Enclosure C-1-c
October 24, 2016

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
October 24, 2016

WORTHINGTON CITY SCHOOL DISTRICT

October 24, 2016

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%	$92,666,786	$90,364,775	$90,861,647	$91,362,495	$91,867,349
1.020	Tangible Personal Property	3,356,219	3,723,873	3,791,016	6.4%	$3,983,655	$4,043,410	$4,104,061	$4,165,622	$4,228,106
1.035	Unrestricted State Grants-in-Aid	13,174,036	14,655,732	16,802,004	12.9%	$17,531,313	$17,494,522	$17,921,264	$18,771,555	$19,669,108
1.040	Restricted State Grants-in-Aid	339,362	673,339	849,194	62.3%	$966,876	$971,813	$973,501	$977,323	$980,791
1.050	Property Tax Allocation	20,424,617	20,685,098	18,150,139	-5.5%	$15,640,694	$14,644,868	$13,594,994	$12,545,784	$11,497,241
1.060	All Other Revenues	1,089,314	1,340,803	1,586,939	20.7%	$1,425,213	$1,230,213	$1,155,213	$1,105,213	$1,005,213
1.070	*Total Revenues*	$ 124,695,511	$ 126,610,145	$ 130,325,937	2.2%	$ 132,214,537	$ 128,749,601	$ 128,610,680	$ 128,927,992	$ 129,247,808
	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%	$10,000	$10,000	$10,000	$10,000	$10,000
2.070	*Total Other Financing Sources*	$ 234,865	$ 568,088	$ 1,911,058	189.1%	$ 13,600	$ 10,000	$ 10,000	$ 10,000	$ 10,000
2.080	*Total Revenues and Other Financing Sources*	$ 124,930,376	$ 127,178,233	$ 132,236,995	2.9%	$ 132,228,137	$ 128,759,601	$ 128,620,680	$ 128,937,992	$ 129,257,808
	Expenditures									
3.010	Personal Services	$ 68,800,687	$ 72,205,995	$ 73,001,845	3.0%	$75,933,884	$79,461,581	$82,980,892	$86,415,767	$89,977,869
3.020	Employees' Retirement/Insurance Benefits	26,557,038	28,069,838	28,939,917	4.4%	$28,603,809	$29,314,418	$30,753,485	$32,178,332	$33,665,265
3.030	Purchased Services	10,662,866	11,855,112	11,609,334	4.6%	$12,450,445	$12,992,218	$13,556,408	$14,143,996	$14,756,005
3.040	Supplies and Materials	3,357,022	2,964,733	3,317,360	0.1%	4,581,307	4,385,046	3,781,147	3,991,281	4,362,319
3.050	Capital Outlay	312,042	563,702	282,089	15.3%	258,923	266,691	274,692	282,933	291,421
4.300	Other Objects	1,801,312	1,797,688	1,794,841	-0.2%	$1,936,330	$1,987,442	$2,009,760	$2,032,569	$2,055,882
4.500	*Total Expenditures*	$ 111,490,967	$ 117,457,068	$ 118,945,386	3.3%	$ 123,764,698	$ 128,407,396	$ 133,356,384	$ 139,044,878	$ 145,108,761
	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%	$ 125,001,411	$ 129,690,709	$ 134,678,668	$ 140,396,909	$ 145,631,963
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 12,316,290	$ 7,007,195	$ 12,188,043	15.4%	$ 7,226,726	$ (931,108)	$ (6,057,988)	$ (11,458,917)	$ (16,374,155)
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	$ 89,033,974	$ 88,102,866	$ 82,044,878	$ 70,585,961
7.020	*Cash Balance June 30*	$ 62,612,010	$ 69,619,205	$ 81,807,248	14.3%	$ 89,033,974	$ 88,102,866	$ 82,044,878	$ 70,585,961	$ 54,211,805
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%	$ 62,660,208	$ 57,439,386	$ 48,224,399	$ 34,741,197	$ 17,475,471
	ADM Forecasts									
20.010	Kindergarten - October Count	776	733	724	-3.4%	737	761	803	782	765
20.015	Grades 1-12 - October Count	8,623	8,708	9,010	2.2%	9,120	9,136	9,200	9,294	9,400

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
October 24, 2016

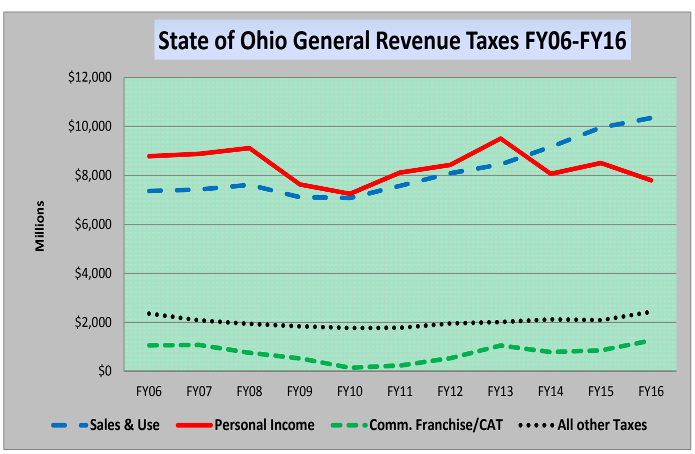
Introduction to the Five Year Forecast

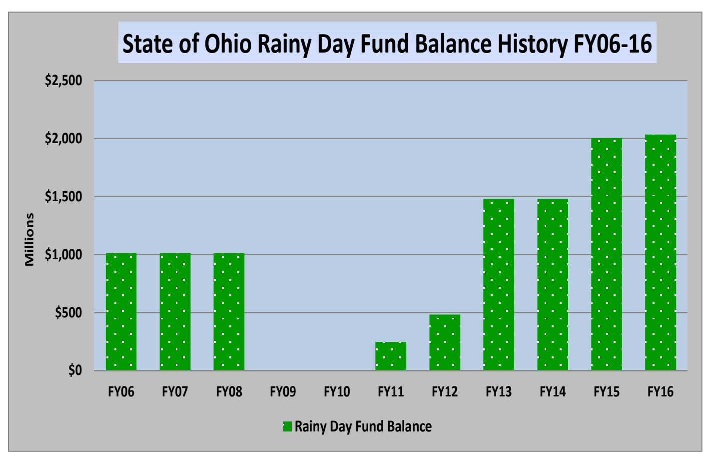
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2017 (July 1, 2016-June 30, 2017) is the first year of the five year forecast and is considered the baseline year.

Economic Environment Affecting Forecast Variables –State Economy

It is important in long range forecasting to consider the economic climate in which projections of revenues are made for two reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. The effects of the 2008 recession on the economy at the state level created a budget deficit which required the State of Ohio to make nearly $8 billion in reductions in the FY12-FY13 state biennium budget which translated into flat funding and/or funding reductions for nearly every school district in Ohio. Although our District is mostly reliant on local taxes, state sources still make up 27% of our total revenue, so it remains important to closely monitor state budget discussions. Second, and more importantly for our District, the same economic forces driving state tax revenues are also likely affecting the underlying economics of most communities in Ohio, which directly impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.

The graphs below note that the State of Ohio revenues through FY16 have recovered and are at record levels in spite of a personal income tax reduction in FY15 and FY16. The two significant contributors to the economic recovery continue to be personal income taxes and sales and use taxes. The decline in personal income tax in FY15 and FY16 is somewhat misleading, and can be mostly attributed to HB59's across-the-board reductions in income and corporate franchise tax rates which began in FY14. Reductions in FY16 personal income tax is due to an additional 6.3% reduction as authorized by HB64. Not withstanding these reductions, income tax would have grown steadily through FY16, and are expected to continue to grow unless further tax reductions are passed. This is a clear indication that the economy has recovered and that there is economic growth in our state.



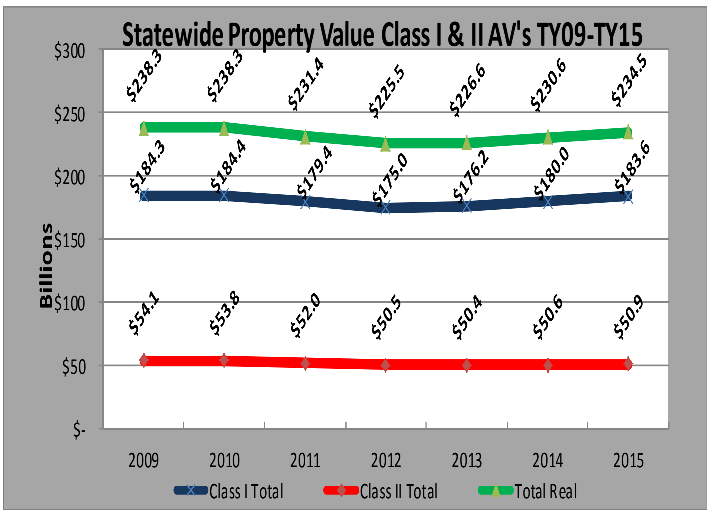


Source: Ohio Legislative Service Commission

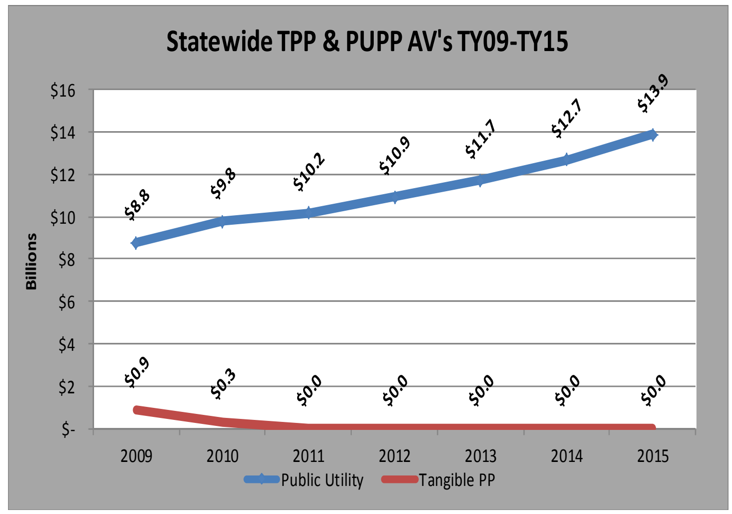
Another indication that the state of Ohio has achieved solid footing economically is the accumulation of reserves in the State Rainy Day Fund (RDF). The graph above shows the ten-year history of the Rainy Day

Fund balance. The recession depleted the RDF in FY09. FY11 began the recovery of the economy and enabled the state to contribute excess revenues to the RDF. As noted, the RDF balance in FY16 has reached an all-time record high deposit of $2.034 billion thanks to a higher statutory balance allowed by HB64. This cushion should continue to help ensure that funding for schools approved in the recent state biennium budget HB64 will be met through FY17 and could be continued into the future even if a brief pull back in the economy occurs as some economist project for late 2017 or 2018.

For school districts, a final piece of economic data which is highly relevant is the value of real property. In the 2015Tax Year, 24 of Ohio's 88 counties went through a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From tax year 2007 to 2012, Class 1 and 2 property values declined by $10.8 billion, a reduction of 4.6%. In 2015 Class 1 values rose by $3.58 billion or 1.99% statewide, while Class 2 property increased for the second time since 2009 by $270.0 million or .54% statewide. Home values for the 12 month period ending in June 2016 were up statewide by 3.5%. Clearly property values have stabilized and should begin to rise at varying levels across the state.



Source: Ohio Department of Taxation



Source: Ohio Department of Taxation

The final category of property is Public Utility Personal Property (PUPP) values. The graph on the following page shows that Tangible Personal Property (TPP) was eliminated for all categories of TPP in tax year 2011 by HB66, which became effective July 1, 2005. PUPP values on the other hand continued to grow throughout the Great Recession and into Tax Year 2015due in part to continued new construction, reinvestment in aging infrastructure due to historic low interest rates and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher value as they are taxed at the full gross tax rate. PUPP values grew $1.2 billion or 9.5% statewide in Tax Year 2015. In our District, PUPP values grew $3.5 million, or 8.9%.

Overall, we believe the economy of the state is stable and growing. This should provide a stable basis for which to make projections of state revenues to the district as noted in HB64 through FY17 and continuing through FY21 in future state budgets.

October 2016 Updates from May 2016:

We completed Fiscal Year 2016 $2.4 million under May revenue estimates due to a timing difference between expected tax advances and actual. We have therefore increased FY17 revenue estimates $2.4 million. We also completed FY16 under May expenditure estimates $1.3 million, mainly due to slightly lower than expected wage and benefit costs as well as continued low utility and fuel costs.

Revenues:
We have made adjustments to revenue projections resulting in a decrease of $3.4 million over the life of the forecast. Tax revenue projections increased slightly based on the most recent August settlement statistics, and we have lowered our assumption of future state foundation "cap" increases to 5% from 7.5% based on recent communications from OBM and our legislative advocacy groups regarding the next biennial state budget.

Expenditures:
We have made adjustments to expenditure projections resulting in a decrease of $8.3 million over the life of the forecast. Future wage rate assumptions remain unchanged, but we have updated projections based on FY17 actual staff data, resulting in a decrease of $1.7 million over five years. In addition, continued better than expected health insurance costs allow for a reduction in premium for calendar year 2017 of 6.7%. While we still expect future years to increase 5% toward trend, this results in savings of $5.5 million over the life of the forecast.

Ending Cash Balance:
The changes to revenue and expenditure assumptions result in a positive impact on our ending cash balance. We had anticipated an ending balance of $65.5M and are now forecasting a balance of $70.5M as of June 30, 2020.

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, and assume this revenue source will not continue after that.

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 $1.6 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 $3.8 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, 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.

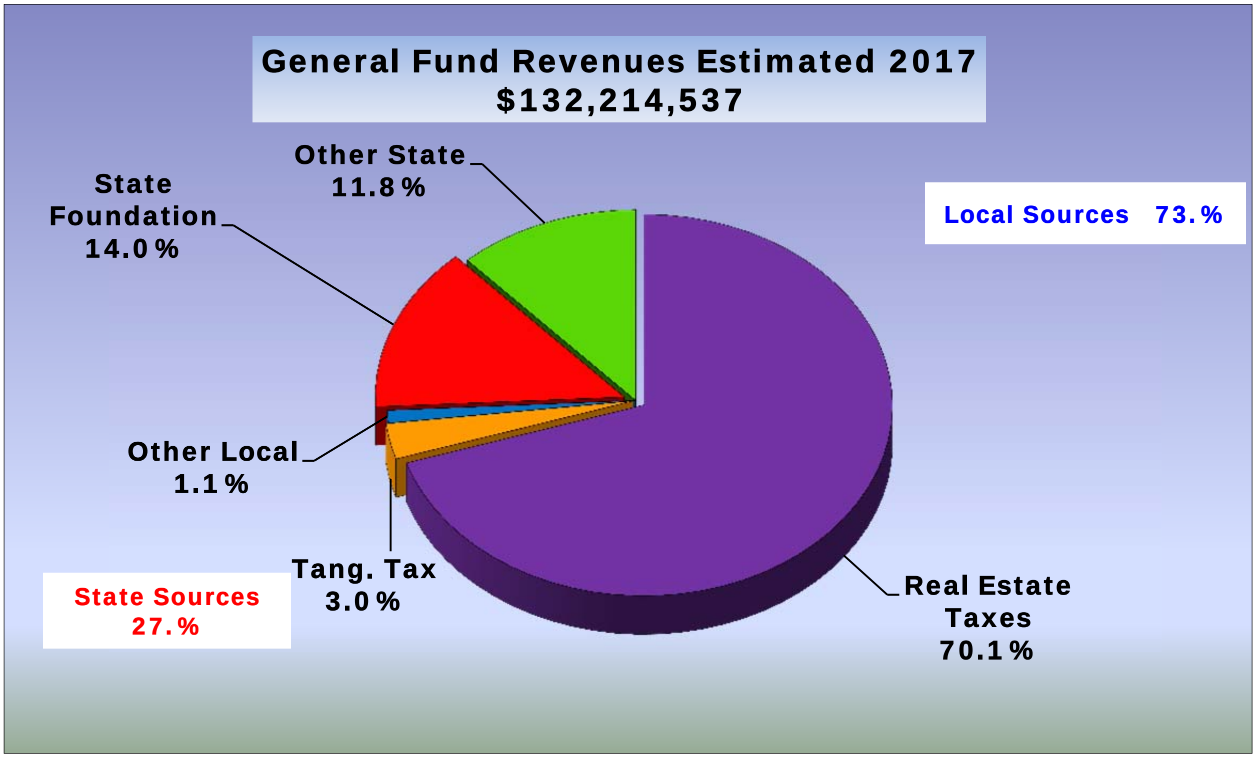
VI. **Student Diversity -** The diversity of our student population continues to increase. Comparing FY10 to FY16, the percentage of students with disabilities has increased from 11.0% to 14.8%, economically disadvantaged students from 21.8% to 23.4%, and those with limited English proficiency from 4.7% 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. Both negotiated agreements expire at the end of FY17, and we believe as the district moves forward a strong working relationship will continue, and new multi-year agreements will be in place prior to the end of FY17.

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 2015, overall values increased $15.1 million (0.8%). Residential/agricultural values increased $5.9 million (0.4%) while commercial/industrial values increased $5.7 million (1.4%). Public utility values increased $3.5 million (8.9%). Based on current sale to property valuation ratios we anticipate values will remain mostly steady for tax years 2016 through 2020, with an annual 0.8% growth in new residential construction, a 0% growth in commercial values, 1% growth in PUPP 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	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.	$1,407,303,606	$1,418,562,035	$1,429,910,531	$1,441,349,816	$1,452,880,614
Comm./Ind.	$403,130,660	$403,130,660	$403,130,660	$403,130,660	$403,130,660
Public Utility (PUPP)	$43,088,902	$43,735,236	$44,391,265	$45,057,134	$45,732,991
Total Assessed Value	**$1,853,523,168**	**$1,865,427,931**	**$1,877,432,456**	**$1,889,537,610**	**$1,901,744,265**

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	$41,634,009	$41,211,173	$41,437,477	$41,665,591	$41,895,530
February Settlement	47,224,820	47,484,147	47,745,548	48,009,041	48,274,641
August Delinquent	99,576	270,722	272,209	273,708	275,218
February Delinquent	1,362,481	1,398,733	1,406,413	1,414,156	1,421,960
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	**$92,666,786**	**$90,364,775**	**$90,861,647**	**$91,362,495**	**$91,867,349**

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, 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	**$3,983,655**	**$4,043,410**	**$4,104,061**	**$4,165,622**	**$4,228,106**

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 1% in future years.

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

Source	FY17	FY18	FY19	FY20	FY21
Basic Foundation Aid	$14,826,204	$15,780,693	$16,479,037	$17,313,204	$18,194,139
Additional Aid Items	$2,197,847	$1,191,334	$904,102	$904,102	$904,102
Basic Aid-Subtotal	$17,024,051	$16,972,027	$17,383,139	$18,217,306	$19,098,241
Ohio Casino Commission ODT	$507,262	$522,495	$538,125	$554,249	$570,867
Total Unrestricted State Aid	**$17,531,313**	**$17,494,522**	**$17,921,264**	**$18,771,555**	**$19,669,108**

A) Basic Foundation Aid

In FY14-15, HB59 created the fourth (4th) 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 September 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	15,097,844	16,057,270	16,757,302	17,595,291	18,479,694
Uncapped Formula Aid	18,950,130	19,191,494	19,266,416	19,360,306	19,429,482
Difference	($3,852,286)	($3,134,224)	($2,509,114)	($1,765,015)	($949,789)

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 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:

Source	FY17	FY18	FY19	FY20	FY21
Community & Stem School Deduction	$1,612,836	$1,640,254	$1,656,657	$1,673,224	$1,689,956
Scholarship Deduction	$2,260,192	$2,209,000	$2,475,000	$2,652,000	$2,834,000
Total Deduction	$3,873,028	$3,849,254	$4,131,657	$4,325,224	$4,523,956
Community/Stem ADM	164	169	174	179	184
Scholarship ADM	89	94	99	104	109
Total ADM	253.00	263.00	273.00	283.00	293.00

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).

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 16 statewide generated $50.66 per pupil, which equated to $492,508 for our District. For FY17-21 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	FY17	FY18	FY19	FY20	FY21
Economically Disadvantaged	$163,811	$168,748	$170,436	$174,258	$177,726
Career Tech	$257,829	$257,829	$257,829	$257,829	$257,829
Medicaid/Catastrophic Aid	$545,236	$545,236	$545,236	$545,236	$545,236
Total Restricted State Revenues	**$966,876**	**$971,813**	**$973,501**	**$977,323**	**$980,791**

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. 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	$10,218,267	$10,355,154	$10,437,995	$10,521,499	$10,605,671
TPP Reimbursement	$5,422,427	$4,289,714	$3,156,999	$2,024,285	$891,570
Total Prop. Tax Allocation	**$15,640,694**	**$14,644,868**	**$13,594,994**	**$12,545,784**	**$11,497,241**

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	$725,000	$725,000	$650,000	$600,000	$500,000
Pay To Participate	131,961	131,961	131,961	131,961	131,961
Tuition and Charges	193,252	193,252	193,252	193,252	193,252
Other	375,000	180,000	180,000	180,000	180,000
Total Other Local Revenues	**$1,425,213**	**$1,230,213**	**$1,155,213**	**$1,105,213**	**$1,005,213**

Interest income is generated on investments and will fluctuate based on market rates, which have decreased recently (current 10 year treasury is at 1.57%, last May it was at 1.89%), 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.

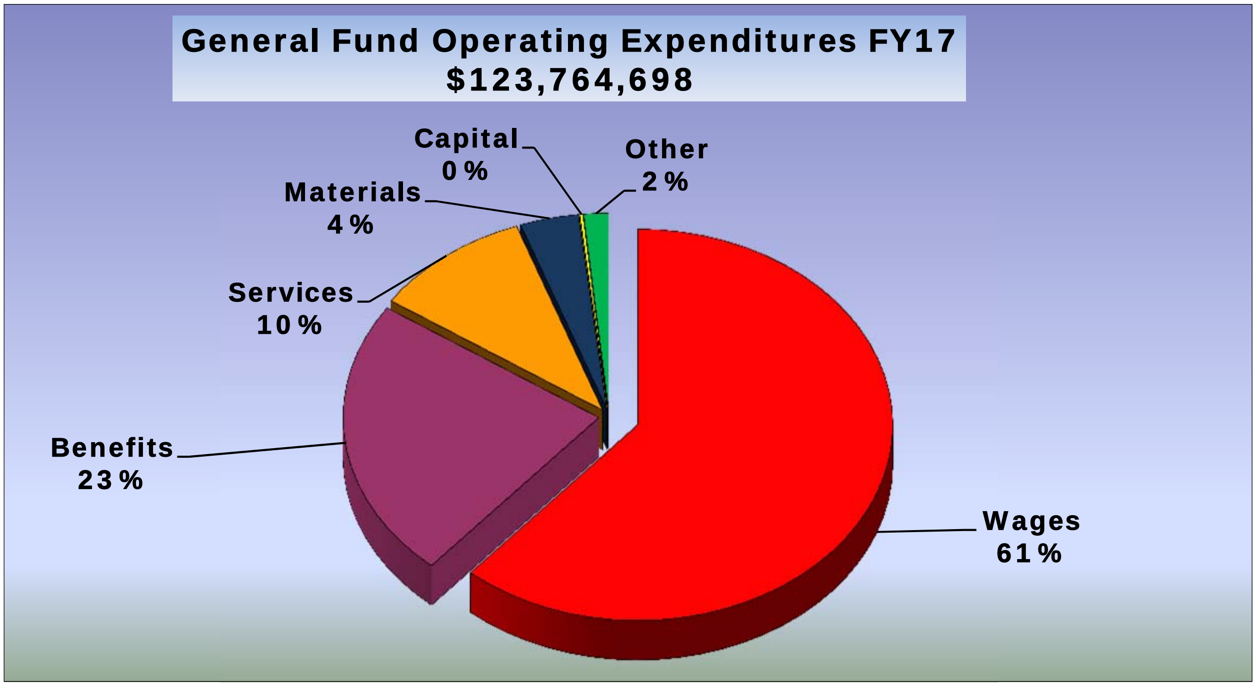
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY17	FY18	FY19	FY20	FY21
Advance Returns - Line 2.050	**$3,600**	**$0**	**$0**	**$0**	**$0**
Refunds & Sale of Assets - Line #2.060	**$10,000**	**$10,000**	**$10,000**	**$10,000**	**$10,000**

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year, 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	$75,683,884	$79,199,081	$82,702,767	$86,118,111
Increases	1,448,981	1,513,678	1,583,982	1,654,055	1,722,362
Steps & Training or 3317.141 Performance	2,147,451	1,899,665	1,686,940	1,596,163	1,619,020
New/Replacement District Staff	1,397,731	491,857	525,622	463,841	500,995
Severance	200,000	200,000	200,000	200,000	200,000
Retirement/Other	(1,759,337)	(390,003)	(292,858)	(298,715)	(304,689)
Total Wages Line 3.010	**$75,933,884**	**$79,461,581**	**$82,980,892**	**$86,415,767**	**$89,977,869**
Employee Full Time Equivalents					
Certificated	721.0	725.0	731.0	735.0	740.0
Classified	329.3	332.3	335.3	338.3	341.3
Administrative	46.0	46.0	46.0	46.0	46.0
Total	**1,096.3**	**1,103.3**	**1,112.3**	**1,119.3**	**1,127.3**
Projected Net Increase (Decrease)		7	9	7	8

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-FY21 (1.5% for administrators). The model also includes annual step increases based on staff placement as of September 2016. 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 3 retirees at the end of each year, FY17 through FY21, based on having 15 teachers currently at step 30 or above.

Net staffing levels are projected to increase 7.0 FTE in FY18 (2 special ed, 2 regular ed, 3 classifed), 9.0 FTE in FY19 (2 special ed, 4 regular ed, 3 classified), 7.0 FTE in FY20 (2 special ed, 2 regular ed, 3 classifed), and 8.0 FTE in FY21 (2 special ed, 3 regular ed, 3 classified). These are based on recently updated enrollment projections and historical special education needs.

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	$10,604,494	$11,098,809	$11,592,059	$12,073,625
Increases	202,857	211,915	221,757	231,568	241,131
Steps & Training	300,643	265,953	236,172	223,463	226,663
New District Staff	195,682	68,860	73,587	64,938	70,139
Pick Up	762,049	773,480	785,082	796,858	808,811
Retirement/Other	(246,307)	(54,600)	(41,000)	(41,820)	(42,656)
SERS Surcharge	255,000	260,100	265,302	270,608	276,020
Total Retirement Contributions	**$11,619,792**	**$12,130,202**	**$12,639,709**	**$13,137,674**	**$13,653,733**

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	$13,900,074	$14,016,126	$14,856,388	$15,694,563
New District Staff	162,000	126,000	162,000	126,000	144,000
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	(882,843)	(9,948)	678,262	712,175	747,784
Total Insurance Estimates	**$15,183,512**	**$15,299,564**	**$16,139,826**	**$16,978,001**	**$17,869,785**

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 and continuing so far in 2016, allowing the District to reduce premiums by 8% for calendar year 2016, and again by 6.7% for calendar year 2017. 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.

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	$607,471	$635,693	$663,847	$691,326	$719,823
Unemployment	5,000	5,000	5,000	5,000	5,000
Total WC & UC Estimates	**$612,471**	**$640,693**	**$668,847**	**$696,326**	**$724,823**

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	$1,025,839	$1,094,899	$1,159,799	$1,217,677	$1,267,732
New District Staff	20,267	7,132	7,622	6,726	7,264
Total Medicare Estimate	**1,046,106**	**1,102,031**	**1,163,175**	**1,224,403**	**1,274,996**

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	$11,619,792	$12,130,202	$12,639,709	$13,137,674	$13,653,733
Insurance's	15,183,512	15,299,564	16,139,826	16,978,001	17,869,785
Workers Comp/Unemployment	612,471	640,693	668,847	696,326	724,823
Medicare	1,046,106	1,102,031	1,163,175	1,224,403	1,274,996
Other/Tuition	141,928	141,928	141,928	141,928	141,928
Total Employee Retirement/Insurance Benefits	**$28,603,809**	**$29,314,418**	**$30,753,485**	**$32,178,332**	**$33,665,265**

Purchased Services (Line #3.030)

Source	FY17	FY18	FY19	FY20	FY21
Consulting/Legal (41x)	$1,363,046	$1,403,937	$1,446,055	$1,489,437	$1,534,120
Maintenance and Repairs (423)	1,438,019	1,481,160	1,525,595	1,571,363	1,618,504
Utilities (441 & 45x)	2,811,000	3,026,550	3,252,878	3,490,522	3,740,048
Tuition to other Entities (47x)	1,852,000	1,944,600	2,041,830	2,143,922	2,251,118
Other Purchased Services	4,986,380	5,135,971	5,290,050	5,448,752	5,612,215
Total Purchased Services	**$12,450,445**	**$12,992,218**	**$13,556,408**	**$14,143,996**	**$14,756,005**

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 $1.9 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	FY17	FY18	FY19	FY20	FY21
Supplies	**$4,581,307**	**$4,385,046**	**$3,781,147**	**$3,991,281**	**$4,362,319**

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 $0.7 million for FY19 and beyond.

Capital Outlay (Line # 3.050)

Source	FY17	FY18	FY19	FY20	FY21
Equipment & Building Improvements	**$258,923**	**$266,691**	**$274,692**	**$282,933**	**$291,421**

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	$1,485,645	$1,523,237	$1,531,629	$1,540,094	$1,548,633
County ESC	63,402	65,304	67,263	69,281	71,359
Other	387,283	398,901	410,868	423,194	435,890
Total Other Expenses	**$1,936,330**	**$1,987,442**	**$2,009,760**	**$2,032,569**	**$2,055,882**

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	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**

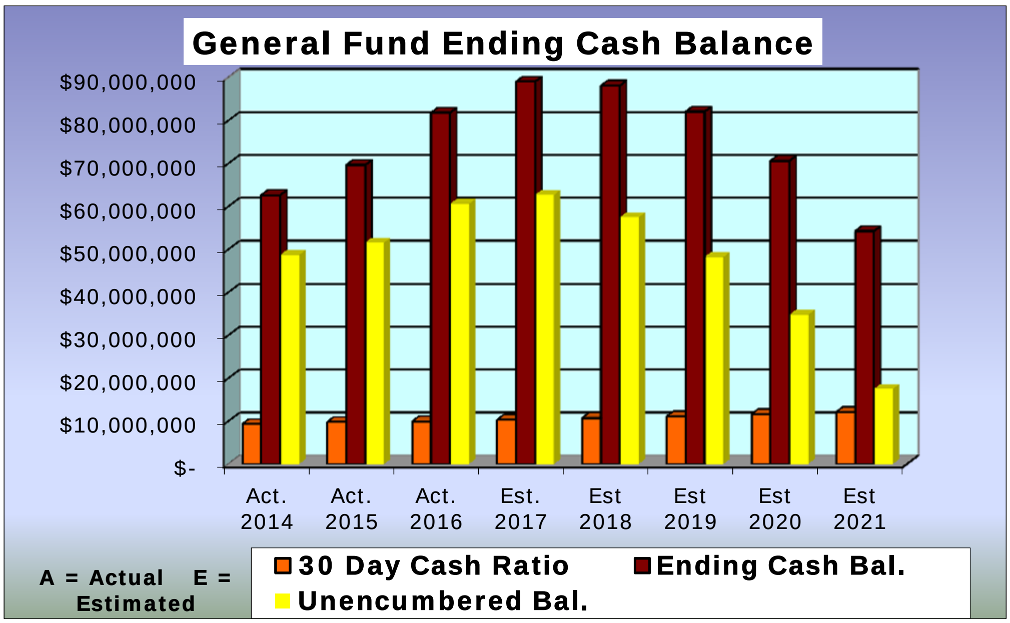
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through 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	**$62,660,208**	**$57,439,386**	**$48,224,399**	**$34,741,197**	**$17,475,471**

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.