What Can PFR Do For You?

An Overview of Products & Services

OSBA Capital Conference

November 11, 2013

Public Finance Resources, Inc.

"Serving the Public's Financial Leaders"
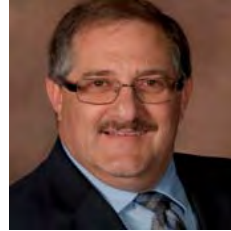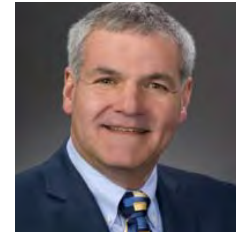
Experience

Matt Bunting   Ryan Ghizzoni   Stacy Overly   Mike Sobul   Ernie Strawser   Debra Hoelzle

With more than 100 years of combined strategic financial experience, PFR consultants will help you in your role as school board member, treasurer, superintendent, or administrator to get the information, resources and training that you need to achieve maximum effectiveness in your financial leadership role.

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Client List

Alexander LSD	Claymont CSD	Frontier LSD	Lebanon CSD	Montpelier Ex Vill SD	Ravenna CSD	Tuscarawas Valley LSD
Amanda-Clearcreek LSD	Cloverleaf LSD	Gahanna-Jefferson CSD	Liberty Union-Thurston LSD	Morgan LSD	Reading Community CSD	Union LSD
Amherst Ex Vill SD	Clyde-Green Springs Ex Vill SD	Galion CSD	Liberty-Benton LSD	Mount Vernon CSD	Ridgedale LSD	United LSD
Ashland CSD	Coldwater Ex Vill SD	Garfield Heights CSD	Licking Heights LSD	Napoleon Area CSD	River Valley LSD	Upper Arlington CSD
Ashtabula Area CSD	Colonel Crawford LSD	Graham LSD	Lima CSD	Nelsonville-York CSD	Riverdale LSD	Urbana CSD
Athens CSD	Columbiana County JVSD	Granville Ex Vill SD	Lisbon Ex Vill SD	New Bremen LSD	Riverside LSD, Lake	Van Buren LSD
Aurora CSD	Columbiana Ex Vill SD	Great Oaks Inst Of Tech	Little Miami LSD	New Knoxville LSD	Russia LSD	Vermilion LSD
Avon Lake CSD	Conneaut Area CSD	Green LSD, Summit	Logan Elm LSD	New Lexington CSD	Sandusky CSD	Vinton County LSD
Avon LSD	Conotton Valley Union LSD	Greenon LSD	Logan-Hocking LSD	New London LSD	Scioto Valley LSD	Walnut Township LSD
Barberton CSD	Coshocton County JVSD	Greenville CSD	Lorain County JVSD	New Richmond Ex Vill SD	Sidney CSD	Warren CSD
Batavia LSD	Coventry LSD	Hamilton CSD	Lordstown LSD	Newbury LSD	Solon CSD	Warren County JVSD
Bay Village CSD	Covington Ex Vill SD	Hardin-Houston LSD	Loudonville-Perrysville SD	Newton Falls Ex Vill SD	South Central LSD	Warren LSD
Beaver LSD	Crestline Ex Vill SD	Hicksville Ex Vill SD	Louisville CSD	Noble LSD	Southern LSD, Meigs	Washington County JVSD
Bedford CSD	Crooksville Ex Vill SD	Highland LSD, Morrow	Loveland CSD	Nordonia Hills CSD	Southern LSD, Perry	Wauseon Ex Vill SD
Bellaire LSD	C-Tec JVSD	Holgate LSD	Madeira CSD	Northern LSD	Southwest LSD	Wayne County JVSD
Belpre CSD	Cuyahoga Falls CSD	Hubbard Ex Vill SD	Madison LSD, Richland	Northwest LSD, Hamilton	Springboro Community CSD	Weathersfield LSD
Benjamin Logan LSD	Cuyahoga Valley JVSD	Hudson CSD	Madison-Plains LSD	Northwood LSD	St Clairsville-Richland CSD	Wellington Ex Vill SD
Berkshire LSD	Danbury LSD	Huntington LSD	Mansfield CSD	Norton CSD	St Marys CSD	Wellston CSD
Berne Union LSD	East Guernsey LSD	Independence LSD	Maplewood Career Center JVSD	Norwalk CSD	Stow-Munroe Falls CSD	Wellsville LSD
Big Walnut LSD	Eastern LSD, Meigs	Indian Lake LSD	Marietta CSD	Norwood CSD	Strongsville CSD	West Branch LSD
Black River LSD	Eastern LSD, Pike	Jackson CSD	Martins Ferry CSD	Oberlin CSD	Stryker LSD	West Liberty-Salem LSD
Bloom-Carroll LSD	Edison LSD, Erie	Jackson LSD	Marysville Ex Vill SD	Olentangy LSD	Swanton LSD	Western LSD
Brecksville-Broadview Hts CSD	Edon-Northwest LSD	James A Garfield LSD	Massillon CSD	Orange CSD	Switzerland of Ohio LSD	Western Reserve LSD, Huron
Bridgeport Ex Vill SD	Elyria CSD	Jefferson Area LSD	Maumee CSD	Ottawa Hills LSD	Sylvania CSD	Westerville CSD
Bristol LSD	Fairborn Schools CSD	Jefferson LSD	Maysville LSD	Patrick Henry LSD	Talawanda CSD	Westfall LSD
Buckeye JVSD	Fairfield CSD	Johnstown-Monroe LSD	Medina CSD	Penta JVSD	Teays Valley LSD	Whitehall CSD
Buckeye LSD, Ashtabula	Fairfield Union LSD	Jonathan Alder LSD	Meigs LSD	Perkins LSD	Tecumseh LSD	Williamsburg LSD
Bucyrus CSD	Fairless LSD	Joseph Badger LSD	Miamisburg CSD	Pike County Area JVSD	Three Rivers LSD	Willoughby-Eastlake CSD
Butler Tech JVSD	Fairview Park CSD	Kent CSD	Middletown CSD	Pike-Delta-York LSD	Tolles JVSD	Windham Ex Vill SD
Cambridge CSD	Federal Hocking LSD	Keystone LSD	Mid-East Career & Tech Centers	Pioneer Career & Tech JVSD	Triad LSD	Wolf Creek LSD
Canal Winchester LSD	Firelands LSD	Lakewood CSD	Midview LSD	Plain LSD	Tri-County Career Center JVSD	Woodmore LSD
Central Local LSD	Fort Frye LSD	Lakewood LSD	Minster LSD	Portage Lakes JVSD	Trimble LSD	Wynford LSD
Chagrin Falls Ex Vill SD	Franklin LSD	Lakota LSD, Sandusky	Mohawk LSD	Preble Shawnee LSD	Troy CSD	Zanesville CSD
Clark-Shawnee LSD	Fredericktown LSD	Lancaster CSD	Monroe LSD	Princeton CSD	Trumbull Career & Tech Ctr	

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Understanding = Believing = Planning

We value **UNDERSTANDING**

➢When you understand, you can **BELIEVE**

➢When you believe, you will **PLAN**

"Understanding information doesn't create money
— it creates the choices"

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What Can PFR Do For You?

- Financial Forecasting Services
  - More than software or a state requirement, it is a planning tool.
- Benchmarking
  - Identifying the problem, the size of the problem, and challenges.
- Strategic Planning
  - Setting your district up for long-term sustainability and success.

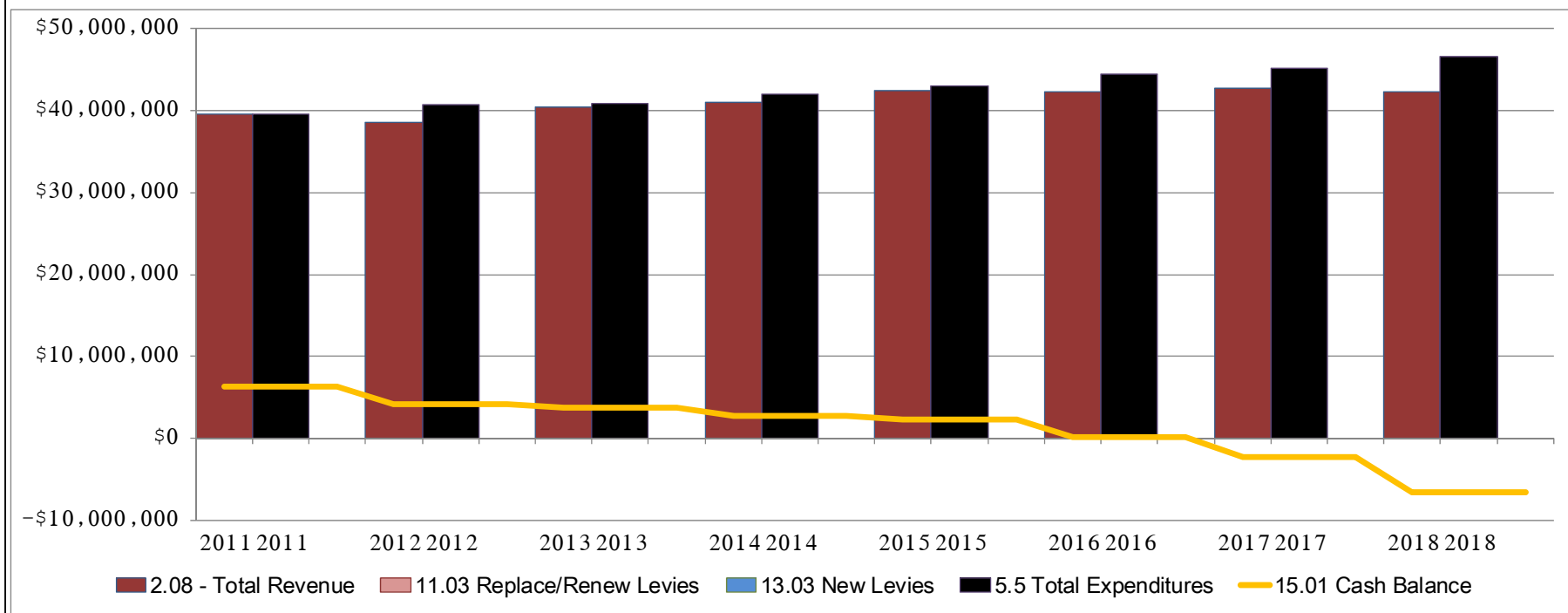PFR
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FINANCIAL FORECASTING

Financial Forecasting

A comprehensive financial forecasting model that is:

- ➢ Easy to use
- ➢ Easy to understand
- ➢ Easy to plan

The Big Picture

Operating Revenue, Expenditures & Year End Fund Balance - Including Renewal, Replacement & New Levies


Legend: ■ 2.08 - Total Revenue ■ 11.03 Replace/Renew Levies ■ 13.03 New Levies ■ 5.5 Total Expenditures — 15.01 Cash Balance

	ACTUAL			FORECASTED				
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
1.070 - Total Revenue	39,530,327	38,574,242	40,460,620	41,065,681	42,509,483	42,282,531	42,772,935	42,252,309
11.03 - Replce/Renw Levies	-	-	-	-	-	-	-	-
13.03 New Levies	-	-	-	-	-	-	-	-
4.500 - Total Expenditures	39,513,694	40,693,181	40,898,456	42,001,686	43,082,728	44,396,224	45,126,061	46,578,542
6.01-Budget Surplus/(Shortfall)	16,633	(2,118,939)	(437,836)	(936,005)	(573,244)	(2,113,693)	(2,353,126)	(4,326,233)
15.01-Unrsvd. Fund Balance	6,290,305	4,171,366	3,733,530	2,797,525	2,224,281	110,588	(2,242,539)	(6,568,771)

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Revenue Source Analysis

Operating Revenue Summary — **Your District - Ohio**

2011 | 2014 Revenue Composition | 2018
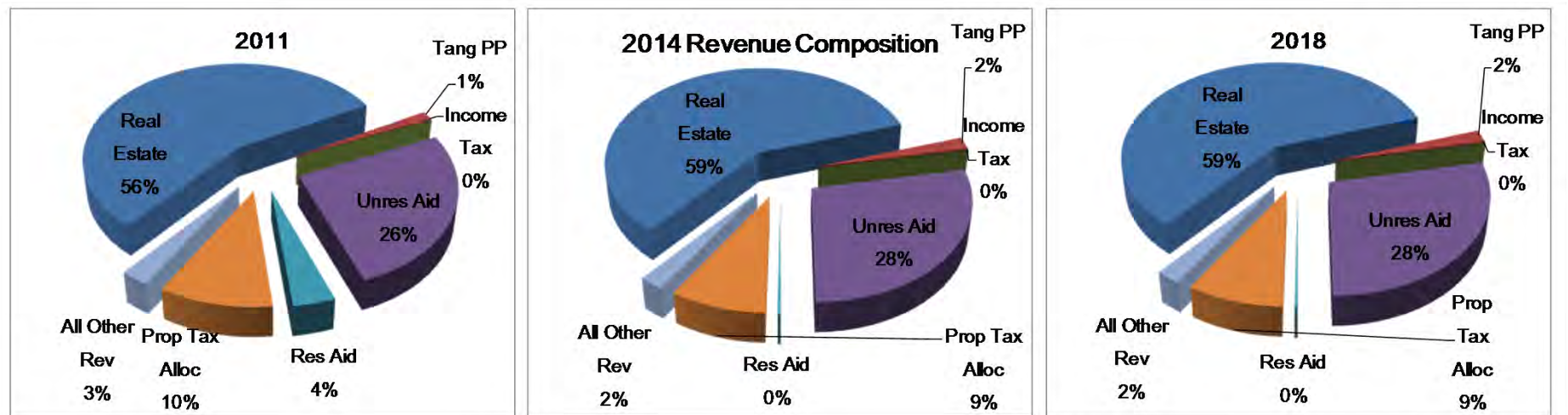
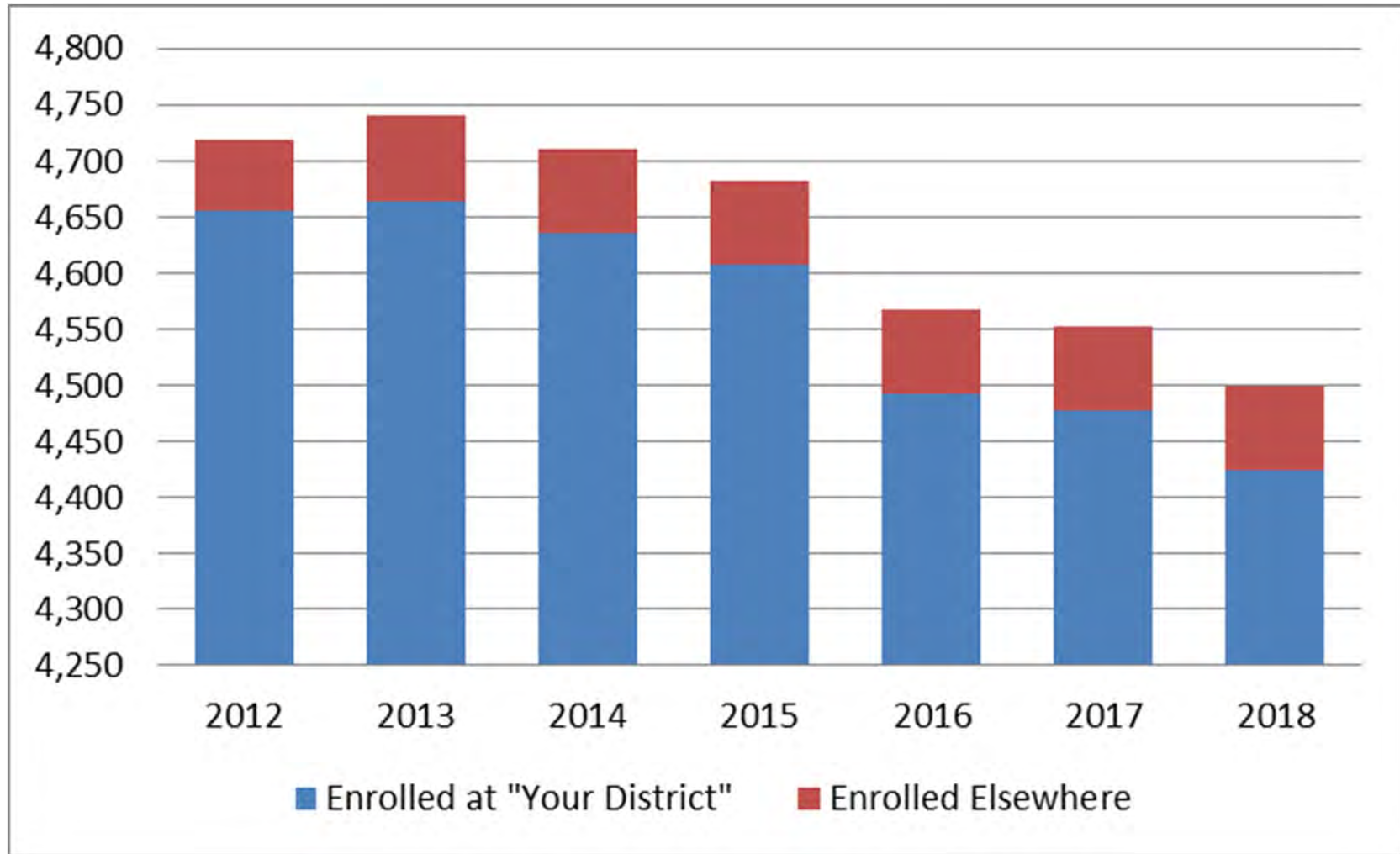|	ACTUAL		FORECASTED			7 Year Projected
	2011	% of Revenue	2014	% of Revenue	2018	% of Revenue	% Change
1.010 - General Property Tax (Real Estate)	22,062,149	55.85%	24,178,837	58.91%	25,572,162	59.79%	15.91%
1.020 - Public Utility Personal Property	525,253	1.33%	806,291	1.96%	851,122	1.99%	62.04%
1.030 - Income Tax	-	0.00%	-	0.00%	-	0.00%	0.00%
1.035 - Unrestricted Grants-in-Aid	10,290,274	26.05%	11,491,788	28.00%	10,988,193	25.69%	6.78%
1.040 & 1.045 - Restricted Grants-in-Aid	1,518,119	3.84%	108,247	0.26%	109,597	0.26%	-92.78%
1.050 - Property Tax Allocation	4,078,971	10.33%	3,549,185	8.65%	3,768,929	8.81%	-7.60%
1.060 - All Other Operating Revenues	1,025,361	2.60%	911,158	2.22%	962,306	2.25%	-6.15%
1.070 - Total Revenue	39,500,127		41,045,506		42,252,309		6.97%

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Real Estate Taxes

Taxable Values, Tax Rates, Collection Rates

Tax Year	Real Property Valuation	Year-Over-Year Change	92.2% of Total Real Estate Revenue		7.8% of Total Real Estate Revenue		Gross Collection Rate (All Taxes)
			Effective Residential Tax Rate	Year-Over-Year Change	Effective Business Tax Rate	Year-Over-Year Change	
2008	780,401,520	**48,375,900**					
2009	783,778,270	3,376,750	32.16		31.63		
2010	783,600,260	(178,010)	32.28	0.12	32.11	0.48	99.5%
2011	731,368,780	(52,231,480)	37.84	5.56	38.15	6.04	99.5%
2012	734,212,080	2,843,300	37.92	0.08	38.69	0.54	99.1%
2013	735,679,341	1,467,261	38.05	0.13	38.89	0.20	99.3%
2014	765,602,143	29,922,802	37.07	(0.98)	38.55	(0.34)	99.1%
2015	781,354,412	15,752,269	36.85	(0.23)	38.72	0.17	99.0%
2016	794,284,265	12,929,853	36.77	(0.08)	38.89	0.17	98.9%
2017	846,407,036	**52,122,771**	35.23	(1.53)	37.89	(1.00)	98.9%

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State Support

State Unrestricted & Restricted Revenue + State Tax Reimbursement (Property Tax Allocation)
Actual and Projected

$14,403,756 (2009)
$14,380,603 (2013)
$15,149,219 (2014)
$14,866,719 (2018)
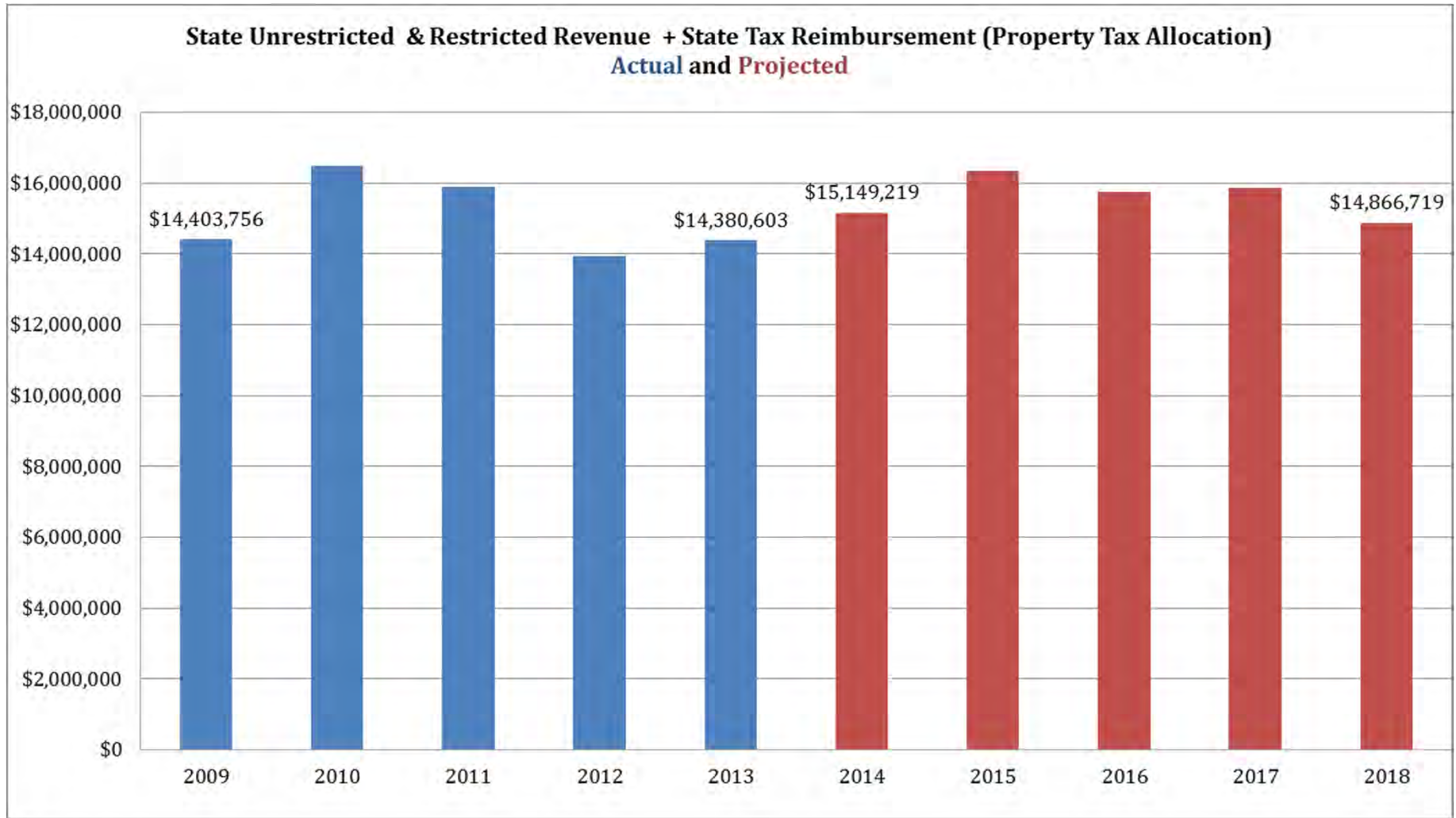
Funded Enrollment

State Funding Analysis

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

	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I
	Number of Funded Students Head Count,		District Per Pupil Valuation		District Median Taxpayer Income as %	Blended Valuation Index		State Share of	State Share
Projected Year	+ Comm. Schl, + Open Enroll Out	Per Pupil Valuation	Index as % of State Median	District Taxpayer Median Income	of State Median	Median Index Wealth Index	Full Core Aid Per Pupil	Core Per Pupil Funding	Funding Per Pupil
2014	4,551	$165,545	118.83%	$50,879	158.21%	1.1883	$5,745	35.58%	$2,044
2015	4,557	$165,545	118.83%	$50,879	158.21%	1.1883	$5,800	35.58%	$2,064
2016	4,407	$170,109	123.34%	$52,151	159.76%	1.2334	$5,887	33.33%	$2,095
2017	4,360	$170,109	123.34%	$52,151	159.76%	1.2334	$5,975	33.33%	$2,126
2018	4,293	$182,745	130.80%	$53,455	161.34%	1.3080	$6,065	29.60%	$2,158

Column C, Valuation Indicator: Valuation index indicates the percentage that a district is over or (under) the state's median per pupil valuation.   Higher percentages indicate higher wealth relative to the state and lower percentages indicate lower property wealth realtive to the state.

Column E, Income Indicator: Reflects the district's median taxpayer income relative to the state as a whole.   A percentage above 100% indicates that the district's taxpayer income is above the state median.   If the percentage is lower than the state's then the district's taxpayer have a lower median income.

Column F, Wealth Index: The state evaluates both the valuation and income indicators to determine state percentage.   If the district's income indicator is lower than its valuation indicator then the state blends the two indicators to determine an overall wealth indicator.   If the valuation indicator is lower than the income indicator then the district's valuation indicator is the only index used.

Column H, State Share %: The district's resulting wealth index in column F is ranked against all other public K-12 Ohio school districts.   The result of this ranking is the state share percentage which is the portion of per pupil core aid that the state will provide.

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State Aid Vulnerability

State Core Aid Funding Overall Analysis and Vulnerability Assessment

Projected Year	Column J State Core Funding	Column K State Guarantee Funds Needed to Maintain 2013 Funding	Column L Percent of Total Funding	Column M Funding Above 2013 Level	Column N Percent of Total Funding	Column O Unfunded Formula Resulting from "Capped" Increase	Column P Percent of Total Funding	Column R Modeled Cap
2014	$11,048,299	$0	0.00%	$1,828,228	16.55%	$1,178,329	10.67%	106.25%
2015	$12,208,370	$0	0.00%	$2,006,160	16.43%	$196,189	1.61%	110.50%
2016	$11,562,131	$0	0.00%	$1,163,732	10.07%	$0	0.00%	101.50%
2017	$11,615,424	$0	0.00%	$1,217,025	10.48%	$0	0.00%	101.50%
2018	$10,542,762	$0	0.00%	$144,363	1.37%	$0	0.00%	101.50%

Column L: This column represents the percentage of funding guaranteed by Ohio to meet the same level
  of funding received in fiscal year 2013.

Column N: When a district is funded above the 2013 level then this column represents the percentage of funding
  that is over the 2013 level. It gives an indicator of how close the district is to returning to a non-
  formula status and the potential for lost revenue in the event of negative influences such as
 declining enrollment.

Column P: In 2014 the state capped the maximum amount of funding increase a district could receive.
  For districts modeling ongoing caps this column gives an indicator of the amount of additional
  funding that the state could owe if all of the formula variables (enrollment, valuation, income)
  meet projections. All of course is dependent upon the state's future financial condition and ability.

Column R: Reflects the modeled maximum growth in year-over-year funding.

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Expenditure Use Analysis

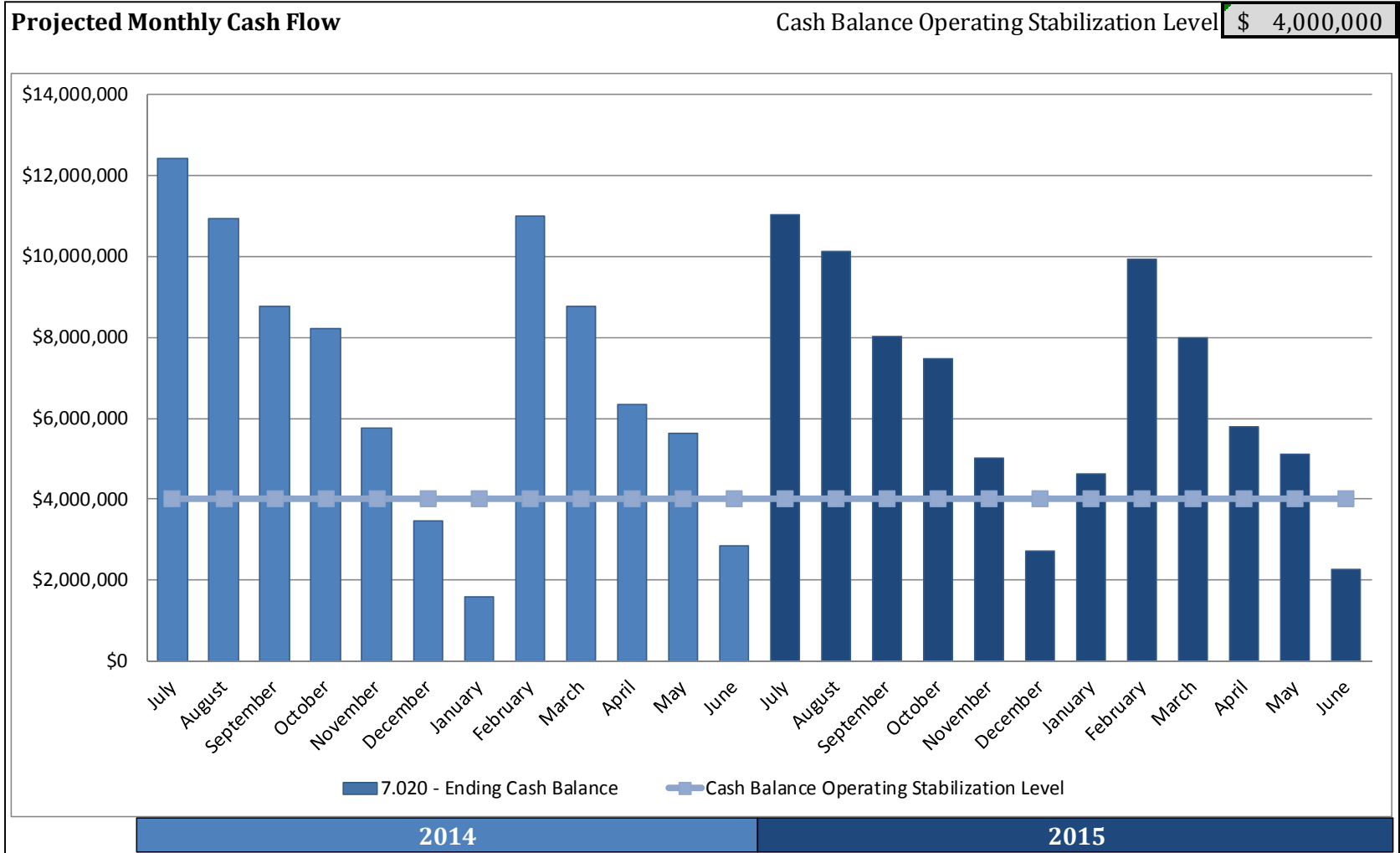**Operating Expenditure Summary**   **Your District - Ohio**
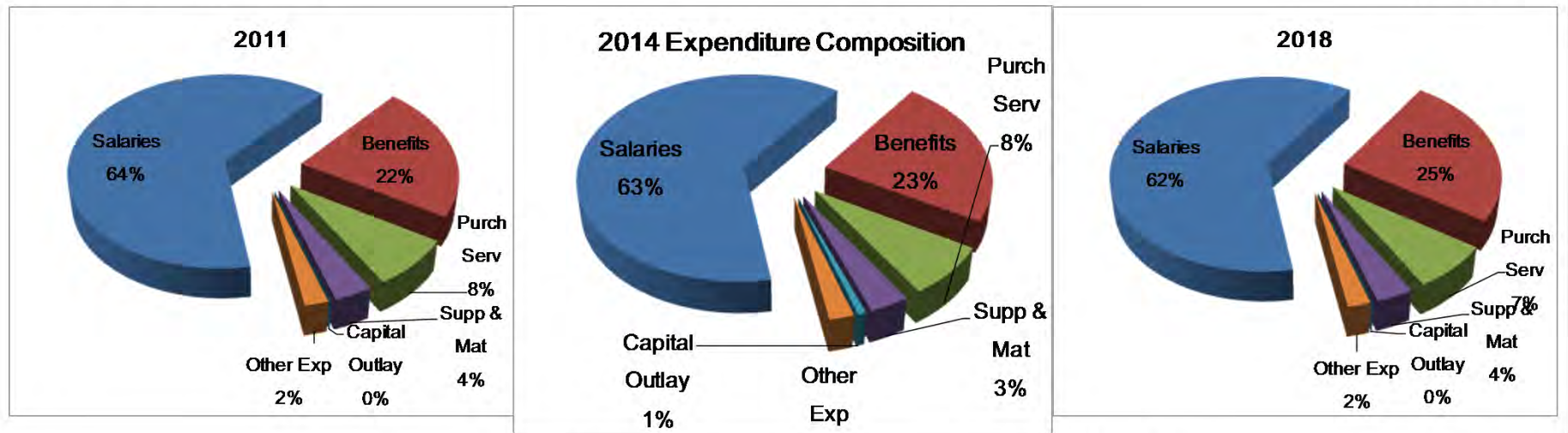
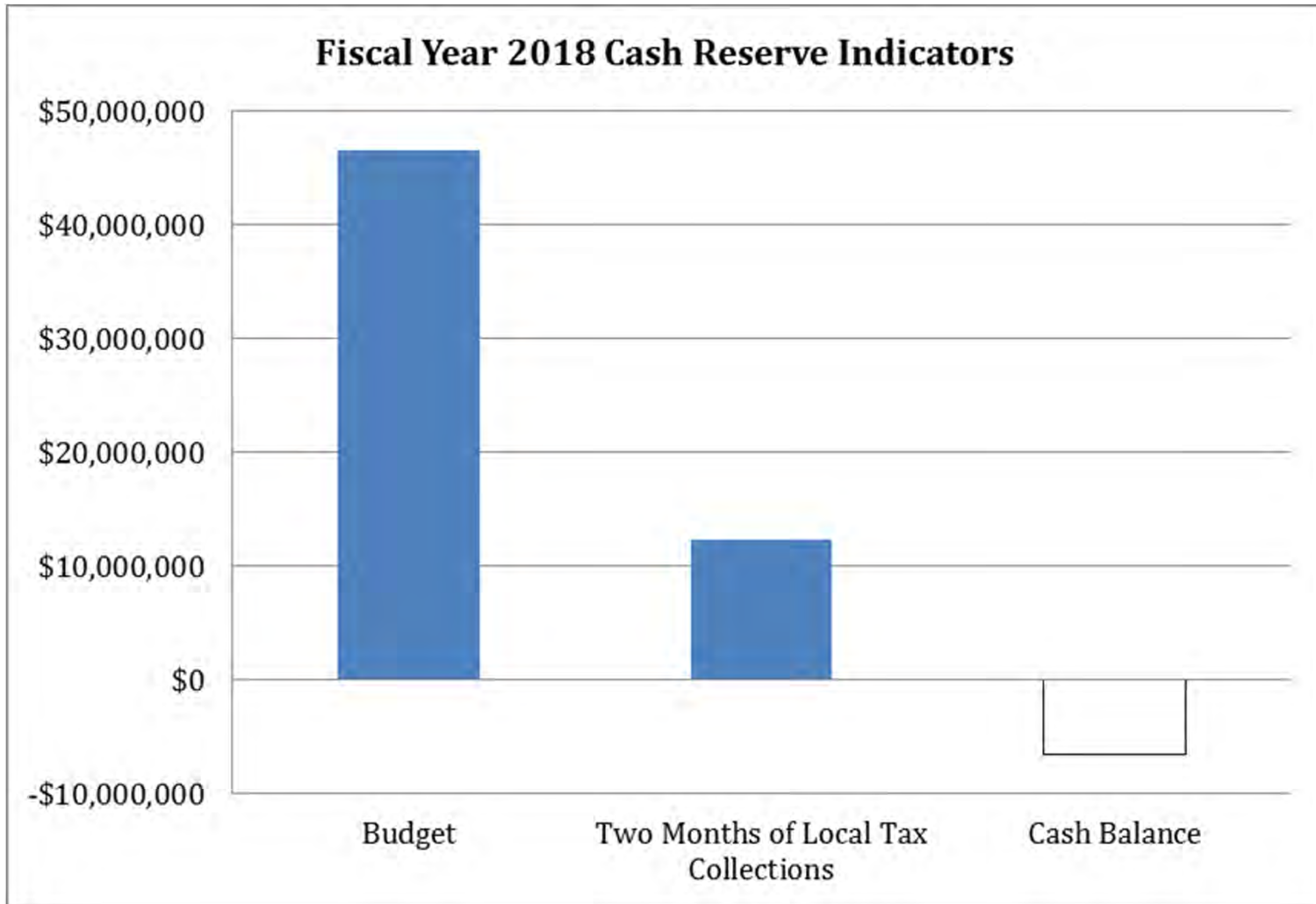|	ACTUAL		FORECASTED				7 Year Projected
	2011	% of Budget	**2014**	% of Budget	**2018**	% of Budget	% Change
3.010 - Personnel Services	25,311,237	64.18%	26,380,625	62.84%	28,760,471	63.76%	13.63%
3.020 - Employees' Retirement/Insurance Bene	8,794,273	22.30%	9,785,622	23.31%	11,937,948	26.47%	35.75%
3.030 - Purchased Services	3,112,711	7.89%	3,215,660	7.66%	3,346,229	7.42%	7.50%
3.040 - Supplies and Materials	1,372,818	3.48%	1,411,634	3.36%	1,558,143	3.45%	13.50%
3.050 - Capital Outlay	-	0.00%	296,458	0.71%	-	0.00%	0.00%
3.060-4.300 - Other Expenditures	846,429	2.15%	891,687	2.12%	955,751	2.12%	12.92%
4.500 - Total Expenditures	39,437,468		41,981,686		46,558,542		18.06%

Expenditure Trends

Revenue Annual Percent Changes - Five Year Average With Renewal/Replacement Levies Included Withou Modeled New Levies	Prev. 5-Year	PROJECTED					5-Year
Category and FY 2014 Percentage of Total	Avg. Annual Change	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Avg. Annual Change
Revenue:							
1.01 - Gen. Property Tax (Real Estate) -- 59.59%	4.99%	0.29%	0.98%	1.40%	1.44%	1.82%	1.19%
1.020 - Public Utility Personal Property -- 1.95%	-8.75%	2.19%	2.46%	1.00%	1.00%	1.00%	1.53%
1.030 - Income Tax -- 0%	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035 - Unrestricted Grants-in-Aid -- 26.72%	-0.92%	6.32%	10.12%	-5.12%	0.45%	-8.89%	0.57%
1.040 - Restricted Grants-in-Aid -- 0.15%	121.57%	76.96%	0.31%	0.31%	0.31%	0.31%	15.64%
1.045 - Fed. Aid - SFSF -- Combined w/1.040	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050 - Property Tax Allocation -- 8.68%	7.84%	1.11%	1.01%	1.58%	1.55%	1.92%	1.43%
1.060 - All Other Operating Revenues -- 2.35%	-2.92%	-4.30%	1.00%	1.50%	1.50%	1.50%	0.24%
1.070 - Total Operating Revenue	2.26%	2.03%	3.57%	-0.53%	1.16%	-1.22%	1.00%
2.010 - Proceeds from Sale of Notes	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.020 - State Emergency Loans and Advancements	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.040 - Operating Transfers-In	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.050 - Advances-In	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.060 - All Other Financing Sources	350.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.070 - Total Other Financing Sources -- 0.57%	283.06%	-32.75%	-100.00%	0.00%	0.00%	0.00%	-26.55%
2.080 - Total Revenues and Other Financing Sources	2.33%	-100.00%	0.00%	0.00%	0.00%	0.00%	-20.00%

Cash Flow

Projected Monthly Cash Flow   Cash Balance Operating Stabilization Level $ 4,000,000

Legend: 7.020 - Ending Cash Balance   Cash Balance Operating Stabilization Level

2014   2015

Cash Reserves

Fiscal Year 2018 Cash Reserve Indicators

Forecast Takeaways

- Continued revenue shortfalls through end of forecast period
- Local tax payers are doing their part – 99% gross collection rate
- The state is <u>not</u> a "major investor" in the district
  - Steady enrollment decline
- Expenditures are only expected to modestly grow by 2.64% in the next 5 years
- Cash balance will go negative in FY16
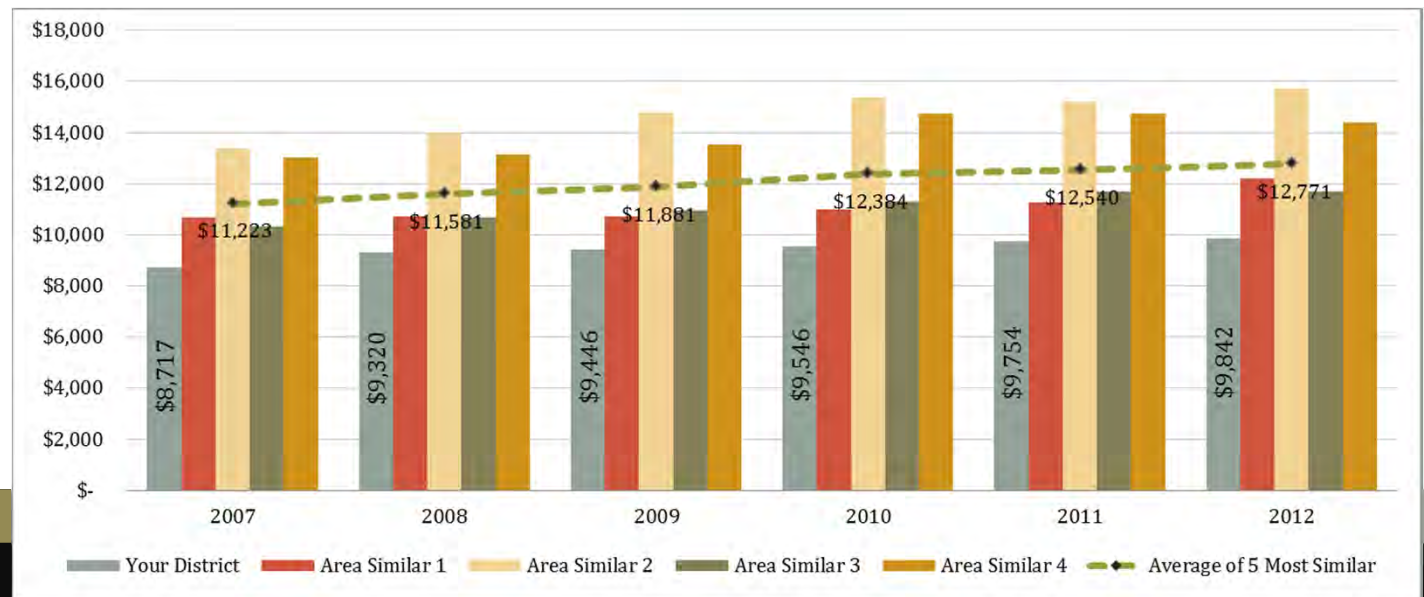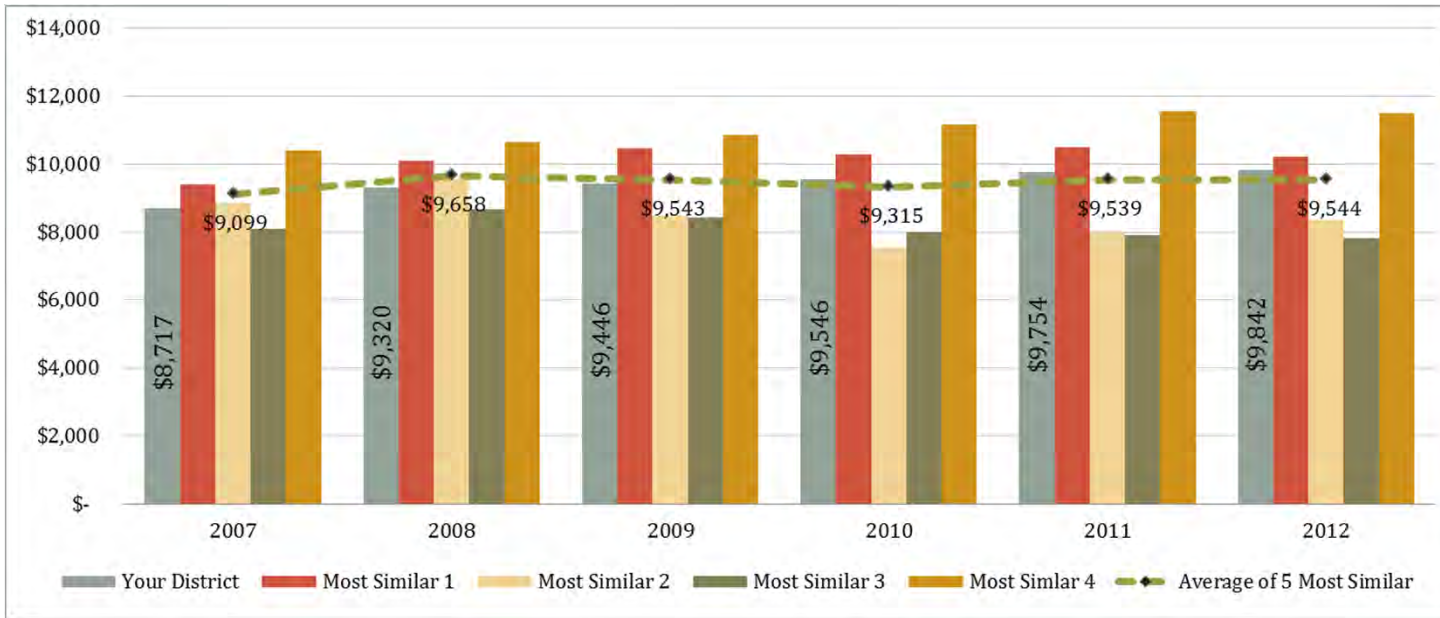
What's the right long-term solution?

BENCHMARKING

Benchmarking

Key Goals:

➢ Identify the problem

➢ Identify the size of the problem

➢ Identify your district's opportunities and challenges

Macro Financial "Intel"

Per Pupil Expenditures

How do you compare?

Who do you compare?

Micro Financial Operating "Intel"

COMPARISON DISTRICTS FOR BUILDING OPERATIONS

The school district spent $9.12 per square foot to clean, heat, and maintain its buildings.   In a prior study this amount, when compared to an Ohio Department of Education listing of similar districts was found to be excessive.   To validate the data a more representative body of district data was sought.   The criteria for selecting comparable districts included similarity to the district in ADM, square footage, number of buildings, and relative building age.

The five districts listed in Table 1 all met the above similarities.   All of the data in the comparison are for FY 2012. Costs measured are building operations costs, except for the far right column of the table, which shows total cost per pupil for perspective.

Table 1 – Building Operating Similar Districts and Cost

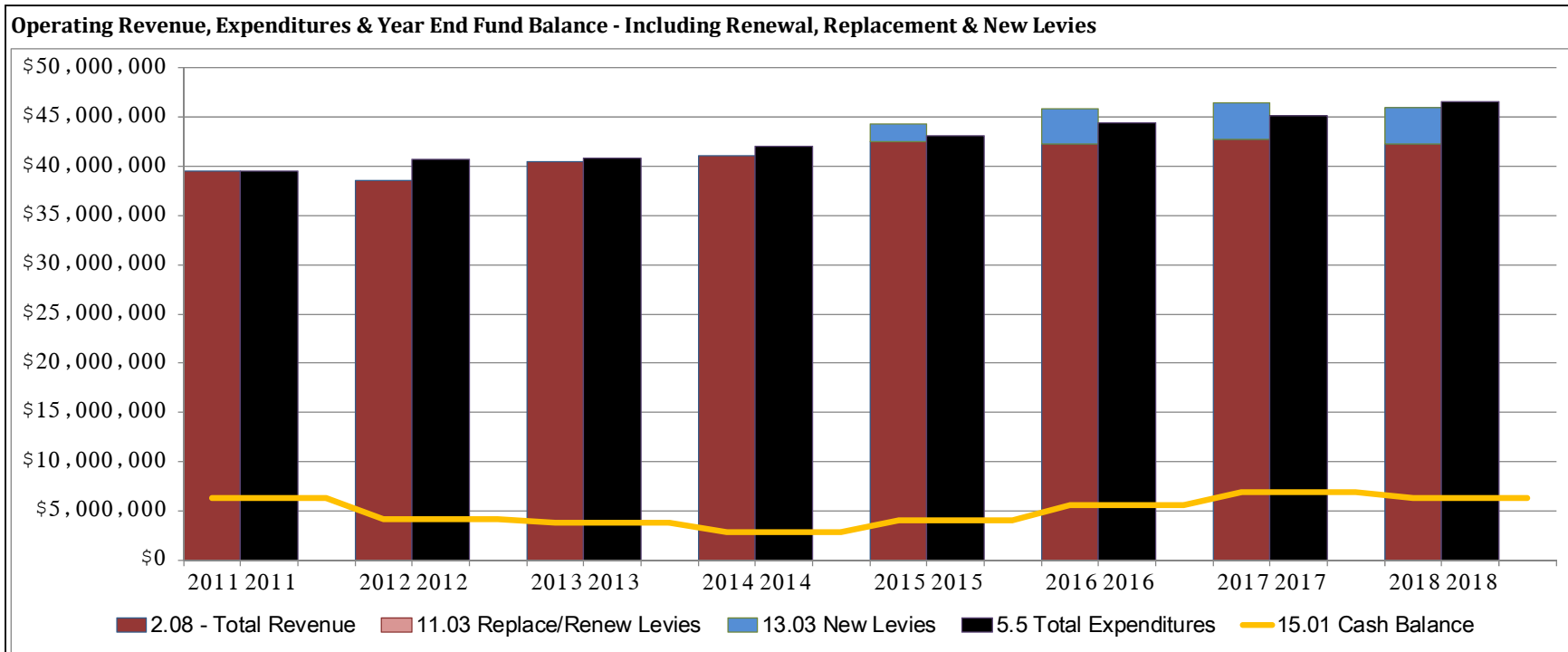| District	County	2012 EFM ADM	Sq. Feet Per Pupil	Total Sq. Feet	Number of Buildings	Cost per Sq. Foot	Cost Per Pupil	2012 Total PPE
YOUR CSD		4,337	154	775,978	8	$9.12	$1,823	$14,617
Similar Op 1		4,584	153	808,347	8	$7.61	$1,137	$13,157
Similar Op 2		4,579	153	808,960	10	$6.82	$1,011	$10,462
Similar Op 3		4,203	188	930,781	7	$6.69	$1,225	$12,398
Similar Op 4		3,186	184	713,280	7	$7.40	$1,337	$12,818
Similar Op 5		3,132	151	566,666	6	$5.90	$902	$9,636

At $9.12 per square foot, and $1,823 per pupil, your district's costs exceed the cost reported for each of the selected districts. To put the disparity in perspective, if your district spent at the average level ($6.69) then your district would reduce its cost by $4.34Million annually, or $814.10 per pupil.

STRATEGIC PLANNING

Strategic Planning

- Determining the right long-term solution and creating sustainability
  - Taxing the right problem, or
  - Cutting the right areas, or
  - A combination of both

What we Spend vs. What we Provide

Operating Revenue, Expenditures & Year End Fund Balance - Including Renewal, Replacement & New Levies

		ACTUAL		FORECASTED				
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
1.070 - Total Revenue	39,530,327	38,574,242	40,460,620	41,065,681	42,509,483	42,282,531	42,772,935	42,252,309
11.03 - Replce/Renw Levies	-	-	-	-	-	-	-	-
13.03 New Levies	-	-	-	-	1,805,405	3,636,635	3,689,007	3,745,429
4.500 - Total Expenditures	39,513,694	40,693,181	40,898,456	42,001,686	43,082,728	44,396,224	45,126,061	46,578,542
6.01-Budget Surplus/(Shortfall)	16,633	(2,118,939)	(437,836)	(936,005)	1,232,160	1,522,942	1,335,881	(580,804)
15.01-Unrsvd. Fund Balance	6,290,305	4,171,366	3,733,530	2,797,525	4,029,685	5,552,627	6,888,508	6,307,704

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MORE THAN FORECAST SOFTWARE

Put **PFR** to Work for You

- Over the past 20 years, we have captured and maintained extensive data sets of school district revenues, expenditures, and demographics

- With the creation of PFR in 2012, we have added significant resources and enhanced our ability to access even more data (Census Data, tax collections data, etc.)

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Put PFR to Work for You

- We have significant dedicated resources among our six employees to compile and analyze data

- Since we work as a group, we bring varying background, experiences, and insights into analysis and data driven decision making

- We have developed relationships with various organizations and state agencies that give us unique opportunities to link datasets together that may not be readily accessible

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Put **PFR** to Work for You

✓ Financial Forecasting

✓ Benchmarking

✓ Strategic Planning

PFR Contact Information

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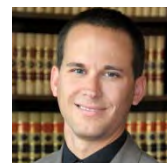Phone: 614-732-5948

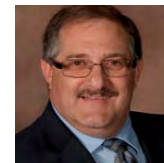**www.PFRCFO.com**
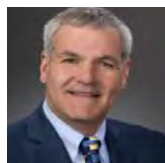
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