

WORTHINGTON CITY SCHOOLS

FIVE YEAR FINANCIAL FORECAST



OCTOBER 22, 2007

By Jeffrey S. McCuen, Treasurer/CFO

**WORTHINGTON CITY SCHOOL DISTRICT
FRANKLIN COUNTY**
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2004, 2005, 2006 AND 2007 ACTUAL;
FORECASTED FISCAL YEARS ENDING JUNE 30, 2008 THROUGH 2012

LINE NUMBER	Fiscal Year 2004 Actual	Fiscal Year 2005 Actual	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Forecasted	Fiscal Year 2009 Forecasted	Fiscal Year 2010 Forecasted	Fiscal Year 2011 Forecasted	Fiscal Year 2012 Forecasted
Revenues									
1.010 General Property Tax (Real Estate)	\$64,578,195	\$62,821,470	\$64,244,741	\$49,702,149	\$72,116,766	\$85,988,369	\$97,635,263	\$68,068,446	\$68,775,790
1.020 Tangible Personal Property Tax	17,998,582	17,708,731	19,474,336	14,564,191	10,293,521	6,854,315	3,445,204	3,238,492	3,044,182
1.035 Unrestricted Grants-in-Aid (All 3100's except 3130)	17,528,207	16,891,050	17,410,753	16,255,173	16,057,668	15,661,598	15,661,598	15,661,598	15,661,598
1.040 Restricted Grants-in-Aid (All 3200's)	133,405	136,493	189,391	155,005	121,898	121,898	121,898	121,898	121,898
1.050 Property Tax Allocation (3130)	6,830,388	7,409,184	7,106,081	10,906,131	14,351,263	17,589,240	20,936,742	21,286,198	18,654,936
1.060 All Other Revenues except 1931, 1933, 1940, 1950, 5100, 5200	2,681,475	2,069,726	3,187,053	4,204,704	3,575,000	3,123,000	2,275,000	2,075,000	2,075,000
1.070 Total Revenues	<u>109,750,252</u>	<u>106,938,654</u>	<u>111,592,357</u>	<u>95,787,353</u>	<u>116,526,115</u>	<u>109,340,440</u>	<u>110,075,705</u>	<u>110,451,632</u>	<u>108,333,404</u>
Other Financing Sources									
2.010 Proceeds from Sale of Notes (1940)	0	0	0	0	0	0	0	0	0
2.040 Operating Transfers-In (5100)	0	0	0	0	0	0	0	0	0
2.050 Advances-In (5200)	527,800	313,820	0	0	0	0	0	0	0
2.060 All Other Financing Sources (Including 1931 and 1933)	2,024	19,310	496	684	0	0	0	0	0
2.070 Total Other Financing Sources	<u>529,824</u>	<u>333,130</u>	<u>496</u>	<u>684</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2.080 Total Revenues and Other Financing Sources	<u>110,280,076</u>	<u>107,169,784</u>	<u>111,592,853</u>	<u>95,788,037</u>	<u>116,526,115</u>	<u>109,340,440</u>	<u>110,075,705</u>	<u>110,451,632</u>	<u>108,333,404</u>
Expenditures									
3.010 Personal Services	62,820,761	64,858,970	66,716,571	67,172,483	69,898,560	73,265,213	75,473,020	76,395,721	81,308,707
3.020 Employees Retirement/Insurance Benefits	20,511,985	23,003,940	23,969,367	21,757,484	23,093,191	26,282,537	28,995,551	32,221,860	35,959,881
3.030 Purchased Services	7,070,038	7,773,700	8,005,439	7,010,681	8,151,896	8,559,491	8,987,466	9,436,839	9,908,681
3.040 Supplies and Materials	2,681,802	2,560,826	2,636,284	2,459,479	2,526,897	2,602,704	2,660,785	2,781,209	2,844,045
3.050 Capital Outlay	754,943	219,293	618,708	446,003	639,501	658,686	678,447	698,800	719,764
3.060 Intergovernmental (7600 and 7700 functions)	1,339,555	1,388,391	1,392,387	1,695,361	1,714,010	1,765,430	1,813,393	1,872,945	1,929,193
3.000 Other Objects	95,179,085	100,295,307	103,340,756	100,541,691	106,024,055	113,134,061	118,653,662	123,327,374	132,670,191
4.500 Total Expenditures	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>
Other Financing Uses									
5.010 Operating Transfers-Out	675,476	658,925	657,857	0	749,500	771,000	796,000	817,000	835,000
5.020 Advances-Out	313,820	0	0	0	0	0	0	0	0
5.030 All Other Financing Uses	4,861	0	0	0	0	0	0	0	0
5.040 Total Other Financing Uses	<u>993,957</u>	<u>658,925</u>	<u>657,857</u>	<u>0</u>	<u>749,500</u>	<u>771,000</u>	<u>796,000</u>	<u>817,000</u>	<u>835,000</u>
5.050 Total Expenditures and Other Financing Uses	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>	<u>141,107,034</u>
Sources over (under) Expenditures and Other Financing Uses									
6.010 Other Financing Uses	14,107,034	6,215,552	7,594,240	-4,753,654	9,752,560	-4,564,821	-9,353,957	-15,692,742	-25,171,787
Cash Balance July 1 - Excluding Proposed Renewal									
7.010 Replacement and New Levies	8,602,762	22,709,796	28,925,248	36,519,588	31,765,934	41,518,494	36,953,873	27,599,916	11,907,174
7.020 Cash Balance June 30	22,709,796	28,925,348	36,519,586	31,765,934	41,518,494	36,953,873	27,599,916	11,907,174	-13,254,614
8.010 Encumbrances June 30	2,981,493	3,281,636	4,484,838	3,419,197	3,418,197	3,418,197	3,418,197	3,418,197	3,418,197
Reservation of Fund Balance									
9.040 Contingency	0	0	0	1,750,000	3,118,000	3,118,000	3,118,000	3,118,000	3,118,000
9.050 Debt Service	0	0	0	0	0	0	0	0	0
9.060 Property Tax Advances	13,628,316	18,782,560	19,830,135	3,710,100	9,500,000	8,500,000	8,500,000	8,500,000	8,500,000
9.070 Bus Purchases	0	0	0	28,430	0	0	0	0	0
9.080 Subtotal	<u>13,628,316</u>	<u>18,782,560</u>	<u>19,830,135</u>	<u>5,488,530</u>	<u>12,618,000</u>	<u>11,618,000</u>	<u>11,618,000</u>	<u>11,618,000</u>	<u>11,618,000</u>
15.010 Unreserved Fund Balance June 30	<u>\$6,099,886</u>	<u>\$6,981,132</u>	<u>\$12,204,615</u>	<u>\$22,859,207</u>	<u>\$25,482,297</u>	<u>\$21,917,676</u>	<u>\$12,563,719</u>	<u>(\$3,129,023)</u>	<u>(\$28,300,811)</u>

See accompanying Notes to the Five Year Forecast

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

October 22, 2007

REVENUE ASSUMPTIONS

ELECTRIC UTILITY DEREGULATION HBS/SB3 & ORC 5727.84 Eff. 1/1/2002

Effective January 1, 2002 non-municipal owned electric utilities and rural co-ops were deregulated in the State of Ohio. Natural gas and electric deregulation lowered the assessed public utility value from the districts duplicate and lowered P.U. property taxes in calendar year 2002. The amount of loss has been offset by a payment of the same amount from the State of Ohio. The source of the reimbursement for natural gas is from the State's General Fund, and the electric utility from a kilowatt (KWH) tax that has been collected since May 1, 2001. The amounts are expected to continue as long as the reimbursements are equal to or less than 70% of the Property Tax Replacement Fund, funded by the KWH tax. 70% of the PTRF will be paid to school districts who lost revenues as determined by the Ohio Department of Taxation. First distribution will be made to cover costs of fixed sum levies such as debt issues and emergency levies. Next, fixed rate levies would be replaced from 2002 through 2006, after this a phase out formula would begin. Beginning in 2007, ODE will compute based on specified criteria to determine if districts are still eligible for reimbursement. Worthington received \$406,066 during fiscal year 2007 and we expect the reimbursement to continue for fiscal year 2008 under current available information.

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 update of district property values occurred for 2005 values collected in calendar year 2006. There will also be full reappraisal for the 2008 values collected in 2009. 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 2006: Res./Ag. increased 19%; Comm./Ind. Increased 1%; ; and public utility decline was 1%. Total AV increased \$9.3 M for new construction, increased \$211.3 M due to reappraisal and decreased \$48.7 M due to HB 66, resulting in Class I rates of 37.80 mills and Class II rates of 50.24 mills.

For 2007: Res./Ag. Increased 1.38% for new construction; Comm./Ind. Increased 1.44%; Public Utility decreased 5.8% to account for deregulation losses noted above ORC 5727.84, utility deregulation and losses of telephone public utility personal property tax.

For 2008 the assumed growth trends are: Res./Ag. 0.8%; Comm./Ind. 0.0%; Public Utility -6% to account for deregulation losses noted above ORC 5727.84, utility deregulation and losses of telephone public utility personal property tax.

For 2009 the historic growth trends will be adjusted from/ to: Res./Ag. .8% to .8 % (no change); Comm./Ind. 0.0% to 0.0% (no change); due to factors explained above public utility growth is estimated to be -6%. Total AV is estimated to increase \$10.7M for new construction and \$111.4M due to reappraisal increases resulting in Class I rates of 35.25 mills and Class II rates of 50.40 mills.

For 2010 the historic growth trends will be adjusted from/ to: Res./Ag. .8% to .8 % (no change); Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be -6%.

For 2011 the historic growth trends will be adjusted from/ to: Res./Ag. .8% to .8 % (no change); Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be -6%.

For 2012 the historic growth trends will be adjusted from/ to: Res./Ag. .8% to .8 % (no change); Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be -6%. Total AV is estimated to increase \$11.8M for new construction and \$122.7M due to reappraisal increases resulting in Class I rates of 32.97 mills and Class II rates of 49.95 mills.

ESTIMATED ASSESSED VALUE BY COLLECTION YEARS (IN MILLIONS)

Classification	Act. 2007	Est. 2008	Est. 2009	Est. 2010	Est. 2011
Res./Ag.	\$1,325	\$1,336	\$1,453	\$1,465	\$1,476
Comm./Ind.	454	454	459	459	459
P.U. Pers.	<u>51</u>	<u>48</u>	<u>45</u>	<u>42</u>	<u>40</u>
Total	<u>\$1,830</u>	<u>\$1,838</u>	<u>\$1,957</u>	<u>\$1,966</u>	<u>\$1,975</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, 53% of new Res./Ag. is expected to be collected in February tax settlements and 47% 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. The net effect will be zero as real estate taxes increase and decrease will be offset in the rollback decrease and the homestead increase.

ESTIMATED REAL ESTATE TAX

Source	FY08	FY09	FY10	FY11	FY12
New Base	\$60,347,655	\$55,183,496	\$56,779,285	\$57,357,795	\$57,719,879
New Construction	625,742	340,945	343,270	362,084	352,670
Delinquent	1,643,369	1,709,104	1,777,468	1,848,567	1,922,510
Advances In	9,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Reappraisal	<u>0</u>	<u>254,843</u>	<u>235,240</u>	<u>0</u>	<u>280,731</u>
Total	<u>\$72,116,766</u>	<u>\$65,988,389</u>	<u>\$67,635,263</u>	<u>\$68,068,446</u>	<u>\$68,775,790</u>

ESTIMATED TANGIBLE PERSONAL TAX AND HB66

The phase out of inventory taxes noted above begins 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	FY08	FY09	FY10	FY11	FY12
Tangible Personal Property	\$6,435,793	\$3,189,204	\$0	\$0	\$0
Public Utility Personal	\$3,857,728	\$3,665,111	\$3,445,204	\$3,238,492	\$3,044,182
Total	<u>\$10,293,521</u>	<u>\$6,854,315</u>	<u>\$3,445,204</u>	<u>\$3,238,492</u>	<u>\$3,044,182</u>

UNRESTRICTED GRANTS IN AID

Following the latest of Ohio Supreme Court ruling in 2003, the State Legislature adopted HB 95 which cut and eliminated inventory taxes and state reimbursement of the \$10,000 personal property tax exemption noted above in these notes. It also reduced the per pupil amount of funding in the formula that had previously been approved in June 2001 by HB 94. The pupil funding amount in HB 95 was set at a 2.2% increase over FY 03, down from 2.8% set for future years in HB 94.

The 2008 state budget bill (HB119) adopted in June 2007 created a transitional aid guarantee for the district to not receive less in basic aid than was received in FY07. With the most current information available, we anticipate these guarantees will be in place through FY11.

A) State Foundation Revenue SF-3 Form

Source	FY08	FY09	FY10	FY11	FY12
SF-3 Basic Aid	\$15,661,598	\$15,661,598	\$15,661,598	\$15,661,598	\$15,661,598
Total	<u>\$15,661,598</u>	<u>\$15,661,598</u>	<u>\$15,661,598</u>	<u>\$15,661,598</u>	<u>\$15,661,598</u>

b) Electric Deregulation Reimbursement

Beginning in FY 02, ORC 5727.84 requires the State of Ohio to refund districts lost property taxes due to Electric Deregulation through 2006. Beginning in 2007, ODE will compute 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 FY 2008, but are unsure of the future and therefore have not projected beyond this year.

Source	FY08	FY09	FY10	FY11	FY12
Dereg. Reimbursement	406,070	0	0	0	0
Total	<u>\$406,070</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Summary of Unrestricted Grants in Aid

Source	FY08	FY09	FY10	FY11	FY12
State Foundation	\$15,661,598	\$15,661,598	\$15,661,598	\$15,661,598	\$15,661,598
Dereg. Reimbursement	\$406,070	\$0	\$0	\$0	\$0
Total	<u>\$16,067,668</u>	<u>\$15,661,598</u>	<u>\$15,661,598</u>	<u>\$15,661,598</u>	<u>\$15,661,598</u>

RESTRICTED GRANTS IN AID

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

Source	FY08	FY09	FY10	FY11	FY12
Bus Purchase Allowance	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000
Career Tech	\$68,898	\$68,898	\$68,898	\$68,898	\$68,898
Total	<u>\$121,898</u>	<u>\$121,898</u>	<u>\$121,898</u>	<u>\$121,898</u>	<u>\$121,898</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	FY08	FY09	FY10	FY11	FY12
Base R & H	\$6,046,274	\$6,118,982	\$6,183,210	\$6,222,218	\$6,263,364
New Levy	0	0	0	0	0
New Construction	<u>72,708</u>	<u>64,228</u>	<u>39,008</u>	<u>41,146</u>	<u>19,826</u>

Total	<u>\$6,118,982</u>	<u>\$6,183,210</u>	<u>\$6,222,218</u>	<u>\$6,263,364</u>	<u>\$6,283,190</u>
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b) TANGIBLE PERSONAL PROPERTY REIMBURSEMENTS

These amounts reflect the state's reimbursement of tangible personal property tax that is being phased out in HB66.

Source	FY08	FY09	FY10	FY11	FY12
TPP Reimbursement	\$8,232,280	\$11,406,030	\$14,714,524	\$15,022,834	\$12,371,746
Total	<u>\$8,232,280</u>	<u>\$11,406,030</u>	<u>\$14,714,524</u>	<u>\$15,022,834</u>	<u>\$12,371,746</u>

SUMMARY OF PROPERTY TAX ALLOCATION

Source	FY08	FY09	FY10	FY11	FY12
Homestead & Rollback	\$6,118,982	\$6,183,210	\$6,222,218	\$6,263,364	\$6,283,190
TPP Reimbursement	\$8,232,280	\$11,406,030	\$14,714,524	\$15,022,834	\$12,371,746
Total	<u>\$14,351,262</u>	<u>\$17,589,240</u>	<u>\$20,936,742</u>	<u>\$21,286,198</u>	<u>\$18,654,936</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 September to a new overnight rate of 4.75%. The District's balances available for investment vary month to month due to cash flow needs. We are estimated interest revenue to decline throughout the forecast period due to decreasing cash balances and federal overnight rate. 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	FY08	FY09	FY10	FY11	FY12
Interest Income	\$2,200,000	\$1,750,000	\$900,000	\$700,000	\$700,000
Pay To Participate	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Tuition	983,000	983,000	983,000	983,000	983,000
Other	217,000	217,000	217,000	217,000	217,000
Total	\$3,575,000	\$3,125,000	\$2,275,000	\$2,075,000	\$2,075,000

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	FY08	FY09	FY10	FY11	FY12
Advance Returns	\$0	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0	\$0
R.O.P.Y.E. (*)	0	0	0	0	0
Total	\$0	\$0	\$0	\$0	\$0

(*) 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, 2007 of 3.5% and 3.25% respectively; and estimates for wage increases through FY 2012. Increases and step & training increases are projected to grow as additional staff members are added for increased enrollment.

Classified employees covered by the WCA agreement were granted increase of 3.5% effective January 1, 2007 and January 1, 2008; Estimates have been included through FY 2012.

The assumed increase for years beyond current negotiated agreements is 1.5%. Retirement incentive is deducted for FY 2010.

Source	FY08	FY09	FY10	FY11	FY12
Base Wages	\$66,297,483	\$69,898,560	\$73,265,213	\$75,473,020	\$78,335,721
Increases	1,988,924	1,048,478	1,098,978	1,132,095	1,175,036
Steps & Training	1,259,652	1,328,073	1,392,039	1,433,987	1,488,379
New District Staff	352,500	690,102	319,790	296,619	309,571
Grant Recapture	0	300,000	0	0	0
Other & Redistricting	0	0	(\$603,000)	0	0
Total	\$69,898,560	\$73,265,213	\$75,473,020	\$78,335,721	\$81,308,707

FRINGE BENEFIT ESTIMATES

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

Source	FY08	FY09	FY10	FY11	FY12
Base Wages	\$9,281,648	\$9,785,798	\$10,257,130	\$10,566,223	\$10,967,001
Increases	278,449	146,787	153,857	158,493	164,505
Steps & Training	176,351	185,930	194,885	200,758	208,373
New District Staff	49,350	96,614	44,771	41,527	43,340
Grant recapture	0	42,000	0	0	0
STRS/SERS Pickup	502,834	527,976	554,374	582,093	611,198
SERS Surcharge	0	0	0	0	0
Other	0	0	(\$84,420)	0	0
Total	\$10,288,633	\$10,785,105	\$11,120,597	\$11,549,094	\$11,994,417

B) Health insurance costs will increase January 2008 by 28%. Estimated increases are 20% per year for FY09 and beyond, for medical, dental and vision insurances which is the best data available at this time.

Source	FY08	FY09	FY10	FY11	FY12
Base Costs	\$8,482,740	\$11,289,864	\$13,891,538	\$16,201,598	\$18,925,615
New District Staff	14,100	55,208	25,583	23,729	24,766
Grant recapture	0	24,000	0	0	0
HSA Contribution	1,200,000	0	0	0	0
Inflation	1,593,024	2,522,466	2,284,477	2,700,288	3,190,611
Total	\$11,289,864	\$13,891,538	\$16,201,598	\$18,925,615	\$22,140,992

C) Workers compensation is expected to increase by 5% per year reflecting growth in wages. We will continue to explore options to our current group rating plan. Workers' Compensation costs are expected to be .008 per \$ of payroll.

Source	FY08	FY09	FY10	FY11	FY12
Base Costs	\$556,368	\$578,201	\$606,050	\$624,313	\$647,993
New District Staff	2,820	3,520	1,631	1,513	1,579
Grant recapture	0	2,400	0	0	0
Other	0	0	(\$4,824)	0	0
Total	\$559,188	\$584,120	\$602,857	\$625,826	\$649,572

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	FY08	FY09	FY10	FY11	FY12
Base Costs	\$821,000	\$867,417	\$925,862	\$977,024	\$1,030,391
New District Staff	5,111	10,006	4,637	4,301	4,489
Grant recapture	0	4,350	0	0	0
Total	\$826,111	\$881,773	\$930,499	\$981,325	\$1,034,880

SUMMARY OF FRINGE BENEFITS

Source	FY08	FY09	FY10	FY11	FY12
STRS/SERS	\$10,288,633	\$10,785,105	\$11,120,597	\$11,549,094	\$11,994,417
Insurance's	11,289,864	13,891,538	16,201,598	18,925,615	22,140,992
Workers Comp & Unemploy.	559,188	584,120	602,857	625,826	649,572
Medicare	826,111	881,773	930,499	981,325	1,034,880
Other	129,395	140,000	140,000	140,000	140,000
Total	\$23,093,191	\$26,282,537	\$28,995,551	\$32,221,860	\$35,959,861

PURCHASED SERVICES

Overall service costs are increasing faster than inflation due to energy 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 are estimating inflationary growth at 5%.

Source	FY08	FY09	FY10	FY11	FY12
Base Services	\$8,151,896	\$8,559,491	\$8,987,466	\$9,436,839	\$9,908,681
Other	0	0	0	0	0
Total	\$8,151,896	\$8,559,491	\$8,987,466	\$9,436,839	\$9,908,681

MATERIALS AND SUPPLIES

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

Source	FY08	FY09	FY10	FY11	FY12
Supplies	\$2,526,897	\$2,602,704	\$2,680,785	\$2,761,209	\$2,844,045
ADM Growth	\$0	\$0	\$0	\$0	\$0
Redistricting	\$0	\$0	\$0	\$0	\$0
Total	\$2,526,897	\$2,602,704	\$2,680,785	\$2,761,209	\$2,844,045

EQUIPMENT

An overall inflation rate of 3% is being estimated for this category of expense. We will plan to buy busses in the future from restricted State of Ohio school bus purchase money which cannot be used for any other purpose.

Source	FY08	FY09	FY10	FY11	FY12
Capital Outlay	\$639,501	\$658,686	\$678,447	\$698,800	\$719,764
New Buses	0	0	0	0	0
Total	\$639,501	\$658,686	\$678,447	\$698,800	\$719,764

OTHER EXPENSES

The category of Other Expenses amounted to \$1,695,361 for FY 07. Of that total, Auditor & Treasurer fees were \$1,208,245. The category consists of County Board of Ed deductions for participation in the SB140 City/County Agreement of \$232,000 in FY 07 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	FY08	FY09	FY10	FY11	FY12
Other expenses	\$1,714,010	\$1,765,430	\$1,818,393	\$1,872,945	\$1,929,133
Inc. A&T Levy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,714,010</u>	<u>\$1,765,430</u>	<u>\$1,818,393</u>	<u>\$1,872,945</u>	<u>\$1,929,133</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. Summer school costs have increased due to additional state mandated remediation of students struggling with proficiency tests and because the Board of Education has departed from the policy of making summer school operate at a breakeven with fees collected.

The Summer School transfers have been reduced for estimated fee increases of \$475,000 from FY04-FY08. The Athletic transfers have been increased by \$2,000 for each high school to help prepare for new stadium rental program.

Source	FY08	FY09	FY10	FY11	FY12
WEC Transfer	\$749,500	\$771,000	\$796,000	\$817,000	\$835,000
Advances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$749,500</u>	<u>\$771,000</u>	<u>\$796,000</u>	<u>\$817,000</u>	<u>\$835,000</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.

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.