

**WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES FOR THE FISCAL YEARS ENDED  
JUNE 30, 2020, 2021 and 2022 ACTUAL  
FORECASTED FISCAL YEARS ENDING  
JUNE 30, 2023 THROUGH 2027**



**Forecast Provided By  
Worthington City School District  
Treasurer's Office  
TJ Cusick, Treasurer/CFO  
May 22, 2023**

# WORTHINGTON CITY SCHOOL DISTRICT

## Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2020, 2021, 2022  
Forecasted Fiscal Year Ending June 30, 2023 through 2027

	Actual				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022			Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	\$ 98,956,525	\$ 112,681,503	\$ 118,068,751	9.3%	\$129,603,000	\$128,632,000	\$135,899,000	\$142,552,000	\$146,165,000	
1.020 Tangible Personal Property	6,047,252	5,836,150	6,605,232	4.8%	\$6,966,000	\$7,658,000	\$8,037,000	\$8,432,000	\$8,762,000	
1.035 Unrestricted State Grants-in-Aid	16,737,883	18,185,324	18,502,637	5.2%	\$18,825,000	\$19,324,000	\$19,663,000	\$19,836,000	\$20,011,000	
1.040 Restricted State Grants-in-Aid	941,499	1,073,161	2,076,625	53.7%	\$2,295,000	\$2,344,000	\$2,377,000	\$2,394,000	\$2,411,000	
1.050 Property Tax Allocation	11,997,907	10,864,135	10,070,901	-8.4%	\$10,108,000	\$10,065,000	\$10,056,000	\$10,047,000	\$10,038,000	
1.060 All Other Revenues	3,552,945	2,617,276	3,160,585	-2.8%	\$4,340,000	\$5,040,000	\$3,840,000	\$3,740,000	\$3,640,000	
1.070 <b>Total Revenues</b>	<b>\$ 138,234,011</b>	<b>\$ 151,257,549</b>	<b>\$ 158,484,731</b>	<b>7.1%</b>	<b>\$ 172,137,000</b>	<b>\$ 173,063,000</b>	<b>\$ 179,872,000</b>	<b>\$ 187,001,000</b>	<b>\$ 191,027,000</b>	
<b>Other Financing Sources</b>										
2.050 Advances-In	\$ 68,000	\$ 338,000	\$ 1,404,000	356.2%	\$ 11,057,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
2.060 All Other Financing Sources	61,008	16,496	12,621	-48.2%	\$20,000	\$10,000	\$10,000	\$10,000	\$10,000	
2.070 <b>Total Other Financing Sources</b>	<b>\$ 129,008</b>	<b>\$ 354,496</b>	<b>\$ 1,416,621</b>	<b>237.2%</b>	<b>\$ 11,077,000</b>	<b>\$ 110,000</b>	<b>\$ 110,000</b>	<b>\$ 110,000</b>	<b>\$ 110,000</b>	
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>\$ 138,363,019</b>	<b>\$ 151,612,045</b>	<b>\$ 159,901,352</b>	<b>7.5%</b>	<b>\$ 183,214,000</b>	<b>\$ 173,173,000</b>	<b>\$ 179,982,000</b>	<b>\$ 187,111,000</b>	<b>\$ 191,137,000</b>	
<b>Expenditures</b>										
3.010 Personal Services	\$ 85,098,811	\$ 86,864,342	\$ 90,988,563	3.4%	\$94,400,000	\$101,200,000	\$107,000,000	\$112,250,000	\$117,500,000	
3.020 Employees' Retirement/Insurance Benefits	32,795,221	34,430,366	35,657,295	4.3%	\$36,929,000	\$39,360,000	\$42,081,000	\$44,790,000	\$47,632,000	
3.030 Purchased Services	14,021,660	13,660,343	17,085,141	11.2%	\$19,189,000	\$20,603,000	\$21,679,000	\$22,652,000	\$23,462,000	
3.040 Supplies and Materials	2,884,646	2,959,961	4,369,097	25.1%	6,629,000	5,761,000	6,283,000	7,311,000	6,329,000	
3.050 Capital Outlay	2,019,417	852,989	1,536,178	11.2%	800,000	1,807,000	1,861,000	1,917,000	1,974,000	
4.300 Other Objects	1,604,515	1,809,152	1,845,607	7.4%	\$2,058,000	\$2,361,000	\$2,484,000	\$2,598,000	\$2,666,000	
4.500 <b>Total Expenditures</b>	<b>\$ 138,424,270</b>	<b>\$ 140,577,153</b>	<b>\$ 151,481,881</b>	<b>4.7%</b>	<b>\$ 160,005,000</b>	<b>\$ 171,092,000</b>	<b>\$ 181,388,000</b>	<b>\$ 191,518,000</b>	<b>\$ 199,563,000</b>	
<b>Other Financing Uses</b>										
5.010 Operating Transfers-Out	\$ 564,846	\$ 523,202	\$ 394,406	-16.0%	\$343,000	\$343,000	\$343,000	\$187,000	\$187,000	
5.020 Advances-Out	338,000	1,404,000	11,057,000	501.5%	100,000	100,000	100,000	100,000	100,000	
5.040 <b>Total Other Financing Uses</b>	<b>\$ 902,846</b>	<b>\$ 1,927,202</b>	<b>\$ 11,451,406</b>	<b>303.8%</b>	<b>\$ 443,000</b>	<b>\$ 443,000</b>	<b>\$ 443,000</b>	<b>\$ 287,000</b>	<b>\$ 287,000</b>	
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>\$ 139,327,116</b>	<b>\$ 142,504,355</b>	<b>\$ 162,933,287</b>	<b>8.3%</b>	<b>\$ 160,448,000</b>	<b>\$ 171,535,000</b>	<b>\$ 181,831,000</b>	<b>\$ 191,805,000</b>	<b>\$ 199,850,000</b>	
6.010 <b>Sources over (under) Expenditures and Other Financing Uses</b>	<b>\$ (964,097)</b>	<b>\$ 9,107,690</b>	<b>\$ (3,031,935)</b>	<b>-589.0%</b>	<b>\$ 22,766,000</b>	<b>\$ 1,638,000</b>	<b>\$ (1,849,000)</b>	<b>\$ (4,694,000)</b>	<b>\$ (8,713,000)</b>	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$ 99,173,060	\$ 98,208,963	\$ 107,316,653	4.2%	\$ 104,284,718	\$ 127,050,718	\$ 128,688,718	\$ 126,839,718	\$ 122,145,718	
7.020 <b>Cash Balance June 30</b>	<b>\$ 98,208,963</b>	<b>\$ 107,316,653</b>	<b>\$ 104,284,718</b>	<b>3.2%</b>	<b>\$ 127,050,718</b>	<b>\$ 128,688,718</b>	<b>\$ 126,839,718</b>	<b>\$ 122,145,718</b>	<b>\$ 113,432,718</b>	
8.010 <b>Estimated Encumbrances June 30</b>	<b>\$ 3,625,547</b>	<b>\$ 4,451,458</b>	<b>\$ 6,143,365</b>	<b>30.4%</b>	<b>\$ 4,000,000</b>	<b>\$ 4,000,000</b>	<b>\$ 4,000,000</b>	<b>\$ 4,000,000</b>	<b>\$ 4,000,000</b>	
<b>Reservation of Fund Balance</b>										
9.030 Budget Reserve	\$ 26,855,059	\$ 27,674,865	\$ 25,252,030	-2.9%	\$ 26,673,000	\$ 28,521,000	\$ 30,237,000	\$ 31,926,000	\$ 33,267,000	
9.080 <b>Subtotal</b>	<b>26,855,059</b>	<b>27,674,865</b>	<b>25,252,030</b>	<b>-2.9%</b>	<b>26,673,000</b>	<b>28,521,000</b>	<b>30,237,000</b>	<b>31,926,000</b>	<b>33,267,000</b>	
15.010 <b>Unreserved Fund Balance June 30</b>	<b>\$ 67,728,357</b>	<b>\$ 75,190,330</b>	<b>\$ 72,889,323</b>	<b>4.0%</b>	<b>\$ 96,377,718</b>	<b>\$ 96,167,718</b>	<b>\$ 92,602,718</b>	<b>\$ 86,219,718</b>	<b>\$ 76,165,718</b>	
<b>ADM Forecasts</b>										
20.010 Kindergarten - October Count	851	761	800	-2.7%	801	766	788	749	757	
20.015 Grades 1-12 - October Count	9,424	9,326	9,492	0.4%	9,620	9,761	9,800	9,808	9,781	

**Worthington City School District - Franklin County**  
**Notes to the Five-Year Forecast**  
**General Fund Only**  
**May 22, 2023**

**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 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year.

**Forecast Risks and Uncertainty**

We have estimated revenues and expenses based on the best data available to us at the time of this forecast. Any financial forecast has inherent risks and uncertainty, especially in later years. The items below give a short description of significant current issues, risks, and uncertainty:

- **Rising interest rates, property values, inflation and the economy** – The District is heavily reliant on local property tax revenue. Property values continue to increase in the greater central Ohio area. Nationally, inflation rates continue to be much higher than desired, prompting the Federal Reserve to increase rates quickly and significantly. Consequently the 30-year residential mortgage rate has climbed to over 6%. This impacts affordability for prospective homebuyers and could eventually impact property values. Home lending procedures and controls were implemented as a result of lessons learned from the 2008 recession that was, in large part, driven by property values. How high interest rates will climb and the impact on property values as well as the overall economy and employment is unknown and is a risk to the assumptions in this forecast. Newly effective House Bill 126, which limits the District’s ability to challenge property values, could lead to undervalued properties. We have increased reappraisal assumptions based on recent statements from the Franklin County Auditor.
- **Enrollment** – Our enrollment has increased by over 1,200 students during the last decade (13%), and prior to the pandemic was projected to increase another 600 students over this five-year period, eventually peaking around 12,000 students. Recently updated enrollment projections completed this year show slower immediate growth coming out of pandemic closure. How COVID will impact births and housing turnover is unknown, and will likely be geographically variable, with Central Ohio experiencing robust economic growth opportunities compared to other parts of the state. We have lowered staffing projections in response to updated enrollment projections but could need more if growth is higher than updated projections illustrate.
- **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, and with the passage of a 1.9 mill continuing permanent improvement levy, bus replacement cycles, back-end technology, equipment, and a portion of deferred maintenance have a dedicated funding source. However, ongoing elementary needs and major building needs (HVAC systems, roofs, etc.) are assumed to be funded at later date. Failure of those future levies would result in increased operational costs. In addition, the administrative offices and grounds facilities are in need of eventual repair and any emergency repairs would impact operations.

- Future Biennial Budgets and 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. The Governor’s proposed biennial state budget for 2024 & 2025 continues the phase-in of the new formula, but expands income levels for voucher eligibility. Other proposed bills, including HB11 seek to further expand voucher eligibility to all students regardless of income or public-school performance. 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. The new formula is also still driven by local property values, and as Central Ohio continues to grow, our district’s state share of calculated funding will decrease. This forecast assumes the current school funding formula is maintained and phased-in in the next biennial budget, including the guarantees, as proposed by the Governor.
- Proposed House Bill 1** – This bill seeks to enact a flat state income tax rate, eliminate the current property tax “rollback” credit (in which the state pays the first 10% of residential property tax bills on behalf of homeowners for levies in effect prior to 2013), and change the assessment percentage used to calculate property values from 35 percent to 31.5 percent of appraised value. This would have the effect of increasing certain property tax rates due to HB920 equalization rules, but newer levies wouldn’t be able to increase enough to hold the district harmless. Early projections illustrate an increase of \$6 million to residential property taxes and a net loss of \$3 million annually and could lead to further unknown consequences. This forecast assumes no changes to the current rollback amounts.

**Summary of Changes from the November 2022 Forecast**

*Projected Revenues:*

We have made adjustments to revenue projections resulting in an increase of \$18.4 million over the five-year period (2.1%). Property tax revenue projections account for \$10.3 of the \$18.4 million increase and are the result of an increase in anticipated property reappraisal next year to 25% compared to 10% in the November forecast. We also project slightly higher state funding based on latest state budget discussions as well as higher investment income due to the higher short term interest rate environment we are in.

*Projected Expenditures:*

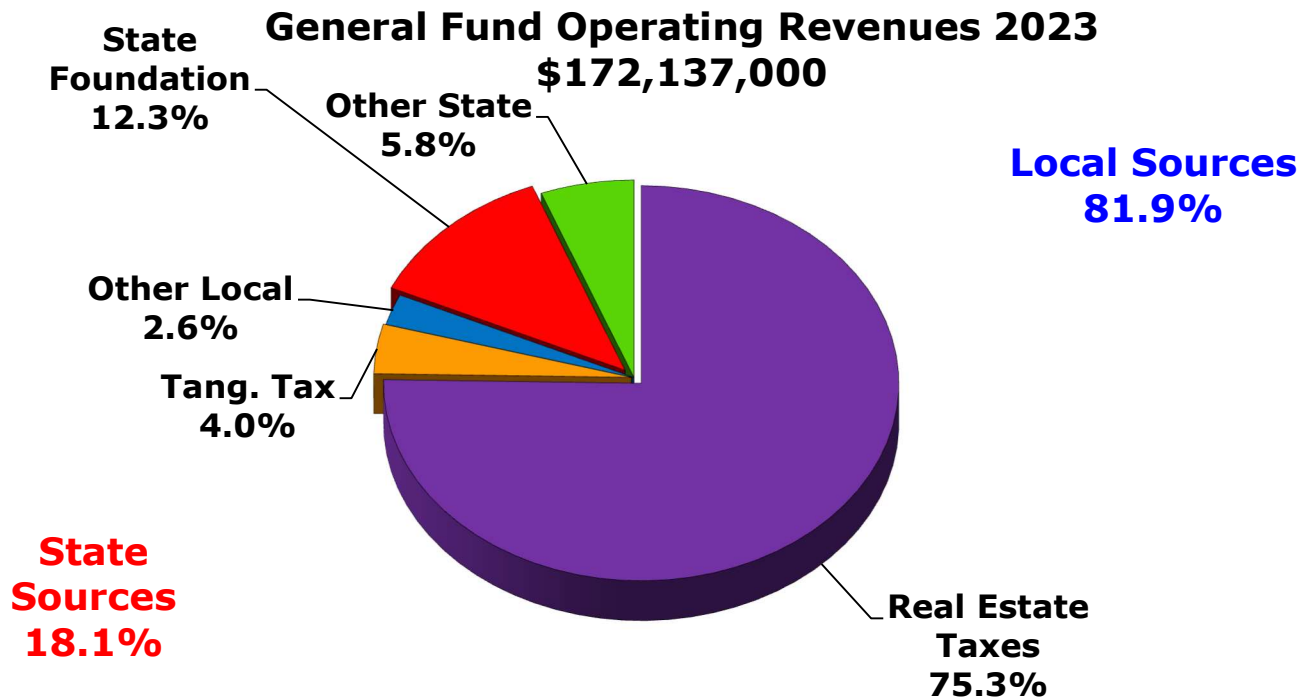
We have made adjustments to expenditure projections resulting in an increase of \$5.3 million over the five-year period (0.6%). Wage and benefit projections were increased \$2.1 million (0.2%) as a result of labor negotiations and changes to staffing level projections. Supplies and services were increased \$3.2 million due to continued pressure on substitute teacher costs, updates to curriculum replacement schedules, and recently approved utility rate increases approved by PUCO.

*Projected Ending Cash Balance:*

These changes to revenue and expenditure assumptions result in an increase in projected unreserved balance June 30, 2027 from \$63.3 million to \$76.2 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. A full six-year appraisal, as required by code, is scheduled for tax year 2023 (collection 2024) and we estimate 25% overall increases to res/ag values and 20% to commercial values. We assume 0.5% growth for new residential and commercial construction and 3% growth for public utility values for future years.

**Estimated Assessed Property Valuations by Collection Year**

Classification	Actual TAX YEAR 2021 COLLECT 2022	Actual TAX YEAR 2022 COLLECT 2023	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026
Res./Ag.	\$1,841,313,600	\$1,847,426,330	\$2,318,520,044	\$2,330,112,644	\$2,341,763,208
Comm./Ind.	\$521,522,750	\$520,649,660	\$627,382,840	\$630,519,755	\$633,672,353
Public Utility (PUPP)	\$67,697,720	\$71,212,380	\$73,348,751	\$75,549,214	\$77,815,690
<b>Total Assessed Value</b>	<b>\$2,430,534,070</b>	<b>\$2,439,288,370</b>	<b>\$3,019,251,635</b>	<b>\$3,036,181,613</b>	<b>\$3,053,251,251</b>

**Estimated Real Estate Tax (Line #1.010)**

Based upon the projected property values above, the following chart illustrates projected real property tax collections:

	FY23	FY24	FY25	FY26	FY27
August Settlement	\$61,748,000	\$57,639,000	\$61,318,000	\$64,379,000	\$67,470,000
February Settlement	64,943,000	68,844,000	72,286,000	75,761,000	76,166,000
August Delinquent	401,000	246,000	262,000	276,000	289,000
February Delinquent	2,511,000	1,903,000	2,033,000	2,136,000	2,240,000
<b>Total General Property Taxes</b>	<b>\$129,603,000</b>	<b>\$128,632,000</b>	<b>\$135,899,000</b>	<b>\$142,552,000</b>	<b>\$146,165,000</b>

Property tax levies are estimated to be collected at 98% of the annual amount and 2% delinquency factor, in line with historical averages. 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. The spike in FY23 is due to settlement payments related to commercial property valuation disputes. These are banned effective July 21, 2022, which led to an increase in settlement payments. We have modeled in the new incremental levy approved by voters November 8, 2022 which increases millage by 2.9, 2, 2, and 2 in collection years 2023, 2024, 2025, and 2026, respectively. No future additional levies are projected in this forecast, leading to flattening revenues long term since we are a mostly developed community with little growth projected.

**Estimated Tangible Personal Property Tax (Line #1.020)**

	FY23	FY24	FY25	FY26	FY27
<b>Public Utility Pers. Property</b>	<b>\$6,966,000</b>	<b>\$7,658,000</b>	<b>\$8,037,000</b>	<b>\$8,432,000</b>	<b>\$8,762,000</b>

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	FY23	FY24	FY25	FY26	FY27
Basic Foundation Aid	\$16,451,000	\$16,945,000	\$17,284,000	\$17,457,000	\$17,632,000
Additional Aid Items	\$1,691,000	\$1,691,000	\$1,691,000	\$1,691,000	\$1,691,000
Basic Aid-Subtotal	\$18,142,000	\$18,636,000	\$18,975,000	\$19,148,000	\$19,323,000
Ohio Casino Commission ODT	\$683,000	\$688,000	\$688,000	\$688,000	\$688,000
<b>Total Unrestricted State Aid</b>	<b>\$18,825,000</b>	<b>\$19,324,000</b>	<b>\$19,663,000</b>	<b>\$19,836,000</b>	<b>\$20,011,000</b>

**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.

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. However, the formula is still predominantly driven by local property values, and because Franklin County had a significant reappraisal in 2020, the District received less than originally anticipated. We continue to expect growth in central Ohio property values and while we have modeled in the continued phase-in of the formula, according to the governor’s proposed budget and we are

hopeful formula inputs will be indexed to 2022 levels, increases will likely be offset somewhat by the projected 20-30% property reappraisal.

**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**

There are currently four (4) casinos in Ohio, 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 based on enrollment.

Actual casino revenue for FY23 generated \$64.50 per pupil, which equated to \$683,000 for our District. We expect levels to remain consistent.

**Restricted Grants-in-Aid (Line #1.040)**

Source	FY23	FY24	FY25	FY26	FY27
Student Wellness and Success	\$691,000	\$712,000	\$726,000	\$733,000	\$740,000
Disadvantaged Pupil Aid	167,000	172,000	175,000	177,000	179,000
English Learners	171,000	176,000	180,000	182,000	184,000
Gifted	405,000	417,000	425,000	429,000	433,000
Career Tech	204,000	210,000	214,000	216,000	218,000
Medicaid/Catastrophic Aid	657,000	657,000	657,000	657,000	657,000
<b>Total Restricted State Aid</b>	<b>\$2,295,000</b>	<b>\$2,344,000</b>	<b>\$2,377,000</b>	<b>\$2,394,000</b>	<b>\$2,411,000</b>

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.

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

**Property Tax Allocation (Line #1.050)**

Source	FY23	FY24	FY25	FY26	FY27
<b>Rollback and Homestead</b>	<b>\$10,108,000</b>	<b>\$10,065,000</b>	<b>\$10,056,000</b>	<b>\$10,047,000</b>	<b>\$10,038,000</b>

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.

**Other Local Revenues (Line #1.060)**

Source	FY23	FY24	FY25	FY26	FY27
Interest	\$3,000,000	\$3,700,000	\$2,500,000	\$2,400,000	\$2,300,000
Participation Fees	140,000	140,000	140,000	140,000	140,000
Tuition, Charges, Class Fees	850,000	850,000	850,000	850,000	850,000
Other	350,000	350,000	350,000	350,000	350,000
<b>Total Other Local Revenues</b>	<b>\$4,340,000</b>	<b>\$5,040,000</b>	<b>\$3,840,000</b>	<b>\$3,740,000</b>	<b>\$3,640,000</b>

Interest income is generated on investments and will fluctuate based on market rates (current overnight rate is 5.1% compared to 2.9% in October 2022) and most significantly the cash position of the General Fund. 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 students of 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 revenue includes potential ERATE reimbursement related to technology equipment purchases, and annually includes \$250,000 of compensation payments from the City of Worthington for performance related to tax abatement agreements.

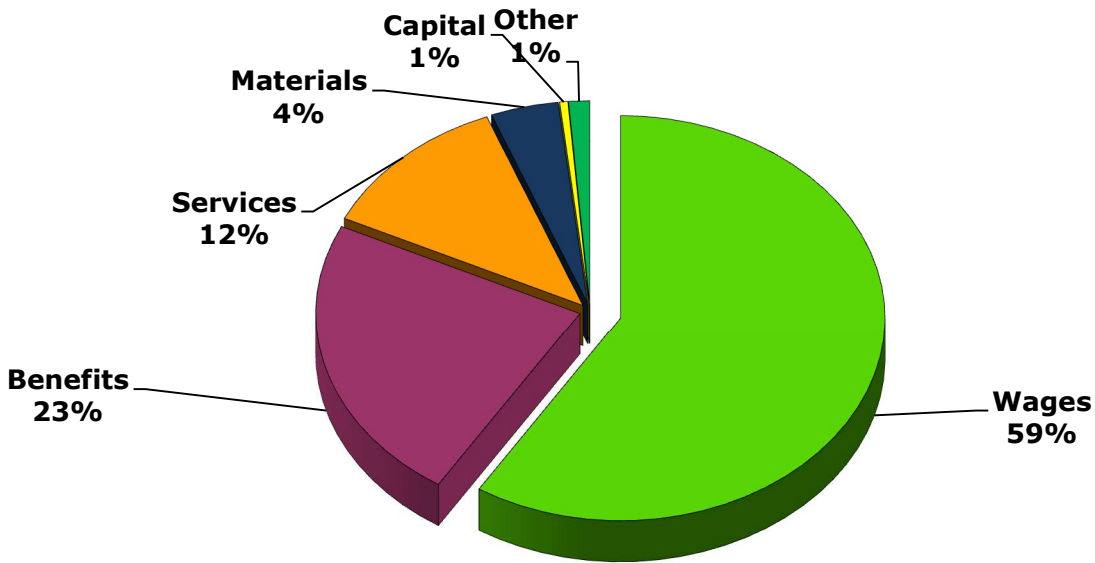
**Other Financing Sources (Line #2.050 & Line #2.060)**

Source	FY23	FY24	FY25	FY26	FY27
Advance Returns	\$11,057,000	\$100,000	\$100,000	\$100,000	\$100,000
Refunds/Sale of Assets	\$20,000	\$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), sales of assets, and reimbursements for expenses received for a previous fiscal year in the current fiscal year. FY23 includes \$10.3 million advanced last year to the building fund for purposes of expediting architect and engineering services related to construction at both high schools, with the proceeds being returned from bonds issued in March.



**General Fund Operating Expenditures FY23 \$160,005,000**



**Personal Services (Wages) (Line #3.010)**

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	\$88,951,000	\$93,380,000	\$100,400,000	\$105,900,000	\$111,850,000
Increases	2,246,000	3,465,000	3,128,000	3,340,000	2,537,000
Steps/Training	2,629,000	3,064,000	2,455,000	2,644,000	2,810,000
New Staff	554,000	1,021,000	511,000	201,000	178,000
Severance	950,000	400,000	400,000	400,000	400,000
Retirements	(1,000,000)	(1,000,000)	(350,000)	(350,000)	(350,000)
<b>Total Wages Line 3.010</b>	<b>\$94,400,000</b>	<b>\$101,200,000</b>	<b>\$107,000,000</b>	<b>\$112,250,000</b>	<b>\$117,500,000</b>
<b># Full Time Equivalents</b>					
Certificated	767.25	784.55	788.55	790.55	792.55
Classified	384.53	390.53	392.53	394.53	396.53
Administrative	<u>54.00</u>	<u>54.00</u>	<u>55.00</u>	<u>55.00</u>	<u>55.00</u>
<b>Total</b>	<b>1,205.78</b>	<b>1,229.08</b>	<b>1,236.08</b>	<b>1,240.08</b>	<b>1,244.08</b>

The model reflects annual base wage increases of 3.25%, 3.05%, and 3.00% in FY24, FY25, and FY26, respectively, for staff according to recently approved labor agreements, as well as annual step increases for experience and educational attainment. It also includes additional staff based on expected needs, as well as the expiration of federal stimulus funds (ESSER/ARP). The retirements line projects savings from retirees that are typically replaced with entry year teachers at a significantly lower cost. We project 20 retirements at the end of FY23 and project five to seven each year thereafter.

## Employees' Retirement & Insurance Benefits (Line #3.020)

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

Source	FY23	FY24	FY25	FY26	FY27
STRS/SERS	\$14,602,000	\$15,586,000	\$16,428,000	\$17,189,000	\$17,953,000
Insurance's	20,480,000	21,813,000	23,578,000	25,421,000	27,405,000
Workers Comp/Unemployment	335,000	359,000	380,000	398,000	416,000
Medicare	1,300,000	1,442,000	1,535,000	1,622,000	1,698,000
Other/Tuition	<u>212,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>
<b>Total Benefits</b>	<b>\$36,929,000</b>	<b>\$39,360,000</b>	<b>\$42,081,000</b>	<b>\$44,790,000</b>	<b>\$47,632,000</b>

### A) STRS/SERS Retirement Contributions

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

The district is self-insured for employee medical insurance, which allows the administration to manage the program in the most optimal manner. Calendar year 2022 premiums increased 2.9%. The District bid out its carrier for 2023 and will be making a switch to Anthem, allowing no change to current premiums and generating savings of \$1.8 million. We assume 8% increases in future years which is in line with industry trend. Caps on the board's exposure to future rate increases are included in employee negotiated agreements.

### C) Workers Compensation & Unemployment Compensation

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.

### D) Medicare

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.

### E) Other/Tuition

This line represents tuition reimbursement to certified staff members as negotiated per the latest agreement with the Worthington Education Association.

### Purchased Services (Line #3.030)

Source	FY23	FY24	FY25	FY26	FY27
Consulting/Legal	\$2,565,000	\$2,659,000	\$2,979,000	\$3,168,000	\$3,163,000
Maintenance/Property	3,495,000	3,647,000	3,793,000	3,945,000	4,103,000
Contracted Substitutes	3,200,000	3,200,000	3,296,000	3,395,000	3,497,000
Utilities	2,600,000	2,855,000	3,016,000	3,181,000	3,351,000
Tuition to other Entities	4,356,000	5,285,000	5,549,000	5,826,000	6,117,000
Other Purchased Services	<u>2,973,000</u>	<u>2,957,000</u>	<u>3,046,000</u>	<u>3,137,000</u>	<u>3,231,000</u>
<b>Total Purchased Services</b>	<b>\$19,189,000</b>	<b>\$20,603,000</b>	<b>\$21,679,000</b>	<b>\$22,652,000</b>	<b>\$23,462,000</b>

This category includes payments for contracted services, utilities, property insurance, specialized transportation, legal fees, and tuition to other entities. We are estimating base inflationary increases of 3% annually for most areas.

Consulting/Legal includes \$650,000 for 7 of our 11 mental health specialists, with the other four being paid out of grant funds, \$560,000 for contracted related services (OT/PT/Speech), \$400,000 for legal services, and other various technology and instructional consulting services. Maintenance and property includes leasing of modular units installed at a few of our elementary locations. Contracted substitutes include teachers through the ESC, which continues to experience pressure due to labor shortages. Utilities include increases related to the recent approval of PUCO for AEP transmission rates. The District has negotiated long term gas and electric contracts to help hold down energy costs. We also project an additional \$75,000 annually for bandwidth expansion/connectivity and fiber renewals. 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. Tuition for special education placement costs is expected to grow significantly in FY24 due to rate increases and number of students. College Credit Plus tuition costs are currently estimated at \$0.7 million annually and projected to continue to grow.

### Supplies and Materials (Line #3.040)

Source	FY23	FY24	FY25	FY26	FY27
<b>Supplies</b>	<b>\$6,629,000</b>	<b>\$5,761,000</b>	<b>\$6,283,000</b>	<b>\$7,311,000</b>	<b>\$6,329,000</b>

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. FY23 includes \$0.9 million related to social studies curriculum updates, as well as carryover of unspent building funds from the prior year.

### Capital Outlay (Line # 3.050)

Source	FY23	FY24	FY25	FY26	FY27
Equipment/Bldg. Improvements	\$800,000	\$697,000	\$718,000	\$740,000	\$762,000
Technology	<u>0</u>	<u>1,110,000</u>	<u>1,143,000</u>	<u>1,177,000</u>	<u>1,212,000</u>
<b>Total Capital Outlay</b>	<b>\$800,000</b>	<b>\$1,807,000</b>	<b>\$1,861,000</b>	<b>\$1,917,000</b>	<b>\$1,974,000</b>

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 PCs 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 the bond and permanent improvement levy. We are able to utilize federal stimulus funds for a portion of our technology costs in FY21 and FY22 and FY23 and are hopeful to be able to utilize some of it for FY24.

**Other Objects (Line #4.300)**

Source	FY23	FY24	FY25	FY26	FY27
County Tax Collection Fees	\$1,637,000	\$1,981,000	\$2,093,000	\$2,195,000	\$2,251,000
County ESC	66,000	68,000	70,000	72,000	74,000
Other	<u>355,000</u>	<u>312,000</u>	<u>321,000</u>	<u>331,000</u>	<u>341,000</u>
<b>Total Other Expenses</b>	<b>\$2,058,000</b>	<b>\$2,361,000</b>	<b>\$2,484,000</b>	<b>\$2,598,000</b>	<b>\$2,666,000</b>

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. We received a refund of collection fees in FY23 that is not expected in future years.

**Other Financing Uses (Line #5.010 & Line #5.020)**

Source	FY23	FY24	FY25	FY26	FY27
Transfers Out (#5.010)	\$343,000	\$343,000	\$343,000	\$187,000	\$187,000
Advances Out (#5.020)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>Total Other Financing Uses</b>	<b>\$443,000</b>	<b>\$443,000</b>	<b>\$443,000</b>	<b>\$287,000</b>	<b>\$287,000</b>

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)**

	FY23	FY24	FY25	FY26	FY27
<b>Estimated Encumbrances</b>	<b>\$4,000,000</b>	<b>\$4,000,000</b>	<b>\$4,000,000</b>	<b>\$4,000,000</b>	<b>\$4,000,000</b>

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

	FY23	FY24	FY25	FY26	FY27
Unencumbered Cash Balance	\$123,050,718	\$124,688,718	\$122,839,718	\$118,145,718	\$109,432,718
Contingency Reserve	<u>26,673,000</u>	<u>28,521,000</u>	<u>30,237,000</u>	<u>31,926,000</u>	<u>33,267,000</u>
<b>Unreserved Fund Balance</b>	<b>\$96,377,718</b>	<b>\$96,167,718</b>	<b>\$92,602,718</b>	<b>\$86,219,718</b>	<b>\$76,165,718</b>

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. 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 in FY25, causing the unreserved balance to decrease as expenditures continue to rise and revenues begin to flatten out.

