

Manchester Local Schools

Adams County

Schedule of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Years Ended June 30, 2010, 2011 and 2012 Actual; Forecasted Fiscal Years Ending June 30, 2013 Through 2017

	Actual				Forecasted				
	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Average Change	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Revenues									
1.010 General Property Tax (Real Estate)	\$2,079,410	\$2,090,977	\$2,093,345	0.3%	\$2,109,314	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000
1.020 Tangible Personal Property Tax	4,363,093	4,622,290	4,991,889	7.0%	4,535,980	4,600,000	4,600,000	4,600,000	4,600,000
1.030 Income Tax									
1.035 Unrestricted State Grants-in-Aid	1,724,321	1,467,193	1,626,529	-2.0%	1,529,529	1,530,000	1,530,000	1,530,000	1,530,000
1.040 Restricted State Grants-in-Aid	7,518	661		-95.6%					
1.045 Restricted Federal Grants-in-Aid - SFSF	108,303	177,651	42,743	-4.4%					
1.050 Property Tax Allocation	4,408,587	3,158,229	2,268,553	-28.2%	2,636,772	2,386,780	2,136,780	1,886,780	1,636,780
1.060 All Other Revenues	589,472	617,966	682,645	7.7%	602,132	601,000	601,000	601,000	601,000
1.070 Total Revenues	13,276,704	12,134,967	11,705,704	-6.1%	11,413,727	11,217,780	10,967,780	10,717,780	10,467,780
Other Financing Sources									
2.010 Proceeds from Sale of Notes		175,610							
2.020 State Emergency Loans and Advancements (Approved)									
2.040 Operating Transfers-In			2,897						
2.050 Advances-In		89,875	10,371						
2.060 All Other Financing Sources	9,709	8,952	1,677	-44.5%	1,677				
2.070 Total Other Financing Sources	9,709	274,437	14,945	1316.0%	1,677				
2.080 Total Revenues and Other Financing Sources	13,286,413	12,409,404	11,720,649	-6.1%	11,415,404	11,217,780	10,967,780	10,717,780	10,467,780
Expenditures									
3.010 Employee Services	4,780,205	4,921,987	4,420,788	-3.6%	4,621,572	4,667,788	4,714,465	4,761,611	4,809,228
3.020 Employees' Retirement/Insurance Benefits	2,048,308	2,210,641	1,951,295	-1.9%	2,037,671	2,163,598	2,301,321	2,452,039	2,617,037
3.030 Purchased Services	1,954,179	2,082,607	2,151,768	4.9%	2,241,028	2,308,259	2,377,506	2,448,832	2,522,297
3.040 Supplies and Materials	410,018	314,663	220,520	-26.6%	324,094	333,817	343,831	354,156	364,771
3.050 Capital Outlay	290,108	440,626	93,537	-13.4%	279,702	40,000	130,000	40,000	40,000
3.060 Intergovernmental									
Debt Service:									
4.010 Principal-All (Historical Only)									
4.020 Principal-Notes									
4.030 Principal-State Loans									
4.040 Principal-State Advancements									
4.050 Principal-HB 264 Loans	82,404	83,276	10,000	-43.5%	25,000	30,000	30,000	30,000	30,000
4.055 Principal-Other	1,618,939	1,563,409	1,487,212	-4.2%	34,346	35,794	37,302		
4.060 Interest and Fiscal Charges	204,085	128,095	79,187	-37.7%	24,421	21,804	19,021	16,575	15,300
4.300 Other Objects	297,073	315,311	347,909	8.2%	373,432	384,635	399,173	408,058	420,301
4.500 Total Expenditures	11,685,317	12,060,615	10,762,214	-3.6%	9,961,266	9,985,695	10,349,619	10,511,271	10,818,932
Other Financing Uses									
5.010 Operating Transfers-Out	1,299,000	19,000	102,897	171.5%	1,029,555	277,000	277,000	277,000	277,000
5.020 Advances-Out	89,875	10,371		-94.2%					
5.030 All Other Financing Uses									
5.040 Total Other Financing Uses	1,388,875	29,371	102,897	76.2%	1,029,555	277,000	277,000	277,000	277,000
5.050 Total Expenditures and Other Financing Uses	13,074,192	12,089,986	10,865,111	-8.8%	10,990,821	10,262,695	10,626,619	10,788,271	11,095,932
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	212,221	319,418	855,538	109.2%	424,583	955,085	341,161	70,491	628,152
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	2,984,900	3,197,121	3,516,539	8.6%	4,372,077	4,796,660	5,751,745	6,092,906	6,022,415
7.020 Cash Balance June 30	3,197,121	3,516,539	4,372,077	17.2%	4,796,660	5,751,745	6,092,906	6,022,415	5,394,263
8.010 Estimated Encumbrances June 30	138,133	55,149	125,584	33.8%	120,000	120,000	120,000	120,000	120,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials									
9.020 Capital Improvements									
9.030 Budget Reserve									
9.040 DPIA									
9.045 Fiscal Stabilization									
9.050 Debt Service									
9.060 Property Tax Advancements									
9.070 Bus Purchases									
9.080 Subtotal									
10.010 Fund Balance June 30 for Certification of Appropriations	3,058,988	3,461,390	4,246,493	17.9%	4,676,660	5,631,745	5,972,906	5,902,415	5,274,263
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal									
11.020 Property Tax - Renewal or Replacement									
11.300 Cumulative Balance of Replacement/Renewal Levies									
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	3,058,988	3,461,390	4,246,493	17.9%	4,676,660	5,631,745	5,972,906	5,902,415	5,274,263
Revenue from New Levies									
13.010 Income Tax - New									
13.020 Property Tax - New									
13.030 Cumulative Balance of New Levies									
14.010 Revenue from Future State Advancements									
15.010 Unreserved Fund Balance June 30	3,058,988	3,461,390	4,246,493	17.9%	4,676,660	5,631,745	5,972,906	5,902,415	5,274,263
ADM Forecasts									
20.010 Kindergarten - October Count	72	66	67	-3.4%	71	70	70	70	70
20.015 Grades 1-12 - October Count	806	800	837	1.9%	856	860	860	860	860
State Fiscal Stabilization Funds									
21.010 Personal Services SFSF	69,274	124,596	40,524	6.2%					
21.020 Employees Retirement/Insurance Benefits SFSF	31,532	18,695	5,115	-56.7%					
21.030 Purchased Services SFSF	5,497	26,703	2,897	148.3%					
21.040 Supplies and Materials SFSF									
21.050 Capital Outlay SFSF									
21.060 Total Expenditures - SFSF	108,303	169,994	48,536	-5.8%					

See accompanying summary of significant forecast assumptions and accounting policies

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

Adopted 9/12/12

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

Note 1 – The School District

The Manchester Local School District was organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. The District was created by the South Central Ohio Educational Service Center on January 13, 2004. Formerly, the Manchester Local School District territory was a part of Adams County/Ohio Valley School District. The State Department of Education granted the District a school district charter on April 13, 2004 and the district started daily operations on July 1, 2004.

The legislative power of the School District is vested in the Board of Education, consisting of five members that are elected for four year terms. The School District provides educational services as authorized by state and/or local guidelines. The School District currently operates 2 instructional/support facilities staffed by 68 licensed employees and 33 classified employees who provide services to 940 preschool through 12th grade students and other community members.

Note 2 – Nature of the Forecast

This financial forecast presents, to the best of the Manchester Local School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of September 12, 2012, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

Note 3 – Nature of the Presentation

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund.

Note 4 – Summary of Significant Accounting Policies

A. – Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP). Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

commitments for the expenditure of monies to be recorded as the equivalent of expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

B. – Fund Accounting

The School District maintains its accounting in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds.

The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

C. – Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

Budget – The budget is prepared in December each year for the ensuing fiscal year. A budget hearing is held in January with the Board of Education approving the budget in January. Upon approval the budget is submitted to the Adams County Auditor, as secretary of the County Budget Commission.

Estimated Resources – The County Budget Commission certifies its actions to the School District. As part of this certification, the School District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certification is amended to include the unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations – A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted in September for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

Encumbrances – The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

Note 5 – General Operating Assumptions

The Manchester Local School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

Note 6 – Significant Assumptions for Revenues and Other Financing Sources

A. - General and Tangible Personal Property Taxes (1.010 & 1.020)

Property taxes consist of real estate, public utility real and personal property, manufactured home, and tangible personal property taxes. Advances may be requested from the Adams County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, elections expenses, and other fees are made at these settlement times.

The property tax revenues for the general fund are generated from inside millage of 3.80 and two operating levies. The type of levies, the year approved, and the full tax rate are as follows:

<u>Type</u>	<u>Approved</u>	<u>Full Tax Rate</u>
Continuing	1969	17.00 mills
Continuing	1998	5.70 mills

The District's 2011 assessed property valuation and current expense effective millage per classification:

<u>Class</u>	<u>Value</u>	<u>Effective Millage</u>	<u>Percentage</u>
Ag/Residential	\$45,910,880	20.0000	16%
Other Real Estate	57,261,420	23.3123	20%
PP/PU	185,097,430	26.5000	64%
	\$288,269,730		

The School District has a levy for bonded debt totaling \$3.75 per \$1,000 of assessed valuation used for the payment of bonds issued for the construction of school facilities (high school). In February, 2012, the eligible 1995 bonds were called in and re-issued in Manchester Local's name saving the Manchester taxpayers \$885,000. The 2012 bond issue was for \$7,919,936. The 1995 bonds that remain outstanding are in the name of Adams County/Ohio Valley School District. Manchester Local is responsible for 45.78% (\$3,948,525) of the outstanding \$8,625,000 bond debt that was not eligible for recalled.

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to authorized voted levies so that each levy yields the same amount of property taxes as in the year in which the levy was approved; however, increases in assessed valuation caused by new construction will increase the revenue generated by the levies. Reduction factors are computed annually and applied separately for residential and agricultural property, and commercial and industrial property. State statute also prevents the reduction factors from reducing the general fund effective rate below \$20.00 per \$1,000 of assessed valuation. Manchester Local School District's effective residential and agricultural rate is \$20.00 per \$1,000 of assessed valuation. Therefore, any increase in assessed valuation will increase property tax revenues.

General Property Tax (Real Estate) – General property tax revenue includes real estate taxes, public utility property taxes, and manufactured home taxes. Fiscal year 2013 general property tax revenue estimates are based upon the assessed valuation provided by the Adams County Auditor. A 13% delinquency rate has been estimated on general property tax. No tax collection increase is estimated due to the tax collection history showing inconsistent growth. The District has two power plants located within its boundaries. The assessed real property valuation of the power plants is \$57,261,420.

Tangible Personal Property Tax – Tangible personal property tax is applied to property used in business. Fiscal year 2013 tangible public utility personal property tax revenue estimates are based upon the assessed valuation provided by the Adams County Auditor. *The assessed valuation decreased \$6,675,020 between tax years 2009 and 2010 due to decreased property values caused by Duke Energy's tax appeal. This has resulted in a 3.47% tax year revenue decrease of \$176,888. Our estimates are based upon present tax collections. If Duke Energy is successful in their tax appeal it is very possible DP&L and AEP will also claim the same tax exemptions potentially decreasing their personal property tax liability by 40%. This could potentially mean that we would loss \$1,965,500 annually in tax revenue.* The present assessed tangible public utility personal property valuation of the power plants is \$185,097,430.

HB 153 eliminated the business tangible personal property tax in fiscal year 2012.

	2013	2014	2015	2016	2017
General Property Taxes	\$2,109,314	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000
Tangible Personal Property Taxes	\$4,535,980	\$4,600,000	\$4,600,000	\$4,600,000	\$4,600,000
Total Local Taxes	\$6,645,294	\$6,700,000	\$6,700,000	\$6,700,000	\$6,700,000

B. – Unrestricted Grants-in-Aid (1.035)

The Budget bill HB 153, created a bridge foundation funding based upon the state funding received last year minus the federal stimulus funding. We presently do not have a state funding formula. The Governor's office is working on a formula that may be presented in 2013. The forecast estimates funding at current levels as estimated by the Bridge worksheet.

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

	2013	2014	2015	2016	2017
Bridge Foundation	\$1,503,903	\$1,504,000	\$1,504,000	\$1,504,000	\$1,504,000
Miscellaneous State	\$ 25,626	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000
Total Unrestricted Grants-In-Aid	\$1,529,529	\$1,530,000	\$1,530,000	\$1,530,000	\$1,530,000

C. – Restricted Grants-in-Aid (1.040) & (1.045)

The district received ARRA funding in fiscal years 2010, 2011 and 2012. We do not anticipate any additional funds in fiscal year 2013.

D. – Property Tax Allocation (1.050)

State law grants tax relief in the form of a ten percent reduction in real property tax. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. House Bill 119 has increased the number of homeowners eligible for the homestead exemption in 2008. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs.

As a result of the adoption of O.R.C. 5727.84, the assessed value of the tangible personal property of the two electric generating plants was reduced to an assessed valuation of 24%. To make up for the loss in tax revenue, the district receives fixed-rate electric utility deregulation funds from a kilowatt-hour tax on electricity. This payment schedule has been modified through HB 530, HB 119, HB 1 and HB 153. In fiscal year 2011, the electric deregulation funding was decreased by 30%. The state also decided to also go back into fiscal year 2010 and make an additional 15% decrease (\$625,000) and this repayment was taken out of the March, 2012 deregulation payment. In fiscal years 2012 and 2013, the payments have been decreased \$250,401 each year by HB 153. Fiscal years 2014 through 2017 assumes a possible continuation of the loss in electric deregulation funding.

	2013	2014	2015	2016	2017
Rollback 10%/2.5%	\$ 99,481	\$ 99,500	\$ 99,500	\$ 99,500	\$ 99,500
Homestead Exemption	\$ 60,011	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Electric Deregulation	\$2,477,280	\$2,227,280	\$1,977,280	\$1,727,280	\$1,477,280
Total Property Tax Allocation	\$2,636,772	\$2,386,780	\$2,136,780	\$1,886,780	\$1,636,780

E. – All Other Revenues (1.060)

All other revenues include tuition, open enrollment, earnings on investments and miscellaneous receipts from local sources.

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

	2013	2014	2015	2016	2017
Interest Income	\$ 24,483	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Open Enrollment/Tuition	\$501,570	\$500,000	\$500,000	\$500,000	\$500,000
Fines/Miscellaneous	\$ 26,837	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
E-Rate & Medicaid	\$ 49,242	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total All Other Revenues	\$602,132	\$601,000	\$601,000	\$601,000	\$601,000

F. – All Other Financing Sources (2.06)

The district is planning to sell obsolete equipment this year (\$1,677).

Note 6. – Significant Assumptions for Expenditures and Other Financing Uses

A. – Personal Services (3.010)

Personal service expenditures represent the salaries and wages paid to teachers, classified staff, administrative staff, coaches/advisors, substitutes, and board members. In addition to regular salaries, it includes payment for supplemental contracts, substitutes and overtime. All employees receive their compensation on a semi-monthly basis. Teachers are represented under Manchester Ohio River Educators Ohio Education Association. The teachers' union (MORE) has signed a two year contract with the Board of Education. Classified staff are represented under Ohio Association of Public School Employees #343. The classified union (OAPSE) has signed a one year contract with the Board of Education and rolled the contract over for fiscal year 2013.

Fiscal year 2013 is the cost of the current positions, a one percent increase has been figured for the fiscal years 2014 through 2017 to cover salary schedule step increases. In fiscal year 2013, the district has added the following: a vocational teacher position went from part-time to full-time, one full-time teacher for one-fourth of a year due to a retirement, four part-time tutors, two after-school tutors and one instructional aide.

	2013	2014	2015	2016	2017
Salaries - Licensed	\$3,299,617	\$3,332,613	\$3,365,939	\$3,399,599	\$3,433,595
Salaries - Classified	\$ 830,038	\$ 838,338	\$ 846,722	\$ 855,189	\$ 863,741
Supplementals	\$ 226,733	\$ 229,000	\$ 231,290	\$ 233,603	\$ 235,939
Substitutes	\$ 166,038	\$ 167,698	\$ 169,375	\$ 171,069	\$ 172,780
Overtime	\$ 14,044	\$ 14,184	\$ 14,326	\$ 14,470	\$ 14,614
Miscellaneous	\$ 85,102	\$ 85,955	\$ 86,813	\$ 87,681	\$ 88,557
Total Employee Service	\$4,621,572	\$4,667,788	\$4,714,465	\$4,761,611	\$4,809,226

B. – Employees' Retirement/Insurance Benefits (3.020)

Employees' retirement and insurance benefits include employer contributions to the State pension systems (STRS & SERS), Medicare, Workers' Compensation; and life, medical, dental, and vision benefits.

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

Retirement costs are based on the employer's contribution rate of fourteen percent (14%) of salaries for STRS and SERS members, and the SERS surcharge one and five tenths percent (1.5%). STRS payments are made based upon estimated salaries for each fiscal year. Adjustments resulting from over/under estimates are prorated over the next calendar year. SERS is paid at fourteen percent (14%) of actual salaries and wages each month. Employee retirement increases are estimated in relation to the 1% salary and wage increases.

Workers' compensation premiums are based on the School District's estimated premium rate (.5562 cents per \$100) and the anticipated salaries for fiscal year 2013. Medicare benefits are based on the employer's rate of one and forty-five hundredths percent (1.45%) of the payroll costs for contributing staff.

The School District provides life, medical, dental, vision benefits including prescription benefits to all of its full-time employees. Life, medical, dental and vision benefits costs are based on the coverage terms of the existing health insurance contract, the anticipated number of employees participating in the program, and the anticipated monthly premiums. The premiums per employee for medical benefits decreased by 12.5% in fiscal year 2012 due to a change in the insurance plan and carrier. A 6.4% percent increase has been budgeted for fiscal year 2013 and ten percent (10%) increase for fiscal years 2014 through 2017 for health insurance.

	2013	2014	2015	2016	2017
STRS	\$ 592,234	\$598,165	\$604,138	\$610,179	\$616,281
SERS	\$ 160,792	\$162,400	\$164,024	\$165,664	\$167,321
Medicare	\$ 55,492	\$ 56,047	\$ 56,607	\$ 57,173	\$ 57,745
Workers Compensation	\$ 24,840	\$ 25,088	\$ 25,339	\$ 25,593	\$ 25,849
Unemployment	\$ 11,480	\$ 11,595	\$ 11,711	\$ 11,828	\$ 11,946
Health Insurance	\$1,172,686	\$1,289,955	\$1,418,950	\$1,560,845	\$1,716,930
Uniforms/Meals/Tuition	\$ 20,147	\$ 20,348	\$ 20,552	\$ 20,757	\$ 20,965
Total Retirement/Insurances	\$2,037,671	\$2,163,598	\$2,301,321	\$2,452,039	\$2,617,037

C. – Purchased Services (3.030)

Presented below are the forecasted purchased service expenditures for fiscal years 2013 through 2017. Annual increases of three percent in fiscal years 2013 through 2017 are projected. *On October 12, 2010, the State Board of Education approved a joint vocational plan for Adams County, but presently there is no state funding available for its operation.*

	2013	2014	2015	2016	2017
Professional Services	\$394,195	\$406,021	\$418,201	\$430,748	\$443,670
Copier Rental	\$ 48,587	\$ 50,045	\$ 51,546	\$ 53,092	\$ 54,685
Meeting/Travel Expenses	\$ 33,014	\$ 34,004	\$ 35,025	\$ 36,075	\$ 37,158
Communications	\$ 90,877	\$ 93,603	\$ 96,411	\$ 99,304	\$102,283
Utilities/Insurances	\$287,357	\$295,978	\$304,857	\$314,003	\$323,423
Tuition	\$1,386,998	\$1,428,608	\$1,471,466	\$1,515,610	\$1,561,078
Total Purchase Services	\$2,241,028	\$2,308,259	\$2,377,506	\$2,448,832	\$2,522,297

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

D. – Supplies and Materials (3.040)

Presented below are the forecasted supplies/materials expenditures for fiscal years 2013 through 2017. Annual increases of three percent are projected.

	2013	2014	2015	2016	2017
Teaching Supplies	\$135,386	\$139,448	\$143,631	\$147,940	\$152,378
Office Supplies	\$ 11,008	\$ 11,338	\$ 11,678	\$ 12,029	\$ 12,390
Operation/Maintenance	\$ 53,137	\$ 54,731	\$ 56,373	\$ 58,064	\$ 59,806
Transportation	\$105,388	\$108,550	\$111,806	\$115,160	\$118,615
Athletics	\$ 19,175	\$ 19,750	\$ 20,343	\$ 20,963	\$ 21,582
Total Supplies & Materials	\$324,094	\$333,817	\$343,831	\$354,156	\$364,771

E. – Capital Outlay (3.050)

Property, plant and equipment acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these general fixed assets as the purpose of the financial statements for the general government services is to report the expenditure of resources, not costs. The School District anticipates expending the following for fiscal years 2013 through 2017:

	2013	2014	2015	2016	2017
Building/Land	\$ 33,106	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Equipment	\$ 66,596	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
School Buses	\$180,000		\$ 90,000		
Total Capital Outlay	\$279,702	\$40,000	\$130,000	\$ 40,000	\$40,000

F. – Debt Service (4.050/4.055/4.060)

In October, 2010, the Board entered into a five year lease agreement with Fifth Third Bank to purchase two new school buses.

In June, 2011, the Board sold HB 264 energy savings notes spanning over the next 15 years to First State Bank to complete an Ohio School Facilities Commission energy savings renovation project for the high school/elementary. The cost of the project is \$536,839. Repayment will be made from pledged inside tax revenues.

The yearly General Fund obligations for these debts are shown on lines 4.050, 4.055 and 4.060.

	2013	2014	2015	2016	2017
School Bus Lease	\$38,473	\$38,473	\$38,473		
HB 264 Notes	\$45,294	\$49,125	\$47,850	\$46,575	\$45,300
Total Debt Service	\$83,767	\$87,598	\$86,323	\$46,575	\$45,300

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

G. – Other Objects (4.300)

This line item includes dues, miscellaneous fees, collection fees, audit costs, other miscellaneous goods and services not otherwise classified in another account. A three percent (3%) increase is figured for dues/fees/audits and educational service center.

	2013	2014	2015	2016	2017
Dues/Fees/Audits	\$ 54,655	\$ 56,295	\$ 57,983	\$ 59,723	\$ 61,515
Property Tax Collection Fees	\$259,347	\$267,127	\$275,141	\$283,395	\$291,897
Educational Service Center	\$ 46,831	\$ 48,236	\$ 49,683	\$ 51,173	\$ 52,709
Insurances	\$ 12,599	\$ 12,977	\$ 13,366	\$ 13,767	\$ 14,180
Total Other Objects	\$373,432	\$384,635	\$396,173	\$408,058	\$420,301

H. – Interfund Transactions (5.010)

The School District anticipates the following transfers:

	2013	2014	2015	2016	2017
Severance Pay	\$282,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Capital Set-a-Side	\$141,452	\$142,000	\$142,000	\$142,000	\$142,000
Maintenance/New Equipment	\$500,000				
Miscellaneous	\$106,103	\$100,000	\$100,000	\$100,000	\$100,000
Total Interfund Transactions	\$1,029,555	\$277,000	\$277,000	\$277,000	\$277,000

The School District has a projected compensated absences liability of \$532,000. The transfers will go to the termination benefits fund to cover this liability, \$141,452 will go to the permanent improvement fund to meet the capital improvement set-a-side, \$500,000 will go to permanent improvement for maintenance/equipment and \$106,103 will be held for unknown/unexpected expenditures.

Note 7 – Encumbrances (8.010)

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of expenditures at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio Revised Code. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund balance.

Encumbrances for purchased services, supplies and materials, capital outlay, and other objects expenditures are forecasted at \$120,000 for each of the forecasted years.

Note 8 – Cash Balance June 30th (7.020)

The district maintains at least a 120 days cash balance to meet all of its financial obligations (approximately \$3,200,000) due to the timing of the revenue payments. Tax Advances are paid

Manchester Local School District – Adams County
September 12, 2012
Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ended June 30, 2013 through 2017

in March and July, which results in seven months between tax payments which is the main revenue source of the school district.

Note 9 – Reservations of Fund Balance (9.010-9.070)

The School District is required by State statute to annually set aside in the general fund three percent of the product of the ADM multiplied by basic state aid for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in the future years.

A. – Textbooks and Instructional Materials (9.019)

This set-a-side was abolished in fiscal year 2011.

B. – Capital Acquisition and Improvements (9.020)

The School District is required to spend or set-a-side \$141,452 each year for capital acquisitions and improvements. This set-a-side has been placed in the permanent improvement fund.

C. – Bus Purchase Reserve (9.070)

There is no reserve.

Note 10 – Levies (11.010, 11.020, 13.010, 13.020)

The School District at this time is not planning on running any type of levy. Any future decision to run a levy will be based upon the future operating and permanent improvement needs of the district.

Note 11 – Pending Litigation

The School District has no pending litigation at this time.