Enclosure C-1-c
May 11, 2015

WORTHINGTON CITY SCHOOL DISTRICT-FRANKLIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2013 and 2014 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2015 THROUGH 2019

Forecast Provided By
Worthington City School District
Treasurer's Office
Jeff McCuen, Treasurer/CFO
May 11, 2015

WORTHINGTON CITY SCHOOL DISTRICT

May 11, 2015

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2012, 2013, 2014
Forecasted Fiscal Year Ending June 30, 2015 through 2019

		Actual				Forecasted				
		Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Average Change	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
	Revenues									
1.010	General Property Tax (Real Estate)	$ 74,554,666	$ 81,690,919	$ 86,311,963	7.6%	$ 87,455,320	$ 89,424,527	$ 89,916,756	$ 90,412,923	$ 90,913,059
1.020	Tangible Personal Property	3,094,377	3,451,276	3,356,219	4.4%	3,733,344	3,629,180	3,629,180	3,629,180	3,629,180
1.035	Unrestricted State Grants-in-Aid	14,280,914	14,355,731	15,934,116	5.8%	17,494,382	18,418,581	19,293,783	20,214,290	21,178,408
1.040	Restricted State Grants-in-Aid	113,407	285,863	339,362	85.4%	408,993	412,598	415,356	418,155	420,997
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	746,556	-	-	0.0%	-	-	-	-	-
1.050	Property Tax Allocation	21,232,139	19,683,504	20,424,617	-1.8%	20,791,774	18,450,305	15,963,329	13,477,050	10,633,201
1.060	All Other Revenues	1,137,512	1,035,371	1,089,314	-1.9%	1,298,328	1,248,328	1,223,328	978,328	953,328
1.070	*Total Revenues*	$ 115,159,571	$ 120,502,664	$ 127,455,591	5.2%	$ 131,182,141	$ 131,583,519	$ 130,441,732	$ 129,129,926	$ 127,728,173
	Other Financing Sources									
2.050	Advances-In	$ 502,200	$ 490,700	$ 180,000	-32.8%	$ 21,500	$ -	$ -	$ -	$ -
2.060	All Other Financing Sources	11,028	19,581	54,865	128.9%	533,000	10,000	10,000	10,000	10,000
2.070	*Total Other Financing Sources*	$ 513,228	$ 510,281	$ 234,865	-27.3%	$ 554,500	$ 10,000	$ 10,000	$ 10,000	$ 10,000
2.080	*Total Revenues and Other Financing Sources*	$ 115,672,799	$ 121,012,945	$ 127,690,456	5.1%	$ 131,736,641	$ 131,593,519	$ 130,451,732	$ 129,139,926	$ 127,738,173
		-	-	-						
	Expenditures									
3.010	Personal Services	$ 73,444,360	$ 70,623,617	$ 68,800,687	-3.2%	$ 72,841,626	$ 74,093,105	$ 76,306,212	$ 79,585,373	$ 83,526,660
3.020	Employees' Retirement/Insurance Benefits	25,864,996	25,853,892	26,557,038	1.3%	28,115,587	29,796,777	30,841,370	32,115,349	33,044,287
3.030	Purchased Services	10,899,262	12,223,794	13,422,946	11.0%	15,614,179	15,173,446	15,864,450	16,748,877	17,686,183
3.040	Supplies and Materials	2,330,804	2,761,158	3,357,022	20.0%	3,822,184	3,763,850	3,676,766	3,437,069	3,540,181
3.050	Capital Outlay	216,757	342,906	312,042	24.6%	704,706	344,195	354,521	365,157	376,112
4.300	Other Objects	1,445,866	1,897,285	1,801,312	13.1%	1,982,506	2,034,035	2,056,390	2,079,197	2,102,471
4.500	*Total Expenditures*	$ 114,202,045	$ 113,702,652	$ 114,251,047	0.0%	$ 123,080,788	$ 125,205,408	$ 129,099,709	$ 134,331,022	$ 140,275,894
	Other Financing Uses									
5.010	Operating Transfers-Out	$ 1,051,125	$ 1,076,047	$ 1,101,619	2.4%	$ 877,670	$ 1,099,966	$ 1,245,705	$ 1,273,604	$ 1,312,575
5.020	Advances-Out	490,700	180,000	21,500	-75.7%	-	-	-	-	-
5.040	*Total Other Financing Uses*	$ 1,541,825	$ 1,256,047	$ 1,123,119	-14.6%	$ 877,670	$ 1,099,966	$ 1,245,705	$ 1,273,604	$ 1,312,575
5.050	*Total Expenditures and Other Financing Uses*	$ 115,743,870	$ 114,958,699	$ 115,374,166	-0.2%	$ 123,958,458	$ 126,305,374	$ 130,345,414	$ 135,604,626	$ 141,588,469
6.010	*Sources over (under) Expenditures and Other Financing Uses*	$ (71,071)	$ 6,054,246	$ 12,316,290	-4257.6%	$ 7,778,183	$ 5,288,145	$ 106,318	$ (6,464,700)	$ (13,850,296)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$ 44,312,545	$ 44,241,474	$ 50,295,720	6.8%	$ 62,612,010	$ 70,390,193	$ 75,678,338	$ 75,784,656	$ 69,319,956
7.020	*Cash Balance June 30*	$ 44,241,474	$ 50,295,720	$ 62,612,010	19.1%	$ 70,390,193	$ 75,678,338	$ 75,784,656	$ 69,319,956	$ 55,469,660
8.010	*Estimated Encumbrances June 30*	$ 1,629,802	$ 1,649,211	$ 1,392,502	-7.2%	$ 1,900,000	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ 1,400,000
	Reservation of Fund Balance									
9.030	Budget Reserve	$ 3,118,000	$ 3,118,000	$ 5,335,958	35.6%	$ 9,771,874	$ 13,855,716	$ 17,587,484	$ 20,515,723	$ 20,515,723
9.060	Property Tax Advances	6,515,500	5,989,400	7,205,330	6.1%	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
9.080	*Subtotal*	9,633,500	9,107,400	12,541,288	16.1%	17,271,874	21,355,716	25,087,484	28,015,723	28,015,723
15.010	*Unreserved Fund Balance June 30*	$ 32,978,172	$ 39,539,109	$ 48,678,220	21.5%	$ 51,218,319	$ 52,922,622	$ 49,297,172	$ 39,904,233	$ 26,053,937
	ADM Forecasts									
20.010	Kindergarten - October Count	731	757	776	3.0%	733	734	734	734	735
20.015	Grades 1-12 - October Count	8,604	8,553	8,622	0.1%	8,668	8,764	8,772	8,811	8,874
	State Fiscal Stabilization Funds									
21.010	Personal Services SFSF	553,906			0.0%					
21.020	Employees Retirement/Insurance Benefits SFSF	192,650			0.0%					
21.060	*Total Expenditures - SFSF*	746,556	-	-	0.0%	-	-	-	-	-

Worthington City School District - Franklin County
Notes to the Five Year Forecast
General Fund Only
May 11, 2015

Introduction to the Five Year Forecast
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and 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 2015 (July 1, 2014-June 30, 2015) is the first year of the five year forecast and is considered the baseline year. The May forecast is used to provide an update of the actual revenues and expenditures for the current fiscal year and the effect of this year on the remaining years of the forecast. Therefore, these notes do not include the full state economic background information contained in the October forecast. Please consult our website, www.worthington.k12.oh.us, and the October 2014 forecast for that information.

May 2015 Updates:

Revenues:
An overview of revenues shows that we are substantially on target with original October estimates for FY15. Total General Fund revenues (Line 1.07) are now estimated to be $131.1 million, no material change from original estimate.

Expenditures:
At this time, we expect our original estimates for FY15 total expenditures to remain materially accurate. We have slightly revised down our FY15 projections of salaries and benefits due to lower than expected retirements. This increases future years' estimates since savings are realized as more experienced teachers are replaced with entry level teachers.

We have also revised down expected future year's employee health insurance renewal costs. We are in the second year of self-insuring this program, and costs are running better than expected.

State Funding and the FY16&17 State Biennium Budget Deliberation House Bill 64:
At the time this forecast is approved, HB64 has been voted out of the House of Representatives and is currently being debated by the State Senate. No action is expected until May 25, 2015 by the Senate, which will be followed by conference committee meetings until June.

We have structured the forecast estimating the effects of the current state budget for FY14&15, and have tried to anticipate the effects of some of the proposed changes in HB64 for fiscal years 2016-2019. Two major revenue impacts include:

1. This forecast assumes the Tangible Personal Property Tax (TPP) reimbursements will begin to phase out, as proposed by the Governor, beginning in FY16 until completely eliminated in FY19, at which the District will be losing $15 million annually that was previously collected through local tax revenues and subsequently reimbursed by the State. The latest HB64 made efforts to hold some districts harmless, including ours, based on total state resources. However, we will not know the Senate's and final version of the budget until June, and are continuing to forecast the phase out, but will be actively engaging legislators to continue this revenue.

2. The Governor's proposed budget included a 10% annual cap on district increases to total state formula funding, and HB64 reduced that to 7.5%. Many districts have raised equity issues with the original proposal, so we believe the variance among districts will continue to compress, and have assumed a 5% annual cap increase in this forecast.

Forecast Risks and Uncertainty:

Our financial forecast is laden with risks and uncertainty not only due to economic uncertainties but also due to volatility of the legislative changes that is currently ongoing relating to deliberation of the next state biennium budget for FY16 & FY17. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

I. **Reappraisal -** Franklin County will go through a reappraisal update in the 2017 tax year to be collected in FY18. We expect values in our District to remain stable, but there is some risk that the district could sustain another reduction in values, but we do not anticipate that at this time.

II. **Tangible Personal Property Tax Reimbursement -** The State Budget greatly reduced Tangible Personal Property (TPP) fixed rate reimbursements to the district in FY12. HB153, the FY12-13 State Budget bill, promised to pay highly reliant districts like ours the TPP reimbursement at the FY13 level into the future. HB59, the current State Budget bill, continues this reimbursement through FY15. The Governor's proposed FY16-17 budget reduced the reimbursement by $2.5 million annually, however the House approved version of the budget restored a portion of that. We do not yet know what the final outcome will be, and the potential elimination of TPP funds in future state budgets is a significant risk factor to our district.

III. **Tuition Vouchers & Community Schools -** There are many provisions in the current state budget bill HB59 and the current proposed state budget HB64 that increase district expenditures in the form of exposure to school choice scholarships or vouchers, additional special education costs, school reform initiatives, college credit plus, and several other "choice" programs. The Peterson special education voucher and the Autism Scholarship voucher began in FY13 and now costs the district $1.3 million annuall. Continued expansion or creation of programs such as these could expose the district to new expenditures not currently in this forecast.

IV. **Patient Protection and Affordable Care Act (PPACA) –** This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were supposed to be implemented January 1, 2014 but were delayed by the IRS until January 1, 2015. Rules for the PPACA are in flux at this time and we are tracking them closely. Future uncertainty over rules and implementation of PPACA is a risk.

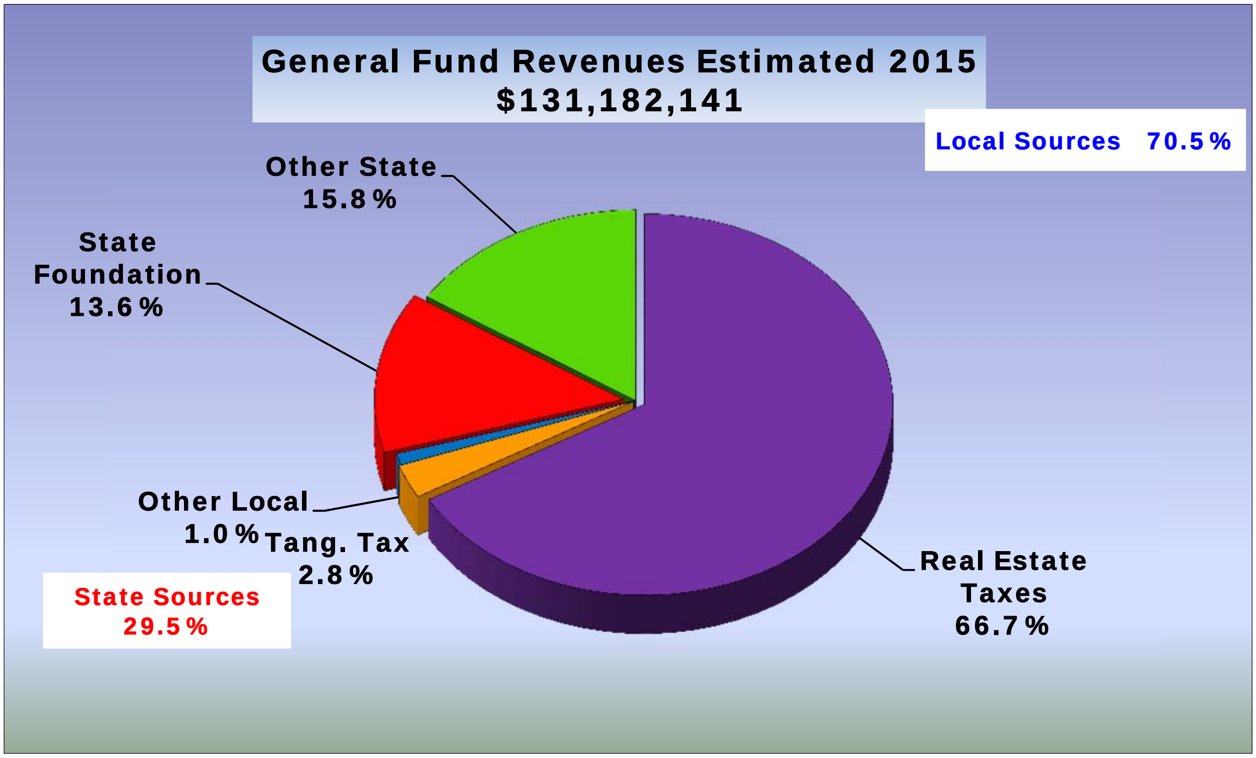
V. **State Foundation Funding -** The current biennial state budget for FY14-15 did not appropriate enough resources to fully fund all districts according to its latest school funding formula. Many districts, including ours, received a capped increase of 6.25% of prior year state revenue for FY14 and 10.5% in FY15. This amounts to $5 million in additional revenue in FY15 our District would have received if fully implemented. The current HB64 budget calls for a 7.5% annual cap increase for FY16 & FY17, but due to total budget constraints, we are currently forecasting 5% annual cap increases, which still leaves the District approximately $3 million less in FY19 than we would receive under a fully funded formula.

VI. **Student Diversity -** The diversity of our student population continues to increase. Comparing the current FY15 student body to FY10, the percentage of students with disabilities has increased from 11.0% to 13.2%, economically disadvantaged students from 21.8% to 24.4%, and those with limited English proficiency from 5.2% to 5.8%. This presents unique challenges and opportunities for the District, and while we feel we have adequately included staff increases in this forecast, often times there are governing restrictions on student to teacher ratios for these populations, and there is some risk that we will need additional staff in future years to meet their needs.

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 Jeff McCuen, Treasurer of Worthington City School District, at 614-450-6120.

Revenue Assumptions
All Revenue Sources General Fund FY15



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 triennial update occurred in 2014 for collection in calendar year 2015. Residential/agricultural values increased overall by $54.1 million (4%) while commercial/industrial values decreased $10.9 million (-2.7%) and Public Utility Personal Property values increased by $2.9 million (+8.1%). Overall values increased $46 million or an overall average of (2.6%). Based on current sale to property valuation ratios we anticipate values will remain mostly steady for tax years 2015 through 2018, with an annual 0.8% growth in new residential construction, a 0% growth in commercial values, and no change in values for our reappraisal in calendar year 2018. The chart below reflects these assumptions.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR 2014 COLLECT 2015	Estimated TAX YEAR 2015 COLLECT 2016	Estimated TAX YEAR 2016 COLLECT 2017	Estimated TAX YEAR 2017 COLLECT 2018	Estimated TAX YEAR 2018 COLLECT 2019
Res./Ag.	$1,390,188,880	$1,401,310,391	$1,412,520,874	$1,423,821,041	$1,435,211,609
Comm./Ind.	$397,473,620	$397,473,620	$397,473,620	$397,473,620	$397,473,620
Public Utility (PUPP)	$38,964,780	$38,964,780	$38,964,780	$38,964,780	$38,964,780
Total Assessed Value	**$1,826,627,280**	**$1,837,748,791**	**$1,848,959,274**	**$1,860,259,441**	**$1,871,650,009**

ESTIMATED REAL ESTATE TAX (Line #1.010)

Based on the predicted changes in property values above, the following chart illustrates Real Estate Property Tax collections:

	FY15	FY16	FY17	FY18	FY19
August Settlement	$39,309,064	$41,075,996	$41,301,525	$41,528,858	$41,758,010
February Settlement	45,765,433	46,016,710	46,269,996	46,525,310	46,782,665
August Delinquent	315,879	446,519	449,088	451,676	454,286
February Delinquent	1,770,274	1,885,303	1,896,147	1,907,078	1,918,097
Prior Year Advances taken	(7,205,330)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)
Current Year Advances Estimated	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total General Property Taxes	**87,455,320**	**89,424,527**	**89,916,756**	**90,412,923**	**90,913,059**

Property tax levies are estimated to be collected at 98% of the annual amount. This allows 2% delinquency factor. In general, 52% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the February tax settlement and 48% collected in the August tax settlement. Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in February and 50% in August settlement from the County Auditor. No future additional levies are projected in this forecast. Franklin County upgraded computer systems during 2014 which caused February 2015 settlement to be delayed until May; however, we assume we will still be able to obtain $7.5 million in August advances prior to the end of fiscal year 2015.

ESTIMATED TANGIBLE PERSONAL PROPERTY TAX (Line #1.020)

	FY15	FY16	FY17	FY18	FY19
Public Utility Pers. Property	$3,733,344	$3,629,180	$3,629,180	$3,629,180	$3,629,180

The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. The amount remaining on Line #1.020 is the public utilities personal property tax revenues from telephone, electric, and gas tangible property. These amounts were not affected by HB66 and amounts are collected at gross tax rates. The additional amount in FY15 is a result of one property's payment being collected entirely in August 2014 instead of half in February 2014 (FY14).

UNRESTRICTED STATE GRANTS-IN-AID (Line #1.035)

Source	FY15	FY16	FY17	FY18	FY19
Basic Foundation Aid	$16,168,259	$17,060,944	$17,920,427	$18,822,980	$19,770,759
Additional Aid Items	$847,613	$847,613	$847,613	$847,613	$847,613
Basic Aid-Subtotal	$17,015,872	$17,908,557	$18,768,040	$19,670,593	$20,618,372
Ohio Casino Commission ODT	$478,510	$510,024	$525,743	$543,697	$560,036
Total Unrestricted State Aid	**$17,494,382**	**$18,418,581**	**$19,293,783**	**$20,214,290**	**$21,178,408**

A) Basic Foundation Aid

In FY14-15, HB59 created the fourth (4^{th}) new funding formula for public education since 2009. The new funding formula is very complex and could change again with the new FY 16-17 or FY18-19 state budgets. This formula has a new method to measure a district's wealth and capacity to raise local revenue. The new wealth measure is called the State Share Index (SSI), which theoretically equalizes state funding based on wealth. The SSI, or one or more of the other three (3) indexes, are applied in determining need on the nine separate components that constitute state aid in FY14 and FY15.

The amounts estimated for FY15 for state funding is based on funding component computations from the most recent April 2015 State Foundation Payment Report (SFPR). The formula included an increase in funding for our district, but it was limited to a "capped" amount of 6.25% in FY14 and 10.5% in FY15. The following table illustrates our actual basic foundation aid compared to the fully calculated amount without the cap:

	FY15	FY16	FY17	FY18	FY19
Basic Foundation Aid	16,168,259	17,060,944	17,920,427	18,822,980	19,770,759
Uncapped Formula Aid	21,229,388	22,319,953	22,591,982	22,754,719	22,919,084
Difference	($5,061,129)	($5,259,009)	($4,671,555)	($3,931,739)	($3,148,325)

Current calculations indicate our district will remain on the CAP for FY16 through FY19, with the assumptions the CAP will grow 5% annually, and the per-pupil amount in the formula will grow 1% annually as well. We are assuming the current funding formula continues in the next biennium budget in a modified form. Of particular importance, the proposed biennium budget, HB64, presents a new component to measure a district's wealth and capacity to raise local revenue called a "Capacity Measure", somewhat different and in conjunction with the previous "State Share Index". There is little data available about this and how to calculate it at this point, and we will continue to monitor state budget deliberations carefully regarding this topic.

B) Additional Aid Items

Additional Aid items include preschool special education funding and special education transportation funding. We are assuming these funds continue throughout the life of the forecast at current levels.

C) Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013 all four (4) casinos were open for business and generating Gross Casino Tax Revenues (GCR). 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 of each year.

The initial student payment to schools in January 2013 (FY13) was a half year payment of $21.00 per pupil. FY14 payments resulted in a full year payment of $51.57 per pupil. The state indicated recently that the original 2009 estimates of $1.9 billion of GCR may be closer to $900 million as revenues from casinos are not growing robustly as originally predicted. Actual numbers generated for FY15 statewide were 1,804,397 students at $50.43 per pupil, which equated to $478,510 for our District. We are projecting a modest 3% increase in the per pupil amount in FY16 through FY19 and will monitor this closely.

RESTRICTED STATE GRANTS-IN-AID (Line #1.040)

Source	FY15	FY16	FY17	FY18	FY19
Economically Disadvantaged	$133,641	$136,314	$138,359	$140,434	$142,541
Career Tech	$46,623	$47,555	$48,268	$48,992	$49,727
Medicaid/Catastrophic Aid	$228,729	$228,729	$228,729	$228,729	$228,729
Total Restricted State Revenues	**$408,993**	**$412,598**	**$415,356**	**$418,155**	**$420,997**

HB59 funded two restricted sources of revenues to our district which are Economic Disadvantaged funding and Career Technical funding. We have incorporated these amounts into the restricted aid amount in Line # 1.04 for FY15-19. These amounts can change or be eliminated in future state budgets. In addition, the District participates in the Medicaid in Schools Program, in which we bill for students receiving eligible reimbursable services. Catastrophic aid includes state reimbursement for those special education costs that exceed an unusually large, state determined amount.

RESTRICTED FEDERAL AID (Line #1.045)

The district received its final payment of in Ed Jobs money in FY12. These funds will no longer be available after FY12.

PROPERTY TAX ALLOCATION (Line #1.050)

Source	FY15	FY16	FY17	FY18	FY19
Rollback and Homestead	$10,153,471	$10,382,034	$10,465,090	$10,548,811	$10,633,201
TPP Reimbursement	$10,638,303	$8,068,271	$5,498,239	$2,928,239	$0
Total Prop. Tax Allocation	**$20,791,774**	**$18,450,305**	**$15,963,329**	**$13,477,050**	**$10,633,201**

A) Rollback and Homestead Reimbursement

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 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

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. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. We will monitor upcoming state budget deliberations closely to determine if any additional changes to the exemptions are made in the future.

B) Tangible Personal Property Reimbursements – Fixed Rate

School districts were to be reimbursed for the TPP tax losses by the state of Ohio at varying levels, but those reimbursements were severely curtailed by HB153 effective July 1, 2012. The District received $15 million in FY11, reduced down to $10.6 million in the current 2015 fiscal year. This sharp cut was a major factor in the District gaining approval of a 6.9 mill incremental operating levy in 2012, which helped offset this lost. Latest biennium budget projections show the District losing $2.5 million annually in FY16 & FY17, and we assume this will occur in FY18 until the reimbursement is completely eliminated in FY19. As mentioned earlier, should the State continue to hold us harmless beyond FY15, the additional revenue would be placed into the budget reserve to extend the life of the 2012 operating levy.

OTHER LOCAL REVENUES (LINE #1.060)

Source	FY15	FY16	FY17	FY18	FY19
Interest	$450,000	$400,000	$375,000	$325,000	$300,000
Pay To Participate	186,752	186,752	186,752	186,752	186,752
Tuition and Charges	286,576	286,576	286,576	286,576	286,576
Other	375,000	375,000	375,000	180,000	180,000
Total Other Local Revenues	**$1,298,328**	**$1,248,328**	**$1,223,328**	**$978,328**	**$953,328**

Interest income is generated on investments and will fluctuate based on market rates. Pay to participate fees are charged to students for participating in extracurricular sports teams and activity clubs. 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 non-resident staff members, non-resident court placed students, special education excess cost payments, summer school, and transportation field trip charges to outside entities.

Interest income will fluctuate with the cash position of the General Fund and the market environment. We expect rates to begin to increase very slowly, but are also predicting a decreasing cash balance available for investment. Pay-to-participate fees, tuition and charges revenue, and other miscellaneous revenue are projected to remain flat.

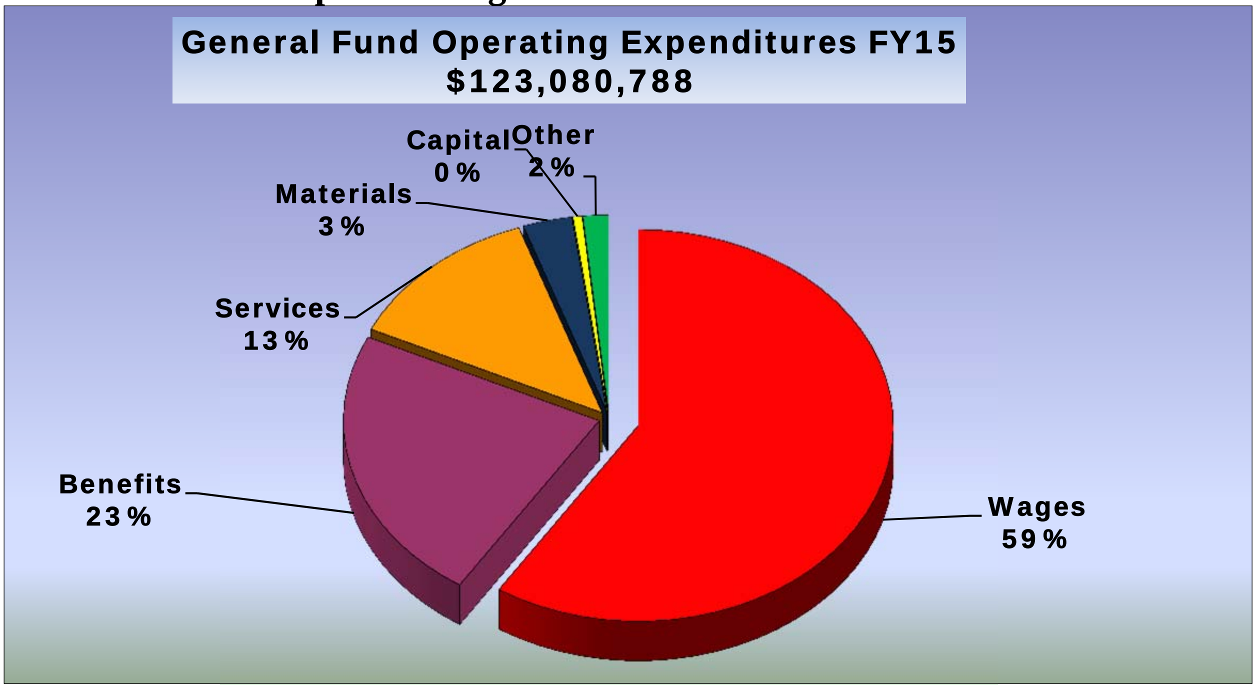
OTHER FINANCING SOURCES (Line #2.050 & Line #2.060)

Source	FY15	FY16	FY17	FY18	FY19
Advance Returns - Line 2.050	**$21,500**	**$0**	**$0**	**$0**	**$0**
Refunds & Sale of Assets - Line #2.060	**$533,000**	**$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 and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year. The large one-time refund in FY15 is the result of the Franklin County Auditor refunding prior year tax collection fees.

Expenditures Assumptions

All Expense Categories Sources General Fund FY15



PERSONAL SERVICES (Line #3.010)

Source	FY15	FY16	FY17	FY18	FY19
Base Wages	$68,800,687	$71,030,626	$73,593,105	$76,243,712	$79,507,248
Increases	1,987,014	1,420,613	1,471,862	1,524,874	1,590,145
Steps & Training or 3317.141 Performance	702,007	1,513,615	1,562,674	1,619,048	1,677,362
New/Replacement District Staff	301,918	2,704,618	1,015,818	276,509	204,249
Severance	1,200,000	450,000	0	0	450,000
Retirement/Other	(150,000)	(3,076,367)	(1,399,747)	(156,895)	0
Total Wages Line 3.010	**$72,841,626**	**$74,093,105**	**$76,306,212**	**$79,585,373**	**$83,526,660**
Employee Full Time Equivalents					
Certificated	699.7	709.7	711.7	714.7	717.7
Classified	318.6	321.6	323.6	325.6	327.6
Administrative	39.0	45.0	45.0	45.0	45.0
Total	1,057.3	1,076.3	1,080.3	1,085.3	1,090.3

The model reflects annual base wage increases of 2% for certified and classified staff members per the negotiated agreements through FY17 and assumes 2% for FY18 & FY19 (1.5% for administrators). The average value of a step increase is expected to gradually increase as fully stepped out members retire and are replaced with less experienced staff.

The new district staff line item includes an increase of 19.0 FTE in FY16 (along with 40 retirement replacements discussed below). However, 5 positions were previously funded as purchased service contracts through the ESC (see decrease in Line #3.030 below) and 1 position was vacant in FY15, resulting in a net increase of 13.0 (4 Special Ed/ 3 Enrollment growth/ 3.5 new Worthington Academy/ 0.5 guidance/ 1.0 web designer/ 1.0 administrator). Subsequent years project an increase of 4.0 FTE in FY17 (4 Special Ed), and 5.0 FTE in FY18 & FY19 (1 regular/4 Special Ed) based on current enrollment projections.

Severances for FY15 include a projected 40 certified teacher retirements, which are anticipated to be replaced with entry level teachers. This causes the New District Staff line for FY16 (and part of FY17) to increase by 40 entry level teachers, offset in those years by the retirement of those 40 teachers, creating a projected net savings of $1.6 million annually. We are projecting an additional 10 retirements in FY16, creating an additional savings of approximately $400,000 annually in FY17 and beyond. No further significant retirements are included in this forecast beyond FY16 based on review of current employee experience levels.

EMPLOYEES RETIREMENT/INSURANCE BENEFITS (Line #3.020)

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

A) STRS/SERS will increase as Wages Increase

Source	FY15	FY16	FY17	FY18	FY19
Base Wages	$9,632,096	$9,951,288	$10,311,785	$10,685,057	$11,144,687
Increases	278,182	198,886	206,061	213,482	222,620
Steps & Training	98,281	211,906	218,774	226,667	234,831
New District Staff	42,269	378,647	142,215	38,711	28,595
Pick Up	554,725	708,046	763,667	775,122	786,749
Retirement/Other	(21,000)	(430,691)	(195,965)	(21,965)	0
SERS Surcharge & Catch-up	415,750	426,670	240,786	245,602	250,514
Total Retirement Contributions	**$11,000,303**	**$11,444,752**	**$11,687,323**	**$12,162,676**	**$12,667,996**

As required by current law the District pays 14% of all employee wages to STRS or SERS. In addition, SERS announced on April 5, 2010 that they are going to require districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. We have taken the 1/6 additional costs per year for 6 years catch up provision, which is $197,350 each year through FY16. Pick up includes the employee share of retirement contributions paid by the Board of Education on behalf of administrators, which is increasing for those covered under STRS by 1% annually until it reaches 14% in FY17.

B) Insurance

Source	FY15	FY16	FY17	FY18	FY19
Base Costs	$13,447,504	$14,481,460	$15,643,545	$16,396,721	$17,133,212
New District Staff	170,000	342,000	72,000	90,000	90,000
H.S.A contributions	1,118,662	1,118,662	1,118,662	1,118,662	1,118,662
Effect of Cap	0	0	(47,702)	(306,372)	(740,942)
Affordable Care Act	0	150,000	157,500	165,375	173,644
Insurance Trend Adjustment	863,956	670,085	571,378	787,488	826,863
Total Insurance Estimates	**$15,600,122**	**$16,762,207**	**$17,515,383**	**$18,251,874**	**$18,601,439**

Insurance costs increased 8.6% in January 2015. The district is the second year of being self-insured for employee medical insurance, which allows the administration to manage the program in the most optimal manner. Costs have been running lower than anticipated, and we are approaching the desired reserve balance. Therefore we are estimating inflationary increases of 2% in January 2016, and 5% annually thereafter. The model is based on current enrollment in the plan at the current levels.

As part of the negotiated agreement with both labor unions, a cap was implemented to limit the District's exposure to large increases in health care costs. This cap indicates that if total premiums exceed a certain dollar amount, the District would only pay up to the capped amount. Based on current projections, we expect to reach the cap in January 2017.

Patient Protection and Affordable Care Act (PPACA) Costs- the Patient Protection and Affordable Care Act (PPACA) commonly called Obamacare or the Affordable Care Act (ACA), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965. Many of the significant provisions of the PPACA that were scheduled to be implemented by employers on January 1, 2014 were delayed until January 1, 2015 by a July 2, 2013 ruling from the IRS.

It is uncertain to what extent the implementation of PPACA will cost our district additional funds. There are numerous new regulations that potentially will require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We have estimated $150,000 for this additional cost beginning in January 2016. There are also "taxes" mandated by the act which we are aware of and will increase the District's costs. Longer-term a significant concern is the 40% "Cadillac Tax" that will be imposed in 2018 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Source	FY15	FY16	FY17	FY18	FY19
Workers Comp	$437,050	$444,559	$457,837	$477,512	$501,160
Unemployment	10,000	10,000	10,000	10,000	10,000
Total BWC & UC Estimates	**$447,050**	**$454,559**	**$467,837**	**$487,512**	**$511,160**

Workers Compensation is expected to remain at 0.6% of wages FY15-FY19. Unemployment is expected to remain 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

Source	FY15	FY16	FY17	FY18	FY19
Base Costs	$948,818	$978,951	$1,039,007	$1,094,462	$1,143,639
New District Staff	4,378	39,217	14,729	4,009	2,962
Total Medicare Estimate	**951,021**	**1,018,168**	**1,053,736**	**1,096,196**	**1,146,601**

Medicare will continue to increase at same rate as wage increases. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

Summary of Employee Retirement/Insurance (Line #3.020)

Source	FY15	FY16	FY17	FY18	FY19
STRS/SERS	$11,000,303	$11,444,752	$11,687,323	$12,162,676	$12,667,996
Insurance's	15,600,122	16,762,207	17,515,383	18,251,874	18,601,439
Workers Comp/Unemployment	447,050	454,559	467,837	487,512	511,160
Medicare	951,021	1,018,168	1,053,736	1,096,196	1,146,601
Other/Tuition	117,091	117,091	117,091	117,091	117,091
Total Employee Retirement/Insurance Benefits	**$28,115,587**	**$29,796,777**	**$30,841,370**	**$32,115,349**	**$33,044,287**

PURCHASED SERVICES (Line #3.030)

Source	FY15	FY16	FY17	FY18	FY19
Consulting/Legal (41x)	$1,114,540	$1,147,976	$1,182,415	$1,217,887	$1,254,424
Maintenance and Repairs (423)	1,780,271	1,454,457	1,498,091	1,543,034	1,589,325
Utilities (441 & 451)	2,810,000	2,984,000	3,057,143	3,285,000	3,524,250
Tuition to other Entities (47x)	4,669,950	5,043,546	5,447,030	5,882,792	6,353,415
Other Purchased Services	5,239,418	4,543,467	4,679,771	4,820,164	4,964,769
Total Purchased Services	**$15,614,179**	**$15,173,446**	**$15,864,450**	**$16,748,877**	**$17,686,183**

This category includes payments for contracted services, utilities, property insurance, special education transportation, legal fees, and tuition to other entities. Overall costs are increasing faster than inflation. We are estimating base increases of 5% annually for utilities, with an additional $75,000 added annually for bandwidth expansion and $125,000 for internet access for a loaner Chomebook program implemented in FY15. In addition, with the expected completion of a HB264 energy conservation project in December 2015, we are projecting annual utility savings of $287,728 (half of that in FY16 since it is expected to begin January 2016), which will offset the loan payments (line #5.010 below) as well as produce long term savings and efficiencies. The District has negotiated long term gas and electric contracts to help hold down energy costs.

Maintenance includes one-time costs of $369,477 in FY15 for construction of the new Worthington Academy.

Tuition is expected to grow 8% annually, and is the result of open enrollment of district students to charter schools, private schools, special education programs, and other entities, in addition to students who elect the Jon Peterson Scholarship or Autism Scholarship. Any change in state funding per pupil has a net negative effect to our District since we lose the full amount per pupil when a resident attends elsewhere.

Other purchased services include consultants, substitute employees and contracted services from the Education Service Center of Central Ohio (ESCCO), professional development, and other services. We are estimating base increases of 3% annually for this area. Five contracted service personnel will be hired as employees in FY16, reducing this area by $684,878 and increasing Salaries Line #3.010, as previously discussed.

SUPPLIES & MATERIALS (Line #3.040)

Source	FY15	FY16	FY17	FY18	FY19
Supplies	**$3,822,184**	**$3,763,850**	**$3,676,766**	**$3,437,069**	**$3,540,181**

An overall inflation of 3% is being estimated for this category which is characterized by textbooks, copy paper, maintenance supplies, materials, and bus fuel. Recent changes in curriculum related to testing changes and Common Core have created a large increase in material needs beginning in FY14. FY15 includes an increase of $400,000 for new curriculum adoptions, and reduced back down by $173,000 in FY16, $200,000 in FY17, and $350,000 in FY18, based on current new curriculum projected needs, at which point new curriculum is back to its more normal renewal costs of approximately $500,000 annually.

CAPITAL OUTLAY (Line # 3.050)

Source	FY15	FY16	FY17	FY18	FY19
Equipment & Building Improvements	**$704,706**	**$344,195**	**$354,521**	**$365,157**	**$376,112**

An overall inflation rate of 3% annually is being used in this category. Major capital improvements are funded through the building fund via passage of a capital improvement bond issue in 2012. FY15 includes one-time costs of $303,871 for the local share of the HB264 energy conservation project as well as $50,000 for furniture and equipment needs of the new Worthington Academy program.

OTHER OBJECTS (Line #4.300)

Source	FY15	FY16	FY17	FY18	FY19
County Auditor & Treasurer Fees	$1,577,676	$1,617,060	$1,626,905	$1,636,828	$1,646,831
County ESC	70,700	72,821	75,006	77,256	79,574
Other	334,130	344,154	354,479	365,113	376,066
Total Other Expenses	**$1,982,506**	**$2,034,035**	**$2,056,390**	**$2,079,197**	**$2,102,471**

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. County auditor and treasurer fees correlate directly with property tax collections and are expected to increase as tax collections increase.

OTHER FINANCING USES (Line #5.010 & Line #5.020)

Source	FY15	FY16	FY17	FY18	FY19
Transfers Out (#5.010)	$877,670	$1,099,966	$1,245,705	$1,273,604	$1,312,575
Advances Out (#5.020)	0	0	0	0	0
Total Other Financing Uses	**$877,670**	**$1,099,966**	**$1,245,705**	**$1,273,604**	**$1,312,575**

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. The transfers out are to cover payments on the certificates of participation debt and the energy conservation debt. Annual debt payments of $303,104 have been added beginning in January 2016 as a result of the expected completion of a new HB264 Energy Conservation project that is being funded through an Energy Loan Fund from the State of Ohio. It is expected to be repaid over a 10 year period through utility cost savings.

ENCUMBRANCES (Line#8.010)

	FY15	FY16	FY17	FY18	FY19
Estimated Encumbrances	$1,900,000	$1,400,000	$1,400,000	$1,400,000	$1,400,000

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, with FY15 slightly larger than normal due to construction of the Worthington Academy and the HB264 projects underway that will be completed in FY16.

RESERVATIONS OF FUND BALANCE (Line #9.040 & Line #9.060)

Source	FY15	FY16	FY17	FY18	FY19
Contingency (Line 9.040)	$9,771,874	$13,855,716	$17,587,484	$20,515,723	$20,515,723
Tax Advances (Line 9.060)	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total Reservations of Balance (Line#9.080)	**$17,271,874**	**$21,355,716**	**$25,087,484**	**$28,015,723**	**$28,015,723**

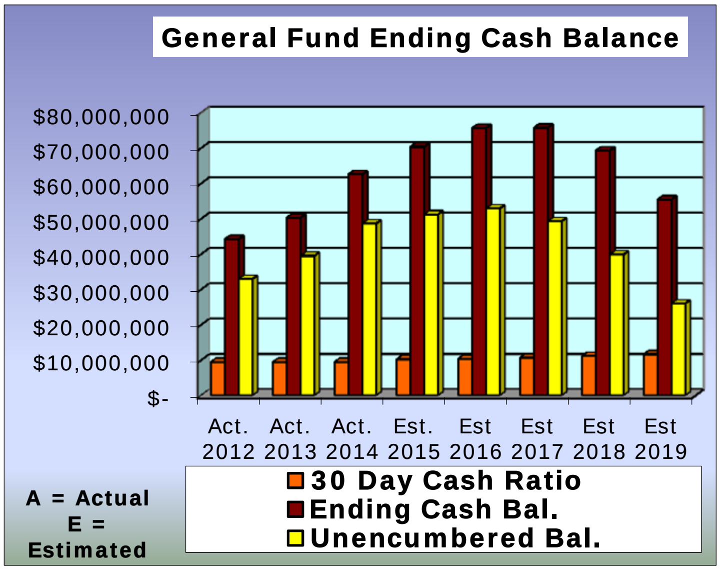
The contingency reservation was established by the Board of Education to plan for extraordinary events beyond the control of the District's normal operations. The contingency fund is to be utilized by the District in consultation with the Board. The increase in the contingency reserve from FY14 through FY18 is equal to the unanticipated tangible tax reimbursement that phased out during the last biennium budget and is being held harmless in the current biennium budget. This reimbursement was not anticipated to continue when voters approved an operating levy in 2012, and therefore the unanticipated revenue is being placed in the contingency reserve fund to extend the life of the levy.

The property tax advance reservation is required because the District requests advances of real estate taxes from the County prior to settlement that occurs in August, and such funds are intended to fund the next fiscal year and not current operations. The District requests these advances for investment purposes, and the amount can fluctuate from year to year based on how much the County has available for advance.

ENDING UNRESERVED FUND BALANCE (Line#15.010)

This amount must not go below $-0- or the district General Fund 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. Thirty days, or one month, of operating cash is a responsible minimum ending balance target according to the GFOA.

	FY15	FY16	FY17	FY18	FY19
Ending Unreserved Cash Balance	$51,218,319	$52,922,622	$49,297,172	$39,904,233	$26,053,937



The graph captures in one snapshot the operating scenario facing Worthington City School District over the next few years. The main challenge is the projected decline in revenues, and beginning in FY18, annual expenditures begin to exceed revenues, creating a decline in available balances that will need to be addressed.