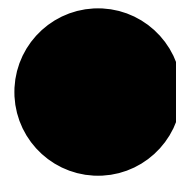


FAIRBORN CITY SCHOOL DISTRICT

GREENE COUNTY, OHIO



Comprehensive Annual Financial Report 2018

FAIRBORN, OHIO

FOR THE FISCAL YEAR
ENDED JUNE 30, 2018

Fairborn City School District
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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**FAIRBORN CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2018

**PREPARED BY
TREASURER'S DEPARTMENT
KEVIN PHILO, TREASURER/CFO**

306 E. WHITTIER AVE.

FAIRBORN, OHIO 45324

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Table of Contents	1-4
Letter of Transmittal.....	5-8
List of Principal Officers.....	9
Organizational Chart	10

II. FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	11-13
MANAGEMENT’S DISCUSSION AND ANALYSIS	15-26

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position	27
Statement of Activities	28

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	29
---	----

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	30
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	31
---	----

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
--	----

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	33
---	----

Statement of Fiduciary Net Position - Fiduciary Funds.....	34
--	----

Statement of Changes in Fiduciary Net Position - Fiduciary Fund.....	35
--	----

Notes to the Basic Financial Statements.....	37-85
--	-------

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the District’s Proportionate Share of the Net Pension Liability:

School Employees Retirement System (SERS) of Ohio	88
State Teachers Retirement System (STRS) of Ohio.....	89

REQUIRED SUPPLEMENTARY INFORMATION – (Continued):

Schedule of District Pension Contributions:

School Employees Retirement System (SERS) of Ohio	90-91
State Teachers Retirement System (STRS) of Ohio	92-93

Schedule of the District’s Proportionate Share of the Net OPEB Liability:

School Employees Retirement System (SERS) of Ohio	94
State Teachers Retirement System (STRS) of Ohio	95

Schedule of District OPEB Contributions:

School Employees Retirement System (SERS) of Ohio	96-97
State Teachers Retirement System (STRS) of Ohio	98-99

Notes to Required Supplementary Information	100-101
---	---------

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Fund Descriptions - Major Funds	104
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Classroom Facilities Fund	105
Combining Balance Sheet - Nonmajor Governmental Funds	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	107
Fund Descriptions - Nonmajor Special Revenue Funds	108-110
Combining Balance Sheet - Nonmajor Special Revenue Funds	112-115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	116-119
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Miscellaneous Grants Fund	120
District Managed Student Activity Fund	120
Auxiliary Services Fund	120
Public School Preschool Fund	121
Data Communications Fund	121
Special Trust Fund	121
Miscellaneous State Grants Fund	122
Limited English Proficiency Fund	122
Title VI-B Fund	122
Title I Fund	123
EHA Preschool Grant Fund	123
Reducing Class Size Fund	123
Miscellaneous Federal Grants Fund	124
Food Service Fund	124
Classroom Facilities Maintenance Fund	124

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES - (Continued):

Nonmajor Governmental Funds included in the General Fund on GAAP basis:

Termination Benefits Fund.....	125
Rotary Fund.....	125
Public School Support Fund.....	125

Fund Description - Nonmajor Debt Service Fund	126
---	-----

Combining Balance Sheet - Nonmajor Debt Service Fund	127
--	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Fund	128
--	-----

Schedules of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Bond Retirement Fund	129
----------------------------	-----

Fund Descriptions - Nonmajor Capital Projects Funds	130
---	-----

Combining Balance Sheet - Nonmajor Capital Projects Funds	131
---	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	132
---	-----

Schedules of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Permanent Improvement Fund	133
Building Fund	133

Fund Descriptions - Nonmajor Permanent Fund	134
---	-----

Combining Balance Sheet - Nonmajor Permanent Fund	135
---	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Fund	136
---	-----

Schedules of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Teacher Grant Fund	137
--------------------------	-----

Fund Descriptions - Fiduciary Funds	138
---	-----

Combining Statement of Fiduciary Net Position - Private-Purpose Trust Funds	139
---	-----

Combining Statement of Changes in Fiduciary Net Position - Private-Purpose Trust Funds	140
--	-----

Schedules of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):

Endowment Fund.....	141
---------------------	-----

Statement of Changes in Assets and Liabilities - Agency Funds	142
---	-----

III. STATISTICAL SECTION

Table of Contents.....	145
------------------------	-----

Net Position by Component - Last Ten Fiscal Years	146-147
---	---------

Changes in Net Position - Last Ten Fiscal Years	148-153
---	---------

Fund Balances, Governmental Funds - Last Ten Fiscal Years	154-155
---	---------

STATISTICAL SECTION - (Continued):

Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	156-159
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	160-161
Direct and Overlapping Property Tax Rates - Last Ten Years	162
Principal Property Tax Payers - Current Year and Nine Years Ago	163
Property Tax Levies and Collections - Last Ten Fiscal Years	164-165
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	166
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	167
Direct and Overlapping Governmental Activities Debt - As of June 30, 2018	168
Legal Debt Margin Information - Last Ten Fiscal Years	169
Demographic and Economic Statistics - Last Ten Fiscal Years.....	170
Principal Employers - Current Year and Nine Years Ago	171
Staffing Statistics, Full Time Equivalents by Type and Function -Last Ten Fiscal Years	172-173
Operating Indicators by Function - Last Ten Fiscal Years	174-175
Capital Asset Statistics - Last Ten Fiscal Years	176-177
School Building Information - Last Ten Fiscal Years	178-179
Operating Statistics - Last Ten Fiscal Years	180-181

Fairborn City Schools

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Superintendent: **Gene Lolli**
Treasurer/CFO: **Kevin Philo**
Student Services/Personnel: **Gary Walker**
Business Affairs/Personnel: **Jeff Patrick**
Curriculum: **Sue Brackenhoff**
Public Relations/Grant Writer: **Pam Gayheart**

December 21, 2018

Board of Education Members and Citizens of the Fairborn City School District:

As the Superintendent and Treasurer/CFO of the Fairborn City School District (the "District"), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the District. This report provides full disclosure of the financial operation of the District for the fiscal year ended June 30, 2018. This CAFR, which includes an opinion from Dave Yost, Auditor of State, who performed the District's audit, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. This report is available to the Chamber of Commerce, major taxpayers, the public library, financial rating services, and other interested parties.

The District is located in Southwestern Ohio and is comprised of the City of Fairborn, which is a part of Greene County. As a suburb of Dayton, Fairborn City School District is in Fairborn, Ohio located northeast of Dayton at the intersection of I-70 and I-675. The District serves an area of 40 square miles encompassing both the City of Fairborn and Bath Township. The community has continued to grow over the past 20 years. Fairborn is home to Wright State University, the Ervin J. Nutter Center and Wright Patterson AFB. The Parks & Recreation Department maintains 383.54 acres of park land consisting of 13 parks, a 36 acre nature reserve, and the Kauffman Avenue Bikeway. The City of Fairborn also has a strong Chamber of Commerce that coordinates business partnerships with each of our schools.

The District provides a full range of educational programs and services. These include diverse learning opportunities at the elementary and secondary levels. Educational opportunities range from comprehensive career and technical programs to college preparatory classes with an emphasis on honors and Advanced Placement course work. A broad range of clubs, co-curricular and extracurricular activities are available to students so that they may have a well-rounded educational experience in Fairborn Schools. Special education services are in-depth and provide the support necessary for our students with disabilities to be successful. The District also provides support for adult and community learning. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a non-major governmental fund. The District currently serves approximately 4,334 students in grades pre-K through 12th Grade.

Statutorily, the District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code for the purpose of providing educational services authorized by charter and further mandated by State and/or Federal agencies. A five member Board of Education (the "Board") serves as the taxing authority, contracting body and policy maker for the District. The Board adopts the annual operating budget and approves all expenditures of District monies.

The Superintendent is the chief administrative officer of the District, responsible for both education and support operations. The Treasurer/CFO is the chief financial officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as specified by Ohio law.

Other Board appointed officials includes directors of educational and support services and building principals.

QUALITY IN EDUCATION

The District strive to maintain quality schools that not only reflect the philosophy of the community, but help to maintain property values as well. While the emphasis is on the educational program itself, the District continues to maintain expectations for excellence in our students, staff, and programs. We feel it is appropriate to briefly review some of the District's quality benchmarks that define the foundation upon which the success of our programs are built:

- ❖ Fairborn City Schools is in the process of building two new elementary schools with funding from the Fairborn community and the Ohio Facilities Construction Commission.
- ❖ All schools in our district are designated as "Purple Star" schools from the Ohio Department of Education for our commitment to and our support of our military students and families.
- ❖ Fairborn High School Freshman Focus program helps with the transition from middle school to high school and includes curriculum and discussion topics to help freshmen adapt to high school and to help build a positive culture at Fairborn High School.
- ❖ Fairborn City Schools partners with local service organizations to give back to the Fairborn community-teaching the value of community and community service. From the Fairborn FISH Pantry to the Goodwill Drive to Victory and the "Senior to Senior" Prom, our students are developing leadership skills through community service.
- ❖ Fairborn improved on the Ohio Department of Education report card in 18 of 21 academic areas.
- ❖ Fairborn City Schools has a Military and Family Life Counselor (MFLC) who works with students and families supporting service members and their families and addressing the day-to-day stressors of military life. Alicia Metcalf has hours at each of our school buildings to support our military.
- ❖ The annual Fairborn City Schools "Hall of Honor" recognizes the achievements of outstanding Fairborn graduates and those in the community who have achieved excellence in their chosen field of work. Each year, the Selection and Induction committees work together to plan the ceremony recognizing these outstanding individuals.
- ❖ Fairborn City Schools is increasing technology in all classrooms with the student to Chromebook ratio at 2:1.
- ❖ Technology instruction at the elementary schools is increasing student technology literacy and basic technology skills-very important because of required online state testing.
- ❖ Curriculum is vertically aligned ensuring that students are learning new content at each grade level and increasing communication between grade levels and subject areas.
- ❖ Project Lead the Way STEM curriculum is offered at both Baker Middle School and Fairborn High School. With PLTW, College Credit Plus, Digital Academy and the Greene Country Career Center-Fairborn City Schools offers many options to meet the individual needs of our students.
- ❖ Fairborn City Schools offers excellent special education, gifted, and college preparatory classes.
- ❖ Fairborn works closely with Wright State University and Wright Patterson Air Force Base to enhance the educational opportunities for our students. WSU offers professional development support and College Credit Plus. Wright Patterson Air Force Base provides judges for Science Fair and the WPAFB Educational Outreach office provides teacher workshops, Lego League and the Wizards of Wright programs for our students.
- ❖ The District Leadership Team (DLT) and Building Leadership Team (BLT) examine best instructional practices and building data to enhance student achievement.
- ❖ Fairborn City Schools has a strong partnership with the City of Fairborn and shares the cost of two School Resource Officers who work in our buildings. Officer Zink works with the 5th grade students and the DARE program.
- ❖ Fairborn City Schools has outstanding music programs including orchestra, band and choir. Every year, Fairborn High School presents a high school musical in the spring. Fairborn Intermediate School and Fairborn Primary School also host holiday musicals to highlight the talent of our youngest Skyhawks.
- ❖ Many local community members support Fairborn City Schools by creating scholarships which are awarded each year to graduating seniors. These scholarships are housed at Greene Giving and are a shining commitment of our graduates and community to "pay it forward" for the leaders of tomorrow.

THE REPORTING ENTITY

The District has reviewed its reporting entity definition in order to ensure conformance with GASB. In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units. The District has no component units nor is it a component unit of any other governmental entity. The City of Fairborn has been excluded from the accompanying financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

The District's population has been stable the past several years with only minimal changes from year to year. The U.S. Census completed in 2010, represented a combined population of 71,744 people in 25,000 households living in the City of Fairborn and Bath Township. Bath Township has realized the most residential growth as it encompasses land available for expansion. Unfortunately, the City of Fairborn has limited land available for residential development. On the other hand, commercial development has increased modestly in both Bath Township and the City of Fairborn.

The State of Ohio is in the second year of biennial budget. The District is expecting to receive slightly more funding in fiscal year 2019 than it received in 2018.

MAJOR INITIATIVES FOR THE FUTURE

Full implementation of the newly revised Strategic Plan will keep the District focused on student learning through high-quality, differentiated instruction, efficiency and effectiveness of district operations, and vibrant school-community partnerships.

With the full implementation of these plans and directives, the District will continue the academic excellence and fiscal accountability standards that the community has come to expect of the Fairborn City School District.

LONG-TERM FINANCIAL PLANNING

The Ohio Department of Education requires school districts to submit a five year forecast in October and May each year. The forecast provides three years of historical financial data and five years of revenue and expenditure estimates. The forecast is a benchmark used by administrators and the Fairborn Board of Education to determine the current and future costs of existing educational programs and sustainability of proposed educational initiatives.

FINANCIAL INFORMATION

Internal Accounting and Budgetary Control. The District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Governmental fund operations are presented on the modified accrual basis, whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Proprietary funds and the private-purpose trust fund operations are presented on the accrual basis, whereby revenues are recognized when earned, and expenses when incurred.

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use of disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from the implementation.

The District utilizes a fully automated accounting system, as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted upon receipt from the county Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of fiscal year. Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund level for all budgeted funds. All purchase order requests must be approved by the Director of Business Affairs and certified by the Treasurer/CFO; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the District provides interim financial reports, which detail year-to-date expenditures and encumbrances versus the original appropriation, plus any additional appropriations made to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. As an additional safeguard, a blanket bond covers all employees, and a separate, higher limit bond covers certain individuals in policy-making roles.

The basis of accounting, the basis of presentation of the District's various funds, and information on budgetary accounting can be found in Note 2 to the financial statements.

FINANCIAL REPORTING

The basic financial statements for reporting on the District's financial activities are as follows:

Government-wide financial statements: These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District did not have any business-type activities.

Fund financial statements: These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting. The District has no proprietary funds.

Schedule of budgetary comparisons: This schedule presents comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary comparison for the general fund has been presented as part of the basic financial statements.

Management is responsible for preparing a Discussion and Analysis (MD&A) of the District. This discussion appears after the Independent Auditor's Report in the financial section of this report. The MD&A provides an assessment of the District's finances for 2018. The MD&A is intended to be read in conjunction with this letter of transmittal.

INDEPENDENT AUDIT

State statutes require the District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the district's accounting and budgetary controls. Independent auditor Dave Yost, Auditor of State, was selected to render an opinion on the District's financial statements as of and for the year ended June 30, 2018. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school governments in Ohio. The District adopted and has been in conformance with that system beginning with its financial report for the 1979 year.

USE OF THIS REPORT

This CAFR is published to provide to the School Board, as well as to our residents and other interested persons, detailed information concerning the financial condition of the District. We believe the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of our funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. Copies of the CAFR are available at the District's offices for use by the public.

ACKNOWLEDGMENTS

The publication of the report significantly increases the accountability of the District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office and various administrators and employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to Julian & Grube, Inc. who provided technical assistance on this report. Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully,



Kevin Philo
Treasurer/CFO



Gene Lolli
Superintendent

FAIRBORN CITY SCHOOL DISTRICT

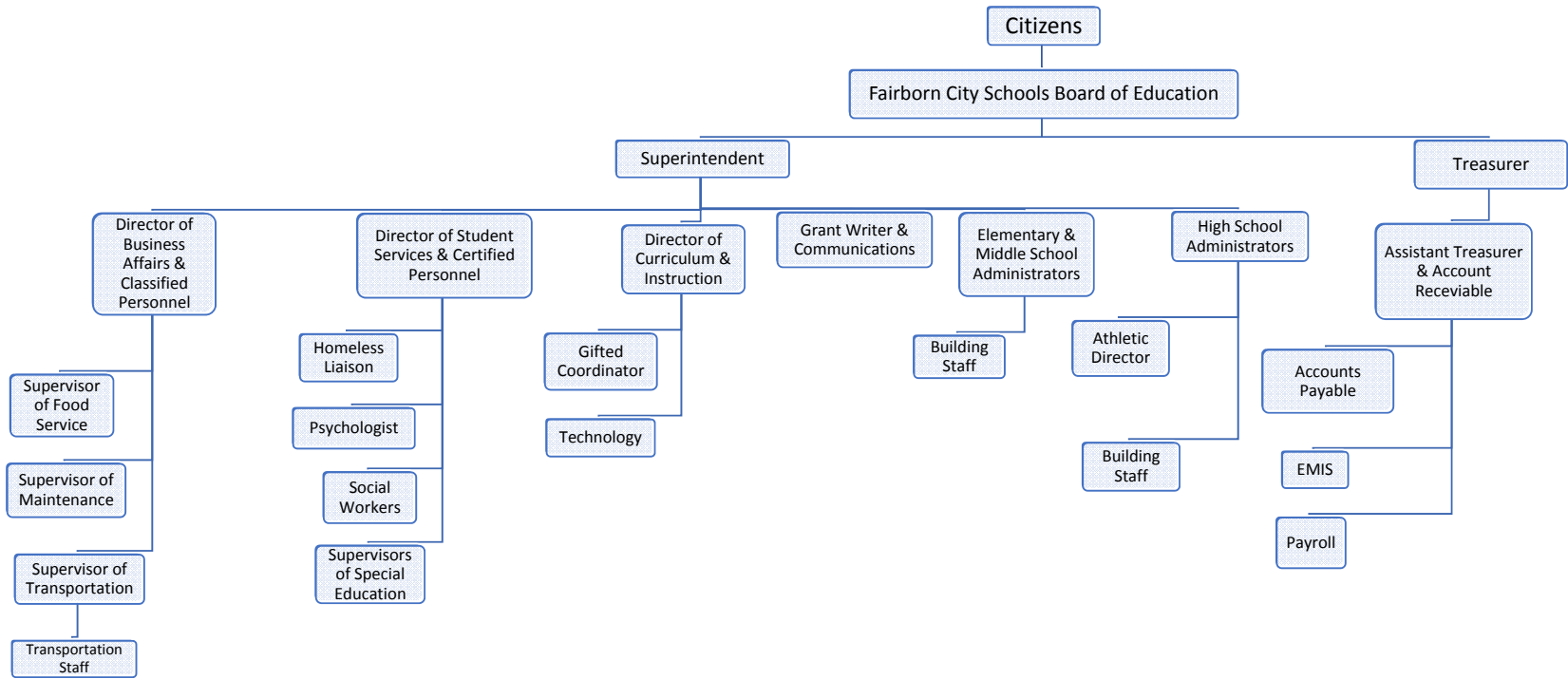
PRINCIPAL OFFICERS

Board of Education

Mr. Andrew Wilson	Board Member, President
Mrs. Katie Mlod	Board Member, Vice President
Mr. Jerry Browning	Board Member
Mr. Pat McCoart	Board Member
Ms. Mary Reaster	Board Member

Administration

Mr. Gene Lolli	Superintendent
Mr. Kevin Philo	Treasurer
Mr. Jeffrey Patrick	Interim Director, Business Affairs and Classified Personnel
Dr. Sue Brackenhoff	Director, Curriculum and Instruction
Mr. Gary Walker	Director, Student Services, Certified Personnel
Mrs. Pamela Gayheart	District Public Relations, Grants, Website





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Fairborn City School District
Greene County
306 East Whittier Avenue
Fairborn, Ohio 45324

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairborn City School District, Greene County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairborn City School District, Greene County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

The Management's Discussion and Analysis of the Fairborn City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position of governmental activities increased \$25,302,197 which represents a 96.47% increase from 2017 as restated (see Note 3.A).
- General revenues accounted for \$46,683,765 in revenue or 83.14% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,465,054 or 16.86% of total revenues of \$56,148,819.
- The District had \$30,846,622 in expenses related to governmental activities; only \$9,465,054 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$46,683,765 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the classroom facilities fund. The general fund had \$46,907,067 in revenues and \$43,465,605 in expenditures and other financing uses. During fiscal year 2018, the general fund's fund balance increased \$3,441,462 from \$20,804,177 to \$24,245,639.
- The classroom facilities fund had \$2,178,760 in revenues and \$1,424,729 in expenditures. During fiscal year 2018, the classroom facilities fund's fund balance increased \$754,031 from \$28,053,854 to \$28,807,885.

Using the Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and classroom facilities fund are by far the most significant funds and are reported as a major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

These two statements report the District's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 23. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and classroom facilities fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements.

Reporting the District's Fiduciary Responsibilities

The District is a trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District acts in a trustee capacity as an agent for individuals. These activities are reported in agency funds. The District's fiduciary activities are reported in separate statement of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

	<u>Net Position - Governmental Activities</u>	
	<u>2018</u>	<u>Restated 2017</u>
<u>Assets</u>		
Current and other assets	\$ 114,065,390	\$ 110,335,634
Capital assets, net	<u>9,947,127</u>	<u>9,541,588</u>
Total assets	<u>124,012,517</u>	<u>119,877,222</u>
<u>Deferred outflows of resources</u>		
Pension	14,111,638	12,299,816
OPEB	<u>488,516</u>	<u>122,672</u>
Total deferred outflows	<u>14,600,154</u>	<u>12,422,488</u>
<u>Liabilities</u>		
Current liabilities	5,443,669	5,157,642
Long-term liabilities:		
Due within one year	1,798,048	2,004,951
Due in more than one year:		
Net pension liability	48,095,525	68,723,482
Net OPEB liability	11,000,810	14,096,728
Other amounts	<u>45,548,052</u>	<u>46,504,923</u>
Total liabilities	<u>111,886,104</u>	<u>136,487,726</u>
<u>Deferred inflows of resources</u>		
Property taxes and PILOTS	20,812,330	19,808,350
Deferred gain on refunding	246,881	276,213
Pensions	4,936,940	1,954,505
OPEB	<u>1,655,303</u>	<u>-</u>
Total deferred inflows	<u>27,651,454</u>	<u>22,039,068</u>
<u>Net Position</u>		
Net investment in capital assets	(1,661,308)	(3,267,779)
Restricted	28,848,602	29,857,426
Unrestricted (deficit)	<u>(28,112,181)</u>	<u>(52,816,731)</u>
Total net position (deficit)	<u>\$ (924,887)</u>	<u>\$ (26,227,084)</u>

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from a deficit of \$12,253,028 to a deficit of \$26,227,084.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's assets plus deferred outflows of resources were less than liabilities plus deferred inflows of resources by \$924,887.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

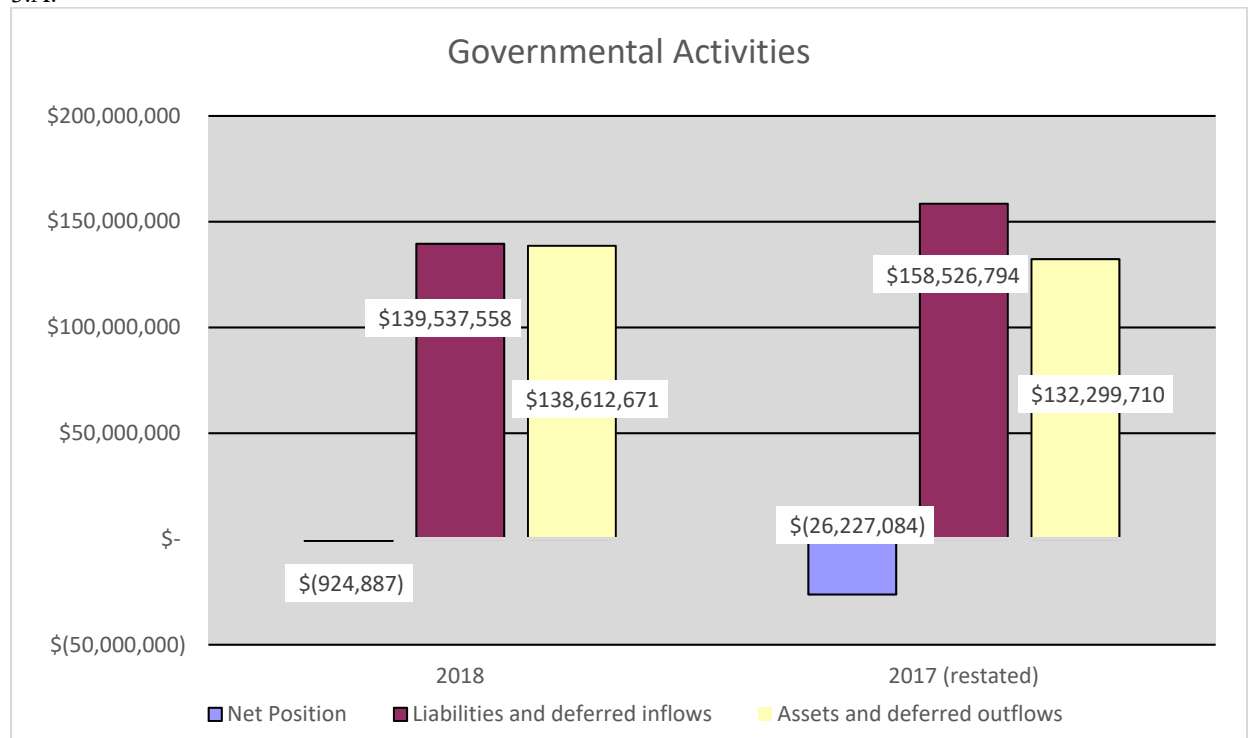
At year-end, capital assets represented 8.02% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2018, was a deficit of \$1,661,308. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Current assets of the District increased \$3,729,756. This increase is primarily the result of an increase in cash and investments due to current operations.

Long-term liabilities decreased primarily due to decrease in the net pension liability as discussed above. This factor is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to District employees, not the District.

A portion of the District's net position, \$28,848,602, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$28,112,181 at June 30, 2018.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.



**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

The table below shows the change in net position for fiscal years 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

	Change in Net Position - Governmental Activities	
	2018	Restated 2017
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,361,421	\$ 954,891
Operating grants and contributions	8,103,633	8,254,478
General revenues:		
Property taxes and PILOTS	19,977,958	20,464,359
Income taxes	4,472,395	3,877,917
Grants and entitlements	21,805,494	44,695,187
Investment earnings	884,803	315,825
(Decrease) in fair value of investments	(574,238)	(236,291)
Miscellaneous	117,353	105,367
Total revenues	<u>56,148,819</u>	<u>78,431,733</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	8,044,802	17,019,438
Special	6,059,993	9,617,254
Vocational	87,909	-
Other	3,520,583	3,873,420
Support services:		
Pupil	1,440,767	2,771,003
Instructional staff	480,154	925,489
Board of education	89,841	74,347
Administration	1,599,420	3,289,477
Fiscal	506,910	880,459
Business	130,093	287,639
Operations and maintenance	2,924,369	3,493,445
Pupil transportation	1,596,271	2,751,908
Central	492,083	503,744
Operation of non-instructional services:		
Food services	1,514,863	1,978,748
Other non-instructional services	81,865	145,327
Extracurricular activities	491,917	842,724
Interest and fiscal charges	<u>1,784,782</u>	<u>806,351</u>
Total expenses	<u>30,846,622</u>	<u>49,260,773</u>
Change in net position	25,302,197	29,170,960
Net position (deficit) at beginning of year (restated)	<u>(26,227,084)</u>	<u>N/A</u>
Net position (deficit) at end of year	<u>\$ (924,887)</u>	<u>\$ (26,227,084)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Governmental Activities

Net position of the District's governmental activities increased \$25,302,197. Total governmental expenses of \$30,846,622 were offset by program revenues of \$9,465,054 and general revenues of \$46,683,765. Program revenues supported 30.68% of the total governmental expenses.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$122,672 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$1,673,188. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$ 30,846,622
Negative OPEB expense under GASB 75	1,673,188
2018 contractually required contributions	<u>133,271</u>
Adjusted 2018 program expenses	32,653,081
Total 2017 program expenses under GASB 45	<u>49,260,773</u>
Decrease in program expenses not related to OPEB	<u>\$ (16,607,692)</u>

Overall, expenses of the governmental activities decreased \$18,414,151 or 37.38%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported (\$15,994,236) in pension expense and (\$1,673,188) in OPEB expense mainly due to these benefit changes by the retirement systems. Fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years. Pension expense is a component of program expenses reported on the statement of activities. To assess fluctuations in program expenses, the increase or decrease in pension expense should be factored into the analysis. Pension expense, by function, for 2018 and 2017 follows:

	2018 Pension Expense	2017 Pension Expense	Increase (Decrease)
Program expenses:			
Instruction:			
Regular	\$ (7,125,569)	\$ 2,062,424	\$ (9,187,993)
Special	(3,173,691)	882,800	(4,056,491)
Vocational	(57,900)	-	(57,900)
Support services:			
Pupil	(1,141,906)	335,384	(1,477,290)
Instructional staff	(323,419)	88,469	(411,888)
Board of education	(3,893)	1,234	(5,127)
Administration	(1,328,700)	375,075	(1,703,775)
Fiscal	(214,489)	64,096	(278,585)
Business	(107,764)	27,790	(135,554)
Operations and maintenance	(757,529)	230,484	(988,013)
Pupil transportation	(907,235)	257,410	(1,164,645)
Central	(140,385)	42,804	(183,189)
Operation of non-instructional services:			
Other non-instructional services	-	16	(16)
Food service operations	(379,551)	116,336	(495,887)
Extracurricular activities	<u>(332,205)</u>	<u>94,229</u>	<u>(426,434)</u>
Total	<u>\$ (15,994,236)</u>	<u>\$ 4,578,551</u>	<u>\$ (20,572,787)</u>

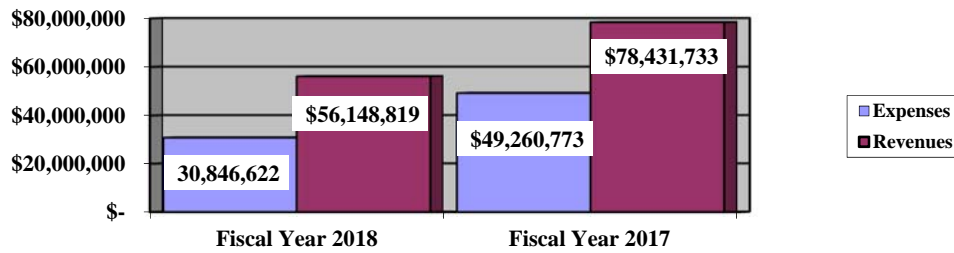
**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 82.15% of total governmental revenue. Grants and entitlements decreased due to the District recognizing the OFCC proceeds in the prior fiscal year. The decrease in fair value of investments is due to the District being required to report investments at fair value rather than cost. The fair value of investments fluctuates throughout the year. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2018 and 2017.

Governmental Activities - Revenues and Expenses



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table on the next page shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As stated above, fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years.

Governmental Activities

	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
	2018	2018	2017	2017
Program expenses				
Instruction:				
Regular	\$ 8,044,802	\$ 7,143,112	\$ 17,019,438	\$ 16,423,816
Special	6,059,993	695,903	9,617,254	4,294,840
Vocational	87,909	(112,383)	-	-
Other	3,520,583	3,520,583	3,873,420	3,671,359
Support services:				
Pupil	1,440,767	1,410,602	2,771,003	2,723,621
Instructional staff	480,154	349,010	925,489	789,069
Board of education	89,841	89,841	74,347	74,347
Administration	1,599,420	1,363,268	3,289,477	3,053,105
Fiscal	506,910	506,910	880,459	880,459
Business	130,093	130,093	287,639	287,639
Operation and maintenance	2,924,369	2,880,736	3,493,445	3,484,177
Pupil transportation	1,596,271	1,441,707	2,751,908	2,561,250
Central	492,083	484,883	503,744	496,544
Operations of non-instructional services				
Food service operations	1,514,863	(505,814)	1,978,748	(90,677)
Other non-instructional services	81,865	(2,760)	145,327	22,857
Extracurricular activities	491,917	201,095	842,724	572,647
Interest and fiscal charges	1,784,782	1,784,782	806,351	806,351
Total expenses	<u>\$ 30,846,622</u>	<u>\$ 21,381,568</u>	<u>\$ 49,260,773</u>	<u>\$ 40,051,404</u>

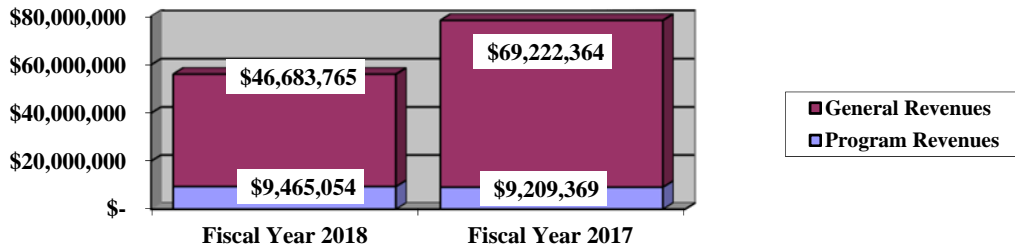
**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, 63.50% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 69.32%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2018 and 2017.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the Balance Sheet on page 29) reported a combined fund balance of \$64,724,203, which is a higher balance than last year's total balance of \$60,784,123. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance <u>June 30, 2018</u>	Fund Balance <u>June 30, 2017</u>	<u>Change</u>
General	\$ 24,245,639	\$ 20,804,177	\$ 3,441,462
Classroom facilities	28,807,885	28,053,854	754,031
Nonmajor governmental	<u>11,670,679</u>	<u>11,926,092</u>	<u>(255,413)</u>
Total	<u>\$ 64,724,203</u>	<u>\$ 60,784,123</u>	<u>\$ 3,940,080</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

General Fund

The District's general fund balance increased \$3,441,462. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 21,108,448	\$ 21,682,897	\$ (574,449)	(2.65) %
Payment in lieu of taxes	112,088	230,664	(118,576)	(51.41) %
Tuition	625,199	190,044	435,155	228.98 %
Earnings on investments	376,670	227,015	149,655	65.92 %
(Decrease) in fair value of investments	(574,238)	(236,291)	(337,947)	143.02 %
Extracurricular activities	127,382	112,344	15,038	13.39 %
Intergovernmental	24,831,660	24,222,773	608,887	2.51 %
Other revenues	<u>299,858</u>	<u>332,634</u>	<u>(32,776)</u>	(9.85) %
Total	<u>\$ 46,907,067</u>	<u>\$ 46,762,080</u>	<u>\$ 144,987</u>	0.31 %
<u>Expenditures</u>				
Instruction	\$ 27,722,840	\$ 26,569,848	\$ 1,152,992	4.34 %
Support services	14,510,975	13,952,772	558,203	4.00 %
Operation of non-instructional services	5,130	22,841	(17,711)	(77.54) %
Extracurricular activities	<u>726,660</u>	<u>627,904</u>	<u>98,756</u>	15.73 %
Total	<u>\$ 42,965,605</u>	<u>\$ 41,173,365</u>	<u>\$ 1,792,240</u>	4.35 %

Revenues of the general fund increased \$144,987 or 0.31%. The most significant area of increase was tuition. Tuition increased \$435,155 or 228.98% due to increased tuition received from other Districts. The increase in earnings on investment is due to increasing interest rates. The decrease in fair value of investments is due to the District being required to report investments at fair value rather than cost. The fair value of investments fluctuates throughout the year. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value. The decrease in payments in lieu of taxes is due to decreased collections on TIF agreements.

Expenditures of the general fund increased \$1,792,240 or 4.35%. Instruction expenditures increased primarily in the area of regular instruction which increased \$860,933. Support services increased primarily in the area of pupil expenditures which increased \$275,882. Operation of non-instructional services decreased significantly percentage wise, but the dollar amount decrease is not significant. Extracurricular activities increased due to increases in student participation.

Classroom facilities fund

The classroom facilities fund had \$2,178,760 in revenues and \$1,424,729 in expenditures. The District received monies from the OFCC related to the construction project and had interest earnings on bond issuance proceeds. These revenue sources exceeded the capital outlay expended in fiscal year 2018. During fiscal year 2018, the classroom facilities fund's fund balance increased \$754,031 from \$28,053,854 to \$28,807,885.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, original and final budgeted revenues and other financing sources were \$46,169,488. Actual revenues and other financing sources for fiscal year 2018 was \$47,775,657. This represents a \$1,606,169 increase from final budgeted revenues. Actual property tax revenues and intergovernmental-state revenues (primarily foundation funding) exceeded final budgeted amounts by the most significant amounts.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$46,572,778 were the same as final budgeted appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled \$44,935,156, which was \$1,637,622 less than the final budget appropriations. Operations and maintenance expenditures reported the most significant variance with actual expenditures being \$685,905 less than the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the District had \$9,947,127 invested in land, CIP, land improvements, buildings and improvements, furniture, equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2018 balances compared to June 30, 2017:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2018	2017
Land	\$ 299,675	\$ 299,675
CIP	1,545,899	92,478
Land improvements	1,203,168	1,507,096
Building and improvements	3,303,178	3,897,649
Furniture, equipment, and vehicles	3,595,207	3,744,690
Total	\$ 9,947,127	\$ 9,541,588

Total additions to capital assets for 2018 were \$1,934,826. The District recorded \$1,529,287 in depreciation expense for fiscal year 2018.

Refer to Note 8 in the basic financial statements for further detail on the District's capital assets.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Debt Administration

At June 30, 2018, the District had \$43,021,331 in general obligation bonds outstanding. Of this total, \$1,445,000 is due within one year and \$41,576,331 is due within more than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
General obligation bonds	\$ 43,021,331	\$ 44,646,331
Total	<u>\$ 43,021,331</u>	<u>\$ 44,646,331</u>

At June 30, 2018, the District's voted debt margin was \$13,659,715 with an unvoted debt margin of \$611,501.

See Note 9 to the basic financial statements for further detail on the District's debt administration.

Current Financial Related Activities

Financially, the future of the District is not without challenges. Management must diligently plan future expenditures and work desperately to operate within the constraints of the resources available. The District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Kevin Philo, Treasurer Fairborn City School District, 306 E. Whittier Ave., Fairborn, Ohio 45324.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 66,391,475
Receivables:	
Property taxes	22,412,790
Income taxes	1,721,055
Payment in lieu of taxes	323,694
Accounts	22,486
Accrued interest	123,698
Intergovernmental	22,823,079
Prepayments	221,861
Materials and supplies inventory	6,587
Inventory held for resale	18,665
Capital assets:	
Nondepreciable capital assets	1,845,574
Depreciable capital assets, net	8,101,553
Capital assets, net	9,947,127
Total assets	124,012,517
Deferred outflows of resources:	
Pension (Note 11)	14,111,638
OPEB (Note 12)	488,516
Total deferred outflows of resources	14,600,154
Liabilities:	
Accounts payable	313,370
Contracts payable	239,402
Retainage payable	1,920
Accrued wages and benefits payable	4,068,646
Intergovernmental payable	103,301
Pension and postemployment benefits payable	646,061
Accrued interest payable	70,969
Long-term liabilities:	
Due within one year	1,798,048
Due in more than one year:	
Net pension liability (Note 11)	48,095,525
Net OPEB liability (Note 12)	11,000,810
Other amounts due in more than one year	45,548,052
Total liabilities	111,886,104
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	20,488,636
Payment in lieu of taxes levied for the next fiscal year	323,694
Unamortized deferred gain on debt refunding	246,881
Pension (Note 11)	4,936,940
OPEB (Note 12)	1,655,303
Total deferred inflows of resources	27,651,454
Net position:	
Net investment in capital assets	(1,661,308)
Restricted for:	
Capital projects	25,771,001
Permanent fund - nonexpendable	12,397
Classroom facilities maintenance	250,978
Debt service	278,901
Locally funded programs	17,534
State funded programs	60,652
Federally funded programs	461,138
Student activities	130,505
Other purposes	1,865,496
Unrestricted (deficit)	(28,112,181)
Total net position (deficit)	\$ (924,887)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 8,044,802	\$ 698,863	\$ 202,827	\$ (7,143,112)
Special	6,059,993	2,634	5,361,456	(695,903)
Vocational	87,909	-	200,292	112,383
Other	3,520,583	-	-	(3,520,583)
Support services:				
Pupil	1,440,767	-	30,165	(1,410,602)
Instructional staff	480,154	-	131,144	(349,010)
Board of education	89,841	-	-	(89,841)
Administration	1,599,420	98,364	137,788	(1,363,268)
Fiscal	506,910	-	-	(506,910)
Business	130,093	-	-	(130,093)
Operations and maintenance	2,924,369	6,761	36,872	(2,880,736)
Pupil transportation	1,596,271	4,761	149,803	(1,441,707)
Central	492,083	-	7,200	(484,883)
Operation of non-instructional services:				
Food service operations	1,514,863	288,182	1,732,495	505,814
Other non-instructional services	81,865	-	84,625	2,760
Extracurricular activities	491,917	261,856	28,966	(201,095)
Interest and fiscal charges	1,784,782	-	-	(1,784,782)
Total governmental activities	\$ 30,846,622	\$ 1,361,421	\$ 8,103,633	(21,381,568)
General revenues:				
Property taxes levied for:				
General purposes				16,924,108
Debt service				2,777,979
Facilities maintenance				145,329
Payments in lieu of taxes				130,542
Income taxes levied for:				
General purposes				4,472,395
Grants and entitlements not restricted				
to specific programs				21,805,494
Investment earnings				884,803
(Decrease) in fair value of investments				(574,238)
Miscellaneous				117,353
Total general revenues				46,683,765
Change in net position				25,302,197
Net position (deficit) at				
beginning of year (restated)				(26,227,084)
Net position (deficit) at end of year				\$ (924,887)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 25,270,534	\$ 29,041,282	\$ 12,079,659	\$ 66,391,475
Receivables:				
Property taxes	19,080,752	-	3,332,038	22,412,790
Income taxes	1,721,055	-	-	1,721,055
Payment in lieu of taxes	277,934	-	45,760	323,694
Accounts	22,441	-	45	22,486
Accrued interest	123,698	-	-	123,698
Interfund loans	303,554	-	-	303,554
Intergovernmental	389,926	21,069,026	1,364,127	22,823,079
Prepayments	211,968	-	9,893	221,861
Materials and supplies inventory	-	-	6,587	6,587
Inventory held for resale	-	-	18,665	18,665
Total assets	<u>\$ 47,401,862</u>	<u>\$ 50,110,308</u>	<u>\$ 16,856,774</u>	<u>\$ 114,368,944</u>
Liabilities:				
Accounts payable	\$ 197,537	\$ -	\$ 115,833	\$ 313,370
Contracts payable	-	231,523	7,879	239,402
Retainage payable	-	1,874	46	1,920
Accrued wages and benefits payable	3,647,068	-	421,578	4,068,646
Compensated absences payable	86,015	-	-	86,015
Intergovernmental payable	96,270	-	7,031	103,301
Pension and postemployment benefits payable	544,784	-	101,277	646,061
Interfund loans payable	-	-	303,554	303,554
Total liabilities	<u>4,571,674</u>	<u>233,397</u>	<u>957,198</u>	<u>5,762,269</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	17,439,906	-	3,048,730	20,488,636
Payment in lieu of taxes levied for the next fiscal year	277,934	-	45,760	323,694
Delinquent property tax revenue not available	443,752	-	81,038	524,790
Income tax revenue not available	327,545	-	-	327,545
Intergovernmental revenue not available	-	21,069,026	1,053,369	22,122,395
Interest revenue not available	95,412	-	-	95,412
Total deferred inflows of resources	<u>18,584,549</u>	<u>21,069,026</u>	<u>4,228,897</u>	<u>43,882,472</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	6,587	6,587
Prepays	211,968	-	9,893	221,861
Endowments	-	-	12,397	12,397
Restricted:				
Debt service	-	-	1,645,987	1,645,987
Capital improvements	-	28,807,885	8,084,582	36,892,467
Classroom facilities maintenance	-	-	246,923	246,923
Food service operations	-	-	1,901,969	1,901,969
Non-public schools	-	-	6,231	6,231
Other purposes	-	-	24,734	24,734
Extracurricular	-	-	130,505	130,505
Special trust	-	-	4,277	4,277
Committed:				
Termination benefits	831,664	-	-	831,664
Assigned:				
Student instruction	236,277	-	-	236,277
Student and staff support	756,244	-	-	756,244
Extracurricular activities	19,807	-	-	19,807
Subsequent year's appropriations	2,037,498	-	-	2,037,498
Other purposes	775	-	-	775
Unassigned (deficit)	20,151,406	-	(403,406)	19,748,000
Total fund balances	<u>24,245,639</u>	<u>28,807,885</u>	<u>11,670,679</u>	<u>64,724,203</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 47,401,862</u>	<u>\$ 50,110,308</u>	<u>\$ 16,856,774</u>	<u>\$ 114,368,944</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total governmental fund balances		\$	64,724,203
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			9,947,127
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Delinquent property taxes receivable	\$	524,790	
Income taxes receivable		327,545	
Accrued interest receivable		95,412	
Intergovernmental receivable		22,122,395	
Total			23,070,142
Unamortized premiums on bonds issued are not recognized in the funds.			(1,630,150)
Unamortized deferred gains on debt refundings are not recognized in the funds.			(246,881)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(70,969)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - pension		14,111,638	
Deferred inflows - pension		(4,936,940)	
Net pension liability		(48,095,525)	
Total			(38,920,827)
The net OPEB liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - OPEB		488,516	
Deferred inflows - OPEB		(1,655,303)	
Net OPEB liability		(11,000,810)	
Total			(12,167,597)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(43,294,996)	
Compensated absences		(2,334,939)	
Total			(45,629,935)
Net position of governmental activities		\$	(924,887)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 16,963,598	\$ -	\$ 2,920,773	\$ 19,884,371
Income taxes	4,144,850	-	-	4,144,850
Payment in lieu of taxes	112,088	-	18,454	130,542
Tuition	625,199	-	-	625,199
Transportation fees	4,761	-	-	4,761
Earnings on investments	376,670	402,755	129,466	908,891
(Decrease) in fair value of investements	(574,238)	-	-	(574,238)
Charges for services	-	-	288,182	288,182
Extracurricular	127,382	-	146,206	273,588
Classroom materials and fees	59,428	-	8,066	67,494
Rental income	3,833	-	-	3,833
Contributions and donations	16,119	-	64,069	80,188
Contract services	98,364	-	-	98,364
Other local revenues	117,353	-	1,024	118,377
Intergovernmental - state	24,602,843	1,776,005	471,389	26,850,237
Intergovernmental - federal	228,817	-	4,383,998	4,612,815
Total revenues	<u>46,907,067</u>	<u>2,178,760</u>	<u>8,431,627</u>	<u>57,517,454</u>
Expenditures:				
Current:				
Instruction:				
Regular	16,541,669	-	216,456	16,758,125
Special	7,571,953	-	2,376,544	9,948,497
Vocational	152,400	-	-	152,400
Other	3,456,818	-	-	3,456,818
Support services:				
Pupil	2,855,117	-	28,075	2,883,192
Instructional staff	672,954	-	129,596	802,550
Board of education	93,211	-	-	93,211
Administration	3,114,441	-	135,712	3,250,153
Fiscal	752,525	-	22,159	774,684
Business	292,633	-	-	292,633
Operations and maintenance	3,315,916	-	498,586	3,814,502
Pupil transportation	2,756,187	-	-	2,756,187
Central	657,991	-	14,400	672,391
Operation of non-instructional services:				
Food service operations	-	-	1,998,896	1,998,896
Other non-instructional services	5,130	-	75,516	80,646
Extracurricular activities	726,660	-	151,622	878,282
Facilities acquisition and construction	-	1,424,729	28,692	1,453,421
Debt service:				
Principal retirement	-	-	1,625,000	1,625,000
Interest and fiscal charges	-	-	1,885,786	1,885,786
Total expenditures	<u>42,965,605</u>	<u>1,424,729</u>	<u>9,187,040</u>	<u>53,577,374</u>
Excess of revenues over (under) expenditures	<u>3,941,462</u>	<u>754,031</u>	<u>(755,413)</u>	<u>3,940,080</u>
Other financing sources (uses):				
Transfers in	-	-	500,000	500,000
Transfers (out)	(500,000)	-	-	(500,000)
Total other financing sources (uses)	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	3,441,462	754,031	(255,413)	3,940,080
Fund balances at beginning of year	<u>20,804,177</u>	<u>28,053,854</u>	<u>11,926,092</u>	<u>60,784,123</u>
Fund balances at end of year	<u>\$ 24,245,639</u>	<u>\$ 28,807,885</u>	<u>\$ 11,670,679</u>	<u>\$ 64,724,203</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	\$	3,940,080
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,934,826	
Current year depreciation	(1,529,287)	
Total		405,539
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(36,955)	
Income taxes	327,545	
Interest revenue	5,333	
Intergovernmental revenues	(1,787,230)	
Total		(1,491,307)
Repayment of long-term debt principal is an expenditure in the governmental funds; however, the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
		1,625,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	27,165	
Accreted interest on capital appreciation bonds	(132,292)	
Amortization of bond premiums	176,799	
Amortization of deferred gain on debt refunding	29,332	
Total		101,004
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		3,463,108
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		15,994,236
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		133,271
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		1,673,188
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(541,922)
Change in net position of governmental activities	\$	25,302,197

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Property taxes	\$ 16,757,927	\$ 16,757,927	\$ 17,340,909	\$ 582,982
Income taxes.	3,995,200	3,995,200	4,134,187	138,987
Payment in lieu of taxes.	108,320	108,320	112,088	3,768
Tuition.	604,180	604,180	625,199	21,019
Transportation fees.	39,407	39,407	40,778	1,371
Earnings on investments	360,397	360,397	372,935	12,538
Extracurricular.	102,950	102,950	106,531	3,581
Classroom materials and fees	57,655	57,655	59,661	2,006
Rental income	2,351	2,351	2,433	82
Contract services.	98,645	98,645	102,077	3,432
Other local revenues	67,105	67,105	69,440	2,335
Intergovernmental - state	23,575,593	23,575,593	24,395,753	820,160
Intergovernmental - federal	140,759	140,759	145,656	4,897
Total revenues	<u>45,910,489</u>	<u>45,910,489</u>	<u>47,507,647</u>	<u>1,597,158</u>
Expenditures:				
Current:				
Instruction:				
Regular	16,874,230	16,874,230	16,845,208	29,022
Special.	7,829,416	7,829,416	7,523,619	305,797
Vocational.	-	-	126,190	(126,190)
Other.	3,990,000	3,990,000	3,506,818	483,182
Support services:				
Pupil.	3,111,291	3,111,291	2,910,452	200,839
Instructional staff	705,205	705,205	687,873	17,332
Board of education	96,075	96,075	88,644	7,431
Administration.	3,203,845	3,203,845	3,160,024	43,821
Fiscal	986,613	986,613	764,932	221,681
Business	299,907	299,907	313,029	(13,122)
Operations and maintenance.	4,334,917	4,334,917	3,649,012	685,905
Pupil transportation	2,856,095	2,856,095	2,891,519	(35,424)
Central.	808,349	808,349	762,289	46,060
Operation of non-instructional services:				
Other non-instructional services	580	580	4,892	(4,312)
Extracurricular activities.	618,255	618,255	744,655	(126,400)
Facilities acquisition and construction	2,000	2,000	-	2,000
Total expenditures	<u>45,716,778</u>	<u>45,716,778</u>	<u>43,979,156</u>	<u>1,737,622</u>
Excess of revenues over expenditures	<u>193,711</u>	<u>193,711</u>	<u>3,528,491</u>	<u>3,334,780</u>
Other financing sources (uses):				
Refund of prior year's expenditures	230,818	230,818	238,848	8,030
Transfers in	5,798	5,798	6,000	202
Transfers (out).	(856,000)	(856,000)	(956,000)	(100,000)
Sale of capital assets	22,383	22,383	23,162	779
Total other financing sources (uses)	<u>(597,001)</u>	<u>(597,001)</u>	<u>(687,990)</u>	<u>(90,989)</u>
Net change in fund balance	(403,290)	(403,290)	2,840,501	3,243,791
Fund balance at beginning of year	19,945,966	19,945,966	19,945,966	-
Prior year encumbrances appropriated	1,463,796	1,463,796	1,463,796	-
Fund balance at end of year	<u>\$ 21,006,472</u>	<u>\$ 21,006,472</u>	<u>\$ 24,250,263</u>	<u>\$ 3,243,791</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 20,446	\$ 152,451
Receivables:		
Accounts	-	315
Total assets.	20,446	\$ 152,766
Liabilities:		
Accounts payable.	-	1,580
Due to students.	-	151,186
Total liabilities	-	\$ 152,766
Net position:		
Held in trust for scholarships	20,446	
Total net position.	\$ 20,446	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	
Additions:		
Interest	\$	294
Change in net position		294
Net position at beginning of year.		<u>20,152</u>
Net position at end of year	\$	<u>20,446</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Fairborn City School District (the "District") has grown from a union of the Fairborn, Osborn and Bath Township schools, which took place when the town of Osborn was moved. The earliest school records available are of Bath Township schools' purchase of land on September 1, 1856. The oldest historical record of the Osborn schools is a meeting of the Board of Education of July 27, 1906. The early history of the Fairborn school system consists of a log schoolhouse, one room up and two rooms down, in 1873. When consolidation of the three school systems was suggested there was much of the usual opposition. However, consolidation passed by a small majority and the school year 1923 started under the new plan.

Today the District operates under the current standards prescribed by the Ohio Department of Education as provided in division (D) of sections 3301.07 and 119.01 of the Ohio Revised Code. The District is established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally elected five-member Board form of government and provides educational services as authorized by the Board and further mandated by state and/or federal agencies.

The Board of Education controls the District's five instructional/support facilities staffed by 247 non-certified, 317 certified employees to provide services to approximately 4,334 students in grades K through 12.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The District is associated with three jointly governed organizations, one related organization, and one public entity risk pool. In addition, the District has shared service agreements with the Educational Service Centers of Greene and Montgomery Counties.

JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of over 126 public Districts in 18 counties. The purpose of the council is to obtain reduced prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center, Suite 208, Vandalia, OH 45377.

Greene County Career Center

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating Districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Miami Valley Educational Computer Association

The District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public-school districts within the boundaries of Clark, Clinton, Fayette, Greene, Ross, Madison, Montgomery and Highland Counties.

The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The District paid MVECA \$170,702 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

RELATED ORGANIZATION

Fairborn Digital Academy Community School

The Fairborn Digital Academy Community School (the "Digital Academy") is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the growing need for a comprehensive educational program delivered to students in the 9-12 population primarily through distance learning technologies. The District appoints two non-voting members of the Digital Academy's Board of Directors. Financial information for the Digital Academy can be obtained from Tammy Emrick, Treasurer, Fairborn Digital Academy Community School, 700 Black Lane, Fairborn, Ohio 45324.

B. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District employs the use of two categories of funds: governmental and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, liabilities and deferred inflows of resources is reported as fund balance.

General Fund - The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Classroom facilities fund - The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) financial resources that are restricted, committed, or assigned to disbursements for principal and interest, and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities and for athletic tournament receipts.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide statements, the private-purpose trust fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fiduciary net position. The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, grants, interest, tuition, student fees, and charges for services.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 11 and Note 12 for deferred outflows of resources related the District's net pension liability and net OPEB liability, respectively. These deferred outflows of resources are only reported on the government-wide statement of net position.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 11 and Note 12 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred inflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenses/Expenditures - On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The legal level of budgetary control for all funds is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Greene County Budget Commission for rate determination.

Estimated Resources

The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which indicates the projected receipts of each fund. On or about July 1 this certificate is amended to include any unencumbered balances from the preceding fiscal year. Prior to July 1, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budgeted receipts as shown in the accompanying financial statements do not include July 1 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Lapsing of Appropriations

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

G. Equity in Pooled Cash and Investments

To improve cash management, cash received by the District is pooled. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2018, investments were limited to Federal Home Loan Banks (FHLB), Federal Farm Credit Banks (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit (negotiable CDs), U.S. government money market mutual funds, investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), and STAR Plus. Except for STAR Ohio, investments are reported at fair value.

In fiscal year 2018, the District invested in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

During fiscal year 2018, the District invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$376,670 which includes \$38,876 assigned from other District funds.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For presentation on the balance sheet and statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption and food service inventory held for resale.

I. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 20 years
Buildings and improvements	20 - 40 years
Furniture, equipment and vehicles	5 - 20 years

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave (severance) to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the termination method; i.e., a liability is accrued for earned sick leave to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2018, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgements, compensated absences, net pension liabilities, and net OPEB liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and notes are recognized as a liability on the fund financial statements when due.

L. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net position.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as balances of materials and supplies inventory and prepayments. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$28,848,602 in restricted net position, none was restricted by enabling legislation.

O. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow or deferred inflow of resources.

Q. Non-Public Schools

Within the District boundaries are various non-public schools. Current state legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the District, as directed by the non-public school. The fiduciary responsibility of the District for these monies is reflected in a nonmajor governmental fund for financial reporting purposes.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

S. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

T. Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the District has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 81 "Irrevocable Split-Interest Agreements" GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in Note 12 to the basic financial statements and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported	\$ (12,253,028)
Deferred outflows - payments subsequent to measurement date	122,672
Net OPEB liability	<u>(14,096,728)</u>
Restated net position at July 1, 2017	<u>\$ (26,227,084)</u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balances

Fund balances at June 30, 2018 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public School Preschool	\$ 7,239
Miscellaneous State Grants	641
IDEA Part B	151,308
Limited English Proficiency	4,431
Title I	197,710
Preschool Stimulus	5,273
Improving Teacher Quality	31,906
Miscellaneous Federal Grants	4,898

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the District had \$1,000 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all District deposits was \$7,195,631 and the bank balance of all District deposits was \$7,388,594. Of the bank balance, \$3,636,044 was covered by the FDIC and \$3,752,550 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the District's financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2018, the District had the following investment and maturity:

Measurement/ Investment type	Measurement Amount	6 months or less	Investment Maturities			Greater Than 24 months
			7 to 12 months	13 to 18 months	19 to 24 months	
Fair Value:						
FHLB	\$ 8,665,948	\$ 798,800	\$ 2,576,921	\$ 491,615	\$ 2,330,564	\$ 2,468,048
FFCB	10,539,212	1,993,640	2,301,370	-	-	6,244,202
FHLMC	7,004,542	-	796,676	3,196,886	-	3,010,980
FNMA	8,704,784	-	-	2,859,326	-	5,845,458
Negotiable CDs	4,678,920	1,496,878	-	990,001	-	2,192,041
U.S. Government Money Market Mutual Fund	3,417,075	3,417,075	-	-	-	-
Amortized Cost:						
STAR Ohio	<u>16,357,260</u>	<u>16,357,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 59,367,741</u>	<u>\$ 24,063,653</u>	<u>\$ 5,674,967</u>	<u>\$ 7,537,828</u>	<u>\$ 2,330,564</u>	<u>\$ 19,760,729</u>

The weighted average maturity of investments is 1.40 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB, FFCB, FHLMC, FNMA) and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less. The District's investment policy also requires that the investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk: The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. STAR Ohio and the U.S. government money market mutual funds were rated AAAM by Standard & Poor's. The negotiable CD's were not rated but are fully insured by the FDIC. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2018:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Fair Value:		
FHLB	\$ 8,665,948	14.60
FFCB	10,539,212	17.75
FHLMC	7,004,542	11.80
FNMA	8,704,784	14.66
Negotiable CDs	4,678,920	7.88
U.S. Government Money		
Market Mutual Fund	3,417,075	5.76
Amortized Cost:		
STAR Ohio	<u>16,357,260</u>	<u>27.55</u>
Total	<u>\$ 59,367,741</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2018:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,195,631
Investments	59,367,741
Cash on hand	<u>1,000</u>
Total	<u>\$ 66,564,372</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 66,391,475
Private-Purpose trust	20,446
Agency funds	<u>152,451</u>
Total	<u>\$ 66,564,372</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 - RECEIVABLES

Receivables at June 30, 2018 consisted of property taxes, income taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 22,412,790
Income taxes	1,721,055
Payment in lieu of taxes	323,694
Accounts	22,486
Accrued interest	123,698
Intergovernmental	<u>22,823,079</u>
Total	<u>\$ 47,426,802</u>

Receivables have been disaggregated on the face of the basic financial statements. The intergovernmental receivable in the amount of \$21,069,026 reported in the classroom facilities fund is expected to be collected over the next several years as the OFCC construction project is completed. All other receivables are expected to be collected in the subsequent year.

NOTE 6 - INCOME TAXES

The District levies a voted tax of .50% for general operations on the income of residents and of estates. The tax was first approved in 1990. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7 - PROPERTY TAXES - (Continued)

The District receives property taxes from Greene, Montgomery and Clark Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018 are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was \$1,197,094 in the general fund, \$192,622 in the debt service fund (a nonmajor governmental fund) and \$9,648 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2017 was \$1,574,405 in the general fund, \$248,896 in the debt service fund (a nonmajor governmental fund), and \$12,699 in the classroom facilities and maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 579,361,190	96.46	\$ 588,803,760	96.29
Public utility personal	<u>21,287,390</u>	<u>3.54</u>	<u>22,696,900</u>	<u>3.71</u>
Total	<u>\$ 600,648,580</u>	<u>100.00</u>	<u>\$ 611,500,660</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 55.35		\$ 55.25	

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS

The following capital asset activity occurred during fiscal year 2018:

Governmental activities:	<u>Balance</u>		<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>06/30/17</u>				<u>06/30/18</u>
<i>Capital assets, not being depreciated:</i>					
Land	\$ 299,675	\$ -	\$ -	\$ -	\$ 299,675
Construction in progress	<u>92,478</u>	<u>1,453,421</u>	<u>-</u>	<u>-</u>	<u>1,545,899</u>
Total capital assets, not being depreciated	<u>392,153</u>	<u>1,453,421</u>	<u>-</u>	<u>-</u>	<u>1,845,574</u>
<i>Capital assets, being depreciated:</i>					
Land improvements	8,043,319	-	-	-	8,043,319
Building and improvements	27,013,779	-	-	-	27,013,779
Furniture, equipment and vehicles	<u>11,522,793</u>	<u>481,405</u>	<u>(230,059)</u>	<u>(230,059)</u>	<u>11,774,139</u>
Total capital assets, being depreciated	<u>46,579,891</u>	<u>481,405</u>	<u>(230,059)</u>	<u>(230,059)</u>	<u>46,831,237</u>
<i>Less: accumulated depreciation:</i>					
Land improvements	(6,536,223)	(303,928)	-	-	(6,840,151)
Building and improvements	(23,116,130)	(594,471)	-	-	(23,710,601)
Furniture, equipment and vehicles	<u>(7,778,103)</u>	<u>(630,888)</u>	<u>230,059</u>	<u>230,059</u>	<u>(8,178,932)</u>
Total accumulated depreciation	<u>(37,430,456)</u>	<u>(1,529,287)</u>	<u>230,059</u>	<u>230,059</u>	<u>(38,729,684)</u>
Governmental activities capital assets, net	<u>\$ 9,541,588</u>	<u>\$ 405,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,947,127</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 494,943
Special	184,135
Vocational	2,325
Other	63,689

Support service:

Pupil	54,322
Instructional staff	94,600
Board of education	1,468
Administration	62,674
Fiscal	14,238
Business	5,572
Operations and maintenance	105,379
Pupil transportation	329,998
Central	12,725

Operation of non-instructional services:

Food service operations	61,499
Other non-instructional services	1,665
Extracurricular activities	<u>40,055</u>

Total depreciation expense \$ 1,529,287

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS

The District's long-term obligations activity for fiscal year 2018 follows. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A.

<u>Governmental Activities:</u>	Restated Balance <u>06/30/17</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/18</u>	Amount Due Within <u>One Year</u>
<u>General Obligation Bonds</u>					
Series 2015 refunding bonds					
Current interest bonds, 0.75 - 3.5%	\$ 10,740,000	\$ -	\$ (1,100,000)	\$ 9,640,000	\$ 1,110,000
Capital appreciation bonds	169,940	-	-	169,940	-
Accreted interest	135,306	106,602	-	241,908	-
Unamortized premium	602,272	-	(71,557)	530,715	-
Total Series 2015	<u>11,647,518</u>	<u>106,602</u>	<u>(1,171,557)</u>	<u>10,582,563</u>	<u>1,110,000</u>
Series 2017A construction bonds					
Current interest bonds	24,550,000	-	(450,000)	24,100,000	325,000
Capital appreciation bonds	81,391	-	-	81,391	-
Accreted interest	6,067	25,690	-	31,757	-
Unamortized premium	404,264	-	(11,076)	393,188	-
Total Series 2017A	<u>25,041,722</u>	<u>25,690</u>	<u>(461,076)</u>	<u>24,606,336</u>	<u>325,000</u>
Series 2017B construction bonds					
General obligation bonds	9,105,000	-	(75,000)	9,030,000	10,000
Unamortized premium	800,413	-	(94,166)	706,247	-
Total Series 2017B	<u>9,905,413</u>	<u>-</u>	<u>(169,166)</u>	<u>9,736,247</u>	<u>10,000</u>
Total bonds	<u>46,594,653</u>	<u>132,292</u>	<u>(1,801,799)</u>	<u>44,925,146</u>	<u>1,445,000</u>
Net pension liability:					
STRS	55,371,705	-	(17,903,095)	37,468,610	-
SERS	13,351,776	-	(2,724,861)	10,626,915	-
Total net pension liability	<u>68,723,481</u>	<u>-</u>	<u>(20,627,956)</u>	<u>48,095,525</u>	<u>-</u>
Net OPEB liability:					
STRS	8,846,808	-	(2,692,846)	6,153,962	-
SERS	5,249,920	-	(403,072)	4,846,848	-
Total net OPEB liability	<u>14,096,728</u>	<u>-</u>	<u>(3,095,918)</u>	<u>11,000,810</u>	<u>-</u>
Compensated Absences	1,915,221	971,069	(465,336)	2,420,954	353,048
Total Long-Term Obligations	<u>\$ 131,330,083</u>	<u>\$ 1,103,361</u>	<u>\$ (25,991,009)</u>	<u>\$ 106,442,435</u>	<u>\$ 1,798,048</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds

All general obligation bonds are backed by the full faith and credit of the District will be repaid from property taxes in the debt service fund (a nonmajor governmental fund).

Series 2015 Refunding General Obligation Bonds

On June 17, 2015, the District issued \$12,169,940 of general obligation bonds (Series 2015 refunding bonds) to advance refund the callable of the Series 2006 refunding general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 2006 general obligation bonds at June 30, 2018, is \$9,809,940.

The refunding issue is comprised of both current interest bonds serial bonds, par value \$12,000,000, and capital appreciation bonds par value \$169,940. The interest rates on the current interest bonds range from 0.75% - 3.5%. The capital appreciation bonds mature on December 1, 2021 (effective interest rate 30.33%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,175,000. Total accreted interest of \$241,908 has been included in the statement of net position at June 30, 2018.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026. The bonds will be retired from the debt service fund (a nonmajor governmental fund).

The net carrying amount of the old debt (including unamortized premiums removed upon refunding) exceeded the reacquisition price by \$334,877. This deferred gain on refunding is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized portion of the deferred gain is reported as a deferred inflow on the statement of net position.

The future debt service requirements for retirement of the Series 2015 refunding bonds follows:

Fiscal Year	General Obligation Bonds			Capital Appreciation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Ending June 30,						
2019	\$ 1,110,000	\$ 255,970	\$ 1,365,970	\$ -	\$ -	\$ -
2020	1,150,000	235,590	1,385,590	-	-	-
2021	1,120,000	210,930	1,330,930	-	-	-
2022	-	197,770	197,770	169,940	1,005,060	1,175,000
2023	1,175,000	180,732	1,355,732	-	-	-
2024 - 2027	5,085,000	344,762	5,429,762	-	-	-
Total	<u>\$ 9,640,000</u>	<u>\$ 1,425,754</u>	<u>\$ 11,065,754</u>	<u>\$ 169,940</u>	<u>\$ 1,005,060</u>	<u>\$ 1,175,000</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Series 2017A Construction General Obligation Bonds

On February 22, 2017, the District issued \$24,550,000 of current interest bonds and \$81,391 of capital appreciation bonds to perform school improvement projects. The interest rates on the current interest bonds range from 2.00% - 4.00%. The capital appreciation bonds matured on December 1, 2024 (effective interest rate 29.37%) and December 1, 2025 (effective interest rate 29.38%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2024 is \$445,000. The accreted value at maturity for the capital appreciation bond maturing December 1, 2025 is \$205,000. Total accreted interest of \$31,757 has been included in the statement of net position at June 30, 2018.

The general obligation bonds were issued for the purpose of constructing two new elementary schools, one new middle school, one new high school, and to abate and demolish six existing school buildings. As of June 30, 2018, the District had \$23,326,814 of unspent bond proceeds on the bond issue.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2053. The bonds will be retired from the debt service fund (a nonmajor governmental fund).

The future debt service requirements for retirement of the Series 2017A construction bonds follows:

Fiscal Year Ending June 30,	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 325,000	\$ 915,188	\$ 1,240,188	\$ -	\$ -	\$ -
2020	340,000	905,288	1,245,288	-	-	-
2021	345,000	898,438	1,243,438	-	-	-
2022	380,000	891,188	1,271,188	-	-	-
2023	305,000	884,338	1,189,338	-	-	-
2024 - 2028	30,000	4,404,388	4,434,388	81,391	568,609	650,000
2029 - 2033	50,000	4,397,060	4,447,060	-	-	-
2034 - 2038	50,000	4,388,314	4,438,314	-	-	-
2039 - 2043	4,380,000	4,044,762	8,424,762	-	-	-
2044 - 2048	6,910,000	2,872,242	9,782,242	-	-	-
2049 - 2053	8,940,000	1,338,400	10,278,400	-	-	-
2054	2,045,000	40,900	2,085,900	-	-	-
Total	\$ 24,100,000	\$ 25,980,506	\$ 50,080,506	\$ 81,391	\$ 568,609	\$ 650,000

Series 2017B Construction General Obligation Bonds

On March 14, 2017, the District issued \$9,105,000 of current interest bonds to perform school improvement projects. This issue is comprised of general obligation bonds with interest rates ranging from 2.00% to 4.00%. The general obligation bonds were issued for the purpose of constructing two new elementary schools, one new middle school, one new high school, and to abate and demolish six existing school buildings. As of June 30, 2018, the District had \$9,105,000 of unspent bond proceeds on the bond issue.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2025. The bonds will be retired from the debt service fund (a nonmajor governmental fund).

The future debt service requirements for retirement of the Series 2017B construction bonds follows:

Fiscal Year Ending June 30.	General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 10,000	\$ 352,426	\$ 362,426
2020	10,000	352,226	362,226
2021	10,000	352,025	362,025
2022	10,000	351,825	361,825
2023	90,000	350,825	440,825
2024 - 2026	8,900,000	854,813	9,754,813
Total	<u>\$ 9,030,000</u>	<u>\$ 2,614,140</u>	<u>\$ 11,644,140</u>

Net Pension Liability

See Note 11 for further information on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability

See Note 12 for further information on the District's net OPEB liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences

Compensated absences are primarily paid from the termination benefits fund which, on a GAAP-basis, is included as part of the District's general fund.

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018, are a voted debt margin of \$13,659,715 (including available funds of \$1,645,987), and an unvoted debt margin of \$611,501.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2018, the District carried property and general liability insurance and boiler and machinery insurance.

Professional liability is protected by Arthur J. Gallagher, with \$1,000,000 each occurrence, and \$3,000,000 in annual aggregate limit. An additional “umbrella” policy through Genesis Insurance Company has \$5,000,000 per occurrence and \$5,000,000 aggregate limit.

The District contracted with Arthur J. Gallagher for building and property insurance. Commercial property is insured at a limit of \$136,044,322 with a \$1,000 deductible on everything except boiler and machinery that have a \$3,500 deductible.

Automobile liability is covered by Selective Insurance Company for replacement cost with a \$1,000 comprehensive deductible, \$1,000 collision deductible, and combined single limit each accident of \$1,000,000.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

B. Workers' Compensation

The District participates in the Ohio School Comp Workers' Compensation Group Retro Rating Program (GRP), an insurance purchasing pool provided by Ohio School Board Association (OSBA). The GRP's business and affairs are conducted by a Board of Trustees consisting of a President and regional representatives. OSBA's executive director and regional managers serve on the board in an ex officio capacity. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program. CompManagement, a Sedgwick Company, administers the GRP.

C. Employee Medical/Dental Benefits

The District purchases medical and dental benefits through the SOEPC. Medical benefits are provided through Anthem and dental benefits are provided through Delta Dental. The District has two health plans, HSA and PPO. For the HSA plan, the District pays 80% of the premiums for all eligible employees. For the PPO plan, the District pays 80% of family or single plans with the exception of 9-month classified employees. For classified employees working less than 10 months, the District pays 80% of a single PPO plan and 50% of a family PPO plan. The District provides 100% of the cost of dental insurance to employees. The risk of loss transfers to the insurance carrier upon payment of the premiums.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$865,051 for fiscal year 2018. Of this amount, \$100,321 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was \$2,598,057 for fiscal year 2018. Of this amount, \$440,792 is reported as pension and postemployment benefits payable.

Net Pension Liability

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.18242430%	0.16542193%	
Proportion of the net pension liability current measurement date	<u>0.17786290%</u>	<u>0.15772794%</u>	
Change in proportionate share	<u>(0.00456140)%</u>	<u>(0.00769399)%</u>	
Proportionate share of the net pension liability	\$ 10,626,915	\$ 37,468,610	\$ 48,095,525
Pension expense	\$ (488,400)	\$ (15,505,836)	\$ (15,994,236)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 457,345	\$ 1,446,863	\$ 1,904,208
Changes of assumptions	549,525	8,194,797	8,744,322
District contributions subsequent to the measurement date	<u>865,051</u>	<u>2,598,057</u>	<u>3,463,108</u>
Total deferred outflows of resources	<u>\$ 1,871,921</u>	<u>\$ 12,239,717</u>	<u>\$ 14,111,638</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 301,982	\$ 301,982
Net difference between projected and actual earnings on pension plan investments	50,442	1,236,507	1,286,949
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>231,791</u>	<u>3,116,218</u>	<u>3,348,009</u>
Total deferred inflows of resources	<u>\$ 282,233</u>	<u>\$ 4,654,707</u>	<u>\$ 4,936,940</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$3,463,108 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	\$ 320,296	\$ 647,879	\$ 968,175
2020	548,434	2,329,957	2,878,391
2021	103,643	1,803,654	1,907,297
2022	(247,736)	205,463	(42,273)
Total	\$ 724,637	\$ 4,986,953	\$ 5,711,590

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 14,747,397	\$ 10,626,915	\$ 7,175,172

Actuarial Assumptions - STRS Ohio

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll increases	3 percent	3.5 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 53,709,978	\$ 37,468,610	\$ 23,787,693

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was \$101,232.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$133,271 for fiscal year 2018. Of this amount, \$104,948 is reported as pension and postemployment benefits payable.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.18418380%	0.16542193%	
Proportion of the net OPEB liability current measurement date	<u>0.18060070%</u>	<u>0.15772794%</u>	
Change in proportionate share	<u>(0.00358310)%</u>	<u>(0.00769399)%</u>	
Proportionate share of the net OPEB liability	\$ 4,846,848	\$ 6,153,962	\$ 11,000,810
OPEB expense	\$ 263,451	\$ (1,936,639)	\$ (1,673,188)

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 355,245	\$ 355,245
District contributions subsequent to the measurement date	<u>133,271</u>	<u>-</u>	<u>133,271</u>
Total deferred outflows of resources	<u>\$ 133,271</u>	<u>\$ 355,245</u>	<u>\$ 488,516</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 12,799	\$ 263,034	\$ 275,833
Changes of assumptions	459,941	495,723	955,664
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>71,111</u>	<u>352,695</u>	<u>423,806</u>
Total deferred inflows of resources	<u>\$ 543,851</u>	<u>\$ 1,111,452</u>	<u>\$ 1,655,303</u>

\$133,271 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (195,610)	\$ (147,954)	\$ (343,564)
2020	(195,610)	(147,954)	(343,564)
2021	(149,432)	(147,954)	(297,386)
2022	(3,199)	(147,952)	(151,151)
2023	-	(82,195)	(82,195)
Thereafter	<u>-</u>	<u>(82,198)</u>	<u>(82,198)</u>
Total	<u>\$ (543,851)</u>	<u>\$ (756,207)</u>	<u>\$ (1,300,058)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five-year period ended June 30, 2015.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015 and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	\$ 5,853,186	\$ 4,846,848	\$ 4,049,571
		Current Trend Rate	
	1% Decrease (6.5 % decreasing to 4.0 %)	(7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	\$ 3,932,854	\$ 4,846,848	\$ 6,056,535

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	\$ 8,261,595	\$ 6,153,962	\$ 4,488,243
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 4,275,509	\$ 6,153,962	\$ 8,626,226

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and Administrators earn ten to twenty days of vacation per year, depending upon length of service. Employees may accumulate and carry over up to two years vacation accumulation. At the time of separation, an employee is entitled to compensation at the current rate of pay for all unused vacation accrued for the immediately preceding two years in addition to the prorated portion of earned but unused vacation leave for the current year. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum accumulation. Upon retirement with a minimum of ten years of service with the District or employees who attain age 55 or retire through STRS or SERS payment is made for thirty-three percent of the employee's accumulated sick leave up to a maximum of 84 days for teachers and administrators and 81 days for classified staff.

B. Life Insurance

The District provides life insurance and accidental death insurance to most employees through American United Life Insurance Company with OneAmerica.

NOTE 14 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

B. Litigation

The District is not party to litigation that, in the opinion of management, would have a material effect on the financial condition of the District.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 2,840,501
Net adjustment for revenue accruals	(649,042)
Net adjustment for expenditure accruals	140,977
Net adjustment for other sources/uses	(262,010)
Funds budgeted elsewhere	290,481
Adjustment for encumbrances	<u>1,080,555</u>
GAAP basis	<u>\$ 3,441,462</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the rotary fund, public school support fund and the termination benefits fund.

NOTE 16 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2018, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 303,554</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 16 - INTERFUND TRANSACTIONS – (Continued)

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Transfers for the year ended June 30, 2018 consisted of the following as reported on the fund financial statements:

	Transfer In	Transfer Out
General fund	\$ -	\$ 500,000
Nonmajor governmental funds	500,000	-
Total	\$ 500,000	\$ 500,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2017	\$ -
Current year set-aside requirement	742,721
Current year qualifying expenditures	(1,002,521)
Total	\$ (259,800)
Balance carried forward to fiscal year 2019	\$ -
Set-aside balance June 30, 2018	\$ -

The District issued school improvement general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$55,194,763 at June 30, 2018.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances (net of amounts already included in payables) in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General	\$ 918,788
Classroom facilities	5,949,955
Nonmajor governmental	<u>1,268,491</u>
Total	<u>\$ 8,137,234</u>

NOTE 19 - PERMANENT FUND BALANCE

The District's permanent fund consists of many different donations established for a variety of purposes. The permanent fund includes donor-restricted endowment funds. Net position associated with the permanent fund are classified and reported based on the existence or absence of donor-imposed restrictions. Any additional School Board restrictions are reported in expendable net position under the permanent fund.

The District records the annual income of the permanent fund as expendable net position and appropriated for expenditure upon meeting other donor restrictions. The District reports the original and any future permanently restricted donor funds as nonexpendable net position that are used to generate interest income that is available for expenditure.

The District has a spending policy with respect to expendable amounts available for distribution within the permanent fund. The District has typically expended less than the interest earned; however, all expendable funds could be distributed as long as the other donor restrictions have been satisfied.

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2018, the District has commitments with the following companies for the construction project.

	<u>Contract Amount</u>	<u>Amount Paid as of 2018</u>	<u>Amount Remaining on Contract</u>
SHP Leading Design	\$ 3,998,179	\$ 1,160,073	\$ 2,838,106
Stan and Associates	151,371	16,584	134,787
Hill International	1,429,011	144,198	1,284,813
Monarch Construction	<u>1,996,000</u>	<u>-</u>	<u>1,996,000</u>
Total	<u>\$ 7,574,561</u>	<u>\$ 1,320,855</u>	<u>\$ 6,253,706</u>

These contractual commitments relate to the OFCC project undertaken by the District. In addition to the amounts paid above, the District has recorded contracts and retainage payable in the amounts of \$239,402 and \$1,920, respectively for costs incurred prior to fiscal year end on the OFCC project. Costs incurred by fiscal year end (including contracts payable) have been recorded as construction-in-progress in the District's capital assets (see Note 8).

NOTE 21 – TAX ABATEMENT

The City of Fairborn has entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") program within taxing districts of the District. Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill. Under this program, the City of Fairborn has designated areas to encourage revitalization of the existing structures and the development of new structures.

The District has incurred a reduction in property tax receipts due to an agreement entered into by the City of Fairborn with Exxcel Project Management Design Build LLC. During fiscal year 2018, the District's property tax receipts were reduced under the agreement entered into by the City of Fairborn as follows:

<u>Government Entering Into Agreement</u>	<u>Tax Abatement Program</u>
	<u>CRA</u>
City of Fairborn	<u>\$ 10,000</u>

The District receives compensation from the City of Fairborn in association with the forgone property tax receipts in the form of a revenue sharing agreement. Under the agreement, the District will receive 50 percent of the its lost revenue due to the abatement.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 22 – SIGNIFICANT SUBSEQUENT EVENT

On December 6, 2018 the Board approved the contract with Monarch Construction Company for Phase 2 of the new PK-2 building in the amount of \$23,000,000.

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REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.17786290%	0.18242430%	0.18358850%	0.18390200%	0.18390200%
District's proportionate share of the net pension liability	\$ 10,626,915	\$ 13,351,776	\$ 10,475,738	\$ 9,307,176	\$ 10,936,062
District's covered payroll	\$ 5,954,764	\$ 5,785,543	\$ 5,526,973	\$ 5,343,838	\$ 6,656,228
District's proportionate share of the net pension liability as a percentage of its covered payroll	178.46%	230.78%	189.54%	174.17%	164.30%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.15772794%	0.16542193%	0.16766317%	0.17550355%	0.17550355%
District's proportionate share of the net pension liability	\$ 37,468,610	\$ 55,371,706	\$ 46,337,196	\$ 42,688,537	\$ 50,850,306
District's covered payroll	\$ 17,562,914	\$ 16,907,907	\$ 17,492,843	\$ 17,931,615	\$ 19,845,169
District's proportionate share of the net pension liability as a percentage of its covered payroll	213.34%	327.49%	264.89%	238.06%	256.24%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 865,051	\$ 833,667	\$ 809,976	\$ 728,455
Contributions in relation to the contractually required contribution	<u>(865,051)</u>	<u>(833,667)</u>	<u>(809,976)</u>	<u>(728,455)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,407,785	\$ 5,954,764	\$ 5,785,543	\$ 5,526,973
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 740,656	\$ 921,222	\$ 892,565	\$ 840,459	\$ 705,930	\$ 354,312
<u>(740,656)</u>	<u>(921,222)</u>	<u>(892,565)</u>	<u>(840,459)</u>	<u>(705,930)</u>	<u>(354,312)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,343,838	\$ 6,656,228	\$ 6,636,171	\$ 6,686,229	\$ 5,213,663	\$ 3,600,732
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,598,057	\$ 2,458,808	\$ 2,367,107	\$ 2,448,998
Contributions in relation to the contractually required contribution	<u>(2,598,057)</u>	<u>(2,458,808)</u>	<u>(2,367,107)</u>	<u>(2,448,998)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,557,550	\$ 17,562,914	\$ 16,907,907	\$ 17,492,843
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 2,331,110	\$ 2,579,872	\$ 2,717,821	\$ 2,910,882	\$ 2,850,150	\$ 2,666,605
<u>(2,331,110)</u>	<u>(2,579,872)</u>	<u>(2,717,821)</u>	<u>(2,910,882)</u>	<u>(2,850,150)</u>	<u>(2,666,605)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,931,615	\$ 19,845,169	\$ 20,906,315	\$ 22,391,400	\$ 21,924,231	\$ 20,512,346
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.18060070%	0.18418380%
District's proportionate share of the net OPEB liability	\$ 4,846,848	\$ 5,249,920
District's covered payroll	\$ 5,954,764	\$ 5,785,543
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.39%	90.74%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.15772794%	0.16542193%
District's proportionate share of the net OPEB liability	\$ 6,153,962	\$ 8,846,808
District's covered payroll	\$ 17,562,914	\$ 16,907,907
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.04%	52.32%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 133,271	\$ 122,672	\$ 90,266	\$ 135,718
Contributions in relation to the contractually required contribution	<u>(133,271)</u>	<u>(122,672)</u>	<u>(90,266)</u>	<u>(135,718)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,407,785	\$ 5,954,764	\$ 5,785,543	\$ 5,526,973
Contributions as a percentage of covered payroll	2.08%	2.06%	1.56%	2.46%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 9,033	\$ 115,125	\$ 118,185	\$ 95,613	\$ 146,747	\$ 325,574
<u>(9,033)</u>	<u>(115,125)</u>	<u>(118,185)</u>	<u>(95,613)</u>	<u>(146,747)</u>	<u>(325,574)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,343,838	\$ 6,656,228	\$ 6,636,171	\$ 6,686,229	\$ 5,213,663	\$ 3,600,732
0.17%	1.73%	1.78%	1.43%	2.81%	9.04%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,557,550	\$ 17,562,914	\$ 16,907,907	\$ 17,492,843
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 181,775	\$ 198,452	\$ 209,063	\$ 223,214	\$ 219,242	\$ 205,077
<u>(181,775)</u>	<u>(198,452)</u>	<u>(209,063)</u>	<u>(223,214)</u>	<u>(219,242)</u>	<u>(205,077)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,931,615	\$ 19,845,169	\$ 20,906,315	\$ 22,391,400	\$ 21,924,231	\$ 20,512,346
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTAL INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MAJOR FUNDS

General Fund

The general fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration

Since the legal level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements are presented for the general fund.

OTHER MAJOR FUNDS

Classroom Facilities

To account for the monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Classroom facilities				
Total Revenues and Other Sources	\$ 55,000	\$ 55,000	\$ 2,178,760	\$ 2,123,760
Total Expenditures and Other Uses	<u>12,375,924</u>	<u>12,375,924</u>	<u>7,345,748</u>	<u>5,030,176</u>
Net Change in Fund Balance	(12,320,924)	(12,320,924)	(5,166,988)	7,153,936
Fund balance at beginning of year	22,653,288	22,653,288	22,653,288	-
Prior Year Encumbrances Appropriated	<u>5,493,044</u>	<u>5,493,044</u>	<u>5,493,044</u>	<u>-</u>
Fund balance at end of year	<u>\$ 15,825,408</u>	<u>\$ 15,825,408</u>	<u>\$ 22,979,344</u>	<u>\$ 7,153,936</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in pooled cash and investments.	\$ 2,427,231	\$ 1,453,365	\$ 8,186,666	\$ 12,397	\$ 12,079,659
Receivables:					
Property taxes	151,055	3,180,983	-	-	3,332,038
Payment in lieu of taxes.	2,200	43,560	-	-	45,760
Accounts.	45	-	-	-	45
Intergovernmental	1,364,127	-	-	-	1,364,127
Prepayments.	9,893	-	-	-	9,893
Materials and supplies inventory	6,587	-	-	-	6,587
Inventory held for resale.	18,665	-	-	-	18,665
Total assets.	<u>\$ 3,979,803</u>	<u>\$ 4,677,908</u>	<u>\$ 8,186,666</u>	<u>\$ 12,397</u>	<u>\$ 16,856,774</u>
Liabilities:					
Accounts payable.	\$ 21,674	\$ -	\$ 94,159	\$ -	\$ 115,833
Contracts payable.	-	-	7,879	-	7,879
Retainage payable	-	-	46	-	46
Accrued wages and benefits	421,578	-	-	-	421,578
Intergovernmental payable	7,031	-	-	-	7,031
Pension and postemployment benefits payable.	101,277	-	-	-	101,277
Interfund loan payable	303,554	-	-	-	303,554
Total liabilities	<u>855,114</u>	<u>-</u>	<u>102,084</u>	<u>-</u>	<u>957,198</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	137,352	2,911,378	-	-	3,048,730
Payment in lieu of taxes levied for next fiscal year.	2,200	43,560	-	-	45,760
Delinquent property tax revenue not available	4,055	76,983	-	-	81,038
Intergovernmental revenue not available.	1,053,369	-	-	-	1,053,369
Total deferred inflows of resources.	<u>1,196,976</u>	<u>3,031,921</u>	<u>-</u>	<u>-</u>	<u>4,228,897</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory.	6,587	-	-	-	6,587
Prepays.	9,893	-	-	-	9,893
Endowments	-	-	-	12,397	12,397
Restricted:					
Debt service	-	1,645,987	-	-	1,645,987
Capital improvements	-	-	8,084,582	-	8,084,582
Classroom facilities maintenance	246,923	-	-	-	246,923
Food service operations	1,901,969	-	-	-	1,901,969
Non-public schools	6,231	-	-	-	6,231
Other purposes.	24,734	-	-	-	24,734
Extracurricular	130,505	-	-	-	130,505
Special trusts.	4,277	-	-	-	4,277
Unassigned (deficit)	(403,406)	-	-	-	(403,406)
Total fund balances	<u>1,927,713</u>	<u>1,645,987</u>	<u>8,084,582</u>	<u>12,397</u>	<u>11,670,679</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,979,803</u>	<u>\$ 4,677,908</u>	<u>\$ 8,186,666</u>	<u>\$ 12,397</u>	<u>\$ 16,856,774</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
From local sources:					
Property taxes	\$ 145,256	\$ 2,775,517	\$ -	\$ -	\$ 2,920,773
Payment in lieu of taxes	887	17,567	-	-	18,454
Earnings on investments	29,421	-	99,866	179	129,466
Charges for services	288,182	-	-	-	288,182
Extracurricular	146,206	-	-	-	146,206
Classroom materials and fees	8,066	-	-	-	8,066
Contributions and donations	64,069	-	-	-	64,069
Other local revenues	1,024	-	-	-	1,024
Intergovernmental - state	256,042	215,347	-	-	471,389
Intergovernmental - federal	4,383,998	-	-	-	4,383,998
Total revenues	<u>5,323,151</u>	<u>3,008,431</u>	<u>99,866</u>	<u>179</u>	<u>8,431,627</u>
Expenditures:					
Current:					
Instruction:					
Regular	216,456	-	-	-	216,456
Special	2,376,544	-	-	-	2,376,544
Support services:					
Pupil	28,075	-	-	-	28,075
Instructional staff	129,596	-	-	-	129,596
Administration	135,712	-	-	-	135,712
Fiscal	1,038	21,121	-	-	22,159
Operations and maintenance	32,095	-	466,491	-	498,586
Central	14,400	-	-	-	14,400
Operation of non-instructional services:					
Food service operations	1,998,896	-	-	-	1,998,896
Other non-instructional services	75,516	-	-	-	75,516
Extracurricular activities	145,622	-	6,000	-	151,622
Facilities acquisition and construction	-	-	28,692	-	28,692
Debt service:					
Principal retirement	-	1,625,000	-	-	1,625,000
Interest and fiscal charges	-	1,885,786	-	-	1,885,786
Total expenditures	<u>5,153,950</u>	<u>3,531,907</u>	<u>501,183</u>	<u>-</u>	<u>9,187,040</u>
Excess (deficiency) of revenues over (under) expenditures	169,201	(523,476)	(401,317)	179	(755,413)
Other financing sources:					
Transfers in	-	-	500,000	-	500,000
Net change in fund balances	169,201	(523,476)	98,683	179	(255,413)
Fund balances at beginning of year	<u>1,758,512</u>	<u>2,169,463</u>	<u>7,985,899</u>	<u>12,218</u>	<u>11,926,092</u>
Fund balances at end of year	<u>\$ 1,927,713</u>	<u>\$ 1,645,987</u>	<u>\$ 8,084,582</u>	<u>\$ 12,397</u>	<u>\$ 11,670,679</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

Miscellaneous Grants

To account for a number of small local grants that are restricted for specific expenditures.

District Managed Student Activity

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

Auxiliary Services

To account for State funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by State law.

Public School Preschool

To account for State funds provided to the District for paying the cost of preschool programs for three and four year olds.

Data Communications

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site.

Special Trust

To account for contributions received that can be expended for the benefit of the District's programs. For the District, this includes volunteer appreciation, chemical interventions, and the Hall of Honor.

Miscellaneous State Grants

To account for monies received from State agencies which are not classified elsewhere.

Limited English Proficiency

To account for federal monies to develop and carry out elementary and secondary school programs to meet the educational needs of children of limited English proficiency.

Title VI-B

To account for Federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds (Continued)

Title I

To account for Federal funds for services provided to meet special educational needs of educationally deprived children

EHA Preschool Grant

To account for Federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

Reducing Class Size

To account for a Federal grant aimed at reducing class sizes throughout the District.

Miscellaneous Federal Grants

To account for Federal revenues received through State agencies from the Federal government or directly from the Federal government which are not classified elsewhere.

Food Service

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the District students and staff.

Classroom Facilities Maintenance

To account for revenues earmarked for the maintenance of facilities.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds (Continued)

The following funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since they are reported in the general fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

Termination Benefits

To account for monies used for payment of termination benefits to former employees

Rotary Fund

To account for operations that provide goods or services to other governmental units on a cost-reimbursement basis

Public School Support

To account for specific local revenue sources (other than taxes) generated by individual school buildings (e.g. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Public School Preschool</u>
Assets:				
Equity in pooled cash and investments.	\$ 17,534	\$ 132,530	\$ 6,967	\$ -
Receivables:				
Property taxes	-	-	-	-
Payment in lieu of taxes	-	-	-	-
Accounts.	-	45	-	-
Intergovernmental	-	-	-	83,154
Prepayments.	-	-	65	262
Materials and supplies inventory	-	-	-	-
Inventory held for resale.	-	-	-	-
Total assets.	<u>\$ 17,534</u>	<u>\$ 132,575</u>	<u>\$ 7,032</u>	<u>\$ 83,416</u>
Liabilities:				
Accounts payable.	\$ -	\$ 1,788	\$ 82	\$ -
Accrued wages and benefits	-	250	-	5,311
Intergovernmental payable	-	4	-	57
Pension and postemployment benefits payable.	-	28	654	1,871
Interfund loan payable	-	-	-	38,048
Total liabilities.	<u>-</u>	<u>2,070</u>	<u>736</u>	<u>45,287</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	-	-	-	-
Payment in lieu of taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available.	-	-	-	-
Intergovernmental revenue not available.	-	-	-	45,106
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,106</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	-	-
Prepays.	-	-	65	262
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	6,231	-
Other purposes.	17,534	-	-	-
Extracurricular	-	130,505	-	-
Special trust	-	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,239)</u>
Total fund balances (deficit)	<u>17,534</u>	<u>130,505</u>	<u>6,296</u>	<u>(6,977)</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 17,534</u>	<u>\$ 132,575</u>	<u>\$ 7,032</u>	<u>\$ 83,416</u>

<u>Data Communications</u>	<u>Special Trust</u>	<u>Miscellaneous State Grants</u>	<u>Limited English Proficiency</u>	<u>Title VI-B</u>	<u>Title I</u>
\$ 7,200	\$ 4,277	\$ 3,827	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	12,417	34,689	277,740	728,700
-	-	64	23	3,709	3,745
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,200</u>	<u>\$ 4,277</u>	<u>\$ 16,308</u>	<u>\$ 34,712</u>	<u>\$ 281,449</u>	<u>\$ 732,445</u>
\$ -	\$ -	\$ 2,061	\$ 2,623	\$ -	\$ 1,085
-	-	4,211	1,605	131,943	170,062
-	-	61	23	1,718	2,236
-	-	472	180	17,647	24,327
-	-	-	26,671	83,172	117,769
-	-	<u>6,805</u>	<u>31,102</u>	<u>234,480</u>	<u>315,479</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	10,080	8,018	194,568	610,931
-	-	<u>10,080</u>	<u>8,018</u>	<u>194,568</u>	<u>610,931</u>
-	-	-	-	-	-
-	-	64	23	3,709	3,745
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,200	-	-	-	-	-
-	-	-	-	-	-
-	4,277	-	-	-	-
-	-	(641)	(4,431)	(151,308)	(197,710)
<u>7,200</u>	<u>4,277</u>	<u>(577)</u>	<u>(4,408)</u>	<u>(147,599)</u>	<u>(193,965)</u>
<u>\$ 7,200</u>	<u>\$ 4,277</u>	<u>\$ 16,308</u>	<u>\$ 34,712</u>	<u>\$ 281,449</u>	<u>\$ 732,445</u>

- Continued

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
Assets:				
Equity in pooled cash and investments.	\$ -	\$ -	\$ -	\$ 2,017,621
Receivables:				
Property taxes	-	-	-	-
Payment in lieu of taxes	-	-	-	-
Accounts.	-	-	-	-
Intergovernmental	38,601	145,303	38,656	4,867
Prepayments.	53	388	-	1,584
Materials and supplies inventory	-	-	-	6,587
Inventory held for resale.	-	-	-	18,665
Total assets.	<u>\$ 38,654</u>	<u>\$ 145,691</u>	<u>\$ 38,656</u>	<u>\$ 2,049,324</u>
Liabilities:				
Accounts payable.	\$ 972	\$ 221	\$ 4,898	\$ 7,944
Accrued wages and benefits	3,386	25,564	-	79,246
Intergovernmental payable	49	1,821	-	1,062
Pension and postemployment benefits payable.	866	4,300	-	50,932
Interfund loan payable	2,214	11,073	24,607	-
Total liabilities.	<u>7,487</u>	<u>42,979</u>	<u>29,505</u>	<u>139,184</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	-	-	-	-
Payment in lieu of taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available.	-	-	-	-
Intergovernmental revenue not available.	36,387	134,230	14,049	-
Total deferred inflows of resources.	<u>36,387</u>	<u>134,230</u>	<u>14,049</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	-	6,587
Prepays.	53	388	-	1,584
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	1,901,969
Non-public schools	-	-	-	-
Other purposes.	-	-	-	-
Extracurricular	-	-	-	-
Special trust	-	-	-	-
Unassigned (deficit)	<u>(5,273)</u>	<u>(31,906)</u>	<u>(4,898)</u>	<u>-</u>
Total fund balances (deficit)	<u>(5,220)</u>	<u>(31,518)</u>	<u>(4,898)</u>	<u>1,910,140</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 38,654</u>	<u>\$ 145,691</u>	<u>\$ 38,656</u>	<u>\$ 2,049,324</u>

<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 237,275	2,427,231
151,055	151,055
2,200	2,200
-	45
-	1,364,127
-	9,893
-	6,587
-	18,665
<u>\$ 390,530</u>	<u>\$ 3,979,803</u>
\$ -	\$ 21,674
-	421,578
-	7,031
-	101,277
-	303,554
<u>-</u>	<u>855,114</u>
137,352	137,352
2,200	2,200
4,055	4,055
-	1,053,369
<u>143,607</u>	<u>1,196,976</u>
-	6,587
-	9,893
246,923	246,923
-	1,901,969
-	6,231
-	24,734
-	130,505
-	4,277
-	(403,406)
<u>246,923</u>	<u>1,927,713</u>
<u>\$ 390,530</u>	<u>\$ 3,979,803</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Public School Preschool</u>
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	-	-	-
Earnings on investments	-	1,789	124	-
Charges for services	-	-	-	-
Extracurricular	-	146,206	-	-
Classroom materials and fees	-	8,066	-	-
Contributions and donations	38,504	25,565	-	-
Other local revenues	-	1,024	-	-
Intergovernmental - state	-	-	70,299	146,893
Intergovernmental - federal	-	-	-	-
Total revenues	<u>38,504</u>	<u>182,650</u>	<u>70,423</u>	<u>146,893</u>
Expenditures:				
Current:				
Instruction:				
Regular	546	-	-	-
Special	296	-	16,676	128,793
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	4,449	-
Fiscal	-	-	-	-
Operations and maintenance	29,295	2,800	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	43,157	-
Extracurricular activities	909	144,713	-	-
Total expenditures	<u>31,046</u>	<u>147,513</u>	<u>64,282</u>	<u>128,793</u>
Net change in fund balances	7,458	35,137	6,141	18,100
Fund balances (deficits)				
at beginning of year	<u>10,076</u>	<u>95,368</u>	<u>155</u>	<u>(25,077)</u>
Fund balances (deficits) at end of year	<u>\$ 17,534</u>	<u>\$ 130,505</u>	<u>\$ 6,296</u>	<u>\$ (6,977)</u>

<u>Data Communications</u>	<u>Special Trust</u>	<u>Miscellaneous State Grants</u>	<u>Limited English Proficiency</u>	<u>Title VI-B</u>	<u>Title I</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	61	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,200	-	26,397	-	-	-
-	-	-	36,443	985,439	1,411,396
<u>7,200</u>	<u>61</u>	<u>26,397</u>	<u>36,443</u>	<u>985,439</u>	<u>1,411,396</u>
-	-	-	38,904	-	-
-	-	420	-	934,987	1,262,177
-	-	28,075	-	-	-
-	-	-	300	-	86,498
-	-	-	-	75,147	56,116
-	-	-	-	-	-
-	-	-	-	-	-
14,400	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	12,359
-	-	-	-	-	-
<u>14,400</u>	<u>-</u>	<u>28,495</u>	<u>39,204</u>	<u>1,010,134</u>	<u>1,417,150</u>
(7,200)	61	(2,098)	(2,761)	(24,695)	(5,754)
<u>14,400</u>	<u>4,216</u>	<u>1,521</u>	<u>(1,647)</u>	<u>(122,904)</u>	<u>(188,211)</u>
<u>\$ 7,200</u>	<u>\$ 4,277</u>	<u>\$ (577)</u>	<u>\$ (4,408)</u>	<u>\$ (147,599)</u>	<u>\$ (193,965)</u>

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	-	-	-
Earnings on investments	-	-	-	27,447
Charges for services	-	-	-	288,182
Extracurricular	-	-	-	-
Classroom materials and fees	-	-	-	-
Contributions and donations	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	29,021	181,593	35,058	1,705,048
Total revenues	<u>29,021</u>	<u>181,593</u>	<u>35,058</u>	<u>2,020,677</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	169,349	7,657	-
Special	32,695	-	500	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	30,999	11,799	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	1,998,896
Other non-instructional services	-	-	20,000	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>32,695</u>	<u>200,348</u>	<u>39,956</u>	<u>1,998,896</u>
Net change in fund balances	(3,674)	(18,755)	(4,898)	21,781
Fund balances (deficits)				
at beginning of year	<u>(1,546)</u>	<u>(12,763)</u>	<u>-</u>	<u>1,888,359</u>
Fund balances (deficits) at end of year	<u>\$ (5,220)</u>	<u>\$ (31,518)</u>	<u>\$ (4,898)</u>	<u>\$ 1,910,140</u>

<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 145,256	\$ 145,256
887	887
-	29,421
-	288,182
-	146,206
-	8,066
-	64,069
-	1,024
5,253	256,042
-	4,383,998
<u>151,396</u>	<u>5,323,151</u>
-	216,456
-	2,376,544
-	28,075
-	129,596
-	135,712
1,038	1,038
-	32,095
-	14,400
-	1,998,896
-	75,516
-	145,622
<u>1,038</u>	<u>5,153,950</u>
150,358	169,201
<u>96,565</u>	<u>1,758,512</u>
<u>\$ 246,923</u>	<u>\$ 1,927,713</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Grants				
Total Revenues and Other Sources	\$ -	\$ 38,504	\$ 38,504	\$ -
Total Expenditures and Other Uses	<u>71</u>	<u>46,080</u>	<u>31,046</u>	<u>15,034</u>
Net Change in Fund Balance	(71)	(7,576)	7,458	15,034
Fund balance at beginning of year	10,005	10,005	10,005	-
Prior year encumbrances appropriated.	<u>71</u>	<u>71</u>	<u>71</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,005</u>	<u>\$ 2,500</u>	<u>\$ 17,534</u>	<u>\$ 15,034</u>
District Managed Student Activity				
Total Revenues and Other Sources	\$ 147,400	\$ 147,400	\$ 182,605	\$ 35,205
Total Expenditures and Other Uses	<u>149,292</u>	<u>199,292</u>	<u>155,465</u>	<u>43,827</u>
Net Change in Fund Balance	(1,892)	(51,892)	27,140	79,032
Fund balance at beginning of year	93,346	93,346	93,346	-
Prior year encumbrances appropriated.	<u>3,292</u>	<u>3,292</u>	<u>3,292</u>	<u>-</u>
Fund balance at end of year	<u>\$ 94,746</u>	<u>\$ 44,746</u>	<u>\$ 123,778</u>	<u>\$ 79,032</u>
Auxiliary Services				
Total Revenues and Other Sources	\$ 64,491	\$ 70,319	\$ 70,423	\$ 104
Total Expenditures and Other Uses	<u>70,849</u>	<u>71,168</u>	<u>65,521</u>	<u>5,647</u>
Net Change in Fund Balance	(6,358)	(849)	4,902	5,751
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>849</u>	<u>849</u>	<u>849</u>	<u>-</u>
Fund balance at end of year	<u>\$ (5,509)</u>	<u>\$ -</u>	<u>\$ 5,751</u>	<u>\$ 5,751</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public School Preschool				
Total Revenues and Other Sources	\$ 313,246	\$ 300,484	\$ 217,329	\$ (83,155)
Total Expenditures and Other Uses	<u>180,362</u>	<u>192,362</u>	<u>147,255</u>	<u>45,107</u>
Net Change in Fund Balance	132,884	108,122	70,074	(38,048)
Fund balance (deficit) at beginning of year	(108,484)	(108,484)	(108,484)	-
Prior Year Encumbrances Appropriated	<u>362</u>	<u>362</u>	<u>362</u>	<u>-</u>
Fund balance (deficit)at end of year	<u>\$ 24,762</u>	<u>\$ -</u>	<u>\$ (38,048)</u>	<u>\$ (38,048)</u>
Data Communications				
Total Revenues and Other Sources	\$ -	\$ 3,600	\$ 7,200	\$ 3,600
Total Expenditures and Other Uses	<u>5,400</u>	<u>18,000</u>	<u>14,400</u>	<u>3,600</u>
Net Change in Fund Balance	(5,400)	(14,400)	(7,200)	7,200
Fund balance at beginning of year	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>	<u>-</u>
Fund balance at end of year	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ 7,200</u>	<u>\$ 7,200</u>
Special Trust				
Total Revenues and Other Sources	\$ 100	\$ 100	\$ 61	\$ (39)
Total Expenditures and Other Uses	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net Change in Fund Balance	(400)	(400)	61	461
Fund balance at beginning of year	<u>4,216</u>	<u>4,216</u>	<u>4,216</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,816</u>	<u>\$ 3,816</u>	<u>\$ 4,277</u>	<u>\$ 461</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous State Grants				
Total Revenues and Other Sources	\$ 35,539	\$ 38,867	\$ 26,450	\$ (12,417)
Total Expenditures and Other Uses	<u>27,000</u>	<u>42,641</u>	<u>31,128</u>	<u>11,513</u>
Net Change in Fund Balance	8,539	(3,774)	(4,678)	(904)
Fund balance at beginning of year	<u>3,774</u>	<u>3,774</u>	<u>3,774</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 12,313</u>	<u>\$ -</u>	<u>\$ (904)</u>	<u>\$ (904)</u>
Limited English Proficiency				
Total Revenues and Other Sources	\$ 31,607	\$ 45,171	\$ 10,481	\$ (34,690)
Total Expenditures and Other Uses	<u>20,000</u>	<u>44,461</u>	<u>44,456</u>	<u>5</u>
Net Change in Fund Balance	11,607	710	(33,975)	(34,685)
Fund balance (deficit) at beginning of year	<u>(710)</u>	<u>(710)</u>	<u>(710)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 10,897</u>	<u>\$ -</u>	<u>\$ (34,685)</u>	<u>\$ (34,685)</u>
Title VI-B				
Total Revenues and Other Sources	\$ 1,265,710	\$ 1,265,710	\$ 987,971	\$ (277,739)
Total Expenditures and Other Uses	<u>1,026,638</u>	<u>1,201,253</u>	<u>1,006,686</u>	<u>194,567</u>
Net Change in Fund Balance	239,072	64,457	(18,715)	(83,172)
Fund balance (deficit) at beginning of year	(66,095)	(66,095)	(66,095)	-
Prior year encumbrances appropriated	<u>1,638</u>	<u>1,638</u>	<u>1,638</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 174,615</u>	<u>\$ -</u>	<u>\$ (83,172)</u>	<u>\$ (83,172)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Title I				
Total Revenues and Other Sources	\$ 2,126,910	\$ 2,132,888	\$ 1,404,187	\$ (728,701)
Total Expenditures and Other Uses	<u>1,800,067</u>	<u>2,024,221</u>	<u>1,419,607</u>	<u>604,614</u>
Net Change in Fund Balance	326,843	108,667	(15,420)	(124,087)
Fund balance (deficit) at beginning of year	(108,734)	(108,734)	(108,734)	-
Prior year encumbrances appropriated.	<u>67</u>	<u>67</u>	<u>67</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 218,176</u>	<u>\$ -</u>	<u>\$ (124,087)</u>	<u>\$ (124,087)</u>
EHA Preschool Grant				
Total Revenues and Other Sources	\$ 78,384	\$ 78,384	\$ 39,783	\$ (38,601)
Total Expenditures and Other Uses	<u>55,577</u>	<u>71,250</u>	<u>37,861</u>	<u>33,389</u>
Net Change in Fund Balance	22,807	7,134	1,922	(5,212)
Fund balance (deficit) at beginning of year	(12,710)	(12,710)	(12,710)	-
Prior year encumbrances appropriated.	<u>5,577</u>	<u>5,577</u>	<u>5,577</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 15,674</u>	<u>\$ 1</u>	<u>\$ (5,211)</u>	<u>\$ (5,212)</u>
Reducing Class Size				
Total Revenues and Other Sources	\$ 348,466	\$ 347,607	\$ 202,306	\$ (145,301)
Total Expenditures and Other Uses	<u>337,255</u>	<u>328,299</u>	<u>196,336</u>	<u>131,963</u>
Net Change in Fund Balance	11,211	19,308	5,970	(13,338)
Fund balance (deficit) at beginning of year	(31,563)	(31,563)	(31,563)	-
Prior year encumbrances appropriated.	<u>12,255</u>	<u>12,255</u>	<u>12,255</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (8,097)</u>	<u>\$ -</u>	<u>\$ (13,338)</u>	<u>\$ (13,338)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Federal Grants				
Total Revenues and Other Sources	\$ 28,939	\$ 49,107	\$ 10,451	\$ (38,656)
Total Expenditures and Other Uses	-	49,107	47,791	1,316
Net Change in Fund Balance	28,939	-	(37,340)	(37,340)
Fund balance at beginning of year	-	-	-	-
Fund balance (deficit) at end of year	<u>\$ 28,939</u>	<u>\$ -</u>	<u>\$ (37,340)</u>	<u>\$ (37,340)</u>
Food Service				
Total Revenues and Other Sources	\$ 1,800,000	\$ 1,800,000	\$ 1,888,529	\$ 88,529
Total Expenditures and Other Uses	1,827,159	1,927,159	1,888,790	38,369
Net Change in Fund Balance	(27,159)	(127,159)	(261)	126,898
Fund balance at beginning of year	1,891,409	1,891,409	1,891,409	-
Prior year encumbrances appropriated.	67,159	67,159	67,159	-
Fund balance at end of year	<u>\$ 1,931,409</u>	<u>\$ 1,831,409</u>	<u>\$ 1,958,307</u>	<u>\$ 126,898</u>
Classroom Facilities Maintenance				
Total Revenues and Other Sources	\$ 131,910	\$ 131,910	\$ 154,447	\$ 22,537
Total Expenditures and Other Uses	-	1,200	1,038	162
Net Change in Fund Balance	131,910	130,710	153,409	22,699
Fund balance at beginning of year	83,866	83,866	83,866	-
Fund balance at end of year	<u>\$ 215,776</u>	<u>\$ 214,576</u>	<u>\$ 237,275</u>	<u>\$ 22,699</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Termination Benefits				
Total Revenues and Other Sources	\$ 350,000	\$ 350,000	\$ 450,000	\$ 100,000
Total Expenditures and Other Uses	<u>475,870</u>	<u>475,870</u>	<u>209,822</u>	<u>266,048</u>
Net Change in Fund Balance	(125,870)	(125,870)	240,178	366,048
Fund balance at beginning of year	601,631	601,631	601,631	-
Prior year encumbrances appropriated.	<u>75,870</u>	<u>75,870</u>	<u>75,870</u>	<u>-</u>
Fund balance at end of year	<u>\$ 551,631</u>	<u>\$ 551,631</u>	<u>\$ 917,679</u>	<u>\$ 366,048</u>
Rotary Fund				
Total Expenditures and Other Uses	<u>\$ 775</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 775</u>
Net Change in Fund Balance	(775)	(775)	-	775
Fund balance at beginning of year	<u>775</u>	<u>775</u>	<u>775</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ 775</u>
Public School Support				
Total Revenues and Other Sources	\$ 60,393	\$ 60,393	\$ 46,508	\$ (13,885)
Total Expenditures and Other Uses	<u>54,527</u>	<u>105,697</u>	<u>37,386</u>	<u>68,311</u>
Net Change in Fund Balance	5,866	(45,304)	9,122	54,426
Fund balance at beginning of year	77,937	77,937	77,937	-
Prior year encumbrances appropriated.	<u>4,527</u>	<u>4,527</u>	<u>4,527</u>	<u>-</u>
Fund balance at end of year	<u>\$ 88,330</u>	<u>\$ 37,160</u>	<u>\$ 91,586</u>	<u>\$ 54,426</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTION

Nonmajor Debt Service Fund

A fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds and library bonds payable, as required by Ohio Law.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2018

	Bond Retirement
Assets:	
Equity in pooled cash and investments.	\$ 1,453,365
Receivables:	
Property taxes	3,180,983
Payment in lieu of taxes.	43,560
Total assets.	\$ 4,677,908
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	2,911,378
Payment in lieu of taxes levied for the next fiscal year	43,560
Delinquent property tax revenue not available.	76,983
Total deferred inflows of resources.	3,031,921
Fund balances:	
Restricted:	
Debt service	1,645,987
Total fund balances	1,645,987
Total liabilities, deferred inflows, and fund balances . . .	\$ 4,677,908

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Bond Retirement
Revenues:	
From local sources:	
Property taxes	\$ 2,775,517
Payment in lieu of taxes	17,567
Intergovernmental - State	215,347
Total revenues	3,008,431
Expenditures:	
Current:	
Support services:	
Fiscal	21,121
Debt service:	
Principal retirement	1,625,000
Interest and fiscal charges	1,885,786
Total expenditures	3,531,907
Net change in fund balances	(523,476)
Fund balances at beginning of year	2,169,463
Fund balances at end of year	\$ 1,645,987

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Bond Retirement				
Total Revenues and Other Sources	\$ 2,982,780	\$ 2,982,780	\$ 3,064,705	\$ 81,925
Total Expenditures and Other Uses	<u>3,049,995</u>	<u>3,641,218</u>	<u>3,531,907</u>	<u>109,311</u>
Net Change in Fund Balance	(67,215)	(658,438)	(467,202)	191,236
Fund balance at beginning of year	<u>1,920,567</u>	<u>1,920,567</u>	<u>1,920,567</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,853,352</u>	<u>\$ 1,262,129</u>	<u>\$ 1,453,365</u>	<u>\$ 191,236</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

Nonmajor Capital Projects Funds

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets. The nonmajor capital projects funds are:

Permanent Improvement

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Building Fund

This fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments.	\$ 1,105,080	\$ 7,081,586	\$ 8,186,666
Total assets.	\$ 1,105,080	\$ 7,081,586	\$ 8,186,666
Liabilities:			
Accounts payable.	\$ 94,159	\$ -	\$ 94,159
Contracts payable.	-	7,879	7,879
Retainage payable	-	46	46
Total liabilities.	94,159	7,925	102,084
Fund balances:			
Restricted:			
Capital improvements	1,010,921	7,073,661	8,084,582
Total fund balances	1,010,921	7,073,661	8,084,582
Total liabilities, deferred inflows and fund balances .	\$ 1,105,080	\$ 7,081,586	\$ 8,186,666

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
From local sources:			
Earnings on investments	\$ -	\$ 99,866	\$ 99,866
Total revenues	-	99,866	99,866
Expenditures:			
Current:			
Support services:			
Operations and maintenance	466,491	-	466,491
Extracurricular activities	6,000	-	6,000
Facilities acquisition and construction	-	28,692	28,692
Total expenditures	472,491	28,692	501,183
Excess (deficiency) of revenues over (under) expenditures	(472,491)	71,174	(401,317)
Other financing sources:			
Transfers in.	500,000	-	500,000
Net change in fund balances	27,509	71,174	98,683
Fund balances at beginning of year	983,412	7,002,487	7,985,899
Fund balances at end of year	\$ 1,010,921	\$ 7,073,661	\$ 8,084,582

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Permanent Improvement				
Total Revenues and Other Sources	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Total Expenditures and Other Uses	<u>78,805</u>	<u>1,300,000</u>	<u>1,296,924</u>	<u>3,076</u>
Net Change in Fund Balance	421,195	(800,000)	(796,924)	3,076
Fund balance at beginning of year	933,285	933,285	933,285	-
Prior year encumbrances appropriated	<u>66,715</u>	<u>66,715</u>	<u>66,715</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,421,195</u>	<u>\$ 200,000</u>	<u>\$ 203,076</u>	<u>\$ 3,076</u>
Building				
Total Revenues and Other Sources	\$ 15,000	\$ 15,000	\$ 99,866	\$ 84,866
Total Expenditures and Other Uses	<u>2,603,517</u>	<u>2,603,517</u>	<u>394,456</u>	<u>2,209,061</u>
Net Change in Fund Balance	(2,588,517)	(2,588,517)	(294,590)	2,293,927
Fund balance at beginning of year	6,898,970	6,898,970	6,898,970	-
Prior year encumbrances appropriated	<u>103,517</u>	<u>103,517</u>	<u>103,517</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,413,970</u>	<u>\$ 4,413,970</u>	<u>\$ 6,707,897</u>	<u>\$ 2,293,927</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTION

Permanent Fund

A fund category used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the District or its students.

Teacher Grant

To account for monies received to be used to provide grants to teachers of the District. Only the interest earned may be used to provide grants to teachers. The principal investment must remain intact and cannot be spent.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUND
JUNE 30, 2018

	<u>Teacher Grant</u>
Assets:	
Equity in pooled cash and investments.	\$ 12,397
Total assets.	<u>\$ 12,397</u>
Fund balances:	
Nonspendable:	
Endowments	<u>12,397</u>
Total fund balances	<u>12,397</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 12,397</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Teacher Grant
Revenues:	
From local sources:	
Earnings on investments	\$ 179
Net change in fund balances	179
Fund balances at beginning of year	12,218
Fund balances at end of year	\$ 12,397

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Teacher Grant				
Total Revenues and Other Sources	\$ -	\$ -	\$ 179	\$ 179
Net Change in Fund Balance	-	-	179	179
Fund balance at beginning of year	12,218	12,218	12,218	-
Fund balance at end of year	<u>\$ 12,218</u>	<u>\$ 12,218</u>	<u>\$ 12,397</u>	<u>\$ 179</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Private-purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations. The District has no pension or investment trust funds.

PRIVATE-PURPOSE TRUST FUNDS

Endowment Fund

To account for monies for the Baker Teacher Excellence Award. The income from such a fund may be expended, but the principal must remain intact.

AGENCY FUNDS

District Agency Fund

To account for those assets held by the District as an agent for individuals, private organizations, and other governmental units.

Student Managed Activities Fund

To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2018

	<u>Endowment</u>
Assets:	
Equity in pooled cash and investments	\$ 20,446
Total assets.	<u>20,446</u>
Net Position:	
Held in trust for scholarships	<u>20,446</u>
Total net position.	<u>\$ 20,446</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Endowment
Additions:	
Interest	\$ 294
Change in net position.	294
Net position at beginning of year	20,152
Net position at end of year	\$ 20,446

FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Endowment				
Total Operating and Non-operating Revenues . . .	\$ 350	\$ 350	\$ 294	\$ (56)
Total Operating and Non-operating Expenses . . .	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net change in fund equity	(150)	(150)	294	444
Fund equity at beginning of year.	<u>20,152</u>	<u>20,152</u>	<u>20,152</u>	<u>-</u>
Fund equity at end of year	<u>\$ 20,002</u>	<u>\$ 20,002</u>	<u>\$ 20,446</u>	<u>\$ 444</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Beginning Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2018</u>
District Agency				
Assets:				
Equity in pooled cash and investments.	\$ -	\$ 565	\$ 565	\$ -
Total assets	<u>\$ -</u>	<u>\$ 565</u>	<u>\$ 565</u>	<u>\$ -</u>
Student Managed Activities				
Assets:				
Equity in pooled cash and investments.	\$ 150,087	\$ 222,694	\$ 220,330	\$ 152,451
Accounts receivable	-	315	-	315
Total assets	<u>\$ 150,087</u>	<u>\$ 223,009</u>	<u>\$ 220,330</u>	<u>\$ 152,766</u>
Liabilities:				
Accounts payable.	\$ 3,747	\$ 1,580	\$ 3,747	\$ 1,580
Due to students	146,340	151,186	146,340	151,186
Total liabilities.	<u>\$ 150,087</u>	<u>\$ 152,766</u>	<u>\$ 150,087</u>	<u>\$ 152,766</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and investments.	\$ 150,087	\$ 223,259	\$ 220,895	\$ 152,451
Accounts receivable	-	315	-	315
Total assets	<u>\$ 150,087</u>	<u>\$ 223,574</u>	<u>\$ 220,895</u>	<u>\$ 152,766</u>
Liabilities:				
Accounts payable.	\$ 3,747	\$ 1,580	\$ 3,747	\$ 1,580
Due to students	146,340	151,186	146,340	151,186
Total liabilities.	<u>\$ 150,087</u>	<u>\$ 152,766</u>	<u>\$ 150,087</u>	<u>\$ 152,766</u>

STATISTICAL SECTION

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATISTICAL SECTION

This part of the Fairborn City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	146-159
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	160-165
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	166-169
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	170-171
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	172-181

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018 (3)</u>	<u>2017 (3)</u>	<u>2016</u>	<u>2015 (2)</u>
Governmental activities				
Net investment in capital assets	\$ (1,661,308)	\$ (3,267,779)	\$ (2,104,264)	\$ (1,985,698)
Invested in capital assets, net of related debt	-	-	-	-
Restricted	28,848,602	29,857,426	3,308,836	2,745,402
Unrestricted (deficit)	(28,112,181)	(52,816,731)	(43,539,438)	(49,602,801)
Total governmental activities net position	<u>\$ (924,887)</u>	<u>\$ (26,227,084)</u>	<u>\$ (42,334,866)</u>	<u>\$ (48,843,097)</u>

(1) New terminology in accordance with GASB Statements No. 63 and No. 65 which was implemented in 2013. Amounts for 2012 have been restated to reflect the implementation of GASB Statements No. 63 and No. 65.

(2) The District implemented GASB Statement No. 68 in 2015. Amounts for 2014 have been restated to reflect the implementation of this statement.

(3) The District implemented GASB Statement No. 75 in 2018. Amounts for 2017 have been restated to reflect the implementation of this statement.

Source: School District financial records.

<u>2014 (2)</u>	<u>2013</u>	<u>2012 (1)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ (1,459,939)	\$ (3,246,698)	\$ (3,312,870)	\$ -	\$ -	\$ -
-	-	-	(3,350,609)	(2,942,849)	(2,483,687)
2,997,314	2,890,844	3,002,788	3,523,017	2,400,300	2,570,773
(53,963,251)	358,082	764,011	141,664	482,004	192,066
<u>\$ (52,425,876)</u>	<u>\$ 2,228</u>	<u>\$ 453,929</u>	<u>\$ 314,072</u>	<u>\$ (60,545)</u>	<u>\$ 279,152</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 8,044,802	\$ 17,019,438	\$ 15,955,675	\$ 15,686,540
Special	6,059,993	9,617,254	9,218,968	8,847,298
Vocational	87,909	-	-	-
Other	3,520,583	3,873,420	3,607,359	3,482,117
Support services:				
Pupil	1,440,767	2,771,003	2,593,028	2,562,651
Instructional staff	480,154	925,489	1,077,018	870,299
Board of education	89,841	74,347	116,771	70,502
Administration	1,599,420	3,289,477	3,005,776	2,970,160
Fiscal	506,910	880,459	807,496	805,235
Business	130,093	287,639	269,419	320,615
Operations and maintenance	2,924,369	3,493,445	3,614,206	3,503,186
Pupil transportation	1,596,271	2,751,908	2,694,958	2,677,487
Central	492,083	503,744	559,402	466,167
Operation of non-instructional services:				
Food service operations	1,514,863	1,978,748	1,806,473	1,744,725
Other non-instructional services	81,865	145,327	47,917	68,725
Extracurricular activities	491,917	842,724	841,833	702,610
Interest and fiscal charges	1,784,782	806,351	247,685	837,070
Total governmental activities expenses	<u>30,846,622</u>	<u>49,260,773</u>	<u>46,463,984</u>	<u>45,615,387</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 16,956,807	\$ 18,303,069	\$ 18,664,716	\$ 19,508,508	\$ 20,421,702	\$ 19,727,212
8,856,853	7,220,416	7,412,089	7,764,899	7,764,930	6,433,409
-	-	-	-	-	-
3,135,954	3,260,717	2,743,893	3,325,636	2,721,666	2,641,460
2,680,853	2,621,214	2,681,951	3,113,242	3,012,393	2,688,975
622,123	2,114,751	2,176,997	2,533,334	2,577,781	2,394,743
61,264	48,278	50,486	68,524	88,334	62,140
2,902,535	3,105,266	3,257,389	3,187,826	3,297,261	2,983,340
712,071	763,665	837,236	857,912	889,301	818,631
300,181	263,279	245,617	251,154	252,085	193,254
3,427,869	3,565,573	3,788,308	3,731,456	3,946,521	3,920,872
2,467,642	2,643,613	2,812,606	2,343,773	2,429,108	2,400,947
429,785	381,502	443,363	443,172	488,535	517,335
1,779,522	2,005,027	1,836,826	1,669,831	1,626,743	1,524,090
-	-	-	-	59,516	121,085
715,775	668,171	816,457	719,144	734,210	780,470
957,730	899,871	885,831	1,160,884	789,673	834,156
<u>46,006,964</u>	<u>47,864,412</u>	<u>48,653,765</u>	<u>50,679,295</u>	<u>51,099,759</u>	<u>48,042,119</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 698,863	\$ 228,454	\$ 413,522	\$ 322,161
Special	2,634	28,248	79,702	146,679
Other	-	-	-	-
Support services:				
Administration	98,364	88,706	129,093	129,922
Operations and maintenance	6,761	8,612	17,675	35,280
Pupil transportation	4,761	69,292	6,093	10,691
Operation of non-instructional services:				
Food service operations	288,182	286,530	303,061	393,289
Extracurricular activities	261,856	245,049	244,571	233,692
Operating grants and contributions:				
Instruction:				
Regular	202,827	367,168	365,820	128,729
Special	5,361,456	5,294,166	4,686,948	4,563,755
Vocational	200,292	-	-	-
Other instructional	-	202,061	109,557	9,015
Support services:				
Pupil	30,165	47,382	55,154	45,358
Instructional staff	131,144	136,420	320,919	139,632
Administration	137,788	147,666	180,708	110,968
Operations and maintenance	36,872	656	289	672
Pupil transportation	149,803	121,366	133,248	116,547
Central	7,200	7,200	7,200	-
Operation of non-instructional services:				
Food service operations	1,732,495	1,782,895	1,665,339	1,381,740
Other non-instructional services	84,625	122,470	54,286	87,043
Extracurricular activities	28,966	25,028	-	-
Total governmental program revenues	<u>9,465,054</u>	<u>9,209,369</u>	<u>8,773,185</u>	<u>7,855,173</u>
Net (Expense)/Revenue				
Governmental activities	<u>(21,381,568)</u>	<u>(40,051,404)</u>	<u>(37,690,799)</u>	<u>(37,760,214)</u>

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	402,811	\$ 551,704	\$ 384,714	\$ 370,852	\$ 553,271	\$ 730,524
	359,420	274,744	375,057	330,265	-	-
	-	22,777	-	-	-	-
	-	-	-	-	36,591	24,550
	18,113	5,202	7,077	40,426	-	-
	-	-	-	7,044	-	-
	401,977	468,729	542,574	578,794	640,190	608,462
	253,013	263,103	285,301	281,837	169,151	175,586
	490,640	106,080	989,681	285,365	294,711	270,313
	3,790,852	3,340,700	3,094,099	3,670,359	2,716,485	1,655,606
	68,867	3,920	3,920	3,920	-	-
	70,174	6,922	29,270	678,925	403,125	422,352
	71,882	84,900	60,018	67,436	123,420	96,118
	254,055	522,242	189,499	1,945,713	1,055,517	1,012,403
	145,544	119,719	94,447	145,459	147,190	121,777
	-	-	-	208,205	-	-
	124,641	138,474	125,016	157,357	-	-
	14,400	7,200	7,200	14,100	17,315	25,771
	1,360,130	1,446,085	1,471,177	1,273,667	1,167,256	1,098,199
	-	-	-	-	72,870	72,463
	-	-	-	-	12,635	7,526
	<u>7,826,519</u>	<u>7,362,501</u>	<u>7,659,050</u>	<u>10,059,724</u>	<u>7,409,727</u>	<u>6,321,650</u>
	<u>(38,180,445)</u>	<u>(40,501,911)</u>	<u>(40,994,715)</u>	<u>(40,619,571)</u>	<u>(43,690,032)</u>	<u>(41,720,469)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Position	2018	2017	2016	2015
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 16,924,108	\$ 17,798,353	\$ 16,449,350	\$ 16,177,779
Debt service	2,777,979	2,320,201	1,178,862	1,235,511
Facilities maintenance	145,329	98,769		
School district income taxes	4,472,395	3,877,917	3,814,525	3,710,712
Payment in lieu of taxes	130,542	247,036	138,837	245,927
Grants and entitlements not restricted to specific programs	21,805,494	21,242,409	22,146,093	19,260,745
Grants restricted for Ohio Schools				
Facilities Commission (OSFC)	-	23,452,778	-	-
Investment earnings	310,565	79,534	153,159	43,645
Miscellaneous	117,353	105,367	318,204	668,674
Unrestricted Contributions	-	-	-	-
Total governmental activities	<u>46,683,765</u>	<u>69,222,364</u>	<u>44,199,030</u>	<u>41,342,993</u>
Change in Net Position				
Governmental activities	<u>\$ 25,302,197</u>	<u>\$ 29,170,960</u>	<u>\$ 6,508,231</u>	<u>\$ 3,582,779</u>

Source: School District financial records.

2014	2013	2012	2011	2010	2009
\$ 17,896,482	\$ 16,086,746	\$ 16,496,227	\$ 16,698,189	\$ 18,042,975	\$ 18,547,518
1,339,235	1,539,121	1,501,030	1,458,096	-	-
2,336,769	3,520,676	3,478,808	2,865,953	3,074,800	3,279,080
211,926	187,737	219,187	194,446	249,048	168,364
19,033,850	18,167,061	19,057,334	19,446,496	21,492,871	22,310,367
-	-	-	-	-	-
26,303	16,119	40,119	122,390	203,274	222,689
978,653	532,750	341,867	195,876	287,367	362,700
1,000	-	-	12,742	-	-
<u>41,824,218</u>	<u>40,050,210</u>	<u>41,134,572</u>	<u>40,994,188</u>	<u>43,350,335</u>	<u>44,890,718</u>
<u>\$ 3,643,773</u>	<u>\$ (451,701)</u>	<u>\$ 139,857</u>	<u>\$ 374,617</u>	<u>\$ (339,697)</u>	<u>\$ 3,170,249</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:				
Nondisposable	\$ 211,968	\$ 188,798	\$ 76,591	\$ 65,450
Restricted	-	-	-	-
Committed	831,664	555,248	397,710	185,057
Assigned	3,050,601	1,299,607	639,995	750,359
Unassigned	20,151,406	18,760,524	15,102,964	9,734,940
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total general fund	<u>\$ 24,245,639</u>	<u>\$ 20,804,177</u>	<u>\$ 16,217,260</u>	<u>\$ 10,735,806</u>
All Other Governmental Funds:				
Nondisposable	\$ 28,877	\$ 34,952	\$ 22,273	\$ 41,708
Restricted	40,853,093	40,309,261	2,942,251	2,666,926
Unassigned (deficit)	(403,406)	(364,267)	(92,458)	(7,963)
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
Total all other governmental funds	<u>\$ 40,478,564</u>	<u>\$ 39,979,946</u>	<u>\$ 2,872,066</u>	<u>\$ 2,700,671</u>

(1) The District implemented GASB Statement No. 54 in fiscal year 2011.

Source: School District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,109,875	-	-
425,454	606,767	484,204	-	-	-
3,837,998	282,913	340,274	208,250	-	-
3,691,075	2,938,444	2,953,933	1,283,117	-	-
-	-	-	-	2,551,012	2,220,701
-	-	-	-	(175,199)	405,276
<u>\$ 7,954,527</u>	<u>\$ 3,828,124</u>	<u>\$ 3,778,411</u>	<u>\$ 2,601,242</u>	<u>\$ 2,375,813</u>	<u>\$ 2,625,977</u>
\$ 32,222	\$ 49,581	\$ 146,404	\$ 157,737	\$ -	\$ -
2,638,934	2,692,509	2,775,769	2,772,577	-	-
(30,790)	(57,978)	(20,321)	(196,799)	-	-
-	-	-	-	269,754	187,814
-	-	-	-	1,271,529	1,025,131
-	-	-	-	818,329	868,477
-	-	-	-	155,250	55,666
-	-	-	-	207,646	207,779
<u>\$ 2,640,366</u>	<u>\$ 2,684,112</u>	<u>\$ 2,901,852</u>	<u>\$ 2,733,515</u>	<u>\$ 2,722,508</u>	<u>\$ 2,344,867</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues				
From local sources:				
Taxes and payments in lieu of taxes	\$ 24,159,763	\$ 24,305,862	\$ 21,509,471	\$ 21,466,940
Tuition	625,199	190,044	423,310	338,215
Transportation fees	4,761	69,292	6,093	10,691
Earnings on investments	334,653	16,071	151,562	37,050
Charges for services	288,182	286,530	303,061	393,289
Extracurricular	273,588	250,533	244,858	238,698
Classroom materials and fees	67,494	65,384	74,082	130,814
Rental income, contributions and donations, contract services and other local revenues	300,762	238,183	473,799	861,319
Intergovernmental	-	-	-	-
Intergovernmental - state	26,850,237	25,176,339	25,065,885	22,044,571
Intergovernmental - federal	4,612,815	4,274,326	4,322,578	4,417,142
Total revenues	<u>57,517,454</u>	<u>54,872,564</u>	<u>52,574,699</u>	<u>49,938,729</u>
Expenditures				
Current:				
Instruction:				
Regular	16,758,125	16,022,716	15,711,696	15,844,229
Special	9,948,497	9,286,417	9,165,076	9,014,752
Vocational	152,400	-	-	-
Other	3,456,818	3,797,579	3,532,290	3,404,590
Support services:				
Pupil	2,883,192	2,612,482	2,542,048	2,645,451
Instructional staff	802,550	751,600	930,442	768,985
Board of education	93,211	71,721	114,626	70,195
Administration	3,250,153	3,099,508	3,048,820	3,035,798
Fiscal	774,684	869,002	788,014	775,899
Business	292,633	272,428	265,469	282,733
Operations and maintenance	3,814,502	3,431,656	3,628,548	3,545,756
Pupil transportation	2,756,187	2,719,125	2,739,508	3,250,579
Central	672,391	464,806	550,922	460,715
Operation of non-instructional services:				
Food service operations	1,998,896	1,881,104	1,779,943	1,691,288
Other non-instructional services	80,646	142,188	47,140	102,962
Extracurricular activities	878,282	770,832	784,418	736,969
Facilities acquisitions and construction	1,453,421	92,478	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	1,625,000	10,995,000	1,000,000	830,000
Interest and fiscal charges	1,885,786	369,238	292,890	636,244
Bond issue costs	-	443,074	-	178,693
Total expenditures	<u>53,577,374</u>	<u>58,092,954</u>	<u>46,921,850</u>	<u>47,275,838</u>
Excess (deficiency) of revenues over (under) expenditures	3,940,080	(3,220,390)	5,652,849	2,662,891

	2014	2013	2012	2011	2010	2009
\$	21,800,092	\$ 21,580,177	\$ 21,914,326	\$ 21,117,182	\$ 21,165,940	\$ 21,671,217
	584,288	657,697	554,165	541,026	407,732	403,809
	-	-	-	-	-	-
	26,303	16,106	76,402	86,120	203,274	222,689
	607,215	678,268	779,295	792,860	739,656	874,877
	238,659	246,366	257,069	271,898	214,009	230,665
	-	-	-	-	-	-
	757,367	480,576	148,828	297,921	380,668	328,704
	25,302,215	24,005,353	25,844,314	27,194,906	27,643,646	26,760,274
	-	-	-	-	-	-
	-	-	-	-	-	-
	49,316,139	47,664,543	49,574,399	50,301,913	50,754,925	50,492,235
	15,857,053	17,321,992	17,560,156	18,400,348	19,040,248	18,368,146
	8,610,982	7,343,730	7,420,265	7,875,363	7,798,980	6,419,877
	-	-	-	-	-	-
	3,135,954	3,260,994	2,800,224	3,284,479	2,728,767	2,638,844
	2,621,854	2,591,899	2,692,210	3,169,393	3,047,548	2,660,959
	639,021	2,118,418	2,203,056	2,403,786	2,593,167	2,397,545
	61,264	48,278	50,486	68,524	88,334	62,140
	2,954,760	3,007,761	3,159,795	3,183,857	3,321,123	2,954,197
	714,947	759,968	835,058	864,251	902,515	818,843
	286,021	260,435	248,336	232,685	239,801	229,353
	3,436,007	3,575,773	3,808,200	3,725,907	3,947,534	3,916,147
	2,406,320	2,875,254	2,685,669	2,250,011	2,353,774	2,716,881
	427,573	380,980	422,131	448,006	483,179	526,355
	1,770,807	1,943,853	1,950,801	1,610,688	1,694,355	1,624,306
	-	-	-	-	-	-
	660,535	716,804	741,756	759,851	737,923	743,750
	-	-	-	-	-	-
	-	-	11,548	147,993	6,600	32,953
	238,976	965,000	935,000	890,000	850,000	962,036
	1,421,408	664,831	704,202	750,305	785,166	827,316
	-	-	-	-	-	-
	45,243,482	47,835,970	48,228,893	50,065,447	50,619,014	47,899,648
	4,072,657	(171,427)	1,345,506	236,466	135,911	2,592,587

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (Continued)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Other Financing Sources (Uses)				
Transfers in	\$ 500,000	\$ 28,533,319	\$ -	\$ -
Transfers (out)	(500,000)	(28,533,319)	-	-
Sale of capital assets	-	-	-	-
Issuance of bonds	-	33,736,391	-	-
Issuance of notes	-	9,900,000	-	-
Refunding bond issued	-	-	-	12,169,940
Premium on bonds and notes issued	-	1,278,796	-	745,386
Payment to refunded bond escrow agent	-	-	-	(12,736,633)
Total other financing sources (uses)	<u>-</u>	<u>44,915,187</u>	<u>-</u>	<u>178,693</u>
Net change in fund balances	<u>\$ 3,940,080</u>	<u>\$ 41,694,797</u>	<u>\$ 5,652,849</u>	<u>\$ 2,841,584</u>
Debt service principal and interest as a percentage of noncapital expenditures	6.80%	19.74%	2.78%	3.16%

Source: School District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 10,107	\$ -	\$ 196,573	\$ 243,875	\$ 254,876	\$ 729,800
(10,107)	-	(196,573)	(243,875)	(254,876)	(729,800)
10,000	3,400	-	-	-	6,668
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,000</u>	<u>3,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,668</u>
<u>\$ 4,082,657</u>	<u>\$ (168,027)</u>	<u>\$ 1,345,506</u>	<u>\$ 236,466</u>	<u>\$ 135,911</u>	<u>\$ 2,599,255</u>
3.67%	3.43%	3.42%	3.28%	3.24%	3.77%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2018	\$ 588,803,760	\$ 1,682,296,457	\$ -	\$ -	\$ 22,696,900	\$ 64,848,286
2017	579,361,190	1,655,317,686	-	-	21,287,390	60,821,114
2016	577,102,760	1,648,865,029	-	-	19,875,960	56,788,457
2015	576,450,780	1,647,002,229	-	-	19,251,570	55,004,486
2014	595,676,590	1,701,933,114	-	-	18,519,470	52,912,771
2013	592,073,150	1,691,637,571	-	-	19,301,560	55,147,314
2012	589,326,510	1,683,790,029	-	-	15,737,050	44,963,000
2011	635,189,390	1,814,826,829	775,420	3,101,680	15,306,870	43,733,914
2010	626,843,810	1,790,982,314	1,606,450	6,425,800	14,642,410	41,835,457
2009	627,657,240	1,793,306,400	10,050,836	40,203,344	14,930,910	42,659,743

Source: Greene County Auditor's Office

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.

(b) Tangible personal property and public utility tangible property are assessed at varying percentages of true value. As categories of tangible personal property have not been separated for this table, the maximum assessed rate of 25% of true value is assumed. Tangible personal property is being phased out, and was reduced to zero for fiscal year 2009, collection year 2010.

(c) Assumes public utilities are assessed at true value which is 35%.

		Total		
Total Direct Tax Rate	Assessed Value	Estimated Actual Value	%	
\$ 55.25	611,500,660	1,747,144,743	35.00%	
55.35	600,648,580	1,716,138,800	35.00%	
52.65	596,978,720	1,705,653,486	35.00%	
52.65	595,702,350	1,702,006,715	35.00%	
52.50	614,196,060	1,754,845,885	35.00%	
52.50	611,374,710	1,746,784,885	35.00%	
52.65	605,063,560	1,728,753,029	35.00%	
51.90	651,271,680	1,861,662,423	34.98%	
51.80	643,092,670	1,839,243,571	34.97%	
51.90	652,638,986	1,876,169,487	34.79%	

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS**

Tax Year/ Collection Year	Overlapping Rates		Direct Rates				Greene County Joint Vocational School
	County	Township	Voted			Total	
			General	Bond	Permanent Improvement		
2017/2018	13.95	12.10	50.10	4.90	0.25	55.25	3.45
2016/2017	14.45	12.10	50.20	4.90	0.25	55.35	3.45
2015/2016	14.45	9.90	50.35	2.30	-	52.65	3.45
2014/2015	12.65	9.90	50.25	2.40	-	52.65	3.45
2013/2014	12.25	9.90	50.10	2.40	-	52.50	3.45
2012/2013	12.25	9.90	50.10	2.40	-	52.50	3.45
2011/2012	12.25	9.90	50.20	2.45	-	52.65	3.45
2010/2011	12.25	9.90	47.70	2.20	-	49.90	3.45
2009/2010	12.25	13.60	49.60	2.20	-	51.80	3.45
2008/2009	11.55	13.60	49.70	2.20	-	51.90	3.45

Source: Greene County Auditor's Office

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

December 31, 2017			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Charter Woods LLC	\$ 6,246,030	1	1.02%
NL Core Avalon Place LLC	5,414,610	2	0.89%
Dayton I LLC	4,920,080	3	0.80%
Cemex Construction Materials	4,551,540	4	0.74%
Group Housing LLC	4,287,770	5	0.70%
Brinley Place LLC	3,773,920	6	0.62%
2377 Commerce Center BLVD LLC	3,618,600	7	0.59%
Woods Development LLC	3,511,470	8	0.57%
Stag Fairborn LLC	3,185,000	9	0.52%
Trebein Limited ADK III	2,704,960	10	0.44%
Total	\$ 42,213,980		\$ 611,500,660

December 31, 2008			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Dayton Power & Light Co Electric	\$ 8,713,390	1	1.34%
Charter Woods LLC	6,547,140	2	1.00%
Cemex Construction Materials	6,397,280	3	0.98%
Group Housing LLC	4,435,660	4	0.68%
Mapleview Apartments LLC	4,221,630	5	0.65%
2377 Commerce Center BLVD LLC	3,617,500	6	0.55%
Woods Development LLC	3,582,360	7	0.55%
Highlands Apartments	3,411,600	8	0.52%
Miami Publishing Co. Inc.	3,290,870	9	0.50%
Campus Village Wright State LL	3,265,050	10	0.50%
Total	\$ 47,482,480		\$ 652,638,986

Source: Greene County Auditor's Office

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2017/2018	\$ 18,708,140	\$ 1,279,663	19,987,803	\$ 18,055,695	96.51%
2016/2017	\$ 18,442,430	\$ 1,412,101	19,854,531	\$ 17,753,176	96.26%
2015/2016	\$ 16,805,433	\$ 1,258,551	18,063,984	\$ 16,009,308	95.26%
2014/2015	\$ 16,742,577	\$ 1,188,351	17,930,928	\$ 15,898,713	94.96%
2013/2014	\$ 16,700,500	\$ 1,063,650	17,764,150	\$ 15,927,467	95.37%
2012/2013	\$ 16,576,845	\$ 1,381,248	17,958,093	\$ 15,908,438	95.97%
2011/2012	\$ 16,369,589	\$ 1,584,755	17,954,344	\$ 15,555,307	95.03%
2010/2011	\$ 16,672,597	\$ 1,544,014	18,216,611	\$ 15,752,996	94.48%
2009/2010	\$ 16,315,933	\$ 1,498,855	17,814,788	\$ 15,488,094	94.93%
2008/2009	\$ 16,372,227	\$ 1,202,859	17,575,086	\$ 15,363,426	93.84%

Note: "Delinquent Levy" indicates the portion collected that was delinquent.

Source: Greene County Auditor's Office

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
\$ 754,309	18,810,004	94.11%
\$ 866,245	18,619,421	93.78%
\$ 800,051	16,809,359	93.05%
\$ 663,182	16,561,895	92.36%
\$ 598,192	16,525,659	93.03%
\$ 900,949	16,809,387	93.60%
\$ 881,752	16,437,059	91.55%
\$ 729,415	16,482,411	90.48%
\$ 873,014	16,361,108	91.84%
\$ 675,658	16,039,084	91.26%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		(a) Total Primary Government	(b) Per Capita	(b) Per ADM	(b) Percentage Personal Income
	General Obligation Bonds	Energy Conservation Improvement Notes				
2018	\$ 44,925,146	\$ -	\$ 44,925,146	1,043	10,366	4.45%
2017	46,594,653	-	46,594,653	1,082	10,851	4.61%
2016	12,735,066	-	12,735,066	296	2,951	1.26%
2015	13,750,326	-	13,750,326	319	3,136	1.36%
2014	14,677,900	-	14,677,900	448	3,290	2.20%
2013	15,251,473	180,000	15,431,473	471	3,370	2.31%
2012	15,767,687	350,000	16,117,687	492	3,433	2.41%
2011	16,363,741	515,000	16,878,741	515	3,575	2.53%
2010	16,682,127	670,000	17,352,127	538	3,675	2.88%
2009	17,457,253	820,000	18,277,253	567	3,852	3.04%

Source: School District financial records

(a) See notes to the financial statements regarding the District's outstanding debt information. Includes unamortized premiums and accreted interest on capital appreciation bonds.

(b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, population and enrollment information.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Fund Balances Restricted for Debt Service</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2018	\$ 44,925,146	\$ (1,645,987)	\$ 43,279,159	2.48%	\$ 1,005
2017	46,594,653	(2,169,463)	44,425,190	2.59%	1,032
2016	12,735,066	(1,124,558)	11,610,508	0.68%	270
2015	13,750,326	(1,043,630)	12,706,696	0.75%	295
2014	14,677,900	(1,083,288)	13,594,612	0.77%	415
2013	15,251,473	(1,219,326)	14,032,147	0.80%	428
2012	15,767,687	(1,117,397)	14,650,290	0.85%	447
2011	16,363,741	(1,084,057)	15,279,684	0.82%	466
2010	16,682,127	(935,806)	15,746,321	0.86%	489
2009	17,457,253	(946,056)	16,511,197	0.88%	512

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements. Total includes unamortized premiums and accreted interest on capital appreciation bonds.

Source: School District financial records

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018

<u>Governmental Unit</u>	<u>Net General Tax Supported Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Fairborn City School District	\$ 44,925,146	100.00%	\$ 44,925,146
Overlapping debt:			
Clark County	16,550,000	0.04%	6,620
Greene County	29,330,000	14.29%	4,191,257
Dayton City	49,345,000	1.47%	725,372
Fairborn City	5,747,010	90.08%	5,176,907
Riverside City	795,266	8.01%	63,701
Mad River Township	224,726	0.38%	854
Dayton Metro Library District	164,050,000	0.57%	935,085
Total overlapping debt	<u>266,042,002</u>		<u>11,099,795</u>
 Total direct and overlapping debt	 <u>\$ 310,967,148</u>		 <u>\$ 56,024,941</u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the subdivision's boundaries and dividing it by the District's total taxable assessed value. Net general tax supported debt includes accreted interest on capital appreciation bonds and unamortized bond premiums, but excludes unamortized deferred losses on refundings.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (1)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2018	\$ 55,035,059	\$ 43,021,331	\$ 1,645,987	\$ 41,375,344	\$ 13,659,715	75.18%
2017	54,058,372	44,646,331	2,169,463	42,476,868	11,581,504	78.58%
2016	53,728,085	12,004,940	1,124,558	10,880,382	42,847,703	20.25%
2015	53,613,212	13,004,940	1,043,630	11,961,310	41,651,902	22.31%
2014	55,277,645	13,046,011	1,083,288	11,962,723	43,314,922	21.64%
2013	55,023,724	13,104,987	1,219,326	11,885,661	43,138,063	21.60%
2012	54,455,720	13,899,987	1,117,397	12,782,590	41,673,130	23.47%
2011	58,614,451	14,669,987	1,084,057	13,585,930	45,028,521	23.18%
2010	57,878,340	15,404,987	935,806	14,469,181	43,409,159	25.00%
2009	58,737,509	16,104,987	946,056	15,158,931	43,578,578	25.81%

Source: Greene County Auditor and School District financial records

(1) Total debt applicable to limit excludes unamortized premiums and accreted interest on capital appreciation bonds.

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Voted Debt Margins are determined without reference to applicable monies in the District's debt service fund.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Greene County</u>	<u>Ohio</u>	<u>United States</u>
2018	43,066	\$ 23,450	\$1,009,897,700	33.8	4,334	3.7%	4.6%	3.7%
2017	43,066	23,450	1,009,897,700	33.8	4,294	3.9%	5.0%	4.4%
2016	43,066	23,450	1,009,897,700	33.8	4,316	4.3%	4.9%	4.9%
2015	43,066	23,450	1,009,897,700	33.8	4,385	4.4%	4.9%	5.3%
2014	32,770	20,396	668,376,920	32.4	4,462	5.2%	5.8%	6.2%
2013	32,770	20,396	668,376,920	32.4	4,579	7.0%	7.5%	7.4%
2012	32,770	20,396	668,376,920	32.4	4,695	6.9%	7.4%	8.1%
2011	32,770	20,396	668,376,920	32.4	4,721	8.3%	8.8%	8.9%
2010	32,230	18,662	601,476,260	31.0	4,722	9.5%	11.0%	10.3%
2009	32,230	18,662	601,476,260	31.0	4,745	9.8%	10.3%	9.3%

(1) U. S. Census Bureau information for the City of Fairborn
2015-2018 information reflects estimates from Census Bureau.
2011-2014 information from 2010 Census.
2008-2010 information from 2005 Census.

(2) School District records.

(3) ODJFS, Bureau of Labor Market Information

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	December 31, 2017		
		Employees	Rank	Percentage of Total City Employment
Wright Patterson Air Force Base	Governmental/Military	27,500	1	38.58%
Wright State University	Education	3,750	2	5.26%
Kettering Health Network	Healthcare	1,668	3	2.34%
Greene County	Governmental	1,180	4	1.66%
Beavercreek City School District	Education	871	5	1.22%
Kroger Stores	Grocer	837	6	1.17%
Unison Industries	Manufacturing	800	7	1.12%
Cedarville University	Education	722	8	1.01%
Wirght Patt Credit Union	Banking/Finance	640	9	0.90%
Fairborn City School District	Education	617	10	0.87%
Total		38,585		54.13%
Total Employment within the County		71,280		

Employer	Nature of Business	December 31, 2008		
		Employees	Rank	Percentage of Total City Employment
Wright Patterson Air Force Base	Governmental/Military	24,817	1	33.59%
Wright State University	Education	2,492	2	3.37%
Greene County	Governmental	1,445	3	1.96%
Kettering Health Network	Healthcare	855	4	1.16%
Beavercreek City School District	Education	783	5	1.06%
Cedarville University	Education	722	6	0.98%
Unison Industries	Manufacturing	710	7	0.96%
Xenia Community Schools	Education	656	8	0.89%
Kroger Stores	Grocer	640	9	0.87%
Fairborn City School District	Education	619	10	0.84%
Total		33,739		45.67%
Total Employment within the County		73,882		

Source: Greene County Auditor

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**STAFFING STATISTICS
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION
LAST TEN FISCAL YEARS**

Type	2018	2017	2016	2015
Official - administrative	28.0	25.0	24.0	23.0
Professional - educational	284.3	280.3	279.0	255.5
Professional - other	22.4	22.1	22.6	20.3
Technical	22.0	59.0	44.0	33.0
Office - clerical	35.5	63.5	55.6	38.8
Craft & trade	8.0	10.0	8.0	9.0
Operative	70.0	63.5	55.7	52.4
Service worker/laborer	173.5	78.0	69.0	57.2
Total	643.7	601.4	557.9	489.2

Function	2018	2017	2016	2015
Instruction:				
Regular	201.5	195.0	188.0	182.0
Special	54.2	57.0	55.0	54.0
Vocational	1.9	2.0	2.0	2.0
Other	26.6	26.3	34.0	17.5
Support Services:				
Pupil	0.0	5.0	5.0	4.0
Administration	28.0	25.0	24.0	23.0
Fiscal	3.0	3.0	3.0	3.0
Operations and maintenance	139.5	49.0	38.0	35.2
Pupil transportation	70.0	63.5	55.7	52.4
Other non-instructional services:				
Food service operations	41.0	38.0	38.0	29.9
Other non-instructional	77.9	137.6	115.2	86.0
Total Governmental Activities	643.6	601.4	557.9	489.0

Source: School District records

2014	2013	2012	2011	2010	2009
24.0	26.3	23.9	24.5	24.9	24.5
277.7	285.4	302.8	309.1	300.1	298.3
19.3	20.1	19.1	21.9	21.3	19.4
35.0	4.0	4.0	4.0	3.0	4.0
64.0	97.8	86.8	103.8	100.5	97.3
9.0	8.0	8.0	8.0	8.0	8.0
35.9	51.0	49.0	51.0	53.2	53.2
49.3	56.9	58.9	66.9	65.5	74.5
514.2	549.5	552.5	589.2	576.5	579.2

2014	2013	2012	2011	2010	2009
199.6	198.1	207.6	207.2	211.6	184.9
55.1	56.7	65.6	63.0	57.6	57.2
2.0	1.7	1.7	1.7	0.0	0.0
21.0	28.9	27.9	37.2	31.0	56.3
5.0	31.0	31.0	36.0	34.0	34.0
24.0	26.3	23.9	24.5	24.9	24.5
3.0	3.0	3.0	3.0	3.0	3.0
35.5	35.5	40.5	43.5	43.2	45.2
35.9	51.0	49.0	51.0	53.2	53.2
21.8	28.4	25.4	30.4	29.3	36.3
111.3	88.9	76.9	91.7	88.8	84.7
514.2	549.5	552.5	589.2	576.6	579.3

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2018	2017	2016	2015
Instruction:				
Regular and Special				
Enrollment (students)	4,334	4,294	4,316	4,385
Graduates	229	222	227	246
Support services:				
Board of education				
Regular meetings per year	12	12	12	16
Special meetings per year	5	7	19	11
Administration				
Student attendance rate	93.20%	95.00%	95.00%	95.20%
Fiscal				
Nonpayroll checks issued	2,842	2,690	3,059	3,006
Operations and maintenance				
Square footage maintained	649,237	649,237	649,237	649,237
Pupil transportation				
Avg. students transported daily	1,122	389	N/A	N/A
Food service operations				
Lunches served to students	443,265	471,240	459,162	408,362

(N/A) Information not available

Source: School District records

2014	2013	2012	2011	2010	2009
4,462	4,579	4,695	4,721	4,722	4,745
234	248	290	318	321	287
15	14	16	15	16	16
9	13	2	5	18	13
94.50%	94.80%	94.80%	94.80%	94.30%	93.80%
2,722	2,899	3,263	3,381	3,931	4,009
649,237	649,237	649,237	649,237	649,237	649,237
N/A	N/A	N/A	N/A	N/A	N/A
395,560	N/A	N/A	N/A	N/A	N/A

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land	\$ 299,675	\$ 299,675	\$ 299,675	\$ 299,675
Land improvements	1,203,168	1,507,096	1,803,777	2,163,409
Buildings and improvements	3,303,178	3,897,649	4,505,577	5,120,822
Furniture, equipment, and vehicles	3,595,207	3,744,690	3,965,476	4,180,722
Construction in progress	1,545,899	92,478	-	-
 Total Governmental Activities Capital Assets, net	 <u>\$ 9,947,127</u>	 <u>\$ 9,541,588</u>	 <u>\$ 10,574,505</u>	 <u>\$ 11,764,628</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2014	2013	2012	2011	2010	2009
\$ 299,675	\$ 299,675	\$ 299,675	\$ 299,675	\$ 299,675	\$ 299,675
2,341,670	2,684,038	3,026,406	3,376,578	3,707,116	4,047,306
6,234,180	6,934,357	7,649,354	8,370,794	9,103,453	9,845,362
897,970	1,171,981	1,088,570	989,345	1,121,157	1,412,883
-	-	-	-	-	-
<u>\$ 9,773,495</u>	<u>\$ 11,090,051</u>	<u>\$ 12,064,005</u>	<u>\$ 13,036,392</u>	<u>\$ 14,231,401</u>	<u>\$ 15,605,226</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Black Lane Elementary (1966)				
Square feet	24,245	24,245	24,245	24,245
Capacity (students)	275	275	275	275
Fairborn High School (1969)				
Square feet	174,577	174,577	174,577	174,577
Capacity (students)	1,100	1,100	1,100	1,100
Enrollment	1,031	1,040	1,088	1,093
Baker Middle School (1952)				
Square feet	165,947	165,947	165,947	165,947
Capacity (students)	1,200	1,200	1,200	1,200
Enrollment	1,067	1,024	982	946
Fairborn Intermediate (1954)				
Square feet	89,884	89,884	89,884	89,884
Capacity (students)	1,000	1,000	1,000	1,000
Enrollment	712	710	730	727
Fairborn Primary School (1957)				
Square feet	142,005	142,005	142,005	142,005
Capacity (students)	1,300	1,300	1,300	1,300
Enrollment	1,524	1,520	1,516	1,619
Wright Elementary (1965)				
Square feet	23,510	23,510	23,510	23,510
Capacity (students)	250	250	250	250
Administration Building (1962)				
Square feet	8,973	8,973	8,973	8,973
Psychological Services (1960)				
Square feet	2,288	2,288	2,288	2,288
Psychological Services Garage (1960)				
Square feet	280	280	280	280
Transportation (1944)				
Square feet	13,668	13,668	13,668	13,668
Maintenance (1952)				
Square feet	3,860	3,860	3,860	3,860

Source: School District records

2014	2013	2012	2011	2010	2009
24,245	24,245	24,245	24,245	24,245	24,245
275	275	275	275	275	275
174,577	174,577	174,577	174,577	174,577	174,577
1,100	1,100	1,100	1,100	1,100	1,100
1,146	1,216	1,314	1,380	1,425	1,462
165,947	165,947	165,947	165,947	165,947	165,947
1,200	1,200	1,200	1,200	1,200	1,200
985	1,011	979	996	988	1,025
89,884	89,884	89,884	89,884	89,884	89,884
1,000	1,000	1,000	1,000	1,000	1,000
704	685	717	741	703	690
142,005	142,005	142,005	142,005	142,005	142,005
1,300	1,300	1,300	1,300	1,300	1,300
1,627	1,667	1,685	1,604	1,606	1,568
23,510	23,510	23,510	23,510	23,510	23,510
250	250	250	250	250	250
8,973	8,973	8,973	8,973	8,973	8,973
2,288	2,288	2,288	2,288	2,288	2,288
280	280	280	280	280	280
13,668	13,668	13,668	13,668	13,668	13,668
3,860	3,860	3,860	3,860	3,860	3,860

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Funds		Governmental Activities		Enrollment	Percent Change
	Expenditures (2)	Cost per pupil	Expenses (2)	Cost per pupil		
2018	\$ 50,066,588	\$ 11,552	\$ 29,061,840	\$ 6,706	4,334	0.93 %
2017	46,285,642	10,779	48,454,422	11,284	4,294	(0.51) %
2016	45,628,960	10,572	46,216,299	10,708	4,316	(1.57) %
2015	45,630,901	10,406	44,778,317	10,212	4,385	(1.73) %
2014	43,583,098	9,768	45,049,234	10,096	4,462	(2.56) %
2013	46,206,139	10,091	46,964,541	10,257	4,579	(2.47) %
2012	46,589,691	9,923	47,767,934	10,174	4,695	(0.55) %
2011	48,425,142	10,257	49,518,411	10,489	4,721	(0.02) %
2010	48,983,848	10,374	50,310,086	10,654	4,722	(0.48) %
2009	46,110,296	9,718	47,207,963	9,949	4,745	(27.42) %

Source: School District financial records

(1) Information not currently available.

(2) Debt Service totals have been excluded.

Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
284	15.24	93.20%
280	15.32	95.00%
279	15.47	95.00%
256	17.16	95.20%
431	10.35	94.50%
425	10.77	94.80%
426	11.02	94.80%
431	10.95	94.80%
430	10.98	94.30%
408	11.63	93.80%

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