

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

**October 4, 2008**

**REVENUE ASSUMPTIONS**

**ELECTRIC UTILITY DEREGULATION HB5/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 has computed based on specified criteria to determine if districts are still eligible for reimbursement. Worthington received \$406,070 during fiscal year 2008 and we expect the reimbursement to continue for fiscal years in the current forecast with 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 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 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: Res./Ag. Increased 1.22% for new construction; Comm./Ind. Decreased 2.65%; Public Utility decreased 43.23% 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 \$4.4M due to reappraisal increases resulting in Class I rates of 37.71 mills and Class II rates of 50.44 mills.

For 2010 the historic growth trends will be adjusted from/ to: Res./Ag. .8% to .8 % (no change); Comm./Ind.

**ESTIMATED ASSESSED VALUE BY COLLECTION YEARS (IN MILLIONS)**

Classification	Act. 2008	Est. 2009	Est. 2010	Est. 2011	Est. 2012	Est. 2013
Res./Ag.	\$1,341	\$1,352	\$1,362	\$1,373	\$1,425	\$1,437
Comm./Ind.	442	447	447	447	451	451
P.U. Pers.	29	27	26	24	23	22
<b>Total</b>	<b><u>\$1,812</u></b>	<b><u>\$1,826</u></b>	<b><u>\$1,835</u></b>	<b><u>\$1,844</u></b>	<b><u>\$1,899</u></b>	<b><u>\$1,910</u></b>

**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. 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	FY09	FY10	FY11	FY12	FY13	FY14
New Base	\$58,971,689	\$56,045,447	\$56,408,734	\$56,769,103	\$57,219,980	\$57,740,080
New Construction	440,941	353,949	360,369	346,379	423,641	346,251
Delinquent	1,321,192	1,374,040	1,429,001	1,486,161	1,545,608	1,607,432
Advances In	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Reappraisal	10,117	9,339	0	104,497	96,459	0
<b>Total</b>	<b><u>\$69,243,939</u></b>	<b><u>\$66,282,774</u></b>	<b><u>\$66,698,105</u></b>	<b><u>\$67,206,141</u></b>	<b><u>\$67,785,687</u></b>	<b><u>\$68,193,763</u></b>

**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	FY09	FY10	FY11	FY12	FY13	FY14
Tangible Personal Property	\$3,488,319	\$765,631	\$368,931	\$0	\$0	\$0
Public Utility Personal	\$2,247,814	\$2,112,945	\$1,986,168	\$1,866,998	\$1,754,978	\$1,649,679
<b>Total</b>	<b><u>\$5,736,133</u></b>	<b><u>\$2,878,576</u></b>	<b><u>\$2,355,099</u></b>	<b><u>\$1,866,998</u></b>	<b><u>\$1,754,978</u></b>	<b><u>\$1,649,679</u></b>

**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 a 5% decrease in the guarantee for fiscal year 2010 and continuance of the reduced amount in subsequent years.

A) State Foundation Revenue SF-3 Form

Source	FY09	FY10	FY11	FY12	FY13	FY14
SF-3 Basic Aid	\$15,437,000	\$15,278,643	\$15,278,643	\$15,278,643	\$15,278,643	\$15,278,643
<b>Total</b>	<u>\$15,437,000</u>	<u>\$15,278,643</u>	<u>\$15,278,643</u>	<u>\$15,278,643</u>	<u>\$15,278,643</u>	<u>\$15,278,643</u>

B) Reimbursements - Electric Dereg & 10,000 PP tax

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 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. The State of Ohio reimburses school districts for the 10,000 exemption afforded to business on the valuation of tangible personal property. This will be phased out in conjunction with the tangible phaseout, but we are unable to estimate at this time.

Source	FY09	FY10	FY11	FY12	FY13	FY14
Dereg. Reimbursement	406,070	406,070	406,070	406,070	406,070	406,070
10,000 PP Tax	0	0	0	0	0	0
<b>Total</b>	<u>\$406,070</u>	<u>\$406,070</u>	<u>\$406,070</u>	<u>\$406,070</u>	<u>\$406,070</u>	<u>\$406,070</u>

**Summary of Unrestricted Grants in Aid**

Source	FY09	FY10	FY11	FY12	FY13	FY14
State Foundation	\$15,437,000	\$15,278,643	\$15,278,643	\$15,278,643	\$15,278,643	\$15,278,643
Reimbursements	\$406,070	\$406,070	\$406,070	\$406,070	\$406,070	\$406,070
<b>Total</b>	<u>\$15,843,070</u>	<u>\$15,684,713</u>	<u>\$15,684,713</u>	<u>\$15,684,713</u>	<u>\$15,684,713</u>	<u>\$15,684,713</u>

**RESTRICTED GRANTS IN AID**

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

Source	FY09	FY10	FY11	FY12	FY13	FY14
Bus Purchase Allowance	\$30,077	\$30,077	\$30,077	\$30,077	\$30,077	\$30,077
Career Tech	\$77,712	\$77,712	\$77,712	\$77,712	\$77,712	\$77,712
<b>Total</b>	<u>\$107,789</u>	<u>\$107,789</u>	<u>\$107,789</u>	<u>\$107,789</u>	<u>\$107,789</u>	<u>\$107,789</u>

**PROPERTY TAX ALLOCATION**

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	FY09	FY10	FY11	FY12	FY13	FY14
TPP Reimbursement	\$11,406,030	\$14,714,524	\$15,022,834	\$12,371,746	\$9,720,365	\$7,953,026
<b>Total</b>	<b><u>\$11,406,030</u></b>	<b><u>\$14,714,524</u></b>	<b><u>\$15,022,834</u></b>	<b><u>\$12,371,746</u></b>	<b><u>\$9,720,365</u></b>	<b><u>\$7,953,026</u></b>

SUMMARY OF PROPERTY TAX ALLOCATION

Source	FY09	FY10	FY11	FY12	FY13	FY14
Homestead & Rollback	\$6,841,709	\$6,881,930	\$6,922,881	\$6,942,613	\$6,944,869	\$6,946,599
TPP Reimbursement	\$11,406,030	\$14,714,524	\$15,022,834	\$12,371,746	\$9,720,365	\$7,953,026
<b>Total</b>	<b><u>\$18,247,739</u></b>	<b><u>\$21,596,454</u></b>	<b><u>\$21,945,715</u></b>	<b><u>\$19,314,359</u></b>	<b><u>\$16,665,234</u></b>	<b><u>\$14,899,625</u></b>

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 May to a new overnight rate of 2.00%. 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	FY09	FY10	FY11	FY12	FY13	FY14
Interest Income	\$1,750,000	\$900,000	\$700,000	\$700,000	\$600,000	\$500,000
Pay To Participate	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Tuition	700,000	700,000	700,000	700,000	700,000	700,000
Other	<u>217,000</u>	<u>217,000</u>	<u>217,000</u>	<u>217,000</u>	<u>217,000</u>	<u>217,000</u>
<b>Total</b>	<b><u>\$2,842,000</u></b>	<b><u>\$1,992,000</u></b>	<b><u>\$1,792,000</u></b>	<b><u>\$1,792,000</u></b>	<b><u>\$1,692,000</u></b>	<b><u>\$1,592,000</u></b>

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	FY09	FY10	FY11	FY12	FY13	FY14
Advance Returns	\$86,900	\$0	\$0	\$0	\$0	\$0
Transfers	\$0	\$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>	<u>0</u>
<b>Total</b>	<b><u>\$86,900</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

(\*) refund of prior years expenditures.

**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 2013. 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 2013.

The assumed increase for years beyond current negotiated agreements is 2.85% for fiscal years 9, 10 & 11 and 2% thereafter. Retirement incentive is deducted for FY 2010.

Source	FY09	FY10	FY11	FY12	FY13	FY14
Base Wages	\$69,600,221	\$72,351,436	\$74,773,486	\$78,074,607	\$80,898,272	\$83,912,873
Increases	1,388,524	2,062,016	2,131,044	1,561,492	1,617,965	1,678,257
Steps & Training	696,002	723,514	1,046,829	1,093,044	1,132,576	1,174,780
New District Staff	366,689	239,519	123,248	169,128	264,060	264,060
Grant Recapture	300,000	0	0	0	0	0
Other & Redistricting	0	(\$603,000)	0	0	0	0
<b>Total</b>	<b>\$72,351,436</b>	<b>\$74,773,486</b>	<b>\$78,074,607</b>	<b>\$80,898,272</b>	<b>\$83,912,873</b>	<b>\$87,029,971</b>

**FRINGE BENEFIT ESTIMATES**

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

Source	FY09	FY10	FY11	FY12	FY13	FY14
Base Wages	\$9,744,031	\$10,129,201	\$10,468,288	\$10,930,445	\$11,325,758	\$11,747,802
Increases	194,393	288,682	298,346	218,609	226,515	234,956
Steps & Training	97,440	101,292	146,556	153,026	158,561	164,469
New District Staff	51,336	33,533	17,255	23,678	36,968	36,968
Grant recapture	42,000	0	0	0	0	0
STRS/SERS Pickup	527,976	554,374	582,093	611,198	641,758	673,846
SERS Surcharge	235,200	246,960	259,308	272,273	285,887	300,181
Other	0	(\$84,420)	0	0	0	0
<b>Total</b>	<b>\$10,892,377</b>	<b>\$11,269,622</b>	<b>\$11,771,846</b>	<b>\$12,209,229</b>	<b>\$12,675,447</b>	<b>\$13,158,223</b>

B) Health insurance premiums will increase January 2009 by 1.6%. Estimated increases are 13% per year for outlying years, for medical, dental and vision insurances which is the best data available at this time.

Source	FY09	FY10	FY11	FY12	FY13	FY14
Base Costs	\$9,976,950	\$11,020,422	\$11,791,086	\$13,172,284	\$14,740,502	\$16,530,825
New District Staff	91,672	59,880	30,812	42,282	66,015	66,015
Grant recapture	75,000	0	0	0	0	0
HSA Contribution	1,602,320	1,484,654	1,624,748	1,624,748	1,624,748	1,624,748
Inflation	876,800	710,784	1,350,386	1,525,936	1,724,308	1,948,468
<b>Total</b>	<b>\$12,622,742</b>	<b>\$13,275,740</b>	<b>\$14,797,032</b>	<b>\$16,365,250</b>	<b>\$18,155,573</b>	<b>\$20,170,056</b>

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.

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	FY09	FY10	FY11	FY12	FY13	FY14
Base Costs	\$867,417	\$920,938	\$970,632	\$1,021,040	\$1,074,667	\$1,132,420
New District Staff	5,317	3,473	1,787	2,452	3,829	3,829
Grant recapture	4,350	0	0	0	0	0
<b>Total</b>	<b><u>\$877,084</u></b>	<b><u>\$924,411</u></b>	<b><u>\$972,419</u></b>	<b><u>\$1,023,492</u></b>	<b><u>\$1,078,495</u></b>	<b><u>\$1,136,249</u></b>

**SUMMARY OF FRINGE BENEFITS**

Source	FY09	FY10	FY11	FY12	FY13	FY14
STRS/SERS	\$10,892,377	\$11,269,622	\$11,771,846	\$12,209,229	\$12,675,447	\$13,158,223
Insurance's	12,622,742	13,275,740	14,797,032	16,365,250	18,155,573	20,170,056
Workers Comp & Unemploy.	577,748	597,493	624,239	646,696	670,537	695,474
Medicare	877,084	924,411	972,419	1,023,492	1,078,495	1,136,249
Other	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>
<b>Total</b>	<b><u>\$25,109,951</u></b>	<b><u>\$26,207,266</u></b>	<b><u>\$28,305,536</u></b>	<b><u>\$30,384,667</u></b>	<b><u>\$32,720,052</u></b>	<b><u>\$35,300,002</u></b>

**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. The cost of natural gas has increased dramatically requiring an additional allocation for FY09 of \$100,000. We are estimating inflationary growth at 5%.

Source	FY09	FY10	FY11	FY12	FY13	FY14
Equipment Maint/Repair	\$1,249,390	\$1,311,860	\$1,377,453	\$1,446,326	\$1,518,642	\$1,594,574
Utilities	\$2,373,378	\$2,492,047	\$2,616,649	\$2,747,481	\$2,884,855	\$3,029,098
Tuition other Districts	\$3,204,597	\$3,364,827	\$3,533,068	\$3,709,721	\$3,895,207	\$4,089,967
Other	<u>2,206,076</u>	<u>2,316,380</u>	<u>2,432,199</u>	<u>2,553,809</u>	<u>2,681,499</u>	<u>2,815,574</u>
<b>Total</b>	<b><u>\$9,033,441</u></b>	<b><u>\$9,485,114</u></b>	<b><u>\$9,959,369</u></b>	<b><u>\$10,457,337</u></b>	<b><u>\$10,980,203</u></b>	<b><u>\$11,529,213</u></b>

**MATERIALS AND SUPPLIES**

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

Source	FY09	FY10	FY11	FY12	FY13	FY14
Supplies	\$2,412,704	\$2,485,085	\$2,559,638	\$2,636,427	\$2,715,520	\$2,796,986
ADM Growth	\$0	\$0	\$0	\$0	\$0	\$0
Redistricting	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	<b><u>\$2,412,704</u></b>	<b><u>\$2,485,085</u></b>	<b><u>\$2,559,638</u></b>	<b><u>\$2,636,427</u></b>	<b><u>\$2,715,520</u></b>	<b><u>\$2,796,986</u></b>

**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	FY09	FY10	FY11	FY12	FY13	FY14
Capital Outlay	\$392,086	\$403,849	\$415,964	\$428,443	\$441,296	\$454,535
New Buses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>\$392,086</u></b>	<b><u>\$403,849</u></b>	<b><u>\$415,964</u></b>	<b><u>\$428,443</u></b>	<b><u>\$441,296</u></b>	<b><u>\$454,535</u></b>

**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	FY09	FY10	FY11	FY12	FY13	FY14
Other expenses	\$1,765,430	\$1,818,393	\$1,872,945	\$1,929,133	\$1,987,007	\$2,046,617
Inc. A&T Levy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>\$1,765,430</u></b>	<b><u>\$1,818,393</u></b>	<b><u>\$1,872,945</u></b>	<b><u>\$1,929,133</u></b>	<b><u>\$1,987,007</u></b>	<b><u>\$2,046,617</u></b>

**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	FY09	FY10	FY11	FY12	FY13	FY14
Transfers	\$942,302	\$966,144	\$987,401	\$1,051,125	\$1,076,047	\$1,101,619
Advances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>\$942,302</u></b>	<b><u>\$966,144</u></b>	<b><u>\$987,401</u></b>	<b><u>\$1,051,125</u></b>	<b><u>\$1,076,047</u></b>	<b><u>\$1,101,619</u></b>

**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.