FAIRBORN CITY SCHOOL DISTRICT-GREENE COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2015, 2016 and 2017 ACTUAL FORECASTED FISCAL YEARS ENDING JULY 1, 2018 THROUGH JUNE 30, 2022

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

May 24, 2018

Fairborn City School District

Greene County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2015, 2016 and 2017 Actual;
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

		Actual				Forecasted				
		Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Average Change	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
	Revenues									
1.010	General Property Tax (Real Estate)	$15,679,996	$15,722,172	$16,137,666	1.5%	$15,878,303	$15,927,800	$15,990,405	$16,059,464	$16,122,855
1.020	Tangible Personal Property	920,980	919,545	958,962	2.1%	1,186,918	1,149,068	1,174,283	1,196,376	1,218,414
1.030	Income Tax	3,689,755	3,783,712	3,855,964	2.2%	4,148,632	4,210,861	4,274,024	4,338,134	4,403,206
1.035	Unrestricted State Grants-in-Aid	18,596,139	18,470,620	19,115,390	1.4%	19,976,280	19,934,006	19,722,009	19,712,908	19,704,220
1.040	Restricted State Grants-in-Aid	883,117	2,098,010	2,100,959	68.9%	1,931,115	2,500,505	1,023,128	1,032,346	1,041,720
1.050	Property Tax Allocation	2,288,507	2,275,128	2,223,949	-1.4%	2,188,059	2,178,076	2,187,987	2,201,531	2,214,985
1.060	All Other Revenues	2,206,606	3,168,253	1,905,360	1.9%	2,125,798	1,864,613	1,863,010	1,861,915	1,861,308
1.070	*Total Revenues*	44,265,100	46,437,440	46,298,250	2.3%	47,435,105	47,764,929	46,234,846	46,402,674	46,566,708
	Other Financing Sources									
2.040	Operating Transfers-In	-	-	6,000	0.0%	6,000	6,000	6,000	6,000	6,000
2.060	All Other Financing Sources	2,223	25,291	48,802	565.3%	250,139	45,000	45,000	45,000	45,000
2.070	*Total Other Financing Sources*	2,223	25,291	54,802	577.2%	256,139	51,000	51,000	51,000	51,000
2.080	*Total Revenues and Other Financing Sources*	44,267,323	46,462,731	46,353,052	2.4%	47,691,244	47,815,929	46,285,846	46,453,674	46,617,708
	Expenditures									
3.010	Personal Services	20,565,716	20,783,024	20,853,239	0.7%	21,821,918	22,904,204	23,727,401	24,525,576	25,351,390
3.020	Employees' Retirement/Insurance Benefits	8,152,931	8,331,106	8,243,179	0.6%	8,531,292	9,001,614	9,504,103	10,087,080	10,792,395
3.030	Purchased Services	8,168,711	8,747,017	9,187,465	6.1%	9,498,908	9,965,038	10,540,265	11,154,100	11,809,449
3.040	Supplies and Materials	1,330,293	1,478,302	1,290,256	-0.8%	1,390,609	1,618,091	1,409,888	1,553,352	1,548,552
3.050	Capital Outlay	1,418,164	1,077,028	771,143	-26.2%	1,866,170	1,495,302	1,526,473	1,559,826	1,595,514
4.300	Other Objects	290,592	279,958	282,257	-1.4%	300,581	320,439	341,977	365,354	390,745
4.500	*Total Expenditures*	39,926,407	40,696,435	40,627,539	0.9%	43,409,477	45,304,688	47,050,106	49,245,288	51,488,045
	Other Financing Uses									
5.010	Operating Transfers-Out	500,000	350,000	1,357,798	129.0%	956,000	1,056,000	1,056,000	1,056,000	1,056,000
5.020	Advances-Out	-	-	-	-	-	-	-	-	-
5.030	All Other Financing Uses	-	-	44,796	-	-	-	-	-	-
5.040	*Total Other Financing Uses*	500,000	350,000	1,402,594	135.4%	956,000	1,056,000	1,056,000	1,056,000	1,056,000
5.050	*Total Expenditures and Other Financing Uses*	40,426,407	41,046,435	42,030,133	2.0%	44,365,477	46,360,688	48,106,106	50,301,288	52,544,045
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	3,840,916	5,416,296	4,322,919	0	3,325,766	1,455,240	(1,820,260)	(3,847,613)	(5,926,336)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	7,829,629	11,670,545	17,086,841	47.7%	21,409,760	24,735,526	26,190,767	24,370,506	20,522,893
7.020	*Cash Balance June 30*	11,670,545	17,086,841	21,409,760	35.9%	24,735,526	26,190,767	24,370,506	20,522,893	14,596,557
8.010	*Estimated Encumbrances June 30*	974,928	739,999	1,463,796	36.9%	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	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*	10,695,617	16,346,842	19,945,964	37.4%	22,535,526	23,990,767	22,170,506	18,322,893	12,396,557
	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*	10,695,617	16,346,842	19,945,964	37.4%	22,535,526	23,990,767	22,170,506	18,322,893	12,396,557
	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*	10,695,617	16,346,842	19,945,964	37.4%	22,535,526	23,990,767	22,170,506	18,322,893	12,396,557

Fairborn City School District – Greene County
Notes to the Five Year Forecast
General Fund Only
May 24, 2018

Introduction to the Five Year Forecast
All school districts in Ohio are required to file a five (5) year financial forecast by October 31, and May 31, in each fiscal year (FY). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2018 (July 1, 2017-June 30, 2018) is the first year of the five year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2018 filing.

May 2018 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 $47,435,105 or 2.14% higher than the October forecasted amount of $46,441,088. This indicates the October forecast was 97.86% accurate.

The increase in revenue estimates are mostly affected by increases in PUPP taxes due to higher assessed values, increased state aid as the CEP program was continued in HB49, SDIT income was up and an increase in other income from additional tuition and investment income. These increases will have a positive effect on revenues through the entire forecast period.

All other areas of revenue are tracking as anticipated for FY18.

Expenditures:
Total General Fund expenditures (line 4.5) are estimated to be $43,408,062 for FY18 which is essentially unchanged from the original estimate in the October forecast.

Unreserved Ending Cash Balance:
With revenues increasing slightly over estimates and expenditures ending below estimates, our ending unreserved cash balance is anticipated to be roughly $22.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2022 if assumptions we have made for state aid in future state budgets remain close to our estimates.

Forecast Risks and Uncertainty:
A five year financial forecast has risks and uncertainty not only due to economic uncertainties but also due to state legislative changes that will occur in the spring of 2019 and 2021 due to deliberation of the next two (2) state biennium budgets for FY20-21 and FY22-23, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us at the time of this forecast. The items below give a short description of the current issues and how they may affect our forecast long term:

I. The State Budget represents 51.2% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY20 and beyond if the state economy worsens or if the funding formula in future state budget reduces funding to our district. There are two future State Biennium Budgets covering the period from FY20-21 and FY22-23 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY22.

II. The district is located in Green, Clark and Montgomery counties. Both Green and Montgomery counties experienced an update in 2017 for collection in 2018. We realized an overall increase our total values of 1.81% for collection in 2018. Again in 2020 the district will experience a reappraisal and we anticipate overall value increases of 2.62% for collection in 2021. Property values are slowly coming back to 2008 levels in our district. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

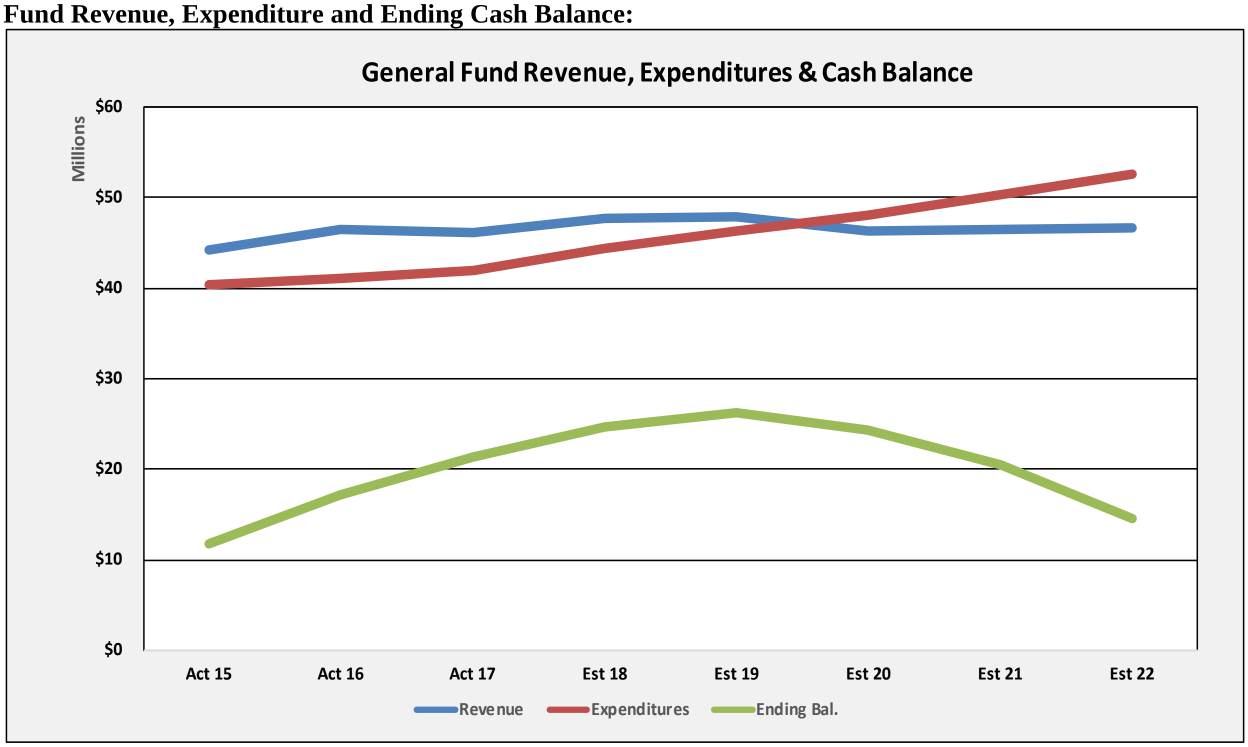
III. The district was eligible for a new U.S. Department of Agriculture program in FY16 called Community Eligibility Provision (CEP) for grades K-5. Beginning in FY19, grades K-8 will be eligible. This program allows districts with 40% eligible students to certify free and reduced price lunches via Direct 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. For FY18 and FY19 this program has been continued as it did in FY16 and FY17. We believe the new coding may be effective in FY20 and have made provisions to reduce our state economically disadvantaged funding percentage from 70% in FY19 to 55% in FY20-22 in anticipation of this change. We will keep a close watch on this as the ODE could look into different EMIS codes to report students as Economically Disadvantaged that would not then result in 100% of the students in an eligible building being counted in the program. This would reduce state funding if this were to happen. We will watch this very carefully as any new budget deliberations occur in the future.

IV. There are many provisions in the current state budget bill HB49 that will continue to draw funds from our district through continuing school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2017-18 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply FY16 from $20,000 to $27,000 each, a 35% increase. College Credit Plus costs continue to increase as this program becomes more understood. 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 expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

V. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward, our positive working relationship will continue and will only grow stronger.

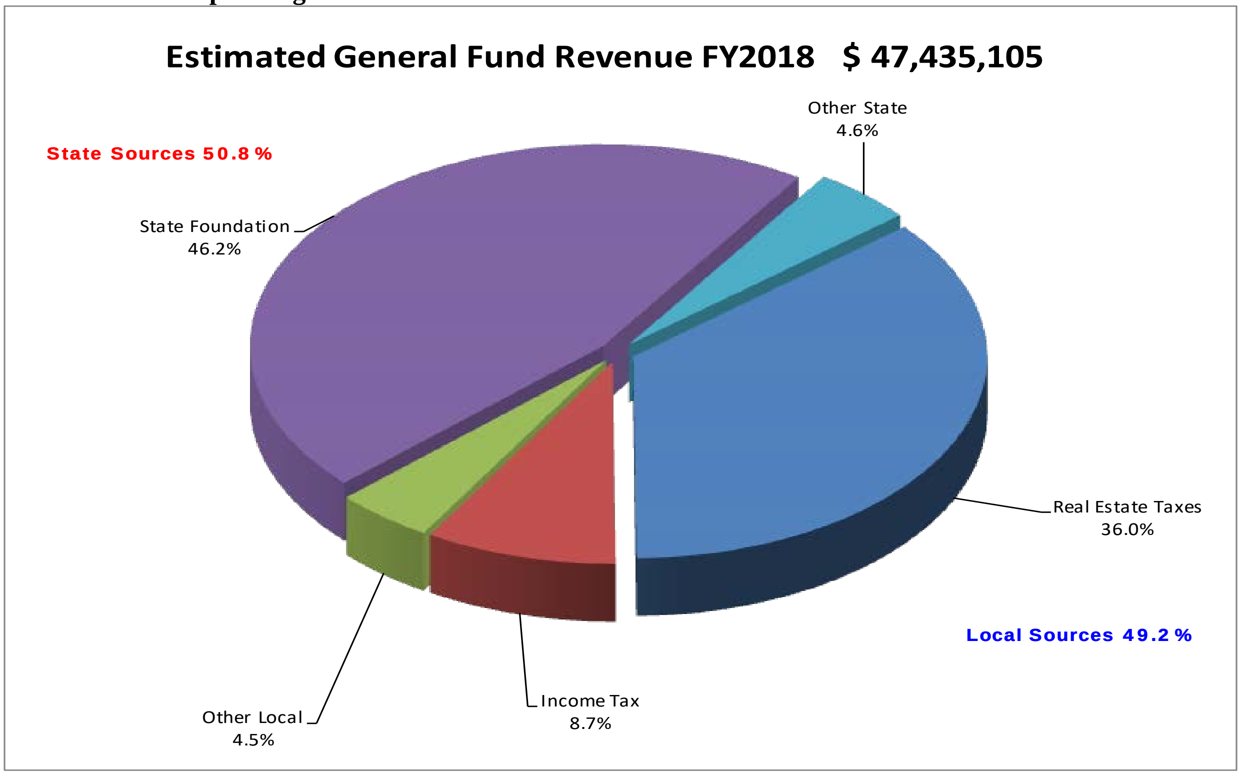
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact 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 FY18:



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 2017. Property values are established each year by the County Auditors based on new construction and complete reappraisal or updated values. Both Green and Montgomery counties experienced an update in 2017 for collection in 2018. We realized an overall increase our total values of 1.81% for collection in 2018. Again in 2020 the district will experience a reappraisal and we anticipate overall value increases of 2.62% for collection in 2021. Property values are slowly coming back to 2008 levels of $643 million in our district. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

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 generally flat property tax revenues on Line 1.01 since fiscal year 2012.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2017 COLLECT 2018	Estimated TAX YEAR2018 COLLECT 2019	Estimated TAX YEAR2019 COLLECT 2020	Estimated TAX YEAR2020 COLLECT 2021	Estimated TAX YEAR2021 COLLECT 2022
Res./Ag.	$450,675,650	$452,525,650	$454,375,650	$469,856,920	$471,706,920
Comm./Ind.	138,128,110	138,278,110	138,428,110	138,578,110	138,728,110
Public Utility Personal Property (PUPP)	22,696,900	23,196,900	23,696,900	24,196,900	24,696,900
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	$611,500,660	$614,000,660	$616,500,660	$632,631,930	$635,131,930

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY18	FY19	FY20	FY21	FY22
Est. General Property Taxes Line #1.010	$15,878,303	$15,927,800	$15,990,405	$16,059,464	$16,122,855

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 2017 values were up overall 1.81% with a slight recovery of our lost tax base from the recession of 2008. Delinquent collections are trending down in FY18, which would include revenues from prior years and are factored into our projections for future 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. Collections in FY18 PUPP taxes are higher due to additional delinquent taxes but will return to normal levels in FY19.

Source	FY18	FY19	FY20	FY21	FY22
Public Utility Personal Property (PUPP)	$1,186,918	$1,149,068	$1,174,283	$1,196,376	$1,218,414
Total Line # 1.020	$1,186,918	$1,149,068	$1,174,283	$1,196,376	$1,218,414

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 which grew 7.5% in FY18 and is estimated to grow by 2.25% annually going forward which has been the typical trend except for this year.

Source	FY18	FY19	FY20	FY21	FY22
SDIT Collection	$3,855,964	$4,148,632	$4,210,861	$4,274,024	$4,338,134
Adjustments	292,668	62,229	63,163	64,110	65,072
Total to Line #1.030	$4,148,632	$4,210,861	$4,274,024	$4,338,134	$4,403,206

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**

HB49 largely retains the current funding formula used to determine the amount and allocation of state aid to school districts, however there were various changes made to the formula for FY18 and FY19. The amounts estimated for state funding are based on component computations from the most recent State Foundation Payment Report for FY18. Estimates for FY19 state aid are based on ODE simulations of HB49 for FY19.

HB49 continues to use the State Share Index (SSI) as a key district wealth measure. The SSI is the formula's measure of a district's capacity to raise local revenue. The higher a district's ability to raise taxes based on wealth the lower the SSI will be, and vice versa. The index is derived from a district's wealth index, which is based on a valuation index, and for certain districts, an income index. Property wealth per pupil is still the major factor in the SSI. Generally, the higher the property valuation per pupil, the lower a district's SSI and therefor the percentage of state aid. The SSI for FY18 and FY19 will be calculated using Tax Year 2014, 2015, and 2016 average assessed values for the district. It will be calculated once for both fiscal year 18 and 19. 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 .17% from $6,000 in FY17 to $6,010 in FY18 and .17% to $6,020 in FY19. Well below inflation rates.
2) Targeted Assistance – Tier I based on wealth and Tier II based on percentage of district agricultural assessed value. Higher the percentage of agricultural value, higher the targeted assistance.
3) Special Education Additional Aid – Based on six (6) weighted funding categories of disability.
4) Limited English Proficiency – Based on three (3) funded categories based on time student enrolled in schools.
5) Economically Disadvantaged Aid- Based on number and concentration of economically disadvantaged students compared to state average.
6) K-3 Literacy Funds - Based on district K-3 average daily membership and two funded Tiers.
7) Gifted Funds –Based on average daily membership at $5.05 in FY18 & FY19.
8) Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in. Funding guaranteed at FY17 levels individually and is in addition to the Cap in FY18 and FY19.
9) Transportation Aid – Funding based on total ridership rather than qualifying ridership in determining statewide cost per rider. Reduces state minimum share from 50% to 37.5% in FY18 and 25% in FY19.

HB49 continues 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; however, some items are now included in CAP district payments:

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. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
2) Transportation Supplement – Provides additional funding for districts with rider density (riders per square mile) less than 35 students in FY18 and 50 in FY19. Provides additional funding based on rider density and the number of miles driven by the school buses. Included in FY18 and FY19 Guarantee payments and moved to be inside the Cap amount for districts. Not in addition to the Cap payments.
3) 3rd Grade Reading Proficiency Bonus - Provides a bonus to districts based on third grade reading results, is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.
4) High School Graduation Rate Bonus - Provides a bonus to districts based on high school graduation rates up to approximately $450 per student and is included in FY18 & 19 guarantee at FY17 levels and is in addition to the Cap payments.

We are projected to be a Formula funded district in FY18 and FY19 based on HB49. We may become a Guarantee Funded District FY20-22 but this is subject to change based on future state budgets.

Our current SFPR estimates for FY18 are using May #1 SFPR average daily membership (ADM), which is down 48 students from FY17, and decreasing by 25 students each year through FY22. Beginning in FY16, the state changed the way it measures student ADM. Student counts are now supposed to be updated October 31, March 31, and June 30 of the fiscal year. In most cases the district will not know its actual student funded ADM until the end of June 2018, and then there will be adjustments into the succeeding fiscal year.

In FY18 and FY19 our district is 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 remain relatively flat in FY18-FY19 As we model FY20 through FY22 looking forward, we project to 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 continues a guarantee for districts which is based on FY17 final funding. We have projected our FY18 and FY19 funding as a formula district respectively. We are projecting to become a guarantee district FY20 - FY22 as noted above.

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 will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The state indicated recently that revenues from casinos are not growing robustly as originally predicted but are still growing slowly as the economy has improved. Actual numbers generated for FY18 statewide were 1,791,647 students at $51.37 per pupil. That is a decline of 4 tenths of 1% percent from the prior year. For FY19-22 we estimated another 4 tenths of 1% decline in pupils to 1,784,480 and GCR increasing to $92.9 million or $52 per pupil. We will increase estimates for out years when actual casino revenues show signs of stronger increases.

A) Unrestricted State Foundation Revenue – Line #1.035

Source	FY18	FY19	FY20	FY21	FY22
Basic Aid-Unrestricted	$19,106,748	$19,063,092	$18,849,706	$18,839,211	$18,829,122
Additional Aid Items	653,460	653,460	653,460	653,460	653,460
Basic Aid-Unrestricted Subtotal	$19,760,208	$19,716,552	$19,503,166	$19,492,671	$19,482,582
Ohio Casino Commission ODT	216,072	217,454	218,843	220,237	221,638
Total Unrestricted State Aid Line # 1.035	$19,976,280	$19,934,006	$19,722,009	$19,712,908	$19,704,220

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 FY18-22.

Source	FY18	FY19	FY20	FY21	FY22
Economically Disadvantaged Aid	$1,730,823	$2,300,213	$822,836	$832,054	$841,428
Career Tech - Restricted	200,292	200,292	200,292	200,292	200,292
Total Restricted State Revenues Line #1.04	$1,931,115	$2,500,505	$1,023,128	$1,032,346	$1,041,720

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. The result of HB59 is that homestead reimbursements have decreased from previous levels and like the rollback reimbursements above, the state is increasing the tax burden on our local 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 2016 but those reimbursements were severely curtailed by HB153 effective July 1, 2012. Our funding was reduced from $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	FY18	FY19	FY20	FY21	FY22
a) Rollback and Homestead	$2,188,059	$2,178,076	$2,187,987	$2,201,531	$2,214,985
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
Total Tax Reimb./Prop. Tax Allocations #1	$2,188,059	$2,178,076	$2,187,987	$2,201,531	$2,214,985

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	FY18	FY19	FY20	FY21	FY22
Tuition	$599,112	$605,103	$611,154	$617,266	$623,439
Interest	315,000	311,850	308,732	305,645	302,589
Student Activity and Class Fees	167,687	169,364	171,058	172,769	174,497
Medicaid (CAFS) and ROTC	350,000	350,000	350,000	350,000	350,000
TIF	364,004	106,000	107,060	108,131	109,212
Mobile Home Tax	39,347	39,740	40,137	40,538	40,943
US DOE PL847 Impact Aid and FDA reimb	161,833	153,741	146,054	138,751	131,813
Catastrohic Aid, Rentals, E-rate	128,815	128,815	128,815	128,815	128,815
Total Line # 1.060	$2,125,798	$1,864,613	$1,863,010	$1,861,915	$1,861,308

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

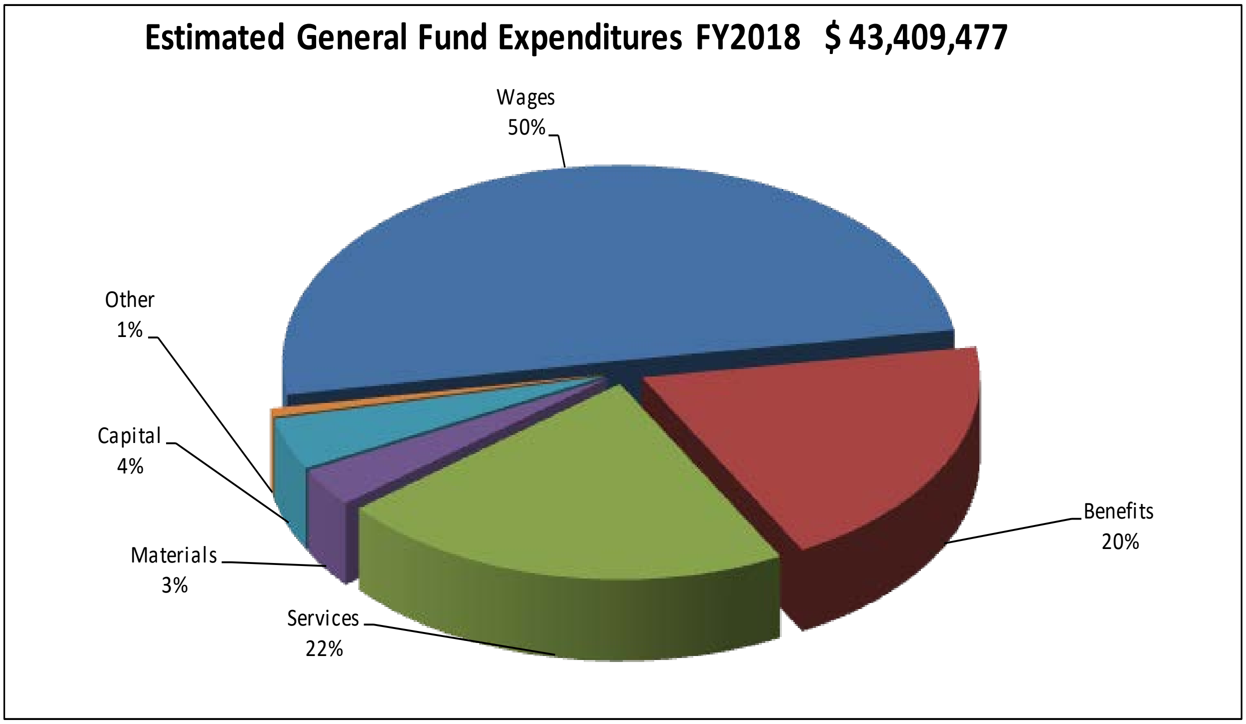
These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year.

Source	FY18	FY19	FY20	FY21	FY22
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	$6,000	$6,000	$6,000	$6,000

Source	FY18	FY19	FY20	FY21	FY22
Refund of prior years expenditures	$250,139	$45,000	$45,000	$45,000	$45,000

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY18:



Wages – Line #3.010
This forecast assumes a base increase for FY18 and plans for a base and step increases for FY18-22. Minor staff adjustments are expected to be made in FY18. The district has negotiated agreements with its three unions for the period of July 1, 2017 through June 30, 2020.

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
As required by law, the BOE pays 14% of all employee wages to STRS or SERS.

B) Insurance
The estimated increases for medical and dental insurance are 5% in FY18. These rates have been set by the EPC. We are projecting 7% increases in FY19 through FY22. 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 FY22.

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

It is uncertain to what extent the implementation of PPACA will cost our district in additional funds especially since it is being reviewed carefully at the federal level for amendment or repeal. There are numerous new regulations that potentially will 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” but in December 2017 this was delayed until 2022 by congress. This tax would be imposed on plans whose value of benefits exceeds $10,200 for individual plans and $27,500 for family plans. The rules and implementation of the PPACA is an ongoing issue we are watching closely to evaluate the effect on our district.

C) Workers Compensation & Unemployment Compensation

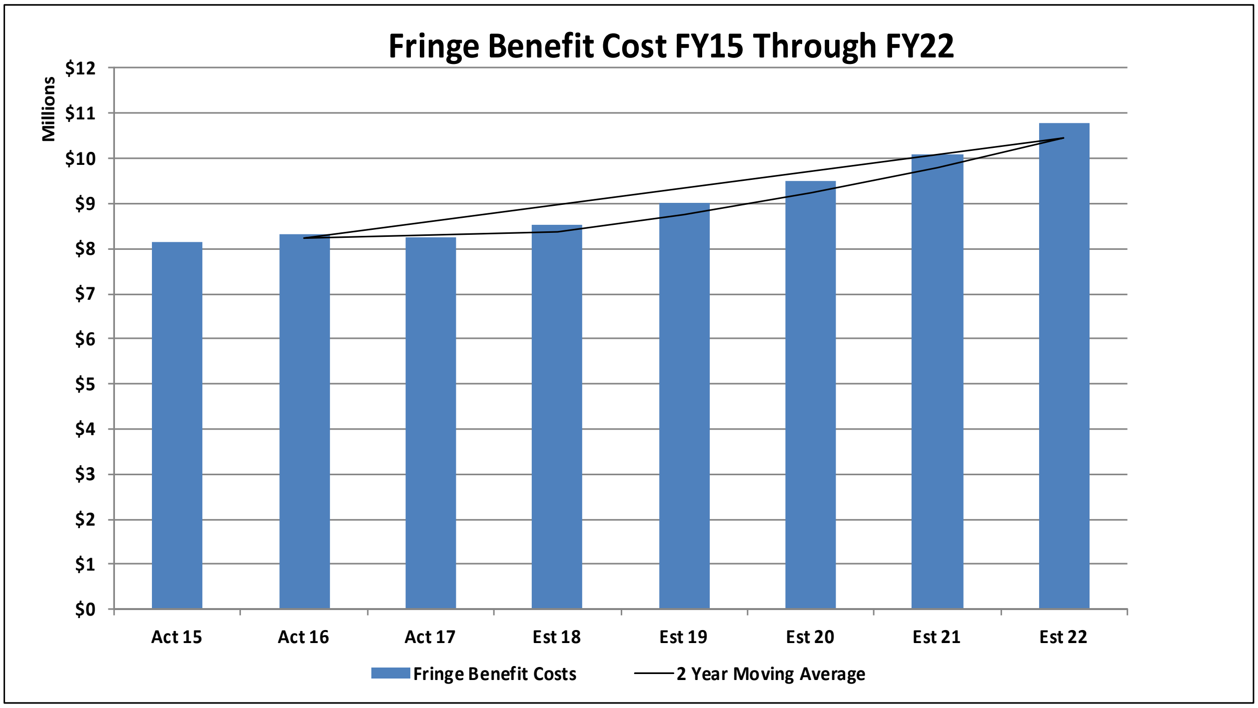
Workers Compensation is expected to remain at about 1.1% of wages after fiscal year 2017, due to a moderated claim experience over prior years. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

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 2015 through Fiscal Year 2017 and Estimated Fiscal Year 2018 through Fiscal Year 2022

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

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. We are anticipating the costs will be $3.8 million in FY18 for these school choice costs. ESC costs are the second largest expense in this category which is expected to grow in FY18 and cover special education costs. Property maintenance is also expected to increase for upkeep on the district's aging facilities.

Source	FY18	FY19	FY20	FY21	FY22
Base Services	$229,500	$252,450	$277,695	$305,465	$336,012
Professional	713,000	671,810	705,401	740,671	777,705
Property Maintenance	1,029,523	1,132,475	1,245,723	1,370,295	1,507,325
Utilities	596,000	613,880	632,296	651,265	670,803
ESC Serv./Sp. Ed. Tution/CCP, Scholarshi	3,455,893	3,697,806	3,956,652	4,233,618	4,529,971
Community/STEM School	3,474,992	3,596,617	3,722,498	3,852,786	3,987,633
Total Line 3.030	$9,498,908	$9,965,038	$10,540,265	$11,154,100	$11,809,449

Supplies and Materials – Line #3.040

This area of the forecast accounts for estimated purchases for textbook and instructional materials, custodial, maintenance supplies and for transportation fuel and supplies.

Source	FY18	FY19	FY20	FY21	FY22
Educational and other Supplies	$1,015,406	$1,205,368	$976,529	$1,098,325	$1,070,774
Transportation Fuel & Repairs & Maint.)	375,203	412,723	433,359	455,027	477,778
Total Line 3.040	$1,390,609	$1,618,091	$1,409,888	$1,553,352	$1,548,552

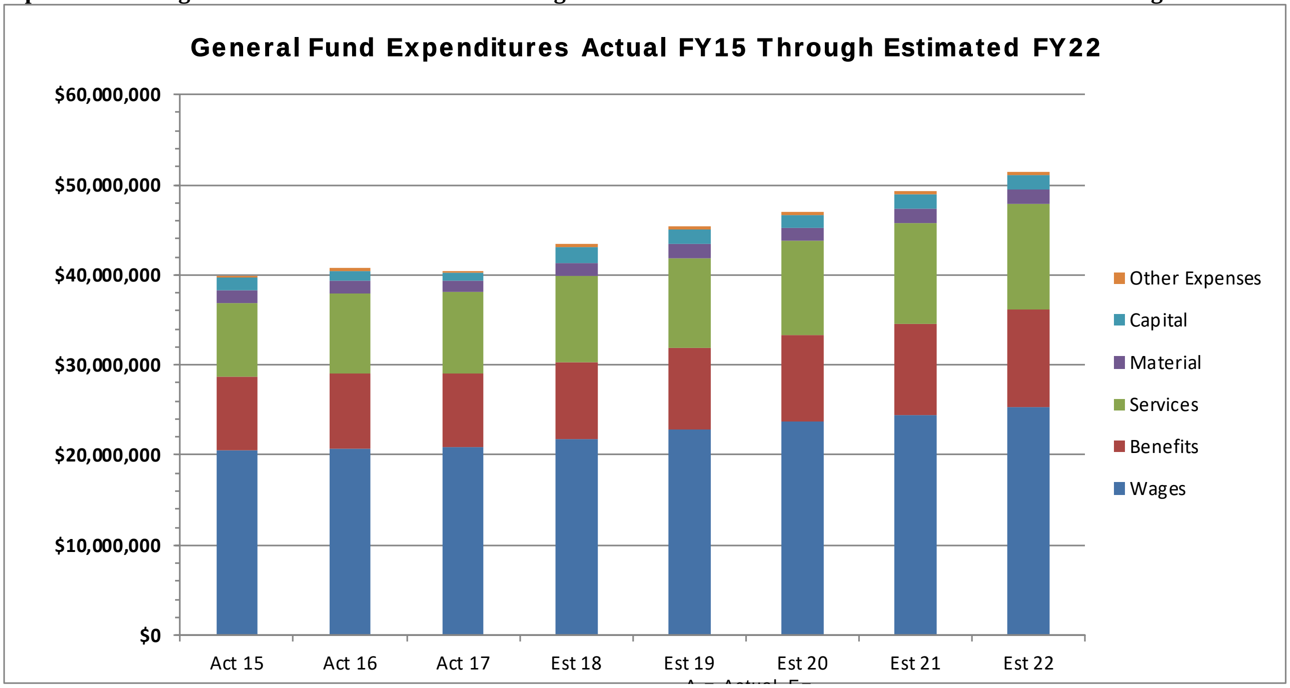
Equipment – Line # 3.050
The district has a replacement plan for busses and other vehicles which is the major portion of the expenses in this category. Technology improvements are being budgeted in FY18 – FY22 to help pay for the needed technology for students and the ability to conduct student assessments.

Source	FY18	FY19	FY20	FY21	FY22
Capital Outlay	$416,170	$445,302	$476,473	$509,826	$545,514
Repairs and Maintenance	0	0	0	0	0
Bus and Vehicle Replacement	450,000	450,000	450,000	450,000	450,000
Technology	1,000,000	600,000	600,000	600,000	600,000
Total Line 3.050	$1,866,170	$1,495,302	$1,526,473	$1,559,826	$1,595,514

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	FY18	FY19	FY20	FY21	FY22
County Auditor & Treasurer Fees	$145,708	$150,079	$154,581	$159,218	$163,995
Other expenses	154,873	170,360	187,396	206,136	226,750
Total Line 4.300	$300,581	$320,439	$341,977	$365,354	$390,745

Total Expenditure Categories Actual Fiscal Year 2015 through Fiscal Year 2017 and Estimated Fiscal Year 2018 through Fiscal Year 2022



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 and to build reserves for 27 pays that will happen in FY23. This helps the district build reserves to pay for this long term obligation which can be substantial. The district established a permanent improvement fund through transfers from the general fund beginning in FY17 and has budgeted to transfer $500 thousand annually to help build reserves for aging infrastructure, which can be a substantial cost to the district.

Source	FY18	FY19	FY20	FY21	FY22
Operating Transfers Out Line #5.010	$956,000	$1,056,000	$1,056,000	$1,056,000	$1,056,000
Advances Out Line #5.020	0	0	0	0	0
Total	$956,000	$1,056,000	$1,056,000	$1,056,000	$1,056,000

Encumbrances –Line#8.010

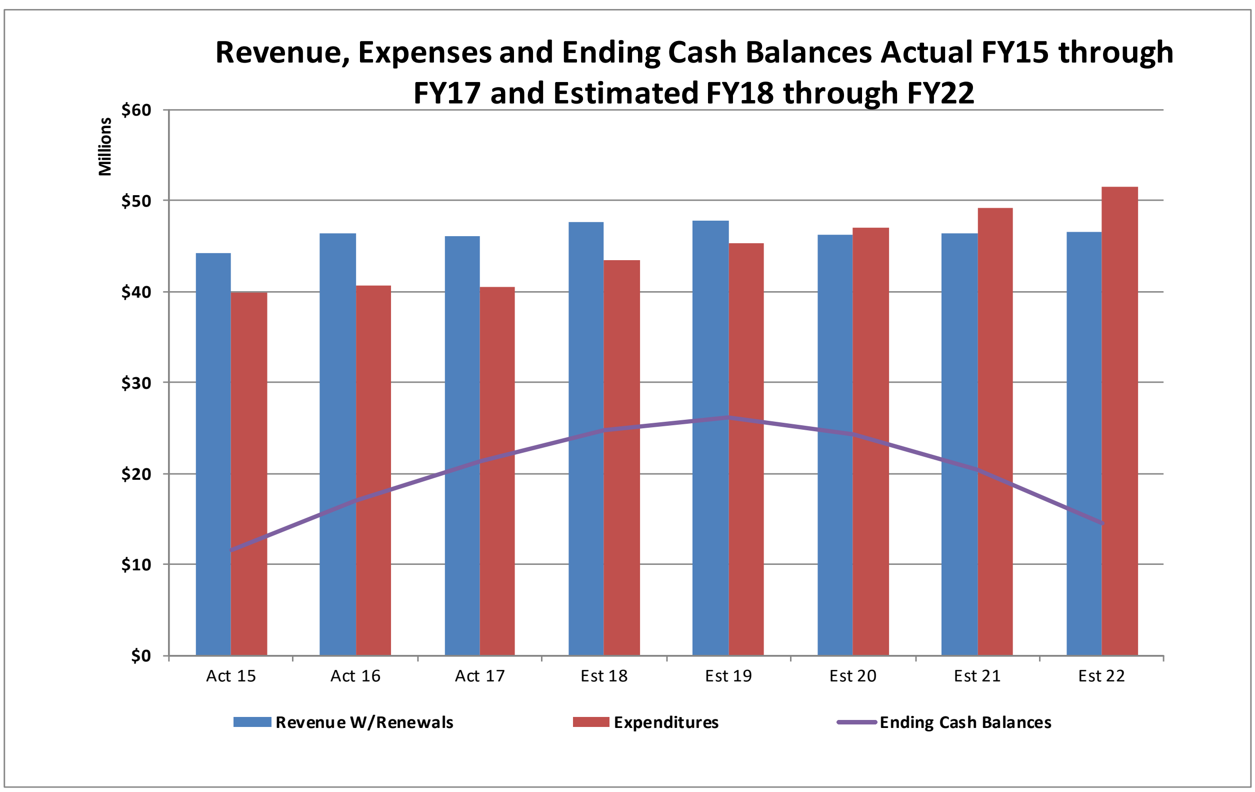
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY18	FY19	FY20	FY21	FY22
Estimated Encumbrances	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000

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.

	FY18	FY19	FY20	FY21	FY22
Ending Cash Balance	$22,535,526	$23,990,767	$22,170,506	$18,322,893	$12,396,557



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.