

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

**Five-Year Forecast
Financial Report
May, 2017**



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.

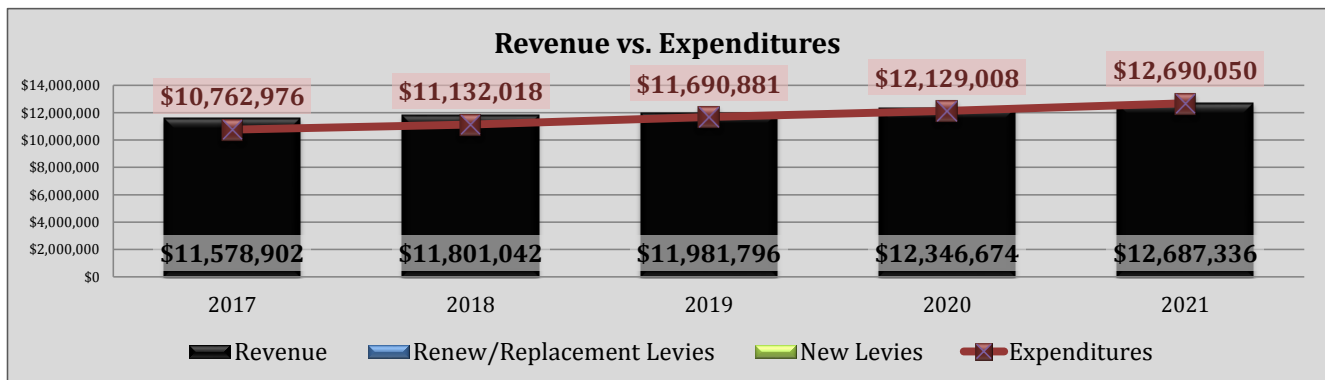
Five Year Forecast - Simplified Statement

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	4,946,505	5,762,431	6,431,455	6,722,370	6,940,036
+ Revenue	11,578,902	11,801,042	11,981,796	12,346,674	12,687,336
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(10,762,976)	(11,132,018)	(11,690,881)	(12,129,008)	(12,690,050)
= Revenue Surplus or Deficit	815,926	669,024	290,915	217,666	(2,714)
Ending Balance	5,762,431	6,431,455	6,722,370	6,940,036	6,937,322
Revenue Surplus or Deficit w/o Levies	815,926	669,024	290,915	217,666	(2,714)
Ending Balance w/o Levies	5,762,431	6,431,455	6,722,370	6,940,036	6,937,322

Summary:

Revenues are projected with an increase for FY17-21 around 1.5% to 2% per year. The largest increase in revenue will be state funding. The increases comes from capacity aide and the continued growth in open enrollment. Currently the district receives \$600,000+ in open enrollment revenue.

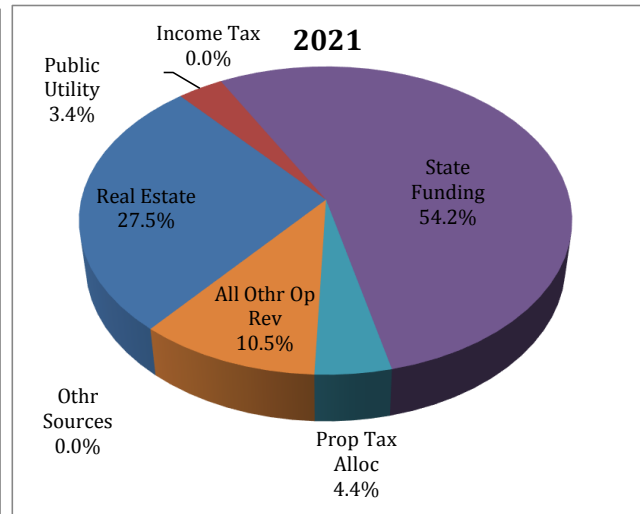
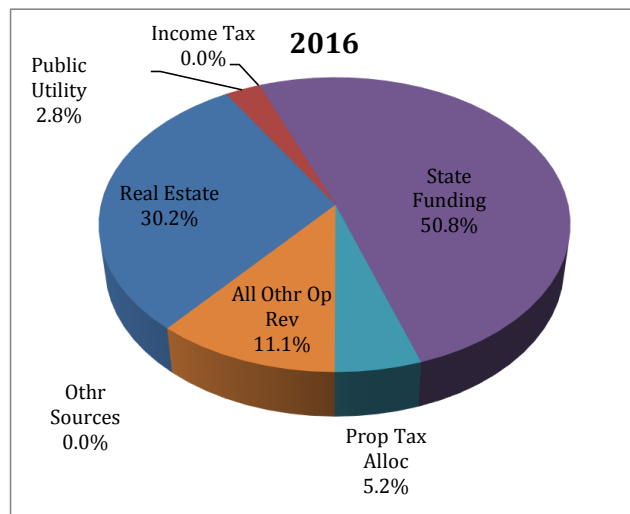
The expenses projected out include the correction to steps for employees, the increase for the base salary, increase for benefits, repaving of the high school track, relocation of preschool, going to all day every day kindergarten, supplies and textbooks. Some areas in expenditures will experience a decrease due to one time purchases during a fiscal year.



Revenue Overview

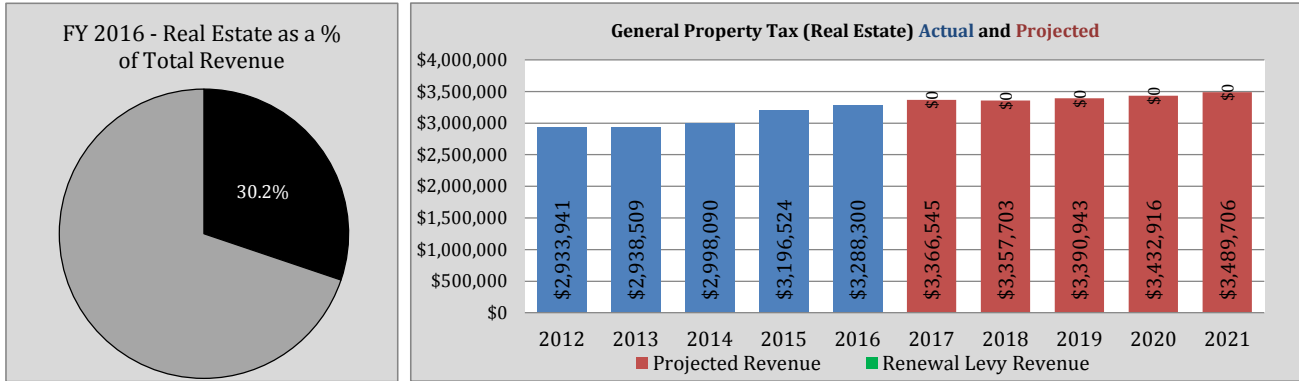
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
		2017	2018	2019	2020	2021	
Revenue:							
1.010-Real Estate	2.96%	2.38%	-0.26%	0.99%	1.24%	1.65%	1.20%
1.020-Public Utility	8.72%	17.97%	7.33%	4.36%	4.28%	4.05%	7.60%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	8.35%	8.35%	3.06%	2.21%	5.09%	4.21%	4.59%
1.040-Restricted Aid	41.75%	-22.77%	8.01%	0.95%	0.88%	0.81%	-2.43%
1.045-Restr Federal SFSF	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-10.68%	0.88%	2.68%	-0.99%	-2.02%	-1.65%	-0.22%
1.060-All Other Operating	4.03%	9.53%	0.27%	0.11%	0.06%	0.06%	2.00%
1.070-Total Revenue	3.24%	6.29%	1.92%	1.53%	3.05%	2.76%	3.11%
2.070-Total Other Sources	7.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.080-Total Rev & Other Srcs	3.22%	6.29%	1.92%	1.53%	3.05%	2.76%	3.11%

Revenue maintains a steady increase through FY21. Areas of change include property tax, public utility, state funding, restricted aid and property tax allocation. Final phase out of TPP will take place in FY21. Public Utility Personal Property (PUPP) increase in FY17 due to the reappraisal in 2014. PUPP increased 17.97% from FY16 to FY17.



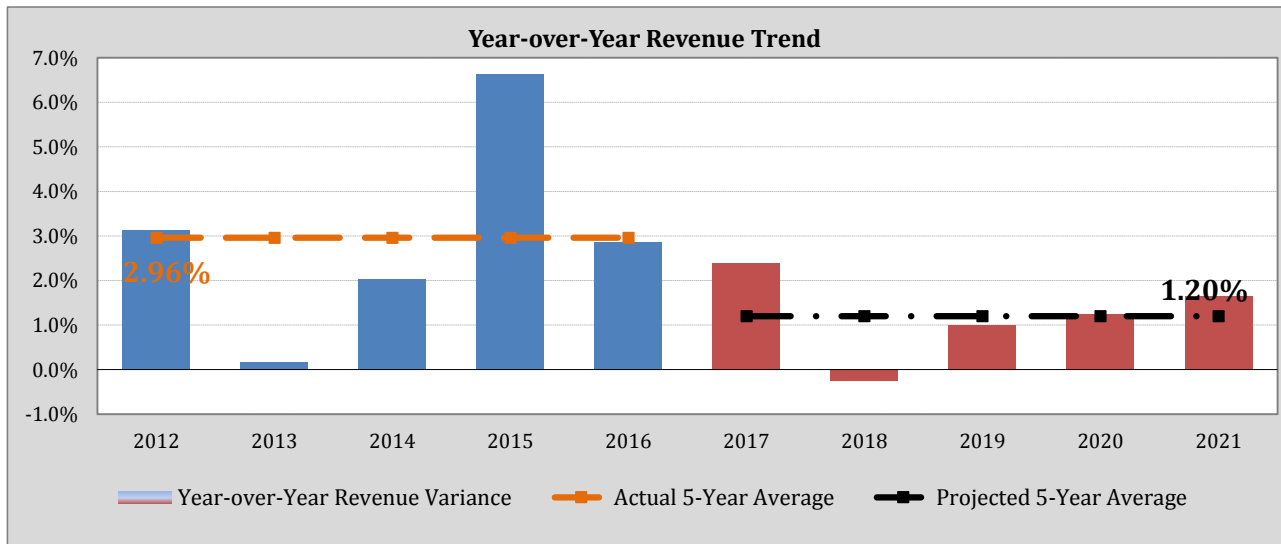
1.010 - General Property Tax (Real Estate)

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).



Property tax revenue estimates are based on historical growth patterns, including scheduled updates and reappraisals, and are sustained by information provided for the upcoming fiscal year from the county auditor. Due to the effects of HB 920, any increases in current property values will not cause a significant increase in revenue to the district. The amounts do not anticipate the automatic passage of a replacement levy. Although new levies may be proposed during this time period, no new levies are included in these amounts.

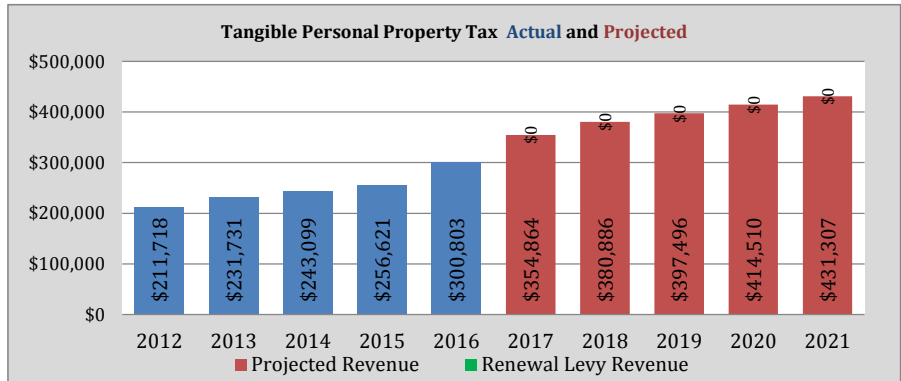
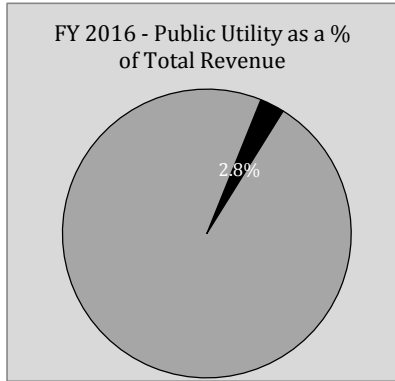
Nearly thirty percent of real estate property tax makes up the districts revenue. With the increase in millage in 2017 for real estate this will mitigate the loss of agricultural value being modeled. With the loss of value in 2017 for agriculture, which is estimated at -13%, it does not appear the district will be back to the 20 mill floor within the forecast period.



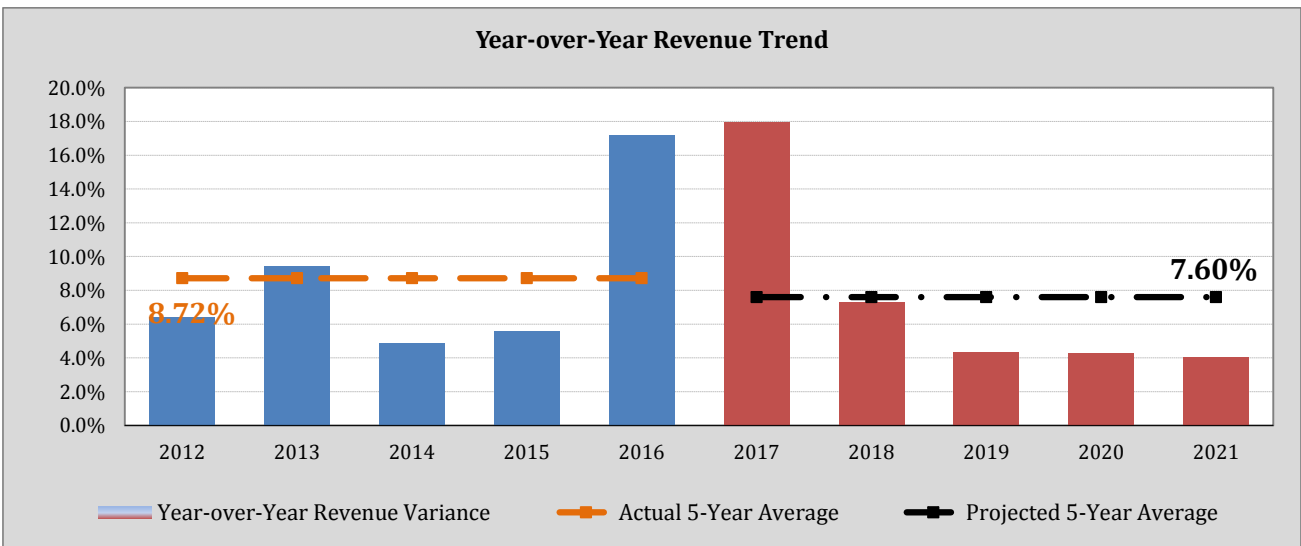
*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



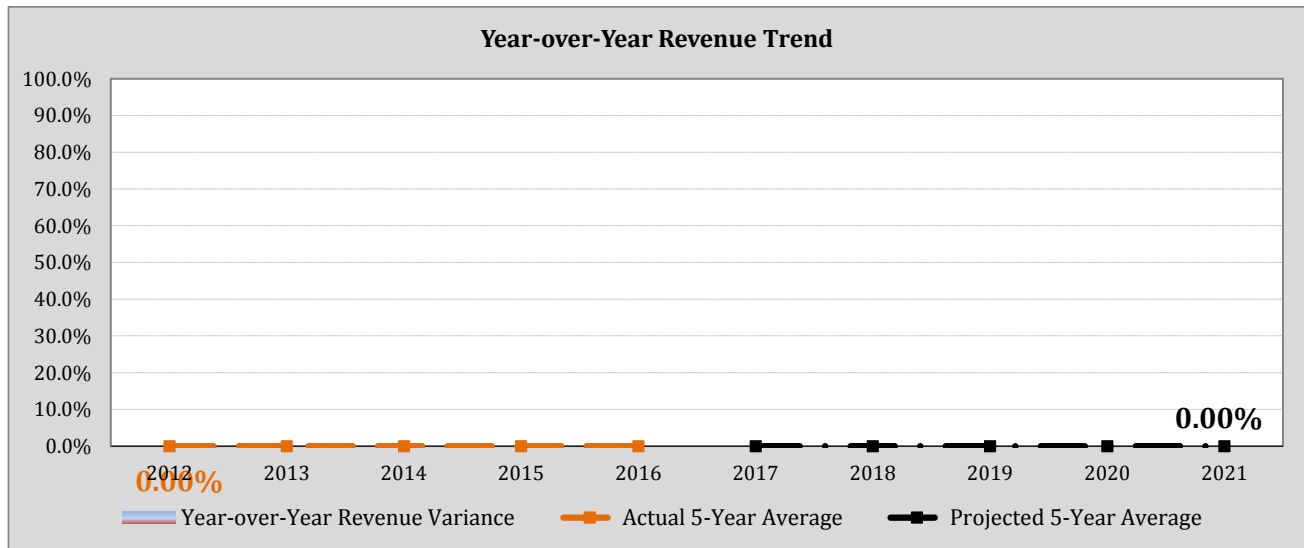
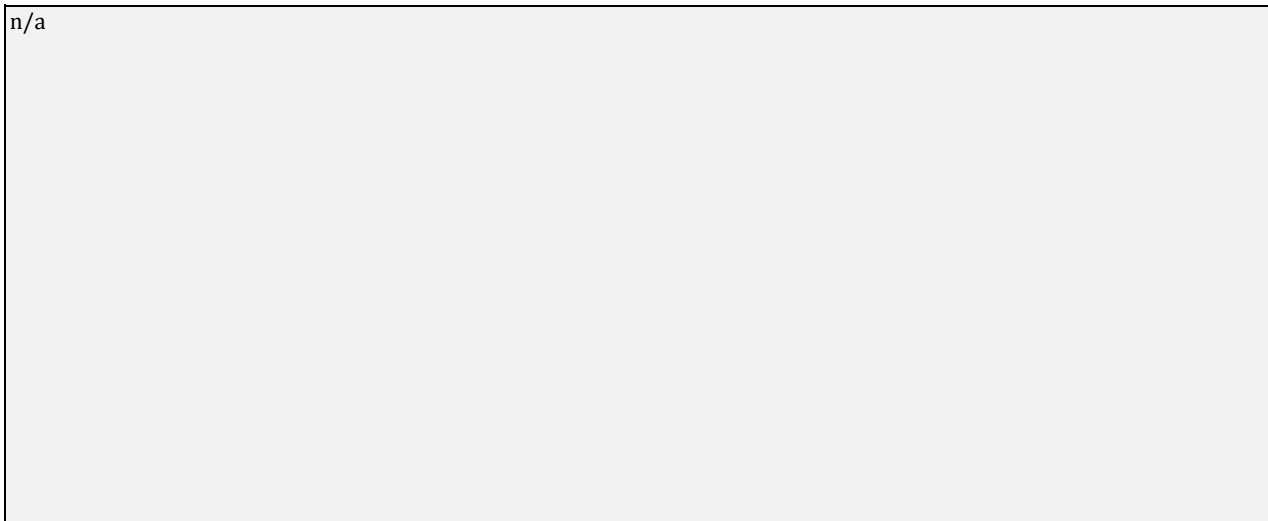
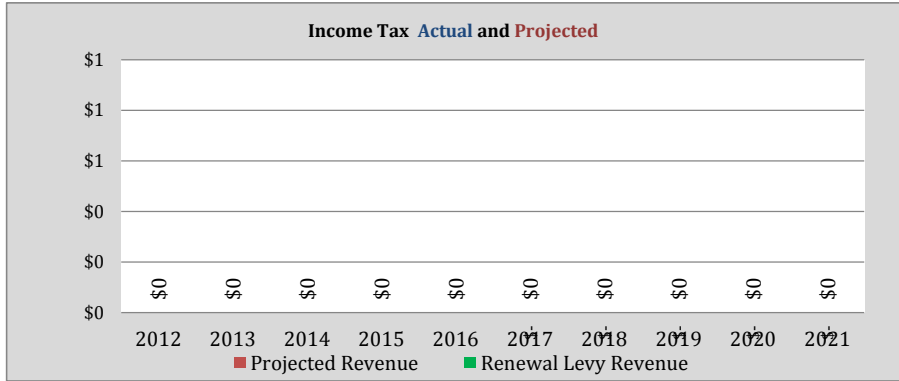
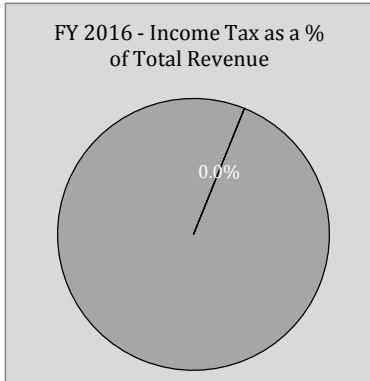
Starting in FY08, PUPP has experienced large increases; FY08 26.16%, FY10 15.35%, FY14 27.55% and FY16 10.58%. Starting with FY18, I have projected a conservative increase of 4%.



*Projected % trends include renewal levies

1.030 - Income Tax

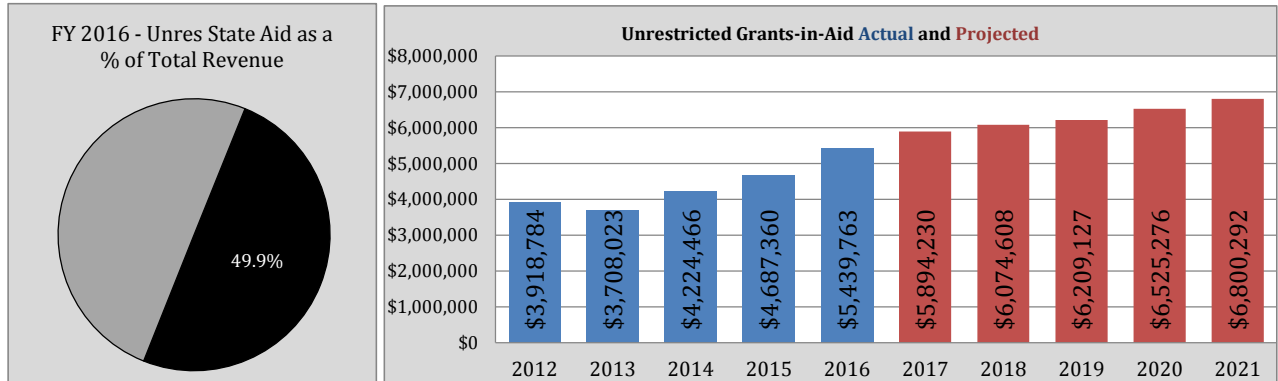
Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



*Projected % trends include renewal levies

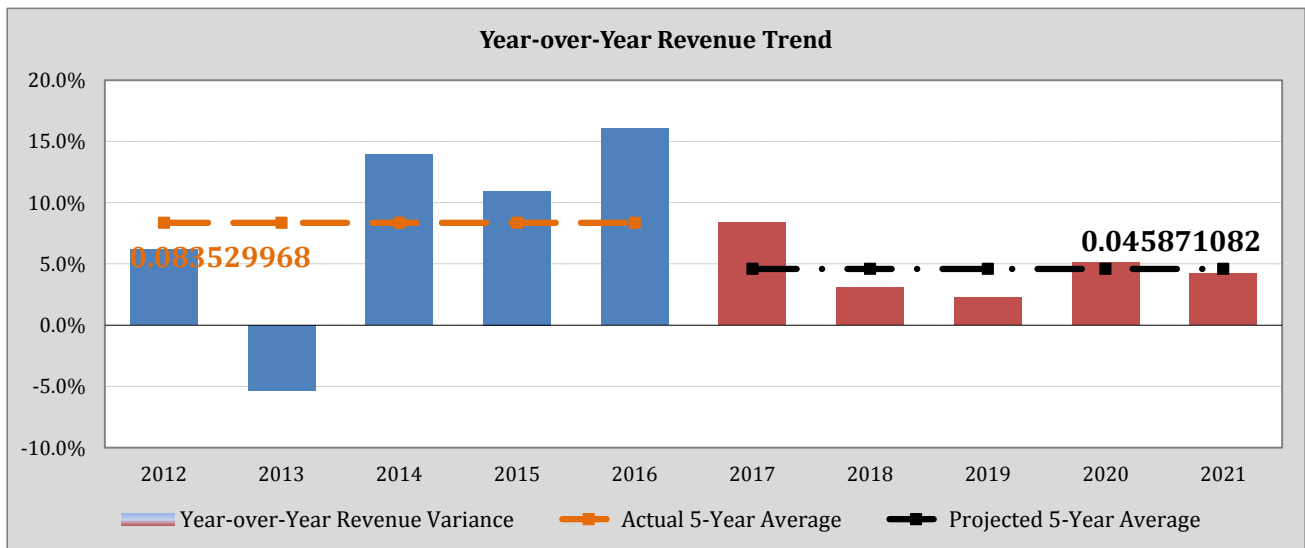
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



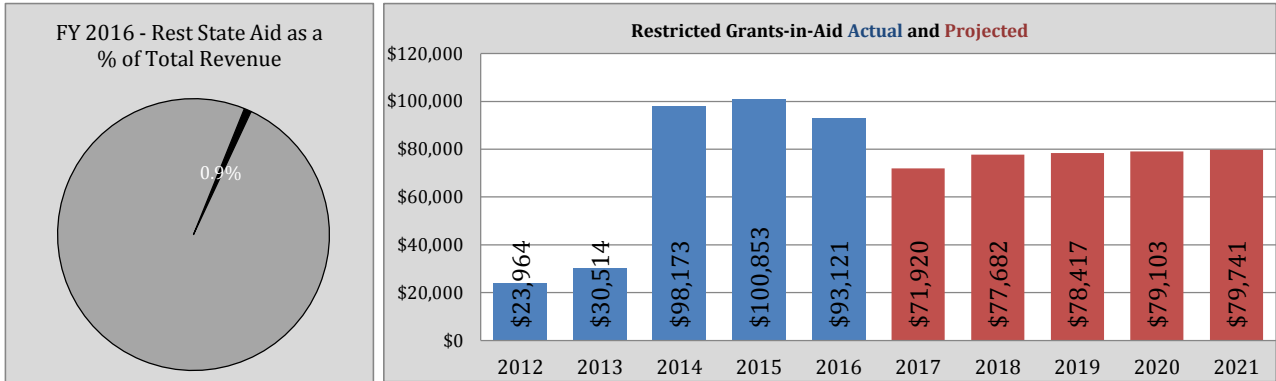
The enrollment growth is the driving factor for the State Foundation. The cap is currently being modeled at 105%, which is standard in most forecasts. The current state budget increased in both FY16 and FY17 in the following areas: Capacity Aid, Supplemental Transportation, Graduation Bonus, Third Grade Proficiency Bonus and Agricultural Target Assistance. Enrollment is projected to grow and we are not on the transitional aid guarantee. Unrestricted aid is approximately 47.3% of the total district revenue.

The district capped amount for FY17 (funding capped based on wealth and ADM) is \$5,304,000 although the final funding amount from the state will be \$5,846,000. Fredericktown will receive \$135,000 above the funding capped amount. In FY20, Fredericktown will return to capped funding. The district should receive approximately \$150,000 above the funded capped amount and the district will be 52% state funded.



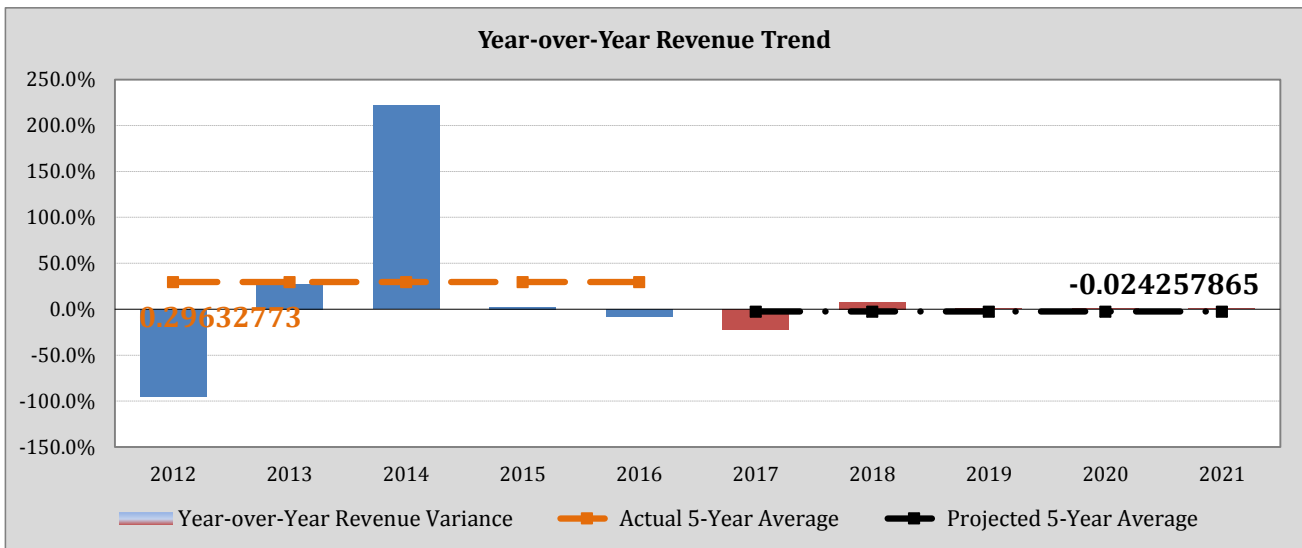
1.040 & 1.045 - Restricted Grants-in-Aid

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



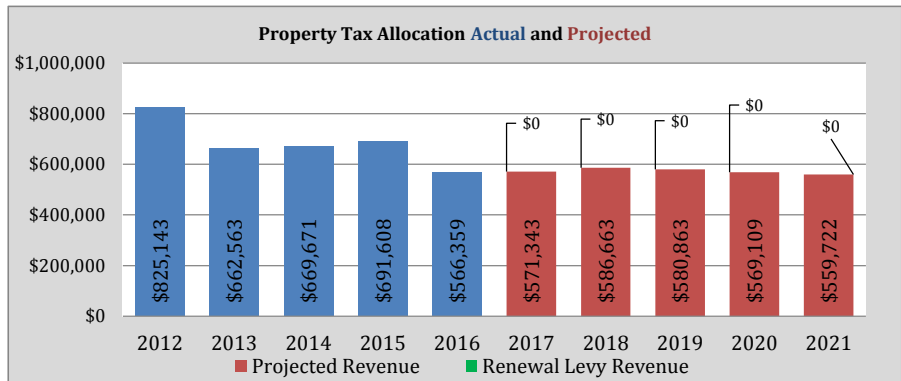
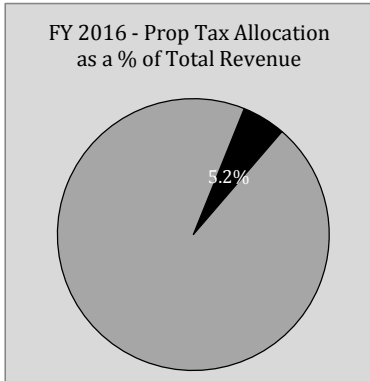
This amount includes Vocational Aid and Economic Disadvantage Funding. Vocational Aid must be allocated to the Vo-Ag program only. Revenues must be allocated at no more than 25% for salaries and benefits and the rest must be spent on educational supplies, materials and equipment. FY14 was the first year for receiving Economic Disadvantaged Funding. Restricted aid is approximately .9% of total district revenue.

The decrease in revenue for FY17 is due to Project Lead the Way no longer being offered in the district, statewide student poverty dropping by .19% and the local economic student poverty level dropping 2.42%. Enrollment in E-School increased by 2.53 students in FY17. The restricted aid is projected to increase in FY18 mainly due to the districts 3-Year Assessed Property Value increasing 4.9% and the enrollment increase due to all day every day kindergarten. The district went to all day every day kindergarten in FY17 but the district should see the true dollar amount starting in FY18.

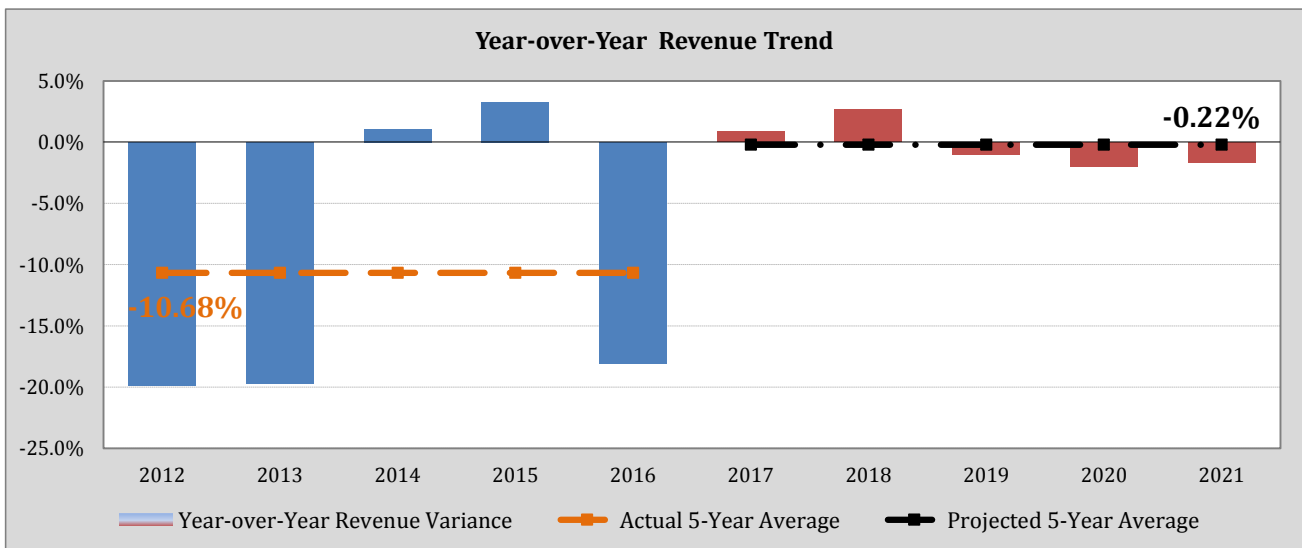


1.050 - Property Tax Allocation

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



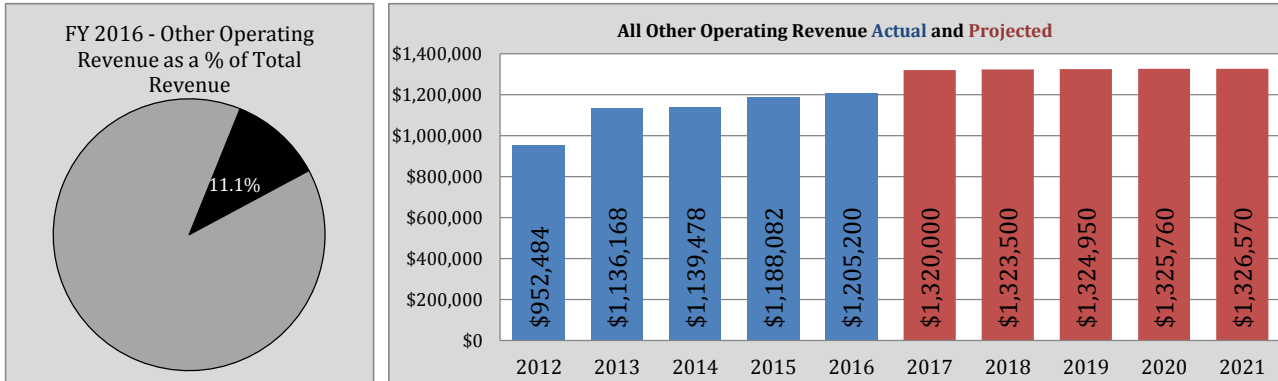
Property tax allocation consists of homestead and rollback reimbursements from the state. Personal property tangible tax has a partial phase out at this time and is expected to end FY21.



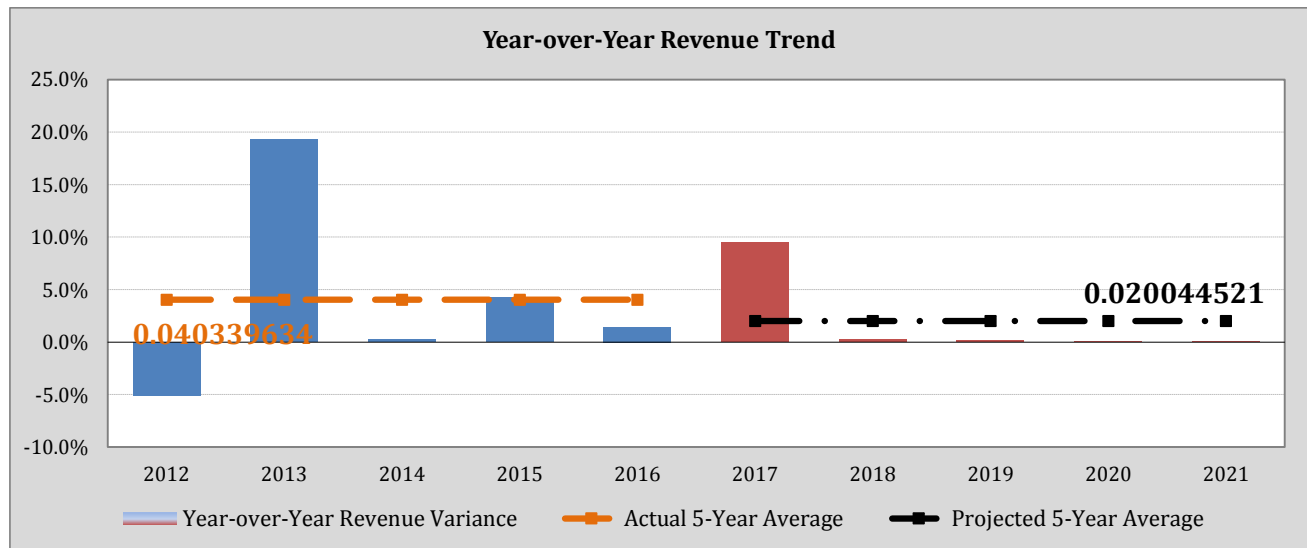
*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

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

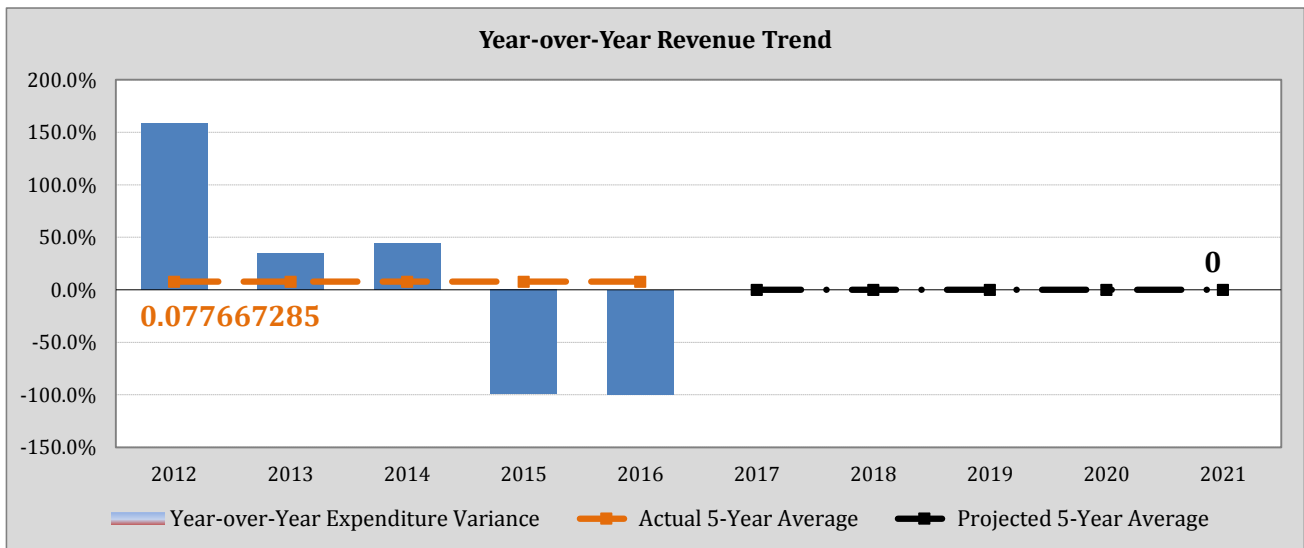
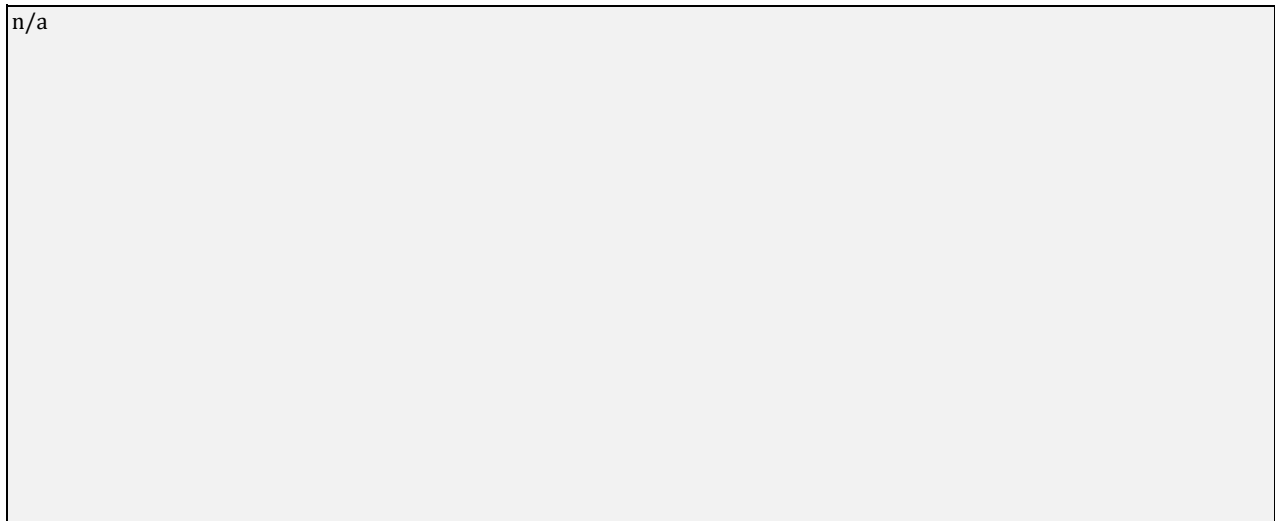
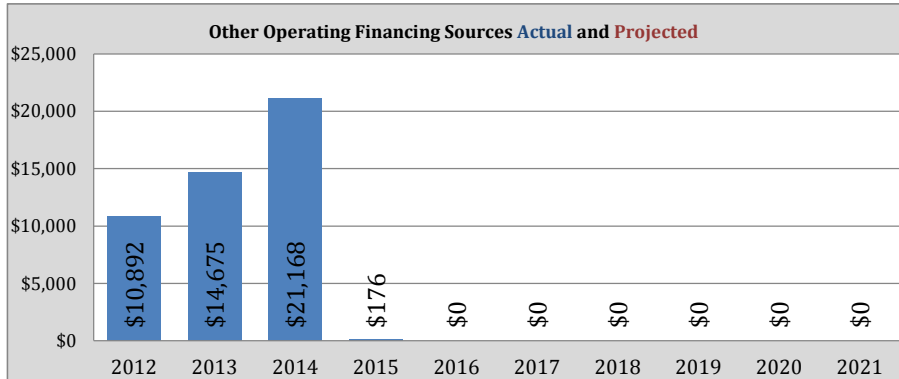
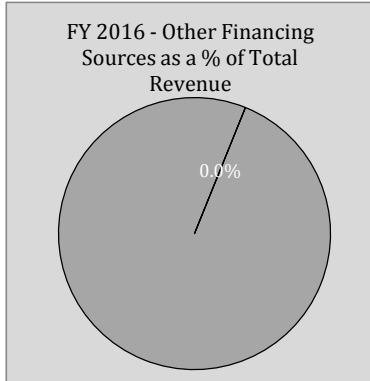


Revenue from all other sources are based on historical patterns that include tax abatements. Currently the district receives \$942,000 for open enrollment "in". Casino revenue was phased in at the following rates: FY13 \$25,790, FY14 \$63,983, FY15 \$63,635 and FY16 \$65,196 and with minimal increase forward. Other revenue includes Medicare reimbursement, building rental and participation fees. All other revenue sources are 19.1% of total district revenue.



2.070 - Total Other Financing Sources

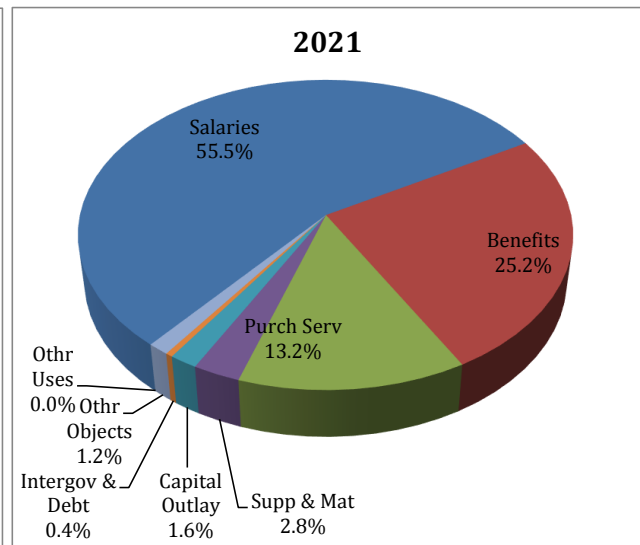
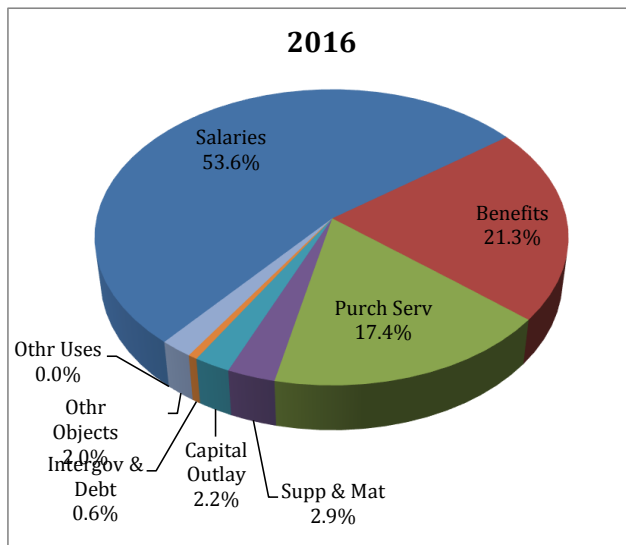
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



Expenditures Overview

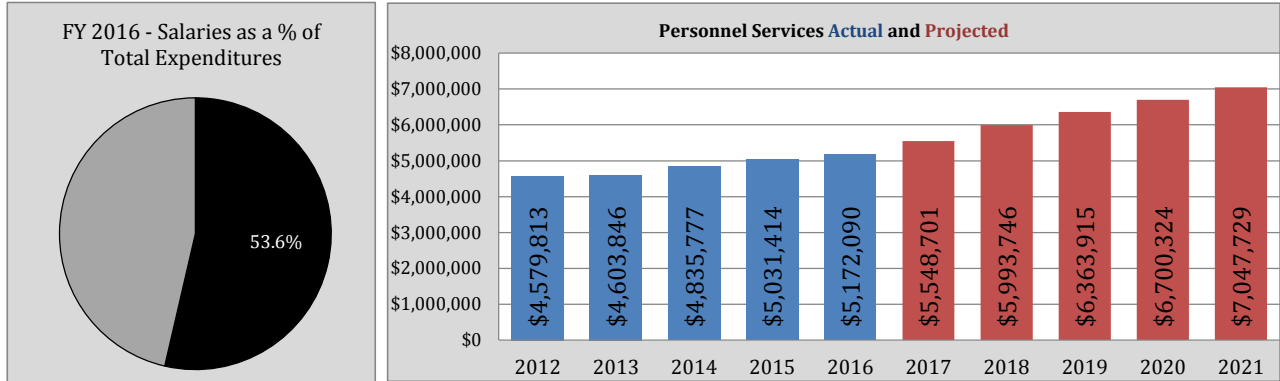
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
Expenditures:							
3.010-Salaries	1.46%	7.28%	8.02%	6.18%	5.29%	5.18%	6.39%
3.020-Benefits	0.30%	19.07%	10.21%	5.83%	5.66%	5.85%	9.32%
3.030-Purchased Services	9.82%	5.70%	-5.57%	-0.64%	0.63%	0.42%	0.11%
3.040-Supplies & Materials	2.50%	81.01%	-40.66%	1.07%	14.31%	0.32%	11.21%
3.050-Capital Outlay	-184.92%	-1.85%	-8.83%	20.43%	-49.58%	78.49%	7.73%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	0.50%	0.00%	-2.42%	0.00%	0.00%	0.00%	-0.48%
4.300-Other Objects	-15.99%	15.39%	0.00%	0.00%	0.00%	-28.31%	-2.58%
4.500-Total Expenditures	1.79%	11.59%	3.43%	5.02%	3.75%	4.63%	5.68%
5.040-Total Other Uses	-46.23%	n/a	n/a	n/a	n/a	n/a	n/a
5.050-Total Exp & Other Uses	1.77%	11.59%	3.43%	5.02%	3.75%	4.63%	5.68%

The increase for FY17 is due to salary increases, cost of insurance increase, purchase of new math books and computer carts. Adjustments were made for the projected years of FY18-21 in the appropriate categories. The increase in benefits for FY17 is due to no premium holiday. In FY16, the district opted to take two premium holidays. The decrease in benefits modeled is due to the fewer employees enrolling for medical insurance. An increase in capital outlay is due to the purchase of classroom furniture, computers and playground equipment. Adjustments were made for the projected years FY18-21.

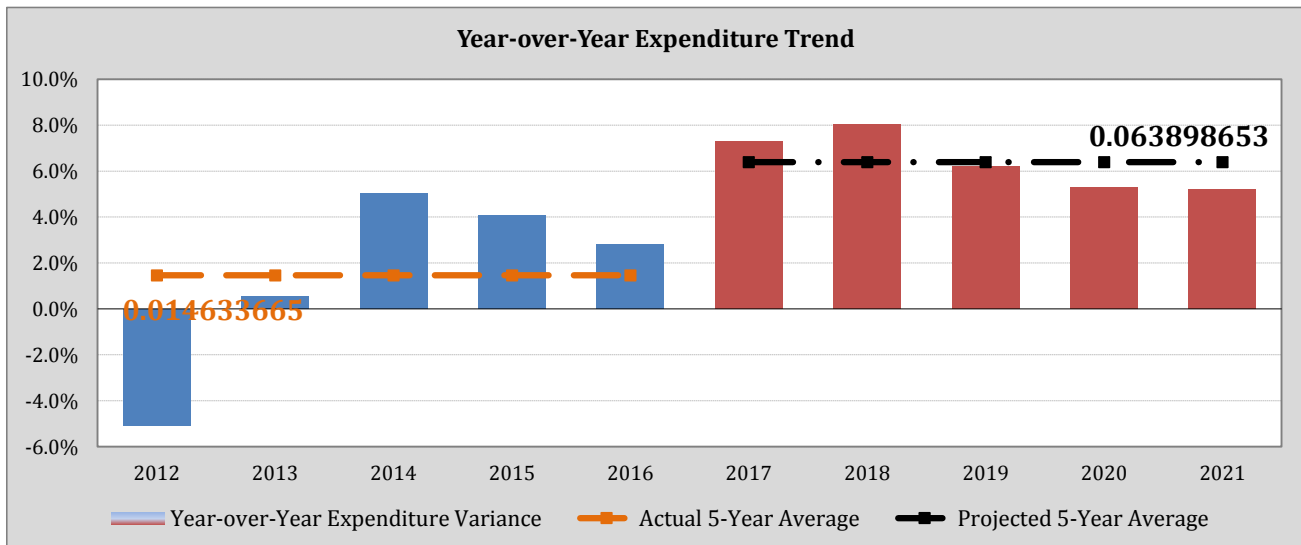


3.010 - Personnel Services

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

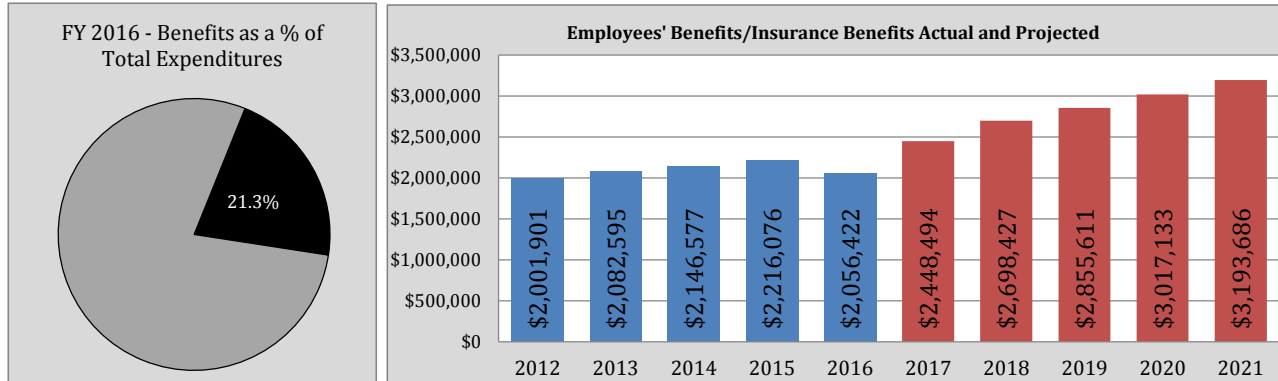


The current negotiated agreements reflect the following increases FY17, 18 and 19 2%. Projected for FY20 thru FY21 is a 2% increase for each year. New hires forecasted include replacements of existing staff due to retirements or resignations. The increase in FY17 is due to the new contract agreements with certificated and classified staff. Step increments were adjusted for classified employees; which resulted in an increase for the year over year change for FY17. In FY18, I have projected 4 new teachers, 1 aide, 1 new bus driver and the associate facility manager. These are all new positions.

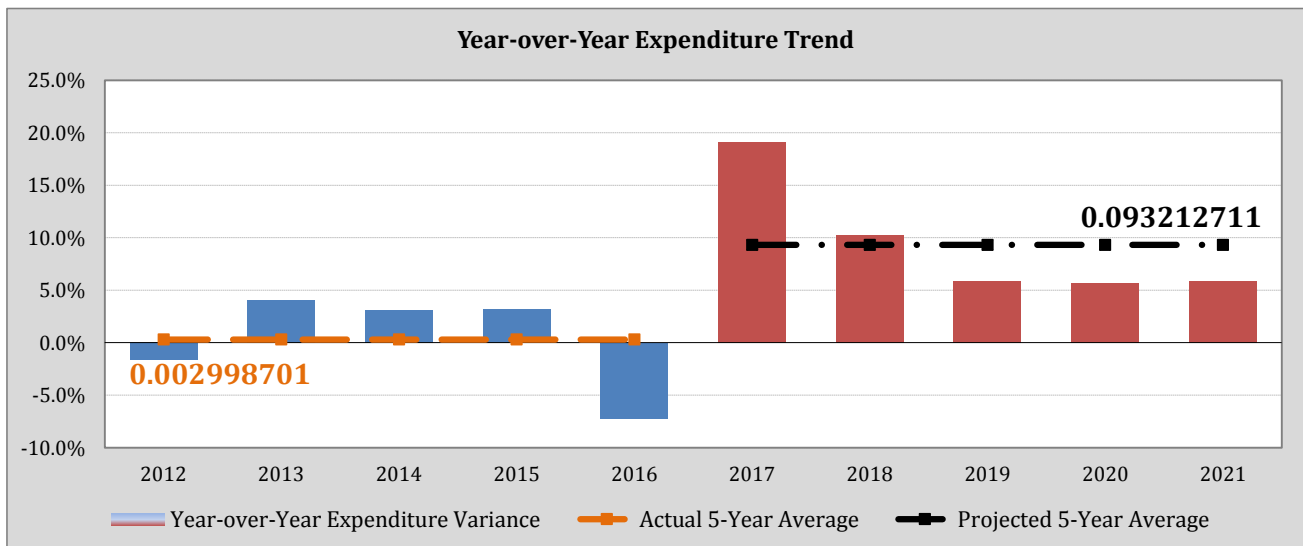


3.020 - Employees' Benefits

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

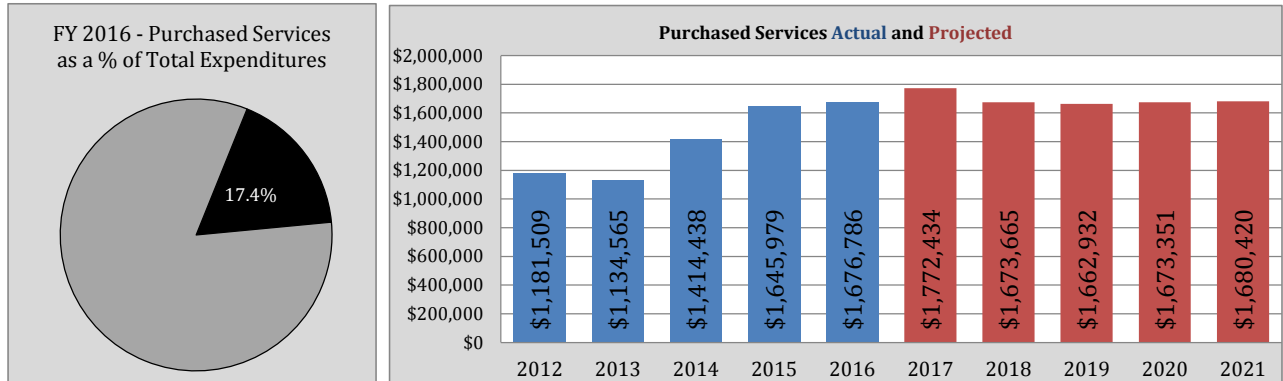


Premiums remained the same in FY15. FY16 there was a 1.32% increase, 3.35% increase in FY17 and a 4.71% increase for FY18. I have projected a 5.5%, 6% and 6.25% increase for FY19 through FY21. This also included the anticipated "Cadillac Tax" that has been delayed till 2020. This tax or penalty is 40 cents for every dollar the premium is over the statutory limit. A premium holiday was taken in FY14 and FY15. Two premium holidays were taken in FY16. No premium holidays are projected for the upcoming years.

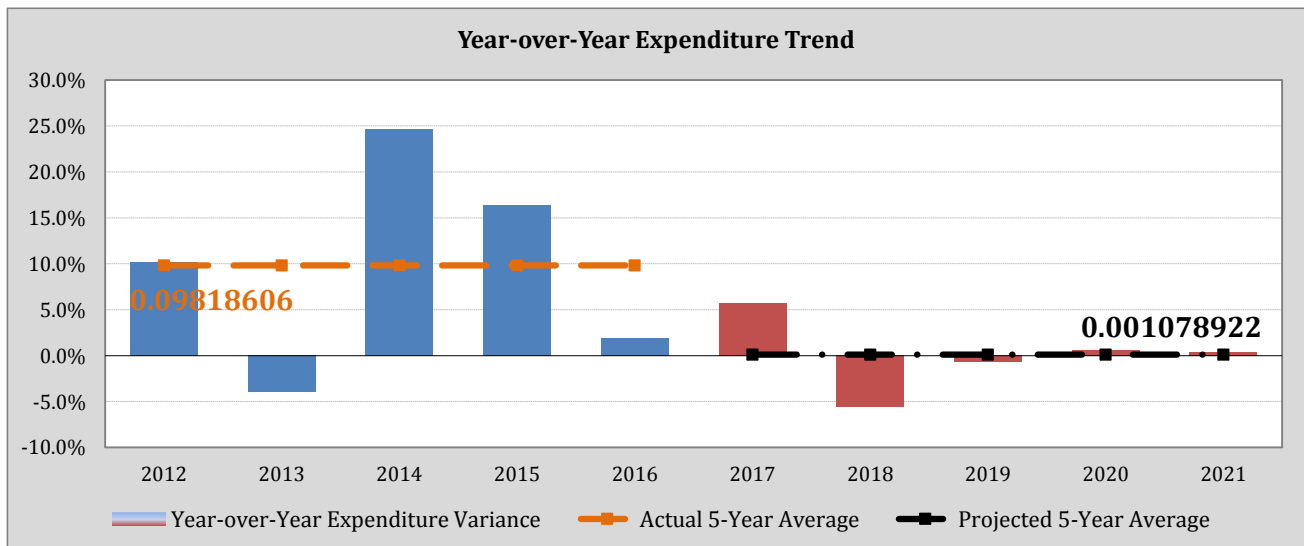


3.030 - Purchased Services

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.

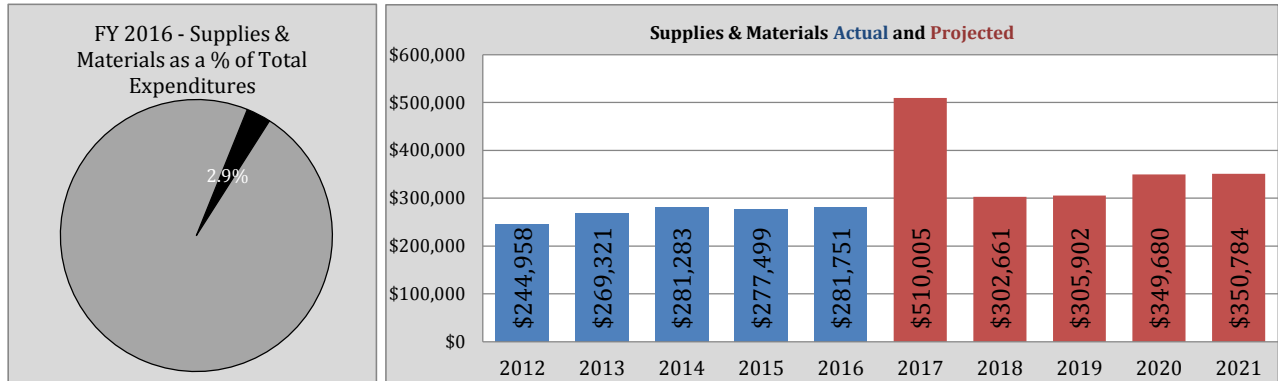


Items included in purchased services include but are not limited to: utilities, tuition to other districts, equipment repair, meetings/mileage, open enrollment out, post-secondary option, community school transfer, postage, therapy services, building repair/maintenance services, security, special education transportation, fleet insurance and bus maintenance/repairs. Expenditures in this category are budgeted at 3% increase per year for FY17-21. The increase from FY16 to FY17 due to an increase in aide services provided by the Educational Service Center. Another increase in FY17 that will carry forward will be the College Credit Plus (CCP). The largest decrease in purchased services will happen in FY18, after the resurfacing of the track.



3.040 - Supplies & Materials

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

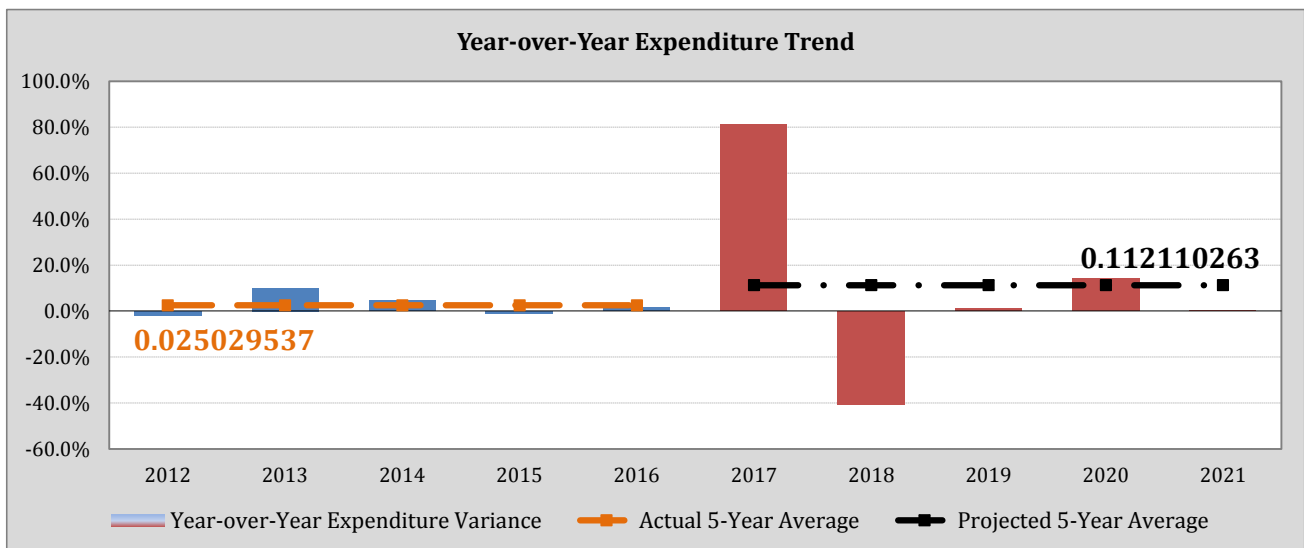


HB 412 requires each district maintain a level of expenditures equal to 3% of the prior year's base revenue to be spent on educational supply and materials and capital equipment. The purpose of this law is to make sure districts allow for the incidental classroom expenses that could easily be eaten away by inflationary increases in items such as diesel, or employee benefits. The district is in compliance with HB 412.

The increase for FY16 is due to the maintenance/repair of buses and the preparation of all-day kindergarten in 2017. The district hired a mechanic in FY16 thus the reduction in the upcoming years.

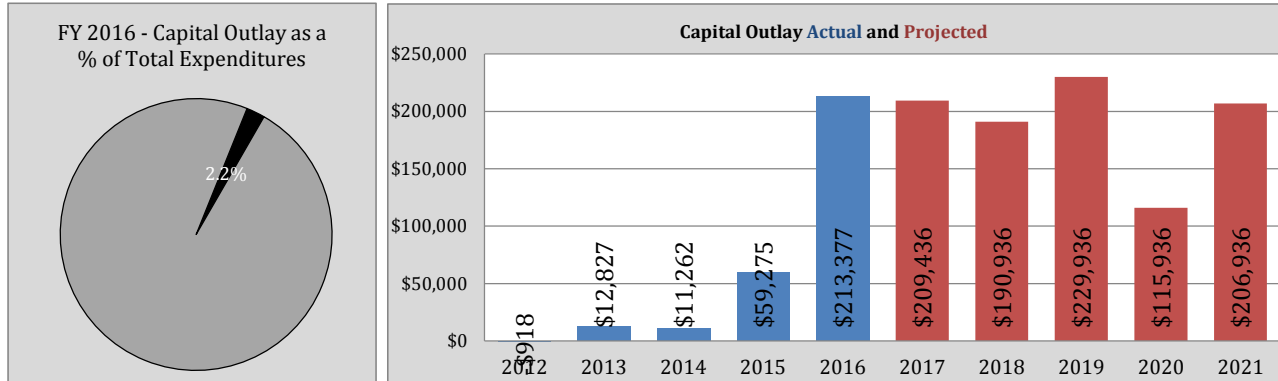
The increase in FY17 is due to the purchase of new math books for grades K-12. This is a one-time purchase and reduction in supplies and materials reflects that change for FY18-21. The district also purchased classroom supplies and materials for all day kindergarten starting FY17. This was a one-time set up for the district.

The decrease from FY17 to FY18 due to paying for preschool setup in FY17. From FY18 to FY21 I have projected a steady increase in supplies and materials.

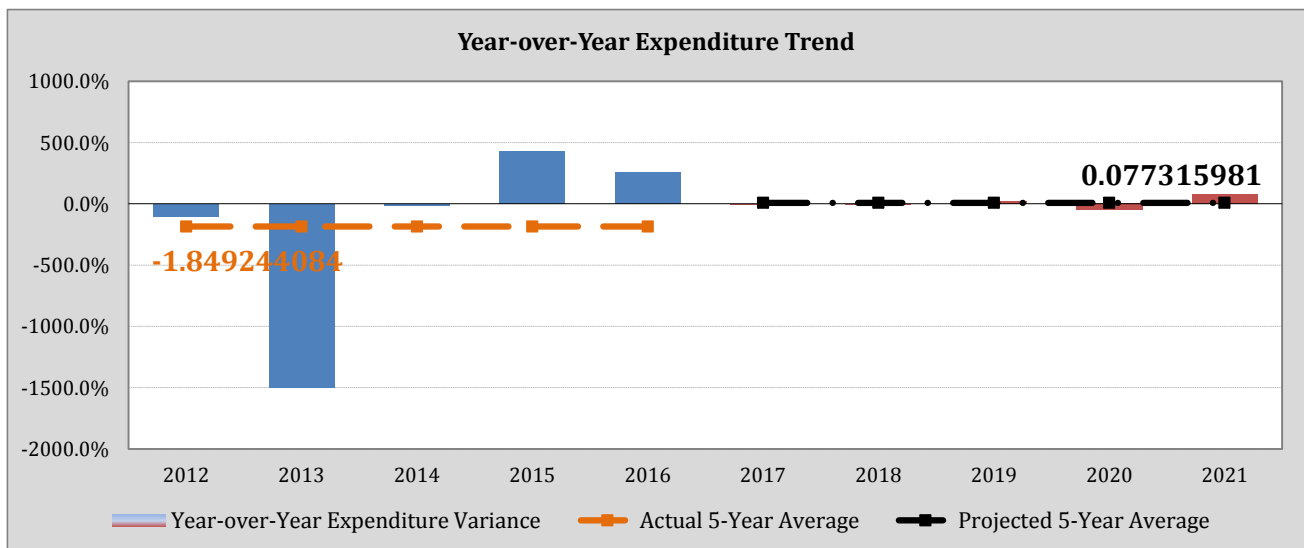


3.050 - Capital Outlay

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.

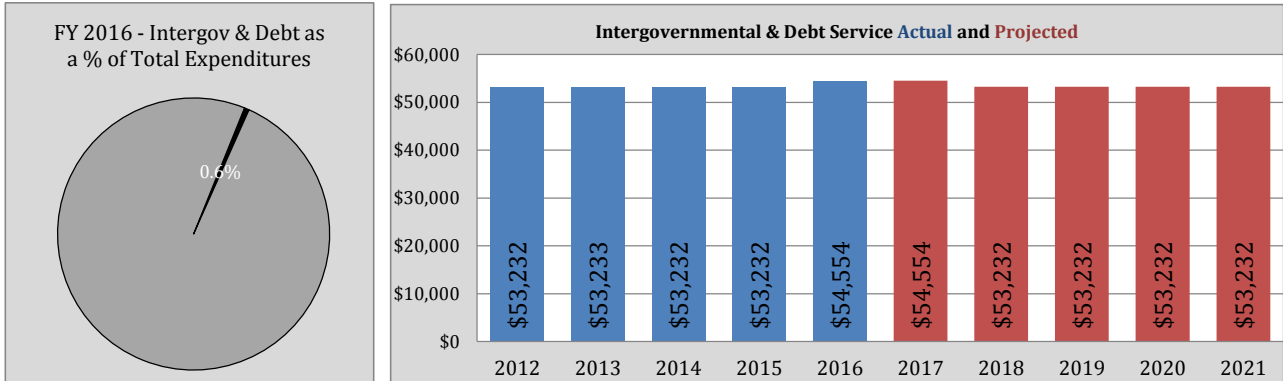


Capital outlay expenditures have been historically low because they did not include new buses or anticipated any large purchases from the General Fund. All major capital outlay, such as repairs to roofs, building, boilers, etc. are usually budgeted to the Permanent Improvement and Classroom Facilities Funds. FY15 budgeted \$56,000 to set up new middle school computer lab. In FY16, the district purchased 90 new computers and budgeted a permanent amount of \$50,000 for technology. In FY17, the district purchased computer carts and MacBook's. In FY17, new computers and chrome carts were purchased for the elementary, middle school, high school and special education. Building improvements have been budgeted for FY18 to FY21. The district is scheduled to purchase a new school bus every year, this taken out of permanent improvement funds.

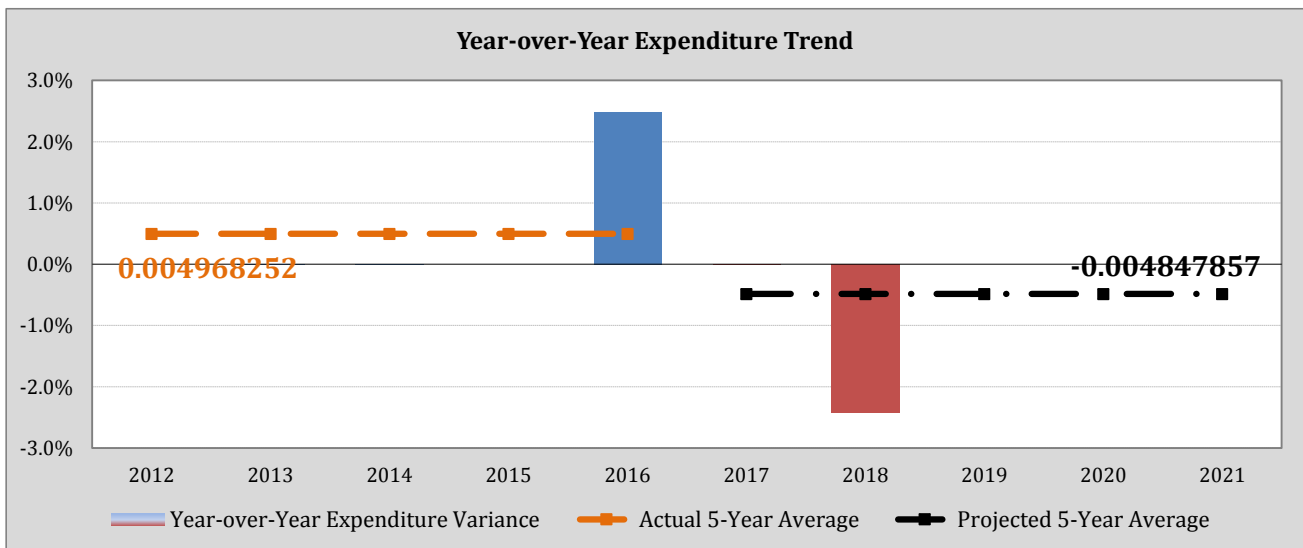


3.060-4.060 - Intergovernmental & Debt

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.

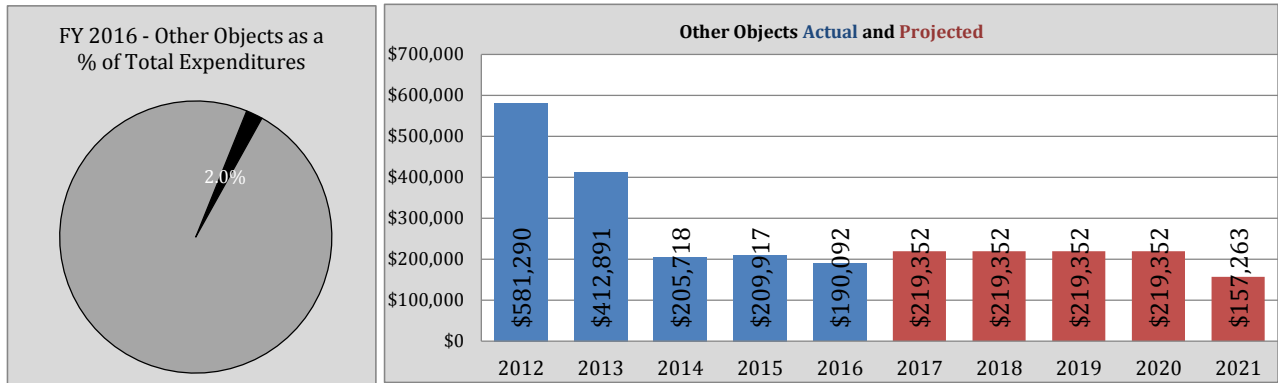


HB 246 loan is budgeted in this line item. Effective FY11, repayment of the Energy Conversation Note begins. This is a fifteen year loan that will apply to the energy conservation the district receives from the updates to lights and boilers.

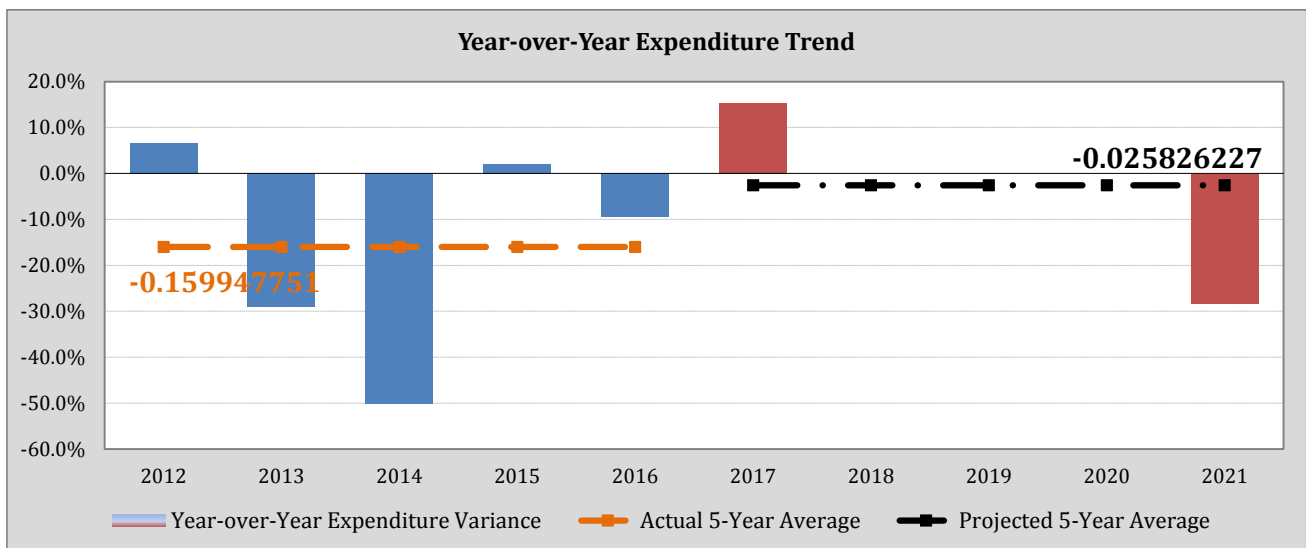


4.300 - Other Objects

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

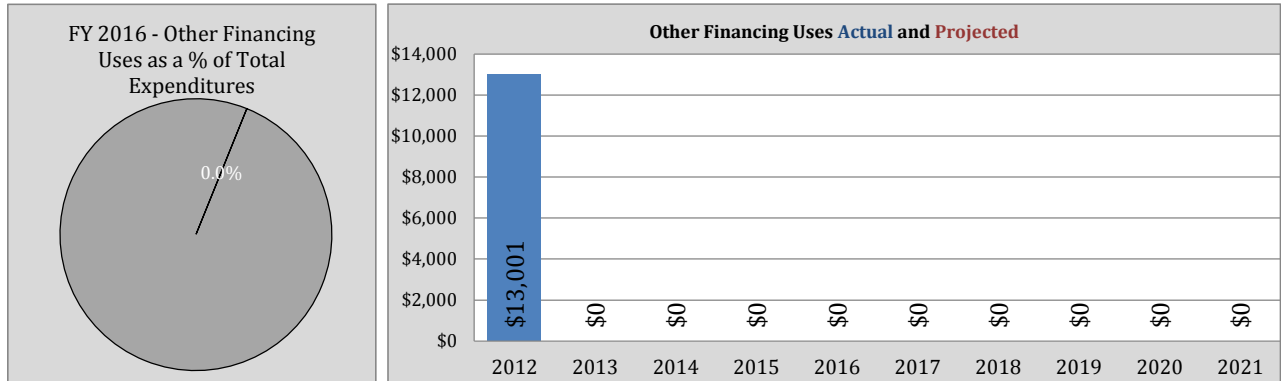


Other objects include: County Auditor/Treasurer fees, Election expense, computer consortium fees, Knox County ESC fees, liability insurance and State Audit fees.

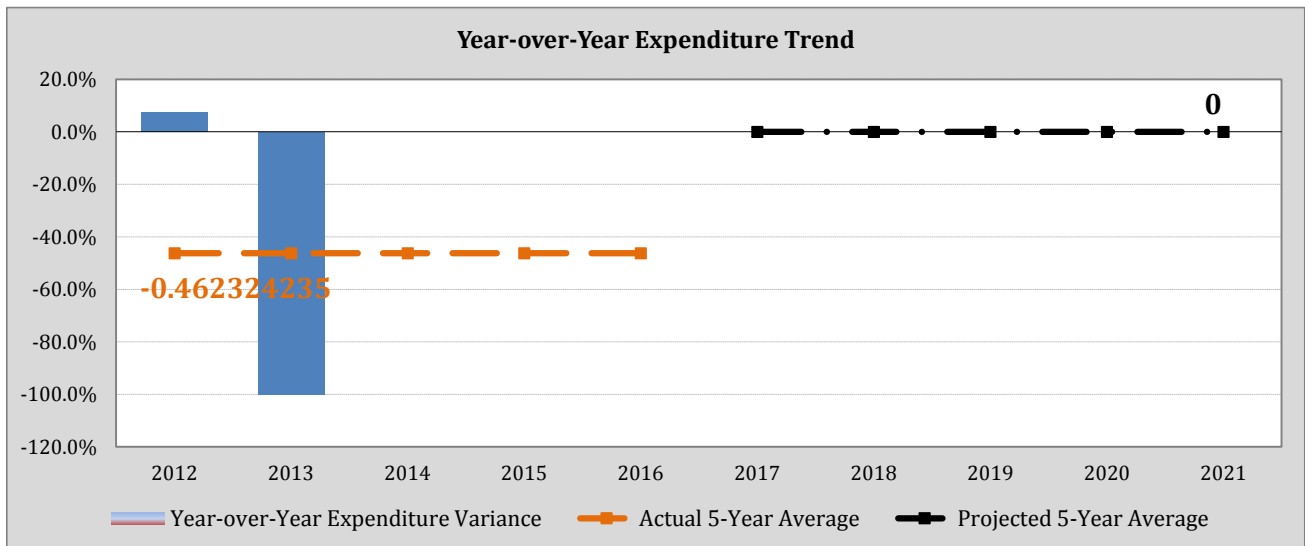


5.040 - Total Other Financing Uses

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



No general fund transfers are budgeted at this time.



Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2017

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
		Forecast Amounts For F.Y. 2017 Prepared on: 10/13/2016	Forecast Amounts For F.Y. 2017 Prepared on: 5/9/2017		
Revenue:					
1	Real Estate & Property Allocation	\$3,910,578	\$3,937,888	\$27,310	0.7%
2	Public Utility Personal Property	\$343,825	\$354,864	\$11,039	3.2%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$5,802,872	\$5,966,150	\$163,278	2.8%
5	Other Revenue	\$1,287,239	\$1,320,000	\$32,761	2.5%
6	Other Non Operating Revenue	\$0	\$0	\$0	n/a
7	Total Revenue	\$11,344,514	\$11,578,902	\$234,388	2.1%
Expenditures:					
8	Salaries	\$5,548,842	\$5,548,701	-\$141	0.0%
9	Fringe Benefits	\$2,386,244	\$2,448,494	\$62,250	2.6%
10	Purchased Services	\$2,313,607	\$1,772,434	-\$541,173	-23.4%
11	Supplies, Debt, Capital Outlay & Other	\$1,016,153	\$993,347	-\$22,806	-2.2%
12	Other Non Operating Expenditures	\$0	\$0	\$0	n/a
13	Total Expenditures	\$11,264,846	\$10,762,976	-\$501,870	-4.5%
14	Revenue Over/(Under) Expenditures	\$79,668	\$815,926	\$736,258	6.5%*
15	Ending Cash Balance	\$5,026,171	\$5,762,431	\$736,260	6.5%*

*Percentage expressed in terms of total expenditures

FREDERICKTOWN LOCAL SCHOOL DISTRICT - - KNOX COUNTY

Fiscal Year:	Actual	FORECASTED				
	2016	2017	2018	2019	2020	2021
Revenue:						
1.010 - General Property Tax (Real Estate)	3,288,300	3,366,545	3,357,703	3,390,943	3,432,916	3,489,706
1.020 - Public Utility Personal Property	300,803	354,864	380,886	397,496	414,510	431,307
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	5,439,763	5,894,230	6,074,608	6,209,127	6,525,276	6,800,292
1.040 - Restricted Grants-in-Aid	93,121	71,920	77,682	78,417	79,103	79,741
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	566,359	571,343	586,663	580,863	569,109	559,722
1.060 - All Other Operating Revenues	1,205,200	1,320,000	1,323,500	1,324,950	1,325,760	1,326,570
1.070 - Total Revenue	10,893,546	11,578,902	11,801,042	11,981,796	12,346,674	12,687,336
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	-	-	-	-	-	-
2.070 - Total Other Financing Sources	-	-	-	-	-	-
2.080 - Total Rev & Other Sources	10,893,546	11,578,902	11,801,042	11,981,796	12,346,674	12,687,336
Expenditures:						
3.010 - Personnel Services	5,172,090	5,548,701	5,993,746	6,363,915	6,700,324	7,047,729
3.020 - Employee Benefits	2,056,422	2,448,494	2,698,427	2,855,611	3,017,133	3,193,686
3.030 - Purchased Services	1,676,786	1,772,434	1,673,665	1,662,932	1,673,351	1,680,420
3.040 - Supplies and Materials	281,751	510,005	302,661	305,902	349,680	350,784
3.050 - Capital Outlay	213,377	209,436	190,936	229,936	115,936	206,936
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	37,900	37,900	37,900	37,900	37,900
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	54,554	16,654	15,332	15,332	15,332	15,332
4.300 - Other Objects	190,092	219,352	219,352	219,352	219,352	157,263
4.500 - Total Expenditures	9,645,072	10,762,976	11,132,018	11,690,881	12,129,008	12,690,050
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	9,645,072	10,762,976	11,132,018	11,690,881	12,129,008	12,690,050
6.010 - Excess of Rev Over/(Under) Exp	1,248,474	815,926	669,024	290,915	217,666	(2,714)
7.010 - Cash Balance July 1 (No Levies)	3,698,031	4,946,505	5,762,431	6,431,455	6,722,370	6,940,036
7.020 - Cash Balance June 30 (No Levies)	4,946,505	5,762,431	6,431,455	6,722,370	6,940,036	6,937,322
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	4,946,505	5,762,431	6,431,455	6,722,370	6,940,036	6,937,322
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	4,946,505	5,762,431	6,431,455	6,722,370	6,940,036	6,937,322
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	4,946,505	5,762,431	6,431,455	6,722,370	6,940,036	6,937,322