

Strongsville City Schools

Five-Year Forecast

May 21, 2020



Five Year Forecast - Contents

- Major Assumptions
- General Fund Revenues
- General Fund Expenditures
- Five Year Forecast Summary

Strongsville City Schools

- Major Assumptions

Major Assumptions

Revenue:

- Property Tax Collection Rate - The forecast assumes the gross collection rate (includes delinquencies) will be as follows:

	CY 16	CY 17	CY 18	CY 19	3-Year Average	CY 20 Forecast	CY 21 Forecast	CY 22 Forecast	CY 23 Forecast	CY 24 Forecast
Gross Collection Rates - Includes Delinquencies	99.98%	98.80%	98.89%	100.20%	99.30%	97.55%	96.80%	101.30%	100.80%	99.30%

- The forecast assumes a 3.5% decrease in gross collection rate from the average 99.30% in calendar year 2020 for the second half collections due to the COVID-19 pandemic. The annual decrease of 1.75% in calendar year 2020 is due to the first half collections taking place prior to the pandemic.
- The forecast assumes the collection rate will increase by 1% from calendar year 2020 to calendar year 2021.
- The forecast assumes the collection rate will normalize in calendar year 2022 but will begin to receive the increased delinquencies from prior years in calendar year's 2022 and 2023.

Major Assumptions - Continued

Revenue (continued):

- The forecast assumes the following assumes the following changes to assessed valuation by collection calendar year:

Fiscal Year	Residential	Commercial	Public Utility	Total
CY 15 Actual	\$1,049,626,620	\$334,780,730	\$33,230,900	\$1,417,638,250
CY 16 Actual	\$1,085,544,980	\$327,009,910	\$34,026,660	\$1,446,581,550
CY 17 Actual	\$1,099,063,440	\$331,059,270	\$36,099,090	\$1,466,221,800
CY 18 Actual	\$1,109,881,590	\$347,199,500	\$38,919,200	\$1,496,000,290
CY 19 Actual	\$1,229,566,800	\$355,224,080	\$40,943,650	\$1,625,734,530
CY 20 Actual	\$1,240,535,320	\$339,875,680	\$44,926,610	\$1,625,337,610
CY 21 Forecast	\$1,244,254,756	\$313,074,230	\$47,712,061	\$1,605,041,047
CY 22 Forecast	\$1,279,073,645	\$299,925,113	\$50,670,210	\$1,629,668,968
CY 23 Forecast	\$1,289,300,450	\$300,824,888	\$53,811,764	\$1,643,937,102
CY 24 Forecast	\$1,299,609,070	\$301,727,363	\$57,148,095	\$1,658,484,528

- In November 2016 residents renewed a 5 year 6 mill levy with collections 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 collections beginning January 2020. The forecast assumes the levy will expire tax year December 31, 2023. Collections will continue through December 31, 2024.

Major Assumptions - Continued

Revenue (continued):

- State Funding – The FY 2019 per pupil and foundation revenue amount is the base aid amount used in the FY 2020 and beyond. Additionally, the forecast assumed a 5% reduction to the state funding guarantee in the 2022-2023 biennium and another 5% reduction to the state funding guarantee in the 2024-2025 biennium

However due to the COVID-19 pandemic, the impact of state funding based on the following:

- ☐ FY 2020 – The district experienced a 17.5% reductions in state funding due to the COVID-19 pandemic.
- ☐ FY 2021 – Forecasting a 20% reduction in state funding due to the COVID-19 pandemic. Additionally, casino revenues have been reduced to \$0 from 295,154 as casino's continued to be closed.
- ☐ FY 2022 – Forecasting a 10% restoration of the previous years reduction due to the COVID-19 pandemic. Additionally, the forecast assumes a 5% reduction to the state funding guarantee in the 2022-2023 biennium.
- ☐ FY 2023 – Forecasting the remaining 10% restoration of the FY 2021 20% reduction of state funding. Also restoring the casino funds back to \$295,154.
- ☐ FY 2024 – The forecast assumes a 5% reduction to the state funding guarantee in the 2024-2025 biennium.

Major Assumptions - Continued

Expenditures:

- Staffing Assumptions (General Fund Only):

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
General fund	670	672	676	676	676	676
P.Y Net Change	+9	-2	+4	0	0	0

- Forecast assumes all union agreements as currently defined.
- Health Care remained flat for FY 20. For FY 21, the district will experience a 3% increase. For FY22-2024 the projected annual increase is 8%. FY 16 saw a 3% increase, FY 17 saw a 5% increase, FY 18 saw a 0% increase, and FY 19 saw a 7% increase.
- Unemployment costs are forecasted to increase by \$90,000 due to the COVID-19 pandemic in FY 21. For FY22-24, the forecast assumes unemployment costs will return to normal levels.

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- Trends from Previous Forecast

Trends from Previous Forecast

Revenue :

*CURRENT YEAR-TO-DATE REVENUE
COLLECTIONS INDICATE A*

\$893,128

FAVORABLE COMPARED TO FORECAST

	Forecast Annual Revenue Estimates	Cash Flow Actual/Estimated Calculated Annual Amount	Current Year Forecast Compared to Actual/Estimated
Local Tax Revenue	62,730,562	63,490,752	760,190
State Revenue	9,875,651	8,194,675	(1,680,976)
All Other Revenue	5,394,973	7,208,887	1,813,914
Total Revenue	78,001,186	78,894,314	893,128

The district's current cash flow, both actual and estimated indicate a favorable variance of \$893,128

Through April, revenues are trending to be \$893,128 higher compared to the Fall forecast. The primary differences are due to the following:

- Property taxes are \$760,000 greater than forecasted due to a favorable change in the calendar collection split.
- State revenues are projected to decline due to the \$1.6 million in state foundation reductions due to the COVID-19 pandemic.
- Other revenues are higher than forecasted due to the TIF settlement agreements coupled with TIF collections exceeded forecasted amounts, and refunds of prior year expenditures in the amount \$673,000.

Trends from Previous Forecast

Expenditures :

*CURRENT YEAR-TO-DATE
EXPENDITURES INDICATE A*

\$2,682,938

*FAVORABLE COMPARED TO
FORECAST*

	Forecasted Annual Expenses	Cash Flow Actual/Estimated Calculated Annual Amount	Forecasted amount compared to Actual/Estimated
Salaries and Benefits	60,039,442	58,712,817	▼ (1,326,624)
Purchased Services	9,067,462	7,973,214	▼ (1,094,247)
All Other Expenses	5,680,372	5,418,306	▼ (262,066)
Total Expenditures	74,787,275	72,104,338	▼ (2,682,938)

The district's current cash flow, both actual and estimated expenditures indicate a favorable variance of \$2,682,938.

Actual expenditures are trending 3.6% favorable compared to the fall forecast. The primary variances are due to:

-Salary and Benefits - \$400k due to open positions. \$500k savings in substitute, overtime, supplement, and merit. \$200k savings in employee health care plans. \$100k in savings due to workers comp premium rebate adjustments.

-Purchase Services - \$200k savings in outside tuition costs, \$300k in savings due reduction of contracted services due to the school shut down, \$200k savings in legal costs.

Expenditures are trending \$2,682,938 or 3.6% less than forecasted.

Trends from Previous Forecast

Cash Balance :

*CURRENT YEAR-TO-DATE
REVENUE COLLECTIONS
INDICATE A*

\$893,128

*FAVORABLE COMPARED TO
FORECAST*

*CURRENT YEAR-TO-DATE
EXPENDITURES INDICATE A*

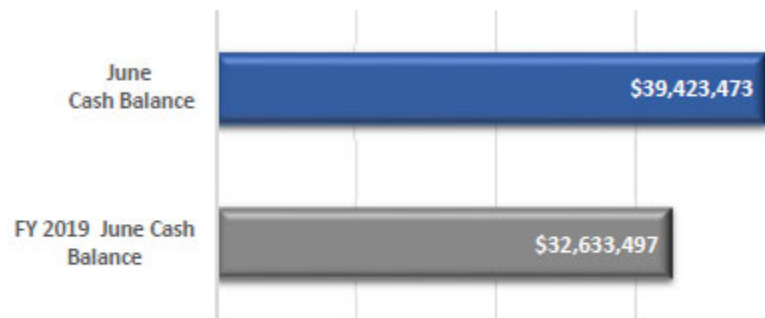
\$2,682,938

*FAVORABLE COMPARED TO
FORECAST*

*POTENTIAL NET IMPACT
WOULD RESULT IN A*

\$3,576,066

*FAVORABLE IMPACT ON THE
CASH BALANCE*



OPERATING SURPLUS OF

\$6,789,976

*WILL INCREASE THE CASH BALANCE
BY THE END OF THE FISCAL YEAR*

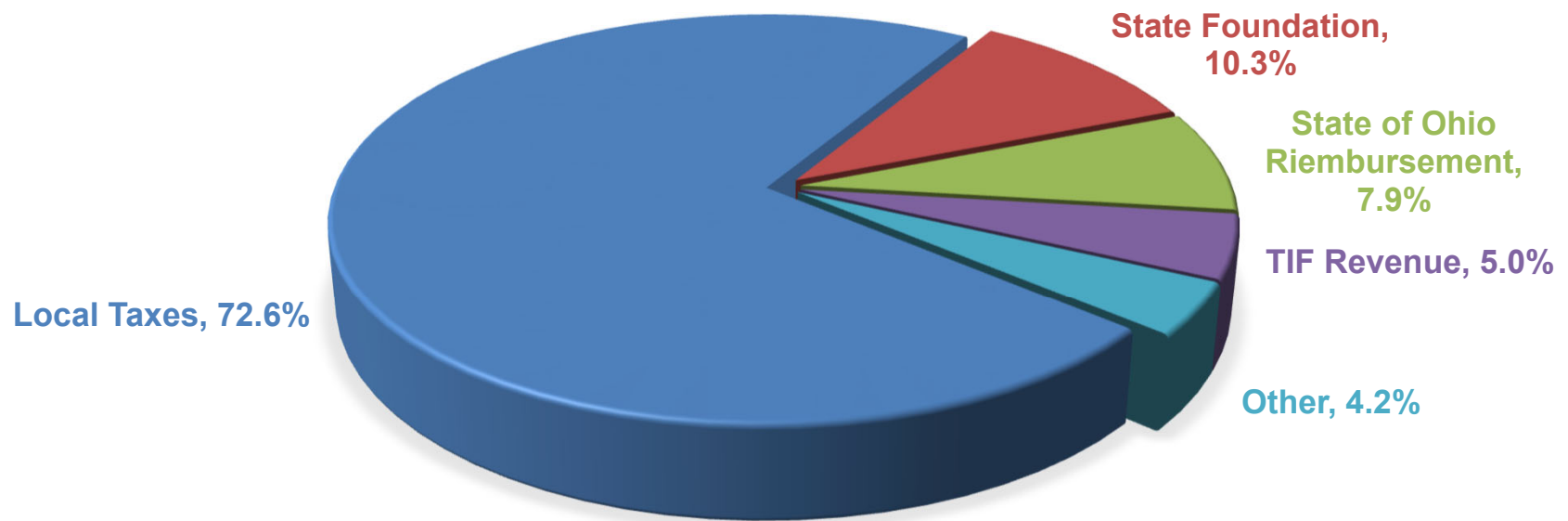
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- General Fund Revenues

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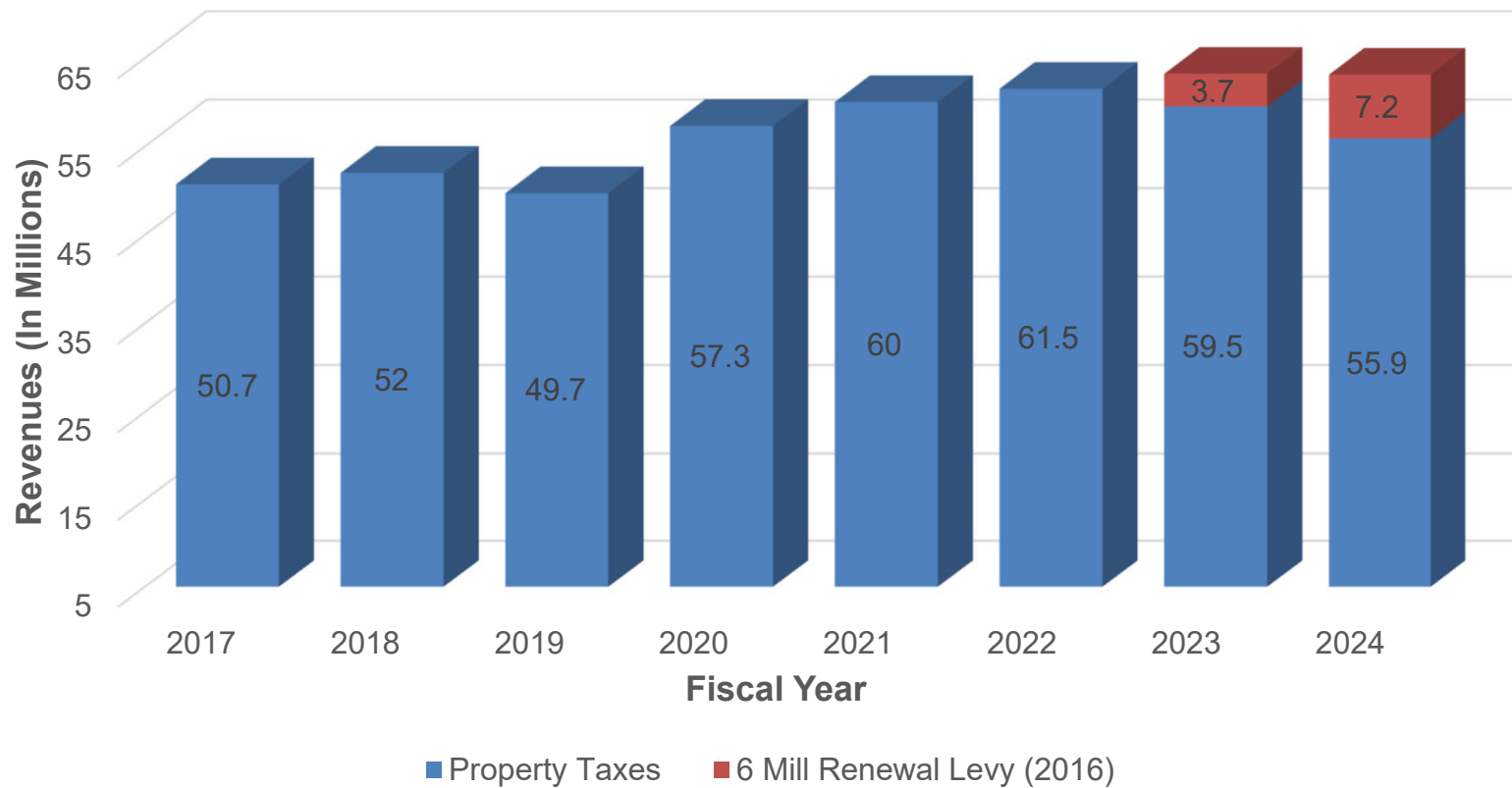
FY 2019-2020

WHERE THE MONEY COMES FROM



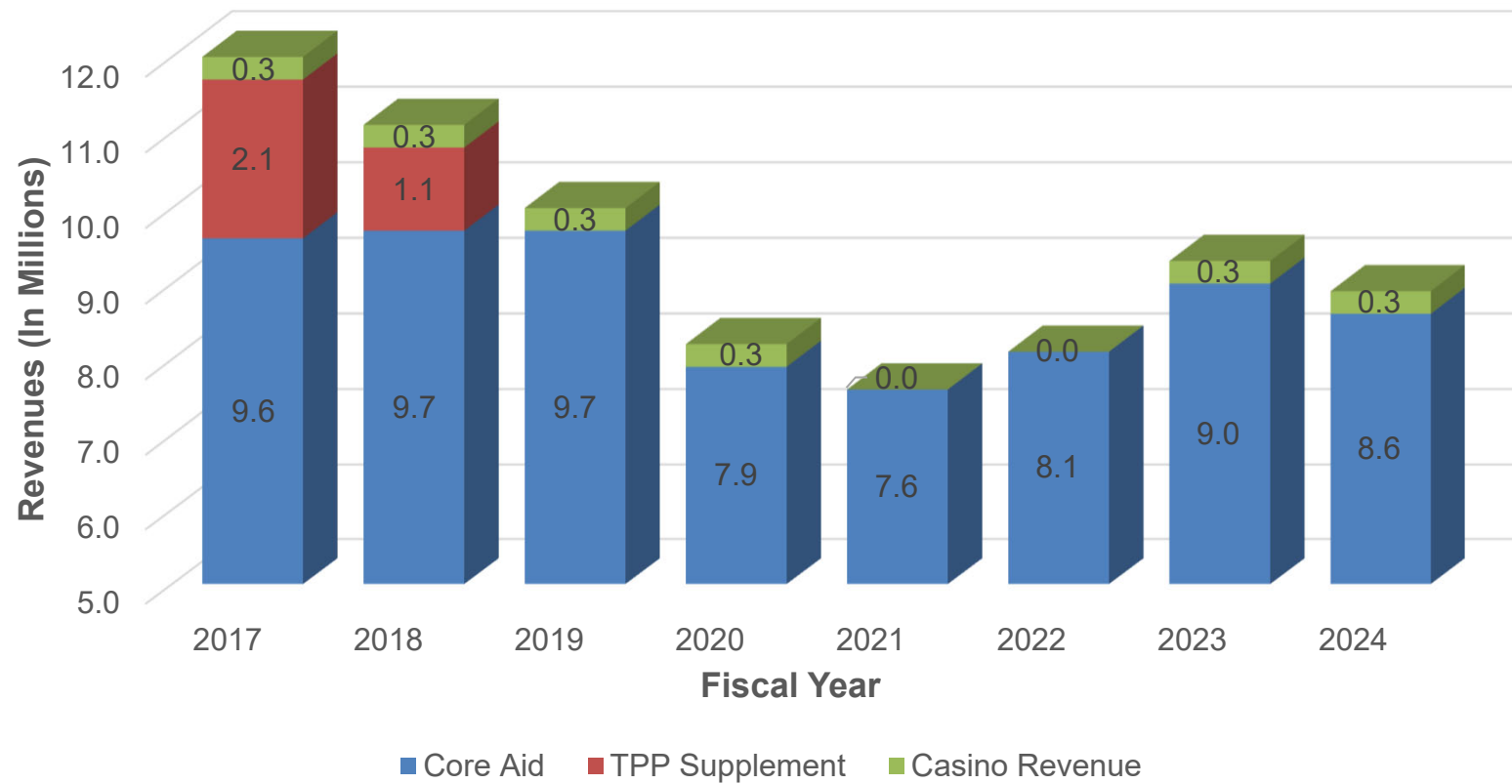
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Local Taxes – Property Tax Revenues



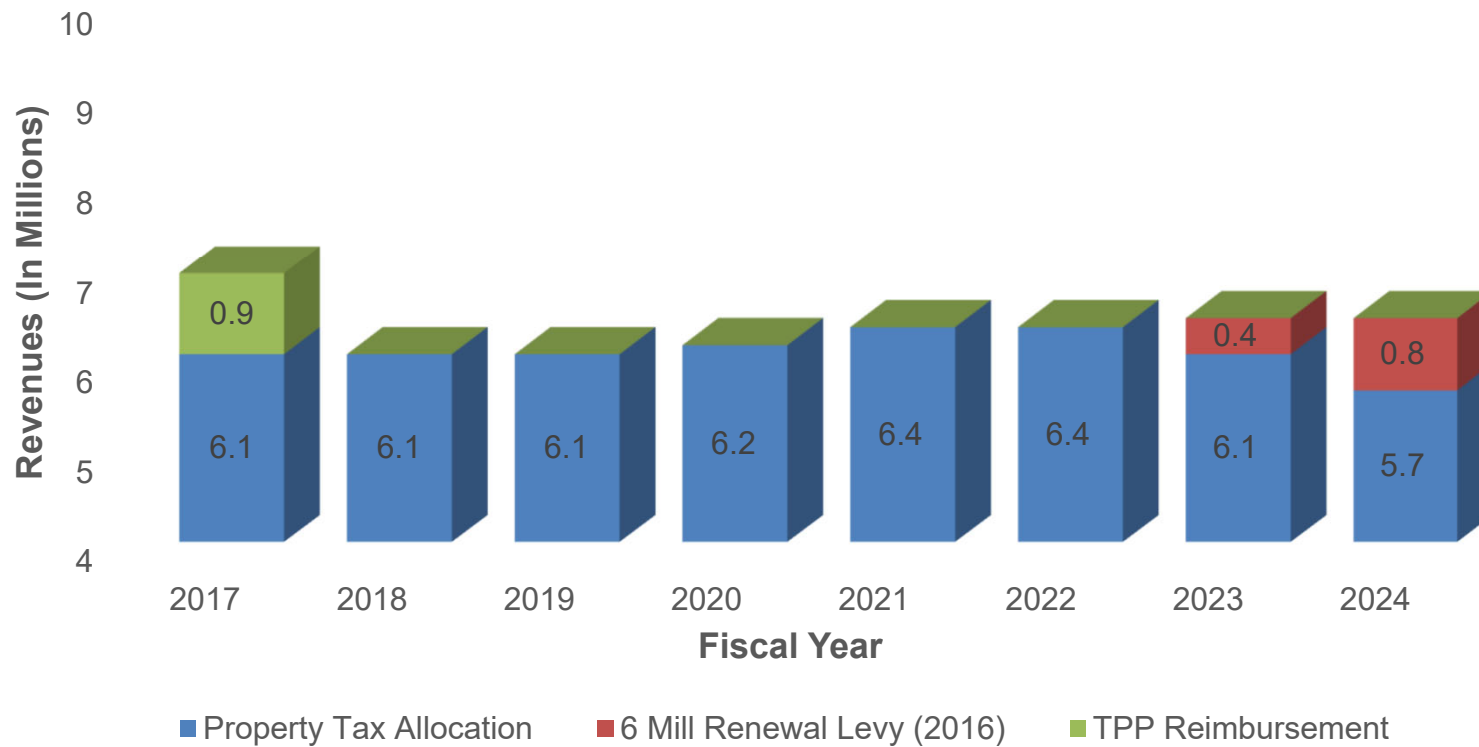
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State Foundation Revenue



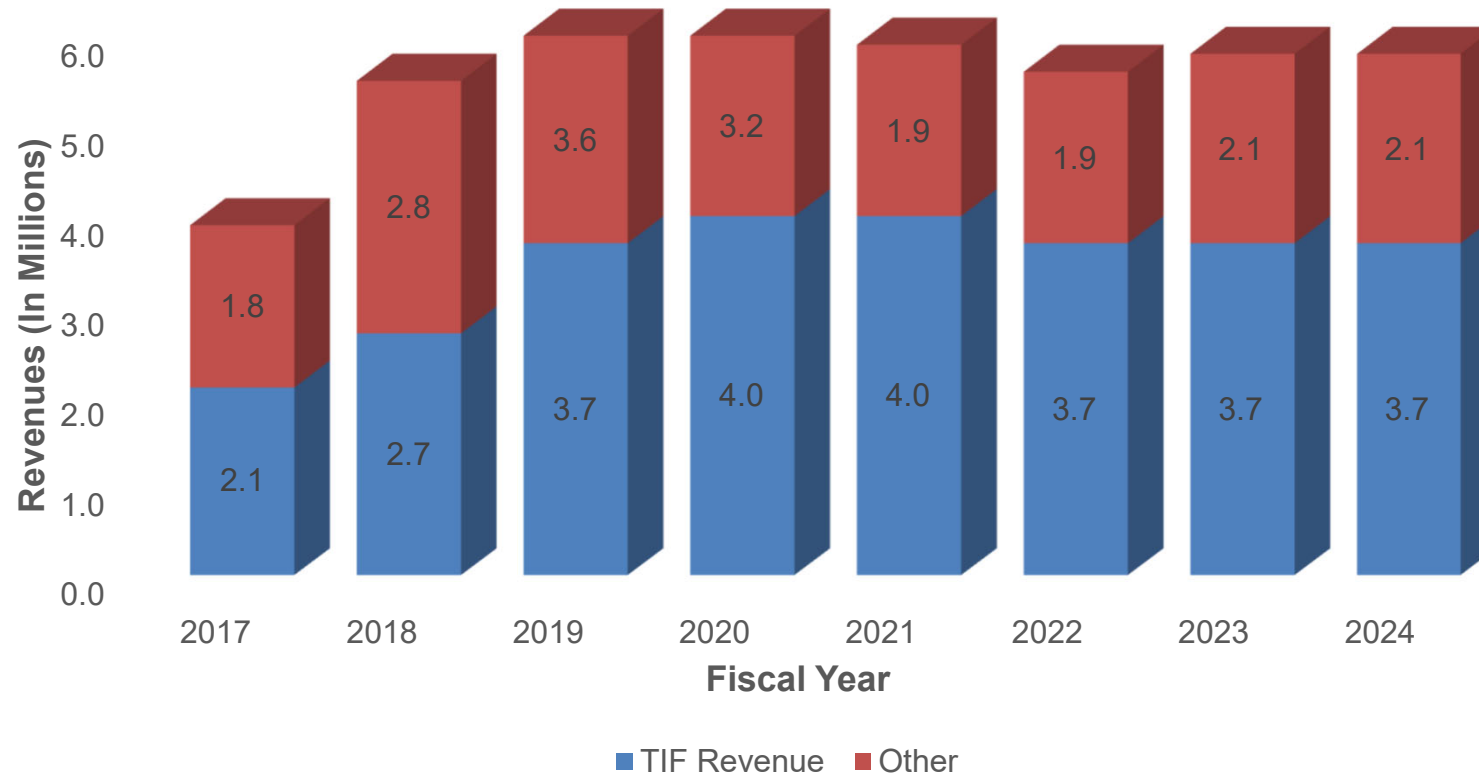
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Property Tax Allocation – State Hold Harmless Reimbursements



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Other Revenue



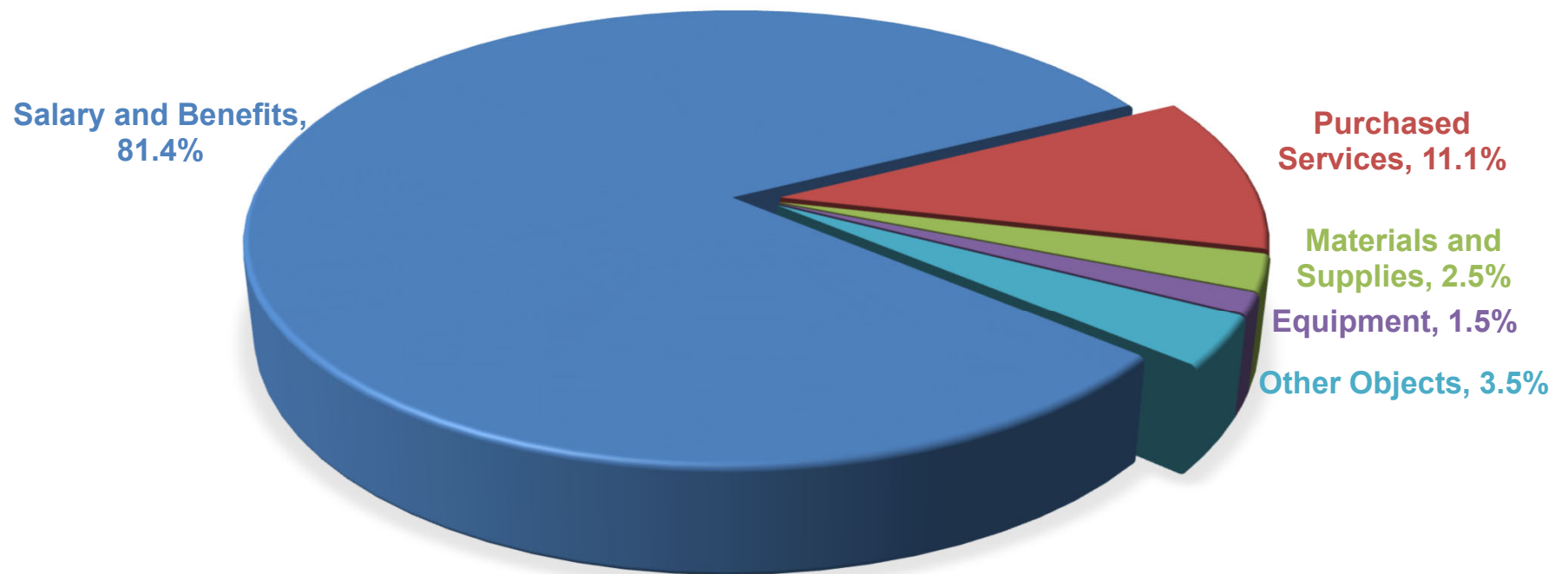
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- General Fund Expenditures

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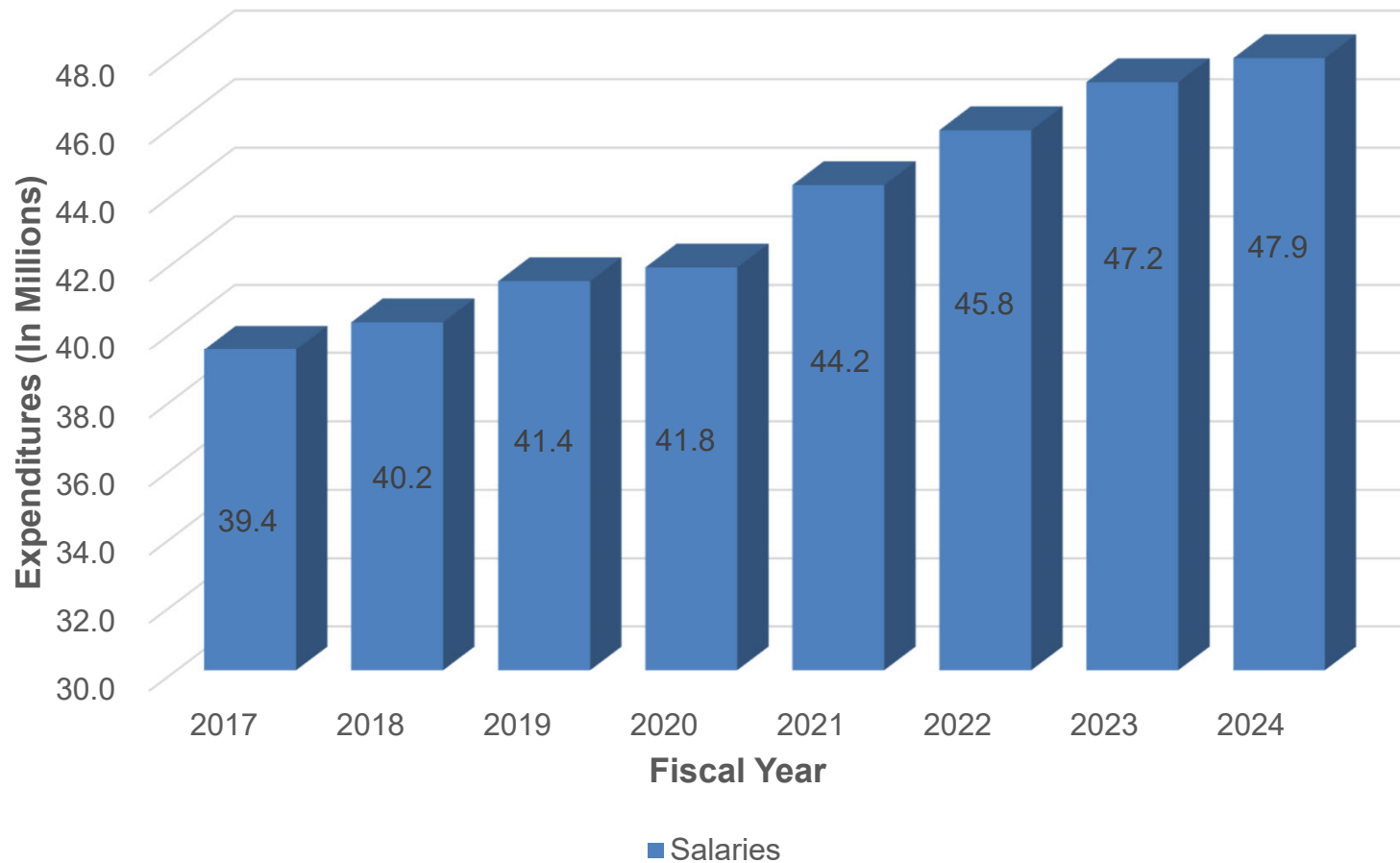
FY 2019-2020

WHERE THE MONEY GOES



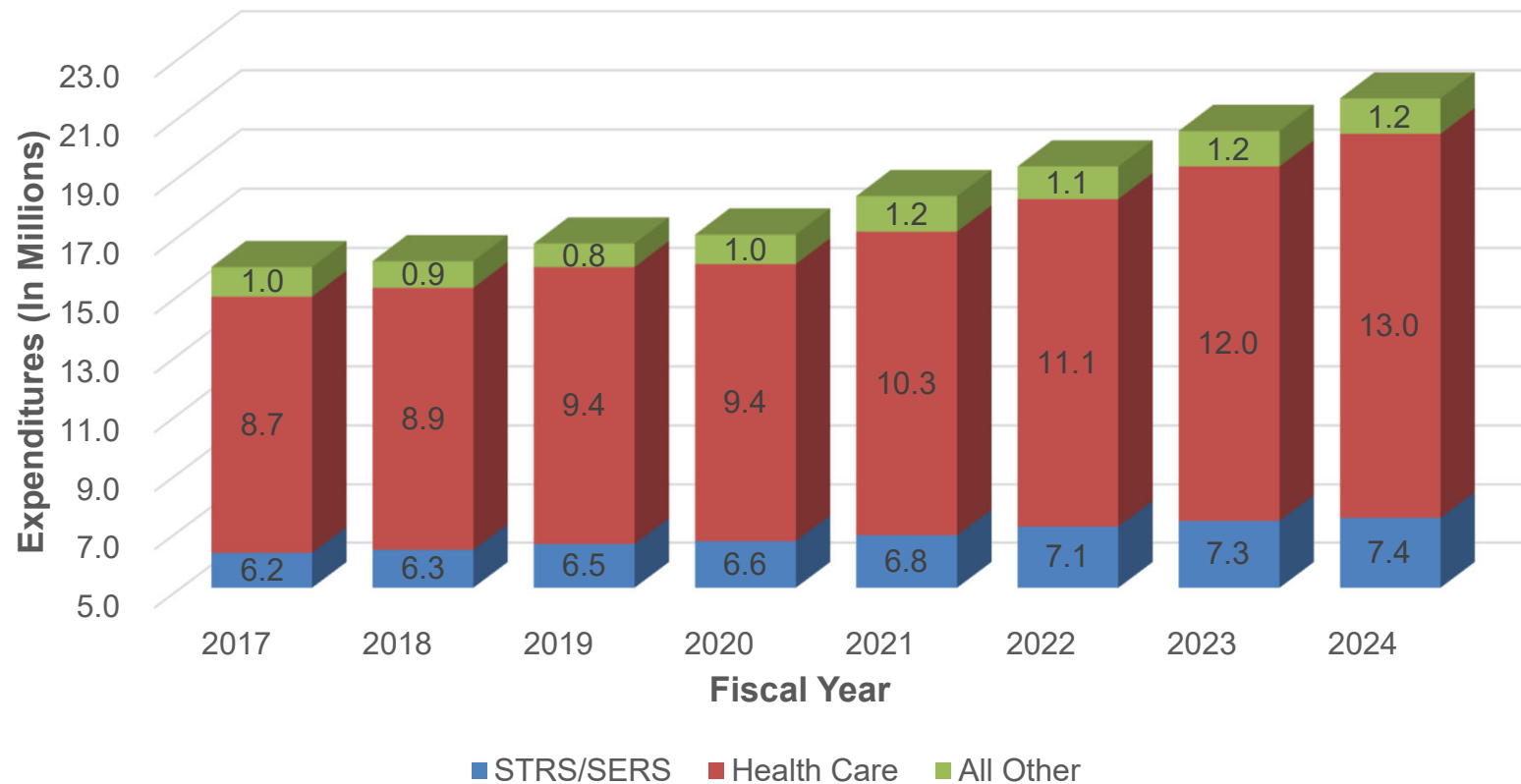
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Salaries



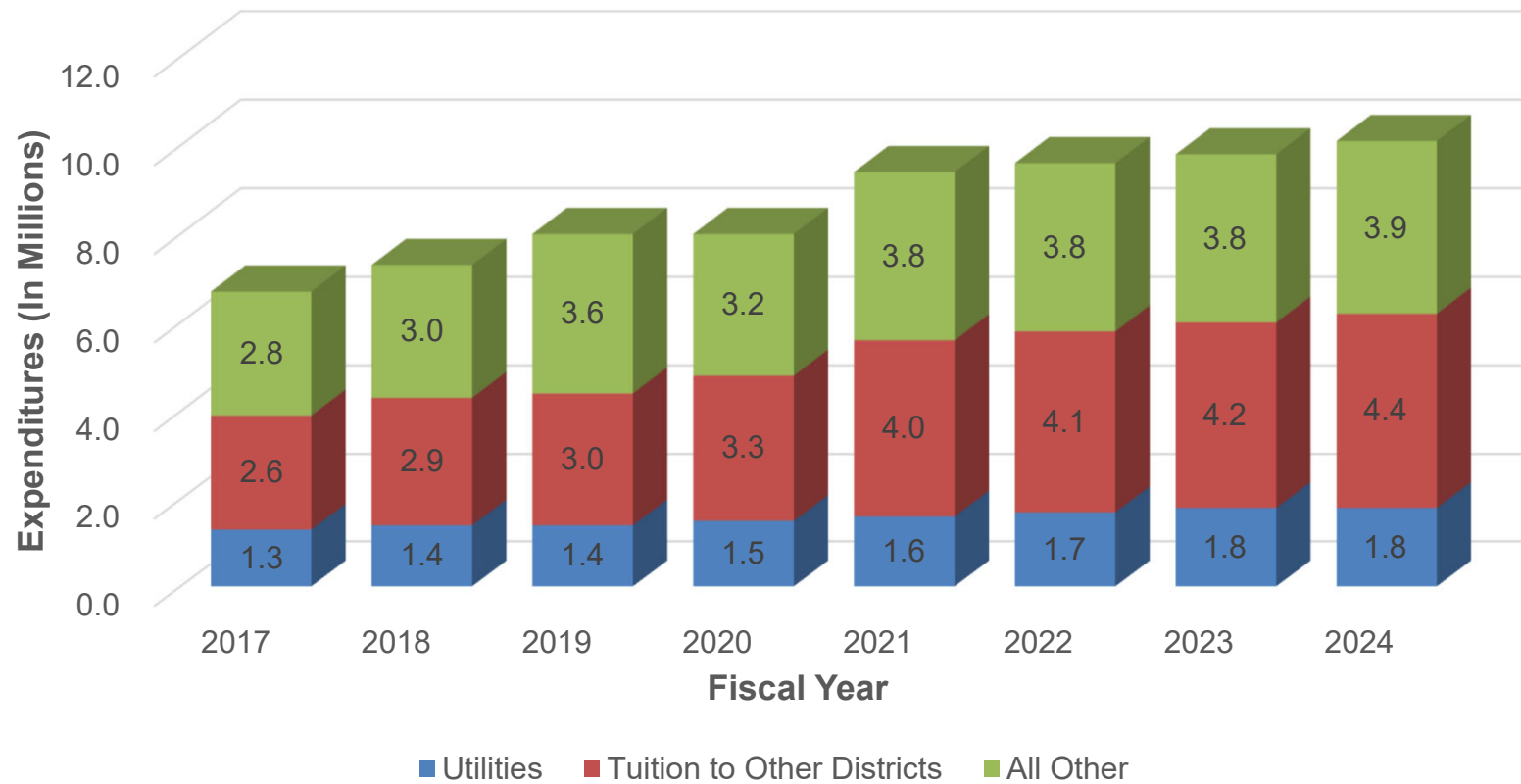
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Benefits



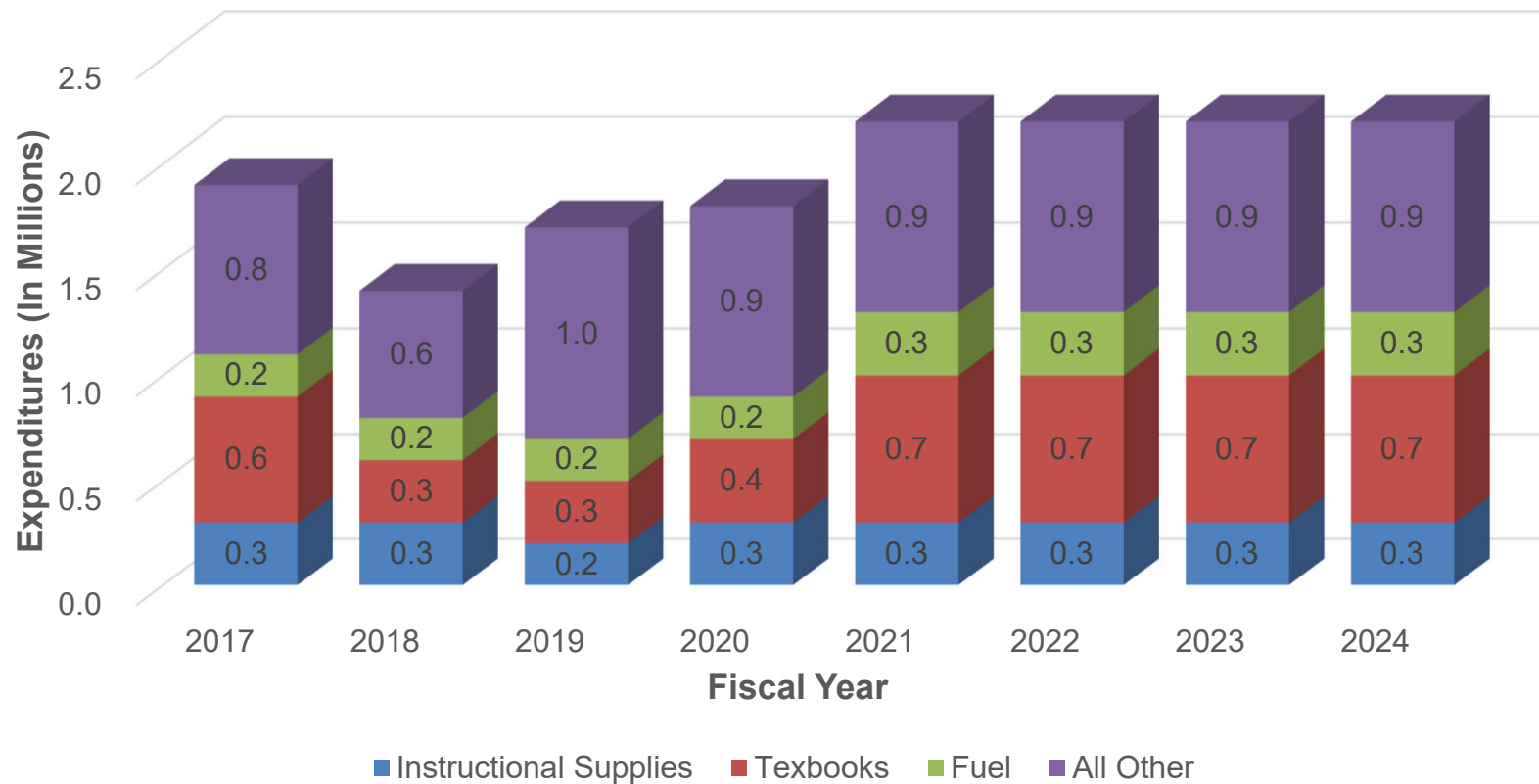
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Purchased Services



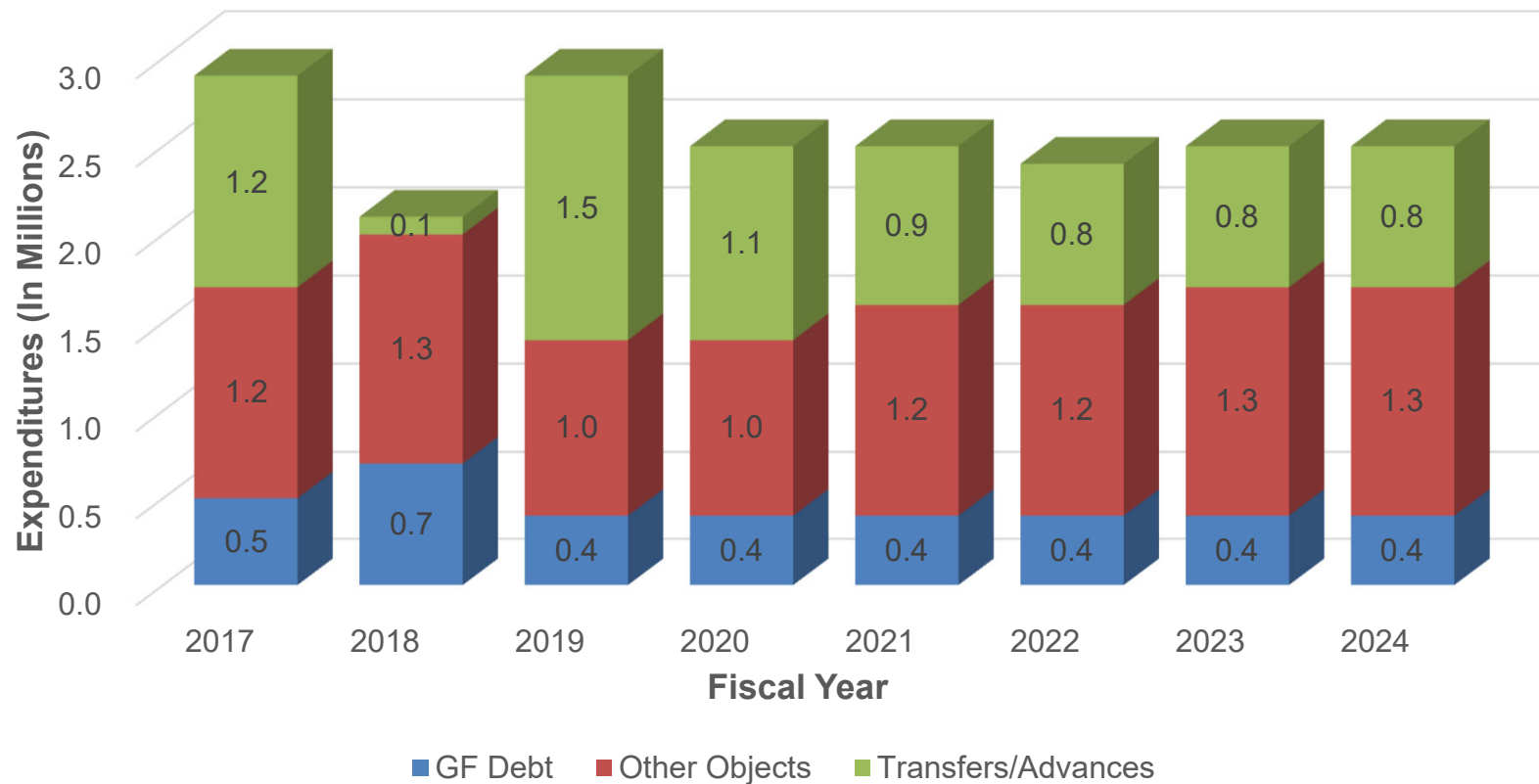
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Materials and Supplies



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Other Objects and Transfers/Advances



See next slide for a reconciliation of changes.

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- General Fund Summary

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Spring 2020 Five-Year Forecast

(in millions of dollars)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Cash Balance	\$18.4	\$24.2	\$31.2	\$32.7	\$39.4	\$41.6	\$42.9	\$40.5
Total Revenues	73.4	74.7	73.1	78.8	79.8	81.6	80.7	76.3
Total Expenses	67.6	67.7	71.6	72.1	77.6	80.3	83.1	85.3
Revenue over Expenses	5.8	7.0	1.5	6.7	2.2	1.3	(2.4)	(9.0)
Ending Cash Balance	24.2	31.2	32.7	39.4	41.6	42.9	40.5	31.5
Encumbrances/Reserves	1.2	1.9	1.8	1.8	1.8	1.8	1.8	1.8
Unencumbered Balance	\$23.0	\$29.3	\$30.9	\$37.6	\$39.8	\$41.1	\$38.7	\$29.7
Property Tax - Renewal	0.0	0.0	0.0	0.0	0.0	0.0	4.1	8.1
Unencumbered Balance	\$23.0	\$29.3	\$30.9	\$37.6	\$39.8	\$41.1	\$42.8	\$41.9

Strongsville City Schools

Spring 2020 Five-Year Forecast w/ renewal

(in millions of dollars)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Cash Balance	\$18.4	\$24.2	\$31.2	\$32.7	\$39.4	\$41.6	\$42.9	\$44.6
Total Revenues	73.4	74.7	73.1	78.8	79.8	81.6	84.8	84.4
Total Expenses	67.6	67.7	71.6	72.1	77.6	80.3	83.1	85.3
Revenue over Expenses	5.8	7.0	1.5	6.7	2.2	1.3	1.7	(0.9)
Ending Cash Balance	24.2	31.2	32.7	39.4	41.6	42.9	44.6	43.7
Encumbrances/Reserves	1.2	1.9	1.8	1.8	1.8	1.8	1.8	1.8
Unencumbered Balance	\$23.0	\$29.3	\$30.9	\$37.6	\$39.8	\$41.1	\$42.8	\$41.9

Strongsville City Schools

- Questions?