

# Strongsville City Schools

## FY 22 Five Year Forecast

November 4, 2021



# Strongsville City Schools

- Five Year Forecast - General Fund

# 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 18	CY 19	CY 20	CY 21	3 Year Average	CY 22 Forecast	CY 23 Forecast	CY 24 Forecast	CY 25 Forecast	CY 26 Forecast
Gross Collection Rates - Includes Delinquencies	98.89%	100.20%	99.49%	96.85%	98.85%	98.85%	98.85%	98.85%	98.85%	98.85%

- The forecast assumes a 98.85% gross collection rate which is the three year average of Calendar Years 2019 through 2021. The gross collection rate did decrease to 96.85% in calendar year 2021 compared to calendar year 2020 of 99.49%.

# 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 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 Actual	\$1,250,745,940	\$363,509,730	\$49,168,210	\$1,663,423,880
CY 22 Forecast	\$1,447,366,633	\$341,844,632	\$52,595,234	\$1,841,806,499
CY 23 Forecast	\$1,459,373,358	\$342,630,874	\$56,261,122	\$1,858,265,354
CY 24 Forecast	\$1,470,604,578	\$343,530,399	\$60,182,522	\$1,874,317,499
CY 25 Forecast	\$1,525,429,284	\$352,414,850	\$64,377,244	\$1,942,221,378
CY 26 Forecast	\$1,537,626,532	\$343,252,064	\$68,864,338	\$1,949,742,934

- Collection Year 2022 is a triennial budget year for Cuyahoga County. The forecast assumes that residential values will increase by 15% and commercial values will increase by 5%, which are the preliminary estimates that were presented by Cuyahoga County.
- Public Utility values are estimated to increase by 6.97% which is the historical average annual increase.

# 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 the 5% increase of commercial values in the 2021 triennial update.
- Additionally, the forecast assumes a tax refund of \$2,294,743 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 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.
- In November 2021 residents renewed a 5 year 6 mill levy with collection beginning January 2023. The forecast assumes the levy will expire tax year December 31, 2026. Collections will continue through December 31, 2027.

# Major Assumptions - Continued

## Revenue (continued):

- State Funding - Beginning with FY 2022, state funding is calculated based on the fair funding formula that was approved in the FY 2022-2023 biennium state budget under House Bill 110.

Compared to FY 2021, State Funding may appear to have decrease in the forecast, however, under the fair funding formula pass through funds such as community school funding, private school scholarships, and open enrollment funds will be sent direct to the appropriate school rather than be included in the Districts revenue. Additionally, the appropriate expenditures are also decreasing in the Districts forecast/budget under purchase services. The district expects a combined net impact of \$590,726 in FY 2022. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2022.

A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

- At the time of the forecast, the Ohio Department of Education (ODE) has yet released or funded schools based on the new funding formula. Based on the complexity of the formula, ODE is anticipating a December release.



# Major Assumptions - Continued

## Revenue (continued):

- Restricted aid is the portion of state funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$304 and is projected to change annually on average by \$49,182. Restricted funds represents 0.08% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$250,796. This funding has implications on general fund expenditures in certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

Below is a summary of the restricted aid by fiscal year and category:

Restricted State Funding	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Success/Wellness SF3 Result2	\$250,796	\$219,177	\$191,618	\$160,216	\$132,933
Weighted CTE, ELL SF5	\$36,674	\$33,901	\$31,713	\$29,124	\$27,517
DPIA SF6	\$46,977	\$49,236	\$57,989	\$63,891	\$71,068
Gifted SF5	\$225,649	\$191,805	\$156,849	\$121,870	\$86,864
Categorical and Add-on Restricted	\$560,096	\$494,119	\$438,169	\$375,101	\$318,381

# Major Assumptions - Continued

## Expenditures:

- Staffing Assumptions (General Fund Only):

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
<b>General Fund</b>	<b>678</b>	<b>685</b>	<b>688</b>	<b>688</b>	<b>691</b>	<b>691</b>
<b>Prior Year Net Change</b>	<b>+9</b>	<b>+7</b>	<b>+3</b>	<b>0</b>	<b>+3</b>	<b>0</b>

- Forecast assumes all union agreements are as currently defined.
- Health care premiums increased by 3% in FY 21. For FY 22, the district will experience a 1.37% increase. For fiscal years 2023-2026, 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 decrease by \$1,517,585 from FY 2021 to FY 2022. The decrease is due to the implementation of fair funding formula beginning in FY 2022. The fair funding formula funds only district educated enrolment thereby reducing tuition costs for open enrollment out, community schools, and scholarships.
- Materials and Supplies is forecasted to increase by \$703,108 from FY 2021 to FY 2022 which is due to FY 2021 savings or unspent budget. Materials and Supplies make up 3.00% of the general fund budget.
- Capital Outlay - about 50% of this category is dedicated to 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 from the general fund. \$275,000 placeholder for FY 2022 & FY 2023 in ESSER III.
  - 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
    - Food Services - \$455,604 transfer. (FY21 year only. Have seen a spike in participation rate when district came back 100% in person). Anticipated a break even in FY22 due to current participation rate
    - Athletics - \$78,804 increase due to lost ticket revenue during FY 21.
  - Due to the unrepresented times of the pandemic, we 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 must be used in connection with responding and preventing to the COVID-19 pandemic.

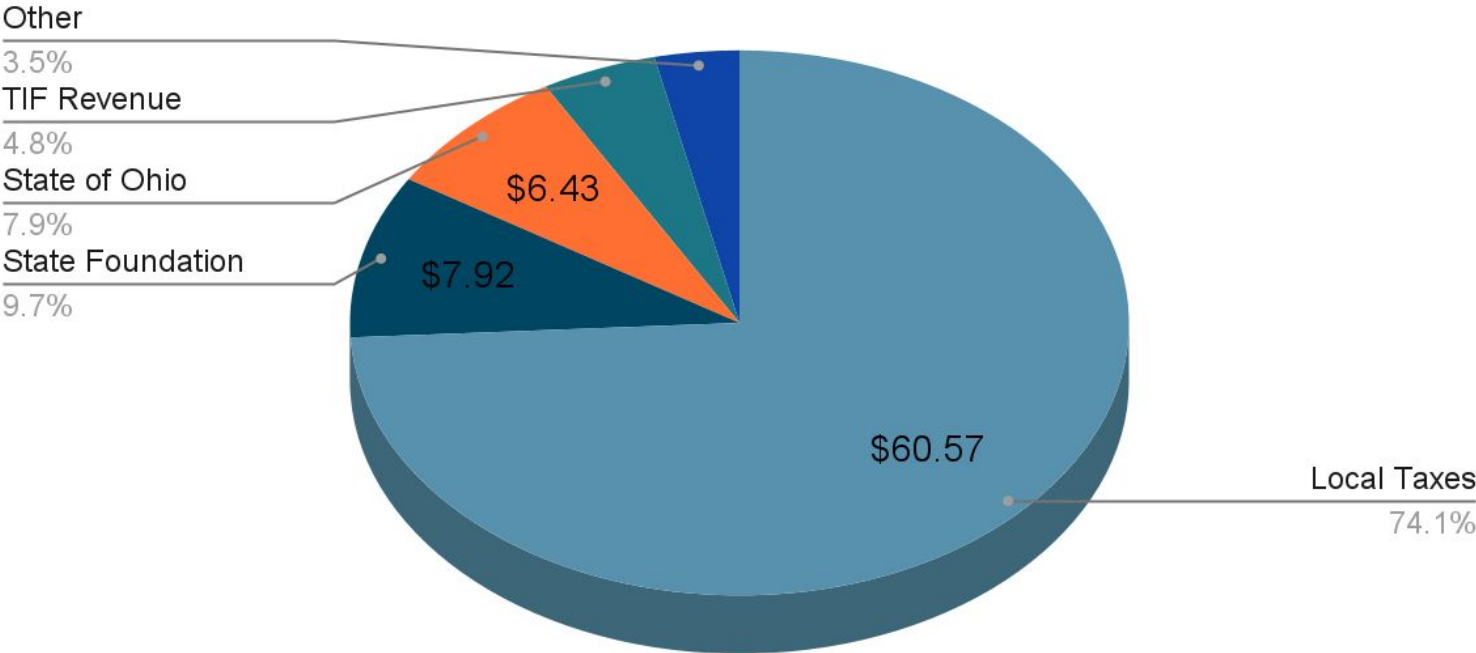
# Strongsville City Schools

- General Fund Revenues

# Strongsville City Schools

FY 2021-2022

Where the Money Comes From (in millions)



# Strongsville City Schools

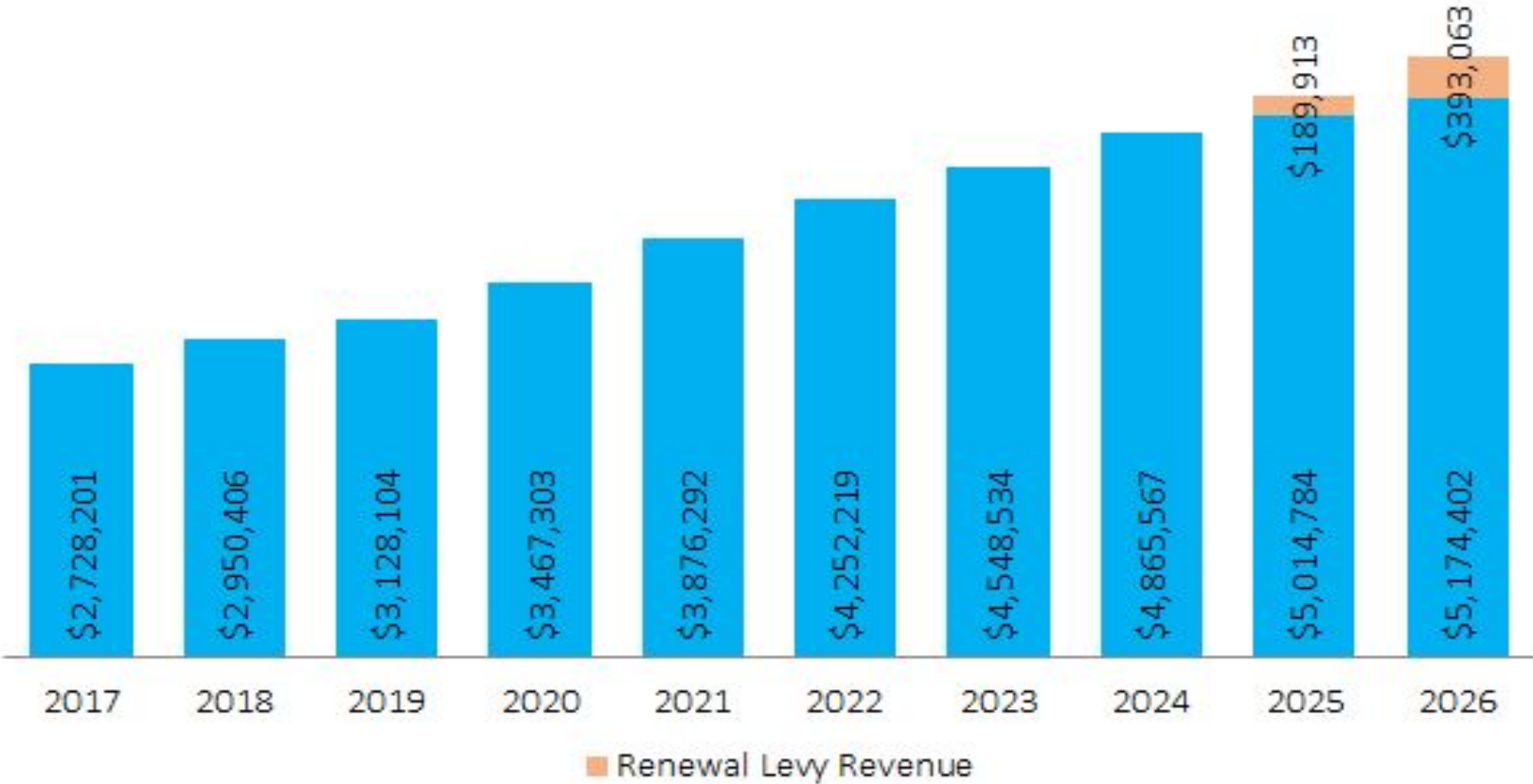
## Local Taxes - Residential and Commercial





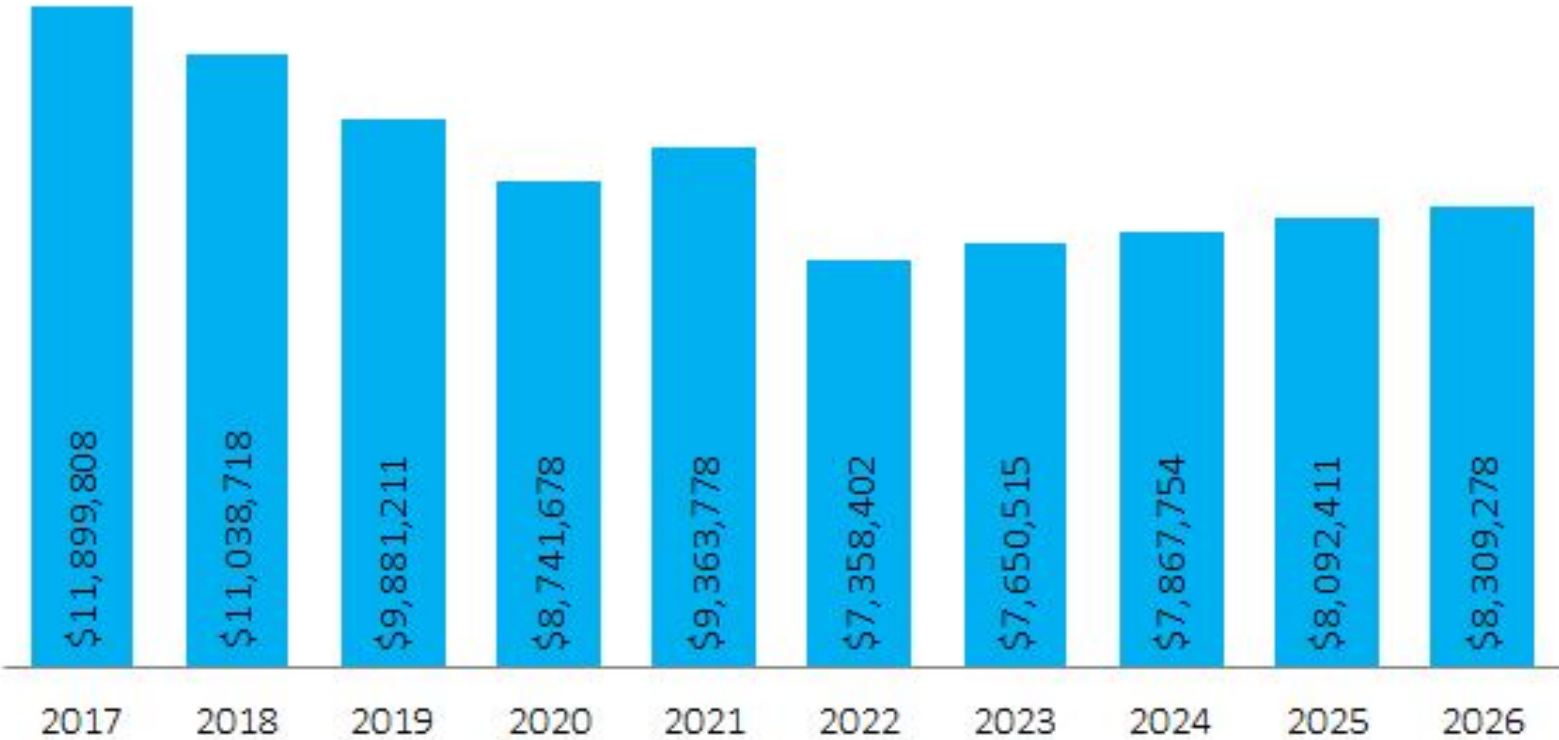
# Strongsville City Schools

## Local Taxes - Public Utility



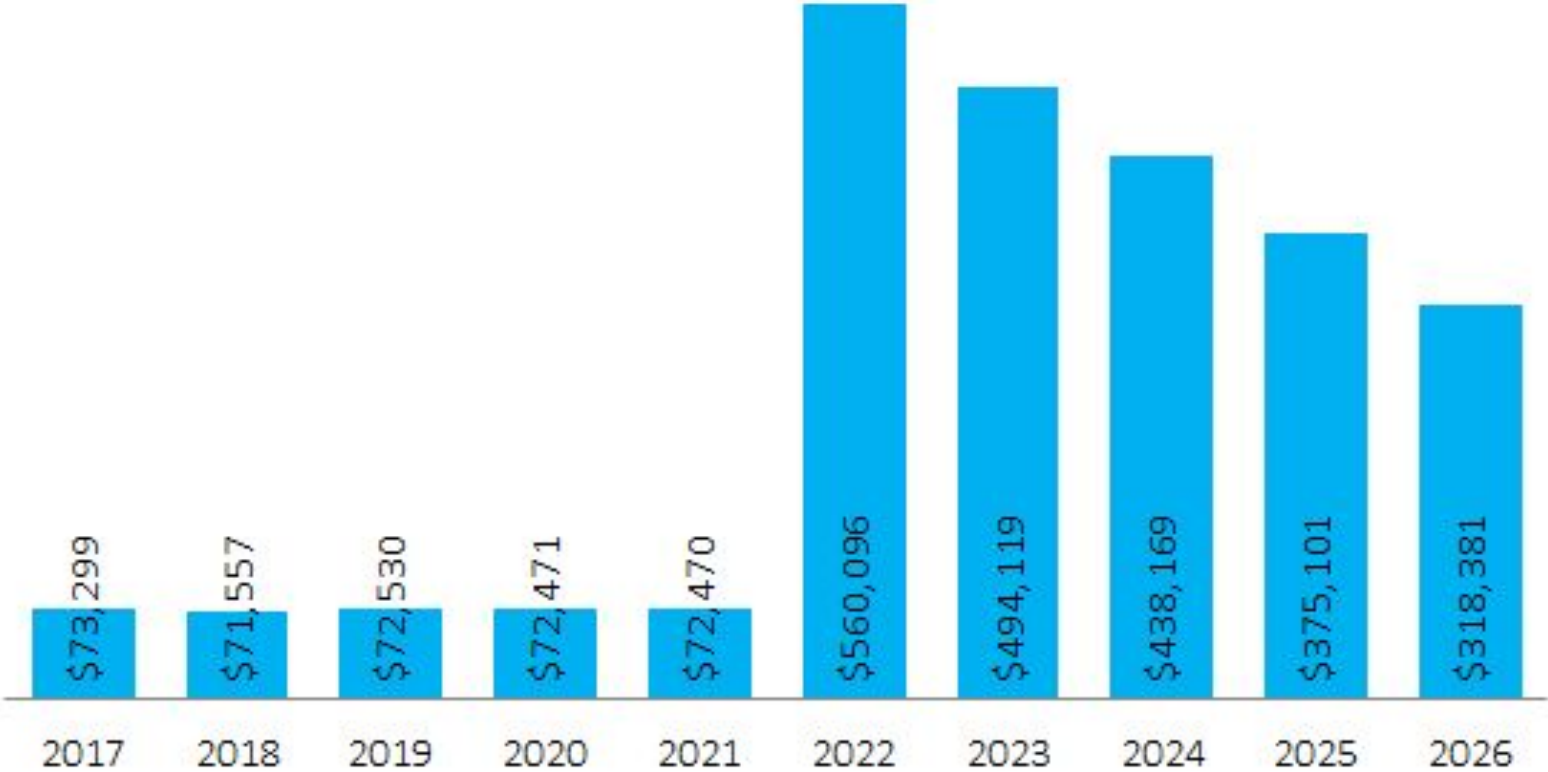
# Strongsville City Schools

## State Foundation - Unrestricted



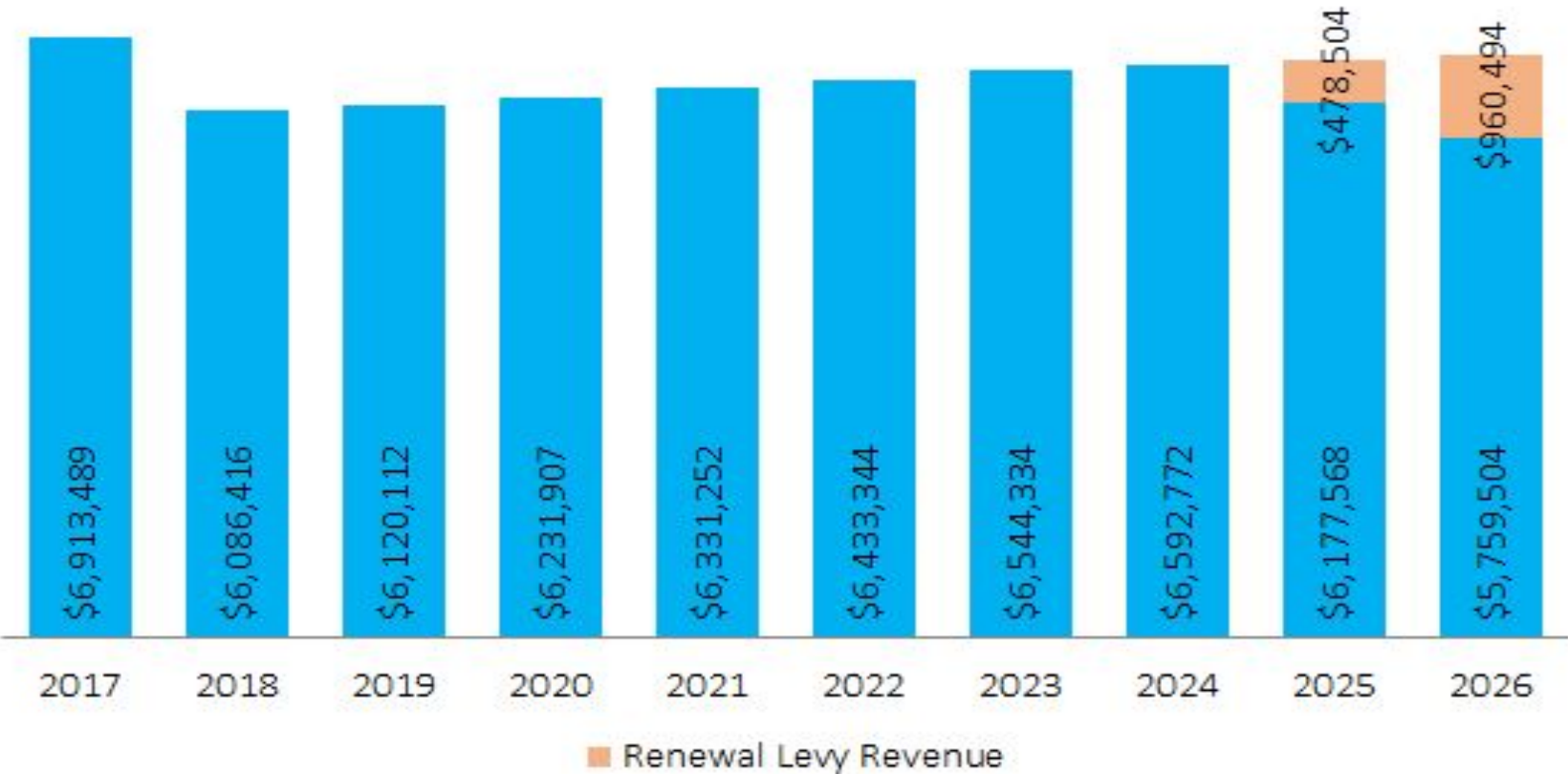
# Strongsville City Schools

## State Foundation - Restricted



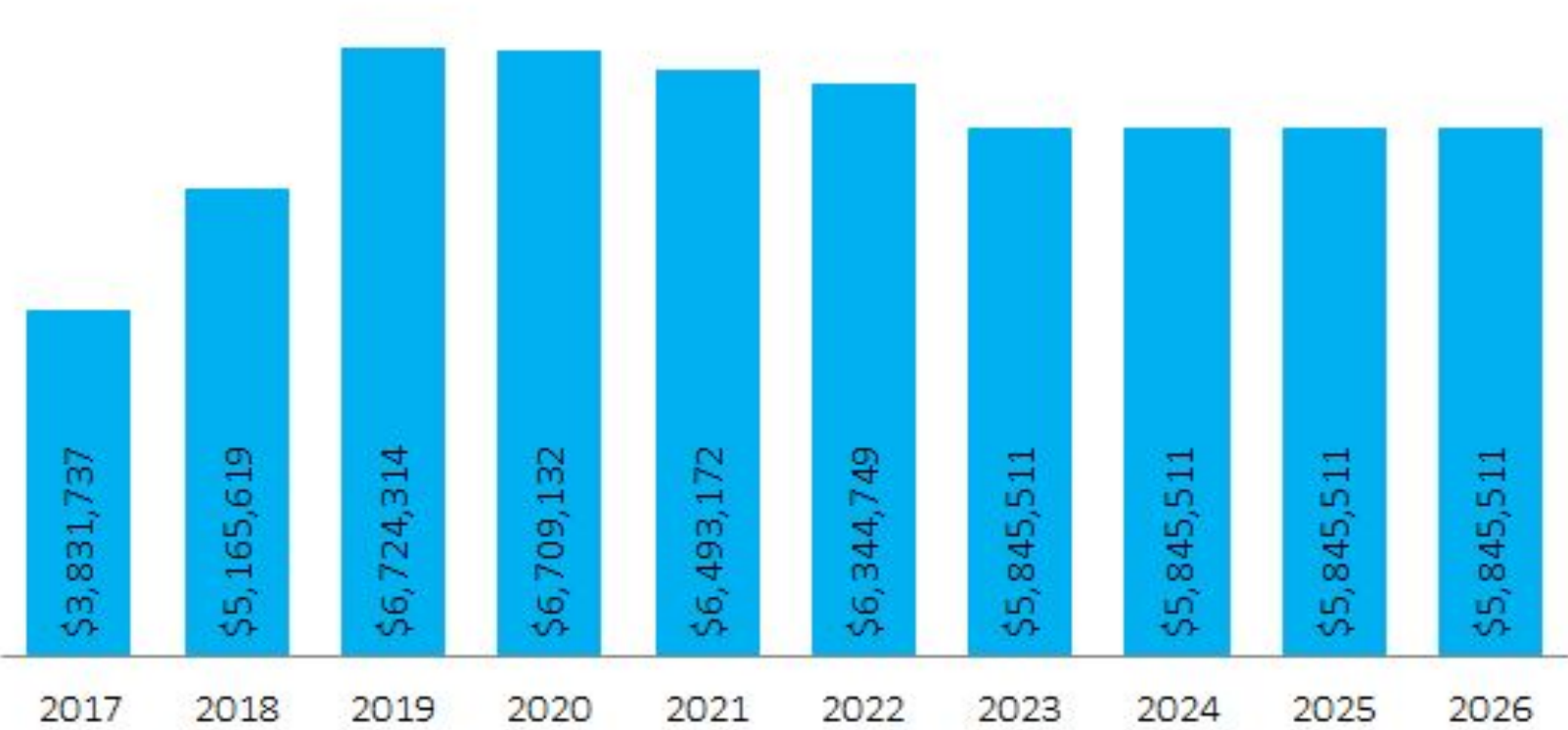
# Strongsville City Schools

## Property Tax Allocation



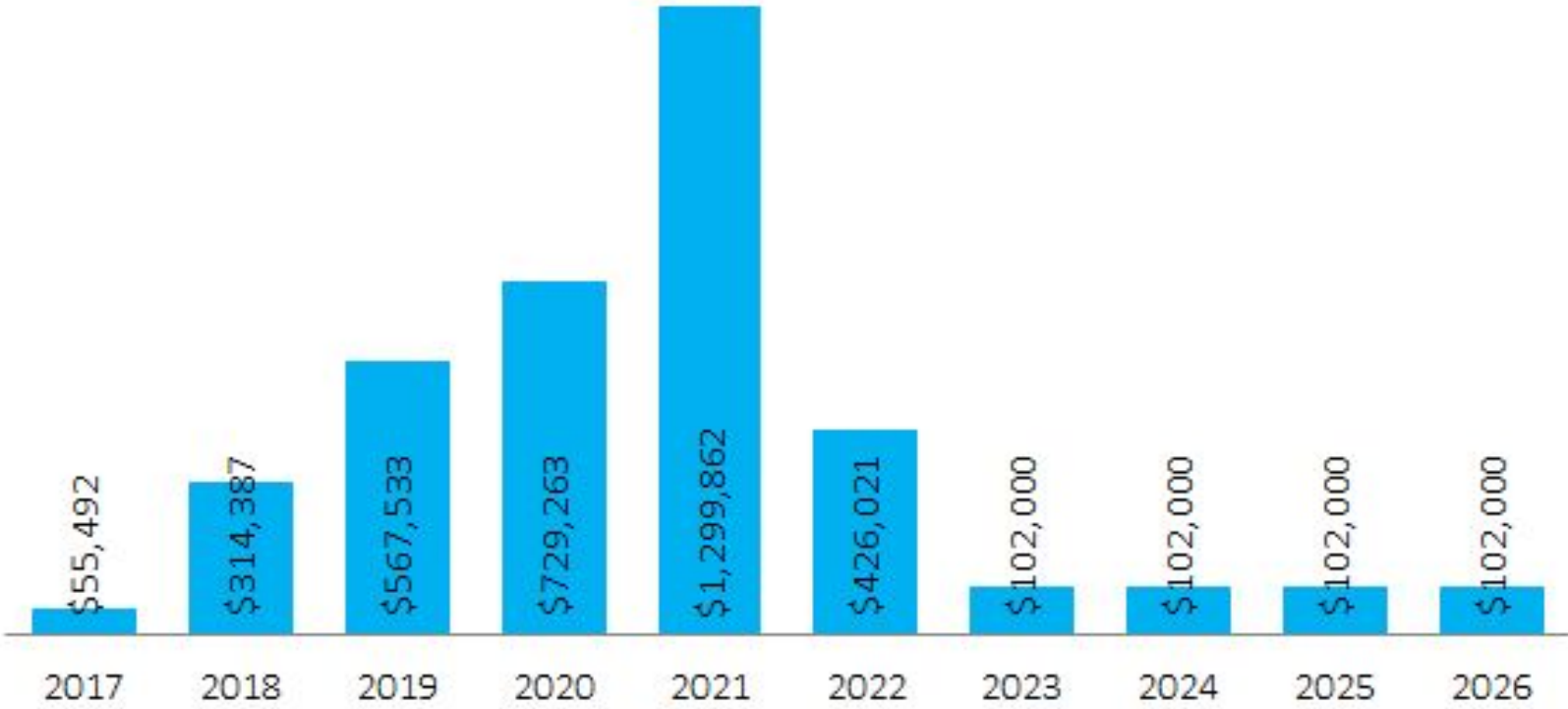
# Strongsville City Schools

## Other Revenue



# Strongsville City Schools

## Other Financing Sources



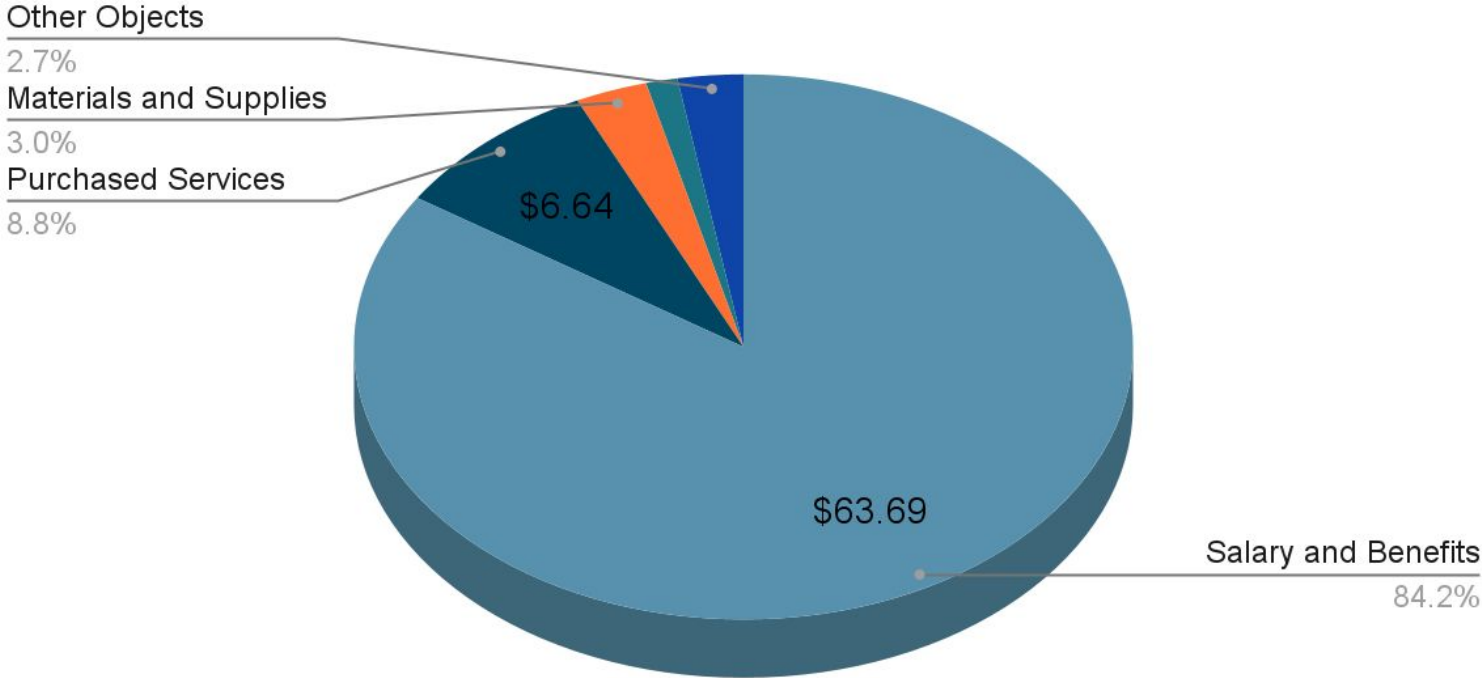
# Strongsville City Schools

- General Fund Expenditures

# Strongsville City Schools

FY 2021-2022

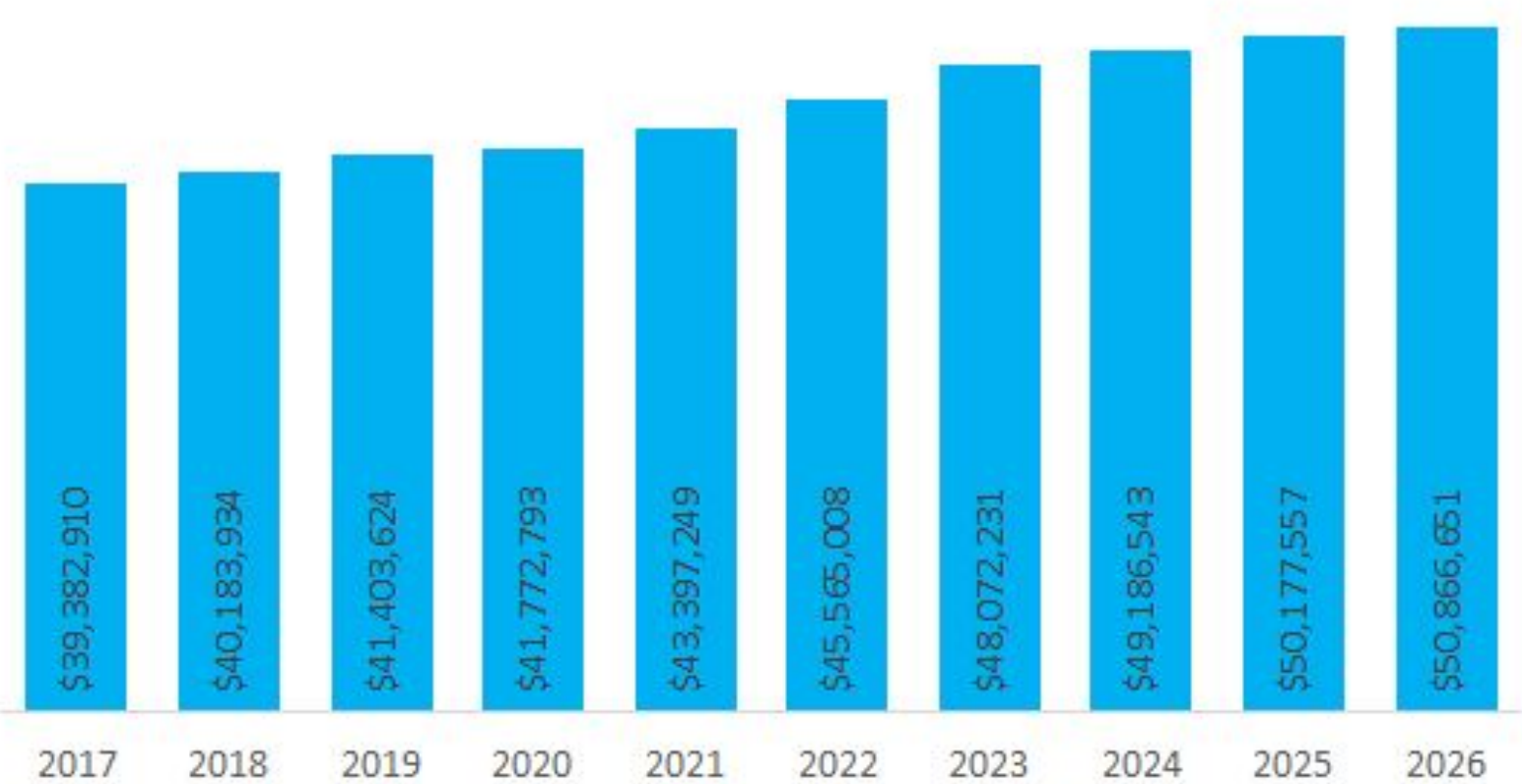
Where The Money Goes (in millions)





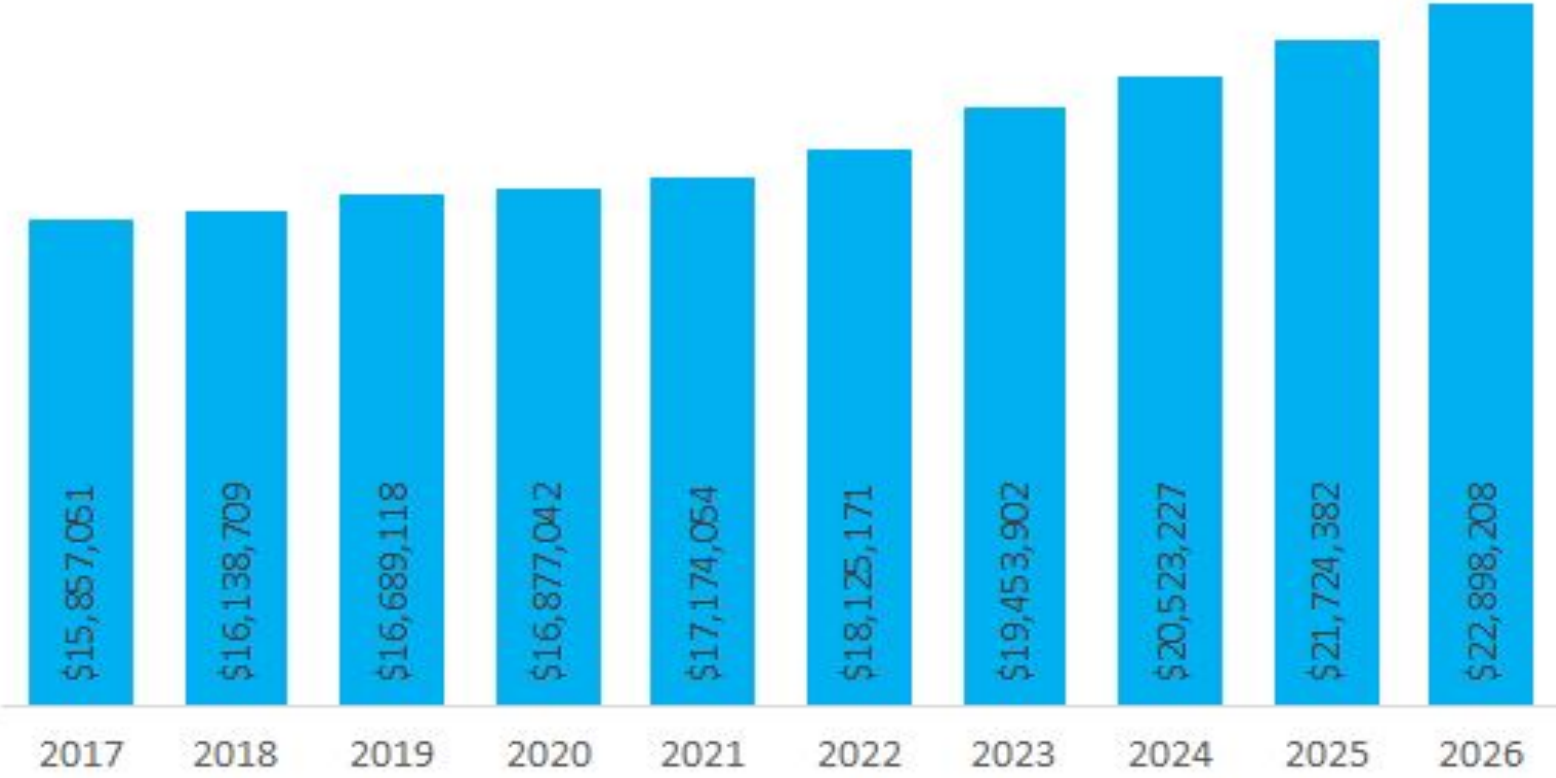
# Strongsville City Schools

## Salaries



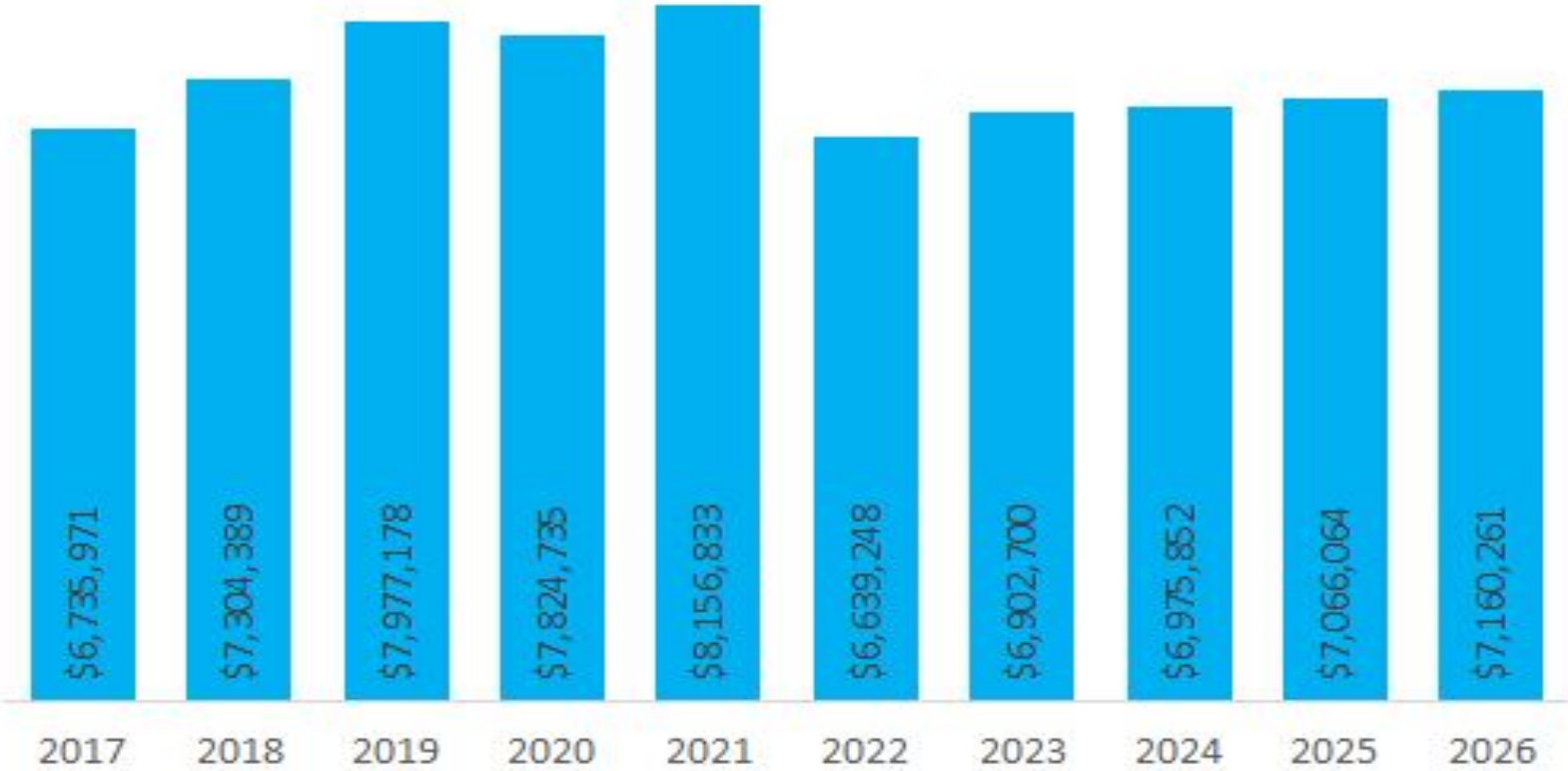
# Strongsville City Schools

## Benefits



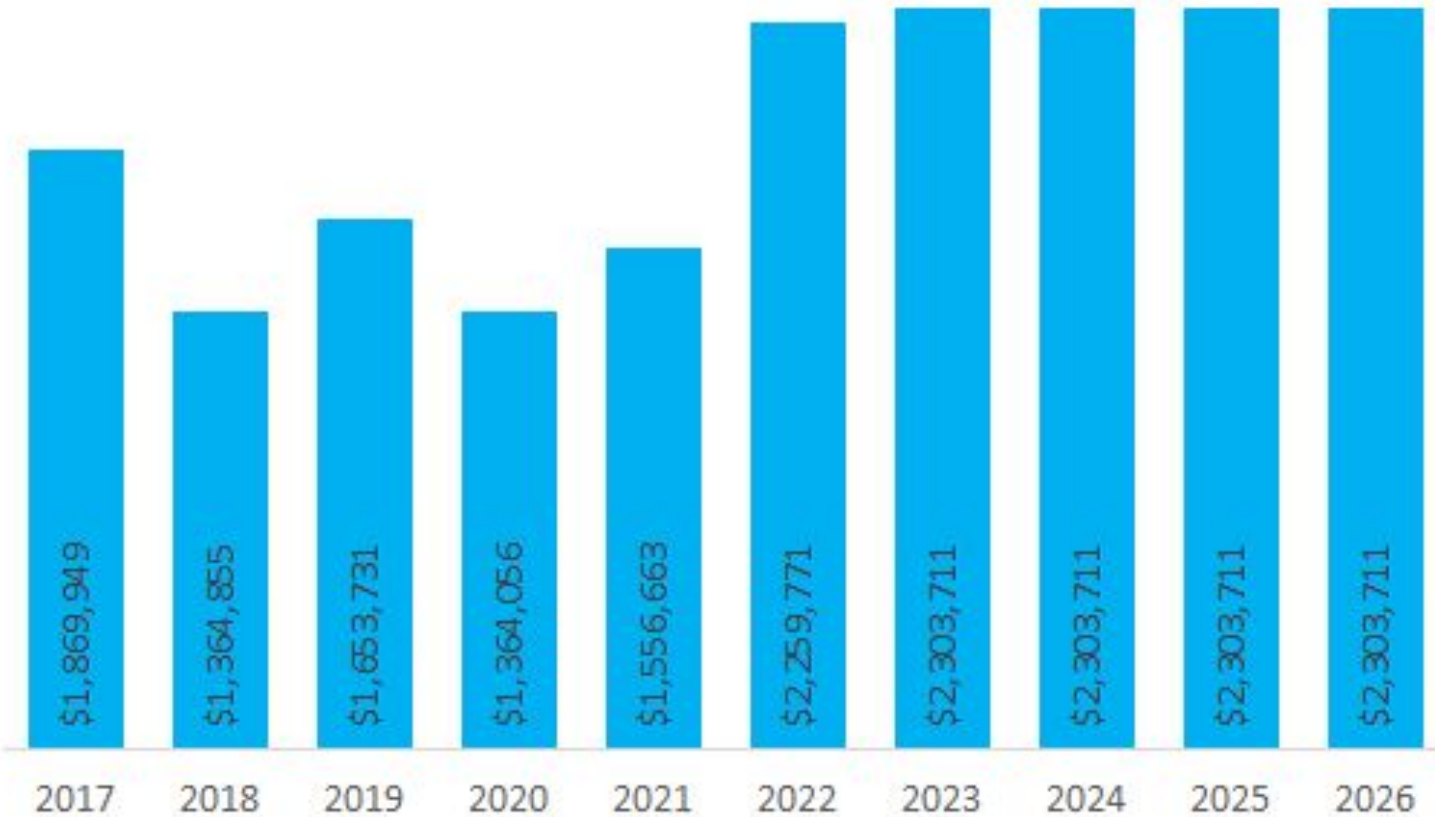
# Strongsville City Schools

## Purchased Services



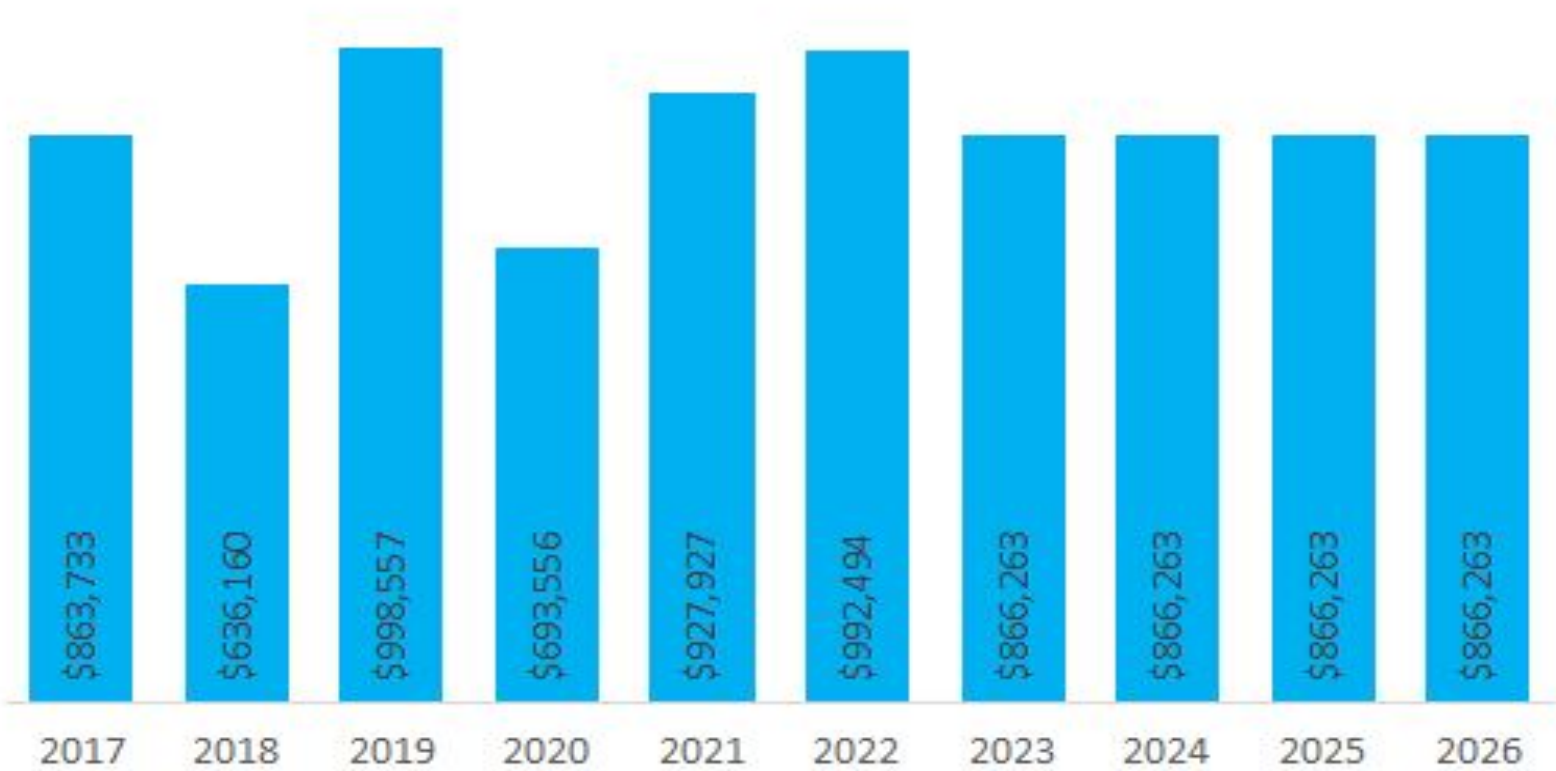
# Strongsville City Schools

## Supplies and Materials



# Strongsville City Schools

## Capital Outlay



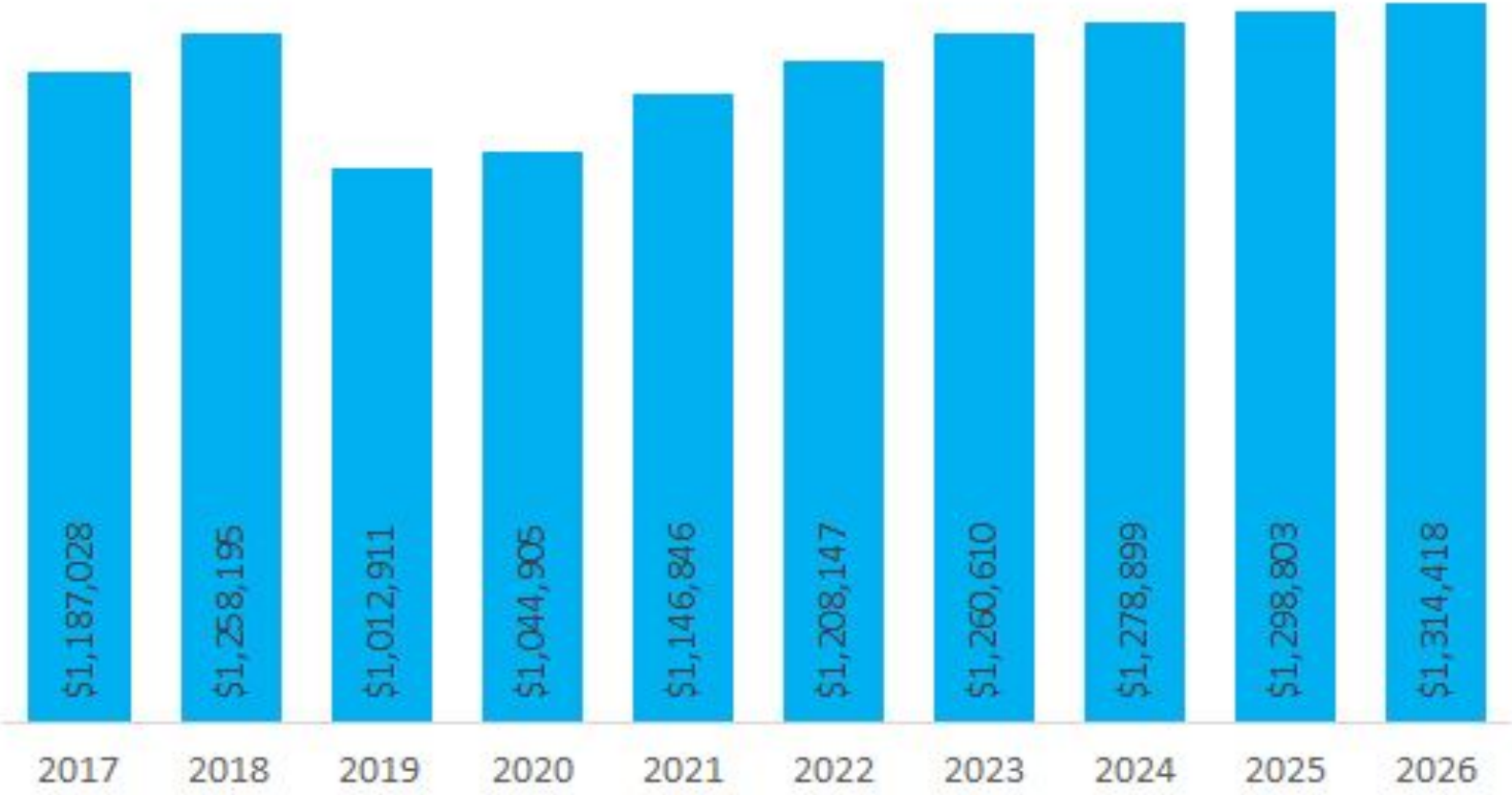
# Strongsville City Schools

## General Fund Debt



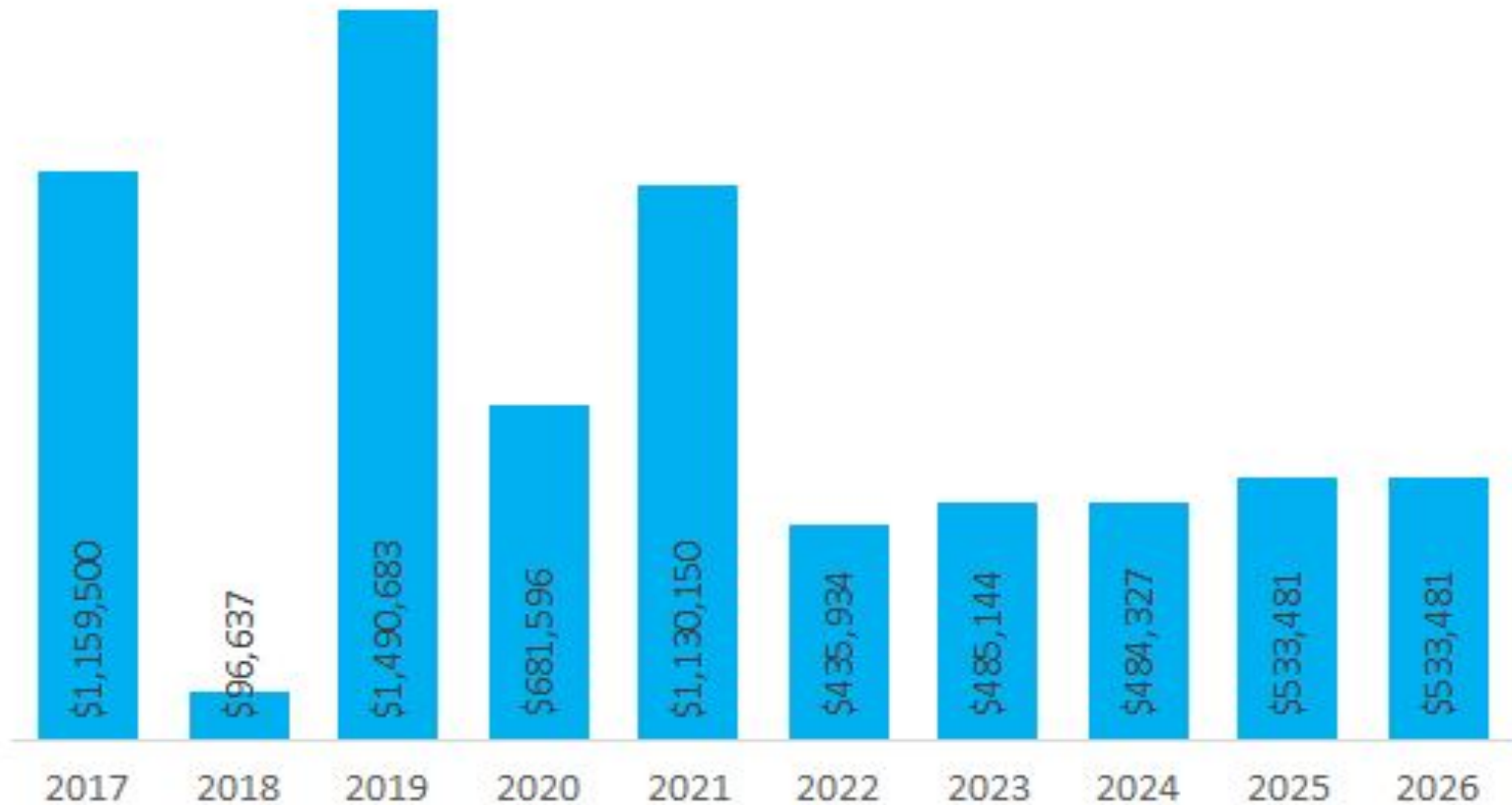
# Strongsville City Schools

## Other Objects



# Strongsville City Schools

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





# Strongsville City Schools

- General Fund Summary

# Strongsville City Schools

## November 2021 Five-Year Forecast (in millions)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Beginning Cash Balance</b>	\$31.2	\$32.6	\$41.7	\$53.1	\$59.1	\$63.9	\$67.3	\$64.9
<b>Total Revenues</b>	73.1	79.8	85.3	81.6	84.5	85.4	81.6	77.8
<b>Total Expenditures</b>	71.7	70.7	73.9	75.6	79.7	82.0	84.0	86.0
<b>Revenues over Expenses</b>	<b>1.4</b>	<b>9.1</b>	<b>11.4</b>	<b>6.0</b>	<b>4.8</b>	<b>3.4</b>	<b>-2.4</b>	<b>-8.2</b>
<b>Ending Cash Balance</b>	32.6	41.7	53.1	59.1	63.9	67.3	64.9	56.7
<b>Encumbrances</b>	1.7	1.9	2.2	2.1	2.1	2.1	2.1	2.1
<b>Unencumbered Balance</b>	<b>30.9</b>	<b>39.8</b>	<b>50.9</b>	<b>57.0</b>	<b>61.8</b>	<b>65.2</b>	<b>62.8</b>	<b>54.6</b>
<b>Property Tax - Renewal</b>	0.0	0.0	0.0	0.0	0.0	0.0	4.8	9.7
<b>Unencumbered Balance</b>	<b>\$30.9</b>	<b>\$39.8</b>	<b>\$50.9</b>	<b>\$57.0</b>	<b>\$61.8</b>	<b>\$65.2</b>	<b>\$67.6</b>	<b>\$69.1</b>

# Strongsville City Schools

## May 2021 Five-Year Forecast (in millions)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Beginning Cash Balance</b>	\$31.2	\$32.6	\$41.7	\$53.1	\$59.1	\$63.9	\$67.3	\$69.7
<b>Total Revenues</b>	73.1	79.8	85.3	81.6	84.5	85.4	86.4	87.5
<b>Total Expenditures</b>	71.7	70.7	73.9	75.6	79.7	82.0	84.0	86.0
<b><i>Revenues over Expenses</i></b>	<b>1.4</b>	<b>9.1</b>	<b>11.4</b>	<b>6.0</b>	<b>4.8</b>	<b>3.4</b>	<b>2.4</b>	<b>1.5</b>
<b>Ending Cash Balance</b>	32.6	41.7	53.1	59.1	63.9	67.3	69.7	71.2
<b>Encumbrances</b>	1.7	1.9	2.2	2.1	2.1	2.1	2.1	2.1
<b>Unencumbered Balance</b>	<b>\$30.9</b>	<b>\$39.8</b>	<b>\$50.9</b>	<b>\$57.0</b>	<b>\$61.8</b>	<b>\$65.2</b>	<b>\$67.6</b>	<b>\$69.1</b>

# Strongsville City Schools

- Questions?