WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2013, 2014 and 2015 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2016 THROUGH 2020

Forecast Provided By
Worthington City School District
Treasurer's Office
Jeff McCuen, Treasurer/CFO
May 9, 2016

WORTHINGTON CITY SCHOOL DISTRICT

May 9, 2016

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2013, 2014, 2015
Forecasted Fiscal Year Ending June 30, 2016 through 2020

		Actual				Forecasted				
		Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Average Change	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
	Revenues									
1.010	General Property Tax (Real Estate)	$ 81,690,919	$ 86,311,963	$ 85,531,300	2.4%	$ 91,837,990	$ 89,346,901	$ 89,836,597	$ 90,330,210	$ 90,827,772
1.020	Tangible Personal Property	3,451,276	3,356,219	3,723,873	4.1%	3,791,016	3,953,990	3,953,990	3,953,990	3,953,990
1.035	Unrestricted State Grants-in-Aid	11,592,310	13,174,036	14,655,732	12.4%	16,748,339	18,295,012	18,490,063	19,543,258	21,021,969
1.040	Restricted State Grants-in-Aid	285,863	339,362	673,339	58.6%	677,095	957,867	826,047	831,304	836,641
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	-	-	-	0.0%	-	-	-	-	-
1.050	Property Tax Allocation	19,683,504	20,424,617	20,685,098	2.5%	18,150,139	15,853,805	14,804,543	13,755,946	12,708,024
1.060	All Other Revenues	1,035,371	1,089,314	1,340,803	14.1%	1,532,857	1,499,620	1,304,620	1,229,620	1,179,620
1.070	*Total Revenues*	$ 117,739,243	$ 124,695,511	$ 126,610,145	3.7%	$ 132,737,436	$ 129,907,195	$ 129,215,860	$ 129,644,328	$ 130,528,016
	Other Financing Sources									
2.050	Advances-In	$ 490,700	$ 180,000	$ 21,500	-75.7%	$ 1,836,300	$ -	$ -	$ -	$ -
2.060	All Other Financing Sources	19,581	54,865	546,588	538.2%	75,737	10,000	10,000	10,000	10,000
2.070	*Total Other Financing Sources*	$ 510,281	$ 234,865	$ 568,088	44.0%	$ 1,912,037	$ 10,000	$ 10,000	$ 10,000	$ 10,000
2.080	*Total Revenues and Other Financing Sources*	$ 118,249,524	$ 124,930,376	$ 127,178,233	3.7%	$ 134,649,473	$ 129,917,195	$ 129,225,860	$ 129,654,328	$ 130,538,016
	Expenditures									
3.010	Personal Services	$ 70,623,617	$ 68,800,687	$ 72,205,995	1.2%	$ 73,394,746	$ 76,056,166	$ 79,694,730	$ 83,603,401	$ 86,781,315
3.020	Employees' Retirement/Insurance Benefits	25,853,892	26,557,038	28,069,838	4.2%	29,036,636	29,447,082	30,882,800	32,358,159	33,564,418
3.030	Purchased Services	9,460,373	10,662,866	11,855,112	11.9%	11,814,994	12,538,590	13,085,967	13,656,077	14,249,918
3.040	Supplies and Materials	2,761,158	3,357,022	2,964,733	4.9%	3,629,905	4,540,057	4,581,259	3,793,247	4,001,044
3.050	Capital Outlay	342,906	312,042	563,702	35.8%	299,899	262,028	269,889	277,986	286,326
4.300	Other Objects	1,897,285	1,801,312	1,797,688	-2.6%	1,835,936	1,943,693	1,964,036	1,984,825	2,006,074
4.500	*Total Expenditures*	$ 110,939,231	$ 111,490,967	$ 117,457,068	2.9%	$ 120,012,116	$ 124,787,616	$ 130,478,681	$ 135,673,695	$ 140,889,095
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 1,076,047	$ 1,101,619	$ 877,670	-9.0%	$ 1,099,966	$ 1,236,713	$ 1,283,313	$ 1,322,284	$ 1,352,031
5.020	Advances-Out	180,000	21,500	1,836,300	4176.4%	-	-	-	-	-
5.040	*Total Other Financing Uses*	$ 1,256,047	$ 1,123,119	$ 2,713,970	65.5%	$ 1,099,966	$ 1,236,713	$ 1,283,313	$ 1,322,284	$ 1,352,031
5.050	*Total Expenditures and Other Financing Uses*	$ 112,195,278	$ 112,614,086	$ 120,171,038	3.5%	$ 121,112,082	$ 126,024,329	$ 131,761,994	$ 136,995,979	$ 142,241,126
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 6,054,246	$ 12,316,290	$ 7,007,195	30.2%	$ 13,537,391	$ 3,892,866	$ (2,536,134)	$ (7,341,651)	$ (11,703,110)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 44,241,474	$ 50,295,720	$ 62,612,010	19.1%	$ 69,619,205	$ 83,156,596	$ 87,049,461	$ 84,513,327	$ 77,171,676
7.020	*Cash Balance June 30*	$ 50,295,720	$ 62,612,010	$ 69,619,205	17.8%	$ 83,156,596	$ 87,049,461	$ 84,513,327	$ 77,171,676	$ 65,468,567
8.010	*Estimated Encumbrances June 30*	$ 1,649,211	$ 1,392,502	$ 2,654,151	37.5%	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ 1,400,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 3,118,000	$ 5,335,958	$ 9,771,874	77.1%	$ 13,817,810	$ 17,473,766	$ 21,763,480	$ 24,920,479	$ 26,944,764
9.060	Property Tax Advances	5,989,400	7,205,330	5,626,200	-0.8%	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
9.080	*Subtotal*	9,107,400	12,541,288	15,398,074	30.2%	21,317,810	24,973,766	29,263,480	32,420,479	34,444,764
15.010	*Unreserved Fund Balance June 30*	$ 39,539,109	$ 48,678,220	$ 51,566,980	14.5%	$ 60,438,786	$ 60,675,695	$ 53,849,847	$ 43,351,197	$ 29,623,803
	ADM Forecasts									
20.010	Kindergarten - October Count	757	776	733	-1.5%	724	720	744	786	765
20.015	Grades 1-12 - October Count	8,542	8,623	8,708	1.0%	9,010	9,071	9,087	9,151	9,245
	State Fiscal Stabilization Funds									
21.010	Personal Services SFSF	553,906			0.0%					
21.020	Employees Retirement/Insurance Benefits SFSF	192,650			0.0%					
21.060	*Total Expenditures - SFSF*	746,556	-	-	0.0%	-	-	-	-	-

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
May 9, 2016

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 2016 (July 1, 2015-June 30, 2016) is the first year of the five year forecast and is considered the baseline year. The 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.

May 2016 Current Year Updates:

Revenues:

Total revenues for the current year are now projected at $135 million, 1% above October estimates. The slight increase is related to several Board of Revision settlement payments relating to commercial property valuation challenges, as well as a larger than expected increase in utility property valuations. In addition, the District had fewer and lower Peterson and Autism scholarship deductions than originally expected. Other revenue areas, including unrestricted state revenues, property tax allocations, and other revenues, remain on target with October estimates.

Expenditures:

Total expenditures for the current year are now projected at $121.1 million, $0.5 million under October estimates, mainly the result of lower than expected utility costs from both the very mild winter as well as significant decrease in commodity prices.

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 values in our District to remain stable, but there is some risk that the district could sustain another reduction in 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.

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 $1.3 million annually. 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. **Patient Protection and Affordable Care Act (PPACA) –** This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were supposed to be implemented January 1, 2015. We are aware of additional taxes and costs that will be assessed to the District and have made allowance for these costs in the forecast based on what we know at this time. Future uncertainty over rules and implementation of the PPACA is a risk to district costs, and we will monitor developments closely.

V. **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 $4.8 million in additional revenue in FY16 our District would have received if fully implemented. The current model of educational funding is a political method of distribution of limited resources rather than a true calculation of funding needs. There are two future state biennium budgets covering this forecast, and thus presents ongoing challenges of predictability of resources.

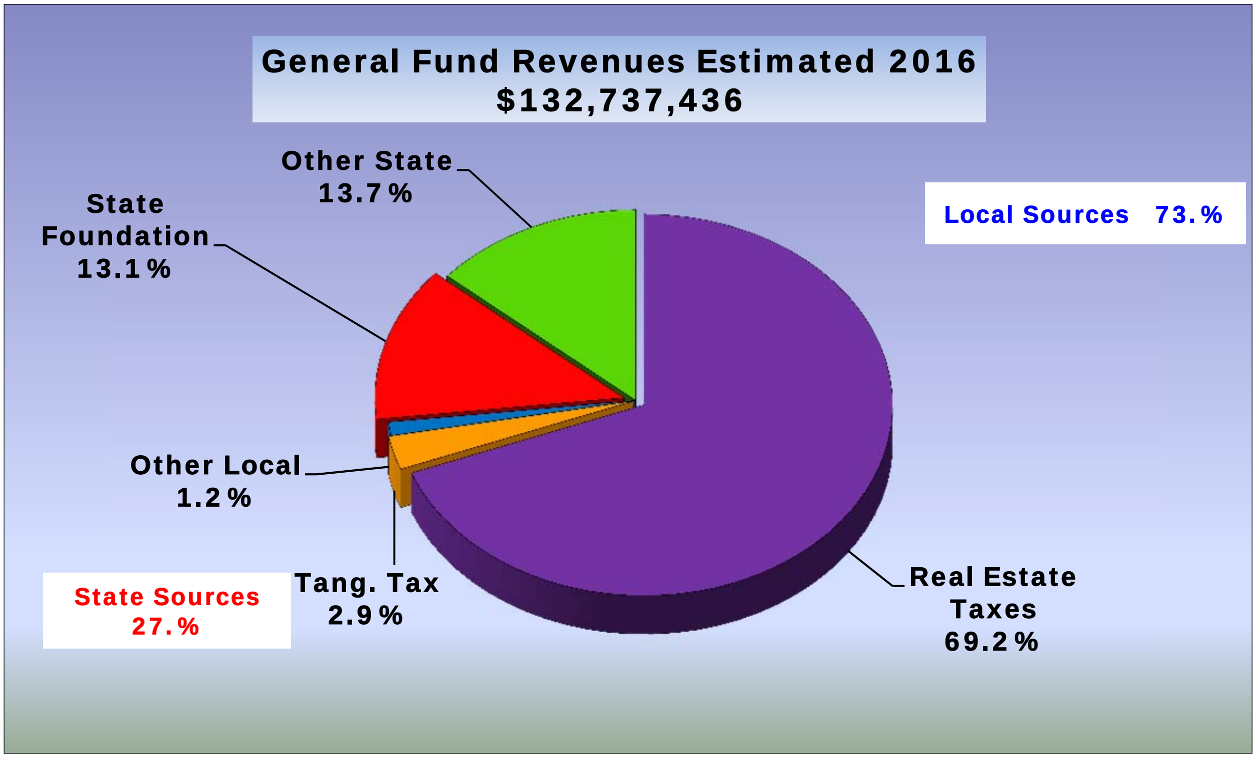
VI. **Student Diversity -** The diversity of our student population continues to increase. Comparing FY10 to FY16, the percentage of students with disabilities has increased from 11.0% to 14.8%, economically disadvantaged students from 21.8% to 23.4%, and those with limited English proficiency from 4.7% 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.

VII. **Labor Relations –** Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

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 FY16



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 collection year 2016, overall values increased $3.9 million, or 0.22%. Residential/agricultural values decreased $5.1 million (0.37%) while commercial/industrial values increased $5.6 million (1.42%). Public utility values increased $3.4 million (8.95%). Based on current sale to property valuation ratios we anticipate values will remain mostly steady for tax years 2016 through 2019, with an annual 0.8% growth in new residential construction, a 0% growth in commercial values, and no change in values for our reappraisal in tax year 2017. The chart below reflects these assumptions.

Estimated Assessed Property Valuations by Collection Year

Classification	Actual TAX YEAR 2015 COLLECT 2016	Estimated TAX YEAR 2016 COLLECT 2017	Estimated TAX YEAR 2017 COLLECT 2018	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020
Res./Ag.	$1,396,134,530	$1,407,303,606	$1,418,562,035	$1,429,910,531	$1,441,349,816
Comm./Ind.	$403,130,660	$403,130,660	$403,130,660	$403,130,660	$403,130,660
Public Utility (PUPP)	$42,452,120	$42,452,120	$42,452,120	$42,452,120	$42,452,120
Total Assessed Value	**$1,841,717,310**	**$1,852,886,386**	**$1,864,144,815**	**$1,875,493,311**	**$1,886,932,596**

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:

	FY16	FY17	FY18	FY19	FY20
August Settlement	$41,747,269	$40,702,633	$40,925,424	$41,149,997	$41,376,366
February Settlement	46,582,393	46,897,374	47,154,717	47,414,119	47,675,596
August Delinquent	258,403	358,337	360,299	362,276	364,269
February Delinquent	1,376,125	1,388,557	1,396,157	1,403,819	1,411,541
Prior Year Advances taken	(5,626,200)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)
Current Year Advances Estimated	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total General Property Taxes	**$ 91,837,990**	**$ 89,346,901**	**$ 89,836,597**	**$ 90,330,210**	**$ 90,827,772**

Property tax levies are estimated to be collected at 97.5% of the annual amount. This allows 2.5% 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. FY16 includes $1.9 million in advances not received in FY15, which is why FY17 appears to decrease but this is just a timing issue between FY15 and FY16.

Estimated Tangible Personal Property Tax (Line #1.020)

	FY16	FY17	FY18	FY19	FY20
Public Utility Pers. Property	**$3,791,016**	**$3,953,990**	**$3,953,990**	**$3,953,990**	**$3,953,990**

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.

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

Source	FY16	FY17	FY18	FY19	FY20
Basic Foundation Aid	$14,422,237	$15,517,879	$16,769,413	$18,122,472	$19,585,059
Additional Aid Items	$1,833,594	$2,269,871	$1,198,155	$882,661	$882,661
Basic Aid-Subtotal	$16,255,831	$17,787,750	$17,967,568	$19,005,133	$20,467,720
Ohio Casino Commission ODT	$492,508	$507,262	$522,495	$538,125	$554,249
Total Unrestricted State Aid	**$16,748,339**	**$18,295,012**	**$18,490,063**	**$19,543,258**	**$21,021,969**

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 FY16 for state funding is based on computations from the most recent April 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:

	FY16	FY17	FY18	FY19	FY20
Capped Formula Aid	14,760,810	15,863,224	17,119,938	18,478,254	19,946,178
Uncapped Formula Aid	19,578,192	19,817,755	19,893,559	20,088,279	20,205,536
Difference	($4,817,383)	($3,954,531)	($2,773,621)	($1,610,025)	($259,358)

Current calculations indicate our district will remain on the CAP through FY20, with the assumptions the CAP will grow 7.5% annually, and the per-pupil amount in the formula will grow 1% annually as well. We are assuming the current funding formula continues in the next biennium budget 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:

	FY16	FY17	FY18	FY19	FY20
Community & Stem School Deduction	$1,549,002	$1,575,335	$1,591,088	$1,606,999	$1,623,069
Scholarship Deduction	$1,345,592	$1,541,000	$1,692,000	$1,848,000	$2,009,000
Total Deduction	$2,894,594	$3,116,335	$3,283,088	$3,454,999	$3,632,069
Community/Stem ADM	157	162	167	172	177
Scholarship ADM	62	67	72	77	82
Total ADM	219.00	229.00	239.00	249.00	259.00

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.

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 TPP "Supplement" for FY16 of $1.2 million (80% to be paid in FY16, the remaining balance is not expected until 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 in FY17 (correspondingly we assume 80% will be received in FY17, the remaining 20% in FY18).

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 numbers generated for FY 16 statewide were 1,796,394 students at $50.66 per pupil, which equated to $492,508 for our District. For FY17-20 we estimated another ½ of 1% decline in pupils to 1,778,000 and GCR increasing to $93 million or $52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Restricted Grants-in-Aid (Line #1.040)

Source	FY16	FY17	FY18	FY19	FY20
Economically Disadvantaged	$127,396	$129,944	$131,893	$133,871	$135,879
Career Tech	$211,177	$215,401	$218,632	$221,911	$225,240
Medicaid/Catastrophic Aid	$338,522	$612,522	$475,522	$475,522	$475,522
Total Restricted State Revenues	**$677,095**	**$957,867**	**$826,047**	**$831,304**	**$836,641**

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 FY16-20. 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. Catastrophic aid includes state reimbursement for those special education costs that exceed an unusually large, state determined amount.

Property Tax Allocation (Line #1.050)

Source	FY16	FY17	FY18	FY19	FY20
Rollback and Homestead	$10,119,774	$10,431,378	$10,514,829	$10,598,947	$10,683,739
TPP Reimbursement	$8,030,365	$5,422,427	$4,289,714	$3,156,999	$2,024,285
Total Prop. Tax Allocation	**$18,150,139**	**$15,853,805**	**$14,804,543**	**$13,755,946**	**$12,708,024**

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. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

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 $5.4 million in FY17, and continued that phase-out so that the District would receive $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.

Other Local Revenues (Line #1.060)

Source	FY16	FY17	FY18	FY19	FY20
Interest	$720,237	$725,000	$725,000	$650,000	$600,000
Pay To Participate	188,580	188,580	188,580	188,580	188,580
Tuition and Charges	211,040	211,040	211,040	211,040	211,040
Other	413,000	375,000	180,000	180,000	180,000
Total Other Local Revenues	**$1,532,857**	**$1,499,620**	**$1,304,620**	**$1,229,620**	**$1,179,620**

Interest income is generated on investments and will fluctuate based on market rates. Pay to participate fees are charged to students for participating in extracurricular sports teams and activity clubs. 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.

Interest income will fluctuate with the cash position of the General Fund and the market environment. We expect rates to begin to increase very slowly, but are also predicting a decreasing cash balance available for investment. Pay-to-participate fees and tuition and charges revenue are projected to remain flat. Other revenue decreases in FY18 due to the completion of E-rate reimbursement related to a fiber bandwidth expansion project in FY14.

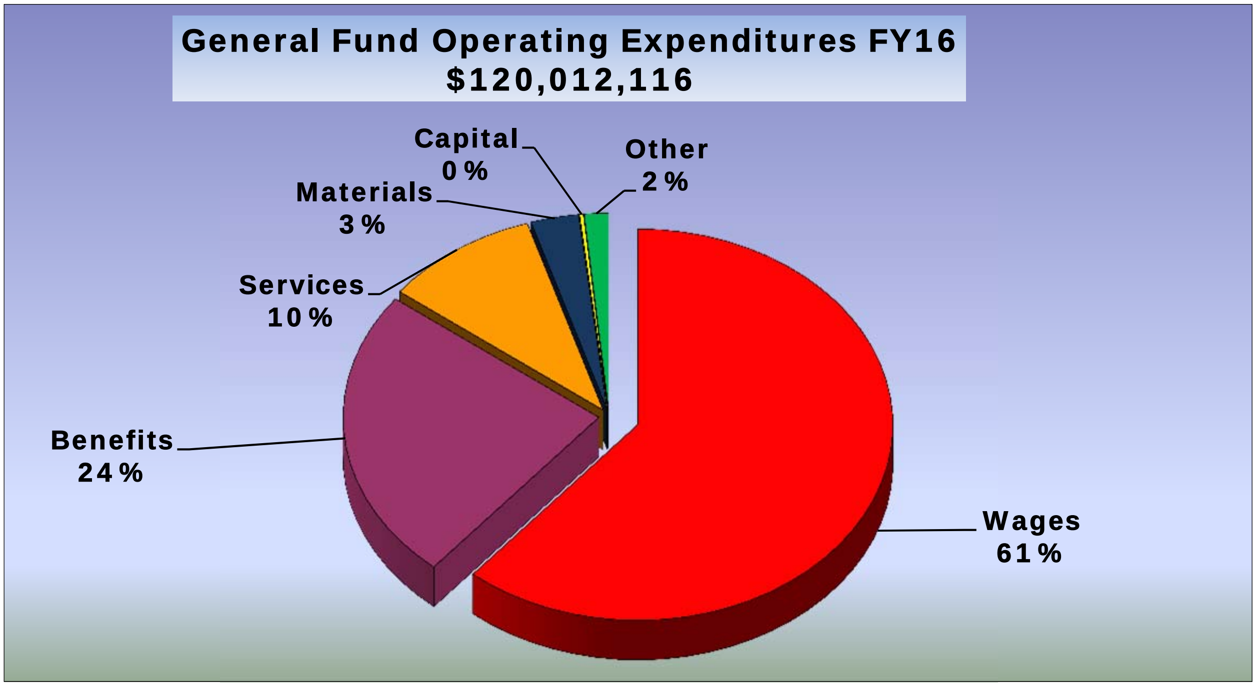
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY16	FY17	FY18	FY19	FY20
Advance Returns - Line 2.050	**$1,836,300**	**$0**	**$0**	**$0**	**$0**
Refunds & Sale of Assets - Line #2.060	**$75,737**	**$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, 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 FY16



Personal Services (Line #3.010)

Source	FY16	FY17	FY18	FY19	FY20
Base Wages	$71,005,995	$73,094,746	$76,006,166	$79,632,230	$83,315,276
Increases	1,420,120	1,461,895	1,520,123	1,592,645	1,666,306
Steps & Training or 3317.141 Performance	1,562,132	1,827,369	1,900,154	1,831,541	1,707,963
New/Replacement District Staff	3,797,958	1,441,173	371,432	258,860	576,858
Severance	300,000	0	0	210,000	0
Retirement/Other	(4,691,459)	(1,819,017)	(165,645)	0	(582,744)
Total Wages Line 3.010	**$73,394,746**	**$76,056,166**	**$79,694,730**	**$83,603,401**	**$86,781,315**
Employee Full Time Equivalents					
Certificated	715.5	720.5	724.5	728.5	732.5
Classified	322.0	327.0	330.0	332.0	334.0
Administrative	47.0	46.0	46.0	46.0	46.0
Total	**1,084.5**	**1,093.5**	**1,100.5**	**1,106.5**	**1,112.5**

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 FY18-FY20 (1.5% for administrators). 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 FY16 includes 40 retiree replacements from FY15 offset by savings from those retirees on the Retirement/Other line item. Similarly, these lines contain a projected 10 retirees at the end of FY16, none at the end of FY17 and FY18, and 7 at the end of FY19, based on current experience levels and increasing years of service requirements at STRS.

Net staffing levels are projected to increase 9.0 FTE in FY17 (2 special ed, 3 regular ed, 4 classifed), 7.0 FTE in FY18 (2 special ed, 2 regular ed, 3 classified), and 6.0 FTE in FY19 & FY20 (2 special ed, 2 regular ed, 2 classified). These are based on recently updated enrollment projections.

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	FY16	FY17	FY18	FY19	FY20
Base Wages	$9,940,839	$10,240,264	$10,649,613	$11,159,450	$11,677,811
Increases	198,817	204,665	212,817	222,970	233,283
Steps & Training	218,698	255,832	266,022	256,416	239,115
New District Staff	531,714	201,764	52,000	36,240	80,760
Pick Up	708,046	763,667	775,122	786,749	798,550
Retirement/Other	(656,804)	(254,662)	(23,190)	0	(81,584)
SERS Surcharge & Catch-up	442,350	245,000	249,900	254,898	259,996
Total Retirement Contributions	**$11,383,660**	**$11,656,530**	**$12,182,284**	**$12,716,723**	**$13,207,931**

As required by current law the District pays 14% of all employee wages to STRS or SERS. In addition, SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. We have taken the 1/6 additional costs per year for 6 years catch up provision, which is $197,350 each year through FY16. Pick up includes the employee share of retirement contributions paid by the Board of Education on behalf of administrators, which is increasing for those covered under STRS by 1% annually until it reaches 14% in FY17.

B) Insurance

Source	FY16	FY17	FY18	FY19	FY20
Base Costs	$14,388,512	$14,642,832	$14,699,110	$15,522,569	$16,364,250
New District Staff	387,600	153,000	119,000	102,000	102,000
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	(245,556)
Insurance Trend Adjustment	(133,280)	(96,722)	704,459	739,681	776,666
Total Insurance Estimates	**$15,926,270**	**$15,982,548**	**$16,806,007**	**$17,647,688**	**$18,280,798**

The district is in the third 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 two years, allowing the District to reduce premiums by 8% for calendar year 2016. Claims have been running as expected for 2016, and we are estimating annual inflationary increases of 5% in January 2017 and beyond. The model is based on current enrollment in the plan at the current levels.

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 expect to reach that cap (indexed for inflation 1% annually) in 2020.

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 is $150,000 of known PPACA fees. However, it is still uncertain to what extent the implementation of PPACA will cost our district additional funds. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. There are also “taxes” mandated by the act which we are aware of and will increase the District’s costs. Longer-term a significant concern is the 40% “Cadillac Tax” that will be imposed in 2018 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district. Under current premium assumptions, we will not exceed these thresholds in the life of this forecast.

C) Workers Compensation & Unemployment Compensation

Source	FY16	FY17	FY18	FY19	FY20
Workers Comp	$587,158	$608,449	$637,558	$668,827	$694,251
Unemployment	5,000	5,000	5,000	5,000	5,000
Total WC & UC Estimates	**$592,158**	**$613,449**	**$642,558**	**$673,827**	**$699,251**

The District is self-insured for workers compensation insurance, and the rate increased from 0.6% of wages in FY15 to 0.8% in FY16, and is assumed to remain at that level through FY20. 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	FY16	FY17	FY18	FY19	FY20
Base Costs	$935,507	$1,029,687	$1,102,594	$1,172,197	$1,224,103
New District Staff	55,070	20,897	5,386	3,753	8,364
Total Medicare Estimate	**990,577**	**1,050,584**	**1,107,980**	**1,175,950**	**1,232,467**

Medicare will continue to increase at 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	FY16	FY17	FY18	FY19	FY20
STRS/SERS	$11,383,660	$11,656,530	$12,182,284	$12,716,723	$13,207,931
Insurance's	15,926,270	15,982,548	16,806,007	17,647,688	18,280,798
Workers Comp/Unemployment	592,158	613,449	642,558	673,827	699,251
Medicare	990,577	1,050,584	1,107,980	1,175,950	1,232,467
Other/Tuition	143,971	143,971	143,971	143,971	143,971
Total Employee Retirement/Insurance Benefits	**$29,036,636**	**$29,447,082**	**$30,882,800**	**$32,358,159**	**$33,564,418**

Purchased Services (Line #3.030)

Source	FY16	FY17	FY18	FY19	FY20
Consulting/Legal (41x)	$1,209,319	$1,305,546	$1,344,712	$1,385,053	$1,426,605
Maintenance and Repairs (423)	1,610,481	1,444,205	1,487,531	1,532,157	1,578,122
Utilities (441 & 45x)	2,333,729	2,811,000	3,026,550	3,252,878	3,490,522
Tuition to other Entities (47x)	1,874,400	2,000,000	2,100,000	2,205,000	2,315,250
Other Purchased Services	4,787,065	4,977,839	5,127,174	5,280,989	5,439,419
Total Purchased Services	**$11,814,994**	**$12,538,590**	**$13,085,967**	**$13,656,077**	**$14,249,918**

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. FY16 was an unusually 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 FY17. 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.

Other purchased services include substitute teachers and contracted services from the Education Service Center of Central Ohio (ESCCO) totaling $1.8 million, other consultants, professional development, trash services, and other services. We are estimating base increases of 3% annually for this area.

Supplies and Materials (Line #3.040)

Source	FY16	FY17	FY18	FY19	FY20
Supplies	**$3,629,905**	**$4,540,057**	**$4,581,259**	**$3,793,247**	**$4,001,044**

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. FY16 includes $0.8 million for new curriculum adoptions, increased to $1.6 million in FY17 & FY18 for extensive English and science materials, reduced back down to $0.8 million annually in FY18 and beyond.

Capital Outlay (Line # 3.050)

Source	FY16	FY17	FY18	FY19	FY20
Equipment & Building Improvements	**$299,899**	**$262,028**	**$269,889**	**$277,986**	**$286,326**

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	FY16	FY17	FY18	FY19	FY20
County Auditor & Treasurer Fees	$1,459,061	$1,512,428	$1,519,833	$1,527,296	$1,534,819
County ESC	60,700	62,521	64,397	66,329	68,319
Other	316,175	368,744	379,806	391,200	402,936
Total Other Expenses	**$1,835,936**	**$1,943,693**	**$1,964,036**	**$1,984,825**	**$2,006,074**

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.

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

Source	FY16	FY17	FY18	FY19	FY20
Transfers Out (#5.010)	$1,099,966	$1,236,713	$1,283,313	$1,322,284	$1,352,031
Advances Out (#5.020)	0	0	0	0	0
Total Other Financing Uses	**$1,099,966**	**$1,236,713**	**$1,283,313**	**$1,322,284**	**$1,352,031**

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)

	FY16	FY17	FY18	FY19	FY20
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	FY16	FY17	FY18	FY19	FY20
Contingency (Line 9.040)	$13,817,810	$17,473,766	$21,763,480	$24,920,479	$26,944,764
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)	**$21,317,810**	**$24,973,766**	**$29,263,480**	**$32,420,479**	**$34,444,764**

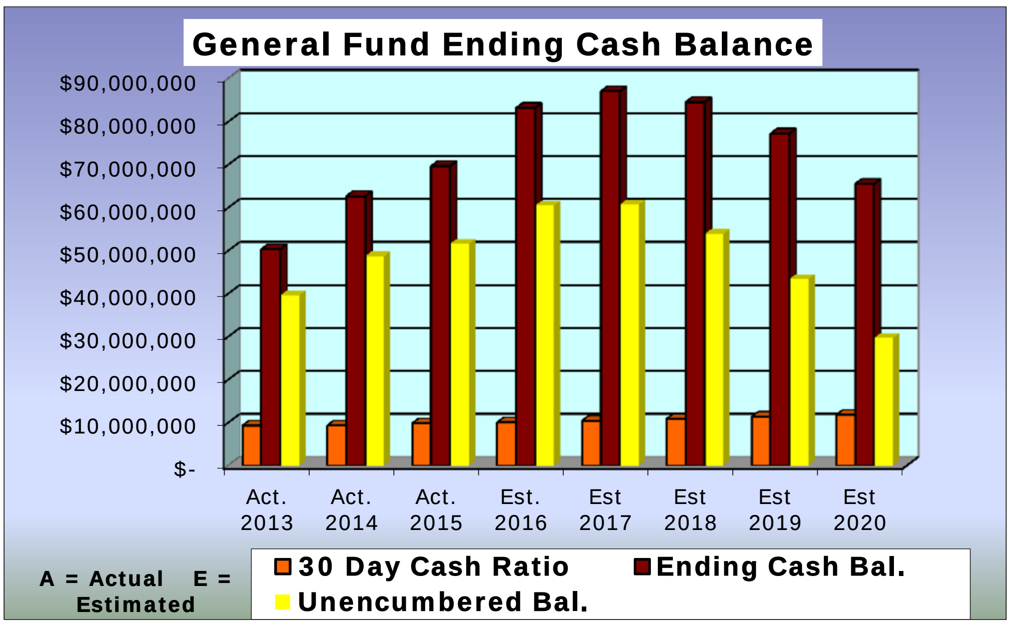
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through FY20 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)

	FY16	FY17	FY18	FY19	FY20
Ending Unreserved Cash Balance	**$60,438,786**	**$60,675,695**	**$53,849,847**	**$43,351,197**	**$29,623,803**

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.