

Fairfield Local School District (Highland)
October 2018 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 will be completed in 2018 paid in 2019. We are forecasting to lose property tax revenue due to law changes enacted by the Ohio Legislature that will decrease CAUV values. The CAUV decreases are expected to be partially offset by an increase in residential values based on conversations with the County Auditor.

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 from FY17-FY19 due to the District currently being on the Guarantee. FY20-23 is unknown because it will depend on the State's next Biennium Budget. We are forecasting flat-funding in all years due to 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. We are forecasting flat-funding 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.

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 projecting 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 projecting that the number of Open Enrollment students and the amount per student will 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.

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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 no base pay increases in FY21-23. The forecast also includes step increases in FY19-23, severance payouts, and an additional 1.5 FTE employees 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 no increase in insurance costs for FY19, but we are also forecasting insurance benefit costs will increase at 7% into the future based on information from our consultants.

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 in FY19 due to psychological and talented & gifted services being provided in-house, but the contracted services and utilities will trend up with inflation (3%-5%). 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%).

3.050 Capital Outlay

Capital Outlay is made up of buildings, campus improvements, equipment, and vehicles/buses. The district is finalizing a capital plan. We are currently forecasting these expenses to remain consistent with prior years in FY19 based on district needs, but FY19 and into the future will change pending the capital plan. Also, capital outlay was moved out of Purchased Services and Supplies and into Capital Outlay for FY19. This caused an increase in Capital Outlay and a decrease in Purchased Services and Supplies. This was done by the Treasurer to more accurately reflect the nature of expenses.

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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 the unpredictability of these increases.

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. 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 expected advances of money to various funds to cover an end-of-year deficit. We are forecasting the need to advance federal funds which will be repaid.

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 up from FY18 due to the levels of spending forecasted in future years.