NILES CITY SCHOOL DISTRICT-TRUMBULL COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2010, 2011 and 2012 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2013 THROUGH 2017

Forecast Provided By
Niles City School District
Treasurer's Office
LINDA MOLINARO, CFO
October 18, 2012

Niles City Schools

Trumbull County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2010, 2011 and 2012 Actual;
Forecasted Fiscal Years Ending June 30, 2013 Through 2017

		Actual				Forecasted				
		Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Average Change	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
	Revenues									
1.010	General Property Tax (Real Estate)	$6,033,682	$6,151,531	$6,285,731	2.1%	$6,269,174	$6,297,928	$6,297,928	$6,297,928	$6,297,928
1.020	Tangible Personal Property	$655,656	518,108	527,165	-9.6%	$517,874	519,280	519,280	519,280	519,280
1.035	Unrestricted State Grants-in-Aid	$12,714,038	12,685,192	13,346,296	2.5%	$13,343,309	13,343,309	13,343,309	13,343,309	13,343,309
1.040	Restricted State Grants-in-Aid	$160,320	73,088	59,710	-36.4%	$68,476	68,476	68,476	68,476	68,476
1.045	Restricted Federal Grants-in-Aid - SFSF/EdJobs	$876,710	1,094,723	575,523	-11.3%	$158,520	-	-	-	-
1.050	Property Tax Allocation	$1,923,143	1,980,346	1,575,977	-8.7%	$1,308,354	1,290,431	1,290,431	1,290,431	1,290,431
1.060	All Other Revenues	990,491	904,291	974,712	-0.5%	966,396	968,597	970,820	973,065	975,333
1.070	*Total Revenues*	$23,354,040	$23,407,279	$23,345,114	1.8%	$22,632,103	$22,488,021	$22,490,244	$22,492,489	$22,494,757
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	87,969	0	0.0%	0	0	0	0	0
2.050	Advances-In	0	0	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	16,085	89,309	80,769	222.8%	16,000	16,000	16,000	16,000	16,000
2.070	*Total Other Financing Sources*	16,085	177,278	80,769	473.8%	16,000	16,000	16,000	16,000	16,000
2.080	*Total Revenues and Other Financing Sources*	$23,370,125	$23,584,557	$23,425,883	0.1%	$22,648,103	$22,504,021	$22,506,244	$22,508,489	$22,510,757
	Expenditures									
3.010	Personal Services	$13,103,635	$12,967,149	$13,074,921	0.0%	$12,172,656	$11,974,639	$12,186,590	$12,402,293	$12,621,814
3.020	Employees' Retirement/Insurance Benefits	5,341,961	5,479,828	5,079,040	-2.4%	4,486,871	4,535,031	4,699,132	4,870,348	5,011,014
3.030	Purchased Services	4,217,143	4,677,332	4,651,291	5.2%	4,823,178	4,922,966	5,079,312	5,240,782	5,407,551
3.040	Supplies and Materials	596,493	444,904	445,077	-12.7%	445,077	445,077	445,077	445,077	445,077
3.050	Capital Outlay	132,279	137,560	94,537	-13.6%	435,742	268,689	93,689	93,689	93,689
3.060	Intergovernmental	0	0	0	0.0%					
	Debt Service:									
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	132,000	132,000	132,000	0.0%	132,000	132,000	132,000	132,000	132,000
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	61,978	56,181	50,571	-9.7%	44,670	38,670	32,670	32,670	32,670
4.300	Other Objects	218,529	224,179	203,489	-3.3%	222,033	224,254	226,496	228,761	231,049
4.500	*Total Expenditures*	$23,804,018	$24,119,133	$23,730,926	-0.1%	$22,762,228	$22,541,325	$22,894,967	$23,445,620	$23,974,863
	Other Financing Uses									
5.010	Operating Transfers-Out	-	87,969	-	0.0%	-	-	-	-	-
5.020	Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-
5.040	*Total Other Financing Uses*	-	87,969	-	0.0%	-	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	$23,804,018	$24,207,102	$23,730,926	-0.1%	$22,762,228	$22,541,325	$22,894,967	$23,445,620	$23,974,863
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(433,893)	(622,545)	(305,043)	-3.8%	(114,125)	(37,304)	(388,723)	(937,131)	(1,464,106)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	1,393,023	959,130	336,585	-48.0%	31,542	(82,583)	(119,887)	(508,610)	(1,445,741)
7.020	*Cash Balance June 30*	959,130	336,585	31,542	-77.8%	(82,583)	(119,887)	(508,610)	(1,445,741)	(2,909,847)
8.010	*Estimated Encumbrances June 30*	96,815	31,934	21,674	-49.6%	30,000	21,674	30,000	30,000	30,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials				0.0%	-	-	-	-	-
9.020	Capital Improvements				0.0%	-	-	-	-	-
9.030	Budget Reserve				0.0%	-	-	-	-	-
9.040	DPIA				0.0%	-	-	-	-	-
9.045	Fiscal Stabilization				0.0%	-	-	-	-	-
9.050	Debt Service				0.0%	-	-	-	-	-
9.060	Property Tax Advances				0.0%	-	-	-	-	-
9.070	Bus Purchases				0.0%	-	-	-	-	-
9.080	*Subtotal*	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
10.010	*Fund Balance June 30 for Certification of Appropriations*	$862,315	$304,651	$9,868	-80.7%	($112,583)	($141,561)	($538,610)	($1,475,741)	($2,939,847)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%					
11.020	Property Tax - Renewal or Replacement	-	-		0.0%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	-	-	-	-

Niles City Schools

Trumbull County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2010, 2011 and 2012 Actual;
Forecasted Fiscal Years Ending June 30, 2013 Through 2017

		Actual				Forecasted				
		Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Average Change	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$862,315	$304,651	$9,868	-80.7%	($112,583)	($141,561)	($538,610)	($1,475,741)	($2,939,847)
	Revenue from New Levies									
13.010	Income Tax - New	-	-	-	0.0%	-	-	-	-	-
13.020	Property Tax - New	-	-	-	0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-	-	-	0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$862,315	$304,651	$9,868	-80.7%	($112,583)	($141,561)	($538,610)	($1,475,741)	($2,939,847)
	ADM Forecasts									
20.010	Kindergarten - October Count	214	214	201		199	197	195	193	191
20.015	Grades 1-12 - October Count	2,679	2,679	2,643		2,617	2,590	2,565	2,539	2,513
	State Fiscal Stabilization Funds- Information Only									
21.010	Personal Services SFSF	$68,911	$886,210	$35,002	545.0%					
21.020	Employees Retirement/Insurance Benefits SFSF	25,731	226,796	10,946	343.1%					
21.030	Purchased Services SFSF	71,827	90,108		-37.3%					
21.040	Supplies and Materials SFSF	255,273	163,578		-68.0%					
21.050	Capital Outlay SFSF	89,361	47,689		-73.3%					
21.060	*Total Expenditures - SFSF*	$511,103	$1,414,381	$45,948	40.0%	$0	$0	$0	$0	$0

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, SFSF, EdJobs Fund and any portion of Debt Service fund related to General fund debt

Niles City School District – Trumbull County
Notes to the Five Year Forecast
General Fund Only
October 18, 2012

Introduction to the Five Year Forecast
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Preparing this forecast is not an easy task especially when considering the State of Ohio does not prepare its own forecasts longer than two years at a time.

The state economy is emerging from a record-making recession; the effects of the recession on the national, state and our local economy created a state deficit which required the State of Ohio to make nearly $8 Billion in reductions in the FY12-FY13 state biennium budget which translated into funding reductions for nearly every school district in Ohio.

While state funding for schools for the first two years of the state budget which includes FY13 is somewhat predictable using the new BRIDGE formula, the outlying years two through five of the forecast (FY14 through FY17) could see funding reductions and downward adjustments unknown at this time. Readers of this forecast are reminded that this period of time contains two future state biennium budgets.

The BRIDGE formula for State basic aid funding will be in effect for FY13. The State of Ohio has indicated a new funding model will be in place for FY14. The details of any subsequent state education funding model for FY14 and beyond is unknown. State foundation funding represents approximately 60% of our General Fund revenue and is very significant to the district.

Unreserved Ending Cash Balance:
With decreasing assessed values and tax revenues, and; lower state funding as noted above the ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a negative ($112,583) at June 30, 2013. Ohio Revised Code does not allow school districts to close any fiscal year with a negative ending cash balance**. It is recommended that districts carry at least a thirty (30) day ending cash balance in order to deal with unknown events that could occur at any point in a school year. That would be an ending balance of $1.9 million for our district at June 2013.**

A brief recap of the major revenue changes per HB153 begins with sharp reductions to Tangible Personal Property tax (TPP) state reimbursements. In addition to these reductions in HB153, the federal State Fiscal Stabilization Funds (SFSF) which Ohio used to help balance its General Revenue Fund for education, has been eliminated as of June 30, 2011 and state funds were not adequate to make up for the loss. So while actual state General Revenue Foundation Funding to the district increased actual revenue overall fell to the district considering the loss of SFSF money and the phase out of TPP reimbursement. The table below summarizes the ($2,758,746) net loss from FY11 revenue levels in operating revenues from the state budget and SFSF elimination for FY12 and FY13.

Revenue Source	Actual FY11 Vs. FY12 +/(-)	Actual FY11 Vs.FY13 +/(-)	FY12 & FY13 Totals +/(-)
TPP Fixed Rate Reimbursement	($459,845)	($703,695)	($1,163,540)
SFSF & Ed Jobs Funding	(1,094,723)	(1,819,704)	(2,914,427)
State Aid	661,104	658,117	1,319,221
Total State/SFSF Net Reduction	($893,464)	($1,865,282)	($2,758,746)

The above state and federal reductions have an immediate impact on FY12 & FY13 funding; however, funding estimates beyond FY13 are also heavily impacted. The TPP Fixed Rate funding was anticipated to be received through FY18. The reduction of TPP revenues from original estimates through FY18 results an additional net reduction of $1.6 million in long term reductions beyond FY13.

Our estimates as of this date show a loss of revenue due to the reduction in state funding and lower local property tax collections due the reappraisal that took place in 2011that reduced residential values by 10.38%. Any reduction in values reduces our taxes on 5.7 inside mills the district collects.

We have included the first year of the state funding formula called The BRIDGE Formula. The BRIDGE formula is effective for FY13. The details of any subsequent state education funding model for FY14 and beyond is unknown.

Forecast Risks and Uncertainty:

- The recession has adversely affected the real estate market for both residential and commercial property. Real estate values fell by 10.38% in 2011 for collection in 2012. We have assumed stable valuation each year after the reappraisal through FY17. Risk of radical reduction in local taxes is mitigated by the effect of HB920 reduction factors and our two (2) emergency levies which are fixed sum. The district's fixed sum emergency levy will automatically adjust upward in response to lower values. The risk of sharply lower tax collections is low even if values fall.

- The State Budget represents nearly 66% of district revenues. It is clearly the area where the largest risk could come to revenue. It appears that FY13 is stable for now, and the one-time federal SFSF and Ed Jobs money has been eliminated after FY13. The risk comes in FY14 and beyond if the state economy worsens. In FY14 a new state funding formula will also be in effect. We have no information on that model at this time. Also, compounding the issue for our forecast will be the estimates built on two State Biennium Budgets.

- The state budget eliminated tangible personal property (TPP) "Fixed Rate" reimbursements to the district after FY12. This was an area of uncertainty that was cleared up by abruptly eliminating the funding source to the district. This represents no further risk to the district. However, the "Fixed Sum" TPP reimbursements related to our emergency levies could come under scrutiny for reduction in subsequent state budgets. This is a moderate risk to the district if the economy continues to be weak.

- There are many provisions in the state budget bill HB153 and several others that have been proposed that would increase the districts exposure to Ed Choice Vouchers, Special Education and Autism vouchers and a several other favorable school choice provisions. These all could expose the district to new expenditures that are not currently in the forecast. We are closely monitoring these new and proposed laws for adverse effects to our district.

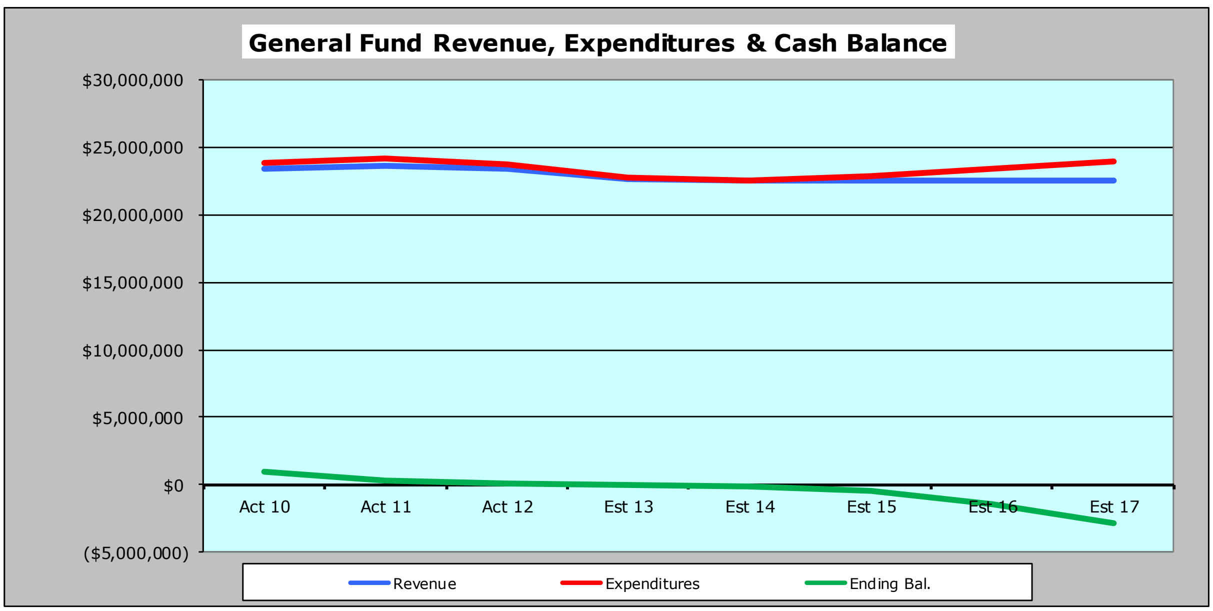
- On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. The casinos in Cleveland and Toledo opened in spring 2012 generating $6,718,000 in revenue for the School District Fund as of June 30, 2012. The Columbus and Cincinnati casinos are slated to open in fall of 2012 and spring 2013 respectively. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the total tax that will be paid into a student fund at the state level. These funds will be distributed to school districts in January and August each year beginning January 2013.

Projections of $36 to $40 million in the School District Fund through December 2012 suggest the per pupil amount districts might expect to receive indicate a $20 - $25 range per pupil in FY13 with the possibility of increasing to more than $80 per pupil by FY15 based on ODT revenue assumptions of approximately $643 million in casino revenue once the full collection of all four (4) casinos is realized.

No official ODT guidance has been given as to the exact amount of these payments. It is a safe assumption that the district will receive casino revenue in FY13; however, the amount and funding beyond FY13 is uncertain. Due to the lack of guidance from the State, Niles City School District has not included casino revenue at this time. Once more guidance is given from the Ohio Department of Taxation the district will project these revenues accordingly.

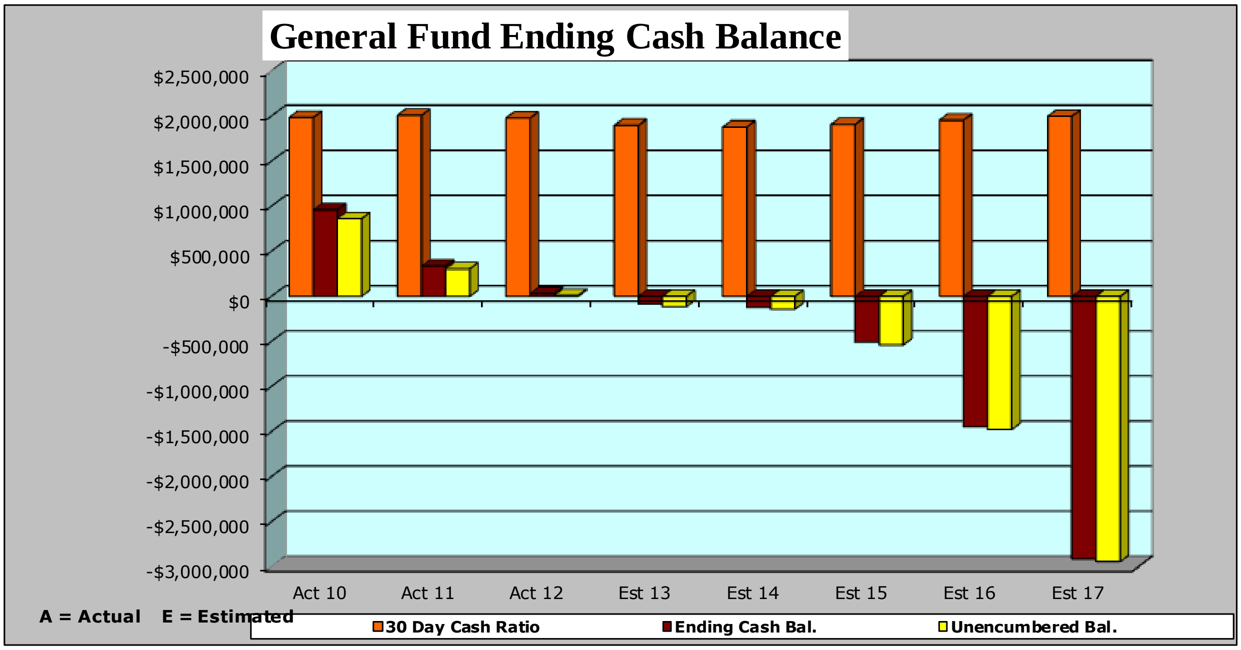
- Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Ms. Linda Molinaro, Treasurer of Niles Local at 330-652-2500.

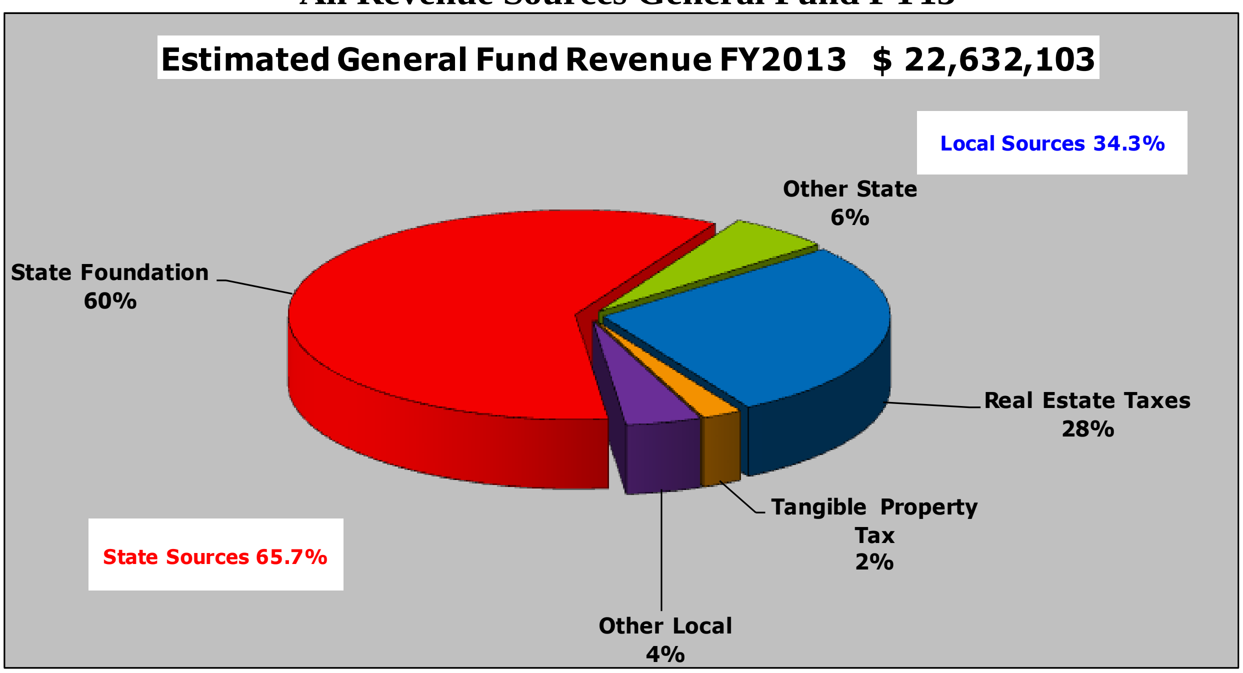


The graph captures in one snapshot the operating scenario facing Niles City School District over the next few years and the immediate need to take action to increase ending cash balance.

Revenue Assumptions



All Revenue Sources General Fund FY13



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. There was a reappraisal update for 2011 values to be collected in 2012 and a full reappraisal in 2014 to be collected in 2015. Due to the ongoing economic slowdown, especially for property values, no inflationary increase in values has been projected in the entire forecast and no further reductions since the 2011 reappraisal was a drastic 10.38% drop in values. Property values for the district fell just over 10.38% in the 2011 reappraisal. Because the district has fixed sum emergency levies and is on the 20 mill floor, the Niles City School District feels that a sharp decline in values would have minimal impact in the amount of taxes to be collected due to the slow economy.

Readers are reminded that Tangible Personal Property (TPP) values as noted below will decrease to $-0- in 2011 as a result of HB 66 passed in 2005 to be effective July 1, 2005. The district was allegedly held harmless from the loss of the local taxes by the state TTP reimbursements noted below in these notes for Line # 1.050, under TPP Reimbursements. Fixed rate TPP reimbursements have been eliminated after FY12. This is far from held harmless. This in effect transferred the burden for those lost dollars into increased taxes on local taxpayers, a shift of taxes from businesses to mainly residential taxpayers.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2012	TAX YEAR 2013	TAX YEAR 2014	TAX YEAR 2015	TAX YEAR 2016
Classification	COLLECT 2013	COLLECT 2014	COLLECT 2015	COLLECT 2016	COLLECT 2017
Res./Ag.	176,783,610	176,783,610	176,783,610	176,783,610	176,783,610
Comm./Ind.	51,050,270	51,050,270	51,050,270	51,050,270	51,050,270
Public Utility (PUPP)	10,966,850	10,966,850	10,966,850	10,966,850	10,966,850
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	$238,800,730	$238,800,730	$238,800,730	$238,800,730	$238,800,730

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY13	FY14	FY15	FY16	FY17
Est. Prop. Taxes Excluding TPP	$ 6,269,174	$ 6,297,928	$6,297,928	$6,297,928	$6,297,928

Property tax levies are estimated to be collected at 98% of the annual amount. This allows 2% delinquency factor. In general, 53% of the new Res/Ag and Comm/Ind is expected to be collected in the February tax settlement and 47% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor.

The 10 year 5.3 mill emergency levy passed November 2009 will expire December 31, 2019, and; the 10 year 5.3 mill levy passed March 2012 will expire December 31, 2022, both of which are beyond this forecast period. The actual millage on the emergency levies increased because of assessed valuation declines mentioned above.

Renewal and Replacement Levies – Line #11.02 - No renewal levies are modeled in this forecast period.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. HB66 included provisions for the State to "hold districts harmless" through 2010 then annually are phased out until gone after 2018. Fixed rate TPP reimbursements were eliminated after FY12 by HB153.

Only Public Utility Personal Property Taxes (PUPP) is shown below in this revenue category in FY13 and beyond. Any actual TPP taxes collected in this forecast period will be from older delinquent taxes being collected.

Source	FY13	FY14	FY15	FY16	FY17
Public Utility Personal Property	$517,874	$519,280	$519,280	$519,280	$519,280
Total Line # 1.020	$517,874	$519,280	$519,280	$519,280	$519,280

Other Local Revenues – Line #1.060

Open enrollment into the district is expected to remain stable. Remaining other revenues is projected to grow by 1% annually. Interest rates are expected to remain low flat for the forecast period. Funds are predominately invested in STAR Ohio and interest bearing sweep accounts, but we are planning on laddering out investments to catch any portion of the yield curve offering slightly better rates. Security of the public funds collected by the district is the top priority of the treasurer's office.

Source	FY13	FY14	FY15	FY16	FY17
Open Enrollment Gross	$ 743,562	$ 743,562	$ 743,562	$ 743,562	$ 743,562
Interest	2,739	2,739	2,739	2,739	2,739
Tuition SF-14 & SF-14H	36,622	36,988	37,358	37,731	38,109
Other Income and rentals	183,474	185,308	187,161	189,033	190,923
Total Line # 1.060	$966,396	$968,597	$970,820	$973,065	$975,333

State Taxes Reimbursement/Property Tax Allocation

A) Rollback and Homestead Reimbursement

These funds are reimbursements from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers. These amounts will grow along with new levies and new construction in Res/Ag./property classifications. HB66 eliminated 10% rollback on Class II property (commercial and industrial), and HB119 expanded the homestead exemption for seniors on the first $25K of value. As noted earlier this will cause local tax collections on the senior citizens to fall but the state reimbursements to increase with a net effect of $-0-.

Source	FY13	FY14	FY15	FY16	FY17
Base R & H	$1,120,693	$1,102,770	$1,102,770	$1,102,770	$1,102,770
New Levy- (Gross receipts not net of R&H)	$0	$0	$0	$0	$0
Total Rollback & Homestead	$ 1,120,693	$ 1,102,770	$ 1,102,770	$ 1,102,770	$ 1,102,770

b) Tangible Personal Property Reimbursements – Fixed Rate

The new state budget bill HB153 will slashed these reimbursements to NCSD after FY12, reducing our state revenue by over $1.6 million beyond FY13.

c) Tangible Personal Property Reimbursements – Fixed Sum

The fixed sum reimbursements which are a significant portion of our Emergency Levy revenues are not affected by HB153.

Source	FY13	FY14	FY15	FY16	FY17
TPP Reimbursement - Fixed Sum	$187,661	$187,661	$187,661	$187,661	$187,661
Total TPP Fixed Sum	$187,661	$187,661	$187,661	$187,661	$187,661

Summary of State Tax Reimbursement – Line #1.050

Source	FY13	FY14	FY15	FY16	FY17
Rollback and Homestead	$1,120,693	$1,102,770	$1,102,770	$1,102,770	$1,102,770
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	187,661	187,661	187,661	187,661	187,661
Total Tax Reimb./Prop Allocations Line #1.(	$1,308,354	$1,290,431	$1,290,431	$1,290,431	$1,290,431

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
We have modeled state funding based on the most current ODE simulations of the BRIDGE Formula for FY13. We have held state funding flat for FY14 and beyond lacking data to suggest otherwise.

A) Unrestricted State Foundation Revenue SF-3 Form – Line #1.035

Source	FY13	FY14	FY15	FY16	FY17
State Basic Aid	$13,343,309	$13,343,309	$13,343,309	$13,343,309	$13,343,309
Additional Aid	$0	$0	$0	$0	$0
Total Unrest. State Aid Line # 1.035	$13,343,309	$13,343,309	$13,343,309	$13,343,309	$13,343,309

B) Restricted State Revenues – Line # 1.040

The only item currently in "restricted aid" is Career Technical. These amounts are generally stable and we have incorporated this amount into the restricted aid amount in Line # 1.04, which the state should continue into the future with small growth year to year.

Source	FY13	FY14	FY15	FY16	FY17
Other Restricted	$0	$0	$0	$0	$0
Career Tech - Restricted	68,476	68,476	68,476	68,476	68,476
Total Restricted State Revenues Line #1.040	$68,476	$68,476	$68,476	$68,476	$68,476

C) Restricted Federal Grants in Aid – line #1.045

In August 2010 we learned that the Education Jobs Bill was passed by the US Government as part of the American Reinvestment and Recovery Act (ARRA) of 2009. Our total allocation was $724,981. A portion of this money will be estimated to be used in FY13 for contract payments in July and August. All Ed Jobs money is used for restricted purposes and accounted for in Fund 504. Ed Jobs money is one time funds that will be eliminated after FY13 when these funds are exhausted.

Source	FY13	FY14	FY15	FY16	FY17
Restricted Federal Aid Line # 1.045	$158,520	$0	$0	$0	$0

SUMMARY OF STATE FOUNDATION REVENUES

Source	FY13	FY14	FY15	FY16	FY17
Unrestricted Line # 1.035	13,343,309	13,343,309	13,343,309	13,343,309	13,343,309
Restricted Line # 1.040	68,476	68,476	68,476	68,476	68,476
Restricted Fed. SFSF /EdJobs #1.045	158,520	0	0	0	0
Total State Foundation Revenue	$13,570,304	$13,411,784	$13,411,784	$13,411,784	$13,411,784

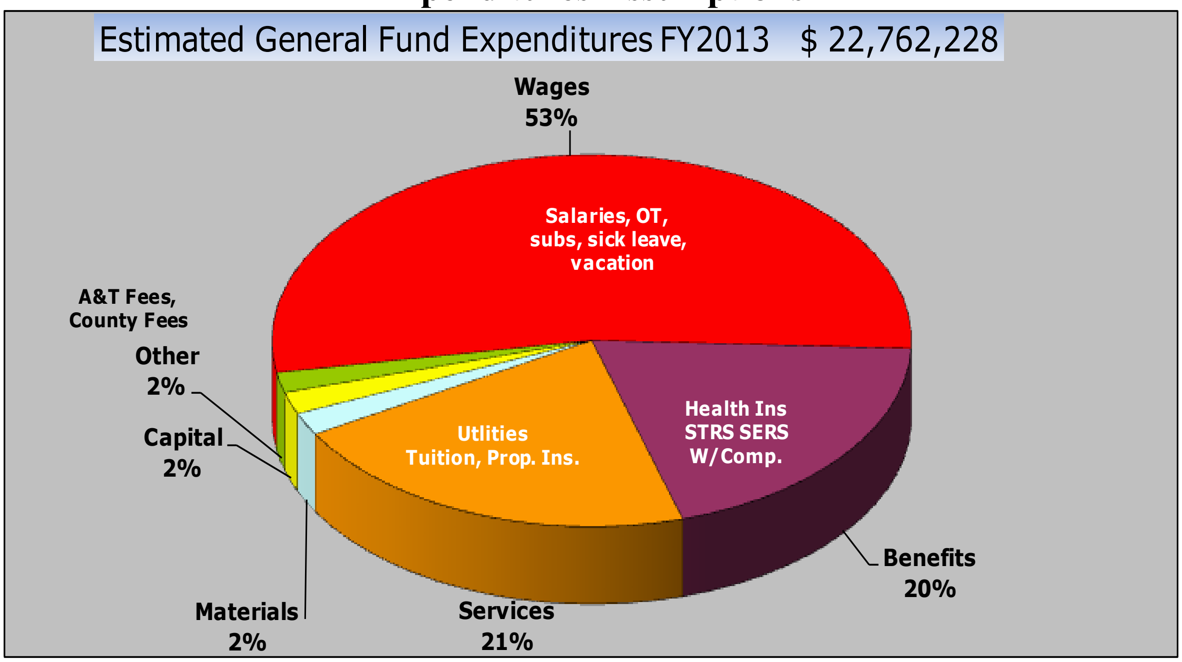
Short-Term Borrowing – Lines #2.010 & Line #2.020 - There is no short term borrowing planned for in this forecast at this time from any sources.

Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

All Other Financial Sources – Line #2.060

ALL OTHER FINANCIAL SOURCES - LINE #2.060	FY13	FY14	FY15	FY16	FY17
Refund of prior years expenditures	$16,000	$16,000	$16,000	$16,000	$16,000

Expenditures Assumptions



Wages – Line #3.010
FY13-17 base wages are estimated to remain at 0%. Steps at the normal level are planned for FY13. However, step and training increases for all staff are planned in the forecast at a 50% level FY14, and then returned to normal levels FY15-17. An early retirement incentive program was adopted in FY09 which resulted in annual costs for incentive payments and severance pay which ended in FY12. Net personnel cuts made for FY12 of $504,862 will reduce costs in FY12 and FY13 to fully implement those reductions. Another round of staff cuts were made for FY13. Several certificated staff and classified positions were reduced for FY13. These reductions are noted below in attrition reductions for staff who retired and will not be replaced and staff reductions for those who were reduction in force. Savings for staff who resigned/retired and were replaced with lower paid staff has been factored in as well.

Source	FY13	FY14	FY15	FY16	FY17
Base Wages	$12,631,229	$11,966,470	$11,974,639	$12,186,590	$12,402,293
Increases	0	0	0	0	0
All Staff - Steps & Training	223,573	105,903	211,951	215,703	219,521
Attrition Reductions	($270,886)	($24,626)	0	0	0
Unfunded Recapture	0	0	0	0	0
Retirement Incentive	0	0	0	0	0
Severance	206,186	0	0	0	0
Staff Reductions	($617,446)	($73,108)	0	0	0
Total Wages Line 3.010	$12,172,656	$11,974,639	$12,186,590	$12,402,293	$12,621,814

Fringe Benefits Estimates

This area of the forecast captures all costs associated with benefits and retirement costs.

A) STRS/SERS will increase as Wages Increase

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. This will have the result of accelerating our costs by up to one-half a year's cost of $228,000 for SERS. We are taking the 1/6 additional costs per year for 6 years option. We are estimating this cost beginning in FY11, ending FY16 to be $38,000 additional each year.

B) Insurance

Estimated increases are (-11.5%) average for single and family plans for FY13 due to a plan design changes, and implementing co-pays and deductibles. A 5% increase is estimated FY14 through FY17, for medical, dental and vision insurance. Medical trend and utilization would suggest an increase of roughly 9% in each year FY14 through FY17; however, such an increase may not be likely due to the plan and cost containment features in our new plan as noted above. We have estimated a 5% trend adjustment to premiums annually but will carefully watch this as we go forward.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 1.73% of wages FY13 – FY17. Unemployment costs were increased in FY13 due to reductions in staff.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% on all wages paid.

Summary of Fringe Benefits – Line #3.020

Source	FY13	FY14	FY15	FY16	FY17
STRS/SERS	$ 1,713,306	$ 1,714,450	$ 1,744,123	$ 1,774,321	$ 1,767,054
Insurance's	2,428,465	2,519,598	2,645,578	2,777,857	2,916,750
Workers & UC Comp	171,587	122,746	124,866	127,023	129,218
Medicare	153,492	158,215	164,543	171,125	177,970
Other/Tuition	20,022	20,022	20,022	20,022	20,022
Total Line 3.020	$ 4,486,871	$ 4,535,031	$ 4,699,132	$ 4,870,348	$ 5,011,014

Purchased Services – Line #3.030
An overall inflation of 3% is being estimated for this category of expenses. Utility costs are assumed to increase 5% a year. Open enrollment and Community schools continue to draw a significant number of students from our funding which are major expenditures in this area and have been increased based on historical trend. The District hopes to draw students back from these areas with improved performance and with the new facilities. Increases in ESC costs have been factored in for FY13 as well as an additional $30,000 for moving expenses.

Source	FY13	FY14	FY15	FY16	FY17
Base Services	$906,850	$880,902	$907,330	$934,549	$962,586
Tuition & ESC Sp Ed	1,116,992	1,150,501	1,185,016	1,220,567	1,257,184
Open Enrollment Deduction	911,250	938,588	966,745	995,747	1,025,620
Community School Deductions	1,311,499	1,350,844	1,391,370	1,433,111	1,476,104
Other Tuition	164,322	169,252	174,329	179,559	184,946
Utilities	412,265	432,879	454,522	477,249	501,111
Budget Reductions	0	0	0	0	0
Total Line 3.030	$4,823,178	$4,922,966	$5,079,312	$5,240,782	$5,407,551

Supplies and Materials – Line #3.040
An overall inflation of 0% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and materials, etc.

Source	FY13	FY14	FY15	FY16	FY17
Supplies	$445,077	$445,077	$445,077	$445,077	$445,077
Budget Reductions	0	0	0	0	0
Total Line 3.040	$445,077	$445,077	$445,077	$445,077	$445,077

Equipment – Line # 3.050
An overall inflation rate of 0% for FY13 – FY17 is assumed due to budget constraints. A new school bus has been added in FY14 and FY15**.** Technology estimates have been made for FY14 and FY15 to include computers in our new buildings. Updated technology is being driven by anticipated online testing and curriculum. Technology was estimated on one computer per teaching staff and one per five students.

Source	FY13	FY14	FY15	FY16	FY17
Capital Outlay	$93,689	$93,689	$93,689	$93,689	$93,689
Additional Bus Purchases	73,000	75,000	0	0	0
Technology/New Buildings	269,053	100,000	0	0	0
Total Line 3.050	$435,742	$268,689	$93,689	$93,689	$93,689

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees. A&T fees will decline with emergency levies expiring, however it is anticipated that they will be replaced so the A&T fees noted below are maintained at current levels. Currently, we are estimating annual increase of 1% for this forecast.

Source	FY13	FY14	FY15	FY16	FY17
County Tax Fees & Election Costs	$152,561	$154,087	$155,628	$157,184	$158,756
Annual Audit Fees	28,579	28,865	29,153	29,445	29,739
Liability Ins, &Other Misc.Costs	40,893	41,302	41,715	42,132	42,553
Budget Reductions	0	0	0	0	0
Increased A&T Fees for New Levies	0	0	0	0	0
Total Line 4.300	$222,033	$224,254	$226,496	$228,761	$231,049

Transfers Out/Advances Out – Line# 5.010
This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund.

Debt Service – Line# 4.020; 4.050; 4.060

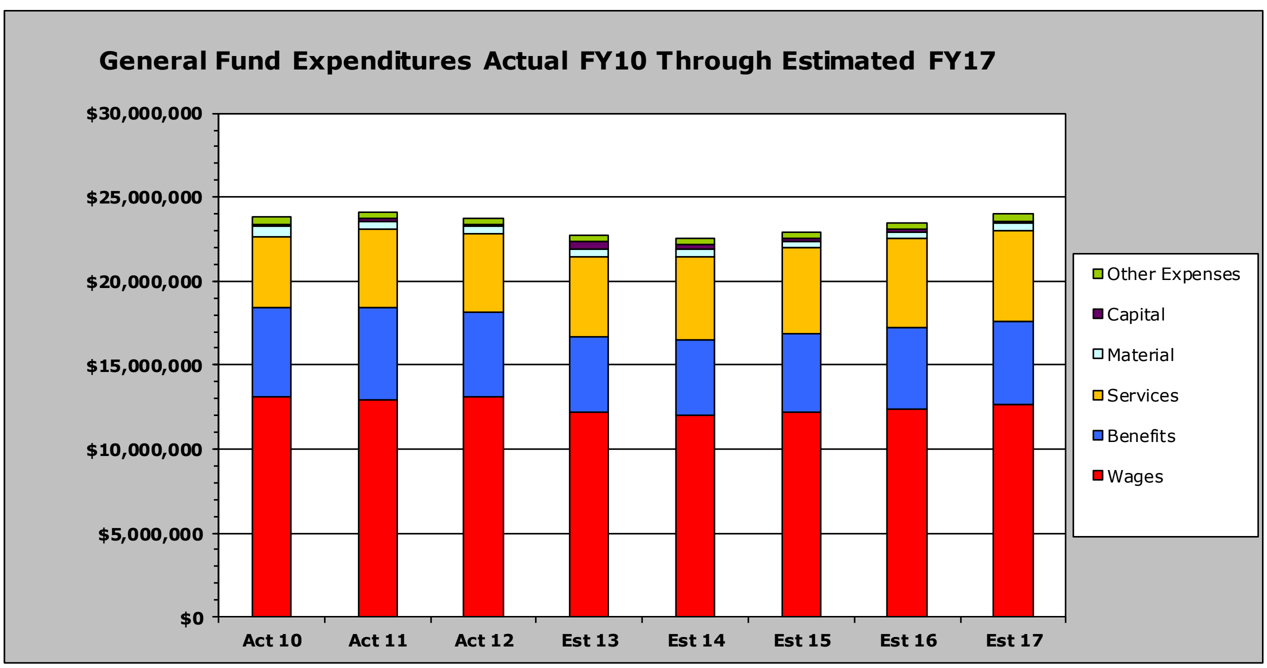
HB 264 NOTE REPAYMENT - Line #4.050					
Energy conservation project debt service with a final maturity in school year 2020.					
Source	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**
HB 264 Principal Total Line 4.050	$132,000	$132,000	$132,000	$132,000	$132,000
INTEREST AND FISCAL CHARGES - Line #4.060					
Source	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**
Interest on TANS,Loans & HB 264 Line 4.060	$44,670	$38,670	$32,670	$32,670	$32,670

Encumbrances –Line#8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. In order for the district to have a positive cash balance on June 30, 2013 encumbrances will be pushed as low as possible.

	FY13	**FY14**	**FY15**	**FY16**	**FY17**
Estimated Encumbrances	$30,000	$30,000	$30,000	$30,000	$30,000

Reservations of Fund Balance – Line #9.080 – The district currently has no reservation of fund balance.

Operating Expenditures Actual FY10 through FY12 and Estimated FY13-FY 17
As the graph below indicates we have been diligent at reducing costs in reaction to lower and flat state revenues. We are gaining control over our expenses while attempting to balance student academic needs to enable them to compete and do well on state performance standards.



Ending Unencumbered Cash Balance – Line#15.010
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000. It is recommended by GFOA and other authoritative sources than a district maintains a minimum of thirty (30) day cash balance which is about $1.9 million for our district.

	FY13	FY14	FY15	FY16	FY17
Ending Cash Balance	($112,583)	($141,561)	($538,610)	($1,475,741)	($2,939,847)