



Felicity-Franklin Local Schools

Five Year Forecast Financial Report

November, 2019

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Forecast Purpose/Objectives

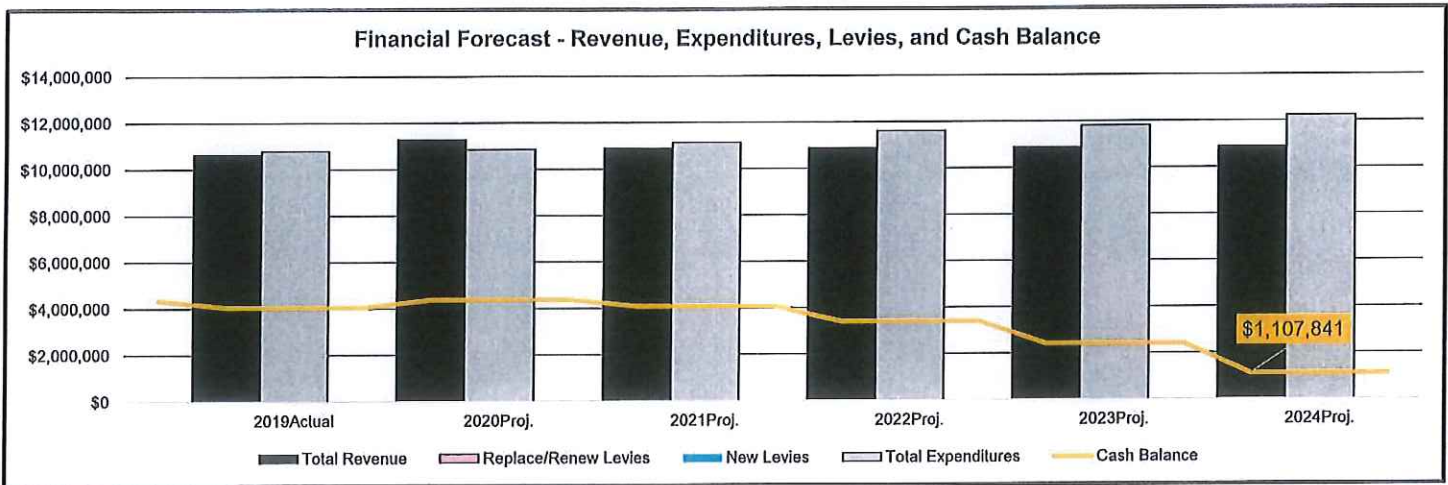
Ohio Department of Education's purposes/objectives for the five-year forecast are:

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

Felicity-Franklin Local Schools



Felicity-Franklin Local Schools

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	4,482,529	4,920,089	4,677,277	3,957,499	3,024,474
+ Revenue	11,284,105	10,890,977	10,886,952	10,873,057	10,871,574
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(10,846,545)	(11,133,789)	(11,606,729)	(11,806,082)	(12,220,582)
= Revenue Surplus or Deficit	437,560	(242,812)	(719,777)	(933,025)	(1,349,008)
Ending Balance with renewal levies	4,920,089	4,677,277	3,957,499	3,024,474	1,675,466
Note: Not Reduced for Encumbrances					
60 day Cash Balance Recommendation	1,782,994	1,830,212	1,907,955	1,940,726	2,008,863
90 day Cash Balance Recommendation	2,674,491	2,745,318	2,861,933	2,911,089	3,013,294

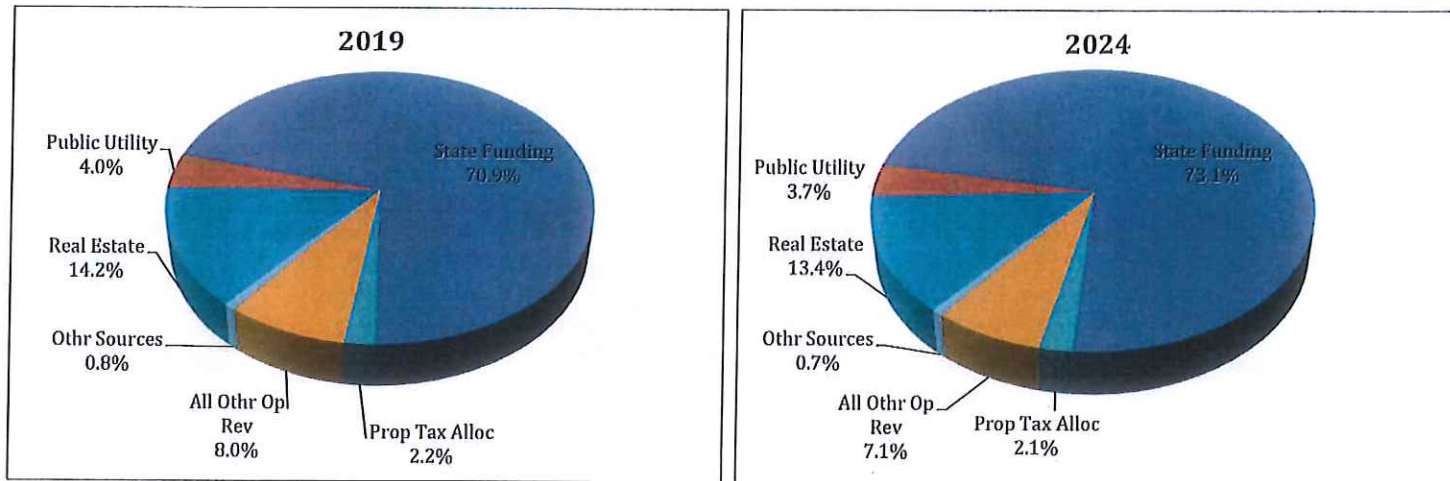
Felicity Franklin Local School District is forecasting a positive revenue surplus in the current year, but beginning next year with FY21, we will start spending into our cash balance and will continue each year thereafter. Revenues will remain flat, but normal expenditure growth is expected for salaries, benefits, and all other expenses.

The yellow/orange line on the graph above displays the district's diminishing cash balance. It is recommended to maintain at least a 90 day cash balance that equates to expenditures for three months. This recommended cash balance will ensure that we can pay the staff over the summer for their salaries already earned as well as any other expenditures relating to goods or services purchased 60-90 days prior. You will see that this recommended cash balance is maintained in this forecast until 2024.

Revenue: The forecast summary chart above reflects revenues dropping from 2020 to 2021 and then remaining flat through 2024. Revenue is higher for 2020 due to a one year increase to public utility revenue from new construction in the district. The following year, the taxpayer contested their values therefore revenue will decrease significantly. **Expenditures:** This forecast is predicting expenditures to increase each year of the forecast due to normal inflationary rates and cost of living increases.

Due to our revenue deficits, administration will continue to evaluate potential savings through attrition & other expenditure reduction initiatives. These types of initiatives have created a cash balance that will help support forecasted deficits through 2024, but if the next biennium doesn't provide additional funding to small, rural, agricultural districts, Felicity Franklin will need local dollars to sustain our valued educational opportunities currently provided to our students.

Revenue Sources and Forecast Year-Over-Year Projected Overview



**Projected % trends include renewal levies*

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Revenue:							
1.010-Real Estate	2.69%	-1.70%	-1.63%	0.15%	-0.46%	0.29%	-0.67%
1.020-Public Utility	15.37%	85.88%	-46.64%	-1.61%	-1.69%	-1.75%	6.84%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	1.19%	5.80%	-0.02%	-0.01%	-0.01%	-0.01%	1.15%
1.040-Restricted Aid	12.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.045-Restr Federal SFSP	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	1.28%	-2.26%	0.82%	0.68%	0.12%	0.79%	0.03%
1.060-All Other Operating	5.50%	-9.48%	-0.62%	0.00%	0.00%	0.00%	-2.02%
1.070-Total Revenue	1.78%	6.36%	-3.52%	-0.04%	-0.13%	-0.01%	0.53%
2.070-Total Other Sources	4.37%	-9.76%	1.01%	0.00%	0.00%	0.00%	-1.75%
2.080-Total w/Other Srcs	1.64%	6.23%	-3.48%	-0.04%	-0.13%	-0.01%	0.51%

At this time, the district's revenue is projected to increase only 0.51% on average over the next 5 years, which is a decrease over the previous 5 year increase of 1.64%. Public utility revenue and restricted state aid increases were the main contributors to our previous five year increase.

State funding is our largest revenue source providing 68.7% of our revenue last year.

Real Estate, Public Utility, and Property Tax Allocations together make our second largest revenue source at 22.8%.

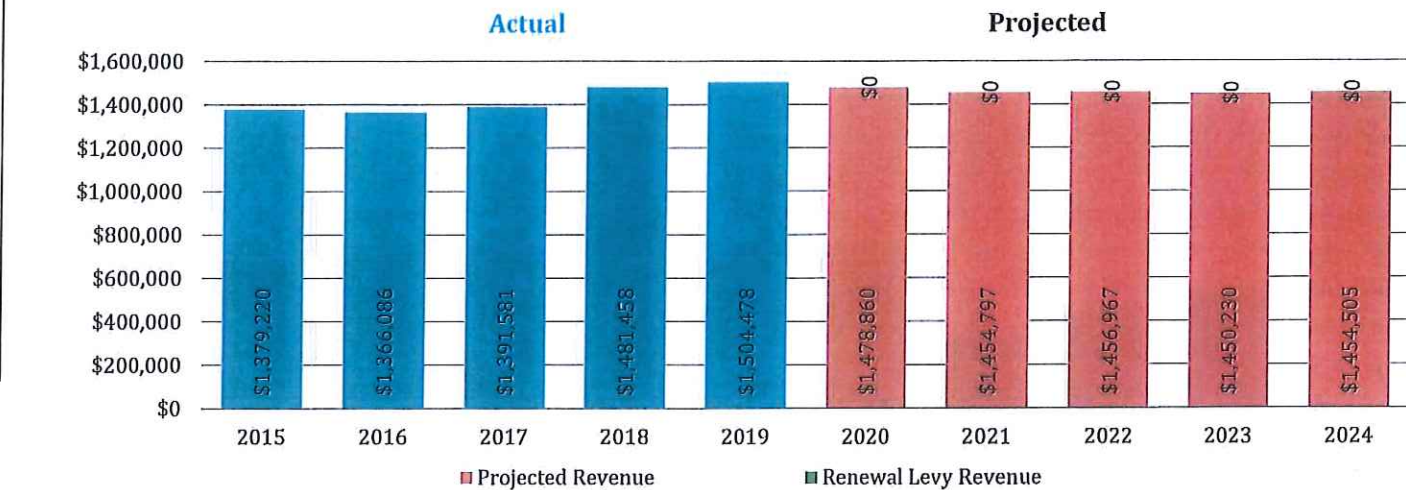
All other revenue provides only 8.6%.

When looking ahead to the projected 5-Yr Annual Change, public utility revenue averages an increase of 6.84%, mainly from the large one-year increase in 2020 due to the new construction in our district. Unfortunately, this same new construction was devalued the following year, therefore the district will see a large decrease the following year, and small decreases each year thereafter.

All other revenue categories have a projected 5-Yr variance of +/- 2%.

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).



		FORECASTED					
		2019	2020	2021	2022	2023	2024
Total With Renewal Levies		1,504,478	1,478,860	1,454,797	1,456,967	1,450,230	1,454,505
YOY \$ Change		23,020	(25,618)	(24,063)	2,170	(6,737)	4,275
YOY % Change		1.6%	-1.7%	-1.6%	0.1%	-0.5%	0.3%
Percentage of Total Revenue		14.2%	13.1%	13.4%	13.4%	13.3%	13.4%

Real estate tax revenue comprises 14.2% of the district's revenue. This means that only 14 cents out of every dollar in revenue is generated from local real estate property taxes.

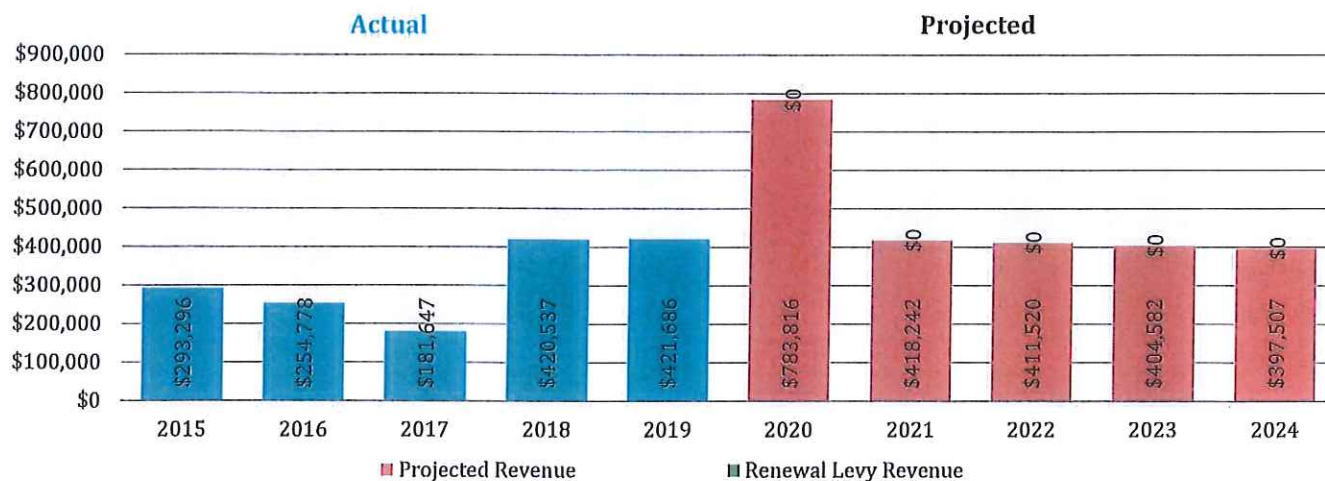
Although valuations can fluctuate with reassessments, due to HB920, a tax credit factor is applied to the voted mills on Class I property (Residential & Agriculture) to prevent an increase in the tax bill of the property owner. This tax credit factor is used to calculate effective mills, and is the reason the district receives no increases in property tax revenue. Our residential/agriculture taxpayers voted in 28.3 mills, but due to this effective mills tax credit, they are only paying 20.05 mills. 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 way additional property tax revenue is earned by the district. The law doesn't allow the district to receive less than 20 mills, therefore after 20 mills is reached, typically mills will increase slightly. In FY19, the district's mills increased from the 20 mill floor to 20.05 mills.

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. The next county wide re-appraisals will take place in 2020. It is not predicted to see large increases in residential or agricultural property, but the district may see some increases in the commercial (class II) category.

**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.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	421,686	783,816	418,242	411,520	404,582	397,507
YOY \$ Change	1,149	362,130	(365,574)	(6,722)	(6,938)	(7,075)
YOY % Change	0.3%	85.9%	-46.6%	-1.6%	-1.7%	-1.7%
Percentage of Total Revenue	4.0%	6.9%	3.8%	3.8%	3.7%	3.7%

Public Utility makes up 4% of our Total Revenue in 2019.

Prior to 2017 values had continuously decreased. 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.

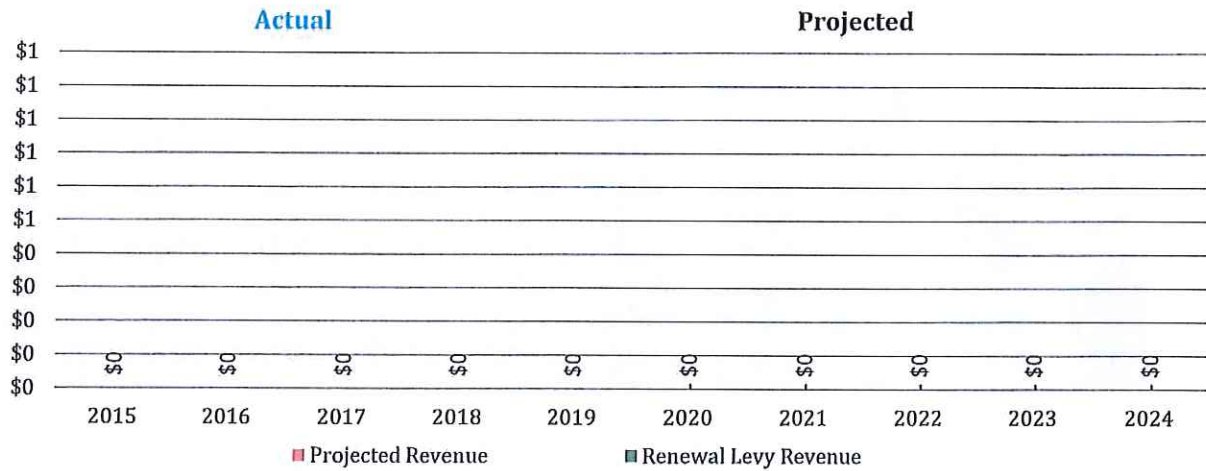
In 2017 there was a new switching station built in our district, therefore valuations increased 17.6 million causing a \$240K increase in public utility revenue collected in FY18 & FY19.

In late 2019, affecting FY20 revenue, the same new switching station's values were appealed by the taxpayer and were decreased by 8.9 million. This decrease in property value will decrease our public utility revenue going forward. In FY19 this taxpayer was delinquent in their tax payment but caught up in FY20, therefore there will be an increase in FY20 for one year, then will begin seeing the decrease in revenue due to the decline in valuation.

**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.



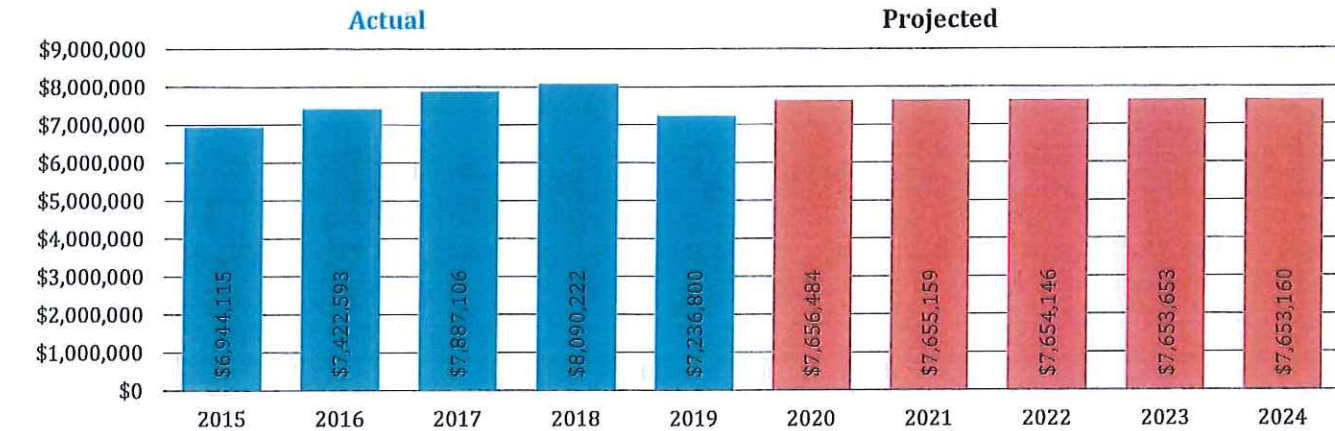
			FORECASTED					
			2019	2020	2021	2022	2023	2024
Total			-	-	-	-	-	-
YOY \$ Change			-	-	-	-	-	-
YOY % Change			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Felicity Franklin 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					
		2019	2020	2021	2022	2023	2024
Total		7,236,800	7,656,484	7,655,159	7,654,146	7,653,653	7,653,160
YOY \$ Change		(853,422)	419,683	(1,325)	(1,013)	(493)	(493)
YOY % Change		-10.5%	5.8%	0.0%	0.0%	0.0%	0.0%

Percentage of Total Revenue		68.1%	67.9%	70.3%	70.3%	70.4%	70.4%
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							TREND BASED ESTIMATE
							FY 2020
	ACTUAL FY 2014	ACTUAL FY 2015	ACTUAL FY 2016	ACTUAL FY 2017	ACTUAL FY 2018	ACTUAL FY 2019	
NEW	NEW	NEW	NEW	NEW	NEW	NEW	NEW
ADM	ADM	ADM	ADM	ADM	ADM	ADM	ADM
BASE	BASE	BASE	BASE	BASE	BASE	BASE	BASE
Enrollment	933.51	878.29	836.80	844.30	833.00	752.82	743.27
Change from Prior Year		-55.22	-41.49	7.50	-11.30	-80.18	-9.55
% Change from Prior Year		-5.9%	-4.7%	0.9%	-1.3%	-9.6%	-1.1%

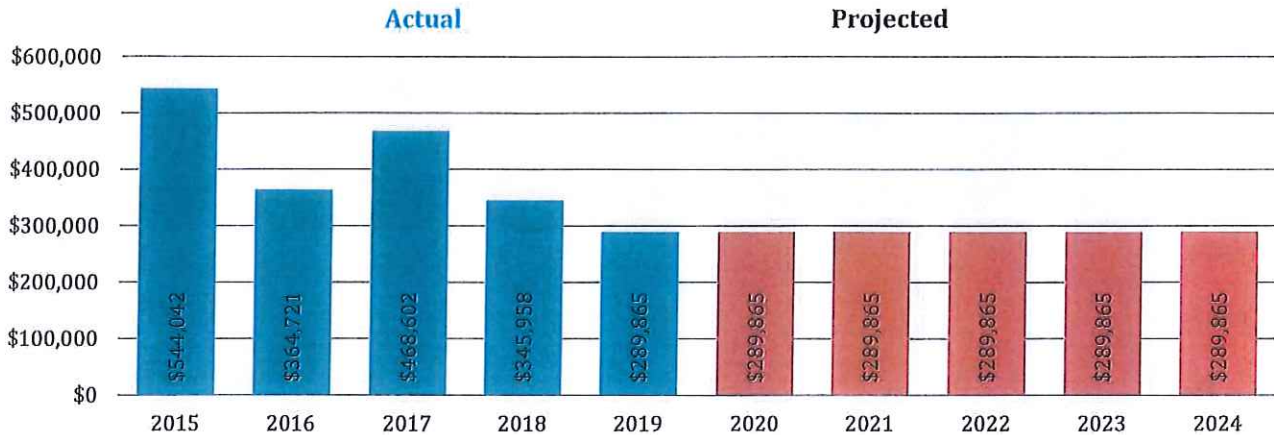
The projections for state aid is based on the governor's current budget bill until 2021. In 2022, I am anticipating revenue will still remain the same as the district is on the guarantee. Should the state change the funding formula, this forecast will be adjusted accordingly.

In FY19, state funding represented 68.1% of the district's revenue. In the past five years, the district has seen an average annual increase of 1.19% and over the next five years the revenue is expected to increase 1.15% on average. In FY19, the state formula aid was reduced by \$400,266 due to ORC 3317.028 which states that districts whose public utility valuations increased more than 10%, will have a reduction in state funding due to the increased local public utility revenue they will be getting.

FY20 begins the first year in the new biennium. As part of HB166, school funding is frozen for the next two years. This means the district will receive the same funding in FY20 & FY21 that we received in FY19. The state's previous funding model was highly dependent upon student enrollment in multiple categories of the formula. The chart above shows our enrollment decline over the past seven years. Due to the freeze, funding is not affected by a drop in enrollment for the next two years, but assuming the freeze is removed in FY22, enrollment will most likely once again be a major component in our funding. Enrollment was and still is a major concern for this district. For this reason, administration is monitoring staff levels as a response to the decrease in enrollment, while not affecting educational offerings.

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					
			2019	2020	2021	2022	2023	2024
Total			289,865	289,865	289,865	289,865	289,865	289,865
YOY \$ Change			(56,093)	0	-	-	-	-
YOY % Change			-16.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue			2.7%	2.6%	2.7%	2.7%	2.7%	2.7%

These funds represent 2.7% of total revenue and consist of economically disadvantaged aid, career tech aid, and catastrophic reimbursement. This category of state aid is also frozen for the next two years per the governor's new biennial budget.

2015 restricted revenue and 2017 restricted revenue are skewed as the district received two reimbursements in FY15, one in FY16, and two in FY17 related to Catastrophic reimbursement. Catastrophic Reimbursement is a reimbursement of a portion of special education costs expended in the prior year.

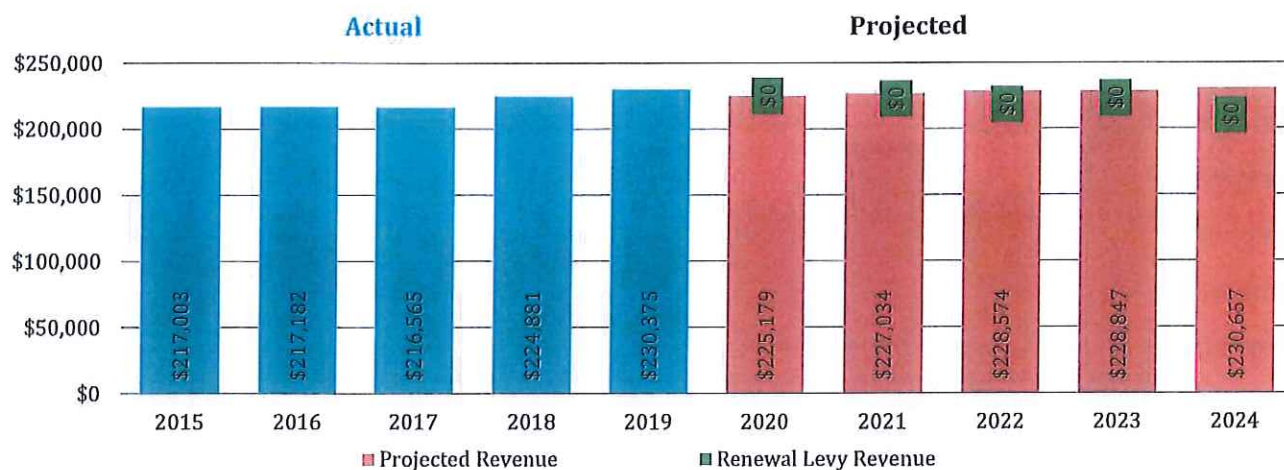
Restricted Grants in Aid also increased in 2017 when the governor added an economically disadvantaged component to the formula. Economically Disadvantaged funds are used to pay the salaries of our K-2 reading teachers.

Career Tech funds are restricted for use in the district's agricultural education program and family consumer science program.

FY19 Restricted Aid shows a slight increase in Career Tech funds due to our new Family Consumer Science Program, but unfortunately also shows a significant decrease in our Economically disadvantaged funds & Catastrophic Reimbursement which are both caused by a decrease in enrollment. In total for FY19, we are down \$56,000.

1.050 - Property Tax Allocation

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



		FORECASTED					
		2019	2020	2021	2022	2023	2024
Total With Renewal Levies		230,375	225,179	227,034	228,574	228,847	230,657
YOY \$ Change		5,494	(5,196)	1,855	1,540	273	1,810
YOY % Change		2.4%	-2.3%	0.8%	0.7%	0.1%	0.8%
Percentage of Total Revenue		2.2%	2.0%	2.1%	2.1%	2.1%	2.1%
% of Residential Real Estate 10% Rollback		10.02%	10.02%	10.02%	10.02%	10.02%	10.02%
% of Residential Real Estate 2.5% Rollback		1.22%	1.22%	1.22%	1.22%	1.22%	1.22%
% of Residential Real Estate Homestead		3.02%	3.02%	3.02%	3.02%	3.02%	3.02%

Property Tax Allocation revenue consists of 2.2% 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:

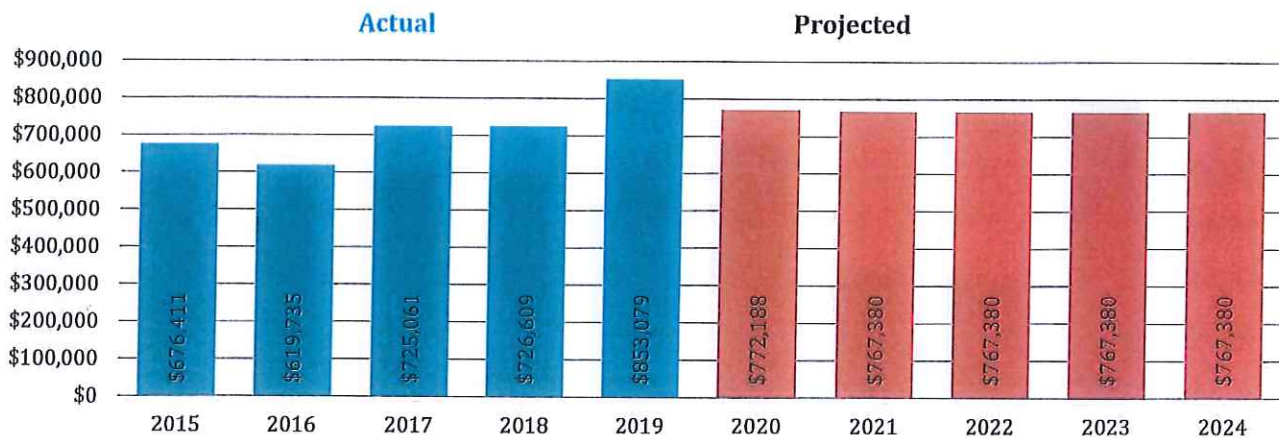
- 1) age 65 or older
- 2) is the spouse of a deceased homeowner who was 65 at the time of death
- 3) is totally and permanently disabled

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. For any future levies, rollback and homestead payments will not be reimbursed by the state.

**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.



			2019	2020	2021	FORECASTED	2022	2023	2024
Total			853,079	772,188	767,380	767,380	767,380	767,380	767,380
YOY \$ Change			126,470	(80,891)	(4,808)	-	-	-	-
YOY % Change			17.4%	-9.5%	-0.6%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue			8.0%	6.8%	7.0%	7.0%	7.1%	7.1%	7.1%

All Other Operating Revenue comprises 8% of Total Revenue and consists of two main components: Open Enrollment-In from other districts and Medicaid Reimbursement.

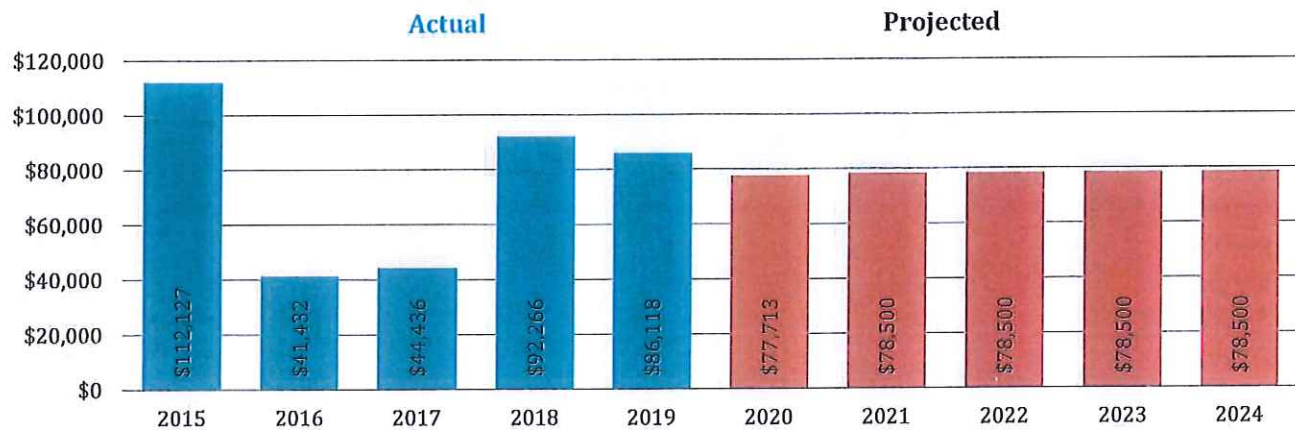
Open Enrollment-In student counts in previous years has fluctuated but has remained pretty consistent the past few years.

		2018	2019	2020	2021	2022	2023	2024
Open Enrollment Count History & Projections	Incoming OE - # of Students	77	79	79	78	78	78	78
	Amount Per Pupil Funding	\$ 6,010	\$ 6,010	\$ 6,010	\$ 6,010	\$ 6,010	\$ 6,010	\$ 6,010
	OE In Revenue Estimate	462,770	474,790	473,588	468,780	468,780	468,780	468,780

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

2.070 - Total Other Financing Sources

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	86,118	77,713	78,500	78,500	78,500	78,500
YOY \$ Change	(6,148)	(8,405)	787	-	-	-
YOY % Change	-6.7%	-9.8%	1.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%

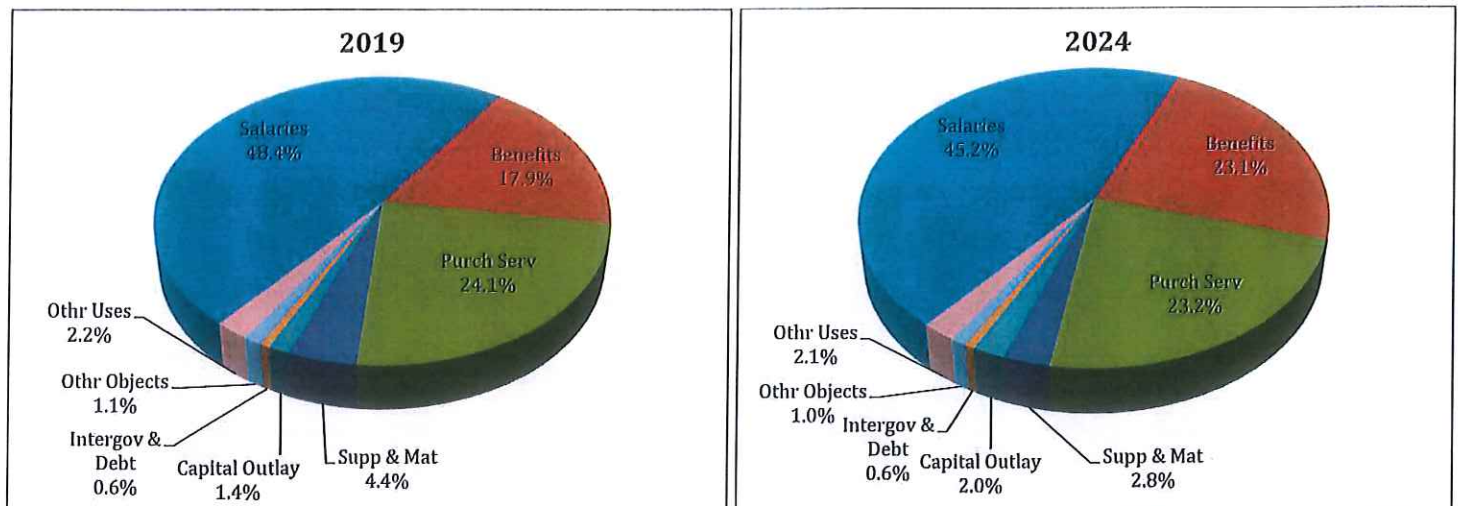
This category of revenue consists of only 0.8% of all revenue. For 2016 and forward, this revenue component consists of our State Employee's Retirement refund and any other small revenue not anticipated (donations, etc.).

In 2015, this category included a bus reserve, a tuition reserve, and a capital maintenance reserve. Beginning 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 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 its 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 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
Expenditures:							
3.010-Salaries	2.02%	-2.59%	0.45%	2.74%	2.77%	2.58%	1.19%
3.020-Benefits	0.90%	6.09%	11.70%	7.79%	6.71%	6.77%	7.81%
3.030-Purchased Services	3.10%	4.78%	1.89%	1.48%	0.42%	0.23%	1.76%
3.040-Supplies & Materials	13.54%	-27.20%	0.00%	0.00%	0.00%	0.00%	-5.44%
3.050-Capital Outlay	38.08%	30.67%	-10.50%	60.33%	-44.95%	56.96%	18.50%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	-0.02%	5.60%	-3.21%	7.50%	7.42%	0.00%	3.46%
4.300-Other Objects	6.49%	3.40%	-3.75%	0.42%	0.43%	0.36%	0.17%
4.500-Total Expenditures	2.34%	0.31%	2.71%	4.35%	1.76%	3.59%	2.54%
5.040-Total Other Uses	32.72%	10.64%	0.00%	0.00%	0.00%	0.00%	2.13%
5.050-Total w/Other Uses	2.49%	0.53%	2.65%	4.25%	1.72%	3.51%	2.53%

Total expenditures are expected to grow on average 2.53% over the forecast period compared to the increase of 2.49% in the previous five years.

Salary changes over the past five years have increased on average 2.02% while the next 5 years forecasted increase is 1.19%. Total salaries make up 48.4% of total expenditures.

Benefits make up 17.9% of total expenditures. 2020-2024 is forecasted to increase 7.81% on average as the district begins to see premium increases again after not having any for the first two years since joining EPC in 2017.

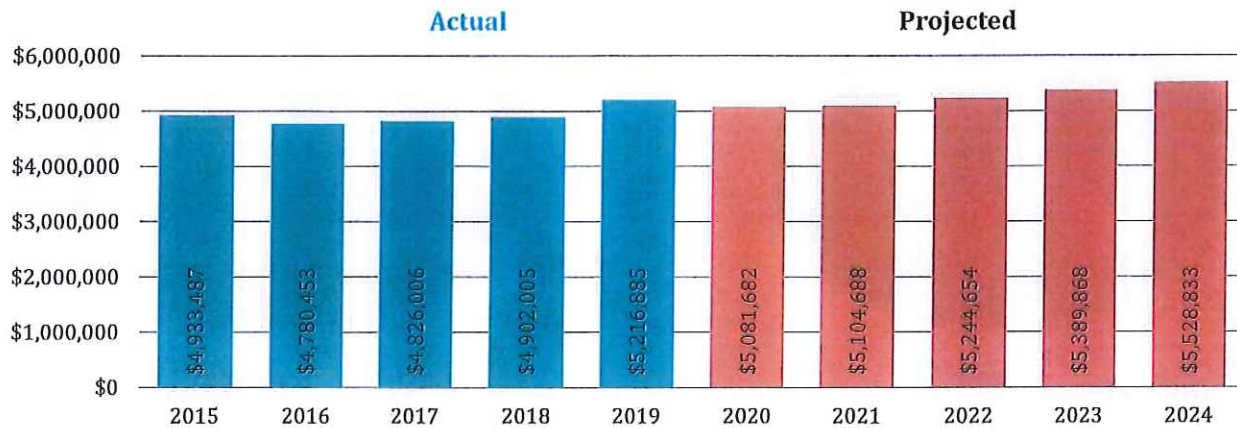
The district's purchased services have increased 3.10% over the past 5 years, and is only predicted to increase an average of 1.76% over the next 5 years. Purchased services makes up 24.1% of total expenditures.

Supplies and Materials have increased 38.08% 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 is showing a decrease of 5.44% on average.

In the Capital category, we typically experience large increases/decreases as we purchase technology, buses, & equipment. The district plans to buy a new bus every two years with the funds we have been reserving (saving) since 2017.

3.010 - Personnel Services

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	5,216,885	5,081,682	5,104,688	5,244,654	5,389,868	5,528,833
YOY \$ Change	314,880	(135,203)	23,006	139,966	145,214	138,965
YOY % Change	6.4%	-2.6%	0.5%	2.7%	2.8%	2.6%

Percentage of Total Budget	48.4%	46.9%	45.8%	45.2%	45.7%	45.2%
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Personnel Services represents 48.4% of all expenditures. The five year average historical increase was 2.02% and this forecast is expecting personnel services to increase an average 1.19% over the next five years.

Historical trend information:

Personnel expenditures have historically been affected by the reduction in federal funds, resignations, retirements, staff reductions due to attrition, restructuring both teacher and support staff salary schedules, as well as pay increases negotiated per union agreements.

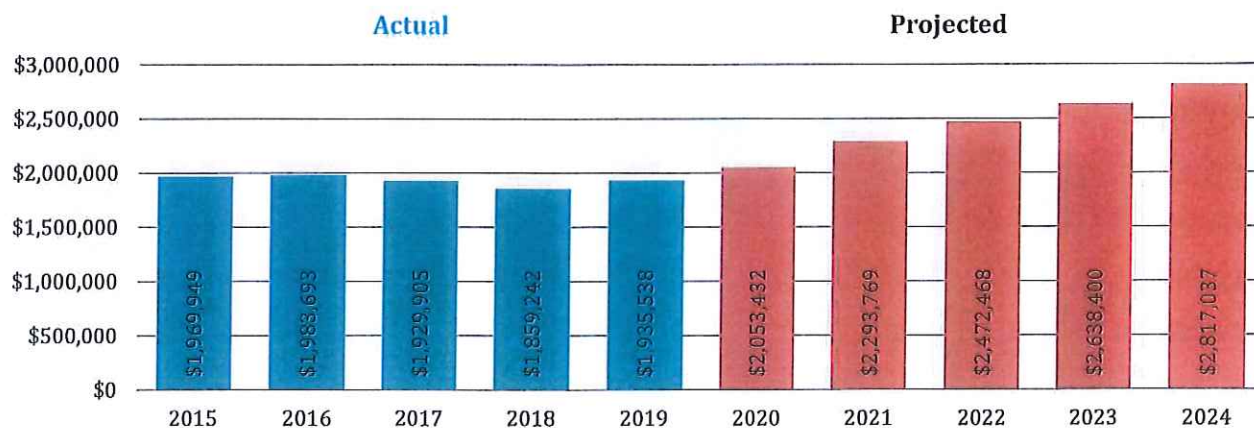
Current/Future Forecasts:

For FY20-FY21, pay increases are based on actual union agreements and no resignations or retirements are forecasted as these are not predictable or known at this time. For FY22-FY24, a 1% increase is forecasted even though these years are not negotiated yet.

The district closely monitors the student/staff ratios and will continue to evaluate potential savings as staff retire or resign. Quality instruction will always be our primary mission therefore all decisions are made based on that premise while continuing to maintain fiscal responsibility.

3.020 - Employees' Benefits

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	1,935,538	2,053,432	2,293,769	2,472,468	2,638,400	2,817,037
YOY \$ Change	76,296	117,894	240,337	178,699	165,932	178,637
YOY % Change	4.1%	6.1%	11.7%	7.8%	6.7%	6.8%
Percentage of Total Budget	17.9%	18.9%	20.6%	21.3%	22.3%	23.1%

Employee benefits encompass 17.9% of total expenditures and is forecasted to increase on average 7.8% throughout this forecast.

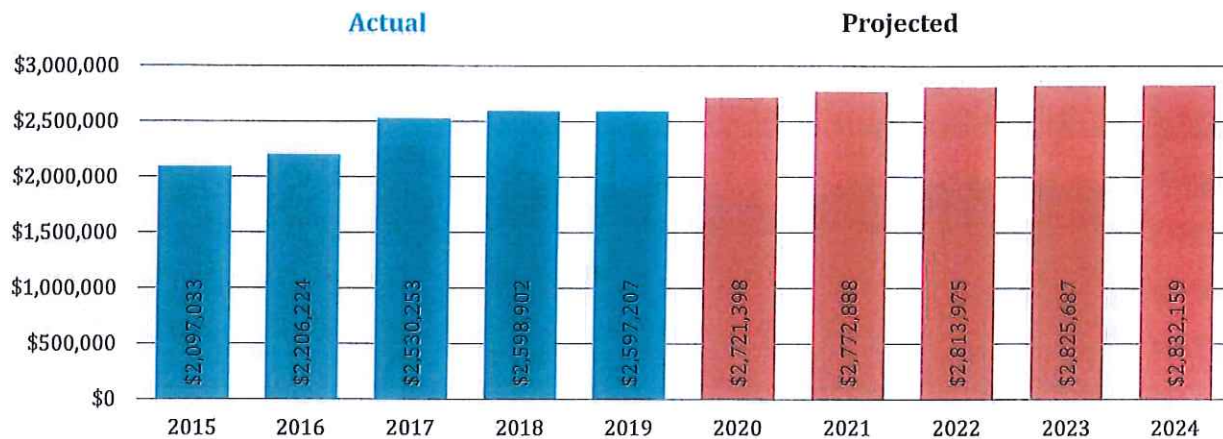
Insurance premiums continue to rise in both private and public sectors. Currently, the district is responsible for 85% of all premiums while employees pay 15%. The district's share of medical, dental, and life insurance is \$980K.

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%. In FY19 premiums increased 7% and for FY20 we will experience a 14% increase. All future years are forecasted at a 10% increase. The rate increase in FY20 is primarily due to the increased utilization of speciality drugs throughout our consortium.

Employee benefits also include our salary based benefits such as retirement, medicare, workers compensation, and unemployment expense, which equals 17.75% of total salaries. The district's cost for these salary based benefits is \$927K.

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					
	2019	2020	2021	2022	2023	2024
Total	2,597,207	2,721,398	2,772,888	2,813,975	2,825,687	2,832,159
YOY \$ Change	(1,695)	124,191	51,490	41,087	11,712	6,472
YOY % Change	-0.1%	4.8%	1.9%	1.5%	0.4%	0.2%
Percentage of Total Budget	24.1%	25.1%	24.9%	24.2%	23.9%	23.2%

Purchased Services represent 24.1% of total expenditures. The largest expenditures in this category are special education costs, utilities, & open enrollment/ community school payments, which encompasses 70-80% of this category, and are outside of the district's control.

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

2017- Began using Aesop for teacher sub services which reclassified expenses from salaries to purchased services.

2018- Straight A Funds ended and all technology related purchased service expenses for our blended learning initiative are now paid from the general fund. The district also began purchasing EMIS services, which are also offset by a reduction in salaries.

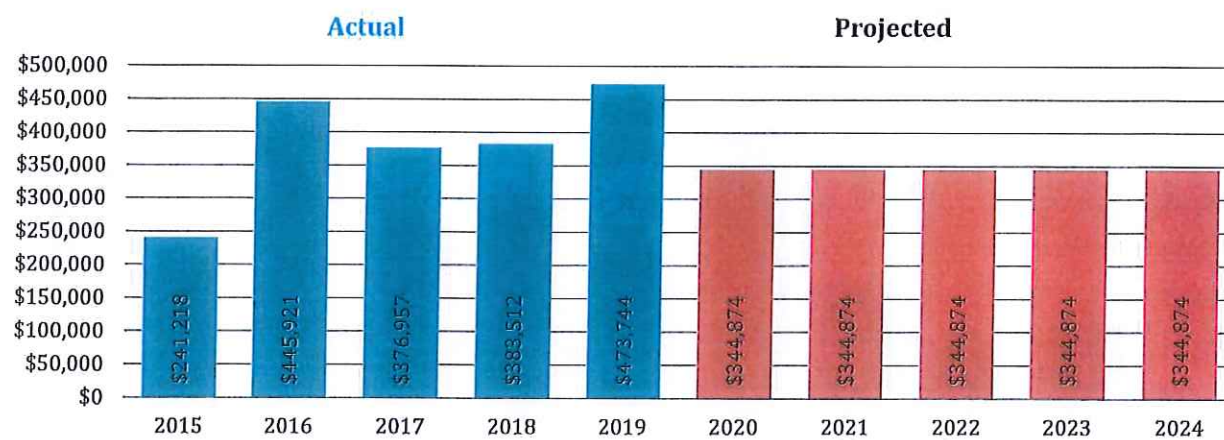
2020- The district was awarded Student Wellness & Success Funds therefore a portion of our general fund professional development and our resource officer expenses will be paid from these state funds for FY20 & FY21 only. These expenses are added back to the general fund in 2022. The district also partnered with TDG Facilities Services in FY20 to provide facilities management services, which will save the district \$30K per year. There will be an increase in the general fund purchased services, but offsetting decreases in supplies & capital due to this new contract.

Other reasons for fluctuations:

- 1) Due to the district's high student mobility rate, special education costs fluctuate from year to year.
- 2) Utilities can fluctuate due to the drastic change in weather year to year.

3.040 - Supplies & Materials

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



	2019	FORECASTED				
		2020	2021	2022	2023	2024
Total	473,744	344,874	344,874	344,874	344,874	344,874
YOY \$ Change	90,232	(128,870)	-	-	-	-
YOY % Change	23.5%	-27.2%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Budget	4.4%	3.2%	3.1%	3.0%	2.9%	2.8%

Supplies & Materials represent 4.4% of total expenditures.

Variances to Supplies Expenses:

2015- 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 caused FY2016 to appear inflated as it included 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.

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.

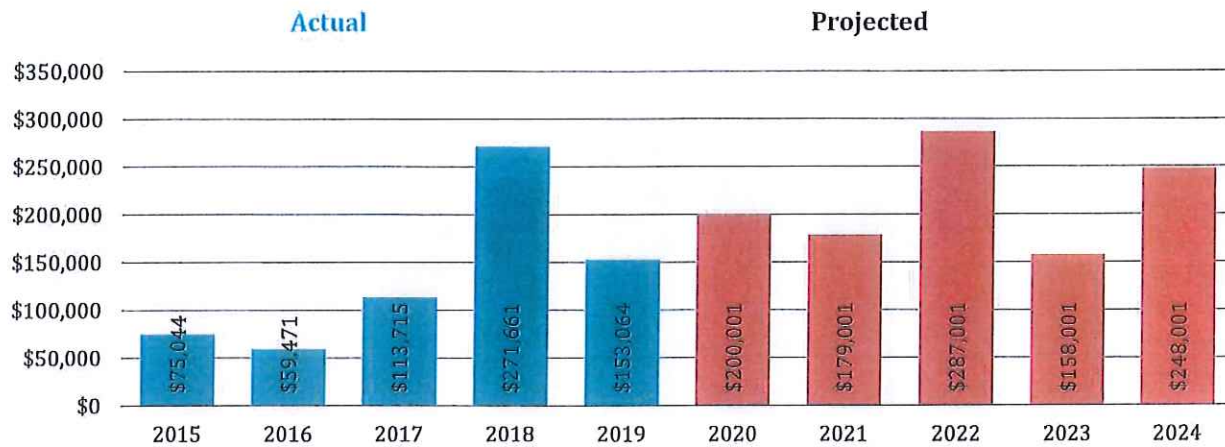
2018- At the end of FY17 the Capital Maintenance Fund carryover balance was exhausted, therefore beginning in FY18 additional maintenance expenditures (\$30K approximately) will be funded by the general fund.

2019- In addition to the forecasted textbook adoption expenditure increases, this forecast has increased transportation supply expenditures as buses continue to age.

2020- The district's new facility management contract with TDG Facilities Services will decrease maintenance supplies that will be paid through Purchased Services.

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					
	2019	2020	2021	2022	2023	2024
Total	153,064	200,001	179,001	287,001	158,001	248,001
YOY \$ Change	(118,597)	46,937	(21,000)	108,000	(129,000)	90,000
YOY % Change	-43.7%	30.7%	-10.5%	60.3%	-44.9%	57.0%
Percentage of Total Budget	1.4%	1.8%	1.6%	2.5%	1.3%	2.0%

Capital Outlay represents 1.4% 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.

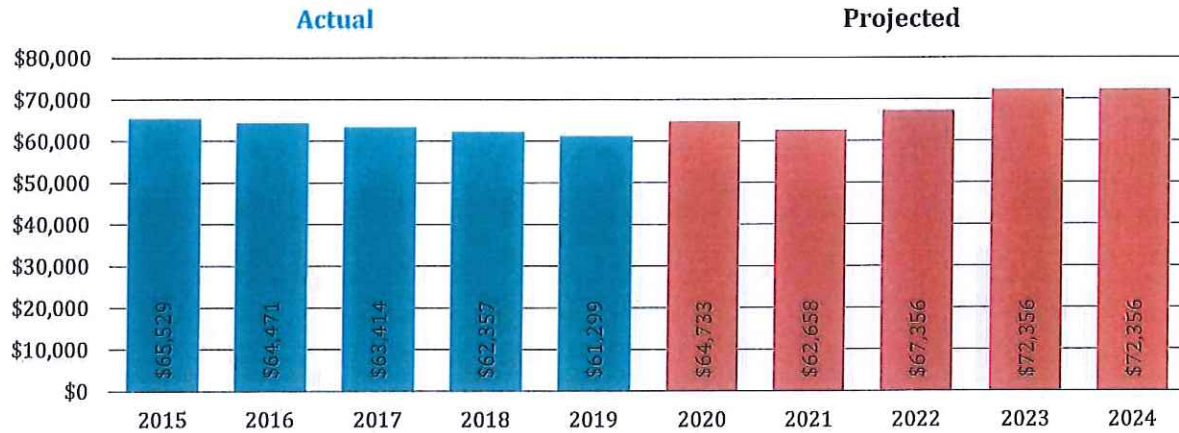
The first year of the Straight A Grant (FY17) included purchasing chromebooks for grades 6, 9, and 12. Due to the districts ability to offset a majority of the infrastructure costs with E-Rate funding, we were able to rollout the Blended Learning Initiative to all grades 5-12 in FY18 using Straight A 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 totalling \$160,000. The district has been reserving for these two buses since 2014 and will continue to reserve for future replacements as the fleet ages. This forecast plans to purchase a bus in FY20, FY22, and FY24.

In 2020, the district entered into an agreement with TDG Facilities Services therefore maintenance capital expenditures will decrease while purchased services expenditures will increase.

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.



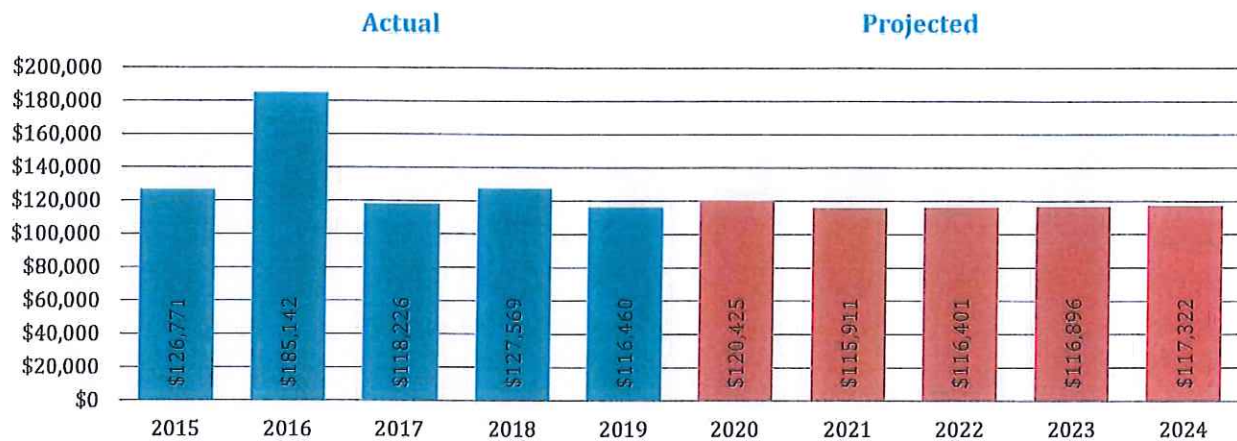
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	61,299	64,733	62,658	67,356	72,356	72,356
YOY \$ Change	(1,058)	3,434	(2,075)	4,698	5,000	-
YOY % Change	-1.7%	5.6%	-3.2%	7.5%	7.4%	0.0%
Percentage of Total Budget	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%

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 Dec 2025 (FY26).

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					
	2019	2020	2021	2022	2023	2024
Total	116,460	120,425	115,911	116,401	116,896	117,322
YOY \$ Change	(11,109)	3,965	(4,514)	490	495	426
YOY % Change	-8.7%	3.4%	-3.7%	0.4%	0.4%	0.4%
Percentage of Total Budget	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%

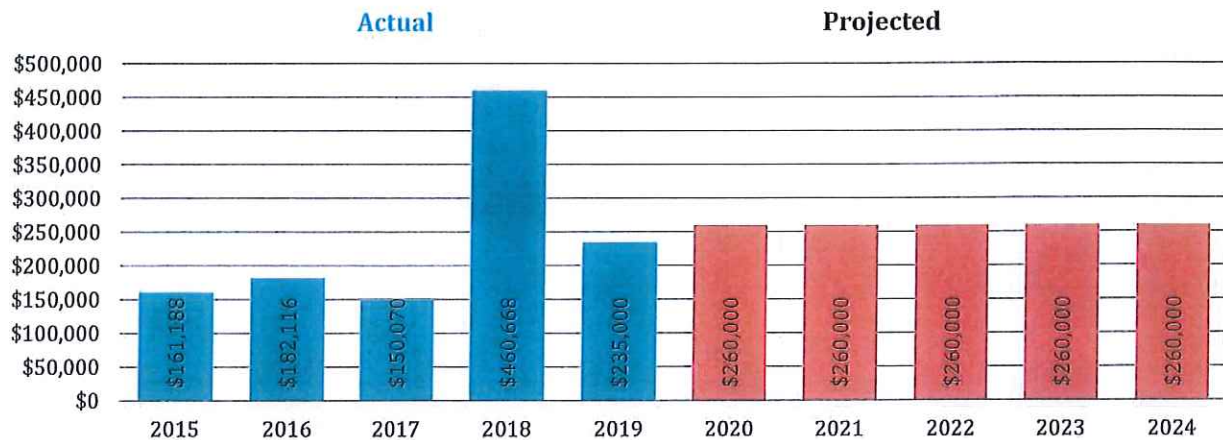
The Other objects line in the forecast makes up 1.1% of total expenditures.

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 exclude this one time state funding adjustment.

5.040 - Total Other Financing Uses

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	235,000	260,000	260,000	260,000	260,000	260,000
YOY \$ Change	(225,668)	25,000	-	-	-	-
YOY % Change	-49.0%	10.6%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Budget	2.2%	2.4%	2.3%	2.2%	2.2%	2.1%
Transfers Out	235,000	260,000	260,000	260,000	260,000	260,000
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 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, our athletic fund transfer was \$160,000 and is forecasted to increase slightly each year. Also in FY18, with our increase to Public Utility revenue, \$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.

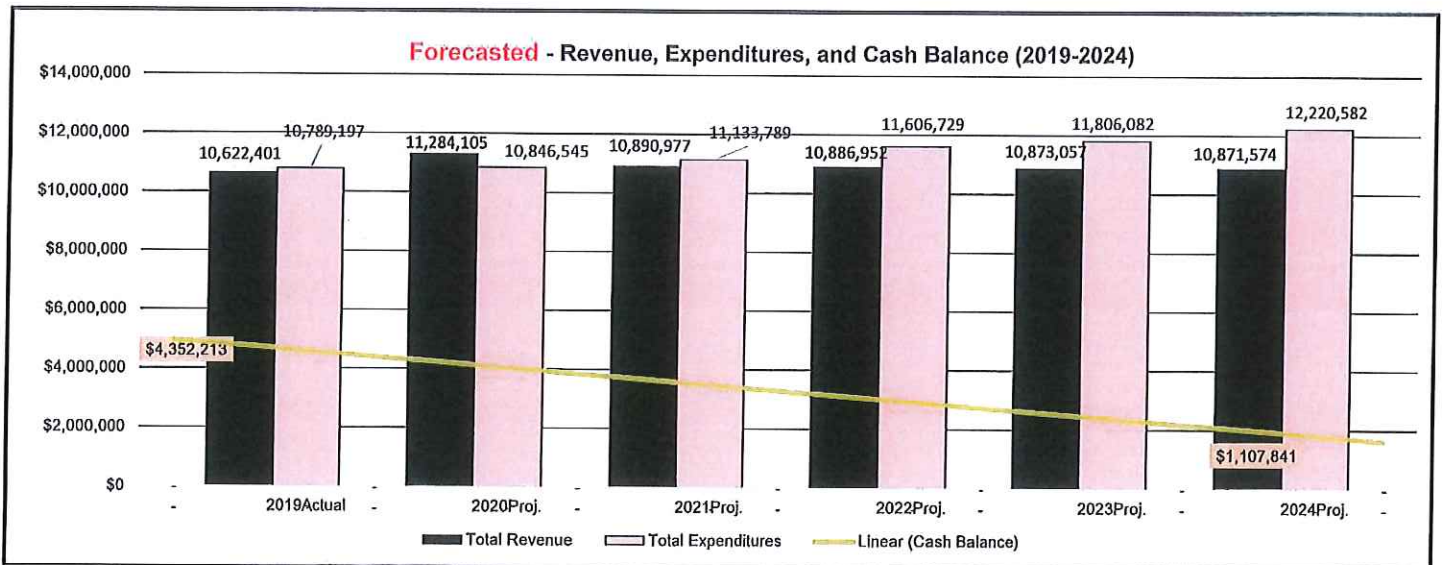
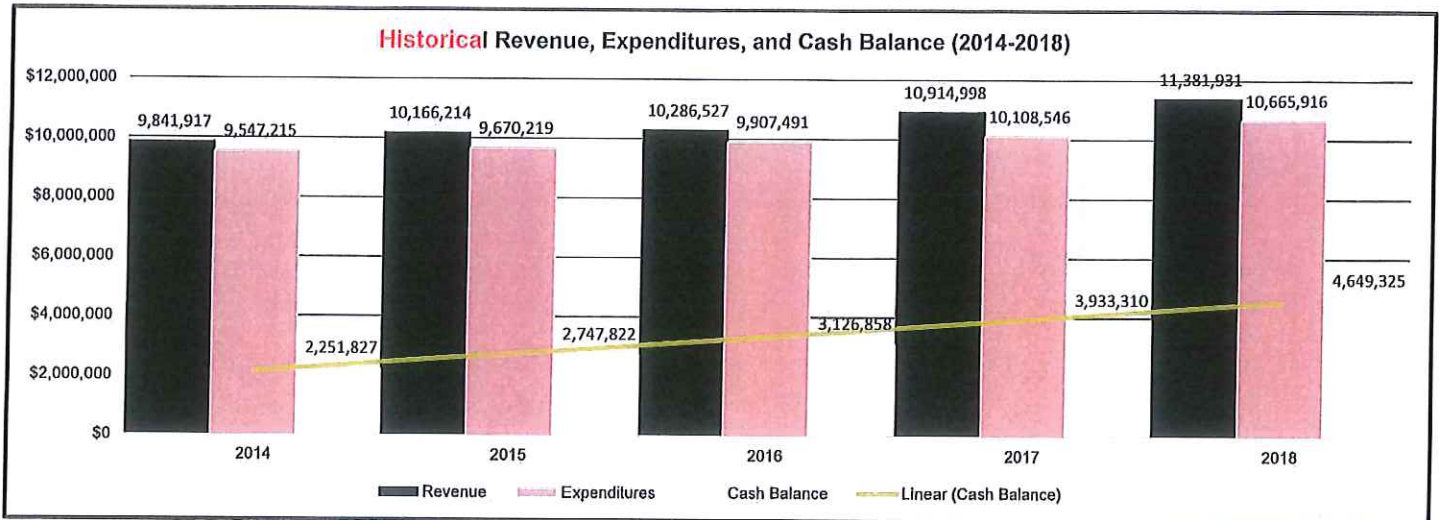
For FY19-FY24, we are forecasting a \$50,000 transfer to the Permanent Improvement Fund for future capital expenditures.

Felicity-Franklin Local Schools

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	1,504,478	1,478,860	1,454,797	1,456,967	1,450,230	1,454,505
1.020 - Public Utility Personal Property	421,686	783,816	418,242	411,520	404,582	397,507
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	7,236,800	7,656,484	7,655,159	7,654,146	7,653,653	7,653,160
1.040 - Restricted Grants-in-Aid	289,865	289,865	289,865	289,865	289,865	289,865
1.050 - Property Tax Allocation	230,375	225,179	227,034	228,574	228,847	230,657
1.060 - All Other Operating Revenues	853,079	772,188	767,380	767,380	767,380	767,380
1.070 - Total Revenue	10,536,283	11,206,392	10,812,477	10,808,452	10,794,557	10,793,074
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	86,118	77,713	78,500	78,500	78,500	78,500
2.070 - Total Other Financing Sources	86,118	77,713	78,500	78,500	78,500	78,500
2.080 - Total Rev & Other Sources	10,622,401	11,284,105	10,890,977	10,886,952	10,873,057	10,871,574
Expenditures:						
3.010 - Personnel Services	5,216,885	5,081,682	5,104,688	5,244,654	5,389,868	5,528,833
3.020 - Employee Benefits	1,935,538	2,053,432	2,293,769	2,472,468	2,638,400	2,817,037
3.030 - Purchased Services	2,597,207	2,721,398	2,772,888	2,813,975	2,825,687	2,832,159
3.040 - Supplies and Materials	473,744	344,874	344,874	344,874	344,874	344,874
3.050 - Capital Outlay	153,064	200,001	179,001	287,001	158,001	248,001
Intergovernmental & Debt Service	61,299	64,733	62,658	67,356	72,356	72,356
4.300 - Other Objects	116,460	120,425	115,911	116,401	116,896	117,322
4.500 - Total Expenditures	10,554,197	10,586,545	10,873,789	11,346,729	11,546,082	11,960,582
Other Financing Uses						
5.010 - Operating Transfers-Out	235,000	260,000	260,000	260,000	260,000	260,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	235,000	260,000	260,000	260,000	260,000	260,000
5.050 - Total Exp and Other Financing Uses	10,789,197	10,846,545	11,133,789	11,606,729	11,806,082	12,220,582
6.010 - Excess of Rev Over/(Under) Exp	(166,796)	437,560	(242,812)	(719,777)	(933,025)	(1,349,008)
7.010 - Cash Balance July 1 (No Levies)	4,649,325	4,482,529	4,920,089	4,677,277	3,957,499	3,024,474
7.020 - Cash Balance June 30 (No Levies)	4,482,529	4,920,089	4,677,277	3,957,499	3,024,474	1,675,466
		Reservations				
8.010 - Estimated Encumbrances June 30	30,000	30,000	30,000	30,000	30,000	30,000
9.080 - Reservations Subtotal	407,184	512,625	567,625	527,625	577,625	537,625
10.010 - Cash Balance after est. encumbrances & Reserves	4,045,345	4,377,464	4,079,652	3,399,875	2,416,850	1,107,841
Recommended Cash Balance (60 days)		1,782,994	1,830,212	1,907,955	1,940,726	2,008,863
Recommended Cash Balance (90days)		2,674,491	2,745,318	2,861,933	2,911,089	3,013,294

Historical Trends & Forecasted Projections



The charts above display our revenue, expenditures, and cash balances over the past five years (2014-2018) compared to our forecasted balances in the future (2020-2024). Historically, our revenue grew slightly as the governors two previous biennial budgets funded small, rural, agriculture districts. We also experienced normal increased expenditures due to inflation and cost of living increases. We had increased technology expenditures over the past 5 years to support our blended learning programs in grades 5-12 and curriculum adoption expenditures that were previously halted in 2009-2014. Unfortunately, the pendulum has begun to swing the opposite direction as our enrollment has dropped causing our state funding (revenue) to fall to concerning levels. Flat to falling revenues along with rising inflationary expenditures will begin to affect minimum education standards without additional state funding or local tax revenue.

