

WORTHINGTON CITY SCHOOL DISTRICT

Approved 5_20_13

FRANKLIN COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEARS ENDED JUNE 30 2008, 2009, 2010, 2011 AND 2012 ACTUAL;
 FORECASTED FISCAL YEARS ENDING JUNE 30, 2013 THROUGH 2017

LINE NUMBER	Fiscal Year 2008 Actual	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Actual	Fiscal Year 2013 Forecasted	Percentage Change	Fiscal Year 2014 Forecasted	Fiscal Year 2015 Forecasted	Fiscal Year 2016 Forecasted	Fiscal Year 2017 Forecasted
Revenues											
1.010 General Property Tax (Real Estate)	\$66,846,563	\$68,411,599	\$70,133,625	\$76,463,347	\$74,554,666	\$83,201,519	11.6%	\$86,511,397	\$88,511,256	\$89,817,392	90,395,133
1.020 Tangible Personal Property Tax	10,928,141	6,414,636	3,185,452	3,017,213	3,094,377	3,358,007	8.5%	3,471,747	3,509,765	3,528,774	3,528,774
1.035 Unrestricted Grants-in-Aid (All 3100's except 3130)	16,046,713	16,203,295	14,970,620	14,595,580	14,280,914	14,357,605	0.5%	14,562,162	14,562,162	14,562,162	14,562,162
1.040 Restricted Grants-in-Aid (All 3200's)	102,989	151,151	90,610	91,284	91,288	91,288	0.0%	91,288	91,288	91,288	91,288
1.045 Restricted Federal Grants-in-Aid SFSF (4220)	0	0	976,509	1,187,598	768,676	180,000	-76.6%	200,000	200,000	200,000	200,000
1.050 Property Tax Allocation (3130)	14,687,065	18,405,938	22,165,070	23,093,112	21,232,137	19,683,503	-7.3%	18,071,603	16,112,756	14,066,800	11,906,259
1.060 All Other Revenues except 1931,1933,1940,1950,5100, 5200	3,456,051	2,399,766	1,901,581	1,397,854	1,137,112	990,000	-12.9%	875,000	865,000	850,000	825,000
1.070 <i>Total Revenues</i>	<u>112,067,522</u>	<u>111,986,385</u>	<u>113,423,467</u>	<u>119,845,988</u>	<u>115,159,170</u>	<u>121,861,922</u>	<u>5.8%</u>	<u>123,783,197</u>	<u>123,852,227</u>	<u>123,116,416</u>	<u>121,508,616</u>
Other Financing Sources											
2.050 Advances-In (5200)	0	86,900	23,953	24,400	502,200	490,700	-2.3%	0	0	0	0
2.060 All Other Financing Sources (including 1931 and 1933)	1,421	14,077	12,343	8,916	11,429	7,565	-33.8%	0	0	0	0
2.070 <i>Total Other Financing Sources</i>	<u>1,421</u>	<u>100,977</u>	<u>36,296</u>	<u>33,316</u>	<u>513,629</u>	<u>498,265</u>	<u>-3.0%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2.080 <i>Total Revenues and Other Financing Sources</i>	<u>112,068,943</u>	<u>112,087,362</u>	<u>113,459,763</u>	<u>119,879,304</u>	<u>115,672,799</u>	<u>122,360,187</u>	<u>5.8%</u>	<u>123,783,197</u>	<u>123,852,227</u>	<u>123,116,416</u>	<u>121,508,616</u>
Expenditures											
3.010 Personal Services	69,911,488	72,276,386	73,360,571	73,742,101	73,444,360	71,122,146	-3.2%	71,151,737	72,993,429	75,190,404	77,365,103
3.020 Employees' Retirement/Insurance Benefits	22,908,493	24,903,681	25,061,661	25,320,571	25,864,996	26,483,103	2.4%	27,884,717	29,478,547	30,674,350	31,691,146
3.030 Purchased Services	8,464,643	8,873,349	9,281,973	10,345,155	10,899,262	13,100,389	20.2%	13,908,426	14,625,597	15,386,662	16,194,646
3.040 Supplies and Materials	2,235,216	2,220,862	2,075,920	2,292,184	2,330,804	3,164,856	35.8%	3,571,116	3,478,249	3,582,596	3,690,074
3.050 Capital Outlay	507,588	324,332	181,297	238,750	216,757	353,942	63.3%	234,549	241,585	248,833	256,298
3.060 Intergovernmental (7600 and 7700 functions)	0	0	0	0	0	0	0%	0	0	0	0
4.300 Other Objects	1,615,922	1,206,819	1,611,214	1,689,853	1,445,866	1,956,145	35.3%	2,213,885	2,257,427	2,292,478	2,318,603
4.500 <i>Total Expenditures</i>	<u>105,643,350</u>	<u>109,805,429</u>	<u>111,572,636</u>	<u>113,628,614</u>	<u>114,202,045</u>	<u>116,180,581</u>	<u>1.7%</u>	<u>118,964,430</u>	<u>123,074,834</u>	<u>127,375,323</u>	<u>131,515,870</u>
Other Financing Uses											
5.010 Operating Transfers-Out	749,500	942,302	966,144	987,401	1,051,125	1,076,047	2.4%	1,101,619	876,170	948,414	948,414
5.020 Advances-Out	86,900	23,953	24,400	502,200	490,700	0	-100.0%	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0	0	0	0%	0	0	0	0
5.040 <i>Total Other Financing Uses</i>	<u>836,400</u>	<u>966,255</u>	<u>990,544</u>	<u>1,489,601</u>	<u>1,541,825</u>	<u>1,076,047</u>	<u>-30.2%</u>	<u>1,101,619</u>	<u>876,170</u>	<u>948,414</u>	<u>948,414</u>
5.050 <i>Total Expenditures and Other Financing Uses</i>	<u>106,479,750</u>	<u>110,771,684</u>	<u>112,563,180</u>	<u>115,118,215</u>	<u>115,743,870</u>	<u>117,256,628</u>	<u>1.3%</u>	<u>120,066,049</u>	<u>123,951,004</u>	<u>128,323,737</u>	<u>132,464,284</u>
6.010 <i>Sources over (under) Expenditures and Other Financing Uses</i>	<u>5,589,193</u>	<u>1,315,678</u>	<u>896,583</u>	<u>4,761,089</u>	<u>-71,071</u>	<u>5,103,559</u>	<u>7280.9%</u>	<u>3,717,148</u>	<u>-98,777</u>	<u>-5,207,321</u>	<u>-10,955,668</u>
7.010 <i>Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies</i>	<u>31,750,002</u>	<u>37,339,195</u>	<u>38,654,873</u>	<u>39,551,456</u>	<u>44,312,545</u>	<u>44,241,474</u>	<u>-0.2%</u>	<u>49,345,033</u>	<u>53,062,181</u>	<u>52,963,404</u>	<u>47,756,083</u>
7.020 <i>Cash Balance June 30</i>	<u>37,339,195</u>	<u>38,654,873</u>	<u>39,551,456</u>	<u>44,312,545</u>	<u>44,241,474</u>	<u>49,345,033</u>	<u>11.5%</u>	<u>53,062,181</u>	<u>52,963,404</u>	<u>47,756,083</u>	<u>36,800,415</u>
8.010 Encumbrances June 30	<u>1,484,732</u>	<u>1,537,148</u>	<u>1,868,686</u>	<u>1,305,837</u>	<u>1,629,802</u>	<u>1,868,686</u>	<u>14.7%</u>	<u>1,868,686</u>	<u>1,868,686</u>	<u>1,868,686</u>	<u>1,868,686</u>
Reservation of Fund Balance											
9.040 Contingency	3,118,000	3,118,000	3,118,000	3,118,000	3,118,000	3,118,000	0.0%	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	5,122,700	7,507,520	7,838,250	9,245,600	6,515,500	7,500,000	15.1%	7,500,000	7,500,000	7,500,000	7,500,000
9.070 Bus Purchases	0	0	0	0	0	0	0%	0	0	0	0
9.080 <i>Subtotal</i>	<u>8,240,700</u>	<u>10,625,520</u>	<u>10,956,250</u>	<u>12,363,600</u>	<u>9,633,500</u>	<u>10,618,000</u>	<u>10.2%</u>	<u>10,618,000</u>	<u>10,618,000</u>	<u>10,618,000</u>	<u>10,618,000</u>
15.010 <i>Unreserved Fund Balance June 30</i>	<u>\$27,613,763</u>	<u>\$26,492,205</u>	<u>\$26,726,520</u>	<u>\$30,643,108</u>	<u>\$32,978,172</u>	<u>\$36,858,347</u>	<u>11.8%</u>	<u>\$40,575,495</u>	<u>\$40,476,718</u>	<u>\$ 35,269,397</u>	<u>\$ 24,313,729</u>
Enrollment	9,404	9,562	9,438	9,229	9,286	9,499		9,668	9,730	9,827	9,835

See accompanying Notes to the Five Year Forecast

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

May 20, 2013

THE FORECAST

This forecast has been updated from the October forecast approved by the Board of Education October 22, 2012 to include the effects of passage of the November 2012 operating and bond levy requests. It 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 2011 values to be collected in calendar year 2012. The reappraisal decreased Class I values 3.32% and increased Class II values by .22%. This has been factored into the projection for district property values along with their corresponding tax reduction factors affecting outside voted millage.

For 2012 the total AV decreased by \$61 million due to the negative reappraisal. Res/Ag decreased \$46.6 million and Comm./Ind. decreased \$18 million while Public Utility increased \$3.6 million

For 2013 the total AV increased by \$6.5 million. Res/Ag increased \$7.7 million (.5%) and Comm./Ind. decreased \$1.1 million (-.28%) while Public Utility increased .08%.

For 2014 the historic growth trends will be adjusted from/ to: Res./Ag. .5% to .5 % (no change); 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.

For 2016 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%.

For 2017 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%.

ESTIMATED ASSESSED VALUE BY COLLECTION YEARS (IN MILLIONS)

Classification	Act. 2012	Act. 2013	Est. 2014	Est. 2015	Est. 2016
Res./Ag.	\$1,326	\$1,333	\$1,340	\$1,351	\$1,361
Comm./Ind.	416	414	414	414	414
P.U. Pers.	<u>37</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>
Total	<u>\$1,779</u>	<u>\$1,785</u>	<u>\$1,792</u>	<u>\$1,803</u>	<u>\$1,813</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. Commercial taxes are estimated at 53% in February and 47% in August while Public utility taxes are split 50%/50%. These timing estimates are very important to estimating when new levy or new construction tax dollars will be available to the district. HB66 (2006) has eliminated the 10% rollback on Class II property (commercial and industrial), and HB119 (2007) has expanded homestead for seniors for the first \$ 25,000 of value.

ESTIMATED REAL ESTATE TAX (Line 1.01)

Source	FY13	FY14	FY15	FY16	FY17
New Base	\$73,862,183	\$77,048,876	\$78,863,483	\$80,004,447	\$80,505,712
New Construction	139,906	287,522	405,773	\$501,264	\$505,274
Delinquent	2,033,412	1,675,000	1,742,000	1,811,680	1,884,147
Advances In	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Reappraisal	<u>(\$333,982)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$83,201,519</u>	<u>\$86,511,397</u>	<u>\$88,511,256</u>	<u>\$89,817,392</u>	<u>\$90,395,133</u>

ESTIMATED PUBLIC UTILITY TANGIBLE PERSONAL TAX (Line 1.02)

The phase-out of inventory taxes for business as a result of HB66 is complete. The public utility tangible tax remains in place.

Source	FY13	FY14	FY15	FY16	FY17
Public Utility Personal	<u>\$3,358,007</u>	<u>\$3,471,747</u>	<u>\$3,509,765</u>	<u>\$3,528,774</u>	<u>\$3,528,774</u>
Total	<u>\$3,358,007</u>	<u>\$3,471,747</u>	<u>\$3,509,765</u>	<u>\$3,528,774</u>	<u>\$3,528,774</u>

UNRESTRICTED GRANTS IN AID (Line 1.035)

The State of Ohio passed the biennial budget for fiscal years 2012 and 2013. The budget contains significant changes to school funding with a new model planned for the next biennium. The full effects of this new funding model are not known at this time, but the current budget provided for a decrease in basic aid for fiscal year 2012 and an increase in fiscal year 2013. We are not anticipating receiving any additional foundation funding from the state when the new model is put in place. There has been much discussion regarding potential casino revenue in future years, we are including double the FY13 revenue at this time as we do not know the full effect of the casino revenue with certainty beyond receiving two payments annually.

Source	FY13	FY14	FY15	FY16	FY17
Basic Aid	\$13,564,785	\$13,564,785	\$13,564,785	\$13,564,785	\$13,564,785
Preschool Aid	\$241,917	\$241,917	\$241,917	\$241,917	\$241,917
Subsidy for High Performing Districts	\$161,943	\$161,943	\$161,943	\$161,943	\$161,943
Special Ed Transportation	\$193,517	\$193,517	\$193,517	\$193,517	\$193,517
Casino revenue	<u>\$195,443</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>
Total	<u>\$14,357,605</u>	<u>\$14,562,162</u>	<u>\$14,562,162</u>	<u>\$14,562,162</u>	<u>\$14,562,162</u>

RESTRICTED STATE GRANTS IN AID (Line 1.04)

These amounts are given to the district and restricted for specific purposes. We receive Career Tech funds but they are part of our reduced foundation aid. We expect this funding to continue.

Source	FY13	FY14	FY15	FY16	FY17
Career Tech	<u>\$91,288</u>	<u>\$91,288</u>	<u>\$91,288</u>	<u>\$91,288</u>	<u>\$91,288</u>
Total	<u>\$91,288</u>	<u>\$91,288</u>	<u>\$91,288</u>	<u>\$91,288</u>	<u>\$91,288</u>

RESTRICTED FEDERAL GRANTS IN AID (Line 1.045)

The District received \$1.2 million in 2011 as restricted federal funds that the State of Ohio used to stabilize its budget and Federal Ed Jobs funding of \$700K in FY12. These amounts are not being replaced by the state and represent a significant loss to the district. We participate in the federal medicaid program and bill for students receiving eligible services for reimbursement.

Source	FY13	FY14	FY15	FY16	FY17
Federal Medicaid reimbursement	\$180,000	\$200,000	\$200,000	\$200,000	\$200,000
Federal Stimulus Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$180,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>

PROPERTY TAX ALLOCATION (Line 1.05)

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. These amounts will grow along with new levies and new construction in Res./Ag property classifications. Senior citizens receive an additional homestead exemption of \$25,000.

Source	FY13	FY14	FY15	FY16	FY17
Base R & H	\$8,375,876	\$9,045,200	\$9,651,258	\$9,910,369	\$10,082,371
New Construction	19,078	30,362	55,333	68,354	57,417
New Levy	<u>650,246</u>	<u>575,696</u>	<u>203,778</u>	<u>103,648</u>	<u>0</u>
Total	<u>\$9,045,200</u>	<u>\$9,651,258</u>	<u>\$9,910,369</u>	<u>\$10,082,371</u>	<u>\$10,139,788</u>

b) TANGIBLE PERSONAL PROPERTY REIMBURSEMENTS

These amounts reflect the state's reimbursement of tangible personal property tax that is being phased-out in the current budget. The 2012-13 biennium state budget reduced reimbursement \$2.2 million annually (\$2.2 million in FY2012 and \$4.4 million in FY13). Although the proposed 2014-15 state budget maintains reimbursement at FY13 levels, it is supported by an increase in sales tax which at this time faces strong opposition and appears unlikely. We are therefore conservatively estimating continued reduction of \$2.2 million annually and will update these amounts once the biennium budget is finalized.

Source	FY13	FY14	FY15	FY16	FY17
TPP Reimbursement	<u>\$10,638,303</u>	<u>\$8,420,345</u>	<u>\$6,202,387</u>	<u>\$3,984,429</u>	<u>\$1,766,471</u>

SUMMARY OF PROPERTY TAX ALLOCATION

Source	FY13	FY14	FY15	FY16	FY17
Homestead & Rollback	\$9,045,200	\$9,651,258	\$9,910,369	\$10,082,371	\$10,139,788
TPP Reimbursement	<u>10,638,303</u>	<u>8,420,345</u>	<u>6,202,387</u>	<u>3,984,429</u>	<u>1,766,471</u>
Total	<u>\$19,683,503</u>	<u>\$18,071,603</u>	<u>\$16,112,756</u>	<u>\$14,066,800</u>	<u>\$11,906,259</u>

OTHER LOCAL REVENUES (Line 1.06)

Interest income will fluctuate with the cash position of the General Fund and the market rate of investment opportunities over the forecast period. The federal fiscal policy in light of the current economic circumstances maintain a target 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 increase and decrease throughout the forecast period due to cash balance fluctuation and a low rate environment. Funds are predominately invested in federal agency securities, certificates of deposit, commercial paper 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 have increased the "Other" amount for FY13 as a result of settling various Board of Revision complaints. This is a one time increase and we do not anticipate other significant changes in this revenue area.

Source	FY13	FY14	FY15	FY16	FY17
Interest Income	\$215,000	\$225,000	\$215,000	\$200,000	\$175,000
Pay To Participate	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Tuition	250,000	250,000	250,000	250,000	250,000
Other	<u>350,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>
Total	<u>\$990,000</u>	<u>\$875,000</u>	<u>\$865,000</u>	<u>\$850,000</u>	<u>\$825,000</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	FY13	FY14	FY15	FY16	FY17
Advance Returns	\$490,700	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0	\$0
R.O.P.Y.E. (*)/ Sale of Assets	<u>7,565</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$498,265</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(*) refund of prior years expenditures.

EXPENDITURE ASSUMPTIONS

PERSONAL SERVICES (Line 3.01)

The model reflects pay increases approved by the Board of Education for certificated staff effective August 1, 2011 for three years of 0%, 0% and .5% respectively 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 0%, 0% and 1.25% effective January 1, 2012 January 1, 2013 and July 1, 2013;

The forecast estimates future wage increases for all employees to be 1% in FY15, FY16 and FY17. The forecast also assumes the district will meet the educational goals to allow for the .5% performance increase for all employees in FY14.

In FY13, the Other line reflects the savings from the retirement of 47 certified staff members and the remaining change for substitutes. In FY14, the Other line reflects the remaining savings from FY13 retirements as well as savings from 42 additional certified retirements. We have added FY14 grant recapture of \$250k due to federal grant revenue declines and the need to retain these staff members. We are projecting growth in staff of 2 FTE classified each year and certified staff growth of 5 FTE in FY14; 3 FTE in FY15; 4 FTE in FY16; and 2 FTE in FY17.

Source	FY13	FY14	FY15	FY16	FY17
Base Wages	\$72,722,146	\$71,122,146	\$71,151,737	\$72,993,429	\$75,190,404
Increases	0	355,611	711,517	729,934	751,904
Steps & Training or 3317.141 Performance	0	200,000	1,196,124	1,221,908	1,252,666
New District Staff/Grant Recapture	0	518,369	214,050	245,132	170,129
Merit pay	0	355,611	0	0	0
Other	<u>(\$1,600,000)</u>	<u>(\$1,400,000)</u>	<u>(\$280,000)</u>	<u>0</u>	<u>0</u>
Total	<u>\$71,122,146</u>	<u>\$71,151,737</u>	<u>\$72,993,429</u>	<u>\$75,190,404</u>	<u>\$77,365,103</u>

FRINGE BENEFIT ESTIMATES (Line 3.02)

A) STRS/SERS will be 14% of wages paid, Pickup and Surcharge vary each year as a function of salary.

Source	FY13	FY14	FY15	FY16	FY17
STRS & SERS Required contrib on Base Wages	\$10,181,100	\$9,957,100	\$9,961,243	\$10,219,080	\$10,526,657
Increases	0	49,786	99,612	102,191	105,267
Steps & Training	0	28,000	167,457	171,067	175,373
New District Staff	0	72,572	29,967	34,319	23,818
Merit pay	0	49,786	0	0	0
Other	<u>(\$224,000)</u>	<u>(\$196,000)</u>	<u>(\$39,200)</u>	<u>0</u>	<u>0</u>
STRS/SERS Pickup	471,427	476,141	480,903	485,712	490,569
SERS Surcharge	260,000	273,000	286,650	300,983	316,032
SERS Catch-up	<u>197,350</u>	<u>197,350</u>	<u>197,350</u>	<u>197,350</u>	<u>0</u>
Total	<u>\$10,885,877</u>	<u>\$10,907,734</u>	<u>\$11,183,983</u>	<u>\$11,510,701</u>	<u>\$11,637,715</u>

B) Health insurance premiums increased in January 2012 by 11.99% and increased 8.2% in January of 2013. Estimated increases are 13% for FY14 for medical insurance which is the best data available at this time. The estimated increases for FY15 and beyond are 5%. We anticipate reaching the negotiated cap in January 2015 and future increases are estimates for negotiations. At this time, we are still analyzing the effects of the Affordable Care Act, and there is still a great deal of procedural uncertainty surrounding it. While we do anticipate having to offer some additional employees health care benefits, we feel the cost will be offset by retiree replacements opting for single coverage rather than family coverage.

Source	FY13	FY14	FY15	FY16	FY17
Base Costs	\$11,753,631	\$12,833,150	\$14,238,356	\$15,522,768	\$16,348,496
New District Staff	0	129,592	53,512	61,283	42,532
HSA Contribution	1,128,750	1,128,750	1,128,750	1,128,750	1,128,750
Inflation	<u>1,079,519</u>	<u>1,275,614</u>	<u>1,230,900</u>	<u>764,445</u>	<u>802,668</u>
Total	<u>\$13,961,900</u>	<u>\$15,367,106</u>	<u>\$16,651,518</u>	<u>\$17,477,246</u>	<u>\$18,322,446</u>

C) Workers compensation became self insured by Worthington City schools as of 8/1/09. We have achieved significant savings but are still building a balance to protect the district. We are keeping the internal rate at .007 for Fiscal 2013, but reducing in Fiscal year 2014 to .006.

Source	FY13	FY14	FY15	FY16	FY17
Base Costs	\$509,055	\$430,067	\$438,356	\$449,672	\$463,170
New District Staff	0	3,110	1,284	1,471	1,021
Other	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total	<u>\$529,055</u>	<u>\$453,177</u>	<u>\$459,641</u>	<u>\$471,142</u>	<u>\$484,191</u>

D) Medicare is paid for all employees hired after April 1, 1986 at a rate of 1.45%. This expenditure is growing as more experienced staff (hired prior to 4/1/86) retire and new staff are hired to replace them.

Source	FY13	FY14	FY15	FY16	FY17
Base Costs	\$981,271	\$1,019,027	\$1,055,301	\$1,086,706	\$1,119,327
New District Staff	0	7,516	3,104	3,554	2,467
Merit pay	0	5,156	0	0	0
Total	<u>\$981,271</u>	<u>\$1,031,700</u>	<u>\$1,058,405</u>	<u>\$1,090,261</u>	<u>\$1,121,794</u>

SUMMARY OF FRINGE BENEFITS

Source	FY13	FY14	FY15	FY16	FY17
STRS/SERS	\$10,885,877	\$10,907,734	\$11,183,983	\$11,510,701	\$11,637,715
Insurance's	13,961,900	15,367,106	16,651,518	17,477,246	18,322,446
Workers Comp & Unemployment	529,055	453,177	459,641	471,142	484,191
Medicare	981,271	1,031,700	1,058,405	1,090,261	1,121,794
Other	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total	<u>\$26,483,103</u>	<u>\$27,884,717</u>	<u>\$29,478,547</u>	<u>\$30,674,350</u>	<u>\$31,691,146</u>

PURCHASED SERVICES (Line 3.03)

Overall service costs are increasing faster than inflation due to energy and tuition costs. The district has negotiated electric service contracts with Direct Energy and implemented an energy conservation program to help hold down energy cost increases. We have transitioned substitutes out of wages and into the other category of purchased services by contracting with the COESC. We have added \$350k to Other for technology in FY13 and beyond for consultants and increasing maintenance by \$500k for FY13 and beyond. We have decreased anticipated utilities for FY13 by \$346,550 due to anticipated natural gas savings and increased them for bandwidth expansion \$39K in FY 13 and \$130k in FY14. We are estimating inflation at 5% for Utilities, 8% for Tuition and 3% in other areas for future years.

Source	FY13	FY14	FY15	FY16	FY17
Consulting/Legal (41x)	\$811,541	\$855,456	\$881,120	\$907,554	\$934,781
Equipment Maint/Repair (423)	\$1,397,888	\$1,472,284	\$1,516,453	\$1,561,947	\$1,608,805
Utilities (441 & 45x)	\$2,681,000	\$2,691,000	\$2,825,550	\$2,966,828	\$3,115,169
Tuition other Districts (47x)	\$4,480,202	\$4,921,950	\$5,315,706	\$5,740,962	\$6,200,239
Other	<u>\$3,729,758</u>	<u>\$3,967,736</u>	<u>\$4,086,768</u>	<u>\$4,209,371</u>	<u>\$4,335,652</u>
Total	<u>\$13,100,389</u>	<u>\$13,908,426</u>	<u>\$14,625,597</u>	<u>\$15,386,662</u>	<u>\$16,194,646</u>

MATERIALS AND SUPPLIES (Line 3.04)

We are increasing this area for FY13 for curriculum \$500k, an additional \$200k for FY14, and back down to \$500k annually FY15 and beyond to reflect implementation of common core. An overall inflation rate of 3% is being estimated in this category.

Source	FY13	FY14	FY15	FY16	FY17
Supplies	\$3,164,856	\$3,571,116	\$3,478,249	\$3,582,596	\$3,690,074
ADM Growth	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$3,164,856</u>	<u>\$3,571,116</u>	<u>\$3,478,249</u>	<u>\$3,582,596</u>	<u>\$3,690,074</u>

EQUIPMENT (Line 3.05)

An overall inflation rate of 3% is being estimated for this category of expense. FY14 reduction is based on building discretionary budgets moved into the supply category.

Source	FY13	FY14	FY15	FY16	FY17
Capital Outlay	\$353,942	\$234,549	\$241,585	\$248,833	\$256,298
New Buses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$353,942</u>	<u>\$234,549</u>	<u>\$241,585</u>	<u>\$248,833</u>	<u>\$256,298</u>

OTHER EXPENSES (Line 4.3)

The category of Other Expenses amounted to \$1,445,866 for FY 12. Of that total, Auditor & Treasurer fees were \$992,746, which included a one time refund of \$312,701 on May 4, 2012. A&T Fees increase sharply any time a new levy is collected, as well as when collections increase on new construction. FY13 also includes an increase of \$100k for Franklin County Land Bank deduction. This category also includes County Board of Ed deductions for participation in SB140 City/County agreement; liability insurance, and bank fees. Other includes an \$80k increase for bank fees for FY14 and beyond due to expansion of online student fee payment system.

Source	FY13	FY14	FY15	FY16	FY17
Base Auditor & Treasurer Fees	\$1,253,615	\$1,466,024	\$1,629,053	\$1,655,051	\$1,672,030
Increased A&T Fees	212,409	163,028	25,998	16,980	7,511
County ESC	250,800	258,324	266,074	274,056	282,278
Other	<u>239,321</u>	<u>326,508</u>	<u>336,303</u>	<u>346,392</u>	<u>356,784</u>
Total	<u>\$1,956,145</u>	<u>\$2,213,885</u>	<u>\$2,257,427</u>	<u>\$2,292,478</u>	<u>\$2,318,603</u>

OTHER FINANCING USES (Line 5.xx)

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 certificates of participation and the HB264 project.

Source	FY13	FY14	FY15	FY16	FY17
Transfers	\$1,076,047	\$1,101,619	\$876,170	\$948,414	\$942,601
Advances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,076,047</u>	<u>\$1,101,619</u>	<u>\$876,170</u>	<u>\$948,414</u>	<u>\$942,601</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 recession has adversely affected the real estate market for both residential and commercial property. We experienced a reduction in value of 3.4% in Worthington residential property during the reappraisal. Our valuation increased for the current tax year, but the possibility of additional reductions in our tax base does exist. We have a number of cases before the Board of Revision where commercial taxpayers are requesting decreases in valuation, we have not accounted for the potential one time loss at this time as it cannot be reasonably estimated.

The State Budget has significantly decreased our revenue . The foundation was supported by Federal stimulus funds which have now been eliminated. The budget for FY14 may include additional decreases in state funding as a new funding model is developed.

The state budget has reduced the tangible reimbursement FY12 & FY13, but indicates a hold harmless for future years in the proposed biennium budget. Since one of the major sources of revenue in the state budget is an increase in the sales tax base, which at this point appears unlikely, the forecast still assumes these funds will continue to be phased out.

There have been many charter school and private school legislative actions which have negatively impacted the District. Fiscal Year 2013 saw the start of the Jon Peterson Scholarship and we are currently aware of 11 students who will use this new private school option (\$100k). We will continue to monitor the legislative process but cannot ascertain all of the potential effects at this time.

The forecast assumes salary increases beyond the negotiated agreements to be 1% and 5% growth in health insurance for fiscal years 2015, 2016 and 2017. The implementation of performance based salary increases per 3317.141 may require more funds than are currently allocated in the out years of the forecast. The actual results will depend on the outcome of negotiations with employees. The Affordable Care Act requires employers to offer coverage to employees who work more than 30 hours, the effect of this legislation has not been accounted for at this time.

The state continues to reduce the resources it provides to Worthington and we expect this to continue. We need to actively engage our legislators and our community to minimize the impact of state revenue decreases so we can minimize the impact on the educational program.