

**FREDERICKTOWN LOCAL SCHOOL DISTRICT  
KNOX COUNTY, OHIO**

**Five-Year Forecast Financial Report  
May, 2021**

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Every day, everyone learning and adapting to excel in a changing world.

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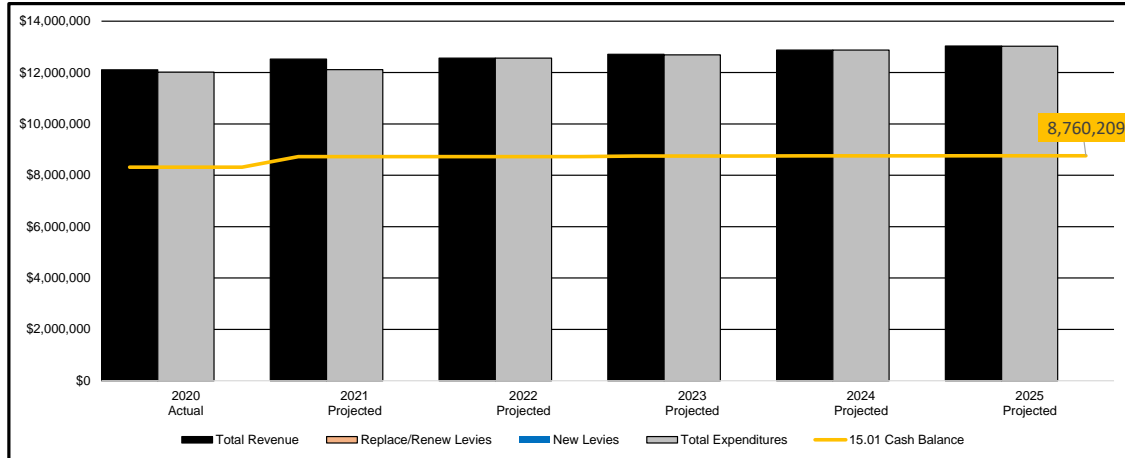
### **Forecast Purpose/Objectives**

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.

**Forecast Summary**



Note: Cash balance includes any existing levy modeled as renewed during the forecast  
Cash balance is not reduced for encumbrances

**Financial Forecast**

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	8,315,733	8,726,929	8,727,644	8,752,897	8,758,155
+ Revenue	12,526,954	12,565,952	12,710,922	12,878,688	13,031,234
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(12,115,757)	(12,565,238)	(12,685,669)	(12,873,430)	(13,029,180)
= Revenue Surplus or Deficit	411,197	715	25,252	5,258	2,054
Ending Balance with renewal levies	8,726,929	8,727,644	8,752,897	8,758,155	8,760,209
Note: Not Reduced for Encumbrances					

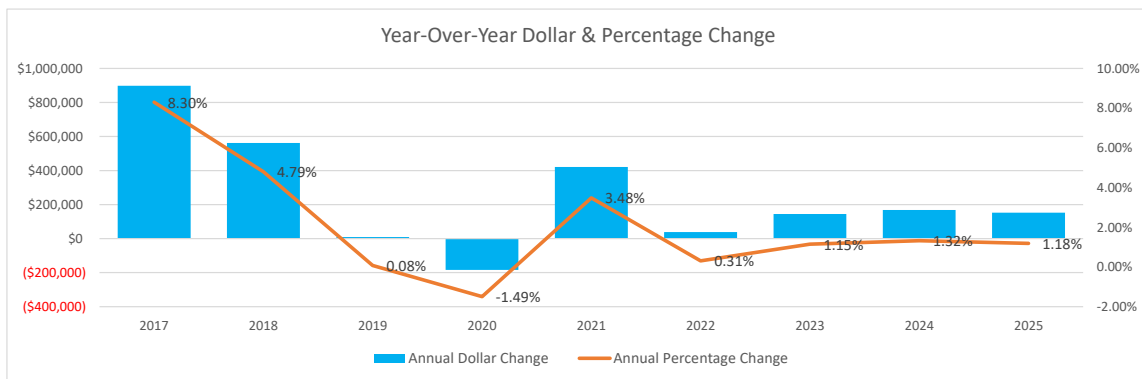
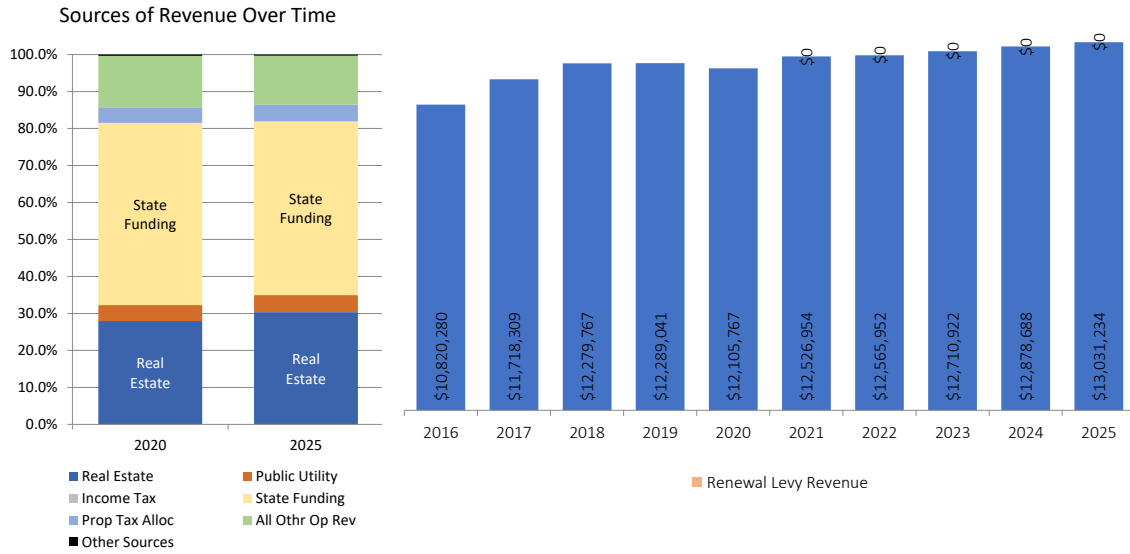
**Analysis Without Renewal Levies Included:**

Revenue Surplus or Deficit w/o Levies	411,197	715	25,252	5,258	2,054
Ending Balance w/o Levies	8,726,929	8,727,644	8,752,897	8,758,155	8,760,209

In FY 2021 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$411,197 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue surplus where expenditures are projected to be less than revenue by -\$2,054. The district would need to cut its FY 2025 projected expenses by -0.02% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2021 and is projected to improve by FY 2025. A worsening cash balance can erode the district's financial stability over time.

## Revenue Overview



### Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$4,962	\$114,580	\$109,619	Total revenue increased 1.13% or \$129,153 annually during the past five years and is projected to increase 1.49% or \$185,094 annually through FY2025. Real Estate has the most projected average annual variance compared to the historical average at \$109,619
Public Utility	\$55,942	\$16,172	(\$39,770)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$9,864)	\$31,620	\$41,484	
Prop Tax Allocation	(\$12,269)	\$15,038	\$27,306	
All Othr Op Rev	\$76,254	\$8,983	(\$67,270)	
Other Sources	\$14,128	(\$1,300)	(\$15,428)	
<b>Total Average Annual Change</b>	<b>\$129,153</b> 1.13%	<b>\$185,094</b> 1.49%	<b>\$55,941</b> 0.36%	

Note: Expenditure average annual change is projected to be > \$203,159. On an annual average basis, expenditures are projected to grow faster than revenue.

## Revenue Notes

### REAL ESTATE REVENUE

Real estate property tax revenue accounts for 27.93% of total revenue. Class I or residential/agricultural taxes make up approximately 88.73% of the real estate property tax revenue. The Class I tax rate is 23.65 mills in tax year 2020. The projections reflect an average gross collection rate of 99.5% annually through tax year 2024. The revenue changed at an average annual historical rate of 0.15% and is projected to change at an average annual rate of 3.22% through FY 2025.

### PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 4.32% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 41.35 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$55,942 and is projected to change at an average annual dollar amount of \$16,172 through FY 2025.

### INCOME TAX REVENUE

The district does not have an income tax levy.

### UNRESTRICTED STATE AID REVENUE

The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2021. In addition to its FY 2021 base funding amount of \$5,926,971 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$98,347. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed change. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 0.35% Note: Wellness funding is not included in these calculations.

### RESTRICTED STATE AID REVENUE

Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$4,226 and is projected to change annually on average by \$705. Restricted funds represent 0.50% of total revenue.

### PROPERTY TAX ALLOCATION REVENUE

Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, approximately 11.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.9% will be reimbursed in the form of qualifying homestead exemption credits.

### OTHER REVENUE

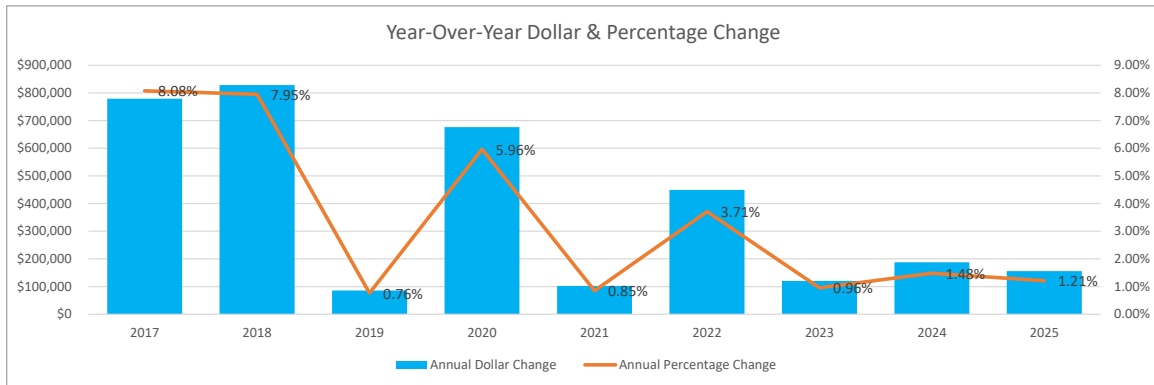
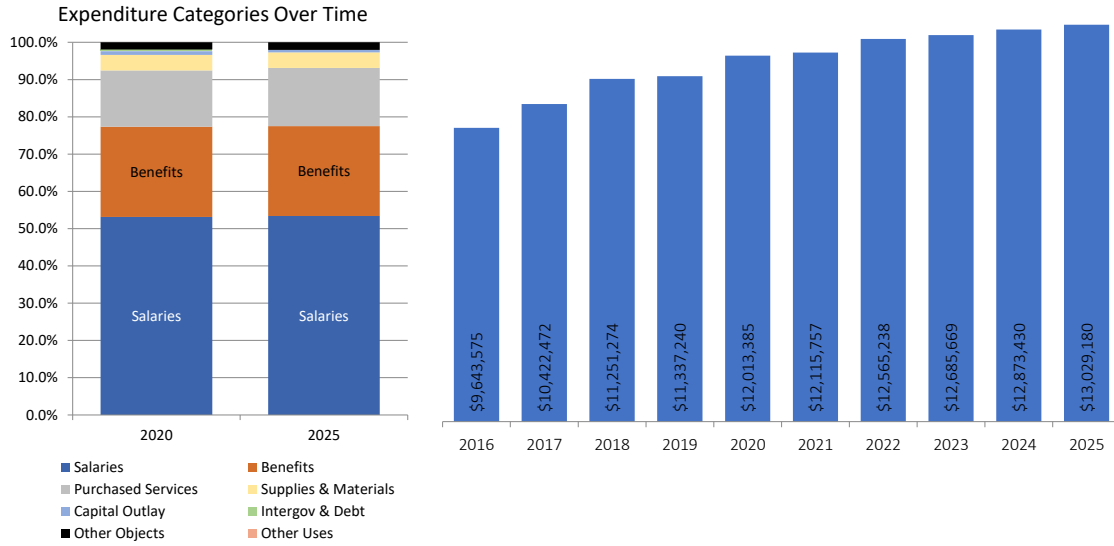
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$76,254. The projected average annual change is \$8,983 through FY 2025.

### OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2021. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$35,884 in FY 2021 and average \$35,884 annually through FY 2025.

### ADDITIONAL REVENUE NOTES

## Expenditure Overview



### Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	\$325,370	\$115,019	(\$210,351)	Total expenditures increased 4.89% or \$530,304 annually during the past five years and is projected to increase 1.69% or \$203,159 annually through FY2025. Salaries has the largest projected average annual variance compared to the historical average at -\$210,351.
Benefits	\$167,010	\$46,322	(\$120,688)	
Purchased Services	\$28,611	\$44,306	\$15,695	
Supplies & Materials	\$13,443	\$7,975	(\$5,468)	
Capital Outlay	(\$16,385)	(\$6,648)	\$9,737	
Intergov & Debt	\$0	(\$10,911)	(\$10,911)	
Other Objects	\$12,255	\$7,095	(\$5,160)	
Other Uses	\$0	\$0	\$0	
<b>Total Average Annual Change</b>	<b>\$530,304</b>	<b>\$203,159</b>	<b>(\$327,145)</b>	
	4.89%	1.69%	-3.20%	

Note: Expenditure average annual change is projected to be > \$203,159 On an annual average basis, revenues are projected to grow slower than expenditures.

## Expenditure Notes

### **SALARY EXPENSE**

Salaries represent 53.14% of total expenditures and increased at a historical average annual rate of 5.75% or \$325,370. This category of expenditure is projected to grow at an average annual rate of 1.75% or \$115,019 through FY 2025. The projected average annual rate of change is -4.00% less than the five year historical annual average.

### **BENEFIT EXPENSE**

Benefits represent 24.23% of total expenditures and increased at a historical average annual rate of 7.01% This category of expenditure is projected to grow at an annual average rate of 1.67% through FY 2025. The projected average annual rate of change is -5.34% less than the five year historical annual average.

### **PURCHASED SERVICES EXPENSE**

Purchased Services represent 15.07% of total expenditures and increased at a historical average annual rate of 1.95%. This category of expenditure is projected to grow at an annual average rate of 2.38% through FY 2025. The projected average annual rate of change is 0.43% more than the five year historical annual average.

### **SUPPLIES & MATERIALS EXPENSE**

Supplies & Materials represent 4.17% of total expenditures and increased at a historical average annual rate of 5.72%. This category of expenditure is projected to grow at an annual average rate of 1.89% through FY 2025. The projected average annual rate of change is -3.83% less than the five year historical annual average.

### **CAPITAL OUTLAY EXPENSE**

Capital Outlay represent 1.01% of total expenditures and decreased at a historical average annual amount of -\$16,385. This category of expenditure is projected to

### **INTERGOVERNMENTAL & DEBT EXPENSE**

The intergovernmental/Debt expenditure category details general fund debt issued by the District.

### **OTHER OBJECTS EXPENSE**

Other Objects represent 1.92% of total expenditures and increased at a historical average annual rate of 5.97%. This category of expenditure is projected to grow at an annual average rate of 2.99% through FY 2025. The projected average annual rate of change is -2.98% less than the five year historical annual average.

### **OTHER USES EXPENSES**

Other Uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2020 the district had no advances-out and has no advances-out forecasted through FY 2025. The district can also move general funds permanently to other funds, the district has no transfers forecasted through FY 2025. The district can also have other uses of funds.

### **ADDITIONAL EXPENDITURE NOTES**

**Fredericktown Local School District**  
Five Year Forecast

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Fiscal Year:	Actual			FORECASTED				
	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue:</b>								
1.010 - General Property Tax (Real Estate)	3,396,909	3,369,429	3,381,571	3,676,340	3,650,737	3,752,840	3,862,762	3,954,473
1.020 - Public Utility Personal Property	382,991	444,203	522,690	555,504	567,909	581,268	592,421	603,551
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	6,195,485	6,113,078	5,902,958	5,972,979	6,055,321	6,055,381	6,055,108	6,057,531
1.040 - Restricted Grants-in-Aid	100,043	64,109	60,342	63,368	63,868	63,868	63,868	63,868
1.050 - Property Tax Allocation	545,098	540,687	513,378	559,840	554,324	554,540	571,691	588,567
1.060 - All Other Operating Revenues	1,659,241	1,757,534	1,682,444	1,663,039	1,637,909	1,667,141	1,696,954	1,727,360
<b>1.070 - Total Revenue</b>	<b>12,279,767</b>	<b>12,289,041</b>	<b>12,063,382</b>	<b>12,491,070</b>	<b>12,530,068</b>	<b>12,675,038</b>	<b>12,842,804</b>	<b>12,995,350</b>
<b>Other Financing Sources:</b>								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-	-	-
2.060 - All Other Financing Sources	-	-	42,384	35,884	35,884	35,884	35,884	35,884
<b>2.070 - Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>42,384</b>	<b>35,884</b>	<b>35,884</b>	<b>35,884</b>	<b>35,884</b>	<b>35,884</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>12,279,767</b>	<b>12,289,041</b>	<b>12,105,767</b>	<b>12,526,954</b>	<b>12,565,952</b>	<b>12,710,922</b>	<b>12,878,688</b>	<b>13,031,234</b>
<b>Expenditures:</b>								
3.010 - Personnel Services	5,971,600	6,272,865	6,383,742	6,395,219	6,633,834	6,759,150	6,858,215	6,958,837
3.020 - Employee Benefits	2,673,670	2,485,265	2,911,171	2,817,941	3,019,236	2,890,729	3,111,129	3,142,784
3.030 - Purchased Services	1,933,914	1,790,384	1,810,270	1,958,667	1,987,504	1,996,240	2,013,907	2,031,803
3.040 - Supplies and Materials	336,090	413,182	501,103	450,205	524,356	529,825	535,366	540,980
3.050 - Capital Outlay	74,287	96,251	121,438	208,196	88,196	188,196	88,196	88,196
Intergovernmental & Debt Service	54,555	54,555	54,555	54,554	54,554	54,554	-	-
4.300 - Other Objects	207,158	224,740	231,106	230,975	257,559	266,975	266,617	266,581
<b>4.500 - Total Expenditures</b>	<b>11,251,274</b>	<b>11,337,240</b>	<b>12,013,385</b>	<b>12,115,757</b>	<b>12,565,238</b>	<b>12,685,669</b>	<b>12,873,430</b>	<b>13,029,180</b>
<b>Other Financing Uses</b>								
5.010 - Operating Transfers-Out	-	-	-	-	-	-	-	-
5.020 - Advances-Out	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>11,251,274</b>	<b>11,337,240</b>	<b>12,013,385</b>	<b>12,115,757</b>	<b>12,565,238</b>	<b>12,685,669</b>	<b>12,873,430</b>	<b>13,029,180</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>1,028,492</b>	<b>951,801</b>	<b>92,381</b>	<b>411,197</b>	<b>715</b>	<b>25,252</b>	<b>5,258</b>	<b>2,054</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>6,243,058</b>	<b>7,271,550</b>	<b>8,223,351</b>	<b>8,315,733</b>	<b>8,726,929</b>	<b>8,727,644</b>	<b>8,752,897</b>	<b>8,758,155</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>7,271,550</b>	<b>8,223,351</b>	<b>8,315,733</b>	<b>8,726,929</b>	<b>8,727,644</b>	<b>8,752,897</b>	<b>8,758,155</b>	<b>8,760,209</b>
				<b>Reservations</b>				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>7,271,550</b>	<b>8,223,351</b>	<b>8,315,733</b>	<b>8,726,929</b>	<b>8,727,644</b>	<b>8,752,897</b>	<b>8,758,155</b>	<b>8,760,209</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>7,271,550</b>	<b>8,223,351</b>	<b>8,315,733</b>	<b>8,726,929</b>	<b>8,727,644</b>	<b>8,752,897</b>	<b>8,758,155</b>	<b>8,760,209</b>
<b>Revenue from New Levies</b>								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>7,271,550</b>	<b>8,223,351</b>	<b>8,315,733</b>	<b>8,726,929</b>	<b>8,727,644</b>	<b>8,752,897</b>	<b>8,758,155</b>	<b>8,760,209</b>