

Niles City Schools

Trumbull County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2009, 2010 and 2011 Actual;
Forecasted Fiscal Years Ending June 30, 2012 Through 2016

	Actual				Average Change	Forecasted				
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012		Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	
Revenues										
1.010	General Property Tax (Real Estate)	\$6,296,654	\$6,307,410	\$6,415,246	0.9%	\$6,245,979	\$5,702,080	\$5,241,734	\$5,241,734	\$5,241,734
1.020	Tangible Personal Property	\$1,029,074	655,656	518,108	-28.6%	\$498,239	441,123	415,623	415,623	415,623
1.035	Unrestricted State Grants-in-Aid	\$12,590,063	12,714,038	12,685,192	0.4%	\$13,501,983	13,574,909	13,574,909	13,574,909	13,574,909
1.040	Restricted State Grants-in-Aid	\$1,213,368	160,320	73,088	-70.6%	\$68,476	68,476	68,476	68,476	68,476
1.045	Restricted Federal Grants-in-Aid - SFSE/EdJobs	\$0	876,710	1,094,723	0.0%	\$714,859	-	-	-	-
1.050	Property Tax Allocation	\$1,809,350	1,923,143	1,980,346	4.6%	\$1,487,361	1,141,545	1,057,767	1,057,767	1,057,767
1.060	All Other Revenues	931,470	990,491	904,292	-1.2%	907,636	909,734	911,853	913,994	916,155
1.070	Total Revenues	\$23,869,979	\$23,627,768	\$23,670,995	1.8%	\$23,424,534	\$21,837,868	\$21,270,362	\$21,272,503	\$21,274,664
Other Financing Sources										
2.010	Proceeds from Sale of Notes	0			0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0			0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0		87,969	0.0%	0	0	0	0	0
2.050	Advances-In	0			0.0%	0	0	0	0	0
2.060	All Other Financing Sources	117,427	16,086	89,309	184.4%	16,000	16,000	16,000	16,000	16,000
2.070	Total Other Financing Sources	117,427	16,086	177,278	457.9%	16,000	16,000	16,000	16,000	16,000
2.080	Total Revenues and Other Financing Sources	\$23,987,406	\$23,643,854	\$23,848,273	-0.3%	\$23,440,534	\$21,853,868	\$21,286,362	\$21,288,503	\$21,290,664
Expenditures										
3.010	Personal Services	\$12,910,712	\$13,103,635	\$12,967,148	0.2%	\$13,220,035	\$13,220,035	\$12,921,718	\$13,147,859	\$13,376,573
3.020	Employees' Retirement/Insurance Benefits	4,969,203	5,341,961	5,479,828	5.0%	5,541,501	5,541,501	5,635,064	5,778,437	5,925,512
3.030	Purchased Services	4,271,534	4,217,143	4,677,332	4.8%	4,682,963	4,682,963	4,833,089	4,988,201	5,148,471
3.040	Supplies and Materials	724,948	596,493	444,904	-21.6%	444,904	444,904	444,904	194,904	194,904
3.050	Capital Outlay	35,526	132,279	137,560	138.2%	65,660	65,660	65,660	65,660	65,660
3.060	Intergovernmental				0.0%					
Debt Service:										
4.010	Principal-All (Historical Only)				0.0%	0	0	0	0	0
4.020	Principal-Notes	260,000			0.0%	0	0	0	0	0
4.030	Principal-State Loans	0			0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0			0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	392,000	392,000	392,000	0.0%	132,000	132,000	132,000	132,000	132,000
4.055	Principal-Other	0			0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	93,197	75,706	59,895	-19.8%	50,564	44,670	38,670	32,670	32,670
4.300	Other Objects	275,370	218,529	224,179	-9.0%	226,421	228,685	230,972	233,282	235,614
4.500	Total Expenditures	\$23,932,490	\$24,077,746	\$24,382,846	0.9%	\$24,364,048	\$24,360,418	\$24,302,076	\$24,573,012	\$25,111,405
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	\$23,932,490	\$24,077,746	\$24,470,815	1.1%	\$24,364,048	\$24,360,418	\$24,302,076	\$24,573,012	\$25,111,405
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	54,916	(433,892)	(622,542)	-423.3%	(923,514)	(2,506,551)	(3,015,714)	(3,284,509)	(3,820,741)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	1,338,107	1,393,023	959,131	-13.5%	336,589	(586,925)	(3,093,476)	(6,109,190)	(9,393,699)
7.020	Cash Balance June 30	1,393,023	959,131	336,589	-48.0%	(586,925)	(3,093,476)	(6,109,190)	(9,393,699)	(13,214,440)
8.010	Estimated Encumbrances June 30	217,588	96,815	31,934	-61.3%	50,000	50,000	50,000	50,000	50,000
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	\$1,175,440	\$862,316	\$304,655	-45.7%	(636,925)	(3,143,476)	(6,159,190)	(9,443,699)	(13,264,440)
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal				0.0%					
11.020	Property Tax - Renewal or Replacement	-	-	-	0.0%	-	615,000	1,230,000	1,230,000	1,230,000
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	615,000	1,845,000	3,075,000	4,305,000

Niles City Schools

Trumbull County

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For the Fiscal Years Ended June 30, 2009, 2010 and 2011 Actual;
Forecasted Fiscal Years Ending June 30, 2012 Through 2016

	Actual				Average Change	Forecasted				
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011			Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	\$1,175,440	\$862,316	\$304,655	-45.7%	(\$636,925)	(\$2,528,476)	(\$4,314,190)	(\$6,368,699)	(\$8,959,440)	
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%	\$0	-	-	-	-	
15.010 <i>Unreserved Fund Balance June 30</i>	\$1,175,440	\$862,316	\$304,655	-45.7%	(\$636,925)	(\$2,528,476)	(\$4,314,190)	(\$6,368,699)	(\$8,959,440)	
ADM Forecasts										
20.010 Kindergarten - October Count		214	214		220	220	220	220	220	
20.015 Grades 1-12 - October Count		2,679	2,679		2,626	2,626	2,626	2,626	2,626	
State Fiscal Stabilization Funds- Information Only										
21.010 Personal Services SFSF		\$68,911	\$886,210	0.0%	\$45,949	\$0	\$0	\$0	\$0	
21.020 Employees Retirement/Insurance Benefits SFSF		25,731	226,796	0.0%	0	-	-	-	-	
21.030 Purchased Services SFSF		71,827	90,108	0.0%	0	-	-	-	-	
21.040 Supplies and Materials SFSF	0	255,273	163,578	0.0%	0	-	-	-	-	
21.050 Capital Outlay SFSF	0	89,361	47,689	0.0%	0	-	-	-	-	
21.060 <i>Total Expenditures - SFSF</i>	\$0	\$511,103	\$1,414,381	0.0%	\$45,949	\$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
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2009, 2010 and 2011 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2012 THROUGH 2016

Forecast Provided By

Niles City School District

Treasurer's Office

LINDA MOLINARO, CFO

September 15, 2011

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Niles City School District – Trumbull County

Notes to the Five Year Forecast

General Fund Only

(Updated September 15, 2011)

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year forecast by October 31, and May 31, in each fiscal year. The state economy is emerging from a record making recession; however, the economic recovery is slow and may take years before school district revenues are more predictable. 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 -13 state biennium budget which translated into funding reductions for nearly every school district in Ohio. While state funding for schools for the first 2 years of the state budget is predictable for FY12-13, the outlying years 3 through 5 of the forecast (FY14 through FY16) could see funding reductions and downward adjustments. School districts are required to project through FY16 which the reader of this forecast is reminded that this period of time contains 2 future state biennium budgets. This adds to uncertainty as the state of Ohio does not prepare its own forecasts longer than 2 years at a time. The forecast notes below contain the best data available at this time for state funding.

We have structured the Niles City School District forecast estimating the affects of the current state biennium budget, HB153, which became effective July 1, 2011. 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 reduction 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 (\$1,955,232) net loss from FY11 revenue levels in operating revenues from the state budget and SFSF elimination for FY12 and FY13.

Revenue Source	FY12 +/-	FY13 +/-	
FY12 & FY13			
Totals	+/-		
TPP Fixed Rate Reimbursement	(\$459,845)	(\$703,695)	(\$1,163,540)
TPP Utility SB3 Reimbursement	(11,374)	(11,374)	(22,748)
SFSF Funding	(1,094,723)	(1,094,723)	(2,189,446)
State Aid	673,788	746,714	1,420,502
Total State/SFSF Net Reduction	(\$892,154)	(\$1,063,078)	(\$1,955,232)

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 we anticipate the loss of revenue due to the reduction in state funding and lower local property tax collections due the reappraisal taking place in 2011 to be a combined reduction in FY12 of (\$959,154) or 4% reduction in revenue from FY11. Property values are expected to fall by an estimated 12% based on sales ratio data from the Ohio Department of Taxation. Any reduction in values will reduce our taxes on 5.7 inside mills the district collects.

We have included the first year of the new state funding formula called The BRIDGE Formula. We projected in this forecast that HB30 passed in March 2011, effective July 1, 2011 which eliminated the previous PASS/EBM

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state funding model. The new BRIDGE formula will be effective for FY12 and there may be a different model for FY13 and beyond or it may remain for FY13. The details of any subsequent state education funding model for FY13 and beyond is unknown. This area of funding represents approximately 66% of our General Fund revenue and is very significant to the district.

Forecast Risks and Uncertainty:

The forecast assumes renewal of a 4.75 mill emergency levy in 2012 to continue collecting in FY13. If the renewal fails an estimated \$1.2 million in revenue would be lost. The levy has been renewed successfully several times. We believe the risk of failure is low.

The recession has adversely affected the real estate market for both residential and commercial property. Real estate values are estimated to fall by 12% in 2011 for collection in 2012. We have assumed stable valuation each year after the reappraisal through FY16. 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 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 FY12 and FY13 are stable for now, and the one time federal SFSF money has been eliminated. The risk comes in FY14 and beyond if the state economy worsens.

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 new 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 community school 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.

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.

Clearly the State's budget crisis and the need for our district to pass our 4.75 mill renewal emergency levy that expires in 2012, seen on Line 11.020, are our biggest challenges to operations. As is always the case our forecast is a work in progress, especially now with state and local funding both becoming shaky with no previous model to draw to predict the economic condition we face now.

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.

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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

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All Revenue Sources General Fund FY12

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 will be 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. Property values for the district are projected fall 12% in the 2011 reappraisal which we are estimating will reduce collections by \$135,000 a year beginning in 2012. Sale ratios to appraisal values maintained by the Ohio Department of Taxation suggest a drop of 12% to 16% could be possible. Because the district has fixed sum emergency levies 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.

A reminder that Tangible Personal Property (TPP) values as noted below will decrease to \$-0- on 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 sum 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

Classification	2011	2012	2013	2014	2015
Res./Ag.	177,529,446	177,529,446	177,529,446	177,529,446	177,529,446
Comm./Ind.	51,462,260	51,462,260	51,462,260	51,462,260	51,462,260
Public Utility (PUPP)	10,406,560	10,406,560	10,406,560	10,406,560	10,406,560
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	\$239,398,266	\$239,398,266	\$239,398,266	\$239,398,266	\$239,398,266

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY12	FY13	FY14	FY15	FY16
Est. Prop. Taxes Excluding TPP	6,245,979	5,702,080	5,241,734	5,241,734	5,241,734

Property tax levies are estimated to be collected at 97.3% of the annual amount. This allows 2.7% 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. TPP will cease to be collected after FY11.

Adjustments have been made above for the 4.75 mill emergency levy expiring December 31, 2012 which will lower collections beginning with FY13 on the forecast in Line 1.01. In addition, the 10 year 4.75 mill emergency levy passed November 2009 will expire December 31, 2019, which is beyond this forecast period. The December 2012 emergency levy will be assumed to renew at current collections in the forecast noted below under "Renewal and Replacement Levies."

Renewal and Replacement Levies – Line #11.02

The district currently has two emergency levies. The 10 year 4.75 mill emergency levy approved November 2009 will expire December 31, 2019. A 4.75 mill emergency levy will expire on December 31, 2012.

The levies are anticipated to be renewed at the then current levy yield based on the assessed value in effect the calendar year the levy is renewed and first eligible to be collected. Collection will be estimated at gross including rollback and homestead and not factoring in auditor and treasurer fees as those fees have been left in place under other expenditures assuming passage of renewal levies and at current delinquent rates now present in district collections.

Source	FY12	FY13	FY14	FY15	FY16	Renew 4.75 Mill Emergency levy 2019	\$0	\$0	\$0	\$0		
Renew 4.75 Mill Emergency Levy 2012	\$0	\$615,000	\$1,230,000	\$1,230,000	\$1,230,000	Total Line #	11.02	\$0	\$615,000	\$1,230,000	\$1,230,000	\$1,230,000

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 will be eliminated after FY12 by HB153.

Only Public Utility Personal Property Taxes (PUPP) are shown below in this revenue category in FY12 and beyond. Any actual TPP taxes collected in this forecast period will be from older delinquent taxes being collected.

Source	FY12	FY13	FY14	FY15	FY16	Tangible Prop. (TPP) & PUPP	\$499,091	\$442,398	\$416,471	\$416,471	\$416,471	Total Line #
1.020	\$499,091	\$442,398	\$416,471	\$416,471	\$416,471							

Other Local Revenues – Line #1.060

Open enrollment and interest income are expected to remain stable. Remaining other revenues is projected to grow by 1% annually. The sharply reduced interest rates will lower investment earnings; as will decrease fund

□ balances. Investment income will remain flat in out years. 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	FY12	FY13	FY14	FY15	FY16	Open Enrollment	Gross	689,781	\$ 689,781	\$ 689,781	\$ 689,781	\$ 689,781	\$ 689,781
Interest	8,051	8,051	8,051	8,051	8,051								
Tuition SF-14 & SF-14H	32,854	33,183	33,515	33,850	34,188								
Other Income and rentals	176,950	178,719	180,507	182,312	184,135								
Total Line # 1.060	\$907,636	\$909,734	\$911,853	\$913,994	\$916,155								

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	FY12	FY13	FY14	FY15	FY16	Base R & H	\$1,051,659	\$945,992	\$862,702	\$862,702	\$862,702	New Levy- (Gross receipts not net of R&H)	\$0	\$0	\$0	\$0
Total Rollback & Homestead	1,051,659	945,992	862,702	862,702	862,702											

b) Tangible Personal Property Reimbursements – Fixed Rate

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

Source	FY12	FY13	FY14	FY15	FY16	TPP Reimbursement - Fixed Rate	\$243,850	\$0	\$0	\$0	\$0	Total TPP Fixed Rate	\$243,850	\$0	\$0	\$0
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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	FY12	FY13	FY14	FY15	FY16	TPP Reimbursement - Fixed Sum	Total
TPP Fixed Sum	\$187,661	\$187,661	\$187,661	\$187,661	\$187,661	\$187,661	\$187,661

Summary of State Tax Reimbursement – Line #1.050

Source	FY12	FY13	FY14	FY15	FY16	Rollback and Homestead	Total
TPP Reimbursement - Fixed Rate	243,850,000	243,850,000	243,850,000	243,850,000	243,850,000	\$1,051,659,992	\$1,051,659,992
TPP Reimbursement - Fixed Sum	187,661	187,661	187,661	187,661	187,661	\$862,702	\$862,702
Tax Reimb./Prop Allocations Line #1.050	\$1,483,170	\$1,483,170	\$1,483,170	\$1,483,170	\$1,483,170	\$1,050,363	\$1,050,363

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State Foundation Revenue Estimates

On March 24, 1997, the Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year allowing the Ohio General Assembly to design a plan to remedy the defects in the system. Declared unconstitutional at that time was the State’s “School Foundation Program”, which provides significant amounts of monetary support to school districts on a form previously called the SF-3 Formula Sheet ... in FY10 & FY11 changed to the PASS (Pathway to Student Success) beginning July 2009. HB30 adopted in March 2011 eliminated the PASS/EBM model and HB153 implemented yet another new education funding model called the BRIDGE formula.

Since the 1997 Supreme Court ruling, numerous pieces of legislation have been passed by the General Assembly in an attempt to address the issues identified by the court. The Court of Common Pleas in Perry County reviewed the new laws and on February 26, 1999 determined they were not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State then appealed the decision made by the common pleas to the Ohio Supreme Court. In May 2000 the Supreme Court ruled that the State of Ohio had not done enough to comply with the original order found in the original case. The court gave the State of Ohio until June 15, 2001 to correct the school funding system. The school funding system was declared unconstitutional again in September 2001, and most recently in December 2002.

In 2003 the Supreme Court ruled that they would no longer provide oversight of the implementation of their ruling that the State of Ohio provide a “thorough and efficient” school funding program. While ruled unconstitutional by the Supreme Court, there will be no further oversight to ensure the court ruling is implemented. Following this “hands off” ruling, the State Legislature adopted HB95 which cut and eliminated inventory taxes and state reimbursement of the \$10,000 Personal Property Tax Exemption and also reduced the per pupil increase in funding that had previously been approved in June 2001 by HB94.

To further compound any shortfall from “phantom revenue,” the State Legislature in July 1, 2005 passed HB66,

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the biennium budget bill eliminated funding for schools through the Cost of Doing Business Factor (CODBF) in the Foundation Basic Aid Formula phasing it out from FY06 until eliminated beginning FY08. In addition to eliminating the CODBF it HB66 began elimination of tangible personal property tax (TPP) and made sweeping changes to taxation in Ohio. This has resulted in lost revenues in Niles CSD in local collections and the TPP reimbursement to schools for lost TPP funds will be eliminated for Niles in FY12 by the new state budget bill, HB153 effective July 1, 2011.

We have modeled state funding based on the July 19, 2011 ODE simulations of the BRIDGE Formula for FY12 and 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	FY12	FY13	FY14	FY15	FY16	State Basic Aid	FY12
-FY16	\$13,501,983	\$13,574,909	\$13,574,909	\$13,574,909	\$13,574,909	Additional Aid	\$0
Total Unrest. State Aid	Line # 1.035	\$13,501,983	\$13,574,909	\$13,574,909	\$13,574,909	\$13,574,909	\$13,574,909

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	FY12	FY13	FY14	FY15	FY16	Bus Allowance	Career Tech - Restricted
Total Restricted State Revenues	Line #1.040	\$68,476	\$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. This money will be estimated to be used in FY12 for restricted purposes and accounted for in Fund 504. This will help buffer the cut of SFSF funds in FY11. Ed Jobs money is one time funds that will be eliminated after FY12.

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SourceFY12FY13FY14FY15FY16Restricted Federal Aid Line # 1.045\$714,859\$0\$0\$0\$0{EdJobs}
SUMMARY OF STATE FOUNDATION REVENUESSourceFY12FY13FY14FY15FY16Unrestricted Line #
1.03513,501,98313,574,90913,574,90913,574,90913,574,909Restricted Line #
1.04068,47668,47668,47668,47668,47668Restricted Fed. SFSF /EdJobs #1.045714,8590000Total State Foundation Revenue
\$14,285,318\$13,643,385\$13,643,385\$13,643,385\$13,643,385

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

There 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 & Line #14.010

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SourceFY12FY13FY14FY15FY16Tax Anticipation Notes (TANS) Line 2.010\$0\$0\$0\$0\$0
SourceFY12FY13FY14FY15FY16State Emergency Loan - Line 2.020\$0\$0\$0\$0\$0
SourceFY12FY13FY14FY15FY16Transfers In - Line 2.040\$0\$0\$0\$0\$0Advance Returns - Line 2.050\$0\$0\$0\$0\$0Total
Transfer & Advances In\$0\$0\$0\$0\$0
ALL OTHER FINANCIAL SOURCES - LINE #2.060
FY12FY13FY14FY15FY16Refund of prior years expenditures \$16,000\$16,000\$16,000\$16,000\$16,000
FY12FY13FY14FY15FY16Rev. From State Advances Line 14.010\$0\$0\$0\$0\$0

Expenditures Assumptions

Wages – Line #3.010

FY12 -116 base wages are estimated to remain at 0%; amounts used for step increases are planned in the forecast for steps and or some form of merit based pay system which is being discussed at a state wide level for schools. An early retirement incentive program was adopted in FY12 which resulted in onetime costs for incentive payments and severance pay. Net budget cuts affecting wages were \$504,862 which will reduce costs in FY12 and FY13 to fully implement the reduced wages.

□

SourceFY12FY13FY14FY15FY16Base
Wages\$12,967,148\$12,776,343\$12,921,718\$13,147,859\$13,376,573Increases00000Steps &
Training229,913229,519226,141228,714232,717Growth00000Unfunded Recapture00000Retirement

Incentive 198,000,000 Severance 245,692,000 Staff Reductions (\$420,718) (\$84,144) 000 Total Wages Line
3.010 \$13,220,035 \$12,921,718 \$13,147,859 \$13,376,573 \$13,609,290 Rate Increase 0.00% 0.00% 0.00% 0.00% 0.00%

Fringe Benefits Estimates

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

We have not modeled in current discussions to increase employee contributions from 10% to 12% and reduce employer's costs by 2% for STRS & SERS. This could result in savings to NCSD but we need more data before we model this probability.

A) STRS/SERS will increase as Wages Increase

Source FY12 FY13 FY14 FY15 FY16 Base Wages \$1,815,401 \$1,788,688 \$1,809,040 \$1,840,700 \$1,872,720 Increases 00000 Steps & Training 32,188 32,133 31,660 32,020 32,580 Growth 00000 Unfunded Recapture 00000 Staff Reductions (58,901) (11,780) 000 Other SERS 1/6 Cost P/Yr. Ends FY16 38,000 38,000 38,000 38,000 38,000 Total Retirement System Estimates \$1,826,688 \$1,847,040 \$1,878,700 \$1,910,720 \$1,943,301

B) Insurance

Estimated increases are 15% for FY11; 0% for FY12; 3% for FY13 through FY16, for medical, dental and vision insurance. We will negotiate insurance benefits with collective bargaining units again FY12, and changes in benefits and contributions may occur, which could reduce these costs. The impact on our health care plan as a result of the national health care plan adopted in March 2010 is unknown at this time.

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Source FY12 FY13 FY14 FY15 FY16 Base Costs \$3,237,584 \$3,303,490 \$3,379,876 \$3,481,273 \$3,585,711 Base Adjustment for Premium Holiday \$179,500 \$0 \$0 \$0 \$0 Premium Holiday \$0 \$0 \$0 \$0 \$0 Growth 00000 Unfunded Recapture 00000 Staff Reductions (113,594) (22,719) 000 Insurance Trend Adjustment 99,105 101,396 104,438 107,571 Total Insurance Estimates \$3,303,490 \$3,379,876 \$3,481,273 \$3,585,711 \$3,693,282

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 1.7% of wages after FY12.

SourceFY12FY13FY14FY15FY16Workers Comp Base Cost
Estimates\$228,707\$223,546\$227,458\$231,415\$235,441Unemployment Compensation\$3,000\$0\$0\$0\$0Toal BWC & UC
Cost Estimates\$231,707\$223,546\$227,458\$231,415\$235,441

D) Medicare

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

SourceFY12FY13FY14FY15FY16Base Costs\$161,228\$161,333\$166,517\$173,178\$180,105Growth\$0\$0\$0\$0\$0Unfunded
Recapture\$0\$0\$0\$0\$0Staff Reductions(\$6,100)(\$1,220)\$0\$0\$0Total Medicare
Estimate\$155,128\$160,113\$166,517\$173,178\$180,105

Summary of Fringe Benefits – Line #3.020

SourceFY12FY13FY14FY15FY16STRS/SERS\$1,826,688\$1,847,040\$1,878,700\$1,910,720\$1,943,301Insurance's3,303,490
3,379,8763,481,2733,585,7113,693,282Workers & UC Comp
231,707223,546227,458231,415235,441Medicare155,128160,113166,517173,178180,105Other/Tuition24,48924,48924,489
24,48924,489Total Line 3.020\$5,541,501\$5,635,064\$5,778,437\$5,925,512\$6,076,617

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 is the expenditure in this area. The District hopes to draw students back from these areas with improved performance and with the new facilities.

□
SourceFY12FY13FY14FY15FY16Base Services\$851,311\$876,850\$903,156\$930,250\$958,158Tuition & ESC Sp
Ed1,233,1541,270,1481,308,2531,347,5001,387,925Open Enrollment
Deduction995,1801,025,0351,055,7861,087,4601,120,084Community School
Deductions981,1251,010,5591,040,8761,072,1021,104,265Other Tuition
140,351144,562148,899153,365157,966Community Schools Ded.
SFSF00000Utilities481,843505,935531,232557,793585,683Budget Reductions00000Total Line
3.030\$4,682,963\$4,833,089\$4,988,201\$5,148,471\$5,314,081

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. Budget reductions in FY11 of \$15,000 were in this area and we anticipate another \$250,000 will be cut in FY14.

SourceFY12FY13FY14FY15FY16Supplies\$444,904\$444,904\$444,904\$194,904\$194,904Budget Reductions
00(250,000)00Total Line 3.040\$444,904\$444,904\$194,904\$194,904\$194,904

Equipment – Line # 3.050

An overall inflation rate of 0% for FY12 – FY16 is assumed due to budget constraints. A new school bus is added every other year in the forecast.

Source	FY12	FY13	FY14	FY15	FY16	Capital Outlay	\$137,560	\$65,660	\$65,660	\$65,660	\$65,660	Additional Bus Purchases	(71,900)	0000	Budget Reductions	00000	Total Line 3.050	\$65,660	\$65,660	\$65,660	\$65,660	\$65,660
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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	FY12	FY13	FY14	FY15	FY16	County Tax Fees & Election Costs	\$159,885	\$161,484	\$163,099	\$164,730	\$166,377	Annual Audit Fees	28,076	28,357	28,640	28,927	29,216	Liability Ins, & Other Misc. Costs	38,460	38,844	39,233	39,625	40,021	Budget Reductions	00000	Increased A&T Fees for New Levies	00000	Total Line 4.300	\$226,421	\$228,685	\$230,972	\$233,282	\$235,614
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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.

Source	FY12	FY13	FY14	FY15	FY16	Transfer Line 5.010	\$0	\$0	\$0	\$0	Advances Line 5.020	\$0	\$0	\$0	\$0	Total Transfers & Advances	\$0	\$0	\$0	\$0	Source	FY12	FY13	FY14	FY15	FY16	All Other Financing Uses - Line 5.030	\$0	\$0	\$0	\$0
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Debt Service – Line# 4.020; 4.050; 4.060

Source	FY12	FY13	FY14	FY15	FY16	TAN Principal Line 4.020	\$0	\$0	\$0	\$0	Principal State Loans Line 4.030	00000	Principal State Advances Line 4.040	00000	TAN Principal from Emergency Levy 4.050	00000	Total Principal Payments	\$0	\$0	\$0	\$0	HB 264 NOTE REPAYMENT - Line #4.050	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	INTEREST AND FISCAL CHARGES - Line #4.060	\$50,564	\$44,670	\$38,670	\$32,670	\$32,670
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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, 2011 there will be no encumbrances allowed.

FY12FY13FY14FY15FY16Estimated Encumbrances\$50,000\$50,000\$50,000\$50,000\$50,000

Reservations of Fund Balance – Line #9.080

Niles Local School District currently has no reservation of fund balance.

SourceFY12FY13FY14FY15FY16Textbooks & Instructional Materials- Line 9.010\$0\$0\$0\$0Capital Improvements- Line 9.020\$0\$0\$0\$0Budget Reserve - Line 9.030\$0\$0\$0\$0DPIA - Line 9.040\$0\$0\$0\$0Fiscal Stabilization - Line 9.045\$0\$0\$0\$0Debt Service - Line 9.05\$0\$0\$0\$0Property Tax Advances for Future Year- Line 9.060\$0\$0\$0\$0State Bus Purchases- Line 9.070\$0\$0\$0\$0Total Reservations of Balance- Line#9.080\$0\$0\$0\$0

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.

FY12FY13FY14FY15FY16Ending Cash Balance(\$104,143)(\$2,030,009)(\$3,849,997)(\$6,015,164)(\$8,640,178)

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SFSF Find 532 American Recovery & Reinvestment Act of 2009 Funding – Line 21.010 – 21.050

AllocationFY12FY13FY14FY15FY16
Personal Services SFSF\$45,949\$0\$0\$0\$0
Employees Retirement/Insurance Benefits SFSF\$0\$0\$0\$0\$0
Purchased Services SFSF\$0\$0\$0\$0\$0
Supplies and Materials SFSF\$0\$0\$0\$0\$0
Capital Outlay SFSF\$0\$0\$0\$0\$0Total SFSF Funding\$45,949\$0\$0\$0\$0

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