



Mason City Schools

Five Year Forecast Financial Report

October, 2019

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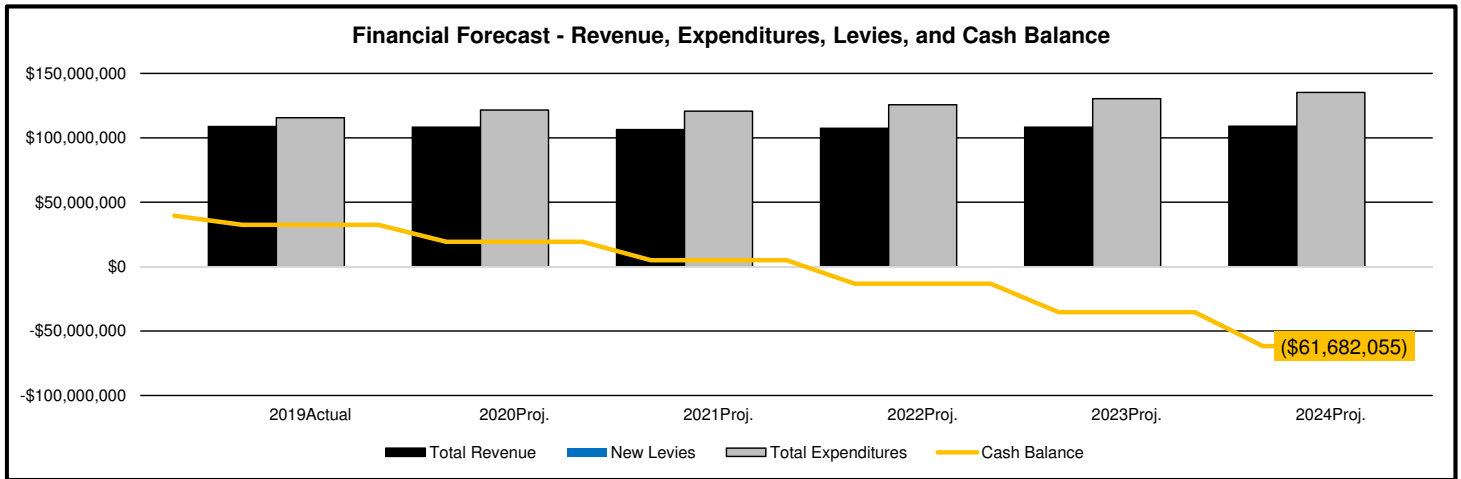
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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Mason City Schools

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	33,161,325	19,902,008	5,661,810	(12,610,781)	(34,818,730)
+ Revenue	108,271,568	106,409,911	107,359,085	108,243,515	109,004,015
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(121,530,885)	(120,650,109)	(125,631,676)	(130,451,464)	(135,267,341)
= Revenue Surplus or Deficit	(13,259,317)	(14,240,198)	(18,272,591)	(22,207,949)	(26,263,326)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	19,902,008	5,661,810	(12,610,781)	(34,818,730)	(61,082,055)

Analysis Without Renewal Levies Included:

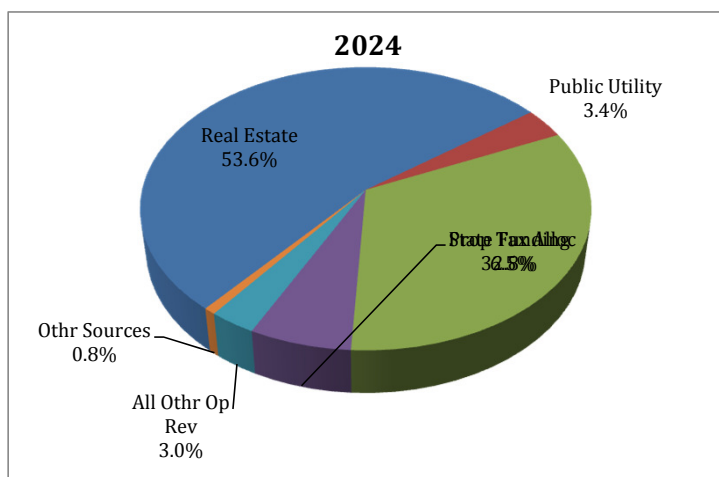
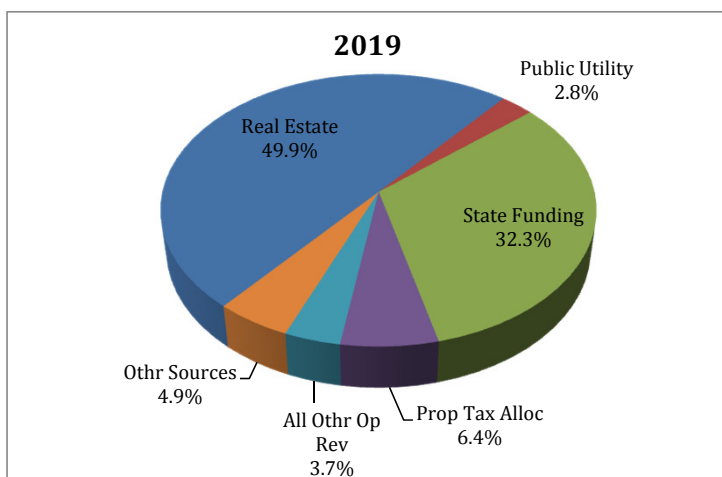
Revenue Surplus or Deficit w/o Levies	(13,259,317)	(14,240,198)	(18,272,591)	(22,207,949)	(26,263,326)
Ending Balance w/o Levies	19,902,008	5,661,810	(12,610,781)	(34,818,730)	(61,082,055)

Over the past two fiscal years, FY'18 and FY'19, total expenses in the district's general fund have exceeded total revenues, and this trend is anticipated to continue in FY'20. At the beginning of FY'19, the district held approx. 4.3 months of cash reserves. As of the beginning of FY'20, this number had declined to 3.5 months of cash reserves. By the end of FY'20, cash reserves on hand are estimated to decline to 2.0 months. The Board and administrative team monitor these metrics at multiple points throughout each fiscal year. As the team looks at both short and long term financial health, additional revenues, additional cost reductions, or some combination of the two will need to be implemented in order to sustain day to day operations in their current format.

The last local operating tax levy in Mason City Schools was passed 14 year ago, back in 2005. Due to careful financial planning and a change in cost structure that was implemented by the Board and team between 2011 and 2015, the district has been able to stretch that operating levy well beyond the 3-5 year levy cycle that is typical for Ohio school districts.

Overall, careful planning and monitoring of the district's operations and financial position will continue to be necessary moving forward as the Board and staff attempt to reflect the values of this community and deliver a high quality product at the most cost effective price possible. The current forecast assumptions reflect our best estimate of how key factors will most likely turn out, but there is also the possibility the financial situation could turn out better or worse than this forecast shows.

Revenue Sources and Forecast Year-Over-Year Projected Overview



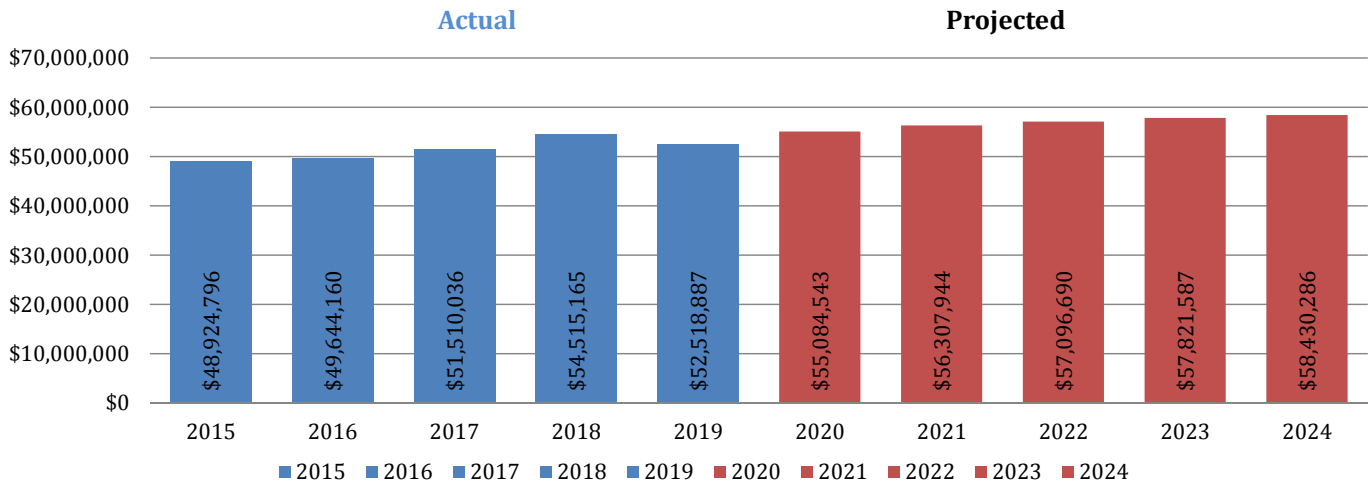
**Projected % trends include renewal levies*

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Revenue:							
1.010-Real Estate	1.47%	4.89%	2.22%	1.40%	1.27%	1.05%	2.17%
1.020-Public Utility	6.42%	6.12%	4.90%	5.00%	5.00%	5.00%	5.20%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	3.41%	0.04%	-0.01%	-0.01%	-0.01%	-0.01%	0.00%
1.040-Restricted Aid	381.73%	-0.68%	0.00%	0.00%	0.00%	0.00%	-0.14%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-9.09%	-13.27%	-3.33%	1.48%	1.33%	1.08%	-2.54%
1.060-All Other Operating	13.59%	60.72%	-45.98%	-2.84%	-2.92%	-3.01%	1.20%
1.070-Total Revenue	1.40%	4.01%	-1.73%	0.90%	0.83%	0.71%	0.94%
2.070-Total Other Sources	40.09%	-84.90%	0.00%	0.00%	0.00%	0.00%	-16.98%
2.080-Total w/Other Srcs	2.03%	-0.46%	-1.72%	0.89%	0.82%	0.70%	0.05%

The largest source of revenues to the district's general operating fund is from local property taxes. Overall, the district is anticipating an average annual increase in general fund revenues of less than 1% per year over the next 5 years (forecast line 1.07). Anticipated small increases in local property taxes due to new construction growth are projected to be offset by the reductions in TPP reimbursement. The loss in TPP funds has and continues to be significant for Mason Schools, dropping from a high of \$14.1 million (or the current equivalent of 7.22 mills) in FY'07 down to \$336K (current equivalent of 0.17 mills) in the current FY'20, and down to \$0 in FY'21. These projected cuts in funding follow the phase out plan as spelled out in SB208, and they have been upheld by the legislature in recent years.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	52,518,887	55,084,543	56,307,944	57,096,690	57,821,587	58,430,286
YOY \$ Change	(1,996,278)	2,565,656	1,223,401	788,746	724,897	608,699
YOY % Change	-3.7%	4.9%	2.2%	1.4%	1.3%	1.1%

Percentage of Total Revenue	48.3%	50.9%	52.9%	53.2%	53.4%	53.6%
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Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	1,912,206,480	216,417,280	31.25	(3.06)	37.62	(0.45)	100.6%
2019	1,945,815,096	33,608,616	31.28	0.03	37.79	0.17	99.8%
2020	1,968,648,639	22,833,543	31.30	0.03	37.96	0.17	99.8%
2021	2,052,627,135	83,978,496	30.41	(0.90)	37.46	(0.49)	99.8%
2022	2,071,556,549	18,929,413	30.43	0.03	37.63	0.16	99.8%
2023	2,090,667,631	19,111,082	30.46	0.03	37.79	0.17	99.8%

Property values are established each year by the County Auditor, and any changes in valuation are based on the impact of new construction and property value reappraisals or updates. Due to the Triennial Update/Reappraisal, property values are reappraised every 6 years, with a valuation update being performed in the third year between each reappraisal. Mason City Schools are located in Warren County, and a full reappraisal occurred in calendar year 2018, for collection in calendar year 2019.

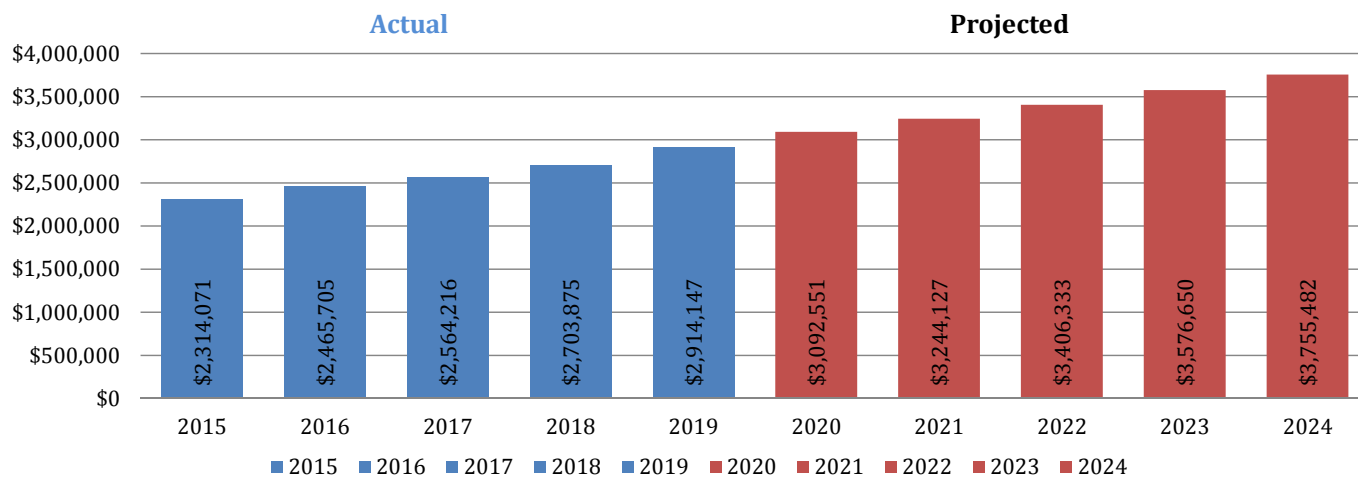
Of the district's total current total assessed valuation of \$1.95 billion, approx. 83% of that is from Class I residential/agricultural property, 15% is from Class II commercial/industrial property, and the remaining 2% is public utility personal property. Residential new construction growth has averaged 1.7% per year over the past 5 years, including 2.2% growth for tax year 2018 (for perspective, 1% new construction growth in residential property would equate to approx. \$500K of new revenue in 2020). We're projecting for 1.7% residential new construction growth for tax year 2019, 1.4% for tax 2020, and 1.1% for the remaining years of the forecast.

The reappraisal information noted above highlights the impact of HB920 on school district revenues. When property values increase, effective millage rates decrease. With the increase in property values due to the 2018 reappraisal, effective millage rates decreased from 34.31 mills to 31.25 mills for residential property.

Commercial/industrial properties that have not been included on the tax duplicate due to being in a TIF tax increment financing) district, are also added to the total property valuation once those individual TIF's have expired.

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	2,914,147	3,092,551	3,244,127	3,406,333	3,576,650	3,755,482
YOY \$ Change	210,272	178,404	151,576	162,206	170,317	178,832
YOY % Change	7.8%	6.1%	4.9%	5.0%	5.0%	5.0%

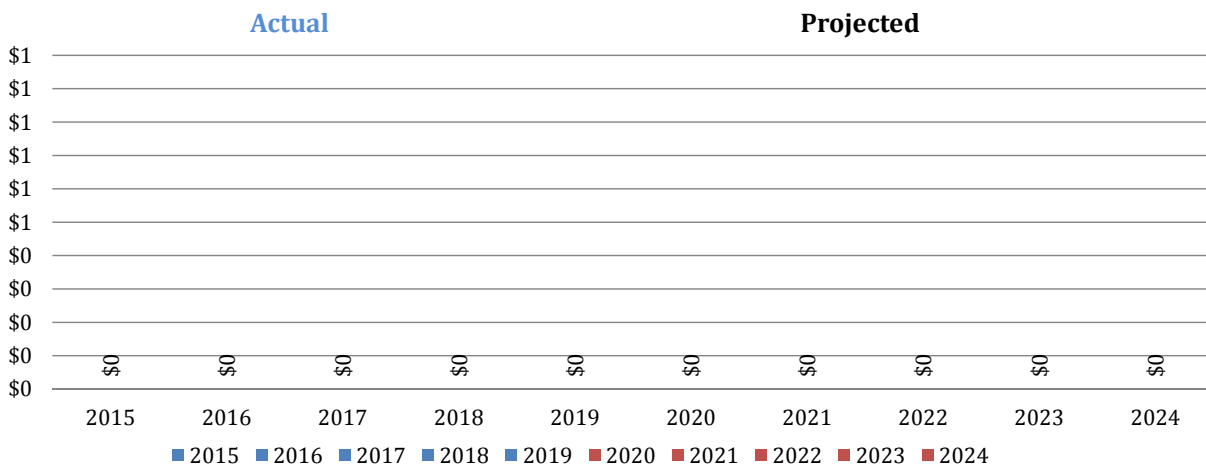
Percentage of Total Revenue	2.7%	2.9%	3.0%	3.2%	3.3%	3.4%
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Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	40,462,230	2,635,220	74.46	-	99.9%
2019	42,485,342	2,023,112	74.46	-	100.0%
2020	44,609,609	2,124,267	74.46	-	100.0%
2021	46,840,089	2,230,480	74.46	-	100.0%
2022	49,182,093	2,342,004	74.46	-	100.0%
2023	51,641,198	2,459,105	74.46	-	100.0%

Public Utility personal property taxes have been increasing slightly each year, and this forecast continues this increase into FY'19 and beyond at 5% per year.

1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



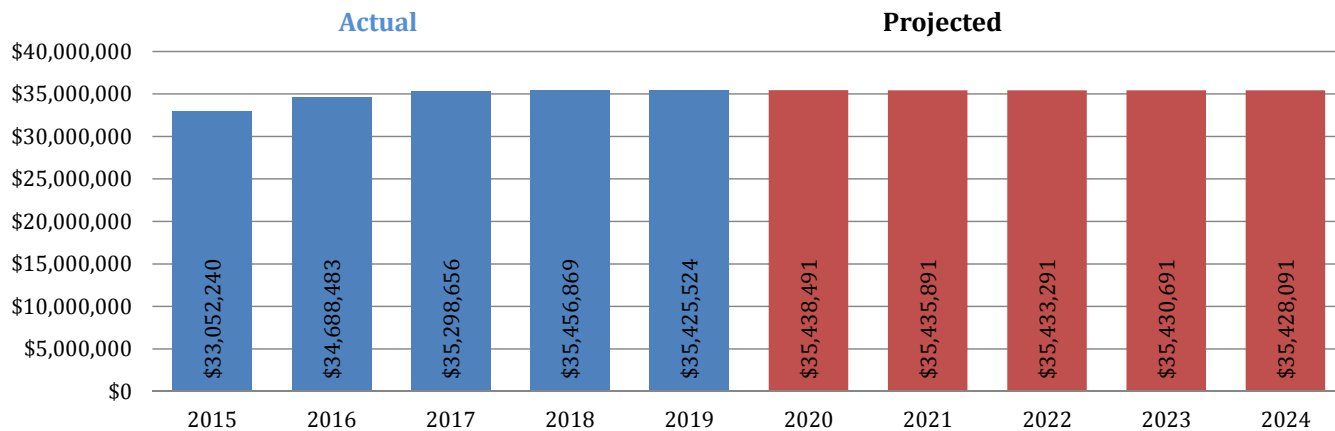
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	-	-	-	-	-	-
YOY \$ Change	-	-	-	-	-	-
YOY % Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Percentage of Total Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	35,425,524	35,438,491	35,435,891	35,433,291	35,430,691	35,428,091
YOY \$ Change	(31,345)	12,967	(2,600)	(2,600)	(2,600)	(2,600)
YOY % Change	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	32.6%	32.7%	33.3%	33.0%	32.7%	32.5%
Base Aid	34,390,820	34,390,820	34,390,820	34,390,820	34,390,820	34,390,820
Student Wellness Aid		288,182	415,055	412,943	410,831	408,719
Supplemental Aid - Wellness & Growing		-	-	-	-	-
Enrollment	9,927	9,877	9,827	9,777	9,727	9,677

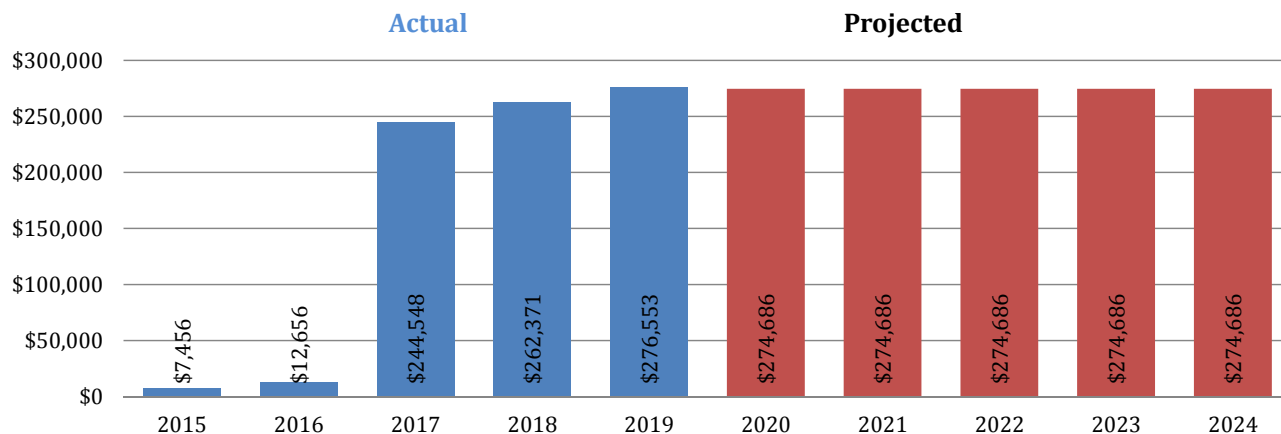
Unrestricted aid represents the state foundation revenues that MCS receives from the state of Ohio each year, and it makes up approx. 34% of the district's total general fund revenues in FY'20. A new biennium budget took effect 7/1/19, which determined how Ohio schools will be funded for FY'20 and FY'21.

This new biennium budget confirmed that MCS will be flat funded in the unrestricted aid line item for the next two years. The way the state of Ohio's current funding formula is working for the district, we're anticipating being on the funding "guarantee" for the foreseeable future. The end result of this is a projected 0% increase in state foundation aid over the next five years. One of the results of being on the funding guarantee is that the guarantee % used/assumed becomes critical to future funding amounts. This forecast assumes the funding guarantee will remain at 100%, thus resulting in flat funding at best. However, if the state funding guarantee percentage would happen to drop below 100% in future biennium budgets, this could result in additional reductions in state funding for MCS.

The "student wellness aid" dollars are revenues that are restricted in their allowable use, so those revenues will be accounted for in the "restricted aid" line item on the forecast, not the "unrestricted aid" line item.

1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.

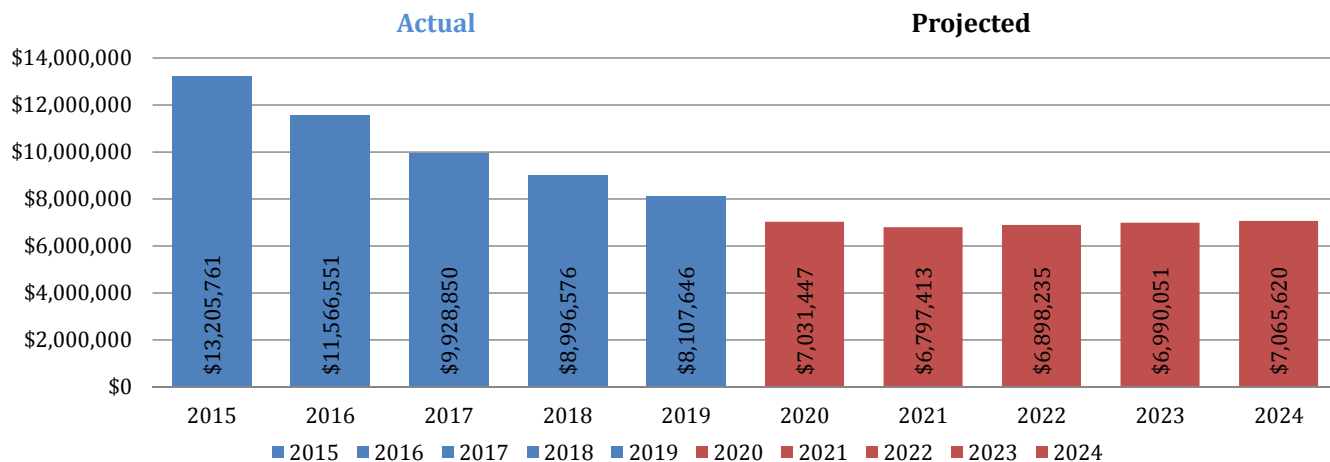


	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	276,553	274,686	274,686	274,686	274,686	274,686
YOY \$ Change	14,182	(1,867)	-	-	-	-
YOY % Change	5.4%	-0.7%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%

In total, restricted aid represents less than 1% of total general fund revenues. The primary funding source in this line is the catastrophic cost reimbursement from ODE. These revenues are anticipated to remain flat into the future.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	8,107,646	7,031,447	6,797,413	6,898,235	6,990,051	7,065,620
YOY \$ Change	(888,930)	(1,076,199)	(234,034)	100,822	91,816	75,569
YOY % Change	-9.9%	-13.3%	-3.3%	1.5%	1.3%	1.1%
Percentage of Total Revenue	7.5%	6.5%	6.4%	6.4%	6.5%	6.5%
% of Residential Real Estate 10% Rollback	9.96%	9.96%	9.96%	9.96%	9.96%	9.96%
% of Residential Real Estate 2.5% Rollback	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
% of Residential Real Estate Homestead	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%

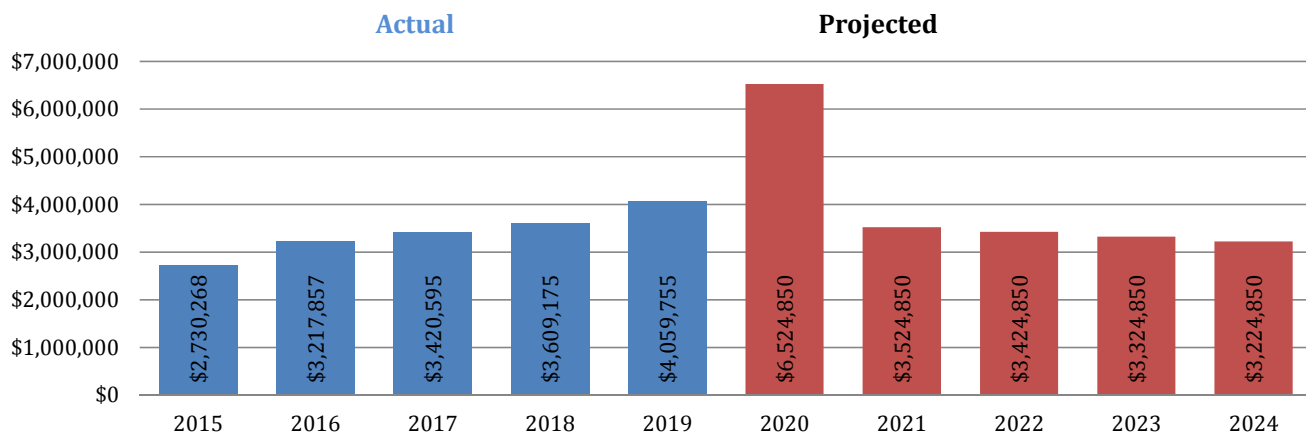
There are two significant sources of revenue within this line item. Both of these represent funding that comes from the Ohio General Assembly.

The first, and most variable, part of this line item is the Tangible Personal Property tax loss reimbursements. The state has been reducing this amount to school districts over the past several years, based on the phase out schedule from SB208. In FY'11, the district received \$10.8 million in TPP reimbursement (the current equivalent of 6.2 mills of property taxes). In FY'20, this amount is down to \$336K (current equivalent of 0.17 mills), and is projected to drop to \$0 by FY'21.

The second part of this funding line is a credit to property taxpayers. The state gives a 10% credit for property owners, and an additional 2.5% for those who live in their homes. Furthermore, they also give a credit to senior citizens up to a certain dollar threshold. This credit has historically amounted to approximately 1%. The property owners receive the credit, and then the General Assembly pays that tax in their place and gives it to local schools. The reimbursement for property tax exemptions and rollbacks includes the Homestead exemption and the 10% rollback and 2.5% rollback that local taxpayers receive as a "discount" on their property taxes. The state then picks up the tab and reimburses local school districts for this loss. The total of these amounts is approx. \$6.7 million and is expected to continue into the future as well.

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



	2019	FORECASTED				
	2019	2020	2021	2022	2023	2024
Total	4,059,755	6,524,850	3,524,850	3,424,850	3,324,850	3,224,850
YOY \$ Change	450,580	2,465,095	(3,000,000)	(100,000)	(100,000)	(100,000)
YOY % Change	12.5%	60.7%	-46.0%	-2.8%	-2.9%	-3.0%
Percentage of Total Revenue	3.7%	6.0%	3.3%	3.2%	3.1%	3.0%

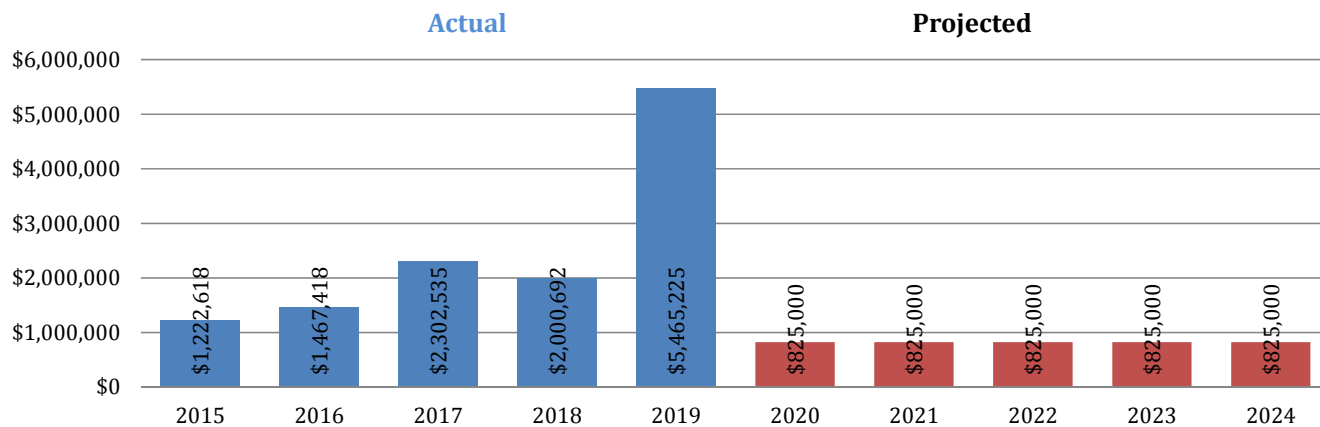
This line includes a few different items, including open enrollment revenues, tuition from court placed students, student fee revenues, interest income, and Medicaid reimbursements.

The increases to this revenue line over the past few years have come as a result of higher Medicaid reimbursements, interest earnings, tax abatement revenues.

Overall, the revenue amounts in this line are projected to increase in by approx. \$2.5 million in FY'20, drop back down in FY'21, and then decrease slightly over the remaining years in the forecast. The FY'20 number is an anomaly because it includes anticipated tax abatement revenues for this one year only. Outside of that, there are two other causes for the anticipated drop in FY'21 and forward. One is a decrease in Medicaid reimbursements. FY'19 revenues included a "catch up" year payment that we're not expecting to recur in the future. The other cause is an anticipated decrease in interest revenues. As interest rates have declined over the past few months in calendar year 2019, this is expected to have a negative impact on the amount of interest revenues the district will receive in FY'20. The smaller decreases in FY'21 and beyond are due to additional anticipated interest revenues. However, those decreases are more a product of the amount of cash on hand to be invested. Declining cash balances in the general fund will result in less cash to invest and less interest revenues.

2.070 - Total Other Financing Sources

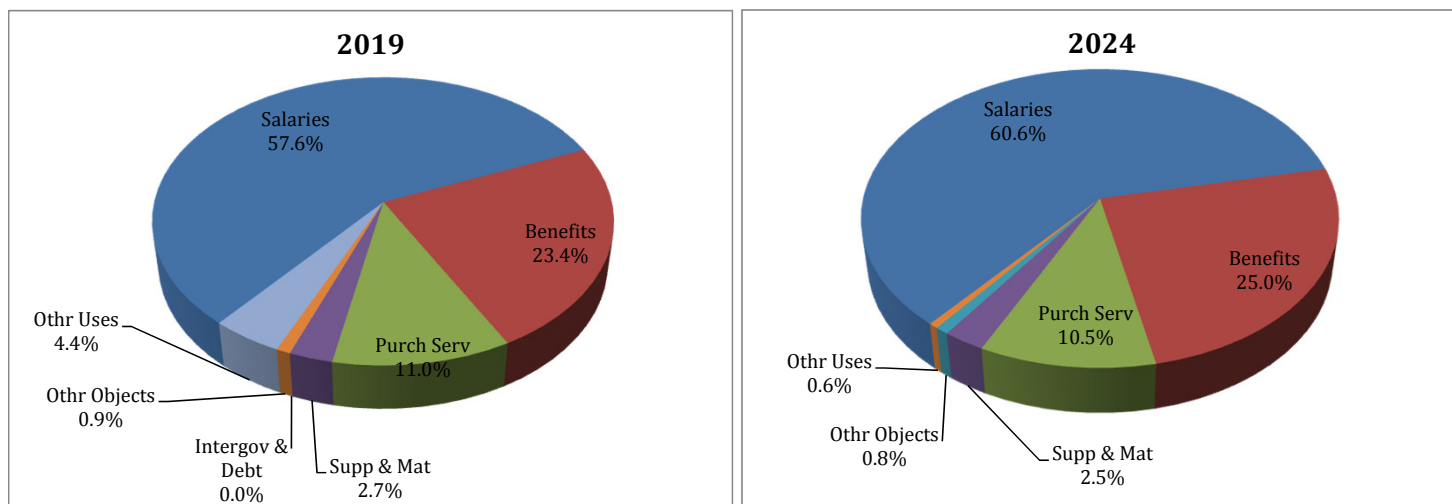
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	5,465,225	825,000	825,000	825,000	825,000	825,000
YOY \$ Change	3,464,533	(4,640,225)	-	-	-	-
YOY % Change	173.2%	-84.9%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	5.0%	0.8%	0.8%	0.8%	0.8%	0.8%
Transfers In	-	-	-	-	-	-
Advances In	4,869,776	750,000	750,000	750,000	750,000	750,000

Transfers and advances are the main source of revenues in this line, and are needed from time to time to cover any other funds that may have a cash need. These transfers and advances can vary from year to year and each one is approved by the Board of Education. FY'19 included an advance out of \$1.7 million where the funds were advanced to the bond retirement fund to pay the redemption of a bond anticipation note until the property tax revenues came in for the year. The other \$3.1 million was a return of a fiscal year end cash advance from FY'18. We're anticipating a smaller amount of cash advances for FY'20 and beyond.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



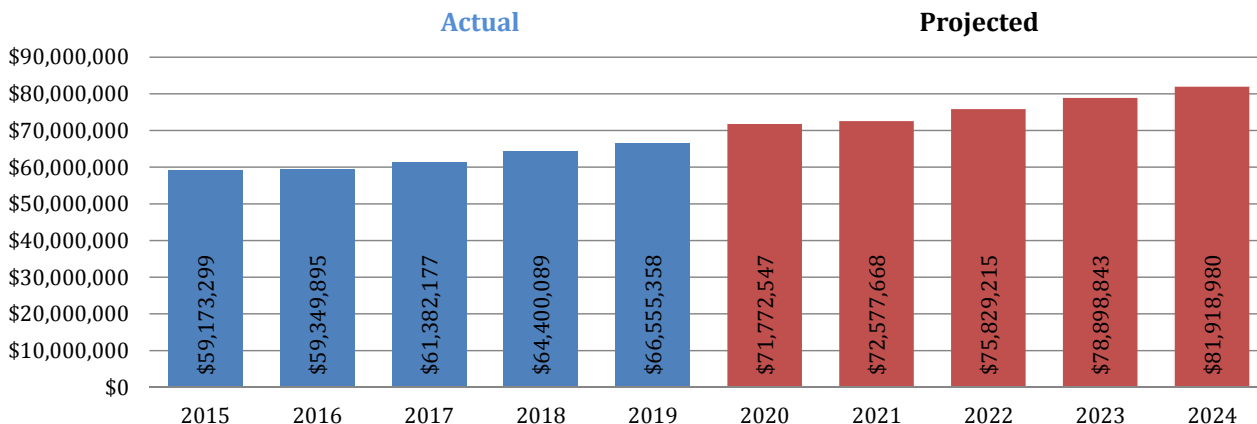
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Expenditures:							
3.010-Salaries	2.73%	7.84%	1.12%	4.48%	4.05%	3.83%	4.26%
3.020-Benefits	0.42%	6.34%	3.30%	4.55%	4.38%	4.30%	4.57%
3.030-Purchased Services	8.81%	2.48%	1.54%	2.35%	2.37%	2.40%	2.23%
3.040-Supplies & Materials	1.91%	1.73%	1.74%	1.74%	1.74%	1.75%	1.74%
3.050-Capital Outlay	-26.64%	-100.00%	n/a	n/a	n/a	n/a	-100.00%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	1.58%	4.66%	0.83%	0.84%	0.84%	0.84%	1.60%
4.500-Total Expenditures	2.65%	6.65%	1.71%	4.15%	3.86%	3.71%	4.02%
5.040-Total Other Uses	41.13%	-28.63%	-79.45%	0.00%	0.00%	0.00%	-21.62%
5.050-Total w/Other Uses	3.36%	5.09%	-0.72%	4.13%	3.84%	3.69%	3.20%

As school districts are in the service industry, the primary expense for any school district is that of personnel costs. Total personnel (salaries and benefits) costs for FY'19 comprised approx. 85% of the general fund operating expenditures (line 4.5). Over the next 5 years, expenses are anticipated to grow by approx. 3.85% per year.

Over the past 9 years, many operational changes were implemented that resulted in both cost savings and cost avoidance for the district. These reductions included eliminating over 160 staff positions, closing Mason Heights Elementary, wage freezes, and consolidating bus stops. In FY'18 and forward, the district has made strategic investments based on feedback received from the community. These investments include school safety, mental wellness, innovation and STEAM, and reductions in class size. All of these are reflected in the current forecast.

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	66,555,358	71,772,547	72,577,668	75,829,215	78,898,843	81,918,980
YOY \$ Change	2,155,269	5,217,189	805,121	3,251,547	3,069,628	3,020,137
YOY % Change	3.3%	7.8%	1.1%	4.5%	4.0%	3.8%
Percentage of Total Budget	57.6%	59.1%	60.2%	60.4%	60.5%	60.6%

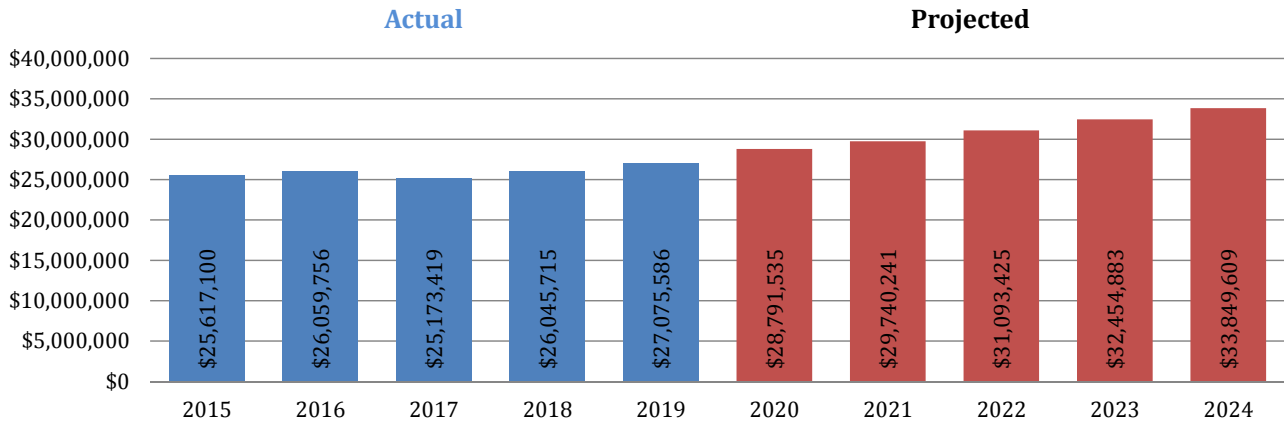
The district employs over 1,000 staff, and the main factors in future salary costs are wage increases and staffing levels. For FY'17 – FY'19, the base salary increases that were negotiated with the Mason Education Association (MEA) and the Ohio Association of Public School Employees (OAPSE) were at 2.5% per year. In addition, there are new negotiated agreements that took effect for MEA and OAPSE beginning 7/1/19, and those included base salary increases of 2.5% per year for FY'20 and FY'21. For FY'22 and beyond, 2% base salary increases are projected for all staff.

Over the past 7 years, staffing levels have been significantly impacted. Sixty-eight positions were reduced in FY'12, forty-eight positions in FY'13, and twenty-six positions were reduced in FY'15. These reductions are part of what helped flat line salary and benefit costs in recent years and help the district stretch the 2005 operating levy to the current fiscal year.

Expenses are anticipated to increase more than normal for FY'20 due to a timing difference. Paychecks are distributed every two weeks to MCS employees, which typically results in 26 payroll dates per fiscal year. The way the payroll calendar dates fall for FY'20, there are actually 27 payroll dates. This does not change the amount of pay or pay rate that each individual employee is receiving, but it does increase the overall expenditures of the district for this one year. In FY'21, there will again be 26 payroll dates in the fiscal year.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



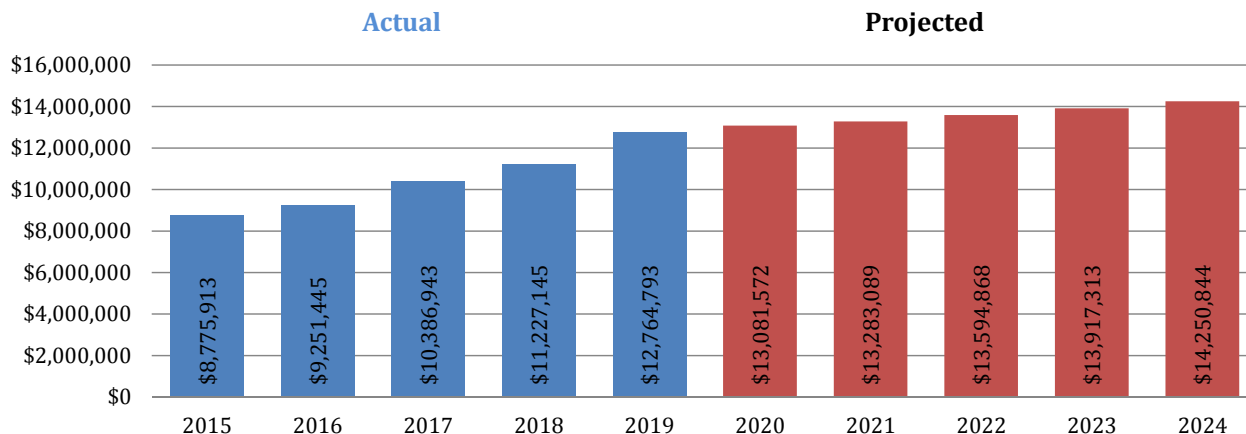
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	27,075,586	28,791,535	29,740,241	31,093,425	32,454,883	33,849,609
YOY \$ Change	1,029,871	1,715,949	948,706	1,353,184	1,361,458	1,394,726
YOY % Change	4.0%	6.3%	3.3%	4.6%	4.4%	4.3%
Percentage of Total Budget	23.4%	23.7%	24.6%	24.7%	24.9%	25.0%

The main costs included in this line are for retirement and health insurance benefits. Retirement and Medicare costs are directly related to salary amounts. The employer share of STRS/SERS contributions is 14% of wages, and the Medicare cost is 1.45%.

Employees pay 10% of their medical insurance premiums. The district is self-funded for all health insurances as well as worker's comp. Health insurance premium costs have remained stable over the past 5 years. Medical premiums are projected to increase by 7.5% in FY'20 and 5% per year after that. Dental premiums are projected to increase by 5% per year for FY'20 and FY'21 remain flat beyond that.

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	12,764,793	13,081,572	13,283,089	13,594,868	13,917,313	14,250,844
YOY \$ Change	1,537,648	316,779	201,517	311,779	322,445	333,531
YOY % Change	13.7%	2.5%	1.5%	2.3%	2.4%	2.4%
Percentage of Total Budget	11.0%	10.8%	11.0%	10.8%	10.7%	10.5%

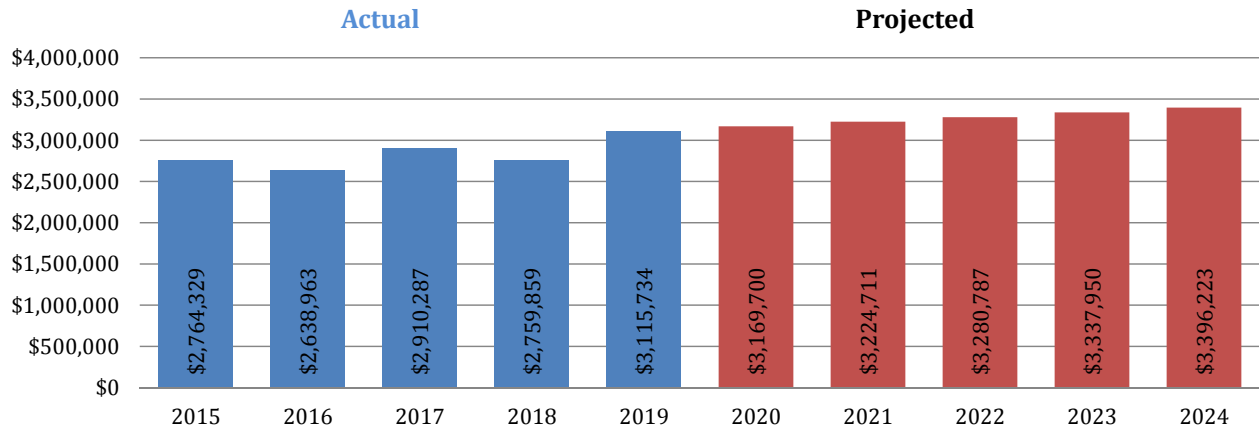
The primary expenditures in this category are utilities, educational services, special education services, custodial services, maintenance and repair costs, and open enrollment and community school tuition costs.

The large increase for FY'19 was due to a few different things. There were some new investments made that year. The largest one was the investment in additional safety and security personnel as part of a partnership with the City of Mason. The other investments were in the areas of inclusive excellence and culture, and the shifting of a tech position to being outsourced. Additionally, special ed placements and corresponding costs increased more than usual in FY'19.

The costs for FY'20 and beyond are anticipated to increase more in line with historical trends.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.

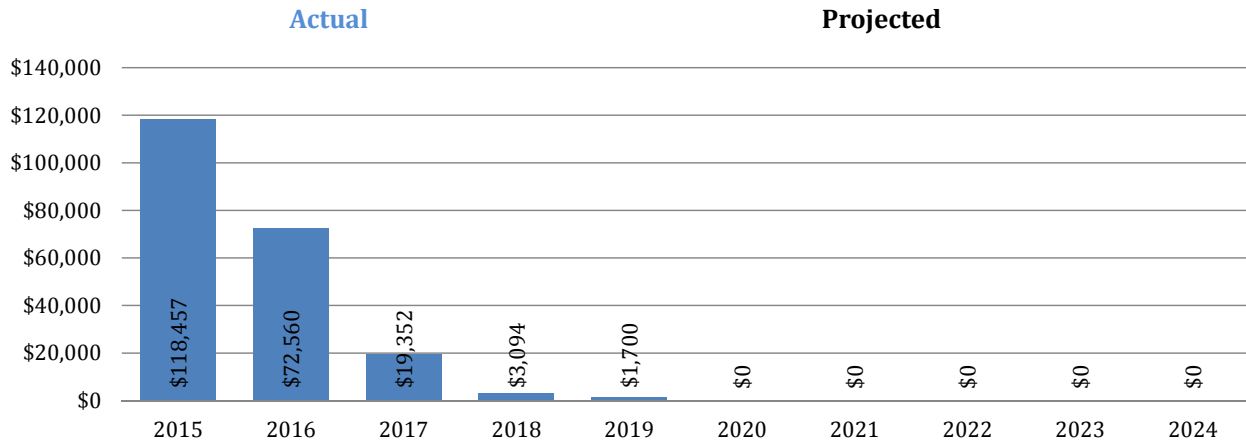


	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	3,115,734	3,169,700	3,224,711	3,280,787	3,337,950	3,396,223
YOY \$ Change	355,875	53,966	55,011	56,076	57,163	58,273
YOY % Change	12.9%	1.7%	1.7%	1.7%	1.7%	1.7%
Percentage of Total Budget	2.7%	2.6%	2.7%	2.6%	2.6%	2.5%

Classroom supplies, maintenance and custodial supplies, and fuel costs are the primary costs in this line item. Future expenses are anticipated to increase slightly each year in line with historical trends.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	1,700	-	-	-	-	-
YOY \$ Change	(1,394)	(1,700)	-	-	-	-
YOY % Change	-45.1%	-100.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Capital outlay expenses include items that has a useful life of 5 years or greater, including equipment, technology, school buses, etc. In a typical year, most of the capital outlay type of expenditures are made from the district's Permanent Improvement Fund, which is why there are no expenditures forecasted in this line into the future.

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

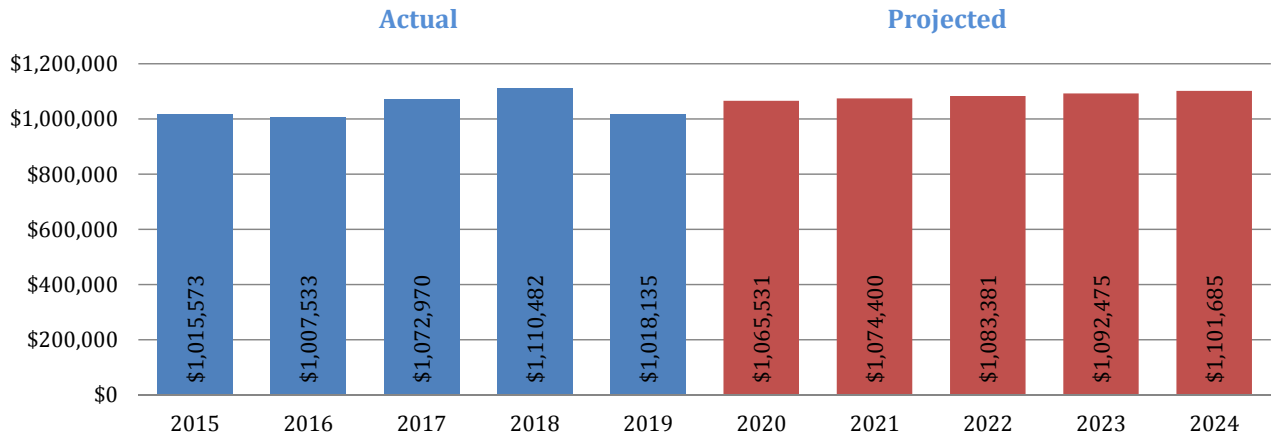
	Actual			Projected						
\$1										
\$1										
\$1										
\$1										
\$1										
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\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024

	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	-	-	-	-	-	-
YOY \$ Change	-	-	-	-	-	-
YOY % Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.

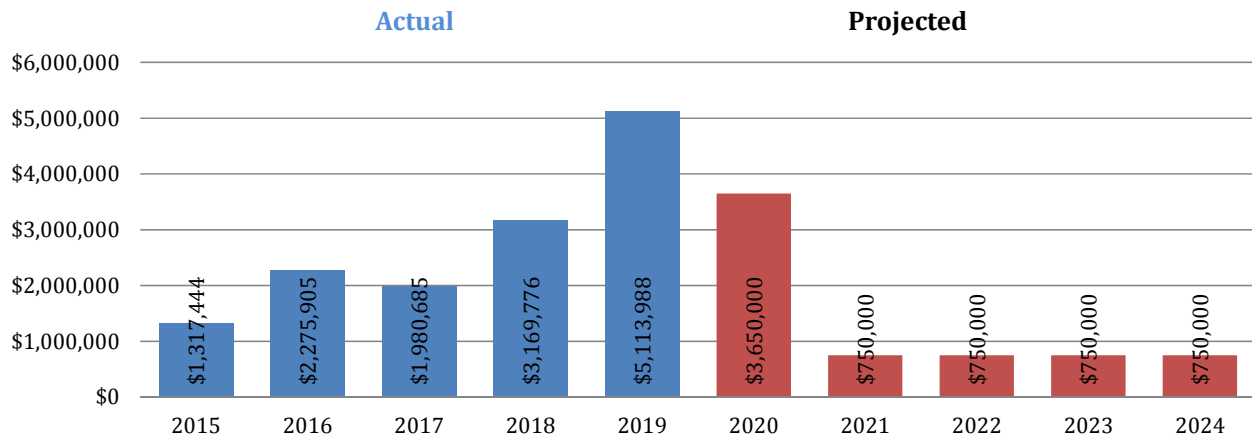


	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	1,018,135	1,065,531	1,074,400	1,083,381	1,092,475	1,101,685
YOY \$ Change	(92,347)	47,396	8,869	8,981	9,094	9,210
YOY % Change	-8.3%	4.7%	0.8%	0.8%	0.8%	0.8%
Percentage of Total Budget	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%

Other object expenditures consist of County Auditor collection fees, property/casualty insurance premiums, and bank/audit fees. FY'20 and beyond reflect marginal increases forecasted for each year.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2019	2020	2021	2022	2023	2024
Total	5,113,988	3,650,000	750,000	750,000	750,000	750,000
YOY \$ Change	1,944,212	(1,463,988)	(2,900,000)	-	-	-
YOY % Change	61.3%	-28.6%	-79.5%	0.0%	0.0%	0.0%
Percentage of Total Budget	4.4%	3.0%	0.6%	0.6%	0.6%	0.6%
Transfers Out	2,690,407	2,900,000	-	-	-	-
Advances Out	2,423,581	750,000	750,000	750,000	750,000	750,000

Transfers and advances are needed from time to time to cover any other funds that may have a cash need. These transfers and advances can vary from year to year and each one is approved by the Board of Education. In FY'19, the transfer out was to cover a balance from educating students from a local residential facility over the past several years. Previously, the funds had been advanced from the general fund to this special education fund annually, and then advanced back to the general fund at the end of the year. However, it became clear that the balance would not be decreasing over time, so the transfer was necessary to cover this. Also, the advance of \$1.7 million was due to timing of cash flows. This amount was advanced to the bond retirement fund to cover a bond anticipation note expense in January until the revenues would be received in April.

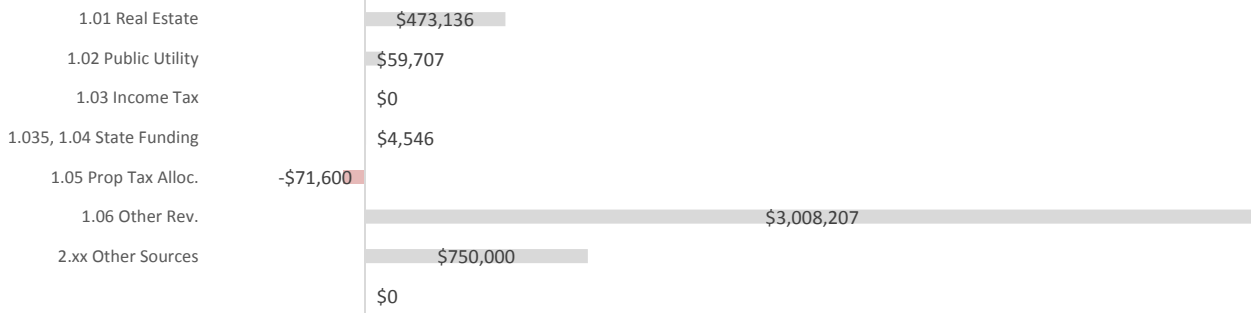
In FY'20, the district is anticipating receiving tax abatement revenues of approx. \$3 million that will be transferred to the permanent improvement (P/I) fund to address capital expenditure needs. Moving forward, a smaller amount of transfers/advances is anticipated in future years.

Mason City Schools

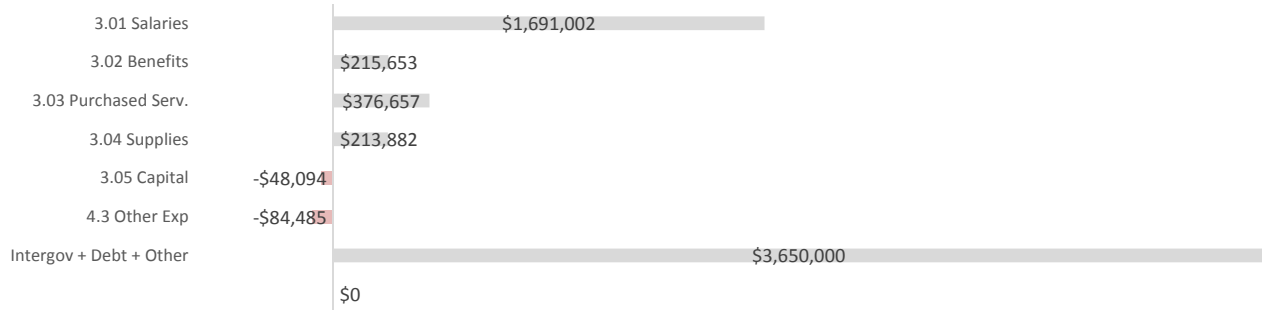
Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	52,518,887	55,084,543	56,307,944	57,096,690	57,821,587	58,430,286
1.020 - Public Utility Personal Property	2,914,147	3,092,551	3,244,127	3,406,333	3,576,650	3,755,482
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	35,425,524	35,438,491	35,435,891	35,433,291	35,430,691	35,428,091
1.040 - Restricted Grants-in-Aid	276,553	274,686	274,686	274,686	274,686	274,686
1.050 - Property Tax Allocation	8,107,646	7,031,447	6,797,413	6,898,235	6,990,051	7,065,620
1.060 - All Other Operating Revenues	4,059,755	6,524,850	3,524,850	3,424,850	3,324,850	3,224,850
1.070 - Total Revenue	103,302,512	107,446,568	105,584,911	106,534,085	107,418,515	108,179,015
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	4,869,776	750,000	750,000	750,000	750,000	750,000
2.060 - All Other Financing Sources	595,449	75,000	75,000	75,000	75,000	75,000
2.070 - Total Other Financing Sources	5,465,225	825,000	825,000	825,000	825,000	825,000
2.080 - Total Rev & Other Sources	108,767,737	108,271,568	106,409,911	107,359,085	108,243,515	109,004,015
Expenditures:						
3.010 - Personnel Services	66,555,358	71,772,547	72,577,668	75,829,215	78,898,843	81,918,980
3.020 - Employee Benefits	27,075,586	28,791,535	29,740,241	31,093,425	32,454,883	33,849,609
3.030 - Purchased Services	12,764,793	13,081,572	13,283,089	13,594,868	13,917,313	14,250,844
3.040 - Supplies and Materials	3,115,734	3,169,700	3,224,711	3,280,787	3,337,950	3,396,223
3.050 - Capital Outlay	1,700	-	-	-	-	-
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	1,018,135	1,065,531	1,074,400	1,083,381	1,092,475	1,101,685
4.500 - Total Expenditures	110,531,306	117,880,885	119,900,109	124,881,676	129,701,464	134,517,341
Other Financing Uses						
5.010 - Operating Transfers-Out	2,690,407	2,900,000	-	-	-	-
5.020 - Advances-Out	2,423,581	750,000	750,000	750,000	750,000	750,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	5,113,988	3,650,000	750,000	750,000	750,000	750,000
5.050 - Total Exp and Other Financing Uses	115,645,294	121,530,885	120,650,109	125,631,676	130,451,464	135,267,341
6.010 - Excess of Rev Over/(Under) Exp	(6,877,557)	(13,259,317)	(14,240,198)	(18,272,591)	(22,207,949)	(26,263,326)
7.010 - Cash Balance July 1 (No Levies)	40,038,882	33,161,325	19,902,008	5,661,810	(12,610,781)	(34,818,730)
7.020 - Cash Balance June 30 (No Levies)	33,161,325	19,902,008	5,661,810	(12,610,781)	(34,818,730)	(61,082,055)
		Reservations				
8.010 - Estimated Encumbrances June 30	700,114	600,000	600,000	600,000	600,000	600,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	32,461,211	19,302,008	5,061,810	(13,210,781)	(35,418,730)	(61,682,055)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	32,461,211	19,302,008	5,061,810	(13,210,781)	(35,418,730)	(61,682,055)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	32,461,211	19,302,008	5,061,810	(13,210,781)	(35,418,730)	(61,682,055)

FY 2020 Current Revenue Forecast Compared to Prior



FY 2020 Current Expenditure Forecast Compared to Prior



Summary Analysis of Current Compared to Last Filed Forecast

Previous Filed Forecast: 05/29/2019	FY 2020 Impact
Net FY 2020 Revenue Variance	\$4,223,996
Net FY 2020 Expenditure Variance	\$6,014,615
Net FY 2020 Impact on Ending Cash Balance	-\$1,790,619 Unfavorable
Percentage of Budget	-1.47%

When comparing the FY'20 numbers from the current forecast to the same numbers in the May, 2019 forecast, there are a few variances. These variances, both the dollar change and the corresponding percentage change, can be seen above. As can be seen, the total net FY'20 variance between the current forecast and the May forecast is approx. -\$1.78 million (-1.46%) unfavorable.

Revenue Changes:

Total revenue projections are higher/favorable when compared to the May forecast by \$4.2 million (4.1%). There are two main causes for this. Real estate and PUPP (Public Utility Personal Property) taxes are forecasted higher by \$473K (0.8%), and other revenues are forecast higher by \$3 million due to anticipated tax abatement revenues being received into the general fund in FY'20 only.

Expenditure Changes:

Operating expense projections are higher/unfavorable when compared to the May forecast by \$2.4 million (2.0%). The primary driver of this is an increase in estimated salary and benefit expenses due FY'20 having 27 pay periods instead of the normal 26 pay periods in it. This is a one-time change that impacts only FY'20 and not future years. The primary other cause of the change in operating expenditures is an increase in anticipated purchased services due to increases in special education placement costs. When looking at total expenditures, there is also a change in other financing uses. Anticipated transfers are up \$3.65 million, and the main cause is to transfer the tax abatement revenues referenced above over to the district's permanent improvement fund to address capital expenditure needs.