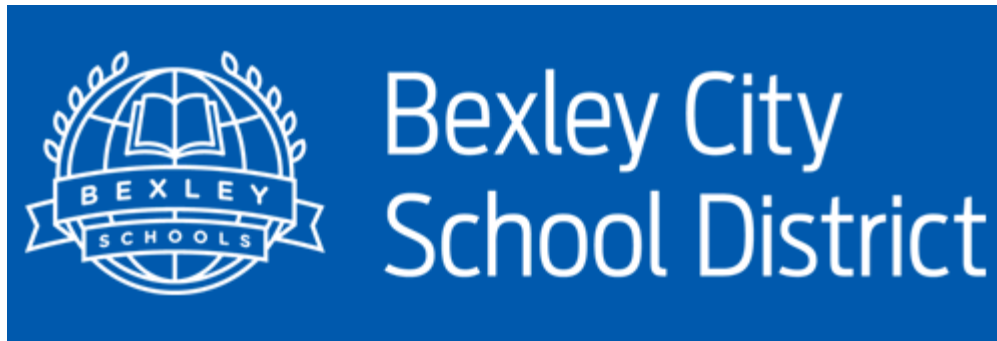


BEXLEY CITY SCHOOL DISTRICT-FRANKLIN COUNTY
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2015, 2016 and 2017 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2018 THROUGH 2022



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

May 14, 2018

Bexley City School District

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

	Actual				Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017			Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Revenues										
1.010 General Property Tax (Real Estate)	22,832,993	17,684,647	20,689,927	-2.8%	19,937,545	19,440,071	20,390,209	20,508,895	20,617,018	
1.020 Tangible Personal Property	176	0	0	0.0%	0	0	0	0	0	
1.030 Income Tax	6,411,559	7,216,467	8,123,073	12.6%	6,845,068	7,238,659	7,260,375	7,260,375	7,260,375	
1.035 Unrestricted State Grants-in-Aid	4,116,153	4,135,967	4,102,582	-0.2%	4,328,164	4,569,477	4,640,049	4,658,057	4,517,791	
1.040 Restricted State Grants-in-Aid	10,978	14,266	18,251	28.9%	16,012	16,030	16,048	16,066	16,085	
1.045 Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY	0	0	0	0.0%	0	0	0	0	0	
1.050 Property Tax Allocation	2,809,528	2,811,744	2,811,040	0.0%	2,790,769	2,858,091	2,863,092	2,875,637	2,888,069	
1.060 All Other Revenues	381,950	463,258	505,018	15.2%	521,534	493,643	468,783	446,655	405,046	
1.070 Total Revenues	36,563,337	32,326,349	36,249,891	0.3%	34,439,092	34,615,971	35,638,556	35,765,685	35,704,384	
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	58,000	31,000	67,626	35.8%	117,638	115,000	115,000	115,000	115,000	
2.060 All Other Financing Sources	165,411	36,644	37,168	-38.2%	232,518	32,060	32,060	32,060	32,060	
2.070 Total Other Financing Sources	223,411	67,644	104,794	-7.4%	350,156	147,060	147,060	147,060	147,060	
2.080 Total Revenues and Other Financing Sources	36,786,748	32,393,993	36,354,685	0.1%	34,789,248	34,763,031	35,785,616	35,912,745	35,851,444	
Expenditures										
3.010 Personal Services	18,201,256	18,430,728	18,285,046	0.2%	19,427,356	20,649,193	21,671,271	22,691,832	23,719,180	
3.020 Employees' Retirement/Insurance Benefits	7,239,887	7,667,826	8,002,990	5.1%	8,328,468	8,777,354	9,349,709	9,960,152	10,608,263	
3.030 Purchased Services	4,893,505	5,018,271	5,949,307	10.6%	6,392,799	6,599,058	6,822,755	7,055,249	7,296,917	
3.040 Supplies and Materials	1,279,207	1,324,735	1,301,482	0.9%	1,610,620	1,549,068	1,579,991	1,611,687	1,644,176	
3.050 Capital Outlay	638,654	1,198,655	720,009	23.9%	1,254,426	1,092,012	1,025,863	1,077,156	1,207,156	
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0	
Debt Service:										
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	522,386	562,512	591,236	6.4%	600,888	610,748	620,822	631,116	641,636	
4.500 Total Expenditures	32,774,895	34,202,727	34,850,070	3.1%	37,614,557	39,277,433	41,070,411	43,027,191	45,117,328	
Other Financing Uses										
5.010 Operating Transfers-Out	457,321	299,700	270,000	-22.2%	280,000	280,000	280,000	280,000	280,000	
5.020 Advances-Out	31,000	65,250	120,015	97.2%	115,000	115,000	115,000	115,000	115,000	
5.030 All Other Financing Uses	2,445	0	0	0.0%	0	0	0	0	0	
5.040 Total Other Financing Uses	490,766	364,950	390,015	-9.4%	395,000	395,000	395,000	395,000	395,000	
5.050 Total Expenditures and Other Financing Uses	33,265,661	34,567,677	35,240,085	2.9%	38,009,557	39,672,433	41,465,411	43,422,191	45,512,328	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	3,521,087	-2,173,684	1,114,600	-156.5%	-3,220,308	-4,909,402	-5,679,794	-7,509,446	-9,660,884	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	23,011,300	26,532,387	24,358,703	3.6%	25,473,303	22,252,995	17,343,592	11,663,798	4,154,352	
7.020 Cash Balance June 30	26,532,387	24,358,703	25,473,303	-1.8%	22,252,995	17,343,592	11,663,798	4,154,352	-5,506,532	
8.010 Estimated Encumbrances June 30	1,284,476	1,101,015	1,447,443	8.6%	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	
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	2,445	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	4,451,500	1,700,000	1,700,000	-30.9%	0	0	0	0	0	
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0	
9.080 Subtotal	4,451,500	1,700,000	1,700,000	-30.9%	0	0	0	0	0	
10.010 Fund Balance June 30 for Certification of Appropriations	20,796,411	21,557,688	22,325,860	3.6%	20,902,995	15,993,592	10,313,798	2,804,352	-6,856,532	
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	20,796,411	21,557,688	22,325,860	3.6%	20,902,995	15,993,592	10,313,798	2,804,352	-6,856,532	
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	0	
14.010 Revenue from Future State Advancements				0.0%	0	0	0	0	0	
15.010 Unreserved Fund Balance June 30	20,796,411	21,557,688	22,325,860	3.6%	20,902,995	15,993,592	10,313,798	2,804,352	-6,856,532	

Bexley City School District – Franklin County
Notes to the Five Year Forecast
General Fund Only
May 14, 2018

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 2018 (July 1, 2017-June 30, 2018) 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 May 2018 filing.

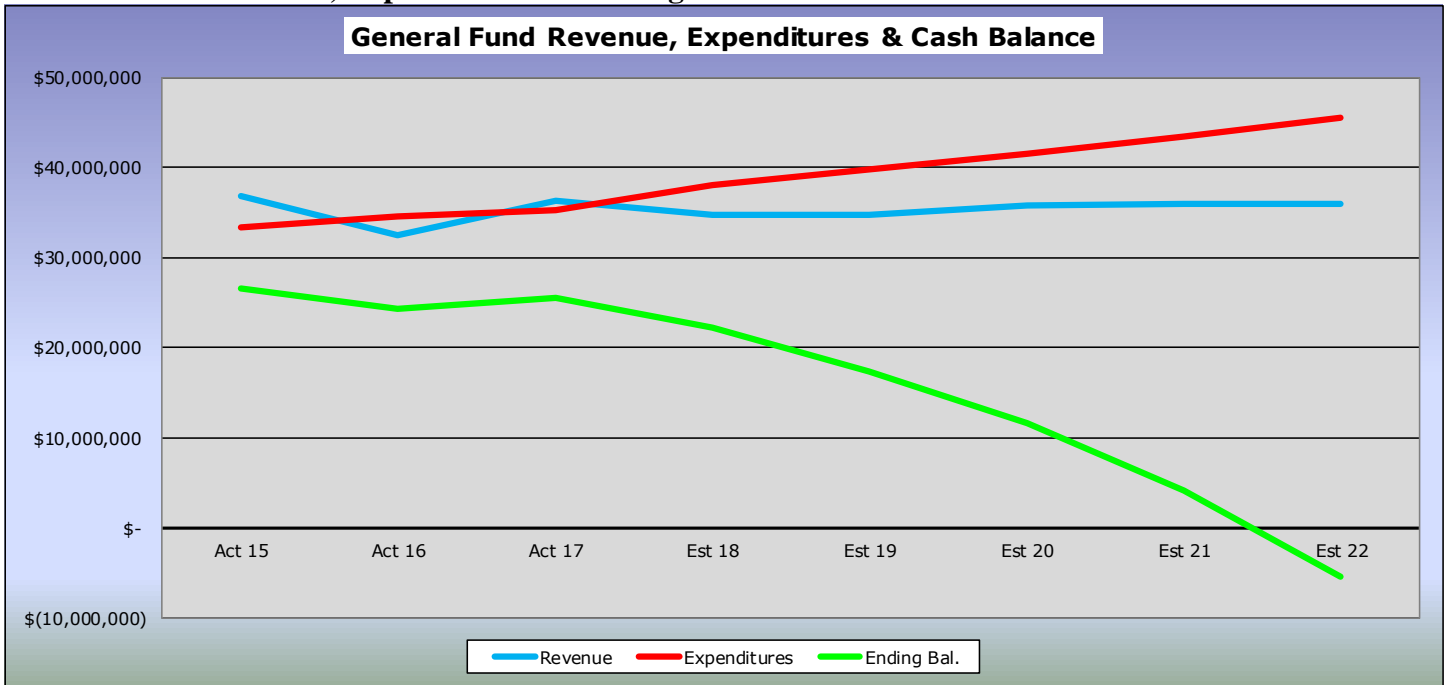
Forecast Risks and Uncertainty:

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 21.5% 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. 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.

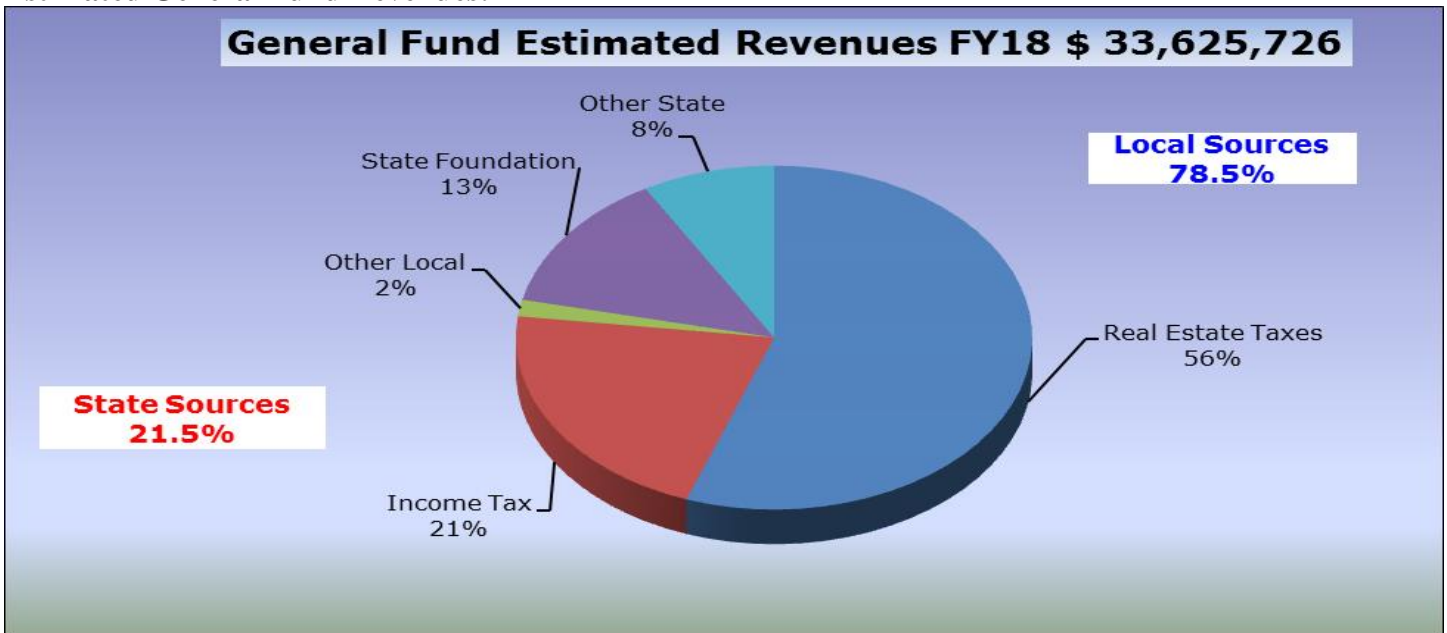
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader in understanding the overall financial forecast for our district, to review the assumptions 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 FY15-17 and Estimated FY18-22



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

<u>Classification</u>	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2017 <u>COLLECT 2018</u>	TAX YEAR2018 <u>COLLECT 2019</u>	TAX YEAR2019 <u>COLLECT 2020</u>	TAX YEAR2020 <u>COLLECT 2021</u>	TAX YEAR2021 <u>COLLECT 2022</u>
Res./Ag.	\$531,801,060	\$532,101,060	\$532,851,060	\$560,243,613	\$560,993,613
Comm./Ind.	\$22,016,180	\$22,186,180	\$22,531,180	\$23,076,492	\$23,371,492
Public Utility Personal Property (PUPP)	\$5,330,360	\$5,480,360	\$5,630,360	\$5,780,360	\$5,930,360
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	<u>\$559,147,600</u>	<u>\$559,767,600</u>	<u>\$561,012,600</u>	<u>\$589,100,465</u>	<u>\$590,295,465</u>

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 have changed the collection rate to 60% for February 2018 and 40% for the August 2018 settlements, continuing the previous year's percentages for the remainder of the forecast years. 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)

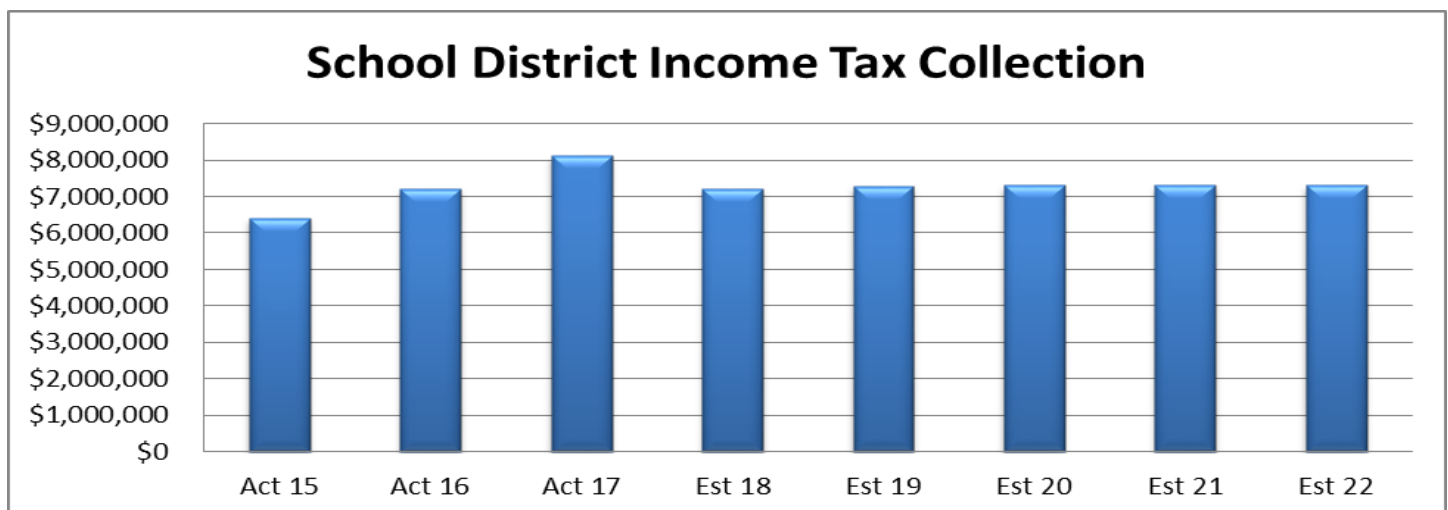
<u>Category</u>	FY18	FY19	FY20	FY21	FY22
General Property Taxes	<u>\$19,937,545</u>	<u>\$19,440,071</u>	<u>\$20,390,209</u>	<u>\$20,508,895</u>	<u>\$20,617,018</u>

Estimated Tangible Personal Tax – Line#1.020

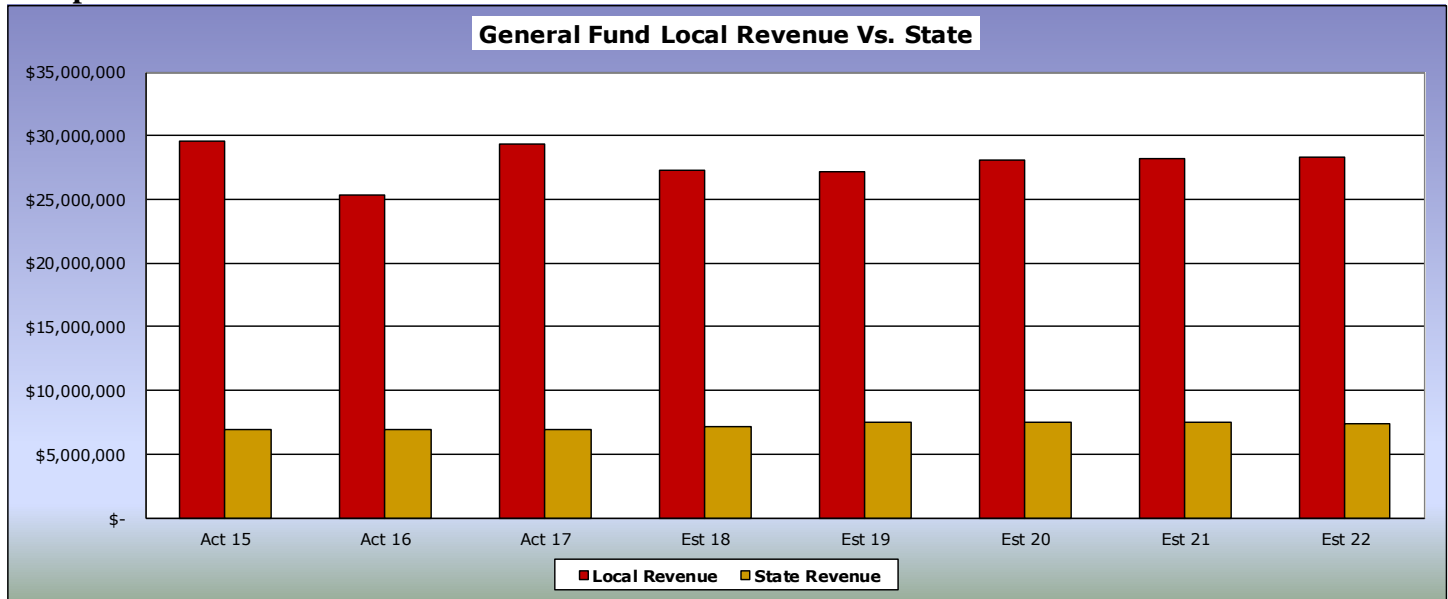
The phase out of tangible personal property tax (TPP), as noted earlier, began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any revenues received in fiscal year 2014 and beyond are delinquent TPP taxes.

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.



Comparison of Local Revenue and State Revenue:



State Foundation Revenue Estimates

HB49 largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. The district is using Mach #1 payment for FY18 calculations for funding. This data may change with each payment slightly with ADM fluctuations. There have been three adjustments for FY17 that the district has included in the amount for FY18 totaling \$4,120. We are projected to be a CAP district regarding state funding in FY18.

HB49 continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula's measure of a district's 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 therefore 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.

HB49 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 lose 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 anticipated to be a CAP district and not a Guarantee for the forecast period.

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 Formula District in FY19 and beyond.

Our current SFPR estimates for FY18 are using March #1 Final SFPR average daily membership (ADM) and holding student numbers steady each year through FY22. 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 2018, and then there will be adjustments into the succeeding fiscal year.

Future State Budgets: Our funding status for the FY20-22 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-FY22, 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

<u>Category</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Basic Aid-Unrestricted	\$4,121,258	\$4,362,600	\$4,433,172	\$4,451,180	\$4,310,914
Additional Aid Items	\$84,905	\$84,905	\$84,905	\$84,905	\$84,905
Basic Aid-Unrestricted Subtotal	<u>\$4,206,163</u>	<u>\$4,447,505</u>	<u>\$4,518,077</u>	<u>\$4,536,085</u>	<u>\$4,395,819</u>
Ohio Casino Commission ODT	<u>\$122,001</u>	<u>\$121,972</u>	<u>\$121,972</u>	<u>\$121,972</u>	<u>\$121,972</u>
Total Unrestricted State Aid Line # 1.035	<u>\$4,328,164</u>	<u>\$4,569,477</u>	<u>\$4,640,049</u>	<u>\$4,658,057</u>	<u>\$4,517,791</u>

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.

<u>Category</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Economically Disadvantaged Aid	\$1,807	\$1,825	\$1,843	\$1,861	\$1,880
Career Tech - Restricted	<u>\$14,205</u>	<u>\$14,205</u>	<u>\$14,205</u>	<u>\$14,205</u>	<u>\$14,205</u>
Total Restricted State Revenues Line #1.040	<u>\$16,012</u>	<u>\$16,030</u>	<u>\$16,048</u>	<u>\$16,066</u>	<u>\$16,085</u>

C) Restricted Federal Grants in Aid – line #1.045

No amounts are included in the forecasted years 2017 through 2021.

<u>Summary of State Foundaton Revenues</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Unrestricted Line # 1.035	\$4,328,164	\$4,569,477	\$4,640,049	\$4,658,057	\$4,517,791
Restricted Line # 1.040	\$16,012	\$16,030	\$16,048	\$16,066	\$16,085
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$4,344,176</u>	<u>\$4,585,507</u>	<u>\$4,656,097</u>	<u>\$4,674,123</u>	<u>\$4,533,876</u>

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

<u>Category</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
a) Rollback and Homestead	\$2,790,769	\$2,858,091	\$2,863,092	\$2,875,637	\$2,888,069
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$2,790,769</u>	<u>\$2,858,091</u>	<u>\$2,863,092</u>	<u>\$2,875,637</u>	<u>\$2,888,069</u>

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, will yield 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 FY18-FY22.

<u>Category</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Tuition	\$55,414	\$55,968	\$56,528	\$57,093	\$57,664
Interest	\$300,969	\$270,872	\$243,785	\$219,406	\$175,525
Other Income and rentals	<u>\$165,151</u>	<u>\$166,803</u>	<u>\$168,471</u>	<u>\$170,155</u>	<u>\$171,857</u>
Total Line # 1.060	<u>\$521,534</u>	<u>\$493,643</u>	<u>\$468,783</u>	<u>\$446,655</u>	<u>\$405,046</u>

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 FY18-FY22.

<u>Category</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$117,638</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>
Total Transfer & Advances In	<u>\$117,638</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>

All Other Financial Sources – Line #2.060

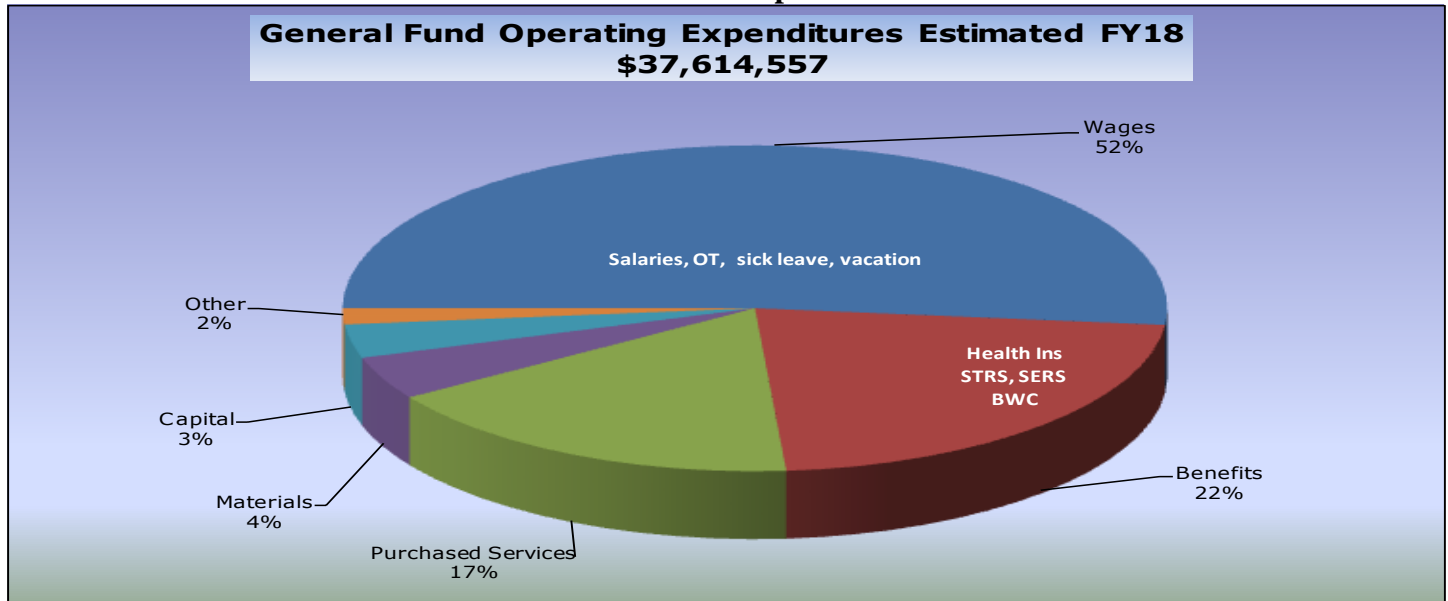
Refund of Prior year expenses which are for refunds that the district has received, and a similar amount is anticipated each year. The district received a large refund of \$82,001 from BWC in the first two months of

FY18. During FY19-FY22 the district does not expect to receive any more large refunds, and the amount has been reduced the amount to that of FY17.

	FY18	FY19	FY20	FY21	FY22
Refund of prior years expenditures	<u>\$232,518</u>	<u>\$32,060</u>	<u>\$32,060</u>	<u>\$32,060</u>	<u>\$32,060</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY18:



Wages – Line #3.010

The district has included a base increase for FY18 of 1.2% and 2% annually for FY19-FY22. An annual increase of 2.9% for steps is included for FY18- FY22. Staffing is reviewed annually and for FY18 there are five additional certified staff members are being added. Due to the void of a Technology Director, changes in the administration staff for FY18 have a decrease of .7 FTE. The district is planning for growth in FY19 of 3.5 certified staff members and one administrator. Additional growth of one certified staff member 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.

<u>Category</u>	FY18	FY19	FY20	FY21	FY22
Base Wages	\$17,352,821	\$18,255,633	\$19,655,335	\$20,656,336	\$21,655,362
Base Increase	\$219,421	\$485,684	\$412,984	\$433,425	\$453,837
Steps	\$530,266	\$563,393	\$598,827	\$628,467	\$658,063
Growth	\$259,000	\$542,333	\$382,507	\$262,404	\$217,244
Unfunded Recapture	\$0	\$0	\$0	\$0	\$0
Severance	\$315,000	\$120,000	\$123,600	\$127,308	\$130,000
Supplemental	\$856,723	\$873,858	\$891,335	\$909,162	\$927,345
Staff Reductions	-\$105,875	-\$191,708	-\$393,317	-\$325,270	-\$322,671
Total Wages Line 3.010	<u>\$19,427,356</u>	<u>\$20,649,193</u>	<u>\$21,671,271</u>	<u>\$22,691,832</u>	<u>\$23,719,180</u>

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 4.3% for fiscal year 2018, 4.5% in FY19 and 9% in FY20-22. The above increases include adjustments for inflation and are based on our current employee census and claims data. In 2017 our district received a two year rate guarantee for health insurance from Medical Mutual. Rates are in place for calendar year and the district is currently fully insured.

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 .58% 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

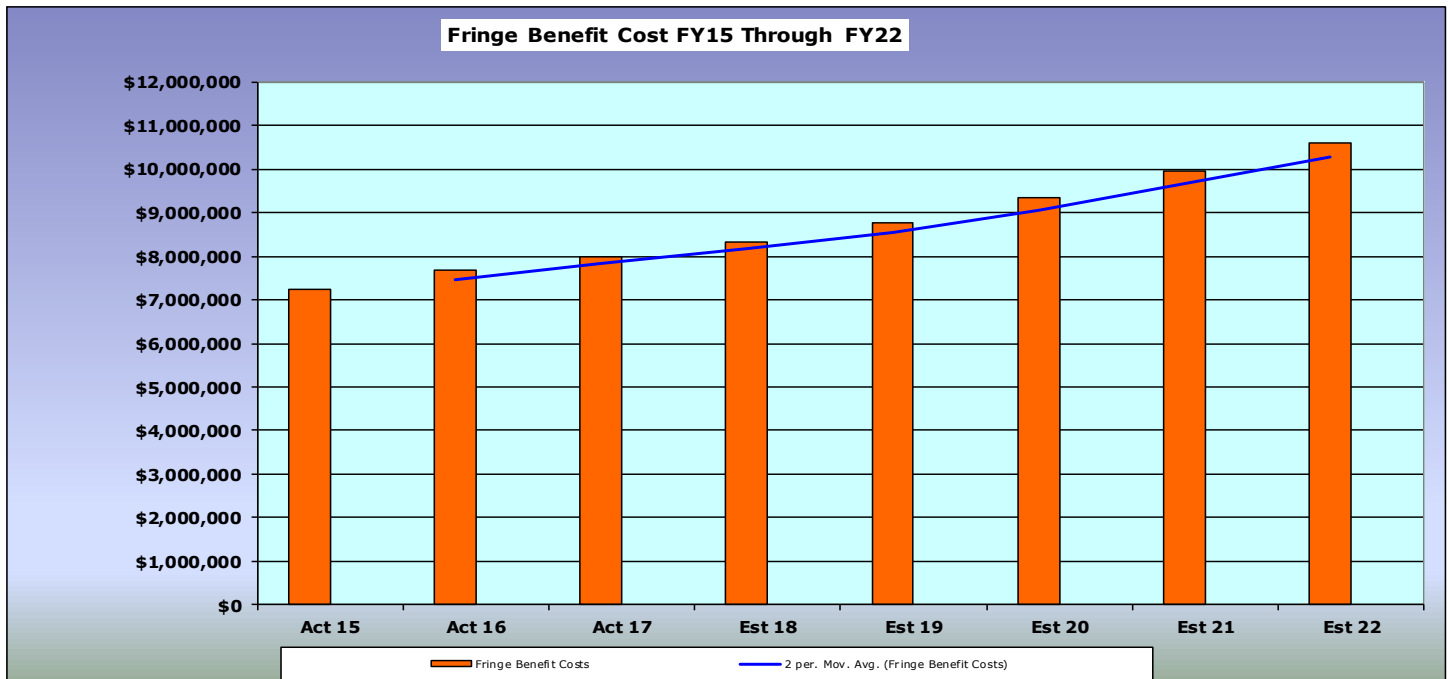
Medicare will continue to increase at the same rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

Summary of Fringe Benefits – Line #3.020

<u>Category</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
A) STRS/SERS	\$2,849,257	\$3,056,644	\$3,213,227	\$3,365,597	\$3,519,038
B) Insurance's	\$4,922,718	\$5,141,617	\$5,540,568	\$5,982,146	\$6,460,478
C) Workers Comp/Unemployment	\$121,679	\$128,765	\$134,693	\$140,613	\$146,571
D) Medicare	\$260,744	\$276,258	\$287,151	\$297,726	\$308,106
Other/Tuition	<u>\$174,070</u>	<u>\$174,070</u>	<u>\$174,070</u>	<u>\$174,070</u>	<u>\$174,070</u>
Total Line 3.020	<u>\$8,328,468</u>	<u>\$8,777,354</u>	<u>\$9,349,709</u>	<u>\$9,960,152</u>	<u>\$10,608,263</u>

Fringe Benefits Actual Fiscal Year 2015 through Fiscal Year 2017 and Estimated Fiscal Year 2018 through Fiscal Year 2022

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. Prior to Fiscal Year 2018, federal dollars helped pay for some of these special education costs but will now be paid for with general fund dollars.

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 FY2018-FY2022 due to increased fees more so than in usage. The other areas within this line are based on 2% to 3% for inflation.

<u>Category</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Base Services	\$531,856	\$547,812	\$564,246	\$581,173	\$598,608
Instructional Support	\$893,703	\$938,388	\$966,540	\$995,536	\$1,025,402
Professional Support	\$1,107,758	\$1,260,991	\$1,298,821	\$1,337,786	\$1,377,920
Building Maintenance	\$1,206,542	\$1,230,673	\$1,255,286	\$1,280,392	\$1,306,000
Other Tuition	\$1,077,101	\$980,956	\$1,030,004	\$1,081,504	\$1,135,579
Open Enrollment	\$37,590	\$39,470	\$41,444	\$43,516	\$45,692
Community School Deductions	\$287,862	\$287,862	\$287,862	\$287,862	\$287,862
College Credit Plus, STEM & Scholarships	\$445,404	\$467,674	\$491,058	\$515,611	\$541,392
Utilities	\$804,983	\$845,232	\$887,494	\$931,869	\$978,462
Total Line 3.030	<u>\$6,392,799</u>	<u>\$6,599,058</u>	<u>\$6,822,755</u>	<u>\$7,055,249</u>	<u>\$7,296,917</u>

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.

<u>Category</u>	FY18	FY19	FY20	FY21	FY22
Supplies	\$861,446	\$777,419	\$785,193	\$793,045	\$800,975
Textbook Upgrade- Electronic or Textbook	\$367,963	\$379,002	\$390,372	\$402,083	\$414,145
Building and Transportation	<u>\$381,211</u>	<u>\$392,647</u>	<u>\$404,426</u>	<u>\$416,559</u>	<u>\$429,056</u>
Total Line 3.040	<u>\$1,610,620</u>	<u>\$1,549,068</u>	<u>\$1,579,991</u>	<u>\$1,611,687</u>	<u>\$1,644,176</u>

Equipment – Line # 3.050

FY18 total amount includes carryover from FY17 projects that were not finished until this summer. During FY19-FY22 the district is increasing Capital Outlay by .75% each year. The district is planning for bus purchases in FY18, FY19 and FY22.

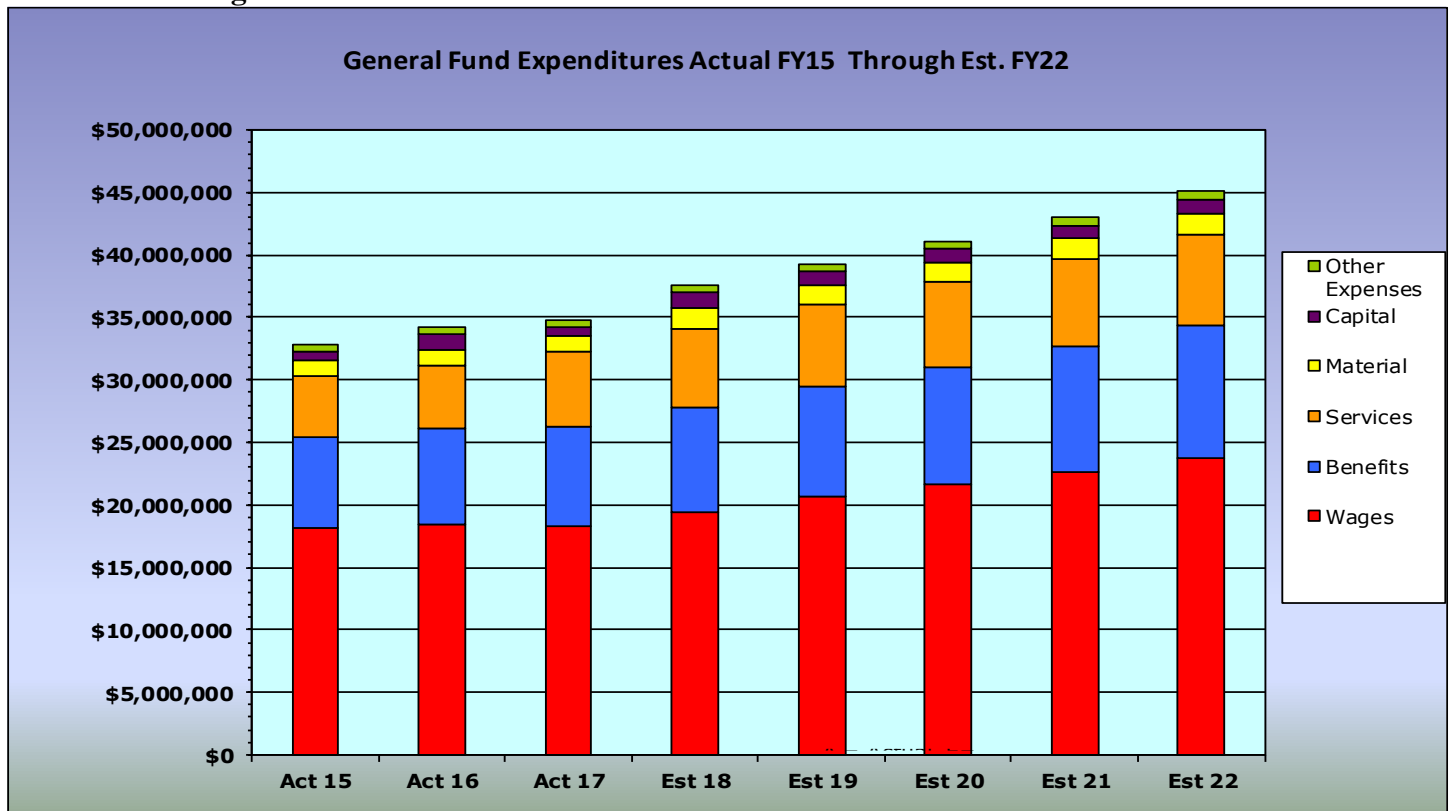
<u>Category</u>	FY18	FY19	FY20	FY21	FY22
Capital Outlay	\$1,149,426	\$977,012	\$1,025,863	\$1,077,156	\$1,077,156
Replacement Bus Purchases	<u>\$105,000</u>	<u>\$115,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$130,000</u>
Total Line 3.050	<u>\$1,254,426</u>	<u>\$1,092,012</u>	<u>\$1,025,863</u>	<u>\$1,077,156</u>	<u>\$1,207,156</u>

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 FY18-FY22 for other expenses.

<u>Category</u>	FY18	FY19	FY20	FY21	FY22
County Auditor & Treasurer Fees	\$408,317	\$412,400	\$416,524	\$420,689	\$424,896
Other expenses	\$192,571	\$198,348	\$204,298	\$210,427	\$216,740
Total Line 4.300	<u>\$600,888</u>	<u>\$610,748</u>	<u>\$620,822</u>	<u>\$631,116</u>	<u>\$641,636</u>

Total Expenditure Categories Actual Fiscal Year 2015 through Fiscal Year 2017 and Estimated Fiscal Year 2018 through Fiscal Year 2022



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 and food service to supplement those programs. The amount of the advances is based on the amount that was returned in July 2017. The district will evaluate the need to advance funds each year.

Category	FY18	FY19	FY20	FY21	FY22
Operating Transfers Out Line #5.010	\$280,000	\$280,000	\$280,000	\$280,000	\$280,000
Advances Out Line #5.020	\$115,000	\$115,000	\$115,000	\$115,000	\$115,000
Total	\$395,000	\$395,000	\$395,000	\$395,000	\$395,000

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. .

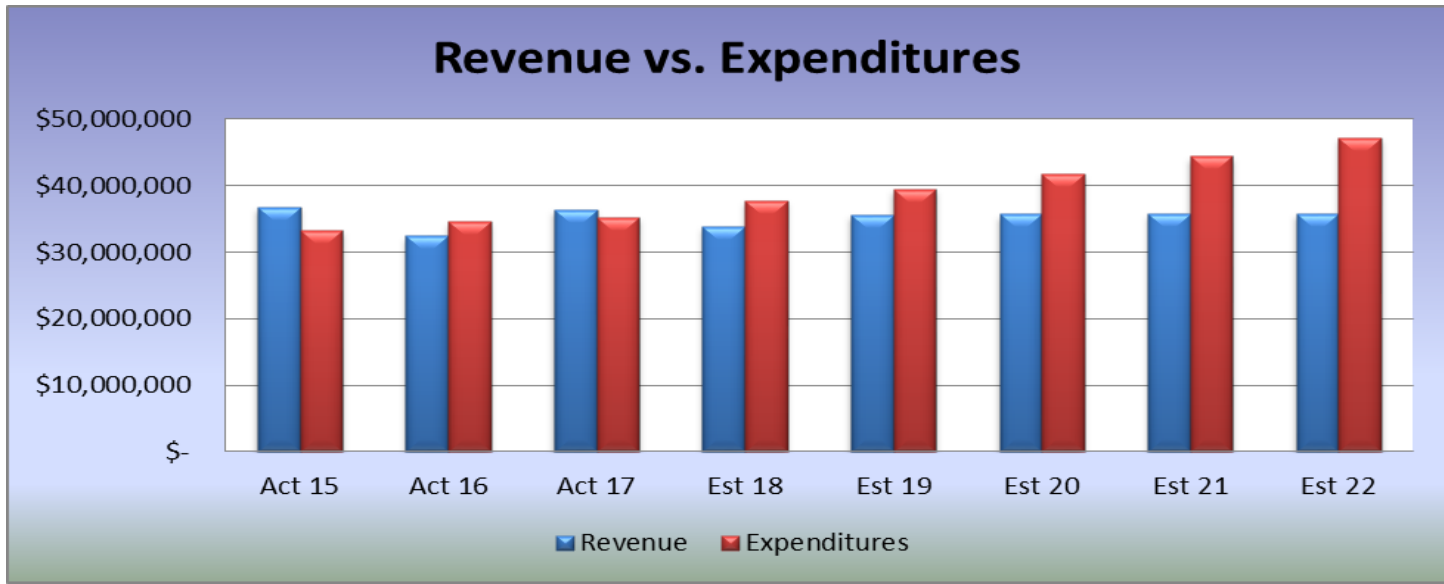
	FY18	FY19	FY20	FY21	FY22
Estimated Encumbrances	\$1,350,000	\$1,350,000	\$1,350,000	\$1,350,000	\$1,350,000

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.

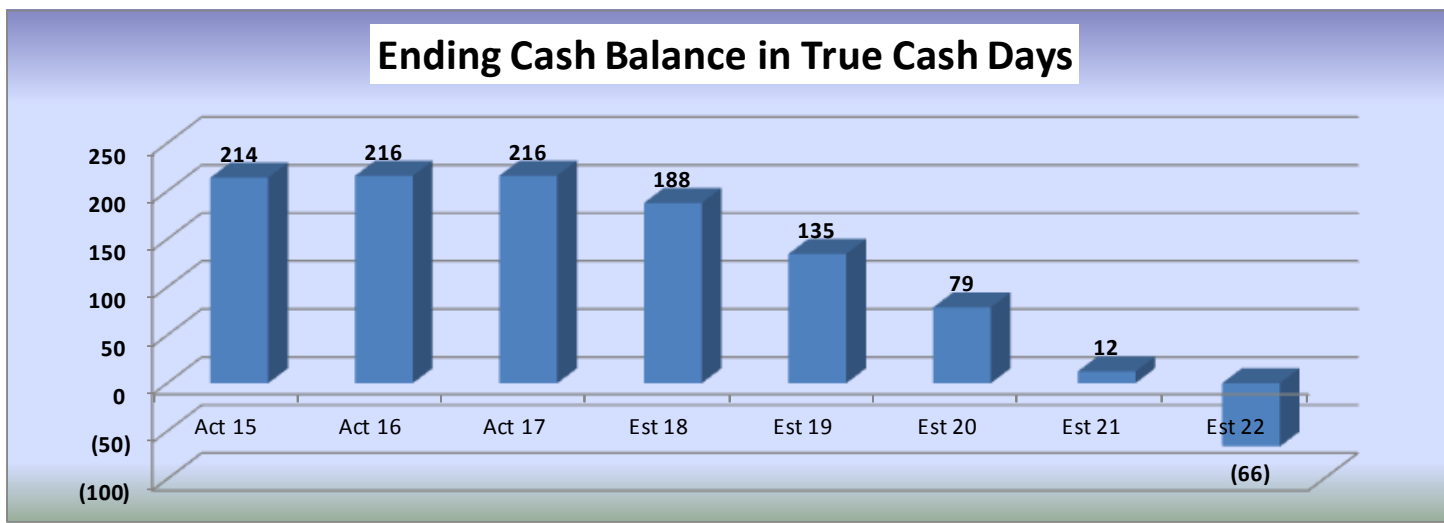
	FY18	FY19	FY20	FY21	FY22
Ending Unencumbered Cash Balance	<u>\$20,902,995</u>	<u>\$15,993,592</u>	<u>\$10,313,798</u>	<u>\$2,804,352</u>	<u>-\$6,856,532</u>

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 182 days true cash at the end of FY18. 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 21.5% 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.