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# ***SHELBY CITY SCHOOL DISTRICT***



## **Five Year Forecast**

**For the Fiscal Ended June 30 2003, 2004 and 2005 Actual  
Forecasted Fiscal Years Ending June 30, 2006 through 2010**

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**Shelby City School District – 25 High School Avenue  
Shelby, Ohio 44875  
(419) 342-3530**

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FORM SM-1

FY06

Dated: 05/08/06

SCHOOL DISTRICT: Shelby City

OHIO DEPARTMENT OF EDUCATION - OFFICE OF SCHOOL MANAGEMENT ASSISTANCE

GENERAL, DEBT SERVICE, AND DPIA FUNDS

ANNUAL SPENDING PLAN (O.R.C. 5705.391)

IRN#: 044776

COUNTY: Richland

FISCAL YEAR: 2006

	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>FY ESTIMATE</u>	
<b>REVENUES</b>														
01.010	General Property (Real Estate)	335,651	1,135,479	444,726	0	0	0	960,000	855,360	1,051,777	1,584	5,423	4,790,000	
01.020	Tangible Personal Property Tax	286,277	246,282	17,446	0	1,226,100	0	52,180	0	199,715	0	0	2,028,000	
01.030	Income Tax	0	0	0	0	0	0	0	0	122,000	0	0	122,000	
01.035	Unrestricted Grants-In-Aid	630,176	630,176	630,176	630,176	630,176	630,176	630,176	630,176	630,176	566,656	574,584	7,443,000	
01.040	Restricted Grants-In-Aid	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	8,083	8,087	87,000	
01.050	Property Tax Allocation	0	0	0	455	286,739	480	2,244	0	0	0	353,082	643,000	
01.060	All Other Operating Revenue	23,892	24,480	68,123	27,240	36,290	29,359	42,279	41,360	226,610	55,062	73,276	727,000	
01.070	<b>Total Revenue</b>	<b>1,283,079</b>	<b>2,043,500</b>	<b>1,167,554</b>	<b>664,954</b>	<b>2,186,388</b>	<b>667,098</b>	<b>681,782</b>	<b>1,690,799</b>	<b>1,719,229</b>	<b>2,065,813</b>	<b>649,599</b>	<b>15,840,000</b>	
<b>OTHER FINANCING SOURCES</b>														
02.010	Proceeds from Sale of Notes	1,000,000	0	0	0	0	0	0	0	0	0	0	1,000,000	
02.020	State Emergency Loans & Advancements	0	0	0	0	0	0	0	0	0	0	0	0	
02.040	Operating Transfers-In	0	0	0	0	0	0	0	0	0	0	0	0	
02.050	Advances-In	340,320	0	0	0	0	0	0	0	0	0	680	341,000	
02.060	All Other Financial Sources	0	0	0	0	0	0	0	0	0	0	0	0	
02.070	<b>Total Other Financing Sources</b>	<b>1,340,320</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>0</b>	<b>680</b>	<b>1,341,000</b>	
02.080	<b>Total Revenues and Other Financing Sources</b>	<b>2,623,399</b>	<b>2,043,500</b>	<b>1,167,554</b>	<b>664,954</b>	<b>2,186,388</b>	<b>667,098</b>	<b>681,782</b>	<b>1,690,799</b>	<b>1,719,229</b>	<b>2,065,813</b>	<b>649,599</b>	<b>17,181,000</b>	
<b>EXPENDITURES</b>														
03.010	Personal Services	745,000	777,488	1,032,228	693,640	693,640	692,745	816,102	717,558	1,008,336	700,597	711,837	9,309,000	
03.020	Employees' Retirement/Insurance Benefits	340,000	405,000	381,600	356,600	356,600	356,600	356,600	356,600	356,600	506,600	296,034	4,365,000	
03.030	Purchased Services	167,311	134,922	65,125	164,117	128,954	98,989	63,168	110,988	52,367	131,396	133,958	1,329,000	
03.040	Supplies and Materials	17,923	73,033	22,215	17,298	17,917	10,532	16,256	7,197	16,635	15,994	0	215,000	
03.050	Capital Outlay	0	0	0	0	0	0	0	0	0	500	500	1,000	
04.010	Debt Service: All Principal (Historical)	0	0	0	0	0	0	0	0	0	0	0	0	
04.020	Debt Service: Principal - Notes	0	0	0	0	0	0	0	0	0	0	0	0	
04.030	Debt Service: Principal - State Loans	0	0	0	0	0	0	0	0	0	0	0	0	
04.040	Debt Service: State Advancements	0	0	162,650	162,650	162,650	162,650	162,650	162,650	162,650	162,900	162,900	1,627,000	
04.050	Debt Service: Principal - HB 264 Loans	0	0	0	0	0	0	0	0	0	105,000	0	105,000	
04.055	Debt Service: Principal - Other	0	0	0	0	0	0	0	0	0	0	0	0	
04.060	Debt Service: Interest and Fiscal Charges	0	0	0	0	21,420	0	0	0	0	21,420	36,160	79,000	
04.300	Other Objects	19,896	7,766	72,719	17,202	57,829	11,638	12,397	11,383	7,417	29,753	0	248,000	
04.500	<b>Total Expenditures</b>	<b>1,290,130</b>	<b>1,398,209</b>	<b>1,736,537</b>	<b>1,411,506</b>	<b>1,439,011</b>	<b>1,333,153</b>	<b>1,427,174</b>	<b>1,366,377</b>	<b>1,604,005</b>	<b>1,546,990</b>	<b>1,431,649</b>	<b>17,278,000</b>	
<b>OTHER FINANCING USES</b>														
05.010	Operational Transfers - Out	0	0	0	0	0	0	0	0	0	0	0	0	
05.020	Advances - Out	0	0	0	0	0	0	0	0	0	0	291,000	291,000	
05.030	All Other Financing Uses	0	0	0	0	0	0	0	0	0	0	0	0	
05.040	<b>Total Other Financing Uses</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>0</b>	<b>0</b>	<b>291,000</b>	<b>291,000</b>	
05.050	<b>Total Expenditures and Other Financing Uses</b>	<b>1,290,130</b>	<b>1,398,209</b>	<b>1,736,537</b>	<b>1,411,506</b>	<b>1,439,011</b>	<b>1,333,153</b>	<b>1,427,174</b>	<b>1,366,377</b>	<b>1,604,005</b>	<b>1,546,990</b>	<b>1,431,649</b>	<b>17,569,000</b>	
06.010	<b>Excess Revenue and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>1,333,269</b>	<b>645,291</b>	<b>(568,983)</b>	<b>(746,552)</b>	<b>747,377</b>	<b>(666,055)</b>	<b>(745,392)</b>	<b>324,422</b>	<b>115,224</b>	<b>518,823</b>	<b>(782,050)</b>	<b>(563,374)</b>	<b>(388,000)</b>
07.010	<b>Beginning Cash Balance</b>	<b>1,104,080</b>	<b>2,437,349</b>	<b>3,082,640</b>	<b>2,513,657</b>	<b>1,767,105</b>	<b>2,514,483</b>	<b>1,848,427</b>	<b>1,103,036</b>	<b>1,427,458</b>	<b>1,542,682</b>	<b>2,061,505</b>	<b>1,279,454</b>	<b>1,104,080</b>
07.020	<b>Ending Cash Balance</b>	<b>2,437,349</b>	<b>3,082,640</b>	<b>2,513,657</b>	<b>1,767,105</b>	<b>2,514,483</b>	<b>1,848,427</b>	<b>1,103,036</b>	<b>1,427,458</b>	<b>1,542,682</b>	<b>2,061,505</b>	<b>1,279,454</b>	<b>716,080</b>	<b>716,080</b>
08.010	<b>Outstanding Encumbrance</b>	<b>2,792,438</b>	<b>2,748,480</b>	<b>2,828,242</b>	<b>2,755,478</b>	<b>2,410,213</b>	<b>1,045,370</b>	<b>1,038,628</b>	<b>770,510</b>	<b>1,342,584</b>	<b>1,484,073</b>	<b>619,361</b>	<b>483,000</b>	<b>483,000</b>
	<b>Unencumbered Balance/(Deficit)</b>	<b>(355,089)</b>	<b>334,160</b>	<b>(314,585)</b>	<b>(988,373)</b>	<b>104,270</b>	<b>803,057</b>	<b>64,408</b>	<b>656,948</b>	<b>200,098</b>	<b>577,432</b>	<b>660,093</b>	<b>233,080</b>	<b>233,080</b>

**SHELBY CITY SCHOOL DISTRICT  
 RICHLAND COUNTY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2003, 2004 AND 2005 ACTUAL;  
 FORECASTED FISCAL YEARS ENDING JUNE 30, 2006 THROUGH 2010  
 DATED: 05/08/06**

NUMBER	Fiscal Year 2003 Actual	Fiscal Year 2004 Actual	Fiscal Year 2005 Actual	Average Annual Change	Fiscal Year 2006 Forecasted	% over 2005
<b>Revenues</b>						
1.010 General Property Tax (Real Estate)	4,188,656	4,523,875	3,976,789	-2.05%	4,790,000	20.45%
1.020 Tangible Personal Property Tax	3,019,911	2,521,052	2,435,697	-9.95%	2,028,000	-16.74%
1.030 Income Tax	0	0	0	-	122,000	-
1.035 Unrestricted Grants-in-Aid (All 3100's except 3130)	6,421,465	6,432,672	7,125,182	5.47%	7,443,000	4.46%
1.040 Restricted Grants-in-Aid (All 3200's)	359,845	500,544	101,876	-20.27%	87,000	-14.60%
1.050 Property Tax Allocation (3130)	583,883	857,481	600,317	8.43%	643,000	7.11%
1.060 All Other Revenues except 1931,1933,1940,1950,5100, 5200	104,345	202,568	668,714	162.13%	727,000	8.72%
1.070 Total Revenues	<u>14,678,105</u>	<u>15,038,192</u>	<u>14,908,575</u>	<u>0.80%</u>	<u>15,840,000</u>	<u>6.25%</u>
<b>Other Financing Sources</b>						
2.010 Proceeds from Sale of Notes (1940)	0	0	1,992,000	-	1,000,000	-49.80%
2.020 State Emergency Loans and Advancements (Approved - 1950)	0	0	3,253,000	-	0	-100.00%
2.040 Operating Transfers-In (5100)	239,952	359,550	158,793	-3.00%	0	-100.00%
2.050 Advances-In (5200)	169,003	830,076	0	145.58%	341,000	-
2.060 All Other Financing Sources (including 1931 and 1933)	17,730	1,542	11,027	261.90%	0	-100.00%
2.070 Total Other Financing Sources	<u>426,685</u>	<u>1,191,168</u>	<u>5,414,820</u>	<u>-</u>	<u>1,341,000</u>	<u>-75.23%</u>
2.080 Total Revenues and Other Financing Sources	<u>15,104,790</u>	<u>16,229,360</u>	<u>20,323,395</u>	<u>16.34%</u>	<u>17,181,000</u>	<u>-15.46%</u>

**SHELBY CITY SCHOOL DISTRICT  
 RICHLAND COUNTY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2003, 2004 AND 2005 ACTUAL;  
 FORECASTED FISCAL YEARS ENDING JUNE 30, 2006 THROUGH 2010  
 DATED: 05/08/06**

NUMBER	Fiscal Year 2003 Actual	Fiscal Year 2004 Actual	Fiscal Year 2005 Actual	Average Annual Change	Fiscal Year 2006 Forecasted	% over 2005
<b>Expenditures</b>						
3.010 Personal Services	10,027,836	10,290,536	10,248,339	1.10%	9,309,000	-9.17%
3.020 Employees' Retirement/Insurance Benefits	3,324,847	3,844,454	4,415,211	15.24%	4,365,000	-1.14%
3.030 Purchased Services	930,945	1,185,423	1,126,557	11.18%	1,329,000	17.97%
3.040 Supplies and Materials	599,539	590,152	419,502	-15.24%	215,000	-48.75%
3.050 Capital Outlay	223,918	479,017	151,120	22.74%	1,000	-99.34%
3.060 Intergovernmental (7600 and 7700 functions)	0	0	0	-	0	-
Debt Service:						
4.010 Principal-All (History Only)	N/A	N/A	N/A	N/A	N/A	-
4.020 Principal-Notes	0	0	1,992,000	-	0	-
4.030 Principal-State Loans	0	0	0	-	0	-
4.040 Principal-State Advancements	0	0	0	-	1,627,000	-
4.050 Principal-HB 264 Loans	110,000	105,000	105,000	-2.27%	105,000	0.00%
4.055 Principal-Other	0	0	0	-	0	-
4.060 Interest and Fiscal Charges	59,160	53,550	82,138	21.95%	79,000	-3.82%
4.300 Other Objects	425,524	264,136	287,299	-14.58%	248,000	-13.68%
4.500 Total Expenditures	<u>15,701,769</u>	<u>16,812,268</u>	<u>18,827,166</u>	<u>9.53%</u>	<u>17,278,000</u>	<u>-8.23%</u>
<b>Other Financing Uses</b>						
5.010 Operating Transfers-Out	332,071	178,779	265,524	1.18%	0	-100.00%
5.020 Advances-Out	0	0	537,420	-	291,000	-45.85%
5.030 All Other Financing Uses	0	0	0	-	0	-
5.040 Total Other Financing Uses	<u>332,071</u>	<u>178,779</u>	<u>802,944</u>	<u>151.48%</u>	<u>291,000</u>	<u>-63.76%</u>
5.050 Total Expenditures and Other Financing Uses	<u>16,033,840</u>	<u>16,991,047</u>	<u>19,630,110</u>	<u>10.75%</u>	<u>17,569,000</u>	<u>-10.50%</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and						
6.010 Other Financing Uses	(929,050)	(761,687)	693,285	-104.52%	(388,000)	-155.97%
Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies						
7.010	<u>2,101,532</u>	<u>1,172,482</u>	<u>410,795</u>	<u>-54.59%</u>	<u>1,104,080</u>	<u>168.77%</u>

**SHELBY CITY SCHOOL DISTRICT**  
**RICHLAND COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2003, 2004 AND 2005 ACTUAL;**  
**FORECASTED FISCAL YEARS ENDING JUNE 30, 2006 THROUGH 2010**  
**DATED: 05/08/06**

NUMBER	Fiscal Year 2003 Actual	Fiscal Year 2004 Actual	Fiscal Year 2005 Actual	Average Annual Change	Fiscal Year 2006 Forecasted	% over 2005
<b>7.020 Cash Balance June 30</b>	<b>1,172,482</b>	<b>410,795</b>	<b>1,104,080</b>	<b>51.90%</b>	<b>716,080</b>	<b>-35.14%</b>
8.010 Estimated Encumbrances June 30	1,952,536	619,360	482,875	-45.16%	483,000	0.03%
Reservation of Fund Balance						
9.010 Textbooks and Instructional Materials	0	0	0	-	0	-
9.020 Capital Improvements	0	0	0	-	0	-
9.030 Budget Reserve	N/A	N/A	N/A	-	N/A	-
9.040 DPIA	0	0	0	-	0	-
9.050 Debt Service	0	0	0	-	0	-
9.060 Property Tax Advances	0	1,000,000	0	-	0	-
9.070 Bus Purchases	0	0	0	-	0	-
9.080 Subtotal	0	1,000,000	0	-	0	-
Fund Balance June 30 for Certification						
10.010 of Appropriations	(780,054)	(1,208,565)	621,205	-48.23%	233,080	-62.48%
Revenue from Replacement/Renewal Levies						
11.010 Income Tax - Renewal	0	0	0	-	0	-
11.020 Property Tax - Renewal or Replacement	0	0	0	-	0	-
11.030 Cumulative Balance of Replacement/Renewal Levies	0	0	0	-	0	-
Fund Balance June 30 for Certification						
12.010 of Contracts, Salary Schedules and Other Obligations	(780,054)	(1,208,565)	621,205	-48.23%	233,080	-62.48%
Revenue from New Levies						
13.010 Income Tax - New	0	0	0	-	0	-
13.020 Property Tax - New	0	0	0	-	0	-
13.300 Cumulative Balance of New Levies	0	0	0	-	0	-
14.010 Revenue from Future State Advancements	0	0	0	-	0	-
15.010 Unreserved Fund Balance June 30	(780,054)	(1,208,565)	621,205	-48.23%	233,080	-62.48%

**SHELBY CITY SCHOOL DISTRICT  
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 FORECASTED FISCAL YEARS ENDING JUNE 30, 2006 THROUGH 2010  
 DATED: 05/08/06**

NUMBER	Fiscal Year <u>2007 Forecasted</u>	% over <u>2006</u>	Fiscal Year <u>2008 Forecasted</u>	% over <u>2007</u>	Fiscal Year <u>2009 Forecasted</u>	% over <u>2008</u>	Fiscal Year <u>2010 Forecasted</u>	% over <u>2009</u>
<b>Revenues</b>								
1.010 General Property Tax (Real Estate)	4,325,120	-9.71%	3,798,219	-12.18%	3,451,416	-9.13%	3,398,599	-1.53%
1.020 Tangible Personal Property Tax	926,000	-54.34%	250,000	-73.00%	139,000	-44.40%	100,000	-28.06%
1.030 Income Tax	1,540,200	-	2,415,360	56.82%	2,409,240	-0.25%	2,457,425	2.00%
1.035 Unrestricted Grants-in-Aid (All 3100's except 3130)	7,629,369	2.50%	7,698,375	0.90%	7,682,092	-0.21%	7,834,308	1.98%
1.040 Restricted Grants-in-Aid (All 3200's)	73,152	-15.92%	77,289	5.66%	81,661	5.66%	86,279	5.66%
1.050 Property Tax Allocation (3130)	1,577,423	145.32%	2,165,144	37.26%	2,247,196	3.79%	2,266,466	0.86%
1.060 All Other Revenues except 1931,1933,1940,1950,5100, 5200	686,368	-5.59%	692,618	0.91%	699,005	0.92%	705,534	0.93%
1.070 Total Revenues	<u>16,757,632</u>	<u>5.79%</u>	<u>17,097,005</u>	<u>2.03%</u>	<u>16,709,610</u>	<u>-2.27%</u>	<u>16,848,611</u>	<u>0.83%</u>
<b>Other Financing Sources</b>								
2.010 Proceeds from Sale of Notes (1940)	0	-	0	-	0	-	0	-
2.020 State Emergency Loans and Advancements (Approved - 1950)	0	-	0	-	0	-	0	-
2.040 Operating Transfers-In (5100)	0	-	0	-	0	-	0	-
2.050 Advances-In (5200)	291,000	-	0	-	0	-	0	-
2.060 All Other Financing Sources (including 1931 and 1933)	0	-	0	-	0	-	0	-
2.070 Total Other Financing Sources	<u>291,000</u>	<u>-78.30%</u>	<u>0</u>	<u>-</u>	<u>0</u>	<u>-</u>	<u>0</u>	<u>-</u>
2.080 Total Revenues and Other Financing Sources	<u>17,048,632</u>	<u>-0.77%</u>	<u>17,097,005</u>	<u>0.28%</u>	<u>16,709,610</u>	<u>-2.27%</u>	<u>16,848,611</u>	<u>0.83%</u>

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 FORECASTED FISCAL YEARS ENDING JUNE 30, 2006 THROUGH 2010  
 DATED: 05/08/06**

NUMBER	Fiscal Year 2007 Forecasted	% over 2006	Fiscal Year 2008 Forecasted	% over 2007	Fiscal Year 2009 Forecasted	% over 2008	Fiscal Year 2010 Forecasted	% over 2009
<b>Expenditures</b>								
3.010 Personal Services	9,355,548	0.50%	9,495,881	1.50%	9,638,319	1.50%	9,782,894	1.50%
3.020 Employees' Retirement/Insurance Benefits	4,692,375	7.50%	5,044,303	7.50%	5,422,626	7.50%	5,829,323	7.50%
3.030 Purchased Services	1,395,450	5.00%	1,465,223	5.00%	1,538,484	5.00%	1,615,408	5.00%
3.040 Supplies and Materials	219,300	2.00%	223,686	2.00%	228,160	2.00%	232,723	2.00%
3.050 Capital Outlay	0	-	0	-	0	-	0	-
3.060 Intergovernmental (7600 and 7700 functions)	0	-	0	-	0	-	0	-
Debt Service:								
4.010 Principal-All (History Only)	N/A	-	N/A	-	N/A	-	N/A	-
4.020 Principal-Notes	170,000	-	195,000	14.71%	205,000	5.13%	210,000	2.44%
4.030 Principal-State Loans	0	-	0	-	0	-	0	-
4.040 Principal-State Advancements	1,626,500	-	0	-	0	-	0	-
4.050 Principal-HB 264 Loans	105,000	0.00%	105,000	0.00%	105,000	0.00%	105,000	0.00%
4.055 Principal-Other	0	-	0	-	0	-	0	-
4.060 Interest and Fiscal Charges	77,288	-2.17%	63,994	-17.20%	49,939	-21.96%	35,557	-28.80%
4.300 Other Objects	252,960	2.00%	258,019	2.00%	263,180	2.00%	268,443	2.00%
4.500 Total Expenditures	17,894,421	3.57%	16,851,106	-5.83%	17,450,707	3.56%	18,079,348	3.60%
<b>Other Financing Uses</b>								
5.010 Operating Transfers-Out	0	-	0	-	0	-	0	-
5.020 Advances-Out	0	-	0	-	0	-	0	-
5.030 All Other Financing Uses	0	-	0	-	0	-	0	-
5.040 Total Other Financing Uses	0	-	0	-	0	-	0	-
5.050 Total Expenditures and Other Financing Uses	17,894,421	1.85%	16,851,106	-5.83%	17,450,707	3.56%	18,079,348	3.60%
Excess of Revenues and Other Financing Sources over (under) Expenditures and								
6.010 Other Financing Uses	(845,789)	117.99%	245,899	-129.07%	(741,097)	-401.38%	(1,230,737)	66.07%
Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies								
7.010	716,080	-35.14%	(129,709)	-118.11%	116,190	-189.58%	(624,907)	-637.83%

**SHELBY CITY SCHOOL DISTRICT**  
**RICHLAND COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2003, 2004 AND 2005 ACTUAL;**  
**FORECASTED FISCAL YEARS ENDING JUNE 30, 2006 THROUGH 2010**  
**DATED: 05/08/06**

NUMBER	Fiscal Year 2007 Forecasted	% over 2006	Fiscal Year 2008 Forecasted	% over 2007	Fiscal Year 2009 Forecasted	% over 2008	Fiscal Year 2010 Forecasted	% over 2009
<b>7.020 Cash Balance June 30</b>	<b>(129,709)</b>	<b>-118.11%</b>	<b>116,190</b>	<b>-189.58%</b>	<b>(624,907)</b>	<b>-637.83%</b>	<b>(1,855,644)</b>	<b>196.95%</b>
8.010 Estimated Encumbrances June 30	483,000	0.00%	483,000	0.00%	483,000	0.00%	483,000	0.00%
Reservation of Fund Balance								
9.010 Textbooks and Instructional Materials	0	-	0	-	0	-	0	-
9.020 Capital Improvements	0	-	0	-	0	-	0	-
9.030 Budget Reserve	N/A	-	N/A	-	N/A	-	N/A	-
9.040 DPIA	0	-	0	-	0	-	0	-
9.050 Debt Service	0	-	0	-	0	-	0	-
9.060 Property Tax Advances	0	-	0	-	0	-	0	-
9.070 Bus Purchases	0	-	0	-	0	-	0	-
9.080 Subtotal	0	-	0	-	0	-	0	-
10.010 Fund Balance June 30 for Certification of Appropriations	(612,709)	-362.87%	(366,810)	-40.13%	(1,107,907)	202.04%	(2,338,644)	111.09%
Revenue from Replacement/Renewal Levies								
11.010 Income Tax - Renewal	0	-	0	-	0	-	0	-
11.020 Property Tax - Renewal or Replacement	0	-	475,000	-	950,000	-	950,000	-
11.030 Cumulative Balance of Replacement/Renewal Levies	0	-	475,000	-	1,425,000	-	2,375,000	-
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	(612,709)	-362.87%	108,190	-117.66%	317,093	193.09%	36,356	-88.53%
Revenue from New Levies								
13.010 Income Tax - New	-	-	-	-	-	-	-	-
13.020 Property Tax - New	0	-	0	-	0	-	0	-
13.300 Cumulative Balance of New Levies	0	-	0	-	0	-	0	-
14.010 Revenue from Future State Advancements	0	-	0	-	0	-	0	-
15.010 Unreserved Fund Balance June 30	(612,709)	-362.87%	108,190	-117.66%	317,093	193.09%	36,356	-88.53%

**Shelby City School District  
Richland County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2006**

**Note 1 – The School District**

The Shelby City School District (the School District) is located in Richland County and encompasses all of the City of Shelby. The School District is organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms. The School District operates four elementary schools, one middle school and one high school. The School District is staffed by 66 non-certified and 145 certificated personnel to provide services to 2,251 students and other community members.

**Note 2 - Nature of the Forecast**

This financial forecast presents, to the best of the Shelby City 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 May 8, 2006, 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 revenues 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 the general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund. For presentation in the forecast, the disadvantaged pupil impact aid fund (DPIA) and general fund supported debt are included in the general 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 required budget basis (non-GAAP) of accounting used to prepare the historical financial statements. 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 commitments for the expenditure of monies to be recorded as the equivalent of an 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 restrictions associated with each class of funds are as follows:

### **Governmental Funds**

General Fund - 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.

Special Revenue Funds - Special revenue funds account for the proceeds of specific revenue sources (other than those for major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Fund - Debt service funds account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

Capital Projects Funds - Capital projects funds account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Permanent Funds - Permanent funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the School District or its students.

### **Proprietary Funds**

Enterprise Funds - Enterprise funds account for any activity for which a fee is charged to external users for goods or services.

Internal Service Funds - Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments on a cost-reimbursement basis.

## **Fiduciary Funds**

Fiduciary funds account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The fiduciary fund category is split into four classifications: pension trusts funds, investment trust funds, private-purpose trust funds and agency funds.

## **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. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Budget - A budget of estimated cash receipts and disbursements is submitted to the Richland County Auditor, as secretary of the county budget commission, by January 20 of each year, for the succeeding fiscal year.

Estimated Resources - The County Budget Commission certifies its actions to the School District by March 1. 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 certificate is amended to include any 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 for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

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 Shelby City 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**

Property taxes are applied to real property, public utility real and personal property, manufactured homes and tangible personal property used in business. Property taxes are collected for, and distributed to, the school districts in the county by the Richland County Auditor and Treasurer. The School District may request advances from the Richland 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, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenue.

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. Property tax revenue includes amounts levied against all real, public utility real and tangible, and business tangible personal property located in the School District. Property tax revenue received during calendar year 2005 for real and public utility property taxes represents collections of calendar year 2004 taxes. Property tax payments received during calendar year 2005 for tangible personal property (other than public utility property) are for calendar year 2005 taxes. First half calendar year tax collections are received by the School District in the second half of the fiscal year. Second half calendar year tax distributions occur in the first half of the following fiscal year.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is presented in the account "property tax allocation". Beginning in calendar year 2006, the State eliminated the ten percent rollback on commercial and industrial property. This change will increase real property taxes collected against commercial and industrial real property and decrease property tax allocation revenue.

The forecast excludes the receipt of any advances against fiscal years 2007-2010 schedule property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The forecasted operating surplus may be increased to the extent advances are received prior to the end of the fiscal year and to the extent the Board appropriates such advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal years 2006-2010.

The property tax revenues for the general fund are generated from several levies. The levies for the general fund, the year approved, last year of collection, and the full tax rate are as follows:

<u>Tax Levies</u>	<u>Year Approved</u>	<u>Last Calendar Year of Collection</u>	<u>Full Tax Rate (Per \$1,000 of Assessed Valuation)</u>
Inside Ten Mill Limitation	n/a	n/a	\$5.20
Continuing Operating	Prior to 1976	n/a	23.00
Continuing Operating	1979	n/a	3.40
Continuing Operating	1985	n/a	3.00
Continuing Operating	1994	n/a	8.90
Emergency	2001	2006	4.00
<u>Total Tax Rate</u>			<u>\$47.50</u>

The School District also has a levy for permanent improvements totaling \$2.00 per \$1,000 of assessed valuation. The School District's total property tax rate is \$49.50 per \$1,000 of assessed valuation.

General Property Tax – The general property tax revenue includes real estate taxes, public utility property taxes and manufactured home taxes. The general property tax revenue estimate is based upon actual receipts and information provided by the Richland County Auditor's office. The forecast, based upon these estimates, anticipates an increase in fiscal year 2006 of \$807,000 as compared to the prior fiscal year. The increase is caused by the advance of \$1,000,000 of fiscal year 2005 revenue received and recorded in fiscal year 2004 offset by the payment of a significant delinquency in fiscal year 2005. If the fiscal year 2005 general property tax revenue is adjusted for the advance, then it would be greater than the forecasted general property tax revenue for fiscal year 2006 by \$193,000.

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 voted levies so that each levy yields the same amount of real property tax revenues on carryover property as in the prior year. For all voted levies, except emergency levies and debt, increases to revenues are restricted to amounts generated from new construction. Emergency and debt levies are intended to generate a set revenue amount annually. The revenue generated by emergency and debt levies is not affected by changes in real property valuation. The reduction factors are computed annually and applied separately for residential/agricultural property and commercial/industrial property. Reduction factors are not applied to inside millage (an unvoted levy) and tangible personal property levy rates. State law also prohibits the reduction factors from reducing the effective millage of the sum of the general fund current operating levies plus inside millage (excludes emergency levies) below 20 mills. For the General Fund, the effective residential and agricultural real property tax rate is \$24.00 per \$1,000 of assessed valuation and the effective commercial and industrial real property tax rate is \$32.23 per \$1,000 of assessed valuation for collection year of 2006.

Public utility real and personal property taxes are collected and settled by the county with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, HB 66 will switch telephone companies from being public utilities to general business taxpayers and phase out the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after 2010 on local and interexchange telephone companies. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of these changes within certain limitations (see Property Tax Allocation Revenue below).

Tangible Personal Property Tax – Tangible personal property tax is levied on machinery and equipment, furniture and fixtures, and inventory of businesses. Effective for tax years 2005 and 2006, the assessment rate on business inventory, currently at 23 percent, was to be reduced by two percent if the total statewide collections of personal property taxes for the second preceding year exceed the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by two percent per year until it is completely phased out regardless of the growth in collections.

Beginning in 2006, HB 66 will phase out by 25 percent each year tangible personal property tax on most business inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase out periods addressed above. No tangible personal property taxes will be levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010). Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The School District, based on the 2004 tangible personal property tax collections, will lose \$2,500,000 when the tangible personal property tax is completely phased out in 2009. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of the changes in HB 66 within certain limitations (see Property Tax Allocation below).

Tangible personal property tax revenues are based upon information provided by the Richland County Auditor. Tangible personal property tax revenues include the actual settlement for October 2005 and the late June 2005 personal property tax settlement. It excludes the June 2006 personal property tax settlement. Historically, the June personal property tax settlement is not received by the School District until July of the next fiscal year. If necessary, the School District may issue notes in anticipation of the settlement equal to 90 percent of the settlement. The increase in revenue for the forecast period compared to the prior fiscal year is due to large fluctuation in inventory levels offset by reductions in the percentages used to calculate the assessed valuation.

The State exempted the first \$10,000 in tangible personal property from taxation. The State reimburses the School District for the lost revenue. Beginning with tax year 2004, by 10 percent each year. Under HB 66, the phase out of this reimbursement has been accelerated so that the last reimbursement for this exemption will be in October 2008. The reimbursement is included in tangible personal property tax revenue.

**B. - Income Tax**

On May 3, 2005 the voters approved a one percent income tax that became effective on January 1, 2006, which is estimated to generate \$2,040,000 annually. The tax is levied on the income of the residents of the Shelby City School District. The forecasted amount of \$122,000 for fiscal year 2006 is based on the Ohio Department of Taxation’s timeline for receiving school district income tax payments, the estimated percentages for collections per quarter and the amount certified for fiscal year 2006 by the State of Ohio Tax Commissioner.

Under State law, the School District, prior to the first year of collection, may issue notes in anticipation of the income tax revenue to be collected. The School District issued income tax anticipation notes during fiscal year 2006 in the amount of \$1,000,000.

**C. - Unrestricted Grants-in-Aid**

Unrestricted Grants-in-Aid include State Foundation payments and reimbursement for lost revenue due to utility deregulation. State Foundation payments include formula aid and various categorical aid programs such as special and gifted education, and transportation. Other programs such as parity aid, excess cost supplement, and charge-off supplement which are provided to address certain policy issues or correct flaws in formula aid are also included in this revenue.

The State’s foundation program is established by Chapter 3317 of the Ohio Revised Code. The semimonthly payments are calculated by the State Department of Education, Division of School Finance by multiplying pupil enrollment (ADM) times a per pupil foundation level (adjusted for a regional cost of doing business factor set by the State legislature), and then subtracting the equivalent of 23 mills times the school district’s taxable property valuation. The regional cost of doing business factor is being phased out over a three-year period through fiscal year 2008. The per pupil foundation level has been set by the State Legislature as follows:

<u>Fiscal</u> <u>Year</u>	<u>Per Pupil</u> <u>Foundation Level</u>
2003	\$4,949
2004	5,058
2005	5,169
2006	5,283

The anticipated unrestricted grants-in-aid for fiscal year 2006 are based on current estimates available from the Ohio Department of Education. The most recent estimates reported on the February school foundation statement for fiscal year 2006 and the amounts for the last three fiscal years are as follows:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecasted Fiscal Year 2006	Variance Increase (Decrease)
Formula Aid	\$5,313,000	\$5,307,000	\$5,398,000	\$5,590,000	\$192,000
Categorical Funding	523,000	540,000	537,000	629,000	92,000
Transportation	371,000	397,000	404,000	410,000	6,000
Disadvantaged Pupil Impact Aid	10,000	10,000	10,000	0	(10,000)
Parity Aid	0	404,000	568,000	676,000	108,000
Excess Cost Supplement	0	0	33,000	62,000	29,000
Foundation Adjustments	141,000	114,000	104,000	(15,000)	(119,000)
Total Foundation	6,358,000	6,772,000	7,054,000	7,352,000	298,000
Utility Deregulation	63,000	66,000	71,000	91,000	20,000
Total Unrestricted Grants-in-Aid	\$6,421,000	\$6,838,000	\$7,125,000	\$7,443,000	\$318,000

Formula aid is anticipated to increase due to an increase in the per-pupil funding amount and a decrease in recognized valuation offset by a decline in formula ADM of 32.

Categorical funding increased due to increases in special education weighted aid. Parity aid continues its phase in with the percentage of the distribution going from 58 percent in fiscal year 2004 to 76 percent in fiscal year 2005, and 100 percent on fiscal year 2006.

Beginning in tax year 2001, there were significant reductions in the valuation of certain types of public utility property. Two bills enacted by the 123rd General Assembly reduced the assessment rate for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. To replace this money, new state consumption taxes have been enacted, a kilowatt-hour tax on electricity and a thousand cubic foot tax on natural gas. Money from these new taxes is used to reimburse school districts for the loss of public utility property tax revenue. Reimbursements are to be made twice a year in February and August and are identified as utility deregulation payments.

#### **D. - Restricted Grants-in-Aid**

Restricted grants-in-aid consist of the bus purchase allowance, career tech monies and Poverty Based Assistance/DPIA monies. For fiscal year 2006, the School District anticipates \$13,000 in bus purchase allowance, \$40,000 in career tech monies and \$35,000 in Poverty Based Assistance monies which replaced the DPIA program. The \$264,000 decrease from fiscal year 2003 to fiscal year 2004 is due to a change in the restriction on how parity aid may be used. In fiscal year 2003, parity aid was considered restricted; however, beginning in fiscal year 2004 it was considered unrestricted.

**E. - Property Tax Allocation**

State law grants tax relief in the form of a ten percent reduction in real property tax bills. 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. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs.

Beginning in 2006, the State eliminated the ten percent rollback credit on commercial and industrial real property and the reimbursement to local governments. Beginning in fiscal year 2006, the State will reimburse the School District for lost revenue due to the phase out of tangible personal property business tax. In the first five years, the School District will be fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by HB 66. Over the next seven years, the reimbursements are phased out. The reimbursement will be for the difference between the assessed values under prior law and the assessed values under HB 66. This means the School District is only reimbursed for the difference between the amounts that would have been seen received under the prior law and the amounts actually received as the phase-outs in HB 66 are implemented.

The State exempts the first \$10,000 in personal property from taxation. The State reimburses the School District for the lost revenue. Beginning with tax year 2004, the State began to phase out the reimbursement by 10 percent each year. Under HB 66, the phase-out period has been accelerated. The last reimbursement for this exemption will be in October, 2008.

Property tax allocation revenue, based on information provided by the Richland County Auditor, is anticipated to increase \$43,000 from fiscal year 2005. This increase is due to the reappraisal of property during 2005.

**F. - All Other Revenues**

Presented below is a comparison of all other revenue for the last three fiscal years and the forecast period:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Actual Fiscal Year 2006	Variance Increase (Decrease)
Tuition	\$5,000	\$142,000	\$399,000	\$394,000	(\$5,000)
Extracurricular Transportation	8,000	2,000	6,000	3,000	(3,000)
Interest	51,000	13,000	13,000	77,000	64,000
Student Class Fees	36,000	22,000	56,000	7,000	(49,000)
Abatements	0	0	174,000	195,000	21,000
Other	4,000	25,000	22,000	9,000	(13,000)
Refund of Prior Year Expenditures	18,000	2,000	10,000	42,000	32,000
<b>Totals</b>	<b>\$122,000</b>	<b>\$206,000</b>	<b>\$680,000</b>	<b>\$727,000</b>	<b>\$47,000</b>

Interest is based on historical investment practices and anticipated rates during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the remainder going to the general fund.

The decrease in student class fees is due to the fact that class fees are now being receipted into the Uniform School Supplies fund instead of the General fund. The small amount of fees included in the forecast is the new athletic transportation fee that the School District began charging students who participate in a sport.

In fiscal year 2005, the School began receipting abatement revenues in the general fund. Prior to fiscal year 2005, they were receipted into a special revenue fund. Abatement revenue is received in lieu of property taxes on several properties granted abatements by the City and County.

Also in fiscal year 2005, the School District began recording tuition revenue gross rather than netted against the amount the School District pays to other school districts attended by students who reside within the Shelby City School District.

#### **G. – Other Financing Sources**

Proceeds from Sale of Notes – During fiscal year 2006, the School District issued \$1,000,000 in income tax anticipation notes at 4.35 percent. The notes are to be repaid over a five year period, ending December 1, 2010. The School District does not anticipate issuing any additional notes during the forecast period.

Transfers In – In fiscal year 2004, the School District transferred to the general fund \$385,000 from the permanent improvement fund and \$247,000 from certain special revenue funds. The transfers represent revenues received under property tax abatement agreements. The School District believes these resources are unrestricted revenues that should have been recorded in the general fund in past years.

In fiscal year 2004, the School District also transferred the balance of several grant funds to the general fund. The School District gathered information indicating that expenditures were charged to the general fund that should have been charged to the grant funds.

Advances In – During fiscal year 2004, the School District advanced \$196,000 from other funds to the general fund. This advance was repaid during fiscal year 2005. During fiscal year 2005, advances were made for a total of \$341,000 to other School District funds. For fiscal year 2006, those advances are expected to be repaid.

#### **Note 7 – Significant Assumptions for Expenditures and Other Financing Uses**

##### **A. - Personal Services**

Personal service expenditures represent the salaries and wages paid to certified, classified and administrative staff, substitutes, and board members. In addition to regular salaries, it includes payment for supplemental contracts, severance, insurance opt out, attendance bonus and overtime. All employees receive their compensation on a bi-weekly basis. Administrative and non-bargaining unit salaries are set by the Board of Education.

Certified (teaching) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives for existing staff. The contract covers the period July 1, 2003 to June 30, 2006, and allows for a 3.75 percent increase in the base salary for fiscal year 2006 as well as step increases ranging from 4 to 4.33 percent in each year of the contract.

Classified staff salaries are based on a negotiated contract which includes base and step increases. The contract covers the period July 1, 2003 to June 30, 2006. It allows for a 3.75 percent increase in the base salary for fiscal year 2006 as well as a step increase of 2.5 percent in each year of the contract.

Although the contracts called for increases to the base salaries, all employees of the School District agreed to a base salary wage freeze for fiscal year 2006. In addition, the School District had a reduction in force of 31 classified positions, a reduction in force and retirements of 16 certified employees, nonrenewal of 100 supplemental contracts, and eliminated 24 seasonal help positions, causing a decrease in certified and classified salaries.

Substitute costs are expected to decrease during the forecast period due to an overall decrease in teaching positions where substitutes would be necessary.

The School District offers severance pay upon retirement to its certified and classified employees who are eligible to retire under the provisions set by STRS or SERS. Payments to certified employees are equal to one fourth of their unused sick leave not to exceed a total of 65 days paid. Payments to classified employees are equal to one fourth of the first 160 days of unused sick leave and one third of unused sick leave over 160 days to the maximum of 73 days paid. Severance costs are anticipated to decrease due to the retirement of seven staff members during the forecast period compared with the retirement of ten staff members during fiscal year 2005.

The School District offers a retirement incentive to any certified employee, with at least ten years service to the School District, who gives written notice to the superintendent of their intention to retire by March 1 of the year they first become eligible to retire under STRS. The incentive is equal to two days pay for each year of service to the School District, not to exceed forty-five days.

Presented below is a comparison of salaries and wages for fiscal years 2003, 2004, 2005 and the forecast period.

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
Certified Salaries	\$7,451,000	\$7,688,000	\$7,770,000	\$7,021,000	(\$749,000)
Classified Salaries	1,665,000	1,895,000	1,723,000	1,525,000	(198,000)
Substitute Salaries	543,000	344,000	342,000	294,000	(48,000)
Supplemental Contracts	214,000	222,000	217,000	277,000	60,000
Severance Pay	151,000	89,000	152,000	142,000	(10,000)
Retirement Incentive	0	49,000	38,000	44,000	6,000
Other Salaries and Wages	4,000	4,000	6,000	6,000	0
<b>Totals</b>	<b>\$10,028,000</b>	<b>\$10,291,000</b>	<b>\$10,248,000</b>	<b>\$9,309,000</b>	<b>(\$939,000)</b>

### **B. – Employees’ Retirement/Insurance Benefits**

Employees’ retirement and insurance benefits include employer contributions to the State pension systems, health care, medicare, workers compensation, and other benefits arising from the negotiated agreements.

Retirement costs are based on the employers’ contribution rate of 14 percent of salaries for STRS and SERS. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from differences between the estimates and actual contributions are prorated over the next calendar year. Retirement costs are forecasted to decrease based on forecasted salaries and adjustments resulting from over/under estimates prorated over the next calendar year. The School District pays half of the employee retirement contribution for all employees and an additional half of a percent of the employee contribution for certified employees with more than fifteen years of service.

Health care costs are based on a monthly premium fixed by the Board based on a recommendation by the third party administrator. The premiums are based on the estimated claims and administrative charges. All funds, including the general fund, are charged a monthly premium for each employee and their type of coverage. The self-insured health care program includes medical/surgical care. A comprehensive vision and dental care package are also. The Board pays 90 and 95 percent of the monthly premium for certified and classified employees, respectively. The premiums increased approximately 28 percent in fiscal year 2005 and 2006. The monthly premiums for health insurance are as follows:

<b>Coverage:</b>	Certified		Classified	
	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2005	Fiscal Year 2006
Family	\$751.61	\$962.71	\$793.37	\$1,016.20
Single	327.27	385.09	345.45	406.49

Life insurance premiums for fiscal year 2006 were \$20 per month for \$100,000 of coverage for administrators and all other employees. This is an increase from \$7.60 for the amount paid for all other employees in fiscal year 2005.

Workers' compensation premiums are calculated on calendar year wages and are either paid in full in May or 45 percent in May and 55 percent in September of the following year. A large decrease is forecasted for fiscal year 2006 due to the School District paying the fiscal year 2004 workers' compensation premium during fiscal year 2005, along with an increase in the assigned rate offset by a decrease in the 2005 calendar year salaries and wages. The School District did not receive a premium reduction for 2005. In prior fiscal years, the School District received a premium reduction of 50 percent of the premiums paid in fiscal year 2003 and 20 percent in fiscal years 2004 and 2005.

The School District anticipates paying unemployment benefits of \$67,000 during fiscal year 2006 due to the reduction in staff that occurred in fiscal years 2005 and 2006.

Presented below are the employee's retirement/insurance benefits expenditures for the past three fiscal years and the forecast period:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
Employer's Retirement	\$1,750,000	\$1,935,000	\$2,083,000	\$1,771,000	(\$312,000)
Health Care/Life Insurance	1,459,000	1,803,000	2,022,000	2,295,000	273,000
Workers' Compensation	20,000	0	192,000	138,000	(54,000)
Medicare	88,000	106,000	105,000	94,000	(11,000)
Unemployment	8,000	0	13,000	67,000	54,000
<b>Totals</b>	<b>\$3,325,000</b>	<b>\$3,844,000</b>	<b>\$4,415,000</b>	<b>\$4,365,000</b>	<b>(\$50,000)</b>

### **C. - Purchased Services**

Presented below are the purchased service expenditures for the past three fiscal years and the forecast period:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
Professional and Technical Services	\$358,000	\$453,000	\$326,000	\$423,000	\$97,000
Property Services	109,000	127,000	120,000	118,000	(2,000)
Travel and Meeting Expenses	57,000	36,000	11,000	10,000	(1,000)
Communication Costs	25,000	31,000	18,000	24,000	6,000
Utility Services	285,000	316,000	331,000	383,000	52,000
Tuition Payments	96,000	221,000	319,000	370,000	51,000
Pupil Transportation	1,000	1,000	1,000	1,000	0
<b>Totals</b>	<b>\$931,000</b>	<b>\$1,185,000</b>	<b>\$1,126,000</b>	<b>\$1,329,000</b>	<b>\$203,000</b>

Professional and technical services include legal fees which are forecast to increase \$97,000 due to the issuance of the Income Tax Anticipation Notes and new negotiated

agreements for classified and certificated employees. Utility services are expected to increase due to rising gas and electric costs. Tuition payments are increasing due to more students attending community schools.

**D. - Supplies and Materials**

Presented below are the supplies and materials expenditures for the past three fiscal years and the forecast period:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
General Supplies	\$296,000	\$303,000	\$121,000	\$41,000	(\$80,000)
Textbooks	29,000	27,000	78,000	0	(78,000)
Library Books	21,000	16,000	14,000	0	(14,000)
Periodical, Newspaper, Film and Filmstrips	6,000	4,000	1,000	0	(1,000)
Food and Related Supplies and Materials	3,000	4,000	1,000	0	(1,000)
Supplies and Materials for Repairs	168,000	137,000	107,000	61,000	(46,000)
Supplies and Materials for Operation	77,000	99,000	95,000	113,000	18,000
<b>Totals</b>	<b>\$600,000</b>	<b>\$590,000</b>	<b>\$417,000</b>	<b>\$215,000</b>	<b>(\$202,000)</b>

In order to cut costs, the School District has limited general supply and maintenance and repair supply purchases to what is absolutely necessary for the current year. No textbooks or library books are being purchased during fiscal year 2006.

**E. - Capital Outlay**

The costs of property, plant and equipment acquired or constructed for general governmental services are recorded as expenditures. During fiscal year 2005, the School District purchased a school bus equipped to transport handicapped students. In fiscal year 2006, the School District eliminated virtually all capital expenditures from the general fund. The School District has a permanent improvement fund that generates approximately \$311,000 annually. The School District uses this fund to make most major capital expenditures.

**F. – Debt Service**

The outstanding balances and fiscal year 2006 principal and interest payments for general fund supported debt consists of the following:

Type	Maturity Date	Balance at 6/30/2005	Fiscal Year 2006 Principal Payment	Fiscal Year 2006 Interest Payment
Solvency Assistance Advance	June 30, 2007	\$3,253,000	\$1,627,000	\$36,000
Energy Conservation Bond	June 15, 2013	840,000	105,000	43,000
<b>Total</b>		<b>\$4,093,000</b>	<b>\$1,732,000</b>	<b>\$79,000</b>

During fiscal year 1998, the School District issued energy conversation notes. These notes are being repaid with property taxes over a fifteen year period.

During fiscal year 2005, the School District received a Solvency Assistance Fund Advance from the State. The State solvency assistance fund advances money to school districts that are in fiscal emergency or that meet one or more of nine reasons identified in Section 3301-92-03 of the Ohio Administrative Code. The advance is repaid over two years from State foundation revenues. During fiscal year 2006, the School District issued \$1,000,000 in income tax anticipation notes at 4.35 percent. The notes are to be repaid over a five year period, beginning December 1, 2006 and ending December 1, 2010.

### **G. - Other Objects**

Other object expenditures consist of dues and fees. Other object expenditures are forecasted in the amount of \$248,000. The \$40,000 decrease from fiscal year 2005 is due to a decrease in both auditor fees and election expenses.

### **H. - Operating Transfers and Advances Out**

For fiscal years 2006 - 2010, no transfers are anticipated. \$291,000 in advances out are anticipated for fiscal year 2006 to supplement the self insurance internal service fund and the Title VI-B special revenue fund. In fiscal year 2005, the general fund advanced \$341,000 to other funds to be repaid in fiscal year 2006. \$196,000 was also advanced out in fiscal year 2005 to repay other funds that had loaned money to the general fund in previous years.

### **Note 8 - Encumbrances**

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 an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

Encumbrances for purchased services, supplies and materials, capital outlay and other objects for the fiscal year ended June 30, 2005 were \$483,000 and are forecasted at \$483,000 for June 30, 2006 - 2010.

### **Note 9 - Reservations of Fund Balance**

The School District is required by State statute to annually set aside in the general fund three percent of certain revenues for the purchase of textbooks and other instructional materials and an equal amount 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 future years.

Beginning in fiscal year 2006, HB 66 allows school districts in fiscal emergency to set aside less than the annual required set aside amount or to set aside nothing for textbook and instructional materials and capital and maintenance. The Board of Education passed a resolution to set aside no current year revenues in the textbook and instructional materials and the capital and maintenance set asides and anticipates no reserve for these set asides.

**A. – Budget Reserve**

Effective April 10, 2001, Amended Senate Bill 345, deleted from law the requirement for school districts to establish and appropriate money for budget stabilization. The monies on hand in the School District’s budget reserve may, at the discretion of the Board, be returned to the School District’s general fund or may be left in the account and used by the Board to offset any budget deficit the School District may experience in future years. The School District utilized their budget reserve in fiscal year 2004.

**B. – Bus Purchases**

At June 30, 2005, the School District had \$1,000 in unspent bus monies. The School District anticipates receiving \$13,000 in a bus purchase allowance during fiscal year 2006. The School District does not plan on purchasing any buses during the current fiscal year; therefore a \$14,000 reserve for bus purchases is forecasted.

**C. – Poverty Based Assistance/Disadvantaged Pupil Impact Aid (DPIA)**

At June 30, 2005, the School District had no unspent DPIA monies. The School District anticipates receiving \$35,000 in restricted Poverty Based Assistance monies during fiscal year 2006 and having \$35,000 in Poverty Based Assistance expenditures during the current fiscal year. Therefore, no reserve for Poverty Based Assistance is forecasted.

**Note 10 - Levies**

In the past ten years, the School District has placed several levies on the ballot. The type of levy, millage amount, term and election results are as follows:

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Term</u>	<u>Election Results</u>
March 1, 1996	Permanent Improvement	2.0 mills	5 Years	Passed
May 1997	Emergency	\$950,000	5 Years	Passed
November 2000	Permanent Improvement	2.0 mills	Continuing	Passed
May 2001	Emergency	\$950,000	5 Years	Passed
May 2003	Construction Bond	\$32,500,000	28 Years	Failed
November 2003	Construction Bond	\$21,625,000	28 Years	Failed
May 2005	Income Tax	1 percent	Continuing	Passed

### **Note 11 - Pending Litigation**

The Shelby Education Association has filed a case in Richland County Court of Common Pleas which challenges the Commission's authority to reduce Association members employed at the School District. The case is currently in the discovery phase and the outcome of the case cannot be determined as of the date of the forecast.

### **Note 12 – Employee Benefits Self-Insurance Fund**

The School District provides vision and dental benefits through conventional insurance entities, medical/surgical benefits are through a self-insurance program. The School District maintains an internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator reviews all claims which are then paid by the School District. The School District pays a monthly premium for each employee into the internal service fund. The premium is paid by the fund that pays the salary for the employee and differs for single and family benefits. Monthly premiums are recommended by the third party administrator and approved by the Board of Education. The fund purchases annual stop loss coverage for claims in excess of \$75,000 per person up to \$1,000,000 per person and for aggregate annual claims in excess of \$1,497,650 up to \$2,497,650. The School District anticipates the costs of claims to increase throughout the fiscal year. During the 2006 fiscal year, the School District anticipates advancing \$281,000 from the general fund to the employee benefits self-insurance fund to alleviate the anticipated deficit in the fund. The School District anticipates the premiums over fiscal years 2007 - 2010 to be sufficient to cover the claims, administrative costs and repayment of the advance from the general fund.

### **Note 13 – Financial Planning and Supervision Commission**

On April 7, 2005, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. Legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the law, a five member Financial Planning and Supervision Commission has been established to oversee the financial affairs of the School District. The Commission is comprised of the State Superintendent of Public Instruction, the School District Superintendent, State Director of Budget and Management, the Richland County Auditor, and appointee of the Superintendent of Public Instruction, and an appointee of the Governor.

The Commission's primary charge is to develop, adopt and implement a financial recovery plan. Once the plan has been adopted, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan. The recovery plan was adopted on August 23, 2005. State law requires that the plan be updated annually. The recovery plan includes staff reductions of three administrators, 50 classified and 32 certified positions and the closure of one elementary school building with an estimated savings of \$3,200,000. The Board and the Commission have not yet taken any action to revise the recovery plan for fiscal year 2007 and beyond.

**Shelby City School District  
Richland County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2007 through 2010**

**Line 1.010**

The fiscal year 2007 General Property Tax estimate is based on the Richland County Auditor's latest Tax Information for Estimated Resources dated 5/4/2006 which includes property tax allocation (line 1.05). Fiscal years 2007 - 2010 includes a 1.2 percent decline in real estate property tax collections in non-reappraisal year and a 3.0 percent increase in FY 2008-09 based on the scheduled reappraisal. The decrease for fiscal years 2008 - 2010 reflects **total tax decrease** if a 4.0 mill emergency levy authorized by voters on May 8, 2001 is not renewed during calendar year 2007. The next triennial revaluation for Richland County property will be in tax year 2005, collectible in 2006 and the next sexennial revaluation will be in tax year 2008, collectible in 2009. Estimate includes all property taxes scheduled for settlement for fiscal year 2006-2010 and excludes the receipt of any advances against succeeding years' scheduled property tax settlements.

**Line 1.020**

Tangible Personal Property Tax will be phased out over the next four years. The State will hold schools harmless back to the tax year 2004 tax base. This amount will be less any money received by the school through the state foundation formula adjustment for the reduction in the property tax base.

**Line 1.030**

On May 3, 2005, the voters of the Shelby City School District authorized a one percent (1%) continuing income tax that becomes effective 01/01/06. Collection is estimated based on the Ohio Department of Taxation's Timeline for Receiving School District Income Tax Payments dated 12/19/97. On 6/21/05, the State of Ohio Tax Commissioner certified tax year 2006 estimated proceeds of \$2,040,000.

**Lines 1.035 and 1.040**

State funding estimates allow for a 1.5 percent decline in annual enrollment, the phase-out of the cost of doing business factor and hold harmless reimbursements associated with the tangible property tax phase-outs. Per pupil funding amount is assumed to increase 2.2 percent annually and items funded outside of the basic per student formula will increase at historical levels.

**Line 1.050**

Property Tax Allocation estimate is consistent with the real estate property tax estimate, allowing for a 1.2 percent decline in real estate property tax allocations in non-reappraisal years and a 3.0 percent increase in FY 2008-09 based on scheduled reappraisal. Hold harmless reimbursements associated with the tangible property tax phase-out is included.

**Line 1.060**

Other Revenues include open enrollment, tuition, extracurricular transportation, property tax abatements, interest, student class fees, refund of prior year expenditures, and other revenue. Projections include a two percent increase on the open enrollment portion based on the per pupil increase in state funding for FY2006-07.

**Line 2.010**

Proceeds from Sales of Notes do not include new debt issues for the 2007 - 2010 fiscal years.

**Line 2.020**

State Emergency Loans and Advancement was received on 6/2/05 in the amount of \$3,253,000. No additional advancements are included for the remaining fiscal years.

**Line 2.040**

No transfers-in are projected for the 2007 - 2010 fiscal years.

**Line 2.050**

Advances-In for fiscal year 2007 equals the June 2006 Advances-Out in the amount of \$291,000. No advances-in are projected for the 2008-2010 fiscal years.

**Line 3.010**

Fiscal year 2007 includes account savings from reduction of positions which affects personal service costs for the months of July and August. A 1.5% increase is projected for fiscal years 2008 through 2010 due to salary increments (step increases) within the negotiated agreements.

**Line 3.020**

A 7.5% increase is included for fiscal years 2007 through 2010. This includes the 1.5 percent increase to retirement, medicare, workers compensation and unemployment as a result of the step increases. A 10% increase is included for medical/health insurance

benefits. The District will continue to explore all options regarding insurance possibilities to help reduce costs.

**Line 3.030**

Purchased Services estimates a 5.0% increase per year for fiscal years 2007 through 2010. This calculation includes open enrollment and community school students leaving the District.

**Line 3.040**

Supplies and Materials estimates a 2.0% increase per year for fiscal years 2007 through 2010.

**Line 3.050**

The voters of the Shelby City Schools passed a 2 mill permanent improvement issue on 11/7/00 which the district collects approximately \$312,000, annually. The recovery plan includes eliminating the capital improvement costs from the general fund. The permanent improvement fund will absorb these costs.

**Line 4.020**

Debt Service Principal – Notes includes the debt service requirement for a \$1,000,000 income tax anticipation note issued during July 2005.

**Line 4.040**

Debt Service Principal – State Advancements is based on \$3,253,000 that was received 6/2/05. The proceeds are the result of the Fiscal Emergency process and are advances on future state foundation dollars. The proceeds are required to be paid back in equal 50% installments (\$1,626,500 per year) during fiscal year 2006 and 2007. Therefore, \$1,626,500 is projected to be repaid during the 2006 and 2007 fiscal years 2006 and 2007.

**Line 4.050**

Debt Service Principal – HB 264 Loans consist of a \$1,600,000, energy conservation loan issued in 1998. Final interest and principal payment will be during June, 2013.

**Line 4.060**

Interest and Fiscal Charges is based on current debt service schedules.

**Line 4.300**

Other Objects estimates a 2.0% increase per year for fiscal years 2007 through 2010.

**Line 5.010**

Operating Transfers - No transfers-outs are estimated for fiscal years 2007 through 2010.

**Line 5.020**

Advances-Out - No advances-outs are estimated for fiscal years 2007 through 2010.

**8.010 Estimated Encumbrances June 30**

These are outstanding purchase orders that have not been approved for payment as goods were not received in the fiscal year in which they were ordered.

**9.060 Property Tax Advances**

The District obtained a \$1,000,000 tax advance in fiscal year 2004 against real estate taxes intended to finance fiscal year 2005. Potential advances have been excluded due to the District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances.

**11.02 Property Tax – Renewal or Replacement**

Assumes the five year, 4.0 mill emergency levy will be renewed prior to **12/31/07**. No additional new levies are included in the projection.

# PATRICK W. DROPSEY

RICHLAND COUNTY AUDITOR



50 PARK AVENUE EAST, MANSFIELD, OHIO 44902  
TELEPHONE 419/774-5501

May 4, 2006

Shelby City School District  
Michelle Smith, Treasurer  
P.O. Box 31  
Shelby, Ohio 44875

Michelle:

Listed below are the current rates and valuations for Tax Year 2005

	Class I	Class II	Full
Inside	5.20	5.20	5.20
Perm Improvment	1.02	1.55	2.00
Emergency	4.00	4.00	4.00
General	14.78	23.02	38.30
<b>Total</b>	<b>25.00</b>	<b>33.77</b>	<b>49.50</b>

	Richland
Agriculture	10,914,890
Residential	155,494,670
<b>Class I Total</b>	<b>166,409,560</b>
Industrial/Mineral	13,939,380
Commercial	18,936,220
Public Utility Real	96,860
<b>Class II Total</b>	<b>32,972,460</b>
Public Utility Personal	7,502,810
Personal Property	34,252,251
<b>Total</b>	<b>241,137,081</b>

If you have any questions please feel free to contact me at 419-774-5506.

Sincerely,

Rick Gulley  
Auditor's Office

Richland County Auditor's  
Estimated Tax Levy Revenue  
Shelby City School District

	Tax Year 2005 Valuation	TY 2005 Rate	TY 2005 Dollar Amount	1/1/06 - 6/30/06	7/1/06 - 12/31/06
<b>General</b>					
Class I	166,409,560	20.00	3,328,196	1,830,508	1,497,688
Class II	32,972,460	28.22	930,645	511,855	418,790
Public Utility Personal	7,502,810	43.50	326,372	179,505	146,868
Personal Property	34,252,251	43.50	1,489,973	0	1,489,973
<b>Total Valuation</b>	<b>241,137,081</b>		<b>6,075,187</b>	<b>2,521,868</b>	<b>3,553,319</b>

**Permanent Improvement**

Class I	166,409,560	1.02	169,602	93,281	76,321
Class II	32,972,460	1.56	51,325	28,229	23,096
Public Utility Personal	7,502,810	2.00	15,006	8,253	6,753
Personal Property	34,252,251	2.00	68,505	0	68,505
<b>Total Valuation</b>	<b>241,137,081</b>		<b>304,438</b>	<b>129,763</b>	<b>174,674</b>

**Emergency**

Class I	166,409,560	4.00	665,638	366,101	299,537
Class II	32,972,460	4.00	131,890	72,539	59,350
Public Utility Personal	7,502,810	4.00	30,011	16,506	13,505
Personal Property	34,252,251	4.00	137,009	0	137,009
<b>Total Valuation</b>	<b>241,137,081</b>		<b>964,548</b>	<b>455,147</b>	<b>509,402</b>

$\times 97\%$   
295,304.86

$\times 97\%$   
935,611.56

$\frac{241,137,081 \times 5.2}{1,000} = 1,253,912.92$   
 $\times 97\%$   
1,216,295

$\frac{6,075,187.00}{- 1,253,912.82}$   
4,821,274.18  
 $\times 97\%$   
4,676,635.95  
 $+ 935,611.56$   
5,612,247.51

# Timeline for Receiving School District Income Tax Payments

	April Year 1	July Year 1	October Year 1	January Year 2	April Year 2	July Year 2	October Year 2
Payment Components	January and February withholding	3 months withholding 2 quarterly estimated payments	3 months withholding 1 quarterly estimated payment	3 months withholding	December withholding (tax year one) 2 months withholding (tax year two) 1 quarterly estimated payment (tax year one) Annual returns (tax year one)	3 months withholding (tax year two) 2 quarterly estimated payments (tax year two) Annual Returns (tax year one)	Same as October Year 1
The average percentage and historical distribution of a school district's request which will be received in the first seven distributions.*	1st quarter average 6.0%  Percent of districts receiving: under 4.5%: 20.4% 4.5-7.5%: 59.3% over 7.5%: 20.4%  Cumulative Average: 6.0%	2nd quarter average 16.4%  Percent of districts receiving: under 14.5%: 20.4% 14.5-19.5%: 59.3% over 19.5%: 20.4%  Cumulative Average: 22.4%	3rd quarter average 17.7%  Percent of districts receiving: under 15.5%: 18.5% 15.5-21%: 62.0% over 21%: 19.4%  Cumulative Average: 40.1%	4th quarter average 17.4%  Percent of districts receiving: under 15.5%: 21.7% 15.5-20.5%: 54.7% over 20.5%: 23.6%  Cumulative Average: 57.5%	5th quarter average 24.0%  Percent of districts receiving: under 21%: 18.9% 21-29%: 62.3% over 29%: 18.9%  Cumulative Average: 81.5%	6th quarter average 48.0%  Percent of districts receiving: under 42%: 24.5% 42-54%: 51.9% over 54%: 23.6%  Cumulative Average: 129.5%	7th quarter average 22.6%  Percent of districts receiving: under 20%: 18.9% 20-26%: 63.2% over 26%: 17.9%
The average percentage and historical distribution of a school district's request which will be received from distributions number eight through fourteen.*	January Year 3  8th quarter average 20.8%  Percent of districts receiving: under 18.5%: 22.6% 18.5-22.5%: 53.8% over 22.5%: 23.7%	April Year 3  9th quarter average 27.0%  Percent of districts receiving: under 24%: 21.5% 24-31%: 59.1% over 31%: 19.4%	July Year 3  10th quarter average 42.4%  Percent of districts receiving: under 36%: 20.4% 36-49%: 58.1% over 49%: 21.5%	October Year 3  11th quarter average 24.1%  Percent of districts receiving: under 21%: 19.4% 21-27.5%: 62.4% over 27.5%: 18.3%	January Year 4  12th quarter average 22.6%  Percent of districts receiving: under 20%: 18.8% 20-26.5%: 62.4% over 26.5%: 18.8%	April Year 4  13th quarter average 29.0%  Percent of districts receiving: under 25.5%: 19.0% 25.5-32%: 61.9% over 32%: 19.0%	July Year 4  14th quarter average 43.2%  Percent of districts receiving: under 37%: 28.6% 37-48%: 42.9% over 48%: 28.6%

\*The percentages in this section of the table are based on historical data from the districts passing levies since 1988. The major factor influencing where a district falls in the range is generally the degree to which the rate effect is rounded from the exact rate appearing on the certification. Also, the condition of the general economy will tend to move all districts either up or down within the ranges. All percentages are net of the Department of Taxation's administrative fees.

## SHELBY CITY SCHOOL DISTRICT OUTSTANDING DEBT SCHEDULE

Issue Date	Energy Conservation 1998		Band Instrument Loan December 19, 2002		State Solvency Advance June 2, 2005		Income TAN July 28, 2005		Total Including Bonds	
	Original Principal									
<b>Outstanding at 04/30/06</b>	<b>840,000.00</b>	<b>171,360.00</b>	<b>11,315.25</b>	<b>650.63</b>	<b>1,922,227.27</b>	<b>0.00</b>	<b>1,000,000.00</b>	<b>150,365.00</b>	<b>3,773,542.53</b>	<b>322,375.63</b>
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006										
July									0.00	0.00
August					147,863.64				147,863.64	0.00
September					147,863.64				147,863.64	0.00
October					147,863.64				147,863.64	0.00
November					147,863.64				147,863.64	0.00
December		21,420.00			147,863.64				147,863.64	21,420.00
January			10,700.00	1,265.88	147,863.64				158,563.64	1,265.88
February					147,863.64				147,863.64	0.00
March					147,863.64				147,863.64	0.00
April					147,863.64				147,863.64	0.00
May					147,863.64				147,863.64	0.00
June	105,000.00	21,420.00			147,863.64			36,612.50	252,863.64	58,032.50
July					135,541.67				135,541.67	0.00
August					135,541.67				135,541.67	0.00
September					135,541.67				135,541.67	0.00
October					135,541.67				135,541.67	0.00
November					135,541.67				135,541.67	0.00
December		18,742.50			135,541.67		170,000.00	21,750.00	305,541.67	40,492.50
2007										
January			11,315.25	650.63	135,541.67				146,856.92	650.63
February					135,541.67				135,541.67	0.00
March					135,541.67				135,541.67	0.00
April					135,541.67				135,541.67	0.00
May					135,541.67				135,541.67	0.00
June	105,000.00	18,742.50			135,541.67			18,052.50	240,541.67	36,795.00
July									0.00	0.00
August									0.00	0.00
September									0.00	0.00
October									0.00	0.00

## SHELBY CITY SCHOOL DISTRICT OUTSTANDING DEBT SCHEDULE

Issue Date	Energy Conservation 1998		Band Instrument Loan December 19, 2002		State Solvency Advance June 2, 2005		Income TAN July 28, 2005		Total Including Bonds	
	Original Principal									
<b>Outstanding at 04/30/06</b>	<b>840,000.00</b>	<b>171,360.00</b>	<b>11,315.25</b>	<b>650.63</b>	<b>1,922,227.27</b>	<b>0.00</b>	<b>1,000,000.00</b>	<b>150,365.00</b>	<b>3,773,542.53</b>	<b>322,375.63</b>
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>2008</b>	November								<b>0.00</b>	<b>0.00</b>
	December		16,065.00				195,000.00	18,052.50	<b>195,000.00</b>	<b>34,117.50</b>
	January								<b>0.00</b>	<b>0.00</b>
	February								<b>0.00</b>	<b>0.00</b>
	March								<b>0.00</b>	<b>0.00</b>
	April								<b>0.00</b>	<b>0.00</b>
	May								<b>0.00</b>	<b>0.00</b>
	June	105,000.00	16,065.00					13,811.25	<b>105,000.00</b>	<b>29,876.25</b>
	July								<b>0.00</b>	<b>0.00</b>
	August								<b>0.00</b>	<b>0.00</b>
	September								<b>0.00</b>	<b>0.00</b>
	October								<b>0.00</b>	<b>0.00</b>
<b>2009</b>	November								<b>0.00</b>	<b>0.00</b>
	December		13,387.50				205,000.00	13,811.25	<b>205,000.00</b>	<b>27,198.75</b>
	January								<b>0.00</b>	<b>0.00</b>
	February								<b>0.00</b>	<b>0.00</b>
	March								<b>0.00</b>	<b>0.00</b>
	April								<b>0.00</b>	<b>0.00</b>
	May								<b>0.00</b>	<b>0.00</b>
	June	105,000.00	13,387.50					9,352.50	<b>105,000.00</b>	<b>22,740.00</b>
	July								<b>0.00</b>	<b>0.00</b>
	August								<b>0.00</b>	<b>0.00</b>
	September								<b>0.00</b>	<b>0.00</b>
	October								<b>0.00</b>	<b>0.00</b>
<b>2010</b>	November								<b>0.00</b>	<b>0.00</b>
	December		10,710.00				210,000.00	9,352.50	<b>210,000.00</b>	<b>20,062.50</b>
	January								<b>0.00</b>	<b>0.00</b>
	February								<b>0.00</b>	<b>0.00</b>

## SHELBY CITY SCHOOL DISTRICT OUTSTANDING DEBT SCHEDULE

Issue Date	Energy Conservation 1998		Band Instrument Loan December 19, 2002		State Solvency Advance June 2, 2005		Income TAN July 28, 2005		Total Including Bonds	
	Original Principal									
<b>Outstanding at 04/30/06</b>	<b>840,000.00</b>	<b>171,360.00</b>	<b>11,315.25</b>	<b>650.63</b>	<b>1,922,227.27</b>	<b>0.00</b>	<b>1,000,000.00</b>	<b>150,365.00</b>	<b>3,773,542.53</b>	<b>322,375.63</b>
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
March									0.00	0.00
April									0.00	0.00
May									0.00	0.00
June	105,000.00	10,710.00						4,785.00	105,000.00	15,495.00
July									0.00	0.00
August									0.00	0.00
September									0.00	0.00
October									0.00	0.00
November									0.00	0.00
December		8,032.50					220,000.00	4,785.00	220,000.00	12,817.50
<b>2011</b> January									0.00	0.00
February									0.00	0.00
March									0.00	0.00
April									0.00	0.00
May									0.00	0.00
June	105,000.00	8,032.50							105,000.00	8,032.50
July									0.00	0.00
August									0.00	0.00
September									0.00	0.00
October									0.00	0.00
November									0.00	0.00
December		5,355.00							0.00	5,355.00
<b>2012</b> January									0.00	0.00
February									0.00	0.00
March									0.00	0.00
April									0.00	0.00
May									0.00	0.00
June	105,000.00	5,355.00							105,000.00	5,355.00

## SHELBY CITY SCHOOL DISTRICT OUTSTANDING DEBT SCHEDULE

Issue Date	Energy Conservation 1998		Band Instrument Loan December 19, 2002		State Solvency Advance June 2, 2005		Income TAN July 28, 2005		Total Including Bonds	
	Original Principal									
<b>Outstanding at 04/30/06</b>	<b>840,000.00</b>	<b>171,360.00</b>	<b>11,315.25</b>	<b>650.63</b>	<b>1,922,227.27</b>	<b>0.00</b>	<b>1,000,000.00</b>	<b>150,365.00</b>	<b>3,773,542.53</b>	<b>322,375.63</b>
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013										
July									0.00	0.00
August									0.00	0.00
September									0.00	0.00
October									0.00	0.00
November									0.00	0.00
December		2,677.50							0.00	2,677.50
January									0.00	0.00
February									0.00	0.00
March									0.00	0.00
April									0.00	0.00
May									0.00	0.00
June	105,000.00	2,677.50							105,000.00	2,677.50
July									0.00	0.00
August									0.00	0.00
September									0.00	0.00
October									0.00	0.00
November									0.00	0.00
December									0.00	0.00