BEXLEY CITY SCHOOL DISTRICT-FRANKLIN COUNTY

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2019, 2020 and 2021 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2022 THROUGH JUNE 30, 2026

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

May 11, 2022

Bexley City School District

Franklin County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	20,092,947	23,663,441	27,025,598	16.0%	27,187,193	27,144,891	27,296,890	27,433,322	27,497,601
1.020	Public Utility Personal Property Tax	0	0	0	0.0%	0	0	0	0	0
1.030	Income Tax	6,885,311	7,999,781	8,486,087	11.1%	9,179,798	9,271,596	9,364,312	9,457,955	9,552,535
1.035	Unrestricted State Grants-in-Aid	4,616,729	4,380,427	4,678,283	0.8%	4,110,541	4,146,053	4,149,193	4,152,395	4,155,661
1.040	Restricted State Grants-in-Aid	16,751	23,066	16,782	5.2%	274,392	255,108	255,108	255,108	255,108
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	2,817,191	2,846,437	2,895,883	1.4%	2,917,445	2,974,008	2,990,312	3,006,523	3,010,845
1.060	All Other Revenues	800,143	754,657	552,003	-16.3%	370,204	331,748	333,215	339,947	346,852
1.070	*Total Revenues*	35,229,072	39,667,809	43,654,636	11.3%	44,039,572	44,123,403	44,389,030	44,645,250	44,818,601
	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	89,591	150,000	150,000	33.7%	175,000	0	0	0	0
2.050	Advances-In	117,248	171,121	48,171	-13.0%	176,932	150,000	100,000	100,000	100,000
2.060	All Other Financing Sources	215,975	280,700	452,161	45.5%	82,000	82,000	82,000	82,000	82,000
2.070	*Total Other Financing Sources*	422,814	601,821	650,332	25.2%	433,932	232,000	182,000	182,000	182,000
2.080	*Total Revenues and Other Financing Sources*	35,651,886	40,269,630	44,304,968	11.5%	44,473,504	44,355,403	44,571,030	44,827,250	45,000,601
	Expenditures									
3.010	Personnel Services	20,279,720	21,006,719	21,796,576	3.7%	23,315,480	24,402,425	25,619,998	26,974,920	28,262,061
3.020	Employees' Retirement/Insurance Benefits	8,902,520	8,827,632	8,697,028	-1.2%	9,744,288	10,324,002	11,228,896	11,972,382	12,711,753
3.030	Purchased Services	6,692,000	6,329,526	6,971,419	2.4%	7,215,116	7,475,800	8,048,308	8,275,789	8,494,677
3.040	Supplies and Materials	1,641,646	1,639,066	1,351,229	-8.9%	1,428,989	1,595,125	1,617,408	1,650,601	1,684,636
3.050	Capital Outlay	691,582	671,987	332,565	-26.7%	432,565	432,565	432,565	432,565	432,565
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	550,836	515,793	580,598	3.1%	601,431	610,563	619,880	629,387	639,088
4.500	*Total Expenditures*	38,758,304	38,990,723	39,729,415	1.2%	42,737,870	44,840,480	47,567,055	49,935,644	52,224,781
	Other Financing Uses									
5.010	Operating Transfers-Out	284,591	275,000	350,000	12.0%	500,000	350,000	350,000	375,000	400,000
5.020	Advances-Out	171,121	48,171	176,932	97.7%	150,000	100,000	100,000	100,000	100,000
5.030	All Other Financing Uses	100	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	455,812	323,171	526,932	17.0%	650,000	450,000	450,000	475,000	500,000
5.050	*Total Expenditures and Other Financing Uses*	39,214,116	39,313,894	40,256,347	1.3%	43,387,870	45,290,480	48,017,055	50,410,644	52,724,781
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	-3,562,230	955,736	4,048,621	98.4%	1,085,635	-935,077	-3,446,025	-5,583,394	-7,724,180
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	22,880,213	19,317,983	20,273,719	-5.3%	24,322,340	25,407,975	24,472,898	21,026,872	15,443,479
7.020	*Cash Balance June 30*	19,317,983	20,273,719	24,322,340	12.5%	25,407,975	24,472,898	21,026,872	15,443,479	7,719,299
8.010	*Estimated Encumbrances June 30*	1,317,289	1,495,099	1,326,990	1.1%	1,326,990	1,326,990	1,326,990	1,326,990	1,326,990
`	**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	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	*Subtotal*	0	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	18,000,694	18,778,620	22,995,350	13.4%	24,080,985	23,145,908	19,699,882	14,116,489	6,392,309
	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*	18,000,694	18,778,620	22,995,350	13.4%	24,080,985	23,145,908	19,699,882	14,116,489	6,392,309
	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*	18,000,694	18,778,620	22,995,350	13.4%	24,080,985	23,145,908	19,699,882	14,116,489	6,392,309

Bexley City School District – Franklin County
Notes to the Five Year Forecast
General Fund Only
May 11, 2022

Introduction to the Five Year Forecast

The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with Ohio Department of Education when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Here are at least three purposes or objectives of the five-year forecast:

(1) To engage the local board of education and the community in long range planning and discussions of financial issues facing the school district
(2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
(3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (July 1, 2021-June 30, 2022) 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 2022 filing.

Economic Outlook

This five-year forecast is being filed during the recovery from the COVID-19 Pandemic which began in early 2020. The effects of the pandemic continue to impact our state, country and our globalized economy. Inflation during April hit a 40 year high not seen since the early 1980's. While increased inflation impacting district costs are expected to continue in the short term, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2022 Updates:

Revenues FY22:
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $44,039,572 or 0.71% higher than the November forecasted amount of $43,730,576.

Line 1.01 - Property tax revenues represent our largest source of revenues at 61.73% and are estimated to be $27,187,193 which is $116,772 more for FY22 than the original estimate of $27,070,421.

Line 1.03 - The district's collection of SDIT was originally projected to be lower than previous years due to the effects of the pandemic on our economy. The actual collections are up by 3.25% over our original estimate of $8,890,691. Overall statewide collection for income taxes have been up around 11% for FY22 and we are also seeing an increase this year that is similar. We expect future years to return more normal trends and not the increases we have seen due to the rapid recovery following the pandemic.

Line 1.035 and 1.04 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimated provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 funding in order to project anticipated funding. In January of 2022 the first formula calculations were released in part by the Ohio Department of Education. While there are still details unpublished at this time we can see that through early April our state aid is estimated to be $4,384,933which is $85,152 lower than the original estimate for FY22. We are currently on the guarantee and are expected to remain on a guarantee for FY23 through FY26.

All areas of revenue are tracking as anticipated for FY22 based on our best information at this time.

Expenditures FY22:
Total General Fund expenditures (line 4.5) are estimated to be $42,723,881 for FY22 which is $272,548 more than the original estimate of $2,451,333 in the November forecast, which is roughly 0.64% on target with original estimates. The expenditures experienced slight changes for actual costs in most lines for expenditures.

Unreserved Ending Cash Balance:
With revenues increasing over estimates and expenditures increasing, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly $24.09 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026 if assumptions we have made for property tax collections, state aid in future state budgets and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:
A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1. Property tax collections are the largest single revenue source for the school system. The housing market in our district is strong. We project continued growth in appraised values every three (3) years with continued modest increases in local taxes. Total local revenues which are predominately local property taxes equate to 61.73% of the district's resources.

2. Income tax is the district's second largest revenue source. The Covid-19 pandemic has made it very difficult to forecast what will happen with the collection of income tax. The past few payments that we received have been greater than in previous years making the forecasting of the income tax even more difficult from the decreases at the beginning of the pandemic. We will monitor the income tax revenue very closely for any positive or negative changes that may occur.

3. The State Budget represents 16.58% of district revenues and is an area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls or worsens and the fair school funding plan is not funded in future state budgets or if an economic downturn results in a reduction in state aid. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 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 FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4. HB110 will direct pay costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships to the educating school district. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

5. HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be noticed that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be adjustments to state aid for FY23 as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula available as of this forecast.

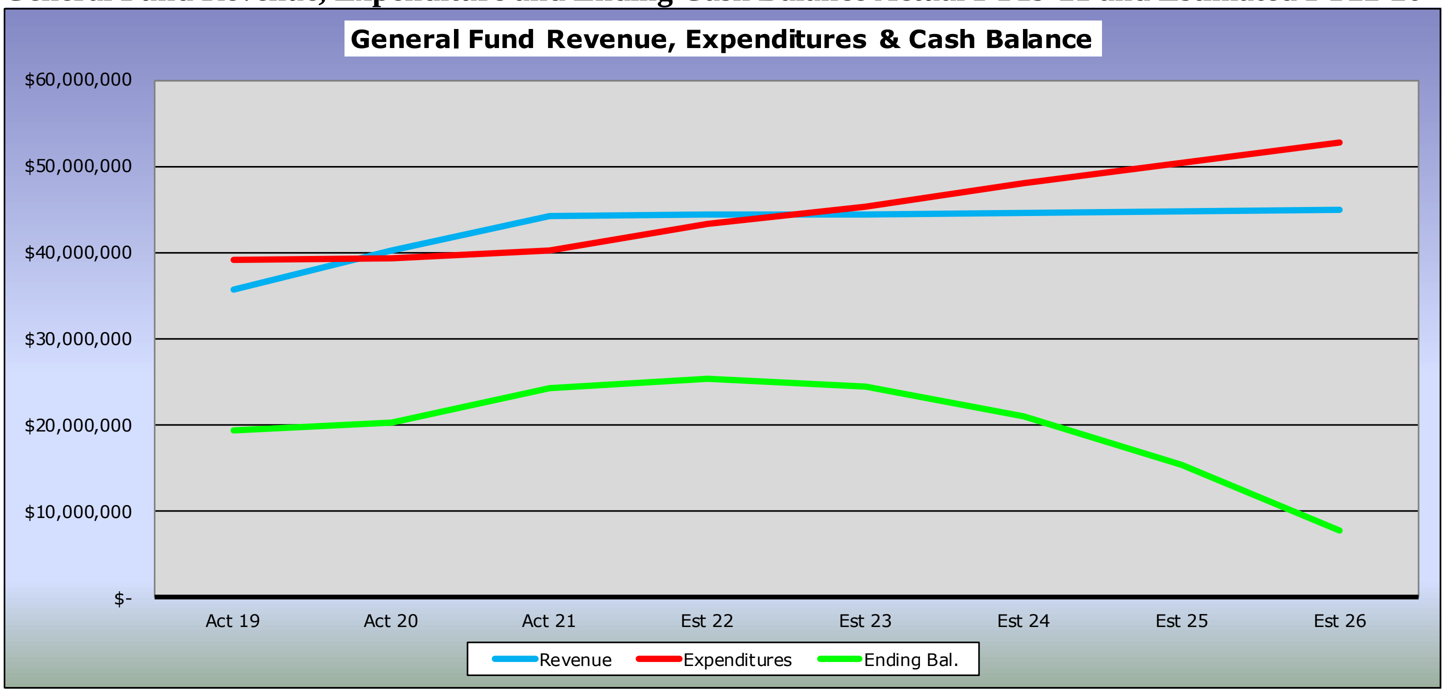
6. The enrollment for the district has increased over the past ten years at a steady rate and is expected to increase during the forecast years based on the district's report for Ohio Facilities Construction Commission from Future Think. However, the district has seen a decrease in enrollment in FY21 due to students attending Community Schools and home schooling caused by the COVID-19 pandemic. We believe that the growth will need to be monitored for staffing growth and building needs in order to know the effect of the increased enrollment.

7. The needs for students and staff are changing due to social emotional well-being as a result of COVID-19 and the total new environment of the world. We are seeing this as a district in increased special education evaluation requests.

8. 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.

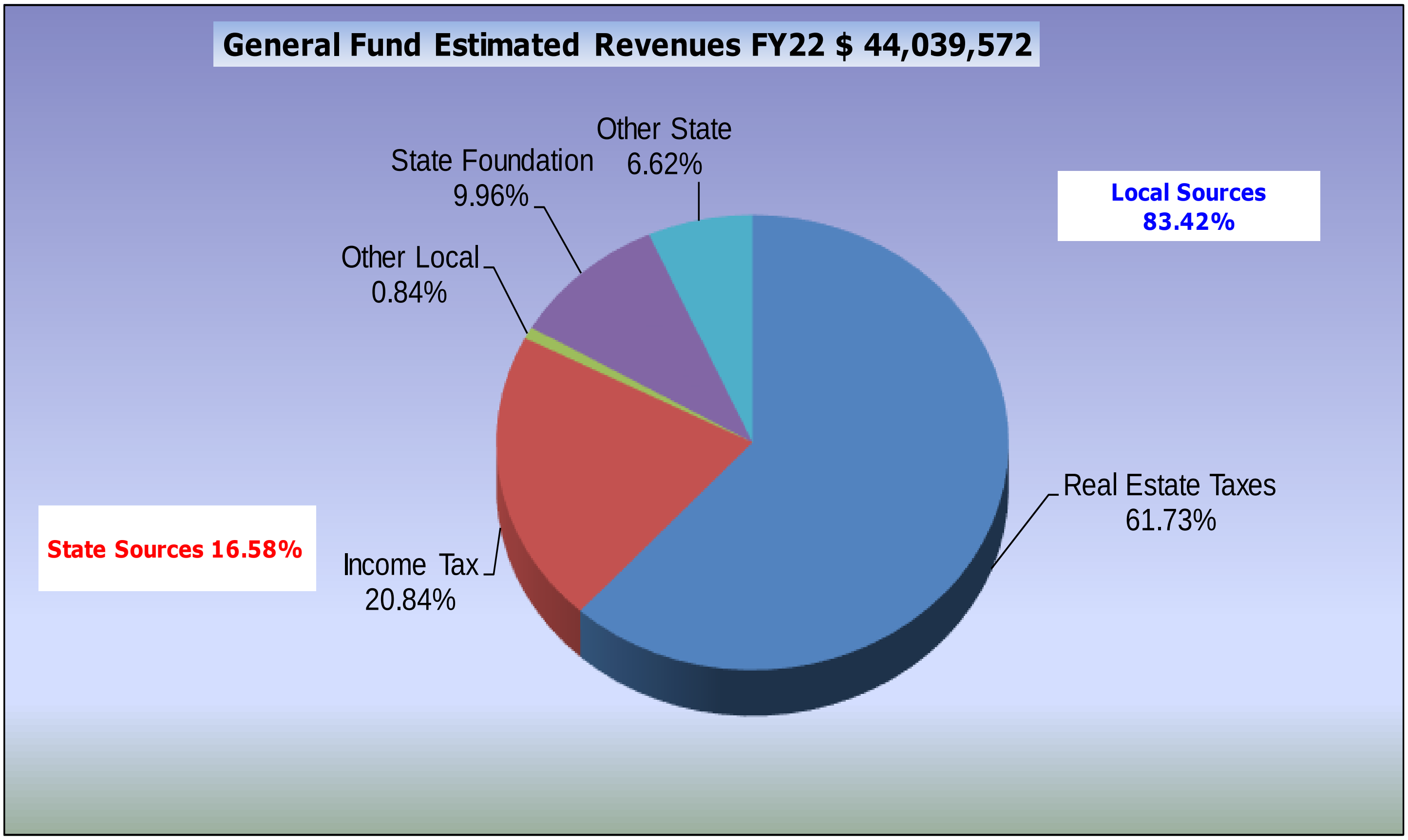
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader in understanding the overall financial forecast for our district, to review the assumptions 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 FY19-21 and Estimated FY22-26



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, demolitions, BOR/BTA activity and complete reappraisal or updated values. Franklin County experienced the triennial update for taxable values in 2020 for the collection in 2021. The reappraisal for Class I Residential/Agricultural values increased by 16.88% or $90,414,490 and Class II Commercial/Industrial values increased by 11.23% or $2,350,220 in 2020 for collection in 2021. 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 and new construction. The full reappraisal for valuations will be in 2023 for collection in 2024, the district is estimating increases in Class I of 5% and Class II of 2%.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026
Res./Ag.	$633,334,770	$634,084,770	$666,539,009	$667,289,009	$668,039,009
Comm./Ind.	$24,004,420	$24,149,420	$24,777,408	$24,922,408	$25,067,408
Public Utility Personal Property (PUPP)	$7,287,020	$7,437,020	$7,587,020	$7,737,020	$7,887,020
Total Assessed Value	$664,626,210	$665,671,210	$698,903,437	$699,948,437	$700,993,437

Property tax levies are estimated to be collected at 98% of the annual amount. The district is basing the collection percentage on the collection in 2021 of 53.96% in February and 46.04% in August; this is more in line with collection rates prior to the changes in federal tax laws for 2018. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August. The passage in November 2019 of the 9 mill levy increased property tax collection beginning in FY20 for one-half of first year of collections and a full year collection in FY21.

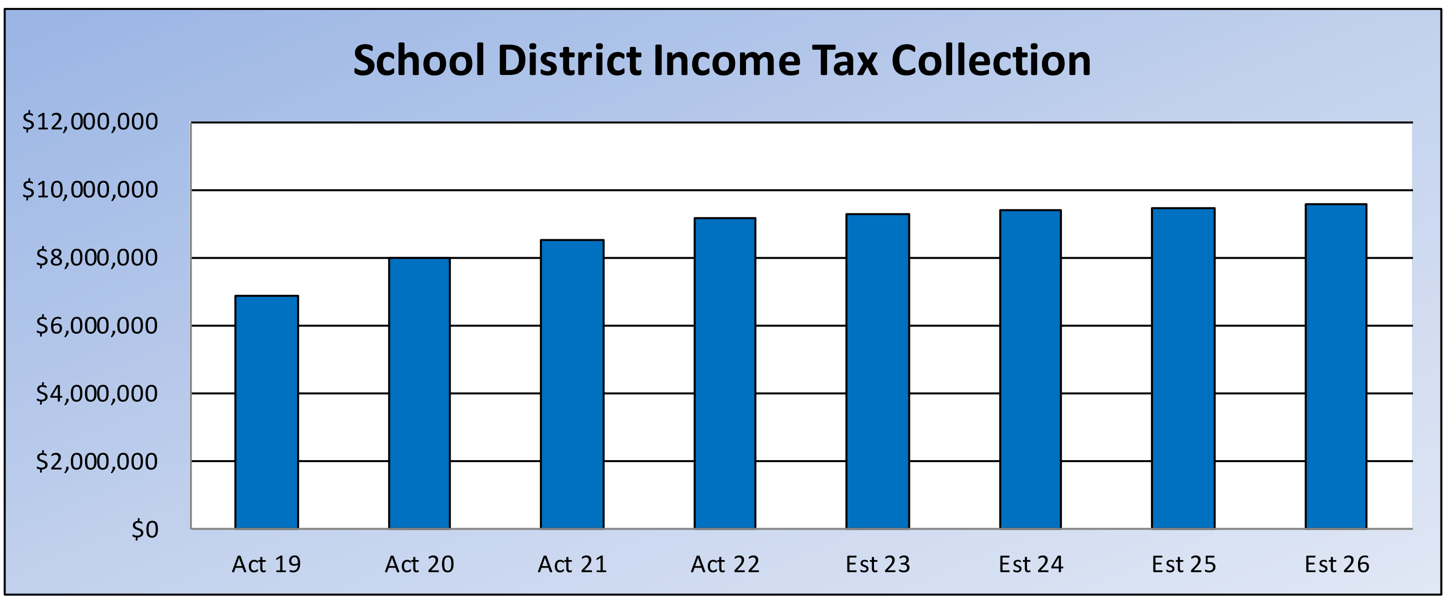
ESTIMATED REAL ESTATE TAX (Line #1.010)

Category	FY22	FY23	FY24	FY25	FY26
General Property Taxes	$27,187,193	$27,144,891	$27,296,890	$27,433,322	$27,497,601

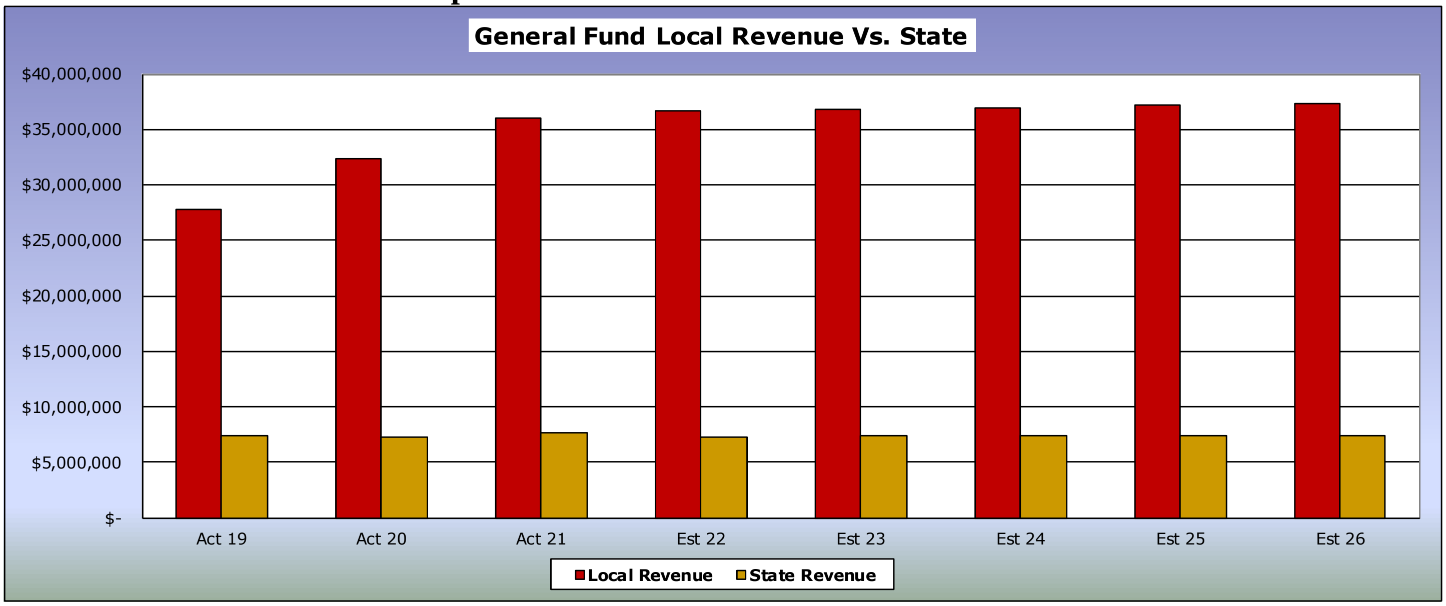
School District Income Tax Collections – Line #1.030
The district has a .75% continuous income tax levy that was approved in 2004.

School District Income tax was impacted by the pandemic recession due changes in the tax filing due dates. The district did experience a 6.08% increase in FY21. As we move into post-pandemic economic times we are seeing that income tax collections are increasing with the economic recovery. In FY22 income tax collection statewide have increased on average 11.7%. Our income tax in FY22 is up 8.17% over FY21. For future years we are anticipating a 1% increase for FY23 through FY26. We will continue to monitor and adjust the amounts as more information is known to the district.

Category	FY22	FY23	FY24	FY25	FY26
SDIT Collection	$8,486,087	$9,179,798	$9,271,596	$9,364,312	$9,457,955
Increases/(Decreases)	$693,711	$91,798	$92,716	$93,643	$94,580
Total to Line #1.030	$9,179,798	$9,271,596	$9,364,312	$9,457,955	$9,552,535



Comparison of Local Revenue and State Revenue



State Foundation Revenue Estimates: Lines #1.035, #1.040 and #1.045
Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035

The partial release of the new Fair School Funding Plan formula occurred in January 2022 half way through FY22, and as of the date of this forecast there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

In FY22, our district is a guarantee district, meaning that we are receiving the same amount of funding for the current year as in the previous year, and is expected to be a guarantee district for FY23-FY26 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

A. Student Population and Demographics
B. Property Valuation
C. Personal Income of District Residents
D. Historical Funding- Caps and Guarantees from prior funding formulas

<u>Base Cost Approach- Unrestricted Basic Aid Foundation Funding</u>

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)

4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is estimated to be as high as $7,202 per pupil when fully phased in, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts will less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
4. When the weighted values are calculated and Items 1 through 3 above added together, the total is then multiplied by a Local Share Multiplier Index from ranging from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount. The balance of this amount is the state share to pay.

Categorical State Aid
In addition to the base state foundation funding calculated above the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

<u>Unrestricted Categorical State Aid</u>

1. <u>Targeted Assistance/Capacity Aid</u> – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also, will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. <u>Special Education Additional Aid</u> – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. <u>Transportation Aid</u> – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23.

<u>Restricted Categorical State Aid</u>

1. <u>Disadvantage Pupil Impact Aid (DPIA)</u>- Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. The phase-in increases are limited to 0% for FY22 and 14% in FY23.
2. <u>English Learners</u> – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.

3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand-alone fund.

State Funding Phase-In FY22 and FY23 and Guarantees
HB110 provides funding for FY22 and FY23. While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes "formula transition aid" which is a guarantee. There are actually three (3) guarantees in both temporary and permanent law to ensure that no district will get less funds in FY22 than they received in FY21. The guarantee level of funding for FY21 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items.

State Funding changes for May Forecast
Fiscal Year 22 revenue has been updated based on the April #1 settlement report payment and includes the updated calculations for FY23 with new valuations and enrollment from the April #1 report instead of the simulations that were used in November. As a result, FY22 experienced a decrease from the simulations due to the actual amounts used for FY22. FY23 revenue amounts will see changes from the simulations due to the Local Capacity that is calculated on a three-year average of valuations and federal adjusted gross income since the simulations did not include any change in this calculation from year one to year two of the simulations.

Future State Budgets Projections beyond FY23
Our funding status for the FY24-26 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant FY23 through FY26.

Casino Revenue: The district receives two payments annually that are based on the state enrollment and revenue from the casinos. Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $95.8 million or $59.80 per pupil, actual payments in FY22 were $62.76 per pupil. FY22 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

B) Unrestricted State Foundation Revenue – Line #1.035

Category	FY22	FY23	FY24	FY25	FY26
Basic Aid-Unrestricted	$3,815,975	$3,848,400	$3,848,400	$3,848,400	$3,848,400
Additional Aid Items	$140,688	$140,688	$140,688	$140,688	$140,688
Basic Aid-Unrestricted Subtotal	$3,956,663	$3,989,088	$3,989,088	$3,989,088	$3,989,088
Ohio Casino Commission ODT	$153,878	$156,965	$160,105	$163,307	$166,573
Total Unrestricted State Aid Line # 1.035	$4,110,541	$4,146,053	$4,149,193	$4,152,395	$4,155,661

C) Restricted State Revenues – Line #1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economically Disadvantaged) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL) and Student Wellness. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-FY26 due to uncertainty on continued funding of the current funding formula.

Category	FY22	FY23	FY24	FY25	FY26
DPIA	$2,511	$2,401	$2,401	$2,401	$2,401
Career Tech - Restricted	$9,098	$7,551	$7,551	$7,551	$7,551
Gifted	$107,153	$90,395	$90,395	$90,395	$90,395
ESL	$5,094	$4,224	$4,224	$4,224	$4,224
Student Wellness	$150,537	$150,537	$150,537	$150,537	$150,537
Total Restricted State Revenues Line #1.040	$274,392	$255,108	$255,108	$255,108	$255,108

D) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY22-26.

Summary of State Foundaton Revenues	FY22	FY23	FY24	FY25	FY26
Unrestricted Line # 1.035	$4,110,541	$4,146,053	$4,149,193	$4,152,395	$4,155,661
Restricted Line # 1.040	$274,392	$255,108	$255,108	$255,108	$255,108
Total State Foundation Revenue	$4,384,933	$4,401,161	$4,404,301	$4,407,503	$4,410,769

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.

Summary of State Tax Reimbursement – Line #1.050

Category	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead	$2,917,445	$2,974,008	$2,990,312	$3,006,523	$3,010,845
Total Tax Reimb./Prop. Tax Allocations #1.050	$2,917,445	$2,974,008	$2,990,312	$3,006,523	$3,010,845

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. Due to the Federal Reserve lowering the interest rates to boost the economy from COVID-19 we are estimating that interest will be decreased in FY22 with no increase through FY24, we anticipate a 3% annual increase in FY25 through FY26. Security of the public funds collected by the district is the top priority of the treasurer's office.

Other income and rentals has a 1% increase for FY22-FY26.

Category	FY22	FY23	FY24	FY25	FY26
Tuition	$49,909	$10,000	$10,000	$10,000	$10,000
Interest	$175,000	$175,000	$175,000	$180,250	$185,658
Other Income and rentals	$145,295	$146,748	$148,215	$149,697	$151,194
Total Line # 1.060	$370,204	$331,748	$333,215	$339,947	$346,852

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 FY22-FY26.

Category	FY22	FY23	FY24	FY25	FY26
Transfers In - Line 2.040	$175,000	$0	$0	$0	$0
Advance Returns - Line 2.050	$176,932	$150,000	$100,000	$100,000	$100,000
Total Transfer & Advances In	$351,932	$150,000	$100,000	$100,000	$100,000

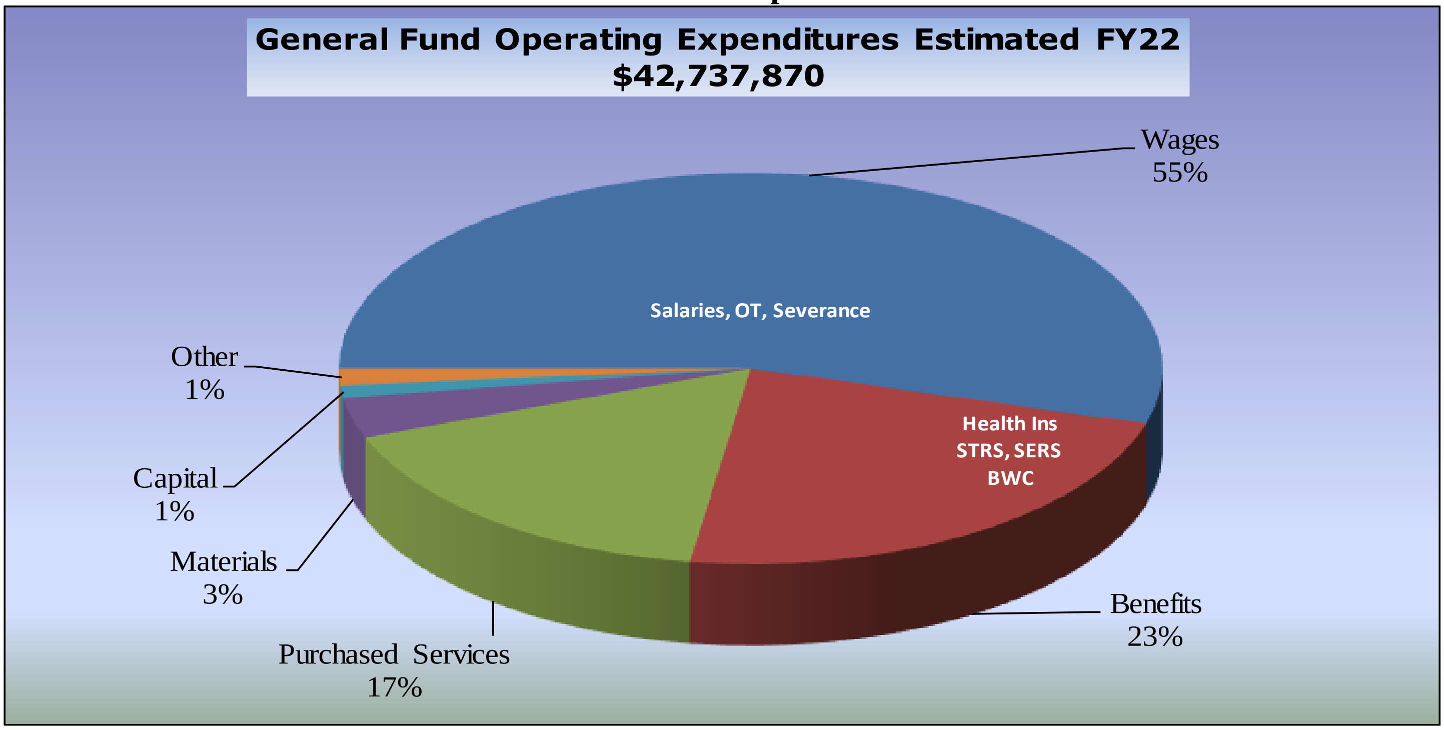
All Other Financial Sources – Line #2.060

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

Category	FY22	FY23	FY24	FY25	FY26
Refund of prior years expenditures	$82,000	$82,000	$82,000	$82,000	$82,000

EXPENDITURE ASSUMPTIONS

Estimated General Fund Expenditures for FY22:



Wages – Line #3.010
The district has negotiated agreements for the three years of FY22, FY23, and FY24 and has included a 2.5% base wage rate for each of those years. For forecasting purposes only, we are including a 2.0% base increase in FY25-FY26. An annual increase of 2.5% for steps is included for FY22, 2.7% in FY23 and 2.5% in FY24 through FY26.

Staffing is reviewed annually to review additional positions for all areas of the district. The changes that we are expecting throughout the forecast will be as follows: in FY22 additional 9 teachers, 1 classified positions and an employee relations administrator, in FY23 adding 1 teacher, FY24 additional 1 teacher, in FY25 4 additional teachers that had been paid through ESSER funds will now be paid through general fund and FY26 1 additional teacher.

FY22 has the increase of the superintendent from FY21 that was included in purchase services paid to the ESC for the interim-superintendent. Classified substitutes, overtime and other are being increased to the amount that was expended prior to the pandemic.

Beginning in FY23 severance will be paid through the 035 Severance Fund that is being established with transfers from the general fund.

Category	FY22	FY23	FY24	FY25	FY26
Base Wages	$20,765,985	$22,139,891	$23,356,324	$24,552,975	$25,886,556
Base Increase	$519,150	$519,150	$553,497	$525,517	$552,442
Steps	$544,914	$629,518	$610,061	$640,500	$674,373
Growth	$1,665,224	$311,777	$140,933	$363,027	$252,219
Unfunded Recapture	$0	$0	$0	$0	$0
Severance	$150,000	$0	$0	$0	$0
Supplemental	$750,589	$765,601	$780,913	$796,532	$812,462
Substitutes, Overtime and Other	$275,000	$280,500	$286,110	$291,832	$297,669
Staff Reductions	-$1,355,382	-$244,012	-$107,840	-$195,463	-$213,660
Total Wages Line 3.010	$23,315,480	$24,402,425	$25,619,998	$26,974,920	$28,262,061

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. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

The district insurance increases are based on calendar year, we are using a combined increase for one-half of each calendar year's increase, therefore, the estimated increases for medical and dental insurance for FY22 is 5.0%, an 8.5% increase in FY23, a 9.5% in FY24 and a 7% increase in FY25 and FY26. The above increases include adjustments for inflation and are based on our current employee census and claims data.

The district plan has 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.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .56% 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.

E) Other/Tuition

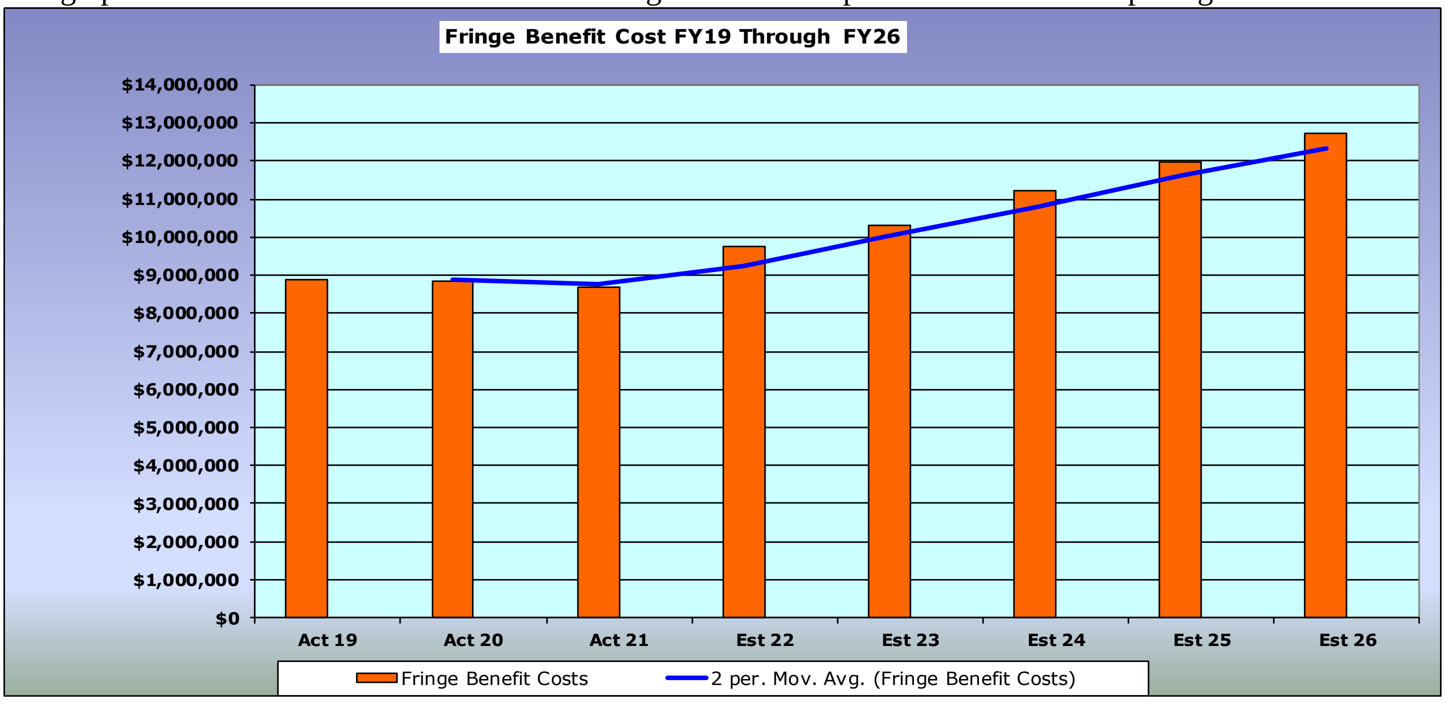
Increase of tuition for staff and administrators that are furthering their education. The district expects the cost to decrease in FY24 from the current amount.

Summary of Fringe Benefits – Line #3.020

Category	FY22	FY23	FY24	FY25	FY26
A) STRS/SERS	$3,516,157	$3,709,168	$3,897,089	$4,103,927	$4,303,314
B) Insurance's	$5,630,490	$5,995,345	$6,702,845	$7,212,259	$7,726,372
C) Workers Comp/Unemployment	$144,567	$150,654	$157,472	$165,060	$172,268
D) Medicare	$338,075	$353,836	$371,490	$391,137	$409,800
E) Other/Tuition	$115,000	$115,000	$100,000	$100,000	$100,000
Total Line 3.020	$9,744,288	$10,324,002	$11,228,896	$11,972,382	$12,711,753

Fringe Benefits Actual Fiscal Year 2019 through Fiscal Year 2021 and Estimated Fiscal Year 2022 through Fiscal Year 2026

The graph below notes that health care is becoming the area of expenditures that are outpacing inflation.



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 (ESC) of Governments, with the increase of the hourly rate for the substitutes we are increasing this line by $100K beginning in FY22.

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY22-FY26 Line 3.03 costs and historical FY19 through FY21 costs on the five-year forecast.

College Credit Plus, will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

The district entered a 1:1 computer lease for $250K per year in FY21. The FY21 lease payment was paid with CARES Act and donations from the Bexley Education Foundation. The Bexley Education foundation has secured the majority of funding for the leases in FY22 and FY23 in order to continue to the payment of the leases. The district will be paying the lease beginning with FY24 for the remainder of the forecast. There are significant challenges in delivering instruction when families share technology at home and by ensuring each student has the same device, we feel confident that we can appropriately support each students learning.

The district has decreased Professional Support services by $210,000 for staffing that was added to salaries and benefits.

The district has increased instructional support in FY22 by $100,000 for additional education aides to support student instruction, which will continue throughout the forecast.

The district has increased Building Maintenance and Transportation by 5% plus $209,000 for the outsourcing of busing, which occurred in FY21. There will an increase for a new career tech bus route in FY23 for $50,000 that will continue each year of the forecast.

We have assumed the utilities to increase 3% in FY22-FY26. The other areas within this line are based on 2% to 3% for inflation.

Category	FY22	FY23	FY24	FY25	FY26
Base Services	$212,056	$218,418	$224,971	$231,720	$238,672
Instructional Support	$1,289,562	$1,328,249	$1,368,096	$1,409,139	$1,451,413
Professional Support	$1,828,017	$1,870,061	$1,916,813	$1,955,149	$1,994,252
Building Maintenance & Transportation	$2,356,098	$2,453,220	$2,852,284	$2,909,330	$2,967,517
Other Tuition	$744,824	$782,065	$821,168	$862,226	$905,337
Open Enrollment	$0	$0	$0	$0	$0
Community School Deductions	$0	$0	$0	$0	$0
College Credit Plus, STEM & Scholarships	$86,998	$91,348	$95,915	$100,711	$105,747
Utilities	$697,561	$732,439	$769,061	$807,514	$831,739
Total Line 3.030	$7,215,116	$7,475,800	$8,048,308	$8,275,789	$8,494,677

Supplies and Materials – Line #3.040

This category of expenses is characterized by textbooks, copy paper, maintenance supplies and fuel. An inflation rate of 3% is being estimated for textbooks and building/transportation supplies and a 1% increase plus $150,000 for all other supplies in FY22-FY26.

Category	FY22	FY23	FY24	FY25	FY26
Supplies	$695,211	$729,972	$766,471	$774,136	$781,877
Textbook Upgrade- Electronic or Textbook	$265,701	$373,672	$334,882	$344,928	$355,276
Building and Transportation	$468,077	$491,481	$516,055	$531,537	$547,483
Total Line 3.040	$1,428,989	$1,595,125	$1,617,408	$1,650,601	$1,684,636

Equipment – Line #3.050

The district is increasing the amount of capital outlay by $100,000 over the amount spent in FY21 with no increase from FY22 through FY26. The district is not expecting to purchase any buses during the forecast period.

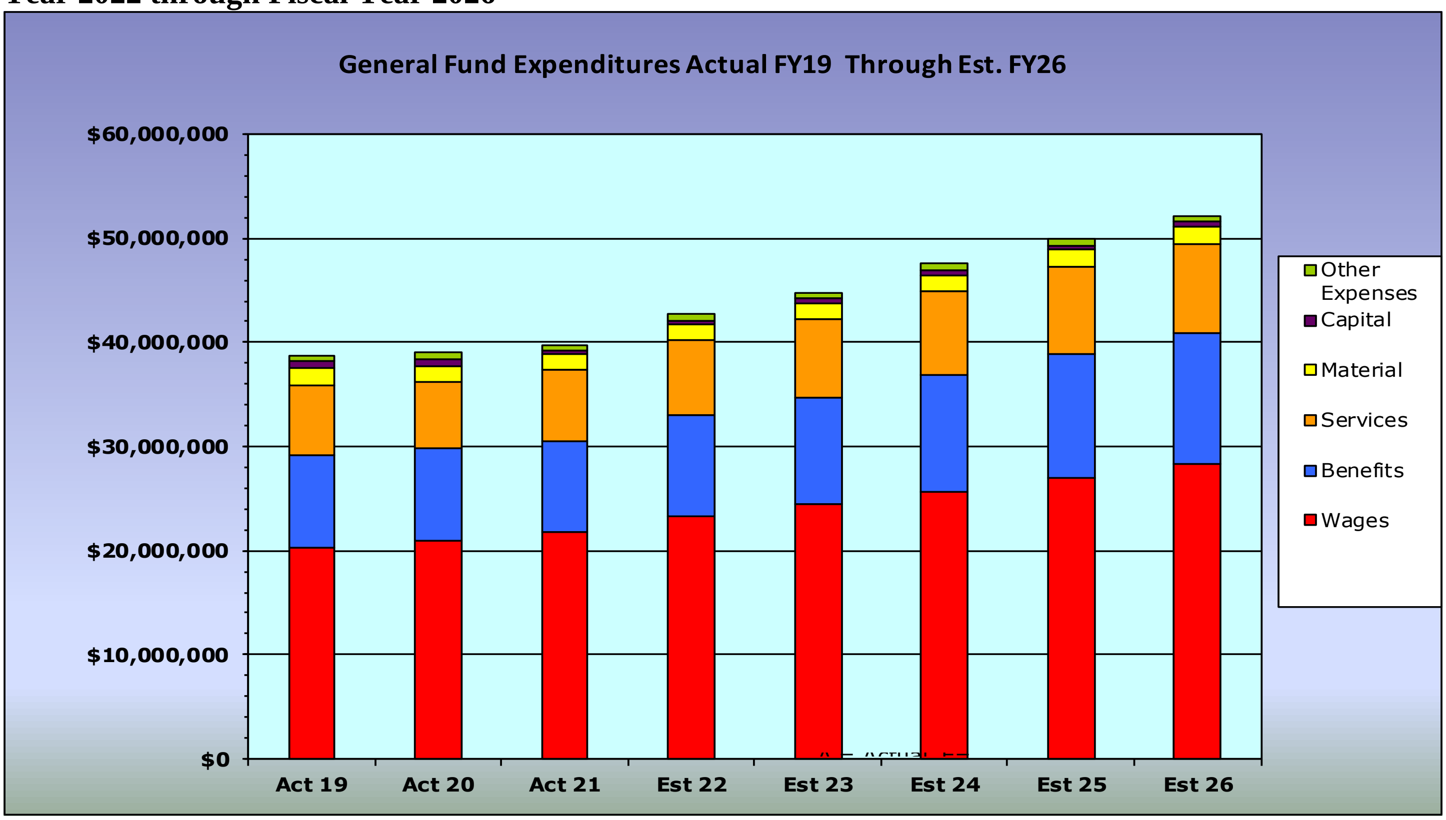
Category	FY22	FY23	FY24	FY25	FY26
Capital Outlay	$432,565	$432,565	$432,565	$432,565	$432,565
Replacement Bus Purchases	0	0	0	0	0
Total Line 3.050	$432,565	$432,565	$432,565	$432,565	$432,565

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 FY22-FY26 for other expenses.

Category	FY22	FY23	FY24	FY25	FY26
County Auditor & Treasurer Fees	$445,533	$449,988	$454,488	$459,033	$463,623
Other expenses	$155,898	$160,575	$165,392	$170,354	$175,465
Total Line 4.300	$601,431	$610,563	$619,880	$629,387	$639,088

Total Expenditure Categories Actual Fiscal Year 2019 through Fiscal Year 2021 and Estimated Fiscal Year 2022 through Fiscal Year 2026



Transfers/Advances Out – Line #5.010 & Line #5.020

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 food service to supplement those programs and to the severance fund. The district anticipates advancing funds to other funds by in FY22 of $150,000 and $100,000 in FY23-FY26, we will evaluate the need to advance these funds annually.

Category	FY22	FY23	FY24	FY25	FY26
Operating Transfers Out Line #5.010	$500,000	$350,000	$350,000	$375,000	$400,000
Advances Out Line #5.020	$150,000	$100,000	$100,000	$100,000	$100,000
Total	$650,000	$450,000	$450,000	$475,000	$500,000

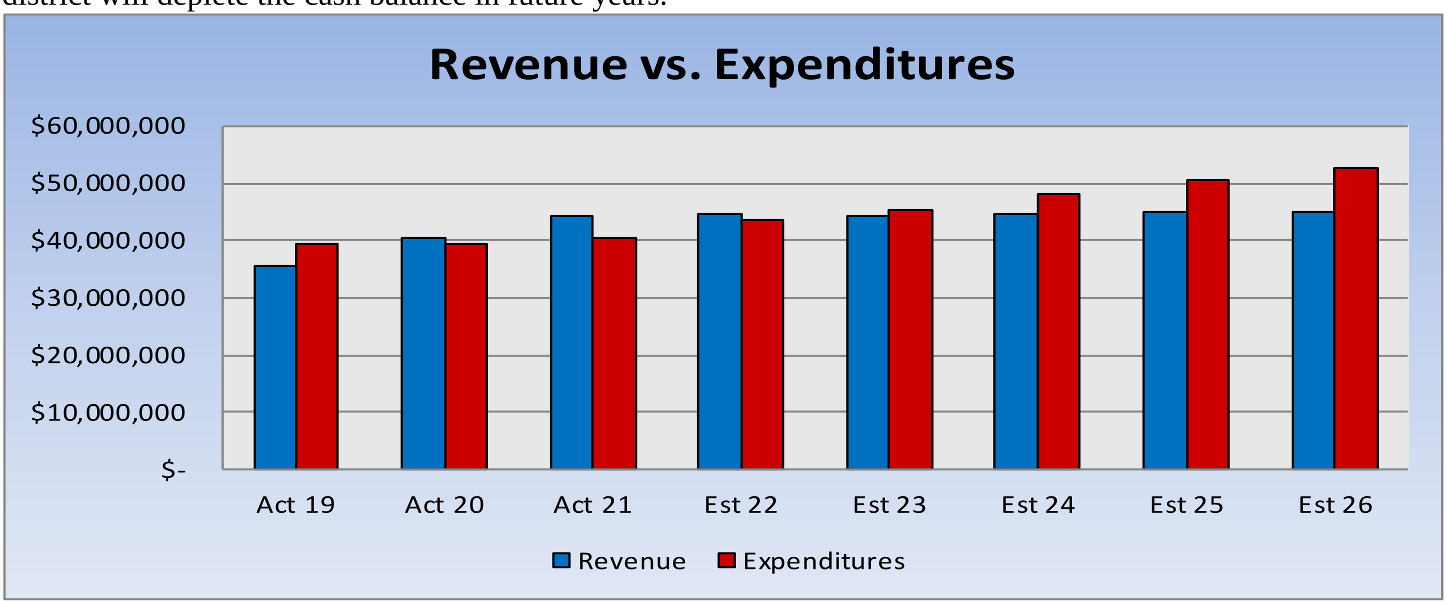
Encumbrances –Line#8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances	$1,326,990	$1,326,990	$1,326,990	$1,326,990	$1,326,990

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.

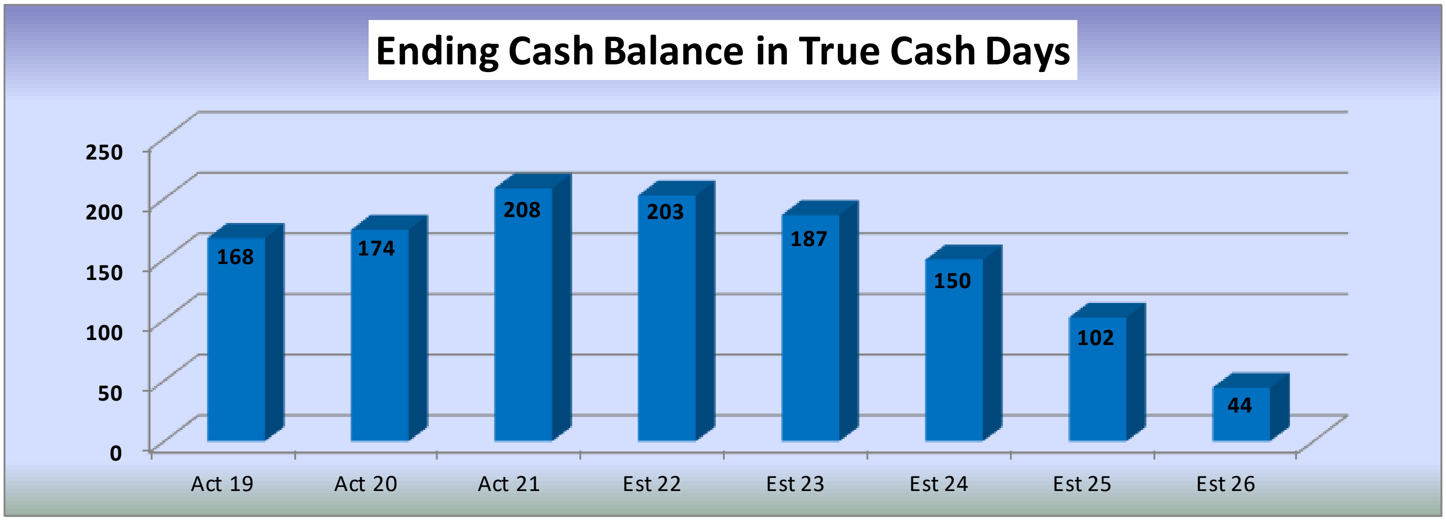
	FY22	FY23	FY24	FY25	FY26
Ending Unencumbered Cash Balance	$24,080,985	$23,145,908	$19,699,882	$14,116,489	$6,392,309

The chart below shows that the district is deficit spending in FY23–FY26 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 203 days true cash at the end of FY22. As the chart below shows, the ending cash balance will continue to decrease.



Conclusion

The current state budget, HB110, has now been updated for the May forecast using the Fair School Funding Plan. Simulations used for the November forecast projected more state aid than what was actually received due to changes in actual data for enrollment, property tax valuations and income factors. Furthermore, future state budgets funding will need to be watched since, the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY24-FY26.

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in able to obtain this.

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.