

Marlington Local School District Stark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2012, 2013 and 2014 Actual;
Forecasted Fiscal Years Ending June 30, 2015 Through 2019

	Actual				Average Change	Forecasted				
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	
Revenues										
1.010 General Property Tax (Real Estate)	\$7,955,009	\$7,899,046	\$7,845,594	-0.7%	\$7,878,306	\$7,880,169	\$7,970,300	\$8,010,591	\$7,160,437	
1.020 Tangible Personal Property Tax	1,108	490		-77.9%						
1.035 Unrestricted State Grants-in-Aid	9,106,929	9,097,417	9,611,236	2.8%	9,338,395	9,474,467	9,519,723	9,336,095	9,284,519	
1.040 Restricted State Grants-in-Aid	145,954	145,361	292,489	50.4%	291,350	358,436	383,554	385,793	384,338	
1.045 Restricted Federal Grants-in-Aid - SFSF/EdJobs	557,578									
1.050 Property Tax Allocation	2,085,052	1,669,357	1,681,658	-9.6%	1,667,498	1,383,394	1,097,718	1,075,452	954,577	
1.060 All Other Revenues	1,608,324	1,874,833	2,407,456	22.5%	2,821,229	3,109,161	3,258,012	3,407,297	3,557,021	
1.070 Total Revenues	21,459,954	20,686,504	21,838,433	1.0%	21,996,778	22,205,627	22,229,307	22,215,228	21,340,892	
Other Financing Sources										
2.040 Transfers-In		567,155								
2.060 All Other Financing Sources	77,723	7,195	67,033	370.5%	86,884	60,000	60,000	60,000	60,000	
2.070 Total Other Financing Sources	77,723	574,350	67,033	275.3%	86,884	60,000	60,000	60,000	60,000	
2.080 Total Revenues and Other Financing Sources	21,537,677	21,260,854	21,905,466	0.9%	22,083,662	22,265,627	22,289,307	22,275,228	21,400,892	
Expenditures										
3.010 Personal Services	11,986,598	11,547,386	11,214,259	-3.3%	11,298,710	11,333,273	11,750,838	11,809,330	12,148,318	
3.020 Employees' Retirement/Insurance Benefits	4,688,852	4,964,540	4,909,333	2.4%	4,879,937	4,997,374	6,097,240	6,448,649	6,940,166	
3.030 Purchased Services	3,293,385	3,403,324	3,549,323	3.8%	3,686,997	3,839,136	3,922,488	4,051,694	4,199,368	
3.040 Supplies and Materials	1,100,712	746,597	718,467	-18.0%	665,490	716,190	734,290	750,811	767,668	
3.050 Capital Outlay	568,690	291,493	17,661	-71.3%	653,523	791,000	234,850	262,186	266,603	
Debt Service:										
4.050 Principal-HB 264 Loans					34,869	70,866	72,574	74,276	76,018	
4.060 Interest and Fiscal Charges	708				9,066	17,005	15,297	13,595	11,853	
4.300 Other Objects	266,493	310,843	277,387	2.9%	259,000	274,300	273,500	277,700	281,900	
4.500 Total Expenditures	21,905,438	21,264,183	20,686,430	-2.8%	21,487,592	22,039,144	23,101,077	23,688,241	24,691,894	
Other Financing Uses										
5.010 Transfers-Out		630,669	125,000		488,000	50,000	50,000	50,000	50,000	
5.030 All Other Financing Uses	500,088									
5.040 Total Other Financing Uses	500,088	630,669	125,000	-27.0%	488,000	50,000	50,000	50,000	50,000	
5.050 Total Expenditures and Other Financing Uses	22,405,526	21,894,852	20,811,430	-3.6%	21,975,592	22,089,144	23,151,077	23,738,241	24,741,894	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	867,849-	633,998-	1,094,036	-149.8%	108,070	176,483	861,770-	1,463,013-	3,341,002-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	9,018,528	8,150,679	7,516,681	-8.7%	8,610,717	8,718,787	8,895,270	8,033,500	6,570,487	
7.020 Cash Balance June 30	8,150,679	7,516,681	8,610,717	3.4%	8,718,787	8,895,270	8,033,500	6,570,487	3,229,485	
8.010 Estimated Encumbrances June 30	429,183	256,335	317,439	-8.2%						
Reservation of Fund Balance										
9.030 Budget Reserve	476,349									
9.080 Subtotal	476,349									
10.010 Fund Balance June 30 for Certification of Appropriations	7,245,147	7,260,346	8,293,278	7.2%	8,718,787	8,895,270	8,033,500	6,570,487	3,229,485	
Revenue from Replacement/Renewal Levies:										
11.020 Property Tax - Renewal or Replacement									1,021,904	
11.300 Cumulative Balance of Replacement/Renewal Levies									1,021,904	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	7,245,147	7,260,346	8,293,278	7.2%	8,718,787	8,895,270	8,033,500	6,570,487	4,251,389	
15.010 Unreserved Fund Balance June 30	7,245,147	7,260,346	8,293,278	7.2%	8,718,787	8,895,270	8,033,500	6,570,487	4,251,389	
ADM Forecasts										
20.010 Kindergarten - October Count	156	165	161	1.7%	160	139	160	155	150	
20.015 Grades 1-12 - October Count	2,436	2,204	2,220	-4.4%	2178	2172	2144	2147	2122	
State Fiscal Stabilization Funds/Education Jobs Funds:										
21.010 Personal Services SFSF/EdJobs	536,513	6,155		-99.4%						
21.020 Employees Retirement/Insurance Benefits SFSF/EdJobs	68,204	4,158		-97.0%						
21.030 Purchased Services SFSF/EdJobs	2,560									
21.060 Total Expenditures - SFSF	607,277	10,313		-99.2%						

5.21.2015

See accompanying summary of significant forecast assumptions and accounting policies.

Includes: General fund, SFSF fund, EdJobs fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt.

Notes to the Five Year Forecast

May 2015

While the Marlinton Local School District is focused on providing excellent educational programming for students, the District is also committed to fiscal responsibility and transparency. The five year forecast is required by State law to be updated and filed with the Ohio Department of Education twice each fiscal year. It is a valuable tool for assessing the District's financial outlook, which aids the Board of Education and administration in making decisions with regards to all district operations while focusing on continued financial sustainability. The Marlinton Local Board of Education has a long history of a strong commitment to providing the best opportunities to the students of Marlinton while being fiscally responsible with public funds and support from the community.

REVENUES

1.010 General Property (Real Estate) Tax

General Property Tax revenues have historically increased slightly from year to year. In addition to a new property valuation by the County each six years and updates every third year in between which generally increase values, real estate taxes have generally increased due to new construction and additions. Unfortunately, based on the latest reappraisal from the County Auditor in 2012, the District's total assessed valuation decreased by \$32,333,290, from \$324,700,130 in 2011 to \$292,366,840 in 2012. This reduced the District's property tax collection on inside millage by \$109,415 in fiscal year 2014. The triennial update is in calendar year 2015, and all indications from the County auditor is that values will be raised. Real estate tax receipts in fiscal year 2016 and beyond take this into account along with some additional net growth factored in each year. The District has one 8.5 mill operating levy that was renewed in November 2014 for 5 years and now expires with collection ending in calendar year 2020; the District has a second 8.5 mill operating levy that expires with collection ending in calendar year 2018, which could affect revenue collection in FY2019. As such, the tax collections for this levy are excluded from line 1.010 and added back in based on renewal on line 11.020.

1.020 Tangible Personal Property Tax

Tangible Personal Property Tax has been phased out. No amount is forecasted to be received within the forecast period.

1.035 Unrestricted Grants-in-Aid

Unrestricted Grants-in-Aid consists of the revenue received through State foundation monies. These amounts consist of the various parts of the State's school funding formula. The school funding formula has experienced much change over the last few years. In July 2009, a new formula was introduced in House Bill 1 under the Strickland administration. As a result, the District received \$753,362 less in state foundation than the amount received in fiscal year 2009. This loss was supplemented, in part, by the School Fiscal Stabilization Fund (SFSF) stimulus money provided through the American Recovery and Reinvestment Act of 2009. In fiscal year 2011, the District lost another \$209,011 in State foundation revenue. The SFSF stimulus monies continued through fiscal year 2011 only. In July 2012, the HB1 funding model was retired by Governor Kasich, and an interim BRIDGE formula was used to keep the District's funding level relatively consistent to the fiscal year 2011 amount with the exception of the SFSF monies that were supplementing a six to eight percent reduction. Even still, the District received another reduction in State

foundation revenue in the amount of \$116,575 in FY2012. All in all, the District saw a significant decrease in State dollars especially when you factor in the loss of the SFSF. In July 2013, with the beginning of the newest biennium budget, yet another new school funding formula was implemented. For fiscal year 2014 the District realized a significant increase (approximately 5.6 percent) in foundation revenue; however, it is important to note that these “increased” foundation monies are still significantly below the level of State funding the District received in fiscal year 2009 (\$10,185,877). Fiscal year 2015 is now expected to realize a reduction of \$272,841. Early projections showed an increase for fiscal year 2015, but other factors, including both the change in EMIS methods for the calculation of formula ADM and a continued decline in resident students, are significantly impacting the calculation of foundation revenue to be received. Fiscal year 2016 will begin the new biennium budget, and the funding proposals are still working their way through the legislature. The forecasted amounts for fiscal year 2016 and beyond are based on a hybrid of the methodologies introduced thus far in the process by both the Governor and the House. The increases touted in the latest projections are not showing as being fully realized due to declining enrollment.

1.040 Restricted Grants-in-Aid

Restricted Grants-in-Aid consists of the District’s Career Tech Allocation and Economically Disadvantaged Funding. The career tech allocation has changed under the new funding formula. It is once again funded per pupil based on class offering tiers. This funding remained fairly constant regardless of the formula change. A significant increase in career tech funding is anticipated beginning with fiscal year 2016 due to the addition of middle school programming being funded, which is a fairly recent change because in the past only high school courses were eligible for these weighed funds. Under the funding formula, the other designation has been given to restrict a portion of the funding for economically disadvantaged students. This funding can only be used for certain expenditures as defined within the law.

1.045 Restricted Grants-in-Aid – SFSF and Education Jobs

In fiscal years 2010 and 2011, Restricted Grants-in-Aid consists of the portion of State foundation monies that were reduced and supplemented by stimulus monies provided through the American Recovery and Reinvestment Act of 2009. These monies were received for fiscal years 2010 and 2011 only. In 2012, Restricted Grants-in-Aid consisted of the allocation of Education Jobs federal funding that was passed by legislature in August 2010. Although the allocation was available beginning in fiscal year 2011, the District carried the entire amount over to fiscal year 2012 to supplant salary expenditures. No additional Federal stimulus money is expected to be received in the forecast period.

1.050 Property Tax Allocation

Property Tax Allocation revenues consist of Homestead & Rollback, Homestead Exemption, and Adjustments and Loss Make-Ups. The Homestead & Rollback and Homestead Exemption amounts are forecasted to increase/decrease with real estate property tax collections. The Adjustments and Loss-Make Ups deal with the State’s attempt to hold the District harmless for the loss of Personal Property Taxes. Based on the provisions in House Bill 153, the previous biennium budget, the phase out is to remain at the FY2013 level in subsequent years and is reflected in the forecast as such. In the latest proposals for the new biennium budget, both the Governor and the House have proposed starting the phase out back up, so this is reflected accordingly.

1.060 All Other Operating Revenue

All Other Operating Revenues consist of Open Enrollment tuition, investment earnings, rentals, and miscellaneous revenues. Open Enrollment has been on the rise the past few years and is seeing another increase in fiscal year 2015. It is anticipated that another increase in open enrolled students will be realized in fiscal year 2016, so the revenue has been increased accordingly. All other operating revenues are anticipated to remain fairly consistent.

2.060 All Other Financing Sources

All Other Financing Sources consists primarily of refunds of prior fiscal year expenditures. These amounts are usually nominal and can fluctuate.

EXPENDITURES

3.010 Personal Services

Personal Services include salaries and paid leave for all District employees. The new certified contract was ratified and Board approved in the fall of 2013 with effective dates of July 1, 2013 through June 30, 2016. The classified contract was ratified in July 2014 with effective dates of July 1, 2014 through June 30, 2017. The forecasted amounts for these years are based on the salary terms in each of these contracts. These amounts also take into consideration an estimated saving with regards to several employees who are likely to retire within the forecast period. Fiscal year 2015 salaries are projected to increase by only \$84,451 over fiscal year 2014 salaries. Fiscal years 2017 through 2019 are projected step increases for all employees as well as a 1.5% increase on the base in each of those three fiscal years.

3.020 Employees' Retirement/Insurance Benefits

Employees' Retirement/Insurance Benefits include pension, medical/ prescription/ dental/ life insurances, workers' compensation, unemployment, and tuition reimbursement. Pension benefits are forecasted to increase/decrease based on the projected salaries. The cost of health insurance stayed consistent between fiscal years 2014 and 2015. District employees now pay 10% of medical insurance premiums and 20% of dental insurance premiums. Fiscal year 2016 anticipates premium increases of 2.6%; inflationary increases are anticipated at 10% each year thereafter. The District is eligible for and will take advantage of two premium holidays in fiscal years 2015 and 2016. No premium holiday savings are forecasted beyond that. The District's workers' compensation rate is increasing for calendar year 2015; however, with the switch to prospective billing, a lower amount will be paid in fiscal year 2016, and a higher amount is reflected in fiscal year 2017 as the billing cycle works its way out. In addition, SERS approved a six year catch-up plan. This began in fiscal year 2011 and will amount to \$40,744 each year for six years.

3.030 Purchased Services

Purchased Services are made up of many items, primarily of Open Enrollment and other tuition payments, legal/technical services, repair services, and utilities. Both Community School deductions and Open Enrollment tuition payments increased significantly in fiscal year 2014. As such, these expenditures are projected to continue to increase throughout the forecast period. Fortunately the open enrollment revenue has increased as well and now significantly exceeds the expenditure. Tuition to Other Districts is forecasted to remain consistent with fiscal year 2014. These expenditures increased significantly in

fiscal year 2014 as a direct result of a change in how the State is funding preschool units. Prior to fiscal year 2014, the funding was sent directly to the ESC who runs the District's preschool unit; however, under the State funding model, the preschool unit funding is received directly by the District and then paid to the ESC based on a contract for services. This method continues into the forecast period. In consideration of normal inflationary increases, many of the purchased services are projected with increases each year. Utilities consist of garbage removal, phone, electricity, water, and natural gas. With a large scale HB264 energy conservation project in fiscal year 2015, electricity costs are anticipated to decrease significantly even though an increase is being realized in fiscal year 2015 based on a new rate set within the Power 4 Schools program. Natural gas is also forecasted to see a decrease beginning in fiscal year 2017 based on both the HB264 project and on a new contract with reduced rates that was entered into through the Stark County Council of Governments which commenced on July 1, 2015. In addition, professional development expenditures are anticipated to remain constant for the forecast period due to the realigning of the curriculum to the new core standards, the new evaluation systems, etc. Contracted behavioral services began for the first time on a small scale in fiscal year 2015. Based on that success, those services will be continued throughout all of fiscal year 2016 and are forecasted through the remaining years of the forecast.

3.040 Supplies and Materials

Supplies and Materials are made up of many items, primarily instructional supplies, textbooks, and fuel. Fiscal year 2015 amounts are low, but increases are anticipated each year moving forward.

3.050 Capital Outlay

Capital Outlay consists of building/land improvements, new/replacement equipment, and bus purchases. Due to the age and condition of our current school facilities, much upkeep is required. These costs are difficult to predict but are usually rather costly. Fiscal year 2015 includes a large amount which includes the purchase of two buses, a lump sum payment toward the HB264 energy conservation project, and other equipment. Fiscal year 2016 includes the estimated cost of renovating two high school science rooms, the repair of the bus garage, the construction of the landscape building, the purchase of two buses, and other equipment. The District plans on purchasing two buses each year thereafter which accounts for the majority of the projected expenditure. The permanent improvement levy fund is not included in the financial forecast which accounts for a significant portion of the District's annual capital outlay expenditures.

4.050/ Principal – HB264 Loans

4.060 Interest and Fiscal Charges

Debt service payments are beginning in fiscal year 2015 to fund the HB264 energy conservation project. The loan is for a period of 10 years.

4.300 Other Objects

Other Objects consist of County ESC deductions, County Auditor and Treasurer fees, professional organization memberships, and other miscellaneous expenditures. These costs are anticipated to remain fairly consistent throughout the forecast period.

5.040 Other Financing Uses

Other financing uses included transfers out. \$488,000 is shown for fiscal year 2015; this includes a transfer of \$338,000 to the Termination of Benefits fund which pays retirement severances. This amount is much higher this year based on the high number of retirement the District is seeing at the end of the current school year. It also includes a transfer to the permanent improvement fund in the amount of \$150,000 to help offset some future capital improvement costs. \$50,000 is projected in each year after to fund the Termination of Benefits fund.