

Strongsville City 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
Revenue:								
1.010 - General Property Tax (Real Estate)	47,132,420	47,922,670	49,022,847	46,121,289	52,668,207	56,954,954	56,854,455	53,385,725
1.020 - Public Utility Personal Property	2,629,579	2,728,201	2,950,406	3,128,104	3,272,984	3,405,608	3,405,608	3,282,777
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	11,052,774	11,899,808	11,038,718	9,884,968	9,824,105	9,827,810	9,377,280	9,374,252
1.040 - Restricted Grants-in-Aid	60,887	73,299	71,560	72,134	72,134	72,134	72,134	72,134
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	8,305,124	6,913,489	6,086,416	6,120,112	6,343,990	6,448,137	6,452,446	6,062,766
1.060 - All Other Operating Revenues	3,604,535	3,831,739	5,165,620	6,276,160	5,193,846	5,293,846	5,353,846	5,353,846
1.070 - Total Revenue	72,785,319	73,369,206	74,335,567	71,602,767	77,375,266	82,002,489	81,515,769	77,531,500
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	96,621	-	-	-	-
2.060 - All Other Financing Sources	97,239	55,492	314,386	464,077	22,000	22,000	22,000	22,000
2.070 - Total Other Financing Sources	97,239	55,492	314,386	560,698	22,000	22,000	22,000	22,000
2.080 - Total Revenues and Other Financing Sources	72,882,558	73,424,698	74,649,953	72,163,465	77,397,266	82,024,489	81,537,769	77,553,500
Expenditures:								
3.010 - Personnel Services	38,962,973	39,382,911	40,183,935	41,448,503	42,573,413	43,514,466	44,547,264	45,279,834
3.020 - Employees' Retirement/Insurance Benefits	16,229,383	15,857,051	16,138,708	16,719,702	17,879,401	18,778,231	19,778,520	20,785,004
3.030 - Purchased Services	6,562,467	6,735,972	7,304,388	8,604,453	8,618,606	8,900,408	9,185,725	9,473,981
3.040 - Supplies and Materials	1,716,053	1,869,948	1,364,853	2,034,924	2,327,619	2,327,619	2,327,619	2,327,619
3.050 - Capital Outlay	413,174	863,734	636,157	1,010,823	1,162,358	1,162,358	1,162,358	1,162,358
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	374,604	343,554	557,221	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	296,492	309,017	327,143	340,897	355,310
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	180,209	163,273	143,112	121,568	107,329	92,040	76,161	59,539
4.300 - Other Objects	1,316,532	1,187,026	1,258,194	1,026,945	1,196,692	1,251,670	1,267,015	1,279,301
4.500 - Total Expenditures	65,755,395	66,403,469	67,586,568	71,263,410	74,174,435	76,353,935	78,685,559	80,722,946
Other Financing Uses								
5.010 - Operating Transfers-Out	1,117,624	1,159,500	16	1,919,304	1,017,434	917,315	916,552	915,762
5.020 - Advances-Out	-	-	96,621	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,117,624	1,159,500	96,637	1,919,304	1,017,434	917,315	916,552	915,762
5.050 - Total Expenditures and Other Financing Uses	66,873,019	67,562,969	67,683,205	73,182,714	75,191,869	77,271,250	79,602,111	81,638,708
Excess of Rev & Other Financing Uses Over (Under) Expenditures and Other Financing Uses	6,009,539	5,861,729	6,966,748	(1,019,249)	2,205,397	4,753,239	1,935,658	(4,085,208)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	12,357,191	18,366,730	24,228,459	31,195,207	30,175,958	32,381,355	37,134,594	39,070,252
7.020 - Cash Balance June 30	18,366,730	24,228,459	31,195,207	30,175,958	32,381,355	37,134,594	39,070,252	34,985,044
8.010 - Estimated Encumbrances June 30	988,614	1,187,263	1,880,867	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
10.010 - of Appropriations	17,378,116	23,041,196	29,314,340	28,275,958	30,481,355	35,234,594	37,170,252	33,085,044
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	3,949,223
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	3,949,223
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	17,378,116	23,041,196	29,314,340	28,275,958	30,481,355	35,234,594	37,170,252	37,034,267
Revenue from New Levies								
13.010 - Income Tax - New	-	-	-	-	-	-	-	-
13.020 - Property Tax - New	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	17,378,116	23,041,196	29,314,340	28,275,958	30,481,355	35,234,594	37,170,252	37,034,267

STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



FIVE YEAR FINANCIAL FORECAST

AND

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS

MAY 2019 UPDATE

STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 1 NATURE AND PURPOSE OF PRESENTATION

This financial projection presents, in accordance with mandates of Ohio Law, the expected revenues, expenditures, and fund balance of the General Fund of the Strongsville City School District (the "District") for each of the fiscal years ending June 30, 2019 through June 30, 2023, with historical data presented for the fiscal years ended June 30, 2016, 2017, and 2018.

This forecast includes the impact on the State bi-annual budget for that was approved for fiscal years 2018 and 2019.

The assumptions disclosed herein are those that the District believes are significant to the projection. However, because circumstances and conditions assumed in projections frequently do not occur as expected, and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

A Basis of Accounting

This financial projection has been prepared on the cash receipts and disbursements basis, which is the required basis of accounting used for budgetary purposes. Under this system, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred. Under Ohio Law, the District is also required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

B Fund Accounting

The District maintains its accounts in accordance with the principals of "fund accounting". Fund accounting is used by governmental entities, such as school districts, to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions and activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stands separate from the activities reported in other funds.

The forecast includes revenue and expenditure estimates for the general operating fund of the District (Fund 001).

NOTE 2 REVENUE ASSUMPTIONS

The District's primary sources of revenue are from the levying of property taxes on real property located within the District boundaries and the State of Ohio through the State Foundation program. The following provides information with respect to the revenue categories.

STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

A PROPERTY TAXES
LINE 1.010, 1.020 AND 1.050

Property taxes, which are levied and assessed on a calendar year basis, include amounts levied against all real and public utility property in the school district.

The real property tax base is the taxable (assessed) value of land and buildings. The taxable value is 35% of true (market) value. Under state law, real property is reappraised every six years and property values are updated in the third year following each sexennial reappraisal.

In 1976, the Ohio General Assembly passed HB 920. This law provides real property owners tax credits equal to any increase caused by an increase in value of all real property as a result of reappraisal. This does not apply to inside non-voted millage. In effect, HB 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

HB 66 made provision to replace revenue lost due to the phase out of the Tangible Personal Property Tax. In FY 15, the District received \$3.6 million in Tangible Personal Property Tax hold harmless. In the most recent bi-annual budget, the Tangible Personal Property Tax will be phased out by \$1.4 million in FY 16, and additional phase out of \$1.4 million in FY 17 for a combine loss through FY 17 of \$2.8 million. In FY 18 the remaining \$800k will be phased out for a total reduction of funding of \$3.6 million each year in the years FY 18-20. The District will be held harmless for the FY 16 \$1.4 million reduction through a supplement through the State Foundation. During FY 17, the District was held harmless for \$2.2 million of the \$2.8 million reduction through a supplement through the State Foundation. The net FY 17 reduction in Tangible Personal Property tax is \$600k, while the remaining \$3.0 million will be completely reduce in FY 18-23.

Property taxes are levied and collected based on a January-December calendar collection year. Within the calendar collection year, there are two collection period, 1st half which is settled by March and the 2nd half which is settled by August or September. Since the school district is on July-June fiscal year, which overlaps two collection calendar years, the overlap can cause the District tax revenue to fluctuate from year to year.

STRONGSVILLE CITY SCHOOL DISTRICT SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The forecast assumes the collection rate and collection split will be as follows per property classification:

Residential Collection Rate	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19 Forecasted	FY 19 Actual	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast	FY 23 Forecast
2nd Half CY Collection %	98.27%	97.65%	98.18%	98.36%	98.01%	98.48%	98.48%	98.00%	98.00%	98.00%	98.00%
1st Half CY Collection %	97.65%	98.18%	98.36%	98.01%	98.48%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%

Residential Collection Split	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19 Forecasted	FY 19 Actual	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast	FY 23 Forecast
2nd Half CY Collection %	47.33%	47.32%	47.12%	47.31%	46.96%	44.39%	44.39%	46.85%	47.20%	47.20%	47.20%
1st Half CY Collection %	52.68%	52.88%	52.69%	53.04%	55.61%	52.80%	53.15%	52.80%	52.80%	52.80%	52.80%
Total Fiscal Year	100.01%	100.20%	99.81%	100.35%	102.57%	97.19%	97.54%	99.65%	100.00%	100.00%	100.00%

Commercial Collection Rate	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19 Forecasted	FY 19 Actual	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast	FY 23 Forecast
2nd Half CY Collection %	92.97%	95.09%	89.38%	97.34%	93.44%	91.01%	91.01%	95.00%	93.40%	93.40%	93.40%
1st Half CY Collection %	95.09%	89.38%	97.34%	93.44%	91.01%	93.25%	95.00%	93.54%	93.40%	93.40%	93.40%

Commercial Collection Split	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19 Forecasted	FY 19 Actual	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast	FY 23 Forecast
2nd Half CY Collection %	51.94%	46.54%	51.19%	46.84%	43.97%	42.95%	42.95%	45.31%	46.13%	46.13%	46.13%
1st Half CY Collection %	53.46%	48.81%	53.16%	56.03%	57.05%	53.70%	54.69%	53.87%	53.87%	53.87%	53.87%
Total Fiscal Year	105.40%	95.35%	104.35%	102.87%	101.02%	96.65%	97.64%	99.18%	100.00%	100.00%	100.00%

As indicated on the graph, the current collection rate:

- Residential property has increased to 98.48% for the 2018 2nd half collection period. Forecast assumes a residential collection rate of 98% which is the five year average.
- Commercial property has fluctuated year over year. Most recent, from Calendar Year 2017 to Calendar Year 2018, the collection rate has dropped from 93.44% to 91.01%. The forecast assumes a commercial collection rate of 93.25% which is the five year average.

Property taxes are currently estimated by the Cuyahoga County Auditor's Office based on an overall current collection rate of 92.88%. A 1% change in collection rate represents \$575k.

As indicated on the graph, the current collection split:

- Residential property has been consistent year over year for a total fiscal year collection of about 100%. For fiscal year 2018, the District experienced an influx of collections, primarily due to residents paying their tax bill 100% during the first half collection period due to the recent change in federal tax laws. For fiscal year 2018, the District received 102.57% of residential tax collections and in FY 19 is predicting a decrease to 97.54%. For fiscal years 2020-2023, the split should normalized back to 100%.
- Commercial property has fluctuated year over year. For fiscal years 2017 and 2018, the District's commercial property tax collections average 102%. For fiscal year 2019, the forecast is predicting a collection amount to be 97.64%. For fiscal years 2020-2023, the forecast is assuming the split to be 100%.

During fiscal year 2019, prior year delinquencies paid were \$1,276,207. For fiscal years 2020-2023, the forecast is assuming prior year delinquencies to be \$900,000 annually.

During fiscal year 2019, refunds issued were \$1,969,453. For fiscal years 2020-2023, the forecast is assuming refunds issued to be \$900,000 annually.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

The property Tax Allocation includes the following components: Property Tax Rollbacks and the tangible personal property tax hold harmless funds from the State of Ohio.

The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. The last re-appraisal was in 2012 and the triennial update was completed in 2015. During 2018, Cuyahoga County completed a re-appraisal, in which District property values increased about 8.8%. The forecast assumes a property valuation of \$1.63 billion in 2019.

State law grants tax relief to property owners (property tax rollbacks) in the form of a 10% reduction in real property tax bills. In addition, a 2.5% rollback is granted for owner occupied homesteads (total of 12.5%). The State reimburses school districts for the loss of real property taxes as a result of the rollback provision.

The prior budget bill (HB 119) included a significant property tax reduction for senior citizens. This Homestead Exemption will allow senior citizen homeowners and permanently/totally disabled homeowners, regardless of income, to withhold \$25,000 of market value of their owner occupied home from property taxes.

In November 2016 residents renewed a 5 year 6 mill levy with collection beginning January 2018. The forecast assumes the levy will expire tax year December 31, 2021. Collections will continue through December 31, 2022.

In May 2019 residents approved a 5 year 5.9 mill levy with collection beginning January 2020. The forecast assumes the levy will expire tax year December 31, 2023. Collections will continue through December 31, 2024.

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
General Property Tax (Real Estate)	\$ 49,249,393	\$ 55,941,191	\$ 60,360,562	\$ 60,260,063	\$ 56,668,502
Property Tax Allocation:					
Property Tax Rollbacks	6,120,112	6,363,990	6,448,137	6,452,446	6,062,766
Tangible Personal Property	-	-	-	-	-
Total Tax Allocation	<u>6,120,112</u>	<u>6,363,990</u>	<u>6,448,137</u>	<u>6,452,446</u>	<u>6,062,766</u>
Total Tax Related Revenue	<u>\$ 55,369,505</u>	<u>\$ 62,305,181</u>	<u>\$ 66,808,699</u>	<u>\$ 66,712,509</u>	<u>\$ 62,731,268</u>

**B UNRESTRICTED/RESTRICTED STATE GRANTS-IN AID
LINE 1.035, 1.040**

This component of the financial forecast includes the State Foundation Program.

HB 59 has replaced the prior funding formulas, the bridge formula and the Ohio Evidence Based Funding Model. Under the current version of HB 59, calculations include funding for both the District and Charter School students. HB 59 mandates that all school districts pay tuition for all students who reside in the District and attend a charter school. The District's charter school tuition payment is reflected in line 3.030 (Purchased Services) of the forecast.

In the spring of 2015, the State of Ohio approved their 2016-2017 biennial budget which became law on July 1, 2015. Under the new biennial budget, the State reimbursement for Tangible

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

Personnel Property Tax (TPP) which is included in the property tax allocations will be phased out beginning in fiscal year 2017. The District will experience a decrease in TPP funding of \$548,025 in fiscal year 2017, and a decrease of \$3,111,418 in fiscal year 2018 and beyond, for a total annual loss of TPP funding in the amount \$3,659,443.

In the spring of 2017, the State of Ohio approved their 2018-2019 biennial budget which became law on July 1, 2017. Under the new biennial budget, the State elimination of TPP reimbursement was upheld, although a strong push was made through advocacy. Included in the biennial budget that impacted the District was the phase out of the “guarantee” within the State Foundation Funding Formula. District’s can be on the funding formula in three different scenarios:

- **Formula district** - a district would receive the amount generated by the formula
- **Capped district** - amount generated by the formula, less a certain percentage of growth from the previous year.
- **Guarantee district** - amount generated by the formula, plus an amount to at least receive the same level of funding from the previous biennial budget.

Strongsville is a guarantee district. The approved budget the will reduce the guarantee amount based on ADM decline between school years 2014 through 2016. The guarantee percentage would drop (on a sliding scale) by 1% for each percent above 5% of enrollment, but the guarantee would be no less than 95% than the 2017 amount. Strongsville’s ADM declined between 2014-2016 is 6.2%, meaning the guarantee amount will be reduced by 1.2%. The financial impact of this phase out to the District is \$112,397. For fiscal years 2020-2023 the forecast assumes the current funding formula, including a 5% reduction of guarantee funding in FY 2022 due to unknown predictability of future state budgets. The upcoming state budget for biennium 2020-2021 is currently in legislative negotiations. As of the time of the May 2019 forecast, the current funding formula is currently written into state law.

During FY 16, the District was held harmless for the \$1.4 million tangible personal property tax phase out which will be a supplement through the State Foundation Program.

During FY 17, the District was held harmless for the \$2.2 million tangible personal property tax phase out which will be a supplement through the State Foundation Program. 80% of this amount was paid during FY 17 and the remaining 20% will be paid during FY 18.

During FY 18, through Senate Bill 8, the District was held harmless for \$767,479 million tangible personal property tax which will be a supplement through the State Foundation Program.

The following are the estimated unrestricted/restricted state grants-in aid assumed in this five year forecast.

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Unrestricted State Funding	\$9,597,768	\$9,542,825	\$9,542,824	\$9,090,319	\$9,090,318
Casino Receipts	287,200	281,280	284,986	286,961	283,934
TPP Supplement	-	-	-	-	-
Restricted State Funding	72,134	72,134	72,134	72,134	72,134
Total State Foundation	\$9,957,102	\$9,896,239	\$9,899,944	\$9,449,414	\$9,446,386

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

C ALL OTHER REVENUE
Line 1.060

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Payments in Lieu of Taxes (PILOT) and Tax Increment Financing Payments (TIF)	\$3,605,768	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Tuition - Prek, Full Day Kindergarten	553,127	550,000	550,000	550,000	550,000
Tuition - Court Placed	342,234	350,000	350,000	350,000	350,000
Dues and Fees	386,039	380,000	380,000	380,000	380,000
Catastrophic Aid	250,000	250,000	250,000	250,000	250,000
Interest Income	659,294	700,000	800,000	860,000	860,000
All Other	1,040,396	485,846	485,846	485,846	485,846
Total Other Revenue	\$6,836,858	\$5,215,846	\$5,315,846	\$5,375,846	\$5,375,846

- Payment in Lieu of Taxes (PILOT) and Tax Increment Financing Payments (TIF) is the largest source of other revenue. During FY 19, the District received a time settlement of \$1,050,000, from the Cleveland Clinic Foundation.
- Tuition is collected for the Preschool program and Full Day Kindergarten.
- Tuition is collected from other districts for students that are placed in the District by the court system in foster homes with Strongsville residents.
- Dues and Fees are collected for pay to participate and other fees.
- Catastrophic Aid is a supplemental payment to districts for special education students. This reimbursement is available to the financially responsible district for any child whose educational and related expenses exceed certain limits.
- Other revenue – during FY 19, the district received increases of \$418,560 for refund of prior year expenditures, \$96,621 of return of advances from other funds, and \$45,517 of sale of personal property.

NOTE 3 EXPENDITURE ASSUMPTIONS

A PERSONAL SERVICES – SALARIES AND WAGES
LINE 3.010

The District reached a three year agreement with the SEA union effective August 1, 2016 through July 31, 2019. The District and the SEA union agreed to a one year rollover of the current agreement with a 1.5% cost of living increase for FY 20.

The District reached a three year agreement with the OAPSE union effective July 1, 2018 through June 30, 2021.

Staffing assumptions (General Fund):

FY 18 – 661
FY 19 – 670
FY 20 – 667
FY 21 – 667
FY 22 – 670
FY 23 – 670

Since 2009, there are 184 less positions compared to FY 2019, a 20% decline which is keeping pace with declining enrollment

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

The forecast assumes the current employee contracts as is with any step and column increases.

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Personal Services					
Salaries and Wages	\$41,448,503	\$42,573,413	\$43,514,466	\$44,547,264	\$45,279,834

B FRINGE BENEFITS
Line 3.020

This component of the financial forecast includes the following items:

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Employee Insurance Benefits	\$9,390,291	\$10,272,702	\$10,990,349	\$11,814,745	\$12,697,044
Medicare	578,171	598,240	633,640	648,715	659,376
Worker's Compensation	241,624	359,931	367,966	376,758	383,326
State Teacher/ State Employees					
Retirement Benefits	6,506,800	6,605,529	6,746,276	6,898,302	7,005,258
Other Benefits	2,816	40,000	40,000	40,000	40,000
	<u>\$16,719,702</u>	<u>\$17,876,402</u>	<u>\$18,778,231</u>	<u>\$19,778,520</u>	<u>\$20,785,004</u>

- (1) Health care costs are based on estimated staffing levels. Health care rates increased by 5% in FY 17, FY 18 saw a 0% increase, and FY 19 saw a 7% increase. For FY 20-23, health care rates are projected to increase 7% each year. Health care rates are based on projections provided by the DS Benefits Group.

During FY 14, the District switched to a fully insured health care plan. Since the switch, the District has saved \$7.9 million through fiscal year 2018 by being on a self-funded plan compared to a fully insured plan.

- (2) The projection assumes the State's mandated retirement contribution rate of 14% will not change during the forecast period.
- (3) See staffing levels under personnel services.
- (4) Increase to Workers Compensation is due to the mandated change in payment program to have claims paid in the year they are incurred and an increase to the premium percentage.
- (5) Medicare costs are projected to remain consistent over the forecast period.
- (6) Other Benefits are projected to remain consistent over the forecast period.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

C PURCHASED SERVICES
Line 3.030

This component of the financial forecast includes the following items:

	2018-2019	2019-2020	2020-2021	2021-2022	2021-2022
Charter School Tuition	\$1,100,504	\$1,300,000	\$1,500,000	\$1,700,000	\$1,900,000
College Credit Plus	277,160	350,000	350,000	350,000	350,000
Out of District Tuition	1,593,609	1,680,000	1,680,000	1,680,000	1,680,000
Utilities	1,387,744	1,443,254	1,500,984	1,561,023	1,623,464
Other Purchased Services	4,245,436	3,845,352	3,869,424	3,894,702	3,920,517
	\$8,604,453	\$8,618,606	\$8,900,408	\$9,185,725	\$9,473,981

- (1) Under HB 59, charter school students are counted (for State Foundation Funding Calculations) in the District of residence. Strongsville City School District charter school tuition payment is reflected in line 3.030 (purchased services) of the forecast.
- (2) Out of District Tuition costs are based on budgeted projections. The District is projecting a 25% increase in the number of students taking college credit classes from FY 18 to FY 19. FY 18 payments are based by the following semesters: Spring 2017, Summer, 2017, and Fall 2017. FY 19 payments are based on the following semesters, Spring 2018, Summer 2018, and Fall 2018.
- (3) Utility costs are based on current payments and historical increases. The district is projecting an annual increase of 4%.
- (4) Other purchased service accounts include allocations for contract student transportation, maintenance, telephone services, postage, printing, school bus lease payments, outside legal fees, and other related items.

D SUPPLIES, MATERIALS AND TEXTBOOKS
LINE 3.040

	2018-2019	2019-2020	2020-2021	2021-2022	2021-2023
Supplies and Textbooks	\$2,034,924	\$2,327,619	\$2,327,619	\$2,327,619	\$2,327,619

Supply and Textbook allocations are projected consistent with current budget estimates. The textbook and instructional supplies and materials budget is \$1.1 million. The remaining budget is made of transportation fuel, bus parts, and custodial supplies.

E CAPITAL OUTLAY
LINE 3.050

	2018-2019	2019-2020	2020-2021	2021-2022	2021-2022
Capital Outlay	\$1,010,823	\$1,162,358	\$1,162,358	\$1,162,358	\$1,162,358

For FY19-23, the District increased the technology capital equipment budget by \$500,000 annually for Chromebooks for the implementation of the 1:1 device to student ratio.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**F DEBT SERVICE
LINE 4.010 THROUGH LINE 4.060**

This component of the financial forecast includes the following items:

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
School Improvements & Bus Acquisitions, Series 2005	\$76,975	\$75,575	\$79,075	\$77,475	\$75,815
Energy Conservation Bonds, Series 2006	-	-	-	-	-
HB 264 Energy Conservation Bonds, Series 2008	341,085	340,773	340,108	339,583	339,035
Total Debt Service	<u>\$418,060</u>	<u>\$416,348</u>	<u>\$419,183</u>	<u>\$417,058</u>	<u>\$414,850</u>

The forecast includes only those outstanding debt issuances that are funded by the General Fund. Therefore, District general obligations that are paid by the District's Debt Service Fund, which are funded by a separate dedicated property tax, are excluded from this forecast. A brief description of the debt issuances related specifically to the General Fund is as follows:

1. School Improvements & Bus Acquisitions, Series 2005

In August 2005, The Board of Education adopted two resolutions authorizing the issuance of two series of bonds in the respective amounts of \$1,260,000 for the renovation of the Strongsville Early Learning Preschool and \$415,000 for the acquisition of school buses. The final amount for the Strongsville Early Learning Center is on December 1, 2035. The final payment for the acquisition of buses was December 1, 2015.

2. Energy Conservation Bonds, Series 2006

In April 2006, The Board of Education adopted a resolution authorizing the issuance and sale of bonds, in the aggregate principal amount of \$895,000, for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy. The District made an early defeasance payment on January 30, 2018, to pay this debt off entirely.

3. Energy Conservation Bonds (House Bill 264)

In June 2008, The Board of Education adopted a resolution authorizing the issuance and sale of bonds, in the aggregate principal amount of \$3,645,000 for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy.

**G OTHER OBJECTS
LINE 4.300**

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Other Miscellaneous Expenditures	\$1,026,945	\$1,196,692	\$1,251,670	\$1,267,015	\$1,279,301

The main component of this category is County Auditor and Treasurer fee's for the collection of tax receipts. Other components include bank charges, insurance, judgments, and other miscellaneous expenses.

**H TRANSFERS AND ADVANCES IN AND OUT
LINES 2.040, 2.050, 5.010, AND 5.020**

Transfers are need to cover deficits in the following funds:

006 Food Service Fund in the amount of \$109,022 for FY 18 and \$103,515, both transfers will be made in FY 2019.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

035 Termination Benefits, to cover employee severance payments in the amount of \$729,785 for FY 18 and \$860,000 for FY 19, both transfers will be made in FY 2019.

004 Excellence in Athletics Campaign – As part of the Excellence in Athletics Campaign, Southwest Hospital has agreed to reduce the athletic trainer fee’s for the next 10 years and the difference be applied to the Excellence in Athletics Campaign. Beginning in FY 17, the amounts are \$24,500, FY 18 \$23,835, FY 19 \$23,147, FY 20 \$22,434, FY 21 \$21,697, FY 22 \$20,934, and FY 23 \$20,144. The District will also be transferring \$35,000 annually from the General Fund to the Excellence in Athletics funds which is the result of annual savings from maintenance of a natural grass field to help offset replacement turf in the future.

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Transfers and Advances	\$1,919,304	\$1,017,434	\$917,315	\$916,552	\$915,762

**I ENCUMBRANCES
LINE 8.010**

The District uses the encumbrance method as part of formal budgetary and management control. Under this method, purchase orders, contracts, and other commitments for expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment. Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The estimated encumbrances in FY19-23 are \$1,900,000.

**J PROPERTY TAX – RENEWAL OR REPLACEMENT
LINE 11.020**

The District does have two operating renewal levies within the School District’s levies issued.

In November 2016 residents renewed a 5 year 6 mill levy with collection beginning January 2018. The forecast assumes the levy will expire tax year December 31, 2021. Collections will continue through December 31, 2022.

In line 11.020 shows the half year collection in FY 23, which will be the first fiscal year that collections will end if not renewed.

In May 2019 residents approved a 5 year 5.9 mill levy with collection beginning January 2020. The forecast assumes the levy will expire tax year December 31, 2023. Collections will continue through December 31, 2024.