

# FIVE YEAR FORECAST UPDATE



**OCTOBER 18, 2012  
BOARD OF EDUCATION MEETING**

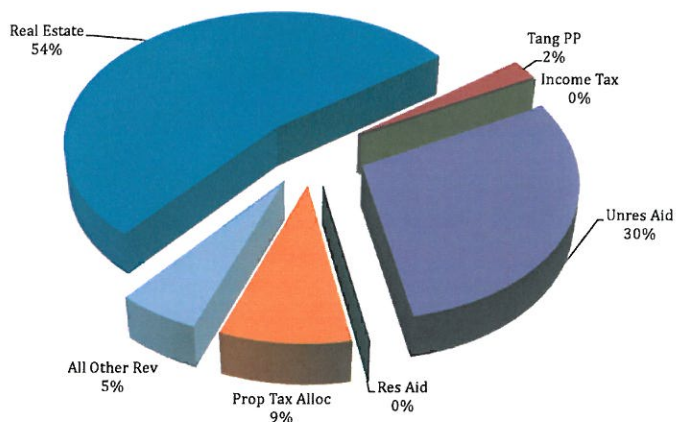
**Excellence, Preparation For Life,  
Opportunities For All**

## REVENUE UPDATE

- “Excellent” rating for fiscal year 2012 = \$160,000 during fiscal year 2013
- Open Enrollment estimated to generate \$600,000
- Casino revenue:
  - \$105,000 for fiscal year 2013
  - \$210,000 for fiscal year 2014
- State funding forecasted to remain flat

## REVENUE BREAKDOWN

2013

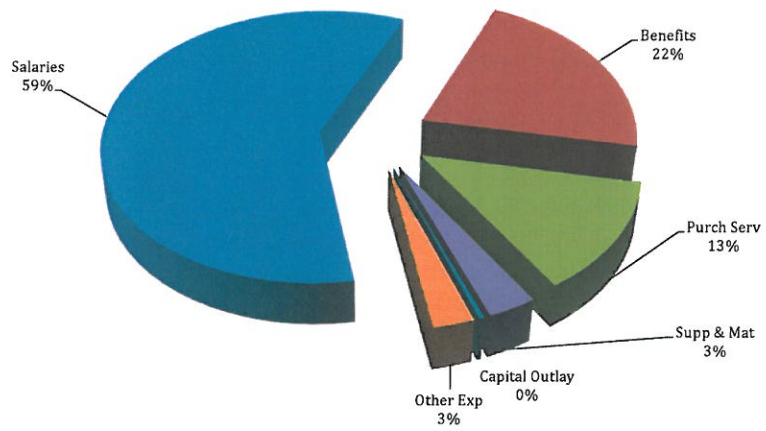


## EXPENDITURE UPDATE

- **2% base wage increases for fiscal year 2015 and beyond for all staff**
- **No base wage increases or step increases for fiscal years 2013 & 2014 for all staff**
- **Health insurance rates will increase January 1<sup>st</sup> between 15% - 20%**
- **Building/department budgets have been cut 20%**
- **\$306,000 set aside for textbooks/materials**
- **\$500,000 set aside for district improvements/repairs**

## EXPENDITURE BREAKDOWN

2013



Revenue, Expenditures and Year End Fund Balance



## FINANCIAL SUMMARY

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Beginning Balance	13,293,053	18,452,265	20,816,359	19,977,133	15,670,141
+ Revenue	77,835,315	76,818,635	77,065,079	77,492,463	77,453,809
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(72,676,103)	(74,454,540)	(77,904,305)	(81,799,456)	(86,014,687)
= Revenue Surplus or Deficit	5,159,212	2,364,094	(839,226)	(4,306,992)	(8,560,878)
Ending Cash Balance	18,452,265	20,816,359	19,977,133	15,670,141	7,109,264
<b>Unreserved Fund Balance June 30</b>	<b>15,972,358</b>	<b>18,336,452</b>	<b>17,747,226</b>	<b>13,440,234</b>	<b>4,879,357</b>

**FAIRFIELD CITY SCHOOL DISTRICT - - BUTLER COUNTY**

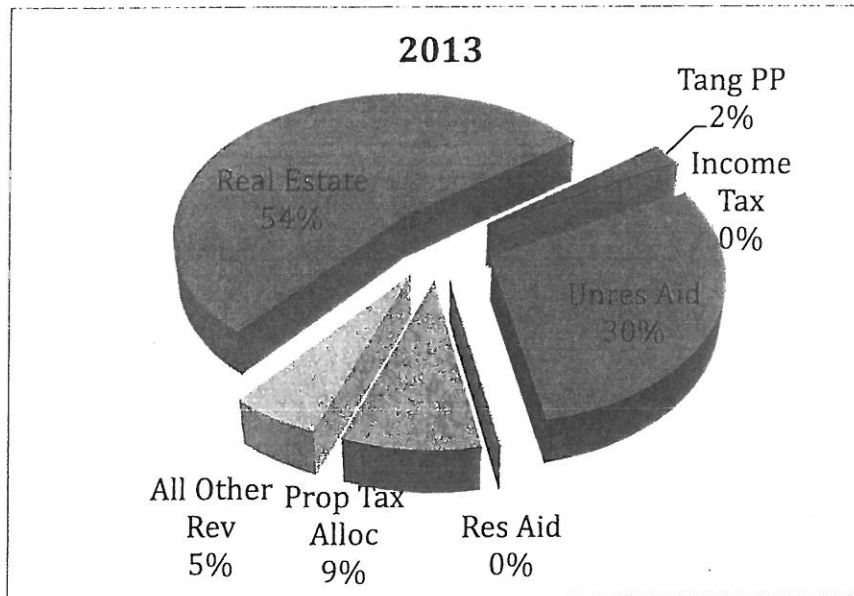
**046102**

Schedule of Revenues, Expenditures and Changes in Fund Balances  
ACTUAL AND FORECASTED OPERATING FUND

	Actual				Forecasted				
	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	3yr Avg Change	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
<b>Revenues</b>									
1 010 General Property Tax (Real Estate)	34,138,936	34,620,458	38,505,474	4.3%	41,573,754	40,411,802	40,948,769	41,366,594	41,541,511
1 020 Tangible Personal Property Tax	1,073,893	1,633,800	1,827,043	-15.5%	1,812,333	1,997,642	1,997,642	1,997,642	1,997,642
1 030 Income Tax	-	-	-	-	-	-	-	-	-
1 035 Unrestricted State Grants-in-Aid	22,487,947	22,417,888	21,519,239	-2.2%	22,890,754	22,728,998	22,728,998	22,728,998	22,728,998
1 040 Restricted State Grants-in-Aid	1,576,422	3,196,670	67,684	218.1%	61,077	61,077	61,077	61,077	61,077
1 045 Restricted Federal Grants-in-Aid - SFSF	-	-	33,171	-	-	-	-	-	-
1 050 Property Tax Allocation	9,413,699	8,863,651	7,508,581	-2.4%	6,692,142	6,645,017	6,667,957	6,687,424	6,703,146
1 060 All Other Revenues	3,261,899	3,045,530	3,307,872	-8.1%	4,193,066	4,087,342	3,875,181	3,853,001	3,618,340
1 070 <b>Total Revenues</b>	<b>72,732,796</b>	<b>74,417,877</b>	<b>73,962,064</b>	<b>-0.4%</b>	<b>77,223,126</b>	<b>76,002,478</b>	<b>76,279,624</b>	<b>76,063,736</b>	<b>76,651,014</b>
<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	5,472	-	-	-100.0%	216,563	282,691	285,255	298,828	302,595
2 050 Advances-In	1,120,175	547,687	959,157	60.2%	394,919	533,266	500,000	500,000	500,000
2 060 All Other Financing Sources	1,816	1,430	342	179.3%	707	200	200	200	200
2 070 <b>Total Other Financing Sources</b>	<b>1,127,463</b>	<b>549,117</b>	<b>959,499</b>	<b>60.5%</b>	<b>612,189</b>	<b>816,157</b>	<b>785,455</b>	<b>799,828</b>	<b>802,795</b>
2 080 <b>Total Revenues and Other Financing Sources</b>	<b>73,860,259</b>	<b>74,966,994</b>	<b>74,921,563</b>	<b>-0.2%</b>	<b>77,835,315</b>	<b>76,818,635</b>	<b>77,065,079</b>	<b>77,492,464</b>	<b>77,453,809</b>
<b>Expenditures</b>									
3 010 Personal Services	48,381,340	47,280,538	44,616,922	-2.2%	42,560,781	42,644,839	44,331,227	45,940,450	47,608,089
3 020 Employees' Retirement/Insurance Benefits	15,428,771	16,349,677	14,821,708	-0.1%	15,538,355	16,783,499	18,538,581	20,501,465	22,728,042
3 030 Purchased Services	7,953,189	8,087,727	8,244,194	2.1%	9,323,652	9,555,418	9,794,304	10,039,161	10,290,140
3 040 Supplies and Materials	2,073,334	2,283,697	1,629,495	-3.8%	2,334,098	2,657,439	2,384,013	2,407,853	2,431,932
3 050 Capital Outlay	504,528	965,477	240,287	13.3%	212,117	34,238	34,580	34,926	35,275
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	1,919,138	1,778,574	1,918,893	3.0%	1,957,271	1,996,416	2,036,345	2,077,071	2,118,613
4 500 <b>Total Expenditures</b>	<b>76,860,300</b>	<b>76,691,690</b>	<b>71,471,509</b>	<b>-1.4%</b>	<b>71,926,274</b>	<b>73,671,849</b>	<b>77,119,050</b>	<b>81,000,926</b>	<b>85,212,091</b>
<b>Other Financing Uses</b>									
5 010 Operating Transfers-Out	-	-	108,955	-	216,563	282,691	285,255	298,828	302,595
5 020 Advances-Out	526,950	816,936	514,611	-11.2%	533,266	500,000	500,000	500,000	500,000
5 030 All Other Financing Uses	-	-	-	-	-	-	-	-	-
5 040 <b>Total Other Financing Uses</b>	<b>526,950</b>	<b>816,936</b>	<b>633,566</b>	<b>-6.8%</b>	<b>749,829</b>	<b>782,691</b>	<b>785,255</b>	<b>798,828</b>	<b>802,595</b>
5 050 <b>Total Expenditures and Other Financing Uses</b>	<b>77,387,250</b>	<b>77,508,626</b>	<b>72,105,075</b>	<b>-1.6%</b>	<b>72,676,103</b>	<b>74,454,540</b>	<b>77,904,305</b>	<b>81,799,454</b>	<b>86,014,686</b>
6 010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>(3,526,991)</b>	<b>(2,541,632)</b>	<b>2,816,489</b>	<b>93.0%</b>	<b>5,159,212</b>	<b>2,344,085</b>	<b>(839,228)</b>	<b>(4,306,990)</b>	<b>(8,560,877)</b>
7 010 <b>Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies</b>	<b>16,545,188</b>	<b>19,018,197</b>	<b>10,476,565</b>	<b>-14.7%</b>	<b>13,293,053</b>	<b>18,452,265</b>	<b>20,816,360</b>	<b>19,977,134</b>	<b>15,670,144</b>
7 020 <b>Cash Balance June 30</b>	<b>13,018,197</b>	<b>10,476,565</b>	<b>13,293,053</b>	<b>-4.7%</b>	<b>18,452,265</b>	<b>20,816,360</b>	<b>19,977,134</b>	<b>15,670,144</b>	<b>7,109,267</b>
8 010 <b>Estimated Encumbrances June 30</b>	<b>1,694,311</b>	<b>1,717,650</b>	<b>670,440</b>	-	<b>750,000</b>	<b>750,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Reservation of Fund Balance</b>									
9 010 Textbooks and Instructional Materials	-	-	-	-	-	-	-	-	-
9 020 Capital Improvements	-	-	-	-	-	-	-	-	-
9 030 Budget Reserve	1,729,907	1,729,907	1,729,907	-	1,729,907	1,729,907	1,729,907	1,729,907	1,729,907
9 040 DPIA	-	-	-	-	-	-	-	-	-
9 045 Fiscal Stabilization	-	-	-	-	-	-	-	-	-
9 050 Debt Service	-	-	-	-	-	-	-	-	-
9 060 Property Tax Advances	-	-	-	-	-	-	-	-	-
9 070 Bus Purchases	-	-	-	-	-	-	-	-	-
9 080 <b>Subtotal</b>	<b>1,729,907</b>	<b>1,729,907</b>	<b>1,729,907</b>	-	<b>1,729,907</b>	<b>1,729,907</b>	<b>1,729,907</b>	<b>1,729,907</b>	<b>1,729,907</b>
10 010 <b>Fund Balance June 30 for Certification of Appropriations</b>	<b>9,593,979</b>	<b>7,729,008</b>	<b>10,892,706</b>	-	<b>15,972,358</b>	<b>18,336,453</b>	<b>17,747,227</b>	<b>13,440,237</b>	<b>4,879,360</b>
<b>Revenue from Replacement/Renewal Levies</b>									
11 010 Income Tax - Renewal	-	-	-	-	-	-	-	-	-
11 020 Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-	-
11 300 <b>Cumulative Balance of Replacement/Renewal Levies</b>	-	-	-	-	-	-	-	-	-
12 010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>9,593,979</b>	<b>7,729,008</b>	<b>10,892,706</b>	-	<b>15,972,358</b>	<b>18,336,453</b>	<b>17,747,227</b>	<b>13,440,237</b>	<b>4,879,360</b>
<b>Revenue from New Levies</b>									
13 010 Income Tax - New	-	-	-	-	-	-	-	-	-
13 020 Property Tax - New	-	-	-	-	-	-	-	-	-
13 030 <b>Cumulative Balance of New Levies</b>	-	-	-	-	-	-	-	-	-
14 010 <b>Revenue from Future State Advancements</b>	-	-	-	-	-	-	-	-	-
15 010 <b>Unreserved Fund Balance June 30</b>	<b>9,593,979</b>	<b>7,729,008</b>	<b>10,892,706</b>	-	<b>15,972,358</b>	<b>18,336,453</b>	<b>17,747,227</b>	<b>13,440,237</b>	<b>4,879,360</b>
<b>State Fiscal Stabilization Funds</b>									
21 010 Personal Services SFSF	1,019,606	1,856,821	33,171	-	-	-	-	-	-
21 020 Employees Retirement/Insurance Benefits SFSF	207,006	373,279	-	-	-	-	-	-	-
21 030 Purchased Services SFSF	62,823	699,486	-	-	-	-	-	-	-
21 040 Supplies and Materials SFSF	-	-	-	-	-	-	-	-	-
21 050 Capital Outlay SFSF	-	-	-	-	-	-	-	-	-
21 060 <b>Total Expenditures - SFSF</b>	<b>1,289,435</b>	<b>3,129,586</b>	<b>33,171</b>	-	-	-	-	-	-
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									
10/18/2012									

Fairfield City School District  
Notes to the 5 Year Financial Projection  
October 18, 2012

**REVENUE ASSUMPTIONS**



**REAL AND PERSONAL PROPERTY ASSUMPTIONS (1.010 & 1.020)**

Property tax revenue estimates are based on historical growth patterns, including scheduled updates and reappraisals, and are provided by the Butler County Auditor.

The District's total valuation for calendar year 2011 was \$1,360,251,160. This represents a decrease of 4.65% over calendar year 2010 valuation of \$1,426,514,450.

During calendar year 2011, residential/agricultural values decreased 3.68% to a valuation of \$966,118,460. Commercial/Industrial values decreased by 8.37% to a valuation of \$356,994,550.

Our public utility personal property values increased in calendar year 2011 by 9.44%. The valuation for public utility personal property totaled \$37,135,080.

With the passage of the 6.5 mill operating levy in November 2011, the forecast reflects the increase in revenue received beginning in fiscal year 2012.

**UNRESTRICTED STATE GRANTS-IN-AID (1.035)**

Governor Kasich eliminated the evidence based model funding formula at the beginning of fiscal year 2012 and replaced it with the bridge funding model. Funding projections are based on current law. We do not anticipate major adjustments to our funding in the future.

With the District being awarded an "Excellent" rating for FY2012, we have included a subsidy of \$162,000 for high performing districts for FY2013.

**RESTRICTED STATE GRANTS-IN-AID (1.040)**

Funds received by the state for career technical services and special education catastrophic cost reimbursement are included in this line item.

Fairfield City School District  
Notes to the 5 Year Financial Projection  
October 18, 2012

**PROPERTY TAX ALLOCATION (1.050)**

These funds are reimbursements from Ohio for tax credits given to owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers.

This line also includes the direct payments for reimbursement of tangible personal property taxes lost. With the enactment of Amended Substitute House Bill 153, the reimbursement calculation and the distribution schedule has been altered for FY12 and beyond. The anticipated loss to the District is approximately \$1.5 million in fiscal year 2012 and \$1.4 million in fiscal year 2013. For future years, we have maintained the fiscal year 2013 amount.

**OTHER LOCAL REVENUES (1.060)**

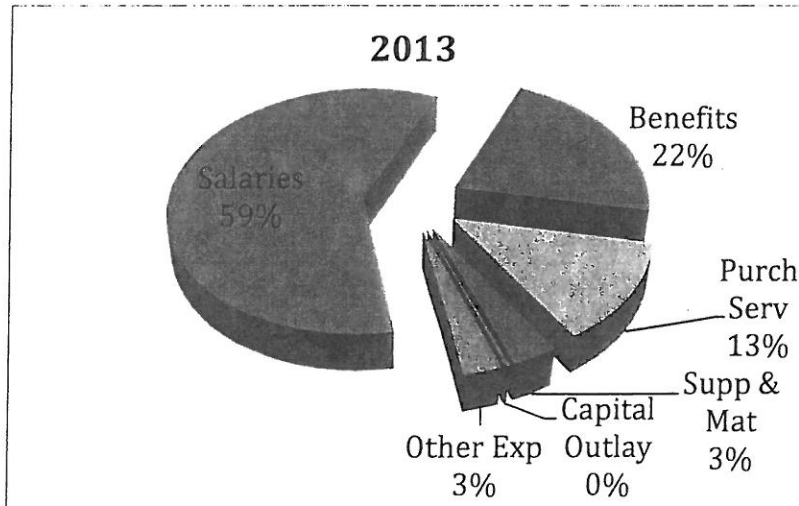
We have included collections of preschool tuition, increased activity fees, rental income and donations in the forecast. Interest income is determined on available cash flows and market conditions of interest rates. Tax Increment Financing (TIF) and tax abatement payments are also included in this line item. With the Board of Education approving open enrollment beginning in fiscal year 2013, we have estimated an increase in revenue of \$600,000.

Casino revenue is being anticipated to be received in January 2013. We have included \$105,000 for fiscal year 2013 and an additional \$105,000 has been added to fiscal year 2014.

**OTHER FINANCING SOURCES (2.010 – 2.080)**

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year-end are planned to be returned in the succeeding fiscal year.

**EXPENDITURE ASSUMPTIONS**



Fairfield City School District  
Notes to the 5 Year Financial Projection  
October 18, 2012

**PERSONAL SERVICES (3.010)**

The amounts for salaries and benefits are based on existing negotiated agreements. The District and the Fairfield Classroom Teachers' Association (FCTA) agreed to re-open negotiations in June 2011. With an estimated \$2.2 million in concessions over a three year period, the District and the Fairfield Classroom Teachers' Association (FCTA) reached agreement on a new collective bargaining contract that is effective from June 30, 2011, through June 29, 2014. The concessions included step freezes and no base wage increases for the life of the contract. Beyond the 2014 fiscal year, 2% base wage increases are projected.

The four local OAPSE chapters of the classified unions are divided into two separate bargaining groups. The District and the OAPSE unions negotiated a new collective bargaining agreement effective July 1, 2010 through June 30, 2012. As a result of those negotiations, the District and the OAPSE chapters agreed to zero percent base wage increases for fiscal year 2011 and fiscal year 2012. The District and OAPSE chapters reached an agreement on a new collective bargaining contract that is effective July 1, 2012, through June 30, 2015. The concessions made by both OAPSE groups included step freezes and wage freezes for the first two years of the contact with a wage and benefit reopener for fiscal year 2015.

For the 2013 and 2014 fiscal years, no base wage increases are included. Beyond the 2014 fiscal year, 2% base wage increases are projected.

Administrators in the District are not entitled to step increases and received no base wage increases for fiscal year 2010, fiscal year 2011 or fiscal year 2012. We have included no base wage increases in the forecast for fiscal years 2013 or 2014. For fiscal years beyond 2014, 2% base wage increases are projected.

For fiscal year 2012, the Board adopted additional cost savings measures as follows:

- Reduction of 10.5 FTEs of certified teaching positions
- Reduction of 2 FTEs of administrative positions
- Reduction of 2 FTEs of licensed librarian positions
- Elimination of two, part-time crossing guard positions
- Elimination of 1 FTE of a truancy officer position
- Elimination of busing for grades 10-12
- Reduction of 1 FTE data entry position
- Elimination of 1 FTE district office receptionist
- Reduction of 16.5 educational assistants positions
- Elimination of 19 bus driver positions
- Elimination of 1 District HVAC Technician
- Elimination of 13 FTEs of custodial positions
- Closing of the Fairfield Kindergarten Center-with reductions as follows:
  - 1 FTE-Building Secretary
  - 1 FTE-Clerk
  - 1 FTE-Head Custodian
  - 2 FTE-Building Custodians
  - 1 FTE-Registered Nurse
  - .5 FTE-Media Educational Assistant.

The District has contracted with the Butler County ESC to manage all substitute teaching positions, including payments, beginning in fiscal year 2013. Approximately \$650,000 has been shifted from salaries to purchased services for fiscal year 2013 and beyond.



Fairfield City School District  
Notes to the 5 Year Financial Projection  
October 18, 2012

**EMPLOYEES' RETIREMENT/INSURANCE BENEFITS (3.020)**

The District will shift approximately \$106,925 from this line item to the purchased services line item to cover the fringe benefit costs of the contract with Butler County ESC for substitute teaching payments.

The District is a member of the Butler Health Plan. The Plan has tried to hold premium increases to a minimum while still offering a wide variety of benefits to the District's employees. In January 2012, the medical plan premium increased 7% percent and the dental plan premium increased 6%. For future years, the forecast reflects a 15% increase for health insurance premiums for fiscal year 2013 and an 18% increase for fiscal year 2014. Beyond fiscal year 2014, we have included 15% increases.

Due to the outcome of negotiations, effective January 1, 2012, the classified employees began paying 20% of the medical premium and 5% of the dental premium. Certified staff and administrators began paying 15% of the medical premium and 10% of the dental premium.

Effective July 1, 2013, certified staff and administrators will begin paying 20% of the medical premium while maintaining the 10% premium contribution towards the dental plan.

The percentage included in the forecast for retirement, workers compensation and medicare costs remain at 16.45% for the life of the forecast. The School Employees Retirement System has issued a catch-up provision for contributions that are normally charged to the District six months in arrears via the Ohio Department of Education's Foundation Program. The arrearage will be collected over a six year period. We have included an additional payment for fiscal year 2013 of \$141,000 in the forecast.

Due to the staff reduction in force, the forecast reflects an increase in unemployment charges to the district.

**PURCHASED SERVICES (3.030)**

The forecast reflects a 2.5% increase in purchased services. This line item includes maintenance costs, utilities and contracted services. The new partnership agreement with the Butler County ESC for fiscal year 2013 has been included.

We have also included cost savings from renegotiating service contracts with providers for printing services as well as telephone services.

We anticipate a slight increase in students being open enrolled into other Districts. We have included an additional expenditure of approximately \$78,000 for these students.

**SUPPLIES & MATERIALS (3.040)**

Expenditures in this line item include instructional materials such as textbooks, software, bus fuel and office/custodial supplies. The forecast reflects a 1% increase in this category for each year of the forecast. We have included approximately \$300,000 for textbooks/materials purchases as well as \$500,000 for district repairs and maintenance for fiscal year 2013.

We have reduced some building and department budgets for fiscal year 2013 by 20% for an estimated savings of \$117,700.

Fairfield City School District  
Notes to the 5 Year Financial Projection  
October 18, 2012

**CAPITAL OUTLAY (3.050)**

The forecast reflects a 1% increase in capital outlay expenditures for the life of the forecast. With most of the permanent improvement monies depleted, we have included \$180,000 for the purchase of two special needs buses out of this line item.

**OTHER EXPENSES (4.300)**

The forecast reflects a 2% increase each year in this line item. Anticipated expenditures in these areas include county auditor and treasurer fees, county board deductions, membership dues and annual audit fees. Due to the expiration of stimulus monies, \$76,137 in charges under the county educational service center contract (for two special education positions) are being shifted back to general fund under this line item.

**NON OPERATING EXPENSES (5.010 – 5.050)**

The forecast reflects the principal and interest payments for the House Bill 264 Energy Conservation Bonds as well as estimated advances for year end.

**ENCUMBRANCES (8.010)**

Estimated encumbrances are outstanding purchase orders that have not been approved for payment or were not received in the fiscal year in which they were ordered. These estimates are based on historical patterns.

**UNRESERVED FUND BALANCE (15.010)**

This amount must not go below \$-0- or the district General Fund will violate Ohio Budgetary Laws.

**OTHER CONSIDERATIONS**

This forecast is based on the above assumptions and the information available on the day it was prepared. This forecast is subject to change as circumstances change or additional information becomes available.