BEXLEY CITY SCHOOL DISTRICT-FRANKLIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2016, 2017 and 2018 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2019 THROUGH 2023

Forecast Provided By
Bexley City School District
Treasurer's Office
Kyle F. Smith, Treasurer

October 15, 2018

Bexley City School District

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;
Forecasted Fiscal Years Ending June 30, 2019 Through 2023

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenues									
1.010	General Property Tax (Real Estate)	17,684,647	20,689,927	19,937,546	6.7%	19,719,544	20,390,209	20,508,895	20,617,018	20,682,522
1.020	Tangible Personal Property	0	0	0	0.0%	0	0	0	0	0
1.030	Income Tax	7,216,467	8,123,073	6,845,069	-1.6%	7,238,659	7,347,239	7,457,448	7,569,310	7,682,850
1.035	Unrestricted State Grants-in-Aid	4,135,967	4,102,582	4,320,558	2.3%	4,552,933	4,709,477	4,843,581	4,851,913	4,973,150
1.040	Restricted State Grants-in-Aid	14,266	18,251	17,987	13.2%	16,182	16,202	16,222	16,242	16,262
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY1	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	2,811,744	2,811,040	2,813,743	0.0%	2,838,708	2,863,092	2,875,637	2,888,069	2,893,025
1.060	All Other Revenues	463,258	505,018	654,078	19.3%	594,367	543,997	501,570	453,184	414,995
1.070	*Total Revenues*	32,326,349	36,249,891	34,588,981	3.8%	34,960,393	35,870,216	36,203,353	36,395,736	36,662,804
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0
2.050	Advances-In	31,000	67,626	117,638	96.1%	115,000	115,000	115,000	115,000	115,000
2.060	All Other Financing Sources	36,644	37,168	140,740	140.0%	205,920	32,426	32,426	32,426	32,426
2.070	*Total Other Financing Sources*	67,644	104,794	258,378	100.7%	320,920	147,426	147,426	147,426	147,426
2.080	*Total Revenues and Other Financing Sources*	32,393,993	36,354,685	34,847,359	4.0%	35,281,313	36,017,641	36,350,778	36,543,162	36,810,229
	Expenditures									
3.010	Personal Services	18,430,728	18,285,046	19,261,918	2.3%	20,544,810	21,771,719	22,798,179	23,640,046	24,510,479
3.020	Employees' Retirement/Insurance Benefits	7,667,826	8,002,990	8,306,557	4.1%	8,815,047	8,813,678	9,084,193	9,584,389	10,114,636
3.030	Purchased Services	5,018,271	5,949,307	6,212,288	11.5%	6,800,871	6,807,711	7,036,644	7,274,437	7,521,460
3.040	Supplies and Materials	1,324,735	1,301,482	1,580,401	9.8%	1,620,890	1,654,944	1,689,874	1,725,705	1,762,462
3.050	Capital Outlay	1,198,655	720,009	1,206,861	13.8%	1,060,328	1,112,595	1,172,225	1,042,225	1,172,225
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0
4.300	Other Objects	562,512	591,236	524,177	-3.1%	532,298	540,586	549,046	557,682	566,498
4.500	*Total Expenditures*	34,202,727	34,850,070	37,092,202	4.2%	39,374,245	40,701,233	42,330,160	43,824,484	45,647,759
	Other Financing Uses									
5.010	Operating Transfers-Out	299,700	270,000	231,000	-12.2%	225,000	225,000	225,000	225,000	225,000
5.020	Advances-Out	65,250	120,015	117,248	40.8%	115,000	115,000	115,000	115,000	115,000
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	364,950	390,015	348,248	-1.9%	340,000	340,000	340,000	340,000	340,000
5.050	*Total Expenditures and Other Financing Uses*	34,567,677	35,240,085	37,440,450	4.1%	39,714,245	41,041,233	42,670,160	44,164,484	45,987,759
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	-2,173,684	1,114,600	-2,593,091	-242.0%	-4,432,931	-5,023,591	-6,319,382	-7,621,322	-9,177,530
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	26,532,388	24,358,703	25,473,303	-1.8%	22,880,212	18,447,281	13,423,689	7,104,308	-517,014
7.020	*Cash Balance June 30*	24,358,703	25,473,303	22,880,212	-2.8%	18,447,281	13,423,689	7,104,308	-517,014	-9,694,544
8.010	*Estimated Encumbrances June 30*	1,101,015	1,447,443	1,426,069	15.0%	1,426,069	1,426,069	1,426,069	1,426,069	1,426,069
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	1,700,000	1,700,000	0	-50.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	*Subtotal*	1,700,000	1,700,000	0	-50.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	21,557,688	22,325,860	21,454,143	-0.2%	17,021,212	11,997,620	5,678,239	-1,943,083	-11,120,613
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement				0.0%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	0	0	0	0	0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	21,557,688	22,325,860	21,454,143	-0.2%	17,021,212	11,997,620	5,678,239	-1,943,083	-11,120,613
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	0	0	0	0	0
13.020	Property Tax - New				0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	0	0		0.0%	0	0	0	0	0
14.010	Revenue from Future State Advancements				0.0%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	21,557,688	22,325,860	21,454,143	-0.2%	17,021,212	11,997,620	5,678,239	-1,943,083	-11,120,613

Bexley City School District – Franklin County
Notes to the Five Year Forecast
General Fund Only
October 15, 2018

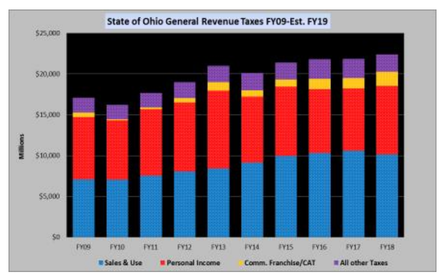
Introduction to the Five Year Forecast

For fiscal year 2019 (July 1, 2018 – June 30, 2019) All school districts in Ohio are required to file a five (5) year financial forecast by October 31, 2018 and May 31, 2019. HB87, effective November 1, 2018, will change the filing date from October 31 to November 30 beginning with the November filing in 2019. The May 31 filing date will remain unchanged. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2019 (July 1, 2018-June 30, 2019) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the October 2018 filing.

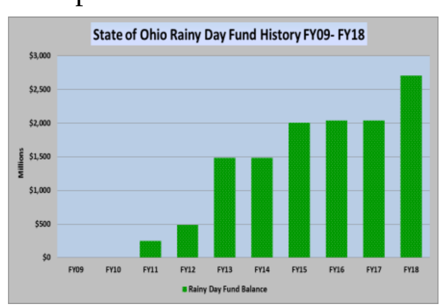
State Economic Variables Affecting the Five Year Forecast

It is prudent in long range forecasting to consider the economic climate in which projections of revenues are made. Below are significant statewide economic data which suggests that the economy for the FY19-23 period should grow at approximately 2% annual pace and will be relatively consistent for FY19 and FY20, however, the U. S Treasury bond rate for the two year bond is close to exceeding the ten year rate. When this occurs it is referred to as an "inverted yield curve" and is a reliable economic predictor of recessions in our economy. We feel FY19 and FY20 will be relatively stable but an economic slowdown for our state could occur in 2021.

It is important for our school district to consider the statewide economic data for two important reasons. First, our state funding is directly affected by state revenue collections and the health of the state budget. While the state presently has a record $2.7 billion Budget Stabilization Fund, a recession would likely result in state funding cuts to public education. We anticipate that the FY20-FY21 state biennium budget should be stable based on current data. Second, the same economic forces driving state tax revenues are also generally affecting the underlying economics of most communities across Ohio, which impacts the ability to collect local tax revenue. Generally speaking, local school district economic viability is tied to the same fundamental economics that drive the state's economic viability.



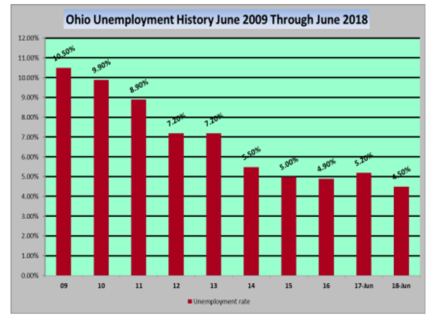
The graph to the right notes that the State of Ohio revenues through FY18 have recovered in spite of the personal income tax cuts in FY15 and FY16. State revenue has been relatively flat since FY15 due to reductions in income tax rates. The state economy is not expected to tip into a recession during FY19 or FY20 but long term that could be a concern. The decline in personal income tax in FY15 is due to an 8.5% rate reduction from HB59 and the drop in FY16 and FY17 is due to a 6.3% rate reduction in HB64. Barring further legislative cuts personal income should continue to grow. (Source: Ohio Legislative Service Commission)



The recovery of the labor market which began in 2010 continues in 2018 as noted in personal income tax growth and overall growth in state revenues in 2018. Modest 2% to 2.5% growth in state revenue is an indication that the economy is growing at a slower pace and that there could be an economic slow down coming within three years. The state rainy day fund (RDF) also known as the Budget Stabilization Fund, has been steady since FY15 but in FY18 legislation allowed for an increase in contributions. There is currently $2.7 billion in this fund and will help long term if there is an economic slow down. This

cushion should continue to help ensure that funding for schools approved in the new state biennium budget to be approved in June 2019 should be met through FY21 even if a brief slow down in the economy occurs as some economist anticipate by 2021.
(Source: Ohio Legislative Service Commission)

Over the past 12 months ended June 2018 Ohio's unemployment rate decreased slightly by .7% to 4.5%. This is a significant measure to monitor for continued economic growth and viability. Many believe the state is at nearing full employment. As noted above, personal income taxes and sales tax are highly correlated to employment and have been the two major drivers of the recent recovery. As of July 2018, the unemployment rate in Franklin County was 4.1 % which is below the 4.5% state average.



For school districts, real property values are another important piece of economic data. In the 2017 Tax Year, 41 of Ohio's 88 counties experienced a reappraisal or update for Class 1 (Residential and Agricultural Property) and Class 2 (Commercial, Industrial and Mineral Property). From Tax Year 2007 to 2012, Class 1 and 2 property values declined by $10.8 billion, a reduction of 4.6% reflecting the impacts of the 2008 recession on property devaluation. In 2017 Class 1 values rose by $7.3 billion or 3.9% statewide, while Class 2 property increased by $1.67 billion or 3.2% statewide. Property values in Tax Year 2017 have fully recovered and exceed pre-recession values for all classes of property. Home values for the 12 month period ending in June 2018 were up statewide by an average of 5.1%. The green bar noted in the graph on the following page shows the 2017 reappraisal reflected a sharp increase in property values statewide.

The final category of property is Public Utility Personal Property (PUPP) values. The graph on the following page shows that Tangible Personal Property (TPP) was eliminated by HB66 for all categories of TPP in tax year 2011. PUPP values on the other hand continued to grow throughout the 2008 Recession and into Tax Year 2017 due in part to continued new construction, reinvestment in aging infrastructure due to low interest rates and development of natural gas and petroleum transmission lines across the state. PUPP values are of higher worth as they are taxed at the full gross tax rate. PUPP values grew $717.1 million or 4.6% statewide in Tax Year 2017.

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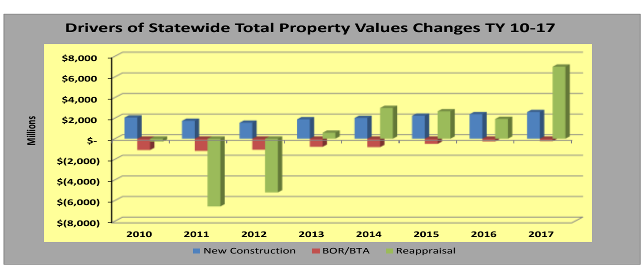
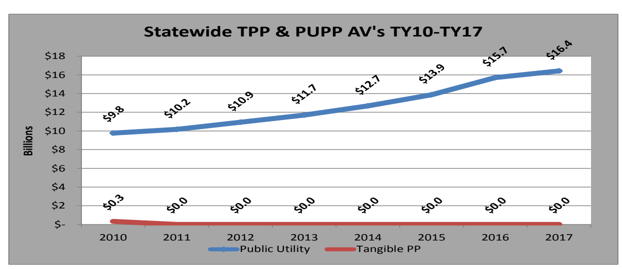




Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 & FY22-23, both of which affect this five year forecast. 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. The State Budget represents 21.2% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY20 through FY23 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY22.

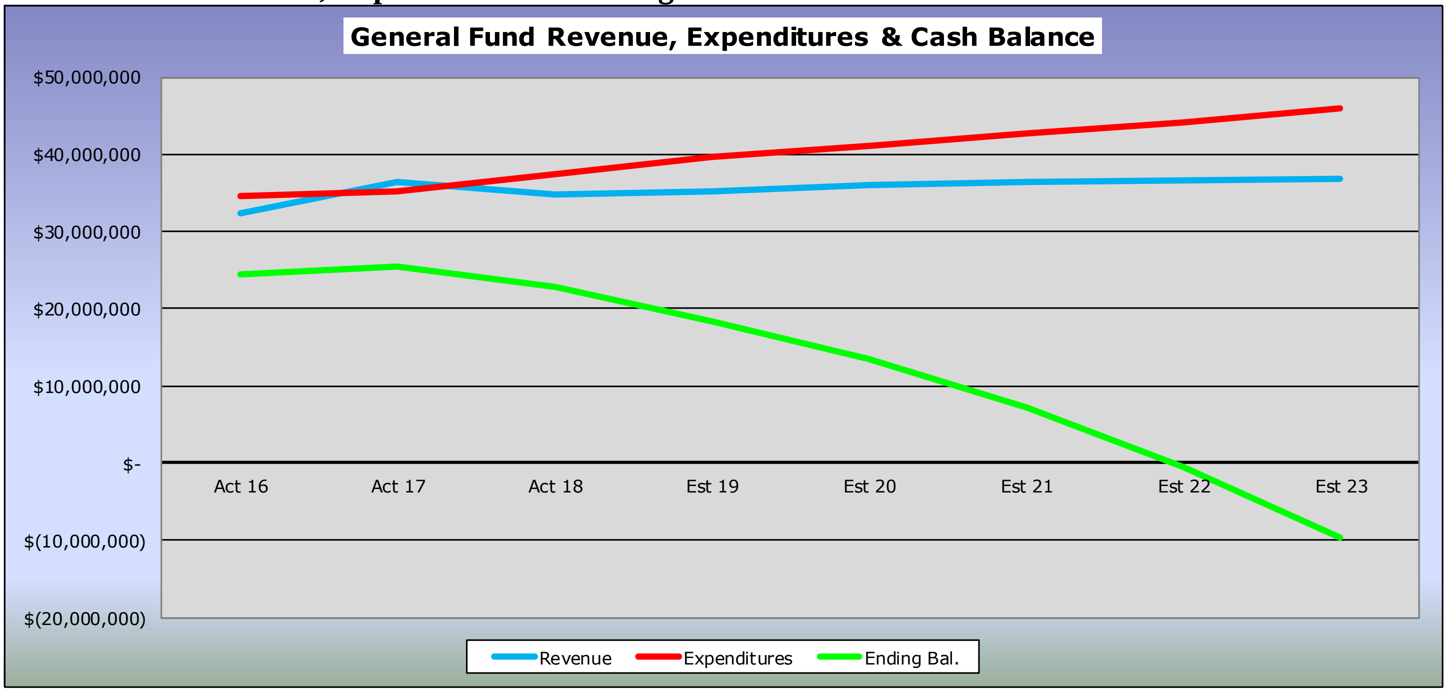
II. There are many provisions in the current state budget bill HB64 that increased the district expenditures in the form of expanded school choice programs such as College Credit Plus and increased the amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from $20,000 each to $27,000, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are closely monitoring any new threats to our state aid and increased costs.

III. The enrollment for the district has increased over the past ten years at a steady rate and is expected to increase even more rapidly during the forecast years based on the district's report for Ohio Facilities Construction Commission from Future Think. We believe that the growth will need to be monitored for staffing growth and building needs in order to know the affect of the increased enrollment.

IV. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward our positive working relationship will continue and will only grow stronger.

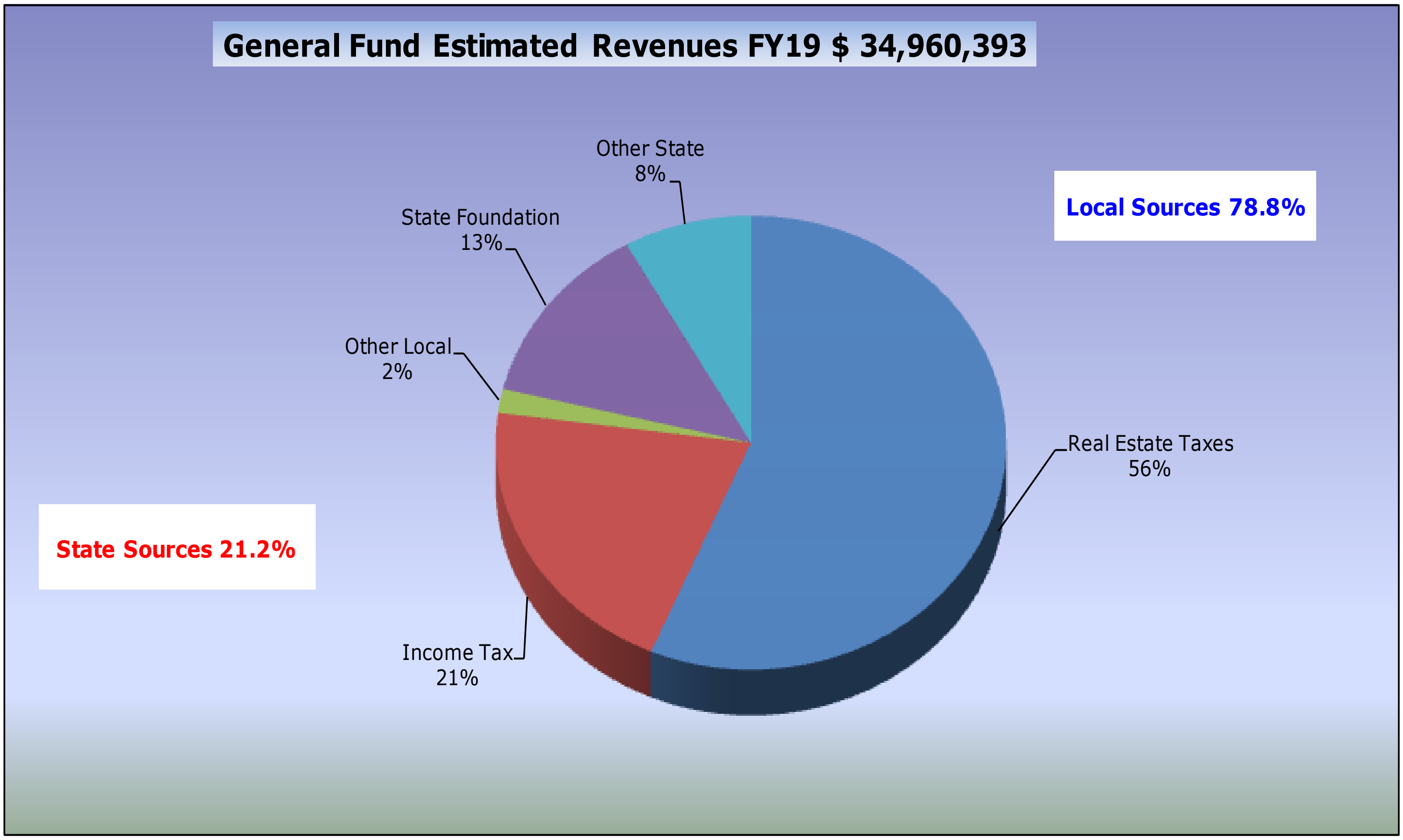
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader in understanding the overall financial forecast for our district, to review the assumptions noted below. If you would like further information please feel free to contact Mr. Kyle Smith, Treasurer/CFO of Bexley City School District at (614) 231-7611.

General Fund Revenue, Expenditure and Ending Cash Balance Actual FY16-18 and Estimated FY19-23



Revenue Assumptions

Estimated General Fund Revenues:



Real Estate Value Assumptions – Line # 1.010

Property values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. Franklin County experienced the reappraisal for taxable values in 2017 for the collection in 2018. The reappraisal for Class I Residential/Agricultural values increased by 11.87% or $56,306,450 and Class II Commercial/Industrial values increased by 17.4% or $3,342,320 in 2017 for collection is 2018. As values increase, the millage rates will decrease per HB920 which allows for no real increase in tax dollars except what is received on the 5.7 mills of inside millage.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR2018 COLLECT 2019	Estimated TAX YEAR2019 COLLECT 2020	Estimated TAX YEAR2020 COLLECT 2021	Estimated TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023
Res./Ag.	$532,101,060	$532,851,060	$560,243,613	$560,993,613	$561,743,613
Comm./Ind.	$22,186,180	$22,531,180	$23,076,492	$23,371,492	$23,666,492
Public Utility Personal Property (PUPP)	$5,480,360	$5,630,360	$5,780,360	$5,930,360	$6,080,360
Tangible Personal Property (TPP)	$0	$0	$0	$0	$0
Total Assessed Value	$559,767,600	$561,012,600	$589,100,465	$590,295,465	$591,490,465

Property tax levies are estimated to be collected at 98% of the annual amount. Typically, 54.28% of the Class I residential/agriculture and Class II commercial/industrial is expected to be collected in the February tax settlements and 45.72% is expected to be collected in the August tax settlements. However, the district received a larger tax settlement in February 2018 due to changes in the federal tax laws that will take affect in 2019 and changed the collection rate to 60% for February 2018 and 40% for the August 2018 settlements for the May forecast, with continuing the previous year's percentages for the remainder of the forecast years. However, the total collection for Tax Year 2017 collected in 2018ended up being 59% in February and 41% in August for additional tax collections in August. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August. The phase out of TPP taxes began in FY06 with HB66 that was adopted in June 2005. The difference in the taxes for FY18 to FY19 is that the district received a tax advance of $1,700,000 in June 2017 that was actually for FY18. The district will no longer accept tax advances in June that should be used in for the following fiscal year.

ESTIMATED REAL ESTATE TAX (Line #1.010)

Category	FY19	FY20	FY21	FY22	FY23
General Property Taxes	$19,719,544	$20,390,209	$20,508,895	$20,617,018	$20,682,522

Estimated Tangible Personal Tax – Line#1.020

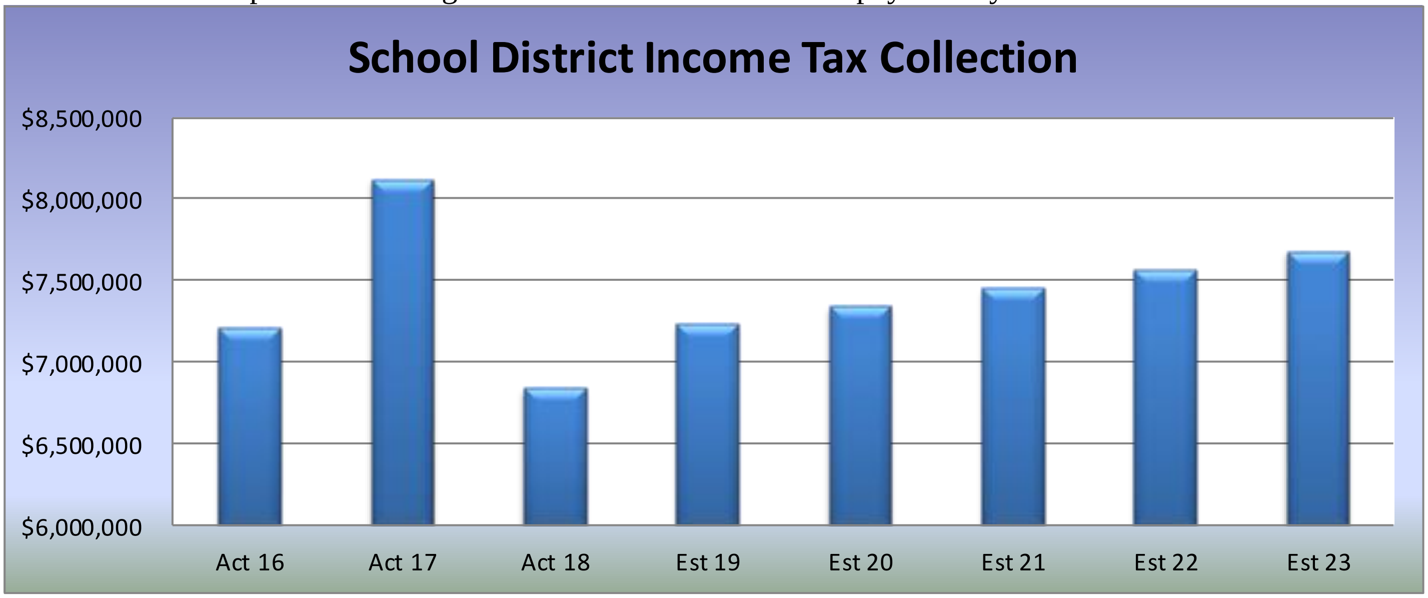
The phase out of tangible personal property tax (TPP), as noted earlier, began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any revenues received in fiscal year 2014 and beyond are delinquent TPP taxes.

School District Income Tax Collections – Line #1.030

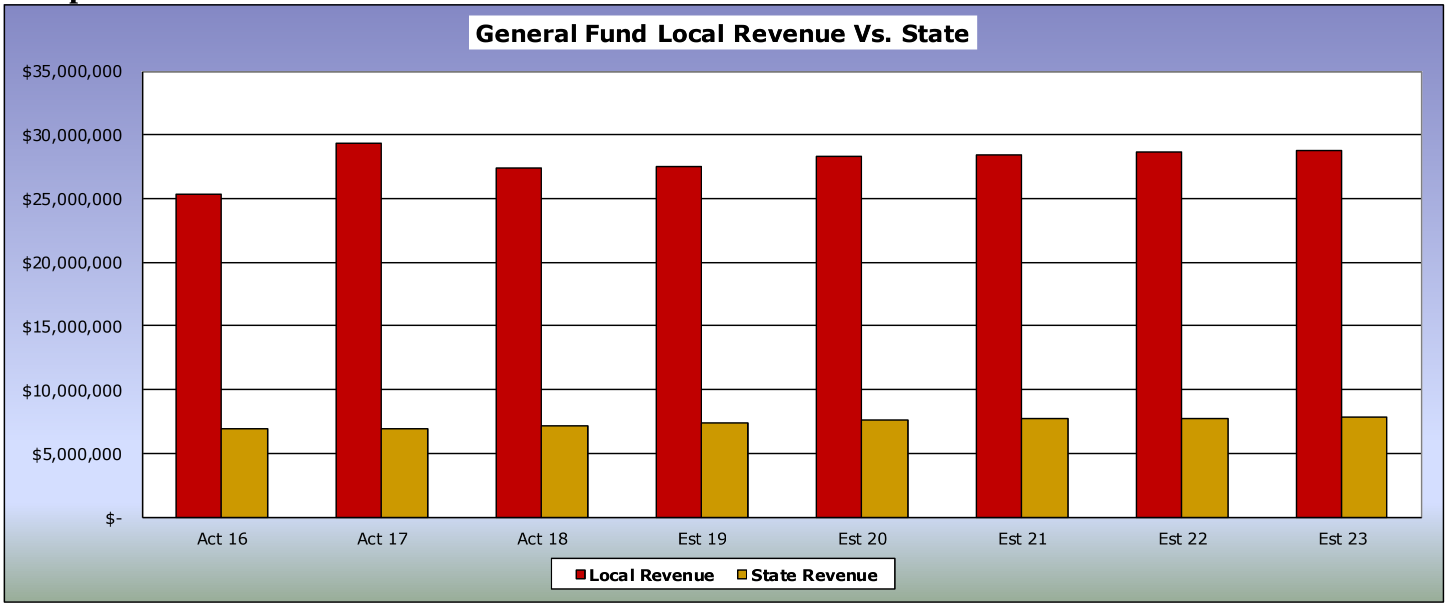
The district has a .75% continuous income tax levy that was approved in 2004. Every payment in FY18 has been lower than payments from FY17. These net payment reductions can be attributed to large tax filing refunds as well as what can be described as "back to normal collections." In other words, the amounts received in FY17 were a one-time anomaly and FY18 is a correction of that increase. For future years of this forecast, it has been assumed that the normal collection for income tax receipts will be in the $7,200,000 range with an annual increase of 1.5% for each year of the forecast.

Category	FY19	FY20	FY21	FY22	FY23
SDIT Collection	$6,845,068	$7,238,659	$7,347,239	$7,457,448	$7,569,310
Adjustments	$393,591	$108,580	$110,209	$111,862	$113,540
Total to Line #1.030	$7,238,659	$7,347,239	$7,457,448	$7,569,310	$7,682,850

The chart below explains the changes as described above as to the payment cycles for the income tax.



Comparison of Local Revenue and State Revenue:



State Foundation Revenue Estimates

The amounts estimated for state funding are based on component computations from the August #2 State Foundation Payment Report for FY19. We are projected to be a CAP district regarding state funding in FY19.

The current formula continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula's measure of a districts capacity to raise local revenue. The higher a district's ability to raise taxes based on wealth, the lower the SSI will be, and vice versa. The index is derived from a district's wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district's SSI and therefor the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

1) Opportunity Grant – Per pupil amount increased .17% from $6,000 in FY17 to $6,010 in FY18 and .17% to $6,020 in FY19. Well below inflation rates.
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. The higher the percentage of agricultural value, the higher the targeted assistance.
3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.
4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
6) K-3 Literacy Funds - Based on district K-3 average daily membership and (2) funded Tiers.
7) Gifted Funds –Based on average daily membership at $5.05 in FY18 & FY19.
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories student enrollment. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

The current funding model continues additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue; however, some items are now included in CAP district payments:

1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
3) 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.
4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately $450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

Transitional Guarantee Phase-Out- For the first time, HB49 includes a phase-out of funding for districts on the guarantee. If a guarantee district's average daily membership (ADM) over three (3) years from FY14-FY16, on average fell by 10% or more, they will loose 5% of their funding from FY17 levels. If the average ADM loss is less than 5% then they will be guaranteed at 100% of FY17 levels. If average ADM loss is between 5% and 10% then funding is cut on a sliding scale of loss up to 5%. We are not anticipated to be a Transitional Guarantee District.

Gain Cap Funded Districts- For the first time HB49 has created tiers of funding for districts that are on the funding cap (or limit) based on the amount of student ADM growth. Generally, if a district is a "Cap" district the state formula calculates that a district is owed more than they are being paid. The Cap grew 7.5% in FY16 and FY17 from the FY15 levels. There are now funding tiers established for Cap district's based on three (3) year average ADM growth for the period FY14-FY16. The Cap will generally be 3% additional funding in FY18 and FY19 from the FY17 levels, with the following exceptions:

1) If average ADM from FY14 to FY16 is 5.5% or greater in FY18 or 6% greater in FY19, the gain cap is set at 5.5% or 6% respectively, of the district's previous year's state aid. Cap limits will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.
2) If average ADM from FY14 to FY16 is between 3% and 5.5% in FY18, or between 3% and 6% in FY19, the gain cap is set at a scaled amount between 3% and 5.5% and 3% and 6% respectively, of the districts previous year's state aid. Cap limit will include Capacity Aid and Transportation Supplement payments which limit the state's increased payment.

Our district is anticipated to be a Gain Cap district in FY18 and a Cap District in FY19 and beyond.

Our current SFPR estimates for FY19 are using August #2 SFPR average daily membership (ADM) and holding student numbers steady each year through FY23. Beginning in FY16, the state changed the way it measures student ADM, which now is based on each submission from the Educational Management Information System (EMIS). In most cases the district will not know its actual student funded ADM until the end of June 2019, and then there will be adjustments into the succeeding fiscal year. The district has received one adjustment for FY18 in the amount of $26,245 and may receive further adjustments throughout the fiscal year.

Future State Budgets: Our funding status for the FY20-23 will depend on two (2) new state budgets which are unknown. We have been very conservative in our estimates of future state funding lowering per pupil growth to .5% per year FY20-FY23, due to the potential for the economy to be slower.

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 will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy remains steady. Actual numbers generated for FY17 statewide were 1,799,220 students at $49.66 per pupil. For FY18-22 we estimated another 3 tenths of 1% decline in pupils to 1,793,800 and GCR increasing to $90.3 million or $50.34 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

A) Unrestricted State Foundation Revenue – Line #1.035

Category	FY19	FY20	FY21	FY22	FY23
Basic Aid-Unrestricted	$4,336,203	$4,492,747	$4,626,851	$4,635,183	$4,756,420
Additional Aid Items	$94,758	$94,758	$94,758	$94,758	$94,758
Basic Aid-Unrestricted Subtotal	$4,430,961	$4,587,505	$4,721,609	$4,729,941	$4,851,178
Ohio Casino Commission ODT	$121,972	$121,972	$121,972	$121,972	$121,972
Total Unrestricted State Aid Line # 1.035	$4,552,933	$4,709,477	$4,843,581	$4,851,913	$4,973,150

B) Restricted State Revenues – Line # 1.040

HB64 continues to fund two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 throughout the forecast.

Category	FY19	FY20	FY21	FY22	FY23
Economically Disadvantaged Aid	$1,977	$1,997	$2,017	$2,037	$2,057
Career Tech - Restricted	$14,205	$14,205	$14,205	$14,205	$14,205
Total Restricted State Revenues Line #1.040	$16,182	$16,202	$16,222	$16,242	$16,262

Summary of State Foundaton Revenues	FY19	FY20	FY21	FY22	FY23
Unrestricted Line # 1.035	$4,552,933	$4,709,477	$4,843,581	$4,851,913	$4,973,150
Restricted Line # 1.040	$16,182	$16,202	$16,222	$16,242	$16,262
Total State Foundation Revenue	$4,569,115	$4,725,679	$4,859,803	$4,868,155	$4,989,412

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of 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 reduce homestead reimbursements to the district and, as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

The district no longer receives fixed rate or fixed sum TPP reimbursements.

Summary of State Tax Reimbursement – Line #1.050

Category	FY19	FY20	FY21	FY22	FY23
a) Rollback and Homestead	$2,838,708	$2,863,092	$2,875,637	$2,888,069	$2,893,025
Total Tax Reimb./Prop. Tax Allocations #1.050	$2,838,708	$2,863,092	$2,875,637	$2,888,069	$2,893,025

Other Local Revenues – Line #1.060

Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period. The district's balances available for investment vary month to month due to cash flow needs. As the district balances decrease we have decreased the amount of interest each year of the forecast. Hopefully, the yield will increase in future years. Security of the public funds collected by the district is the top priority of the treasurer's office.

Tuition along with other income and rentals has a 1% increase for FY19-FY23.

Category	FY19	FY20	FY21	FY22	FY23
Tuition	$109,508	$110,603	$111,709	$112,826	$113,954
Interest	$351,961	$299,167	$254,292	$203,434	$162,747
Other Income and rentals	$132,898	$134,227	$135,569	$136,925	$138,294
Total Line # 1.060	$594,367	$543,997	$501,570	$453,184	$414,995

Short-Term Borrowing – Lines #2.010 & Line #2.020
No future short term borrowing from any sources is planned, and therefore not included in this forecast at this time.

Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year which is being shown in FY19-FY23.

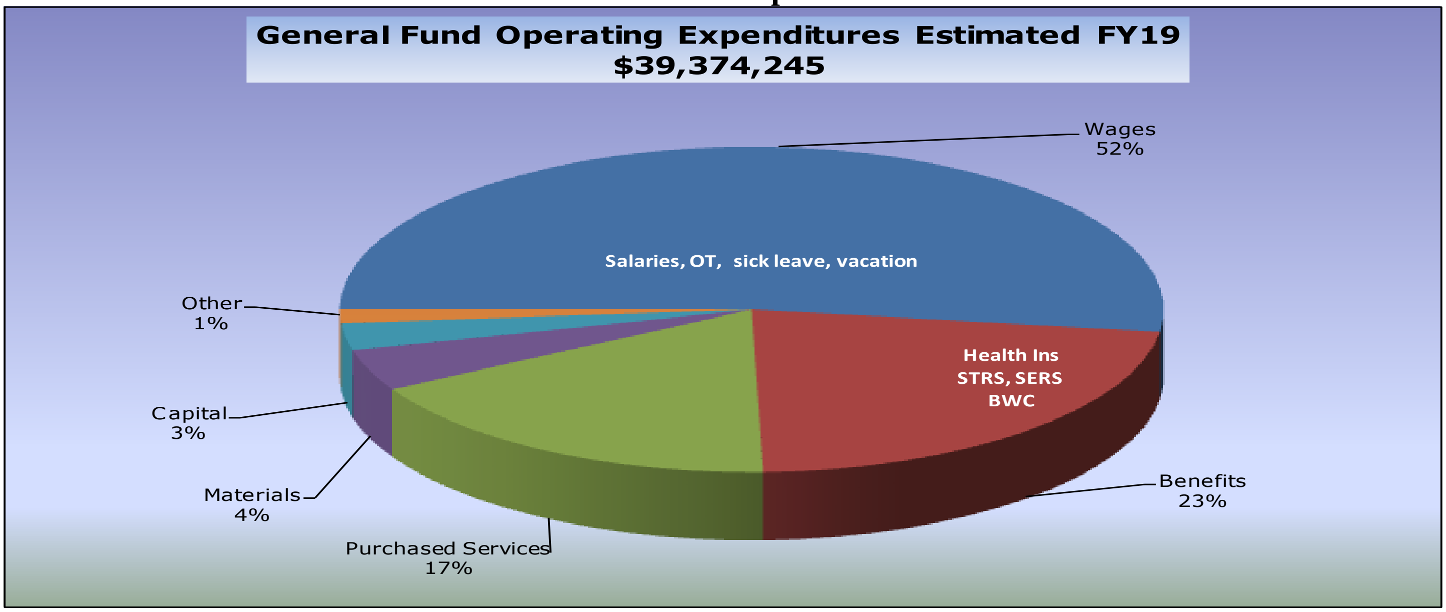
Category	FY19	FY20	FY21	FY22	FY23
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$115,000	$115,000	$115,000	$115,000	$115,000
Total Transfer & Advances In	$115,000	$115,000	$115,000	$115,000	$115,000

All Other Financial Sources – Line #2.060
Refund of Prior year expenses which are for refunds that the district has received, and a similar amount is anticipated each year. In FY19 the district received a refund from the Franklin County Auditor for auditor and treasurer fees in the amount of $93,494. During FY20-FY23 the district does not expect to receive any additional large refunds.

Category	FY19	FY20	FY21	FY22	FY23
Refund of prior years expenditures	$205,920	$32,426	$32,426	$32,426	$32,426

Expenditures Assumptions

Estimated General Fund Expenditures for FY19:



Wages – Line #3.010
The district has ratified the negotiated agreements for the three years of FY19, FY20 and FY21 and has included a 3% base wage rate for each of those years, along with a one time payment of $180,000 in FY19. An annual increase of 2% for steps is included for FY19- FY23. Staffing is reviewed annually and the district is planning for net growth in FY19 of 6.5 certified staff members and one administrator. Additional growth of three certified staff members in FY20 and FY21 due to enrollment projections is being added to the forecast. For planning purposes the district expects retirements of 2 teachers in FY19 and 3 teachers in FY20-22, 1 classified staff in FY19-FY22 and 1 administrator in FY20.

Category	FY19	FY20	FY21	FY22	FY23
Base Wages	$18,151,126	$19,657,773	$20,830,041	$21,836,431	$22,658,918
Base Increase	$544,534	$544,534	$589,733	$416,601	$436,729
Steps	$385,238	$410,896	$435,434	$455,964	$472,801
Growth	$684,833	$618,905	$306,493	$272,593	$273,005
Unfunded Recapture	$180,000	$0	$0	$0	$0
Severance	$85,000	$123,600	$127,308	$130,000	$130,000
Supplemental	$802,037	$818,078	$834,440	$851,128	$868,151
Staff Reductions	-$287,958	-$402,067	-$325,270	-$322,671	-$329,125
Total Wages Line 3.010	$20,544,810	$21,771,719	$22,798,179	$23,640,046	$24,510,479

Fringe Benefits Estimates Line 3.02
This area of the forecast captures all costs associated with benefits and retirement, which all except health insurance are directly related to the wages paid.

A) **STRS/SERS**
The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

B) Insurance

The estimated increases for medical and dental insurance are 6.25% in FY19, -3.0% in FY20 and a 3% increase in FY21-23. The above increases include adjustments for inflation and are based on our current employee census and claims data.

Through negotiations with the certified and classified unions, the district will have a new insurance plan on January 1, 2019. The plan will be a High Deductible Health Plan with a Health Savings Account and is a much more consumer driven plan than what the district had previously. The district is making generous contributions towards the employees' Health Savings Account for the first three years, therefore, the savings are not fully realized until 2021. Not considering the cost of these contributions, the plan's savings is 12% on premium.

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.

It is uncertain to what extent the implementation of PPACA will affect costs in our district. There are numerous new regulations that potentially will require added staff time, at least initially due to increase demands, and it is likely that additional employees may be added to insurance coverage that do not have coverage now. The rules and implementation of PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .6% of wages based on experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

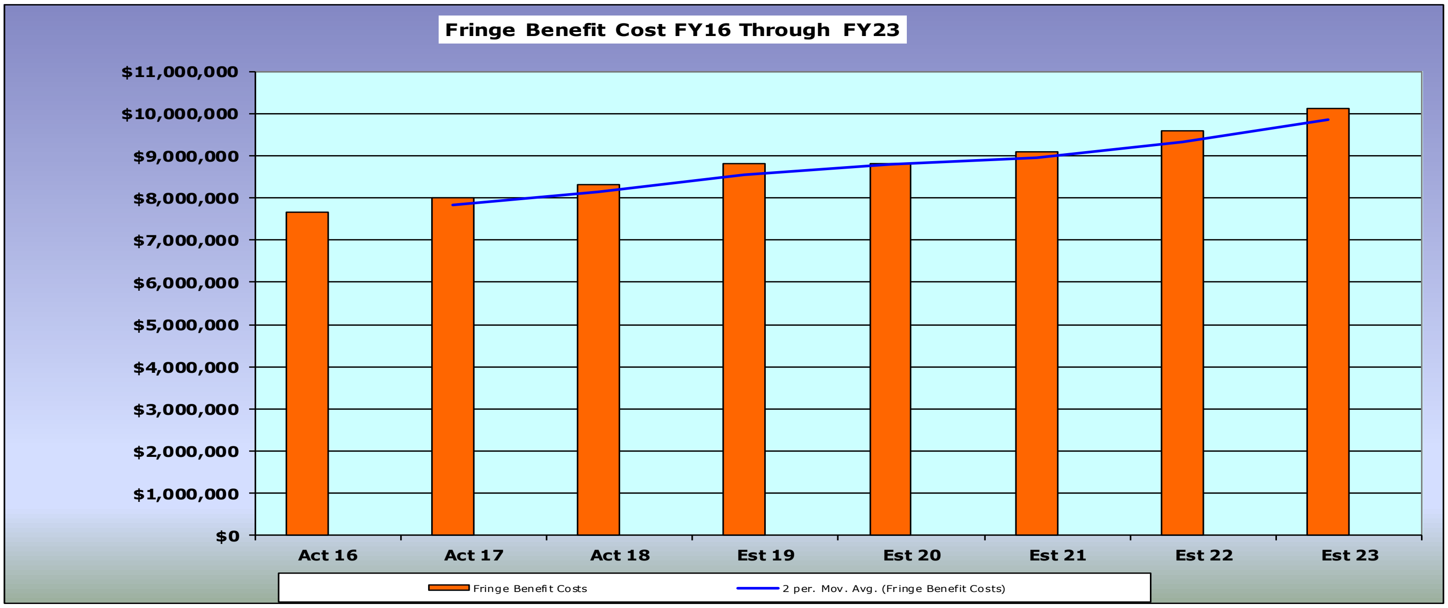
Medicare will continue to increase at the same rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

Summary of Fringe Benefits – Line #3.020

Category	FY19	FY20	FY21	FY22	FY23
A) STRS/SERS	$3,045,885	$3,227,315	$3,382,222	$3,509,771	$3,639,856
B) Insurance's	$5,252,472	$5,047,914	$5,145,805	$5,501,835	$5,884,832
C) Workers Comp/Unemployment	$132,269	$139,630	$145,789	$150,840	$156,063
D) Medicare	$281,346	$295,744	$307,302	$318,868	$330,810
Other/Tuition	$103,075	$103,075	$103,075	$103,075	$103,075
Total Line 3.020	$8,815,047	$8,813,678	$9,084,193	$9,584,389	$10,114,636

Fringe Benefits Actual Fiscal Year 2016 through Fiscal Year 2018 and Estimated Fiscal Year 2019 through Fiscal Year 2023

The graph below notes that health care is becoming the area of expenditures that are outpacing inflation. The federal Affordable Care Act and the increase in claims will require management to control the cost of health care.



Purchased Services – Line #3.030

One of the largest expenses in this area is contracted payments for substitute teachers, educational aides and special education aides that are employees of the Educational Service Center of Central Ohio's Council of Governments.

Educational Choice programs such as Community Schools, College Credit Plus, STEM and Scholarships are a significant portion of the purchased service line. While Community School deductions from the state have decreased we have seen a steady increase in deductions for Scholarships such as the John Peterson and Autism Scholarships.

We have assumed the utilities to increase 5% in FY2019-FY2023 due to increased fees more so than in usage. The other areas within this line are based on 2% to 3% for inflation.

Category	FY19	FY20	FY21	FY22	FY23
Base Services	$448,912	$462,379	$476,250	$490,538	$505,254
Instructional Support	$907,001	$934,211	$962,237	$991,104	$1,020,837
Professional Support	$1,774,452	$1,607,686	$1,655,917	$1,705,595	$1,756,763
Building Maintenance	$1,282,877	$1,308,535	$1,334,706	$1,361,400	$1,388,628
Other Tuition	$839,448	$881,420	$925,491	$971,766	$1,020,354
Open Enrollment	$33,710	$35,396	$37,166	$39,024	$40,975
Community School Deductions	$242,225	$242,225	$242,225	$242,225	$242,225
College Credit Plus, STEM & Scholarships	$467,392	$490,762	$515,300	$541,065	$568,118
Utilities	$804,854	$845,097	$887,352	$931,720	$978,306
Total Line 3.030	$6,800,871	$6,807,711	$7,036,644	$7,274,437	$7,521,460

Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel.

Category	FY19	FY20	FY21	FY22	FY23
Supplies	$728,622	$735,908	$743,267	$750,700	$758,207
Textbook Upgrade- Electronic or Textbook	$438,873	$452,039	$465,600	$479,568	$493,955
Building and Transportation	$453,395	$466,997	$481,007	$495,437	$510,300
Total Line 3.040	$1,620,890	$1,654,944	$1,689,874	$1,725,705	$1,762,462

Equipment – Line # 3.050

During FY19 the district is increasing Capital Outlay by .85% from actual expenditures in FY18, since many of those items were carryover from the large projects in FY17. The district plans on increases of 5% in FY20 and FY21 with no increases in FY22 or FY23.The district is planning for bus purchases in FY19, FY20and FY21.

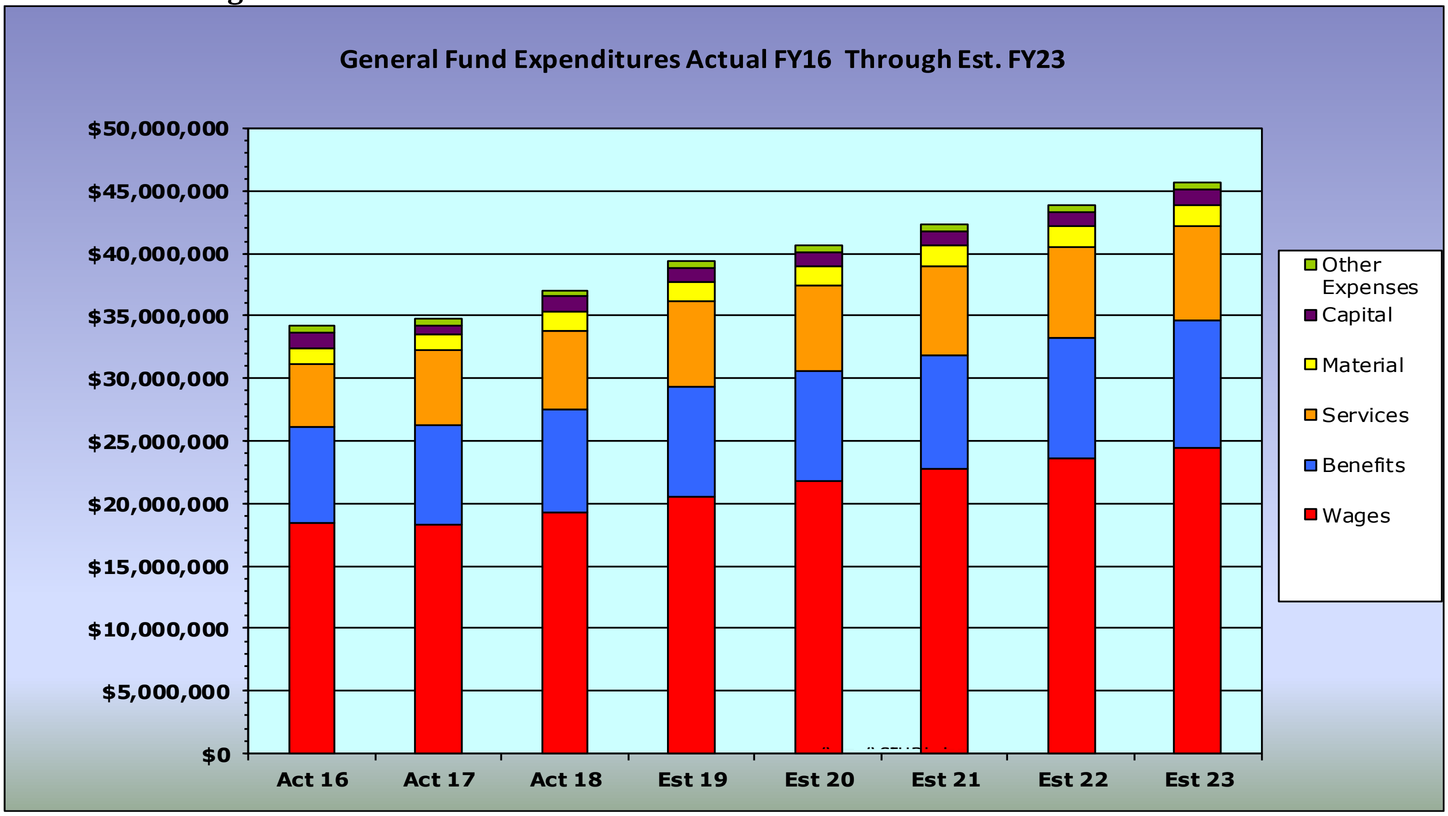
Category	FY19	FY20	FY21	FY22	FY23
Capital Outlay	$945,328	$992,595	$1,042,225	$1,042,225	$1,042,225
Replacement Bus Purchases	$115,000	$120,000	$130,000	$0	$130,000
Total Line 3.050	$1,060,328	$1,112,595	$1,172,225	$1,042,225	$1,172,225

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the District and Auditor & Treasurer (A&T) fees. Auditor and Treasurer Fees will increase sharply anytime a new operating levy is collected. Also new construction will cause A&T fees to increase as more dollars are collected. Currently, we are estimating annual increase for A&T of 1% for this forecast. We are estimating an annual increase of 3% for FY19-FY23 for other expenses.

Category	FY19	FY20	FY21	FY22	FY23
County Auditor & Treasurer Fees	$384,061	$387,902	$391,781	$395,699	$399,656
Other expenses	$148,237	$152,684	$157,265	$161,983	$166,842
Total Line 4.300	$532,298	$540,586	$549,046	$557,682	$566,498

Total Expenditure Categories Actual Fiscal Year 2016 through Fiscal Year 2018 and Estimated Fiscal Year 2019 through Fiscal Year 2023



Transfers Out/Advances Out – Line# 5.010

This account group covers fund-to-fund transfers and end of year short-term loans from the General Fund to other funds until they have received reimbursements to repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. Annually, the district expects to transfer funds to Athletics, Theatre and food service to supplement those programs. The amount of the advances is based on the amount that was returned in July 2018. The district will evaluate the need to advance funds each year.

Category	FY19	FY20	FY21	FY22	FY23
Operating Transfers Out Line #5.010	$225,000	$225,000	$225,000	$225,000	$225,000
Advances Out Line #5.020	$115,000	$115,000	$115,000	$115,000	$115,000
Total	$340,000	$340,000	$340,000	$340,000	$340,000

Encumbrances –Line#8.010

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.

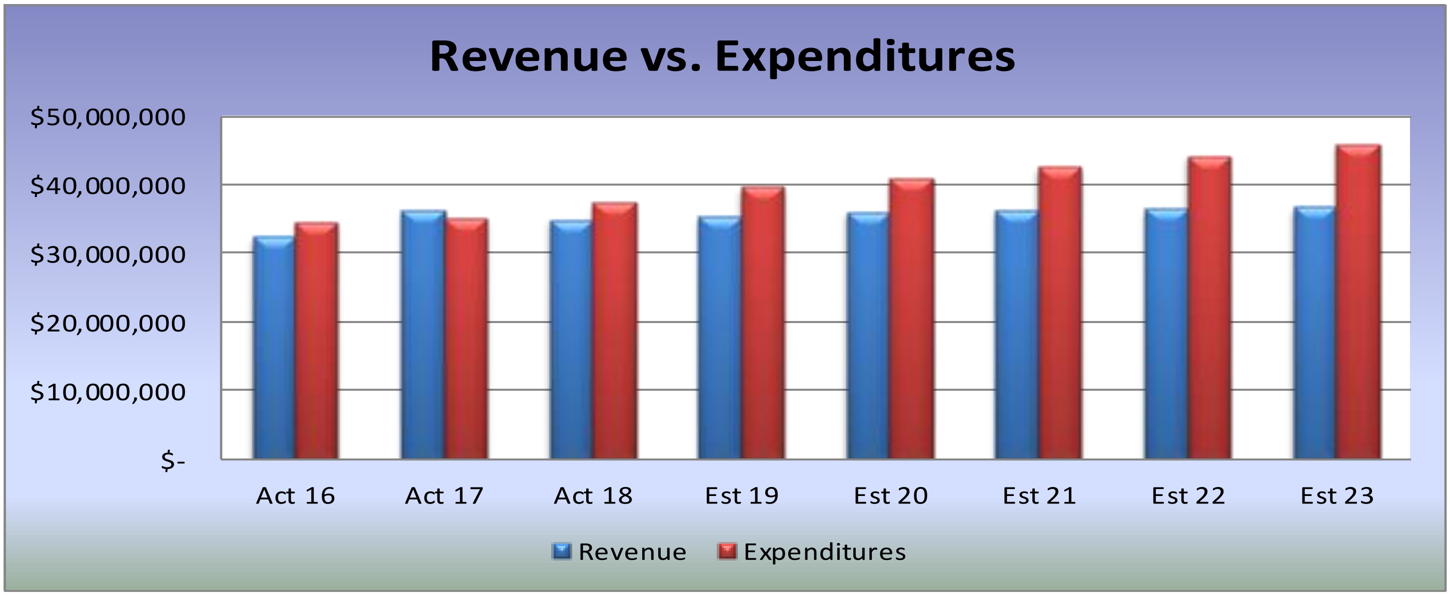
	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances	$1,426,069	$1,426,069	$1,426,069	$1,426,069	$1,426,069

Ending Unencumbered Cash Balance "The Bottom-line" – 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 Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

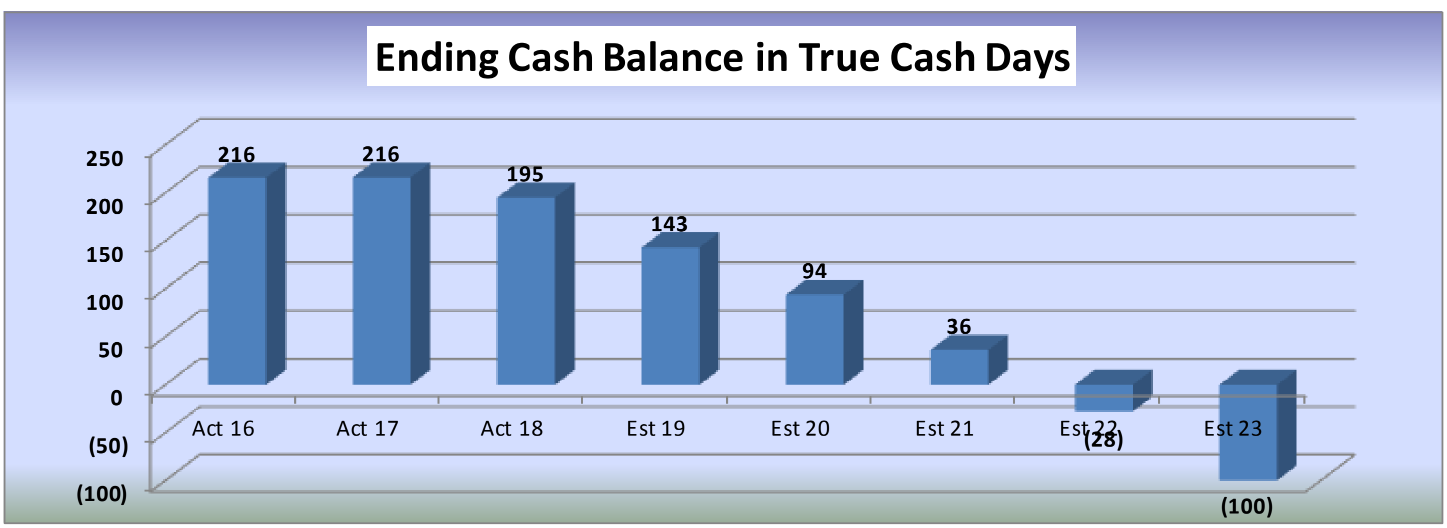
	FY19	FY20	FY21	FY22	FY23
Ending Unencumbered Cash Balance	$17,021,212	$11,997,620	$5,678,239	-$1,943,083	-$11,120,613

The chart below shows that the district is deficit spending every year of the forecast. By deficit spending a district will deplete the cash balance in future years.



True Cash Days

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Because of the volatility of income taxes, it would be wise for a district like ours to have a higher balance on hand. The district projects to have approximately 144 days true cash at the end of FY19. As the chart below shows, the ending cash balance will continue to decrease. The district will either need to increase revenue or decrease expenditures so that there is not a negative balance in FY22.



Conclusion

The Bexley City Schools are very fortunate to have received increase in state funding for FY18 and FY19. Being that 21.2% is from state dollars of the funding for the district, the administration will be able to use these additional dollars for students of our district.

The district administration will be able to plan for the future needs of our students with the financial stability obtained with the current state budget. But we will also need to be mindful that there are many risks and uncertainties that will need to be considered in future planning, as there are two new state budgets in the time period from FY20-23.The district will be in deficit spending each year of the forecast.

As you read through the notes and review the forecast, remember that the forecast is a best estimate based on the information that is known at the time that it is prepared.