

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

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCES FOR THE FISCAL YEARS ENDED**

**JUNE 30, 2006, 2007, AND 2008 ACTUAL;  
FORECASTED FISCAL YEARS ENDING JUNE 30, 2009 THROUGH 2013**

	Actual			Forecasted				
	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
<b>Revenue:</b>								
1.010 General Property Tax (Real Estate)	62,831,897	67,801,398	70,914,293	85,055,559	98,460,406	101,614,218	104,662,644	107,802,524
1.020 Tangible Personal Property Tax	10,190,995	9,860,344	8,243,598	6,069,835	4,299,645	4,299,645	4,299,645	4,299,645
1.030 Income Tax	0	0	0	0	0	0	0	0
1.035 Unrestricted Grants-in-Aid	6,141,534	6,592,875	5,935,817	7,170,981	13,770,924	18,405,922	23,179,147	27,116,892
1.040 Restricted Grants-in-Aid	52,260	111,791	62,446	56,409	53,418	63,392	72,497	79,377
1.050 Property Tax Allocation	8,322,253	9,703,575	11,648,897	15,020,994	14,978,113	15,796,057	15,540,630	15,316,596
1.060 All Other Revenues	8,574,597	10,469,731	12,853,889	12,975,024	13,097,493	13,272,533	13,451,255	13,733,730
<b>1.070 Total Revenues</b>	<b>96,113,536</b>	<b>104,539,714</b>	<b>109,658,940</b>	<b>126,348,801</b>	<b>144,660,000</b>	<b>153,451,767</b>	<b>161,205,818</b>	<b>168,348,764</b>
<b>Other Financing Sources:</b>								
2.010 Proceeds from Sale of Notes	0	0	0	0	0	0	0	0
2.020 State Emergency Loans and Advancements	0	0	0	0	0	0	0	0
2.040 Operating Transfers-In.	0	0	0	0	0	0	0	0
2.050 Advances-In	57,047	87,158	3,535,689	100,000	100,000	100,000	100,000	100,000
2.060 All Other Financing Sources	90,319	94,279	159,655	25,000	25,000	25,000	25,000	25,000
<b>2.070 Total Other Financing Sources</b>	<b>147,366</b>	<b>181,437</b>	<b>3,695,344</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>
<b>2.080 Total Revenues and Other Financing Sources</b>	<b>96,260,902</b>	<b>104,721,151</b>	<b>113,354,284</b>	<b>126,473,801</b>	<b>144,785,000</b>	<b>153,576,767</b>	<b>161,330,818</b>	<b>168,473,764</b>
<b>Expenditures:</b>								
3.010 Personal Services	53,235,201	60,349,777	70,159,053	77,408,902	86,335,952	94,984,343	104,152,749	111,949,778
3.020 Employees' Retirement/Insurance Benefits	16,827,295	18,658,365	22,612,835	24,892,764	28,737,620	32,647,681	37,087,148	41,256,761
3.030 Purchased Services	6,531,696	6,934,004	8,095,407	9,855,001	11,144,555	12,612,011	14,283,484	15,847,468
3.040 Supplies and Materials	3,473,455	3,375,564	5,043,987	5,755,369	6,254,058	5,841,686	7,417,910	6,748,063
3.050 Capital Outlay	143,595	243,561	213,623	293,950	329,249	334,127	339,151	341,325
3.060 Intergovernmental	0	0	0	0	0	0	0	0
Debt Service:								
4.010 Principal-All (History Only)	3,333,333	3,333,333	3,333,333					
4.020 Principal-Notes				0	0	0	0	0
4.030 Principal-State Loans				0	0	0	0	0
4.040 Principal-State Advancements				0	0	0	0	0
4.050 Principal-HB 264 Loans				0	0	0	0	0
4.055 Principal-Other				0	0	0	0	0
4.060 Interest and Fiscal Charges	228,750	137,250	45,750	0	0	0	0	0
4.300 Other Objects	4,007,264	4,437,491	4,654,714	5,408,574	5,941,195	6,426,825	7,015,808	7,459,063
<b>4.500 Total Expenditures</b>	<b>87,780,589</b>	<b>97,469,345</b>	<b>114,158,702</b>	<b>123,614,560</b>	<b>138,742,631</b>	<b>152,846,672</b>	<b>170,296,251</b>	<b>183,602,457</b>
<b>Other Financing Uses</b>								
5.010 Operating Transfers-Out	0	0	0	0	0	0	0	0
5.020 Advances-Out	95,006	0	3,578,503	100,000	100,000	100,000	100,000	100,000
5.030 All Other Financing Uses	0	-500	-48,809	0	0	0	0	0
<b>5.040 Total Other Financing Uses</b>	<b>95,006</b>	<b>-500</b>	<b>3,529,694</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>5.050 Total Expenditures and Other Financing Uses</b>	<b>87,875,595</b>	<b>97,468,845</b>	<b>117,688,396</b>	<b>123,714,560</b>	<b>138,842,631</b>	<b>152,946,672</b>	<b>170,396,251</b>	<b>183,702,457</b>
<b>Excess of Rev &amp; Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>8,385,307</b>	<b>7,252,306</b>	<b>-4,334,112</b>	<b>2,759,241</b>	<b>5,942,369</b>	<b>630,095</b>	<b>-9,065,433</b>	<b>-15,228,694</b>
<b>Cash Balance July 1 - Excl Proposed Renewal/Replacement and New Levies</b>	<b>8,743,830</b>	<b>17,129,137</b>	<b>24,381,443</b>	<b>20,047,331</b>	<b>22,806,572</b>	<b>28,748,941</b>	<b>29,379,036</b>	<b>20,313,603</b>
<b>7.020 Cash Balance June 30</b>	<b>17,129,137</b>	<b>24,381,443</b>	<b>20,047,331</b>	<b>22,806,572</b>	<b>28,748,941</b>	<b>29,379,036</b>	<b>20,313,603</b>	<b>5,084,909</b>
8.010 Estimated Encumbrances June 30	1,084,443	1,703,810	1,470,929	1,200,000	1,200,000	1,300,000	1,300,000	1,300,000
<b>Reservation of Fund Balance</b>								
9.010 Textbooks and Instructional Materials	0	0	0	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0	0	0	0	0
9.040 DPIA	0	0	0	0	0	0	0	0
9.050 Debt Service	0	0	0	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0	0	0	0	0
9.080 Subtotal	0	0	0	0	0	0	0	0
<b>Fund Balance June 30 for Certification of Appropriations</b>	<b>16,044,694</b>	<b>22,677,633</b>	<b>18,576,402</b>	<b>21,606,572</b>	<b>27,548,941</b>	<b>28,079,036</b>	<b>19,013,603</b>	<b>3,784,909</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 Income Tax - Renewal				0	0	0	0	0
11.020 Property Tax - Renewal or Replacement				0	0	0	0	0
11.030 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	0	0	0
<b>Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations</b>	<b>16,044,694</b>	<b>22,677,633</b>	<b>18,576,402</b>	<b>21,606,572</b>	<b>27,548,941</b>	<b>28,079,036</b>	<b>19,013,603</b>	<b>3,784,909</b>
<b>Revenue from New Levies</b>								
13.010 Income Tax - New				0	0	0	0	0
13.020 Property Tax - New				0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0	0	0	0	0
14.010 Revenue from Future State Advancements								
<b>15.010 Unreserved Fund Balance June 30</b>	<b>16,044,694</b>	<b>22,677,633</b>	<b>18,576,402</b>	<b>21,606,572</b>	<b>27,548,941</b>	<b>28,079,036</b>	<b>19,013,603</b>	<b>3,784,909</b>
<b>Number of Buildings</b>	14	15	18	19	20	21	22	22
<b>Staff: Certified</b>	723	809	891	963	1,034	1,088	1,152	1,194
<b>Classified</b>	393	478	528	568	588	605	628	633
<b>Administrative</b>	53	59	68	76	79	82	83	83
<b>ADM Forecasts - Pupil/Teacher Ratio</b>	14.75	14.78	14.59	14.52	14.52	14.45	14.34	14.37
20.010 .	10,667	11,958	13,002	13,979	15,011	15,720	16,516	17,160
20.015 Grades 1-12 - October Count				13,259	14,299	15,008	15,804	16,448
20.02 Kindergarten - February Count				0	0	0	0	0
20.025 Grades 1-12 - February Count				13,259	14,299	15,008	15,804	16,448

# **OLENTANGY LOCAL SCHOOLS**

## **NOTES AND ASSUMPTIONS RELATED TO 5-YEAR FINANCIAL FORECAST – OCTOBER 2008**

### **OVERVIEW**

The current forecast considers the impact of the recent economic downturn. Future property valuation growth estimates as well as per-pupil state funding estimates have been scaled back. Additionally, estimates for interest earnings have been adjusted.

During the prior fiscal year (FY08) spending exceeded revenue by \$4.3 million. Left unchecked, this negative trend most could would have had dire consequences on the educational program offered future generations of Olentangy students. For that reason, the recent passage of a 7.9 mill operating levy was needed to maintain a high standard of academic performance.

The District's Board and administration will continue to play a pivotal role in planning and responsibly managing the District's resources to insure student success. If education stability is to be achieved for children, all programs must continue to be measured against the District's vision and mission. As such, the District currently monitors enrollment trends and adjusts projected staffing to achieve pupil to teacher ratios that insure high quality opportunities.

It is important to remain mindful that financial resources are limited, especially when student needs seem endless. Given the fact the District is growing at such rapid pace, the variables used to produce the forecast estimates can change just as rapidly. Therefore, operational balances (current revenue vs. current expenditures), not cash balances, should be monitored and utilized as the trigger for future action (raising additional revenue or reducing expenses, which in most cases corresponds to a loss in service). A cash balance simply bridges the gap between student needs and current funding. It does not change the required millage to support current programming. Based upon the assumptions included in the forecast, the District faces an \$9 million operating deficit by fiscal year 2012. Utilizing this type of analysis will insure high quality educational opportunities can be offered for the longest time-frame possible.

In addition, a cash balance policy or at least a cash balance target may provide a valuable guide to levy planning now and in the future. Being ahead of the "curve" puts the District in the best possible situation to prudently plan and save taxpayer effort now and in the future. This can be demonstrated by modeling the same levy in different years. Analyzing the situation in this manner it becomes obvious that the sooner a levy is passed (given no change in any other variables) the lower the millage request to maintain the same quality educational program constituents now support.

Again, the risk of attempting to pinpoint a cash balance in such a fluid situation is that a generation of students is short-changed. Focusing on operational trends is a much better measuring-stick to plan for the future. It also underscores the importance of continually monitoring the forecast utilizing cash flow analysis.....something the District has done and will continue to do in the future.

**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 October 8, 2008 and will be presented to the Board on October 28, 2008.
- The District used the Development Committee’s “Revised Projection Enrollment” dated October, 2008 (summary of Dejong and Associates Report) for enrollment projections to determine staffing requirements. The following student enrollment projections were used:

<b>Grades</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
K-5	7,562	7,948	8,206	8,405	8,554
6-8	3,039	3,310	3,552	3,881	4,097
9-12	3,370	3,752	3,961	4,231	4,509
Total	13,971	15,010	15,719	16,517	17,160

- The District expects to open one new elementary school in fiscal year 2010 and 2011. Based on decreased enrollment projections no elementary buildings are planned to open in the 2012 and 2013 fiscal years.
- The District opened its third high school in fiscal year 2009 and expects to open its fifth middle school in fiscal year 2012.

## **REVENUE**

### **GENERAL PROPERTY TAX (REAL ESTATE)**

The forecast incorporates the impact of the recently passed 7.9 mill levy. The first collection on this new issue is scheduled to occur in Calendar Year 2009 (half of the full year's worth of collections will be realized in FY09 while the remaining half will not be realized until FY10). The forecast assumes that new residential and commercial real estate growth will slow as compared to the prior three to four year period. New growth is expected to average 3% per year over the forecasted period. Therefore, outside of the impact of the new levy, tax collections are anticipated to grow at a rate consistent with new construction.

It is important to note that Real Estate Collections in CY07 and CY08 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.

Another factor worth noting is the fact that existing property is scheduled for reappraisal in 2008. However, the current economic downturn has had a negative impact on property values. As such property values in Olentangy are not anticipated to rise during this reappraisal. This is an extremely unusual occurrence. One naturally would assume this situation would negatively impact the District's overall revenue projections, yet this actually could work in the District's favor since local *tax* revenue is not permitted to grow in connection with inflationary valuation increases. Keep in mind, lower valuation growth results in a lower charge-off in the State's foundation formula leading to a positive impact on unrestricted State funding (see Unrestricted State Funding narrative for further details).

The District has made assumptions of new construction growth and reappraisal/inflation for future years. These estimates were based on County Auditor projections, along with the expected increase in building permits.

The District asked voters for a 7.9 mill operating levy on March 4, 2008. The voters of the Olentangy Local School District approved the 7.9 mill operating levy by 57%. This levy will begin collection in CY2009. School district fiscal years run from July 1 through June 30 therefore fiscal year 2009 will realize half of the collection with the full collection in fiscal year 2010.

CY 2008 is the triennial update, which means market value for all real property is updated through studies of property transactions occurring since the last physical appraisal. Collection year (CY) 2011 is a sexennial appraisal, which means all real properties (land and building) will be visually inspected and market values adjusted accordingly by an appraiser. The assumed percentages based on conversations with the Delaware County Auditor, current economy, future plans and historic trends are listed below:

	Projected Collection Year 2009	Projected Collection Year 2010	Projected Collection Year 2011	Projected Collection Year 2012	Projected Collection Year 2013
Residential					
Inflation/reappraisal	0%	0%	0%	0%	0%
Construction growth	3%	3%	3%	3%	3%
Commercial					
Inflation/reappraisal	6%	0%	0%	8%	0%
Construction growth	3%	3%	3%	3%	3%

These reappraisal/growth assumptions are lower than previously projected based on information obtained from the Delaware County Auditor. Based on the above discussion the real estate tax revenue is as follows:

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Real Estate Tax Revenue	\$ 85,055,559	\$ 98,460,406	\$ 101,614,218	\$ 104,662,644	\$ 107,802,524

## TANGIBLE PERSONAL PROPERTY TAXES

Keep in mind, state tangible personal property reimbursements are fully funded through FY11 and then will begin to be phased out over the next 8 fiscal years until they are completely eliminated according to the provisions of HB66. The total amount at stake after phase out would be approximately six million.

If adjustments are made to either projected valuation growth or enrollment estimates, tangible personal property replacement revenue will need to be recalculated. This is due to the fact that the projected SF3's could change resulting in a new mixture of the distribution between amounts picked-up in the funding formula vs. direct reimbursement.

Personal property tax is phased out by reducing the assessment rate on the property each year. However, at the same time, House Bill 66 replaces the revenue lost due to phasing out the personal property tax. In the first five years, calendar years 2007-11, districts are reimbursed "fully" for lost revenue (based on calendar year 2004 PPT values) by the State (using the CAT); however in the following seven years the reimbursements get phased out until the school district receives no money.

Based on the above discussion the tangible personal property tax revenue is as follows:

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Personal Property Utility Tax	\$ 4,844,835	\$ 4,299,645	\$ 4,299,645	\$ 4,299,645	\$ 4,299,645
Tangible Personal Property Tax	\$ 1,225,000	\$ 0	\$ 0	\$ 0	\$ 0
Total Tax	\$ 6,069,835	\$ 4,299,645	\$ 4,299,645	\$ 4,299,645	\$ 4,299,645

As the tangible personal property tax balances decrease each year, the reimbursement balances from the state increase. The reimbursement amounts 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. The District expects no growth in PPUT beyond fiscal year 2009.

### UNRESTRICTED GRANTS-IN-AID

HB119 (covering FY08 and FY09) does not contain any sweeping changes or education funding reform. For all intents and purposes the current budget simply represents a continuation of the funding policies and methodology developed in the past biennial budget cycles. Basic State aid is primarily driven by a few key components - - Enrollment, Per-Pupil Funding, and Property Valuation. Per-pupil funding, based upon *current* legislation (HB119), calls for a 3.0% increase in FY09.

The current economic downturn will undoubtedly play a role in the state’s upcoming biennial budget discussion. Therefore, the forecast assumes per-pupil aid will only increase by 1.5% per year for the next two fiscal years (FY10 & FY11). The remaining years of the forecast assume a 2% increase in pupil aid per year.

In the past, valuation growth has offset the effect of rising enrollment and per-pupil funding increases. This resulted in static funding for the District (the current formula stipulates a district receive at least as much as it did in the prior fiscal year...referred to as “guaranteed” funding). As previously mentioned in the Real Estate narrative, valuation growth is expected to be very limited as compared to prior periods. Therefore, the District’s funding is expected to transition from a guarantee basis to a formula funded basis. For the first time in a long period the District expects state funding to rise in connection with projected enrollment increases.

However, it is extremely important to keep in mind that a portion of the projected increases can best be described as illusionary. This is due to the fact that Direct Tangible reimbursement will be reduced. Since state funding is now calculated based upon the formula and not a guarantee, any increase that is deemed attributable to the elimination of tangible taxes (HB66) will result in a reduction in the direct payment the district receives as reimbursement. For FY10 this amount is anticipated to be \$1.9 million.

House Bill 66 also impacted the state funding formula. Two changes affected Olentangy greatly. First, the cost of doing business factor was eliminated by fiscal year 2007 (this was a factor that increased the per pupil reimbursement amount for various counties throughout the state in which average expenditures are higher than the base county – Delaware County’s “increase factor” was 5.28%). The factor in fiscal year 2007 was 1.76%. The cost of doing business factor is completely eliminated in fiscal year 2008.

Additionally, starting in fiscal year 2007, the State began to include tax incremental financing districts (TIF) real estate valuations in the calculation of the chargeback (the amount of expenses the State believes the districts should be responsible for paying). Previously, these TIF areas were not included in the calculation – the valuation of TIFs in the Olentangy Local School District is approximately, \$178,564,000. Any new agreements will be applied to the total valuation used by the State to determine our foundation or State funding.

Districts also receive transportation money from the State. In past years the State used a complex formula determining the allocation amount which included a factor for number of students and miles. However, starting in fiscal year 2008, the formula changed to a simple increase of 1% over the prior year. Thus, growing and large area districts, such as Olentangy, only receive a 1% increase even though the enrollment increase > 7% per year.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
State					
Basic Aid Allocations	\$ 5,271,166	\$ 11,842,612	\$ 16,448,685	\$ 21,182,765	\$ 25,080,583
Transportation Alloc.	\$ 1,899,815	\$ 1,928,312	\$ 1,957,237	\$ 1,996,382	\$ 2,036,309
Total	\$ 7,170,981	\$ 13,770,924	\$ 18,405,922	\$ 23,179,147	\$ 27,116,892

**RESTRICTED GRANTS-IN-AID**

Special state funding programs are included in the category. The District receives money from the state to assist in bus purchases. In fiscal year 2003, the District received approximately \$96,000; however, in fiscal year 2004 this amount was decreased by the State of Ohio to approximately \$41,000. Due to current economic conditions a decrease in bus purchase funding is anticipated in each fiscal year.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
State					
Restricted Grants	\$ 56,409	\$ 53,418	\$ 63,392	\$ 72,497	\$ 79,377

The amount consists of programs such as bus replacement and career tech funding. Some growth is seen due to the District coming off the guarantee in FY09

**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.

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 new levy and construction growth in the Real Estate section.

The State is phasing-out the \$10,000 personal property exemption reimbursements paid to Districts since 1986. The District received \$245,930 in fiscal year 2003. This became the baseline amount for the phase out beginning in fiscal year 2004.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
PPT reimbursements	\$ 3,306,000	\$ 4,408,000	\$ 2,848,000	\$ 3,568,000	\$ 3,085,000
Rollback/Homestead reimbursements	\$ 11,714,994	\$ 10,570,113	\$ 12,948,057	\$ 11,972,630	\$ 12,231,596
Total	\$ 15,020,994	\$ 14,978,113	\$ 15,796,057	\$ 15,540,630	\$ 15,316,596

**ALL OTHER REVENUES**

Included in this category are various items such as investment income, facility rentals, pay-to-participate fees, tuition, donations, income tax sharing agreements and other items. The majority 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 are required to share income tax revenue with the District. This portion of revenue is expected to increase approximately 5% per year based on historical trends. The District must watch this revenue source closely as the economic outlook is not as positive as previous years.

TIF payments are also included in this category and make up approximately \$4,700,000 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 does not expect any growth in property valuation relating to the TIF district until fiscal year 2008 when the first phase of Bank One’s (Chase) abatement is completed. No growth is assumed because any new commercial development growth is expected to be offset by a decrease in valuation caused by various 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 FY-08 as part of a 15-year CRA agreement.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
TIF Tax Revenue	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000
Other Revenue	\$ 8,275,024	\$ 8,397,493	\$ 8,572,533	\$ 8,751,255	\$ 9,033,730
Total All Other Revenue	\$ 12,975,024	\$ 13,097,493	\$ 13,272,533	\$ 13,451,255	\$ 13,733,730

## TOTAL OTHER FINANCING SOURCES

Included in this category are operating transfers, advances in and sales of notes. This line has increased due to the need to advance funds into the student fees funds. Student fees are collected throughout the year, however, a majority of the materials are purchased in the beginning of the school year thus creating a negative fund balance in student fees. The District is not permitted by law to carry negative fund balances throughout the year. Therefore, advances are made to the student fees funds then advanced back as fees are collected.

## EXPENDITURES

### PERSONAL SERVICES

The expenditures reflect pay increases approved by the Board of Education for all union and non-union members averaging 2.8% in fiscal years 2009, 2010 and 2011; and estimates for wage increases through fiscal year 2013. In addition to wage increases a majority of employees receive step increases (based on years of experience). Step increases are expected to average 3% a year for the district.

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.). The District expects these costs to increase over \$300,000 a year. This cost will continue over the years as the number of employees continues to grow. The criteria for class approval became much more stringent therefore the lower cost increase due to education level advancements.

The District estimates future staffing needs on student enrollment projections and the opening of schools. (See assumptions relating to growth at “General Assumptions” section).

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Base Wages	\$ 67,992,476	\$ 77,408,902	\$ 86,335,952	\$ 94,984,343	\$ 104,152,749
Pay Increases	\$ 1,964,453	\$ 2,167,449	\$ 2,417,407	\$ 1,915,095	\$ 2,099,951
Steps(experience)	\$ 1,964,453	\$ 2,322,267	\$ 2,590,079	\$ 2,849,530	\$ 3,124,582
Advancement in Education	\$ 300,000	\$ 300,000	\$ 325,000	\$ 325,000	\$ 350,000
New Staffing	\$ 5,162,520	\$ 4,112,334	\$ 3,290,905	\$ 4,053,781	\$ 2,197,496
Other	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
	\$ 77,408,902	\$ 86,335,952	\$ 94,984,343	\$ 104,152,749	\$ 111,949,778

- Pupil/Teacher ratio is as follows:

Grade	2009			2010			2011			2012			2013		
	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio	Cert Staff	Enrollment	Ratio
K-5	490	7,562	15.43	521	7,948	15.26	547	8,206	15.00	561	8,405	14.98	573	8,554	14.93
6-8	226	3,039	13.45	241	3,310	13.73	256	3,552	13.88	290	3,881	13.38	303	4,097	13.52
9-12	247	3,370	13.64	272	3,752	13.79	285	3,961	13.90	301	4,231	14.06	318	4,509	14.18
<b>Total</b>	<b>963</b>	<b>13,971</b>	<b>14.51</b>	<b>1034</b>	<b>15,010</b>	<b>14.52</b>	<b>1088</b>	<b>15,719</b>	<b>14.45</b>	<b>1152</b>	<b>16,517</b>	<b>14.34</b>	<b>1194</b>	<b>17,160</b>	<b>14.37</b>

Classroom/Teacher Ratio for hiring purposes is based on 24:1 at the MS/HS level and 21:1 at the Elementary level.

Note the certified staff includes specials such as librarians, physical education, art, music, foreign language, etc which decreases the actual classroom to teacher ratio.

#### **EMPLOYEES RETIREMENT/INSURANCE BENEFITS**

Benefits include the following:

- Employer pension payments to STRS/SERS equal 14% of payroll. Participation in STRS/SERS is governed by Ohio Revised Code (ORC). The rate of 14% is also governed by ORC. The District has no control over this cost. SERS surcharge increases dramatically during the next three years (change by SERS) due to the minimum compensation amount increases from \$14,500 (in fiscal year 2004) to \$35,800 (in fiscal year 2006). 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 a year based on total payroll. This is expected to increase the District's payment by at least \$100,000 per year. The SERS surcharge is dictated by the SERS board. The District has no control over these costs.
- Medical insurance premiums increased by 6.9% in FY09. Future increases are projected to be 12% per year. The CDMU consortium used interest earnings to offset the premium increase. If the consortium had not used interest earnings in this manner the premium increase would have been closer to 9%. Due to current market conditions the district does not anticipate that the consortium will have significant interest earnings to follow this same practice in FY2010.

A. STRS/SERS is 14% of wages/salaries.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Base	\$ 9,518,947	\$ 10,837,246	\$ 12,087,033	\$ 13,297,808	\$ 14,581,384
Contract Increases	275,023	303,443	338,437	268,113	293,993
Step Increases	275,023	325,117	362,612	398,934	437,441
Adv. In Education	42,000	42,000	45,500	45,500	49,000
New Staffing	722,753	575,727	460,726	567,529	307,649
Other	3,500	3,500	3,500	3,500	3,500
<b>Total</b>	<b>\$ 10,837,246</b>	<b>\$ 12,087,033</b>	<b>\$ 13,297,808</b>	<b>\$ 14,581,384</b>	<b>\$ 15,672,968</b>

- The Treasurer and Director of Human Resources are currently investigating the feasibility of leaving the health care consortium and going self funded in its medical and dental insurance plans. Any savings which may be realized by this move have not been incorporated into the forecast as it is still in the research stages and the savings are not known at this time.

**B. Health Insurance**

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Base Cost w/increase	\$ 11,359,746	\$ 13,836,547	\$ 16,522,458	\$ 19,328,861	\$ 22,632,244
New Staff	994,314	915,648	735,454	878,500	471,363
Total	\$ 12,354,060	\$ 14,752,195	\$ 17,257,912	\$ 20,207,361	\$ 23,103,607

- The remaining amounts in each year are made up of medicare premiums, workers compensation premiums, unemployment premiums, tuition reimbursement, board paid annuities and severance payments.

The district did not meet the requirements necessary to become self-funded with BWC (Workers' Comp). The District will try to meet all requirements in order to become self-funded by January, 2009.

**PURCHASED SERVICES**

Purchased services are expected to increase an average of 11% year. This includes increases of:

- Utilities between 12%-13% in fiscal years 2009 through 2013.
- Community school costs, post education costs, similar costs 10% year
- Various other costs increasing by 2.5% a year such as printing/binding.

Additionally, in fiscal years 2009 through 2013 the district will incur utility costs for new elementary schools (excluding FY09); in fiscal year 2008 costs include the opening of a middle school; and fiscal year 2009 utility costs include the opening of a high school.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Purchased Services	\$ 9,119,001	\$ 10,931,825	\$ 12,363,805	\$ 13,992,278	\$ 15,847,468
Utilities for New Schools	\$ 736,000	\$ 212,730	\$ 248,206	\$ 291,206	\$ 0
	\$ 9,855,001	\$ 11,144,555	\$ 12,612,011	\$ 14,283,484	\$ 15,847,468

**SUPPLIES AND MATERIALS**

Overall supplies and materials are expected to increase 5% a year to keep up with growth and inflation. 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 five 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 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

The adoption process is the responsibility of the Curriculum Dept. with the support and input from building chairpersons and teachers.

All projections in this packet are based on the current district adoption costs and projected using a 3% inflationary adjustment for each year beyond the current pricing. Included in all projections is a 10% shipping charge which also reflects the 3% annual inflationary increase.

### **Science 2008-09**

The science projection worksheets included in this packet show an increase from the last Projected Curriculum Adoption Budget. This increase is a result of increased enrollment projections and averaging the cost of textbooks by level rather than averaging them as a secondary cost. The decision to separate the cost by level was made in order to reflect the significantly higher cost of textbooks for high school advanced level course work. The past practice lowered the allocation for high school and did not provide sufficient funds to cover the cost of high level textbooks. Current textbook costs include 10% shipping added to the final projection of \$71.56 per textbook for middle school and \$96.92 per textbook for high school. The current elementary adoption included textbooks and building purchased science kits. The building cost for the current adoption include 75 books at grades 3, 4 and 5 and science teaching kits that align with the Olentangy curriculum maps. The total building cost includes the books, science kits, shipping and a 3% inflationary adjustment to the 2007 pricing.

### **Social Studies 2009-10**

The social studies projection worksheets included in this packet show an increase from the last Curriculum Adoption Projection Budget. This increase is a result of increases in projected enrollment. Additional funds were added to the high school projection to provided additional textbooks for high school students taking two social studies course within the same academic year. The social studies department offers the greatest number of Advanced Placement course of any high school department and students at upper levels may take multiple courses within the same academic year. Textbook averages were calculated for high school and middle school using the current adoption at 2007 costs, including shipping and an inflationary adjustment. In addition, building teacher resource materials were added as a building cost for middle school including shipping and an inflationary adjustment from 2007 pricing. The current elementary adoption is not textbook based, but includes a variety of material purchased by each building and shared with grade levels to support the Olentangy social studies curriculum map. To arrive at the per building cost, the following vendors' costs were added: Social Studies Alive, National Geographic Publishing, Newbridge, National Council of Economics Education, WCET, Ohio Adventure Heinemann and Amazon. Additionally, shipping was included along with an inflationary adjustment to the 2007 pricing. The summary includes the textbook cost at middle and high school plus the building cost at elementary and middle school.

## World Language 2010-11

The world language projection worksheets included in this packet reflects an increase from the last Curriculum Adoption Projection Budget. This increase is a result of increases in projected enrollment at high school and middle school. The textbook cost is determined for high school and middle school by averaging the cost of textbook across world languages. Teacher resources purchased by the building are included as a building expense. All cost reflects a 10% shipping charge and an inflationary adjustment to the 2007 pricing. Currently, there is no world language offering at elementary, but this may be an added expense in the future.

## Language Arts 2011-2012

The language arts projection worksheets included in the packet reflects an increase from the last Curriculum Adoption Budget Projection. This increase is a result of increases in projected enrollment at middle and high school as well as increases in textbook costs. Language Arts adoptions include resources for reading, writing and listening instruction in the district as outlined by the Olentangy Curriculum Map. The materials required to teach this map include textbooks that are purchased for each student at various levels as well as book room supplies including fiction and non-fiction books at a variety of reading levels that are shared by the building language arts staff. The textbook cost for each level was determined by averaging the cost of the current adoption at that level, including shipping and an inflationary adjustment from 2007 pricing. Additionally, 20% of a book room cost for the building was included to replace and update materials in the building bookroom, since the last large addition to bookrooms was made in 2004 during the last language arts adoption.

## Health 2012-2013

The health projection worksheet included in the packet reflects a new projection on the Curriculum Adoption Budget Projection. Since, health is not offered at all grades in high school, but has one required course usually taken as a freshman. To arrive at the projected required books, the enrollment projection for the freshman class in academic year 2012-2013 was divided in half since the course is a semester course then multiplied by the current cost of the adopted textbook with a 3% annual inflationary adjustment and 10% shipping and handling. At the middle school level, health is offered for a quarter at each level. The number of books required represents one quarter of the projected enrollment at middle school, since one quarter of the grade level would be taking health during each. Health is taught at each grade level in elementary therefore the cost is based on the total projection of elementary students. The textbook cost for each level was determined by averaging the cost of the current adoption at that level, including shipping and an inflationary adjustment of 3% per year from 2007 pricing.

A decrease in materials and supplies occurs in fiscal year 2011 and 2013 due to a much lower textbook adoption in those years. Also in fiscal year 2013 there are no buildings currently scheduled to open.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Supplies and materials	\$ 4,471,855	\$4,831,448	\$5,138,821	\$5,532,729	\$6,222,798
New school budgets	\$ 400,000	\$ 230,729	\$ 237,873	\$ 393,745	\$ 0
textbook adoptions	\$ 883,514	\$ 1,191,881	\$ 464,992	\$ 1,491,436	\$ 525,265
	<u>\$5,755,369</u>	<u>\$6,254,058</u>	<u>\$5,841,686</u>	<u>\$7,417,910</u>	<u>\$6,748,063</u>

**CAPITAL OUTLAY**

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

Items included in the additional amounts in FY09 – FY13 are over \$2,000 but last less than five years therefore not permitted to be placed in bond funds.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Capital Outlay	\$293,950	\$329,249	\$334,127	\$339,151	\$341,325

**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.

**OTHER OBJECTS**

The majority of expenses in this category relates to contracted services with the Delaware-Union Educational Services Center (ESC). 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 the collection of taxes are also included and as tax revenue increases so do collection fees. The expected increase each year is 3% along with additional services contracted with the ESC as the District’s enrollment continues to grow.

Title IDEA-B (federal special education funding) has been inflated due to the State “catching up” on old grant payments but beginning in FY08 the State completed this process. This has added an additional \$1,600,000 to the general fund for special education.

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Current Services/Fees	\$ 5,189,255	\$ 5,570,831	\$ 6,119,432	\$ 6,619,629	\$ 7,226,283
Additional ESC Services	\$ 219,319	\$ 370,364	\$ 307,393	\$ 396,179	\$ 232,780
	\$ 5,408,574	\$ 5,941,195	\$ 6,426,825	\$ 7,015,808	\$ 7,459,063

## **ALL OTHER FINANCING USES**

Included in this line are advances made typically at year-end to cover ending balances in state and federal grants where funds have been requested but not yet received. This line has increased due to the need to advance funds into the student fees funds. Student fees are collected throughout the year, however, a majority of the materials are purchased in the beginning of the school year thus creating a negative fund balance in student fees. The District is not permitted by law to carry negative fund balances throughout the year. Therefore, advances are made to the student fees funds then advanced back as fees are collected.

## **RISK ASSESSMENT**

The most critical area of risk in this forecast is the enrollment projections. Enrollment is a key driver in the unrestricted aid revenue area or State foundation payments. This will also impact all expenditure areas not only personnel/benefit costs due to new growth but also costs associated with opening new buildings.

If the enrollment comes in under the DeJong projections the district will not come off the SF-3 guarantee which will have a major impact on revenue each year as we move through the five-year forecast. While expenditures will decrease as associated with growth fixed costs will not.