DUBLIN 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 JUNE 30, 2023

DUBLIN CITY SCHOOLS
THE DUBLIN DIFFERENCE

Forecast Provided By
Dublin City School District
Treasurer's Office
Mr. Brian Kern, Treasurer/CFO

May 20, 2019

Dublin City School District

Franklin County

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

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
	Revenues									
1.010	General Property Tax (Real Estate)	$144,959,125	$147,198,782	$156,101,681	3.8%	$163,255,296	$176,342,710	$176,923,071	$179,894,744	$181,623,278
1.020	Tangible Personal Property	5,282,630	5,813,923	6,120,356	7.7%	6,827,358	7,441,314	7,505,439	7,548,189	7,590,939
1.030	Income Tax	-	-	-	0.0%	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	17,756,046	18,339,974	19,452,568	4.7%	20,206,972	21,125,340	22,037,573	22,985,956	23,971,930
1.040	Restricted State Grants-in-Aid	897,829	1,020,645	961,621	3.9%	959,689	951,096	942,593	934,181	925,858
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504	-	-	-	0.0%	-	-	-	-	-
1.050	Property Tax Allocation	16,745,554	15,404,207	14,855,381	-5.8%	14,828,706	14,967,956	15,100,531	15,225,531	15,337,008
1.060	All Other Revenues	3,921,626	4,219,868	6,481,241	30.6%	4,928,641	5,323,136	5,140,806	4,758,653	4,576,678
1.070	*Total Revenues*	$189,562,810	$191,997,399	$203,972,848	3.8%	$211,006,662	$226,151,552	$227,650,013	$231,347,254	$234,025,691
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	$10,812,833	0.0%	$3,250,879	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	328,000	12,350	270,300	996.2%	530,977	50,000	50,000	50,000	50,000
2.060	All Other Financing Sources	72,501	-	365,459	0.0%	-	-	-	-	-
2.070	*Total Other Financing Sources*	$400,501	$12,350	$11,448,592	46252.1%	$3,781,856	$50,000	$50,000	$50,000	$50,000
2.080	*Total Revenues and Other Financing Sources*	$189,963,311	$192,009,749	$215,421,440	6.6%	$214,788,518	$226,201,552	$227,700,013	$231,397,254	$234,075,691
	Expenditures									
3.010	Personal Services	$116,078,881	$119,927,536	$125,679,545	4.1%	$132,887,218	$139,971,301	$148,959,874	$157,437,382	$163,656,905
3.020	Employees' Retirement/Insurance Benefits	40,185,017	39,943,269	41,398,454	1.5%	43,536,245	45,257,972	49,938,690	54,646,994	58,682,128
3.030	Purchased Services	14,839,169	17,474,416	16,952,572	7.4%	15,735,492	16,474,546	17,598,562	18,711,364	19,594,788
3.040	Supplies and Materials	3,255,203	4,276,390	4,518,412	18.5%	6,755,631	6,958,300	7,307,049	7,626,260	7,855,048
3.050	Capital Outlay	1,614,467	11,301,185	7,903,934	285.0%	8,973,127	2,878,259	3,022,172	3,173,280	3,331,944
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	68,670	0.0%	191,000	-	-	-	-
4.300	Other Objects	2,812,476	3,137,289	3,080,001	4.9%	3,031,613	3,253,038	3,315,404	3,379,112	3,444,196
4.500	*Total Expenditures*	$178,785,213	$196,060,085	$199,601,588	5.7%	$211,110,326	$214,793,416	$230,141,751	$244,974,392	$256,565,009
	Other Financing Uses									
5.010	Operating Transfers-Out	$539,050	$489,550	$451,050	-8.5%	$551,050	$535,050	$535,050	$535,050	$535,050
5.020	Advances-Out	12,350	270,300	530,977	1092.6%	50,000	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses	18,609	11,964	13,754	-10.4%	-	-	-	-	-
5.040	*Total Other Financing Uses*	$570,009	$771,814	$995,781	32.2%	$601,050	$585,050	$585,050	$585,050	$585,050
5.050	*Total Expenditures and Other Financing Uses*	$179,355,222	$196,831,899	$200,597,369	5.8%	$211,711,376	$215,378,466	$230,726,801	$245,559,442	$257,150,059
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$10,608,089	($4,822,150)	$14,824,071	-276.4%	$3,077,142	$10,823,086	($3,026,788)	($14,162,188)	($23,074,368)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	58,577,997	69,186,086	64,363,936	5.6%	79,188,007	82,265,149	93,088,235	90,061,447	75,899,259
7.020	*Cash Balance June 30*	$69,186,086	$64,363,936	$79,188,007	8.0%	$82,265,149	$93,088,235	$90,061,447	$75,899,259	$52,824,891
8.010	*Estimated Encumbrances June 30*	2,879,307	5,151,538	9,946,273	86.0%	3,000,000	3,100,000	3,200,000	3,300,000	3,300,000
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.0%	-	-	-	-	-

Dublin City School District

Franklin County

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

		Actual				Forecasted				
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
10.010	*Fund Balance June 30 for Certification of Appropriations*	$66,306,779	$59,212,398	$69,241,734	3.1%	$79,265,149	$89,988,235	$86,861,447	$72,599,259	$49,524,891
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300	Cumulative Balance of Renewal Levies				0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$66,306,779	$59,212,398	$69,241,734	3.1%	$79,265,149	$89,988,235	$86,861,447	$72,599,259	$49,524,891
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$66,306,779	$59,212,398	$69,241,734	3.1%	$79,265,149	$89,988,235	$86,861,447	$72,599,259	$49,524,891

Dublin City School District – Franklin County
Notes to the Five Year Forecast
General Fund Only
May 20, 2019

Introduction to the Five Year Forecast

For fiscal year 2019 (July 1, 2018 – June 30, 2019) 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.

May 2019 Updates:

Revenues:

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 #1.070) are estimated to be $211,006,662 or 2.35% higher than the revised October forecasted amount of $206,164,384. This indicates the revised October forecast was 97.65% accurate.

The increase in revenue estimate is mostly affected by an increase of nearly $3 million of BOR/BTA settlement payments made to the district and an increase of $1.5 million in other income for added interest and investment income earned this year. The increases in BOR/BTA payments are largely one time revenues but investment income will improve over the forecast period due to the new levy and additional cash flow to invest.

All other areas of revenue are tracking as anticipated for FY19.

Expenditures:

Total General Fund expenditures (Line #4.500) are estimated to be $211,110,326 for FY19 which is slightly over the $209,410,326 original estimates from the October forecast. The increase is due to an anticipated Chromebook purchase for the 2019-20 school year.

Unreserved Ending Cash Balance:

With revenues increasing slightly over estimates and expenditures ending on target estimates, our ending unreserved cash balance June 30, 2019 is anticipated to be roughly $79.2 million. The ending unreserved cash balance on Line #15.010 of the forecast is anticipated to be a positive accumulative balance through 2023 if assumptions we have made for property tax revenue and state aid in future state budgets remain close to our estimates.

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 and 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. Property tax collections are the largest single revenue source for the school system. We project continued growth in appraised values every three (3) years and continued growth in local taxes. The local revenues equate to 83% of the district's resources. Our district has 76.3% of our assessed property value in Franklin County, 13.9% in Delaware County and 9.8% in Union County. Growth in the Union County area of our district is expected to continue with development of Jerome Village. A reappraisal will occur in Union County in tax year 2019 for collection in 2020, we estimate an overall increase of 1% in total values for the reappraisal but total overall increase of 1.3% in all values when considering new construction. Franklin and Delaware Counties experienced a reappraisal in Tax Year 2017 for collection in 2018. We realized an overall increase of 9.0% due to inflations and new construction in our tax base. The district is well above the 20 mill floor for residential and commercial property so increases due to reappraisals or updates will only increase revenue by the 4.4 inside mills. New construction will increase annual revenue for all classes of property and we have projected historic trends for new commercial construction in addition to housing developments. The prospects of sharply lower taxes due to economic events affecting the districts tax base are extremely unlikely.

II. The State Budget represents 17% of district revenues, which means it is still a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 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 FY23. We have projected our state funding to be inline with our current estimates through FY23 which we feel are conservative and should be close to whatever the state approves for the FY20-21 biennium. We will make adjustments to the forecast in November when factual data is available following adoption of the state budget in late June 2019.

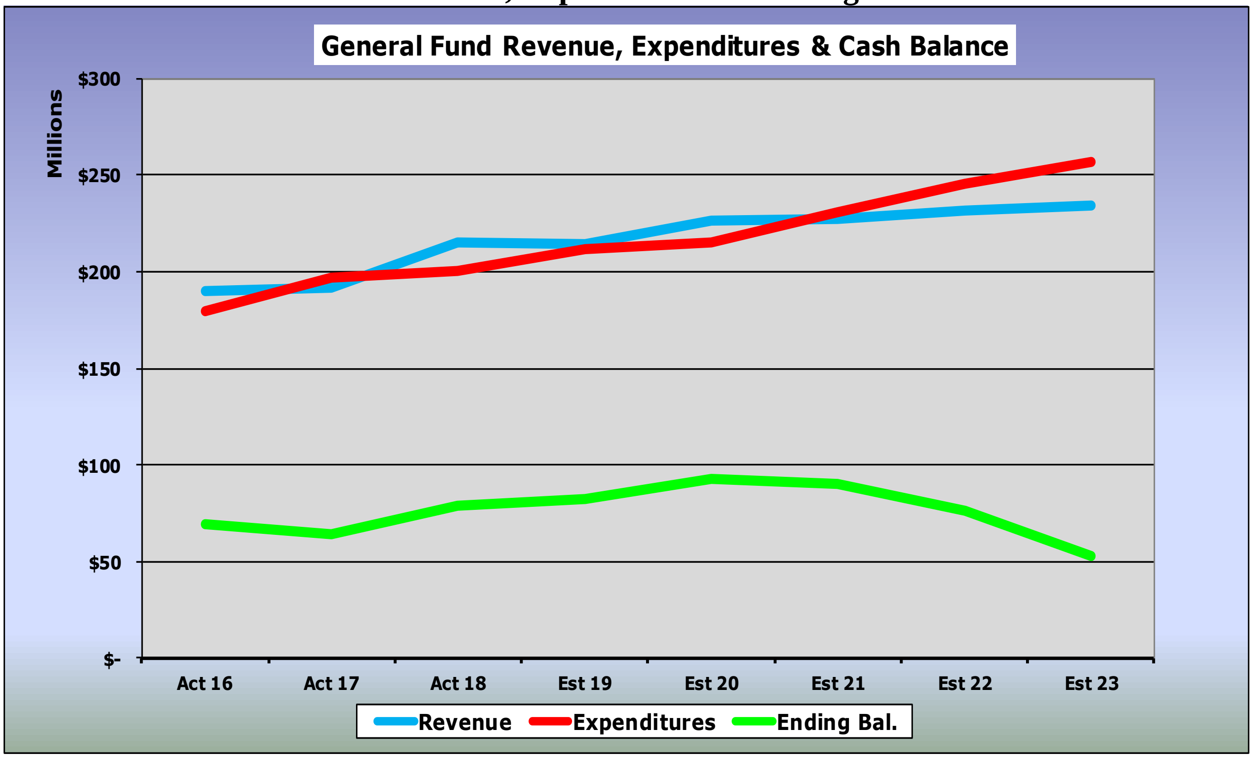
III. HB49 continues many school choice provisions from prior budgets that will continue to draw funds from our district through programs such as the Autism Vouchers and College Credit Plus which are deducted from our state aid in the 2017-18 school years. In FY18 $1.8 million was deducted from our state aid for these new programs. These are examples of new school 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 monitoring any new threats to our state aid and increased costs very closely.

IV. Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Implementation of several provisions related to this act has increased costs by as much as 2%. There is the additional risk that costs will go up as additional staffs are added to our health care rolls and the potential for the Cadillac Tax that was delayed by congress until 2022. We have made allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA exists as it is under review and potential appeal or modification at the Federal Level.

V. 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 as we move forward our positive working relationship will continue and will only grow stronger.

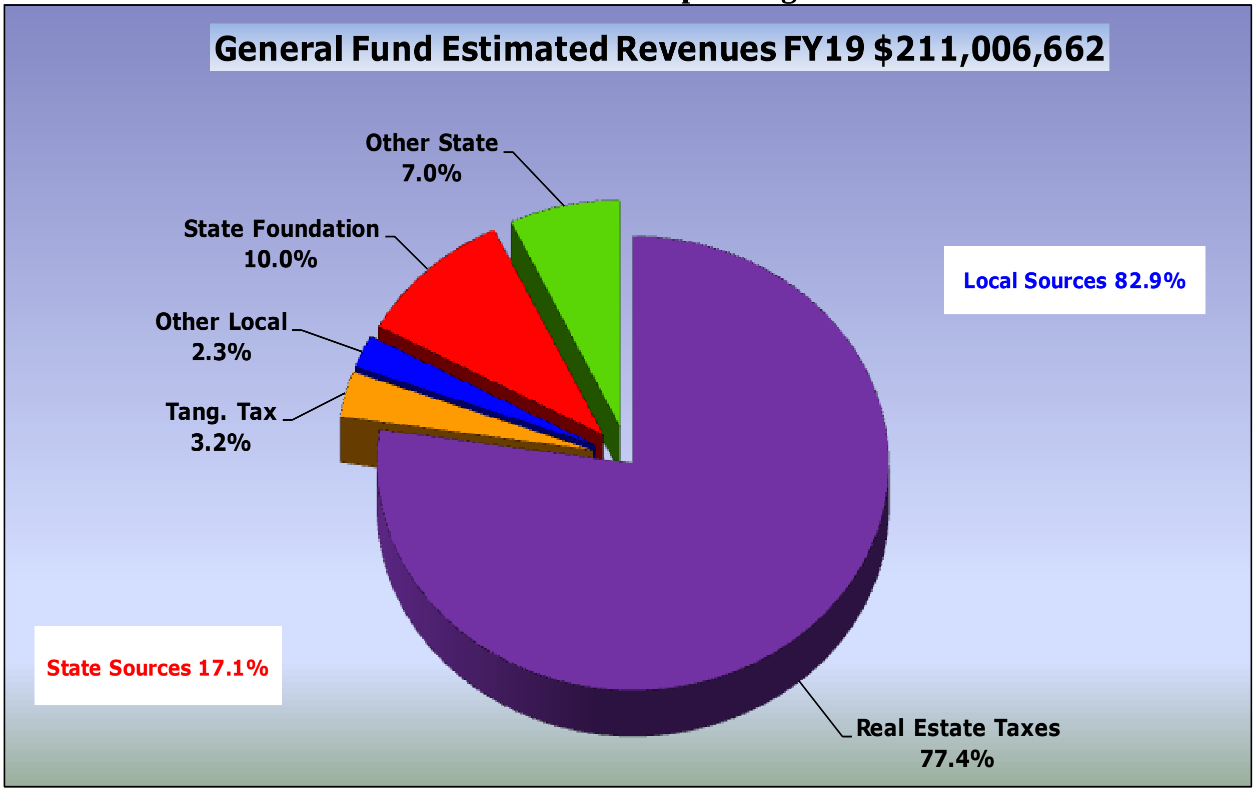
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact me - Mr. Brian Kern Treasurer/CFO of Dublin City School District 614-764-5913.

General Fund Revenue, Expenditure and Ending Cash Balance:



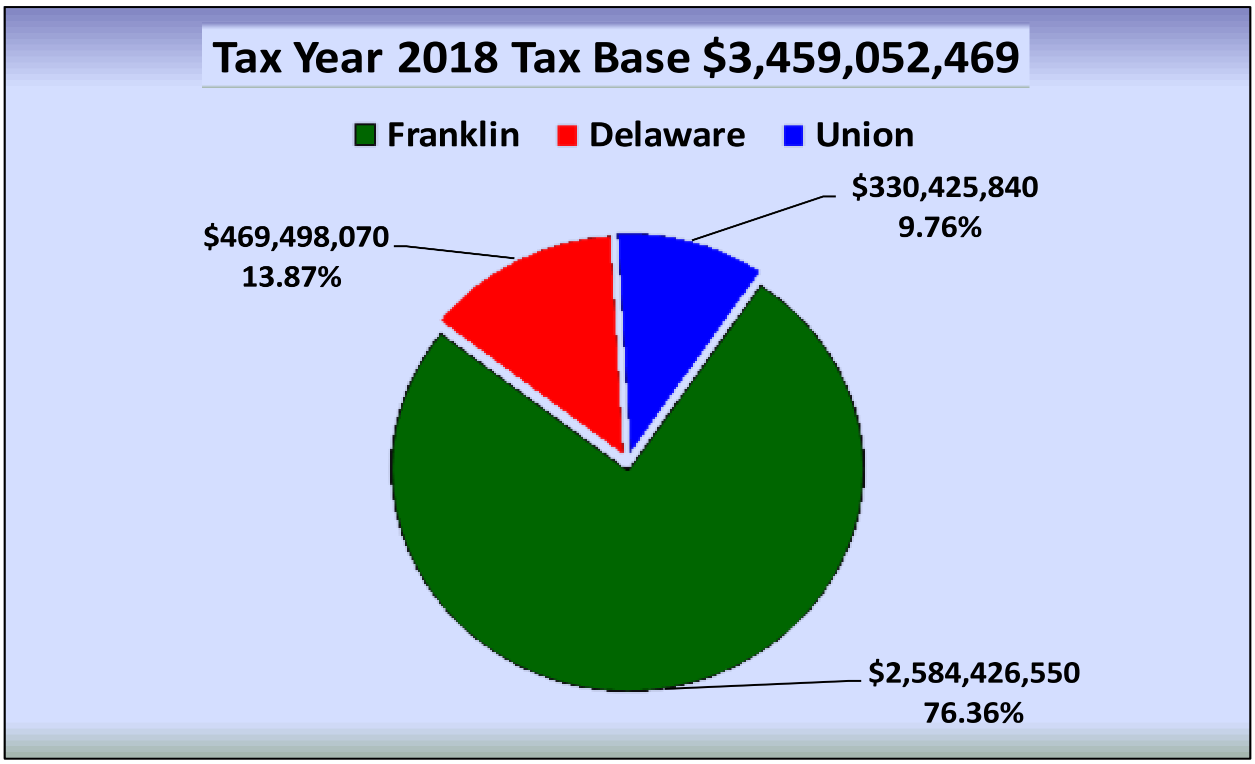
Revenue Assumptions

Estimated General Fund Operating Revenues:



Real Estate Value Assumptions – Line #1.010
The district has property value in Franklin, Delaware and Union Counties which adds complexity to the effort required projecting these revenue sources. The graph below shows the amount of property value in each county as of Tax Year 2018. Property values are established each year by the County Auditors based on new construction and complete reappraisal or updated values.

Our district has 76.3% of our assessed property value in Franklin County, 13.9% in Delaware County and 9.8% in Union County. A reappraisal update occurred in tax year 2017 for collection in 2018 in Franklin and Delaware Counties. We realized a Class I (residential and agricultural property) increase of 7.04% and a 5.63% increase in Class II (commercial industrial property) for inflationary growth, but an overall increase of 9.0% in our total tax base which includes estimates for new construction and PUPP values. In 2019 Union County will experience a reappraisal and we are estimating a 5.7% increase in Union County residential property in the district and 0% for commercial. When values increase due to reappraisals and updates (inflationary increases), reduction factors are increased and House Bill 920 decreases effective tax rates so the district tax revenues do not grow except for 4.4 inside unvoted mills. We have estimated new construction based on trends, new housing and commercial construction data for future years which is reflected in continued growth in property taxes through out the forecast period.



ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR 2018 COLLECT 2019	Estimated TAX YEAR 2019 COLLECT 2020	Estimated TAX YEAR 2020 COLLECT 2021	Estimated TAX YEAR 2021 COLLECT 2022	Estimated TAX YEAR 2022 COLLECT 2023
Res./Ag.	$2,524,132,990	$2,560,745,237	$2,706,463,749	$2,724,144,999	$2,769,067,699
Comm./Ind.	848,386,569	855,786,569	871,744,435	879,144,435	886,544,435
Public Utility Personal Property (PUPP)	86,532,910	87,532,910	88,032,910	88,532,910	89,032,910
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	$3,459,052,469	$3,504,064,717	$3,666,241,094	$3,691,822,344	$3,744,645,044

ESTIMATED REAL ESTATE TAX (Line #1.010)

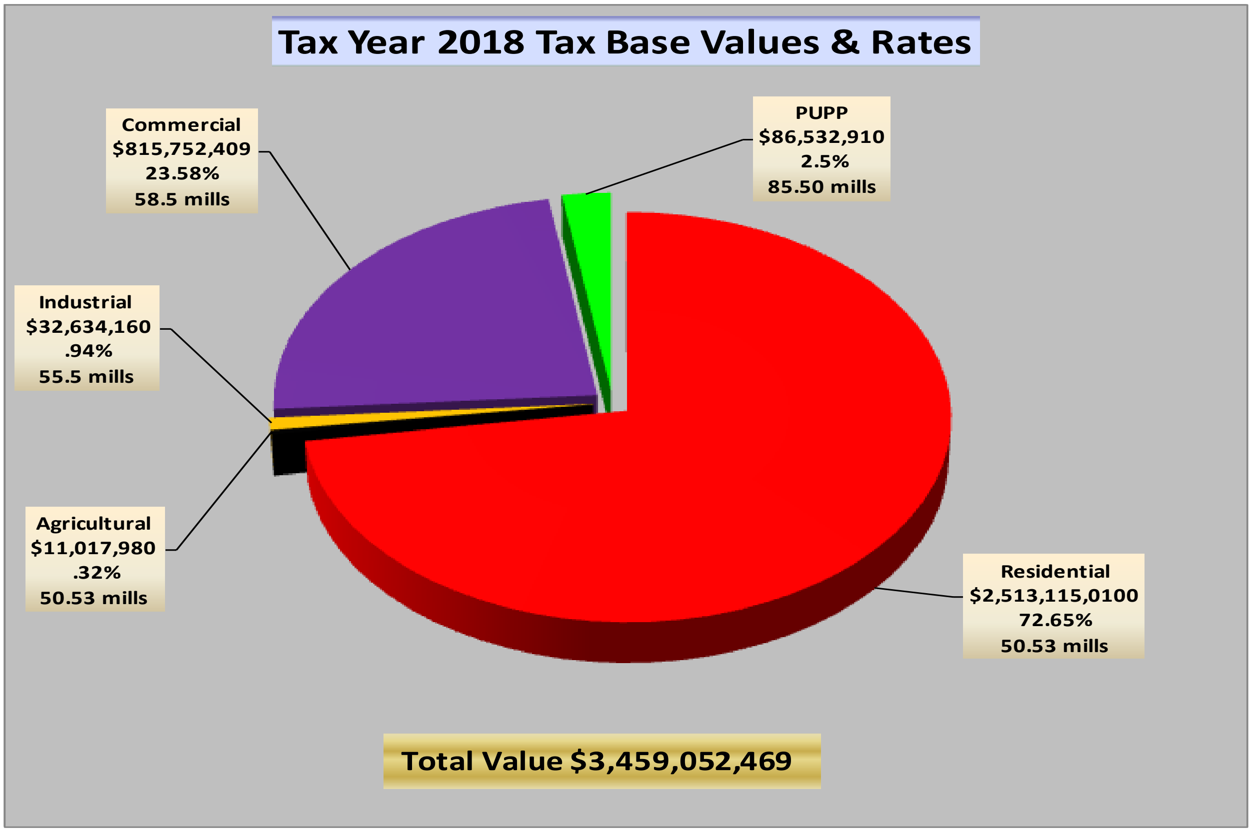
Source	FY19	FY20	FY21	FY22	FY23
Est. Real Estate Taxes	$147,362,378	$163,247,189	$163,575,673	$166,185,793	$167,542,830
TIF Tax Collections	12,453,062	12,795,521	13,147,398	13,508,951	13,880,448
BOR/BTA Tax Collections	3,439,856	300,000	200,000	200,000	200,000
Total Line #1.01 Real Estate Taxes	$163,255,296	$176,342,710	$176,923,071	$179,894,744	$181,623,278

Property tax levies are estimated to be collected at 98.5% of the annual amount. This allows a 1.5% delinquency which fluctuates year to year. Typically, 52.7% of residential/agriculture (Class I) and commercial/industrial (Class II) is expected to be collected in the February tax settlements and 47.3% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August. Our BOR/BTA settlement collections in FY18 were $762,732 and in FY19 they are estimated to be $3,439,856 which is much higher than our estimate and possibly a record high for these payments. These amounts are unpredictable from year to year based on valuation challenges and settlement agreements.

New Operating Levy, Bond Issue and Permanent Improvement Levies

This forecast includes the first collection of the new 5.9 mill operating levy in FY19. The district also passed a 2.0 mill permanent improvement levy, and a $195 million bond issue. The revenue for these two (2) levies will be collected in separate funds and are not included in the general fund forecast. These levies will however have the result of decreasing costs to the general fund by shifting some facility repair and maintenance costs away from the General Fund. The net result is an improved five-year forecast through FY23.

The graph below shows the breakdown of the Tax Year 2018 actual tax values and effective tax rates for each classification of property value the district has with public utility personal property is referred to as PUPP.



The district receives a number of "non-school district" Tax Increment Financing (TIF) payments from the county auditor. These agreements were created by SB19 effective in 2004 where municipalities and other tax granting entities could collect other political subdivisions taxes in repayment of capital costs advanced for infrastructure needed for development but allow school districts to receive their normal taxes. Therefore, they are "non-school district TIFs". This shows a commitment to the school district to prioritize money for student education above other priorities.

"Win-Win Agreement"

The district has been a party to the "Win-Win Agreement" along with several other districts in central Ohio and Columbus City Schools since May 1986. Among other things this agreement required annual commercial tax revenue sharing between our district and Columbus City Schools. The districts payments for this agreement have been netted out of the tax revenues noted on Line #1.010 of the forecast.

On June 30, 2016 the district entered into an amended agreement with Columbus City Schools that required a payment in FY17 of $1,170,000. No further payments are due Columbus City Schools under this agreement unless in FY21 the Columbus City Schools decides not to accept a property transfer from Dublin Schools where no children currently reside. If Columbus elects not to accept this transfer the district will be required to pay Columbus City Schools a final payment estimated to be $1,175,000 to conclude the Win-Win Agreement. The amount for FY21 has been netted from estimated property taxes noted on Line #1.010 to be conservative in our estimation of this future scenario.

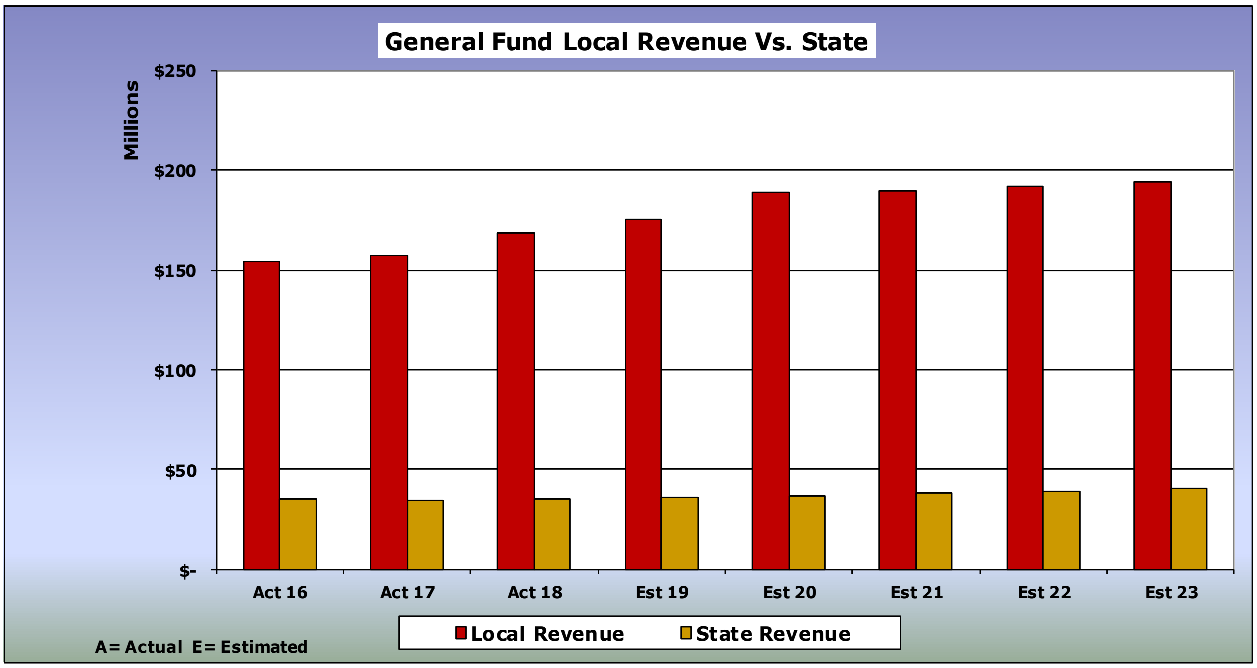
Estimated Public Utility Personal Property Tax (PUPP) – Line #1.020

Revenues posted on this line are ostensibly Public Utility Personal Property (PUPP) taxes which are collected at the districts' gross tax rates not subject to reduction factors. We have estimated past trend growth in these values for future years. The phase out of tangible personal property tax (TPP), as noted earlier, began in fiscal year 2006 and was completely eliminated after fiscal year 2011.

Source	FY19	FY20	FY21	FY22	FY23
Public Utility Personal Property	$6,827,358	$7,441,314	$7,505,439	$7,548,189	$7,590,939
Total Line #1.020	$6,827,358	$7,441,314	$7,505,439	$7,548,189	$7,590,939

New Tax Levies – Line #13.030
No new levies are modeled in this forecast at this time.

Comparison of Local Revenue and State Revenue:
The graph on the following page clearly shows that local taxpayers are the chief source of district operating dollars as the state funding formula is not attempting to help fund districts considered wealthy by the state.



State Foundation Revenue Estimates

A) Unrestricted State Foundation & Casino Revenue – Line #1.035

The current state funding model retained the prior funding formula used to determine the amount and allocation of state aid to school districts. The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY19.

Based on the current state funding model we are projected to be a CAP funded district regarding state funding FY19 through FY23. At a 4% average cap growth rate beyond FY19 we will be a cap district until at least FY28. Which means the state owes our district more money per their funding formula than we are paid. The state owes us nearly $11.9 million more than our payments in FY19. That is equivalent to a 3.88 mill levy each year we are shorted on state funding.

<u>Gain Cap Funded Districts</u> – 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-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-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. Dublin City Schools is in this category of Cap funding as our ADM grew at 4.5% between FY14-FY16. So our Cap is estimated to grow by 4.5% in FY18 and FY19.

Our district will be a Cap funded district growing at 4.55% FY19. We have estimated Cap growth of 4% for FY20-23, but will depend on future state budgets.

Our current SFPR estimates for FY19 are using April #2 SFPR average daily membership (ADM) and increasing between 300 - 350 students each year through FY23. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now supposed to be updated October 31, March 31, and June 30 of the fiscal year. 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.

Current FY20-21 State Biennium Budget Deliberations on School Funding

Current state biennium budget deliberations for FY20-21 include two (2) school funding methodologies. One proposed by the new Governor contained in HB166, and the second is a proposal from two legislators referred to as the Cupp/Patterson School Funding Work Group plan.

The Governor has proposed guaranteeing all school districts their net state funding received in FY19 and giving all districts new money restricted for use on defined areas in Student Wellness and Student Success. This proposal would distribute these new funds using federal poverty data and actual number of students educated in each district, as opposed to a state created state share index that measures district wealth and average daily membership (ADM) to statewide comparisons to distribute current funds. The new formula for Student Wellness and Success Funding proposed by the Governor would send new money to all districts in Ohio without regard to their being designated as a CAP, Guarantee or Formula district as the current state funding formula determines.

The Cupp/Patterson proposal creates another complicated funding formula that tries to identify what it costs to educate each student based on each districts unique circumstances and it would also fund schools on actual enrollment and not ADM. Under this proposal not every district in Ohio would get new net money and it would cost the state significantly more than the Governor's proposal over the new biennium.

We believe our current state funding estimates for FY20-23 are reasonable and that we will adjust the forecast in November when we actually have authoritative data when the budget has been approved in late June 2019.

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY18 statewide were 1,791,647 students at $51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19-23 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to $92.9 million or $52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

Source	FY19	FY20	FY21	FY22	FY23
Basic Aid-Unrestricted	$18,149,984	$19,051,273	$19,946,084	$20,876,695	$21,844,539
Additional Aid Items	1,207,291	1,207,291	1,207,291	1,207,291	1,207,291
Basic Aid-Unrestricted Subtotal	$19,357,275	$20,258,564	$21,153,375	$22,083,986	$23,051,830
Ohio Casino Commission ODT	849,697	866,776	884,198	901,970	920,100
Total Unrestricted State Aid Line #1.035	$20,206,972	$21,125,340	$22,037,573	$22,985,956	$23,971,930

B) Restricted State Foundation Revenue – Line #1.035

HB49 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to grow by 1% each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line #1.040 for FY19-23.

Source	FY19	FY20	FY21	FY22	FY23
Economically Disadvantaged Aid	$25,859	$26,118	$26,379	$26,643	$26,909
Career Tech - Restricted	48,621	48,621	48,621	48,621	48,621
Catastrophic Aid Reimbursement	885,209	876,357	867,593	858,917	850,328
Total Restricted State Revenues Line #1.040	$959,689	$951,096	$942,593	$934,181	$925,858

C) Restricted Federal Grants in Aid – Line #1.045

SUMMARY	FY19	FY20	FY21	FY22	FY23
Unrestricted Line #1.035	$20,206,972	$21,125,340	$22,037,573	$22,985,956	$23,971,930
Restricted Line #1.040	959,689	951,096	942,593	934,181	925,858
Total State Foundation Revenue	$21,166,661	$22,076,436	$22,980,166	$23,920,137	$24,897,788

State Taxes Reimbursement/Property Tax Allocation
a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the State of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate

Prior state budgets have ravaged the districts' TPP fixed rate reimbursements. Only a 20% portion for the FY17 TPP Supplement established by SB208 will be paid in FY18 and then we will no longer receive any of these promised funds.

c) Tangible Personal Property Reimbursements – Fixed Sum

The district does not received Fixed Sum TPP payments for General Fund levies.

Summary of State Tax Reimbursement – Line #1.050

Source	FY19	FY20	FY21	FY22	FY23
a) Rollback and Homestead	$14,828,706	$14,967,956	$15,100,531	$15,225,531	$15,337,008
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimbursements #1.050	$14,828,706	$14,967,956	$15,100,531	$15,225,531	$15,337,008

Other Local Revenues – Line #1.060

We have elected to show revenue sharing agreements such as the Bridge Street Agreement with the City of Dublin, the Upper Arlington Revenue Sharing Agreement and Payment In Lieu of Taxes (PILOT) payments in other income separate from property taxes on Line 1.01. These are the largest other revenue sources in the General fund other than rentals, interest income and other miscellaneous revenues. These are estimated to generally grow at 1% per year and based on trend data we have observed. In FY18 we received 2 payments from the City of Dublin for the Bridge Street Development. One of the payments was for FY19 so we have reduced FY19 by that payment and resumed estimates for FY20-23.

Source	FY19	FY20	FY21	FY22	FY23
City of Dublin Bridge St. Agreement	$0	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Revenue Sharing Agreement- UA	214,000	214,000	214,000	214,000	214,000
PILOT payments	25,000	25,000	25,000	25,000	25,000
Tuition payments	825,705	833,962	842,302	850,725	859,232
Interest	2,379,000	1,600,000	1,400,000	1,000,000	800,000
Dues, Fees, Rentals & Other	923,801	933,039	942,369	951,793	961,311
Miscellaneous Receipts	561,135	217,135	217,135	217,135	217,135
Total Line #1.060	$4,928,641	$5,323,136	$5,140,806	$4,758,653	$4,576,678

Short-Term Borrowing – Line #2.010 & Line #2.020

In FY18 we borrowed Bond Anticipation Notes we identified as Series 2017A to purchase the Emerald Parkway Building. The $9.45 million is estimated to be borrowed over a 2 year period at a 1.415% interest rate. A second Bond Anticipation Note Series 2017B is a $9.1 million credit line at 1.99% that we will only draw $3.5 million on in FY19 due to passage of the November 6, 2018 bond issue, which will be used to pay for renovation costs of the new Emerald Parkway Building over the period FY18-20. The final maturity and principal for these debts will come from the November 6, 2018 bond issue.

Source	FY19	FY20	FY21	FY22	FY23
Bond Anticipation Note Series 2017A	$0	$0	$0	$0	$0
Bond Anticipation Note Series 2017B	3,250,879	0	0	0	0
Total Short Term Borrowing - Line #2.010	$3,250,879	$0	$0	$0	$0

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 and are not considered operating revenues and are of an immaterial amount.

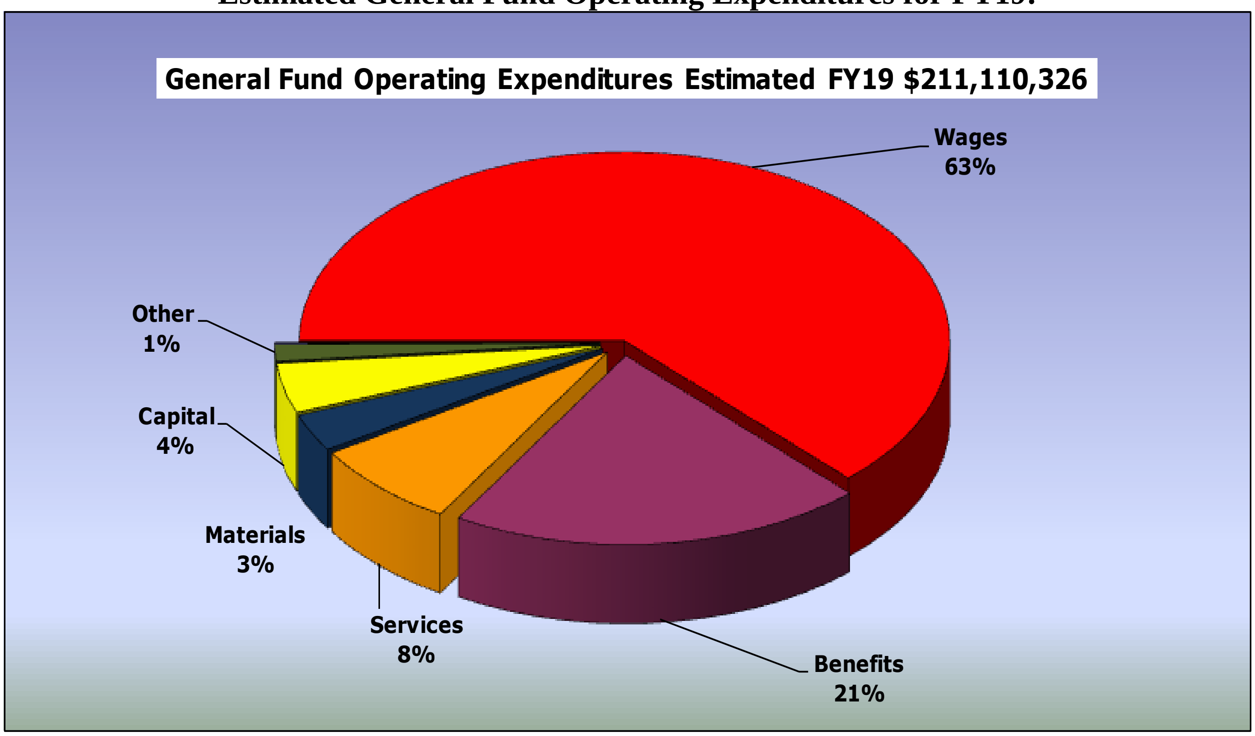
All Other Financial Sources – Line #2.060 & Line #14.010

Source	FY19	FY20	FY21	FY22	FY23
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	530,977	50,000	50,000	50,000	50,000
Total Transfer & Advances In	$530,977	$50,000	$50,000	$50,000	$50,000

Source	FY19	FY20	FY21	FY22	FY23
Refund of prior years expenditures	$0	$0	$0	$0	$0

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY19:



Wages – Line #3.010
The model reflects pay increases approved by the Board of Education for certificated, administrative and classified staff for FY19-FY20 2.1% and 2.15% respectively. Estimated base wage increases based on historical trend and step increases are included for FY21-FY23. **We have included new staffing to open two (2) new elementary buildings in FY21 and one (1) new middle school in FY22**.

Source	FY19	FY20	FY21	FY22	FY23
Base Wages	$120,172,648	$127,344,329	$134,380,820	$143,321,376	$151,750,440
Based Pay Increase	2,523,626	2,737,903	1,343,808	1,433,214	1,517,504
Steps & Academic Training	2,352,759	2,307,315	2,445,011	2,580,112	2,751,770
Growth Staff	2,295,296	1,991,273	1,556,162	1,498,247	1,508,258
New Building Staff	0	0	3,595,575	2,917,491	393,115
Substitutes	306,306	307,225	308,147	309,071	309,998
Supplementals	2,390,531	2,414,436	2,438,580	2,462,966	2,487,596
Stipends/OT/Severence & Misc.	2,846,052	2,868,820	2,891,771	2,914,905	2,938,224
Total Wages Line #3.010	$132,887,218	$139,971,301	$148,959,874	$157,437,382	$163,656,905

The district is experiencing increased student enrollment growth which will require addition staff increases each year of the forecast and is included above in “growth staff” estimates based on the most current data we have at this time.

Fringe Benefits Estimates Line #3.020

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

A) STRS/SERS

Generally the district must pay 14% of wages paid to both STRS and SERS. In addition, the district pays to SERS the employee surcharge which is an additional amount required over the 14% to provide added funds SERS collects to supplement contributions on lower paid short hour classified staff so they can have a pension when they retire.

B) Insurance

In FY16 the district received a 13% reduction in premium and in FY17 another 5% premium reduction. In FY19 the district is pleased to accept a third reduction of premiums. Rates are expected to be (1%) in FY19, 3.5% in FY20 and 9% overall for fiscal years 2021 through 2023 which reflects trend and includes an additional 2% for national health care costs which will affect our district. Our estimates are based on our current employee census and claims data. This could increase at a much higher rate should claims increase dramatically.

Patient Protection and Affordable Care Act (PPACA) Costs - the **Patient Protection and Affordable Care Act** (**PPACA**) commonly called **Obamacare** or the **Affordable Care Act** (**ACA**), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and Education Reconciliation Act, it represents the most significant regulatory overhaul of the country's healthcare system since the passage of Medicare and Medicaid in 1965.

It is uncertain to what extent the implementation of PPACA will cost our district in additional funds especially since it is being reviewed carefully at the federal level for amendment or repeal. We are not certain what these added costs may be but longer-term, a significant concern is the 40% “Cadillac Tax” provision but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 0.51% of wages after fiscal year 2019 due to a moderated claim 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 rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY19	FY20	FY21	FY22	FY23
A) STRS/SERS	$20,729,671	$21,136,847	$22,480,391	$23,775,422	$24,748,148
B) Insurance's	20,113,476	21,291,371	24,433,708	27,683,688	30,627,746
C) Workers Comp/Unemployment	679,214	715,933	762,554	806,517	838,737
D) Medicare	1,814,533	1,914,470	2,062,686	2,182,016	2,268,146
Other/Tuition/Annuities	199,351	199,351	199,351	199,351	199,351
Total Line #3.020	$43,536,245	$45,257,972	$49,938,690	$54,646,994	$58,682,128

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Purchased Services – Line #3.030

One of the largest expenses in this area is contracted payment for substitute teachers with the ESC-COG of Central Ohio which reduces district costs to acquire substitutes, and other contract services purchased for special education and other areas of special needs**. With passage of the new permanent improvement levy and $195 million bond issue we have been able to move some targeted capital and maintenance cost items to these funds beginning in FY19 that were planned to spent from the General Fund. This will help reduce capital costs in the General Fund and prolong our new 5.9 mill operating levy**. We have estimated utilities to rise due to last year being a reasonably warm winter and the likelihood of increasing electric rates due to large capital investments being made by AEP in infrastructure which will ultimately become approved rate hikes**. We also have increased costs for additional utility costs in FY21 for two (2) new elementary schools and in FY22 for one (1) new middle school building.**

Source	FY19	FY20	FY21	FY22	FY23
Legal Fees, Prof. Development, Other Misc.	$867,465	$893,489	$920,294	$947,903	$976,340
ESC Substitutes & Training, SRO, Other Misc.	8,906,447	9,351,769	9,819,357	10,310,325	10,825,841
Repairs & Maint., Property Ins., Other Misc.	1,017,822	1,068,713	1,122,149	1,178,256	1,237,169
Tuition, Excess Costs, CCP, Other Misc.	647,699	667,130	687,144	707,758	728,991
Student Transportation	870,814	896,938	923,846	951,561	980,108
Utilities	3,425,245	3,596,507	4,125,772	4,615,561	4,846,339
Total Line #3.030	$15,735,492	$16,474,546	$17,598,562	$18,711,364	$19,594,788

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. Graded Course of Study adoptions have been planned for the forecast period to keep curriculum materials current district-wide. **We have adjusted costs upward from the October 2018 forecast for supplies and materials to open two (2) new elementary buildings in FY21 and one (1) new middle school in FY22.**

Source	FY19	FY20	FY21	FY22	FY23
General Office Supplies and Materials	$2,421,550	$2,494,197	$2,709,023	$2,890,294	$2,977,003
Textbooks/GCOS/Building Repairs	3,533,238	3,639,235	3,748,412	3,860,864	3,976,690
Transportation Fuel and Supplies	800,843	824,868	849,614	875,102	901,355
Total Line 3.040	$6,755,631	$6,958,300	$7,307,049	$7,626,260	$7,855,048

Equipment – Line #3.050

With the passage of the new permanent improvement levy and $195 million bond issue approved November 6, 2018 we have moved several items previously planned to be spent from the General Fund to the permanent improvement or bond issue, and away from the General Fund. We continue to use funds from the City of Dublin agreement to purchase and update technology in the district. In FY17 we purchased the Emerald Parkway Building for $9.4 million. In FY19 we anticipate purchasing $1.7 million in Chromebooks for students. **Bus purchases will be moved to the permanent improvement fund due to passage of the new levy. We have also reduced capital outlay and renovation cost for the Emerald Campus facility beginning in FY20 as those costs will be shifted to the new bond issue passed November 6, 2018.**

Source	FY19	FY20	FY21	FY22	FY23
Capital Outlay & Maintenance	$6,156,359	$1,706,653	$1,791,986	$1,881,585	$1,975,664
Replacement Bus Purchases	0	0	0	0	0
Technology Purchases	2,816,768	1,171,606	1,230,186	1,291,695	1,356,280
Total Line #3.050	$8,973,127	$2,878,259	$3,022,172	$3,173,280	$3,331,944

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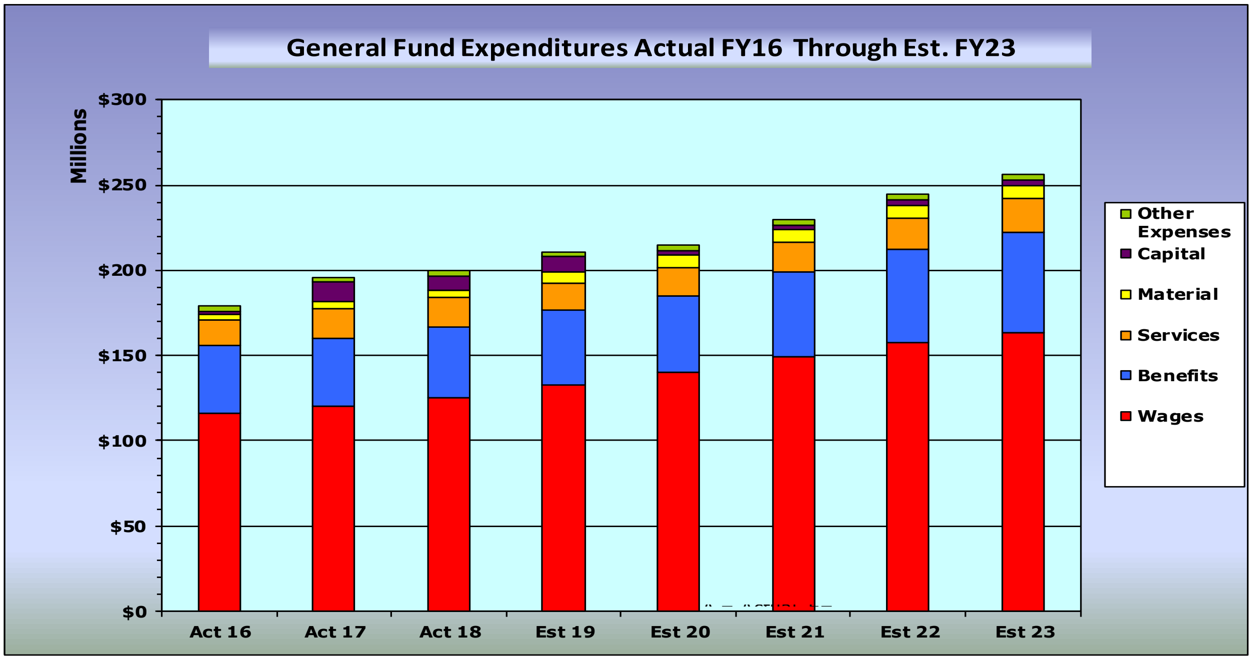
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of County Auditor and Treasurer Fees for collection of property taxes and advertising for delinquent taxes. Other expenses are liability insurance and dues and fees. County ESC deductions for fees provided to the District and membership for participation in SB140 City County Agreement.

Source	FY19	FY20	FY21	FY22	FY23
County Auditor & Treasurer Fees	$2,153,264	$2,348,339	$2,383,564	$2,419,317	$2,455,607
ESC Deduction	101,402	104,444	107,577	110,804	114,128
Other expenses	776,947	800,255	824,263	848,991	874,461
Total Line #4.300	$3,031,613	$3,253,038	$3,315,404	$3,379,112	$3,444,196

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



Interest and Fiscal charges on Short-Term BANS – Line #4.06

The table below shows estimated interest payments for Series A & B Bond Anticipation Notes to purchase and renovate the Emerald Parkway Building. **Beginning in FY20 these costs will be paid from the new $195 million bond issue and moved away from the General Fund.**

Source	FY19	FY20	FY21	FY22	FY23
Interest on BANS Series A & B 4.060	$191,000	$0	$0	$0	$0

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. We have included a transfer from General Fund (001) $380,000 to the Sinking Fund (002) to pay our debt for the HB264 project, $75,000 for summer school and $80,050 for athletic funds. We have to estimate advances to be $50,000 for each year.

Source	FY19	FY20	FY21	FY22	FY23
Operating Transfers Out Line #5.010	$551,050	$535,050	$535,050	$535,050	$535,050
Advances Out Line #5.020	50,000	50,000	50,000	50,000	50,000
Total	$601,050	$585,050	$585,050	$585,050	$585,050

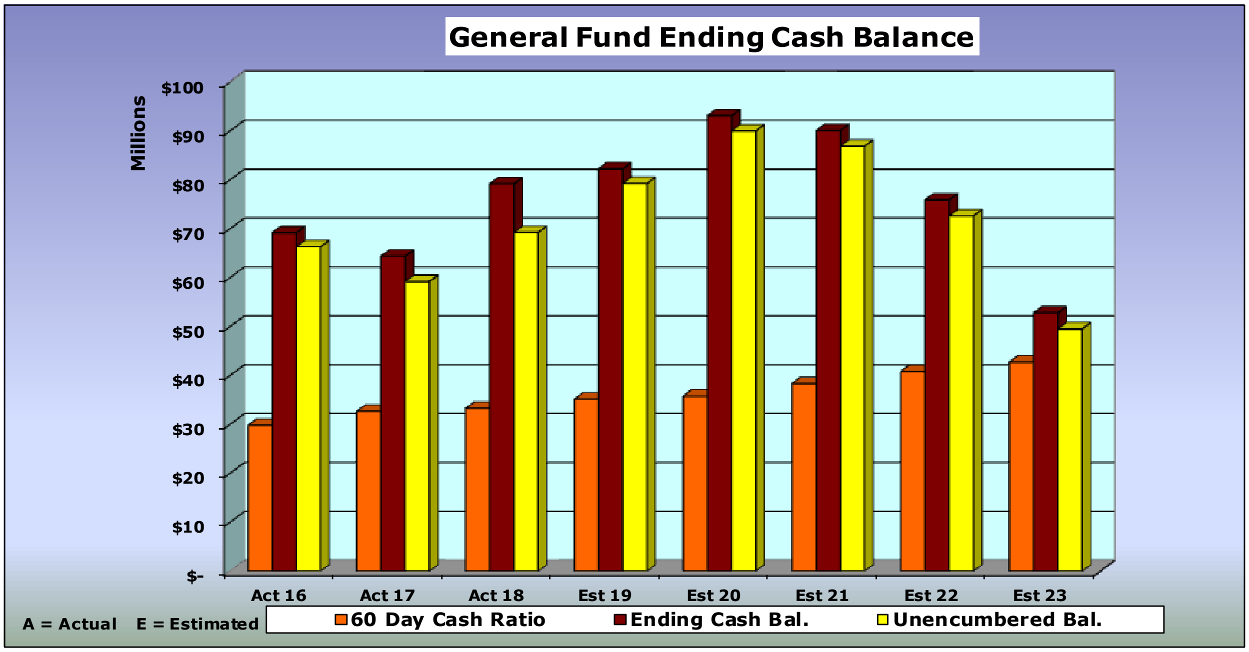
Encumbrances – Line #8.010

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

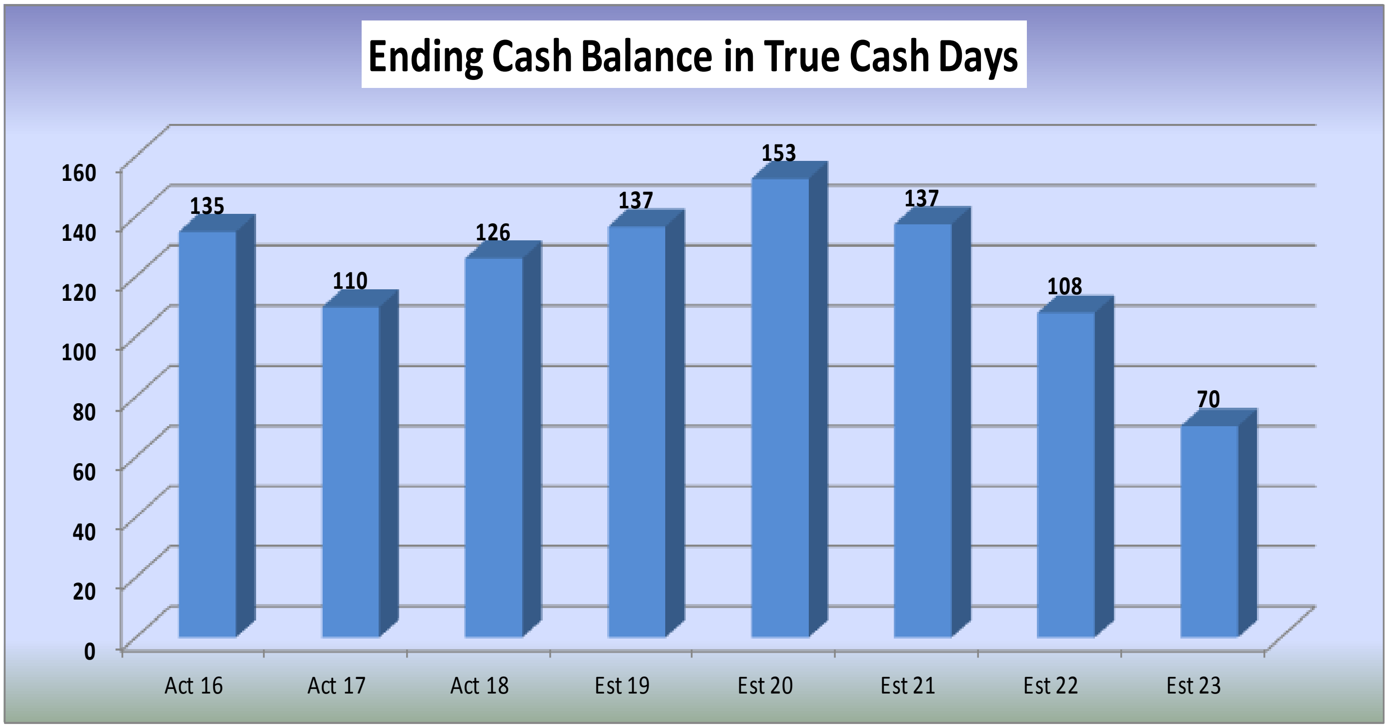
	FY19	FY20	FY21	FY22	FY23
Estimated Encumbrances	$3,000,000	$3,100,000	$3,200,000	$3,300,000	$3,300,000

Ending Unencumbered Cash Balance "The Bottom-line" – Line #15.010
This amount must not go below $-0- or the district General Fund will violate 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 Cash Balance	$79,265,149	$89,988,235	$86,861,447	$72,599,259	$49,524,891



True Cash Days Ending Balance
Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate with out additional resources or a severe resource interruption. The Government Finance Officers Association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. Expenditures are calculated including transfers as this is a predictable funding source when used in the forecast.


Ending Cash Balance in True Cash Days
160
140
120
100
80
60
40
20
0
135
110
126
137
153
137
108
70
Act 16
Act 17
Act 18
Est 19
Est 20
Est 21
Est 22
Est 23