WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2018 and 2019 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2020 THROUGH 2024

Forecast Provided By
Worthington City School District
Treasurer's Office
Jeff McCuen, Treasurer/CFO
May 11, 2020

WORTHINGTON CITY SCHOOL DISTRICT
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018, 2019
Forecasted Fiscal Year Ending June 30, 2020 through 2024

		Actual				Forecasted				
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
	Revenues									
1.010	General Property Tax (Real Estate)	$ 91,680,307	$ 93,925,327	$ 98,600,412	3.7%	$98,957,000	$107,607,000	$112,677,000	$115,576,000	$116,030,000
1.020	Tangible Personal Property	4,005,083	4,536,436	4,634,275	7.7%	$6,047,000	$5,893,000	$6,103,000	$6,347,000	$6,538,000
1.035	Unrestricted State Grants-in-Aid	17,877,676	18,665,033	18,970,126	3.0%	$16,829,000	$14,785,000	$14,412,000	$14,247,000	$14,076,000
1.040	Restricted State Grants-in-Aid	1,044,856	786,746	860,028	-7.7%	$740,000	$735,000	$728,000	$723,000	$719,000
1.050	Property Tax Allocation	15,517,596	14,293,173	13,112,165	-8.1%	$11,976,000	$10,815,000	$9,985,000	$9,974,000	$9,963,000
1.060	All Other Revenues	1,853,967	2,474,976	3,299,073	33.4%	$3,425,000	$2,809,000	$2,209,000	$2,109,000	$2,009,000
1.070	*Total Revenues*	$ 131,979,485	$ 134,681,691	$ 139,476,079	2.8%	$ 137,974,000	$ 142,644,000	$ 146,114,000	$ 148,976,000	$ 149,335,000
	Other Financing Sources									
2.050	Advances-In	$ 3,600	$ 42,800	$ 17,700	515.1%	$ 68,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
2.060	All Other Financing Sources	13,341	5,447	7,864	-7.4%	$35,000	$5,000	$5,000	$5,000	$5,000
2.070	*Total Other Financing Sources*	$ 16,941	$ 48,247	$ 25,564	68.9%	$ 103,000	$ 55,000	$ 55,000	$ 55,000	$ 55,000
2.080	*Total Revenues and Other Financing Sources*	$ 131,996,426	$ 134,729,938	$ 139,501,643	2.8%	$ 138,077,000	$ 142,699,000	$ 146,169,000	$ 149,031,000	$ 149,390,000
	Expenditures									
3.010	Personal Services	$ 76,066,212	$ 78,474,466	$ 84,201,316	5.2%	$86,183,000	$91,106,000	$96,045,000	$100,626,000	$105,238,000
3.020	Employees' Retirement/Insurance Benefits	28,712,894	29,774,971	31,169,434	4.2%	$33,063,000	$36,272,000	$38,862,000	$41,310,000	$43,655,000
3.030	Purchased Services	11,571,116	12,262,688	12,898,268	5.6%	$14,652,000	$15,649,000	$16,397,000	$17,167,000	$17,786,000
3.040	Supplies and Materials	3,958,664	3,405,482	3,690,834	-2.8%	4,090,000	4,754,000	5,411,000	4,624,000	4,776,000
3.050	Capital Outlay	449,630	365,036	1,661,138	168.1%	1,926,000	2,031,000	1,468,000	1,772,000	1,432,000
4.300	Other Objects	1,861,392	1,777,632	1,847,482	-0.3%	$1,693,000	$2,110,000	$2,202,000	$2,260,000	$2,281,000
4.500	*Total Expenditures*	$ 122,619,908	$ 126,060,275	$ 135,468,472	5.1%	$ 141,607,000	$ 151,922,000	$ 160,385,000	$ 167,759,000	$ 175,168,000
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 1,236,713	$ 2,809,677	$ 538,650	23.2%	$539,000	$4,038,000	$328,000	$328,000	$328,000
5.020	Advances-Out	42,800	17,700	68,000	112.8%	50,000	50,000	50,000	50,000	50,000
5.040	*Total Other Financing Uses*	$ 1,279,513	$ 2,827,377	$ 606,650	21.2%	$ 589,000	$ 4,088,000	$ 378,000	$ 378,000	$ 378,000
5.050	*Total Expenditures and Other Financing Uses*	$ 123,899,421	$ 128,887,652	$ 136,075,122	4.8%	$ 142,196,000	$ 156,010,000	$ 160,763,000	$ 168,137,000	$ 175,546,000
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 8,097,005	$ 5,842,286	$ 3,426,521	-34.6%	$ (4,119,000)	$ (13,311,000)	$ (14,594,000)	$ (19,106,000)	$ (26,156,000)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 81,807,248	$ 89,904,253	$ 95,746,539	8.2%	$ 99,173,060	$ 95,054,060	$ 81,743,060	$ 67,149,060	$ 48,043,060
7.020	*Cash Balance June 30*	$ 89,904,253	$ 95,746,539	$ 99,173,060	5.0%	$ 95,054,060	$ 81,743,060	$ 67,149,060	$ 48,043,060	$ 21,887,060
8.010	*Estimated Encumbrances June 30*	$ 2,379,231	$ 2,691,261	$ 3,467,167	21.0%	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 17,473,766	$ 21,763,480	$ 24,884,597	19.4%	$ 26,854,000	$ 27,674,000	$ 27,674,000	$ 27,674,000	$ 27,674,000
9.060	Property Tax Advances	5,626,200	4,673,500	4,528,500	-10.0%	-	-	-	-	-
9.080	*Subtotal*	23,099,966	26,436,980	29,413,097	12.9%	26,854,000	27,674,000	27,674,000	27,674,000	27,674,000
15.010	*Unreserved Fund Balance June 30*	$ 64,425,056	$ 66,618,298	$ 66,292,796	1.5%	$ 65,200,060	$ 51,069,060	$ 36,475,060	$ 17,369,060	$ (8,786,940)
	ADM Forecasts									
20.010	Kindergarten - October Count	737	713	856	8.4%	853	877	846	810	845
20.015	Grades 1-12 - October Count	9,065	9,114	9,208	0.8%	9,419	9,657	9,879	10,072	10,218

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
May 11, 2020

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year financial forecast by November 30 and an update by May 31 in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2020 (July 1, 2019-June 30, 2020) is the first year of the five year forecast and is considered the baseline year.

Summary of Changes from the October 2019 Forecast

Revenues:
We have made adjustments to revenue projections resulting in a decrease to total revenues of $28.3 million over the life of the forecast. Tax revenue projections decreased $5.8 million, state foundation revenue projections decreased $21.9 million, and interest income decreased $0.6 million over the five year period.

The tax revenue decrease is a combination of several factors. Commercial property value increased for 2020 more than anticipated, increasing the estimate by $4.2 million. However, the County Auditor recently delayed the due date for second half property taxes from June until August, which reduces our revenue for FY20 by $5 million, the amount we usually receive in June as an advance. This is a timing variance and our expected collections in FY21 remain unchanged. Most significant, and most uncertain, is the County Auditor's request to delay the required reappraisal of all property values scheduled to go into effect next year. We are uncertain as to the legality or approval of this unprecedented request, but we have modeled it in, and have also significantly reduced the expected increase in property values when that reappraisal does occur. This reduced revenues by $5 million.

Our previous forecast projected 2% increases to state foundation funding for the next biennium budget. Due to the current economic situation, we now project a decrease of 10% for the remainder of FY20, a further 10% reduction for FY21, and flat at those levels for the remainder of the forecast with no growth. This resulted in in a decrease of $21.9 million over the life of the forecast. This is based on the best available information at this time, and there could still be reductions further, both in the current year and in future years. Overnight interest rates have plummeted so we reduced interest revenue by $0.6 million.

Expenditures:
We have made adjustments to expenditure projections resulting in an increase of $15.2 million over the life of the forecast. We have incorporated the terms of the recently approved WEA labor agreement and project similar terms for the WESP agreement, although that process has yet to begin. We have also included updates to curriculum materials, special education costs including tuition increases for privately placed students, and technology updates. We have included transfers of $3.5 million in FY21 to cover potential deficit fund balances in the food service, all day kindergarten, and activities fund in the event revenue estimates fall short of contractual obligations.

Ending Cash Balance:
The changes to revenue and expenditure assumptions result in a decrease in projected cash balance June 30, 2024 from $65.3 million to $21.8 million.

Forecast Risks and Uncertainty

Any financial forecast has inherent risks and uncertainty. 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 significant current issues and how they may affect our forecast long term:

I. **Economic Outlook during the COVID-19 Global Pandemic -** This five-year forecast is filed in the midst of a health and financial struggle that encompasses our state, country and global economy. The district is following events and video conferences daily to help determine how to maintain continuity of services to our students and staff as we play a vital role in our community. State and local resources are going to be under extreme stress as we continue through and eventually recover from the pandemic. We have drawn upon our experiences in projecting revenues and expenses from the Great Recession of 2008, but there is no historic data or situation to compare to what the district is facing now. That makes it extremely challenging to project where our finances will be through fiscal year 2024 as noted in this forecast. Given the requirement in Ohio Law that we file a forecast in May that goes through June 2024, we are using the best and most recent reliable data available to us. The forecast only covers the General Fund, but if other funds, including food service, activity, and federal grant funds, fall short of revenue estimates, decisions will need made on how to handle contractual obligations of those funds. We have accounted for the potential use of $3.5 million of general fund resources in this forecast, but further Board of Education discussion and approval would need to occur in the event revenue does not return to normal in those funds. How long and when the recovery will take place is the most significant risk and uncertainty for every area in this forecast.

II. **State Foundation Funding -** The current biennial state budget for FY20-21 did not appropriate enough resources to fully fund all districts according to its school funding formula, the same formula as in the prior state budget. The current budget freezes all districts at FY19 levels for both FY20 and FY21. Thus, although we have increased over 200 students, we receive very little increase in formula funding. This amounts to shortfall of $5 million annually that the District should be receiving according the state funding formula. Although the legislature did approve funding for Student Wellness and Success initiatives, totaling $1.1 million over two years for our District, this is considered restricted money accounted for outside this General Fund forecast, and we do not expect those funds to continue after FY22. We previously expected small growth in the funding formula for the next biennium, but due to the COVID pandemic and a strain on total state resources, we now assume a decrease of 10% for FY20, another 10% for FY21 and flat funding for the remainder of the forecast. However, there is a possibility of a further decrease in state foundation funding.

III. **Fringe Benefit Costs -** The District moved to self-funding its employee health insurance program in 2015 and quickly built sufficient reserves while reducing premium rates. Claims experience for 2019 was higher than anticipated, and premiums for 2020 increased 10.5%. We anticipate future year’s premium increases of 8-12%. We are still uncertain as to the effects COVID will have on our claims experience.

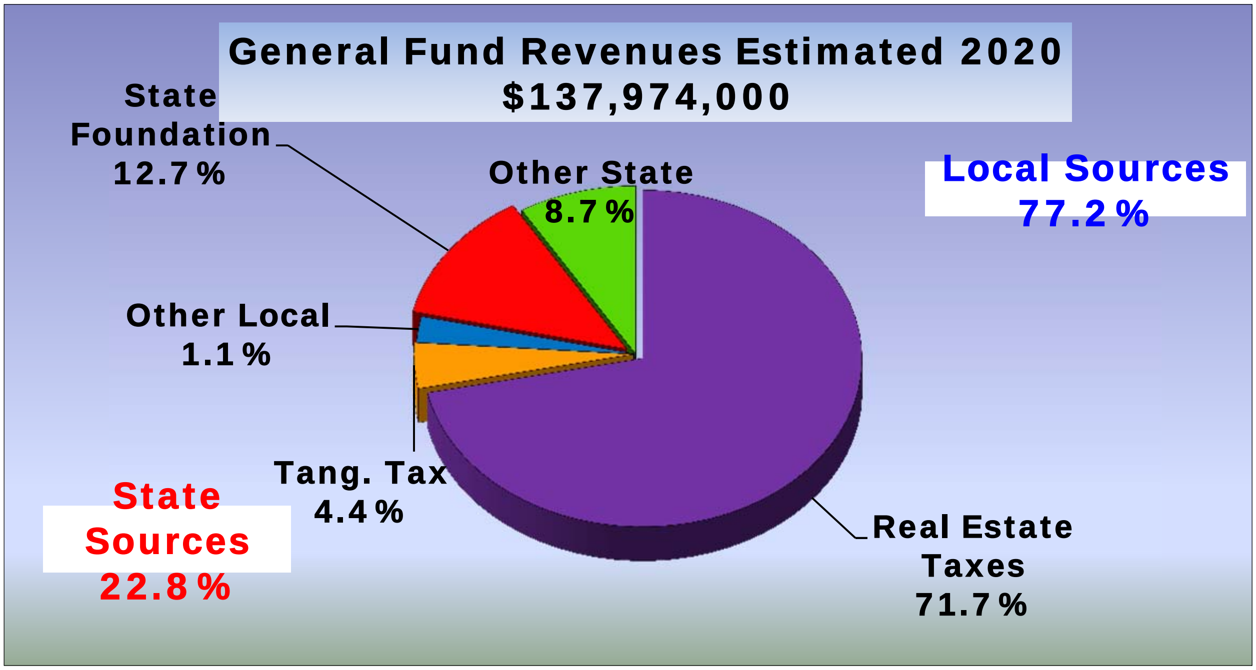
IV. **Enrollment –** Our enrollment continues to grow, with the District gaining 210 students this year. For a mature community with little undeveloped land, most of that growth is the result of turnover, which is more difficult to project than growth from new construction. The forecast assumes the projections included in the most recent enrollment study, which can easily change both positively and negatively depending on the economy and the rate of turnover.

V. **Tuition, Vouchers, Savings Accounts & Community Schools -** There are many provisions in current law that reduce district revenue in the form of exposure to school choice scholarships or vouchers, school reform initiatives, College Credit Plus, and other programs. Each Peterson Special Needs voucher and Autism Scholarship Program can cost up to $27,000. These two programs now reduce our state revenue $1.9 million annually, and community schools reduce it another $1.4 million annually. Several initiatives are underway that attempt to expand voucher eligibility and increase the amounts. Federal tax laws now allow the use of 529 plans for K-12 tuition. Continued expansion or creation of programs such as these could expose the district to further reductions in state revenue not currently 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 FY20



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 2019, collected in 2020, overall values increased $21 million (1.1%). Residential/agricultural values increased $6.4 million (0.3%) while commercial/industrial values increased $11.2 million (2.4%), and public utility values increased $3.3 million (6.4%). Future annual estimates include 0.5% growth in new residential construction, no growth in commercial construction, and 3% growth in PUPP values annually. The triennial update required to be performed by each county, scheduled for tax year 2020 (Collection 2021), has been requested to be delayed one year by the Auditor. We are uncertain of the legality and approval of this unprecedented request, but have modeled the delay into our calculations based on the latest information we have. Previous indications by Franklin County include 17-20% increases in property values. However, due to COVID, we have incorporated only a 10% increase in that year.

Estimated Assessed Property Valuations by Collection Year

Classification	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024
Res./Ag.	$1,563,683,660	$1,571,502,078	$1,736,509,797	$1,745,192,346	$1,753,918,307
Comm./Ind.	$471,454,690	$471,454,690	$485,598,331	$485,598,331	$485,598,331
Public Utility (PUPP)	$59,498,850	$59,498,850	$61,283,816	$63,122,330	$65,016,000
Total Assessed Value	**$2,094,637,200**	**$2,102,455,618**	**$2,283,391,943**	**$2,293,913,006**	**$2,304,532,638**

Estimated Real Estate Tax (Line #1.010)

Voters approved a new incremental levy in November 2018, increasing rates 2.9 mills for collection year 2019, with an additional 2.0 mills each of the following three years for a total of 8.9 mills. Based on the predicted changes in property values above and the phase in of that levy, the following chart illustrates Real Estate Property Tax collections:

	FY20	FY21	FY22	FY23	FY24
August Settlement	$47,952,000	$48,237,000	$50,292,000	$52,856,000	$53,064,000
February Settlement	53,840,000	57,544,000	60,480,000	60,718,000	60,957,000
August Delinquent	178,000	209,000	218,000	229,000	230,000
February Delinquent	1,516,000	1,617,000	1,687,000	1,774,000	1,781,000
Prior Year Advances taken	(4,529,000)	0	0	0	0
Current Year Advances Estimated	0	0	0	0	0
Total General Property Taxes	**$98,957,000**	**$107,607,000**	**$112,677,000**	**$115,577,000**	**$116,032,000**

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. We do not currently project an increase in delinquencies based on historical information of our tax base during the 2008 recession, but it is a possibility. No future additional levies are projected in this forecast. Since the county auditor delayed June property tax due dates until August, we no longer forecast advances that we normally get in June (approximately $5 million).

Estimated Tangible Personal Property Tax (Line #1.020)

	FY20	FY21	FY22	FY23	FY24
Public Utility Pers. Property	**$6,047,000**	**$5,893,000**	**$6,103,000**	**$6,347,000**	**$6,538,000**

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. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor. We project values to grow 3% in future years due to continued upgrade and re-investment in utility lines, creating a small increase in revenue annually.

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

Source	FY20	FY21	FY22	FY23	FY24
Basic Foundation Aid	$14,953,000	$12,929,000	$12,715,000	$12,545,000	$12,369,000
Additional Aid Items	$1,339,000	$1,409,000	$1,200,000	$1,200,000	$1,200,000
Basic Aid-Subtotal	$16,292,000	$14,338,000	$13,915,000	$13,745,000	$13,569,000
Ohio Casino Commission ODT	$537,000	$447,000	$497,000	$502,000	$507,000
Total Unrestricted State Aid	**$16,829,000**	**$14,785,000**	**$14,412,000**	**$14,247,000**	**$14,076,000**

A) Basic Foundation Aid

House Bill 166, the FY20-21 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.

Past state administrations have chosen not to fully fund the formula, instead, creating a system of "capped" or maximum increases that a District could receive in a given year. The prior state budget worked to increase the cap 3% annually, but the current state budget made no change to the cap, effectively freezing funding levels at FY19 amounts. As the chart below illustrates, this results in an approximate $5 million annual shortfall in state funding compared to what the District should receive if the formula were fully funded.

	FY20	FY21	FY22	FY23	FY24
Capped Formula Aid	15,343,000	13,314,000	13,093,000	12,918,000	12,738,000
Uncapped Formula Aid	22,079,000	22,480,000	23,082,000	23,575,000	23,894,000
Difference	($6,736,000)	($9,166,000)	($9,989,000)	($10,657,000)	($11,156,000)

Current calculations indicate our district will remain on the CAP through FY24 based on our assumptions above and assuming the state will decrease FY20 funding by 10%, FY21 funding by 10% and flat fund the educational formula in the next state budget. This means that in FY24, the District is projected to have received over $47 million less than it should have over the five year forecast period according to the funding formula. State funding could be reduced further in future years as a result of the COVID-19 pandemic.

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

Source	FY20	FY21	FY22	FY23	FY24
Community/Stem Deduction	$1,396,000	$1,420,000	$1,434,000	$1,448,000	$1,462,000
Scholarship Deduction	$1,921,000	$2,040,000	$2,247,000	$2,408,000	$2,574,000
Total Deduction	$3,317,000	$3,460,000	$3,681,000	$3,856,000	$4,036,000
Community/Stem ADM	133	138	143	148	153
Scholarship ADM	97	102	107	112	117
Total ADM	230.00	240.00	250.00	260.00	270.00

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

B) Additional Aid Items

Additional Aid items include preschool special education funding and special education transportation funding, as well as the growth supplement for FY20 and FY21. We are assuming these funds continue throughout the life of the forecast at current levels. The current state budget also included $1.1 million spread over two years for Student Wellness and Success, but these are required to be accounted for in a separate fund outside this forecast.

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 19 generated $52.59 per pupil, which equated to $531,000 for our District. Based on the COVID-19 pandemic, we have reduced casino revenue in the near and intermediate term.

Restricted Grants-in-Aid (Line #1.040)

Source	FY20	FY21	FY22	FY23	FY24
Economically Disadvantaged	$142,000	$137,000	$130,000	$125,000	$121,000
Career Tech	$248,000	$248,000	$248,000	$248,000	$248,000
Medicaid/Catastrophic Aid	$350,000	$350,000	$350,000	$350,000	$350,000
Total Restricted State Revenues	**$740,000**	**$735,000**	**$728,000**	**$723,000**	**$719,000**

HB166 continues funding two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. 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, but posted separately in Line #1.040.

The District also 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, which is estimated at approximately $100,000 annually.

Property Tax Allocation (Line #1.050)

Source	FY20	FY21	FY22	FY23	FY24
Rollback and Homestead	$10,006,000	$9,995,000	$9,985,000	$9,974,000	$9,963,000
TPP Reimbursement	$1,970,000	$820,000	$0	$0	$0
Total Prop. Tax Allocation	**$11,976,000**	**$10,815,000**	**$9,985,000**	**$9,974,000**	**$9,963,000**

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.

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 loss. 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.

Other Local Revenues (Line #1.060)

Source	FY20	FY21	FY22	FY23	FY24
Interest	$2,900,000	$1,800,000	$1,200,000	$1,100,000	$1,000,000
Pay To Participate	75,000	130,000	130,000	130,000	130,000
Tuition and Charges	250,000	679,000	679,000	679,000	679,000
Other	200,000	200,000	200,000	200,000	200,000
Total Other Local Revenues	**$3,425,000**	**$2,809,000**	**$2,209,000**	**$2,109,000**	**$2,009,000**

Interest income is generated on investments and will fluctuate based on market rates, which recently plummeted as a result of the COVID-19 pandemic (current overnight rate is 0.87% compared to 2.25% in October), 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, although we have refunded spring 2020 fees. 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. Beginning in FY21, we include $364,000 of classroom supply fees previously included in a separate fund that will now be accounted for in the General Fund per a change in Auditor of State and GASB guidance.

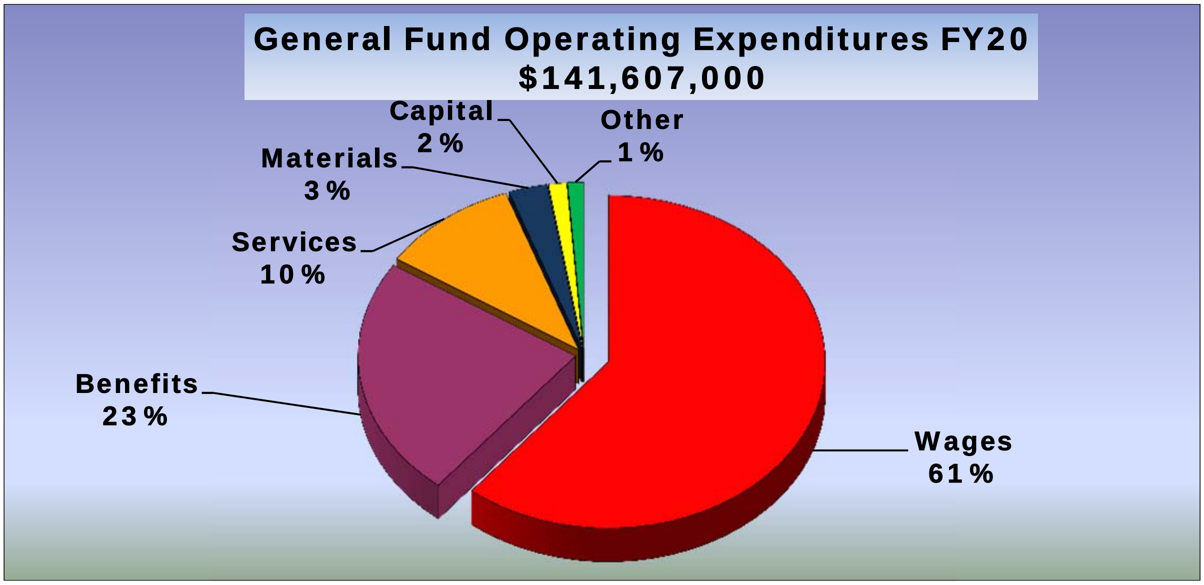
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY20	FY21	FY22	FY23	FY24
Advance Returns	**$68,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
Refunds/Sale of Assets	**$35,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**

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 FY20



Personal Services (Line #3.010)

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	$81,160,000	$85,783,000	$90,631,000	$95,551,000	$100,108,000
Increases	1,623,000	1,930,000	2,039,000	2,150,000	2,252,000
Steps & Training or 3317.141 Performance	2,370,000	2,174,000	2,085,000	2,064,000	1,902,000
New/Replacement District Staff	1,650,000	1,373,000	1,314,000	871,000	967,000
Severance	400,000	400,000	400,000	400,000	400,000
Retirement/Other	(1,020,000)	(629,000)	(518,000)	(528,000)	(539,000)
Total Wages Line 3.010	**$86,183,000**	**$91,106,000**	**$96,045,000**	**$100,626,000**	**$105,238,000**
Employee Full Time Equivalents					
Certificated	759.00	774.00	786.00	794.00	805.00
Classified	354.06	358.06	366.06	370.06	374.06
Administrative	46.00	47.00	49.00	49.00	49.00
Total	**1,159.06**	**1,179.06**	**1,201.06**	**1,213.06**	**1,228.06**
Projected Net Increase (Decrease)		20	22	12	15

The model reflects annual base wage increases of 2.25% for certified and classified staff members. The model also includes annual step increases based on staff placement.

The new/replacement district staff line item for FY20 includes 28 additional staff this year, as well as retirement replacements from FY19 offset by savings from those retirees on the Retirement/Other line item. Similarly, these lines contain a projected 5 retirees at the end of every year, based on current years of experience and historical trends. Additional staff to accommodate enrollment growth, including the area of special needs, is included in this line and based on enrollment projections indicating approximately 1,200 additional students in during this forecast period.

Employees' Retirement & Insurance Benefits (Line #3.020)

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

STRS/SERS will increase as Wages Increase

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	$11,444,000	$12,106,000	$12,792,000	$13,489,000	$14,136,000
Increases	227,000	270,000	285,000	301,000	315,000
Steps & Training	332,000	304,000	292,000	289,000	266,000
New District Staff	231,000	192,000	184,000	122,000	135,000
Pick Up	797,000	809,000	821,000	833,000	845,000
Retirement/Other	(143,000)	(88,000)	(73,000)	(74,000)	(75,000)
SERS Surcharge	300,000	306,000	312,000	318,000	324,000
Total Retirement Contributions	**$13,188,000**	**$13,899,000**	**$14,613,000**	**$15,278,000**	**$15,946,000**

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.

A) Insurance

Source	FY20	FY21	FY22	FY23	FY24
Base Costs	$15,427,000	$16,898,000	$19,108,000	$21,230,000	$23,029,000
New District Staff	253,000	360,000	396,000	216,000	270,000
H.S.A contributions	1,281,000	1,281,000	1,131,000	1,031,000	1,031,000
Insurance Trend Adjustment	1,218,000	1,850,000	1,726,000	1,583,000	1,324,000
Total Insurance Estimates	**18,179,000**	**20,389,000**	**22,361,000**	**24,060,000**	**25,654,000**

The district is headed into the sixth 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. Increases of 7.14% and 4.2% for CY18 and CY19 were implemented to cover trend increases. Claims are running higher than expected during CY19, causing a premium increase of 10.5% for CY20. We assume 8-12% increases to premium in future years. We are uncertain at this time of the effect, if any, the COVID-19 pandemic will have on claims experience of our population.

B) Workers Compensation & Unemployment Compensation

Source	FY20	FY21	FY22	FY23	FY24
Workers Comp	$345,000	$364,000	$384,000	$403,000	$421,000
Unemployment	5,000	200,000	5,000	5,000	5,000
Total WC & UC Estimates	**$350,000**	**$564,000**	**$389,000**	**$408,000**	**$426,000**

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 its current 0.4% in FY20 as a result of lower claims experience and sufficient reserve balances.

Unemployment historically has run at a very low level. The district is a direct reimbursement employer which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment. We increased FY21 estimate due to the COVID-19 shutdown, impacting many substitute and casual employees. The federal CARES Act will provide some reimbursement to Districts to help offset the cost.

C) Medicare

Source	FY20	FY21	FY22	FY23	FY24
Base Costs	$1,182,000	$1,260,000	$1,340,000	$1,411,000	$1,475,000
New District Staff	24,000	20,000	19,000	13,000	14,000
Total Medicare Estimate	**1,206,000**	**1,280,000**	**1,359,000**	**1,424,000**	**1,489,000**

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	FY20	FY21	FY22	FY23	FY24
STRS/SERS	$13,188,000	$13,899,000	$14,613,000	$15,278,000	$15,946,000
Insurance's	18,179,000	20,389,000	22,361,000	24,060,000	25,654,000
Workers Comp/Unemployment	350,000	564,000	389,000	408,000	426,000
Medicare	1,206,000	1,280,000	1,359,000	1,424,000	1,489,000
Other/Tuition	140,000	140,000	140,000	140,000	140,000
Total Retirement/Insurance Benefits	**$33,063,000**	**$36,272,000**	**$38,862,000**	**$41,310,000**	**$43,655,000**

Purchased Services (Line #3.030)

Source	FY20	FY21	FY22	FY23	FY24
Consulting/Legal (41x)	$1,684,000	$1,450,000	$1,494,000	$1,639,000	$1,588,000
Maint., Repairs, Property (42x)	2,659,000	3,308,000	3,337,000	3,419,000	3,522,000
Utilities (441 & 45x)	2,422,000	2,733,000	2,945,000	3,167,000	3,400,000
Tuition to other Entities (47x)	2,774,000	2,993,000	3,143,000	3,300,000	3,465,000
Other Purchased Services	5,113,000	5,165,000	5,478,000	5,642,000	5,811,000
Total Purchased Services	**$14,652,000**	**$15,649,000**	**$16,397,000**	**$17,167,000**	**$17,786,000**

This category includes payments for contracted services, utilities, property insurance, specialized transportation, legal fees, and tuition to other entities. We are estimating inflationary increases of 3% annually for most areas. Utilities also include an additional $75,000 annually for bandwidth expansion or connectivity if needed. The District has negotiated long term gas and electric contracts to help hold down energy costs.

Maintenance, repairs and property includes leasing of modular units installed at various locations during the previous two years. We anticipate continued leasing of the majority of these modular units through the life of this forecast, and have included funding for one additional unit should the need arise based on continued increasing enrollment. We also anticipate increased cost to bus repairs as we expand our fleet by maintaining vehicles longer.

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 $400,000 annually.

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, contracted special needs transportation, and other services. We are estimating base increases of 3% annually for this area. FY20 and FY21 do not include $469,000 and $657,000, respectively, of contracted mental health specialists through the ESCCO. These are being funded through the Student Wellness and Success Funds created through HB166 and accounted for in a separate fund. We assume these funds will not continue after FY21 and thus have added back the cost of those mental health services to the forecast for FY22 and beyond, creating the large increase in FY22.

Supplies and Materials (Line #3.040)

Source	FY20	FY21	FY22	FY23	FY24
Supplies	**$4,090,000**	**$4,754,000**	**$5,411,000**	**$4,624,000**	**$4,776,000**

An overall inflation of 3% is being estimated for this category which is characterized by textbooks, copy paper, maintenance supplies, materials, and bus fuel. Included in this line item are textbook costs for curriculum updates based on latest projections from our curriculum department. The increase in FY22 is related to science curriculum and a 6 year cycle.

Capital Outlay (Line # 3.050)

Source	FY20	FY21	FY22	FY23	FY24
Equipment & Building Improvements	$640,000	$544,000	$560,000	$327,000	$337,000
Technology	1,286,000	1,487,000	908,000	1,445,000	1,095,000
Total Capital Outlay	**$1,926,000**	**$2,031,000**	**$1,468,000**	**$1,772,000**	**$1,432,000**

An overall inflation rate of 3% annually is being used in this category. Major capital improvements are funded separately through the capital projects fund via passage of a bond issue in 2018. 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	FY20	FY21	FY22	FY23	FY24
County Auditor & Treasurer Fees	$1,216,000	$1,647,000	$1,725,000	$1,769,000	$1,775,000
County ESC	66,000	68,000	70,000	72,000	74,000
Other	411,000	395,000	407,000	419,000	432,000
Total Other Expenses	**$1,693,000**	**$2,110,000**	**$2,202,000**	**$2,260,000**	**$2,281,000**

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. (FY20 includes a one-time refund of $300,000 by the county auditor). 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	FY20	FY21	FY22	FY23	FY24
Transfers Out (#5.010)	$539,000	$4,038,000	$328,000	$328,000	$328,000
Advances Out (#5.020)	50,000	50,000	50,000	50,000	50,000
Total Other Financing Uses	**$589,000**	**$4,088,000**	**$378,000**	**$378,000**	**$378,000**

Advances out cover end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The transfers out are to cover payments on energy conservation debt, which are paid off via operational savings from decreased utility costs, as well as transfers to our food service fund to cover deficit student balances. We have included an additional $3.5 million in transfers out in FY21 to cover potential deficit fund balances in the Food Service, Student Activity, and All Day Kindergarten Funds in the event those fund's revenues fall short of contractual obligations due to the COVID-19 pandemic and uncertainty surrounding school activities next year. The Board would need to provide further direction and action to utilize these funds or take other action.

Encumbrances (Line#8.010)

	FY20	FY21	FY22	FY23	FY24
Estimated Encumbrances	**$3,000,000**	**$3,000,000**	**$3,000,000**	**$3,000,000**	**$3,000,000**

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. They are expected to remain consistent.

Reservations of Fund Balance (Line #9.040 & Line #9.060)

Source	FY20	FY21	FY22	FY23	FY24
Contingency (Line 9.040)	$26,854,000	$27,674,000	$27,674,000	$27,674,000	$27,674,000
Tax Advances (Line 9.060)	0	0	0	0	0
Total Reservations (9.080)	**$26,854,000**	**$27,674,000**	**$27,674,000**	**$27,674,000**	**$27,674,000**

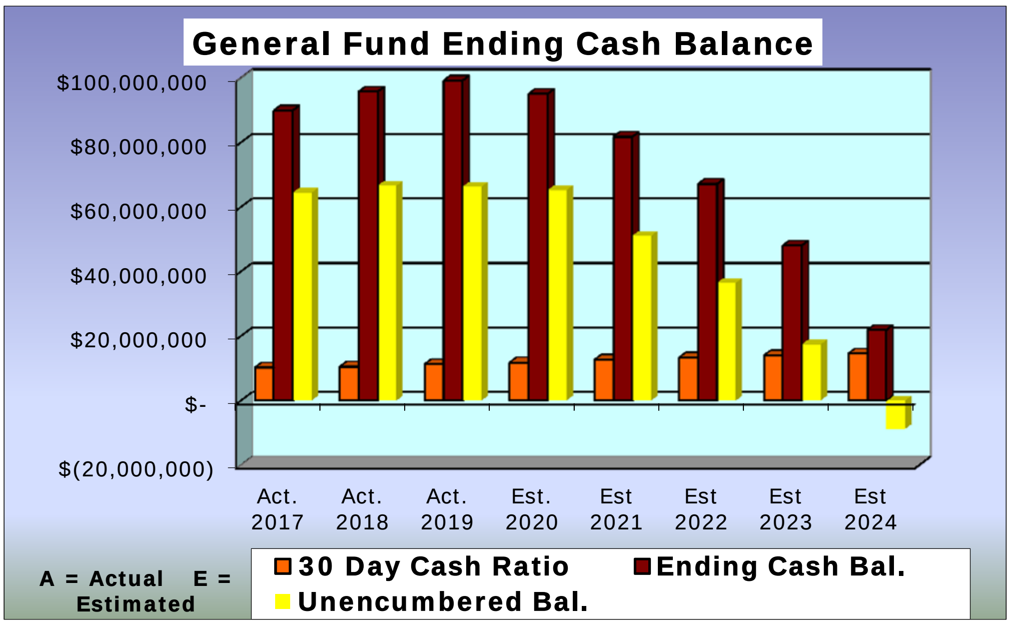
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through FY21 is equal to the tangible tax reimbursement that was not anticipated to continue when voters approved an operating levy in 2012 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. We eliminated these beginning in FY20 since the county auditor delayed the June tax deadline to August.

Ending Unreserved Fund Balance (Line#15.010)

	FY20	FY21	FY22	FY23	FY24
Ending Unreserved Cash Balance	**$65,200,060**	**$51,069,060**	**$36,475,060**	**$17,369,060**	**($8,786,940)**

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 FY20, annual expenditures begin to exceed revenues, creating a decline in available balances that will need to be addressed.