NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT - FRANKLIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED ACTUAL JUNE 30, 2011, 2012, 2013 FORECASTED FISCAL YEARS ENDING JUNE 30, 2014 THROUGH 2018

Forecast Provided By

NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT

Treasurer's Office

Rebecca Jenkins, Treasurer/CFO

May 19, 2014

New Albany-Plain Local Schools

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2011, 2012 and 2013 Actual;
Forecasted Fiscal Years Ending June 30, 2014 Through 2018

		Actual				Forecasted				
		Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Average Change	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
	Revenues									
1.010	General Property Tax (Real Estate)	$38,163,947	$37,218,684	$39,315,257	1.6%	$40,973,648	$41,338,260	$41,784,980	$42,193,020	$42,661,317
1.020	Tangible Personal Property	$39,851	5,935	7,687	-27.8%	$0	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	$2,349,551	2,391,237	2,667,629	6.7%	3,043,846	3,313,850	3,466,927	3,627,523	3,796,008
1.040	Restricted State Grants-in-Aid	$555	4,209	509	285.2%	300	300	300	300	300
1.045	Restricted Federal Grants-in-Aid - SFSF/EdJobs	208,325	115,963	-	-72.2%	0	-	-	-	-
1.050	Property Tax Allocation	$5,218,480	4,499,394	4,587,300	-5.9%	4,923,756	4,933,359	4,954,907	4,972,739	4,996,178
1.060	All Other Revenues	3,648,774	4,192,351	4,114,352	6.5%	4,307,489	4,323,435	4,339,779	4,356,533	4,373,705
1.070	*Total Revenues*	$49,629,483	$48,427,773	$50,692,734	1.8%	$53,249,040	$53,909,203	$54,546,893	$55,150,115	$55,827,509
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	1,285,000	1,435,000	-	-44.2%	-	-	-	-	-
2.050	Advances-In	-	-	-	0.0%	-	-	-	-	-
2.060	All Other Financing Sources	41,456	48,402	1,006,190	997.8%	515,688	41,830	41,830	41,830	41,830
2.070	*Total Other Financing Sources*	1,326,456	1,483,402	1,006,190	-10.2%	515,688	41,830	41,830	41,830	41,830
2.080	*Total Revenues and Other Financing Sources*	$50,955,939	$49,911,175	$51,698,924	0.8%	$53,764,728	$53,951,033	$54,588,723	$55,191,945	$55,869,339
	Expenditures									
3.010	Personal Services	$30,824,838	$31,608,789	$32,407,253	0.0%	$33,793,000	$36,742,147	$39,006,567	$41,251,733	$43,598,070
3.020	Employees' Retirement/Insurance Benefits	9,837,787	10,576,263	11,535,303	8.3%	12,136,752	13,369,658	14,543,521	15,741,081	17,071,689
3.030	Purchased Services	4,784,309	4,561,524	5,362,981	6.5%	5,754,153	6,788,387	7,145,429	7,317,844	7,496,351
3.040	Supplies and Materials	1,331,110	1,224,856	1,321,090	-0.1%	1,571,059	1,639,912	1,772,710	1,808,164	1,844,327
3.050	Capital Outlay	688,093	423,314	447,573	-16.4%	817,573	1,095,481	1,106,941	1,117,941	1,128,941
3.060	Intergovernmental	-	-	-	0.0%					
	Debt Service:									
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	175,000	185,000	195,000	205,000	215,000
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.0%	54,388	47,188	39,344	31,100	22,700
4.300	Other Objects	1,500,110	689,944	919,588	-10.4%	1,140,000	1,172,855	1,182,584	1,192,409	1,202,333
4.500	*Total Expenditures*	$48,966,247	$49,084,690	$51,993,788	3.1%	$55,441,925	$61,040,627	$64,992,096	$68,665,273	$72,579,411
	Other Financing Uses									
5.010	Operating Transfers-Out	1,879,488	2,042,988	431,288	-35.1%	$459,000	468,180	477,544	487,094	487,094
5.020	Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	21,800	-	1,025,299	0.0%	$520,000	520,000	520,000	520,000	520,000
5.040	*Total Other Financing Uses*	1,901,288	2,042,988	1,456,587	-10.6%	979,000	988,180	997,544	1,007,094	1,007,094
5.050	*Total Expenditures and Other Financing Uses*	$50,867,535	$51,127,678	$53,450,375	2.5%	$56,420,925	$62,028,807	$65,989,640	$69,672,367	$73,586,505
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	88,404	(1,216,503)	(1,751,451)	-716.0%	(2,656,198)	(8,077,774)	(11,400,916)	(14,480,421)	(17,717,166)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	18,780,803	18,869,207	17,652,704	-3.0%	15,901,253	13,245,055	5,167,281	(6,233,635)	(20,714,056)
7.020	*Cash Balance June 30*	18,869,207	17,652,704	15,901,253	-8.2%	13,245,055	5,167,281	(6,233,635)	(20,714,056)	(38,431,223)
8.010	*Estimated Encumbrances June 30*	446,748	1,283,291	422,206	60.1%	500,000	500,000	500,000	500,000	500,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials				0.0%	-	-	-	-	-
9.020	Capital Improvements				0.0%	-	-	-	-	-
9.030	Budget Reserve				0.0%	-	-	-	-	-
9.040	DPIA				0.0%	-	-	-	-	-
9.045	Fiscal Stabilization				0.0%	-	-	-	-	-
9.050	Debt Service				0.0%	-	-	-	-	-
9.060	Property Tax Advances				0.0%	-	-	-	-	-
9.070	Bus Purchases				0.0%	-	-	-	-	-
9.080	*Subtotal*	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
10.010	*Fund Balance June 30 for Certification of Appropriations*	$18,422,459	$16,369,413	$15,479,047	-8.3%	$12,745,055	$4,667,281	($6,733,635)	($21,214,056)	($38,931,223)
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%					
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies	-	-	-	0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$18,422,459	$16,369,413	$15,479,047	-8.3%	$12,745,055	$4,667,281	($6,733,635)	($21,214,056)	($38,931,223)

New Albany-Plain Local Schools

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2011, 2012 and 2013 Actual;
Forecasted Fiscal Years Ending June 30, 2014 Through 2018

		Actual				Forecasted				
		Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Average Change	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
	Revenue from New Levies									
13.010	Income Tax - New	-	-	-	0.0%	-	-	-	-	-
13.020	Property Tax - New	-	-	-	0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-	-	-	0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$18,422,459	$16,369,413	$15,479,047	-8.3%	$12,745,055	$4,667,281	($6,733,635)	($21,214,056)	($38,931,223)

See accompanying forecast notes and assumptions for more detailed information concerning estimates.
Includes: General Fund and portions of Debt Service Fund related to General Fund HB264 debt.

New Albany-Plain Local School District – Franklin County
Notes to the Five Year Forecast
General Fund Only
May 19, 2014

DISTRICT MISSION:
To ensure the development of high-achieving, ethical, self-directed, and intellectually curious citizens of the world.

Introduction to the Five Year Forecast
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2014 (July 1, 2013-June 30, 2014) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data for the May 2014 filing.

This forecast reflects the Board and Administrations goals translated into financial plans for the direction the organization will be moving for continued educational excellence and programs.

DISTRICT GOALS:
- **Increase Student Achievement**
- **Strengthen Positive School Culture**
- **Design a New System of Evaluation and Professional Growth**
- **Expand International Focus**
- **Improve Communications**

FINANCIAL ACCOMPLISHMENTS
- **Reduced Spending in FY11 and FY12 by $1.2 M**
- **Reduced % for wage and step increases FY11-FY14**
- **Contain Medical Insurance increases to 9%**
- **Designate funds for Professional Development and Innovation**
- **Designate funds for Capital Expenses - previously funded with PI levy**

FINANCIAL PHILOSOPHY
- **The District is dedicated to continually monitoring its spending practices and seeking organizational and operational efficiencies.**
- **The District is committed to maintaining strong fund balances to avoid adverse educational impact and reductions during this unprecedented financial period in our country's history**

<u>May 2014 Updates:</u>
The district does not anticipate any material changes in either revenue or expenditure projections for FY14. FY14 revenue and expenditure actuals are expected to end on June 30 within less than 1% of estimates. There are changes in FY15 projections that flow through the five-year forecast. These changes are discussed below.

Revenues
The current ODE State Foundation Report Calculations from April 25, 2014 are using current FY14 Average Daily Membership (ADM) of 5,271. The new funding formula causes districts either to be on the "Cap", "Formula", or "Guarantee". Our district is now a "CAP" funded district for FY14 and we anticipate that we will be on the CAP in FY15 as well. There was a statewide update of the funding formula for the March #2 payment which caused our district to receive a FY13 adjustment of $177,639, which also increased our cap amount for FY14 through FY18. Based on current legislation, being on the CAP in FY15 means we will receive a 10.5% increase in state basic aid.

Property Tax Allocation shows an increase which is driven by property valuation increases which are expected to be higher due in part from new construction as well as an increase in overall values due to the 2014 valuation update by the Franklin County Auditor.

Expenditures
Personal Services is increased due to the return of both certified and classified union members to their FY11 and FY12 salary indexes beginning in FY15. The district included an average step increase of 3.3% certified and 1.73% classified staff based on the negotiated agreement. Future negotiations can effect these assumptions. The district is also projecting eight (8) certified staff and six (6) classified staff in FY15-FY18; 1.6 administrative staff in FY15 due to growth, increased case loads and new building staffing needs.

Employees' Retirement/Insurance Benefits is directly affected by the adjustments in personal services. The district does not have the insurance renewal rates at the time of this writing. The district is currently projecting the negotiated 9% cap. Once increases are known the forecast will reflect the actual rates.

FY15 purchased services are over October projections. This is due to increases in several areas. They are: Increase in special education services of $167,000; redistribution of Education Service Center of Central Ohio (ESCCO) funding of $200,000; Increase substitute costs/Copier leases/fingerprinting/software expenditures/pool management of $145,000.

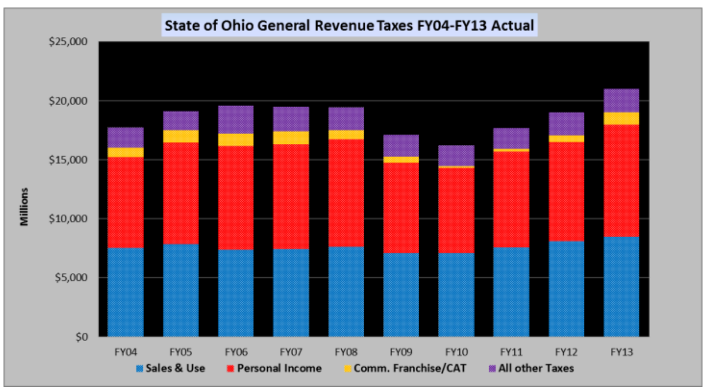
Supplies and Materials in FY15 are less in May than projected in October based on submitted budget requests.

All other areas of the forecast do not have material variances.

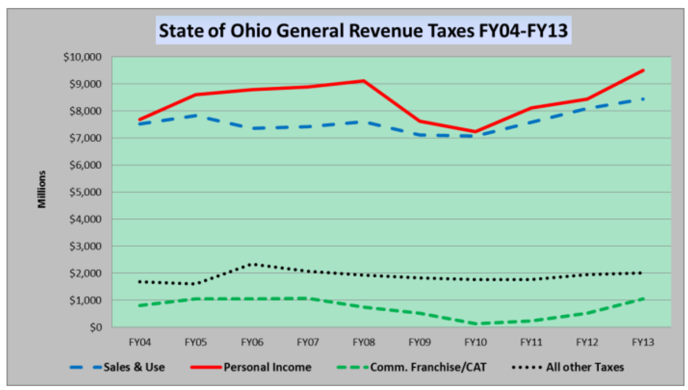
Economic Environment Affecting Forecast Variables – State Economy
It is important in long range forecasting to consider the economic framework in which projections of revenues are made. We will offer a sampling of statewide economic data that suggests that the economy for the FY14-18 period is growing moderately and is recovering from the 2008-09 recession. It is important to consider the statewide economic data for two important reasons. One, our state funding is directly affected by state revenue collections. The effects of the recession on the economy at the state level created a budget deficit which required the State of Ohio to make nearly $8 Billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio.

The second reason is that the same economic forces which are driving the recovery of state tax revenues are also likely affecting the underlying economics of most communities in Ohio affecting the ability to collect local tax revenue. Generally speaking local school district economic viability is tied to the same fundamental economics that drive the state.

As noted in the graphs below State of Ohio Revenues through FY13 have recovered and exceeded FY08 total tax revenue levels. The two significant contributors to the economic recovery as noted in the graph on the right are personal income taxes and sales and use taxes. The recovery of the labor market will continue to be a significant factor to watch in determining if the recovery of the last two fiscal years will continue.



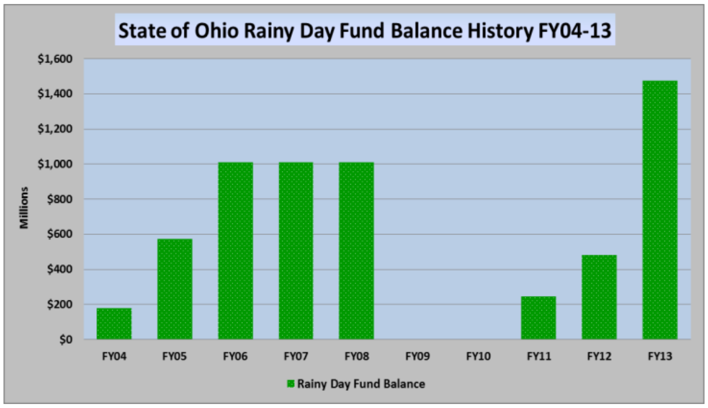
Source: Ohio Legislative Budget Office



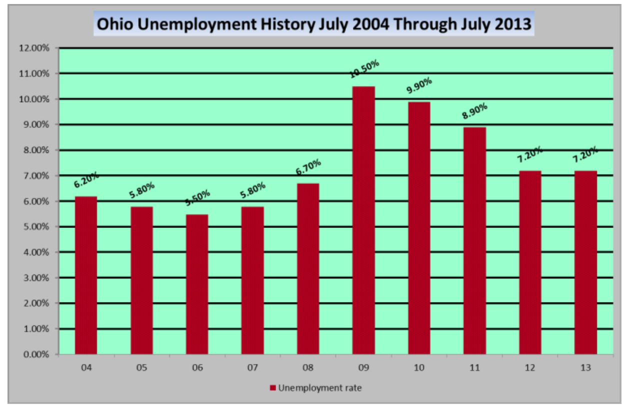
Source: Ohio Legislative Budget Office

The above State revenue is a clear indication that the economy has recovered and that there is economic growth in the state. Another indication that the State of Ohio has achieved solid footing economically is the accumulation of reserves in the State Rainy Day Fund (RDF). The graph below shows the ten year history of the Rainy Day Fund balance. The recession depleted the RDF in FY09. FY11 began the recovery of the economy and enabled the state to contribute excess revenues to the RDF. As noted the RDF balance in FY13 has reached an all time record high deposit of $1.478 Billion. This cushion should help ensure that funding for schools approved in the recent state biennium budget HB59 will be met through FY15 and could be continued into the future if a brief pull back in the economy occurs over the next few years.

A final note on the overall state economy is the unemployment rate. This is a significant measure to monitor for continued economic viability of the recovery. As noted above personal income taxes and sales tax are highly correlated and have been two major drivers of the recent recovery. As of July 2013 the unemployment rate in Ohio stood at 7.2%, which is unchanged from July 2012. The 7.2% rate is much lower than the 10.5% rate in 2009 but it has a long way to go to reach the 5.5% rate of 2006. In Franklin County the rate stood at 6.3% at July 2013.



Source: Ohio Legislative Budget Office

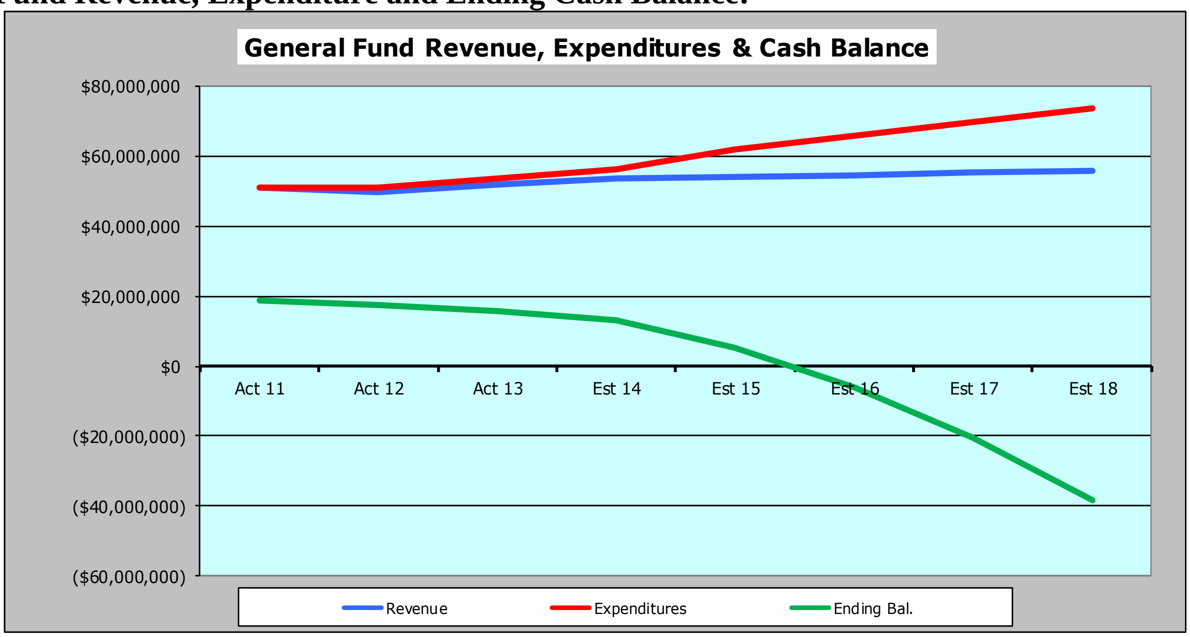


Source: Bureau of Labor Market Information

Overall, we believe the economic recovery is stable and the economy improving. This should provide a stable basis for which to make projections of State revenues to the district as noted in HB59 through FY15 and continuing through FY18. The improving labor market should also provide a basis for a recovery in property tax collections in this forecast by: 1) stabilizing declining property values; 2) increasing current property tax collections; and, 3) increasing prior delinquent tax collections.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Ms. Rebecca Jenkins, Treasurer/CFO of the New Albany-Plain Local Schools at 614-855-2040.

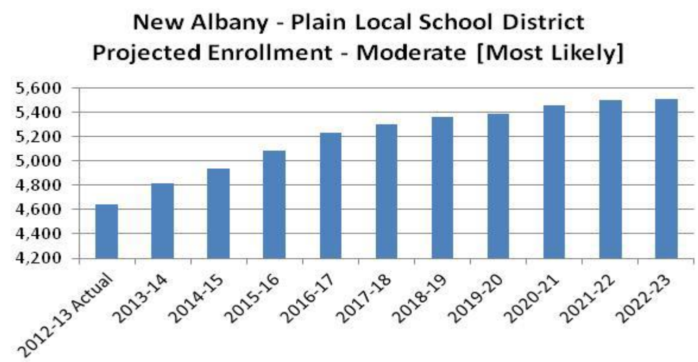
General Fund Revenue, Expenditure and Ending Cash Balance:



Enrollment Growth

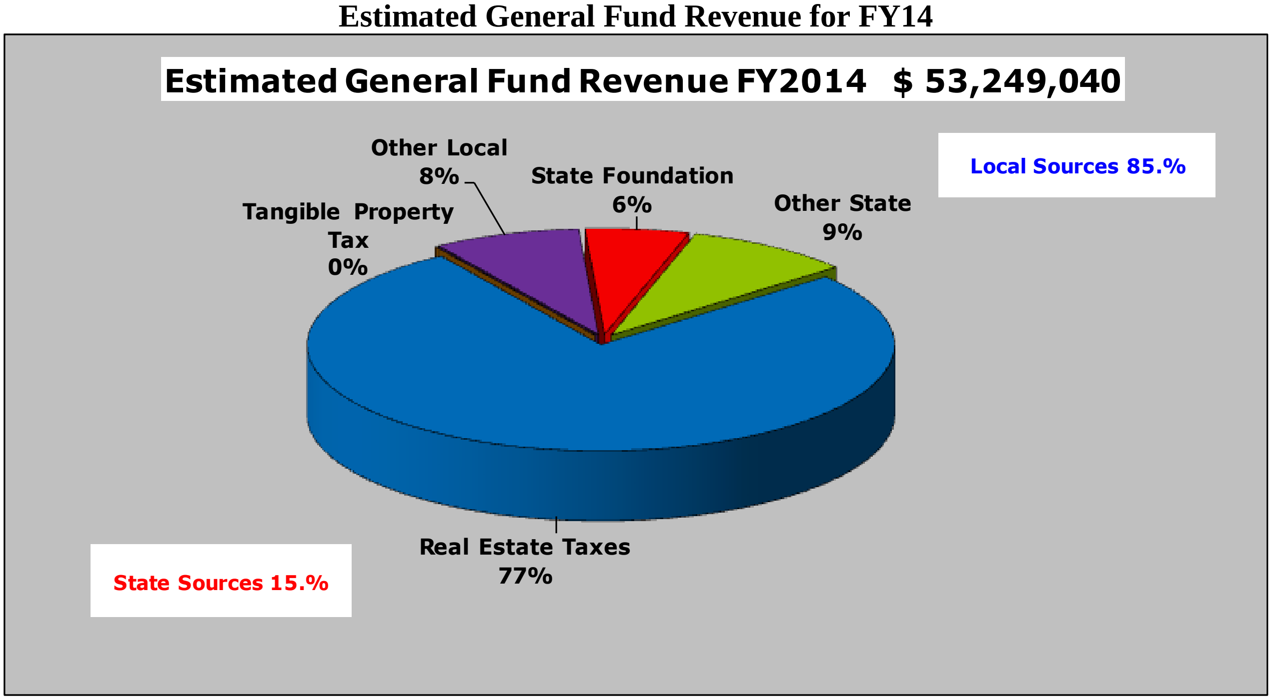
Enrollment growth is a key driver of District expenditures. Below is a snapshot of both actual historical and future projected growth. The 2012 ThinkGate enrollment projection report is the source of the actual and projected numbers below.

Grade	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
K-1	480	582	611	648	668	647	657	687	660	658	705	694	709	722	710
2-3	512	549	569	641	684	741	754	712	730	794	753	758	806	794	814
4-5	510	531	578	594	595	642	705	749	755	746	793	824	781	785	836
6-8	716	782	822	860	882	931	916	973	1,065	1,175	1,178	1,210	1,222	1,281	1,260
9-12	633	765	856	965	1,100	1,145	1,148	1,204	1,216	1,274	1,385	1,448	1,571	1,651	1,679
Total	2,851	3,209	3,436	3,708	3,929	4,106	4,180	4,325	4,426	4,647	4,814	4,934	5,089	5,233	5,299



Revenue Assumptions

Estimated General Fund Revenue for FY14



Real Estate Value Assumptions – Line # 1.010
The County Auditor conducted a reappraisal of existing property values in calendar year 2011. The economic downturn has had a negative impact on property values. As such, property values in total in New Albany-Plain did not see any increase during this or the previous reappraisal. This is an unusual occurrence as the District saw double digit percentage growth in the prior two reappraisals. The 2011 reappraisal resulted in a decrease in property valuation of approximately 9%.

Also, HB920 causes the District's voted, or outside, millage to adjust so that the District does not receive less revenue than the voted mills provided when they were approved by the voters unless there is no room for the millage to be adjusted upward. This will be true of all existing operating levies, except the levy passed in March 2008. The 2008 reappraisal warranted no adjustment to real estate values, therefore, this levy was not rolled back, causing it to be collected at its original 24.4 mills. Because this levy is a fixed rate levy, there is no room for HB920 to adjust upward. This caused NAPLS to lose approximately $3 million in current real estate tax collections.

The forecast assumes that growth in new residential and commercial real estate will remain slow due to the economy. New growth is projected at 1% in FY2014 and thereafter. Therefore, outside of the impact of a new levy, tax collections are anticipated to grow at a rate consistent with new construction.

It is important to note that Real Estate Collections in CY12 were almost 100% collected. This is due to the increased collection of delinquencies. The increase in delinquency collection caused the collection rate to be 99.5%. This collection rate is anticipated to return to the more historical average of 95% in future years. The District continues to have conversations with the Franklin County Auditor concerning this matter.

When values are reduced as a result of BOR (board of revision) activity HB920 provides some relief for the district due to the fact that if one property owner's taxes are reduced, another property owner(s) taxes must be increased to comply with HB920. This happens because as the total valuation decreases due to BOR cases, effective millage is rolled up so that the District collects about the same amount of revenue from each levy; however, the District still loses revenue on the inside millage, levies that have no room to be rolled up, and the first year reduction in value because the total values are not adjusted until the following year.

Franklin County, like many counties, has also seen a large influx of BOR real estate value complaint cases. This is where property owners, both residential and commercial, can request to have their property values reduced by the BOR. The BOR is comprised of a county commissioner, the county auditor and the county treasurer. Not all requests are granted, however, enough have been approved that the District has seen a significant negative impact on real estate tax revenues due to the resulting reduction in real estate values. In 2012 BOR cases reduced property values (combined residential and commercial property) by ($12,524,250) and in 2013 values were reduced by ($1,793,510). The 2013 BOR value reduction is a four (4) year low so we believe the spike in these cases due to the housing market devaluation is mostly behind us now and we should see modest growth return to our tax base as noted above.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	TAX YEAR 2013 *COLLECT 2014*	TAX YEAR 2014 *COLLECT 2015*	TAX YEAR 2015 *COLLECT 2016*	TAX YEAR 2016 *COLLECT 2017*	TAX YEAR 2017 *COLLECT 2018*
Res./Ag.	$687,959,710	$701,968,904	$702,218,904	$702,468,904	$730,817,660
Comm./Ind.	121,129,250	125,551,835	128,051,835	130,801,835	135,417,872
Public Utility (PUPP)	22,685,890	23,435,890	24,185,890	24,935,890	25,685,890
Tangible Prop.(TPP)	0	0	0	0	0
Total Assessed Valuation	**$831,774,850**	**$850,956,629**	**$854,456,629**	**$858,206,629**	**$891,921,422**

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY14	FY15	FY16	FY17	FY18
Est. Prop. Taxes Excluding TPP	$40,973,648	$41,338,260	$41,784,980	$42,193,020	$42,661,317

In general 53% of the new Res/Ag and Comm/Ind. expected to be collected in February tax settlements and 47% collected in August tax settlements. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the Franklin County Auditor. TPP will cease to be collected after FY11.

Estimated Tangible Personal Tax – Line#1.020
The phase out of TPP taxes began in FY06. HB66 was adopted in June 2005 and the provisions of the legislation have estimated the tangible personal property tax would be eliminated after FY11. Any revenues received in FY12 and beyond are delinquent TPP taxes in Line 1.02. Beginning in FY13 Public Utility Personal Property (PUPP) taxes are receipted in Line 1.01 this will cause Line 1.02 to drop to $-0- and Line 1.01 will increase slightly to account for PUPP tax receipts which are settled with general property taxes. There is no effect on total revenues.

State Foundation Revenue Estimates
Unrestricted State Foundation Revenue– Line #1.035
The amounts estimated for FY14 and FY15 for state funding is based on funding component computations from the most recent April 2014 State Foundation Payment Report calculation.

In FY14-15, HB59 is using the fourth (4^{th}) new funding formula for public education since 2009. The new funding formula has a new method to measure a district's wealth and capacity to raise local revenue. The new wealth measure is called the State Share Index (SSI). There are three (3) components of the SSI:

1) Valuation Index that measures the district's average property value per pupil for tax year 2010, 2011 and 2012 compared to the statewide average valuation per pupil;
2) Median Income Index that uses tax year 2011 median income compared to statewide median income that is used to measure the ability of a district's residents to pay property taxes;
3) Wealth Index which uses two thirds (2/3) of the Valuation Index and one third (1/3) of the Median Income Index to compute the overall district Wealth Index.

The three components taken together form the one (1) overarching State Share Index (SSI) which equalizes state funding based on wealth. In prior funding formulas the main tool to equalize wealth was a millage charge-off of 23 mills of adjusted valuation per pupil. If the SSI were reduced to a charge-off as in past formulas there would not be a uniform charge-off, rather a range of charge-off rates from 11.3 mills to 22.9 mills.

The SSI, or one or more of the other three (3) indexes, are applied in determining need on the nine separate components that constitute state aid in FY14 and FY15. The nine (9) components of the new funding model are:

1) Opportunity Grant – Per pupil amount of $5,745 in FY14 and $5,800 in FY15
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value
3) Special Education Additional Aid – Based on six (6) categories of disability
4) Limited English Proficiency – Based on three (3) categories based on time student enrolled in schools
5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students
6) K-3 Literacy Funds- Based on districts K-3 average daily membership and two Tiers
7) Gifted Funds –Based on average daily membership at $5.00 in FY14 and $5.05 in FY15
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) categories students enrolled in
9) Transportation Aid – Funding based only on greater of per rider or per mile costs for each district. A supplemental payment for districts that have a SSI of .5 or greater and pupil density at or below the state median

The current ODE State Foundation Report Calculations from April 25, 2014 are using current FY14 Average Daily Membership (ADM) of 5,271. The new funding formula causes districts either to be on the "Cap", "Formula", or "Guarantee". Our district is now a "CAP" funded district for FY14 and we anticipate that we will be on the CAP in FY15 as well. The district received an FY13 Bridge adjustment as well as began directly receiving preschool special education funding for a total increase of $174,084. The FY13 Bridge adjustment of $19,542 was received in FY14. This adjustment increased the state funding base amount beginning in FY14 thus causing an additional $19,542 in state aid totaling $39,084 increase in FY14. Based on current legislation, being on the CAP in FY15 means we will receive a 10.5% increase in state basic aid.

We believe that we will still be funded below the formula amount in FY16 and FY17 and will likely be on the CAP as well, provided the current funding formula continues in the next biennium budget. We believe the district will receive additional funds for the period FY16 through FY18. We have estimated an increase in the CAP amount of 5% each year, but this amount could be higher or lower. There is no guidance on the state funding model or increases for the FY16-17 biennium budget at this time. We are also estimating this amount conservatively as the state may reduce TPP reimbursements in the FY16-17 biennium budget. If the state repurposes the $482 million per year used to pay TPP reimbursements to districts who are still receiving this reimbursement and places it in the formula, then the cap amount may increase much more than the 5% anticipated.

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos, one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013 all four (4) casinos are open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the total tax that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year beginning January 2013.

The initial student payment to schools in January 2013 was $21.00 per pupil based on 1,816,000 pupils in Ohio. As more actual taxes are collected, the state has indicated that the original 2009 estimates of $1.9 billion of Gross Casino Revenue (GCR) may be closer to $1 billion, as revenues from casinos are falling off. We are estimating statewide student enrollment to decline by ½ of 1% from the FY13 total to 1,808,000 students in FY14. Based on 1,808,000 students, we expect school districts' share of GCR to be $85 million resulting in FY14 payments of $51.57 per pupil. For FY15-18 we estimated another ½ of 1% decline in pupils to 1,797,885 and GCR increasing to $90 million or an estimated per pupil amount of $53.56 in FY15. We are estimating an increase in per pupil funding of 3% for FY16-18.

A) Unrestricted State Foundation Revenue BRIDGE Form – Line #1.035

Source	FY14	FY15	FY16	FY17	FY18
Basic Aid-Unrestricted	2,616,758	2,876,357	3,020,190	3,171,215	3,329,791
Additional Aid Items	184,299	184,299	184,299	184,299	184,299
Basic Aid-Unrestricted Subtotal	$2,801,057	$3,060,656	$3,204,489	$3,355,514	$3,514,090
Ohio Casino Commission ODT	242,789	253,193	262,438	272,009	281,919
Total Unrestricted State Aid Line # 1.035	$3,043,846	$3,313,850	$3,466,927	$3,627,523	$3,796,008

B) Restricted State Revenues – Line # 1.040

There are two items currently required in "restricted aid", Economically Disadvantaged and Career Technical funds. The district elects to post Catastrophic Aid for special education here. The district is using the April #2 payment amount for this line. The district is not receiving any career technical funding and estimates the economically disadvantaged aid to remain flat.

Source	FY14	FY15	FY16	FY17	FY18
Economically Disadvantage Aid	300	300	300	300	300
Career Tech - Restricted	0	0	0	0	0
Total Restricted State Revenues Line #1.040	$300	$300	$300	$300	$300

C) Restricted Federal Grants in Aid – line #1.045

The district received $115,963 in Ed Jobs money in FY12 which was the last year of these funds.. There are no restricted funds projected for the forecast period.

SUMMARY OF STATE FOUNDATION REVENUES

Source	FY14	FY15	FY16	FY17	FY18
Unrestricted Line # 1.035	$3,043,846	$3,313,850	$3,466,927	$3,627,523	$3,796,008
Restricted Line # 1.040	300	300	300	300	300
Restricted Fed. SFSF /EdJobs #1.045	0	0	0	0	0
Total State Foundation Revenue	$3,044,146	$3,314,150	$3,467,227	$3,627,823	$3,796,308

Property Tax Allocation Line 1.050

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally from taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate
The district no longer receives any fixed rate reimbursement. HB153, the previous state budget, dramatically changed this revenue as New Albany-Plain Local Schools does not qualify as highly reliant. As a result the district lost $635,202 in TPP fixed rate.

c) Tangible Personal Property Reimbursements – Fixed Sum
The District does not receive any tangible personal property tax fixed sum reimbursements.

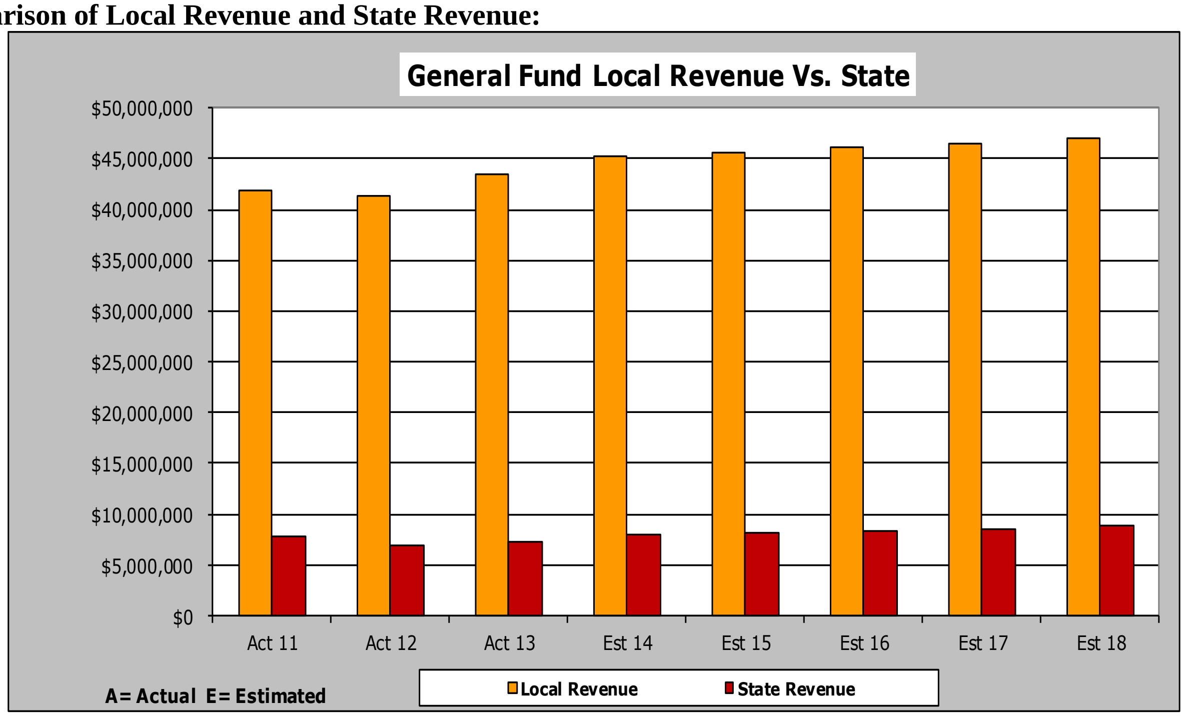
Summary of State Tax Reimbursement – Line #1.050

Source	FY14	FY15	FY16	FY17	FY18
Rollback and Homestead	4,923,756	4,933,359	4,954,907	4,972,739	4,996,178
TPP Reimbursement - Fixed Rate	0	0	0	0	0
TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimb./Prop Allocations Line #1.050	$4,923,756	$4,933,359	$4,954,907	$4,972,739	$4,996,178

Other Local Revenues – Line #1.060
Revenues from all other sources are based on historical growth patterns. This revenue largely consists of Income tax sharing revenue as well as some rental income, tuition payments, Medicaid reimbursements, and investment income. The income tax sharing portion is projected to remain flat based on conversations with the City of New Albany. All other revenue is expected to remain mostly stable during the forecast period.

Source	FY14	FY15	FY16	FY17	FY18
Tuition	$61,739	$63,282	$64,864	$66,486	$68,148
Income Tax Sharing	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000
Other Income and rentals	615,750	630,152	644,915	660,047	675,557
Total Line # 1.060	$4,307,489	$4,323,435	$4,339,779	$4,356,533	$4,373,705

Comparison of Local Revenue and State Revenue:



Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short term borrowing planned in this forecast at this time from any sources.

Transfers In / Return of Advances – Line #2.040 & Line #2.050
Returns of advances to other funds from the previous year comprise most of the historical revenue in this category.

All Other Financial Sources – Line #2.060
All other financing sources include the Win-Win payments from the Columbus Public Schools (CPS). Basically because the City of Columbus was annexing territory into city limits for water and sewer expansion to undeveloped land, the law states that CPS would annex that property as well. Since some of the districts had development underway and were anticipating the tax revenue from those new parcels, there was an agreement struck between the affected suburban schools and CPS. The suburban schools would protect certain properties while the City annexed any undeveloped property and the schools would not lose on the undeveloped property. Since the property is more valuable at our tax rate, a portion of that value is calculated and trended for inflation and paid to CPS.

So simply put, the suburban schools protected property would pay a portion of the value of that land to CPS for not annexing the property and that is the beginning of the Section 10 payments or Win-Win.

There is one other section that applies to all local school districts. In short CPS would PAY BACK amounts calculated under a certain formula if the suburban schools per pupil value were LESS than CPS. That is true for Hamilton, Groveport and Canal Winchester but not for New Albany. Our valuation per pupil is higher than CPS so we do not get any funds returned from our payment.

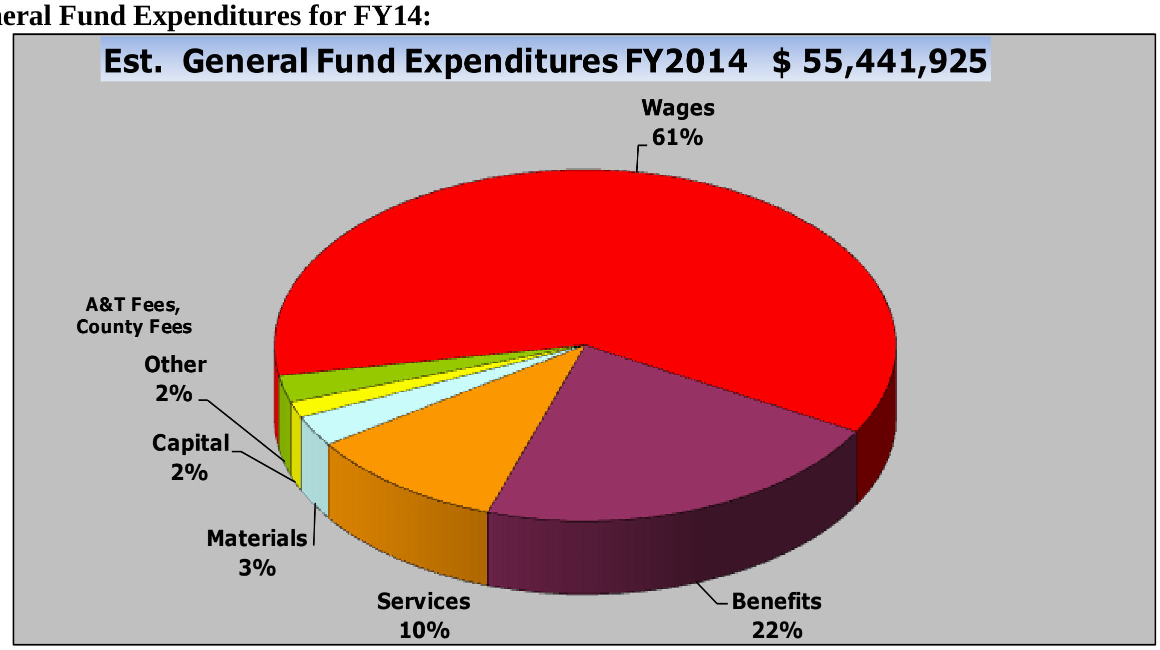
Lastly, the calculation over the years has been done incorrectly by CPS and there are back payments due the suburban schools. As a result New Albany will pay $507,479.00 to the ESC escrow account to pay the payment due but then due to the corrections will receive $473,858.33 each year for three years to correct the payment error. FY14 is the final year of correction.

ALL OTHER FINANCIAL SOURCES - LINE #2.060

Include Win Win Settlements FY13-14	FY14	FY15	FY16	FY17	FY18
Refund of prior years expenditures	$515,688	$41,830	$41,830	$41,830	$41,830

Expenditures Assumptions

Estimated General Fund Expenditures for FY14:



Wages – Line #3.010
The model reflects a base increase of 1% in FY14 and 0% in FY15 as negotiated. Included for planning purposes is 1% in salary increases in FY16-FY18. The Board and both associations agreed to form a committee to research and recommend salary increase options. FY15 reflects the current negotiated agreement which includes both certified and classified union members returning to their FY11 and FY12 salary indexes respectively beginning in FY15. The district included an average step increase of 3.3% for certified and 1.73% for classified bargaining unit members. Future negotiations can effect these assumptions. The forecast also includes eight (8) certified and six (6) classified in FYY 15-FY18; 1.6 administrative staff is projected in FY15 due to growth, increased case load and new building staffing needs.

Source	FY14	FY15	FY16	FY17	FY18
Base Wages	$30,380,826	$31,923,257	$34,596,147	$36,829,457	$39,042,902
Increases	303,808	0	345,961	368,295	390,429
Salary Adjustments	1,078,366	1,792,890	1,062,349	1,125,150	1,187,562
Supplemental	1,100,000	1,111,000	1,122,110	1,133,331	1,144,664
Temporary/Extended Days/Student/Extra	850,000	800,000	820,000	840,500	861,513
New Hires/Adjustments	0	880,000	825,000	720,000	736,000
Severance	80,000	100,000	100,000	100,000	100,000
Professional Development and Innovation Stipends	0	135,000	135,000	135,000	135,000
Total Wages Line 3.010	$33,793,000	$36,742,147	$39,006,567	$41,251,733	$43,598,070

Fringe Benefits Estimates Line 3.02
This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance being directly related to the wages paid. The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System (STRS) or the School Employees Retirement System (SERS) as required by Ohio law.

A) STRS/SERS
As required by law the BOE pays 14% of all employee wages to STRS or SERS. In addition, SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. We have taken the 1/6 additional costs per year for 6 years catch up provision. This cost is $38,000 each year through FY16. STRS/SERS is directly effected by salary increases and decreases.

B) Insurance
An increase of 7.1% is included in FY14 based on the actual increase received and 9% in FY15-FY18 based on negotiated agreement caps. The 9% cap means that should the District receive a premium increase above 9% the insurance committee will convene to evaluate what changes can be accomplished to reduce the increase to at or below 9%.

Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act** (**PPACA**) commonly called the **Affordable Care Act** (**ACA**), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965. Many of the significant provisions of the PPACA that were scheduled to be implemented by employers on January 1, 2014 were delayed until January 1, 2015 by a July 2, 2013 ruling from the IRS.

It is uncertain to what extent the implementation of PPACA will cost our district additional funds. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be but there are "taxes" mandated by the act which we are aware of. The Transition Reinsurance fee due January 15, 2015, is a fee due the IRS for $5.25 per covered member per month for the prior year (2014).This will be $63 for each employee who had a full year of coverage in the prior year. This tax could equate to roughly a 6% annual increase in FY15. Longer-term a significant concern is the 40% "Cadillac Tax" that will be imposed in 2018 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation
The anticipated premium rate is expected to decrease to 1% due to the district's participation in the retrospective rating program for workers' compensation; however this expense will continue to increase as salaries increase. Unemployment is expected to remain negligible.

D) Medicare

Medicare will continue to increase at the rate of increases in wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY14	FY15	FY16	FY17	FY18
STRS/SERS	$5,213,532	$5,648,774	$5,984,962	$6,294,785	$6,656,473
Health Insurances	6,197,621	6,931,407	7,720,234	8,559,055	9,476,570
Workers Compensation and Unemployment Comp	193,930	210,593	223,387	236,072	249,329
Medicare	476,481	523,696	559,751	595,982	634,130
Other	55,187	55,187	55,187	55,187	55,187
Total Line 3.020	$12,136,752	$13,369,658	$14,543,521	$15,741,081	$17,071,689

Purchased Services – Line #3.030

An overall inflation of 3% is being estimated for this category of expenses as well as increases in special education costs. FY15 includes additional utility costs for the new building opening in that year.

Source	FY14	FY15	FY16	FY17	FY18
Base Services	$1,056,800	$1,223,504	$1,260,209	$1,298,015	$1,336,956
ESCCO, Spec Ed, Legal, ITC-Data Processing	2,407,782	3,055,933	3,086,492	3,117,357	3,148,531
Community School Deductions	400,000	400,000	412,000	424,360	437,091
Other Tuition, Autism Schol, Excess Costs	339,571	471,000	485,130	499,684	514,674
Utilities (New Building FY15)	1,050,000	1,272,950	1,536,598	1,613,427	1,694,099
Innovation and Professional Development	500,000	365,000	365,000	365,000	365,000
Total Line 3.030	$5,754,153	$6,788,387	$7,145,429	$7,317,844	$7,496,351

Supplies and Materials – Line #3.040

An overall inflation of 2% is being estimated for this category of expenses which include all consumable supplies that are purchased to operate the school district, such as textbooks, paper, cleaning supplies, tires and bus fuel. Additional funds are budgeted for opening the new building in FY15 and FY16.

Source	FY14	FY15	FY16	FY17	FY18
Supplies	$1,571,059	$1,639,912	$1,672,710	$1,808,164	$1,844,327
New Building	0	0	100,000	0	0
Total Line 3.040	$1,571,059	$1,639,912	$1,772,710	$1,808,164	$1,844,327

Equipment – Line # 3.050

Capital outlay is estimated based on historical trends. The district is completing a capital plan for all existing buildings/grounds. The district allowed the permanent improvement levy to expire. As these funds are depleted the district will need to build capital expenditures into the general fund. The district is beginning to include bus purchases in the general fund beginning in FY14 and capital maintenance and technology as a place holder of $200,000 in FY15. The District is preparing a long-range capital improvement plan in FY14 and will adjust this assumption according to the outcome of the finalized plan.

Source	FY14	FY15	FY16	FY17	FY18
Capital Outlay	$447,573	$543,941	$543,941	$543,941	$543,941
Additional Bus Purchases	370,000	351,540	363,000	374,000	385,000
Capital Improvements and Technology	0	200,000	200,000	200,000	200,000
Total Line 3.050	$817,573	$1,095,481	$1,106,941	$1,117,941	$1,128,941

HB264 Note Repayment/Interest and Fiscal Charges – Lines 4.050 and 4.060

The District completed an energy conservation project in 2005 under HB264 legislation. HB264 allows districts to use the energy savings from replacing inefficient HVAC and mechanical systems with energy efficient systems to repay un-voted debt needed to finance the replacements. The District financed these improvements over a 15-year period and will make its last HB264 debt payment in FY19.

Source		FY14	FY15	FY16	FY17	FY18
HB 264 Principal	Total Line 4.050	$175,000	$185,000	$195,000	$205,000	$215,000

INTEREST AND FISCAL CHARGES - Line #4.060

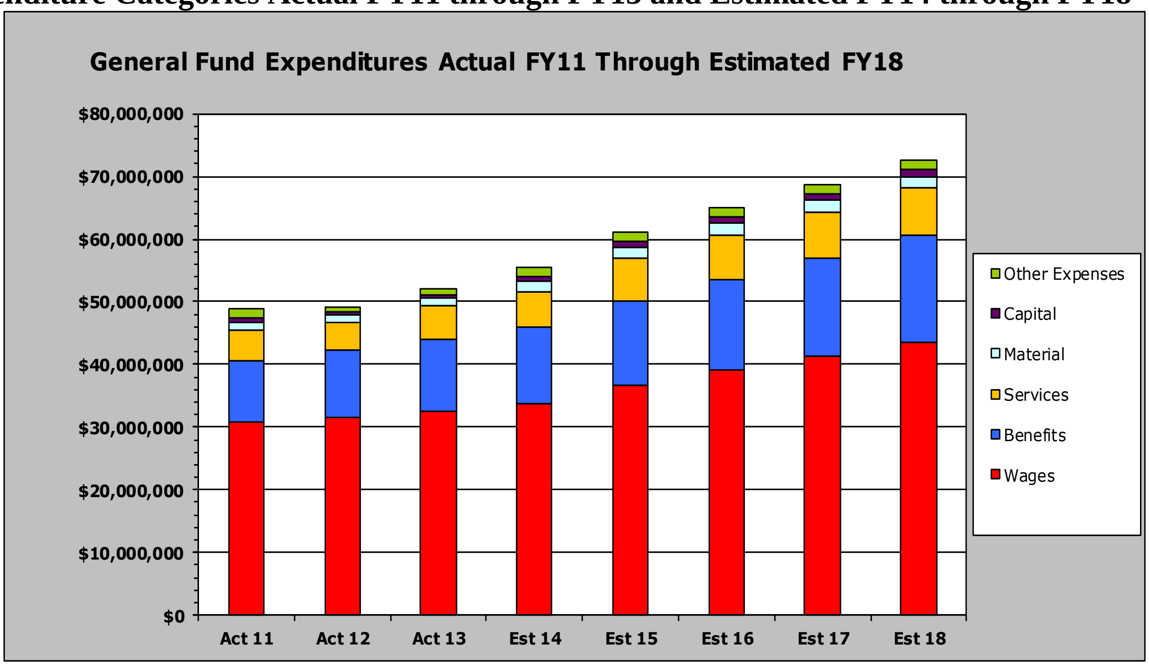
Source		FY14	FY15	FY16	FY17	FY18
Interest on TANS,Loans & HB 264	Line 4.060	54,388	47,188	39,344	31,100	22,700

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees. Auditor and Treasurer Fees will increase anytime a new operating levy is collected. All other expenditures in this line assume a 3% inflation rate.

Source	FY14	FY15	FY16	FY17	FY18
County Tax Fees & Election Costs	$685,000	$700,000	$707,000	$714,070	$721,211
County Board of Education	125,000	108,000	109,080	110,171	111,273
Liability Ins, &Other Misc.Costs	145,000	164,855	166,504	168,169	169,850
Increased A&T Fees for New Levies	185,000	0	0	0	0
Contingency	$0	$200,000	$200,000	$200,000	$200,000
Total Line 4.300	$ 1,140,000	$ 1,172,855	$ 1,182,584	$ 1,192,409	$ 1,202,333

Total Expenditure Categories Actual FY11 through FY13 and Estimated FY14 through FY18



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. Advances are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. Transfers are not repaid to the general fund.

Source	FY14	FY15	FY16	FY17	FY18
Transfer Line 5.010	$459,000	$468,180	$477,544	$487,094	$487,094
Advances Line 5.020	0	0	0	0	0
Total Transfers & Advances	$459,000	$468,180	$477,544	$487,094	$487,094

Source	FY14	FY15	FY16	FY17	FY18
All Other Financing Uses (Win Win)- Line 5.030	$520,000	$520,000	$520,000	$520,000	$520,000

Encumbrances –Line#8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. Estimates are based on historic trends.

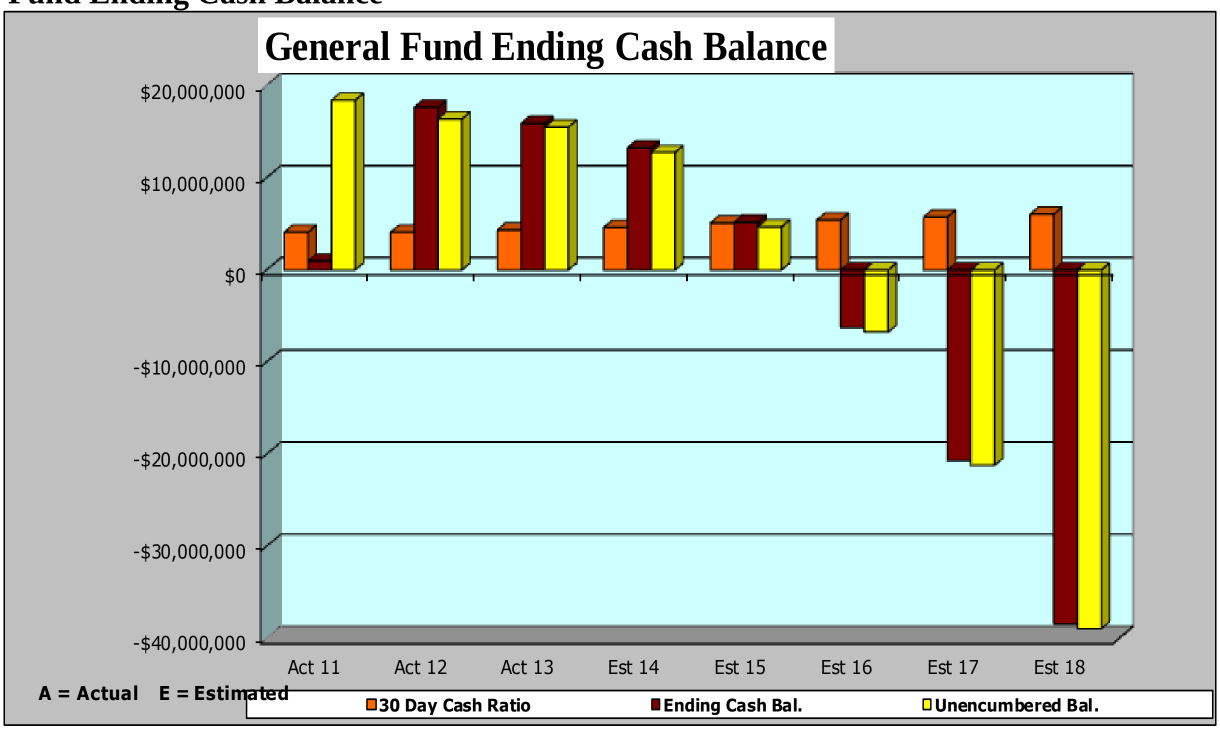
	FY14	FY15	FY16	FY17	FY18
Estimated Encumbrances	$500,000	$500,000	$500,000	$500,000	$500,000

Ending Unencumbered Cash Balance "The Bottom-line" – Line#15.010

This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of ORC5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to HB153 effective September 30, 2011. The deficit noted in FY16 is one new state biennium budget away and the district management will prevent such a deficit from occurring.

	FY14	FY15	FY16	FY17	FY18
Ending Cash Balance	$12,745,055	$4,667,281	($6,733,635)	($21,214,056)	($38,931,223)

General Fund Ending Cash Balance



RISK ASSESSMENT

- The current ODE State Foundation Report Calculations from April 25, 2014 are using current FY14 Average Daily Membership (ADM) of 5,271. The new funding formula causes districts either to be on the “Cap”, “Formula”, or “Guarantee”. Our district is now a “CAP” funded district for FY14 and we anticipate that we will be on the CAP in FY15 as well. The district received an FY13 Bridge adjustment as well as began directly receiving preschool special education funding for a total increase of $174,084. The FY13 Bridge adjustment of $19,542 was received in FY14. This adjustment increased the state funding base amount beginning in FY14 thus causing an additional $19,542 in state aid totaling $39,084 increase in FY14. Based on current legislation, being on the CAP in FY15 means we will receive a 10.5% increase in state basic aid.

  We believe that we will still be funded below the formula amount in FY16 and FY17 and will likely be on the CAP as well, provided the current funding formula continues in the next biennium budget. We believe the district will receive additional funds for the period FY16 through FY18. We have estimated an increase in the CAP amount of 5% each year, but this amount could be higher or lower. There is no guidance on the state funding model or increases for the FY16-17 biennium budget at this time. We are also estimating this amount conservatively as the sate may reduce TPP reimbursements in the FY16-17 biennium budget. If the state repurposes the $482 million per year used to pay TPP reimbursements to districts who are still receiving this reimbursement and places it in the formula, then the cap amount may increase much more than the 5% anticipated.

- Due to the high reliance on local property tax revenue property valuations continue to be a major area of risk given the current economic climate. As seen in 2011 for 2012 collections, the district saw an almost 9% decrease in property values. The district believes real estate values are stable at this time and projects very slight new construction growth in future years. This area must be continually monitored.

- The district has seen an increase in collected delinquent property taxes. This revenue source must also be closely monitored for future fluctuations. The Franklin County Auditor’s office is recommending the district expect to return to a more normal 95% collection rate from the current FY14 collection rate of 100%.

- Utility costs are also a risk factor depending on weather conditions and cost increases from year to year. Ohio experienced one of the worst winters in recorded history in FY14, which lead to significant risk related to energy costs. On August 8, 2012 the PUCO issued a modified electric security plan (ESP). Rates could be increased as much as 19%. We have used a 5% factor in the forecast but must watch this area.

- An increase in the current voucher legislation such as the John Peterson Autism Scholarship and others is also a potential risk and must be monitored to capture the potential additional expenditure. The current qualifier is household income. Should this income level be reduced this cost could increase dramatically.

- Revenue from the income tax sharing agreement with the City of New Albany is also a potential major risk. The district saw a decrease in this income due to the economic downturn. In FY13 the District realized a lower collection in Income Tax Sharing revenue by approximately $160,000. The district continues a regular dialogue with the City of New Albany leadership for guidance on projecting this revenue source. This revenue source is equal to approximately $3.6 million to New Albany Schools.

- State reimbursements continue to be a risk especially at the beginning of any biennial budget process. Reimbursements such as Homestead and Rollback could be legislated away just as the TPP reimbursement has been. This revenue source is equal to approximately $4.9 million to New Albany Schools.

- HB59 eliminated the Rollback exemption on any future new or replacement levy. This means that should the District place a new levy on the ballot taxpayers will no longer receive the 12.5% reduction as they do on current levies. This could make passing any new levy more difficult. This will not effect the total collection for the school district but will shift the tax burden from the State of Ohio onto local taxpayers.

- The district is also watching pending legislation that could mandate that district's pay 100% of the tuition for current students attending more than 15 credit hours of higher education. This legislation also prohibits districts from charging any type of fee. As the legislation works its way through the legislative process we will know more how to calculate a dollar amount associated with this risk. However, as an example, if 25% of our high school student population would attend Columbus State for a minimum of 15 hours based on the current Columbus State tuition schedule found on their website the cost to the district would be $596,700 per year.

- Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provision of this federal statute were supposed to be implemented January 1, 2014 but were delayed by the IRS on July 2, 2013 until January 1, 2015. We are aware of additional taxes that will be assessed on the district January 1, 2015 which could increase costs by as much as 6%. There is the additional risk that costs will go up as additional employees are added to our health care rolls. Rules for the PPACA are in flux at this time and we are tracking them closely. Future uncertainty over rules and implementation of PPACA is an elevated risk to district costs. We continue to monitor the rules and implementation as this significant change to health care evolves.

- Another potential concern for District finances is the expected opening of the Marburn Academy. This facility will serve approximately 275 students with a range of special needs. The weighted funding for these students will be deducted from the District's State aid. This could cost the District up to $20,000 per student who attends Marburn Academy. We do not have a way to project a cost at this time as we do not know how many New Albany students may be placed in the Marburn Academy but will monitor placement of students closely once the facility is open.

- The district is currently assessing campus-wide capital improvements. These expenditures were historically taken from permanent improvement funds. The District allowed the permanent improvement levy to expire. Moving forward, these expenditures must be included in the general fund.

- Enrollment growth is a substantial risk to the five-year forecast. A sharp increase or decrease could have a substantial effect on the ending cash balance and must be monitored closely.

- Student achievement technology needs are being examined and will also be included in the general fund appropriations.

- Negotiated agreements expire June 30, 2015.