



# ***Fairfield City School District Five Year Forecast***

November 21, 2024

Presented by: Amy Lee, Interim Treasurer/CFO



# Forecast Purpose/Objectives

- ▶ To engage the Board of Education and the community in the long range planning and discussions of financial issues facing the school district.
- ▶ To serve as a basis for determining the school district's ability to sign the certification required by Ohio Revised Code section 5705.412, commonly known as the "412 certificate".
- ▶ To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

# Property Taxes

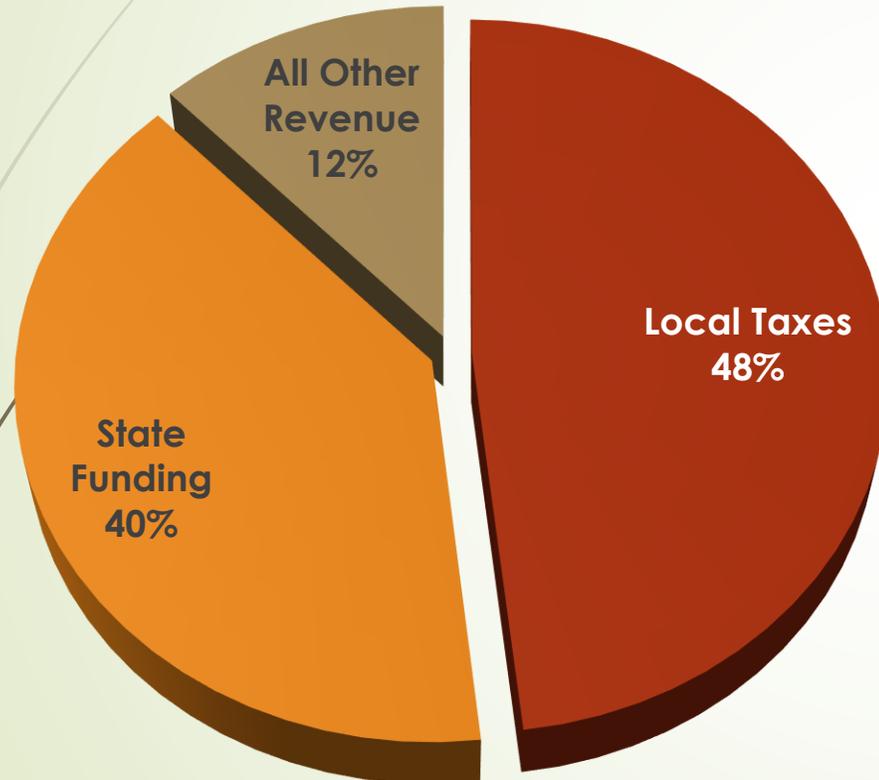
- ▶ Property Values – projections:
  - ▶ 39% - residential
  - ▶ 4.33% - commercial/industrial
- ▶ Tax collections – projections:
  - ▶ 3% increase from FY24 to FY25
  - ▶ .6% increase from FY25 to FY26
  - ▶ 2.3% increase from FY 26 to FY 27
- ▶ Once a school levy is passed, the amount of money which our school district can receive from that school levy applied against the tax duplicate which existed when the issue was passed can never increase (except for new construction and inside millage).
- ▶ When reassessment and updates show that inflation has increased the value of property, a tax credit is applied to make certain that schools receive no more income from the **voted** mills applied against that property.

# CURRENT FISCAL YEAR

## Financial Forecast Key Indicators & Analysis

Fairfield City SD

### Current Fiscal Year Projected Revenue Analysis



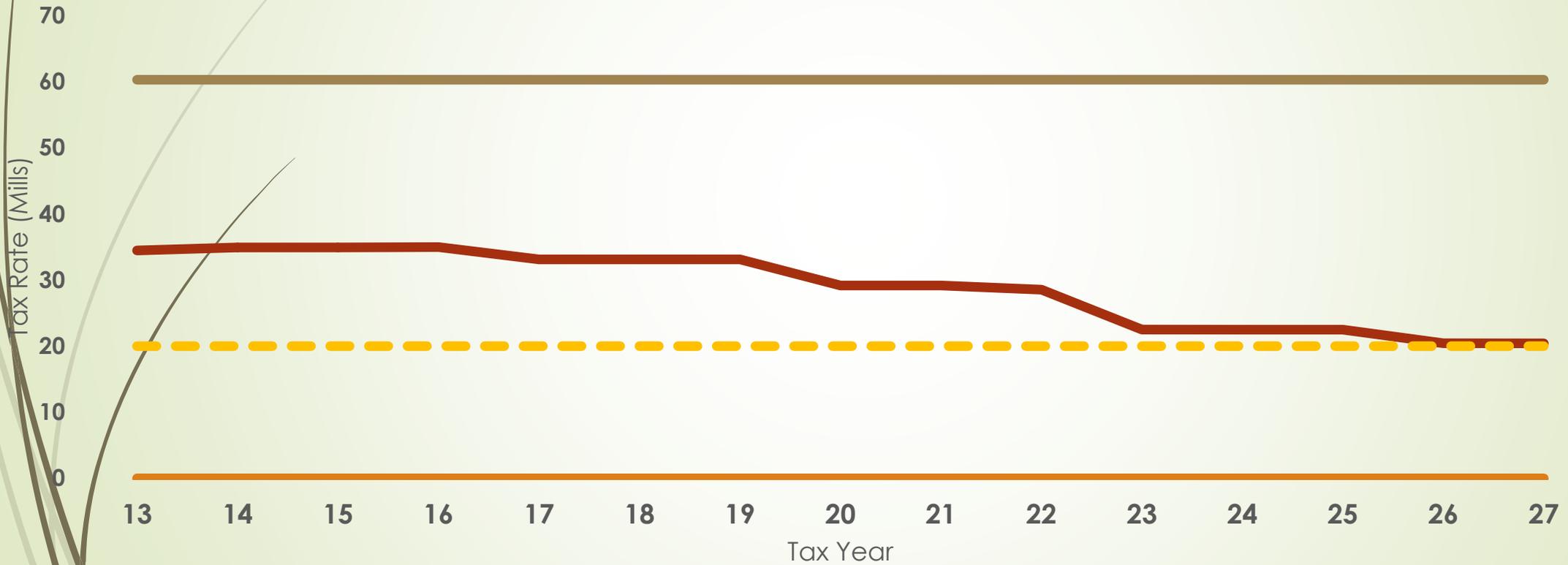
<b>Projected Local Taxes</b>	<b>\$55,930,062</b>
Real Estate Property Taxes	\$50,585,987
Public Utility Property Taxes	\$5,344,075
Income Taxes	\$0

<b>Projected State Funding</b>	<b>\$46,004,064</b>
Fair School Funding Plan	\$36,745,043
Restricted State Funding	\$3,684,154
State Share of Local Taxes	\$5,574,867

<b>Projected All Other Revenue</b>	<b>\$14,103,661</b>
Other Operating Revenue	\$10,490,598
Other Sources	\$3,613,062

# District's Property Tax Rates

Year-Over-Year Change in School District General Fund Property Tax Rates



Class I Fixed Rate Levy Effective Rates    Fixed Sum Levy Rates    Fulled Voted Rate    Millage Floor

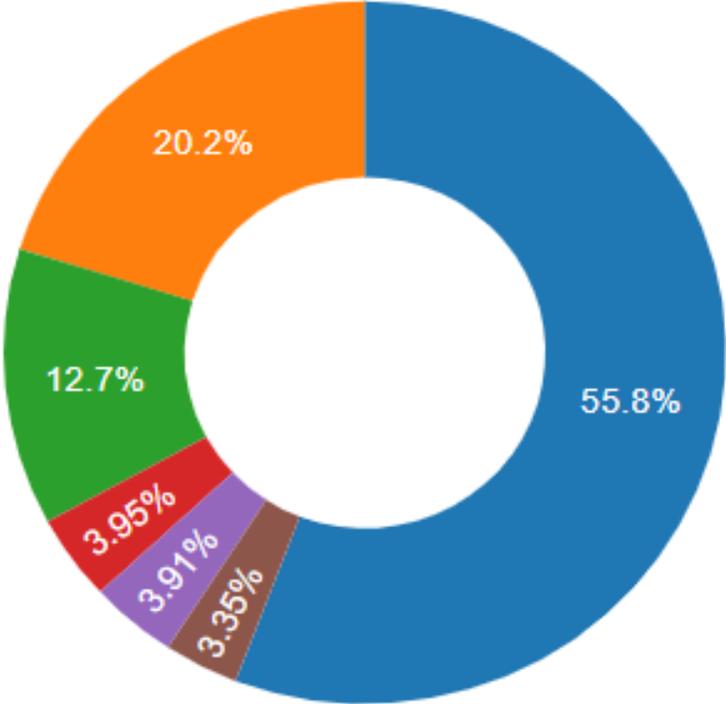


# Unrestricted State Aid

- ▶ Updated base cost inputs
- ▶ Continued phase-in of formula, although this could change with each State budget cycle
- ▶ Unrestricted Aid continues to decline
  - ▶ 2.4% decrease in funding for FY25
  - ▶ 10% decrease in funding for FY 27
    - Property value increases, income of residents, student enrollment/demographics
    - When a district appears wealthier, state aid decreases

# Expenditure Breakdown

**General Fund Current Year Expenses by Object**



- Salaries and Wages (100)
- Benefits (200)
- Purchased Services (400)
- Other (800-900)
- Capital Outlay (600)
- Supplies (500)

# Salaries

- ▶ Fairfield Classroom Teachers' Association – Final year of a two (2) year agreement – 2% each year
- ▶ OAPSE Locals – Final year of a two (2) year agreement - .20 per hour + 2% each year
- ▶ 2% raises projected for FY26-FY28 (mirroring prior year agreements)
- ▶ FY25:
  - ▶ Added (2) Integration coaches (shift from ESSER funding), (3) EL teachers, (2) speech, (2) OT, (4) special education positions and (8) Preschool educational assistants as well as reductions of (8) bus drivers, (9.5) MS & HS Teachers
- ▶ FY26:
  - ▶ Added (1) EL teacher
  - ▶ Added (1) Preschool unit consisting of (1) Teacher and (2) Educational Assistants
- ▶ FY27 - FY 29:
  - ▶ Added (1) EL teacher each year

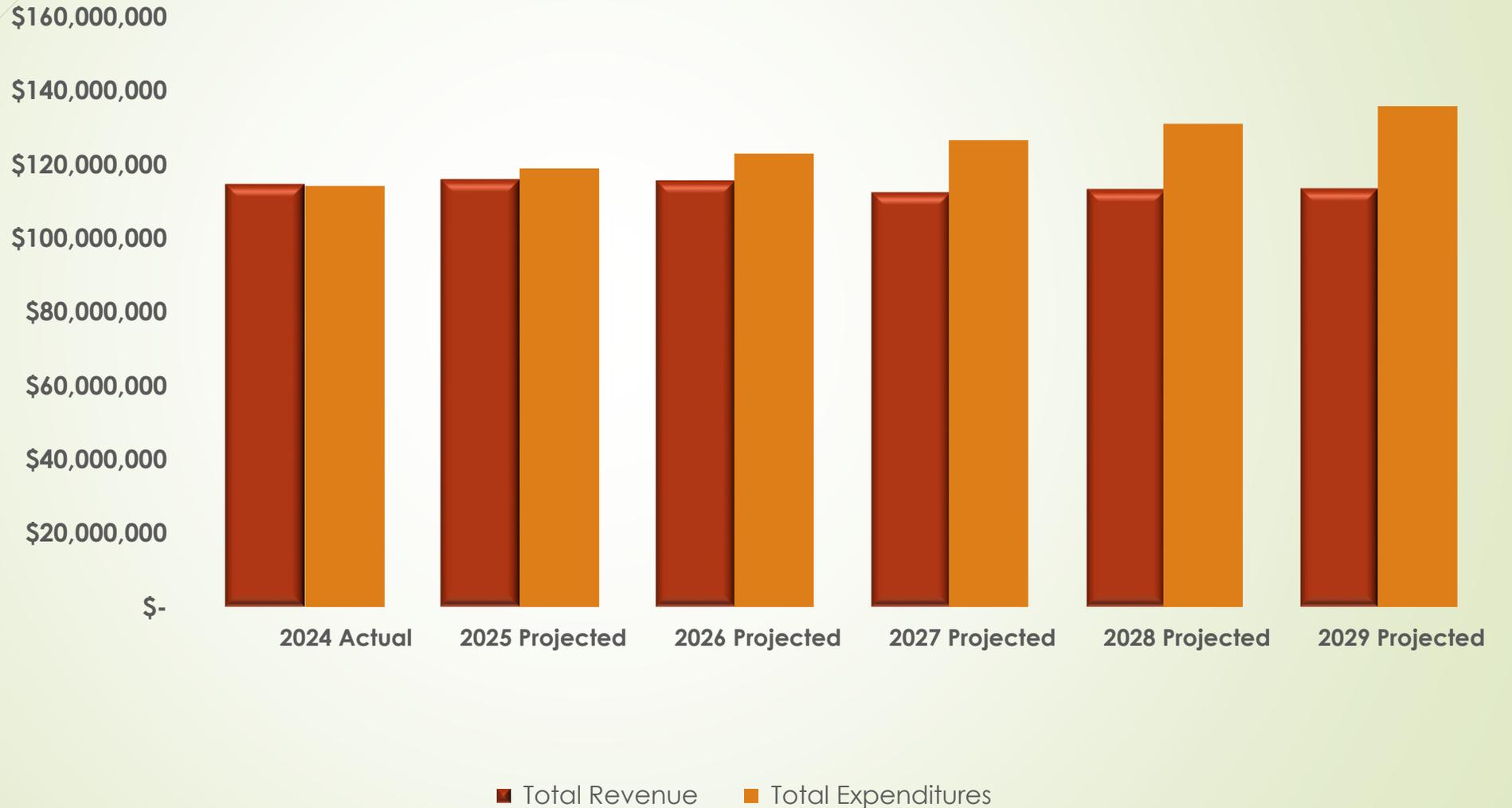


# Employee Benefits

- ▶ Medical Insurance
  - ▶ January 1, 2024 – 6% increase
  - ▶ January 1, 2025 – 11.9% increase
  - ▶ Future projections – 10% increase
  - ▶ Additional funds projected for IDEA grant shortfalls
- ▶ New plan option beginning January 1, 2024
  - ▶ Lower monthly premium
  - ▶ Savings to employees & the District
  - ▶ Enrollment was low in FY 24 but we are hopeful that as people familiarize themselves with the plan enrollment will increase for 2025 and forward
- ▶ Dental Insurance – no increase

# FY 2024-2029

## Projected Revenue vs Expenditures



# Financial Summary

## Fairfield City SD

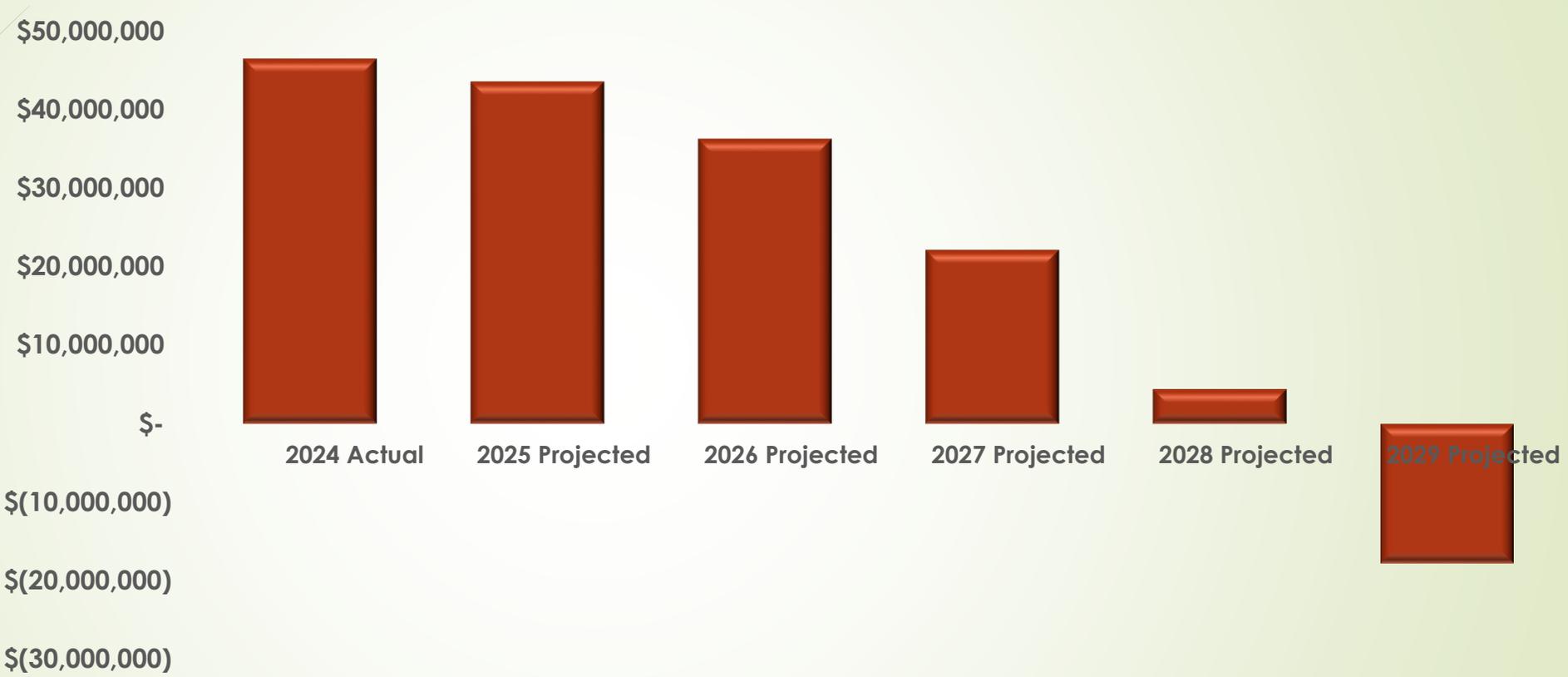
November 2024 - Work in progress v4

## Simplified Financial Statement

	2025	2026	2027	2028	2029
Beginning Cash Balance	\$46,499,548	\$43,583,880	\$36,305,306	\$22,149,101	\$4,423,799
+ Revenue	\$116,037,787	\$115,688,520	\$112,478,884	\$113,357,240	\$113,534,424
+ Renewal Levies	\$0	\$0	\$0	\$0	\$0
+ New Levies	\$0	\$0	\$0	\$0	\$0
- Expenditures	\$118,953,455	\$122,967,094	\$126,635,089	\$131,082,542	\$135,833,058
<b>= Revenue Surplus or Deficit</b>	<b>-\$2,915,668</b>	<b>-\$7,278,574</b>	<b>-\$14,156,205</b>	<b>-\$17,725,302</b>	<b>-\$22,298,634</b>
Ending Cash Balance with Levies	\$43,583,880	\$36,305,306	\$22,149,101	\$4,423,799	-\$17,874,835
Revenue Surplus or Deficit without Levies	-\$2,915,668	-\$7,278,574	-\$14,156,205	-\$17,725,302	-\$22,298,634
Ending Cash Balance without Levies	\$43,583,880	\$36,305,306	\$22,149,101	\$4,423,799	-\$17,874,835

\*\*Balances not reduced for encumbrances or reservations

# Projected Cash Balance

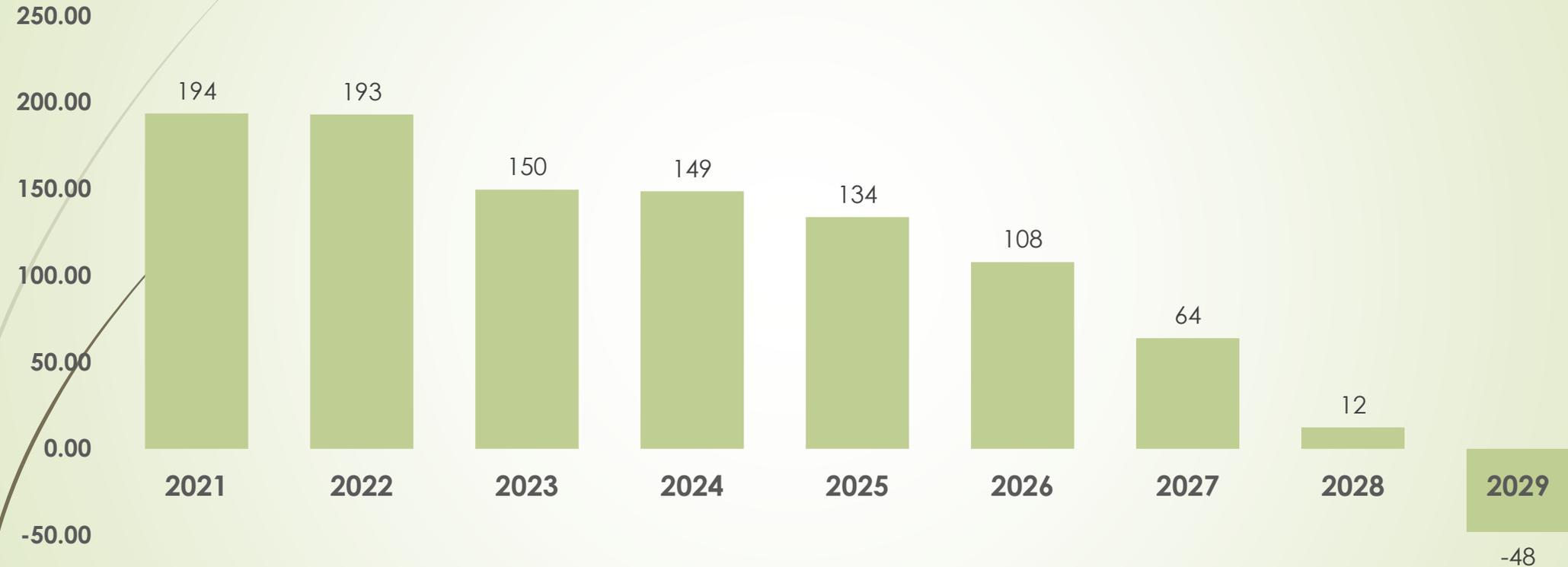


■ 15.01 Cash Balance

# FORECAST

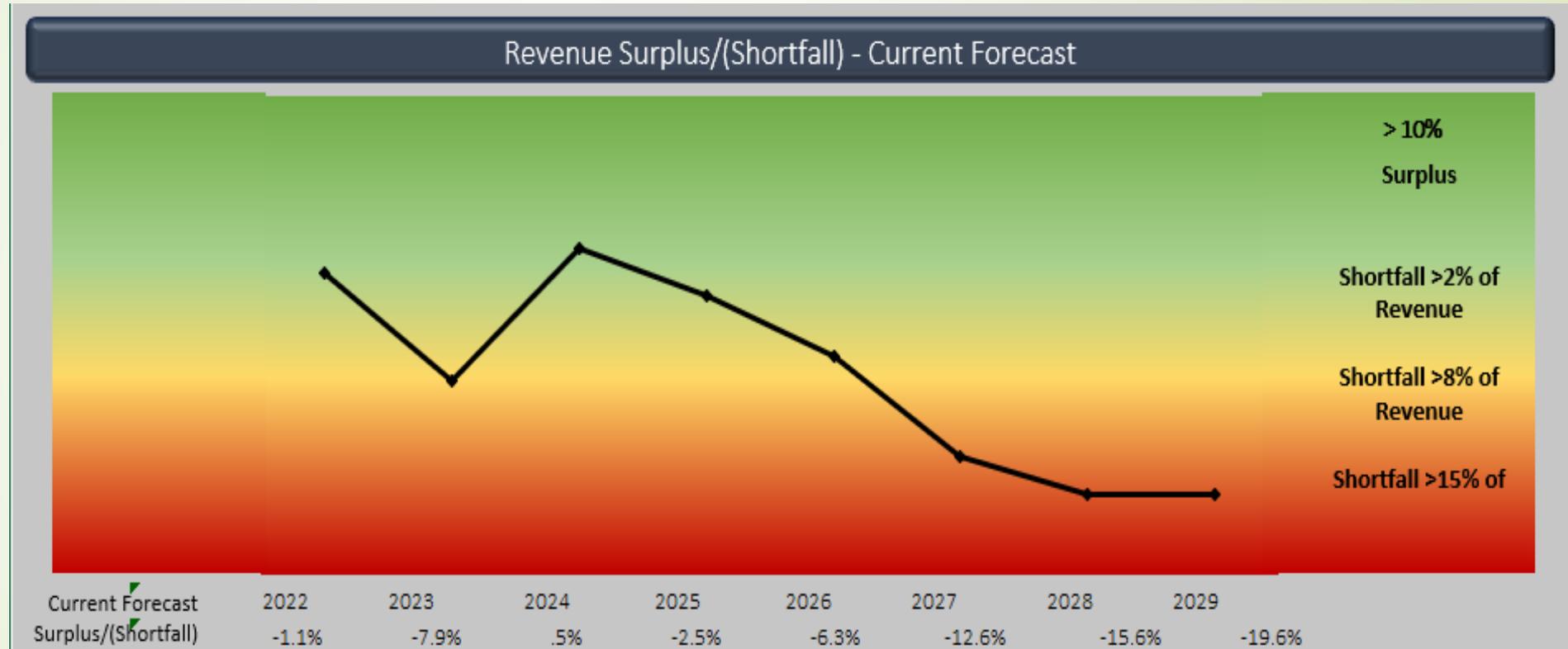
## Calendar Days Cash on Hand

### Days Cash On Hand



Note: Calculated on 365 Day Calendar Year

# FINANCIAL HEALTH INDICATOR



The district is trending toward revenue shortfall with the expenditures growing faster than revenue.

A revenue increase of 19.64% is needed to balance the budget in fiscal year 2029, or a \$22,298,634 reduction in expenditures.

- The largest contributor to the projected revenue trend is the change in State Funding.
- The expenditure most impacting the changing trend is Benefits.



# SUMMARY

- Revenues are experiencing very little growth
- Projections show that the District will be on the guarantee in FY 29
- Current Projections show Fairfield hitting the 20 mil floor
- Expenditure growth is outpacing revenues
- Operating deficits are growing dramatically
- Board and administration should continue discussions on ways to balance the budget and reduce annual operating deficits.