

**NILES CITY SCHOOL DISTRICT-TRUMBULL COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2011, 2012 and 2013 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2014 THROUGH 2018**



**Forecast Provided By
Niles City School District
Treasurer's Office
LINDA MOLINARO, CFO
October 17, 2013**

Niles City Schools

Trumbull County
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Years Ended June 30, 2011, 2012 and 2013 Actual;
 Forecasted Fiscal Years Ending June 30, 2014 Through 2018

	Actual				Average Change	Forecasted				
	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013			Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Revenues										
1.010 General Property Tax (Real Estate)	\$6,151,531	\$6,285,731	\$6,266,230	0.9%	\$6,469,004	\$6,288,571	\$6,299,078	\$6,310,686	\$6,322,802	
1.020 Tangible Personal Property	\$518,108	527,165	526,853	0.8%	\$489,033	478,742	478,742	478,742	478,742	
1.035 Unrestricted State Grants-in-Aid	\$12,685,192	13,346,296	13,025,939	1.4%	\$13,810,224	15,375,082	15,374,582	15,374,082	15,373,582	
1.040 Restricted State Grants-in-Aid	\$73,088	59,710	72,331	1.4%	\$83,237	83,237	83,237	83,237	83,237	
1.045 Restricted Federal Grants-in-Aid - SFSF/EdJobs	\$1,094,723	575,523	158,521	-59.9%	\$0	-	-	-	-	
1.050 Property Tax Allocation	\$1,980,346	1,575,977	1,367,736	-16.8%	\$1,336,098	1,332,889	1,333,894	1,334,979	1,336,186	
1.060 All Other Revenues	904,291	974,712	1,046,835	7.6%	1,188,893	1,221,852	1,234,070	1,196,411	1,208,375	
1.070 Total Revenues	\$23,407,279	\$23,345,114	\$22,464,445	1.8%	\$23,376,489	\$24,780,373	\$24,803,603	\$24,778,136	\$24,802,923	
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	87,969	0	35	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	89,309	80,769	65,987	-13.9%	70,864	16,000	16,000	16,000	16,000	
2.070 Total Other Financing Sources	177,278	80,769	66,022	-36.3%	70,864	16,000	16,000	16,000	16,000	
2.080 Total Revenues and Other Financing Sources	\$23,584,557	\$23,425,883	\$22,530,467	-2.2%	\$23,447,353	\$24,796,373	\$24,819,603	\$24,794,136	\$24,818,923	
Expenditures										
3.010 Personal Services	\$12,967,149	\$13,074,921	\$11,978,154	0.0%	\$12,105,083	\$12,310,770	\$12,783,087	\$13,148,437	\$13,524,577	
3.020 Employees' Retirement/Insurance Benefits	5,479,828	5,079,040	4,369,700	-10.6%	4,781,959	5,010,425	5,230,760	5,404,969	5,626,051	
3.030 Purchased Services	4,677,332	4,651,291	5,127,695	4.8%	5,479,089	5,661,144	5,830,297	6,005,699	6,186,765	
3.040 Supplies and Materials	444,904	445,077	332,135	-12.7%	332,135	332,135	332,135	332,135	332,135	
3.050 Capital Outlay	137,560	94,537	286,863	86.1%	268,689	293,689	93,689	93,689	93,689	
3.060 Intergovernmental	0	0	0	0.0%	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%	110,000	110,000	110,000	110,000	110,000	
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	86,268	132,000	9.2%	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	56,181	96,304	44,831	9.0%	50,464	45,052	52,149	55,919	56,401	
4.300 Other Objects	224,179	203,489	207,716	-3.6%	211,306	214,970	218,709	222,525	226,420	
4.500 Total Expenditures	\$24,119,133	\$23,730,927	\$22,479,094	-3.4%	\$23,470,726	\$24,110,186	\$24,782,827	\$25,505,373	\$26,288,038	
Other Financing Uses										
5.010 Operating Transfers-Out	87,969	-	35	0.0%	-	-	-	-	-	
5.020 Advances-Out	-	-	-	0.0%	-	-	-	-	-	
5.030 All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-	
5.040 Total Other Financing Uses	87,969	-	35	0.0%	-	-	-	-	-	
5.050 Total Expenditures and Other Financing Uses	\$24,207,102	\$23,730,927	\$22,479,129	-3.6%	\$23,470,726	\$24,110,186	\$24,782,827	\$25,505,373	\$26,288,038	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(622,545)	(305,044)	51,338	-83.9%	(23,373)	686,187	36,776	(711,237)	(1,469,115)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	959,131	336,586	31,542	-77.8%	82,880	59,507	745,694	782,470	71,233	
7.020 Cash Balance June 30	336,586	31,542	82,880	36.1%	59,507	745,694	782,470	71,233	(1,397,882)	
8.010 Estimated Encumbrances June 30	31,934	21,674	-	-66.1%	30,000	30,000	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	\$304,652	\$9,868	\$82,880	321.6%	\$29,507	\$715,694	\$752,470	\$41,233	(\$1,427,882)	
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%	-	-	-	-	-	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	\$304,652	\$9,868	\$82,880	321.6%	\$29,507	\$715,694	\$752,470	\$41,233	(\$1,427,882)	

Niles City Schools

Trumbull County
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Years Ended June 30, 2011, 2012 and 2013 Actual;
 Forecasted Fiscal Years Ending June 30, 2014 Through 2018

	Actual				Average Change	Forecasted				
	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013			Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Revenue from New Levies										
13.010	-	-	-		0.0%	-	-	-	-	-
13.020	-	-	-		0.0%	-	-	-	-	-
13.030	-	-	-		0.0%	-	-	-	-	-
14.010	-	-	-		0.0%	-	-	-	-	-
15.010	\$304,652	\$9,868	\$82,880		321.6%	\$29,507	\$715,694	\$752,470	\$41,233	(\$1,427,882)
ADM Forecasts										
20.010	206	201	180			178	177	176	176	175
20.015	2,602	2,568	2,493			2,468	2,456	2,443	2,431	2,419
State Fiscal Stabilization Funds- Information Only										
21.010	\$68,911	\$886,210	\$35,002		545.0%					
21.020	25,731	226,796	10,946		343.1%					
21.030	71,827	90,108			-37.3%					
21.040	255,273	163,578			-68.0%					
21.050	89,361	47,689			-73.3%					
21.060	\$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 17, 2013

Introduction to the Five Year Forecast

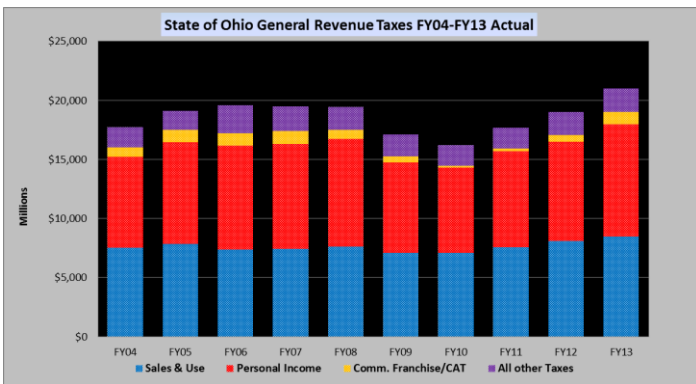
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2014 (July 1, 2013-June 30, 2014) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data for the October 2013 filing.

Economic Environment Affecting Forecast Variables –State Economy

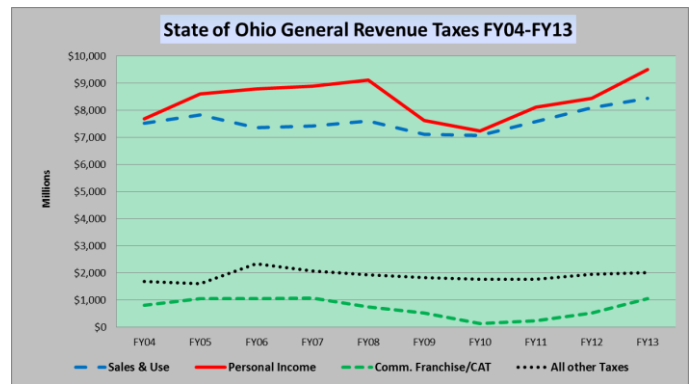
It is important in long range forecasting to consider the economic framework in which projections of revenues are made. We will offer a sampling of statewide economic data that suggests that the economy for the FY14-18 period is growing moderately and is recovering from the 2008-09 recession. It is important to consider the statewide economic data for two important reasons. One, our state funding is directly affected by state revenue collections. The effects of the recession on the economy at the state level created a budget deficit which required the State of Ohio to make nearly \$8 Billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio.

The second reason is that the same economic forces which are driving the recovery of state tax revenues are also likely affecting the underlying economics of most communities in Ohio affecting the ability to collect local tax revenue. Generally speaking local school district economic viability is tied to the same fundamental economics that drive the state.

As noted in the graphs below State of Ohio Revenues through FY13 have recovered and exceeded FY08 total tax revenue levels. The two significant contributors to the economic recovery as noted in the graph on the right are personal income taxes and sales and use taxes. The recovery of the labor market will continue to be a significant factor to watch in determining if the recovery of the last two fiscal years will continue.



Source: Ohio Legislative Budget Office

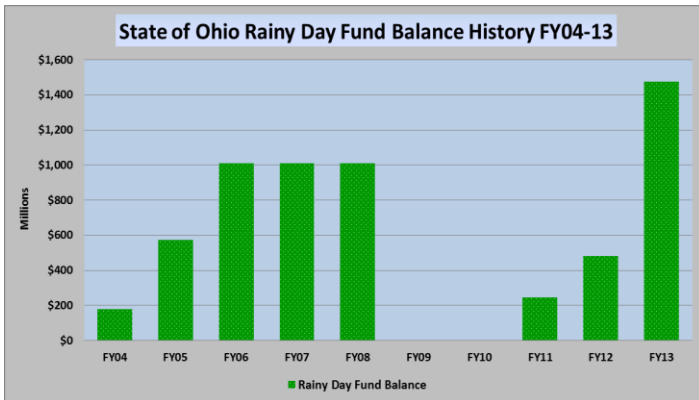


Source: Ohio Legislative Budget Office

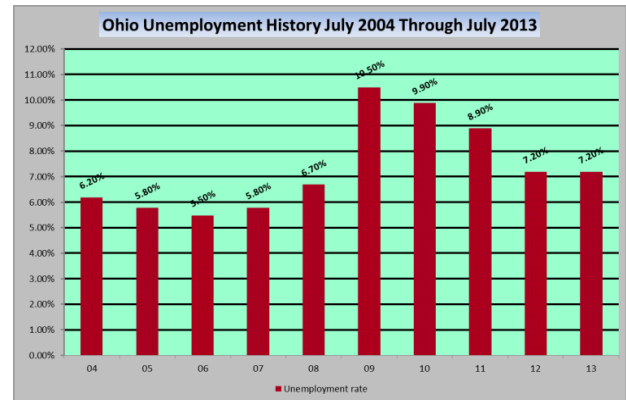
The above State revenue is a clear indication that the economy has recovered and that there is economic growth in the state. Another indication that the State of Ohio has achieved solid footing economically is the accumulation of reserves in the State Rainy Day Fund (RDF). The graph below shows the ten year history of the Rainy Day Fund balance. The recession depleted the RDF in FY09. FY11 began the recovery of the economy and enabled the state to contribute excess revenues to the RDF. As noted the RDF balance in FY13 has reached an all time record high deposit of \$1.478Billion. This cushion should help ensure that funding for

schools approved in the recent state biennium budget HB59 will be met through FY15 and could be continued into the future if a brief pull back in the economy occurs over the next few years.

A final note on the overall state economy is the unemployment rate. This is a significant measure to monitor for continued economic viability of the recovery. As noted above personal income taxes and sales tax are highly correlated and have been two major drivers of the recent recovery. As of July 2013 the unemployment rate in Ohio stood at 7.2%, which is unchanged from July 2012. The 7.2% rate is much lower than the 10.5% rate in 2009 but it has a long way to go to reach the 5.5% rate of 2006. In Trumbull County the rate was 8.5% at July 2013.



Source: Ohio Legislative Budget Office



Source: Bureau of Labor Market Information

Overall, we believe the economic recovery is stable and the economy improving. This should provide a stable basis for which to make projections of State revenues to the district as noted in HB59 through FY15 and continuing through FY18. The improving labor market should also provide a basis for a recovery in property tax collections in this forecast by: 1) stabilizing declining property values; 2) increasing current property tax collections; and, 3) increasing prior delinquent tax collections.

Forecast Risks and Uncertainty:

Our financial forecast is laden with risks and uncertainty due to the economic climate and volatility of the legislative changes that are happening very fast and with little time to plan. The items below give a short description of the current issues and how they may affect our forecast long term:

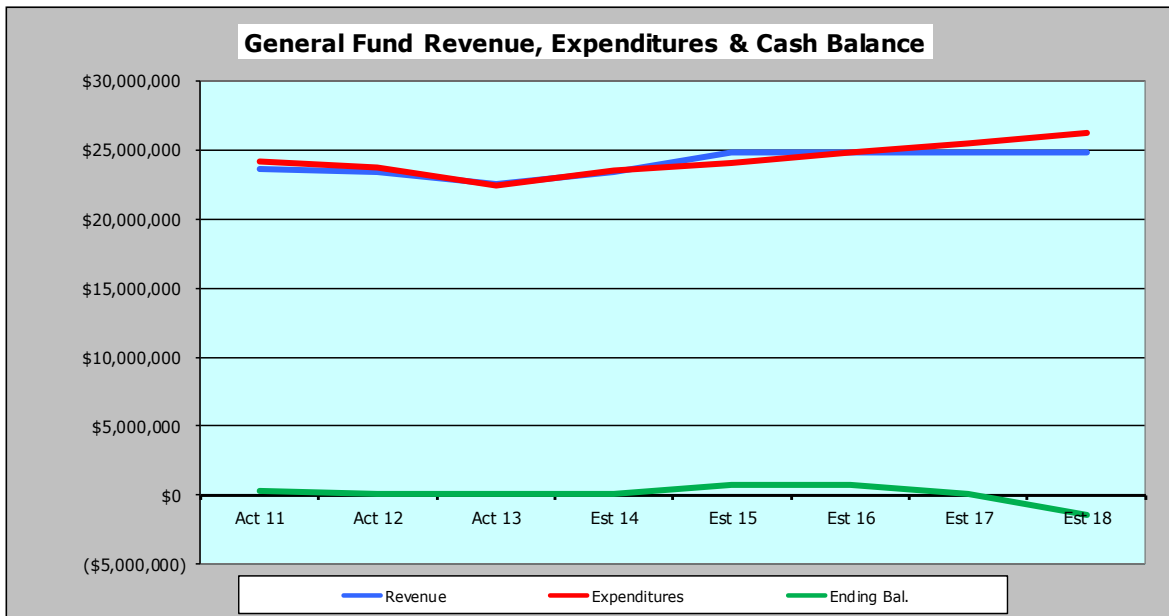
- The recession has adversely affected the real estate market for both residential and commercial property. Real estate values fell by 10.38% in 2011 for collection in 2012. We believe with the economy and housing market recovering that our values will remain stable through FY17. Risk of radical reduction 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 65% of district revenues in FY14. It is clearly an area of on-going risk to the current level of revenue. The risk comes in FY16 and beyond if the state economy worsens or if HB59 is radically changed to reduce funding to our district. Future uncertainty in both the state foundation funding formula and the state’s economy makes this area an elevated risk to district funding long term.
- 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 current state budget bill HB59 that will increase the district expenditures in the form of expanded EdChoice Scholarships in the 2016-17 school years and the new Income Base-Based Voucher Program in FY14. The Peterson special education voucher and the new Autism voucher which began in FY13 cost the district \$158,654 in FY13. These are examples of new choice program in the prior state budget that cost the district money and these new voucher programs could increase costs as well. Expansion of programs such as these could expose the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provision of this federal statute were supposed to be implemented January 1, 2014 but were delayed by the IRS on July 2, 2013 until January 1, 2015. We are aware of additional taxes that will be assessed on the district January 1, 2015 which could increase costs by as much as 2%. There is the additional risk that costs will go up as additional employees are added to our health care rolls. Rules for the PPACA are in flux at this time and we are tracking them closely. Future uncertainty over rules and implementation of PPACA is an elevated risk to district costs. We continue to monitor the rules and implementation as this significant change to health care evolves.
- 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.

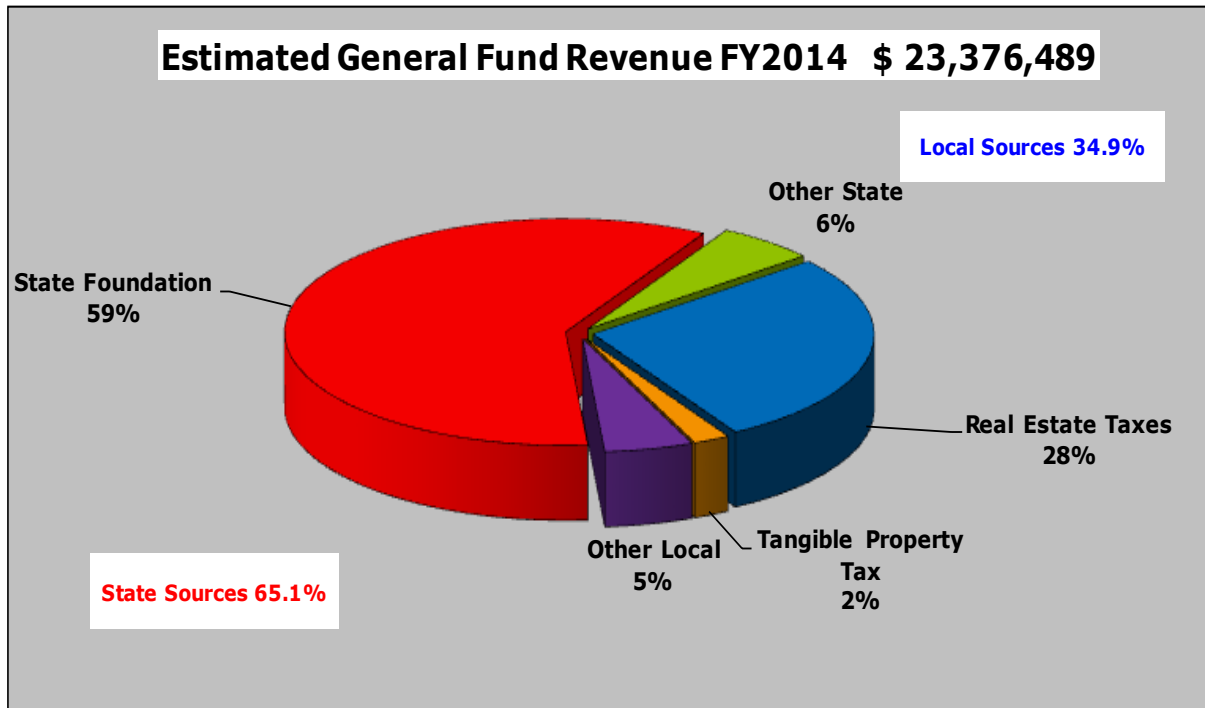
The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions in understanding the overall financial forecast for our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

Total Revenue, Expenditures and Ending Cash Balance FY11-FY13 and Estimated FY14 through FY18



Revenue Assumptions

All Revenue Sources General Fund FY14



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 the next full reappraisal will be in 2014 to be collected in 2015. We look for no significant changes in values in the 2014 update. 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 our 2011 values. 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.

Tangible personal property (TPP) values decreased to \$-0- in 2011 as a result of HB66 passed in 2005 to be effective July 1, 2005. This began a systematic phase-out of this tax base statewide to be replaced by a Commercial Activities Tax (CAT). The district has not been held harmless from the loss of the local taxes by the state TPP reimbursements noted below for Line # 1.050, under TPP Reimbursements due to cuts made in HB153 reimbursements. 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 2013	TAX YEAR2014	TAX YEAR2015	TAX YEAR2016	TAX YEAR2017
Classification	COLLECT 2014	COLLECT2015	COLLECT2016	COLLECT2017	COLLECT2018
Res./Ag.	176,194,300	176,294,300	176,419,300	176,569,300	176,769,300
Comm./Ind.	50,350,080	50,375,080	50,500,080	50,625,080	50,750,080
Public Utility (PUPP)	10,110,700	10,110,700	10,110,700	10,110,700	10,110,700
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	<u>\$236,655,080</u>	<u>\$236,780,080</u>	<u>\$237,030,080</u>	<u>\$237,305,080</u>	<u>\$237,630,080</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

As noted earlier under Local Funding, FY13 taxes will be right on target with original estimates for FY13 and we feel our longer range forecast of taxes are equally as accurate.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Est. Prop. Taxes Excluding TPP	<u>\$ 6,469,004</u>	<u>\$ 6,288,571</u>	<u>\$6,299,078</u>	<u>\$6,310,686</u>	<u>\$6,322,802</u>

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	FY 14	FY 15	FY 16	FY 17	FY 18
Public Utility Personal Property	<u>\$489,033</u>	<u>\$478,742</u>	<u>\$478,742</u>	<u>\$478,742</u>	<u>\$478,742</u>
Total Line # 1.020	<u>\$489,033</u>	<u>\$478,742</u>	<u>\$478,742</u>	<u>\$478,742</u>	<u>\$478,742</u>

State Foundation & Casino 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.

A) Unrestricted State Foundation & Casino Revenue – Line #1.035

The amounts estimated for FY14 and FY15 for state funding is based on funding component computations from the most recent simulations of HB59 from the Legislative Service Commission (LSC) dated June 25, 2013. The current FY14-15 state budget HB59 includes an (increase, flat) funding for our district. **We are using the LSC simulations we have been given by the state to project our state revenues until an actual modeling tool is officially released by the ODE.** When an authoritative simulation tool is available we will revise our projections if a material difference is noted.

In FY14-15 HB59 is using the fourth (4th) new funding formula for public education since 2009. The new funding formula is very complex and as noted above there is still no authoritative simulation tool released at this time. The new funding formula has a new method to measure a district's wealth and capacity to raise local revenue. The new wealth measure is called the State Share Index (SSI). There are three (3) components of the SSI:

- 1) Valuation Index that measures the district's average property value per pupil for tax year 2010, 2011 and 2012 compared to the statewide average valuation per pupil;
- 2) Median Income Index that uses tax year 2011 median income compared to statewide median income that is used to measure the ability of a district's residents to pay property taxes;
- 3) Wealth Index which uses two thirds (2/3) of the Valuation Index and one third (1/3) of the Median Income Index to compute the overall district Wealth Index.

The three components taken together form the one (1) overarching State Share Index (SSI) which equalizes state funding based on wealth. In prior funding formulas the main tool to equalize wealth was a millage charge-off of 23 mills of adjusted valuation per pupil. If the SSI were reduced to a charge-off as in past formulas there would not be a uniform charge-off, rather a range of charge-off rates from 11.3 mills to 22.9 mills.

The SSI, or one or more of the other three (3) indexes, are applied in determining need on the nine separate components that constitute state aid in FY14 and FY15. The nine (9) components of the new funding model are:

- 1) Opportunity Grant – Per pupil amount of \$5,745 in FY14 and \$5,800 in FY15
- 2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value
- 3) Special Education Additional Aid – Based on six (6) categories of disability
- 4) Limited English Proficiency – Based on three (3) categories based on time student enrolled in schools
- 5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students
- 6) K-3 Literacy Funds- Based on districts K-3 average daily membership and two Tiers
- 7) Gifted Funds –Based on average daily membership at \$5.00 in FY14 and \$5.05 in FY15
- 8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) categories students enrolled in
- 9) Transportation Aid – Funding based only on greater of per rider or per mile costs for each district. A supplemental payment for districts that have a SSI of .5 or greater and pupil density at or below the state median

The current LSC simulations are using FY13 ADM and hold those numbers steady through FY15. We believe that these simulations are the most authoritative source of information available at this time and we feel it is reasonable to assume flat funding of state aid for FY16-18.

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. As of March 4, 2013 all four (4) casinos are open for business and generating Gross Casino Tax Revenues (GCR). 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 on the 31st of January and August each year beginning January 2013.

The initial student payment to school in January 2013 was \$21.00 per pupil based on 1,816,000 pupils in Ohio. As more actual taxes are collected the state has indicated that the original 2009 estimates of \$1.9 Billion of GCR may be closer to \$900 million to \$1.1 billion, as revenues from casinos are falling off. We are estimating statewide student enrollment to decline by ½ of 1% from the FY13 total to 1,808,000 students and school districts share of GCR to be \$85 million resulting in FY14 payments being \$47 per pupil. For FY15-18 we estimated another ½ of 1% decline in pupils to 1,797,885 and GCR increasing to \$90 million or \$50 per pupil. We will increase estimates for out years when actual casino revenues increase.

No official Ohio Department of Taxation projections have been updated for actual data and no further guidance has been given as to the exact amount of these payments. Our assumptions are based on revenue reports produced monthly by the Ohio Casino Control Commission that the assumptions we have made are reasonable.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Basic Aid-Unrestricted	\$13,692,066	\$15,249,882	\$15,249,882	\$15,249,882	\$15,249,882
Additional Aid Items	0	0	0	0	0
Basic Aid-Unrestricted Subtotal	13,692,066	15,249,882	15,249,882	15,249,882	15,249,882
Ohio Casino Commission ODT	118,158	125,200	124,700	124,200	123,700
Unrestricted State Aid Line # 1.035	\$13,810,224	\$15,375,082	\$15,374,582	\$15,374,082	\$15,373,582

B) Restricted State Revenues – Line # 1.040

The only item currently in “restricted aid” is Career Technical. Career funding is going to be continued in HB59. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY14-18, where the state has required it to be accounted in the past. We anticipate there may be other state component funds that are restricted but until further guidance is given we have included all other funds in the “state Basic Aid” line above.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Other Restricted	\$0	\$0	\$0	\$0	\$0
Career Tech - Restricted	83,237	83,237	83,237	83,237	83,237
Total Restricted State Revenues Line #1.040	\$83,237	\$83,237	\$83,237	\$83,237	\$83,237

C) Restricted Federal Grants in Aid – line #1.045

There is no restricted federal aid projected in this forecast.

<u>Source</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Restricted Federal Aid Line # 1.045	\$0	\$0	\$0	\$0	\$0

SUMMARY OF STATE FOUNDATION REVENUES

<u>Source</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Unrestricted Line # 1.035	13,810,224	15,375,082	15,374,582	15,374,082	15,373,582
Restricted Line # 1.040	83,237	83,237	83,237	83,237	83,237
Restricted Fed. SFSF /EdJobs #1.045	0	0	0	0	0
Total State Foundation Revenue	<u>\$13,893,461</u>	<u>\$15,458,319</u>	<u>\$15,457,819</u>	<u>\$15,457,319</u>	<u>\$15,456,819</u>

State Taxes Reimbursement/Property Tax Allocation

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

<u>Source</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Base R & H	\$1,136,827	\$1,133,618	\$1,134,623	\$1,135,708	\$1,136,915
New Levy- (Gross receipts not net of R&H)	\$0	\$0	\$0	\$0	\$0
Total Rollback & Homestead	<u>\$ 1,136,827</u>	<u>\$ 1,133,618</u>	<u>\$ 1,134,623</u>	<u>\$ 1,135,708</u>	<u>\$ 1,136,915</u>

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.

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.

<u>Source</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
TPP Reimbursement - Fixed Sum	\$199,271	\$199,271	\$199,271	\$199,271	\$199,271
Total TPP Fixed Sum	<u>\$199,271</u>	<u>\$199,271</u>	<u>\$199,271</u>	<u>\$199,271</u>	<u>\$199,271</u>

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Rollback and Homestead	\$1,136,827	\$1,133,618	\$1,134,623	\$1,135,708	\$1,136,915
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	<u>199,271</u>	<u>199,271</u>	<u>199,271</u>	<u>199,271</u>	<u>199,271</u>
Total Tax Reimb./Prop Allocations Line #1.050	<u>\$1,336,098</u>	<u>\$1,332,889</u>	<u>\$1,333,894</u>	<u>\$1,334,979</u>	<u>\$1,336,186</u>

Other Local Revenues – Line #1.060

Open enrollment into the district fell by 3 students in FY13 but overall 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. In FY14 a group home named “Meridian” will open in our district. We will receive tuition for students who live in the group home and attend our schools.

<u>Source</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Open Enrollment Gross	\$ 731,641	\$ 738,957	\$ 746,347	\$ 753,810	\$ 761,349
Tuition Meridian	30,624	92,000	92,920	93,849	94,788
Tuition SF-14 & SF-14H	200,421	202,425	204,449	206,494	208,559
Other Income, rentals & Donations	<u>226,207</u>	<u>188,469</u>	<u>190,354</u>	<u>142,257</u>	<u>143,680</u>
Total Line # 1.060	<u>\$1,188,893</u>	<u>\$1,221,852</u>	<u>\$1,234,070</u>	<u>\$1,196,411</u>	<u>\$1,208,375</u>

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

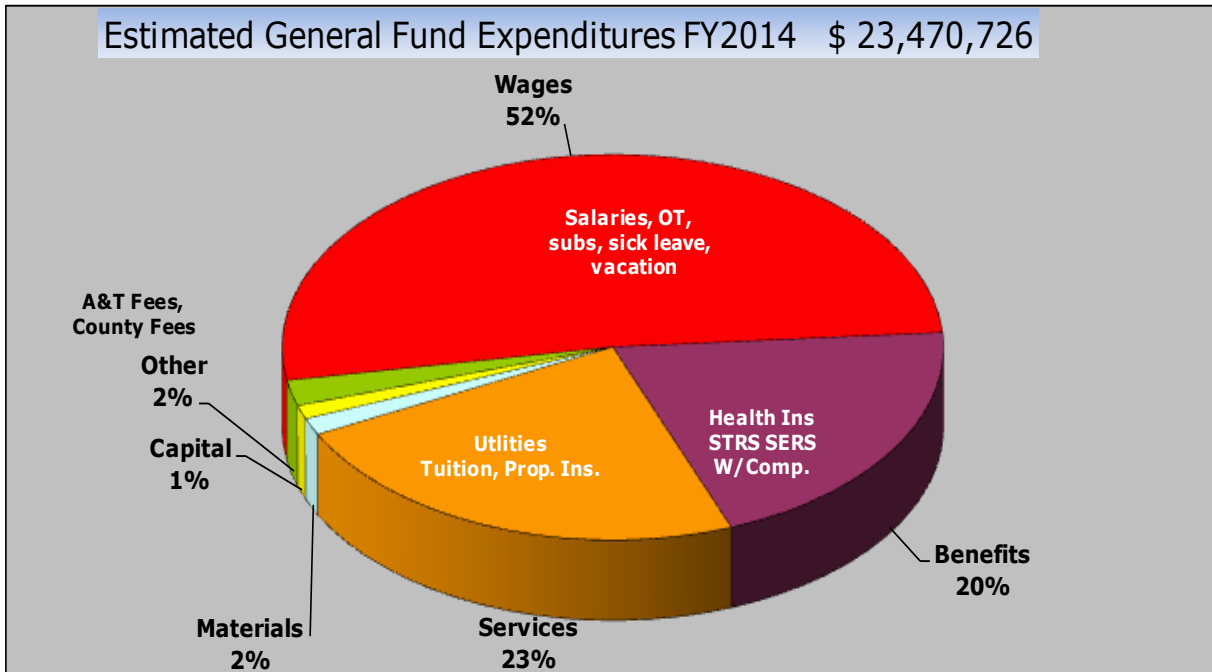
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

All Other Financial Sources – Line #2.060

ALL OTHER FINANCIAL SOURCES - LINE #2.060

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Refund of prior years expenditures	<u>\$70,864</u>	<u>\$16,000</u>	<u>\$16,000</u>	<u>\$16,000</u>	<u>\$16,000</u>

Expenditures Assumptions



Wages – Line #3.010

Base wages in the forecast are as follow: FY14 – 0%; FY15 – 1.5% and FY 16 – 2.5%. Steps and training increases are estimated at the normal level FY14-18. Base increases are estimated at 1.5% for FY17 and FY18 for planning purposes. Several certificated staff and classified positions were reduced or retired for FY14 and all positions were hired back at lower placements on the salary schedule. These reductions are noted below in Staff Reductions/Retiree and hired back in Staff Replacement. Therefore savings for staff who resigned/retired and were replaced with lower paid staff has been factored in as well. In addition 2 FTE were hired in FY14 who were funded with federal funds who are now in the General Fund under Unfunded Recapture.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Base Wages	\$10,986,522	\$11,027,083	\$11,344,820	\$11,798,613	\$12,152,571
Increases	0	165,406	283,621	176,979	182,289
All Staff - Steps & Training	164,798	165,406	170,172	176,979	182,289
Staff Replacement	336,132	69,417	0	0	0
Unfunded Recapture	131,606	11,964	0	0	0
Substitutes/Supplementals	730,000	740,950	759,474	770,866	782,429
Severance	348,000	225,000	225,000	225,000	225,000
Staff Reductions/Retiree	(\$591,974)	(\$94,457)	0	0	0
Total Wages Line 3.010	\$12,105,083	\$12,310,770	\$12,783,087	\$13,148,437	\$13,524,577

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 FY18, for medical, dental and vision insurance. Medical trend and utilization would suggest an increase of roughly 9% in each year FY14 through FY18; 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.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act (PPACA)** commonly called **Obamacare** or the **Affordable Care Act (ACA)**, is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965. Many of the significant provisions of the PPACA that were scheduled to be implemented by employers on January 1, 2014 were delayed until January 1, 2015 by a July 2, 2013 ruling from the IRS.

It is uncertain to what extent the implementation of PPACA will cost our district additional funds. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs maybe but there are “taxes” mandated by the act which we are aware of. The Transition Reinsurance fee due January 15, 2015, is a fee due the IRS for \$5.25 per covered member per month for the prior year (2014). This will be \$63 for each employee who had a full year of coverage in the prior year. This tax could equate to roughly a 2% annual increase in FY15. Longer-term a significant concern is the 40% “Cadillac Tax” that will be imposed in 2018 for plans whose value of benefits exceed \$10,200 for individual plans and \$27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 1% of wages FY14 – FY18. 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	FY 14	FY 15	FY 16	FY 17	FY 18
STRS/SERS	\$ 1,736,716	\$ 1,782,964	\$ 1,850,601	\$ 1,865,844	\$ 1,920,148
Insurance's	2,799,232	2,929,022	3,075,473	3,229,246	3,390,709
Workers & UC Comp	75,000	126,108	130,831	134,484	138,246
Medicare	151,012	152,332	153,855	155,394	156,948
Other/Tuition	20,000	20,000	20,000	20,000	20,000
Total Line 3.020	\$ 4,781,959	\$ 5,010,425	\$ 5,230,760	\$ 5,404,969	\$ 5,626,051

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 for CPI but we are also opening 3 new buildings in FY14 with HVAC systems so electric is

estimated to increase by \$30,000 per building or \$90,000 a year starting in FY14. 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 FY14. In FY14 will have costs associated with supporting a group home that is opening in our district called Meridian Group Home. We have estimated those costs below.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Base Services	\$805,177	\$823,009	\$847,700	\$873,131	\$899,325
Tuition & ESC Sp Ed	1,299,644	1,338,633	1,378,792	1,420,156	1,462,760
Open Enrollment Deduction	975,574	995,085	1,014,987	1,035,287	1,055,993
Community School Deductions	1,349,581	1,430,556	1,473,473	1,517,677	1,563,207
Other Tuition	177,659	182,988	188,478	194,132	199,956
Autism Scholarship	235,919	240,637	245,450	250,359	255,366
Utilities	593,969	623,667	654,851	687,593	721,973
Meridian Excess Cost ESC	41,567	26,567	26,567	27,364	28,185
Total Line 3.030	\$5,479,089	\$5,661,144	\$5,830,297	\$6,005,699	\$6,186,765

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	FY 14	FY 15	FY 16	FY 17	FY 18
Supplies	\$332,135	\$332,135	\$332,135	\$332,135	\$332,135
Total Line 3.040	\$332,135	\$332,135	\$332,135	\$332,135	\$332,135

Equipment – Line # 3.050

An overall inflation rate of 0% for FY14 – FY18 is assumed due to budget constraints. A new school bus has been added in FY14. Technology estimates have been made for FY14 and FY15 to include computers in our new buildings and to update the middle school in FY15. 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	FY 14	FY 15	FY 16	FY 17	FY 18
Capital Outlay	\$93,689	\$93,689	\$93,689	\$93,689	\$93,689
Additional Bus Purchases	73,000	0	0	0	0
Technology/New Buildings	102,000	200,000	0	0	0
Total Line 3.050	\$268,689	\$293,689	\$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	FY 14	FY 15	FY 16	FY 17	FY 18
County Tax Fees & Election Costs	\$157,373	\$159,418	\$161,491	\$163,590	\$165,717
Annual Audit Fees	27,851	28,687	29,547	30,434	31,347
Liability Ins, & Other Misc. Costs	26,083	26,865	27,671	28,501	29,356
Total Line 4.300	\$211,306	\$214,970	\$218,709	\$222,525	\$226,420

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	FY 14	FY 15	FY 16	FY 17	FY 18
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	FY 14	FY 15	FY 16	FY 17	FY 18
Interest on Turf Loan&HB 264 Line 4.060	\$50,464	\$45,052	\$52,149	\$55,919	\$56,401

Encumbrances –Line#8.010

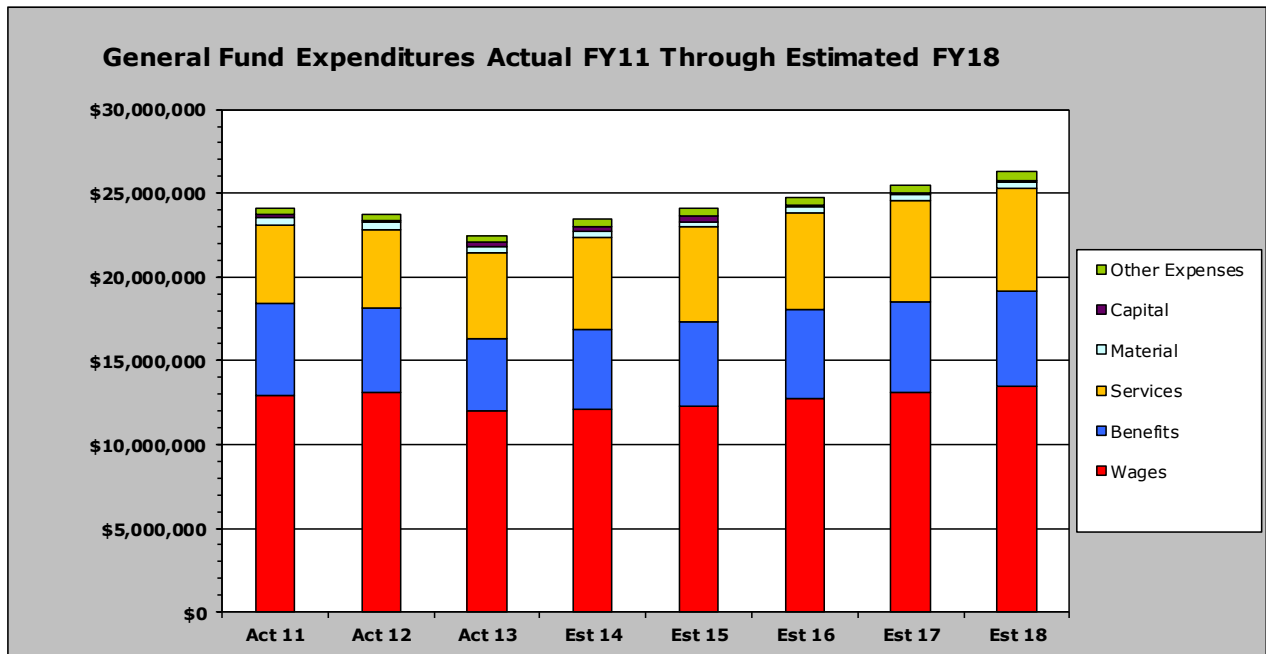
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. In order for the district to have a positive cash balance on June 30, 2013 encumbrances will be pushed as low as possible.

	FY 14	FY 15	FY 16	FY 17	FY 18
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 FY11 through FY13 and Estimated FY14-FY 18

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 that a district maintains a minimum of thirty (30) day cash balance which is about \$1.9 million for our district.

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Ending Cash Balance	\$71,074	\$906,936	\$970,279	\$286,406	(\$1,154,524)

