

**WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH 2027**



**Forecast Provided By
Worthington City School District
Treasurer's Office
TJ Cusick, Treasurer/CFO
November 28, 2022**

WORTHINGTON CITY SCHOOL DISTRICT

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021, 2022
Forecasted Fiscal Year Ending June 30, 2023 through 2027

	Actual				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022			Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues										
1.010 General Property Tax (Real Estate)	\$ 98,956,525	\$ 112,681,503	\$ 118,068,751	9.3%	\$ 127,787,000	\$ 127,672,000	\$ 134,096,000	\$ 140,094,000	\$ 143,386,000	
1.020 Tangible Personal Property	6,047,252	5,836,150	6,605,232	4.8%	\$ 7,085,000	\$ 7,499,000	\$ 7,870,000	\$ 8,256,000	\$ 8,580,000	
1.035 Unrestricted State Grants-in-Aid	16,737,883	18,185,324	18,502,637	5.2%	\$ 18,622,000	\$ 18,786,000	\$ 18,951,000	\$ 19,118,000	\$ 19,287,000	
1.040 Restricted State Grants-in-Aid	941,499	1,073,161	2,076,625	53.7%	\$ 2,220,000	\$ 2,247,000	\$ 2,263,000	\$ 2,279,000	\$ 2,295,000	
1.050 Property Tax Allocation	11,997,907	10,864,135	10,070,901	-8.4%	\$ 10,073,000	\$ 10,065,000	\$ 10,056,000	\$ 10,047,000	\$ 10,038,000	
1.060 All Other Revenues	3,552,945	2,617,276	3,160,585	-2.8%	\$ 3,530,000	\$ 3,330,000	\$ 3,130,000	\$ 3,030,000	\$ 2,930,000	
1.070 Total Revenues	\$ 138,234,011	\$ 151,257,549	\$ 158,484,731	7.1%	\$ 169,317,000	\$ 169,599,000	\$ 176,366,000	\$ 182,824,000	\$ 186,516,000	
Other Financing Sources										
2.050 Advances-In	\$ 68,000	\$ 338,000	\$ 1,404,000	356.2%	\$ 11,057,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
2.060 All Other Financing Sources	61,008	16,496	12,621	-48.2%	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
2.070 Total Other Financing Sources	\$ 129,008	\$ 354,496	\$ 1,416,621	237.2%	\$ 11,067,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	
2.080 Total Revenues and Other Financing Sources	\$ 138,363,019	\$ 151,612,045	\$ 159,901,352	7.5%	\$ 180,384,000	\$ 169,709,000	\$ 176,476,000	\$ 182,934,000	\$ 186,626,000	
Expenditures										
3.010 Personal Services	\$ 85,098,811	\$ 86,864,342	\$ 90,988,563	3.4%	\$ 94,900,000	\$ 100,970,000	\$ 106,592,000	\$ 111,563,000	\$ 116,783,000	
3.020 Employees' Retirement/Insurance Benefits	32,795,221	34,430,366	35,657,295	4.3%	\$ 37,054,000	\$ 39,178,000	\$ 41,922,000	\$ 44,624,000	\$ 47,498,000	
3.030 Purchased Services	14,021,660	13,660,343	17,085,141	11.2%	\$ 18,979,000	\$ 19,644,000	\$ 20,674,000	\$ 21,600,000	\$ 22,361,000	
3.040 Supplies and Materials	2,884,646	2,959,961	4,369,097	25.1%	6,177,000	5,640,000	5,886,000	6,390,000	6,279,000	
3.050 Capital Outlay	2,019,417	852,989	1,536,178	11.2%	1,923,000	1,903,000	2,406,000	2,429,000	2,453,000	
4.300 Other Objects	1,604,515	1,809,152	1,845,607	7.4%	\$ 2,262,000	\$ 2,382,000	\$ 2,493,000	\$ 2,598,000	\$ 2,662,000	
4.500 Total Expenditures	\$ 138,424,270	\$ 140,577,153	\$ 151,481,881	4.7%	\$ 161,295,000	\$ 169,717,000	\$ 179,973,000	\$ 189,204,000	\$ 198,036,000	
Other Financing Uses										
5.010 Operating Transfers-Out	\$ 564,846	\$ 523,202	\$ 394,406	-16.0%	\$ 343,000	\$ 343,000	\$ 343,000	\$ 187,000	\$ 187,000	
5.020 Advances-Out	338,000	1,404,000	11,057,000	501.5%	100,000	100,000	100,000	100,000	100,000	
5.040 Total Other Financing Uses	\$ 902,846	\$ 1,927,202	\$ 11,451,406	303.8%	\$ 443,000	\$ 443,000	\$ 443,000	\$ 287,000	\$ 287,000	
5.050 Total Expenditures and Other Financing Uses	\$ 139,327,116	\$ 142,504,355	\$ 162,933,287	8.3%	\$ 161,738,000	\$ 170,160,000	\$ 180,416,000	\$ 189,491,000	\$ 198,323,000	
6.010 Sources over (under) Expenditures and Other Financing Uses	\$ (964,097)	\$ 9,107,690	\$ (3,031,935)	-589.0%	\$ 18,646,000	\$ (451,000)	\$ (3,940,000)	\$ (6,557,000)	\$ (11,697,000)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$ 99,173,060	\$ 98,208,963	\$ 107,316,653	4.2%	\$ 104,284,718	\$ 122,930,718	\$ 122,479,718	\$ 118,539,718	\$ 111,982,718	
7.020 Cash Balance June 30	\$ 98,208,963	\$ 107,316,653	\$ 104,284,718	3.2%	\$ 122,930,718	\$ 122,479,718	\$ 118,539,718	\$ 111,982,718	\$ 100,285,718	
8.010 Estimated Encumbrances June 30	\$ 3,625,547	\$ 4,451,458	\$ 6,143,365	30.4%	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	
Reservation of Fund Balance										
9.030 Budget Reserve	\$ 26,855,059	\$ 27,674,865	\$ 25,252,030	-2.9%	\$ 26,888,000	\$ 28,292,000	\$ 30,001,000	\$ 31,540,000	\$ 33,013,000	
9.080 Subtotal	26,855,059	27,674,865	25,252,030	-2.9%	26,888,000	28,292,000	30,001,000	31,540,000	33,013,000	
15.010 Unreserved Fund Balance June 30	\$ 67,728,357	\$ 75,190,330	\$ 72,889,323	4.0%	\$ 92,042,718	\$ 90,187,718	\$ 84,538,718	\$ 76,442,718	\$ 63,272,718	
ADM Forecasts										
20.010 Kindergarten - October Count	851	761	800	-2.7%	794	842	842	842	842	
20.015 Grades 1-12 - October Count	9,424	9,326	9,492	0.4%	9,647	9,757	9,926	10,026	10,145	

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
November 28, 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 2023 (July 1, 2022-June 30, 2023) is the first year of the five year forecast and is considered the baseline year.

Forecast Risks and Uncertainty

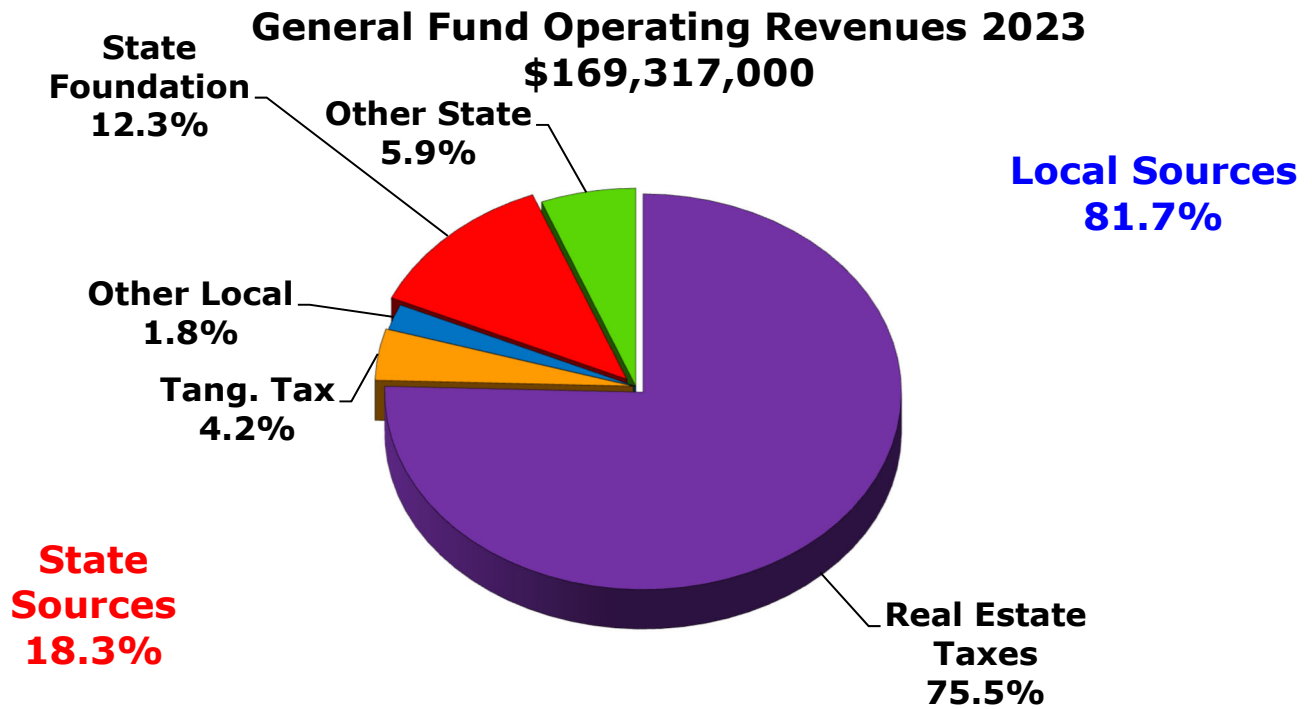
We have estimated revenues and expenses based on the best data available to us at the time of this forecast. Any financial forecast has inherent risks and uncertainty, especially in later years. The items below give a short description of significant current issues, risks, and uncertainty:

- **Rising interest rates, property values, inflation and the economy** – The District is heavily reliant on local property tax revenue. Property values continue to increase in the greater central Ohio area. Nationally, inflation rates continue to be much higher than desired, prompting the Federal Reserve to increase rates 3.75 percentage points so far in 2022. Consequently the 30-year residential mortgage rate has climbed to over 6% for the first time in over 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 as well as the overall economy and employment is unknown and is a risk to the assumptions in this forecast. Newly effective House Bill 126, which limits the District’s ability to challenge property values, could lead to undervalued properties.
- **Enrollment** – Our enrollment has increased by over 1,200 students during the last decade (13%), and is projected to increase another 600 students over this five year period. Enrollment decreased in FY21 during the height of the pandemic, but rebounded last 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 are in the process of obtaining an updated enrollment projection study.
- **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, and with the passage of a 1.9 mill continuing permanent improvement levy, bus replacement cycles, back end technology, equipment, and a portion of deferred maintenance will have a dedicated funding source. However, ongoing elementary needs and major building needs (HVAC systems, roofs, etc.) are assumed to be funded at later date. Failure of those future levies would result in increased operational costs.

- **Future Biennial Budgets and 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. The new formula is also still driven by local property values, and as central Ohio continues to grow, our district will receive less in state funding. This forecast assumes the current school funding formula is maintained in the next biennial budget including the guarantees.
- **Coronavirus (COVID-19) Pandemic** – The forecast assumes schools and businesses remain operative in traditional modes with in person learning and economic activity. Any deviation to that could impact both operational expenses and revenues.
- **Labor Agreements** – Agreements with both employee groups expire June 30, 2023. We have estimated future agreements with base wage increases similar to other district’s recent settlements and market data.

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. A full six year appraisal, as required by code, is scheduled for tax year 2023 (collection 2024) and we estimate 10% overall increases to values. We assume 0.5% growth for new residential and commercial construction and 3% growth for public utility values for future years.

Estimated Assessed Property Valuations by Collection Year

Classification	Actual TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026
Res./Ag.	\$1,841,313,600	\$1,850,520,168	\$2,044,824,786	\$2,055,048,910	\$2,065,324,154
Comm./Ind.	\$521,522,750	\$524,130,364	\$579,164,052	\$582,059,872	\$584,970,172
Public Utility (PUPP)	\$67,697,720	\$69,728,652	\$71,820,512	\$73,975,127	\$76,194,381
Total Assessed Value	\$2,430,534,070	\$2,444,379,184	\$2,695,809,350	\$2,711,083,909	\$2,726,488,707

Estimated Real Estate Tax (Line #1.010)

Based upon the projected property values above, the following chart illustrates projected real property tax collections:

	FY23	FY24	FY25	FY26	FY27
August Settlement	\$61,278,000	\$57,430,000	\$60,629,000	\$63,389,000	\$66,177,000
February Settlement	64,490,000	68,088,000	71,192,000	74,325,000	74,723,000
August Delinquent	401,000	246,000	260,000	272,000	284,000
February Delinquent	1,618,000	1,908,000	2,015,000	2,108,000	2,202,000
Total General Property Taxes	\$127,787,000	\$127,672,000	\$134,096,000	\$140,094,000	\$143,386,000

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 spike in FY23 is due to settlement payments related to commercial property valuation disputes. These are banned effective July 21, 2022, which led to an increase in settlement payments. We have modeled in the new incremental levy approved by voters November 8, 2022 which increases millage by 2.9, 2, 2, and 2 in collection years 2023, 2024, 2025, and 2026, respectively. 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)

	FY23	FY24	FY25	FY26	FY27
Public Utility Pers. Property	\$7,085,000	\$7,499,000	\$7,870,000	\$8,256,000	\$8,580,000

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	FY23	FY24	FY25	FY26	FY27
Basic Foundation Aid	\$16,366,000	\$16,530,000	\$16,695,000	\$16,862,000	\$17,031,000
Additional Aid Items	\$1,594,000	\$1,594,000	\$1,594,000	\$1,594,000	\$1,594,000
Basic Aid-Subtotal	\$17,960,000	\$18,124,000	\$18,289,000	\$18,456,000	\$18,625,000
Ohio Casino Commission ODT	\$662,000	\$662,000	\$662,000	\$662,000	\$662,000
Total Unrestricted State Aid	\$18,622,000	\$18,786,000	\$18,951,000	\$19,118,000	\$19,287,000

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. However, the formula is still predominantly driven by local property values, and because Franklin County had a significant reappraisal in 2020, the District received less than originally anticipated. We continue to expect growth in central Ohio property values and therefore we project future state funding levels to be flat. We will continue to advocate to both fully fund the formula but also index the base cost inputs for inflation.

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 levels to flatten.

Restricted Grants-in-Aid (Line #1.040)

Source	FY23	FY24	FY25	FY26	FY27
Student Wellness and Success	\$690,000	\$697,000	\$704,000	\$711,000	\$718,000
Disadvantaged Pupil Aid	142,000	143,000	144,000	145,000	146,000
English Learners	169,000	171,000	173,000	175,000	177,000
Gifted	396,000	400,000	404,000	408,000	412,000
Career Tech	203,000	216,000	218,000	220,000	222,000
Medicaid/Catastrophic Aid	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>
Total Restricted State Aid	\$2,220,000	\$2,247,000	\$2,263,000	\$2,279,000	\$2,295,000

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	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	\$10,073,000	\$10,065,000	\$10,056,000	\$10,047,000	\$10,038,000

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	FY23	FY24	FY25	FY26	FY27
Interest	\$2,200,000	\$2,000,000	\$1,800,000	\$1,700,000	\$1,600,000
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	400,000	400,000	400,000	400,000	400,000
Total Other Local Revenues	\$3,530,000	\$3,330,000	\$3,130,000	\$3,030,000	\$2,930,000

Interest income is generated on investments and will fluctuate based on market rates (current overnight rate is 2.90% compared to 0.40% in May 2022) 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 includes potential 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.

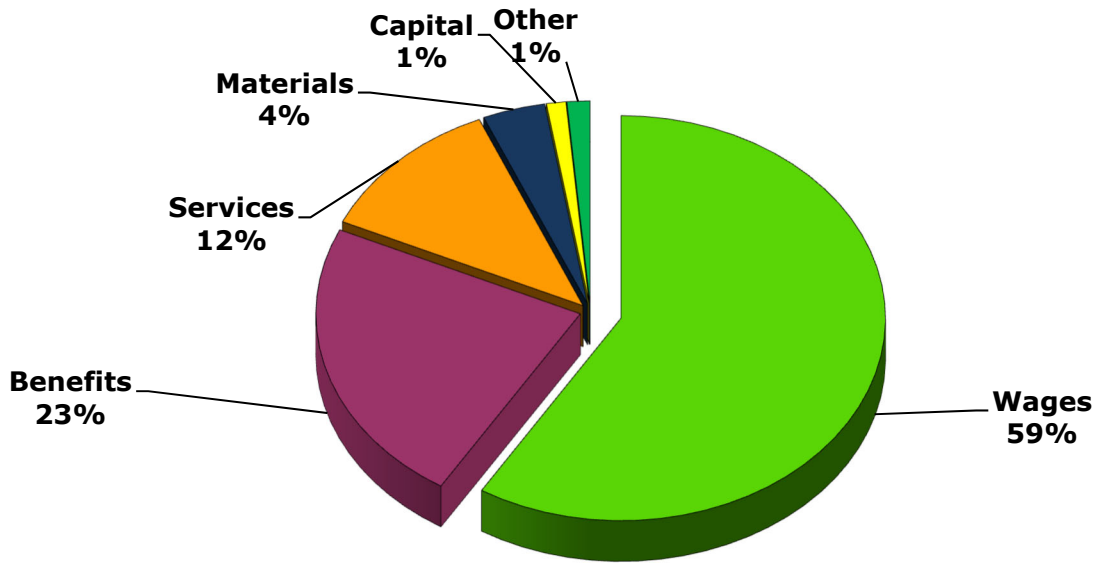
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY23	FY24	FY25	FY26	FY27
Advance Returns	\$11,057,000	\$100,000	\$100,000	\$100,000	\$100,000
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), sales of assets, and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

FY23 includes \$10.3 million advanced last year to the building fund for purposes of expediting architect and engineering services related to construction at both high schools, with the proceeds being returned from bonds expected to be issued as a result of passage of a \$234 million bond issue on November 8, 2022.

General Fund Operating Expenditures FY23 \$161,295,000



Personal Services (Wages) (Line #3.010)

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	\$89,651,000	\$93,930,000	\$99,820,000	\$105,142,000	\$110,813,000
Increases	2,262,000	2,683,000	2,895,000	2,891,000	3,047,000
Steps/Training	2,613,000	2,385,000	2,483,000	2,695,000	2,159,000
New Staff	554,000	772,000	538,000	320,000	289,000
Severance	750,000	750,000	750,000	750,000	750,000
Retirements	(1,000,000)	(350,000)	(350,000)	(350,000)	(350,000)
Total Wages Line 3.010	\$94,900,000	\$100,970,000	\$106,592,000	\$111,563,000	\$116,783,000
# Full Time Equivalents					
Certificated	770.25	781.25	789.25	793.25	797.25
Classified	383.52	387.52	389.52	391.52	393.52
Administrative	54.00	55.00	55.00	55.00	55.00
Total	1,207.77	1,223.77	1,233.77	1,239.77	1,245.77

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 are based on market data, as well as 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 had 20 retirements at the end of FY22 and project 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	FY23	FY24	FY25	FY26	FY27
STRS/SERS	\$14,702,000	\$15,506,000	\$16,320,000	\$17,043,000	\$17,803,000
Insurance's	20,519,000	21,721,000	23,540,000	25,419,000	27,439,000
Workers Comp/Unemployment	337,000	358,000	378,000	395,000	414,000
Medicare	1,336,000	1,433,000	1,524,000	1,607,000	1,682,000
Other/Tuition	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>
Total Benefits	\$37,054,000	\$39,178,000	\$41,922,000	\$44,624,000	\$47,498,000

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

The district is self-insured for employee medical insurance, which allows the administration to manage the program in the most optimal manner. Calendar year 2022 premiums increased 2.9%. The District bid out its carrier for 2023 and will be making a switch to Anthem, allowing no change to current premiums and generating savings of \$1.8 million. 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.

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	FY23	FY24	FY25	FY26	FY27
Consulting/Legal	\$2,425,000	\$2,398,000	\$2,710,000	\$2,891,000	\$2,878,000
Maintenance/Property	3,686,000	3,833,000	3,986,000	4,145,000	4,311,000
Contracted Substitutes	2,620,000	2,699,000	2,780,000	2,863,000	2,949,000
Utilities	3,025,000	3,191,000	3,362,000	3,538,000	3,719,000
Tuition to other Entities	4,167,000	4,375,000	4,594,000	4,824,000	5,065,000
Other Purchased Services	<u>3,056,000</u>	<u>3,148,000</u>	<u>3,242,000</u>	<u>3,339,000</u>	<u>3,439,000</u>
Total Purchased Services	\$18,979,000	\$19,644,000	\$20,674,000	\$21,600,000	\$22,361,000

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 \$650,000 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 a few of our elementary locations. 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	FY23	FY24	FY25	FY26	FY27
Supplies	\$6,177,000	\$5,640,000	\$5,886,000	\$6,390,000	\$6,279,000

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. FY23 includes \$0.9 million related to social studies curriculum updates.

Capital Outlay (Line # 3.050)

Source	FY23	FY24	FY25	FY26	FY27
Equipment/Bldg. Improvements	\$733,000	\$753,000	\$776,000	\$799,000	\$823,000
Technology	<u>1,190,000</u>	<u>1,150,000</u>	<u>1,630,000</u>	<u>1,630,000</u>	<u>1,630,000</u>
Total Capital Outlay	\$1,923,000	\$1,903,000	\$2,406,000	\$2,429,000	\$2,453,000

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	FY23	FY24	FY25	FY26	FY27
County Tax Collection Fees	\$1,858,000	\$1,966,000	\$2,065,000	\$2,157,000	\$2,208,000
County ESC	65,000	67,000	69,000	71,000	73,000
Other	339,000	349,000	359,000	370,000	381,000
Total Other Expenses	\$2,262,000	\$2,382,000	\$2,493,000	\$2,598,000	\$2,662,000

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.

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

Source	FY23	FY24	FY25	FY26	FY27
Transfers Out (#5.010)	\$343,000	\$343,000	\$343,000	\$187,000	\$187,000
Advances Out (#5.020)	100,000	100,000	100,000	100,000	100,000
Total Other Financing Uses	\$443,000	\$443,000	\$443,000	\$287,000	\$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.

Encumbrances (Line#8.010)

	FY23	FY24	FY25	FY26	FY27
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

	FY23	FY24	FY25	FY26	FY27
Unencumbered Cash Balance	\$118,930,718	\$118,479,718	\$114,539,718	\$107,982,718	\$96,285,718
Contingency Reserve	<u>26,888,000</u>	<u>28,292,000</u>	<u>30,001,000</u>	<u>31,540,000</u>	<u>33,013,000</u>
Unreserved Fund Balance	\$92,042,718	\$90,187,718	\$84,538,718	\$76,442,718	\$63,272,718

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.

