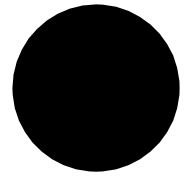


FAIRBORN CITY SCHOOL DISTRICT

GREENE COUNTY, OHIO



Comprehensive Annual Financial Report 2019

FAIRBORN, OHIO

FOR THE FISCAL YEAR
ENDED JUNE 30, 2019

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Board of Education
Fairborn City School District
306 East Whittier Avenue
Fairborn, OH 45324

We have reviewed the *Independent Auditor's Report* of Fairborn City School District, Greene County, prepared by Julian & Grube, Inc., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Fairborn City School District is responsible for compliance with these laws and regulations

Keith Faber
Auditor of State
Columbus, Ohio

February 6, 2020

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**FAIRBORN CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2019

**PREPARED BY
TREASURER'S DEPARTMENT
KEVIN PHILO, TREASURER/CFO**

306 E. WHITTIER AVE.

FAIRBORN, OHIO 45324

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Fairborn City Schools

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Superintendent: **Gene Lolli**
Treasurer: **Kevin Philo**
Student Services/H.R.: **Gary Walker**
Public Relations/Grant Writer: **Pam Gayheart**
Curriculum: **Sue Brackenhoff**
Business Affairs: **Jeff Patrick**
Educational Services/H.R.: **Amy Gayheart**

December 11, 2019

Board of Education Members and Citizens of the Fairborn City School District:

As the Superintendent and Treasurer/CFO of the Fairborn City School District (the "District"), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the District. This report provides full disclosure of the financial operation of the District for the fiscal year ended June 30, 2019. This CAFR, which includes an opinion from Julian & Grube, Inc. (who performed the District's audit) conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. This report is available to the Chamber of Commerce, major taxpayers, the public library, financial rating services, and other interested parties.

The District is located in Southwestern Ohio and is comprised of the City of Fairborn, which is a part of Greene County. As a suburb of Dayton, Fairborn City School District is in Fairborn, Ohio located northeast of Dayton at the intersection of I-70 and I-675. The District serves an area of 40 square miles encompassing both the City of Fairborn and Bath Township. The community has continued to grow over the past 20 years. Fairborn is home to Wright State University, the Ervin J. Nutter Center and Wright Patterson AFB. The Parks & Recreation Department maintains 383.54 acres of park land consisting of 13 parks, a 36 acre nature reserve, and the Kauffman Avenue Bikeway. The City of Fairborn also has a strong Chamber of Commerce that coordinates business partnerships with each of our schools.

The District provides a full range of educational programs and services. These include diverse learning opportunities at the elementary and secondary levels. Educational opportunities range from comprehensive career and technical programs to college preparatory classes with an emphasis on honors and Advanced Placement course work. A broad range of clubs, co-curricular and extracurricular activities are available to students so that they may have a well-rounded educational experience in Fairborn Schools. Special education services are in-depth and provide the support necessary for our students with disabilities to be successful. The District also provides support for adult and community learning. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a non-major governmental fund. The District currently serves approximately 4,334 students in grades pre-K through 12th Grade.

Statutorily, the District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code for the purpose of providing educational services authorized by charter and further mandated by State and/or Federal agencies. A five member Board of Education (the "Board") serves as the taxing authority, contracting body and policy maker for the District. The Board adopts the annual operating budget and approves all expenditures of District monies.

The Superintendent is the chief administrative officer of the District, responsible for both education and support operations. The Treasurer/CFO is the chief financial officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as specified by Ohio law.

Other Board appointed officials includes directors of educational and support services and building principals.

QUALITY IN EDUCATION

The District strives to maintain quality schools that not only reflect the philosophy of the community, but help to maintain property values as well. While the emphasis is on the educational program itself, the District continues to maintain expectations for excellence in our students, staff, and programs. We feel it is appropriate to briefly review some of the District's quality benchmarks that define the foundation upon which the success of our programs are built:

- ❖ Fairborn City Schools is in the process of building two new elementary schools with funding from the Fairborn community and the Ohio Facilities Construction Commission.
- ❖ All schools in our district are designated as "Purple Star" schools from the Ohio Department of Education for our commitment to and our support of our military students and families.

- ❖ Fairborn High School Freshman Focus program helps with the transition from middle school to high school and includes curriculum and discussion topics to help freshmen adapt to high school and to help build a positive culture at Fairborn High School.
- ❖ Fairborn City Schools partners with local service organizations to give back to the Fairborn community-teaching the value of community and community service. From the Fairborn FISH Pantry to the Goodwill Drive to Victory and the “Senior to Senior” Prom, our students are developing leadership skills through community service.
- ❖ Fairborn improved on the Ohio Department of Education report card one whole letter grade and performs better than comparable districts.
- ❖ Fairborn City Schools has a Military and Family Life Counselor (MFLC) who works with students and families supporting service members and their families and addressing the day-to-day stressors of military life.
- ❖ The annual Fairborn City Schools “Hall of Honor” recognizes the achievements of outstanding Fairborn graduates and those in the community who have achieved excellence in their chosen field of work. Each year, the Selection and Induction committees work together to plan the ceremony recognizing these outstanding individuals.
- ❖ Fairborn City Schools is increasing technology in all classrooms with the student to Chromebook ratio at 2:1.
- ❖ Technology instruction at the elementary schools is increasing student technology literacy and basic technology skills-very important because of required online state testing.
- ❖ Curriculum is vertically aligned ensuring that students are learning new content at each grade level and increasing communication between grade levels and subject areas.
- ❖ Project Lead the Way STEM curriculum is offered at both Baker Middle School and Fairborn High School. With PLTW, College Credit Plus, Digital Academy and the Greene Country Career Center-Fairborn City Schools offers many options to meet the individual needs of our students.
- ❖ Fairborn City Schools offers excellent special education, gifted, and college preparatory classes.
- ❖ Fairborn works closely with Wright State University and Wright Patterson Air Force Base to enhance the educational opportunities for our students. WSU offers professional development support and College Credit Plus. Wright Patterson Air Force Base provides judges for Science Fair and the WPAFB Educational Outreach office provides teacher workshops, Lego League and the Wizards of Wright programs for our students.
- ❖ The District Leadership Team (DLT) and Building Leadership Team (BLT) examine best instructional practices and building data to enhance student achievement.
- ❖ Fairborn City Schools has a strong partnership with the City of Fairborn and shares the cost of three School Resource Officers who work in our buildings.
- ❖ Fairborn City Schools has outstanding music programs including orchestra, band and choir. Every year, Fairborn High School presents a high school musical in the spring. Fairborn Intermediate School and Fairborn Primary School also host holiday musicals to highlight the talent of our youngest Skyhawks.
- ❖ Many local community members support Fairborn City Schools by creating scholarships which are awarded each year to graduating seniors. These scholarships are housed at Greene Giving and are a shining commitment of our graduates and community to “pay it forward” for the leaders of tomorrow.

THE REPORTING ENTITY

The District has reviewed its reporting entity definition in order to ensure conformance with GASB. In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units. The District has no component units nor is it a component unit of any other governmental entity. The City of Fairborn has been excluded from the accompanying financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

The District’s population has been stable the past several years with only minimal changes from year to year. The U.S. Census completed in 2010, represented a combined population of 71,744 people in 25,000 households living in the City of Fairborn and Bath Township. Bath Township has realized the most residential growth as it encompasses land available for expansion. Unfortunately, the City of Fairborn has limited land available for residential development. On the other hand, commercial development has increased modestly in both Bath Township and the City of Fairborn.

The State of Ohio is in the first year of biennial budget. The District is expecting to receive slightly more funding in fiscal year 2020 than it received in 2019.

MAJOR INITIATIVES FOR THE FUTURE

Full implementation of the newly revised Strategic Plan will keep the District focused on student learning through high-quality, differentiated instruction, efficiency and effectiveness of district operations, and vibrant school-community partnerships.

With the full implementation of these plans and directives, the District will continue the academic excellence and fiscal accountability standards that the community has come to expect of the Fairborn City School District.

LONG-TERM FINANCIAL PLANNING

The Ohio Department of Education requires school districts to submit a five year forecast in October and May each year. The forecast provides three years of historical financial data and five years of revenue and expenditure estimates. The forecast is a benchmark used by administrators and the Fairborn Board of Education to determine the current and future costs of existing educational programs and sustainability of proposed educational initiatives.

FINANCIAL INFORMATION

Internal Accounting and Budgetary Control. The District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Governmental fund operations are presented on the modified accrual basis, whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Proprietary funds and the private-purpose trust fund operations are presented on the accrual basis, whereby revenues are recognized when earned, and expenses when incurred.

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use of disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from the implementation.

The District utilizes a fully automated accounting system, as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted upon receipt from the county Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of fiscal year. Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund level for all budgeted funds. All purchase order requests must be approved by the Director of Business Affairs and certified by the Treasurer/CFO; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the District provides interim financial reports, which detail year-to-date expenditures and encumbrances versus the original appropriation, plus any additional appropriations made to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. As an additional safeguard, a blanket bond covers all employees, and a separate, higher limit bond covers certain individuals in policy-making roles.

The basis of accounting, the basis of presentation of the District's various funds, and information on budgetary accounting can be found in Note 2 to the financial statements.

FINANCIAL REPORTING

The basic financial statements for reporting on the District's financial activities are as follows:

Government-wide financial statements: These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District did not have any business-type activities.

Fund financial statements: These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting. The District has no proprietary funds.

Schedule of budgetary comparisons: This schedule presents comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary comparison for the general fund has been presented as part of the basic financial statements.

Management is responsible for preparing a Discussion and Analysis (MD&A) of the District. This discussion appears after the Independent Auditor's Report in the financial section of this report. The MD&A provides an assessment of the District's finances for 2019. The MD&A is intended to be read in conjunction with this letter of transmittal.

INDEPENDENT AUDIT

State statutes require the District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the district's accounting and budgetary controls. Independent auditor Julian & Grube Inc, was selected to render an opinion on the District's financial statements as of and for the year ended June 30, 2019. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school governments in Ohio. The District adopted and has been in conformance with that system beginning with its financial report for the 1979 year.

Awards

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fairborn City School District for its CAFR for the fiscal year ended June 30, 2018. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ASBO Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of the School Business Officials. The award is granted only after an intensive review of the financial report by an all-expert panel of certified public accountants and practicing school business officials.

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2018. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2019, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

USE OF THIS REPORT

This CAFR is published to provide to the School Board, as well as to our residents and other interested persons, detailed information concerning the financial condition of the District. We believe the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of our funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. Copies of the CAFR are available at the District's offices for use by the public.

ACKNOWLEDGMENTS

The publication of the report significantly increases the accountability of the District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office and various administrators and employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to Julian & Grube, Inc. who provided technical assistance on this report. Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully,



Kevin Philo
Treasurer/CFO



Gene Lolli
Superintendent

FAIRBORN CITY SCHOOL DISTRICT

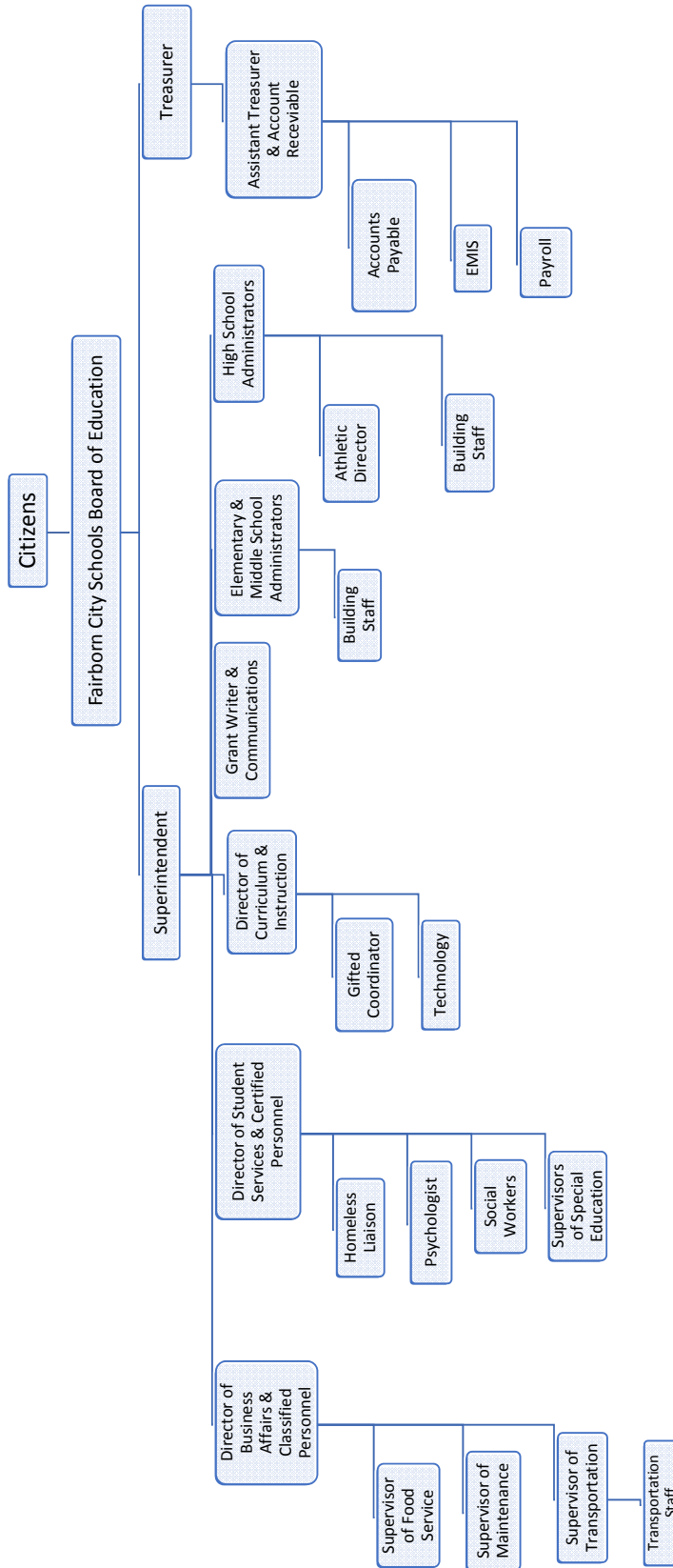
PRINCIPAL OFFICERS

Board of Education

Mr. Andrew Wilson	Board Member, President
Mr. Jerry Browning	Board Member, Vice President
Mr. Pat McCoart	Board Member
Mrs. Katie Mlod	Board Member
Ms. Mary Reaster	Board Member

Administration

Mr. Gene Lolli	Superintendent
Mr. Kevin Philo	Treasurer
Mr. Jeffrey Patrick	Director, Business Affairs and Classified Personnel
Dr. Sue Brackenhoff	Director, Curriculum and Instruction
Mr. Gary Walker	Director, Student Services, Certified Personnel
Mrs. Pamela Gayheart	District Public Relations, Grants, Website





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Fairborn City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Fairborn City School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Fairborn City School District
Greene County
306 East Whittier Avenue
Fairborn, Ohio 45324

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairborn City School District, Greene County, Ohio, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Fairborn City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Fairborn City School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Fairborn City School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairborn City School District, Greene County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities/asset and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Fairborn City School District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, on our consideration of the Fairborn City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fairborn City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 11, 2019

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The Management's Discussion and Analysis of the Fairborn City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- In total, net position of governmental activities increased \$10,929,159 which represents a 1,181.68% increase from 2018.
- General revenues accounted for \$50,064,189 in revenue or 85.17% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,716,174 or 14.83% of total revenues of \$58,780,363.
- The District had \$47,851,204 in expenses related to governmental activities; only \$8,716,174 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$50,064,189 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the classroom facilities fund. The general fund had \$50,201,425 in revenues and \$45,151,809 in expenditures and other financing uses. During fiscal year 2019, the general fund's fund balance increased \$5,049,616 from \$24,245,639 to \$29,295,255.
- The classroom facilities fund had \$3,955,681 in revenues and other financing sources and \$6,233,426 in expenditures. During fiscal year 2019, the classroom facilities fund's fund balance decreased \$2,277,745 from \$28,807,885 to \$26,530,140 as the District continues construction on two new elementary schools.

Using the Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and classroom facilities fund are by far the most significant funds and are reported as a major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

These two statements report the District's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and classroom facilities fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements.

Reporting the District's Fiduciary Responsibilities

The District is a trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District acts in a trustee capacity as an agent for individuals. These activities are reported in agency funds. The District's fiduciary activities are reported in separate statement of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2019 and 2018.

	<u>Net Position - Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current and other assets	\$ 113,354,297	\$ 114,065,390
Net OPEB asset	2,587,250	-
Capital assets, net	16,026,907	9,947,127
Total assets	<u>131,968,454</u>	<u>124,012,517</u>
<u>Deferred outflows of resources</u>		
Pension	12,425,393	14,111,638
OPEB	896,938	488,516
Total deferred outflows	<u>13,322,331</u>	<u>14,600,154</u>
<u>Liabilities</u>		
Current liabilities	6,776,178	5,443,669
Long-term liabilities:		
Due within one year	1,814,165	1,798,048
Due in more than one year:		
Net pension liability	46,280,163	48,095,525
Net OPEB liability	5,329,734	11,000,810
Other amounts	44,291,620	45,548,052
Total liabilities	<u>104,491,860</u>	<u>111,886,104</u>
<u>Deferred inflows of resources</u>		
Property taxes and PILOTS	20,881,878	20,812,330
Deferred gain on refunding	217,549	246,881
Pensions	4,897,488	4,936,940
OPEB	4,797,738	1,655,303
Total deferred inflows	<u>30,794,653</u>	<u>27,651,454</u>
<u>Net Position</u>		
Net investment in capital assets	(835,421)	(1,661,308)
Restricted	29,300,814	28,848,602
Unrestricted (deficit)	<u>(18,461,121)</u>	<u>(28,112,181)</u>
Total net position (deficit)	<u>\$ 10,004,272</u>	<u>\$ (924,887)</u>

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

**FAIRBORN CITY SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the District's assets plus deferred outflows of resources were greater than liabilities plus deferred inflows of resources by \$10,004,272.

**FAIRBORN CITY SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

At year-end, capital assets represented 12.14% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2019, was a deficit of \$835,421. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Current assets of the District decreased \$711,093. This decrease is primarily the result of a decrease in cash and investments and prepayments due to current operations and continued construction expenses related to the two new elementary schools.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 11 for more detail.

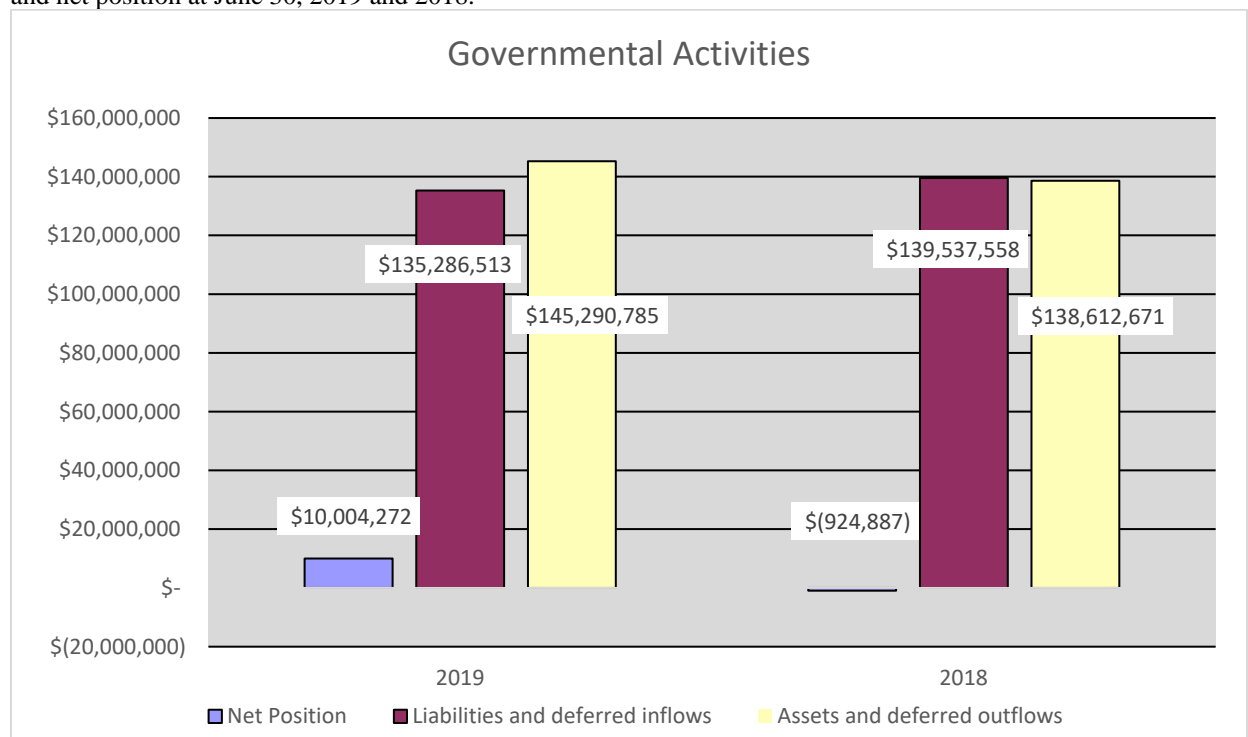
Total assets include a net OPEB asset reported by STRS. See Note 12 for more detail. STRS did not report a net pension asset in the prior year.

Long-term liabilities decreased primarily due to a decrease in the net pension liability and net OPEB liability. These liabilities are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

Deferred inflows related to OPEB increased primarily due to changes in assumptions by STRS. See Note 12 for more detail.

A portion of the District's net position, \$29,300,814, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$18,461,121 at June 30, 2019.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2019 and 2018.



**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The table below shows the change in net position for fiscal years 2019 and 2018.

	Change in Net Position - Governmental Activities	
	2019	2018
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,026,500	\$ 1,361,421
Operating grants and contributions	7,689,674	8,103,633
General revenues:		
Property taxes and PILOTS	20,771,122	19,977,958
Income taxes	4,542,234	4,472,395
Grants and entitlements	22,539,837	21,805,494
Investment earnings	1,266,926	884,803
Increase (decrease) in fair value of investments	772,186	(574,238)
Miscellaneous	171,884	117,353
Total revenues	<u>58,780,363</u>	<u>56,148,819</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	15,222,134	8,044,802
Special	9,202,557	6,059,993
Vocational	243,443	87,909
Other	3,456,282	3,520,583
Support services:		
Pupil	2,878,782	1,440,767
Instructional staff	823,683	480,154
Board of education	70,115	89,841
Administration	2,749,916	1,599,420
Fiscal	860,323	506,910
Business	251,111	130,093
Operations and maintenance	4,272,798	2,924,369
Pupil transportation	2,652,859	1,596,271
Central	614,500	492,083
Operation of non-instructional services:		
Food services	2,128,425	1,514,863
Other non-instructional services	62,237	81,865
Extracurricular activities	841,424	491,917
Interest and fiscal charges	1,520,615	1,784,782
Total expenses	<u>47,851,204</u>	<u>30,846,622</u>
Change in net position	10,929,159	25,302,197
Net position (deficit) at beginning of year	<u>(924,887)</u>	<u>(26,227,084)</u>
Net position (deficit) at end of year	<u>\$ 10,004,272</u>	<u>\$ (924,887)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Governmental Activities

Net position of the District's governmental activities increased \$10,929,159. Total governmental expenses of \$47,851,204 were offset by program revenues of \$8,716,174 and general revenues of \$50,064,189. Program revenues supported 18.22% of the total governmental expenses.

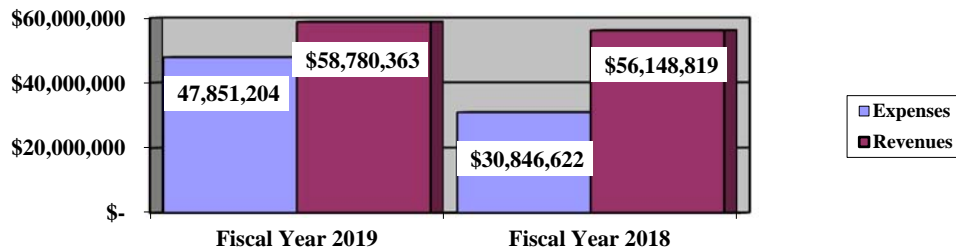
The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 80.92% of total governmental revenue. Grants and entitlements increased due to increased foundation revenue received from the State of Ohio. The increase in fair value of investments is due to the District being required to report investments at fair value rather than cost. The fair value of investments fluctuates throughout the year. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value.

Overall, expenses of the governmental activities increased \$17,004,582 or 55.13%. This increase is primarily the result of the STRS indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018 when compared to fiscal year 2017.

On an accrual basis, the District reported \$3,440,781 and (\$15,994,236) in pension expense for fiscal year 2019 and 2018, respectively. In addition, the District reported (\$5,369,933) and (\$1,673,188) in OPEB expense for fiscal year 2019 and 2018, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2018 to fiscal year 2019 was \$15,738,272. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities. The District's total expenses for fiscal year 2019 are comparable to total fiscal year 2017 expenses.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2019 and 2018.

Governmental Activities - Revenues and Expenses



**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

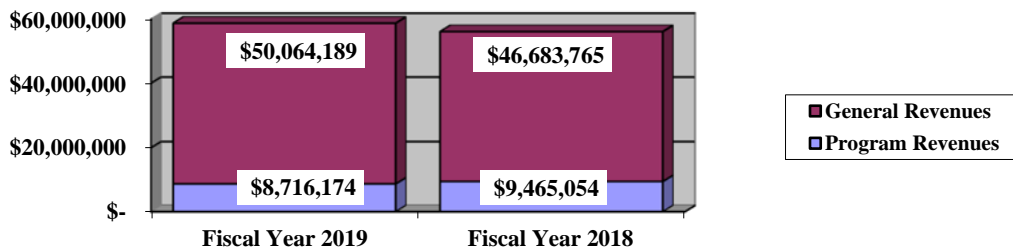
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As stated above, fluctuations in the pension expense and OPEB expenses reported under GASB 68 and GASB 75, respectively, makes it difficult to compare financial information between years. Pension expense and OPEB expense are components of program expenses reported on the statement of activities.

Program expenses	Governmental Activities			
	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Instruction:				
Regular	\$ 15,222,134	\$ 14,757,878	\$ 8,044,802	\$ 7,143,112
Special	9,202,557	3,935,090	6,059,993	695,903
Vocational	243,443	43,151	87,909	(112,383)
Other	3,456,282	3,456,282	3,520,583	3,520,583
Support services:				
Pupil	2,878,782	2,786,487	1,440,767	1,410,602
Instructional staff	823,683	719,163	480,154	349,010
Board of education	70,115	70,115	89,841	89,841
Administration	2,749,916	2,532,768	1,599,420	1,363,268
Fiscal	860,323	860,323	506,910	506,910
Business	251,111	251,111	130,093	130,093
Operation and maintenance	4,272,798	4,256,905	2,924,369	2,880,736
Pupil transportation	2,652,859	2,542,446	1,596,271	1,441,707
Central	614,500	607,300	492,083	484,883
Operations of non-instructional services				
Food service operations	2,128,425	219,062	1,514,863	(505,814)
Other non-instructional services	62,237	(5,248)	81,865	(2,760)
Extracurricular activities	841,424	581,582	491,917	201,095
Interest and fiscal charges	1,520,615	1,520,615	1,784,782	1,784,782
Total expenses	\$ 47,851,204	\$ 39,135,030	\$ 30,846,622	\$ 21,381,568

The dependence upon tax and other general revenues for governmental activities is apparent, 78.91% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.78%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2019 and 2018.

Governmental Activities - General and Program Revenues



**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The District's Funds

The District's governmental funds (as presented on the Balance Sheet on page 17) reported a combined fund balance of \$66,378,852, which is a higher balance than last year's total balance of \$64,724,203. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2019 and 2018.

	<u>Fund Balance</u> <u>June 30, 2019</u>	<u>Fund Balance</u> <u>June 30, 2018</u>	<u>Change</u>
General	\$ 29,295,255	\$ 24,245,639	\$ 5,049,616
Classroom facilities	26,530,140	28,807,885	(2,277,745)
Nonmajor governmental	<u>10,553,457</u>	<u>11,670,679</u>	<u>(1,117,222)</u>
Total	<u>\$ 66,378,852</u>	<u>\$ 64,724,203</u>	<u>\$ 1,654,649</u>

General Fund

The District's general fund balance increased \$5,049,616. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 21,937,812	\$ 21,108,448	\$ 829,364	3.93 %
Payment in lieu of taxes	261,468	112,088	149,380	133.27 %
Tuition	395,076	625,199	(230,123)	(36.81) %
Earnings on investments	670,619	376,670	293,949	78.04 %
Increase (decrease) in fair value of investments	772,186	(574,238)	1,346,424	(234.47) %
Extracurricular activities	103,062	127,382	(24,320)	(19.09) %
Intergovernmental	25,731,137	24,831,660	899,477	3.62 %
Other revenues	<u>330,065</u>	<u>299,858</u>	<u>30,207</u>	10.07 %
Total	<u>\$ 50,201,425</u>	<u>\$ 46,907,067</u>	<u>\$ 3,294,358</u>	7.02 %
<u>Expenditures</u>				
Instruction	\$ 28,479,816	\$ 27,722,840	\$ 756,976	2.73 %
Support services	15,328,212	14,510,975	817,237	5.63 %
Operation of non-instructional services	488	5,130	(4,642)	(90.49) %
Extracurricular activities	<u>843,293</u>	<u>726,660</u>	<u>116,633</u>	16.05 %
Total	<u>\$ 44,651,809</u>	<u>\$ 42,965,605</u>	<u>\$ 1,686,204</u>	3.92 %

Revenues of the general fund increased \$3,294,358 or 7.02%. Payment in lieu of taxes increased as the District received a full year of payments on the TIF agreement. Tuition decreased \$230,123 or 36.81% due to decreased tuition received from other Districts. The increase in earnings on investment is due to increasing interest rates. The increase in fair value of investments is due to the District being required to report investments at fair value rather than cost. The fair value of investments fluctuates throughout the year. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value.

**FAIRBORN CITY SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Expenditures of the general fund increased \$1,686,204 or 3.92%. Instruction expenditures increased primarily in the area of regular instruction which increased \$540,621. Support services increased primarily in the area of pupil expenditures which increased \$349,877. Operation of non-instructional services decreased significantly percentage wise, but the dollar amount decrease is not significant. Extracurricular activities increased due to increases in student participation.

Classroom facilities fund

The classroom facilities fund had \$3,955,681 in revenues and other financing sources and \$6,233,426 in expenditures. During fiscal year 2019, the classroom facilities fund's fund balance decreased \$2,277,745 from \$28,807,885 to \$26,530,140. The District is in the process of constructing two new elementary schools.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, original and final budgeted revenues and other financing sources were \$47,654,486 and \$47,665,111, respectively. Actual revenues and other financing sources for fiscal year 2019 was \$49,261,378. This represents a \$1,596,267 increase from final budgeted revenues. Actual tuition amounts were less than final budgeted amounts by the most significant amounts.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$49,158,479 were increased to \$49,186,604 in the final budgeted appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2019 totaled \$46,468,214, which was \$2,718,390 less than the final budget appropriations. Regular instruction expenditures reported the most significant variance with actual expenditures being \$1,037,605 less than the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had \$16,026,907 invested in land, CIP, land improvements, buildings and improvements, furniture, equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2019 balances compared to June 30, 2018:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2019	2018
Land	\$ 299,675	\$ 299,675
CIP	8,238,537	1,545,899
Land improvements	1,071,407	1,203,168
Building and improvements	2,716,007	3,303,178
Furniture, equipment, and vehicles	3,701,281	3,595,207
Total	\$ 16,026,907	\$ 9,947,127

Total additions to capital assets for 2019 were \$7,626,972. The District recorded \$1,531,297 in depreciation expense and \$15,895 in disposals net of accumulated depreciation for fiscal year 2019.

Refer to Note 8 in the basic financial statements for further detail on the District's capital assets.

**FAIRBORN CITY SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Debt Administration

At June 30, 2019, the District had \$41,576,331 in general obligation bonds outstanding. Of this total, \$1,500,000 is due within one year and \$40,076,331 is due within more than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2019	Governmental Activities 2018
General obligation bonds	\$ 41,576,331	\$ 43,021,331
Total	\$ 41,576,331	\$ 43,021,331

At June 30, 2019, the District's voted debt margin was \$16,138,267 with an unvoted debt margin of \$621,443.

See Note 9 to the basic financial statements for further detail on the District's debt administration.

Current Financial Related Activities

Financially, the District is in sound financial position and working with the community to improve public education in Fairborn. This includes two new buildings under construction with a bond issue possible in November 2020 for the next phase. The school district has also implemented new curricular programs and has increased its State report card grade. The District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Kevin Philo, Treasurer Fairborn City School District, 306 E. Whittier Ave., Fairborn, Ohio 45324.

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 69,134,491
Cash in segregated accounts	82,072
Receivables:	
Property taxes	22,518,443
Income taxes	1,841,775
Payment in lieu of taxes	516,350
Accounts	1,330
Accrued interest	120,439
Intergovernmental	18,903,028
Prepayments	211,347
Materials and supplies inventory	6,680
Inventory held for resale	18,342
Net OPEB asset (Note 12)	2,587,250
Capital assets:	
Nondepreciable capital assets	8,538,212
Depreciable capital assets, net	7,488,695
Capital assets, net	<u>16,026,907</u>
Total assets	<u>131,968,454</u>
Deferred outflows of resources:	
Pension (Note 11)	12,425,393
OPEB (Note 12)	896,938
Total deferred outflows of resources	<u>13,322,331</u>
Liabilities:	
Accounts payable	383,904
Contracts payable	1,135,460
Retainage payable	130,687
Accrued wages and benefits payable	4,256,700
Intergovernmental payable	109,007
Pension and postemployment benefits payable	688,425
Accrued interest payable	71,995
Long-term liabilities:	
Due within one year	1,814,165
Due in more than one year:	
Net pension liability (Note 11)	46,280,163
Net OPEB liability (Note 12)	5,329,734
Other amounts due in more than one year	44,291,620
Total liabilities	<u>104,491,860</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	20,365,528
Payment in lieu of taxes levied for the next fiscal year	516,350
Unamortized deferred gain on debt refunding	217,549
Pension (Note 11)	4,897,488
OPEB (Note 12)	4,797,738
Total deferred inflows of resources	<u>30,794,653</u>
Net position:	
Net investment in capital assets	(835,421)
Restricted for:	
Capital projects	25,707,260
Permanent fund - nonexpendable	12,667
Classroom facilities maintenance	406,507
Debt service	1,344,462
Locally funded programs	17,234
State funded programs	86,892
Federally funded programs	565
Student activities	156,488
Other purposes	1,568,739
Unrestricted (deficit)	(18,461,121)
Total net position	<u>\$ 10,004,272</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 15,222,134	\$ 367,679	\$ 96,577	\$ (14,757,878)
Special	9,202,557	82,640	5,184,827	(3,935,090)
Vocational	243,443	-	200,292	(43,151)
Other	3,456,282	-	-	(3,456,282)
Support services:				
Pupil	2,878,782	-	92,295	(2,786,487)
Instructional staff	823,683	-	104,520	(719,163)
Board of education	70,115	-	-	(70,115)
Administration	2,749,916	89,961	127,187	(2,532,768)
Fiscal	860,323	-	-	(860,323)
Business	251,111	-	-	(251,111)
Operations and maintenance	4,272,798	2,385	13,508	(4,256,905)
Pupil transportation	2,652,859	4,163	106,250	(2,542,446)
Central	614,500	-	7,200	(607,300)
Operation of non-instructional services:				
Food service operations	2,128,425	230,415	1,678,948	(219,062)
Other non-instructional services	62,237	-	67,485	5,248
Extracurricular activities	841,424	249,257	10,585	(581,582)
Interest and fiscal charges	1,520,615	-	-	(1,520,615)
Total governmental activities	\$ 47,851,204	\$ 1,026,500	\$ 7,689,674	(39,135,030)
General revenues:				
Property taxes levied for:				
General purposes				17,431,311
Debt service				2,903,286
Facilities maintenance				149,713
Payments in lieu of taxes				286,812
Income taxes levied for:				
General purposes				4,542,234
Grants and entitlements not restricted				
to specific programs				22,539,837
Investment earnings				1,266,926
Increase in fair value of investments				772,186
Miscellaneous				171,884
Total general revenues				50,064,189
Change in net position				10,929,159
Net position (deficit) at				
beginning of year				(924,887)
Net position at end of year				\$ 10,004,272

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 30,550,600	\$ 27,597,939	\$ 10,985,952	\$ 69,134,491
Cash in segregated accounts	-	82,072	-	82,072
Receivables:				
Property taxes	19,315,643	-	3,202,800	22,518,443
Income taxes	1,841,775	-	-	1,841,775
Payment in lieu of taxes	443,354	-	72,996	516,350
Accounts	1,330	-	-	1,330
Accrued interest	120,439	-	-	120,439
Interfund loans	198,998	-	-	198,998
Intergovernmental	507,167	17,642,744	753,117	18,903,028
Prepayments	195,227	-	16,120	211,347
Materials and supplies inventory	-	-	6,680	6,680
Inventory held for resale	-	-	18,342	18,342
Total assets	<u>\$ 53,174,533</u>	<u>\$ 45,322,755</u>	<u>\$ 15,056,007</u>	<u>\$ 113,553,295</u>
Liabilities:				
Accounts payable	\$ 304,727	\$ -	\$ 79,177	\$ 383,904
Contracts payable	-	1,023,958	111,502	1,135,460
Retainage payable	-	125,913	4,774	130,687
Accrued wages and benefits payable	3,841,250	-	415,450	4,256,700
Compensated absences payable	19,042	-	-	19,042
Intergovernmental payable	103,477	-	5,530	109,007
Pension and postemployment benefits payable	589,047	-	99,378	688,425
Interfund loans payable	-	-	198,998	198,998
Total liabilities	<u>4,857,543</u>	<u>1,149,871</u>	<u>914,809</u>	<u>6,922,223</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	17,480,706	-	2,884,822	20,365,528
Payment in lieu of taxes levied for the next fiscal year	443,354	-	72,996	516,350
Delinquent property tax revenue not available	476,643	-	86,800	563,443
Income tax revenue not available	330,387	-	-	330,387
Intergovernmental revenue not available	208,286	17,642,744	543,123	18,394,153
Interest revenue not available	82,359	-	-	82,359
Total deferred inflows of resources	<u>19,021,735</u>	<u>17,642,744</u>	<u>3,587,741</u>	<u>40,252,220</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	6,680	6,680
Prepays	195,227	-	16,120	211,347
Endowments	-	-	12,667	12,667
Restricted:				
Debt service	-	-	1,784,727	1,784,727
Capital improvements	-	26,530,140	6,950,158	33,480,298
Classroom facilities maintenance	-	-	402,167	402,167
Food service operations	-	-	1,597,902	1,597,902
Non-public schools	-	-	11,601	11,601
Other purposes	-	-	31,583	31,583
Extracurricular	-	-	156,486	156,486
Special trust	-	-	10,377	10,377
Committed:				
Termination benefits	751,800	-	-	751,800
Assigned:				
Student instruction	494,557	-	-	494,557
Student and staff support	1,070,648	-	-	1,070,648
Extracurricular activities	7,321	-	-	7,321
Other purposes	775	-	-	775
Unassigned (deficit)	26,774,927	-	(427,011)	26,347,916
Total fund balances	<u>29,295,255</u>	<u>26,530,140</u>	<u>10,553,457</u>	<u>66,378,852</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 53,174,533</u>	<u>\$ 45,322,755</u>	<u>\$ 15,056,007</u>	<u>\$ 113,553,295</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Total governmental fund balances		\$	66,378,852
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			16,026,907
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Delinquent property taxes receivable	\$	563,443	
Income taxes receivable		330,387	
Accrued interest receivable		82,359	
Intergovernmental receivable		18,394,153	
Total		18,394,153	19,370,342
Unamortized premiums on bonds issued are not recognized in the funds.			(1,478,423)
Unamortized deferred gains on debt refundings are not recognized in the funds.			(217,549)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(71,995)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - pension		12,425,393	
Deferred inflows - pension		(4,897,488)	
Net pension liability		(46,280,163)	
Total		(46,280,163)	(38,752,258)
The net OPEB liability/asset is not due and payable in the current period; therefore, liability/asset and related deferred inflows are not reported in governmental funds.			
Net OPEB asset		2,587,250	
Deferred outflows - OPEB		896,938	
Deferred inflows - OPEB		(4,797,738)	
Net OPEB liability		(5,329,734)	
Total		(5,329,734)	(6,643,284)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(42,027,061)	
Compensated absences		(2,581,259)	
Total		(44,608,320)	(44,608,320)
Net position of governmental activities		\$	10,004,272

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 17,398,420	\$ -	\$ 3,047,237	\$ 20,445,657
Income taxes	4,539,392	-	-	4,539,392
Payment in lieu of taxes	261,468	-	25,344	286,812
Tuition	395,076	-	-	395,076
Transportation fees	4,163	-	-	4,163
Earnings on investments	670,619	494,097	158,008	1,322,724
Increase in fair value of investments	772,186	-	-	772,186
Charges for services	-	-	230,415	230,415
Extracurricular	103,062	-	138,483	241,545
Classroom materials and fees	55,076	-	7,879	62,955
Rental income	2,385	-	-	2,385
Contributions and donations	6,636	-	3,462	10,098
Contract services	89,961	-	-	89,961
Other local revenues	171,844	40	9,788	181,672
Intergovernmental - state	25,459,305	3,426,282	500,669	29,386,256
Intergovernmental - federal	271,832	-	4,445,320	4,717,152
Total revenues	<u>50,201,425</u>	<u>3,920,419</u>	<u>8,566,605</u>	<u>62,688,449</u>
Expenditures:				
Current:				
Instruction:				
Regular	17,082,290	-	166,295	17,248,585
Special	7,735,904	-	2,441,813	10,177,717
Vocational	264,615	-	-	264,615
Other	3,397,007	-	-	3,397,007
Support services:				
Pupil	3,204,994	-	87,562	3,292,556
Instructional staff	715,981	-	162,694	878,675
Board of education	70,307	-	-	70,307
Administration	2,984,233	-	143,295	3,127,528
Fiscal	868,212	-	44,308	912,520
Business	261,039	-	-	261,039
Operations and maintenance	3,626,826	-	1,268,388	4,895,214
Pupil transportation	2,945,145	-	3,000	2,948,145
Central	651,475	-	-	651,475
Operation of non-instructional services:				
Food service operations	-	-	2,211,869	2,211,869
Other non-instructional services	488	-	60,582	61,070
Extracurricular activities	843,293	-	130,964	974,257
Facilities acquisition and construction	-	6,233,426	459,212	6,692,638
Debt service:				
Principal retirement	-	-	1,445,000	1,445,000
Interest and fiscal charges	-	-	1,523,583	1,523,583
Total expenditures	<u>44,651,809</u>	<u>6,233,426</u>	<u>10,148,565</u>	<u>61,033,800</u>
Excess of revenues over (under) expenditures	<u>5,549,616</u>	<u>(2,313,007)</u>	<u>(1,581,960)</u>	<u>1,654,649</u>
Other financing sources (uses):				
Transfers in	-	35,262	500,000	535,262
Transfers (out)	<u>(500,000)</u>	<u>-</u>	<u>(35,262)</u>	<u>(535,262)</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>35,262</u>	<u>464,738</u>	<u>-</u>
Net change in fund balances	5,049,616	(2,277,745)	(1,117,222)	1,654,649
Fund balances at beginning of year	<u>24,245,639</u>	<u>28,807,885</u>	<u>11,670,679</u>	<u>64,724,203</u>
Fund balances at end of year	<u>\$ 29,295,255</u>	<u>\$ 26,530,140</u>	<u>\$ 10,553,457</u>	<u>\$ 66,378,852</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	\$	1,654,649
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 7,626,972	
Current year depreciation	(1,531,297)	
Total		6,095,675
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(15,895)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	38,653	
Income taxes	2,842	
Interest revenue	(13,053)	
Intergovernmental revenues	(3,728,242)	
Total		(3,699,800)
Repayment of long-term debt principal is an expenditure in the governmental funds; however, the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
		1,445,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
(Increase) in accrued interest payable	(1,026)	
Accreted interest on capital appreciation bonds	(177,065)	
Amortization of bond premiums	151,727	
Amortization of deferred gain on debt refunding	29,332	
Total		2,968
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		3,609,350
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,440,781)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		154,380
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		5,369,933
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(246,320)
Change in net position of governmental activities	\$	10,929,159

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Property taxes	\$ 16,815,400	\$ 16,815,400	\$ 17,237,220	\$ 421,820
Income taxes.	4,115,364	4,115,364	4,421,514	306,150
Payment in lieu of taxes.	261,468	261,468	261,468	-
Tuition.	1,524,613	1,524,613	394,929	(1,129,684)
Transportation fees.	-	-	3,849	3,849
Earnings on investments	340,000	340,000	657,100	317,100
Extracurricular.	-	-	107,704	107,704
Classroom materials and fees	-	-	56,562	56,562
Rental income	-	-	3,785	3,785
Contributions and donations	-	-	20	20
Contract services.	-	-	94,385	94,385
Other local revenues	-	-	269,302	269,302
Intergovernmental - state	24,546,641	24,546,641	25,375,396	828,755
Intergovernmental - federal	-	10,625	202,611	191,986
Total revenues	47,603,486	47,614,111	49,085,845	1,471,734
Expenditures:				
Current:				
Instruction:				
Regular	18,384,700	18,483,124	17,445,519	1,037,605
Special.	8,186,651	8,186,651	7,737,358	449,293
Vocational.	104,200	104,200	248,120	(143,920)
Other.	4,001,000	4,001,000	3,446,012	554,988
Support services:				
Pupil.	3,205,961	3,205,961	3,216,409	(10,448)
Instructional staff	764,190	764,190	780,719	(16,529)
Board of education	85,468	85,468	157,665	(72,197)
Administration.	3,374,814	3,375,814	3,125,922	249,892
Fiscal	866,730	866,730	882,925	(16,195)
Business	349,810	349,810	287,120	62,690
Operations and maintenance.	4,236,645	4,236,645	3,991,073	245,572
Pupil transportation	3,046,066	3,046,566	3,084,214	(37,648)
Central.	821,813	737,514	719,165	18,349
Operation of non-instructional services:				
Other non-instructional services	80	80	-	80
Extracurricular activities.	774,351	786,851	845,993	(59,142)
Total expenditures	48,202,479	48,230,604	45,968,214	2,262,390
Excess of revenues over (user) expenditures	(598,993)	(616,493)	3,117,631	3,734,124
Other financing sources (uses):				
Refund of prior year's expenditures	45,000	45,000	163,171	118,171
Transfers in	6,000	6,000	-	(6,000)
Transfers (out).	(956,000)	(956,000)	(500,000)	456,000
Sale of capital assets	-	-	12,362	12,362
Total other financing sources (uses)	(905,000)	(905,000)	(324,467)	580,533
Net change in fund balance	(1,503,993)	(1,521,493)	2,793,164	4,314,657
Fund balance at beginning of year	24,250,263	24,250,263	24,250,263	-
Prior year encumbrances appropriated	1,080,555	1,080,555	1,080,555	-
Fund balance at end of year	\$ 23,826,825	\$ 23,809,325	\$ 28,123,982	\$ 4,314,657

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 20,893	\$ 161,214
Liabilities:		
Accounts payable.	-	6,107
Due to students.	-	155,107
Total liabilities	-	\$ 161,214
Net position:		
Held in trust for scholarships	\$ 20,893	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 447
Change in net position	447
Net position at beginning of year.	20,446
Net position at end of year	\$ 20,893

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Fairborn City School District (the "District") has grown from a union of the Fairborn, Osborn and Bath Township schools, which took place when the town of Osborn was moved. The earliest school records available are of Bath Township schools' purchase of land on September 1, 1856. The oldest historical record of the Osborn schools is a meeting of the Board of Education of July 27, 1906. The early history of the Fairborn school system consists of a log schoolhouse, one room up and two rooms down, in 1873. When consolidation of the three school systems was suggested there was much of the usual opposition. However, consolidation passed by a small majority and the school year 1923 started under the new plan.

Today the District operates under the current standards prescribed by the Ohio Department of Education as provided in division (D) of sections 3301.07 and 119.01 of the Ohio Revised Code. The District is established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally elected five-member Board form of government and provides educational services as authorized by the Board and further mandated by state and/or federal agencies.

The Board of Education controls the District's five instructional/support facilities staffed by 245 non-certified, 315 certified employees to provide services to approximately 4,348 students in grades K through 12.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District is associated with three jointly governed organizations, one related organization, and one public entity risk pool. In addition, the District has shared service agreements with the Educational Service Centers of Greene and Montgomery Counties.

JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of over 126 public Districts in 18 counties. The purpose of the council is to obtain reduced prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center, Suite 208, Vandalia, OH 45377.

Greene County Career Center

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating Districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385.

Miami Valley Educational Computer Association

The District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public-school districts within the boundaries of Clark, Clinton, Fayette, Greene, Ross, Madison, Montgomery and Highland Counties.

The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The District paid MVECA \$173,978 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

RELATED ORGANIZATION

Fairborn Digital Academy Community School

The Fairborn Digital Academy Community School (the "Digital Academy") is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the growing need for a comprehensive educational program delivered to students in the 9-12 population primarily through distance learning technologies. The District appoints two non-voting members of the Digital Academy's Board of Directors. Financial information for the Digital Academy can be obtained from Tammy Emrick, Treasurer, Fairborn Digital Academy Community School, 700 Black Lane, Fairborn, Ohio 45324.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District employs the use of two categories of funds: governmental and fiduciary.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

General Fund - The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Classroom facilities fund - The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) financial resources that are restricted, committed, or assigned to disbursements for principal and interest, and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities and for athletic tournament receipts.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Like the government-wide statements, the private-purpose trust fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fiduciary net position. The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, grants, interest, tuition, student fees, and charges for services.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 11 and Note 12 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. These deferred outflows of resources are only reported on the government-wide statement of net position.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 11 and Note 12 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred inflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Expenses/Expenditures - On the accrual basis, expenses are recognized at the time they are incurred. The entitlement of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The legal level of budgetary control for all funds is at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Greene County Budget Commission for rate determination.

Estimated Resources

The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which indicates the projected receipts of each fund. On or about July 1 this certificate is amended to include any unencumbered balances from the preceding fiscal year. Prior to July 1, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budgeted receipts as shown in the accompanying financial statements do not include July 1 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Lapsing of Appropriations

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

G. Equity in Pooled Cash and Investments

To improve cash management, cash received by the District is pooled. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2019, investments were limited to Federal Home Loan Banks (FHLB), Federal Farm Credit Banks (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit (negotiable CDs), U.S. government money market mutual funds, investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), and STAR Plus. Except for STAR Ohio, investments are reported at fair value.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In fiscal year 2019, the District invested in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

During fiscal year 2019, the District invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$670,619 which includes \$54,410 assigned from other District funds.

For presentation on the balance sheet and statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventories are accounted for using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption and food service inventory held for resale (donated food and purchased food).

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 20 years
Buildings and improvements	20 - 40 years
Furniture, equipment and vehicles	5 - 20 years

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave (severance) to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the termination method; i.e., a liability is accrued for earned sick leave to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2019 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgements and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due. Net pension and OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net position.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as balances of materials and supplies inventory and prepayments. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$29,300,814 in restricted net position, none was restricted by enabling legislation.

O. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow or deferred inflow of resources.

Q. Non-Public Schools

Within the District boundaries are various non-public schools. Current state legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the District, as directed by the non-public school. The fiduciary responsibility of the District for these monies is reflected in a nonmajor governmental fund for financial reporting purposes.

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

S. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

T. Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2019, the District has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public school preschool	\$ 6,622
IDEA Part B	134,971
Title III - limited english proficiency	1,755
Title I	236,159
IDEA Part B - preschool stimulus	4,272
Improving teacher quality	25,357
Miscellaneous federal grants	5,000

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits must be evidenced by time certificates of deposit maturing not more than five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

A. Cash on Hand

At year end, the District had \$750 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Cash in Segregated Accounts

At June 30, 2019, the District has \$82,072 in a separate depository account for a retainage payable account held separate from the District's internal investment pool. This balance of this depository account is included in "deposits with financial institutions" below.

C. Deposits with Financial Institutions

At June 30, 2019, the carrying amount of all District deposits was \$5,696,696 and the bank balance of all District deposits was \$5,785,109. Of the bank balance, \$3,708,013 was covered by the FDIC, \$1,038,548 was covered by the Ohio Pooled Collateral System, and \$1,038,548 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2019, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Amount	6 months or less	Investment Maturities			Greater Than 24 months
			7 to 12 months	13 to 18 months	19 to 24 months	
<i>Fair Value:</i>						
FHLB	\$ 5,778,530	\$ 498,100	\$ 2,355,784	\$ 1,003,460	\$ -	\$ 1,921,186
FFCB	8,167,024	-	-	1,239,195	745,680	6,182,149
FHLMC	8,305,680	2,242,962	-	-	-	6,062,718
FNMA	9,403,557	2,890,264	-	-	3,432,495	3,080,798
Negotiable CDs	5,267,324	998,798	250,967	997,383	-	3,020,176
U.S. Government Money						
Market Mutual Fund	6,885,180	6,885,180	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	19,893,929	19,893,929	-	-	-	-
Total	<u>\$ 63,701,224</u>	<u>\$ 33,409,233</u>	<u>\$ 2,606,751</u>	<u>\$ 3,240,038</u>	<u>\$ 4,178,175</u>	<u>\$ 20,267,027</u>

The weighted average maturity of investments is 1.04 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB, FFCB, FHLMC, FNMA) and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less. The District's investment policy also requires that the investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk: The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio and the U.S. government money market mutual funds were rated AAAM by Standard & Poor's. The negotiable CD's were not rated but are fully insured by the FDIC. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLB	\$ 5,778,530	9.07
FFCB	8,167,024	12.82
FHLMC	8,305,680	13.04
FNMA	9,403,557	14.76
Negotiable CDs	5,267,324	8.27
U.S. Government Money Market Mutual Fund	6,885,180	10.81
<i>Amortized Cost:</i>		
STAR Ohio	<u>19,893,929</u>	<u>31.23</u>
Total	<u>\$ 63,701,224</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,696,696
Investments	63,701,224
Cash on hand	<u>750</u>
Total	<u>\$ 69,398,670</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 69,216,563
Private-Purpose trust	20,893
Agency funds	<u>161,214</u>
Total	<u>\$ 69,398,670</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 - RECEIVABLES

Receivables at June 30, 2019 consisted of property taxes, income taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 22,518,443
Income taxes	1,841,775
Payment in lieu of taxes	516,350
Accounts	1,330
Accrued interest	120,439
Intergovernmental	<u>18,903,028</u>
Total	<u>\$ 43,901,365</u>

Receivables have been disaggregated on the face of the basic financial statements. The intergovernmental receivable in the amount of \$17,642,744 reported in the classroom facilities fund is expected to be collected over the next several years as the OFCC construction project is completed. All other receivables are expected to be collected in the subsequent year.

NOTE 6 - INCOME TAXES

The District levies a voted tax of .50% for general operations on the income of residents and of estates. The tax was first approved in 1990. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 7 - PROPERTY TAXES - (Continued)

The District receives property taxes from Greene, Montgomery and Clark Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019 are available to finance fiscal year 2019 operations. The amount available as an advance at June 30, 2019 was \$1,358,294 in the general fund, \$220,162 in the debt service fund (a nonmajor governmental fund) and \$11,016 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2018 was \$1,197,094 in the general fund, \$192,622 in the debt service fund (a nonmajor governmental fund), and \$9,648 in the classroom facilities and maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 588,803,760	96.29	\$ 597,127,420	96.09
Public utility personal	<u>22,696,900</u>	<u>3.71</u>	<u>24,315,590</u>	<u>3.91</u>
Total	<u>\$ 611,500,660</u>	<u>100.00</u>	<u>\$ 621,443,010</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 55.25		\$ 55.05	

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8 - CAPITAL ASSETS

The following capital asset activity occurred during fiscal year 2019:

	Balance <u>06/30/18</u>	Additions	Deletions	Balance <u>06/30/19</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 299,675	\$ -	\$ -	\$ 299,675
Construction in progress	<u>1,545,899</u>	<u>6,692,638</u>	<u>-</u>	<u>8,238,537</u>
Total capital assets, not being depreciated	<u>1,845,574</u>	<u>6,692,638</u>	<u>-</u>	<u>8,538,212</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	8,043,319	176,582	(341,420)	7,878,481
Building and improvements	27,013,779	-	-	27,013,779
Furniture, equipment and vehicles	<u>11,774,139</u>	<u>757,752</u>	<u>(371,380)</u>	<u>12,160,511</u>
Total capital assets, being depreciated	<u>46,831,237</u>	<u>934,334</u>	<u>(712,800)</u>	<u>47,052,771</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(6,840,151)	(308,343)	341,420	(6,807,074)
Building and improvements	(23,710,601)	(587,171)	-	(24,297,772)
Furniture, equipment and vehicles	<u>(8,178,932)</u>	<u>(635,783)</u>	<u>355,485</u>	<u>(8,459,230)</u>
Total accumulated depreciation	<u>(38,729,684)</u>	<u>(1,531,297)</u>	<u>696,905</u>	<u>(39,564,076)</u>
Governmental activities capital assets, net	<u>\$ 9,947,127</u>	<u>\$ 6,095,675</u>	<u>\$ (15,895)</u>	<u>\$ 16,026,907</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 458,089
Special	178,188
Vocational	4,328
Other	59,410
<u>Support service:</u>	
Pupil	58,539
Instructional staff	55,314
Board of education	1,480
Administration	59,016
Fiscal	15,872
Business	4,566
Operations and maintenance	157,134
Pupil transportation	369,973
Central	11,372
<u>Operation of non-instructional services:</u>	
Food service operations	62,050
Other non-instructional services	1,167
Extracurricular activities	<u>34,799</u>
Total depreciation expense	<u>\$ 1,531,297</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS

The District's long-term obligations activity for fiscal year 2019 follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>06/30/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/19</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
<u>General Obligation Bonds</u>					
Series 2015 refunding bonds					
Current interest bonds, 0.75 - 3.5%	\$ 9,640,000	\$ -	\$ (1,110,000)	\$ 8,530,000	\$ 1,150,000
Capital appreciation bonds	169,940	-	-	169,940	-
Accreted interest	241,908	143,829	-	385,737	-
Unamortized premium	530,715	-	(46,485)	484,230	-
Total Series 2015	<u>10,582,563</u>	<u>143,829</u>	<u>(1,156,485)</u>	<u>9,569,907</u>	<u>1,150,000</u>
Series 2017A construction bonds					
Current interest bonds	24,100,000	-	(325,000)	23,775,000	340,000
Capital appreciation bonds	81,391	-	-	81,391	-
Accreted interest	31,757	33,236	-	64,993	-
Unamortized premium	393,188	-	(11,076)	382,112	-
Total Series 2017A	<u>24,606,336</u>	<u>33,236</u>	<u>(336,076)</u>	<u>24,303,496</u>	<u>340,000</u>
Series 2017B construction bonds					
General obligation bonds	9,030,000	-	(10,000)	9,020,000	10,000
Unamortized premium	706,247	-	(94,166)	612,081	-
Total Series 2017B	<u>9,736,247</u>	<u>-</u>	<u>(104,166)</u>	<u>9,632,081</u>	<u>10,000</u>
Total bonds	<u>44,925,146</u>	<u>177,065</u>	<u>(1,596,727)</u>	<u>43,505,484</u>	<u>1,500,000</u>
Net pension liability:					
STRS	37,468,610	-	(2,066,342)	35,402,268	-
SERS	10,626,915	250,980	-	10,877,895	-
Total net pension liability	<u>48,095,525</u>	<u>250,980</u>	<u>(2,066,342)</u>	<u>46,280,163</u>	<u>-</u>
Net OPEB liability:					
STRS	6,153,962	-	(6,153,962)	-	-
SERS	4,846,848	482,886	-	5,329,734	-
Total net OPEB liability	<u>11,000,810</u>	<u>482,886</u>	<u>(6,153,962)</u>	<u>5,329,734</u>	<u>-</u>
Compensated Absences	2,420,954	591,316	(411,969)	2,600,301	314,165
Total Long-Term Obligations	<u>\$ 106,442,435</u>	<u>\$ 1,502,247</u>	<u>\$ (10,229,000)</u>	<u>\$ 97,715,682</u>	<u>\$ 1,814,165</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds

All general obligation bonds are backed by the full faith and credit of the District will be repaid from property taxes in the debt service fund (a nonmajor governmental fund).

Series 2015 Refunding General Obligation Bonds

On June 17, 2015, the District issued \$12,169,940 of general obligation bonds (Series 2015 refunding bonds) to advance refund the callable of the Series 2006 refunding general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 2006 general obligation bonds at June 30, 2019, is \$8,699,940.

The refunding issue is comprised of both current interest bonds, par value \$12,000,000, and capital appreciation bonds par value \$169,940. The interest rates on the current interest bonds range from 0.75% - 3.5%. The capital appreciation bonds mature on December 1, 2021 (effective interest rate 30.33%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,175,000. Total accreted interest of \$385,737 has been included in the statement of net position at June 30, 2019.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026. The bonds will be retired from the debt service fund (a nonmajor governmental fund).

The net carrying amount of the old debt (including unamortized premiums removed upon refunding) exceeded the reacquisition price by \$334,877. This deferred gain on refunding is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized portion of the deferred gain is reported as a deferred inflow on the statement of net position.

The future debt service requirements for retirement of the Series 2015 refunding bonds follows:

Fiscal Year	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Accretion	Total
<u>Ending June 30,</u>						
2020	\$ 1,150,000	\$ 235,590	\$ 1,385,590	\$ -	\$ -	\$ -
2021	1,120,000	210,930	1,330,930	-	-	-
2022	-	197,770	197,770	169,940	1,005,060	1,175,000
2023	1,175,000	180,732	1,355,732	-	-	-
2024	1,215,000	145,470	1,360,470	-	-	-
2025 - 2027	<u>3,870,000</u>	<u>199,292</u>	<u>4,069,292</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,530,000</u>	<u>\$ 1,169,784</u>	<u>\$ 9,699,784</u>	<u>\$ 169,940</u>	<u>\$ 1,005,060</u>	<u>\$ 1,175,000</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Series 2017A Construction General Obligation Bonds

On February 22, 2017, the District issued \$24,550,000 of current interest bonds and \$81,391 of capital appreciation bonds to perform school improvement projects. The interest rates on the current interest bonds range from 2.00% - 4.00%. The capital appreciation bonds mature on December 1, 2024 (effective interest rate 29.37%) and December 1, 2025 (effective interest rate 29.38%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2024 is \$445,000. The accreted value at maturity for the capital appreciation bond maturing December 1, 2025 is \$205,000. Total accreted interest of \$64,993 has been included in the statement of net position at June 30, 2019.

The general obligation bonds were issued for the purpose of constructing two new elementary schools, one new middle school, one new high school, and to abate and demolish six existing school buildings. As of June 30, 2019, the District had \$17,576,929 of unspent bond proceeds on the bond issue.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2053. The bonds will be retired from the debt service fund (a nonmajor governmental fund).

The future debt service requirements for retirement of the Series 2017A construction bonds follows:

Fiscal Year Ending June 30,	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 340,000	\$ 905,288	\$ 1,245,288	\$ -	\$ -	\$ -
2021	345,000	898,438	1,243,438	-	-	-
2022	380,000	891,188	1,271,188	-	-	-
2023	305,000	884,338	1,189,338	-	-	-
2024	10,000	881,138	891,138	-	-	-
2025 - 2029	30,000	4,403,362	4,433,362	81,391	568,609	650,000
2030 - 2034	50,000	4,395,310	4,445,310	-	-	-
2035 - 2039	50,000	4,386,565	4,436,565	-	-	-
2040 - 2044	5,615,000	3,844,886	9,459,886	-	-	-
2045 - 2049	7,290,000	2,602,405	9,892,405	-	-	-
2050 - 2054	9,360,000	972,400	10,332,400	-	-	-
Total	<u>\$ 23,775,000</u>	<u>\$ 25,065,318</u>	<u>\$ 48,840,318</u>	<u>\$ 81,391</u>	<u>\$ 568,609</u>	<u>\$ 650,000</u>

Series 2017B Construction General Obligation Bonds

On March 14, 2017, the District issued \$9,105,000 of current interest bonds to perform school improvement projects. This issue is comprised of general obligation bonds with interest rates ranging from 2.00% to 4.00%. The general obligation bonds were issued for the purpose of constructing two new elementary schools, one new middle school, one new high school, and to abate and demolish six existing school buildings. As of June 30, 2019, the District had \$9,105,000 of unspent bond proceeds on the bond issue.

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2025. The bonds will be retired from the debt service fund (a nonmajor governmental fund).

The future debt service requirements for retirement of the Series 2017B construction bonds follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 10,000	\$ 352,226	\$ 362,226
2021	10,000	352,025	362,025
2022	10,000	351,825	361,825
2023	90,000	350,825	440,825
2024	395,000	344,988	739,988
2025 - 2026	8,505,000	509,825	9,014,825
Total	<u>\$ 9,020,000</u>	<u>\$ 2,261,714</u>	<u>\$ 11,281,714</u>

Net Pension Liability

See Note 11 for further information on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability

See Note 12 for further information on the District's net OPEB liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences

Compensated absences are primarily paid from the termination benefits fund which, on a GAAP-basis, is included as part of the District's general fund.

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2019, are a voted debt margin of \$16,138,267 (including available funds of \$1,784,727), and an unvoted debt margin of \$621,443.

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2019, the District carried property and general liability insurance and boiler and machinery insurance.

Professional liability is protected by Arthur J. Gallagher, with \$1,000,000 each occurrence, and \$3,000,000 in annual aggregate limit. An additional “umbrella” policy through Genesis Insurance Company has \$5,000,000 per occurrence and \$5,000,000 aggregate limit.

The District contracted with Arthur J. Gallagher for building and property insurance. Commercial property is insured at a limit of \$121,819,704 with a \$1,000 deductible on everything except boiler and machinery that have a \$3,500 deductible.

Automobile liability is covered by Selective Insurance Company for replacement cost with a \$1,000 comprehensive deductible, \$1,000 collision deductible, and combined single limit each accident of \$1,000,000.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

B. Workers’ Compensation

The District participates in the Ohio School Comp Workers’ Compensation Group Retro Rating Program (GRP), an insurance purchasing pool provided by Ohio School Board Association (OSBA). The GRP’s business and affairs are conducted by a Board of Trustees consisting of a President and regional representatives. OSBA’s executive director and regional managers serve on the board in an ex officio capacity. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program. CompManagement, a Sedgwick Company, administers the GRP.

C. Employee Medical/Dental Benefits

The District purchases medical and dental benefits through the SOEPC. Medical benefits are provided through Anthem and dental benefits are provided through Delta Dental. The District has two health plans, HSA and PPO. For the HSA plan, the District pays 80% of the premiums for all eligible employees. For the PPO plan, the District pays 80% of family or single plans with the exception of 9-month classified employees. For classified employees working less than 10 months, the District pays 80% of a single PPO plan and 50% of a family PPO plan. The District provides 100% of the cost of dental insurance to employees. The risk of loss transfers to the insurance carrier upon payment of the premiums.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$923,580 for fiscal year 2019. Of this amount, \$127,934 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was \$2,685,770 for fiscal year 2019. Of this amount, \$435,580 is reported as pension and postemployment benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.17786290%	0.15772794%	
Proportion of the net pension liability current measurement date	<u>0.18993440%</u>	<u>0.16100902%</u>	
Change in proportionate share	<u>0.01207150%</u>	<u>0.00328108%</u>	
Proportionate share of the net pension liability	\$ 10,877,895	\$ 35,402,268	\$ 46,280,163
Pension expense	\$ 1,019,952	\$ 2,420,829	\$ 3,440,781

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 596,583	\$ 817,193	\$ 1,413,776
Changes of assumptions	245,645	6,273,949	6,519,594
Difference between District contributions and proportionate share of contributions/ change in proportionate share	420,280	462,393	882,673
District contributions subsequent to the measurement date	<u>923,580</u>	<u>2,685,770</u>	<u>3,609,350</u>
Total deferred outflows of resources	<u>\$ 2,186,088</u>	<u>\$ 10,239,305</u>	<u>\$ 12,425,393</u>

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 231,198	\$ 231,198
Net difference between projected and actual earnings on pension plan investments	301,392	2,146,754	2,448,146
Difference between District contributions and proportionate share of contributions/change in proportionate share	<u>140,400</u>	<u>2,077,744</u>	<u>2,218,144</u>
Total deferred inflows of resources	<u>\$ 441,792</u>	<u>\$4,455,696</u>	<u>\$4,897,488</u>

\$3,609,350 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ 988,573	\$ 2,056,345	\$ 3,044,918
2021	281,560	1,509,771	1,791,331
2022	(356,983)	(124,601)	(481,584)
2023	<u>(92,434)</u>	<u>(343,676)</u>	<u>(436,110)</u>
Total	<u>\$ 820,716</u>	<u>\$ 3,097,839</u>	<u>\$ 3,918,555</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 15,322,335	\$ 10,877,895	\$ 7,151,529

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 51,700,353	\$ 35,402,268	\$ 21,608,151

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* or *net OPEB asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the District's surcharge obligation was \$120,173.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$154,380 for fiscal year 2019. Of this amount, \$124,911 is reported as pension and postemployment benefits payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2018, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.18060070%	0.15772794%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.19211300%</u>	<u>0.16100902%</u>	
Change in proportionate share	<u>0.01151230%</u>	<u>0.00328108%</u>	
Proportionate share of the net OPEB liability	\$ 5,329,734	\$ -	\$ 5,329,734
Proportionate share of the net OPEB asset	\$ -	\$ (2,587,250)	\$ (2,587,250)
OPEB expense	\$ 281,045	\$ (5,650,978)	\$ (5,369,933)

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 87,000	\$ 302,196	\$ 389,196
Difference between District contributions and proportionate share of contributions/change in proportionate share	236,440	116,922	353,362
District contributions subsequent to the measurement date	<u>154,380</u>	<u>-</u>	<u>154,380</u>
Total deferred outflows of resources	<u>\$ 477,820</u>	<u>\$ 419,118</u>	<u>\$ 896,938</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 150,741	\$ 150,741
Net difference between projected and actual earnings on pension plan investments	7,996	295,570	303,566
Changes of assumptions	478,837	3,525,335	4,004,172
Difference between District contributions and proportionate share of contributions/change in proportionate share	<u>45,346</u>	<u>293,913</u>	<u>339,259</u>
Total deferred inflows of resources	<u>\$ 532,179</u>	<u>\$ 4,265,559</u>	<u>\$ 4,797,738</u>

\$154,380 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ (176,938)	\$ (696,268)	\$ (873,206)
2021	(128,210)	(696,268)	(824,478)
2022	26,096	(696,266)	(670,170)
2023	29,498	(629,140)	(599,642)
2024	28,945	(605,591)	(576,646)
Thereafter	<u>11,870</u>	<u>(522,908)</u>	<u>(511,038)</u>
Total	<u>\$ (208,739)</u>	<u>\$ (3,846,441)</u>	<u>\$ (4,055,180)</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	\$ 6,467,213	\$ 5,329,734	\$ 4,429,063

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	\$ 4,300,117	\$ 5,329,734	\$ 6,693,130

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018	July 1, 2017
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%, effective July 1, 2017
Discounted rate of return	7.45%	N/A
Blended discount rate of return	N/A	4.13%
Health care cost trends		6 to 11% initial, 4.50% ultimate
	Initial	Ultimate
Medical		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	\$ 2,217,516	\$ 2,587,250	\$ 2,897,995
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,880,453	\$ 2,587,250	\$ 2,289,481

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and Administrators earn ten to twenty days of vacation per year, depending upon length of service. Employees may accumulate and carry over up to two years vacation accumulation. At the time of separation, an employee is entitled to compensation at the current rate of pay for all unused vacation accrued for the immediately preceding two years in addition to the prorated portion of earned but unused vacation leave for the current year. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum accumulation. Upon retirement with a minimum of ten years of service with the District or employees who attain age 55 or retire through STRS or SERS payment is made for thirty-three percent of the employee's accumulated sick leave up to a maximum of 84 days for teachers and administrators and 81 days for classified staff.

B. Life Insurance

The District provides life insurance and accidental death insurance to most employees through American United Life Insurance Company with OneAmerica.

**FAIRBORN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 14 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

B. Litigation

The District is not party to litigation that, in the opinion of management, would have a material effect on the financial condition of the District.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 2,793,164
Net adjustment for revenue accruals	1,079,020
Net adjustment for expenditure accruals	(322,914)
Net adjustment for other sources/uses	(175,533)
Funds budgeted elsewhere	(78,710)
Adjustment for encumbrances	<u>1,754,589</u>
GAAP basis	<u>\$ 5,049,616</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the rotary fund, public school support fund and the termination benefits fund.

NOTE 16 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2019, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 198,998</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

Interfund balances between governmental funds are eliminated on the government-wide financial statements, therefore, no internal balances at June 30, 2019 are reported on the Statement of Net Position.

- B. Transfers for the year ended June 30, 2019 consisted of the following as reported on the fund financial statements:

	Transfer In	Transfer Out
General fund	\$ -	\$ 500,000
Classroom facilities	35,262	-
Nonmajor governmental funds	<u>500,000</u>	<u>35,262</u>
Total	<u>\$ 535,262</u>	<u>\$ 535,262</u>

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 16 - INTERFUND TRANSACTIONS – (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transactions between governmental funds are eliminated on the government-wide financial statements, therefore, no transfers are reported on the Statement of Activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2018	\$ -
Current year set-aside requirement	740,919
Current year qualifying expenditures	<u>(1,051,318)</u>
Total	<u>\$ (310,399)</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside balance June 30, 2019	<u>\$ -</u>

The District issued school improvement general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$55,194,763 at June 30, 2019.

**FAIRBORN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances (net of amounts already included in payables) in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General	\$ 1,475,521
Classroom facilities	21,355,818
Nonmajor governmental	<u>2,403,151</u>
Total	<u>\$ 25,234,490</u>

NOTE 19 - PERMANENT FUND BALANCE

The District's permanent fund consists of many different donations established for a variety of purposes. The permanent fund includes donor-restricted endowment funds. Net position associated with the permanent fund are classified and reported based on the existence or absence of donor-imposed restrictions. Any additional School Board restrictions are reported in expendable net position under the permanent fund.

The District records the annual income of the permanent fund as expendable net position and appropriated for expenditure upon meeting other donor restrictions. The District reports the original and any future permanently restricted donor funds as nonexpendable net position that are used to generate interest income that is available for expenditure.

The District has a spending policy with respect to expendable amounts available for distribution within the permanent fund. The District has typically expended less than the interest earned; however, all expendable funds could be distributed as long as the other donor restrictions have been satisfied.

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2019, the District has commitments with the following companies for the construction project.

	<u>Contract Amount</u>	<u>Amount Paid as of 2019</u>	<u>Amount Remaining on Contract</u>
SHP Leading Design	\$ 3,998,179	\$ 2,412,171	\$ 1,586,008
Stan and Associates	151,371	37,309	114,062
Hill International	1,429,011	409,634	1,019,377
Monarch Construction	<u>23,000,000</u>	<u>2,477,070</u>	<u>20,522,930</u>
Total	<u>\$ 28,578,561</u>	<u>\$ 5,336,184</u>	<u>\$ 23,242,377</u>

These contractual commitments relate to the OFCC project undertaken by the District. In addition to the amounts paid above, the District has recorded contracts and retainage payable in the amounts of \$1,135,460 and \$130,687, respectively for costs incurred prior to fiscal year end on the OFCC project. Costs incurred by fiscal year end (including contracts payable) have been recorded as construction-in-progress in the District's capital assets (see Note 8).

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 21 - TAX ABATEMENT

Other governments have entered into property tax abatement agreements with property owners under Enterprise Zone Agreements (“EZAs”) and the Ohio Community Reinvestment Area (“CRA”) program within taxing districts of the District. The EZAs and CRA program are direct incentive tax exemption programs benefiting property owners who renovate existing buildings or construct new buildings. Under these programs, the other governments have designated areas to encourage revitalization of the existing structures and the development of new structures.

The District has incurred a reduction in property tax receipts due to agreements entered into by other governments. During fiscal year 2019, the District’s property tax receipts were reduced under agreements entered into by other governments as follows:

<u>Government Entering Into Agreement</u>	Tax Abatement Program		<u>Career Center Foregone Taxes</u>
	CRA	Ezone	
City of Fairborn	\$ 49,696	\$ -	\$ 49,696
City of Xenia	39,858	-	39,858
Greene County	-	10,104	10,104
Total	\$ 89,554	\$ 10,104	\$ 99,658

The District did not receive any amounts from these other governments in association with the forgone property tax receipts in fiscal year 2019.

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REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.18993440%	0.17786290%	0.18242430%	0.18358850%
District's proportionate share of the net pension liability	\$ 10,877,895	\$ 10,626,915	\$ 13,351,776	\$ 10,475,738
District's covered payroll	\$ 6,407,785	\$ 5,954,764	\$ 5,785,543	\$ 5,526,973
District's proportionate share of the net pension liability as a percentage of its covered payroll	169.76%	178.46%	230.78%	189.54%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.18390200%	0.18390200%
\$ 9,307,176	\$ 10,936,062
\$ 5,343,838	\$ 6,656,228
174.17%	164.30%
71.70%	65.52%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.16100902%	0.15772794%	0.16542193%	0.16766317%
District's proportionate share of the net pension liability	\$ 35,402,268	\$ 37,468,610	\$ 55,371,706	\$ 46,337,196
District's covered payroll	\$ 18,557,550	\$ 17,562,914	\$ 16,907,907	\$ 17,492,843
District's proportionate share of the net pension liability as a percentage of its covered payroll	190.77%	213.34%	327.49%	264.89%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.17550355%	0.17550355%
\$ 42,688,537	\$ 50,850,306
\$ 17,931,615	\$ 19,845,169
238.06%	256.24%
74.70%	69.30%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 923,580	\$ 865,051	\$ 833,667	\$ 809,976
Contributions in relation to the contractually required contribution	<u>(923,580)</u>	<u>(865,051)</u>	<u>(833,667)</u>	<u>(809,976)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,841,333	\$ 6,407,785	\$ 5,954,764	\$ 5,785,543
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 728,455	\$ 740,656	\$ 921,222	\$ 892,565	\$ 840,459	\$ 705,930
<u>(728,455)</u>	<u>(740,656)</u>	<u>(921,222)</u>	<u>(892,565)</u>	<u>(840,459)</u>	<u>(705,930)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,526,973	\$ 5,343,838	\$ 6,656,228	\$ 6,636,171	\$ 6,686,229	\$ 5,213,663
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,685,770	\$ 2,598,057	\$ 2,458,808	\$ 2,367,107
Contributions in relation to the contractually required contribution	<u>(2,685,770)</u>	<u>(2,598,057)</u>	<u>(2,458,808)</u>	<u>(2,367,107)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,184,071	\$ 18,557,550	\$ 17,562,914	\$ 16,907,907
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 2,448,998	\$ 2,331,110	\$ 2,579,872	\$ 2,717,821	\$ 2,910,882	\$ 2,850,150
<u>(2,448,998)</u>	<u>(2,331,110)</u>	<u>(2,579,872)</u>	<u>(2,717,821)</u>	<u>(2,910,882)</u>	<u>(2,850,150)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,492,843	\$ 17,931,615	\$ 19,845,169	\$ 20,906,315	\$ 22,391,400	\$ 21,924,231
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.19211300%	0.18060070%	0.18418380%
District's proportionate share of the net OPEB liability	\$ 5,329,734	\$ 4,846,848	\$ 5,249,920
District's covered payroll	\$ 6,407,785	\$ 5,954,764	\$ 5,785,543
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	83.18%	81.39%	90.74%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.16100902%	0.15772794%	0.16542193%
District's proportionate share of the net OPEB liability/(asset)	\$ (2,587,250)	\$ 6,153,962	\$ 8,846,808
District's covered payroll	\$ 18,557,550	\$ 17,562,914	\$ 16,907,907
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	13.94%	35.04%	52.32%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 154,380	\$ 133,271	\$ 122,672	\$ 90,266
Contributions in relation to the contractually required contribution	<u>(154,380)</u>	<u>(133,271)</u>	<u>(122,672)</u>	<u>(90,266)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,841,333	\$ 6,407,785	\$ 5,954,764	\$ 5,785,543
Contributions as a percentage of covered payroll	2.26%	2.08%	2.06%	1.56%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 135,718	\$ 9,033	\$ 115,125	\$ 118,185	\$ 95,613	\$ 146,747
<u>(135,718)</u>	<u>(9,033)</u>	<u>(115,125)</u>	<u>(118,185)</u>	<u>(95,613)</u>	<u>(146,747)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,526,973	\$ 5,343,838	\$ 6,656,228	\$ 6,636,171	\$ 6,686,229	\$ 5,213,663
2.46%	0.17%	1.73%	1.78%	1.43%	2.81%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,184,071	\$ 18,557,550	\$ 17,562,914	\$ 16,907,907
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 181,775	\$ 198,452	\$ 209,063	\$ 223,214	\$ 219,242
-	(181,775)	(198,452)	(209,063)	(223,214)	(219,242)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,492,843	\$ 17,931,615	\$ 19,845,169	\$ 20,906,315	\$ 22,391,400	\$ 21,924,231
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2019.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.

(Continued)

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rate for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in trend rates from 6.00%-11.00 initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTAL INFORMATION

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

MAJOR FUNDS

General Fund

The general fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration

Since the legal level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements are presented for the general fund.

OTHER MAJOR FUNDS

Classroom Facilities

To account for the monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Classroom facilities				
Total Revenues and Other Sources	\$ 410,000	\$ 3,937,584	\$ 3,955,681	\$ 18,097
Total Expenditures and Other Uses	<u>40,303,353</u>	<u>32,978,866</u>	<u>27,778,799</u>	<u>5,200,067</u>
Net Change in Fund Balance	(39,893,353)	(29,041,282)	(23,823,118)	5,218,164
Fund balance at beginning of year	22,979,344	22,979,344	22,979,344	-
Prior Year Encumbrances Appropriated	<u>6,061,938</u>	<u>6,061,938</u>	<u>6,061,938</u>	<u>-</u>
Fund balance at end of year	<u>\$ (10,852,071)</u>	<u>\$ -</u>	<u>\$ 5,218,164</u>	<u>\$ 5,218,164</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in pooled cash and investments.	\$ 2,342,286	\$ 1,564,565	\$ 7,066,434	\$ 12,667	\$ 10,985,952
Receivables:					
Property taxes	153,340	3,049,460	-	-	3,202,800
Payment in lieu of taxes.	3,510	69,486	-	-	72,996
Intergovernmental	753,117	-	-	-	753,117
Prepayments.	16,120	-	-	-	16,120
Materials and supplies inventory	6,680	-	-	-	6,680
Inventory held for resale.	18,342	-	-	-	18,342
Total assets.	\$ 3,293,395	\$ 4,683,511	\$ 7,066,434	\$ 12,667	\$ 15,056,007
Liabilities:					
Accounts payable.	\$ 79,177	\$ -	\$ -	\$ -	\$ 79,177
Contracts payable.	-	-	111,502	-	111,502
Retainage payable	-	-	4,774	-	4,774
Accrued wages and benefits	415,450	-	-	-	415,450
Intergovernmental payable	5,530	-	-	-	5,530
Pension and postemployment benefits payable.	99,378	-	-	-	99,378
Interfund loan payable	198,998	-	-	-	198,998
Total liabilities	798,533	-	116,276	-	914,809
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	137,984	2,746,838	-	-	2,884,822
Payment in lieu of taxes levied for next fiscal year.	3,510	69,486	-	-	72,996
Delinquent property tax revenue not available	4,340	82,460	-	-	86,800
Intergovernmental revenue not available.	543,123	-	-	-	543,123
Total deferred inflows of resources.	688,957	2,898,784	-	-	3,587,741
Fund balances:					
Nonspendable:					
Materials and supplies inventory.	6,680	-	-	-	6,680
Prepays.	16,120	-	-	-	16,120
Endowments	-	-	-	12,667	12,667
Restricted:					
Debt service	-	1,784,727	-	-	1,784,727
Capital improvements	-	-	6,950,158	-	6,950,158
Classroom facilities maintenance	402,167	-	-	-	402,167
Food service operations	1,597,902	-	-	-	1,597,902
Non-public schools	11,601	-	-	-	11,601
Other purposes.	31,583	-	-	-	31,583
Extracurricular	156,486	-	-	-	156,486
Special trusts.	10,377	-	-	-	10,377
Unassigned (deficit)	(427,011)	-	-	-	(427,011)
Total fund balances	1,805,905	1,784,727	6,950,158	12,667	10,553,457
Total liabilities, deferred inflows and fund balances	\$ 3,293,395	\$ 4,683,511	\$ 7,066,434	\$ 12,667	\$ 15,056,007

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
From local sources:					
Property taxes	\$ 149,428	\$ 2,897,809	\$ -	\$ -	\$ 3,047,237
Payment in lieu of taxes	2,075	23,269	-	-	25,344
Earnings on investments	42,745	-	114,993	270	158,008
Charges for services	230,415	-	-	-	230,415
Extracurricular	138,483	-	-	-	138,483
Classroom materials and fees	7,879	-	-	-	7,879
Contributions and donations	3,462	-	-	-	3,462
Other local revenues	9,788	-	-	-	9,788
Intergovernmental - state	285,915	214,754	-	-	500,669
Intergovernmental - federal	4,445,320	-	-	-	4,445,320
Total revenues	5,315,510	3,135,832	114,993	270	8,566,605
Expenditures:					
Current:					
Instruction:					
Regular	\$ 166,295	\$ -	\$ -	\$ -	\$ 166,295
Special	2,441,813	-	-	-	2,441,813
Support services:					
Pupil	87,562	-	-	-	87,562
Instructional staff	162,694	-	-	-	162,694
Administration	143,295	-	-	-	143,295
Fiscal	15,799	28,509	-	-	44,308
Operations and maintenance	13,445	-	1,254,943	-	1,268,388
Pupil transportation	3,000	-	-	-	3,000
Operation of non-instructional services:					
Food service operations	2,211,869	-	-	-	2,211,869
Other non-instructional services	60,582	-	-	-	60,582
Extracurricular activities	130,964	-	-	-	130,964
Facilities acquisition and construction	-	-	459,212	-	459,212
Debt service:					
Principal retirement	-	1,445,000	-	-	1,445,000
Interest and fiscal charges	-	1,523,583	-	-	1,523,583
Total expenditures	5,437,318	2,997,092	1,714,155	-	10,148,565
Excess (deficiency) of revenues over (under) expenditures	(121,808)	138,740	(1,599,162)	270	(1,581,960)
Other financing sources:					
Transfers in	-	-	500,000	-	500,000
Transfers (out)	-	-	(35,262)	-	(35,262)
Total other financing sources	-	-	464,738	-	464,738
Net change in fund balances	(121,808)	138,740	(1,134,424)	270	(1,117,222)
Fund balances at beginning of year	1,927,713	1,645,987	8,084,582	12,397	11,670,679
Fund balances at end of year	\$ 1,805,905	\$ 1,784,727	\$ 6,950,158	\$ 12,667	\$ 10,553,457

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

Miscellaneous Grants

To account for a number of small local grants that are restricted for specific expenditures.

District Managed Student Activity

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

Auxiliary Services

To account for State funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by State law.

Public School Preschool

To account for State funds provided to the District for paying the cost of preschool programs for three and four year olds.

Data Communications

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site.

Special Trust

To account for contributions received that can be expended for the benefit of the District's programs. For the District, this includes volunteer appreciation, chemical interventions, and the Hall of Honor.

Miscellaneous State Grants

To account for monies received from State agencies which are not classified elsewhere.

Limited English Proficiency

To account for federal monies to develop and carry out elementary and secondary school programs to meet the educational needs of children of limited English proficiency.

Title VI-B

To account for Federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds (Continued)

Title I

To account for Federal funds for services provided to meet special educational needs of educationally deprived children

EHA Preschool Grant

To account for Federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

Reducing Class Size

To account for a Federal grant aimed at reducing class sizes throughout the District.

Miscellaneous Federal Grants

To account for Federal revenues received through State agencies from the Federal government or directly from the Federal government which are not classified elsewhere.

Food Service

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the District students and staff.

Classroom Facilities Maintenance

To account for revenues earmarked for the maintenance of facilities.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds (Continued)

The following funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since they are reported in the general fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

Termination Benefits

To account for monies used for payment of termination benefits to former employees

Rotary Fund

To account for operations that provide goods or services to other governmental units on a cost-reimbursement basis

Public School Support

To account for specific local revenue sources (other than taxes) generated by individual school buildings (e.g. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Public School Preschool</u>
Assets:				
Equity in pooled cash and investments.	\$ 17,234	\$ 164,657	\$ 13,591	\$ -
Receivables:				
Property taxes	-	-	-	-
Payment in lieu of taxes	-	-	-	-
Intergovernmental	-	-	-	63,192
Prepayments.	-	2	81	505
Materials and supplies inventory	-	-	-	-
Inventory held for resale.	-	-	-	-
Total assets.	<u>\$ 17,234</u>	<u>\$ 164,659</u>	<u>\$ 13,672</u>	<u>\$ 63,697</u>
Liabilities:				
Accounts payable.	\$ -	\$ 7,999	\$ 652	\$ -
Accrued wages and benefits	-	-	-	5,619
Intergovernmental payable	-	-	-	59
Pension and postemployment benefits payable.	-	172	1,338	1,448
Interfund loan payable	-	-	-	3,854
Total liabilities.	<u>-</u>	<u>8,171</u>	<u>1,990</u>	<u>10,980</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	-	-	-	-
Payment in lieu of taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available.	-	-	-	-
Intergovernmental revenue not available.	-	-	-	59,339
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,339</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	-	-
Prepays.	-	2	81	505
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	11,601	-
Other purposes.	17,234	-	-	-
Extracurricular	-	156,486	-	-
Special trust	-	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,127)</u>
Total fund balances (deficit)	<u>17,234</u>	<u>156,488</u>	<u>11,682</u>	<u>(6,622)</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 17,234</u>	<u>\$ 164,659</u>	<u>\$ 13,672</u>	<u>\$ 63,697</u>

<u>Special Trust</u>	<u>Miscellaneous State Grants</u>	<u>Limited English Proficiency</u>	<u>Title VI-B</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>
\$ 10,377	\$ 18,912	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	10,482	2,720	223,687	390,922	5,735
-	110	141	5,344	6,043	90
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 10,377</u>	<u>\$ 29,504</u>	<u>\$ 2,861</u>	<u>\$ 229,031</u>	<u>\$ 396,965</u>	<u>\$ 5,825</u>
\$ -	\$ 1,878	\$ -	\$ -	\$ 50,260	\$ -
-	4,212	1,684	122,312	164,790	3,548
-	61	24	1,613	2,192	51
-	472	188	16,391	24,960	764
-	-	777	71,270	106,308	1,638
<u>-</u>	<u>6,623</u>	<u>2,673</u>	<u>211,586</u>	<u>348,510</u>	<u>6,001</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	8,422	1,943	152,416	284,614	4,096
<u>-</u>	<u>8,422</u>	<u>1,943</u>	<u>152,416</u>	<u>284,614</u>	<u>4,096</u>
-	-	-	-	-	-
-	110	141	5,344	6,043	90
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	14,349	-	-	-	-
-	-	-	-	-	-
10,377	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(1,896)</u>	<u>(140,315)</u>	<u>(242,202)</u>	<u>(4,362)</u>
<u>10,377</u>	<u>14,459</u>	<u>(1,755)</u>	<u>(134,971)</u>	<u>(236,159)</u>	<u>(4,272)</u>
<u>\$ 10,377</u>	<u>\$ 29,504</u>	<u>\$ 2,861</u>	<u>\$ 229,031</u>	<u>\$ 396,965</u>	<u>\$ 5,825</u>

- Continued

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>	<u>Classroom Facilities Maintenance</u>
Assets:				
Equity in pooled cash and investments.	\$ -	\$ -	\$ 1,726,364	\$ 391,151
Receivables:				
Property taxes	-	-	-	153,340
Payment in lieu of taxes	-	-	-	3,510
Intergovernmental	41,128	6,315	8,936	-
Prepayments.	752	-	3,052	-
Materials and supplies inventory	-	-	6,680	-
Inventory held for resale.	-	-	18,342	-
Total assets.	<u>\$ 41,880</u>	<u>\$ 6,315</u>	<u>\$ 1,763,374</u>	<u>\$ 548,001</u>
Liabilities:				
Accounts payable.	\$ -	\$ 4,999	\$ 13,389	\$ -
Accrued wages and benefits	23,177	-	90,108	-
Intergovernmental payable	336	-	1,194	-
Pension and postemployment benefits payable.	2,596	-	51,049	-
Interfund loan payable	14,400	751	-	-
Total liabilities.	<u>40,509</u>	<u>5,750</u>	<u>155,740</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	-	-	-	137,984
Payment in lieu of taxes levied for the next fiscal year	-	-	-	3,510
Delinquent property tax revenue not available.	-	-	-	4,340
Intergovernmental revenue not available.	26,728	5,565	-	-
Total deferred inflows of resources.	<u>26,728</u>	<u>5,565</u>	<u>-</u>	<u>145,834</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	6,680	-
Prepays.	752	-	3,052	-
Restricted:				
Classroom facilities maintenance	-	-	-	402,167
Food service operations	-	-	1,597,902	-
Non-public schools	-	-	-	-
Other purposes.	-	-	-	-
Extracurricular	-	-	-	-
Special trust	-	-	-	-
Unassigned (deficit)	<u>(26,109)</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>(25,357)</u>	<u>(5,000)</u>	<u>1,607,634</u>	<u>402,167</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 41,880</u>	<u>\$ 6,315</u>	<u>\$ 1,763,374</u>	<u>\$ 548,001</u>

**Total
Nonmajor
Special Revenue
Funds**

2,342,286

153,340

3,510

753,117

16,120

6,680

18,342

\$ 3,293,395

\$ 79,177

415,450

5,530

99,378

198,998

798,533

137,984

3,510

4,340

543,123

688,957

6,680

16,120

402,167

1,597,902

11,601

31,583

156,486

10,377

(427,011)

1,805,905

\$ 3,293,395

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Public School Preschool</u>
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	-	-	-
Earnings on investments	-	3,342	262	-
Charges for services	-	-	-	-
Extracurricular	-	138,483	-	-
Classroom materials and fees	-	7,879	-	-
Contributions and donations	-	3,462	-	-
Other local revenues	-	3,781	-	-
Intergovernmental - state	-	-	78,170	141,552
Intergovernmental - federal	-	-	-	-
Total revenues	<u>-</u>	<u>156,947</u>	<u>78,432</u>	<u>141,552</u>
Expenditures:				
Current:				
Instruction:				
Regular	\$ -	\$ -	\$ -	\$ -
Special	-	-	17,074	141,197
Support services:				
Pupil	-	-	-	-
Instructional staff	300	-	-	-
Administration	-	-	6,901	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	49,071	-
Extracurricular activities	-	130,964	-	-
Total expenditures	<u>300</u>	<u>130,964</u>	<u>73,046</u>	<u>141,197</u>
Net change in fund balances	(300)	25,983	5,386	355
Fund balances (deficits)				
at beginning of year	<u>17,534</u>	<u>130,505</u>	<u>6,296</u>	<u>(6,977)</u>
Fund balances (deficits) at end of year	<u>\$ 17,234</u>	<u>\$ 156,488</u>	<u>\$ 11,682</u>	<u>\$ (6,622)</u>

<u>Data Communications</u>	<u>Special Trust</u>	<u>Miscellaneous State Grants</u>	<u>Limited English Proficiency</u>	<u>Title VI-B</u>	<u>Title I</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	93	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,007	-	-	-	-
7,200	-	53,853	-	-	-
-	-	-	17,458	1,002,728	1,464,569
<u>7,200</u>	<u>6,100</u>	<u>53,853</u>	<u>17,458</u>	<u>1,002,728</u>	<u>1,464,569</u>

\$ -	\$ -	\$ -	\$ 13,899	\$ -	\$ -
-	-	1,671	-	912,144	1,346,971
-	-	30,883	-	-	-
-	-	-	906	-	89,843
-	-	-	-	77,956	58,438
14,400	-	-	-	-	-
-	-	3,263	-	-	-
-	-	3,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	11,511
-	-	-	-	-	-
<u>14,400</u>	<u>-</u>	<u>38,817</u>	<u>14,805</u>	<u>990,100</u>	<u>1,506,763</u>
(7,200)	6,100	15,036	2,653	12,628	(42,194)
<u>7,200</u>	<u>4,277</u>	<u>(577)</u>	<u>(4,408)</u>	<u>(147,599)</u>	<u>(193,965)</u>
<u>\$ -</u>	<u>\$ 10,377</u>	<u>\$ 14,459</u>	<u>\$ (1,755)</u>	<u>\$ (134,971)</u>	<u>\$ (236,159)</u>

- Continued

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	-	-	-
Earnings on investments	-	-	-	39,048
Charges for services	-	-	-	230,415
Extracurricular	-	-	-	-
Classroom materials and fees	-	-	-	-
Contributions and donations	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	28,957	209,470	82,238	1,639,900
Total revenues	<u>28,957</u>	<u>209,470</u>	<u>82,238</u>	<u>1,909,363</u>
Expenditures:				
Current:				
Instruction:				
Regular	\$ -	\$ 145,238	\$ 7,158	\$ -
Special	22,756	-	-	-
Support services:				
Pupil	-	-	56,679	-
Instructional staff	5,253	58,071	8,321	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	10,182	-
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	2,211,869
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>28,009</u>	<u>203,309</u>	<u>82,340</u>	<u>2,211,869</u>
Net change in fund balances	948	6,161	(102)	(302,506)
Fund balances (deficits) at beginning of year	<u>(5,220)</u>	<u>(31,518)</u>	<u>(4,898)</u>	<u>1,910,140</u>
Fund balances (deficits) at end of year	<u>\$ (4,272)</u>	<u>\$ (25,357)</u>	<u>\$ (5,000)</u>	<u>\$ 1,607,634</u>

<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 149,428	\$ 149,428
2,075	2,075
-	42,745
-	230,415
-	138,483
-	7,879
-	3,462
-	9,788
5,140	285,915
-	4,445,320
<u>156,643</u>	<u>5,315,510</u>
\$ -	\$ 166,295
-	2,441,813
-	87,562
-	162,694
-	143,295
1,399	15,799
-	13,445
-	3,000
-	2,211,869
-	60,582
-	130,964
<u>1,399</u>	<u>5,437,318</u>
155,244	(121,808)
<u>246,923</u>	<u>1,927,713</u>
<u>\$ 402,167</u>	<u>\$ 1,805,905</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Grants				
Total Expenditures and Other Uses.	\$ 300	\$ 300	\$ 300	\$ -
Net Change in Fund Balance	(300)	(300)	(300)	-
Fund balance at beginning of year	17,534	17,534	17,534	-
Fund balance at end of year	<u>\$ 17,234</u>	<u>\$ 17,234</u>	<u>\$ 17,234</u>	<u>\$ -</u>
District Managed Student Activity				
Total Revenues and Other Sources.	\$ 157,746	\$ 157,746	\$ 156,993	\$ (753)
Total Expenditures and Other Uses.	189,552	189,552	135,081	54,471
Net Change in Fund Balance	(31,806)	(31,806)	21,912	53,718
Fund balance at beginning of year	123,778	123,778	123,778	-
Prior year encumbrances appropriated.	8,752	8,752	8,752	-
Fund balance at end of year	<u>\$ 100,724</u>	<u>\$ 100,724</u>	<u>\$ 154,442</u>	<u>\$ 53,718</u>
Auxiliary Services				
Total Revenues and Other Sources.	\$ -	\$ 83,932	\$ 83,932	\$ -
Total Expenditures and Other Uses.	66,862	90,899	90,130	769
Net Change in Fund Balance	(66,862)	(6,967)	(6,198)	769
Fund balance at beginning of year	5,751	5,751	5,751	-
Prior year encumbrances appropriated.	1,216	1,216	1,216	-
Fund balance at end of year	<u>\$ (59,895)</u>	<u>\$ -</u>	<u>\$ 769</u>	<u>\$ 769</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public School Preschool				
Total Revenues and Other Sources	\$ -	\$ 238,940	\$ 175,747	\$ (63,193)
Total Expenditures and Other Uses	<u>237,107</u>	<u>200,892</u>	<u>141,559</u>	<u>59,333</u>
Net Change in Fund Balance	(237,107)	38,048	34,188	(3,860)
Fund balance (deficit) at beginning of year .	<u>(38,048)</u>	<u>(38,048)</u>	<u>(38,048)</u>	<u>-</u>
Fund balance (deficit)at end of year	<u>\$ (275,155)</u>	<u>\$ -</u>	<u>\$ (3,860)</u>	<u>\$ (3,860)</u>
Data Communications				
Total Revenues and Other Sources	\$ -	\$ 7,200	\$ 7,200	\$ -
Total Expenditures and Other Uses	<u>7,200</u>	<u>14,400</u>	<u>14,400</u>	<u>-</u>
Net Change in Fund Balance	(7,200)	(7,200)	(7,200)	-
Fund balance at beginning of year	<u>7,200</u>	<u>7,200</u>	<u>7,200</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Special Trust				
Total Revenues and Other Sources	<u>\$ 47</u>	<u>\$ 47</u>	<u>\$ 6,100</u>	<u>\$ 6,053</u>
Net Change in Fund Balance	47	47	6,100	6,053
Fund balance at beginning of year	<u>4,277</u>	<u>4,277</u>	<u>4,277</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,324</u>	<u>\$ 4,324</u>	<u>\$ 10,377</u>	<u>\$ 6,053</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous State Grants				
Total Revenues and Other Sources	\$ -	\$ 64,613	\$ 54,130	\$ (10,483)
Total Expenditures and Other Uses	<u>45,849</u>	<u>68,440</u>	<u>41,784</u>	<u>26,656</u>
Net Change in Fund Balance	(45,849)	(3,827)	12,346	16,173
Fund balance at beginning of year	(904)	(904)	(904)	-
Prior year encumbrances appropriated	<u>4,731</u>	<u>4,731</u>	<u>4,731</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (42,022)</u>	<u>\$ -</u>	<u>\$ 16,173</u>	<u>\$ 16,173</u>
Limited English Proficiency				
Total Revenues and Other Sources	\$ -	\$ 52,083	\$ 43,352	\$ (8,731)
Total Expenditures and Other Uses	<u>24,920</u>	<u>25,412</u>	<u>17,463</u>	<u>7,949</u>
Net Change in Fund Balance	(24,920)	26,671	25,889	(782)
Fund balance (deficit) at beginning of year	(34,685)	(34,685)	(34,685)	-
Prior year encumbrances appropriated	<u>8,014</u>	<u>8,014</u>	<u>8,014</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (51,591)</u>	<u>\$ -</u>	<u>\$ (782)</u>	<u>\$ (782)</u>
Title VI-B				
Total Revenues and Other Sources	\$ -	\$ 1,245,241	\$ 1,014,629	\$ (230,612)
Total Expenditures and Other Uses	<u>1,157,519</u>	<u>1,162,069</u>	<u>1,005,065</u>	<u>157,004</u>
Net Change in Fund Balance	(1,157,519)	83,172	9,564	(73,608)
Fund balance (deficit) at beginning of year	<u>(83,172)</u>	<u>(83,172)</u>	<u>(83,172)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (1,240,691)</u>	<u>\$ -</u>	<u>\$ (73,608)</u>	<u>\$ (73,608)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Title I				
Total Revenues and Other Sources	\$ -	\$ 2,141,777	\$ 1,476,030	\$ (665,747)
Total Expenditures and Other Uses	<u>2,020,905</u>	<u>2,024,008</u>	<u>1,517,946</u>	<u>506,062</u>
Net Change in Fund Balance	(2,020,905)	117,769	(41,916)	(159,685)
Fund balance (deficit) at beginning of year	(124,087)	(124,087)	(124,087)	-
Prior year encumbrances appropriated.	<u>6,318</u>	<u>6,318</u>	<u>6,318</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (2,138,674)</u>	<u>\$ -</u>	<u>\$ (159,685)</u>	<u>\$ (159,685)</u>
EHA Preschool Grant				
Total Revenues and Other Sources	\$ -	\$ 90,116	\$ 29,533	\$ (60,583)
Total Expenditures and Other Uses	<u>78,356</u>	<u>87,902</u>	<u>28,967</u>	<u>58,935</u>
Net Change in Fund Balance	(78,356)	2,214	566	(1,648)
Fund balance (deficit) at beginning of year	(5,211)	(5,211)	(5,211)	-
Prior year encumbrances appropriated.	<u>2,997</u>	<u>2,997</u>	<u>2,997</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (80,570)</u>	<u>\$ -</u>	<u>\$ (1,648)</u>	<u>\$ (1,648)</u>
Reducing Class Size				
Total Revenues and Other Sources	\$ -	\$ 322,958	\$ 206,142	\$ (116,816)
Total Expenditures and Other Uses	<u>311,885</u>	<u>311,885</u>	<u>209,676</u>	<u>102,209</u>
Net Change in Fund Balance	(311,885)	11,073	(3,534)	(14,607)
Fund balance (deficit) at beginning of year	(13,338)	(13,338)	(13,338)	-
Prior year encumbrances appropriated.	<u>2,265</u>	<u>2,265</u>	<u>2,265</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (322,958)</u>	<u>\$ -</u>	<u>\$ (14,607)</u>	<u>\$ (14,607)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Federal Grants				
Total Revenues and Other Sources	\$ -	\$ 139,954	\$ 106,096	\$ (33,858)
Total Expenditures and Other Uses	<u>115,480</u>	<u>115,347</u>	<u>87,777</u>	<u>27,570</u>
Net Change in Fund Balance	(115,480)	24,607	18,319	(6,288)
Fund balance at beginning of year	(37,340)	(37,340)	(37,340)	-
Prior year encumbrances appropriated.	<u>12,733</u>	<u>12,733</u>	<u>12,733</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (140,087)</u>	<u>\$ -</u>	<u>\$ (6,288)</u>	<u>\$ (6,288)</u>
Food Service				
Total Revenues and Other Sources	\$ 1,702,100	\$ 1,702,100	\$ 1,695,190	\$ (6,910)
Total Expenditures and Other Uses	<u>2,298,684</u>	<u>2,913,684</u>	<u>2,699,898</u>	<u>213,786</u>
Net Change in Fund Balance	(596,584)	(1,211,584)	(1,004,708)	206,876
Fund balance at beginning of year	1,958,307	1,958,307	1,958,307	-
Prior year encumbrances appropriated.	<u>59,314</u>	<u>59,314</u>	<u>59,314</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,421,037</u>	<u>\$ 806,037</u>	<u>\$ 1,012,913</u>	<u>\$ 206,876</u>
Classroom Facilities Maintenance				
Total Revenues and Other Sources	\$ -	\$ 150,135	\$ 155,276	\$ 5,141
Total Expenditures and Other Uses	<u>15,000</u>	<u>15,000</u>	<u>1,400</u>	<u>13,600</u>
Net Change in Fund Balance	(15,000)	135,135	153,876	18,741
Fund balance at beginning of year	<u>237,275</u>	<u>237,275</u>	<u>237,275</u>	<u>-</u>
Fund balance at end of year	<u>\$ 222,275</u>	<u>\$ 372,410</u>	<u>\$ 391,151</u>	<u>\$ 18,741</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Termination Benefits				
Total Revenues and Other Sources	\$ 450,000	\$ 450,000	\$ -	\$ (450,000)
Total Expenditures and Other Uses	<u>1,150,000</u>	<u>1,150,000</u>	<u>165,879</u>	<u>984,121</u>
Net Change in Fund Balance	(700,000)	(700,000)	(165,879)	534,121
Fund balance at beginning of year	<u>917,679</u>	<u>917,679</u>	<u>917,679</u>	<u>-</u>
Fund balance at end of year	<u>\$ 217,679</u>	<u>\$ 217,679</u>	<u>\$ 751,800</u>	<u>\$ 534,121</u>
Rotary Fund				
Total Expenditures and Other Uses	<u>\$ 775</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 775</u>
Net Change in Fund Balance	(775)	(775)	-	775
Fund balance at beginning of year	<u>775</u>	<u>775</u>	<u>775</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ 775</u>
Public School Support				
Total Revenues and Other Sources	\$ 63,740	\$ 63,740	\$ 37,548	\$ (26,192)
Total Expenditures and Other Uses	<u>92,345</u>	<u>92,345</u>	<u>37,365</u>	<u>54,980</u>
Net Change in Fund Balance	(28,605)	(28,605)	183	28,788
Fund balance at beginning of year	91,586	91,586	91,586	-
Prior year encumbrances appropriated.	<u>2,249</u>	<u>2,249</u>	<u>2,249</u>	<u>-</u>
Fund balance at end of year	<u>\$ 65,230</u>	<u>\$ 65,230</u>	<u>\$ 94,018</u>	<u>\$ 28,788</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTION

Nonmajor Debt Service Fund

A fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds and library bonds payable, as required by Ohio Law. The bond retirement fund is the District's only debt service fund, therefore a debt service combining balance sheet and statement of revenues, expenditures, and changes in fund balance are not required.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Bond Retirement				
Total Revenues and Other Sources	\$ 3,104,000	\$ 3,108,292	\$ 3,108,292	\$ -
Total Expenditures and Other Uses	<u>2,968,583</u>	<u>2,997,092</u>	<u>2,997,092</u>	<u>-</u>
Net Change in Fund Balance	135,417	111,200	111,200	-
Fund balance at beginning of year	<u>1,453,365</u>	<u>1,453,365</u>	<u>1,453,365</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,588,782</u>	<u>\$ 1,564,565</u>	<u>\$ 1,564,565</u>	<u>\$ -</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

Nonmajor Capital Projects Funds

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets. The nonmajor capital projects funds are:

Permanent Improvement

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Building Fund

This fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments.	\$ 255,978	\$ 6,810,456	\$ 7,066,434
Total assets.	\$ 255,978	\$ 6,810,456	\$ 7,066,434
Liabilities:			
Contracts payable.	\$ -	\$ 111,502	\$ 111,502
Retainage payable	-	4,774	4,774
Total liabilities.	-	116,276	116,276
Fund balances:			
Restricted:			
Capital improvements	255,978	6,694,180	6,950,158
Total fund balances	255,978	6,694,180	6,950,158
Total liabilities, deferred inflows and fund balances .	\$ 255,978	\$ 6,810,456	\$ 7,066,434

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
From local sources:			
Earnings on investments	\$ -	\$ 114,993	\$ 114,993
Total revenues	<u>-</u>	<u>114,993</u>	<u>114,993</u>
Expenditures:			
Current:			
Support services:			
Operations and maintenance	1,254,943	-	1,254,943
Facilities acquisition and construction	-	459,212	459,212
Total expenditures	<u>1,254,943</u>	<u>459,212</u>	<u>1,714,155</u>
Excess (deficiency) of revenues over (under) expenditures	(1,254,943)	(344,219)	(1,599,162)
Other financing sources:			
Transfers in	500,000	-	500,000
Transfers (out)	-	(35,262)	(35,262)
Total other financing sources	<u>500,000</u>	<u>(35,262)</u>	<u>464,738</u>
Net change in fund balances	(754,943)	(379,481)	(1,134,424)
Fund balances at beginning of year	<u>1,010,921</u>	<u>7,073,661</u>	<u>8,084,582</u>
Fund balances at end of year	<u>\$ 255,978</u>	<u>\$ 6,694,180</u>	<u>\$ 6,950,158</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Permanent Improvement				
Total Revenues and Other Sources	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Total Expenditures and Other Uses	<u>2,234,404</u>	<u>1,605,080</u>	<u>1,505,124</u>	<u>99,956</u>
Net Change in Fund Balance	(1,734,404)	(1,105,080)	(1,005,124)	99,956
Fund balance at beginning of year	203,076	203,076	203,076	-
Prior year encumbrances appropriated	<u>902,004</u>	<u>902,004</u>	<u>902,004</u>	<u>-</u>
Fund balance at end of year	<u>\$ (629,324)</u>	<u>\$ -</u>	<u>\$ 99,956</u>	<u>\$ 99,956</u>
Building				
Total Revenues and Other Sources	\$ 80,000	\$ 112,000	\$ 114,993	\$ 2,993
Total Expenditures and Other Uses	<u>7,373,689</u>	<u>7,193,586</u>	<u>1,986,967</u>	<u>5,206,619</u>
Net Change in Fund Balance	(7,293,689)	(7,081,586)	(1,871,974)	5,209,612
Fund balance at beginning of year	6,707,897	6,707,897	6,707,897	-
Prior year encumbrances appropriated	<u>373,689</u>	<u>373,689</u>	<u>373,689</u>	<u>-</u>
Fund balance at end of year	<u>\$ (212,103)</u>	<u>\$ -</u>	<u>\$ 5,209,612</u>	<u>\$ 5,209,612</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTION

Permanent Fund

A fund category used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the District or its students.

Teacher Grant

To account for monies received to be used to provide grants to teachers of the District. Only the interest earned may be used to provide grants to teachers. The principal investment must remain intact and cannot be spent. The teacher grant fund is the District's only permanent fund, therefore a permanent fund combining balance sheet and statement of revenues, expenditures, and changes in fund balance are not required.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Teacher Grant				
Total Revenues and Other Sources	\$ 150	\$ 150	\$ 270	\$ 120
Net Change in Fund Balance	150	150	270	120
Fund balance at beginning of year	12,397	12,397	12,397	-
Fund balance at end of year	<u>\$ 12,547</u>	<u>\$ 12,547</u>	<u>\$ 12,667</u>	<u>\$ 120</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND DESCRIPTIONS

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Private-purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations. The District has no pension or investment trust funds.

PRIVATE-PURPOSE TRUST FUND

Endowment Fund

To account for monies for the Baker Teacher Excellence Award. The income from such a fund may be expended, but the principal must remain intact. The endowment fund is the District's only private-purpose trust fund, therefore a private-purpose trust fund combining balance sheet and statement of revenues, expenditures, and changes in fund balance are not required.

AGENCY FUNDS

District Agency Fund

To account for those assets held by the District as an agent for individuals, private organizations, and other governmental units.

Student Managed Activities Fund

To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Endowment				
Total Operating and Non-operating Revenues . . .	\$ 230	\$ 230	\$ 447	\$ 217
Net change in fund equity	230	230	447	217
Fund equity at beginning of year.	20,446	20,446	20,446	-
Fund equity at end of year	<u>\$ 20,676</u>	<u>\$ 20,676</u>	<u>\$ 20,893</u>	<u>\$ 217</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Beginning Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2019</u>
District Agency				
Assets:				
Equity in pooled cash and investments.	\$ -	\$ 1,420	\$ 1,420	\$ -
Total assets	<u>\$ -</u>	<u>\$ 1,420</u>	<u>\$ 1,420</u>	<u>\$ -</u>
Student Managed Activities				
Assets:				
Equity in pooled cash and investments.	\$ 152,451	\$ 270,592	\$ 261,829	\$ 161,214
Accounts receivable	<u>315</u>	<u>-</u>	<u>315</u>	<u>-</u>
Total assets	<u>\$ 152,766</u>	<u>\$ 270,592</u>	<u>\$ 262,144</u>	<u>\$ 161,214</u>
Liabilities:				
Accounts payable.	\$ 1,580	\$ 6,107	\$ 1,580	\$ 6,107
Due to students	<u>151,186</u>	<u>155,107</u>	<u>151,186</u>	<u>155,107</u>
Total liabilities.	<u>\$ 152,766</u>	<u>\$ 161,214</u>	<u>\$ 152,766</u>	<u>\$ 161,214</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and investments.	\$ 152,451	\$ 272,012	\$ 263,249	\$ 161,214
Accounts receivable	<u>315</u>	<u>-</u>	<u>315</u>	<u>-</u>
Total assets	<u>\$ 152,766</u>	<u>\$ 272,012</u>	<u>\$ 263,564</u>	<u>\$ 161,214</u>
Liabilities:				
Accounts payable.	\$ 1,580	\$ 6,107	\$ 1,580	\$ 6,107
Due to students	<u>151,186</u>	<u>155,107</u>	<u>151,186</u>	<u>155,107</u>
Total liabilities.	<u>\$ 152,766</u>	<u>\$ 161,214</u>	<u>\$ 152,766</u>	<u>\$ 161,214</u>

STATISTICAL SECTION

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATISTICAL SECTION

This part of the Fairborn City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	142-155
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	156-161
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	162-165
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	166-167
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	168-177

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018 (3)</u>	<u>2017 (3)</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ (835,421)	\$ (1,661,308)	\$ (3,267,779)	\$ (2,104,264)
Invested in capital assets, net of related debt	-	-	-	-
Restricted	29,300,814	28,848,602	29,857,426	3,308,836
Unrestricted (deficit)	(18,461,121)	(28,112,181)	(52,816,731)	(43,539,438)
Total governmental activities net position	<u>\$ 10,004,272</u>	<u>\$ (924,887)</u>	<u>\$ (26,227,084)</u>	<u>\$ (42,334,866)</u>

(1) New terminology in accordance with GASB Statements No. 63 and No. 65 which was implemented in 2013. Amounts for 2012 have been restated to reflect the implementation of GASB Statements No. 63 and No. 65.

(2) The District implemented GASB Statement No. 68 in 2015. Amounts for 2014 have been restated to reflect the implementation of this statement.

(3) The District implemented GASB Statement No. 75 in 2018. Amounts for 2017 have been restated to reflect the implementation of this statement.

Source: School District financial records.

<u>2015 (2)</u>	<u>2014 (2)</u>	<u>2013</u>	<u>2012 (1)</u>	<u>2011</u>	<u>2010</u>
\$ (1,985,698)	\$ (1,459,939)	\$ (3,246,698)	\$ (3,312,870)	\$ -	\$ -
-	-	-	-	(3,350,609)	(2,942,849)
2,745,402	2,997,314	2,890,844	3,002,788	3,523,017	2,400,300
(49,602,801)	(53,963,251)	358,082	764,011	141,664	482,004
<u>\$ (48,843,097)</u>	<u>\$ (52,425,876)</u>	<u>\$ 2,228</u>	<u>\$ 453,929</u>	<u>\$ 314,072</u>	<u>\$ (60,545)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 15,222,134	\$ 8,044,802	\$ 17,019,438	\$ 15,955,675
Special	9,202,557	6,059,993	9,617,254	9,218,968
Vocational	243,443	87,909	-	-
Other	3,456,282	3,520,583	3,873,420	3,607,359
Support services:				
Pupil	2,878,782	1,440,767	2,771,003	2,593,028
Instructional staff	823,683	480,154	925,489	1,077,018
Board of education	70,115	89,841	74,347	116,771
Administration	2,749,916	1,599,420	3,289,477	3,005,776
Fiscal	860,323	506,910	880,459	807,496
Business	251,111	130,093	287,639	269,419
Operations and maintenance	4,272,798	2,924,369	3,493,445	3,614,206
Pupil transportation	2,652,859	1,596,271	2,751,908	2,694,958
Central	614,500	492,083	503,744	559,402
Operation of non-instructional services:				
Food service operations	2,128,425	1,514,863	1,978,748	1,806,473
Other non-instructional services	62,237	81,865	145,327	47,917
Extracurricular activities	841,424	491,917	842,724	841,833
Interest and fiscal charges	1,520,615	1,784,782	806,351	247,685
Total governmental activities expenses	<u>47,851,204</u>	<u>30,846,622</u>	<u>49,260,773</u>	<u>46,463,984</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 15,686,540	\$ 16,956,807	\$ 18,303,069	\$ 18,664,716	\$ 19,508,508	\$ 20,421,702
8,847,298	8,856,853	7,220,416	7,412,089	7,764,899	7,764,930
-	-	-	-	-	-
3,482,117	3,135,954	3,260,717	2,743,893	3,325,636	2,721,666
2,562,651	2,680,853	2,621,214	2,681,951	3,113,242	3,012,393
870,299	622,123	2,114,751	2,176,997	2,533,334	2,577,781
70,502	61,264	48,278	50,486	68,524	88,334
2,970,160	2,902,535	3,105,266	3,257,389	3,187,826	3,297,261
805,235	712,071	763,665	837,236	857,912	889,301
320,615	300,181	263,279	245,617	251,154	252,085
3,503,186	3,427,869	3,565,573	3,788,308	3,731,456	3,946,521
2,677,487	2,467,642	2,643,613	2,812,606	2,343,773	2,429,108
466,167	429,785	381,502	443,363	443,172	488,535
1,744,725	1,779,522	2,005,027	1,836,826	1,669,831	1,626,743
68,725	-	-	-	-	59,516
702,610	715,775	668,171	816,457	719,144	734,210
837,070	957,730	899,871	885,831	1,160,884	789,673
<u>45,615,387</u>	<u>46,006,964</u>	<u>47,864,412</u>	<u>48,653,765</u>	<u>50,679,295</u>	<u>51,099,759</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 367,679	\$ 698,863	\$ 228,454	\$ 413,522
Special	82,640	2,634	28,248	79,702
Other	-	-	-	-
Support services:				
Administration	89,961	98,364	88,706	129,093
Operations and maintenance	2,385	6,761	8,612	17,675
Pupil transportation	4,163	4,761	69,292	6,093
Operation of non-instructional services:				
Food service operations	230,415	288,182	286,530	303,061
Extracurricular activities	249,257	261,856	245,049	244,571
Operating grants and contributions:				
Instruction:				
Regular	96,577	202,827	367,168	365,820
Special	5,184,827	5,361,456	5,294,166	4,686,948
Vocational	200,292	200,292	-	-
Other instructional	-	-	202,061	109,557
Support services:				
Pupil	92,295	30,165	47,382	55,154
Instructional staff	104,520	131,144	136,420	320,919
Administration	127,187	137,788	147,666	180,708
Operations and maintenance	13,508	36,872	656	289
Pupil transportation	106,250	149,803	121,366	133,248
Central	7,200	7,200	7,200	7,200
Operation of non-instructional services:				
Food service operations	1,678,948	1,732,495	1,782,895	1,665,339
Other non-instructional services	67,485	84,625	122,470	54,286
Extracurricular activities	10,585	28,966	25,028	-
Total governmental program revenues	<u>8,716,174</u>	<u>9,465,054</u>	<u>9,209,369</u>	<u>8,773,185</u>
Net (Expense)/Revenue				
Governmental activities	<u>(39,135,030)</u>	<u>(21,381,568)</u>	<u>(40,051,404)</u>	<u>(37,690,799)</u>

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$	322,161	\$ 402,811	\$ 551,704	\$ 384,714	\$ 370,852	\$ 553,271
	146,679	359,420	274,744	375,057	330,265	-
	-	-	22,777	-	-	-
	129,922	-	-	-	-	36,591
	35,280	18,113	5,202	7,077	40,426	-
	10,691	-	-	-	7,044	-
	393,289	401,977	468,729	542,574	578,794	640,190
	233,692	253,013	263,103	285,301	281,837	169,151
	128,729	490,640	106,080	989,681	285,365	294,711
	4,563,755	3,790,852	3,340,700	3,094,099	3,670,359	2,716,485
	-	68,867	3,920	3,920	3,920	-
	9,015	70,174	6,922	29,270	678,925	403,125
	45,358	71,882	84,900	60,018	67,436	123,420
	139,632	254,055	522,242	189,499	1,945,713	1,055,517
	110,968	145,544	119,719	94,447	145,459	147,190
	672	-	-	-	208,205	-
	116,547	124,641	138,474	125,016	157,357	-
	-	14,400	7,200	7,200	14,100	17,315
	1,381,740	1,360,130	1,446,085	1,471,177	1,273,667	1,167,256
	87,043	-	-	-	-	72,870
	-	-	-	-	-	12,635
	<u>7,855,173</u>	<u>7,826,519</u>	<u>7,362,501</u>	<u>7,659,050</u>	<u>10,059,724</u>	<u>7,409,727</u>
	<u>(37,760,214)</u>	<u>(38,180,445)</u>	<u>(40,501,911)</u>	<u>(40,994,715)</u>	<u>(40,619,571)</u>	<u>(43,690,032)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Position	2019	2018	2017	2016
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 17,431,311	\$ 16,924,108	\$ 17,798,353	\$ 16,449,350
Debt service	2,903,286	2,777,979	2,320,201	1,178,862
Facilities maintenance	149,713	145,329	98,769	
School district income taxes	4,542,234	4,472,395	3,877,917	3,814,525
Payment in lieu of taxes	286,812	130,542	247,036	138,837
Grants and entitlements not restricted to specific programs	22,539,837	21,805,494	21,242,409	22,146,093
Grants restricted for Ohio Schools				
Facilities Commission (OSFC)	-	-	23,452,778	-
Investment earnings	2,039,112	310,565	79,534	153,159
Miscellaneous	171,884	117,353	105,367	318,204
Unrestricted Contributions	-	-	-	-
Total governmental activities	<u>50,064,189</u>	<u>46,683,765</u>	<u>69,222,364</u>	<u>44,199,030</u>
Change in Net Position				
Governmental activities	<u>\$ 10,929,159</u>	<u>\$ 25,302,197</u>	<u>\$ 29,170,960</u>	<u>\$ 6,508,231</u>

Source: School District financial records.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 16,177,779	\$ 17,896,482	\$ 16,086,746	\$ 16,496,227	\$ 16,698,189	\$ 18,042,975
1,235,511	1,339,235	1,539,121	1,501,030	1,458,096	-
3,710,712	2,336,769	3,520,676	3,478,808	2,865,953	3,074,800
245,927	211,926	187,737	219,187	194,446	249,048
19,260,745	19,033,850	18,167,061	19,057,334	19,446,496	21,492,871
-	-	-	-	-	-
43,645	26,303	16,119	40,119	122,390	203,274
668,674	978,653	532,750	341,867	195,876	287,367
-	1,000	-	-	12,742	-
<u>41,342,993</u>	<u>41,824,218</u>	<u>40,050,210</u>	<u>41,134,572</u>	<u>40,994,188</u>	<u>43,350,335</u>
<u>\$ 3,582,779</u>	<u>\$ 3,643,773</u>	<u>\$ (451,701)</u>	<u>\$ 139,857</u>	<u>\$ 374,617</u>	<u>\$ (339,697)</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:				
Nonspendable	\$ 195,227	\$ 211,968	\$ 188,798	\$ 76,591
Restricted	-	-	-	-
Committed	751,800	831,664	555,248	397,710
Assigned	1,573,301	3,050,601	1,299,607	639,995
Unassigned	26,774,927	20,151,406	18,760,524	15,102,964
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total general fund	<u>\$ 29,295,255</u>	<u>\$ 24,245,639</u>	<u>\$ 20,804,177</u>	<u>\$ 16,217,260</u>
All Other Governmental Funds:				
Nonspendable	\$ 35,467	\$ 28,877	\$ 34,952	\$ 22,273
Restricted	37,475,141	40,853,093	40,309,261	2,942,251
Unassigned (deficit)	(427,011)	(403,406)	(364,267)	(92,458)
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
Total all other governmental funds	<u>\$ 37,083,597</u>	<u>\$ 40,478,564</u>	<u>\$ 39,979,946</u>	<u>\$ 2,872,066</u>

(1) The District implemented GASB Statement No. 54 in fiscal year 2011.

Source: School District financial records.

2015	2014	2013	2012	2011 (1)	2010
\$ 65,450	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,109,875	-
185,057	425,454	606,767	484,204	-	-
750,359	3,837,998	282,913	340,274	208,250	-
9,734,940	3,691,075	2,938,444	2,953,933	1,283,117	-
-	-	-	-	-	2,551,012
-	-	-	-	-	(175,199)
<u>\$ 10,735,806</u>	<u>\$ 7,954,527</u>	<u>\$ 3,828,124</u>	<u>\$ 3,778,411</u>	<u>\$ 2,601,242</u>	<u>\$ 2,375,813</u>
\$ 41,708	\$ 32,222	\$ 49,581	\$ 146,404	\$ 157,737	\$ -
2,666,926	2,638,934	2,692,509	2,775,769	2,772,577	-
(7,963)	(30,790)	(57,978)	(20,321)	(196,799)	-
-	-	-	-	-	269,754
-	-	-	-	-	1,271,529
-	-	-	-	-	818,329
-	-	-	-	-	155,250
-	-	-	-	-	207,646
<u>\$ 2,700,671</u>	<u>\$ 2,640,366</u>	<u>\$ 2,684,112</u>	<u>\$ 2,901,852</u>	<u>\$ 2,733,515</u>	<u>\$ 2,722,508</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues				
From local sources:				
Taxes and payments in lieu of taxes	\$ 25,271,861	\$ 24,159,763	\$ 24,305,862	\$ 21,509,471
Tuition	395,076	625,199	190,044	423,310
Transportation fees	4,163	4,761	69,292	6,093
Earnings on investments	2,094,910	334,653	16,071	151,562
Charges for services	230,415	288,182	286,530	303,061
Extracurricular	241,545	273,588	250,533	244,858
Classroom materials and fees	62,955	67,494	65,384	74,082
Rental income, contributions and donations, contract services and other local revenues	284,116	300,762	238,183	473,799
Intergovernmental	-	-	-	-
Intergovernmental - state	29,386,256	26,850,237	25,176,339	25,065,885
Intergovernmental - federal	4,717,152	4,612,815	4,274,326	4,322,578
Total revenues	<u>62,688,449</u>	<u>57,517,454</u>	<u>54,872,564</u>	<u>52,574,699</u>
Expenditures				
Current:				
Instruction:				
Regular	17,248,585	16,758,125	16,022,716	15,711,696
Special	10,177,717	9,948,497	9,286,417	9,165,076
Vocational	264,615	152,400	-	-
Other	3,397,007	3,456,818	3,797,579	3,532,290
Support services:				
Pupil	3,292,556	2,883,192	2,612,482	2,542,048
Instructional staff	878,675	802,550	751,600	930,442
Board of education	70,307	93,211	71,721	114,626
Administration	3,127,528	3,250,153	3,099,508	3,048,820
Fiscal	912,520	774,684	869,002	788,014
Business	261,039	292,633	272,428	265,469
Operations and maintenance	4,895,214	3,814,502	3,431,656	3,628,548
Pupil transportation	2,948,145	2,756,187	2,719,125	2,739,508
Central	651,475	672,391	464,806	550,922
Operation of non-instructional services:				
Food service operations	2,211,869	1,998,896	1,881,104	1,779,943
Other non-instructional services	61,070	80,646	142,188	47,140
Extracurricular activities	974,257	878,282	770,832	784,418
Facilities acquisitions and construction	6,692,638	1,453,421	92,478	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	1,445,000	1,625,000	10,995,000	1,000,000
Interest and fiscal charges	1,523,583	1,885,786	369,238	292,890
Bond issue costs	-	-	443,074	-
Total expenditures	<u>61,033,800</u>	<u>53,577,374</u>	<u>58,092,954</u>	<u>46,921,850</u>
Excess (deficiency) of revenues over (under) expenditures	1,654,649	3,940,080	(3,220,390)	5,652,849

	2015	2014	2013	2012	2011	2010
\$	21,466,940	\$ 21,800,092	\$ 21,580,177	\$ 21,914,326	\$ 21,117,182	\$ 21,165,940
	338,215	584,288	657,697	554,165	541,026	407,732
	10,691	-	-	-	-	-
	37,050	26,303	16,106	76,402	86,120	203,274
	393,289	607,215	678,268	779,295	792,860	739,656
	238,698	238,659	246,366	257,069	271,898	214,009
	130,814	-	-	-	-	-
	861,319	757,367	480,576	148,828	297,921	380,668
	-	25,302,215	24,005,353	25,844,314	27,194,906	27,643,646
	22,044,571	-	-	-	-	-
	4,417,142	-	-	-	-	-
	<u>49,938,729</u>	<u>49,316,139</u>	<u>47,664,543</u>	<u>49,574,399</u>	<u>50,301,913</u>	<u>50,754,925</u>
	15,844,229	15,857,053	17,321,992	17,560,156	18,400,348	19,040,248
	9,014,752	8,610,982	7,343,730	7,420,265	7,875,363	7,798,980
	-	-	-	-	-	-
	3,404,590	3,135,954	3,260,994	2,800,224	3,284,479	2,728,767
	2,645,451	2,621,854	2,591,899	2,692,210	3,169,393	3,047,548
	768,985	639,021	2,118,418	2,203,056	2,403,786	2,593,167
	70,195	61,264	48,278	50,486	68,524	88,334
	3,035,798	2,954,760	3,007,761	3,159,795	3,183,857	3,321,123
	775,899	714,947	759,968	835,058	864,251	902,515
	282,733	286,021	260,435	248,336	232,685	239,801
	3,545,756	3,436,007	3,575,773	3,808,200	3,725,907	3,947,534
	3,250,579	2,406,320	2,875,254	2,685,669	2,250,011	2,353,774
	460,715	427,573	380,980	422,131	448,006	483,179
	1,691,288	1,770,807	1,943,853	1,950,801	1,610,688	1,694,355
	102,962	-	-	-	-	-
	736,969	660,535	716,804	741,756	759,851	737,923
	-	-	-	-	-	-
	-	-	-	11,548	147,993	6,600
	830,000	238,976	965,000	935,000	890,000	850,000
	636,244	1,421,408	664,831	704,202	750,305	785,166
	178,693	-	-	-	-	-
	<u>47,275,838</u>	<u>45,243,482</u>	<u>47,835,970</u>	<u>48,228,893</u>	<u>50,065,447</u>	<u>50,619,014</u>
	2,662,891	4,072,657	(171,427)	1,345,506	236,466	135,911

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (Continued)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Other Financing Sources (Uses)				
Transfers in	\$ 535,262	\$ 500,000	\$ 28,533,319	\$ -
Transfers (out)	(535,262)	(500,000)	(28,533,319)	-
Sale of capital assets	-	-	-	-
Issuance of bonds	-	-	33,736,391	-
Issuance of notes	-	-	9,900,000	-
Refunding bond issued	-	-	-	-
Premium on bonds and notes issued	-	-	1,278,796	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>44,915,187</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,654,649</u>	<u>\$ 3,940,080</u>	<u>\$ 41,694,797</u>	<u>\$ 5,652,849</u>
Debt service principal and interest as a percentage of noncapital expenditures	5.56%	6.80%	19.74%	2.78%

Source: School District financial records.

2015	2014	2013	2012	2011	2010
\$ -	\$ 10,107	\$ -	\$ 196,573	\$ 243,875	\$ 254,876
-	(10,107)	-	(196,573)	(243,875)	(254,876)
-	10,000	3,400	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,169,940	-	-	-	-	-
745,386	-	-	-	-	-
(12,736,633)	-	-	-	-	-
<u>178,693</u>	<u>10,000</u>	<u>3,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,841,584</u>	<u>\$ 4,082,657</u>	<u>\$ (168,027)</u>	<u>\$ 1,345,506</u>	<u>\$ 236,466</u>	<u>\$ 135,911</u>
3.16%	3.67%	3.43%	3.42%	3.28%	3.24%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2019	\$ 597,127,420	\$ 1,706,078,343	\$ -	\$ -	\$ 24,315,590	\$ 69,473,114
2018	588,803,760	1,682,296,457	-	-	22,696,900	64,848,286
2017	579,361,190	1,655,317,686	-	-	21,287,390	60,821,114
2016	577,102,760	1,648,865,029	-	-	19,875,960	56,788,457
2015	576,450,780	1,647,002,229	-	-	19,251,570	55,004,486
2014	595,676,590	1,701,933,114	-	-	18,519,470	52,912,771
2013	592,073,150	1,691,637,571	-	-	19,301,560	55,147,314
2012	589,326,510	1,683,790,029	-	-	15,737,050	44,963,000
2011	635,189,390	1,814,826,829	775,420	3,101,680	15,306,870	43,733,914
2010	626,843,810	1,790,982,314	1,606,450	6,425,800	14,642,410	41,835,457

Source: Greene County Auditor's Office

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.

(b) Tangible personal property and public utility tangible property are assessed at varying percentages of true value. As categories of tangible personal property have not been separated for this table, the maximum assessed rate of 25% of true value is assumed. Tangible personal property is being phased out, and was reduced to zero for fiscal year 2011, collection year 2012.

(c) Assumes public utilities are assessed at true value which is 35%.

		Total		
Total Direct Tax Rate	Assessed Value	Estimated Actual Value	%	
\$ 55.05	621,443,010	1,775,551,457	35.00%	
55.25	611,500,660	1,747,144,743	35.00%	
55.35	600,648,580	1,716,138,800	35.00%	
52.65	596,978,720	1,705,653,486	35.00%	
52.65	595,702,350	1,702,006,715	35.00%	
52.50	614,196,060	1,754,845,885	35.00%	
52.50	611,374,710	1,746,784,885	35.00%	
52.65	605,063,560	1,728,753,029	35.00%	
51.90	651,271,680	1,861,662,423	34.98%	
51.80	643,092,670	1,839,243,571	34.97%	

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS**

Tax Year/ Collection Year	Overlapping Rates		Direct Rates				Greene County Joint Vocational School
	County	Township	Voted			Total	
			General	Bond	Permanent Improvement		
2018/2019	14.45	12.10	49.85	4.95	0.25	55.05	4.48
2017/2018	13.95	12.10	50.10	4.90	0.25	55.25	3.45
2016/2017	14.45	12.10	50.20	4.90	0.25	55.35	3.45
2015/2016	14.45	9.90	50.35	2.30	-	52.65	3.45
2014/2015	12.65	9.90	50.25	2.40	-	52.65	3.45
2013/2014	12.25	9.90	50.10	2.40	-	52.50	3.45
2012/2013	12.25	9.90	50.10	2.40	-	52.50	3.45
2011/2012	12.25	9.90	50.20	2.45	-	52.65	3.45
2010/2011	12.25	9.90	47.70	2.20	-	49.90	3.45
2009/2010	12.25	13.60	49.60	2.20	-	51.80	3.45

Source: Greene County Auditor's Office

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

December 31, 2018			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Charter Woods LLC	\$ 6,166,370	1	1.01%
NL Core Avalon Place LLC	5,414,930	2	0.89%
REOF Fairborn One LLC	4,864,370	3	0.80%
Group Housing LLC	4,262,190	4	0.70%
Brinley Place LLC	3,773,920	7	0.62%
2377 Commerce Center BLVD LLC	3,569,870	5	0.58%
Woods Development LLC	3,437,360	6	0.56%
Fairfield Oakes LLC	3,241,900	8	0.53%
Stag Fairborn LLC	3,185,000	9	0.52%
Trebein Limited ADK III	2,673,560	10	0.44%
 Total	\$ 40,589,470		\$ 611,500,660

December 31, 2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Dayton Power & Light Co	\$ 8,629,910	1	1.34%
Charter Woods LLC	6,547,140	2	1.02%
Wright Executive Hotel	5,743,050	3	0.89%
MG - Mapleview LTD	4,221,630	4	0.66%
2377 Commerce Center BLVD LLC	3,617,500	5	0.56%
Miami Valley Publishing	3,209,870	6	0.50%
Campus Village Wright State LLC	3,265,050	7	0.51%
NATDayton LLC	3,254,990	8	0.51%
Shoppes at VG LTD	2,987,100	9	0.46%
Highlands Apartments	2,967,300	10	0.46%
 Total	\$ 44,443,540		\$ 643,092,670

Source: Greene County Auditor's Office

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2018/2019	\$ 18,987,298	\$ 1,224,979	20,212,277	\$ 18,431,482	97.07%
2017/2018	18,708,140	1,279,663	19,987,803	18,055,695	96.51%
2016/2017	18,442,430	1,412,101	19,854,531	17,753,176	96.26%
2015/2016	16,805,433	1,258,551	18,063,984	16,009,308	95.26%
2014/2015	16,742,577	1,188,351	17,930,928	15,898,713	94.96%
2013/2014	16,700,500	1,063,650	17,764,150	15,927,467	95.37%
2012/2013	16,576,845	1,381,248	17,958,093	15,908,438	95.97%
2011/2012	16,369,589	1,584,755	17,954,344	15,555,307	95.03%
2010/2011	16,672,597	1,544,014	18,216,611	15,752,996	94.48%
2009/2010	16,315,933	1,498,855	17,814,788	15,488,094	94.93%

Note: "Delinquent Levy" indicates the portion collected that was delinquent.

Source: Greene County Auditor's Office

	Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
\$	676,621	19,108,103	94.54%
	754,309	18,810,004	94.11%
	866,245	18,619,421	93.78%
	800,051	16,809,359	93.05%
	663,182	16,561,895	92.36%
	598,192	16,525,659	93.03%
	900,949	16,809,387	93.60%
	881,752	16,437,059	91.55%
	729,415	16,482,411	90.48%
	873,014	16,361,108	91.84%

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		(a) Total Primary Government	(b) Per Capita	(b) Per ADM	(b) Percentage Personal Income
	General Obligation Bonds	Energy Conservation Improvement Notes				
2019	\$ 43,505,484	\$ -	\$ 43,505,484	1,010	10,006	4.31%
2018	44,925,146	-	44,925,146	1,043	10,366	4.45%
2017	46,594,653	-	46,594,653	1,082	10,851	4.61%
2016	12,735,066	-	12,735,066	296	2,951	1.26%
2015	13,750,326	-	13,750,326	319	3,136	1.36%
2014	14,677,900	-	14,677,900	448	3,290	2.20%
2013	15,251,473	180,000	15,431,473	471	3,370	2.31%
2012	15,767,687	350,000	16,117,687	492	3,433	2.41%
2011	16,363,741	515,000	16,878,741	515	3,575	2.53%
2010	16,682,127	670,000	17,352,127	538	3,675	2.88%

Source: School District financial records

(a) See notes to the financial statements regarding the District's outstanding debt information. Includes unamortized premiums and accreted interest on capital appreciation bonds.

(b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, population and enrollment information.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (1)	Net Position Restricted for Debt Service (2)	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2019	\$ 43,505,484	\$ (1,344,462)	\$ 42,161,022	2.37%	\$ 979
2018	44,925,146	(2,789,001)	42,136,145	2.41%	978
2017	46,594,653	(2,087,351)	44,507,302	2.59%	1,033
2016	12,735,066	(1,145,857)	11,589,209	0.68%	269
2015	13,750,326	(1,061,310)	12,689,016	0.75%	295
2014	14,677,900	(1,071,973)	13,605,927	0.78%	415
2013	15,251,473	(1,260,278)	13,991,195	0.80%	427
2012	15,767,687	(1,124,655)	14,643,032	0.85%	447
2011	16,363,741	(1,087,276)	15,276,465	0.82%	466
2010	16,682,127	(935,806)	15,746,321	0.86%	489

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements. Total includes unamortized premiums and accreted interest on capital appreciation bonds.

(2) Amounts and calculations have been updated for 2018-2010 to reflect the net position restricted for debt service.

Source: School District financial records

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019

<u>Governmental Unit</u>	<u>Net General Tax Supported Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Fairborn City School District	\$ 43,505,484	100.00%	\$ 43,505,484
Overlapping debt:			
Clark County	19,620,000	0.04%	7,848
Greene County	25,209,896	13.98%	3,524,343
Dayton City	49,540,000	1.47%	728,238
Fairborn City	2,721,150	91.14%	2,480,056
Riverside City	599,324	7.90%	47,347
Greene County Career Center	62,000,000	14.79%	9,169,800
Dayton Metro Library District	153,425,000	0.55%	843,838
Total overlapping debt	<u>313,115,370</u>		<u>16,801,470</u>
 Total direct and overlapping debt	 <u>\$ 356,620,854</u>		 <u>\$ 60,306,954</u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the subdivision's boundaries and dividing it by the District's total taxable assessed value. Net general tax supported debt includes accreted interest on capital appreciation bonds and unamortized bond premiums, but excludes unamortized deferred losses on refundings.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (1)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2019	\$ 55,929,871	\$ 41,576,331	\$ 1,344,462	\$ 40,231,869	\$ 15,698,002	71.93%
2018	55,035,059	43,021,331	1,645,987	41,375,344	13,659,715	75.18%
2017	54,058,372	44,646,331	2,169,463	42,476,868	11,581,504	78.58%
2016	53,728,085	12,004,940	1,124,558	10,880,382	42,847,703	20.25%
2015	53,613,212	13,004,940	1,043,630	11,961,310	41,651,902	22.31%
2014	55,277,645	13,046,011	1,083,288	11,962,723	43,314,922	21.64%
2013	55,023,724	13,104,987	1,219,326	11,885,661	43,138,063	21.60%
2012	54,455,720	13,899,987	1,117,397	12,782,590	41,673,130	23.47%
2011	58,614,451	14,669,987	1,084,057	13,585,930	45,028,521	23.18%
2010	57,878,340	15,404,987	935,806	14,469,181	43,409,159	25.00%

Source: Greene County Auditor and School District financial records

(1) Total debt applicable to limit excludes unamortized premiums and accreted interest on capital appreciation bonds.

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Voted Debt Margins are determined without reference to applicable monies in the District's debt service fund.

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Greene County</u>	<u>Ohio</u>	<u>United States</u>
2019	43,066	\$ 23,450	\$1,009,897,700	33.8	4,348	4.0%	4.0%	3.7%
2018	43,066	23,450	1,009,897,700	33.8	4,334	3.7%	4.6%	3.7%
2017	43,066	23,450	1,009,897,700	33.8	4,294	3.9%	5.0%	4.4%
2016	43,066	23,450	1,009,897,700	33.8	4,316	4.3%	4.9%	4.9%
2015	43,066	23,450	1,009,897,700	33.8	4,385	4.4%	4.9%	5.3%
2014	32,770	20,396	668,376,920	32.4	4,462	5.2%	5.8%	6.2%
2013	32,770	20,396	668,376,920	32.4	4,579	7.0%	7.5%	7.4%
2012	32,770	20,396	668,376,920	32.4	4,695	6.9%	7.4%	8.1%
2011	32,770	20,396	668,376,920	32.4	4,721	8.3%	8.8%	8.9%
2010	32,230	18,662	601,476,260	31.0	4,722	9.5%	11.0%	10.3%
2009	32,230	18,662	601,476,260	31.0	4,745	9.8%	10.3%	9.3%

- (1) U. S. Census Bureau information for the City of Fairborn
2015-2019 information reflects estimates from Census Bureau.
2011-2014 information from 2010 Census.
2008-2010 information from 2005 Census.
- (2) School District records.
- (3) ODJFS, Bureau of Labor Market Information

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

		December 31, 2018		
Employer	Nature of Business	Employees	Rank	Percentage of Total City Employment
Wright Patterson Air Force Base	Governmental/Military	27,500	1	38.58%
Wright State University	Education	3,750	2	5.26%
Kettering Health Network	Healthcare	1,668	3	2.34%
Greene County	Governmental	1,180	4	1.66%
Beavercreek City School District	Education	871	5	1.22%
Kroger Stores	Grocer	837	6	1.17%
Unison Industries	Manufacturing	800	7	1.12%
Cedarville University	Education	722	8	1.01%
Wirght Patt Credit Union	Banking/Finance	640	9	0.90%
Fairborn City School District	Education	617	10	0.87%
Total		<u>38,585</u>		<u>54.13%</u>
Total Employment within the County		<u><u>71,280</u></u>		

		December 31, 2009		
Employer	Nature of Business	Employees	Rank	Percentage of Total City Employment
Wright State University	Education	5,969	1	8.08%
Teleperformance USA Inc.	Communications	1,140	2	1.54%
Fairborn City School District	Education	905	3	1.22%
Wirght Patt Credit Union	Banking/Finance	254	4	0.34%
City of Fairborn	Governmental	253	5	0.34%
Bell Aerospace	Manufacturing	199	6	0.27%
Morris Home Furniture Co.	Retail	178	7	0.24%
I Supply	N/A	175	8	0.24%
Ali Industries	N/A	156	9	0.21%
MVPC Acquisitions LLC	N/A	144	10	0.19%
Total		<u>9,373</u>		<u>12.69%</u>
Total Employment within the County		<u><u>73,882</u></u>		

N/A - nature of business was not available

Source: Greene County Auditor

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**STAFFING STATISTICS
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION
LAST TEN FISCAL YEARS**

Type	2019	2018	2017	2016
Official - administrative	28.5	28.0	25.0	24.0
Professional - educational	274.3	284.3	280.3	279.0
Professional - other	20.3	22.4	22.1	22.6
Technical	24.0	22.0	59.0	44.0
Office - clerical	33.5	35.5	63.5	55.6
Craft & trade	7.0	8.0	10.0	8.0
Operative	66.0	70.0	63.5	55.7
Service worker/laborer	156.5	173.5	78.0	69.0
Total	610.1	643.7	601.4	557.9

Function	2019	2018	2017	2016
Instruction:				
Regular	191.4	201.5	195.0	188.0
Special	53.8	54.2	57.0	55.0
Vocational	1.9	1.9	2.0	2.0
Other	29.2	26.6	26.3	34.0
Support Services:				
Pupil	0.0	0.0	5.0	5.0
Administration	28.5	28.0	25.0	24.0
Fiscal	3.0	3.0	3.0	3.0
Operations and maintenance	125.5	139.5	49.0	38.0
Pupil transportation	66.0	70.0	63.5	55.7
Other non-instructional services:				
Food service operations	36.0	41.0	38.0	38.0
Other non-instructional	74.8	77.9	137.6	115.2
Total Governmental Activities	610.1	643.6	601.4	557.9

Source: School District records

2015	2014	2013	2012	2011	2010
23.0	24.0	26.3	23.9	24.5	24.9
255.5	277.7	285.4	302.8	309.1	300.1
20.3	19.3	20.1	19.1	21.9	21.3
33.0	35.0	4.0	4.0	4.0	3.0
38.8	64.0	97.8	86.8	103.8	100.5
9.0	9.0	8.0	8.0	8.0	8.0
52.4	35.9	51.0	49.0	51.0	53.2
57.2	49.3	56.9	58.9	66.9	65.5
489.2	514.2	549.5	552.5	589.2	576.5

2015	2014	2013	2012	2011	2010
182.0	199.6	198.1	207.6	207.2	211.6
54.0	55.1	56.7	65.6	63.0	57.6
2.0	2.0	1.7	1.7	1.7	0.0
17.5	21.0	28.9	27.9	37.2	31.0
4.0	5.0	31.0	31.0	36.0	34.0
23.0	24.0	26.3	23.9	24.5	24.9
3.0	3.0	3.0	3.0	3.0	3.0
35.2	35.5	35.5	40.5	43.5	43.2
52.4	35.9	51.0	49.0	51.0	53.2
29.9	21.8	28.4	25.4	30.4	29.3
86.0	111.3	88.9	76.9	91.7	88.8
489.0	514.2	549.5	552.5	589.2	576.6

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2019	2018	2017	2016
Instruction:				
Regular and Special				
Enrollment (students)	4,348	4,334	4,294	4,316
Graduates	249	229	222	227
Support services:				
Board of education				
Regular meetings per year	12	12	12	12
Special meetings per year	2	5	7	19
Administration				
Student attendance rate	92.78%	93.20%	95.00%	95.00%
Fiscal				
Nonpayroll checks issued	2,879	2,842	2,690	3,059
Operations and maintenance				
Square footage maintained	649,237	649,237	649,237	649,237
Pupil transportation				
Avg. students transported daily	2,507	1,122	389	N/A
Food service operations				
Lunches served to students	459,918	443,265	471,240	459,162

(N/A) Information not available

Source: School District records

2015	2014	2013	2012	2011	2010
4,385	4,462	4,579	4,695	4,721	4,722
246	234	248	290	318	321
16	15	14	16	15	16
11	9	13	2	5	18
95.20%	94.50%	94.80%	94.80%	94.80%	94.30%
3,006	2,722	2,899	3,263	3,381	3,931
649,237	649,237	649,237	649,237	649,237	649,237
N/A	N/A	N/A	N/A	N/A	N/A
408,362	395,560	N/A	N/A	N/A	N/A

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land	\$ 299,675	\$ 299,675	\$ 299,675	\$ 299,675
Land improvements	1,071,407	1,203,168	1,507,096	1,803,777
Buildings and improvements	2,716,007	3,303,178	3,897,649	4,505,577
Furniture, equipment, and vehicles	3,701,281	3,595,207	3,744,690	3,965,476
Construction in progress	<u>8,238,537</u>	<u>1,545,899</u>	<u>92,478</u>	<u>-</u>
 Total Governmental Activities Capital Assets, net	 <u>\$ 16,026,907</u>	 <u>\$ 9,947,127</u>	 <u>\$ 9,541,588</u>	 <u>\$ 10,574,505</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2015	2014	2013	2012	2011	2010
\$ 299,675	\$ 299,675	\$ 299,675	\$ 299,675	\$ 299,675	\$ 299,675
2,163,409	2,341,670	2,684,038	3,026,406	3,376,578	3,707,116
5,120,822	6,234,180	6,934,357	7,649,354	8,370,794	9,103,453
4,180,722	897,970	1,171,981	1,088,570	989,345	1,121,157
-	-	-	-	-	-
<u>\$ 11,764,628</u>	<u>\$ 9,773,495</u>	<u>\$ 11,090,051</u>	<u>\$ 12,064,005</u>	<u>\$ 13,036,392</u>	<u>\$ 14,231,401</u>

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Black Lane Elementary (1966)				
Square feet	24,245	24,245	24,245	24,245
Capacity (students)	275	275	275	275
Fairborn High School (1969)				
Square feet	174,577	174,577	174,577	174,577
Capacity (students)	1,100	1,100	1,100	1,100
Enrollment	1,122	1,031	1,040	1,088
Baker Middle School (1952)				
Square feet	165,947	165,947	165,947	165,947
Capacity (students)	1,200	1,200	1,200	1,200
Enrollment	1,029	1,067	1,024	982
Fairborn Intermediate (1954)				
Square feet	89,884	89,884	89,884	89,884
Capacity (students)	1,000	1,000	1,000	1,000
Enrollment	712	712	710	730
Fairborn Primary School (1957)				
Square feet	142,005	142,005	142,005	142,005
Capacity (students)	1,300	1,300	1,300	1,300
Enrollment	1,485	1,524	1,520	1,516
Wright Elementary (1965)				
Square feet	23,510	23,510	23,510	23,510
Capacity (students)	250	250	250	250
Administration Building (1962)				
Square feet	8,973	8,973	8,973	8,973
Psychological Services (1960)				
Square feet	2,288	2,288	2,288	2,288
Psychological Services Garage (1960)				
Square feet	280	280	280	280
Transportation (1944)				
Square feet	13,668	13,668	13,668	13,668
Maintenance (1952)				
Square feet	3,860	3,860	3,860	3,860

Source: School District records

2015	2014	2013	2012	2011	2010
24,245	24,245	24,245	24,245	24,245	24,245
275	275	275	275	275	275
174,577	174,577	174,577	174,577	174,577	174,577
1,100	1,100	1,100	1,100	1,100	1,100
1,093	1,146	1,216	1,314	1,380	1,425
165,947	165,947	165,947	165,947	165,947	165,947
1,200	1,200	1,200	1,200	1,200	1,200
946	985	1,011	979	996	988
89,884	89,884	89,884	89,884	89,884	89,884
1,000	1,000	1,000	1,000	1,000	1,000
727	704	685	717	741	703
142,005	142,005	142,005	142,005	142,005	142,005
1,300	1,300	1,300	1,300	1,300	1,300
1,619	1,627	1,667	1,685	1,604	1,606
23,510	23,510	23,510	23,510	23,510	23,510
250	250	250	250	250	250
8,973	8,973	8,973	8,973	8,973	8,973
2,288	2,288	2,288	2,288	2,288	2,288
280	280	280	280	280	280
13,668	13,668	13,668	13,668	13,668	13,668
3,860	3,860	3,860	3,860	3,860	3,860

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Funds		Governmental Activities		Enrollment	Percent Change
	Expenditures (2)	Cost per pupil	Expenses (2)	Cost per pupil		
2019	\$ 58,065,217	\$ 13,354	\$ 46,330,589	\$ 10,656	4,348	0.32 %
2018	50,066,588	11,552	29,061,840	6,706	4,334	0.93 %
2017	46,285,642	10,779	48,454,422	11,284	4,294	(0.51) %
2016	45,628,960	10,572	46,216,299	10,708	4,316	(1.57) %
2015	45,630,901	10,406	44,778,317	10,212	4,385	(1.73) %
2014	43,583,098	9,768	45,049,234	10,096	4,462	(2.56) %
2013	46,206,139	10,091	46,964,541	10,257	4,579	(2.47) %
2012	46,589,691	9,923	47,767,934	10,174	4,695	(0.55) %
2011	48,425,142	10,257	49,518,411	10,489	4,721	(0.02) %
2010	48,983,848	10,374	50,310,086	10,654	4,722	(0.48) %

Source: School District financial records

(1) Information not currently available.

(2) Debt Service totals have been excluded.

Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
274	15.85	92.78%
284	15.24	93.20%
280	15.32	95.00%
279	15.47	95.00%
256	17.16	95.20%
431	10.35	94.50%
425	10.77	94.80%
426	11.02	94.80%
431	10.95	94.80%
430	10.98	94.30%

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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**FAIRBORN CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(C) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
(E) Child Nutrition Cluster: School Breakfast Program	10.553	2019	\$ 425,029
(D) National School Lunch Program-Food Donation	10.555	2019	210,104
(E) National School Lunch Program	10.555	2019	960,779
Total National School Lunch Program			1,170,883
(E) Summer Food Service Programs for Children	10.559	2019	10,762
Total U.S. Department of Agriculture and Child Nutrition Cluster			1,606,674
U.S. DEPARTMENT OF EDUCATION DIRECT AWARD			
ROTC	12.000	N/A	48,636
Total U.S. Department of Defense			48,636
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2018	236,539
Title I Grants to Local Educational Agencies	84.010	2019	1,228,030
Total Title I Grants to Local Educational Agencies			1,464,569
Special Education Cluster (IDEA):			
Special Education_Grants to States	84.027	2018	179,584
Special Education_Grants to States	84.027	2019	823,144
Special Education_Grants to States - Catastrophic	84.027	2019	3,087
Total Special Education Grants to States			1,005,815
Special Education_Preschool Grants	84.173	2018	6,353
Special Education_Preschool Grants	84.173	2019	17,350
Special Education_Preschool Grants - Restoration	84.173	2019	5,253
Total Special Education Preschool Grants			28,956
Total Special Education Cluster (IDEA)			1,034,771
English Language Acquisition Grants	84.365	2018	7,842
English Language Acquisition Grants	84.365	2019	9,616
Total English Language Acquisition Grants			17,458
Supporting Effective Instruction State Grant	84.367	2018	71,056
Supporting Effective Instruction State Grant	84.367	2019	138,413
Total Supporting Effective Instruction State Grant			209,469
Student Support and Academic Enrichment Program	84.424	2018	12,792
Student Support and Academic Enrichment Program	84.424	2019	69,447
Total Student Support and Academic Enrichment Program			82,239
Impact Aid	84.041	2019	10,625
DIRECT AWARD			
Impact Aid	84.041	N/A	143,768
Total U.S. Department of Education			2,962,899
Total Federal Financial Assistance			\$ 4,618,209

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

- (A) This schedule includes the federal award activity of the Fairborn City School District under programs of the federal government for the fiscal year ended June 30, 2019 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Fairborn City School District, it is not intended to and does not present the financial position or changes in net position of the Fairborn City School District.
- (B) CFR 200.414 allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Fairborn City School District has elected not to use the 10% de minimis indirect cost rate.
- (C) OAKS did not assign pass through numbers for fiscal year 2019.
- (D) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at the entitlement value.
- (E) Commingled with state and local revenue from sales of breakfasts and lunches; assumed expenditures were made on a first-in, first-out basis.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Fairborn City School District
Greene County
306 East Whittier Avenue
Fairborn, Ohio 45324

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairborn City School District, Greene County, Ohio, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Fairborn City School District's basic financial statements and have issued our report thereon dated December 11, 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Fairborn City School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Fairborn City School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Fairborn City School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Fairborn City School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Fairborn City School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Fairborn City School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
December 11, 2019



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Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Fairborn City School District
Green County
306 East Whittier Avenue
Fairborn, Ohio 45324

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Fairborn City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Fairborn City School District's major federal program for the fiscal year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Fairborn City School District's major federal program.

Management's Responsibility

The Fairborn City School District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Fairborn City School District's compliance for the Fairborn City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fairborn City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Fairborn City School District's major program. However, our audit does not provide a legal determination of the Fairborn City School District's compliance.

Opinion on the Major Federal Program

In our opinion, the Fairborn City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

The Fairborn City School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Fairborn City School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Fairborn City School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fairborn City School District as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Fairborn City School District's basic financial statements. We issued our unmodified report thereon dated December 11, 2019. We conducted our audit to opine on the Fairborn City School District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole



Julian & Grube, Inc.
December 11, 2019

**FAIRBORN CITY SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Cluster (IDEA)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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OHIO AUDITOR OF STATE KEITH FABER



FAIRBORN CITY SCHOOL DISTRICT

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 18, 2020**