FAIRBORN CITY SCHOOL DISTRICT-GREENE COUNTY

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2014, 2015 and 2016 ACTUAL
FORECASTED FISCAL YEARS ENDING
JULY 1, 2016 THROUGH JUNE 30, 2021**

**Forecast Provided By
Fairborn City School District
Treasurer's Office
Nicole Marshall, Treasurer/CFO**

May 25, 2017

Fairborn City School District

Greene County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2014, 2015 and 2016 Actual;
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

		Actual				Forecasted				
		Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Average Change	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Revenues									
1.010	General Property Tax (Real Estate)	$15,760,977	$15,679,996	$15,722,172	-0.1%	$16,137,686	$15,753,705	$15,823,861	$15,867,027	$15,934,738
1.020	Tangible Personal Property	885,163	920,980	919,545	1.9%	958,962	1,081,034	1,105,604	1,129,918	1,152,123
1.030	Income Tax	3,583,548	3,689,755	3,783,712	2.8%	3,868,846	3,955,895	4,044,903	4,135,913	4,228,971
1.035	Unrestricted State Grants-in-Aid	17,374,088	18,596,139	18,470,620	3.2%	19,050,184	20,201,961	20,193,452	19,681,794	19,674,508
1.040	Restricted State Grants-in-Aid	866,408	883,117	2,098,010	69.7%	2,081,855	972,040	979,752	987,541	995,408
1.050	Property Tax Allocation	2,267,806	2,288,507	2,275,128	0.2%	2,223,950	2,218,062	2,230,609	2,237,719	2,251,586
1.060	All Other Revenues	1,639,074	2,206,606	3,168,253	39.1%	1,949,170	1,935,791	1,949,344	1,963,033	1,976,859
1.070	*Total Revenues*	42,377,064	44,265,100	46,437,440	4.7%	46,270,653	46,118,488	46,327,525	46,002,945	46,214,193
	Other Financing Sources									
2.040	Operating Transfers-In	101,149	-	-	0.0%	6,000	6,000	6,000	6,000	6,000
2.060	All Other Financing Sources	536,830	2,223	25,291	469.1%	48,190	45,000	45,000	45,000	45,000
2.070	*Total Other Financing Sources*	637,979	2,223	25,291	469.0%	54,190	51,000	51,000	51,000	51,000
2.080	*Total Revenues and Other Financing Sources*	43,015,043	44,267,323	46,462,731	3.9%	46,324,843	46,169,488	46,378,525	46,053,945	46,265,193
	Expenditures									
3.010	Personal Services	20,984,911	20,565,716	20,783,024	-0.5%	21,147,926	22,087,090	22,926,826	23,689,432	24,477,849
3.020	Employees' Retirement/Insurance Benefits	8,575,825	8,152,931	8,331,106	-1.4%	8,430,502	8,878,528	9,269,104	9,686,806	10,194,645
3.030	Purchased Services	7,688,007	8,168,711	8,747,017	6.7%	9,637,380	9,830,442	10,208,678	10,605,327	11,021,607
3.040	Supplies and Materials	1,073,612	1,330,293	1,478,302	17.5%	1,644,062	1,752,151	1,803,946	1,857,781	1,913,742
3.050	Capital Outlay	87,500	1,418,164	1,077,028	748.4%	1,507,474	1,368,140	1,381,212	1,394,853	1,409,088
4.300	Other Objects	303,172	290,592	279,958	-3.9%	328,449	336,631	345,024	353,636	362,471
4.500	*Total Expenditures*	38,713,027	39,926,407	40,696,435	2.5%	42,695,793	44,252,982	45,934,790	47,587,835	49,379,403
	Other Financing Uses									
5.010	Operating Transfers-Out	350,000	500,000	350,000	6.4%	1,357,798	856,000	856,000	606,000	606,000
5.020	Advances-Out	-	-	-	-	-	-	-	-	-
5.030	All Other Financing Uses	-	-	-	-	44,796	-	-	-	-
5.040	*Total Other Financing Uses*	350,000	500,000	350,000	6.4%	1,402,594	856,000	856,000	606,000	606,000
5.050	*Total Expenditures and Other Financing Uses*	39,063,027	40,426,407	41,046,435	2.5%	44,098,387	45,108,982	46,790,790	48,193,835	49,985,403
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	3,952,016	3,840,916	5,416,296	0	2,226,456	1,060,505	(412,265)	(2,139,890)	(3,720,210)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,877,613	7,829,629	11,670,545	75.5%	17,086,841	19,313,297	20,373,802	19,961,537	17,821,647
7.020	*Cash Balance June 30*	7,829,629	11,670,545	17,086,841	47.7%	19,313,297	20,373,802	19,961,537	17,821,647	14,101,438
8.010	*Estimated Encumbrances June 30*	1,566,336	974,928	739,999	-30.9%	700,000	700,000	700,000	700,000	700,000
	Reservation of Fund Balance									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	400,000	400,000	400,000	400,000	400,000
9.020	Capital Improvements	-	-	-	0.0%	800,000	800,000	800,000	800,000	800,000
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.0%	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	6,263,293	10,695,617	16,346,842	61.8%	17,413,297	18,473,802	18,061,537	15,921,647	12,201,438
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-	-	-	0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-	-	0.0%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	6,263,293	10,695,617	16,346,842	61.8%	17,413,297	18,473,802	18,061,537	15,921,647	12,201,438
	Revenue from New Levies									
13.010	Income Tax - New	-	-	-	0.0%	-	-	-	-	-
13.020	Property Tax - New	-	-	-	0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-	-	-	0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	6,263,293	10,695,617	16,346,842	61.8%	17,413,297	18,473,802	18,061,537	15,921,647	12,201,438

Fairborn City School District – Greene County
Notes to the Five Year Forecast
General Fund Only
May 25, 2017

Introduction to the Five Year Forecast
All school districts in Ohio are required to file a five (5) year forecast by October 31, and May 31, in each fiscal year. The five year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2017 (July 1, 2016 through June 30, 2017) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data for the May 2017 filing.

May 2017 Updates:

Revenues:
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $46,270,653 or 1.7% higher than the October forecasted amount of $45,491,208. This indicates the October forecast was highly accurate.

The increase in revenue estimate is mostly affected by the change collections in February real estate taxes and sate foundation payment increases. Current collections in real estate taxes were up due to additional prior delinquent tax payments and current delinquent taxes were down due to an improving economy. Our state aid was up due to our ADM increasing 56 students over October 2016 estimates.

All other areas of revenue are tracking as anticipated for FY17.

Expenditures:
At this time we expect our original estimates for expenditures on Line 4.5 to remain materially accurate for FY17.

Unreserved Ending Cash Balance:
With revenues increased slightly over estimates and expenditures ending on target with estimates, our ending unreserved cash balance is anticipated to be roughly $17.36 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2021 if assumptions we have made for state aid in the proposed HB49 budget remain close to our estimates. There is some uncertainty regarding HB49 as of the date this forecast is presented. This uncertainty is discussed in more detail below.

State Funding and The Proposed Biennium State Budget HB49 (FY18 – FY19):
We have structured the District forecast estimating the effects of the current state biennium budget, HB64 which will end June 30, 2017. We have also tried to anticipate the effects of some changes proposed in HB49 on fiscal years 2018-2021 even though HB49 changes will not be known until late June 2017, which is beyond the date this forecast must be filed.

In FY16 and FY17 our district has been a Formula Funded district. As we model FY18 and FY19 looking forward we could become a Guarantee Funded district depending on our student ADM counts and if the economic disadvantaged student count is returned to the FY15 levels as opposed to using the Community Eligibility Provision (CEP) count. Currently HB49, as proposed, continues a guarantee for districts, which we believe would be based on FY17 final funding. We have anticipated our FY18 and FY19 funding as a guarantee district and in FY20 and FY21, the second biennium budget, we anticipate a phase down of 2.5% in our guarantee funding, which is something that has been proposed in HB49 based on an enrollment decline.

It is important to emphasize that we will not know the actual effects of HB49 until sometime in June 2017 when legislation is finally passed into law. Since we will not know with certainty the funding formula prior to May 31, 2017, our forecast filing deadline, we feel it is reasonable and fiscally conservative to assume the facts stated above for the period FY18-21. This methodology is consistent with other May forecasts when there have been uncertainty regarding the final State budget bill. State foundation revenue equates to 45.7% of our revenue with total state funding equal to 50.5% of revenue each year. The outcome of the HB49 funding proposal is significant to our district.

Local Funding:
Property tax collections are the second largest revenue source for the school system and property tax collection rates recovering from the recession that was felt throughout the country and state in 2008. We project moderate growth in appraised values every three (3) years and continued modest growth in local taxes. The local revenues equate to 49.5% of the district's resources.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in June 2017, and the spring of 2019 due to deliberation of the next two (2) state biennium budgets for FY18-19 & FY20-21, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

I. Our district is located in three counties: Greene 93.07%, Montgomery 6.79%, and Clark 0.14%. A reappraisal update occurred in tax year 2011 for collection in FY12, which lowered assessed values by $46.5 million or a decrease of 7.1% of our property values. Greene and Montgomery Counties went through a reappraisal in the 2014 tax year to be collected in 2015. The 2014 tax values decreased by $19.2 million or 3.2%. An update will occur in 2017 for collection in 2018 in Greene and Montgomery Counties. We are estimating an overall increase of 1.16%. Risk of a dramatic reduction in local taxes is partially mitigated by the effect of House Bill 920 and reduction factors. The districts effective rates have room to increase if values fall. Tax year 2016 values remained stable.

II. The State Budget represents 50.5% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY18 and beyond if the state economy worsens or if the currently proposed HB49 funding formula is changed to reduce funding to our district in a future biennium budget. There are two future State Biennium Budgets covering the period from FY18 through FY21 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY21.

III. The district was eligible for a new U.S. Department of Agriculture program in FY16 called Community Eligibility Provision (CEP). This program allows districts with 40% eligible students to certify free and reduced price lunches via Direct Certification. The Ohio Department of Education (ODE) has used this information to certify Economically Disadvantaged students for state funding purposes. In FY16 and FY17 if a school building was CEP eligible then 100% of their students were reflected at Economically Disadvantaged even if some of the students in the building were not. ODE believes this inflates our Economically Disadvantaged count, which greatly increased funding to our district in FY16 and FY17. We have heard that the ODE is looking into different ways to report students as Economically Disadvantaged that will not inflate our Economically Disadvantaged count. We believe the new coding will be effective in FY18 and have made provisions to reduce our state economically disadvantaged funding percentage from 73% in FY17 to 54% in FY18-21 in anticipation of this change. We will watch HB49 very carefully as budget deliberations continue into June 2017.

IV. The State budget effectively eliminated Tangible Personal Property (TPP) fixed rate reimbursements to the Fairborn City School District in fiscal year 2013. The district was receiving $1.9 million in TPP reimbursement in FY11 and $866,722 in FY12. In FY13 our TPP was cut to $54,484 and the current state biennium budget cut this remaining amount to $-0-. Discussions and further state reductions to TPP fixed rate reimbursement are of no further risk to our forecast after FY16.

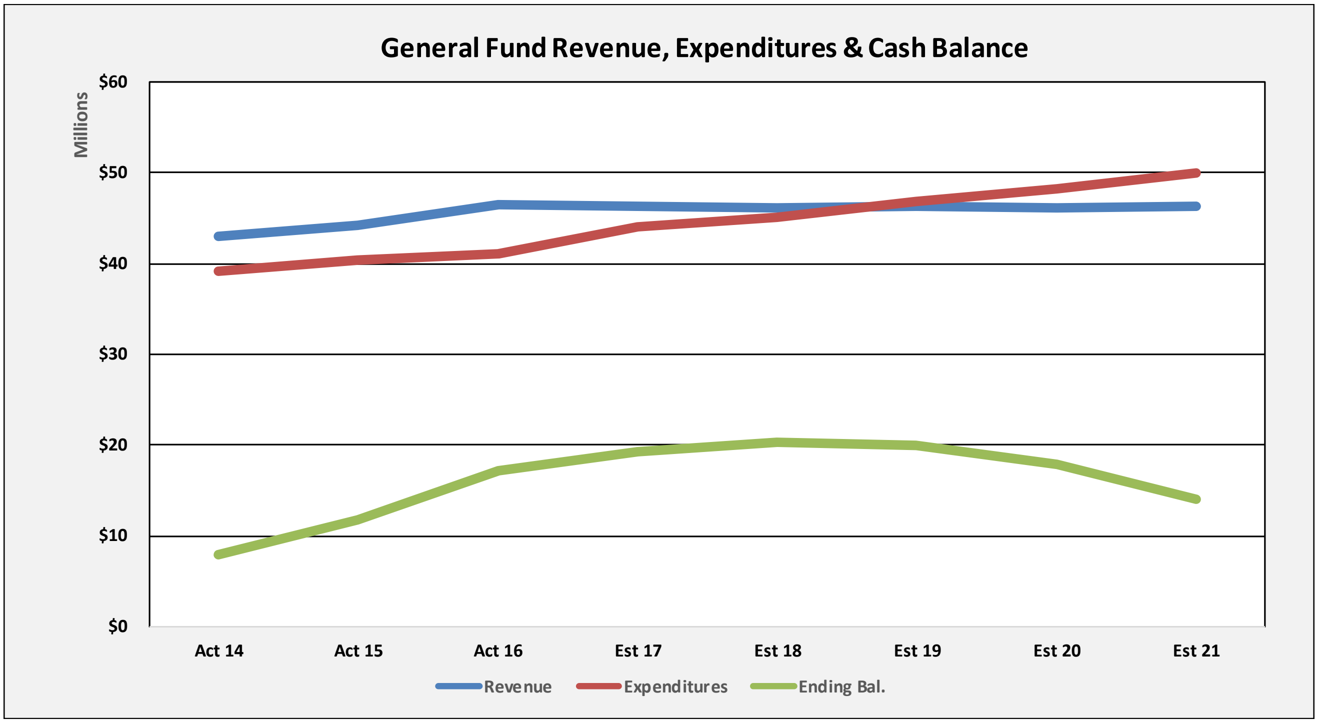
V. There are many provisions in the current state budget bill HB64 that will increase the district expenditures in the form of expanded school choice programs such as College Credit Plus that will continue to reduce state aid for future years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from $20,000 each to $27,000, a 35% increase. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new or increased expenditures that are not currently in the forecast. We are monitoring HB49 for any new threats to our state aid revenue or that could increase costs.

VI. Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were to be implemented January 1, 2015. Implementation of those provisions has increased costs by as much as 2%. There is the additional risk that costs will go up as additional staffs are added to our health care rolls. We have made allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA exists as it is under review and potential repeal or modification at the Federal Level.

VII. Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward, a strong working relationship will continue.

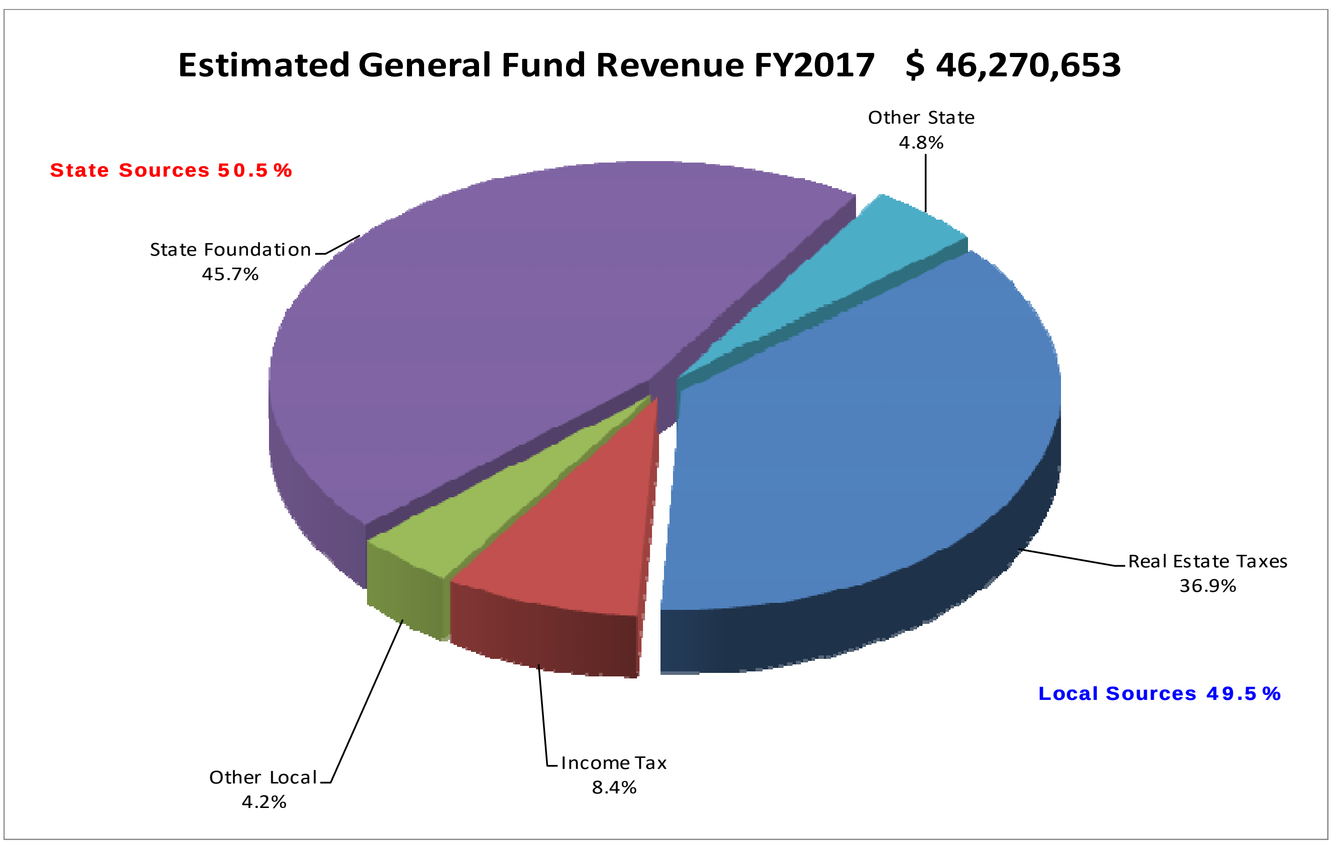
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Nicole Marshall, Treasurer/CFO of Fairborn City School District at 937-878-3961.

General Fund Revenue, Expenditure and Ending Cash Balance:



Revenue Assumptions

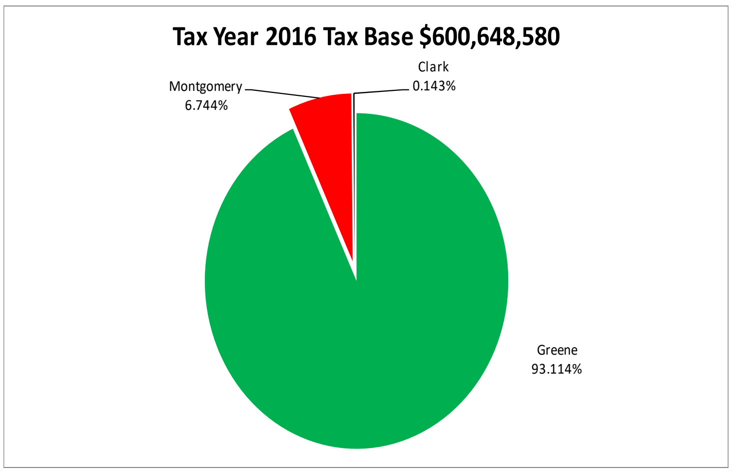
Estimated General Fund Operating Revenues FY17:

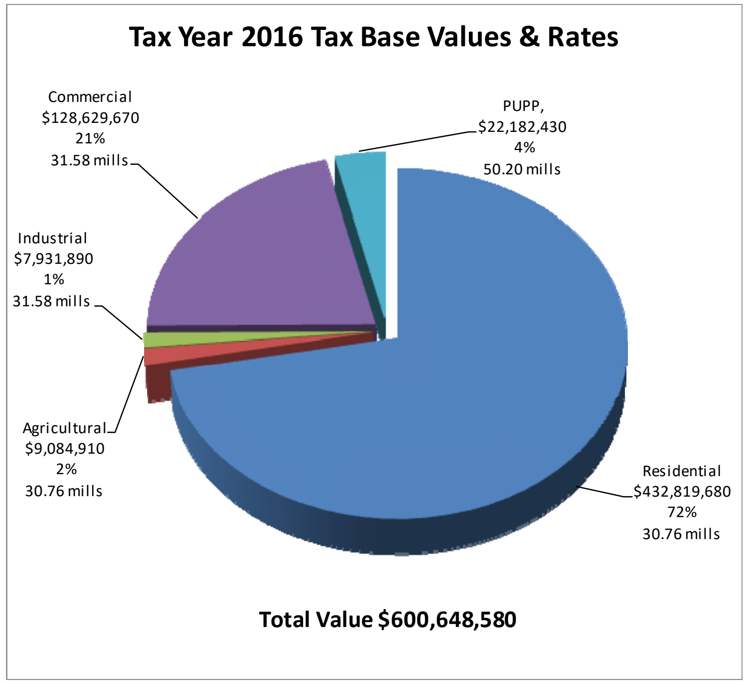


Real Estate Value Assumptions – Line # 1.010

The district has property value in Greene, Montgomery and Clark Counties. The graph below shows the amount of property value in each county as of 2016. Property values are established each year by the County Auditor based on new construction and complete reappraisal or updated values. A complete reappraisal occurred in 2014 for taxes to be collected in 2015. As a result of the reappraisal, Class I property decreased 3.7% which leads a drop of $17.1 million in value, and a Class II property value decreased $2.1 million or a drop of 1.4%. The district will experience another update in 2017 for collection in 2018. We have estimated 1% growth in Class I and 0% growth in Class II property for that update which is an overall increase of 1.16%. In addition to reappraisals and updates, values also change for new construction, demolitions, BOR/BTA activity and other reclassification of property values. We have estimated changes in values for these items inline with several years of trend data.

When values fall, reduction factors are lowered and House Bill 920 increases effective tax rates so the district tax revenues are held harmless. The district also has a fixed sum emergency levy which adjusts in response to value changes but yields a fixed sum of $5 million in tax revenue even if values decline. These factors are reflected in the flat property tax revenues on Line 1.01 since fiscal year 2012.





ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2016	TAX YEAR2017	TAX YEAR2018	TAX YEAR2019	TAX YEAR2020
Classification	COLLECT 2017	COLLECT 2018	COLLECT 2019	COLLECT 2020	COLLECT 2021
Res./Ag.	$441,904,590	$448,223,636	$450,073,636	$451,923,636	$467,331,345
Comm./Ind.	137,456,600	137,606,600	137,756,600	137,906,600	138,056,600
Public Utility Personal Property (PUPP)	21,287,390	21,787,390	22,287,390	22,787,390	23,287,390
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	$600,648,580	$607,617,626	$610,117,626	$612,617,626	$628,675,335

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY17	FY18	FY19	FY20	FY21
Est. General Property Taxes Line #1.010	$16,137,686	$15,753,705	$15,823,861	$15,867,027	$15,934,738

Property tax levies are estimated to be collected at 96% of the annual amount. This allows a 2.25% delinquency and 1.75% auditor and treasurer fees. Typically, 53% of the new residential/agriculture (Res/Ag) and commercial/industrial (Comm/Ind) is expected to be collected in the February tax settlements and 47% is expected to be collected in the August tax settlements. Because of the sluggish local economy, we have seen property values decline in recent years. Tax year 2015 values were stable with no loss, but also no recovery of our lost tax base of the past 8 years. We do not foresee any significant growth in our tax base long-term and subsequently, tax collections will only grow slightly during the forecast.

Estimated Tangible Personal Tax – Line#1.020

The phase out of tangible personal property tax (TPP), as noted earlier, began in fiscal year 2006. The TPP was eliminated after fiscal year 2011. Any revenues received in fiscal year 2016 and beyond are delinquent TPP taxes from 2011 and earlier. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August. As previously noted, tangible personal property tax (TPP) is no longer collected but Public Utility Personal Property Taxes are still collected and reflected on this line of the forecast. PUPP values have continued to climb slightly, even through the 2008 recession.

Source	FY17	FY18	FY19	FY20	FY21
Public Utility Personal Property (PUPP)	$958,962	$1,081,034	$1,105,604	$1,129,918	$1,152,123
Total Line # 1.020	$958,962	$1,081,034	$1,105,604	$1,129,918	$1,152,123

School District Income Tax – Line#1.03

The district collects a ½% (0.5%) Traditional School District Income Tax on the qualifying income of district residents. The SDIT is a continuing tax and is estimated to grow by 2.25% annually which has been the recent trend.

Source	FY17	FY18	FY19	FY20	FY21
SDIT Collection	$3,783,712	$3,868,846	$3,955,895	$4,044,903	$4,135,913
Adjustments	85,134	87,049	89,008	91,010	93,058
Total to Line #1.030	$3,868,846	$3,955,895	$4,044,903	$4,135,913	$4,228,971

Renewal and Replacement Levies – Line #11.02

The district currently has a $5 million emergency that was set to expire on December 31, 2017. The levy was renewed by voters on March 15, 2016, preventing the levy from expiring in 2017. The emergency levy will now expire on December 31, 2022.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

State Foundation Revenue Estimates

A) The **Unrestricted State Foundation Revenue– Line #1.035**

The amounts estimated for FY17 for state funding is based on funding component computations from the most recent May 2017 State Foundation Payment Report (SFPR). The current FY16-17 state budget HB64 included an increase in funding for our district. We are projected to be a formula funded district regarding state funding in FY17.

Important Reminder: Our funding status for the FY18-21 will depend on two (2) new state budgets. HB49 the current proposed new state budget for FY18 & FY19 will not be known until late June 2017. We must file this forecast before May 31, 2017 which is before we will know what changes will be officially made to school funding. In addition, another state budget will be legislated beginning in spring 2019 which will also affect our funding for the future. Our revision to the October 2017 forecast will capture the changes made in HB49

In FY14-15, HB59 created the third (3rd) new funding formula for public education since 2009. HB64, the state FY16-17 state budget, made alterations to the funding formula and added several new components. The new funding formula is very complex and could change again with the new FY18-19 or FY20-21 state budgets. The funding formula in HB64 has a modified State Share Index (SSI) method to measure a district's wealth and capacity to raise local revenue.

The SSI is applied to the per pupil opportunity grant calculation and many of the other categorical funding items in the state foundation formula as noted below:

1) Opportunity Grant – Per pupil amount increased 1.7% from $5,800 in FY15 to $5,900 in FY16 and 1.7% to $6,000 in FY17.
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value
3) Special Education Additional Aid – Based on six (6) categories of disability
4) Limited English Proficiency – Based on three (3) categories based on time student enrolled in schools

5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students
6) K-3 Literacy Funds- Based on districts K-3 average daily membership and two Tiers
7) Gifted Funds –Based on average daily membership at $5.05 in FY16 & FY17
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) categories in which students are enrolled
9) Transportation Aid – Funding based on total ridership, rather than qualifying ridership, in determining statewide cost per rider. Reduces state minimum share from 60% to 50%.

There are several new funding components provided in HB64 for FY16 &17. These are additional funds that can be earned by a district or is intended to help a district who has an undue burden or inability to raise local revenue.

1) Capacity Aid – Provides additional funding for districts where income generated for one mill of property tax is below the state median for what is generated.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY16 and 50 in FY17. Provides additional funding based on rider density and the number of miles driven by the school buses.
3) 3rd Grade Reading Proficiency Bonus- Provides a bonus to districts based on third grade reading results.
4) High School Graduation Rate Bonus-Provides a bonus to districts based on high school graduation rates up to approximately $450 per student.

There are potentially 342 independent variables in the SFPR formula. If any of the variables are changed, either independently or in conjunction with other variables, there could be a change to forecasted state aid for FY17-21. Currently, there are still changes being made to the above variables as well as changes that could result once ODE finalizes the calculations from FY16, which is expected to be done by June 2017. Our estimates are based on the best information available to us and the most current calculation used by ODE.

Our current SFPR estimates for FY17 are using May 2017 adjusted average daily membership (ADM) and reduce these numbers by 25 students each year through FY21. Beginning in FY15 the state changed the way it measures student ADM. Student counts are to be updated at least three times each year, October 31, March 31, and June 30 of the fiscal year. ODE began updating student counts on a bi-weekly basis in March of 2016. This results in undulating state aid payments throughout the year since the district is on the formula.

In FY16 and FY17 our district has been a Formula Funded district. Our estimate of state aid is based on the most current data we have available to us at this time. We have estimated state aid to increase by .5% FY18-FY19 and then 1% for FY20-FY21. As we model FY18 and FY19 looking forward we could become a Guarantee Funded district depending on our student ADM counts and if the economic disadvantaged student count is returned to the FY15 levels as opposed to using the Community Eligibility Provision (CEP) count. Currently HB49 as proposed continues a guarantee for districts which we believe would be based on FY17 final funding. We have anticipated our FY18 and FY19 funding as a guarantee district and in FY10 and FY21, the second biennium budget form the state that we will be phased down 2.5% in our guarantee funding which is also something proposed in HB49.

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

The initial student payment to schools in January 2013 (FY13) was a half year payment of $21.00 per pupil that rose to $51.50 per pupil for a full year in FY14 and $50.50 in FY15. The state indicated recently that the original 2009 estimates of $1.9 billion of GCR may be closer to $900 million as revenues from casinos are not growing robustly as originally predicted. Actual numbers generated for FY16 statewide were 1,792,947 students at $51.34 per pupil. For FY17-21 we estimated another 3 tenths of 1% decline in pupils to 1,789,000 and GCR increasing to $89.2 million or $49.85 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

A) Unrestricted State Foundation Revenue – Line #1.035

Source	FY17	FY18	FY19	FY20	FY21
Basic Aid-Unrestricted	$18,228,169	$19,378,623	$19,368,785	$18,855,793	$18,847,167
Additional Aid Items	614,308	614,308	614,308	614,308	614,308
Basic Aid-Unrestricted Subtotal	$18,842,477	$19,992,931	$19,983,093	$19,470,101	$19,461,475
Ohio Casino Commission ODT	207,707	209,030	210,359	211,693	213,033
Total Unrestricted State Aid Line # 1.035	$19,050,184	$20,201,961	$20,193,452	$19,681,794	$19,674,508

B) Restricted State Revenues – Line # 1.040

The current FY16-17 state budget, HB64, includes a large increase in funding for Restricted State Revenues to our district due to the district's economically disadvantaged percentage increasing by approximately 17%. The two restricted sources of revenues to our district are Economic Disadvantaged Funding and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY17-21. This forecast assumes that Economically Disadvantaged Aid will be reduced back to the FY15 levels with the new state budget beginning in FY18.

Source	FY17	FY18	FY19	FY20	FY21
Economically Disadvantaged Aid	$1,881,051	$771,236	$778,948	$786,737	$794,604
Career Tech - Restricted	200,804	200,804	200,804	200,804	200,804
Total Restricted State Revenues Line #1.04	$2,081,855	$972,040	$979,752	$987,541	$995,408

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

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

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled persons. In 2007, HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who did not have their Homestead Exemption already approved or those who did not get a new application approved for tax year 2013, and who became eligible thereafter, only received a Homestead Exemption if they met the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 did not lose it going forward and did not have to meet the new income qualification. This has slowed the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate/Fixed Sum

School districts were to be reimbursed for the TPP tax losses by the state of Ohio at varying levels through 2026 but those reimbursements were severely curtailed by HB153 effective July 1, 2012. Our funding was reduced form $1,874,726 in FY11 to $54,484 in FY12. HB64 the new state budget eliminated funding to our district after FY16.

Summary of State Tax Reimbursement – Line #1.050

Source	FY17	FY18	FY19	FY20	FY21
a) Rollback and Homestead	$2,223,950	$2,218,062	$2,230,609	$2,237,719	$2,251,586
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1	$2,223,950	$2,218,062	$2,230,609	$2,237,719	$2,251,586

Other Local Revenues – Line #1.060

The district has a number of other income items which provides needed non tax revenue for the district. These amounts are estimated based on historical trends and any other data available to us at the time of the forecast.

Source	FY17	FY18	FY19	FY20	FY21
Tuition	$427,669	$431,946	$436,265	$440,628	$445,034
Interest	95,000	95,950	96,910	97,879	98,858
Student Activity and Class Fees	178,035	179,815	181,613	183,429	185,263
Medicaid (CAFS) and ROTC	385,144	388,995	392,885	396,814	400,782
TIF	234,665	209,946	212,045	214,165	216,307
Mobile Home Tax	48,211	48,693	49,180	49,672	50,169
US DOE PL847 Impact Aid and FDA reimb	233,262	233,262	233,262	233,262	233,262
Catastrohic Aid, Rentals, E-rate	347,184	347,184	347,184	347,184	347,184
Total Line # 1.060	$1,949,170	$1,935,791	$1,949,344	$1,963,033	$1,976,859

Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short term borrowing planned for in this forecast at this time from any sources.

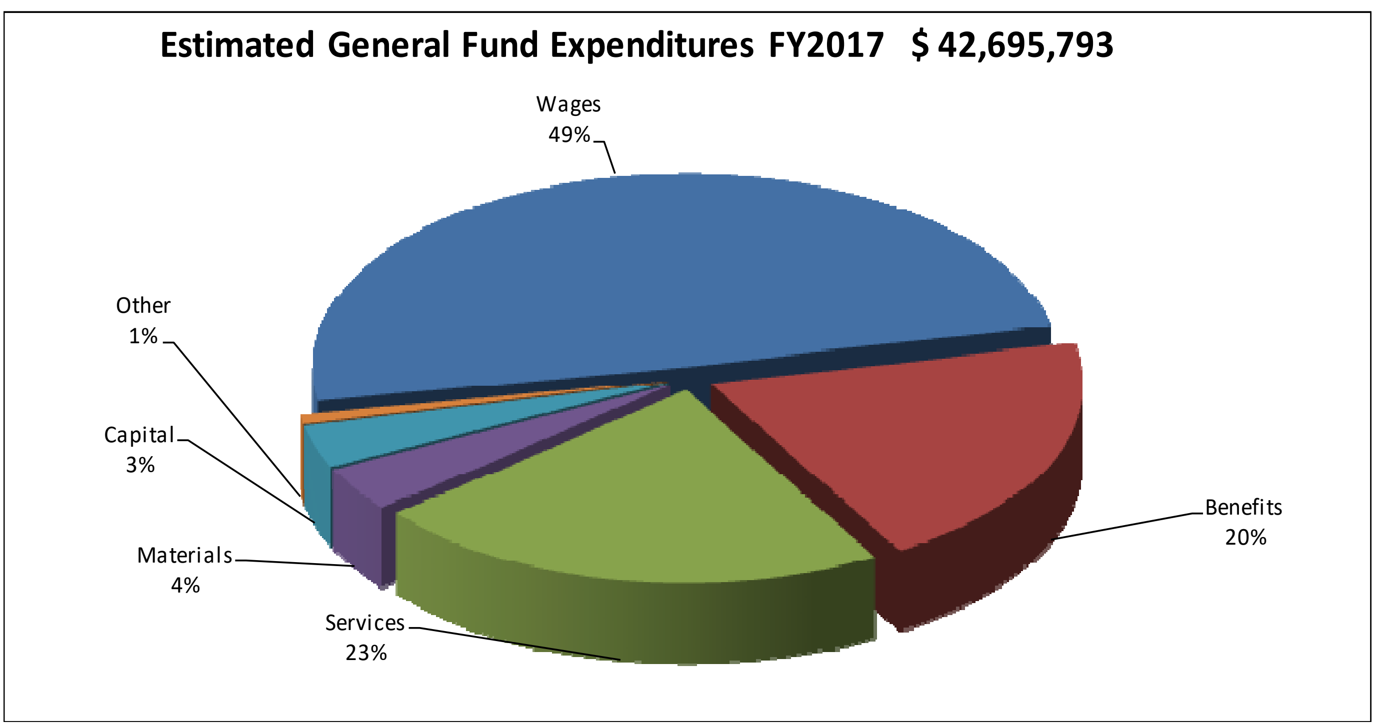
Transfers In / Return of Advances and Other Financing Sources – Line #2.040, Line #2.050 & Line 2.060
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year.

Source	FY17	FY18	FY19	FY20	FY21
Transfers In - Line 2.040	$6,000	$6,000	$6,000	$6,000	$6,000
Advance Returns - Line 2.050	0	0	0	0	0
Total Transfer & Advances In	$6,000	$0	$6,000	$6,000	$6,000

Source	FY17	FY18	FY19	FY20	FY21
Refund of prior years expenditures	$48,190	$45,000	$45,000	$45,000	$45,000

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY17:



Wages – Line #3.010
This forecast assumes a base increase for FY17 and plans for a base and step increases for FY18-21. Minor staff adjustments are expected to be made in FY17. The district's negotiated agreements with its three unions expire on June 30, 2017. Negotiated agreements could affect these projections.

Fringe Benefits Estimates Line 3.02
This area of the forecast captures all costs associated with benefits and retirement costs, which all, except health insurance, are directly related to the wages paid. The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

A) STRS/SERS
SERS announced on April 5, 2010 that they were requiring districts to pay SERS on a current fiscal year basis and not 6 months in arrears which has been the case since 1987 when districts moved from calendar year to fiscal year. This was an additional cost of $75,000 annually to our district which ended in FY16. No other added legislative costs to our retirement are planned through the forecast.

B) Insurance
The estimated increases for medical and dental insurance are a composite rate of .3% in FY17 and FY18 due to the new plan with the EPC. We are projecting 5% increases in FY18 through FY21. The increases include adjustments for inflation and the function of the health insurance committee to maintain control of costs. We have made an allowance for possible Affordable Care Act costs beginning in FY20 and continuing to increase in FY21.

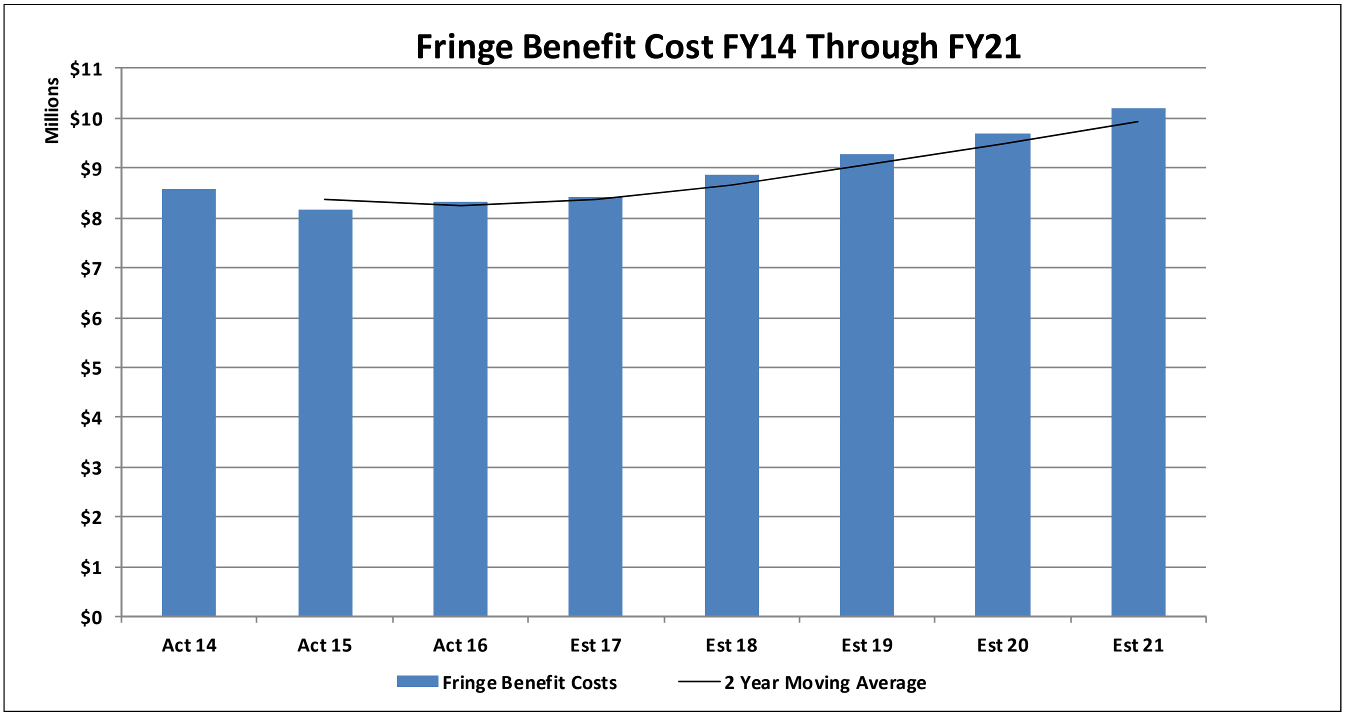
Patient Protection and Affordable Care Act (PPACA) Costs- the **Patient Protection and Affordable Care Act** (**PPACA**) commonly called **Affordable Care Act** (**ACA**), is a United States federal statute signed into law by President Barack Obama on March 23, 2010. Together with the Health Care and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

It is uncertain to what extent the implementation of PPACA will cost our district. There are numerous new regulations that will potentially require added staff time, at least initially due to increased demands, and it is likely that additional employees will be added to coverage that do not have coverage now. We are not certain what these added costs may be, but there are "taxes" mandated by the act which we are aware of. Longer-term, a significant concern is the 40% "Cadillac Tax" that will be imposed in 2020 for plans whose value of benefits exceed $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to remain at about 1% of wages after fiscal year 2016, due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare
Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Fringe Benefits Actual Fiscal Year 2014 through Fiscal Year 2016 and Estimated Fiscal Year 2017 through Fiscal Year 2021
The graph on the following page notes that health care is an area of expenditures that are outpacing inflation. The federal Affordable Care Act and the increase in claims will require management to control the cost of health care short and long term.



Purchased Services – Line #3.030
An overall increase of 10.28% is being estimated for this category of expenses for FY17 due mostly to added cost pressure of school choice. The district has also allocated more resources to property maintenance. Overall inflation of 3% is projected FY18-21. One of the largest expenses in this area is school choice for Open Enrollment, Community and STEM school deductions and Scholarship transfers which was $3.3 million in FY16 or 8 % of our budget. We are anticipating the costs will be $3.7 million in FY17 for these school choice costs. ESC costs are the second largest expense in this category which is expected to grow significantly in FY17 and cover special education costs. Property maintenance is also expected to increase for upkeep on the district's aging facilities.

Source	FY17	FY18	FY19	FY20	FY21
Base Services	$383,834	$395,349	$407,209	$419,425	$432,008
Professional	667,586	687,614	708,242	729,489	751,374
Property Maintenance	998,878	912,322	1,003,554	1,103,909	1,214,300
Utilities	655,000	674,650	694,890	715,737	737,209
ESC Services/Sp. Ed. Tution/College Credi	3,142,750	3,268,460	3,366,514	3,467,509	3,571,534
Community/STEM School	3,789,332	3,892,047	4,028,269	4,169,258	4,315,182
Total Line 3.030	$9,637,380	$9,830,442	$10,208,678	$10,605,327	$11,021,607

Supplies and Materials – Line #3.040
An overall inflation of 3% is being estimated for textbook and instructional materials and 5% for transportation fuel and supplies and maintenance costs.

Source	FY17	FY18	FY19	FY20	FY21
Educational and other Supplies	$1,180,712	$1,265,633	$1,293,102	$1,321,395	$1,350,537
Transportation Fuel & Supplies (Repairs ar	463,350	486,518	510,844	536,386	563,205
Total Line 3.040	$1,644,062	$1,752,151	$1,803,946	$1,857,781	$1,913,742

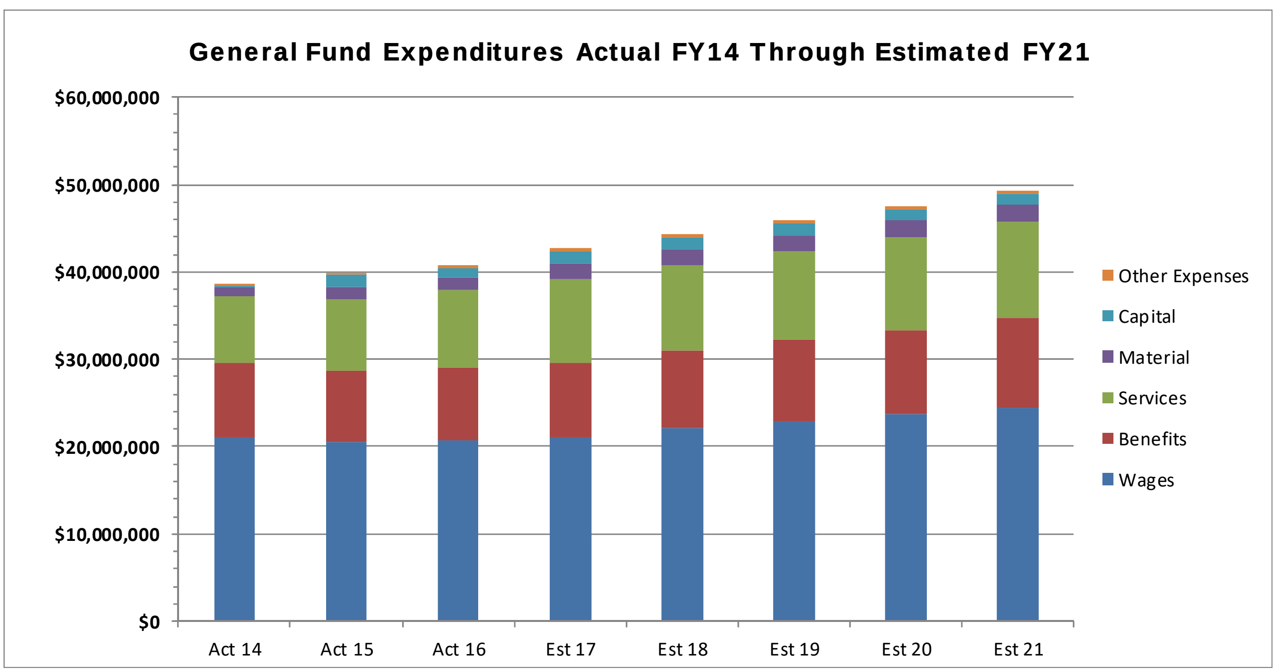
Equipment – Line # 3.050
The district has a replacement plan for busses and other vehicles which is the major portion of the expenses in this category. Technology improvements are being budgeted in FY17 – FY21 to help pay for the needed technology for students and the ability to conduct student assessments.

Source	FY17	FY18	FY19	FY20	FY21
Capital Outlay	$147,612	$141,740	$145,992	$150,372	$154,883
Repairs and Maintenance	168,000	176,400	185,220	194,481	204,205
Bus and Vehicle Replacement	450,000	450,000	450,000	450,000	450,000
Technology	741,862	600,000	600,000	600,000	600,000
Total Line 3.050	$1,507,474	$1,368,140	$1,381,212	$1,394,853	$1,409,088

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of the County ESC deductions for normal dues for services provided to the District and Auditor & Treasurer (A&T) fees. Other items include annual audit costs, OSBA dues, district liability insurance and other miscellaneous costs.

Source	FY17	FY18	FY19	FY20	FY21
County Auditor & Treasurer Fees	$167,178	$170,522	$173,932	$177,411	$180,959
Other expenses	161,271	166,109	171,092	176,225	181,512
Total Line 4.300	$328,449	$336,631	$345,024	$353,636	$362,471

Total Expenditure Categories Actual Fiscal Year 2014 through Fiscal Year 2016 and Estimated Fiscal Year 2017 through Fiscal Year 2021



Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements to repay the General Fund. The district uses transfers out to a 035 Fund to pay for severance payments to staff as opposed to using the salary line on the forecast. This helps the district build reserves to pay for this long term obligation which can be substantial. The district plans to transfer a small amount to the food service fund during FY17 to eliminate negative balances for students. The district plans to establish a permanent improvement fund through transfers from the general fund beginning in FY17.

Source	FY17	FY18	FY19	FY20	FY21
Operating Transfers Out Line #5.010	$1,357,798	$856,000	$856,000	$606,000	$606,000
Advances Out Line #5.020	0	0	0	0	0
Total	$1,357,798	$856,000	$856,000	$606,000	$606,000

Encumbrances –Line#8.010

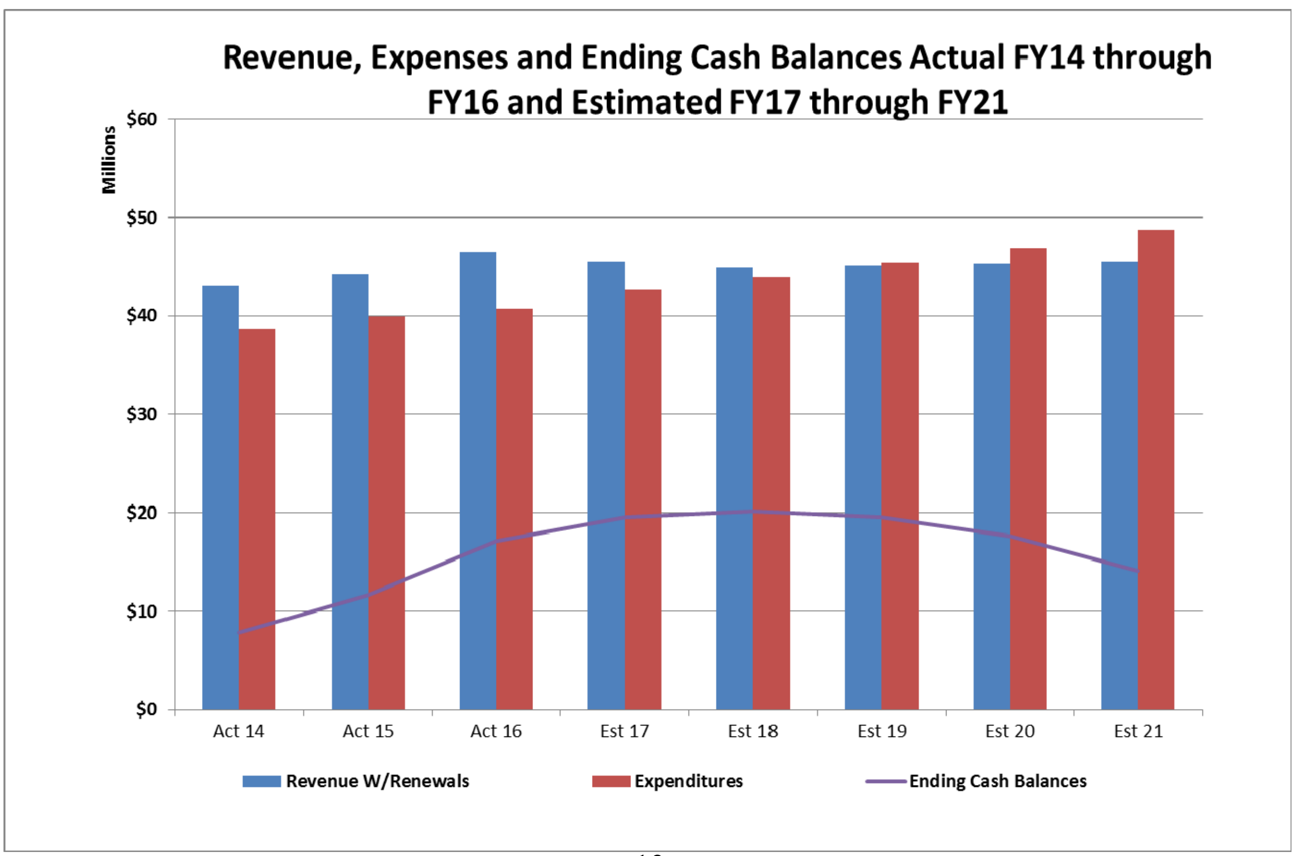
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY17	FY18	FY19	FY20	FY21
Estimated Encumbrances	$740,000	$740,000	$740,000	$740,000	$740,000

Ending Unencumbered Cash Balance "The Bottom-line" – Line#15.010

This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

	FY17	FY18	FY19	FY20	FY21
Ending Cash Balance	$17,413,297	$18,473,802	$18,061,537	$15,921,647	$12,201,438



True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days". In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate with out additional resources or a severe resource interruption. The Government Finance Officers Association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. The Fairborn City School District strives to have 90 days cash on hand. Expenditures are calculated, including transfers, as this is a predictable funding source for other funds. The graph indicates the district will need to stay focused on FY20 and beyond as adequate reserves are estimated to be diminishing at that time.