

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

April 8, 2019

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				Average Change	Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018			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%	20,092,946	21,166,901	21,215,215	21,325,730	21,394,093	
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%	6,913,519	7,017,222	7,122,480	7,229,317	7,337,757	
1.035 Unrestricted State Grants-in-Aid	4,135,967	4,102,582	4,320,558	2.3%	4,592,460	4,723,175	4,857,306	4,994,503	5,136,991	
1.040 Restricted State Grants-in-Aid	14,266	18,251	17,987	13.2%	16,582	16,606	16,630	16,654	16,678	
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%	2,817,191	2,947,292	2,959,902	2,972,395	2,977,489	
1.060 All Other Revenues	463,258	505,018	654,078	19.3%	747,898	654,227	579,569	490,125	442,854	
1.070 Total Revenues	32,326,349	36,249,891	34,588,981	3.8%	35,180,596	36,524,423	36,751,103	37,028,724	37,305,862	
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%	117,248	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%	323,168	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%	35,503,764	36,671,848	36,898,528	37,176,150	37,453,288	
Expenditures										
3.010 Personal Services	18,430,728	18,285,046	19,261,918	2.3%	20,457,205	21,681,923	22,765,382	23,685,594	24,608,809	
3.020 Employees' Retirement/Insurance Benefits	7,667,826	8,002,990	8,306,557	4.1%	8,996,082	9,163,800	9,554,564	10,159,675	10,794,785	
3.030 Purchased Services	5,018,271	5,949,307	6,212,288	11.5%	6,882,311	7,013,830	7,261,098	7,518,499	7,786,496	
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	1,042,225	
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	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%	39,549,115	41,167,677	42,992,188	44,689,379	46,561,273	
Other Financing Uses										
5.010 Operating Transfers-Out	299,700	270,000	231,000	-12.2%	195,000	195,000	195,000	195,000	195,000	
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%	310,000	310,000	310,000	310,000	310,000	
5.050 Total Expenditures and Other Financing Uses	34,567,677	35,240,085	37,440,450	4.1%	39,859,115	41,477,677	43,302,188	44,999,379	46,871,273	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-2,173,684	1,114,600	-2,853,091	-242.0%	-4,355,351	-4,805,829	-6,403,660	-7,823,229	-9,417,986	
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	18,524,861	13,719,032	7,315,372	-507,857	
7.020 Cash Balance June 30	24,358,703	25,473,303	22,880,212	-2.8%	18,524,861	13,719,032	7,315,372	-507,857	-9,925,843	
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%	17,098,792	12,292,963	5,889,303	-1,933,926	-11,351,912	
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%	17,098,792	12,292,963	5,889,303	-1,933,926	-11,351,912	
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	21,557,688	22,325,860	21,454,143	-0.2%	17,098,792	12,292,963	5,889,303	-1,933,926	-11,351,912	

Bexley City School District – Franklin County
Notes to the Five Year Forecast
General Fund Only
April 8, 2019

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 May 2019 filing.

Major changes for May Forecast

Tax Revenue Line 1.01: An increase of \$373,402 for FY19 and for the total forecast of \$3.2 million. The increase is due to additional valuation for new construction in Residential/Agriculture of \$1.312 million and a substantial increase in Public Utility Personal Property of \$1.164 million and the changes for the collection rates returning to a more stable split of the two collection periods.

School District Income Tax Line 1.03: A decrease of \$325,140 for FY19 and for the total forecast a decrease of \$1.675 million. The district has not received payments for the year that had been expected. FY18 showed a major decrease due to refunds and the district was projecting a 7% increase for FY19 but has revised that increase to 1%.

Fringe Benefits Line 3.02: An increase of \$181,035 for FY19 and compounded for the forecast of an increase of \$1.02 million. The district has increased the amount of growth for new staff member's premiums and for the new plan based on the actual payments in the current year. The district is also increasing the percent of premium increases for FY20 and FY21 that will affect the total change.

Other Expenditures Lines 3.03 to 4.30: An increase of \$1.021 million for the total forecast. The increase is based on current trends in special education, utilities and other professional services.

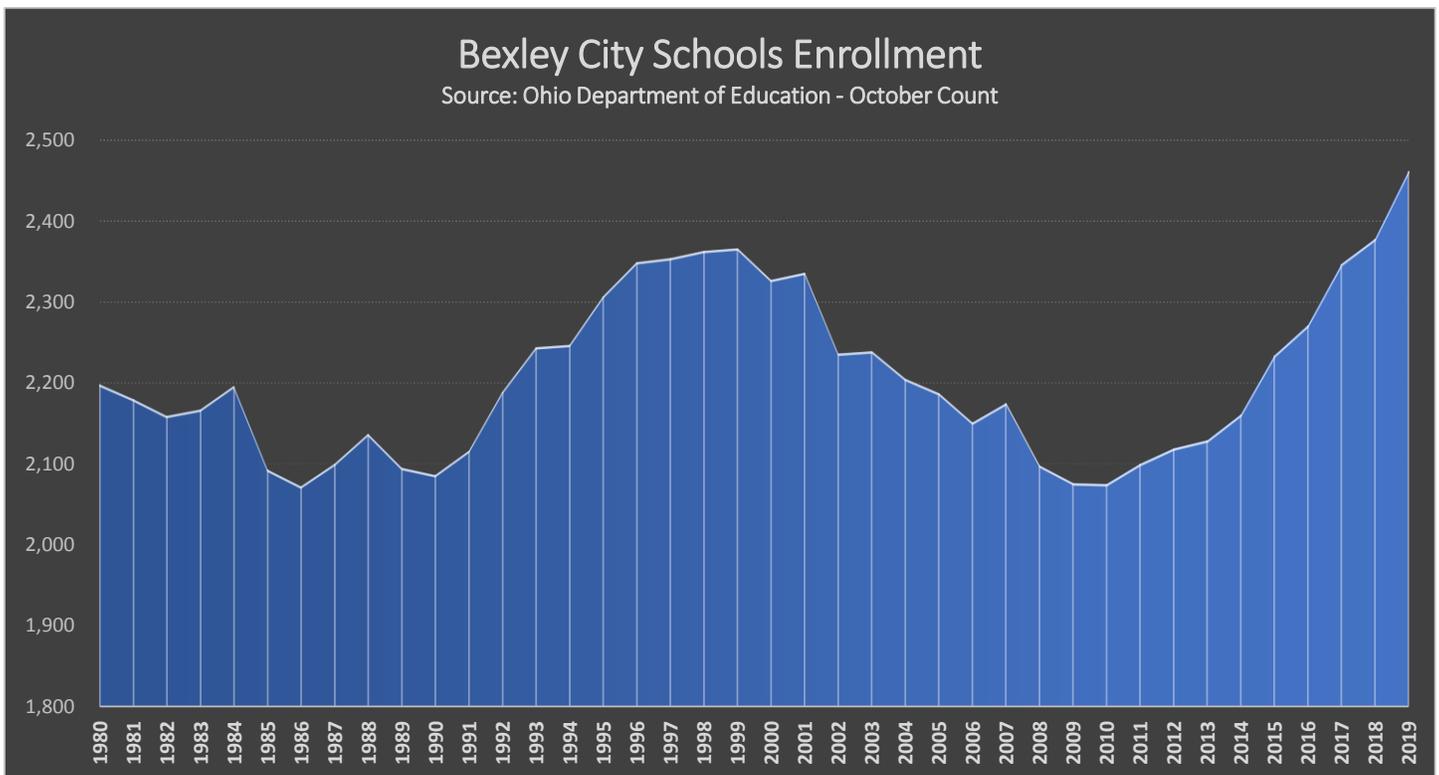
Forecast Risks and Uncertainty

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. For the May forecast there are two proposed scenarios for Bexley City Schools which are; the state budget and the Cupp-Patterson Study. Even though the proposed budget has been introduced for FY20-FY21 it is much too early in the budget process to make changes in the forecast, the final budget will not be completed until after the forecast filing deadline. Another part to the foundation formula that is uncertain is that of the newly announced Cupp-Paterson study on how this will affect our district. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to the funding for the district long

range planning through FY23.

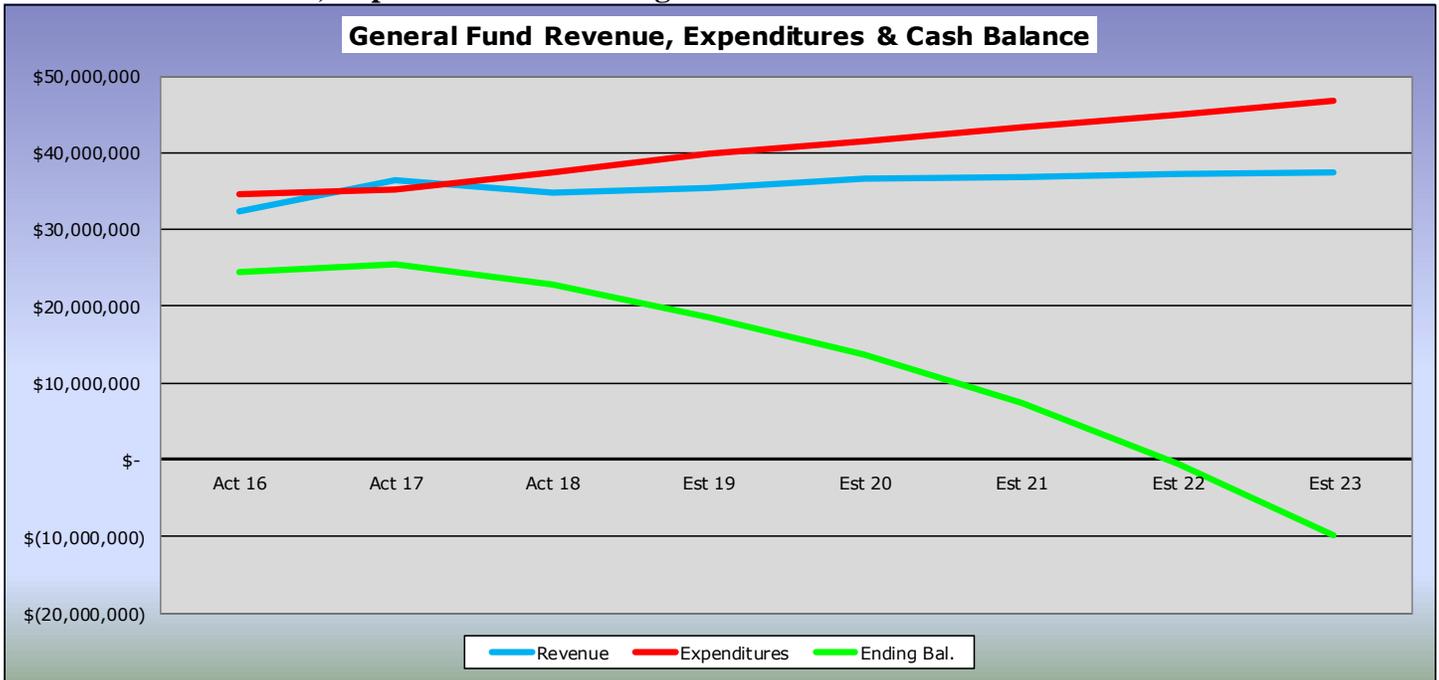
- II. There are many provisions in the current state budget bill HB64 that increased the district expenditures in the form of expanded school choice programs such as College Credit Plus and increased the amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special 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.

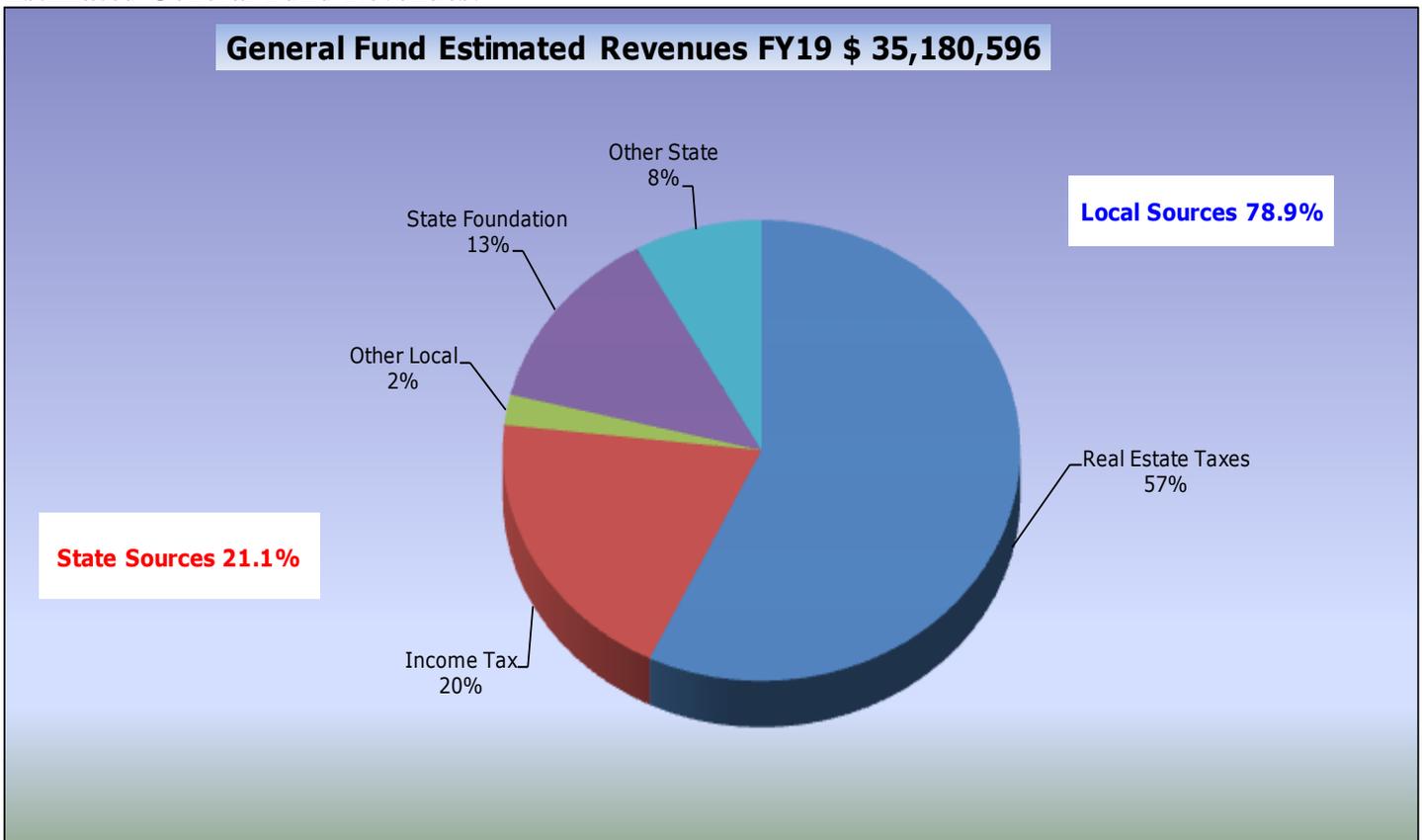
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader in understanding the overall financial forecast for our district, to review the assumptions 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 in 2018. The large increase in Class II was due to the sale of the Trinity Lutheran Seminary, assessed valuation of \$2,849,390, to Capital University which had been tax exempt but lost the exempt status with the sale of the property. The exemption for that property has been requested and the Class II values have been decreased for the exemption in 2019 collect in 2020. 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. The triennial update for valuation will be in 2020 for collection in 2021, the district is estimating increases in reappraisals for Class I of 5% and Class II of 1%.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2018	TAX YEAR2019	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022
	COLLECT 2019	COLLECT 2020	COLLECT 2021	COLLECT 2022	COLLECT 2023
Res./Ag.	\$533,413,160	\$534,163,160	\$561,621,318	\$562,371,318	\$563,121,318
Comm./Ind.	\$23,643,880	\$21,282,270	\$21,815,093	\$22,110,093	\$22,405,093
Public Utility Personal Property (PUPP)	\$6,494,680	\$6,644,680	\$6,794,680	\$6,944,680	\$7,094,680
Tangible Personal Property (TPP)	\$0	\$0	\$0	\$0	\$0
Total Assessed Value	<u>\$563,551,720</u>	<u>\$562,090,110</u>	<u>\$590,231,091</u>	<u>\$591,426,091</u>	<u>\$592,621,091</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 changed the collection rate to 60% for February 2018 and 40% for the August 2018 settlements, for the May forecast the district has returned to using the previously used 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)

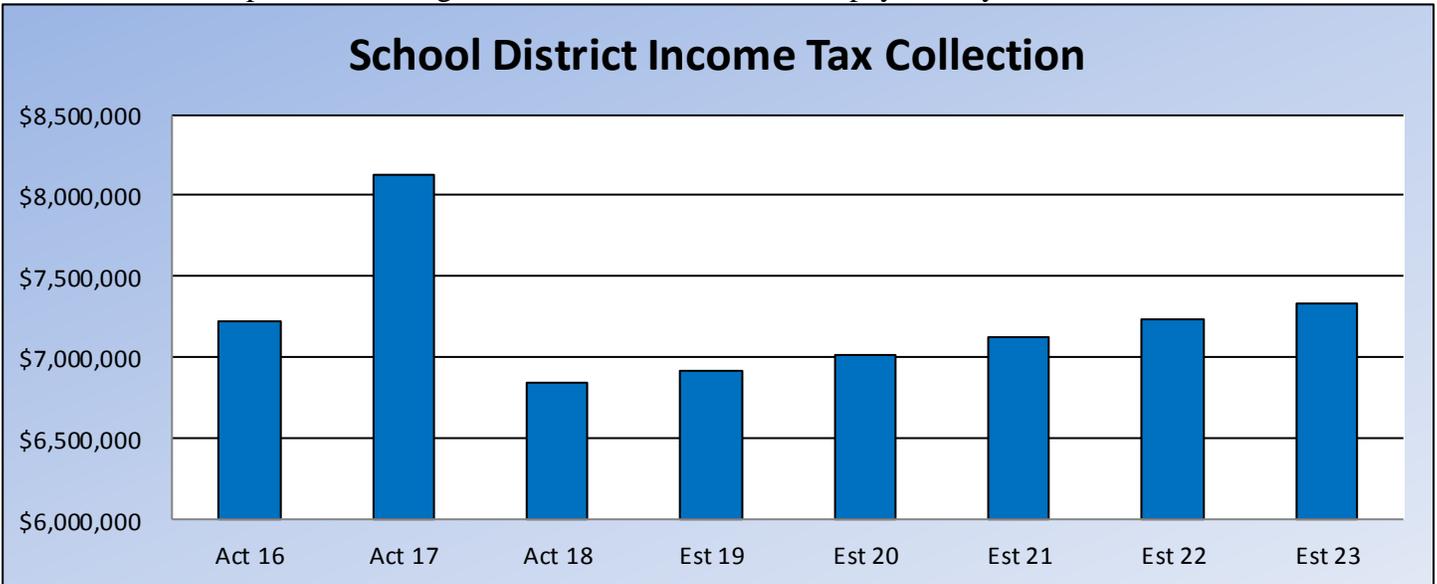
<u>Category</u>	FY19	FY20	FY21	FY22	FY23
General Property Taxes	<u>\$20,092,946</u>	<u>\$21,165,901</u>	<u>\$21,215,215</u>	<u>\$21,325,730</u>	<u>\$21,394,093</u>

School District Income Tax Collections – Line #1.030

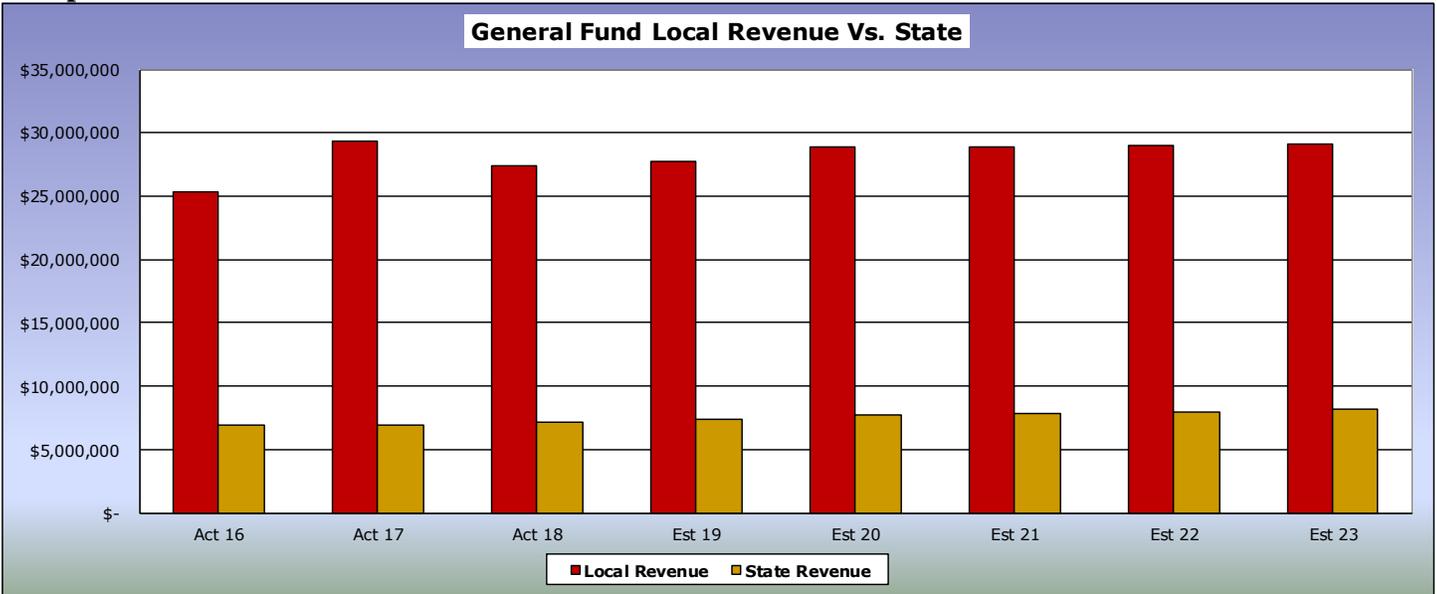
The district has a .75% continuous income tax levy that was approved in 2004. Every payment in FY18 was lower than payments from FY17. These net payment reductions can be attributed to large tax filing refunds as well as what can be described as “back to normal collections.” In other words, the amounts received in FY17 were a one-time anomaly and FY18 is a correction of that increase. The district has not seen the increases in the first three payments of FY19 that were expected and have lowered the estimated increase to 1%. For the remainder of the forecast the district is estimating an increase of 1.5% each year.

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
SDIT Collection	\$6,845,068	\$6,913,519	\$7,017,222	\$7,122,480	\$7,229,317
Adjustments	\$68,451	\$103,703	\$105,258	\$106,837	\$108,440
Total to Line #1.030	<u>\$6,913,519</u>	<u>\$7,017,222</u>	<u>\$7,122,480</u>	<u>\$7,229,317</u>	<u>\$7,337,757</u>

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 March #1 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 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. These categorical items can be found on the Ohio Department of Education web page.

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 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 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 current SFPR estimates for FY19 are using March #1 SFPR average daily membership (ADM) and adding 40 students 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 two adjustments for FY18 in the amount of \$49,402 and does not expect to receive any 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. Even though the proposed budget has been introduced for FY20-FY21 we are not making any changes to the forecast at this time since it is too early in the budgeting process and the final budget will not be completed until after the district is required to submit the May Forecast.

Casino Revenue: The district receives two payments annually that are based on the state enrollment and revenue from the casinos. These two payments, one in August and one in January, are then added together to obtain the annual average of the payments for future years. The average payment for all districts in FY18 was \$51.37 and increased to \$52.67 for FY19 per student. The district received an average in FY19 of \$52.57 per student which is slightly less than the state average. 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>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Basic Aid-Unrestricted	\$4,365,092	\$4,495,828	\$4,629,959	\$4,767,156	\$4,909,644
Additional Aid Items	\$99,129	\$99,129	\$99,129	\$99,129	\$99,129
Basic Aid-Unrestricted Subtotal	<u>\$4,464,221</u>	<u>\$4,594,957</u>	<u>\$4,729,088</u>	<u>\$4,866,285</u>	<u>\$5,008,773</u>
Ohio Casino Commission ODT	<u>\$128,239</u>	<u>\$128,218</u>	<u>\$128,218</u>	<u>\$128,218</u>	<u>\$128,218</u>
Total Unrestricted State Aid Line # 1.035	<u>\$4,592,460</u>	<u>\$4,723,175</u>	<u>\$4,857,306</u>	<u>\$4,994,503</u>	<u>\$5,136,991</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>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Economically Disadvantaged Aid	\$2,377	\$2,401	\$2,425	\$2,449	\$2,473
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>\$16,582</u>	<u>\$16,606</u>	<u>\$16,630</u>	<u>\$16,654</u>	<u>\$16,678</u>

<u>Summary of State Foundaton Revenues</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Unrestricted Line # 1.035	\$4,592,460	\$4,723,175	\$4,857,306	\$4,994,503	\$5,136,991
Restricted Line # 1.040	<u>\$16,582</u>	<u>\$16,606</u>	<u>\$16,630</u>	<u>\$16,654</u>	<u>\$16,678</u>
Total State Foundation Revenue	<u>\$4,609,042</u>	<u>\$4,739,781</u>	<u>\$4,873,936</u>	<u>\$5,011,157</u>	<u>\$5,153,669</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>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
a) Rollback and Homestead	\$2,817,191	\$2,947,292	\$2,959,902	\$2,972,395	\$2,977,489
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$2,817,191</u>	<u>\$2,947,292</u>	<u>\$2,959,902</u>	<u>\$2,972,395</u>	<u>\$2,977,489</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, 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.

The district has entered into an agreement with another district for special education services that increased the tuition revenue for FY19-FY21 by \$30,000 each year to \$140,000 per year and then reduced to \$110,000 per year for remainder of the forecast. Other income and rentals has a 1% increase for FY19-FY23.

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Tuition	\$140,000	\$140,000	\$140,000	\$110,000	\$110,000
Interest	\$475,000	\$380,000	\$304,000	\$243,200	\$194,560
Other Income and rentals	<u>\$132,898</u>	<u>\$134,227</u>	<u>\$135,569</u>	<u>\$136,925</u>	<u>\$138,294</u>
Total Line # 1.060	<u>\$747,898</u>	<u>\$654,227</u>	<u>\$579,569</u>	<u>\$490,125</u>	<u>\$442,854</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 FY19-FY23.

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Transfers In - Line 2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line 2.050	<u>\$117,248</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>
Total Transfer & Advances In	<u>\$117,248</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>

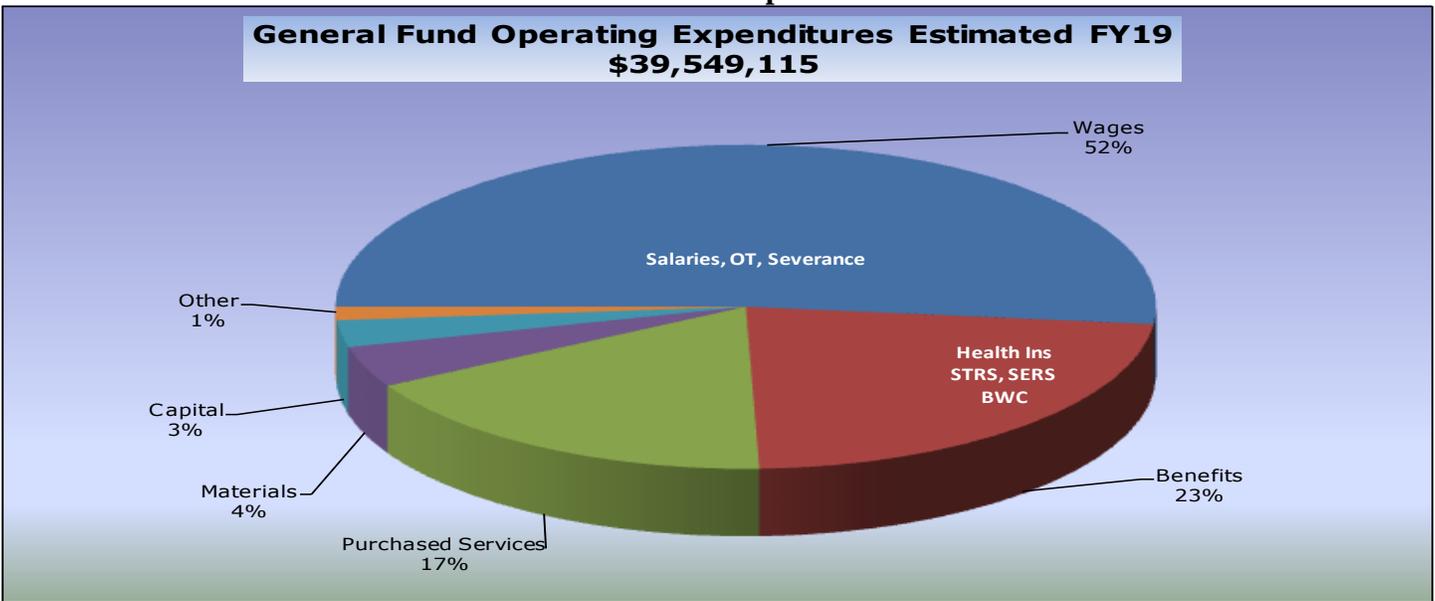
All Other Financial Sources – Line #2.060

Refund of Prior year expenses which are for refunds that the district has received, and a similar amount is anticipated each year. 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.

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Refund of prior years expenditures	<u>\$205,920</u>	<u>\$32,426</u>	<u>\$32,426</u>	<u>\$32,426</u>	<u>\$32,426</u>

Expenditures Assumptions

Estimated General Fund Expenditures for FY19:



Wages – Line #3.010

The district has negotiated agreements for the three years of FY19, FY20 and FY21 and has included a 3% base wage rate for each of those years. 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 five and a half certified staff members in FY20 and two in FY21 due to enrollment projections is being added to the forecast. For planning purposes the district expects retirements of 2 teachers in FY19 and 5 teachers in FY20 with 2 each year in the remainder of the forecast, 1 classified staff in FY19 and one in FY21-FY23.

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Base Wages	\$18,151,126	\$19,570,168	\$20,728,845	\$21,815,942	\$22,719,466
Base Increase	\$471,929	\$544,534	\$587,105	\$456,035	\$436,319
Steps	\$385,238	\$409,144	\$433,638	\$455,308	\$473,712
Growth	\$684,833	\$642,499	\$342,641	\$230,926	\$227,068
Unfunded Recapture	\$165,000	\$0	\$0	\$0	\$0
Severance	\$85,000	\$135,000	\$115,000	\$115,000	\$130,000
Supplemental	\$802,037	\$818,078	\$834,440	\$851,128	\$868,151
Staff Reductions	<u>-\$287,958</u>	<u>-\$437,500</u>	<u>-\$276,287</u>	<u>-\$238,745</u>	<u>-\$245,907</u>
Total Wages Line 3.010	<u>\$20,457,205</u>	<u>\$21,681,923</u>	<u>\$22,765,382</u>	<u>\$23,685,594</u>	<u>\$24,608,809</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 8.25% in FY19, -1.5% in FY20, a 3.5% increase in FY21 and 8% increase in FY22-FY23. 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

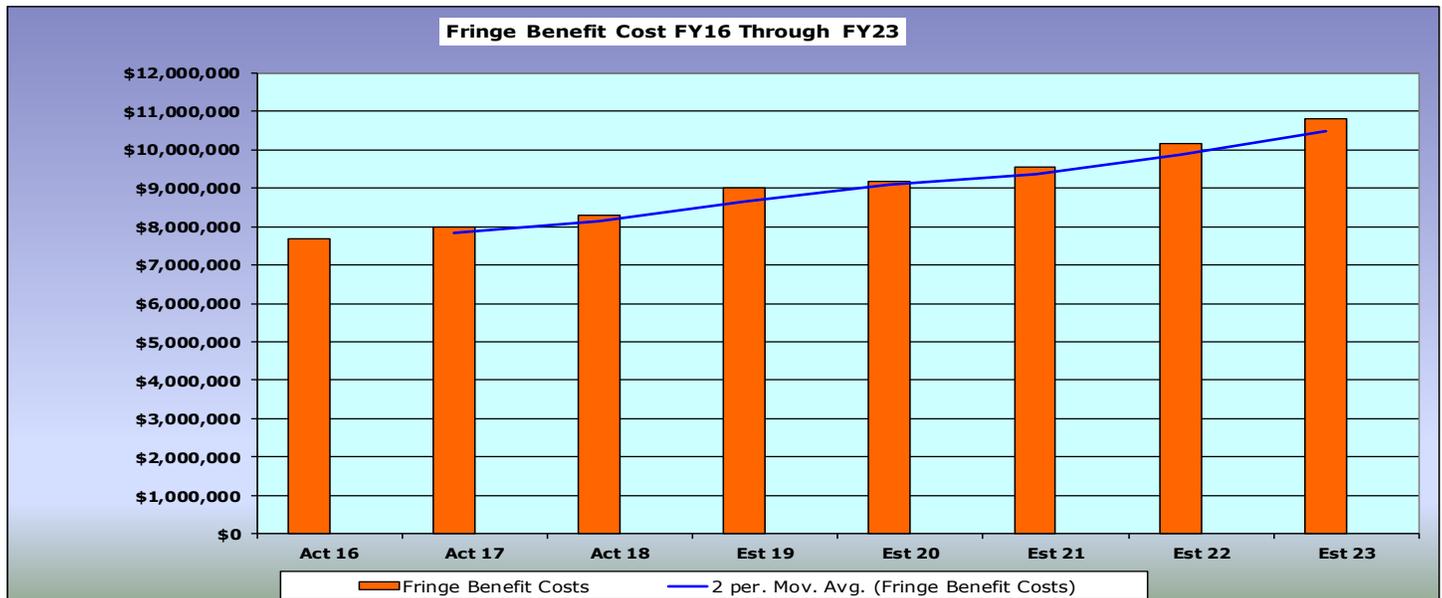
Medicare will continue to increase at the same rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986.

Summary of Fringe Benefits – Line #3.020

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
A) STRS/SERS	\$3,033,621	\$3,212,271	\$3,378,343	\$3,518,043	\$3,654,228
B) Insurance's	\$5,446,514	\$5,414,016	\$5,619,432	\$6,067,110	\$6,547,957
C) Workers Comp/Unemployment	\$131,743	\$139,092	\$145,592	\$151,114	\$156,653
D) Medicare	\$281,129	\$295,346	\$308,122	\$320,333	\$332,872
Other/Tuition	<u>\$103,075</u>	<u>\$103,075</u>	<u>\$103,075</u>	<u>\$103,075</u>	<u>\$103,075</u>
Total Line 3.020	<u>\$8,996,082</u>	<u>\$9,163,800</u>	<u>\$9,554,564</u>	<u>\$10,159,675</u>	<u>\$10,794,785</u>

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, for these deductions from the state foundation we are using the March #1 payment for the May forecast.

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.

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Base Services	\$461,987	\$466,607	\$480,605	\$495,023	\$509,874
Instructional Support	\$907,001	\$934,211	\$962,237	\$991,104	\$1,020,837
Professional Support	\$1,919,960	\$1,877,559	\$1,933,886	\$1,991,903	\$2,051,660
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	\$37,577	\$39,456	\$41,429	\$43,500	\$45,675
Community School Deductions	\$145,884	\$145,884	\$145,884	\$145,884	\$145,884
College Credit Plus, STEM & Scholarships	\$467,392	\$490,762	\$515,300	\$541,065	\$568,118
Utilities	<u>\$820,185</u>	<u>\$869,396</u>	<u>\$921,560</u>	<u>\$976,854</u>	<u>\$1,035,465</u>
Total Line 3.030	<u>\$6,882,311</u>	<u>\$7,013,830</u>	<u>\$7,261,098</u>	<u>\$7,518,499</u>	<u>\$7,786,495</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>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
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	<u>\$453,395</u>	<u>\$466,997</u>	<u>\$481,007</u>	<u>\$495,437</u>	<u>\$510,300</u>
Total Line 3.040	<u>\$1,620,890</u>	<u>\$1,654,944</u>	<u>\$1,689,874</u>	<u>\$1,725,705</u>	<u>\$1,762,462</u>

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, FY20 and FY21.

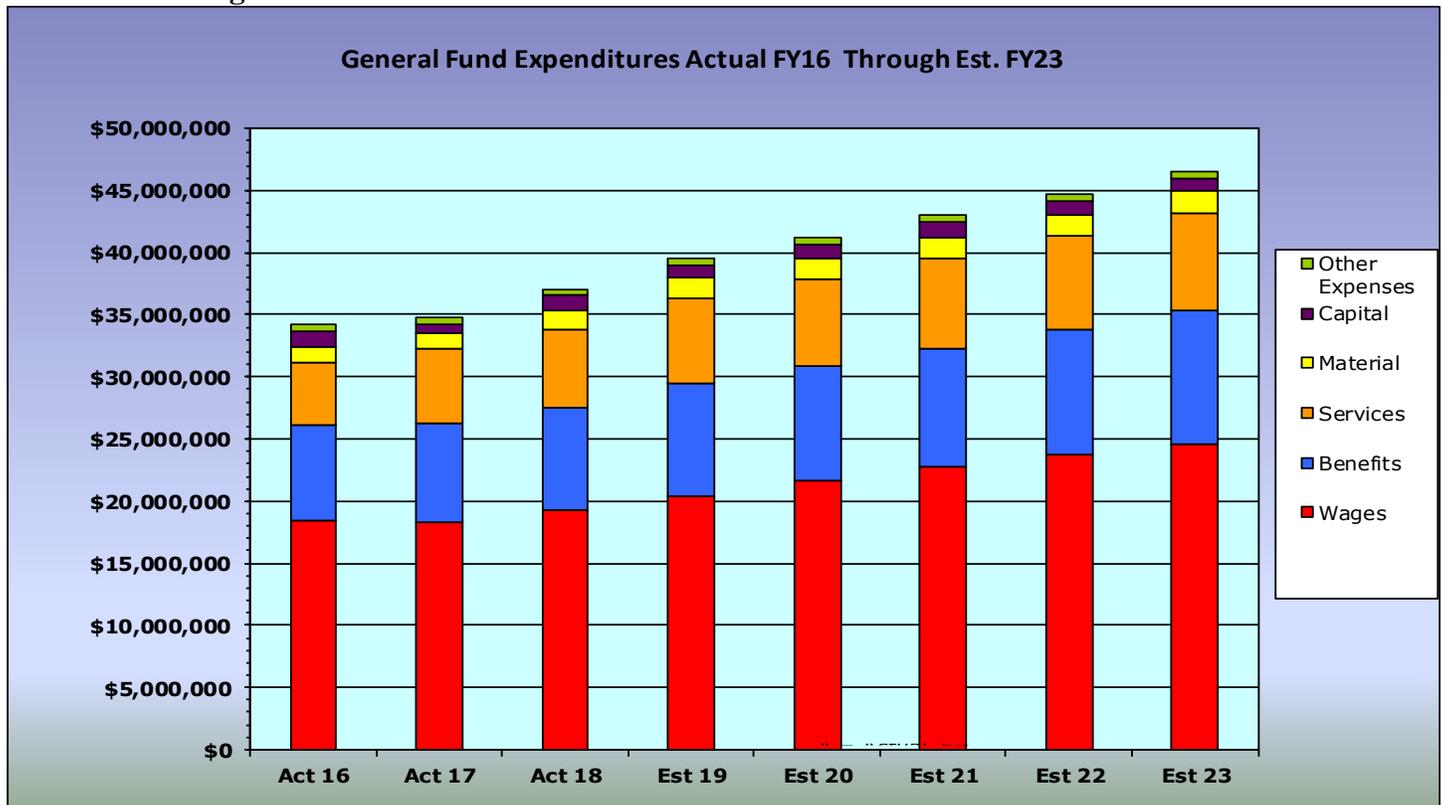
<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Capital Outlay	\$945,328	\$992,595	\$1,042,225	\$1,042,225	\$1,042,225
Replacement Bus Purchases	<u>\$115,000</u>	<u>\$120,000</u>	<u>\$130,000</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$1,060,328</u>	<u>\$1,112,595</u>	<u>\$1,172,225</u>	<u>\$1,042,225</u>	<u>\$1,042,225</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 FY19-FY23 for other expenses.

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
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	<u>\$532,298</u>	<u>\$540,586</u>	<u>\$549,046</u>	<u>\$557,682</u>	<u>\$566,498</u>

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 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.

<u>Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Operating Transfers Out Line #5.010	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000
Advances Out Line #5.020	\$115,000	\$115,000	\$115,000	\$115,000	\$115,000
Total	<u>\$310,000</u>	<u>\$310,000</u>	<u>\$310,000</u>	<u>\$310,000</u>	<u>\$310,000</u>

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.

	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Estimated Encumbrances	<u>\$1,426,069</u>	<u>\$1,426,069</u>	<u>\$1,426,069</u>	<u>\$1,426,069</u>	<u>\$1,426,069</u>

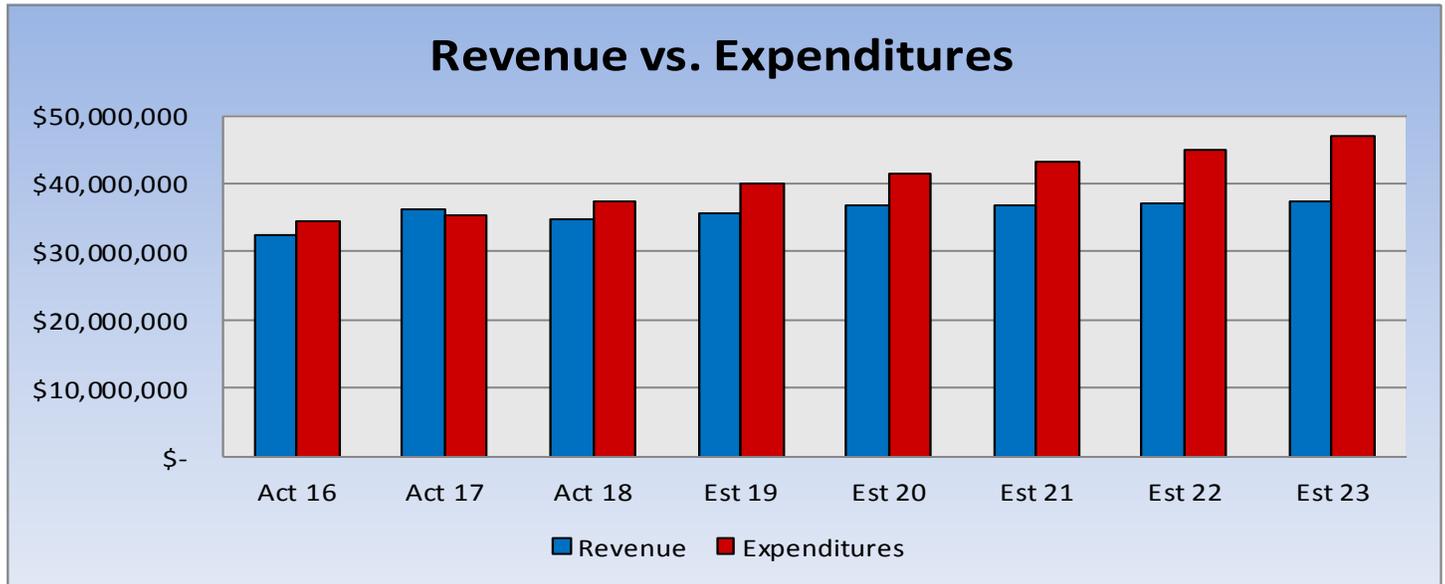
Ending Unencumbered Cash Balance “The Bottom-line” – Line#15.010

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.

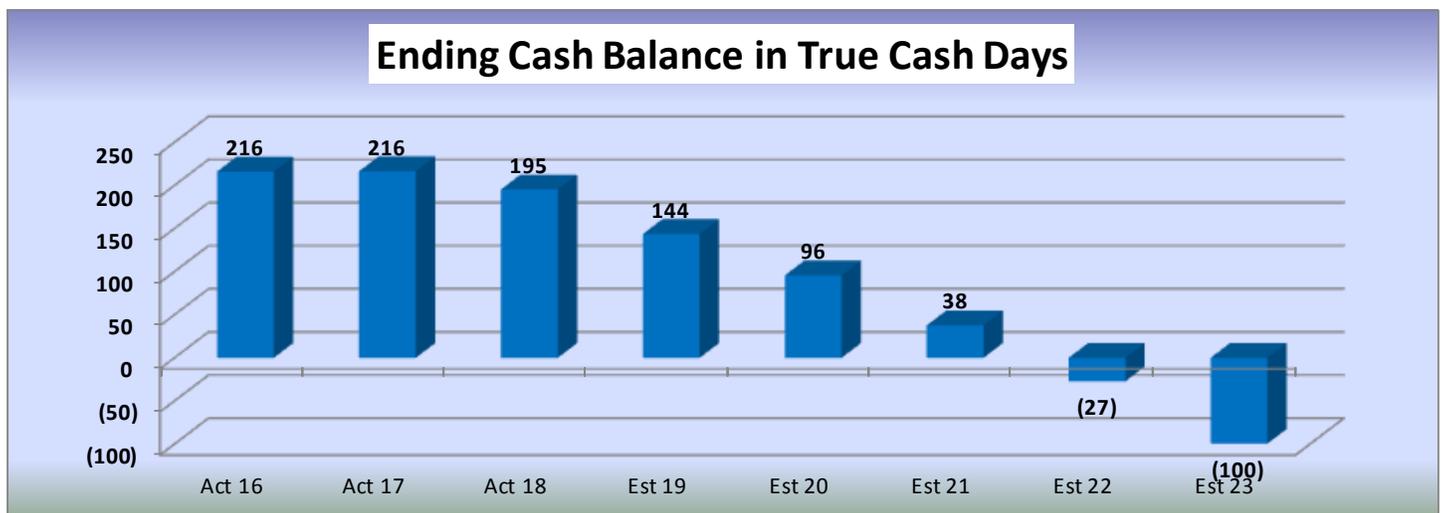
	FY19	FY20	FY21	FY22	FY23
Ending Unencumbered Cash Balance	<u>\$17,098,792</u>	<u>\$12,292,963</u>	<u>\$5,889,303</u>	<u>-\$1,933,926</u>	<u>-\$11,351,912</u>

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 142 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.