

**WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2019, 2020 and 2021 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2022 THROUGH 2026**



**Forecast Provided By
Worthington City School District
Treasurer's Office
TJ Cusick, Treasurer/CFO
May 9, 2022**

WORTHINGTON CITY SCHOOL DISTRICT

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020, 2021
Forecasted Fiscal Year Ending June 30, 2022 through 2026

	Actual				Average Change	Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021			Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Revenues										
1.010 General Property Tax (Real Estate)	\$ 98,600,412	\$ 98,956,525	\$ 112,681,503	7.1%	\$ 118,000,000	\$ 116,128,000	\$ 117,566,000	\$ 118,206,000	\$ 118,850,000	
1.020 Tangible Personal Property	4,634,275	6,047,252	5,836,150	13.5%	\$ 6,605,000	\$ 7,012,000	\$ 7,222,000	\$ 7,439,000	\$ 7,662,000	
1.035 Unrestricted State Grants-in-Aid	18,970,126	16,737,883	18,185,324	-1.6%	\$ 18,506,000	\$ 18,973,000	\$ 19,156,000	\$ 19,341,000	\$ 19,528,000	
1.040 Restricted State Grants-in-Aid	860,028	941,499	1,073,161	11.7%	\$ 2,244,000	\$ 2,280,000	\$ 2,296,000	\$ 2,312,000	\$ 2,328,000	
1.050 Property Tax Allocation	13,112,165	11,997,907	10,864,135	-9.0%	\$ 10,071,000	\$ 10,046,000	\$ 10,036,000	\$ 10,027,000	\$ 10,018,000	
1.060 All Other Revenues	3,299,073	3,552,945	2,617,276	-9.3%	\$ 2,960,000	\$ 2,280,000	\$ 2,180,000	\$ 2,080,000	\$ 1,880,000	
1.070 Total Revenues	\$ 139,476,079	\$ 138,234,011	\$ 151,257,549	4.3%	\$ 158,386,000	\$ 156,719,000	\$ 158,456,000	\$ 159,405,000	\$ 160,266,000	
Other Financing Sources										
2.050 Advances-In	\$ 17,700	\$ 68,000	\$ 338,000	340.6%	\$ 1,404,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
2.060 All Other Financing Sources	7,864	61,008	16,496	301.4%	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
2.070 Total Other Financing Sources	\$ 25,564	\$ 129,008	\$ 354,496	289.7%	\$ 1,414,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	
2.080 Total Revenues and Other Financing Sources	\$ 139,501,643	\$ 138,363,019	\$ 151,612,045	4.4%	\$ 159,800,000	\$ 156,779,000	\$ 158,516,000	\$ 159,465,000	\$ 160,326,000	
Expenditures										
3.010 Personal Services	\$ 84,201,316	\$ 85,098,811	\$ 86,864,342	1.6%	\$ 91,500,000	\$ 96,100,000	\$ 101,400,000	\$ 106,400,000	\$ 110,800,000	
3.020 Employees' Retirement/Insurance Benefits	31,169,434	32,795,221	34,430,366	5.1%	\$ 36,006,000	\$ 38,052,000	\$ 40,851,000	\$ 43,627,000	\$ 46,379,000	
3.030 Purchased Services	12,898,268	14,021,660	13,660,343	3.1%	\$ 18,075,000	\$ 18,699,000	\$ 19,355,000	\$ 20,377,000	\$ 21,294,000	
3.040 Supplies and Materials	3,690,834	2,884,646	2,959,961	-9.6%	\$ 5,080,000	\$ 5,217,000	\$ 5,368,000	\$ 5,551,000	\$ 6,153,000	
3.050 Capital Outlay	1,661,138	2,019,417	852,989	-18.1%	\$ 2,135,000	\$ 1,921,000	\$ 1,903,000	\$ 2,406,000	\$ 2,429,000	
4.300 Other Objects	1,847,482	1,604,515	1,809,152	-0.2%	\$ 1,974,000	\$ 2,187,000	\$ 2,222,000	\$ 2,243,000	\$ 2,265,000	
4.500 Total Expenditures	\$ 135,468,472	\$ 138,424,270	\$ 140,577,153	1.9%	\$ 154,770,000	\$ 162,176,000	\$ 171,099,000	\$ 180,604,000	\$ 189,320,000	
Other Financing Uses										
5.010 Operating Transfers-Out	\$ 538,650	\$ 564,846	\$ 523,202	-1.3%	\$ 410,000	\$ 343,000	\$ 343,000	\$ 343,000	\$ 187,000	
5.020 Advances-Out	68,000	338,000	1,404,000	356.2%	\$ 85,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
5.040 Total Other Financing Uses	\$ 606,650	\$ 902,846	\$ 1,927,202	81.1%	\$ 495,000	\$ 443,000	\$ 443,000	\$ 443,000	\$ 287,000	
5.050 Total Expenditures and Other Financing Uses	\$ 136,075,122	\$ 139,327,116	\$ 142,504,355	2.3%	\$ 155,265,000	\$ 162,619,000	\$ 171,542,000	\$ 181,047,000	\$ 189,607,000	
6.010 Sources over (under) Expenditures and Other Financing Uses	\$ 3,426,521	\$ (964,097)	\$ 9,107,690	-586.4%	\$ 4,535,000	\$ (5,840,000)	\$ (13,026,000)	\$ (21,582,000)	\$ (29,281,000)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$ 95,746,539	\$ 99,173,060	\$ 98,208,963	1.3%	\$ 107,316,653	\$ 111,851,653	\$ 106,011,653	\$ 92,985,653	\$ 71,403,653	
7.020 Cash Balance June 30	\$ 99,173,060	\$ 98,208,963	\$ 107,316,653	4.2%	\$ 111,851,653	\$ 106,011,653	\$ 92,985,653	\$ 71,403,653	\$ 42,122,653	
8.010 Estimated Encumbrances June 30	\$ 3,467,167	\$ 3,625,547	\$ 4,451,458	13.7%	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	
Reservation of Fund Balance										
9.030 Budget Reserve	\$ 24,884,597	\$ 26,855,059	\$ 27,674,865	5.5%	\$ 25,800,000	\$ 27,035,000	\$ 28,522,000	\$ 30,107,000	\$ 31,560,000	
9.060 Property Tax Advances	4,528,500	-	-	0.0%	-	-	-	-	-	
9.080 Subtotal	29,413,097	26,855,059	27,674,865	-2.8%	25,800,000	27,035,000	28,522,000	30,107,000	31,560,000	
15.010 Unreserved Fund Balance June 30	\$ 66,292,796	\$ 67,728,357	\$ 75,190,330	6.6%	\$ 82,051,653	\$ 74,976,653	\$ 60,463,653	\$ 37,296,653	\$ 6,562,653	
ADM Forecasts										
20.010 Kindergarten - October Count	856	851	761	-5.6%	800	764	799	799	799	
20.015 Grades 1-12 - October Count	9,208	9,424	9,326	0.7%	9,492	9,685	9,831	9,977	10,063	

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
May 9, 2022

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 2022 (July 1, 2021-June 30, 2022) is the first year of the five year forecast and is considered the baseline year.

Forecast Risks and Uncertainty

Any financial forecast has inherent risks and uncertainty. 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 significant current issues and how they may affect our forecast long term:

- I. **Coronavirus (COVID-19) Pandemic** - This five-year forecast update is prepared during a time when restrictions are continuing to ease related to the global pandemic. State of Ohio Office of Budget and Management reports indicate that the economy is outperforming expectations, but the latest variant or future variants could create economic disruption. We are hopeful that the worst is behind us, but could reverse course if conditions deteriorate. This could impact many of the financial assumptions contained in this forecast, including state funding, local property tax collection rates, and academic programming costs.
- II. **Rising interest rates and property values** – The 30-year residential mortgage rate has climbed to 5% for the first time in almost a decade. This impacts affordability for prospective homebuyers and could eventually impact property values. Home lending procedures and controls were implemented as a result of lessons learned from the 2008 recession that was, in large part, driven by property values. How high interest rates will climb and the impact on property values is unknown and is a risk to the assumptions in this forecast.
- III. **Enrollment** – Our enrollment has increased by over 1,200 students during the last decade (13%), and prior to COVID was projected to increase another 600 students over the next four years. Enrollment decreased in FY21 during the height of the pandemic, but rebounded in the current year. We assume our projected rate of growth prior to COVID will continue in future years. How COVID will impact births and housing turnover is unknown, and will likely be geographically variable, with Central Ohio experiencing robust economic growth opportunities compared to other parts of the state. We will engage in an updated enrollment projection study when the time is appropriate.
- IV. **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. Federal tax laws now allow the use of 529 plans for K-12 tuition. Although the latest biennial state budget implemented a new school funding formula that directly funds these programs, rather than the former deduction-type methodology, they have the effect of lessening total state resources available to public school districts which could be used to fully fund the educational formula. Continued expansion or creation of programs such as these could expose the district to further reductions or lower access to state revenue not currently in this forecast.

- V. **Capital Replacements and Improvements** – This forecast assumes the majority of ongoing capital needs will continue to be accounted for, and separately funded, through future passages of bond or permanent improvement levies. Student technology devices are included in this forecast due to their critical need in educational delivery, but technology infrastructure costs, bus replacement cycles, and building infrastructure replacements (HVAC systems, roofs, etc.) are not. Failure of those future levies would result in increased operational costs.

Summary of Changes from the October 2021 Forecast

Projected Revenues:

We have made adjustments to revenue projections resulting in an increase of \$8.9 million over the five year period (1.1%). Property tax revenue accounted for \$4.0 million of the increase, mainly attributable to successful challenges to commercial property values and increased delinquent collections. State revenue is slightly higher under the new formula than original projections illustrated, and casino revenue continues to perform at record levels. Interest revenue has been increased due to the rising rate environment.

Expenditures:

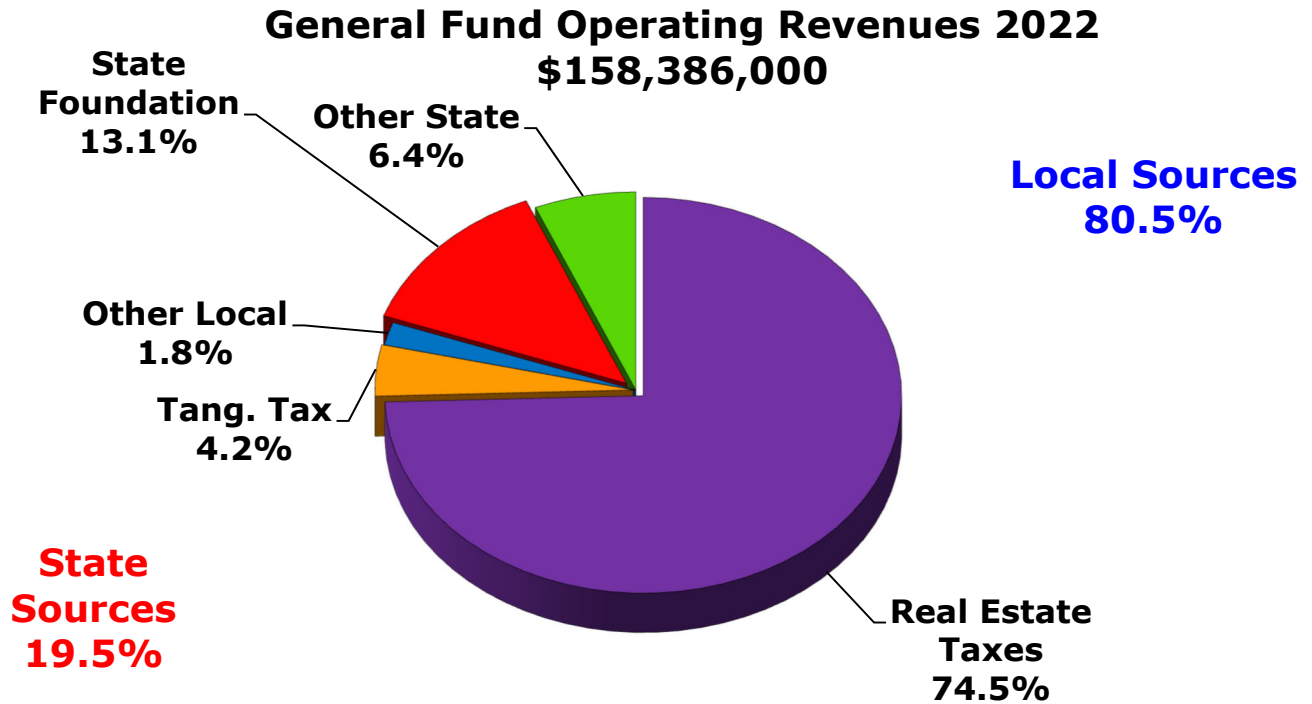
We have made adjustments to expenditure projections resulting in an increase of \$5.2 million over the five year period (0.6%). Wages have been reduced \$0.8 million over the period due to higher than expected retirements at the end of the current year as well as increased turnover of staff during the year. Benefits have been reduced \$3.1 million due to a lower than projected health savings account contributions related to changes in the employee bargaining agreements as well as lower participation in the family plan, likely due to newer staff. Services, supplies, and equipment areas increased \$9.1 million, or roughly \$2 million per year (7%), mainly due to the inflationary pressure on goods and services everyone is experiencing. Fuel prices have doubled, utility costs are increasing due to recently approved PUCO rates with AEP, and teacher substitute costs continue to climb due to short supply. Maintenance cost projections have been increased 10% in future years.

Ending Cash Balance:

These changes to revenue and expenditure assumptions result in an increase in projected cash balance June 30, 2026 from \$38.4 million to \$42.1 million.

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 TJ Cusick, Treasurer of Worthington City School District, at 614-450-6120.



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. The triennial valuation update, required to be performed by each county every three years between full reappraisal years, was completed for tax year 2020 (Collection 2021). Our district experienced an overall valuation increase of 15.5%, with commercial property coming in at 11% and residential property at 17%. The chart below illustrates this new assessed valuation at \$2.4 billion, and projected valuation over the following four years assuming 0.5% growth for new residential and commercial construction and 3% growth for public utility values.

Estimated Assessed Property Valuations by Collection Year

Classification	Actual TAX YEAR 2020 COLLECT 2021	Actual TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025
Res./Ag.	\$1,835,049,030	\$1,841,313,600	\$1,850,520,168	\$1,859,772,769	\$1,869,071,633
Comm./Ind.	\$519,930,650	\$521,522,750	\$524,130,364	\$526,751,016	\$529,384,771
Public Utility (PUPP)	\$63,863,760	\$67,697,720	\$69,728,652	\$71,820,512	\$73,975,127
Total Assessed Value	\$2,418,843,440	\$2,430,534,070	\$2,444,379,184	\$2,458,344,296	\$2,472,431,530

Estimated Real Estate Tax (Line #1.010)

Voters approved an incremental levy in November 2018, increasing rates 2.9 mills for collection year 2019 and an additional 2.0 mills each of the following three years for a total of 8.9 mills continuing permanently collection year 2022 and beyond. Based upon the projected property values above, the following chart illustrates projected real property tax collections:

	FY22	FY23	FY24	FY25	FY26
August Settlement	\$54,576,000	\$53,171,000	\$54,267,000	\$54,561,000	\$54,859,000
February Settlement	60,675,000	60,934,000	61,266,000	61,600,000	61,935,000
August Delinquent	275,000	231,000	232,000	234,000	235,000
February Delinquent	<u>2,474,000</u>	<u>1,792,000</u>	<u>1,801,000</u>	<u>1,811,000</u>	<u>1,821,000</u>
Total General Property Taxes	\$118,000,000	\$116,128,000	\$117,566,000	\$118,206,000	\$118,850,000

Property tax levies are estimated to be collected at 98% of the annual amount and 2% delinquency factor, in line with historical averages. 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. The dip in FY23 is due to \$1 million in refunds projected to be issued related to pending commercial valuation challenges with the Board of Revisions due to enactment of SB57, allowing commercial property owners negatively impacted by COVID to retroactively challenge the value of their property. No future additional levies are projected in this forecast, leading to flattening revenues long term since we are a mostly developed community with little growth projected.

Estimated Tangible Personal Property Tax (Line #1.020)

	FY22	FY23	FY24	FY25	FY26
Public Utility Pers. Property	\$6,605,000	\$7,012,000	\$7,222,000	\$7,439,000	\$7,662,000

The phase out of TPP taxes began in FY06 with HB66 that was adopted in June 2005. The amount remaining on Line #1.020 is tax revenue from public utilities' (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. We project values to grow 3% in future years due to continued upgrade and re-investment in utility lines.

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

Source	FY22	FY23	FY24	FY25	FY26
Basic Foundation Aid	\$16,537,000	\$17,088,000	\$17,271,000	\$17,456,000	\$17,643,000
Additional Aid Items	<u>\$1,312,000</u>	<u>\$1,312,000</u>	<u>\$1,312,000</u>	<u>\$1,312,000</u>	<u>\$1,312,000</u>
Basic Aid-Subtotal	\$17,849,000	\$18,400,000	\$18,583,000	\$18,768,000	\$18,955,000
Ohio Casino Commission ODT	<u>\$657,000</u>	<u>\$573,000</u>	<u>\$573,000</u>	<u>\$573,000</u>	<u>\$573,000</u>
Total Unrestricted State Aid	\$18,506,000	\$18,973,000	\$19,156,000	\$19,341,000	\$19,528,000

A) Basic Foundation Aid

House Bill 110, the fiscal years 2022-2023 biennial state budget, implemented a new funding formula for Ohio public school districts. It is commonly referred to as the fair school funding plan and represents the work of various stakeholders, including treasurers and superintendents, over a three year period. It includes an inputs-based methodology of determining an adequate base cost of educating a typical student and applies that against a revised state/local share mechanism (ratio) determined by both a district's property wealth and income levels.

It also provides for several additional categorical funding components such as economically disadvantaged students, gifted students, and students with disabilities, English learners, and career technical education.

While the budget does not include a “cap” on funding growth as the old formula did, the legislature chose not to fully fund the new formula this biennium. Rather, they adopted a “phase-in” plan of 16.67% in FY22 and 33.33% in FY23, with no commitment beyond that. Based on this phased in approach, our District is projected to receive a combined \$19.5 million in basic state aid this year (\$17.8 million unrestricted and \$1.7 million restricted), which is \$3 million less than if the formula was fully implemented. Next year we anticipate receiving an additional \$0.5 million based on the phased-in approach. We will continue to advocate for fully funding the formula in the next biennium, but based on the legislature’s open hesitancy to commit to fully funding it beyond this biennium, we are currently not projecting a further phase-in. The growth shown in this forecast is the result of the assumption of continued enrollment growth for our district, which will now provide for small increases in revenue since there is no longer a cap.

B) Additional Aid Items

Additional Aid items include special education funding for preschool and transportation, similar to prior years. We are assuming these funds continue throughout the life of the forecast at current levels.

C) Casino Revenue

There are currently four (4) casinos in Ohio, 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 based on enrollment.

Actual casino revenue for FY22 generated \$63 per pupil, which equated to \$657,000 for our District. This is a significant increase from prior year levels as casinos report record revenues. We expect a slight decrease in future years from this record level.

Restricted Grants-in-Aid (Line #1.040)

Source	FY22	FY23	FY24	FY25	FY26
Student Wellness and Success	\$718,000	\$725,000	\$732,000	\$739,000	\$746,000
Disadvantaged Pupil Aid	120,000	137,000	138,000	139,000	140,000
English Learners	165,000	168,000	170,000	172,000	174,000
Gifted	413,000	430,000	434,000	438,000	442,000
Career Tech	222,000	214,000	216,000	218,000	220,000
Medicaid/Catastrophic Aid	<u>606,000</u>	<u>606,000</u>	<u>606,000</u>	<u>606,000</u>	<u>606,000</u>
Total Restricted State Aid	\$2,244,000	\$2,280,000	\$2,296,000	\$2,312,000	\$2,328,000

As previously mentioned, the new school funding formula provides several categorical funding components, required to be accounted for as restricted revenue used for specific purposes. These amounts are included here and we anticipated they will continue in the same manner in future years.

The District also participates in the Medicaid in Schools Program in which we bill the state for eligible reimbursable services. Catastrophic Aid includes state reimbursement for those special education costs that exceed an unusually large, state determined amount. We expect those amounts to remain consistent.

Property Tax Allocation (Line #1.050)

Source	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead	\$10,071,000	\$10,046,000	\$10,036,000	\$10,027,000	\$10,018,000

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.

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.

Other Local Revenues (Line #1.060)

Source	FY22	FY23	FY24	FY25	FY26
Interest	\$1,400,000	\$1,000,000	\$900,000	\$800,000	\$600,000
Participation Fees	130,000	130,000	130,000	130,000	130,000
Tuition, Charges, Class Fees	800,000	800,000	800,000	800,000	800,000
Other	630,000	350,000	350,000	350,000	350,000
Total Other Local Revenues	\$2,960,000	\$2,280,000	\$2,180,000	\$2,080,000	\$1,880,000

Interest income is generated on investments and will fluctuate based on market rates (current overnight rate is 0.40% compared to 0.08% in October 2021), the overall market environment, and most significantly the cash position of the General Fund. Participation 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 students of non-resident staff members, non-resident court placed students, special education excess cost payments, summer school, transportation field trip charges to outside entities and consumable classroom fees. We expect these to remain consistent. Other revenue for FY22 includes one-time federal "ERATE" reimbursement related to technology equipment purchases, and annually includes \$250,000 of compensation payments from the City of Worthington for performance related to tax abatement agreements.

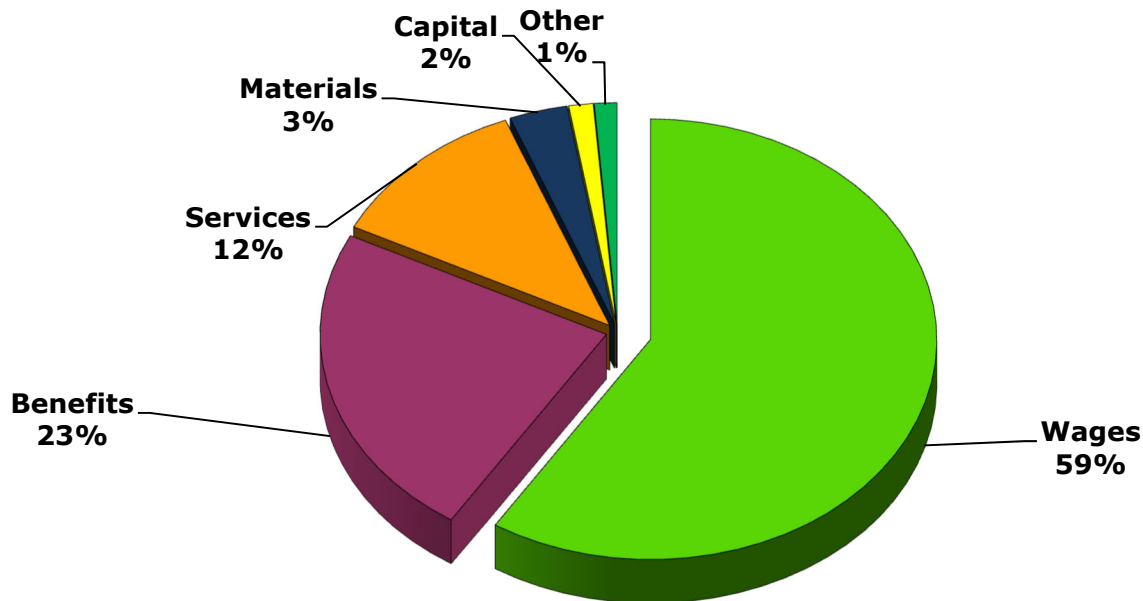
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY22	FY23	FY24	FY25	FY26
Advance Returns	\$1,404,000	\$50,000	\$50,000	\$50,000	\$50,000
Refunds/Sale of Assets	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year (mainly federal reimbursement-type grant funds, with FY22 being unusually higher due to ESSER), sales of assets, and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

The Board authorized the advancement of funds to the building fund for the purposes of expediting architect and engineering services related to renovations at both high schools, which would be repaid upon passage of a bond levy expected this fall. At the time of this forecast it is unknown what funds would be needed before year end, and since those funds would ultimately be repaid back, we have not included an advance and corresponding return in this forecast.

General Fund Operating Expenditures FY22 \$154,770,000



Personal Services (Wages) (Line #3.010)

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	\$86,711,000	\$91,400,000	\$95,400,000	\$100,600,000	\$105,300,000
Increases	2,007,000	2,102,000	2,147,000	2,242,000	2,388,000
Steps/Training	2,081,000	2,194,000	2,211,000	2,414,000	2,527,000
New Staff	1,101,000	554,000	772,000	538,000	320,000
Severance	700,000	400,000	400,000	400,000	400,000
Retirements	(1,100,000)	(700,000)	(250,000)	(250,000)	(250,000)
Total Wages Line 3.010	\$91,500,000	\$96,100,000	\$101,400,000	\$106,400,000	\$110,800,000
# Full Time Equivalents					
Certificated	761.85	769.85	780.85	788.85	792.85
Classified	379.88	383.88	387.88	389.88	391.88
Administrative	53.00	53.00	54.00	54.00	54.00
Total	1,194.73	1,206.73	1,222.73	1,232.73	1,238.73

The model reflects annual base wage increases of 2.25% for certified and classified staff members and 2.75% for administrators according to recently approved labor agreements, as well as annual step increases for experience and educational attainment. Future years' assumptions include additional staff to accommodate enrollment growth and are based on enrollment projections indicating 600 additional students during this forecast period, as well as the expiration of federal stimulus funds (ESSER/ARP). The retirements line projects savings from retirees that are typically replaced with entry year teachers at a significantly lower cost. We project 20 retirements at the end of FY22 (18 have already been approved) and five to seven each year thereafter.

Employees' Retirement & Insurance Benefits (Line #3.020)

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

Source	FY22	FY23	FY24	FY25	FY26
STRS/SERS	\$13,939,000	\$14,737,000	\$15,504,000	\$16,229,000	\$16,871,000
Insurance's	20,266,000	21,456,000	23,383,000	25,334,000	27,354,000
Workers Comp/Unemployment	350,000	341,000	360,000	377,000	393,000
Medicare	1,281,000	1,358,000	1,444,000	1,527,000	1,601,000
Other/Tuition	<u>170,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>
Total Benefits	\$36,006,000	\$38,052,000	\$40,851,000	\$43,627,000	\$46,379,000

A) STRS/SERS Retirement Contributions

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. This line will increase as wages increase.

B) Insurance

Source	FY22	FY23	FY24	FY25	FY26
Base Costs	\$18,179,000	\$19,446,000	\$20,806,000	\$22,733,000	\$24,684,000
New District Staff	238,000	216,000	288,000	180,000	108,000
H.S.A contributions	820,000	650,000	650,000	650,000	650,000
Insurance Trend Adjustment	<u>1,029,000</u>	<u>1,144,000</u>	<u>1,639,000</u>	<u>1,771,000</u>	<u>1,912,000</u>
Total Insurance Estimates	20,266,000	21,456,000	23,383,000	25,334,000	27,354,000

The district is self-insured for employee medical insurance, which allows the administration to manage the program in the most optimal manner. Calendar year 2021 premium was increased 9.8% from the prior year. Claims ended the year lower than anticipated for 2021, allowing the district to set premiums for calendar year 2022 at an increase of only 2.9% compared to previous projections of 8%. We assume 8% increases in future years which is in line with industry trend. Recent labor agreements include reduced employer health savings contributions, increased premium cost sharing rates for employees, and various plan design changes aimed at increasing employee education and responsibility of claim costs. Caps on the board's exposure to future rate increases were also included.

C) Workers Compensation & Unemployment Compensation

The District is self-insured for workers compensation insurance, and the premium rate charged was reduced to 0.35% in FY22 as a result of continued low claims experience and sufficient reserve balances.

Unemployment historically has run 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. The federal CARES Act provided some reimbursement to Districts to help offset the increased cost of unemployment last year.

D) Medicare

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.

E) Other/Tuition

This line represents tuition reimbursement to certified staff members as negotiated per the latest agreement with the Worthington Education Association.

Purchased Services (Line #3.030)

Source	FY22	FY23	FY24	FY25	FY26
Consulting/Legal	\$2,114,000	\$2,175,000	\$2,140,000	\$2,444,000	\$2,617,000
Maintenance/Property	3,950,000	3,686,000	3,833,000	3,986,000	4,145,000
Contracted Substitutes	2,600,000	2,620,000	2,699,000	2,780,000	2,863,000
Utilities	2,728,000	3,025,000	3,191,000	3,362,000	3,538,000
Tuition to other Entities	3,700,000	4,167,000	4,375,000	4,594,000	4,824,000
Other Purchased Services	<u>2,983,000</u>	<u>3,026,000</u>	<u>3,117,000</u>	<u>3,211,000</u>	<u>3,307,000</u>
Total Purchased Services	\$18,075,000	\$18,699,000	\$19,355,000	\$20,377,000	\$21,294,000

This category includes payments for contracted services, utilities, property insurance, specialized transportation, legal fees, and tuition to other entities. We are estimating base inflationary increases of 3% annually for most areas.

Consulting/Legal includes \$630,000 for 7 of our 11 mental health specialists, with the other four being paid out of grant funds. Maintenance and property includes leasing of modular units installed at five of our elementary locations. We anticipate continued leasing of the majority of these modular units through the life of this forecast based on continued increasing enrollment. Inflation is impacting our maintenance contracts and we increased that area 10% for FY23. Utilities include increases related to the recent approval of PUCO for AEP transmission rates, as well as continuous operation of our HVAC filtering system in an effort to prevent the spread of disease. We also project an additional \$75,000 annually for bandwidth expansion/connectivity. The District has negotiated long term gas and electric contracts to help hold down energy costs.

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 \$0.7 million annually and projected to continue to grow. Special education placement costs also continue to increase. Substitute costs continue to increase related to a shortage of supply and escalating rates in the central Ohio market.

Supplies and Materials (Line #3.040)

Source	FY22	FY23	FY24	FY25	FY26
Supplies	\$5,080,000	\$5,217,000	\$5,368,000	\$5,551,000	\$6,153,000

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. FY22 includes \$0.9 million related to science curriculum and a 6 year cycle. We have increased the current year and future years fuel costs by 50% based on the spike in fuel prices.

Capital Outlay (Line # 3.050)

Source	FY22	FY23	FY24	FY25	FY26
Equipment/Bldg. Improvements	\$1,101,000	\$731,000	\$753,000	\$776,000	\$799,000
Technology	<u>1,034,000</u>	<u>1,190,000</u>	<u>1,150,000</u>	<u>1,630,000</u>	<u>1,630,000</u>
Total Capital Outlay	\$2,135,000	\$1,921,000	\$1,903,000	\$2,406,000	\$2,429,000

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. Technology includes replacement of student Chrome books and PC's on a four year cycle. The forecast assumes all other major future capital needs, such as buses, tech infrastructure, and building systems replacements will be funded

through a future bond or permanent improvement levy. We are able to utilize federal stimulus funds for a portion of our technology costs in FY21 and FY22 and are hopeful to be able to utilize some of it for FY23 and FY24.

Other Objects (Line #4.300)

Source	FY22	FY23	FY24	FY25	FY26
County Tax Collection Fees	\$1,576,000	\$1,788,000	\$1,811,000	\$1,820,000	\$1,830,000
County ESC	67,000	70,000	72,000	74,000	76,000
Other	331,000	329,000	339,000	349,000	359,000
Total Other Expenses	\$1,974,000	\$2,187,000	\$2,222,000	\$2,243,000	\$2,265,000

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 were lower than normal the past two years due to free meals provided by the USDA, which is not expected to continue next year.

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

Source	FY22	FY23	FY24	FY25	FY26
Transfers Out (#5.010)	\$410,000	\$343,000	\$343,000	\$343,000	\$187,000
Advances Out (#5.020)	85,000	100,000	100,000	100,000	100,000
Total Other Financing Uses	\$495,000	\$443,000	\$443,000	\$443,000	\$287,000

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. Transfers out cover payments on energy conservation debt, which is paid via operational savings from decreased utility costs, as well as transfers to our food service fund to cover deficit student balances.

The Board authorized the advancement of funds to the building fund for the purposes of expediting architect and engineering services related to renovations at both high schools, which would be repaid upon passage of a bond levy expected this fall. At the time of this forecast the amount of funds needed before year end is unknown, and since those funds would ultimately be repaid back, we have not included an advance and corresponding return in this forecast.

Encumbrances (Line#8.010)

	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000

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.

Unencumbered Cash Balance, Reservations of Fund Balance, Ending Unreserved Balance

	FY22	FY23	FY24	FY25	FY26
Unencumbered Cash Balance	\$107,851,653	\$102,011,653	\$88,985,653	\$67,403,653	\$38,122,653
Contingency Reserve	25,800,000	27,035,000	28,522,000	30,107,000	31,560,000
Unreserved Fund Balance	\$82,051,653	\$74,976,653	\$60,463,653	\$37,296,653	\$6,562,653

The unencumbered cash balance must not go below \$-0- or the district 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

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. Sixty days, or two months, of operating cash is a responsible minimum ending balance target according to the GFOA.

The graph below illustrates expenditures exceeding revenues next year, causing the unreserved balance to decrease quickly as expenditures continue to rise and revenues remain flat without an additional levy.

