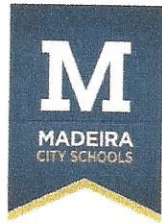


According to Madeira school officials the district is already providing substantial data required by the State of Ohio Department of Education in addition to monthly reports provided to Madeira Board of Education. School officials believe that residents and the general public have ample access to school data. The following document, “Five year forecast financial report” was provided for this story. The Ohio Checkbook program is voluntary, there is no requirement for the school district to participate. The school district does not provide the same detail that would be provided, if the district were to participate in “Ohio Checkbook”.



MADEIRA CITY SCHOOL DISTRICT
HAMILTON COUNTY

Five Year Forecast Financial Report

May, 2017

MADEIRA CITY SCHOOL DISTRICT HAMILTON COUNTY
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

	ACTUAL			FORECASTED				
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Revenue:								
1.010 - General Property Tax (Real Estate)	12,197,093	12,244,467	12,624,809	13,778,544	14,553,440	15,266,627	15,437,741	15,630,285
1.020 - Public Utility Personal Property	509,236	544,915	572,489	612,535	670,647	698,879	703,771	723,881
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	2,744,920	2,753,622	2,782,383	2,778,430	2,772,776	2,773,752	2,776,772	2,780,164
1.040 - Restricted Grants-in-Aid	22,409	248,939	106,424	53,114	21,975	21,998	22,019	22,054
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,754,997	1,769,515	1,771,908	1,788,497	1,822,140	1,848,072	1,870,393	1,895,557
1.060 - All Other Operating Revenues	417,319	432,322	463,104	484,104	484,104	484,104	484,104	484,104
1.070 - Total Revenue	17,645,974	17,993,779	18,321,117	19,495,223	20,325,082	21,093,431	21,294,799	21,536,045
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	144,606	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-	-	-
2.060 - All Other Financing Sources	23,265	-	15,000	-	-	-	-	-
2.070 - Total Other Financing Sources	23,265	144,606	15,000	-	-	-	-	-
2.080 - Total Revenues and Other Financing Sources	17,669,239	18,138,385	18,336,117	19,495,223	20,325,082	21,093,431	21,294,799	21,536,045
Expenditures:								
3.010 - Personnel Services	9,537,619	9,757,401	10,177,378	10,482,991	10,796,412	11,102,086	11,416,415	11,739,642
3.020 - Employees' Retirement/Insurance Benefits	2,957,302	3,055,816	3,151,907	3,281,163	3,335,650	3,541,633	3,764,405	4,005,536
3.030 - Purchased Services	3,089,154	3,326,049	3,408,062	3,671,124	3,804,758	3,918,900	4,036,467	4,157,561
3.040 - Supplies and Materials	527,949	574,293	704,024	690,556	690,556	690,556	690,556	690,556
3.050 - Capital Outlay	7,074	87,097	87,097	87,097	87,097	87,097	0	0
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	301,763	290,934	305,572	314,524	314,524	314,524	314,524	314,524
4.500 - Total Expenditures	16,420,861	17,091,590	17,834,039	18,527,454	19,028,996	19,654,796	20,222,366	20,907,820
Other Financing Uses								
5.010 - Operating Transfers-Out	1,200,000	434,606	300,000	300,000	300,000	300,000	300,000	300,000
5.020 - Advances-Out	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,200,000	434,606	300,000	300,000	300,000	300,000	300,000	300,000
5.050 - Total Expenditures and Other Financing Uses	17,620,861	17,526,196	18,134,039	18,827,454	19,328,996	19,954,796	20,522,366	21,207,820
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	48,378	612,188	202,078	667,768	996,086	1,138,635	772,433	328,225
Cash Balance July 1 - Excluding Proposed Renewal/								
7.010 - Replacement and New Levies	7,121,602	7,169,980	7,782,169	7,984,246	8,652,015	9,648,101	10,786,736	11,559,169
7.020 - Cash Balance June 30	7,169,980	7,782,169	7,984,246	8,652,015	9,648,101	10,786,736	11,559,169	11,887,393
8.010 - Estimated Encumbrances June 30	327,921	230,530	170,967	-	-	-	-	-
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
10.010 - of Appropriations	6,842,059	7,551,639	7,813,279	8,652,015	9,648,101	10,786,736	11,559,169	11,887,393
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	6,842,059	7,551,639	7,813,279	8,652,015	9,648,101	10,786,736	11,559,169	11,887,393
Revenue from New Levies								
13.010 - Income Tax - New	-	-	-	-	-	-	-	-
13.020 - Property Tax - New	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	6,842,059	7,551,639	7,813,279	8,652,015	9,648,101	10,786,736	11,559,169	11,887,393
ADM Forecasts								
20.010 - Kindergarten	-	-	-	113	110	110	110	110
20.015 - Grades 1-12	-	-	-	1,365	1,395	1,415	1,434	1,465

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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	7,984,246	8,652,015	9,648,101	10,786,736	11,559,169
+ Revenue	19,495,223	20,325,082	21,093,431	21,294,799	21,536,045
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(18,827,454)	(19,328,996)	(19,954,796)	(20,522,366)	(21,207,820)
= Revenue Surplus or Deficit	667,768	996,086	1,138,635	772,433	328,225
Ending Balance	8,652,015	9,648,101	10,786,736	11,559,169	11,887,393
Revenue Surplus or Deficit w/o Levies	667,768	996,086	1,138,635	772,433	328,225
Ending Balance w/o Levies	8,652,015	9,648,101	10,786,736	11,559,169	11,887,393

Summary:

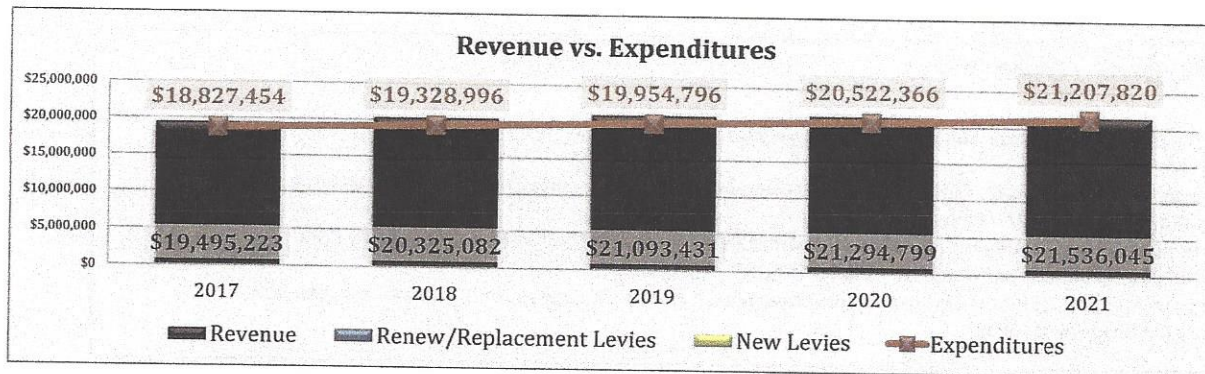
The Ohio Department of Education requires the submission of a **Five Year Forecast** of revenue and expenditures for the general operating fund of school districts on October 31 and May 31 of each fiscal year.

The Madeira community approved a 6.9 mill continuous operating levy in Nov. 2016. **Revenue** increased in the second half of fiscal year 2017 with the 1st half 2017 calendar year tax collections. The six year re-evaluation of properties takes place in calendar year 2017 so in addition to the approved operating levy, the district may see an increase in revenue in 2018 and beyond due to continued new construction. **Operating revenue from 2016 to 2017 will increase 6.2% and from 2017 to 2021 will average 3.26%.**

Real Estate revenue is the single largest source of district revenue. Public school districts in Ohio are required to go back to their local residents for funding as a result of HB920 passed in 1976 that limits the effect of annual inflation on property taxes. Hamilton County re-values properties every 3 years. If the valuation of properties increase, the auditor reduces the voted tax rate so the school district does not receive additional funds. Exceptions are for new construction, "inside mills" (4.6 per thousand), taxes levied to repay debt, and abated properties when they first appear on the tax abstract.

Expenditures are forecasted to increase on average 3.2% from 2017 to 2021 primarily due to the forecasted salary/benefit increase.

More detailed revenue and expenditure information is provided in the following pages of notes.



ACTUAL VS. FORECAST
GENERAL FUND
Fiscal Year 2018
07/31/2017

		2018 FORECAST	2017-2018 CURRENT YR. ACTUAL VS. FORECAST		CURRENT FISCAL YEAR NOTES/COMMENTS	2016-2017 PRIOR YEAR ACTUAL VS. FINAL		
5 Yr. Forecast Line #	DESCRIPTION	5YR FORECAST	July 31, 2017 FYTD ACTUAL	FYTD % OF FORECAST		FY17 FINAL ACTUAL	July 31, 2016 FYTD ACTUAL	FYTD % OF FINAL
RECEIPTS								
1.01	Real Estate Taxes	14,553,440	6,370,000	43.77%	Final 2nd Half 2016 Settlement	13,784,643		0.00%
1.02	Public Utility Personal Prop Tax	670,647		0.00%	Final 2nd Half 2016 Settlement	612,534		0.00%
1.035	Unrestr. Grants	2,772,776	225,405	8.13%	School funding & Casino payments	2,766,661	230,329	8.33%
1.04	Other State-Restrict. Grants	21,975	155	0.71%	Medicaid-current, FY13 & FY14, Cal. Cost FY16	182,659	38,997	21.35%
1.05	Property Tax Allocation/Rollback	1,822,140		0.00%	Final 2nd Half 2016 Settlement	1,797,140		0.00%
1.06	All Other Operating Revenue	484,104	145,779	30.11%	St. Star Pilot payment#1, tech fees, PTP	506,580	131,040	25.87%
2.04	Transfers In			0.00%				0.00%
2.05	Advances In			0.00%				0.00%
2.06	Refunds of Pr. Yr. Exp.			0.00%	Duke Energy Class Action Settlement	6,880		0.00%
2.08	TOTAL GENERAL FUND	20,325,082	6,741,339	33.17%		19,657,097	400,366	2.04%
EXPENDITURES								
3.01	Salaries	10,796,412	974,226	9.02%		10,410,382	825,324	7.93%
3.02	Fringe Benefits	3,335,650	244,479	7.33%		3,277,757	259,758	7.92%
3.03	Purchased Services	3,804,758	258,745	6.80%		3,530,458	243,098	6.89%
3.04	Materials, Supplies, Textbooks	690,556	69,865	10.12%		722,815	33,022	4.57%
3.05	Capital Outlay	87,097	87,097	100.00%	Bus Lot purchase agreement payment #4 of 5	87,097	87,097	100.00%
4.30	Other Objects	314,524	33,837	10.76%	Tuition Reimbursement	305,607	38,213	12.50%
5.01	Transfers Out	300,000		100.00%		300,000		0.00%
5.02	Advances Out	0		0.00%		0		0.00%
5.05	TOTAL GENERAL FUND	19,328,997	1,668,249	8.63%	8.3% of FY18	18,634,116	1,486,512	7.98%
6.01	GF Excess Rev & Oth Financing Sources over(under) Exp	996,085	5,073,090		Forecast approved 5/2017	1,022,981	(1,086,146)	
7.01	GF Beginning Cash Balance	9,007,224	7,984,243			7,984,243	7,984,243	
7.02	GF Ending Cash Balance	10,003,309	13,057,333		Outstanding encumbrances are purchase orders placed in the current fiscal year or prior years but not paid. The purchases are within the approved appropriations.	9,007,224	6,898,097	
8.01	Encumbrances		3,195,807			133,847	3,321,890	
9.03	Reserves							
15.01	Unreserved Cash Balance	10,003,309	9,861,526			8,873,377	3,576,207	

Revenue Overview

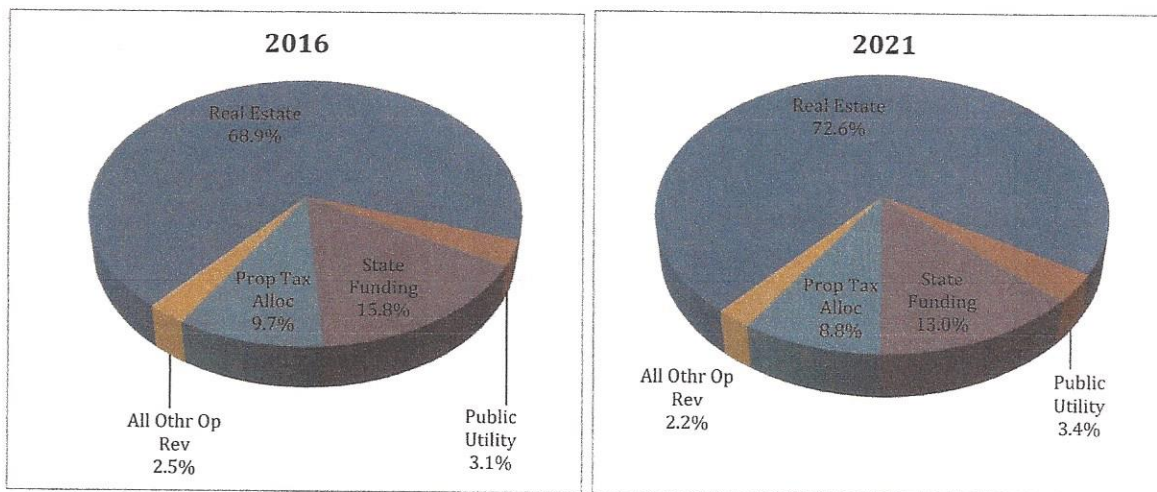
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
		2017	2018	2019	2020	2021	
Revenue:							
1.010-Real Estate	4.08%	9.14%	5.62%	4.90%	1.12%	1.25%	4.41%
1.020-Public Utility	10.52%	6.99%	9.49%	4.21%	0.70%	2.86%	4.85%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	0.81%	-0.14%	-0.20%	0.04%	0.11%	0.12%	-0.02%
1.040-Restricted Aid	155.54%	-50.09%	-58.63%	0.10%	0.10%	0.16%	-21.67%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-1.23%	0.94%	1.88%	1.42%	1.21%	1.35%	1.36%
1.060-All Other Operating	4.76%	4.53%	0.00%	0.00%	0.00%	0.00%	0.91%
1.070-Total Revenue	2.74%	6.41%	4.26%	3.78%	0.95%	1.13%	3.31%
2.070-Total Other Sources	61.37%	-100.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.00%
2.080-Total Rev & Other Srcs	2.77%	6.32%	4.26%	3.78%	0.95%	1.13%	3.29%

See the detailed revenue sections that follow for more explanation.

As indicated on the chart above and the pie charts below there is minimal change of forecasted district revenue resources.

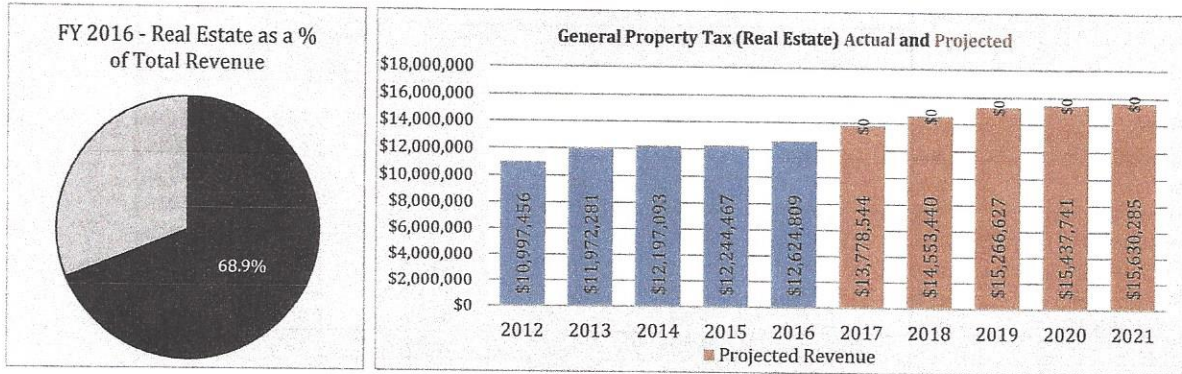
Operating revenue's forecast average annual increase is 3.26% as a result of the additional 6.9 mill operating levy.

Line 2.07 in 2017 reflects a -100% variance from the prior years due to a "transfer in" fiscal year 2015. The "transfer in" was offset by a "transfer out" the same year. The funds were used in the permanent improvement fund in 2015 & 2016 at the elementary school for the preschool/kindergarten playground renovation.



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).



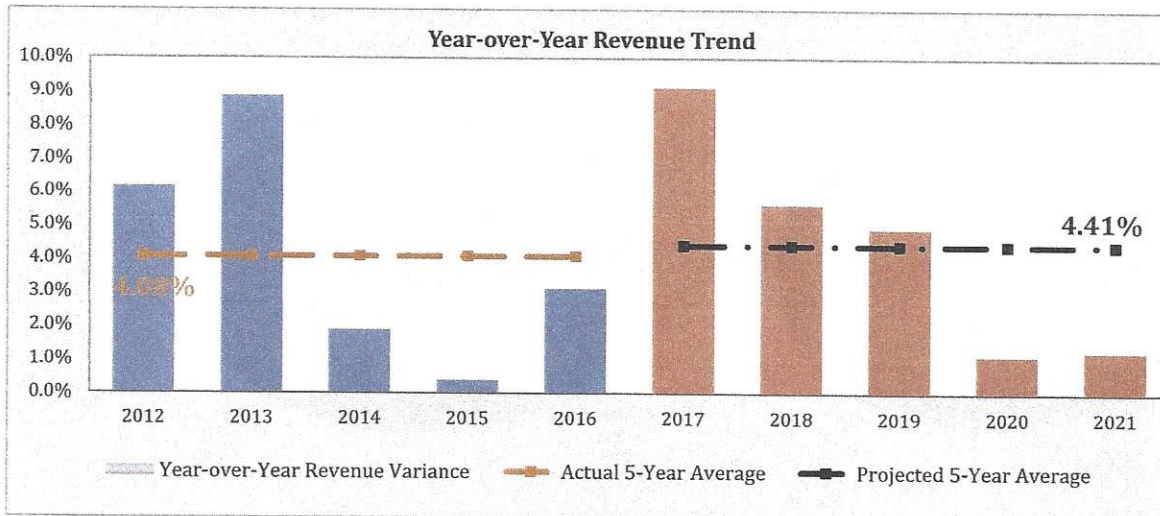
General Property Real Estate Tax is the largest source of revenue for the district.

85% of Real Estate Tax is Residential (Class 1).

New construction in Madeira has averaged 1.53% of total district revenue from 2011 to 2016.

The Madeira community approved a 6.9 mill continuous operating levy in Nov. 2016. As a result revenue will increase 6% from 2016 and average a 3.29% increase from 2017 to 2021, that includes new construction and 2017 revaluation by the Hamilton County Auditor.

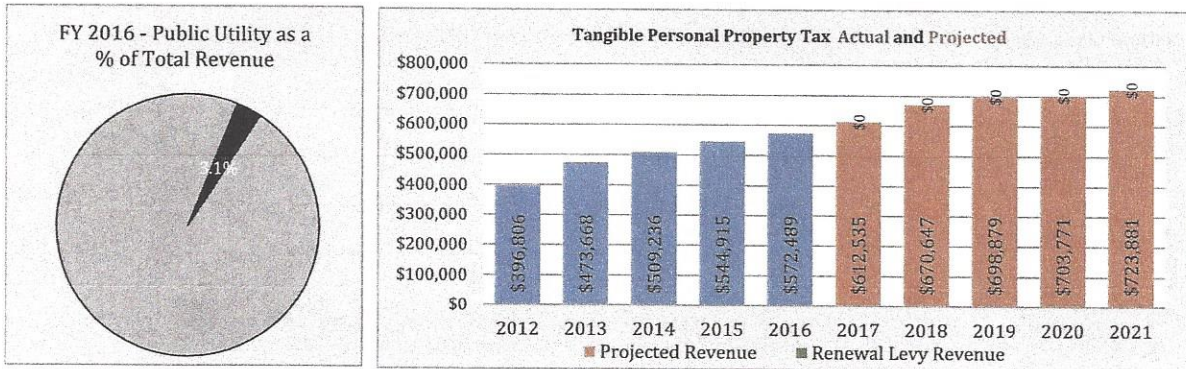
The bar chart below shows the increase in the Real Estate tax collections from the 2011 approved operating levy, with 1/2 collections in 2012 and full collections in 2013 and the 2016 operating levy with 1/2 collections in 2017 and full collections in 2018.



*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

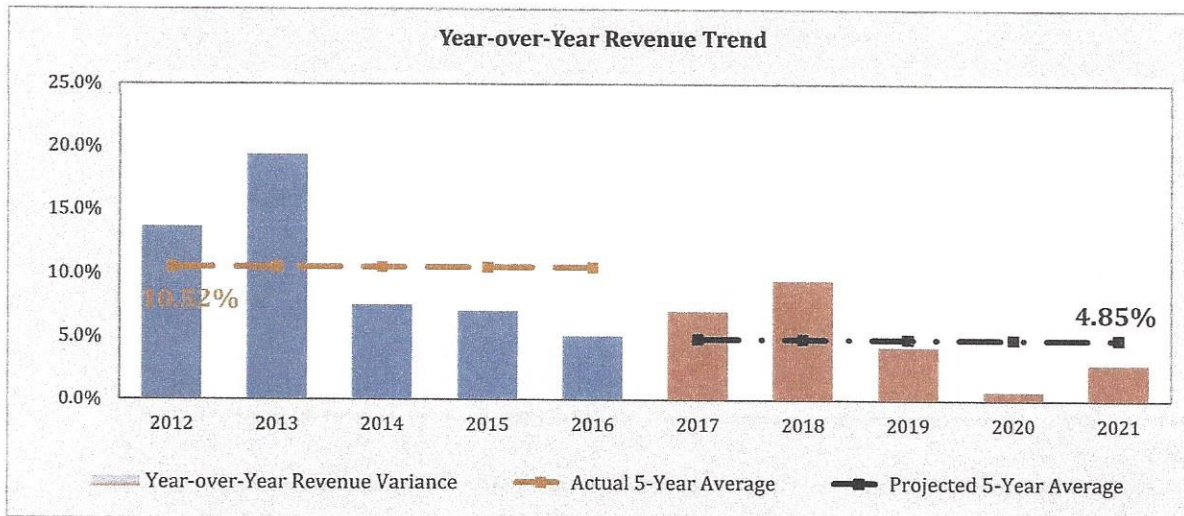
Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



This revenue source is from public utility owned property. The pie chart above indicates 3.1% of the districts total revenue sources is from public utility property.

Fluctuations in public utility taxes are minimal and typically are a result of a valuation appeal by the public utility during the three and six year revaluation by the Hamilton County Auditor.

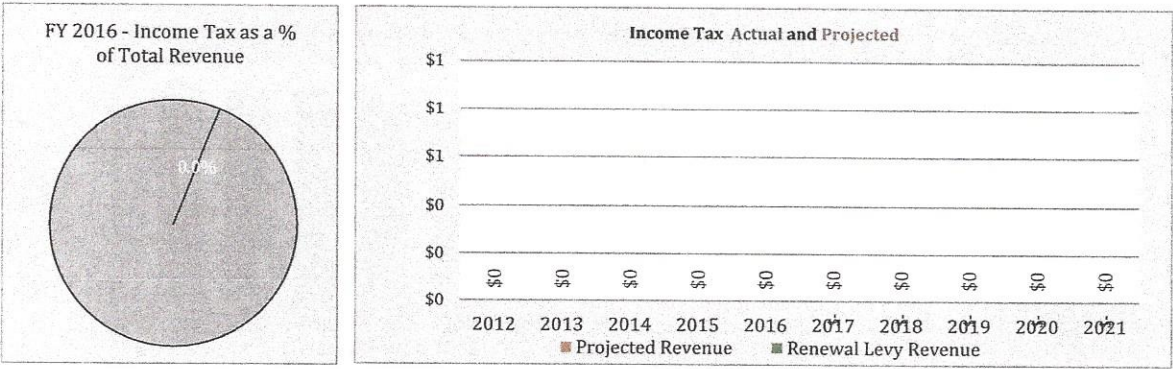
The Year-over-Year bar chart below reflects the 2011 operating levy with 1/2 collections in 2012 and full collections in 2013 and the 2016 operating levy with 1/2 collections in 2017 and full collections in 2018.



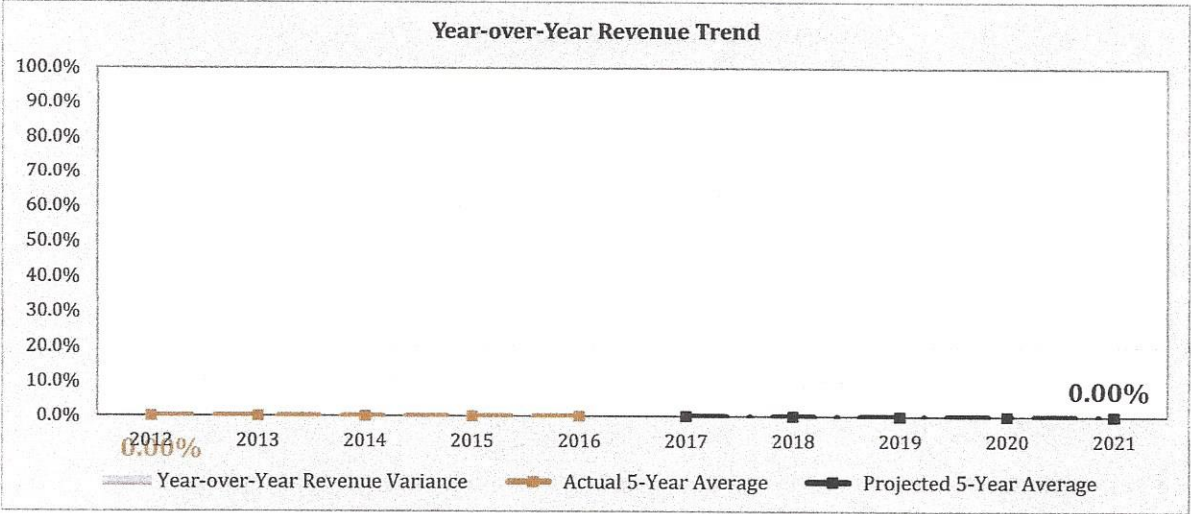
*Projected % trends include renewal levies

1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



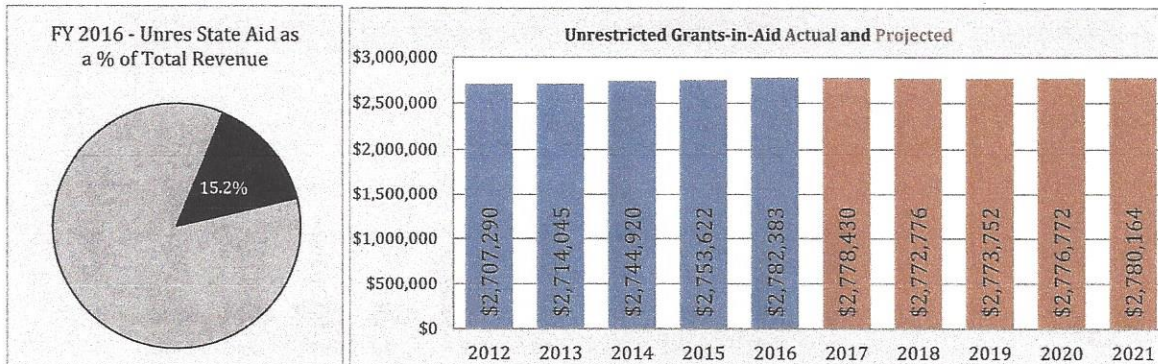
Madeira does not receive Income Tax revenue.



*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

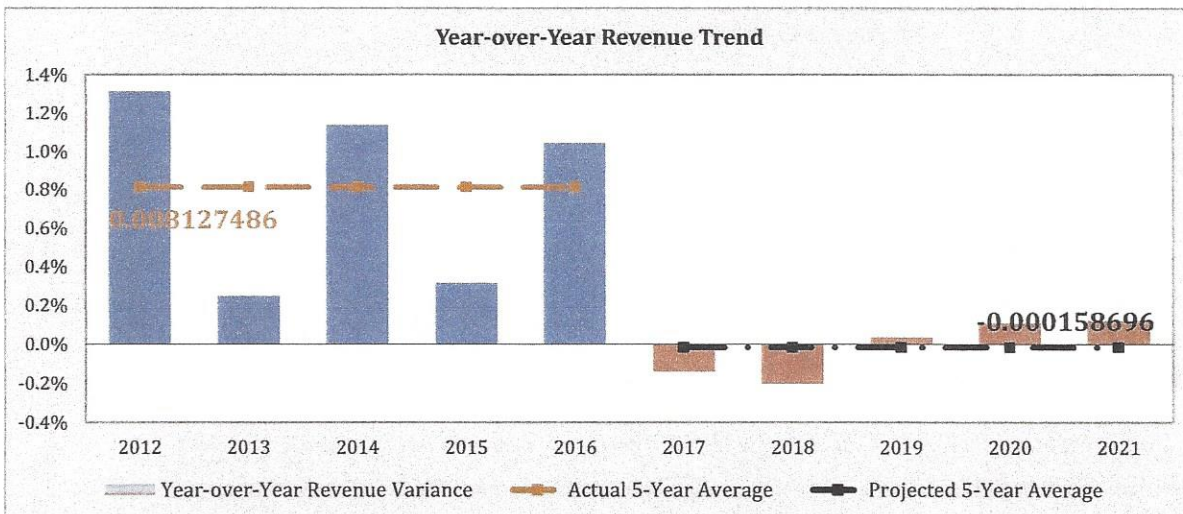


Unrestricted Grants in Aide is the funding provided by the State of Ohio to the district that can be used for the general operations of the district. As shown in the pie chart above it represents approximately 15.2% of district operating revenue.

This source of revenue is determined during the State biennium budget process proposed by the legislature and approved by the Governor. The current approved state budget is for 2016 and 2017. The final four years of the Five Year Forecast are subject to change in detail or entirety by two new biennium budgets; 2018/2019 and 2020/2021.

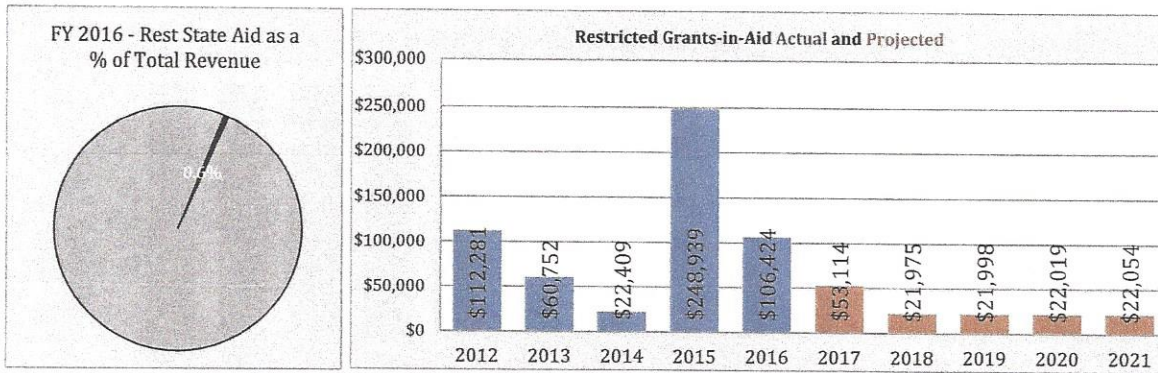
Years 2017 to 2021 forecast relatively no change in state funding. The district is currently a "guarantee" district meaning it will receive approximately the same funding as 2015. Given the current formula the district could move from a "guarantee" district to a "formula" district in 2020. However, given the fact that the state only budgets in two year increments, the forecast for years 2018 to 2021 are less reliable than 2017.

Under the current funding formula if the district does move from a "guarantee" district to a "formula" district there will be no increase in revenue.



1.040 & 1.045 - Restricted Grants-in-Aid

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

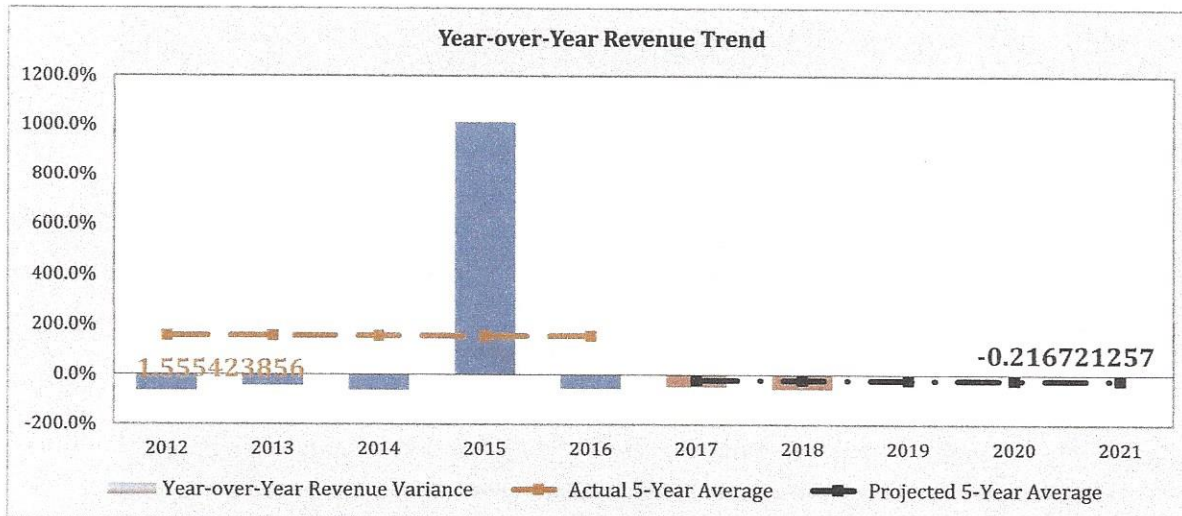


Restricted Grants in Aide is a very small revenue source for the district, .6%. As shown on the bar chart above it also fluctuates from year to year.

The two largest revenue sources included in this category are **medicaid cost reimbursement** that is dependent upon the number of students the district has enrolled that are on medicaid and **catastrophic cost reimbursement** that is dependent upon the number of special education students that have service costs in excess of a state established dollar threshold and the state budget for this line item.

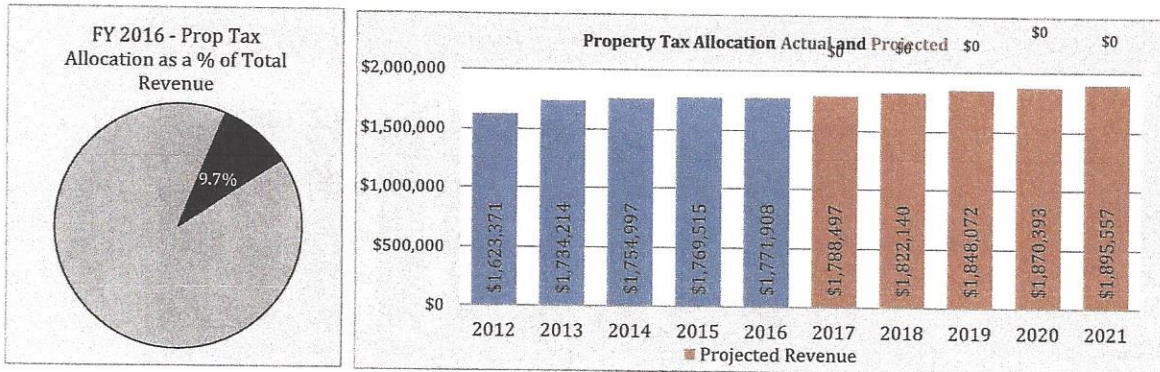
The amount in 2015 was high due to non-payment of catastrophic cost in 2014 and double payment in 2015..

Due to the unreliability of the state distribution for catastrophic in a timely manner, **medicaid cost reimbursement** is only included in the forecast. In the current year, 2017, the district received a Medicaid Cost Reimbursement settlement for 2013/2014 in the amount of \$37,833 in addition to the year to date reimbursement of \$12,931.



1.050 - Property Tax Allocation

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



Property Tax Allocation is a revenue source that is tied directly to residential Real Estate property tax revenue. Forecasted fluctuations in real estate (line 1.01) directly impact property tax allocation.

There are three sources of revenue that make up Property Tax Allocation; **homestead exemption, 2.5% exemption and 10% rollback** of residential property tax obligations. These are exemptions or allowable deductions by the residential property owner that are "reimbursed" to the district by the state.

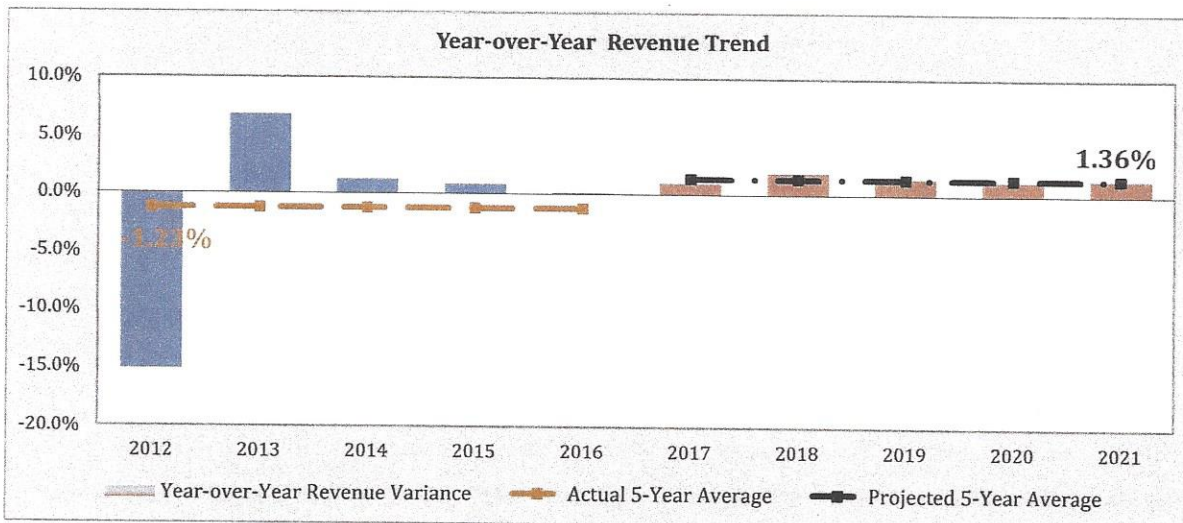
Homestead exemption - Allows low income senior citizens age 65 or older and/or permanently/totally disabled Ohioans and veterans to reduce their tax bills by exempting \$25,000 to \$50,000 on the auditors home market value.

2.5% Exemption - Residential property owners are allowed this exemption if it is the person's primary residence.

10% Rollback - All residential property owners are allowed this exemption.

Current Ohio law does not allow the 2.5% exemption or 10% reduction on any new levies approved after 2011. But the homeowner will continue to receive them on prior levies.

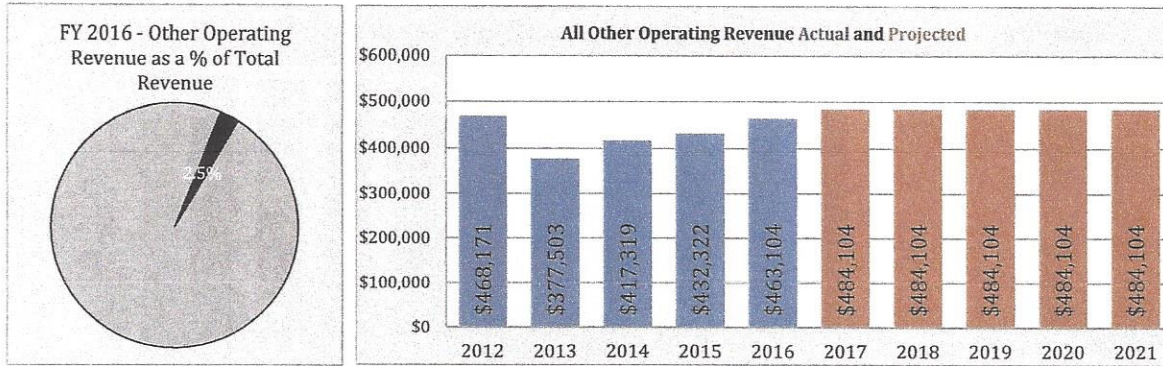
Prior years 2012 and 2013 on the "Year over Year" chart below show significant fluctuations. The 2nd half payment in fiscal year 2010 was not made until 2011. Thus, distorting revenue comparisons in 2010, 2011 and 2012.



*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.



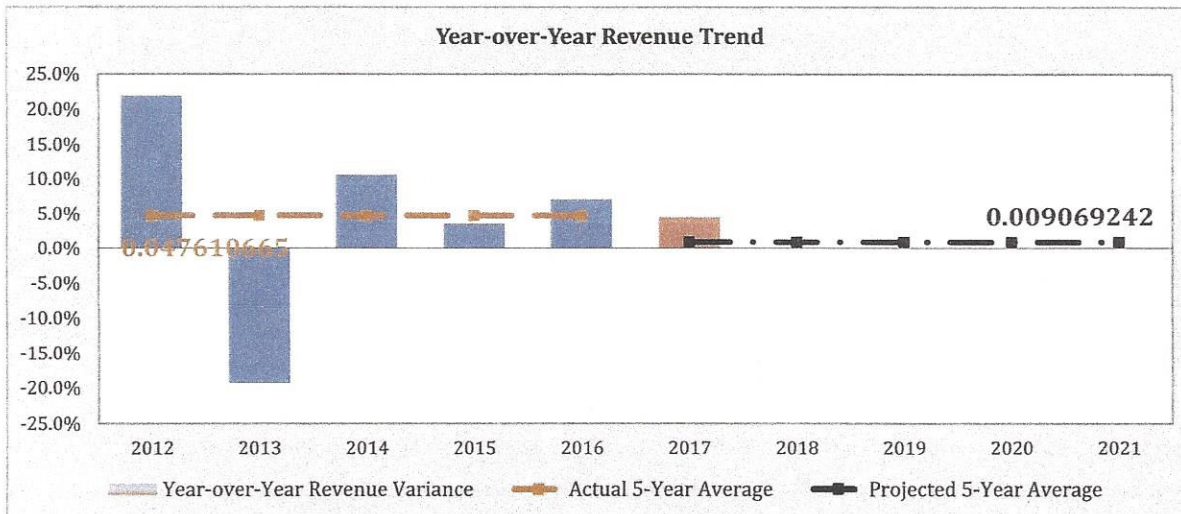
Other Operating Revenues are 2.5% of the districts revenue. There are two primary sources of those dollars.

Senior Star Kenwood is a Community Reinvestment Area, subject to property tax exemptions per an agreement signed by the school district in September 2006. Included in the agreement is a payment in lieu of taxes for \$210,000 per year until the end of calendar year 2017. After that date payments will continue at a to be determined amount until the property rolls back on the tax abstract in 2024 for full taxation at the rate in effect at that time.

Student fees collected for participating in extra-curricular activities and for student related technology is the second small source of revenue at approximately \$100,000 each year.

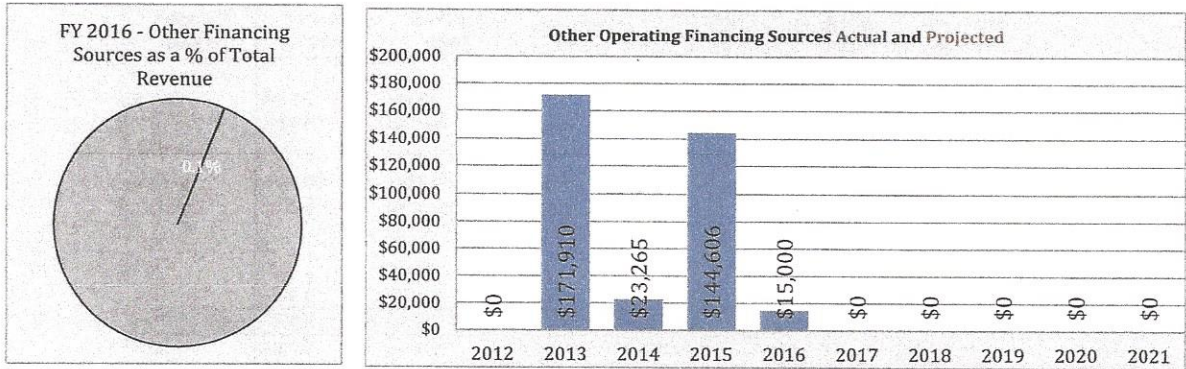
Other miscellaneous sources of revenue on this line include erate reimbursements, interest on cash and investments, facility rentals, tuition fees for court placed non-resident students, administrative fee charged to service non-public schools as the fiscal agent for their state funding, and the Kroger funding program.

Prior year fluctuation in the "Year over Year" bar chart below for 2012 and 2013 are representative of the Senior Star Kenwood collection agreement.



2.070 - Total Other Financing Sources

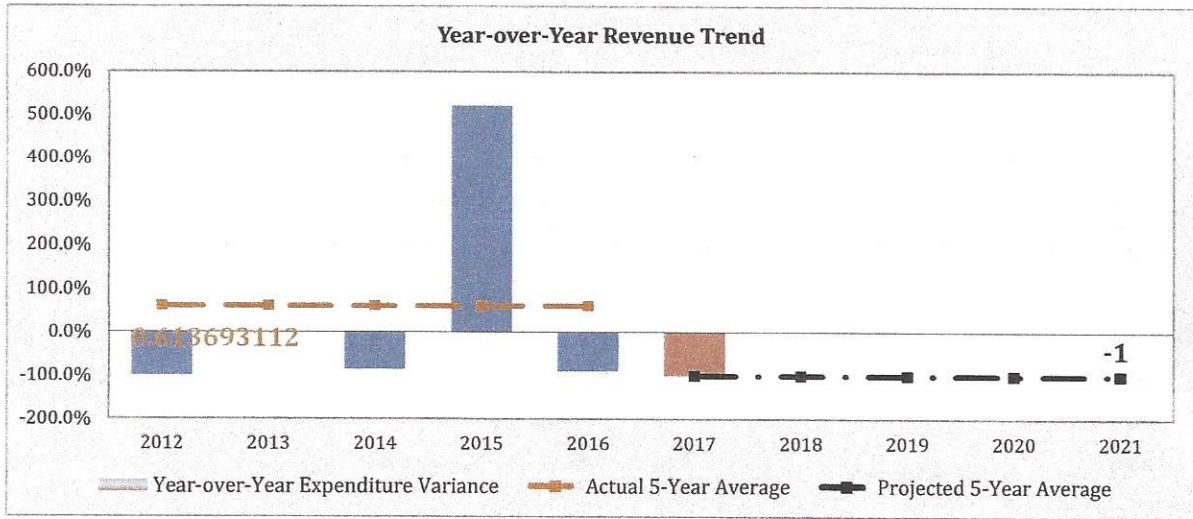
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



Other Operating Sources is "once in a while" revenue sources.

In 2013 the Hamilton County Auditor reimbursed over-collected tax costs for prior years.

In 2015 there was a transfer to the general fund from the district elementary tuition programs that was passed on to the permanent improvement fund for the preschool/kindergarten playground renovation.



Expenditures Overview

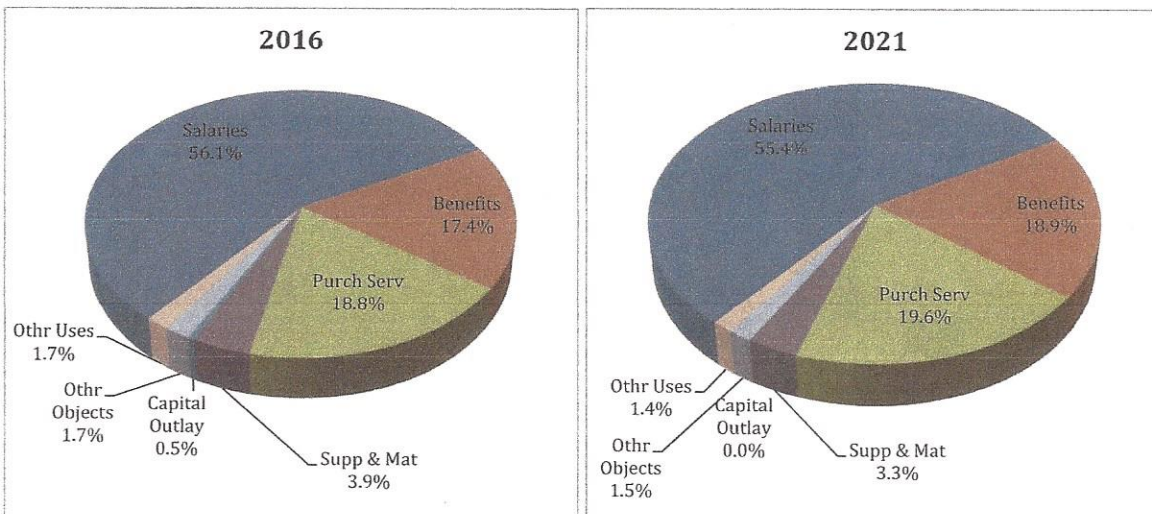
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
Expenditures:							
3.010-Salaries	1.41%	3.00%	2.99%	2.83%	2.83%	2.83%	2.90%
3.020-Benefits	2.23%	4.10%	1.66%	6.18%	6.29%	6.41%	4.93%
3.030-Purchased Services	4.87%	7.72%	3.64%	3.00%	3.00%	3.00%	4.07%
3.040-Supplies & Materials	24.10%	-1.91%	0.00%	0.00%	0.00%	0.00%	-0.38%
3.050-Capital Outlay	209.47%	0.00%	0.00%	0.00%	-100.00%	0.00%	-20.00%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	2.83%	2.93%	0.00%	0.00%	0.00%	0.00%	0.59%
4.500-Total Expenditures	2.70%	3.89%	2.71%	3.29%	2.89%	3.39%	3.23%
5.040-Total Other Uses	171.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5.050-Total Exp & Other Uses	3.02%	3.82%	2.66%	3.24%	2.84%	3.34%	3.18%

See the detail expenditure notes that follow for more detailed explanations.

As indicated on the % chart above expenditures average annual increase for 2017 to 2021 equal 3.2%. The increase is primarily the result of salary and benefit forecasted increases during that period.

The previous five year period, 2012 to 2016 was 2.7% that included several years of 0% base salary schedule increases.

The pie charts below illustrate the breakdown of the district expenditures. Salary and Benfits are the lasrgest expenditures for the district. That doesn't change significantly from year to year.



2017 Financial Report

Madeira School District Board of Education has an on-going commitment of fiscal stewardship to the residents of the Madeira. That commitment includes communication with the community concerning financial information. We have many sound practices in place and will continue to take measures to control our expenses. For example, we have:

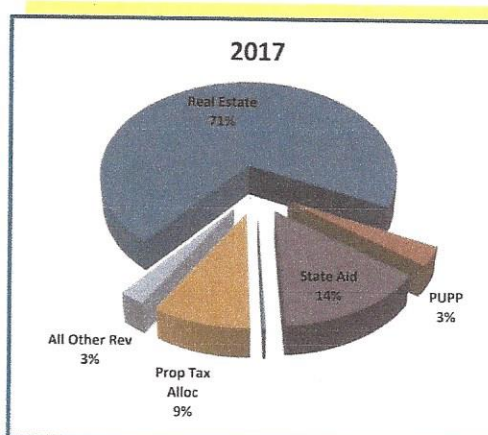
- Continuing privatization of custodial, transportation services and selective staff services
- Continuing partnership with another school district to provide Madeira food service
- Member of a health insurance consortium to better control our health care costs for 20 years
- Memberships in purchasing cooperatives for everything from paper supplies to gas and electricity
- Competitive Teacher salaries that average 1.7% base increase over last 5 years
- Received the Auditor of State award for the annual audit

Some "Financial Highlights" are included on this page. Additional information can be found on the school district website www.madeiracityschools.org under the District Office-Treasurer tab.

Where the District Money Comes From

In Ohio, the funding of public schools is a shared state and local partnership. Madeira, with a minimal business tax base, relies primarily on its residential property owners for funding. In the 2016-2017 school year, Madeira City Schools' general operating revenue is estimated at \$19.5M from the following sources:

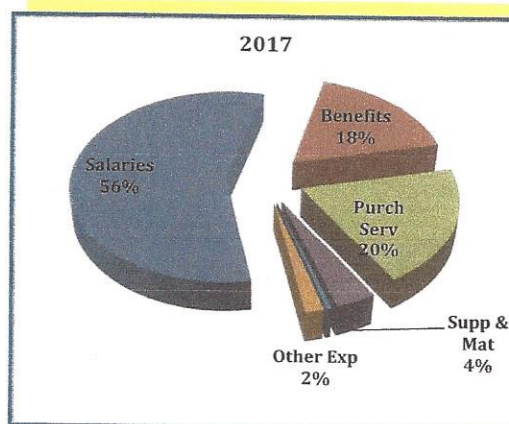
- **LOCAL REAL PROPERTY TAX AND PUBLIC UTILITY PROPERTY TAX** - \$14.4M or 73% of the *District's General Fund*. Taxes paid by residential, business and public utilities.
- **STATE SUPPORT** - \$4.6M or 23.6% of the *District's General Fund*. Ohio provides financial support that has remained consistent over the past 4 years. Ohio reimburses the district for the 12.5% exemption on homeowner property taxes and the homestead exemption provided to eligible property taxpayers.
- **OTHER LOCAL REVENUE** - \$484K or 2.4% of the *District's General Fund*. Includes payment in lieu of property taxes on Kenwood Senior Star, student fees and investment earnings.



Where the District Money Goes

The General Fund is used to account for the ordinary operations of the district. The majority of all tax dollars collected from voter approved operating levies are accounted for in the *General Fund*. In the 2016-2017 school year, Madeira's General Fund operating expenditures estimated at \$18.8M was for the following purposes:

- **STAFF SALARIES AND BENEFITS** - \$13.6M or 74% of the *District's general operating expenditures*. The Board approved a 2% salary schedule increase for the 2017-2018 school year. Membership in a health consortium has helped manage healthcare increases that average 2.1% increase over the past 5 years, and 0% premium increase in 2017-2018.
- **CONTRACT SERVICES** - \$3.7M or 19.8% of the *District's general operating expenditures*. Contract services include transportation services, custodial services, technology support, and staff & pupil support services.
- **MATERIALS, CAPITAL, OTHER COSTS** - \$1M or 6% of the *District's general operating expenditures*. This category includes instructional materials, technology such as student and teacher computers and servers, facility equipment, Hamilton County tax collection costs, and annual audit fees.



Summary

Madeira School District reviews revenue and expenditure data continually to make sure the community tax dollars are being spent in the most efficient and cost effective manner. The district also monitors the funding sources available to the district to make sure we are up to date on any changes at the state level and are forecasting tax revenues appropriately based on the current economy.

Board of Education Commitment and Action

The Board of Education is committed to controlling costs while preserving an outstanding school system. With the passage of the November, 2016 operating levy the Board committed to making those funds last for 3 years.

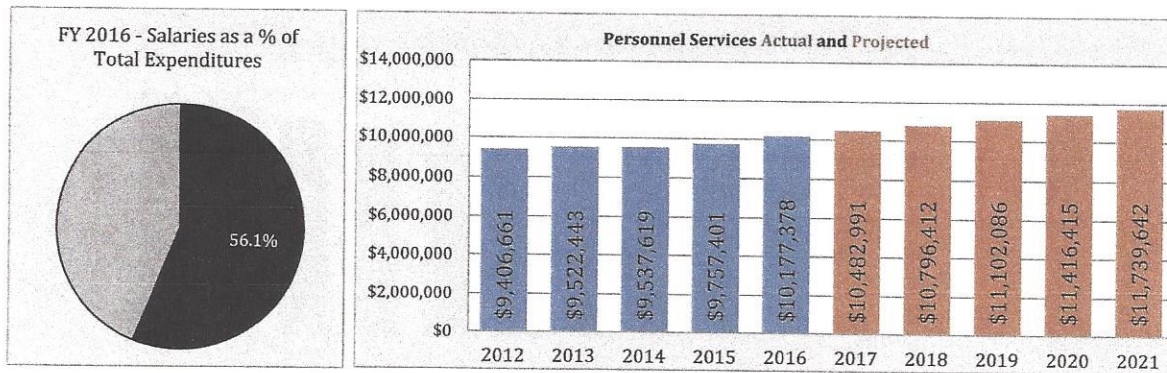
Purchasing consortiums and cooperatives and sharing services are also a top priority. The district is a participating member in several of these cooperatives and continues to identify and register where appropriate.

The Board of Education approved a long term permanent improvement schedule that will provide the fiscal resources to maintain the district facilities for the next 25 years; including roof repairs, heating/cooling systems, grounds and building improvements, furniture replacements, security upgrades, parking lot and athletic facility maintenance, as well as many other items to maintain the community investment in the school facilities.

Additional Information can be found at www.madeiracityschools.org under the District Office/Treasurer tab. Questions concerning the financial information presented or any other finance related questions or concerns should be addressed to **Susan Crabill, Treasurer**, at 985-6070 or scrabill@madeiracityschools.org.

3.010 - Personnel Services

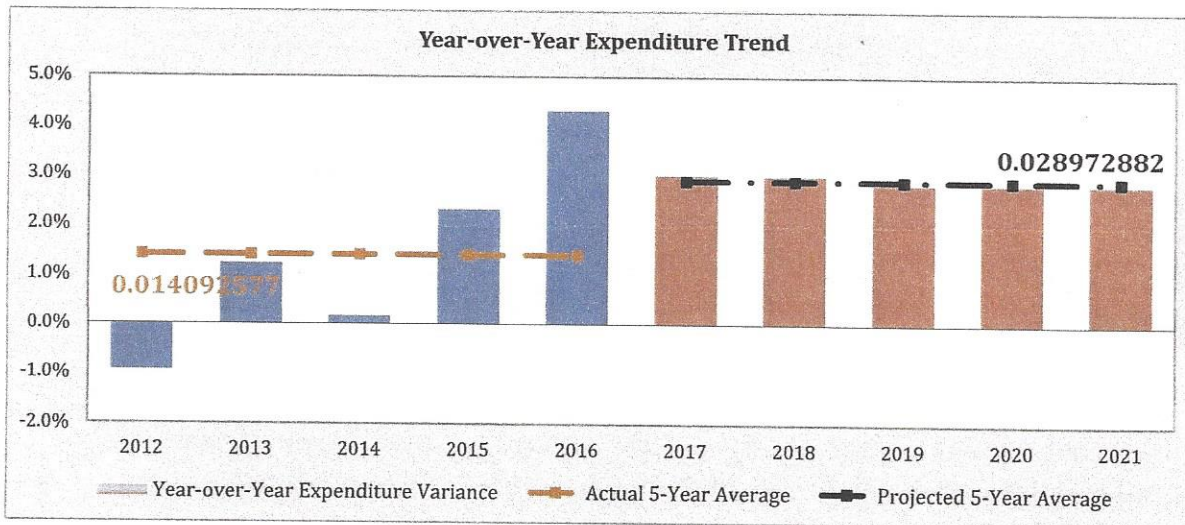
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Personnel Services (staff salaries) is the largest expenditure component of district expenditures at 56.1%. Salaries are forecasted to increase 2.9% on average over the next five years. The increase is a result of staff developing both experience and academically. The forecast does not include any significant number of personnel retirements, although that is a possibility with staff staying an extra five years and possibly an exodus occurring 2020 to 2021.

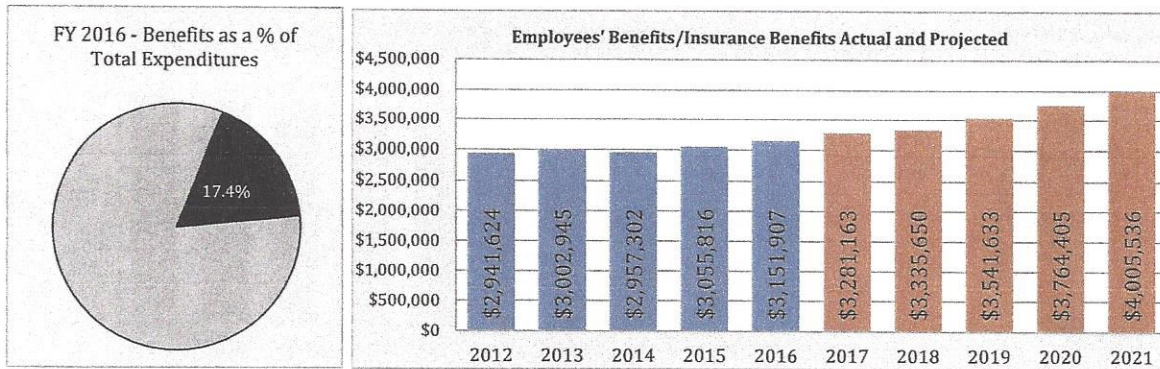
In 2017 there was 1 full time teacher added to grade 1 due to a large class size and some minor time adjustments to other staff. The Board approved a 2% base salary increase that is illustrated by the \$300,000 increase in salary from 2016 to 2017.

The forecast for 2018 to 2021 includes a projected base and step increase of approximately 2.8% average increase for those years.



3.020 - Employees' Benefits

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

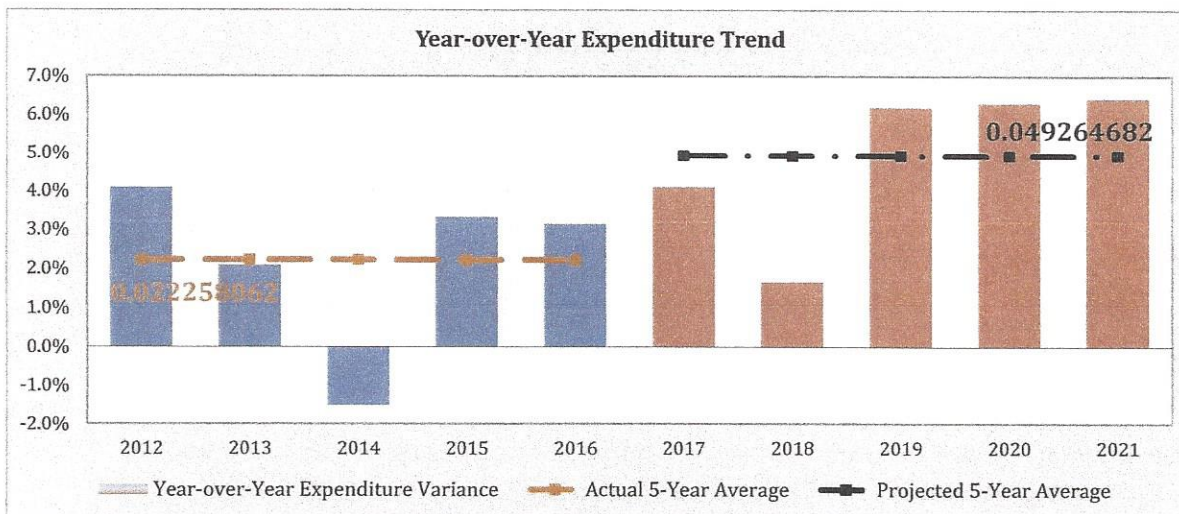


Employee Benefits and Insurance includes Board paid retirement, Medicare, health, dental, workers compensation and life insurance. This expenditures averages about 17.4% of total expenditures.

Board paid **retirement and Medicare** are regulated by law and are approximately 45% of **Employee Benefit costs**. These costs are a direct result of salary expenditure fluctuations.

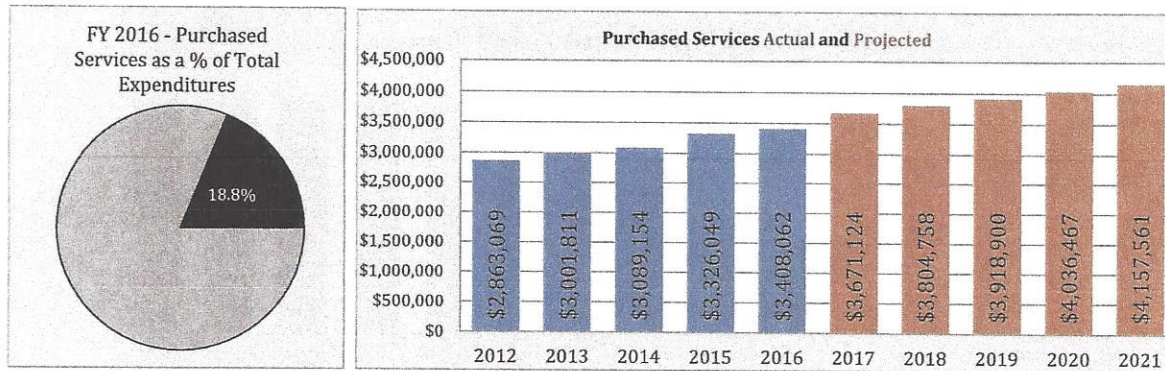
Board paid **medical expenditures** are approximately 55% of **Employee Benefit costs**. Madeira is a member of a 14 school district health consortium that has placed a 10% cap on health premium increases.

From 2012 to 2016 the average annual medical premium increase was 2.1%. During the past 8 years the average annual medical premium increase has been 1.96%. In 2017 there was no premium increase in health or dental rates. There will be no increase in 2018. The forecast for 2019 to 2021 has a cap of 10% on the premium increase.



3.030 - Purchased Services

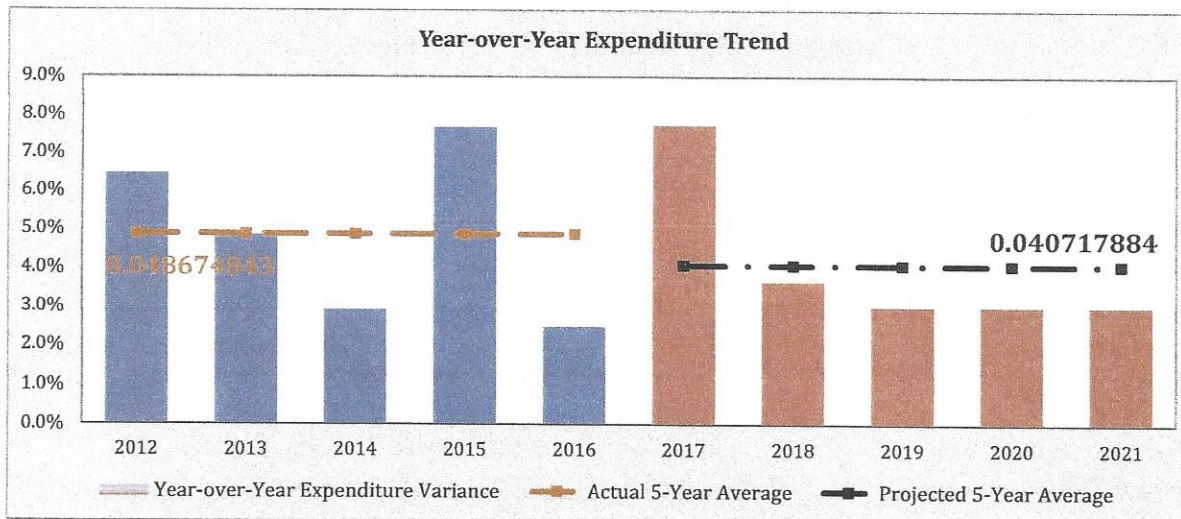
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



Purchased Services (service contracts) is approximately 18.8% of total expenditures. This category includes; custodial, facility maintenance and transportation service contracts; special education services for students needing physical, occupational and other service supports; tuition costs for student on Jon Peterson and Autism scholarships, students attending charter schools, students open enrolled in other public districts, students taking college credit plus courses; substitute teacher costs, nursing services, staff professional development, technology service supports and other contracts to ensure the safety and security of the district.

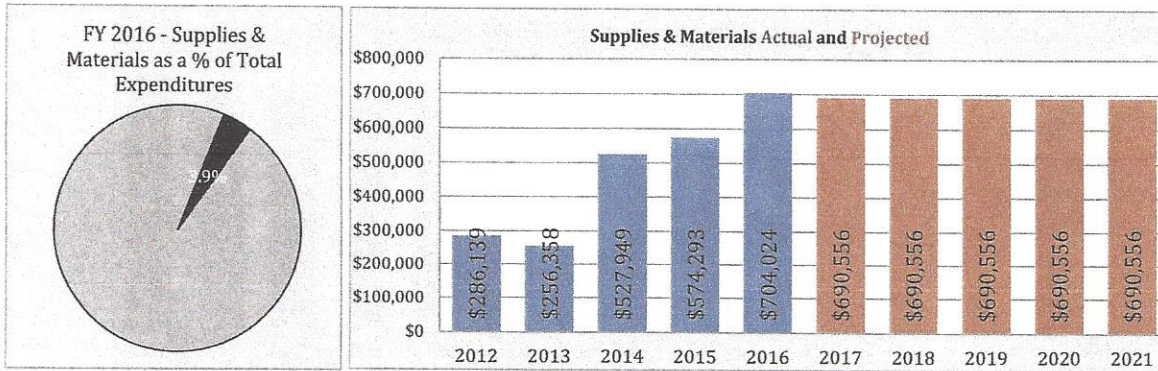
The current school year, 2017, forecasts a 7% increase in costs as a result of increases to the transportation and fuel contracts, student services contracts, and tuition contracts. College Credit Plus is a new program in 2017 that will be fully funded by the district instead of a shared expense between the parent and the district.

In 2018 the district is contracting for technology management services and increasing the EMIS contracted service cost from a part time contract to a full time contract. Moving the technology management service will be a reduction on the salary budget and an increase in the purchased service budget.



3.040 - Supplies & Materials

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

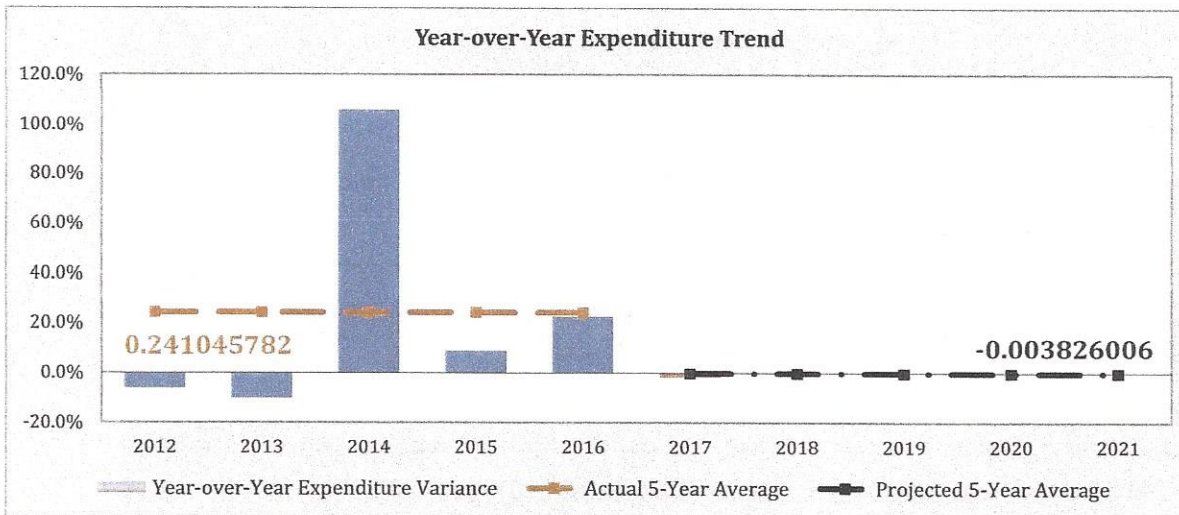


Materials and Supplies is approximately 3.9% of total expenditures.

The district implemented a 1:1 technology plan for students in grades 5 to 8 for 2016-2017 school year and grades 9 to 12 for 2017-2018. An insurance plan was also implemented to provide funding for break/fix to the chromebooks.

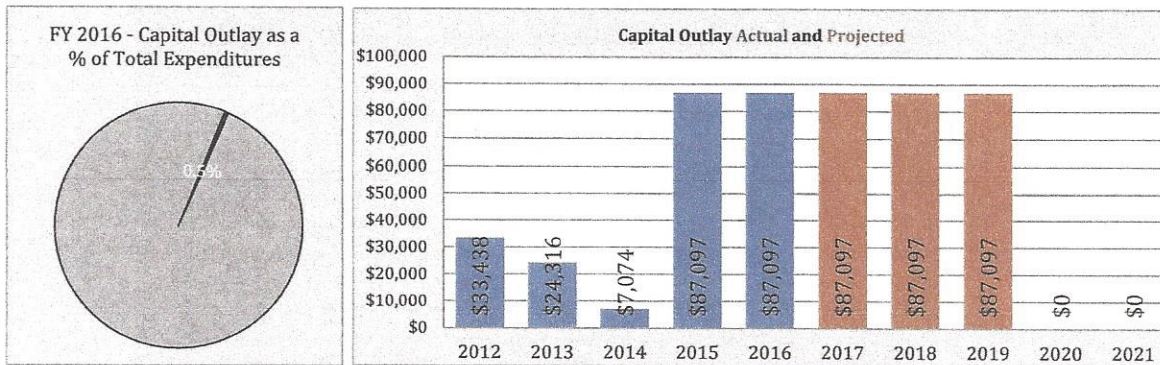
The district sets aside \$105000 each year for purchase of curriculum materials and textbooks and approximately \$250000 to purchase instructional technology equipment. These purchase totals can vary each year depending upon the needs of the district.

In 2013 the Ohio Dept. of Education provided a redefined list of account codes that included instructional technology. Using the redefinition Instructional Technology was moved from a Purchased Service to Supplies and Materials in 2014. This change caused the unusual variance in 2014.



3.050 - Capital Outlay

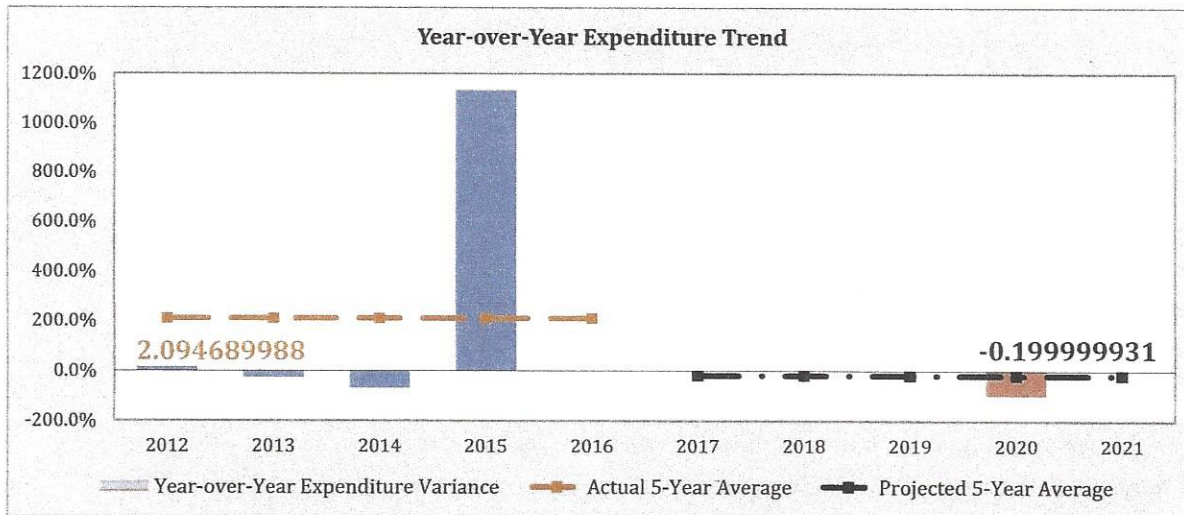
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay is approximately .5% of total expenditures. In 2013 the district revised its policy from identifying capital purchases from \$1000 to \$5000. Most individual expenditures in the district purchased by the general fund do not meet the \$5000 and 5 year life for consideration as a capital outlay.

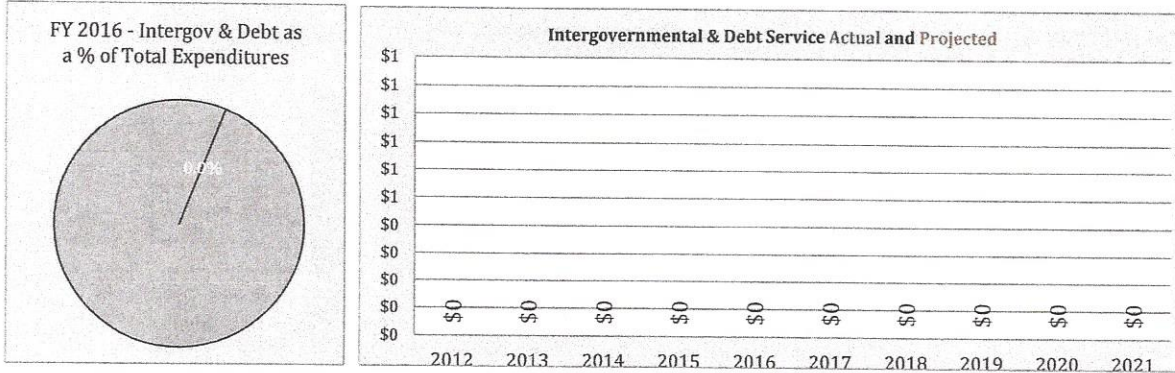
From 2015 to 2019 the Board is paying off the purchase of the Bus Lot property using general funds.

Most of the expenditures for capital outlay, equipment, and improvement projects are expenses from the Permanent Improvement Fund.

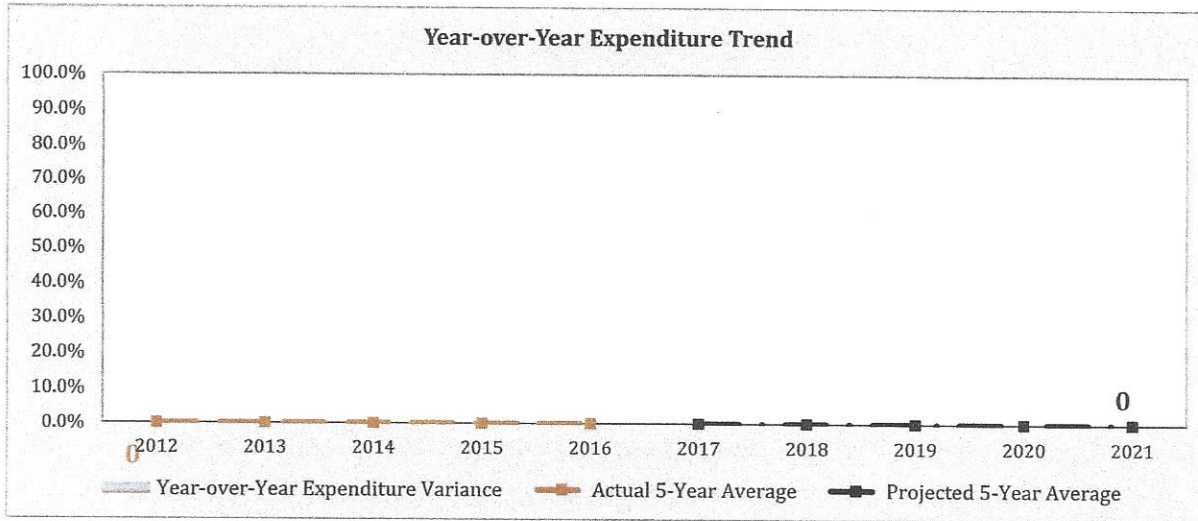


3.060-4.060 - Intergovernmental & Debt

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.

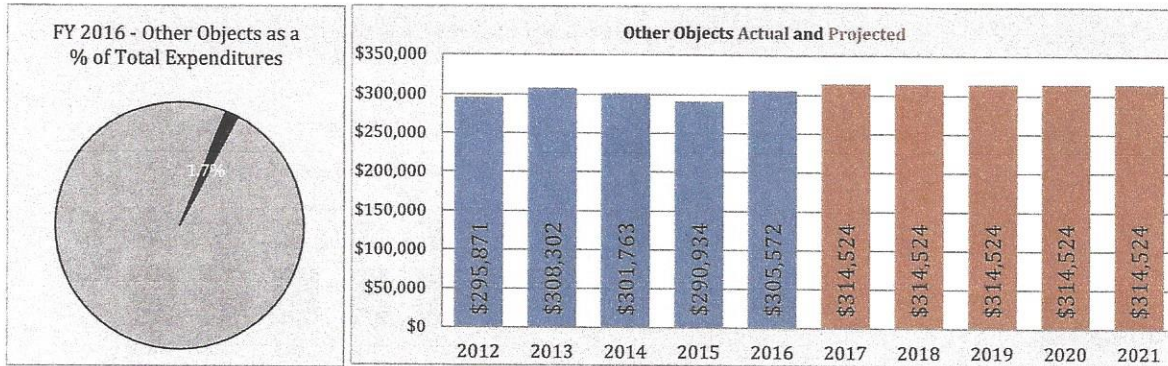


Madeira does not record debt service using general funds. Debt obligations on outstanding bond issues are collected by the Hamilton County Auditor and recorded using the Bond Retirement fund.



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.

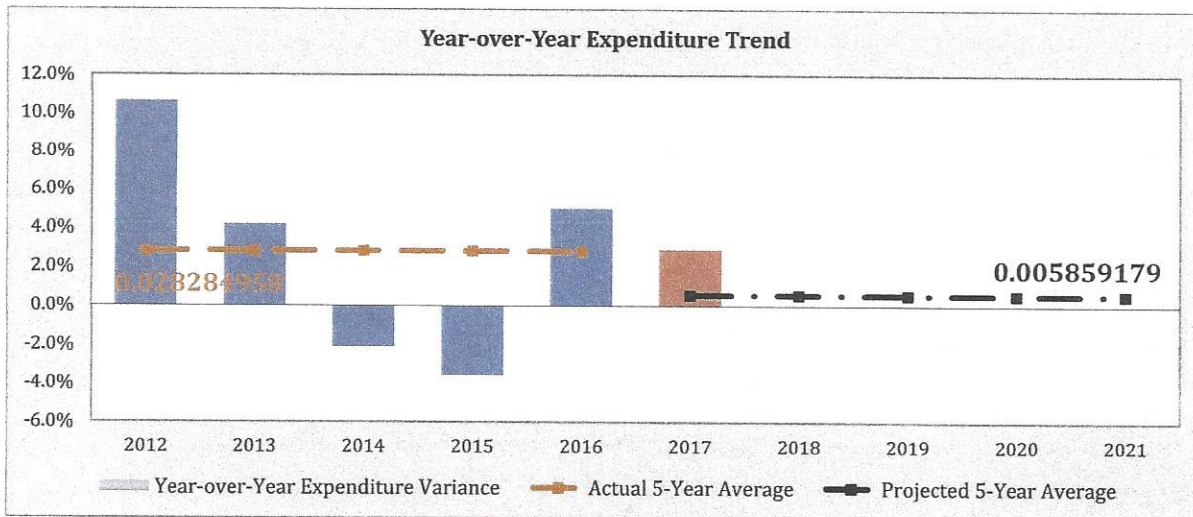


Other Objects are approximately 1-2% of total expenditures. The primary category of expenditures (65%) are the cost charged by the Hamilton County Auditor as tax collection fees for advertising delinquent taxes, election expenses, storm water assessments, and county auditor and county treasurer fees.

Additionally, by law, the district is required to have a financial audit each year and provide financial reports that follow generally accepted accounting principals. The State of Ohio Auditor of State's office is contracted for the annual compliance financial audit that also includes an audit of student enrollment. The district contracts with a local CPA firm to convert the cash basis financial report into a generally accepted accounting principal accrual report. The annual cost associated with the audits is approximately \$35,000.

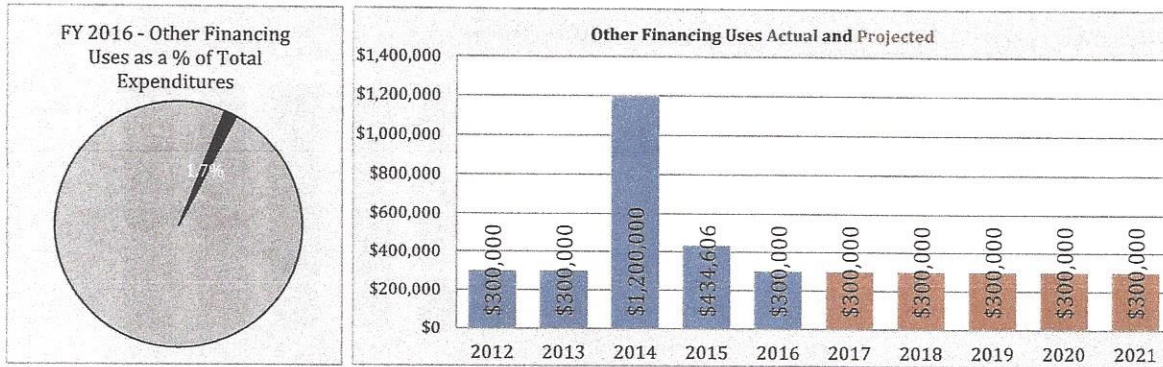
Other items included as **Other Object** expenditures are tuition reimbursement to staff, district and staff memberships in professional organizations, district liability insurance and the bond insurance of the Board President, Superintendent, and Treasurer.

The "Year over Year" bar chart below for 2012 reflects the increase in election expenses from the Nov. 2011 operating levy.



5.040 - Total Other Financing Uses

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

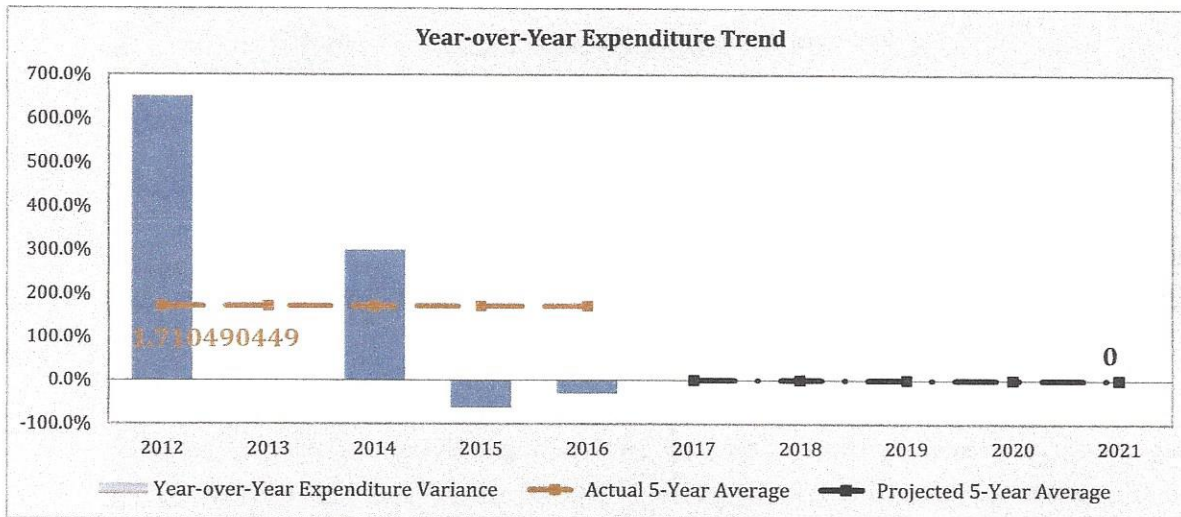


Other Financing Uses is approximately 2% of total expenditures.

The Board developed a **25 year Permanent Improvement Plan** to address facility maintenance in the district; roof replacements, HVAC replacements, security requirements, furniture replacements, outdoor/exterior maintenance, parking lot and playground maintenance, athletic facility maintenance, vehicle replacements, carpet/VCT replacements. There are sections of the high school building that were not included in the 2004 bond issue renovation. Using the 25 year long term plan allows the district to schedule needed renovations/improvements using the committed transfer from the general fund each year.

Since 2012 the Board of Education is committed to maintaining and improving/renovating the district facilities. Therefore, an annual transfer of at least \$300,000 is committed from the general fund as a transfer to the permanent improvement fund.

In 2014 the Board transferred \$1.2 million to the Permanent Improvement fund to complete the renovation on the high school Media Center and replace the HVAC with an energy efficient geothermal heating/cooling system. In 2015 there was an additional transfer of \$134,000 to renovate the preschool/kindergarten playground.



Forecast Compare

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

		Column A	Column B	Column C	Column D
		Previous Forecast Amounts For F.Y. 2017 Prepared on: 11/17/2016	Current Forecast Amounts For F.Y. 2017 Prepared on: 5/5/2017	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
Revenue:					
1	Real Estate & Property Allocation	\$14,153,736	\$15,567,041	\$1,413,305	10.0%
2	Public Utility Personal Property	\$584,840	\$612,535	\$27,695	4.7%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$2,808,619	\$2,831,544	\$22,924	0.8%
5	Other Revenue	\$463,104	\$484,104	\$21,000	4.5%
6	Other Non Operating Revenue	\$0	\$0	\$0	n/a
7	Total Revenue	\$18,010,299	\$19,495,223	\$1,484,924	8.2%
Expenditures:					
8	Salaries	\$10,482,991	\$10,482,991	\$0	0.0%
9	Fringe Benefits	\$3,281,163	\$3,281,163	\$0	0.0%
10	Purchased Services	\$3,671,124	\$3,671,124	\$0	0.0%
11	Supplies, Debt, Capital Outlay & Other	\$1,092,177	\$1,092,177	\$0	0.0%
12	Other Non Operating Expenditures	\$300,000	\$300,000	\$0	0.0%
13	Total Expenditures	\$18,827,454	\$18,827,454	\$0	0.0%
14	Revenue Over/(Under) Expenditures	-\$817,155	\$667,768	\$1,484,924	7.9%*
15	Ending Cash Balance	\$7,167,091	\$8,652,015	\$1,484,924	7.9%*

*Percentage expressed in terms of total expenditures

The chart above compares the **previous forecast** with the **May 31, 2017 Five Year Forecast**. Keeping in mind this is not a comparison of Forecast to Actual but Forecast to Forecast.

Revenue 8% increase - the largest difference in revenue forecast is the **Real Estate and Property Tax Allocation** variance due to the 6.9 mill approved operating levy.