WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2015, 2016 and 2017 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2018 THROUGH 2022

Forecast Provided By
Worthington City School District
Treasurer's Office
Jeff McCuen, Treasurer/CFO
May 14, 2018

WORTHINGTON CITY SCHOOL DISTRICT
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016, 2017
Forecasted Fiscal Year Ending June 30, 2018 through 2022

		Actual				Forecasted				
		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
	Revenues									
1.010	General Property Tax (Real Estate)	$ 85,531,300	$ 89,146,645	$ 91,680,307	3.5%	$94,878,028	$92,322,000	$93,721,000	$94,036,000	$94,352,000
1.020	Tangible Personal Property	3,723,873	3,791,016	4,005,083	3.7%	$4,536,436	$3,769,000	$4,191,000	$4,317,000	$4,446,000
1.035	Unrestricted State Grants-in-Aid	14,655,732	16,802,004	17,877,676	10.5%	$18,711,709	$18,560,000	$19,002,000	$19,460,000	$19,931,000
1.040	Restricted State Grants-in-Aid	673,339	849,194	1,044,856	24.6%	$724,011	$871,000	$720,000	$716,000	$713,000
1.050	Property Tax Allocation	20,685,098	18,150,139	15,517,596	-13.4%	$14,293,171	$13,147,000	$12,047,000	$10,947,000	$10,178,000
1.060	All Other Revenues	1,340,803	1,586,939	1,853,967	17.6%	$2,280,144	$1,930,000	$1,530,000	$1,330,000	$1,130,000
1.070	*Total Revenues*	$ 126,610,145	$ 130,325,937	$ 131,979,485	2.1%	$ 135,423,499	$ 130,599,000	$ 131,211,000	$ 130,806,000	$ 130,750,000
	Other Financing Sources									
2.050	Advances-In	$ 21,500	$ 1,836,300	$ 3,600	4170.6%	$ 42,800	$ -	$ -	$ -	$ -
2.060	All Other Financing Sources	546,588	74,758	13,341	-84.2%	$5,448	$10,000	$10,000	$10,000	$10,000
2.070	*Total Other Financing Sources*	$ 568,088	$ 1,911,058	$ 16,941	68.6%	$ 48,248	$ 10,000	$ 10,000	$ 10,000	$ 10,000
2.080	*Total Revenues and Other Financing Sources*	$ 127,178,233	$ 132,236,995	$ 131,996,426	1.9%	$ 135,471,747	$ 130,609,000	$ 131,221,000	$ 130,816,000	$ 130,760,000
	Expenditures									
3.010	Personal Services	$ 72,205,995	$ 73,001,845	$ 76,066,212	2.6%	$79,175,000	$84,929,000	$86,408,000	$90,238,000	$94,217,000
3.020	Employees' Retirement/Insurance Benefits	28,069,838	28,939,917	28,712,894	1.2%	$29,761,980	$31,629,000	$32,836,000	$34,484,000	$35,348,000
3.030	Purchased Services	11,855,112	11,609,334	11,571,116	-1.2%	$13,455,464	$13,999,000	$14,214,000	$14,927,000	$15,409,000
3.040	Supplies and Materials	2,964,733	3,317,360	3,958,664	15.6%	3,925,140	4,406,000	3,849,000	4,198,000	4,037,000
3.050	Capital Outlay	563,702	282,089	449,630	4.7%	445,655	1,473,000	2,675,000	1,888,000	1,321,000
4.300	Other Objects	1,797,688	1,794,841	1,861,392	1.8%	$1,902,218	$1,986,000	$2,006,000	$2,028,000	$2,050,000
4.500	*Total Expenditures*	$ 117,457,068	$ 118,945,386	$ 122,619,908	2.2%	$ 128,665,457	$ 138,422,000	$ 141,988,000	$ 147,763,000	$ 152,382,000
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 877,670	$ 1,099,966	$ 1,236,713	18.9%	$2,803,326	$524,070	$523,806	$523,202	$312,813
5.020	Advances-Out	1,836,300	3,600	42,800	494.5%	-	-	-	-	-
5.040	*Total Other Financing Uses*	$ 2,713,970	$ 1,103,566	$ 1,279,513	-21.7%	$ 2,803,326	$ 524,070	$ 523,806	$ 523,202	$ 312,813
5.050	*Total Expenditures and Other Financing Uses*	$ 120,171,038	$ 120,048,952	$ 123,899,421	1.6%	$ 131,468,783	$ 138,946,070	$ 142,511,806	$ 148,286,202	$ 152,694,813
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 7,007,195	$ 12,188,043	$ 8,097,005	20.2%	$ 4,002,964	$ (8,337,070)	$ (11,290,806)	$ (17,470,202)	$ (21,934,813)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 62,612,010	$ 69,619,205	$ 81,807,248	14.3%	$ 89,904,253	$ 93,907,217	$ 85,570,147	$ 74,279,341	$ 56,809,139
7.020	*Cash Balance June 30*	$ 69,619,205	$ 81,807,248	$ 89,904,253	13.7%	$ 93,907,217	$ 85,570,147	$ 74,279,341	$ 56,809,139	$ 34,874,326
8.010	*Estimated Encumbrances June 30*	$ 2,654,151	$ 2,247,362	$ 2,379,231	-4.7%	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 2,200,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 9,771,874	$ 13,817,810	$ 17,473,766	33.9%	$ 21,763,480	$ 24,920,479	$ 26,944,764	$ 27,836,334	$ 27,836,334
9.060	Property Tax Advances	5,626,200	5,154,100	5,626,200	0.4%	5,626,200	5,626,200	5,626,200	5,626,200	5,626,200
9.080	*Subtotal*	15,398,074	18,971,910	23,099,966	22.5%	27,389,680	30,546,679	32,570,964	33,462,534	33,462,534
15.010	*Unreserved Fund Balance June 30*	$ 51,566,980	$ 60,587,976	$ 64,425,056	11.9%	$ 64,317,537	$ 52,823,468	$ 39,508,377	$ 21,146,605	$ (788,208)
	ADM Forecasts									
20.010	Kindergarten - October Count	733	724	737	0.3%	713	789	786	812	793
20.015	Grades 1-12 - October Count	8,708	9,010	9,065	2.0%	9,127	9,179	9,269	9,403	9,546

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
May 14, 2018

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 2018 (July 1, 2017-June 30, 2018) 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 October forecast for the current fiscal year and the effect of any known changes or assumptions for the remaining years of the forecast.

Current Year (Fiscal 2018) Update:

Revenues:
We now project total revenue for FY18 at $135.4 million, an increase $3.5 million (2.6%) compared to October's estimate of $131.9 million. This is mainly the result of an increase in property tax revenues due to two factors: successful commercial property value dispute settlements and the timing of homeowner property tax payments due to a change in federal tax law, providing incentive for some homeowners to pay their property taxes early. We decreased next year's estimate due to this timing difference.

Expenditures:
We now project total expenditures for FY18 at $131.5 million, a decrease of $0.9 million (0.6%) compared to October's estimate of $132.4 million. This is a result of slightly lower than anticipated wage costs as well as a timing shift of the installation of additional modular classrooms at several locations. Based on updated enrollment projections, we do not anticipate the need for additional modular units until the summer of 2019.

Future Years (Fiscal 2019-2022) Update:

The cash balance at the end of the forecast (June 30, 2022) is now projected at $34.8 million, an increase of $4.1 million from the October forecast projection. Total projected revenues over the life of the forecast have be increased $3.8 million while total expenditures have been decreased $0.3 million. We now include $6.2 million of technology replacement needs over the five year period, and were able to offset that with lower future staff increases due to a small decrease in projected student growth reported in our most recent study.

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. **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, College Credit Plus, 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 $1.9 million annually, and community schools reduce it another $1.3 million annually. Several new provisions have been introduced recently, including SB85 and HB200, which seek 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.

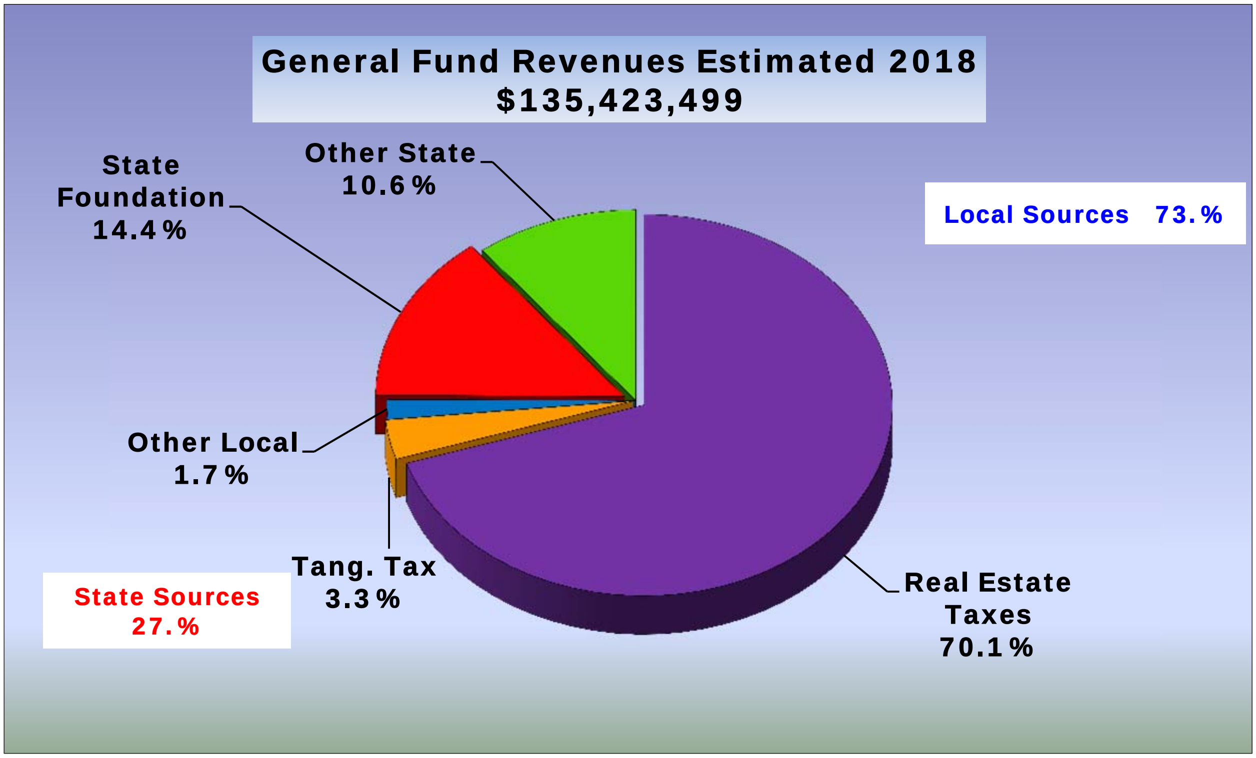
II. **State Foundation Funding -** The current biennial state budget for FY18-19 did not appropriate enough resources to fully fund all districts according to its school funding formula. Many districts, including ours, received a capped increase of 7.5% in FY16 and FY17, and will receive capped increases of 3.6% in FY18 & FY19. This amounts to over $4 million annually in additional revenue the District should be receiving. We are assuming 3% annual cap increases in FY20 through FY22, but that could be further reduced. A 1% change in the CAP equates to $0.2 million for our District. 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.

III. **Student Safety and Wellbeing –** The administration continues to seek ways to ensure the safety and wellbeing of our entire student body. An analysis is underway regarding school resource officers, mental health specialists, nursing services, security infrastructure, and other initiatives, and while we believe the staffing increases currently projected in this forecast accommodate those needs, the current national climate of school safety could create the need for additional costs not contained in this forecast.

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 FY18



Real Estate Value Assumptions
Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. For tax year 2017, to be collected in 2018, a full sexennial reappraisal occurred, and overall values increased $192 million (10.3%). Residential/agricultural values increased $158 million (11.3%) while commercial/industrial values increased $35 million (8.5%), and public utility values decreased $1 million (2.4%). Future annual estimates include 0.5% growth in new residential construction, no growth in commercial construction, and 3% growth in PUPP values annually.

Estimated Assessed Property Valuations by Collection Year

Classification	Actual TAX YEAR 2017 COLLECT 2018	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022
Res./Ag.	$1,557,511,740	$1,565,299,299	$1,573,125,795	$1,580,991,424	$1,588,896,381
Comm./Ind.	$446,337,530	$446,337,530	$446,337,530	$446,337,530	$446,337,530
Public Utility (PUPP)	$43,038,430	$44,329,583	$45,659,470	$47,029,254	$48,440,132
Total Assessed Value	**$2,046,887,700**	**$2,055,966,412**	**$2,065,122,795**	**$2,074,358,208**	**$2,083,674,043**

Estimated Real Estate Tax (Line #1.010)

It is important to note that of the $192 million increase, $183 million was the result of reappraisal and $9 million was related to growth in new construction. State law protects homeowners from a tax increase simply due to reappraisal, so the District receives very little additional revenue from reappraisal changes. Therefore our property tax revenue estimates, as shown below, are relatively unchanged from previous estimates. Based on the predicted changes in property values above, the following chart illustrates Real Estate Property Tax collections:

	FY18	FY19	FY20	FY21	FY22
August Settlement	$42,202,223	$41,609,497	$42,837,404	$42,981,131	$43,125,576
February Settlement	51,184,221	49,006,013	49,170,712	49,336,236	49,502,586
August Delinquent	126,232	276,759	277,698	278,643	279,592
February Delinquent	1,365,352	1,429,922	1,434,775	1,439,654	1,444,556
Prior Year Advances taken	(5,626,200)	(5,626,200)	(5,626,200)	(5,626,200)	(5,626,200)
Current Year Advances Estimated	5,626,200	5,626,200	5,626,200	5,626,200	5,626,200
Total General Property Taxes	**$94,878,028**	**$92,322,191**	**$93,720,590**	**$94,035,663**	**$94,352,310**

Property tax levies are estimated to be collected at 98% of the annual amount. This allows 2% delinquency factor. Historically, 53% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 47% collected in the August tax settlement. However, we have noted an increase in March 2018 collections (FY18) which we believe to be the result of changes to deductibility of local taxes as part of federal tax code reform enacted for 2018, creating incentive for some to pay property taxes prior to December 31, 2017. Therefore we have decreased the August 2018 settlement (FY19) accordingly, and anticipate this will go back to normal trends in future years. 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.

Estimated Tangible Personal Property Tax (Line #1.020)

	FY18	FY19	FY20	FY21	FY22
Public Utility Pers. Property	**$4,213,457**	**$4,306,868**	**$4,436,074**	**$4,569,156**	**$4,706,230**

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 as indicated above.

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

Source	FY18	FY19	FY20	FY21	FY22
Basic Foundation Aid	$16,231,602	$16,810,000	$17,247,000	$17,700,000	$18,165,000
Additional Aid Items	$1,969,382	$1,234,000	$1,234,000	$1,234,000	$1,234,000
Basic Aid-Subtotal	$18,200,984	$18,044,000	$18,481,000	$18,934,000	$19,399,000
Ohio Casino Commission ODT	$510,725	$516,000	$521,000	$526,000	$532,000
Total Unrestricted State Aid	**$18,711,709**	**$18,560,000**	**$19,002,000**	**$19,460,000**	**$19,931,000**

A) Basic Foundation Aid

House Bill 49, the FY18-19 state budget, maintained the framework of the existing school funding formula. It is very complex with over 300 variables, and could change again in future budgets. The formula is based on a core per pupil amount, called the opportunity grant, and nine other categorical funding items, which are then measured against the State Share Index (SSI), which is a method that measures a district's wealth and capacity to raise local revenue. There are also additional components of capacity aid, transportation supplement, graduation bonus, and 3rd grade reading bonus. Changes to the formula impacting our District for the 18-19 budget include an increase to the core per pupil amount from $6,000 to $6,010 in FY18 and $6,020 in FY19, a decrease of the gain "CAP" from 7.5% to 3.6%, and a decrease of the minimum state share of transportation funding from 50% to 37.5% in FY18 and 25% in FY19.

The amounts included in Basic Foundation Aid are based on computations from the most recent March State Foundation Payment Report (SFPR). FY18 and FY19 amounts are based on the state budget formula as approved, and future years assume the formula continues in the same form, with base per pupil increases of 0.5% annually and "CAP" increases of 3% annually.

The following table illustrates our actual basic foundation aid compared to the fully calculated amount without the cap (net of community school & scholarship deductions):

	FY18	FY19	FY20	FY21	FY22
Capped Formula Aid	16,585,117	17,160,648	17,597,118	18,045,662	18,507,823
Uncapped Formula Aid	21,396,542	21,658,299	21,810,859	22,139,553	22,468,079
Difference	($4,811,425)	($4,497,652)	($4,213,741)	($4,093,891)	($3,960,257)

Current calculations indicate our district will remain on the CAP through FY22 based on our assumptions above. This means that in FY22, the District will have received $21 million less than it should have over the five year period according to the funding formula.

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

Source	FY18	FY19	FY20	FY21	FY22
Community & Stem School Deduction	$1,309,257	$1,332,000	$1,345,000	$1,358,000	$1,372,000
Scholarship Deduction	$1,889,432	$1,989,000	$2,142,000	$2,301,000	$2,464,000
Total Deduction	$3,198,689	$3,321,000	$3,487,000	$3,659,000	$3,836,000
Community/Stem ADM	118	123	128	133	138
Scholarship ADM	92	97	102	107	112
Total ADM	210.00	220.00	230.00	240.00	250.00

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

B) Additional Aid Items

Additional Aid items include preschool special education funding and special education transportation funding. We are assuming these funds continue throughout the life of the forecast at current levels. Preschool funding increased $0.3 million in FY18 due to increased enrollment.

This line also includes the remaining 20% of the TPP "Supplement" for FY17 (80% was paid in FY17, 20% will be received in FY18). This supplement 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 (20% in FY18). It also includes a "CAP offset" for FY18 of $0.4 million, included in HB49. This provision guarantees each district receives what it received in FY17 in terms of combined formula funding and TPP reimbursement. We do not anticipate any such supplements or offsets beyond 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 casino revenue for FY 18 generated $51.14 per pupil, which equated to $510,725 for our District. For FY19-22 we estimate stable total casino revenues and slightly less statewide student population, which should equate to approximately $52 per pupil annually.

Restricted Grants-in-Aid (Line #1.040)

Source	FY18	FY19	FY20	FY21	FY22
Economically Disadvantaged	$117,081	$115,000	$114,000	$110,000	$107,000
Career Tech	$236,434	$236,000	$236,000	$236,000	$236,000
Medicaid/Catastrophic Aid	$370,496	$520,000	$370,000	$370,000	$370,000
Total Restricted State Revenues	**$724,011**	**$871,000**	**$720,000**	**$716,000**	**$713,000**

HB49 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 FY18-22. These amounts can change or be eliminated in future state budgets and are calculated as part of the foundation formula on a per pupil basis.

The District also 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 $300,000 annually. The state is behind in processing payments, and we expect to receive FY15 reimbursement in the current year, and are hopeful to receive both FY16 and FY17 reimbursements next year. Catastrophic Aid includes state reimbursement for those special education costs that exceed an unusually large, state determined amount, which is estimated at approximately $100,000 annually.

Property Tax Allocation (Line #1.050)

Source	FY18	FY19	FY20	FY21	FY22
Rollback and Homestead	$10,021,398	$10,026,000	$10,077,000	$10,127,000	$10,178,000
TPP Reimbursement	$4,271,773	$3,121,000	$1,970,000	$820,000	$0
Total Prop. Tax Allocation	**$14,293,171**	**$13,147,000**	**$12,047,000**	**$10,947,000**	**$10,178,000**

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. 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 $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. The latest budget bill, HB49, attempted to further delay the rate of phase out for significantly impacted districts such as ours, but that line item was vetoed by the Governor. While we are hopeful the legislature will work to address this issue, we have not assumed any further TPP reimbursement beyond what was included in SB208.

Other Local Revenues (Line #1.060)

Source	FY18	FY19	FY20	FY21	FY22
Interest	$1,500,000	$1,300,000	$900,000	$700,000	$500,000
Pay To Participate	130,144	130,000	130,000	130,000	130,000
Tuition and Charges	450,000	300,000	300,000	300,000	300,000
Other	200,000	200,000	200,000	200,000	200,000
Total Other Local Revenues	**$2,280,144**	**$1,930,000**	**$1,530,000**	**$1,330,000**	**$1,130,000**

Interest income is generated on investments and will fluctuate based on market rates, (current 10 year treasury is at 2.7%), the overall market environment, and most significantly the cash position of the General Fund. Pay to participate fees are charged to students for participating in extracurricular sports teams and activity clubs, and participation rates are expected to remain consistent. The fees are split between the general fund and the activity fund and are used to fund coaches and advisors. Tuition and Charges include tuition for open-enrolled non-resident staff members, non-resident court placed students, special education excess cost payments, summer school, and transportation field trip charges to outside entities.

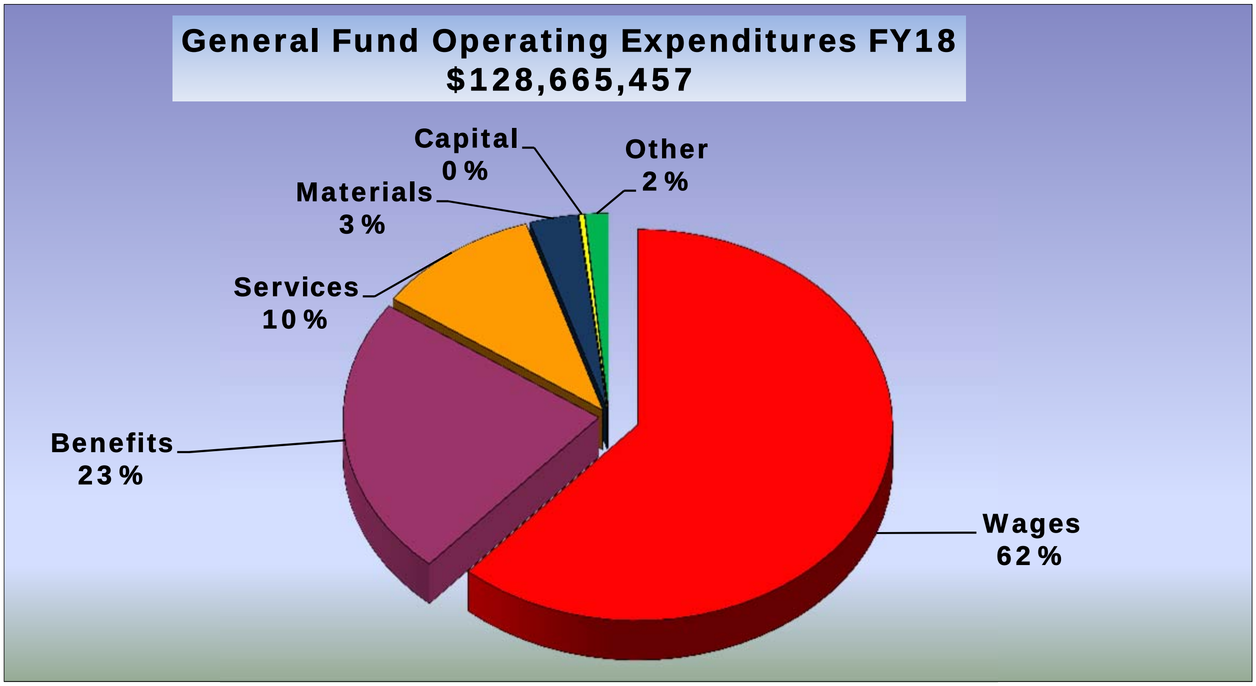
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY18	FY19	FY20	FY21	FY22
Advance Returns - Line 2.050	**$42,800**	**$0**	**$0**	**$0**	**$0**
Refunds & Sale of Assets - Line #2.060	**$5,448**	**$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 FY18



Personal Services (Line #3.010)

Source	FY18	FY19	FY20	FY21	FY22
Base Wages	$75,553,000	$80,921,000	$82,114,000	$86,040,000	$89,840,000
Increases	1,554,000	1,618,000	1,642,000	1,721,000	1,797,000
Steps & Training or 3317.141 Performance	1,420,000	1,780,000	1,650,000	1,729,000	1,806,000
New/Replacement District Staff	1,168,000	852,000	1,132,000	858,000	857,000
Severance	600,000	300,000	250,000	250,000	250,000
Retirement/Other	(1,195,000)	(636,000)	(498,000)	(508,000)	(518,000)
Total Wages Line 3.010	**$79,175,000**	**$84,929,000**	**$86,408,000**	**$90,238,000**	**$94,217,000**
Employee Full Time Equivalents					
Certificated	732.35	740.35	746.35	754.35	761.35
Classified	334.96	338.96	342.96	346.96	350.96
Administrative	46.00	46.00	46.00	47.00	48.00
Total	**1,113.31**	**1,125.31**	**1,135.31**	**1,148.31**	**1,160.31**
Projected Net Increase (Decrease)		12	10	13	12

The model reflects annual base wage increases of 2% for certified and classified staff members (2.5% for administrators) per the negotiated agreements through FY20 and assumes 2% for FY21 & FY22. The model also includes annual step increases based on staff placement.

The new/replacement district staff line item for FY18 includes 14 retiree replacements from FY17 offset by savings from those retirees on the Retirement/Other line item. Similarly, these lines contain a projected 5 retirees at the end of FY18 and beyond, based on current years of experience and historical trends.

Net staffing levels are projected to increase 12 FTE in FY19 (2 special ed, 6 regular ed, 4 classified), 10 FTE in FY20 (2 special ed, 4 regular ed, 4 classified), 13 FTE in FY21 (2 special ed, 6 regular ed, 4 classified, 1 admin), and 12 FTE in FY22 (2 special ed, 5 regular ed, 4 classified, 1 admin). These are based on recently updated enrollment projections indicating approximately 100-150 additional students per year, and represents a reduction of 4 FTE from the October forecast.

FY19 also includes $2.5 million for a 25th pay date. The District operates on 24 equal pays, with the first pay in September and continuing through the end of August. With school starting earlier in August, the District has agreed to move up the first pay in FY19 to August 2018 instead of September 2018, creating a one-time 25th pay in FY19.

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	FY18	FY19	FY20	FY21	FY22
Base Wages	$10,587,920	$11,342,000	$11,512,000	$12,066,000	$12,604,000
Increases	217,560	227,000	230,000	241,000	252,000
Steps & Training	198,800	249,000	231,000	242,000	253,000
New District Staff	163,520	119,000	158,000	120,000	120,000
Pick Up	775,511	787,000	799,000	811,000	823,000
Retirement/Other	(167,300)	(89,000)	(70,000)	(71,000)	(73,000)
SERS Surcharge	277,000	283,000	289,000	295,000	301,000
Total Retirement Contributions	**$12,053,011**	**$12,918,000**	**$13,149,000**	**$13,704,000**	**$14,280,000**

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

B) Insurance

Source	FY18	FY19	FY20	FY21	FY22
Base Costs	$14,344,941	$14,737,000	$15,784,000	$16,715,000	$17,738,000
New District Staff	149,400	216,000	180,000	234,000	216,000
H.S.A contributions	1,285,000	1,285,000	1,285,000	1,285,000	1,285,000
Effect of Cap	0	0	0	0	0
Insurance Trend Adjustment	243,110	831,000	751,000	789,000	0
Total Insurance Estimates	**$16,022,451**	**$17,069,000**	**$18,000,000**	**$19,023,000**	**$19,239,000**

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 save over $10 million and reduce premiums by 8% and 6.7% for calendar year 2016 & 2017, respectively. An increase of 7.14% was recommended and approved for CY18 to cover trend increases, and we estimate 5% annual increases thereafter. 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.

It is still uncertain to what extent the long term implementation of PPACA will cost our district in additional funds, especially since it is being reviewed at the federal level for amendment or repeal. The significant concern is the 40% "Cadillac Tax" for plans whose value of benefits exceeds $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.

C) Workers Compensation & Unemployment Compensation

Source	FY18	FY19	FY20	FY21	FY22
Workers Comp	$475,050	$340,000	$346,000	$361,000	$377,000
Unemployment	2,320	2,000	2,000	2,000	2,000
Total WC & UC Estimates	**$477,370**	**$342,000**	**$348,000**	**$363,000**	**$379,000**

The District is self-insured for workers compensation insurance, and the premium rate charged was reduced from 0.8% of covered wages in FY17 to 0.6% in FY18 as a result of lower claims experience and sufficient reserve balances. We are currently forecasting another reduction to 0.4% for FY19 and beyond, saving an additional $125,000 annually.

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	FY18	FY19	FY20	FY21	FY22
Base Costs	$1,075,957	$1,181,000	$1,207,000	$1,266,000	$1,322,000
New District Staff	16,936	12,000	16,000	12,000	12,000
Total Medicare Estimate	**1,092,893**	**1,184,000**	**1,223,000**	**1,278,000**	**1,334,000**

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

Summary of Employee Retirement/Insurance (Line #3.020)

Source	FY18	FY19	FY20	FY21	FY22
STRS/SERS	$12,053,011	$12,918,000	$13,149,000	$13,704,000	$14,280,000
Insurance's	16,022,451	17,069,000	18,000,000	19,023,000	19,239,000
Workers Comp/Unemployment	477,370	342,000	348,000	363,000	379,000
Medicare	1,092,893	1,184,000	1,223,000	1,278,000	1,334,000
Other/Tuition	116,255	116,000	116,000	116,000	116,000
Total Employee Retirement/Insurance Benefits	**$29,761,980**	**$31,629,000**	**$32,836,000**	**$34,484,000**	**$35,348,000**

Purchased Services (Line #3.030)

Source	FY18	FY19	FY20	FY21	FY22
Consulting/Legal (41x)	$1,445,858	$1,489,000	$1,534,000	$1,580,000	$1,627,000
Maintenance and Repairs (423)	1,974,732	1,725,000	1,777,000	1,830,000	1,885,000
Modular Unit Lease/Install (426)	110,000	485,000	120,000	230,000	84,000
Utilities (441 & 45x)	2,293,000	2,600,000	2,805,000	3,020,000	3,246,000
Tuition to other Entities (47x)	2,248,447	2,361,000	2,479,000	2,603,000	2,733,000
Other Purchased Services	5,383,427	5,339,000	5,499,000	5,664,000	5,834,000
Total Purchased Services	**$13,455,464**	**$13,999,000**	**$14,214,000**	**$14,927,000**	**$15,409,000**

This category includes payments for contracted services, utilities, property insurance, special education transportation, legal fees, and tuition to other entities. We are estimating base increases of 3% annually for most areas. Utilities also include an additional $75,000 annually for bandwidth expansion as needed. The District has negotiated long term gas and electric contracts to help hold down energy costs. Utilities we lower than expected in FY18 due to a mild winter, and those savings allowed maintenance to make additional repairs.

Modular units originally projected to be installed during the summer of 2018 are not projected to be needed until the summer of 2019, moving $350,000 into FY19.

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 $430,000 annually. Costs for specialized transportation of special needs students continue to increase.

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 at various future locations where we anticipate the need.

Supplies and Materials (Line #3.040)

Source	FY18	FY19	FY20	FY21	FY22
Supplies	**$3,925,140**	**$4,406,000**	**$3,849,000**	**$4,198,000**	**$4,037,000**

An overall inflation of 3% is being estimated for this category which is characterized by textbooks, copy paper, maintenance supplies, materials, and bus fuel. Recent changes in curriculum related to testing changes and Common Core have created a large increase in material needs in recent years. FY18 & FY19 includes $1.3 million for new curriculum materials, decreased to $0.6 million in FY20 and beyond.

Capital Outlay (Line # 3.050)

Source	FY18	FY19	FY20	FY21	FY22
Equipment & Building Improvements	$445,655	$378,000	$389,000	$401,000	$413,000
Technology	0	1,095,000	2,286,000	1,487,000	908,000
Total Capital Outlay	**$445,655**	**$1,473,000**	**$2,675,000**	**$1,888,000**	**$1,321,000**

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

The forecast assumes major future capital needs will be funded through a future bond issue, but we now include replacement Chrome books and PC's as part of operations due to the integral role technology plays in testing and day to day delivery, as well as a shortened useful life of these items.

Other Objects (Line #4.300)

Source	FY18	FY19	FY20	FY21	FY22
County Auditor & Treasurer Fees	$1,432,512	$1,510,000	$1,516,000	$1,523,000	$1,530,000
County ESC	63,402	65,000	67,000	69,000	71,000
Other	406,304	411,000	423,000	436,000	449,000
Total Other Expenses	**$1,902,218**	**$1,986,000**	**$2,006,000**	**$2,028,000**	**$2,050,000**

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

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

Source	FY18	FY19	FY20	FY21	FY22
Transfers Out (#5.010)	$2,803,326	$524,070	$523,806	$523,202	$312,813
Advances Out (#5.020)	0	0	0	0	0
Total Other Financing Uses	**$2,803,326**	**$524,070**	**$523,806**	**$523,202**	**$312,813**

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. The District has decided to call the remaining FY19 and FY20 outstanding COPs at 12/1/17, totaling $1.5 million, for a savings of $106,426.

Encumbrances (Line#8.010)

	FY18	FY19	FY20	FY21	FY22
Estimated Encumbrances	**$2,200,000**	**$2,200,000**	**$2,200,000**	**$2,200,000**	**$2,200,000**

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	FY18	FY19	FY20	FY21	FY22
Contingency (Line 9.040)	$21,763,480	$24,920,479	$26,944,764	$27,836,334	$27,836,334
Tax Advances (Line 9.060)	5,626,200	5,626,200	5,626,200	5,626,200	5,626,200
Total Reservations of Balance (Line#9.080)	**$27,389,680**	**$30,546,679**	**$32,570,964**	**$33,462,534**	**$33,462,534**

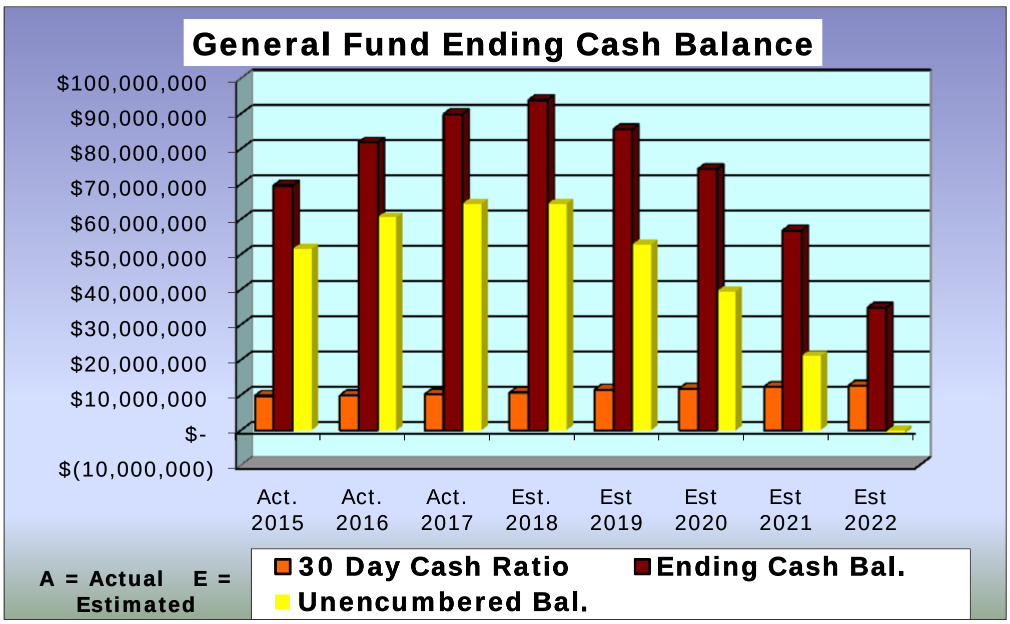
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through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

	FY18	FY19	FY20	FY21	FY22
Ending Unreserved Cash Balance	**$64,317,537**	**$52,823,468**	**$39,508,377**	**$21,146,605**	**($788,208)**

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 FY19, annual expenditures begin to exceed revenues, creating a decline in available balances that will need to be addressed.