

# Worthington City School District



General Fund

Five Year Forecast

July 1, 2021 Through June 30, 2026

October 25, 2021

Presented By TJ Cusick, CPA, Treasurer/CFO

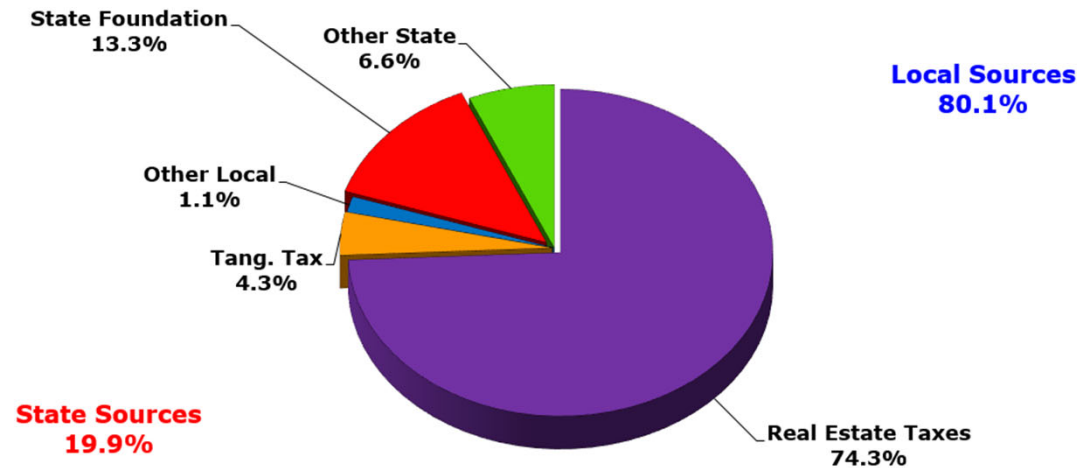
# Influences on this forecast

- New state funding formula and local economy
- Future of commercial property
- Enrollment & staffing/benefits
- Post COVID mitigation & federal resources



# Revenues

		Actual			Average Change	Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
<b>Revenues</b>										
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	<i>Total Revenues</i>	\$ 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



# Local Taxes Lines 1.01 & 1.02

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>			
May 2021	\$117.43	\$119.48	\$123.57	\$124.23	\$124.90	\$126.36			
Oct 2021	118.52	120.40	123.80	124.64	125.50	126.36			
Inc (Dec)	1.09	0.91	0.24	0.42	0.60	0.00		\$3.25	0.5%

- Last 2 mill increment from 2018 levy comes in 2022 (FY23), then revenue flattens
- Not much change from prior forecast (+\$3.25 million over 6 years):
  - Successful challenges to commercial property values
  - Continued strong collection rate
  - Set aside \$1 million for SB57 exposure
  - Low growth assumptions (0.5%)



# Major Overhaul of School Funding Formula

- Funds students directly where they are educated
- Replaced a fixed per pupil amount with a base cost per pupil based on actual costs and student needs (inputs driven)
- Changes state/local share mechanism to include not only property wealth but income levels to better determine a “capacity” to contribute locally
- Creates additional restricted categorical components

No longer a “CAP”  but rather a “PHASE IN”

	FY22	FY23
Fully Funded	\$20.99M	\$20.99M
Estimated Phase In	<u>\$19.51M</u>	<u>\$19.65M</u>
Difference	\$1.48M	\$1.34M



## State Aid Lines 1.035 & 1.04

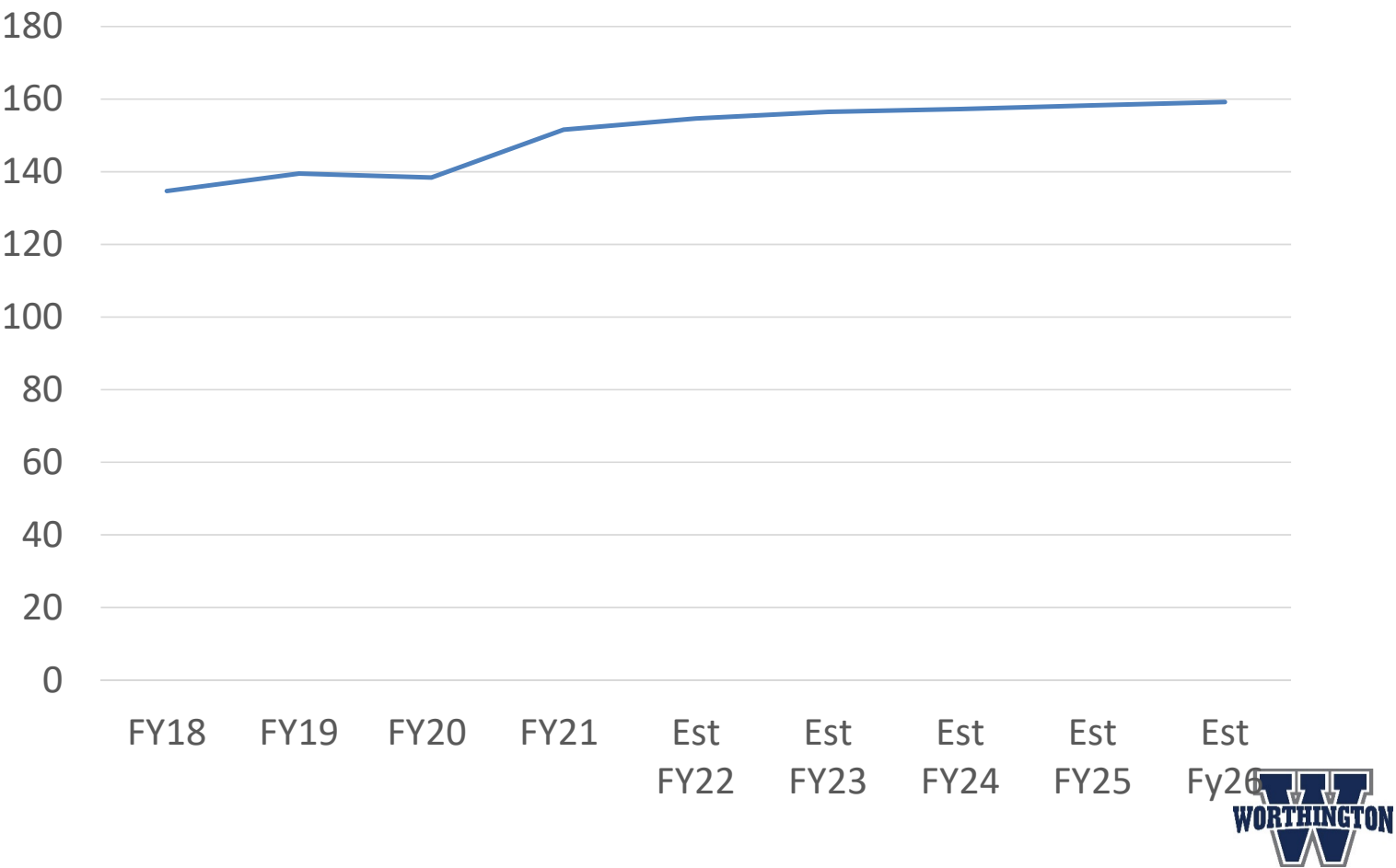
	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>			
May 2021	\$18.84	\$19.33	\$19.10	\$18.85	\$18.60	\$21.21			
Oct 2021	19.26	20.46	20.60	20.81	21.02	21.21			
Inc (Dec)	0.42	1.14	1.51	1.96	2.42	0.00		\$7.44	7.7%

While we are increasing gross revenue \$1.1 million in FY22 and \$1.5 million in FY23, the net increase is only \$0.36 and \$0.53 million in FY22 and FY23, respectively. It is a bit of a shell game. We end up with a 1.8% net increase in state funding.

	<u>FY22</u>	<u>FY23</u>
Gross Revenue Change	\$1.14M	\$1.51M
Wellness Funds	(\$0.63M)	(\$0.63M)
Charter/Scholarship Previous Assumed Growth	(\$0.15M)	(\$0.35M)
Net Cash Impact	+\$0.36M	+\$0.53M



# Total Projected Revenues



# Expenditures

		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
	<b>Expenditures</b>									
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	<i>Total Expenditures</i>	\$ 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
	<b>Other Financing Uses</b>									
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	<i>Total Other Financing Uses</i>	\$ 606,650	\$ 902,846	\$ 1,927,202	81.1%	\$ 495,000	\$ 443,000	\$ 443,000	\$ 443,000	\$ 287,000
5.050	<i>Total Expenditures and Other Financing Uses</i>	\$ 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

- 82% of our budget is salaries and benefits (insurance/retirement)





# Salary Changes From Prior Forecast

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>		
May 2021	\$87.26	\$92.79	\$97.33	\$102.08	\$106.77	\$110.90		
Oct 2021	86.86	91.70	96.40	101.50	106.50	110.90		
Save (Cost)	0.40	1.09	0.93	0.58	0.27	0.00	\$3.27	0.6%

- Reduction of \$3.27 million over 6 years:
  - 23 additional staff for current year compared to 31 estimated
    - Efficiency moving 6<sup>th</sup> grade and use of COVID relief funds
  - Over 20 retirements last year and a total of over 50 new teachers
- Future assumptions include negotiated base and step increases, as well as a total of 44 additional staff in the four outlying years based on enrollment growth (no change from previous assumptions)



# Enrollment

Grade	Actual 2012-13	Actual 2013-14	Actual 2014-15	Actual 2015-16	Actual 2016-17	Actual 2017-18	Actual 2018-19	Actual 2019-20	Actual 2020-21	Current 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Pre-K	211	242	246	259	275	309	317	355	253	268	268	268	268	268
K	768	763	733	732	737	713	856	851	761	797	761	796	796	796
1	760	802	809	766	765	778	768	892	833	815	779	741	780	780
2	713	761	813	823	768	737	764	775	867	844	870	836	797	834
3	725	695	764	836	817	749	735	770	744	859	859	886	850	811
4	708	719	696	773	837	818	760	753	736	766	886	885	910	876
5	692	705	717	703	767	815	814	758	726	751	756	876	877	903
6	753	685	705	724	716	764	821	822	733	731	761	762	886	886
7	690	750	703	724	730	747	776	841	803	751	754	781	787	913
8	705	681	745	714	738	753	751	805	830	821	762	765	798	795
9	712	722	713	769	725	740	755	755	796	832	833	776	778	810
10	634	719	705	723	771	722	756	763	731	799	851	851	795	795
11	665	615	720	695	709	747	738	745	747	747	799	846	847	789
12	671	678	611	748	722	744	770	745	780	798	797	848	894	893
Totals	9,407	9,537	9,680	9,989	10,077	10,136	10,381	10,630	10,340	10,579	10,736	10,917	11,063	11,149
Change	128	130	143	309	88	59	245	249	-290	239	157	181	146	86
Pre-COVID	9,407	9,537	9,680	9,989	10,077	10,136	10,381	10,630	10,892	11,083	11,240	11,421	11,567	11,653
Change									262	191	157	181	146	86



# Employment

Area	Employment		Percentage changes	
	2010	2020	2010-2020	2019-2020
<b>United States</b>	<b>127,820,442</b>	<b>139,106,969</b>	<b>8.8%</b>	<b>-6.1%</b>
<b>Ohio*</b>	<b>4,908,571</b>	<b>5,124,601</b>	<b>4.4%</b>	<b>-5.8%</b>
<b>Large MSAs</b>	<b>3,507,738</b>	<b>3,680,621</b>	<b>4.9%</b>	<b>-5.8%</b>
Akron MSA	302,277	303,224	0.3%	-6.0%
Cincinnati MSA (Ohio counties)	754,757	792,688	5.0%	-6.0%
Cleveland MSA	957,593	954,720	-0.3%	-7.0%
Columbus MSA	878,945	1,003,080	14.1%	-4.3%
Dayton MSA	343,868	353,285	2.7%	-5.3%
Toledo MSA	270,298	273,624	1.2%	-7.5%
<b>Small MSAs and rural</b>	<b>1,335,716</b>	<b>1,324,591</b>	<b>-0.8%</b>	<b>-6.0%</b>
Northwest	66,694	67,846	1.7%	-6.0%
West North Central	208,761	199,202	-4.6%	-7.1%
East North Central	104,588	112,198	7.3%	-5.7%
Northeast	437,089	418,812	-4.2%	-6.7%
West	258,549	264,971	2.5%	-5.8%
South	140,618	143,495	2.0%	-3.3%
Southeast	119,417	118,067	-1.1%	-5.9%
<b>Other MSAs</b>	<b>1,498,262</b>	<b>1,525,176</b>	<b>1.8%</b>	<b>-6.1%</b>
Canton MSA	154,303	155,490	0.8%	-6.1%
Cincinnati MSA (total)**	943,777	1,004,892	6.5%	-5.6%
Lima MSA	49,342	47,738	-3.3%	-4.8%
Mansfield MSA	50,650	46,582	-8.0%	-7.0%
Springfield MSA	47,239	44,470	-5.9%	-7.0%
Weirton-Steubenville MSA**	40,971	35,387	-13.6%	-6.4%
Youngstown MSA**	211,980	190,617	-10.1%	-8.0%

Source:  
Hannah  
News, On  
the Money,  
Aug. 2021

# Benefit Changes From Prior Forecast

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>			
May 2021	\$35.01	\$37.71	\$39.90	\$42.66	\$45.43	\$46.95			
Oct 2021	34.43	36.80	38.66	41.41	44.20	46.95			
Save (Cost)	0.58	0.90	1.24	1.25	1.23	0.00		\$5.20	2.4%

- Reduction of \$5.2 million over 6 years:
  - Medical insurance renewal at 2.9% increase compared to projected 8% = \$1M less
    - Plan design changes implemented in last negotiated agreement
      - Increased deductible, ER Copay, decreased H.S.A contribution, mail order
    - Lingering COVID impact
  - Lower wages = lower retirement and taxes
- Future assumptions include 8% annual trend for insurance



## Other Expenditure Areas

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>		
May 2021	\$22.98	\$25.60	\$25.12	\$25.69	\$26.59	\$29.73		
Oct 2021	19.28	27.22	26.05	26.60	28.17	29.73		
Save (Cost)	3.70	(1.62)	(0.93)	(0.91)	(1.58)	0.00	(\$1.35)	-1.0%

- Increase of \$1.35 million over 6 years (\$3.7M under in FY21)
  - \$630,000 wellness funds for mental health specialists
  - \$250,000 increase for utilities as we run our filters constantly and bring in fresh air
  - \$170,000 increase due to substitute teacher shortage
  - \$561,000 increase for building carryover (offsets FY21 under budget)





**Federal COVID Relief Funds (All 3 rounds total)**

	<u>Salaries</u>	<u>Benefits</u>	<u>Services</u>	<u>Supplies</u>	<u>Outlay</u>	<u>Total</u>
<b>Instructional:</b>						
Portion of Kplus teachers repurposed during hybrid	878,034	330,011	-	-	-	1,208,045
Portion of OOLP 20-21 Salaries and Benefits	693,384	109,901	-	-	-	803,285
Summer School/Intervention 21-22, 22/23,23/24	1,053,801	168,112	-	-	-	1,221,913
Summer School Transportation	50,000	8,000				58,000
Additional Reading/Math 21-22 Wilson Hill Title I	75,000	37,000				112,000
New TESOL Teacher FY22, 23, 24	180,000	60,000	-	-	-	240,000
Restore Extended Days Cut for 21-22 and 22-23	174,000	28,000				202,000
1 to 1 Chromebook initiative	-	-	-	-	1,190,674	1,190,674
4 Intervention Specialists FY22 & FY23	640,000	300,000				940,000
						5,975,917
DEI Champion Supplementals (45,000/yr 2 years)	90,000	16,000	-	-	-	106,000
3 additional Social Workers 21-22, 22-23 & 23-24			747,000			747,000
						853,000
Chromebook replacements FY22 and FY23	-	-	-	-	2,530,282	2,530,282
Other Academic Recovery if needed	50,000	8,000	108,000	50,000		216,000
Extracurricular officials			100,000			100,000
						2,846,282
<b>Facilities:</b>						
Tent/Table/Chair Rental High Schools			45,725			45,725
Wireless remote student access			152,917			152,917
Maintenance Services			58,164			58,164
PPE Supplies				348,273		348,273
PPE Equipment					79,973	79,973
Outdoor Learning Shelters					933,711	933,711
						1,618,763
	3,884,219	1,065,024	1,211,806	398,273	4,734,639	11,293,962

# Impact of Federal Relief Funds

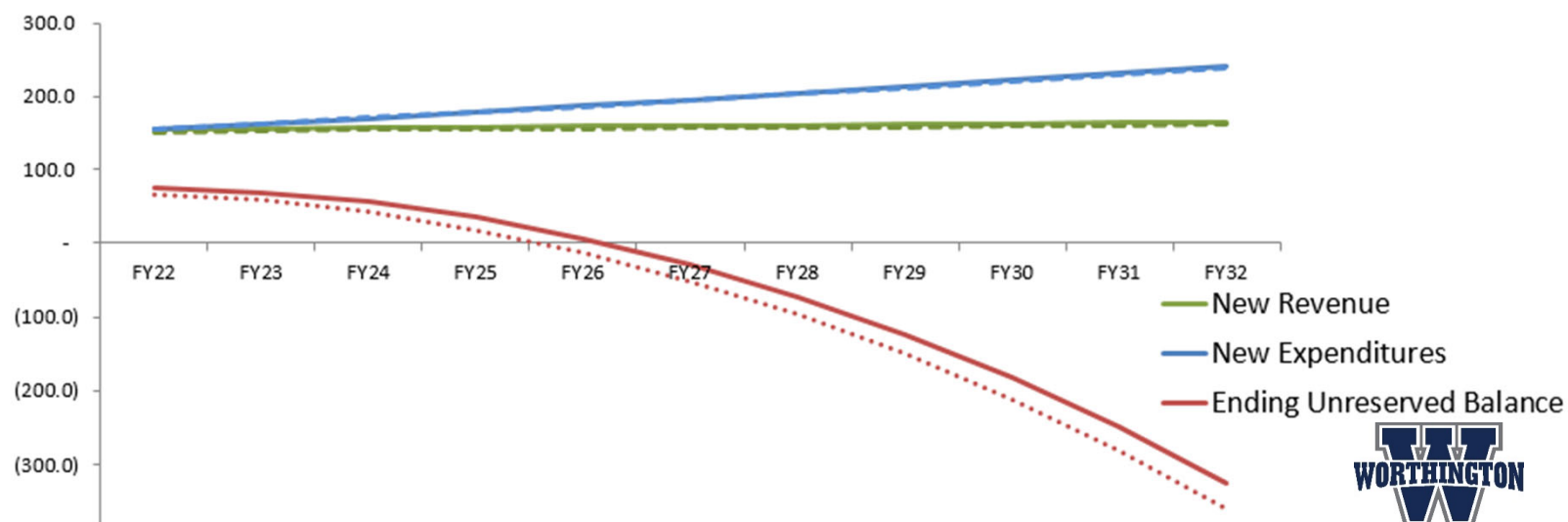
## Impact of ESSER on General Fund Assuming Continued Services/Plans

Position	FY22	FY23	FY24	FY25	FY26
<b>Wages:</b>					
Summer School				230,000	230,000
4 Intervention Specialists			348,000	365,000	383,000
Reading/Math		78,000	82,000	86,000	90,000
TESOL				69,000	72,000
Extended Days			87,000	91,000	96,000
DEI Supplementals				45,000	45,000
Benefits - Above Positions		32,480	182,720	271,760	276,560
Purchased Services - 3 Social Workers				240,000	252,000
<b>Funds Needing Recaptured to General Fund</b>		<b>110,480</b>	<b>699,720</b>	<b>1,397,760</b>	<b>1,444,560</b>



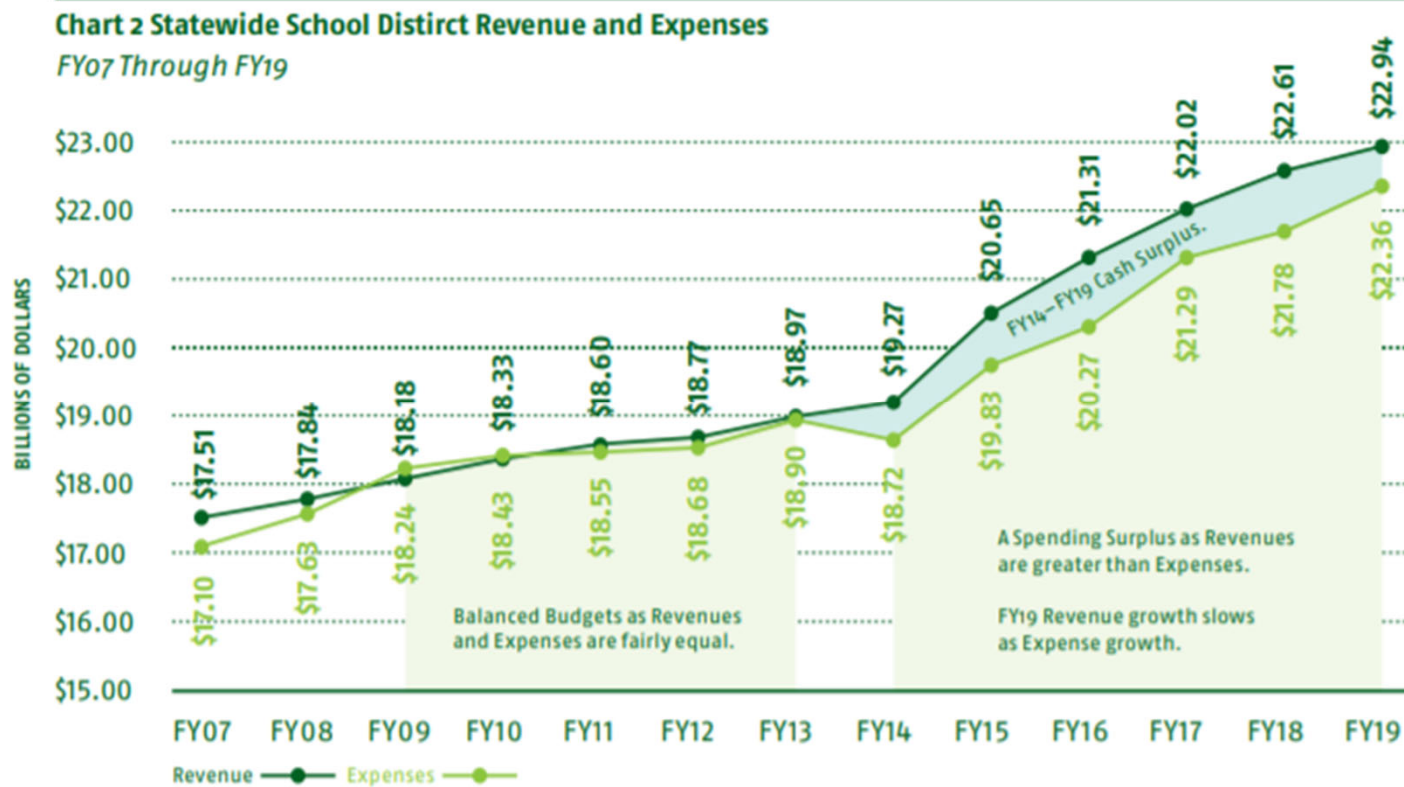
### Comparison of Prior Forecast to Revised Forecast, Assume no levies

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Total Revenue	154.7	156.5	157.3	158.3	159.2	160.2	161.2	162.2	163.2	164.2	165.2
Prior Revenue	150.6	154.3	154.6	154.9	155.9	156.9	157.9	158.9	159.9	160.9	161.9
Total Expenditures	156.2	161.6	169.9	179.3	187.9	195.9	204.4	213.2	222.1	231.7	241.8
Prior Expenditures	156.5	162.7	170.8	179.2	186.8	194.9	203.3	211.8	221.0	230.7	239.9
Surplus (Deficit)	(1.5)	(5.1)	(12.6)	(21.0)	(28.6)	(35.7)	(43.1)	(51.0)	(58.9)	(67.5)	(76.6)
Prior Surplus (Deficit)	(5.9)	(8.4)	(16.2)	(24.3)	(30.9)	(38.0)	(45.4)	(52.9)	(61.1)	(69.8)	(78.0)
Beginning Unreserved Balance	75.2	73.7	68.6	56.0	34.9	6.3	(29.4)	(72.6)	(123.5)	(182.4)	(249.9)
Prior Beginning	71.7	65.8	57.4	41.2	16.9	(14.0)	(52.0)	(97.4)	(150.3)	(211.4)	(281.2)
Ending Unreserved Balance	73.7	68.6	56.0	34.9	6.3	(29.4)	(72.6)	(123.5)	(182.4)	(249.9)	(326.5)
Prior ending	65.8	57.4	41.2	16.9	(14.0)	(52.0)	(97.4)	(150.3)	(211.4)	(281.2)	(359.2)





# Historical Picture

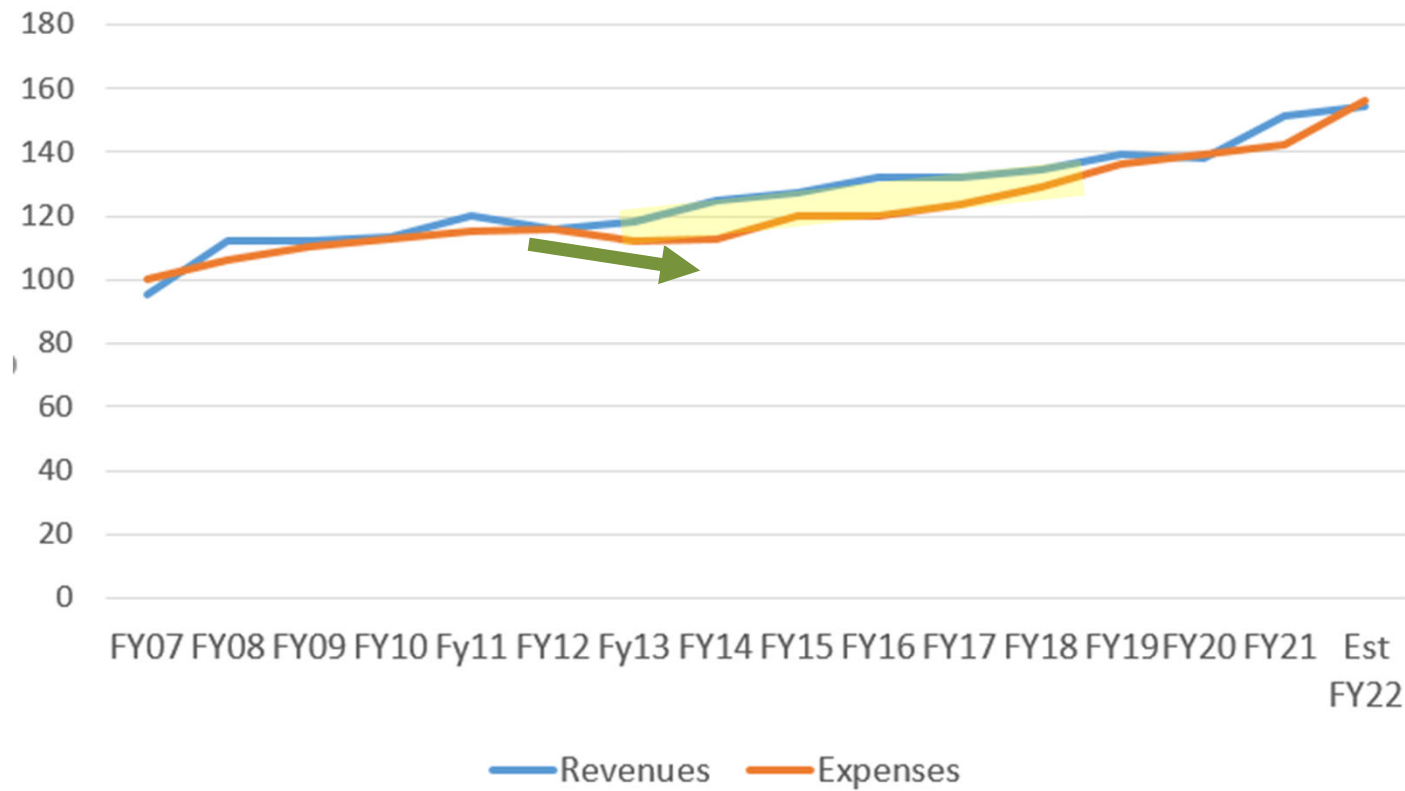


Source: OASBO SBO Quarterly, June 2020



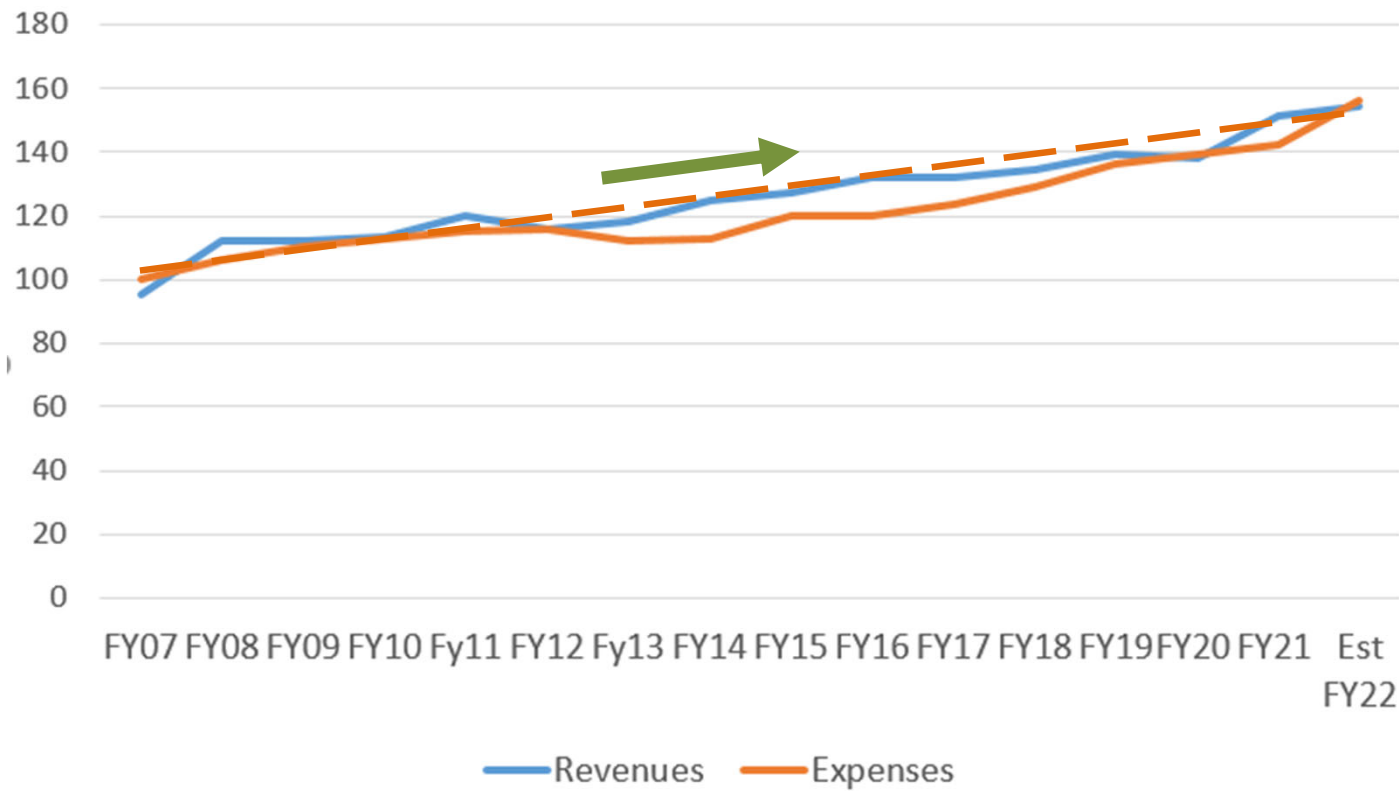
# Historical Picture

Worthington Revenues and Expenses



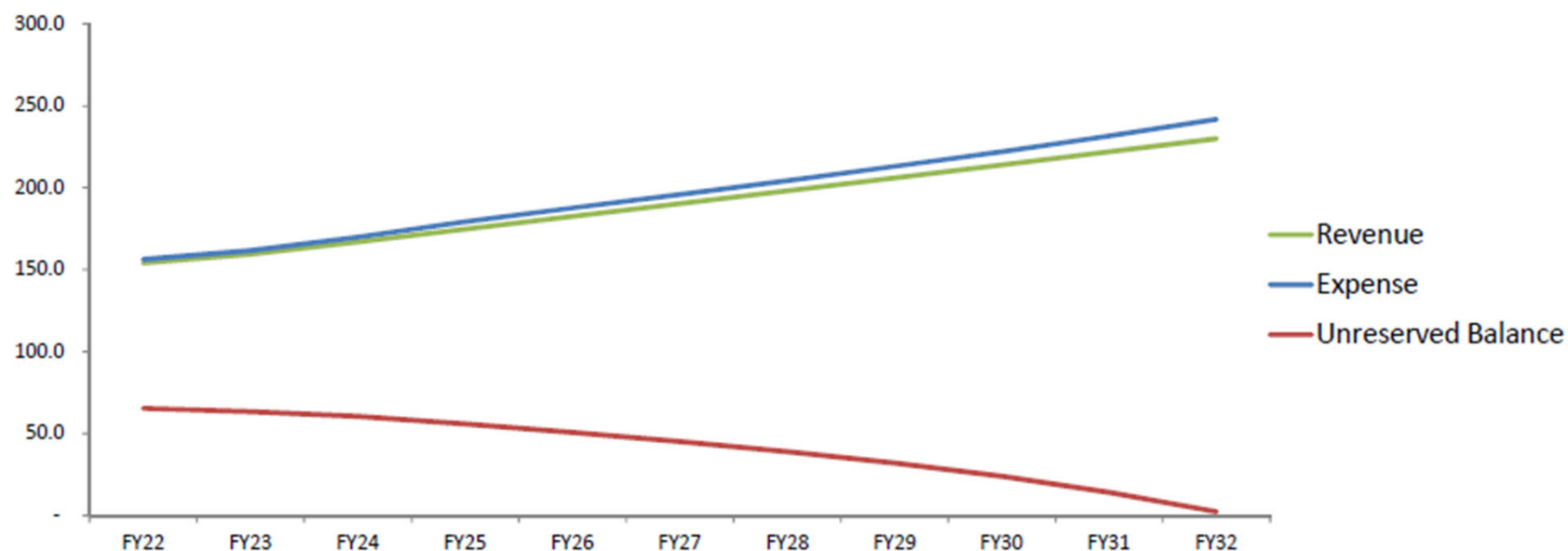
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Worthington Revenues and Expenses



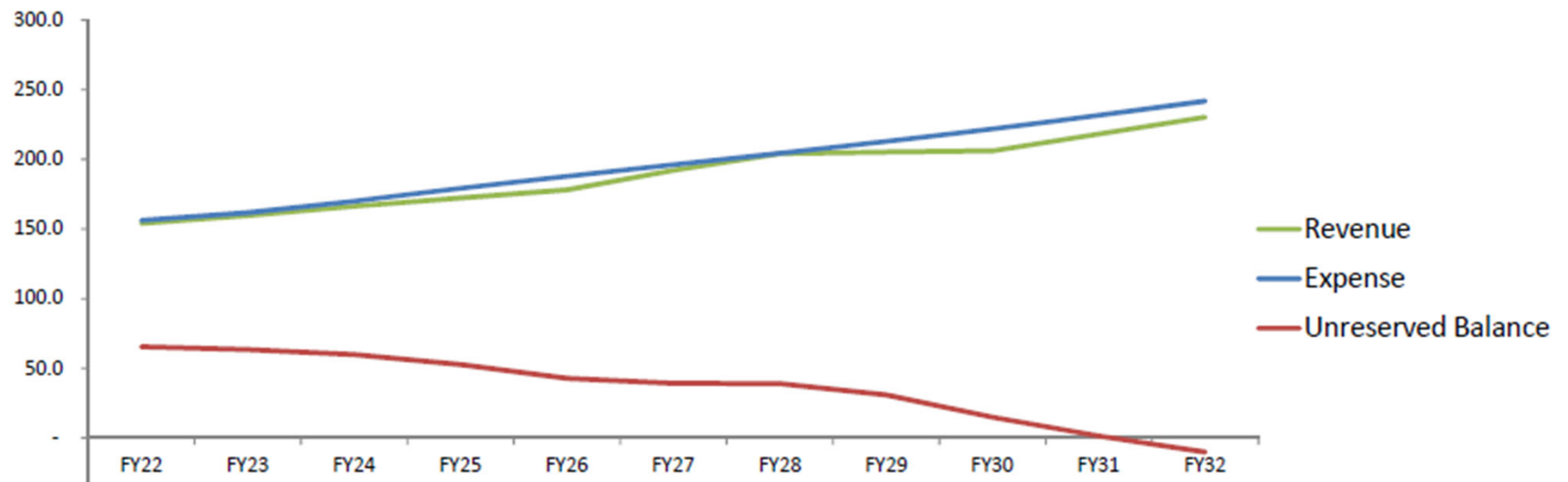
**"Balanced Scenario" - requires 2.8 mills annually beginning November 2022 (previously 2.9)**

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Total Revenue	154.1	159.4	167.1	174.8	182.6	190.4	198.3	206.1	214.0	222.0	229.9
Total Expenditures	<u>156.2</u>	<u>161.6</u>	<u>169.9</u>	<u>179.3</u>	<u>187.9</u>	<u>195.9</u>	<u>204.4</u>	<u>213.2</u>	<u>222.1</u>	<u>231.7</u>	<u>241.8</u>
Surplus (Deficit)	(2.1)	(2.1)	(2.9)	(4.5)	(5.3)	(5.5)	(6.1)	(7.0)	(8.0)	(9.8)	(11.9)
Beginning Unreserved Balance	67.5	65.4	63.2	60.4	55.8	50.6	45.0	38.9	31.9	23.8	14.1
Ending Unreserved Balance	65.4	63.2	60.4	55.8	50.6	45.0	38.9	31.9	23.8	14.1	2.2



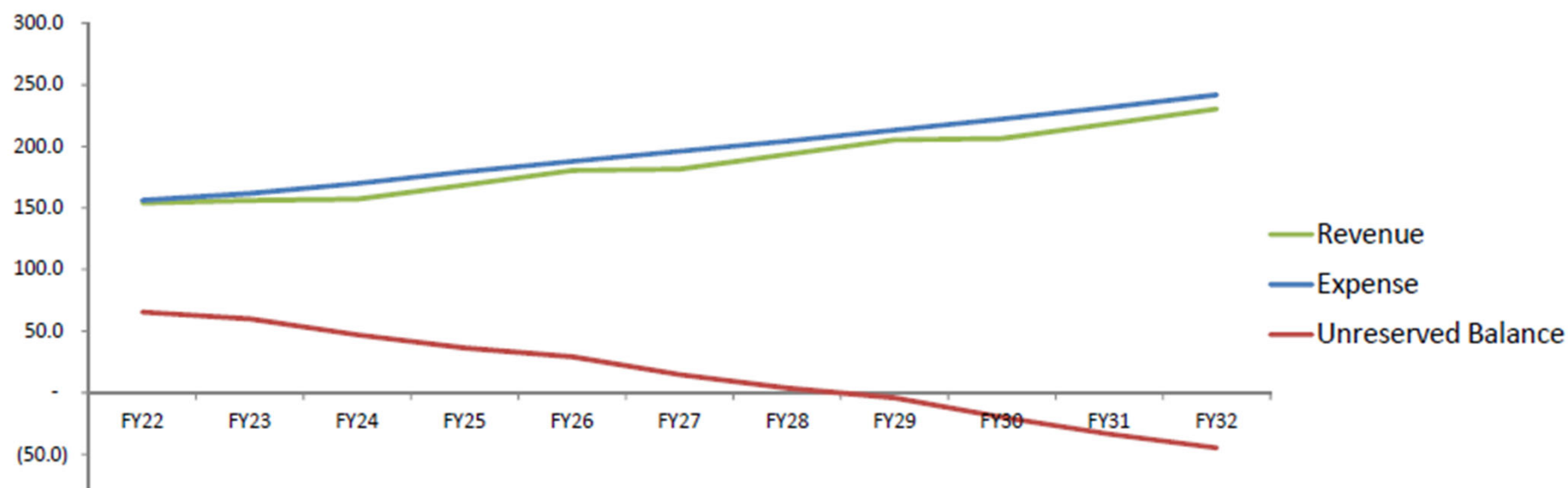
2.9+2+2+2 incremental in 2022 possible, but then a straight 8.9 mill levy every 3-4 years

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<i>Balanced Scenario Revenues</i>	<i>154.1</i>	<i>159.4</i>	<i>167.1</i>	<i>174.8</i>	<i>182.6</i>	<i>190.4</i>	<i>198.3</i>	<i>206.1</i>	<i>214.0</i>	<i>222.0</i>	<i>229.9</i>
Total Revenue	154.1	159.5	166.3	172.1	178.0	192.3	204.1	205.1	206.1	218.2	230.2
Total Expenditures	<u>156.2</u>	<u>161.6</u>	<u>169.9</u>	<u>179.3</u>	<u>187.9</u>	<u>195.9</u>	<u>204.4</u>	<u>213.2</u>	<u>222.1</u>	<u>231.7</u>	<u>241.8</u>
Surplus (Deficit)	(2.1)	(2.0)	(3.6)	(7.2)	(9.8)	(3.7)	(0.2)	(8.0)	(15.9)	(13.5)	(11.6)
Beginning Unreserved Balance	67.5	65.4	63.3	59.8	52.6	42.7	39.1	38.8	30.8	14.9	1.3
Ending Unreserved Balance	65.4	63.3	59.8	52.6	42.7	39.1	38.8	30.8	14.9	1.3	(10.3)



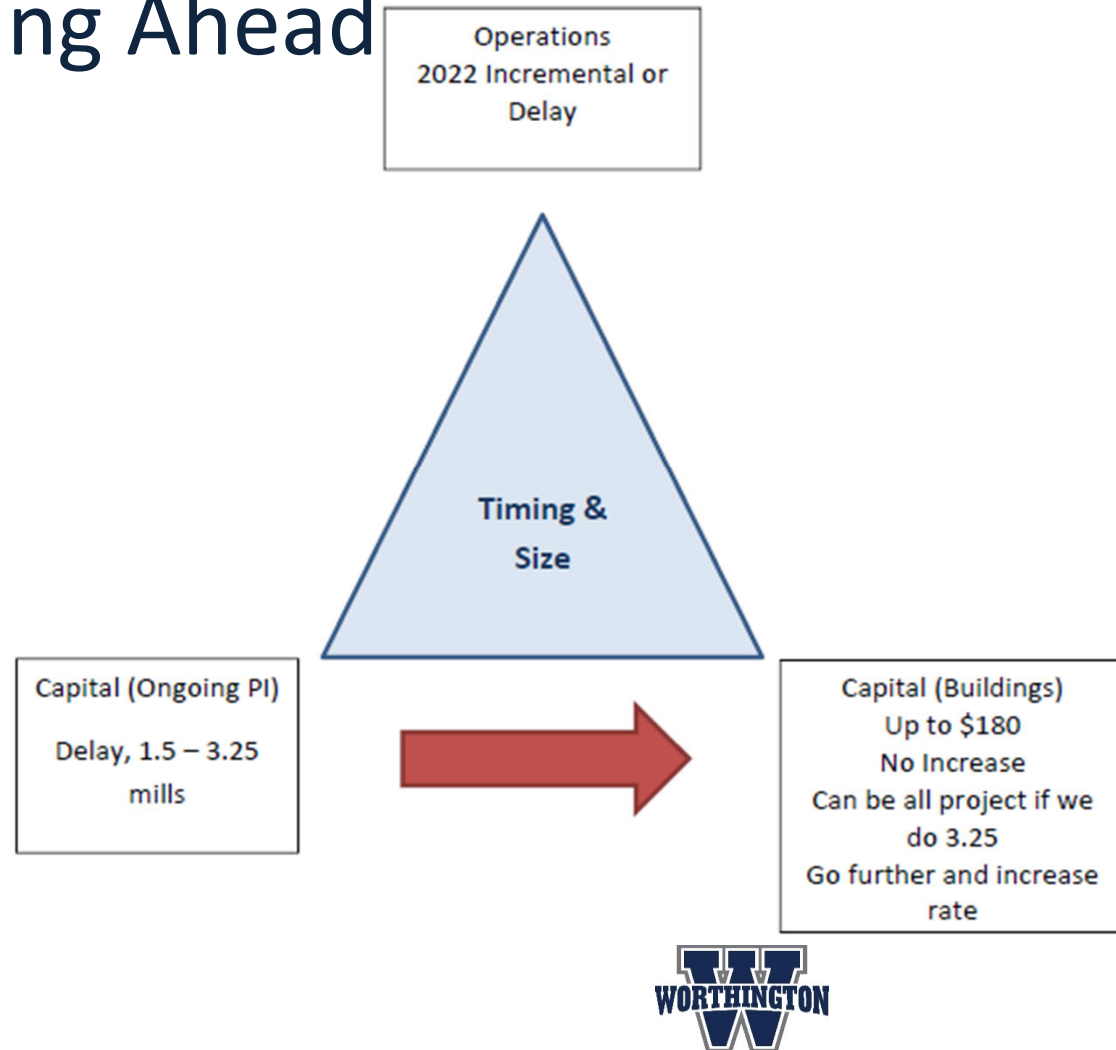
**Delay levy to Nov 2024, 8.9 mills straight every 3 years**

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<i>Balanced Scenario Revenues</i>	<i>154.1</i>	<i>159.4</i>	<i>167.1</i>	<i>174.8</i>	<i>182.6</i>	<i>190.4</i>	<i>198.3</i>	<i>206.1</i>	<i>214.0</i>	<i>222.0</i>	<i>229.9</i>
Total Revenue	154.1	156.1	157.0	168.7	180.5	181.5	193.4	205.3	206.3	218.4	230.4
Total Expenditures	<u>156.2</u>	<u>161.6</u>	<u>169.9</u>	<u>179.3</u>	<u>187.9</u>	<u>195.9</u>	<u>204.4</u>	<u>213.2</u>	<u>222.1</u>	<u>231.7</u>	<u>241.8</u>
Surplus (Deficit)	(2.1)	(5.5)	(12.9)	(10.6)	(7.4)	(14.4)	(11.0)	(7.9)	(15.8)	(13.4)	(11.4)
Beginning Unreserved Balance	67.5	65.4	59.9	46.9	36.3	29.0	14.5	3.6	(4.3)	(20.1)	(33.5)
Ending Unreserved Balance	65.4	59.9	46.9	36.3	29.0	14.5	3.6	(4.3)	(20.1)	(33.5)	(44.9)



# Looking Ahead

- Phase 2 facilities task force recommendation
- Gather community input through surveys
- Keep in mind the total ask, and the belief in reasonable levies at reasonable intervals
- Make a decision this spring



Questions?

