

**September 9, 2020**

**PROJECTIONS  
Fairborn City Schools  
By Fiscal Year**

	Renewal			3 mill Levy			
	Actual FY 2019 Totals	Actual FY 2020 Totals	Projected FY 2021 Totals	Projected FY 2022 Totals	Projected FY 2023 Totals	Projected FY 2024 Totals	Projected FY 2025 Totals
<b>Beginning Cash Balance Receipts</b>	\$25,330,818	\$29,878,570	\$31,458,872	\$30,568,872	\$28,768,872	\$26,568,872	\$23,548,872
1. Real Estate Taxes	16,036,719	16,248,716	16,100,000	16,125,000	16,300,000	16,350,000	16,400,000
... <b>(New Levy Proceeds)</b>	0	0	0	0	1,000,000	2,000,000	2,000,000
2. Tangible Taxes	1,177,457	1,264,079	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
3. Income Tax	4,421,514	4,647,527	4,550,000	4,550,000	4,600,000	4,600,000	4,700,000
4. Other Local Receipts	2,755,676	3,010,329	4,750,000	2,800,000	2,800,000	2,800,000	2,900,000
<b>5. State Foundation</b>	<b>19,762,533</b>	<b>21,338,485</b>	<b>21,760,000</b>	<b>22,410,000</b>	<b>23,080,000</b>	<b>23,770,000</b>	<b>24,450,000</b>
	<b>+0.5%</b>	<b>+8.0%</b>	<b>+2.0%</b>	<b>+3.0%</b>	<b>+3.0%</b>	<b>+3.0%</b>	<b>+3.0%</b>
6. State Exemptions	2,205,641	2,202,561	2,250,000	2,265,000	2,300,000	2,300,000	2,300,000
7. Other State	2,728,060	697,324	600,000	700,000	800,000	850,000	900,000
8. Other Non-Operating	173,781	72,253	175,000	180,000	180,000	180,000	190,000
9. Total Receipts	49,261,381	49,481,274	51,385,000	50,230,000	52,260,000	54,050,000	55,040,000
10. Receipts/Balance	74,592,199	79,359,844	82,843,872	80,798,872	81,028,872	80,618,872	78,588,872
<b>Expenditures</b>							
<b>11. Salaries and Wages</b>	<b>23,074,648</b>	<b>24,605,811</b>	<b>25,500,000</b>	<b>26,550,000</b>	<b>27,640,000</b>	<b>28,770,000</b>	<b>29,950,000</b>
	<b>+3.6%</b>	<b>+6.6%</b>	<b>+3.6%</b>	<b>+4.1%</b>	<b>+4.1%</b>	<b>+4.1%</b>	<b>+4.1%</b>
... <b>(Employee Changes)</b>	0	0	0	0	0	0	0
... <b>(Add+ Employee)</b>	8,979,433	9,721,179	10,200,000	10,700,000	11,330,000	12,000,000	12,700,000
12. Employee Benefits	0	0	0	400,000	800,000	1,200,000	1,450,000
... <b>(Add+ Insurance)</b>	9,028,841	10,104,043	10,200,000	10,400,000	10,600,000	10,900,000	11,300,000
13. Purchased Services	1,471,200	1,739,334	1,600,000	1,700,000	1,750,000	1,800,000	2,000,000
14. Supplies/Textbooks	0	0	0	0	0	0	0
... <b>(New Textbooks)</b>	1,303,779	861,370	3,900,000	1,400,000	1,450,000	1,500,000	1,600,000
15. Capital Outlay	0	0	0	0	0	0	0
16. Repayment of Debt	500,000	500,000	500,000	500,000	500,000	500,000	500,000
17. Other Non-Operating	355,728	369,235	375,000	380,000	390,000	400,000	400,000
18. Other Expenditures	44,713,629	47,900,972	52,275,000	52,030,000	54,460,000	57,070,000	59,900,000
19. Total Expenditures	\$29,878,570	\$31,458,872	\$30,568,872	\$28,768,872	\$26,568,872	\$23,548,872	\$18,688,872
<b>Ending Cash Balance</b>	<b>66.82%</b>	<b>65.67%</b>	<b>58.48%</b>	<b>55.29%</b>	<b>48.79%</b>	<b>41.26%</b>	<b>31.20%</b>
(% of Total Expenditures)							
	<b>\$31,458,872</b>	<b>\$30,568,872</b>	<b>\$29,168,872</b>	<b>\$27,768,872</b>	<b>\$25,948,872</b>	<b>\$22,538,872</b>	

# Fairborn City Schools

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## Schedule of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual; Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	\$15,901,881	\$16,059,763	\$16,248,716	1.1%	\$16,100,000	\$16,125,000	\$16,300,000	\$16,350,000	\$16,400,000
1.020 Tangible Personal Property Tax	1,187,111	1,177,457	1,264,079	3.3%	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
1.030 Income Tax	4,134,187	4,421,514	4,647,528	6.0%	4,550,000	4,550,000	4,600,000	4,600,000	4,700,000
1.035 Unrestricted State Grants-in-Aid	19,885,560	19,762,533	21,338,485	3.7%	21,760,000	22,410,000	23,080,000	23,770,000	24,450,000
1.040 Restricted State Grants-in-Aid	1,944,443	2,728,060	697,324	-17.1%	600,000	700,000	800,000	850,000	900,000
1.045 Restricted Federal Grants-in-Aid - SFSF									
1.050 Property Tax Allocation	2,211,781	2,205,641	2,202,560	-0.2%	2,250,000	2,265,000	2,300,000	2,300,000	2,300,000
1.060 All Other Revenues	2,260,270	2,732,631	3,010,330	15.5%	4,750,000	2,800,000	2,800,000	2,800,000	2,900,000
1.070 Total Revenues	47,525,233	49,087,599	49,409,022	2.0%	51,210,000	50,050,000	51,080,000	51,870,000	52,850,000
<b>Other Financing Sources</b>									
2.010 Proceeds from Sale of Notes									
2.020 State Emergency Loans and Advancements (Approved)									
2.040 Operating Transfers-In	6,000								
2.050 Advances-In									
2.060 All Other Financing Sources	244,423	173,780	72,251	-43.7%	175,000	180,000	180,000	180,000	190,000
2.070 Total Other Financing Sources	250,423	173,780	72,251	-44.5%	175,000	180,000	180,000	180,000	190,000
2.080 Total Revenues and Other Financing Sources	47,775,656	49,261,379	49,481,273	1.8%	51,385,000	50,230,000	51,260,000	52,050,000	53,040,000
<b>Expenditures</b>									
3.010 Personal Services	21,861,640	23,074,649	24,605,811	6.1%	25,500,000	26,550,000	27,640,000	28,770,000	29,950,000
3.020 Employees' Retirement/Insurance Benefits	8,378,701	8,979,434	9,721,179	7.7%	10,200,000	11,100,000	12,130,000	13,200,000	14,150,000
3.030 Purchased Services	9,706,661	9,028,842	10,104,044	2.5%	10,200,000	10,400,000	10,600,000	10,900,000	11,300,000
3.040 Supplies and Materials	1,202,699	1,471,200	1,739,335	20.3%	1,600,000	1,700,000	1,750,000	1,800,000	2,000,000
3.050 Capital Outlay	1,454,609	1,303,777	861,369	-22.2%	3,900,000	1,400,000	1,450,000	1,500,000	1,600,000
3.060 Intergovernmental									
Debt Service:									
4.010 Principal-All (Historical Only)									
4.020 Principal-Notes									
4.030 Principal-State Loans									
4.040 Principal-State Advancements									
4.050 Principal-HB 264 Loans									
4.055 Principal-Other									
4.060 Interest and Fiscal Charges									
4.300 Other Objects	294,292	355,724	369,234	12.3%	375,000	380,000	390,000	400,000	400,000
4.500 Total Expenditures	42,898,602	44,213,626	47,400,972	5.1%	51,775,000	51,530,000	53,960,000	56,570,000	59,400,000
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	956,000	500,000	500,000	-23.8%	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	956,000	500,000	500,000	-23.8%	500,000	500,000	500,000	500,000	500,000
5.050 Total Expenditures and Other Financing Uses	43,854,602	44,713,626	47,900,972	4.5%	52,275,000	52,030,000	54,460,000	57,070,000	59,900,000
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	3,921,054	4,547,753	1,580,301	-24.6%	890,000-	1,800,000-	3,200,000-	5,020,000-	6,860,000-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	21,409,762	25,330,816	29,878,569	18.1%	31,458,870	30,568,870	28,768,870	25,568,870	20,548,870
7.020 Cash Balance June 30	25,330,816	29,878,569	31,458,870	11.6%	30,568,870	28,768,870	25,568,870	20,548,870	13,688,870
8.010 Estimated Encumbrances June 30	1,080,555	1,754,589	2,685,729	57.7%					
<b>Reservation of Fund Balance</b>									
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 Advances									
9.070 Bus Purchases									
9.080 Subtotal									
10.010 Fund Balance June 30 for Certification of	24,250,261	28,123,980	28,773,141	9.1%	30,568,870	28,768,870	25,568,870	20,548,870	13,688,870
<b>Revenue from Replacement/Renewal Levies</b>									
11.010 Income Tax - Renewal									
11.020 Property Tax - Renewal or Replacement									
11.300 Cumulative Balance of Replacement/Renewal Levies									
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	24,250,261	28,123,980	28,773,141	9.1%	30,568,870	28,768,870	25,568,870	20,548,870	13,688,870
<b>Revenue from New Levies</b>									
13.010 Income Tax - New									
13.020 Property Tax - New						1,000,000	2,000,000	2,000,000	
13.030 Cumulative Balance of New Levies						1,000,000	3,000,000	5,000,000	
14.010 Revenue from Future State Advancements									
15.010 Unreserved Fund Balance June 30	24,250,261	28,123,980	28,773,141	9.1%	30,568,870	28,768,870	26,568,870	23,548,870	18,688,870
<b>ADM Forecasts</b>									
20.010 Kindergarten - October Count									
20.015 Grades 1-12 - October Count									
<b>State Fiscal Stabilization Funds</b>									
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 October 2020**

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

### **Notes and Assumptions:**

#### **Section A - Ending Cash Balances:**

##### **Previous Years:**

**Fiscal Year 2020** General Fund Balance of \$1,458,872 reflected an excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 65.67% of the annual operating expenses for FY 2020. Revenues exceeded expenditures by \$1.58M.

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

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

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

**Fiscal Year 2016** General Fund Balance of \$17,086,841 reflected an improved position that the district would prefer in ending cash balances. That cash balance

represented 41.63% of the annual operating expenses for FY 2016. Revenues exceeded expenditures by \$5.42M.

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

### **Future Years:**

**Fiscal Year 2021** *Projected* General Fund Balance of \$30.6M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 58.5% of the annual operating expenses for FY 2021. In a reversal from previous years, expenditures are projected to exceed revenues by \$ 890,000.

**Fiscal Year 2022** *Projected* General Fund Balance of \$28.8M reflects a continued excellent position for the range that the district would prefer in ending cash balances. This cash balance represents 55.3% of the annual operating expenses for FY 2022. Expenditures are projected to exceed revenues by \$1.8M.

**Fiscal Year 2023** *Projected* General Fund Balance of \$26.6M is still an acceptable position for the district in ending cash balances, but represents a decrease of \$2.2M from FY 2022. This cash balance represents 48.8% of the annual operating expenses for FY 2023. In continuing the trend from FY 2022, at an accelerated rate, expenditures are projected to exceed revenues by \$2.2M.

**Fiscal Year 2024** *Projected* General Fund Balance of \$23.5M is still an acceptable position for the district in ending cash balances, but represents a decrease of \$3.1M from FY 2023. This cash balance represents 41.3% of the annual operating expenses for FY 2024. Expenditures are projected to exceed revenues by \$3.1M.

**Fiscal Year 2025** *Projected* General Fund Balance of \$18.7M is still an acceptable position for the district in ending cash balances, but represents a decrease of \$4.8M from FY 2024. This cash balance represents 31.2% of the annual operating expenses for FY 2025. Expenditures are projected to exceed revenues by \$4.8M.

### **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 8.0% in Fiscal Year 2020 and is projected to increase by amounts of 2% and 3% in the next two years. State funding is projected at levels that were consistent with the recent State of Ohio Biennial Budget, with the exception of the recent state funding cuts.
3. State Foundation funding is set optimistically at an average increase of 3% per year for Fiscal Years 2023 to Fiscal Years 2025, 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 2020.
5. Fairborn School District Income Tax is projected with slight decreases for the future, with FY 2021 showing a 2% decrease over FY 2020. The growth projected is not that dramatic for the future – in the range of 1 to 1.5% per year.
6. Other Local receipts are projected to stay consistently at the \$2.8M mark.
7. It is anticipated that the Fairborn Schools could approach the voters with a request for a small new Operating Levy in November 2023 which would provide funds for operations.

### **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 increased by 15% for Fiscal Year 2020.**
2. **Enrollment Projections will be consistent with the estimations as presented earlier to the board.**
3. **The Fairborn City Schools will strive to maintain reasonable class size, where fiscally responsible and reasonable.**

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

For Fiscal Years 2022, 2023, and 2024, for the purposes of these financial projections, the placeholder of 4.1% increase was used which represents a 3.0% negotiated placeholder and projected 1.1% for normal annual step increases. For these three years, all salaries are subject negotiations with the three associations.

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

**Fairborn Schools got voters to approve a small Permanent Improvement Levy in the near future, that would give some relief to the general fund for those obligations.**

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

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