

Strongsville City Schools

FY 21 Five-Year Forecast

May 20, 2021



Strongsville City Schools

- Five Year Forecast - General Fund

Five Year Forecast - Contents

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- 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 17	CY 18	CY 19	CY 20	3 Year Average	CY 21 Forecast	CY 21 Forecast	CY 21 Forecast	CY 21 Forecast	CY 21 Forecast
Gross Collection Rates - Includes Delinquencies	98.80%	98.89%	100.20%	99.50%	99.53%	97.43%	99.53%	99.53%	99.53%	99.53%

- The forecast assumes a 2.10% decrease in gross collection rate from the average 99.53% in calendar year 2021 due to two properties that are currently listed as part of the tax duplicate that will be coming off. There is not a loss of revenue anticipated, however, without lowering the collection rate, revenues would be overstated.

Major Assumptions - Continued

Revenue (continued):

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

Collection Year	Residential	Commercial	Public Utility	Total
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	\$1,250,745,940	\$363,509,730	\$49,168,210	\$1,663,423,880
CY 22 Forecast	\$1,384,868,002	\$313,332,123	\$52,595,234	\$1,750,795,359
CY 23 Forecast	\$1,396,355,988	\$314,052,787	\$56,261,122	\$1,766,669,897
CY 24 Forecast	\$1,407,101,975	\$314,712,298	\$60,182,522	\$1,781,996,795
CY 25 Forecast	\$1,459,558,033	\$323,020,702	\$64,377,244	\$1,846,955,979

- Collection Year 2022 is a triennial budget year for Cuyahoga County. The forecast assumes that residential values will increase by 10% and commercial values will increase by 8%.

Major Assumptions - Continued

Revenue (continued):

- The forecast assumes that in collection year 2022, commercial property will decrease in assessed valuation by \$42,653,310 due to the sale of South Park Mall. During April of 2021, the mall was valued by the county at \$181,866,600 and sold for \$57,720,150. Prior to the sale, South Park Mall filed a complaint with the Board of Revisions requesting a value of \$60,000,000. A decrease of \$121,866,600 or \$42,653,310 of assessed valuation (assessed valuation = 35% of value). The decrease in assessed valuation is offset by an anticipated increase in commercial property as a whole.
- Additionally, the forecast assumes a tax refund of \$2,789,386 in FY 2022 for South Park Mall for tax years 2018, 2019, 2020, due to open Board of Revisions Complaints. No final determinations have been awarded yet as the complaints are pending, the forecast assumes the worst case scenario.
- 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. 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 FY 2020 and beyond.

The impact to state funding is based on the following:

- ❑ FY 2020 - The district experienced a 9% (\$950,000) reduction in state funding due to the COVID-19 pandemic.
- ❑ FY 2021 - On January 22, 2021, the Governor announced a partial restoration of the COVID-19 reduction which restored \$521,886 of the \$950,500 reduction. Additionally, casino revenues have been reduced by \$67,840 to \$206,064 from \$295,154 as casino's were closed for three months.
- ❑ FY 2022 & FY 2023 - Per the Governors biennium budget, funding levels are restored to FY 2019 pre COVID-19 levels. However, the state budget is subject to change as the House of Representatives voted for passage of the Fair Funding Formula. At this point and time, the proposal is with the Senate for deliberation. Due to the uncertainty of the Fair Funding Formula, the forecast assumes the Governors biennium budget.
- ❑ FY 2024 & FY 2025 - The forecast assumes the same level of funding as the prior biennium budget.

Major Assumptions - Continued

Expenditures:

- Staffing Assumptions (General Fund Only):

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
General Fund	667	678	683	683	683	686
Prior Year Net Change	-3	+9	+5	0	0	+3

- Forecast assumes all union agreements are as currently defined.
- Health care premiums remained flat for FY 20. For FY 21, the district will experience a 3% increase. For FY 22, the district will experience a 1.37% increase. For fiscal years 2023-2025 the projected annual increase is 8%.
- During FY 20 and FY 21, the district experienced a cost savings within certain categories (substitute costs, overtime, associated benefits that are a percentage of salary, certain purchase services) due to the school closures. As the district resumes normal operations, those benefits will be restored.

Major Assumptions - Continued

Expenditures (continued):

- Purchase services is forecast to increase by \$900,000 from FY 2020 to FY 2021. The increase is due to:
 - Increase \$535,000 for Strongsville Online Learning Option (SOLO). FY 21 \$535,000. \$180,000 placeholder for FY 2022 & FY 2023. Funding may also be moved to ESSER II, and/or ESSER III funds.
 - Increase \$400,000 for tuition to other districts, \$300,000 increase for community schools.
 - Purchase services are projected to increase annually due to tuition to other districts, primarily to community schools. The increase is based on historical increases.
- Materials and Supplies is forecasted to increase by \$827,000 from FY 2020 to FY 2021. The increase is due to:
 - Increase \$250,000 for additional PPE supplies.
 - Increase \$577,000 due to FY 2020 savings or unspent budget.
- The primary increases in the Capital Outlay category is the purchase of Chromebooks and infrastructure to support the District's 1:1 technology initiative.
- For Additional Assumptions and Details see the accompanying Five Year Forecast Financial Report.

Major Assumptions - Continued

Expenditures (continued):

- Due to the COVID-19 pandemic, the following budget adjustments were made:
 - Salary and benefits for Remote 2.0 and SCS Connects - \$600,000 for FY 21 only.
 - Strongsville Online Learning Option (SOLO) - FY 21 \$535,000. \$180,000 placeholder for FY 2022 & FY 2023. Funding may also be moved to ESSER II, and/or ESSER III funds.
 - PPE Supplies and Equipment - Increased the Operations budget by \$250,000.
 - Custodial Costs - Increased budget hours by 31 hours (salary and benefits).
 - Transfer of Funds - Increased the General Fund Transfers out by \$300,000.
 - Food Services - \$200,000 increase due to remote days. (FY21 year only. Have seen a spike in participation rate when district came back 100% in person. Should carry over into FY 2022).
 - Athletics - \$100,000 increase due to lost ticket revenue.
 - Due to the unrepresented times of the pandemic - will need to monitor the following areas for fluctuations: Sub costs, SOLO costs, PPE Supplies, Athletics, and Food Services.

Major Assumptions - Continued

Additional Grant Funding (Not in Five Year Forecast):

- The District received additional State and Federal funds to assist the District respond to the COVID-19 pandemic:
 - ESSER I Funding (\$407,128): - Utilized for KG Chromebooks, Chromebook cases grade 3-5, SOLO, hardware and software for remote instruction, and PPE equipment.
 - CoronaVirus Relief Funding (\$285,385): - Utilized for PPE supplies, materials and equipment, elementary and SMS desks to replace tables for social distancing, and disinfection sprayers.
 - BroadbandOhio Connectivity Grant (\$21,205.26): - Utilized for public wifi and transportation hot spots.
 - Library Services & Technology Act CARES Mini Grant (\$3,000) - Utilized for an online digital catalog.
 - ESSER II (FY22 thru FY23) & ESSER III (FY22 thru FY24) (\$6,139,400): - will be used for summer programming, staffing, software/programs to address learning loss, professional development, equipment/supplies, and/or capital improvements. The District is still finalizing the plans. The funds cannot be used to supplant areas that were always a district costs. The funds be used in connection with responding and preventing to the COVID-19 pandemic.

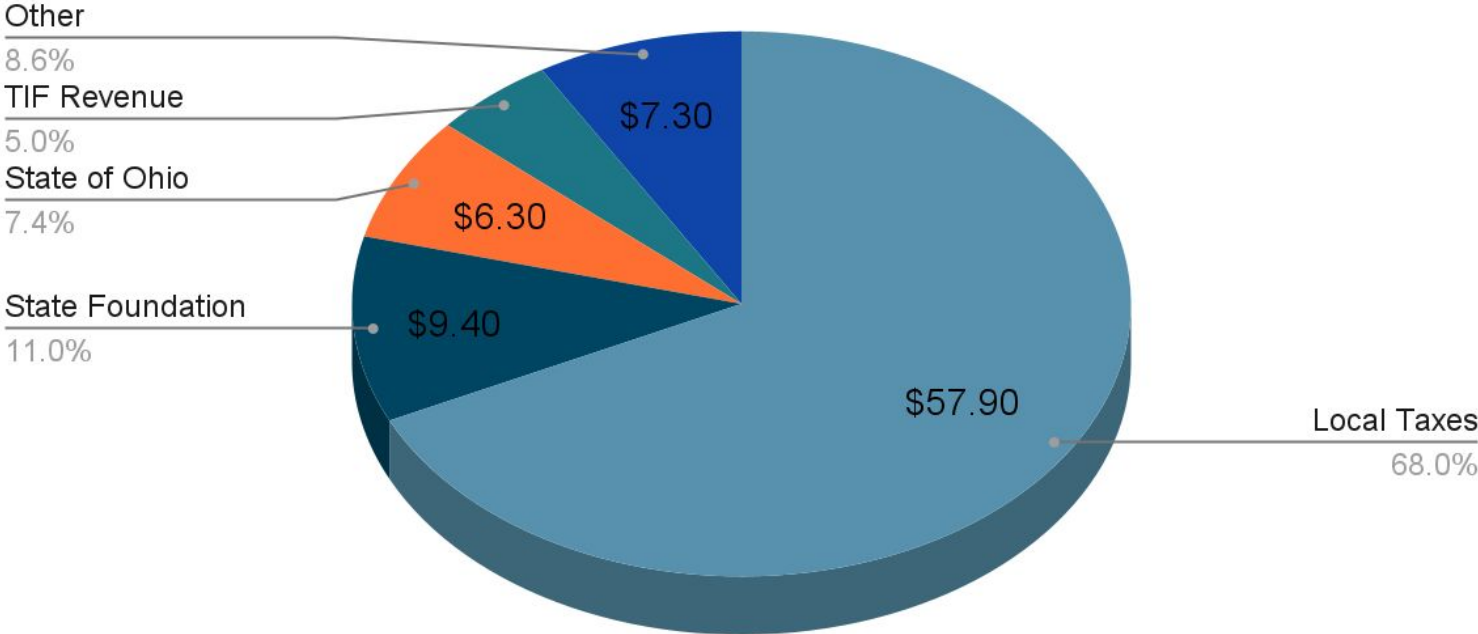
Strongsville City Schools

- General Fund Revenues

Strongsville City Schools

FY 2020-2021

Where the Money Comes From (in millions)



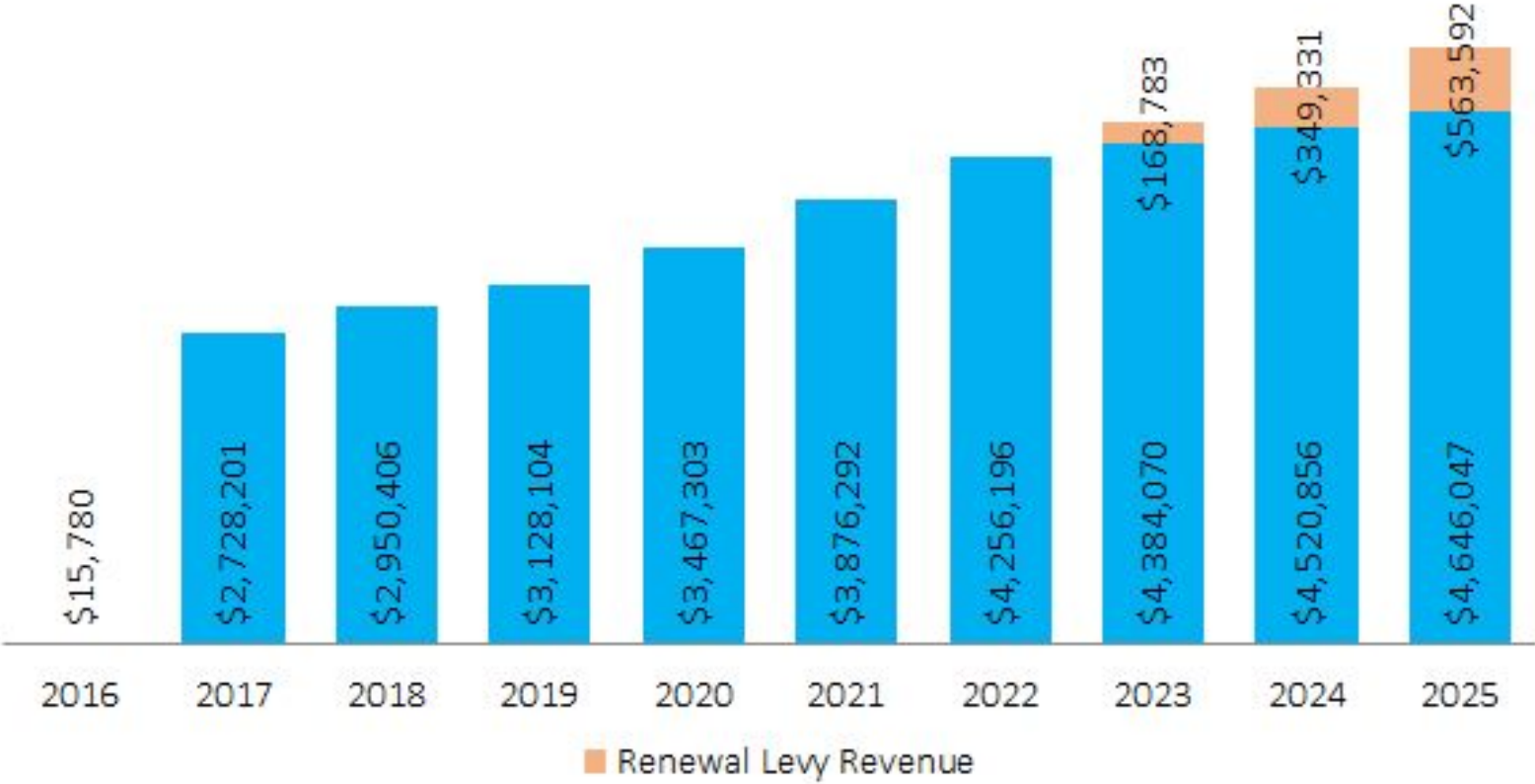
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Local Taxes - Residential and Commercial



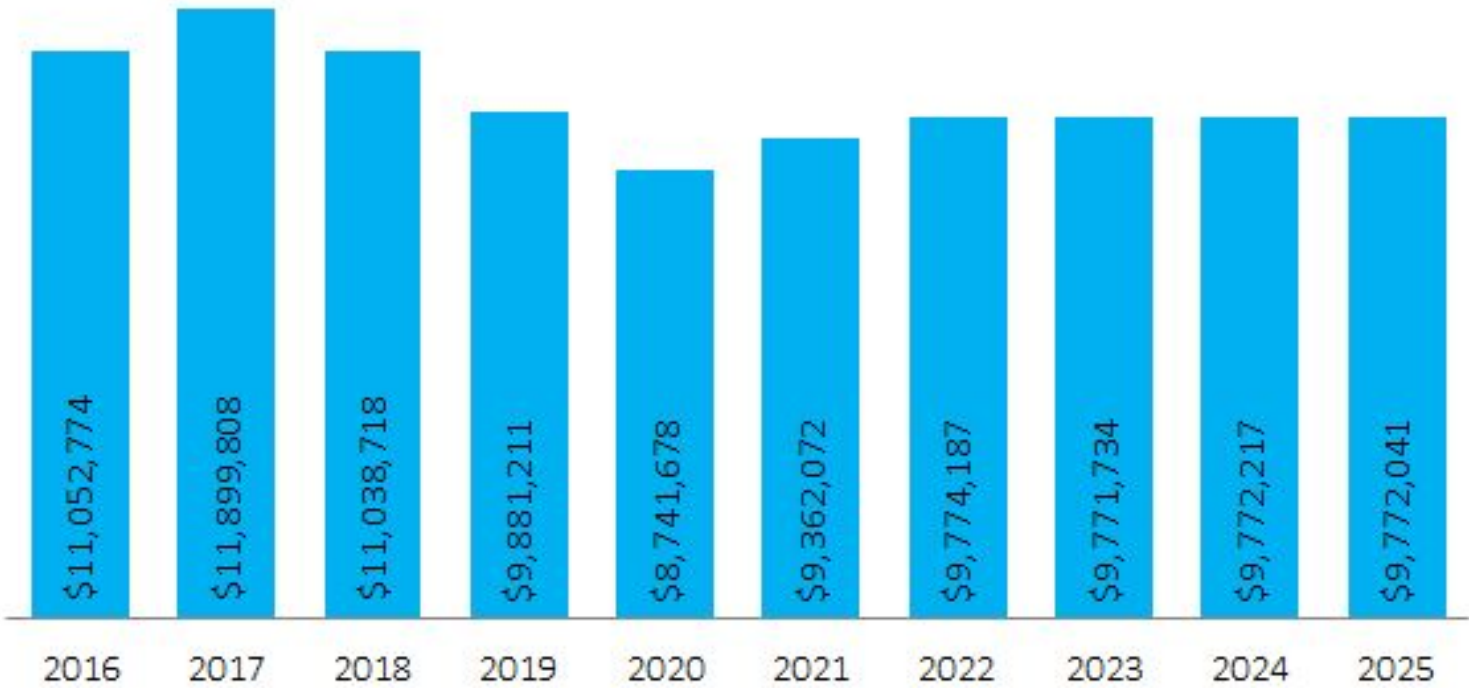
Strongsville City Schools

Local Taxes - Public Utility



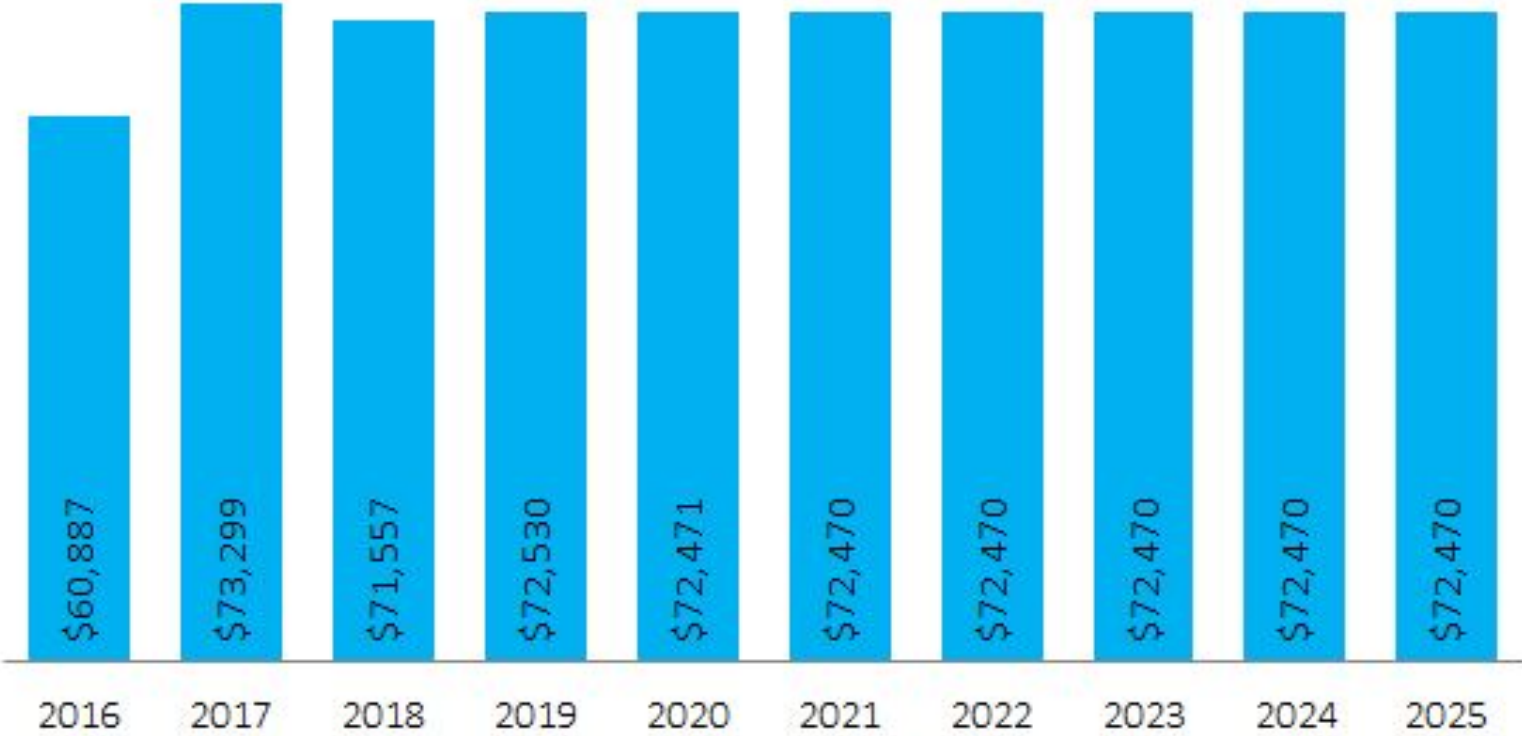
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State Foundation - Unrestricted



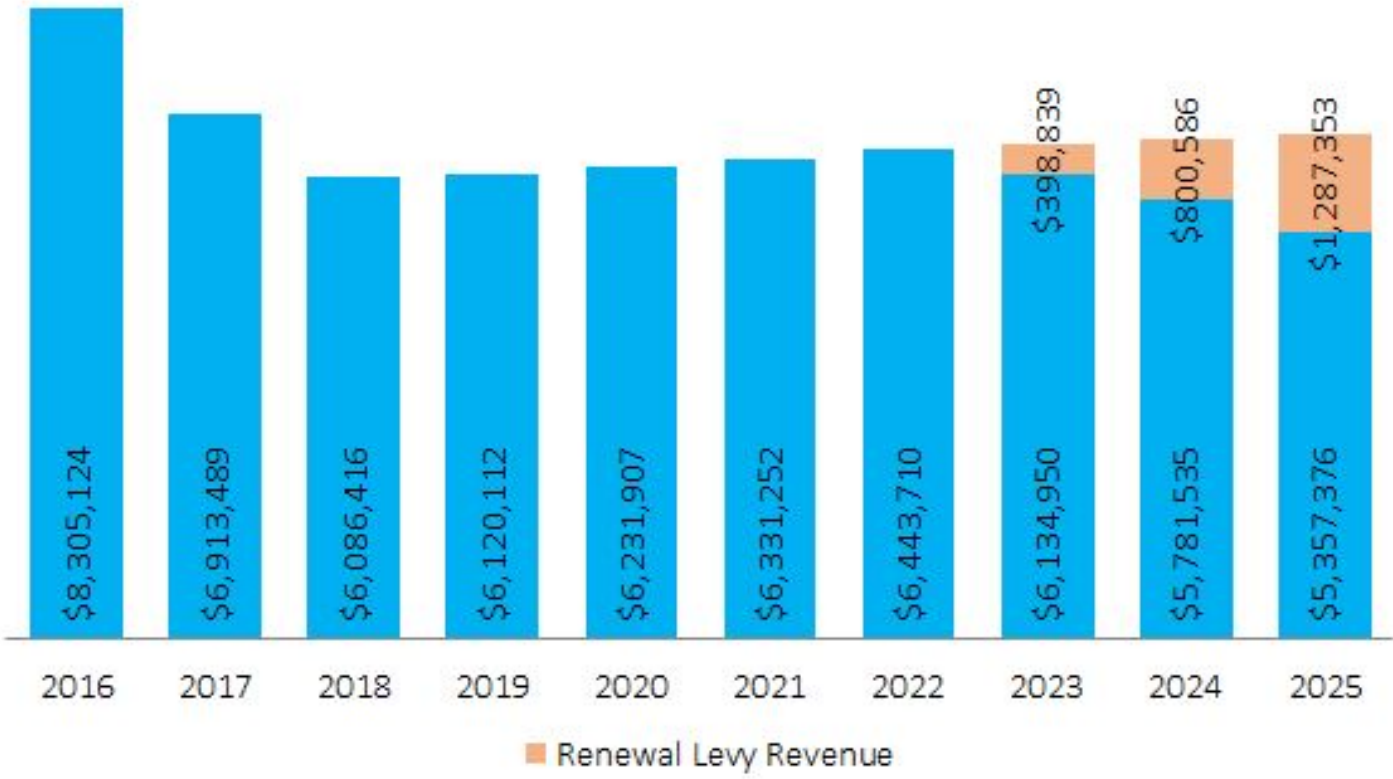
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State Foundation - Restricted



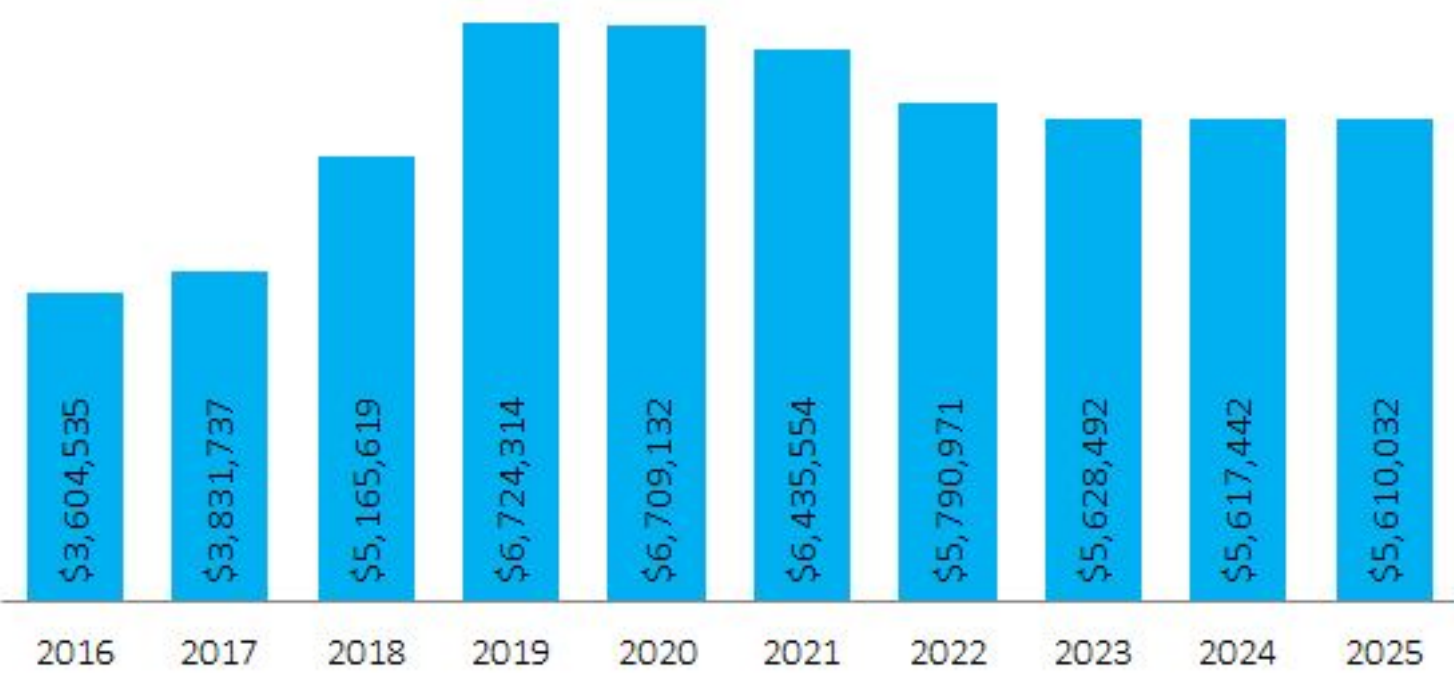
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Property Tax Allocation



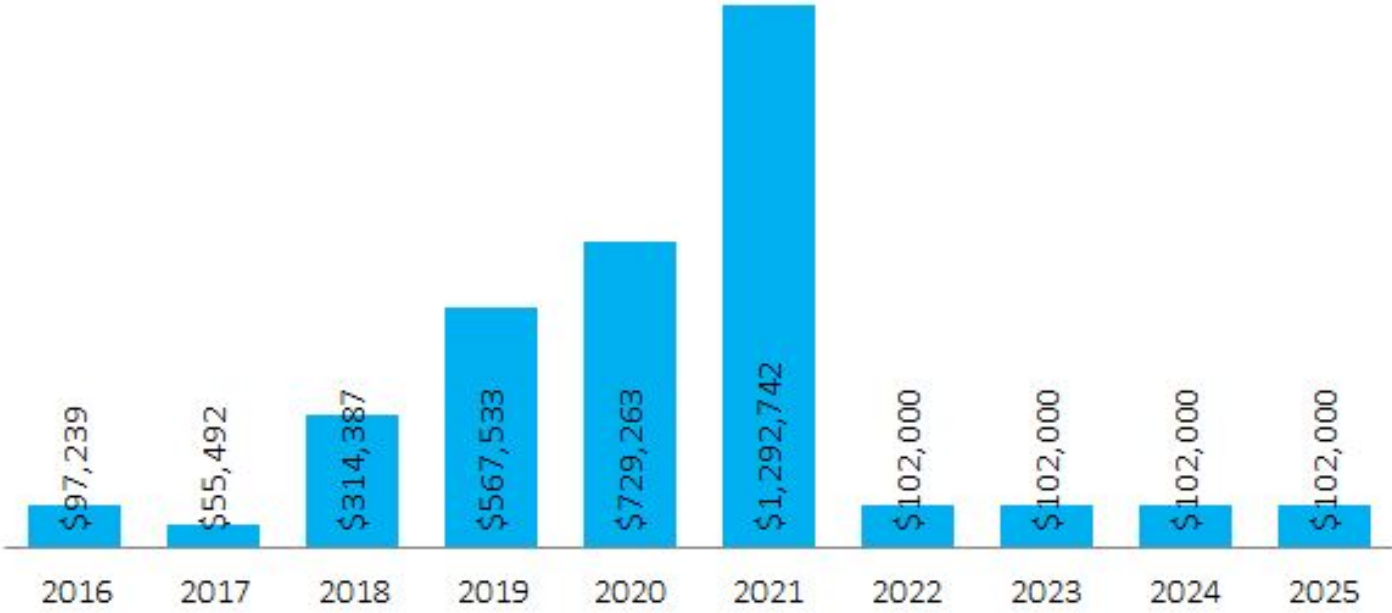
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Other Revenue



Strongsville City Schools

Other Financing Sources



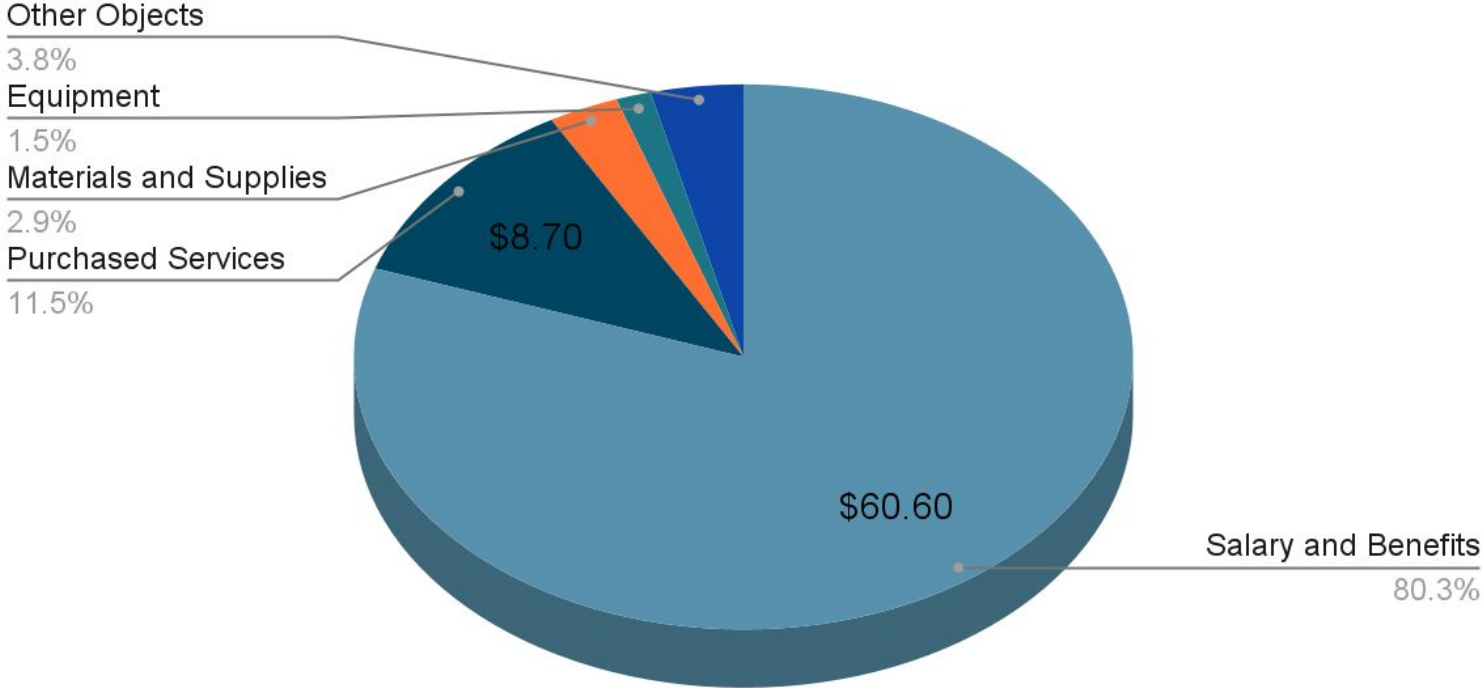
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- General Fund Expenditures

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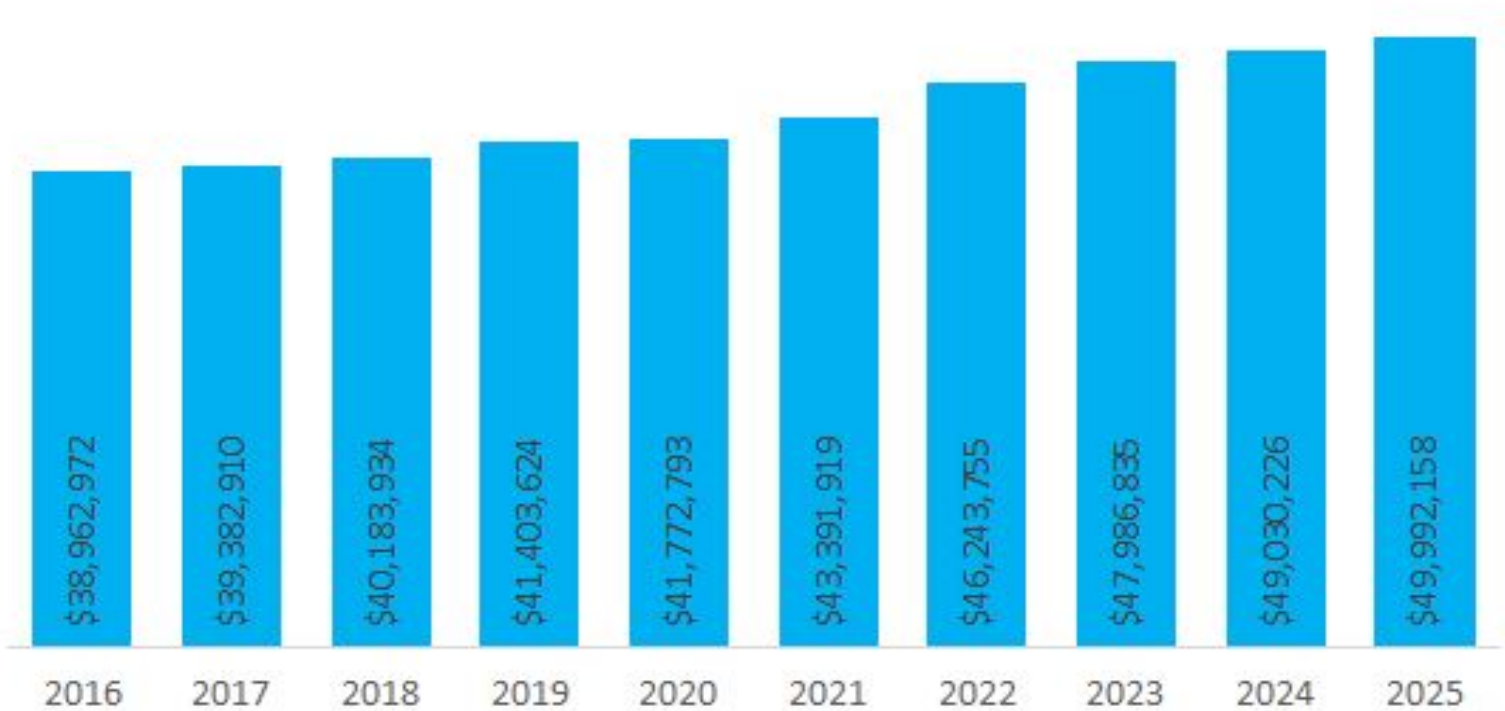
FY 2020-2021

Where The Money Goes (in millions)



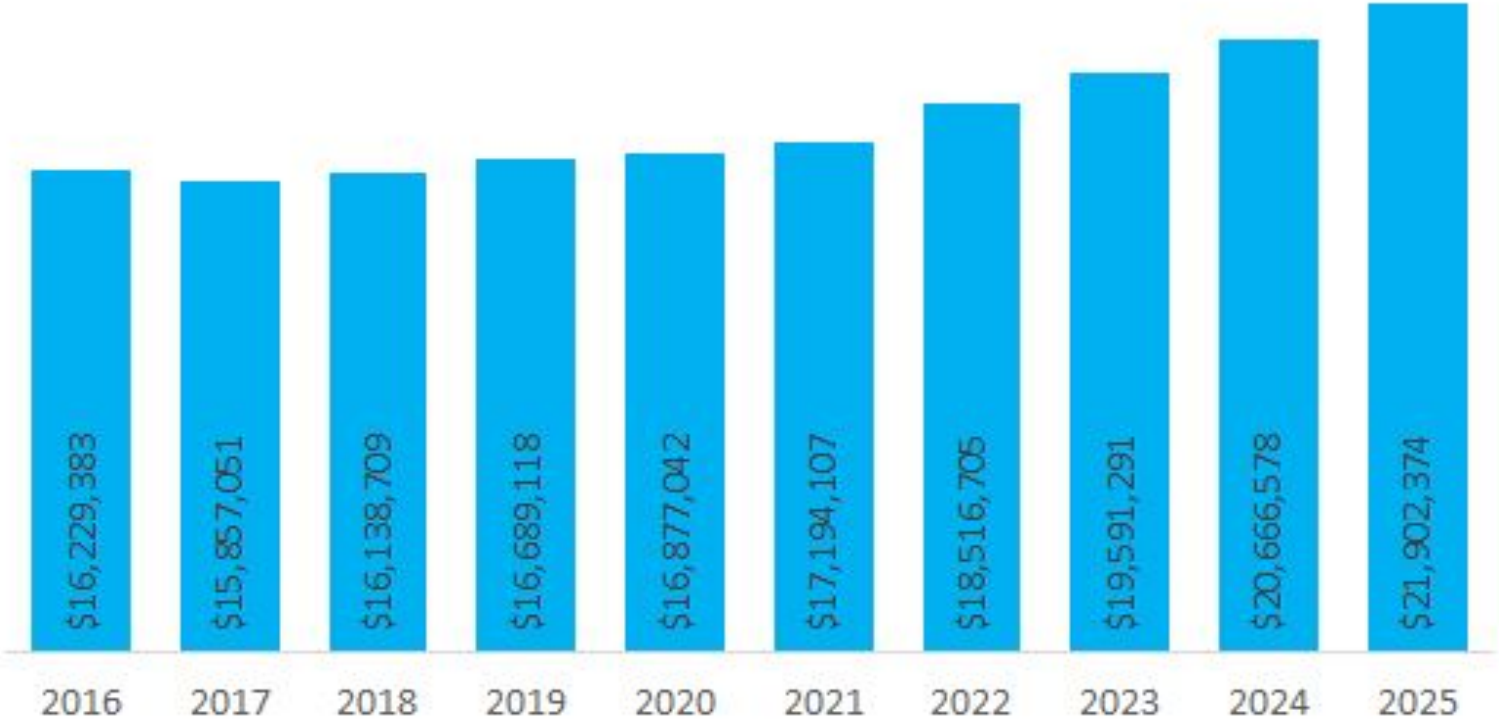
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Salaries



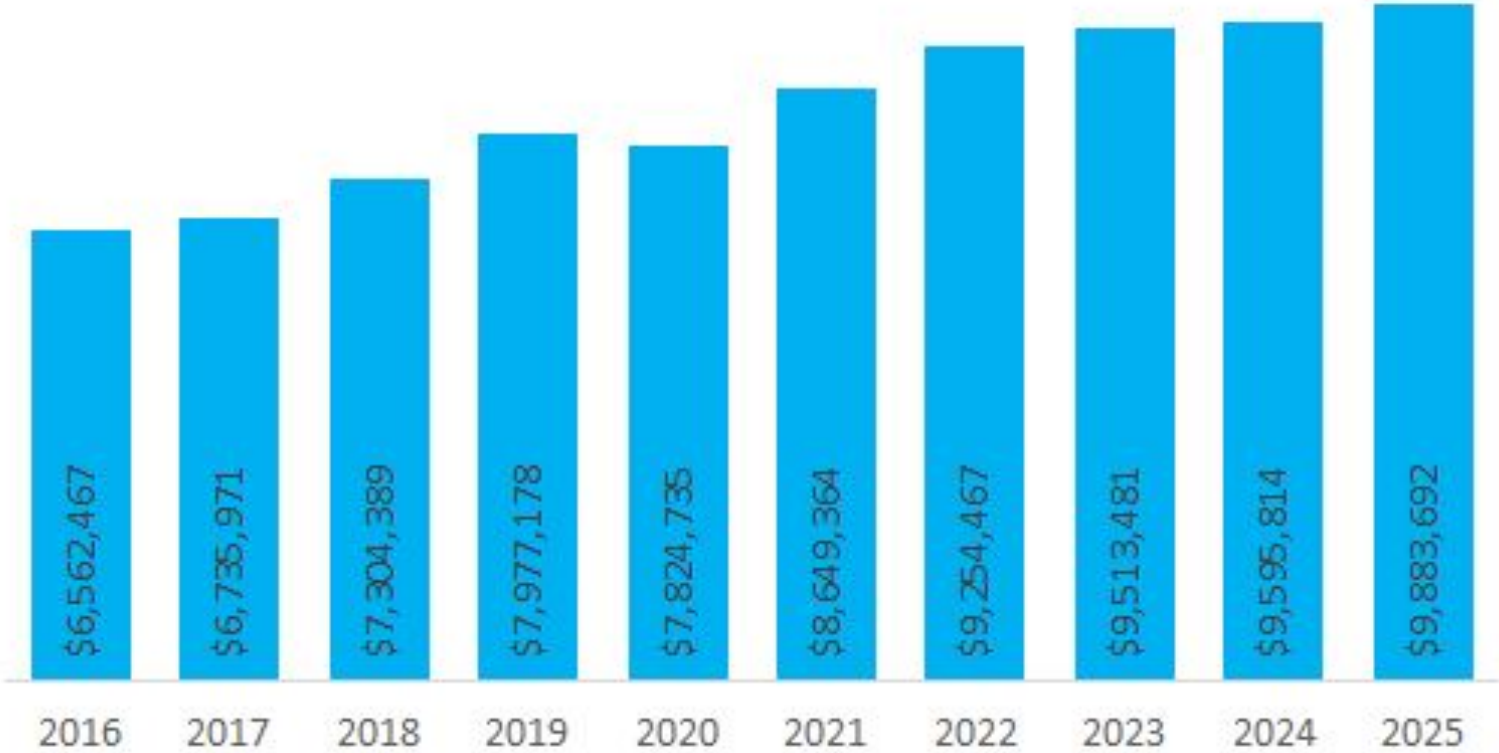
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Benefits



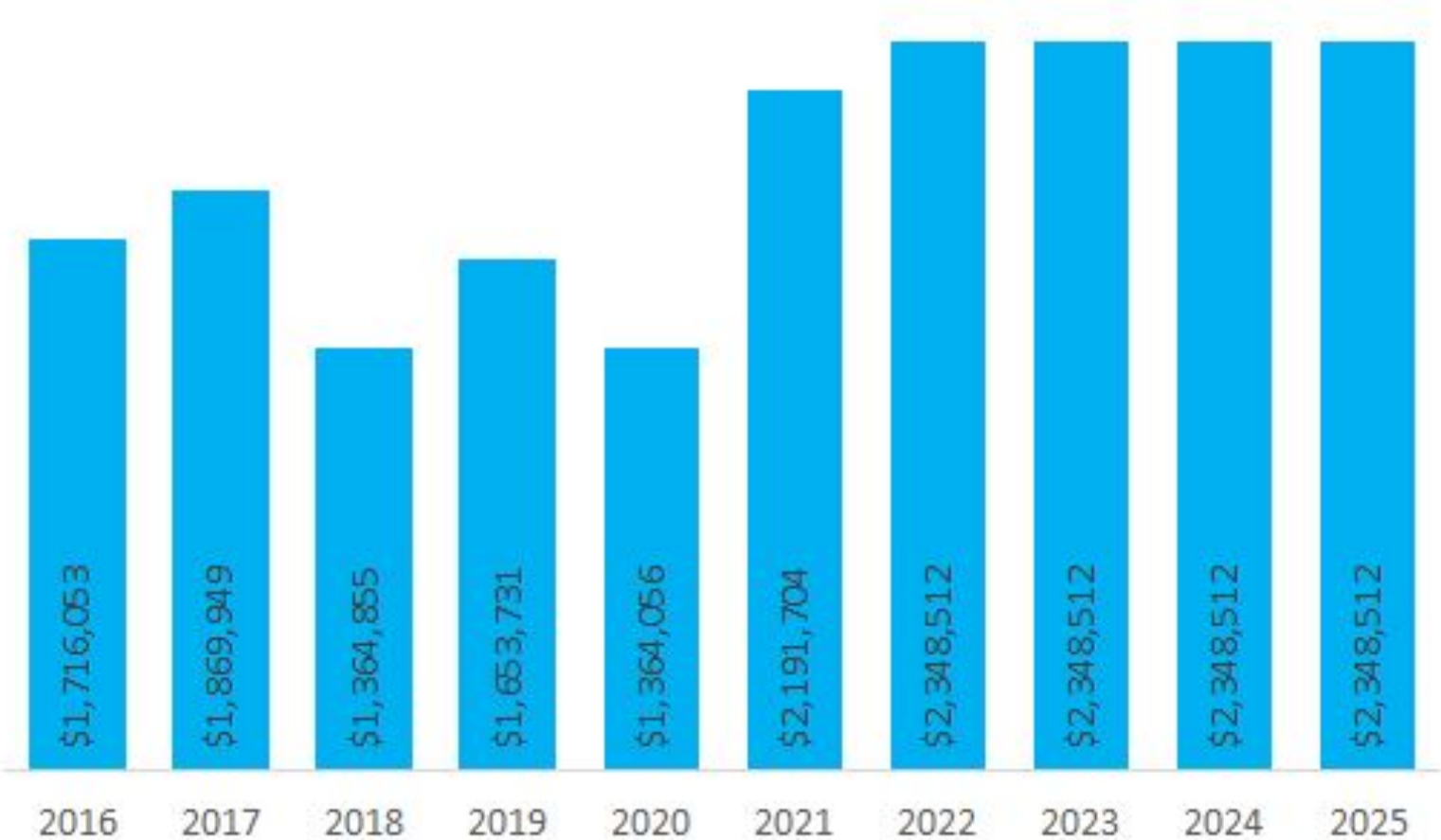
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Purchased Services



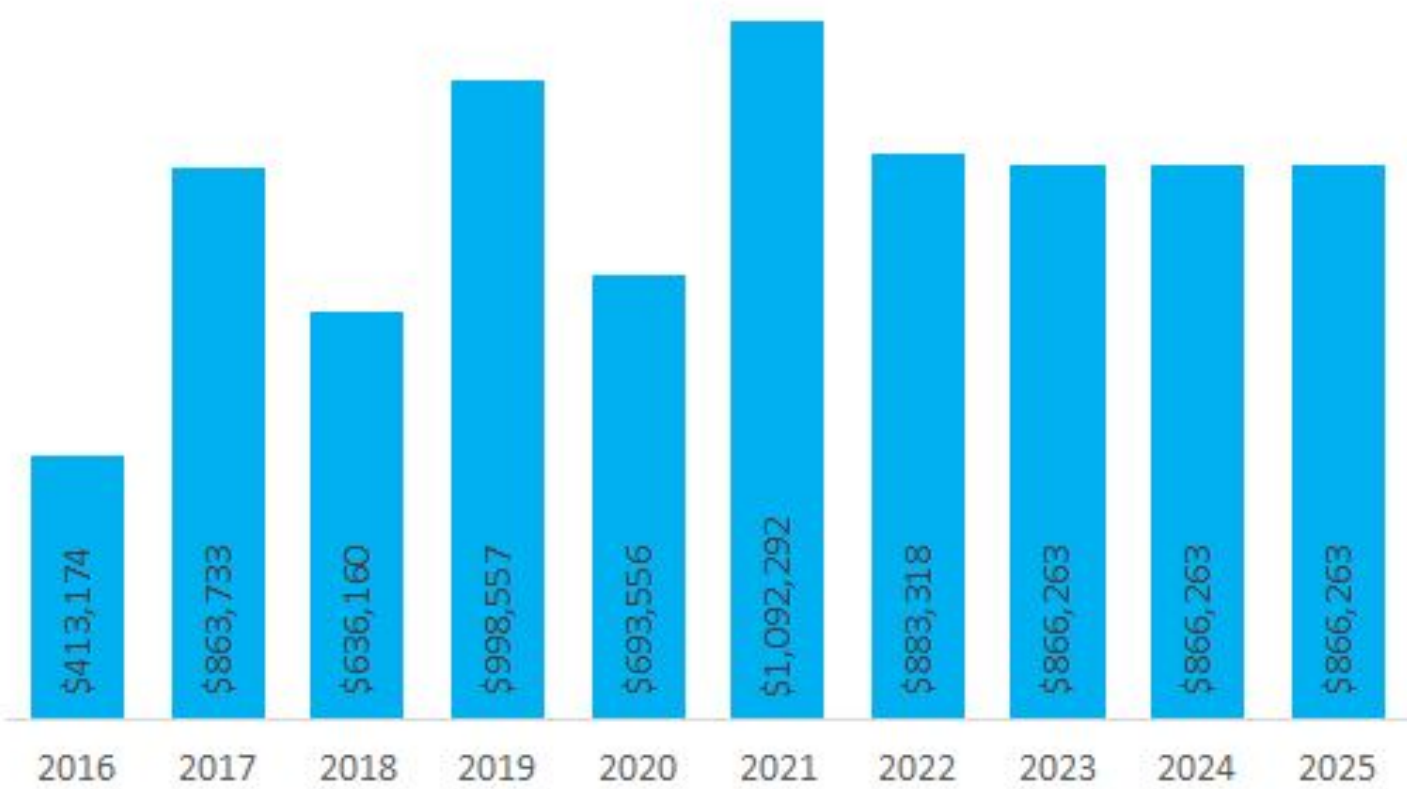
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Supplies and Materials



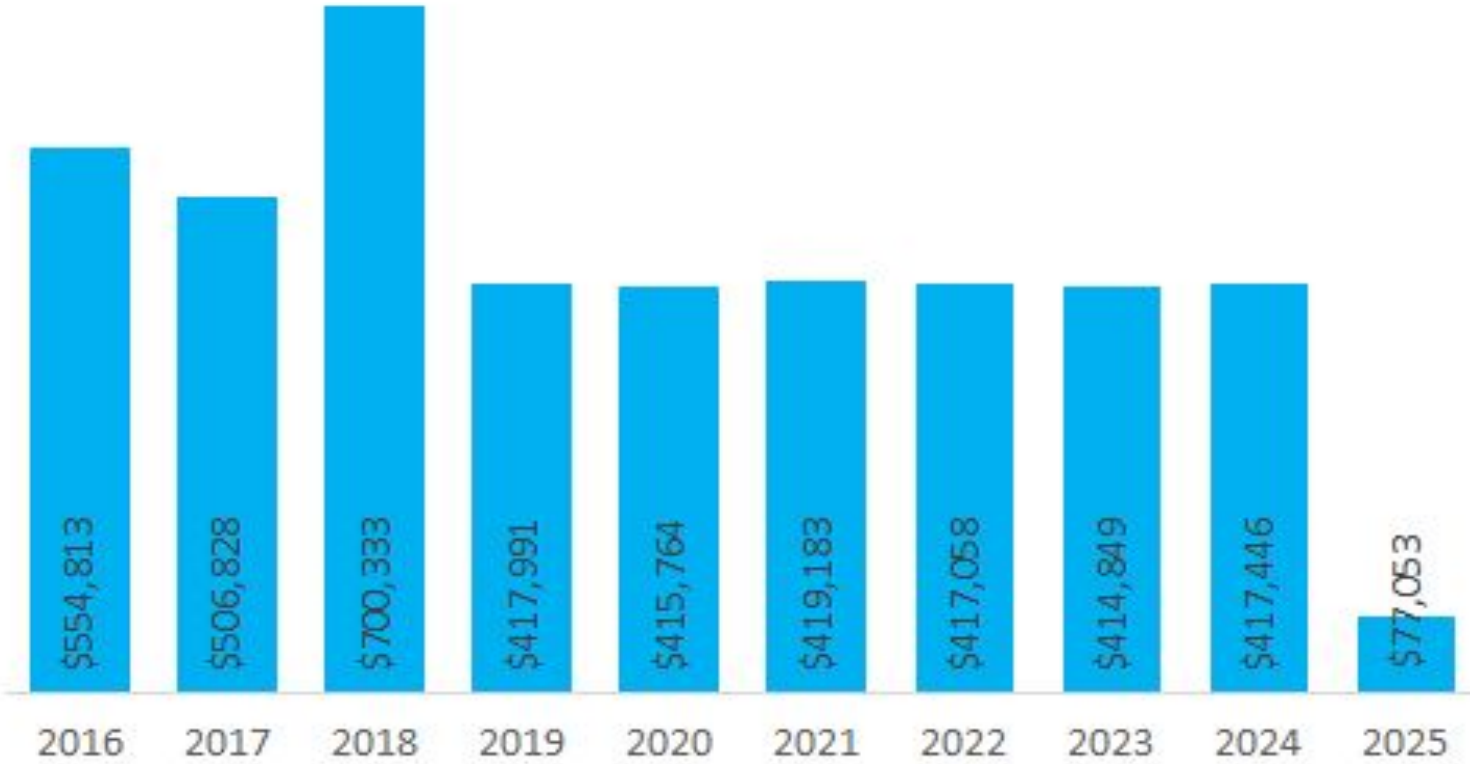
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Capital Outlay



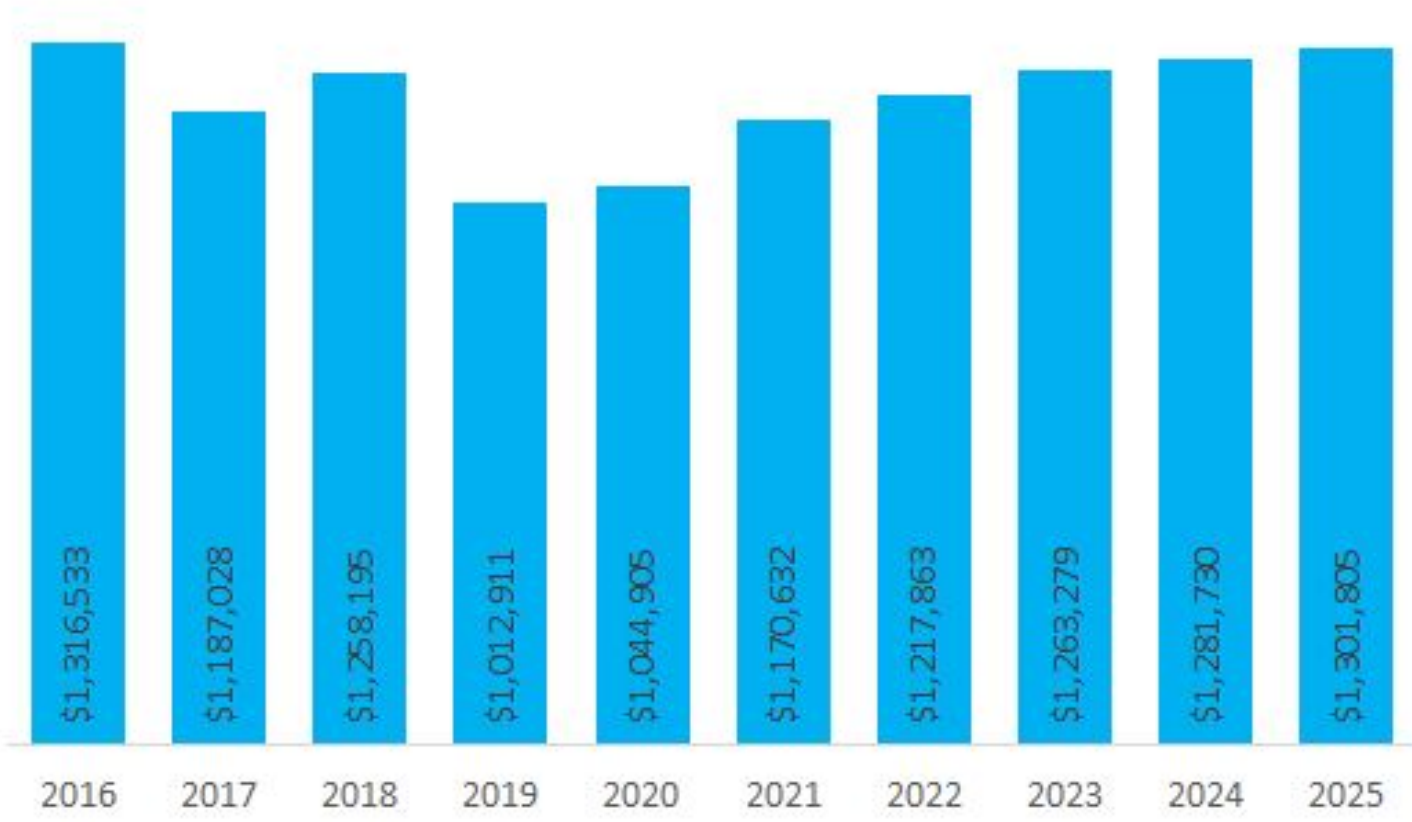
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General Fund Debt



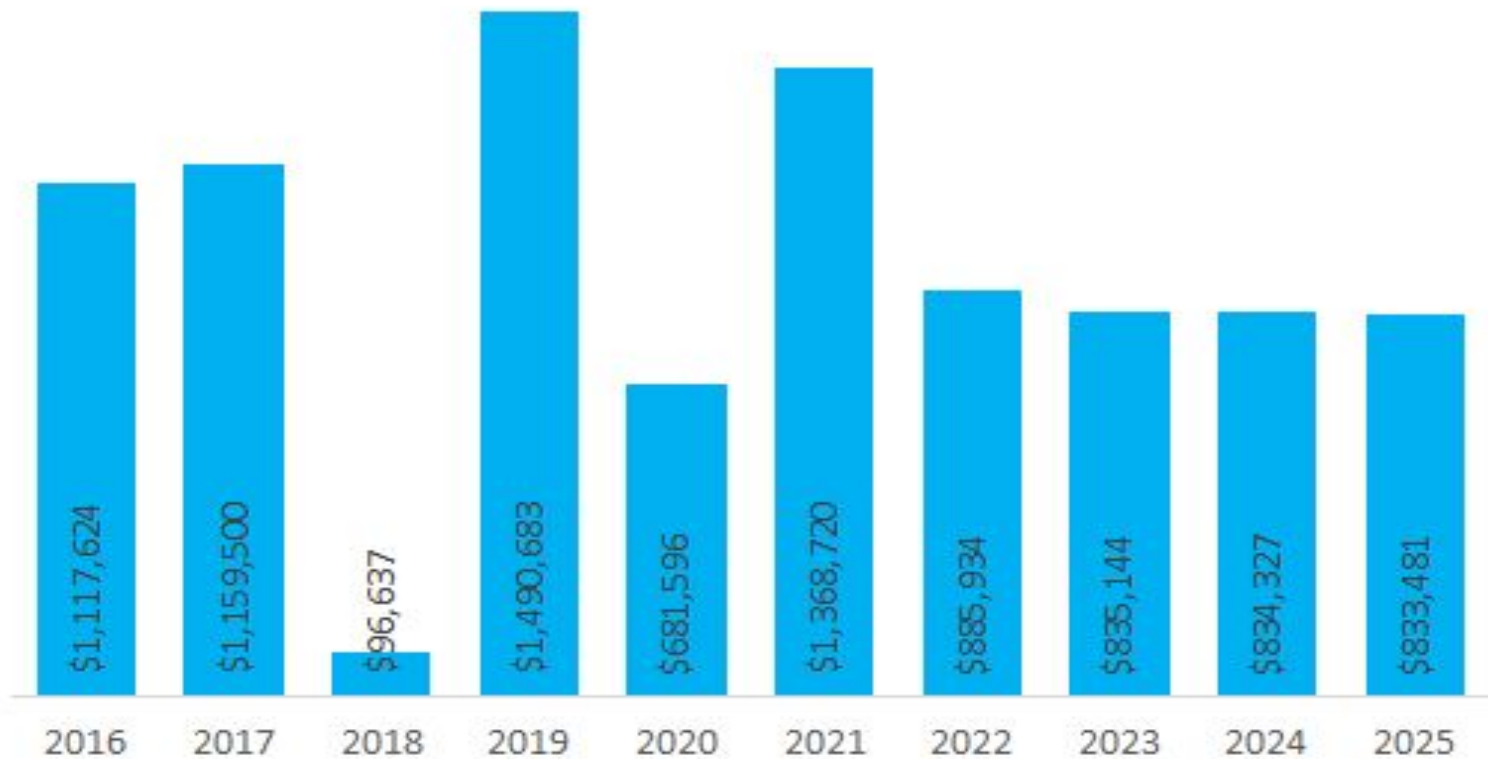
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Other Objects



Strongsville City Schools

Other Financing Sources (transfers & advance out to other funds)



Strongsville City Schools

- General Fund Summary

Strongsville City Schools

May 2021 Five-Year Forecast (in millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Beginning Cash Balance	\$24.2	\$31.2	\$32.6	\$41.7	\$51.5	\$54.1	\$53.0	\$46.4
Total Revenues	74.7	73.1	79.8	85.3	82.4	81.8	78.4	74.4
Total Expenditures	67.7	71.7	70.7	75.5	79.8	82.9	85.0	87.2
Revenues over Expenses	7.0	1.4	9.1	9.8	2.6	-1.1	-6.6	-12.8
Ending Cash Balance	31.2	32.6	41.7	51.5	54.1	53.0	46.4	33.6
Encumbrances	1.9	1.7	1.9	1.9	1.8	1.8	1.8	1.8
Unencumbered Balance	29.3	30.9	39.8	49.6	52.3	51.2	44.6	31.8
Property Tax - Renewal	0.0	0.0	0.0	0.0	0.0	4.1	8.2	13.0
Unencumbered Balance	\$29.3	\$30.9	\$39.8	\$49.6	\$52.3	\$55.3	\$56.9	\$57.1

Strongsville City Schools

May 2021 Five-Year Forecast (in millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Beginning Cash Balance	\$24.2	\$31.2	\$32.6	\$41.7	\$51.5	\$54.1	\$57.1	\$58.7
Total Revenues	74.7	73.1	79.8	85.3	82.4	85.9	86.6	87.4
Total Expenditures	67.7	71.7	70.7	75.5	79.8	82.9	85.0	87.2
<i>Revenues over Expenses</i>	7.0	1.4	9.1	9.8	2.6	3.0	1.6	0.2
Ending Cash Balance	31.2	32.6	41.7	51.5	54.1	57.1	58.7	58.9
Encumbrances	1.9	1.7	1.9	1.9	1.8	1.8	1.8	1.8
Unencumbered Balance	\$29.3	\$30.9	\$39.8	\$49.6	\$52.3	\$55.3	\$56.9	\$57.1

Strongsville City Schools

- Questions?