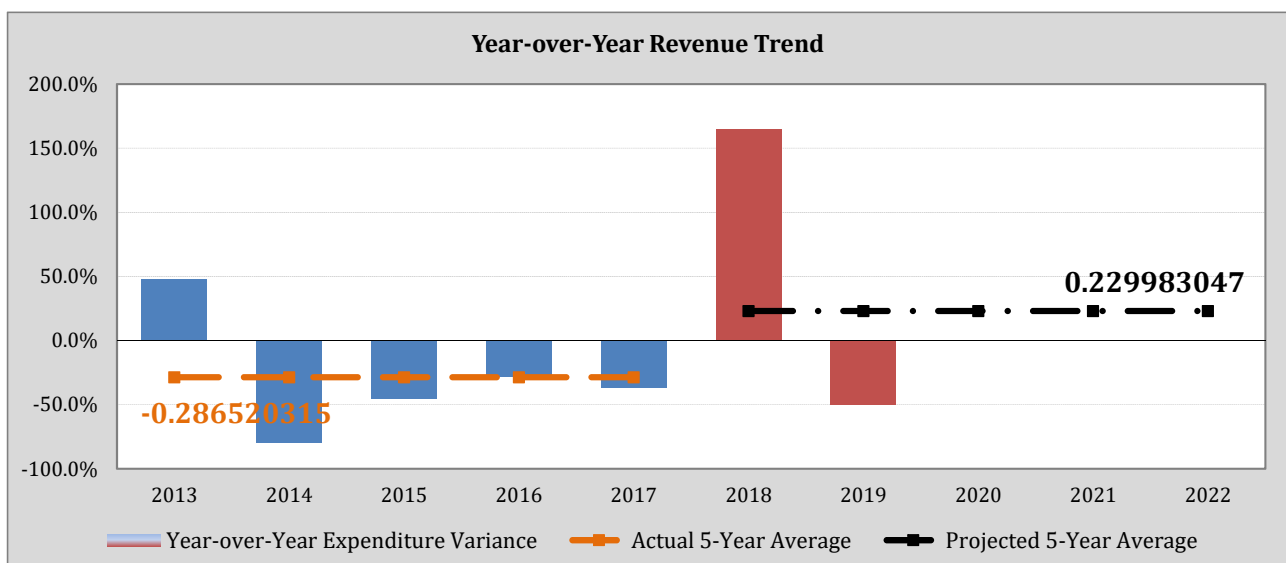
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



The District performed cash flow borrowing in both FY2012 and FY2013 to address budgetary needs within those 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 FY2015.

FY2018 reflects the return of slightly more than \$200,000 of advanced federal dollars. Moving forward this category only assumes \$100,000 advance returns each year and very minimal other receipts. No additional refunds are projected.

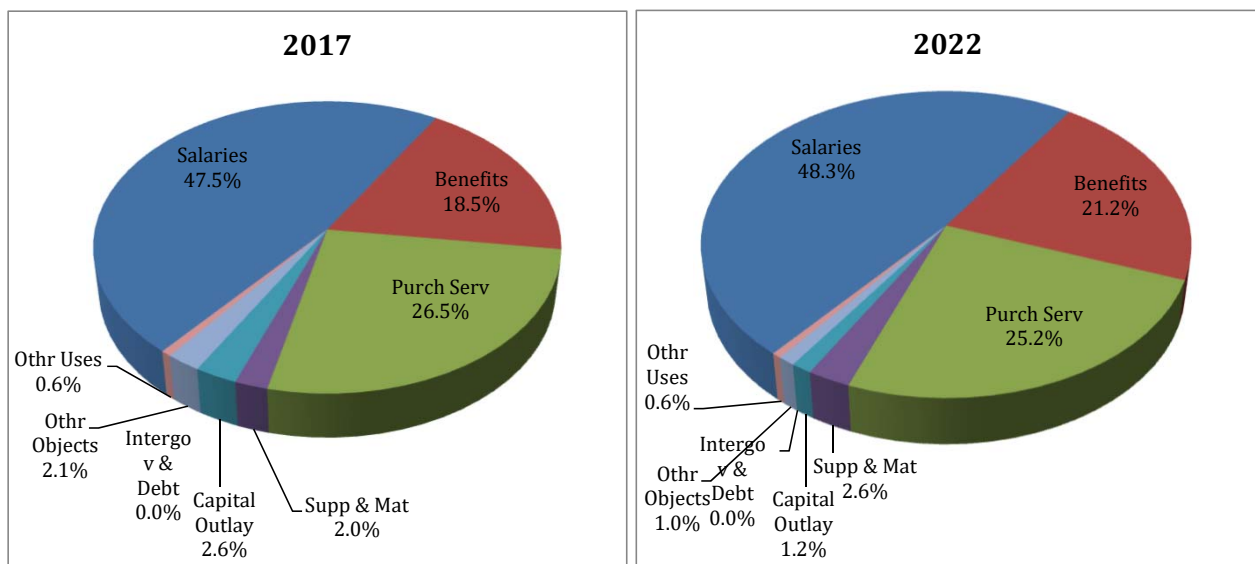


Expenditures Overview

| | Prev. 5-Year Avg. Annual Change | PROJECTED | | | | | 5-Year Avg. Annual Change |
|---|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------|
| | | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | |
| Expenditures: | | | | | | | |
| 3.010-Salaries | 1.41% | 1.84% | 3.75% | 3.29% | 3.36% | 3.36% | 3.12% |
| 3.020-Benefits | -0.30% | 2.44% | 7.86% | 5.83% | 5.96% | 6.05% | 5.63% |
| 3.030-Purchased Services | 7.27% | 1.75% | 2.95% | 0.85% | 1.50% | 1.49% | 1.71% |
| 3.040-Supplies & Materials | 14.95% | 16.73% | 22.92% | -5.83% | 3.00% | 3.00% | 7.96% |
| 3.050-Capital Outlay | 162.73% | -17.60% | -38.61% | 1.42% | 1.43% | 1.44% | -10.38% |
| 3.060-Intergov | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 4.010-4.060-Debt | -11.82% | n/a | n/a | n/a | n/a | n/a | n/a |
| 4.300-Other Objects | 1.30% | -49.95% | 2.00% | 2.00% | 2.00% | 2.00% | -8.39% |
| 4.500-Total Expenditures | 1.90% | 0.61% | 3.83% | 2.84% | 3.35% | 3.39% | 2.80% |
| 5.040-Total Other Uses | 2075.05% | 320.61% | -58.82% | 0.00% | -42.86% | 0.00% | 43.79% |
| 5.050-Total Exp & Other Uses | 1.98% | 2.68% | 2.17% | 2.81% | 2.87% | 3.37% | 2.78% |

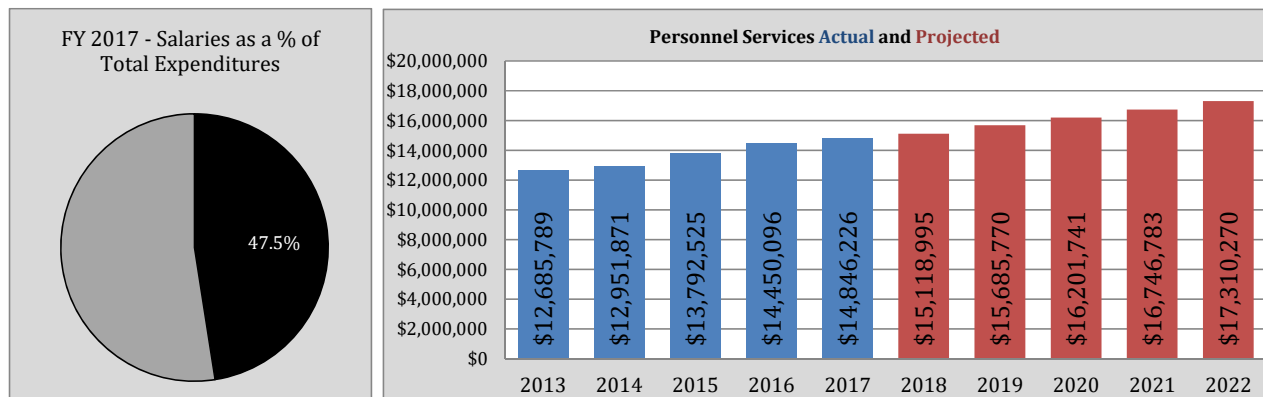
Expenditures are influenced by inflationary pressures and driven by the District’s plan to serve students. Overall expenditures are projected to increase, on average, at a rate of 2.78% per year. Spending over the prior 5-year period averaged a modest 1.98% mainly due to reduction measures implemented to maintain the District’s financial stability.

The cost containment occurred despite the fact the District returned a portion of its capital, purchased services, and supply spending to the General Fund in FY2015 (previously paid from the District’s Permanent Improvement Fund). Also, purchased services spending was impacted significantly in 2015 & 2016 because of growth in the number of outgoing open enrollment students. However, that trend saw a slight reversal in FY2017. The forecast assumes outgoing open enrollment to continue to gradually decline in FY2018 through FY2022 (explained in further detail in the Purchased Service Note).



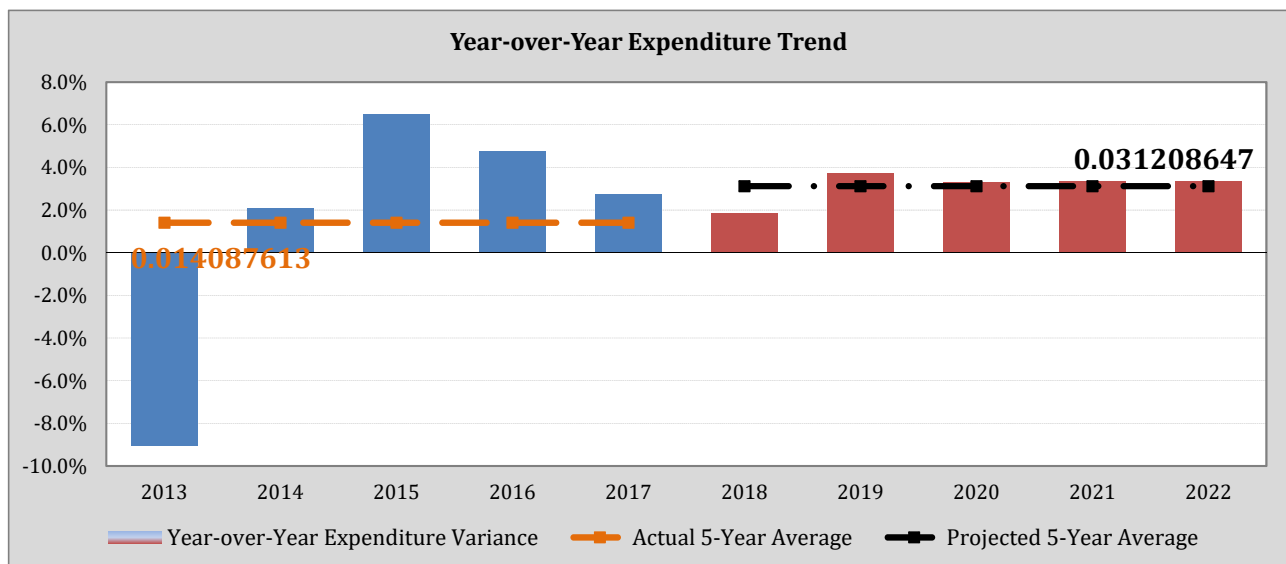
3.010 - Personnel Services

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



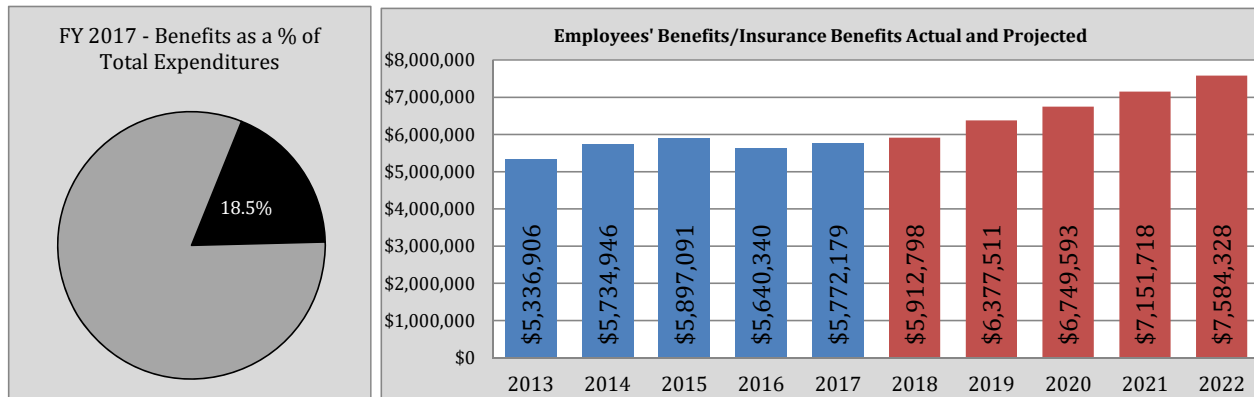
Salaries are projected grow annually by an average 3.12% per year over the forecast period. From 2014 through 2016 the District restored some teaching and non-certified positions that were critical to student success. The forecast includes a reduction of 2 teaching staff and 2 teachers aid positions in FY2018, while adding 1 psychologist position in the same year. The District expects to eliminate one administrative position in FY2019 and replace it with a lower cost administrative support position. Other than the administrative change planned in FY2019, the forecast assumes stable staffing levels from FY2019 through 2022.

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.



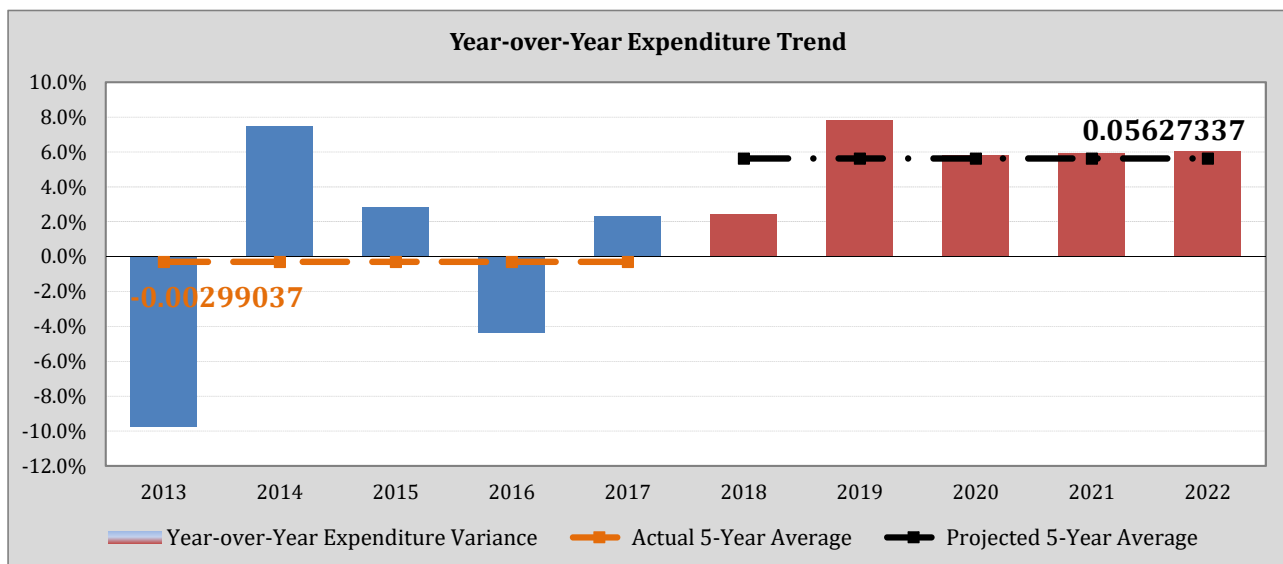
3.020 - Employees' Benefits

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



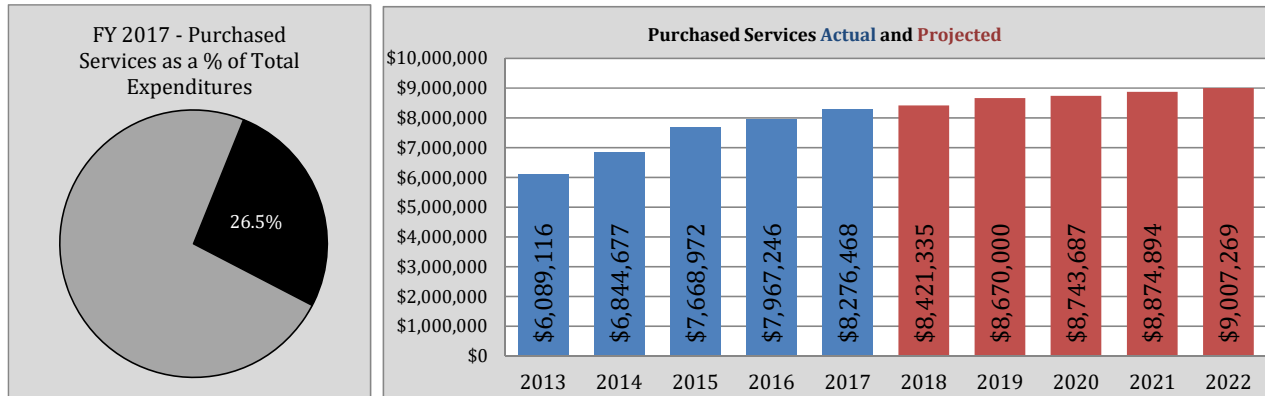
Bucking trend, the overall cost of District provided fringe benefits decreased from FY2014 to FY2016 and increased only slightly in FY2017. A large factor in the cost stability is attributable to the move from a traditional health insurance plan design to a high deductible plan design. During the transition to the new plan, the Board initially 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, but 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 FY2017.

The forecast assumes a consistent number of health plans over the forecasted period. FY2019-FY2022 also assumes HSA contributions to continue at FY2018 levels. Medical premiums are set to increase a 6% in FY2019 (modest by industry standards). Rates beyond FY2019 are expected to increase 9% per year, which is consistent with current industry trends.



3.030 - Purchased Services

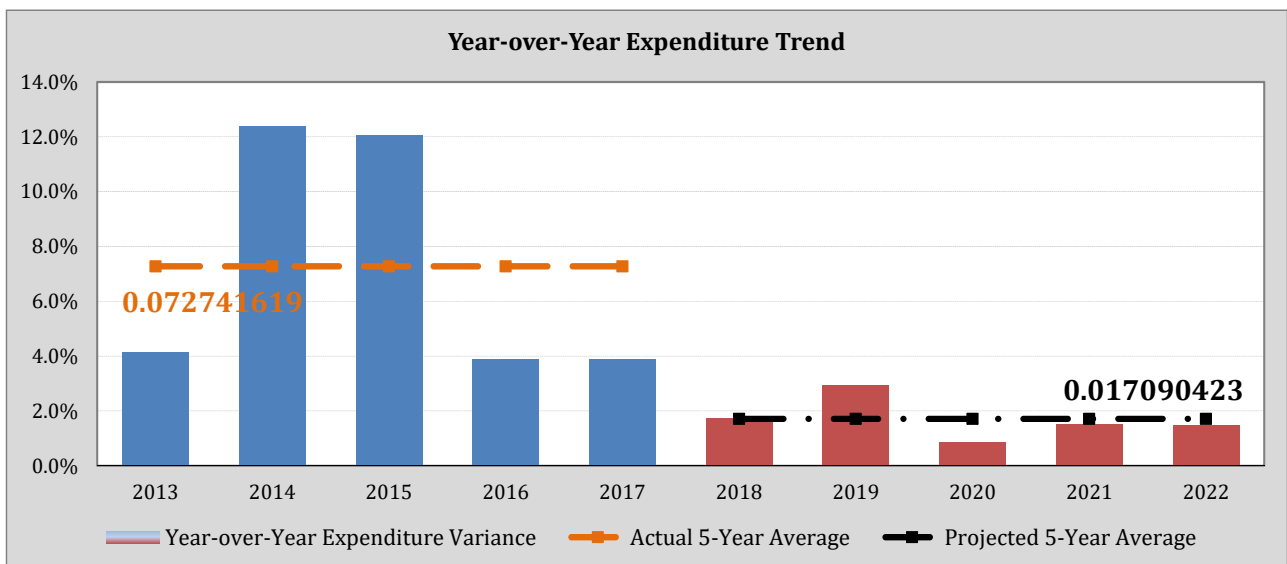
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



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.

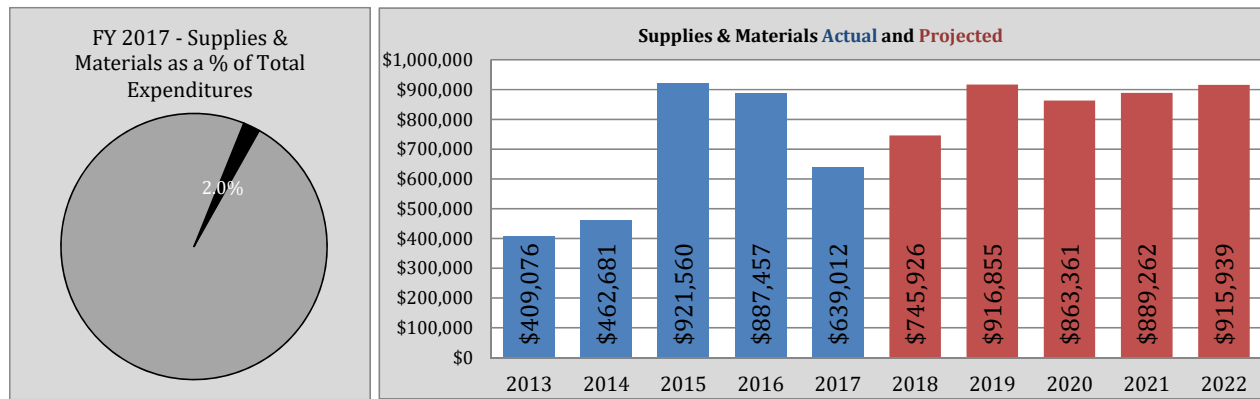
Past spending growth in this category has been fueled by increases in outgoing open enrollment, community schools and other external scholarships. However, in FY2017, the District realized reductions in both the number of outgoing open enrollment students as well as students who left to attend community schools. While still significant, FY2018 includes 657 students leaving through open enrollment and 60 to community schools as compared to 671 and 88 respectively in FY2016.

The District expects outgoing open enrollment to continue its gradual decline to 625 students by the end of FY2022. Outgoing community school levels are projected to remain consistent at 70 students in FY2019 and beyond. Part of this assumption is directly related to the District's new buildings, which are scheduled to open in FY2019. Stabilization of the number of students leaving through these two options is key to mitigating future expenditure increases in this category. Lastly, beginning in FY2019 the forecast includes the addition of building resource officers at a total cost of \$160,000.

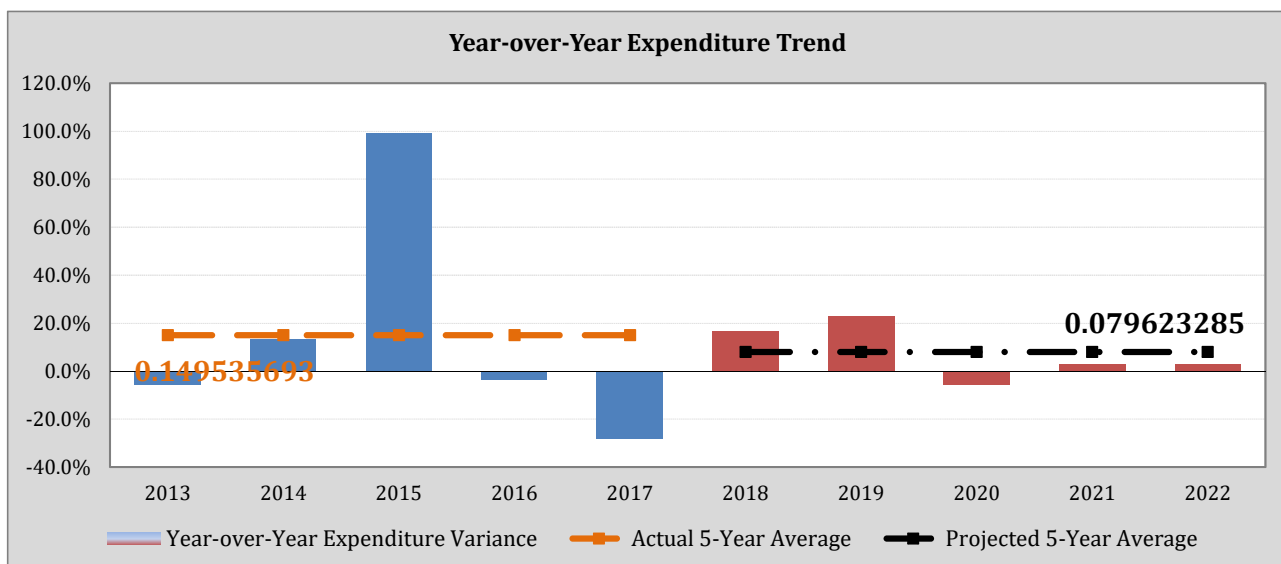


3.040 - Supplies & Materials

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

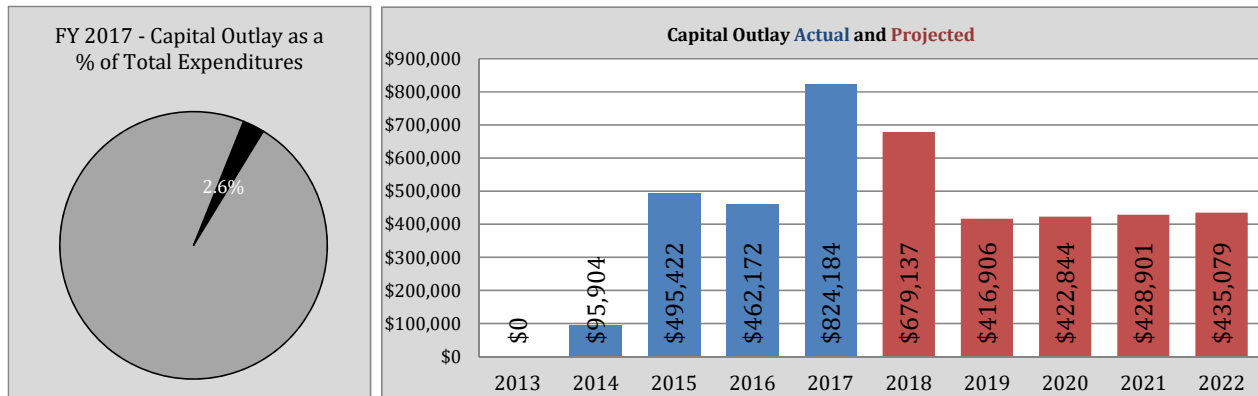


The District returned approximately \$450,000 worth of supply expenditures from its Permanent Improvement Fund to the General Fund in FY2015. In addition, textbook purchases were emphasized in both FY2015 and FY2016 averaging approximately \$300,000 per year. Text purchases in FY2017 ended at \$32,568 which was down significantly from the previous two years. In FY2018, supply spending returned to more typical levels. A major science textbook adoption is planned for FY2019 thus influencing the overall increase projected for that year. Since FY2020 does not anticipate any major text adoptions spending is anticipated to scale back a bit and return to normal inflationary growth patterns from 2020 to 2022.



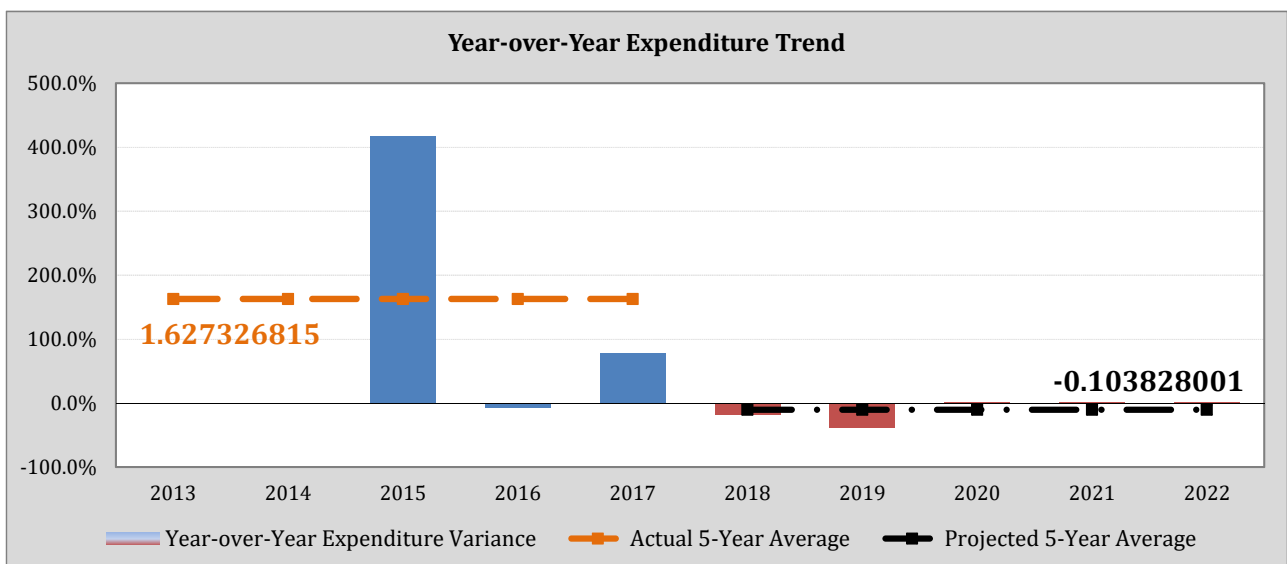
3.050 - Capital Outlay

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.



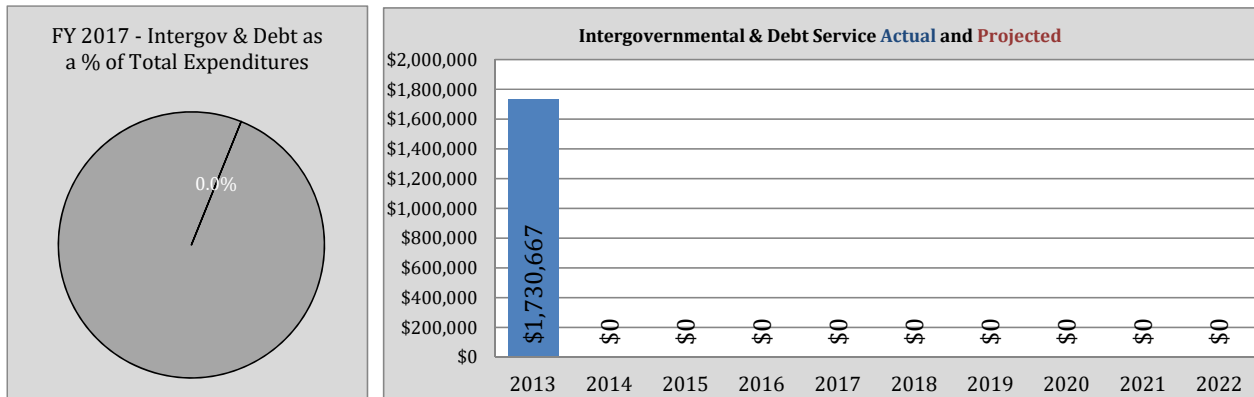
Starting in FY2014, the District returned a portion of capital spending from its PI Fund to the General Fund. Part of those expenses included funding for a new technology plan. Also in an effort to renew its aging bus fleet, the District purchased 4 buses in FY2017 and another 4 buses in FY2018 elevating expenditures in those particular years. The forecast includes one bus purchase per year through the end of the projection (FY2019 – FY2022).

The District continues to evaluate other one-time outlays, but any such decisions will require careful consideration as the forecast anticipates expenditures exceeding revenue in the near future.

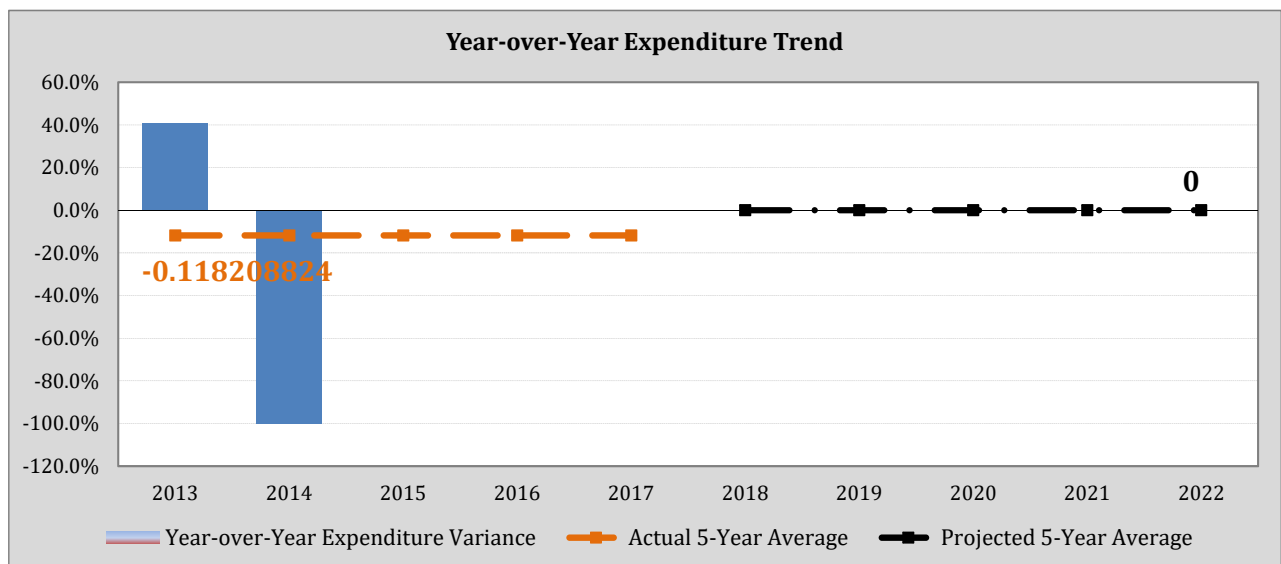


3.060-4.060 - Intergovernmental & Debt

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.

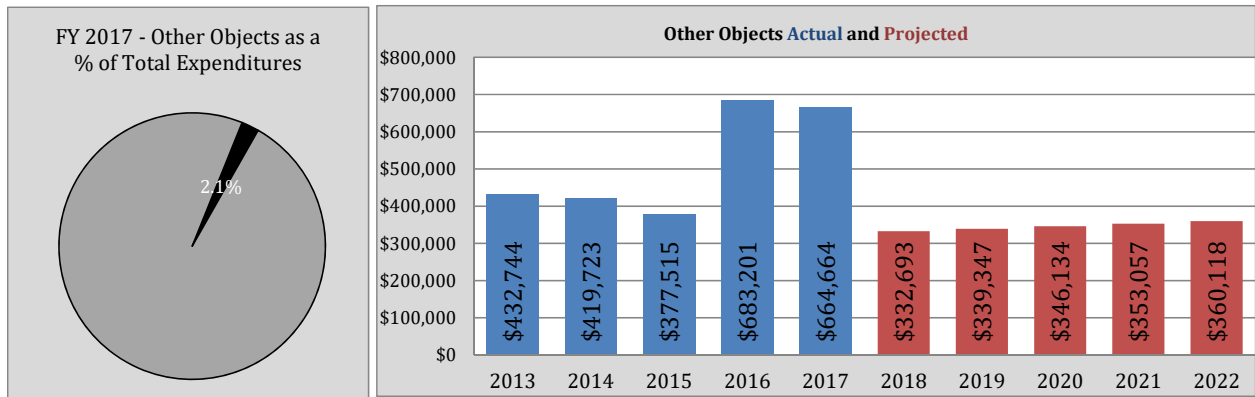


As noted in the Other Non-Operating Revenue narrative, FY2013 reflects the repayment of short-term cash flow borrowing. No other activity has been or is anticipated to be recorded in this particular line item of the forecast.



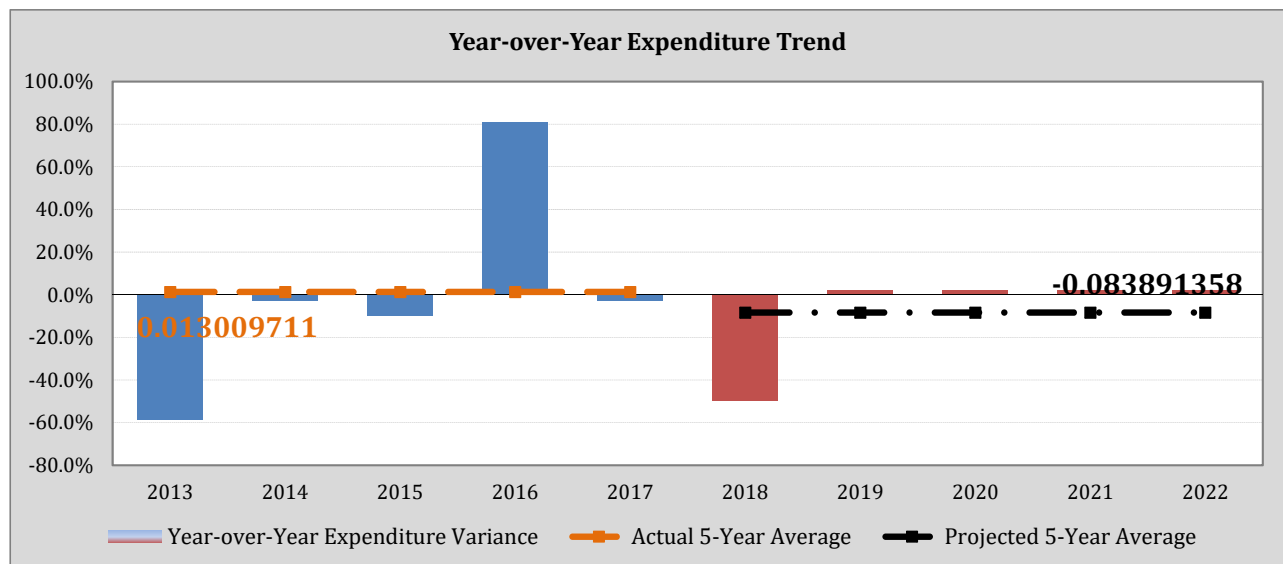
4.300 - Other Objects

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



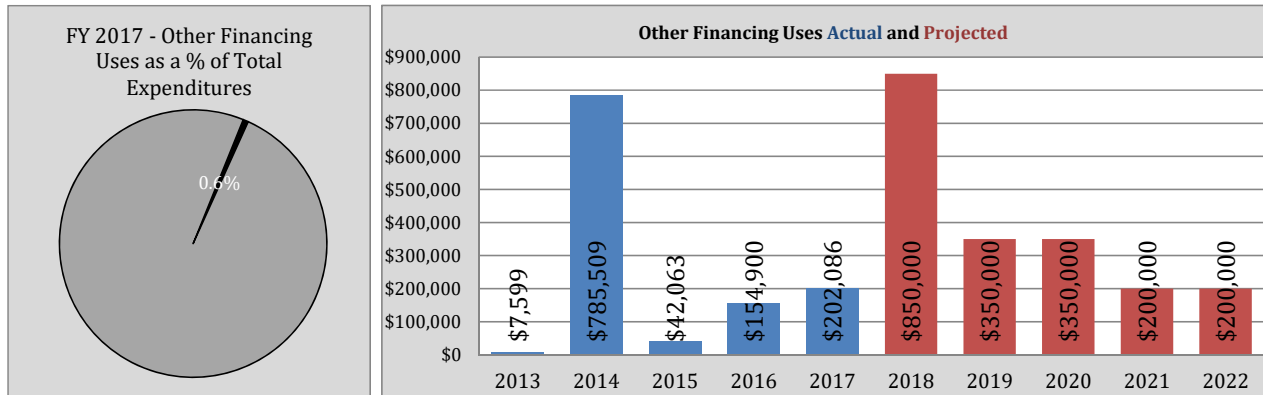
As mentioned on the revenue side of the ledger, both revenue and expenditure were inflated in both FY2016 and FY2017 by the accounting transaction of \$331,415 and \$328,015 respectively to account for bond premiums (See All Other Revenue note for the related receipt posting).

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 FY2018 – FY2022.



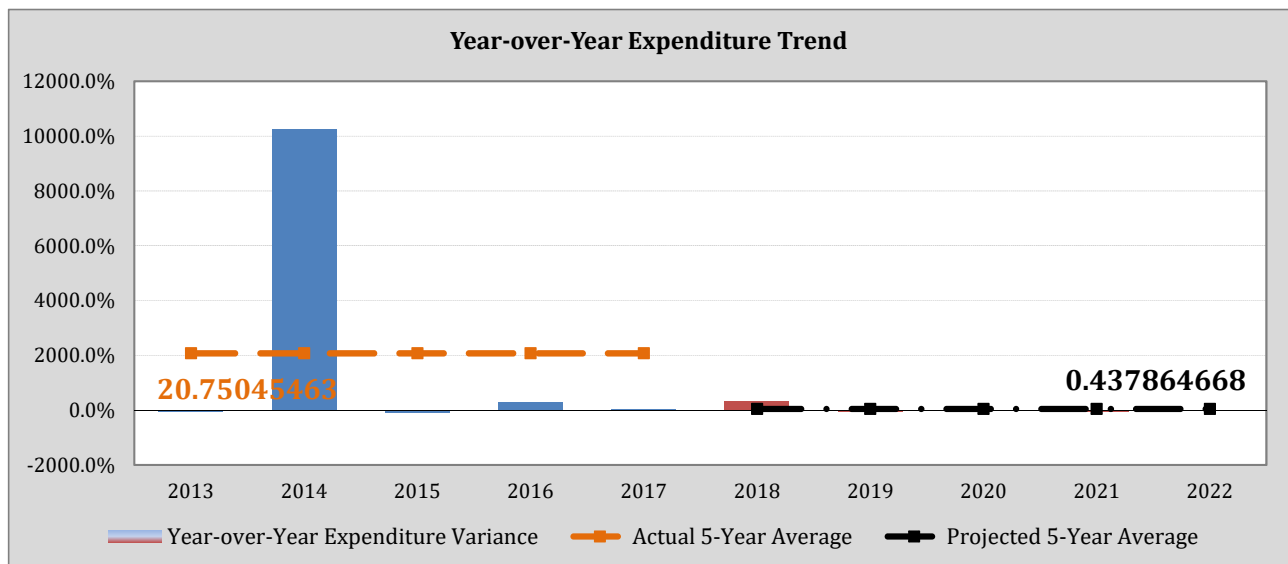
5.040 - Total Other Financing Uses

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. FY2018 includes a transfer of \$400,000 to establish a Severance Reserve fund plus another \$350,000 transfer to the District's Capital Project Fund to support the ongoing capital needs of the District. Future years include provisions to transfer amounts of \$250,000 in both FY2019 and FY2020 and reduced transfers of \$100,000 in both FY2021 and FY2022 to the Capital Project fund, but do not include any additional transfers to the Severance Reserve fund. The additional transfers to both the Capital Project fund and Severance fund are intended to create consistency in the General Fund operational budget while also serving as a better way to plan and prepare for retirement costs as well as ongoing and intermittent capital needs.

Further, FY2018 - FY2022 the forecast 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. 2018

| | | Column A | Column B | Column C | Column D |
|----------------------|--|---------------------|---------------------|------------------|-------------|
| | | Previous | Current | Dollar | Percent |
| | | Forecast | Forecast | Difference | Difference |
| | | Amounts For | Amounts For | Between | Between |
| | | F.Y. 2018 | F.Y. 2018 | Previous | Previous |
| | | Prepared on: | Prepared on: | and | and |
| | | Oct '17 as Filed | 5/11/2018 | Current | Current |
| Revenue: | | | | | |
| 1 | Real Estate & Property Allocation | \$12,799,862 | \$13,349,332 | \$549,469 | 4.3% |
| 2 | Public Utility Personal Property | \$1,179,880 | \$1,396,527 | \$216,647 | 18.4% |
| 3 | Income Tax | \$0 | \$0 | \$0 | n/a |
| 4 | State Foundation Restricted & Unrestricted | \$15,510,651 | \$15,654,478 | \$143,827 | 0.9% |
| 5 | Other Revenue | \$2,728,132 | \$2,717,063 | -\$11,069 | -0.4% |
| 6 | Other Non Operating Revenue | \$203,586 | \$203,586 | \$0 | 0.0% |
| 7 | Total Revenue | \$32,422,111 | \$33,320,986 | \$898,875 | 2.8% |
| Expenditures: | | | | | |
| 8 | Salaries | \$15,377,913 | \$15,118,995 | -\$258,919 | -1.7% |
| 9 | Fringe Benefits | \$5,762,974 | \$5,912,798 | \$149,824 | 2.6% |
| 10 | Purchased Services | \$8,241,130 | \$8,421,335 | \$180,205 | 2.2% |
| 11 | Supplies, Debt, Capital Outlay & Other | \$1,739,354 | \$1,757,756 | \$18,401 | 1.1% |
| 12 | Other Non Operating Expenditures | \$100,000 | \$850,000 | \$750,000 | 750.0% |
| 13 | Total Expenditures | \$31,221,372 | \$32,060,883 | \$839,511 | 2.7% |
| 14 | Revenue Over/(Under) Expenditures | \$1,200,739 | \$1,260,103 | \$59,364 | 0.2%* |
| 15 | Ending Cash Balance | \$11,161,634 | \$11,220,998 | \$59,364 | 0.2%* |

*Percentage expressed in terms of total expenditures

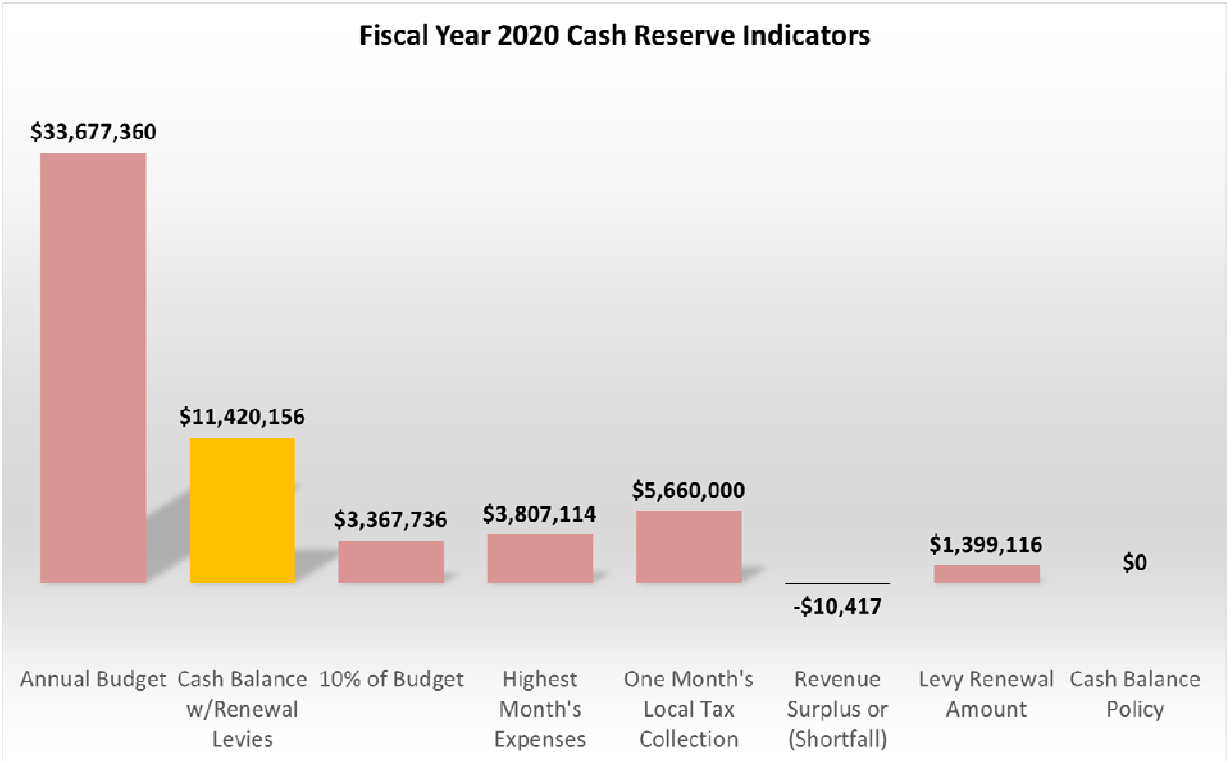
The forecast for FY2018 has improved slightly since the October filing. The improvement is primarily related to better revenue collections. However, it is important to keep in mind approximately \$200,000 of the improved results are related to the timing of local real estate tax collections. More taxpayers paid their full year tax obligation during the 2018 first half tax settlement (impacting FY2018 tax collection totals) to take advantage of new tax laws. Therefore, second half 2018 collections are expected to be down by a similar amount (impacting FY2019 tax collection totals).

Nevertheless, overall revenue results have been positive in FY2018. Real property values increased more than expected and Public Utility Personal Tangible values increased by over 40% or \$10 million thanks to utility infrastructure improvements. Although spending exhibits some individual category variation, operational spending is tracking nearly identical to the original forecast estimates made this past fall. As previously mentioned, Non-Operating expenditures now include additional provisions for transfers to the District's newly established Severance Reserve fund, as well as additional transfers to the District's Capital Reserve fund. Overall, the forecast for FY18 has changed approximately 0.2% compared to the forecast filed this past fall.

Chillicothe City School District

| Fiscal Year: | Actual | FORECASTED | | | | |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Revenue: | | | | | | |
| 1.010 - General Property Tax (Real Estate) | 10,021,140 | 10,322,028 | 9,141,115 | 8,817,282 | 8,887,869 | 8,934,894 |
| 1.020 - Public Utility Personal Property | 1,192,394 | 1,396,527 | 1,569,839 | 1,540,227 | 1,571,031 | 1,602,452 |
| 1.030 - Income Tax | - | - | - | - | - | - |
| 1.035 - Unrestricted Grants-in-Aid | 12,708,004 | 13,195,825 | 13,502,402 | 14,098,518 | 14,680,830 | 15,286,001 |
| 1.040 - Restricted Grants-in-Aid | 2,332,775 | 2,458,654 | 2,511,037 | 2,540,082 | 2,597,214 | 2,662,230 |
| 1.045 - Restricted Federal Grants - SFSF | - | - | - | - | - | - |
| 1.050 - Property Tax Allocation | 3,258,121 | 3,027,304 | 2,705,426 | 2,387,376 | 2,151,974 | 1,912,700 |
| 1.060 - All Other Operating Revenues | 3,279,034 | 2,717,063 | 2,735,042 | 2,782,842 | 2,837,332 | 2,876,654 |
| 1.070 - Total Revenue | 32,791,467 | 33,117,400 | 32,164,862 | 32,166,326 | 32,726,250 | 33,274,929 |
| Other Financing Sources: | | | | | | |
| 2.010 - Proceeds from Sale of Notes | - | - | - | - | - | - |
| 2.020 - State Emergency Loans and Adv | - | - | - | - | - | - |
| 2.040 - Operating Transfers-In | - | - | - | - | - | - |
| 2.050 - Advances-In | 72,735 | 202,086 | 100,000 | 100,000 | 100,000 | 100,000 |
| 2.060 - All Other Financing Sources | 4,051 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| 2.070 - Total Other Financing Sources | 76,786 | 203,586 | 101,500 | 101,500 | 101,500 | 101,500 |
| 2.080 - Total Rev & Other Sources | 32,868,253 | 33,320,986 | 32,266,362 | 32,267,826 | 32,827,750 | 33,376,429 |
| Expenditures: | | | | | | |
| 3.010 - Personnel Services | 14,846,226 | 15,118,995 | 15,685,770 | 16,201,741 | 16,746,783 | 17,310,270 |
| 3.020 - Employee Benefits | 5,772,179 | 5,912,798 | 6,377,511 | 6,749,593 | 7,151,718 | 7,584,328 |
| 3.030 - Purchased Services | 8,276,468 | 8,421,335 | 8,670,000 | 8,743,687 | 8,874,894 | 9,007,269 |
| 3.040 - Supplies and Materials | 639,012 | 745,926 | 916,855 | 863,361 | 889,262 | 915,939 |
| 3.050 - Capital Outlay | 824,184 | 679,137 | 416,906 | 422,844 | 428,901 | 435,079 |
| 3.060 - Intergovernmental | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| 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 | 664,664 | 332,693 | 339,347 | 346,134 | 353,057 | 360,118 |
| 4.500 - Total Expenditures | 31,022,732 | 31,210,883 | 32,406,390 | 33,327,360 | 34,444,614 | 35,613,004 |
| Other Financing Uses | | | | | | |
| 5.010 - Operating Transfers-Out | - | 750,000 | 250,000 | 250,000 | 100,000 | 100,000 |
| 5.020 - Advances-Out | 202,086 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| 5.030 - All Other Financing Uses | - | - | - | - | - | - |
| 5.040 - Total Other Financing Uses | 202,086 | 850,000 | 350,000 | 350,000 | 200,000 | 200,000 |
| 5.050 - Total Exp and Other Financing Uses | 31,224,818 | 32,060,883 | 32,756,390 | 33,677,360 | 34,644,614 | 35,813,004 |
| 6.010 - Excess of Rev Over/(Under) Exp | 1,643,435 | 1,260,103 | (490,028) | (1,409,534) | (1,816,864) | (2,436,574) |
| 7.010 - Cash Balance July 1 (No Levies) | 8,317,460 | 9,960,895 | 11,220,998 | 10,730,970 | 9,321,436 | 7,504,572 |
| 7.020 - Cash Balance June 30 (No Levies) | 9,960,895 | 11,220,998 | 10,730,970 | 9,321,436 | 7,504,572 | 5,067,997 |
| 8.010 - Estimated Encumbrances June 30 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| 9.080 - Reservations Subtotal | - | - | - | - | - | - |
| 10.010 - Fund Bal June 30 for Cert of App | 9,810,895 | 11,070,998 | 10,580,970 | 9,171,436 | 7,354,572 | 4,917,997 |
| Rev from Replacement/Renewal Levies | | | | | | |
| 11.010 & 11.020 - Income & Property Tax-Renewal | - | - | 699,604 | 1,399,116 | 1,399,038 | 1,399,063 |
| 11.030 - Cumulative Balance of Levies | - | - | 699,604 | 2,098,720 | 3,497,758 | 4,896,821 |
| 12.010 - Fund Bal June 30 for Cert of Obligations | 9,810,895 | 11,070,998 | 11,280,573 | 11,270,156 | 10,852,329 | 9,814,818 |
| Revenue from New Levies | | | | | | |
| 13.010 & 13.020 - Income & Property Tax-New | - | - | - | - | - | - |
| 13.030 - Cumulative Balance of New Levies | - | - | - | - | - | - |
| 15.010 - Unreserved Fund Balance June 30 | 9,810,895 | 11,070,998 | 11,280,573 | 11,270,156 | 10,852,329 | 9,814,818 |

Cash Balance Supplement - Page 1



****IMPORTANT**** The projected cash balances in the yellow bar above assumes the renewal of the District's emergency levy in 2018. The estimated levy renewal amount in FY2020 is also indicated in the next to last bar of the graphic above.

Despite the small projected revenue shortfall in FY2020, the District's cash reserves are anticipated to remain comfortably above standard benchmark measures. The projected revenue shortfall projected for FY2020 signals a need to properly plan in future years to avoid a less sustainable downward trend. It also underscores the importance of the District's emergency levy renewal.

Enrollment Supplement - Page 2

Head Count Summary/Analysis Chillicothe City School District

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------------|-------|-------|-------|--------|
| Prior Year Actual/Estimated Enrollment (October Count) | <u>2,857</u> | 2,804 | 2,823 | 2,829 | 2,833 |
| Projected Changes to Prior Year Enrollment | | | | | |
| Net All-Grade Level Mobility Factor (Change) to Prior Year | 14 | 9 | 7 | 13 | 8 |
| Net Aggregate Manual Adjustments to Mobility Factor | -61 | 0 | 20 | 0 | 0 |
| New Kindergartners In | 230 | 195 | 208 | 226 | 203 |
| Loss of Seniors from Prior Year | -236 | -185 | -229 | -235 | -249 |
| Net Change in Outgoing and Incoming Pupils | -6 | 10 | -21 | -9 | -47 |
| Current Year Estimated Enrollment (Simulated October Count) | 2,804 | 2,823 | 2,829 | 2,833 | 2,794 |
| District Head Count | Grade | | | | |
| | K | 195 | 208 | 226 | 203 |
| | 1 | 180 | 192 | 204 | 222 |
| | 2 | 207 | 169 | 180 | 192 |
| | 3 | 232 | 213 | 174 | 185 |
| | 4 | 196 | 228 | 209 | 214 |
| | 5 | 213 | 197 | 229 | 172 |
| | 6 | 217 | 210 | 194 | 207 |
| | 7 | 202 | 222 | 215 | 230 |
| | 8 | 209 | 207 | 227 | 203 |
| | 9 | 269 | 244 | 261 | 256 |
| | 10 | 237 | 250 | 227 | 247 |
| | 11 | 227 | 233 | 246 | 239 |
| | 12 | 185 | 229 | 235 | 225 |
| Total Can Differ by Rounding | 2,804 | 2,823 | 2,829 | 2,833 | 2,795 |
| Year-Over-Year Percentage Change | -1.87% | 0.69% | 0.20% | 0.14% | -1.35% |

Historic vs. Projected Enrollment

