

**Fremont City School District  
Five Year Forecast  
Assumptions**

October 17, 2011

The Fremont City School District has seen very good things happening with finances over the past four years. The end of the 2011 fiscal year saw the fourth year for increasing ending balances. Prior to this, the district was receiving an advance in taxes to end the fiscal year each year since 2003. On August 18, 2008, the district was released from Fiscal Caution by the Ohio Department of Education. Currently, outside forces are having an impact on the district and on their finances. With the State legislation in flux, a new funding formula in development, the district, like many throughout the State, is at a crossroad with their finances. The current forecast is reflective of the unknowns in the State funding for school districts.

General and Personal Property Taxes:

All taxes received are based upon the assumption that the current rate of receipt as of 09/30/11 for outside millage will remain the same for the following years. The inside millage will increase with increasing valuation. Valuation will increase only by estimates given by the County Auditor for the reappraisal and lowering of estimates in the years not affected by reappraisal.

Personal Property Taxes are considered to be no longer available with HB 66. Monies received will be from delinquent payment in prior years.

Real Property Tax estimates throughout have been based upon Calendar Year 2011 collections coming in at 99.3% of county auditor estimates broken down to 54.07% and 45.93% collections per half.

Unrestricted Grants-in-Aid

Funding from the State has changed with the election of Governor Kasich. These monies, however, are based upon the September #2 Bridge report. The assumption of the district at this time is the district will be flat funded due to the State recreating a funding formula for school districts.

Restricted Grants-in-Aid

Restricted grants-in-aid amounts includes career tech monies. There is an assumption the Career Tech monies will be based upon the prior three year average.

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Property Tax Allocation

Property Tax Allocation is based upon Real Property Taxes collected. This represents the homestead and rollback portion of taxes. The collections are based upon 2011 fiscal year collections as compared to Real Property Taxes. The property tax allocation collections throughout are estimated to be 11.95% of real property using the prior years collection.

The Property Tax Allocation figure throughout the forecast was increased by the estimates from the Ohio Department of Education for Tangible Personal Property Tax Loss and Utility Deregulation. The Tangible Personal Property Tax Loss reimbursement is through HB 66. HB1 retained the payments of the Tangible Personal Property Tax Loss reimbursement through the next biennium budget. Governor Kasich's Budget reduces the Property Tax Loss Reimbursement over the biennium. The district is projecting the Tax Loss Reimbursement will be reduced over the life of the forecast.

All Other Revenue

This figure is based upon the current monies received from fees and contributions, rentals, tuition, interest earnings, etc. The assumption is rental of school district property to outside sources will continue to increase with the opening of the New Middle School facility. The District assumes interest earnings will increase based upon current rates being so poor and a new opportunity for investing, but the rise will be slight over the forecast. Also, we made the assumption all other miscellaneous revenue will increase or decrease depending upon the prior three year average.

Transfers and Advances-In

With the revisions on the Federal CCIP allowing districts to place their federal funds in the negative as long as they have a project cash request approved by the ODE before the end of the fiscal year we assume these advances will no longer be ongoing in future years.

Personal Services

The assumption for personnel services is that there will be a decrease in current staffing levels effecting the forecasted period. This assumption does take into account staff leaving through retirement, resignation, or non-renewal.

Staffing for fiscal year 2007 and 2008 was reduced in order to allow the district the possibility of being released from fiscal caution and keep the district financially stable. Reductions during the last fiscal year have created the current level of personnel in the district.

The assumption for salaries was there would be a COLA over the five year forecast and step increases based upon indexes of current union contracts.

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Benefits

The benefits are made up of the retirement, medicare, and worker's compensation as well as the health, dental, drug, and life insurances. The retirement, medicare, and workmen's compensation are based upon salary for each year. The District is assuming a cost increase in health, dental and life insurance of 3%, 3%, 3% and 4% for each year over the remainder of the forecast.

Workmens compensation is assumed to remain constant over the life of the forecast with the current rate being 1.0%.

Purchased Services

The purchased service assumption is based upon a breakdown of tuition and other services. We assume the utility and other services will increase at a rate of 4%. Gas increases are based upon information given from our Consortium for the current year. Electricity is assumed to increase over the forecast at a 4% rate. Tuition is based upon an increase from the previous year and Community School payments are based upon estimated student numbers and estimated State Funding as of September #2 Bridge. The forecast assumes the reduction of payments to the ESC will remain over the life of the forecast.

Supplies and Materials

The district is assuming purchases of textbooks and materials for the life of the forecast. This accounts for nearly one-third of all supply purchases. However, supplies will be reduced beginning in the 11-12 fiscal year to allow for savings throughout the forecast.

Capital Outlay

The district purchased buses during the current fiscal year. The district is assuming a decrease of other capital in the next fiscal year with this decrease to be held in the following years. Also, we assume an increase of 3% over the final two years of the forecast.

Other Objects

This figure is made up of auditor/treasurer fees, state audit fees, miscellaneous dues and fees, insurance liability coverage, and awards and prizes. The assumption for the district is these fees will increase over the remainder of the forecast..

Transfers Out

The district anticipates transferring monies into the fee accounts to cover costs associated with medicare waivers and free lunch waivers mandated by House Bill 1. These costs will be reviewed on a yearly basis.

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Reservation of Fund Balances

The district has received money for bus purchases that must be reserved. With House Bill 1, the State will no longer be funding bus purchasing. The State has steadily reduced funding for buses over the past four years and as one can plainly see by the amount of money in this reserve fund, the money coming from the State for this purpose was lacking as compared to the true cost of a school bus. The district has purchase buses within the fiscal year, hence the reason for the reduction in these reserves.

Projection of October & February Count

The assumption of the district is the steady increase over the years of the forecast with the anticipation of the opening of the district's new middle school.

State Fiscal Stabilization Fund

The district has used the final amount paying encumbrances for utilities during the current fiscal year.

Finally

This Five-year Forecast is a look at the district at a moment in time. These figures will change as Local, State and Federal changes in the economy, legislation and funding becomes known. I wish to make three points about the forecast:

1. The district has been very conservative with its total expenditures for the last four years. The forecast is a result of estimated decreases in revenues as the district continues its efforts to be conservative with its costs. The district was released from fiscal caution on August 18, 2008 due to being diligent with costs. These are items the district can control.

2. The Fremont City School District is looking at a loss of would be an estimated loss of \$1.22 million this fiscal year and an additional \$.695 million the following year in State funding due to State reductions. The forecast is showing the senerio as proposed by the State. We are basing the State funding throughout the forecast on the assumption that the State will continue to fund the district at the current estimate.

3. The forecast does not reflect any money from the American Reinvestment and Recovery Act (ARRA) funding purchased services. These were separate funds from the forecast that no longer are available to school districts. Also, the forecast does not include any monies relating to property tax abatements.