



Financial Forecast Update Loveland City School District October 14, 2013

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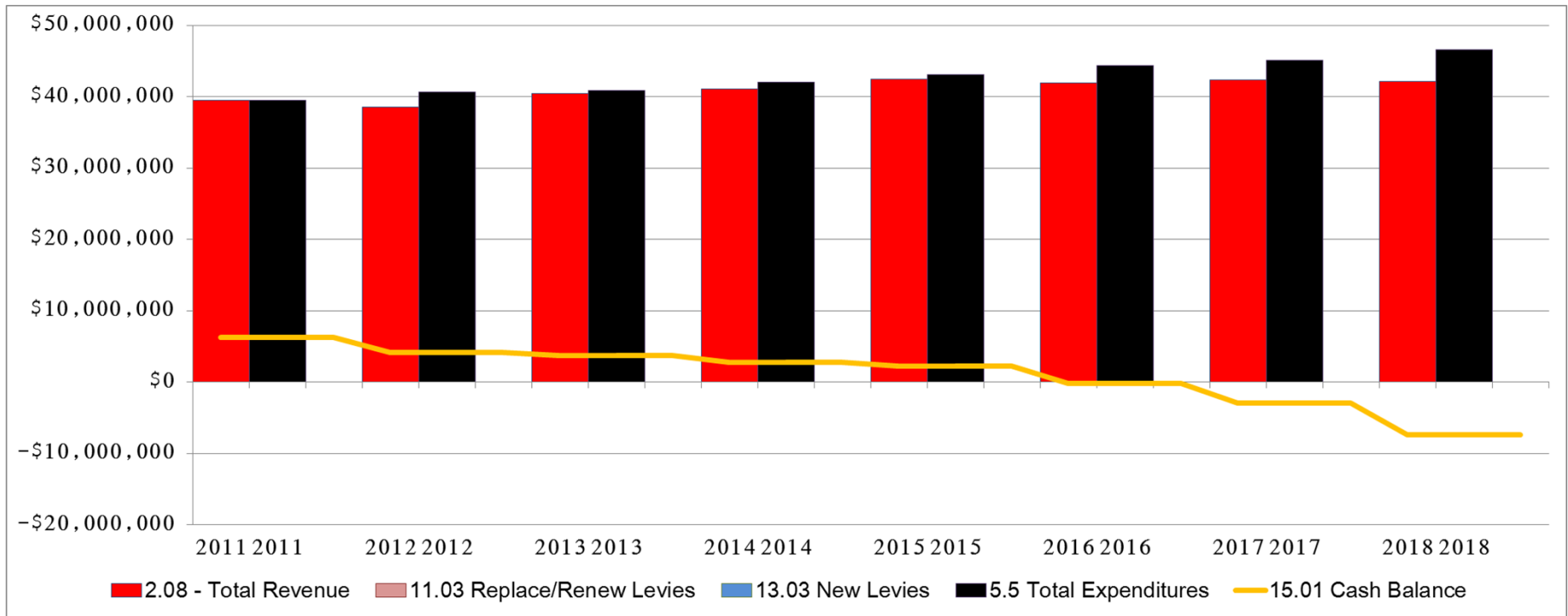
Public Finance Resources, Inc.

"Serving the Public's Financial Leaders"

Presentation Objectives

- Sustainability -- How does revenue compare to expenditures?
- Stability -- What reserves are available?
- Strategy – How will enrollment, state funding and service levels impact levy planning?
 - Identify next steps.

Financial Forecast Summary

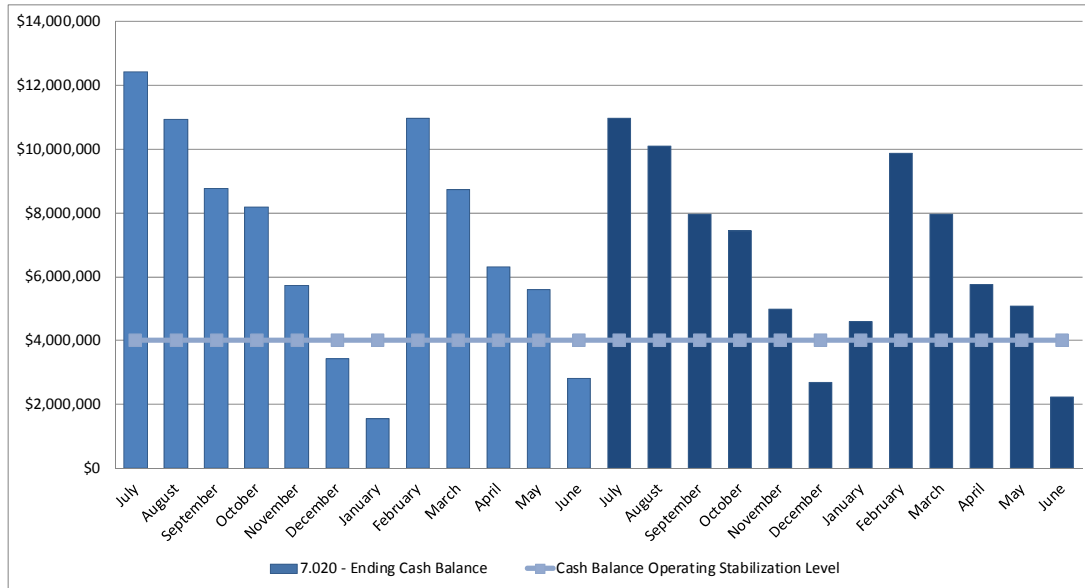


- State funding increased \$.68M in 2014 and \$1.15M in 2015.
 - State funding decreases occur in 2016 through 2018, almost dropping state funding to its 2013 level.
- New (3.5 mill) levy passed in 2011 for collection in 2012.
- Expenditure average annual change is 2.0% from 2008 through 2018.
 - 2.64% annual change for 2014 through 2018.
- Expenditures continue to exceed revenue.

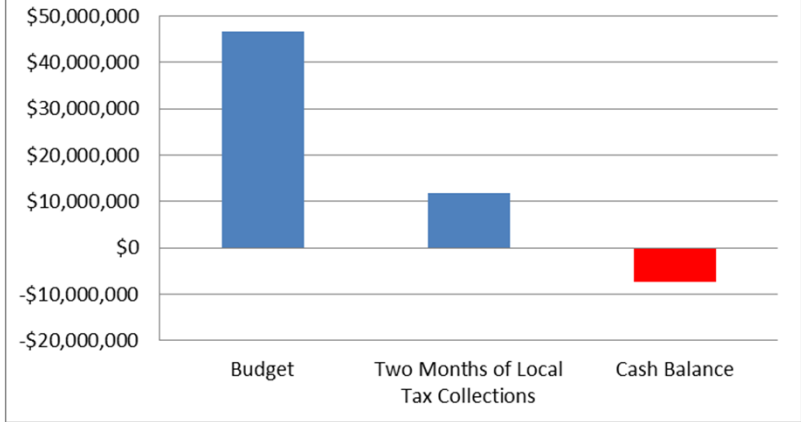
Cash Stability

Projected Monthly Cash Flow

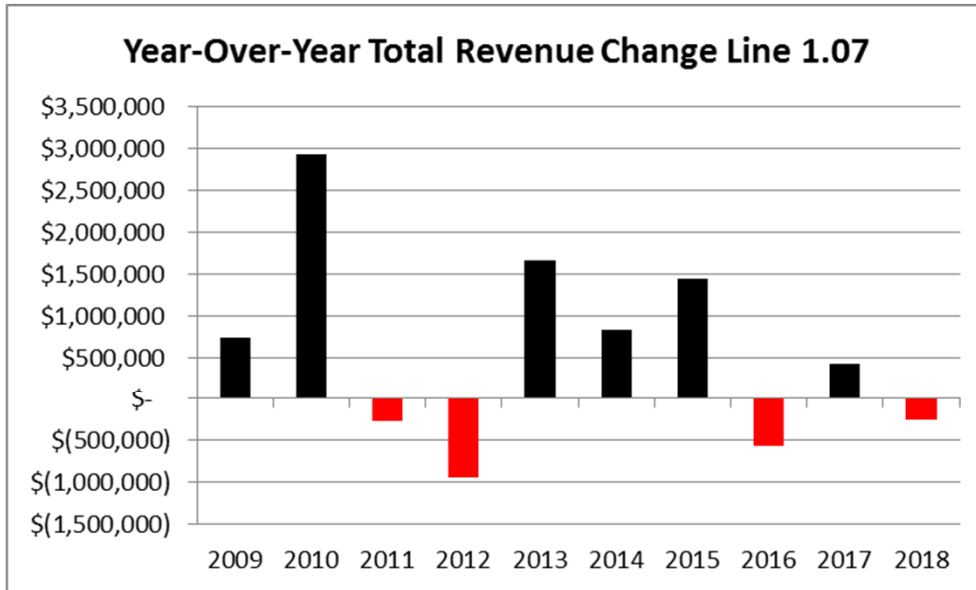
Cash Balance Operating Stabilization Level \$ 4,000,000



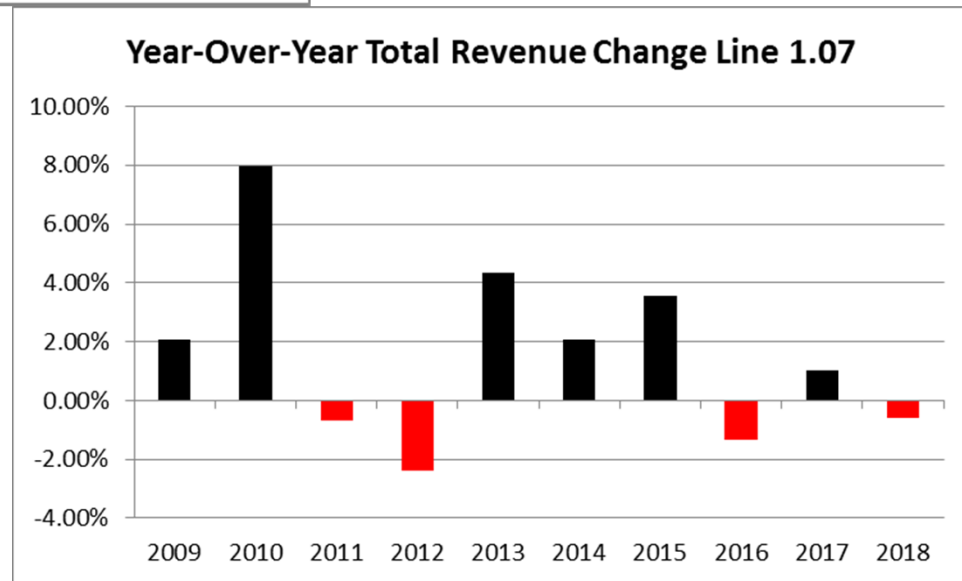
Fiscal Year 2018 Cash Reserve Indicators



Total Operating Revenue



Annual revenue increases average 1.6% for the period 2009 through 2018 and 4.7% for the period 2014 – 2018.



State Funding Changes

State Funding Analysis

2014 % of Total Revenue	26.7%	0.2%			8.7%	35.5%
	Unrestricted	Restricted	Total		Prop Tax Alloc.	Total State
2008	11,364,533	48,319	11,412,852		3,089,213	14,502,065
2009	11,433,740	150,863	11,584,603		2,819,153	14,403,756
2010	10,590,125	751,923	11,342,048		5,146,613	16,488,661
2011	10,290,274	1,518,119	11,808,393		4,078,971	15,887,364
2012	10,358,120	83,001	10,441,121		3,491,792	13,932,913
2013	10,809,173	61,169	10,870,342		3,510,261	14,380,603
2014	11,491,788	108,247	11,600,035		3,549,185	15,149,219
2015	12,643,318	108,579	12,751,898		3,585,033	16,336,930
2016	11,651,089	108,915	11,760,004		3,641,577	15,401,581
2017	11,648,030	109,254	11,757,284		3,698,098	15,455,383
2018	10,843,830	109,597	10,953,427		3,768,929	14,722,356

- Unrestricted plus Restricted reflected an increase in 2011 as a result of stimulus funding. However the increase and more was eliminated in the following year (2012).
- Total State funding decreased in 2011 and 2012 primarily due to reductions in the state's Property Tax Allocation reimbursement to the district for local property tax collections that were shifted to the state.

State Funding Vulnerability

State Core Aid Funding Overall Analysis and Vulnerability Assessment

Projected Year	Column J State Core Funding	Column K	Column L	Column M Funding Above 2013 Level	Column N Percent of Total Funding	Column O	Column P	Column R Modeled Cap
		State Guarantee Funds Needed to Maintain 2013 Funding	Percent of Total Funding			Unfunded Formula Resulting from "Capped" Increase	Percent of Total Funding	
2014	\$11,048,299	\$0	0.00%	\$1,639,806	14.84%	\$989,906	8.96%	106.25%
2015	\$12,197,293	\$0	0.00%	\$1,798,894	14.75%	\$0	0.00%	110.50%
2016	\$11,207,270	\$0	0.00%	\$808,871	7.22%	\$0	0.00%	101.50%
2017	\$11,203,409	\$0	0.00%	\$805,010	7.19%	\$0	0.00%	101.50%
2018	\$10,398,399	\$458,464	3.76%	\$0	0.00%	\$0	0.00%	101.50%

- The State's new funding formula increases revenue in 2014 (over 2013) by \$1,639,806. There is a slight increase in 2015 which pushes the total to \$1,798,894 over the 2013 level.
- Starting in 2016 the district loses state funding based upon declining enrollment projections.
- Status of guarantees is questionable in subsequent state budgets.

State Funding Factors

State Per Pupil Funding Analysis - "Core Aid Per Pupil"

Projected Year	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I
	Number of Funded Students Head Count, + Comm. Schl, + Open Enroll Out		District Per Pupil Valuation Index as % of State Median		District Median Taxpayer Income as % of State Median	Blended Valuation Index Median Index Wealth Index		State Share of Core Per Pupil Funding	State Share Funding Per Pupil
2014	4,519	\$166,706	119.66%	\$50,879	158.21%	1.1966	\$5,745	35.17%	\$2,020
2015	4,519	\$166,706	119.66%	\$50,879	158.21%	1.1966	\$5,800	35.17%	\$2,040
2016	4,350	\$172,317	124.94%	\$52,151	159.76%	1.2494	\$5,887	32.53%	\$2,070
2017	4,277	\$172,317	124.94%	\$52,151	159.76%	1.2494	\$5,975	32.53%	\$2,101
2018	4,199	\$186,795	133.70%	\$53,455	161.34%	1.3370	\$6,065	28.15%	\$2,133

- The district's per pupil valuation (Column B) is 19.66% higher than the state average in 2014.
- Per Pupil Valuation is expected to grow through 2018 because property values are increasing slightly and enrollment is decreasing.
- The district's state share of funding (Column H) could drop from 35.17% in 2014 to 28.15% in 2018.

Action Items

- Review enrollment projections.
- Establish program and service levels.
- Create a ten-year forecast.
- Model levy scenarios to accomplish district goals.
- Other?

Thank You

Public Finance Resources Employee Bios



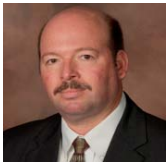
Debra Hoelzle, Chief Operations Officer of Public Finance Resources, provides direct services to clients, and oversees the day-to-day operations of PFR. She brings with her operational experience from both the public and private sectors, including a school district and multiple corporations in the financial services industry. Debra holds her Masters of Business Administration from Ohio University, and her Bachelors of Science in Business Administration from The Ohio State University.



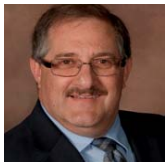
Stacy Overly, Consultant, provides direct financial services to clients. He has over 20 years of experience serving as school district treasurer, including 15 plus years of developing financial forecasting tools, and providing instruction and training opportunities attended and used by over two hundred of Ohio's public school treasurers. Stacy works with clients to analyze trends and review local economic data to help determine a long-term operating strategy for the organization. He holds his Masters of Business Administration and his Bachelors of Business Administration in Finance from Ohio University.



Ernie Strawser, Consultant, provides direct services to our public finance clients. He has over 30 years of public finance experience as a CFO, consultant, and developer and instructor of financial forecasting techniques and tools which have been used by over two hundred Ohio school district CFOs. Ernie works with clients to facilitate their understanding of local financial results, trends, and strategies. He holds both a Masters of Science in Administration from Central Michigan University and a Bachelor of Science in Finance from Ohio University.



Matt Bunting, Consultant, has over 25 years of experience in the public finance sector. This includes 15 plus years as a school district treasurer, and 11 years with the Auditor of State where he led financial, legal compliance, and Federal single audits of government entities. Matt has served as interim school treasurer several times, as well as worked with Ernie and Stacy to test their forecasting software and instruct at their yearly seminars. He holds an Associates Degree in Accounting from Hocking College, and is a Certified Government Financial Manager.



Mike Sobul, Consultant, brings 30 years of experience in public finance and tax analysis. Currently a school district treasurer, Mike spent nearly 25 years with the Ohio Department of Taxation where he led revenue forecasting efforts and provided analysis, training, and fiscal services to schools and local governments. Mike holds a Masters Degree in Public Policy from the University of Michigan and a Bachelors Degree in Economics and Political Science from Wittenberg University.



Ryan Ghizzoni, Consultant, began his career with the Auditor of State's Office and has served as a school district treasurer for the past 10 years. During his career, he has been the recipient of six Association of School Business Officials International Meritorious Budget Awards and was the recipient of the Ohio Association of School Business Officials 2011 Outstanding Treasurer of the Year Award. Ryan holds a Bachelors of Business Administration from the Youngstown State University, and is a Certified Administrator of School Finance and Operations.

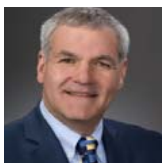


PFR Contact Information

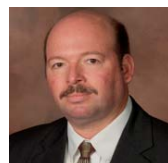
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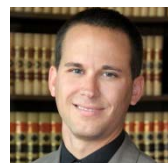
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