

**OLENTANGY LOCAL SCHOOL DISTRICT - - DELAWARE COUNTY**

Schedule of Revenues, Expenditures and Changes in Fund Balances

ACTUAL AND FORECASTED OPERATING FUND

	Actual					Forecasted				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Average Change	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	
<b>Revenues</b>										
1.010	General Property Tax (Real Estate)	70,914,293	84,070,404	95,938,250	16.3%	96,946,482	108,280,876	119,527,858	122,396,526	125,688,571
1.020	Tangible Personal Property Tax	8,243,598	6,605,329	5,142,342	-21.0%	5,137,266	5,075,058	5,352,272	5,352,272	5,352,272
1.030	Income Tax	-	-	-	-	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	5,935,817	7,853,156	7,458,556	13.6%	7,066,722	3,818,306	5,302,139	5,415,830	5,531,714
1.040	Restricted State Grants-in-Aid	62,446	131,013	24,966	14.4%	19,675	19,822	19,971	20,121	20,271
1.045	Restricted Federal Grants-in-Aid - SFSF	-	-	536,322	-	574,019	384,603	-	-	-
1.050	Property Tax Allocation	11,648,897	14,961,933	15,312,340	15.4%	16,799,622	15,543,864	14,694,330	15,056,611	15,441,299
1.060	All Other Revenues	12,853,889	12,938,512	13,731,899	3.4%	13,520,257	13,404,182	13,685,669	13,973,067	13,946,231
1.070	<b>Total Revenues</b>	<b>109,658,940</b>	<b>126,560,347</b>	<b>138,144,675</b>	<b>12.3%</b>	<b>140,064,042</b>	<b>146,551,711</b>	<b>158,582,238</b>	<b>162,214,427</b>	<b>165,980,358</b>
<b>Other Financing Sources</b>										
2.010	Proceeds from Sale of Notes	-	-	-	-	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	-	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	-	-	-	-	-	-
2.050	Advances-In	3,535,689	350	-	-100.0%	-	-	-	-	-
2.060	All Other Financing Sources	159,655	159,403	10,272	-46.9%	50,000	25,000	25,000	25,000	25,000
2.070	<b>Total Other Financing Sources</b>	<b>3,695,344</b>	<b>159,753</b>	<b>10,272</b>	<b>-94.6%</b>	<b>50,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
2.080	<b>Total Revenues and Other Financing Sources</b>	<b>113,354,284</b>	<b>126,720,100</b>	<b>138,154,947</b>	<b>10.4%</b>	<b>140,114,042</b>	<b>146,551,711</b>	<b>158,607,238</b>	<b>162,239,427</b>	<b>166,005,358</b>
<b>Expenditures</b>										
3.010	Personal Services	70,159,053	78,162,854	85,642,580	10.5%	89,213,167	96,224,866	101,831,212	108,001,034	114,682,065
3.020	Employees' Retirement/Insurance Benefits	22,612,835	25,840,141	29,928,348	15.0%	34,390,680	37,957,244	41,581,208	45,667,852	50,200,279
3.030	Purchased Services	8,095,407	9,221,946	8,470,542	2.9%	11,103,973	12,102,756	12,945,666	13,976,071	15,345,103
3.040	Supplies and Materials	5,043,987	5,167,290	5,229,198	1.8%	4,210,391	4,102,667	3,650,563	3,748,838	4,626,561
3.050	Capital Outlay	213,623	253,603	284,063	15.4%	258,585	270,248	275,356	280,617	286,035
3.060	Intergovernmental	-	-	-	-	-	-	-	-	-
	Debt Service:	-	-	-	-	-	-	-	-	-
4.010	Principal-All (Historical Only)	3,333,333	-	-	-	-	-	-	-	-
4.020	Principal-Notes	-	-	-	-	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	-	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	-	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	-	-	-	-	-	-
4.055	Principal-Other	-	-	-	-	-	-	-	-	-
4.060	Interest and Fiscal Charges	45,750	-	-	-	-	-	-	-	-
4.300	Other Objects	4,654,714	5,074,792	4,210,071	-4.0%	5,762,565	7,417,177	8,039,018	8,765,949	9,464,033
4.500	<b>Total Expenditures</b>	<b>114,158,702</b>	<b>123,720,626</b>	<b>133,764,802</b>	<b>8.2%</b>	<b>144,939,361</b>	<b>158,074,958</b>	<b>168,323,023</b>	<b>180,440,361</b>	<b>194,604,077</b>
<b>Other Financing Uses</b>										
5.010	Operating Transfers-Out	-	-	-	-	-	-	-	-	-
5.020	Advances-Out	3,578,503	-	-	-	-	-	-	-	-
5.030	All Other Financing Uses	(48,809)	(65)	-	-99.9%	-	-	-	-	-
5.040	<b>Total Other Financing Uses</b>	<b>3,529,694</b>	<b>(65)</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.050	<b>Total Expenditures and Other Financing Uses</b>	<b>117,688,396</b>	<b>123,720,561</b>	<b>133,764,802</b>	<b>6.6%</b>	<b>144,939,361</b>	<b>158,074,958</b>	<b>168,323,023</b>	<b>180,440,361</b>	<b>194,604,077</b>
6.010	<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	<i>(4,334,112)</i>	<i>2,999,539</i>	<i>4,390,145</i>	<i>-61.4%</i>	<i>(4,825,319)</i>	<i>(11,523,247)</i>	<i>(9,715,785)</i>	<i>(18,200,934)</i>	<i>(28,598,719)</i>
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	24,381,443	20,047,331	23,046,870	-1.4%	27,437,015	22,611,696	11,088,449	1,372,664	(16,828,270)
7.020	<i>Cash Balance June 30</i>	<i>20,047,331</i>	<i>23,046,870</i>	<i>27,437,015</i>	<i>17.0%</i>	<i>22,611,696</i>	<i>11,088,449</i>	<i>1,372,664</i>	<i>(16,828,270)</i>	<i>(45,426,989)</i>
8.010	<i>Estimated Encumbrances June 30</i>	<i>1,470,929</i>	<i>1,858,853</i>	<i>2,894,084</i>	<i>41.0%</i>	<i>2,500,000</i>	<i>2,625,000</i>	<i>2,756,250</i>	<i>2,894,063</i>	<i>3,038,766</i>
<b>Reservation of Fund Balance</b>										
9.010	Textbooks and Instructional Materials	-	-	-	-	-	-	-	-	-
9.020	Capital Improvements	-	-	-	-	-	-	-	-	-
9.030	Budget Reserve	-	-	-	-	-	-	-	-	-
9.040	DPIA	-	-	-	-	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	58,478	-	-	-	-	-	-
9.050	Debt Service	-	-	-	-	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	-	-	-	-	-	-
9.070	Bus Purchases	-	-	-	-	-	-	-	-	-
9.080	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>58,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.010	<i>Fund Balance June 30 for Certification of</i>	<i>18,576,402</i>	<i>21,188,017</i>	<i>24,484,453</i>	<i>14.8%</i>	<i>20,111,696</i>	<i>8,463,449</i>	<i>(1,383,586)</i>	<i>(19,722,333)</i>	<i>(48,465,755)</i>
<b>Revenue from Replacement/Renewal Levies</b>										
11.010	Income Tax - Renewal	-	-	-	-	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-	-
11.300	<b>Cumulative Balance of Replacement/Renewal Levies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	<i>18,576,402</i>	<i>21,188,017</i>	<i>24,484,453</i>	<i>14.8%</i>	<i>20,111,696</i>	<i>8,463,449</i>	<i>(1,383,586)</i>	<i>(19,722,333)</i>	<i>(48,465,755)</i>
<b>Revenue from New Levies</b>										
13.010	Income Tax - New	-	-	-	-	-	-	-	-	-
13.020	Property Tax - New	-	-	-	-	-	-	-	-	-
13.030	<b>Cumulative Balance of New Levies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.010	Revenue from Future State Advancements	-	-	-	-	-	-	-	-	-
15.010	<b>Unreserved Fund Balance June 30</b>	<b>18,576,402</b>	<b>21,188,017</b>	<b>24,484,453</b>	<b>14.8%</b>	<b>20,111,696</b>	<b>8,463,449</b>	<b>(1,383,586)</b>	<b>(19,722,333)</b>	<b>(48,465,755)</b>
	Number of Buildings	18	19	20	-	21	23	23	23	24
	<b>Staff: Certified</b>	<b>891</b>	<b>963</b>	<b>1,014</b>	<b>-</b>	<b>1,041</b>	<b>1,098</b>	<b>1,140</b>	<b>1,185</b>	<b>1,230</b>
	Classified	528	601	614	-	625	662	667	670	682
	Administrative	68	76	79	-	78	81	81	81	82
	<b>ADM Forecasts - Pupil/Teacher Ratio</b>	<b>14.59</b>	<b>14.67</b>	<b>14.74</b>	<b>-</b>	<b>15.34</b>	<b>15.30</b>	<b>15.45</b>	<b>15.50</b>	<b>15.64</b>
20.010	Enrollment	13,002	14,033	14,951	7.2%	15,973	16,803	17,608	18,362	19,235
20.015	Grades K-12 - October Count	13,002	14,033	14,951	7.2%	15,973	16,803	17,608	18,362	19,235
<b>State Fiscal Stabilization Funds</b>										
21.010	Personal Services SFSF	-	-	-	-	-	384,603	-	-	-
21.020	Employees Retirement/Insurance Benefits SFSF	-	-	-	-	-	-	-	-	-
21.030	Purchased Services SFSF	-	-	477,844	-	632,497	-	-	-	-
21.040	Supplies and Materials SFSF	-	-	-	-	-	-	-	-	-
21.050	Capital Outlay SFSF	-	-	-	-	-	-	-	-	-
21.060	<b>Total Expenditures - SFSF</b>	<b>-</b>	<b>-</b>	<b>477,844</b>	<b>-</b>	<b>632,497</b>	<b>384,603</b>	<b>-</b>	<b>-</b>	<b>-</b>
See accompanying summary of significant forecast assumptions and accounting policies at <a href="http://ftp.ode.state.oh.us/geodoc/5-yrForecast/">http://ftp.ode.state.oh.us/geodoc/5-yrForecast/</a> .										

OLENTANGY LOCAL SCHOOL DISTRICT  
NOTES AND ASSUMPTIONS RELATED TO THE  
FIVE YEAR FORECAST  
MAY 2011

**OVERVIEW**

The May 2011 forecast has been updated to include the passage of the May 3, 2011 levy, which is discussed in the Real Estate Note. The forecast considers not only the economic downturn, but also future property valuation growth estimates and the effects of HB1 passed by the State legislature and signed by the State Governor. HB1 went into effect on July 1, 2009. HB1 caused a loss in **anticipated** unrestricted grants-in-aid revenue (State funding) of \$4.7 million in FY10 and \$8 million in FY11. HB1 basically put Olentangy Local Schools back onto a guarantee where the District was allocated 1% less funding in FY10 than received in FY09 and 2% less in FY11 than received in F10. Currently, the State is projecting an \$8 billion budget shortfall in FY12. Due to this shortfall the new State Governor has dramatically reduced K-12 education funds. Olentangy Local SD will lose 44% of its state basic aid and all of its Tangible Personal Property (TPP) reimbursement during the current biennial budget which covers FY12 and FY13. The District had already assumed one-time Federal stimulus monies would not be replaced as well as a 30% reduction in state basic aid. The District did not anticipate that the elimination of the TPP phase out would be expedited so that it would lose all of its TPP reimbursement by FY13, as opposed to the original TPP phase out deadline of FY18.

This forecast also includes the partial implementation of all-day every-day kindergarten. HB1, passed in 2009, required all school districts to offer all-day every-day kindergarten beginning in FY10. Olentangy Local SD applied and was approved for a waiver of the full implementation of all-day every-day kindergarten. As a means of delaying the full implementation, OLSD determined offering a partial implementation of all-day every-day kindergarten for those students most at risk was an educationally sound decision.

As a continual practice to find more efficient ways to deliver our educational product, the District administration has already begun making plans for additional expenditure reductions. Those reductions will be discussed throughout the notes to the financial statements. This process is ongoing and updates to the forecast will continue as reductions are made.

## GENERAL

- For planning purposes the number of students is essential, along with the timing of opening new schools.
- For the estimation of student population, the District used the most recent enrollment projections as presented by the Development Committee. This plan was approved by the District's Development Committee on November 3, 2010 and was presented to and approved by the Board on November 17, 2010.
- Enrollment figures do not include preschool students.

The District used the Development Committee's Enrollment Projections dated November 2010 (summary of DeJong and Associates Report) for enrollment projections to determine staffing requirements. The following student enrollment projections were used (FY11 Actual as of date of forecast):

Grades	2011 - Actual	2011	2012	2013	2014	2015
K-5	8,518	8,452	8,712	8,928	9,150	9,375
6-8	3,530	3,518	3,879	4,149	4,420	4,591
9-12	3,925	3,924	4,212	4,531	4,792	5,269
Total	15,973	15,894	16,803	17,608	18,362	19,235

- The District expects to open one new elementary in fiscal year 2011, 2012 and 2015. No elementary buildings are planned to open in the 2013 or 2014 fiscal years.
- The District expects to open its fifth middle school in fiscal year 2012.

## REVENUE

### GENERAL PROPERTY TAX (REAL ESTATE)

Existing property was reappraised in calendar year 2008. However, the current economic downturn has had a negative impact on property values. As such, property values in total in Olentangy did not see any increase during this reappraisal. This is an extremely unusual occurrence as the District saw double digit percentage growth in the prior two reappraisals. The next reappraisal is in calendar year 2011, and based on information from the Ohio Department of Taxation and the Delaware County Auditor, this forecast projects a 10% decrease in property values. Due to the effect of HB920, this decrease in valuation will negatively affect our un-voted, or inside, millage. This means that the total valuation that our five (5) inside mills is multiplied by is decreasing, which decreases that revenue.

Also, HB920 causes the District's voted, or outside, millage to adjust so that the District does not receive less revenue than the voted mills provided when they were approved by the voters. This will be true of all existing operating levies, except the levy passed in March 2008. The 2008 reappraisal warranted no adjustment to real estate values, therefore, this levy has not been rolled back, causing it to be collected at its original 7.9 mills. Because this levy is a fixed rate levy, there is no room for HB920

to adjust upward. This will cause OLSD to lose an estimated \$1.8 million in current real estate tax collections. The reduction in valuation also causes our recently passed May 2011 levy to produce approximately \$1.8 million less revenue than it would have. The County Auditor's estimate of what the levy would generate was based on our 2010 values. The levy will begin generating revenue based on our 2011 values, which are being reduced by the reappraisal. The level of reduction will not be known for certain until late Fall 2011.

The forecast assumes that growth in new residential and commercial real estate will remain slow due to the economy. New growth is projected at 1.7% in FY2011 then increasing to 2.4% thereafter. Therefore, outside of the impact of a new levy, tax collections are anticipated to grow at a rate consistent with new construction. The District continues to have conversations with the Delaware County Auditor concerning this matter. The additional 2.1% increase in commercial new construction in CY14 is due to the CRA agreement with Kroger ending as discussed in the Other Revenue note. That valuation will be added as new construction.

It is important to note that Real Estate Collections in CY07, CY08 and CY09 fell short of a 100% collection rate due to high delinquencies. This factor could be attributable to the current sub-prime mortgage fallout many communities are experiencing. The projection assumes a slight collection recovery over the next few fiscal years. Keep in mind that taxes due will eventually be collected as existing homes sell and delinquent taxes are satisfied. The District saw delinquencies increase in CY09 due to the current housing market, however, for CY10, an increase in delinquency collections offset the increase in delinquencies. This increase was due in part to a change in the collection process by the County Treasurer that caused a spike in delinquency collections, so collections are not projected to remain at the CY10 level.

Delaware County, like many counties, has also seen a large influx of BOR (board of revision) real estate value complaint cases. This is where property owners, both residential and commercial, can request to have their property values reduced by the BOR. The BOR is comprised of a county commissioner, the county auditor and the county treasurer. Not all requests are granted, however, enough have been approved that the District has seen a significant negative impact on real estate tax revenues due to the resulting reduction in real estate values. HB920 provides some relief due to the fact that if one property owner's taxes are reduced, another property owner(s) taxes must be increased to comply with HB920. This happens because as the total valuation decreases due to BOR cases, effective millage is rolled up so that the District collects about the same amount of revenue from each levy; however, the District still loses revenue on the inside millage, levies that have no room to be rolled up, and the first year reduction in value because the total values are not adjusted until the following year.

Based on the above mentioned facts, the District saw a decrease in real estate tax revenue of approximately \$1.1 million for FY11 as compared to the October 2010 forecast. This will carry through the remaining years of the forecast.

	Projected Collection	Projected Collection	Projected Collection	Projected Collection	Projected Collection
	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015
<b>Residential</b>					
Inflation/Reappraisal	-10%	0%	0%	2%	0%
New Construction	1.70%	2.40%	2.40%	2.40%	2.40%
<b>Commercial</b>					
Inflation/Reappraisal	-3%	0%	0%	2%	0%
New Construction	2.40%	2.40%	2.40%	4.50%	2.40%

Based on the above discussion, the real estate tax revenue is projected as follows:

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Real Estate Tax Revenue	\$ 96,946,482	\$ 108,280,876	\$ 119,527,858	\$ 122,396,526	\$ 125,688,571

### TANGIBLE PERSONAL PROPERTY TAX

The forecast takes into account the potential impact of HB153, the new biennial budget for FY12-13. Per HB153, the phase out of state tangible personal property reimbursement is accelerated and will be completely eliminated after FY13. HB153 causes a total loss in tangible personal property reimbursements of \$11.5 million. These reimbursements are recorded in "Property Tax Allocation".

Personal property utility tax (PPUT) is the tangible personal property used in the operations of a public utility company, such as telephone and electric lines. The District expects to continue collecting this portion of taxes, which is based on voted millage.

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Personal Property Utility Tax	\$ 5,137,266	\$ 5,075,058	\$ 5,352,272	\$ 5,352,272	\$ 5,352,272

### UNRESTRICTED GRANTS-IN-AID

The State funding model saw substantial changes as it went through the legislative process. The State legislature approved the new biennial budget known as House Bill 1 (HB1) on June 30, 2009, which was then signed by the Governor. HB1 implemented an evidence based model (EBM) of funding. The legislature put gain caps on this funding model. Olentangy went from being a formula funded school district to a guarantee district. This is significant in that the District started seeing growth in the State funding based on our enrollment growth beginning in FY2009. However, due to this change OLSD saw a \$4.7 million loss in anticipated State aid in FY2010 and an \$8 million loss in anticipated State aid in

FY2011, after taking State Fiscal Stabilization Funds (SFSF) into account (SFSF is discussed in Restricted Grants-In-Aid).

Further, HB1 set funding guarantees so that FY2010 would show a 1% decrease in State funding over FY2009 levels and FY2011 a 2% decrease in State funding over FY2010 levels. These are real dollar losses as compared to our FY2009 State funding level. Based on a projected State budget deficit of \$8 billion in FY2012, OLSD assumed a 30% decrease in Unrestricted Grants-In-Aid in FY2012. The board was correct in its thinking that wealthier districts like OLSD would see a higher decrease in their state aid than less wealthy districts. The newest budget bill as presented by the governor to the legislature reduces OLSD state basic aid by 44%. This results in a loss of approximately \$1.5 million in FY12 and \$500k in FY13 as compared to the October forecast. The new budget bill uses a formula that increases the District’s basic aid from FY12 to FY13. At this time, the state has not released the new funding formula; therefore this remains an area of great concern. Also due to the lack of a funding formula, the transportation line has been removed as compared to the previous forecast.

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
State Basic Aid	\$ 7,066,722	\$ 3,818,306	\$ 5,302,139	\$ 5,415,830	\$ 5,531,714

**RESTRICTED GRANTS-IN-AID**

Special State funding programs are included in this category. The District receives money from the State to assist in career tech funding. A portion of funding which flows through ODE is federal stimulus money. These funds are expected to be received in FY2011 and FY2012 only. State Fiscal Stabilization Funds (SFSF) are provided under the federal American Recovery and Reinvestment Act. These funds are not projected to be replaced after FY2011. The Ed Jobs funding is a federal program designed to save or create education jobs. This is projected as one-time funding in FY2012.

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Restricted Grants in Aid	\$ 19,675	\$ 19,822	\$ 19,971	\$ 20,121	\$ 20,271
Restricted Federal - SFSF	\$ 574,019	\$ -	\$ -	\$ -	\$ -
Restricted Federal - Ed Jobs	\$ -	\$ 384,603	\$ -	\$ -	\$ -
Total	\$ 593,694	\$ 404,425	\$ 19,971	\$ 20,121	\$ 20,271

**PROPERTY TAX ALLOCATION**

A majority of these funds are reimbursements from the State for tax credits given owner occupied residences known as homestead/rollback equaling 12.5% of the gross property taxes charged to residential taxpayers and up to 10% for commercial and industrial taxpayers. These amounts will increase and decrease with property valuation fluctuations and the number of residents applying for the credit.

Additionally, the State reimbursement for the phasing out of tangible personal property taxes (PPT) is included in this category. See discussion of these reimbursements in the “Personal Property Tax” section.

See discussion of levy and construction growth in the “General Property Tax (Real Estate)” section.

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Reimbursements:					
PPT Reimbursement	\$ 4,655,276	\$ 2,121,202	\$ -	\$ -	\$ -
Rollback/Homestead	\$ 12,144,346	\$ 13,422,662	\$ 14,694,330	\$ 15,056,611	\$ 15,441,299
Total	\$ 16,799,622	\$ 15,543,864	\$ 14,694,330	\$ 15,056,611	\$ 15,441,299

### ALL OTHER REVENUES

Included in this category are various items such as tax increment financing payments (TIF’s), investment income, facility rentals, pay-to-participate fees, tuition, donations, income tax sharing agreements and other miscellaneous items. A large portion of this revenue is from income tax sharing agreements with the City of Westerville and the City of Columbus. These two entities abated several businesses, and due to the size of the abatements, they are required to share income tax revenue with the District. This portion of revenue is expected to increase approximately 3% per year based on discussion with the City of Westerville finance department. The District must watch this revenue source closely as the economic outlook is not as positive as previous years.

TIF payments make up the majority of revenue in this category at approximately \$10 million of the total. The TIF district includes Bank One (Chase), the Polaris Mall and most of the commercial property along the Polaris corridor. The District should see some increase in real estate valuation due to phase one of the Chase Bank TIF expiring, however, we expect Chase Bank to file for a reduction in real estate value. No growth is assumed because any new commercial development growth is expected to be offset by a decrease in valuation caused by various other businesses filing with the County to decrease their respective valuations.

The District began receiving a guaranteed payment from Citicorp in the amount of \$453,000 per year beginning in FY08 as part of a 15 year CRA agreement. The District also receives \$120,000 per year from the Kroger Company for a CRA agreement that expires on 12/31/2013.

	2011	2012	2013	2014	2015
TIF Tax Revenue	\$ 10,061,566	\$ 10,061,566	\$ 10,061,566	\$ 10,061,566	\$ 10,061,566
Income Tax Sharing	\$ 1,587,122	\$ 1,634,736	\$ 1,683,778	\$ 1,734,291	\$ 1,786,320
CRA's	\$ 573,000	\$ 573,000	\$ 573,000	\$ 573,000	\$ 453,000
Other Revenue	\$ 1,298,569	\$ 1,134,880	\$ 1,367,325	\$ 1,604,210	\$ 1,645,345
Total	\$ 13,520,257	\$ 13,404,182	\$ 13,685,669	\$ 13,973,067	\$ 13,946,231

## TOTAL OTHER FINANCING SOURCES

Included in this category are operating transfers, advances-in, refunds and sales of notes.

## EXPENDITURES

### PERSONAL SERVICES

These expenditures reflect all administrators taking a voluntary pay freeze in FY2011, as well as all classified union and non-union employees foregoing cost of living increases in FY2011 due to budget concerns created by the loss of anticipated State funding and the District's commitment to maintain its levy promise. Certified union employees (teachers) have voluntarily agreed to forego cost of living increases in FY2012. A majority of employees receive a step increase based on years of experience. Step increases are expected to average 2.7% in FY2011 through FY2013 and 2.8% in FY2014 and FY2015. Step increases are also a negotiated item and could change with each newly negotiated agreement.

In addition to annual raise and step increases, certified staff can increase their salaries by increasing their education (ie. Bachelors Degree to Masters Degree, etc). This cost will continue over the years as the number of employees continues to grow.

The District estimates future staffing needs based on student enrollment projections and the opening of schools. (See discussion relating to growth in the "General Assumptions" section).

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Base Wages	\$ 82,434,673	\$ 89,213,167	\$ 96,224,866	\$ 101,831,212	\$ 108,001,034
Steps (Experience)	\$ 2,312,350	\$ 2,408,756	\$ 2,598,071	\$ 2,851,274	\$ 3,024,029
Pay Increase	\$ 1,812,108	\$ -	\$ -	\$ -	\$ -
Education Adv	\$ 730,000	\$ 803,000	\$ 883,300	\$ 971,630	\$ 1,068,793
New Staffing	\$ 1,899,036	\$ 3,774,943	\$ 2,099,975	\$ 2,321,918	\$ 2,563,209
Other	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Total	\$ 89,213,167	\$ 96,224,866	\$ 101,831,212	\$ 108,001,034	\$ 114,682,065

Classroom/Teacher ratio for hiring purposes is based on 25:1 at the middle school/high school level and 24:1 at the elementary level.

Note that certified staff includes special classes such as librarians, physical education, art, music, foreign language, etc. which decreases the actual classroom ratio.

Pupil/Teacher ratios are as follows:

	FY 11			FY 12			FY 13			FY 14			FY 15		
Grade	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio
K-5	525	8,518	16.22	556	8,712	15.67	569	8,928	15.69	585	9,150	15.64	599	9,375	15.65
6-8	248	3,530	14.23	269	3,879	14.42	282	4,149	14.71	296	4,420	14.93	304	4,591	15.10
9-12	268	3,925	14.65	273	4,212	15.43	289	4,531	15.68	304	4,792	15.76	327	5,269	16.11
<b>Total</b>	<b>1,041</b>	<b>15,973</b>	15.34	<b>1,098</b>	<b>16,803</b>	15.30	<b>1,140</b>	<b>17,608</b>	15.45	<b>1,185</b>	<b>18,362</b>	15.50	<b>1,230</b>	<b>19,235</b>	15.64

## EMPLOYEES RETIREMENT/INSURANCE BENEFITS

Benefits include the following:

- Employer pension payments to STRS/SERS equal to 14% of payroll. Participation in STRS/SERS is governed by Ohio Revised Code (ORC). The rate of 14% is also governed by ORC. SERS charges a surcharge for any employee who does not make \$35,600 per year. This surcharge means that any employee salary less than the surcharge amount will be charged by SERS to the District as if the employee was paid the surcharge amount. There is a maximum amount per year based on total payroll. The SERS surcharge is dictated by the SERS board. The District has no control over these rates.
- The District also pays pick-up on the pick-up for all administrative staff as part of their compensation package. An additional 11% on administrative salaries only is also included in this line.
- Medical insurance premiums increased by 8.2% in FY2011. The District exited the CDMU insurance consortium effective September 1, 2010. Due to an inordinate amount of large medical claims, FY12 premiums are expected to increase by 14%. Future increases are expected to be between 8 and 9%.

### A. STRS/SERS

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
STRS/SERS/Pickup	\$ 13,548,950	\$ 14,515,415	\$ 15,493,881	\$ 16,278,769	\$ 17,141,143
Steps (Experience)	\$ 323,729	\$ 337,226	\$ 363,730	\$ 399,178	\$ 423,364
Pay Increases	\$ 253,695	\$ -	\$ -	\$ -	\$ -
Education Adv	\$ 102,200	\$ 112,420	\$ 123,662	\$ 136,028	\$ 149,631
New Staffing	\$ 283,341	\$ 525,320	\$ 293,996	\$ 323,668	\$ 367,165
Other	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
<b>Total</b>	<b>\$ 14,515,415</b>	<b>\$ 15,493,881</b>	<b>\$ 16,278,769</b>	<b>\$ 17,141,143</b>	<b>\$ 18,084,804</b>

B. Health Insurance

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Base Cost	\$ 15,838,123	\$ 18,843,231	\$ 21,934,187	\$ 24,945,739	\$ 28,302,511
Run Out Claims	\$ 1,300,000	\$ 60,000			
New Staff/Open Enroll	\$ 691,027	\$ 1,372,610	\$ 1,057,277	\$ 1,139,525	\$ 1,233,631
Total	\$ 17,829,150	\$ 20,275,841	\$ 22,991,464	\$ 26,085,264	\$ 29,536,142

C. Other Insurances

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Medicare Premiums	\$ 1,303,383	\$ 1,407,654	\$ 1,492,113	\$ 1,581,640	\$ 1,676,538
BWC/Unemplmnt/Tuition	\$ 742,732	\$ 779,869	\$ 818,862	\$ 859,805	\$ 902,795
Total	\$ 2,046,115	\$ 2,187,522	\$ 2,310,975	\$ 2,441,445	\$ 2,579,333

**PURCHASED SERVICES**

Purchased services include various contracted services such as utilities, legal fees, insurance, professional development, and substitute teachers hired through the Educational Service Center of Central Ohio Council of Governments. Purchased services are expected to increase an average of 7 to 8% per year. Other factors include:

- In FY2011, substitute teacher costs of approximately \$1.5 million have been removed from payroll/benefits and added to purchased services due to using the Educational Service Center Council of Governments for this service.
- Utilities between 6% - 13% each year.
- Savings of approximately \$600K in FY2011 due to negotiating lower electric service contracts.
- Community school costs, post secondary educations costs, and other foundation payments 10% per year.

Additionally, in fiscal years FY2011, FY2012 and FY2015, the District will incur utility costs for new elementary schools; and in FY2012, utilities for a new middle school.

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Purchased Services	\$ 5,166,298	\$ 5,050,689	\$ 5,135,748	\$ 5,326,727	\$ 5,509,744
Foundation Payments	\$ 1,625,186	\$ 1,787,705	\$ 1,966,475	\$ 2,163,123	\$ 2,379,435
Utilities	\$ 4,137,489	\$ 4,786,863	\$ 5,843,443	\$ 6,486,221	\$ 7,199,706
Utilities for New Schools	\$ 175,000	\$ 477,500	\$ -	\$ -	\$ 256,218
Total	\$ 11,103,973	\$ 12,102,756	\$ 12,945,666	\$ 13,976,071	\$ 15,345,103

**SUPPLIES AND MATERIALS**

Overall, supplies and materials are expected to increase 5% per year to keep up with growth and inflation. However, building budgets were reduced by 20% for FY2011, which predominantly impacts supplies and materials. Each year a school opens, there is an additional building budget and the opening year budget is larger than normal in order to help equip the school. Additionally, the District has a curriculum plan to revisit various subjects over the next seven years with costs of implementing new textbooks. The District re-evaluates the curriculum plan annually.

Curriculum adoptions at Olentangy Local Schools take place on a rotating basis according to the initial curriculum map adoption. During an adoption year, the following filters are used to determine the new adoption:

- Student achievement data
- State comparison district adoption data
- Independent research on proposed adoption materials
- Alignment to the Olentangy curriculum map

All projections for textbook adoptions are based on the current District adoption costs and projected using a 3% inflationary/growth adjustment for each year beyond the current pricing year. Included in all projections is a 10% shipping charge.

- Health                              FY2015                      \$ 525,265

Administration delayed the Health adoption by two years for FY2015 and removed a Language Arts adoption for FY14 to save costs. Adoptions may be moved out further upon additional review.

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Supplies and Materials	\$ 4,060,391	\$ 3,792,667	\$ 3,650,563	\$ 3,748,838	\$ 3,951,296
New Building Budgets	\$ 150,000	\$ 310,000	\$ -	\$ -	\$ 150,000
New Textbook Adoptions	\$ -	\$ -	\$ -	\$ -	\$ 525,265
<b>Total</b>	<b>\$ 4,210,391</b>	<b>\$ 4,102,667</b>	<b>\$ 3,650,563</b>	<b>\$ 3,748,838</b>	<b>\$ 4,626,561</b>

**CAPITAL OUTLAY**

Capital outlay consists of any equipment type items the District purchases over \$2,000. Capital outlay is expected to increase approximately 3% each year. The majority of the District’s capital outlay expenditures are taken out of bond funds; therefore, the capital outlay from general funds is low compared to the size of the District.

**INTERGOVERNMENTAL DEBT SERVICE**

The District implemented a \$10,000,000 tax anticipation note payable annually over three fiscal years. The final payment was made in October 2007 or FY2008.

**OTHER OBJECTS**

The majority of expenses in this category relate to contracted services with the Educational Service Center of Central Ohio (ESCCO). The majority of these expenses relate to contract services needed for special education curriculum and various other ESC costs. Additionally, the County Auditor fees for collection of taxes are also included. As tax revenue increases, collection fees also increase. The District has no control over the collection fee assessed by the County Auditor. The expected increase each year is 3% along with additional services contracted with the ESCCO as the District’s enrollment continues to grow.

The District is using IDEA-B ARRA (federal stimulus monies) to offset some of the ESCCO costs. These funds will no longer be available beyond FY2011; therefore, the costs must be put back into the general fund.

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
ESC Svcs/County Aud. Fees	\$ 5,567,245	\$ 7,041,993	\$ 7,884,692	\$ 8,540,189	\$ 9,303,927
Additional Fees and Svcs	\$ 195,320	\$ 375,184	\$ 154,326	\$ 225,760	\$ 160,106
Total	<u>\$ 5,762,565</u>	<u>\$ 7,417,177</u>	<u>\$ 8,039,018</u>	<u>\$ 8,765,949</u>	<u>\$ 9,464,033</u>

## RISK ASSESSMENT

- One of the most critical areas of risk in this forecast is the Unrestricted Grants-In-Aid or State funding payments. State funding was completely changed due to HB1 passed by legislators in June 2009. HB1 caused the District to be placed back on a guarantee. This decreased anticipated State aid by \$4.7 million in FY2010 and another \$8 million in FY2011. To add to this loss in anticipated revenue a new budget bill has been introduced by Governor Kasich which reduces OLSD state basic aid by 44% AND accelerates the TPP reimbursement to OLSD. This loss is an actual loss of state revenue which totals approximately \$9 million over the next two years. This budget proposal, now known as HB153, is working its way through the legislature. The substitute version currently in the House would shave approximately \$2 million off of those cuts. OLSD representatives have testified before the House of Representatives to make sure they understand that OLSD is not like any other district in the state due to our explosive growth. The board's school funding action committee is currently undertaking a letter writing campaign as well. We will continue to closely monitor the progress of this budget bill as it moves through the legislative process.
- Enrollment may be a key driver in the Unrestricted Grants-in-Aid revenue area or State foundation payments. New growth will impact not only personnel/benefits, but also operating costs associated with opening new buildings.
- Another area of risk in this forecast is property valuations, given the current economic climate. The District is scheduled for reappraisal in calendar year 2011, and based on the Market to Sale Price Report and information from the Ohio Department of Taxation, this forecast projects a 10% decrease in property values. See the Property Tax Note for the effect on current revenue; however, this will also have a significant effect on future revenues. The amount of revenue generated by each mill of a future levy will decrease due to that mill being applied to a lower anticipated tax base. The County Auditor is anticipating a property tax reduction of between five (5) and ten (10) percent. The District could see as much as a \$1.7 million reduction in real estate revenue due to the potential decrease in real estate values. The District will monitor this closely and continue communicating with the County Auditor.
- Also, due to the current financial crisis, there is a risk of increased delinquencies in tax collections, as well as risk to the anticipation of collection recovery time as the turnaround may be slower than projected in this forecast.
- As in prior years, there is risk to the medical insurance premiums. As stated in the notes, the District separated from the healthcare consortium to which it belonged, with the goal of long term savings and more control over the level of coverage. However, based on claims experience, these premiums can fluctuate rather significantly from year to year. Constant attention will be paid to healthcare premiums.
- Utility costs are also a risk factor depending on weather conditions and cost increases from year to year. Fuel prices have also been increasing much faster than anticipated. This will have a negative impact on the five-year forecast.

- Reimbursements for State and Federal mandates continue to be at risk. For example, special education funding for federal mandated Title IDEA-B was cut beginning in FY2008, which added \$1,600,000 in annual costs to the District's general fund. Other current and future mandates and reimbursements will continue to be susceptible to state and federal budget cuts.