WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2019, 2020 and 2021 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2022 THROUGH 2026

Forecast Provided By
Worthington City School District
Treasurer's Office
TJ Cusick, Treasurer/CFO
October 25, 2021

WORTHINGTON CITY SCHOOL DISTRICT
Franklin County
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020, 2021
Forecasted Fiscal Year Ending June 30, 2022 through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	$ 98,600,412	$ 98,956,525	$ 112,681,503	7.1%	$113,860,000	$116,989,000	$117,627,000	$118,268,000	$118,913,000
1.020	Tangible Personal Property	4,634,275	6,047,252	5,836,150	13.5%	$6,535,000	$6,813,000	$7,017,000	$7,228,000	$7,445,000
1.035	Unrestricted State Grants-in-Aid	18,970,126	16,737,883	18,185,324	-1.6%	$19,612,000	$19,752,000	$19,954,000	$20,168,000	$20,363,000
1.040	Restricted State Grants-in-Aid	860,028	941,499	1,073,161	11.7%	$851,000	$851,000	$851,000	$851,000	$851,000
1.050	Property Tax Allocation	13,112,165	11,997,907	10,864,135	-9.0%	$10,055,000	$10,046,000	$10,036,000	$10,027,000	$10,018,000
1.060	All Other Revenues	3,299,073	3,552,945	2,617,276	-9.3%	$2,370,000	$1,970,000	$1,770,000	$1,670,000	$1,570,000
1.070	*Total Revenues*	$ 139,476,079	$ 138,234,011	$ 151,257,549	4.3%	$ 153,283,000	$ 156,421,000	$ 157,255,000	$ 158,212,000	$ 159,160,000
	Other Financing Sources									
2.050	Advances-In	$ 17,700	$ 68,000	$ 338,000	340.6%	$ 1,404,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
2.060	All Other Financing Sources	7,864	61,008	16,496	301.4%	$10,000	$10,000	$10,000	$10,000	$10,000
2.070	*Total Other Financing Sources*	$ 25,564	$ 129,008	$ 354,496	289.7%	$ 1,414,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
2.080	*Total Revenues and Other Financing Sources*	$ 139,501,643	$ 138,363,019	$ 151,612,045	4.4%	$ 154,697,000	$ 156,481,000	$ 157,315,000	$ 158,272,000	$ 159,220,000
	Expenditures									
3.010	Personal Services	$ 84,201,316	$ 85,098,811	$ 86,864,342	1.6%	$91,700,000	$96,400,000	$101,500,000	$106,500,000	$110,900,000
3.020	Employees' Retirement/Insurance Benefits	31,169,434	32,795,221	34,430,366	5.1%	$36,804,000	$38,658,000	$41,407,000	$44,200,000	$46,951,000
3.030	Purchased Services	12,898,268	14,021,660	13,660,343	3.1%	$17,246,000	$17,763,000	$18,349,000	$19,295,000	$20,134,000
3.040	Supplies and Materials	3,690,834	2,884,646	2,959,961	-9.6%	5,748,000	4,326,000	4,143,000	4,318,000	4,994,000
3.050	Capital Outlay	1,661,138	2,019,417	852,989	-18.1%	2,031,000	1,706,000	1,824,000	2,252,000	2,271,000
4.300	Other Objects	1,847,482	1,604,515	1,809,152	-0.2%	$2,195,000	$2,257,000	$2,281,000	$2,305,000	$2,329,000
4.500	*Total Expenditures*	$ 135,468,472	$ 138,424,270	$ 140,577,153	1.9%	$ 155,724,000	$ 161,110,000	$ 169,504,000	$ 178,870,000	$ 187,579,000
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 538,650	$ 564,846	$ 523,202	-1.3%	$395,000	$343,000	$343,000	$343,000	$187,000
5.020	Advances-Out	68,000	338,000	1,404,000	356.2%	100,000	100,000	100,000	100,000	100,000
5.040	*Total Other Financing Uses*	$ 606,650	$ 902,846	$ 1,927,202	81.1%	$ 495,000	$ 443,000	$ 443,000	$ 443,000	$ 287,000
5.050	*Total Expenditures and Other Financing Uses*	$ 136,075,122	$ 139,327,116	$ 142,504,355	2.3%	$ 156,219,000	$ 161,553,000	$ 169,947,000	$ 179,313,000	$ 187,866,000
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 3,426,521	$ (964,097)	$ 9,107,690	-586.4%	$ (1,522,000)	$ (5,072,000)	$ (12,632,000)	$ (21,041,000)	$ (28,646,000)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 95,746,539	$ 99,173,060	$ 98,208,963	1.3%	$ 107,316,653	$ 105,794,653	$ 100,722,653	$ 88,090,653	$ 67,049,653
7.020	*Cash Balance June 30*	$ 99,173,060	$ 98,208,963	$ 107,316,653	4.2%	$ 105,794,653	$ 100,722,653	$ 88,090,653	$ 67,049,653	$ 38,403,653
8.010	*Estimated Encumbrances June 30*	$ 3,467,167	$ 3,625,547	$ 4,451,458	13.7%	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 24,884,597	$ 26,855,059	$ 27,674,865	5.5%	$ 27,675,000	$ 27,675,000	$ 27,675,000	$ 27,675,000	$ 27,675,000
9.060	Property Tax Advances	4,528,500	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	29,413,097	26,855,059	27,674,865	-2.8%	27,675,000	27,675,000	27,675,000	27,675,000	27,675,000
15.010	*Unreserved Fund Balance June 30*	$ 66,292,796	$ 67,728,357	$ 75,190,330	6.6%	$ 74,119,653	$ 69,047,653	$ 56,415,653	$ 35,374,653	$ 6,728,653
	ADM Forecasts									
20.010	Kindergarten - October Count	856	851	761	-5.6%	797	761	796	796	796
20.015	Grades 1-12 - October Count	9,208	9,424	9,326	0.7%	9,514	9,707	9,853	9,999	10,085

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
October 25, 2021

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 2022 (July 1, 2021-June 30, 2022) is the first year of the five year forecast and is considered the baseline year.

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. **Coronavirus (COVID-19) Pandemic -** This five-year forecast update is prepared during a global pandemic. State of Ohio Office of Budget and Management reports indicate that the economy is healing, but the latest variant or future variants could create economic disruption. We are hopeful that the worst is behind us, but could reverse course if conditions deteriorate. This impacts assumptions in a number of areas:

   a. **State Foundation Funding –**At the outset of the COVID-19 pandemic in June 2020, facing a projected decline in total state resources, the Governor reduced the total educational budget, which amounted to a loss of $2.2 million, or 10% for our District in FY20. The legislature, through approval of the latest biennial state budget for 2022-2023, has since adopted a new state funding formula that provides additional resources to almost all districts. However it is clear that should the economy deteriorate, school funding will likely be impacted.

   b. **Local Tax Base, Property Values and Delinquencies –** Franklin County just completed a required triennial update to property values, and Worthington overall increased 15.5%. Residential home sales continue to be strong during the pandemic nationwide, especially strong in our District. The long term impact of COVID-19 on commercial property values and ability to pay, especially retail and office property, is a considerable risk. Senate Bill 57 was passed, allowing property owners (commercial) the ability to retroactively challenge the value of their property if it was negatively impacted due to COVID-19 or the state COVID-19 orders. This could create refunds owed by the District to those owners. We have estimated for some refunds, but it will be a long process through the Board of Revisions. We project delinquency rate for commercial property slightly above historic norms.

   c. **Academic Intervention Needs and Ongoing Virus Mitigation Costs –** The District has created a post-pandemic recovery plan, consisting of four key areas: social emotional well-being, academic achievement, culture and climate, and equity and accessibility. We anticipate increased costs associated with this plan, and are utilizing federal COVID relief funds for the majority of it, which extend to FY24. Unanticipated costs could, and likely will, arise and could lead to increased legacy costs after the expiration of federal funds. We believe services added will continue beyond federal funding and have accounted for reasonable amounts in this forecast.

II. **Enrollment –** Our enrollment has increased by over 1,200 students during the last decade (13%), and prior to COVID was projected to increase another 1,000 over the next five years. However, actual enrollment decreased in FY21 by 290 students, with half of those in PreK and K levels, and the other half choosing community schooling or home schooling. Enrollment so far for FY22 is up 239 students, and we assume our projected rate of growth prior to COVID will continue in future years. How COVID will impact births and housing turnover is unknown, and will likely be geographically variable. We will engage in an updated enrollment projection study when the time is appropriate.

III. **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. Federal tax laws now allow the use of 529 plans for K-12 tuition. Although the latest biennial state budget implemented a new school funding formula that directly funds these programs, rather than the former deduction-type methodology, they have the effect of lessening total state resources available to public school districts which could be used to fully fund the educational formula. Continued expansion or creation of programs such as these could expose the district to further reductions or lower access to state revenue not currently in this forecast.

IV. **Capital Replacements and Improvements –** This forecast assumes the majority of ongoing capital needs will continue to be accounted for, and separately funded, through future passages of bond or permanent improvement levies. Student technology devices are included in this forecast due to their critical need in educational delivery, but technology infrastructure costs, bus replacement cycles, and building infrastructure replacements (HVAC systems, roofs, etc.) are not. Failure of those future levies would result in increased operational costs.

Summary of Changes from the May 2021 Forecast

Fiscal Year 2021:
Cash balance for fiscal year 2021 ended the year $4.9 million higher than expected. Total revenue for fiscal year 2021 ended the year $1.6 million higher than projected, primarily due to a large commercial property valuation dispute settlement received at year end. Expenditures ended the year $3.3 million under budget primarily due to the use of federal COVID relief funds to offset Chromebook purchases and other pandemic related costs.

Fiscal Years 2022-2026 Projected Revenues:
We have made adjustments to revenue projections resulting in an increase of $12.3 million over the five year period. The majority of that increase ($7.1 million) is related to state funding and the new school funding formula. However, $3.1 million of that increase is offset by costs associated with our mental health specialists previously funded through the school wellness and success grant fund, now a part of the school funding formula. Thus our projected 5 year net increase as a result of the change in formula is $4 million.

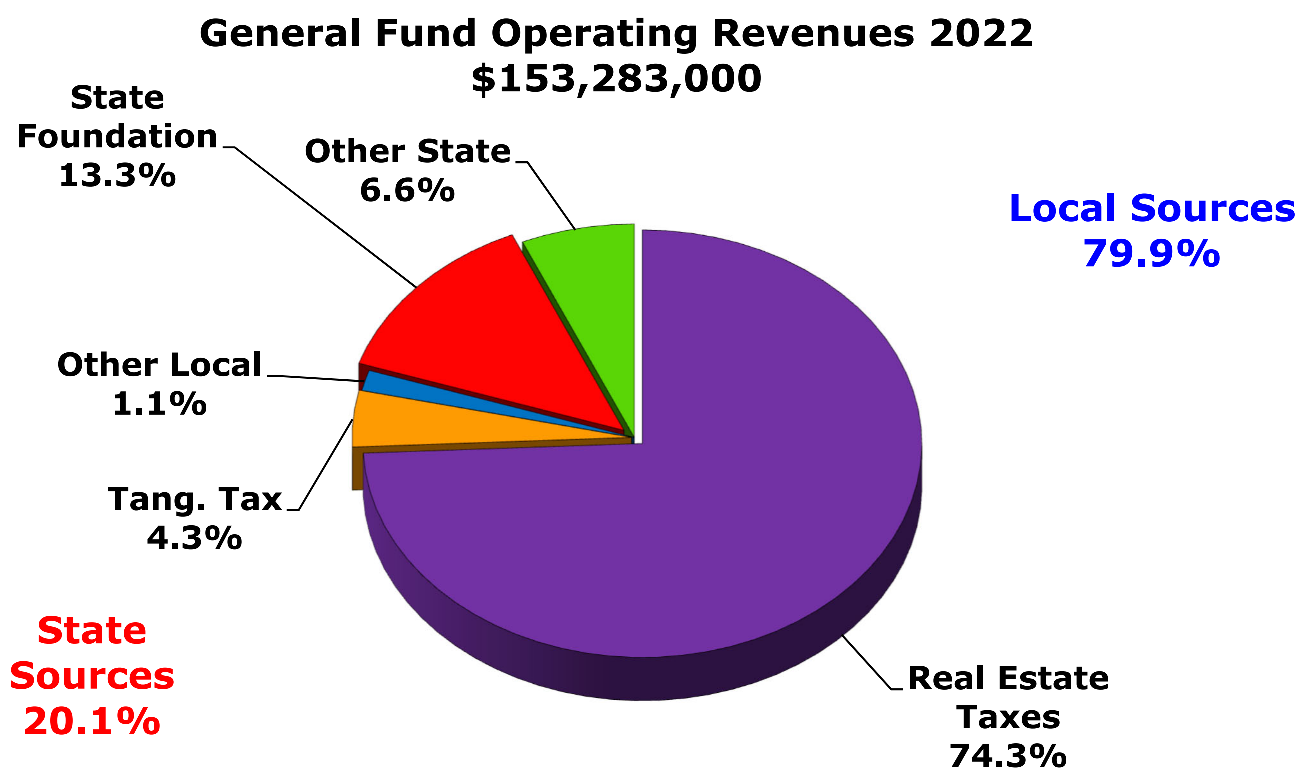
Expenditures:
We have made adjustments to expenditure projections resulting in a decrease of $2.1 million over the five year period. Wages have been reduced $2.8 million over the period due to efficiencies moving 6th grade to middle school, creating less of a staff increase than originally anticipated, over 20 retirements last year, and the use of federal COVID funds during the first few years of the forecast for some of the added positions. Benefits decreased $4.6 million due to a lower than projected health insurance increase for 2022 (2.9% compared to 8.0%). Other areas increased $5.3 million. $3.1 million of the increase is due to our mental health specialists

now being accounted for in the general fund as opposed to a grant fund which offsets our state revenue increase as mentioned above. Other areas include increases to utility costs related to increased air filtration in response to COVID, and rate increases for teacher substitutes due to a shortage in supply.

Ending Cash Balance:
These changes to revenue and expenditure assumptions result in an increase in projected cash balance June 30, 2025 from $47.6 million to $67.0 million.

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 TJ Cusick, Treasurer of Worthington City School District, at 614-450-6120.



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. The triennial valuation update, required to be performed by each county every three years between full reappraisal years, was completed for tax year 2020 (Collection 2021). Our district experienced an overall valuation increase of 15.5%, with commercial property coming in at 11% and residential property at 17%. The chart below illustrates this new assessed valuation at $2.4 billion, and projected valuation over the following four years assuming 0.5% growth for new residential and commercial construction and 3% growth for public utility values.

Estimated Assessed Property Valuations by Collection Year

Classification	Actual TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025
Res./Ag.	$1,835,049,030	$1,844,224,275	$1,853,445,397	$1,862,712,624	$1,872,026,187
Comm./Ind.	$519,930,650	$522,530,303	$525,142,955	$527,768,670	$530,407,513
Public Utility (PUPP)	$63,863,760	$65,779,673	$67,753,063	$69,785,655	$71,879,225
Total Assessed Value	**$2,418,843,440**	**$2,432,534,251**	**$2,446,341,414**	**$2,460,266,948**	**$2,474,312,925**

Estimated Real Estate Tax (Line #1.010)

Voters approved an incremental levy in November 2018, increasing rates 2.9 mills for collection year 2019 and an additional 2.0 mills each of the following three years for a total of 8.9 mills continuing permanently FY23 and beyond. Based upon updated property values and the phase in of that levy, the following chart illustrates projected real property tax collections:

	FY22	FY23	FY24	FY25	FY26
August Settlement	$52,907,000	$53,997,000	$54,290,000	$54,586,000	$54,884,000
February Settlement	59,024,000	60,967,000	61,300,000	61,634,000	61,970,000
August Delinquent	275,000	231,000	233,000	234,000	235,000
February Delinquent	1,654,000	1,794,000	1,804,000	1,814,000	1,824,000
Total General Property Taxes	**113,860,000**	**116,989,000**	**117,627,000**	**118,268,000**	**118,913,000**

Property tax levies are estimated to be collected at 97% of the annual amount and 3% delinquency factor, higher than historical averages (anticipating the impact of COVID). 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. No future additional levies are projected in this forecast, leading to flattening revenues beyond FY23 since we are a mostly developed community with little growth projected.

Estimated Tangible Personal Property Tax (Line #1.020)

	FY22	FY23	FY24	FY25	FY26
Public Utility Pers. Property	**$6,535,000**	**$6,813,000**	**$7,017,000**	**$7,228,000**	**$7,445,000**

The phase out of TPP taxes began in FY06 with HB66 that was adopted in June 2005. The amount remaining on Line #1.020 is tax revenue from public utilities' (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.

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

Source	FY22	FY23	FY24	FY25	FY26
Basic Foundation Aid	$18,006,000	$18,146,000	$18,327,000	$18,510,000	$18,695,000
Additional Aid Items	$1,135,000	$1,135,000	$1,135,000	$1,135,000	$1,135,000
Basic Aid-Subtotal	$19,141,000	$19,281,000	$19,462,000	$19,645,000	$19,830,000
Ohio Casino Commission ODT	$471,000	$471,000	$492,000	$523,000	$533,000
Total Unrestricted State Aid	**$19,612,000**	**$19,752,000**	**$19,954,000**	**$20,168,000**	**$20,363,000**

A) Basic Foundation Aid

House Bill 110, the fiscal years 2022-2023 biennial state budget, implemented a new funding formula for Ohio public school districts. It is commonly referred to as the fair school funding plan and represents the work of various stakeholders, including treasurers and superintendents, over a three year period. It includes an inputs-based methodology of determining an adequate base cost of educating a typical student and applies that against a revised state/local share mechanism (ratio) determined by both a district's property wealth and income levels. It also provides for several additional categorical funding components such as economically disadvantaged students, gifted students, and students with disabilities, English learners, and career technical education.

However, while the budget does not include a "cap" on funding growth as the old formula did, the legislature chose not to fully fund the new formula this biennium. Rather, they adopted a "phase-in" plan of 16.67% in FY22 and 33.33% in FY23, with no commitment beyond that. Based on this phased in approach, our District is expected to receive an additional $350,000 in state aid for FY22 compared to FY21 as well as an additional $150,000 in FY23, which is $1.5 million less than we would receive if the formula had been fully implemented this year. We will continue to advocate for fully funding the formula in the next biennium, but based on the legislature's open hesitancy to commit to fully funding it beyond this biennium, we are currently not projecting further phase in. The growth shown in this forecast is the result of the assumption of continued enrollment growth for our district, which will now provide for small increases in revenue since there is no longer a cap.

B) Additional Aid Items

Additional Aid items include special education funding for preschool and transportation, similar to prior years. 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 FY21 generated $42 per pupil, which equated to $437,000 for our District. This is down from pre-pandemic levels of $52, but not as low as originally projected. We expect a gradual rise back to pre-pandemic levels.

Restricted Grants-in-Aid (Line #1.040)

Source	FY22	FY23	FY24	FY25	FY26
Disadvantaged Pupil Impact Aid	$123,000	$123,000	$123,000	$123,000	$123,000
Career Tech	248,000	248,000	248,000	248,000	248,000
Medicaid/Catastrophic Aid	480,000	480,000	480,000	480,000	480,000
Total Restricted State Aid	**$851,000**	**$851,000**	**$851,000**	**$851,000**	**$851,000**

As previously mentioned, the new school funding formula provides several categorical funding components, required to be accounted for as restricted revenue used for specific purposes. These amounts are included here, and we anticipated they will continue in the same manner in future years. Note that we have $0 for gifted and EL and Wellness at this time since the details of the formula haven't been released, but we anticipate eventual funding in those lines. This will decrease the unrestricted line above dollar for dollar.

The District also participates in the Medicaid in Schools Program in which we bill the state for eligible services that are reimbursable under Medicaid. Catastrophic Aid includes state reimbursement for those special education costs that exceed an unusually large, state determined amount.

Property Tax Allocation (Line #1.050)

Source	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead	$10,055,000	$10,046,000	$10,036,000	$10,027,000	$10,018,000
TPP Reimbursement	$0	$0	$0	$0	$0
Total Prop. Tax Allocation	**$10,055,000**	**$10,046,000**	**$10,036,000**	**$10,027,000**	**$10,018,000**

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.

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. We received our last reimbursement in FY21.

Other Local Revenues (Line #1.060)

Source	FY22	FY23	FY24	FY25	FY26
Interest	$1,200,000	$800,000	$600,000	$500,000	$400,000
Participation Fees	120,000	120,000	120,000	120,000	120,000
Tuition, Charges, Class Fees	700,000	700,000	700,000	700,000	700,000
Other	350,000	350,000	350,000	350,000	350,000
Total Other Local Revenues	**$2,370,000**	**$1,970,000**	**$1,770,000**	**$1,670,000**	**$1,570,000**

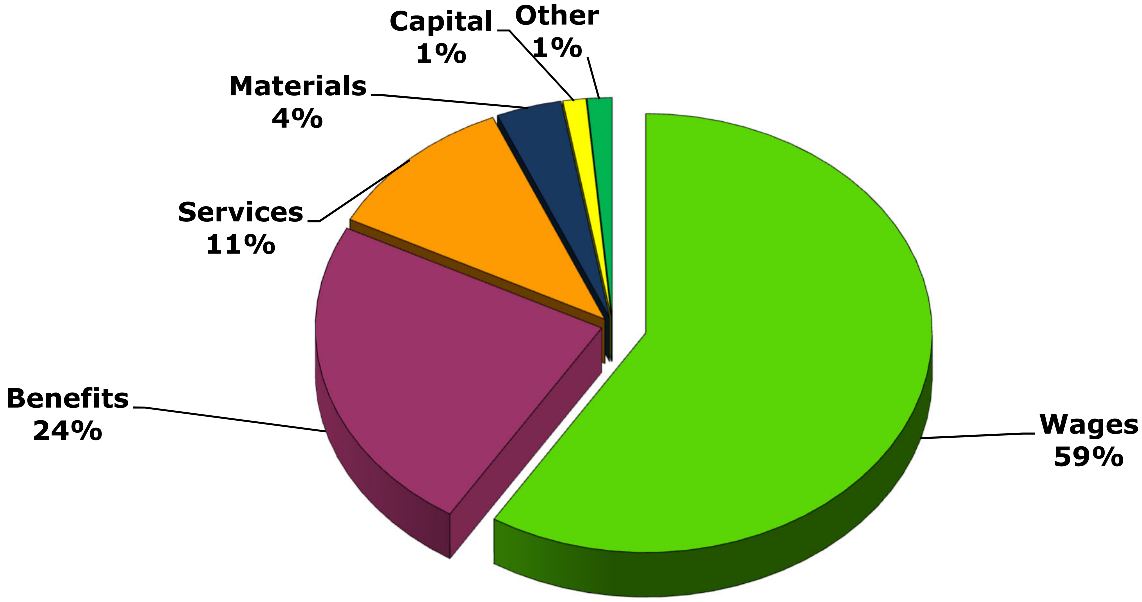
Interest income is generated on investments and will fluctuate based on market rates, which recently plummeted as a result of the COVID-19 pandemic (current overnight rate is 0.08% compared to 2.25% in October 2019), the overall market environment, and most significantly the cash position of the General Fund. We had a substantial portion of our portfolio laddered out pre-pandemic, but as those investments mature, reinvestment is a challenge. Participation 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, transportation field trip charges to outside entities and consumable classroom fees. We expect these to remain consistent. Other includes $250,000 annually of compensation payments from the City of Worthington for performance related to tax abatement agreements.

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

Source	FY22	FY23	FY24	FY25	FY26
Advance Returns	**$1,404,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
Refunds/Sale of Assets	**$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 (mainly federal reimbursement-type grant funds, with FY22 being unusually higher due to ESSER), sales of assets, and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

General Fund Operating Expenditures FY22 $155,724,000



Personal Services (Wages) (Line #3.010)

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	$86,911,000	$91,000,000	$95,850,000	$100,430,000	$104,990,000
Increases	1,945,000	2,017,000	2,162,000	2,202,000	2,136,000
Steps/Training	2,260,000	2,675,000	2,013,000	2,009,000	2,113,000
New/Replacement Staff	1,968,000	949,000	948,000	904,000	612,000
Severance	700,000	400,000	400,000	400,000	400,000
Retirements/Other	(2,084,000)	(791,000)	(543,000)	(555,000)	(567,000)
Total Wages Line 3.010	**$91,700,000**	**$96,400,000**	**$101,500,000**	**$106,500,000**	**$110,900,000**
# Full Time Equivalents					
Certificated	762.10	770.10	781.10	789.10	793.10
Classified	371.57	375.57	379.57	381.57	383.57
Administrative	53.00	53.00	53.00	54.00	54.00
Total	**1,186.67**	**1,198.67**	**1,213.67**	**1,224.67**	**1,230.67**
Projected Net Increase		12	15	11	6

The model reflects annual base wage increases of 2.25% for certified and classified staff members and 2.75% for administrators according to recently approved labor agreements, as well as annual step increases for experience.

The May forecast projected an increase of 31 staff members as we opened our new middle schools and transitioned 6th grade. However we were able to gain efficiencies with the move, and leveraged federal COVID relief funds, and only ended up adding 23 staff members. We also hired over 50 new teachers for FY22 (over 20 of which were due to retirements), creating significant savings. Future years' assumptions include additional staff to accommodate enrollment growth and are based on enrollment projections indicating 600 additional students during this forecast period, as well as the expiration of federal funds,. The new/replacement staff line includes the retirement replacements. Thus the net of the two lines “replacement staff” and “retirements/other” reflects the net cost of additional staff offset by savings from retirements.

Employees’ Retirement & Insurance Benefits (Line #3.020)

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

Source	FY22	FY23	FY24	FY25	FY26
STRS/SERS	$14,004,000	$14,728,000	$15,467,000	$16,191,000	$16,833,000
Insurance's	21,025,000	22,085,000	23,994,000	25,963,000	27,983,000
Workers Comp/Unemployment	351,000	342,000	360,000	378,000	393,000
Medicare	1,284,000	1,363,000	1,446,000	1,528,000	1,602,000
Other/Tuition	140,000	140,000	140,000	140,000	140,000
Total Benefits	**$36,804,000**	**$38,658,000**	**$41,407,000**	**$44,200,000**	**$46,951,000**

A) STRS/SERS Retirement Contributions

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	$12,254,000	$12,852,000	$13,609,000	$14,317,000	$14,975,000
Increases	272,000	282,000	303,000	308,000	299,000
Steps & Training	316,000	375,000	282,000	281,000	296,000
New District Staff	276,000	133,000	133,000	127,000	86,000
Pick Up	878,000	891,000	904,000	918,000	932,000
Retirement/Other	(292,000)	(111,000)	(76,000)	(78,000)	(79,000)
SERS Surcharge	300,000	306,000	312,000	318,000	324,000
Total Retirement Costs	**$14,004,000**	**$14,728,000**	**$15,467,000**	**$16,191,000**	**$16,833,000**

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. This line will increase as wages increase.

B) Insurance

Source	FY22	FY23	FY24	FY25	FY26
Base Costs	$18,529,000	$19,986,000	$21,346,000	$23,255,000	$25,224,000
New District Staff	428,000	216,000	270,000	198,000	108,000
H.S.A contributions	1,039,000	739,000	739,000	739,000	739,000
Insurance Trend Adjustment	1,029,000	1,144,000	1,639,000	1,771,000	1,912,000
Total Insurance Estimates	**21,025,000**	**22,085,000**	**23,994,000**	**25,963,000**	**27,983,000**

The district is self-insured for employee medical insurance, which allows the administration to manage the program in the most optimal manner. Claims have been running lower than anticipated for 2021, allowing the district to set premiums for 2022 at an increase of only 2.9% compared to previous projections of 8%. We assume 8% increases in future years which is in line with industry trend. Recent labor agreements include reduced employer health savings contributions, increased premium cost sharing rates for employees, and various plan design changes aimed at increasing employee education and responsibility of claim costs. Caps on the board’s exposure to future rate increases were also included.

C) Workers Compensation & Unemployment Compensation

Source	FY22	FY23	FY24	FY25	FY26
Workers Comp	$321,000	$337,000	$355,000	$373,000	$388,000
Unemployment	30,000	5,000	5,000	5,000	5,000
Total WC & UC Estimates	**$351,000**	**$342,000**	**$360,000**	**$378,000**	**$393,000**

The District is self-insured for workers compensation insurance, and the premium rate charged was reduced to 0.35% in FY22 as a result of continued low 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. The federal CARES Act provided some reimbursement to Districts to help offset the cost last year.

D) Medicare

Source	FY22	FY23	FY24	FY25	FY26
Base Costs	$1,255,000	$1,350,000	$1,432,000	$1,515,000	$1,593,000
New District Staff	29,000	13,000	14,000	13,000	9,000
Total Medicare Estimate	**1,284,000**	**1,363,000**	**1,446,000**	**1,528,000**	**1,602,000**

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.

Purchased Services (Line #3.030)

Source	FY22	FY23	FY24	FY25	FY26
Consulting/Legal (41x)	$2,137,000	$2,301,000	$2,270,000	$2,578,000	$2,755,000
Maintenance/Property (42x)	3,434,000	3,537,000	3,643,000	3,752,000	3,865,000
Utilities (441 & 45x)	2,784,000	2,693,000	2,849,000	3,009,000	3,174,000
Tuition to other Entities (47x)	3,723,000	3,909,000	4,104,000	4,309,000	4,524,000
Other Purchased Services	5,168,000	5,323,000	5,483,000	5,647,000	5,816,000
Total Purchased Services	**$17,246,000**	**$17,763,000**	**$18,349,000**	**$19,295,000**	**$20,134,000**

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.

Consulting/Legal now includes $630,000 for 7 of our 11 mental health specialists that were previously funded through school wellness and success funds in a separate grant. Maintenance and property includes $212,000 for leasing of modular units installed at five of our elementary locations. We anticipate continued leasing of the majority of these modular units through the life of this forecast based on continued increasing enrollment. We also anticipate increased cost to bus repairs as we expand our fleet by maintaining vehicles longer. Utilities include a projected increase of $250,000 for FY22 due to continuous operation of our HVAC filtering system in an effort to prevent the spread of disease. We also project an additional $75,000 annually for bandwidth expansion/connectivity. 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. College Credit Plus tuition costs are currently estimated at $0.7 million annually and projected to continue to grow. Special education placement costs also continue to increase.

Other purchased services include substitute teachers and contracted services from the Education Service Center of Central Ohio (ESCCO) totaling $2.3 million, an increase of $0.2 million. There is a critical shortage in the supply of substitute teachers and the district has increased the rate of pay in an effort to fill vacancies. This line also includes other consultants, professional development, contracted special needs transportation, and other services. We are estimating base increases of 3% annually for this area.

Supplies and Materials (Line #3.040)

Source	FY22	FY23	FY24	FY25	FY26
Supplies	**$5,748,000**	**$4,326,000**	**$4,143,000**	**$4,318,000**	**$4,994,000**

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, as well as $0.5 million of carryover of building unspent funds from the prior year. The majority of our PPE has been purchased through federal relief funds.

Capital Outlay (Line # 3.050)

Source	FY22	FY23	FY24	FY25	FY26
Equipment/Bldg. Improvements	$569,000	$586,000	$604,000	$622,000	$641,000
Technology	1,462,000	1,120,000	1,220,000	1,630,000	1,630,000
Total Capital Outlay	**$2,031,000**	**$1,706,000**	**$1,824,000**	**$2,252,000**	**$2,271,000**

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. Technology includes replacement of student Chrome books and PC's on a four year cycle. The forecast assumes all other major future capital needs, such as buses, tech infrastructure, and building systems replacements will be funded through a future bond or permanent improvement levy. We are hopeful that our technology purchases will be at least partially reimbursed through the Emergency Connectivity Fund announced this year as part of the federal American Rescue Plan Act, but have not included that reimbursement as it is not known at this time.

Other Objects (Line #4.300)

Source	FY22	FY23	FY24	FY25	FY26
County Tax Collection Fees	$1,742,000	$1,790,000	$1,800,000	$1,810,000	$1,819,000
County ESC	68,000	70,000	72,000	74,000	76,000
Other	385,000	397,000	409,000	421,000	434,000
Total Other Expenses	**$2,195,000**	**$2,257,000**	**$2,281,000**	**$2,305,000**	**$2,329,000**

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	FY22	FY23	FY24	FY25	FY26
Transfers Out (#5.010)	$395,000	$343,000	$343,000	$343,000	$187,000
Advances Out (#5.020)	100,000	100,000	100,000	100,000	100,000
Total Other Financing Uses	**$495,000**	**$443,000**	**$443,000**	**$443,000**	**$287,000**

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. Transfers out cover payments on energy conservation debt, which is paid via operational savings from decreased utility costs, as well as transfers to our food service fund to cover deficit student balances.

Encumbrances (Line#8.010)

	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances	**$4,000,000**	**$4,000,000**	**$4,000,000**	**$4,000,000**	**$4,000,000**

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.

Unencumbered Cash Balance, Reservations of Fund Balance, Ending Unreserved Balance

	FY22	FY23	FY24	FY25	FY26
Unencumbered Cash Balance	$101,794,653	$96,722,653	$84,090,653	$63,049,653	$34,403,653
Contingency Reserve	27,675,000	27,675,000	27,675,000	27,675,000	27,675,000
Unreserved Fund Balance	**$74,119,653**	**$69,047,653**	**$56,415,653**	**$35,374,653**	**$6,728,653**

The unencumbered cash balance must not go below $-0- or the district 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

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. Sixty days, or two months, of operating cash is a responsible minimum ending balance target according to the GFOA. The graph below illustrates expenditures exceeding revenues beginning this year, causing the unreserved balance to decrease and will trigger conversations of future levy needs and/or budget reductions.