

Enclosure C-1-b
10/24/2011

BOE Approved 10/24/11

WORTHINGTON CITY SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30 2007, 2008, 2009, 2010 AND 2011 ACTUAL;
FORECASTED FISCAL YEARS ENDING JUNE 30, 2012 THROUGH 2016

LINE NUMBER	Fiscal Year 2007 Actual	Fiscal Year 2008 Actual	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Forecasted	Percentage Change	Fiscal Year 2013 Forecasted	Fiscal Year 2014 Forecasted	Fiscal Year 2015 Forecasted	Fiscal Year 2016 Forecasted
Revenues											
1.010 General Property Tax (Real Estate)	\$49,702,149	\$66,846,563	\$68,411,599	\$70,133,625	\$76,463,347	\$75,152,332	-1.7%	\$77,576,579	\$77,785,214	\$76,209,806	\$78,717,219
1.020 Tangible Personal Property Tax	14,564,191	10,928,141	6,414,636	3,185,452	3,017,213	3,010,582	-0.2%	2,963,561	2,963,561	2,963,561	2,963,561
1.035 Unrestricted Grants-in-Aid (All 3100's except 3130)	16,255,173	16,045,713	16,203,295	14,970,620	14,595,580	14,245,766	-2.4%	14,245,766	14,245,766	14,245,766	14,245,766
1.040 Restricted Grants-in-Aid (All 3200's)	155,005	102,989	151,151	90,610	91,284	91,288	0.0%	91,288	91,288	91,288	91,288
1.045 Restricted Federal Grants-in-Aid SFSF (4220)	0	0	0	976,509	1,487,598	727,041	-38.8%	0	0	0	0
1.050 Property Tax Allocation (3130)	10,906,131	14,687,065	18,405,938	22,165,070	23,093,112	21,129,359	-8.5%	19,011,284	16,809,158	14,631,247	12,462,420
1.060 All Other Revenues except 1931,1933,1940,1950,5100, 5200	4,204,704	3,456,051	2,399,766	1,901,581	1,397,654	1,203,000	-14%	1,173,000	1,173,000	1,169,000	1,169,000
1.070 Total Revenues	95,787,353	112,067,522	111,986,385	113,423,467	119,845,986	115,559,368	-4%	115,061,488	113,067,987	111,309,668	109,556,968
Other Financing Sources											
2.050 Advances-in (5200)	0	0	86,900	23,953	24,400	502,200	1958%	0	0	0	0
2.060 All Other Financing Sources (including 1931 and 1933)	684	1,421	14,077	12,343	8,916	0	-100%	0	0	0	0
2.070 Total Other Financing Sources	684	1,421	100,977	36,296	33,316	502,200	1407%	0	0	0	0
2.080 Total Revenues and Other Financing Sources	95,788,037	112,068,943	112,087,362	113,459,763	119,879,304	116,061,568	-3%	115,061,488	113,067,987	111,309,668	109,556,968
Expenditures											
3.010 Personal Services	67,172,483	69,911,488	72,276,386	73,360,571	73,742,101	73,043,928	-1%	72,866,641	73,742,366	75,511,090	77,320,199
3.020 Employees' Retirement/Insurance Benefits	21,757,484	22,908,493	24,903,681	25,061,661	25,320,571	26,829,970	6%	27,916,134	29,725,155	31,098,680	31,950,966
3.030 Purchased Services	7,010,881	8,464,643	8,873,349	9,281,973	10,345,155	12,322,253	19%	13,332,520	14,045,020	14,801,819	15,606,220
3.040 Supplies and Materials	2,459,479	2,235,216	2,220,862	2,075,920	2,292,184	2,751,465	20%	3,634,030	3,743,051	3,855,343	3,971,003
3.050 Capital Outlay	446,003	507,568	324,332	181,297	238,750	198,143	-17%	204,087	210,210	216,516	223,011
3.060 Intergovernmental (7600 and 7700 functions)	0	0	0	0	0	0	0%	0	0	0	0
4.000 Other Objects	1,695,361	1,615,922	1,206,819	1,611,214	1,699,653	1,830,450	8%	1,912,039	1,959,400	2,028,482	2,089,336
4.500 Total Expenditures	100,541,691	105,643,350	109,805,429	111,572,636	113,628,614	116,875,229	3%	119,967,657	123,435,202	127,511,910	131,160,736
Other Financing Uses											
5.010 Operating Transfers-Out	0	749,500	942,302	966,144	987,401	1,051,125	6%	1,078,047	1,101,619	876,170	948,414
5.020 Advances-Out	0	86,900	23,953	24,400	502,200	0	-100%	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0	0	0	0%	0	0	0	0
5.040 Total Other Financing Uses	0	836,400	966,255	990,544	1,489,601	1,051,125	-29%	1,078,047	1,101,619	876,170	948,414
5.050 Total Expenditures and Other Financing Uses	100,541,691	106,479,750	110,771,684	112,563,180	115,118,215	118,027,354	3%	120,943,704	124,536,821	129,388,080	132,109,149
Sources over (under) Expenditures and Other Financing Uses											
6.010	-4,753,654	5,589,193	1,315,678	896,583	4,761,089	-1,965,786	-141%	-5,882,216	-11,468,834	-17,078,412	-22,552,183
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies											
7.010	36,519,588	31,750,002	37,339,195	38,654,873	39,551,456	44,312,545	12%	42,346,759	36,464,543	24,995,709	7,917,297
7.020 Cash Balance June 30	31,750,002	37,339,195	38,654,873	39,551,456	44,312,545	42,346,759	-4%	36,464,543	24,995,709	7,917,297	-14,634,886
8.010 Encumbrances June 30	3,418,197	1,484,732	1,537,148	1,868,686	1,305,837	1,868,686	43%	1,868,686	1,868,686	1,868,686	1,868,686
Reservation of Fund Balance											
9.040 Contingency	1,750,000	3,118,000	3,118,000	3,118,000	3,118,000	3,118,000	0%	3,118,000	3,118,000	3,118,000	3,118,000
9.045 Fiscal Stabilization	0	0	0	0	0	0	0%	0	0	0	0
9.050 Debt Service	0	0	0	0	0	0	0%	0	0	0	0
9.060 Property Tax Advances	3,710,100	5,122,700	7,507,520	7,838,250	9,245,600	7,500,000	-19%	7,500,000	7,500,000	7,500,000	7,500,000
9.070 Bus Purchases	28,430	0	0	0	0	0	0%	0	0	0	0
9.080 Subtotal	5,488,530	8,240,700	10,625,520	10,956,250	12,393,600	10,618,000	-14%	10,618,000	10,618,000	10,618,000	10,618,000
15.010 Unreserved Fund Balance June 30	\$22,843,275	\$27,613,763	\$26,492,205	\$26,726,520	\$30,643,108	\$29,860,073	-3%	\$23,977,857	\$12,509,023	(\$4,569,389)	\$(27,121,572)
Enrollment	9,323	9,393	9,358	9,453	9,282	9,383	9,555	9,688	9,730	9,730	9,827

See accompanying Notes to the Five Year Forecast

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

October 24, 2011

THE FORECAST

This forecast is scheduled to be approved by the Worthington Board of Education on October 24, 2011. The forecast presents the financial estimates of the Worthington City School District's education program. The assumptions made to prepare this forecast are explained in the following pages.

REVENUE ASSUMPTIONS

REAL ESTATE VALUE ASSUMPTIONS

Property values are established each year by the Franklin County Auditor based on new construction and complete or updated values. A reappraisal of district property values occurred for 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 2011 Res./Ag. increased .46% for new construction; Comm./Ind. decreased 1.37%; Public Utility increased 13.70%; Total AV increased \$141k primarily due to the growth in residential value.

The operating levy and HB920 increased the effective rates resulting in, the Class I rate of 43.05 mills and Class II rate of 57.23 mills.

For 2012 the historic growth trends will be adjusted from/ to: Res./Ag. .0% to .0 % (no change); Comm./Ind. 0.0% to 0.0% (no change); due to public utility deregulation growth is estimated to be 0%. Total AV is expected to decrease due to a reappraisal downward in Class I property of 3.32% and an increase in Class II of .22%.

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

For 2014 the historic growth trends will be adjusted from/ to: Res./Ag. .0% to .5 % (increase); 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. .05% to .08 % (increase); 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%.

ESTIMATED ASSESSED VALUE BY COLLECTION YEARS (IN MILLIONS)

Classification	Act. 2011	Est. 2012	Est. 2013	Est. 2014	Est. 2015
Res./Ag.	\$1,372	\$1,326	\$1,326	\$1,333	\$1,344
Comm./Ind.	434	435	435	435	435
P.U. Pers.	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>
Total	<u>\$1,840</u>	<u>\$1,795</u>	<u>\$1,795</u>	<u>\$1,802</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. Public Utility and Commercial taxes are estimated at 53% in February and 47% in August. These timing estimates are very important to estimating when new levy or new construction tax dollars will be available to the district. HB66 has eliminated the 10% rollback on Class II property (commercial and industrial), and HB119 has expanded homestead for seniors for the first \$ 25,000 of value.

ESTIMATED REAL ESTATE TAX

Source	FY12	FY13	FY14	FY15	FY16
New Base	\$65,799,623	\$68,585,632	\$68,341,579	\$68,480,814	\$68,833,230
New Construction	115,277	0	139,235	352,415	\$432,350
Delinquent	2,001,823	1,735,000	1,804,400	1,876,576	1,951,639
Advances In	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Reappraisal	<u>(\$264,391)</u>	<u>(\$244,053)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$75,152,332</u>	<u>\$77,576,579</u>	<u>\$77,785,214</u>	<u>\$78,209,806</u>	<u>\$78,717,219</u>

ESTIMATED PUBLIC UTILITY TANGIBLE PERSONAL TAX

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

Source	FY12	FY13	FY14	FY15	FY16
Tangible Personal Property	\$0	\$0	\$0	\$0	
Public Utility Personal	<u>\$3,010,582</u>	<u>\$2,963,561</u>	<u>\$2,963,561</u>	<u>\$2,963,561</u>	<u>\$2,963,561</u>
Total	<u>\$3,010,582</u>	<u>\$2,963,561</u>	<u>\$2,963,561</u>	<u>\$2,963,561</u>	<u>\$2,963,561</u>

UNRESTRICTED GRANTS IN AID

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 second year of the biennium. The full effects of this new funding model are not known at this time, but the biennial budget provides for decreases 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.

A) State Foundation Revenue

Source	FY12	FY13	FY14	FY15	FY16
Basic Aid	\$13,724,441	\$13,724,441	\$13,724,441	\$13,724,441	\$13,724,441
Preschool Aid	\$242,029	\$242,029	\$242,029	\$242,029	\$242,029
Special Ed Transportation	<u>\$279,296</u>	<u>\$279,296</u>	<u>\$279,296</u>	<u>\$279,296</u>	<u>\$279,296</u>
Total	<u>\$14,245,766</u>	<u>\$14,245,766</u>	<u>\$14,245,766</u>	<u>\$14,245,766</u>	<u>\$14,245,766</u>

B) Reimbursements - Electric Deregulation

ORC 5727.84 required the State of Ohio to reimburse districts lost property taxes due to Electric Deregulation through 2006. Beginning in 2007, ODE had computed based on specified criteria to determine if districts we still eligible for reimbursement. The state biennial budget has eliminated this reimbursement resulting in the loss of \$406,180 per year.

Source	FY12	FY13	FY14	FY15	FY16
Dereg. Reimbursement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Summary of Unrestricted Grants in Aid

Source	FY12	FY13	FY14	FY15	FY16
State Foundation	\$14,245,766	\$14,245,766	\$14,245,766	\$14,245,766	\$14,245,766
Reimbursements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$14,245,766</u>	<u>\$14,245,766</u>	<u>\$14,245,766</u>	<u>\$14,245,766</u>	<u>\$14,245,766</u>

RESTRICTED STATE GRANTS IN AID

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	FY12	FY13	FY14	FY15	FY16
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

The amount in 2011 represented restricted federal funds that the State of Ohio used to stabilize its budget and fund education. This amount is not being replaced by the state in the current biennium and represents a significant loss to the district. The amount in 2012 represents the Federal Ed jobs fund allocation to Worthington, we chose last year to retain these funds for use in FY2012.

Source	FY12	FY13	FY14	FY15	FY16
Federal Stimulus Funds	<u>\$727,041</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$727,041</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

PROPERTY TAX ALLOCATION

a) ROLLBACK & HOMESTEAD REIMBURSEMENT

These funds are reimbursements from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers. These amounts will grow along with new levies and new construction in Res./Ag property classifications. HB 119 has increased the homestead exemption for seniors by \$25,000.

Source	FY12	FY13	FY14	FY15	FY16
Base R & H	\$8,018,893	\$8,324,483	\$8,424,376	\$8,440,198	\$8,480,245
New Levy	305,590	99,893	0	0	0
New Construction	<u>0</u>	<u>0</u>	<u>15,822</u>	<u>40,047</u>	<u>49,131</u>
Total	<u>\$8,324,483</u>	<u>\$8,424,376</u>	<u>\$8,440,198</u>	<u>\$8,480,245</u>	<u>\$8,529,376</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 budget calls for a reduction of \$2.2 million annually during the biennium, \$2.2 million in FY2012 and \$4.4 million in FY13. We are conservatively estimating the continued phase-out of this reimbursement as the state does not have a current revenue source to continue making payments.

Source	FY12	FY13	FY14	FY15	FY16
TPP Reimbursement	<u>\$12,804,876</u>	<u>\$10,586,918</u>	<u>\$8,368,960</u>	<u>\$6,151,002</u>	<u>\$3,933,044</u>

SUMMARY OF PROPERTY TAX ALLOCATION

Source	FY12	FY13	FY14	FY15	FY16
Homestead & Rollback	\$8,324,483	\$8,424,376	\$8,440,198	\$8,480,245	\$8,529,376
TPP Reimbursement	<u>12,804,876</u>	<u>10,586,918</u>	<u>8,368,960</u>	<u>6,151,002</u>	<u>3,933,044</u>
Total	<u>\$21,129,359</u>	<u>\$19,011,294</u>	<u>\$16,809,158</u>	<u>\$14,631,247</u>	<u>\$12,462,420</u>

OTHER LOCAL REVENUES

Interest income will decrease as the cash position of the General Fund fluctuates over the forecast period. The federal fiscal policy decreased rates in light of the current economic circumstances to a new overnight rate range of 0.00% to .25%. The District's balances available for investment and maturities of investments vary month to month due to cash flow needs. We are estimating interest revenue to decline throughout the forecast period due to decreasing cash balances and a low rate environment. Funds are predominately invested in STAR Ohio, federal agency securities, certificates of deposit, 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 do not anticipate significant changes in this revenue area in the current forecast.

Source	FY12	FY13	FY14	FY15	FY16
Interest Income	\$210,000	\$180,000	\$180,000	\$175,000	\$175,000
Pay To Participate	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000
Tuition	593,000	593,000	593,000	593,000	593,000
Other	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>
Total	<u>\$1,203,000</u>	<u>\$1,173,000</u>	<u>\$1,173,000</u>	<u>\$1,168,000</u>	<u>\$1,168,000</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	FY12	FY13	FY14	FY15	FY16
Advance Returns	\$502,200	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0	\$0
R.O.P.Y.E. (*)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$502,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(*) refund of prior years expenditures.

EXPENDITURE ASSUMPTIONS

WAGES

The model reflects pay increases approved by the Board of Education for certificated 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 and FY16. The forecast also assumes the district will meet the educational goals to allow for the .5% performance increase for all employees in FY14.

The Other line includes reductions for the elimination of certified substitutes from district payroll. The Central Ohio Educational Service Center has taken on the responsibility for substitutes and there is a corresponding increase in the purchased services area.

We are projecting growth in staff of 2FTE certified and 2 FTE Classified each year.

Source	FY12	FY13	FY14	FY15	FY16
Base Wages	\$72,519,030	\$73,043,928	\$72,868,641	\$73,742,366	\$75,511,090
Increases	362,595	0	364,343	737,424	755,111
Steps & Training	1,450,381	0	0	884,908	906,133
New District Staff	0	124,713	145,039	146,392	147,865
Merit pay	0	0	364,343	0	0
Other	(\$1,288,078)	(\$300,000)	0	0	0
Total	<u>\$73,043,928</u>	<u>\$72,868,641</u>	<u>\$73,742,366</u>	<u>\$75,511,090</u>	<u>\$77,320,199</u>

FRINGE BENEFIT ESTIMATES

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

Source	FY12	FY13	FY14	FY15	FY16
STRS & SERS Required contrib on Base Wages	\$10,152,664	\$10,226,150	\$10,201,610	\$10,323,931	\$10,571,553
Increases	50,763	0	51,008	103,239	105,716
Steps & Training	203,053	0	0	123,887	126,859
New District Staff	0	17,460	20,305	20,495	20,701
Merit pay	0	0	51,008	0	0
Other	(\$180,331)	(\$42,000)	0	0	0
STRS/SERS Pickup	525,097	525,097	530,348	535,652	541,008
SERS Surcharge	260,659	273,692	287,377	301,746	316,833
SERS Catch-up	197,350	197,350	197,350	197,350	197,350
Total	<u>\$11,209,256</u>	<u>\$11,197,749</u>	<u>\$11,339,006</u>	<u>\$11,606,300</u>	<u>\$11,880,019</u>

B) Health insurance premiums are estimated to increase January 2012 by 11.99%. Estimated increases are 13% and 11% for FY13 and FY14 respectively for medical insurance which is the best data available at this time. The estimated increases for FY15 and beyond are 3%.

Source	FY12	FY13	FY14	FY15	FY16
Base Costs	\$11,076,784	\$12,369,462	\$13,866,255	\$15,474,696	\$16,512,401
New District Staff	0	31,178	36,260	36,598	36,966
HSA Contribution	1,617,300	1,249,500	1,249,500	1,249,500	1,249,500
Inflation	1,292,678	1,465,615	1,572,181	1,001,107	472,253
Total	<u>\$13,986,762</u>	<u>\$15,115,755</u>	<u>\$16,724,196</u>	<u>\$17,761,901</u>	<u>\$18,271,120</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 2012, but reducing in fiscal year 2013 to .006.

Source	FY12	FY13	FY14	FY15	FY16
Base Costs	\$520,324	\$438,264	\$439,398	\$452,188	\$463,034
New District Staff	0	748	870	878	887
Other	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total	<u>\$545,324</u>	<u>\$464,012</u>	<u>\$465,268</u>	<u>\$478,067</u>	<u>\$488,921</u>

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

Source	FY12	FY13	FY14	FY15	FY16
Base Costs	\$963,628	\$1,011,809	\$1,064,299	\$1,125,269	\$1,183,762
New District Staff	0	1,808	2,103	2,123	2,144
Merit pay	0	0	5,283	0	0
Total	<u>\$963,628</u>	<u>\$1,013,618</u>	<u>\$1,071,685</u>	<u>\$1,127,392</u>	<u>\$1,185,906</u>

SUMMARY OF FRINGE BENEFITS

Source	FY12	FY13	FY14	FY15	FY16
STRS/SERS	\$11,209,256	\$11,197,749	\$11,339,006	\$11,606,300	\$11,880,019
Insurance's	13,986,762	15,115,755	16,724,196	17,761,901	18,271,120
Workers Comp & Unemployment	545,324	464,012	465,268	478,067	488,921
Medicare	963,628	1,013,618	1,071,685	1,127,392	1,185,906
Other	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total	<u>\$26,829,970</u>	<u>\$27,916,134</u>	<u>\$29,725,155</u>	<u>\$31,098,660</u>	<u>\$31,950,966</u>

PURCHASED SERVICES

Overall service costs are increasing faster than inflation due to energy and tuition costs. The district has negotiated electric service contracts with Strategic Energy and implemented an energy conservation program to help hold down energy cost increases. We have implemented budgetary reductions in buildings and departments for FY2012. We have transitioned substitutes out of wages and into the other category of purchased services by contracting with the COESC. We are adding \$350k for technology in FY13 and beyond for consultants and licenses. We are estimating inflation at 5% for Utilities, 8% for Tuition and 3% in other areas for future years.

Source	FY12	FY13	FY14	FY15	FY16
Consulting/Legal (41x)	\$770,424	\$1,143,537	\$1,177,843	\$1,213,178	\$1,249,573
Equipment Maint/Repair (423)	\$837,562	\$862,689	\$888,570	\$915,227	\$942,684
Utilities (441 & 45x)	\$2,931,000	\$3,077,550	\$3,231,428	\$3,392,999	\$3,562,649
Tuition other Districts (47x)	\$4,643,704	\$5,015,200	\$5,416,416	\$5,849,729	\$6,317,707
Other	<u>\$3,139,563</u>	<u>\$3,233,750</u>	<u>\$3,330,763</u>	<u>\$3,430,686</u>	<u>\$3,533,607</u>
Total	<u>\$12,322,253</u>	<u>\$13,332,726</u>	<u>\$14,045,020</u>	<u>\$14,801,819</u>	<u>\$15,606,220</u>

MATERIALS AND SUPPLIES

We are increasing this area for FY13 for curriculum \$300k and maintenance \$500k. An overall inflation rate of 3% is being estimated for this category of expense.

Source	FY12	FY13	FY14	FY15	FY16
Supplies	\$2,751,485	\$3,634,030	\$3,743,051	\$3,855,343	\$3,971,003
ADM Growth	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	<u>\$2,751,485</u>	<u>\$3,634,030</u>	<u>\$3,743,051</u>	<u>\$3,855,343</u>	<u>\$3,971,003</u>

EQUIPMENT

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

Source	FY12	FY13	FY14	FY15	FY16
Capital Outlay	\$198,143	\$204,087	\$210,210	\$216,516	\$223,011
New Buses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$198,143</u>	<u>\$204,087</u>	<u>\$210,210</u>	<u>\$216,516</u>	<u>\$223,011</u>

OTHER EXPENSES

The category of Other Expenses amounted to \$1,689,853 for FY 11. Of that total, Auditor & Treasurer fees were \$1,280,266. The category includes County Board of Ed deductions for participation in the SB140 City/County Agreement of \$235,708 in FY 11 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	FY12	FY13	FY14	FY15	FY16
Other expenses	\$1,774,973	\$1,885,364	\$1,969,400	\$2,028,482	\$2,089,336
Inc. A&T Levy	<u>55,477</u>	<u>26,675</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,830,450</u>	<u>\$1,912,039</u>	<u>\$1,969,400</u>	<u>\$2,028,482</u>	<u>\$2,089,336</u>

NON OPERATING EXPENSES

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

Source	FY12	FY13	FY14	FY15	FY16
Transfers	\$1,051,125	\$1,076,047	\$1,101,619	\$876,170	\$948,414
Advances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,051,125</u>	<u>\$1,076,047</u>	<u>\$1,101,619</u>	<u>\$876,170</u>	<u>\$948,414</u>

TAX ANTICIPATION NOTE REPAYMENT

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

ENCUMBRANCES

These are outstanding purchase orders that have not been approved for payment as goods were not received in the fiscal year in which they were ordered.

RESERVATION OF FUND BALANCE

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

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

ENDING UNENCUMBERED CASH BALANCE

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

RISKS

The forecast assumes passage of a bond issue no later than 2012 to keep at least \$2.5 million in annual expenditures from being added to the general fund due to the cost shifting and maintenance funds depletion.

The recession has adversely affected the real estate market for both residential and commercial property. The information we have heard to date includes reduction in value of 3.2% or greater in Worthington residential property. While we have included the decrease from reappraisal in the current year forecast, the possibility of additional reductions in our tax base does exist.

The State Budget has significantly decreased our revenue. The foundation was supported by Federal stimulus funds which have now been eliminated. The budget for FY13 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 with no means to pay for it. The forecast assumes these funds will continue to be phased out.

There are many charter school and private school legislative actions pending which could negatively impact the District to the point of eliminating state support for Worthington. 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 3% growth in health insurance for fiscal years 2015 and 2016, The actual results will depend on the outcome of negotiations with employees.

The forecast indicates the need for additional community support during 2012. 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.