

Amherst Exempted Village School District



FIVE YEAR FINANCIAL FORECAST

Fiscal Year 2020 to Fiscal Year 2024

Prepared by the Office of
the Treasurer/CFO

Table of Contents
Five Year Forecast (November 2019)

• Letter of Transmittal		Page 1
• Five Year Forecast (ODE Version)		Page 2
• Assumptions for Five Year Forecast		Page 3
• Five Year Forecast (with Extended History)		Page 7
• Real Estate Revenue Collections	Exhibit 1	Page 8
• Unrestricted Grants-in-Aid (Foundation) Revenue	Exhibit 2	Page 9
• Personal Services Costs – Historical and Forecasted	Exhibit 3	Page 10
• Employee Benefits & Insurance Costs – Historical and Forecasted	Exhibit 4	Page 11
• Revenue, Expenditures and Cash Balance	Exhibit 5	Page 12

Amherst Exempted Village School District

Office of the Treasurer / CFO



November 18, 2019

To: The Board of Education of Amherst Exempted Village School District

The financial forecast presents, to the best of the Treasurer's knowledge and belief, the Amherst Exempted Village School District's expected financial position, results of operation and cash flows for the forecasted periods. Accordingly, the forecast reflects its judgment as of November 15, 2019, the date of this forecast, of the expected conditions and its expected course of action.

The assumptions disclosed herein are those that the Treasurer believes are significant to the forecast. There will typically be variances between the projected and actual results, because events and circumstances frequently do not occur as expected, and it must be known that those variances could be material in nature.

The forecast has been prepared with the assumption that all categories of revenue will remain static, including real estate collections. The district will place a renewal 4.9 mill operating levy, originally passed in 2012 and renewed in 2017, which will expire in approximately two years, on the ballot on or before November 2022. Also important to the district forecast is renewal of a 10-year emergency levy which produces \$4.14 million, which will be placed on the ballot on or before November 2023.

Other actions by the state legislature, Ohio Board of Taxation, the Ohio Supreme Court, the Lorain County Board of Revision, and any other governmental bodies will impact these projections and the results of their actions could seriously threaten the accuracy of this document.

I would like to take this opportunity to thank the Superintendent, the Administrative Staff, not to exclude the Treasurer's Office staff at the Amherst Exempted Village School District for their guidance and support in preparation of the five year forecast and assumptions.

Respectfully submitted,

Amelia R. Gioffredo

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Treasurer / CFO



Amherst Exempted Village School District
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

	FORECASTED								
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	
Revenue:									
1.010 - General Property Tax (Real Estate)	16,544,892	16,630,179	16,933,839	16,939,593	17,011,349	15,796,346	12,424,049	12,424,049	
1.020 - Public Utility Personal Property	1,235,418	1,159,159	1,416,791	1,261,981	1,274,075	1,238,555	1,204,025	1,204,025	
1.030 - Income Tax	-	-	-	-	-	-	-	-	
1.035 - Unrestricted Grants-in-Aid	15,016,925	15,077,884	14,193,461	14,235,816	14,778,817	14,807,917	14,837,016	15,031,014	
1.040 - Restricted Grants-in-Aid	179,693	168,487	158,715	160,006	160,006	160,006	160,006	160,006	
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-	
1.050 - Property Tax Allocation	2,358,839	2,352,499	2,338,813	2,398,328	2,398,328	2,380,080	2,380,000	2,380,000	
1.060 - All Other Operating Revenues	2,417,550	2,423,731	2,574,948	2,133,158	2,133,158	2,133,158	2,133,158	2,133,158	
1.070 - Total Revenue	37,753,317	37,811,939	37,616,567	37,128,882	37,755,732	36,516,062	33,138,254	33,332,252	
Other Financing Sources:									
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-	
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-	
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-	
2.050 - Advances-In	325,513	-	-	100,000	100,000	100,000	100,000	100,000	
2.060 - All Other Financing Sources	215,629	244,002	664,321	250,000	200,000	200,000	200,000	200,000	
2.070 - Total Other Financing Sources	541,142	244,002	664,321	350,000	300,000	300,000	300,000	300,000	
2.080 - Total Revenues and Other Financing Sources	38,294,459	38,055,941	38,280,888	37,478,882	38,055,732	36,816,062	33,438,254	33,632,252	
Expenditures:									
3.010 - Personnel Services	19,839,794	20,350,156	20,907,498	21,514,087	22,636,936	23,089,674	23,551,468	24,022,497	
3.020 - Employees' Retirement/Insurance Benefits	7,180,143	7,451,164	7,287,512	8,113,161	8,983,494	9,442,539	9,933,142	10,200,000	
3.030 - Purchased Services	6,007,332	5,830,486	5,905,594	6,062,133	6,250,907	6,445,671	6,647,002	6,647,002	
3.040 - Supplies and Materials	1,055,960	1,181,750	1,088,891	1,138,512	1,161,282	1,184,508	1,208,198	1,208,198	
3.050 - Capital Outlay	1,135,144	1,479,166	2,692,718	1,435,000	255,000	255,000	255,000	255,000	
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	-	-	-	-	-	-	-	-	
4.055 - Principal - Other	-	-	-	-	-	-	-	-	
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-	-	-	
4.300 - Other Objects	507,617	668,775	494,911	656,350	669,477	682,866	696,523	696,523	
4.500 - Total Expenditures	35,725,990	36,961,497	38,377,125	38,919,243	39,957,096	41,100,258	42,291,333	43,029,220	
Other Financing Uses									
5.010 - Operating Transfers-Out	-	175,154	-	50,000	50,000	50,000	50,000	50,000	
5.020 - Advances-Out	209,517	93,343	-	100,000	100,000	100,000	100,000	100,000	
5.030 - All Other Financing Uses	85,920	27,562	-	-	-	-	-	-	
5.040 - Total Other Financing Uses	295,437	296,059	-	150,000	150,000	150,000	150,000	150,000	
5.050 - Total Expenditures and Other Financing Uses	36,021,427	37,257,556	38,377,125	39,069,243	40,107,096	41,250,258	42,441,333	43,179,220	
Excess of Rev & Other Financing Uses Over (Under)									
6.010 - Expenditures and Other Financing Uses	2,273,032	798,385	(96,237)	(1,590,361)	(2,051,363)	(4,434,197)	(9,003,079)	(9,546,969)	
Cash Balance July 1 - Excluding Proposed Renewal/									
7.010 - Replacement and New Levies	16,151,108	18,424,140	19,222,525	19,126,288	17,535,927	15,484,564	11,050,367	2,047,287	
7.020 - Cash Balance June 30	18,424,140	19,222,525	19,126,288	17,535,927	15,484,564	11,050,367	2,047,287	(7,499,681)	
8.010 - Estimated Encumbrances June 30	1,522,813	3,712,123	1,357,213	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Reservations of Fund Balance:									
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-	
9.020 - Capital Improvements	-	-	-	-	-	-	-	-	
9.030 - Budget Reserve	-	-	-	-	-	-	-	-	
9.040 - DPIA	-	-	-	-	-	-	-	-	
9.050 - Debt Service	-	-	-	-	-	-	-	-	
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-	
9.070 - Bus Purchases	-	-	-	-	-	-	-	-	
9.080 - Subtotal	-	-	-	-	-	-	-	-	
Fund Balance June 30 for Certification									
10.010 - of Appropriations	16,901,327	15,510,402	17,769,075	16,535,927	14,484,564	10,050,367	1,047,287	(8,499,681)	
Rev from Replacement/Renewal Levies									
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-	
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	1,371,169	4,812,136	4,812,136	
11.030 - Cumulative Balance of Replacement/Renewal L	-	-	-	-	-	1,371,169	6,183,305	10,995,441	
Fund Balance June 30 for Certification									
12.010 - of Contracts, Salary and Other Obligations	16,901,327	15,510,402	17,769,075	16,535,927	14,484,564	11,421,536	7,230,592	2,495,760	
Revenue from New Levies									
13.010 - Income Tax - New	-	-	-	-	-	-	-	-	
13.020 - Property Tax - New	-	-	-	-	-	-	-	-	
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-	
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-	
15.010 - Unreserved Fund Balance June 30	16,901,327	15,510,402	17,769,075	16,535,927	14,484,564	11,421,536	7,230,592	2,495,760	

**Assumptions for the Five-Year Financial Forecast Years 2020 through 2024
Amherst Exempted Village School District
November 18, 2019**

Revenue

General Property Tax (Line 1.010) exceeds 43% of the total revenue for the district. Real Estate revenue projections have been calculated with a .4% increase, or static assessed valuation for both Residential (Class I) and Commercial (Class II), which yields similar real estate revenue throughout the forecast (see Exhibit 1). Most of the operating levies for the district are continuing, however, there are two levies that will require renewal in this forecast, which are necessary to maintain fiscal health. *The forecast results in FY 2024 assumes renewal of the following levies.*

The district passed a new 4.9 mill Operating Levy in 2012 that produces \$2.3 million per year; it was most recently renewed in November 2017. This levy will need to be renewed on or before November 2022. The district passed an emergency levy in 2013 that generates \$4.14 million per year that expires December 31, 2023.

Tangible Personal Property Tax (Line 1.020) (Class IV) has also been calculated without any use of historic trends of a three-year cycle.

Unrestricted Grants in Aid (Line 1.035) are projected as actual for FY 2020, based upon current State Foundation Funding (SFPR). In fiscal year 2019, the School District received just under \$14.9 million of school foundation support (Basic Aid) in the general fund. This aid comprised approximately 39.7% of our *operating revenue*. We also have projected all years of the forecast to be rather static, as the district is “on the guarantee” (See Exhibit 2). That means the district has been receiving the same basic aid as prior years, and that is the assumption throughout the forecast. District enrollment would need to grow significantly in order to receive additional Basic Aid. And, due to the many factors affecting State Foundation Funding, it is difficult to project. Changes in State government, multiple biennial budgets (in the forecast period), changes in the economic climate, fluctuating assessed valuation, not to mention changes at the Federal government, all add to the complexity of projecting Basic Aid.

The State also allocates revenue from the Casino Tax to districts, which equates to less than \$200,000 each year. The Casino Tax revenue is included in this forecast revenue category.

Restricted Grants in Aid (Line 1.040) is revenue that is expected to be directed to specific and appropriate expenditures. This category includes funds received for Career-Tech Funding, Economic Disadvantaged Funding and Catastrophic Aid. Increases in State Aid would be due to increased enrollment for Career-Tech funding. Changes in Economic Disadvantaged Funding would result from changes in disadvantage for our pupil population. Catastrophic Aid is generated through submission of excess costs for students with special needs, and this can not be easily forecasted. We have projected Restricted Grants-in-Aid to remain constant throughout the forecast period.

Federal Restricted Grants in Aid (Line 1.045) is for Federal Revenue. This short lived (FY 2010 & FY 2011) revenue item is a result of the American Recovery and Reinvestment Act (ARRA) and flows through the State as the School Foundation Stabilization Fund (SFSF). We do not record any federal revenue in the General Fund, not even Medicaid Reimbursements, as we do not participate in that program.

Property Tax Allocation (Line 1.050) contains two components FY 2020 through FY 2024. The Rollback tax credits and the Homestead Exemption are paid by the State of Ohio. [By law, the County Auditor reduces all qualifying levies against real property taxes charged by a 10% Non-

**Assumptions for the Five-Year Financial Forecast Years 2020 through 2024
Amherst Exempted Village School District
November 18, 2019**

Revenue (continued)

Business Credit, and a 2.5% Owner Occupancy Credit. Owner-occupants who are age 65 or older, or who are permanently and totally disabled may qualify for an additional reduction in their real property taxes by applying for a Homestead Exemption, which reduces market value by \$25,000. "Ohio School Finance Blue Book: 2018-2019 Edition, Stabile, Robert G.]

All district levies qualify for Rollback tax credits and Homestead Exemption reimbursement. These credits, however, are discontinued for **new** levies, effective November 2013. The elimination of Rollback & Homestead does NOT impact our revenue stream, it only means that the taxpayer (homeowner) pays 100% of the new levy and it is not reduced 12.5%.

All Other Revenues (Line 1.060) consist of many components including revenue from tuition, student fees, pay-to-participate revenue, interest income, rental income, transportation fees, and manufactured home tax revenue. Open enrollment-IN, excess costs and SF-14 tuitions exceed \$1 million, and at 6% of operating revenue is an important revenue stream. All components remain constant in this projection.

Expenditures

Personal Services (Line 3.010) are expected to comprise 50.9% of the total expenditures for the district and are forecasted to increase to 55% of the total expenditures by the end of this forecast. New negotiated agreements are in place for the Amherst Teachers Association (ATA) and Ohio Association of Public School Employees (OAPSE Local #208) that extend through the end of Fiscal Year 2022. These agreements provide for a 1.25%, 1.5% and 2.25% increase for the 2020, 2021 and 2022 fiscal years, respectively. The step increases for certificated and classified staff are approximately 2%. Incremental steps are included for FY 2020-2024, and no increase (COLA) on the base after the expiration of current respective contracts (See Exhibit 3).

Note: \$200,000 has been reduced from Personal Services for FY 2020 and FY 2021. A guidance counselor and social worker will be paid from the Student Wellness and Success Funds, allocated by Governor Mike DeWine. These salaries are expected to be absorbed by the General Fund in Fiscal Years 2022 through 2024.

Fringe Benefits (Line 3.020) are a function of Personal Services (Salaries) and are approximately 27% of the total annual expense for personnel. Employees' benefits include workers compensation, Medicare, unemployment, life insurance, medical and dental insurance, as well as retirements to the State Teachers' Retirement System (STRS) and the School Employees' Retirement System of Ohio (SERS).

The benefits are factored to accelerate at the same rate as the step and bases increases, except for medical and dental benefits. The district has enjoyed minimal renewal increases, but we anticipate an increase in 8% range (throughout the forecast) in our medical premiums, and much of the projected boost is due to the prescription drug costs. The district participates in the Lake Erie Regional Council of Governments (LERC) insurance consortium, and the plan and experience is monitored closely (See Exhibit 4).

Note: LERC has announced a "premium holiday", so the district will see a \$350,000 reduction in health insurance premiums in the month of December 2019.

Purchased Services (Line 3.030) are calculated to increase 1% in FY 2020 and increasing at a rate of approximately 3% in the Fiscal Years 2021 through 2024. Purchased services include

Assumptions for the Five-Year Financial Forecast Years 2020 through 2024
Amherst Exempted Village School District
November 18, 2019

Expenditures (continued)

such expenditures as utilities (electric, natural gas and water/sewer utilities, refuse removal, and telephone and connectivity charges), tuitions such as open enrollment, community schools and College Credit Plus (CCP), and professional services and repairs. The projected increases are due to anticipated increases in Special Education Service Contracts, Tuition to other Districts and the deduction (payment) for Community Schools, but increases for utilities have not been included, as one can not predict the exact financial effect of the climatological environment on utilities usage. We will also be opening a new building, Powers Elementary in January 2020, which will increase utilities costs to the district, but, again, it is not included in the forecast projections.

Supplies and Materials (Line 3.040) are set to increase approximately rapidly for this fiscal year. The district continues with an established textbook adoption cycle, which is included in material and supplies expenditures, and along with textbook adoption comes a software cost. Other expenditures in this category include software, repair costs, bus fuel and equipment costs that fall below the Federal threshold.

Capital Outlay (Line 3.050) costs have been greater in the past few years. *(Note: Fewer equipment and permanent improvement costs could be funded through the Permanent Improvement (PI) fund as debt service for a Tax Anticipation Note (TAN) was to be paid through the 003 PI Fund, as well as the requirement of the Ohio Facilities Construction Commission (OFCC) for ½ mill equivalent to be transferred to the 034 Maintenance Fund. Debt service, or principal and interest payments will be complete in fiscal year 2020, and then capital expenditures will be moved, at least in part, to the Permanent Improvement, 003 Fund.)*

FY 2020 capital expenditures are expected to be as high as nearly \$3.9 million, due to the \$3.3 million budget contingency for the New Powers PK-3 building. Capital outlay is expected to be capped at \$1,135,000 in FY 2021 and \$635,000 in the three fiscal years, 2022 through 2024.

General Obligation Debt Service (Lines 4.010-4.060) We do not anticipate issuing any short term notes for General Fund debt obligations during the forecast period.

Other Expenditures (Line 4.300) are projected to increase at 2% per year FY 2021 through FY 2024; however, this line item may be adjusted to reflect the *County Treasurer and Auditor Fees, banking and investment fees, as well as any other miscellaneous district expenditures such as dues and memberships, and tuition reimbursements.*

Operating Transfers-Out (Line 5.010) and Operating Advances-Out (Line 5.020) will occur again in all years of the forecast. We anticipate at least \$100,000 in transfers out of the General Fund in FY 2020, but no other years of the forecast. *Advances-out (Line 5.020)* were \$93,343 in FY 2019, and are estimated at \$260,000 for FY 2020, and \$100,000 in the remaining years of the forecast. The district employs the practice, which is a best practice and internal control for auditing purposes, of advancing money to federal and state grants if their funds are not in the process of collection. *(Note: The State has slowed down the reimbursement process; districts typically only request funds which are negative because any advanced grant funds must be spent down in a short window of time, such as five days.)*

**Assumptions for the Five-Year Financial Forecast Years 2020 through 2024
Amherst Exempted Village School District
November 18, 2019**

Summary

The five year forecast examines projected revenues and expenditures, and their impact on cash balances. This forecast, at this particular point in time, generally employs the beliefs of static revenue streams, all the while that expenditures are increases; deficit spending, then, is depleting cash reserves throughout the forecast period (See Exhibit 5).

This financial forecast presents, to the best of the treasurer's knowledge and belief, the Amherst Exempted Village School District's expected financial position. Accordingly, the forecast reflects his judgments as of November 15, 2019, the date of the forecast. The assumptions disclosed herein are those that the CFO believes are significant to the forecast. There will be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and that difference may be material. Actions by the legislature, Ohio Board of Taxation, the Ohio Supreme Court, and other governmental bodies will impact projections and the results of their actions could seriously threaten the accuracy of this document.

Epilogue

The financial projections in this document or any forecast are based on assumptions on an indeterminate number of variables. It is virtually unrealistic to predict with any certainty the outcomes of revenue and expenditures of which there is very little control. One would need the skills and knowledge to predict sickness, the weather, the stock market, global economy, and the Gross Domestic Product (GPD) of this country for the next four years. One essentially needs a crystal ball. *It is not an exact science.*

Respectfully submitted,

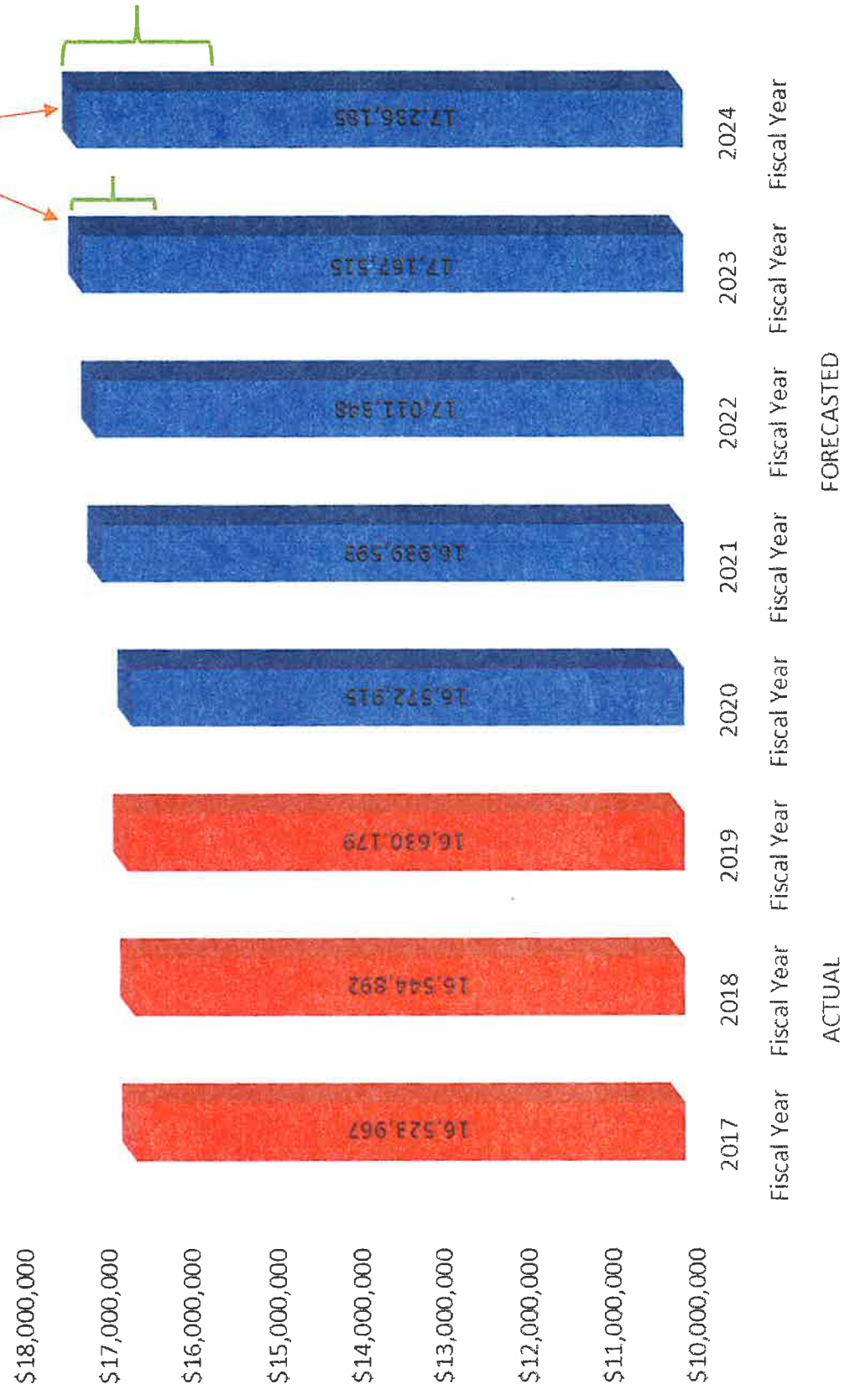
Amelia R. Gioffredo

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Treasurer / CFO

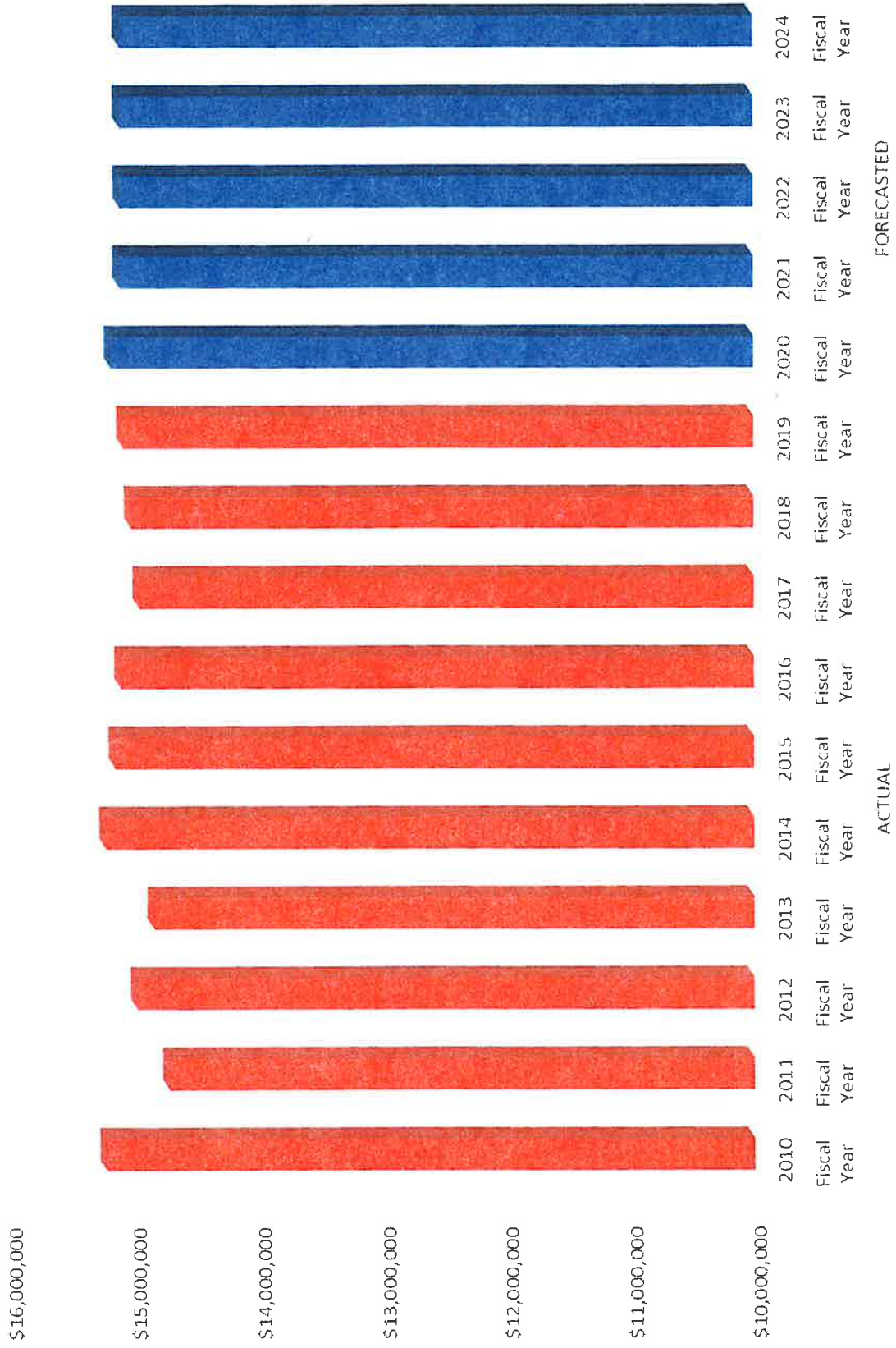


Portion of taxes subject to renewal

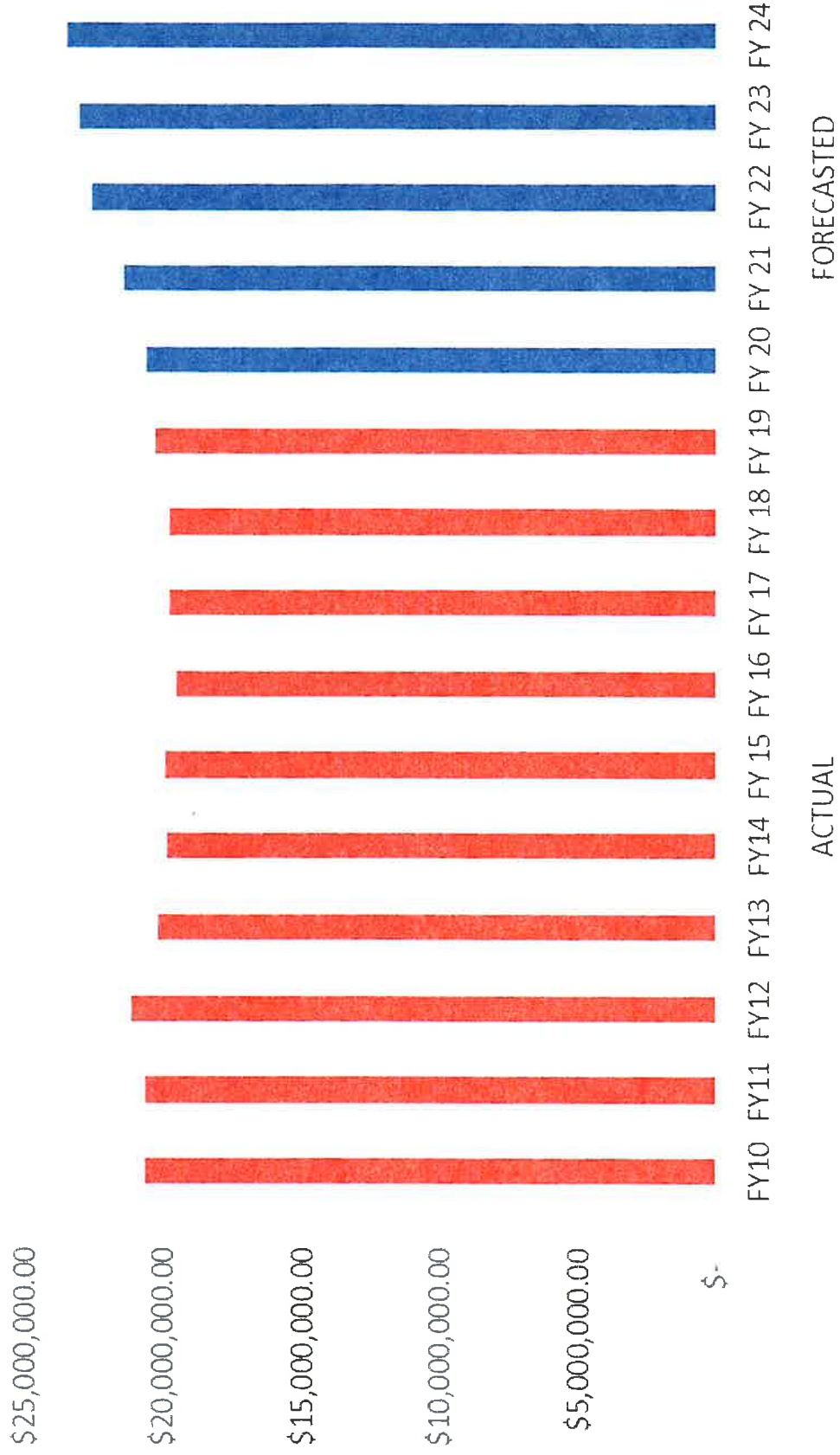
1.010 - General Property Tax (Real Estate)



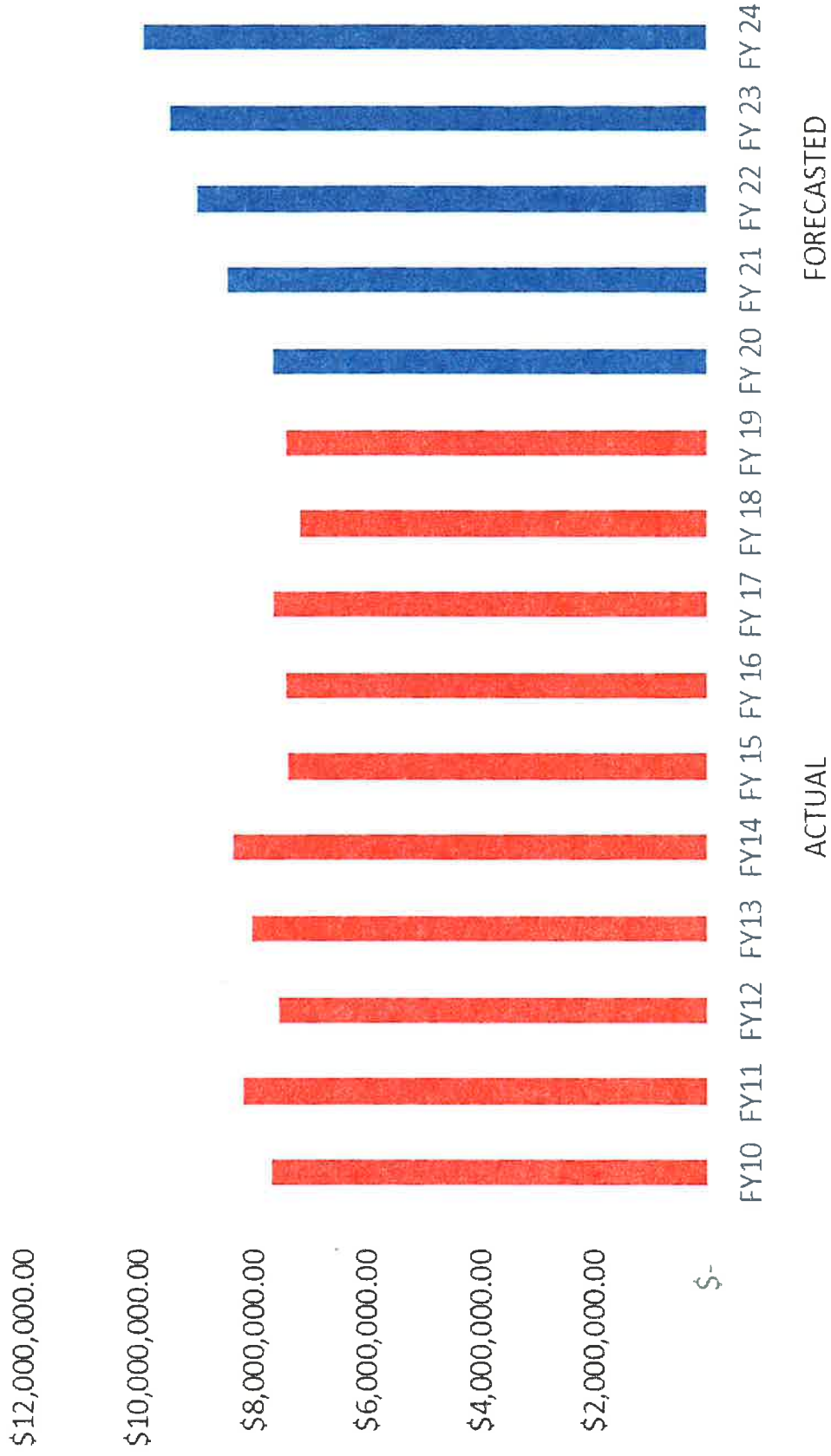
1.035 - Unrestricted Grants-in-Aid (Foundation)



Total Personal Services Costs FY 2010 - FY 2024



Total Employee Benefits & Insurance Costs FY 2010 - FY 2024



Revenue, Expenditures & Cash Balance FY 2015 - FY 2024

