

**Delaware City Schools
Summary and Projection
of General Fund
Revenue and Expenditures
June 30, 2008**

* Levy

	FY07	FY08	FY09PROJ	FY10PROJ	FY11PROJ	FY12PROJ
Revenues - Operational						
Local Sources:						
Real Estate Property Taxes 20 mill floor/New Revenue	19,754,770	21,816,523	22,407,431	23,079,654	23,772,044	24,485,205
Pers. Tang. Property Tax	2,979,575	2,422,419	1,173,277	301,194	301,564	301,564
Total Local Property Tax	22,734,345	24,238,941	23,580,708	23,380,848	24,073,608	24,786,769
Investment Earnings	585,941	533,587	300,000	300,000	300,000	300,000
All Other Local Sources	661,892	581,542	471,000	471,000	471,000	471,000
Total Local Sources	23,982,178	25,354,070	24,351,708	24,151,848	24,844,608	25,557,769
Percent of Operational Rev	62.71%	61.39%	59.65%	58.16%	58.59%	59.61%
State Sources:						
Foundation	10,901,356	11,464,936	11,464,936	11,579,585	11,695,381	11,812,335
Rollback and Homestead	1,922,161	2,352,315	2,195,312	2,261,171	2,329,007	2,398,877
PP Tax Reimbursement	1,246,651	2,037,509	2,784,038	3,505,925	3,507,580	3,081,502
Other State/Fed Revenue	190,293	88,512	25,000	25,000	25,000	25,000
Total From State Sources	14,260,461	15,943,272	16,469,286	17,371,682	17,556,968	17,317,714
Percent of Operational Rev	37.29%	38.61%	40.35%	41.84%	41.41%	40.39%
Total Operating Revenue	38,242,639	41,297,342	40,820,994	41,523,530	42,401,575	42,875,483
Percent Change	5.77%	7.99%	-1.15%	1.72%	2.11%	1.12%
Expenditures - Operational						
Salaries and Wages	23,804,863	24,062,797	25,932,171	26,399,090	27,096,160	27,753,880
Percent Change	3.45%	1.08%	7.77%	1.80%	2.64%	2.43%
Fringe Benefits	7,951,717	8,061,021	9,087,939	10,031,865	11,176,652	12,513,218
Percent Change	6.38%	1.37%	12.74%	10.39%	11.41%	11.96%
Total Sal and Fringe Ben	31,756,581	32,123,819	35,020,109	36,430,955	38,272,812	40,267,098
Percent of Op. Revenue	83.04%	77.79%	85.79%	87.74%	90.26%	93.92%
Bus Purchase	0	0	0	0	0	0
Purchased Service	3,971,709	4,248,773	4,560,825	4,697,650	4,838,579	4,983,737
Materials, Supplies, & Books	1,048,673	1,270,124	1,498,804	1,543,768	1,590,081	1,637,784
Capital Outlay	78,452	98,555	121,725	125,377	129,138	133,013
Principal and Interest	0	0	0	0	0	0
Other	735,173	781,560	829,126	854,000	879,620	906,008
Operation - Net Changes	0	0	0	0	0	0
Tot Expenditures - Operational	37,590,588	38,522,831	42,030,590	43,651,750	45,710,231	47,927,639
Percent Change	3.85%	2.48%	9.11%	3.86%	4.72%	4.85%
Percent of Operational Rev	98.29%	93.28%	102.96%	105.13%	107.80%	111.78%
Excess or (Shortfall)	652,051	2,774,512	(1,209,596)	(2,128,220)	(3,308,655)	(5,052,156)
Non-op Rev or (Expenditures)	(20,000)	(20,000)	(30,000)	(20,000)	(20,000)	(20,000)
Total Excess or (Shortfall)	632,051	2,754,512	(1,239,596)	(2,148,220)	(3,328,655)	(5,072,156)
Beg. Cash Balance	5,658,402	6,290,454	9,044,965	7,805,369	5,657,149	2,328,494
Ending Cash Balance	6,290,454	9,044,965	7,805,369	5,657,149	2,328,494	(2,743,662)
Budget Reserve	367,699	367,699	367,699	367,699	367,699	367,699
Ending Unreserved Balance	5,922,755	8,677,266	7,437,670	5,289,450	1,960,795	(3,111,361)
Encumbrances	397,540	360,975	300,000	300,000	300,000	300,000
Final Balance	5,525,215	8,316,291	7,137,670	4,989,450	1,660,795	(3,411,361)

Assumptions

See Notes to the General Fund Summary

* levy may be renewed

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NOTES TO THE SUMMARY AND PROJECTION OF GENERAL FUND REVENUES AND EXPENDITURES

June 30, 2008

The following assumptions were used in the General Fund financial projections through fiscal year 2012.

Revenue Assumptions:

Local Taxes

FY2007 and FY2008 tax revenue reflects the actual amounts received for real estate taxes and personal property tax revenue. FY 2009 tax projections were calculated using the respective property values and millage rates as provided by the county auditor. A 3% growth factor is included in the real estate tax estimates for FY2010 through FY2012 for increases in new construction. **This projection also assumes that funding from the current Emergency Levy will continue. The Emergency Levy generates \$9,412, 316 per year in operating funds. The time frame for renewal of this levy is November 2010, or any election in 2011.**

Personal Tangible taxes are based on the assessed value of business equipment and inventory. This projection reflects the phase out of local personal property taxes and the state reimbursement provided to cover the revenue loss. Schools will receive replacement of their lost revenue through the school funding formula and through direct payments from the state at 2004 values. The state reimbursement will then be phased out from 2010 through 2017.

Investment Earnings

Over the past few years, the Federal Reserve implemented measured increases in the prime rate. Interest earnings in FY 2006 and FY 2007 reflect these increased rates. Reduction of interest rates is reflected in the FY2008 earnings. Interest estimates reflect an expectation of lower rates.

Other Local Income

Other local income consists of tuition from other districts for special education services, building rentals, ROTC reimbursement, school fees, and other miscellaneous receipts. School fees are offset by expenditures for student resale supplies; thus, they do not represent additional cash for operation.

State Foundation

Foundation payments for FY2007 and FY 2008 reflect actual receipts. FY2008 state foundation shows an increase due to a required accounting change for posting Community School Transfers in the amount of \$593,870. Estimated foundation revenue for FY2009 is held at the FY2008

level due to a funding guarantee in the state budget. State foundation revenues are projected to increase 1% per year in FY2010 and FY2012. This revenue source is determined by the state legislature in the biennial budget process.

Due to the negative impact of the 23 mill "charge off" (phantom revenue) on our state foundation funding and the uncertainty of legislative actions, this portion of the budget continues to require close monitoring.

Homestead and Rollback

Homestead and Rollback reimbursement is the state reimbursement of tax credits given owner occupied residents equaling 12.5% of the gross property taxes charged residential taxpayers. FY2007 and FY2008 reflect actual receipts. FY2009 estimates were calculated using property values and millage rates as provided by the county auditor. Because this revenue source is tied to the growth of real estate a 3% growth factor has been applied for FY2010 through FY2012.

These projections do not include estimates related to the expansion of the homestead exemption.

Other State/Federal Revenue

Other sources of state revenue are reimbursement for some special education services (CAFS) and utility deregulation tax loss reimbursement. We received notification from the Ohio Department of Education in January 2007 that we no longer qualify for the reimbursements. They provided approximately \$200,000 per year in funding for district operations. In FY2008 we received a final settlement of \$67,499 from CAFS related to an audit of previous years.

Expenditure Assumptions:

Wages (history and projection)

The following salary increases are reflected in district expenditures: a 3.5% increase in the teacher's base salary for FY2003 plus a 0.5% insurance adjustment, a 3.5% increase in FY2004, a 2.75% increase for FY2005 and FY2006, a 3% increase for FY2007, a 2.5% increase in FY2008, and an estimated 2.5% increase in FY2009 & FY2010.

Salary increases for custodians, maintainers, bus drivers and cafeteria staff includes a 3.5% increase in FY2003, a 3.5% increase in FY2004, a 2.75% increase for FY2005 and FY2006, a 3% increase for FY 2007, a 2.5% increase in FY2008, and a 2.5% increase for FY2009 and FY2010.

Salary increases for clerical staff include a 3.5% increase in FY2003 plus a 0.5% insurance adjustment, a 2.25% increase in FY2004, a 2% increase in FY2005, a 2.75% increase for FY2006, a 3% increase for FY2007, a 2.5% increase in FY2008, and an estimated 2.5% increase in FY2009 & FY2010.

Wage projections are also impacted by increased staff positions. The following is a history and projection of staff that are included in the wage calculations:

FY 2003

12 staff added

FY2004

2 teachers
1 bus driver & 1 custodian

FY 2005

6 teachers

FY2006

3 teachers 1 supervisor
1 aide 1 bus driver

FY2007

- 4 teachers
- .50 administrator

FY2008 through FY 2012

2 teachers/year - increased enrollment

Fringe Benefits

Fringe benefit costs consist of mandatory retirement contributions, health, dental and life insurance premiums, workers compensation premiums, and mandatory contributions to Medicare, unemployment, and tuition reimbursement. Employers are required to contribute 14% of payroll to STRS and SERS.

Health and dental insurance premiums increased 15% and 10% respectively in 1999, 7.6% in calendar year 2000, 25% in 2001 and 2002, and 8.31% in 2003. Calendar year 2004 health insurance premiums were held at the 2003 level, and dental was reduced slightly. In 2005, health insurance premiums increased 20%. In 2006, health insurance premiums increased 31% for teachers, bus drivers, custodians, and maintenance staff, and by 21% for clerical and administrative staff. FY 2007 estimates reflect a plan change. Health insurance premiums for 2008 reflect a 6.9% increase. **For 2009 through 2012 health insurance premiums are projected to increase 20% per year, and dental and life insurance premiums are projected to increase 8% per year.**

Tuition reimbursement has been determined in the negotiated agreement. The district will continue to participate in the OSBA worker's comp pool to save dollars on worker's comp premiums. A district wide focus on risk management/safety in the workplace will also help to improve our workers comp rates. Benefit costs are also impacted by the cost of additional staff.

Purchased Services

Expenditures that fall into the category of purchased services are utilities, contracted repairs and maintenance, staff training, tuition to other districts, legal fees, testing costs, etc.--representing 11% of district operating expenditures. This expenditure classification will need to be monitored closely due to the increase in energy costs. FY2008 are actual costs and FY2009 is as budgeted. A 3% inflation factor is applied in FY2010 through FY2012.

Supplies

Expenditures that fall into the category of supplies include instructional materials, office supplies, library books, software, fuel, custodial supplies, etc. FY2007 costs reflect budget tightening in this expenditure category. FY2008 are actual costs and FY2009 are as budgeted. A 3% factor is included for inflation in FY2010 through FY2012.

Capital Outlay

Capital Outlay expenditures are for purchase of new or replacement equipment for the district. Land purchases are a significant component of the capital outlay expenditures in FY2003. Future bond issue proceeds will be utilized to reimburse the general fund for these land purchases.

A 3% factor is applied for inflation in FY2010 through FY2012. It is important to note that the majority of equipment purchases for the district are funded by the permanent improvement fund; therefore, equipment purchases made from that fund are not reflected in this general fund projection. Please refer to the district Permanent Improvement Analysis for additional information regarding equipment expenditures.

Energy Conservation Notes

Principal and interest payments on the energy conservation notes issued in January 1995 are shown in the category HB264 principle and interest. Payments of these obligations were made from savings realized by the energy conservation improvements in the district. This debt was paid off in FY2005.

Other Expenditures

Other expenditures represent the miscellaneous cost of property insurance premiums, county auditor fees, county educational service center cost, membership fees, audit costs, etc. FY2008 reflects actual costs and FY2009 are as budgeted. An inflation factor of 3% is included in FY2010 through FY2012.

Non-Operating Revenue or Expenditures

Expenditures in this area are projected for transfers to other funds.

H.B. 412 Requirements

The budget reserve previously required by H.B. 412 is reflected at the bottom of this projection. Use of these funds requires board action. In FY2003, the Board used reserve funds to purchase land, cover architect fees, and pay the initial payment on the lease purchase agreement. As previously noted, the board approved a resolution to reimburse the budget reserve fund with proceeds from a future bond issue.

The current required set-aside for textbooks/instructional supplies and equipment/maintenance is 3% per year. The district has exceeded this requirement each year since its implementation.