

Fairfield Local School District (Highland)
May 2019 5-Year Forecast Assumptions
FY16-18 Actual & FY19-23 Forecasted

REVENUE ASSUMPTIONS

1.010 General Property Tax

General Property Taxes are made up of property taxes collected. These showed an increase in 2016-2018 due to a valuation update in 2015 payable in 2016. A valuation reappraisal was completed in 2018 to be paid in 2019. We are forecasting flat property tax revenue due to property tax values increasing less than 1% in 2018 and no notable development.

1.020 Tangible Personal Property Tax & 1.030 Income Tax

None.

1.035 Unrestricted State Grants-in-Aid

Unrestricted State Grants-in-Aid are primarily State Foundation payments. These made up the majority of our revenues in FY18 (73%). The State Foundation payments are determined by the State's Biennium Budget. FY18 was the first year of the Biennium Budget, and we are forecasting flat funding in FY19 due to current funding and being on the Guarantee. Initial reports from the Governor's office and the State House indicate flat funding in FY20-21. We are forecasting flat funding in all years due to the initial reports on FY20-21 and currently being on the Guarantee.

1.040 Restricted State Grants-in-Aid

Restricted State Grants-in-Aid are made up of Economic Disadvantaged and Career Tech monies from the State Foundation, as well as Medicaid Reimbursement and Catastrophic Costs Reimbursement in FY16-19. We are forecasting flat funding in these areas due to the State Biennium Budget being known in FY18-19, State Biennium Budget being unknown in FY20-23, and the expectation of similar Medicaid Reimbursement and Catastrophic Costs Reimbursement. We are also forecasting additional monies for Student Wellness & Success in FY20-23 due to the Governor and House's proposed FY20-21 budgets.

1.045 Restricted Federal Grants-in-Aid

None.

1.050 Property Tax Allocation

Property Tax Allocation is made up of reimbursements from the state for Property Tax credits (Homestead and Rollback). We are forecasting that these receipts will continue to be in-line with the General Property Tax receipts as in prior years.

1.060 All Other Revenues

All Other Revenues are primarily Open Enrollment into the district and Investment income. We are forecasting that the number of Open Enrollment students and the amount per student will

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1.060 All Other Revenues (cont.)

remain consistent based on prior years and the expectation of strong Open Enrollment. We are forecasting investment income will diminish over time due to lower cash balances.

EXPENDITURE ASSUMPTIONS

3.010 Personal Services

Personal Services are made up of salaries, supplemental contracts, substitutes, overtime, bonuses, and severance payments. This is our largest expense (47% of expenses in FY18). The base salary increases for FY18-20 is 2% annually per the negotiated union contract. We are forecasting similar increases in FY21-23. The forecast also includes step increases in FY19-23, severance payouts, and an additional employee beginning in 2020.

3.020 Employees' Retirement/Insurance Benefits

Employees' Retirement/Insurance Benefits are made up of the district's required 1.45% Medicare contribution, 14% State Teachers Retirement (STRS) & School Employees Retirement (SERS) contributions, insurance benefits, worker's compensation, unemployment compensation, and tuition reimbursement. We are forecasting Medicare and STRS/SERS will remain at their current percentages but will increase as Personal Service costs rise. The district received a small decrease in insurance costs for FY19, but we are also forecasting insurance benefit costs will increase at 10% into the future based on market trends provided by our consultants and other district's renewals.

3.030 Purchased Services

Purchased Services are made up primarily of contracted services (Southern Ohio Educational Service Center and the Metropolitan Educational Technology Association), Open Enrollment Out, Community School Transfers Out, and Utilities. A slight decrease is forecasted for Southern Ohio Educational Service Center services in FY19 due to psychological and talented & gifted services being provided in-house, but an increase in FY20-23 due to increased speech therapy services. The other purchased services are forecasted to trend up with inflation (3%-5%) in FY19-23. We are forecasting that the Open Enrollment Out and Community School Transfers will remain consistent as in prior years.

3.040 Supplies and Materials

Supplies and Materials are made up of textbooks, software, educational supplies, office supplies, maintenance/custodial supplies, vehicle/bus supplies, and fuel. We are forecasting increases consistent with inflation (3%-5%) and new curriculum adoptions.

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3.050 Capital Outlay

Capital Outlay is made up of buildings, campus improvements, equipment, and vehicles/buses. The district finalized a capital plan. The capital plan called for consistent capital outlay General Fund expenditures in FY19-23.

3.060 Intergovernmental & 4.0 Debt

None.

4.300 Other Objects

Other Objects are made up primarily of Auditor & Treasurer fees, Biennial Audit fees, GAAP Conversion fees, and Educational Service Center Per-Pupil (Foundation) fees. We are forecasting these expenses will rise at 3%-5% due to inflation.

ENCUMBRANCES & OTHER FINANCING SOURCES/USES ASSUMPTIONS

2.040 & 5.010 Operating Transfers-In/Out

Operating Transfers-In/Out are made up of transfers into and out of the General Fund to the various other district funds. \$300,000 is currently being transferred from the General Fund to the Permanent Improvement Fund annually. We are forecasting these transfers will stop in FY20 due to financial constraints, but this has not been Board approved. We are also forecasting an additional FY19 transfer from the General Fund to the Permanent Improvement Fund to pay for capital expenditures into FY20-23. Transfers between the various General Fund Special Cost Centers were also included here in FY16-17, but are no longer included starting in FY18.

2.050 & 5.020 Advances-In/Out

Advances-In/Out are made up of advances of money to various funds to cover an end-of-year deficit. We also Advanced the Permanent Improvement Fund in FY18 with the expectation of a capital plan being approved. The plan was approved, and we are forecasting this Advance will be converted into a Transfer.

8.010 Estimated Encumbrances June 30

Estimated Encumbrances June 30 are made up of outstanding purchase orders that have not been approved for payment because the goods/services were not received in the fiscal year in which they were ordered. We are forecasting that these will trend slightly higher from FY19 going forward due to the levels of spending forecasted in future years.