

Avon Lake City Schools 5 Year Forecast



PRESENTED AT THE SPECIAL BOARD MEETING

NOVEMBER 29, 2023

FORECAST METHODOLOGY

WHAT GOES INTO THE FORECAST & WHY?

- Forecast reflects **only** the General Fund
- Forecast **does not** include Bond Retirement Funds, Permanent Improvement Funds, Food Service Funds or Federal Grant Funds
- Based upon historical trends & current factors
- Forecast variables can change throughout the fiscal year
- Provides the district's financial trend over time & a roadmap for decisions aimed at encouraging financial sustainability & stability

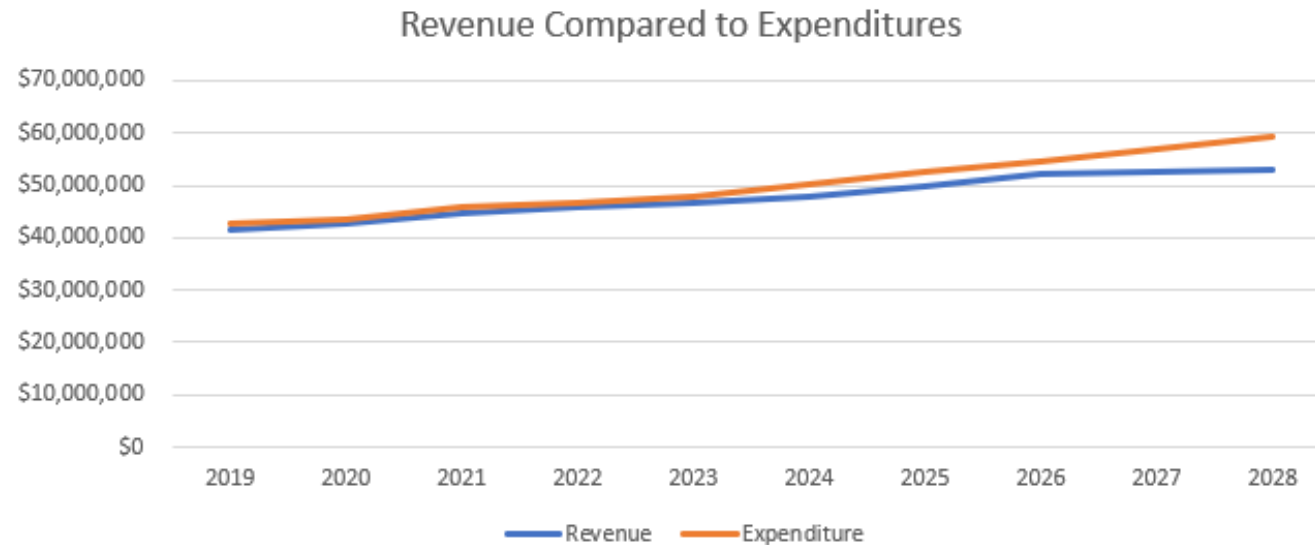
SIMPLIFIED FORECAST

NOVEMBER 2023

	2024	2025	2026	2027	2028
Beginning Cash Balance	\$12,984,594	\$10,340,007	\$7,447,819	\$4,754,295	\$521,191
+ Revenue	\$47,687,997	\$49,886,587	\$52,000,922	\$52,641,060	\$53,125,388
+ Renewal Levies	\$0	\$0	\$0	\$0	\$0
+ New Levies	\$0	\$0	\$0	\$0	\$0
- Expenditures	\$50,332,584	\$52,778,775	\$54,694,446	\$56,874,164	\$59,489,829
= Revenue Surplus or Deficit	-\$2,644,587	-\$2,892,188	-\$2,693,524	-\$4,233,104	-\$6,364,441
Ending Cash Balance with Levies	\$10,340,007	\$7,447,819	\$4,754,295	\$521,191	-\$5,843,250
Revenue Surplus or Deficit without Levies	-\$2,644,587	-\$2,892,188	-\$2,693,524	-\$4,233,104	-\$6,364,441
Ending Cash Balance without Levies	\$10,340,007	\$7,447,819	\$4,754,295	\$521,191	-\$5,843,250

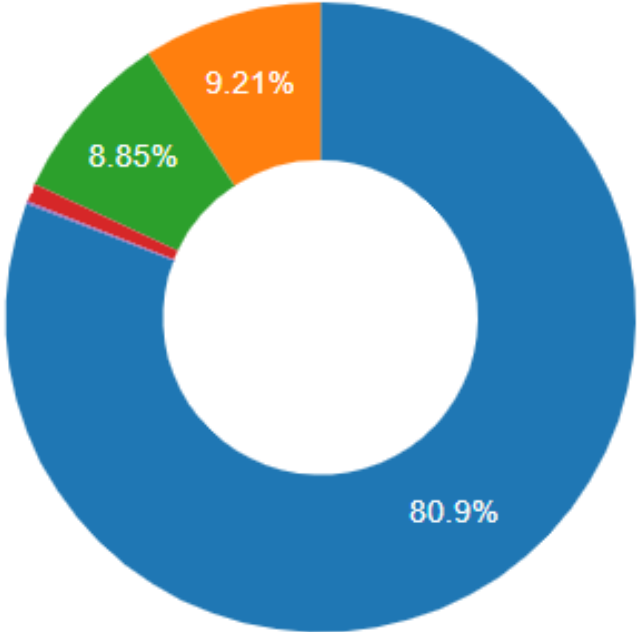
**Balances not reduced for encumbrances or reservations

REVENUE COMPARED TO EXPENDITURES



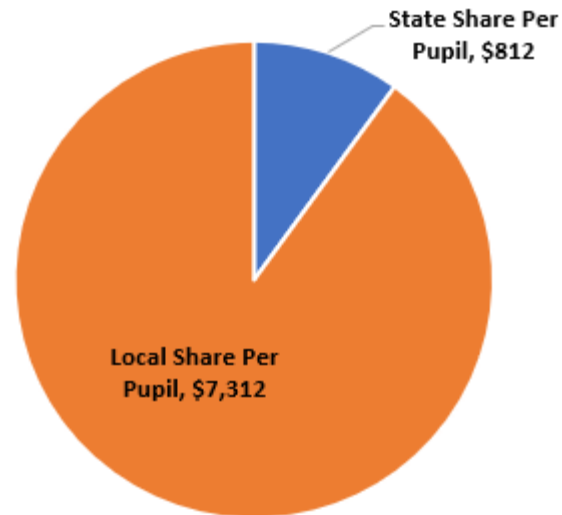
- District began deficit spending in FY 2020
- Expenses are projected to be greater than revenue by approximately \$2.6 million in FY 2024

GENERAL FUND CURRENT YEAR REVENUE BY SOURCE



- Local Sources
- Property Tax Reimbursements
- State Sources
- Intermediate and Other Sources

STATE & LOCAL SHARE OF BASE COST



- Using the Fair School Funding Plan local capacity methodology the District's total base cost per pupil is \$8,124 for FY 2024
- The State share per pupil is \$812
- The Local share per pupil is \$7,312

POWER PLANT PROPERTY

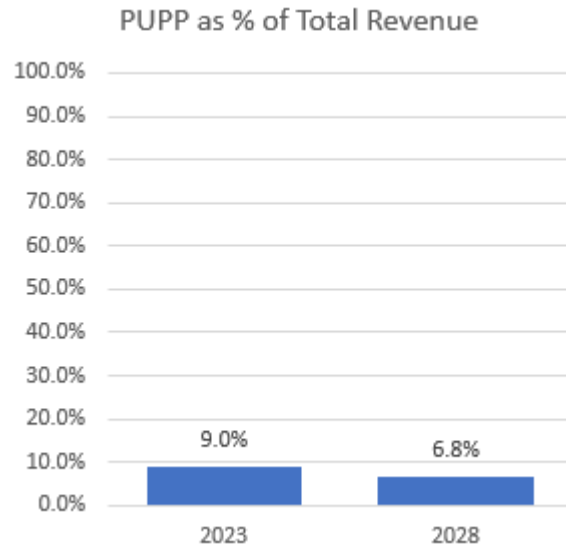
KNOWN

- Power Plant shut down in April 2022
- PUPP revenue loss was approximately \$1.3M
- ALERG filed real estate complaint to reduce TY 2022 real estate value
- BOR reduced value by \$12M, which is factored into Forecast
- ALERG filed appeal with BTA seeking further reduction scheduled to be heard in 2024

UNKNOWN

- Timing of when the property will be redeveloped to determine its taxability & value are unknown
- Outcome of pending BTA real estate appeal is unknown, but if the BTA decreases the real estate value the District would owe ALERG a refund if taxes are paid as billed
- If value is reduced there would be partial tax burden shift associated with fixed sum levies (i.e. emergency, substitute levy & bond levies)

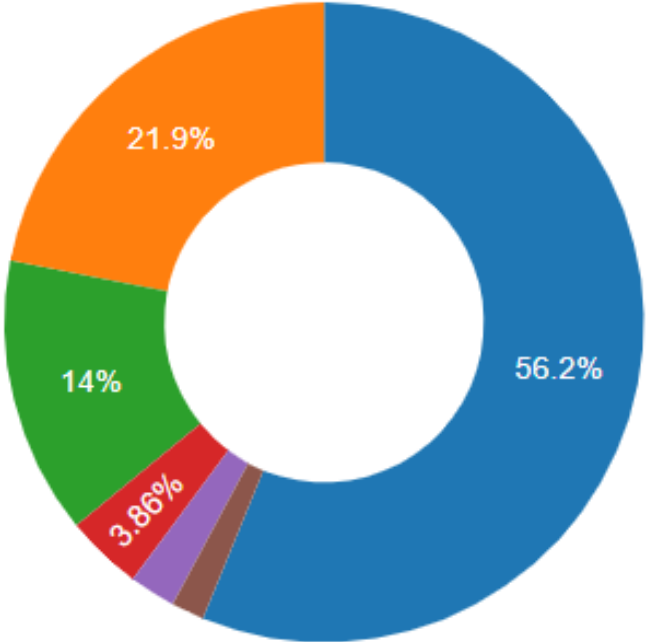
PUPP VALUES & TAX RATES



Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2022	64,184,560	(17,175,980)	62.29	0.20	64.3%
2023	59,151,120	(5,033,440)	62.34	0.05	145.1%
2024	59,151,120	-	60.83	(1.51)	100.0%
2025	59,151,120	-	60.83	(0.00)	100.0%
2026	59,151,120	-	60.83	(0.00)	100.0%
2027	59,151,120	-	60.83	(0.00)	100.0%

- Values decreased approximately \$17M in tax year 2022
- Values decreased approximately \$5M in tax year 2023
- PUPP revenue represented 9% of total revenue in FY23 and is projected to decrease to 6.8% by FY28
- Values have been historically inconsistent; therefore, the Forecast does not project large increases in PUPP value moving forward
- Several public utility taxpayers paid their taxes late thus skewing collection rates for TY 2022 & TY 2023

GENERAL FUND CURRENT YEAR EXPENSES BY OBJECT

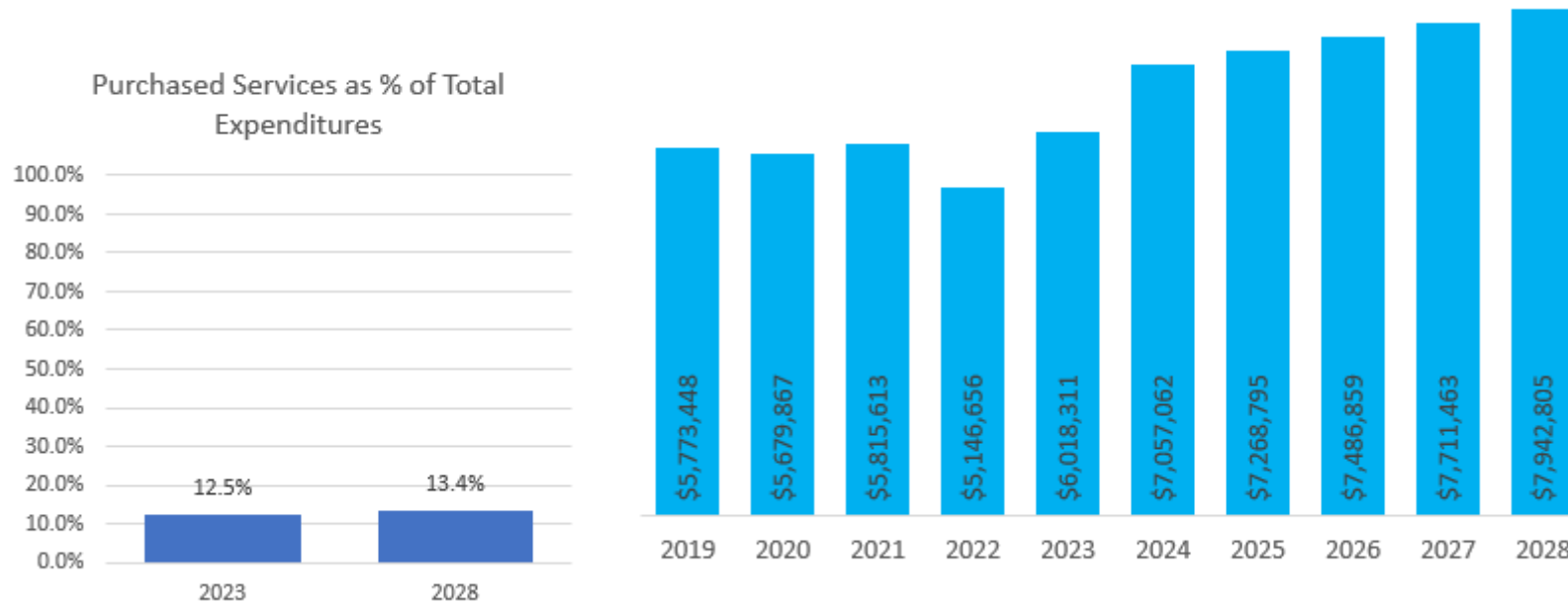


- Salaries & Wages (100)
- Benefits (200)
- Purchased Services (400)
- Supplies (500)
- Capital Outlay (600)
- Other (800-900)

SALARIES & BENEFITS

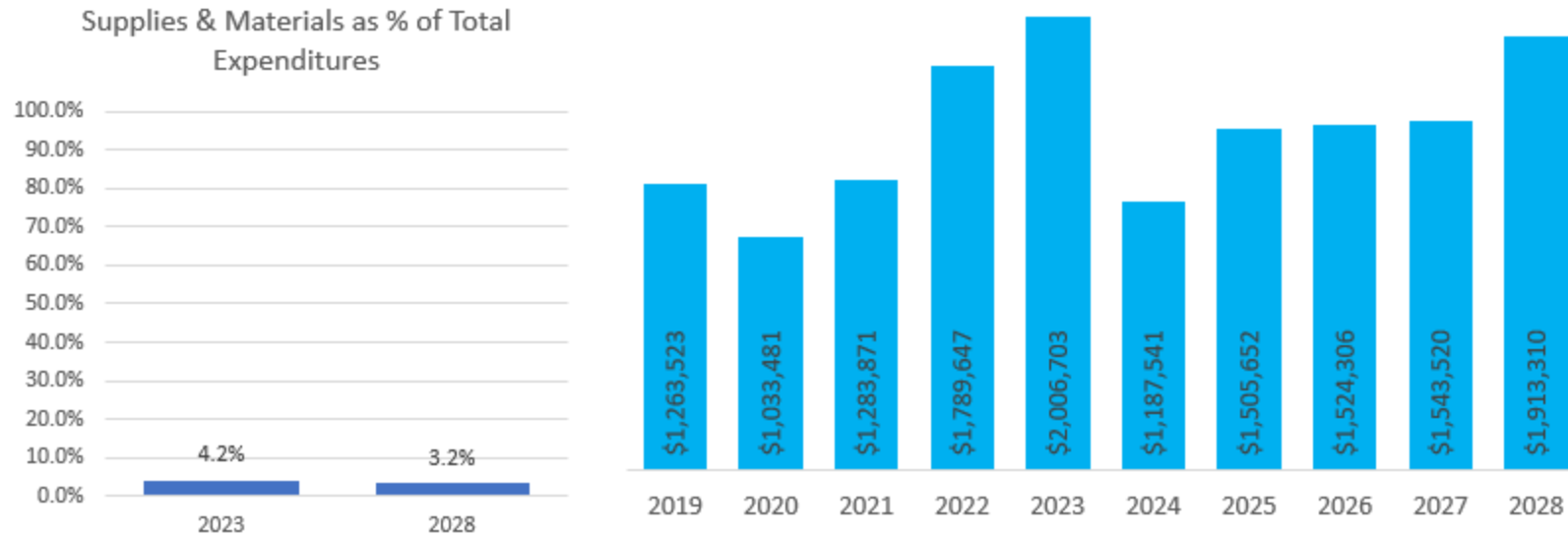
- Collective Bargaining Agreements with ALEA & OAPSE are factored into the Forecast
- Certified base wage increases 1% with step in FY 2024
- Classified base wage increases 1.5% with step in FY 2024
- 1% base increase & step advancement is modeled for FY 2024 – FY 2028
- Claims utilization within the Suburban Health Consortium are the driver for 13% increase in FY 2024
- 12% increase is modeled for FY 2025 – FY 2028

PURCHASED SERVICES



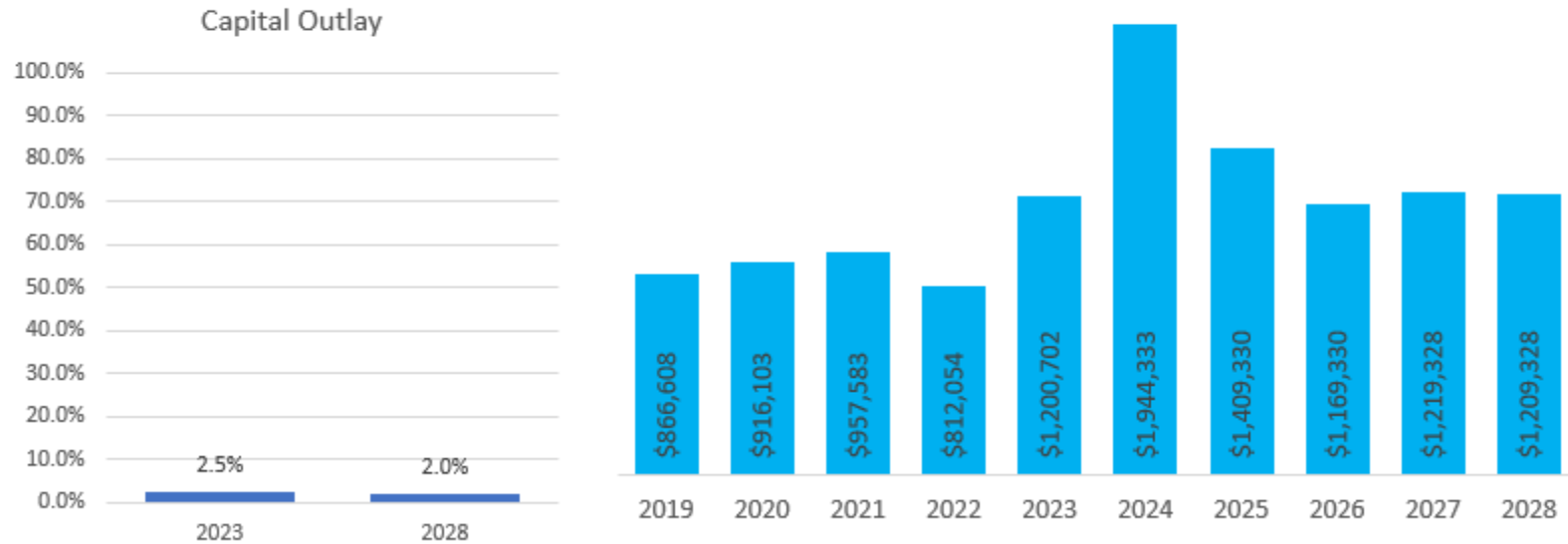
- Expenditures for services rendered, tuition paid to other districts, utilities costs and other services which the school district may purchase

SUPPLIES



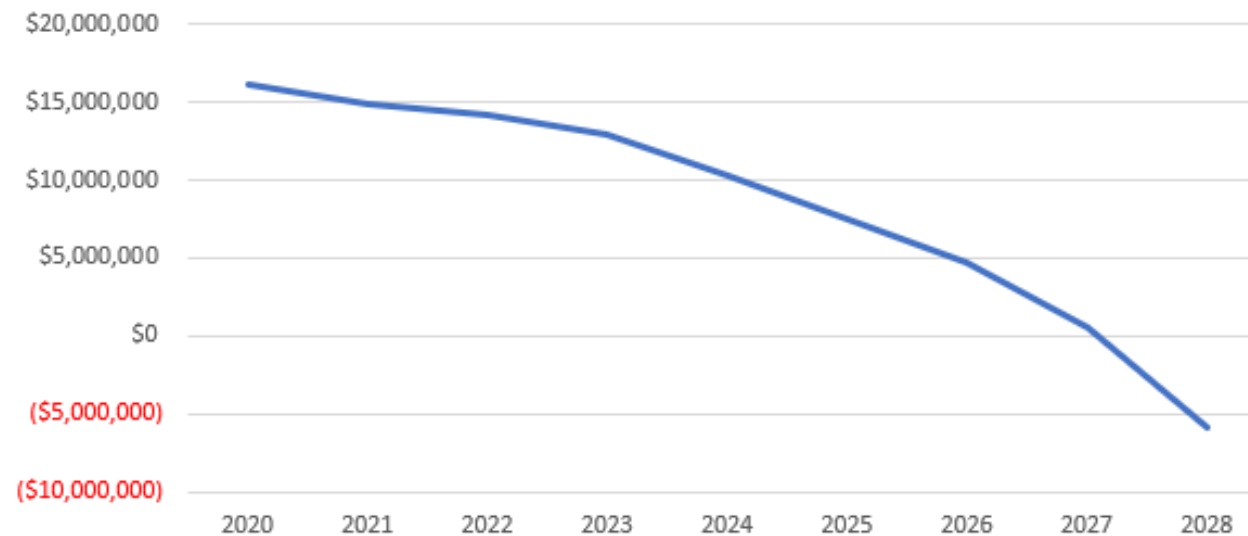
- Expenditures for general supplies, instructional materials including textbooks, bus fuel and all other maintenance supplies

CAPITAL OUTLAY



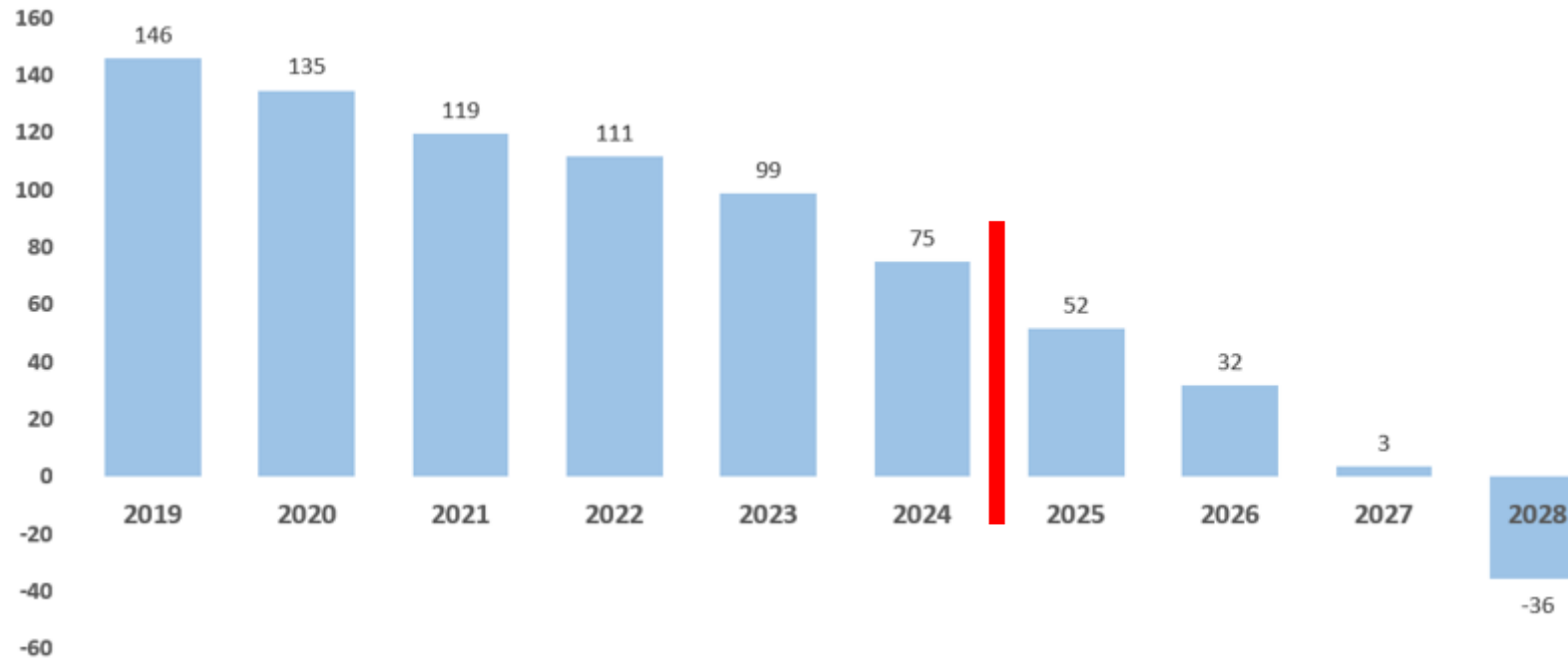
- Expenditures for items having at least a 5 year life expectancy such as equipment, computers/technology and furnishings
- FY 2024 includes expenses related to replacing the tennis courts

PROJECTED CASH BALANCE



- Cash balance will continue to erode financial stability over time if expenses continue to exceed revenue
- By the end of the Forecast, FY 2028, the District would need to cut expenditures by more than 10% in order to balance its budget without additional revenue
- The last operating levy was a \$7.5M Emergency Levy passed in 2013 for a 10 year period of time

CALENDAR DAYS CASH ON HAND



- Government Finance Officers Association (GFOA) recommends at a minimum that general purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of **no less than two months** of regular general fund operating revenues or regular general fund operating expenditures

QUESTIONS?



AUTUMN REED, TREASURER

440-933-5163

AUTUMN.REED@AVONLAKECITYSCHOOLS.ORG

X @ALCSTREASURER