

**ASHLAND CITY SCHOOL DISTRICT  
ASSUMPTIONS FOR FIVE-YEAR FINANCIAL FORECAST  
PROJECTED FISCAL YEARS ENDING JUNE 30, 2014 THROUGH 2018  
October 2013**

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.

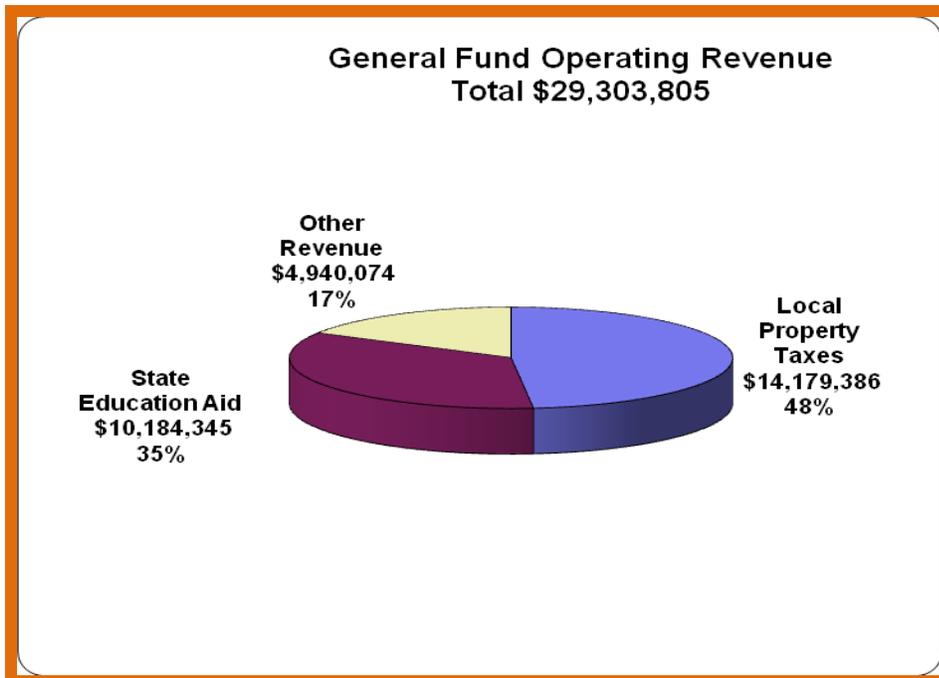
**Fiscal Year 2012 (2012-13 School Year) Review:**

The total General Fund Revenue received for fiscal year 2013 was \$29,303,805, and the total expenditures were \$30,413,750. The district expenditures were \$1,109,945 higher than revenue, with the cash balance as of June 30, 2013 of \$4,539,990. The cash balance was \$1,109,945 lower than the previous school year.

The Ashland City School District's Five-Year Financial Forecast dated October 2013, for projected fiscal years ending June 30, 2014 through 2018, 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.

**REVENUES**

**Summary of FY13 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 review with the historical trend in recent years, projected growth in valuations of both real estate and commercial property classes are kept to a minimum of slightly less than 1% for FY14. Ashland County is scheduled for a reappraisal in property values for calendar year 2014.

Ashland County experienced a decline in valuations for calendar year 2011, based upon a triennial update. This impacted valuations for the district, reducing values approximately 7% (overall). The economy has shown a slight improvement based upon the 2012 valuation updates and the most recent median market value to sales price ratio report. Ashland County will go through a reappraisal of values in calendar year 2014, impacting collections for calendar year 2015. The reappraisal includes a modest 1% increase (overall) for both classes. 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 projections include minimal growth in valuations, with new construction held at a .50% increase (combination of both classes).

Real Estate increases/decreases are also projected based upon settlements from Board of Revisions (complaints filed for valuation/tax reductions), and small delinquency collections. In addition, collection split between fiscal years as well as collection rate are important and can impact the amount of revenue collected in any give fiscal year.

#### 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. The remaining collections projected contain the values from the personal property utility valuations. Growth is kept minimal based upon the most recent appraisal.

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

Unrestricted revenue for the new biennium budget H.B. 59 simulated Ashland City Schools to receive \$10,608,577 for FY14, and \$11,722,480 for FY15. The components of house bill 59 create a new funding formula. A summary of the restructured funding includes the following: a per-pupil basic aid of \$5,745 in FY14, and \$5,800 in FY15, to calculate a Core Opportunity Grant; a state share index to determine state and local contributions, a new targeted assistance funding mechanism scaled by the districts local wealth; K-3 literacy funding, involving tier funds; gifted and career tech funding; and transportation funding changes. The districts are capped and cannot receive more than 6.25% of an increase in FY14, and 10.5% in FY15. Ashland City Schools, based upon estimates from the simulations posted on the Ohio Department of Education website, is projected to receive the maximum increase for the FY14 and FY15. The Career Technical/Vocational funds are reflected as a deduction from the unrestricted note and added to the restricted note within the forecast. The amount included with the Ohio Department of Education simulation is \$155,831.

HB 59 changed the preschool funding previously sent to Educational Service Centers. Ashland City Schools benefits from a preschool consortium with the Tri-County Educational Service Center. The funds in the estimated amount of \$363,476 (based upon the most recent simulation from the Ohio Department of Education), previously sent to the Tri-County Educational Service Center (ESC), are directed to Ashland City Schools. The district will in turn, utilize these funds to pay the Tri County ESC, through purchased services (also reflected in the forecast). The district is essentially the fiscal agent for the preschool funds and will not receive additional revenue for this category.

Ashland City Schools will continue to receive Casino revenue payments twice a year. These payments are represented in the unrestricted grants category. The recommended allocation for revenue estimates with Casino monies is approximately \$51.00 per student (educated by the district – enrollment) for FY14. In addition, special education transportation direct payments will

continue for the district. To summarize, based upon the simulation the Ohio Department of Education released early October, the district is projected to receive for unrestricted funds:

State Foundation:	\$10,514,081
Preschool (fiscal agent) funds:	\$363,476
Casino payments:	\$165,000
Special Education Transportation:	\$45,230
Deducted Scholarship Transfers/adjustments	(\$61,672)
Deducted Career Technical Vocational monies	(\$155,831)

The new funding structure is still in the process of being disbursed to districts. Currently, Ashland City Schools is still being funded based upon the previous fiscal year. The Ohio Department of Education is expecting to release new funding for the current biennium at the end of October, or early November. In addition, certain components of the funding structure will be released throughout the year, as the enrollment projections are finalized.

Once the funding system is implemented, should the projections need altered based upon actual numbers, a forecast containing the actual funds will be updated (if the submission process is still offered through the Ohio Department of Education). Additional funding information is included on the Ohio Department of Education's website.

**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.**

LINE 1.040--Restricted Grants-in-Aid. Ashland City Schools receives funds for vocational programs at the secondary levels of instruction. The Family Consumer Sciences, Horticulture and Vocational Agricultural Sciences, Cooperative Office Education, and Career Based Intervention. The five-year forecast includes the same amount of funding the district received the previous school year. Once the new funding information is released from the Ohio Department of Education, the financial estimates may be adjusted. The Ohio Department of Education released a simulation early October, 2013. The projected amount of revenue for the district is \$155,831. The forecast represents the best estimate with the data provided by the department. Once the established numbers are released for this category, adjustments may need to be submitted.

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 district projections include continuation of receipt of the Tangible Personal Property Tax held harmless payment of \$1,848,956 each fiscal year.

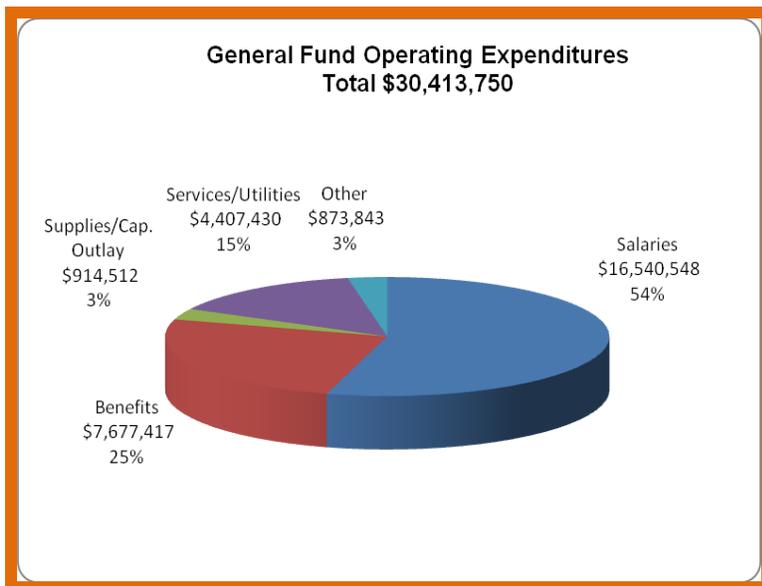
LINE 1.060--All Other Revenues. The District has entered into a number of Compensation Agreements connected with property abatements in Ashland County. This amount is included in Line 1.060. This line also includes interest on district investments, and other miscellaneous

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. The revenue received from tuition for students attending Ashland City Schools as open enrollment is received into this category.

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...

## EXPENDITURES

### Summary of FY13 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 6/30/2013, and the Ohio Association of Public School Employees Local #233 (OAPSE), through 12/31/2015.

Calculations for Personal Services (salaries) for the current fiscal year are based on the collective bargaining units in place. Historical trends are used for variable areas such as substitute costs, overtime, unpaid personal leave, severance pay, educational advancement, supplemental services (coaching, all year supervision etc...) and others. All retirements may impact this line item; thus, leading to a modification of this category.

On March 18, 2013, the Ashland City Schools Board of Education approved the following reduction in force positions:

#### Certificated:

- 1 Physical Education – Ashland High School
- 1 Family and Consumer Science – Ashland High School
- 1 Family and Consumer Science – Ashland Middle School
- 1 Horticulture/Vocational Agriculture

Classified:

1 Print Shop  
1 Mail/Delivery  
1 Custodial  
Secretary  
Noon Duty Paraprofessionals (9)  
Central Office cleaning reduced to 2 hours per day

In addition, through attrition, the positions listed below were reduced:

Certificated:

Ashland High School Special Education  
High School English  
1 Elementary Position  
Library Media Specialist  
AMS Special Education  
1 Possible Elementary Position  
1 Music Position

Classified:

Utility Maintenance  
Level III Custodial

The amount in reductions is approximately \$840,000; included in projected personnel for FY14. At the time of approval of the five-year financial forecast, the Board of Education and the Ashland City Teachers Association were still involved in negotiations. The Forecast represents the best assumption of salary information for the certified staff at that time. Once the settlement is achieved, the forecast will be updated and submitted to the Ohio Department of Education as soon as the information and period of availability for the Ohio Department of Education website is available.

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

The five year financial forecast contains one healthcare premium holiday FY14, with projected savings of \$300,000. The approved reductions in personnel for FY14 include \$375,000 of savings in benefits, modeled within the forecast. The district premiums for healthcare were reduced by approximately -3.5% for the FY14 year. Future premium increases represented in employee benefits estimate 9% each year, for FY15-FY18.

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 tuition 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. As enrollment in community schools fluctuate, tuition fees are also subject to

increase/decrease. The tuition expenses for students enrolled increased significantly during the 2012-13 school year. The increases are represented in projected forecast years. The most recent foundation settlement payment reflects the tuition for community school students to be \$1,054,000.00.

Due to the new biennium budget, HB 59, preschool funds, formerly sent to the fiscal agent, Tri-County Educational Service Center, are being re-directed to Ashland City Schools. The revenue portion is included in the unrestricted funds line item for revenue, and the monies will be paid direct to Tri-County, as a purchased service. This increase is estimated to cost \$605,520 for the 2013-14 school year.

Line 3.040--Supplies and Materials. Supplies and materials consist of all supplies within the district ranging from instructional to maintenance. Building budgets have remained flat for FY14. The supplies projected include an increase for the 2013-14 school year due to increased supply costs for the district (paper, instructional supplies, janitorial supplies etc...).

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 \$450,000 per year to assist with building/grounds, technology, and transportation needs. The FY14 capital outlay includes a payment for the high school gymnasium purchase, paid for out of the athletic pay-to-participate account.

LINE 4.300--Other Objects. This line contains miscellaneous expenditure categories; this estimate is based on historical trends. The major expenditures in this line contain 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 2015 through 2017 demonstrate the district in deficit spending (with a positive reserve balance through 2018). 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 shall be implemented to offset any projected shortfall.

**Respectfully submitted,  
Gina Deppert, Treasurer/CFO  
October 2013**