

Fairborn City School District

Greene County

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

	Actual				Forecasted				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Average Change	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenues									
1.010 General Property Tax (Real Estate)	\$15,722,172	\$16,137,666	\$15,850,257	0.4%	\$16,050,000	\$16,075,000	\$16,100,000	\$16,125,000	\$13,530,000
1.020 Tangible Personal Property Tax	919,545	958,962	1,187,111	14.0%	1,140,000	1,150,000	1,160,000	1,170,000	1,180,000
1.030 Income Tax	3,783,712	3,855,964	4,134,187	4.6%	4,400,000	4,400,000	4,500,000	4,500,000	4,600,000
1.035 Unrestricted State Grants-in-Aid	18,470,620	19,115,390	19,885,560	3.8%	19,946,000	20,000,000	20,600,000	21,218,000	21,855,000
1.040 Restricted State Grants-in-Aid	2,098,010	2,100,960	1,944,443	-3.7%	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
1.045 Restricted Federal Grants-in-Aid - SFSF									
1.050 Property Tax Allocation	2,275,128	2,223,950	2,211,781	-1.4%	2,230,000	2,240,000	2,250,000	2,265,000	2,300,000
1.060 All Other Revenues	3,168,253	1,740,930	2,311,893	-6.1%	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
1.070 Total Revenues	46,437,440	46,133,822	47,525,232	1.2%	49,066,000	49,165,000	49,910,000	50,578,000	48,765,000
Other Financing Sources									
2.010 Proceeds from Sale of Notes									
2.020 State Emergency Loans and Advancements (Approved)									
2.040 Operating Transfers-In									
2.050 Advances-In									
2.060 All Other Financing Sources	25,291	54,802	250,423	236.8%	184,000	185,000	185,000	190,000	190,000
2.070 Total Other Financing Sources	25,291	54,802	250,423	236.8%	184,000	185,000	185,000	190,000	190,000
2.080 Total Revenues and Other Financing Sources	46,462,731	46,188,624	47,775,655	1.4%	49,250,000	49,350,000	50,095,000	50,768,000	48,955,000
Expenditures									
3.010 Personal Services	20,783,024	20,853,237	21,861,639	2.6%	22,815,000	24,865,000	25,970,000	26,960,000	27,995,000
3.020 Employees' Retirement/Insurance Benefits	8,331,106	8,243,179	8,378,703	0.3%	8,820,000	9,600,000	10,411,000	11,250,000	12,130,000
3.030 Purchased Services	8,747,017	9,023,037	9,706,660	5.4%	10,000,000	10,300,000	10,600,000	10,900,000	11,200,000
3.040 Supplies and Materials	1,478,302	1,290,254	1,202,698	-9.8%	1,800,000	1,400,000	1,500,000	1,600,000	1,650,000
3.050 Capital Outlay	1,077,028	771,144	1,454,608	30.1%	1,490,000	1,500,000	1,530,000	1,560,000	1,590,000
3.060 Intergovernmental									
Debt Service:									
4.010 Principal-All (Historical Only)									
4.020 Principal-Notes									
4.030 Principal-State Loans									
4.040 Principal-State Advancements									
4.050 Principal-HB 264 Loans									
4.055 Principal-Other									
4.060 Interest and Fiscal Charges									
4.300 Other Objects	279,958	282,258	294,293	2.5%	318,000	320,000	325,000	330,000	335,000
4.500 Total Expenditures	40,696,435	40,463,109	42,898,601	2.7%	45,243,000	47,985,000	50,336,000	52,600,000	54,900,000
Other Financing Uses									
5.010 Operating Transfers-Out	350,000	1,402,594	956,000	134.5%	500,000	500,000	500,000	500,000	500,000
5.020 Advances-Out									
5.030 All Other Financing Uses									
5.040 Total Other Financing Uses	350,000	1,402,594	956,000	134.5%	500,000	500,000	500,000	500,000	500,000
5.050 Total Expenditures and Other Financing Uses	41,046,435	41,865,703	43,854,601	3.4%	45,743,000	48,485,000	50,836,000	53,100,000	55,400,000
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	5,416,296	4,322,921	3,921,054	-14.7%	3,507,000	865,000	741,000-	2,332,000-	6,445,000-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	11,670,545	17,086,841	21,409,762	35.9%	25,330,816	28,837,816	29,702,816	28,961,816	26,629,816
7.020 Cash Balance June 30	17,086,841	21,409,762	25,330,816	21.8%	28,837,816	29,702,816	28,961,816	26,629,816	20,184,816
8.010 Estimated Encumbrances June 30									
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials									
9.020 Capital Improvements									
9.030 Budget Reserve									
9.040 DPIA									
9.045 Fiscal Stabilization									
9.050 Debt Service									
9.060 Property Tax Advancements									
9.070 Bus Purchases									
9.080 Subtotal									
10.010 Fund Balance June 30 for Certification of Appropriations	17,086,841	21,409,762	25,330,816	21.8%	28,837,816	29,702,816	28,961,816	26,629,816	20,184,816
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal									2,620,000
11.020 Property Tax - Renewal or Replacement									2,620,000
11.300 Cumulative Balance of Replacement/Renewal Levies									2,620,000
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	17,086,841	21,409,762	25,330,816	21.8%	28,837,816	29,702,816	28,961,816	26,629,816	22,804,816
Revenue from New Levies									
13.010 Income Tax - New									
13.020 Property Tax - New									
13.030 Cumulative Balance of New Levies									
14.010 Revenue from Future State Advancements									
15.010 Unreserved Fund Balance June 30	17,086,841	21,409,762	25,330,816	21.8%	28,837,816	29,702,816	28,961,816	26,629,816	22,804,816
ADM Forecasts									
20.010 Kindergarten - October Count									
20.015 Grades 1-12 - October Count									
State Fiscal Stabilization Funds									
21.010 Personal Services SFSF									
21.020 Employees Retirement/Insurance Benefits SFSF									
21.030 Purchased Services SFSF									
21.040 Supplies and Materials SFSF									
21.050 Capital Outlay SFSF									
21.060 Total Expenditures - SFSF									

See accompanying summary of significant forecast assumptions and accounting policies

Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

Fairborn City School District

5-Year Projection Assumptions

For Board Approval May 2019

All public school districts in Ohio are required to file a five (5) year forecast by October 31 and May 31, in each fiscal year (FY). This five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2019 is the first year of the five-year forecast and is considered the baseline year.

Notes and Assumptions:

Section A - Ending Cash Balances:

Previous Years:

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

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

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

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

Future Years:

Fiscal Year 2019 *Projected* General Fund Balance of \$28,837,816 reflects a continued excellent position for the range that the district would prefer in ending cash balances. This projected cash balance represents 63.04% of the annual operating expenses for FY 2019. Revenues are projected to exceed expenditures by \$3.51M.

Fiscal Year 2020 *Projected* General Fund Balance of \$29.7M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 61.3% of the annual operating expenses for FY 2020. Revenues are projected to exceed expenditures by \$0.9M.

Fiscal Year 2021 *Projected* General Fund Balance of \$29.0M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 57% of the annual operating expenses for FY 2021. In a reversal from previous years, expenditures are projected to exceed revenues by \$741,000.

Fiscal Year 2022 *Projected* General Fund Balance of \$26.6M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 50.2% of the annual operating expenses for FY 2022. In continuing the trend from FY 2021, at an accelerated rate, expenditures are projected to exceed revenues by \$2.33M.

Fiscal Year 2023 *Projected* General Fund Balance of \$22.8M is still an acceptable position for the district in ending cash balances, but represents a decrease of \$6.9M from the high in FY 2020. This cash balance represents 41.2% of the annual operating expenses for FY 2023. Expenditures are projected to exceed revenues by \$3.83M.

Section B - Revenues:

1. Real Estate Taxes have remained somewhat stable for the past four fiscal years and should remain as such with the emergency levy renewed in March 2016 with a 67.3% positive vote. A small operating levy will have to be considered in the future to help stabilize the finances of the district since the Fairborn schools last passed a new operating levy in 2007.

2. State Funding increased by over 4.0% in Fiscal Year 2018 and is projected to increase very minimally in the next two years. State funding is projected at levels that were consistent with the recent State of Ohio Biennial Budget.
3. State Foundation funding is set optimistically at an average increase of 3% per year for Fiscal Years 2021 to Fiscal Years 2023, though those will be dependent upon State of Ohio budget action in the future.
4. State Exemptions for Property tax and Other State is projected to stay consistent with levels from Fiscal Year 2018.
5. Fairborn School District Income Tax is projected with slight increases for the future, with FY 2018 showing a 7% increase over FY 2017. The growth projected is not that dramatic for the future – in the range of 1 to 1.5% per year.
6. Other Local receipts are projected to stay consistently at the \$2.5M mark.
7. It is anticipated that the Fairborn Schools in the near future will approach the voters with a request for a small Permanent Improvement Levy which would provide funds for building repairs, improvements, and buses. This passing would provide some additional relief for the General Fund which is spending and/or transferring funds for those items currently.

Section C - Expenditures:

1. **Expenditure Forecasts would significantly change with any unplanned decrease in state funding. Slight increases in salary costs will occur with raises negotiated with employees. Health Care premiums have increased at a moderate rate and will increase by 6% for Fiscal Year 2019.**
2. **Enrollment Projections will be consistent with the estimations as presented earlier to the board.**
3. **The Fairborn City Schools will strive to maintain reasonable class size, where fiscally responsible and reasonable.**

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

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

5. All day kindergarten began in August 2007 for the Fairborn City School District and it is anticipated to continue for the future.
6. Health Insurance Costs will continue to be higher in the next five years than the past five years. Projected increases, which I hope are projected too high, are as follows:
 - a. FY 2019 – 6.0% increase
 - b. FY 2020 and future years = projected 13% increase
7. Any changes in the Ohio Public Retirement Systems are expected to make changes to only employee contributions in the future which will not hurt nor help the Fairborn City Schools.
8. New Textbook adoptions will occur as scheduled, with a special English/Language Arts adoption to be ordered and paid for in Fiscal Year 2019. The anticipated costs of this are estimated at \$500,000 and are included in these projections.
9. Other expenditures for Purchased Services, Supplies, and other are projected to remain consistent with small increases for inflation.

10. The Fairborn Schools currently transfers \$500,000 annually to the Permanent Improvement Fund from the General Fund. In addition, the district has scheduled the replacement of four school buses annually, which is paid for from the district's General Fund. If the Fairborn Schools got voters to approve a small Permanent Improvement Levy in the near future, that would give some relief to the general fund for those obligations.
11. The Fairborn Schools, in recent years, has transferred \$456,000 annually to fund 035 to pay for employee termination benefits which includes pay for unused sick leave upon retirement or pay for unused vacation leave upon retirement or resignation. Beginning in Fiscal Year 2019, the district will stop transferring monies to this fund and will use remaining balances in this fund to pay for termination benefits for the next several years. After that fund is exhausted, those payments will come out of the general fund and be reflected in salaries and wages.
12. The Fairborn Schools decreases in personnel and costs have improved the financial stability of the district. It is anticipated that some of those decreases will remain in effect for the foreseeable future, but the district is evaluating its programs to determine ways for improvement.
13. No additional major unfunded mandates from the state or federal government are anticipated in this forecast.
14. Special Education needs will remain somewhat constant.
15. Voters of the Fairborn Schools approved a major bond issue in November 2016 to fund the new construction of a new primary building and intermediate building, in cooperation with the State of Ohio. The new primary building is scheduled to open in August 2020 and the new intermediate building is scheduled to open in August 2022. It is projected that these new buildings will not require any additional funding from the general fund, though some assistance for equipment has been planned from the district's Food Service fund.

**Kevin S. Philo, Treasurer/CFO
Fairborn City Schools
Board Approved, May 2019
To be Submitted to the State of Ohio**