

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

**Five-Year Forecast
Financial Report
May, 2020**

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

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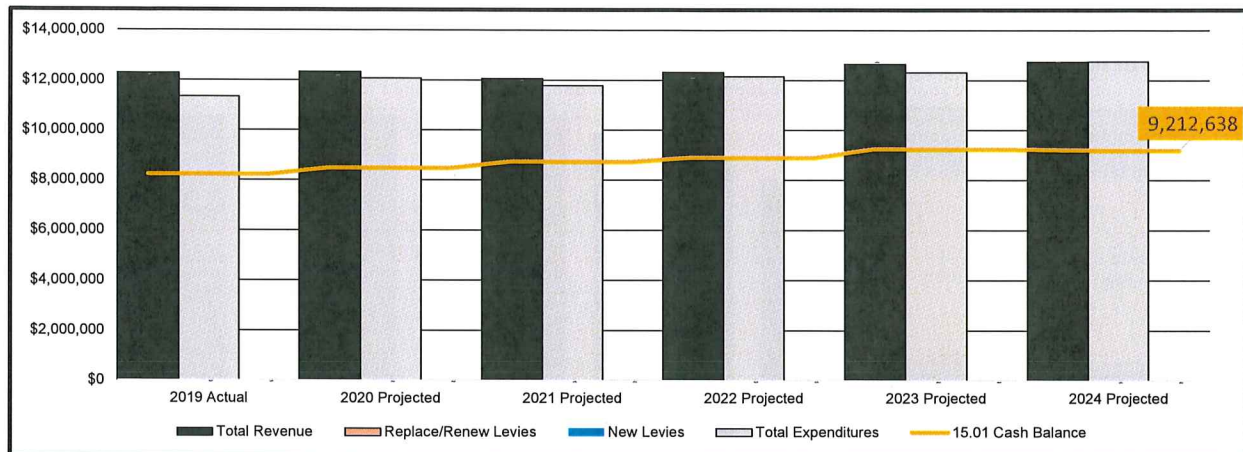
Forecast Purpose/Objectives

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 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	8,223,351	8,476,678	8,745,038	8,904,619	9,241,906
+ Revenue	12,331,558	12,067,418	12,319,353	12,655,542	12,738,245
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(12,078,231)	(11,799,058)	(12,159,772)	(12,318,255)	(12,767,513)
= Revenue Surplus or Deficit	253,327	268,360	159,581	337,287	(29,268)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	8,476,678	8,745,038	8,904,619	9,241,906	9,212,638

Analysis Without Renewal Levies Included:

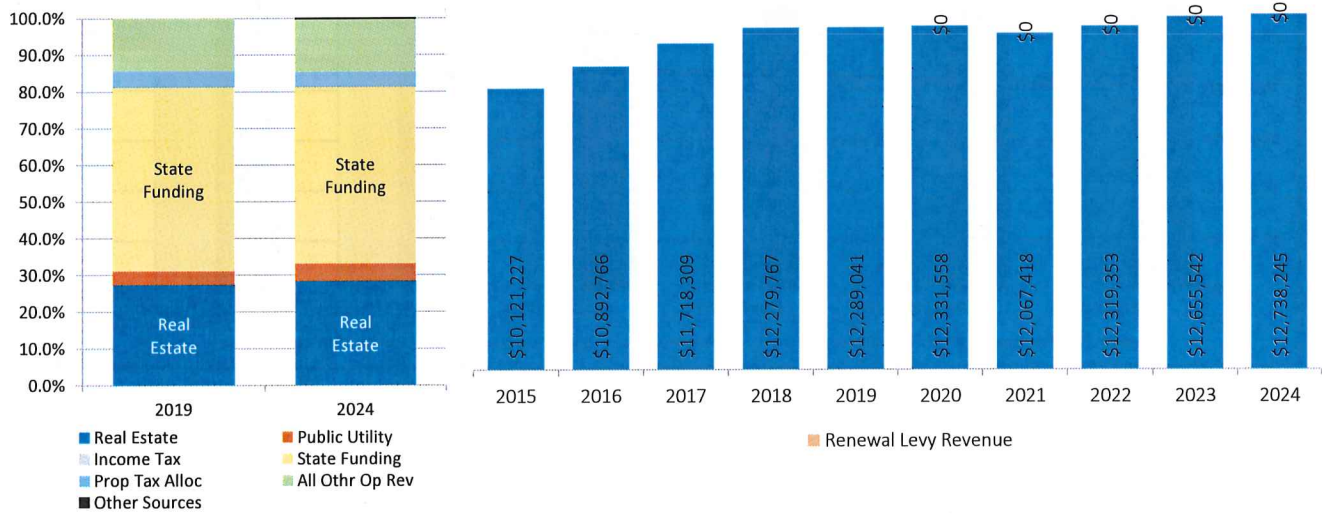
Revenue Surplus or Deficit w/o Levies	253,327	268,360	159,581	337,287	(29,268)
Ending Balance w/o Levies	8,476,678	8,745,038	8,904,619	9,241,906	9,212,638

In FY 2020 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$253,327 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$29,268. The district would need to cut its FY 2024 projected expenses by 0.23% in order to balance its budget without additional revenue.

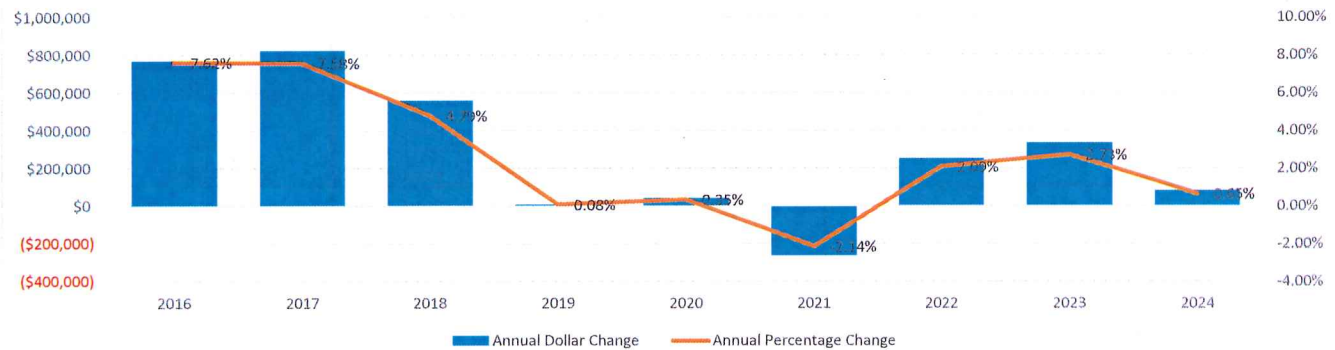
The district's cash balance is positive at year-end in FY 2020 and is projected to improve by FY 2024. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



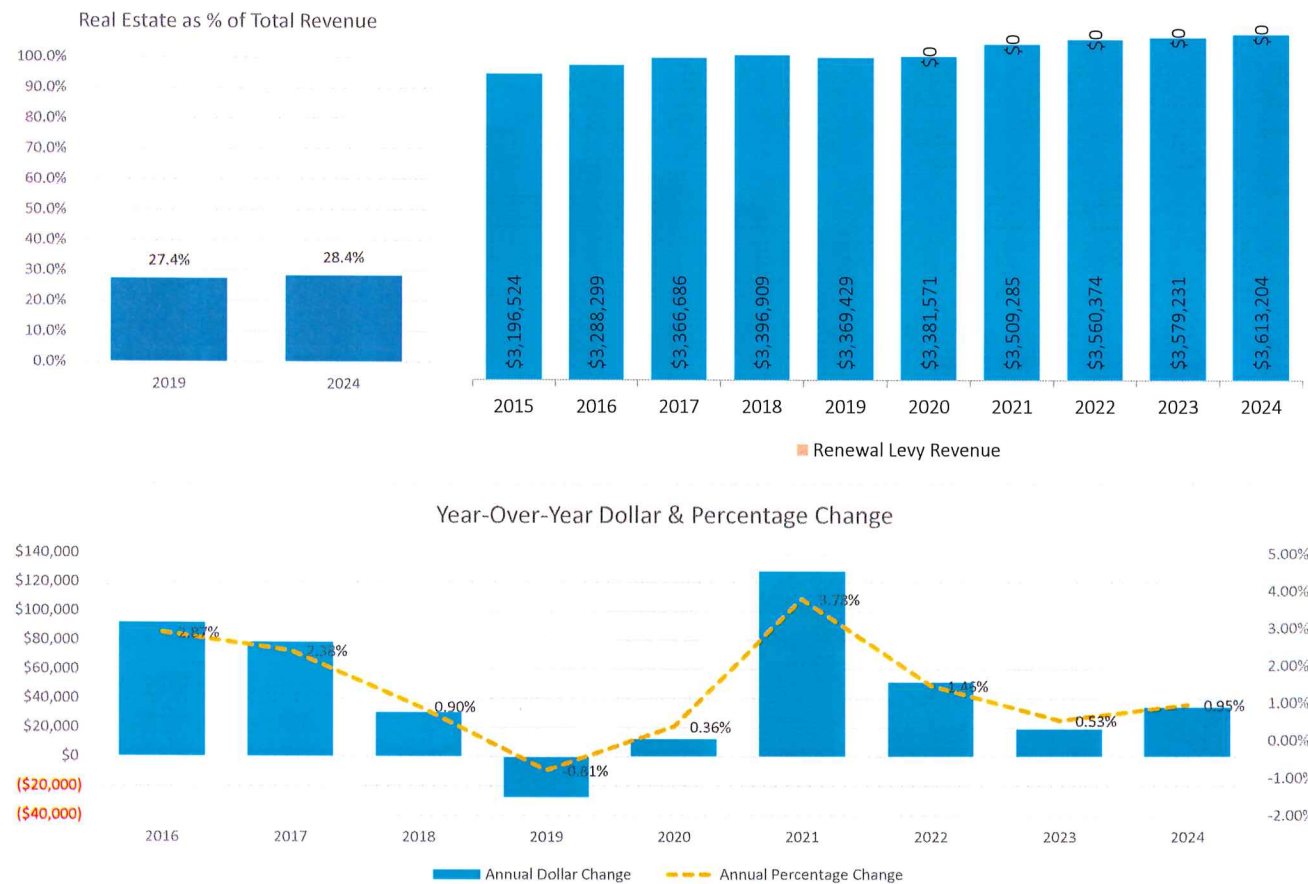
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 4.15% or \$465,425 annually during the past five years and is projected to increase 0.73% or \$89,841 annually through FY2024. State Funding has the most projected average annual variance compared to the historical average at -\$223,514
Real Estate	\$27,043	\$48,755	\$21,712	
Public Utility	\$47,800	\$32,190	(\$15,610)	
Income Tax	\$0	\$0	\$0	
State Funding	\$214,767	(\$8,747)	(\$223,514)	
Prop Tax Alloc	(\$8,557)	(\$579)	\$7,978	
All Othr Op Rev	\$184,372	\$9,745	(\$174,628)	
Other Sources	\$0	\$8,477	\$8,477	
Total Average Annual Change	\$465,425	\$89,841	(\$375,585)	
	4.15%	0.73%	-3.41%	

Note: Expenditure average annual change is projected to be > \$286,055 On an annual average basis, expenditures are projected to grow faster than revenue.

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).



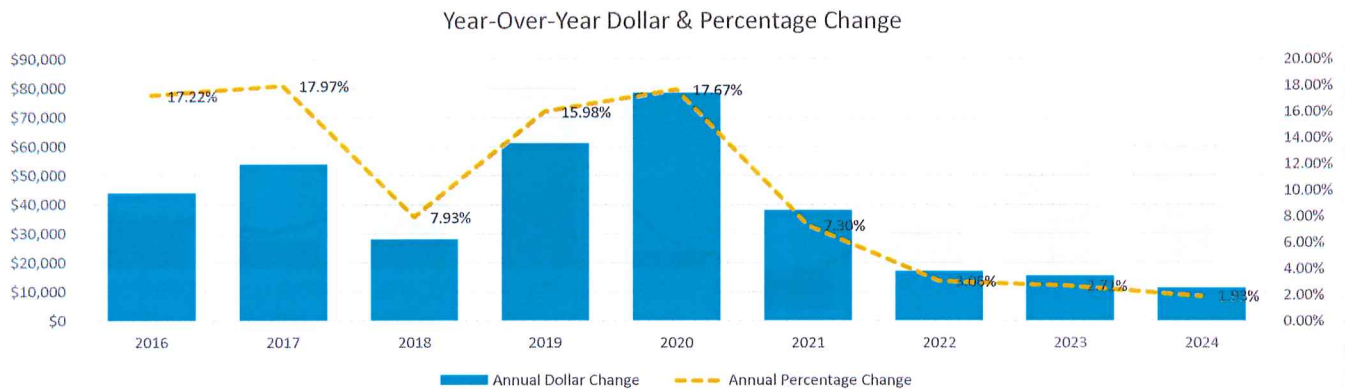
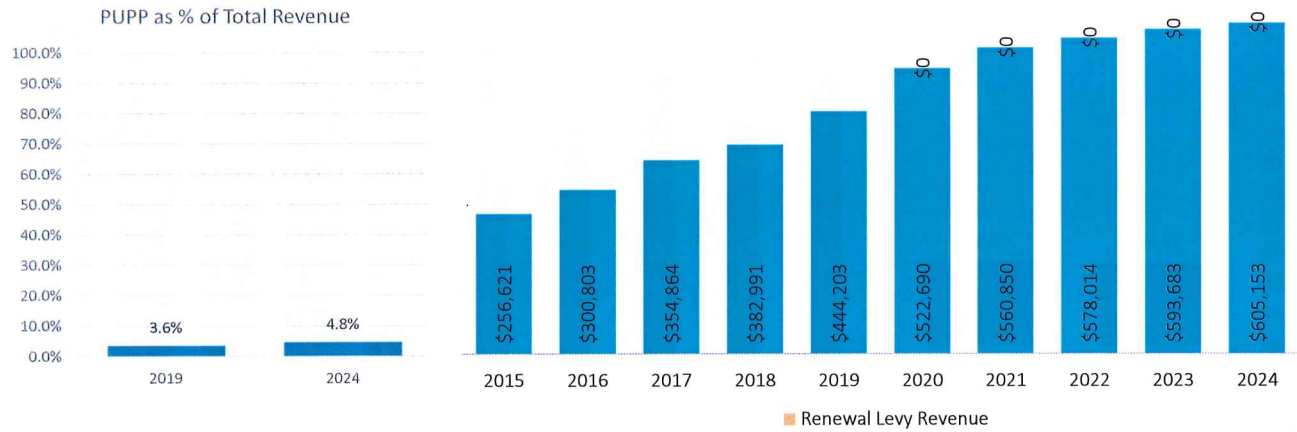
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	162,246,040	1,381,430	23.90	-	27.00	-	99.7%
2019	162,598,550	352,510	23.90	0.00	28.90	1.90	98.1%
2020	167,284,923	4,686,373	24.02	0.12	28.61	(0.29)	99.6%
2021	168,176,651	891,728	24.06	0.04	28.68	0.07	99.6%
2022	168,911,854	735,203	24.06	(0.01)	28.70	0.02	99.6%
2023	171,771,854	2,860,000	24.00	(0.05)	28.44	(0.26)	99.6%

Real estate property tax revenue accounts for 27.42% of total revenue. Class I or residential/agricultural taxes make up approximately 88.12% of the real estate property tax revenue. The Class I tax rate is 23.9 mills in tax year 2019. The projections reflect an average gross collection rate of 99.3% annually through tax year 2023. The revenue changed at an average annual historical rate of 0.82% and is projected to change at an average annual rate of 1.41% through FY 2024.

**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

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



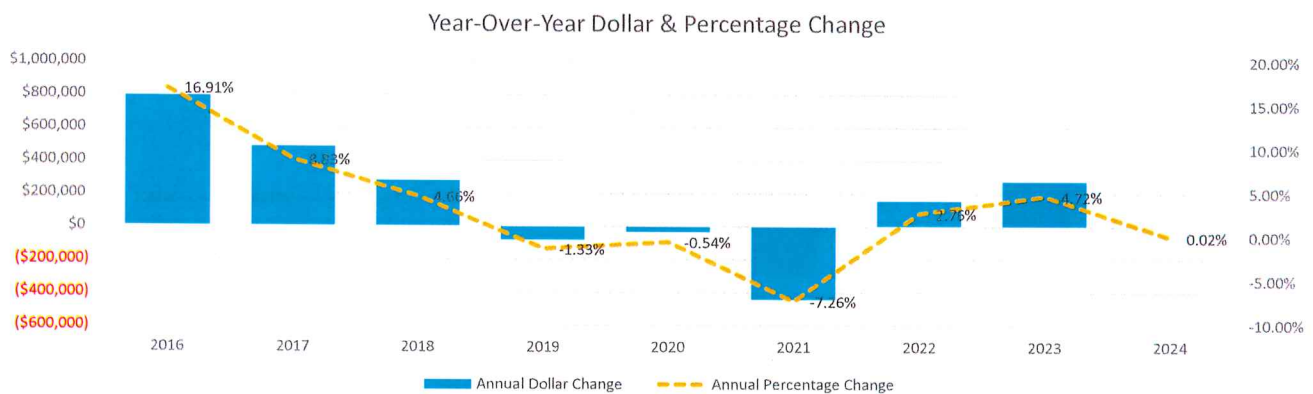
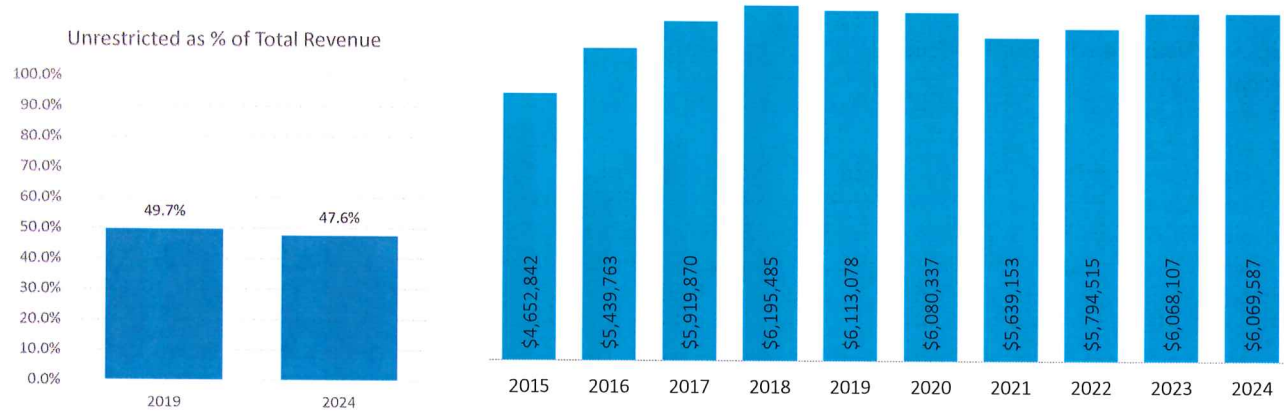
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	11,902,770	2,455,840	41.59	(0.05)	100.0%
2019	13,232,450	1,329,680	41.59	-	100.0%
2020	13,634,695	402,245	41.72	0.13	100.0%
2021	14,053,030	418,335	41.76	0.04	100.0%
2022	14,373,030	320,000	41.76	(0.01)	100.0%
2023	14,623,030	250,000	41.70	(0.05)	100.0%

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 3.61% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 41.59 mills. The forecast is modeling an average gross collection rate of 100.02%. The revenue changed historically at an average annual dollar amount of \$47,800 and is projected to change at an average annual dollar amount of \$32,190 through FY 2024.

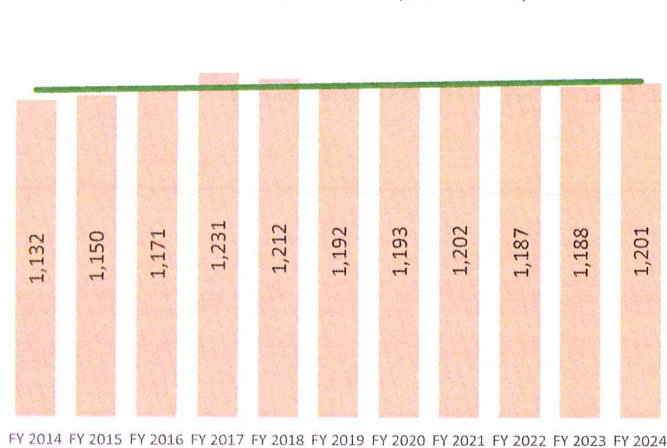
*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



District Educated ADM (Enrollment)

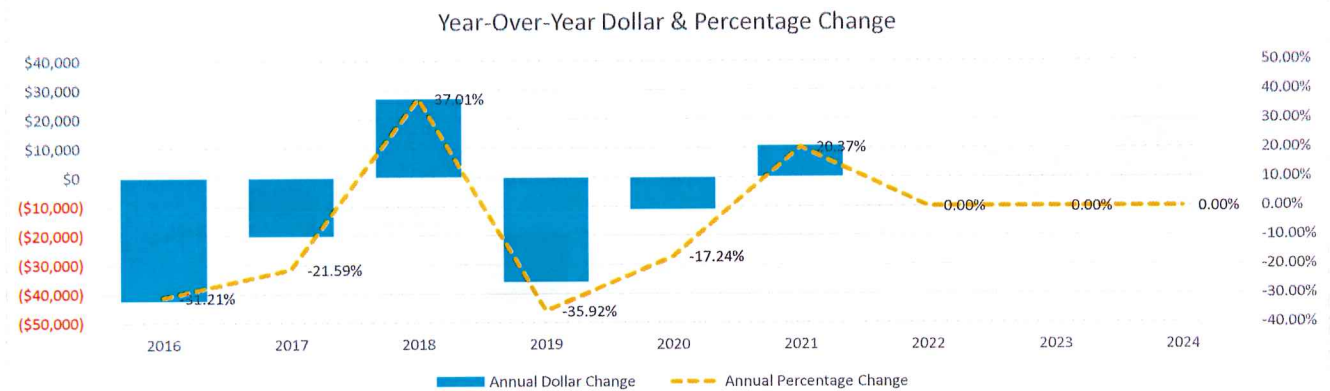
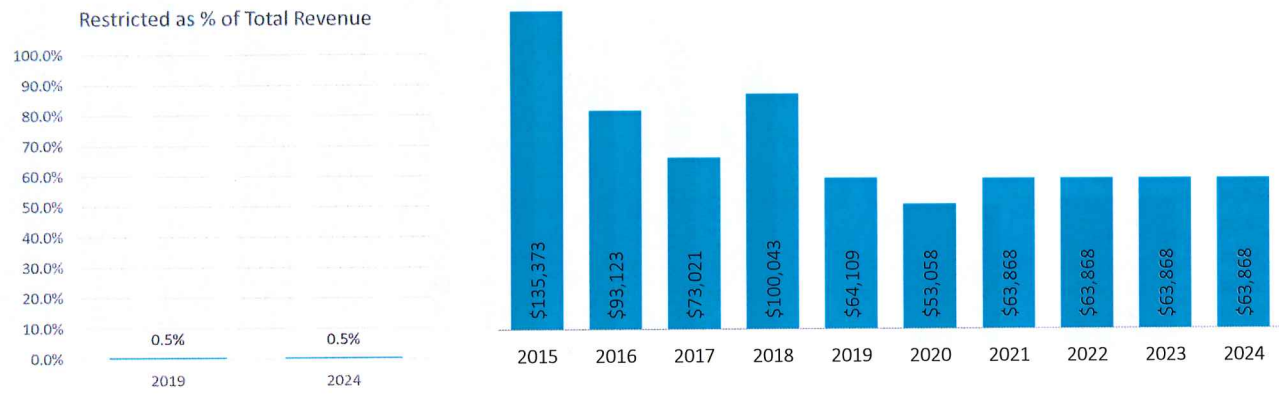


The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2020 base funding amount of \$5,900,00 the district is projected to receive FY 2020 categorical funding of \$134,117. Wellness dollars included in this amount are recorded in a special revenue fund and not included in this forecast. The district has the option to move some expenditures from the general fund to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 2.5%

The district will receive a \$212,000 decrease in state aid for FY20 and a projected decrease of \$500,000 for FY21 due to COVID-19. It is projected that the district will return to normal funding in FY22 with a minimal increase in FY22 and FY23.

1.040 & 1.045 - Restricted Grants-in-Aid

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

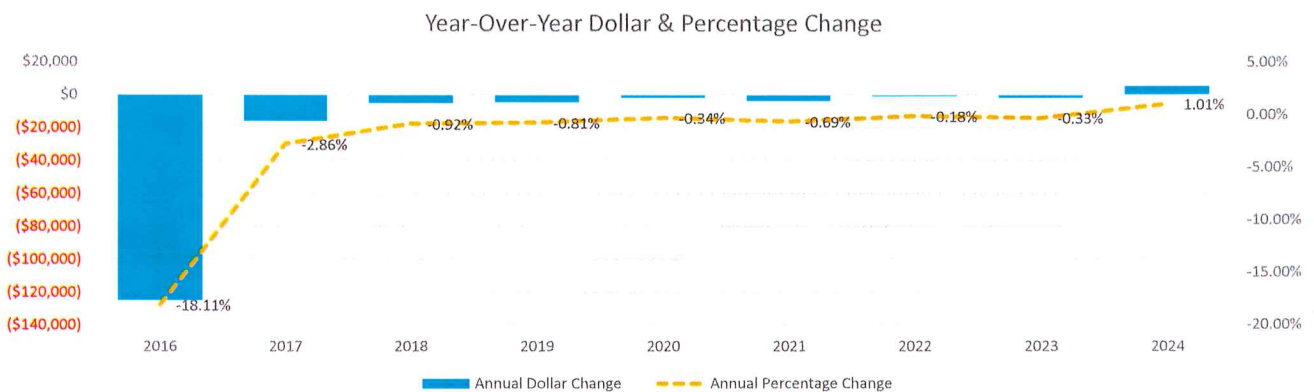
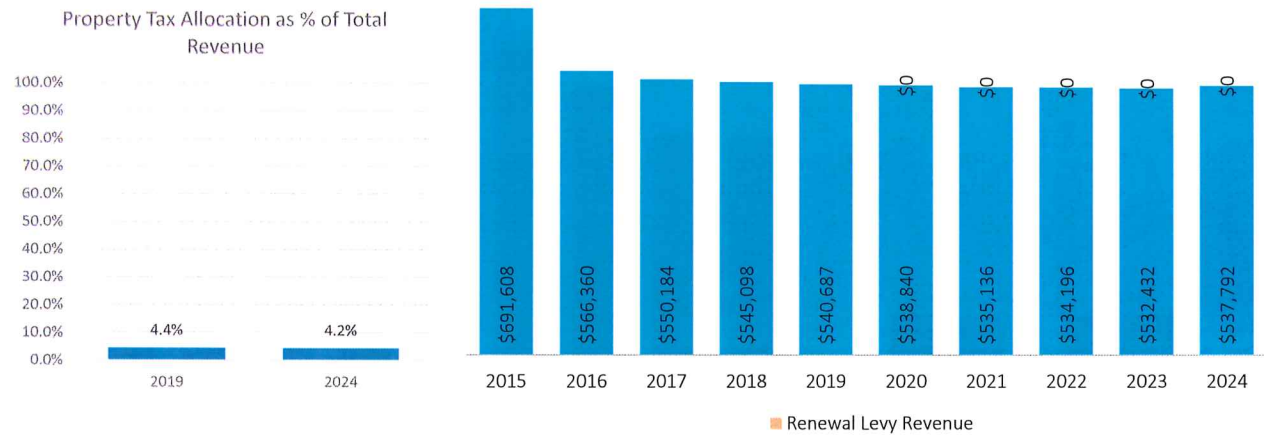


Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$9,671 and is projected to change annually on average by -\$48. Restricted funds represent 0.52% of total revenue.

Restricted aid is career tech and economic disadvantage fund.

1.050 - Property Tax Allocation

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

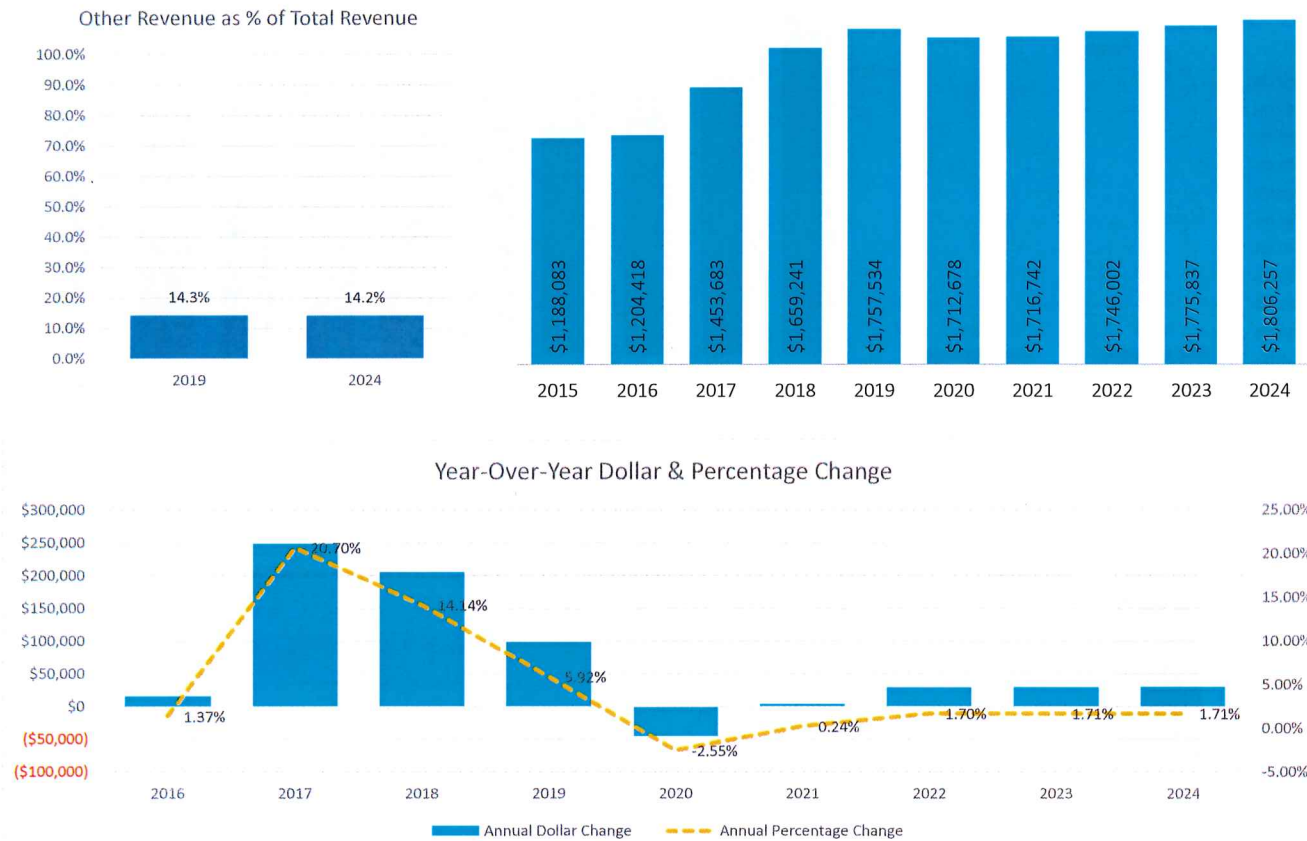


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 11.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.0% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

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

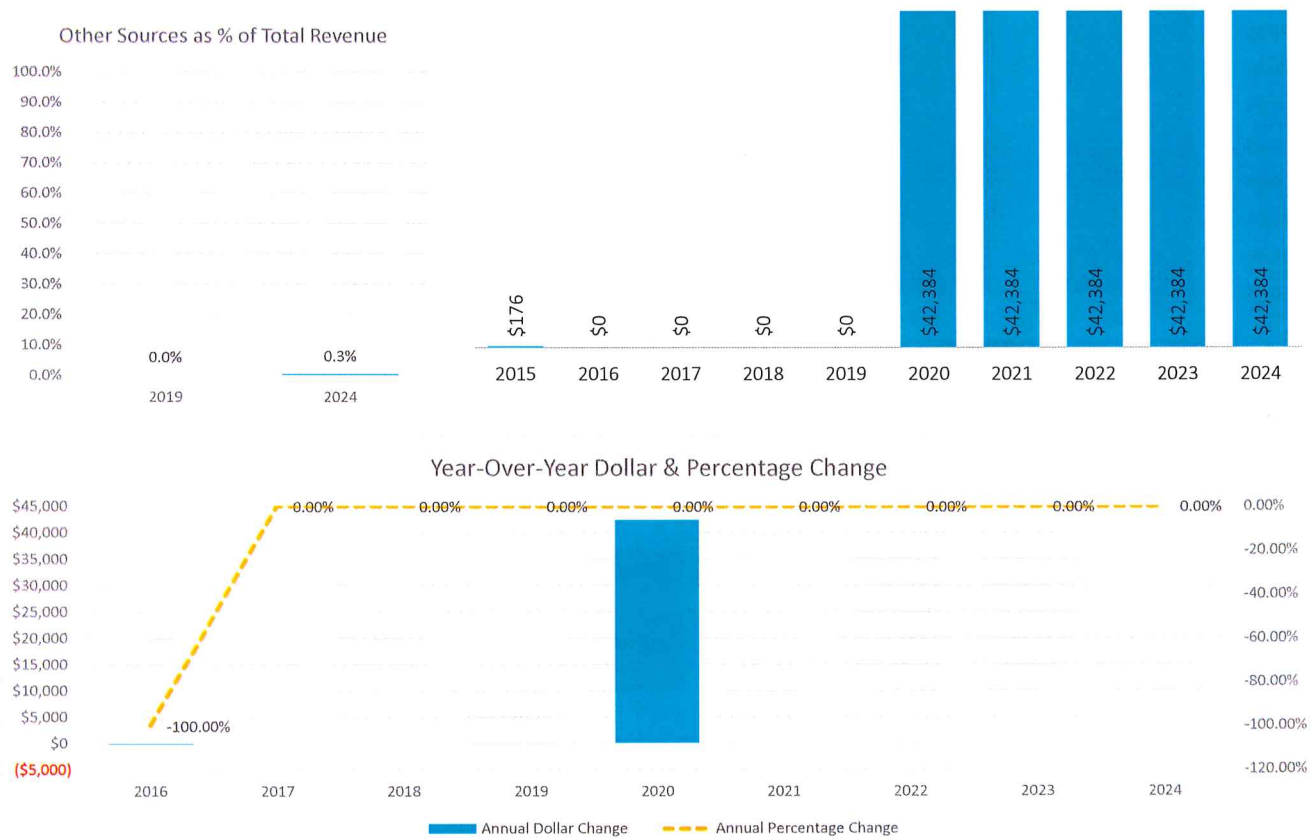


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$184,372. The projected average annual change is \$9,745 through FY 2024.

It is projected that investment income will decrease in FY21 due to COVID-19. Starting in FY22 it is projected that investment income will gradually increase.

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.



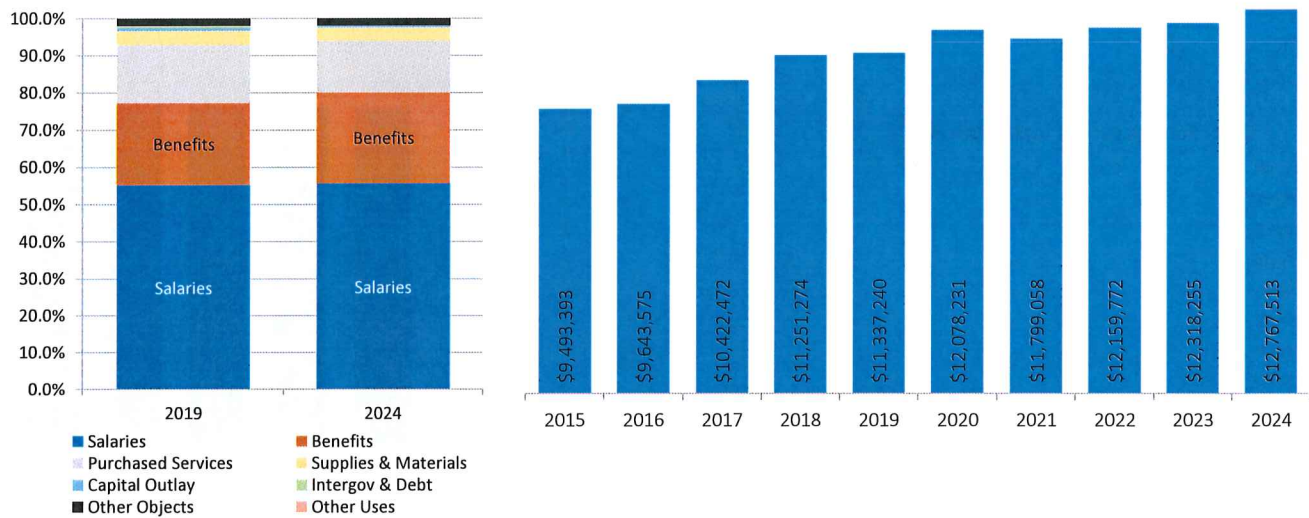
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	-	42,384	42,384	42,384	42,384	42,384

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 2019 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2020. The district is projecting that all other financing sources will be \$42,384 in FY 2020 and average \$42,384 annually through FY 2024.

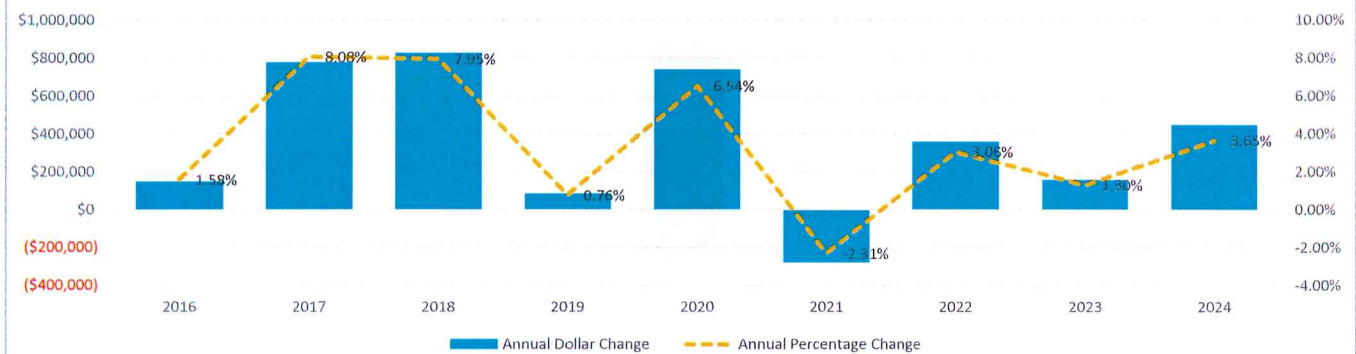
BWC premium refunds are posted to this line item.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



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

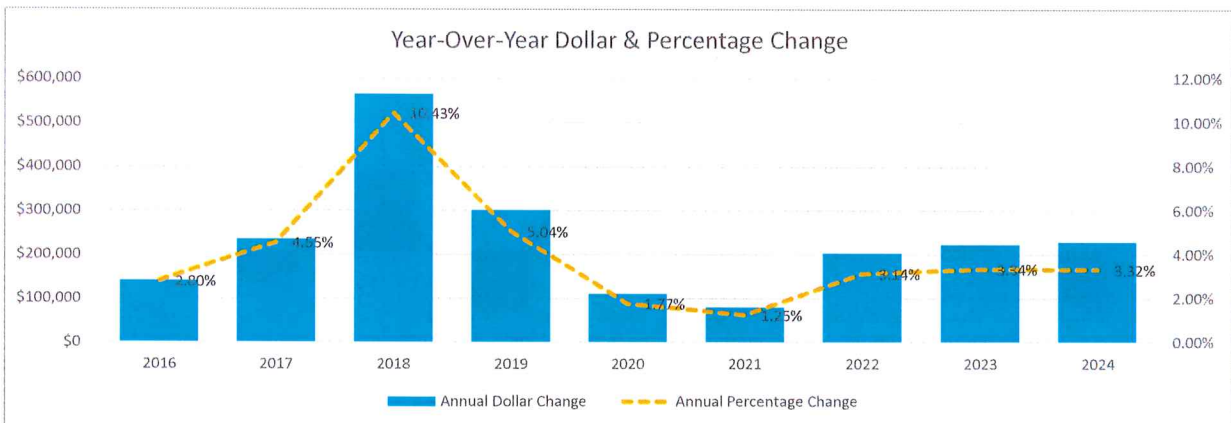
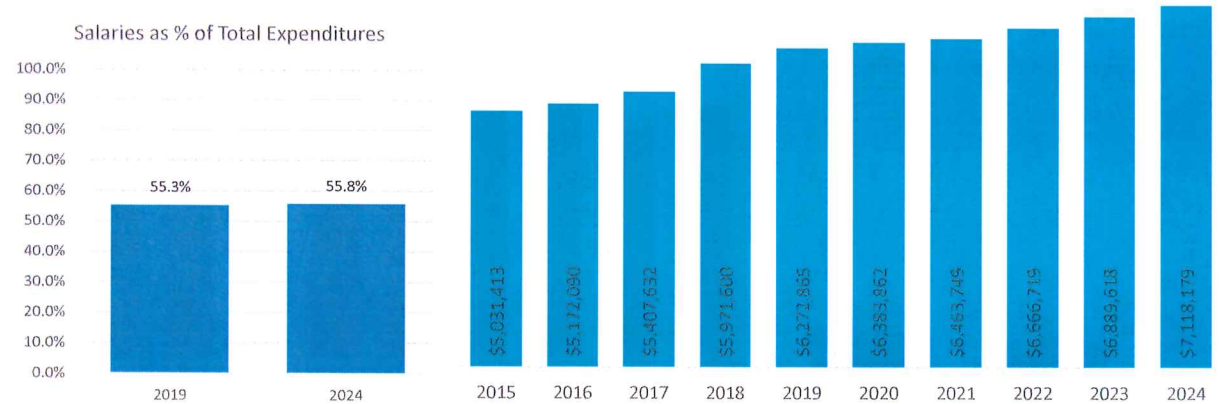
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 5.60% or \$564,555 annually during the past five years and is projected to increase 2.52% or \$286,055 annually through FY2024. Salaries has the largest projected average annual variance compared to the historical average at -\$197,862.
Salaries	\$366,925	\$169,063	(\$197,862)	
Benefits	\$146,853	\$125,624	(\$21,228)	
Purchased Services	\$35,936	(\$3,058)	(\$38,994)	
Supplies & Materials	\$42,347	\$9,470	(\$32,877)	
Capital Outlay	(\$39,042)	(\$9,909)	\$29,133	
Intergov & Debt	(\$0)	(\$10,911)	(\$10,911)	
Other Objects	\$11,536	\$5,775	(\$5,761)	
Other Uses	\$0	\$0	\$0	
Total Average Annual Change	\$564,555 5.60%	\$286,055 2.52%	(\$278,500) -3.07%	

Note: Expenditure average annual change is projected
to be > \$286,055

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

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



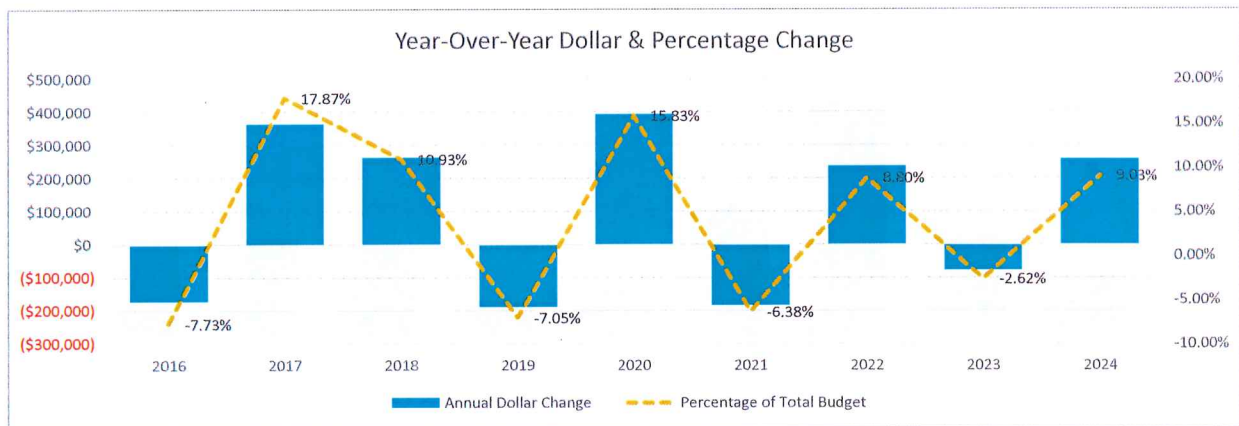
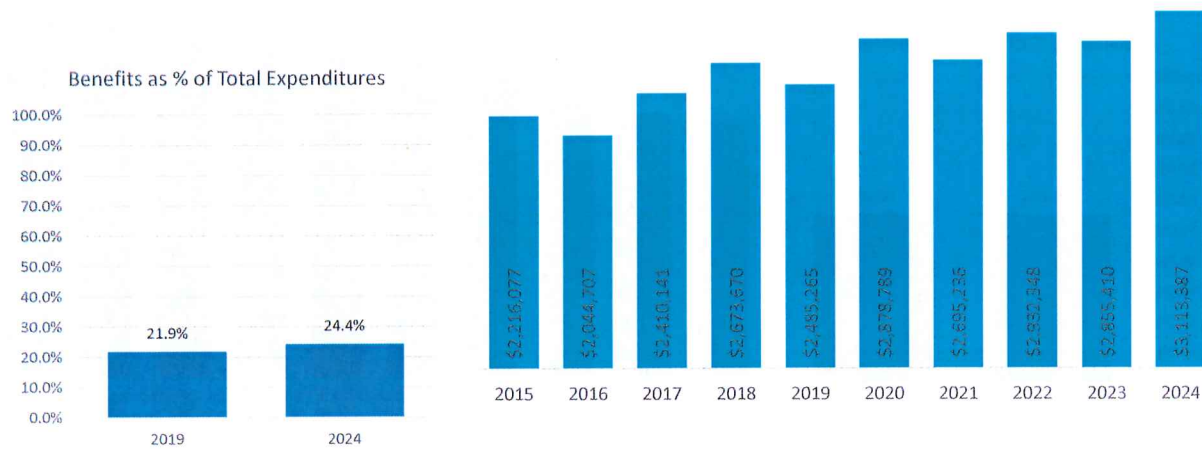
Salaries represent 55.33% of total expenditures and increased at a historical average annual rate of 6.68% or \$366,925. This category of expenditure is projected to grow at an average annual rate of 2.56% or \$169,063 through FY 2024. The projected average annual rate of change is 4.11% less than the five year historical annual average.

Salaries decreased in FY20 due to COVID-19 and school closing March 13, 2020. A decrease in substitute pay, overtime and supplemental contracts made up the decrease in salaries.

Salaries in FY21 decreased due to resignation and/or retirement of staff. The retirement/resignation occurred in funds 6B (516) and Title 1 (572). The district was able to replace the 6B and Title 1 teachers with teachers from the General Fund that held the proper certification/licensure. Reduction in substitute and overtime pay is also projected for FY21.

3.020 - Employees' Benefits

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



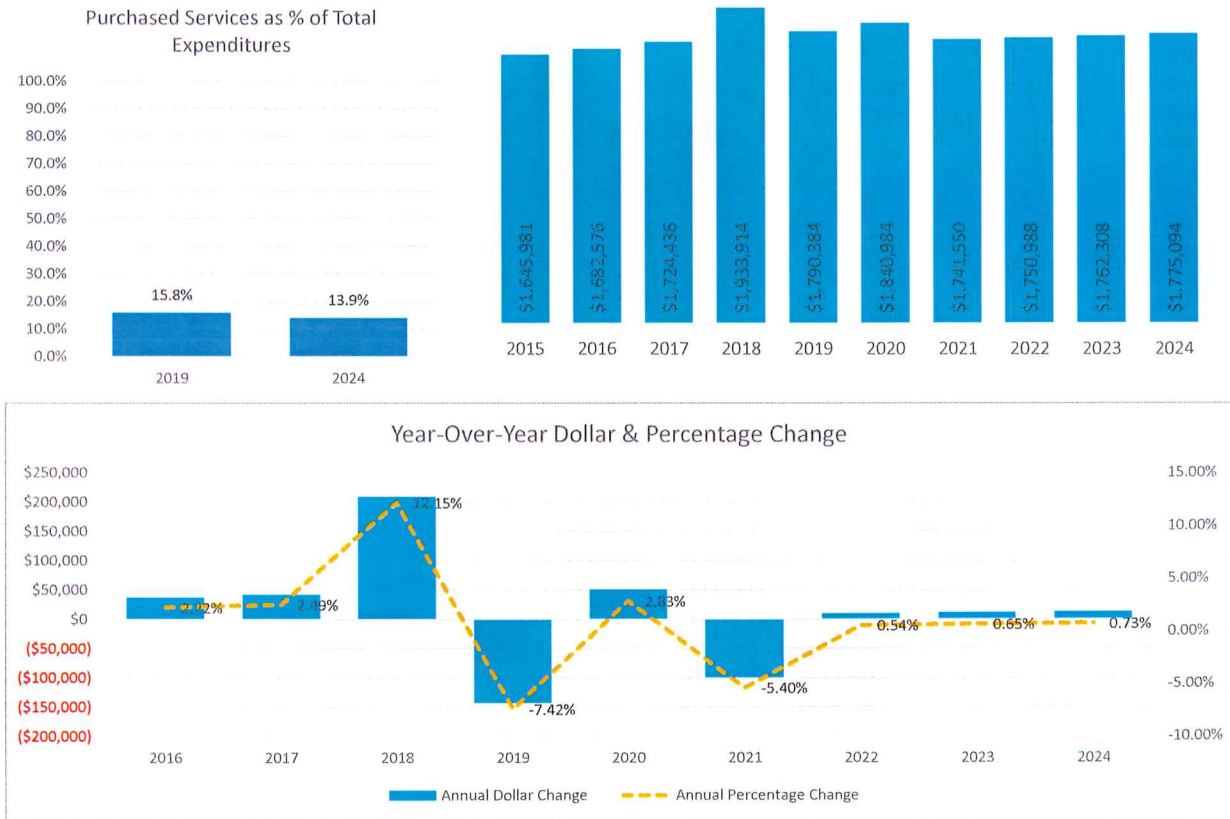
Benefits represent 21.92% of total expenditures and increased at a historical average annual rate of 7.25%. This category of expenditure is projected to grow at an annual average rate of 4.93% through FY 2024. The projected average annual rate of change is -2.32% less than the five year historical annual average.

No insurance premium increase for FY21 and premium holidays are built into the forecast. Minimal insurance increases are projected for FY22 through FY24.

Decrease in FY21 is due to the general fund teachers replacing the 6B and Title 1 teachers.

3.030 - Purchased Services

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

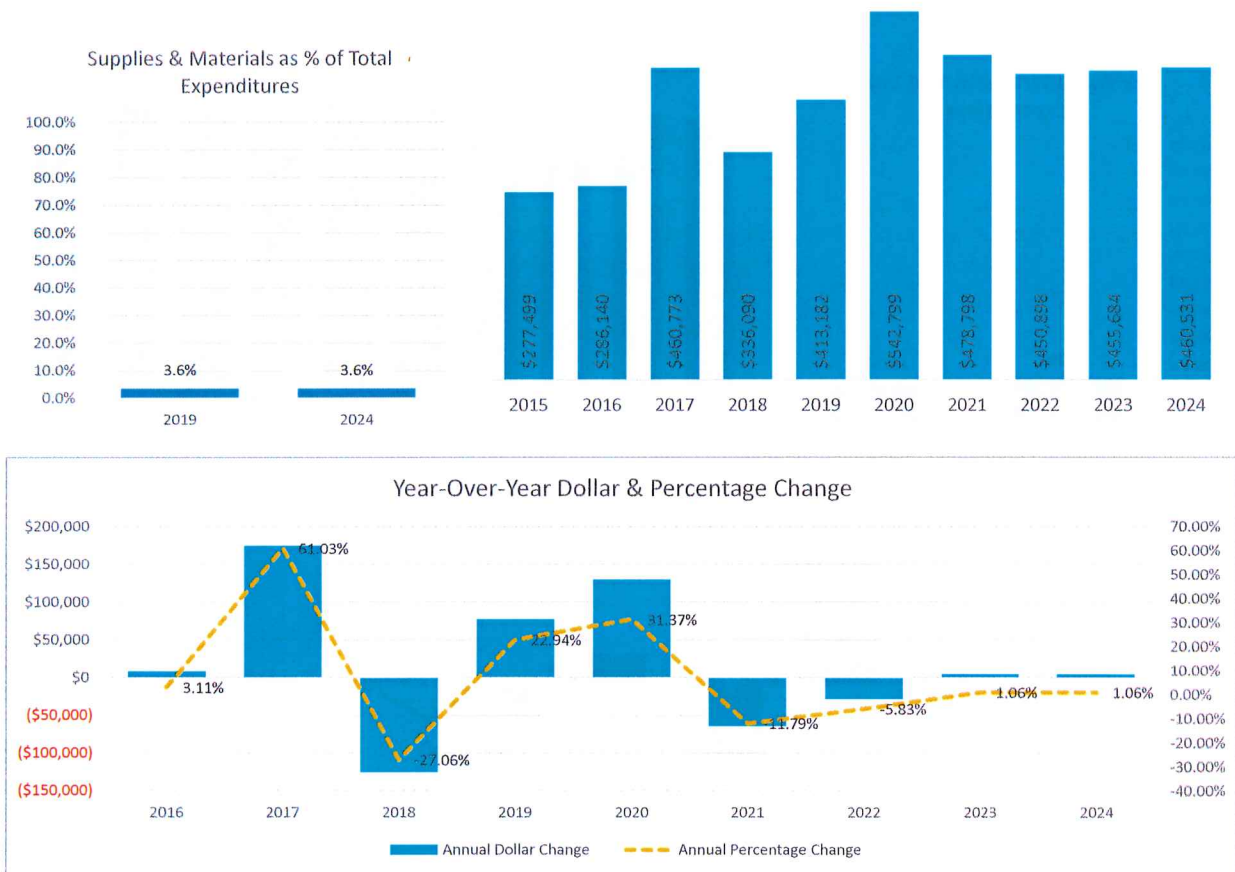


Purchased Services represent 15.79% of total expenditures and increased at a historical average annual rate of 2.40%. This category of expenditure is projected to decrease at an annual average rate of -0.13% through FY 2024. The projected average annual rate of change is -2.54% less than the five year historical annual average.

Reduction in legal fees starting in FY21 along with professional development, mileage and ESC instructional services.

3.040 - Supplies & Materials

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



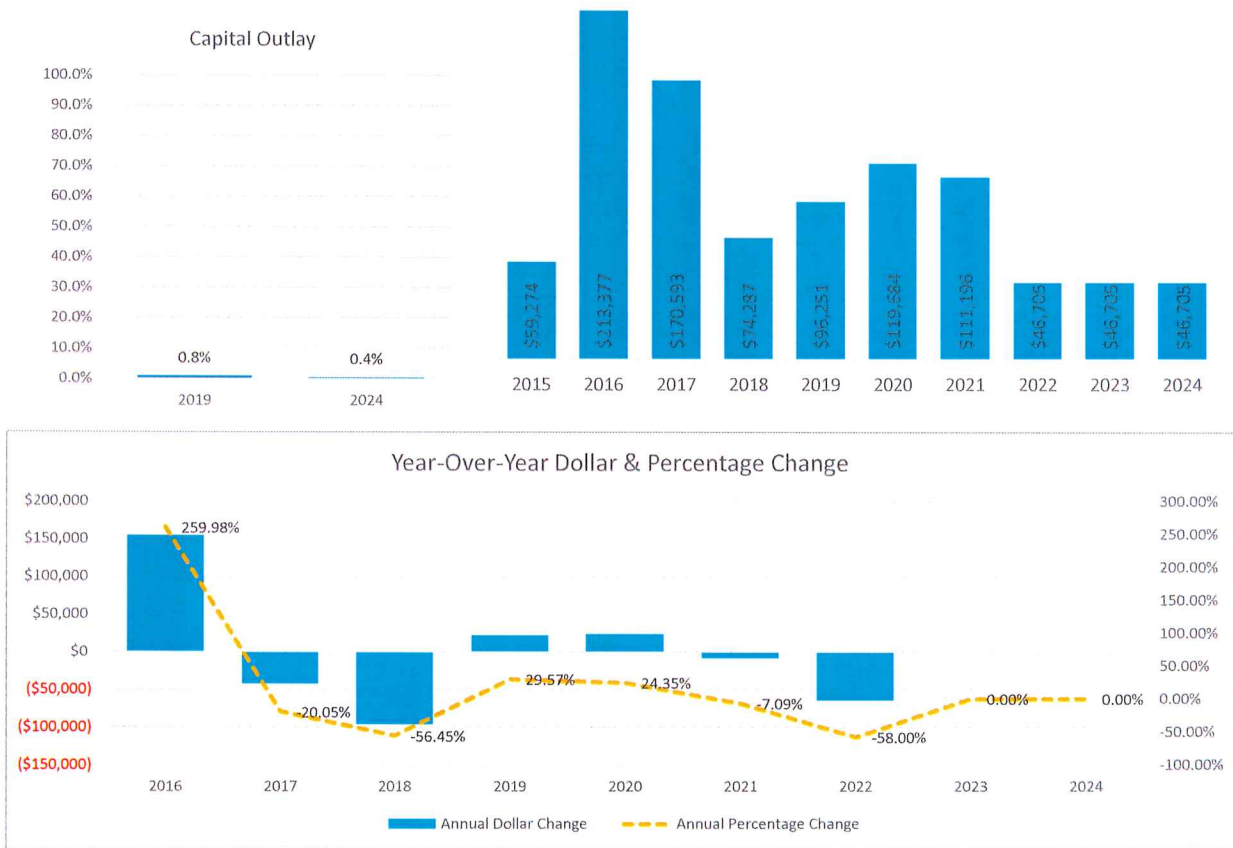
Supplies & Materials represent 3.64% of total expenditures and increased at a historical average annual rate of 18.97%. This category of expenditure is projected to grow at an annual average rate of 3.18% through FY 2024. The projected average annual rate of change is -15.79% less than the five year historical annual average.

In FY20 the district purchased \$131,000 in curriculum. In FY21 this amount is reduced by \$100,000.

The district is eligible to receive \$216,000 in CAREs Grant money in FY21. These funds will be used to purchase supplies and materials for cleaning and sanitization.

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.



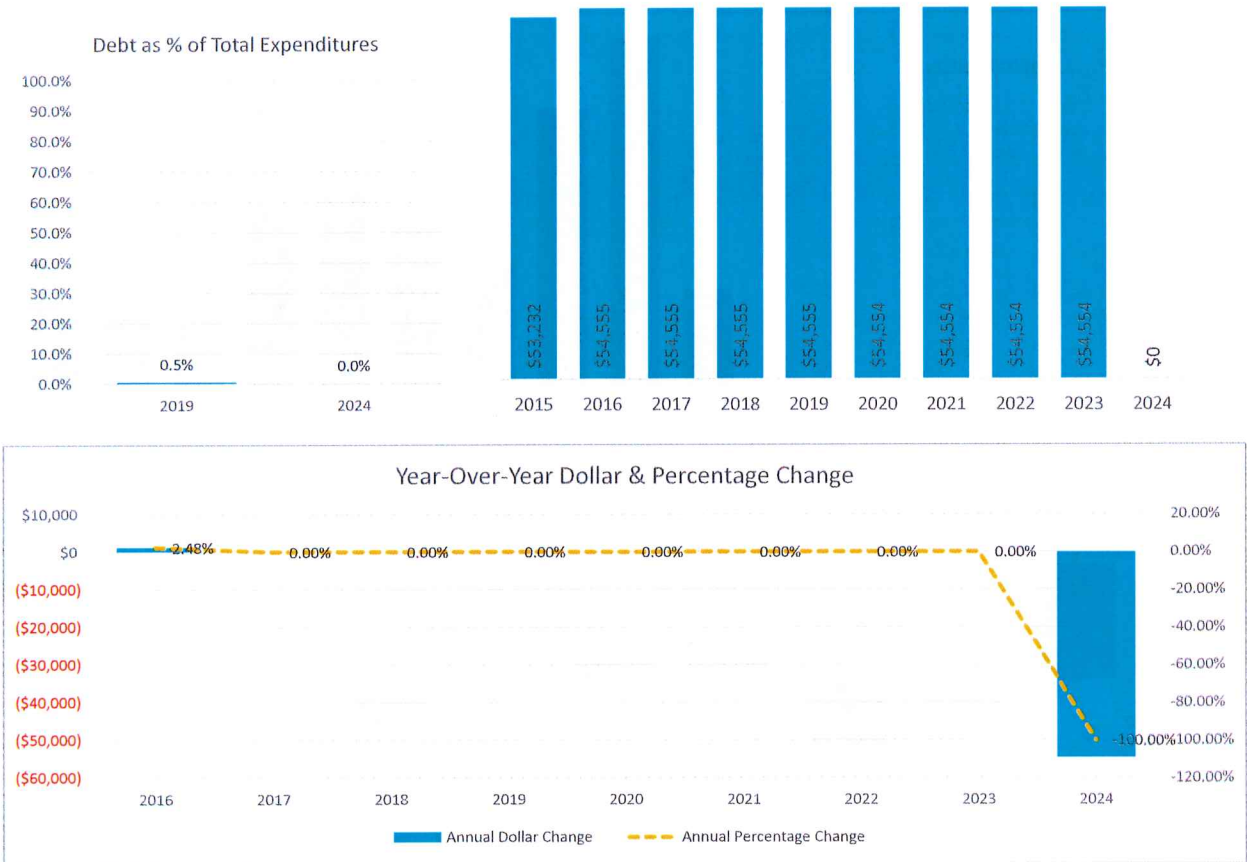
Capital Outlay represent 0.85% of total expenditures and decreased at a historical average annual amount of -\$39,042. This category of expenditure is projected to decrease at an annual average amount of -\$9,909 through FY 2024. The projected average annual change is more than the five year historical annual average.

The district was award the School Bus Purchase grant in FY20. This grant will pay \$41,700 with the remaining \$53,000 paid out oif general fund. This amount is reduced in FY22.

The district is eligible to receive \$216,000 in CAREs Grant money in FY21. These funds will be used to purchase hardware, software and connectivity.

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.

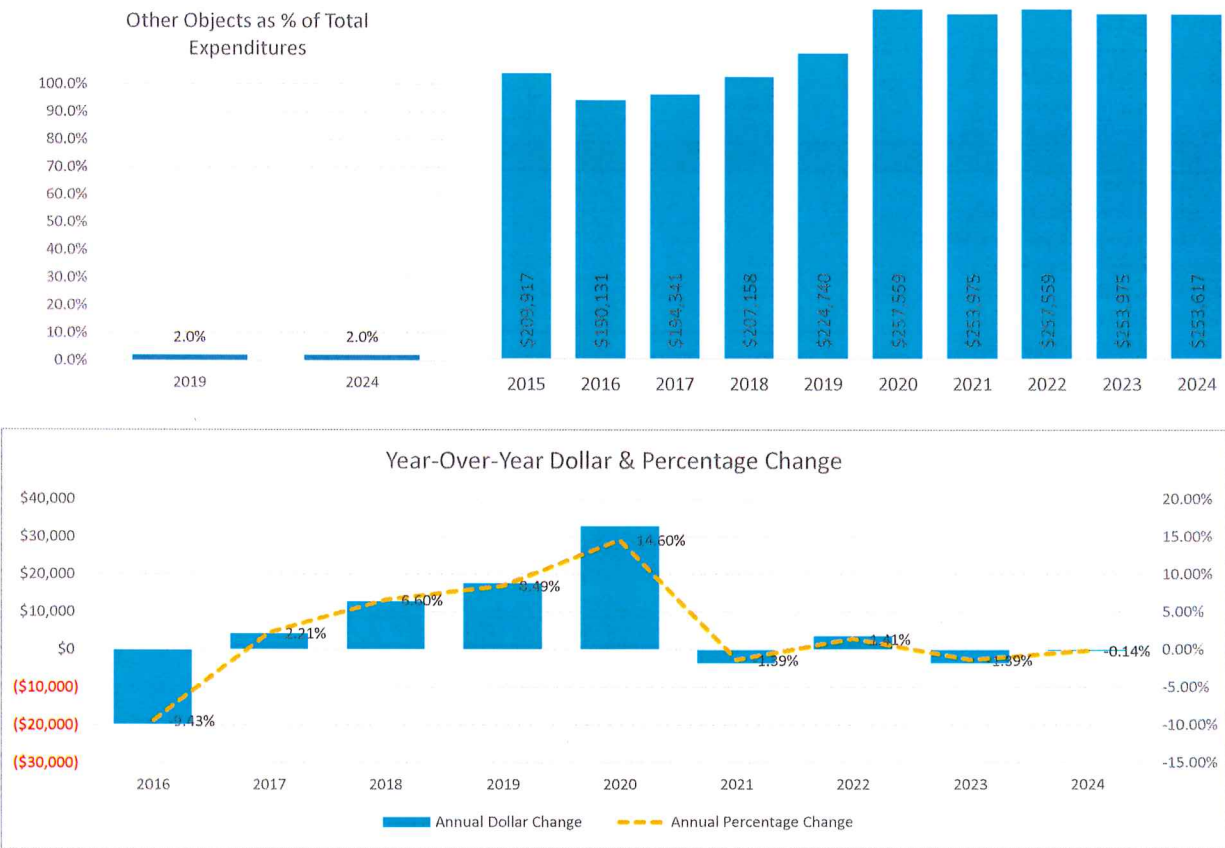


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

The bond issue will be paid in full in 2023.

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.



Other Objects represent 1.98% of total expenditures and increased at a historical average annual rate of 5.77%. This category of expenditure is projected to grow at an annual average rate of 2.62% through FY 2024. The projected average annual rate of change is -3.15% less than the five year historical annual average.

Five Year Forecast

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