



Austintown Local Schools

# **Five Year Forecast Financial Report**

October, 2018

*Ryan Ghizzoni, Treasurer/CFO*

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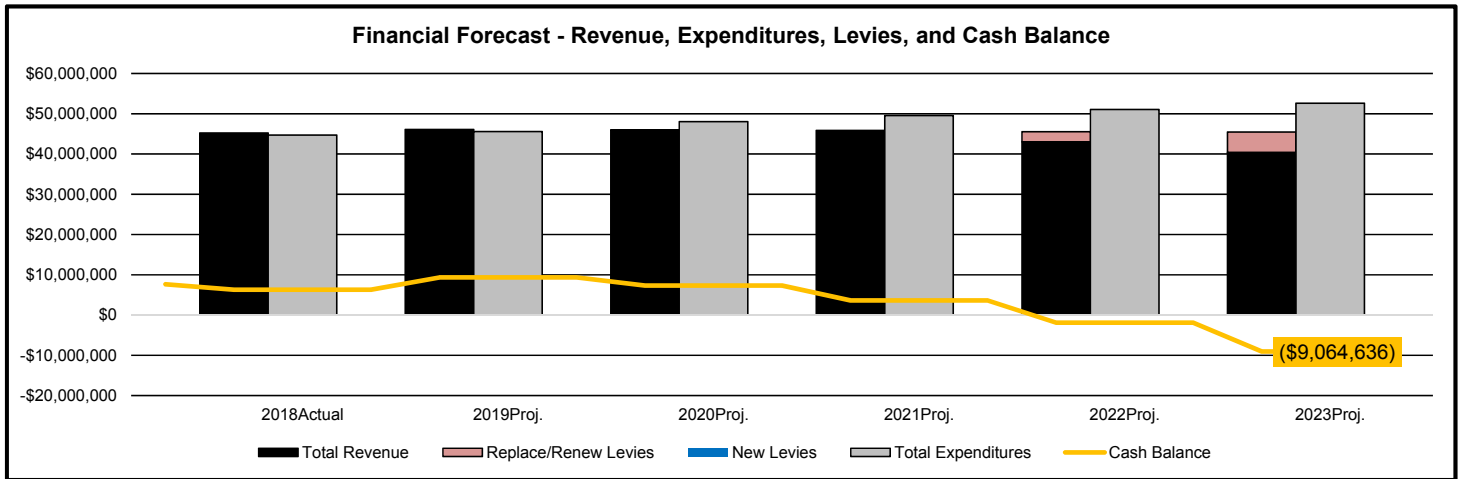
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### Forecast Purpose/Objectives

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

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances, no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Austintown Local Schools

Financial Forecast

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Beginning Balance	8,813,689	9,338,702	7,319,977	3,617,629	(1,883,326)
+ Revenue	46,103,108	46,011,445	45,847,379	43,032,522	40,407,060
+ Proposed Renew/Replacement Levies	-	-	-	2,509,203	5,030,428
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(45,578,095)	(48,030,170)	(49,549,727)	(51,042,680)	(52,618,798)
= Revenue Surplus or Deficit	525,013	(2,018,725)	(3,702,348)	(5,500,955)	(7,181,310)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	9,338,702	7,319,977	3,617,629	(1,883,326)	(9,064,636)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	525,013	(2,018,725)	(3,702,348)	(8,010,158)	(12,211,738)
Ending Balance w/o Levies	9,338,702	7,319,977	3,617,629	(4,392,529)	(16,604,267)

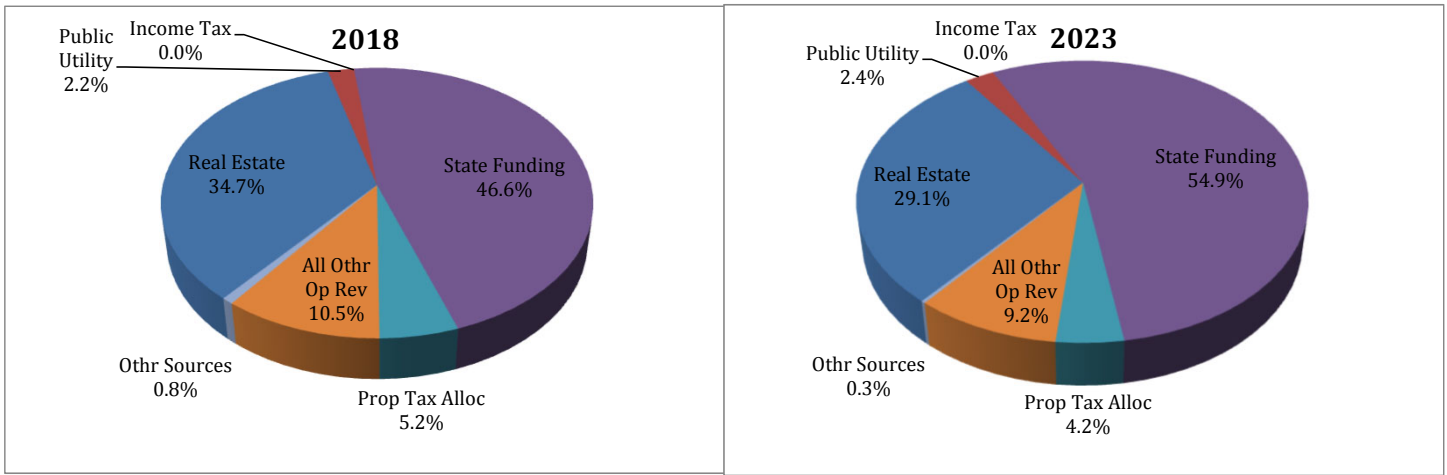
A balanced budget and adequate cash balance are two sound business practices that ensure fiscal stability and a consistent and dependable educational experience for our students. The district has been able to maintain a balanced budget since FY15 and current year projections estimate that there will be a balanced budget for FY19 as well. In addition, the current cash balance of the district is equal to 20% of the overall budget.

However, based on the projections in this forecast, the district will begin deficit spending in FY20 due to reductions in open enrollment revenue collections, increases in open enrollment tuition expenses, stagnant state funding levels and minimal increases in real estate taxes. If no changes are made to the revenue or expenditure base, the district will quickly reduce the cash balance of the district.

The district will need to research available options to increase revenue and/or reduce expenditures within the next year to avoid deficit spending in FY20 which will lead to a negative cash balance by FY22.

Furthermore, failure by the district to renew the outstanding fixed rate levy prior to FY22 will result in further fiscal instability and a negative cash balance that is greater than 40% of total revenue by FY23.

## Revenue Sources and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
<b>Revenue:</b>							
1.010-Real Estate	1.00%	-0.66%	0.72%	0.45%	0.44%	0.28%	0.25%
1.020-Public Utility	8.03%	4.29%	4.15%	3.99%	3.84%	3.69%	3.99%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	2.73%	5.53%	0.00%	0.01%	-0.01%	0.00%	1.11%
1.040-Restricted Aid	140.16%	0.86%	-1.27%	-1.18%	-0.21%	-0.54%	-0.47%
1.045-Restr Federal SFSF	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	17.37%	-0.67%	0.17%	0.29%	0.29%	0.17%	0.05%
1.060-All Other Operating	5.18%	-2.63%	-3.91%	-5.15%	-8.84%	-3.67%	-4.84%
1.070-Total Revenue	2.36%	2.08%	-0.06%	-0.25%	-0.56%	-0.12%	0.22%
2.070-Total Other Sources	36.25%	-8.60%	-19.56%	-19.61%	-24.39%	-32.26%	-20.88%
2.080-Total w/Other Srcs	2.44%	2.00%	-0.20%	-0.36%	-0.67%	-0.23%	0.11%

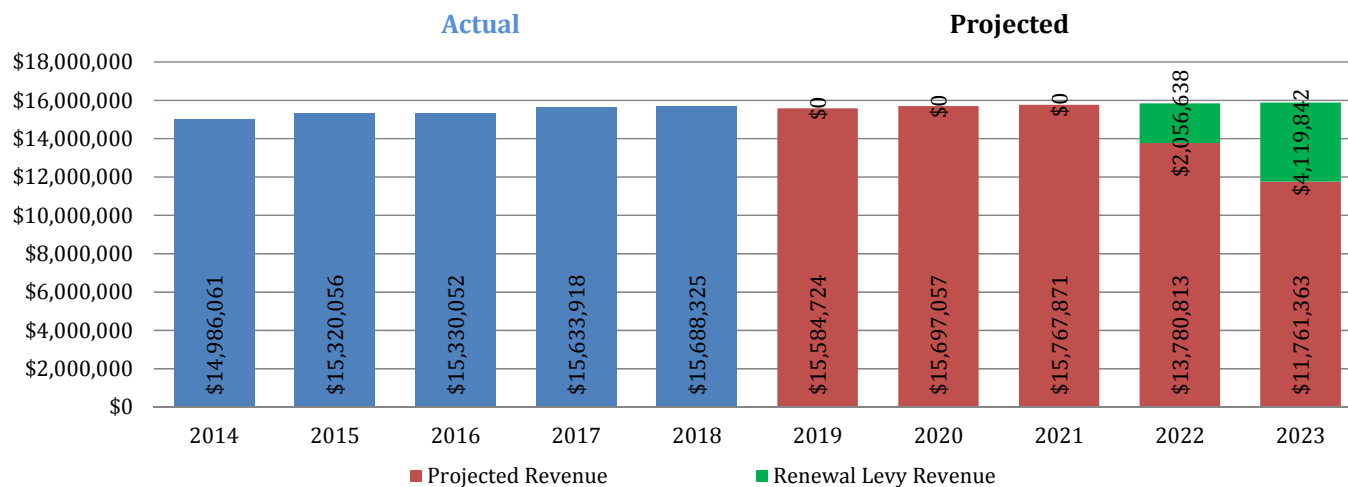
Over the past five years, the district has seen an average annual increase in operating revenue of 2.36% annually. These increases have mainly been attributed to increases in open enrollment tuition revenue and real estate tax revenue.

Over the next five years, the district is projecting that overall operating revenue will begin to decrease on an annual basis, starting in FY21. This decrease in operating revenue is due to projected decreases in open enrollment tuition revenue. For FY19 and FY20, the reduction in open enrollment revenue is offset by increase in interest income and the district beginning to post Medicaid reimbursements to the General Fund rather than the 599 fund.

The following assumptions will outline the revenue projections for the five year forecast.

### 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).



	2018	FORECASTED				
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	15,688,325	15,584,724	15,697,057	15,767,871	15,837,451	15,881,205
YOY \$ Change	54,407	(103,601)	112,333	70,814	69,580	43,754
YOY % Change	0.3%	-0.7%	0.7%	0.5%	0.4%	0.3%

Percentage of Total Revenue	2018	2019	2020	2021	2022	2023
	34.7%	33.8%	34.1%	34.4%	34.8%	35.0%

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Year	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	593,461,870	(1,925,000)	29.32	0.01	33.45	0.15	99.4%
2019	594,386,870	925,000	29.33	0.01	33.57	0.11	99.4%
2020	604,661,870	10,275,000	29.09	(0.24)	32.94	(0.62)	99.4%
2021	605,486,870	825,000	29.10	0.01	33.05	0.11	99.3%
2022	606,311,870	825,000	29.12	0.01	33.16	0.11	99.3%

Real estate tax revenue is the second largest form of revenue the district receives at 34.7% of overall revenue.

While the district has experienced increases in property values over the past five years due to new construction, existing property values have not rebounded from the 2007 recession in the same trends that other parts of Ohio have experienced. The most recent property reappraisal, that occurred in 2017, resulted in the largest increase in existing property values that the district has seen since prior to 2006. Residential values increased by 1.13% and commercial/industrial values increased by 2.35%. The district is anticipating that property values will experience a similar increase during the next triennial update that will occur in 2020.

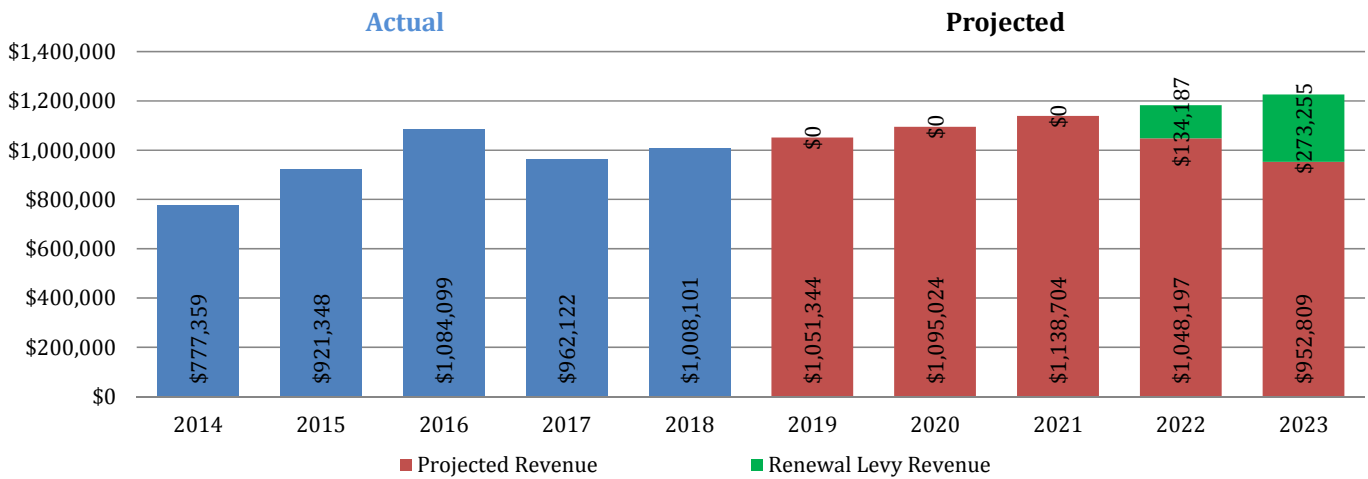
The district's annual gross collection rate has averaged just below 100% over the past five years at 99.06%. Based on the district's current collections rates and delinquency collections, the district is projecting a slightly higher average gross collection rate for tax years 2019 - 2023 of 99.36%.

The forecast assumptions in the revenue note assumes that the district will successfully renew the outstanding fixed rate levy prior to FY22.

\*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					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	1,008,101	1,051,344	1,095,024	1,138,704	1,182,384	1,226,064
YOY \$ Change	45,979	43,243	43,680	43,680	43,680	43,679
YOY % Change	4.8%	4.3%	4.2%	4.0%	3.8%	3.7%

Percentage of Total Revenue	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%
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Values and Tax Rates					Gross Collection Rate Including Delinquencies
Year	Valuation	Value Change	Full Voted Rate	Change	
2018	19,597,940	800,000	54.60	-	100.0%
2019	20,397,940	800,000	54.60	-	100.0%
2020	21,197,940	800,000	54.60	-	100.0%
2021	21,997,940	800,000	54.60	-	100.0%
2022	22,797,940	800,000	54.60	-	100.0%

Public Utility Personal Property Tax Revenue is generated from telephone, natural gas, electric and water lines and equipment. This source of revenue represents 2.2% of the district's overall revenue.

Over the past ten years, public utility property values have increased by an average of 5.84% annually.

This increase in property values has also increased the tax revenue the district receives, which by fiscal year 2019 will be \$347,000 higher than the amount the district received in FY13.

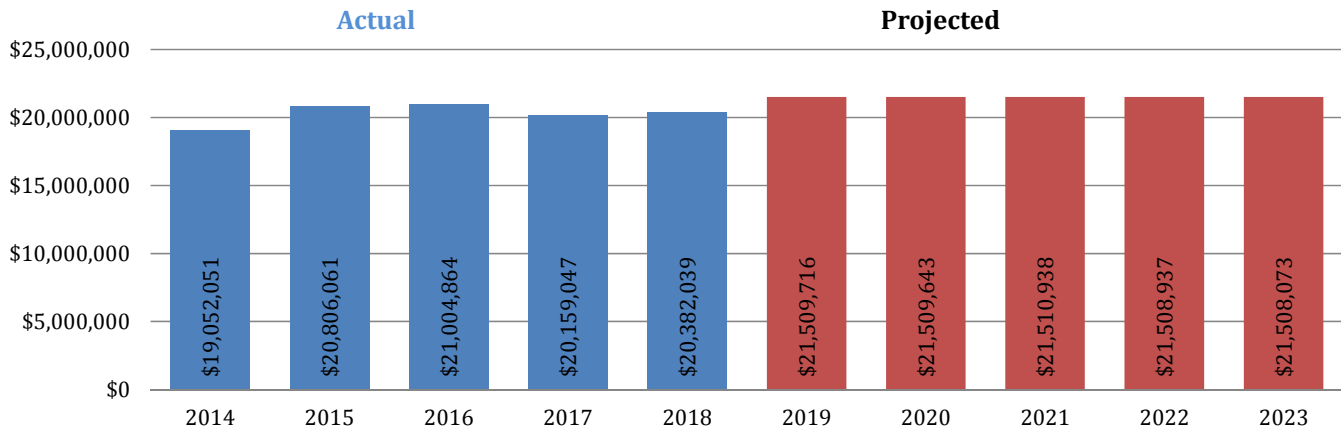
The average rate of increase to these property values are expected to increase at a slower annual rate for tax year 2018 and beyond.

The forecast assumptions in the revenue note assumes that the district will successfully renew the outstanding fixed rate levy prior to FY22.

*\*Projected % trends include renewal levies*

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	20,382,039	21,509,716	21,509,643	21,510,938	21,508,937	21,508,073
YOY \$ Change	222,992	1,127,677	(73)	1,295	(2,001)	(864)
YOY % Change	1.1%	5.5%	0.0%	0.0%	0.0%	0.0%
Percentage of Total Revenue	45.1%	46.7%	46.7%	46.9%	47.2%	47.3%
Core Funding Per Pupil	6,010	6,020	6,050	6,100	6,150	6,200
State Share Index (SSI)	52.1%	52.1%	53.0%	53.0%	53.5%	53.5%
State Core Funding Per Pupil	3,131	3,137	3,205	3,232	3,290	3,317
Formula ADM (Funded Student Count)	4,467	4,457	4,373	4,297	4,284	4,249
Funding Status	Guarantee	Guarantee	Guarantee	Guarantee	Guarantee	Guarantee

State funding is the district's largest revenue source, equating to 45.1% of the total revenue collected by the district in FY18. This funding source is determined not only by the resident students that are educated by the district, but also resident students that choose to attend other educational organizations that qualify for state funding.

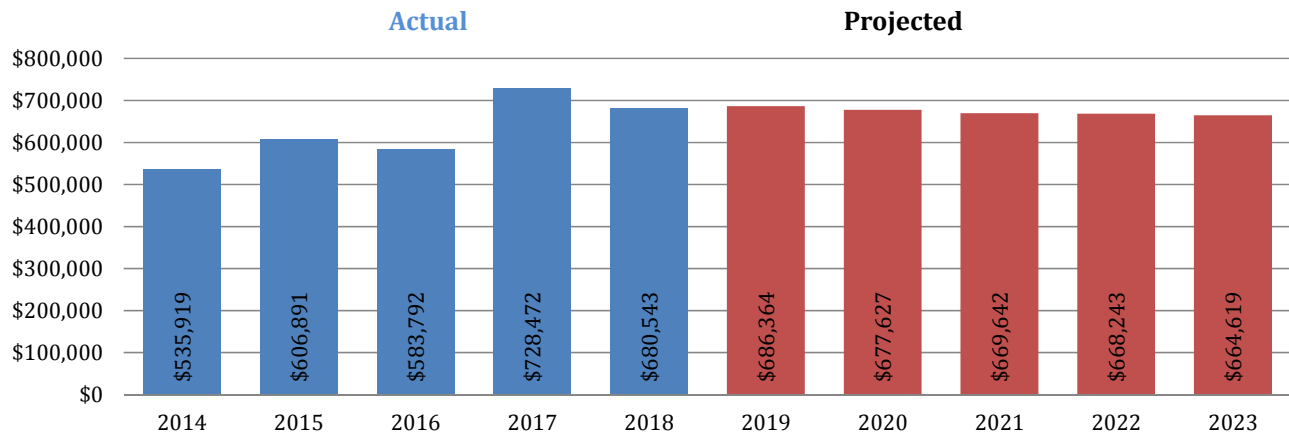
Due to a drop in students residing in the district in recent years, the district has been on the funding guarantee since FY17. By being on the funding guarantee, the district is assured that it will receive the same amount of state funding that it did in the previous year. However, with the last biennial budget, the State of Ohio implemented guarantee reductions for districts experiencing declining enrollment in excess of 5%. If these guarantee reductions continue into future funding formulas and the district's enrollment declines by more than established levels, the state funding level could be reduced. This forecast does not reflect any reductions in state funding due to declining enrollment. Based on current enrollment modeling, the district's funded student count will drop to 4,249 by FY23 or an additional 208 students.

Prior to the current fiscal year, the district posted STEM and scholarship tuition expenses as a reduction of state revenue. For the current and future fiscal years, these tuition expenses will be posted as an expenditure, which gives the appearance that there is a large increase in state funding for the current fiscal year.

For future fiscal years, the state funding formula projections are based on the formula that is in current law. Should a new state funding formula make drastic changes to how the district's revenue is calculated, these projections would need to be changed accordingly.

### 1.040 & 1.045 - Restricted Grants-in-Aid

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	680,543	686,364	677,627	669,642	668,243	664,619
YOY \$ Change	(47,929)	5,821	(8,737)	(7,985)	(1,399)	(3,624)
YOY % Change	-6.6%	0.9%	-1.3%	-1.2%	-0.2%	-0.5%
Percentage of Total Revenue	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Economic Disadvantaged Funding	471,895	475,311	466,574	458,589	457,189	453,566
Percentage of Disadvantaged Students	44.9%	44.9%	44.9%	44.9%	44.9%	44.9%

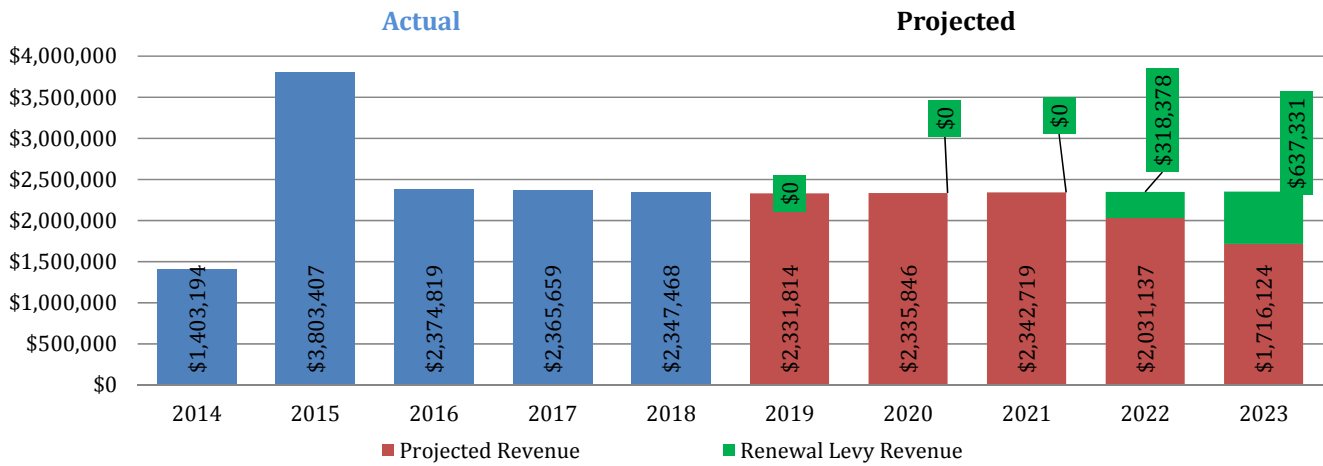
Restricted grants-in-aid represent 1.5% of the overall general fund budget and include economic disadvantaged funding and career tech funding.

For FY19 and subsequent fiscal years, career tech funding is projected to be \$211,053 and economic disadvantaged funding is expected to total \$475,311 in FY19 and decrease approximately \$9,000 annually through FY23.



### 1.050 - Property Tax Allocation

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	2,347,468	2,331,814	2,335,846	2,342,719	2,349,515	2,353,455
YOY \$ Change	(18,191)	(15,654)	4,032	6,873	6,796	3,940
YOY % Change	-0.8%	-0.7%	0.2%	0.3%	0.3%	0.2%
Percentage of Total Revenue	5.2%	5.1%	5.1%	5.1%	5.2%	5.2%
% of Residential Real Estate 10% Rollback	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
% of Residential Real Estate 2.5% Rollback	2.09%	2.09%	2.09%	2.09%	2.09%	2.09%
% of Residential Real Estate Homestead	6.71%	6.71%	6.71%	6.71%	6.71%	6.71%

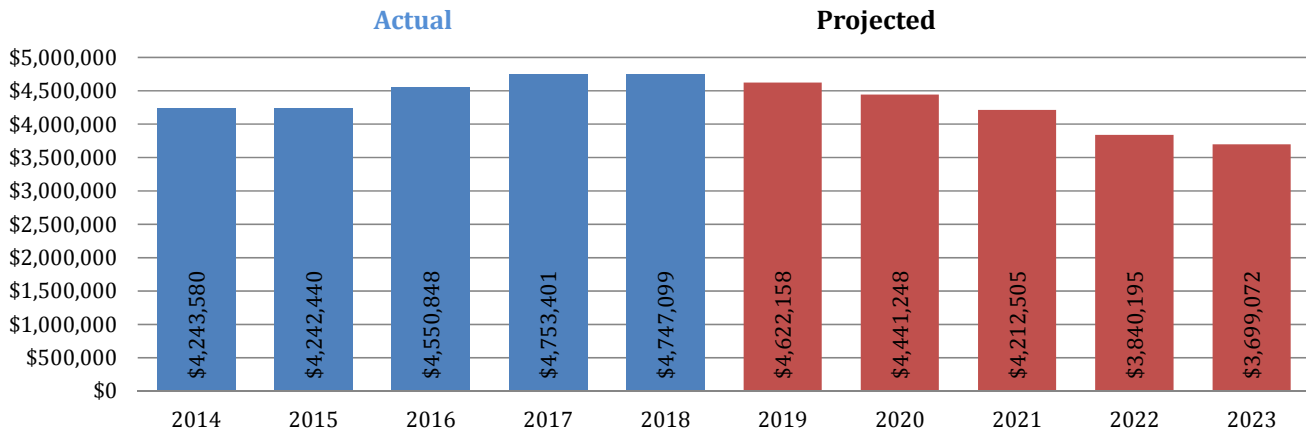
Property tax allocation revenue represents 5.1% of the district's overall general fund revenue. This revenue line accounts for Homestead (senior and disabled tax credits) and Rollback (10% tax credit for residential property and 2.5% tax credit for owner occupied homes) revenue paid by the State of Ohio. For the current fiscal year, Rollback tax credits are expected to total \$1,499,007 and Homestead credits are expected to total \$832,808.

The forecast assumptions in the revenue note assumes that the district will successfully renew the outstanding fixed rate levy prior to FY22.

*\*Projected % trends include renewal levies*

### 1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	4,747,099	4,622,158	4,441,248	4,212,505	3,840,195	3,699,072
YOY \$ Change	(6,302)	(124,941)	(180,910)	(228,743)	(372,310)	(141,123)
YOY % Change	-0.1%	-2.6%	-3.9%	-5.2%	-8.8%	-3.7%

Percentage of Total Revenue	10.5%	10.0%	9.7%	9.2%	8.4%	8.1%
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	2016	2017	2018	2019	2020	2021	2022	2023
Open Enrollment In Students	744	767	726	648	616	585	556	528
Open Enrollment Revenue	\$4,356,983	\$4,555,561	\$4,306,732	\$3,900,960	\$3,724,380	\$3,567,402	\$3,416,811	\$3,272,360

Other operating revenue represents 10% of the district's overall general fund operating revenue and includes revenue received for tuition from other districts, student fees, fines and interest earnings, as well as, rental income and miscellaneous revenue.

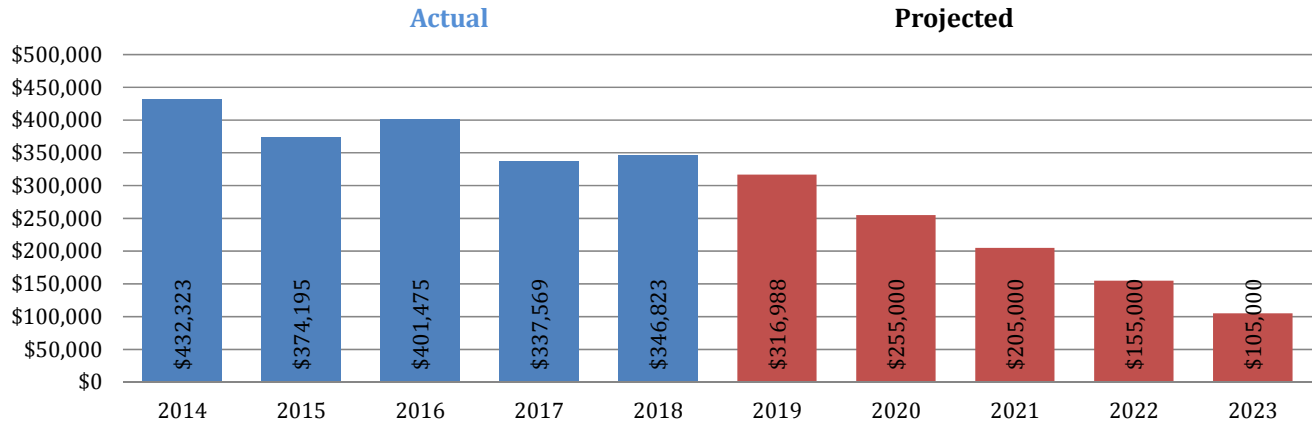
Tuition revenue represented 93% of all revenue receipts to the other operating revenue line during FY18, with the vast majority of the tuition revenue (\$4,306,732) being attributed to open enrollment student attending the district. Beginning in FY18, the district experienced a 5.5% decrease in the number of open enrollment students attending the district. For the current fiscal year, there has been an additional decrease of 9.4%. The forecast projections for FY20 to FY23 include a 5% year-over-year decrease in open enrollment students, which will cause this revenue source to drop by more than \$1 million. If more students choose not to attend or the district imposes restrictions on the number of students permitted to open enroll into the district, this revenue line will decline further.

As a result of increasing interest rates and instituting a new cash flow investment program at the beginning of FY19, the district is expecting a substantial increase in interest earnings over the next fiscal years. During FY17, investment income only totaled \$20,504. By the end of FY18, interest from investment earnings totaled \$156,165. For the current fiscal year, total interest income is expected to exceed \$400,000. FY20 interest income levels are expected to maintain at this level and then begin dropping in FY21, as the district's cash balance begins to drop.

Beginning in FY19, the district will start posting Medicaid refunds, estimated at \$125,000 annually, to the General Fund rather than the 599 fund.

## 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, such as, sale and loss of assets, and refund of prior year expenditures.



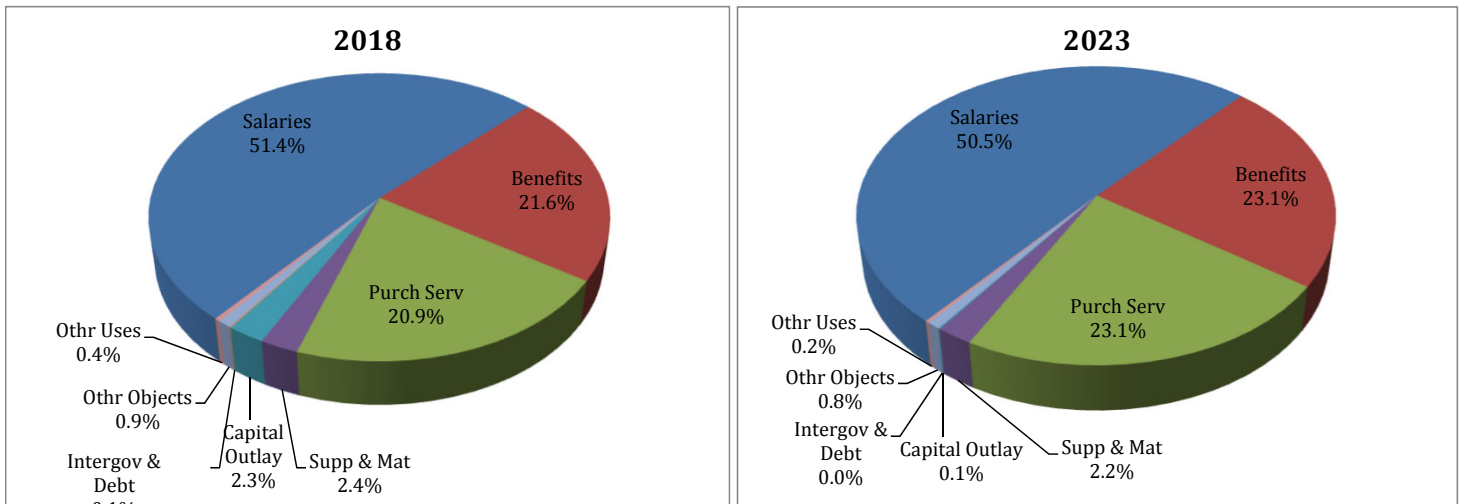
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	346,823	316,988	255,000	205,000	155,000	105,000
YOY \$ Change	9,254	(29,835)	(61,988)	(50,000)	(50,000)	(50,000)
YOY % Change	2.7%	-8.6%	-19.6%	-19.6%	-24.4%	-32.3%
Percentage of Total Revenue	0.8%	0.7%	0.6%	0.4%	0.3%	0.2%
Transfers In	-	-	-	-	-	-
Advances In	54,560	66,988	55,000	55,000	55,000	55,000

This revenue line item accounts for return of advances to the General Fund from the prior year, transfers from other funds and refunds of prior year expenses.

Depending on the year-end fund level of other funds, temporary advances can vary from year to year. For FY18, \$54,560 was returned from FY17 year-end advances. For FY18, this amount totaled \$66,988 in returns of FY17 year-end advances. Due to anticipated advances at the end of FY19-FY23, return of advances are projected at \$50,000 annually.

Historically, the district has received \$254,000 from various sources for refunds of prior year expenses. The majority of these refunds have been from the State Employee Retirement System (SERS) for retirement deductions through the state foundation that were in excess of the actual amount due. For FY19, refunds of prior year expenses are projected at \$250,000. For subsequent years, this amount is reduced down each year because the district anticipates that SERS salary estimates for future years will be more accurate in relation to actual amounts owed.

### Expenditure Categories and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
<b>Expenditures:</b>							
3.010-Salaries	0.69%	3.25%	3.66%	2.71%	2.53%	2.53%	2.94%
3.020-Benefits	4.58%	-1.99%	11.77%	4.79%	4.72%	4.74%	4.81%
3.030-Purchased Services	3.43%	20.19%	-0.81%	2.86%	2.88%	2.91%	5.61%
3.040-Supplies & Materials	7.55%	-0.27%	1.49%	1.96%	1.96%	2.28%	1.48%
3.050-Capital Outlay	125.33%	-147.48%	-109.27%	3.75%	4.70%	2.50%	-49.16%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	0.88%	-4.22%	-0.02%	0.00%	-83.33%	-100.00%	-37.52%
4.300-Other Objects	-2.45%	0.80%	1.36%	1.11%	1.12%	1.12%	1.10%
4.500-Total Expenditures	2.44%	2.05%	5.40%	3.17%	3.02%	3.10%	3.35%
5.040-Total Other Uses	6.68%	-18.41%	0.00%	0.00%	0.00%	0.00%	-3.68%
5.050-Total w/Other Uses	2.07%	1.97%	5.38%	3.16%	3.01%	3.09%	3.32%

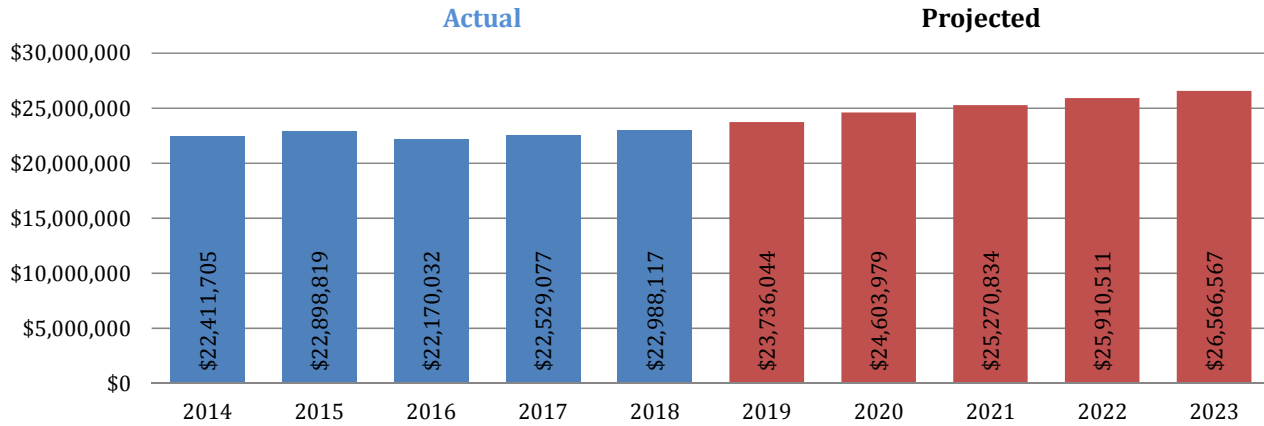
Over the past 5 years, the district has experienced an increase in operating expenditures of 2.44% annually. The largest portion of these increases were attributed mainly to increases in purchased service expenditures, employee benefits, and capital outlay expenditures.

The projected average increase in annual operating expenditures over the next five years is 3.35% annually. Increases in base salaries/employee progression on the salary schedule, increases in contracted services and tuition related costs, and higher healthcare premiums are the main contributors to the future project increase in overall expenditures.

The following pages will outline each expenditure line assumption in the five year forecast.

### 3.010 - Personnel Services

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	22,988,117	23,736,044	24,603,979	25,270,834	25,910,511	26,566,567
YOY \$ Change	459,040	747,927	867,935	666,855	639,677	656,056
YOY % Change	2.0%	3.3%	3.7%	2.7%	2.5%	2.5%
Percentage of Total Budget	51.4%	52.1%	51.2%	51.0%	50.8%	50.5%

The district's salary related expenses are the largest expenditure category in the general fund, representing 51.4% of total expenditures.

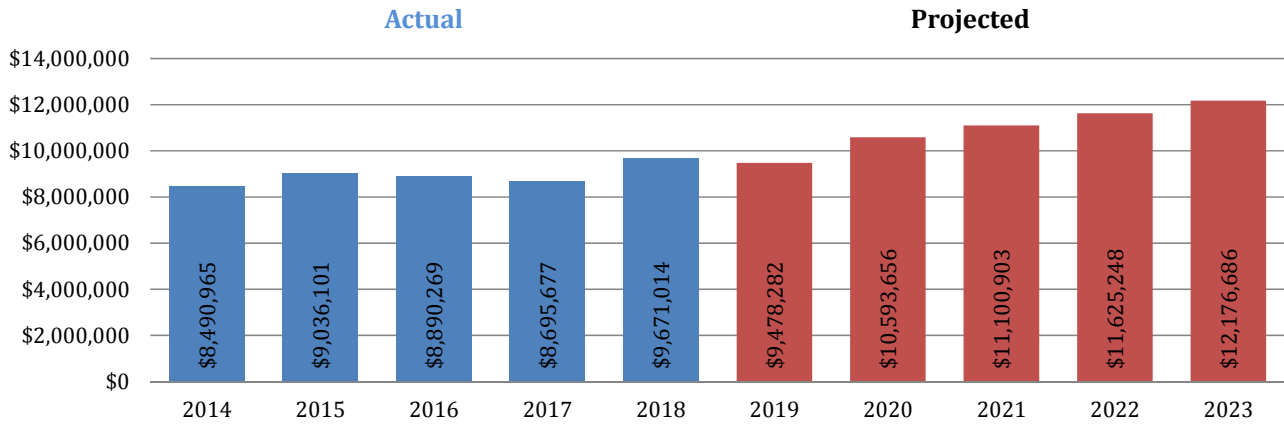
FY19 - FY21 salary projections for certified staff members include base salary increases that are aligned with the increases that were agreed upon in the collective bargaining agreement, as well as, increases in salaries due to staff members progression on various salary schedules. For FY22 and FY23, only increases for progression on the salary schedule were included in the forecast projections due to the financial outlook of the district.

At the time of the printing of this forecast, the classified union and the district had not reached an agreement on a contract for FY19 or subsequent years. The forecast assumes increases in base salaries and longevity increases for both administrative and classified staff based on the fiscal capacity of the district's finances.

Due to current monthly trends in classified substitute costs, an increase of \$53,748 is included in the current year salary projections.

### 3.020 - Employees' Benefits

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	9,671,014	9,478,282	10,593,656	11,100,903	11,625,248	12,176,686
YOY \$ Change	975,337	(192,732)	1,115,374	507,247	524,345	551,438
YOY % Change	11.2%	-2.0%	11.8%	4.8%	4.7%	4.7%
Percentage of Total Budget	21.6%	20.8%	22.1%	22.4%	22.8%	23.1%

Employees' benefits are the second largest expenditure category in the general fund and represented 21.6% of the overall budget for FY18.

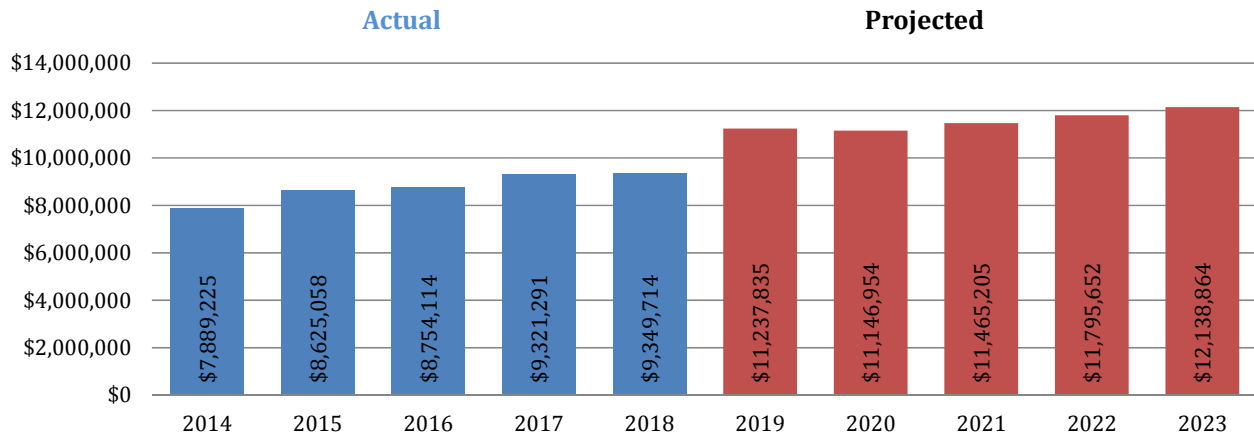
The district's medical insurance plan experienced medical premium increases of 5.4% in FY18 and an additional 6.85% in FY19. However, the district also had two premium holidays (two months without premium payments) during FY18 and the Stark County Consortium has approved three premium holidays for the current fiscal year. There have been fluctuations in the number of premium holidays granted in the previous fiscal years. Future fiscal year projections include a 6% increase in annual premiums and two premium holidays being granted in each fiscal year. Should the consortium grant one or less premium holidays in subsequent fiscal years, this expenditure line of the forecast would need to be adjusted accordingly.

No additional employee contributions toward healthcare premiums have been modeled for FY19-FY23.

Employees' benefits also include salary driven benefits such as retirement contributions, SERS surcharge expenses, workers' compensation, and Medicare expenses. For the current and subsequent fiscal years, these expenses are projected at 19.85% of total salary expenses.

### 3.030 - Purchased Services

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	9,349,714	11,237,835	11,146,954	11,465,205	11,795,652	12,138,864
YOY \$ Change	28,423	1,888,121	(90,881)	318,251	330,447	343,212
YOY % Change	0.3%	20.2%	-0.8%	2.9%	2.9%	2.9%

Percentage of Total Budget	20.9%	24.7%	23.2%	23.1%	23.1%	23.1%
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	2016	2017	2018	2019	2020	2021	2022	2023
Open Enrollment Out Students	326	359	371	414	435	456	479	503
Open Enrollment Expenses	\$1,900,807	\$2,142,136	\$2,208,941	\$2,492,280	\$2,629,935	\$2,784,254	\$2,947,429	\$3,119,961

Beginning in FY19, purchased service expenses will become the district's second largest expenditure. One reason for the large increase in purchased service expenditures between FY18 and FY19 is beginning in FY19 the district started charging STEM and scholarship tuition expenses to the purchased service expense line item rather than as a reduction of expense. This increased purchased service expenses for the current fiscal year by over \$1.1 million.

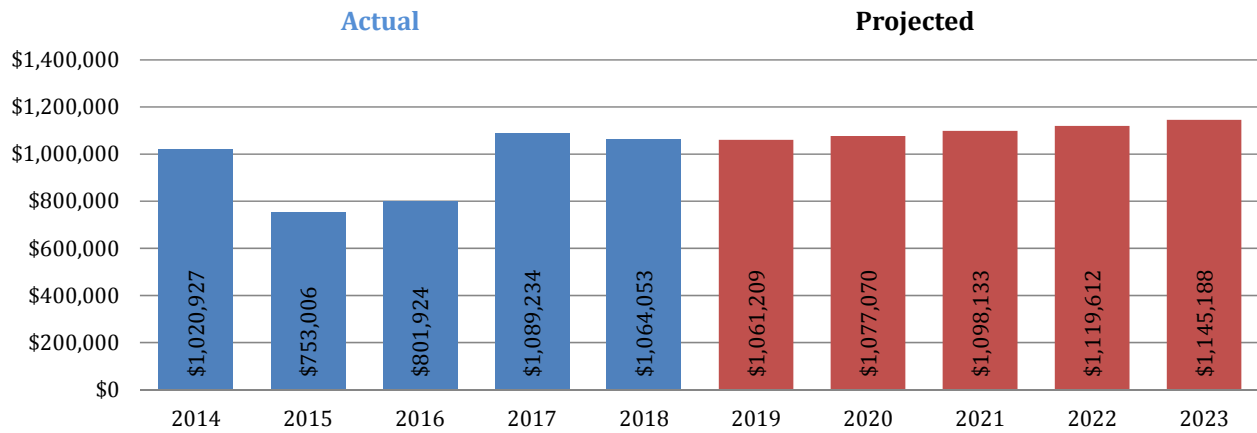
Tuition costs associated with students opting to open enroll into other school districts has experienced the largest year-over-year increase in expenditure levels in the past few years. Based on a 5% year-over-year increase in students opting to open enroll in other school districts, the district will experience a \$911,000 increase in open enrollment expenses by FY23 with more than 12% of the resident students choosing open enrollment.

The district's largest purchased service expenditure is Mahoning County ESC contracted services, totaling more than \$3,066,000 in FY18 or 32% of all purchased services. These contracted services includes psychologists, ot/pt, special education preschool, communications, and staff development. Based on estimates provided by the ESC at the beginning of the year, the district's contracted services with them will be reduced \$355,910, based on student needs.

The district also utilizes the Mahoning Valley Council of Governments to provide staffing services. Due to increased service contracts with this group, FY19 other professional and technical services are expected to increase by \$240,000.

### 3.040 - Supplies & Materials

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	1,064,053	1,061,209	1,077,070	1,098,133	1,119,612	1,145,188
YOY \$ Change	(25,181)	(2,844)	15,861	21,063	21,479	25,576
YOY % Change	-2.3%	-0.3%	1.5%	2.0%	2.0%	2.3%
Percentage of Total Budget	2.4%	2.3%	2.2%	2.2%	2.2%	2.2%

Supply costs represent 2.4% of the district's overall budget. Included in this expense line item is general office supplies, instructional supplies, health supplies, custodial/maintenance supplies and transportation supplies, including fuel for buses.

Instructional/general supplies, including textbooks and workbooks, represents more than half of overall supply expenditures. During FY17, the district increased instructional and general supply costs by 79.1%, going from \$280,026 in FY16 to \$501,425 in FY17. For FY18, there was a 10.8% reduction in these expenditures. For FY19, the expenditure level of instructional and general supplies has been set at \$480,000, with inflationary growth increases projected each year thereafter.

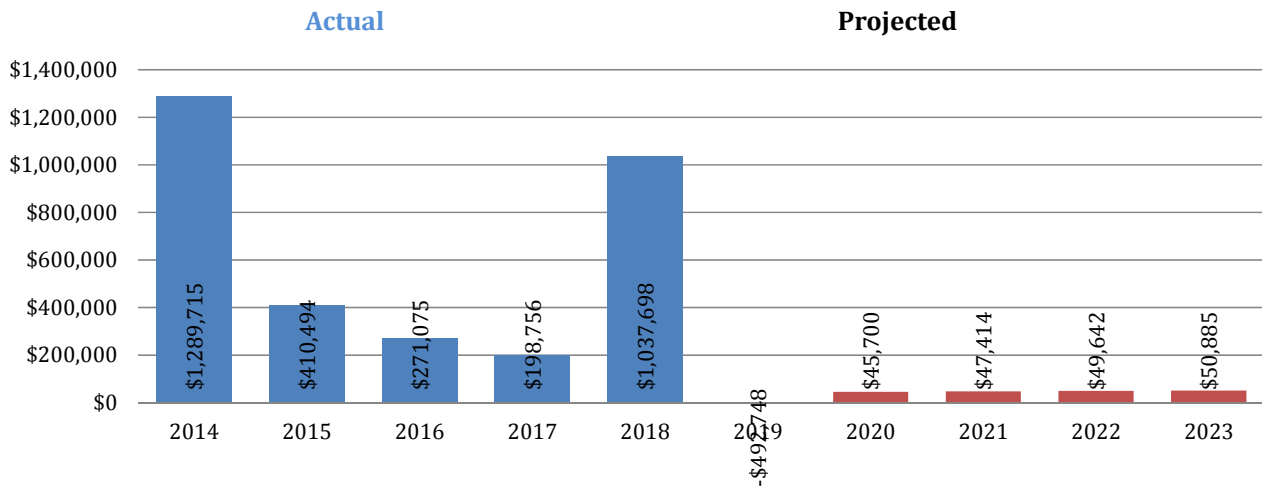
Custodial/Maintenance supplies totaled \$250,000 in FY18. The district has budgeted a 2% annual increase for FY19 - FY23 for these expenditures.

Transportation supplies, including bus fuel, was relatively flat between FY17 and FY18. However, due to an aging bus fleet and increasing fuel costs, a 5.4% increase has been budgeted for FY19. Future fiscal year projections include a 2% increase for inflationary growth.



### 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.



	2018	FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	1,037,698	(492,748)	45,700	47,414	49,642	50,885
YOY \$ Change	838,942	(1,530,446)	538,448	1,714	2,228	1,243
YOY % Change	422.1%	-147.5%	-109.3%	3.8%	4.7%	2.5%
Percentage of Total Budget	2.3%	-1.1%	0.1%	0.1%	0.1%	0.1%

The capital outlay expense category represents buses, equipment, building improvements and grounds improvements with a useful life of more than five years.

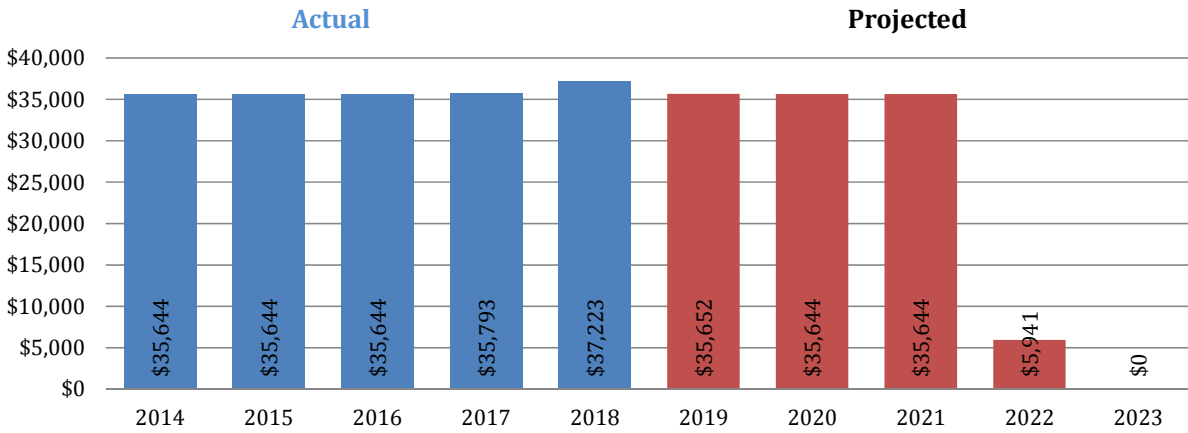
The district added a considerable amount of projects to this expense line during FY18. These projects included an energy conservation project that the district funded through a lease purchase program. During FY18, the district charged the expenditures for this program to the General Fund capital outlay expense line even though the project was funded through a separate funding source. The district received the revenue proceeds from the bank that financed the project in FY19, which will result in FY19 total capital outlay expenditures being a negative amount.

During FY18, the district also expended \$156,000 on technology related equipment, \$169,500 on replacement equipment, \$59,670 on land acquisitions and \$131,000 on improvements to grounds.

For FY19-FY23, the district will be utilizing the 070 and 003 P.I. accounts to fund major capital outlay projects in the district. Therefore, only a minimal amount of capital outlay expenditures have been budgeted in the General Fund.

### 3.060-4.060 - Intergovernmental & Debt

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

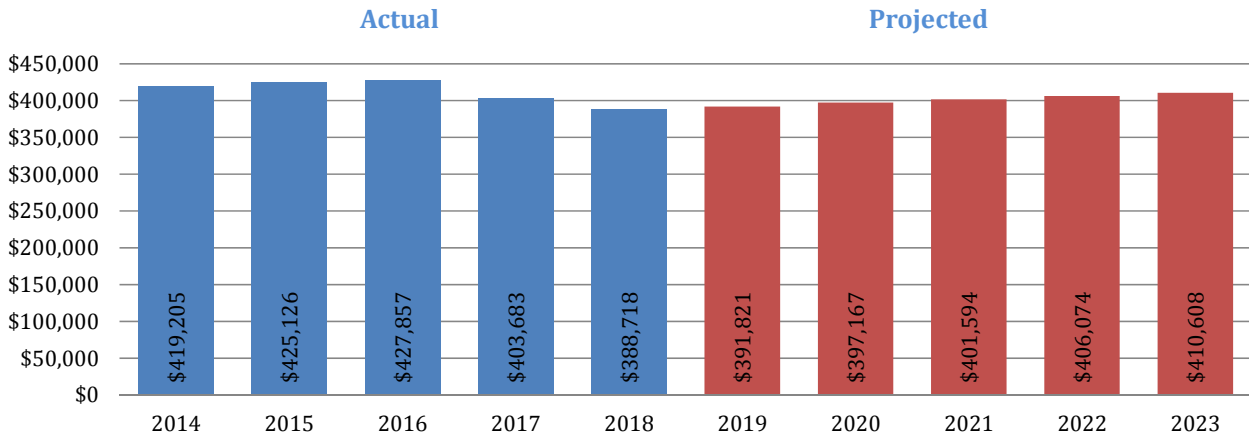


	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	37,223	35,652	35,644	35,644	5,941	-
YOY \$ Change	1,430	(1,571)	(8)	-	(29,703)	(5,941)
YOY % Change	4.0%	-4.2%	0.0%	0.0%	-83.3%	-100.0%
Percentage of Total Budget	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%

The expenses in this forecast line are used to account for the district's 2006 House Bill 264 loan. This loan will be paid off in FY2022.

### 4.300 - Other Objects

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	388,718	391,821	397,167	401,594	406,074	410,608
YOY \$ Change	(14,965)	3,103	5,346	4,427	4,480	4,534
YOY % Change	-3.7%	0.8%	1.4%	1.1%	1.1%	1.1%
Percentage of Total Budget	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%

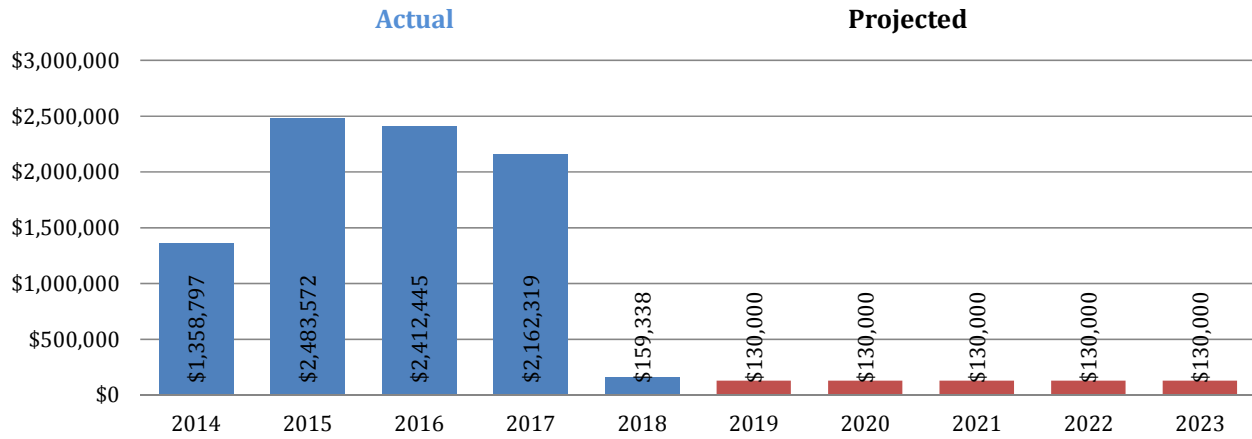
Other Object expenses represent .9% of the overall general fund budget. County Auditor and Treasurer fees, annual audit costs, bank charges and districtwide dues and fees are charged out of this expense line item.

County Auditor and Treasurer fees represent 80% of this expense line.

For the current and future fiscal years, 2018 was used as a baseline for expenditure projections. Each year, inflationary growth of approximately 1.12% was added to the annual expenditure level.

### 5.040 - Total Other Financing Uses

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	159,338	130,000	130,000	130,000	130,000	130,000
YOY \$ Change	(2,002,981)	(29,338)	-	-	-	-
YOY % Change	-92.6%	-18.4%	0.0%	0.0%	0.0%	0.0%
<b>Percentage of Total Budget</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.2%</b>
Transfers Out	92,350	75,000	75,000	75,000	75,000	75,000
Advances Out	66,988	55,000	55,000	55,000	55,000	55,000

This expenditure line accounts for transfers out of the General Fund to other funds and year-end advances to other funds.

Prior to FY18, the district transferred large amounts of general fund revenue to the 070 capital improvement fund to budget for long-term capital projects.

Beginning in FY18, the only transfers that were made were for funds that had a year end cash deficit that the district did not believe would be able to be repaid. The largest fund with a cash deficit was the athletic fund which ended the year with a \$67,500 cash deficit.

For FY19-FY23, \$75,000 in year-end transfers has been allocated, including \$50,000 for athletics. An additional \$55,000 has been budgeted for year-end advances.

## Austintown Local Schools

### Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2018	2019	2020	2021	2022	2023
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	15,688,325	15,584,724	15,697,057	15,767,871	13,780,813	11,761,363
1.020 - Public Utility Personal Property	1,008,101	1,051,344	1,095,024	1,138,704	1,048,197	952,809
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	20,382,039	21,509,716	21,509,643	21,510,938	21,508,937	21,508,073
1.040 - Restricted Grants-in-Aid	680,543	686,364	677,627	669,642	668,243	664,619
1.050 - Property Tax Allocation	2,347,468	2,331,814	2,335,846	2,342,719	2,031,137	1,716,124
1.060 - All Other Operating Revenues	4,747,099	4,622,158	4,441,248	4,212,505	3,840,195	3,699,072
<b>1.070 - Total Revenue</b>	<b>44,853,574</b>	<b>45,786,120</b>	<b>45,756,445</b>	<b>45,642,379</b>	<b>42,877,522</b>	<b>40,302,060</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	54,560	66,988	55,000	55,000	55,000	55,000
2.060 - All Other Financing Sources	292,263	250,000	200,000	150,000	100,000	50,000
<b>2.070 - Total Other Financing Sources</b>	<b>346,823</b>	<b>316,988</b>	<b>255,000</b>	<b>205,000</b>	<b>155,000</b>	<b>105,000</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>45,200,397</b>	<b>46,103,108</b>	<b>46,011,445</b>	<b>45,847,379</b>	<b>43,032,522</b>	<b>40,407,060</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	22,988,117	23,736,044	24,603,979	25,270,834	25,910,511	26,566,567
3.020 - Employee Benefits	9,671,014	9,478,282	10,593,656	11,100,903	11,625,248	12,176,686
3.030 - Purchased Services	9,349,714	11,237,835	11,146,954	11,465,205	11,795,652	12,138,864
3.040 - Supplies and Materials	1,064,053	1,061,209	1,077,070	1,098,133	1,119,612	1,145,188
3.050 - Capital Outlay	1,037,698	(492,748)	45,700	47,414	49,642	50,885
Intergovernmental & Debt Service	37,223	35,652	35,644	35,644	5,941	-
4.300 - Other Objects	388,718	391,821	397,167	401,594	406,074	410,608
<b>4.500 - Total Expenditures</b>	<b>44,536,538</b>	<b>45,448,095</b>	<b>47,900,170</b>	<b>49,419,727</b>	<b>50,912,680</b>	<b>52,488,798</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	92,350	75,000	75,000	75,000	75,000	75,000
5.020 - Advances-Out	66,988	55,000	55,000	55,000	55,000	55,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>159,338</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>44,695,876</b>	<b>45,578,095</b>	<b>48,030,170</b>	<b>49,549,727</b>	<b>51,042,680</b>	<b>52,618,798</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>504,521</b>	<b>525,013</b>	<b>(2,018,725)</b>	<b>(3,702,348)</b>	<b>(8,010,158)</b>	<b>(12,211,738)</b>
7.010 - Cash Balance July 1 (No Levies)	8,309,168	8,813,689	9,338,702	7,319,977	3,617,629	(4,392,529)
7.020 - Cash Balance June 30 (No Levies)	8,813,689	9,338,702	7,319,977	3,617,629	(4,392,529)	(16,604,267)
		Reservations				
8.010 - Estimated Encumbrances June 30	2,539,802	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>6,273,887</b>	<b>9,338,702</b>	<b>7,319,977</b>	<b>3,617,629</b>	<b>(4,392,529)</b>	<b>(16,604,267)</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	2,509,203	5,030,428
11.030 - Cumulative Balance of Levies	-	-	-	-	2,509,203	7,539,631
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>6,273,887</b>	<b>9,338,702</b>	<b>7,319,977</b>	<b>3,617,629</b>	<b>(1,883,326)</b>	<b>(9,064,636)</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>6,273,887</b>	<b>9,338,702</b>	<b>7,319,977</b>	<b>3,617,629</b>	<b>(1,883,326)</b>	<b>(9,064,636)</b>

**Austintown Local Schools**  
**Schedule Of Revenue, Expenditures and Changes In Fund Balances**  
**Actual and Forecasted Operating Fund**

	ACTUAL			FORECASTED				
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
<b>Revenue:</b>								
1.010 - General Property Tax (Real Estate)	15,330,052	15,633,918	15,688,325	15,584,724	15,697,057	15,767,871	13,780,813	11,761,363
1.020 - Public Utility Personal Property	1,084,099	962,122	1,008,101	1,051,344	1,095,024	1,138,704	1,048,197	952,809
1.035 - Unrestricted Grants-in-Aid	21,004,864	20,159,047	20,382,039	21,509,716	21,509,643	21,510,938	21,508,937	21,508,073
1.040 - Restricted Grants-in-Aid	583,792	728,472	680,543	686,364	677,627	669,642	668,243	664,619
1.050 - Property Tax Allocation	2,374,819	2,365,659	2,347,468	2,331,814	2,335,846	2,342,719	2,031,137	1,716,124
1.060 - All Other Operating Revenues	4,550,848	4,753,401	4,747,099	4,622,158	4,441,248	4,212,505	3,840,195	3,699,072
<b>1.070 - Total Revenue</b>	<b>44,928,474</b>	<b>44,602,619</b>	<b>44,853,574</b>	<b>45,786,120</b>	<b>45,756,445</b>	<b>45,642,379</b>	<b>42,877,522</b>	<b>40,302,060</b>
<b>Other Financing Sources:</b>								
2.040 - Operating Transfers-In	97,000	60,650	-	-	-	-	-	-
2.050 - Advances-In	-	-	54,560	66,988	55,000	55,000	55,000	55,000
2.060 - All Other Financing Sources	304,475	276,919	292,263	250,000	200,000	150,000	100,000	50,000
<b>2.070 - Total Other Financing Sources</b>	<b>401,475</b>	<b>337,569</b>	<b>346,823</b>	<b>316,988</b>	<b>255,000</b>	<b>205,000</b>	<b>155,000</b>	<b>105,000</b>
<b>2.080 - Total Revenues and Other Financing Sources</b>	<b>45,329,949</b>	<b>44,940,188</b>	<b>45,200,397</b>	<b>46,103,108</b>	<b>46,011,445</b>	<b>45,847,379</b>	<b>43,032,522</b>	<b>40,407,060</b>
<b>Expenditures:</b>								
3.010 - Personnel Services	22,170,032	22,529,077	22,988,117	23,736,044	24,603,979	25,270,834	25,910,511	26,566,567
3.020 - Employees' Retirement/Insurance Benefits	8,890,269	8,695,677	9,671,014	9,478,282	10,593,656	11,100,903	11,625,248	12,176,686
3.030 - Purchased Services	8,754,114	9,321,291	9,349,714	11,237,835	11,146,954	11,465,205	11,795,652	12,138,864
3.040 - Supplies and Materials	801,924	1,089,234	1,064,053	1,061,209	1,077,070	1,098,133	1,119,612	1,145,188
3.050 - Capital Outlay	271,075	198,756	1,037,698	(492,748)	45,700	47,414	49,642	50,885
<b>Debt Service:</b>								
4.010 - Principal-All Years	27,237	28,577	30,007	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	30,708	32,894	34,520	4,471	-
4.060 - Interest and Fiscal Charges	8,407	7,216	7,216	4,944	2,750	1,124	1,470	-
4.300 - Other Objects	427,857	403,683	388,718	391,821	397,167	401,594	406,074	410,608
<b>4.500 - Total Expenditures</b>	<b>41,350,915</b>	<b>42,273,511</b>	<b>44,536,538</b>	<b>45,448,095</b>	<b>47,900,170</b>	<b>49,419,727</b>	<b>50,912,680</b>	<b>52,488,798</b>
<b>Other Financing Uses</b>								
5.010 - Operating Transfers-Out	2,412,445	2,107,759	92,350	75,000	75,000	75,000	75,000	75,000
5.020 - Advances-Out	-	54,560	66,988	55,000	55,000	55,000	55,000	55,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>2,412,445</b>	<b>2,162,319</b>	<b>159,338</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>
<b>5.050 - Total Expenditures and Other Financing Uses</b>	<b>43,763,360</b>	<b>44,435,830</b>	<b>44,695,876</b>	<b>45,578,095</b>	<b>48,030,170</b>	<b>49,549,727</b>	<b>51,042,680</b>	<b>52,618,798</b>
<b>Excess of Rev &amp; Other Financing Uses Over (Under)</b>								
<b>6.010 - Expenditures and Other Financing Uses</b>	<b>1,566,589</b>	<b>504,358</b>	<b>504,521</b>	<b>525,013</b>	<b>(2,018,725)</b>	<b>(3,702,348)</b>	<b>(8,010,158)</b>	<b>(12,211,738)</b>
<b>Cash Balance July 1 - Excluding Proposed Renewal/</b>								
<b>7.010 - Replacement and New Levies</b>	<b>6,238,221</b>	<b>7,804,810</b>	<b>8,309,168</b>	<b>8,813,689</b>	<b>9,338,702</b>	<b>7,319,977</b>	<b>3,617,629</b>	<b>(4,392,529)</b>
<b>7.020 - Cash Balance June 30</b>	<b>7,804,810</b>	<b>8,309,168</b>	<b>8,813,689</b>	<b>9,338,702</b>	<b>7,319,977</b>	<b>3,617,629</b>	<b>(4,392,529)</b>	<b>(16,604,267)</b>
<b>8.010 - Estimated Encumbrances June 30</b>	<b>172,909</b>	<b>674,725</b>	<b>2,539,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance June 30 for Certification</b>								
<b>10.010 - of Appropriations</b>	<b>7,631,901</b>	<b>7,634,443</b>	<b>6,273,887</b>	<b>9,338,702</b>	<b>7,319,977</b>	<b>3,617,629</b>	<b>(4,392,529)</b>	<b>(16,604,267)</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	2,509,203	5,030,428
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	2,509,203	7,539,631
<b>Fund Balance June 30 for Certification</b>								
<b>12.010 - of Contracts, Salary and Other Obligations</b>	<b>7,631,901</b>	<b>7,634,443</b>	<b>6,273,887</b>	<b>9,338,702</b>	<b>7,319,977</b>	<b>3,617,629</b>	<b>(1,883,326)</b>	<b>(9,064,636)</b>
<b>Revenue from New Levies</b>								
13.010 - Income Tax - New	-	-	-	-	-	-	-	-
13.020 - Property Tax - New	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>7,631,901</b>	<b>7,634,443</b>	<b>6,273,887</b>	<b>9,338,702</b>	<b>7,319,977</b>	<b>3,617,629</b>	<b>(1,883,326)</b>	<b>(9,064,636)</b>