WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2017, 2018 and 2019 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2020 THROUGH 2024**

**Forecast Provided By
Worthington City School District
Treasurer's Office
Jeff McCuen, Treasurer/CFO
October 28, 2019**

WORTHINGTON CITY SCHOOL DISTRICT
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018, 2019
Forecasted Fiscal Year Ending June 30, 2020 through 2024

		Actual				Forecasted				
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
	Revenues									
1.010	General Property Tax (Real Estate)	$ 91,680,307	$ 93,925,327	$ 98,600,412	3.7%	$103,073,000	$107,825,000	$113,391,000	$116,031,000	$116,492,000
1.020	Tangible Personal Property	4,005,083	4,536,436	4,634,275	7.7%	$6,001,000	$5,817,000	$6,112,000	$6,357,000	$6,547,000
1.035	Unrestricted State Grants-in-Aid	17,877,676	18,665,033	18,970,126	3.0%	$19,159,000	$19,082,000	$19,081,000	$19,342,000	$19,607,000
1.040	Restricted State Grants-in-Aid	1,044,856	786,746	860,028	-7.7%	$740,000	$735,000	$728,000	$723,000	$719,000
1.050	Property Tax Allocation	15,517,596	14,293,173	13,112,165	-8.1%	$11,976,000	$10,815,000	$9,985,000	$9,974,000	$9,963,000
1.060	All Other Revenues	1,853,967	2,474,976	3,299,073	33.4%	$3,432,000	$2,632,000	$2,432,000	$2,332,000	$2,332,000
1.070	*Total Revenues*	$ 131,979,485	$ 134,681,691	$ 139,476,079	2.8%	$ 144,381,000	$ 146,906,000	$ 151,729,000	$ 154,759,000	$ 155,660,000
	Other Financing Sources									
2.050	Advances-In	$ 3,600	$ 42,800	$ 17,700	515.1%	$ 68,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
2.060	All Other Financing Sources	13,341	5,447	7,864	-7.4%	$35,000	$5,000	$5,000	$5,000	$5,000
2.070	*Total Other Financing Sources*	$ 16,941	$ 48,247	$ 25,564	68.9%	$ 103,000	$ 55,000	$ 55,000	$ 55,000	$ 55,000
2.080	*Total Revenues and Other Financing Sources*	$ 131,996,426	$ 134,729,938	$ 139,501,643	2.8%	$ 144,484,000	$ 146,961,000	$ 151,784,000	$ 154,814,000	$ 155,715,000
	Expenditures									
3.010	Personal Services	$ 76,066,212	$ 78,474,466	$ 84,201,316	5.2%	$86,183,000	$90,892,000	$95,595,000	$99,918,000	$104,253,000
3.020	Employees' Retirement/Insurance Benefits	28,712,894	29,774,971	31,169,434	4.2%	$33,063,000	$35,355,000	$37,394,000	$39,231,000	$41,165,000
3.030	Purchased Services	11,571,116	12,262,688	12,898,268	5.6%	$14,652,000	$15,064,000	$16,290,000	$17,053,000	$17,664,000
3.040	Supplies and Materials	3,958,664	3,405,482	3,690,834	-2.8%	4,090,000	4,288,000	4,796,000	4,380,000	4,511,000
3.050	Capital Outlay	449,630	365,036	1,661,138	168.1%	2,676,000	1,889,000	1,322,000	871,000	1,534,000
4.300	Other Objects	1,861,392	1,777,632	1,847,482	-0.3%	$2,046,000	$2,142,000	$2,242,000	$2,297,000	$2,318,000
4.500	*Total Expenditures*	$ 122,619,908	$ 126,060,275	$ 135,468,472	5.1%	$ 142,710,000	$ 149,630,000	$ 157,639,000	$ 163,750,000	$ 171,445,000
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 1,236,713	$ 2,809,677	$ 538,650	23.2%	$539,000	$538,000	$328,000	$328,000	$328,000
5.020	Advances-Out	42,800	17,700	68,000	112.8%	50,000	50,000	50,000	50,000	50,000
5.040	*Total Other Financing Uses*	$ 1,279,513	$ 2,827,377	$ 606,650	21.2%	$ 589,000	$ 588,000	$ 378,000	$ 378,000	$ 378,000
5.050	*Total Expenditures and Other Financing Uses*	$ 123,899,421	$ 128,887,652	$ 136,075,122	4.8%	$ 143,299,000	$ 150,218,000	$ 158,017,000	$ 164,128,000	$ 171,823,000
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 8,097,005	$ 5,842,286	$ 3,426,521	-34.6%	$ 1,185,000	$ (3,257,000)	$ (6,233,000)	$ (9,314,000)	$ (16,108,000)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 81,807,248	$ 89,904,253	$ 95,746,539	8.2%	$ 99,173,060	$ 100,358,060	$ 97,101,060	$ 90,868,060	$ 81,554,060
7.020	*Cash Balance June 30*	$ 89,904,253	$ 95,746,539	$ 99,173,060	5.0%	$ 100,358,060	$ 97,101,060	$ 90,868,060	$ 81,554,060	$ 65,446,060
8.010	*Estimated Encumbrances June 30*	$ 2,379,231	$ 2,691,261	$ 3,467,167	21.0%	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 17,473,766	$ 21,763,480	$ 24,884,597	19.4%	$ 26,854,000	$ 27,674,000	$ 27,674,000	$ 27,674,000	$ 27,674,000
9.060	Property Tax Advances	5,626,200	4,673,500	4,528,500	-10.0%	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
9.080	*Subtotal*	23,099,966	26,436,980	29,413,097	12.9%	31,854,000	32,674,000	32,674,000	32,674,000	32,674,000
15.010	*Unreserved Fund Balance June 30*	$ 64,425,056	$ 66,618,298	$ 66,292,796	1.5%	$ 65,504,060	$ 61,427,060	$ 55,194,060	$ 45,880,060	$ 29,772,060
	ADM Forecasts									
20.010	Kindergarten - October Count	737	713	856	8.4%	853	891	859	821	856
20.015	Grades 1-12 - October Count	9,065	9,114	9,208	0.8%	9,419	9,662	9,918	10,121	10,297

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
October 28, 2019

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year financial forecast by November 30 and an update by 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 2020 (July 1, 2019-June 30, 2020) is the first year of the five year forecast and is considered the baseline year.

Summary of Changes from the May 2019 Forecast

Revenues:
We have made adjustments to revenue projections resulting in an increase in total revenues of $1.9 million over the life of the forecast. Tax revenue estimates have been increased $5.5 million as a result of indications from the County that the triennial reappraisal for 2020 will include 17-20% increases in residential property values. However this increase is offset by a decrease in state funding of $5 million over the life of the forecast. The previous administration expressed the desire to move off a system of caps and guarantees, and thus increased the CAP 3% annually for FY18 and FY19, which we assumed would continue into FY20 and beyond until the formula was actually working. However, the current biennium froze funding levels at FY19 amounts with no increase in CAP. While we are expected to receive $1 million over two years in new Student Wellness and Success funds (accounted for outside this forecast), the net effect is a decrease of expected state revenues of $4.5 million over the life of the forecast.

Expenditures:
We have made adjustments to expenditure projections resulting in an increase of $0.2 million over the life of the forecast, primarily the result of ending fiscal year 2019 $2.7 million under budget. Enrollment increased 348 students thus far for FY20, 129 more than anticipated. We have adjusted staffing levels to match this growth, including the areas of special education, but were able to offset much of this increase with higher than expected turnover of existing staff. Fringe benefits have been increased $2.8 million, the result of an insurance premium increase of 10.5% for 2020 compared to the previously anticipated 5% increase. Purchased services have been decreased $0.5 million for FY20 and $0.6 million for FY21 as we will utilize our Student Wellness and Success Funds, accounted for separately, to fund a portion of our mental health team during those years.

Ending Cash Balance:
The changes to revenue and expenditure assumptions result in an increase in ending cash balance of $1.7 million at the end of FY23. We had anticipated an ending balance of $79.8 million at June 30, 2023 and now anticipate a balance of $81.5 million.

Forecast Risks and Uncertainty

Our financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to volatility of the legislative changes. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

I. **State Foundation Funding and the 20/21 Biennial State Budget -** The current biennial state budget for FY20-21 did not appropriate enough resources to fully fund all districts according to its school funding formula, the same formula as in the prior state budget. Many districts, including ours, received increases, although capped, of 3.6% in FY18 & FY19. The current budget freezes all districts at FY19 levels for both FY20 and FY21. Thus, although we have increased over 200 students, we receive no increase in formula funding. This amounts to shortfall of $5 million annually that the District should be receiving according the state funding formula. Although the legislature did approve funding for Student Wellness and Success initiatives, totaling $1.1 million over two years for our District, accounted for outside this forecast, our growing district is still negatively impacted by this funding freeze. It is too early to tell how the next state budget will impact educational funding, but we are assuming a 2% increase in the cap and no continuation of student wellness and success funds.

II. **Fringe Benefit Costs, including the negotiated CAP and the Affordable Care Act -** The District moved to self-funding its employee health insurance program in 2015 and quickly built sufficient reserves while reducing premium rates. Claims experience for 2019 has been higher than anticipated, and premiums for 2020 are set to increase 10.5%. Both union labor agreements contain language capping the Board's share of premiums should the total premium exceed a given threshold. Including the 2020 increase, the premium will be very close to that cap. We anticipate future year's premium increases of 5% and assume some of these increases will be absorbed in some capacity by the employee during the next negotiated agreement due to the cap.

The "Cadillac Tax" enacted as part of the Affordable Care Act has been delayed until 2022 and is the subject of ongoing legal challenges. Under current law, the tax equates to 40% of the excess value of employer provided health insurance benefits exceeding $30,150 for family and $11,200 for single. We potentially will meet or exceed these thresholds at that time, using the 5% growth assumptions. However, this calculation is dependent on the next labor negotiation as well as the legal status of the tax itself and therefore we have not estimated any additional costs in our assumptions at this time.

III. **Enrollment –** Our enrollment continues to grow, with the District gaining 210 students this year. For a mature community with little undeveloped land, most of that growth is the result of turnover, which is more difficult to project than growth from new construction. We have included the effects of this updated enrollment in this forecast, which can easily change both positively and negatively depending on the economy and the rate of turnover. We will be updating enrollment projections during the year and will monitor the effects closely.

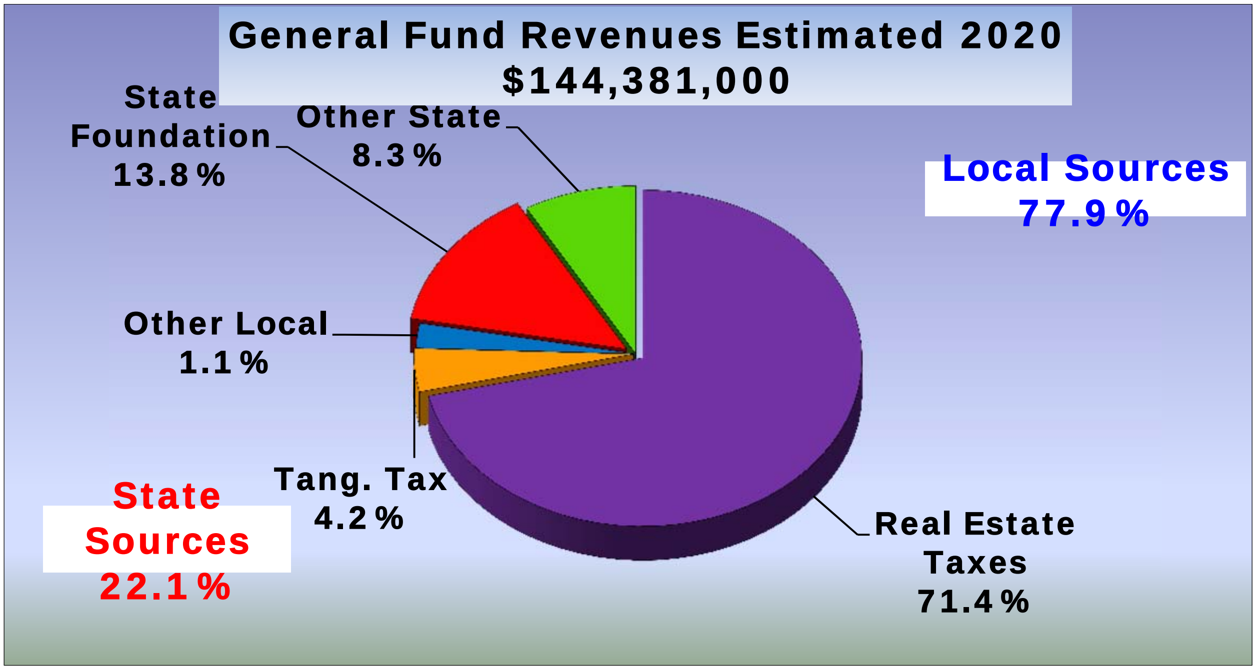
IV. **Macroeconomic Uncertainty –** Trade negotiations, global economic slowdown, and interest rate cuts cloud the macroeconomic picture. An inverted yield curve, in which short term rates are higher than long term rates, occurred in August, and is, by most economists, a historically accurate indicator of a recession. However, unemployment rates continue to remain very low, and economic news from the retail sector has been positive. Many of the assumptions in this forecast assume a continued healthy economy, including increasing enrollment, steady tax revenue, steady to increasing state formula revenue, and building capacity from future bond issues. A recession would negatively impact all of these.

V. **Tuition, Vouchers, Savings Accounts & Community Schools -** There are many provisions in current law that reduce district revenue in the form of exposure to school choice scholarships or vouchers, school reform initiatives, College Credit Plus, and other programs. Each Peterson Special Needs voucher and Autism Scholarship Program can cost up to $27,000. These two programs now reduce our state revenue $1.9 million annually, and community schools reduce it another $1.3 million annually. Several new provisions were included in the most recent state budget that expand voucher eligibility and increase the amounts. Federal tax laws now allow the use of 529 plans for K-12 tuition. Continued expansion or creation of programs such as these could expose the district to further reductions in state revenue not currently in this forecast, and we will monitor any changes to these programs closely.

Detailed Forecast Analysis

The following pages present a detailed analysis of each of the major line items in the forecast. The major lines of reference for the forecast are noted 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 in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Jeff McCuen, Treasurer of Worthington City School District, at 614-450-6120.

Revenue Assumptions
All Revenue Sources General Fund FY20



Real Estate Value Assumptions
Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. For tax year 2018, collected in 2019, overall values increased $17 million (0.8%). Residential/agricultural values were flat (0.0%) while commercial/industrial values increased $14 million (3.0%), and public utility values increased $3 million (6.4%). Future annual estimates include 0.5% growth in new residential construction, no growth in commercial construction, and 3% growth in PUPP values annually. The triennial update, required to be performed by each county, will occur in tax year 2020, and early indications by Franklin County include 17-20% increases in property values. We have incorporated this into our estimates, which results in an anticipated increase in property value of $275 million for our District.

Estimated Assessed Property Valuations by Collection Year

Classification	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024
Res./Ag.	$1,565,151,815	$1,839,053,383	$1,848,248,649	$1,857,489,893	$1,866,777,342
Comm./Ind.	$460,202,640	$460,202,640	$460,202,640	$460,202,640	$460,202,640
Public Utility (PUPP)	$57,852,463	$59,588,037	$61,375,678	$63,216,948	$65,113,456
Total Assessed Value	**$2,083,206,918**	**$2,358,844,060**	**$2,369,826,967**	**$2,380,909,481**	**$2,392,093,438**

Estimated Real Estate Tax (Line #1.010)

Voters approved a new incremental levy in November 2018, increasing rates 2.9 mills for collection year 2019, with an additional 2.0 mills each of the following three years for a total of 8.9 mills. Based on the predicted changes in property values above and the phase in of that levy, the following chart illustrates Real Estate Property Tax collections:

	FY20	FY21	FY22	FY23	FY24
August Settlement	$46,076,000	$47,941,000	$50,752,000	$53,061,000	$53,273,000
February Settlement	54,848,000	58,070,000	60,717,000	60,959,000	61,201,000
August Delinquent	178,000	207,000	220,000	230,000	231,000
February Delinquent	1,500,000	1,607,000	1,702,000	1,781,000	1,788,000
Prior Year Advances taken	(4,529,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Current Year Advances Estimated	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total General Property Taxes	**$103,073,000**	**$107,825,000**	**$113,391,000**	**$116,031,000**	**$116,493,000**

Property tax levies are estimated to be collected at 98% of the annual amount. This allows 2% delinquency factor. Historically, 53% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 47% collected in the August tax settlement. No future additional levies are projected in this forecast.

Estimated Tangible Personal Property Tax (Line #1.020)

	FY20	FY21	FY22	FY23	FY24
Public Utility Pers. Property	**$6,001,000**	**$5,817,000**	**$6,112,000**	**$6,357,000**	**$6,547,000**

The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. The amount remaining on Line #1.020 is the public utilities personal property tax revenues from telephone, electric, and gas tangible property. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor. PUPP values increased 18% for FY18 and 6% FY19 due to significant investment in one electric power parcel, creating an increase of $1 million annually. We project values to grow 3% in future years due to continued upgrade and re-investment in utility lines, creating a small increase in revenue annually.

Unrestricted State Grants-in-Aid (Line #1.035)

Source	FY20	FY21	FY22	FY23	FY24
Basic Foundation Aid	$17,283,000	$17,131,000	$17,333,000	$17,589,000	$17,848,000
Additional Aid Items	$1,339,000	$1,409,000	$1,200,000	$1,200,000	$1,200,000
Basic Aid-Subtotal	$18,622,000	$18,540,000	$18,533,000	$18,789,000	$19,048,000
Ohio Casino Commission ODT	$537,000	$542,000	$548,000	$553,000	$559,000
Total Unrestricted State Aid	**$19,159,000**	**$19,082,000**	**$19,081,000**	**$19,342,000**	**$19,607,000**

A) Basic Foundation Aid

House Bill 166, the FY20-21 state budget, maintained the framework of the existing school funding formula. It is very complex with over 300 variables, and could change again in future budgets. The formula is based on a core per pupil amount, called the opportunity grant, and nine other categorical funding items, which are then measured against the State Share Index (SSI), which is a method that measures a district's wealth and capacity to raise local revenue. There are also additional components of capacity aid, transportation supplement, graduation bonus, and 3rd grade reading bonus.

Past state administrations have chosen not to fully fund the formula, instead, creating a system of "capped" or maximum increases that a District could receive in a given year. The prior state budget worked to increase the cap 3% annually, but the current state budget made no change to the cap, effectively freezing funding levels at FY19 amounts. As the chart below illustrates, this results in an approximate $5 million annual shortfall in state funding compared to what the District should receive if the formula were fully funded.

	FY20	FY21	FY22	FY23	FY24
Capped Formula Aid	17,673,000	17,516,000	17,711,000	17,962,000	18,217,000
Uncapped Formula Aid	22,138,000	22,525,000	23,124,000	23,616,000	23,934,000
Difference	($4,465,000)	($5,009,000)	($5,413,000)	($5,654,000)	($5,717,000)

Current calculations indicate our district will remain on the CAP through FY24 based on our assumptions above and assuming the state will increase the CAP two percent annually in the next state budget. This means that in FY23, the District will have received $26 million less than it should have over the five year forecast period according to the funding formula.

Excluded from foundation aid are the following amounts relating to community school and scholarship/choice school deductions:

Source	FY20	FY21	FY22	FY23	FY24
Community/Stem Deduction	$1,273,000	$1,295,000	$1,308,000	$1,321,000	$1,334,000
Scholarship Deduction	$1,985,000	$2,120,000	$2,331,000	$2,494,000	$2,662,000
Total Deduction	$3,258,000	$3,415,000	$3,639,000	$3,815,000	$3,996,000
Community/Stem ADM	120	125	130	135	140
Scholarship ADM	101	106	111	116	121
Total ADM	221.00	231.00	241.00	251.00	261.00

The state's foundation formula counts these students in the resident district's calculation of gross state aid, subject to the state share index and other components of the formula, but then deducts the full per-pupil amount from the resident district and transfers it to the educating entity. This creates a net loss for the resident district. Since this activity meets the definition of an agency fund, both the revenue and expenses are excluded from lines #1.035 and #3.030, respectively, and accounted for in a separate fund.

B) Additional Aid Items

Additional Aid items include preschool special education funding and special education transportation funding, as well as the growth supplement for FY20 and FY21. We are assuming these funds continue throughout the life of the forecast at current levels. The current state budget also included $1.1 million spread over two years for Student Wellness and Success, but these are required to be accounted for in a separate fund outside this forecast.

C) Casino Revenue

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. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds are distributed to school districts in January and August each year.

Actual casino revenue for FY 19 generated $52.14 per pupil, which equated to $531,000 for our District. For FY20-24 we estimate stable total casino revenues and slightly less statewide student population, which should equate to approximately $53 per pupil annually.

Restricted Grants-in-Aid (Line #1.040)

Source	FY20	FY21	FY22	FY23	FY24
Economically Disadvantaged	$142,000	$137,000	$130,000	$125,000	$121,000
Career Tech	$248,000	$248,000	$248,000	$248,000	$248,000
Medicaid/Catastrophic Aid	$350,000	$350,000	$350,000	$350,000	$350,000
Total Restricted State Revenues	**$740,000**	**$735,000**	**$728,000**	**$723,000**	**$719,000**

HB166 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. These amounts can change or be eliminated in future state budgets and are calculated as part of the foundation formula on a per pupil basis, but posted separately in Line #1.040.

The District also participates in the Medicaid in Schools Program. The District bills the state for eligible services that are reimbursable under Medicaid. Catastrophic Aid includes state reimbursement for those special education costs that exceed an unusually large, state determined amount, which is estimated at approximately $100,000 annually.

Property Tax Allocation (Line #1.050)

Source	FY20	FY21	FY22	FY23	FY24
Rollback and Homestead	$10,006,000	$9,995,000	$9,985,000	$9,974,000	$9,963,000
TPP Reimbursement	$1,970,000	$820,000	$0	$0	$0
Total Prop. Tax Allocation	**$11,976,000**	**$10,815,000**	**$9,985,000**	**$9,974,000**	**$9,963,000**

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from 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.

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 over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changed the requirement for Homestead Exemptions, and those who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications.

B) Tangible Personal Property Reimbursements – Fixed Rate

School districts were to be reimbursed by the State of Ohio for the TPP tax losses at varying levels, but those reimbursements were severely curtailed by HB153 effective July 1, 2012. The District received $15 million in FY11, reduced down to $10.6 million in FY15. This sharp cut was a major factor in the District gaining approval of a 6.9 mill incremental operating levy in 2012, which helped offset this loss. HB64 reinstituted the phase out of the reimbursement beginning in FY16 resulting in the District only receiving $8.0 million in FY16 and $5.4 million in FY17, and continued that phase-out so that the District would have received $0 in FY20. However, SB 208 amended HB64 and became effective February 15, 2016. It provides that, beginning in FY18, the TPP Fixed Rate funding will be phased out at 5/8ths (62.5%) of what 1 mill would raise in local taxes beginning with Tax Year 2016 assessed property values. Based on our calculations, we will now receive reimbursements through FY21, and have accounted for them in this forecast per the chart above.

Other Local Revenues (Line #1.060)

Source	FY20	FY21	FY22	FY23	FY24
Interest	$2,800,000	$2,000,000	$1,800,000	$1,700,000	$1,700,000
Pay To Participate	132,000	132,000	132,000	132,000	132,000
Tuition and Charges	300,000	300,000	300,000	300,000	300,000
Other	200,000	200,000	200,000	200,000	200,000
Total Other Local Revenues	**$3,432,000**	**$2,632,000**	**$2,432,000**	**$2,332,000**	**$2,332,000**

Interest income is generated on investments and will fluctuate based on market rates (current overnight rate is 2.25%), the overall market environment, and most significantly the cash position of the General Fund. Pay to participate fees are charged to students for participating in extracurricular sports teams and activity clubs, and participation rates are expected to remain consistent. The fees are split between the general fund and the activity fund and are used to fund coaches and advisors. Tuition and Charges include tuition for open-enrolled non-resident staff members, non-resident court placed students, special education excess cost payments, summer school, and transportation field trip charges to outside entities.

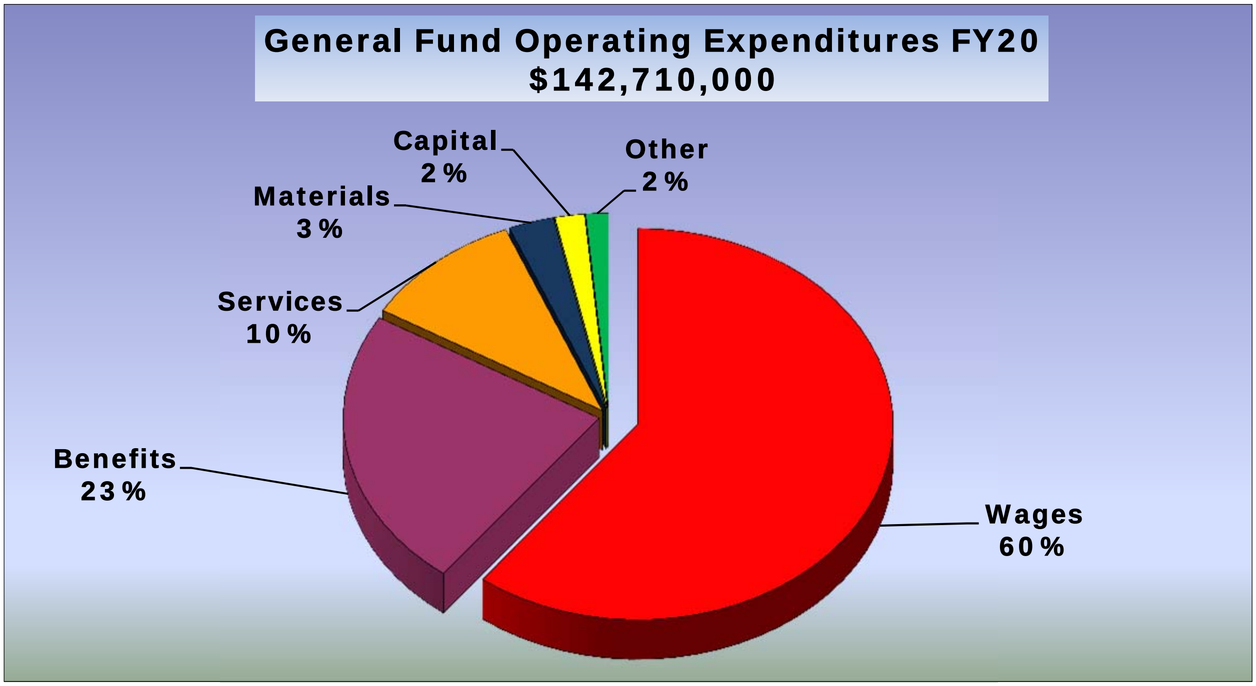
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY20	FY21	FY22	FY23	FY24
Advance Returns	**$68,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
Refunds/Sale of Assets	**$35,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year, sales of assets, and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

Expenditures Assumptions

All Expense Categories Sources General Fund FY20



Personal Services (Line #3.010)

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	$81,160,000	$85,783,000	$90,417,000	$95,101,000	$99,400,000
Increases	1,623,000	1,716,000	1,808,000	1,902,000	1,988,000
Steps & Training or 3317.141 Performance	2,370,000	2,174,000	2,080,000	2,054,000	1,889,000
New/Replacement District Staff	1,650,000	1,373,000	1,314,000	871,000	967,000
Severance	400,000	400,000	400,000	400,000	400,000
Retirement/Other	(1,020,000)	(629,000)	(518,000)	(528,000)	(539,000)
Total Wages Line 3.010	**$86,183,000**	**$90,892,000**	**$95,595,000**	**$99,918,000**	**$104,253,000**
Employee Full Time Equivalents					
Certificated	759.00	774.00	786.00	794.00	805.00
Classified	351.57	355.57	363.57	367.57	371.57
Administrative	46.00	47.00	49.00	49.00	49.00
Total	**1,156.57**	**1,176.57**	**1,198.57**	**1,210.57**	**1,225.57**
Projected Net Increase (Decrease)		20	22	12	15

The model reflects annual base wage increases of 2% for certified and classified staff members (2.5% for administrators) per the negotiated agreements through FY20 and assumes 2% for FY21-24. The model also includes annual step increases based on staff placement.

The new/replacement district staff line item for FY20 includes 28 additional staff this year, as well as retirement replacements from FY19 offset by savings from those retirees on the Retirement/Other line item. Similarly, these lines contain a projected 5 retirees at the end of every year, based on current years of experience and historical trends. Additional staff to accommodate enrollment growth, including the area of special needs, is included in this line and based on enrollment projections indicating approximately 1,200 additional students in during this forecast period.

Employees' Retirement & Insurance Benefits (Line #3.020)

This area of the forecast captures all costs associated with benefits and retirement costs.

STRS/SERS will increase as Wages Increase

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	$11,444,000	$12,106,000	$12,762,000	$13,426,000	$14,036,000
Increases	227,000	240,000	253,000	266,000	278,000
Steps & Training	332,000	304,000	291,000	288,000	264,000
New District Staff	231,000	192,000	184,000	122,000	135,000
Pick Up	797,000	809,000	821,000	833,000	845,000
Retirement/Other	(143,000)	(88,000)	(73,000)	(74,000)	(75,000)
SERS Surcharge	300,000	306,000	312,000	318,000	324,000
Total Retirement Contributions	**$13,188,000**	**$13,869,000**	**$14,550,000**	**$15,179,000**	**$15,807,000**

As required by current law the District pays 14% of all employee wages to STRS or SERS. Pick up includes the employee share of retirement contributions paid by the Board of Education on behalf of administrators, which is 10% for those under SERS and 14% for those under STRS.

A) Insurance

Source	FY20	FY21	FY22	FY23	FY24
Base Costs	$15,427,000	$16,898,000	$18,419,000	$19,684,000	$20,812,000
New District Staff	253,000	360,000	396,000	216,000	270,000
H.S.A contributions	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000
Effect of Cap	0	0	0	0	0
Insurance Trend Adjustment	1,218,000	1,161,000	869,000	912,000	958,000
Total Insurance Estimates	**$18,179,000**	**$19,700,000**	**$20,965,000**	**$22,093,000**	**$23,321,000**

The district is headed into the sixth calendar year of being self-insured for employee medical insurance, which allows the administration to manage the program in the most optimal manner. Claims ran lower than expected the first few years, allowing the District to save over $10 million and reduce premiums by 8% and 6.7% for calendar year 2016 & 2017, respectively. Increases of 7.14% and 4.2% for CY18 and CY19 were implemented to cover trend increases. Claims are running higher than expected during CY19, causing a premium increase of 10.5% for CY20. We assume 5% increases to premium in future years, but a cap on the board's share of the premium is contained in both labor agreements, which should help to mitigate some of the board's exposure to those increases.

Patient Protection and Affordable Care Act (PPACA) Costs- the Patient Protection and Affordable Care Act (PPACA) commonly called Obamacare or 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.

It is still uncertain to what extent the long term implementation of PPACA will cost our district in additional funds, especially since it is being reviewed at the federal level for amendment or repeal. The significant concern is the 40% "Cadillac Tax" for plans whose value of benefits exceeds $11,200 for individual plans and $30,150 for family plans, set to take effect in 2022. Based on current projections, we anticipate being close to those thresholds, but we have not included additional costs at this time due to uncertainty over the status of the tax.

B) Workers Compensation & Unemployment Compensation

Source	FY20	FY21	FY22	FY23	FY24
Workers Comp	$345,000	$364,000	$382,000	$400,000	$417,000
Unemployment	5,000	5,000	5,000	5,000	5,000
Total WC & UC Estimates	**$350,000**	**$369,000**	**$387,000**	**$405,000**	**$422,000**

The District is self-insured for workers compensation insurance, and the premium rate charged was reduced from 0.8% of covered wages in FY17 to its current 0.4% in FY20 as a result of lower claims experience and sufficient reserve balances.

Unemployment is expected to remain at a very low level. The district is a direct reimbursement employer which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

C) Medicare

Source	FY20	FY21	FY22	FY23	FY24
Base Costs	$1,182,000	$1,257,000	$1,333,000	$1,401,000	$1,461,000
New District Staff	24,000	20,000	19,000	13,000	14,000
Total Medicare Estimate	**1,206,000**	**1,277,000**	**1,352,000**	**1,414,000**	**1,475,000**

Medicare will continue to increase at the same rate as wage increases. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

Summary of Employee Retirement/Insurance (Line #3.020)

Source	FY20	FY21	FY22	FY23	FY24
STRS/SERS	$13,188,000	$13,869,000	$14,550,000	$15,179,000	$15,807,000
Insurance's	18,179,000	19,700,000	20,965,000	22,093,000	23,321,000
Workers Comp/Unemployment	350,000	369,000	387,000	405,000	422,000
Medicare	1,206,000	1,277,000	1,352,000	1,414,000	1,475,000
Other/Tuition	140,000	140,000	140,000	140,000	140,000
Total Employee Retirement/Insurance Benefits	**$33,063,000**	**$35,355,000**	**$37,394,000**	**$39,231,000**	**$41,165,000**

Purchased Services (Line #3.030)

Source	FY20	FY21	FY22	FY23	FY24
Consulting/Legal (41x)	$1,684,000	$1,635,000	$1,684,000	$1,835,000	$1,790,000
Maint., Repairs, Property (42x)	2,294,000	2,445,000	2,448,000	2,503,000	2,578,000
Utilities (441 & 45x)	2,805,000	3,020,000	3,246,000	3,483,000	3,732,000
Tuition to other Entities (47x)	2,391,000	2,511,000	2,637,000	2,769,000	2,907,000
Other Purchased Services	5,478,000	5,453,000	6,275,000	6,463,000	6,657,000
Total Purchased Services	**$14,652,000**	**$15,064,000**	**$16,290,000**	**$17,053,000**	**$17,664,000**

This category includes payments for contracted services, utilities, property insurance, special education transportation, legal fees, and tuition to other entities. We are estimating base increases of 3% annually for most areas. Utilities also include an additional $75,000 annually for bandwidth expansion if needed. The District has negotiated long term gas and electric contracts to help hold down energy costs.

Maintenance, repairs and property includes leasing of modular units installed at various locations during the previous two years. We anticipate continued leasing of the majority of these modular units through the life of this forecast, and have included funding for one additional unit should the need arise based on continued increasing enrollment.

Tuition represents program services we contract with other entities for and mainly represents special education as well as vocational services at the Delaware Area Career Center, and is expected to grow 3% annually. College Credit Plus tuition costs are currently estimated at $400,000 annually.

Other purchased services include substitute teachers and contracted services from the Education Service Center of Central Ohio (ESCCO) totaling $2 million, other consultants, professional development, contracted special needs transportation, and other services. We are estimating base increases of 3% annually for this area. FY20 and FY21 do not include $469,000 and $657,000, respectively, of contracted mental health specialists through the ESCCO. These are being funded through the Student Wellness and Success Funds created through HB166 and accounted for in a separate fund. We assume these funds will not continue after FY21 and thus have added back the cost of those mental health services to the forecast for FY22 and beyond, creating the large increase in FY22.

Supplies and Materials (Line #3.040)

Source	FY20	FY21	FY22	FY23	FY24
Supplies	**$4,090,000**	**$4,288,000**	**$4,796,000**	**$4,380,000**	**$4,511,000**

An overall inflation of 3% is being estimated for this category which is characterized by textbooks, copy paper, maintenance supplies, materials, and bus fuel. Included in this line item are textbook costs for curriculum updates based on latest projections from our curriculum department. The increase in FY22 is related to science curriculum and a 6 year cycle.

Capital Outlay (Line # 3.050)

Source	FY20	FY21	FY22	FY23	FY24
Equipment & Building Improvements	$390,000	$402,000	$414,000	$426,000	$439,000
Technology	2,286,000	1,487,000	908,000	445,000	1,095,000
Total Capital Outlay	**$2,676,000**	**$1,889,000**	**$1,322,000**	**$871,000**	**$1,534,000**

An overall inflation rate of 3% annually is being used in this category. Major capital improvements are funded separately through the capital projects fund via passage of a bond issue in 2018. The forecast assumes major future capital needs will be funded through a future bond issue, but we now include replacement Chrome books and PC's as part of operations due to the integral role technology plays in testing and day to day delivery, as well as a shortened useful life of these items.

Other Objects (Line #4.300)

Source	FY20	FY21	FY22	FY23	FY24
County Auditor & Treasurer Fees	$1,569,000	$1,651,000	$1,736,000	$1,776,000	$1,782,000
County ESC	66,000	68,000	70,000	72,000	74,000
Other	411,000	423,000	436,000	449,000	462,000
Total Other Expenses	**$2,046,000**	**$2,142,000**	**$2,242,000**	**$2,297,000**	**$2,318,000**

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit, bank fees, and other miscellaneous expenses. County auditor and treasurer fees correlate directly with property tax collections and are expected to increase as tax collections increase. Bank fees have increased in recent years due to increased online collection of fees, meal payments, and extracurricular activities.

Other Financing Uses (Line #5.010 & Line #5.020)

Source	FY20	FY21	FY22	FY23	FY24
Transfers Out (#5.010)	$539,000	$538,000	$328,000	$328,000	$328,000
Advances Out (#5.020)	50,000	50,000	50,000	50,000	50,000
Total Other Financing Uses	**$589,000**	**$588,000**	**$378,000**	**$378,000**	**$378,000**

Advances out cover end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The transfers out are to cover payments on energy conservation debt, which are paid off via operational savings from decreased utility costs, as well as transfers to our food service fund to cover deficit student balances.

Encumbrances (Line#8.010)

	FY20	FY21	FY22	FY23	FY24
Estimated Encumbrances	**$3,000,000**	**$3,000,000**	**$3,000,000**	**$3,000,000**	**$3,000,000**

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. They are expected to remain consistent.

Reservations of Fund Balance (Line #9.040 & Line #9.060)

Source	FY20	FY21	FY22	FY23	FY24
Contingency (Line 9.040)	$26,854,000	$27,674,000	$27,674,000	$27,674,000	$27,674,000
Tax Advances (Line 9.060)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Reservations (9.080)	**$31,854,000**	**$32,674,000**	**$32,674,000**	**$32,674,000**	**$32,674,000**

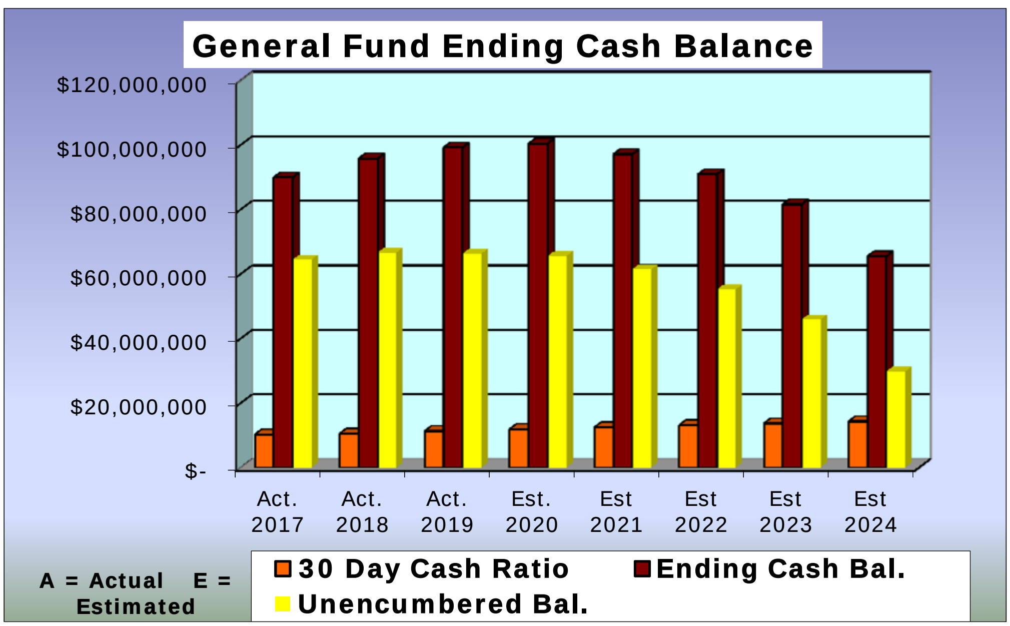
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through FY21 is equal to the tangible tax reimbursement that was not anticipated to continue when voters approved an operating levy in 2012 to extend the life of the levy.

The property tax advance reservation is required because the District requests advances of real estate taxes from the County prior to settlement that occurs in August, and such funds are intended to fund the next fiscal year and not current operations. The District requests these advances for investment purposes, and the amount can fluctuate from year to year based on how much the County has available for advance.

Ending Unreserved Fund Balance (Line#15.010)

	FY20	FY21	FY22	FY23	FY24
Ending Unreserved Cash Balance	**$65,504,060**	**$61,427,060**	**$55,194,060**	**$45,880,060**	**$29,772,060**

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 5705.412, ORC punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to HB153 effective September 30, 2011. Thirty days, or one month, of operating cash is a responsible minimum ending balance target according to the GFOA.



The graph to the left captures in one snapshot the operating scenario facing Worthington City School District over the next few years. The main challenge is, beginning in FY21, annual expenditures begin to exceed revenues, creating a decline in available balances that will need to be addressed.