

Austintown Local School District

Five Year Forecast Financial Report

May, 2022

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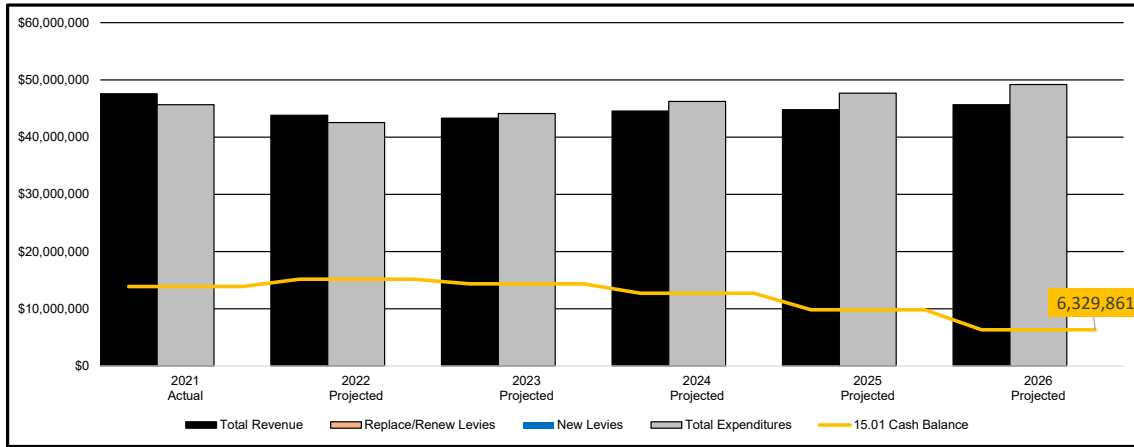
Forecast Purpose/Objectives

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

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

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

Forecast Summary



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus	13,879,600	15,167,689	14,368,575	12,708,614	9,840,391
+ Revenue	43,822,298	43,323,849	44,556,929	44,795,032	45,677,256
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(42,534,210)	(44,122,963)	(46,216,889)	(47,663,256)	(49,187,786)
= Revenue Surplus or Deficit	1,288,088	(799,114)	(1,659,960)	(2,868,224)	(3,510,530)
Line 7.020 Ending Balance with renewal/new levies	15,167,689	14,368,575	12,708,614	9,840,391	6,329,861

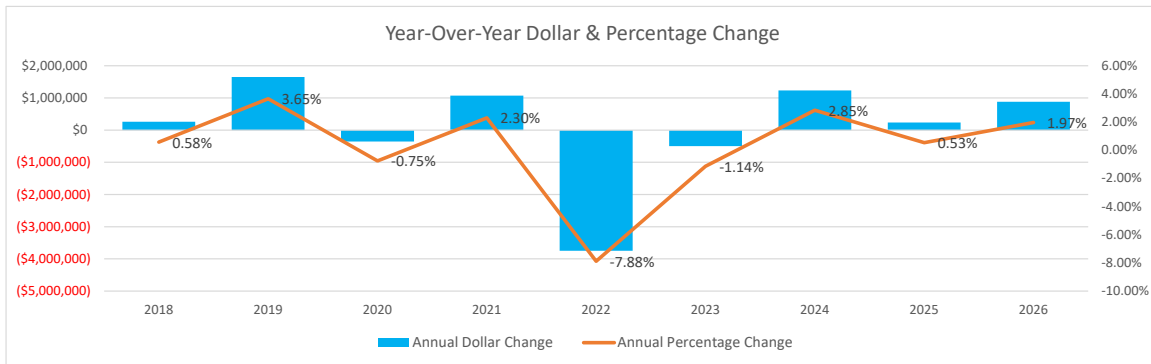
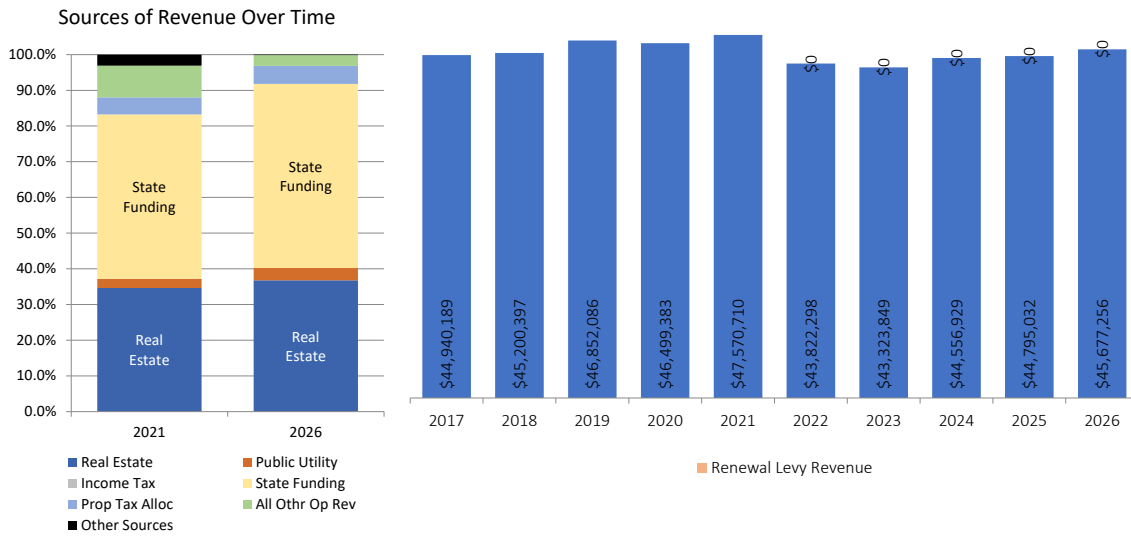
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,288,088	(799,114)	(1,659,960)	(2,868,224)	(3,510,530)
Ending Balance w/o Levies	15,167,689	14,368,575	12,708,614	9,840,391	6,329,861

In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,288,088 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$3,510,530. The district would need to cut its FY 2026 projected expenses by 7.14% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

Revenue Overview



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 0.97% or \$448,152 annually during the past 5-Year period and is projected to decrease -0.85% or -\$378,691 annually through FY2026. All Othr Op Rev has the most projected average annual variance compared to the historical average at -\$510,936
Real Estate	\$264,853	\$66,272	(\$198,581)	
Public Utility	\$73,259	\$67,078	(\$6,181)	
Income Tax	\$0	\$0	\$0	
State Funding	\$272,985	\$332,473	\$59,488	
Prop Tax Allocation	(\$23,014)	\$6,715	\$29,728	
All Othr Op Rev	(\$169,365)	(\$573,305)	(\$403,940)	
Other Sources	\$371,387	(\$277,923)	(\$649,310)	
Total Average Annual Change	\$790,105 0.97%	(\$378,691) -0.85%	(\$1,168,795) -1.82%	

Note: Expenditure average annual change is projected to be > \$702,922. On an annual average basis, expenditures are projected to grow faster than revenue.

Revenue Notes

REAL ESTATE REVENUE

Real estate property tax revenue accounts for 34.65% of total revenue. Class I or residential/agricultural taxes make up approximately 64.36% of the real estate property tax revenue. The Class I tax rate is 26.79 mills in tax year 2021. The projections reflect an average gross collection rate of 99.8% annually through tax year 2025. The revenue changed at an average annual historical rate of 1.45% and is projected to change at an average annual rate of 0.40% through FY 2026.

PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

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 2.58% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 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 \$28,756 and is projected to change at an average annual dollar amount of \$67,078 through FY 2026.

INCOME TAX REVENUE

The district does not have an income tax levy.

UNRESTRICTED STATE AID REVENUE

Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data. For Austintown Local School District the calculated Base Cost total is \$31,416,750 in FY 2022. The state's share of the calculated Base Cost total is \$17,086,458 or \$4,198 per pupil.

The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$4,412,337 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure.

RESTRICTED STATE AID REVENUE

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 \$18,554 and is projected to change annually on average by \$396,943. Restricted funds represent 1.55% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$698,101. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

PROPERTY TAX ALLOCATION REVENUE

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 2022, approximately 12.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 5.5% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

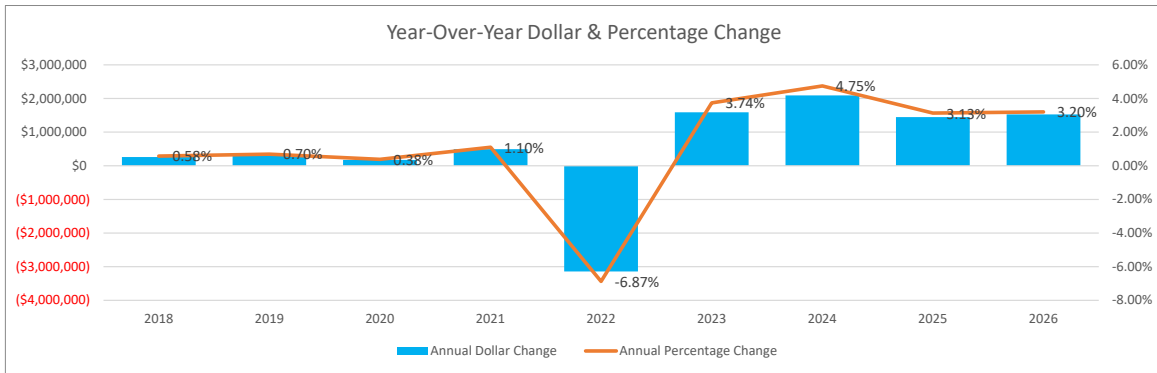
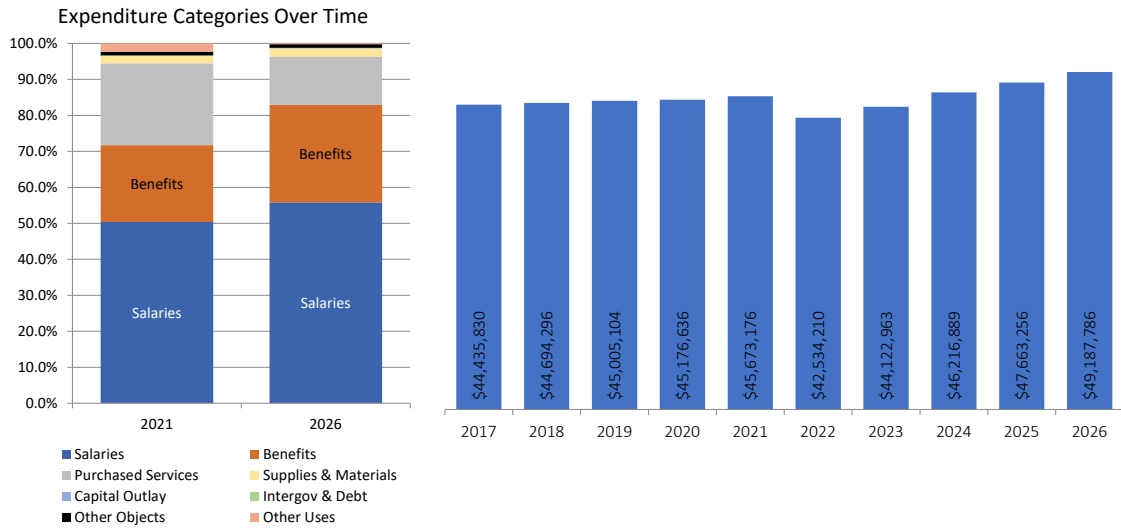
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$62,369. The projected average annual change is -\$573,305 through FY 2026. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$3,033,467 in FY 2021.

OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$12,708 as advances-in and is projecting advances of \$0 in FY 2022. 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 \$56,369 in FY 2022 and average \$56,369 annually through FY 2026.

ADDITIONAL REVENUE NOTES

Expenditure Overview



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 0.85% or \$381,963 annually during the past 5-Year period and is projected to increase 1.54% or \$702,922 annually through FY2026. Purchased Services has the largest projected average annual variance compared to the historical average at -\$1,081,779.
Salaries	\$4,044	\$888,682	\$884,638	
Benefits	\$26,967	\$716,817	\$689,849	
Purchased Services	\$343,439	(\$756,595)	(\$1,100,035)	
Supplies & Materials	(\$24,775)	\$29,441	\$54,216	
Capital Outlay	(\$343,187)	\$11,086	\$354,273	
Intergov & Debt	\$990	(\$7,723)	(\$8,713)	
Other Objects	\$25,723	\$5,937	(\$19,786)	
Other Uses	\$293,092	(\$184,723)	(\$477,815)	
Total Average Annual Change	\$326,293 0.85%	\$702,922 1.54%	\$376,629 0.69%	

Note: Expenditure average annual change is projected to be > \$702,922

On an annual average basis, revenue are projected to contract while expenditures grows

Expenditure Notes

SALARY EXPENSE

Salaries represent 50.36% of total expenditures and increased at a historical average annual rate of 0.72% or \$166,043. This category of expenditure is projected to grow at an annual average rate of 3.42% or \$888,682 through FY 2026. The projected average annual rate of change is 2.70% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 21.35% of total expenditures and increased at a historical average annual rate of 1.83% This category of expenditure is projected to grow at an annual average rate of 6.07% through FY 2026. The projected average annual rate of change is 4.24% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased Services represent 22.73% of total expenditures and increased at a historical average annual rate of 3.23%. This category of expenditure is projected to decrease at an annual average rate of -11.96% through FY 2026 The FSNP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$4,412,337. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 2.17% of total expenditures and increased at a historical average annual rate of 3.92%. This category of expenditure is projected to grow at an annual average rate of 2.71% through FY 2026. The projected average annual rate of change is -1.21% less than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 0.02% of total expenditures and decreased at a historical average annual amount of -\$52,588. This category of expenditure is projected to g

INTERGOVERNMENTAL & DEBT EXPENSE

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

OTHER OBJECTS EXPENSE

Other Objects represent 1.02% of total expenditures and increased at a historical average annual rate of 1.75%. This category of expenditure is projected to grow at an annual average rate of 1.23% through FY 2026. The projected average annual rate of change is -0.53% less than the five year historical annual average.

OTHER USES EXPENSES

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 2021 the district had no advances-out and has advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds, the district has transfers forecasted through FY 2026. The district can also have other uses of funds.

ADDITIONAL EXPENDITURE NOTES

Austintown Local School District

Five Year Forecast

May, 2022

Fiscal Year:	Actual			FORECASTED				
	2019	2020	2021	2022	2023	2024	2025	2026
Revenue:								
1.010 - General Property Tax (Real Estate)	15,804,810	15,767,935	16,482,882	16,821,073	16,243,858	16,632,533	16,765,574	16,814,241
1.020 - Public Utility Personal Property	1,067,230	1,133,802	1,227,878	1,317,234	1,381,058	1,443,150	1,503,208	1,563,266
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	21,509,764	20,600,385	21,145,332	20,311,065	20,255,749	20,548,996	20,358,551	20,822,980
1.040 - Restricted Grants-in-Aid	760,625	749,024	736,203	1,664,933	1,774,074	2,221,811	2,426,398	2,720,920
1.050 - Property Tax Allocation	2,322,594	2,310,550	2,278,427	2,250,672	2,254,082	2,286,495	2,307,744	2,312,000
1.060 - All Other Operating Revenues	4,996,050	5,196,491	4,239,005	1,399,466	1,343,659	1,352,575	1,362,188	1,372,481
1.070 - Total Revenue	46,461,073	45,758,187	46,109,727	43,764,443	43,252,480	44,485,560	44,723,663	45,605,888
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	32,104	32,674	38,614	1,486	-	-	-	-
2.050 - Advances-In	66,988	1,551	12,708	-	15,000	15,000	15,000	15,000
2.060 - All Other Financing Sources	291,920	706,970	1,409,661	56,369	56,369	56,369	56,369	56,369
2.070 - Total Other Financing Sources	391,012	741,196	1,460,984	57,855	71,369	71,369	71,369	71,369
2.080 - Total Rev & Other Sources	46,852,086	46,499,383	47,570,710	43,822,298	43,323,849	44,556,929	44,795,032	45,677,256
Expenditures:								
3.010 - Personnel Services	23,705,072	23,714,662	23,000,247	24,432,306	25,065,238	26,193,659	26,810,282	27,443,657
3.020 - Employee Benefits	9,311,495	9,675,219	9,751,915	10,056,060	11,109,481	11,912,253	12,599,873	13,335,999
3.030 - Purchased Services	10,959,446	10,355,476	10,380,033	5,985,219	6,222,435	6,344,649	6,467,830	6,597,057
3.040 - Supplies and Materials	825,773	825,008	989,730	1,010,209	1,068,760	1,103,195	1,116,671	1,136,937
3.050 - Capital Outlay	(488,674)	38,645	8,136	62,037	63,045	63,565	63,565	63,565
Intergovernmental & Debt Service	32,674	32,674	38,614	0	0	0	0	0
4.300 - Other Objects	484,923	425,795	465,886	473,378	479,003	484,569	490,034	495,572
4.500 - Total Expenditures	44,830,708	45,067,478	44,634,561	42,019,209	44,007,962	46,101,888	47,548,255	49,072,785
Other Financing Uses								
5.010 - Operating Transfers-Out	160,026	109,158	1,038,614	500,001	100,001	100,001	100,001	100,001
5.020 - Advances-Out	14,370	-	-	15,000	15,000	15,000	15,000	15,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	174,396	109,158	1,038,614	515,001	115,001	115,001	115,001	115,001
5.050 - Total Exp and Other Financing Uses	45,005,104	45,176,636	45,673,176	42,534,210	44,122,963	46,216,889	47,663,256	49,187,786
6.010 - Excess of Rev Over/(Under) Exp	1,846,982	1,322,746	1,897,535	1,288,088	(799,114)	(1,659,960)	(2,868,224)	(3,510,530)
7.010 - Cash Balance July 1 (No Levies)	8,812,338	10,659,319	11,982,066	13,879,600	15,167,689	14,368,575	12,708,614	9,840,391
7.020 - Cash Balance June 30 (No Levies)	10,659,319	11,982,066	13,879,600	15,167,689	14,368,575	12,708,614	9,840,391	6,329,861
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	10,659,319	11,982,066	13,879,600	15,167,689	14,368,575	12,708,614	9,840,391	6,329,861
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	10,659,319	11,982,066	13,879,600	15,167,689	14,368,575	12,708,614	9,840,391	6,329,861
Revenue from New Levies								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	10,659,319	11,982,066	13,879,600	15,167,689	14,368,575	12,708,614	9,840,391	6,329,861