

**ASHLAND CITY SCHOOL DISTRICT  
ASSUMPTIONS FOR FIVE-YEAR FINANCIAL FORECAST  
PROJECTED FISCAL YEARS ENDING JUNE 30, 2012 THROUGH 2016  
October 2011**

The Five-Year Financial Forecast is submitted by Gina Deppert, Treasurer with Ashland City Schools. Mrs. Deppert has been with Ashland City Schools since October 1, 2008. The Board of Ashland City Schools will continue to monitor the assumptions presented for future updates.

**Fiscal Year 2011 (2011-12 School Year) Review:**

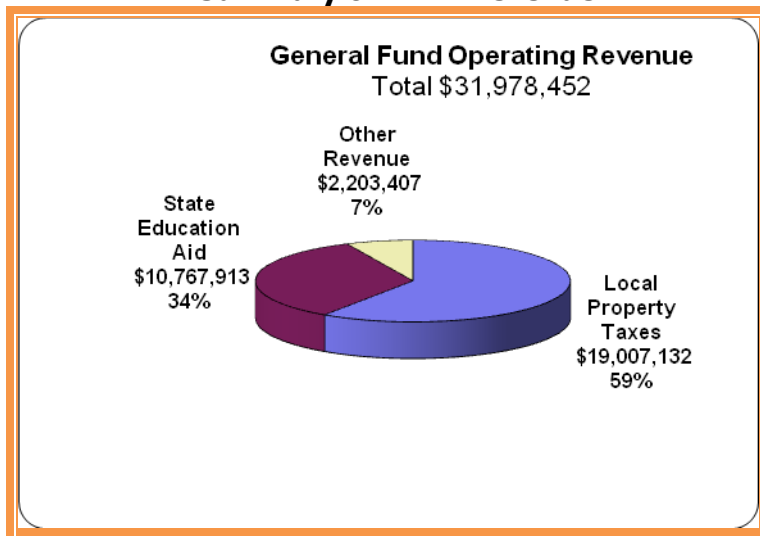
Due to excessive factors impacting the economic conditions nationally and locally, Ashland City Schools received stimulus dollars. These funds were receipted as part of General Fund revenue and are included in the financial forecast as line 1.045. The only stimulus funds remaining for the 2011-12 school year are EDJOBS funds in the amount of \$386,012.07. The total carryover for General Fund budget was \$8,529,656. Included in the carryover was \$125,596.76 of stabilization monies and \$11,554.69 of EDJOBS funds. The stabilization monies were expended for summer salaries (2011) in July and August. EDJOBS will continue as mentioned previously, through the 2011-2012 school year and will supplement general fund salaries.

The Ashland City School District's Five-Year Financial Forecast dated October, 2012, for projected fiscal years ending June 30, 2012 through 2016, represents the District's best estimate of revenues and expenditures for the general operating fund of the District. The forecast is used as a planning tool. State law requires filing the forecast with the Ohio Department of Education twice each year (May and October). Because of the changing nature of school finance and other economic factors, this forecast is fluid and subject to change. Estimates are made based on what is considered sound but conservative assumptions.

The following is a summary of the assumptions used:

**REVENUES**

**Summary of FY11 Revenue:**



LINE 1.010--General Property Tax (Real Estate). General Property Tax revenue estimates are based on historical growth patterns, including scheduled reappraisals and updates. Estimates for the current fiscal year are based on information provided from the county auditor. Due to slowness in the economy and extensive discussions with the Ashland County Auditor, projected growth in valuations are kept to a minimum with some negative factors included. Future years

reflect annual growth in Real Estate tax revenues, based on historical trends, property valuations and research with the Ashland County Auditor's office. The 2011 Ashland County valuations were not released at the time the five-year financial forecast was submitted to the Ohio Department of Education. The property valuations include a slight decline for 2011 values of approximately -8% overall. New construction growth was projected modestly with total growth of all classes to increase 1.3%. The 2011 values are scheduled to be released approximately in December 2011.

Real Estate increases are also projected based upon settlements from Board of Revisions (complaints filed for valuation/tax reductions), and small delinquency collections. There is at least one entity disputing a Board of Revision settlement and is delinquent in tax payment. Even though a property owner/or company is challenging their tax payments with the Board of Revisions, they are still obligated to make payment. In addition, collection split between fiscal years as well as collection rate are important and can impact the amount of revenue collected.

The voters of Ashland passed a 9.9 mill three-year operating levy on 11/2/04, which was estimated to generate \$4,456,286 per year for three calendar years. The levy was placed on the 11/7/06 ballot for early renewal, for a five-year period, and the voters passed the renewal levy. Collections on the 5-year renewal levy began 1/1/08 and will end 12/31/12. The forecast models the renewal of the Levy.

#### Line 1.020 Tangible Personal Property Tax

Tangible Personal Property Tax revenues consist of payments from public utility property. This tax was phased out from HB66, and Ashland City Schools will no longer receive payment from these collections. Effective FY12, the utility reimbursement will also be phased out and is included in the financial forecast. The remaining collections projected contain the values from the personal property utilities.

Further review of tangible personal property reimbursement information can be located at the Ohio Department of Educations' website:

<http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=3&TopicRelationID=990&ContentID=109960&Content=110950>

#### LINE 1.035 –Unrestricted Grants-in-Aid

Unrestricted revenue includes monies received from the BRIDGE funding model. The BRIDGE funding moves away from the Ohio Evidence Based Model. According to the most recent BRIDGE funding worksheet, Ashland City Schools is estimated to receive \$9,889,317.02. This includes vocational funds in the amount of \$125,316.91. The current foundation payment in October is based upon projected enrollment. If enrollment is lower than anticipated, funds could be reduced. Projected revenues are held flat for unrestricted funds.

**As each biennium is passed, unrestricted funds may be altered. All necessary adjustments will be made in accordance to all future biennium budgets. If the state budget reduces the state revenue with Ashland City Schools, the financial forecast will be modified to reflect all potential increases/decreases. It is uncertain at this time, the magnitude the district may endure with potential future reductions.**

LINE 1.040--Restricted Grants-in-Aid and EDJOBS funds. The district is projected to receive \$125,316.91 for vocational funds. This allocation will be reduced from the Bridge worksheet report with the Ohio Department of Education under unrestricted funds and posted as unrestricted. The estimate based upon the October worksheet is subject to change dependent upon enrollment numbers reported.

The Education Jobs Fund (Ed Jobs) was included as part of federal legislation passed on Aug. 10, 2010. The program provides \$10 billion for states to save or create education jobs. Ashland City Schools will continue to receive funds for FY12, in the amount of \$386,012.07. The EDJOBS funds are to be spent at the conclusion of September 30, 2012. At this time, the funds are included under restricted grants through FY12.

LINE 1.050--Property Tax Allocation. The growth in this revenue category parallels the anticipated growth and decline in property taxes and follows historical patterns.

Beginning in Fiscal Year 2006, the District began receiving cash reimbursements from the state, to hold the District harmless from the elimination of the Tangible Personal Property Tax. These reimbursements are reflected on this line. This is not new money, just a reallocation from line 1.020.

The current budget (H.B. 153) for FY12-FY13 has accelerated the elimination of the TPP adjustment for Ashland City Schools. Ashland City Schools is predicted to be held at a 2% reduction cap and the projections include direct payment. This reduction is approximately \$578,000 less for FY12, and FY13.

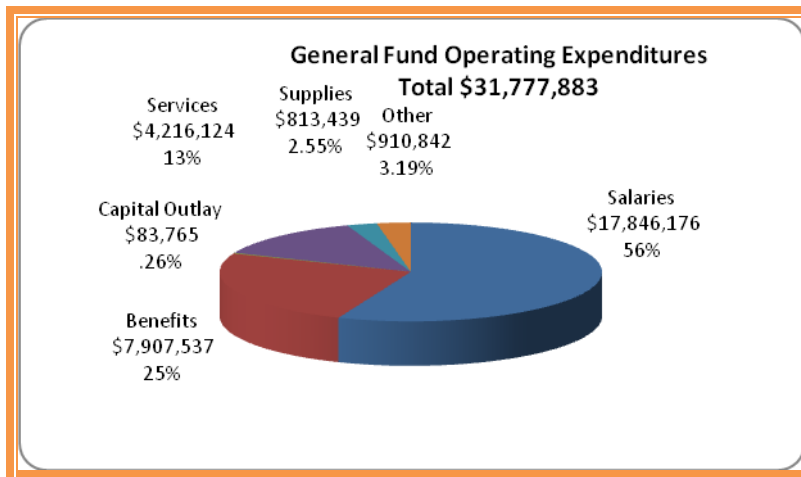
LINE 1.060--All Other Revenues. The District has entered into a number of Compensation Agreements connected with property abatements in Ashland County. This amount is included in Line 1.060. This line also includes interest on district investments, and other miscellaneous revenues. Investment earnings are projected to decline in future years due to the decline in projected ending cash balances which provide the principal for investments. Due to economic conditions, projections for this category have been kept conservative.

LINES 2.040 through 2.070--All Other Financing Sources. These lines follow historical trends (transfers in, advances in, refunds from prior fiscal years). Various funds may need advances and transfers etc... to cover year end balances; such as, Food Service Fund, Uniform Supply Fund (student fees) etc...In addition, Ashland City Schools has been approved to receive, through the American Recovery Reinvestment Act, stimulus monies for federal awarded programs.

## **EXPENDITURES**

On March 23, 2009, the Ashland City Board of Education approved a 1.5 million dollar budget reduction plan, effective with the 2009-10 school year (FY10). Each expenditure category includes the reduction plan approved in March for the five-year financial forecast. The summary of reductions is included at the conclusion of the assumptions.

## Summary of FY11 Expenditures:



LINE 3.010--Personal Services. The District has negotiated agreements with two employee associations: the Ashland City Teachers Association (ACTA), whose agreement expired on 6/30/2011, and the Ohio Association of Public School Employees Local #233 (OAPSE), which reached a new agreement through 12/31/2012.

Calculations for Personal Services (salaries) for the current fiscal year are based on the OAPSE contract in place. The contract settled for a wage freeze for a period of 2 years. OAPSE membership will have the option of a one-time \$200 stipend either through the flexible spending account, or payroll. The Ashland City Board of Education approved a wage freeze for exempt and administrative staff. Negotiations are in place with the ACTA association. Historical trends are used for variable areas such as substitute costs, overtime, unpaid personal leave, severance pay, and others. All retirements may impact this line item; thus, leading to a modification of this category.

The Board of Education has proposed to close the Lincoln Elementary building at this time beginning with the 2012-13 school year. Salary reductions for one building administrator, and a technology administrator in included.

LINE 3.020--Employees' Retirement/Insurance Benefits. This line item is based on existing negotiated agreements, employee benefit plans and historical patterns. This category includes retirement contributions, Medicare, medical/dental/vision, life, workers' compensation, SERS surcharge, and unemployment compensation. Any negotiated increases in salaries will also increase this expenditure category.

Healthcare plan changes have been settled with both associations and are included in the projections of the financial forecast. The redesign will impact premium increases beginning with FY12.

LINE 3.030--Purchased Services. This category includes a wide range of expenditures including utilities, legal fees, contractual professional development, post-secondary option fees, open enrollment payments (for resident students of Ashland City Schools, enrolled to other districts), equipment repairs, mileage reimbursements, fuel charges, and other expenses. Projections are based upon historical patterns and anticipated economic trends. The district's preschool program

is modeled under this service. Due to a H.B. 264 energy project in FY08, the district has been experiencing lowered utilities and natural gas payments. Any savings will be reflected in this category.

Line 3.040--Supplies and Materials. Expenditures for supplies and materials are anticipated to increase approximately 6-8% per year for future years, dependent upon textbook purchases for the district. HB 1 passed a waiver of fees for students meeting the criteria for free-lunch status. This could cost the district an additional \$50,000 per year (approximately).

LINE 3.050--Capital Outlay. The majority of the District's capital outlay needs are provided by a separate Permanent Improvement levy (not included in this forecast) which generates approximately \$500,000 per year to assist with building/grounds, technology, and transportation needs.

LINE 4.300--Other Objects. This line contains miscellaneous expenditure categories; this estimate is based on historical trends. The major expenditures in this line include county auditor and treasurer fees, and foundation deductions for the Tri-County Educational Service Center. In addition, HB 264 debt service and interest payments are reflected in each forecasted year.

LINE 6.010 – EXCESS OF REVENUE & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES

The forecasted years 2012 through 2015 demonstrate the district in deficit spending (with a positive reserve balance through 2014 - - assuming the 9.9 mill levy is renewed). The Ashland City Schools Board of Education will continue to monitor line 6.010.

Each biennium budget may impact the five-year financial forecast. The Treasurer of the district will continue to monitor legislation for implementation to the five-year financial forecast. With changes in legislation, enrollment, and local collection efforts the forecasted numbers are subject to change. The Ashland City Board of Education will continue to monitor the forecast should these assumptions change resulting in a negative balance any given fiscal year. A financial contingency plan will be in place to offset any projected shortfall. The plan may include necessary budget cuts to address any projected shortfalls (refer to the graphs listed below).

BUDGET REDUCTION PLAN

On March 23, 2009, the Ashland City Board of Education approved a budget reduction plan, effective for the 2009-10 school year. The following reductions are included in the projections:

POSITION	FY 2010 Range of savings		NOTES
<b>School Resource Officer</b>	\$10,000.00	\$10,000.00	Paid for by Title IV-A -FY2010 (Student Assistance Counselor - paid for by Title IV-funds FY09)
<b>DARE</b>	\$10,000.00	\$10,000.00	
<b>Extended Days</b>	\$28,166.00	\$28,166.00	102 Days; listed on separate sheet
<b>Building Budget Reductions</b>	\$42,000.00	\$45,000.00	20% Reduction
<b>Capital Outlay Reduction</b>	\$25,000.00	\$30,000.00	
<b>Health Insurance Plan (Reserve Fund - Funding Level Adjustment)</b>	\$250,000.00	\$250,000.00	Committee; TBD_mid-April 2009
<b>Supplemental Positions</b>	\$31,000.00	\$33,000.00	Positions listed on separate sheet
<b>Professional Development [Out-Of-District; Maximum 7 Days]</b>	\$25,000.00	\$30,000.00	Follow Contract Guidelines [7 Days Out-Of- District] Mileage, Meals, Reg. Parking, Sub Costs, Hotels
<b>TCCSA Purchased Services [Educational Technologists]</b>	\$18,000.00	\$25,000.00	

<b>Textbook Savings</b>	\$300,000.00	\$350,000.00	
<b>Cooperative Office Education - COE</b>	\$25,000.00	\$30,000.00	Students/Hourly Rates
<b>Special Education Teacher [1 FTE]</b>	\$90,000.00	\$92,000.00	1 FTE; Retirement, Attrition
<b>Gifted - TDP [1 FTE]</b>	\$50,000.00	\$52,000.00	1 FTE [Resource Room] <b>TDP Teacher to Grade 5 @ Montgomery Cluster Classroom</b>
<b>AMS/HS Business [1 FTE]</b>	\$90,000.00	\$92,000.00	1 FTE; Retirement, Attrition
<b>Industrial Arts Program [2.285 FTE]</b>	\$197,000.00	\$201,000.00	2.285 FTE; Retirement; Attrition
<b>Literacy Tutors (3 Elementary; 1 Secondary)</b>	\$215,385.00	\$215,385.00	Eliminate Program
<b>Ohio Reads</b>	\$10,000.00	\$12,000.00	
<b>Eliminate 5% STRS Pymt. [Substitutes]</b>	\$15,000.00	\$17,000.00	
<b>Reduce 10-12 special education students to ACCA; replace with Cross-Categorical Special Education Class - AHS</b>	\$70,000.00	\$84,000.00	Teacher is Grant paid; 10-12 students; will not attend ACCA; \$7000 per student - does not include weighted funding; ADM+; possible vocational funding
<b>Student Liaisons - Appleseed; reduce General Fund costs</b>	\$10,000.00	\$10,000.00	Use Title IV-A funding for a portion of the liaisons salaries; Safe & Drug-Free Schools
<b>TOTAL</b>	<b>\$1,511,551.00</b>	<b>\$1,616,551.00</b>	
<b>Mail Clerk / Delivery Driver (see note - related to Food Service General Worker below)</b>	\$7,500.00	\$8,500.00	.25 FTE [2.00 hours] This portion of the position's pay amount will be charged to the food service budget allowing for a savings in the General Fund.
<b>Food Service General Worker (see note)</b>	\$0.00	\$0.00	Montgomery Elementary School - General Fund savings for this position comes through reallocation of \$7,500 -\$8,500 of the mail clerk/delivery driver being charged back to food service. Without this reduction, the charge back or reallocation would not be possible this is also a \$7,000 -\$8,500 savings for the food service budget.
<b>Custodial</b>	\$100,000.00	\$105,000.00	3 FTE; 26 hours [HS and MS Custodial, Elementary (Edison/ Taft) – Custodial] Central Office - 2
<b>Media Para-Pro</b>	\$15,000.00	\$23,000.00	6.5 hours
<b>Reduce Overtime</b>	\$15,000.00	\$17,000.00	Approval Through Business Manager, Superintendent/ Designee [In Advance]
<b>TOTAL</b>	<b>\$137,500.00</b>	<b>\$153,500.00</b>	
<b>3.8125 FTE</b>			

On April 26, 2010, the Ashland City Board of Education approved the following reductions:

**FY10**

Copier and Print cost reductions: \$5,000

Property/Fleet Insurance payment: \$97,250 (one time savings, was previously paid ahead)

HB 264 Interest Payment to be paid out of permanent Improvement Fund \$63,000  
Building Budget Reductions \$7,025  
Freeze Technology Budget \$5,000  
Freeze Media Center Expenditures \$2,500  
Freeze 912 Classroom materials \$14,000  
Handicapped Mis. Purchases savings \$30,000  
Freeze Curriculum budgets \$13,525  
Central Office Budget Freeze \$1,000  
Redirect Federal Funds from General Funds \$25,000

FY11

Salaries and benefits:

HS Assistant Principal to part-time \$60,000  
2 Elementary Teachers \$100,000  
Retirement of Horticulture Teacher \$96,000  
Retirement of Media English Teacher \$70,000  
Intervention Teacher \$45,000  
LPDC/Curriculum Secretary \$12,000  
Taft/Edison Food Service \$10,000  
COE Students \$40,000  
High School Liasion \$55,000

Purchased Services

Preschool changes(purchased services) potential savings \$65,000  
CLIPP Funding Costs (\$270,000 savings over the next 2 years)

**Respectfully submitted,  
Gina Deppert, Treasurer/CFO  
October, 2011**