

**WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2022, 2023 and 2024 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2025 THROUGH 2029**



**Forecast Provided By
TJ Cusick, CPA – Treasurer
November 25, 2024**

WORTHINGTON CITY SCHOOL DISTRICT

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023, 2024
Forecasted Fiscal Year Ending June 30, 2025 through 2029

	Actual				Average Change	Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024			Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenues										
1.010 General Property Tax (Real Estate)	\$ 118,068,751	\$ 129,631,185	\$ 130,336,167	5.2%	\$ 135,990,000	\$ 142,620,000	\$ 146,881,000	\$ 148,061,000	\$ 148,620,000	
1.020 Tangible Personal Property	6,605,232	6,966,244	7,873,344	9.2%	\$ 7,343,000	\$ 7,990,000	\$ 8,143,000	\$ 8,224,000	\$ 8,307,000	
1.035 Unrestricted State Grants-in-Aid	18,502,637	18,887,902	23,375,073	12.9%	\$ 21,316,000	\$ 21,922,000	\$ 21,927,000	\$ 21,932,000	\$ 21,937,000	
1.040 Restricted State Grants-in-Aid	2,076,625	2,933,942	3,558,951	31.3%	\$ 3,428,000	\$ 2,616,000	\$ 2,616,000	\$ 2,616,000	\$ 2,616,000	
1.050 State Share of Local Property Taxes	10,070,901	10,108,476	10,275,046	1.0%	\$ 10,412,000	\$ 10,402,000	\$ 10,394,000	\$ 10,386,000	\$ 10,379,000	
1.060 All Other Revenues	3,160,585	4,744,232	9,459,987	74.8%	\$ 7,940,000	\$ 6,140,000	\$ 5,140,000	\$ 5,140,000	\$ 5,140,000	
1.070 Total Revenues	\$ 158,484,731	\$ 173,271,981	\$ 184,878,568	8.0%	\$ 186,429,000	\$ 191,690,000	\$ 195,101,000	\$ 196,359,000	\$ 196,999,000	
Other Financing Sources										
2.050 Advances-In	\$ 1,404,000	\$ 11,057,000	\$ 139,000	294.4%	\$ 128,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
2.060 All Other Financing Sources	12,621	20,520	1,754	-14.4%	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	
2.070 Total Other Financing Sources	\$ 1,416,621	\$ 11,077,520	\$ 140,754	291.6%	\$ 130,000	\$ 102,000	\$ 102,000	\$ 102,000	\$ 102,000	
2.080 Total Revenues and Other Financing Sources	\$ 159,901,352	\$ 184,349,501	\$ 185,019,322	7.8%	\$ 186,559,000	\$ 191,792,000	\$ 195,203,000	\$ 196,461,000	\$ 197,101,000	
Expenditures										
3.010 Personal Services	\$ 90,988,563	\$ 94,177,601	\$ 99,383,469	4.5%	\$ 105,900,000	\$ 112,100,000	\$ 117,500,000	\$ 122,900,000	\$ 128,200,000	
3.020 Employees' Retirement/Insurance Benefits	35,657,295	36,650,799	38,010,355	3.2%	\$ 40,173,000	\$ 43,011,000	\$ 45,759,000	\$ 48,662,000	\$ 51,672,000	
3.030 Purchased Services	17,085,141	18,163,471	20,436,985	9.4%	\$ 23,109,000	\$ 24,374,000	\$ 25,086,000	\$ 26,076,000	\$ 27,102,000	
3.040 Supplies and Materials	4,369,097	5,718,461	5,963,189	17.6%	\$ 7,741,000	\$ 6,382,000	\$ 6,011,000	\$ 6,854,000	\$ 7,207,000	
3.050 Capital Outlay	1,536,178	1,936,313	1,328,805	-2.7%	\$ 3,854,000	\$ 3,788,000	\$ 1,805,000	\$ 1,823,000	\$ 1,841,000	
4.300 Other Objects	1,845,607	2,030,097	2,138,150	7.7%	\$ 2,756,000	\$ 2,928,000	\$ 3,032,000	\$ 3,090,000	\$ 3,140,000	
4.500 Total Expenditures	\$ 151,481,881	\$ 158,676,742	\$ 167,260,953	5.1%	\$ 183,533,000	\$ 192,583,000	\$ 199,193,000	\$ 209,405,000	\$ 219,162,000	
Other Financing Uses										
5.010 Operating Transfers-Out	\$ 394,406	\$ 371,667	\$ 13,228,264	1726.7%	\$ 343,000	\$ 187,000	\$ 30,000	\$ 30,000	\$ 30,000	
5.020 Advances-Out	11,057,000	139,000	128,000	-53.3%	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
5.040 Total Other Financing Uses	\$ 11,451,406	\$ 510,667	\$ 13,356,264	1210.0%	\$ 443,000	\$ 287,000	\$ 130,000	\$ 130,000	\$ 130,000	
5.050 Total Expenditures and Other Financing Uses	\$ 162,933,287	\$ 159,187,409	\$ 180,617,217	5.6%	\$ 183,976,000	\$ 192,870,000	\$ 199,323,000	\$ 209,535,000	\$ 219,292,000	
6.010 Sources over (under) Expenditures and Other Financing Uses	\$ (3,031,935)	\$ 25,162,092	\$ 4,402,105	-506.2%	\$ 2,583,000	\$ (1,078,000)	\$ (4,120,000)	\$ (13,074,000)	\$ (22,191,000)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$ 107,316,653	\$ 104,284,718	\$ 129,446,810	10.7%	\$ 133,848,915	\$ 136,431,915	\$ 135,353,915	\$ 131,233,915	\$ 118,159,915	
7.020 Cash Balance June 30	\$ 104,284,718	\$ 129,446,810	\$ 133,848,915	13.8%	\$ 136,431,915	\$ 135,353,915	\$ 131,233,915	\$ 118,159,915	\$ 95,968,915	
8.010 Estimated Encumbrances June 30	\$ 6,143,365	\$ 5,534,556	\$ 7,058,692	8.8%	\$ 7,058,692	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	
Reservation of Fund Balance										
9.030 Budget Reserve	\$ 25,252,030	\$ 26,451,000	\$ 27,882,401	5.1%	\$ 30,595,000	\$ 32,104,000	\$ 33,205,000	\$ 34,908,000	\$ 36,534,000	
9.080 Subtotal	25,252,030	26,451,000	27,882,401	5.1%	30,595,000	32,104,000	33,205,000	34,908,000	36,534,000	
15.010 Unreserved Fund Balance June 30	\$ 72,889,323	\$ 97,461,254	\$ 98,907,822	17.6%	\$ 98,778,223	\$ 98,249,915	\$ 93,028,915	\$ 78,251,915	\$ 54,434,915	
ADM Forecasts										
20.010 Kindergarten - October Count	800	795	736	-4.0%	712	743	768	744	751	
20.015 Grades 1-12 - October Count	9,492	9,546	9,630	0.7%	9,727	9,819	9,867	9,977	10,095	

Worthington City School District - Franklin County
Notes to the Five-Year Forecast
General Fund Only
November 25, 2024

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 2024 (July 1, 2023-June 30, 2024) 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:

- **Property Values and Potential Tax Changes** – The District is heavily reliant on local property tax revenue, accounting for close to 75% of total revenue. Property values have risen substantially in the greater central Ohio area, with last year’s reappraisal resulting in an overall increase to residential property of 34.9% and commercial property of 20.7%. The Ohio General Assembly has introduced several bills targeting changes to various components of Ohio’s property tax system. Some of these target the 20-mill floor, which wouldn’t impact the District, but others include capping annual increases or creating credits which could impact future revenue assumptions.
- **Future Biennial Budgets, State Funding and Vouchers** – Ohio will begin its biennial budget process soon for fiscal years 26 and 27. Heighted property values from reappraisal create less state funding for our district, and if the inputs in the formula aren’t indexed for inflation in the next biennium, or a new formula is adopted, District revenue could be significantly less than projected in this forecast. Continued expansion of school choice vouchers would lessen the total dollars available to support public schools.
- **Enrollment** – Our enrollment has increased by over one thousand students during the last decade (11%) but is starting to slow. Latest projections still call for additional students in future years, and we have forecasted modest staffing increases to accommodate this, but any variance to these projections could have cost implications as well as revenue implications since we finally have a working formula.
- **Retirement System Contributions** – Current law requires the District to contribute 14% of applicable employee wages to the State Teachers’ and School Employees’ Retirement Systems of Ohio. This forecast assumes that rate will remain in effect for the life of the forecast. Any increase to that rate would increase costs above what is currently forecasted.
- **Natatorium Operations** – The new, District-owned natatorium is anticipated to open in the fall of 2025. The current forecast had projected continued leasing cost of the existing facility and we assume that will cover the net cost of new operations, but that is still largely unknown at this time.

Summary of Changes from the May 2024 Forecast

Projected Revenues:

We have made adjustments to revenue projections resulting in a decrease of \$2.5 million over the five-year period (-0.2%). Property tax revenue projections decreased \$3.1 million over five years primarily the result of lowered utility values that were successfully challenged by the companies. State revenue projections increased \$0.5 million due to a one-time reimbursement for Science of Reading professional development. Additional projected state revenue from the expansion of all-day kindergarten offset losses from high reappraised property values used in the funding formula. Other revenue projections decreased due to elimination of instructional consumable fees offset by higher interest earnings in the near term from slower than expected interest rate reductions.

Projected Expenditures:

We have made adjustments to expenditure projections resulting in a decrease of \$2.4 million over the five-year period (0.3%). We ended fiscal year 2024 under budget, driving most of the change. We have reduced future wages based on more teacher turnover, but correspondingly increased wages due to universal all-day kindergarten starting in FY26. Benefits were decreased slightly due to a 6% increase in premiums next year compared to previous projections of 8%.

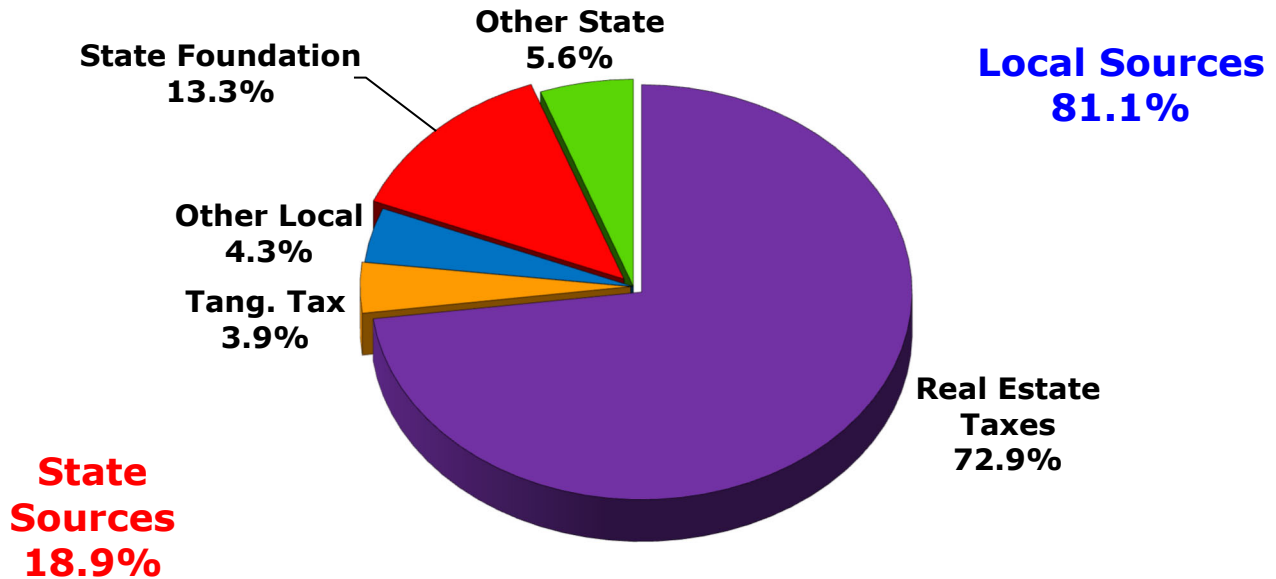
Projected Unreserved Cash Balance:

These changes to revenue and expenditure assumptions result in an increase of projected unreserved balance June 30, 2028 from \$77.9 million to \$78.2 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.

General Fund Operating Revenues 2025 \$186,429,000



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, occurred for tax year 2023 (collection 2024). Overall residential/agricultural values increased 34.9% while commercial/industrial values increased 20.7%. Public utility values increased 5.6% initially but were reduced after a successful challenge. We assume an annual 0.3% growth for new residential and commercial construction for future years, as well as a 10% residential/7% commercial increase for the triennial reappraisal update in 2026.

Estimated Assessed Property Valuations by Collection Year

Classification	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2023	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	\$2,537,822,230	\$2,545,435,697	\$2,553,072,004	\$2,816,038,420	\$2,824,486,535
Comm./Ind.	\$609,056,290	\$612,101,571	\$615,162,079	\$661,299,235	\$664,605,731
Public Utility (PUPP)	<u>\$75,260,040</u>	<u>\$72,310,162</u>	<u>\$73,033,264</u>	<u>\$73,763,597</u>	<u>\$74,501,233</u>
Total Assessed Value	\$3,222,138,560	\$3,229,847,430	\$3,241,267,347	\$3,551,101,252	\$3,563,593,500

Estimated Real Estate Tax (Line #1.010)

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

	FY25	FY26	FY27	FY28	FY29
August Settlement	\$61,312,000	\$64,447,000	\$67,629,000	\$68,488,000	\$68,747,000
February Settlement	72,337,000	75,915,000	76,881,000	77,172,000	77,462,000
August Delinquent	85,000	274,000	287,000	291,000	292,000
February Delinquent	<u>2,256,000</u>	<u>1,984,000</u>	<u>2,084,000</u>	<u>2,110,000</u>	<u>2,119,000</u>
Total General Property Taxes	\$135,990,000	\$142,620,000	\$146,881,000	\$148,061,000	\$148,620,000

Property tax levies are estimated to be collected at 98.5% of the annual amount and 1.5% delinquency factor, in line with historical averages although 2024 delinquency rose closer to 3%, which we expect to be collected in February 2025 and return to normal. 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. We have modeled in the 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 new construction projected.

Estimated Tangible Personal Property Tax (Line #1.020)

	FY25	FY26	FY27	FY28	FY29
Public Utility Pers. Property	\$7,343,000	\$7,990,000	\$8,143,000	\$8,224,000	\$8,307,000

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 1% in future years, which is lower than the past several years since valuation was reduced this year upon successful challenge by the utility companies.

Unrestricted State Grants-in-Aid (Line #1.035)

Source	FY25	FY26	FY27	FY28	FY29
Basic Foundation Aid	\$18,656,000	\$19,256,000	\$19,256,000	\$19,256,000	\$19,256,000
Additional Aid Items	\$1,949,000	\$1,949,000	\$1,949,000	\$1,949,000	\$1,949,000
Basic Aid-Subtotal	\$20,605,000	\$21,205,000	\$21,205,000	\$21,205,000	\$21,205,000
Ohio Casino Commission ODT	\$711,000	\$717,000	\$722,000	\$727,000	\$732,000
Total Unrestricted State Aid	\$21,316,000	\$21,922,000	\$21,927,000	\$21,932,000	\$21,937,000

A) Basic Foundation Aid

House Bill 33, the fiscal years 2024 & 2025 biennial state budget, continued to phase in the new funding formula for Ohio public school districts enacted last budget. It is commonly referred to as the fair school funding plan. 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 continued a “phase-in” plan of 50.0% in FY24 and 66.67% in FY25, 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 2023, the District is projected to receive less in FY25 than in FY24 and eventually could be back on the guarantee at FY21 levels thereafter unless the next state budget indexes the inputs to the formula for inflation. We continue to expect growth in central Ohio property values and while we have modeled in the continued phase-in of the formula, any gain could be offset by higher property valuation and less state responsibility.

B) Additional Aid Items

Additional Aid items include special education funding for transportation and preschool and we project similar amounts as in 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 FY24 generated \$66.49 per pupil, which equated to \$706,000 for our District. We expect levels to grow slightly each year.

Restricted Grants-in-Aid (Line #1.040)

Source	FY25	FY26	FY27	FY28	FY29
Student Wellness and Success	\$730,000	\$730,000	\$730,000	\$730,000	\$730,000
Disadvantaged Pupil Aid	277,000	277,000	277,000	277,000	277,000
English Learners	208,000	208,000	208,000	208,000	208,000
Gifted	417,000	417,000	417,000	417,000	417,000
Career Tech	181,000	181,000	181,000	181,000	181,000
Medicaid/Threshold/Other	1,615,000	803,000	803,000	803,000	803,000
Total Restricted State Aid	\$3,428,000	\$2,616,000	\$2,616,000	\$2,616,000	\$2,616,000

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, but are reduced due to the significant reappraisal that was mentioned earlier.

The District also participates in the Medicaid in Schools Program in which we bill the state for eligible reimbursable services. Threshold Aid includes state reimbursement for those special education costs that exceed an unusually large, state determined amount. We expect those amounts to remain consistent. This line also includes \$800,000 in FY25 for teacher professional development surrounding new science of reading methodology for literacy instruction.

State Share of Local Property Taxes (Line #1.050)

Source	FY25	FY26	FY27	FY28	FY29
Rollback and Homestead	\$10,412,000	\$10,402,000	\$10,394,000	\$10,386,000	\$10,379,000

Rollback funds are reimbursements paid to the district from the state for tax credits given to 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.

Other Local Revenues (Line #1.060)

Source	FY25	FY26	FY27	FY28	FY29
Interest	\$6,500,000	\$5,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Participation Fees	140,000	140,000	140,000	140,000	140,000
Tuition, Charges, Other Fees	500,000	500,000	500,000	500,000	500,000
Other	800,000	500,000	500,000	500,000	500,000
Total Other Local Revenues	\$7,940,000	\$6,140,000	\$5,140,000	\$5,140,000	\$5,140,000

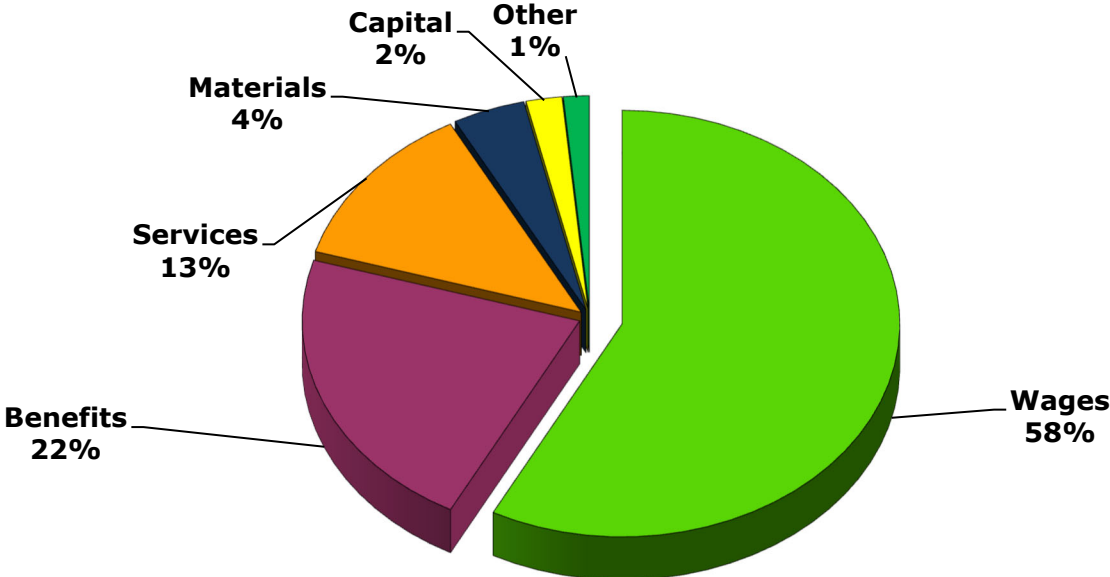
Interest income is generated on investments and will fluctuate based on market rates and cash balance (current overnight rate is 5.16% compared to 5.61% in May 2024). We assume a continued decrease in rates over the next 3 to 5 years in line with the current yield curve. Participation fees are charged 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, and transportation field trip charges to outside entities. Consumable instructional fees were eliminated at the beginning of FY25. We project the rest to remain consistent. Other revenue includes potential ERATE reimbursement related to technology equipment purchases, and annually includes approximately \$250,000 of compensation payments from the City of Worthington related to tax abatement agreements.

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

Source	FY25	FY26	FY27	FY28	FY29
Advance Returns	\$128,000	\$100,000	\$100,000	\$100,000	\$100,000
Refunds/Sale of Assets	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000

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. These amounts are consistent from year to year, with an exception in FY23 in which \$10.3 million was advanced to the building fund to expedite architect and engineering services related to construction at both high schools.

General Fund Operating Expenditures FY25 \$183,533,000



Personal Services (Wages) (Line #3.010)

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	\$98,700,000	\$104,800,000	\$111,700,000	\$117,100,000	\$122,500,000
Increases	3,032,000	3,144,000	3,072,000	3,220,000	3,369,000
Steps/Training	3,268,000	2,376,000	2,263,000	2,303,000	2,033,000
New Staff	308,000	565,000	290,000	302,000	323,000
Grant Shortfall/Recapture/ADK	1,092,000	1,315,000	275,000	75,000	75,000
Severance	400,000	400,000	400,000	400,000	400,000
Retirements	(900,000)	(500,000)	(500,000)	(500,000)	(500,000)
Total Wages Line 3.010	\$105,900,000	\$112,100,000	\$117,500,000	\$122,900,000	\$128,200,000

Projections include annual base wage increases of 3.25%, 3.05%, and 3.00% in FY24, FY25, and FY26, respectively, per the latest contract (estimated 2.75% thereafter) as well as annual step increases for experience and educational attainment. We have included an additional 27 staff over the next four years based on expected needs and enrollment growth. Grant recapture includes the expiration of federal stimulus funds (ESSER/ARP) starting in FY25 as well as the cost of universal all-day K beginning in FY26. The retirements line projects savings from retirees that are typically replaced with entry year teachers at a significantly lower cost. We had 20 retirements at the end of FY24 and have estimated 10 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	FY25	FY26	FY27	FY28	FY29
STRS/SERS	\$16,303,000	\$17,200,000	\$17,987,000	\$18,771,000	\$19,545,000
Insurances	21,736,000	23,557,000	25,385,000	27,370,000	29,505,000
Workers Comp/Unemployment	376,000	397,000	416,000	435,000	454,000
Medicare	1,598,000	1,697,000	1,811,000	1,926,000	2,008,000
Other/Tuition	160,000	160,000	160,000	160,000	160,000
Total Benefits	\$40,173,000	\$43,011,000	\$45,759,000	\$48,662,000	\$51,672,000

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. We assume no changes to both employee and employer required contribution rates in the future, although there have been public comments by the Board of STRS of requesting to increase the rate.

Insurances

The district is self-insured for employee medical insurance, which allows the administration to manage the program in the most optimal manner. As a result of a switch in carriers, the District was able to achieve no increase in premium rates in both 2023 and 2024, well below industry averages. Claims are running higher than projected this year and inflation is impacting provider contract renewals so the District is increasing rates 6% for 2025 and the forecast assumes 8% increases in future years, in line with industry trend. Caps on the board's exposure to future rate increases are included in employee negotiated agreements.

Workers Compensation & Unemployment Compensation

The District is self-insured for workers compensation insurance, and the premium rate charged is 0.35% of covered payroll and is not expected to change. Historically, unemployment charges are minimal. 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.

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.

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	FY25	FY26	FY27	FY28	FY29
Consulting/Legal	\$3,608,000	\$3,766,000	\$3,829,000	\$3,944,000	\$4,062,000
Maintenance/Property	4,057,000	4,219,000	4,388,000	4,564,000	4,747,000
Contracted Substitutes	3,400,000	3,502,000	3,607,000	3,715,000	3,826,000
Utilities	2,992,000	3,457,000	3,436,000	3,614,000	3,797,000
Tuition to other Entities	5,345,000	5,612,000	5,893,000	6,188,000	6,497,000
Other Purchased Services	3,707,000	3,818,000	3,933,000	4,051,000	4,173,000
Total Purchased Services	\$23,109,000	\$24,374,000	\$25,086,000	\$26,076,000	\$27,102,000

This category includes payments for various contracted services provided by other entities. We are estimating base inflationary increases of 3% annually for most areas in future years.

Consulting/Legal includes \$1.2 million our 11 mental health specialists and 2 behavior consultants, \$1.2 million for contracted special education related services (OT/PT/Speech/Interpreters/Attendants), \$400,000 for legal services, and other various testing, technology and instructional consulting services. Maintenance and property include leasing of modular units installed at a few of our elementary locations. Utilities include increases related to the recent approval of PUCO for AEP transmission rates and for FY26 the impact of PJM's annual capacity auction which was 933% higher than the prior year. The District has negotiated long term gas and electric contracts in partnership with other districts 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 includes \$2.5 million for special education placements and \$1.8 million vocational services at the Delaware Area Career Center. Tuition for special education placements is growing due to rate increases and number of students placed. College Credit Plus tuition costs are currently estimated at \$0.6 million annually and projected to continue to grow.

Supplies and Materials (Line #3.040)

Source	FY25	FY26	FY27	FY28	FY29
Supplies	\$7,741,000	\$6,382,000	\$6,011,000	\$6,854,000	\$7,207,000

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 bump in FY25 is due to state mandated new English Language Arts curriculum aligned with the science of reading, budgeted at \$1.5 million.

Capital Outlay (Line # 3.050)

Source	FY25	FY26	FY27	FY28	FY29
Equipment/Bldg. Improvements	\$2,642,000	\$2,576,000	\$593,000	\$611,000	\$629,000
Technology	1,212,000	1,212,000	1,212,000	1,212,000	1,212,000
Total Capital Outlay	\$3,854,000	\$3,788,000	\$1,805,000	\$1,823,000	\$1,841,000

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 and a permanent improvement levy in 2022. Funding for roof, window, and parking repairs to the administrative office are included in FY25 and FY26 at a total cost of \$3.9 million. Technology includes replacement of student Chrome books and PCs on a four-year cycle (FY22-FY24 replacements were funded with ESSER/ARP dollars).

Other Objects (Line #4.300)

Source	FY25	FY26	FY27	FY28	FY29
County Tax Collection Fees	\$2,131,000	\$2,268,000	\$2,335,000	\$2,354,000	\$2,363,000
County ESC	72,000	74,000	76,000	78,000	80,000
Other	<u>553,000</u>	<u>586,000</u>	<u>621,000</u>	<u>658,000</u>	<u>697,000</u>
Total Other Expenses	\$2,756,000	\$2,928,000	\$3,032,000	\$3,090,000	\$3,140,000

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. We received a refund of \$0.3 million in collection fees in FY24 that is not assumed in future years.

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

Source	FY25	FY26	FY27	FY28	FY29
Transfers Out (#5.010)	\$343,000	\$187,000	\$30,000	\$30,000	\$30,000
Advances Out (#5.020)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Other Financing Uses	\$443,000	\$287,000	\$130,000	\$130,000	\$130,000

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. 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. Included in FY24 was a transfer of \$12.8 million to the permanent improvement fund for the purchase and renovation of a maintenance facility.

Encumbrances (Line#8.010)

	FY25	FY26	FY27	FY28	FY29
Estimated Encumbrances	\$7,058,692	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000

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 from year to year except for FY24 and FY25 are higher as summer WEC work carries across fiscal year end.

Unencumbered Cash Balance, Reservations of Fund Balance, Ending Unreserved Balance

	FY25	FY26	FY27	FY28	FY29
Unencumbered Cash Balance	\$129,373,223	\$130,353,915	\$126,233,915	\$113,159,915	\$90,968,915
Contingency Reserve	(30,595,000)	(32,104,000)	(33,205,000)	(34,908,000)	(36,534,000)
Unreserved Fund Balance	\$98,778,223	\$98,249,915	\$93,028,915	\$78,251,915	\$54,434,915

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 FY26, causing the unreserved balance to decrease as expenditures continue to rise and revenues begin to flatten out.

