

Worthington City School District  
May Five Year Forecast Update



General Fund

July 1, 2023 Through June 30, 2028

May 13, 2024

Presented By TJ Cusick, CPA, Treasurer/CFO

# Purpose of a Five Year Forecast

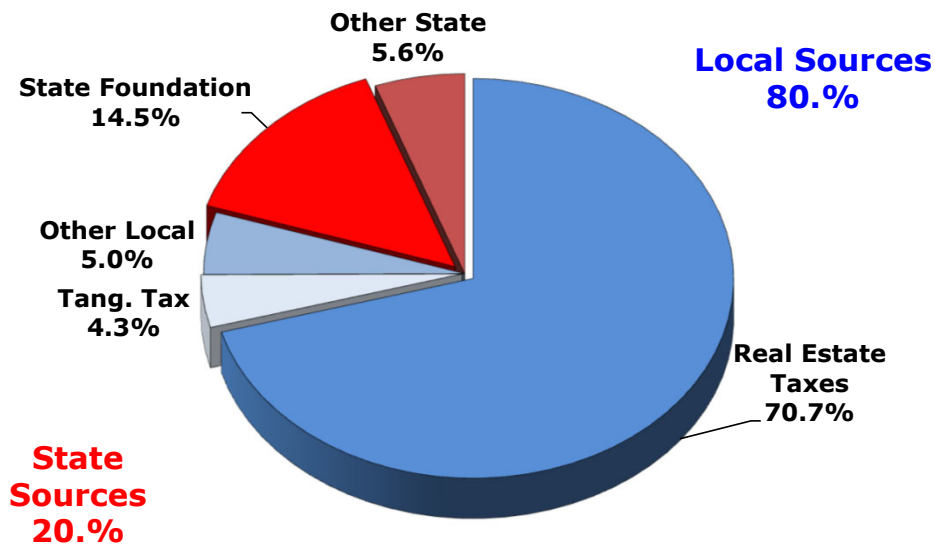
- Required to be approved and submitted twice annually, November is the baseline new school year and May provides an update.
- Technical Purposes:
  - Serves as a basis to sign multi year contracts
  - Allows ODEW and AOS to identify districts that might be nearing fiscal distress
- Practical Purpose:
  - Serves as a long range planning tool by making various assumptions applied to current programs and offerings



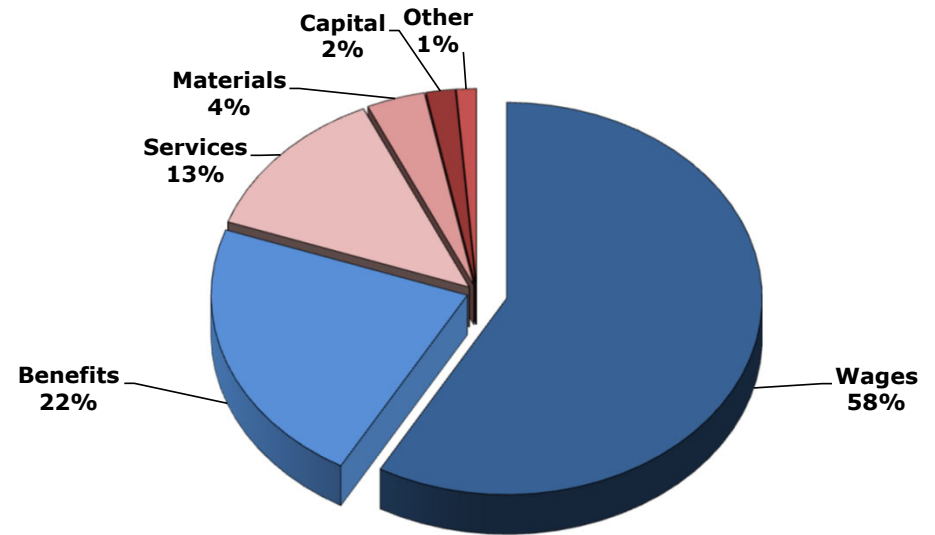
# May Update

- Tonight's focus will be on changes from November and risks to assumptions being used. However, as a reminder....

**General Fund Operating Revenues 2024**  
**\$184,419,000**



**General Fund Operating Expenditures FY24**  
**\$172,475,000**



# Changes From November Forecast (Millions)

Total 5 Year Change to Revenues		Total 5 Year Change to Expenditures	
Taxes	(\$6.1)	Salary/Benefits	(\$0.9)
State Funding	\$3.8	Services/Supplies	\$2.2
Other (Interest)	<u>\$2.2</u>	Capital	<u>\$6.3</u>
Total	(\$0.1)	Total	\$7.6

Represents less than 1 % change in both revenues and expenses over the 5 years and results in a net decrease to projected cash balance at the end of FY28 from \$85.6 to \$77.9 million



# 5 Year Revenue Changes

- Taxes (\$6.1M Decrease) - Commercial reappraisal came in slightly lower than county projections in the fall, but we are also seeing reclassification from residential to commercial
- State Funding (\$3.8M Increase) - \$0.5M reimbursement for science of reading materials, increase in future years due to lower commercial values and higher enrollment (we are on a working formula now – see next slide)
- Interest revenues (\$2.2M Increase) – continued higher interest rates



# State Funding Basics

Calculated Formula Funding – Local Capacity = State Share Funding

- **Calculated Per Pupil Funding** is based on the Fair School Funding Formula
- **Local Capacity** is based on a three year average of property values and income levels, divided by the number of students
- Subtracting the **Local Capacity** share from the **Calculated Per Pupil Funding** leaves you with the per pupil **State Share** of funding
- Reappraisal and enrollment impact this:

	FY22	FY23	FY24	FY25 est.
Base Cost	\$7,248	\$7,243	↑ \$8,098	\$8,098
Less Local Capacity	(\$5,579)	↑ (\$5,873)	(\$6,073)	↑ (\$6,500)
Equals State Share	\$1,669	↓ \$1,370	\$2,025	↓ \$1,598

We have over 10,000 students so a decrease of \$400/student is big



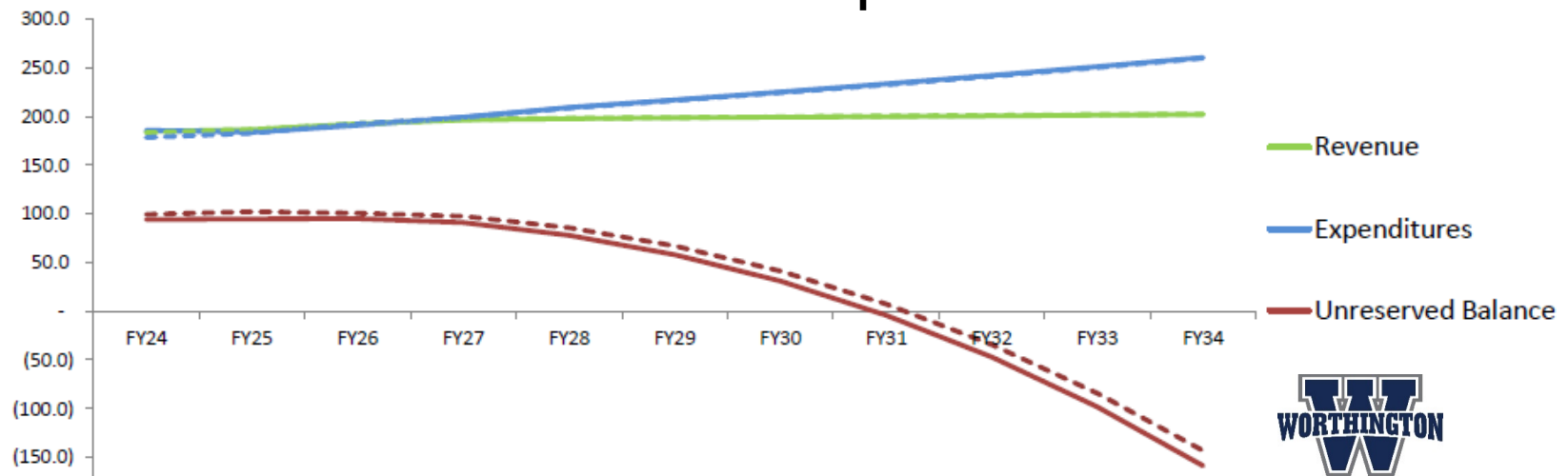
## 5 Year Expenditure Changes

- Salary & Benefits (\$0.9M Decrease) – We are projecting 8 more FTE over the 5 year period than last forecast due to enrollment at middle schools, but that is offset by savings from higher than projected retirements this year
- Services/Supplies (\$2.2M Increase) – inflationary pressure, higher contracted tuition/transportation, ELA materials
- Capital Outlay (\$6.3M Increase) – Maintenance facility, savings from ESSER on student Chromebooks



# Bottom Line – Long Term Projections

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total Projected Revenue	184.6	186.5	192.3	196.4	197.8	198.5	199.2	199.9	200.6	201.3	202.0
Total Projected Expenditures	185.8	183.8	190.8	199.1	209.3	217.0	225.1	233.4	242.1	251.2	260.7
Surplus (Deficit)	(1.2)	2.7	1.5	(2.7)	(11.4)	(18.5)	(25.9)	(33.6)	(41.6)	(50.0)	(58.7)
Beginning Cash Balance Less Enc.	123.9	122.7	125.4	126.9	124.2	112.7	94.2	68.3	34.7	(6.8)	(56.8)
Ending Cash Balance Less Enc.	122.7	125.4	126.9	124.2	112.7	94.2	68.3	34.7	(6.8)	(56.8)	(115.5)
Budget Reserve	(28.8)	(30.6)	(31.8)	(33.2)	(34.9)	(36.2)	(37.5)	(38.9)	(40.4)	(41.9)	(43.5)
Ending Unreserved Balance	93.9	94.8	95.2	91.0	77.9	58.0	30.8	(4.2)	(47.2)	(98.7)	(159.0)





# Changes from 2022

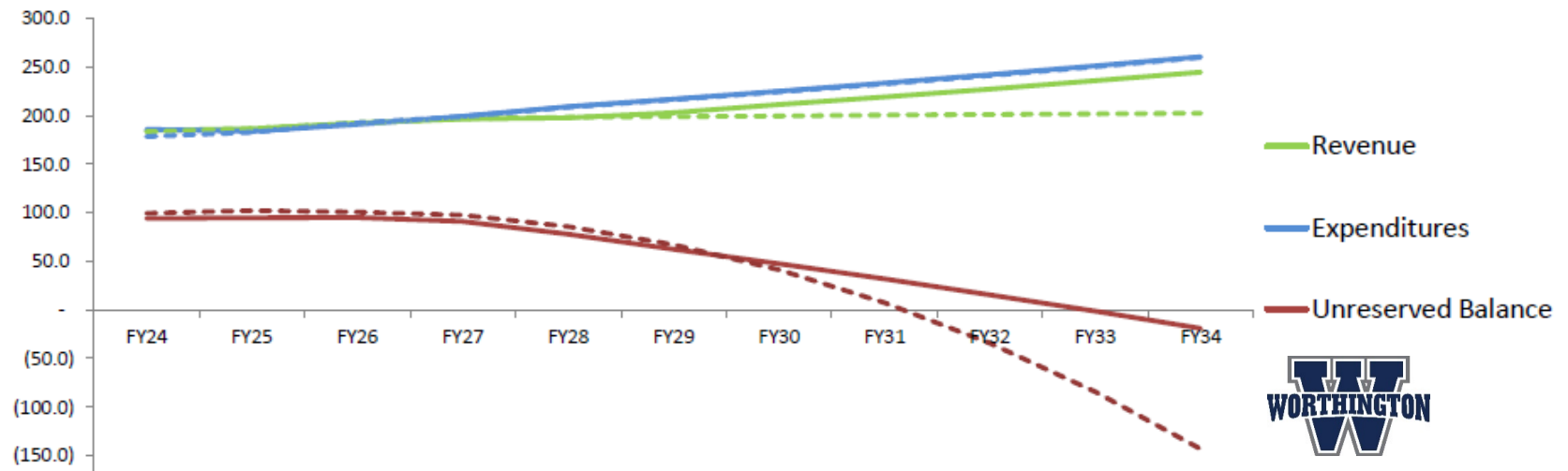
	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
<b>Revenues</b>												
Current Projections	184.3	184.6	186.5	192.3	196.4	197.8	198.5	199.2	199.9	200.6	201.3	202.0
November 2022 Projections	180.4	169.7	176.5	182.9	186.6	187.6	188.6	189.6	190.6	191.6	192.6	193.6
Variance	3.9	14.9	10.0	9.4	9.8	10.2	9.9	9.6	9.3	9.0	8.7	8.4
<b>Expenditures</b>												
Current Projections	159.2	185.8	183.8	190.8	199.1	209.3	217.0	225.1	233.4	242.1	251.2	260.7
November 2022 Projections	161.7	170.2	180.4	189.5	198.3	206.8	215.6	224.8	234.2	244.2	254.8	264.8
Variance	(2.5)	15.6	3.4	1.3	0.8	2.5	1.4	0.3	(0.8)	(2.1)	(3.6)	(4.1)
<b>Surplus (Deficit)</b>												
Current Projections	25.1	(1.2)	2.7	1.5	(2.7)	(11.4)	(18.5)	(25.9)	(33.6)	(41.6)	(50.0)	(58.7)
November 2022 Projections	18.6	(0.5)	(3.9)	(6.6)	(11.7)	(19.2)	(27.0)	(35.2)	(43.5)	(52.6)	(62.2)	(71.2)
Variance	6.5	(0.7)	6.6	8.1	9.0	7.8	8.5	9.3	9.9	11.0	12.2	12.5
<b>Unreserved Balance</b>												
Current Projections	97.5	93.9	94.8	95.2	91.0	77.9	58.0	30.8	(4.2)	(47.2)	(98.7)	(159.0)
November 2022 Projections	92.0	90.0	84.4	76.3	63.1	42.5	14.0	(22.7)	(67.8)	(122.1)	(186.0)	(257.2)
Variance	5.5	3.9	10.4	18.9	27.9	35.4	44.0	53.5	63.6	74.9	87.3	98.2

Changes are revenue driven: reappraisal, state funding, interest



# Can we delay? - Incremental Levies in 2028 & 2032

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total Projected Revenue	184.6	186.5	192.3	196.4	197.8	202.9	211.5	219.3	227.1	235.8	244.6
Total Projected Expenditures	185.8	183.8	190.8	199.1	209.3	217.0	225.1	233.4	242.1	251.2	260.7
Surplus (Deficit)	(1.2)	2.7	1.5	(2.7)	(11.4)	(14.1)	(13.6)	(14.1)	(15.0)	(15.4)	(16.1)
Beginning Cash Balance Less Enc.	123.9	122.7	125.4	126.9	124.2	112.7	98.6	85.0	70.9	55.8	40.5
Ending Cash Balance Less Enc.	122.7	125.4	126.9	124.2	112.7	98.6	85.0	70.9	55.8	40.5	24.4
Budget Reserve	(28.8)	(30.6)	(31.8)	(33.2)	(34.9)	(36.2)	(37.5)	(38.9)	(40.4)	(41.9)	(43.5)
Ending Unreserved Balance	93.9	94.8	95.2	91.0	77.9	62.4	47.5	32.0	15.5	(1.4)	(19.1)



# Risks to Assumptions Used

- Inflationary impact
  - Property values & future reappraisal
  - Property value impact on state funding
  - Contracted services and goods
  - Future labor costs
- Next State budget and the funding formula
  - Income tax cut/property tax reform
  - Final phase-in, annual increases to base cost
  - Voucher expansion
  - Budget Commissions
- Shift in tax burden, ability to challenge valuations (next slide)



# Tax Burden Shift

## Ohio State Income Tax Rates

1993 Taxable Income Range	1993-2004 Marginal Tax Rates	2024 Marginal Tax Rates
\$0 - \$5,000	0.743%	0%
\$5,000 - \$10,000	1.486%	
\$10,000 - \$15,000	2.972%	
\$15,000 - \$20,000	3.715%	
\$20,000 - \$40,000	4.457%	2.75%
\$40,000 - \$80,000	5.201%	2.75%
\$80,000 - \$100,000	5.943%	2.75%
\$100,000 - \$200,000	6.900%	3.50%
Income > \$200,000	7.500%	3.50%



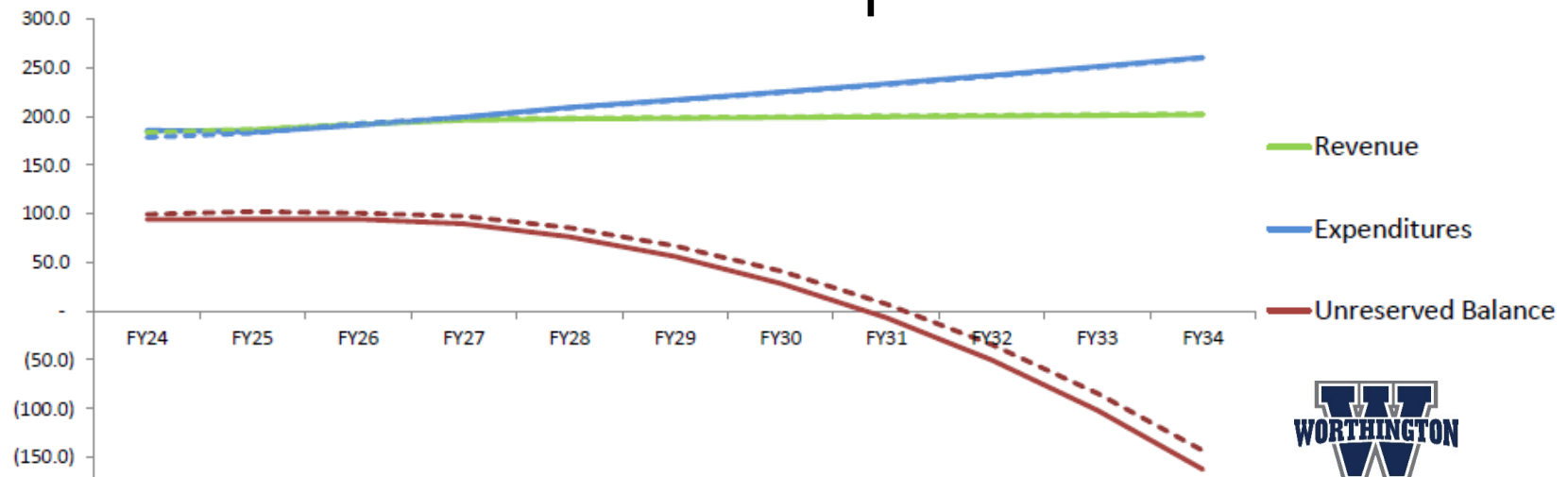
## Percent of Total Property Taxes Paid By Type

Type of Property	1975	2022
Class 1 Real % of Taxes	46.1%	66.1%
Class 2 Real % of Taxes	18.8%	22.0%
Total TPP % of Taxes	35.1%	11.9%
Business TPP % of Taxes	23.2%	0.0%
PU TPP % of Taxes	11.9%	11.9%
Total Business Property % of Taxes	53.9%	33.9%



# Remove Instructional Fees

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total Projected Revenue	184.6	186.1	191.9	196.0	197.4	198.1	198.8	199.5	200.2	200.9	201.6
Total Projected Expenditures	185.8	183.8	190.8	199.1	209.3	217.0	225.1	233.4	242.1	251.2	260.7
Surplus (Deficit)	(1.2)	2.3	1.1	(3.1)	(11.8)	(18.9)	(26.2)	(33.9)	(41.9)	(50.3)	(59.0)
Beginning Cash Balance Less Enc.	123.9	122.7	125.0	126.2	123.0	111.2	92.3	66.0	32.1	(9.8)	(60.1)
Ending Cash Balance Less Enc.	122.7	125.0	126.2	123.0	111.2	92.3	66.0	32.1	(9.8)	(60.1)	(119.1)
Budget Reserve	(28.8)	(30.6)	(31.8)	(33.2)	(34.9)	(36.2)	(37.5)	(38.9)	(40.4)	(41.9)	(43.5)
Ending Unreserved Balance	93.9	94.4	94.4	89.9	76.3	56.1	28.5	(6.8)	(50.2)	(102.0)	(162.6)



Questions?

