

WORTHINGTON CITY SCHOOL DISTRICT
FRANKLIN COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEARS ENDED JUNE 30, 2009, 2010, 2011, 2012 AND 2013 ACTUAL;
 FORECASTED FISCAL YEARS ENDING JUNE 30, 2014 THROUGH 2018

Enclosure C-1-b
 10_28_2013

LINE NUMBER	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Actual	Fiscal Year 2013 Actual	Fiscal Year 2014 Forecasted	Percentage Change	Fiscal Year 2015 Forecasted	Fiscal Year 2016 Forecasted	Fiscal Year 2017 Forecasted	Fiscal Year 2018 Forecasted
Revenues											
1.010 General Property Tax (Real Estate)	\$68,411,599	\$70,133,625	\$76,463,347	\$74,554,666	\$81,690,919	\$87,472,154	7.1%	\$87,973,631	\$89,292,472	89,883,427	90,481,852
1.020 Tangible Personal Property Tax	6,414,636	3,185,452	3,017,213	3,094,377	3,451,276	3,470,890	0.6%	3,509,765	3,528,774	3,528,774	3,528,774
1.035 Unrestricted Grants-in-Aid (All 3100's except 3130)	16,203,295	14,970,620	14,595,580	14,280,914	14,355,731	15,349,122	6.9%	16,872,762	16,872,762	16,872,762	16,872,762
1.040 Restricted Grants-in-Aid (All 3200's)	151,151	90,610	91,284	91,288	91,288	91,288	0.0%	91,288	91,288	91,288	91,288
1.045 Restricted Federal Grants-in-Aid SFSF (4220)	0	976,509	1,187,598	768,676	194,575	200,000	2.8%	200,000	200,000	200,000	200,000
1.050 Property Tax Allocation (3130)	18,405,938	22,165,070	23,093,112	21,232,137	19,683,503	20,310,293	3.2%	20,569,404	18,081,830	15,479,671	12,877,972
1.060 All Other Revenues except 1931,1933,1940,1950,5100, 5200	2,399,766	1,901,581	1,397,854	1,137,112	1,035,372	900,000	-13.1%	875,000	850,000	825,000	825,000
1.070 Total Revenues	111,986,385	113,423,467	119,845,988	115,159,170	120,502,664	127,793,747	6.1%	130,091,850	128,917,126	126,880,922	124,877,648
Other Financing Sources											
2.050 Advances-In (5200)	86,900	23,953	24,400	502,200	490,700	180,000	-63.3%	0	0	0	0
2.060 All Other Financing Sources (including 1931 and 1933)	14,077	12,343	8,916	11,429	19,581	0	-100.0%	0	0	0	0
2.070 Total Other Financing Sources	100,977	36,296	33,316	513,629	510,281	180,000	-64.7%	0	0	0	0
2.080 Total Revenues and Other Financing Sources	112,087,362	113,459,763	119,879,304	115,672,799	121,012,945	127,973,747	5.8%	130,091,850	128,917,126	126,880,922	124,877,648
Expenditures											
3.010 Personal Services	72,276,386	73,360,571	73,742,101	73,444,360	70,623,617	70,779,356	0.2%	72,845,923	75,091,293	77,422,486	79,836,897
3.020 Employees' Retirement/Insurance Benefits	24,903,681	25,061,661	25,320,571	25,864,996	25,853,892	27,257,061	5.4%	28,512,728	29,692,177	30,697,556	31,958,635
3.030 Purchased Services	8,873,349	9,281,973	10,345,155	10,899,262	12,223,794	14,670,151	20.0%	15,485,174	16,348,525	17,263,441	18,233,387
3.040 Supplies and Materials	2,220,862	2,075,920	2,292,184	2,330,804	2,761,158	3,568,631	29.2%	3,475,690	3,579,961	3,687,360	3,797,981
3.050 Capital Outlay	324,332	181,297	238,750	216,757	342,906	247,309	-27.9%	254,728	262,370	270,241	278,348
3.060 Intergovernmental (7600 and 7700 functions)											
4.300 Other Objects	1,206,819	1,611,214	1,689,853	1,445,866	1,897,285	2,033,885	7.2%	2,091,850	2,133,491	2,158,333	2,183,698
4.500 Total Expenditures	109,805,429	111,572,636	113,628,614	114,202,045	113,702,652	118,556,393	4.3%	122,666,093	127,107,817	131,499,417	136,288,946
Other Financing Uses											
5.010 Operating Transfers-Out	942,302	966,144	987,401	1,051,125	1,076,047	1,101,619	2.4%	876,170	948,414	942,601	970,500
5.020 Advances-Out	23,953	24,400	502,200	490,700	180,000	0	0.0%	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0	0	0		0	0	0	0
5.040 Total Other Financing Uses	966,255	990,544	1,489,601	1,541,825	1,256,047	1,101,619	-12.3%	876,170	948,414	942,601	970,500
5.050 Total Expenditures and Other Financing Uses	110,771,684	112,563,180	115,118,215	115,743,870	114,958,699	119,658,012	4.1%	123,542,263	128,056,231	132,442,018	137,259,446
Sources over (under) Expenditures and Other Financing Uses											
6.010	1,315,678	896,583	4,761,089	-71,071	6,054,246	8,315,735	37.4%	6,549,587	860,895	-5,561,096	-12,381,798
Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies											
7.010	37,339,195	38,654,873	39,551,456	44,312,545	44,241,474	50,295,720	13.7%	58,611,455	65,161,042	66,021,937	60,460,841
7.020 Cash Balance June 30	38,654,873	39,551,456	44,312,545	44,241,474	50,295,720	58,611,455	16.5%	65,161,042	66,021,937	60,460,841	48,079,043
8.010 Encumbrances June 30	1,537,148	1,868,686	1,305,837	1,629,802	1,649,211	1,649,211	0.0%	1,649,211	1,649,211	1,649,211	1,649,211
Reservation of Fund Balance											
9.040 Contingency	3,118,000	3,118,000	3,118,000	3,118,000	3,118,000	5,335,958	71.1%	9,771,874	13,766,172	17,318,852	19,978,427
9.045 Fiscal Stabilization	0	0	0	0	0	0		0	0	0	0
9.050 Debt Service	0	0	0	0	0	0		0	0	0	0
9.060 Property Tax Advances	7,507,520	7,838,250	9,245,600	6,515,500	5,989,400	7,500,000	25.2%	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 Subtotal	10,625,520	10,956,250	12,363,600	9,633,500	9,107,400	12,835,958	40.9%	17,271,874	21,266,172	24,818,852	27,478,427
15.010 Unreserved Fund Balance June 30	\$26,492,205	\$26,726,520	\$30,643,108	\$32,978,172	\$39,539,109	\$44,126,286	11.6%	\$46,239,957	\$ 43,106,554	\$ 33,992,778	\$ 18,951,405
Enrollment	9,562	9,438	9,229	9,286	9,450	9,555		9,617	9,714	9,722	9,761

See accompanying Notes to the Five Year Forecast

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

October 28, 2013

THE FORECAST

This forecast has been updated from the prior forecast approved by the Board of Education May 20, 2013 to include the effects of passage of the November 2012 operating and bond levy requests as well as changes in the state biennium budget bill, HB59. 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. .8% to .8 % (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. .8% to .8 % (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. .8% to .8 % (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. 2013	Est. 2014	Est. 2015	Est. 2016	Est. 2017
Res./Ag.	\$1,333	\$1,340	\$1,351	\$1,361	\$1,372
Comm./Ind.	414	414	414	414	414
P.U. Pers.	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>
Total	<u>\$1,785</u>	<u>\$1,792</u>	<u>\$1,803</u>	<u>\$1,813</u>	<u>\$1,824</u>

NEW TAX LEVIES

New levies are estimated to be collected at 96% of the annual amount which allows for a 4% delinquency.

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) expanded homestead for seniors for the first \$ 25,000 of value. HB59 (2013) eliminated the 10% and 2.5% rollback on all levies approved after August 2013 and limited the homestead for seniors.

ESTIMATED REAL ESTATE TAX (Line 1.01)

Source	FY14	FY15	FY16	FY17	FY18
New Base	\$77,704,204	\$78,008,211	\$79,149,175	\$79,650,440	\$80,155,714
New Construction	287,522	405,773	\$501,264	\$505,274	\$509,316
Delinquent	1,980,429	2,059,646	2,142,032	2,227,713	2,316,822
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>\$87,472,154</u>	<u>\$87,973,631</u>	<u>\$89,292,472</u>	<u>\$89,883,427</u>	<u>\$90,481,852</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	FY14	FY15	FY16	FY17	FY18
Public Utility Personal	<u>\$3,470,890</u>	<u>\$3,509,765</u>	<u>\$3,528,774</u>	<u>\$3,528,774</u>	<u>\$3,528,774</u>
Total	<u>\$3,470,890</u>	<u>\$3,509,765</u>	<u>\$3,528,774</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 (HB59) for fiscal years 2014 and 2015. The budget contains significant changes to school funding. A per pupil amount, known as Core Opportunity Aid, will be set at \$5745 in FY14 and \$5800 in FY15, which will then be subject to the District's State Share Index value which is calculated on an average property value per pupil compared to the state average value per pupil. Districts are guaranteed not to receive less than FY13 total state aid but are also capped at 6.25% over the FY13 amount (10.5% cap for FY15). Our District is projected to reach the cap both years based on current enrollment projections. Funding beyond FY15 remains uncertain, and we therefore are projecting state revenue to remain flat beyond FY15. In addition, the District will receive both annual casino revenue payments for FY14 and beyond.

Source	FY14	FY15	FY16	FY17	FY18
Basic Aid	\$14,510,856	\$16,034,496	\$16,034,496	\$16,034,496	\$16,034,496
Preschool Aid	\$244,749	\$244,749	\$244,749	\$244,749	\$244,749
Subsidy for High Performing Districts	\$0	\$0	\$0	\$0	\$0
Special Ed Transportation	\$193,517	\$193,517	\$193,517	\$193,517	\$193,517
Casino revenue	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>
Total	<u>\$15,349,122</u>	<u>\$16,872,762</u>	<u>\$16,872,762</u>	<u>\$16,872,762</u>	<u>\$16,872,762</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	FY14	FY15	FY16	FY17	FY18
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 in schools program and bill for students receiving eligible services for reimbursement.

Source	FY14	FY15	FY16	FY17	FY18
Federal Medicaid reimbursement	\$200,000	\$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>\$200,000</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. HB59 eliminated the credit for new and replacement levies approved after August 2013. Our residents still qualify for the credit on the incremental levy. Senior citizens may qualify for an additional homestead exemption of \$25,000.

Source	FY14	FY15	FY16	FY17	FY18
Base R & H	\$9,045,200	\$9,671,990	\$9,931,101	\$10,103,103	\$10,160,520
New Construction	30,362	55,333	68,354	57,418	57,877
New Levy	<u>596,428</u>	<u>203,778</u>	<u>103,648</u>	<u>0</u>	<u>0</u>
Total	<u>\$9,671,990</u>	<u>\$9,931,101</u>	<u>\$10,103,103</u>	<u>\$10,160,520</u>	<u>\$10,218,397</u>

b) TANGIBLE PERSONAL PROPERTY REIMBURSEMENTS

These amounts reflect the state's reimbursement of tangible personal property tax that was eliminated in 2006. Districts were supposed to be held harmless via reimbursement from the state which would have gradually phased out by FY19 under the initial legislation (HB66). The 2012-13 biennium state budget reduced reimbursement \$2.2 million annually (\$2.2 million in FY2012 and \$4.4 million in FY13). The 2014-15 state budget maintains reimbursement at FY13 levels for FY14 and FY15, but it is still unclear regarding future years. We are estimating the phase out of this reimbursement at \$2.6 million annually from FY16 through FY18.

Source	FY14	FY15	FY16	FY17	FY18
TPP Reimbursement	<u>\$10,638,303</u>	<u>\$10,638,303</u>	<u>\$7,978,727</u>	<u>\$5,319,151</u>	<u>\$2,659,575</u>

SUMMARY OF PROPERTY TAX ALLOCATION

Source	FY14	FY15	FY16	FY17	FY18
Homestead & Rollback	\$9,671,990	\$9,931,101	\$10,103,103	\$10,160,520	\$10,218,397
TPP Reimbursement	<u>10,638,303</u>	<u>10,638,303</u>	<u>7,978,727</u>	<u>5,319,151</u>	<u>2,659,575</u>
Total	<u>\$20,310,293</u>	<u>\$20,569,404</u>	<u>\$18,081,830</u>	<u>\$15,479,671</u>	<u>\$12,877,972</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.

Pay to participate, tuition, and other local revenues are estimated based on past trends and researching activity over the past two years in detail. We do not expect any major changes to these revenues at this point.

Source	FY14	FY15	FY16	FY17	FY18
Interest Income	\$250,000	\$225,000	\$200,000	\$175,000	\$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>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>
Total	<u>\$900,000</u>	<u>\$875,000</u>	<u>\$850,000</u>	<u>\$825,000</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	FY14	FY15	FY16	FY17	FY18
Advance Returns	\$180,000	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0	\$0
R.O.P.Y.E. (*)/ Sale of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$180,000</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, FY17, and FY18.

The Other line reflects savings from 52 retirements at the end of FY13.

Grant Recapture includes \$250k and \$150k in FY14 and FY15, respectively, 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 4 FTE in FY15; 5 FTE in FY16; 2 FTE in FY17; and 3 FTE in FY18 based on current enrollment projections and special education needs.

Source	FY14	FY15	FY16	FY17	FY18
Base Wages	\$70,623,617	\$70,779,356	\$72,845,923	\$75,091,293	\$77,422,486
Increases	353,118	707,794	728,459	750,913	774,225
Steps & Training or 3317.141 Performance	124,137	1,190,911	1,219,843	1,401,461	1,438,760
New District Staff/Grant Recapture	725,366	447,863	297,068	178,819	201,426
Merit pay	353,118	0	0	0	0
Other	<u>(\$1,400,000)</u>	<u>(\$280,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$70,779,356</u>	<u>\$72,845,923</u>	<u>\$75,091,293</u>	<u>\$77,422,486</u>	<u>\$79,836,897</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	FY14	FY15	FY16	FY17	FY18
STRS & SERS Required contrib on Base Wages	\$9,677,306	\$9,909,110	\$10,198,429	\$10,512,781	\$10,839,148
Increases	49,437	99,091	101,984	105,128	108,391
Steps & Training	17,379	166,728	170,778	196,204	201,426
New District Staff	101,551	62,701	41,589	25,035	28,200
Merit pay	49,437	0	0	0	0
Other	<u>(\$196,000)</u>	<u>(\$39,200)</u>	<u>0</u>	<u>0</u>	<u>0</u>
STRS/SERS Pickup	476,172	480,933	485,743	490,600	495,506
SERS Surcharge	273,000	286,650	300,983	316,032	331,834
SERS Catch-up	<u>197,350</u>	<u>197,350</u>	<u>197,350</u>	<u>0</u>	<u>0</u>
Total	<u>\$10,645,631</u>	<u>\$11,163,363</u>	<u>\$11,496,857</u>	<u>\$11,645,780</u>	<u>\$12,004,506</u>

B) Health insurance premiums increased 8.2% in January of 2013 and are approved at a 3.55% increase January 2014.

The estimated increases for FY15 and beyond are 5%, which is the best available data at this time

We anticipate reaching the negotiated cap in January 2016 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. We do anticipate having to offer some additional employees health care benefits, and at this time estimate that to be \$250k beginning January 2015 (prorated FY15).

Source	FY14	FY15	FY16	FY17	FY18
Base Costs	\$12,821,487	\$13,841,132	\$14,544,823	\$15,338,710	\$16,139,017
New District Staff	181,341	111,966	74,267	44,705	50,357
HSA Contribution	1,269,000	1,269,000	1,269,000	1,269,000	1,269,000
Inflation	838,304	591,725	719,620	755,602	793,382
Affordable Care Act	<u>0</u>	<u>145,833</u>	<u>250,000</u>	<u>262,500</u>	<u>275,625</u>
Total	<u>\$15,110,132</u>	<u>\$15,813,823</u>	<u>\$16,607,710</u>	<u>\$17,408,017</u>	<u>\$18,251,756</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 reduced the rate to .006 for Fiscal 2014, down from .007 in FY13, saving an additional \$70k annually.

Source	FY14	FY15	FY16	FY17	FY18
Base Costs	\$426,605	\$436,068	\$448,765	\$463,462	\$477,813
New District Staff	4,352	2,687	1,782	1,073	1,209
Other	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total	<u>\$440,957</u>	<u>\$448,756</u>	<u>\$460,548</u>	<u>\$474,535</u>	<u>\$489,021</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	FY14	FY15	FY16	FY17	FY18
Base Costs	\$919,703	\$955,292	\$997,755	\$1,041,631	\$1,085,431
New District Staff	10,518	6,494	4,307	2,593	2,921
Merit pay	<u>5,120</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$935,341</u>	<u>\$961,786</u>	<u>\$1,002,062</u>	<u>\$1,044,224</u>	<u>\$1,088,352</u>

SUMMARY OF FRINGE BENEFITS

Source	FY14	FY15	FY16	FY17	FY18
STRS/SERS	\$10,645,631	\$11,163,363	\$11,496,857	\$11,645,780	\$12,004,506
Insurance's	15,110,132	15,813,823	16,607,710	17,408,017	18,251,756
Workers Comp & Unemployment	440,957	448,756	460,548	474,535	489,021
Medicare	935,341	961,786	1,002,062	1,044,224	1,088,352
Other	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total	<u>\$27,257,061</u>	<u>\$28,512,728</u>	<u>\$29,692,177</u>	<u>\$30,697,556</u>	<u>\$31,958,635</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 \$175k to Other for technology in FY14 and beyond for consultants and software maintenance and added \$75k per year to utilities beginning in FY15 through FY18 for increased external bandwidth. We have also added \$417k to Other for special education consultants for FY14 and beyond. In addition, due to state funding changes for Educational Service Centers, we have moved \$180k into Other Purchased Services previously recorded as Other Expenses Line 4.3. We are estimating inflation at 5% for Utilities, 8% for Tuition due to increased per pupil amount, and 3% in other areas for future years.

Source	FY14	FY15	FY16	FY17	FY18
Consulting/Legal (41x)	\$819,950	\$844,549	\$869,885	\$895,982	\$922,861
Equipment Maint/Repair (423)	\$1,410,666	\$1,452,986	\$1,496,576	\$1,541,473	\$1,587,717
Utilities (441 & 45x)	\$2,691,000	\$2,900,550	\$3,120,578	\$3,351,607	\$3,594,187
Tuition other Districts (47x)	\$4,921,950	\$5,315,706	\$5,740,962	\$6,200,239	\$6,696,258
Other	<u>\$4,826,585</u>	<u>\$4,971,383</u>	<u>\$5,120,524</u>	<u>\$5,274,140</u>	<u>\$5,432,364</u>
Total	<u>\$14,670,151</u>	<u>\$15,485,174</u>	<u>\$16,348,525</u>	<u>\$17,263,441</u>	<u>\$18,233,387</u>

MATERIALS AND SUPPLIES (Line 3.04)

We are increasing this area for FY14 for new curriculum \$200k and correspondingly reducing it back down \$200k for FY15 and beyond. An overall inflation rate of 3% is being estimated in this category.

Source	FY14	FY15	FY16	FY17	FY18
Supplies	\$3,568,631	\$3,475,690	\$3,579,961	\$3,687,360	\$3,797,981
ADM Growth	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$3,568,631</u>	<u>\$3,475,690</u>	<u>\$3,579,961</u>	<u>\$3,687,360</u>	<u>\$3,797,981</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	FY14	FY15	FY16	FY17	FY18
Capital Outlay	\$247,309	\$254,728	\$262,370	\$270,241	\$278,348
New Buses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$247,309</u>	<u>\$254,728</u>	<u>\$262,370</u>	<u>\$270,241</u>	<u>\$278,348</u>

OTHER EXPENSES (Line 4.3)

The category of Other Expenses amounted to \$1,897,285 for FY 13. Of that total, Auditor & Treasurer fees were \$1,466,797. A&T Fees increase sharply any time a new levy is collected, as well as when collections increase on new construction. Due to changes in state funding for ESC's, we have moved \$180k from other expenses to purchased services. Other includes liability insurance and bank fees, which we increased \$80k for FY14 and beyond due to expansion of the online fee payment system.

Source	FY14	FY15	FY16	FY17	FY18
Base Auditor & Treasurer Fees	\$1,466,797	\$1,570,859	\$1,614,933	\$1,642,267	\$1,652,372
Increased A&T Fees	104,062	44,074	27,334	10,105	10,186
County ESC	78,324	80,674	83,094	85,587	88,155
Other	<u>384,702</u>	<u>396,243</u>	<u>408,130</u>	<u>420,374</u>	<u>432,985</u>
Total	<u>\$2,033,885</u>	<u>\$2,091,850</u>	<u>\$2,133,491</u>	<u>\$2,158,333</u>	<u>\$2,183,698</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	FY14	FY15	FY16	FY17	FY18
Transfers	\$1,101,619	\$876,170	\$948,414	\$942,601	\$970,500
Advances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,101,619</u>	<u>\$876,170</u>	<u>\$948,414</u>	<u>\$942,601</u>	<u>\$970,500</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 increase in contingency reserve from fiscal years 2014 through 2018 is the unanticipated tangible personal property tax reimbursement that phased out during the last biennium budget and is held harmless in the current budget (FY14 & FY15). We have placed the additional revenue in contingency reserve to extend the life of the operating levy.

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. 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 significantly decreased our revenue during the 2012-13 biennium. The new biennial budget for FY14 and FY15 has provided a modest increase in the foundation and stopped the phase out of the tangible reimbursement for FY14 & FY15, but there is no promise for future years. The forecast still assumes the continued gradual phase out of the tangible reimbursement after this biennium through FY19. 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.

There have been many charter school and private school legislative actions which have negatively impacted the District. Fiscal Year 2014 saw the start of voucher availability for children regardless of the performance of their public school. 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, 2017 and 2018. 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.