

ALEXANDER LOCAL SCHOOL DISTRICT  
5 YEAR FORECAST NOTES  
FISCAL YEAR 2012 thru 2016

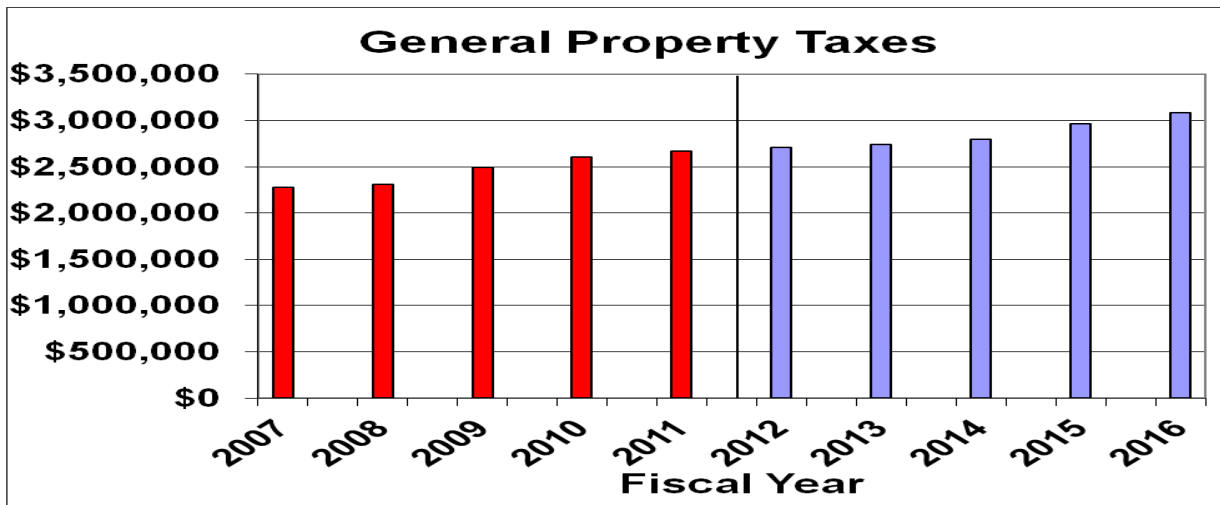
**REVENUE**

**Property Taxes:**

Alexander Local School District is located within three counties from which the district receives property tax revenue. The majority of the district is within Athens County, the balance being made up of a small portion of Columbia Township (Meigs County) and a small portion of Vinton County. General property tax is calculated using the district's real property valuation multiplied by the current tax rates. The district is currently at the 20 mill floor. Therefore, district residents are taxed at the minimum level allowed by law for operating expenses. Forecasted amounts combine projections from the County Auditor and projected increases based on historical trends.

	Projected Collection Year 2012	Projected Collection Year 2013	Projected Collection Year 2014	Projected Collection Year 2015	Projected Collection Year 2016
Residential / Agricultural					
Inflation / reappraisal	0%	0%	1.25%	6%	0%
Construction Growth	1.25%	1.25%	1.50%	1.5%	1.5%

In 2008, Athens County had their reappraisal; which means the market value for all real property was updated based on a visual inspection. In 2011, Athens County will experience a triennial update; which means the market values of real property is updated through studies of property transactions occurring since the last physical appraisal. The reappraisal for Meigs County occurred in 2010. Vinton County had their reappraisal in 2009 and will have a triennial update in 2012. The recent economic downturn and housing market crisis has caused new construction and reappraisal growth to slow. As such, the forecast includes a more conservative outlook for real estate growth for the next few years compared to the prior 10-year period. The assumed percentages based on information from the County Auditors, current economy, and historical trends are shown above.

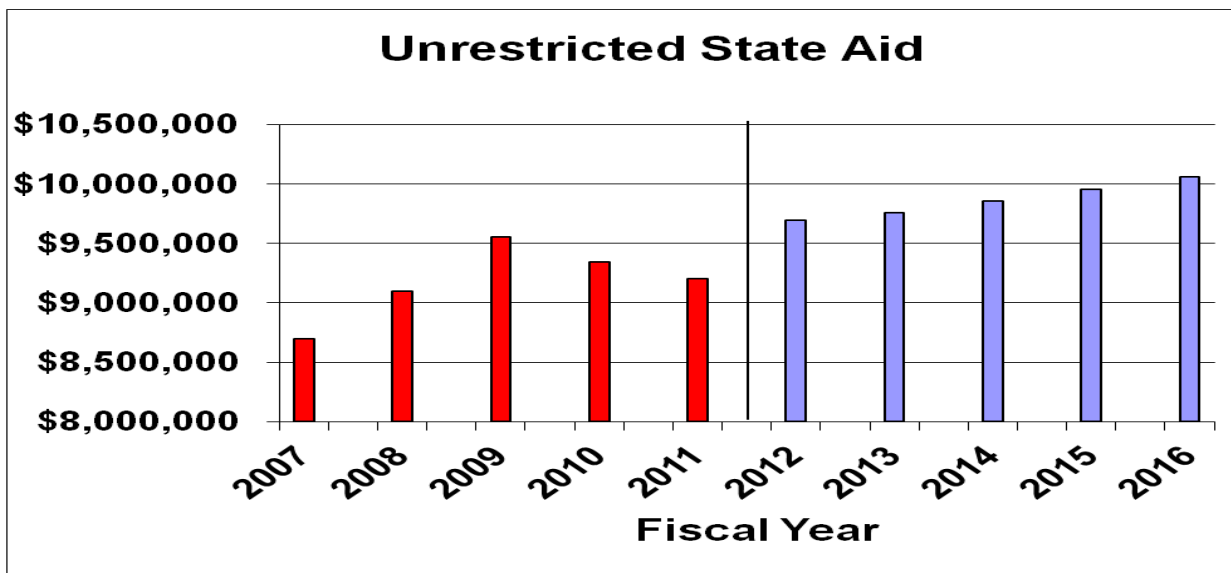


Personal tangible property tax is calculated using the full voted millage (33.7 mills). Comparatively speaking, Alexander receives little tangible tax revenue. However, under the provisions of HB66, tangible tax values will be phased out over a four-year period starting with calendar year 2006. In FY11, Public Utility Personal Property (PUPP), the tangible personal property used in the operations of a public utility company, is the only component of this category's collections that remain. The District expects no growth in PUPP.

Revenue from the State's Commercial Activity Tax (CAT) tax was supposed to provide the state a dedicated revenue stream to continue tangible replacement payments through at least 2017. However, the Governor's final budget eliminated this reimbursement for Alexander which amounts to an approximate \$147,000 loss next fiscal year (the forecast accounts for this loss and it is reflected in the Property Tax Allocation Note).

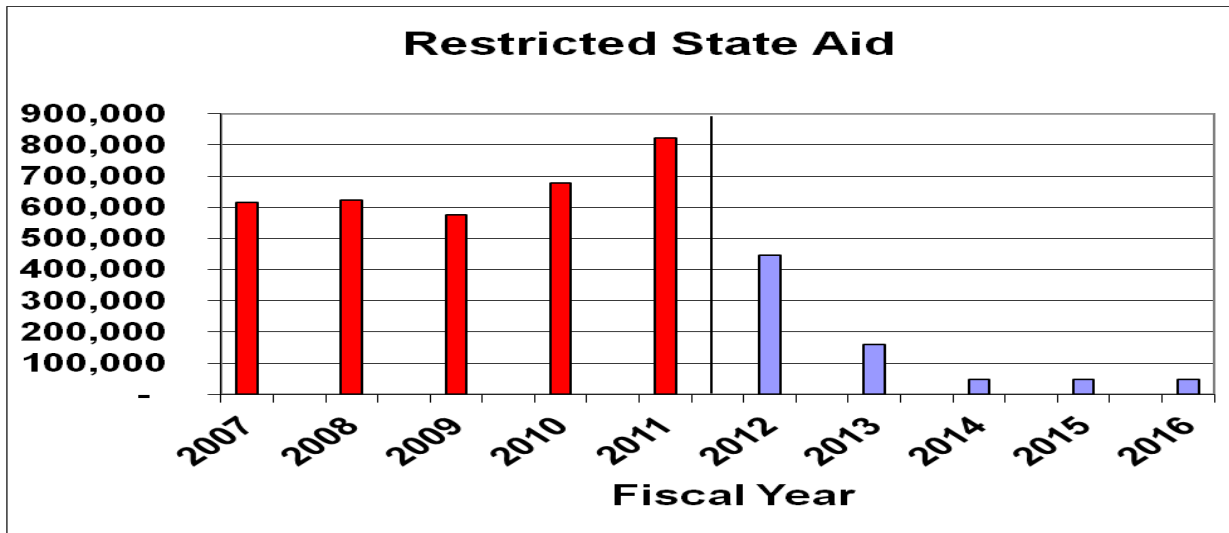
**Unrestricted & Restricted Grants-In-Aid:**

Governor Kasich has eliminated the Education Based Model (which determined the funding to schools in FY10 & FY11) and replaced it with a new funding formula currently known as the "Bridge". The "Bridge" formula takes into consideration different factors, mainly your ADM and per pupil funding level from FY11, to determine how much money we will receive from the State in FY12. These projections are reflected in the forecast in line 1.035. The State is supposed to develop a new funding formula for FY13. In addition to our regular funding, Alexander is also going to receive an extra \$17 per pupil (approximately \$27,000) due to the District being rated "Excellent" for the 2010-11 school year.



Federal Stimulus dollars received through the State's PASS funding system are the primary source of dollars reflected in the Restricted Aid category (about \$773,000 in FY11). This money was directed to Ohio schools to help stabilize the State's foundation funding through the biennial. The Federal Government is directing \$361 million to Ohio Schools to prevent education job losses in FY12 (Alexander's share is \$514,098), but that only represents about 67% of the stabilization dollars the federal government supplied in

FY11. Once these federal dollars are spent in FY12, no additional support is expected. This is all reflected in line 1.04 of the forecast.



### **Property Tax Allocation:**

Property Tax Allocation is the state reimbursement for property tax rollback and homestead. This figure is directly tied to property tax collection amounts. Additionally, the State reimbursement for the phasing out of tangible personal property taxes is included in this category. However, based on Governor Kasich's budget, this was eliminated completely beginning in FY12.

### **All Other Operating Revenue:**

The estimate for this category includes a number of revenue sources such as tuition for Bassett House; tuition for foster care students; open enrollment incoming; investment earnings, etc. Investment earnings are a function of cash on hand and interest rates. Most of these sources are driven by inflationary pressure as well as district policy. Open enrollment is a primary source of funding reflected in this category (\$830,970 in FY11). Open enrollment is projected to bring in the same during FY12.

### **Advances & Transfers-In:**

Advances and transfers are used sparingly and only when other revenue categories do not appropriately capture the essence of a transaction. The transfers projected here are for the debt payments for the HB264 energy project.

## **EXPENDITURES**

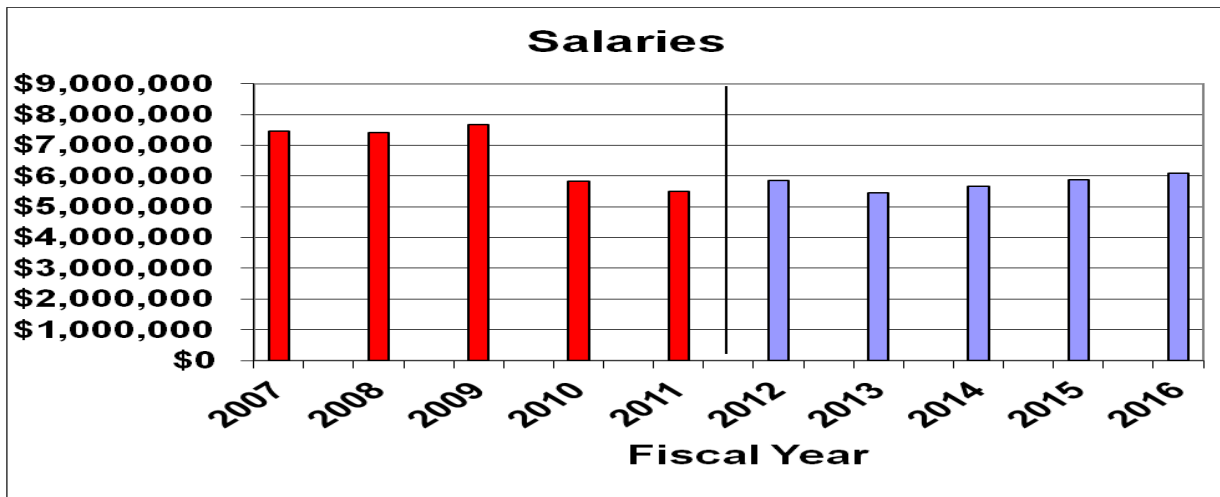
### **Personal Services:**

A negotiated agreement in place for certificated staff through August 31, 2011, had base salary increases of 4% for FY09, 3% for FY10 and 3% for FY11. The Board agreed to a new contract through August 31, 2013. This agreement included base salary increases of

1.25% in each year. In an effort to mitigate job losses to help preserve the quality of education in the District, the agreement also eliminated the severance bonus for teachers who retire in their first year of eligibility and an attendance bonus for not using any personal or sick leave during the year. Although not yet negotiated, the projection assumes a 2% base salary increase for the remaining years of the forecast (FY14 through FY16).

A negotiated agreement is in place for non-teaching staff through June 30, 2012, with a base salary increase of 4% for each of FY11 and FY12. The Board agreed to a contract extension for FY13. This agreement included a base salary increase of 1.25%. The remaining years of the forecast include a projected 2% increase for FY14 through FY16.

The forecast includes a reduction in FY10 and FY11 due to 2 employees previously being paid from the General Fund being paid from a Federal Grant. These two employees will have to return to the General Fund in FY12. There is also a reduction due to the elimination of the TAG coordinator which will now be contracted through the ESC and the High School Art teacher who retired and was not replaced. In FY11, there is also a reduction for a High School Math position and a custodian that were not replaced. In FY12, there is a significant increase in costs due to the large amount of severance payments for the large number of employees that are retiring at the end of the 2010-11 school year. There were 9 positions left vacant and people will be shifted around to cover the vacancies. This allowed Alexander to reduce their future expenditures without laying off employees. There is also an extra \$300,000 of expenditures in FY12 because there are 27 pay periods that fall in FY12 instead of the normal 26.



### Reclassification of Salary Cost

This forecast demonstrates the reclassification of certain expenditures to a transfer of money to another fund, the Schoolwide Pool fund. This transfer is necessary due to the realignment of the elementary to using one fund to operate which includes both General Fund and certain Federal Funds. In past years these funds were required to be kept separate for reporting purposes. As a result, salary and fringe expenditures in the General Fund for FY10 and FY11 reflect a decrease and there are corresponding increases in

transfers out due to the full impact of implementing the Schoolwide Pool program in FY10.

### **Employee Fringe Benefits:**

Most fringe benefit costs are driven by projected salary increases including board share retirement, Medicare, and worker's compensation. Medical insurance premiums increased by 14% in FY10 and 11% in FY11. Also, the districts non-teaching staff moved to a new insurance plan as part of their negotiated agreement. They still have the option of keeping the old plan; however, they pay the difference in the cost. This insurance change saved the district approximately \$50,000 in FY10. The teaching staff also moved to the new insurance plan as part of their recently approved agreement beginning in FY12. This new plan design will save the District approximately \$150,000 per year. The Athens County Schools Consortium also approved no increase in premiums for FY12 due to very good claims experience during FY11. The forecast includes a 5% increase for FY13 and the normal average of 9% increases in insurance (medical, dental, and life) assessments for FY14 through FY16. As part of cost savings measures, in the new negotiated agreement, the teachers also agreed to eliminate the tuition reimbursement fund. This will save the District \$25,000 each year beginning in FY12.

### **Purchased Services:**

This category accounts for a variety of expenses including utility charges, special education tuition, and open enrollment charges. A large source of increasing costs is due to the number of outgoing open enrollment and community school students (\$1,424,414 in FY11). These costs are projected to remain about the same in FY12.

### **Supplies & Materials:**

Estimates in this category incorporate a 1% increase using FY11 spending as the baseline. The projection considers the impact of inflation and historical trends. There is also an additional \$115,000 in FY10 for new Math textbooks. In FY11 there is a reduction because part of the Reading textbooks will be purchased with funds from Reading First.

### **Capital Outlay:**

Capital outlay includes new buses, educational equipment, replacement technology expenditures, and plant equipment. Alexander purchased three new buses in FY07. The District did not purchase a bus in FY08. The forecast includes the purchase of three buses in FY09 and two buses in each of FY10 – FY16. The forecast also includes technology related expenditures including a new server in FY08. The purchase of new bleachers for the football field at a cost of approximately \$150,000 is included in FY10 and the purchase of land for \$278,000 is included in FY09. The District also purchased a new mower in FY10 at a cost of approximately \$30,000. This category incorporates a 1% increase using FY11 spending as the baseline. The projection considers the impact of inflation and historical trends.

**Debt Service:**

This is for the HB264 project which started in June 1997 and was paid off in FY07. The Asbestos project started in June 1993 and will be paid off in FY13. This also includes the recently implemented HB264 Energy Conservation Project payments.

**Other Objects:**

The amounts projected for this category (FY12 – FY16) are based on historical trends and inflationary pressures.

**Other Uses:**

The FY12 transfers and advances from the General Fund to other funds are for the retirement of debt from the Asbestos project and HB264 Energy Conservation Project, the Food Service Fund and the Athletic Fund. As mentioned earlier, the major increase in transfers is due to the realignment of expenditures from moving to the Schoolwide Pool program. The corresponding amounts were reduced from the personal services and benefits categories resulting in a net wash. This process started in FY10 and continues throughout the forecast.

**Reservations of Fund Balance:**

The amounts in this category are funds that are reserved for restricted purposes. The projection incorporates that we will begin using the funds reserved for textbooks and instructional materials and capital improvements. There are no reservations anticipated in the future.

**Simplified Income / Expense Statement:**

**ALEXANDER LOCAL SCHOOL DISTRICT - - ATHENS COUNTY**

Income and Expense Simplified Statement

	Actual			Forecasted				
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2009	2010	2011	2012	2013	2014	2015	2016
Beginning Balance	3,045,978	3,277,490	3,711,328	4,307,600	4,446,704	4,543,724	4,068,556	3,462,536
+ Revenue	15,569,636	15,497,152	16,039,797	15,831,397	15,639,905	15,708,454	16,019,725	16,272,452
+ Proposed Renew/Replacement Levies				0	0	0	0	0
+ Proposed New Levies				0	0	0	0	0
- Expenditures	(15,338,124)	(15,063,314)	(15,443,525)	(15,692,293)	(15,542,885)	(16,183,622)	(16,625,745)	(17,235,898)
= Revenue Surplus or Deficit	231,512	433,838	596,272	139,105	97,020	(475,168)	(606,020)	(963,445)
Ending Balance	3,277,490	3,711,328	4,307,600	4,446,704	4,543,724	4,068,556	3,462,536	2,499,091
Note: Revenue Surplus/Deficit without New Levies				4,446,704	4,543,724	4,068,556	3,462,536	2,499,091

Includes: General Fund, Emergency Levy Fund, DPIA Fund, Textbook Fund and any portion of the Debt Service Fund related to General Fund debt and all "SM2" funds.

**ALEXANDER LOCAL SCHOOL DISTRICT - - ATHENS COUNTY**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**

	Actual			Forecasted				
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenue:</b>								
1.010 General Property Tax (Real Estate)	2,494,094	2,604,098	2,669,935	2,710,293	2,742,136	2,800,252	2,964,153	3,080,539
1.020 Tangible Personal Property Tax	1,075,499	1,208,657	1,335,314	1,245,402	1,245,402	1,245,402	1,245,402	1,245,402
1.030 Income Tax	0	0	0	0	0	0	0	0
1.035 Unrestricted Grants-in-Aid	9,552,551	9,342,874	9,206,041	9,694,925	9,758,889	9,858,230	9,958,600	10,060,009
1.040 Restricted Grants-in-Aid	576,703	676,734	821,376	446,603	160,701	47,069	47,540	48,015
1.050 Property Tax Allocation	516,910	598,714	614,484	474,087	479,760	489,625	515,944	534,910
1.060 All Other Revenues	1,042,421	1,030,891	1,267,513	1,148,013	1,145,513	1,162,132	1,179,084	1,196,375
1.070 Total Revenues	15,258,178	15,461,968	15,914,663	15,719,323	15,532,400	15,602,711	15,910,722	16,165,250
2.070 Total Other Financing Sources	311,458	35,184	125,134	112,074	107,505	105,743	109,003	107,203
2.080 Total Revenues and Other Financing Sources	15,569,636	15,497,152	16,039,797	15,831,397	15,639,905	15,708,454	16,019,725	16,272,452
<b>Expenditures:</b>								
3.010 Personal Services	7,685,309	5,822,507	5,498,777	5,851,339	5,452,381	5,656,845	5,868,977	6,089,063
3.020 Employees' Retirement/Insurance Benefits	2,865,627	2,288,159	2,292,414	1,955,990	2,095,238	2,235,691	2,386,980	2,550,013
3.030 Purchased Services	2,912,276	3,055,850	2,747,828	2,621,356	2,678,251	2,696,777	2,729,267	2,762,300
3.040 Supplies and Materials	583,910	705,363	592,651	598,578	654,563	761,109	618,720	624,907
3.050 Capital Outlay	691,125	408,609	370,712	379,269	383,062	386,892	390,761	394,669
3.060 Intergovernmental	0	0	0	0	0	0	0	0
4.000 Debt Service	9,028	17,384	118,085	112,074	106,530	105,743	109,003	107,203
4.300 Other Objects	215,840	222,385	232,105	234,426	236,770	239,138	241,529	243,945
4.500 Total Expenditures	14,963,115	12,520,257	11,852,572	11,753,031	11,606,795	12,082,194	12,345,237	12,772,100
<b>Other Financing Uses</b>								
5.010 Operating Transfers-Out	340,703	2,533,057	3,590,953	3,939,262	3,936,090	4,101,428	4,280,508	4,463,798
5.020 Advances-Out	32,000	10,000	0	0	0	0	0	0
5.030 All Other Financing Uses	2,306	0	0	0	0	0	0	0
5.040 Total Other Financing Uses	375,009	2,543,057	3,590,953	3,939,262	3,936,090	4,101,428	4,280,508	4,463,798
5.050 Total Expenditures and Other Financing Uses	15,338,124	15,063,314	15,443,525	15,692,293	15,542,885	16,183,622	16,625,745	17,235,898
<b>Excess of Rev &amp; Other Financing Sources over (under) Expenditures and Other Financing Uses</b>								
6.010 Cash Balance July 1 - Excl Proposed Renewal/								
Replacement and New Levies	3,045,978	3,277,490	3,711,328	4,307,600	4,446,704	4,543,724	4,068,556	3,462,536
7.020 Cash Balance June 30	3,277,490	3,711,328	4,307,600	4,446,704	4,543,724	4,068,556	3,462,536	2,499,091
8.010 Estimated Encumbrances June 30	284,047	156,492	40,469	40,000	40,000	40,000	40,000	40,000
9.080 Subtotal -- Reservation of Fund Balance	655,297	219,321	231,959	0	0	0	0	0
<b>10.010 Fund Balance for June 30 Appropriation Cert.</b>	<b>2,338,146</b>	<b>3,335,515</b>	<b>4,035,172</b>	<b>4,406,704</b>	<b>4,503,724</b>	<b>4,028,556</b>	<b>3,422,536</b>	<b>2,459,091</b>
<b>11.030 Cumulative Balance of Repl./Renewal Levies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balance June 30 for Certification								
12.011 of Contracts, Salary and Other Obligations	2,338,146	3,335,515	4,035,172	4,406,704	4,503,724	4,028,556	3,422,536	2,459,091
<b>13.030 Cumulative Balance of New Levies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>14.010 Revenue from Future State Advancements</b>								
<b>15.010 Unreserved Fund Balance June 30</b>	<b>2,338,146</b>	<b>3,335,515</b>	<b>4,035,172</b>	<b>4,406,704</b>	<b>4,503,724</b>	<b>4,028,556</b>	<b>3,422,536</b>	<b>2,459,091</b>

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See accompanying summary of significant forecast assumptions and accounting policies.

2012            2013            2014            2015            2016

Includes: General Fund, Emergency Levy Fund, DPIA Fund, Textbook Fund and any portion of the Debt Service Fund related to General Fund debt.