



Austintown Local School District

Five Year Forecast Financial Report

May, 2021

Blaise Karlovic, CFO/Treasurer

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

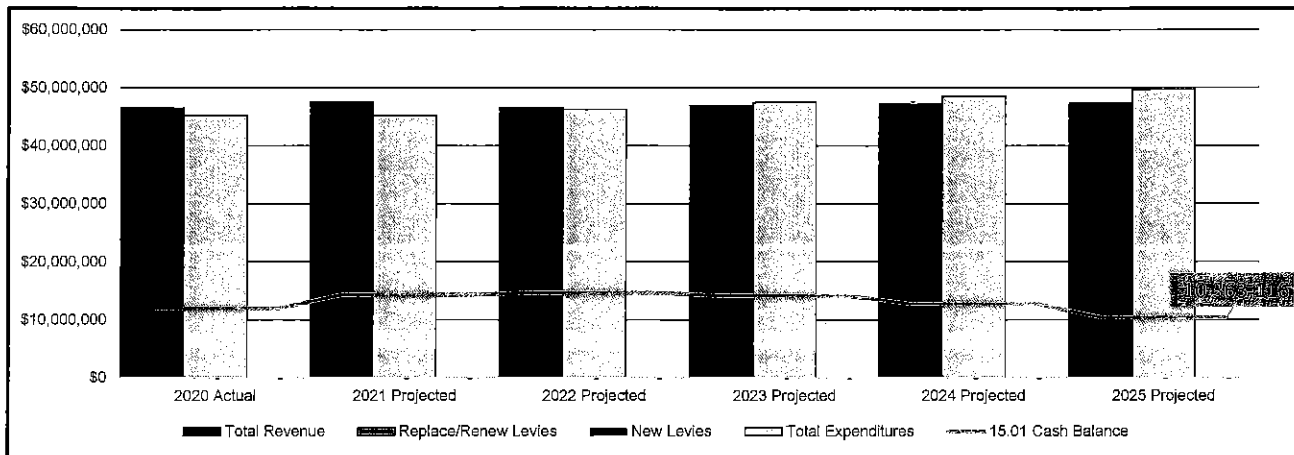
Forecast Purpose/Objectives

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.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.

Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	11,961,602	14,303,385	14,654,907	14,143,557	12,721,115
+ Revenue	47,562,158	46,604,666	46,960,268	47,145,219	47,325,408
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(45,220,374)	(46,253,144)	(47,471,618)	(48,567,661)	(49,683,408)
= Revenue Surplus or Deficit	2,341,783	351,522	(511,350)	(1,422,442)	(2,358,000)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	14,303,385	14,654,907	14,143,557	12,721,115	10,363,116

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	2,341,783	351,522	(511,350)	(1,422,442)	(2,358,000)
Ending Balance w/o Levies	14,303,385	14,654,907	14,143,557	12,721,115	10,363,116

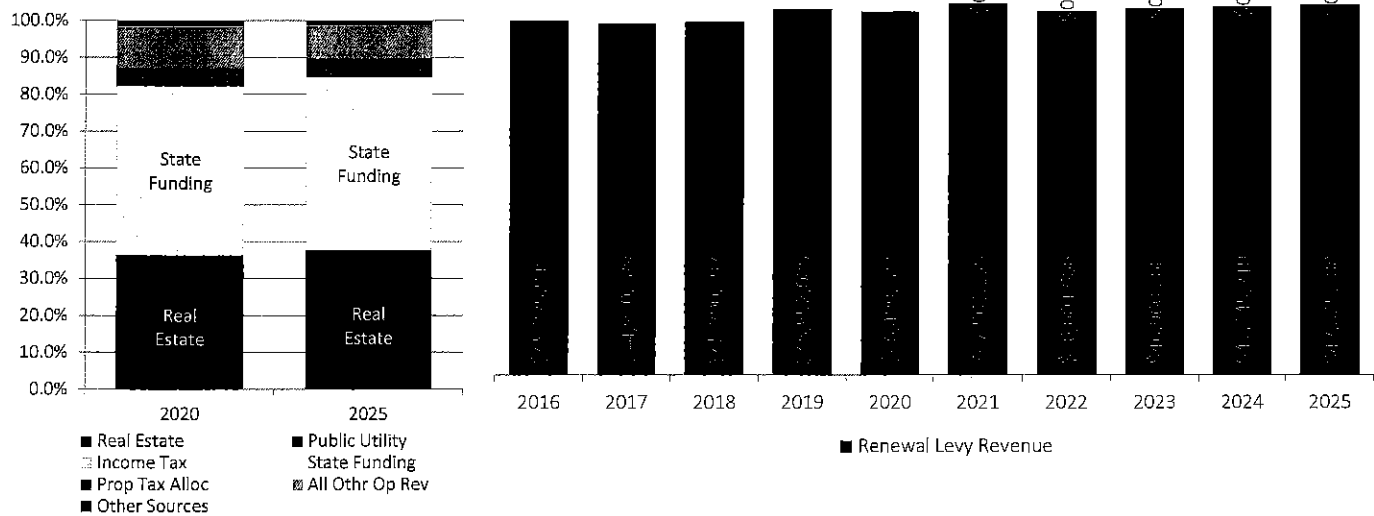
In FY 2021 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$2,341,783 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$2,358,000. The district would need to cut its FY 2025 projected expenses by 4.75% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

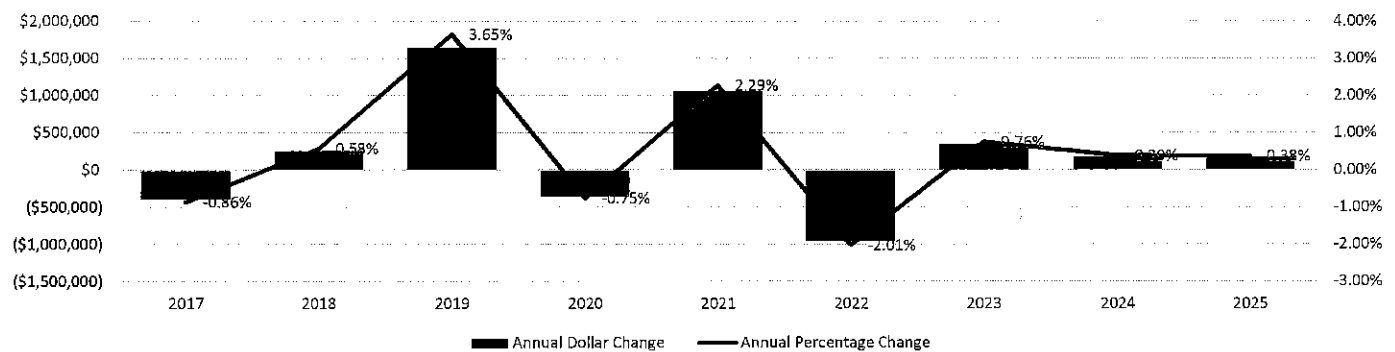
The school closures that resulted from the COVID CRISIS, as well as, the federal CARES/ESSER funding were major factors that contributed to the district being able to have an operating surplus of \$2,341,783 for the current fiscal year.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



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

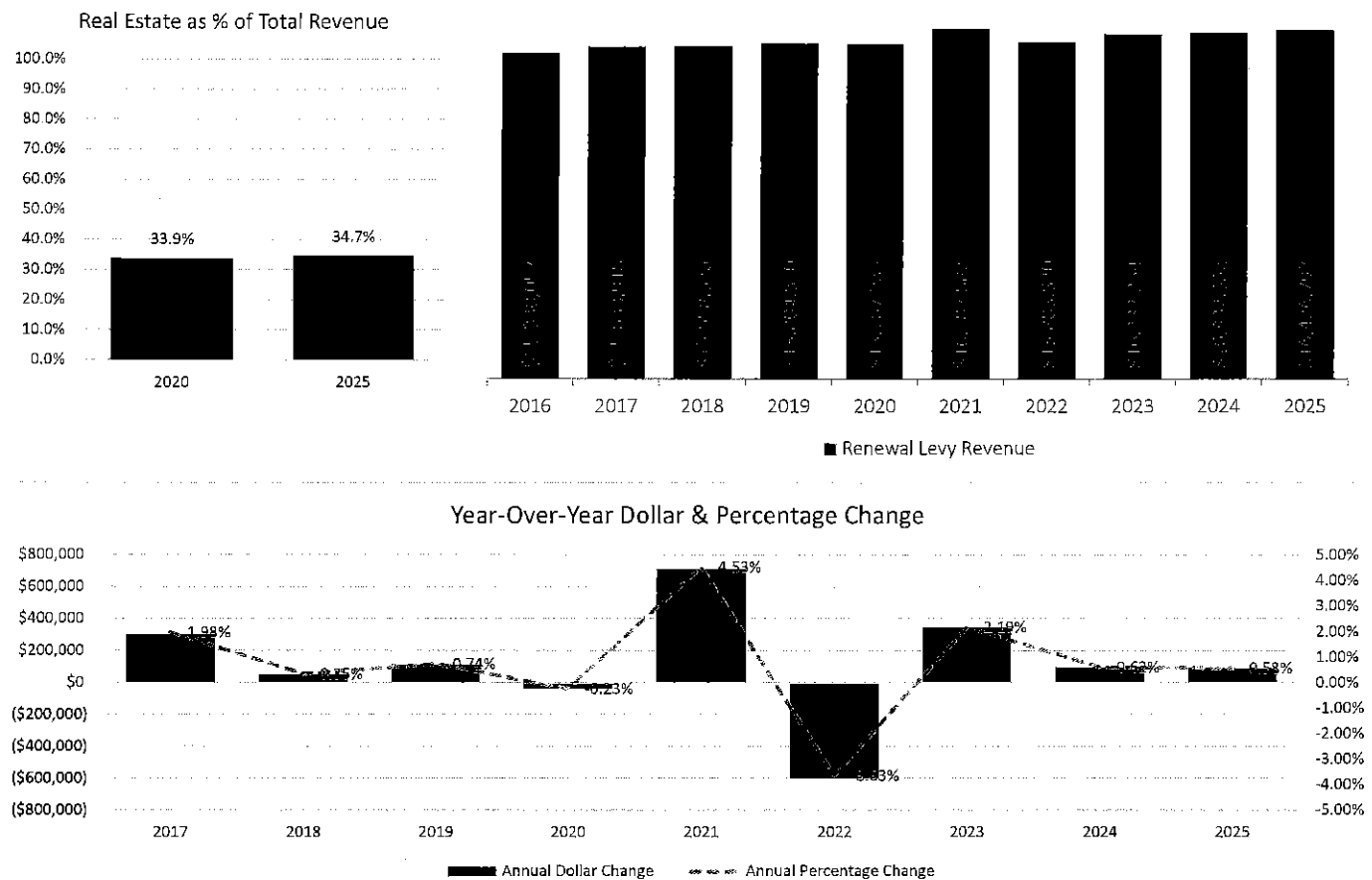
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.16% or \$519,731 annually during the past five years and is projected to increase 0.36% or \$165,205 annually through FY2025. All Othr Op Rev has the most projected average annual variance compared to the historical average at -\$336,051
Real Estate	\$44,672	\$131,772	\$87,099	
Public Utility	\$57,227	\$58,235	\$1,009	
Income Tax	\$0	\$0	\$0	
State Funding	\$153,964	\$180,114	\$26,150	
Prop Tax Alloc	(\$18,369)	\$17,404	\$35,774	
All Othr Op Rev	\$147,696	(\$188,354)	(\$336,051)	
Other Sources	\$134,542	(\$33,965)	(\$168,507)	
Total Average Annual Change	\$519,731 1.16%	\$165,205 0.36%	(\$354,526) -0.80%	

Note: Expenditure average annual change is projected to be >

\$897,261 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	
2019	596,150,840	160,320	29.33	-	33.48	-	98.3%
2020	650,867,090	54,716,250	26.78	(2.54)	33.76	0.28	100.4%
2021	651,692,090	825,000	26.80	0.01	33.87	0.11	99.4%
2022	652,517,090	825,000	26.81	0.01	33.98	0.11	99.4%
2023	672,792,090	20,275,000	26.19	(0.62)	33.43	(0.55)	99.4%
2024	673,767,090	975,000	26.19	0.00	33.54	0.11	99.4%

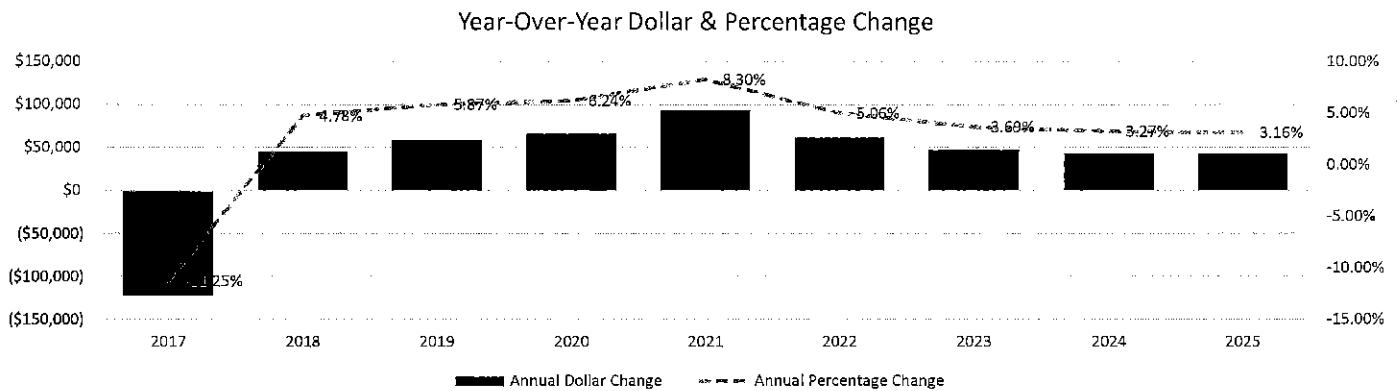
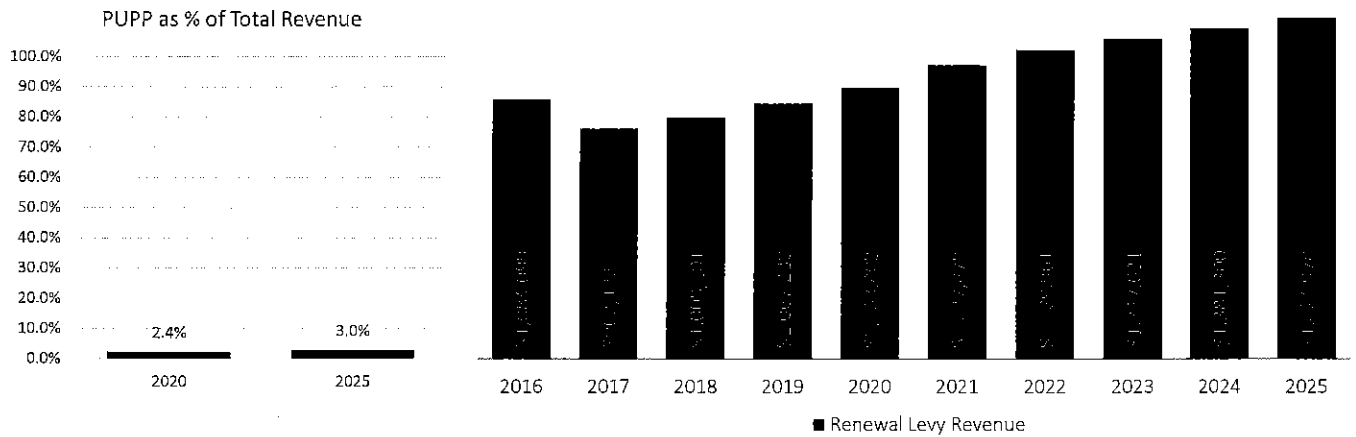
Real estate property tax revenue accounts for 33.91% of total revenue. Class I or residential/agricultural taxes make up approximately 64.11% of the real estate property tax revenue. The Class I tax rate is 26.78 mills in tax year 2020. The projections reflect an average gross collection rate of 99.6% annually through tax year 2024. The revenue changed at an average annual historical rate of 0.29% and is projected to change at an average annual rate of 0.86% through FY 2025.

During the 2020 property reappraisal, the district experienced the largest increase in property values in recent history, increasing by 9.18% overall. A smaller increase in values is currently projected for tax year 2023's triennial update of 3.01%.

**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.



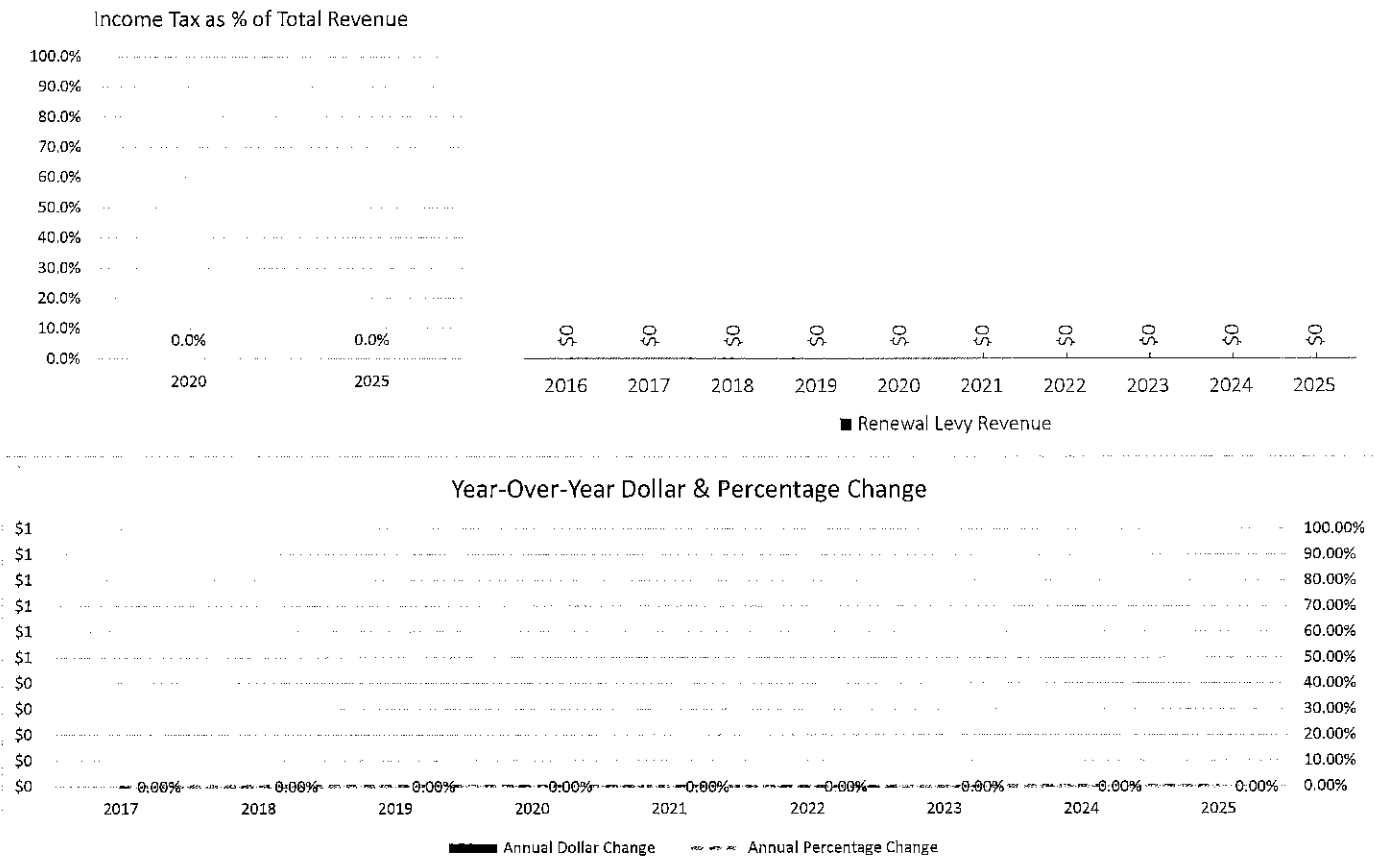
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2019	21,273,160	1,418,610	54.60	0.00	100.0%
2020	23,232,670	1,959,510	54.60	(0.00)	100.0%
2021	24,032,670	800,000	54.60	-	100.0%
2022	24,832,670	800,000	54.60	-	100.0%
2023	25,632,670	800,000	54.60	-	100.0%
2024	26,432,670	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 2.44% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 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 \$57,227 and is projected to change at an average annual dollar amount of \$58,235 through FY 2025.

**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.

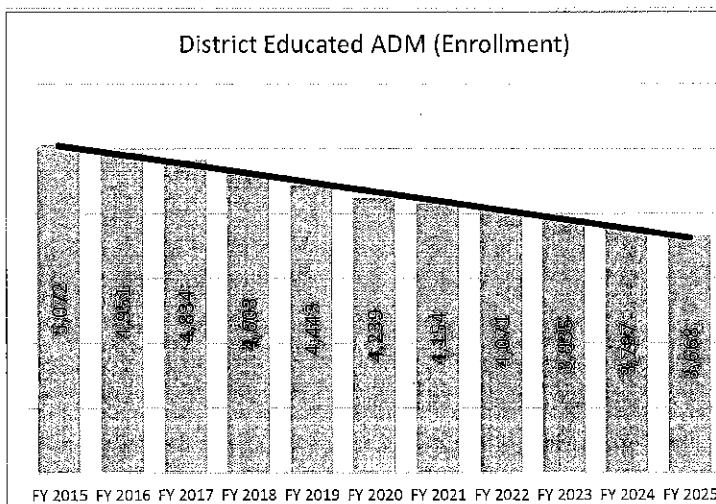
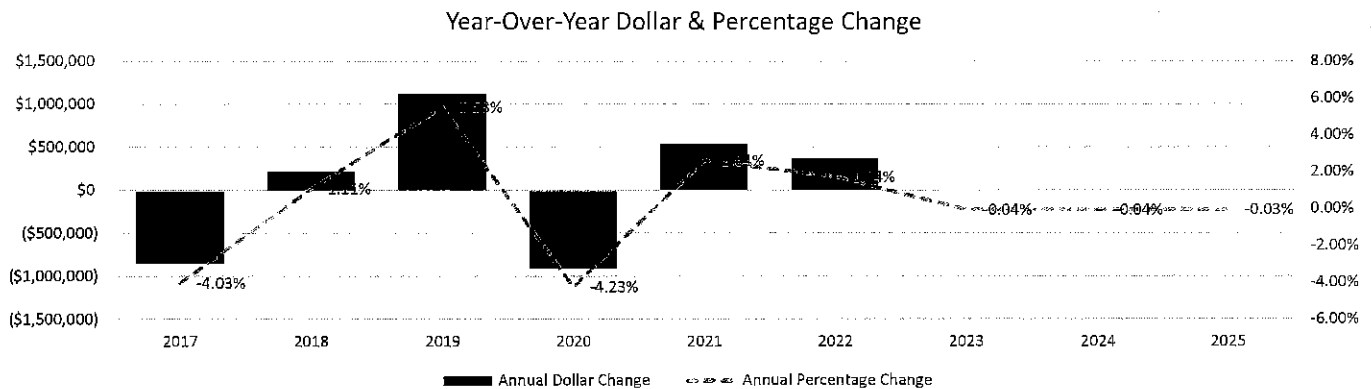
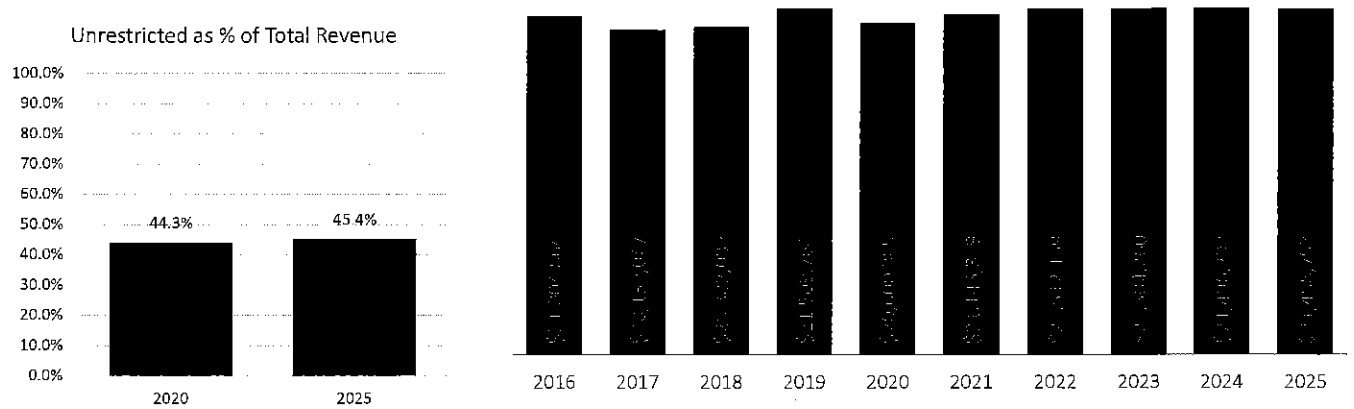


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

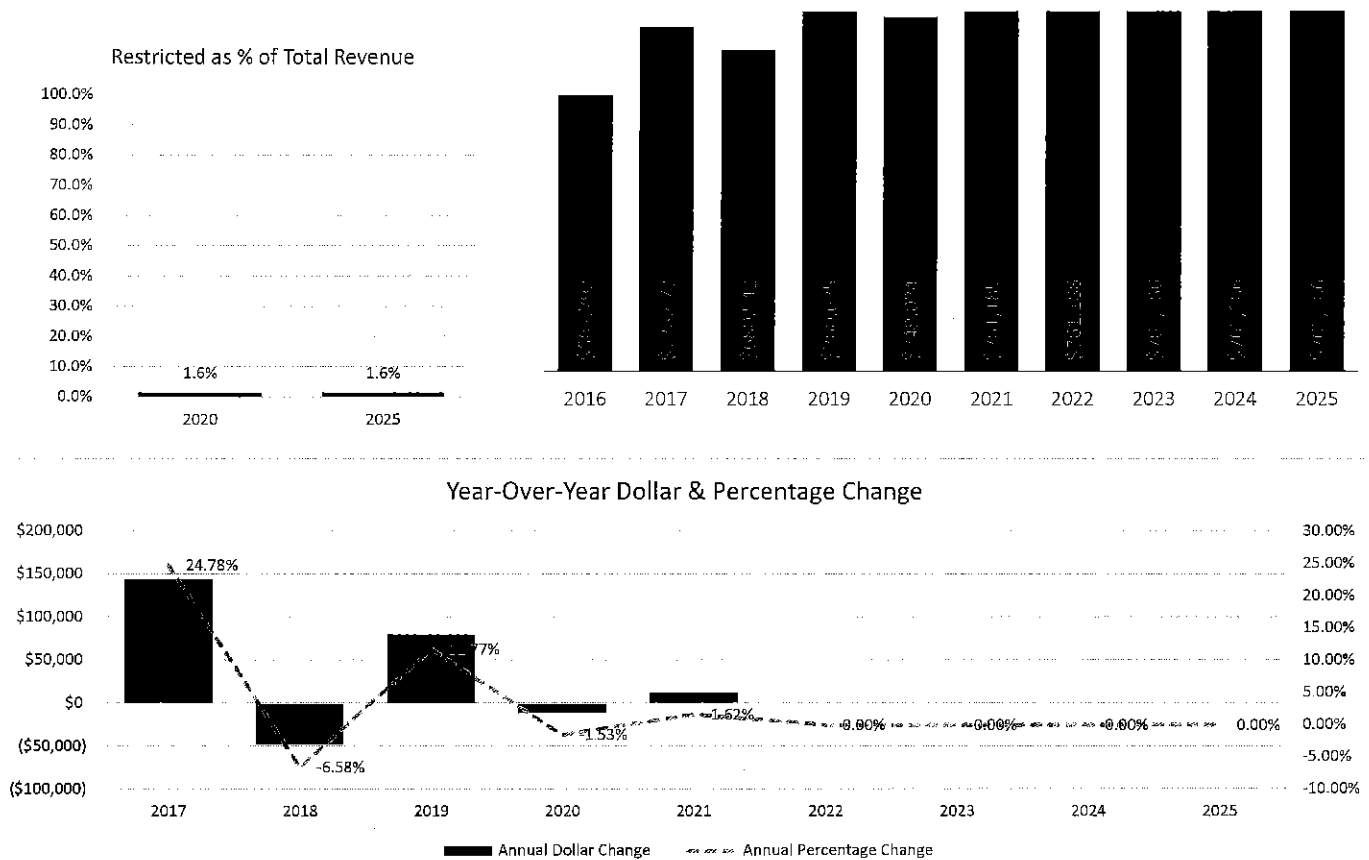


The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2021. In addition to its FY 2021 base funding amount of \$20,946,751 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$517,345. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed change. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 0.41%. Note: Wellness funding is not included in these calculations.

At the time of print of the forecast, the funding formula for FY22-FY23 had not been voted into law. As a result, the district is using the current law to establish projections for FY22-FY25 state funding levels. The forecast will be adjusted accordingly, should the new funding formula vary from the forecasted amount when it is voted into law in June or July of this year.

1.040 & 1.045 - Restricted Grants-in-Aid

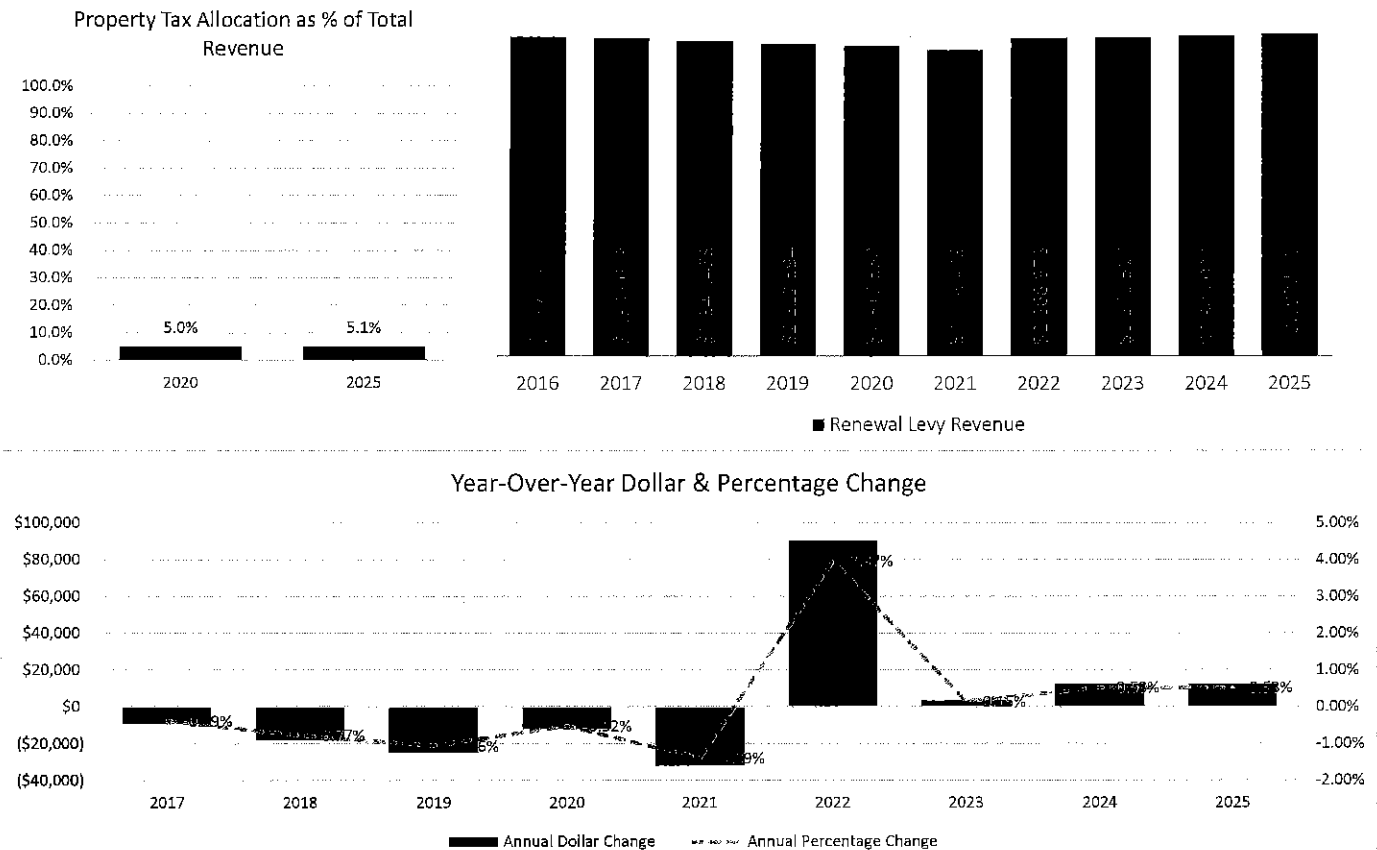
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$6,851 and is projected to change annually on average by \$2,432. Restricted funds represent 1.61% of total revenue.

1.050 - Property Tax Allocation

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

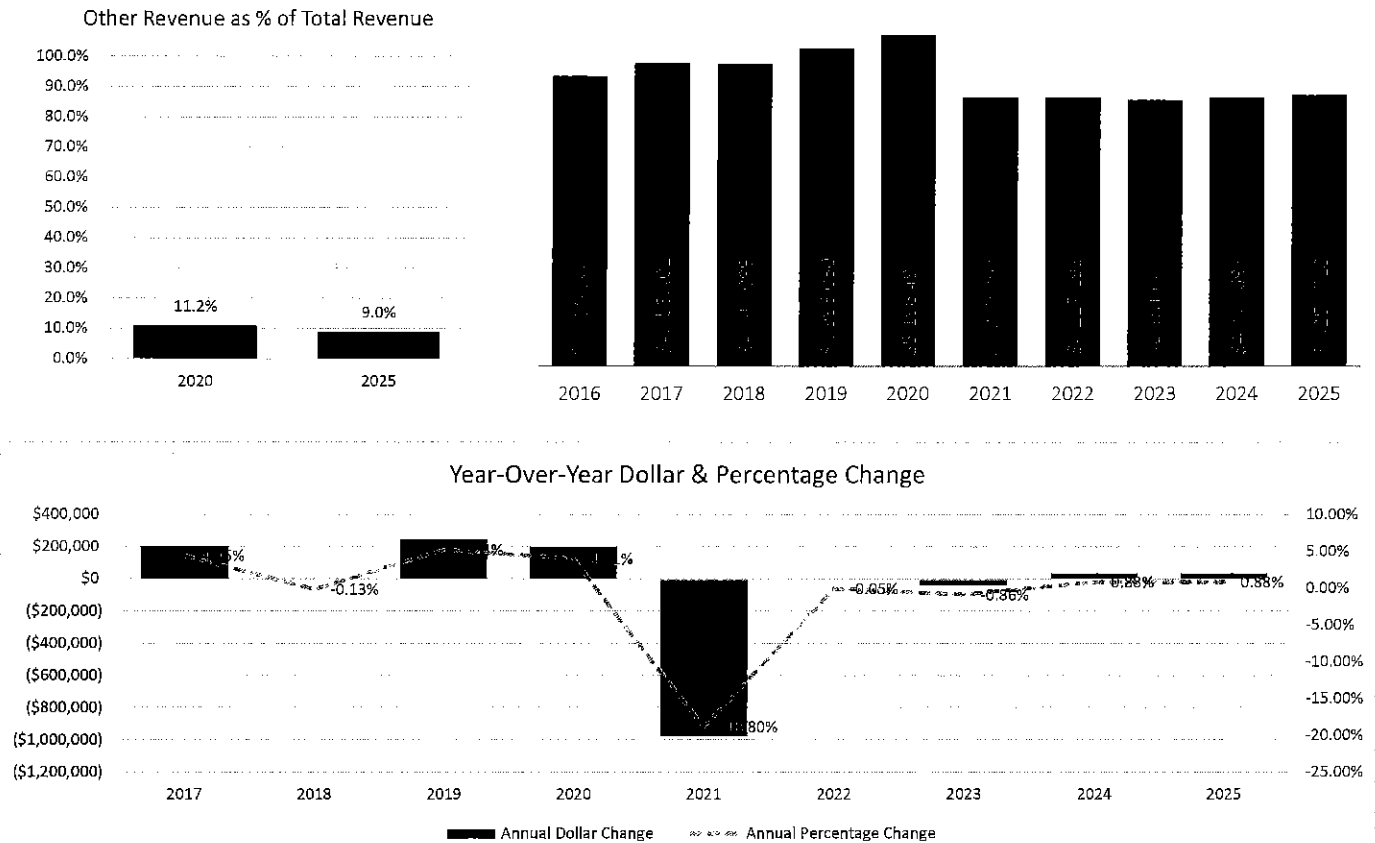


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, approximately 12.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 6.4% 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 \$147,696. The projected average annual change is -\$188,354 through FY 2025.

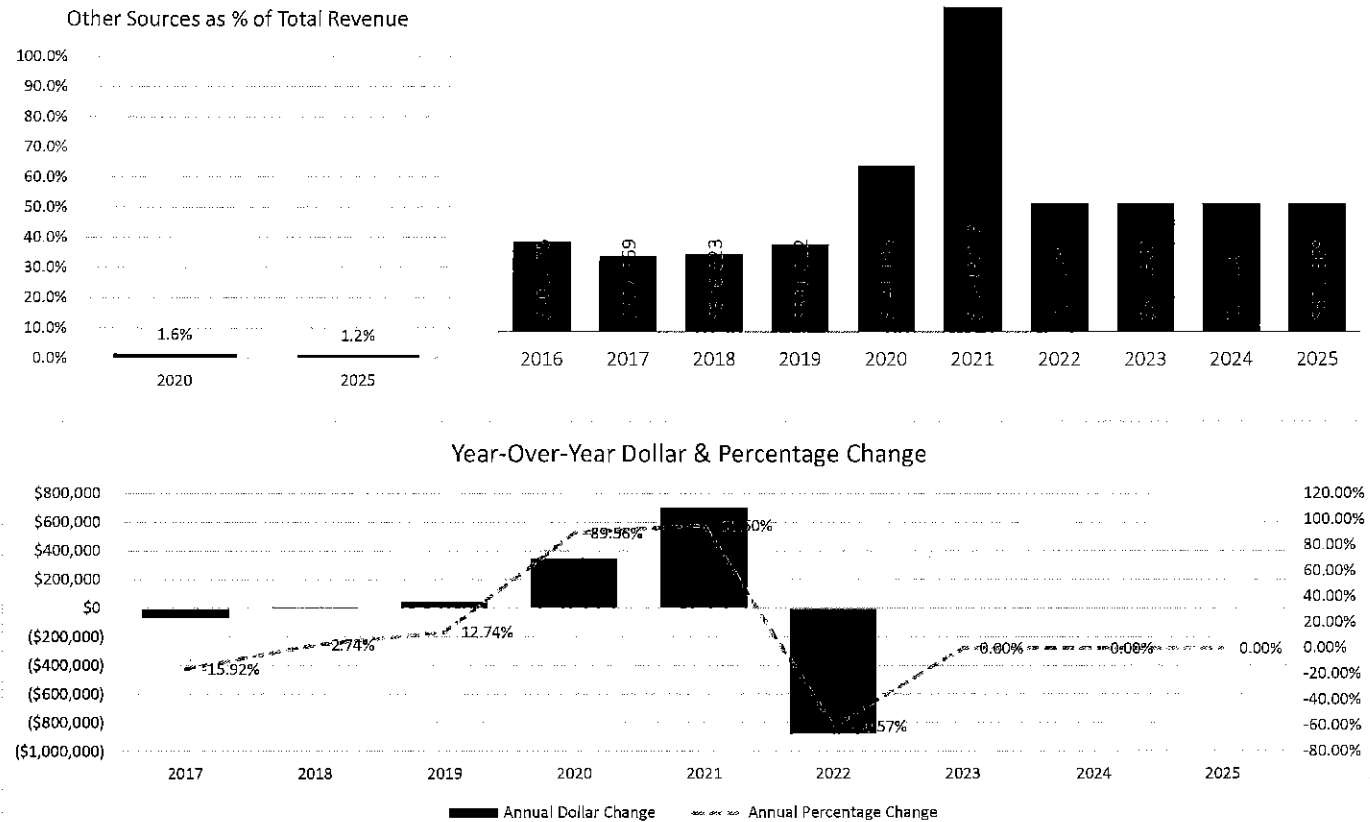
Over the past five years, tuition revenue has dropped from a high of \$4.6 million (2017) to \$3.4 million in the current fiscal year. The majority of this drop in tuition revenue is due to lower number of students open enrolling into the school district. The district is projection that beginning in FY 2022, open enrollment and other tuition revenue will stabilize and be consistent with the FY 2021 level.

During the current fiscal year, the district also experienced a significant drop in investment income due to a low interest rate market environment. Investment income went from \$564,657 in FY 2020 to an approx. \$214,000 during the current fiscal year. This revenue source is expected to continue to drop in future fiscal year.

Federal Medicaid reimbursement revenue also dropped during FY 2021 by approximately \$352,000.

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.



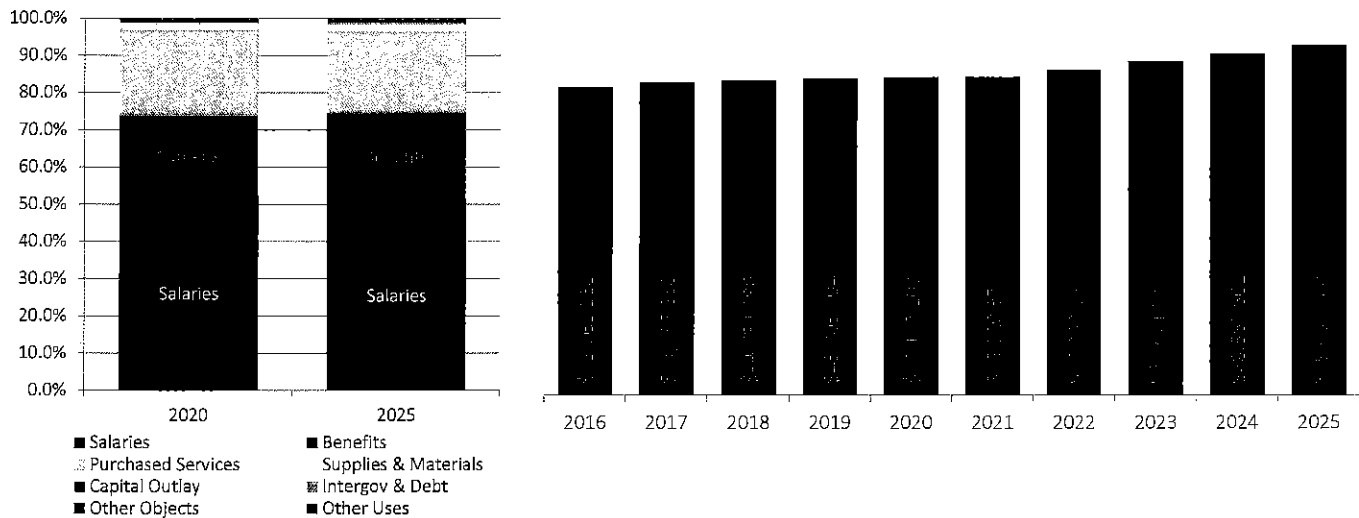
	2020	2021	FORECASTED			
			2022	2023	2024	2025
Transfers In	32,674	32,674	-	-	-	-
Advances In	1,551	-	15,000	15,000	15,000	15,000
All Other Financing Sources	706,970	1,416,369	556,369	556,369	556,369	556,369

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 2020 the district receipted \$1,551 as advances-in and is projecting advances of \$0 in FY 2021. 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 \$1,416,369 in FY 2021 and average \$556,369 annually through FY 2025.

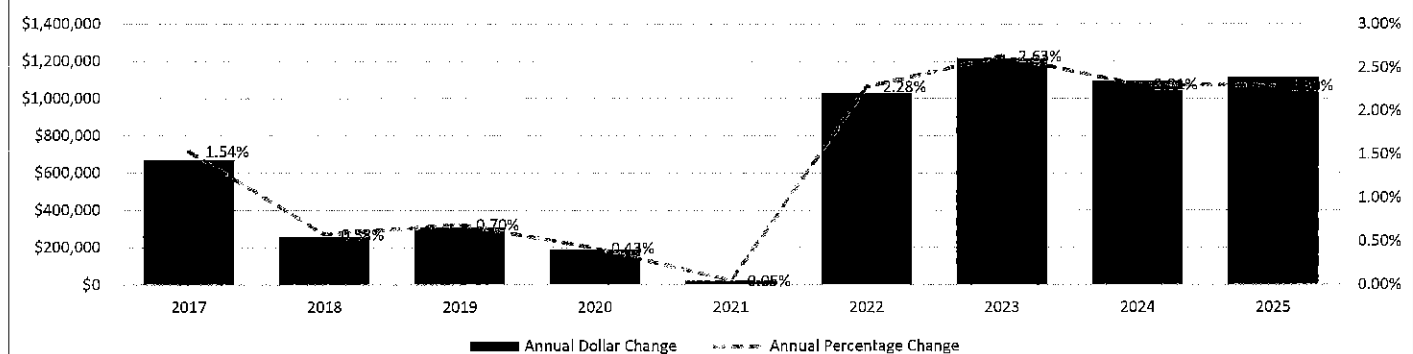
Due to two large, one-time BWC refunds/dividends being received during FY 2021, All Other Financing Sources increased by over \$700,000. Since this revenue is not expected to continue for FY 2022, this revenue line is projected to be at \$556,369 for subsequent fiscal years.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



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

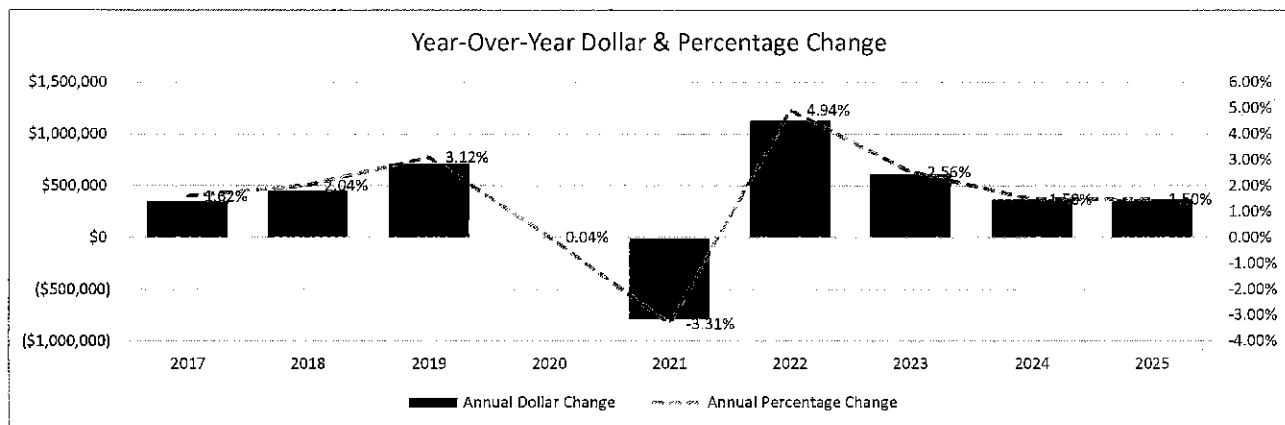
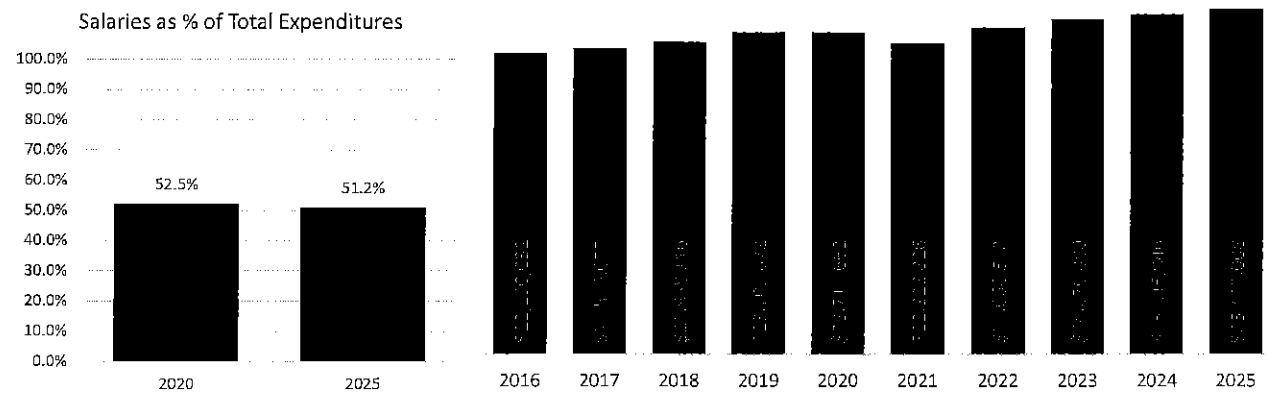
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 0.57% or \$253,757 annually during the past five years and is projected to increase 1.99% or \$897,261 annually through FY2025. Other Uses has the largest projected average annual variance compared to the historical average at \$685,555.
Salaries	\$395,195	\$341,469	(\$53,726)	
Benefits	\$326,514	\$379,412	\$52,898	
Purchased Services	\$349,699	\$99,019	(\$250,680)	
Supplies & Materials	(\$86,225)	\$56,670	\$142,894	
Capital Outlay	(\$53,370)	\$2,583	\$55,954	
Intergov & Debt	(\$1,040)	\$7,550	\$8,590	
Other Objects	\$7,371	\$9,389	\$2,018	
Other Uses	(\$684,387)	\$1,169	\$685,555	
Total Average Annual Change	\$253,757 0.57%	\$897,261 1.99%	\$643,504 1.42%	

Note: Expenditure average annual change is projected
to be > \$897,261

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 52.47% of total expenditures and increased at a historical average annual rate of 1.73% or \$395,195. This category of expenditure is projected to grow at an average annual rate of 1.44% or \$341,469 through FY 2025. The projected average annual rate of change is -0.30% less than the five year historical annual average.

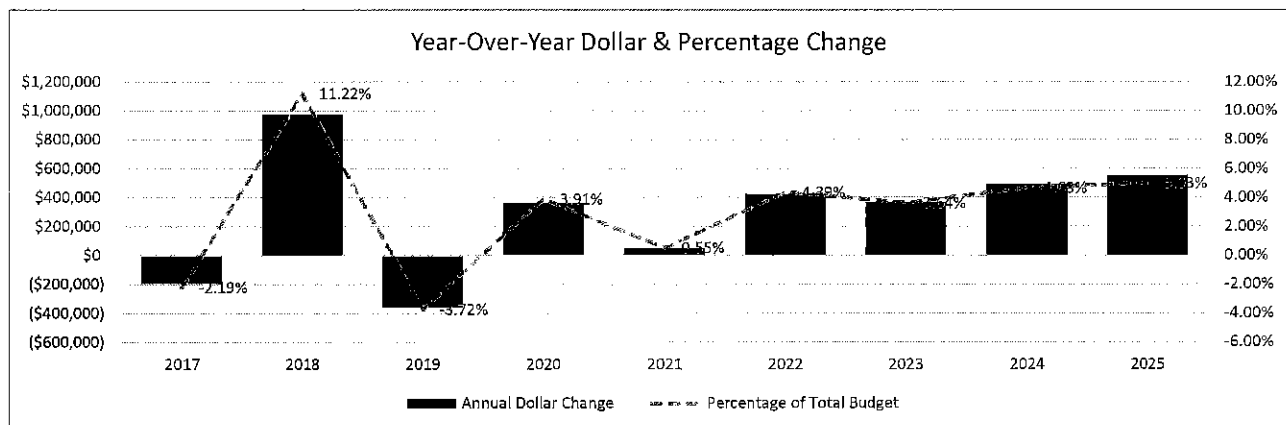
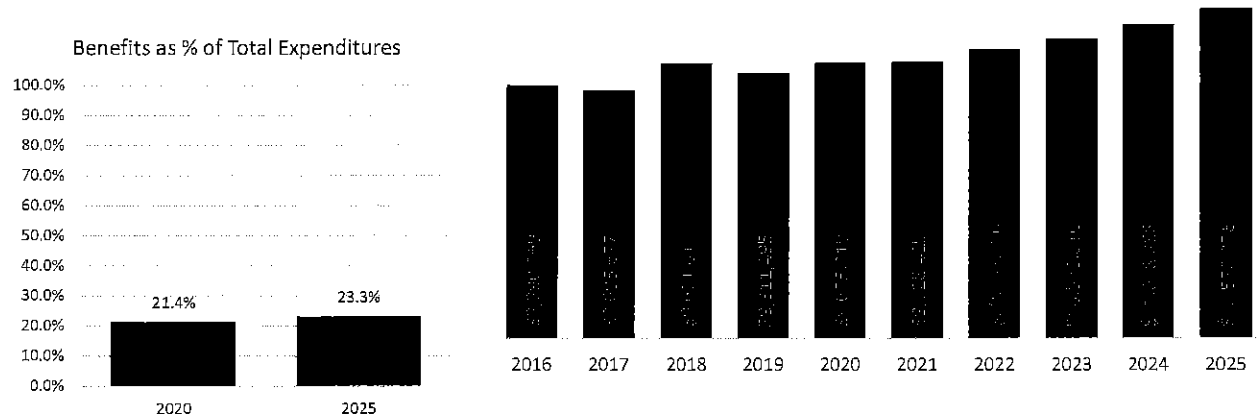
Due to the COVID Crisis, salary expenses decreased for several reasons. Those reasons include:

- Staff taking unpaid leave in lieu of returning to school during the beginning of the fiscal year.
- Decreases in temporary positions including substitute teachers due to some students opting to go to remote instruction.
- The district using COVID CARES/ESSER funds to offset general fund expenses. This is expected to continue into FY 2022, with those expenses retiring to the General Fund in FY 2023.

For the next fiscal year, the district has included costs savings in the salary expense projections due to retiring/resigning staff being replaced with lower paid staff members.

3.020 - Employees' Benefits

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

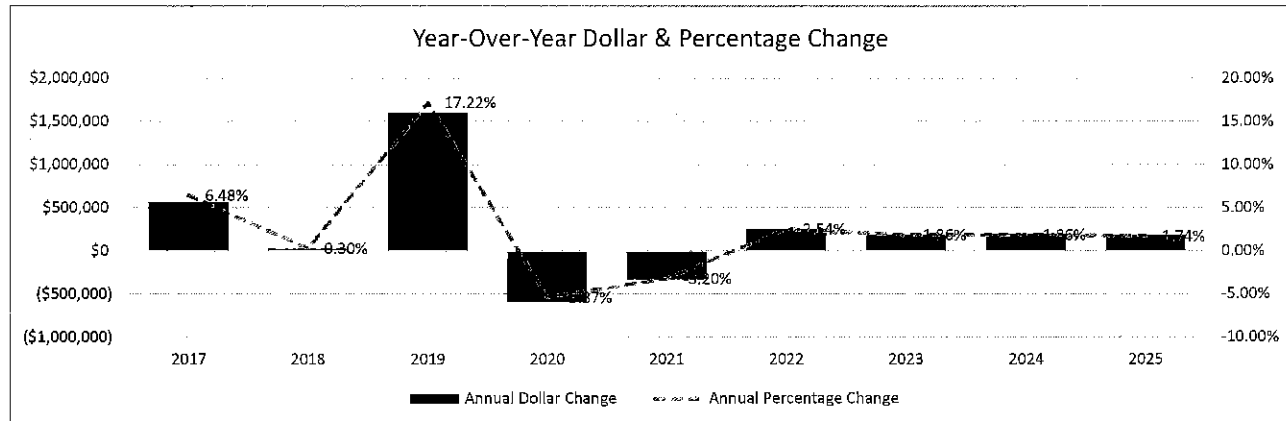
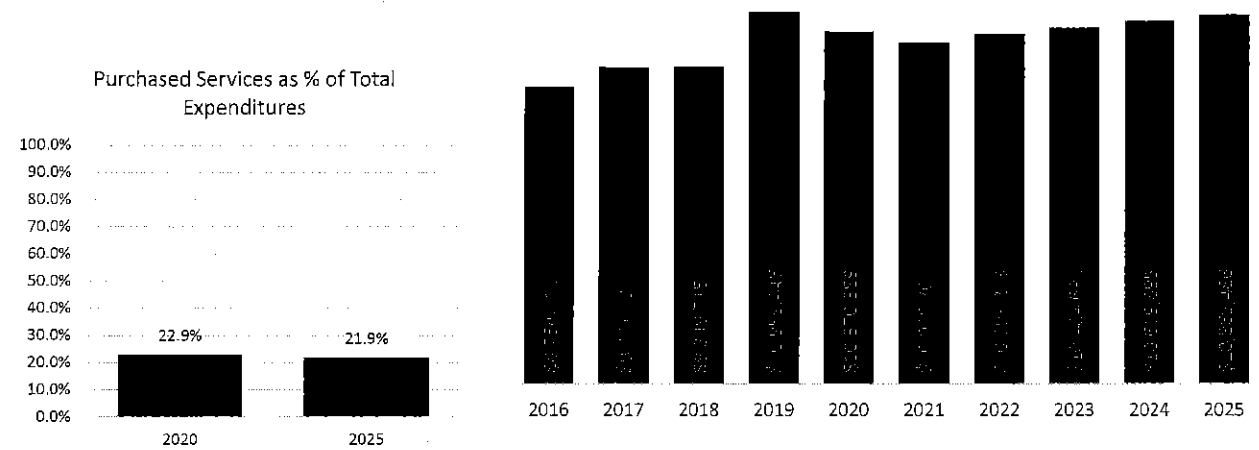


Benefits represent 21.41% of total expenditures and increased at a historical average annual rate of 3.80%. This category of expenditure is projected to grow at an annual average rate of 3.66% through FY 2025. The projected average annual rate of change is -0.14% less than the five year historical annual average.

FY 2021 health insurance premiums included a 3.5% increase and two premium holidays, where the district does not have to pay health insurance premiums during those months. FY 2022 benefit projections include a 3.9% increase in premiums. Subsequent fiscal years include 6% annual increases in health care premiums. Two premium holidays are also included annually for FY 2022 - FY 2025.

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



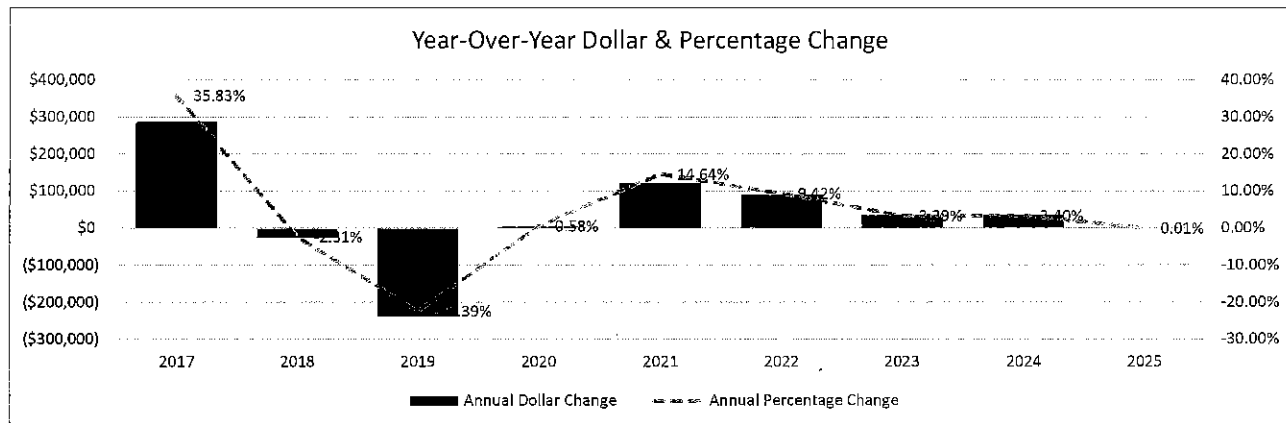
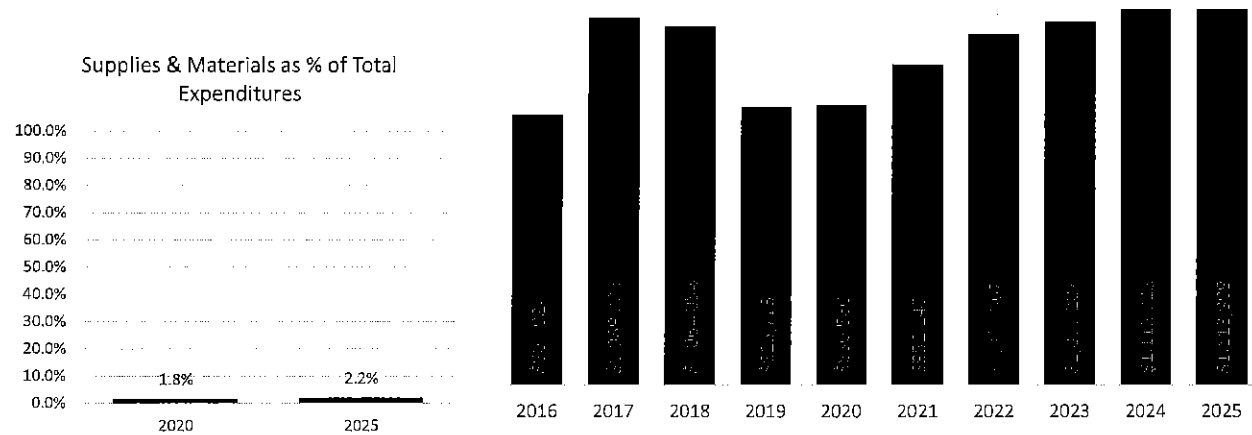
Purchased Services represent 22.94% of total expenditures and increased at a historical average annual rate of 4.05%. This category of expenditure is projected to grow at an annual average rate of 0.96% through FY 2025. The projected average annual rate of change is -3.09% less than the five year historical annual average.

For the second consecutive year, the district has experienced a decrease in contracted services. Contracted services include legal fees, instructional services and services purchased from the County ESC. These expenses have gone from a high in FY 2019 \$4.07 million to \$3.5 million during the current fiscal year.

Tuition related expenses have remained fairly consistent over the past three years and are expected to total \$4.9 million for FY 2021. Inflationary growth has been included in these projections for future fiscal years.

3.040 - Supplies & Materials

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



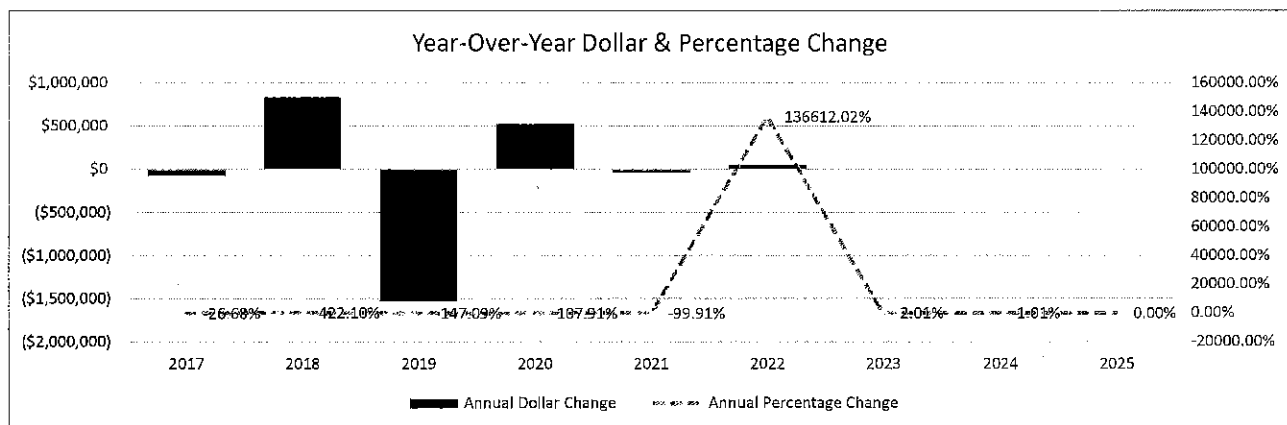
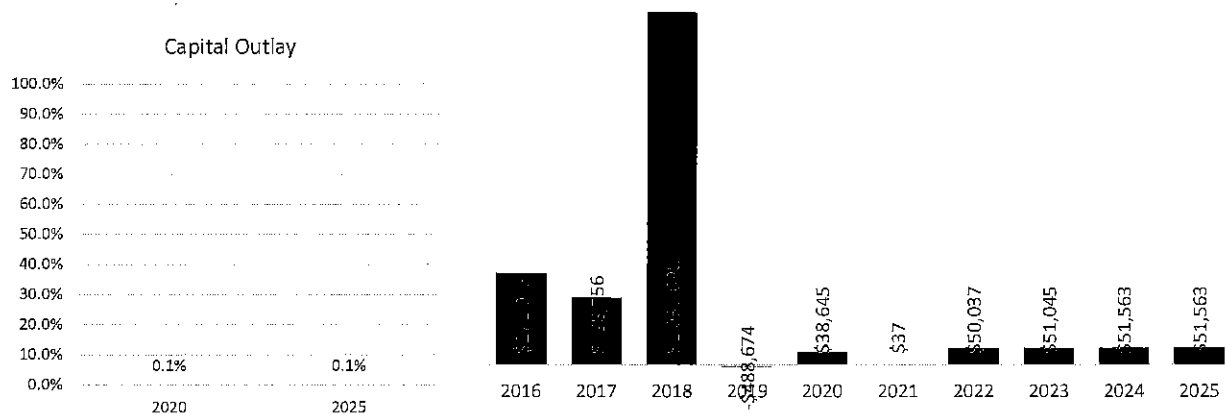
Supplies & Materials represent 1.84% of total expenditures and decreased at a historical average annual rate of -8.04%. This category of expenditure is projected to grow at an annual average rate of 6.17% through FY 2025. The projected average annual rate of change is 14.21% more than the five year historical annual average.

Increases in custodial and instructional supplies during FY 2021 is the main reason for the 14.64% increase from the previous fiscal year.

For FY 2022, increase in transportation supplies, including bus fuel is the main reason for the 9.42% increase.

3.050 - Capital Outlay

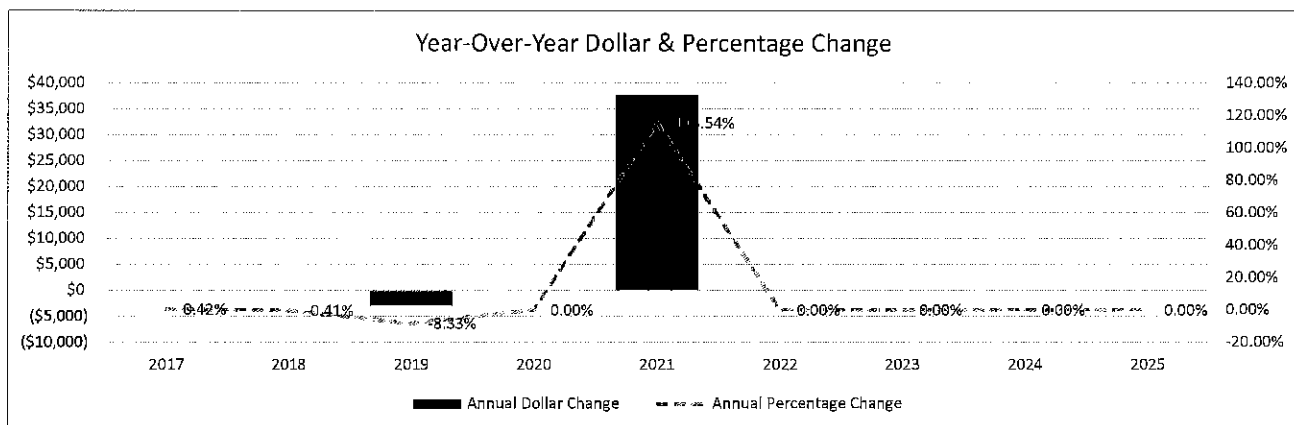
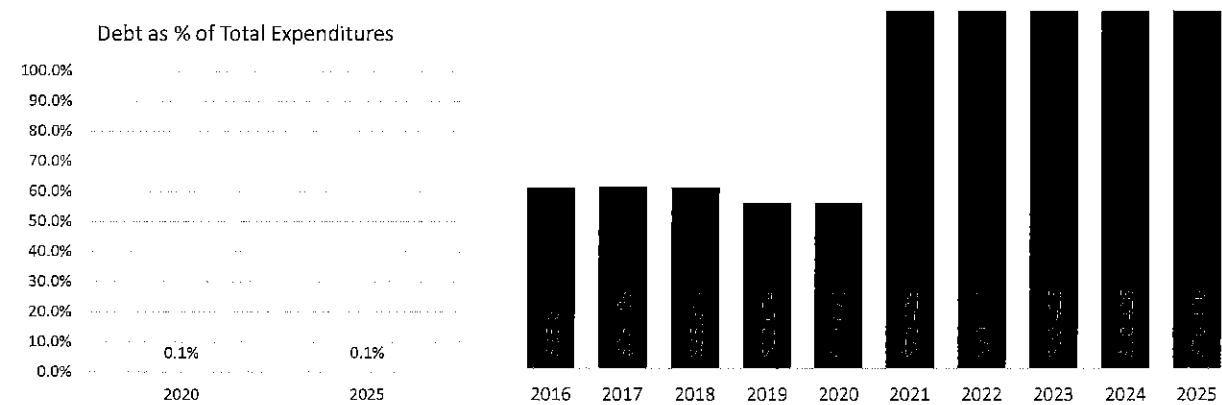
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.09% of total expenditures and decreased at a historical average annual amount of -\$53,370. This category of expenditure is projected to grow at an annual average amount of \$2,583 through FY 2025. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

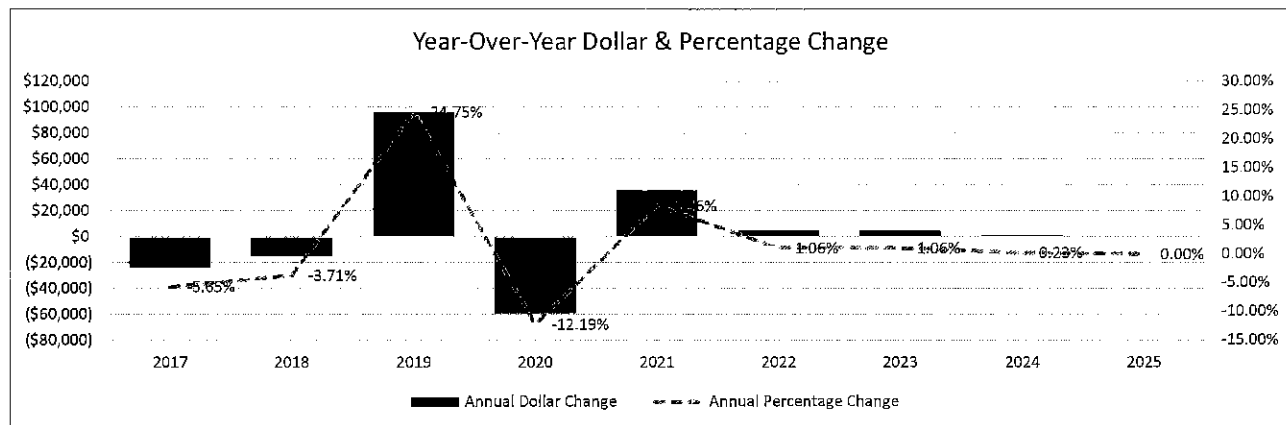
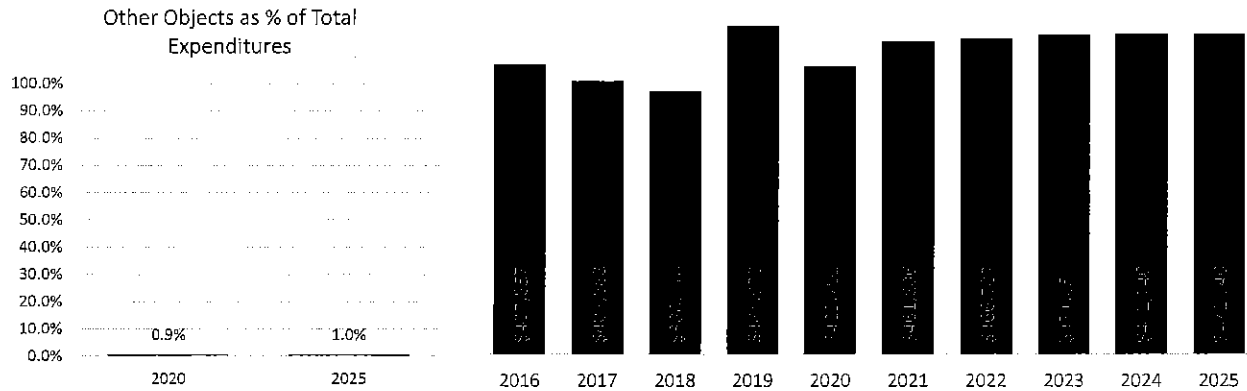
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

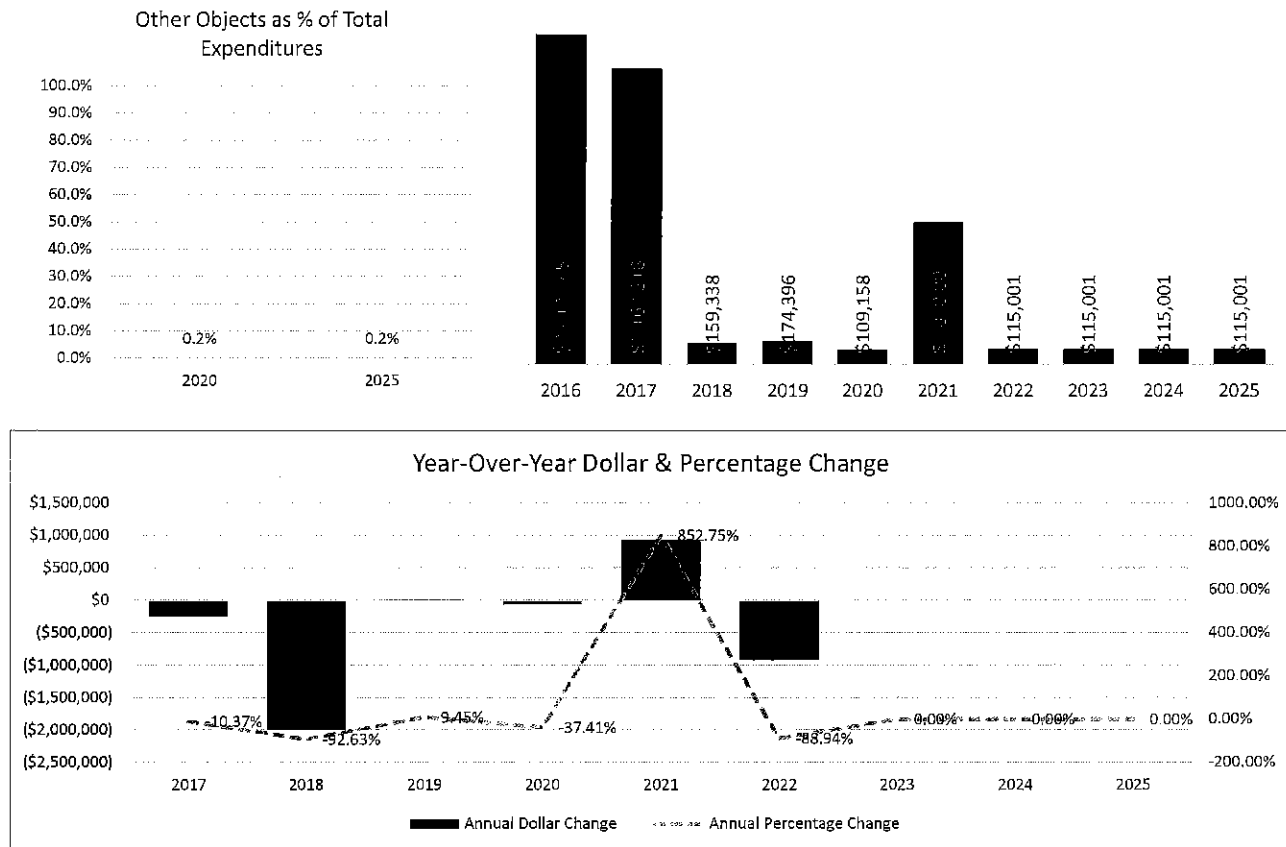
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 0.94% of total expenditures and increased at a historical average annual rate of 2.95%. This category of expenditure is projected to grow at an annual average rate of 2.16% through FY 2025. The projected average annual rate of change is -0.79% less than the five year historical annual average.

5.040 - Total Other Financing Uses

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



	2020	FORECASTED				
	2020	2021	2022	2023	2024	2025
Transfers Out	109,158	1,025,001	100,001	100,001	100,001	100,001
Advances Out	-	15,000	15,000	15,000	15,000	15,000
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are 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 2020 the district had no advances-out and has advances-out forecasted through FY 2025. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2025. 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 School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	15,767,935	16,482,882	15,883,820	16,232,254	16,332,352	16,426,793
1.020 - Public Utility Personal Property	1,133,802	1,227,878	1,289,961	1,337,621	1,381,300	1,424,978
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	20,600,385	21,143,349	21,512,159	21,504,260	21,496,293	21,488,793
1.040 - Restricted Grants-in-Aid	749,024	761,185	761,186	761,186	761,186	761,186
1.050 - Property Tax Allocation	2,310,550	2,278,429	2,368,978	2,372,517	2,385,022	2,397,571
1.060 - All Other Operating Revenues	5,196,491	4,219,392	4,217,193	4,181,061	4,217,697	4,254,718
1.070 - Total Revenue	45,758,187	46,113,115	46,033,297	46,388,899	46,573,850	46,754,039
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	32,674	32,674	-	-	-	-
2.050 - Advances-In	1,551	-	15,000	15,000	15,000	15,000
2.060 - All Other Financing Sources	706,970	1,416,369	556,369	556,369	556,369	556,369
2.070 - Total Other Financing Sources	741,196	1,449,043	571,369	571,369	571,369	571,369
2.080 - Total Rev & Other Sources	46,499,383	47,562,158	46,604,666	46,960,268	47,145,219	47,325,408
Expenditures:						
3.010 - Personnel Services	23,714,662	22,928,826	24,060,542	24,676,080	25,045,946	25,422,008
3.020 - Employee Benefits	9,675,219	9,728,425	10,155,356	10,525,516	11,018,268	11,572,276
3.030 - Purchased Services	10,370,389	10,038,707	10,293,213	10,484,691	10,679,895	10,865,486
3.040 - Supplies and Materials	830,560	952,147	1,041,867	1,077,207	1,113,823	1,113,909
3.050 - Capital Outlay	38,645	37	50,037	51,045	51,563	51,563
Intergovernmental & Debt Service	32,674	70,426	70,426	70,426	70,426	70,426
4.300 - Other Objects	425,795	461,806	466,702	471,652	472,740	472,740
4.500 - Total Expenditures	45,087,944	44,180,373	46,138,143	47,356,617	48,452,660	49,568,407
Other Financing Uses						
5.010 - Operating Transfers-Out	109,158	1,025,001	100,001	100,001	100,001	100,001
5.020 - Advances-Out	-	15,000	15,000	15,000	15,000	15,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	109,158	1,040,001	115,001	115,001	115,001	115,001
5.050 - Total Exp and Other Financing Uses	45,197,102	45,220,374	46,253,144	47,471,618	48,567,661	49,683,408
6.010 - Excess of Rev Over/(Under) Exp	1,302,281	2,341,783	351,522	(511,350)	(1,422,442)	(2,358,000)
7.010 - Cash Balance July 1 (No Levies)	10,659,321	11,961,602	14,303,385	14,654,907	14,143,557	12,721,115
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	11,961,602	14,303,385	14,654,907	14,143,557	12,721,115	10,363,116
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	11,961,602	14,303,385	14,654,907	14,143,557	12,721,115	10,363,116
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	11,961,602	14,303,385	14,654,907	14,143,557	12,721,115	10,363,116