

Westerville City School District

FIVE-YEAR FORECAST

FY 2012 – 2016



May 21, 2012

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Five-Year Forecast
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The “How to Read a Five Year Forecast” below is written by the Ohio Department of Education. After you complete that explanation, the Westerville City School District Five Year Forecast will begin.

HOW TO READ A FIVE-YEAR FORECAST

Tips and Explanations on Understanding a School District’s Forecast

INTRODUCTION

Recognizing the importance of discussing school district finances, the Ohio Department of Education (ODE) has developed this guide to assist teachers, administrators, Boards of Education, community members or other individuals in developing a general understanding of a school district’s five-year forecast. Additionally, this document includes ODE’s perspective of the forecast’s purpose, O.R.C. and O.A.C. requirements for school district forecasts, definitions of key terms, an expectation of key lines, some general beliefs on what a “good” forecast should contain, and a line-by-line explanation of the forecast (see Appendix for a complete line-by-line description)

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/ replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a **key management tool** and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years’ projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the *Assumptions to the Financial Forecast* before drawing conclusions or using the data as a basis for other calculations. The assumptions are very important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected. Individual district forecasts are posted on the ODE Web site at: <http://www.ode.state.oh.us> >finance and grants >school district financial status >five year forecasts. The Assumptions can either be included in the forecast itself or in a PDF file posted separately.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

PURPOSES/OBJECTIVES OF THE FIVE-YEAR FORECAST

Here are at least three purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long range planning and discussions of financial issues facing the school district
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
- (3) To provide a method for the Department of Education and Auditor of State to identify schools districts with potential financial problems

O.R.C. and O.A.C. REQUIREMENTS

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to submit a five-year projection of operational revenues and expenditures along with assumptions to the Department of Education prior to October 31 of each fiscal year and to update this forecast between April 1 and May 31 of each fiscal year. ODE encourages school districts to update their forecast whenever events take place that will significantly change the forecast.

Required funds to be included in the forecast are:

- General funds (001)
- Any special cost center associated with general fund money
- Emergency levy funds (016)
- Any debt service (002) activity that would otherwise have gone to the general fund
- Education Jobs Fund (504)

DEFINITIONS

Following are some definitions of terms commonly used to discuss the five-year forecast:

412 Certificates – ORC 5705.412 requires the treasurer, superintendent, and president of the board of education to certify that adequate revenues will be available to maintain all personnel and programs for the current fiscal year and for a number of days in the succeeding fiscal years. 412 Certificates must be attached to:

- Appropriations for the current fiscal year
- Qualifying contracts covering the term of contract
- Wage and salary schedule for the term of contract
- Negotiated agreement(s) and contracts for benefits

Encumbrances – Money obligated to pay for any purchase. An end of year encumbrance is money obligated in the current fiscal year to be paid in the next fiscal year.

Expenditures – The spending of any public money for a specified purpose as approved by the BOE policy and procedures.

Fiscal Year – In education and state government, the fiscal year runs from July 1 through June 30, and each fiscal year is dated by the ending date. Example: FY12 would start July 1, 2011 and end June 30, 2012.

Revenues – Receipts generated from property taxes, school district income taxes, state foundation formula, and local monies (such as donations, fees, tuition, etc.).

KEY LINES

The five-year forecast is divided into two sections: revenue and expenditures. A district's revenue is made up of two main sources, local and state funding. The expenditures are mainly salary and wages, benefits, and purchased services. The following is a brief explanation of some of the key lines with a line-by-line explanation in the Appendix.

Revenue

1.010 General Property Taxes – Every three years, school districts rotate having reappraisals and triennial updates performed by the County Auditor's Office. Since taxes are collected and distributed on a calendar year, the first fiscal year following a reappraisal or a triennial update will only generate one-half of the increase resulting from the reappraisal or triennial update (January – June distribution).

Aside from a district's typical trend in valuation, the district may experience fluctuations for other reasons.

An upward spike in this line item could be caused by the passage of a new levy. Again, since taxes are collected and distributed on a calendar year, the first fiscal year following the election will only generate one-half of a typical year's proceeds.

A downward spike in this line item could indicate that an existing levy is up for renewal in which case the proceeds from this levy are relocated on the five-year forecast to line 11.02 until such time as the levy is either passed (and the proceeds are moved back up to line 1.010) or the renewal of the levy is no longer an option for the district.

A school district that takes a tax advance against its next fiscal year's collection could have fluctuations in either direction. The Assumptions to the forecast should explain these fluctuations in detail.

1.030 Income Taxes – When a school district passes an income tax levy, the tax becomes effective on the following January 1. The first payment will be received by the school district in April of that year (a relatively small payment). It will take 1 ½ years (six quarters) for the school district to receive the full amount of taxes liable from the first year it is levied because of the collection process. School districts will receive four income tax payments per calendar year, one each in January, April, July, and October.

1.035 Unrestricted Grants in Aid – This line represents the State Basic Aid to schools as defined in the current year's budget bill. The state budget is adopted in odd numbered years and implemented beginning in even numbered fiscal years. FY12 funding for school districts is based on a transitional approach referred to as the "Bridge" formula. Line O, P and Q on the Bridge funding report is the calculation to be used on the five-year forecast.

Expenditures

3.010 – Personnel Services – Since schools are service oriented entities, salaries and wages represent the bulk of school district expenditures. Fluctuations may occur due to reductions in force, negotiated salary schedule changes, retirement levels, or changes in enrollment which may cause the required staffing levels to fluctuate.

3.020 – Employee Retirement/Insurance Benefits – Some components of this line item, such as retirement contributions and Medicare, will have a direct correlation to the Personnel Services line item. Factors that could cause inconsistencies from year to year might include increased health insurance costs, future employee contributions toward medical costs, early retirement incentives (ERI), premium holidays, insurance claim pay outs, etc.

3.030 – Purchased Services – This line includes open enrollment (students leaving the school district), community schools, tuition, legal fees, utilities, and any contracted service. If a district contracts certain services (transportation, maintenance, janitorial services, etc) its ‘personnel service’ component (line 3.010) and ‘employee retirement/insurance benefit’ (line 3.020) will be lower percentages in relation to purchased services than if the district employs those service personnel directly.

Balances

6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses - Line 2.080 minus 5.050. This line can be used to get a good sense of a school district’s fiscal health. A positive number indicates that a school district spent within its revenue for that fiscal year. A negative number indicates that a district’s expenditures exceeded the revenue generated for that fiscal year resulting in a reduction to any surplus the district holds, or in the worst-case scenario, a deficit. A district experiencing several years of “overspending” will almost always experience fiscal concerns or insolvency. **Pay great attention to this line!**

7.020 Ending Cash Balance – This line represents the total cash balance without including reservations or outstanding obligations. In ODE’s experience, school districts should attempt to maintain a 30 – 60 day cash reserve.

This is the end of the Ohio Department of Education Review.

Five Year Forecast For The Westerville City School District.

The main driver in our allocation of resources is the alignment of those funds to the district goals. The five goals are as follows:

- **GOAL 1: Every student achieves educational success**
 - Provide a context so that every student has the opportunity to reach his/her highest potential.
 - Create a framework to allow students to be prepared for economic self-sufficiency beyond formal schooling.
- **GOAL 2: Learning and working environments are safe, nurturing and efficient.**
 - Based on the needs, expectations and priorities of our students, staff and community, our customers:

- Create and maintain environments that inspire and support successful learning and delivery of educational services.
 - Deliver quality services that satisfy the customer.
- **GOAL 3: The best staff are recruited, selected, developed and retained.**
 - Select highly qualified staff.
 - Support and develop the specific performance of each staff member.
 - Link staff performance with the success of the district.
 - **GOAL 4: Community, parents, students and staff are engaged as partners in education.**
 - An aligned communication plan engages the district's staff and community, develops a mutual understanding of each other's needs, and results in support for district and community initiatives.
 - **GOAL 5: Financial resources are maximized to support educational success.**
 - Seek alternative funding sources.
 - Improve internal processes to maximize efficiencies.
 - Use all resources wisely.

Revenue:

- Local revenue is generated by passing school levies.
- State /Federal stimulus money in the amount of \$2,531,191 was eliminated for the 2011-2012 school year. This \$2,531,191 stimulus money is not the same as the Ed Jobs stimulus money which amounts to \$1,540,849. In 2012-2013, the state predicts that we will receive the same amount of basic aid that we will receive in this Fiscal Year 2012. In 2013-2014 and 2014-2015 and 2015-2016 state funding is projected to remain the same.
- The phase-out of Tangible Personal Property Tax is being accelerated. Instead of starting in Fiscal Year 2014 as in previous law, the phase out will begin in Fiscal Year 2012. In this Fiscal Year 2012 we will lose \$2,724,926. The amount phased out in Fiscal Year 2013 will be \$2,219,965 and the remaining amount of \$504,961 will be eliminated in Fiscal Year 2014.

The 6.71 Mill 5 Year "Emergency" levy passed March 8, 2012 will generate \$16.5 million dollars per year. This levy will begin collections in January 2013.

As stated in our presentations, even though the levy passed, we will only be able to bring back approximately \$7.5 million dollars worth of programs.

Expenditures:

- Salaries and Benefits for employees were previously negotiated with all unions through Fiscal Year 2012. The Teachers Union (WEA) agreed to reduce their base salary increase this year by ½. They also agreed to reduce their step increases by ½. This saved the district approximately \$1.4 million dollars this year...

- For the beginning of the 2011/2012 school year the district reduced the teaching staff by eight positions. To fill the positions of retired employees, we tried to hire only beginning teachers that were at Step BA O which meant another savings of approximately \$1.7 million dollars. For the 2012/13 school year we do not show any additional staff being hired.

NATURE AND PURPOSE OF THE PRESENTATION

The five-year forecast was created by the 122nd General Assembly in 1997-98 via Am. Sub. H.B. 412. It serves three primary purposes:

- To provide a standardized tool for long range planning at the local level.
- To serve as a basis for determining a district's ability to sign the "412" certificate.
- To provide a method for the Ohio Department of Education and the Auditor of State to identify districts headed toward financial difficulties.

Statutorily, we are required to update this model bi-annually. The first filing shall be on or before October 31st and the second filing shall be between April 1st and May 31st of each fiscal year. The May 31st filing is an update of the one filed October 31st.

Additional statutory references governing the five-year forecast can be found within the following:

- Ohio Revised Code Section 5705.391
- Administrative Rule 3301-92-04
- Auditor of State Technical Bulletin 98-015

BASIC PHILOSOPHY

The five-year forecast requires District management to evaluate potential long-term outcomes when making current decisions relative to new initiatives and fund existing programs and services over multiple years. In doing so, the multi-year budgeting process lends itself to meeting both short and long-term goals while maintaining financial solvency.

This forecast represents a series of assumptions or estimates of future economic, legislative, and market conditions. It is a "snap shot" of variables known or assumed at a particular point in time. Because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

BASIS OF ACCOUNTING

This financial forecast has been prepared on the cash receipts and disbursements basis of accounting, which is the required basis (non-GAAP) of accounting used for budgetary purposes. Under this method, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligations are incurred. Under Ohio law, the District is required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

FUND ACCOUNTING

The District maintains its accounts in accordance with the principles of “fund” accounting. Fund accounting is used by governmental entities, such as school districts, to report the financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions and activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stand separate from the activities reported in other funds. The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

BUDGET METHODOLOGY

The District utilizes the function/object approach to school district budgeting. This approach organizes the budget around major functions in the district – primarily instructional and supporting services. By design, this program structure closely matches the way in which responsibilities are assigned and results in an effective and efficient budgeting structure with clear lines of authority and accountability.

DESCRIPTION OF THE ORGANIZATION

The District is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education. Under Ohio law, the District is a separate and distinct unit of government. The Westerville City School District Board of Education is a five-member board elected at-large, with staggered four-year terms and serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed.

The District serves an area of approximately 52 square miles in northeastern Franklin and southern Delaware counties. Westerville City Schools educates approximately 15,000 students, is the 12th-largest district in Ohio and earned a rating of “Excellent with Distinction” from the Ohio Department of Education on the most recent State Report Card. The district operates 16 elementary schools, four middle schools, three high schools, and Early Learning Center and an

Academic Enrichment Center. All three district high schools recently were identified by Newsweek magazine as being among the best high schools in America. The district regularly earns the “What Parents Want” in education designation from School Match, which recognizes districts that provide the curriculum and an academic rigor parent’s desire most for their children.

The District employs approximately 1,743 full-time and part-time employees (FTE’s). Certified employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Westerville Education Association (WEA). Support employees, including cooks, custodians, warehouse, maintenance and HVAC service technicians are represented by OAPSE Local #138. Support employees, including bus drivers and mechanics are represented by OAPSE Local #719. Support employees including secretaries, clerks and study hall/building duty monitors are represented by Westerville Educational Support Staff Association (WESSA)

FISCAL PROJECTIONS (2012 through 2016)

This financial projection presents the expected revenues, expenditures and fund balance of the “General Fund” of the Westerville City School District for each of the fiscal years including July 1, 2011 through June 30, 2016, with historical information presented for fiscal years ended June 30, 2009, 2010, and 2011 that are based upon the school district's fiscal year-end annual cash reports (4502) filed with the Auditor of State.

GENERAL ASSUMPTIONS

A series of general assumptions were developed in order to arrive at the individual income and expense amounts. Though these assumptions may not be specific to the district operations, they do provide a back drop of national and regional issues that have an indirect impact on the District.

STATE

- As is required by law, the state’s 2-year or biennial budget must identify the key revenue expectations & expenditure priorities for the state and must be balanced and cannot display a deficit.

Among the countless line-items within the budget bill, tax reform and changes to the school foundation program will have the most significant impact on our District.

The tax reform measures were developed in large response to Ohio’s historical and current dependence on the manufacturing sector of the economy. As Ohio has continued to evaluate how it might better position itself with respect to economic development or growth within this sector, one noticeable competitive disadvantage has been the disproportionately high property tax burden placed on businesses in Ohio. With that said, HB66 seeks to dramatically overhaul the taxing structure in

Ohio and these tax changes will impact our District as follows:

The phase-out & reimbursement schedule originally associated with the tangible personal property business taxes are as follows:

PHASE OUT OF BUSINESS TANGIBLE PROPERTY

- The phase-out of property taxes on existing business machinery and equipment.
 - Calendar year 2005 – 25% of assessed value
 - Calendar year 2006 – 18.75% of assessed value
 - Calendar year 2007 - 12.5% of assessed value
 - Calendar year 2008 – 6.25% of assessed value
 - Calendar year 2009 – exempted

- The accelerated phase-out of tax on business inventory
 - Calendar year 2005 – 23% of value taxed
 - Calendar year 2006 – 18.75% of value taxed
 - Calendar year 2007 – 12.5% of value taxed
 - Calendar year 2008 – 6.25% of value taxed
 - Calendar year 2009 – exempted

- The phase out of tax on business furniture and fixtures
 - Calendar year 2005 – 25% of assessed value
 - Calendar year 2006 – 18.75% of assessed value
 - Calendar year 2007 – 12.5% of assessed value
 - Calendar year 2008 – 6.25% of assessed value
 - Calendar year 2009 – exempted

- The phase out of telephone company property placed into use after 1995 and all cellular property
 - Calendar year 2005 – 25% of assessed value
 - Calendar year 2006 – 25% of assessed value
 - Calendar year 2007 – 20% of assessed value
 - Calendar year 2008 – 15% of assessed value
 - Calendar year 2009 – 10% of assessed value
 - Calendar year 2010 – 5% of assessed value
 - Calendar year 2011 – exempt

- The phase out of legacy telephone company property placed into use before 1995
 - Calendar year 2005 – 67% of assessed value
 - Calendar year 2006 – 46% of assessed value
 - Calendar year 2007 – 20% of assessed value
 - Calendar year 2008 – 15% of assessed value
 - Calendar year 2009 – 10% of assessed value
 - Calendar year 2010 – 5% of assessed value
 - Calendar year 2011 -- exempted

In 2012 the state changed this formula so that the amount of TPP losses was the equivalent of 2% of your general operating budget. At this rate we will lose all of our TPP revenue by the end of Fiscal Year 2014 instead of 2018 as in previous state law.

What follows are the **key changes** to the funding formula impacting the Westerville City School District since Fiscal Year 2005.

- **Cost of Doing Business Factor** – was eliminated by fiscal year 2008. The cost-of-doing-business factor (CODBF) attempted to address the employee cost disparities of operating within the 88 counties in Ohio. The CODBF range has historically been 7.5% to 0%. The specific CODBF factor for Westerville City School District was as follows:
 - *FY05 – 6.08%*
 - *FY06- 4.05%*
 - *FY07 – 2.03%*
 - *FY08 – eliminated*

Now not only has the Cost of Doing Business Factor been eliminated it has been replaced with an “Education Challenge Factor”. This factor is based on following three characteristics:

- (1) The college attainment rate of the school district’s population;
- (2) The district’s wealth per pupil, based on property valuation and federal adjusted gross income;
- (3) The district’s concentration of poverty, based on its targeted poverty indicator.

For the Westerville City School District our ECF is .96375 (The state average is 1.22)

- **Average Daily Membership** - the October count for determining the number of students to include in the State Funding formula. This system will contain an October count for the purposes of determining state aid. Due to House Bill 1 that passed in the summer of 2009 schools are now funded based on “organizational units”.
- **Charge-Off Valuation** – the state foundation formula includes a 22-mill charge-off multiplied by local property valuation to represent a school district’s share of a state determined cost of a basic public education. HB66 now requires this calculation to include certain tax-exempt property only if the public school district was successful in negotiating a taxes in-lieu-of-payment with a political subdivision – (i.e. city, county, etc.)

The collective effect on the Westerville City School District of the four key changes to the state foundation-funding program is that the formula no longer works and that the state of Ohio will be sending to us “hold-harmless” payments based on either a total or per-pupil FY2009 level, whichever is less. This was also known as the “per

pupil guarantee” until June 30, 2007. As of July 1, 2007 the name was changed to “Transitional Aid Guarantee”. There is no guarantee this provision will stay in the budget however school officials believe it will. Therefore we are keeping the “Transitional Aid Guarantee” in place as one of our assumptions.

- The current Ohio state budget HB1 was approved in July 2011 for fiscal year 2012 and the next fiscal year 2013. The state is now using an “Evidence Based” budget instead of a per-pupil based budget and there are numerous school funding changes. At this time we have built this forecast around the laws that are now in place. We have tried to capture those changes in this forecast.
- A new budget bill (153) for the current biennium, FY 12-13 is currently signed into law and will be effective for the next two fiscal years. This new budget bill shows the Westerville City School District being reduced approximately \$2,724,926 dollars in Fiscal Year 2012 and then an additional amount of \$2,219,965 in Fiscal Year 2013. For Fiscal Year 2014 we still should receive the final amount of \$504,961. This final amount is at risk if the current legislation is not carried forward into the next biennium. Currently under budget bill 153, the loss of Tangible Personal Property was suspended through Fiscal Year 2013.

LOCAL

- Enrollment projections (including movement of students from building to building and grade to grade) are assuming that we still growing as a school district. These figures are based on the annual enrollment projections done by our business office.
- There will not be any additional exemptions, abatements, incentive districts, etc. associated with any parcels located within the district boundaries that will have an adverse impact on the district.

GENERAL FUND INCOME ASSUMPTIONS

Note 1: Property Taxes

Real Estate Taxes (Line 1.01) and Tangible Personal Property Taxes (Line 1.02): Property taxes are levied and assessed on a calendar year basis against real, public utility and tangible personal (used in business) property located in the District. Assessed values for real property taxes are established by state law at 35 percent of the appraised market value. All real property is required to be revalued every six years with three year updates. The last reappraisal for Franklin and Delaware County was in Calendar Year 2011 at which time the values decreased by 6.9% in Franklin County and 6.5% for Delaware County. The next reappraisal will be in Calendar year 2014.

HB66 – Tangible Personal Property phase-out (HB66)

House Bill 66 phases out the tax on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, school districts and local governments are reimbursed full for lost revenue: In the following seven years, the reimbursements are phased out.

In the first 5-years of the reimbursement period (Tax Year 2006 to Tax Year 2010), the district will be fully (100%) reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by HB66. Beginning in Tax Year 2011 and continuing to Tax Year 2018, the reimbursements back to the Tax Year 2004 base year will be phased-out to zero, with the underlying assumption of the Ohio General Assembly that these lost taxes will be made up through other local property taxes – namely residential property taxes or by reductions to expenditures. **Due to the passage of HB1 in Calendar Year 2009, the state was going to extend the payments we would have received in FY11 to both FY 12 and FY 13. But in Fiscal Year 14 we would still end up where we were originally going to end up.**

- **However a new budget bill has been passed for Fiscal Years 2012 and 2013. This new budget bill accelerates the loss of Tangible Personal Property tax faster than anticipated.** This new budget bill shows the Westerville City School District being reduced approximately \$2,724,926 dollars in Fiscal Year 2012 and then an additional amount of \$2,219,965 in Fiscal Year 2013. For Fiscal Year 2014 we still should receive the final amount of \$504,961. This final amount is at risk if the current legislation is not carried forward into the next biennium. Currently under budget bill 153, the loss of Tangible Personal Property was suspended through Fiscal Year 2013.

House Bill 920

In 1976, during periods of high inflation, the Ohio General Assembly passed House Bill 920. This law provides that real property owners receive tax credits equal to any tax increase caused by an increase in the value of all real property in taxing districts as a result of reappraisal, update, or readjustment. This does not apply to inside non-voted millage, tangible property, or new construction. In effect, House Bill 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

It is important to note that the District voted current expense millage is continuing and subject to the reduction effect caused by HB920. Finally, the District can only realize growth in its property tax collections per the following:

- Increased tax collections from inside millage caused by growth in Assessed Valuation
- Real Property Improvements (New Construction)

- Net Increases in business investments (eliminated as a result of HB66)
- Passage of additional property levies or income tax levies

Notwithstanding the previous commentary, tax calculations are based on two key elements – assessed valuation times a millage or tax rate.

The chart below lists the Year the levies were passed, the “Voted Millage” and the “Effective Millage” of each levy for the Westerville City School District and the corresponding “Inside” Mills and “Outside” Mills for the “General Fund”.

Year	Type	Full Voted Levy Rate	2010 Effective Rate for 2011 Collections	Potential 2011 Revenue	2011 Effective Rate for 2012 Collections	Potential 2012 Revenue	Revenue Difference
n/a	Inside	3.80	3.80	\$ 7,577,503	3.80	\$ 7,055,413	\$ (522,090)
Note: Inside Millage losses are accounted for in the five year forecasting spreadsheet							
1976	Outside	4.20	1.18	\$ 2,359,458	1.27	\$ 2,359,458	\$ -
1976	Outside	3.10	0.87	\$ 1,741,495	0.94	\$ 1,741,495	\$ -
1976	Outside	3.90	1.10	\$ 2,190,868	1.18	\$ 2,190,868	\$ -
1976	Outside	4.40	1.24	\$ 2,471,851	1.33	\$ 2,471,851	\$ -
1982	Outside	9.60	3.56	\$ 7,098,972	3.82	\$ 7,098,972	\$ -
1988	Outside	5.50	2.51	\$ 5,010,298	2.70	\$ 5,010,298	\$ -
2002	Outside	9.20	7.11	\$ 14,186,344	7.64	\$ 14,186,344	\$ -
2006	Outside	10.30	10.30	\$ 20,539,020	10.30	\$ 19,123,882	\$ (1,415,139)
2009	Outside	11.40	11.40	\$ 22,732,508	11.40	\$ 21,166,238	\$ (1,566,270)
0	Outside	0.00	0.00	\$ -	0.00	\$ -	\$ -
0	Outside	0.00	0.00	\$ -	0.00	\$ -	\$ -
0	Outside	0.00	0.00	\$ -	0.00	\$ -	\$ -
0	Outside	0.00	0.00	\$ -	0.00	\$ -	\$ -
0	Outside	0.00	0.00	\$ -	0.00	\$ -	\$ -
0	Outside	0.00	0.00	\$ -	0.00	\$ -	\$ -
0	Outside	0.00	0.00	\$ -	0.00	\$ -	\$ -
Potential Impact On Revenue Not In Spreadsheet							\$ (2,981,408)

Because “Levy Millage” can never go higher than originally approved, Westerville City Schools will lose approximately \$3 Million dollars in Calendar Year 2012 and beyond.

The charts and graphs on the next page are taken from a 5 Year Forecast program. These numbers represent the assumptions for this line number associated with the 5 Year Forecast at the end of this document.

1.01 Real Estate Revenue	WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY				
PROJECTIONS					
	Projected				
	2012	2013	2014	2015	2016
Actual Amount Received in Prior Year	92,118,213	90,798,402	95,920,424	103,055,352	103,196,275
Be sure to complete the Levy Devaluation Worksheet to determine if you need to enter millage adjustments for negative Reappraisal/Updates and BOR's.					
Adjustments to prior year amount:					
% Increase in Valuation Due to New Const.	-0.44%	-0.40%	0.16%	0.16%	0.16%
Dollar Increase due to new construction.	-403,071	-359,591	143,797	140,562	144,527
Val Updates & Re-appraisals (if at millage floor)	0	0	0	0	0
Val Updates & Re-app. (if above millage floor)	-293,236	-254,153	0	0	0
Non-Renew Millage Levy - Revenue Loss	(1,353,856)	(1,284,211)	0	0	0
Non-Renew Emerg/Subst Levy - Base Rev Loss	0	0	0	0	0
New Millage Levies Already Approved	0	0	0		
New (Grwth) Emerg/Subst Levies Already Approved	0	7,369,977	6,991,131	361	370
SUBTRACT Previous Year's Tax Advances					
Add Current Year's Tax Advances					
Year-to-date 1sthalf Increase	730,352	(350,000)			
Verify Decreases, Collections could improve need trends to adjust					
Analysis of Projected Levy Variables					
Using Information from Modeling Worksheet					
Prop. Tax Renewal / Replacement					
Ag / Res Millage (Renewal)	-	-	-	-	-
Comm / Ind Millage (Renewal)	-	-	-	-	-
11.02 R.E. Collect (Renewal) Above Millage Floor	0	0	0	0	0
11.02 Emerg/Subst Renew Collections - R.E.	0	0	0	0	0
Total Projected (NO NEW MILLAGE)	90,798,402	95,920,424	103,055,352	103,196,275	103,341,171
Gain From Millage Levy Replacement					
Ag / Res Millage Gain	-	-	-	-	-
Comm / Ind Millage Gain	-	-	-	-	-
13.02 R.E. Collections (Replacement Gain)	0	0	0	0	0
Prop Tax New / Year					
Millage (New)	-	-	-	-	-
13.02 Real Estate Collections (New)	0	0	0	0	0
13.02 New Emerg/Subst Collections - R.E.	-	-	-	-	-
Total Projected With NEW MILLAGE	90,798,402	95,920,424	103,055,352	103,196,275	103,341,171
Total RE Carried to TOP of 5year	90,798,402	95,920,424	103,055,352	103,196,275	103,341,171
Projected Real Estate Valuations	2,261,818,730	2,263,675,845	2,269,066,863	2,270,931,225	2,276,343,284
Percentage Change in Valuation	-6.58%	0.08%	0.24%	0.08%	0.24%
Real Est. Valuation as a Percentage of Total Valuation	98%	98%	98%	98%	98%
Residential/Ag Effective Millage	44.3271	44.3271	44.3271	44.3271	44.3271
Commercial/Ind. Effective Millage	46.1343	46.1343	46.1343	46.1343	46.1343
© 2009 BAIRD-SBS		5/14/2012 13:33			Note - 1.01

Note 2: Recently passed 5 Year “Emergency Levy”

On March 6, 2012 the Westerville City School District passed a new 6.71 Mill 5 Year “Emergency” levy that will generate approximately \$16.5 million dollars per year. This levy will begin to be collected in January 2013. This levy would have to be renewed or replaced in 5 years in order to continue.

Note 3: State Sources

STATE FOUNDATION (Line 1.035 Unrestricted Grants-in-Aid)

State Foundation payments under the Ohio Revised Code are calculated by the State Department of Education on the new “Evidence Based Model”. This new model is based on:

- Number of Funded Students,
- Number of Organizational Groups by Elementary, Middle and High School
- Number of School Buildings
- Total Adjusted Assessed Property Value
- Measure of the Community’s Educational Challenge Factor

The State Foundation is comprised of three key elements: 1.) Total state “basic” aid, 2.) Additional items to arrive at the foundation level, and 3.) Items funded outside of the foundation level. Each element includes a series of complex calculations. For the purpose of this forecast,

The total State Foundation assumes no growth in categories of funding beyond the calculations to arrive at the net basic aid.

The basic aid amount was developed in accordance with the per pupil funding level determined for FY 2011/12 to be \$5,732. This rate will stay the same for FY 12. This base cost could change as the mechanics and application of the building blocks approach is applied in future periods. However since Westerville City Schools have been growing in enrollment over the past several years we will still will only receive the same amount of basic aid that we received last year. This is known as “**Transitional Aid**”. Keep in mind that the **Transitional Aid “Guarantee”** is not actually guaranteed by the Ohio Constitution and is only in law. The laws could be changed if the legislature wanted to change them and this Transitional Aid Guarantee would be gone.

Pupil enrollment is a significant element in the overall calculation of state aid. Enrollment refers to the number of students registered with the District as intending to attend school. Average Daily Membership (ADM) is the number of full-time equivalent (FTE) students for which the State funds the District. A district’s ADM is usually lower than its overall student enrollment and this is largely due to the way the State calculates its FTE, unexcused absences during count week, Kindergarteners counted as ½ FTE, Vocational students, etc. **Another big change in House Bill 1 is the way students are valued. For example the state is no longer using a student based model which attaches a dollar amount to the student but instead are now using “Evidence Based” funding. This evidence base funding will now look at “organizational units” and fund the schools based on those units. As of April 2012 we have been informed that the new Governor is going to develop another funding formula for Fiscal Year 2014.**

For the purpose of this projection, the pupil enrollment for Fiscal Year 2012 is based on the number of students enrolled as of October 2011 shows that we have 15,020 students.

1.035 Unrestricted Grants-In-Aid (All 3100's except 3130) WESTERVILLE CITY SCHOOL DISTRICT -- FRANKLIN COUNTY					
PROJECTIONS					
SF Worksheet (from 5yearsupplemental.xls) -- For Information Only					
PROJECTION WORKSHEET	2012	2013	2014	2015	2016
(L) Preliminary Foundation	29,334,729	29,673,845	29,673,845	29,970,584	30,420,142
(M) Supplemental Guarantee	148,048	-	-	-	-
(N) Subsidy for High Performing Districts	260,524	-	-	-	-
Note: 2011 Per Pupil Amount \$2,111 2011 Enrollment -					
Less Career Tech	(123,526)	(124,452)	(125,385)	(126,326)	(126,326)
(P) Preschool Units	284,116	270,221	270,221	270,221	270,221
(Q) Special Education Transportation	466,581	333,604	333,604	333,604	333,604
Special Education Transportation Reduction					
(R) Educational Service Center					
(S) Open Enrollment Adjustments					
(T) Transfer for Students Educated by Com. Schls					
(W) Other Adjustments (Verify)					
Casino Revenue - Unknown at this point					
Supplemental Guarantee Changes - unknown					
Total Projected	30,370,473	30,153,219	30,152,286	30,448,083	30,897,642
© 2009 BAIRD-SBS		5/18/2012 10:43			Note - 1.035

RESTRICTED GRANTS -IN-AID (Line 1.040)

This category includes restricted state aid for Career Tech students. Beginning with Fiscal Year 2012, the Federal Stimulus money in the amount \$2,531,191 was eliminated. This money was reflected in fund 532 but is part of this forecast.

For Fiscal Year 2012 we do have a Federal Grant in the amount of \$1,540,849 that can only be used for teaching staff jobs that would otherwise have been eliminated. This grant is a onetime grant only.

1.04 Restricted Grants-in-Aid (All 3200's)	WESTERVILLE CITY SCHOOL DISTRICT -- FRANKLIN COUNTY				
PROJECTIONS					
	Projected				
	2012	2013	2014	2015	2016
Projected Not Based Upon Prior Year					
Enter Total Estimates For Each Year:					
Residual EdJobs Money	1,540,849	-			
Career Technical	123,526	124,452	125,385	126,326	126,326
Total Projected	1,664,375	124,452	125,385	126,326	126,326
© 2009 BAIRD-SBS		5/18/2012 10:41			Note - 1.04

HOMESTEAD AND ROLLBACK (Line 1.050 Property Tax Allocations)

The projections for the Homestead and Rollback payments are based upon its historical relationship to actual tax collections. HB66 provided for the repeal of the 10% Rollback on Class II Real Property (Business Real) and therefore businesses will realize a 10% real property tax increase. The net impact of the legislative change, however, represents a tax shift to businesses and not a tax loss to the District and will be represented in this category as a lowering of the FY2011/12 base level and a corresponding offsetting increase in business real (Class II) property tax receipts.

The way the rollback works is as follows: The state of Ohio pays 10% of your school related property tax in the form of a tax credit, because you are a resident of Ohio. The school district still receives the full amount of the tax levy but the 10% comes from the state.

Homestead Exemption – The following information is from the “Ohio Department of Taxation” Web page.

In 2007, state leaders expanded the homestead exemption to make property tax relief available to more than a half million additional senior citizens and permanently and totally disabled Ohioans.

The homestead exemption dates back to 1971 and has long offered those who qualify the chance to shield part of their “homestead” — a dwelling and up to one acre — from property taxation. But for years, most senior citizens and disabled Ohioans were excluded because of income tests.



The redesigned exemption offers all eligible homeowners, regardless of income, the opportunity to shield up to \$25,000 of the market value of their homestead from property taxation. That means a home valued at \$100,000 will generally be taxed as if it was valued at \$75,000. On average, those who qualify are saving \$400 per year.

The catch? Seniors and disabled Ohioans must apply with their local county auditor in order to take advantage of the homestead exemption. Applications can be submitted in any year after the first Monday in January and on or before the first Monday in June. **During 2012, county auditors will be accepting applications from Jan. 4 through June 6.**

The expanded homestead exemption is available to all homeowners 65 and older and all totally and permanently disabled homeowners. For details, see the links below.

- [Homestead exemption application](#) — Eligible homeowners must submit an application form to their county auditor. The form, DTE 105A, is available here or from your county auditor

The charts and graphs on the next page are taken from a 5 Year Forecast program. These numbers represent the assumptions for this line number associated with the 5 Year Forecast at the end of this document.

1.05 Property Tax Allocation		WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY				
PROJECTIONS		Projected				
	2012	2013	2014	2015	2016	
Actual Amount Received in Prior Year	17,240,276	13,928,380	12,984,587	13,938,408	13,959,223	
Adjustments to prior year amount:		Be sure to complete the Levy Devaluation Worksheet to determine if you need to enter millage adjustments for negative Reappraisal/Updates and BOR's.				
Projected 10% Rollback Increase Based Upon Valuations	-22,068	-31,004	16,271	15,874	16,335	
Projected 2.5% Rollback Increase Based Upon Valuations	-3,560	-5,485	2,878	2,808	2,890	
Projected Homestead Increase Based Upon Valuations	-2,642	-4,071	2,137	2,084	2,145	
Non-Renew Millage Levy - Prop Tax Alloc Rev Loss	(180,589)	(171,299)	-	-	-	
Non-Renew Emerg/Subst Levy - Prop Tax Alloc Rev Loss	-	-	-	-	-	
Subtract Previous Year's Direct HB 66 Pmt.	(4,944,891.00)	(2,219,965.00)	0.00	0.00	0.00	
Add Current Year's Direct HB 66 Pmt.	2,219,965.00	504,961.00	0.00	0.00	0.00	
New Millage Levies Already Approved	0	0	0			
New (Grwth) Emerg/Subst Levies Already Approved	0	983,069	932,535	48	49	
Discontinuation of electric dereg.	(378,112)					
Total Projected (NO NEW MILLAGE)	13,928,380	12,984,587	13,938,408	13,959,223	13,980,641	
Total Projected With NEW MILLAGE	13,928,380	12,984,587	13,938,408	13,959,223	13,980,641	
Total Tax Alloc Carried to TOP of 5year	13,928,380	12,984,587	13,938,408	13,959,223	13,980,641	
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This sheet reflects the amount of Tangible Personal Property tax money we are losing. We lost \$2.7 million in FY 2012 and we will lose \$2.2 million in FY 2013 and the final \$504,961 in FY 2014. We were expected to lose this over 6 years. In the last budget bill, it was accelerated to where we will have lost it all beginning FY 2014.

Note 4: Other Sources (Line 1.060 All Other Revenues)

INTEREST INCOME

Interest income is directly correlated to current and anticipated market conditions such as inflation, economic growth, global issues etc. So Far in Fiscal Year 2012 the interest rates have been around .1% to .30% and we are not expecting this to change.

MISCELLANEOUS INCOME

This category includes tuition income, fee collections, rental income, and all other local income sources. This category includes the activity fee as well as the pay to participate fees in an attempt to defray a portion of the co-curricular and extra-curricular costs.

TRANSFERS AND ADVANCES

It is assumed that transfers will be consistent with historical trends and advances and will be minimized through sound financial management of the other non General Fund accounts. In the past several years, it has been a common practice to advance funds from the General Fund to cover negative balance in Federal Funds due to timing of cash requests. The assumption for Fiscal Year 2012 is that we will not advance money into our Federal Funds and therefore not have to transfer money the money back into the General Fund once that federal money is received.

The charts and graphs on the next page are taken from a 5 Year Forecast program. These numbers represent the assumptions for this line number associated with the 5 Year Forecast at the end of this document.

1.06 All Other Revenue except 1931, 1933, 1940, 1950, 510 WESTERVILLE CITY SCHOOL DISTRICT -- FRANKLIN COUNTY					
PROJECTIONS					
	Projected				
	2012	2013	2014	2015	2016
Actual Amount Received in Prior Year	4,620,656	4,666,863	4,713,531	4,760,667	4,808,273
Adjustments to prior year amount:					
Annual Percentage Change	1.00%	1.00%	1.00%	1.00%	1.00%
Calculated Dollar Increase (open enroll backed out)	46,207	46,669	47,135	47,607	48,083
Total Projected	4,666,863	4,713,531	4,760,667	4,808,273	4,856,356
© 2009 BAIRD-SBS		5/18/2012 10:50			Note - 1.06

Note 5: Revenue Summary

INCOME ASSUMPTION SUMMARY

The bottom-line changes to the general fund revenue stem largely from the passage of HB1 and recent policy decisions by the Ohio General Assembly. At odds, the need to provide tax relief to businesses to create jobs while undermining the ability of Ohio to continue to provide a well-trained and educated work force. Any gains achieved through the modest growth in real property have been diminished via the reductions to tangible personal property, including the phase-out of the hold-harmless or guarantee payments from the Ohio General Assembly, as they have repealed this vitally important tax structure and in its place is a new system on which the State will become the ultimate beneficiary.

The district is not just experiencing a flat lining of revenue we are actually seeing a decrease in revenue due to the loss of state funding. The long-term impact (FY2014-16 and beyond) is even more damaging as the hold-harmless payments of the Tangible Personal Property were accelerated to be phase-out over the next 3 years coupled with an overall shift in the remaining local tax base.

GENERAL FUND EXPENSES ASSUMPTIONS

Note 6: General Assumptions used to evaluate expenditure categories

The following general fund expense projections are based upon several key assumptions that impact all of the expense categories. They include:

- The change in student enrollment will follow the predictions as made by the school district. Please be reminded that while overall enrollment changes are happening, the movement of students from grade to grade and building to building has an impact on staffing levels as well.

- It is assumed that the general economy will continue to decline further from its current level and that general inflation will trend as previously stated. However, contracted health services, utilities, and liability & insurances for fiscal year 2012 will increase due to their non-discretionary nature.
- The Ohio Legislature and the United States Congress will not impose new unfunded mandates upon the school district.
- Special Ed Costs are continually rising at a higher rate than regular educational costs in part due to increased federal and state regulations, such as early childhood intervention.

The expense categories used in these projections were developed to simplify the presentation of the school district budget.

Note 7: Personnel Services (Line 3.010 Personal Services)

All projections are based upon actual payrolls processed and current year staffing levels that will have a financial effect in FY 2012. The following assumptions were utilized in the development of this projection:

- All future negotiated settlements will not exceed Board of Education parameters and be consistent with compensation packages with comparable districts.
- If we have to hire additional teaching staff due to retirements or resignation, we have always anticipated hiring them at a Masters and 5 Years experience. If possible we will be looking to hire new staff at BA 0. For some harder to fill positions we may need to hire more experienced staff.
- All current certificated and classified positions funded by various local, State, or Federal grants will continue.
- Cost of substitute employees will increase by the same base percentage as those negotiated with the unions representing both certified and classified staffs.
- Supplemental contracts, extended time and overtime will not increase more than the percentage increase in base salaries for each of the fiscal year's projected.
- The numbers reflect the staff reduction, restorations, and a line for additional staffing needs.
- We also had a larger number of retirements this year compared to the past. We had approximately 63 retirements at the end of this school year.

The charts and graphs below are taken from a 5 Year Forecast program. These numbers represent the assumptions for this line number associated with the 5 Year Forecast at the end of this document

3.01 Personal Services	WESTERVILLE CITY SCHOOL DISTRICT -- FRANKLIN COUNTY				
PROJECTIONS					
	Projected				
	2012	2013	2014	2015	2016
Actual Amount Expended in Prior Year	91,934,182	90,711,325	88,438,713	84,664,383	87,207,524
Adjustments to prior year amount:					
Annual Percentage Change (Step & Classification)	1.15%				
Calculated Dollar Increase	1,057,243	0	0	0	0
Annual Negotiated Raises - Blended (%) (all positions)	0.95%	0.00%	0.00%	0.00%	0.00%
Total Negotiated Raises (\$)	874,319	-	-	-	-
Budget Response Planning	(1,932,616)	(4,857,108)	(857,137)	-	-
Adjustment for Budget Requests					
Current Cash Flow/Severance	1,000,000				
Severance/Replacement Staff		(560,800)	(1,208,818)		
Additional Staffing Needs			1,791,625	2,543,141	2,644,866
	-		-		
ARRA Funded Special Education FTE (6)	238,115				
ARRA Funded Intervention FTE (11) BA/1	-				
2012 27th pay		3,500,000			
2012 basis inflated by 27th pay			(3,500,000)		
27 Pay Correction -\$2961,538 & -\$538,462					
2011's 25 Pay Adjustment, 2011 regular contract salary was inflated by 3.85%					
2012 Accelerated payment .45%	(1,891,303)	(251,319)			
8 staff reductions	(568,615)	(103,385)			
Adjustment For Current Year-To-Date Info					
Total Projected	90,711,325	88,438,713	84,664,383	87,207,524	89,852,390
© 2009 BAIRD-SBS		5/14/2012 14:29			Note - 3.01

Note 8: Employees Retirement/Insurance Benefits (Line 3.020)

Benefits include retirement contributions to STRS and SERS, Worker's Compensation payments, severance payments, unemployment insurance payments, hospitalization insurance, prescription drug insurance, dental insurance, life insurance, and Medicare contributions. The following assumptions were utilized in the establishing the benefit projections.

- There will be a continuation of the current fourteen percent employer contributions for both STRS and SERS during each year of the projections.
- The SERS surcharge estimate for each fiscal year is based upon the new threshold effective July 1, 2003, which dramatically increased the base year salary subject to the surcharge will remain as currently modified.
- The District and Union representation through the collective bargaining process has continued to successfully implement a strategy of increased cost sharing measures within the hospitalization, prescription drug, and dental insurance programs, while continuing to provide the same level of benefit coverage to the employee and managing the escalating cost of these expense categories.

Further, it is assumed that the District will continue to exercise additional cost containment measures with the assistance of its insurance consultant to effectively manage the overall insurance program.

3.02 Employees' Retirement/Insurance Benefits		WESTERVILLE CITY SCHOOL DISTRICT -- FRANKLIN COUNTY				
PROJECTIONS		Projected				
		2012	2013	2014	2015	2016
Actual Amount Expended in Prior Year		30,641,047	31,763,743	32,453,089	31,547,200	33,727,538
Adjustments to prior year amount:						
Health Insurance Percentage Increase in Premium		8.22%	7.00%	10.00%	10.00%	10.00%
Calculated Dollar Increase in Premium		1,275,569	1,178,921	1,790,492	1,761,991	1,938,190
	2011					
Salary Driven Fringe % (Retir, Mdcare, Wrk Cmp)	16.45%	16.45%	16.45%	16.45%	16.45%	16.45%
Calculated Retirement System & Other Increases		-201,160	-373,845	-620,877	418,347	435,080
Budget Response Planning		(9,766)	(115,731)	(2,075,503)	-	-
ARRA Funded Special Education FTE (6)		58,053				
Total Projected		31,763,743	32,453,089	31,547,200	33,727,538	36,100,808
© 2009 BAIRD-SBS		5/18/2012 10:55			Note - 3.02	

Note 9: Purchased Services (Line 3.030)

Generally, this category includes amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services that the school district may purchase. What follows is a summary of the most significant categories.

Health Services

This category includes the health services contract as well as registered nurses contract services.

Contracted Professional & Technical Services

This category includes all other contracted professional & technical services related to special education, legal, instructional consultants, audit, and other financial and business services.

Repairs & Maintenance

This category includes all outside non-capital repair of buildings and grounds. It also contains the cost of maintenance agreements for office machinery, classroom equipment, administrative computers, and boiler controls. It is assumed that all capital repairs, renovations and improvement will continue to be funded by the Permanent Improvement Fund.

Rentals

This category includes the cost of rentals throughout the district. This includes instructional programs, the business office, photocopiers, as well as district wide rentals.

Pupil Transportation

This category is for the cost of contracted services to provide all forms of transportation including special education students.

Property & Fleet Insurance

The insurance premiums for fleet insurance, property insurance, boiler insurance, and crime insurance are included in this category.

Utilities

This category includes expenses for garbage services, telephone, electric, natural gas, water and sewer.

Tuition

Tuition payments are made by the Board of Education to other districts for special education students and certain students involving court placements or special programs. Community school costs are also included in this category.

The charts and graphs on the next page are taken from a 5 Year Forecast program. These numbers represent the assumptions for this line number associated with the 5 Year Forecast at the end of this document.

3.03 Purchased Services	WESTERVILLE CITY SCHOOL DISTRICT -- FRANKLIN COUNTY				
PROJECTIONS					
	Projected				
	2012	2013	2014	2015	2016
Actual Amount Expended in Prior Year	20,991,989	18,003,989	18,532,109	19,088,072	19,660,714
Adjustments to prior year amount:					
Annual Percentage Change	0.00%	3.00%	3.00%	3.00%	3.00%
Calculated Dollar Increase (open enroll backed out)	0	540,120	555,963	572,642	589,821
Open Enrollment-Out (Inc / Decr from Prior Year)	0	0	0	0	0
Budget Response Planning	-	-	-	-	-
2nd Semester Reductions	(38,000)	38,000			
FY 13 PD		(50,000)			
Adjustment due to:	1,900,000				
Increase in Spec. Ed. Aids, Staffing, AARA stimulus Fund Reduction					
Increase in Community School Payments timing issue of ESC billing					
Franklin County ESC Deduction	(4,850,000)				
Used to be charged to Purchased Services Now is being charged to "Other Objects"					
Total Projected	18,003,989	18,532,109	19,088,072	19,660,714	20,250,536
© 2009 BAIRD-SBS		5/18/2012 11:21			Note - 3.03

Note 10: Supplies (Line 3.040)

Generally, this category includes amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

Educational Supplies

This category includes instructional supplies, teaching aids, & testing supplies.

Textbooks

This category provides for textbooks and workbooks.

Library Books, Periodicals, & Other Library Related Supplies

This category provides for library books and other consumable supplies in the building libraries.

Office Supplies

This category includes all the consumable supplies used throughout the school district for administrative purposes.

Software

This category provides instructional and administrative software throughout the school district.

Building & Grounds Supplies

This category includes all cleaning & maintenance products for all building and grounds - including paper towels, tissue paper, mops, etc.

Vehicle Supplies

This category includes consumable supplies, and fuel, used for the maintenance of the bus fleet and vehicle fleet.

The charts and graphs below are taken from a 5 Year Forecast program. These numbers represent the assumptions for this line number associated with the 5 Year Forecast at the end of this document.

3.04 Supplies and Materials		WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY				
PROJECTIONS						
	Projected					
	2012	2013	2014	2015	2016	
Actual Amount Expended in Prior Year	2,915,437	3,297,854	3,396,790	3,498,693	3,603,654	
Adjustments to prior year amount:						
Annual Percentage Change	0.00%	3.00%	3.00%	3.00%	3.00%	
Calculated Dollar Increase	0	98,936	101,904	104,961	108,110	
Budget Response Planning	-	-	-	-	-	
Adjustment for FY Budget Requests						
Adjustment For Current Year-To-Date Info	382,417					
Total Projected	3,297,854	3,396,790	3,498,693	3,603,654	3,711,764	
© 2009 BAIRD-SBS		5/18/2012 11:22			Note - 3.04	

Note 11: New & Replacement Equipment (Line 3.050)

Generally, this category includes expenditures for the initial, additional, and replacement of improvement of sites and adjacent ways after acquisition by the school districts, consisting of such work as grading, landscaping, constructing new sidewalks, etc

Computer Equipment

This category includes all instructional and administrative technology purchases for the school district.

Other Equipment

This category includes both educational, administrative, and maintenance equipment purchases.

School Buses

The school district used to receive money from the state that was to be set aside to purchase new busses. As of Fiscal Year 2010 we no longer receive this "General fund-Bus Allowance". The anticipated cost per bus is approximately \$75,000. We are currently on a 14 Year replacement cycle. This means we should be purchasing approximately 13 buses per year. Money to purchase these buses comes from the Permanent Improvement Fund (003) not the General Fund.

The charts and graphs below are taken from a 5 Year Forecast program. These numbers represent the assumptions for this line number associated with the 5 Year Forecast at the end of this document.

3.05 Capital Outlay		WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY				
PROJECTIONS		Projected				
	2012	2013	2014	2015	2016	
Actual Amount Expended in Prior Year	257,377	229,331	231,624	233,941	236,280	
Adjustments to prior year amount:						
Annual Percentage Change	0.00%	1.00%	1.00%	1.00%	1.00%	
Calculated Dollar Increase	0	2,293	2,316	2,339	2,363	
Budget Response Planning	-	-	-	-	-	
Adjustment for FY Budget Requests	(1,175)					
Equipment - Move to PI Fund						
Year-To-Date Budget Transfers						
Adjustment for Approp.	(26,871)					
Adjustment For Current Year-To-Date Info						
Total Projected	229,331	231,624	233,941	236,280	238,643	
© 2009 BAIRD-SBS		5/18/2012 11:24			Note - 3.05	

Note 12 Debt Service (Line 4.05 & 4.06) (General Fund only)

There are no debt payments that the Westerville City School District has that are being paid from this line of the forecast.

Note 13: Other Expenditures (Line 4.300)

Generally this category includes amounts paid for goods and services not otherwise classified above, such as expenditures for the retirement of debt, the payment of dues and fees, etc.

Liability Insurance & Performance Bonds

The insurance premiums for general liability and performance bonds are included in this category.

Franklin County Educational Service Center Deduction

The District executes a service agreement contract, wherein, the District agrees to buy certain services from the Franklin County Educational Service Center, which are generally at or below market costs, in exchange for inclusion in their State funding formula that then provides additional discretionary dollars for the District. You will notice that we had usually accounted for this expenditure in the "Purchased Service" line but now will be charging this amount to this section of the forecast.

County Auditor & Treasurer Tax Collection Fees

The County Auditor and Treasurer fees are a function of the amount of taxes collected and increases have been assumed accordingly. We have not assumed any change in state law that would increase the statutory percentages assessed for the collection of taxes. We spend approximately \$1,472,949 a year for this service.

Other Expenses

Other expenses include shipping and freight charges, audit fees, dues, membership fees, taxes, and miscellaneous payments. This line also accounts for any tax refunds paid to home owners or business that have filed for exemption or reduction to their property values. Even though we have more delinquencies, we should gradually receive those payments over time.

The charts and graphs on the next page are taken from a 5 Year Forecast program. These numbers represent the assumptions for this line number associated with the 5 Year Forecast at the end of this document.

4.30 Other Objects	WESTERVILLE CITY SCHOOL DISTRICT -- FRANKLIN COUNTY				
PROJECTIONS					
	Projected				
	2012	2013	2014	2015	2016
Actual Amount Expended in Prior Year	3,025,772	7,653,950	8,100,621	8,303,136	8,510,715
Adjustments to prior year amount:					
Annual Percentage Change	0.00%	2.50%	2.50%	2.50%	2.50%
Calculated Dollar Increase	0	191,349	202,516	207,578	212,768
Budget Response Planning	-	-	-	-	-
Adjustment for FY Budget Requests					
Year-To-Date Budget Transfers to 009 Fund (Uniform School - Fees)	75,000				
Adjustment for Approp.	(41,500)				
Franklin Co.aud/treas Fee Refund (one time only)	(255,322)	255,322			
County Auditor Fees					
Aud & Treas Fees					
Franklin County (FY 11) \$857,408					
Delaware County (FY 11) \$449,356					
Election Expenses \$36,161					
Delinquent \$11,069					
DRETAC Fees					
Franklin County (FY 11) \$87,235					
Delaware County (FY 11) \$31,720					
\$1,472,949 total paid to Franklin/Delaware Co.					
Franklin County ESC Deduction	4,850,000				
Used to be charged to "Purchased Services"					
Types of Expenditures in this category					
Membership Dues					
Examination Costs					
Win - Win - Agreement					
Bank Charges					
Licenses					
Performance Bonds					
Vehicle Liability Insurance					
Out of Court Settlements					
Judgments					
Adjustment For Current Year-To-Date Info					
Total Projected	7,653,950	8,100,621	8,303,136	8,510,715	8,723,483
© 2009 BAIRD-SBS		5/15/2012 8:07			Note - 4.30

Note 14: Transfers/Advances (Line 5.010 & 5.020)

This category accommodates transfers and advances of funds from the general fund to various local, state, and federal projects. Transfers are funds that are not repaid by the receiving fund, which are typically student activity in nature. Advances are the “lending” of funds to cover

current expenses until the reimbursement request to the District from the fund supplier is received. Advances are typically associated with state and federal grants and are repaid within the fiscal year.

Transfer – In Fiscal Year 2011 this district transferred funds at the end of the year to cover any negative balances in Federal or state grants. By rule, as long as you have enough money in your general fund, there is no need to transfer that money. It is being projected in this fiscal year that we do not transfer those funds as in the past.

Note 15: Expense Summary

The reasons the expenses of the district are increasing is due to the following
Market pressures: insurance costs, utility expenses, wages, benefits, bus fuel, legislative pressures. Unfunded educational mandates (No Child Left Behind, Highly Qualified Teacher, Value Added and b.) Significant reductions in state support for school funding and the significant tax restructuring efforts included in HB95 & HB66, which eliminates vital school revenue sources and does not include permanent replacement funds.

Finally, it is assumed that we will spend the entire spending parameter, net of any further reductions, during the future fiscal years.

Note 16: Encumbrances (Line 8.010)

The District uses the encumbrance's method as part of formal budgetary and management control. Under this method, purchase orders, contracts, resolutions and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment. Encumbrances outstanding at fiscal year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of fiscal year-end.

PROJECTION SUMMARY

All of the individual assumptions presented were based upon the best information available including the most current tax valuation information, the most current information on state funding, the most current enrollment projections, and the most current economic information.

As a side-effect of HB920, “voter fatigue” is becoming an ever-increasing reality as the District must go back to its voters approximately every 3-4 years to attempt to offset the public school district inflation and reduction of state aid.

To that end and in continuance with the levy discussion, The Table below illustrates the Westerville City School District levy history for the General Fund only.

Levy History
 Operating Levies - General Fund Only
 Westerville City School District

Election Date	Millage	Type	Votes For	% For	Votes Against	% Against
11/08/60	4.2	Continuing	2,643	67%	1,328	33%
11/05/68	3.1	Continuing	4,411	55%	3,610	45%
11/04/69	3.9	Continuing	3,446	59%	2,398	41%
11/07/72	1.6	Continuing	10,491	75%	3,419	25%
11/06/73	4.4	Continuing	5,313	68%	2,520	32%
06/05/79	9.8	Continuing	3,968	59%	2,793	41%
06/02/81	7.0	1-year Emergency	5,675	51%	5,490	49%
11/02/82	9.6	Continuing	9,638	54%	8,326	46%
11/08/88	5.5	Continuing	13,637	51%	13,319	49%
11/07/89	3.0	Reduction of 3.0 Mills	8,237	45%	10,073	55%
11/06/90	1%	Income Tax	9,720	44%	12,493	56%
05/07/91	9.2	2-year Emergency	7,002	51%	6,840	49%
05/04/93	9.2	2-year Replacement	6,001	54%	5,182	46%
05/02/95	9.2	2-year Replacement	5,823	59%	3,989	41%
05/06/97	9.2	2-year Replacement	12,171	58%	8,940	42%
05/04/99	9.2	2-year Replacement	5,740	62%	3,535	38%
05/08/01	9.2	2-year Replacement	4,374	56%	3,436	44%
11/05/02	9.2	2-year Replacement	13,176	51%	12,796	49%
05/06/03	8.0	3-year Operating	4,358	33%	8,853	67%
11/04/03	7.5	3-year Operating	10,053	44%	12,867	56%
03/02/04	5.0	2-year Operating	12,382	52%	11,283	48%
11/08/05	6.5	3-year Operating	10,388	45%	12,641	55%
05/02/06	10.3	Continuing	15,865	64%	8,763	36%
11/03/09	11.4	Continuing Replacement	14,685	53%	12,839	47%
11/08/11	0.50%	Income Tax	13,355	39%	20,752	61%
11/08/11	4.006	Continuing	13,355	39%	20,752	61%
03/08/12	4.71	5 YR Emergency	15,225	51%	14,640	49%

Calendar year 2011 was a reappraisal year for Franklin and Delaware County. Those properties in Franklin County have reduced on average 6.95%. Those properties in Delaware County have reduced on average 6.5%. This, in turn, is creating property tax decrease in Class I & Class II real by approximately \$3 Million dollars per year.

Unreserved Fund Balance

Common business practice would suggest that we consider establishing a “30 day cash balance” to be on hand at all times. This targeted ending cash balance would serve as a trend line for maintaining fiscal solvency and establish levy needs. Specifically, targeted cash carryover balance serves as a contingency against:

- Instability of tax collections rates or local tax base
- Uncertainty of state revenues
- Unexpected operation and/or maintenance expenditures.

<i>Table - Unreserved Fund Balance with current levies</i>					
Fiscal Year	2011/12	2012/13	2013/14	2014/15	2015/16
TOTAL UNRESERVED FUND BALANCE:	5,234,403	475,791	7,802,129	10,023,137	6,976,490
Targeted ending balance as % of expenses = 8.3%	12,595,266	12,545,694	12,228,840	12,694,553	13,186,843
Targeted True Days Cash Carryover	30	30	30	30	30
+/- Difference in target Balance	(7,360,863)	(12,069,904)	(4,426,711)	(2,671,416)	(6,210,353)

The chart below is the 5 Year Forecast to be submitted to the Ohio Department of Education by May 31, 2012.

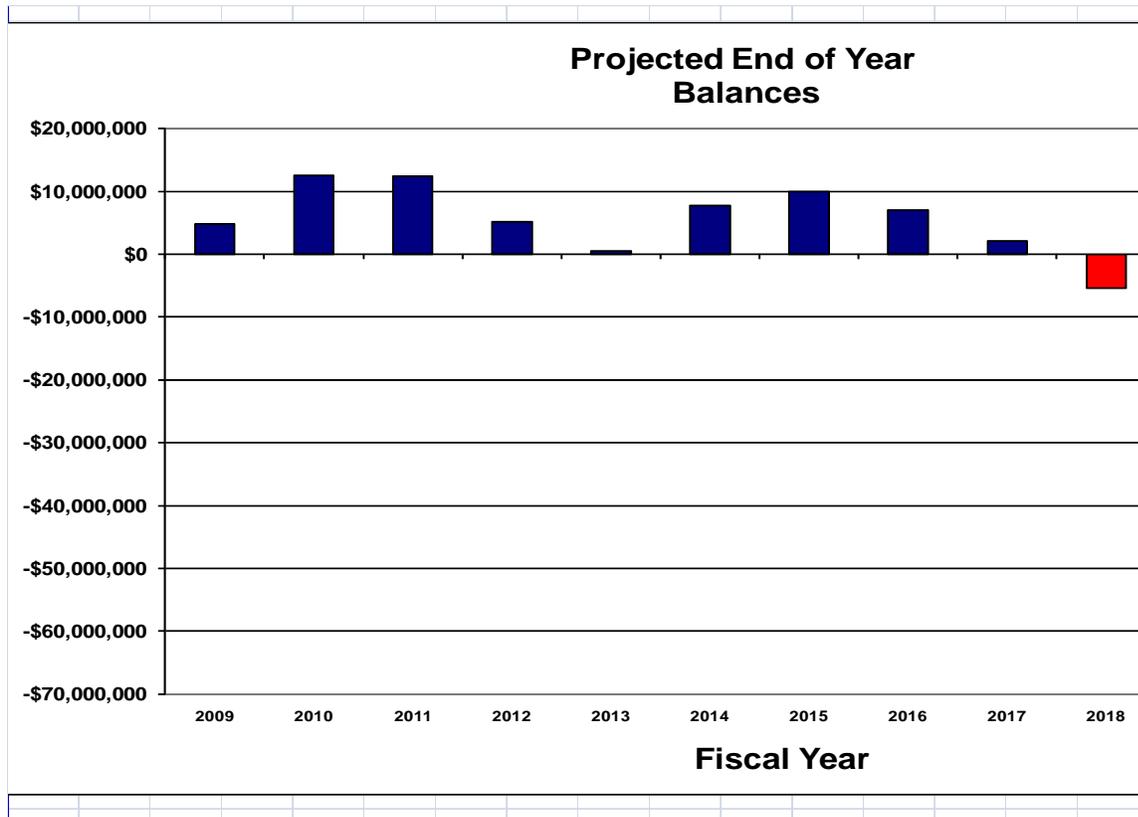
WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND FORECASTED OPERATING FUND

	Actual			Forecasted				
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Revenue:								
1.010 General Property Tax (Real Estate)	74,566,185	85,152,664	92,118,213	90,798,402	95,920,424	103,055,352	103,196,275	103,341,171
1.020 Tangible Personal Property Tax	4,303,263	2,965,281	2,890,752	2,631,396	2,498,121	2,629,667	2,629,253	2,628,839
1.030 Income Tax	0	0	0	0	0	0	0	0
1.035 Unrestricted Grants-in-Aid	33,850,155	31,662,674	30,136,815	30,370,473	30,153,219	30,152,286	30,448,083	30,897,642
1.040 Restricted Grants-in-Aid	501,726	2,298,259	2,713,740	1,664,375	124,452	125,385	126,326	126,326
1.050 Property Tax Allocation	12,947,524	15,854,806	17,240,276	13,928,380	12,984,587	13,938,408	13,959,223	13,980,641
1.060 All Other Revenues	3,615,248	3,776,489	4,620,656	4,666,863	4,713,531	4,760,667	4,808,273	4,856,356
1.070 Total Revenues	129,784,101	141,710,173	149,720,452	144,059,888	146,394,334	154,661,765	155,167,433	155,830,976
Other Financing Sources:								
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	2,687,736	0	0	0	0	0	0
2.050 Advances-In	89,454	50,734	60,221	202,382	0	0	0	0
2.060 All Other Financing Sources	264,234	165,587	651,871	287,851	0	0	0	0
2.070 Total Other Financing Sources	353,688	2,904,057	712,092	490,233	0	0	0	0
2.080 Total Revenues and Other Financing Sources	130,137,790	144,614,230	150,432,544	144,550,121	146,394,334	154,661,765	155,167,433	155,830,976
Expenditures:								
3.010 Personal Services	84,662,456	85,408,208	91,934,182	90,711,325	88,438,713	84,664,383	87,207,524	89,852,390
3.020 Employees' Retirement/Insurance Benefits	27,019,802	27,245,426	30,641,047	31,763,743	32,453,089	31,547,200	33,727,538	36,100,808
3.030 Purchased Services	18,743,007	18,716,223	20,991,989	18,003,989	18,532,109	19,088,072	19,660,714	20,250,536
3.040 Supplies and Materials	2,663,106	2,439,395	2,915,437	3,297,854	3,396,790	3,498,693	3,603,654	3,711,764
3.050 Capital Outlay	60,555	95,407	257,377	229,331	231,624	233,941	236,280	238,643
3.060 Intergovernmental	0	0	0	0	0	0	0	0
Debt Service:								
4.010 Principal-All (History Only)	0	0	0	0	0	0	0	0
4.020 Principal-Notes	0	0	0	0	0	0	0	0
4.030 Principal-State Loans	0	0	0	0	0	0	0	0
4.040 Principal-State Advancements	0	0	0	0	0	0	0	0
4.050 Principal-HB 264 Loans	0	0	0	0	0	0	0	0
4.055 Principal-Other	0	0	0	0	0	0	0	0
4.060 Interest and Fiscal Charges	0	0	0	0	0	0	0	0
4.300 Other Objects	2,274,627	2,740,145	3,025,772	7,653,950	8,100,621	8,303,136	8,510,715	8,723,483
4.500 Total Expenditures	135,423,552	136,644,804	149,765,804	151,660,192	151,152,945	147,335,426	152,946,425	158,877,623
Other Financing Uses								
5.010 Operating Transfers-Out	0	38,983	588,873	90,000	0	0	0	0
5.020 Advances-Out	59,444	60,221	202,381	0	0	0	0	0
5.030 All Other Financing Uses	0	144,210	0	0	0	0	0	0
5.040 Total Other Financing Uses	59,444	243,414	791,254	90,000	0	0	0	0
5.050 Total Expenditures and Other Financing Uses	135,482,996	136,888,218	150,557,058	151,750,192	151,152,945	147,335,426	152,946,425	158,877,623
Excess of Rev & Other Financing Sources over (under) Expenditures and Other Financing Uses								
6.010	-5,345,206	7,726,012	-124,514	-7,200,071	-4,758,612	7,326,339	2,221,008	-3,046,647
Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies								
7.010	10,178,182	4,832,976	12,558,988	12,434,474	5,234,403	475,791	7,802,129	10,023,137
7.020 Cash Balance June 30	4,832,976	12,558,988	12,434,474	5,234,403	475,791	7,802,129	10,023,137	6,976,490
8.010 Estimated Encumbrances June 30	1,000,000	1,142,263	1,272,931	0	0	0	0	0
Reservation of Fund Balance								
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	536,933	536,933	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	536,933	536,933	0	0	0	0	0	0
Fund Balance June 30 for Certification of Appropriations	3,296,043	10,879,792	11,161,543	5,234,403	475,791	7,802,129	10,023,137	6,976,490
Rev from Replacement/Renewal Levies								
11.010 Income Tax - Renewal	0	0	0	0	0	0	0	0
11.020 Property Tax - Renewal or Replacement	0	0	0	0	0	0	0	0
11.030 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	0	0	0
Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations	3,296,043	10,879,792	11,161,543	5,234,403	475,791	7,802,129	10,023,137	6,976,490
Revenue from New Levies								
13.010 Income Tax - New (% Earned Income)	0	0	0	0	0	0	0	0
13.020 Property Tax - New (Mills)	0	0	0	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	0	0	0	0	0	0	0	0
15.010 Unreserved Fund Balance June 30	3,296,043	10,879,792	11,161,543	5,234,403	475,791	7,802,129	10,023,137	6,976,490
ADM Forecasts								
20.010 Kindergarten - October Count				927	0	0	0	0
20.015 Grades 1-12 - October Count				13,888	0	0	0	0
20.02 Kindergarten - February Count				927	0	0	0	0
20.025 Grades 1-12 - February Count				13,888	0	0	0	0

WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND FORECASTED OPERATING FUND

	Actual			Forecasted				
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Revenue:								
2.080 Total Revenues and Other Financing Sources	130,137,790	144,614,230	150,432,544	144,550,121	146,394,334	154,661,765	155,167,433	155,830,976
Expenditures:								
5.050 Total Expenditures and Other Financing Uses	135,482,996	136,888,218	150,557,058	151,750,192	151,152,945	147,335,426	152,946,425	158,877,623
Excess of Rev & Other Financing Sources over								
6.010 (under) Expenditures and Other Financing Uses	-5,345,206	7,726,012	-124,514	-7,200,071	-4,758,612	7,326,339	2,221,008	-3,046,647
Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies	10,178,182	4,832,976	12,558,988	12,434,474	5,234,403	475,791	7,802,129	10,023,137
7.020 Cash Balance June 30	4,832,976	12,558,988	12,434,474	5,234,403	475,791	7,802,129	10,023,137	6,976,490
Fund Balance June 30 for Certification								
10.010 of Appropriations	3,296,043	10,879,792	11,161,543	5,234,403	475,791	7,802,129	10,023,137	6,976,490

This summary includes the passage of the 5 Year Emergency Levy, the reductions, restorations, retirement of staff and moving the 27th pay period that would have occurred in June to July. With all of these additions, deletions, reductions in force, restoration assumptions and passage of a new levy, we are showing a positive cash balance though FY 2017.



WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND FORECASTED OPERATING FUND

	Prev 3 Yr Avg Annual Change	Projected Fiscal Year 2012	Projected Fiscal Year 2013	Projected Fiscal Year 2014	Projected Fiscal Year 2015	Projected Fiscal Year 2016	Five-Year Avg. Annual Change
Revenue:							
1.010 General Property Tax (Real Estate)	11.19%	-1.43%	5.64%	7.44%	0.14%	0.14%	2.38%
1.020 Tangible Personal Property Tax	-16.80%	-8.97%	-5.06%	5.27%	-0.02%	-0.02%	-1.76%
1.030 Income Tax		n/a	n/a	n/a	n/a	n/a	n/a
1.035 Unrestricted Grants-in-Aid	-5.64%	0.78%	-0.72%	0.00%	0.98%	1.48%	0.50%
1.040 Restricted Grants-in-Aid	188.07%	-38.67%	-92.52%	0.75%	0.75%	0.00%	-25.94%
1.050 Property Tax Allocation	15.60%	-19.21%	-6.78%	7.35%	0.15%	0.15%	-3.67%
1.060 All Other Revenues	13.41%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
1.070 Total Revenues	7.42%	-3.78%	1.62%	5.65%	0.33%	0.43%	0.85%
Other Financing Sources:							
2.020 Proceeds from Sale of Notes		n/a	n/a	n/a	n/a	n/a	n/a
2.030 State Emergency Loans and Advancements		n/a	n/a	n/a	n/a	n/a	n/a
2.040 Operating Transfers-In.		n/a	n/a	n/a	n/a	n/a	n/a
2.050 Advances-In	-12.29%	236.07%	-100.00%	n/a	n/a	n/a	68.03%
2.060 All Other Financing Sources	128.17%	-55.84%	-100.00%	n/a	n/a	n/a	-77.92%
2.070 Total Other Financing Sources	322.80%	-31.16%	-100.00%	n/a	n/a	n/a	-65.58%
2.080 Total Revenues and Other Financing Sources	7.57%	-3.91%	1.28%	5.65%	0.33%	0.43%	0.75%

Over the next four years, revenue is expected to grow by an average of .75%. The increase in FY 13 and FY 14 is due to the collection of the new "5 Year Emergency Levy.

WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND FORECASTED OPERATING FUND

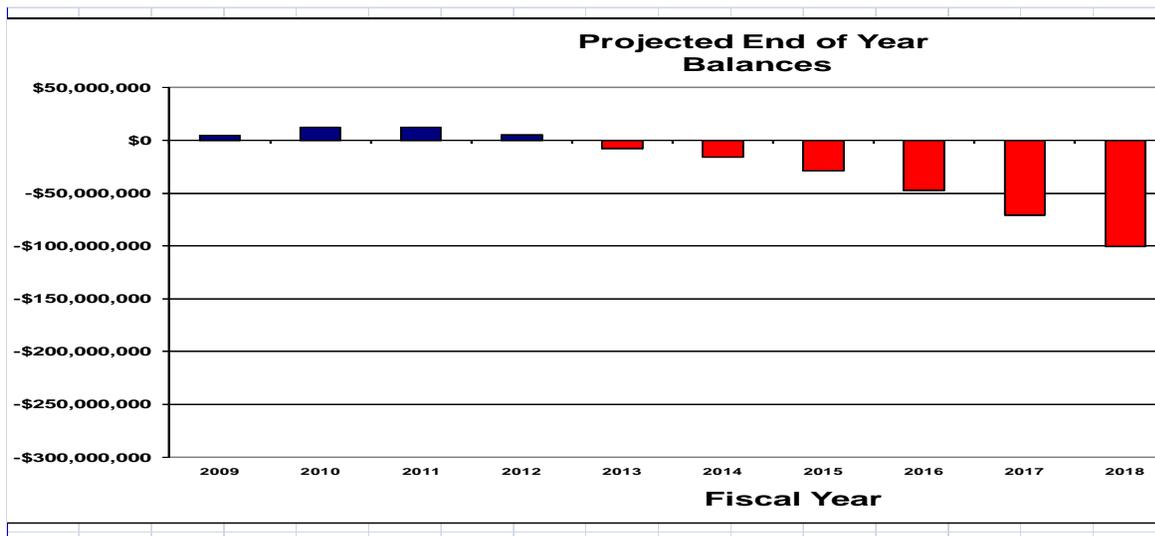
	Prev 3 Yr Avg Annual Change	Projected Fiscal Year 2012	Projected Fiscal Year 2013	Projected Fiscal Year 2014	Projected Fiscal Year 2015	Projected Fiscal Year 2016	Five-Year Avg. Annual Change
Expenditures:							
3.010 Personal Services	4.26%	-1.33%	-2.51%	-4.27%	3.00%	3.03%	-0.41%
3.020 Employees' Retirement/Insurance Benefits	6.65%	3.66%	2.17%	-2.79%	6.91%	7.04%	3.40%
3.030 Purchased Services	6.01%	-14.23%	2.93%	3.00%	3.00%	3.00%	-0.46%
3.040 Supplies and Materials	5.56%	13.12%	3.00%	3.00%	3.00%	3.00%	5.02%
3.050 Capital Outlay	113.66%	-10.90%	1.00%	1.00%	1.00%	1.00%	-1.38%
3.060 Intergovernmental							
Debt Service:							
4.010 Principal-All (History Only)	0.00%	n/a	n/a	n/a	n/a	n/a	n/a
4.020 Principal-Notes		n/a	n/a	n/a	n/a	n/a	n/a
4.030 Principal-State Loans		n/a	n/a	n/a	n/a	n/a	n/a
4.040 Principal-State Advancements		n/a	n/a	n/a	n/a	n/a	n/a
4.050 Principal-HB 264 Loans		n/a	n/a	n/a	n/a	n/a	n/a
4.055 Principal-Other		n/a	n/a	n/a	n/a	n/a	n/a
4.060 Interest and Fiscal Charges		n/a	n/a	n/a	n/a	n/a	n/a
4.300 Other Objects	15.44%	152.96%	5.84%	2.50%	2.50%	2.50%	33.26%
4.500 Total Expenditures	5.25%	1.26%	-0.33%	-2.53%	3.81%	3.88%	1.22%
Other Financing Uses							
5.010 Operating Transfers-Out		-84.72%	-100.00%	n/a	n/a	n/a	-92.36%
5.020 Advances-Out	118.69%	-100.00%	n/a	n/a	n/a	n/a	-100.00%
5.030 All Other Financing Uses		n/a	n/a	n/a	n/a	n/a	n/a
5.040 Total Other Financing Uses	267.27%	-88.63%	-100.00%	n/a	n/a	n/a	-94.31%
5.050 Total Expenditures and Other Financing Uses	5.51%	0.79%	-0.39%	-2.53%	3.81%	3.88%	1.11%

Over the next four years, expenditures as a whole are expected to grow by an average of 1.11%. The reason for the decreases on line 3.010 in FY 12 through FY 14 are due to staff reductions and retirements.

The two charts below show what Westerville City Schools would look like if there was a repeal of 6.71 mills beginning January 1, 2013.

WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY									
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES									
ACTUAL AND FORECASTED OPERATING FUND									
	Actual			Forecasted					
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2016
Revenue:									
2.080 Total Revenues and Other Financing Sources	130,137,790	144,614,230	150,432,544	144,550,121	138,476,204	139,212,652	139,693,466	140,331,450	
Expenditures:									
5.050 Total Expenditures and Other Financing Uses	135,482,996	136,888,218	150,557,058	151,750,192	151,152,945	147,335,426	152,946,425	158,877,623	
Excess of Rev & Other Financing Sources over									
6.010 (under) Expenditures and Other Financing Uses	-5,345,206	7,726,012	-124,514	-7,200,071	-12,676,742	-8,122,773	-13,252,959	-18,546,173	
Cash Balance July 1 - Excl Proposed Renewal/									
7.010 Replacement and New Levies	10,178,182	4,832,976	12,558,988	12,434,474	5,234,403	-7,442,339	-15,565,112	-28,818,072	
Cash Balance June 30									
7.020	4,832,976	12,558,988	12,434,474	5,234,403	-7,442,339	-15,565,112	-28,818,072	-47,364,245	
Fund Balance June 30 for Certification									
10.010 of Appropriations	3,296,043	10,879,792	11,161,543	5,234,403	-7,442,339	-15,565,112	-28,818,072	-47,364,245	

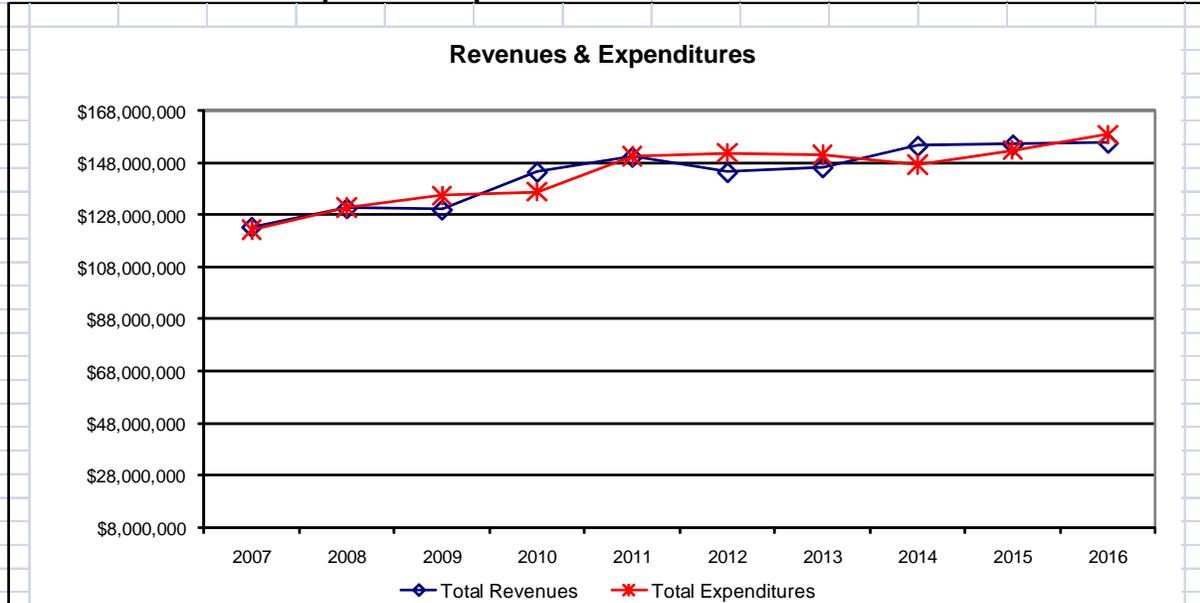
If 6.71 Mills were to be “Repealed” beginning January 1, 2013, our cash balance would be negative beginning FY 2013.



The following charts and graphs reflect this 5 Year forecast of the Westerville City School District.

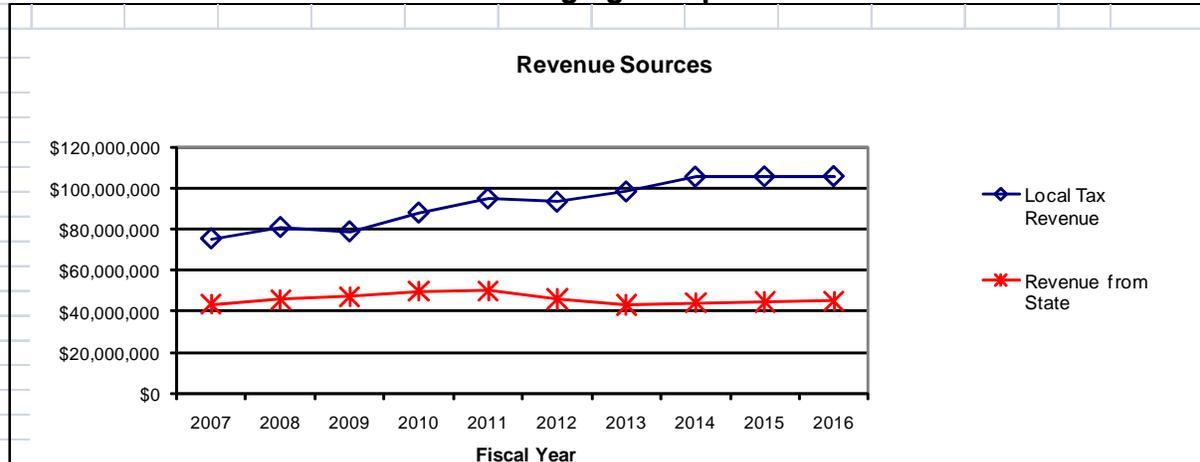
Westerville City (Franklin)

How Do Revenues Compare To Expenditures?



Just like any privately held business, schools have breakeven points too. Typically a school district operates with levy cycles. For example, the common situation is for a school's revenue to exceed expenditures for a period of years immediately following the passage of a levy. However, because of HB920 which limits inflationary growth on locally approved levies, expenditures (driven by inflationary pressures) will eventually overtake revenues if the school simply attempts to maintain what they have.

How Are Local Revenue Sources Changing Compared To State Revenue Sources?

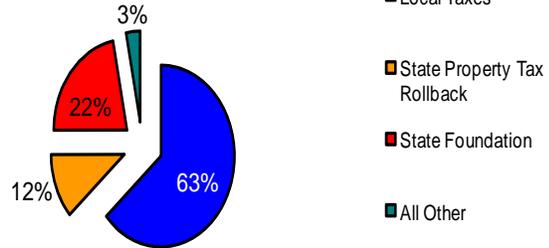


It is important to note the trend depicted in this graph. Is local revenue sources increasing at a faster rate than revenue from the State? If this is the case, it represents a shifting of the tax burden from the State to the local tax payers. This is a classical example of the "phantom" revenue effect engrained in the current state foundation

What Are The District's General Fund Revenue Sources?

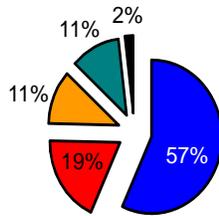
Local Taxes are comprised of Real Estate, Personal Property, and Income Tax. State Foundation is comprised of both Unrestricted Per-Pupil Basic Aid, Transportation, Special Education, and Other State Aid. State Property Tax Rollback represents a state reimbursement of the homestead reduction on local property taxes. All Other includes investment earnings, federal, and open enrollment (if applicable).

Revenue Sources - Percentage View

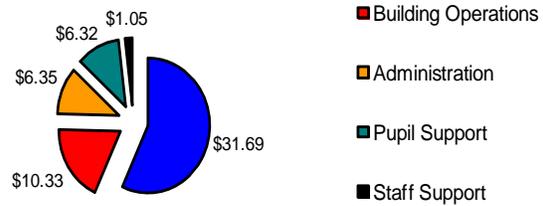


Where Does The District Spend Its General Fund Dollars?

Expenditures - Percentage View

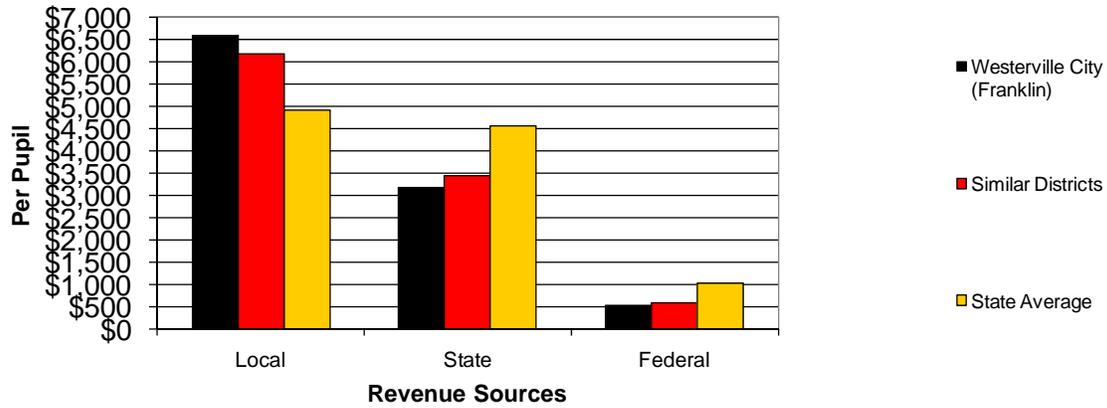


Daily Expenditures Per-Pupil



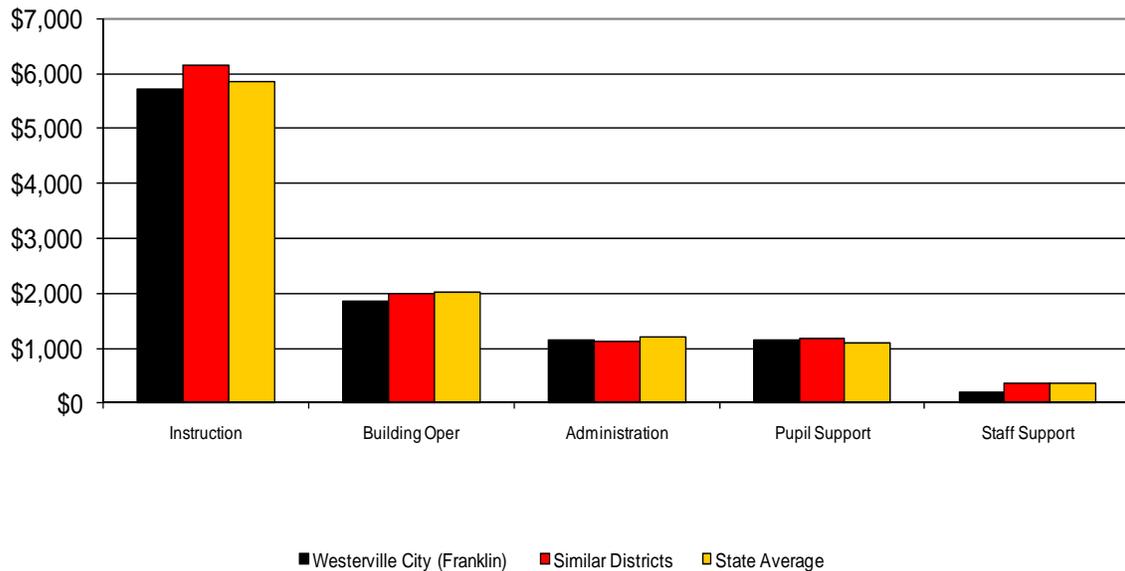
These pie charts provide a percentage view of expenses by category, as well as a look at those same expenditures in a daily per-pupil format. Instruction relates to expenditures at the classroom level. Building operations includes building maintenance, utilities, etc. Administration covers both central office personnel, as well as building principals and clerical support. Pupil support provides for transportation, classroom aides, etc. Staff support includes staff training and curriculum enhancement.

Our Revenue Compared To Other Districts



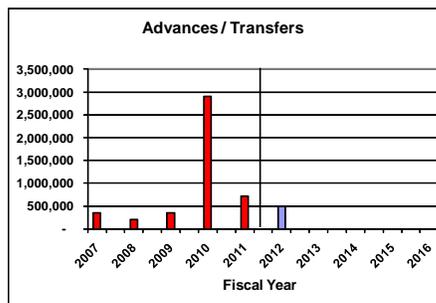
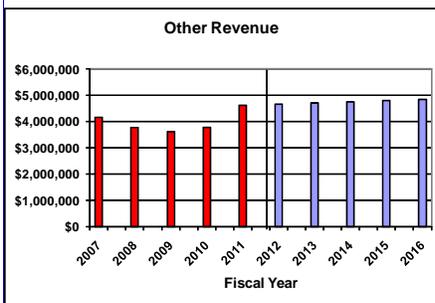
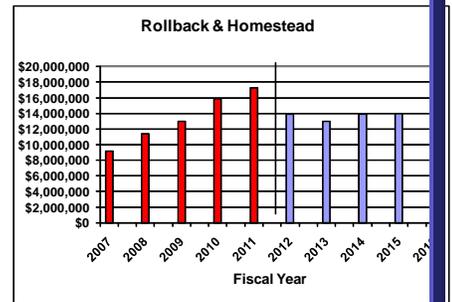
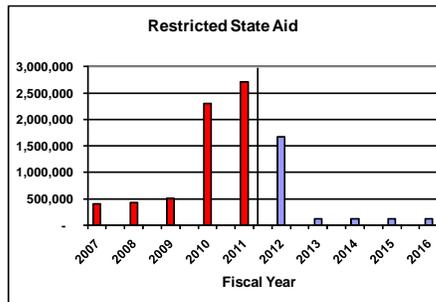
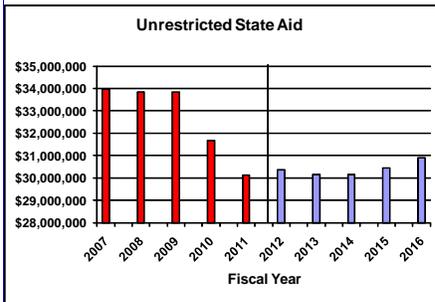
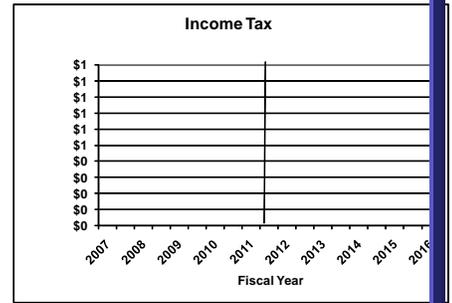
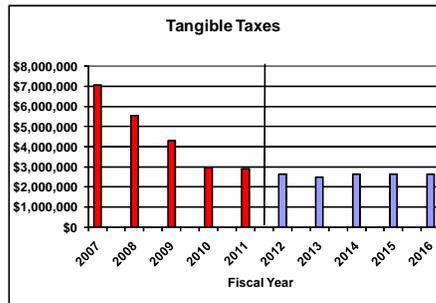
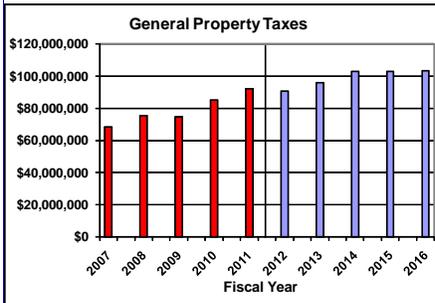
The graph above compares the District's revenue sources to the state average and to the average of those districts considered most similar by the Ohio Department of Education.

Our Expenditures (Per Pupil) Compared To Other Districts -- F.Y. 2010

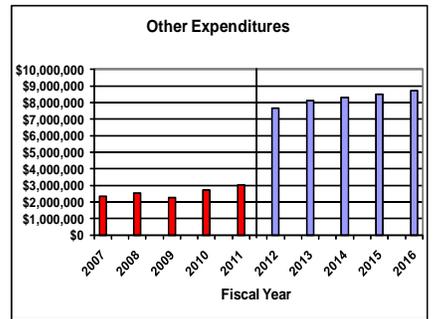
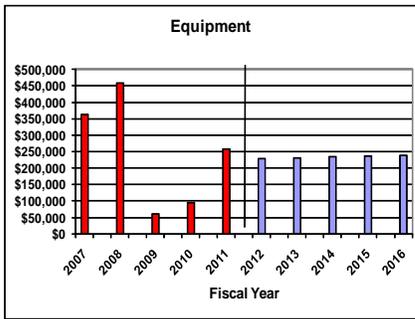
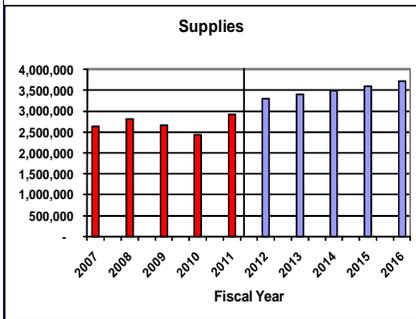
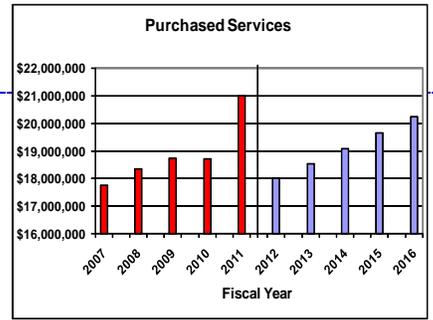
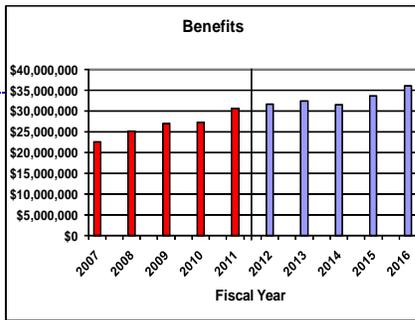
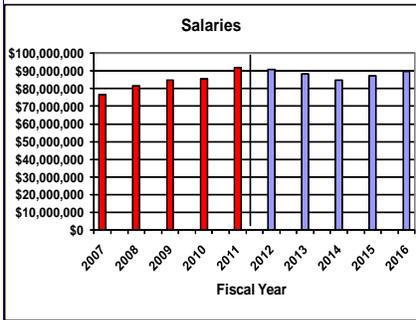


The graph above compares the District's expenditure sources to the state average and to the average of those districts considered most similar by the Ohio Department of Education.

WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY
Revenue Charts



WESTERVILLE CITY SCHOOL DISTRICT - - FRANKLIN COUNTY Expenditure Charts



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