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
May 15, 2014

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				Forecasted				
		Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Average Change	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%	$6,472,570	$6,288,071	$6,298,262	$6,309,857	$6,321,961
1.020	Tangible Personal Property	$518,108	527,165	526,853	0.8%	$302,775	118,255	118,255	118,255	118,255
1.035	Unrestricted State Grants-in-Aid	$12,685,192	13,346,296	13,025,939	1.4%	$13,232,561	14,750,603	15,511,780	16,042,931	15,991,755
1.040	Restricted State Grants-in-Aid	$73,088	59,710	72,331	1.4%	$826,806	835,074	843,425	851,859	860,378
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%	$1,336,007	1,331,949	1,332,874	1,333,961	1,335,168
1.060	All Other Revenues	904,291	974,712	1,046,835	7.6%	1,115,629	1,147,855	1,159,334	1,160,927	1,122,536
1.070	*Total Revenues*	$23,407,279	$23,345,114	$22,464,445	1.8%	$23,286,348	$24,471,807	$25,263,930	$25,817,790	$25,750,053
	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%	90,124	16,000	16,000	16,000	16,000
2.070	*Total Other Financing Sources*	177,278	80,769	66,022	-36.3%	90,124	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%	$23,376,472	$24,487,807	$25,279,930	$25,833,790	$25,766,053
	Expenditures									
3.010	Personal Services	$12,967,149	$13,074,921	$11,978,154	0.0%	$12,003,583	$12,405,964	$13,051,035	$13,424,423	$13,808,843
3.020	Employees' Retirement/Insurance Benefits	5,479,828	5,079,040	4,369,700	-10.6%	4,527,299	5,088,924	5,312,342	5,489,811	5,714,292
3.030	Purchased Services	4,677,332	4,651,291	5,127,695	4.8%	5,488,016	5,670,249	5,839,584	6,015,171	6,196,427
3.040	Supplies and Materials	444,904	445,077	332,135	-12.7%	425,000	338,778	342,165	345,587	349,043
3.050	Capital Outlay	137,560	94,537	286,863	86.1%	425,000	293,000	93,000	93,000	93,000
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%	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%	231,306	214,970	218,709	222,525	226,420
4.500	*Total Expenditures*	$24,119,133	$23,730,927	$22,479,094	-3.4%	$23,392,669	$24,298,937	$25,150,984	$25,888,437	$26,686,427
	Other Financing Uses									
5.010	Operating Transfers-Out	87,969	-	35	0.0%	50,000	-	-	-	-
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%	50,000	-	-	-	-
5.050	*Total Expenditures and Other Financing Uses*	$24,207,102	$23,730,927	$22,479,129	-3.6%	$23,442,669	$24,298,937	$25,150,984	$25,888,437	$26,686,427
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(622,545)	(305,044)	51,338	-83.9%	(66,196)	188,870	128,946	(54,647)	(920,373)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	959,131	336,586	31,542	-77.8%	82,880	16,684	205,554	334,499	279,852
7.020	*Cash Balance June 30*	336,586	31,542	82,880	36.1%	16,684	205,554	334,499	279,852	(640,521)
8.010	*Estimated Encumbrances June 30*	31,934	21,674	-	-66.1%	-	-	-	-	-
	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%	$16,684	$205,554	$334,499	$279,852	($640,521)
	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%	$16,684	$205,554	$334,499	$279,852	($640,521)

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				Forecasted				
		Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Average Change	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
	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*	$304,652	$9,868	$82,880	321.6%	$16,684	$205,554	$334,499	$279,852	($640,521)

Niles City School District – Trumbull County
Notes to the Five Year Forecast
General Fund Only
May 15, 2015

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 May 2014 filing.

May 2014 Updates:
Revenues:
The overview of the revenues shows that we will receive less revenue than we estimated in the October Forecast. The total revenues that were forecasted for October were $23,447,353 and the updated revenue for May is $23,376,475 a decrease of -$70,878, for an accuracy rate of 99.70%. The major cause for the difference was due to receiving less public utility personal property (PUPP) tax than anticipated due to a coal fired power plant owned by Genon Power Midwest LP being closed. This reduced PUPP values from $10,110,700 to $2,497,460, a drop of 75.3% of our value and will reduce income to our district by $360,487 per year or a drop of 1.5% of our General Fund revenue. A drop of -$186,255 was noted in our April 2014 tax settlement which prompted a call to the County Auditor's Office who informed us of this property value loss at that time.

State aid was increased by $34,469 on the March #2 state aid payment due to a final adjustment for our fiscal year 2013 state aid payment. This will also increase the CAP amount for fiscal year 2014 by $34,469 because the CAP amount is based on the final fiscal year 2013 state aid amount. As a result, this one adjustment added $68,938 in fiscal year 2014, which helped offset the loss of PUPP taxes noted above.

Expenditures:
The May forecast also shows expenditures are on target with the October Forecast. Total expenditures forecasted for fiscal year 2014 in October were $23,470,726. The updated May forecast is for total expenditures of $23,442,669 which is a decrease of -$42,820, or a 99.88% accurate forecast.

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 3.28% in 2013 for collection in 2014. This decline was led by a drop of -$7,613,240 in PUPP values. PUPP values are taxed at full gross rate and will result in a significant decline in collections. Other tax values showed signs of stabilization during this period. We believe with the economy and housing market recovering that our values will continue to stabilize and remain stable through FY18. We expect that they will remain stable at the new lower levels. The 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 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 weakens.

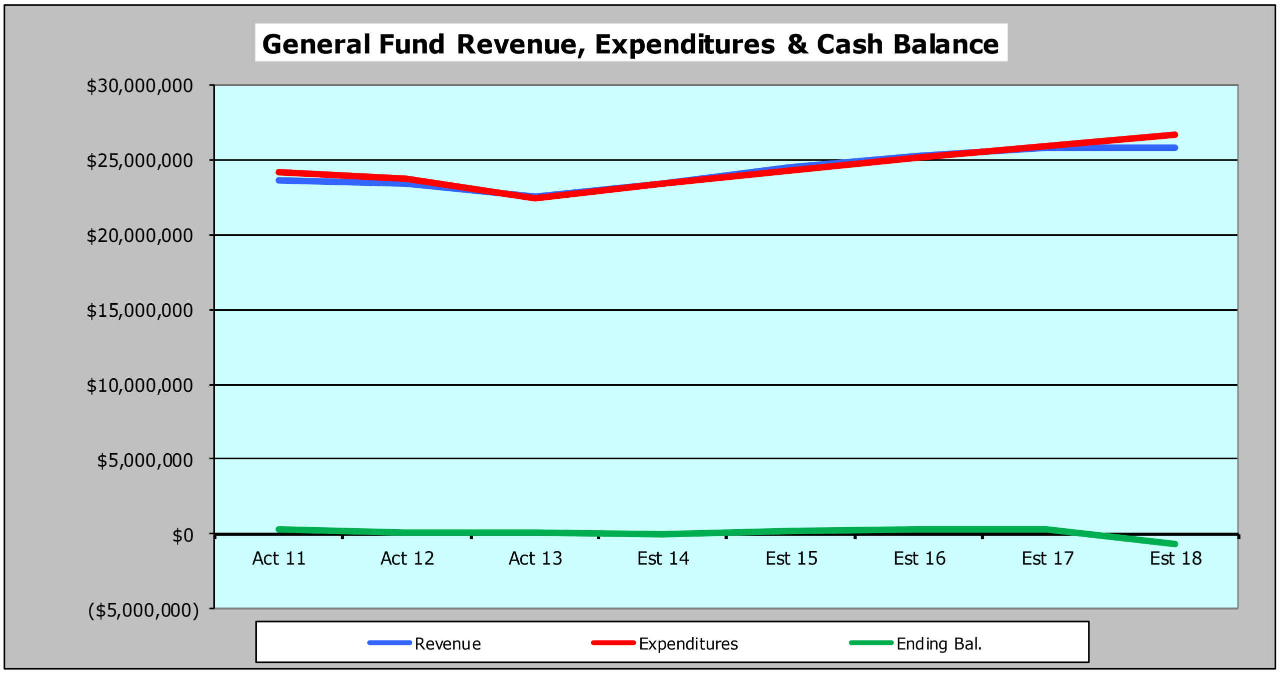
- There are many provisions in the current state budget bill HB59 that will increase the district expenditures in the form of expanded EdChoice Scholarships in the 2016-17 school years and the new Income Based Voucher Program in FY14. The Peterson special education voucher and the new Autism voucher which began in FY13 cost the district $158,654 in FY13 and $140,000 in FY14. 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.

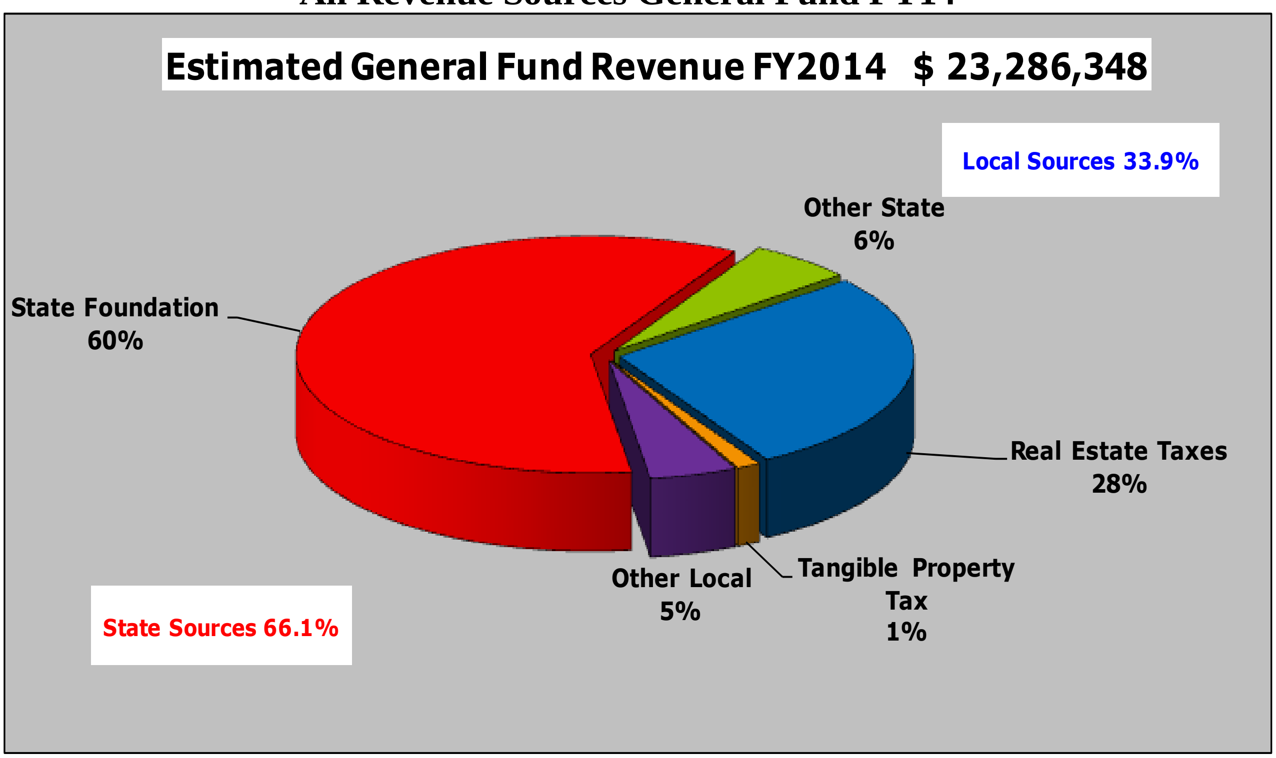
The major Lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Ms. Linda Molinaro, Treasurer of Niles Local at 330-989-5095.

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 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 slow economic recovery, 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 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

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2013	TAX YEAR2014	TAX YEAR2015	TAX YEAR2016	TAX YEAR2017
Classification	COLLECT 2014	COLLECT2015	COLLECT2016	COLLECT2017	COLLECT2018
Res./Ag.	175,916,400	175,966,400	176,091,400	176,241,400	176,441,400
Comm./Ind.	50,379,400	50,404,400	50,529,400	50,654,400	50,779,400
Public Utility (PUPP)	2,497,460	2,497,460	2,497,460	2,497,460	2,497,460
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	$228,793,260	$228,868,260	$229,118,260	$229,393,260	$229,718,260

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	$ 6,472,570	$ 6,288,071	$6,298,262	$6,309,857	$6,321,961

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 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.

In tax year 2013 Genon Power Midwest LP closed down a coal fired electric plant in our district. That reduced the PUPP values by (-$7,613,240) or a drop of (-75.3%) of our PUPP values. This will have a significant impact on our PUPP tax collections as noted below which will fall by $360,487 on a calendar year basis. This represents 1.5% of the General Fund revenues.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Public Utility Personal Property	$302,778	$118,255	$118,255	$118,255	$118,255
Total Line # 1.020	$302,778	$118,255	$118,255	$118,255	$118,255

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 fiscal year 2014 and fiscal year 2015 for state funding is based on funding component computations of House Bill 59 and the April 2014 state foundation payment report. The current state budget includes an increase in funding for our district in fiscal year 2014 and fiscal year 2015. We are using the funding formula model provided by the Ohio Department of Education for the May forecast.

The October forecast was based on formula simulations provided by the Legislative Service Commission because an actual model had not yet been released by ODE. The current calculation using the official formula model indicates that the original estimates in October were accurate. However, there was a slight change regarding the amount allocated to restricted state revenues which will be discussed under the heading "Restricted State Revenues – Line #1.040".

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 of below the state median

The current ODE State Foundation Report Calculations from April 25, 2014 are using fiscal year 2014 Average Daily Membership (ADM) of 2,704. The new funding formula causes districts either to be on the “Cap”, “Formula” or “Guarantee”. Our district is a “CAP” funded district for fiscal year 2014 and we anticipate that we will be on the CAP in fiscal year 2015 as well. There was a statewide update of the funding formula for the March #2 payment which caused our district to receive a fiscal year 2013 adjustment of $34,469. The March#2 adjustment also increased our CAP amount for fiscal year 2014 through fiscal year 2018. Because our district is on the CAP in fiscal year 2015, we will receive a 10.5% increase in state basic aid.

We believe that we will still be funded on the CAP in fiscal years 2016 through FY17. In FY18 we are projecting to be much closer to the formula amount provided the current funding formula continues in the next biennium budget. We have estimated an increase in the CAP amount of 5.0% each year, but this amount could be higher or lower. There is no guidance on the state funding model or increases for the next biennium budget at this time.

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four casinos one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013 all four casinos were 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 are distributed to school districts on the 31st of January and August each year. These distributions began in January 2013.

The initial student payment to schools 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 Gross Casino Revenue (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 fiscal year 2013 total to 1,808,000 students in fiscal year 2014. Based on 1,808,000 students we expect school districts share of GCR to be $85million resulting in fiscal year 2014 payments of $51.57 per pupil. For fiscal year 2015 through 2018 we estimated another ½ of 1% decline in pupils to 1,797,885 and GCR increasing to $90 million or an estimated per pupil amount of $53.56 in fiscal year 2015 and a 3% increase in per pupil amounts in fiscal years 2016 through 2018.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Basic Aid-Unrestricted	$12,972,366	$14,486,332	$15,244,052	$15,771,658	$15,716,849
Additional Aid Items	130,711	130,711	130,711	130,711	130,711
Basic Aid-Unrestricted Subtotal	13,103,077	14,617,043	15,374,763	15,902,369	15,847,560
Ohio Casino Commission ODT	129,484	133,560	137,017	140,562	144,195
Unrestricted State Aid Line # 1.035	$13,232,561	$14,750,603	$15,511,780	$16,042,931	$15,991,755

B) Restricted State Revenues – Line # 1.040

One significant change that occurred from House Bill 59 was the change in classification from unrestricted to restrict for economically disadvantaged funds. It is anticipated that there will be legislative action in the future that will require school districts to account for how this revenue was used to benefit students who are economically disadvantaged. The other item that is currently required to be categorized as restricted aid is Career Technical. These amounts are generally stable and the state should continue into the future with small growth from year to year.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Economically Disadvantaged Aid	$819,452	$827,647	$835,923	$844,282	$852,725
Career Tech - Restricted	7,354	7,428	7,502	7,577	7,653
Total Restricted State Revenues Line #1.040	$826,806	$835,074	$843,425	$851,859	$860,378

C) Restricted Federal Grants in Aid – line #1.045

There is no restricted federal aid projected in this forecast.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Restricted Federal Aid Line # 1.045	$0	$0	$0	$0	$0

SUMMARY OF STATE FOUNDATION REVENUES

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Unrestricted Line # 1.035	13,232,561	14,750,603	15,511,780	15,758,590	15,703,354
Restricted Line # 1.040	826,806	835,074	843,425	851,859	860,378
Restricted Fed. SFSF /EdJobs #1.045	0	0	0	0	0
Total State Foundation Revenue	$14,059,367	$15,585,678	$16,355,205	$16,610,449	$16,563,732

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 loose 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.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Base R & H	$1,136,736	$1,132,678	$1,133,603	$1,134,690	$1,135,897
New Levy- (Gross receipts not net of R&H)	$0	$0	$0	$0	$0
Total Rollback & Homestead	$ 1,136,736	$ 1,132,678	$ 1,133,603	$ 1,134,690	$ 1,135,897

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	FY 14	FY 15	FY 16	FY 17	FY 18
TPP Reimbursement - Fixed Sum	$199,271	$199,271	$199,271	$199,271	$199,271
Total TPP Fixed Sum	$199,271	$199,271	$199,271	$199,271	$199,271

Summary of State Tax Reimbursement – Line #1.050

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Rollback and Homestead	$1,136,736	$1,132,678	$1,133,603	$1,134,690	$1,135,897
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	199,271	199,271	199,271	199,271	199,271
Total Tax Reimb./Prop Allocations Line #1.0	$1,336,007	$1,331,949	$1,332,874	$1,333,961	$1,335,168

Other Local Revenues – Line #1.060

Open enrollment into the district rose by 3 students in FY14, open enrollment out increased by 8 students and community school students leaving our district increased by 1. Overall school choice enrollments are expected to remain stable. In FY14 $2.4 million leaves our district with students taking advantage of choice initiatives. 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.

Source	FY 14	FY 15	FY 16	FY 17	FY 18
Open Enrollment Gross	$ 658,377	$ 664,961	$ 671,610	$ 678,326	$ 685,110
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 & Dor	226,207	188,469	190,354	182,257	134,080
Total Line # 1.060	$1,115,629	$1,147,855	$1,159,334	$1,160,927	$1,122,536

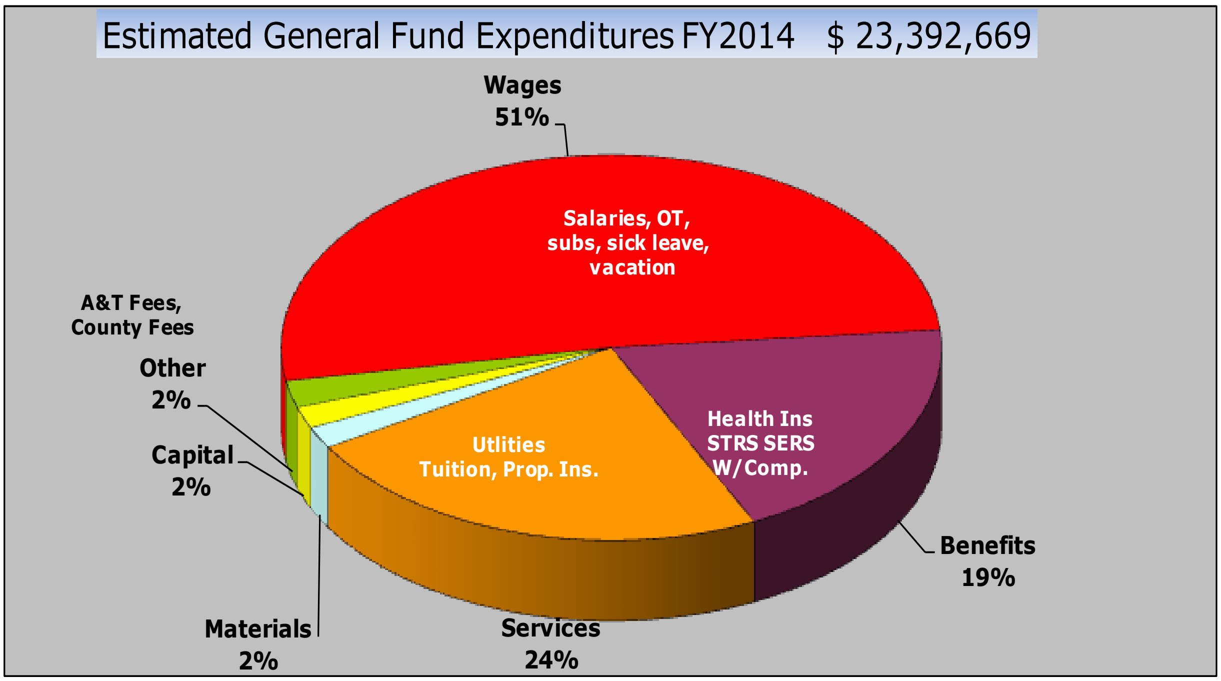
Short-Term Borrowing – Lines #2.010 & Line #2.020 - There is no short term borrowing planned for in this forecast at this time from any sources.

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
A significant bureau of workers compensation refund came to the district in FY14 which is reflected below. This not expected to be reoccurring.

ALL OTHER FINANCIAL SOURCES - LINE #2.060					
	FY14	FY15	FY16	FY17	FY18
Refund of prior years expenditures	$90,124	$16,000	$16,000	$16,000	$16,000

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	$10,886,522	$11,292,583	$11,605,014	$12,066,561	$12,428,558
Increases	0	169,389	290,125	180,998	186,428
All Staff - Steps & Training	163,298	169,389	174,075	180,998	186,428
Staff Replacement	336,132	158,468	11,612	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	60,000	225,000	225,000	225,000
Staff Reductions/Retiree	($591,974)	($196,778)	($14,266)	0	0
Total Wages Line 3.010	$12,003,583	$12,405,964	$13,051,035	$13,424,423	$13,808,843

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 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. We took two premium holidays in FY14 which reduced our costs by $240,000. We have added these amounts back to our base costs for FY15-18.

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	$ 1,722,056	$ 1,820,586	$ 1,889,285	$ 1,905,688	$ 1,961,187
Insurance's	2,559,232	2,969,139	3,115,924	3,271,720	3,435,306
Workers & UC Comp	75,000	127,060	133,510	137,244	141,088
Medicare	151,012	152,140	153,623	155,159	156,710
Other/Tuition	20,000	20,000	20,000	20,000	20,000
Total Line 3.020	$ 4,527,299	$ 5,088,924	$ 5,312,342	$ 5,489,811	$ 5,714,292

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	984,500	1,004,190	1,024,274	1,044,759	1,065,654
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	$5,488,016	$5,670,249	$5,839,584	$6,015,171	$6,196,427

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	$425,000	$338,778	$342,165	$345,587	$349,043
Total Line 3.040	$425,000	$338,778	$342,165	$345,587	$349,043

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	$250,000	$93,000	$93,000	$93,000	$93,000
Additional Bus Purchases	73,000	0	0	0	0
Technology/New Buildings	102,000	200,000	0	0	0
Total Line 3.050	$425,000	$293,000	$93,000	$93,000	$93,000

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	$177,373	$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	$231,306	$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. In FY14 we are transferring $50,000 to cover our share of Locally Funded Initiatives required by OFCC.

Debt Service – Line# 4.020; 4.050; 4.060
In 2013 the district borrowed $550,000 for a turf project at the high school athletic stadium. The first payment was due November 1, 2013.

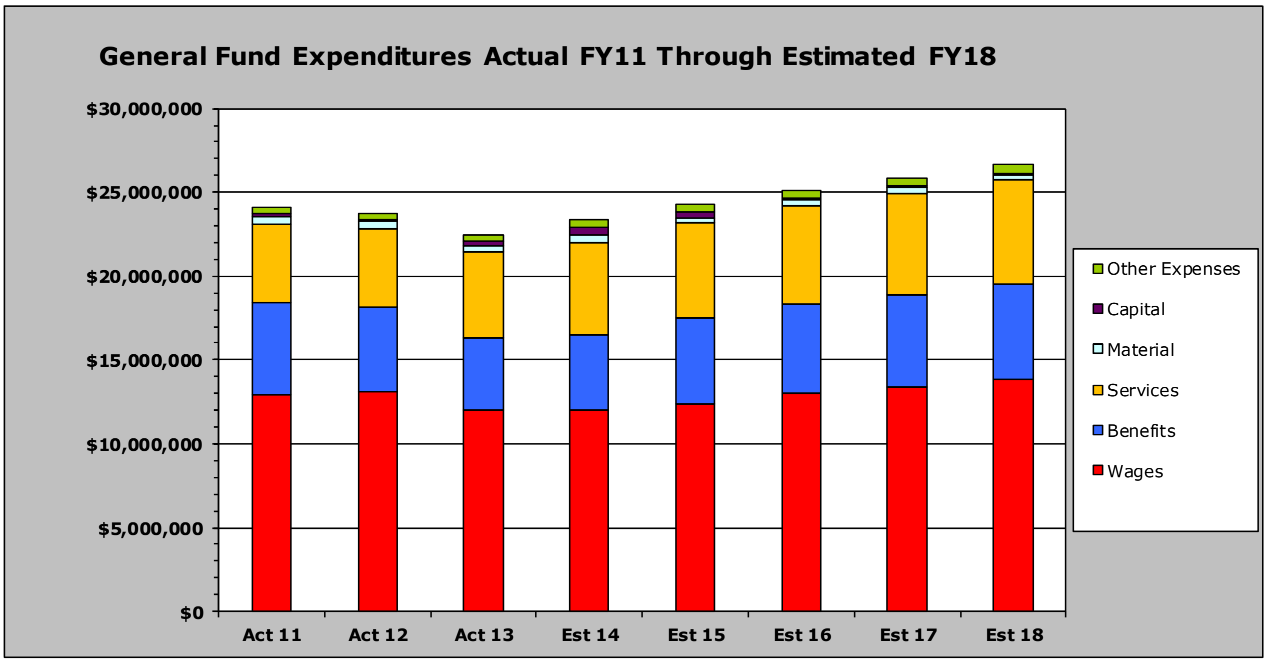
HB 264 NOTE REPAYMENT - Line #4.050					
Energy conservation project debt service with a final maturity in school year 2020.					
Source	**FY 14**	**FY 15**	**FY 16**	**FY 17**	**FY 18**
HB 264 Principal Total Line 4.050	$132,000	$132,000	$132,000	$132,000	$132,000
INTEREST AND FISCAL CHARGES - Line #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	$0	$0	$0	$0	$0

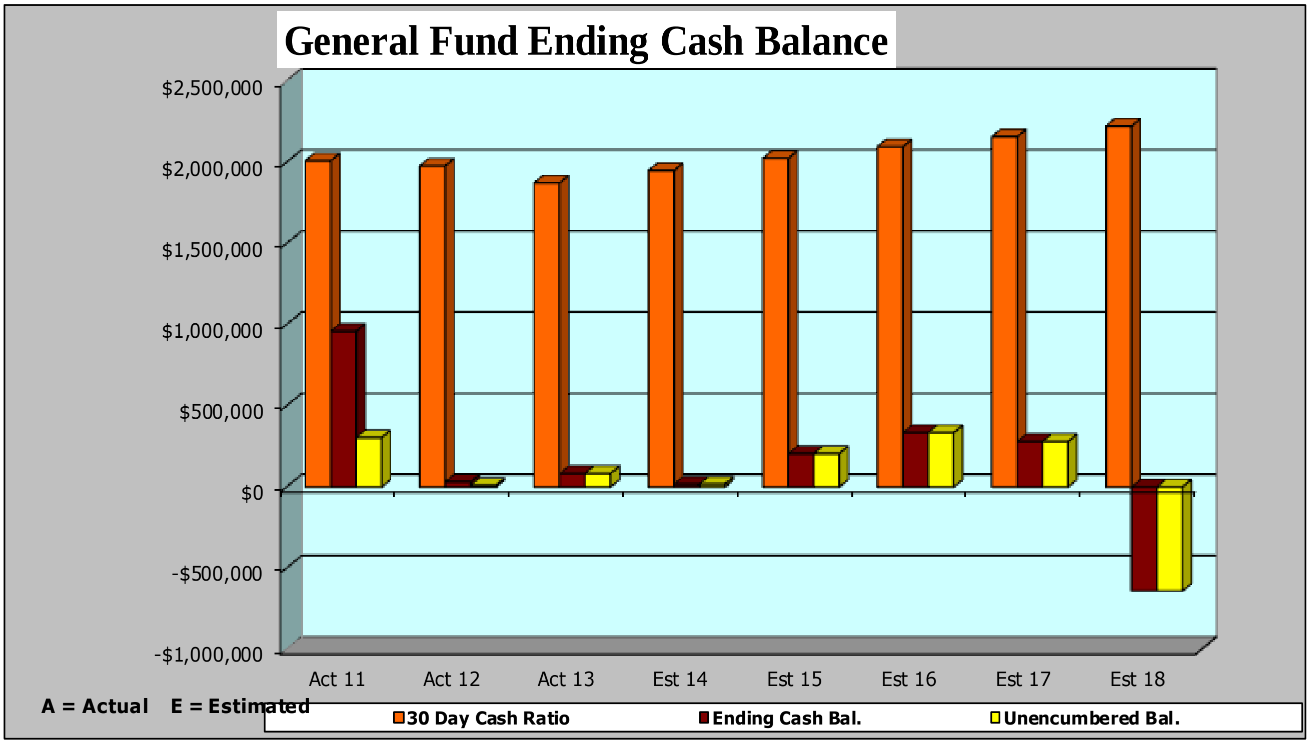
Reservations of Fund Balance – Line #9.080 – The district currently has no reservation of fund balance.

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

	FY 14	FY 15	FY 16	FY 17	FY 18
Ending Cash Balance	$16,687	$205,557	$334,503	$279,855	($640,518)


General Fund Ending Cash Balance
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
-$500,000
-$1,000,000
Act 11
Act 12
Act 13
Est 14
Est 15
Est 16
Est 17
Est 18
A = Actual E = Estimated
30 Day Cash Ratio
Ending Cash Bal.
Unencumbered Bal.