



Five-Year Forecast November, 2023

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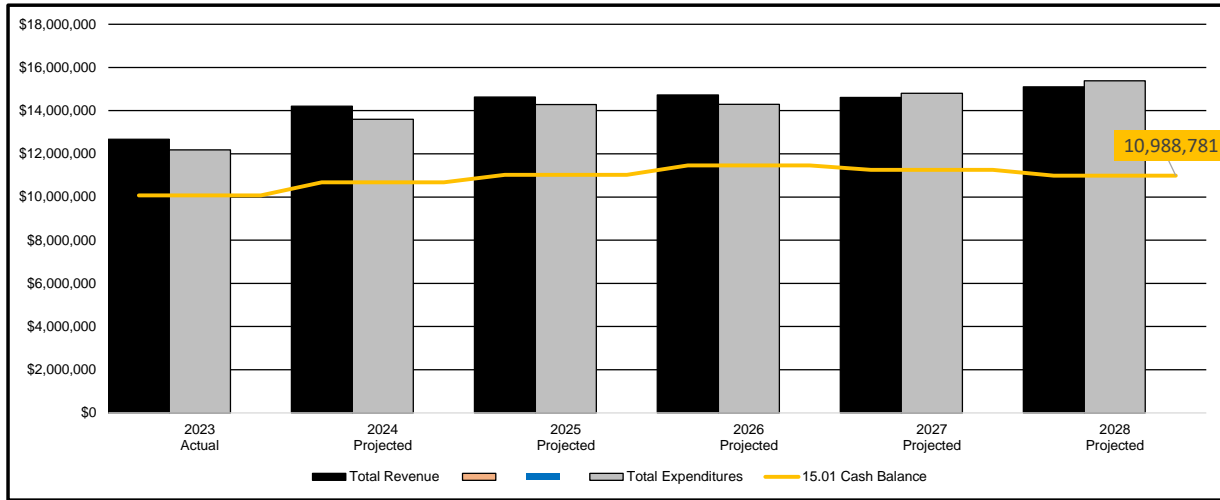
Forecast Purpose/Objectives

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 (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus	10,073,829	10,681,080	11,029,286	11,461,890	11,261,741
+ Revenue	14,202,390	14,634,177	14,727,093	14,606,241	15,104,751
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(13,595,139)	(14,285,972)	(14,294,489)	(14,806,390)	(15,377,711)
= Revenue Surplus or Deficit	607,251	348,206	432,604	(200,149)	(272,960)
Line 7.020 Ending Balance with renewal/new levies	10,681,080	11,029,286	11,461,890	11,261,741	10,988,781

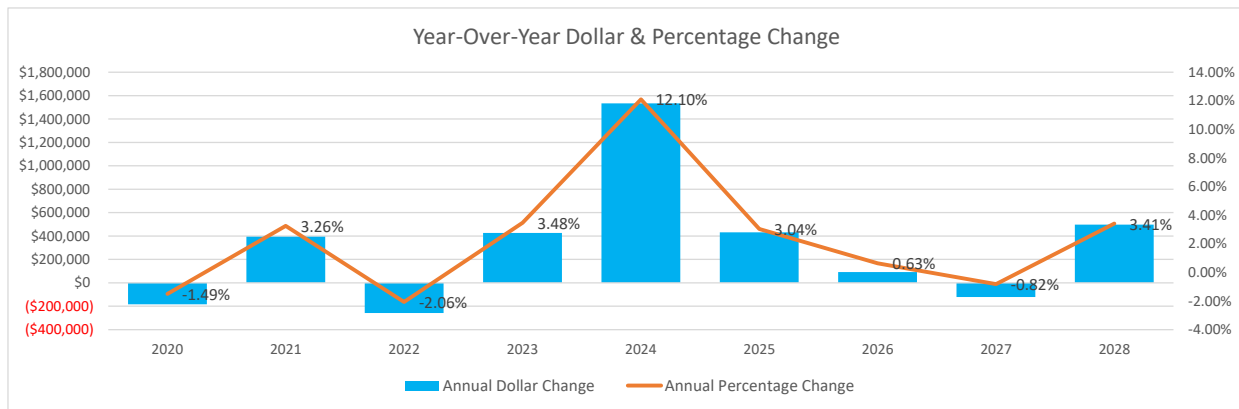
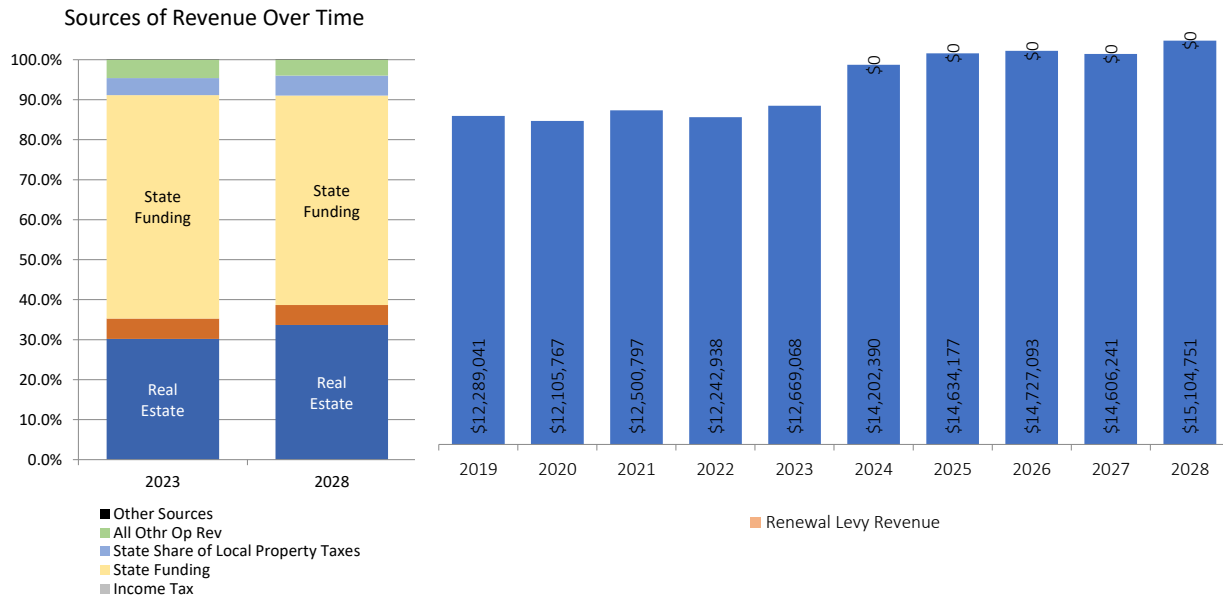
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	607,251	348,206	432,604	(200,149)	(272,960)
Ending Balance w/o Levies	10,681,080	11,029,286	11,461,890	11,261,741	10,988,781

In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$607,251 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$272,960. The district would need to cut its FY 2028 projected expenses by 1.78% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to improve by FY 2028. 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	\$114,560	\$251,430	\$136,869	Total revenue increased 0.80% or \$95,007 annually during the past 4 Year period and is projected to increase 3.67% or \$487,137 annually through FY2028. All Othr Op Rev has the most projected average annual variance compared to the historical average at \$297,428
Public Utility	\$48,979	\$23,399	(\$25,580)	
Income Tax	\$0	\$0	\$0	
State Funding	\$225,204	\$166,995	(\$58,209)	
State Share-Local Prop. Taxes	(\$356)	\$41,753	\$42,109	
All Othr Op Rev	(\$293,868)	\$3,560	\$297,428	
Other Sources	\$488	\$0	(\$488)	
Total Average Annual Change	\$95,007 0.80%	\$487,137 3.67%	\$392,130 2.88%	

Note: Expenditure average annual change is projected to be >

\$639,083 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 30.21% of total revenue. Class I or residential/agricultural taxes make up approximately 88.78% of the real estate property tax revenue. The Class I tax rate is 22.83 mills in tax year 2023. The projections reflect an average gross collection rate of 100.0% annually through tax year 2027. The revenue changed at an average annual historical rate of 3.29% and is projected to change at an average annual rate of 5.97% through FY 2028.

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 5.05% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 40.53 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$48,979 and is projected to change at an average annual dollar amount of \$23,399 through FY 2028.

INCOME TAX REVENUE

The district does not have an income tax levy.

UNRESTRICTED STATE AID REVENUE

Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data. For Fredericktown Local School District the calculated Base Cost total is \$9,624,529 in FY 2023. The state's share of the calculated Base Cost total is \$5,348,353 or \$4,567 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

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 \$94,206 and is projected to change annually on average by \$6,587. Restricted funds represent 2.71% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$235,095. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

STATE SHARE OF LOCAL PROPERTY TAXES REVENUE

State Share of Local Property Taxes 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 2024, approximately 11.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.5% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

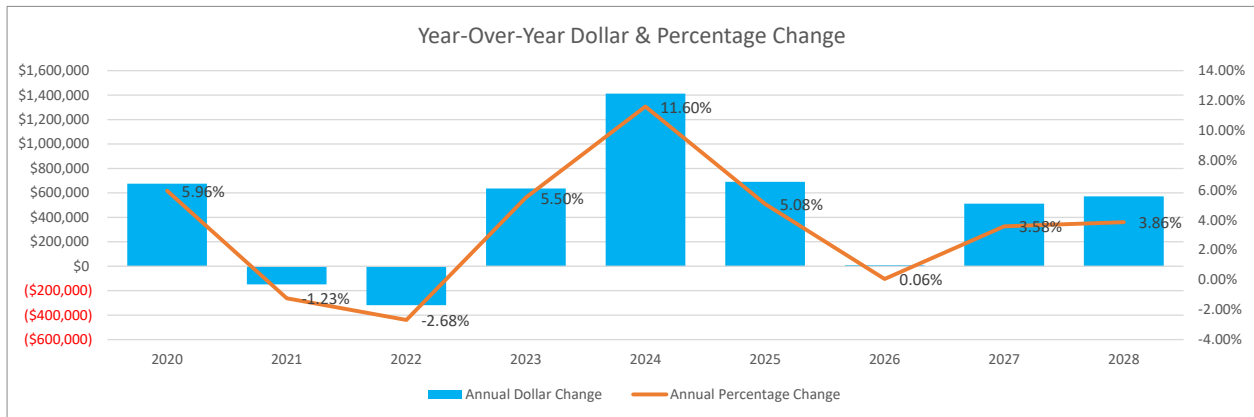
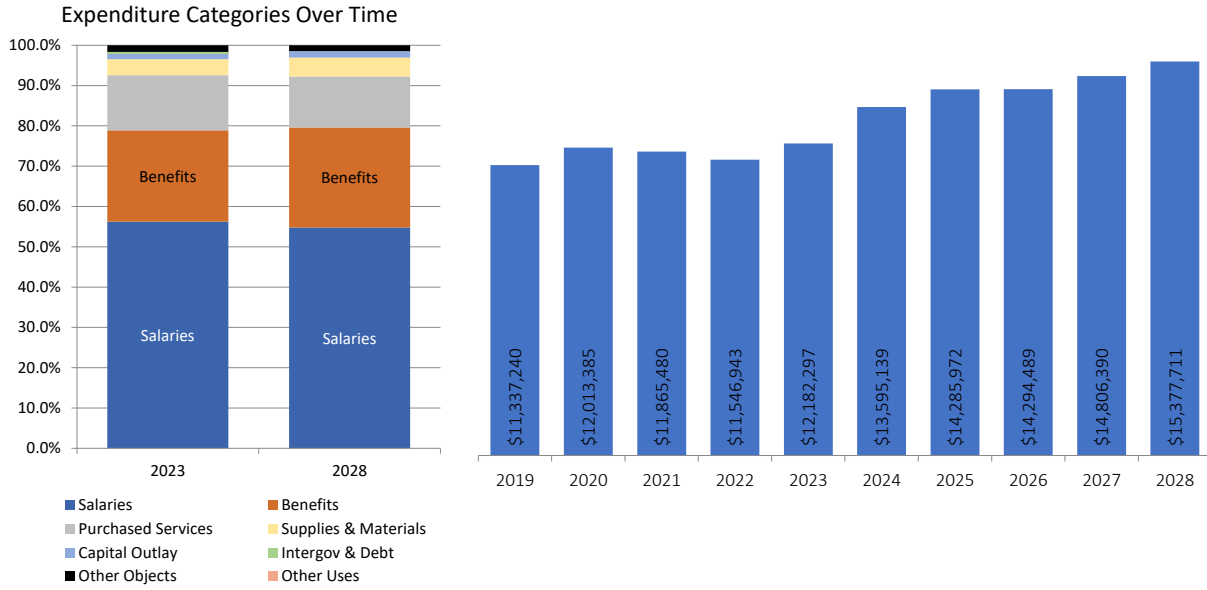
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$293,868. The projected average annual change is \$3,560 through FY 2028.

OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district received \$0 as advances-in and is projecting advances of \$0 in FY 2024. 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 \$1,950 in FY 2024 and average \$1,950 annually through FY 2028.

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	Total expenditures increased 1.89% or \$211,264 annually during the past 4-Year period and is projected to increase 5.25% or \$639,083 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at \$172,252.
Salaries	\$143,805	\$316,057	\$172,252	
Benefits	\$69,281	\$209,577	\$140,296	
Purchased Services	(\$31,225)	\$56,893	\$88,118	
Supplies & Materials	\$18,520	\$47,105	\$28,585	
Capital Outlay	\$16,323	\$16,873	\$550	
Intergov & Debt	\$142	(\$11,025)	(\$11,167)	
Other Objects	(\$5,583)	\$3,602	\$9,185	
Other Uses	\$0	\$0	\$0	
Total Average Annual Change	\$211,264 1.89%	\$639,083 5.25%	\$427,819 3.36%	

Note: Expenditure average annual change is projected to be > \$639,083

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

Expenditure Notes

SALARY EXPENSE

Salaries represent 56.21% of total expenditures and increased at a historical average annual rate of 2.24% or \$143,805. This category of expenditure is projected to grow at an annual average rate of 4.24% or \$316,057 through FY 2028. The projected average annual rate of change is 2.01% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 22.68% of total expenditures and increased at a historical average annual rate of 3.23%. This category of expenditure is projected to grow at an annual average rate of 6.73% through FY 2028. The projected average annual rate of change is 3.50% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased services represent 13.67% of total expenditures and increased at a historical average annual rate of 1.67%. This category of expenditure is projected to grow at an annual average rate of 3.22% through FY2028. The FSPF funds only district educated enrollment thereby reducing tuition for open enrollment out, community schools, STEM, and scholarships starting in FY2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 4.00% 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 8.78% through FY 2028. The projected average annual rate of change is 3.06% more than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 1.33% of total expenditures and increased at a historical average annual amount of \$16,323. This category of expenditure is projected to grow at an annual average rate of \$16,873 through FY 2028. The projected average annual change is more than the five year historical annual average.

INTERGOVERNMENTAL & DEBT EXPENSE

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

OTHER OBJECTS EXPENSE

Other Objects represent 1.66% of total expenditures and increased at a historical average annual rate of 0.16%. This category of expenditure is projected to grow at an annual average rate of 1.72% through FY 2028. The projected average annual rate of change is 1.56% more 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 2023 the district had no advances-out and has no advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds, the district has no transfers forecasted through FY 2028. 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				
	2021	2022	2023	2024	2025	2026	2027	2028
Revenue:								
1.010 - General Property Tax (Real Estate)	3,676,624	3,737,664	3,827,671	4,376,658	4,801,755	4,818,096	4,970,403	5,084,820
1.020 - Public Utility Personal Property	555,490	569,740	640,118	685,496	699,360	719,526	738,307	757,111
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	5,986,654	6,687,230	6,735,042	7,477,103	7,458,070	7,519,224	7,215,029	7,537,082
1.040 - Restricted Grants-in-Aid	63,868	340,292	342,960	375,081	369,788	376,965	360,981	375,893
1.050 - State Share-Local Property Taxes	538,179	542,446	539,265	620,221	701,896	704,766	726,416	748,032
1.060 - All Other Operating Revenues	1,644,095	365,216	582,062	665,881	601,358	586,566	593,155	599,863
1.070 - Total Revenue	12,464,910	12,242,588	12,667,118	14,200,440	14,632,227	14,725,143	14,604,291	15,102,801
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	-	-	-	-	-	-	-	-
2.060 - All Other Financing Sources	35,887	350	1,950	1,950	1,950	1,950	1,950	1,950
2.070 - Total Other Financing Sources	35,887	350	1,950	1,950	1,950	1,950	1,950	1,950
2.080 - Total Rev & Other Sources	12,500,797	12,242,938	12,669,068	14,202,390	14,634,177	14,727,093	14,606,241	15,104,751
Expenditures:								
3.010 - Personnel Services	6,338,415	6,560,103	6,848,086	7,189,736	7,429,548	7,721,445	8,051,220	8,428,373
3.020 - Employee Benefits	2,851,022	3,101,027	2,762,390	3,170,961	3,435,468	3,551,057	3,675,401	3,810,277
3.030 - Purchased Services	1,857,386	1,207,345	1,665,484	1,770,911	1,818,345	1,860,869	1,904,771	1,949,948
3.040 - Supplies and Materials	415,802	391,334	487,263	640,743	693,796	703,312	712,975	722,788
3.050 - Capital Outlay	136,034	82,976	161,543	563,939	645,908	245,908	245,908	245,908
Intergovernmental & Debt Service	55,124	55,124	55,124	55,141	55,144	-	-	-
4.300 - Other Objects	211,697	149,034	202,407	203,709	207,762	211,897	216,115	220,417
4.500 - Total Expenditures	11,865,480	11,546,943	12,182,297	13,595,139	14,285,972	14,294,489	14,806,390	15,377,711
Other Financing Uses								
5.010 - Operating Transfers-Out	-	-	-	-	-	-	-	-
5.020 - Advances-Out	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	-	-	-	-	-	-	-	-
5.050 - Total Exp and Other Financing Uses	11,865,480	11,546,943	12,182,297	13,595,139	14,285,972	14,294,489	14,806,390	15,377,711
6.010 - Excess of Rev Over/(Under) Exp	635,317	695,995	486,771	607,251	348,206	432,604	(200,149)	(272,960)
7.010 - Cash Balance July 1 (No Levies)	8,255,747	8,891,063	9,587,058	10,073,829	10,681,080	11,029,286	11,461,890	11,261,741
7.020 - Cash Balance June 30 (No Levies)	8,891,063	9,587,058	10,073,829	10,681,080	11,029,286	11,461,890	11,261,741	10,988,781
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	8,891,063	9,587,058	10,073,829	10,681,080	11,029,286	11,461,890	11,261,741	10,988,781
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	8,891,063	9,587,058	10,073,829	10,681,080	11,029,286	11,461,890	11,261,741	10,988,781
Revenue from New Levies								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	8,891,063	9,587,058	10,073,829	10,681,080	11,029,286	11,461,890	11,261,741	10,988,781