

NORDONIA HILLS CITY SCHOOL DISTRICT - - SUMMIT COUNTY
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND FORECASTED OPERATING FUND

June, 2012

	Actual			Forecasted				
	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Revenue:								
1.010 General Property Tax (Real Estate)	22,555,101	22,425,529	24,833,781	27,240,515	27,285,227	27,334,560	27,437,423	27,593,504
1.020 Tangible Personal Property Tax	1,963,115	1,430,675	1,508,198	1,717,581	1,683,229	1,649,564	1,616,573	1,584,242
1.030 Income Tax	0	0	0	0	0	0	0	0
1.035 Unrestricted Grants-in-Aid	4,797,419	4,625,248	4,847,309	4,711,703	4,607,753	4,516,907	4,427,877	4,340,628
1.040 Restricted Grants-in-Aid	383,816	604,250	76,034	15,000	15,000	15,000	15,000	15,000
1.050 Property Tax Allocation	6,861,668	6,950,833	5,972,448	5,635,593	4,757,601	3,880,381	3,893,191	3,915,018
1.060 All Other Revenues	934,263	793,857	1,137,171	1,413,000	1,414,413	1,415,828	1,417,243	1,418,661
1.070 Total Revenues	37,495,382	36,830,392	38,372,941	40,733,391	39,763,224	38,812,240	38,807,307	38,867,052
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	0	0	0	0	0	0	0	0
2.040 Operating Transfers-In.	0	0	1,402,211	0	0	0	0	0
2.050 Advances-In	5,988,175	384,825	953,090	59,400	50,000	50,000	50,000	50,000
2.060 All Other Financing Sources	22,325	0	3,929	381,625	0	0	0	0
2.070 Total Other Financing Sources	6,010,500	384,825	2,359,230	441,025	50,000	50,000	50,000	50,000
2.080 Total Revenues and Other Financing Sources	43,505,882	37,215,217	40,732,171	41,174,416	39,813,224	38,862,240	38,857,307	38,917,052
Expenditures:								
3.010 Personal Services	24,029,114	23,707,210	21,930,722	20,200,000	20,375,500	21,095,460	21,830,506	22,591,163
3.020 Employees' Retirement/Insurance Benefits	9,137,437	9,425,771	7,913,325	8,030,000	8,270,323	9,655,352	10,394,095	11,198,810
3.030 Purchased Services	4,616,044	4,281,211	6,177,782	6,900,000	7,411,730	7,486,557	7,561,123	7,606,434
3.040 Supplies and Materials	1,339,497	1,246,394	947,289	1,100,000	1,222,000	1,234,220	1,246,562	1,259,028
3.050 Capital Outlay	662,283	298,821	150,805	415,000	423,300	431,766	440,401	449,209
3.060 Intergovernmental	0	0	0	0	0	0	0	0
Debt Service:								
4.010 Principal-All (History Only)	0	0	0	0	0	0	0	0
4.020 Principal-Notes	0	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	0	0	0	0	0	0	0	0
4.055 Principal-Other	0	0	0	0	0	0	0	0
4.060 Interest and Fiscal Charges	0	0	0	0	0	0	0	0
4.300 Other Objects	709,815	654,526	699,423	960,000	979,200	998,784	1,018,760	1,039,135
4.500 Total Expenditures	40,494,190	39,613,933	37,819,346	37,605,000	38,682,052	40,902,139	42,491,447	44,143,779
Other Financing Uses								
5.010 Operating Transfers-Out	35,520	20,530	1,374,376	0	0	0	0	0
5.020 Advances-Out	6,278,000	952,790	59,400	50,000	50,000	50,000	50,000	50,000
5.030 All Other Financing Uses	40,551	189	0	0	0	0	0	0
5.040 Total Other Financing Uses	6,354,071	973,509	1,433,776	50,000	50,000	50,000	50,000	50,000
5.050 Total Expenditures and Other Financing Uses	46,848,261	40,587,442	39,253,122	37,655,000	38,732,052	40,952,139	42,541,447	44,193,779
Excess of Rev & Other Financing Sources over (under) Expenditures and Other Financing Uses								
6.010	-3,342,379	-3,372,225	1,479,049	3,519,416	1,081,172	-2,089,900	-3,684,139	-5,276,727
Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies								
7.010	11,966,622	8,624,243	5,252,018	6,731,067	10,250,483	11,331,655	9,241,755	5,557,616
7.020 Cash Balance June 30	8,624,243	5,252,018	6,731,067	10,250,483	11,331,655	9,241,755	5,557,616	280,889
8.010 Estimated Encumbrances June 30	1,308,980	1,445,680	1,562,809	650,000	650,000	650,000	650,000	650,000
Reservation of Fund Balance								
9.010 Textbooks and Instructional Materials	0	0	0	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0	0	0	0	0
9.040 DPIA	0	0	0	0	0	0	0	0
9.050 Debt Service	0	0	0	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0	0	0	0	0
9.080 Subtotal	0	0	0	0	0	0	0	0
Fund Balance June 30 for Certification of Appropriations								
10.010	7,315,263	3,806,338	5,168,258	9,600,483	10,681,655	8,591,755	4,907,616	-369,111
Rev from Replacement/Renewal Levies								
11.010 Income Tax - Renewal	0	0	0	0	0	0	0	0
11.020 Property Tax - Renewal or Replacement	0	0	0	0	0	0	0	0
11.030 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	0	0	0
Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations								
12.011	7,315,263	3,806,338	5,168,258	9,600,483	10,681,655	8,591,755	4,907,616	-369,111
Revenue from New Levies								
13.010 Income Tax - New	0	0	0	0	0	0	0	0
13.020 Property Tax - New	0	0	0	0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0	0	0	0	0
14.010 Revenue from Future State Advancements	0	0	0	0	0	0	0	0
15.010 Unreserved Fund Balance June 30	7,315,263	3,806,338	5,168,258	9,600,483	10,681,655	8,591,755	4,907,616	-369,111
ADM Forecasts								
20.010 Kindergarten - October Count				255	250	245	245	245
20.015 Grades 1-12 - October Count				3,700	3,675	3,650	3,625	3,625
20.02 Kindergarten - February Count				255	250	245	245	245
20.025 Grades 1-12 - February Count				3,700	3,675	3,650	3,625	3,625

Nordonia Hills City School District

Five-Year Financial Forecast (May 20, 2013)

All city school districts are required by Section 5705.391 of the Ohio Revised Code to compile a financial forecast. State regulations prescribe the format of the forecast. The intent of this mandate is to report and communicate the financial operations of the school district in order to promote planning and decision making beyond the current year.

A forecast is a snapshot in time based on the known facts and trends. More than likely, the assumptions and data trends will change with time and the occurrence of unforeseen events. The forecast is filed annually in October with an update in May reporting any changes for that period.

The following notes and assumptions are pertinent to Nordonia Hills City School District's Five-Year Forecast.

Basis of Accounting: Under State law, the cash basis of accounting is used for budgetary purposes. This means the forecast reports cash when received and disbursements when paid. Any legally binding expenditure commitment requires an encumbrance of funds.

Fund accounting is used for the reporting of financial position and the results of operations. Fund accounting is a means of legal compliance and segregation of transactions related to specific functions and activities.

The transactions of each fund are reflected in a self-balancing group of accounts, which represent an accounting entity separate from the activities reported in other funds. The General Fund is the district's operating fund and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the district for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Description of the District: The District is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education. Under Ohio law, the District is a separate and distinct unit of government. The Nordonia Hills City School District Board of Education is a five-member board elected at-large, with staggered four-year terms and serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed.

The District serves an area of approximately 28 square miles around the City of Macedonia, Northfield Village, Northfield Center, Boston Heights and Sagamore Hills.

Nordonia Hills City School District educates approximately 4,000 students while employing over 400 personnel including teachers, administrators, aides, secretaries, custodians and cafeteria workers.

Fiscal Projections: This financial forecast projects the expected revenues, expenditures and fund balance of the Nordonia Hills City School District's General Fund for the fiscal years beginning July 1, 2012 and concluding June 30, 2017. Historical information is presented for fiscal years ended June 30, 2010, 2011 and 2012.

REVENUE

Line 1.01 - Real Estate Revenue: Actual real estate tax collections are driven by a combination of factors, which include local taxable valuation increases/decreases (particularly new construction), collection and delinquency rates, and effective rates of taxation. In November 2011, the voters approved a 6 mill operating levy for a continuing period of time. The tax collections for this levy began in January 2012. Fiscal Year 2013 will show a full year tax collections from this levy.

Collection/Delinquency Rates: This forecast assumes collection rates will continue in a manner which is supported by historical trends. According to data obtained from the Summit County Fiscal Office, the delinquency percentage of real property fluctuates between 2 - 4%. No material change is anticipated, although challenges to the housing market and economy could impact delinquencies.

Local Taxable Valuation and Effective Millage: The property within the District is reappraised every six years, with a three-year update taking place between reappraisals (triennial update). Summit County 2011 triennial update resulted in an \$87M decrease of valuation. Residential/agricultural values decreased 7.9% and commercial/industrial values decreased 10.6%. The most recent full reappraisal occurred in calendar year 2008 and reflected limited gains (less than 1%).

The forecast assumes the 2014 reappraisal will show a slight growth in property valuations. New construction is assumed to increase slightly for residential/agricultural and commercial/industrial property into the forecast period.

Line 1.02 - Personal Tangible Revenue: State legislators in a quest to make Ohio more attractive to businesses phased out the tangible personal property taxes on general business, telephone and telecommunications and railroad properties. At its peak, the district collected almost \$5.5M in tangible property taxes. Tangible personal property values were reduced to zero in calendar year 2009. Only public utility personal property values remain and it is assumed these will decrease 2% annually for the forecast period. The new tax policies include a reimbursement provision to coincide with decreased valuation. The State budget could reduce or eliminate this reimbursement as evidenced from the FY12-13 biennial State budget. The State accelerated the phase out of the reimbursement. These reimbursements are reported on Line 1.050 of this forecast: Property Tax Allocation.

Line 1.035 - Unrestricted Grants-In-Aid: The District receives funding from the State of Ohio by way of a foundation formula. Nordon Hills is known as a "guarantee" district. This means the District is "guaranteed" to receive at least the same amount of basic aid as in FY2005. As a result of being a guarantee district, this revenue line item is fairly predictable. It is assumed the District will remain a guarantee district throughout the forecast period.

Since Nordon's property wealth and other factors negates this approach, the District qualifies for a special category in the regulations - "transitional aid guarantee". This guarantee is not law but a regulation that is subject to change in the state budget bill. Fiscal years 2012 and 2013 reflect known state allocations. The District assumes a 2% annual decrease in funding for the remainder of the forecast period since this line item is subject to the State's biennial budget.

Line 1.040 – Restricted Grants-in-Aid: The District qualifies for special grants from time to time. During FY10, onetime federal stimulus money became available in the amount of \$383,816. These funds along with a second federal grant carried over to fiscal year 2011. The last year of these restricted grants is fiscal year 2012. No other restricted grants are available for the balance of the forecast period. Special education catastrophic aid will continue to be part of this revenue source.

Line 1.045 – Property Tax Allocation: This line is directly related to Line 1.01 of this forecast and includes local property tax relief reimbursements from the State of Ohio in the form of the 12.5% rollback on all owner occupied properties and the homestead exemption.

The note to Line 1.02 mentioned personal tangible tax reimbursement revenue. This reimbursement data comes from the Ohio Department of Taxation. Due to the 2011 state fiscal crisis, the Governor's two year budget accelerated the phase out of the personal tangible tax and public utility tax reimbursements by \$1,359,000 for fiscal year 2012. Fiscal year 2013 reimbursements will decrease another \$742,000. The accelerated phase out of this reimbursement is assumed to continue thru fiscal year 2015 thereby effectively eliminating all reimbursements and leaving only the rollback and homestead amounts in this category. Casino revenue is estimated at \$21 per pupil for FY13.

Line 1.060 – All Other Revenue: This category includes interest income, tuition payments (excess costs), fees and fines, and other collection sources. Beginning in FY13, the District will charge parents tuition for all-day kindergarten. Tuition deposits were made in the spring of FY12. The District assumes this tuition collection for the remainder of the forecast.

Lines 2.050 – Advances-In and 2.060 – Other Financing Sources: These lines account for the return of monies advanced from the General fund to other funds as a short term loan and refunds of prior year expenditures.

EXPENDITURES

Line 3.010 – Personal Services: This expenditure line includes all salaries, wages, overtime, and substitute pay for the District's employees. The District entered into a service contract with Rachel Wixey and Associates for hiring teacher substitutes which will shift the expenditures from personal services to purchased services beginning in FY13.

Negotiations with both employee groups (Nordonia Hills Education Association and OAPSE) settled a contract for an absolute pay freeze (freezing wages and steps) for fiscal years 2013 and 2014. Fiscal years 2015 thru 2017 assume the resumption of steps and 1% base salary increases.

Line 3.020 – Employees' Retirement/Insurance Benefits: This line item includes employer costs related to STRS/SERS, Medicare, and Workers' Compensation which represent 16.5% of employees' salaries. FY13 health insurance premiums increased five percent and in FY14, they will increase 4.5%. Health insurance premiums are estimated to increase at a rate of approximately 10% per year from FY15 forward. Historically, health premium increases have ranged from 5% to 14%. The District participates in an insurance consortium (Stark County Council of Governments). In FY13, there were two premium holidays declared by the consortium. The District assumed three with one in June. There will be two premium holidays in FY14 taken in July and August. The forecast does not assume the continuance of premium holidays for the subsequent years of the forecast.

Line 3.030 - Purchased Services: This line item includes utilities, postage, legal and professional fees, property insurance, transportation services, consultants, copier leases and other contractual costs of doing business. The District entered into a service contract with Rachel Wixey & Associates for hiring teacher substitutes which will shift expenditures from personal services to purchased services beginning in FY13.

Line 3.040 - Supplies/Materials: This line includes instructional and building supplies as well as fuel. The forecast assumes a 1% annual increase.

Line 3.050 - Capital Outlay: A 2% annual increase has been assumed during the forecast.

Line 4.300 - Other Objects: This category includes fleet and educator's liability insurances, state audit fees, county auditor and treasurer fees, election costs, professional dues/fees, County Educational Service Center fees, bank changes and other items. Costs are projected to increase 2% annually.

Line 5.010 and 5.020 - Transfers and Advances: This category accounts for monies advanced from the General Fund to other funds in order to avoid fiscal year-end cash deficits.

Line 6.010 - Revenue over/(under) Expenditures: This line item is closely monitored to determine when the Board should consider seeking additional operating money. When this line becomes negative, expenditures are outpacing revenue and the General Fund's cash balance begins to erode.

Line 8.010 - Estimated Encumbrances June 30: This line item represents purchase orders initiated during the fiscal year but invoices were not received prior to June 30 for payment. These encumbrances will be paid in the following fiscal year.