



Felicity-Franklin Local Schools

Five Year Forecast Financial Report

October, 2018

Christina Laubach, CFO

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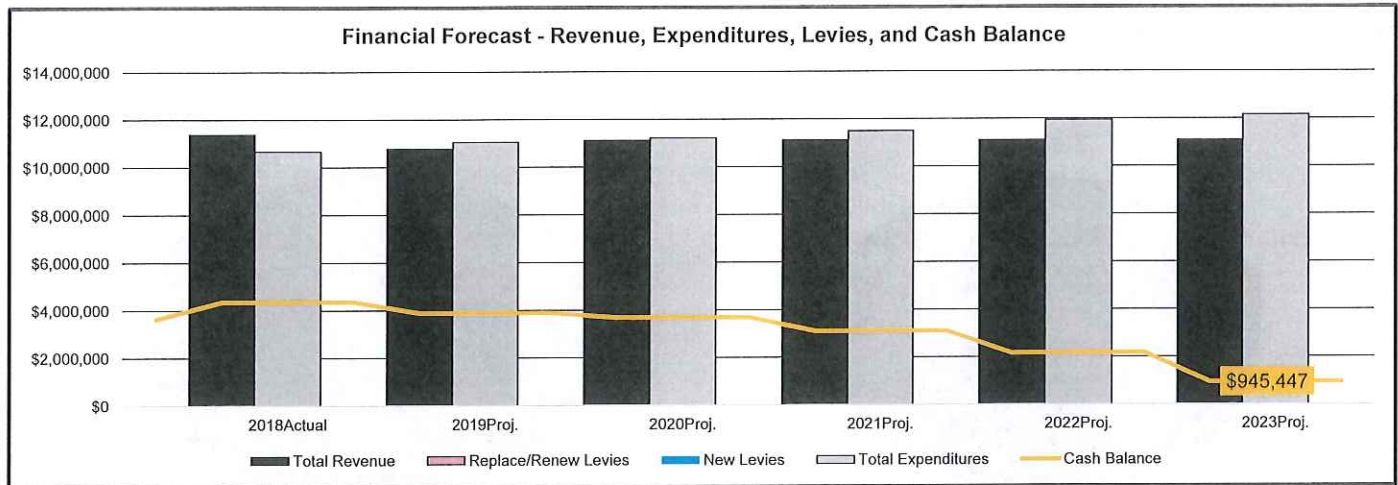
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Forecast Purpose/Objectives

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.



Felicity-Franklin Local Schools

Financial Forecast

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Beginning Balance	4,649,325	4,365,401	4,274,688	3,895,628	3,059,326
+ Revenue	10,767,229	11,118,236	11,113,779	11,098,146	11,081,644
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(11,051,153)	(11,208,949)	(11,492,839)	(11,934,448)	(12,150,523)
= Revenue Surplus or Deficit	(283,924)	(90,713)	(379,060)	(836,302)	(1,068,879)
Ending Balance with renewal levies	4,365,401	4,274,688	3,895,628	3,059,326	1,990,447
Note: Not Reduced for Encumbrances					

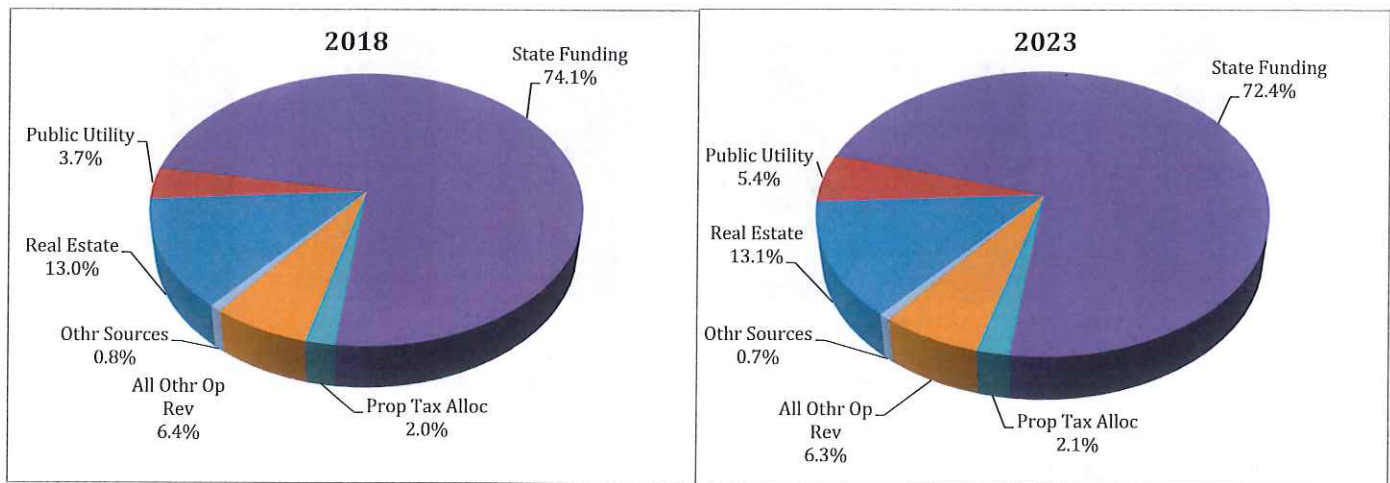
Although the state's funding formula did not significantly change in this biennium, our district did see a significant change in our five year forecast due to two factors that are outside of our control. The first was a one time adjustment (decrease) of \$400,266 dictated by ORC 3317.028 due to our increase in public utility valuation in 2018. The second was the impact of a significant decrease in enrollment. Both of these negative adjustments to our forecast were identified/discovered in July/August of FY19.

This forecast is predicting an average 0.49% decrease over the next 5 years in revenue which is lower than the 4.58% increase we have seen in the last five years. The previous five years average increase is impacted by the drastic change in the funding formula beginning in FY16 when we saw the shift to fund rural districts that do not have the capacity to raise local revenue. The future five year average decrease is impacted by the drop in enrollment and the decrease caused by our public utility valuation increases and impact of ORC 3317.028.

Expenditures are forecasted to increase an average 2.65% over the next five years which is down slightly from the 3.32% increase over the last five years. We will continue to monitor & evaluate expenditures as we start to adjust for the drop in state funding revenue.

Not included above are the district's general fund reserves. The district currently has a bus purchase reserve and a capital improvements reserve. These reserves will help prepare the district for future capital expenditures for maintenance & repairs of our buildings and any technology improvements. After reserves are deducted from the \$1,990,447 cash balance in 2023, the district will have an adjusted cash balance of \$945,447.

Revenue Sources and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
Revenue:							
1.010-Real Estate	3.25%	1.09%	-1.46%	-0.28%	-0.64%	-0.68%	-0.39%
1.020-Public Utility	19.23%	54.11%	-4.41%	-1.15%	-1.10%	-1.14%	9.26%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	4.19%	-10.30%	5.50%	0.04%	-0.02%	0.00%	-0.96%
1.040-Restricted Aid	59.32%	6.59%	0.87%	-1.06%	0.47%	-0.05%	1.37%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	1.08%	1.22%	0.25%	0.04%	0.02%	0.18%	0.34%
1.060-All Other Operating	3.56%	-6.28%	0.90%	1.11%	0.00%	0.00%	-0.85%
1.070-Total Revenue	4.51%	-5.40%	3.36%	-0.04%	-0.14%	-0.15%	-0.48%
2.070-Total Other Sources	44.86%	-5.39%	-8.64%	0.00%	0.00%	0.00%	-2.81%
2.080-Total w/Other Srcs	4.58%	-5.40%	3.26%	-0.04%	-0.14%	-0.15%	-0.49%

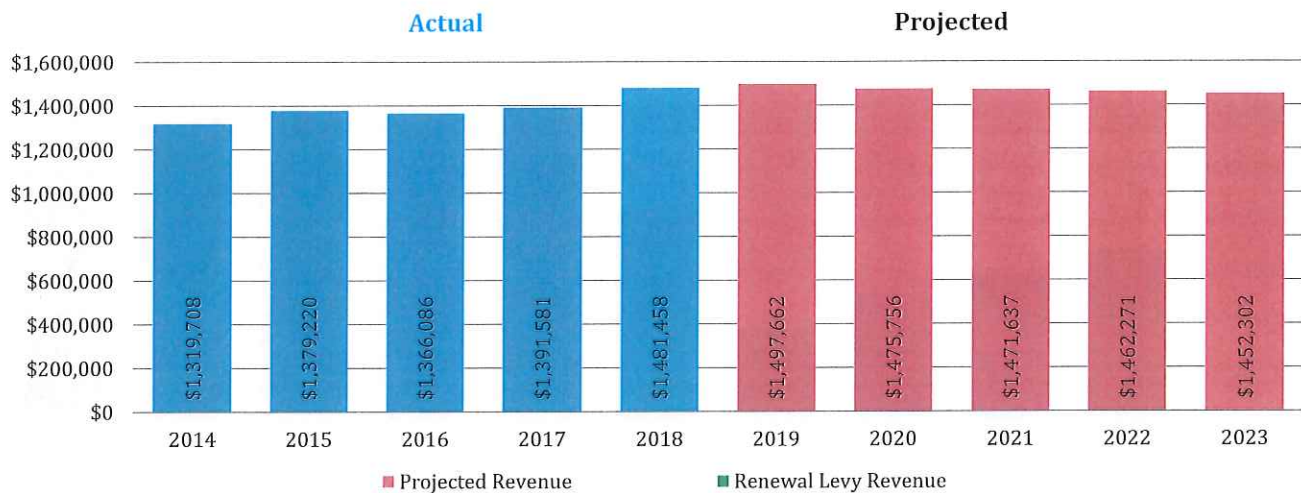
At this time, the district's revenue is projected to decrease .49% on average over the next 5 years, which is a decrease over the previous 5 year increase of 4.58%.

As the above year-over-year changes are considered, the following should be noted:

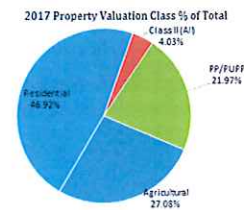
- 1) In FY16, the funding formula changed and positively impacted rural districts with little capacity to raise local revenue which positively impacted our last 5 year average. Beginning in 2019, our funding dropped significantly due to enrollment decreases and due to an increase in our public utility valuations.
- 2) We experienced decreases in Public Utilities from 2013-2017 due to Duke Energy's decreases in coal inventory, but beginning in 2018 we experienced a significant increase due to the new power switching station built in our district.
- 4) Restricted Aide is difficult to compare to the previous 5 year average because there has been significant fluctuations in when we receive our catastrophic reimbursements.
- 5) Total Other Financing Sources includes State Employee Retirement Refunds & Bureau of Worker's Compensation refunds which are based on their surplus of funds and also includes any SF14/14H reimbursements for any special education students that are court placed in our dsitric. This revenue is difficult to forecast due to our reliance upon factors that are outside of our control.

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).



Total Valuations by Property Classification							
Tax Year	Agricultural	Residential	Total Class I	Class II (All)	PP/PUPP	Total	YOY \$ Change
2012	15,800,460	46,744,480	62,544,940	4,979,140	11,243,530	78,767,610	2,340,430
2013	15,835,120	46,984,520	62,719,640	4,983,790	10,230,750	77,934,180	(833,430)
2014	31,272,510	41,791,500	73,064,010	5,401,730	9,819,470	88,285,210	10,351,030
2015	30,829,000	41,671,660	72,500,660	4,363,440	7,122,720	83,986,820	(4,298,390)
2016	31,049,760	41,863,130	72,912,890	4,346,960	5,741,940	83,001,790	(985,030)
2017	28,777,430	49,863,750	78,641,180	4,285,200	23,346,160	106,272,540	23,270,750
2018	28,643,417	49,209,000	77,852,417	3,897,101	22,045,950	103,795,468	(2,477,072)



Real estate tax revenue comprises 13.9% of the district's revenue. This means that only 13.9 cents out of every dollar in revenue is generated from local real estate property taxes.

Although valuations can fluctuate with reassessments, due to effective mills, a tax credit factor is applied to the voted mills to prevent an increase in the tax bill of the property owner, which means no increase in revenue to the district. Generally, districts do not receive increases in property taxes unless there is new construction. In tax year 2017 (FY18), the district hit the 20 mill floor, which is the only other way additional property tax is provided to districts.

As a result of the 2017 re-appraisals, residential valuation increased 19.1% and agricultural valuations decreased 8.6%. Total Class I and Class II valuations increased from \$77M to \$83M, which is a net 7.3% increase.

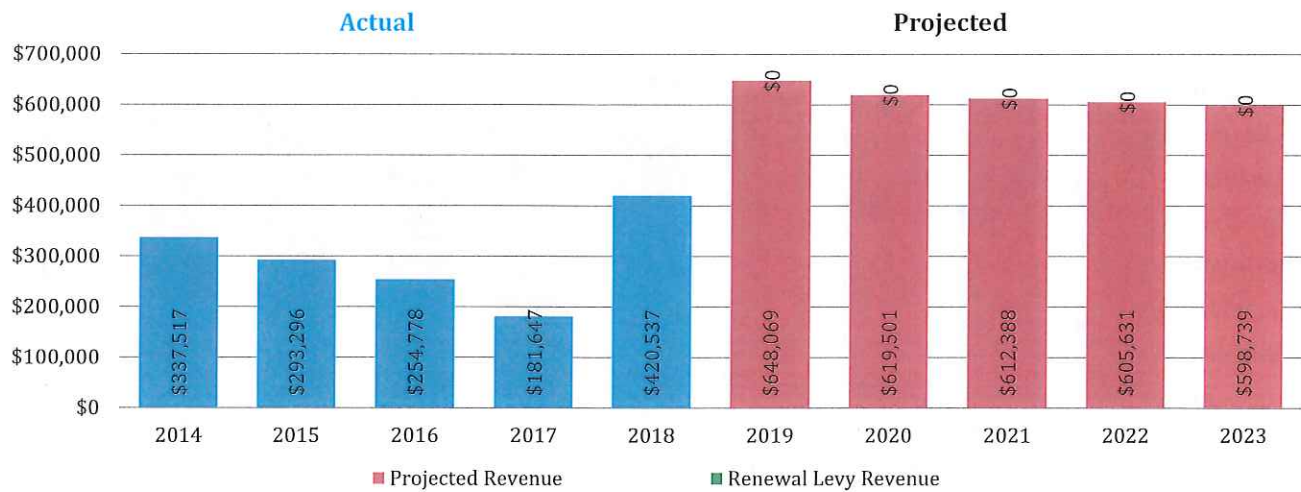
When comparing our district to the statewide average, we can easily see why the state funding formula developed in FY16 was favorable to the district. The current formula recognizes the district's inability to raise more local revenue.

	Our District	Statewide Avg
Value of 1 mill	106,000	238,201
Class I Avg Effective Mills	20.00	30.86
Median Income	31,569	33,782

*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.



		2018	2019	2020	2021	2022	2023
Total With Renewal Levies		420,537	648,069	619,501	612,388	605,631	598,739
YOY \$ Change		238,890	227,532	(28,568)	(7,113)	(6,757)	(6,892)
YOY % Change		131.5%	54.1%	-4.4%	-1.1%	-1.1%	-1.1%
Percentage of Total Revenue		3.7%	6.0%	5.6%	5.5%	5.5%	5.4%

Public Utility makes up 6% of our Total Revenue and had continuously decreased prior to 2018. In 2015 public utility valuations decreased \$2.7 million, and in 2016 another \$1.4 million decrease. The largest contributor of this decrease is Duke Energy-Electric caused by the Beckjord Power Plant closure. Due to the new switching station that was built in our district, 2017 valuations increased 17.6 million causing a \$240K increase in public utility revenue in FY18 and another \$240K increase in FY19. Unfortunately, the increased valuations will decrease our state funding as the formula takes valuations into consideration in determining the voters capacity to raise local dollars. Also, due to the district's large increase in public utility valuations caused by the new sub station, ORC 3317.028 dictates a one time \$400K decrease in state funding revenue (see impact in 1.035 of the forecast & notes).

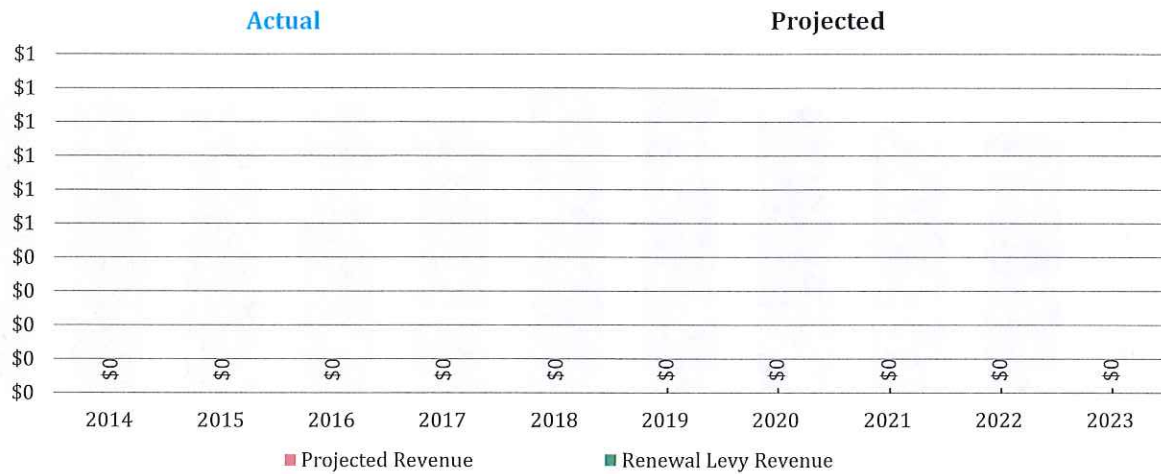
The following graph shows historical and future public utility valuations.

PP/PUPP			Values and Tax Rates		
Tax Year	PP/PUPP	YOY \$ Chg.	Tax Year	Valuation	Value Change
2012	11,243,530	2,570,960	2017	23,346,160	17,604,220
2013	10,230,750	(1,012,780)	2018	22,045,950	(1,300,210)
2014	9,819,470	(411,280)	2019	21,786,845	(259,105)
2015	7,122,720	(2,696,750)	2020	21,540,695	(246,150)
2016	5,741,940	(1,380,780)	2021	21,306,853	(233,842)
			2022	21,056,853	(250,000)

*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.



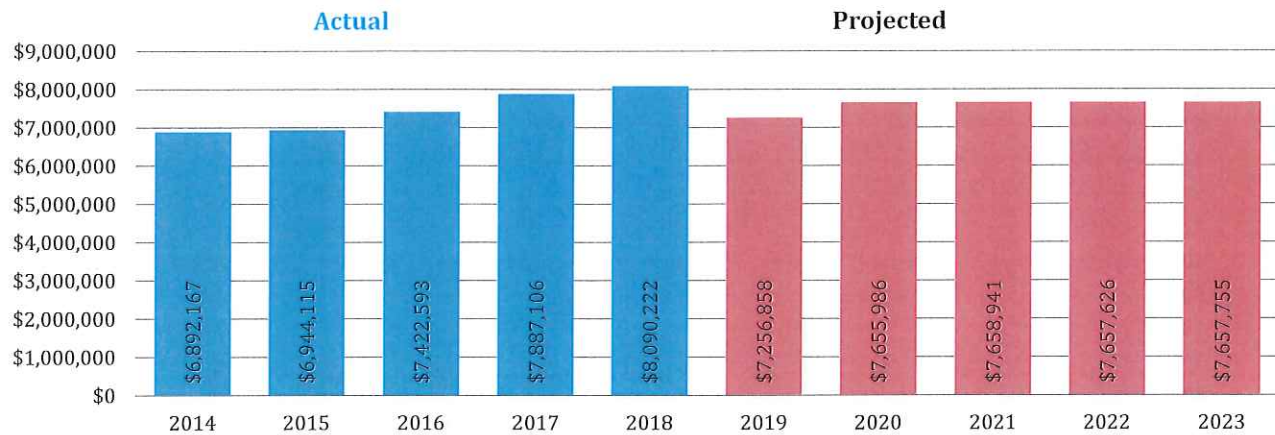
		2018	2019	2020	2021	2022	2023
Total		-	-	-	-	-	-
YOY \$ Change		-	-	-	-	-	-
YOY % Change		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Our district does not have an income tax.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	8,090,222	7,256,858	7,655,986	7,658,941	7,657,626	7,657,755
YOY \$ Change	203,116	(833,364)	399,128	2,955	(1,315)	129
YOY % Change	2.6%	-10.3%	5.5%	0.0%	0.0%	0.0%

Percentage of Total Revenue	71.1%	67.4%	68.9%	68.9%	69.0%	69.1%
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Core Funding Per Pupil	6,010	6,020	6,030	6,040	6,050	6,060
State Share Index (SSI)	69.8%	69.8%	61.1%	61.1%	59.8%	59.8%
State Core Funding Per Pupil	4,195	4,202	3,682	3,688	3,617	3,623

Formula ADM (Funded Student Count)	884	801	799	780	788	787
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Funding Status	Formula	Guarantee	Guarantee	Guarantee	Guarantee	Guarantee
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In FY18 state funding per pupil represents 71.1% of the districts revenue. In FY19, state funding drops to 67.4% of the districts revenue. In the past five years, the district has seen an average annual increase of 4.19% and over the next five years the revenue is expected to decrease 0.96% on average. Only FY19 is predictable at this point, as the funding formula could be changed again in FY20 with the next biennial budget. This forecast assumes the same formula funding system with adjustments to funding amounts per pupil based on historic trends. State funding is still highly dependent upon student enrollment in multiple categories of the formula. In FY15 & FY16, we saw a significant loss in students, in FY17 & FY18 our enrollment increased slightly, and now in FY19, we are again seeing a significant decrease. This forecast uses census data and historical mobility rates to determine enrollment in future years. Due to our loss in ADM this year, we will no longer be formula funded and will move to the state guarantee program. We are now dependent upon the state's decision to move districts off the guarantee in future budget cycles. The guarantee is based on FY17 funding and is reduced by 3% because our enrollment has dropped more than 5%.

In FY19, the state formula will begin to use the district's new 2017 reappraised values which will decrease state funding due to increased valuations. FY19 funding is also reduced by \$400,266 due to ORC 3317.028 which states that districts whose public utility valuations increased more than 10%, will have a formula adjustment which replaces the 3- year valuation average with the current year increased valuations.

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					
	2018	2019	2020	2021	2022	2023
Total	345,958	368,757	371,967	368,038	369,786	369,614
YOY \$ Change	(122,644)	22,799	3,210	(3,929)	1,748	(172)
YOY % Change	-26.2%	6.6%	0.9%	-1.1%	0.5%	0.0%
Percentage of Total Revenue	3.0%	3.4%	3.3%	3.3%	3.3%	3.3%

Restricted Grants in Aid increased in 2017 when the governor added an Economically Disadvantaged component to the formula. This category of revenue also includes Career Tech funding and Catastrophic Reimbursement. Catastrophic Reimbursement is a reimbursement of a portion of special education costs expended in the prior year.

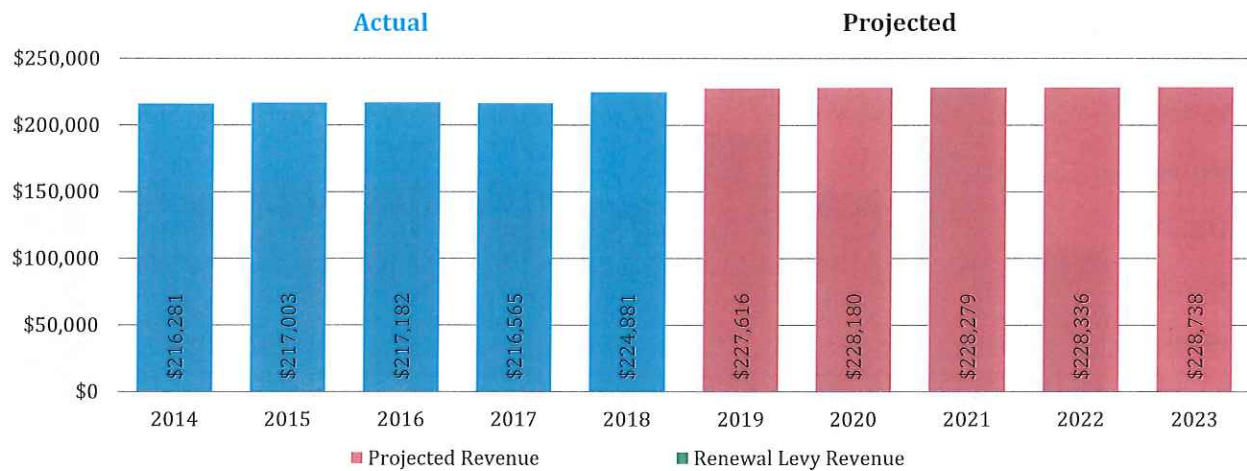
Career Tech funds are restricted for use in the district's agricultural education program. Economically Disadvantaged funds are used to pay the salaries of our K-2 reading teachers and our K-12 school nurse.

2015 restricted revenue is skewed as it included two catastrophic payments in one fiscal year (one received in July of 2014 and the second one received in June of 2015). 2017 restricted revenue is also skewed as the district received two adjustments in FY17 (for FY16 and FY17) related to Career tech funding caused by the switch from October count week to daily ADM to calculate student enrollment. Restricted Aid in FY18 was down from prior year for 2 reasons: 1) Economically disadvantaged percent is down almost 5% causing a \$40K decrease. In addition, there is a \$31K decrease in Career tech due to the additional adjustments in FY17 mentioned above.

The district should see a slight increase in Restricted Aide this year due to our Family Consumer Science program. This is a new program the district is excited to offer which will provide additional funding for programming in Culinary Fundamentals, Interior Design, Principles of Food & Child Development.

1.050 - Property Tax Allocation

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



	2018	FORECASTED				
		2019	2020	2021	2022	2023
Renewal Levies	224,881	227,616	228,180	228,279	228,336	228,738
YOY \$ Change	8,316	2,735	564	99	57	402
YOY % Change	3.8%	1.2%	0.2%	0.0%	0.0%	0.2%
Percentage of Total Revenue	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%

Property Tax Allocation revenue consists of 2.1% of Total Revenue.

This category of revenue includes two state funded taxpayer relief programs, the Homestead Exemption and the Rollback Exemption.

As part of HB920, a 10% property tax rollback was implemented. In this program, the state pays the equivalent of 10% of citizens' local millage to our district. HB66 passed in 2005 eliminated the rollback for certain real property used in business but maintained the rollback for residential and agricultural property. HB204 enacted in 1979 increased the rollback to 12.5% for owner occupied homesteads only.

HB119, passed in 1972 and revised in 2007, provides an exemption of \$25,000 from the market value of a home for all owner-occupied homesteads where the owner meets one of the following criteria:

- 1) age 65 or older
- 2) is the spouse of a deceased homeowner who was 65 at the time of death
- 3) is totally and permanently disabled

Although these two exemptions provide relief to the taxpayers, the district is held harmless as the state picks up the additional taxes payable to the district.

**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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	726,609	680,977	687,097	694,747	694,747	694,747
YOY \$ Change	1,548	(45,632)	6,120	7,650	-	-
YOY % Change	0.2%	-6.3%	0.9%	1.1%	0.0%	0.0%

Percentage of Total Revenue	6.4%	6.3%	6.2%	6.3%	6.3%	6.3%
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All Other Operating Revenue comprises 6.3% of Total Revenue and consists of two main components: Open Enrollment-In from other districts and Medicaid Reimbursement.

Open Enrollment-In student counts decreased in FY16, stayed flat in FY17, decreased by 10 in FY18, and decreased by 4 in 2019.

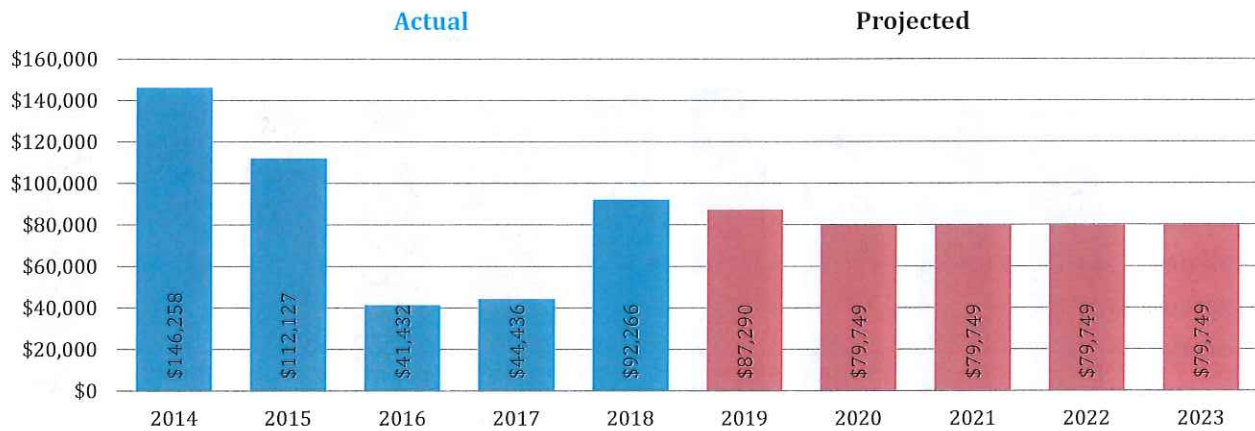
Open Enrollment Count History:	2017	2018	2019
Incoming OE - # of Students	83	77	73
Amount Per Pupil Funding	5,900	6,010	6,020
OE In Revenue Estimate	489,995	463,191	439,460

Medicaid reimbursement has increased over the last 3 years but is not guaranteed to increase and is hard to predict. These reimbursements are dependent upon the services needed by our students and upon proper documentation of services by medicaid service providers.

This category also includes chromebook payments which increased by \$9K in 2018 when the district implemented 1:1 technology in grades 5-12.

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.



	2018	FORECASTED				
		2019	2020	2021	2022	2023
Total	92,266	87,290	79,749	79,749	79,749	79,749
YOY \$ Change	47,830	(4,976)	(7,541)	-	-	-
YOY % Change	107.6%	-5.4%	-8.6%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%

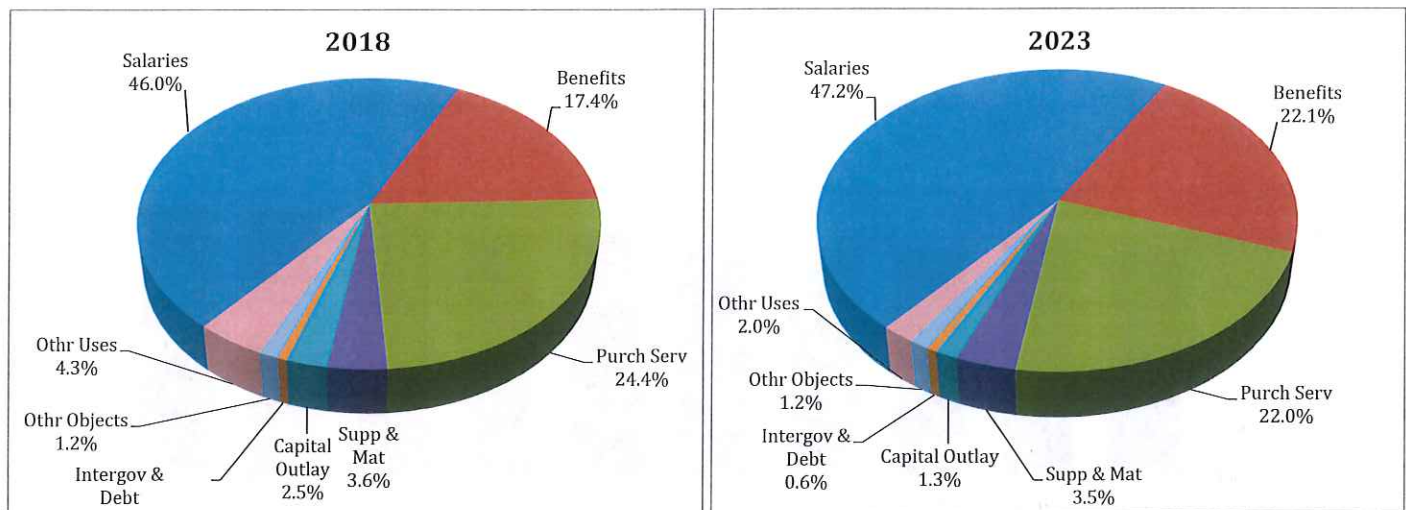
This category of revenue consists of only 0.8% of all revenue. For 2016 and forward, this revenue component consists of our State Employee's Retirement Refund and any other small revenue not anticipated (donations, etc.).

In 2014, this category included a bus reserve (\$25,000), and a tuition reserve (\$10,000 on average), and in 2015 we added a capital maintenance reserve. In 2016 these reserves will be funded differently so as to not inflate revenue. They will no longer be shown as a revenue item in this forecast as they are not truly revenue. This transaction is a movement of cash from one account in the general fund to another account within the same fund.

In previous years, this forecast line has also included the SERS Refunds, Bureau of Workers Compensation refunds, a Resident Educator reimbursement, and a sale of a bus, all of which are not consistent year to year. This line can be very difficult to forecast due to their unpredictability.

The decreases in FY16 & FY17 were due to the Bureau of Workers Compensation not distributing refunds in those years.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
Expenditures:							
3.010-Salaries	1.20%	4.33%	3.28%	2.86%	2.67%	2.85%	3.20%
3.020-Benefits	0.97%	3.24%	11.99%	9.27%	6.86%	7.15%	7.70%
3.030-Purchased Services	4.04%	8.45%	-5.31%	0.03%	0.03%	0.03%	0.65%
3.040-Supplies & Materials	15.89%	46.46%	-23.68%	0.00%	0.00%	0.00%	4.56%
3.050-Capital Outlay	45.67%	-29.19%	19.30%	-28.76%	78.90%	-44.10%	-0.77%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	0.02%	-1.70%	5.60%	-3.21%	7.50%	7.42%	3.12%
4.300-Other Objects	3.27%	9.61%	1.30%	0.44%	0.44%	0.45%	2.45%
4.500-Total Expenditures	2.40%	5.90%	1.46%	2.59%	3.93%	1.85%	3.14%
5.040-Total Other Uses	53.14%	-47.10%	0.00%	0.00%	0.00%	0.00%	-9.42%
5.050-Total w/Other Uses	3.32%	3.61%	1.43%	2.53%	3.84%	1.81%	2.65%

Total expenditures are expected to grow on average 2.65% over the forecast period compared to the increase of 3.32% in the previous five years.

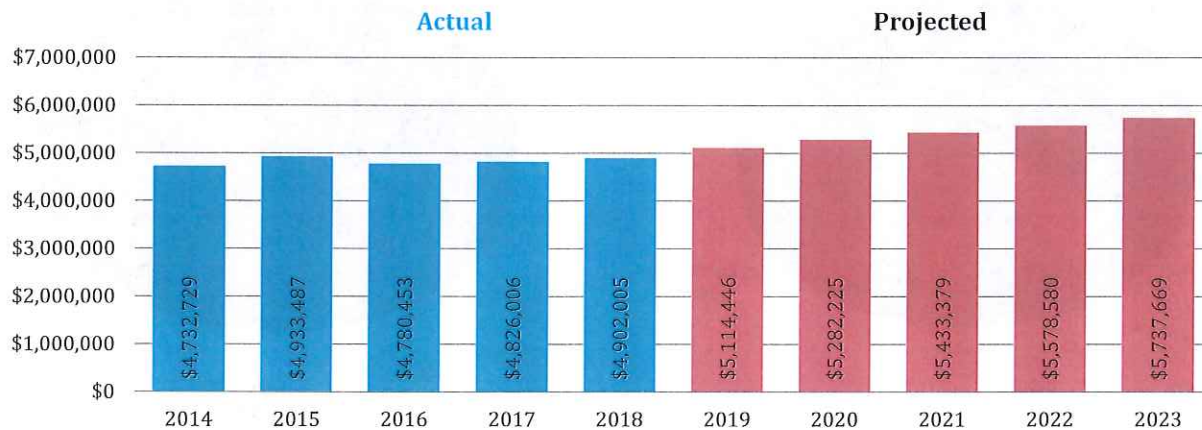
Salary changes over the past five years only increased on average 1.2% due to the 2015 STRS Retirement changes and the district's planning/repurposing of teachers in 2017. The next 5 year forecasted increase of 3.20% is indicative of the negotiated agreement in place for fiscal years 2019-2021 netted against the savings from forecasted teachers & staff retiring or resigning each year.

Benefits have been positively impacted over the last five years due to the same factors mentioned above. 2019-2023 is forecasted to increase 7.7% on average as the district begins to see premium increases again after not having any for the first two years after joining EPC in 2017.

The district's purchased services have increased 4.04% over the past 5 years, and is only predicted to increase an average of .65% over the next 5 years. Supplies and Materials have increased 15.89% on average over the past 5 years due to the district's decision to catch up our textbook adoptions district wide. The next five years are only showing an increase of 4.56% on average. In the Capital category, we typically experience large increase/decreases as we purchase technology, buses, & equipment. In FY18, 2 buses were purchased, therefore causing an average 45.67% increase in the previous 5 years. The district has been reserving to purchase a new bus every other year.

3.010 - Personnel Services

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



	2018	FORECASTED				
		2019	2020	2021	2022	2023
Total	4,902,005	5,114,446	5,282,225	5,433,379	5,578,580	5,737,669
YOY \$ Change	75,999	212,441	167,779	151,154	145,201	159,089
YOY % Change	1.6%	4.3%	3.3%	2.9%	2.7%	2.9%
Percentage of Total Budget	46.0%	46.3%	47.1%	47.3%	46.7%	47.2%

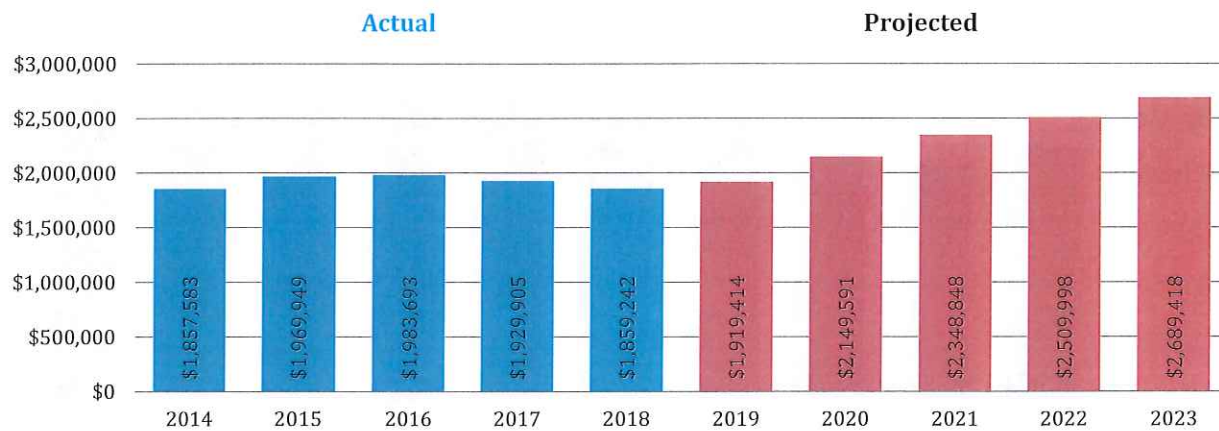
Personnel Services represents 46.3% of all expenditures and are expected to increase an average 3.2% over the next five years. At the end of FY17, the district entered into a 3 year agreement with the OAPSE classified union (mechanic, custodial, and aides), which gave all eligible employees a 2% base increase in FY17, a 1% in FY18, and another 1% in FY19. We will begin negotiations with OAPSE at the end of FY19. For FY20-FY23, this forecast includes a 1% raise for all non-teachers. In July 2018, the district entered into a new three year negotiated agreement with the FEA. New salary schedules were created as part of this new contract, as well as a flat bonus in FY20 & a 1% base increase in FY21.

Historical trend information: The district had 10 teachers resign/retire at the end of FY15 decreasing salaries by approximately \$140,000. In FY2016, the district had 8 resignations/retirements. In FY17 the district repurposed 3 of our title teachers back into the classroom due to the continued reduction to our title funding. Since 2014, federal funds have decreased approximately \$350,000 (an average \$58000 per year), thereby causing the general fund expenditures to increase. At the end of FY17 the district had 12 employees retire/resign and it was decided to add back our Student Services Coordinator for the following year. The FY18 net salary impact for the end of year retirements/resignations/additions was a decrease of \$102K and FY19 had a net \$0 impact.

In FY19, due to our special education teacher/student ratios and the districts decision to create the half-day alternative placement program to bring back students that would have otherwise dropped out of high school, the district will be adding an additional special education teacher.

3.020 - Employees' Benefits

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	1,859,242	1,919,414	2,149,591	2,348,848	2,509,998	2,689,418
YOY \$ Change	(70,663)	60,172	230,177	199,257	161,150	179,420
YOY % Change	-3.7%	3.2%	12.0%	9.3%	6.9%	7.1%
Percentage of Total Budget	17.4%	17.4%	19.2%	20.4%	21.0%	22.1%

Employee benefits encompass 17.4% of total expenditures and is forecasted to increase on average 7.7% throughout this forecast.

Insurance premiums continue to rise in both private and public sectors. Currently, the district is responsible for 85% of all premiums while employees pay 15%. Over the past five years, the district has controlled costs by plan design changes, increases in the employee's share of premiums, and spousal COB implementation. As another avenue to keep premium increases to a minimum, the district's insurance consortium, CCIC, voted to join a larger consortium, EPC, where it is believed there is security in having more insurable lives to offset our potential for large claimant exposure. This move to EPC has decreased the previously forecasted premiums in 2017 & 2018 by 13.5% over the next two years. In FY19, EPC has determined a 7% maximum increase in premiums, but for years FY20-FY23, this forecast shows a 7% to 10% increase each year.

Employee benefits also include our salary based benefits such as retirement and medicare. The district pays 14% of total salaries into the STRS/SERS retirement system and 1.45% of salaries to Medicare.

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					
	2018	2019	2020	2021	2022	2023
Total	2,598,902	2,818,405	2,668,854	2,669,782	2,670,710	2,671,638
YOY \$ Change	68,649	219,503	(149,551)	928	928	928
YOY % Change	2.7%	8.4%	-5.3%	0.0%	0.0%	0.0%

Percentage of Total Budget	24.4%	25.5%	23.8%	23.2%	22.4%	22.0%
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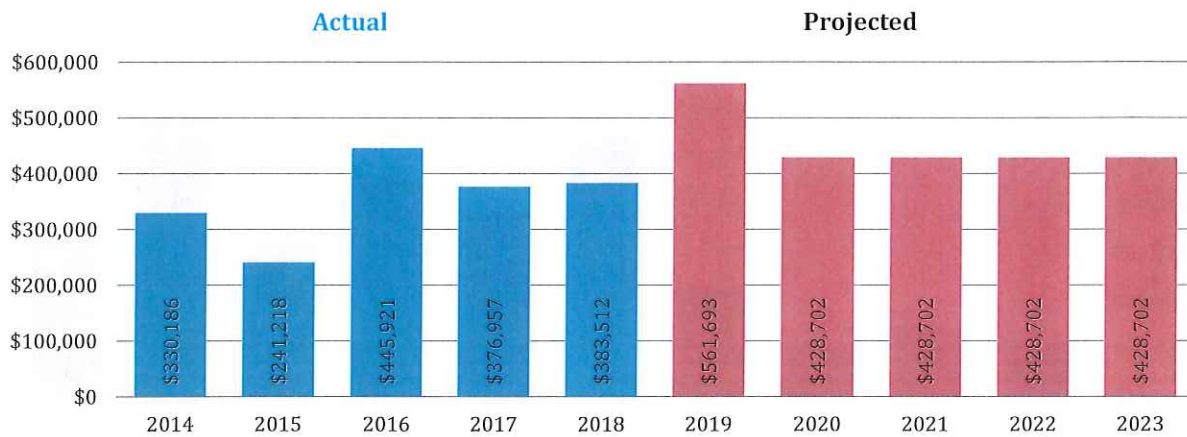
Purchased Services represents 25.5% of total expenditures. The largest expenditures in this category are special education costs, electricity, & open enrollment/ community school payments which encompasses 80% of this category.

Increases to Purchased Services are reflected/forecasted in the following areas:

- 1) In 2016, special education costs were down slightly, in 2017 we experienced a \$170K increase, and in 2018 we decreased \$71K. Due to the district's high mobility rate, this category of expenditures is very volatile. For FY19, this forecast shows a conservative increase in special education services.
- 2) There is \$150K additional expenditures forecasted in the general fund for FY18 and forward for technology services that are needed to support the Blended Learning Initiative.
- 3) Open enrollment-out to other districts remained flat in 2017 and 2018.
- 4) Instructional purchased services increased \$78,000 in 2017 due to the districts new partnership with AESOP (a substitute teacher service provider). Substitute teachers were previously paid through Personnel Services. In FY18, Technology Integration costs increased by \$32K and another \$30K in FY19 as we continue to provide teacher and student support through our Blended Learning Initiative once paid for by a Straight A Grant.
- 5) Beginning in FY18, the district decided to purchase their EMIS Coordinator from HCC, which is offset by our savings from eliminating the EMIS Data Entry position.
- 6) Beginning in FY19, an additional \$25K annually will be expended for a School Resource Officer/Sherriff.

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					
	2018	2019	2020	2021	2022	2023
Total	383,512	561,693	428,702	428,702	428,702	428,702
YOY \$ Change	6,555	178,181	(132,991)	-	-	-
YOY % Change	1.7%	46.5%	-23.7%	0.0%	0.0%	0.0%
Percentage of Total Budget	3.6%	5.1%	3.8%	3.7%	3.6%	3.5%

Supplies & Materials represent 5.1% of total expenditures.

1) FY2015 Supply expenditures were low due to the timing of the Language Arts textbook adoption. The new Language Arts adoption was encumbered in late 2015 but was not expended until FY2016. This timing will cause FY2016 to appear inflated as it will include both the language arts adoption purchased at the beginning of the year and the science adoption to be purchased at the end of the year. For 2017 and forward, this forecast includes one textbook adoption per year, but in 2018 the Encore group spent less on textbooks and more on capital & supplies for their classrooms. This will cause a large variance between FY18 and FY19.

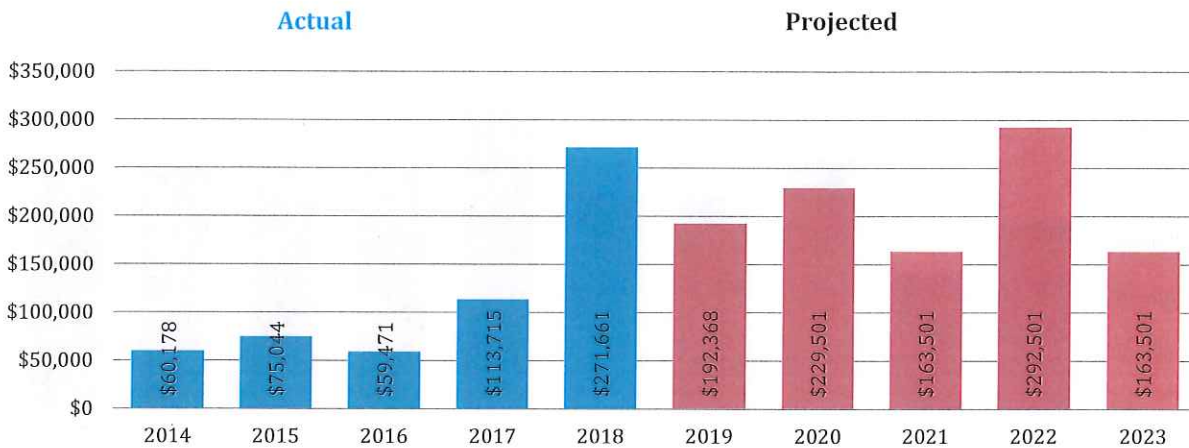
2) In 2016, this category of expenditures also included technology supplies that were needed to prepare the district for online testing as well as other technology supplies needed to align with current technology demands that will help prepare our students for a successful future. The district is also continuing to dedicate additional funds to technology supplies to support the blended learning initiative and additional maintenance supplies as our building ages.

3) At the end of FY17 the 034 Maintenance Fund carryover balance was exhausted, therefore beginning in FY18 additional maintenance expenditures (\$30K approximately) will be funded by the general fund.

4) In FY19, in addition to the forecasted textbook adoption expenditure increase, this forecast has increased transportation supply expenditures as buses continue to age.

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					
	2018	2019	2020	2021	2022	2023
Total	271,661	192,368	229,501	163,501	292,501	163,501
YOY \$ Change	157,946	(79,293)	37,133	(66,000)	129,000	(129,000)
YOY % Change	138.9%	-29.2%	19.3%	-28.8%	78.9%	-44.1%
Percentage of Total Budget	2.5%	1.7%	2.0%	1.4%	2.5%	1.3%

Capital Outlay represents 1.7% of total expenditures.

In 2017, the district increased expenditures by \$50,000 for technology infrastructure not covered by the Straight A Grant or by E-Rate funds that were awarded.

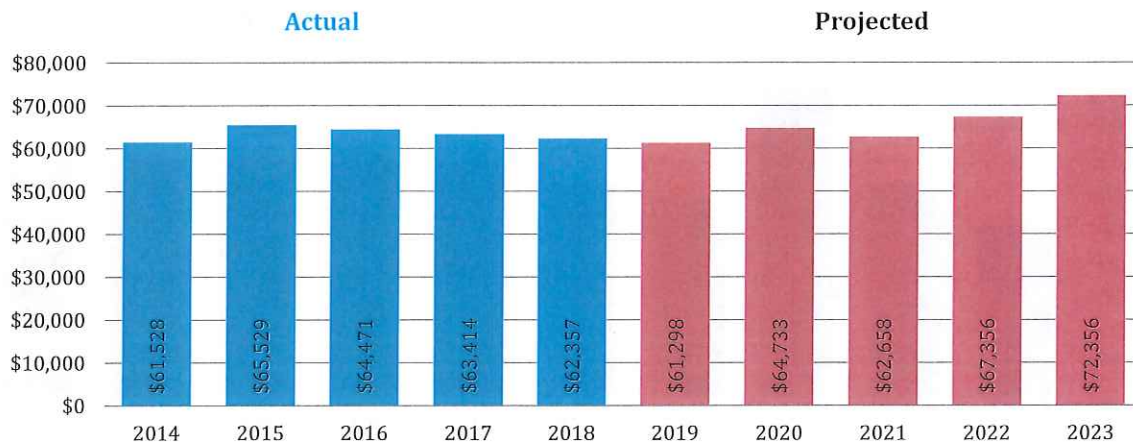
The first year of the Straight A Grant (FY17) included purchasing chromebooks for grades 6, 9, and 12. Due to the districts ability to offset a majority of the infrastructure costs with E-Rate funding, we were able to rollout the Blended Learning Initiative to all grades 5-12 in FY18 using Straight A funds. The ongoing chromebook costs will be \$48,000 when we begin buying chromebooks consistently for grades 5 and 9 each year.

In 2018, the district purchased two buses. The impact to our district for these two buses are \$160,000 approximately. The district has been reserving for these two buses since 2014 and will continue to reserve for future replacements as the fleet ages. The district will plan to buy a new bus in FY20 & FY22.

Also in FY18, the Encore Group (Specials teachers) reallocated a portion of their textbook adoption budget to equipment (approximately \$50K).

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.



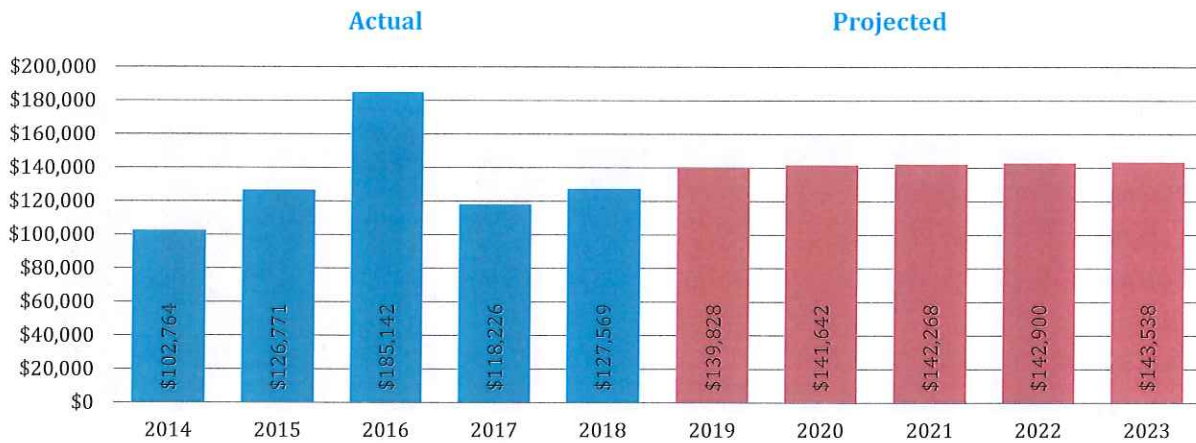
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	62,357	61,298	64,733	62,658	67,356	72,356
YOY \$ Change	(1,057)	(1,059)	3,435	(2,075)	4,698	5,000
YOY % Change	-1.7%	-1.7%	5.6%	-3.2%	7.5%	7.4%
Percentage of Total Budget	0.6%	0.6%	0.6%	0.5%	0.6%	0.6%

Intergovernmental & Debt represents 0.6% of total expenditures.

This category of expenditures includes the HB264 principal and interest payments. HB264 allowed school districts to make energy conservation improvements to their district's buildings and use the cost savings to pay for the improvements. Funds will continue to be expended on HB264 payments through 2025.

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					
	2018	2019	2020	2021	2022	2023
Total	127,569	139,828	141,642	142,268	142,900	143,538
YOY \$ Change	9,343	12,259	1,814	626	632	638
YOY % Change	7.9%	9.6%	1.3%	0.4%	0.4%	0.4%

Percentage of Total Budget	1.2%	1.3%	1.3%	1.2%	1.2%	1.2%
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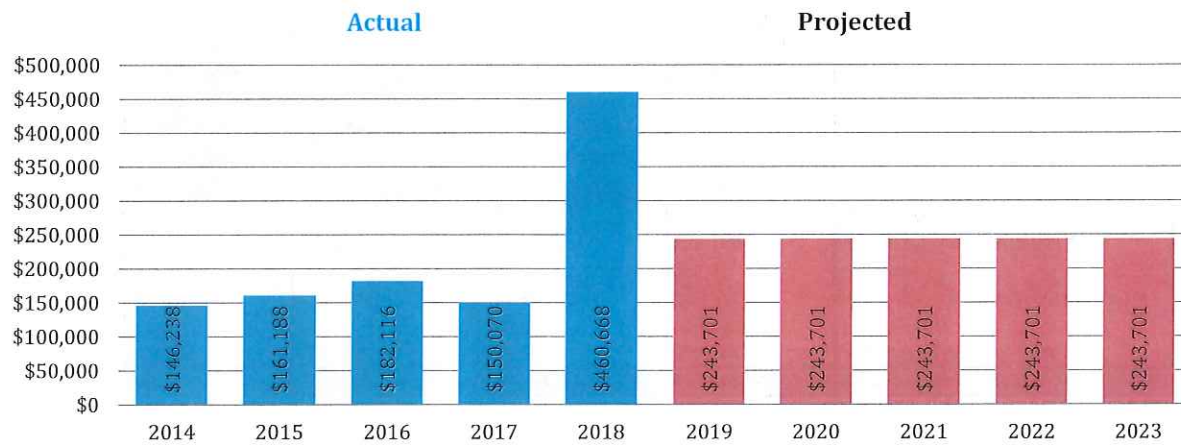
The Other objects line in the forecast makes up 1.3% of total expenditures.

The three largest fees in this category are annual audit costs, county auditor/treasurer fees, and liability insurance that make up over half of the total expenditures in this category.

In 2016, the state said they overpaid our state foundation due to the late date in which they began using 2016 ADM (caused by the switch from October Count to Daily ADM). When they finally began using 2016 ADM, there was not enough time to reduce our revenue to recover the amount so they recovered it via an expenditure charge late in 2016. 2017 and forward is reduced by this expenditure to bring us back in line with prior year expenditures in this category.

5.040 - Total Other Financing Uses

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	460,668	243,701	243,701	243,701	243,701	243,701
YOY \$ Change	310,598	(216,967)	-	-	-	-
YOY % Change	207.0%	-47.1%	0.0%	0.0%	0.0%	0.0%

Percentage of Total Budget	4.3%	2.2%	2.2%	2.1%	2.0%	2.0%
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Transfers Out	460,668	243,701	243,701	243,701	243,701	243,701
Advances Out	-	-	-	-	-	-

Other Financing Uses represents 2.2% of all expenditures and includes the annual transfer to the Athletic Fund, Severance Fund, and Permanent Improvement Fund.

In FY18, our athletic fund transfer was \$160,000 and is forecasted to increase slightly each year as the base salary is adjusted for negotiations.

In FY16 through FY18, \$50,000 in funds were transferred to a severance fund. Beginning in 2019 the district will transfer \$25,000 to this severance fund and will continue until our liability is fully funded for potential retirements. Actual severance payments will then be paid from this new fund instead of the general fund.

In FY18, \$250K was transferred to a Permanent Improvement Fund which can be used to acquire, replace, enhance, or maintain/repair any property, asset, or improvement with an estimated life or usefulness of five years or more. For FY19-FY23, we are forecasting a \$50,000 transfer to the Permanent Improvement Fund for future capital expenditures.

Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2019

		Column A	Column B	Column C	Column D
		Previous Forecast Amounts For F.Y. 2019 Prepared on: 05/26/2018	Current Forecast Amounts For F.Y. 2019 Prepared on: 10/17/2018	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
Revenue:					
1	Real Estate & Property Allocation	\$1,694,538	\$1,725,278	\$30,740	1.8%
2	Public Utility Personal Property	\$661,195	\$648,069	-\$13,126	-2.0%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$8,113,650	\$7,625,615	-\$488,035	-6.0%
5	Other Revenue	\$680,500	\$680,977	\$477	0.1%
6	Other Non Operating Revenue	\$66,000	\$87,290	\$21,290	32.3%
7	Total Revenue	\$11,215,883	\$10,767,229	-\$448,654	-4.0%
Expenditures:					
8	Salaries	\$5,032,631	\$5,114,446	\$81,815	1.6%
9	Fringe Benefits	\$1,975,504	\$1,919,414	-\$56,090	-2.8%
10	Purchased Services	\$2,743,597	\$2,818,405	\$74,808	2.7%
11	Supplies, Debt, Capital Outlay & Other	\$796,999	\$955,187	\$158,188	19.8%
12	Other Non Operating Expenditures	\$421,003	\$243,701	-\$177,302	-42.1%
13	Total Expenditures	\$10,969,734	\$11,051,153	\$81,419	0.7%
14	Revenue Over/(Under) Expenditures	\$246,149	-\$283,924	-\$530,073	-4.8%*
15	Ending Cash Balance	\$4,850,616	\$4,365,401	-\$485,215	-4.4%*

*Percentage expressed in terms of total expenditures

When comparing the previous October Forecast to this May Forecast for FY19, the variances above are within 4% of Total Revenue and within 0.7% of Total Expenditures.

In the Total Revenue category, the largest variance is in state funding. This decrease is due to the impact of ORC 3317.028 and the increased public utility valuations caused by the the new switching station that was built in our district.

In the Total Expenditure category, the largest variance is in the Other Non Operating Expenditures area, which is due to the recommendation to move the additional public utility revenue into a permanent improvement fund. In May's forecast, the goal was to transfer \$250K each year, but has been adjusted down to \$50K each year.

The other large variance is in Supplies, Debt, Capital Outlay & Other. The district had a large portion of their textbook adoption (including supplies and capital equipment associated with that adoption) that was encumbered in FY18 but will not hit expenditures until FY19, therefore causing a large variance from last year to this year.

Felicity-Franklin Local Schools

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2018	2019	2020	2021	2022	2023
Revenue:						
1.010 - General Property Tax (Real Estate)	1,481,458	1,497,662	1,475,756	1,471,637	1,462,271	1,452,302
1.020 - Public Utility Personal Property	420,537	648,069	619,501	612,388	605,631	598,739
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	8,090,222	7,256,858	7,655,986	7,658,941	7,657,626	7,657,755
1.040 - Restricted Grants-in-Aid	345,958	368,757	371,967	368,038	369,786	369,614
1.050 - Property Tax Allocation	224,881	227,616	228,180	228,279	228,336	228,738
1.060 - All Other Operating Revenues	726,609	680,977	687,097	694,747	694,747	694,747
1.070 - Total Revenue	11,289,665	10,679,939	11,038,487	11,034,030	11,018,397	11,001,895
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	1,189	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	91,077	87,290	79,749	79,749	79,749	79,749
2.070 - Total Other Financing Sources	92,266	87,290	79,749	79,749	79,749	79,749
2.080 - Total Rev & Other Sources	11,381,931	10,767,229	11,118,236	11,113,779	11,098,146	11,081,644
Expenditures:						
3.010 - Personnel Services	4,902,005	5,114,446	5,282,225	5,433,379	5,578,580	5,737,669
3.020 - Employee Benefits	1,859,242	1,919,414	2,149,591	2,348,848	2,509,998	2,689,418
3.030 - Purchased Services	2,598,902	2,818,405	2,668,854	2,669,782	2,670,710	2,671,638
3.040 - Supplies and Materials	383,512	561,693	428,702	428,702	428,702	428,702
3.050 - Capital Outlay	271,661	192,368	229,501	163,501	292,501	163,501
Intergovernmental & Debt Service	62,357	61,298	64,733	62,658	67,356	72,356
4.300 - Other Objects	127,569	139,828	141,642	142,268	142,900	143,538
4.500 - Total Expenditures	10,205,248	10,807,452	10,965,248	11,249,138	11,690,747	11,906,822
Other Financing Uses						
5.010 - Operating Transfers-Out	460,668	243,701	243,701	243,701	243,701	243,701
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	460,668	243,701	243,701	243,701	243,701	243,701
5.050 - Total Exp and Other Financing Uses	10,665,916	11,051,153	11,208,949	11,492,839	11,934,448	12,150,523
6.010 - Excess of Rev Over/(Under) Exp	716,015	(283,924)	(90,713)	(379,060)	(836,302)	(1,068,879)
7.020 - Cash Balance June 30	4,649,325	4,365,401	4,274,688	3,895,628	3,059,326	1,990,447
		Reservations				
8.010 - Estimated Encumbrances June 30	30,000	30,000	30,000	30,000	30,000	30,000
9.080 - Reservations Subtotal	267,112	454,184	565,000	765,000	865,000	1,015,000
10.010 - Fund Bal June 30 for Cert of App	4,352,213	3,881,217	3,679,688	3,100,628	2,164,326	945,447
Recommended Cash Balance (60 days)		1,787,861	1,813,800	1,860,467	1,933,060	1,968,579
Recommended Cash Balance (90 days)		2,681,791	2,720,700	2,790,700	2,899,590	2,952,869

5-Year Extended Historical Financial Statement Felicity-Franklin Local Schools									
Schedule Of Revenue, Expenditures and Changes In Fund Balances									
	Actual and Forecasted Operating Fund				FORECASTED				
	ACTUAL								
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Revenue:									
1.010 - General Property Tax (Real Estate)	1,379,220	1,366,086	1,391,581	1,481,458	1,497,662	1,475,756	1,471,637	1,462,271	1,452,302
1.020 - Public Utility Personal Property	293,296	254,778	181,647	420,537	648,069	619,501	612,388	605,631	598,739
1.030 - Income Tax	-	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	6,944,115	7,422,593	7,887,106	8,090,222	7,256,858	7,655,986	7,658,941	7,657,626	7,657,755
1.040 - Restricted Grants-in-Aid	544,042	364,721	468,602	345,958	368,757	371,967	368,038	369,786	369,614
1.050 - Property Tax Allocation	217,003	217,182	216,565	224,881	227,616	228,180	228,279	228,336	228,738
1.060 - All Other Operating Revenues	676,411	619,735	725,061	726,609	680,977	687,097	694,747	694,747	694,747
1.070 - Total Revenue	10,054,087	10,245,095	10,870,562	11,289,665	10,679,939	11,038,487	11,034,030	11,018,397	11,001,895
Other Financing Sources:									
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancemen	-	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	31,000	-	-	1,189	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-	-	-	-
2.060 - All Other Financing Sources	81,127	41,432	44,436	91,077	87,290	79,749	79,749	79,749	79,749
2.070 - Total Other Financing Sources	112,127	41,432	44,436	92,266	87,290	79,749	79,749	79,749	79,749
2.080 - Total Revenues and Other Financing Sources	10,166,214	10,286,527	10,914,998	11,381,931	10,767,229	11,118,236	11,113,779	11,098,146	11,081,644
Expenditures:									
3.010 - Personnel Services	4,933,487	4,780,453	4,826,006	4,902,005	5,114,446	5,282,225	5,433,379	5,578,580	5,737,669
3.020 - Employees' Retirement/Insurance Benefi	1,969,949	1,983,693	1,929,905	1,859,242	1,919,414	2,149,591	2,348,848	2,509,998	2,689,418
3.030 - Purchased Services	2,097,033	2,206,224	2,530,253	2,598,902	2,818,405	2,668,854	2,669,782	2,670,710	2,671,638
3.040 - Supplies and Materials	241,218	445,921	376,957	383,512	561,693	428,702	428,702	428,702	428,702
3.050 - Capital Outlay	75,044	59,471	113,715	271,661	192,368	229,501	163,501	292,501	163,501
3.060 - Intergovernmental	65,529	64,471	63,414	62,357	61,298	64,733	62,658	67,356	72,356
4.300 - Other Objects	126,771	185,142	118,226	127,569	139,828	141,642	142,268	142,900	143,538
4.500 - Total Expenditures	9,509,031	9,725,375	9,958,476	10,205,248	10,807,452	10,965,248	11,249,138	11,690,747	11,906,822
Other Financing Uses									
5.010 - Operating Transfers-Out	161,188	182,003	150,070	460,668	243,701	243,701	243,701	243,701	243,701
5.020 - Advances-Out	-	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	113	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	161,188	182,116	150,070	460,668	243,701	243,701	243,701	243,701	243,701
5.050 - Total Expenditures and Other Financing Uses	9,670,219	9,907,491	10,108,546	10,665,916	11,051,153	11,208,949	11,492,839	11,934,448	12,150,523
6.010 - Excess of Rev Over/(Under) Exp	495,995	379,036	806,452	716,015	(283,924)	(90,713)	(379,060)	(836,302)	(1,068,879)
	2,251,827	2,747,822	3,126,858	3,933,310	4,649,325	4,365,401	4,274,688	3,895,628	3,059,326
7.020 - Cash Balance June 30	2,747,822	3,126,858	3,933,310	4,649,325	4,365,401	4,274,688	3,895,628	3,059,326	1,990,447
8.010 - Estimated Encumbrances June 30		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
9.080 - Reservations Subtotal		150,000	270,491	267,112	454,184	565,000	765,000	865,000	1,015,000
10.010 - Fund Bal June 30 for Cert of App	2,747,822	2,946,858	3,632,819	4,352,213	3,881,217	3,679,688	3,100,628	2,164,326	945,447
Recommended Cash Balance (60 days)					1,787,861	1,813,800	1,860,467	1,933,060	1,968,579
Recommended Cash Balance (90 days)					2,681,791	2,720,700	2,790,700	2,899,590	2,952,869