WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2014, 2015 and 2016 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2017 THROUGH 2021

Forecast Provided By
Worthington City School District
Treasurer's Office
Jeff McCuen, Treasurer/CFO
May 8, 2017

WORTHINGTON CITY SCHOOL DISTRICT
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015, 2016
Forecasted Fiscal Year Ending June 30, 2017 through 2021

		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Revenues									
1.010	General Property Tax (Real Estate)	$ 86,311,963	$ 85,531,300	$ 89,146,645	1.7%	$93,554,108	$90,774,388	$91,328,297	$91,640,618	$91,954,501
1.020	Tangible Personal Property	3,356,219	3,723,873	3,791,016	6.4%	$4,005,083	$4,181,426	$4,306,868	$4,436,074	$4,569,156
1.035	Unrestricted State Grants-in-Aid	13,174,036	14,655,732	16,802,004	12.9%	$17,941,099	$17,848,086	$18,258,891	$19,066,846	$19,971,047
1.040	Restricted State Grants-in-Aid	339,362	673,339	849,194	62.3%	$910,808	$762,563	$761,442	$764,165	$762,955
1.050	Property Tax Allocation	20,424,617	20,685,098	18,150,139	-5.5%	$15,517,594	$14,610,414	$13,572,115	$12,491,477	$11,411,098
1.060	All Other Revenues	1,089,314	1,340,803	1,586,939	20.7%	$1,830,000	$1,635,000	$1,535,000	$1,385,000	$1,235,000
1.070	*Total Revenues*	$ 124,695,511	$ 126,610,145	$ 130,325,937	2.2%	$ 133,758,692	$ 129,811,877	$ 129,762,613	$ 129,784,180	$ 129,903,757
	Other Financing Sources									
2.050	Advances-In	$ 180,000	$ 21,500	$ 1,836,300	4176.4%	$ 3,600	$ -	$ -	$ -	$ -
2.060	All Other Financing Sources	54,865	546,588	74,758	405.0%	$14,975	$14,975	$14,975	$14,975	$14,975
2.070	*Total Other Financing Sources*	$ 234,865	$ 568,088	$ 1,911,058	189.1%	$ 18,575	$ 14,975	$ 14,975	$ 14,975	$ 14,975
2.080	*Total Revenues and Other Financing Sources*	$ 124,930,376	$ 127,178,233	$ 132,236,995	2.9%	$ 133,777,267	$ 129,826,852	$ 129,777,588	$ 129,799,155	$ 129,918,732
	Expenditures									
3.010	Personal Services	$ 68,800,687	$ 72,205,995	$ 73,001,845	3.0%	$76,115,079	$79,366,677	$83,068,676	$86,745,782	$90,621,885
3.020	Employees' Retirement/Insurance Benefits	26,557,038	28,069,838	28,939,917	4.4%	$28,749,173	$29,635,875	$31,206,063	$32,757,550	$34,418,000
3.030	Purchased Services	10,662,866	11,855,112	11,609,334	4.6%	$12,229,898	$13,134,800	$13,699,504	$14,287,433	$14,899,597
3.040	Supplies and Materials	3,357,022	2,964,733	3,317,360	0.1%	4,547,826	4,431,551	3,829,048	4,040,619	4,413,138
3.050	Capital Outlay	312,042	563,702	282,089	15.3%	269,592	349,876	360,372	371,183	382,318
4.300	Other Objects	1,801,312	1,797,688	1,794,841	-0.2%	$1,928,130	$2,004,718	$2,034,204	$2,055,911	$2,078,143
4.500	*Total Expenditures*	$ 111,490,967	$ 117,457,068	$ 118,945,386	3.3%	$ 123,839,698	$ 128,923,497	$ 134,197,867	$ 140,258,478	$ 146,813,081
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 1,101,619	$ 877,670	$ 1,099,966	2.5%	$1,236,713	$1,283,313	$1,322,284	$1,352,031	$523,202
5.020	Advances-Out	21,500	1,836,300	3,600	4170.6%	-	-	-	-	-
5.040	*Total Other Financing Uses*	$ 1,123,119	$ 2,713,970	$ 1,103,566	41.2%	$ 1,236,713	$ 1,283,313	$ 1,322,284	$ 1,352,031	$ 523,202
5.050	*Total Expenditures and Other Financing Uses*	$ 112,614,086	$ 120,171,038	$ 120,048,952	3.3%	$ 125,076,411	$ 130,206,810	$ 135,520,151	$ 141,610,509	$ 147,336,283
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 12,316,290	$ 7,007,195	$ 12,188,043	15.4%	$ 8,700,856	$ (379,958)	$ (5,742,563)	$ (11,811,354)	$ (17,417,551)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 50,295,720	$ 62,612,010	$ 69,619,205	17.8%	$ 81,807,248	$ 90,508,104	$ 90,128,146	$ 84,385,583	$ 72,574,229
7.020	*Cash Balance June 30*	$ 62,612,010	$ 69,619,205	$ 81,807,248	14.3%	$ 90,508,104	$ 90,128,146	$ 84,385,583	$ 72,574,229	$ 55,156,677
8.010	*Estimated Encumbrances June 30*	$ 1,392,502	$ 2,654,151	$ 2,247,362	37.6%	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ 1,400,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 5,335,958	$ 9,771,874	$ 13,817,810	62.3%	$ 17,473,766	$ 21,763,480	$ 24,920,479	$ 26,944,764	$ 27,836,334
9.060	Property Tax Advances	7,205,330	5,626,200	5,154,100	-15.2%	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
9.080	*Subtotal*	12,541,288	15,398,074	18,971,910	23.0%	24,973,766	29,263,480	32,420,479	34,444,764	35,336,334
15.010	*Unreserved Fund Balance June 30*	$ 48,678,220	$ 51,566,980	$ 60,587,976	11.7%	$ 64,134,338	$ 59,464,666	$ 50,565,104	$ 36,729,465	$ 18,420,343
	ADM Forecasts									
20.010	Kindergarten - October Count	776	733	724	-3.4%	742	727	801	765	817
20.02	Grades 1-12 - October Count	8,623	8,708	9,010	2.2%	9,106	9,256	9,388	9,543	9,704

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
May 8, 2017

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2017 (July 1, 2016-June 30, 2017) is the first year of the five year forecast and is considered the baseline year. This May forecast is used to provide an update of the previous October's forecast for the current fiscal year and the effect of the current year on the remaining years of the forecast.

Current Year (Fiscal 2017) Update:

Revenues:
Total revenues for FY17 are now projected at $133.7 million, 1.1% above October estimates, mainly due to a few Board of Revision appeals settlements as well as a slightly higher interest rate environment in recent months.

Expenditures:
Total expenditures for FY17 are now projected at $125.1 million, on target with October estimates. Wages have been increased slightly to accommodate more retirements (severances) than previously expected, which will create savings in future years, as well as an increase in fringe benefits due a greater number of employees participating in the insurance program compared to last year. In addition, we are estimating potential costs for the lease of modular units to handle growth in the short term. Savings from utilities due to the mild winter offset some of these additional costs.

Future Years (Fiscal 2018-2021) Update:

The cash balance at the end of the forecast (June 30, 2021) is now projected at $55.1 million, a slight increase from the previous forecast of $54.2 million. We are projecting a 10% residential property valuation increase during the county's auditor's reappraisal, based on recent home sale prices, which is projected to generate an additional $0.5 million annually. We have also increased estimated staffing needs by 21 FTE over the life of the forecast due to updated student enrollment projections indicating growth of 673 students over that time. The latest information known regarding the 2018-19 state budget has also been incorporated.

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. **Reappraisal -** Franklin County will go through a complete reappraisal in the 2017 tax year to be collected in calendar year 2018. A triennial reappraisal update occurred in tax year 2014, which increased average residential assessed values 3.6% but lowered average commercial assessed values 1.3%. We expect residential values in our District to increase 10%, and commercial values to remain stable. There is some risk that the district could sustain another reduction in commercial values, but we do not anticipate that at this time.

II. **Tangible Personal Property Tax Reimbursement -** The State Budget greatly reduced Tangible Personal Property (TPP) fixed rate reimbursements to the district beginning in FY12 & FY13. The FY14-15 state budget maintained reimbursement levels equal to FY13 amounts. However HB64, the current FY16-17 state budget, reinstituted the phase out of this reimbursement. On February 15, 2016, Senate Bill 208 became effective which amended HB64 TPP reimbursements for FY18 and beyond, effectively extending a portion of the reimbursement through FY 21. We have estimated the effects of SB208 in this forecast, and assume this revenue source will not continue after that, based on the latest knowledge of the proposed 18-19 state budget.

III. **Tuition Vouchers & Community Schools -** There are many provisions in the current state budget bill that reduce district revenue in the form of exposure to school choice scholarships or vouchers, school reform initiatives, and other programs. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from $20,000 each to $27,000, a 35% increase. These two programs now reduce our state revenue $1.7 million annually, and community schools reduce it another $1.5 million annually. Several new provisions have been introduced recently, including SB85, which seeks to expand voucher eligibility regardless of the performance of the local school, and increase the amounts, as well as the creation of portable education savings accounts (ESA's). 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.

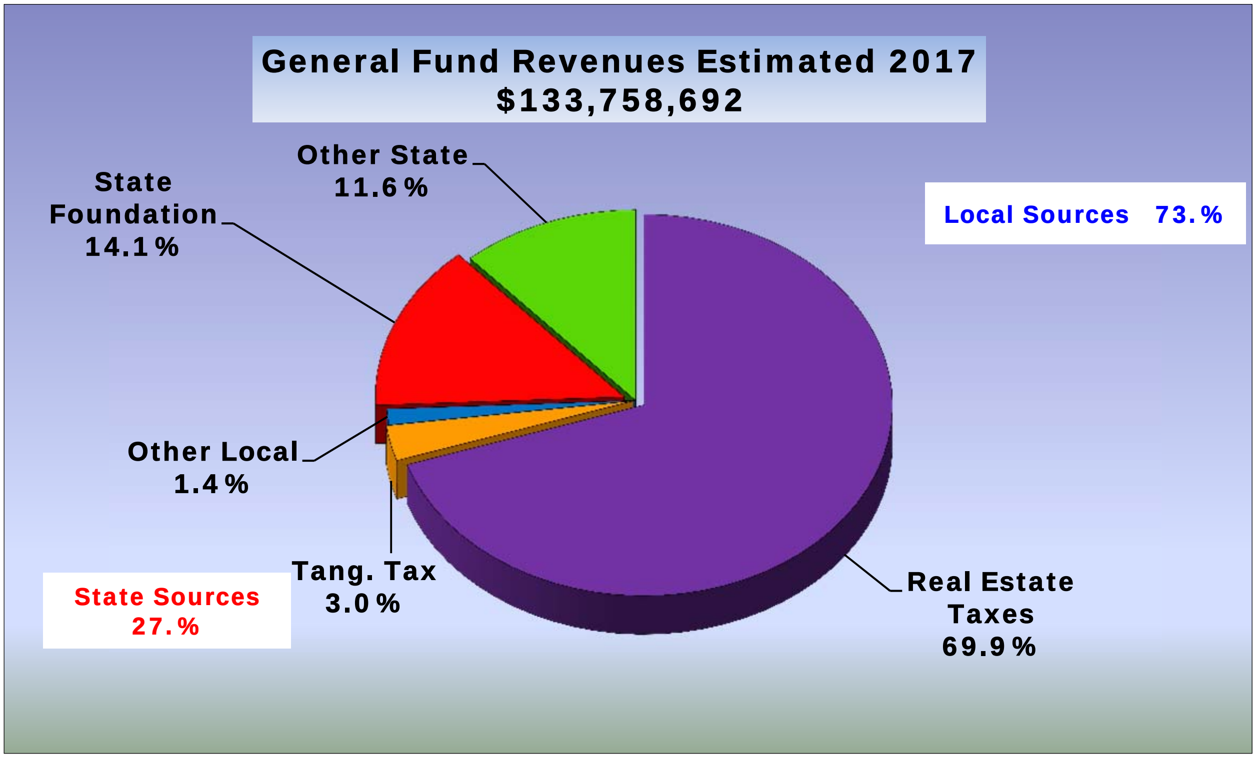
IV. **State Foundation Funding -** The current biennial state budget for FY16-17 did not appropriate enough resources to fully fund all districts according to its latest school funding formula. Many districts, including ours, received a capped increase of 7.5% of prior year state revenue for FY16 and FY17. This amounts to $4.1 million in additional revenue in FY17 our District would have received if fully implemented. We are assuming 5% annual cap increases in FY18 through FY21, based on the proposed state budget for 18-19, however the current model of educational funding is a political method of distribution of limited resources rather than a true calculation of funding needs, and this presents challenges predicting state revenues.

V. **Student Diversity -** The diversity of our student population continues to increase. Comparing FY10 to FY16, the percentage of students with disabilities has increased from 11.0% to 13.3%, economically disadvantaged students from 21.8% to 26.0%, and those with limited English proficiency from 4.7% to 5.7%. This presents unique challenges and opportunities for the District, and while we feel we have adequately included staff increases in this forecast, often times there are governing restrictions on student to teacher ratios for these populations, and there is some risk that we will need additional staff in future years to meet their needs.

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 FY17



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 triennial update occurred in tax year 2014 for collection in calendar year 2015, and a full reappraisal will occur in tax year 2017 for collection in 2018. For tax year 2016, overall values increased $13.1 million (0.7%). Residential/agricultural values increased $3 million (0.2%) while commercial/industrial values increased $8.2 million (2.0%). Public utility values increased $1.7 million (4.1%). Based on current sale to property valuation ratios we anticipate values will remain mostly steady for tax years 2017 through 2020, with an annual 0.5% growth in new residential construction, a 0% growth in commercial values, 3% growth in PUPP values, and a 10% increase in residential values during reappraisal in tax year 2017. The chart below reflects these assumptions.

Estimated Assessed Property Valuations by Collection Year

Classification	Estimated TAX YEAR 2016 COLLECT 2017	Estimated TAX YEAR 2017 COLLECT 2018	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021
Res./Ag.	$1,399,228,110	$1,546,147,062	$1,553,877,797	$1,561,647,186	$1,569,455,422
Comm./Ind.	$411,342,770	$411,342,770	$411,342,770	$411,342,770	$411,342,770
Public Utility (PUPP)	$44,230,420	$45,557,333	$46,924,053	$48,331,775	$49,781,728
Total Assessed Value	**$1,854,801,300**	**$2,003,047,165**	**$2,012,144,620**	**$2,021,321,731**	**$2,030,579,920**

Estimated Real Estate Tax (Line #1.010)

Based on the predicted changes in property values above, the following chart illustrates Real Estate Property Tax collections:

	FY17	FY18	FY19	FY20	FY21
August Settlement	$41,319,590	$41,320,354	$41,695,792	$41,838,264	$41,981,448
February Settlement	48,039,665	47,780,157	47,943,418	48,107,496	48,272,394
August Delinquent	99,576	271,440	273,906	274,842	275,782
February Delinquent	1,749,377	1,402,438	1,415,181	1,420,016	1,424,876
Prior Year Advances taken	(5,154,100)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)
Current Year Advances Estimated	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total General Property Taxes	**$93,554,108**	**$90,774,388**	**$91,328,297**	**$91,640,618**	**$91,954,501**

Property tax levies are estimated to be collected at 98% of the annual amount. This allows 2% delinquency factor. In general, 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. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor. No future additional levies are projected in this forecast. FY17 includes $2.4 million in advances not received in FY16, as well as $0.6 million in BOR challenge settlements received, which is why FY18 collections decrease, but this is just a timing issue between FY16 and FY17.

Estimated Tangible Personal Property Tax (Line #1.020)

	FY17	FY18	FY19	FY20	FY21
Public Utility Pers. Property	**$4,005,083**	**$4,181,426**	**$4,306,868**	**$4,436,074**	**$4,569,156**

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, and PUPP values are expected to grow 3% in future years.

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

Source	FY17	FY18	FY19	FY20	FY21
Basic Foundation Aid	$15,003,113	$16,066,423	$16,780,593	$17,572,879	$18,461,014
Additional Aid Items	$2,446,975	$1,275,797	$957,259	$957,259	$957,259
Basic Aid-Subtotal	$17,450,088	$17,342,220	$17,737,852	$18,530,138	$19,418,273
Ohio Casino Commission ODT	$491,011	$505,866	$521,039	$536,708	$552,774
Total Unrestricted State Aid	**$17,941,099**	**$17,848,086**	**$18,258,891**	**$19,066,846**	**$19,971,047**

A) Basic Foundation Aid

In FY14-15, HB59 created the fourth (4^{th}) new funding formula for public education since 2009. As passed, HB64 maintained a modified version of this formula for FY16-17, with several new components as well as formulary adjustments. 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. The additional components of capacity aid, transportation supplement, graduation bonus, and 3rd grade reading bonus were added for FY16 & FY17, but do not provide significant resources to our District.

The amount estimated for FY17 for state funding is based on computations from the most recent March State Foundation Payment Report (SFPR). The formula included an increase in funding for our district, but it was limited to a "capped" amount of 7.5% in FY16 and FY17. The following table illustrates our actual basic foundation aid compared to the fully calculated amount without the cap (net of community school & scholarship deductions):

	FY17	FY18	FY19	FY20	FY21
Capped Formula Aid	15,293,685	16,358,750	17,071,799	17,866,808	18,753,733
Uncapped Formula Aid	19,456,050	19,823,084	19,897,144	19,859,287	20,026,026
Difference	($4,162,365)	($3,464,334)	($2,825,346)	($1,992,478)	($1,272,294)

Current calculations indicate our district will remain on the CAP through FY21, with the assumptions the CAP will grow 5% annually, and the per-pupil amount in the formula will remain flat. We are assuming the current funding formula continues during the forecast in a similar form, and have included enrollment increases based on the most recent enrollment study.

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

Source	FY17	FY18	FY19	FY20	FY21
Community & Stem School Deduction	$1,494,660	$1,520,069	$1,535,270	$1,550,623	$1,566,129
Scholarship Deduction	$2,175,998	$2,021,000	$2,275,000	$2,496,000	$2,676,500
Total Deduction	$3,670,658	$3,541,069	$3,810,270	$4,046,623	$4,242,629
Community/Stem ADM	149	154	159	164	169
Scholarship ADM	81	86	91	96	101
Total ADM	230.00	240.00	250.00	260.00	270.00

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. The state significantly increased the maximum scholarship amount to $27,000 per pupil in FY16 and beyond (previously $20,000), and we have incorporated these amounts into future estimates, as well as a small increase in the number of pupils taking the scholarship. FY17 includes a $433,463 additional deduction due to the state withholding an incorrect amount in FY16.

B) Additional Aid Items

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

This line also includes the remaining 20% of the TPP "Supplement" for FY16 (80% was paid in FY16, 20% will be received in FY17). This supplement ensures that districts significantly impacted by the loss of TPP funding would receive at least as much in total state aide and TPP reimbursements as they did in FY15. This supplement was vetoed by the governor in FY17 and beyond, but SB208 was passed on February 15, 2016 and provides for a FY17 guarantee that no district's combined state foundation funding plus TPP Fixed Rate reimbursement will be less than 96% of FY15 foundation and TPP Fixed Rate funding received. This amounts to $1.4 million for our District for FY17 (correspondingly we assume 80% will be received in FY17, the remaining 20% in FY18). We are assuming no such supplement will occur after FY17.

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 FY 17 generated $49.52 per pupil, which equated to $491,011 for our District. For FY18-21 we estimate stable total casino revenues and slightly less statewide student population, which should equate to approximately $51 per pupil annually.

Restricted Grants-in-Aid (Line #1.040)

Source	FY17	FY18	FY19	FY20	FY21
Economically Disadvantaged	$159,987	$161,742	$160,621	$163,344	$162,134
Career Tech	$130,585	$130,585	$130,585	$130,585	$130,585
Medicaid/Catastrophic Aid	$620,236	$470,236	$470,236	$470,236	$470,236
Total Restricted State Revenues	**$910,808**	**$762,563**	**$761,442**	**$764,165**	**$762,955**

HB64 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated these amounts into the restricted aid amount in Line # 1.04 for FY17-21. These amounts can change or be eliminated in future state budgets.

In addition, the District participates in the Medicaid in Schools Program. The District bills the state for eligible services that are reimbursable under Medicaid. Medicaid revenue is projected at approximately $350,000 annually. FY17 includes two years' worth of Medicaid settlements, as the State is several years behind, and we expect to receive 13-14 settlement prior to June 30, 2017. Also, catastrophic aid includes state reimbursement for those special education costs that exceed an unusually large, state determined amount, which is estimated at approximately $150,000 annually.

Property Tax Allocation (Line #1.050)

Source	FY17	FY18	FY19	FY20	FY21
Rollback and Homestead	$10,095,167	$10,320,700	$10,415,116	$10,467,192	$10,519,528
TPP Reimbursement	$5,422,427	$4,289,714	$3,156,999	$2,024,285	$891,570
Total Prop. Tax Allocation	**$15,517,594**	**$14,610,414**	**$13,572,115**	**$12,491,477**	**$11,411,098**

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. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors 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 lost.

HB64 reinstituted the phase out of the reimbursement beginning in FY16 resulting in the District only receiving $8.0 million in FY16 and a projected $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	FY17	FY18	FY19	FY20	FY21
Interest	$1,000,000	$1,000,000	$900,000	$750,000	$600,000
Pay To Participate	130,000	130,000	130,000	130,000	130,000
Tuition and Charges	220,000	220,000	220,000	220,000	220,000
Other	480,000	285,000	285,000	285,000	285,000
Total Other Local Revenues	**$1,830,000**	**$1,635,000**	**$1,535,000**	**$1,385,000**	**$1,235,000**

Interest income is generated on investments and will fluctuate based on market rates, which have increased recently (current 10 year treasury is at 2.23%, last October it was at 1.57%), cash position of the General Fund, and the overall market environment. 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 revenue decreases in FY18 due to the completion of E-rate reimbursement related to a fiber bandwidth expansion project in FY14.

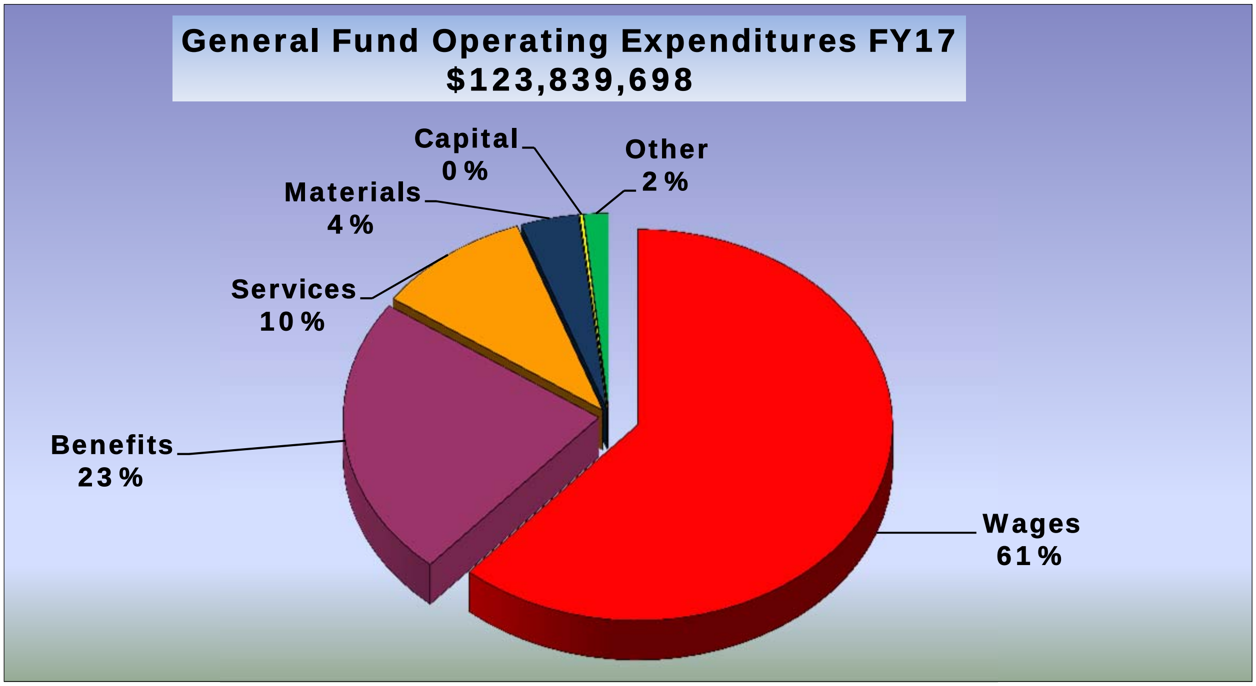
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY17	FY18	FY19	FY20	FY21
Advance Returns - Line 2.050	**$3,600**	**$0**	**$0**	**$0**	**$0**
Refunds & Sale of Assets - Line #2.060	**$14,975**	**$14,975**	**$14,975**	**$14,975**	**$14,975**

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 FY17



Personal Services (Line #3.010)

Source	FY17	FY18	FY19	FY20	FY21
Base Wages	$72,449,058	$75,765,079	$79,204,177	$82,890,551	$86,548,126
Increases	1,448,981	1,515,302	1,584,084	1,657,811	1,730,963
Steps & Training or 3317.141 Performance	2,097,451	1,901,703	1,687,049	1,641,233	1,644,414
New/Replacement District Staff	1,528,926	981,616	813,043	657,246	781,001
Severance	300,000	100,000	100,000	100,000	100,000
Retirement/Other	(1,759,337)	(959,523)	(397,802)	(298,715)	(304,689)
Total Wages Line 3.010	**$76,115,079**	**$79,366,677**	**$83,068,676**	**$86,745,782**	**$90,621,885**
Employee Full Time Equivalents					
Certificated	722.40	730.40	740.40	747.40	757.40
Classified	332.15	337.15	341.15	345.15	349.15
Administrative	47.00	46.00	46.00	46.00	46.00
Total	**1,101.55**	**1,113.55**	**1,127.55**	**1,138.55**	**1,152.55**
Projected Net Increase (Decrease)		12	14	11	14

The model reflects annual base wage increases of 2% for certified and classified staff members per the negotiated agreements through FY17 and assumes 2% for FY21 (1.5% for administrators). The model also includes annual step increases based on staff placement as of March 2017. The average value of a step increase is expected to gradually decrease as the wave of new hires from the past few years receive lower valued steps in future years.

The new/replacement district staff line item for FY17 includes 9 retiree replacements from FY16 offset by savings from those retirees on the Retirement/Other line item. The lines also include 2 months of savings from 40 retirees at the end of FY15. Similarly, these lines contain a projected 9 retirees at the end of FY17 and 3 each year beyond, based on current year's of experience and historical trends.

Net staffing levels are projected to increase 12 FTE in FY18 (3 special ed, 4 regular ed, 5 classifed), 14 FTE in FY19 (2 special ed, 8 regular ed, 4 classified), 11 FTE in FY20 (2 special ed, 5 regular ed, 4 classifed), and 14 FTE in FY21 (2 special ed, 8 regular ed, 4 classified). These are based on recently updated enrollment projections indicating approximately 150 additional students per year, as well as a reduction in mandated preschool class size limits of 6 typical students and 6 special needs students (previousy 8 & 8) beginning in FY18.

Employees' Retirement & Insurance Benefits (Line #3.020)

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

A) STRS/SERS will increase as Wages Increase

Source	FY17	FY18	FY19	FY20	FY21
Base Wages	$10,149,868	$10,615,861	$11,099,522	$11,618,349	$12,133,827
Increases	202,857	212,142	221,772	232,094	242,335
Steps & Training	293,643	266,238	236,187	229,773	230,218
New District Staff	214,050	137,426	113,826	92,014	109,340
Pick Up	762,049	773,480	785,082	796,858	808,811
Retirement/Other	(246,307)	(134,333)	(55,692)	(41,820)	(42,656)
SERS Surcharge	255,000	260,100	265,302	270,608	276,020
Total Retirement Contributions	**$11,631,160**	**$12,130,914**	**$12,665,999**	**$13,197,876**	**$13,757,895**

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.

B) Insurance

Source	FY17	FY18	FY19	FY20	FY21
Base Costs	$14,620,917	$14,139,926	$14,345,785	$15,289,252	$16,213,293
New District Staff	198,000	216,000	252,000	198,000	252,000
H.S.A contributions	1,283,438	1,283,438	1,283,438	1,283,438	1,283,438
Effect of Cap	0	0	0	0	0
Insurance Trend Adjustment	(778,991)	(10,141)	691,467	726,041	762,343
Total Insurance Estimates	**$15,323,364**	**$15,629,223**	**$16,572,690**	**$17,496,731**	**$18,511,074**

The district is in the fourth 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 reduce premiums by 8% for calendar year 2016, and again by 6.7% for calendar year 2017. Claims are trending on target for 2017 thus far. We are estimating annual inflationary increases of 5% in January 2018 and beyond as we expect to eventually return to trend. The model is based on current enrollment in the plan at the current levels, with any additional staff in future years expected to participate in the program. The cost of vision insurance beginning in FY18, as part of the negotiated agreements, is also incorporated into this model.

As part of the negotiated agreement with both labor unions, a cap was implemented to limit the District's exposure to large increases in health care costs. This cap indicates that if total premiums exceed a certain dollar amount, the District would only pay up to the capped amount. Based on current projections, we do not expect to reach that cap during this forecast.

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.

Currently included in our estimate are known PPACA fees (PCORI fee and Transitional Reinsurance Fee). However, it is still uncertain to what extent the long term implementation of PPACA will cost our district in additional funds. There are numerous new regulations that potentially will require added staff time, and it is possible that additional employees and/or spouses and dependents will be added to coverage. Longer-term a significant concern is the 40% "Cadillac Tax" for plans whose value of benefits exceeds $10,200 for individual plans and $27,500 for family plans. Based on current projections, we do not anticipate exceeding these thresholds during the life of this forecast, but will monitor this closely. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Source	FY17	FY18	FY19	FY20	FY21
Workers Comp	$608,921	$634,933	$664,549	$693,966	$724,975
Unemployment	5,000	5,000	5,000	5,000	5,000
Total WC & UC Estimates	**$613,921**	**$639,933**	**$669,549**	**$698,966**	**$729,975**

The District is self-insured for workers compensation insurance, and the premium rate charged is 0.8% of covered wages, and is assumed to remain at that level throughout this forecast. 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.

D) Medicare

Source	FY17	FY18	FY19	FY20	FY21
Base Costs	$1,025,149	$1,088,162	$1,158,394	$1,221,037	$1,274,321
New District Staff	22,169	14,233	11,789	9,530	11,325
Total Medicare Estimate	**1,047,318**	**1,102,395**	**1,164,415**	**1,230,567**	**1,285,646**

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	FY17	FY18	FY19	FY20	FY21
STRS/SERS	$11,631,160	$12,130,914	$12,665,999	$13,197,876	$13,757,895
Insurance's	15,323,364	15,629,223	16,572,690	17,496,731	18,511,074
Workers Comp/Unemployment	613,921	639,933	669,549	698,966	729,975
Medicare	1,047,318	1,102,395	1,164,415	1,230,567	1,285,646
Other/Tuition	133,410	133,410	133,410	133,410	133,410
Total Employee Retirement/Insurance Benefits	**$28,749,173**	**$29,635,875**	**$31,206,063**	**$32,757,550**	**$34,418,000**

Purchased Services (Line #3.030)

Source	FY17	FY18	FY19	FY20	FY21
Consulting/Legal (41x)	$1,474,046	$1,529,176	$1,575,051	$1,622,303	$1,670,972
Maintenance and Repairs (423)	1,565,371	1,611,403	1,659,745	1,709,537	1,760,823
Utilities (441 & 45x)	2,272,000	2,608,000	2,813,400	3,029,070	3,255,524
Tuition to other Entities (47x)	1,848,200	2,175,000	2,283,750	2,397,938	2,517,835
Other Purchased Services	5,070,281	5,211,221	5,367,558	5,528,585	5,694,443
Total Purchased Services	**$12,229,898**	**$13,134,800**	**$13,699,504**	**$14,287,433**	**$14,899,597**

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. FY17 was mild winter coupled with a significant decrease in the cost of oil and gas, creating utility savings of approximately $400,000, which we don't expect to continue into FY18 at that level. Utilities also include an additional $75,000 annually for bandwidth expansion as needed. In addition, with the completion of a HB264 energy conservation project in December 2015, we are projecting annual utility savings of $287,728, which will offset the loan payments (line #5.010 below) as well as produce long term savings and efficiencies. 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 costs are approximately $250k per year.

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, trash services, and other services. We are estimating base increases of 3% annually for this area. We have also incorporated the cost of leasing modular classrooms for temporary space beginning in FY18.

Supplies and Materials (Line #3.040)

Source	FY17	FY18	FY19	FY20	FY21
Supplies	**$4,547,826**	**$4,431,551**	**$3,829,048**	**$4,040,619**	**$4,413,138**

An overall inflation of 3% is being estimated for this category which is characterized by textbooks, copy paper, maintenance supplies, materials, and bus fuel. Recent changes in curriculum related to testing changes and Common Core have created a large increase in material needs in recent years. FY17 includes $1.7 million for new curriculum materials, mostly Science and English/Language Arts, decreased to $1.3 million in FY18 & further decreased to approximately $0.6 million for FY19 and beyond.

Capital Outlay (Line # 3.050)

Source	FY17	FY18	FY19	FY20	FY21
Equipment & Building Improvements	**$269,592**	**$349,876**	**$360,372**	**$371,183**	**$382,318**

An overall inflation rate of 3% annually is being used in this category. Major capital improvements are funded through the building fund via passage of a capital improvement bond issue in 2012.

Other Objects (Line #4.300)

Source	FY17	FY18	FY19	FY20	FY21
County Auditor & Treasurer Fees	$1,486,586	$1,532,512	$1,547,832	$1,554,948	$1,562,152
County ESC	63,402	65,304	67,263	69,281	71,359
Other	378,142	406,902	419,109	431,682	444,632
Total Other Expenses	**$1,928,130**	**$2,004,718**	**$2,034,204**	**$2,055,911**	**$2,078,143**

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	FY17	FY18	FY19	FY20	FY21
Transfers Out (#5.010)	$1,236,713	$1,283,313	$1,322,284	$1,352,031	$523,202
Advances Out (#5.020)	0	0	0	0	0
Total Other Financing Uses	**$1,236,713**	**$1,283,313**	**$1,322,284**	**$1,352,031**	**$523,202**

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 the certificates of participation debt and the energy conservation debt. Annual debt payments have been added beginning in June 2016 as a result of the completion of a new HB264 Energy Conservation project that was funded through an Energy Loan Fund from the State of Ohio. It will be repaid over a 10 year period through utility cost savings.

Encumbrances (Line#8.010)

	FY17	FY18	FY19	FY20	FY21
Estimated Encumbrances	**$1,400,000**	**$1,400,000**	**$1,400,000**	**$1,400,000**	**$1,400,000**

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	FY17	FY18	FY19	FY20	FY21
Contingency (Line 9.040)	$17,473,766	$21,763,480	$24,920,479	$26,944,764	$27,836,334
Tax Advances (Line 9.060)	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total Reservations of Balance (Line#9.080)	**$24,973,766**	**$29,263,480**	**$32,420,479**	**$34,444,764**	**$35,336,334**

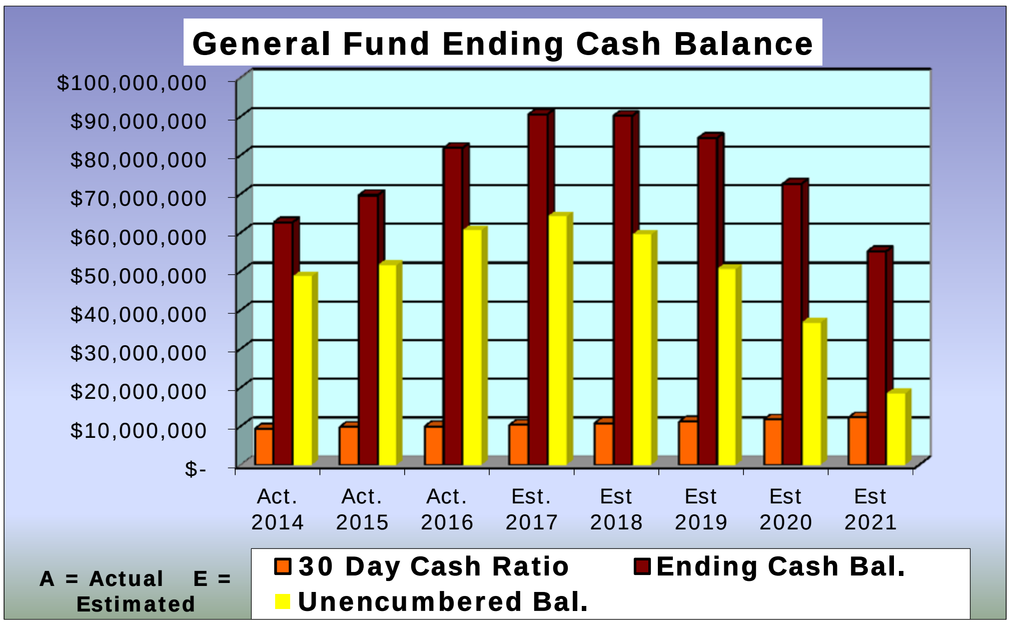
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through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

	FY17	FY18	FY19	FY20	FY21
Ending Unreserved Cash Balance	**$64,134,338**	**$59,464,666**	**$50,565,104**	**$36,729,465**	**$18,420,343**

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 FY18, annual expenditures begin to exceed stagnant revenues, creating a decline in available balances that will need to be addressed.