

Marlington Local School District

Stark County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;

	Actual				Average Change	Forecasted				
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016			Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Revenues										
1.010 General Property Tax (Real Estate)	\$7,845,594	\$7,878,306	\$8,370,123	3.3%	\$8,451,662	\$8,493,920	\$6,081,297	\$6,123,979	\$6,166,874	
1.020 Tangible Personal Property Tax										
1.035 Unrestricted State Grants-in-Aid	9,611,236	9,271,143	9,457,548	-0.8%	9,363,931	9,370,000	9,370,000	9,370,000	9,370,000	
1.040 Restricted State Grants-in-Aid	292,489	302,367	362,763	11.7%	342,368	355,675	365,675	370,675	375,675	
1.045 Restricted Federal Grants-in-Aid - SFSF/EdJobs										
1.050 Property Tax Allocation	1,681,658	1,664,551	1,613,544	-2.0%	1,505,022	1,391,710	1,278,191	1,164,672	1,164,672	
1.060 All Other Revenues	2,407,456	2,662,007	2,670,278	5.4%	2,847,301	2,832,315	2,875,317	2,924,568	2,975,101	
1.070 Total Revenues	21,838,433	21,778,374	22,474,256	1.5%	22,510,284	22,443,620	19,970,480	19,953,894	20,052,322	
Other Financing Sources										
2.040 Transfers-In										
2.060 All Other Financing Sources	67,033	51,625	21,254	-40.9%	3,886	5,000	5,000	5,000	5,000	
2.070 Total Other Financing Sources	67,033	51,625	21,254	-40.9%	3,886	5,000	5,000	5,000	5,000	
2.080 Total Revenues and Other Financing Sources	21,905,466	21,829,999	22,495,510	1.4%	22,514,170	22,448,620	19,975,480	19,958,894	20,057,322	
Expenditures										
3.010 Personal Services	11,214,259	11,474,040	11,357,670	0.7%	11,543,643	11,733,013	12,268,808	12,519,175	12,775,885	
3.020 Employees' Retirement/Insurance Benefits	4,909,333	4,807,749	4,680,448	-2.4%	5,002,961	5,861,094	6,137,860	6,379,581	6,630,186	
3.030 Purchased Services	3,549,323	3,675,721	3,183,852	-4.9%	3,982,290	3,933,639	3,990,544	3,948,523	3,961,026	
3.040 Supplies and Materials	718,467	662,707	564,887	-11.3%	785,865	767,150	773,300	784,300	784,300	
3.050 Capital Outlay	17,661	697,187	694,679	999.9%	338,662	320,000	320,000	320,000	320,000	
Debt Service:										
4.050 Principal-HB 264 Loans		34,869	70,866		72,574	74,276	76,019	77,774	79,625	
4.055 Principal-Other			185,268		179,552	181,438	183,343	90,000	90,000	
4.060 Interest and Fiscal Charges		9,066	17,004		21,013	17,425	13,778	13,095	11,245	
4.300 Other Objects	277,387	265,967	391,632	21.6%	396,000	401,400	406,874	410,723	414,650	
4.500 Total Expenditures	20,686,430	21,627,306	21,146,306	1.2%	22,322,560	23,289,435	24,170,526	24,543,171	25,066,917	
Other Financing Uses										
5.010 Transfers-Out	125,000	488,000		95.2%	50,000	50,000	50,000	50,000	50,000	
5.030 All Other Financing Uses										
5.040 Total Other Financing Uses	125,000	488,000		95.2%	50,000	50,000	50,000	50,000	50,000	
5.050 Total Expenditures and Other Financing Uses	20,811,430	22,115,306	21,146,306	0.9%	22,372,560	23,339,435	24,220,526	24,593,171	25,116,917	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,094,036	285,307-	1,349,204	-349.5%	141,610	890,815-	4,245,046-	4,634,277-	5,059,595-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,516,681	8,610,717	8,325,410	5.6%	9,674,614	9,816,224	8,925,409	4,680,363	46,086	
7.020 Cash Balance June 30	8,610,717	8,325,410	9,674,614	6.4%	9,816,224	8,925,409	4,680,363	46,086	5,013,509-	
8.010 Estimated Encumbrances June 30	317,439	1,022,462	693,274	95.0%	300,000					
Reservation of Fund Balance										
9.030 Budget Reserve										
9.080 Subtotal										
10.010 Fund Balance June 30 for Certification of Appropriations	8,293,278	7,302,948	8,981,340	5.5%	9,516,224	8,925,409	4,680,363	46,086	5,013,509-	
Revenue from Replacement/Renewal Levies										
11.020 Property Tax - Renewal or Replacement							2,455,093	2,455,093	2,455,093	
11.300 Cumulative Balance of Replacement/Renewal Levies							2,455,093	4,910,186	7,365,279	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	8,293,278	7,302,948	8,981,340	5.5%	9,516,224	8,925,409	7,135,456	4,956,272	2,351,770	
15.010 Unreserved Fund Balance June 30	8,293,278	7,302,948	8,981,340	5.5%	9,516,224	8,925,409	7,135,456	4,956,272	2,351,770	
ADM Forecasts										
20.010 Kindergarten - October Count	161	160	142	-5.9%	160	160	160	160	160	
20.015 Grades 1-12 - October Count	2,220	2,178	2,250	0.7%	2,205	2,205	2,205	2,205	2,205	
State Fiscal Stabilization Funds/Education Jobs Funds										
21.010 Personal Services SFSF/EdJobs										
21.020 Employees Retirement/Insurance Benefits SFSF/EdJobs										
21.030 Purchased Services SFSF/EdJobs										
21.060 Total Expenditures - SFSF										

10.20.2016 BM

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

October 2016

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. The triennial update has taken place in calendar year 2015, and the results from the County auditor are that values have risen by ~13%. Real estate tax receipts in fiscal year 2016 and beyond take this into account with Fiscal Year 2017 being the first year receiving the full benefit due to Property Taxes collected one calendar year in arrears. 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 Fiscal Year 2019. 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 several years. In July 2013, with the beginning of the biennium budget, a 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 were still significantly below the level of State funding the District received in fiscal year 2009. Fiscal Year 2015 realized a reduction of \$340,093 from Fiscal Year 2014. 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 impacted the calculation of foundation revenue received. Fiscal Year 2016 began the newest biennium budget, and reflects the various changes to funding adopted through the legislature. The

forecasted amounts for Fiscal Year 2017 and beyond reflect the per student increase from Fiscal Year 2016 in funding, however, the increases are limited based on anticipated flat enrollment of resident students.

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. An increase in career tech funding was realized in Fiscal Year 2016 due to the addition of middle school programming being funded. 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.

1.050 Property Tax Allocation

Property Tax Allocation revenues consist of Homestead & Rollback, Homestead Exemption, and Property Tax Loss Make-Ups. The Homestead & Rollback and Homestead Exemption amounts are forecasted to increase/decrease with real estate property tax collections. The Property Tax 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 current biennium budget, the phase out is to begin in Fiscal Year 2016 and subsequent years and is reflected in the forecast as such.

1.060 All Other Operating Revenue

All Other Operating Revenues consists largely of Open Enrollment tuition, investment earnings, casino and other taxes, various other miscellaneous revenues. Open Enrollment IN has been on the rise the past several years including another expected increase in Fiscal Year 2017. It is anticipated that open enrolled students into the school district will only slightly increase during Fiscal Years 2018 through 2021, so the revenue has been adjusted accordingly. Open Enrolled tuition also increased in Fiscal Year 2017 due to the increase in per student funding. Fiscal Year 2015 includes insurance proceeds for the repair of the main bus garage and Fiscal Year 2016 includes cost settlements from the Medicaid School Program for 2 fiscal years. All other routine 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 vary in amount.

EXPENDITURES

3.010 Personal Services

Personal Services include salaries and paid leave for all District employees. The current certified contract was ratified and Board approved in the spring of 2016 with effective dates of July 1, 2016 through June 30, 2019. This contract includes modest increases to the base salary for each year in addition to continuation of 1 step movement for each year.

The classified contract was ratified in July 2014 with effective dates of July 1, 2014 through June 30, 2017. The forecasted amounts for Personal Services for Fiscal Year 2017 through 2021 are based on the salary terms in each of these contracts, as applicable. Projections for step increases are based on averages of current and estimated mix of employees and their related years of service.

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 relatively consistent between Fiscal Years 2014 and 2015. For Fiscal Years 2014 through 2016, district employees pay 10% of medical insurance premiums and 20% of dental insurance premiums. Based on the new certified contract, employees will begin to pay 11% in Fiscal Year 2018 and 12% in Fiscal Year 2019 for medical insurance premiums. Employee share of dental insurance premiums will remain unchanged. Fiscal year 2017 included premium increases of 2.5%; Fiscal years 2018 through 2020 include an anticipated inflationary increase of 5% each year. The District is eligible for and took advantage of two premium holiday months in Fiscal Year 2016. The District is eligible for 3 premium holiday months in fiscal year 2017 and anticipates taking advantage of these premium holidays. Only one premium holiday month is forecasted beyond that. The District's workers' compensation rate increased 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 has amounted to \$40,744 each year for six years.

3.030 Purchased Services

Purchased Services are made up of many items, primarily of Open Enrollment Out and other tuition payments, legal/technical services, repair services, and utilities. Both Community School deductions and Open Enrollment (OUT) tuition payments are forecasted to remain relatively flat in Fiscal Year 2017 compared to Fiscal Year 2016. As such, these expenditures are projected to continue to remain relatively flat throughout the forecast period. Fortunately the open enrollment revenue has increased and significantly exceeds the expenditure. Tuition to Other Districts is forecasted to remain consistent with Fiscal Year 2016. 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. Repair Services are based on the needs of the aged school facilities of the district and can fluctuate in amount based on current demands. 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. 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 have 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 2016 benefitted from the decline in the cost of fuel, but increases are anticipated each year moving forward. Fiscal Year 2017 includes an investment in Electronic Instructional Materials as the District continues to implement and expand its one to one learning.

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 \$160,074, a lump sum payment toward the HB264 energy conservation project totaling \$415,649, fiscal year 2015 repairs to bus garage totaling \$61,928 which was covered by insurance proceeds and other equipment. Fiscal Year 2016 includes the cost of renovating two high school science rooms, \$516,018, completion of the repair of the bus garage \$70,795, the construction of the landscape building \$13,101, and various equipment purchases. The District plans on continuing renovation projects and purchasing one bus 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 and Lease of Tech Equipment

4.060 Interest and Fiscal Charges

Debt service payments began in fiscal year 2015 to fund the HB264 energy conservation project. The loan is for a period of 10 years. In Fiscal Year 2016, the District invested in MacBook Air laptops for High School Students to provide one to one learning at the High School level. The lease is a four year lease with ability to trade in used laptops for credit after three years.

4.300 Other Objects

Other Objects consist of County ESC deductions for various services, County Auditor and Treasurer Collection and other Fees, professional organization memberships, and other miscellaneous expenditures. These costs are anticipated to increase slightly 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 in FY16 based on the high number of retirements

the District experienced at the end of the 2015 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 for Fiscal Years 2017 through 2021.