



Austintown Local Schools

Five Year Forecast Financial Report

October, 2019

Blaise Karlovic, CFO

Table of Contents

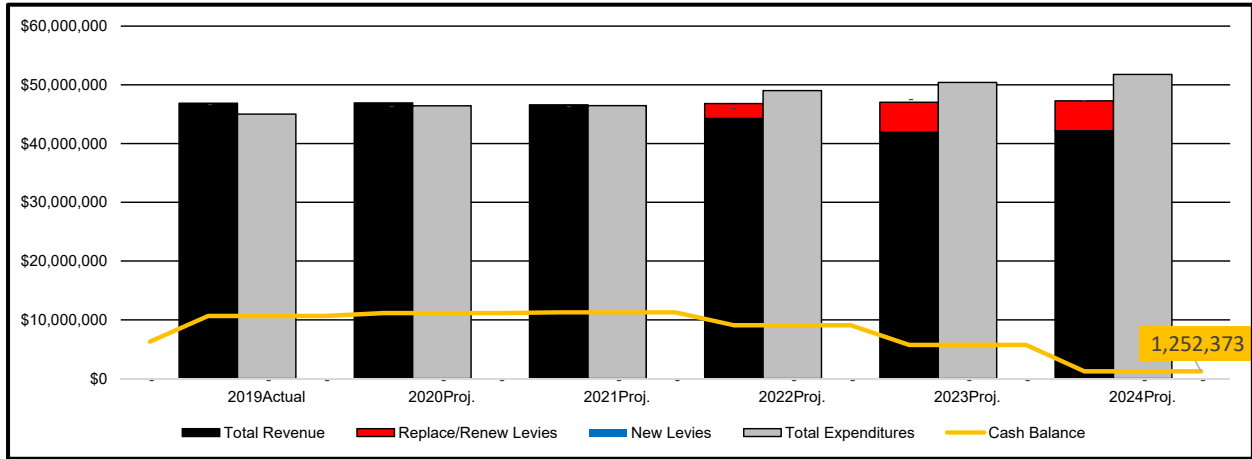
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

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.



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	10,660,702	11,163,543	11,288,721	9,101,177	5,741,625
+ Revenue	46,923,971	46,579,356	44,283,340	41,946,096	42,170,105
+ Proposed Renew/Replacement Levies	-	-	2,539,567	5,091,185	5,115,194
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(46,421,130)	(46,454,178)	(49,010,452)	(50,396,834)	(51,774,550)
= Revenue Surplus or Deficit	502,841	125,178	(2,187,544)	(3,359,552)	(4,489,251)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	11,163,543	11,288,721	9,101,177	5,741,625	1,252,373

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	502,841	125,178	(4,727,112)	(8,450,738)	(9,604,445)
Ending Balance w/o Levies	11,163,543	11,288,721	6,561,609	(1,889,128)	(11,493,574)

In FY 2020 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$502,841 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$9,604,445. The district would need to cut its FY 2024 projected expenses by 20.31% in order to balance its budget without additional revenue.

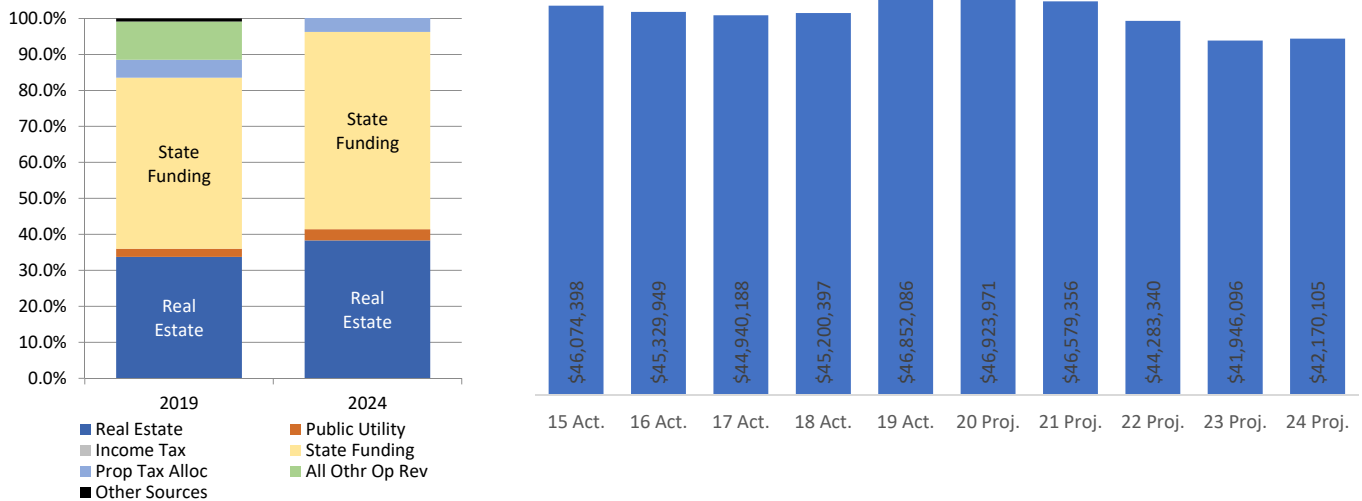
The district's cash balance is positive at year-end in FY 2020 and is projected to worsen by FY 2024. A worsening cash balance can erode the district's financial stability over time.

The district's revenue is projected to grow only slightly on average through FY 2024. The lack of growth compared to the historical growth is because the district's state funding is now flat lined due to declining enrollment. The district receives almost \$900,000 in annual state per pupil subsidy to ensure that it receives at least as much state aid as the prior year. The district did receive student wellness categorical funding for FY 2020 and FY 2021. These funds enable the district to move expenses to the special revenue fund receiving the revenue. These expenses are moved back into the above forecast in FY 2022.

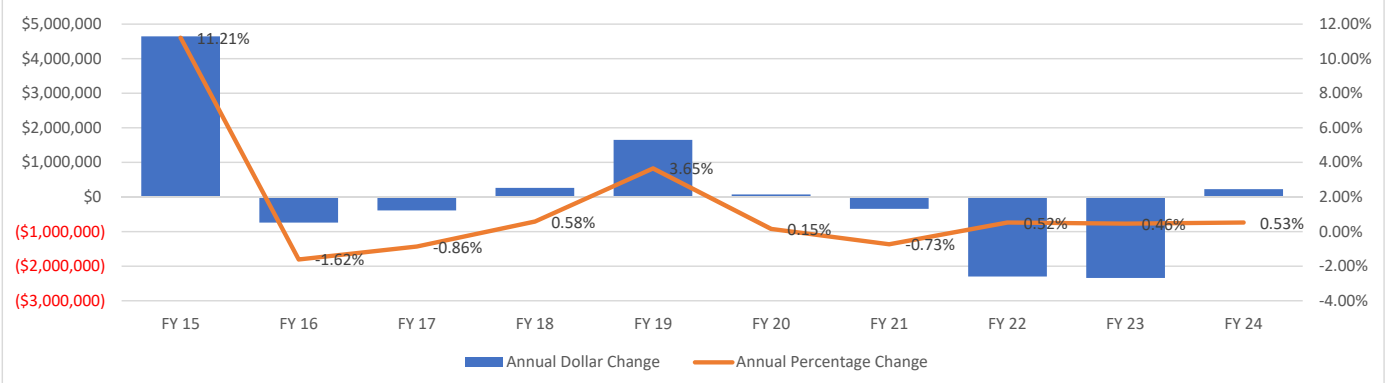
While revenue is projected to grow slightly, expenses are projected to grow at a much faster pace, on average. Planned staffing cuts for FY 2020 are holding down the average annual expenditure growth. The forecast also reflects renewal of all existing levies including renewals scheduled in FY 2021.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance
Real Estate	\$163,750	\$69,929	(\$93,820)
Public Utility	\$57,974	\$50,060	(\$7,914)
Income Tax	\$0	\$0	\$0
State Funding	\$536,484	\$170,294	(\$366,190)
Prop Tax Alloc	\$183,880	\$4,627	(\$179,253)
All Othr Op Rev	\$150,494	(\$176,065)	(\$326,559)
Other Sources	(\$8,262)	(\$32,203)	(\$23,940)
Total Average Annual Change	\$1,084,320 2.59%	\$86,643 0.19%	(\$997,677) -2.41%

Total revenue increased 2.59% or \$1,084,320 annually during the past five years and is projected to increase 0.19% or \$86,643 annually through FY2024. State Funding has the most projected average annual variance compared to the historical average at -\$366,190

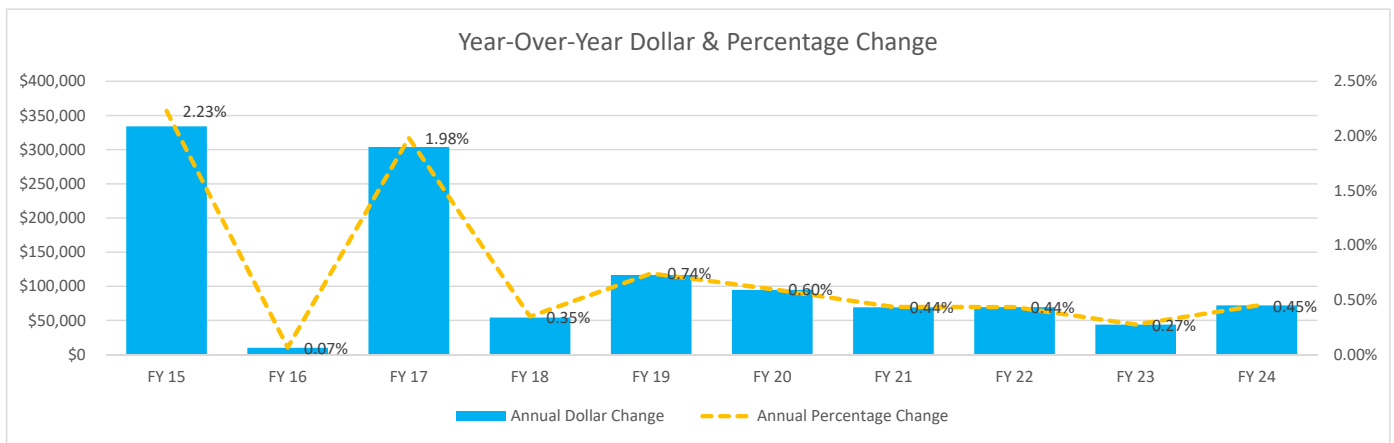
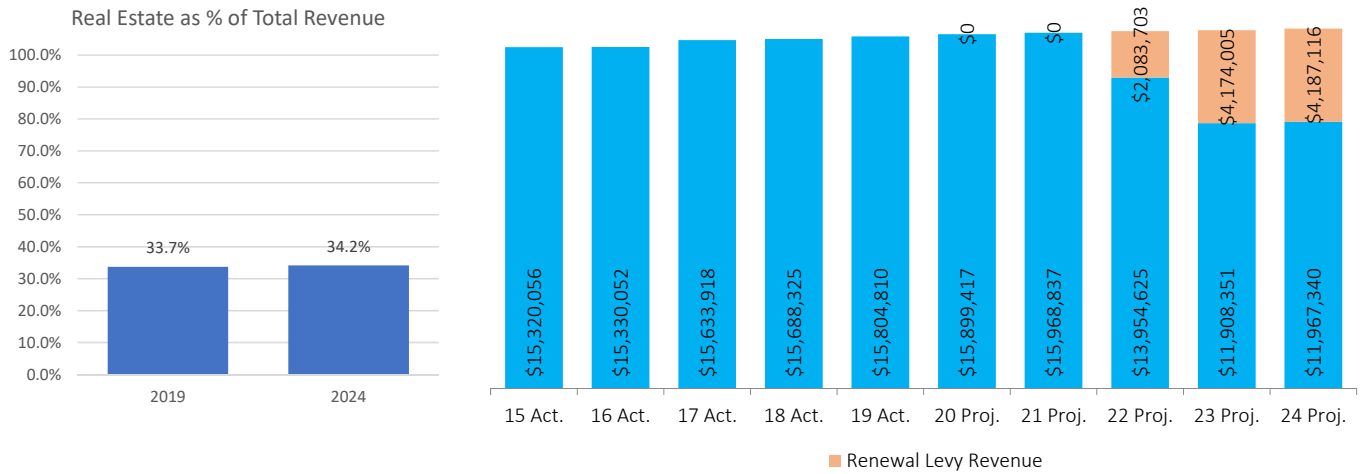
All other operating revenue is declining because of projected decreases in open enrollment tuition 'in' revenue and also decreasing investment earnings in response to declining cash balance.

Average annual expenditure increases are significantly outpacing revenue growth.

Note: Expenditure average annual change is projected to be > \$1,353,896 On an annual average basis, expenditures are projected to grow faster than revenue.

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).



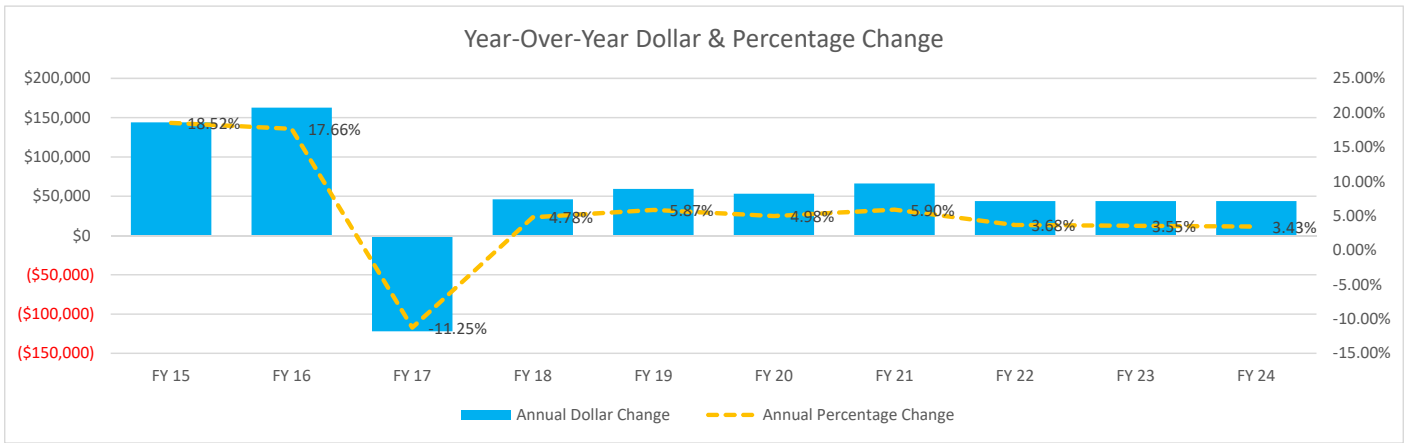
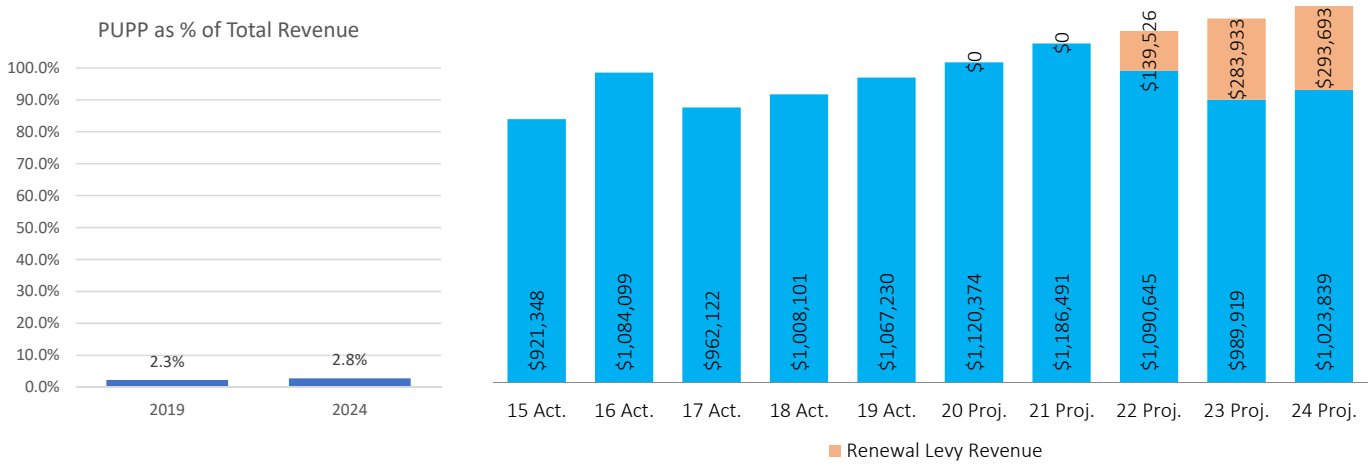
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	595,990,520	603,650	29.32	0.01	33.50	0.20	100.0%
2019	596,915,520	925,000	29.33	0.01	33.61	0.11	100.0%
2020	607,190,520	10,275,000	29.09	(0.24)	33.00	(0.62)	99.9%
2021	608,015,520	825,000	29.10	0.01	33.10	0.11	99.9%
2022	608,840,520	825,000	29.12	0.01	33.21	0.11	99.9%
2023	619,615,520	10,775,000	28.83	(0.29)	32.69	(0.52)	99.9%

Real estate property tax revenue accounts for 33.73% of total revenue. Class I or residential/agricultural taxes make up approximately 68.25% of the real estate property tax revenue. The Class I tax rate is 29.33 mills in tax year 2019. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 99.9% annually through tax year 2023. The revenue changed at an average annual historical rate of 1.07% and is projected to change at an average annual rate of 0.44% through FY 2024.

*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.



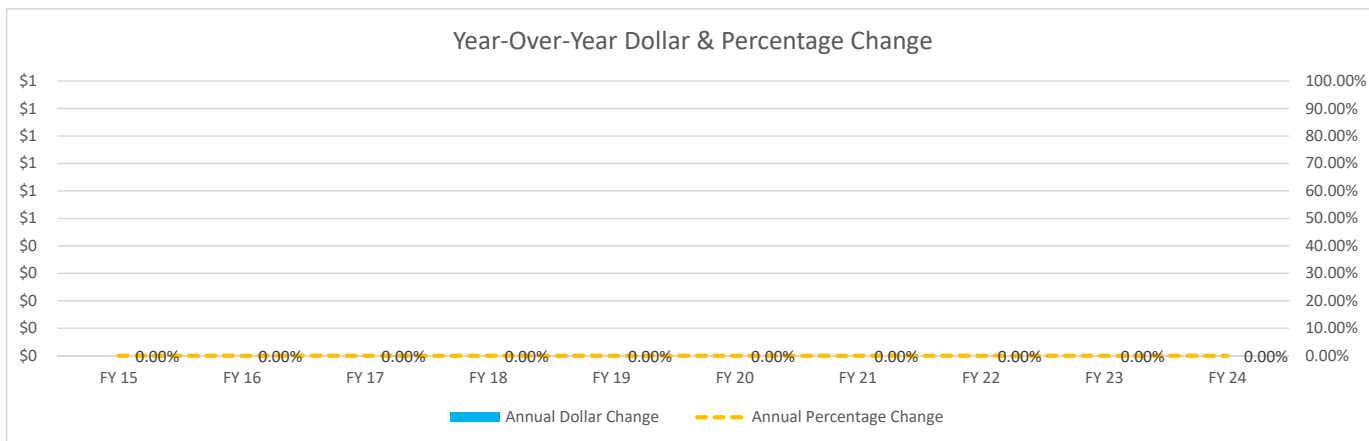
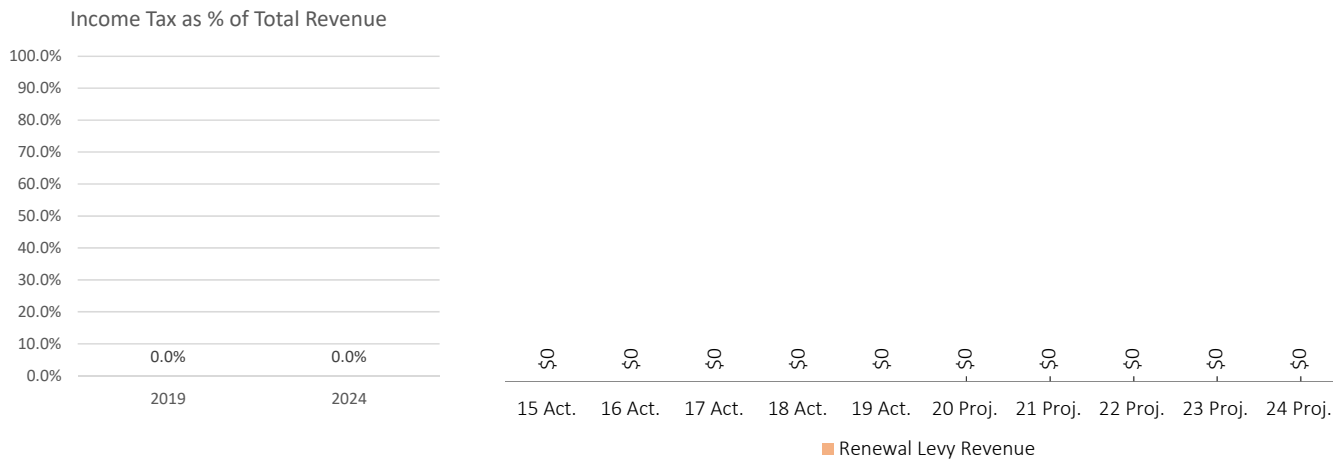
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2018	19,854,550	1,056,610	54.60	-	100.0%	
2019	21,273,160	1,418,610	54.60	-	100.0%	
2020	22,073,160	800,000	54.60	-	100.0%	
2021	22,873,160	800,000	54.60	-	100.0%	
2022	23,673,160	800,000	54.60	-	100.0%	
2023	24,473,160	800,000	54.60	-	100.0%	

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 2.28% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 54.6 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$57,974 and is projected to change at an average annual dollar amount of \$50,060 through FY 2024.

*Projected % trends include renewal levies

1.030 - No 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.

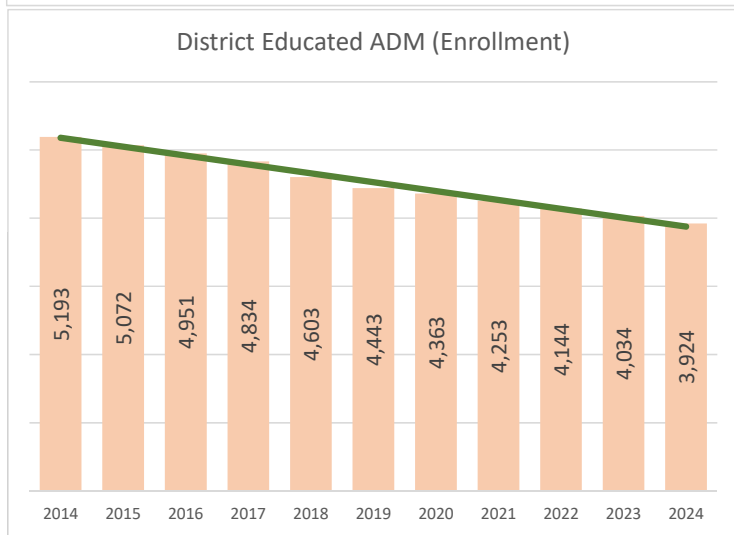
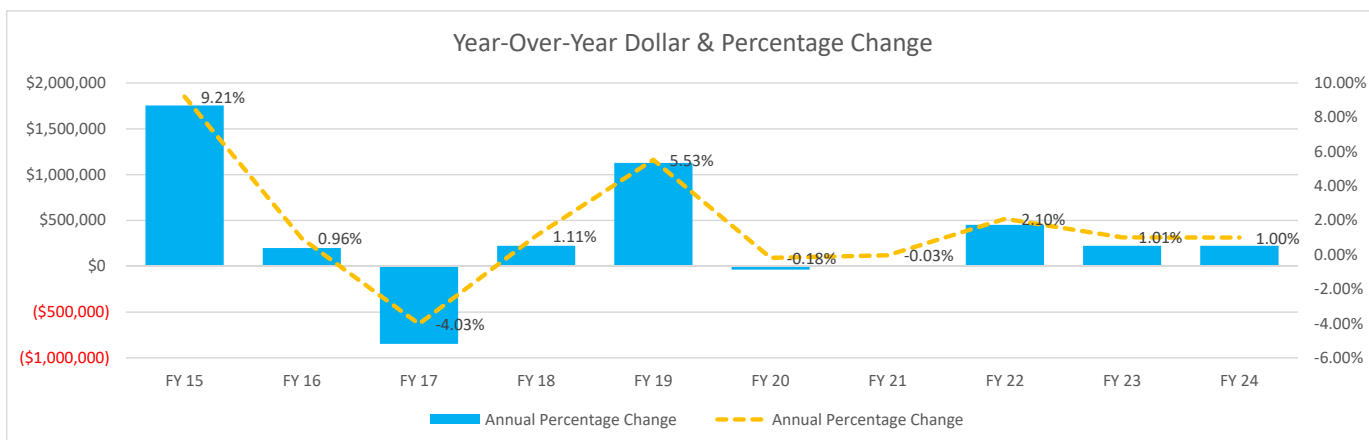
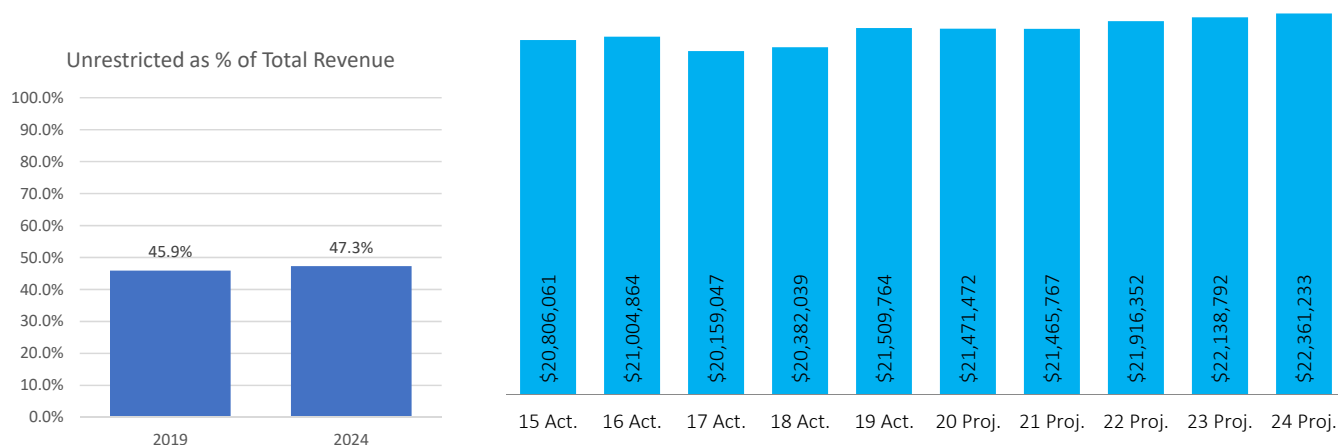


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

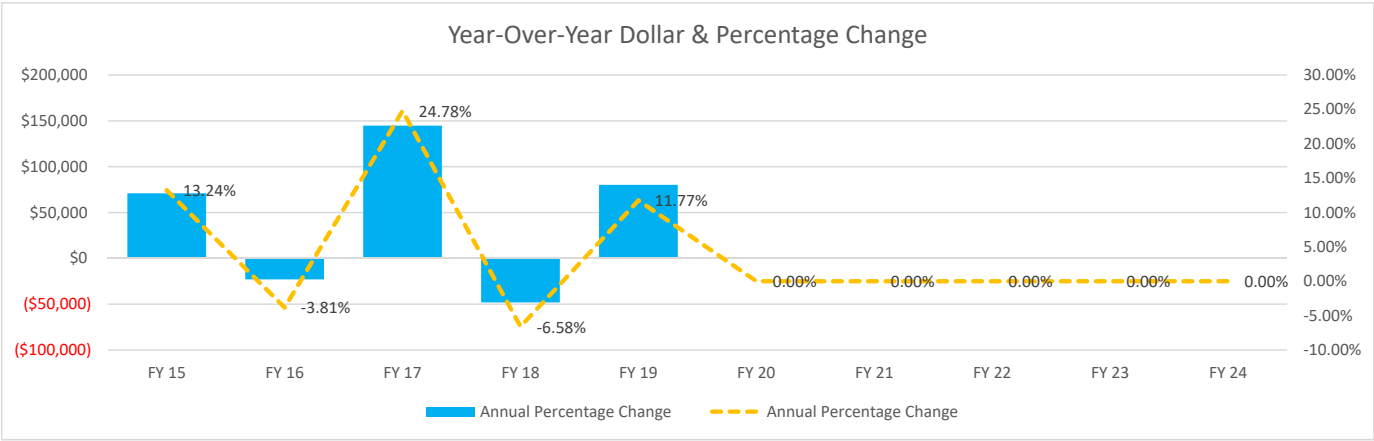
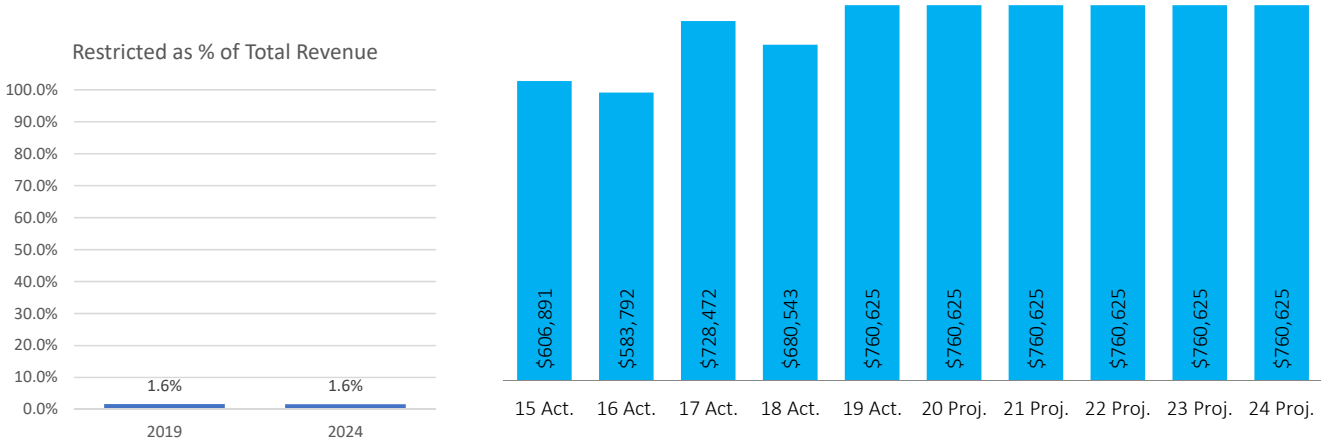


The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2019 base funding amount of \$21,666,267 the district is projected to receive FY 2020 categorical funding of \$912,580. These funds will be recorded in a special revenue fund and are not included in this forecast. The district has the option to move some expenditures from the general fund forecast to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 1.4%

The district's enrollment is projected to continue its trend of decline. Declining enrollment will make additional state funding a challenge. The small increase in FY 2022 is from the assumption that a portion of the current state budgeted revenue for student wellness programs will continue to be funded with additional phased in amounts in FY 2023 and FY 2024.

1.040 & 1.045 - Restricted Grants-in-Aid

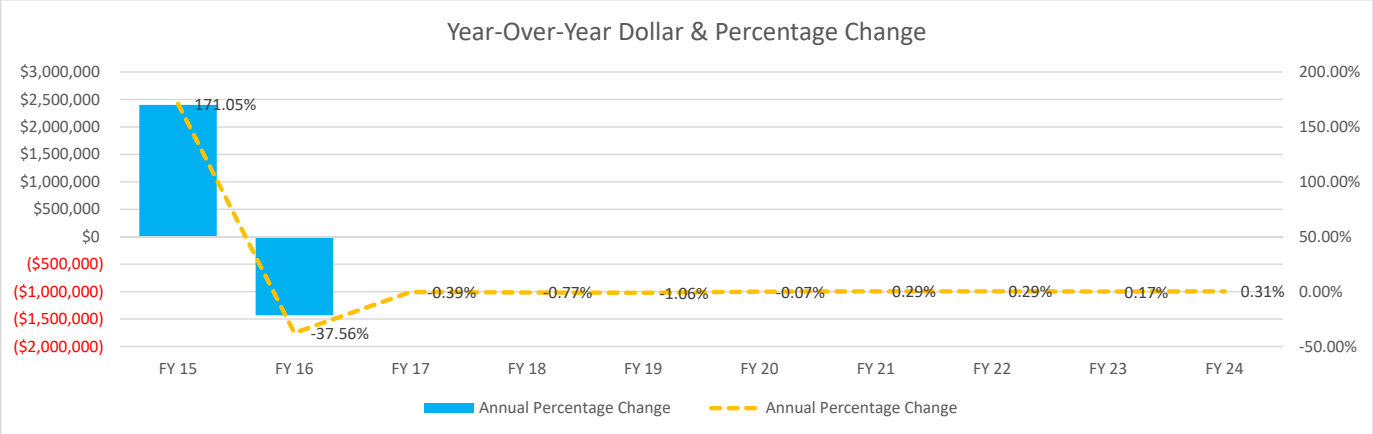
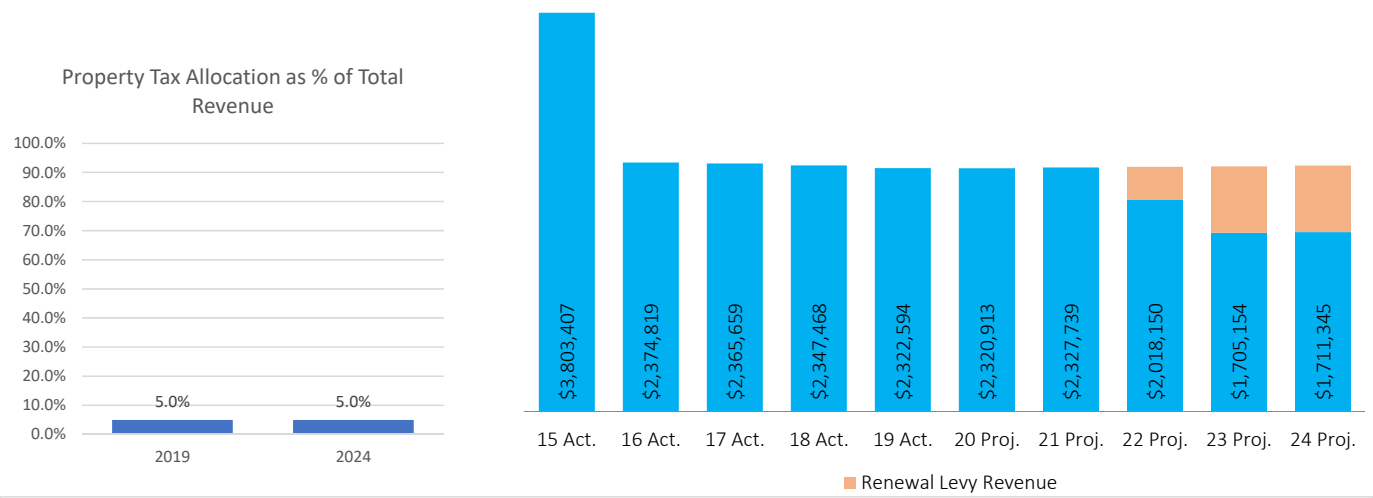
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$28,088 and is projected to change annually on average by \$. Restricted funds represent 1.62% of total revenue.

1.050 - Property Tax Allocation

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

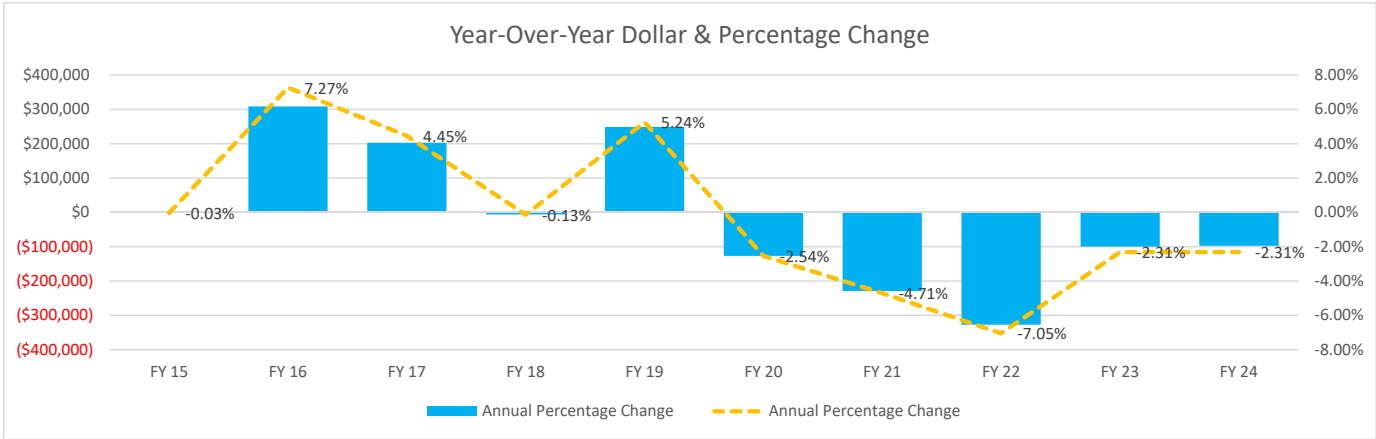
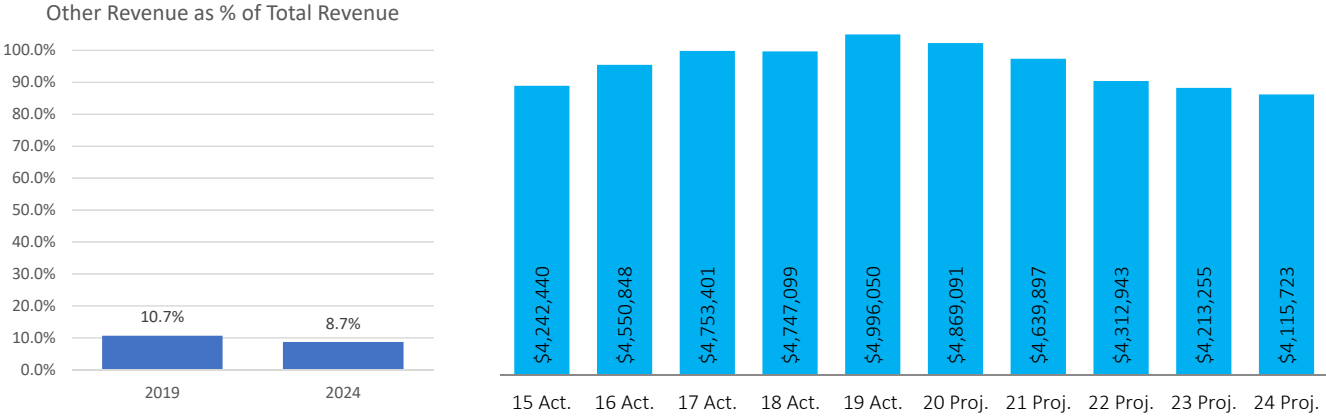


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 12.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 6.6% will be reimbursed in the form of qualifying homestead exemption credits.

*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.

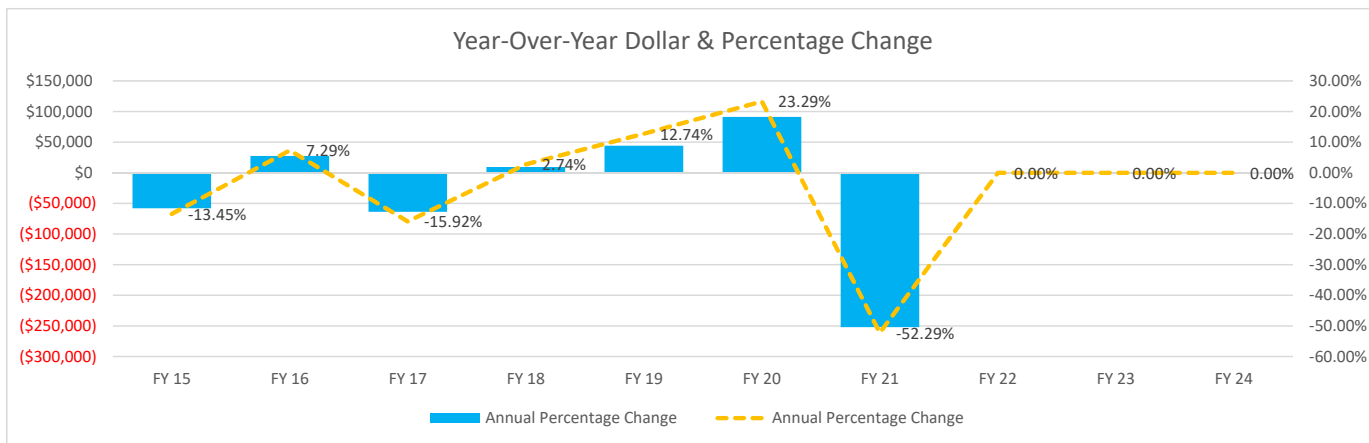
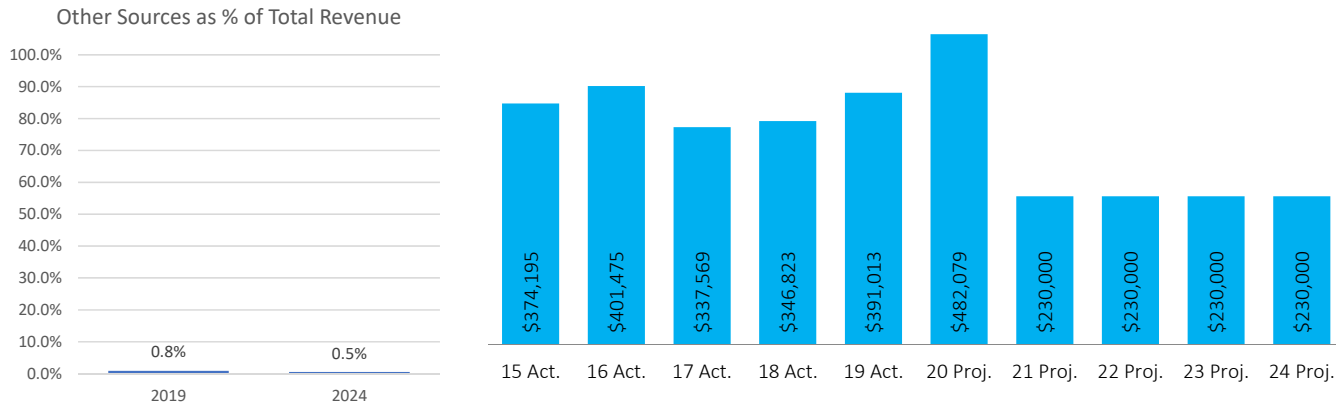


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$150,494. The projected average annual change is -\$176,065 through FY 2024.

Open enrollment is expected to total approximately \$3.7 million in FY 2020 and is the single largest component of this category. Open enrollment is projected to decline annually through the forecast period. In addition, investment earnings are projected to decline in response to a decreasing cash balance.

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.

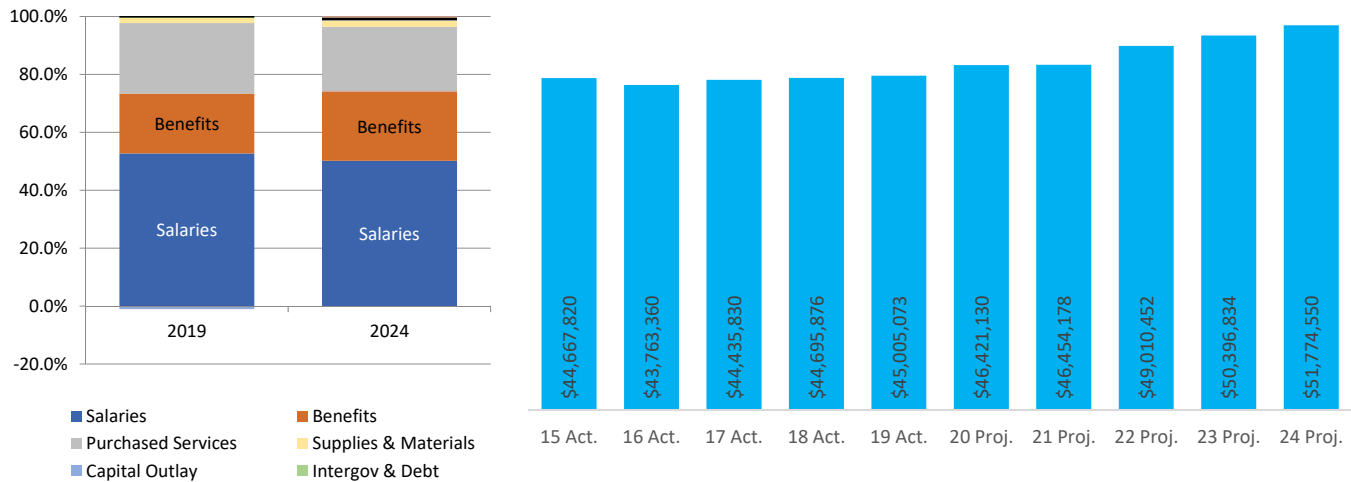


	2019	FORECASTED				
		2020	2021	2022	2023	2024
Transfers In	32,104	-	-	-	-	-
Advances In	66,988	14,370	55,000	55,000	55,000	55,000
All Other Financing Sources	291,920	467,709	175,000	175,000	175,000	175,000

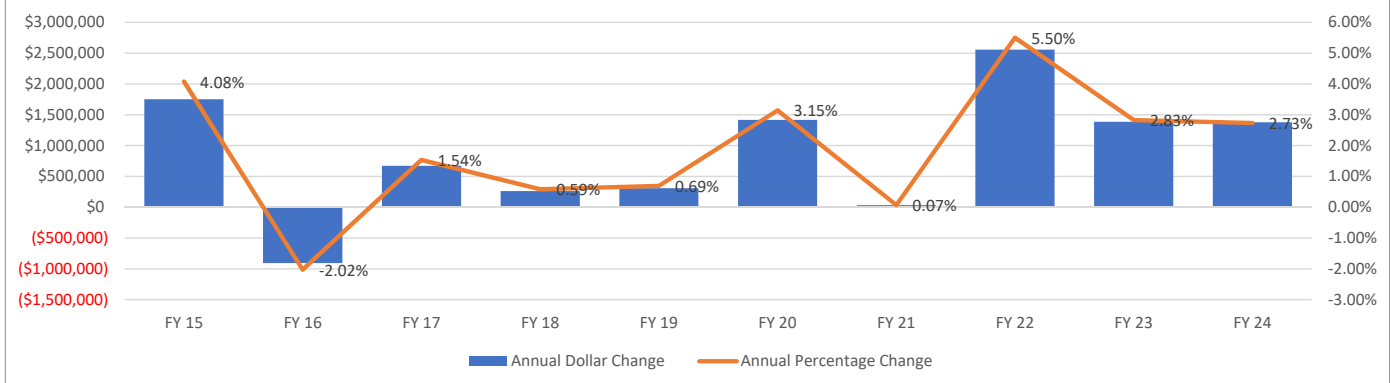
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2019 the district received \$66,988 as advances-in and is projecting advances of \$14,370 in FY 2020. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$467,709 in FY 2020 and average \$175,000 annually through FY 2024.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance
Salaries	\$258,673	\$454,965	\$196,292
Benefits	\$164,106	\$618,554	\$454,448
Purchased Services	\$614,045	\$122,105	(\$491,939)
Supplies & Materials	(\$39,037)	\$52,488	\$91,525
Capital Outlay	(\$355,678)	\$105,616	\$461,294
Intergov & Debt	(\$594)	(\$6,534)	(\$5,940)
Other Objects	\$13,144	\$7,581	(\$5,563)
Other Uses	(\$236,880)	(\$879)	\$236,001
Total Average Annual Change	\$417,778	\$1,353,896	\$936,118
	0.97%	3.01%	2.03%

Total expenditures increased 0.97% or \$417,778 annually during the past five years and is projected to increase 3.01% or \$1,353,896 annually through FY2024. Purchased Services has the most projected average annual variance compared to the historical average at -\$491,939.

Benefits are exceeding historical trend because of the change in premium holidays.

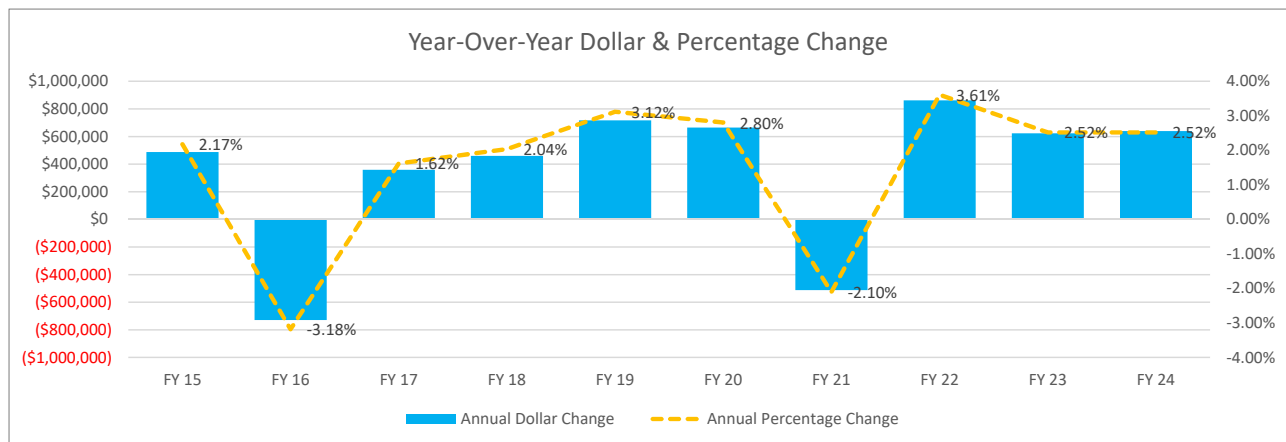
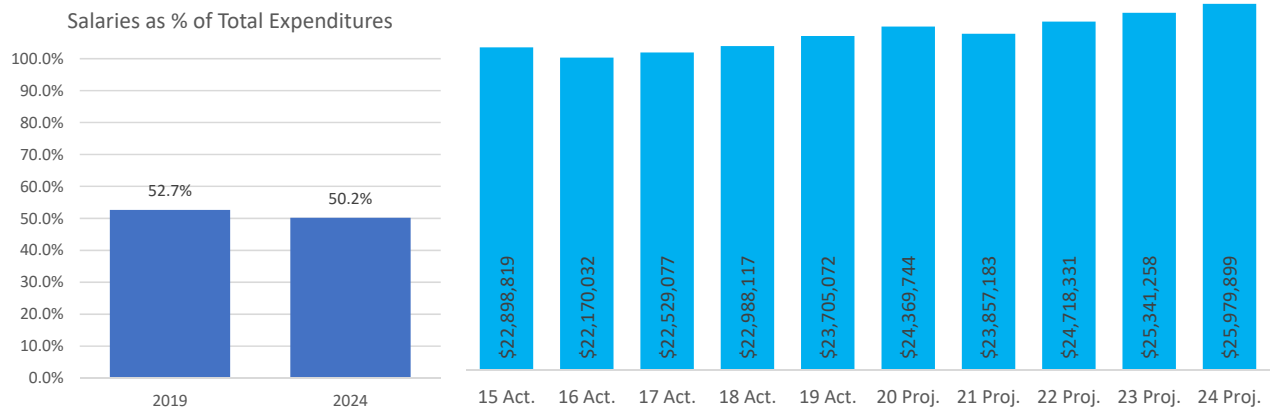
Note: Expenditure average annual change is projected

to be > \$1,353,896

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

3.010 - Personnel Services

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

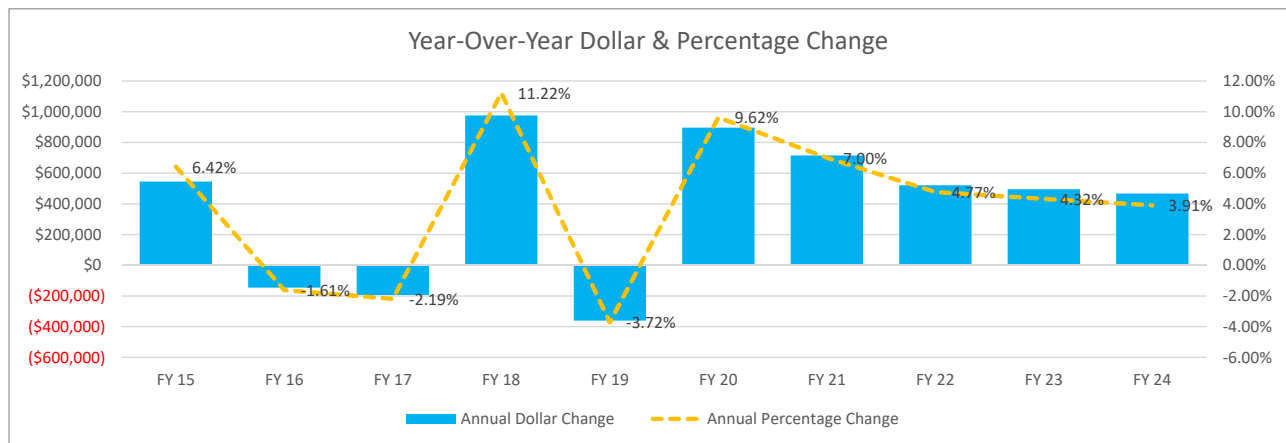
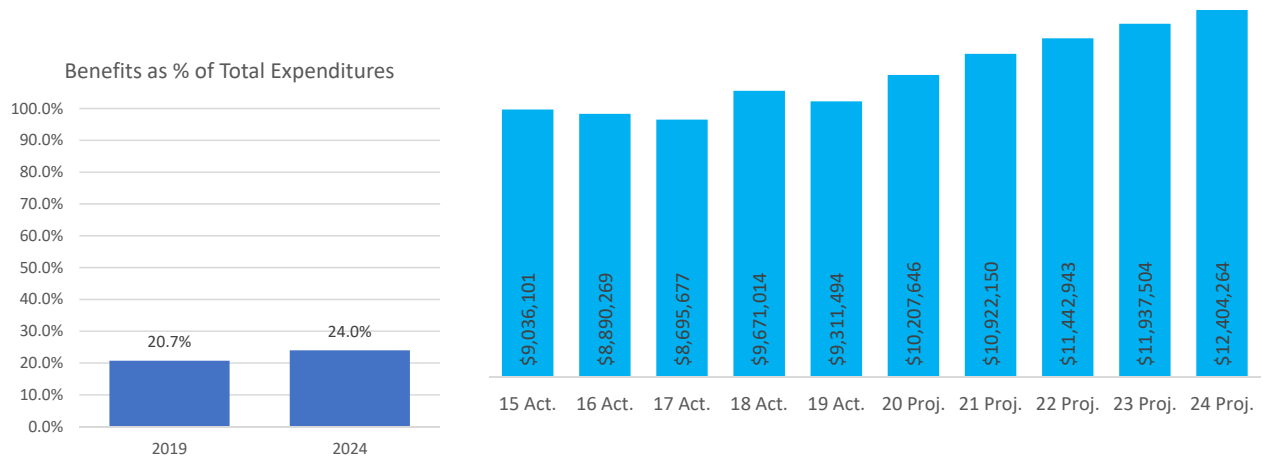


Salaries represent 52.67% of total expenditures and increased at a historical average annual rate of 1.15% or \$258,673. This category of expenditure is projected to grow at an average annual rate of 1.87% or \$454,965 through FY 2024. The projected average annual rate of change is 0.72% more than the five year historical annual average.

In FY 2020, the district is transitioning to 24 pays (from 26 annually). The transition year is FY 2020 which reflects an extra pay period prior to the change to 24 pays. This inflates FY 2020 cost while skewing FY 2021 costs downward.

3.020 - Employees' Benefits

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

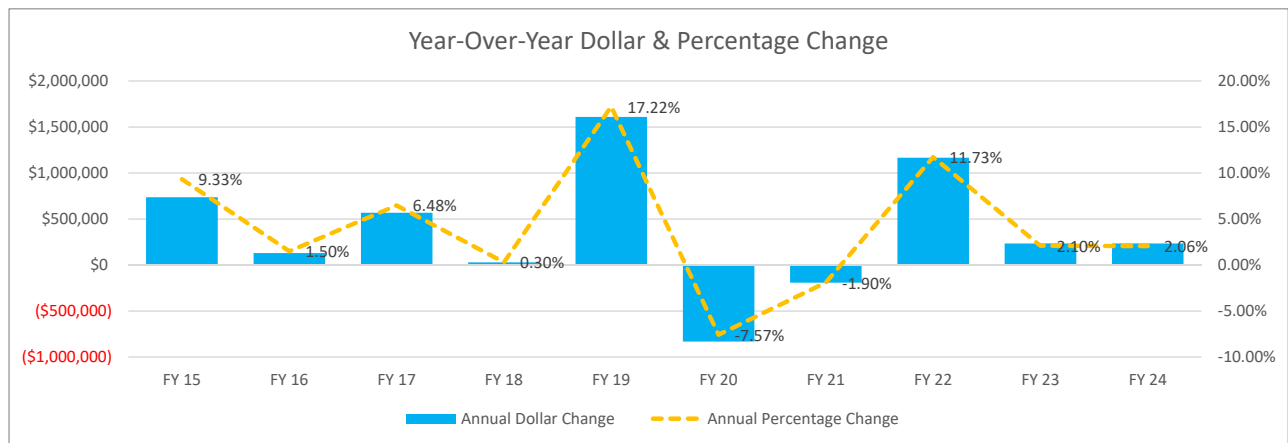
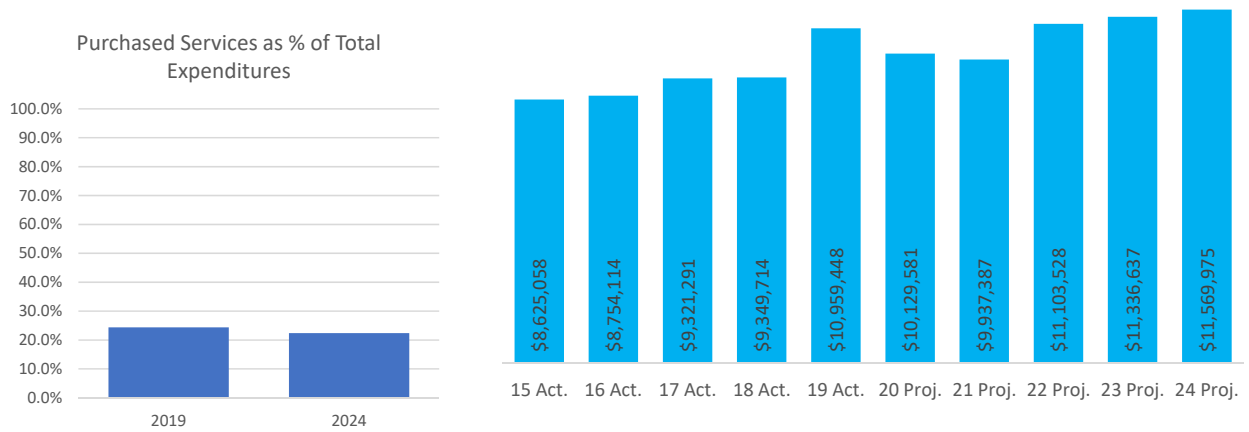


Benefits represent 20.69% of total expenditures and increased at a historical average annual rate of 2.02% in the previous five years. This category of expenditure is projected to grow at an annual average rate of 5.92% through FY 2024. The projected average annual rate of change is 3.90% more than the five year historical annual average.

Benefit costs are increasing more than trend in FY 2020 because the district had three months' premium forgiven in FY 2019 and only two months are projected in FY 2020 and only one premium holiday annually in FY 2021 through FY 2024.

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.

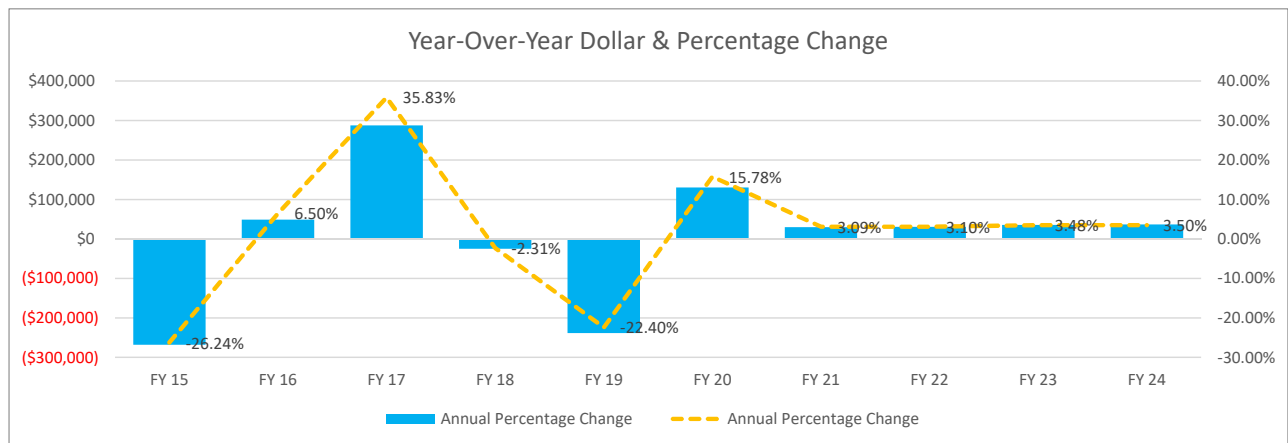
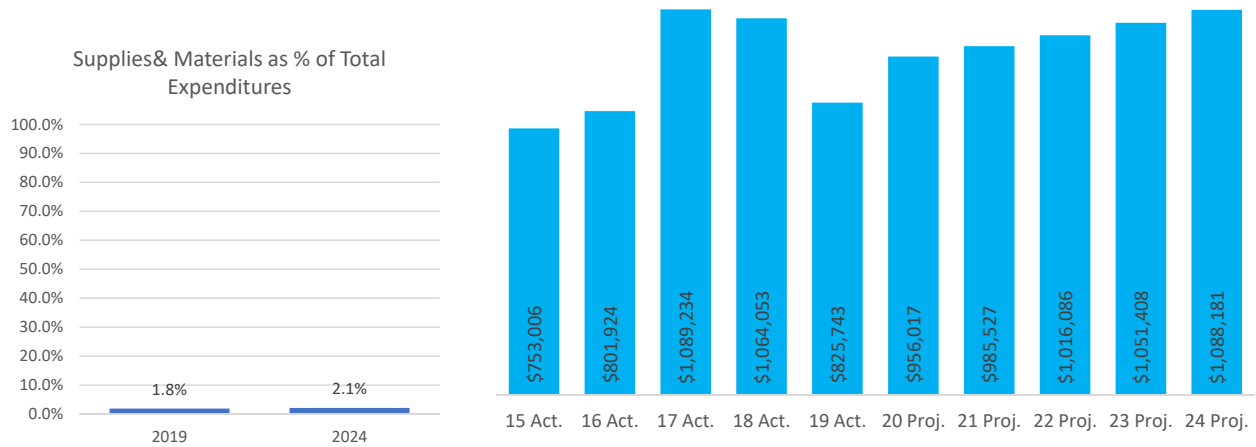


Purchased Services represent 24.35% of total expenditures and increased at a historical average annual rate of 6.96%. This category of expenditure is projected to grow at an annual average rate of 1.28% through FY 2024. The projected average annual rate of change is -5.68% less than the five year historical annual average.

Purchased services decline in FY 2020 and FY 2021 because of the movement of student wellness costs to a new state funded special revenue fund. These costs are projected to return in FY 2022 with only a portion of the revenue reflected in unrestricted state aid.

3.040 - Supplies & Materials

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

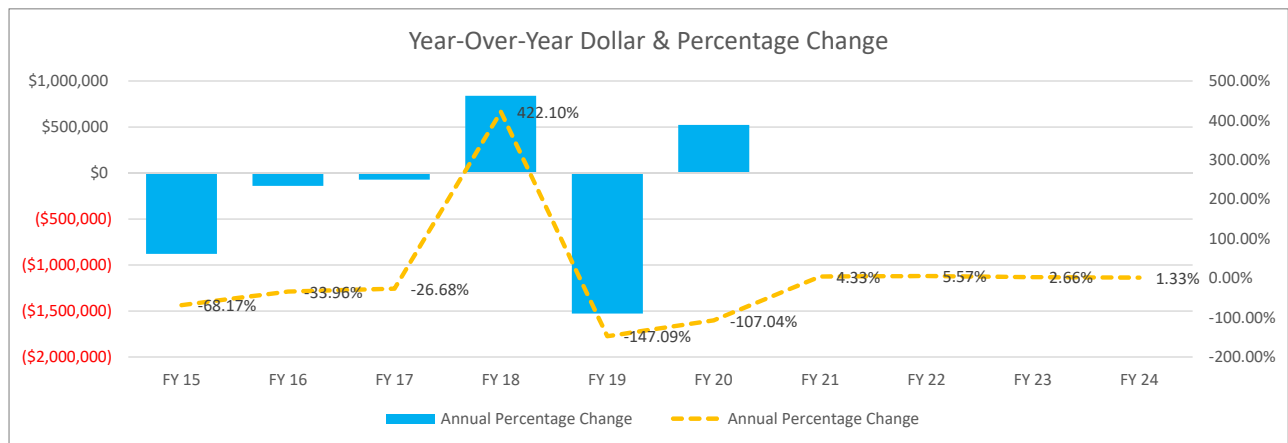
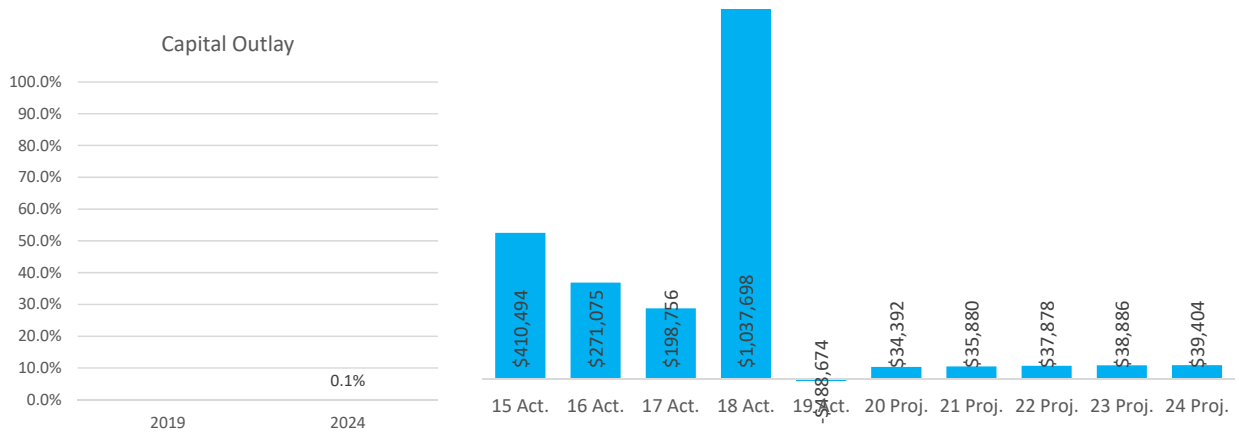


Supplies & Materials represent 1.83% of total expenditures and decreased at a historical average annual rate of -1.73%. This category of expenditure is projected to grow at an annual average rate of 5.79% through FY 2024. The projected average annual rate of change is 7.51% more than the five year historical annual average.

Costs were reduced in FY 2019 and are projected to return to historical levels in FY 2020 and beyond.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

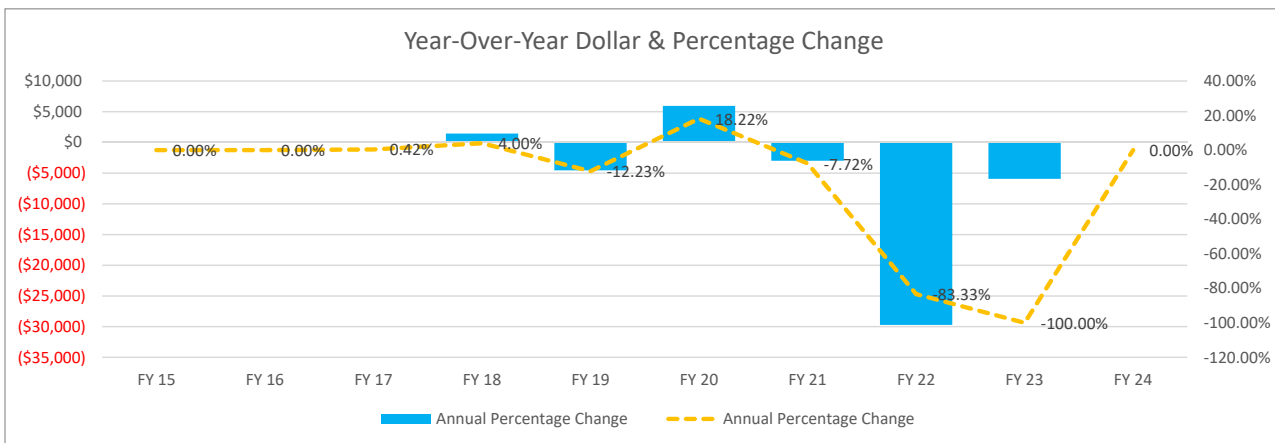
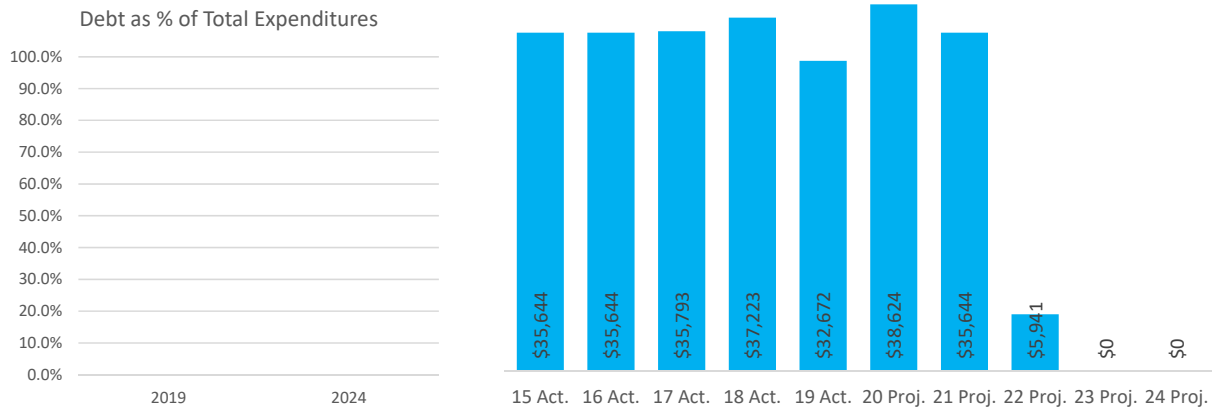


Capital Outlay represent -1.09% of total expenditures and decreased at a historical average annual amount of -\$355,678. This category of expenditure is projected to decrease at an annual average amount of \$105,616 through FY 2024. The projected average annual change is less than the five year historical annual average.

Capital outlay is projected to be maintained at a consistent level in FY 2020 through FY 2024.

3.060-4.060 - Intergovernmental & Debt

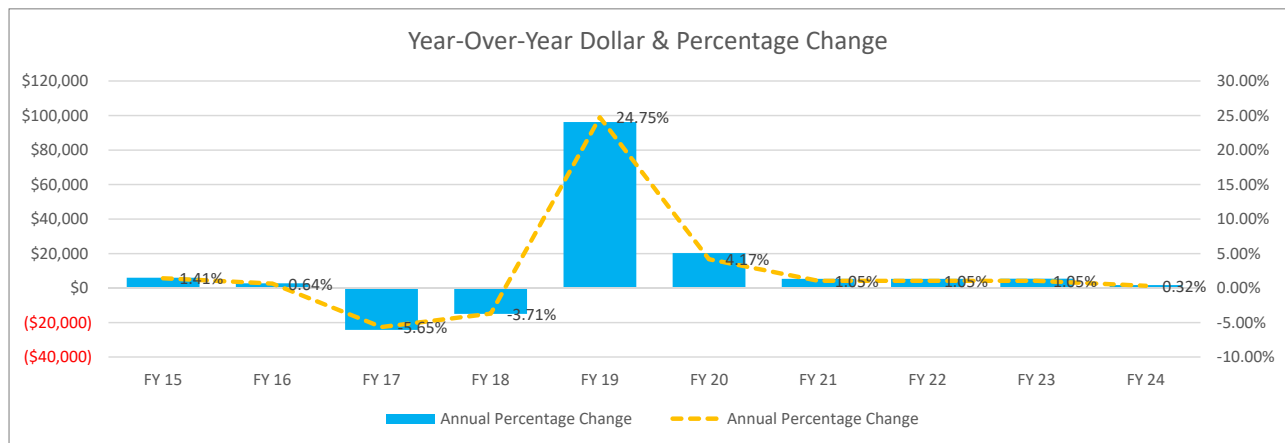
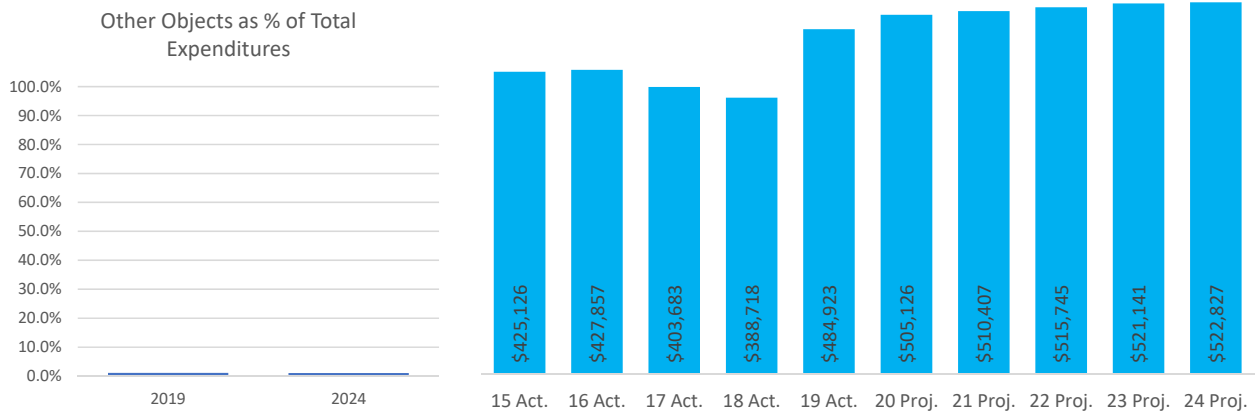
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

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

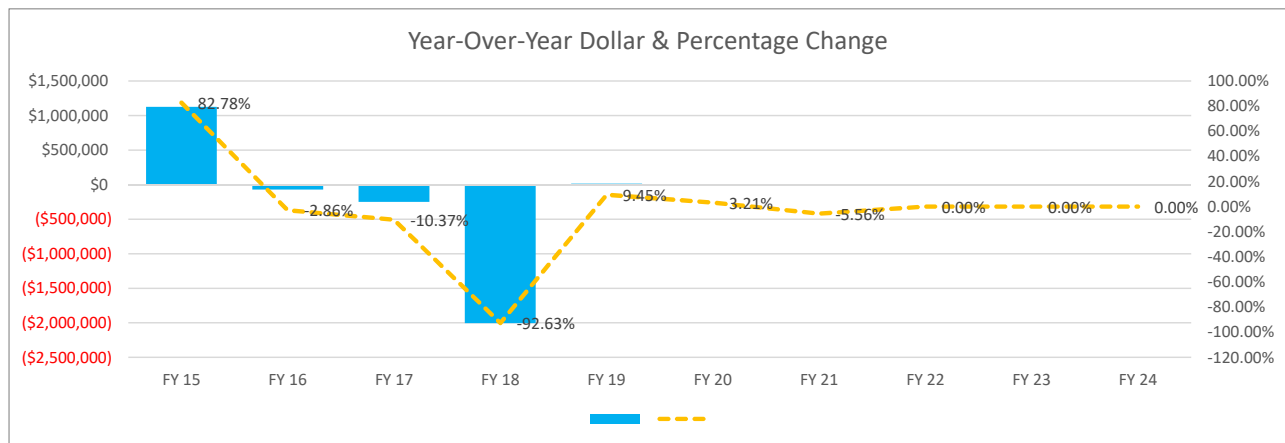
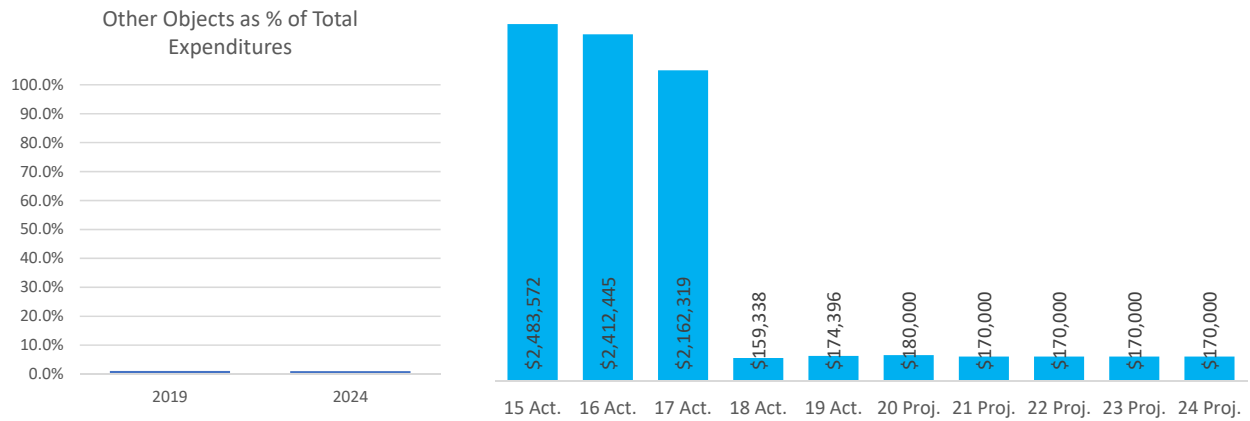


Other Objects represent 1.08% of total expenditures and increased at a historical average annual rate of 3.49%. This category of expenditure is projected to grow at an annual average rate of 1.53% through FY 2024. The projected average annual rate of change is -1.96% less than the five year historical annual average.

County auditor and treasurer fees comprise a large portion of this category.

5.040 - Total Other Financing Uses

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



	2019	2020	2021	FORECASTED		
				2022	2023	2024
Transfers Out	160,026	125,000	115,000	115,000	115,000	115,000
Advances Out	14,370	55,000	55,000	55,000	55,000	55,000
Other Financing Uses	-	-	-	-	-	-

Other uses includes revenue that is generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2019 the district had advances-out and has advances-out forecasted through FY 2024. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2024. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Austintown Local Schools

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	15,804,810	15,899,417	15,968,837	13,954,625	11,908,351	11,967,340
1.020 - Public Utility Personal Property	1,067,230	1,120,374	1,186,491	1,090,645	989,919	1,023,839
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	21,509,764	21,471,472	21,465,767	21,916,352	22,138,792	22,361,233
1.040 - Restricted Grants-in-Aid	760,625	760,625	760,625	760,625	760,625	760,625
1.050 - Property Tax Allocation	2,322,594	2,320,913	2,327,739	2,018,150	1,705,154	1,711,345
1.060 - All Other Operating Revenues	4,996,050	4,869,091	4,639,897	4,312,943	4,213,255	4,115,723
1.070 - Total Revenue	46,461,073	46,441,892	46,349,356	44,053,340	41,716,096	41,940,105
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	32,104	-	-	-	-	-
2.050 - Advances-In	66,988	14,370	55,000	55,000	55,000	55,000
2.060 - All Other Financing Sources	291,920	467,709	175,000	175,000	175,000	175,000
2.070 - Total Other Financing Sources	391,013	482,079	230,000	230,000	230,000	230,000
2.080 - Total Rev & Other Sources	46,852,086	46,923,971	46,579,356	44,283,340	41,946,096	42,170,105
Expenditures:						
3.010 - Personnel Services	23,705,072	24,369,744	23,857,183	24,718,331	25,341,258	25,979,899
3.020 - Employee Benefits	9,311,494	10,207,646	10,922,150	11,442,943	11,937,504	12,404,264
3.030 - Purchased Services	10,959,448	10,129,581	9,937,387	11,103,528	11,336,637	11,569,975
3.040 - Supplies and Materials	825,743	956,017	985,527	1,016,086	1,051,408	1,088,181
3.050 - Capital Outlay	(488,674)	34,392	35,880	37,878	38,886	39,404
Intergovernmental & Debt Service	32,672	38,624	35,644	5,941	-	-
4.300 - Other Objects	484,923	505,126	510,407	515,745	521,141	522,827
4.500 - Total Expenditures	44,830,676	46,241,130	46,284,178	48,840,452	50,226,834	51,604,550
Other Financing Uses						
5.010 - Operating Transfers-Out	160,026	125,000	115,000	115,000	115,000	115,000
5.020 - Advances-Out	14,370	55,000	55,000	55,000	55,000	55,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	174,396	180,000	170,000	170,000	170,000	170,000
5.050 - Total Exp and Other Financing Uses	45,005,073	46,421,130	46,454,178	49,010,452	50,396,834	51,774,550
6.010 - Excess of Rev Over/(Under) Exp	1,847,014	502,841	125,178	(4,727,112)	(8,450,738)	(9,604,445)
7.010 - Cash Balance July 1 (No Levies)	8,813,689	10,660,702	11,163,543	11,288,721	6,561,609	(1,889,128)
7.020 - Cash Balance June 30 (No Levies)	10,660,702	11,163,543	11,288,721	6,561,609	(1,889,128)	(11,493,574)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	10,660,702	11,163,543	11,288,721	6,561,609	(1,889,128)	(11,493,574)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	2,539,567	5,091,185	5,115,194
11.030 - Cumulative Balance of Levies	-	-	-	2,539,567	7,630,753	12,745,947
12.010 - Fund Bal June 30 for Cert of Obligations	10,660,702	11,163,543	11,288,721	9,101,177	5,741,625	1,252,373
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	10,660,702	11,163,543	11,288,721	9,101,177	5,741,625	1,252,373

