WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2018, 2019 and 2020 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2021 THROUGH 2025

Forecast Provided By
Worthington City School District
Treasurer's Office
TJ Cusick, Treasurer/CFO
October 12, 2020

WORTHINGTON CITY SCHOOL DISTRICT
Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019, 2020
Forecasted Fiscal Year Ending June 30, 2021 through 2025

		Actual				Forecasted				
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
	Revenues									
1.010	General Property Tax (Real Estate)	$ 93,925,327	$ 98,600,412	$ 98,956,525	2.7%	$108,032,000	$113,243,000	$117,064,000	$117,524,000	$117,986,000
1.020	Tangible Personal Property	4,536,436	4,634,275	6,047,252	16.3%	$5,982,000	$6,286,000	$6,538,000	$6,734,000	$6,936,000
1.035	Unrestricted State Grants-in-Aid	18,665,033	18,970,126	16,737,883	-5.1%	$16,693,000	$16,367,000	$16,250,000	$16,129,000	$16,061,000
1.040	Restricted State Grants-in-Aid	786,746	860,028	941,499	9.4%	$740,000	$733,000	$728,000	$724,000	$720,000
1.050	Property Tax Allocation	14,293,173	13,112,165	11,997,907	-8.4%	$10,815,000	$9,985,000	$9,974,000	$9,963,000	$9,953,000
1.060	All Other Revenues	2,474,976	3,299,073	3,552,945	20.5%	$2,605,000	$1,755,000	$1,405,000	$1,305,000	$1,205,000
1.070	*Total Revenues*	$ 134,681,691	$ 139,476,079	$ 138,234,011	1.3%	$ 144,867,000	$ 148,369,000	$ 151,959,000	$ 152,379,000	$ 152,861,000
	Other Financing Sources									
2.050	Advances-In	$ 42,800	$ 17,700	$ 68,000	112.8%	$ 338,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
2.060	All Other Financing Sources	5,447	7,864	61,008	360.1%	$5,000	$5,000	$5,000	$5,000	$5,000
2.070	*Total Other Financing Sources*	$ 48,247	$ 25,564	$ 129,008	178.8%	$ 343,000	$ 55,000	$ 55,000	$ 55,000	$ 55,000
2.080	*Total Revenues and Other Financing Sources*	$ 134,729,938	$ 139,501,643	$ 138,363,019	1.4%	$ 145,210,000	$ 148,424,000	$ 152,014,000	$ 152,434,000	$ 152,916,000
	Expenditures									
3.010	Personal Services	$ 78,474,466	$ 84,201,316	$ 85,098,811	4.2%	$89,058,000	$93,554,000	$98,130,000	$102,914,000	$107,444,000
3.020	Employees' Retirement/Insurance Benefits	29,774,971	31,169,434	32,795,221	4.9%	$35,371,000	$37,703,000	$39,902,000	$42,665,000	$45,413,000
3.030	Purchased Services	12,262,688	12,898,268	14,021,660	6.9%	$16,225,000	$16,120,000	$16,847,000	$17,400,000	$17,972,000
3.040	Supplies and Materials	3,405,482	3,690,834	2,884,646	-6.7%	4,139,000	4,937,000	4,299,000	4,414,000	4,316,000
3.050	Capital Outlay	365,036	1,661,138	2,019,417	188.3%	2,232,000	1,675,000	2,235,000	1,909,000	1,938,000
4.300	Other Objects	1,777,632	1,847,482	1,604,515	-4.6%	$2,124,000	$2,230,000	$2,303,000	$2,324,000	$2,347,000
4.500	*Total Expenditures*	$ 126,060,275	$ 135,468,472	$ 138,424,270	4.8%	$ 149,149,000	$ 156,219,000	$ 163,716,000	$ 171,626,000	$ 179,430,000
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 2,809,677	$ 538,650	$ 564,846	-38.0%	$4,038,000	$328,000	$328,000	$328,000	$328,000
5.020	Advances-Out	17,700	68,000	338,000	340.6%	50,000	50,000	50,000	50,000	50,000
5.040	*Total Other Financing Uses*	$ 2,827,377	$ 606,650	$ 902,846	-14.9%	$ 4,088,000	$ 378,000	$ 378,000	$ 378,000	$ 378,000
5.050	*Total Expenditures and Other Financing Uses*	$ 128,887,652	$ 136,075,122	$ 139,327,116	4.0%	$ 153,237,000	$ 156,597,000	$ 164,094,000	$ 172,004,000	$ 179,808,000
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ 5,842,286	$ 3,426,521	$ (964,097)	-84.7%	$ (8,027,000)	$ (8,173,000)	$ (12,080,000)	$ (19,570,000)	$ (26,892,000)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 89,904,253	$ 95,746,539	$ 99,173,060	5.0%	$ 98,208,963	$ 90,181,963	$ 82,008,963	$ 69,928,963	$ 50,358,963
7.020	*Cash Balance June 30*	$ 95,746,539	$ 99,173,060	$ 98,208,963	1.3%	$ 90,181,963	$ 82,008,963	$ 69,928,963	$ 50,358,963	$ 23,466,963
8.010	*Estimated Encumbrances June 30*	$ 2,691,261	$ 3,467,167	$ 3,625,547	16.7%	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 21,763,480	$ 24,884,597	$ 26,855,059	11.1%	$ 27,675,000	$ 27,675,000	$ 27,675,000	$ 27,675,000	$ 27,675,000
9.060	Property Tax Advances	4,673,500	4,528,500	-	-51.6%	-	-	-	-	-
9.080	*Subtotal*	26,436,980	29,413,097	26,855,059	1.3%	27,675,000	27,675,000	27,675,000	27,675,000	27,675,000
15.010	*Unreserved Fund Balance June 30*	$ 66,618,298	$ 66,292,796	$ 67,728,357	0.8%	$ 59,506,963	$ 51,333,963	$ 39,253,963	$ 19,683,963	$ (7,208,037)
	ADM Forecasts									
20.010	Kindergarten - October Count	713	856	851	9.7%	763	732	696	731	731
20.015	Grades 1-12 - October Count	9,114	9,208	9,424	1.7%	9,478	9,700	9,893	10,039	10,185

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
October 12, 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 2021 (July 1, 2020-June 30, 2021) 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 is filed in the midst of a health and financial struggle that encompasses our state, country and global economy. On March 14, 2020, schools in Ohio were ordered closed by the Ohio Department of Health, and that closure extended through the end of the 2019-20 school year. Much of the economy was shut down, and a rapid and significant economic deterioration ensued. While buildings remained closed, students continued to learn remotely. Expenditures for FY20 completed the year $2.8 million under budget primarily due to this closure.

   Restrictions eased in June and the economy appears to be slowly starting to recover based on recent OBM reports. School districts across the state are educating students under various remote, hybrid, and in person delivery models. We have made various assumptions throughout the forecast, indicated on the pages that follow, that are based on the most recent data available, but we recognize that we are living in an extremely fragile and uncertain time, and that the path of economic recovery hinges significantly on this coming fall and winter and avoiding another mass shutdown. 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 at the end of five years. 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. How long and when the recovery will take place is the most significant risk and uncertainty for every area in this forecast. From a very high level, the forecast is based on the assumption that the economy will continue to slowly recover, as outlined in the August OBM financial report, that our commercial tax base may experience short term increases in delinquencies but rebound quickly, and most significantly, that another shut down does not occur.

   a. **State Foundation Funding –** Prior to COVID, the 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 budget froze all districts at FY19 levels for both FY20 and FY21. Thus, although student enrollment increased over the past several years, we receive very little increase in formula funding. This amounts to shortfall of $6-9 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. Due to the COVID pandemic and a strain on total state resources, the Governor reduced the total educational budget at the end of FY20, which amounted to a loss of $2.2 million, or 10% for our District. He has indicated his desire to not cut school funding beyond that, and we are currently being funded at the post-cut end of FY20 level. Based on latest OBM revenue reports and projections, we are estimating funding does continue at that level, but recognize the possibility of another 10% or more cut for FY21 and future years should state revenues deteriorate further.

b. **Local Tax Base, Property Values and Delinquencies –** Franklin County just completed a required triennial update to property values, and Worthington overall is projected to increase 16%. Residential home sales continue to be strong during the pandemic nationwide, especially strong in our District. We have included these updated values in this forecast conservatively, anticipating some degree of property owner disputes. The long term impact of COVID on commercial property values and ability to pay, especially retail and office property, is a considerable risk. We have increased the projected delinquency rate 1% for the next two calendar years, based on the most recent settlement report from the County, but depending on how fall and winter progress, delinquency could increase further.

II. **Enrollment –** Our enrollment has increased by over 1,200 students over the last decade (13%). 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. Due to the delay in the start of the current school year, our enrollment figures have not been finalized and are changing daily, but appear to be about even (no growth) with last year. How COVID will impact births and housing turnover is unknown, and we are engaging in conversations surrounding the appropriate time to conduct an updated enrollment study. The forecast assumes the projections included from the most recent enrollment study (2019), which indicated growth of an average of two hundred students annually during the next decade.

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. 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.

Summary of Changes from the May 2020 Forecast

Revenues:
We have made adjustments to revenue projections resulting in an increase to revenue projections totaling $11.0 million. Tax revenue projections increased $4.6 million, state foundation revenue projections increased $8.0 million, and interest income decreased $1.6 million over the five year period.

The tax revenue increase is a result of the denial of the County Auditor's request to delay reappraisal, assumed in the prior forecast, as well as higher than projected reappraisal increases (previously 10%, now 16%). This was offset by an increase in assumed delinquency rates for the next two years.

Our previous forecast projected an additional 10% ($2 million) decrease in state foundation funding for FY21 on top of the 10% reduction we received for FY20, and that we would be funded at that lower level for the life of the forecast. Latest OBM revenue reports illustrate revenues higher than projected in almost all areas, and the Governor has indicated his desire not to cut school funding further, thus we are projecting flat funding now at FY20 post cut level, which adds back $2 million per year from the previous forecast. Overnight interest rates have plummeted so we reduced interest revenue by $1.6 million.

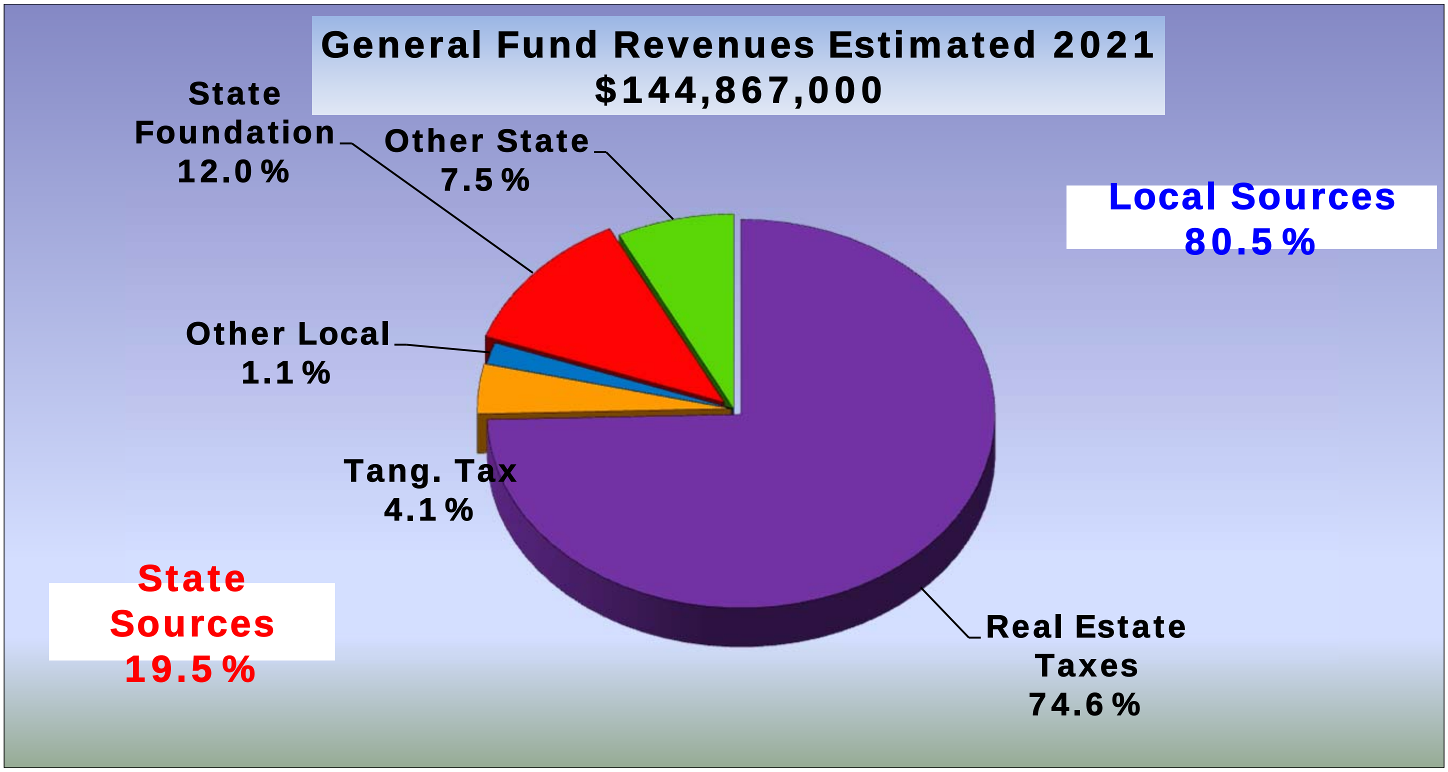
Expenditures:
We have made adjustments to expenditure projections resulting in a decrease of $17.4 million over the life of the forecast. We completed FY20 $2.8 million under budget, primarily due to the effects of the shutdown on wages and discretionary budgets. In response to reduced revenue projections, the Superintendent made budget reductions totaling $7.3 million over the life of the forecast, primarily through a modified hiring freeze. In addition, we had 20 retirements at the end of FY20, resulting in reduction of wages and benefits of $5 million over the forecast period and our medical insurance renewal for CY21 came in at 9.8% compared to a previously anticipated 12%, saving approximately $1 million. We still include 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. Most of our PPE related to the safe reopening of schools has been funded through $1.1 million in federal CARES Act funding. We have included the cost of our online option for parents, as well as estimated additional costs for special education services that might be needed during our remote and hybrid models this year.

Ending Cash Balance:
The changes to revenue and expenditure assumptions result in an increase in projected cash balance June 30, 2024 from $21.8 million to $50.3 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.

Revenue Assumptions
All Revenue Sources General Fund FY21



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. Preliminary data released from the triennial update required to be performed by each county, scheduled for tax year 2020 (Collection 2021), includes an overall increase of approximately 16% for our District. We have incorporated this increase into our projections for residential property, but have conservatively used 12% for commercial property assuming some will challenge the value.

Estimated Assessed Property Valuations by Collection Year

Classification	Estimated 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.	$1,821,691,464	$1,830,799,921	$1,839,953,921	$1,849,153,690	$1,858,399,459
Comm./Ind.	$528,029,253	$528,029,253	$528,029,253	$528,029,253	$528,029,253
Public Utility (PUPP)	$61,283,816	$63,122,330	$65,016,000	$66,966,480	$68,975,474
Total Assessed Value	**$2,411,004,533**	**$2,421,951,504**	**$2,432,999,174**	**$2,444,149,423**	**$2,455,404,186**

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:

	FY21	FY22	FY23	FY24	FY25
August Settlement	$48,237,000	$50,663,000	$53,535,000	$53,745,000	$53,956,000
February Settlement	57,969,000	60,641,000	61,500,000	61,742,000	61,985,000
August Delinquent	209,000	222,000	232,000	233,000	234,000
February Delinquent	1,617,000	1,717,000	1,797,000	1,804,000	1,811,000
Prior Year Advances taken	0	0	0	0	0
Current Year Advances Estimated	0	0	0	0	0
Total General Property Taxes	**$108,032,000**	**$113,243,000**	**$117,064,000**	**$117,524,000**	**$117,986,000**

Property tax levies are estimated to be collected at 97% of the annual amount. This allows 3% delinquency factor (higher than previous years 1.5-2%). 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. 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)

	FY21	FY22	FY23	FY24	FY25
Public Utility Pers. Property	**$5,982,000**	**$6,286,000**	**$6,538,000**	**$6,734,000**	**$6,936,000**

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	FY21	FY22	FY23	FY24	FY25
Basic Foundation Aid	$15,041,000	$14,801,000	$14,632,000	$14,458,000	$14,338,000
Additional Aid Items	$1,338,000	$1,200,000	$1,200,000	$1,200,000	$1,200,000
Basic Aid-Subtotal	$16,379,000	$16,001,000	$15,832,000	$15,658,000	$15,538,000
Ohio Casino Commission ODT	$314,000	$366,000	$418,000	$471,000	$523,000
Total Unrestricted State Aid	**$16,693,000**	**$16,367,000**	**$16,250,000**	**$16,129,000**	**$16,061,000**

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. At the end of FY20, due to the pandemic's impact on projected state revenues, the Governor reduced educational funding $775 million, which equated to a $2.2 million reduction to our District, or 10%. OBM issued revised state revenue projections in June, indicating over a $2 billion estimated shortfall. However, actual revenue for July and August have surprisingly exceeded even original estimates in almost all areas. Some of this is likely due to federal stimulus, increased unemployment income amounts, and spending preference shifts from non-taxable services to consumable household goods. The Governor has indicated his desire not to cut educational funding further and that we should expect to receive the same amount for FY21 as we did after the cut in FY20, which is included in this forecast. We acknowledge that if the economy sputters, or the virus creates the need for further closures in the fall and winter months, we could receive further reductions. However if the economy continues its recovery, there could be pressure to utilize the rainy day fund and restore some of the cuts to educational funding.

The reductions due to COVID further illustrate how far under-funded a capped district such as ours is. As the chart below illustrates, this results in an approximate $6.4 million annual shortfall in state funding compared to what the District should receive if the formula were fully funded, growing to $9 million as enrollment grows, community school deductions and scholarship amounts grow, but state funding remains flat.

	FY21	FY22	FY23	FY24	FY25
Capped Formula Aid	15,431,000	15,184,000	15,010,000	14,832,000	14,708,000
Uncapped Formula Aid	21,904,000	22,566,000	23,050,000	23,363,000	23,736,000
Difference	($6,473,000)	($7,382,000)	($8,040,000)	($8,531,000)	($9,028,000)

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

Source	FY21	FY22	FY23	FY24	FY25
Community/Stem Deduction	$1,500,000	$1,370,000	$1,384,000	$1,398,000	$1,412,000
Scholarship Deduction	$1,995,000	$2,184,000	$2,344,000	$2,508,000	$2,618,000
Total Deduction	$3,495,000	$3,554,000	$3,728,000	$3,906,000	$4,030,000
Community/Stem ADM	132	137	142	147	152
Scholarship ADM	99	104	109	114	119
Total ADM	231.00	241.00	251.00	261.00	271.00

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. Current year community school enrollment data is not yet available from ODE, but we have included approximately 20 additional students due to requests for transcripts we have received from online community schools.

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 with the exception of the growth supplement. 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	FY21	FY22	FY23	FY24	FY25
Economically Disadvantaged	$142,000	$135,000	$130,000	$126,000	$122,000
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**	**$733,000**	**$728,000**	**$724,000**	**$720,000**

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	FY21	FY22	FY23	FY24	FY25
Rollback and Homestead	$9,995,000	$9,985,000	$9,974,000	$9,963,000	$9,953,000
TPP Reimbursement	$820,000	$0	$0	$0	$0
Total Prop. Tax Allocation	**$10,815,000**	**$9,985,000**	**$9,974,000**	**$9,963,000**	**$9,953,000**

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	FY21	FY22	FY23	FY24	FY25
Interest	$1,600,000	$750,000	$400,000	$300,000	$200,000
Pay To Participate	130,000	130,000	130,000	130,000	130,000
Tuition and Charges	725,000	725,000	725,000	725,000	725,000
Other	150,000	150,000	150,000	150,000	150,000
Total Other Local Revenues	**$2,605,000**	**$1,755,000**	**$1,405,000**	**$1,305,000**	**$1,205,000**

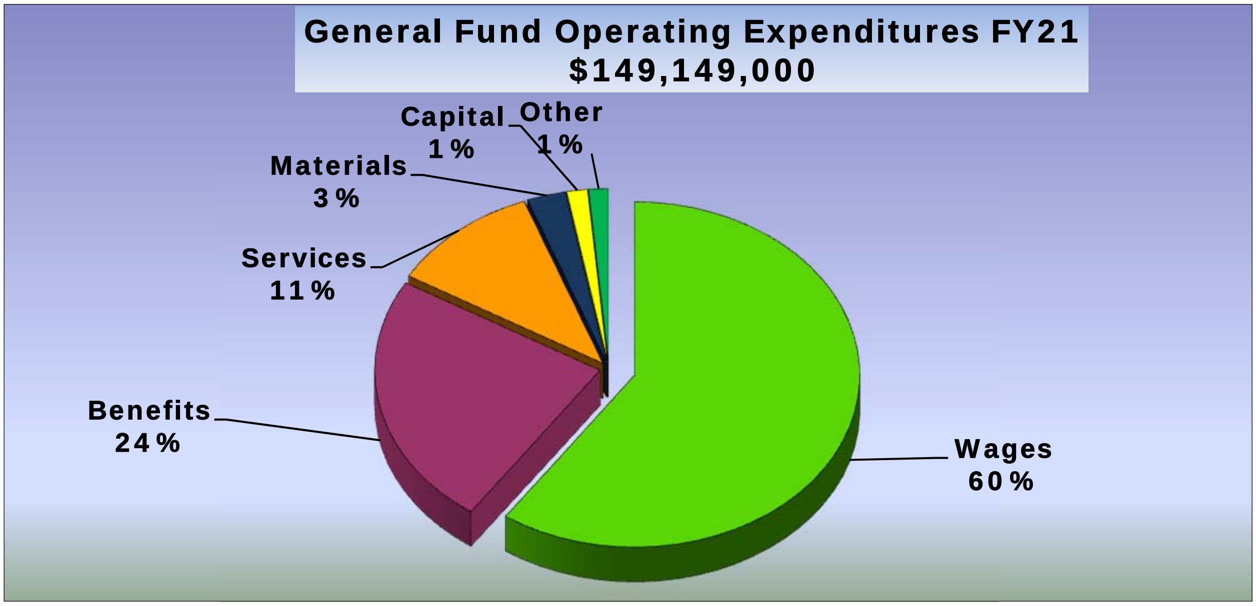
Interest income is generated on investments and will fluctuate based on market rates, which recently plummeted as a result of the COVID-19 pandemic (current overnight rate is 0.25% compared to 2.25% in October 2019), the overall market environment, and most significantly the cash position of the General 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, assuming activities do not get suspended again. 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	FY21	FY22	FY23	FY24	FY25
Advance Returns	**$338,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
Refunds/Sale of Assets	**$5,000**	**$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 FY21



Personal Services (Line #3.010)

Source	FY21	FY22	FY23	FY24	FY25
Base Wages	$84,445,000	$88,558,000	$93,079,000	$97,636,000	$102,396,000
Increases	1,900,000	1,743,000	2,094,000	2,197,000	2,304,000
Steps & Training or 3317.141 Performance	2,525,000	2,244,000	2,141,000	2,109,000	1,843,000
New/Replacement District Staff	1,279,000	1,284,000	853,000	997,000	908,000
Severance	500,000	400,000	400,000	400,000	400,000
Retirement/Other	(1,591,000)	(750,000)	(531,000)	(543,000)	(555,000)
Total Wages Line 3.010	**$89,058,000**	**$93,554,000**	**$98,130,000**	**$102,914,000**	**$107,444,000**
Employee Full Time Equivalents					
Certificated	757.88	769.88	777.88	788.88	796.88
Classified	354.88	362.88	366.88	370.88	372.88
Administrative	49.00	51.00	51.00	51.00	51.00
Total	**1,161.76**	**1,183.76**	**1,195.76**	**1,210.76**	**1,220.76**
Projected Net Increase (Decrease)		22	12	15	10

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

The new/replacement district staff line item for FY21 includes 20 retirees at the end of FY20, reducing FY21 wages approximately $1 million. No additional staff were added in FY21 due to the hiring freeze enacted by the Superintendent in response to projected revenue shortfalls, however we have estimated the potential need for additional labor related to special education and cleaning of buildings should the need arise during our hybrid learning model. We project 5 retirees at the end of every future 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 1,000 additional students 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	FY21	FY22	FY23	FY24	FY25
Base Wages	$11,907,000	$12,497,000	$13,137,000	$13,783,000	$14,459,000
Increases	266,000	244,000	293,000	308,000	323,000
Steps & Training	354,000	314,000	300,000	295,000	258,000
New District Staff	179,000	180,000	119,000	140,000	127,000
Pick Up	814,000	826,000	838,000	851,000	864,000
Retirement/Other	(223,000)	(105,000)	(74,000)	(76,000)	(78,000)
SERS Surcharge	300,000	306,000	312,000	318,000	324,000
Total Retirement Contributions	**$13,597,000**	**$14,262,000**	**$14,925,000**	**$15,619,000**	**$16,277,000**

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	FY21	FY22	FY23	FY24	FY25
Base Costs	$16,949,000	$18,583,000	$20,533,000	$22,301,000	$24,283,000
New District Staff	1,000	396,000	216,000	306,000	198,000
H.S.A contributions	1,250,000	1,050,000	750,000	750,000	750,000
Insurance Trend Adjustment	1,633,000	1,554,000	1,552,000	1,676,000	1,810,000
Total Insurance Estimates	**19,833,000**	**21,583,000**	**23,051,000**	**25,033,000**	**27,041,000**

The district is headed into the seventh 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. Annual increases of 7.14% and 4.2%, and 10.5% followed, and rates for 2021 were approved at an increase of 9.8%. We assume 8% increases to premium 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.

B) Workers Compensation & Unemployment Compensation

Source	FY21	FY22	FY23	FY24	FY25
Workers Comp	$356,000	$374,000	$393,000	$412,000	$430,000
Unemployment	200,000	30,000	5,000	5,000	5,000
Total WC & UC Estimates	**$556,000**	**$404,000**	**$398,000**	**$417,000**	**$435,000**

The District is self-insured for workers compensation insurance, and the premium rate charged was reduced 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	FY21	FY22	FY23	FY24	FY25
Base Costs	$1,226,000	$1,295,000	$1,376,000	$1,442,000	$1,507,000
New District Staff	19,000	19,000	12,000	14,000	13,000
Total Medicare Estimate	**1,245,000**	**1,314,000**	**1,388,000**	**1,456,000**	**1,520,000**

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	FY21	FY22	FY23	FY24	FY25
STRS/SERS	$13,597,000	$14,262,000	$14,925,000	$15,619,000	$16,277,000
Insurance's	19,833,000	21,583,000	23,051,000	25,033,000	27,041,000
Workers Comp/Unemployment	556,000	404,000	398,000	417,000	435,000
Medicare	1,245,000	1,314,000	1,388,000	1,456,000	1,520,000
Other/Tuition	140,000	140,000	140,000	140,000	140,000
Total Retirement/Insurance Benefits	**$35,371,000**	**$37,703,000**	**$39,902,000**	**$42,665,000**	**$45,413,000**

Purchased Services (Line #3.030)

Source	FY21	FY22	FY23	FY24	FY25
Consulting/Legal (41x)	$1,496,000	$1,541,000	$1,687,000	$1,638,000	$1,587,000
Maint., Repairs, Property (42x)	3,379,000	3,290,000	3,389,000	3,491,000	3,596,000
Utilities (441 & 45x)	2,533,000	2,534,000	2,685,000	2,841,000	3,001,000
Tuition to other Entities (47x)	3,773,000	3,402,000	3,572,000	3,751,000	3,939,000
Other Purchased Services	5,044,000	5,353,000	5,514,000	5,679,000	5,849,000
Total Purchased Services	**$16,225,000**	**$16,120,000**	**$16,847,000**	**$17,400,000**	**$17,972,000**

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 increased costs for FY21 related to needed bandwidth expansion and student hot spots due to the remote learning environment, as well as an estimated 10% increase to electric and gas due to constant operation of air handlers to help circulate air. An additional $75,000 annually for bandwidth expansion or connectivity if needed is included thereafter. 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 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. We have included $0.6 million related to the Ohio Online Learning Platform for approximately 900 students that elected the District's all online option due to COVID. We also have reserved $0.5 million for potential increased special education costs during the remote model.

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	FY21	FY22	FY23	FY24	FY25
Supplies	**$4,139,000**	**$4,937,000**	**$4,299,000**	**$4,414,000**	**$4,316,000**

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. The majority of our PPE has been purchased through the District's proportion of federal CARES Act funding ($1.1 million) and accounted for in a separate fund. We do not anticipate the need for significant continued PPE beyond this fiscal year.

Capital Outlay (Line # 3.050)

Source	FY21	FY22	FY23	FY24	FY25
Equipment & Building Improvements	$745,000	$767,000	$790,000	$814,000	$838,000
Technology	1,487,000	908,000	1,445,000	1,095,000	1,100,000
Total Capital Outlay	**$2,232,000**	**$1,675,000**	**$2,235,000**	**$1,909,000**	**$1,938,000**

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	FY21	FY22	FY23	FY24	FY25
County Auditor & Treasurer Fees	$1,642,000	$1,734,000	$1,792,000	$1,798,000	$1,805,000
County ESC	68,000	70,000	72,000	74,000	76,000
Other	414,000	426,000	439,000	452,000	466,000
Total Other Expenses	**$2,124,000**	**$2,230,000**	**$2,303,000**	**$2,324,000**	**$2,347,000**

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	FY21	FY22	FY23	FY24	FY25
Transfers Out (#5.010)	$4,038,000	$328,000	$328,000	$328,000	$328,000
Advances Out (#5.020)	50,000	50,000	50,000	50,000	50,000
Total Other Financing Uses	**$4,088,000**	**$378,000**	**$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)

	FY21	FY22	FY23	FY24	FY25
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	FY21	FY22	FY23	FY24	FY25
Contingency (Line 9.040)	$27,675,000	$27,675,000	$27,675,000	$27,675,000	$27,675,000
Tax Advances (Line 9.060)	0	0	0	0	0
Total Reservations (9.080)	**$27,675,000**	**$27,675,000**	**$27,675,000**	**$27,675,000**	**$27,675,000**

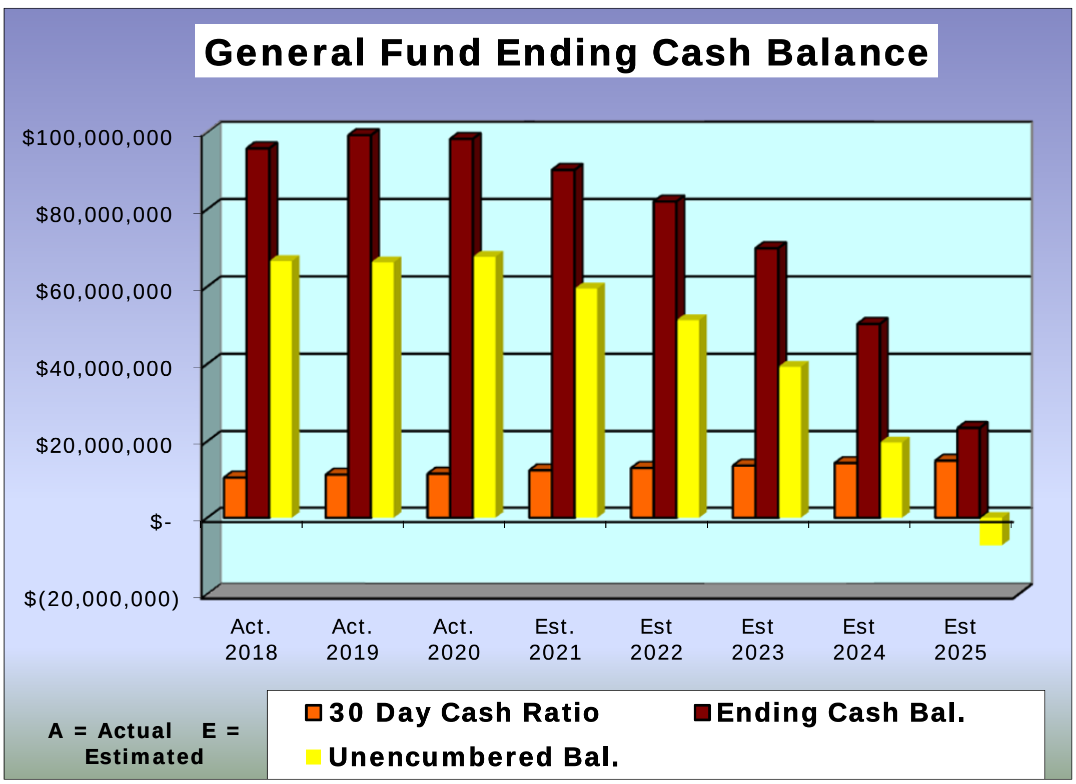
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through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

	FY21	FY22	FY23	FY24	FY25
Ending Unreserved Cash Balance	**$59,506,963**	**$51,333,963**	**$39,253,963**	**$19,683,963**	**($7,208,037)**

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.