

Fairborn City Schools

Greene County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

| | Actual | | | | Average Change | Forecasted | | | | |
|--|-------------------|-------------------|-------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | | | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 |
| Revenues | | | | | | | | | | |
| 1.010 General Property Tax (Real Estate) | \$16,185,553 | \$15,901,881 | \$16,059,763 | -0.4% | \$16,075,000 | \$16,100,000 | \$16,125,000 | \$13,530,000 | \$13,555,000 | |
| 1.020 Tangible Personal Property Tax | 958,962 | 1,187,111 | 1,177,457 | 11.5% | 1,170,000 | 1,170,000 | 1,170,000 | 1,170,000 | 1,170,000 | |
| 1.030 Income Tax | 3,855,964 | 4,134,187 | 4,421,514 | 7.1% | 4,540,000 | 4,550,000 | 4,550,000 | 4,600,000 | 4,600,000 | |
| 1.035 Unrestricted State Grants-in-Aid | 19,115,390 | 19,885,560 | 19,762,533 | 1.7% | 20,640,000 | 21,870,000 | 22,500,000 | 23,175,000 | 23,870,000 | |
| 1.040 Restricted State Grants-in-Aid | 2,100,960 | 1,944,443 | 2,728,060 | 16.4% | 2,700,000 | 2,750,000 | 2,800,000 | 2,850,000 | 2,900,000 | |
| 1.045 Restricted Federal Grants-in-Aid - SFSF | | | | | | | | | | |
| 1.050 Property Tax Allocation | 2,223,950 | 2,211,781 | 2,205,641 | -0.4% | 2,240,000 | 2,250,000 | 2,265,000 | 2,300,000 | 2,300,000 | |
| 1.060 All Other Revenues | 1,693,044 | 2,260,270 | 2,732,631 | 27.2% | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | |
| 1.070 Total Revenues | 46,133,823 | 47,525,233 | 49,087,599 | 3.2% | 50,165,000 | 51,490,000 | 52,210,000 | 50,425,000 | 51,195,000 | |
| Other Financing Sources | | | | | | | | | | |
| 2.010 Proceeds from Sale of Notes | | | | | | | | | | |
| 2.020 State Emergency Loans and Advancements (Approved) | | | | | | | | | | |
| 2.040 Operating Transfers-In | 6,000 | 6,000 | | -50.0% | | | | | | |
| 2.050 Advances-In | | | | | | | | | | |
| 2.060 All Other Financing Sources | 48,802 | 244,423 | 173,780 | 186.0% | 175,000 | 175,000 | 180,000 | 180,000 | 180,000 | |
| 2.070 Total Other Financing Sources | 54,802 | 250,423 | 173,780 | 163.2% | 175,000 | 175,000 | 180,000 | 180,000 | 180,000 | |
| 2.080 Total Revenues and Other Financing Sources | 46,188,625 | 47,775,656 | 49,261,379 | 3.3% | 50,340,000 | 51,665,000 | 52,390,000 | 50,605,000 | 51,375,000 | |
| Expenditures | | | | | | | | | | |
| 3.010 Personal Services | 20,853,237 | 21,861,640 | 23,074,649 | 5.2% | 25,250,000 | 26,350,000 | 27,450,000 | 28,550,000 | 29,650,000 | |
| 3.020 Employees' Retirement/Insurance Benefits | 8,243,179 | 8,378,701 | 8,979,434 | 4.4% | 9,775,000 | 10,611,000 | 11,450,000 | 12,330,000 | 13,200,000 | |
| 3.030 Purchased Services | 9,023,037 | 9,706,661 | 9,028,842 | 0.3% | 9,500,000 | 9,800,000 | 10,200,000 | 10,600,000 | 11,100,000 | |
| 3.040 Supplies and Materials | 1,290,254 | 1,202,699 | 1,471,200 | 7.8% | 1,800,000 | 1,600,000 | 1,700,000 | 1,750,000 | 1,800,000 | |
| 3.050 Capital Outlay | 771,144 | 1,454,609 | 1,303,777 | 39.1% | 1,500,000 | 1,530,000 | 1,560,000 | 1,590,000 | 1,600,000 | |
| 3.060 Intergovernmental | | | | | | | | | | |
| Debt Service: | | | | | | | | | | |
| 4.010 Principal-All (Historical Only) | | | | | | | | | | |
| 4.020 Principal-Notes | | | | | | | | | | |
| 4.030 Principal-State Loans | | | | | | | | | | |
| 4.040 Principal-State Advancements | | | | | | | | | | |
| 4.050 Principal-HB 264 Loans | | | | | | | | | | |
| 4.055 Principal-Other | | | | | | | | | | |
| 4.060 Interest and Fiscal Charges | | | | | | | | | | |
| 4.300 Other Objects | 282,258 | 294,292 | 355,724 | 12.6% | 370,000 | 375,000 | 360,000 | 390,000 | 400,000 | |
| 4.500 Total Expenditures | 40,463,109 | 42,898,602 | 44,213,626 | 4.5% | 48,195,000 | 50,266,000 | 52,740,000 | 55,210,000 | 57,750,000 | |
| Other Financing Uses | | | | | | | | | | |
| 5.010 Operating Transfers-Out | 1,357,798 | 956,000 | 500,000 | -38.6% | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | |
| 5.020 Advances-Out | | | | | | | | | | |
| 5.030 All Other Financing Uses | 44,796 | | | | | | | | | |
| 5.040 Total Other Financing Uses | 1,402,594 | 956,000 | 500,000 | -39.8% | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | |
| 5.050 Total Expenditures and Other Financing Uses | 41,865,703 | 43,854,602 | 44,713,626 | 3.4% | 48,695,000 | 50,766,000 | 53,240,000 | 55,710,000 | 58,250,000 | |
| 6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | 4,322,922 | 3,921,054 | 4,547,753 | 3.3% | 1,645,000 | 899,000 | 850,000- | 5,105,000- | 6,875,000- | |
| 7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 17,086,840 | 21,409,762 | 25,330,816 | 21.8% | 29,878,569 | 31,523,569 | 32,422,569 | 31,572,569 | 26,467,569 | |
| 7.020 Cash Balance June 30 | 21,409,762 | 25,330,816 | 29,878,569 | 18.1% | 31,523,569 | 32,422,569 | 31,572,569 | 26,467,569 | 19,592,569 | |
| 8.010 Estimated Encumbrances June 30 | 1,463,796 | 1,080,555 | 1,754,589 | 18.1% | | | | | | |
| Reservation of Fund Balance | | | | | | | | | | |
| 9.010 Textbooks and Instructional Materials | | | | | | | | | | |
| 9.020 Capital Improvements | | | | | | | | | | |
| 9.030 Budget Reserve | | | | | | | | | | |
| 9.040 DPIA | | | | | | | | | | |
| 9.045 Fiscal Stabilization | | | | | | | | | | |
| 9.050 Debt Service | | | | | | | | | | |
| 9.060 Property Tax Advancements | | | | | | | | | | |
| 9.070 Bus Purchases | | | | | | | | | | |
| 9.080 Subtotal | | | | | | | | | | |
| 10.010 Fund Balance June 30 for Certification of Appropriations | 19,945,966 | 24,250,261 | 28,123,980 | 18.8% | 31,523,569 | 32,422,569 | 31,572,569 | 26,467,569 | 19,592,569 | |
| Revenue from Replacement/Renewal Levies | | | | | | | | | | |
| 11.010 Income Tax - Renewal | | | | | | | | 2,620,000 | 2,620,000 | |
| 11.020 Property Tax - Renewal or Replacement | | | | | | | | | | |
| 11.300 Cumulative Balance of Replacement/Renewal Levies | | | | | | | | 2,620,000 | 5,240,000 | |
| 12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations | 19,945,966 | 24,250,261 | 28,123,980 | 18.8% | 31,523,569 | 32,422,569 | 31,572,569 | 29,087,569 | 24,832,569 | |
| Revenue from New Levies | | | | | | | | | | |
| 13.010 Income Tax - New | | | | | | | | | | |
| 13.020 Property Tax - New | | | | | | | | | | |
| 13.030 Cumulative Balance of New Levies | | | | | | | | | | |
| 14.010 Revenue from Future State Advancements | | | | | | | | | | |
| 15.010 Unreserved Fund Balance June 30 | 19,945,966 | 24,250,261 | 28,123,980 | 18.8% | 31,523,569 | 32,422,569 | 31,572,569 | 29,087,569 | 24,832,569 | |

Fairborn City School District

5-Year Projection Assumptions

For Board Approval May 2020

All public school districts in Ohio are required to file a five (5) year forecast by November 30 and May 31, in each fiscal year (FY). This five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2020 is the first year of the five-year forecast and is considered the baseline year.

Notes and Assumptions:

Section A - Ending Cash Balances:

Previous Years:

Fiscal Year 2019 General Fund Balance of \$29,878,569 reflected an excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 66.82% of the annual operating expenses for FY 2019. Revenues exceeded expenditures by \$4.55M.

Fiscal Year 2018 General Fund Balance of \$25,330,816 reflected an excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 57.76% of the annual operating expenses for FY 2018. Revenues exceeded expenditures by \$3.92M.

Fiscal Year 2017 General Fund Balance of \$21,409,762 reflected an excellent position for the range that the district would prefer in ending cash balances. That cash balance represented 51.14% of the annual operating expenses for FY 2017. Revenues exceeded expenditures by \$4.32M.

Fiscal Year 2016 General Fund Balance of \$17,086,841 reflected an improved position that the district would prefer in ending cash balances. That cash balance represented 41.63% of the annual operating expenses for FY 2016. Revenues exceeded expenditures by \$5.42M.

Fiscal Year 2015 General Fund Balance of \$11,670,545 reflected an improved position that the district would prefer in ending cash balances. That cash balance represented 28.87% of the annual operating expenses for FY 2015.

Future Years:

Fiscal Year 2020 *Projected* General Fund Balance of \$31.5M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 64.7% of the annual operating expenses for FY 2020. Revenues are projected to exceed expenditures by \$1.6M.

Fiscal Year 2021 *Projected* General Fund Balance of \$32.4M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 63.8% of the annual operating expenses for FY 2021. Revenues are projected to exceed expenditures by \$0.9M.

Fiscal Year 2022 *Projected* General Fund Balance of \$31.6M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 59.4% of the annual operating expenses for FY 2022. In a reversal from previous years, expenditures are projected to exceed revenues by \$850,000.

Fiscal Year 2023 *Projected* General Fund Balance of \$29.1M is still an acceptable position for the district in ending cash balances, but represents a decrease of \$2.5M from FY 2022. This cash balance represents 52.2% of the annual operating expenses for FY 2023. In continuing the trend from FY 2022, at an accelerated rate, expenditures are projected to exceed revenues by \$2.49M.

Fiscal Year 2024 *Projected* General Fund Balance of \$24.8M is still an acceptable position for the district in ending cash balances, but represents a decrease of \$4.3M from FY 2023. This cash balance represents 42.6% of the annual operating expenses for FY 2023. Expenditures are projected to exceed revenues by \$4.3M.

Section B - Revenues:

1. Real Estate Taxes have remained somewhat stable for the past four fiscal years and should remain as such with the emergency levy renewed in March 2016 with a 67.3% positive vote. A small operating levy will have

to be considered in the future to help stabilize the finances of the district since the Fairborn schools last passed a new operating levy in 2007.

2. State Funding increased by over 0.5% in Fiscal Year 2019 and is projected to increase by amounts of 4.4% and 6.0% in the next two years. State funding is projected at levels that were consistent with the recent State of Ohio Biennial Budget.
3. State Foundation funding is set optimistically at an average increase of 3% per year for Fiscal Years 2022 to Fiscal Years 2024, though those will be dependent upon State of Ohio budget action in the future.
4. State Exemptions for Property Tax and Other State is projected to stay consistent with levels from Fiscal Year 2019.
5. Fairborn School District Income Tax is projected with slight increases for the future, with FY 2019 showing a 7% increase over FY 2018. The growth projected is not that dramatic for the future – in the range of 1 to 1.5% per year.
6. Other Local receipts are projected to stay consistently at the \$2.8M mark.
7. It is anticipated that the Fairborn Schools could approach the voters with a request for a small Permanent Improvement Levy which would provide funds for building repairs, improvements, and buses. This passing would provide some additional relief for the General Fund which is spending and/or transferring funds for those items currently.

Section C - Expenditures:

1. **Expenditure Forecasts would significantly change with any unplanned decrease in state funding. Slight increases in salary costs will occur with raises negotiated with employees. Health Care premiums have increased at a moderate rate and will increase by 15% for Fiscal Year 2020.**
2. **Enrollment Projections will be consistent with the estimations as presented earlier to the board.**
3. **The Fairborn City Schools will strive to maintain reasonable class size, where fiscally responsible and reasonable.**

4. A new teacher association contract for the period of July 1, 2017 to June 30, 2020 was negotiated and is in place at this time and the increases reflected in these projections are the school district's best estimates. The negotiated increases were 3.0% effective July 1, 2017, 2.5% effective July 1, 2018, and 2.0% effective July 1, 2019. Similar contracts were also negotiated with the other two employee associations and follow the same timeline and increases. An additional 1.1% is projected for normal annual step increases.

For Fiscal Years 2021, 2022, and 2023, for the purposes of these financial projections, the placeholder of 4.1% increase was used which represents a 3.0% negotiated placeholder and projected 1.1% for normal annual step increases. For these three years, all salaries are subject negotiations with the three associations.

5. All day kindergarten began in August 2007 for the Fairborn City School District and it is anticipated to continue for the future.
6. Health Insurance Costs will continue to be higher in the next five years than the past five years. Projected increases, which I hope are projected too high, are as follows:
 - a. FY 2020 – 15.0% increase
 - b. FY 2021 and future years = projected 13% increase
7. Any changes in the Ohio Public Retirement Systems are expected to make changes to only employee contributions in the future which will not hurt nor help the Fairborn City Schools.
8. New Textbook adoptions will occur as scheduled, with a special English/Language Arts adoption to be paid for in Fiscal Year 2020. The anticipated costs of this are estimated at \$500,000 and are included in these projections.
9. Other expenditures for Purchased Services, Supplies, and other are projected to remain consistent with small increases for inflation.
10. The Fairborn Schools currently transfers \$500,000 annually to the Permanent Improvement Fund from the General Fund. In addition, the district has scheduled the replacement of four school buses annually, which is paid for from the district's General Fund. If the Fairborn Schools got voters to approve a small Permanent

Improvement Levy in the near future, that would give some relief to the general fund for those obligations.

- 11. The Fairborn Schools, in recent years, has transferred \$456,000 annually to fund 035 to pay for employee termination benefits which includes pay for unused sick leave upon retirement or pay for unused vacation leave upon retirement or resignation. Beginning in Fiscal Year 2019, the district will stop transferring monies to this fund and will use remaining balances in this fund to pay for termination benefits for the next several years. After that fund is exhausted, those payments will come out of the general fund and be reflected in salaries and wages.**
- 12. The Fairborn Schools decreases in personnel and costs have improved the financial stability of the district. It is anticipated that some of those decreases will remain in effect for the foreseeable future, but the district is evaluating its programs to determine ways for improvement.**
- 13. No additional major unfunded mandates from the state or federal government are anticipated in this forecast.**
- 14. Special Education needs will remain somewhat constant.**
- 15. Voters of the Fairborn Schools approved a major bond issue in November 2016 to fund the new construction of a new primary building and intermediate building, in cooperation with the State of Ohio. The new primary building is scheduled to open in August 2020 and the new intermediate building is scheduled to open in August 2022. It is projected that these new buildings will not require any additional funding from the general fund, though some assistance for equipment has been planned from the district's Food Service fund.**

**Kevin S. Philo, Treasurer/CFO
Fairborn City Schools
Board Approved, May 2020
To be Submitted to the State of Ohio**

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For Board Approval May 2020

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Fiscal Year 2021 *Projected* General Fund Balance of \$32.4M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 63.8% of the annual operating expenses for FY 2021. Revenues are projected to exceed expenditures by \$0.9M.

Fiscal Year 2022 *Projected* General Fund Balance of \$31.6M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 59.4% of the annual operating expenses for FY 2022. In a reversal from previous years, expenditures are projected to exceed revenues by \$850,000.

Fiscal Year 2023 *Projected* General Fund Balance of \$29.1M is still an acceptable position for the district in ending cash balances, but represents a decrease of \$2.5M from FY 2022. This cash balance represents 52.2% of the annual operating expenses for FY 2023. In continuing the trend from FY 2022, at an accelerated rate, expenditures are projected to exceed revenues by \$2.49M.

Fiscal Year 2024 *Projected* General Fund Balance of \$24.8M is still an acceptable position for the district in ending cash balances, but represents a decrease of \$4.3M from FY 2023. This cash balance represents 42.6% of the annual operating expenses for FY 2023. Expenditures are projected to exceed revenues by \$4.3M.

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to be considered in the future to help stabilize the finances of the district since the Fairborn schools last passed a new operating levy in 2007.

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2. **Enrollment Projections will be consistent with the estimations as presented earlier to the board.**
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For Fiscal Years 2021, 2022, and 2023, for the purposes of these financial projections, the placeholder of 4.1% increase was used which represents a 3.0% negotiated placeholder and projected 1.1% for normal annual step increases. For these three years, all salaries are subject negotiations with the three associations.

5. All day kindergarten began in August 2007 for the Fairborn City School District and it is anticipated to continue for the future.
6. Health Insurance Costs will continue to be higher in the next five years than the past five years. Projected increases, which I hope are projected too high, are as follows:
 - a. FY 2020 – 15.0% increase
 - b. FY 2021 and future years = projected 13% increase
7. Any changes in the Ohio Public Retirement Systems are expected to make changes to only employee contributions in the future which will not hurt nor help the Fairborn City Schools.
8. New Textbook adoptions will occur as scheduled, with a special English/Language Arts adoption to be paid for in Fiscal Year 2020. The anticipated costs of this are estimated at \$500,000 and are included in these projections.
9. Other expenditures for Purchased Services, Supplies, and other are projected to remain consistent with small increases for inflation.
10. The Fairborn Schools currently transfers \$500,000 annually to the Permanent Improvement Fund from the General Fund. In addition, the district has scheduled the replacement of four school buses annually, which is paid for from the district's General Fund. If the Fairborn Schools got voters to approve a small Permanent

Improvement Levy in the near future, that would give some relief to the general fund for those obligations.

- 11. The Fairborn Schools, in recent years, has transferred \$456,000 annually to fund 035 to pay for employee termination benefits which includes pay for unused sick leave upon retirement or pay for unused vacation leave upon retirement or resignation. Beginning in Fiscal Year 2019, the district will stop transferring monies to this fund and will use remaining balances in this fund to pay for termination benefits for the next several years. After that fund is exhausted, those payments will come out of the general fund and be reflected in salaries and wages.**
- 12. The Fairborn Schools decreases in personnel and costs have improved the financial stability of the district. It is anticipated that some of those decreases will remain in effect for the foreseeable future, but the district is evaluating its programs to determine ways for improvement.**
- 13. No additional major unfunded mandates from the state or federal government are anticipated in this forecast.**
- 14. Special Education needs will remain somewhat constant.**
- 15. Voters of the Fairborn Schools approved a major bond issue in November 2016 to fund the new construction of a new primary building and intermediate building, in cooperation with the State of Ohio. The new primary building is scheduled to open in August 2020 and the new intermediate building is scheduled to open in August 2022. It is projected that these new buildings will not require any additional funding from the general fund, though some assistance for equipment has been planned from the district's Food Service fund.**

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to be considered in the future to help stabilize the finances of the district since the Fairborn schools last passed a new operating levy in 2007.

2. State Funding increased by over 0.5% in Fiscal Year 2019 and is projected to increase by amounts of 4.4% and 6.0% in the next two years. State funding is projected at levels that were consistent with the recent State of Ohio Biennial Budget.
3. State Foundation funding is set optimistically at an average increase of 3% per year for Fiscal Years 2022 to Fiscal Years 2024, though those will be dependent upon State of Ohio budget action in the future.
4. State Exemptions for Property Tax and Other State is projected to stay consistent with levels from Fiscal Year 2019.
5. Fairborn School District Income Tax is projected with slight increases for the future, with FY 2019 showing a 7% increase over FY 2018. The growth projected is not that dramatic for the future – in the range of 1 to 1.5% per year.
6. Other Local receipts are projected to stay consistently at the \$2.8M mark.
7. It is anticipated that the Fairborn Schools could approach the voters with a request for a small Permanent Improvement Levy which would provide funds for building repairs, improvements, and buses. This passing would provide some additional relief for the General Fund which is spending and/or transferring funds for those items currently.

Section C - Expenditures:

1. **Expenditure Forecasts would significantly change with any unplanned decrease in state funding. Slight increases in salary costs will occur with raises negotiated with employees. Health Care premiums have increased at a moderate rate and will increase by 15% for Fiscal Year 2020.**
2. **Enrollment Projections will be consistent with the estimations as presented earlier to the board.**
3. **The Fairborn City Schools will strive to maintain reasonable class size, where fiscally responsible and reasonable.**

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