



## Discussion of Budgets

---

### Comments on

### **Fiscal Year 2012**

This is the first year in the last six that we anticipate a negative contribution to our reserve. While this is part of the natural process of school finance the loss of ARRA monies, Tangible Personal Property Tax Reimbursement reduction and lower State Foundation payment has resulted in just over a **one point one million dollar** decline in revenue from 2011. Without that revenue decline we would have been near breakeven for this year.

#### REVENUES

*Total revenues for FY 12 are expected to be just over \$1,100,000 less than last year*

This is due to four factors:

- *State Foundation payments are based on a new bridge formula. This distributed monies are being based on District wealth rather than a formula based on per pupil or other activity. Huron is considered a wealthy district.*
- *ARRA stimulus is done and no monies will be received.*
- *No tangible personal property taxes are expected to be collected*
- *The most significant, however, is the phase out of the Tangible Personal Property Tax (TPP) reimbursement payment. The TPP was eliminated in the early 1990's. This was a local tax, locally approved and 100% used to support local schools and communities. The Commercial Activity Tax (CAT) was to be used to reimburse local entities for the loss of TPP. The State has decided to divert those monies away from local entities and to the State Budget.*

We expect a small increase in Real Property taxes but the first collection in August was lower than last year at this time.

Other Income is expected to be down slightly this year. However, Open Enrollment may be better than budgeted so this category could be slightly better than budgeted.

## EXPENSES

*General Fund expenses are expected to increase by more than \$600,000 dollars or 4%.*

Salaries and Wages will increase by \$222,000 or 2.7%. The District reduced two non-teaching staff and one teacher in this budget cycle. This was done by attrition. In addition, the District received grant funds to cover the cost of the psychologist and special needs director.

Benefits will be up by \$318,000 or almost 10%. Part is due from increased salaries requiring increased contributions for retirement.. Medical Insurance, however, is the major reason for the increase. Insurance costs jumped 11% for this year.

Purchased Services are expected to rise slightly, just over 2%. We will continue to benefit in FY 12 from the energy conservation measures taken over the last few years including a full year of wind turbine operation.

Supplies will also grow slightly, about 2.3%.

Capital Outlay is expected to be at \$30,000 with the majority of capital expenditures to come from the PI Fund. The reason for the reduction is the District elected to complete its Smart Board program. All teachers now have these boards and have been trained to use them. The \$20,000 has been moved to debt repayment since these 38 boards are being leased.

Repayment of Debt will rise to its highest levels then will begin to decline. This is related to our energy projects and Smart Boards.

Other expenditures are also up slightly.

As always expenditures are very vulnerable to change. Special Needs costs are highly dependent on new enrollments that can require additional aides or other costs. So far, we needed to add an additional Special Needs teacher. Likewise enrollment numbers can vary and require additional teachers. Presently, we have one grade level very near its maximum levels before a teacher needs added. An additional teacher was needed at the High School due to an “enrollment bubble” in the freshman class.

### Cash Flow

Cash flow from all funds is expected to decline due to lower revenues. However, we expect them to still be in a very strong position.

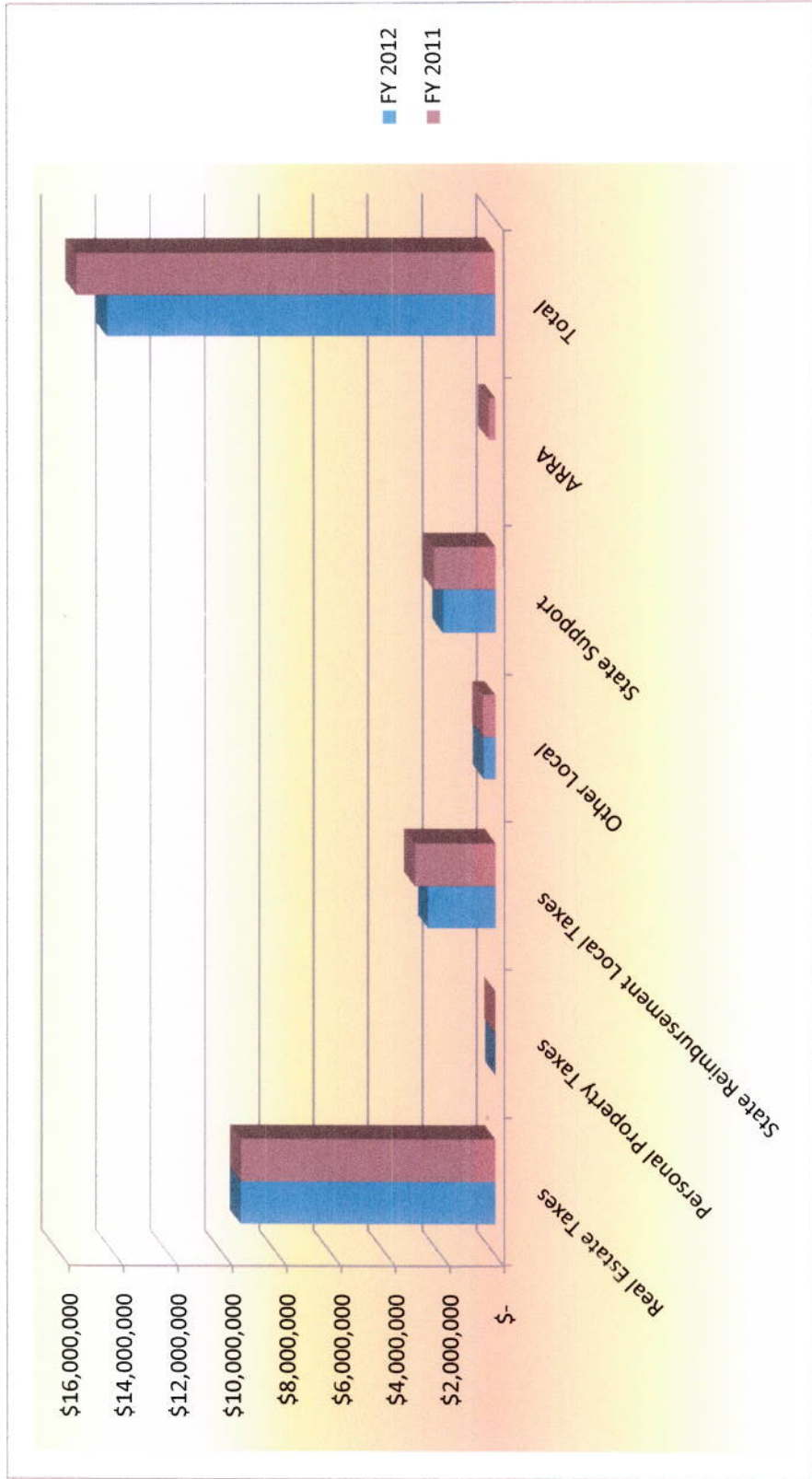
### Overall

*As stated above we expect to run a large deficit in the General Fund and begin drawing on our reserves. While this is not favorable it is the normal process which school districts are required to use because of Ohio's funding system. Again, had the State not taken the TPP reimbursement monies, which were local tax monies, we would have been near breakeven.*

**Huron City School District**  
**FY 2012 Budget Compared to FY 2011 Actual Performance**

	Budget FY 2012	Actual FY 2011	Dollar Change	Percent Change
Beginning Cash Balance	7,776,369	7,438,261	338,108	4.546%
<b>Revenues</b>				
<b>From Local Sources</b>				
Real Estate Taxes	9,400,000	9,383,283	16,717	0.178%
Personal Property Taxes	-	28,754	(28,754)	-100.000%
Proceeds-Sale of Notes		-		
Other	450,000	470,996	(20,996)	-4.458%
<b>From State Sources</b>				
State Support	1,954,632	2,291,616	(336,984)	-14.705%
State Reimbursement of Local Taxes*	2,492,514	2,991,272	(498,758)	-16.674%
<b>Other Financing Sources</b>				
Sale of Notes		-		
Emergency Fund		-		
Other (ARRA)	-	247,012	(247,012)	
<b>Total Revenues</b>	<b>14,297,146</b>	<b>15,412,933</b>	<b>(1,115,787)</b>	<b>-7.239%</b>
Non-Operating	109,550	109,507		
<b>Total Revenues plus Beginning Cash</b>	<b>22,183,065</b>	<b>22,960,701</b>	<b>(777,636)</b>	<b>-3.387%</b>
<b>Expenditures</b>				
Salaries and Wages	8,340,659	8,118,610	222,049	2.735%
Fringe Benefits	3,599,431	3,281,209	318,222	9.698%
Purchased Services	2,000,000	1,959,968	40,032	2.042%
Materials, Supplies, Texts	575,000	561,689	13,311	2.370%
Capital Outlay	30,000	46,490	(16,490)	-35.470%
Repayment of Debt	230,000	210,791	19,209	9.113%
Interest Expense	92,500	86,943	5,557	6.392%
Other	792,500	766,563	25,937	3.384%
<b>Total Expenditures</b>	<b>15,660,090</b>	<b>15,032,263</b>	<b>627,827</b>	<b>4.177%</b>
Non-Operating	20,000	152,070		
<b>Current Year Contribution (Loss)</b>	<b>(1,273,394)</b>	<b>338,107</b>	<b>(1,611,501)</b>	<b>-476.625%</b>
<b>Ending Cash Balance</b>	<b>6,502,975</b>	<b>7,776,368</b>	<b>(1,273,393)</b>	<b>-16.375%</b>
Reserve for Contingencies	1,000,000	1,000,000		
<b>Cash Balance After Reserve</b>	<b>5,502,975</b>	<b>6,776,368</b>		

# Revenue Changes FY 12 Budget to FY 11 Actual



# FY 12 Revenue Sources

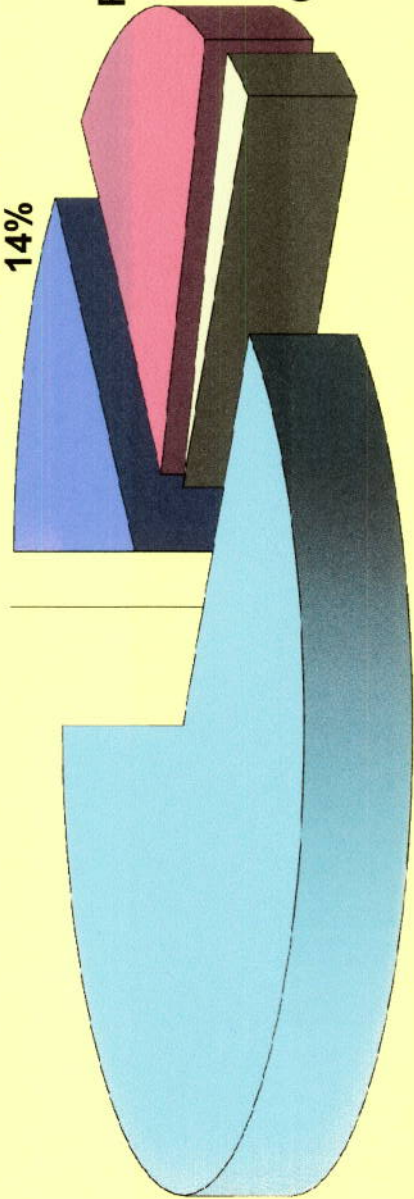
Pers Prop Taxes  
0%

Foundation  
14%

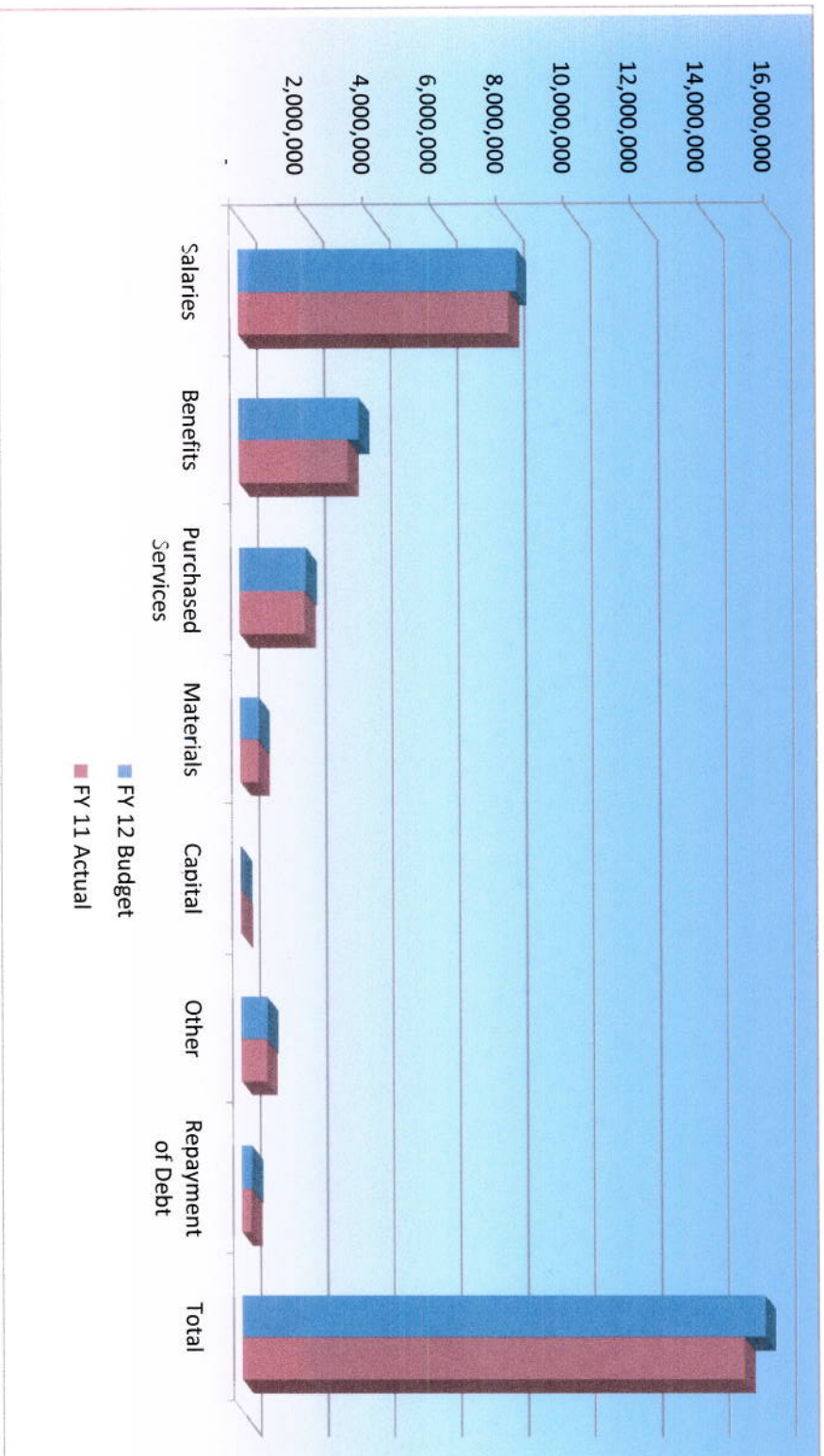
State Reimbursement  
Local Taxes  
17%

Other  
3%

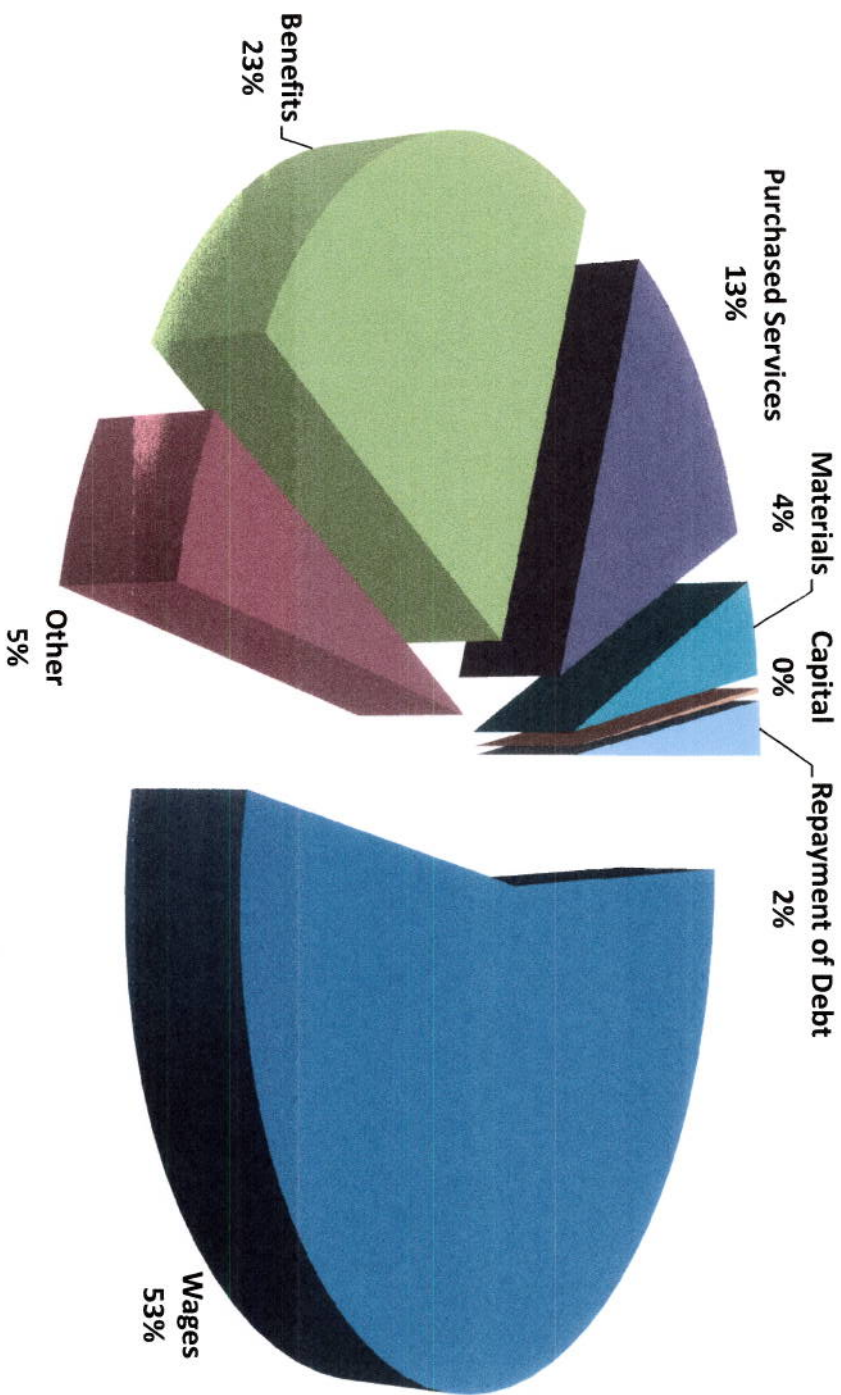
Real Estate Taxes  
66%



# Expenditures FY 12 Budget Compared to FY 11 Actual



# Expenditure Distribution FY 12 Budget



**Huron City School District**  
**FY 2012 Budget Compared to May 5 Year Forecast**

	<b>Budget FY 2012</b>	<b>May 2011 5 Yr Forecast</b>	<b>Dollar Change</b>	<b>Percent Change</b>
<b>Beginning Cash Balance</b>	7,776,369	7,840,318	(63,949)	-0.816%
<b>Revenues</b>				
<b>From Local Sources</b>				
Real Estate Taxes	9,400,000	9,477,118	(77,118)	-0.814%
Personal Property Taxes	-	-	-	
Proceeds-Sale of Notes				
Other	450,000	399,730	50,270	12.576%
<b>From State Sources</b>				
State Support	1,954,632	1,990,462	(35,830)	-1.800%
State Reimbursement of Local Taxes*	2,492,514	2,492,063	451	0.018%
			-	
<b>Other Financing Sources</b>				
Sale of Notes		-		
Emergency Fund		-		
Other	-	-		
<b>Total Revenues</b>	<b>14,297,146</b>	<b>14,359,373</b>	<b>(62,227)</b>	<b>-0.433%</b>
Non-Operating	109,550	20,000		
<b>Total Revenues plus Beginning Cash</b>	<b>22,183,065</b>	<b>22,219,691</b>	<b>(36,626)</b>	<b>-0.165%</b>
<b>Expenditures</b>				
Salaries and Wages	8,340,659	8,159,442	181,217	2.221%
Fringe Benefits	3,599,431	3,302,455	296,976	8.993%
Purchased Services	2,000,000	1,855,381	144,619	7.795%
Materials, Supplies, Texts	575,000	712,100	(137,100)	-19.253%
Capital Outlay	30,000	50,000	(20,000)	-40.000%
Repayment of Debt	230,000	200,000	30,000	15.000%
Interest Expense	92,500	93,946	(1,446)	-1.539%
Other	792,500	923,125	(130,625)	-14.150%
<b>Total Expenditures</b>	<b>15,660,090</b>	<b>15,296,449</b>	<b>363,641</b>	<b>2.377%</b>
Non-Operating	20,000	20,000		
<b>Current Year Contribution (Loss)</b>	<b>(1,273,394)</b>	<b>(937,076)</b>	<b>336,318</b>	<b>-35.890%</b>
<b>Ending Cash Balance</b>	<b>6,502,975</b>	<b>6,903,242</b>	<b>(400,267)</b>	<b>-5.798%</b>
Reserve for Contingencies	1,000,000	1,000,000		
<b>Cash Balance After Reserve</b>	<b>5,502,975</b>	<b>5,903,242</b>		