

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2006, 2007, AND 2008 ACTUAL;
FORECASTED FISCAL YEARS ENDING JUNE 30, 2009 THROUGH 2013

	Actual			Forecasted				
	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Revenue:								
1.010 General Property Tax (Real Estate)	25,956,186	27,025,249	27,112,754	27,030,198	27,214,911	27,214,913	25,384,098	23,613,189
1.020 Tangible Personal Property Tax	2,944,747	2,159,189	1,913,611	1,074,029	426,550	416,549	398,680	174,085
1.030 Income Tax	0	0	0	0	0	0	0	0
1.035 Unrestricted Grants-in-Aid	15,037,804	14,975,561	15,077,736	14,816,572	14,800,489	15,525,428	16,379,959	16,870,557
1.040 Restricted Grants-in-Aid	344,737	392,730	262,685	170,237	163,642	177,049	185,612	194,937
1.050 Property Tax Allocation	3,557,118	3,960,631	4,530,837	5,249,423	5,603,318	5,627,720	5,048,483	3,112,809
1.060 All Other Revenues	1,081,311	1,504,350	2,005,212	2,180,547	2,195,998	2,210,479	2,225,296	2,240,450
1.070 Total Revenues	48,921,903	50,017,710	50,902,835	50,521,005	50,404,907	51,172,139	49,622,128	46,206,027
Other Financing Sources:								
2.010 Proceeds from Sale of Notes	0	0	0	0	0	0	0	0
2.020 State Emergency Loans and Advancements	0	0	0	0	0	0	0	0
2.040 Operating Transfers-In	0	0	0	0	0	0	0	0
2.050 Advances-In	297,776	188,898	240,045	981,777	500,000	500,000	500,000	500,000
2.060 All Other Financing Sources	47,404	48,195	126,042	200	0	0	0	0
2.070 Total Other Financing Sources	345,180	237,093	366,087	981,977	500,000	500,000	500,000	500,000
2.080 Total Revenues and Other Financing Sources	49,267,083	50,254,803	51,268,922	51,502,982	50,904,907	51,672,139	50,122,128	46,706,027
Expenditures:								
3.010 Personal Services	30,305,351	31,020,559	30,437,317	31,306,481	32,943,765	34,640,369	36,424,348	38,300,202
3.020 Employees' Retirement/Insurance Benefits	10,315,076	10,768,566	10,722,890	11,353,450	12,657,249	13,660,140	14,749,785	15,934,161
3.030 Purchased Services	4,571,347	4,510,617	4,698,650	5,300,801	5,681,737	6,035,766	6,279,342	6,669,837
3.040 Supplies and Materials	1,354,431	1,351,989	1,199,214	1,333,198	1,404,862	1,477,959	1,552,519	1,628,569
3.050 Capital Outlay	719,787	739,436	769,576	654,168	667,251	680,596	694,208	708,092
3.060 Intergovernmental	0	0	0	0	0	0	0	0
Debt Service:								
4.010 Principal-All (History Only)	355,000	237,830	85,000					
4.020 Principal-Notes				0	0	0	0	0
4.030 Principal-State Loans				0	0	0	0	0
4.040 Principal-State Advancements				0	0	0	0	0
4.050 Principal-HB 264 Loans				80,000	85,000	85,000	90,000	95,000
4.055 Principal-Other				0	0	0	0	0
4.060 Interest and Fiscal Charges	53,279	78,035	3,196	61,856	58,556	55,156	51,656	47,956
4.300 Other Objects	792,084	763,068	808,362	886,645	892,444	905,831	919,418	919,418
4.500 Total Expenditures	48,466,355	49,470,100	48,724,205	50,976,599	54,390,865	57,540,818	60,761,275	64,303,235
Other Financing Uses								
5.010 Operating Transfers-Out	80,096	94,035	52,265	75,000	75,000	75,000	75,000	75,000
5.020 Advances-Out	188,898	240,045	981,777	500,000	500,000	500,000	500,000	500,000
5.030 All Other Financing Uses	0	0	0	0	0	0	0	0
5.040 Total Other Financing Uses	268,994	334,080	1,034,042	575,000	575,000	575,000	575,000	575,000
5.050 Total Expenditures and Other Financing Uses	48,735,349	49,804,180	49,758,247	51,551,599	54,965,865	58,115,818	61,336,275	64,878,235
6.010 Excess of Rev & Other Financing Sources over (under) Expenditures and Other Financing Uses	531,734	450,623	1,510,675	-48,616	-4,060,958	-6,443,679	-11,214,147	-18,172,208
7.010 Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies	7,231,677	7,763,411	8,214,034	9,724,709	9,676,093	5,615,134	-828,545	-12,042,692
7.020 Cash Balance June 30	7,763,411	8,214,034	9,724,709	9,676,093	5,615,134	-828,545	-12,042,692	-30,214,900
8.010 Estimated Encumbrances June 30	348,577	708,749	811,115	800,000	800,000	800,000	800,000	800,000
Reservation of Fund Balance								
9.010 Textbooks and Instructional Materials	0	0	0	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0	0	0	0	0
9.040 DPIA	0	0	0	0	0	0	0	0
9.050 Debt Service	0	0	0	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0	0	0	0	0
9.080 Subtotal	0	0	0	0	0	0	0	0
10.010 Fund Balance June 30 for Certification of Appropriations	7,414,834	7,505,285	8,913,594	8,876,093	4,815,134	-1,628,545	-12,842,692	-31,014,900
Rev from Replacement/Renewal Levies								
11.010 Income Tax - Renewal				0	0	0	0	0
11.020 Property Tax - Renewal or Replacement				0	0	0	2,354,545	4,631,284
11.030 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	0	2,354,545	6,985,829
12.011 Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations	7,414,834	7,505,285	8,913,594	8,876,093	4,815,134	-1,628,545	-10,488,147	-24,029,071
Revenue from New Levies								
13.010 Income Tax - New				0	0	0	0	0
13.020 Property Tax - New				0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0	0	0	0	0
14.010 Revenue from Future State Advancements								
15.010 Unreserved Fund Balance June 30	7,414,834	7,505,285	8,913,594	8,876,093	4,815,134	-1,628,545	-10,488,147	-24,029,071
ADM Forecasts								
20.010 Kindergarten - October Count				390	390	390	390	390
20.015 Grades 1-12 - October Count				5,435	5,435	5,435	5,435	5,435
20.02 Kindergarten - February Count				390	390	390	390	390
20.025 Grades 1-12 - February Count				5,435	5,435	5,435	5,435	5,435

Notes to the Financial Forecast

Preface

This is the Stow Munroe Falls City School District's October filing of the five year forecast. Fiscal Year 2009 represents and is used as the base year to which future year projections are based.

The information and data used in preparing the five-year forecast is conservative in nature. Taking a conservative approach allows flexibility when unexpected situations arise. The following assumptions are based on information available to the District at the time of this forecast's filing. Therefore, it is likely that the information contained in this forecast may change due to circumstances beyond the District's control.

Revenue

Real Estate –

General Property Tax line 1.01 reflects the real estate taxes received by the District from values of real estate reported in Residential/Agricultural and Commercial/Industrial categories in actual years, and for projected years takes into consideration changes in historical trends. Note that revenues from public utility sources for personal property tax are not reflected in this line item but appear in line 1.02.

The Stow-Munroe Falls City School District is on the 20 mill floor (excluding emergency levies and bond retirement levies), as a result, inflationary growth normally restricted due to the effect of HB 920 are not applicable. Therefore, allowing the District inflationary growth from real estate reappraisals and updates when the community's values increase and reduce the effective millage below the 20 mill floor. The 20 mill floor is a guarantee in the law that the District will receive 20 mills.

Summit County's reappraisal occurs in calendar year 2008 affecting FY09 and FY10 real estate collections. Per Tax Valuation amounts provided by the Summit County Fiscal Office, the District's property tax values increased on average .5 percent. Based on the current economy and housing dilemma a no increase is conservatively used in projecting revenue during the term of the forecast in years of reappraisal/updates to calendar year values.

In addition to the reappraisal increase, based on the current economy and housing dilemma, there is no increase projected for new construction in Residential/Agricultural property values and Commercial/Industrial property values in the forecast.

H.B. 66 eliminated the 10% Rollback on Commercial, Industrial and Public Utility property starting in calendar year 2006. As a result, the District is paid the 10% in tax revenue directly from the property owner via the County Auditor. The change shifts the categories that the revenues will be reflected; these revenues were reflected in the past in Property Tax Allocation now appear in this line item.

H.B. 66 also created a "half-mill" threshold through the hold-harmless mechanism for "fixed sum" levies. As a result, the legislature requires property owners to "pick up" the first half-mill of emergency or bond levies.

The District had a five-year, \$7,300,000 emergency levy that expired in December of 2007 for collections through 2008. The tax collection from this levy is now included in this line item as the successful passage of its renewal has been certified. In November of 2005, the District successfully passed a \$4,631,284, five-year emergency levy that combined the year 2002 - 4.39 mill emergency levy with the year 2000 - 1.37 mill emergency levy. This levy is scheduled to expire in 2010 with collections through 2011. Future collections from this levy may not be shown in this line item until a successful passage of its renewal has been certified. Therefore, in fiscal year 2012 this amount is not reflected in line 1.010 but appears on line 11.020. In FY 2012, 50 % of collections from this levy are reflected in line 11.02.

Beginning in tax year 2007 Governor Strickland and the Ohio General Assembly enacted a new Homestead Exemption granting a tax break for seniors and disabled citizens. This new exemption no longer includes an income ceiling allowing homeowners age 65 or older, permanently and totally disabled, or surviving spouses aged 59 to 64 a tax reduction after application to the County Auditor. Manufactured homeowners exemption begins in tax year 2008. As a result, the forecast projects a reduction in the real estate category of \$354,000 FY 2009. This amount represents one-half of the projected increase of homestead exemptions. However, these amounts are added back into the property tax allocation line item, as the state reimburses the District for these exemptions.

Fiscal Year 2009 reflects an adjustment reducing anticipated collections by \$29,601. This adjustment is the result of real estate tax payers filing appeals to reduce their values of prior years and the State Tax Commissioner granting the reduction of their values. The Summit County Auditor reduces our current collections and repays the owner for their previous year payments. For both the October and May filings fiscal year 2008 represents and is used as the base year to which future year projections are based.

Tangible Personal Property Tax

This category represents tax revenues paid by commercial/industrial property owners on the value of their inventory, furnishings and equipment. Projecting tangible personal property is challenging as trends indicate considerable fluctuations in historical valuations.

Tangible personal property taxes were originally budgeted to decrease between one and three percent annually due to changes in tax laws enacted under HB 283. Effective tax year 2002, the assessment rate for the inventory portion of tangible personal taxes, which was 25% of true value at that time, had been decreasing each year by one percent until it reached zero. This change in law was expected to slow the growth of the District's tangible personal tax revenue and was originally reflected in the forecast beginning in fiscal year 2004. However, the passage of the State of Ohio's biennial budget bill (HB66) effective this fiscal year, revised the tax laws again and accelerated the phase out of tangible personal property tax by eliminating general business and railroad by 2009, and telephone and telecommunications by 2011. The phase out is calculated by reducing the assessed rate (based on 2004 tax value) by 25, 50, 75 and 100 percent in fiscal years 2006, 2007, 2008 and 2009, respectively.

This same Bill (HB 66) included hold harmless provisions that will reimburse the District the lost revenue within the first five years (2006-2010); however, the reimbursement of that lost revenue phases out in the seven (7) subsequent years (2011-2017). The reimbursements to the District will be received in a combination of real estate taxes and state foundation dollars directly reimbursed by the State. Using spreadsheets created by the Ohio Department of Education and the Ohio Taxation Department, the exact amounts of direct reimbursement were calculated. The reimbursable amounts based on the fixed rate losses supplied by the Ohio Department of Taxation are available on their website; reimbursements were distributed in increments of 1/7th, 3/7th and 3/7th for May, August and October respectively. Based on that data, the amounts anticipated do not appear on this line item but are included in the forecast on line 1.05 Property Tax Allocation.

Due to the private nature of businesses filing tangible personal property tax returns, the District is not made aware of filings or appeals until after the Tax Commissioner has certified either an increase or decrease in values. In fiscal year 2007 it was brought to the District's attention by the Portage County Auditor that a company had been paying tangible taxes to the District incorrectly for a number of years. As a result, the taxes paid in prior years were adjusted to FY 2007 tangible tax payments, which caused Portage County Tangible collections to be a negative amount of -\$16,268.

Additionally, it was brought to our attention that the Summit County Fiscal Office assessed Tax Year 2006 tax rates too high. As a result, in October of 2006 the District's tangible tax revenue was reduced by \$334,815 to compensate for this over-assessment. To account for this correctly, an adjustment was

