

**Mansfield City Schools
Richland County
Forecasted Fiscal Years Ending June 30, 2013 Through 2017
5 Year Budget Forecast Assumptions May 31, 2013**

Revenues

Line 1.01 General Property Tax (Real Estate)

Property values are established each year by the County Auditor based on new construction and applicable appraisals. Every six years the County Auditor reappraises properties in the county. The school's fiscal year runs from 7/1 through 6/30, tax revenues collected in a calendar year are reflected in two different fiscal years as reported by Richland County Auditor on the Official Certificate of Estimated Resources. This line item FY 2014 through 2017 also includes taxes levied by the district by the assessed valuation of real property located within the district. The drop in revenue is due to the nonrenewal of the 4 million dollar emergency tax levy in the November 2012 election.

Line 1.02 Tangible Personal Property Taxes

Businesses pay the 'tangible personal property tax' on equipment or supplies/materials of which they own. This tax is being phased out and is being replaced with the Commercial Activities Tax (CAT). This amount is located on this line item as a result of a reclassification of posting account codes now used by the Uniform School Accounting System (USAS) manual.

Line 1.03 Income Taxes

The district does not have an income tax.

Line 1.035 Unrestricted State Grants-in-Aid

Unrestricted State Grants-in-Aid are funds received through the State Foundation Program with no restrictions. The foundation formula is the primary vehicle which Ohio legislature uses to determine how much state aid each school district is to receive. The reader should be aware that State funding for schools is subject to deliberations and approval of the Ohio General Assembly and is set as part of the State's biennial budget. Therefore, forecasted years reflect conservative estimates for state funding.

Line 1.04 Restricted State Grants-in-Aid

This category includes restricted state aid funds received through the State Foundation Program for Career Tech students. For purposes of this forecast it is assumed that in Fiscal Year 2013 through 2017 the state of Ohio will not have growth in this area.

Line 1.045 Restricted Federal Grants-in-Aid-SFSF

Federal Stabilization money is phased out for 2013-2016. This line includes Ed Jobs money received in FY12 and phased out 2013-2016.

Line 1.05 Property Tax Allocations

This line includes funds received for Tangible Personal Property Tax Reimbursement (as discussed above), Electric Deregulation, Homestead and Rollback, and the "ten thousand dollar exemption" where businesses are exempt from paying the first \$10,000 of property tax and the district is reimbursed through state funding.

Line 1.06 All Other Revenues

This category includes tuition income, fee collections, rental income, and all other local income sources. Investments for the district include CD's and money market agency accounts. Casino revenue started

flowing into state collections early fiscal year 2013. The revenue is calculated at \$21.40 per student and a conservative amount has been calculated into this line item through 2017.

Line 2.01 Proceeds from Sale of Notes

The district has issued Emergency Tax Anticipation Notes, Series 2013 (Federally Taxable) in accordance with the provisions of the Ohio Revised Code, and particularly Section 5705.194, to close the fiscal year with a positive cash balance.

Line 2.04 Operating Transfers-In

Due to an excess balance in the Debt Service Fund a transfer of funds to the general fund for operating expenses was approved by a board resolution, County Budget Commission approval, and an approved petition in the Court of Common Pleas Richland County, Ohio.

2.06 All Other Financing Sources

It is assumed that transfers will be consistent with historical trends and conservative amounts have been estimated for sales of personal property, refunds from prior years, and eRate reimbursement.

Expenditures

Line 3.01 Personnel Services

Salary amounts for fiscal year 2013 through 2014 reflect a zero percent (0%) negotiated base salary increase. This investment has provided resources for the district to replace revenue cuts made by Ohio and stabilize district finances through the five-year forecast period ending June 30, 2014. Forecasted years FY 2013-2017 cautiously reflects step increases, anticipated severance payments, supplemental payments, extended time, and substitute costs.

Education Jobs funding received in FY12 represented a one-time source of funds. With the elimination of the funds those salaries are now absorbed by the general fund. Due to increased enrollment and added classrooms 6 teachers and 4 aides were hired and included in the general fund. Please note, due to decreased funding of grants 7.5 teachers are now paid from general fund. The reader should know possible district changes and contingency plans will be implemented depending on enrollment, levy passage, and legislation approved by the Ohio General Assembly.

Line 3.02 Employee Fringe Benefits

Retirement Benefits- The School District contributes 14% on wages paid to each employee to the State Teachers Retirement System and to the School Employees Retirement System. The retirement contributions are deducted from the School Foundation payments received from the State of Ohio. The amount deducted changes every January based upon salary estimates and actual payments in the prior year. Pending pension reform legislation could impact this line item. Medicare tax is paid by all employees hired after April 1, 1986.

Insurance-The district is self funded in insurances. The district implemented a 20% increase in premiums to maintain adequate reserves to pay all claims in medical, dental, prescription and vision costs effective January 1, 2011 and an additional increase for health and vision effective April 20, 2012. Health care costs continue to increase and remains a real concern. The forecast reflects an estimate based on the trend increases in health claims in the group plan and changes implemented with the Affordable Care Act.

Line 3.03 Purchase Services

Purchased services include amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other service. Examples include but are not limited to utilities, consultants, rentals, service agreements, maintenance agreements, data processing services, repairs, trash collection, fleet and property insurance, legal costs, mileage, professional meeting expense, and tuition paid for students attending other school districts, including open enrollment and community schools, Ed Choice, scholarships, religious schools, and digital schools..

The district realized a reduction in utility costs amounting to approximately \$500,000. The district belongs to a Board approved educational cooperative for electricity and gas. The Board, Superintendent, Treasurer, and staff have been committed to increasing energy usage effectively. As a result in its commitment, the district received a school energy award from Gardiner Energy Services ranking the district in the top 3% for energy saving ratings of 78% in Ohio, out of only 164 school buildings. Also, the Mansfield City School Ohio House Bill 264 Energy Conservation Program has increased building energy efficiency district-wide. This program has allowed the Mansfield City School District to participate in energy efficiency improvements to facilities, while using the savings generated to pay for them, rather than using the tax payer's dollars. This program has lead to significant reductions in the district's utility cost, because nearly 90% of a facility's operational budget is used within lighting and HVAC alone. The Conservation Program has allowed Mansfield City Schools to issue bonds at interest rates that are very low and then pay them back with the savings from the reduced operating costs. Taxpayers will see several million dollars in improvements without any change in their taxes. The program requires that the energy conservation measures must save, over a 15 year period, as much or more than the cost of buying, installing, and financing the new equipment.

With continued teamwork, monitoring, and the investment by taxpayers the estimated purchase services line item has been estimated with a percentage of minimal increases FY 2013 through 2017.

3.04 Supplies and Materials

These categories includes but are not limited to general supplies for material items of an expendable nature, instructional materials, teaching aids, testing supplies, office supplies, building & grounds supplies, vehicle supplies, and fuel used for the vehicle fleet. The district supplies and materials will have a moderate increase for FY 2014 due to a fluctuating economy of higher fuel costs and stabilize 2015-2017 due to implementing cost saving measures and district-wide operating plans.

Line 3.05 Capital Outlay

This line item includes expenditures for items having at least a five-year life expectancy such as land, buildings, improvement of grounds, equipment, computers/technology, furnishings, buses, and vehicles. The district has an aging bus fleet and has assessed a replacement plan and is part of a Board approved bus purchasing cooperative. Two new buses were purchased FY11, five new buses FY12, and one bus FY2013. One bus purchase a year there after is in a long range plan as feasible in the budget. In addition, because our Board has been committed to increasing energy usage effectively, the financial forecast provides resources for immediate needs that include new roofs, condensate vacuum systems, boilers, and lights FY13 and a long range permanent improvement plan for FY14-FY17 at different buildings. Much progress has been made. The Board of Education, Superintendent, and Treasurer are committed to sound stewardship over the taxpayer provided facilities.

Line 4.02 Principal-Notes

Principal payments for Emergency Tax Anticipation Notes, Series 2013 (Federally Taxable).

Line 4.05 Principal-HB 264 Loans

Ohio House Bill 264 Energy Conservation Program principal payments.

Line 4.055 Principal-Other

Ohio House Bill 264 Energy Conservation Program interest payments.

Line 4.06 Interest and Fiscal Charges

Interest payments for Emergency Tax Anticipation Notes, Series 2013 (Federally Taxable).

Line 4.30 Other Objectives

The primary components listed in this line item consist of membership dues and fees, ESC deductions, County Auditor/Treasurer fees, audit expenses, election expenses etc.

Line 5.01 Operating Transfers Out

This category accommodates transfers and advances of funds from the general fund to various local, state, and federal projects.

Line 6.01 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses

This line item represents the district's solvency and fiscal health.

7.02 Cash Balance June 30, 20XX

This is the district's actual cash balance before including any encumbrances as of June 30.

Line 8.01 Estimated Encumbrances Jun 30, 20XX

The District uses the encumbrance's method as part of formal budgetary and management control. Encumbrances outstanding at fiscal year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of fiscal year-end.

Line 10.01 Fund Balance June 30 for Certification of Appropriations

All reserved funds in this line item are backed out and therefore not available for the school district to use in school operation.

Line 11.02-12.01 Revenue from Replacement/Renewal Levies

The proceeds from the voted levy renewal are located on line 1.010.

In summary, the Ohio Department of Education and the State Auditor's office recommended that Mansfield City Schools not be released from fiscal watch. The Mansfield City School district has engaged the local Board of Education and the community (also included are colleges, universities, businesses, and MCS staff) in long range planning, making sound financial decisions, ongoing monitoring of its financial strategic and educational plans, professional development, and has exhibited understanding the sensitivity to living within the district's means. The Mansfield City School district has been making progress in student achievement, increased graduation rates, and providing programs to help every child to succeed. Mansfield City Schools is providing the opportunity for all students to be highly educated and prepared academically for personal success in life, their chosen careers, life-long learning, and contributing positively to their local, national, and global communities.