Groveport Madison Local Schools

Five Year Forecast

Forecasted Fiscal Years Ending June 30, 2011 through 2015

Groveport Madison Local Schools Oct 2010

Franklin

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2008, 2009 and 2010 Actual;
Forecasted Fiscal Years Ending June 30, 2011 Through 2015

		Actual				Forecasted				
		Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Average Change	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
	Revenues									
1.010	General Property Tax (Real Estate)	$21,013,847	$16,930,258	$23,908,736	10.9%	$26,307,146	$26,307,146	$24,835,146	$23,363,146	$23,363,146
1.020	Tangible Personal Property Tax	3,816,376	2,070,170	157,016	-69.1%	43,569				
1.030	Income Tax									
1.035	Unrestricted State Grants-in-Aid	23,729,164	27,484,404	27,802,538	8.5%	27,066,202	27,066,202	27,066,202	27,066,202	27,066,202
1.040	Restricted State Grants-in-Aid	2,881,055	3,665,476	76,125	-35.3%	71,583	71,583	71,583	71,583	71,583
1.045	Restricted Federal Grants-in-Aid - SFSF			1,880,586		2,013,291	1,093,194			
1.050	Property Tax Allocation	4,720,776	4,557,822	5,764,178	11.5%	5,913,370	5,913,370	5,785,370	5,657,370	5,657,370
1.060	All Other Revenues	954,526	1,280,721	1,169,896	12.8%	1,157,475	1,157,000	1,157,000	1,157,000	1,157,000
1.070	*Total Revenues*	57,115,744	55,988,851	60,759,075	3.3%	62,572,636	61,608,495	58,915,301	57,315,301	57,315,301
	Other Financing Sources									
2.010	Proceeds from Sale of Notes									
2.020	State Emergency Loans and Advancements (Approved)									
2.040	Operating Transfers-In	167,131	173,111	163,551	-1.0%	161,398	163,880			
2.050	Advances-In		1,497,296	1,343,064		7,300				
2.060	All Other Financing Sources	157,698	510,516	109,516	72.6%	362,686	110,000	110,000	110,000	110,000
2.070	*Total Other Financing Sources*	324,829	2,180,923	1,616,131	272.8%	531,384	273,880	110,000	110,000	110,000
2.080	*Total Revenues and Other Financing Sources*	57,440,573	58,169,774	62,375,206	4.2%	63,104,020	61,882,375	59,025,301	57,425,301	57,425,301
	Expenditures									
3.010	Personal Services	28,182,517	28,521,813	28,133,761	-0.1%	28,950,000	29,450,000	29,950,000	30,450,000	30,950,000
3.020	Employees' Retirement/Insurance Benefits	9,519,419	9,963,602	10,422,439	4.6%	11,342,139	11,742,000	12,142,000	12,542,000	12,942,000
3.030	Purchased Services	16,289,352	19,085,797	19,063,108	8.5%	18,685,200	18,965,478	18,965,478	18,965,478	18,965,478
3.040	Supplies and Materials	1,280,553	1,145,118	1,301,961	1.6%	1,350,000	1,375,000	1,400,000	1,425,000	1,450,000
3.050	Capital Outlay	28,094	82,285	54,097	79.3%	5,000	5,000	5,000	5,000	5,000
3.060	Intergovernmental									
	Debt Service:									
4.010	Principal-All (Historical Only)									
4.020	Principal-Notes									
4.030	Principal-State Loans									
4.040	Principal-State Advancements									
4.050	Principal-HB 264 Loans	135,000	140,000	145,000	3.6%	150,000	160,000			
4.055	Principal-Other									
4.060	Interest and Fiscal Charges	32,131	25,463	18,551	-23.9%	11,398	3,880			
4.300	Other Objects	1,940,773	1,685,417	2,435,547	15.7%	1,755,550	1,775,000	1,800,000	1,825,000	1,850,000
4.500	*Total Expenditures*	57,407,839	60,649,495	61,574,464	3.6%	62,249,287	63,476,358	64,262,478	65,212,478	66,162,478
	Other Financing Uses									
5.010	Operating Transfers-Out	179,355	201,073	252,275	18.8%	161,398	163,880			
5.020	Advances-Out	297,296	1,343,064	1,207,300	170.8%					
5.030	All Other Financing Uses		768,575							
5.040	*Total Other Financing Uses*	476,651	2,312,712	1,459,575	174.2%	161,398	163,880			
5.050	*Total Expenditures and Other Financing Uses*	57,884,490	62,962,207	63,034,039	4.4%	62,410,685	63,640,238	64,262,478	65,212,478	66,162,478
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	443,917-	4,792,433-	658,833-	446.7%	693,335	1,757,863-	5,237,177-	7,787,177-	8,737,177-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,925,146	5,481,229	688,796	-47.5%	29,963	723,298	1,034,565-	6,271,742-	14,058,919-
7.020	*Cash Balance June 30*	5,481,229	688,796	29,963	-91.5%	723,298	1,034,565-	6,271,742-	14,058,919-	22,796,096-
8.010	*Estimated Encumbrances June 30*	71,289	157,795	135,948	53.8%	75,000	75,000	75,000	75,000	75,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials									
9.020	Capital Improvements									
9.030	Budget Reserve									
9.040	DPIA									
9.045	Fiscal Stabilization									
9.050	Debt Service									
9.060	Property Tax Advances									
9.070	Bus Purchases									
9.080	*Subtotal*									
10.010	*Fund Balance June 30 for Certification of Appropriations*	5,409,940	531,001	105,985-	-105.1%	648,298	1,109,565-	6,346,742-	14,133,919-	22,871,096-
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal									
11.020	Property Tax - Renewal or Replacement							1,600,000	3,200,000	3,200,000
11.300	Cumulative Balance of Replacement/Renewal Levies							1,600,000	4,800,000	8,000,000
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	5,409,940	531,001	105,985-	-105.1%	648,298	1,109,565-	4,746,742-	9,333,919-	14,871,096-
	Revenue from New Levies									
13.010	Income Tax - New									
13.020	Property Tax - New									
13.030	Cumulative Balance of New Levies									
14.010	Revenue from Future State Advancements									
15.010	*Unreserved Fund Balance June 30*	5,409,940	531,001	105,985-	-105.1%	648,298	1,109,565-	4,746,742-	9,333,919-	14,871,096-
	ADM Forecasts									
20.010	Kindergarten - October Count									
20.015	Grades 1-12 - October Count									
	State Fiscal Stabilization Funds									
21.010	Personal Services SFSF									
21.020	Employees Retirement/Insurance Benefits SFSF									
21.030	Purchased Services SFSF			1,880,586		2,013,291				
21.040	Supplies and Materials SFSF									
21.050	Capital Outlay SFSF									
21.060	*Total Expenditures - SFSF*			1,880,586		2,013,291				

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

Presented October 20, 2010

FY2011-2015 Five Year Forecast

Summarized below are the general assumptions underlying the Five Year Forecast for the Groveport Madison Local schools beginning for FY2011.

I. Revenue Assumptions

A. PROPERTY TAX REVENUE

1. District Valuation

Current school district values and categories are as follows: $542 M for Residential/ Agriculture; $262 M Commercial/Industrial; $38M in Public Utilities and $.5M in Tangible Personal Property. Tangible personal property taxes are scheduled to be eliminated by the new budget bill. Groveport Madison is to be held harmless for tangible personal property reductions through the forecast period.

2. Local Sources

The Franklin County Auditor currently assesses Real Estate (R-1), a residential property owner, 30.908 effective mils. A Commercial/ Industrial property owner, a (R-2) category property, is assessed at an effective rate of 37.497 mils.

3. Real Estate Value Assumptions.

A tri-annual update in property values was completed in calendar year 2008. The update resulted in a 0% increase in value. A reappraisal of school district property values is due in calendar year 2011. Changes in property values will be reflected in the following calendar year.

Real Estate revenues are estimated to be collected at 96% of the annual gross amount. Estimating revenues at 96% allows for delinquency (non-payment of taxes) factor but still may exceed county auditor certification of funds available. In the Groveport Madison school district, approximately 48% of the (R-1), Residential/Agricultural and (R-2), Commercial/Industrial is collected in the 1st half tax settlements and 52% is collected in the 2nd half tax settlements.

4. Tangible Personal Property Assumptions

The new budget bill HB 119, continues the phases out of the tangible personal property tax. The state will replace the lost revenue through the forecast period.

5. **Significant Legislation or Litigation**
House Bill 1 or the biennial budget bill for FY2010 and FY2011 is totally changing the funding mechanism as we know it. The changes include eliminating the Poverty Based Assistance program and inclusion of Intervention funds formerly paid by grants. HB1 is an Evidence Based Funding Model, (EBM). The current state funding estimates used in this forecast are based on simulations that are currently available. Updates to this forecast will follow as actual better numbers become available. Districts are guaranteed in FY2010 to receive no less than 99% of what they received in FY2009. For FY2011 the amount will not be less than 98% of what we received in FY2009.

6. **New, Replacement and/or Renewal Tax Levies**
The revenue amounts noted on the 5-year forecast model include revenues from a renewal with an increase levy passed in May 2009, first collected in calendar year 2010. The Levy will provide an additional $ $3,200,000 in FY 2011, FY2012 and $1,600,000 in FY2013. When a replacement or renewal levy expires there will be a corresponding decline in estimated property tax revenues. New, replacement and renewal levies may be proposed in the 5-year forecast on the appropriate line for planning purposes on lines 11.02 and 13.02, whichever applies. Levies are cumulative on lines 11.03 and 13.03.

7. **Other Local Revenues**
Miscellaneous amounts of local revenue are estimated based on past trends and anticipated activity in the coming year. The tuition rate charged other school districts for providing education classes to non-resident students is a large source of miscellaneous revenue. The tuition collected by the District will be contingent upon the number of children served from surrounding school districts and is subject to increases or decreases depending on the number of children that are enrolled. Investment income credited to the general fund is another source of miscellaneous income. All other local income streams are an insignificant amount of local funds and are expected to remain stable.

B. STATE REVENUES

1. **State Foundation Revenue (NEW PASS REPORT (formerly SF-3)**
The following are important criteria for estimating Revenue.

   - Net increases and decreases in the school foundation formula are estimated using the state's ***NEW!*** PASS report and other special education reports. Districts are guaranteed in FY2011 to receive no less than 98% of what they received in FY2009. 93% of the foundation revenue is reflected in line 1.035 while the remaining 7%, (which the state is currently being funded through federal stimulus dollars), is reflected in line 1.045. This amount is $2,013,291 for FY2011. School treasurers across the state have been instructed not to include this money after FY2011 so you will see a decrease for every year after FY2011. In FY2012 you will see a one-time replacement amount of money from the Federal Education Jobs Bill which is $1,093,194.

- These lines consist of the accounting of children being educated in other districts that live in the Groveport Madison School District or children living in other districts being educated in the Groveport Madison School District. The funding is driven by EMIS reporting from the educating districts but the amount of the funding is determined by the district of residence.

2. **Poverty Based Assistance (PBA)**
   Poverty Based Assistance has been eliminated and is now incorporated in the NEW PASS Funding mechanism.

3. **Rollback and Homestead Reimbursement.**
   Estimates of rollback and homestead reimbursement from the state for replacement, renewal or new levies are included in the total revenues on the appropriate line of the 5-year forecast.

4. **Other State Revenues**
   These amounts are based on State allocations for restricted and non-restricted grants as part of the State's reimbursements for special allocations.

5. **Return of Advances & Refund of Prior Year Expenditures**
   These are non-operating revenues that are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

6. **Borrowing**
   Line 4.050 of the forecast reflects expenditures for a HB264 project that is projected to save enough money to be at least revenue neutral by savings on utility usage. Utility savings are reflected in the purchase service area of the forecast line 3.030. The last debt payment for this project will occur in FY2012.

II. Expenditure Assumptions

1. **Personal Services (Salary and Wages)**
   Both the certified and classified labor contracts are currently being negotiated. Potential wage increases have been taken into consideration when developing this forecasted figure. Updates will be made to the forecast once negotiations have been completed.

2. **Inflation**
   Inflation is assumed to remain at a level consistent with that of recent years.

3. Retirement/Insurance Benefits

Medical insurance costs. The board of education has a fully funded insurance program. The District was hit with a 19.75% increase in its premium rates for medical insurance for FY2011 with an effective date of August 1, 2010. This increase is reflected in line 3.02. The actual figures may be adjusted after negotiations have been completed. All lines of benefits are expected to increase by an average of ten (10%) percent for FY2012, FY2013, FY2014 and FY2015. Based on usage and the medical economy in general, the District may experience fluctuations in its premium rates over the life of this forecast.

Worker's Compensation. The District currently is part of the Hunter Consulting group-rating plan for Worker's Compensation fees. The Hunter Consulting program is a cost-effective program available to all eligible boards of education in the State.

Medicare. Payroll taxes will continue to increase as older staff retires and new people are hired. Federal contributions require the board of education to contribute 1.45% of salary for all employees new to the District since April 1, 1986. Employees contribute a like amount for Medicare taxes.

Retirement Costs. Set by legislation and governed by the Ohio Revised Code. All certificated staff members (teachers and administrators) are required to be a part of and contribute 10% of their earnings to the State Teachers Retirement System (STRS). Non-teaching employees are required to be a part of the School Employees Retirement System (SERS) and contribute 10.0% of their annual earnings. The Groveport Madison Board of Education is required by law to pay into the retirement fund 14% of gross earnings of its employees to both STRS and SERS.

4. Purchased Services

Purchased services costs were $19 million in FY10 and are forecasted at $18.7 million in FY11 and $18.9 million for fiscal years 2012 through 2015. Two major expenditures of purchased services are to cover the increased cost of tuition for open enrollment and community school students and for contracted Transportation of students. Property Insurance, Gas and electric, telephones, and other utility increases are also reflected in the projections.

5. Supplies and Materials

As a result of enacted legislation (SB345), all school districts in Ohio are required to allocate 3% of it's per pupil allocation to purchase Textbook and Instructional Materials and Supplies. A like percentage must be allocated to a Capital Improvement and Facilities Maintenance fund. The 3% requirement is maintained in succeeding years. The District has experienced trouble meeting the 3% set-aside requirements in the past. Recent discussions with the Department of Education would indicate that this requirement will be eliminated.

6. Other Expenses

This expense group accounts for auditor and treasurer fees, liability insurance and other miscellaneous expenses. Auditor and treasurer fees, the amount of money collected by the county, will increase any time there are increases in valuation, as well as when a new operating levy is collected. The districts Win/Win payment to Columbus City Schools is also in this category.

7. Non-Operating Expenses

Cash flow borrowing, short-term borrowing and interest on debt are considered non-operating expenses. Based on current projections the District does not anticipate the need to borrow to balance its General Operating budget. Cash advances to other funds at year-end are included in this category.

8. Tax Anticipation & Note Repayment

Borrowing has not been reflected in the five-year forecast.

9. Encumbrances

Outstanding purchase orders for supplies and materials that have not been received or are in-transit prior to June 30^{th} or that have been received but not approved for payment in the fiscal year in which the goods or services were initially purchased are encumbrances.

10. Ending Unencumbered Cash Balance

This amount is the difference from the ending cash balance and the encumbered amount of the District's obligations.