

WORTHINGTON CITY SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2005, 2006, 2007, 2008 AND 2009 ACTUAL;
FORECASTED FISCAL YEARS ENDING JUNE 30, 2010 THROUGH 2014

LINE NUMBER	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Forecasted	Percentage Change	Fiscal Year 2012 Forecasted	Fiscal Year 2013 Forecasted	Fiscal Year 2014 Forecasted	Fiscal Year 2015 Forecasted
Revenues											
1.010 General Property Tax (Real Estate)	\$64,244,741	\$49,702,149	\$66,846,563	\$68,411,599	\$70,133,625	\$74,275,920	5.9%	\$76,591,035	\$77,984,174	\$78,319,568	\$78,743,349
1.020 Tangible Personal Property Tax	19,474,338	14,564,191	6,414,636	6,414,636	3,185,452	2,867,508	-10.0%	2,585,259	2,606,568	2,606,568	2,606,568
1.035 Unrestricted Grants-in-Aid (All 3100's except 3130)	17,410,753	16,235,173	16,046,713	16,203,295	14,976,620	14,677,298	-2.0%	13,298,698	13,298,698	13,298,698	13,298,698
1.040 Restricted Grants-in-Aid (All 3200's)	189,391	155,005	102,989	151,151	90,610	91,288	0.7%	91,288	91,288	91,288	91,288
1.045 Restricted Federal Grants-in-Aid SFSF (4220)	0	0	0	0	0	1,054,070	7.9%	721,973	0	0	0
1.050 Property Tax Allocation (3130)	7,106,081	10,906,131	14,667,065	16,405,938	22,165,070	22,968,865	3.6%	23,176,333	23,292,048	16,223,534	14,467,084
1.060 All Other Revenues except 1931, 1933, 1940, 1950, 5100, 5200	3,167,053	4,204,704	3,456,051	2,399,766	1,901,581	1,405,676	-26%	1,355,676	1,355,676	1,355,676	1,355,676
1.070 Total Revenues	111,592,357	95,787,353	112,067,522	111,986,985	113,423,467	117,340,625	3%	117,820,262	118,628,449	111,895,331	110,562,663
Other Financing Sources											
2.050 Advances-in (5200)	0	0	0	86,900	23,953	24,400	2%	0	0	0	0
2.060 All Other Financing Sources (including 1931 and 1933)	496	684	1,421	14,077	12,343	0	-100%	0	0	0	0
2.070 Total Other Financing Sources	496	684	1,421	100,977	36,296	24,400	-33%	0	0	0	0
2.090 Total Revenues and Other Financing Sources	111,592,853	95,788,037	112,068,943	112,087,962	113,459,763	117,365,025	3%	117,820,262	118,628,449	111,895,331	110,562,663
Expenditures											
3.010 Personal Services	66,716,571	67,172,483	69,911,488	72,276,386	73,360,571	74,888,238	2%	76,661,948	77,979,025	79,512,028	81,472,799
3.020 Employees' Retirement/Insurance Benefits	23,969,387	21,757,484	22,908,493	24,903,681	25,061,661	25,801,273	3%	27,517,145	29,360,206	31,065,814	32,973,377
3.030 Purchased Services	8,005,439	7,010,881	8,464,643	8,873,349	9,281,973	10,470,676	13%	11,057,724	11,682,454	12,347,513	13,055,745
3.040 Supplies and Materials	2,638,264	2,459,479	2,235,216	2,220,862	2,075,920	2,421,626	17%	2,494,275	2,569,103	2,646,176	2,725,561
3.050 Capital Outlay	618,708	446,003	507,588	324,332	181,297	250,918	38%	229,163	236,036	243,119	250,413
3.060 Intergovernmental (7600 and 7700 functions)	0	0	0	0	0	0	0%	0	0	0	0
3.000 Other Objects	1,392,387	1,695,361	1,615,922	1,206,819	1,611,214	1,897,659	18%	2,010,066	2,097,043	2,159,954	2,224,753
4.500 Total Expenditures	103,340,756	100,541,691	105,643,350	109,805,429	111,572,636	115,730,390	4%	120,170,321	123,923,869	127,974,604	132,702,648
Other Financing Uses											
5.010 Operating Transfers-Out	657,857	0	749,500	942,302	966,144	987,401	2%	1,051,125	1,076,047	1,101,619	876,170
5.020 Advances-Out	0	0	86,900	23,953	24,400	0	-100%	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0	0	0	0%	0	0	0	0
5.040 Total Other Financing Uses	657,857	0	836,400	966,255	990,544	987,401	0%	1,051,125	1,076,047	1,101,619	876,170
5.050 Total Expenditures and Other Financing Uses	103,998,613	100,541,691	106,479,750	110,771,684	112,563,180	116,717,791	4%	121,221,446	124,999,916	129,076,223	133,578,818
Sources over (under) Expenditures and Other Financing Uses											
6.010	7,594,240	-4,753,654	5,589,193	1,315,678	896,583	647,234	-28%	-3,401,164	-6,371,467	-17,180,892	-23,016,155
Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies											
7.010	28,925,348	36,519,586	31,750,002	37,339,195	38,654,873	39,551,456	2%	40,198,690	36,797,506	30,426,039	13,245,147
7.020 Cash Balance June 30	36,519,586	31,750,002	37,339,195	38,654,873	39,551,456	40,198,690	2%	36,797,506	30,426,039	13,245,147	-9,771,068
8.010 Encumbrances June 30	4,484,838	3,418,197	1,484,732	1,537,148	1,868,686	1,868,686	0%	1,868,686	1,868,686	1,868,686	1,868,686
Reservation of Fund Balance											
9.040 Contingency	0	1,750,000	3,118,000	3,118,000	3,118,000	3,118,000	0%	3,118,000	3,118,000	3,118,000	3,118,000
9.045 Fiscal Stabilization	0	0	0	0	0	0	0%	0	0	0	0
9.050 Debt Service	0	0	0	0	0	0	0%	0	0	0	0
9.060 Property Tax Advances	19,830,135	3,710,100	5,122,700	7,507,520	7,838,250	7,500,000	-4%	7,500,000	7,500,000	7,500,000	7,500,000
9.070 Bus Purchases	0	28,430	0	0	0	0	0%	0	0	0	0
9.080 Subtotal	19,830,135	5,468,530	8,240,700	10,625,520	10,956,250	10,618,000	-3%	10,618,000	10,618,000	10,618,000	10,618,000
15.010 Unreserved Fund Balance June 30	\$12,204,615	\$22,843,275	\$27,613,763	\$28,492,205	\$28,726,520	\$27,712,004	4%	\$24,310,820	\$17,939,353	\$758,461	(\$22,257,694)
Enrollment	9,407	9,323	9,393	9,358	9,453	9,470		9,478	9,555	9,668	9,730

See accompanying Notes to the Five Year Forecast

**NOTES TO THE FIVE YEAR FORECAST
GENERAL FUND ONLY**

10/25/2010

THE FORECAST

This forecast is scheduled for approval by the Worthington Board of Education on October 25, 2010. The forecast presents the financial estimates of the Worthington City School District's education program. The assumptions made to prepare this forecast are explained in the following pages.

REVENUE ASSUMPTIONS

REAL ESTATE VALUE ASSUMPTIONS

Property values are established each year by the Franklin County Auditor based on new construction and complete or updated values. A reappraisal of district property values occurred for 2008 values to be collected in calendar year 2009. The reappraisal left values unchanged. These have been factored into the projection for district property values along with their corresponding tax reduction factors affecting outside voted millage.

Per HB 66, telephone public utility personal property tax revenue will be systematically phased out by 2010. Projecting the impact of these changes is difficult, we believe our estimates are accurate in this forecast with the most current information that has been made available to us.

For 2010 Res./Ag. increased .71% for new construction; Comm./Ind. Decreased 1.08%; Public Utility increased .66%; Total AV increased \$750k primarily due to the growth in residential value. The operating levy and HB920 increased the effective rates resulting in, the Class I rate of 41.55 mills and Class II rate of 55.73 mills.

For 2011 the historic growth trends will be adjusted from/ to: Res./Ag. .8% to .0%; Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be 0%.

For 2012 the historic growth trends will be adjusted from/ to: Res./Ag. .0% to .0 % (no change); Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be 0%.
Total AV is estimated to remain constant with a reappraisal of no increase projected.

For 2013 the historic growth trends will be adjusted from/ to: Res./Ag. .8% to .5 % (decrease); Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be 0%.

For 2014 the historic growth trends will be adjusted from/ to: Res./Ag. .8% to .5 % (decrease); Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be 0%.

For 2015 the historic growth trends will be adjusted from/ to: Res./Ag. .08% to .08 % (no change); Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be 0%.
Total AV is estimated to remain constant with a reappraisal of no increase projected.

ESTIMATED ASSESSED VALUE BY COLLECTION YEARS (IN MILLIONS)

Classification	Act. 2010	Est. 2011	Est. 2012	Est. 2013	Est. 2014
Res./Ag.	\$1,366	\$1,366	\$1,366	\$1,373	\$1,379
Comm./Ind.	439	439	439	440	440
P.U. Pers.	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
Total	<u>\$1,835</u>	<u>\$1,835</u>	<u>\$1,835</u>	<u>\$1,843</u>	<u>\$1,849</u>

NEW TAX LEVIES

New levies are estimated to be collected at 96% of the annual amount. This allows for 2.25% delinquency and 1.75% A & T fees. Also, 52% of new Res./Ag. is expected to be collected in February tax settlements and 48% collected in August tax settlements. Public Utility and Commercial taxes are estimated at 50% in February and August. These timing estimates are very important to estimating when new levy or new construction tax dollars will be available to the district. HB66 has eliminated the 10% rollback on Class II property (commercial and industrial), and HB119 has expanded homestead for seniors for the first \$ 25,000 of value.

ESTIMATED REAL ESTATE TAX

Source	FY11	FY12	FY13	FY14	FY15
New Base	\$64,839,119	\$67,481,001	\$68,670,524	\$68,809,739	\$69,078,155
New Construction	169,691	0	139,215	268,416	354,125
Delinquent	1,767,111	1,610,034	1,674,435	1,741,412	1,811,069
Advances In	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Reappraisal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$74,275,920</u>	<u>\$76,591,035</u>	<u>\$77,984,174</u>	<u>\$78,319,568</u>	<u>\$78,743,349</u>

ESTIMATED TANGIBLE PERSONAL TAX AND HB66

The phase out of inventory taxes noted above began in FY 06. HB66 was adopted in June 2005 and the provisions of this legislation has eliminated the tangible personal property tax. HB 66 has provisions for the State to "hold harmless" through 2010 (annually phased out until gone after 2018) based on Tax Year 2004 valuations and tax rates the loss of personal property tax revenue. Projecting the impact of these changes is difficult, we believe our estimates are accurate in this forecast with the most current information that has been made available to us.

Source	FY11	FY12	FY13	FY14	FY15
Tangible Personal Property	\$275,247	\$0	\$0	\$0	\$0
Public Utility Personal	<u>\$2,592,260</u>	<u>\$2,585,259</u>	<u>\$2,606,568</u>	<u>\$2,606,568</u>	<u>\$2,606,568</u>
Total	<u>\$2,867,508</u>	<u>\$2,585,259</u>	<u>\$2,606,568</u>	<u>\$2,606,568</u>	<u>\$2,606,568</u>

UNRESTRICTED GRANTS IN AID

The State of Ohio passed the biennial budget for fiscal years 2010 and 2011. The budget contains significant changes to the school funding model now termed the Evidence Based Model (EBM). The model moves school funding from the traditional per pupil definition to one identifying the staffing levels and programs necessary for a quality education. The full effects of this new funding model are not known at this time, but the biennial budget provides for a 1% decrease in basic aid for fiscal year 2010 and 2% in fiscal year 2011.

The next biennium budget poses significant challenges for the State of Ohio. The current budget utilized over \$6 billion in one time funds. This deficit in the next biennium is estimated to be somewhere between 22.7% and 30.1%, accordingly to some legislators. We are projecting a 10% decrease for the next biennium.

Approximately 6.38% of the District's FY10 basic aid and special ed transportation funding is provided through federal stabilization funds. These funds must be used for specific purposes and are classified below as restricted grants in aid. This forecast assumes the State will not replace stabilization funds after FY2011, funding will decrease by 10% in FY12, and remain flat thereafter.

A) State Foundation Revenue PASS Form

Source	FY11	FY12	FY13	FY14	FY15
Basic Aid	\$13,786,004	\$12,407,404	\$12,407,404	\$12,407,404	\$12,407,404
Preschool Aid	\$240,451	\$240,451	\$240,451	\$240,451	\$240,451
Special Ed Transportation	\$244,663	\$244,663	\$244,663	\$244,663	\$244,663
Total	\$14,271,118	\$12,892,518	\$12,892,518	\$12,892,518	\$12,892,518

B) Reimbursements - Electric Deregulation

ORC 5727.84 required the State of Ohio to refund districts lost property taxes due to Electric Deregulation through 2006. Beginning in 2007, ODE has computed based on specified criteria to determine if districts are still eligible for reimbursement. With the most current information available, we anticipate continued further reimbursements for all forecast years.

Source	FY11	FY12	FY13	FY14	FY15
Dereg. Reimbursement	406,180	406,180	406,180	406,180	406,180

Summary of Unrestricted Grants in Aid

Source	FY11	FY12	FY13	FY14	FY15
State Foundation	\$14,271,118	\$12,892,518	\$12,892,518	\$12,892,518	\$12,892,518
Reimbursements	\$406,180	\$406,180	\$406,180	\$406,180	\$406,180
Total	\$14,677,298	\$13,298,698	\$13,298,698	\$13,298,698	\$13,298,698

RESTRICTED STATE GRANTS IN AID

These amounts are given to the district and restricted for specific purposes.

Source	FY11	FY12	FY13	FY14	FY15
Career Tech	\$91,288	\$91,288	\$91,288	\$91,288	\$91,288
Total	\$91,288	\$91,288	\$91,288	\$91,288	\$91,288

RESTRICTED FEDERAL GRANTS IN AID

These amounts represent restricted federal funds that the State of Ohio is using to stabilize its budget and fund education. The most recent estimate from ODE states that 6.38% of total basic aid will be provided from Fiscal Stabilization Funds for FY10 & FY11. The funds replace a portion of FY2009 basic aid, we are assuming 98% funding for FY11. The Federal Ed jobs fund allocation to Worthington is budgeted to be utilized in FY2012.

Source	FY11	FY12	FY13	FY14	FY15
Federal Stimulus Funds	<u>\$1,054,070</u>	<u>\$721,973</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$1,054,070</u>	<u>\$721,973</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

PROPERTY TAX ALLOCATION

a) ROLLBACK & HOMESTEAD REIMBURSEMENT

These funds are reimbursements from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers and up to 10% for commercial and industrial taxpayers. These amounts will grow along with new levies and new construction in Res./Ag/ and Comm. /Ind. property classifications. HB 66 has eliminated the 10 percent rollback on Class II property (commercial and industrial). HB 119 has increased the homestead exemption for seniors by \$25,000.

Source	FY11	FY12	FY13	FY14	FY15
Base R & H	\$7,450,547	\$7,946,031	\$8,153,499	\$8,269,212	\$8,270,508
New Levy	495,484	207,468	115,713	0	0
New Construction	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,296</u>	<u>10,890</u>
Total	<u>\$7,946,031</u>	<u>\$8,153,499</u>	<u>\$8,269,212</u>	<u>\$8,270,508</u>	<u>\$8,281,397</u>

b) TANGIBLE PERSONAL PROPERTY REIMBURSEMENTS

These amounts reflect the state's reimbursement of tangible personal property tax that is being phased out in HB66. The current legislation provides for a reduction in the reimbursement starting after FY13 and continued reduction until the reimbursement is 0 after FY17.

Source	FY11	FY12	FY13	FY14	FY15
TPP Reimbursement	<u>\$15,022,834</u>	<u>\$15,022,834</u>	<u>\$15,022,834</u>	<u>\$7,953,026</u>	<u>\$6,185,687</u>

SUMMARY OF PROPERTY TAX ALLOCATION

Source	FY11	FY12	FY13	FY14	FY15
Homestead & Rollback	\$7,946,031	\$8,153,499	\$8,269,212	\$8,270,508	\$8,281,397
TPP Reimbursement	<u>15,022,834</u>	<u>15,022,834</u>	<u>15,022,834</u>	<u>7,953,026</u>	<u>6,185,687</u>
Total	<u>\$22,968,865</u>	<u>\$23,176,333</u>	<u>\$23,292,046</u>	<u>\$16,223,534</u>	<u>\$14,467,084</u>

OTHER LOCAL REVENUES

Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period. The federal fiscal policy decreased rates in light of the current economic circumstances to a new overnight rate range of 0.00% to .25%. The District's balances available for investment and maturities of investments vary month to month due to cash flow needs. We are estimating interest revenue to decline throughout the forecast period due to decreasing cash balances and a low rate environment. Funds are predominately invested in STAR Ohio, federal agency securities, certificates of deposit, T-bills, T-notes and interest bearing sweep accounts. Security of the public funds collected by the district is the top priority of the Treasurer's office.

Other local revenues are estimated based on past trends and researching activity over the past two years in detail. We do not anticipate significant changes in this revenue area in the current forecast.

Source	FY11	FY12	FY13	FY14	FY15
Interest Income	\$300,000	\$275,000	\$275,000	\$275,000	\$275,000
Pay To Participate	\$155,676	\$155,676	\$155,676	\$155,676	\$155,676
Tuition	700,000	700,000	700,000	700,000	700,000
Other	<u>250,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>
Total	<u>\$1,405,676</u>	<u>\$1,355,676</u>	<u>\$1,355,676</u>	<u>\$1,355,676</u>	<u>\$1,355,676</u>

RETURN OF ADVANCES & REFUND OF PRIOR YEAR EXPENDITURES

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

Source	FY11	FY12	FY13	FY14	FY15
Advance Returns	\$24,400	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0	\$0
R.O.P.Y.E. (*)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$24,400</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(*) refund of prior years expenditures.

EXPENDITURE ASSUMPTIONS

WAGES

The model reflects pay increases approved by the Board of Education for certificated and administrative staff effective August 1, 2008 for three years of 2.85% per year. Increases and step & training increases are projected to grow as additional staff members are added for increased enrollment. Classified employees covered by the WESP agreement were granted increase of 2.85% effective January 1, 2009 and January 1, 2010;

The certificated staff have negotiated a base pay freeze for FY2012. The forecast assumes all employees have a freeze in 2012 and estimates increases of 0%, .5% and 1% for fiscal years 2013, 2014 and 2015 respectively. The increase listed in FY12 is two months of prior increase being paid.

The Other line includes reductions for the retirement incentive being completed, reductions in custodial staff, and staff reduction in force at the middle school this year from restructuring the program. The new staff line incorporates retiring staff who will not be replaced due to restructuring of the middle school and high school declining enrollment.

The new state budget requires the district to have all day kindergarten. We are allowed to charge for FY11, but must accommodate all students who want this program. We will be required to fund it completely in FY12, which will require additional staff. The Kindergarten program will need to be subsidized in FY10 and beyond due to the inability to increase fees. We are also projecting 2 FTE in FY11 and 4 FTE in FY12.

Source	FY11	FY12	FY13	FY14	FY15
Base Wages	\$73,360,571	\$74,888,238	\$76,861,948	\$77,979,025	\$79,512,028
Increases	2,090,776	299,553	0	389,895	795,120
Steps & Training	733,606	898,659	922,343	935,748	954,144
New District Staff	(\$761,506)	(\$68,263)	194,733	207,360	211,507
K+ Program	180,791	668,761	0	0	0
Other & Redistricting	(\$716,000)	175,000	0	0	0
Total	<u>\$74,888,238</u>	<u>\$76,861,948</u>	<u>\$77,979,025</u>	<u>\$79,512,028</u>	<u>\$81,472,799</u>

FRINGE BENEFIT ESTIMATES

A) STRS/SERS will increase by 14% of wages paid.

Source	FY11	FY12	FY13	FY14	FY15
Base Wages	\$10,270,480	\$10,484,353	\$10,760,673	\$10,917,064	\$11,131,684
Increases	292,709	41,937	0	54,585	111,317
Steps & Training	102,705	125,812	129,128	131,005	133,580
New District Staff	(\$106,611)	(\$9,557)	27,263	29,030	29,611
K+ Program	25,311	93,627	0	0	0
STRS/SERS Pickup	507,703	522,934	538,622	554,780	571,424
SERS Surcharge	259,308	272,273	285,887	300,181	315,190
SERS Catch-up	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>
Total	<u>\$11,516,604</u>	<u>\$11,696,379</u>	<u>\$11,906,572</u>	<u>\$12,151,645</u>	<u>\$12,457,806</u>

B) Health insurance premiums will increase January 2011 by 12.9%. Estimated increases are 16% per year for FY12 and 10% for outlying years, for medical, dental and vision insurances which is the best data available at this time.

Source	FY11	FY12	FY13	FY14	FY15
Base Costs	\$10,739,498	\$11,079,247	\$12,629,731	\$14,202,067	\$15,598,697
New District Staff	(\$190,377)	(\$17,066)	48,683	51,840	52,877
K+ Program	14,463	53,501	0	0	0
HSA Contribution	1,624,748	1,624,748	1,624,748	1,624,748	1,624,748
Inflation	<u>515,662</u>	<u>1,514,049</u>	<u>1,523,653</u>	<u>1,344,790</u>	<u>1,479,268</u>
Total	<u>\$12,703,995</u>	<u>\$14,254,479</u>	<u>\$15,826,815</u>	<u>\$17,223,445</u>	<u>\$18,755,590</u>

C) Workers compensation became self insured by Worthington City schools as of 8/1/09. We have achieved significant savings and will reduce the internal rate to .007 and .006 in fiscal years 2011 and 2012 respectively to reflect anticipated additional savings.

Source	FY11	FY12	FY13	FY14	FY15
Base Costs	\$533,295	\$456,519	\$466,706	\$475,828	\$487,568
New District Staff	(\$5,331)	(\$478)	1,363	1,452	1,481
K+ Program	922	3,411	0	0	0
Other	0	0	0	0	0
Total	<u>\$528,886</u>	<u>\$459,452</u>	<u>\$468,069</u>	<u>\$477,280</u>	<u>\$489,048</u>

D) Medicare will continue to increase at a rapid pace. Contributions are 1.45% for all new employees to the district since April 1, 1986. These amounts are growing for our district since we must hire additional staff to accommodate both the growth in ADM and the retirement of experienced staff.

Source	FY11	FY12	FY13	FY14	FY15
Base Costs	\$935,209	\$973,127	\$1,030,927	\$1,085,438	\$1,142,866
New District Staff	(\$11,042)	(\$990)	2,824	3,007	3,067
K+ Program	2,621	9,697	0	0	0
Total	<u>\$926,788</u>	<u>\$981,835</u>	<u>\$1,033,750</u>	<u>\$1,088,444</u>	<u>\$1,145,933</u>

SUMMARY OF FRINGE BENEFITS

Source	FY11	FY12	FY13	FY14	FY15
STRS/SERS	\$11,516,604	\$11,696,379	\$11,906,572	\$12,151,645	\$12,457,806
Insurance's	12,703,995	14,254,479	15,826,815	17,223,445	18,755,590
Workers Comp & Unemploy.	528,886	459,452	468,069	477,280	489,048
Medicare	926,788	981,835	1,033,750	1,088,444	1,145,933
Other	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total	<u>\$25,801,273</u>	<u>\$27,517,145</u>	<u>\$29,360,206</u>	<u>\$31,065,814</u>	<u>\$32,973,377</u>

PURCHASED SERVICES

Overall service costs are increasing faster than inflation due to energy and tuition costs. The district has negotiated electric service contracts with Strategic Energy and implemented an energy conservation program to help hold down energy cost increases. We have implemented budgetary reductions in buildings and departments for FY2011. We are estimating inflationary growth at 5% for Utilities, 8% for Tuition and 3% in other areas for future years.

Source	FY11	FY12	FY13	FY14	FY15
Equipment Maint/Repair	\$813,167	\$837,562	\$862,689	\$888,570	\$915,227
Utilities	\$2,940,600	\$3,087,630	\$3,242,012	\$3,404,113	\$3,574,319
Tuition other Districts	\$4,282,309	\$4,624,894	\$4,994,886	\$5,394,477	\$5,826,035
Other	<u>\$2,434,600</u>	<u>\$2,507,638</u>	<u>\$2,582,867</u>	<u>\$2,660,353</u>	<u>\$2,740,164</u>
Total	<u>\$10,470,676</u>	<u>\$11,057,724</u>	<u>\$11,682,454</u>	<u>\$12,347,513</u>	<u>\$13,055,745</u>

MATERIALS AND SUPPLIES

An overall inflation rate of 3% is being estimated for this category of expense.

Source	FY11	FY12	FY13	FY14	FY15
Supplies	\$2,421,626	\$2,494,275	\$2,569,103	\$2,646,176	\$2,725,561
ADM Growth	\$0	\$0	\$0	\$0	\$0
Redistricting	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$2,421,626</u>	<u>\$2,494,275</u>	<u>\$2,569,103</u>	<u>\$2,646,176</u>	<u>\$2,725,561</u>

EQUIPMENT

An overall inflation rate of 3% is being estimated for this category of expense. We have purchased busses this year from the remaining restricted State of Ohio school bus purchase money which cannot be used for any other purpose.

Source	FY11	FY12	FY13	FY14	FY15
Capital Outlay	\$222,488	\$229,163	\$236,038	\$243,119	\$250,413
New Buses	<u>28,430</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$250,918</u>	<u>\$229,163</u>	<u>\$236,038</u>	<u>\$243,119</u>	<u>\$250,413</u>

OTHER EXPENSES

The category of Other Expenses amounted to \$1,611,214 for FY 10. Of that total, Auditor & Treasurer fees were \$1,156,969. The category includes County Board of Ed deductions for participation in the SB140 City/County Agreement of \$243,713 in FY 10 and other miscellaneous expenses. Auditor and treasurer fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A & T fees to increase as more tax dollars are collected.

Source	FY11	FY12	FY13	FY14	FY15
Other expenses	\$1,800,004	\$1,954,589	\$2,070,368	\$2,159,954	\$2,224,753
Inc. A&T Levy	<u>97,655</u>	<u>55,477</u>	<u>26,675</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,897,659</u>	<u>\$2,010,066</u>	<u>\$2,097,043</u>	<u>\$2,159,954</u>	<u>\$2,224,753</u>

NON OPERATING EXPENSES

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The transfers out are deposited in the debt service fund to pay for the WEC capital activity bonds and the HB264 project.

Source	FY11	FY12	FY13	FY14	FY15
Transfers	\$987,401	\$1,051,125	\$1,076,047	\$1,101,619	\$876,170
Advances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$987,401</u>	<u>\$1,051,125</u>	<u>\$1,076,047</u>	<u>\$1,101,619</u>	<u>\$876,170</u>

TAX ANTICIPATION NOTE REPAYMENT

No General Fund borrowing is planned in this five year projection.

ENCUMBRANCES

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.

RESERVATION OF FUND BALANCE

The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's ordinary operations. The contingency fund is to be utilized by the District in consultation with the Board.

The property tax advance reservation is required because the District requests an advance of the real estate taxes from the county settlement scheduled in August and such funds are not to be spent on current operations. The District utilizes these funds for investment purposes.

ENDING UNENCUMBERED CASH BALANCE

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which will cause a negative unencumbered cash balance is a violation of 5705.412, ORC, punishable by personal liability of \$10,000.

RISKS

The forecast assumes passage of a bond issue no later than 2012 to keep at least \$4 million in annual expenditures from being added to the general fund due to the cost shifting funds depletion.

The recession has adversely effected the real estate market for both residential and commercial property. The information we have heard to date includes reduction in value of 10% or greater in some areas of Franklin County. While we have not assumed any increase in valuation at this time, the possibility of a reduction in our tax base does exist.

The State Budget is built on many one time revenue sources. The foundation is supported by Federal stimulus funds. The budget may see significant loss from revenue assumptions, which could result in decreases of up to 30% of foundation each year. The forecast assumes the state will not find resources to replace the stimulus funds and will also require a 10% reduction in current foundation funding. The anticipated 10% decrease amounts to \$1,378,600.

The state budget has a tangible reimbursement hold harmless for FY12 & FY13, but no known means to pay for it. This has resulted in \$8 million in additional revenue. The forecast also assumes continuation of the Electricity deregulation payments at this time.

There are many provisions in the new state budget using the Governor's evidence based model which will impact the District. We cannot ascertain all of the potential effects at this time.

The Board has aggressively projected future increases in salary and benefits. The projected wage increases of 0%, .5% and 1% in fiscal years 2013, 2014 and 2015, respectively, will depend on the outcome of negotiations with employees. The health insurance increase projections of 10% in those same years are only achievable with better than expected claims, negotiating plan design changes and/or negotiating cost shifting of a larger portion of the burden to employees. The failure to achieve these wage and insurance projections could result in a change to our levy size and/or timing.

The projected loss of state foundation revenue, \$1.4 million, from FY12 through FY15 combined with the projected loss of tangible reimbursement, \$6.2 million in FY14 and \$8.8 million in FY15 will place a serious financial strain on the District. We need to actively engage our legislators and our community to minimize the impact of this revenue loss on the educational program.