

OLENTANGY LOCAL SCHOOL DISTRICT - - DELAWARE COUNTY

Schedule of Revenues, Expenditures and Changes in Fund Balances

ACTUAL AND FORECASTED OPERATING FUND

	Actual					Forecasted				
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Average Change	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	
Revenues										
1.010	General Property Tax (Real Estate)	84,070,404	95,938,250	96,946,482	7.6%	108,122,040	120,361,192	123,749,861	127,073,634	130,468,285
1.020	Tangible Personal Property Tax	6,605,329	5,142,342	5,170,660	-10.8%	5,076,308	5,380,486	5,380,486	5,380,486	5,380,486
1.030	Income Tax	-	-	-	-	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	7,853,156	7,458,556	7,009,414	-5.5%	6,872,570	6,886,736	6,753,380	6,772,920	6,793,043
1.040	Restricted State Grants-in-Aid	131,013	561,288	134,766	126.2%	19,822	19,971	20,121	20,271	21,000
1.045	Restricted Federal Grants-in-Aid - SFSF	-	-	536,322	-	384,603	-	-	-	-
1.050	Property Tax Allocation	14,961,933	15,312,340	16,852,285	6.2%	15,713,682	14,952,880	15,313,440	15,697,014	16,089,230
1.060	All Other Revenues	12,938,512	13,731,899	13,739,404	3.1%	16,319,416	15,599,427	15,977,433	15,737,059	15,815,751
1.070	Total Revenues	126,560,347	138,144,675	140,389,333	5.4%	152,508,441	163,200,692	167,194,719	170,681,383	174,567,796
Other Financing Sources										
2.010	Proceeds from Sale of Notes	-	-	-	-	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	-	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	-	-	-	-	-	-
2.050	Advances-In	350	-	-	-	-	-	-	-	-
2.060	All Other Financing Sources	159,403	10,272	38,567	91.0%	25,000	25,000	25,000	25,000	25,000
2.070	Total Other Financing Sources	159,753	10,272	38,567	90.9%	25,000	25,000	25,000	25,000	25,000
2.080	Total Revenues and Other Financing Sources	126,720,100	138,154,947	140,427,900	5.3%	152,533,441	163,225,692	167,219,719	170,706,383	174,592,796
Expenditures										
3.010	Personal Services	78,162,854	85,642,580	89,157,154	6.8%	94,806,362	100,451,280	106,420,179	113,003,688	119,337,357
3.020	Employees' Retirement/Insurance Benefits	25,840,141	29,928,348	34,290,693	15.2%	37,509,310	41,396,707	45,432,283	49,978,773	54,598,448
3.030	Purchased Services	9,221,946	8,470,542	10,994,276	10.8%	11,681,343	11,994,754	12,949,086	14,235,959	15,369,056
3.040	Supplies and Materials	5,167,290	5,229,198	3,762,705	-13.4%	4,102,667	3,650,563	3,748,838	4,626,561	4,834,756
3.050	Capital Outlay	253,603	284,063	-	-44.0%	270,228	275,335	280,595	286,013	291,593
3.060	Intergovernmental	-	-	-	-	-	-	-	-	-
	Debt Service:	-	-	-	-	-	-	-	-	-
4.010	Principal-All (Historical Only)	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
4.300	Other Objects	5,074,792	4,210,071	5,635,742	8.4%	7,417,077	8,038,916	8,723,411	9,463,431	10,200,330
4.500	Total Expenditures	123,720,626	133,764,802	143,840,570	7.8%	155,786,986	165,807,554	177,554,391	191,594,425	204,631,541
Other Financing Uses										
5.010	Operating Transfers-Out	-	-	-	-	-	-	-	-	-
5.020	Advances-Out	-	-	-	-	-	-	-	-	-
5.030	All Other Financing Uses	(65)	-	-	-	-	-	-	-	-
5.040	Total Other Financing Uses	(65)	-	-	-	-	-	-	-	-
5.050	Total Expenditures and Other Financing Uses	123,720,561	133,764,802	143,840,570	7.8%	155,786,986	165,807,554	177,554,391	191,594,425	204,631,541
6.010	<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	<i>2,999,539</i>	<i>4,390,145</i>	<i>(3,412,670)</i>	<i>-65.7%</i>	<i>(3,253,546)</i>	<i>(2,581,862)</i>	<i>(10,334,672)</i>	<i>(20,888,041)</i>	<i>(30,038,745)</i>
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	20,047,331	23,046,870	27,437,015	17.0%	24,024,345	20,770,799	18,188,937	7,854,265	(13,033,776)
7.020	<i>Cash Balance June 30</i>	<i>23,046,870</i>	<i>27,437,015</i>	<i>24,024,345</i>	<i>3.3%</i>	<i>20,770,799</i>	<i>18,188,937</i>	<i>7,854,265</i>	<i>(13,033,776)</i>	<i>(43,072,521)</i>
8.010	<i>Estimated Encumbrances June 30</i>	<i>1,858,853</i>	<i>2,894,084</i>	<i>2,366,809</i>	<i>18.7%</i>	<i>2,625,000</i>	<i>2,756,250</i>	<i>2,894,063</i>	<i>3,038,766</i>	<i>3,190,704</i>
Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials	-	-	-	-	-	-	-	-	-
9.020	Capital Improvements	-	-	-	-	-	-	-	-	-
9.030	Budget Reserve	-	58,478	-	-	-	-	-	-	-
9.040	DPIA	-	-	-	-	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	58,478	-	-	-	-	-	-
9.050	Debt Service	-	-	-	-	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	-	-	-	-	-	-
9.070	Bus Purchases	-	-	-	-	-	-	-	-	-
9.080	Subtotal	-	58,478	58,478	-	-	-	-	-	-
10.010	<i>Fund Balance June 30 for Certification of</i>	<i>21,188,017</i>	<i>24,484,453</i>	<i>21,599,058</i>	<i>1.9%</i>	<i>18,145,799</i>	<i>15,432,687</i>	<i>4,960,202</i>	<i>(16,072,542)</i>	<i>(46,263,225)</i>
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal	-	-	-	-	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-	-
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	<i>21,188,017</i>	<i>24,484,453</i>	<i>21,599,058</i>	<i>1.9%</i>	<i>18,145,799</i>	<i>15,432,687</i>	<i>4,960,202</i>	<i>(16,072,542)</i>	<i>(46,263,225)</i>
Revenue from New Levies										
13.010	Income Tax - New	-	-	-	-	-	-	-	-	-
13.020	Property Tax - New	-	-	-	-	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	-	-	-	-	-	-
14.010	Revenue from Future State Advancements	-	-	-	-	-	-	-	-	-
15.010	<i>Unreserved Fund Balance June 30</i>	<i>21,188,017</i>	<i>24,484,453</i>	<i>21,599,058</i>	<i>1.9%</i>	<i>18,145,799</i>	<i>15,432,687</i>	<i>4,960,202</i>	<i>(16,072,542)</i>	<i>(46,263,225)</i>
	Number of Buildings	19	20	21		23	23	23	24	24
	Staff: Certified	963	1,014	1,041		1,087	1,131	1,174	1,219	1,258
	Classified	601	614	625		655	663	667	679	682
	Administrative	76	79	78		70	70	70	71	71
	ADM Forecasts - Pupil/Teacher Ratio	14.57	14.74	15.34		15.42	15.57	15.64	15.69	15.76
20.010	Enrollment	14,033	14,951	15,973	6.7%	16,766	17,608	18,362	19,131	19,826
20.015	Grades K-12 - October Count	14,033	14,951	15,973	6.7%	16,766	17,608	18,362	19,131	19,826
State Fiscal Stabilization Funds										
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	Total Expenditures - SFSF	-	477,844	632,497	-	384,603	-	-	-	-
See accompanying summary of significant forecast assumptions and accounting policies at http://ftp.ode.state.oh.us/geodoc/5-yrForecast/ .										

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

OVERVIEW

The October 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 2011 property value reappraisal by the County Auditor, but also future property valuation growth estimates and the effects of HB153 passed by the State legislature and signed by the State Governor. HB153 went into effect on July 1, 2011. HB153 created a "Bridge Formula" for calculating state foundation funding until a new formula can be created. This Bridge Formula basically means Olentangy is still a guarantee district, meaning we will receive approximately the same amount of state foundation funding in FY12 that we received in FY11. The most significant consequence of being a guarantee district is that we receive no additional funding for our tremendous student growth. While Olentangy continues to grow at close to 900 students per year, our state funding has remained flat. This formula does not replace the Federal stimulus money we had previously received, which is a loss of close to \$600k compared to FY11. The most significant negative outcome of HB153 is the accelerated phase out of state Tangible Personal Property (TPP) reimbursements. 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. That equates to a combined loss of over \$7 million for FY12 and FY13.

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, while still delivering the same level of service to our students and community. 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 (FY12 Actual as of date of forecast):

Grades	2012 - Actual	2012	2013	2014	2015	2016
K-5	8,630	8,712	8,928	9,150	9,271	9,332
6-8	3,902	3,879	4,149	4,420	4,591	4,805
9-12	4,234	4,212	4,531	4,792	5,269	5,689
Total	16,766	16,803	17,608	18,362	19,131	19,826

- The District opened one new elementary in fiscal year 2012 and expects to open one new elementary in fiscal year 2015.
- The District opened its fifth middle school in fiscal year 2012.

REVENUE

GENERAL PROPERTY TAX (REAL ESTATE)

The County Auditor is conducting a reappraisal of existing property values in calendar year 2011. The 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. Based on discussions with the County Auditor, this forecast projects a 6% 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 \$1.2 million in current real estate tax

collections. The reduction in valuation also causes our recently passed May 2011 levy to produce approximately \$1.2 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 forecast assumes that growth in new residential and commercial real estate will remain slow due to the economy. New growth is projected at 2.4% in FY2012 and 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 CY08, CY09 and CY10 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 delinquency collections for CY11 did not 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. BOR complaints resulted in a loss of over \$500k for CY11. 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.

	Projected Collection	Projected Collection	Projected Collection	Projected Collection	Projected Collection
	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016
Residential					
Inflation/Reappraisal	0%	0%	2%	0%	0%
New Construction	2.40%	2.40%	2.40%	2.40%	2.40%
Commercial					
Inflation/Reappraisal	0%	0%	2%	0%	0%
New Construction	2.40%	2.40%	4.50%	2.40%	2.40%

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

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Real Estate Tax Revenue	\$ 108,122,040	\$ 120,361,192	\$ 123,749,861	\$ 127,073,634	\$ 130,468,285

TANGIBLE PERSONAL PROPERTY TAX

The forecast takes into account the 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 FY2013. HB153 causes a total loss in tangible personal property reimbursements of \$2.5 million in FY2012 and \$4.6 million per year thereafter. 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 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Personal Property Utility Tax	\$ 5,076,308	\$ 5,380,486	\$ 5,380,486	\$ 5,380,486	\$ 5,380,486

UNRESTRICTED GRANTS-IN-AID

In the prior biennial budget, the State funding model saw substantial changes as it went through the legislative process. The State legislature approved the 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 the passage of HB1 and becoming a guarantee district, Olentangy will receive no additional

funding for our tremendous student growth. 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.

The current biennial budget, HB 153, took effect on July 1, 2011. HB153 created a “Bridge Formula” for calculating state foundation funding until a new formula can be created. This Bridge Formula basically means Olentangy is still a guarantee district, hence we will receive approximately the same amount of state foundation funding in FY2012 that we received in FY2011. While Olentangy continues to grow at close to 900 students per year, our state funding has remained flat. Also, HB153 does not replace the State Fiscal Stabilization Funds we had previously received as part of the federal American Recovery and Reinvestment Act, which is a loss of close to \$600k compared to FY2011.

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
State Basic Aid	\$ 6,872,570	\$ 6,886,736	\$ 6,753,380	\$ 6,772,920	\$ 6,793,043

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. 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 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Restricted Grants in Aid	\$ 19,822	\$ 19,971	\$ 20,121	\$ 20,271	\$ 21,000
Restricted Federal - Ed Jobs	\$ 384,603	\$ -	\$ -	\$ -	\$ -
Total	\$ 404,425	\$ 19,971	\$ 20,121	\$ 20,271	\$ 21,000

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 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Reimbursements:					
PPT Reimbursement	\$ 2,121,202	\$ -	\$ -	\$ -	\$ -
Rollback/Homestead	\$ 13,592,480	\$ 14,952,880	\$ 15,313,440	\$ 15,697,014	\$ 16,089,230
Total	\$ 15,713,682	\$ 14,952,880	\$ 15,313,440	\$ 15,697,014	\$ 16,089,230

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 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 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. Also included for FY2012 in Other Revenue below is \$2.1 million for the settlement from leaving the CDMU insurance consortium. This settlement is a one-time payment that basically reimburses the District for payment of run out claims incurred from leaving the consortium.

TIF payments make up the majority of revenue in this category at close to \$11 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 May 2011 levy will cause an increase in TIF revenue for FY2012 and beyond. Also, the District should see some increase in TIF valuation in FY2013 and beyond due to phase two of the Chase Bank TIF expiring. A portion of this increase could 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 FY2008 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.

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
TIF Tax Revenue	\$ 10,758,000	\$ 12,138,000	\$ 12,438,000	\$ 12,178,319	\$ 12,178,319
Tax Revenue Sharing	\$ 1,524,667	\$ 1,570,407	\$ 1,617,519	\$ 1,666,045	\$ 1,716,026
CRA's	\$ 573,000	\$ 573,000	\$ 573,000	\$ 453,000	\$ 453,000
Other Revenue	\$ 3,463,749	\$ 1,318,020	\$ 1,348,914	\$ 1,439,696	\$ 1,468,406
Total	\$ 16,319,416	\$ 15,599,427	\$ 15,977,433	\$ 15,737,059	\$ 15,815,751

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. For FY2012, administrators have taken another voluntary pay freeze, and all classified union and non-union employees have foregone cost of living increases and step increases. Certified union employees (teachers) negotiated to forego cost of living increases in FY2012, but will still receive the step increase. Step increases are expected to average 2.7% in FY2012 and FY2013 and 2.8% in FY2014 through FY2016. 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 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Base Wages	\$ 88,371,876	\$ 94,806,362	\$ 100,451,280	\$ 106,420,179	\$ 113,003,688
Pay/Merit Increase	\$ 2,032,243	\$ 2,559,772	\$ 2,812,636	\$ 2,979,765	\$ 3,164,103
Education Adv	\$ 803,000	\$ 883,300	\$ 971,630	\$ 1,068,793	\$ 1,175,672
New Staffing	\$ 3,599,243	\$ 2,201,846	\$ 2,184,633	\$ 2,534,951	\$ 1,993,894
Total	\$ 94,806,362	\$ 100,451,280	\$ 106,420,179	\$ 113,003,688	\$ 119,337,357

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 12			FY 13			FY 14			FY 15			FY 16		
Grade	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio
K-5	539	8,630	16.01	552	8,928	16.17	566	9,150	16.17	580	9,271	15.98	586	9,332	15.92
6-8	277	3,902	14.09	291	4,149	14.26	305	4,420	14.49	314	4,591	14.62	326	4,805	14.74
9-12	271	4,234	15.62	288	4,531	15.73	303	4,792	15.82	325	5,269	16.21	346	5,689	16.44
Total	1,087	16,766	15.42	1,131	17,608	15.57	1,174	18,362	15.64	1,219	19,131	15.69	1,258	19,826	15.76

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 9.7% in FY2012. The District is currently fully insured after exiting the CDMU insurance consortium effective September 1, 2010. Future increases are expected to be between 8.5 and 9.5%. A board insurance task force has been formed to evaluate and recommend potential cost savings in this area.

A. STRS/SERS

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
STRS/SERS/Pickup	\$ 14,464,084	\$ 15,386,338	\$ 16,176,627	\$ 17,010,873	\$ 17,940,880
Pay/Merit Increase	\$ 284,514	\$ 358,368	\$ 393,769	\$ 417,167	\$ 442,974
Education Adv	\$ 112,420	\$ 123,662	\$ 136,028	\$ 149,631	\$ 164,594
New Staffing	\$ 525,320	\$ 308,259	\$ 304,449	\$ 363,209	\$ 279,145
Total	\$ 15,386,338	\$ 16,176,627	\$ 17,010,873	\$ 17,940,880	\$ 18,827,594

B. Health Insurance

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Base Cost	\$ 18,554,692	\$ 21,747,396	\$ 24,839,343	\$ 28,170,203	\$ 31,943,394
Run Out Claims	\$ 60,000				
New Staff/Open Enroll	\$ 1,305,944	\$ 1,146,007	\$ 1,123,978	\$ 1,270,713	\$ 1,083,693
Total	\$ 19,920,636	\$ 22,893,403	\$ 25,963,321	\$ 29,440,916	\$ 33,027,087

C. Other Insurances

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Medicare Premiums	\$ 1,422,467	\$ 1,507,815	\$ 1,598,284	\$ 1,694,181	\$ 1,795,832
BWC/Unemplmnt/Tuition	\$ 779,869	\$ 818,862	\$ 859,806	\$ 902,796	\$ 947,936
Total	\$ 2,202,336	\$ 2,326,677	\$ 2,458,089	\$ 2,596,977	\$ 2,743,767

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. 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 per discussion with the Business Manager.
- Savings of approximately \$600K in FY2011 due to negotiating lower electric service contracts.
- Utility savings of approximately \$100k beginning in FY2012 due to implementing four ten hour day work weeks in the summer.
- Utility savings of approximately \$500k beginning in FY2013 due to capital improvements to gain efficiencies (ie. occupancy sensors, air quality sensors, etc.).
- Community school costs, post secondary educations costs, and other foundation payments 10% per year.

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

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Purchased Services	\$ 4,737,453	\$ 4,804,913	\$ 4,988,027	\$ 5,164,597	\$ 5,323,639
Foundation Payments	\$ 1,787,705	\$ 1,966,476	\$ 2,163,123	\$ 2,379,435	\$ 2,617,379
Utilities	\$ 4,678,685	\$ 5,223,365	\$ 5,797,936	\$ 6,435,708	\$ 7,428,038
Utilities for New Schools	\$ 477,500	\$ -	\$ -	\$ 256,218	\$ -
Total	\$ 11,681,343	\$ 11,994,754	\$ 12,949,086	\$ 14,235,959	\$ 15,369,056

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. Additionally, the forecast projects another 20% reduction in building budgets for FY2013. 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 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Supplies and Materials	\$ 3,792,667	\$ 3,650,563	\$ 3,748,838	\$ 3,951,296	\$ 4,834,756
New Building Budgets	\$ 310,000	\$ -	\$ -	\$ 150,000	\$ -
New Textbook Adoptions	\$ -	\$ -	\$ -	\$ 525,265	\$ -
Total	\$ 4,102,667	\$ 3,650,563	\$ 3,748,838	\$ 4,626,561	\$ 4,834,756

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.

At the end of FY2011, in order to help fill the deficit left by reductions in state funding and reduction in property values, General fund expenditures meeting allowable criteria were transferred to the Bond fund. This was made possible by projects paid out of the Bond fund coming in under budget.

OTHER OBJECTS

The majority of expenses in this category relate to contracted services with the Educational Service Center of Central Ohio (ESCCO), most of which are due 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 spike in FY2012 Other Objects expenditures is mainly due to the district using IDEA-B ARRA (federal stimulus monies) to offset some of the ESCCO costs in FY2011. These funds are no longer available; therefore, the costs must be put back into the general fund. ARRA expenditures were approximately \$1.1 million in FY2011.

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
ESC Svcs/County Aud. Fees	\$ 7,041,893	\$ 7,884,590	\$ 8,540,083	\$ 9,260,113	\$ 10,037,334
Additional Fees and Svcs	\$ 375,184	\$ 154,326	\$ 183,328	\$ 203,318	\$ 162,996
Total	\$ 7,417,077	\$ 8,038,916	\$ 8,723,411	\$ 9,463,431	\$ 10,200,330

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 significantly decreased anticipated State aid as the District was beginning to receive additional money resulting from our rapid student growth. To add to this loss of anticipated revenue, HB153 accelerates the phase-out of TPP reimbursement to OLSD. While HB153 keeps the District on a guarantee for state foundation funding for FY2012, there is not a formula in place for FY2013 or beyond. This forecast assumes our state foundation funding will remain relatively flat, but the new formula could have a significant impact on these projections. Another important provision of HB153 is the elimination of automatic step increases, in favor of a merit based pay system. While much work remains to be done in this area at the state level, this forecast assumes an amount for overall merit pay similar to step increases in the past, while assuming no cost of living raises. The mechanics of merit pay is yet to be determined.
- 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 currently going through the reappraisal process for calendar year 2011, and based on data from the County Auditor, this forecast projects a 6% 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.
- 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. The economy has also caused an increase in the number of residential and commercial Board of Revision cases, which could further decrease our tax base.

- 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, the loss of ARRA funding from FY2010 and FY2011 added over \$3 million in annual costs to the District's General fund. State grants have been cut altogether and cuts to our Federal grants could be a further burden on the General fund. Other current and future mandates and reimbursements will continue to be susceptible to state and federal budget cuts.
- HB136 is pending legislative approval, which could have a negative financial impact on the District. This legislation would offer vouchers to students in every Ohio school district, regardless of the district's academic performance. The only qualifier for eligibility is household income. This legislation would also allow students currently enrolled in private schools to be eligible for the voucher. Funding for these vouchers would be deducted from public school districts' state funding.