



Avon Lake City Schools

Superintendent - Joelle Magyar Treasurer - Autumn Reed

5 Year Forecast - November 2024

FORECAST METHODOLOGY

WHAT GOES INTO THE FORECAST & WHY?

- Required by Ohio Revised Code to be approved by the Board of Education & submitted to the Ohio Department of Education & Workforce in November and May
- Forecast reflects only the General Fund
- Forecast is prepared based upon historical trends & current factors
- Variables can change at any time – the Forecast is a snapshot at a specific point in time
- Intent is to provide the district's financial trend over time & be a roadmap for decisions aimed at encouraging financial sustainability & stability



SIMPLIFIED FINANCIAL STATEMENT

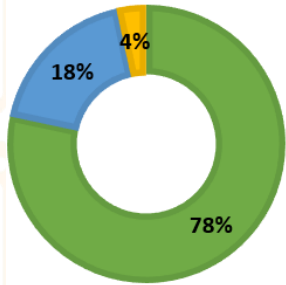
	2025	2026	2027	2028	2029
Beginning Cash Balance	\$11,191,012	\$7,994,965	\$7,978,660	\$6,451,693	\$3,544,351
+ Revenue	\$50,798,287	\$54,079,428	\$54,700,965	\$56,548,948	\$58,191,384
+ Renewal Levies	\$0	\$0	\$0	\$0	\$0
+ New Levies	\$0	\$0	\$0	\$0	\$0
- Expenditures	\$53,994,334	\$54,095,733	\$56,227,932	\$59,456,290	\$62,271,220
= Revenue Surplus or Deficit	-\$3,196,047	-\$16,305	-\$1,526,967	-\$2,907,342	-\$4,079,836
Ending Cash Balance with Levies	\$7,994,965	\$7,978,660	\$6,451,693	\$3,544,351	-\$535,485
Revenue Surplus or Deficit without Levies	-\$3,196,047	-\$16,305	-\$1,526,967	-\$2,907,342	-\$4,079,836
Ending Cash Balance without Levies	\$7,994,965	\$7,978,660	\$6,451,693	\$3,544,351	-\$535,485

**Balances not reduced for encumbrances or reservations

- Monthly operating expenses in FY25 are approximately \$4.5 million
- A school district should have at least 60 days cash on hand or \$9 million for FY25
- Projected cash balances are not sufficient to continue to operate as we are today

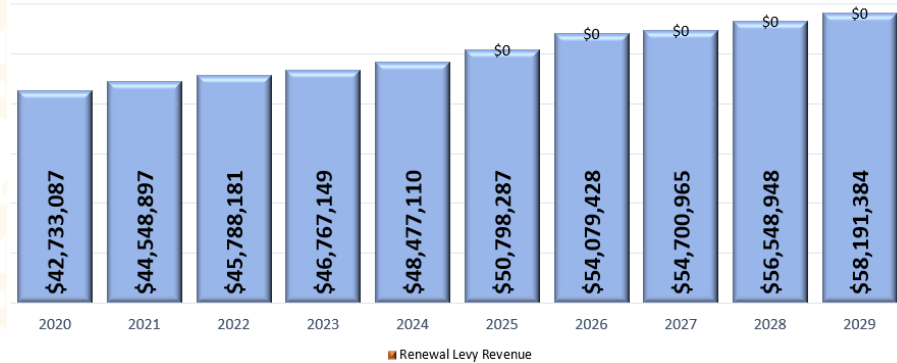
REVENUE OVERVIEW

Sources of Revenue



Local Taxes	
Real Estate Tax	71.01%
Public Utility Tax	7.32%
Income Tax	0.00%
State Sources	
State Funding	8.04%
Restricted Aid	0.75%
State Share of Local Tax	9.50%
All Other Revenue	
Other Revenue	2.73%
Other Sources	0.65%

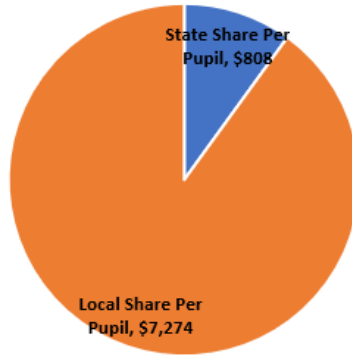
Annual Revenue Actual + Projected



- Local revenue is greater in FY25 due to reappraisal, being on the 20 mill floor, inside millage & new construction growth
- Until a district reaches the state minimum millage referred to as the 20 mill floor fixed rate levies are adjusted downward as values rise to offset inflationary growth. As a result, districts collect relatively the same amount of revenue as when the levies were passed. Being at the 20 mill floor in FY25 will yield inflationary growth on fixed rate levies only. Fixed sum levies are not included in the millage floor.
- General Fund levies are comprised of 58% fixed rate levies & 42% fixed sum levies
- State funding includes per pupil base cost funding & other funding components (i.e. transportation, gifted, casino revenue, etc.) & represents approximately 8% of our revenue

OHIO'S FAIR SCHOOL FUNDING PLAN (FSFP) BASE COST STATE SHARE LOCAL CAPACITY METHODOLOGY

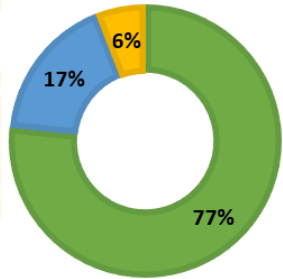
FY 25 Base Cost per Pupil



- Using the FSFP base cost methodology Avon Lake Schools total per pupil base cost is \$8,082
- In the State's eyes Avon Lake Schools has a greater capacity to tax locally; therefore, the State only provides \$808 of the \$8,082 in per pupil funding to the District
- Statewide average to educate a student is approximately \$15,500

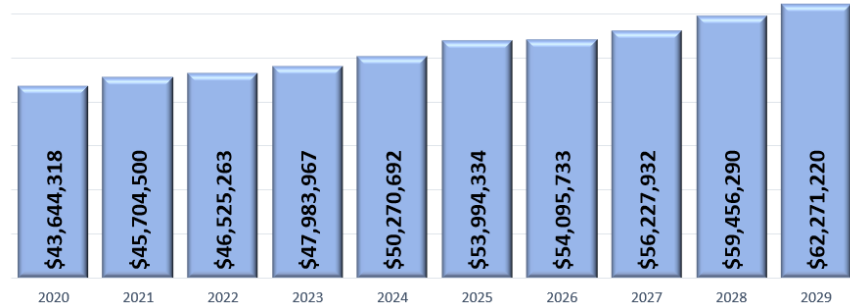
EXPENDITURE OVERVIEW

Expenditure Categories



Personnel Costs	
Salaries	54.11%
Benefits	22.52%
Purchased Services	
	17.49%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	5.88%
Other Uses	0.00%

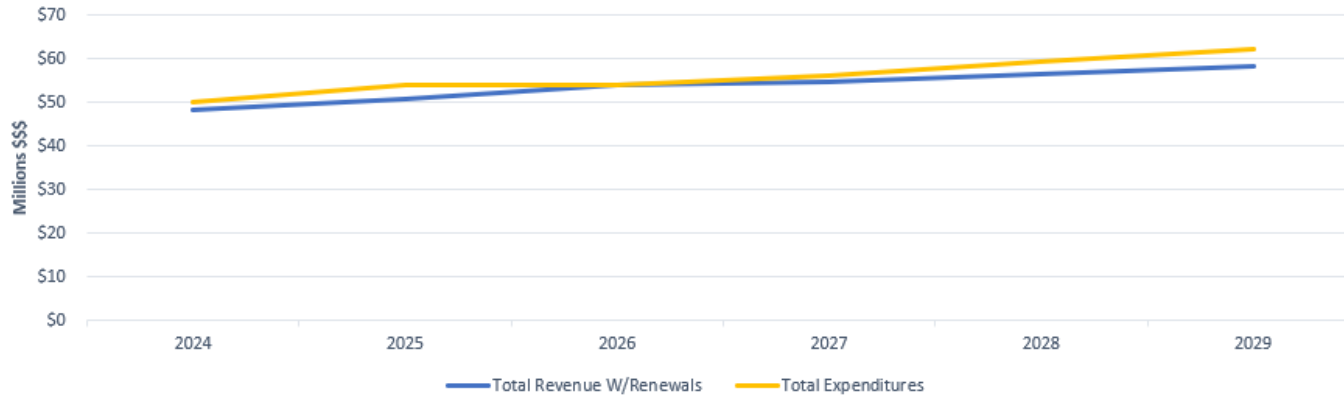
Annual Expenditures Actual + Projected



- A school district is a service business, so the majority of its costs are personnel related
- Salaries & benefits account for 77% of the General Fund budget
- Purchased services, Supplies & Capital Outlay account for 23%

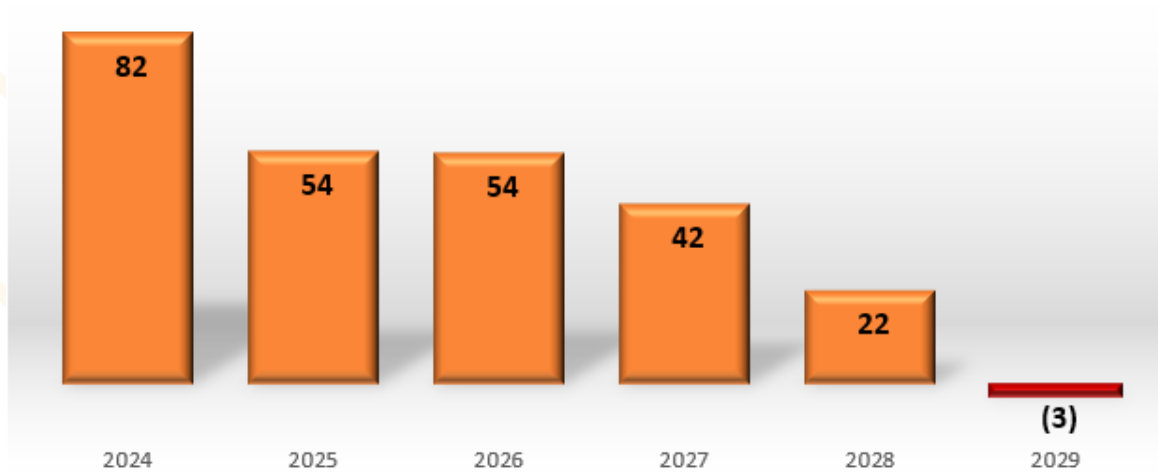


REVENUE COMPARED TO EXPENDITURES



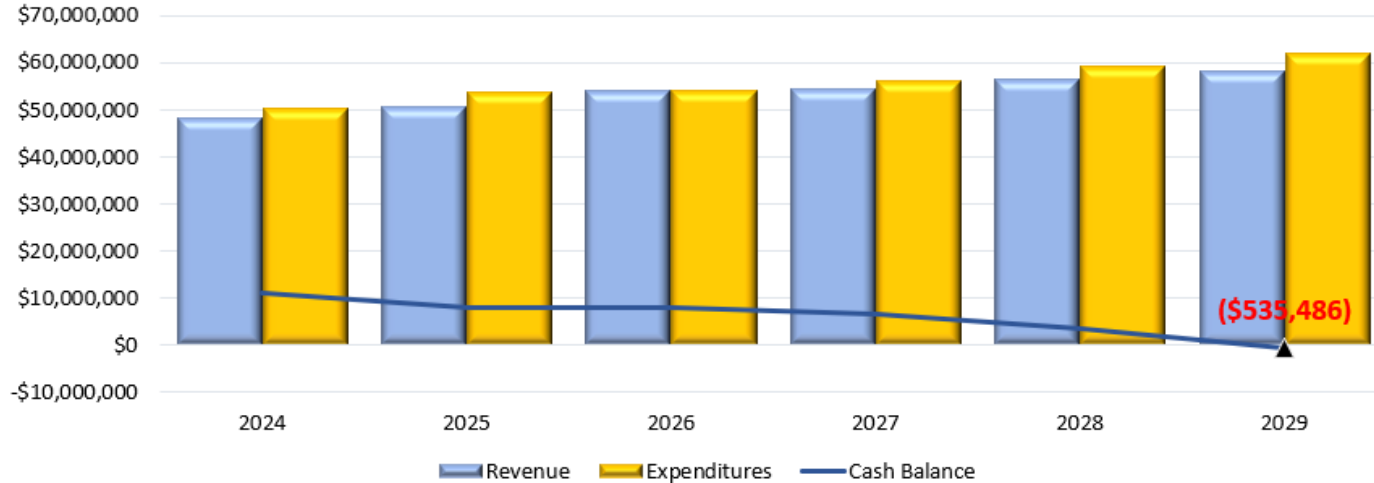
- From 2025 to 2029 total revenues are projected to change by 3.74%
- From 2025 to 2029 total expenses are projected to change by 4.40%
- District will continue to deficit spend in each year of the Forecast without additional revenue & reductions in expenditures

DAYS CASH ON HAND AT FISCAL YEAR END



- School districts should have at least 60 days cash on hand
- FY25 expenses are approximately \$4.5 million per month
- 60 days cash on hand = \$9 million cash balance at the end of FY25

CASH BALANCE BY FISCAL YEAR



- Expenditures are outpacing revenue
- District must operate in the black, so cannot have a negative cash balance

WHERE DO WE GO FROM HERE?

- Submit 5 Year Forecast to Ohio Department of Education and Workforce to meet the statutory deadline
- Need for additional revenue exists along with reductions in expenditures
- As we continue to work through the expense reductions and revenue possibilities we will need to update our Forecast when there's more clarity on how we plan to proceed
- This will help determine what future levy options may look like
- Additional levy options passed in calendar year 2025 would not be collected until calendar year 2026



QUESTIONS?



Avon Lake City Schools