

Fairview Park City Schools

Five-Year Forecast

Fall Update

November 28, 2023



Presented by: Rob Showalter, Treasurer

What is a Five Year Forecast?

- It is a three year look back and five year look ahead
- It has two parts: the numbers, and the assumptions (the story)
- It only covers the General Fund
- It is a snapshot in time of the big picture of what we currently know and what we think will happen, it is a living document
- It will change. The forecast is compiled using the best information available at the time the forecast is made.
- It is updated every six months and presented to the BOE for approval before being submitted to the ODE
- It will focus on the present (FY24) with an eye on the future (FY25-28)

Five Year Forecast - Outline

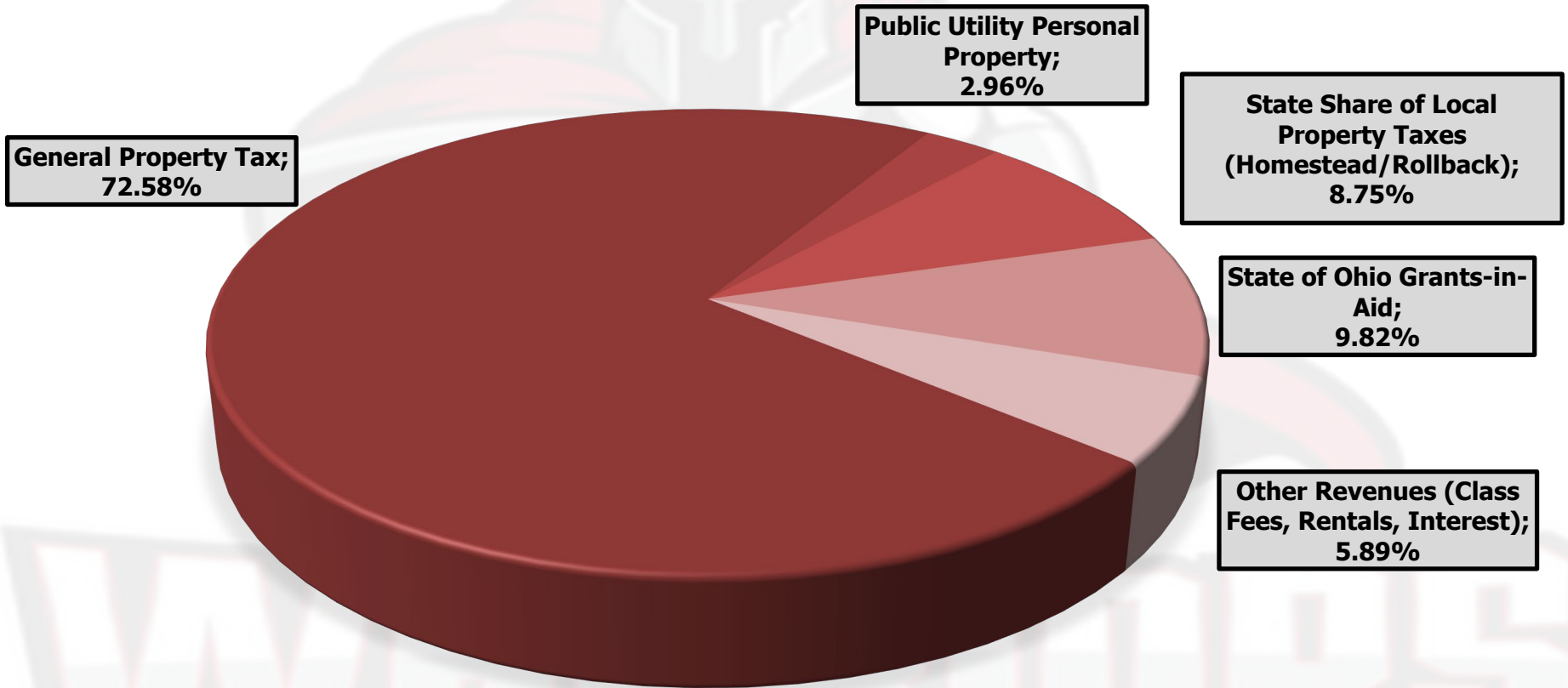
- Topics we are going to cover tonight:
 - General Fund
 - Revenues
 - Assumptions
 - Expenditures
 - Assumptions
 - Five Year Forecast Summary

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General Fund Revenues & Assumptions

General Fund Revenues

FY24 - WHERE THE MONEY COMES FROM: \$26,934,444



Revenue Assumptions

Revenue:

- General Property (Real Estate) Taxes (Line 1.010) = **\$19,549,345**
 - Fairview Park's property tax revenue is predicted to remain steady in large part to the passage of a 7.9-mill operating levy in November of 2020 and the renewal of a \$2.69 million emergency levy in November of 2022.
 - My commitment to the taxpayers:
 - To spend, record and report your investment diligently, transparently and accurately.
- Public Utility Personal Property (PUPP) (Line 1.020) = **\$798,309**

Revenue Assumptions - Continued

Revenue:

- Grants-in-Aid (Lines 1.035 & 1.040) = **\$2,644,802**
 - HB33 continued the Fair School Funding Plan for FY24 and FY25
 - The Fair School Funding Plan was presented as a six (6) year phase-in
 - State legislature approved the first two (2) years of the funding plan in HB110 (FY22 and FY23)
 - Extended the plan in HB33 (FY24 and FY25)
 - The funding formula includes three (3) guarantees: 1) "Formula Transition Aid," 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement.
 - The three (3) guarantees ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.
 - For this reason, funding is relatively constant through the forecast

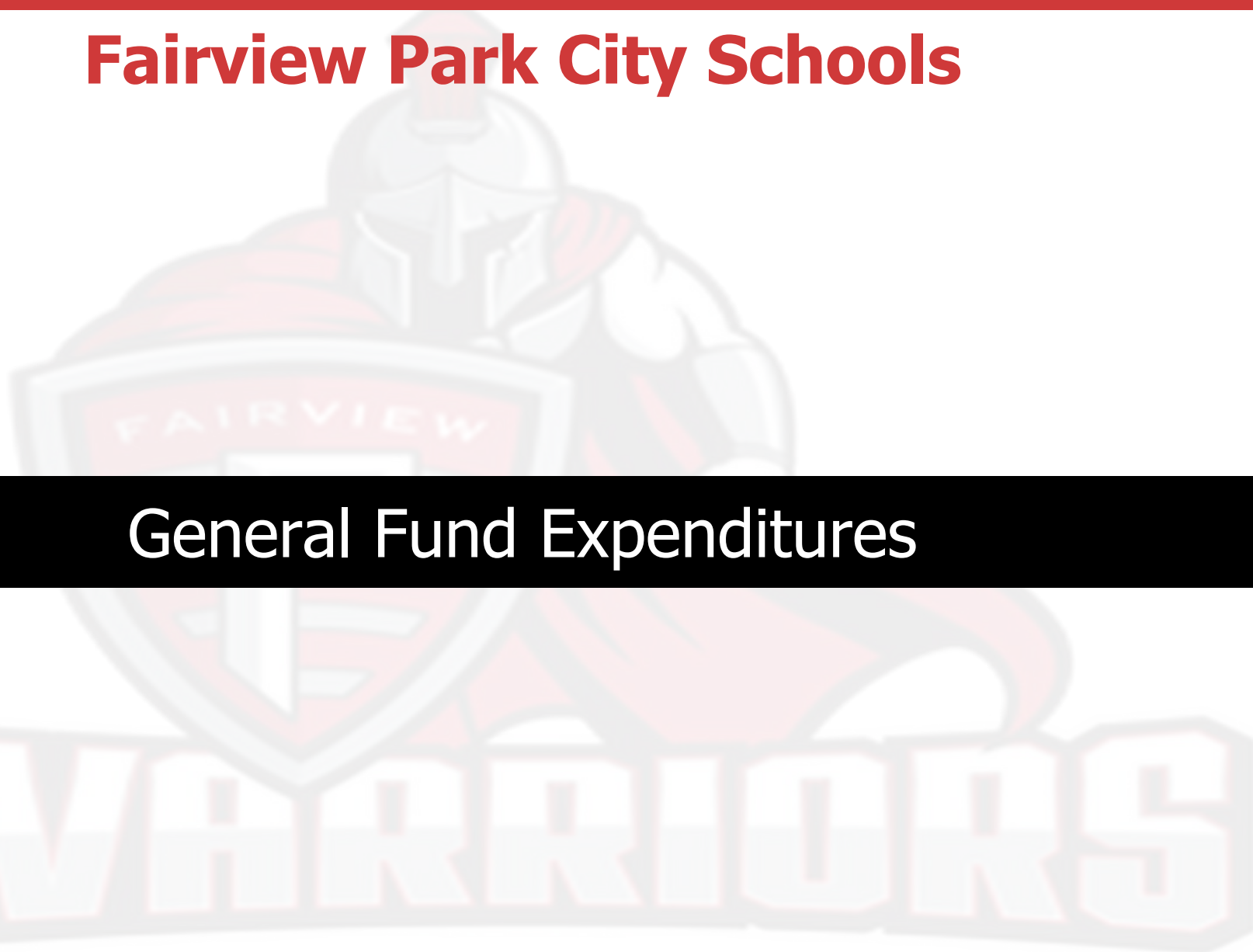
Revenue Assumptions - Continued

Revenue:

- State Share of Local Property Taxes (Homestead/Rollback) (Line 1.050) = **\$2,356,639**
- All Other Operating Revenue (Lines 1.060, 2.050, 2.060) = **\$1,534,131**
 - Recent inflation and subsequent rate hikes have been driving interest income upwards.

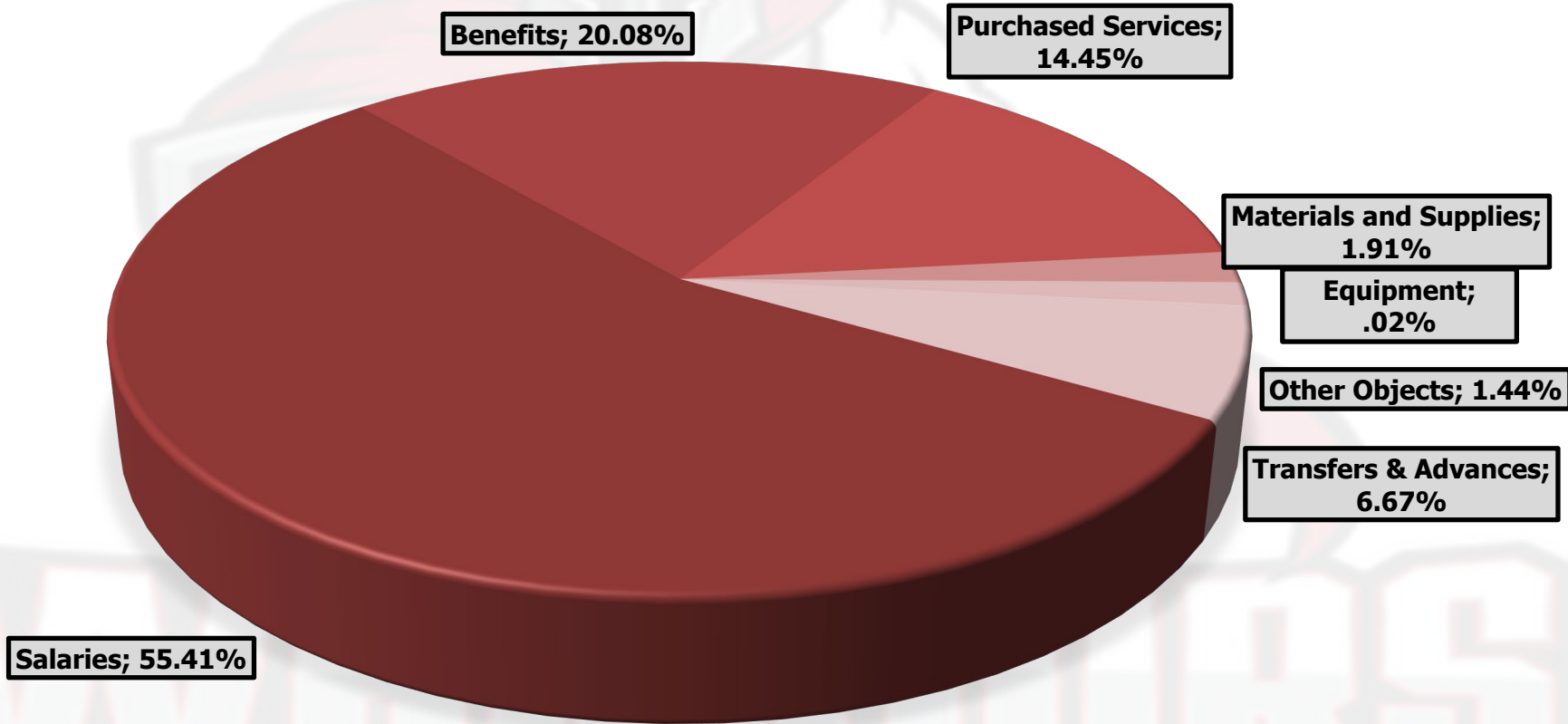
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General Fund Expenditures



General Fund Expenditures

FY24 - WHERE THE MONEY GOES: \$26,219,441



Expenditure Assumptions

Expenditures:

- Personnel Services (Line 3.010) = **\$14,528,580**
 - Negotiations are complete with FPEA and OAPSE
 - Increases are due to base increases, steps, and column changes.
 - FY23 saw the use of ESSER 2 funding to assist with offsetting a portion of salary expenses. (~\$426,000)
 - FY24 will also experience an offset from ESSER 3, but that amount is not yet calculated and is not built into this forecast – we will see it in the May 2024 forecast.
 - FY24 experienced a decent amount of attrition, saving the district in previously forecasted costs.
 - FY25-28 does not have any attrition built in, because it is difficult to predict when exactly employees will retire in these times – people are working later into their lives now more than ever before.

Expenditure Assumptions

Expenditures:

- Employees' Retirement/Insurance Benefits (Line 3.020) = **\$5,266,025**
 - We are a service organization – our biggest expenses will be salaries and benefits.
 - Combined, these make up 75% of FY24 expenses – this percent is in line with similar districts.
 - Health insurance costs are on the rise
 - A 6% increase happened in FY24, and we are assuming 7% increases each year FY25-28

Expenditure Assumptions - Continued

Expenditures:

- Purchased Services (Line 3.030) = \$3,789,188
- Supplies and Materials (Line 3.040) = \$501,060
 - These lines have been highly impacted by inflation and will need to be watched closely for any savings opportunities. While interest revenue is going up, so are our costs that are subject to inflation.
 - Going forward, 8% yearly increases are assumed but can hopefully be avoided as inflation is brought back under control.



Major Assumptions - Continued

Expenditures:

- Capital Outlay (Line 3.050), Other (Line 4.300) and Transfers/Advances (Lines 5.010 & 5.020) = **\$2,134,588**
 - Capital Outlay covers General Fund (GF) equipment purchases.
 - GF capital purchases are minimal, because the District transfers money to a Permanent Improvement Fund and other funds for those expenditures.
 - For FY24-28, the transfer out amount is estimated to be \$1.7 million.
 - These transfers help cover costs such as permanent improvements, debt, technology, buses, and severances.



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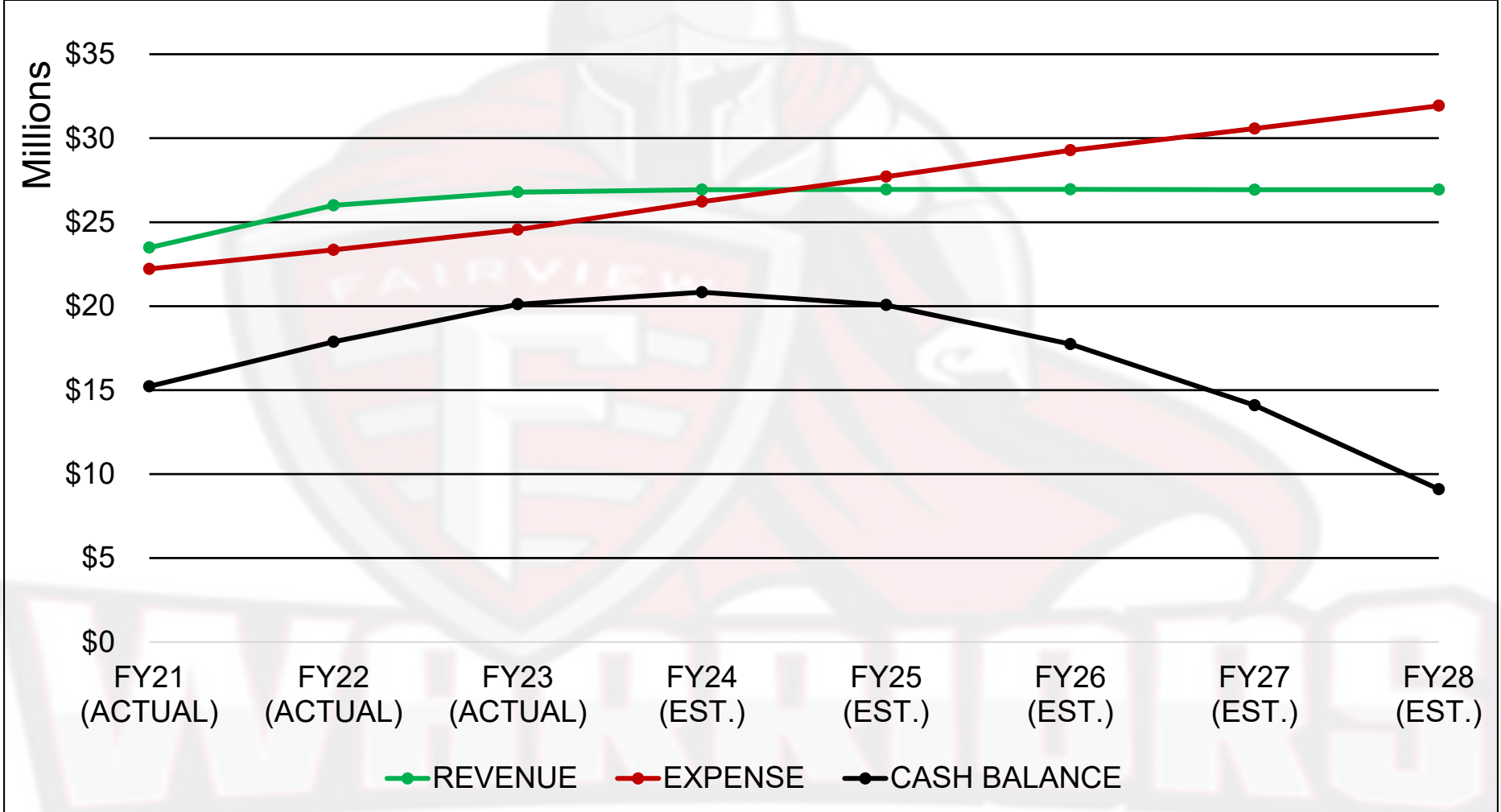


General Fund Summary

- Total annual revenue is estimated to remain steady over the next 5 years while expenses are estimated to grow by an average of 4.7% per year.

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General Fund Revenue & Expenditure Outlook



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November 2023 Five-Year Forecast

(in millions of dollars)

| | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Beginning Cash | 14.0 | 15.2 | 17.9 | 20.1 | 20.8 | 20.1 | 17.7 | 14.1 |
| Total Revenues | 23.5 | 26.0 | 26.8 | 26.9 | 26.9 | 27.0 | 26.9 | 26.9 |
| Total Expenses | 22.2 | 23.4 | 24.6 | 26.2 | 27.7 | 29.3 | 30.5 | 31.9 |
| Revenue over Expenses | 1.3 | 2.6 | 2.2 | 0.7 | -0.8 | -2.3 | -3.6 | -5.0 |
| Ending Cash | 15.3 | 17.8 | 20.1 | 20.8 | 20.0 | 17.8 | 14.1 | 9.1 |
| Budget Reserve | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 |
| Unencumbered Balance | \$14.9 | \$17.4 | \$19.7 | \$20.4 | \$19.6 | \$17.4 | \$13.7 | \$8.7 |

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Helpful Information

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- (440) 331-5500 x 1119
- ☒ @FPSTreasurer
- This presentation will be available on our website:
 - www.fairviewparkschools.org
 - -> Departments
 - -> Treasurer
 - -> Financial Reports

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Discussion

