Enclosure C-1-c
May 13, 2019

WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2016, 2017 and 2018 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2019 THROUGH 2023

Forecast Provided By
Worthington City School District
Treasurer's Office
Jeff McCuen, Treasurer/CFO
May 13, 2019

WORTHINGTON CITY SCHOOL DISTRICT
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017, 2018
Forecasted Fiscal Year Ending June 30, 2019 through 2023

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenues									
1.010	General Property Tax (Real Estate)	$ 89,146,645	$ 91,680,307	$ 93,925,327	2.6%	$98,507,000	$102,530,000	$106,999,000	$111,486,000	$113,862,000
1.020	Tangible Personal Property	3,791,016	4,005,083	4,536,436	9.5%	$4,634,000	$6,033,000	$5,817,000	$6,112,000	$6,357,000
1.035	Unrestricted State Grants-in-Aid	16,802,004	17,877,676	18,665,033	5.4%	$19,111,000	$19,598,000	$20,113,000	$20,643,000	$21,173,000
1.040	Restricted State Grants-in-Aid	849,194	1,044,856	786,746	-0.8%	$760,000	$656,000	$650,000	$646,000	$643,000
1.050	Property Tax Allocation	18,150,139	15,517,596	14,293,173	-11.2%	$13,112,000	$11,925,000	$10,764,000	$9,934,000	$9,924,000
1.060	All Other Revenues	1,586,939	1,853,967	2,474,976	25.2%	$3,352,000	$2,682,000	$2,582,000	$2,482,000	$2,382,000
1.070	*Total Revenues*	$ 130,325,937	$ 131,979,485	$ 134,681,691	1.7%	$ 139,476,000	$ 143,424,000	$ 146,925,000	$ 151,303,000	$ 154,341,000
	Other Financing Sources									
2.050	Advances-In	$ 1,836,300	$ 3,600	$ 42,800	494.5%	$ 17,700	$ 15,000	$ 15,000	$ 15,000	$ 15,000
2.060	All Other Financing Sources	74,758	13,341	5,447	-70.7%	$4,300	$5,000	$5,000	$5,000	$5,000
2.070	*Total Other Financing Sources*	$ 1,911,058	$ 16,941	$ 48,247	42.8%	$ 22,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
2.080	*Total Revenues and Other Financing Sources*	$ 132,236,995	$ 131,996,426	$ 134,729,938	0.9%	$ 139,498,000	$ 143,444,000	$ 146,945,000	$ 151,323,000	$ 154,361,000
	Expenditures									
3.010	Personal Services	$ 73,001,845	$ 76,066,212	$ 78,474,466	3.7%	$84,542,000	$86,393,000	$90,892,000	$95,523,000	$99,704,000
3.020	Employees' Retirement/Insurance Benefits	28,939,917	28,712,894	29,774,971	1.5%	$31,349,000	$32,695,000	$34,547,000	$36,517,000	$38,282,000
3.030	Purchased Services	11,609,334	11,571,116	12,262,688	2.8%	$14,668,000	$15,003,000	$15,533,000	$16,115,000	$16,735,000
3.040	Supplies and Materials	3,317,360	3,958,664	3,405,482	2.7%	4,141,000	4,147,000	4,414,000	5,011,000	4,389,000
3.050	Capital Outlay	282,089	449,630	365,036	20.3%	1,538,000	2,607,000	1,818,000	1,249,000	796,000
4.300	Other Objects	1,794,841	1,861,392	1,777,632	-0.4%	$1,988,000	$2,046,000	$2,128,000	$2,212,000	$2,263,000
4.500	*Total Expenditures*	$ 118,945,386	$ 122,619,908	$ 126,060,275	2.9%	$ 138,226,000	$ 142,891,000	$ 149,332,000	$ 156,627,000	$ 162,169,000
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 1,099,966	$ 1,236,713	$ 2,809,677	69.8%	$527,000	$527,000	$526,000	$316,000	$316,000
5.020	Advances-Out	3,600	42,800	17,700	515.1%	15,000	15,000	15,000	15,000	15,000
5.040	*Total Other Financing Uses*	$ 1,103,566	$ 1,279,513	$ 2,827,377	68.5%	$ 542,000	$ 542,000	$ 541,000	$ 331,000	$ 331,000
5.050	*Total Expenditures and Other Financing Uses*	$ 120,048,952	$ 123,899,421	$ 128,887,652	3.6%	$ 138,768,000	$ 143,433,000	$ 149,873,000	$ 156,958,000	$ 162,500,000
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 12,188,043	$ 8,097,005	$ 5,842,286	-30.7%	$ 730,000	$ 11,000	$ (2,928,000)	$ (5,635,000)	$ (8,139,000)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 69,619,205	$ 81,807,248	$ 89,904,253	13.7%	$ 95,746,539	$ 96,476,539	$ 96,487,539	$ 93,559,539	$ 87,924,539
7.020	*Cash Balance June 30*	$ 81,807,248	$ 89,904,253	$ 95,746,539	8.2%	$ 96,476,539	$ 96,487,539	$ 93,559,539	$ 87,924,539	$ 79,785,539
8.010	*Estimated Encumbrances June 30*	$ 2,247,362	$ 2,379,231	$ 2,691,261	9.5%	$ 2,700,000	$ 2,700,000	$ 2,700,000	$ 2,700,000	$ 2,700,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 13,817,810	$ 17,473,766	$ 21,763,480	25.5%	$ 24,884,000	$ 26,854,000	$ 27,674,000	$ 27,674,000	$ 27,674,000
9.060	Property Tax Advances	5,154,100	5,626,200	4,673,500	-3.9%	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
9.080	*Subtotal*	18,971,910	23,099,966	26,436,980	18.1%	29,884,000	31,854,000	32,674,000	32,674,000	32,674,000
15.010	*Unreserved Fund Balance June 30*	$ 60,587,976	$ 64,425,056	$ 66,618,298	4.9%	$ 63,892,539	$ 61,933,539	$ 58,185,539	$ 52,550,539	$ 44,411,539
	ADM Forecasts									
20.010	Kindergarten - October Count	732	737	713	-1.3%	856	833	871	839	801
20.015	Grades 1-12 - October Count	8,998	9,065	9,114	0.6%	9,208	9,450	9,693	9,949	10,152

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
May 13, 2019

Introduction to the Five Year Forecast

All school districts in Ohio are required to file a five (5) year financial forecast by October 31 (November 30 beginning next year), 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 2019 (July 1, 2018-June 30, 2019) is the first year of the five year forecast and is considered the baseline year.

Summary of Changes from the October 2018 Forecast

Revenues:
We have made adjustments to revenue projections resulting in an increase of $68 million over the life of the forecast. Passage of the incremental November 2018 operating levy adds $65 million over five years, and interest income as a result of more stable cash balances and a slight increase in investment rates accounts for the remaining $3 million.

Expenditures:
We have made adjustments to expenditure projections resulting in an increase of $9 million over the life of the forecast. Enrollment projections updated in January 2019 predict another 411 in addition to the previously predicted increase of 478 students, for a total of almost 1,000 additional students over the life of the forecast. We have adjusted future staffing levels to match this growth, including additional guidance counselors and nursing staff at our elementary buildings. Retirements at the end of FY19 will be slightly higher than projected, offsetting some of this additional cost. In total, we have increased wages $4.2 million over the life of the forecast. Similarly, fringe benefits have been increased $2 million to accommodate retirement contributions, Medicare tax, workers comp, and insurance benefits for these additional staff. County treasurer fees have been increased due to the passage of the levy, and building supply budgets have been increased to account for the additional student growth. Costs for modular units to be installed at Evening Street this summer have been added to the existing budget for units at Bluffsview, Worthington Hills, and McCord.

Ending Cash Balance:
The changes to revenue and expenditure assumptions result in an increase in ending cash balance. We had anticipated an ending balance of $20.8 million at June 30, 2023 and now project a balance of $79.8 million, primarily the result of the passage of the levy.

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. **State Foundation Funding and the 20/21 Biennial State Budget -** 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 3.6% in FY18 & FY19. This equates to $4 million annually in additional revenue the District should be receiving. The Governor's proposed state budget for 20-21 projects increased funding for wrap-around type services of approximately $0.5 million, while reducing the rate of the cap. The Fair School Funding work group proposed a major overhaul to the distribution methodology of the school funding formula and projects an increase of approximately $3 million annually for our District, primarily due to our student growth and elimination of the cap. However, many districts under this methodology receive little or no increases, and community schools are to be funded separately in a yet-to-be determined formula. While we view this proposal as positive for Worthington and will advocate for its adoption, we are maintaining our previously forecasted amount of 3% annual cap increases in FY20 through FY23 until we get a better idea of the outcome of the state budget.

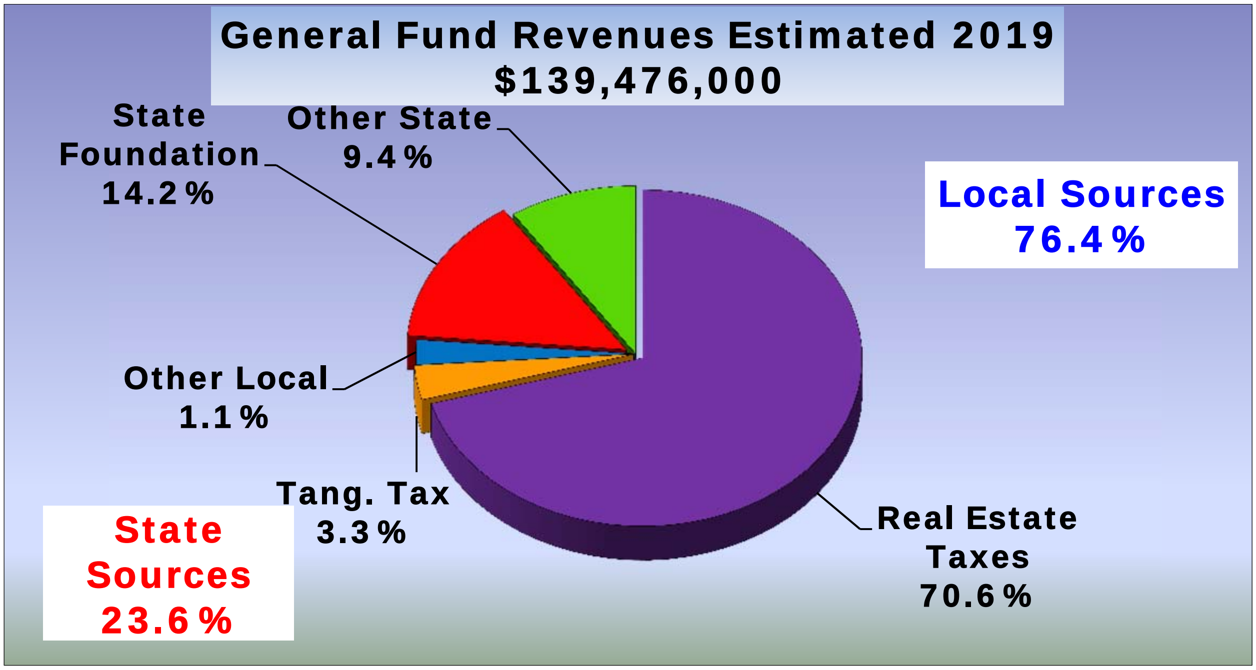
II. **Tuition, Vouchers & Community Schools -** There are many provisions in the current state budget bill that reduce district revenue in the form of exposure to school choice scholarships or vouchers, school reform initiatives, College Credit Plus, and other programs. The cost of each Peterson Special 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 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.

III. **Enrollment –** Our enrollment projections were updated in January 2019, and now show almost double the annual growth that our previous projections. For a mature community with little undeveloped land, most of that growth is caused by turnover, which is more difficult to project than growth from new construction. We have included the effects of the updated enrollment projections in this forecast, which can easily change both positively and negatively depending on the economy and the rate of turnover.

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 FY19



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 2018, collected in 2019, overall values increased $17 million (0.8%). Residential/agricultural values were flat (0.0%) while commercial/industrial values increased $14 million (3.0%), and public utility values increased $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.

Estimated Assessed Property Valuations by Collection Year

Classification	Estimated TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023
Res./Ag.	$1,557,364,990	$1,565,151,815	$1,572,977,574	$1,580,842,462	$1,588,746,674
Comm./Ind.	$460,202,640	$460,202,640	$460,202,640	$460,202,640	$460,202,640
Public Utility (PUPP)	$56,167,440	$57,852,463	$59,588,037	$61,375,678	$63,216,948
Total Assessed Value	**$2,073,735,070**	**$2,083,206,918**	**$2,092,768,251**	**$2,102,420,780**	**$2,112,166,262**

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:

	FY19	FY20	FY21	FY22	FY23
August Settlement	$45,017,000	$45,917,000	$47,964,000	$50,011,000	$52,072,000
February Settlement	51,269,000	54,875,000	57,220,000	59,582,000	59,818,000
August Delinquent	105,000	199,000	207,000	216,000	225,000
February Delinquent	1,790,000	1,539,000	1,608,000	1,677,000	1,747,000
Prior Year Advances taken	(4,674,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Current Year Advances Estimated	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total General Property Taxes	**$98,507,000**	**$102,530,000**	**$106,999,000**	**$111,486,000**	**$113,862,000**

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. FY19 includes one-time settlements totaling $3.2 million as a result of challenges to commercial property values. No future additional levies are projected in this forecast.

Estimated Tangible Personal Property Tax (Line #1.020)

	FY19	FY20	FY21	FY22	FY23
Public Utility Pers. Property	**$4,634,000**	**$6,033,000**	**$5,817,000**	**$6,112,000**	**$6,357,000**

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. PUPP values increased 18% for FY18 and 6% FY19 due to significant investment in one electric power parcel, creating an increase of $1 million annually. However that parcel was delinquent with its first 2019 settlement. We expect that to be collected in full, which is why FY20 is higher. 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	FY19	FY20	FY21	FY22	FY23
Basic Foundation Aid	$17,370,000	$17,852,000	$18,361,000	$18,886,000	$19,410,000
Additional Aid Items	$1,210,000	$1,210,000	$1,210,000	$1,210,000	$1,210,000
Basic Aid-Subtotal	$18,580,000	$19,062,000	$19,571,000	$20,096,000	$20,620,000
Ohio Casino Commission ODT	$531,000	$536,000	$542,000	$547,000	$553,000
Total Unrestricted State Aid	**$19,111,000**	**$19,598,000**	**$20,113,000**	**$20,643,000**	**$21,173,000**

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 2019 State Foundation Payment Report (SFPR). The Governor's proposed budget added funds for "wrap-around" services, but reduced the increase to the cap, while the Cupp-Patterson Fair School Funding group introduced a new formula that eliminates most caps and guarantees. As stated earlier, it is very early in the legislative process, and we have left our assumptions unchanged at this time: 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):

	FY19	FY20	FY21	FY22	FY23
Capped Formula Aid	17,730,000	18,208,000	18,711,000	19,232,000	19,753,000
Uncapped Formula Aid	21,423,000	21,768,000	22,316,000	22,941,000	23,383,000
Difference	($3,693,000)	($3,560,000)	($3,605,000)	($3,709,000)	($3,630,000)

Current calculations indicate our district will remain on the CAP through FY23 based on our assumptions above. This means that in FY23, the District will have received $18 million less than it should have over the five year forecast period according to the funding formula.

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

Source	FY19	FY20	FY21	FY22	FY23
Community/Stem Deduction	$1,258,000	$1,279,000	$1,292,000	$1,305,000	$1,318,000
Scholarship Deduction	$1,945,000	$2,062,000	$2,180,000	$2,300,000	$2,439,000
Total Deduction	$3,203,000	$3,341,000	$3,472,000	$3,605,000	$3,757,000
Community/Stem ADM	117	122	127	132	137
Scholarship ADM	89	94	99	104	109
Total ADM	206.00	216.00	226.00	236.00	246.00

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.

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 $52.14 per pupil, which equated to $531,000 for our District. For FY20-23 we estimate stable total casino revenues and slightly less statewide student population, which should equate to approximately $53 per pupil annually.

Restricted Grants-in-Aid (Line #1.040)

Source	FY19	FY20	FY21	FY22	FY23
Economically Disadvantaged	$110,000	$106,000	$100,000	$96,000	$93,000
Career Tech	$250,000	$250,000	$250,000	$250,000	$250,000
Medicaid/Catastrophic Aid	$400,000	$300,000	$300,000	$300,000	$300,000
Total Restricted State Revenues	**$760,000**	**$656,000**	**$650,000**	**$646,000**	**$643,000**

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 FY19-23. 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. 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	FY19	FY20	FY21	FY22	FY23
Rollback and Homestead	$9,991,000	$9,955,000	$9,944,000	$9,934,000	$9,924,000
TPP Reimbursement	$3,121,000	$1,970,000	$820,000	$0	$0
Total Prop. Tax Allocation	**$13,112,000**	**$11,925,000**	**$10,764,000**	**$9,934,000**	**$9,924,000**

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. 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	FY19	FY20	FY21	FY22	FY23
Interest	$2,300,000	$2,000,000	$1,900,000	$1,800,000	$1,700,000
Pay To Participate	132,000	132,000	132,000	132,000	132,000
Tuition and Charges	350,000	350,000	350,000	350,000	350,000
Other	570,000	200,000	200,000	200,000	200,000
Total Other Local Revenues	**$3,352,000**	**$2,682,000**	**$2,582,000**	**$2,482,000**	**$2,382,000**

Interest income is generated on investments and will fluctuate based on market rates (current overnight rate is 2.55%), 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.

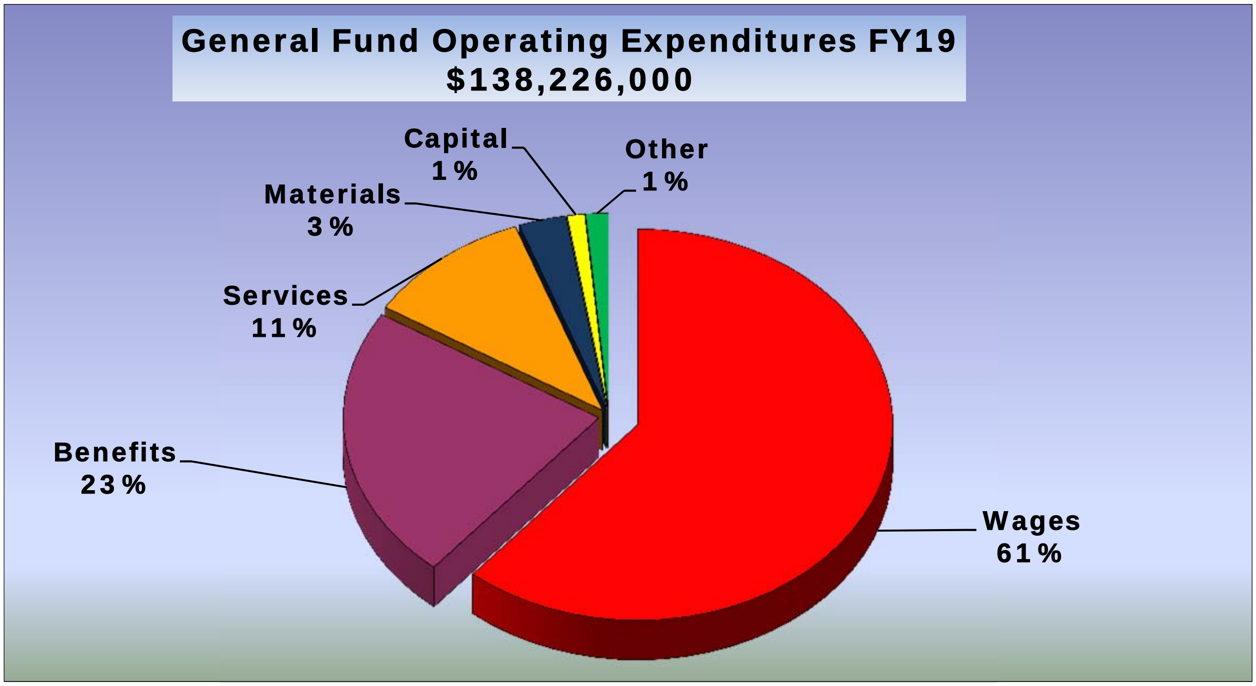
Other Financing Sources (Line #2.050 & Line #2.060)

Source	FY19	FY20	FY21	FY22	FY23
Advance Returns	**$17,700**	**$15,000**	**$15,000**	**$15,000**	**$15,000**
Refunds/Sale of Assets	**$4,300**	**$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 FY19



Personal Services (Line #3.010)

Source	FY19	FY20	FY21	FY22	FY23
Base Wages	$80,597,000	$81,567,000	$85,899,000	$90,374,000	$94,975,000
Increases	1,612,000	1,631,000	1,718,000	1,807,000	1,900,000
Steps & Training or 3317.141 Performance	1,842,000	2,349,000	2,147,000	1,952,000	1,900,000
New/Replacement District Staff	1,093,000	1,503,000	1,218,000	1,360,000	872,000
Severance	500,000	400,000	400,000	400,000	400,000
Retirement/Other	(1,177,000)	(1,151,000)	(608,000)	(518,000)	(528,000)
Total Wages Line 3.010	**$84,542,000**	**$86,393,000**	**$90,892,000**	**$95,523,000**	**$99,704,000**
Employee Full Time Equivalents					
Certificated	739.10	755.10	768.10	779.10	787.10
Classified	345.07	351.07	355.07	363.07	367.07
Administrative	46.00	46.00	47.00	50.00	50.00
Total	**1,130.17**	**1,152.17**	**1,170.17**	**1,192.17**	**1,204.17**

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 FY21-23. The model also includes annual step increases based on staff placement.

The new/replacement district staff line item for FY19 includes 17 additional staff, as well as retirement replacements from FY18 offset by savings from those retirees on the Retirement/Other line item. Similarly, these lines contain a projected 11 retirees at the end of 19 and 5 thereafter, based on current years of experience and historical trends. Additional staff to accommodate enrollment growth as follows: 22 FTE in FY20, 18 FTE in FY21, 22 in FY22, and 12 in FY23. This is based on enrollment projections indicating approximately 1,000 additional students in the next five years.

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	FY19	FY20	FY21	FY22	FY23
Base Wages	$11,375,000	$11,514,000	$12,128,000	$12,764,000	$13,418,000
Increases	226,000	228,000	241,000	253,000	266,000
Steps & Training	258,000	329,000	301,000	273,000	266,000
New District Staff	153,000	210,000	171,000	190,000	122,000
Pick Up	776,000	788,000	800,000	812,000	824,000
Retirement/Other	(165,000)	(161,000)	(85,000)	(73,000)	(74,000)
SERS Surcharge	285,000	291,000	297,000	303,000	309,000
Total Retirement Contributions	**$12,908,000**	**$13,199,000**	**$13,853,000**	**$14,522,000**	**$15,131,000**

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	FY19	FY20	FY21	FY22	FY23
Base Costs	$14,748,000	$15,492,000	$16,507,000	$17,614,000	$18,832,000
New District Staff	108,000	396,000	324,000	396,000	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	636,000	619,000	783,000	822,000	863,000
Total Insurance Estimates	**$16,777,000**	**$17,792,000**	**$18,899,000**	**$20,117,000**	**$21,196,000**

The district is in the fifth 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 implemented for CY18 to cover trend increases, and we have included a 4.2% increase for CY19 and estimate 5% 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.

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	FY19	FY20	FY21	FY22	FY23
Workers Comp	$338,000	$346,000	$364,000	$382,000	$399,000
Unemployment	5,000	5,000	5,000	5,000	5,000
Total WC & UC Estimates	**$343,000**	**$351,000**	**$369,000**	**$387,000**	**$404,000**

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, and 0.4% for FY19 as a result of lower claims experience and sufficient reserve balances.

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	FY19	FY20	FY21	FY22	FY23
Base Costs	$1,165,000	$1,191,000	$1,268,000	$1,331,000	$1,398,000
New District Staff	16,000	22,000	18,000	20,000	13,000
Total Medicare Estimate	**1,181,000**	**1,213,000**	**1,286,000**	**1,351,000**	**1,411,000**

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	FY19	FY20	FY21	FY22	FY23
STRS/SERS	$12,908,000	$13,199,000	$13,853,000	$14,522,000	$15,131,000
Insurance's	16,777,000	17,792,000	18,899,000	20,117,000	21,196,000
Workers Comp/Unemployment	343,000	351,000	369,000	387,000	404,000
Medicare	1,181,000	1,213,000	1,286,000	1,351,000	1,411,000
Other/Tuition	140,000	140,000	140,000	140,000	140,000
Total Employee Retirement/Insurance Benefits	**$31,349,000**	**$32,695,000**	**$34,547,000**	**$36,517,000**	**$38,282,000**

Purchased Services (Line #3.030)

Source	FY19	FY20	FY21	FY22	FY23
Consulting/Legal (41x)	$1,534,000	$1,684,000	$1,635,000	$1,684,000	$1,835,000
Maint., Repairs, Property (42x)	2,825,000	3,003,000	3,093,000	3,116,000	3,053,000
Utilities (441 & 45x)	2,600,000	2,805,000	3,020,000	3,246,000	3,483,000
Tuition to other Entities (47x)	2,250,000	2,391,000	2,511,000	2,637,000	2,769,000
Other Purchased Services	5,459,000	5,120,000	5,274,000	5,432,000	5,595,000
Total Purchased Services	**$14,668,000**	**$15,003,000**	**$15,533,000**	**$16,115,000**	**$16,735,000**

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 if needed. The District has negotiated long term gas and electric contracts to help hold down energy costs.

Maintenance, repairs and property includes the expected need for modular units based on latest enrollment projections. Installation of additional modular units at Bluffsview, Worthington Hills, Evening Street, and McCord is included in FY19 at a cost of $705,000, with annual lease costs included in future years. We have included an additional modular unit installation in the future if necessary.

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, and other services. We are estimating base increases of 3% annually for this area.

Supplies and Materials (Line #3.040)

Source	FY19	FY20	FY21	FY22	FY23
Supplies	**$4,141,000**	**$4,147,000**	**$4,414,000**	**$5,011,000**	**$4,389,000**

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 projections from our Academic Achievement Office. The increase in FY22 is related to science curriculum and a 6 year cycle.

Capital Outlay (Line # 3.050)

Source	FY19	FY20	FY21	FY22	FY23
Equipment & Building Improvements	$443,000	$321,000	$331,000	$341,000	$351,000
Technology	1,095,000	2,286,000	1,487,000	908,000	445,000
Total Capital Outlay	**$1,538,000**	**$2,607,000**	**$1,818,000**	**$1,249,000**	**$796,000**

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	FY19	FY20	FY21	FY22	FY23
County Auditor & Treasurer Fees	$1,458,000	$1,569,000	$1,637,000	$1,706,000	$1,742,000
County ESC	64,000	66,000	68,000	70,000	72,000
Other	466,000	411,000	423,000	436,000	449,000
Total Other Expenses	**$1,988,000**	**$2,046,000**	**$2,128,000**	**$2,212,000**	**$2,263,000**

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	FY19	FY20	FY21	FY22	FY23
Transfers Out (#5.010)	$527,000	$527,000	$526,000	$316,000	$316,000
Advances Out (#5.020)	15,000	15,000	15,000	15,000	15,000
Total Other Financing Uses	**$542,000**	**$542,000**	**$541,000**	**$331,000**	**$331,000**

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.

Encumbrances (Line#8.010)

	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances	**$2,700,000**	**$2,700,000**	**$2,700,000**	**$2,700,000**	**$2,700,000**

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	FY19	FY20	FY21	FY22	FY23
Contingency (Line 9.040)	$24,884,000	$26,854,000	$27,674,000	$27,674,000	$27,674,000
Tax Advances (Line 9.060)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Reservations of Balance (Line#9.080)	**$29,884,000**	**$31,854,000**	**$32,674,000**	**$32,674,000**	**$32,674,000**

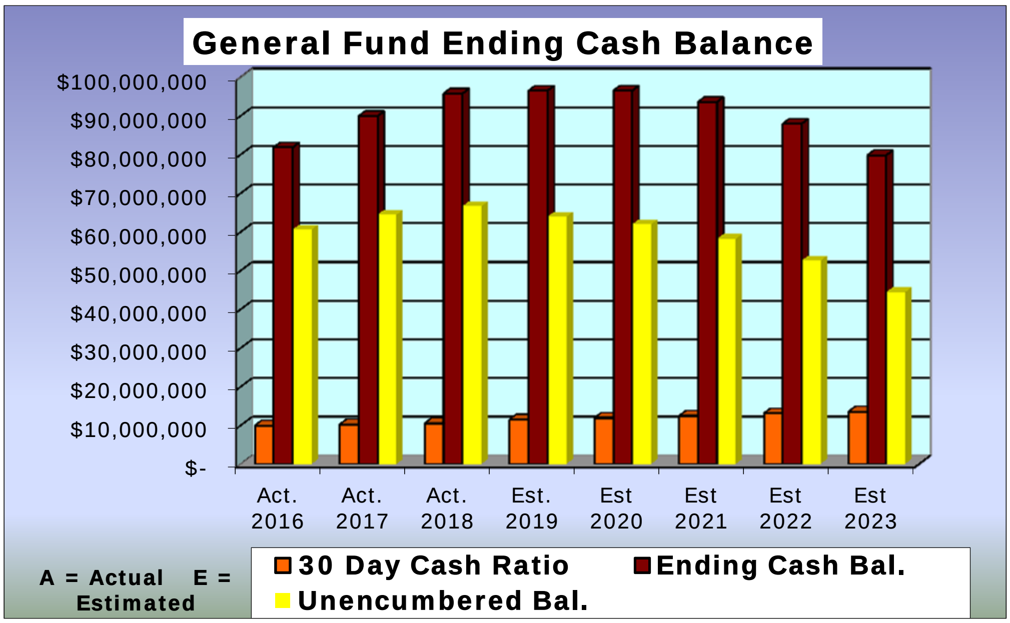
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through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

Ending Unreserved Fund Balance (Line#15.010)

	FY19	FY20	FY21	FY22	FY23
Ending Unreserved Cash Balance	**$63,892,539**	**$61,933,539**	**$58,185,539**	**$52,550,539**	**$44,411,539**

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 FY21, annual expenditures begin to exceed revenues, creating a decline in available balances that will need to be addressed.