Exhibit T-3
APPROVED
05-14-13

SHAKER HEIGHTS CITY SCHOOL DISTRICT

FIVE-YEAR FORECAST

FOR THE PROJECTED YEARS ENDING

JUNE 30, 2013 THROUGH JUNE 30, 2017

IN ACCORDANCE WITH

HOUSE BILL NO. 412

May 2013

SHAKER HEIGHTS CITY SCHOOL DISTRICT
Shaker Heights, Ohio

To: Members, Shaker Heights Board of Education
& Mark Freeman, Superintendent

CC: Members, Finance & Audit Committee

From: Bryan C. Christman, Treasurer

Date: May 9, 2013

Re: House Bill No. 412 Five-Year Forecast

I have summarized below some of the highlights of the forecast. Please feel free to call if you have questions or care to discuss before the meeting.

Major Assumptions and/or Highlights:

1. The most significant items incorporated into the previous years forecast and continued in this forecast are the economic provisions of the 2011 approved/ratified collective bargaining agreements with the District's three collective bargaining groups and the provisions of the final approved State budget bill and the specific revenue impacts to the District for the 2012-2013 biennium and beyond.
2. The provisions of the 2012-2013 State biennial budget resulted in the District losing about $21 million over a seven year period, including about $8 million during the 2012-2013 biennium. The lost revenue includes the approximately $1 million per year of the Federal Stimulus funds (referred to as the State Fiscal Stabilization Fund) that partially funded the State's Foundation program which was discontinued after Fiscal 2012; and the accelerated elimination of the Tangible Personal Property (TPP) (about $2 million per year but declining) and the Public Utility Reimbursement (about $776,000 per year) payments.
3. The Fiscal 2013 revenue and expenditure items have been updated to reflect the projected amounts through the end of the fiscal year as of March 31, 2013.
4. **The impact of the 2012 County reappraisal process resulted in a $63.4 million reduction in residential real estate assessed value (AV) for the 2012 tax year (calendar 2013 tax collection year). Normally the reduction in AV is accounted for by the House Bill No. 920 adjustment factor whereby the rate is increased proportionately to the reduction in AV. Unfortunately, the more**

recent District operating tax levy rates are limited from increasing above the original voted millage rate and therefore the District's total tax collections will be reduced from prior year levels. The annual impact to the District due to the overall $64.9 million net reduction in assessed value in calendar 2013 including a $2.4 million reduction in commercial real estate and a $0.9 million increase in public utility tangible AV's approximates $1.4 million, approximately one-half of which impacts Fiscal 2013 with the full impact in Fiscal 2014. Because the October 2012 forecast projected an overall $1.8 million tax decrease based on preliminary AV data, this May 2013 forecast reflects a net gain in projected tax dollars in both 2013 and beyond. This slight increase is reflected beginning in Fiscal 2013 in the General Property Tax and Property Tax Allocation lines of the forecast (lines 1.01 and 1.05, respectively).

5. Casino tax payment distributions by the State began in January. The District's receipt amounted to $112,000, which is anticipated being paid twice per calendar year (Jan/Feb and August).
6. An estimated $200,000 shift to the General Fund 001 in Fiscal 2014 and beyond, of costs previously funded by Federal monies that ended or were reduced as of the end of Fiscal 2012 and/or Fiscal 2013;
7. **A blended overall 2% per year projected salary increase, including annual experience steps, for all years after the current collective bargaining agreements expire.**
8. A projected annual growth rate of 10.0% for health insurance costs offset in Fiscal 2012 and 2013 by increased employee shared premium percentages (from 8% to 12%), thereby reducing the effective growth rate to 8% in Fiscal 2013. Fiscal 2013 projected costs also reflect the continuation of the reduced premium rates that went into effect January 1, 2012, as well as the impact of the change in employee deductibles and co-insurance at the same time;
9. **Fiscal 2013 is projected to have a favorable budget variance approximating $830,000 due to a second year in a row with self funding renewal rate reductions effective January 1, 2013. A similar additional savings for the second half of calendar 2013, then offset by an anticipated 10% increase in rates effective January 1, 2014, results in a flat line for health insurance from projected 2013 to projected 2014. Accordingly, a significant favorable variance estimated at $8.9 million for this item for Fiscal 2013 through Fiscal 2017 as compared to the October 2012 forecast.**
10. Natural gas budget increases of 4% per year for fiscal years beyond Fiscal 2013;
11. Electricity budget increases of 3% per year for fiscal years beyond Fiscal 2013;
12. An additional $150,000 allocated for textbook adoptions in fiscal year 2014;
13. A projected annual growth rate averaging 5% for out-of-district tuition costs;
14. A 5% annual growth rate for out-of-district tuition transportation costs;
15. A 5% annual growth rate for fuel costs beyond Fiscal 2013. We have allotted an additional $25,000 as a precaution that fuel prices experience a more dramatic fluctuation in fiscal year 2014;
16. Capital Outlay spending in Fiscal 2013 (and beyond) is projected to exceed budget by $800,000 due to capital project needs and the end of the bond issue funds.

17. **The approval of a continuing property tax levy with a projected yield equivalent of at least 6.9 mills in calendar 2014; and**
18. **A net annual budget savings of $1 million in fiscal year 2014 and $1.5 million each year commencing in fiscal year 2015. The original fiscal year 2014 savings amount of $1.35 million was identified via the reduction in projected health insurance expenses, partially offset by the projected increase in capital outlay expenses as compared to the October 2012 forecast. With this update of the forecast, however, an additional $1 million of net annual budget savings must be identified for fiscal year 2014.**
19. **This latest projection affirms the District's Fiscal 2012 decision to delay the three-year levy initially planned for 2013, to a fourth year in 2014. With this forecast, the levy cycle also is extended to four years for all future operating levies at a millage level reduced from 9.9 to 6.9 mills. However, key to achieving that extended lower millage cycle is a continuation of a higher annual budget savings as mentioned above.**

Significant Changes from the prior Forecast:

A. Increase in Real Estate Tax & HERB Collections: The October 2012 forecast reflected an estimated $1.8 million in reduced taxes due to the preliminary $49.1 million reduction in residential real estate assessed value (and presumed similar reduction in commercial real estate and public utility tangible property) resulting from the 2012 reappraisal process. The final assessed values were $14.3 million higher for residential values, while the commercial values only declined $2.4 million and the public utility tangible actually increased by $0.9 million, thereby ending up with only a $1.4 million per year reduction in taxes beginning with calendar 2013. Accordingly, this May 2013 forecast reflects a slight pickup in property tax and Homestead Exemption & Rollback revenues over the five-year forecast period approximating $1.4 million.

B. Elimination of OfficeMax Delinquent Tangible Personal Property Receivable: This May 2013 forecast reflects the removal from the forecast of the one-time fiscal year 2014 estimated $1.8 million delinquent balance owed by OfficeMax.

C. **Fiscal 2013 Projected Results:** The forecast reflects the projected results for the fiscal year ended June 30, 2013, as of March 31, 2013.

D. **Cost Shift from Federal Funds:** The forecast reflects a reduction from $500,000 to $200,000 in the presumed cost shift allowance for fiscal year 2014 forward, since some costs have already been shifted due to reductions in grant funding over the last several years.

E. **Change in Growth Rates:** No changes in growth rates in this forecast, except for salary increases after the end of the current contract (see Salary Increases below).

F. **Debt Service Estimated Payments:** Estimated principal and interest payments on lines 4.050 and 4.055 respectively, for the energy conservation capital projects (to be amortized over 15 years) and the track and turf field improvement project (to be amortized over 10 years) at Shaker Heights High School stadium, have been adjusted to reflect the final actual debt service payments. The most significant change is that there is no principal payment due until Fiscal 2014.

G. **Casino Tax Receipts:** The District received its first share of casino tax receipts in January amounting to $112,000. The District will receive semi-annual receipts in Jan/Feb and August. The May 2013 forecast reflects a doubling of the initial payment with a 0.5% growth rate per year during the forecast period.

H. **Capital Outlay:** The May 2013 forecast reflects a significant projected increase in capital outlay for Fiscal 2013 ($800,000) and future years, reflecting the spend down of the bond issue funds.

I. Levy Cycle and Size: With this forecast, the timing and size of the future operating levies have been adjusted. The timing has been adjusted so as to reflect an increase in the time between all future levies from a three-year cycle to a four-year cycle, and the size of the future levies has been reduced from 9.9 mills to 6.9 mills effective with the projected 2014 operating levy.

J. Net Annual Budget Savings: The May 2013 forecast reflects an increase in unidentified net annual budget savings from $1.35 million to $1.5 million per year for each year commencing in fiscal year 2015. An additional $1 million of net budget savings for fiscal year 2014 must also be identified.

K. Salary Increases: The May 2013 forecast reflects a reduction in the salary increases projected for the years after the current collective bargaining agreements expire. The October 2012 forecast reflected a 1% contractual, coupled with an experience step (estimated at 2%) for a combined increase of 3% per year, while this forecast reflects only a combined 2% per year increase going forward.

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SHAKER HEIGHTS CITY SCHOOLS

CUYAHOGA

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

		Actual				Forecasted					5-Year
		Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Average Change	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change
	Revenues										
1.010	General Property Tax (Real Estate)	$57,304,724	$60,219,281	$63,372,851	5.2%	$62,608,591	$62,008,591	$62,008,591	$62,008,591	$62,008,591	-0.2%
1.020	Tangible Personal Property Tax	275,602	130,508	9,228	-72.8%	3,620					-25.0%
1.030	Income Tax										
1.035	Unrestricted Grants-in-Aid	13,462,297	12,940,373	12,760,883	-2.6%	12,823,883	12,823,883	12,823,883	12,823,883	12,823,883	
1.040	Restricted State Grants-in-Aid	3,048,871	3,183,140	800,360	-35.2%	443,000	565,000	574,000	584,000	594,000	8.1%
1.045	Restricted Federal Grants-in-Aid - SFSF	914,813	1,095,687	697,231	-8.3%	74,798					-25.0%
1.050	Property Tax Allocation	8,054,541	8,624,596	9,057,675	6.0%	9,043,942	8,943,942	8,943,942	8,943,942	8,943,942	-0.3%
1.060	All Other Revenues	2,443,588	1,977,010	1,984,232	-9.4%	2,051,500	1,914,000	1,948,000	1,982,000	2,017,000	-0.4%
1.070	*Total Revenues*	85,504,436	88,170,595	88,682,460	1.8%	87,049,334	86,255,416	86,298,416	86,342,416	86,387,416	-0.2%
	Other Financing Sources										
2.010	Proceeds from Sale of Notes										
2.020	State Emergency Loans and Advancements (Approved)										
2.040	Operating Transfers-In										
2.050	Advances-In										
2.060	All Other Financing Sources										
2.070	*Total Other Financing Sources*										
2.080	*Total Revenues and Other Financing Sources*	85,504,436	88,170,595	88,682,460	1.8%	87,049,334	86,255,416	86,298,416	86,342,416	86,387,416	-0.2%
	Expenditures										
3.010	Personal Services	52,050,708	51,139,605	50,210,780	-1.8%	50,977,796	51,185,995	51,617,646	52,191,000	52,776,000	0.9%
3.020	Employees' Retirement/Insurance Benefits	19,088,542	19,851,154	19,029,788	-0.1%	17,702,400	17,729,400	18,684,800	19,721,200	20,882,700	4.2%
3.030	Purchased Services	13,750,971	12,910,557	12,148,209	-6.0%	13,494,600	14,116,100	14,545,600	15,094,600	15,765,600	4.0%
3.040	Supplies and Materials	2,855,856	2,491,226	2,726,307	-1.7%	3,146,000	3,197,000	3,248,000	3,300,000	3,353,000	1.6%
3.050	Capital Outlay	565,535	582,184	1,029,542	39.9%	1,981,000	2,080,000	2,184,000	2,293,000	2,408,000	5.0%
3.060	Budget Reductions						(1,000,000)	(2,500,000)	(4,000,000)	(5,500,000)	61.9%
	Debt Service:										
4.010	Principal-All (Historical Only)										
4.020	Principal-Notes										
4.030	Principal-State Loans										
4.040	Principal-State Advancements										
4.050	Principal and interest-HB 264 Loan					30,891	178,125	185,425	182,625	184,775	120.1%
4.055	Principal and interest -Other					10,375	90,850	94,300	92,700	91,100	194.0%
4.060	Interest and Fiscal Charges										
4.300	Other Objects	1,148,841	1,391,664	1,447,904	12.6%	1,594,558	1,663,000	1,734,000	1,808,000	1,885,000	4.3%
4.500	*Total Expenditures*	89,460,453	88,366,390	86,592,530	-1.6%	88,937,620	89,240,470	89,793,771	90,683,125	91,846,175	0.8%
	Other Financing Uses										
5.010	Operating Transfers-Out	475,000	405,000	385,000	-9.8%	270,000	295,000	320,000	345,000	370,000	8.2%
5.020	Advances-Out										
5.030	All Other Financing Uses										
5.040	*Total Other Financing Uses*	475,000	405,000	385,000	-9.8%	270,000	295,000	320,000	345,000	370,000	8.2%
5.050	*Total Expenditures and Other Financing Uses*	89,935,453	88,771,390	86,977,530	-1.7%	89,207,620	89,535,470	90,113,771	91,028,125	92,216,175	0.8%
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(4,431,017)	(600,795)	1,704,930	-235.1%	(2,158,286)	(3,280,054)	(3,815,355)	(4,685,709)	(5,828,759)	28.9%

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SHAKER HEIGHTS CITY SCHOOLS

CUYAHOGA

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

		Actual				Forecasted					5-Year
		Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Average Change	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	26,833,467	22,402,450	21,801,655	-9.6%	23,506,585	21,348,299	18,068,245	14,252,890	9,567,181	-19.6%
7.020	*Cash Balance June 30*	22,402,450	21,801,655	23,506,585	2.6%	21,348,299	18,068,245	14,252,890	9,567,181	3,738,422	-32.6%
8.010	*Estimated Encumbrances June 30*	4,371,477	4,581,288	6,150,540	19.5%	5,300,540	5,300,540	5,300,540	5,300,540	5,300,540	
	Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials										
9.020	Capital Improvements										
9.030	Budget Reserve	353,070	353,070	353,070		353,070	353,070	353,070	353,070	353,070	
9.040	DPIA										
9.045	Fiscal Stabilization										
9.050	Debt Service										
9.060	Property Tax Advances										
9.070	Bus Purchases										
9.080	*Subtotal*	353,070	353,070	353,070		353,070	353,070	353,070	353,070	353,070	
10.010	*Fund Balance June 30 for Certification of Appropriations*	17,677,903	16,867,297	17,002,975	-1.9%	15,694,689	12,414,635	8,599,280	3,913,571	(1,915,188)	-63.8%
	Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal										
11.020	Property Tax - Renewal or Replacement										
11.300	Cumulative Balance of Replacement/Renewal Levies										
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	17,677,903	16,867,297	17,002,975	-1.9%	15,694,689	12,414,635	8,599,280	3,913,571	(1,915,188)	-63.8%
	Revenue from New Levies										
13.010	Income Tax - New										
13.020	Property Tax - New							2,667,600	5,335,200	5,335,200	25.0%
13.030	Cumulative Balance of New Levies							2,667,600	8,002,800	13,338,000	66.7%
14.010	Revenue from Future State Advancements										
15.010	*Unreserved Fund Balance June 30*	$17,677,903	$16,867,297	$17,002,975	-1.9%	$15,694,689	$12,414,635	$11,266,880	$11,916,371	$11,422,812	-7.1%
	ADM Forecasts										
20.010	Kindergarten - October Count	390	365	360	-3.9%	346	346	346	346	346	
20.015	Grades 1-12 - October Count	5,094	5,125	5,084	-0.1%	5,077	5,077	5,077	5,077	5,077	
20.020	Kindergarten - February Count										
20.025	Grades 1-12 - February Count										
	State Fiscal Stabilization Funds										
21.010	Personal Services SFSF/Ed Jobs in F12	$720,830	$884,778	$595,184	-5.0%						
21.020	Employees Retirement/Insurance Benefits SFSF/Ed Jobs in F12	193,983	210,909	176,845	-3.7%						
21.030	Purchased Services SFSF/Ed Jobs in F12										
21.040	Supplies and Materials SFSF/Ed Jobs in F12										
21.050	Capital Outlay SFSF/Ed Jobs in F12										
21.060	*Total Expenditures-SFSF/Ed Jobs in F12*	$914,813	$1,095,687	$772,029	-4.9%						

See accompanying summary of significant forecast assumptions and accounting policies
Includes Funds: General, State Fiscal Stabilization, Education Jobs Fund, Emergency Levy, PBA, Textbook & any portion of Debt Service related to General fund debt.

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05/09/13

Shaker Heights City School District
Summary of Significant Forecast Assumptions and Accounting Policies

Note 1 - Nature and Purpose of Presentation

This financial projection presents in accordance with the mandates of House Bill No. 412 (H. B. 412), the expected revenues, expenditures, and fund balance of the General Fund of the Shaker Heights School District (the "District") for each of the fiscal years ending June 30, 2013 through June 30, 2017, with historical unaudited information presented for the fiscal years ended June 30, 2010, 2011, and 2012. Additionally, the Textbook Subsidy Fund, USAS Fund No. 455, the school bus subsidy fund, included as part of USAS Fund No. 003, the Poverty Based Assistance Fund, USAS Fund No. 494, the State Fiscal Stabilization Fund, USAS Fund No. 532, and the Education Jobs Fund, USAS Fund No. 504 are included in the forecast, as required by H. B. 412 (as amended by subsequent legislation).

A. Basis of Accounting

This financial projection has been prepared on the cash receipts and disbursements basis, which is the required basis (non-GAAP) of accounting used for budgetary purposes. Under this system, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred. Under Ohio law, the District is also required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

B. Fund Accounting

The District maintains its accounts in accordance with the principles of "fund" accounting. Fund accounting is used by governmental entities, such as school districts, to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions and activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stands separate from the activities reported in other funds. The General Fund is the operating fund of the District and is used to account for all financial resources except for those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

The assumptions disclosed herein are those that the District believes are significant to the projection. However, because circumstances and conditions assumed in projections frequently do not occur as expected, and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

Note 2 - Description of the School District

A. The Board of Education and Administration

The Board of Education of the Shaker Heights School District (the "Board") is a political and corporate body charged with the responsibility of managing and controlling the affairs of the District, and is, together with the School District, governed by the general laws of the State of Ohio (the "Ohio Revised Code"). The Board is comprised of five members who are locally-elected to overlapping four-year terms.

The Board elects its President and Vice President annually, and appoints two officials: the Superintendent, who serves as the Chief Executive Officer, and the Treasurer, who serves as the Chief Financial Officer.

B. The School District and its Facilities

The District is located in Shaker Heights, Ohio, Cuyahoga County. The District operates five elementary schools (K-4 with Pre-K located in one of those schools), one elementary school (5-6), one middle school

(7-8), and one high school (9-12). The District covers approximately 7.5 square miles, including all of the City of Shaker Heights and a portion of the City of Cleveland in the Shaker Square area, and is located approximately ten miles southeast of downtown Cleveland.

C. District Employees

The District's instruction and support facilities are staffed by 299.3 classified employees, 448.3 certificated full-time and part-time teaching and tutoring personnel, and 33.0 administrators who provide services to approximately 5,423 students. The District's teachers are represented by the Shaker Heights Teachers' Association ("SHTA"). Classified employees (secretarial-clerical, custodial, maintenance, and transportation) of the District are represented for collective bargaining purposes by two other unions. Non-bargaining employees include educational specialists, aides, security staff and all administrators and supervisors.

Note 3 - General Assumptions

Summarized below are the significant general assumptions underlying the financial forecast.

A. Enrollment/Average Daily Membership (ADM)

Enrollment refers to the number of students registered with the District as intending to attend school. Average Daily Membership (ADM) is the number of full time equivalent (FTE) students for which the State funds the District. ADM is a smaller number than enrollment typically due to the loss of student counts for unexcused absences by enrolled students during the first full week of October each year, and beginning in Fiscal 2007 (and ending in Fiscal 2009) a second count in February, the State's official ADM count weeks. State funded ADM is estimated to remain stable during the projection period at a level approximating 5,423 per year.

B. Staffing

The reduction in staffing levels for Fiscal 2007 reflect the budget reduction actions taken and implemented by the District, most of which became effective at the beginning of Fiscal 2007. The increase in staffing levels between Fiscal 2007 and Fiscal 2008 include an increase of 9.4 positions attributable to the reclassification as employees effective in Fiscal 2008. The increase in staffing levels between Fiscal 2009 and Fiscal 2010 include an increase of 7.5 Teacher Aides, and an increase of 9.4 positions funded by Federal Stimulus monies.

Staffing levels between Fiscal 2010 and Fiscal 2011 decreased due to the outsourcing of the District's food service operations effective in the fall of 2010, and to reflect reductions in employees as part of the District's $2 million per year budget reductions beginning with the adopted Fiscal 2011 budget appropriations. Staffing levels between Fiscal 2011 and Fiscal 2012 decreased as a result of additional position reductions at the beginning of Fiscal 2012, primarily through attrition. Actual and projected staffing levels through Fiscal 2013 are as follows:

STAFFING CATEGORY	FYE 2004	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013 Projected
Regular Instruction	349.3	353.2	347.1	327.3	339.6	343.5	344.1	333.2	322.5	322.5
Special Instruction	41.2	40.6	45.6	52.2	51.1	49.3	48.5	48.8	50.5	50.5
Spec.Instr.-Stimulus							**1.7	1.7	0.0	0.0
Vocational Instruction	0.9	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0
Pupil Support Services	160.5	153.2	151.6	151.8	149.7	156.0	**162.3	152.4	162.1	162.1
Pup.SuptServ-Stimulus							**7.7	8.5	0.0	0.0
Administrators	35.0	35.0	35.0	34.0	33.0	32.0	32.0	32.0	33.0	33.0
Operation of Plant	83.0	84.0	87.0	73.6	72.6	74.0	74.0	72.0	72.0	72.0
Pupil Transportation	35.5	41.0	32.5	31.5	32.9	31.6	31.9	31.3	31.3	31.3
Food Service Program	12.9	13.1	19.2	19.6	22.3	21.6	23.9	***0.0	0.0	0.0
Other	97.9	97.2	96.2	95.3	*104.7	110.3	109.7	110.2	109.2	109.2
Total Employees	**816.2**	**818.3**	**815.2**	**786.3**	**806.9**	**819.3**	****836.8**	**790.1**	**780.6**	**780.6**

* Increase from prior year due to reclassification as employee status effective in Fiscal 2008.
** Increase from prior year includes 7.5 Teacher Aides and 9.4 positions funded by Federal Stimulus funds.
***Decrease due to outsourcing of Food Service operations at beginning of year.

C. Budget Savings (*Line 3.06*)

Under the current set of long-range forecast assumptions, additional unidentified permanent budget reductions are indicated approximating $1.0 million in Fiscal 2014 and $1.5 million in each year beginning in Fiscal 2015, and are reflected on this line item and appear as a negative value. Additional budget adjustments would be required in the event other such projected future events do not occur.

Revenue Assumptions

The District's primary sources of revenue are from the levying of property taxes on real and tangible personal property located within the District boundaries, and from the State of Ohio through the State Foundation program. The following notes provide information with respect to the revenue categories.

Note 4 - Property Taxes (Lines 1.01 & 1.02)

A. General Property (Real Estate) and Tangible Personal Property Taxes

Property taxes that are levied and assessed on a calendar year basis include amounts levied against all real public utility, and tangible personal (used in business) property located in the school district. Assessed values for real property taxes are established by state law at 35% of the appraised market value. All real property is required to be revalued every six years and updated mid-way through the six-year period. The utility property taxes are assessed on tangible personal property at 88% of true value and on public utility real property at 35% of true value. Tangible personal property taxes are assessed at 25% of true value. In 1976, during periods of high inflation, the Ohio General Assembly passed House Bill No. 920. This law provides that real property owners receive tax credits equal to any tax increase caused by an increase in value of all real property in taxing districts as a result of reappraisal, update or readjustment. This does not apply to inside non-voted millage, tangible property or new construction. In effect, House Bill 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

The forecast assumes a decrease in assessed value for 2013, after which the forecast assumes growth during the rest of the projection period only for the inside millage, due to the maintenance effect of H.B. 920. The General Fund millage consists of 4.1 inside or statutory mills, and 143.03 (effective January 1, 2001), and 152.63 (effective January 1, 2004) outside or voted mills, all of which are continuing. On May 2, 2006, the District's voters approved by a 60.7% margin a new 9.9 mill current operating expense levy for a continuing period of time, which increased the voted millage total to 162.53 effective January 1, 2007. And on May 4, 2010, the District's voters approved by a 58.1% margin an additional 9.9 mill current operating expense levy for a continuing period of time, which increased the voted millage total to 172.43 effective January 1, 2011. This new levy accounts for the increased revenues reflected in General Property Tax revenue (Line 1.01) beginning in Fiscal 2011 and Fiscal 2012.

General Property Tax revenues are anticipated to decline in Fiscal 2013 and Fiscal 2014 in response to an expected decrease in the tax year 2012 (tax collection year 2013) property tax assessed valuation. Such decrease is reflective of the continuing depression in the real estate market, which is directly impacting the 2012 required sexennial reappraisal of all real estate property. The decrease is caused by the limitations incorporated into House Bill No. 920 whereby tax rates cannot be raised above the original voted millage rate as a result of a reduction in carryover property valuation.

In 1999, the Ohio Legislature passed and the Governor approved legislation calling for the reduction in the assessed valuation percentage for the inventory portion of the personal property tax to be reduced from the current 25% to 0% over a 25-year period (reduction of 1 percentage point per year). As a component of the biennial budget bill for fiscal years 2004 and 2005, this phase-out was accelerated from 1 to 2 percentage points per year. Additionally, the personal property tax exemption for the first $10,000 of taxable value was to be phased out over ten years beginning in calendar 2003.

In accordance with other State legislation, the District was held harmless for the five calendar years 2002 through 2006 with respect to the changes implemented with regard to the tax valuation reductions for electric and natural gas public utilities. Accordingly, a shift of tax revenue to Restricted Grants-In-Aid occurred and is reflected in the actual results for those years through Fiscal 2011. Because the District had been on the State Foundation "guarantee" (see Unrestricted Grants-In-Aid discussion below) it qualified for continuation of the make-up payments. As a result of reductions in aide to school districts incorporated into House Bill No. 153, the State's Fiscal 2012 & 2013 biennial budget bill, the phase-out of the public utility tax reimbursement payments to school districts is being accelerated such that the District will no longer receive such payments beginning in Fiscal 2012. Accordingly, the forecast reflects the elimination of such continuation payments that approximated $776,000 per year.

The adoption of House Bill No. 66, the state's biennial budget for Fiscal years 2006 and 2007, was enacted in June 2005. Such legislation adopted wide-sweeping changes in the state's tax structure. The bill provided for among other things, the reduction in personal income tax rates over a five-year period, the elimination of the corporate franchise tax, the institution of a commercial activity tax, the elimination of the tangible personal property tax, and the elimination of the Cost of Doing Business Factor portion of the State Foundation formula aid calculation.

The most significant impact of such legislation to the District was the elimination of the personal property tax and the elimination of the Cost of Doing Business Factor. Such changes, once fully implemented and after all planned reimbursement periods had lapsed, were to result in the loss of approximately $2 million for each of the two factors, for a total of $4 million per year in 2005 dollars. With regards to the lost personal property tax revenues, the legislation incorporated a reimbursement payment to school districts during a five-year phase-out period (tax years 2006 through 2010), after which the payments would be phased down to zero over the following eight years (tax years 2011 through 2018). Although House Bill No. 1 (the Fiscal 2009 & 2010 biennial budget bill) approved in July 2009 included a provision increasing by two years the reimbursement at 100% of the maximum before phasing out as originally scheduled, House Bill No. 153, the Fiscal 2012 & 2013 biennial budget accelerated such phase-out whereby the District's payments were reduced from $2.2 million to $0.5 million in Fiscal 2012 and reduced to zero in Fiscal 2013 and beyond. The historical forecast years reflects the reduction and ultimate elimination of the local Tangible Personal Property Tax (line 1.02), while the State reimbursement payments were included in Restricted State Grants-In-Aid (line 1.04).

B. New Property Tax (Line 13.02)

This financial line includes the forecasted tax revenue assuming that a continuing property tax levy with a projected yield equivalent of 6.9 mills is approved by the District voters in calendar 2014.

Note 5 - Unrestricted Grants-In-Aid (Line 1.035)

The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. Through Fiscal 2009, State Foundation payments (line 1.035) under the Ohio Revised Code were calculated by the State Department of Education on the basis of pupil enrollment, classroom teacher ratios, plus other factors for transportation, special education units, extended service and other items of categorical funding. House Bill No. 1 (H.B. No. 1), the State's biennial budget bill for the 2010-2011 fiscal years, incorporated the Governor's Evidence Based Model (EBM) for education. The rules and requirements for the EBM were to be developed by the Ohio Department of Education (ODE) and were to be implemented over the next ten years. The 2010 general election resulted in a change in control of the State Offices including Governor. Subsequently, the new General Assembly repealed the EBM, thereby cancelling the provisions of such program. Currently, the new State administration is developing a new funding allocation formula to be implemented in Fiscal 2013, subsequently delayed until Fiscal 2014. Accordingly the future funding model for schools is uncertain at this time.

The State utilized significant Federal dollars from the American Recovery and Reinvestment Act (ARRA), aka Stimulus Funds, to fill a gap in its 2010-11 two-year biennial budget. The State Fiscal Stabilization Fund (SFSF) monies received by the District are shown separately on Line 1.045 of the forecast and amounted to $914,813 in Fiscal 2010 and $1,095,687 in Fiscal 2011. Such funds were available for only the 2010 and 2011 fiscal years. Subsequent Federal legislation created the Education Jobs Fund, for which the District received $772,029 to be used to "save" District jobs. Such funds, which the District used in Fiscal 2012, are also reflected on Line 1.045 in the Fiscal 2012 column with the final payment received in July 2012. As part of House Bill No. 153, the State's Fiscal 2012 & 2013 biennial budget bill, the SFSF payments will not be replaced with State money, thereby resulting in a District loss approximating $1.1 million per year.

Other legislated reductions in school funding included the accelerated phase-out of the public utility and the tangible personal property reimbursement payments resulting in a District loss approximating $2.6 million in Fiscal 2012 and $3.1 million in Fiscal 2013. Such State funding was previously reflected on Line 1.040. The State Foundation funding is assumed to remain "flatlined" during the remaining years of the forecast period after Fiscal 2012 in accordance with historical State Foundation guarantees. Changes in State funding different from this assumption may have a material effect on the finances of the District and this forecast.

Note 6 - Restricted Grants-In-Aid (Line 1.04 and Line 1.045*)*

The components of Line 1.04, Restricted State Grants-In-Aid include the following categories (in thousands):

	2010	2011	2012	2013	2014	2015	2016	2017
Bus Purchase Subsidy	$0	$0	$0	$0	$0	$0	$0	$0
Other	14	10	4	5	5	5	5	5
Special Education Catastrophic Aid	279	250	318	326	334	342	351	360
Casino Tax Revenue	0	0	0	112	226	227	228	229
Public Utility Tax Reimbursement	776	776	0	0	0	0	0	0
Tangible Personal Property Tax Reimb.	1,980	2,147	478	0	0	0	0	0
State Formula Adj	0	0	0	0	0	0	0	0
Total Other State	$3,049	$3,183	$800	$443	$565	$574	$584	$594

The components of Line 1.045, Restricted Federal Grants-In-Aid include the State Fiscal Stabilization Funds received during the fiscal years 2010 and 2011, and the Education Jobs Federal funds in fiscal years 2012 and 2013.

Note 7 - Property Tax Allocation (Line 1.05)

State law grants tax relief in the form of a 10% reduction in real property tax bills. In addition, a basic 2.5% rollback is granted on owner-occupied residential property taxes and additional relief is granted to qualified elderly and disabled homeowners based on income (homestead exemption). The State reimburses the school district for the loss of real property tax collections as a result of such provisions in the law. Such 10% reduction in commercial real property tax bills was eliminated by a provision of H.B. No. 66 effective in 2006. The elimination of the 10% credit to commercial real property taxpayers resulted in lower reimbursements to the District for this line item beginning in Fiscal 2006. However, the loss of the credit resulted in higher local property tax collections that are included in General Property Tax (line 1.01). The increases in property tax allocation for fiscal years 2011 and 2012 are attributable to the May 2010 voter-approved 9.9 mill current operating levy which began collections January 1, 2011.

Note 8 - All Other Revenues (Line 1.06)

The components of this financial line include the following categories (in thousands):

	2010	2011	2012	2013	2014	2015	2016	2017
Investment Earnings	$689	$301	$223	$153	$153	$153	$153	$153
Other Local Receipts	1,635	1,564	1,682	1,817	1,678	1,710	1,742	1,775
Federal Receipts – CAFS	120	112	79	81	83	85	87	89
Total All Other Revenues	$2,444	$1,977	$1,984	$2,051	$1,914	$1,948	$1,982	$2,017

A. Investment Earnings

Investment earnings are assumed to yield returns on investable cash balances during the forecast period averaging in the 0.50 – 1.0% range. This also includes investment earnings on other District funds cash balances as allowable under State law.

B. Other Local Receipts

This category includes primarily tuition as well as a variety of miscellaneous receipts not categorized elsewhere. The forecasted amounts assume minor fluctuations during the projection period.

C. Federal Receipts

This category consists primarily of the Medicaid billing reimbursement program receipts. The termination of the CAFS program by the State of Ohio effective July 1, 2005, resulted in minimal collections in Fiscal 2006. After three years of protracted litigation and negotiation with the State and Federal authorities, the Ohio Medicaid School Program (OMSP) was approved during the summer of 2008, with a retroactive effective date of July 1, 2005. Included in Fiscal 2009 receipts were $93,909 in reimbursements under the new program. All of fiscal years 2010, 2011 & 2012 receipts are reimbursements under the new program. Accordingly, the forecast includes estimated receipts in Fiscal 2013 and beyond.

Expenditure Assumptions

Note 9 - Personal Services - Salaries and Wages (Line 3.01)

The projected salaries through the end of Fiscal 2014 are based on the terms of the existing ratified union contracts. As delineated in Note 3, staffing levels beyond Fiscal 2011 decreased reflecting additional position reductions at the beginning of Fiscal 2012, primarily through attrition. Staffing levels for Fiscal 2013 and beyond are expected to remain level with Fiscal 2012 levels.

On January 1, 2007, a new Teacher's contract became effective which called for annual contractual increases of 1%, 2%, and 3%, respectively on April 1st of each of the three years of the contract beginning April 1, 2007. On July 1, 2007, new contracts became effective for the District's two classified collective bargaining groups, which call for annual contractual increases of 1%, 2%, and 2%, respectively on September 1st of each of the three contract years beginning September 1, 2007. Effective January 1, 2010, a one-year extension of the teachers' contract became effective that provided for no contractual increases. Additionally, effective July 1, 2010 both of the District's other two collective bargaining agreements were extended for one year at a zero contractual increase. In April 2011, an agreement retroactive to January 1, 2011, was reached with the District's primary labor group, the Shaker Heights Teachers' Association (SHTA). The agreement was ratified by both the SHTA membership and the Board of Education in late April. The economic provisions of the new three-year collective bargaining agreement include no contractual or step increases in 2011, and no contractual increases to base in 2012 or 2013. A 1% of base salary stipend was payable on January 16, 2012 and January 16, 2013. Additionally, the employees' portion of health insurance shared premiums increased from 8% to 12% effective January 1, 2012. Various other changes to co-pays, deductibles and co-insurance percentages also went into effect January 1, 2012. The economic provisions of such negotiated agreement are reflected in the forecast.

On July 1, 2011, new three-year contracts became effective for the District's two classified collective bargaining groups. The economic provisions of these two new contracts mirror the provisions of the SHTA contract described above, except that the 1% stipend is payable in the fall of 2012 and 2013, and the increased shared premium percentage goes into effect July 1, 2012.

The salary increases utilized in determining the projected year amounts also incorporate contractual step increase percentages including the impact of new employees, retirements, job vacancies, salary schedule advancements, and grant fund usage.

Note 10 - Fringe Benefits (Line 3.02)

Fringe benefit costs include the following categories of expenses:

A. Retirement Contributions
Projected costs are based on applying the effective statutory rates to the respective years' salaries and wages.

B. Health Care Costs
The forecasted health care costs for Fiscal 2013 are based on the terms of the existing health contracts and the current number of employees. For years beyond 2013 health care costs are projected to increase at rates greater than the general inflation rate (10.0%), but reflect anticipated savings of the recently negotiated collective bargaining agreement.

C. Workers Compensation
The School District participates in the Ohio Bureau of Workers' Compensation (the Bureau) Retrospective Rating Plan. Under the retrospective rating plan, the School District assumes a portion of the claims expense risk in return for a reduction in current premiums.

The projection for 2013 is based upon estimated costs including the benefit of any discounts granted by the Bureau. Costs for the years subsequent to 2013 are projected to increase at rates greater than the general inflation rate.

D. Medicare, Unemployment and Life Insurance
The projection of these benefits for 2013 is based upon actual results of Fiscal 2010, Fiscal 2011 and Fiscal 2012. Forecasted costs for the years subsequent to 2013 are projected to increase at a minor rate of inflation other than amounts attributable to the increasing number of District employees who are subject to the Medicare tax.

Note 11 - Purchased Services (Line 3.03)

The projection for 2013 is based upon actual results of Fiscal 2011 and Fiscal 2012. Costs over the five-year projection period increase at an average 4.0% primarily due to an anticipated increase in Fiscal 2013 and beyond for expected repairs & maintenance costs. This category includes out-of–district tuition, special education transportation, repairs & maintenance, and utilities, which are the major cost drivers in this category.

Note 12 - Materials, Supplies, and Textbooks (Line 3.04)

The projection period includes additional allotments to accommodate the need for textbook adoptions in fiscal years 2013 and 2014. Costs over the five-year projection period increase at an average 1.6% per year (including the extra allotments).

Note 13 - Capital Outlay (Line 3.05)

This financial line includes capital oriented repair & maintenance and purchases of equipment and certain vehicles. Major building repairs and renovations were previously funded by the District's bond issue capital fund and were not included in this report, however such funds have been fully utilized and thus must be funded by the general fund.

Note 14 - Debt Service (Lines 4.01 through 4.06)

The forecast includes only those outstanding debt issuances that are funded by the General Fund. Therefore, District general obligations that are paid by the District's Debt Service Fund, which are funded by a separate dedicated property tax are excluded from this forecast. In Fiscal 2012, the District began two capital projects calling for long-term financial borrowing approximating $3.2 million. The estimated loan repayments for principal and interest are included in this section.

Note 15 - Other

A. Transfers and Advances In and Out (Lines 2.04, 2.05, 5.01 and 5.02)

Projected transfers and advances in/out are based on historical amounts of transfers and advances. The projection assumes that the out amounts combined will average $320,000 per year for fiscal years 2013 through 2017.

B. Other Objects (Line 4.30)

The main components of this category include County Auditor & Treasurer fees for the collection of tax receipts, insurance coverages, and other object categories. The projection for 2013 is based upon actual results of Fiscal 2011 and Fiscal 2012. Costs over the five-year projection period increase at an average 4.3% per year to reflect expected increases.

C. Encumbrances (Line 8.01)

The District uses the encumbrance method as part of formal budgetary and management control. Under this method, purchase orders, contracts, resolutions and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment. Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The forecast assumes a constant level of $5.3 million of outstanding encumbrances for each year during the forecast period.

D. Reservations of Fund Balance (Lines 9.01 through 9.08)

The Textbooks and Instructional Materials (9.01), Capital Improvements (9.02), and Budget Reserve (9.03) are reserves mandated under the provisions of House Bill 412. These financial lines reflect the cumulative reserve balance required at the end of the respective fiscal year end. The required amounts are determined by and can only be utilized for expenditures in accordance with the rules jointly adopted by the Auditor of State and the Ohio Department of Education for each respective reserve. The Bus Purchases Reserve (9.07) financial line reflects the accumulated and unspent subsidy amount received from the State solely to be used for the purchase and/or lease of school buses. Expenditures of such reserve amounts as they occur will be reflected in the expenditure section of the forecast as applicable.

SHAKER HEIGHTS CITY SCHOOL DISTRICT
Forecast Comparison
May 2013 vs. Oct 2012

	Actual FYE 2011	Actual/Proj. FYE 2012	Projected FYE 2013	Projected FYE 2014	Projected FYE 2015	Projected FYE 2016	Projected FYE 2017	5/6-Yr.TOTAL
REVENUE ANALYSIS								
General Property Tax - 1.010								
Revised May 2013	60,219,281	63,372,851	62,608,591	62,008,591	62,008,591	62,008,591	62,008,591	434,235,087
Revised Oct 2012	60,219,281	63,372,851	62,572,851	61,772,851	61,772,851	61,772,851	61,772,851	433,256,387
Increase/(Decrease) in Revenue	0	0	35,740	235,740	235,740	235,740	235,740	978,700
Notes: F13 & F14 increase due to overestimated reduction due to HB 920 tax loss due to AV decrease								
Tangible Personal Prop - 1.020								
Revised May 2013	130,508	9,228	3,620	0	0	0	0	143,356
Revised Oct 2012	130,508	9,228	0	1,800,000	0	0	0	1,939,736
Increase/(Decrease) in Revenue	0	0	3,620	(1,800,000)	0	0	0	(1,796,380)
Notes: Tax no longer in effect. Eliminated delinquent payments from OfficeMax originally projected for F14								
HERB - 1.050								
Revised May 2013	8,624,596	9,057,675	9,043,942	8,943,942	8,943,942	8,943,942	8,943,942	62,501,981
Revised Oct 2012	8,624,596	9,057,675	8,957,675	8,857,675	8,857,675	8,857,675	8,857,675	62,070,646
Increase/(Decrease) in Revenue	0	0	86,267	86,267	86,267	86,267	86,267	431,335
Notes: F13 & F14 increase due to overestimated reduction due to HB 920 tax loss due to AV decrease								
TOTAL TAXES								
Revised May 2013	68,974,385	72,439,754	71,656,153	70,952,533	70,952,533	70,952,533	70,952,533	496,880,424
Revised Oct 2012	68,974,385	72,439,754	71,530,526	72,430,526	70,630,526	70,630,526	70,630,526	497,266,769
Increase/(Decrease) in Revenue	0	0	125,627	(1,477,993)	322,007	322,007	322,007	(386,345)
Notes: F13 & beyond increase due to overestimated reduction due to HB 920 tax loss due to AV decrease, offset by elimination of OfficeMax from F14 receipts.								
Unrestricted Grants-in-Aid 1.035 & 1.045								
Revised May 2013	14,036,060	13,458,114	12,898,681	12,823,883	12,823,883	12,823,883	12,823,883	91,688,387
Revised Oct 2012	14,036,060	13,458,114	12,835,681	12,760,883	12,760,883	12,760,883	12,760,883	91,373,387
Increase/(Decrease) in Revenue	0	0	63,000	63,000	63,000	63,000	63,000	315,000
Notes:								
Restricted Grants-in-Aid 1.040								
Revised May 2013	3,183,140	800,360	443,000	565,000	574,000	584,000	594,000	6,743,500
Revised Oct 2012	3,183,140	800,360	331,000	339,000	347,000	356,000	365,000	5,721,500
Increase/(Decrease) in Revenue	0	0	112,000	226,000	227,000	228,000	229,000	1,022,000
Notes: Casino Tax beginning in F2013								
Total Revenues - 2.080								
Revised May 2013	88,170,595	88,682,460	87,049,334	86,255,416	86,298,416	86,342,416	86,387,416	609,186,053
Revised Oct 2012	88,170,595	88,682,460	86,716,207	87,583,409	85,826,409	85,870,409	85,915,409	608,764,898
Increase/(Decrease) in Revenue	0	0	333,127	(1,327,993)	472,007	472,007	472,007	421,155
Notes: F13 & beyond increase due to overestimated reduction due to HB 920 tax loss due to AV decrease, offset by elimination of OfficeMax from F14 receipts.							**Multi-Yr.Inc/(Dec) in Rev=**	421,155
							Multi-Yr.Inc/(Dec) in Exp=	(9,671,458)
							Inc/(Dec) in Enc.=	0
							Net Inc/(Dec) in FdBal.=	10,092,613

SHAKER HEIGHTS CITY SCHOOL DISTRICT
Forecast Comparison
May 2013 vs. Oct 2012

	Actual FYE 2011	Actual/Proj. FYE 2012	Projected FYE 2013	Projected FYE 2014	Projected FYE 2015	Projected FYE 2016	Projected FYE 2017	5/6-Yr.TOTAL
EXPENDITURE ANALYSIS								
Personal Services - 3.010								
Revised May 2013	51,139,605	50,210,780	50,977,796	51,185,995	51,617,646	52,191,000	52,776,000	360,098,822
Revised Oct 2012	51,139,605	50,210,780	51,402,796	51,697,276	52,620,603	53,731,000	54,870,000	365,672,060
Inc./(Dec.) in Expenditures	0	0	(425,000)	(511,281)	(1,002,957)	(1,540,000)	(2,094,000)	(5,573,238)
Notes: Lesser reduction in grant funds than originally projected, plus decrease in projected salary growth rate.								
Emp Retirement & Benefits - 3.020								
Revised May 2013	19,851,154	19,029,788	17,702,400	17,729,400	18,684,800	19,721,200	20,882,700	133,601,442
Revised Oct 2012	19,851,154	19,029,788	18,717,400	19,702,200	20,912,100	22,228,100	23,692,200	144,132,942
Inc./(Dec.) in Expenditures	0	0	(1,015,000)	(1,972,800)	(2,227,300)	(2,506,900)	(2,809,500)	(10,531,500)
Notes: Primarily due to lower health insurance expenses								
Purchased Services - 3.030								
Revised May 2013	12,910,557	12,148,209	13,494,600	14,116,100	14,545,600	15,094,600	15,765,600	98,075,266
Revised Oct 2012	12,910,557	12,148,209	13,394,600	14,012,100	14,436,600	14,979,600	15,643,600	97,525,266
Inc./(Dec.) in Expenditures	0	0	100,000	104,000	109,000	115,000	122,000	550,000
Notes:								
Textbooks, Materials & Supplies-3.040								
Revised May 2013	2,491,226	2,726,307	3,146,000	3,197,000	3,248,000	3,300,000	3,353,000	21,461,533
Revised Oct 2012	2,491,226	2,726,307	2,946,000	2,996,000	3,047,000	3,099,000	3,153,000	20,458,533
Inc./(Dec.) in Expenditures	0	0	200,000	201,000	201,000	201,000	200,000	1,003,000
Notes:								
Capital Outlay - 3.050								
Revised May 2013	582,184	1,029,542	1,981,000	2,080,000	2,184,000	2,293,000	2,408,000	12,557,726
Revised Oct 2012	582,184	1,029,542	1,081,000	1,135,000	1,192,000	1,252,000	1,315,000	7,586,726
Inc./(Dec.) in Expenditures	0	0	900,000	945,000	992,000	1,041,000	1,093,000	4,971,000
Notes: Due to increase capital costs due to spend down of bond funds.								
Budget Reductions - 3.060								
Revised May 2013	0	0	0	(1,000,000)	(2,500,000)	(4,000,000)	(5,500,000)	(13,000,000)
Revised Oct 2012	0	0	0	(1,350,000)	(2,713,500)	(4,090,635)	(5,481,541)	(13,635,676)
Inc./(Dec.) in Expenditures	0	0	0	350,000	213,500	90,635	(18,459)	635,676
Notes: Some of F14 reductions reflected in reduced expenses and F2013 favorable carryover fund balance; increased per year in assumed savings.								
Total Expend.&Other FinUses - 5.050								
Revised May 2013	88,771,390	86,977,530	89,207,620	89,535,470	90,113,771	91,028,125	92,216,175	627,850,081
Revised Oct 2012	88,771,390	86,977,530	89,777,620	90,522,400	91,921,627	93,726,889	95,824,083	637,521,539
Inc./(Dec.) in Expenditures	0	0	(570,000)	(986,930)	(1,807,856)	(2,698,764)	(3,607,908)	(9,671,458)
Notes: See as described above.								

SHAKER HEIGHTS CITY SCHOOL DISTRICT
Forecast Comparison
May 2013 vs. Oct 2012

	Actual FYE 2011	Actual/Proj. FYE 2012	Projected FYE 2013	Projected FYE 2014	Projected FYE 2015	Projected FYE 2016	Projected FYE 2017	5/6-Yr.TOTAL
FUND BALANCE ANALYSIS								
Excess of Rev vs. Exp. - 6.010								
Revised May 2013	(600,795)	1,704,930	(2,158,286)	(3,280,054)	(3,815,355)	(4,685,709)	(5,828,759)	(18,664,028)
Revised Oct 2012	(600,795)	1,704,930	(3,061,413)	(2,938,991)	(6,095,218)	(7,856,480)	(9,908,674)	(28,756,641)
Inc./(Dec.) in Net Income	0	0	903,127	(341,063)	2,279,863	3,170,771	4,079,915	10,092,613
Notes:								
Estimated Encumbrances - 8.010								
Revised May 2013	4,581,288	6,150,540	5,300,540	5,300,540	5,300,540	5,300,540	5,300,540	37,234,528
Revised Oct 2012	4,581,288	6,150,540	5,300,540	5,300,540	5,300,540	5,300,540	5,300,540	37,234,528
Inc./(Dec.) in Encumbrances	0	0	0	0	0	0	0	0
Notes:								
Fund Bal. June 30 Certification - 10.010								
Revised May 2013	16,867,297	17,002,975	15,694,689	12,414,635	8,599,280	3,913,571	(1,915,188)	72,577,259
Revised Oct 2012	16,867,297	17,002,975	14,791,562	11,852,570	5,757,352	(2,099,128)	(12,007,802)	52,164,826
Inc./(Dec.) in Fund Bal.	0	0	903,127	562,065	2,841,928	6,012,699	10,092,614	20,412,433
Notes:								
New Prop.Tax Revenue - 13.020								
Revised May 2013	0	0	0	0	2,667,600	5,335,200	5,335,200	13,338,000
Revised Oct 2012	0	0	0	0	3,861,000	7,722,000	7,722,000	19,305,000
Inc./(Dec.) in Fund Balance	0	0	0	0	(1,193,400)	(2,386,800)	(2,386,800)	(5,967,000)
Notes: Decrease due to final Assessed Value lower than originally projected coupled with levy millage lowered from 9.9 mills to 6.9.								
Unreserved Fund Bal. June 30 - 15.010								
Revised May 2013	16,867,297	17,002,975	15,694,689	12,414,635	11,266,880	11,916,371	11,422,812	96,585,659
Revised Oct 2012	16,867,297	17,002,975	14,791,562	11,852,570	9,618,352	9,483,872	7,297,198	86,913,826
Inc./(Dec.) in Fund Balance	0	0	903,127	562,065	1,648,528	2,432,499	4,125,614	9,671,833
Notes: As detailed above.								

SHAKER HEIGHTS CITY SCHOOL DISTRICT
Forecast Comparison
May 2013 vs. Oct 2012

	Actual FYE 2011	Actual/Proj. FYE 2012	Projected FYE 2013	Projected FYE 2014	Projected FYE 2015	Projected FYE 2016	Projected FYE 2017	5/6-Yr.TOTAL
FB-Retirement - Part of 3.020								
Revised May 2013	8,581,028	7,911,396	7,973,000	8,011,000	8,079,000	8,172,000	8,267,000	56,994,424
Revised Oct 2012	8,581,028	7,911,396	8,098,000	8,149,000	8,293,000	8,471,000	8,654,000	58,157,424
Inc./(Dec.) in Expenditures	0	0	(125,000)	(138,000)	(214,000)	(299,000)	(387,000)	(1,163,000)
Notes: Due to lower F13 salary base combined with reduction in projected salary growth rate.								
FB-Health Insurance - Part of 3.020								
Revised May 2013	9,793,453	9,470,299	8,170,000	8,170,000	8,988,000	9,887,000	10,873,000	65,351,752
Revised Oct 2012	9,793,453	9,470,299	9,000,000	9,902,000	10,893,000	11,983,000	13,179,000	74,220,752
Inc./(Dec.) in Expenditures	0	0	(830,000)	(1,732,000)	(1,905,000)	(2,096,000)	(2,306,000)	(8,869,000)
Notes: Due to 2nd year in a row reduction in health ins. Rates as of Jan.2013 vs. projected 10% increase in forecast.								
FB-All Other Fringes - Part of 3.020								
Revised May 2013	1,476,673	1,648,093	1,559,400	1,548,400	1,617,800	1,662,200	1,742,700	11,255,266
Revised Oct 2012	1,476,673	1,648,093	1,619,400	1,651,200	1,726,100	1,774,100	1,859,200	11,754,766
Inc./(Dec.) in Expenditures	0	0	(60,000)	(102,800)	(108,300)	(111,900)	(116,500)	(499,500)
Notes: Due to lower F13 salary base combined with reduction in projected salary growth rate.								
	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	
PS-Repair&Maint - Part of 3.030								
Revised May 2013	1,328,373	1,063,020	1,550,000	1,612,000	1,676,000	1,743,000	1,813,000	10,785,393
Revised Oct 2012	1,328,373	1,063,020	1,500,000	1,560,000	1,622,000	1,687,000	1,754,000	10,514,393
Inc./(Dec.) in Expenditures	0	0	50,000	52,000	54,000	56,000	59,000	271,000
Notes:								
PS-OOD Tuition - Part of 3.030								
Revised May 2013	4,839,105	4,727,050	5,163,000	5,421,000	5,692,000	5,977,000	6,276,000	38,095,155
Revised Oct 2012	4,839,105	4,727,050	4,963,000	5,211,000	5,472,000	5,746,000	6,033,000	36,991,155
Inc./(Dec.) in Expenditures	0	0	200,000	210,000	220,000	231,000	243,000	1,104,000
Notes:								
PS-Utilities - Part of 3.030								
Revised May 2013	1,664,255	1,154,061	1,307,000	1,385,000	1,426,000	1,469,000	1,512,000	9,917,316
Revised Oct 2012	1,664,255	1,154,061	1,417,000	1,500,000	1,546,000	1,594,000	1,642,000	10,517,316
Inc./(Dec.) in Expenditures	0	0	(110,000)	(115,000)	(120,000)	(125,000)	(130,000)	(600,000)
Notes:								
PS-Pupil Transportation - Part of 3.030								
Revised May 2013	1,408,931	1,294,704	1,389,000	1,458,000	1,531,000	1,608,000	1,688,000	10,377,635
Revised Oct 2012	1,408,931	1,294,704	1,359,000	1,427,000	1,498,000	1,573,000	1,652,000	10,212,635
Inc./(Dec.) in Expenditures	0	0	30,000	31,000	33,000	35,000	36,000	165,000
Notes:								
PS-Rest of Prof&TechSvces - Part of 3.030								
Revised May 2013	1,991,782	2,185,025	2,207,000	2,229,000	2,251,000	2,274,000	2,297,000	15,434,807
Revised Oct 2012	1,991,782	2,185,025	2,207,000	2,229,000	2,251,000	2,274,000	2,297,000	15,434,807
Inc./(Dec.) in Expenditures	0	0	0	0	0	0	0	0
Notes:								