

# Worthington City School District



General Fund

Five Year Forecast

July 1, 2021 Through June 30, 2026

May 9, 2022

Presented By TJ Cusick, CPA, Treasurer/CFO

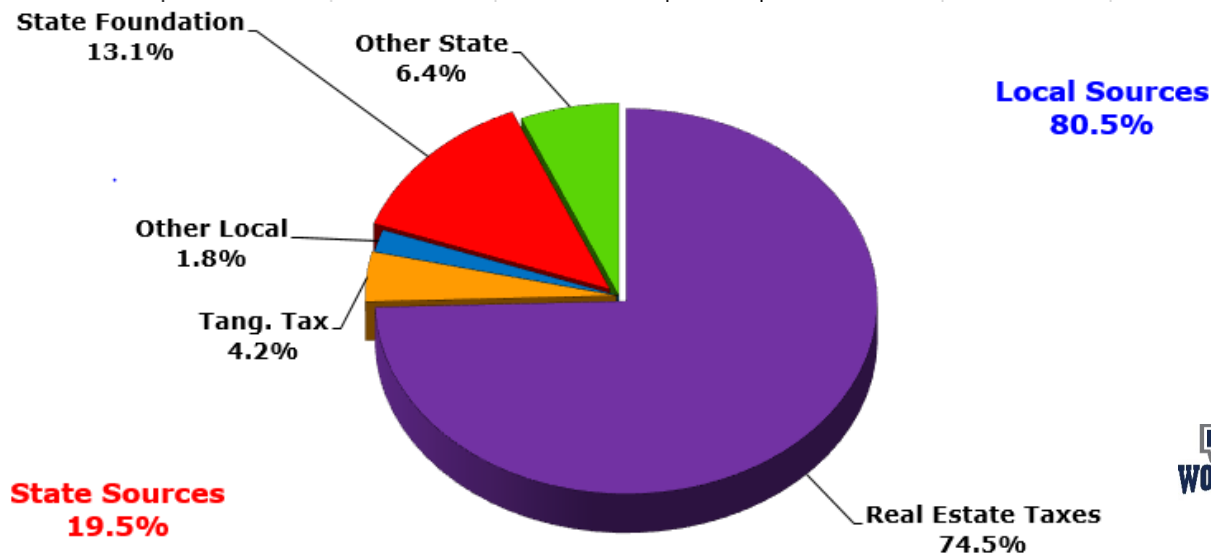
# May Update

- May is a required update to the October forecast
- Overall \$3.7 million positive change in cash balance after 5 years
- Changes to influencing factors include rapidly rebounded economy, both state and local, a rising interest rate environment in conjunction with high inflation, and a higher than average turnover of staff
- Risks in assumptions include COVID, rising rates and the impact on property values, enrollment projections, continued funding expansion of choice programs, and failure of future capital levies
- Already incorporated into numbers for levy presentation



# Operating Revenues

		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>Revenues</b>										
1.010	General Property Tax (Real Estate)	\$ 98,600,412	\$ 98,956,525	\$ 112,681,503	7.1%	\$118,000,000	\$116,128,000	\$117,566,000	\$118,206,000	\$118,850,000
1.020	Tangible Personal Property	4,634,275	6,047,252	5,836,150	13.5%	\$6,605,000	\$7,012,000	\$7,222,000	\$7,439,000	\$7,662,000
1.035	Unrestricted State Grants-in-Aid	18,970,126	16,737,883	18,185,324	-1.6%	\$18,506,000	\$18,973,000	\$19,156,000	\$19,341,000	\$19,528,000
1.040	Restricted State Grants-in-Aid	860,028	941,499	1,073,161	11.7%	\$2,244,000	\$2,280,000	\$2,296,000	\$2,312,000	\$2,328,000
1.050	Property Tax Allocation	13,112,165	11,997,907	10,864,135	-9.0%	\$10,071,000	\$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%	\$2,960,000	\$2,280,000	\$2,180,000	\$2,080,000	\$1,880,000
1.070	<b>Total Revenues</b>	<b>\$ 139,476,079</b>	<b>\$ 138,234,011</b>	<b>\$ 151,257,549</b>	<b>4.3%</b>	<b>\$ 158,386,000</b>	<b>\$ 156,719,000</b>	<b>\$ 158,456,000</b>	<b>\$ 159,405,000</b>	<b>\$ 160,266,000</b>



# Local Taxes Lines 1.01 & 1.02 (millions)

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>		
Oct. 2021	\$120.40	\$123.80	\$124.64	\$125.50	\$126.36		
May 2022	124.61	123.14	124.79	125.65	126.51		
Inc (Dec)	4.21	(0.66)	0.14	0.15	0.15	\$4.00	0.6%

- Last 2 mill increment from 2018 levy comes in collection year 2022 (FY23), then revenue flattens
- Current year revenue higher than anticipated due to one time factors:
  - Successful challenges to commercial property values
  - Higher than anticipated delinquent collections
- Set aside \$1 million for SB57 exposure, pushed from FY22 to FY23



## State Aid Lines 1.035 & 1.04 (millions)

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>		
Oct. 2021	\$20.46	\$20.60	\$20.81	\$21.02	\$21.21		
May 2022	20.75	21.25	21.45	21.65	21.86		
Inc (Dec)	0.29	0.65	0.65	0.63	0.64	\$2.86	2.7%

- Casinos reporting record profits, adds \$0.2 million per year
- Implementation data released by ODE projects \$0.4 million more next year than original LSC estimates related to the new funding formula
- We do not project the formula will continue to be phased in as requested next biennium (1/6<sup>th</sup> each year, or roughly \$0.6 million), leaving us approximately \$2.4 million under-funded per the new formula



## Other Revenues Lines 1.06, 2.05, 2.06 (Millions)

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>		
Oct. 2021	\$3.78	\$2.03	\$1.83	\$1.73	\$1.63		
May 2022	4.37	2.34	2.24	2.14	1.94		
Inc (Dec)	0.59	0.31	0.41	0.41	0.31	\$2.03	18.4%

- Federal reimbursement of FY20 wireless upgrades through ERATE Program
- Increased interest rate environment



# 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%	\$91,500,000	\$96,100,000	\$101,400,000	\$106,400,000	\$110,800,000
3.020	Employees' Retirement/Insurance Benefits	31,169,434	32,795,221	34,430,366	5.1%	\$36,006,000	\$38,052,000	\$40,851,000	\$43,627,000	\$46,379,000
3.030	Purchased Services	12,898,268	14,021,660	13,660,343	3.1%	\$18,075,000	\$18,699,000	\$19,355,000	\$20,377,000	\$21,294,000
3.040	Supplies and Materials	3,690,834	2,884,646	2,959,961	-9.6%	5,080,000	5,217,000	5,368,000	5,551,000	6,153,000
3.050	Capital Outlay	1,661,138	2,019,417	852,989	-18.1%	2,135,000	1,921,000	1,903,000	2,406,000	2,429,000
4.300	Other Objects	1,847,482	1,604,515	1,809,152	-0.2%	\$1,974,000	\$2,187,000	\$2,222,000	\$2,243,000	\$2,265,000
4.500	<b>Total Expenditures</b>	<b>\$ 135,468,472</b>	<b>\$ 138,424,270</b>	<b>\$ 140,577,153</b>	<b>1.9%</b>	<b>\$ 154,770,000</b>	<b>\$ 162,176,000</b>	<b>\$ 171,099,000</b>	<b>\$ 180,604,000</b>	<b>\$ 189,320,000</b>
	<b>Other Financing Uses</b>									
5.010	Operating Transfers-Out	\$ 538,650	\$ 564,846	\$ 523,202	-1.3%	\$410,000	\$343,000	\$343,000	\$343,000	\$187,000
5.020	Advances-Out	68,000	338,000	1,404,000	356.2%	85,000	100,000	100,000	100,000	100,000
5.040	<b>Total Other Financing Uses</b>	<b>\$ 606,650</b>	<b>\$ 902,846</b>	<b>\$ 1,927,202</b>	<b>81.1%</b>	<b>\$ 495,000</b>	<b>\$ 443,000</b>	<b>\$ 443,000</b>	<b>\$ 443,000</b>	<b>\$ 287,000</b>
5.050	<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 136,075,122</b>	<b>\$ 139,327,116</b>	<b>\$ 142,504,355</b>	<b>2.3%</b>	<b>\$ 155,265,000</b>	<b>\$ 162,619,000</b>	<b>\$ 171,542,000</b>	<b>\$ 181,047,000</b>	<b>\$ 189,607,000</b>

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



## Wages Line 3.010 (millions)

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	
Oct. 2021	\$91.70	\$96.40	\$101.50	\$106.50	\$110.90	
May 2022	91.50	96.10	101.40	106.40	110.80	
Inc (Dec)	0.20	0.30	0.10	0.10	0.10	\$0.80 0.2%

- Reduction of \$0.8 million over 5 years:
  - Current year additional staff offset partly offset by higher turnover in hourly staff
  - We now anticipate 20 retirements at the end of this year compared to 5 previously
  - 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 of 600 students (no change from previous assumptions)





# Enrollment

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Current	Projected	Projected	Projected	Projected
Grade	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Pre-K	211	242	246	259	275	309	317	355	253	337	337	337	337	337
K	768	763	733	732	737	713	856	851	761	800	764	799	799	799
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	851	877	843	804	841
3	725	695	764	836	817	749	735	770	744	858	858	885	849	810
4	708	719	696	773	837	818	760	753	736	775	895	894	919	885
5	692	705	717	703	767	815	814	758	726	753	758	878	879	905
6	753	685	705	724	716	764	821	822	733	726	756	757	881	881
7	690	750	703	724	730	747	776	841	803	749	752	779	785	911
8	705	681	745	714	738	753	751	805	830	829	770	773	806	803
9	712	722	713	769	725	740	755	755	796	837	838	781	783	815
10	634	719	705	723	771	722	756	763	731	786	838	838	782	782
11	665	615	720	695	709	747	738	745	747	731	783	830	831	773
12	671	678	611	748	722	744	770	745	780	782	781	832	878	877
Totals	9,407	9,537	9,680	9,989	10,077	10,136	10,381	10,630	10,340	10,629	10,786	10,967	11,113	11,199
Change	128	130	143	309	88	59	245	249	-290	289	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

- 50 students higher than fall, mainly pre-k



## Benefits Line 3.020 (millions)

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>		
Oct. 2021	\$36.80	\$38.66	\$41.41	\$44.20	\$46.95		
May 2022	36.01	38.05	40.85	43.63	46.38		
Save (Cost)	0.80	0.61	0.56	0.57	0.57	\$3.11	1.5%

- Reduction of \$3.1 million over 5 years:
  - Lower wages reduces retirement contributions and employer taxes
  - Plan design changes implemented in last negotiated agreement resulted in less H.S.A. contributions than originally anticipated
  - Turnover of staff
- Future assumptions include 8% annual trend for insurance



## Other Expenditure Areas

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	
Oct. 2021	\$27.22	\$26.05	\$26.60	\$28.17	\$29.73	
May 2022	27.26	28.02	28.85	30.58	32.14	
Save (Cost)	(0.04)	(1.97)	(2.25)	(2.41)	(2.41)	(\$9.09) -6.6%

- Increase of approximately \$2 million per year:
  - \$0.5 million in fuel costs and \$0.5 million in maintenance costs due to price increases
  - \$0.3 million in substitute teacher costs due to shortage of supply
  - \$0.2 million in tuition to DACC related to change in funding formula
  - \$0.3 million for utility increases related to increased air flow as well as recent PUCO rate increases (we lock in the commodity but can't lock in transmission)
- Current year we were able to utilize COVID relief funds to offset other areas
- We estimate 3-5% inflationary increases long term



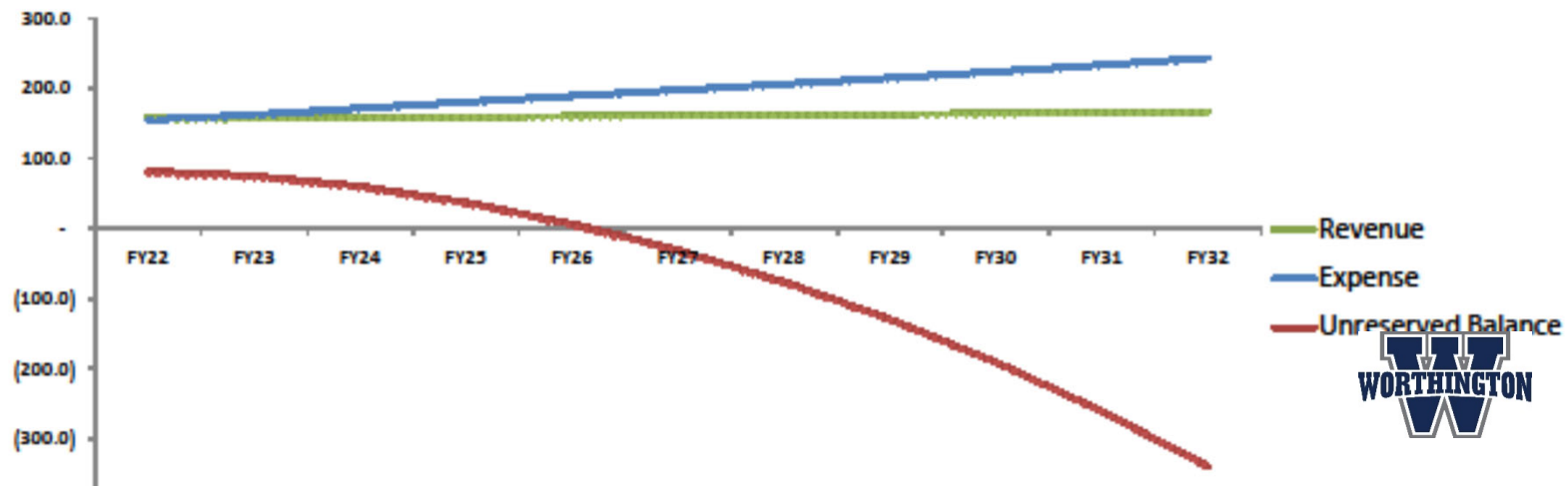
# Federal Relief

Federal COVID Relief	In Millions
7 Different Funding Packages	\$12.6
Spent/Encumbered to date	\$ 6.5
Planned/Committed	<u>\$ 3.6</u>
Available	\$ 2.5

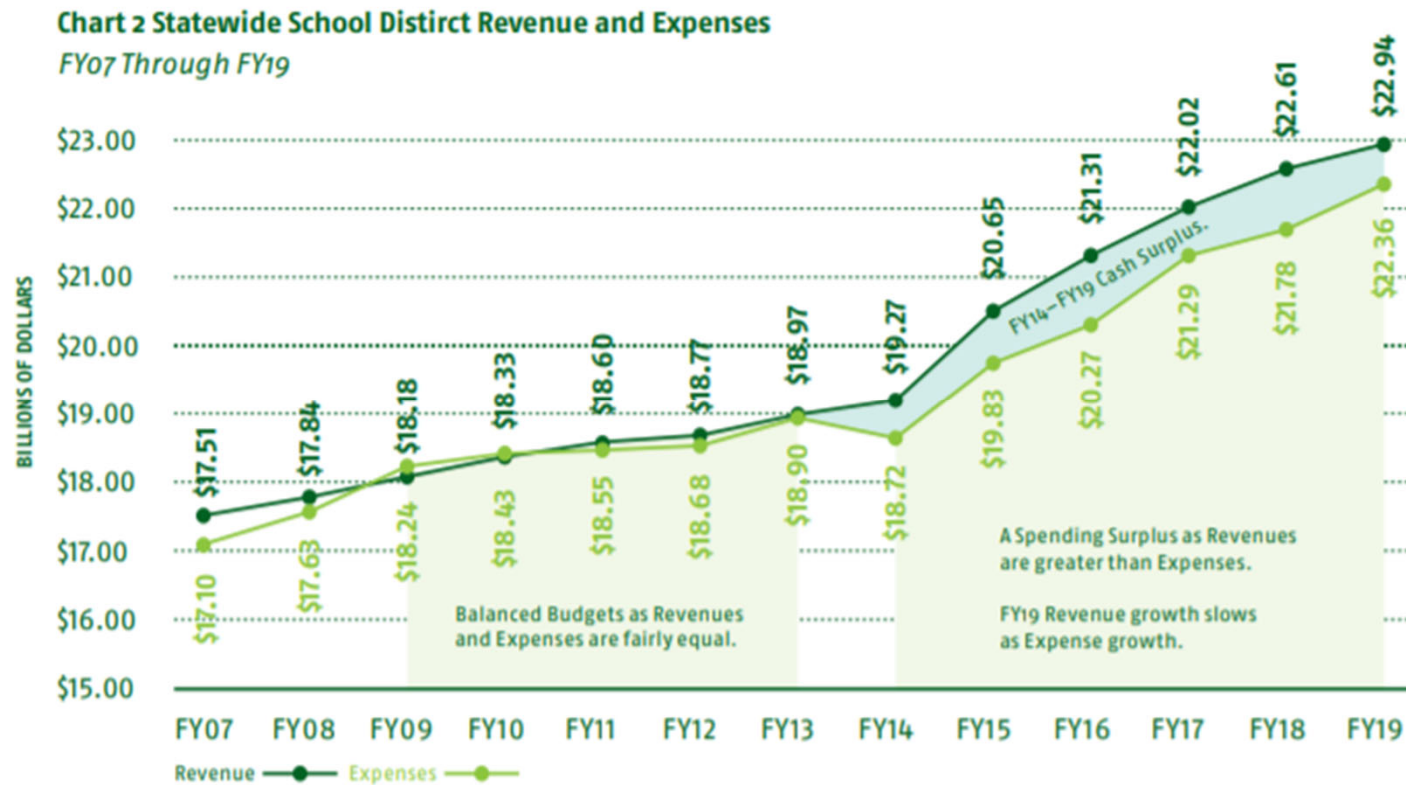


# Bottom Line

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Total Projected Revenue	159.8	156.8	158.5	159.5	160.3	161.3	162.3	163.3	164.3	165.3	166.3
Total Projected Expenditures	<u>155.3</u>	<u>162.6</u>	<u>171.5</u>	<u>181.0</u>	<u>189.6</u>	<u>197.7</u>	<u>206.2</u>	<u>215.0</u>	<u>223.9</u>	<u>233.6</u>	<u>243.7</u>
Surplus (Deficit)	4.5	(5.8)	(13.0)	(21.6)	(29.3)	(36.4)	(43.8)	(51.7)	(59.6)	(68.3)	(77.4)
Beginning Cash Balance Less Enc.	103.3	107.8	102.0	89.0	67.4	38.1	1.7	(42.1)	(93.8)	(153.4)	(221.7)
Ending Cash Balance Less Enc.	107.8	102.0	89.0	67.4	38.1	1.7	(42.1)	(93.8)	(153.4)	(221.7)	(299.1)
Budget Reserve	(25.8)	(27.0)	(28.5)	(30.1)	(31.6)	(33.0)	(34.4)	(35.8)	(37.3)	(38.9)	(40.6)
Ending Unreserved Balance	82.0	75.0	60.4	37.3	6.5	(31.2)	(76.5)	(129.7)	(190.8)	(260.7)	(339.8)



# Historical Picture Statewide

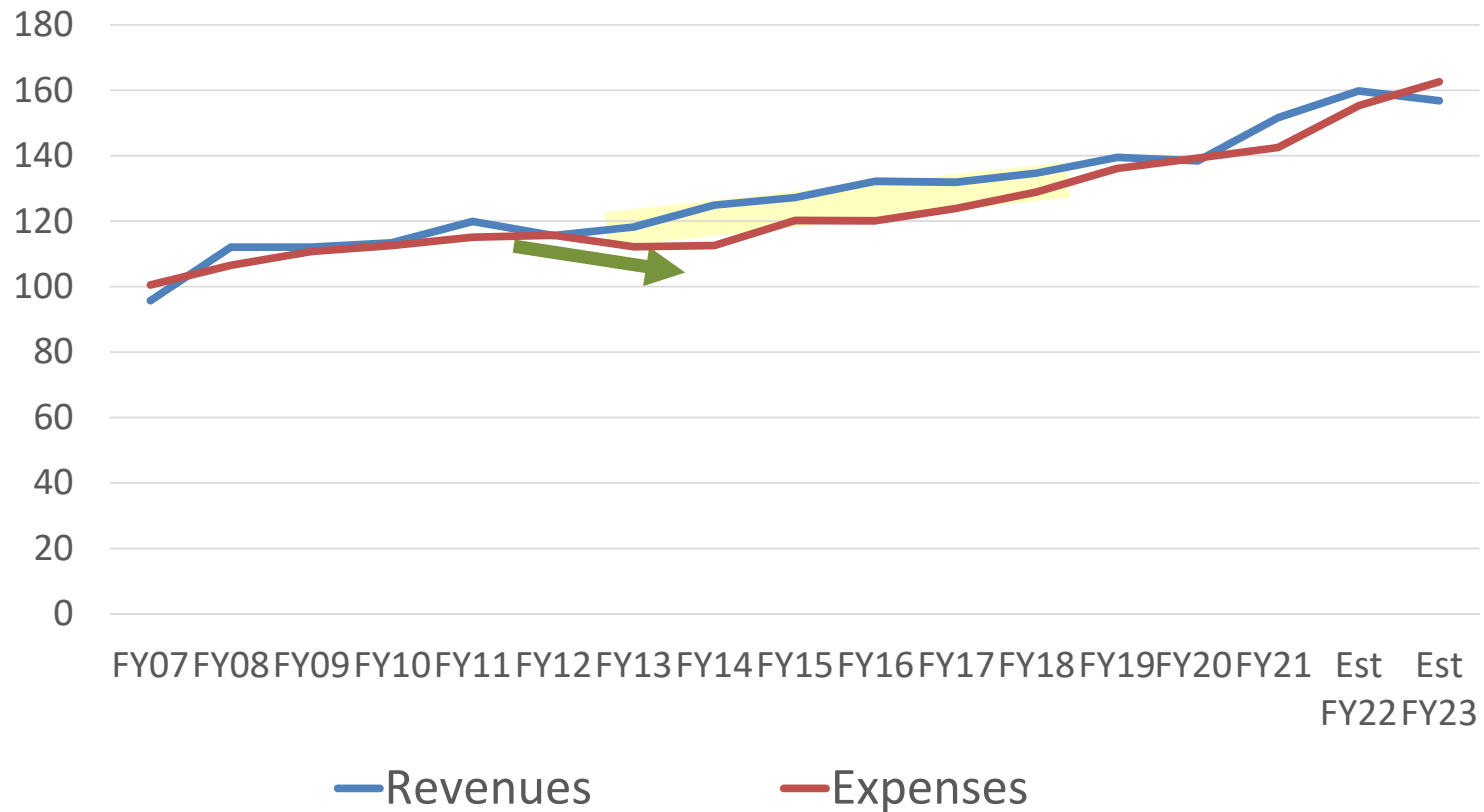


Source: OASBO SBO Quarterly, June 2020



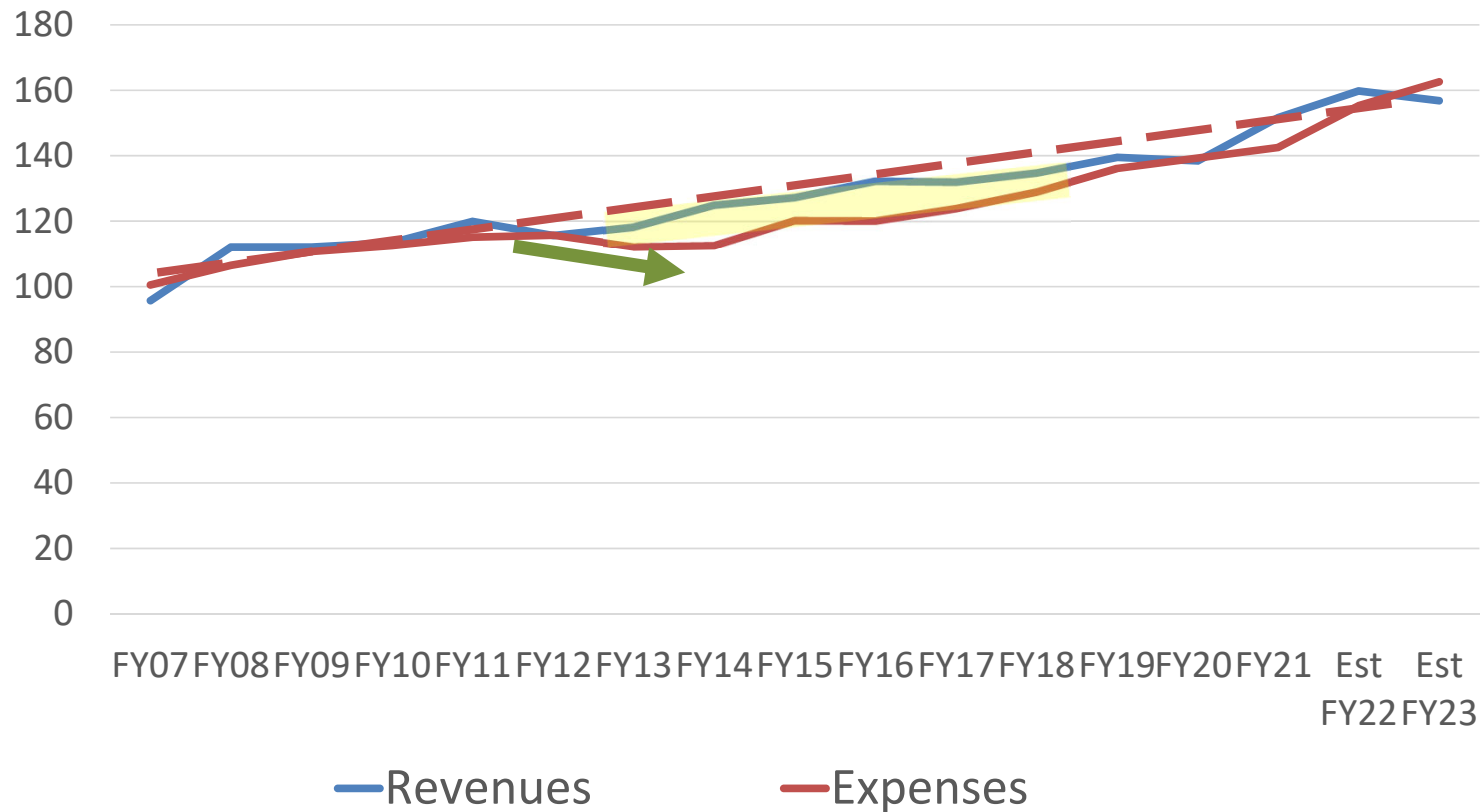
# Historical Picture Worthington

In Millions



# Historical Picture Worthington

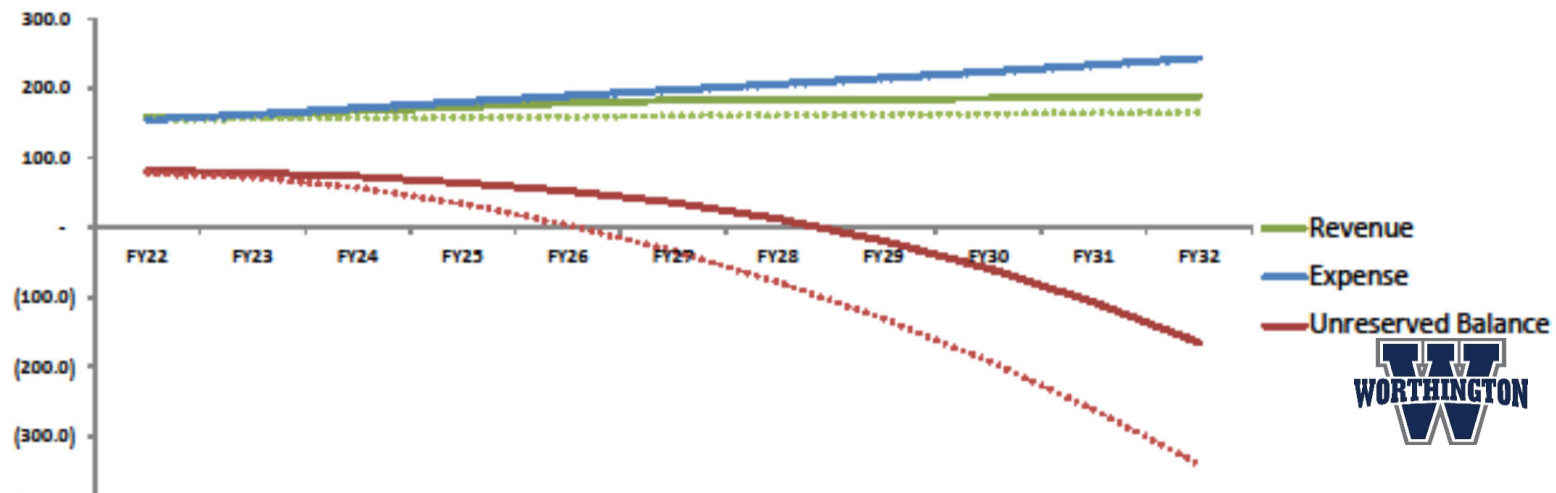
In Millions





# Incremental 2.9 Mills 2022, +2+2+2

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Total Projected Revenue	159.8	160.2	167.9	173.6	179.3	182.8	183.8	184.8	185.8	186.8	187.8
Total Projected Expenditures	155.3	162.6	171.5	181.0	189.6	197.7	206.2	215.0	223.9	233.6	243.7
Surplus (Deficit)	4.5	(2.4)	(3.7)	(7.4)	(10.3)	(15.0)	(22.4)	(30.3)	(38.2)	(46.9)	(56.0)
Beginning Cash Balance Less Enc.	103.3	107.8	105.5	101.8	94.4	84.1	69.1	46.7	16.4	(21.8)	(68.6)
Ending Cash Balance Less Enc.	107.8	105.5	101.8	94.4	84.1	69.1	46.7	16.4	(21.8)	(68.6)	(124.6)
Budget Reserve	(25.8)	(27.0)	(28.5)	(30.1)	(31.6)	(33.0)	(34.4)	(35.8)	(37.3)	(38.9)	(40.6)
Ending Unreserved Balance	82.0	78.4	73.3	64.3	52.5	36.2	12.3	(19.4)	(59.1)	(107.6)	(165.3)



Questions?

