

Strongsville City Schools

FY 24 Five Year Forecast

November 21, 2023



Strongsville City Schools

Five-Year Forecast Purpose / Objectives

The Ohio Department of Education's purpose / objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussion of the financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. 5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology:

This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

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 20 | CY 21 | CY 22 | CY 23 | 3 Year Average | CY 24 Forecast | CY 25 Forecast | CY 26 Forecast | CY 27 Forecast | CY 28 Forecast |
|---|--------|--------|--------|--------|----------------|----------------|----------------|----------------|----------------|----------------|
| Gross Collection Rates - Includes Delinquencies | 99.49% | 96.85% | 99.26% | 99.26% | 98.46% | 98.46% | 98.46% | 98.46% | 98.46% | 98.46% |

- The forecast assumes a 98.46% gross collection rate which is the three year average of Calendar Years 2021 through 2023. The gross collection rate did increase to 99.26% in calendar year 2022 compared to calendar year 2021 of 96.85%.

Major Assumptions - Continued

Revenue (continued):

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

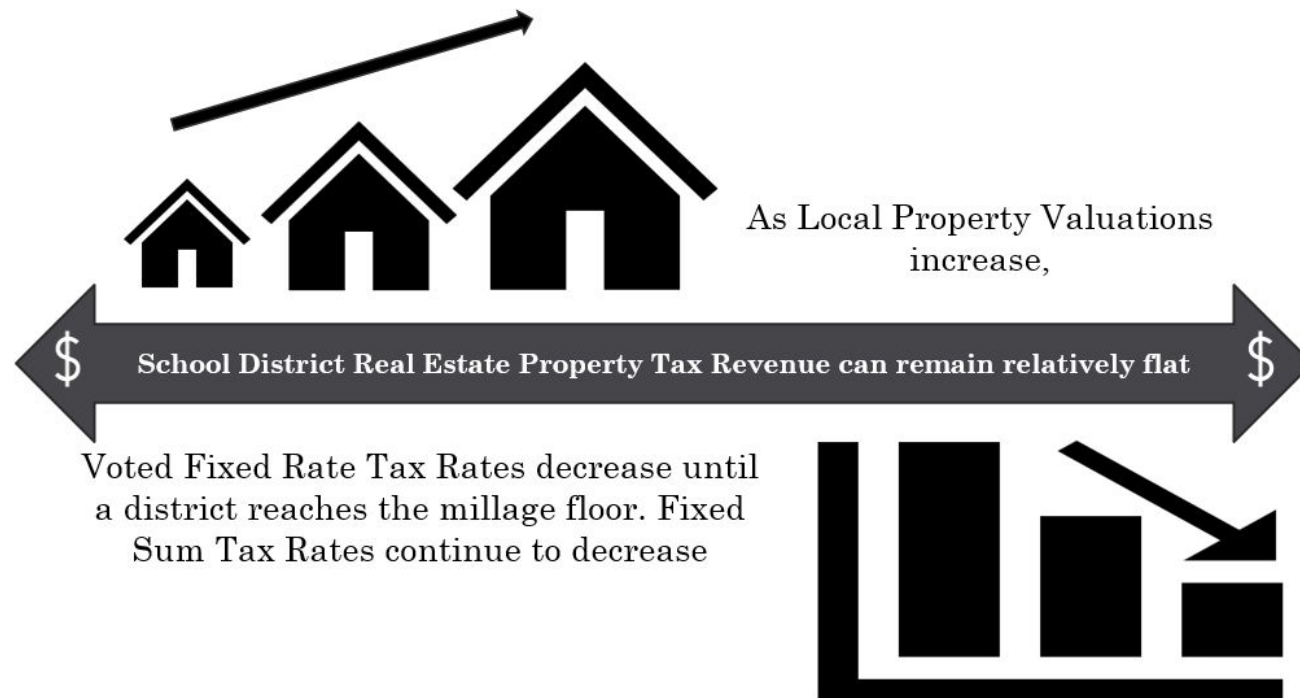
| Collection Year | Residential | Commercial | Public Utility | Total |
|-----------------|-----------------|---------------|----------------|-----------------|
| CY 19 Actual | \$1,229,566,800 | \$355,224,080 | \$40,943,650 | \$1,625,734,530 |
| CY 20 Actual | \$1,240,535,320 | \$339,875,680 | \$44,926,610 | \$1,625,337,610 |
| CY 21 Actual | \$1,250,745,940 | \$363,509,730 | \$49,168,210 | \$1,663,423,880 |
| CY 22 Actual | \$1,447,677,090 | \$361,300,040 | \$50,043,110 | \$1,859,020,240 |
| CY 23 Actual | \$1,454,625,980 | \$364,907,500 | \$53,238,640 | \$1,872,772,120 |
| CY 24 Forecast | \$1,465,384,526 | \$365,673,806 | \$56,645,913 | \$1,887,704,245 |
| CY 25 Forecast | \$1,595,442,438 | \$375,327,594 | \$60,271,251 | \$2,031,041,283 |
| CY 26 Forecast | \$1,607,243,026 | \$369,922,877 | \$64,128,611 | \$2,041,294,514 |
| CY 27 Forecast | \$1,619,130,938 | \$364,595,987 | \$68,232,843 | \$2,051,959,768 |
| CY 28 Forecast | \$1,711,377,603 | \$360,621,891 | \$72,599,745 | \$2,144,599,239 |

- Collection Year 2022 was a triennial budget year for Cuyahoga County. Residential values increased by 15.74% and commercial values increased by 1.59% (net) through the valuation, however, commercial values also decreased by 2.02% through change in class for a total decrease of 0.61%. During Collection Year 2023, residential values increased by 0.48% while commercial values increased by 1.00%. Collection Year 2025 is a six year update for Cuyahoga County, the forecast assumes a 8.88% increase is based on increased average home values within the city from the last three year update, according to Zillow.
- During Collection Year 2022 Public Utility values increased by 1.78%. During Collection Year 2023 Public Utility values increased by 6.39%. The forecasted years assumes a 6.40% annual increase which is the historical average annual increase.

Major Assumptions - Continued

Property Values vs. Tax Rates

How do increasing home values impact tax rates?

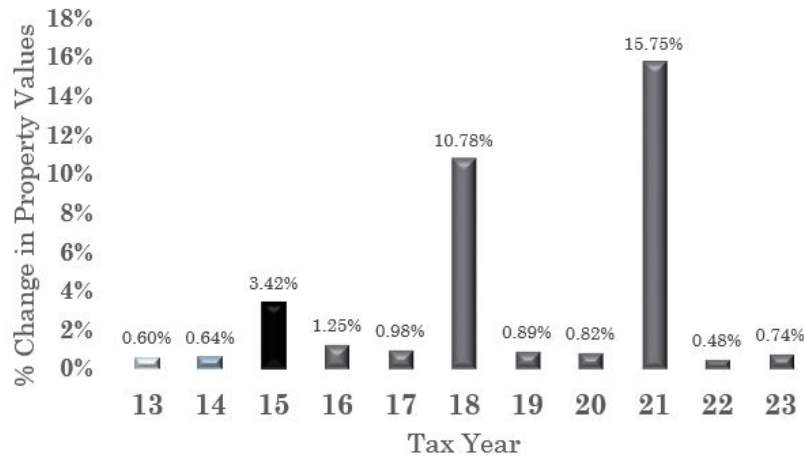


Major Assumptions - Continued

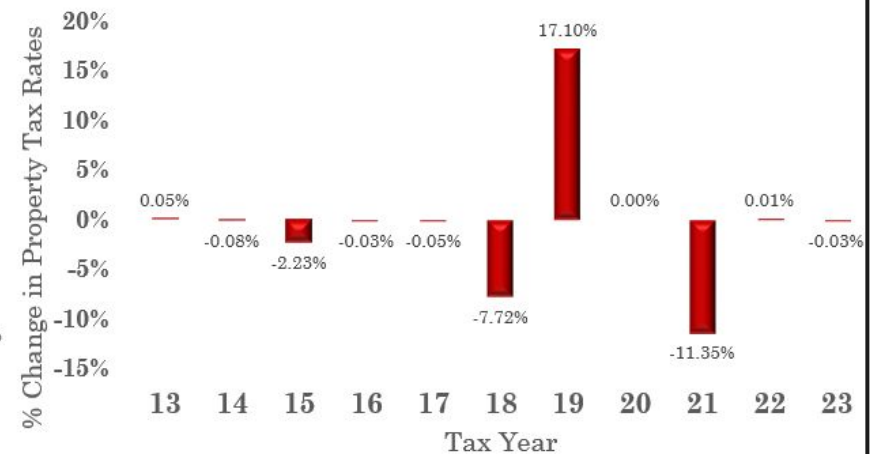
Historical District Values vs. Tax Rates

Class I (Residential + Agriculture)

Year-Over-Year Change in Class I Property Values



Year-Over-Year Change in Property Tax Rates



Decreases in Tax Years: 2015, 2018, 2021 due to increase in values.

Increase in Tax Year 2019 due to new levy.

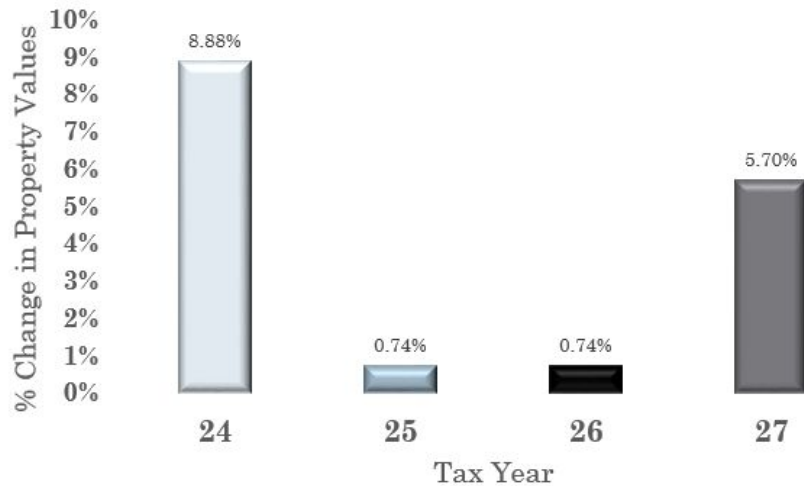
Tax rates are set each year by the Ohio Department of Taxation. Rates can change based upon valuation change, additional levies, non-renewal of levies, etc. The charts above show the YOY % change in Class I property values and the resulting tax rates (effective) for Class I.

Major Assumptions - Continued

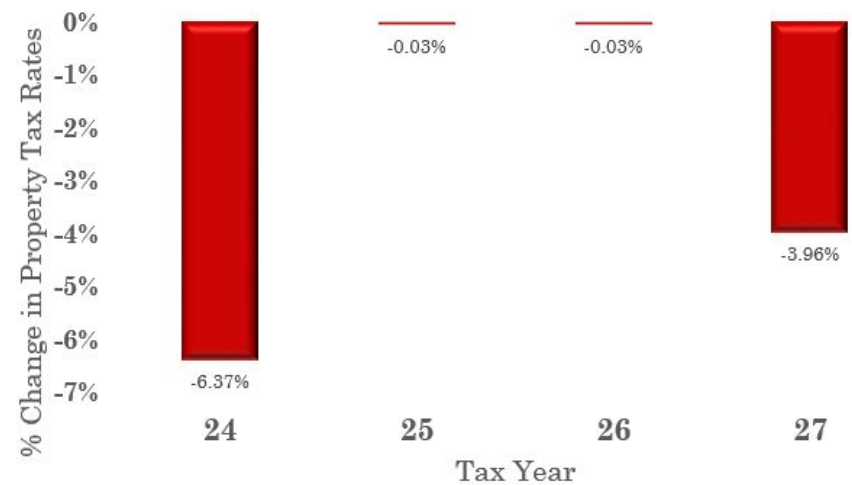
Projected District Values vs. Tax Rates

Class I (Residential + Agriculture)

Year-Over-Year Change in Class I Property Values



Year-Over-Year Change in Property Tax Rates



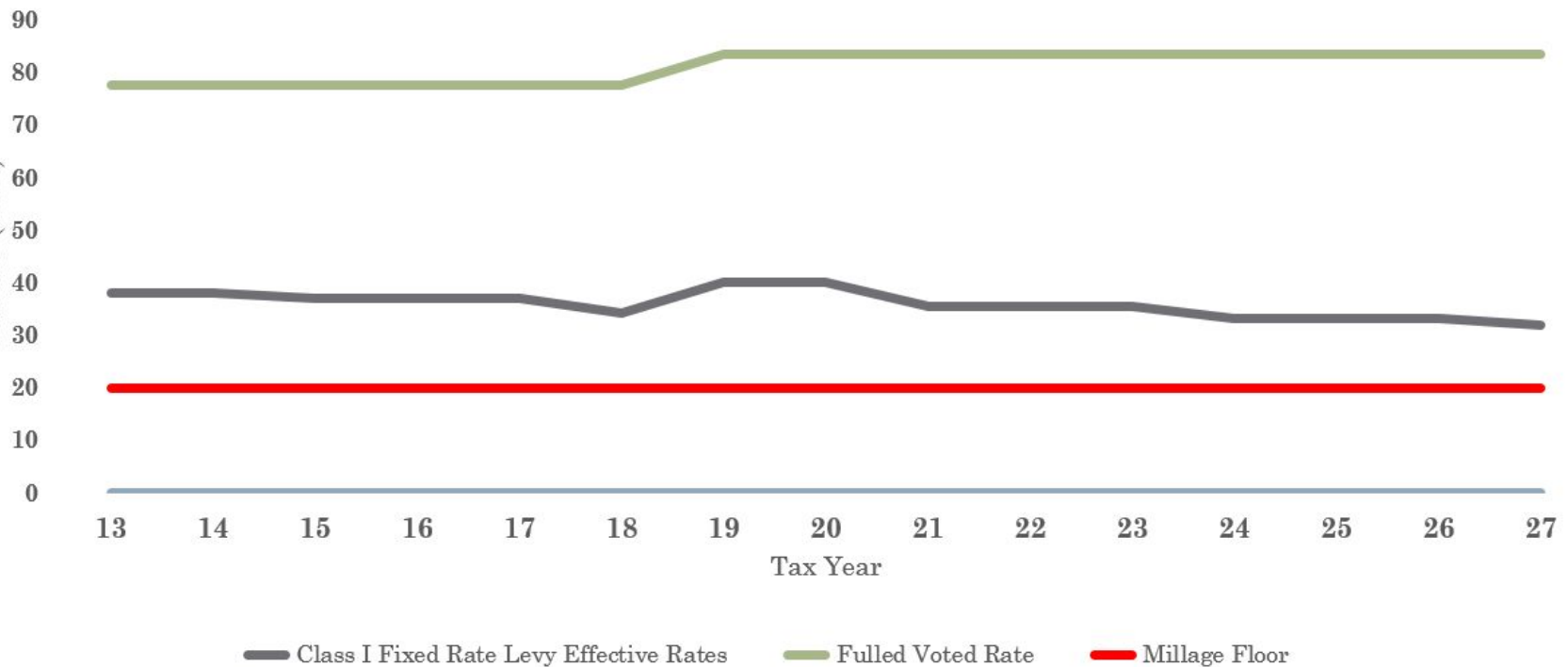
Tax Year 2024 is a reappraisal year for Cuyahoga County. Forecast assumes a 8.88% increase in valuation which will be offset by a 6.37% decrease in tax effective rate

Tax rates are set each year by the Ohio Department of Taxation. Rates can change based upon valuation change, additional levies, non-renewal of levies, etc. The charts above show the YOY % change in Class I property values and the resulting tax rates (effective) for Class I.

Major Assumptions - Continued

District's Property Tax Rates

Year-Over-Year Change in School District General Fund Property Tax Rates



Major Assumptions - Continued

Revenue (continued):

- The forecast assumes that in collection year 2022, commercial property decreased 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 experienced a tax refund of \$2,509,277 in FY 2022 with the majority attributed to South Park Mall for tax years 2018, 2019, 2020.
- 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.
- 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 decreased 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 \$1,124,303 in FY 2022. As information changes the estimates will be updated. The District is considered a guarantee district in FY 2022 and beyond.

Beginning with FY 2024, the FY 2024-2025 biennium state budget was approved, which continued the implementation of the fair funding formula. The District expects to see increases in state funding of \$574,000 in FY 2024 and \$405,000 in FY 2025 for a cumulative increase of \$979,000. The District is still considered a guarantee District in FY 2024 and beyond.

Major Assumptions - Continued

Revenue (continued):

- Restricted aid is the portion of State funding that must be classified as restricted use. Restricted funds represents 0.54% of total revenue. Beginning with FY 2022 the district's Success & Wellness funding is considered restricted, the State's share of this funding is recorded as restricted is \$244,281. 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 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|--|-----------|-----------|-----------|-----------|-----------|
| . | . | . | . | . | . |
| . Success/Wellness SF3 Result2 | \$244,281 | \$230,137 | \$216,158 | \$202,254 | \$202,598 |
| . Weighted CTE, ELL SF5 | \$33,718 | \$39,864 | \$46,036 | \$52,241 | \$52,329 |
| . DPIA SF6 | \$37,223 | \$34,002 | \$30,799 | \$27,609 | \$27,656 |
| . Gifted SF5 | \$181,267 | \$159,178 | \$133,716 | \$108,349 | \$108,522 |
| Categorical and Add-on Restricted (to SF3 A) | \$496,489 | \$463,181 | \$426,708 | \$390,453 | \$391,105 |

Major Assumptions - Continued

Expenditures:

- Staffing Assumptions (General Fund Only):

| | FY 23 | FY 24 | FY 25 | FY 26 | FY 27 | FY 28 |
|------------------------------|------------|------------|------------|------------|------------|------------|
| General Fund | 701 | 725 | 750 | 750 | 750 | 750 |
| Prior Year Net Change | +16 | +24 | +25 | 0 | 0 | 0 |

- Forecast assumes all union agreements are as currently defined.
- In FY 23, the forecast assumes 701 general fund positions, an increase of 16 positions. The increase is due to 8 new teaching positions, 3 new aide positions, 1 new Assistant Athletic Director position, and 2 one year temporary positions to cover long term absences. In FY 24, the forecast assumes 725 general fund positions, increase of 24 positions. The increase is due to 11 new teaching positions, 10 new aide positions, 1 new SMS Assistant Principal, 2 bus aides. In FY 25 and beyond, the forecast assumes 25 additional positions coming onto the general fund as ESSER funds will expire for these positions.
- Health care premiums increased by 3% in FY 21. For FY 22, the District experienced a 1.37% increase. For FY 23, the District experienced a 8.70% increase. For fiscal year 2024 health care premiums will increase by 15.00%. For fiscal years 2025-2027, the projected annual increase is 10%.
- 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, these are back to normal levels.

Major Assumptions - Continued

Expenditures (continued):

- Purchase services decreased by \$1,950,730 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 enrollment thereby reducing tuition costs for open enrollment out, community schools, and scholarships. During FY 2024, the forecast assumes that purchase services to increase by \$562,229. The increase is due to increased cost and placements for special education placements, instructional services costs (Raz Kids every three years, secondary Edmentum Online previously funded through ESSER, ELA & Math Diagnostic), and projected increases for utility costs.
- Materials and Supplies is forecasted to increase by \$522,432 from FY 2023 to FY 2024 which is due to FY 2023 savings or unspent budget. Materials and Supplies make up 3.21% of the general fund 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 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. (FY21)
 - 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. (FY21)
 - BroadbandOhio Connectivity Grant (\$21,205.26): - Utilized for public wifi and transportation hot spots. (FY21)
- Library Services & Technology Act CARES Mini Grant (\$3,000) - Utilized for an online digital catalog. (FY21)

Major Assumptions - Continued

Additional Grant Funding (Not in Five Year Forecast):

- ESSER II (FY22 thru FY23) & ESSER III (FY22 thru FY24) (\$6,134,005):
 - FY22 - ESSER II funds were used for the following (1,373,180):
 - COVID Coordinator - \$7,468
 - Cleaning Equipment - \$59,483
 - Educational Technology - \$ 85,399
 - Elementary Assistant Principal - \$135,068
 - Second Step Curriculum for Guidance Counselors - \$37,665
 - Summer Learning - \$190,764
 - MTSS Coordinators (2) - \$219,729
 - 6th grade Band/Orchestra additional instruction - \$61,051
 - Additional Intervention Specialist (MTSS interventions) (7) - \$427,079
 - Special Education Coach - \$124,724
 - 5Lab - \$24,750

Major Assumptions - Continued

Additional Grant Funding (Not in Five Year Forecast):

- FY22 - ESSER III funds were used for the following (\$1,052,077):
 - Asynch Learning Platform - \$275,000
 - LETR's Training - \$125,353
 - Educational Technology - \$96,817
 - Additional Elementary Guidance Counselor - \$69,396
 - Elementary Before/After School Supplements - \$36,945
 - Elementary Reading Specialist (2) - \$124,618
 - Secondary Math Coach (1) - \$100,087
 - MTSS Software - \$27,549
 - Elementary EL Teacher - \$86,750
 - Gifted Coordinator - \$109,562

Major Assumptions - Continued

Additional Grant Funding (Not in Five Year Forecast):

- ESSER II & ESSER III FY 2023 & 2024 Spending:

| Priority | 2022-23 Cost Estimate | 2023-24 Cost Estimate |
|---|-----------------------|-----------------------|
| District - Gifted Coordinator (1.0) | \$121,736 | \$125,496.65 |
| District - Special Education Coach (1.0) | \$0 | \$134,675.78 |
| Elementary - RtI Intervention Sp. (3.0) | \$204,964 | \$226,853.35 |
| Elementary - Assistant Principal (1.0) | \$139,975 | \$142,867.96 |
| Elementary - EL Teacher (1.0) | \$92,517 | \$99,666.67 |
| Elementary - Extracurriculars (15) | \$37,589 | \$38,618.03 |
| Elementary - MTSS Coordinator (0.6) | \$76,946 | \$78,878.60 |
| Elementary - Reading Specialists (2.0) | \$133,644 | \$191,084.07 |
| Elementary - School Counselor (1.0) | \$73,813 | \$79,951.57 |
| LETRs Manuals/Binders/Software | \$21,000 | \$75,000.00 |
| LETRs Training Substitutes | \$85,000 | \$85,000.00 |
| Permanent Subs - 11 Cert. | \$226,545 | \$352,733.10 |
| Permanent Subs - 3 Bus | \$108,839 | \$150,523.71 |
| Preschool - RtI Intervention (0.50_FY23) / (0.45_FY24) | \$51,355 | \$66,838.36 |
| Secondary - Band / Orch. (1.0) | \$73,376 | \$68,049.11 |
| Secondary - Math Coach (1.0) | \$101,885 | \$105,429.98 |
| Secondary - MTSS Coordinator (1.0) | \$147,705 | \$0.00 |
| SMS - RtI Intervention Sp. (1.0) | \$55,220 | \$102,591.74 |
| ESSER Yearly Costs | \$1,752,109 | \$2,124,258.68 |

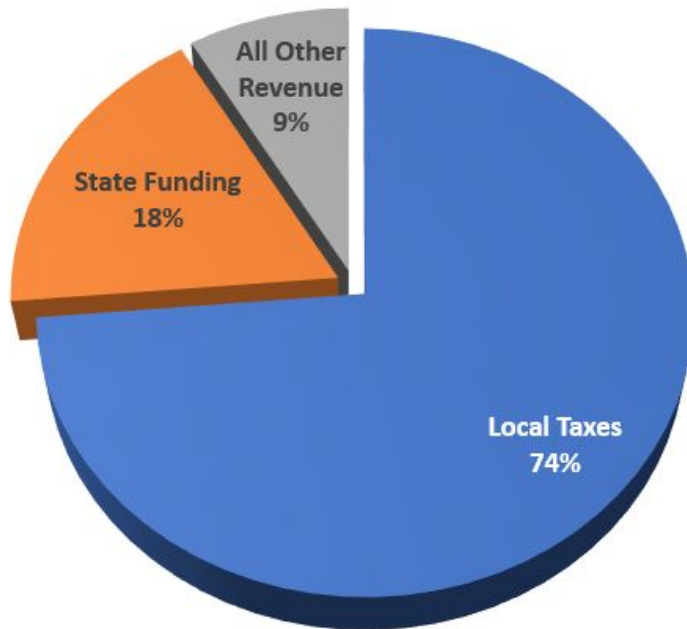
Strongsville City Schools

- General Fund Revenues

Strongsville City Schools

FY 2023-2024

Current Fiscal Year Projected Revenue Analysis



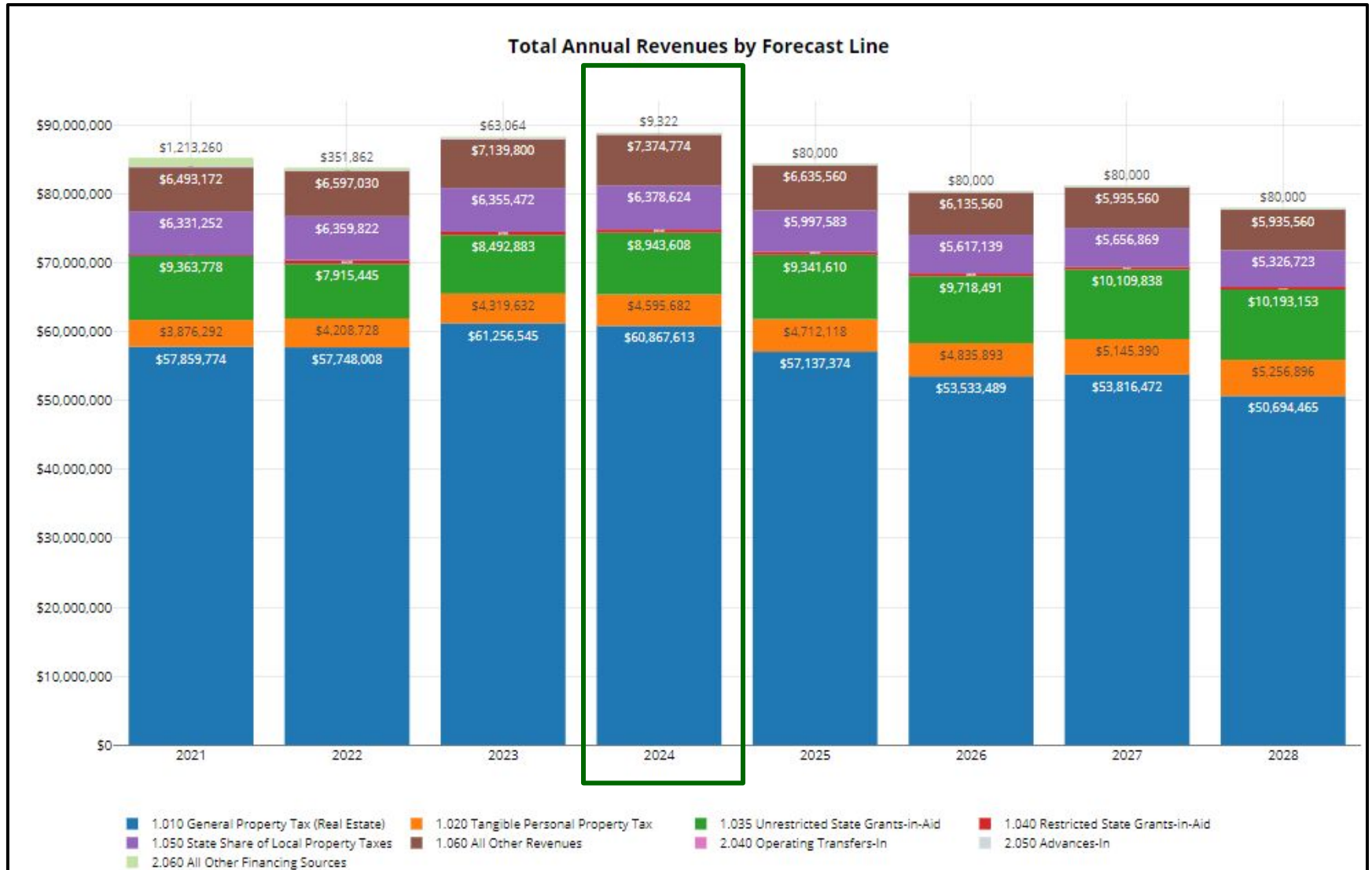
| | |
|-------------------------------|---------------------|
| Projected Local Taxes | \$65,463,295 |
| Real Estate Property Taxes | \$60,867,613 |
| Public Utility Property Taxes | \$4,595,682 |
| Income Taxes | \$0 |

| | |
|--------------------------------|---------------------|
| Projected State Funding | \$15,809,662 |
| Fair School Funding Plan | \$8,943,608 |
| Restricted State Funding | \$487,430 |
| State Share of Local Taxes | \$6,378,624 |

| | |
|------------------------------------|--------------------|
| Projected All Other Revenue | \$7,581,716 |
| Other Operating Revenue | \$7,374,774 |
| Other Sources | \$206,942 |

Strongsville City Schools

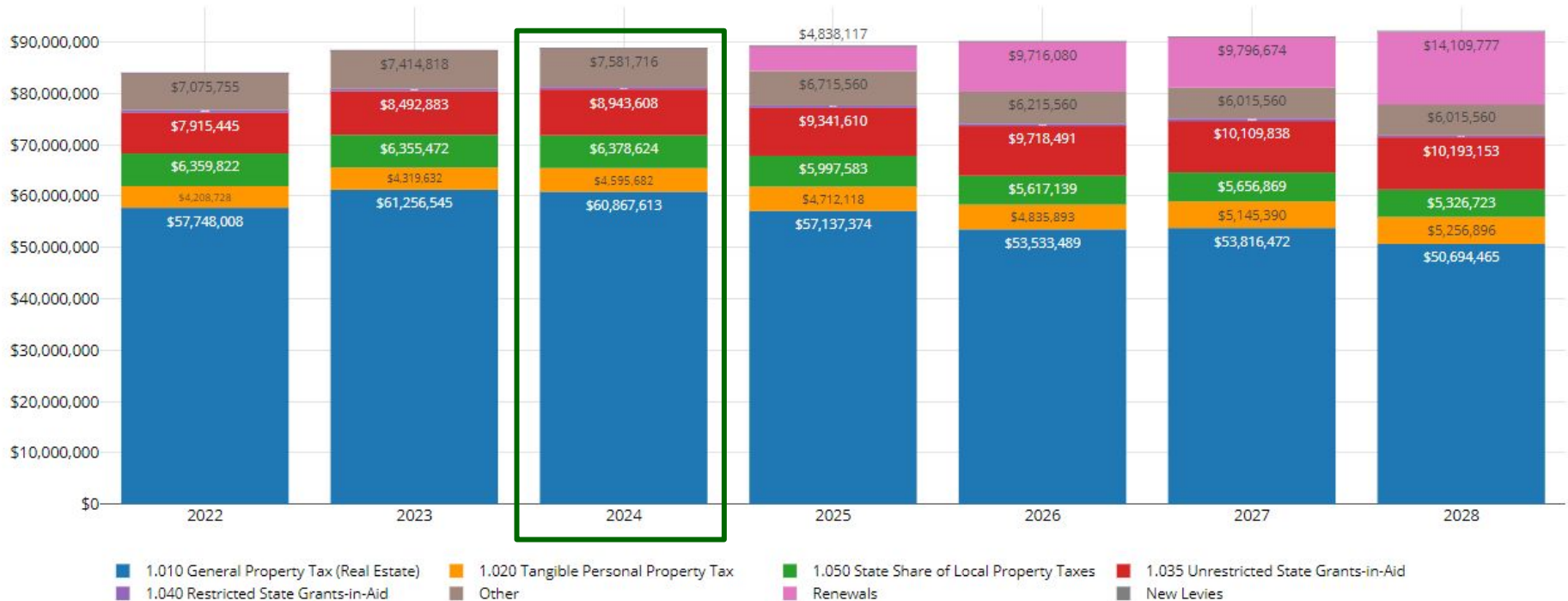
FY 2023-2024 Revenues (without renewals)



Strongsville City Schools

FY 2023-2024 Revenues (with renewals)

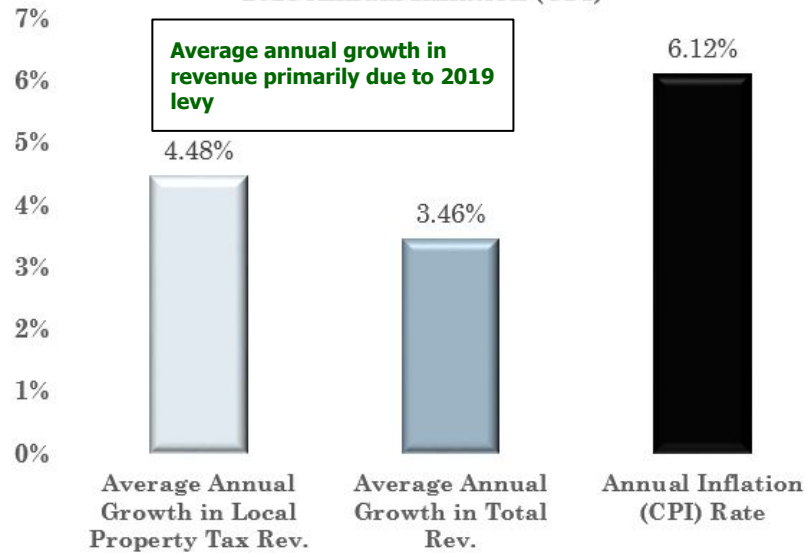
Total General Fund Revenue by Source



Strongsville City Schools

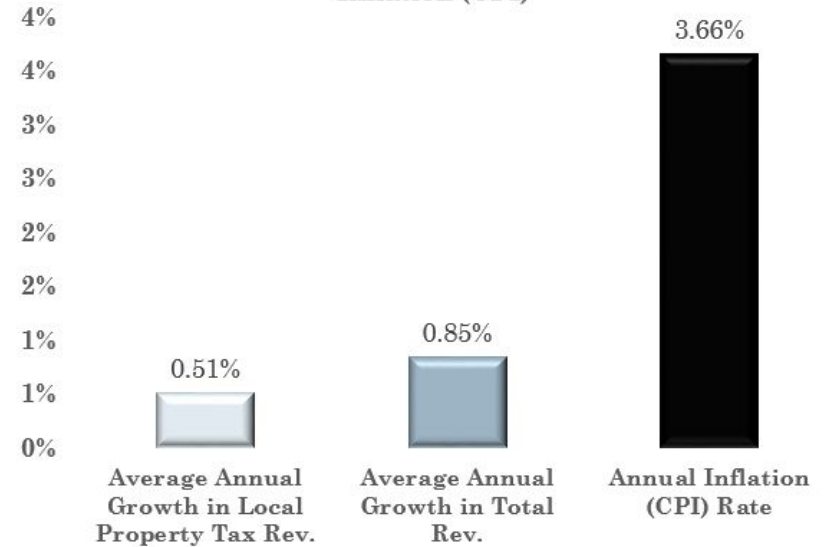
District Tax Revenue vs. Inflation

10 Year Historical Average
Annual Change in Revenue Compared to 2021 –
2023 Annual Inflation (CPI)



Historically, both the district's real estate tax revenue and total revenue changed less than the rate of inflation.

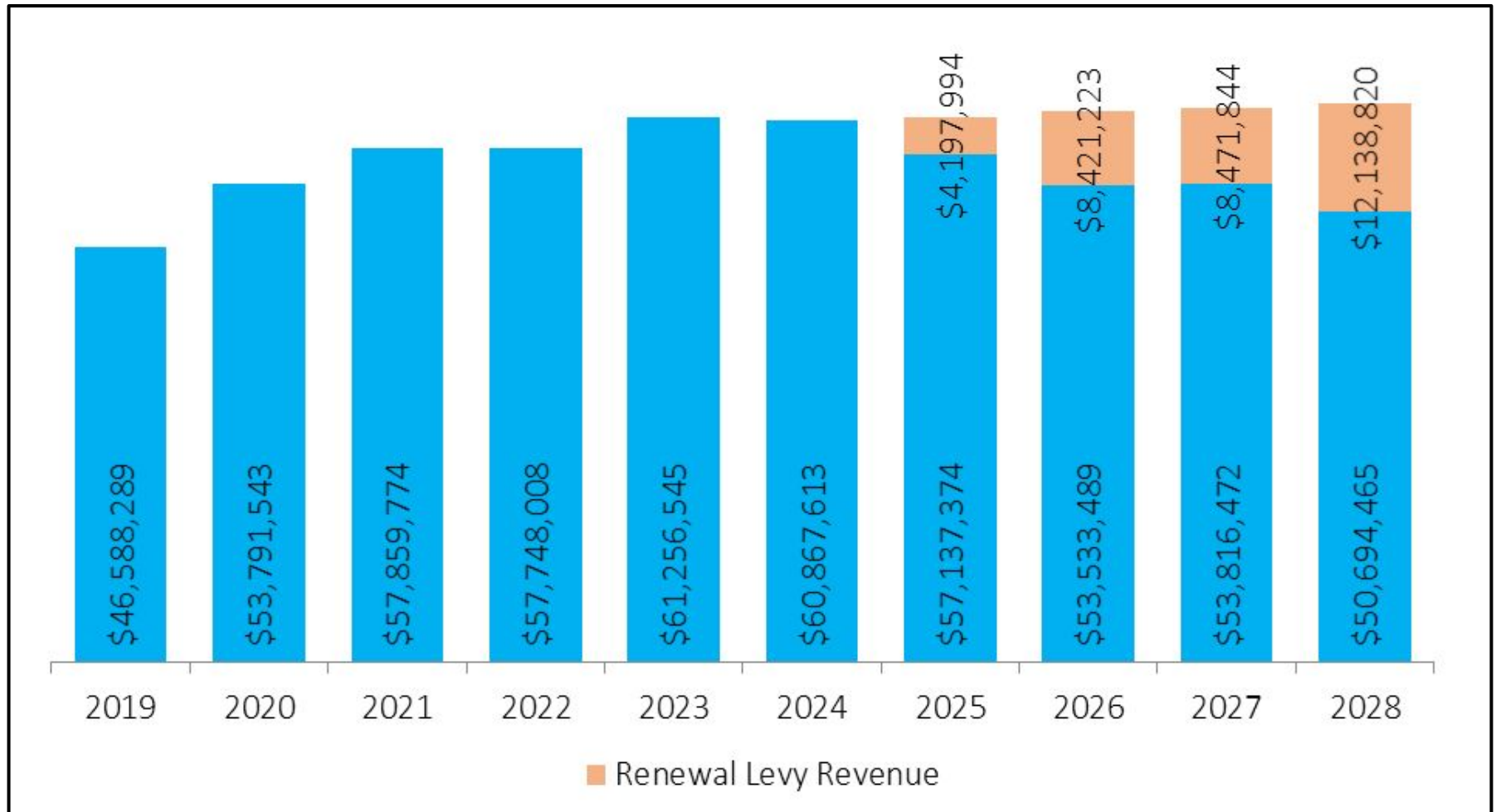
5 Year Projected Average
Annual Change in Revenue Compared to
Inflation (CPI)



The projected annual inflation (CPI) rate noted above is calculated using an average of historic pre-Pandemic levels to be for comparison purposes. Local property taxes can increase/decrease due to changes in effective tax rates, property values, and collection rates.

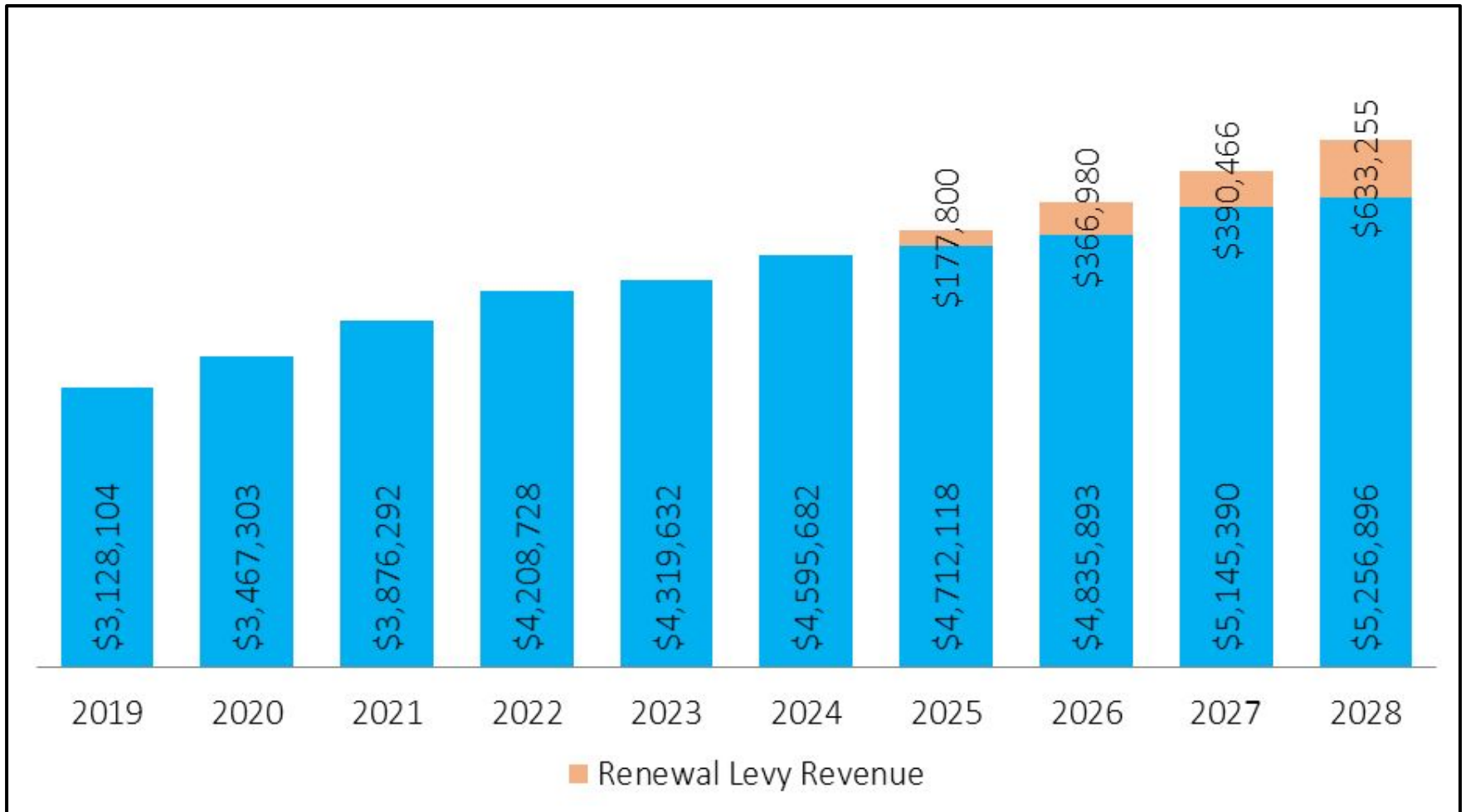
Strongsville City Schools

Local Taxes - Residential and Commercial



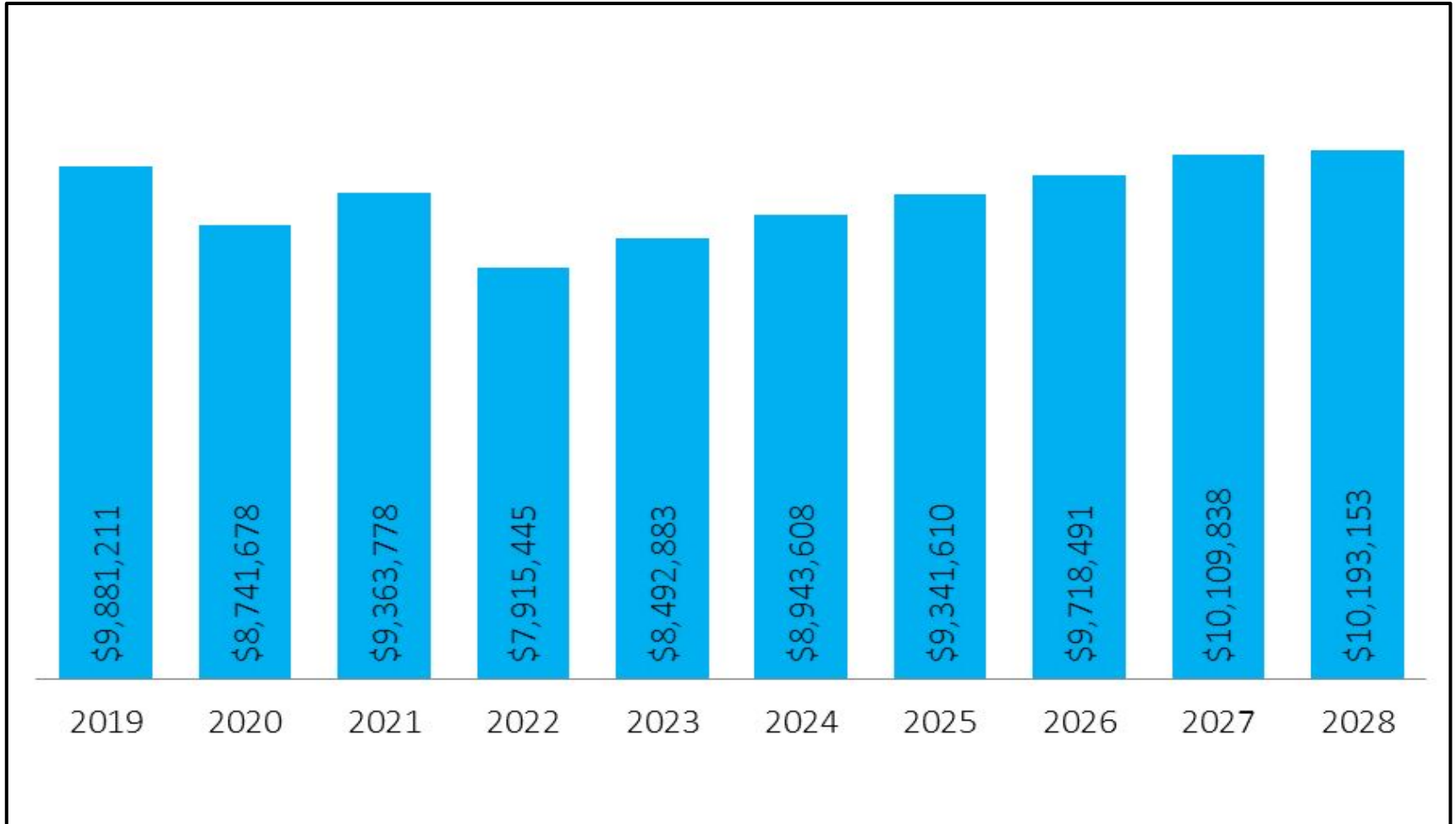
Strongsville City Schools

Local Taxes - Public Utility



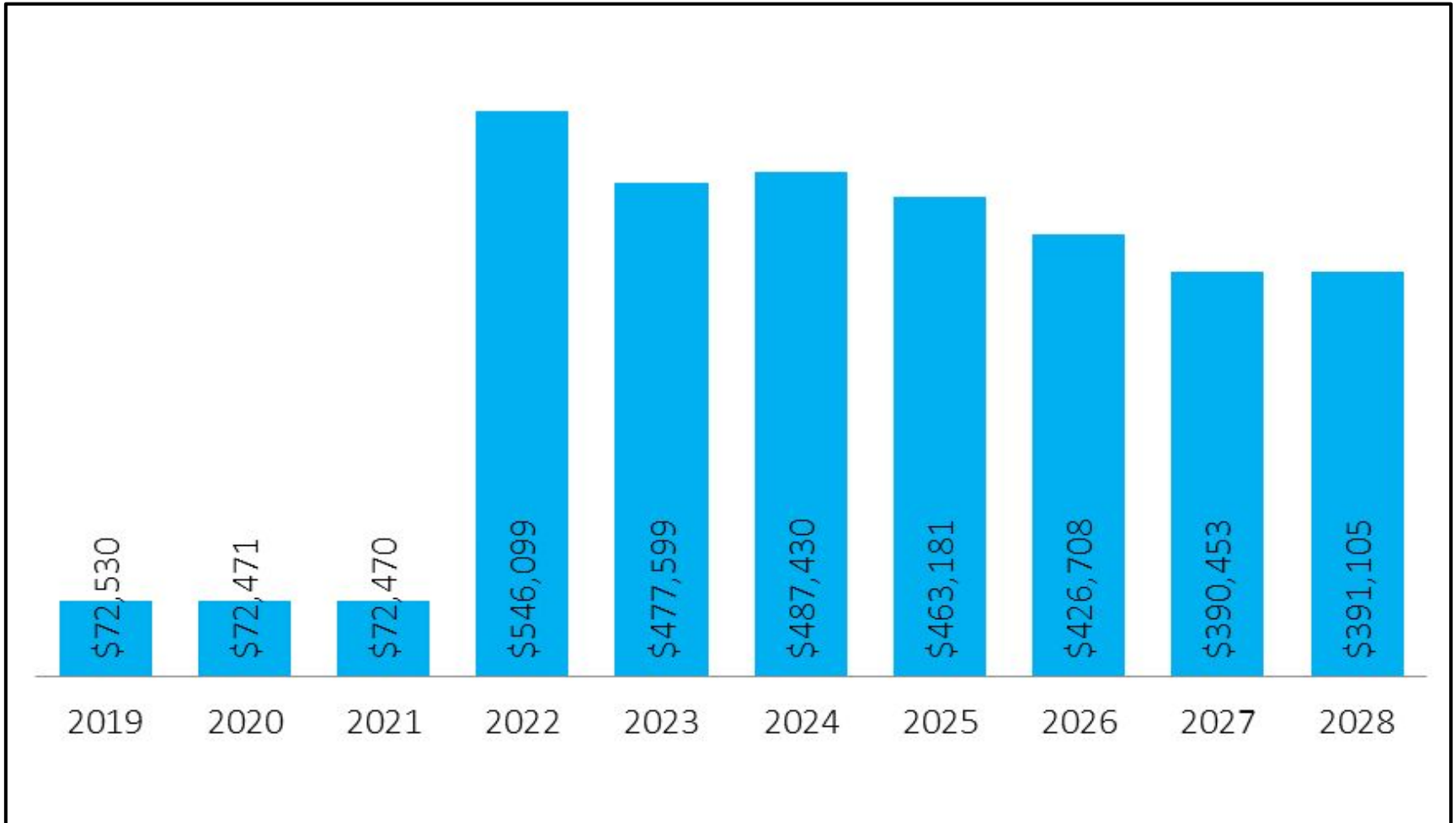
Strongsville City Schools

State Foundation - Unrestricted



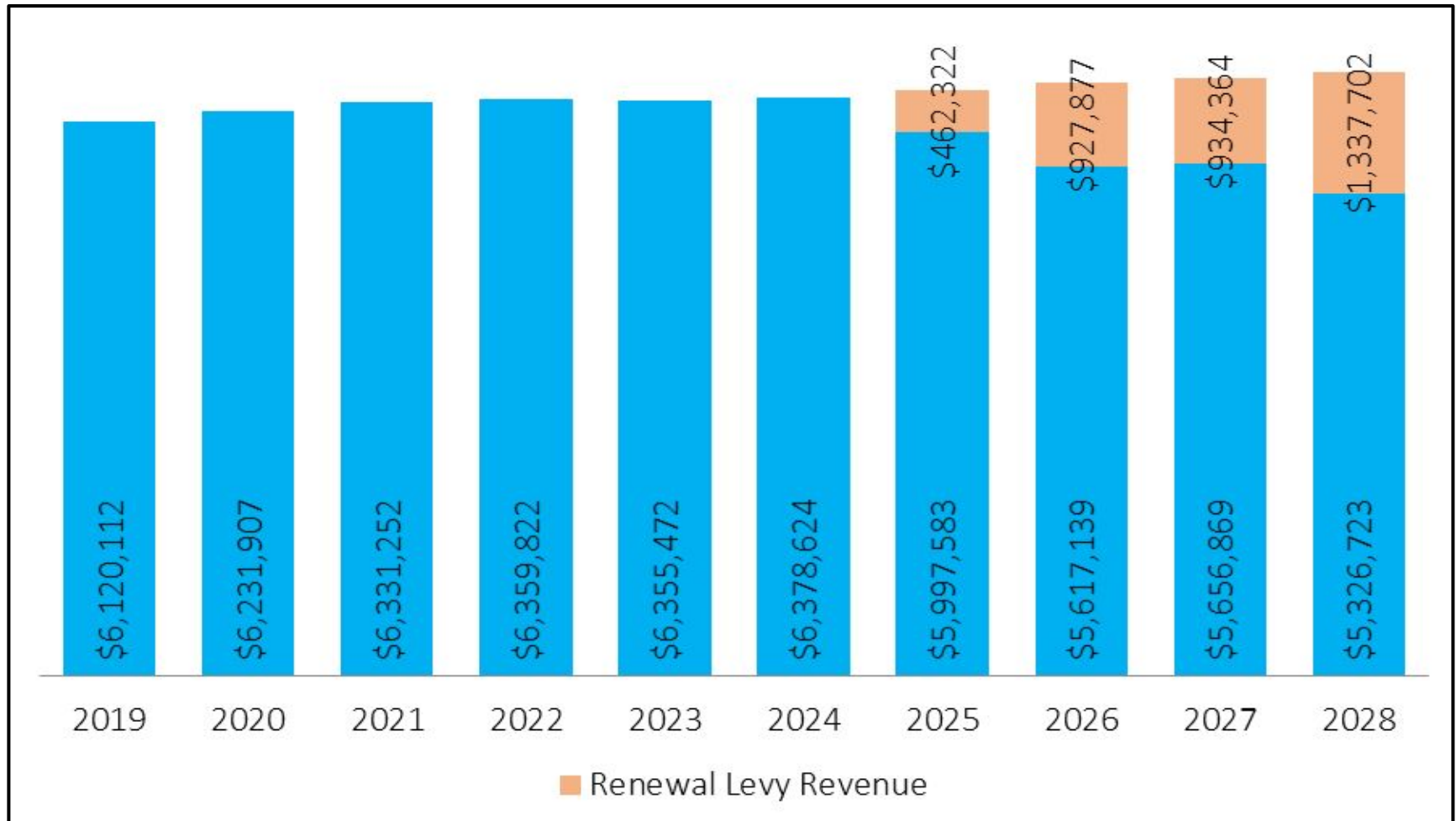
Strongsville City Schools

State Foundation - Restricted



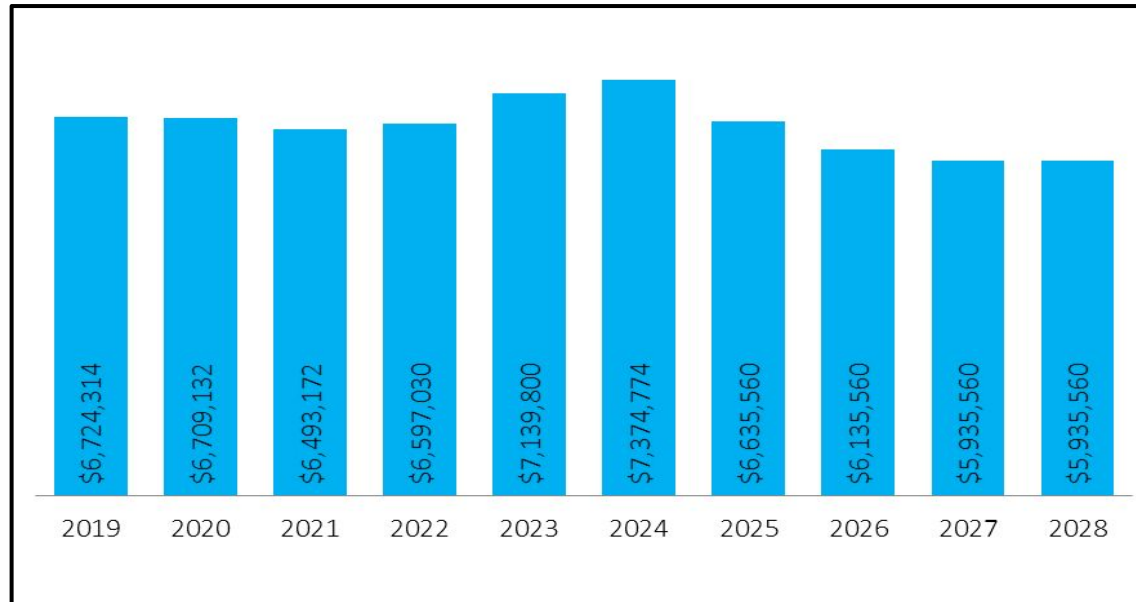
Strongsville City Schools

State Share of Local Property Taxes



Strongsville City Schools

Other Revenue



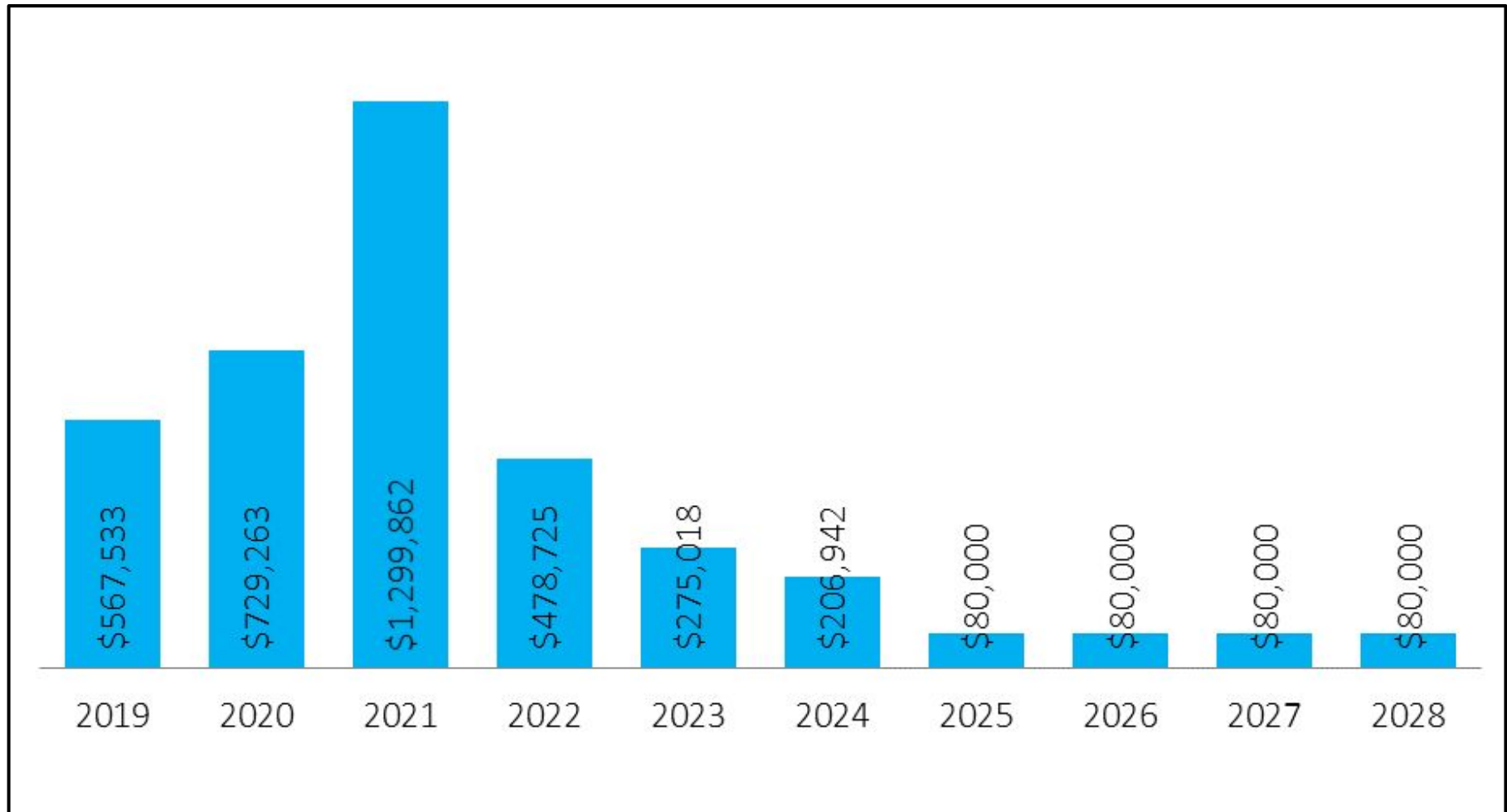
Other revenues primarily consist of:

| | <u>FY2024</u> | <u>FY2025</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Preschool Tuition: | \$ 129,000 | \$ 129,000 | \$ 129,000 | \$ 129,000 | \$ 129,000 |
| Full Day Kindergarten Tuition: | \$ 550,000 | \$ 550,000 | \$ 550,000 | \$ 550,000 | \$ 550,000 |
| Tuition from Other Districts: | \$ 413,000 | \$ 413,000 | \$ 430,000 | \$ 430,000 | \$ 430,000 |
| Interest Income: | \$2,000,000 | \$1,500,000 | \$ 1,000,000 | \$ 800,000 | \$ 800,000 |
| Sports Pay to Play & Trainer: | \$ 240,000 | \$ 240,000 | \$ 240,000 | \$ 240,000 | \$ 240,000 |
| Special Ed Catastrophic Aid: | \$ 450,000 | \$ 450,000 | \$ 450,000 | \$ 450,000 | \$ 450,000 |
| Medicaid Reimbursement: | \$ 250,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 |
| Revenue in lieu of Taxes/TIF's: | \$ 3,064,511 | \$ 2,878,660 | \$ 2,878,660 | \$ 2,878,660 | \$ 2,878,660 |

Revenue in lieu of Taxes/TIF's is anticipated to decrease in FY2024 due to payment in lieu of tax settlements the District received in FY2023. Beginning in FY 2024, any settlement will be collected through the county tax revenue collection process.

Strongsville City Schools

Other Financing Sources



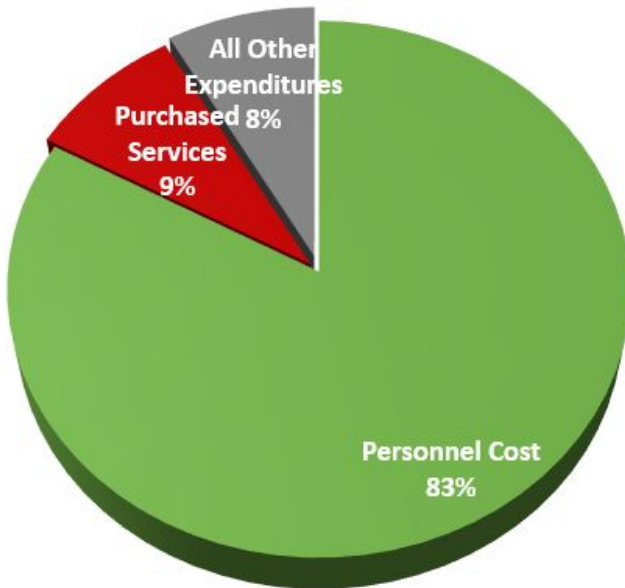
Strongsville City Schools

- General Fund Expenditures

Strongsville City Schools

FY 2023-2024

Current Fiscal Year Projected Expenditure Analysis



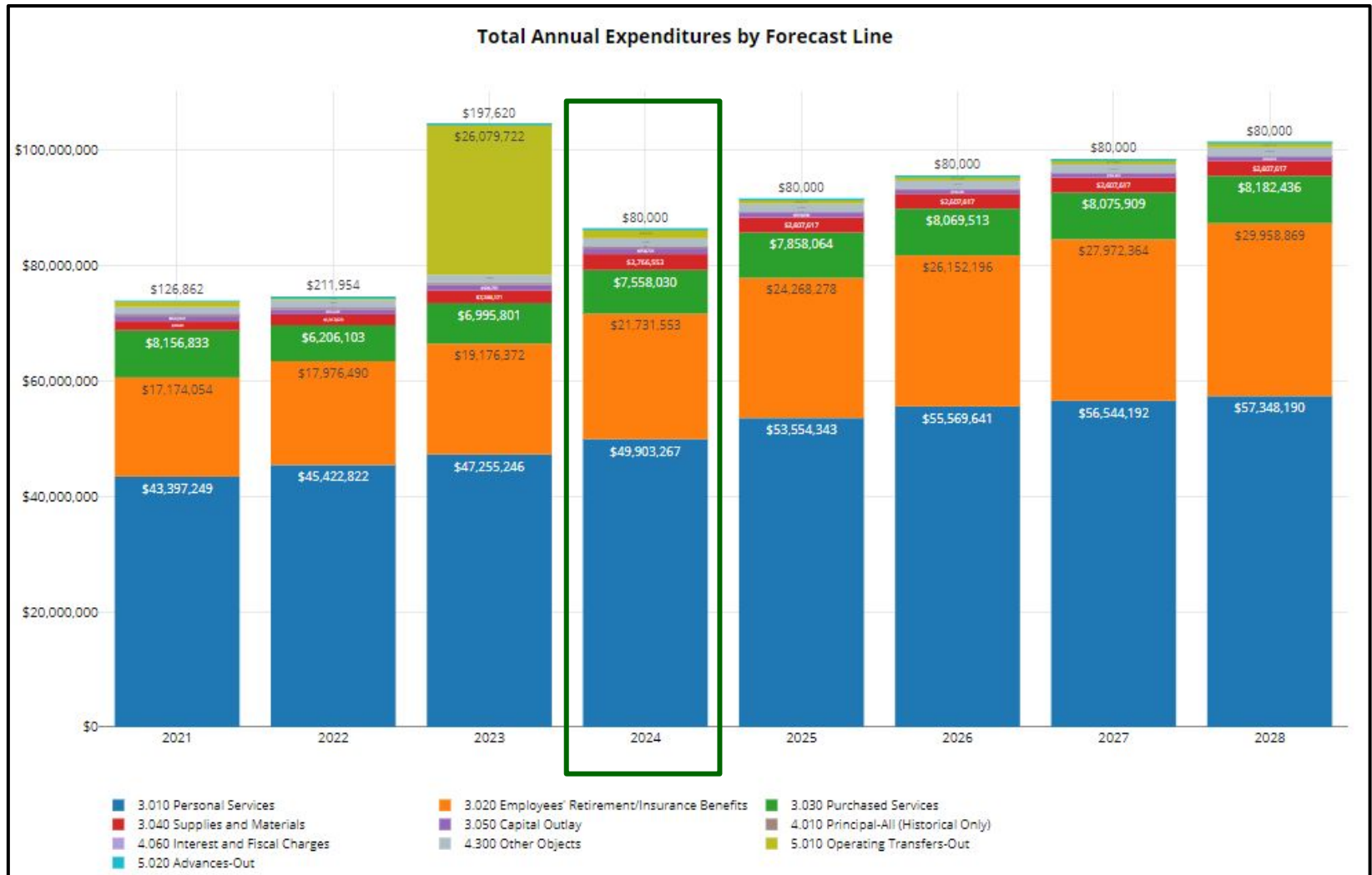
| | |
|----------------------------------|---------------------|
| Projected Personnel Costs | \$71,634,820 |
| Salaries | \$49,903,267 |
| Benefits | \$21,731,553 |

| | |
|-------------------------------------|--------------------|
| Projected Purchased Services | \$7,558,030 |
|-------------------------------------|--------------------|

| | |
|--|--------------------|
| Projected All Other Expenditures | \$7,112,899 |
| Supplies, Capital, Debt, Other Operating | \$5,462,106 |
| Advances, Transfer, Other Uses | \$1,650,793 |

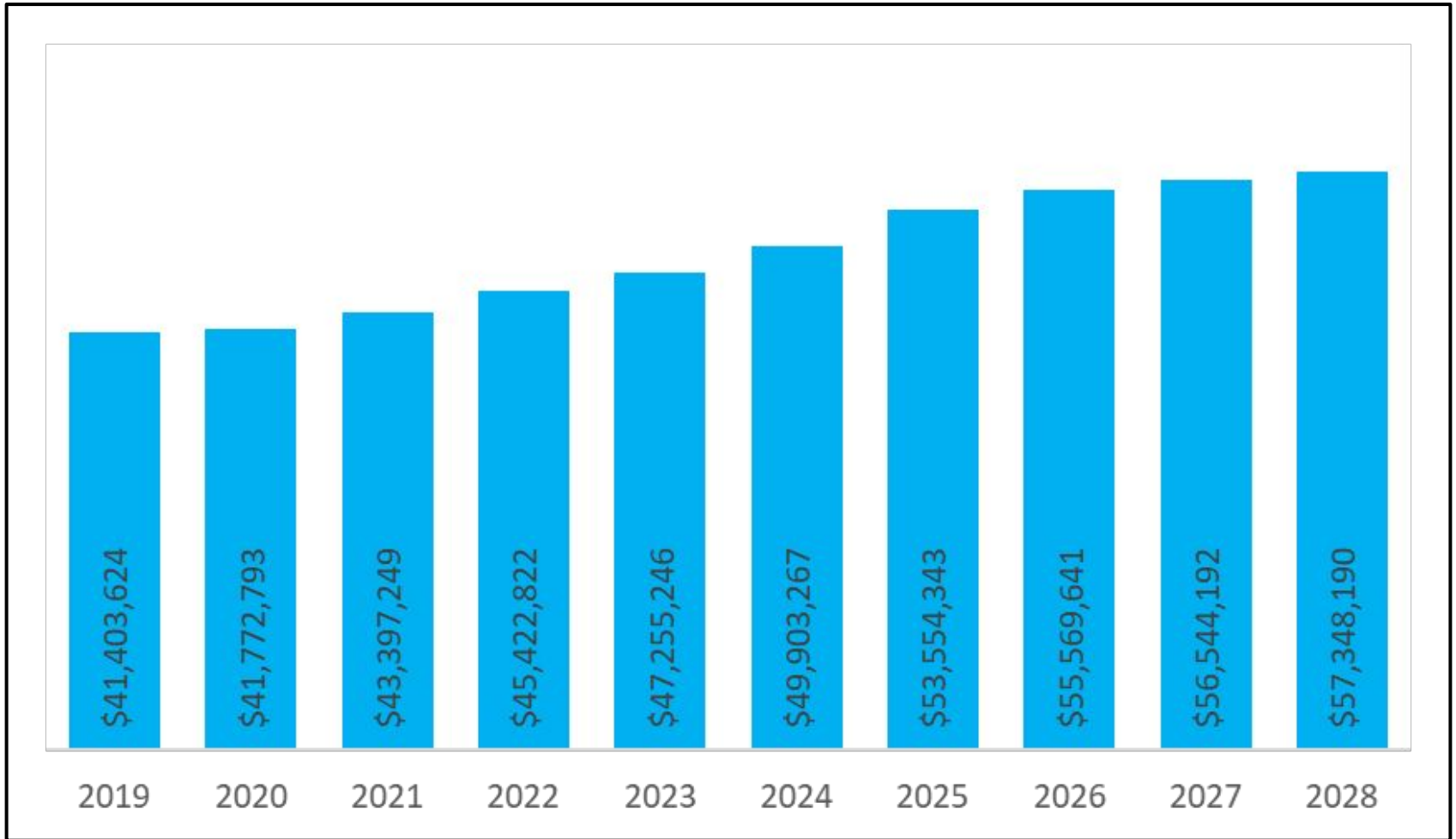
Strongsville City Schools

FY 2023-2024 Expenditures



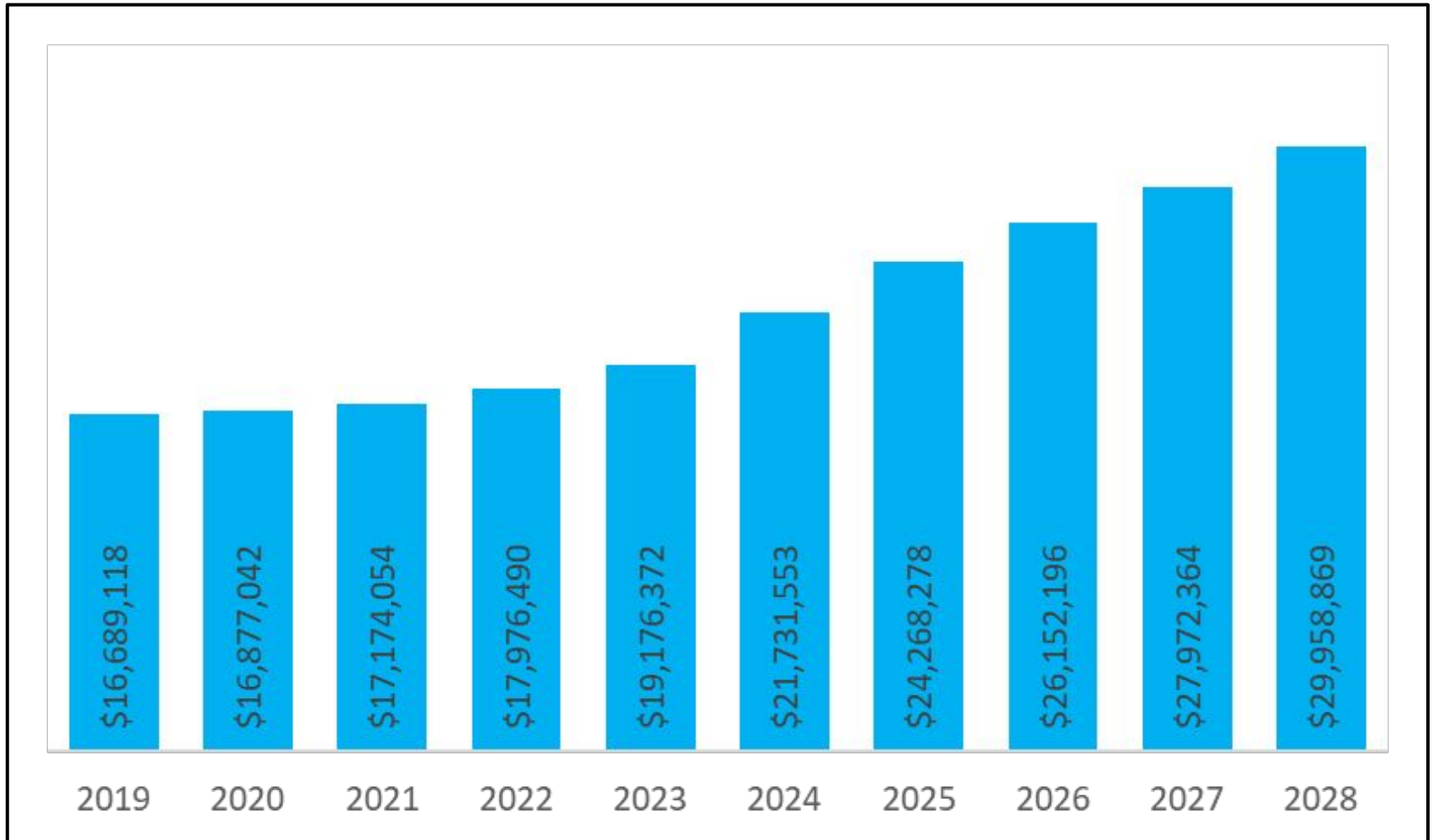
Strongsville City Schools

Salaries



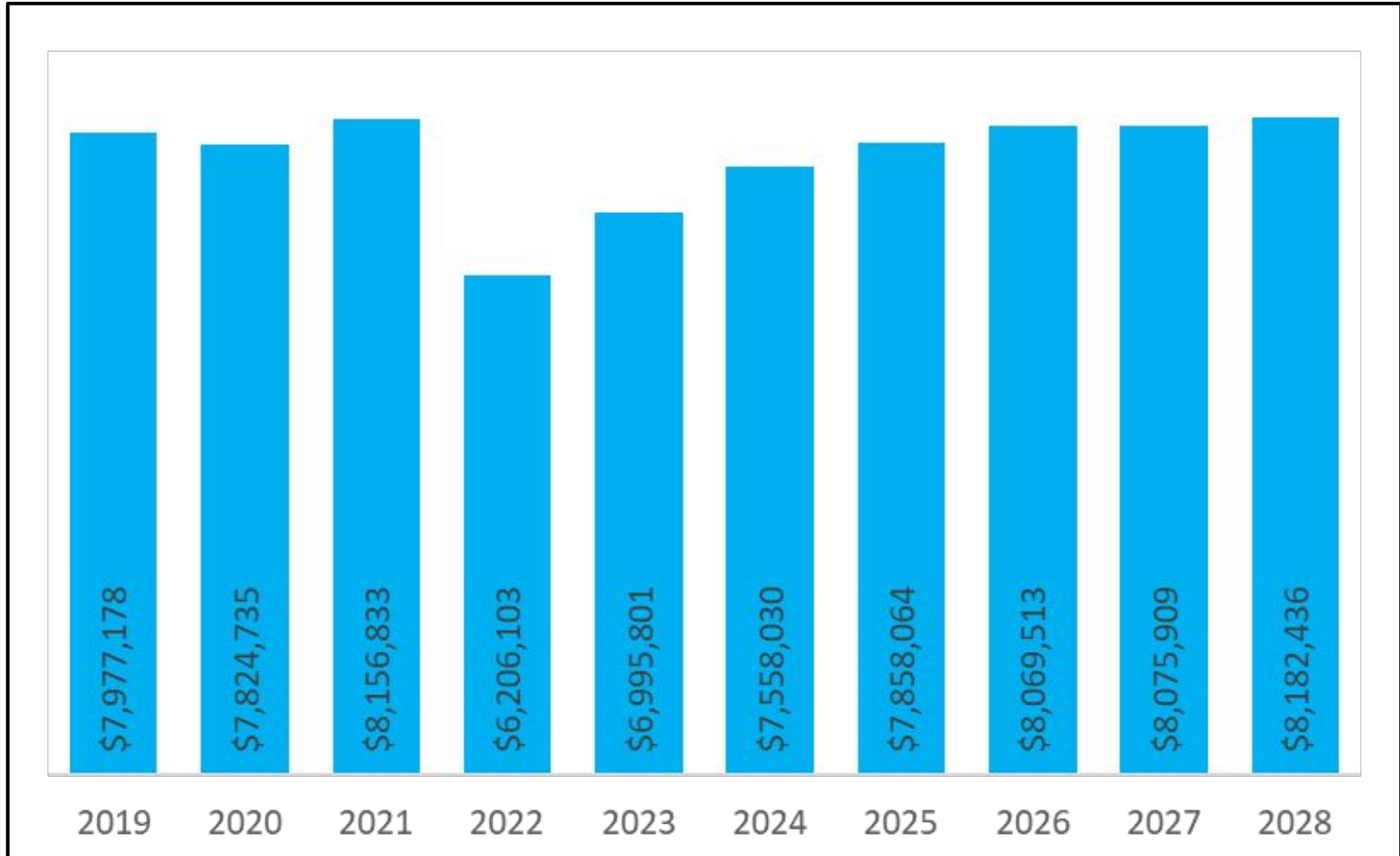
Strongsville City Schools

Benefits



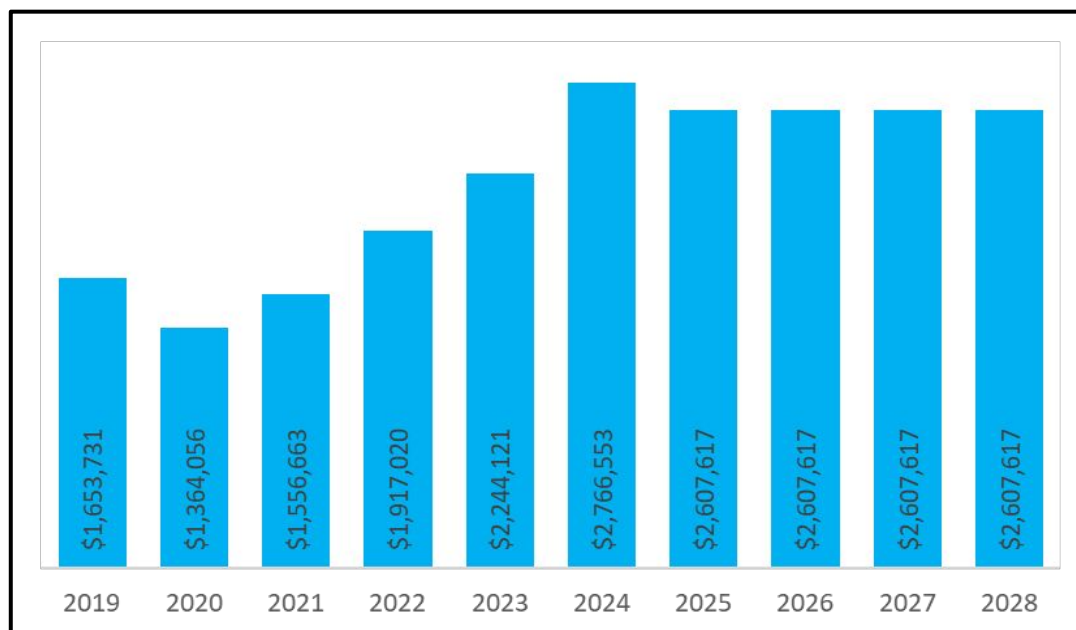
Strongsville City Schools

Purchased Services



Strongsville City Schools

Supplies and Materials

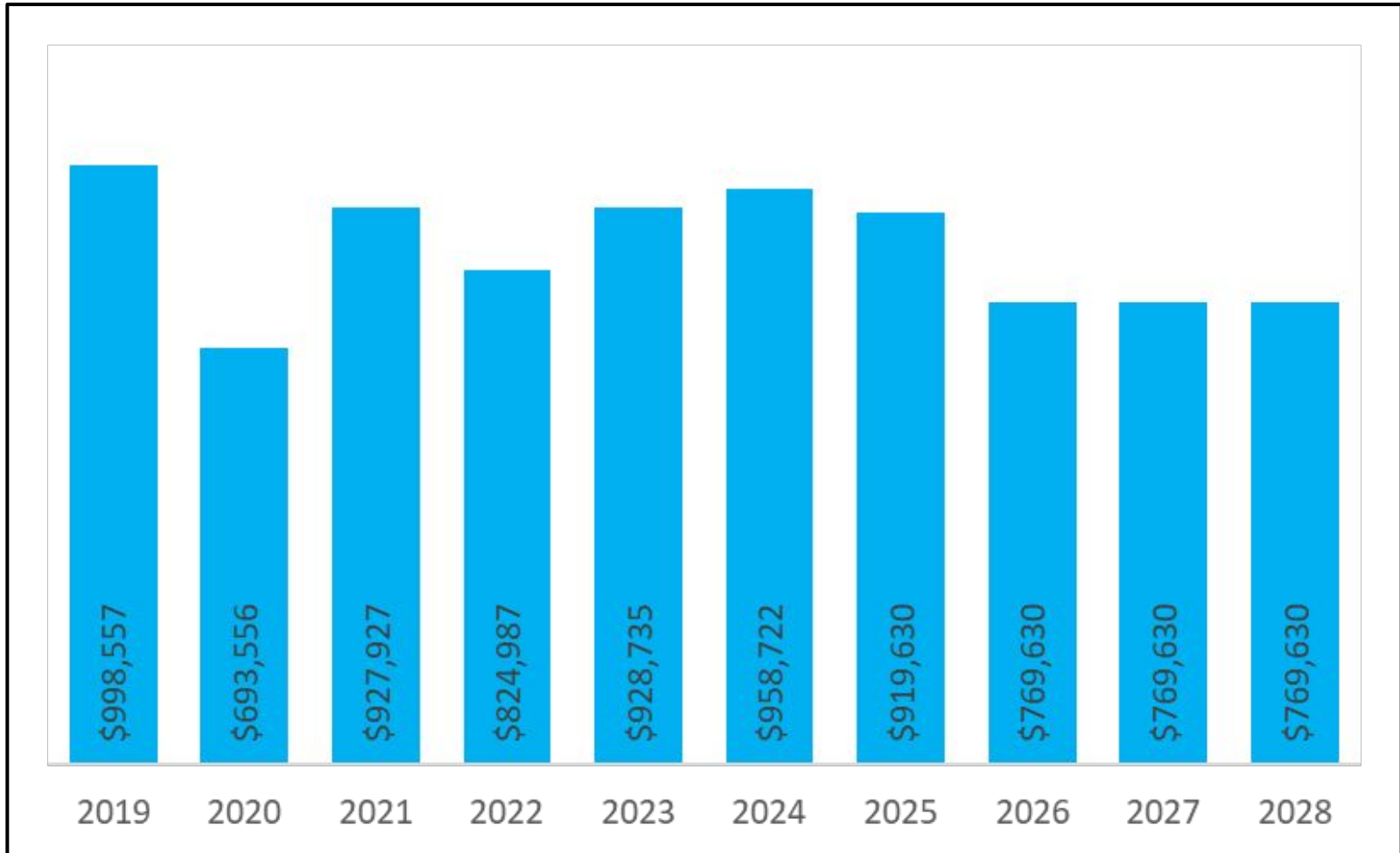


Materials and Supplies primarily consist of:

| | <u>FY2024</u> | <u>FY2025</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Instructional Supplies (511,519): | \$ 372,659 | \$ 385,433 | \$ 385,433 | \$ 385,433 | \$ 385,433 |
| Office Supplies: | \$ 79,380 | \$ 82,700 | \$ 82,700 | \$ 82,700 | \$ 82,700 |
| Textbooks: | \$ 660,469 | \$ 476,000 | \$ 476,000 | \$ 476,000 | \$ 476,000 |
| Software: | \$ 371,719 | \$ 358,743 | \$ 358,743 | \$ 358,743 | \$ 358,743 |
| Fuel: | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 |
| Building and Cleaning Supplies: | \$ 294,435 | \$ 363,727 | \$ 363,727 | \$ 363,727 | \$ 363,727 |

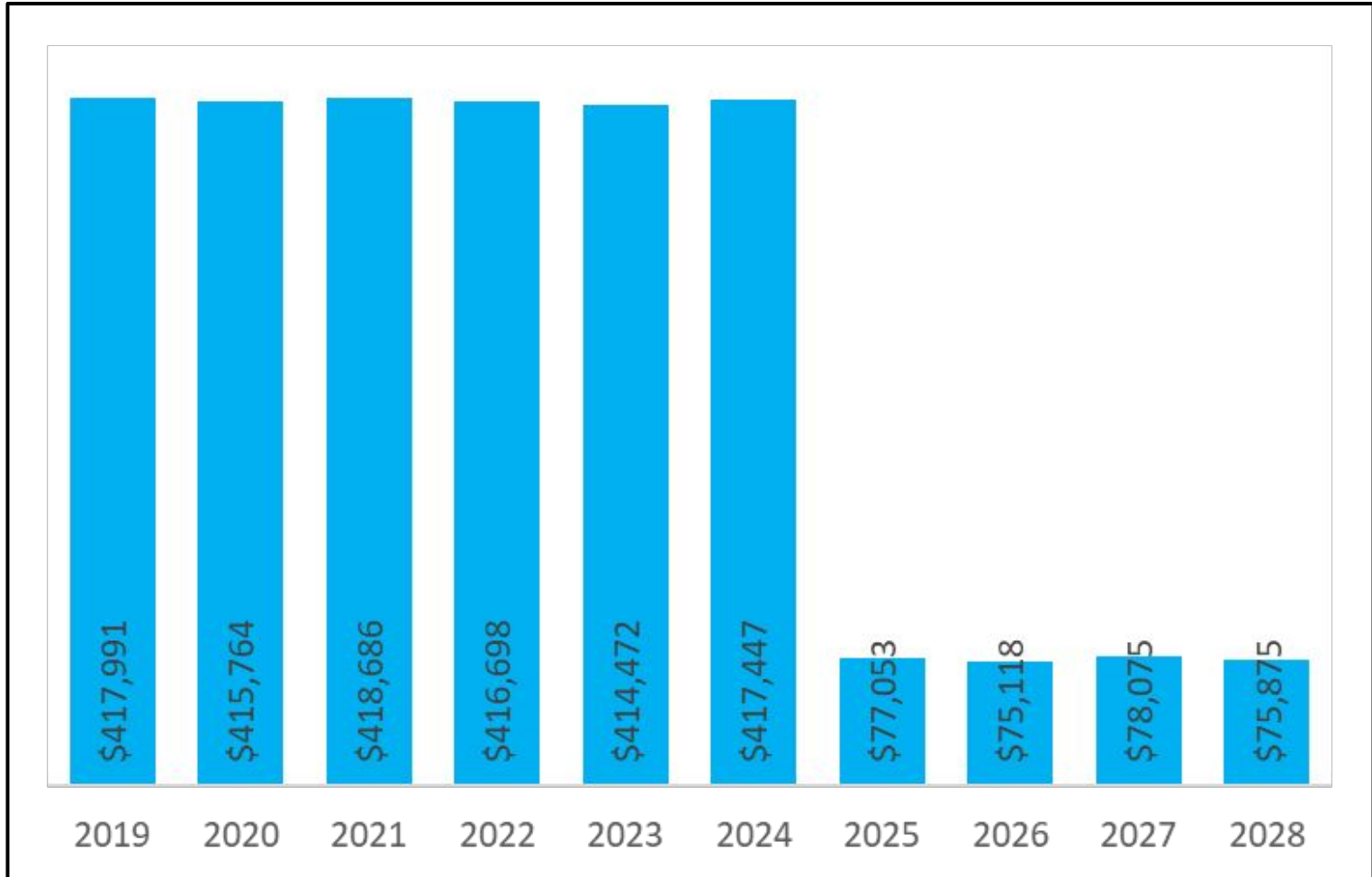
Strongsville City Schools

Capital Outlay



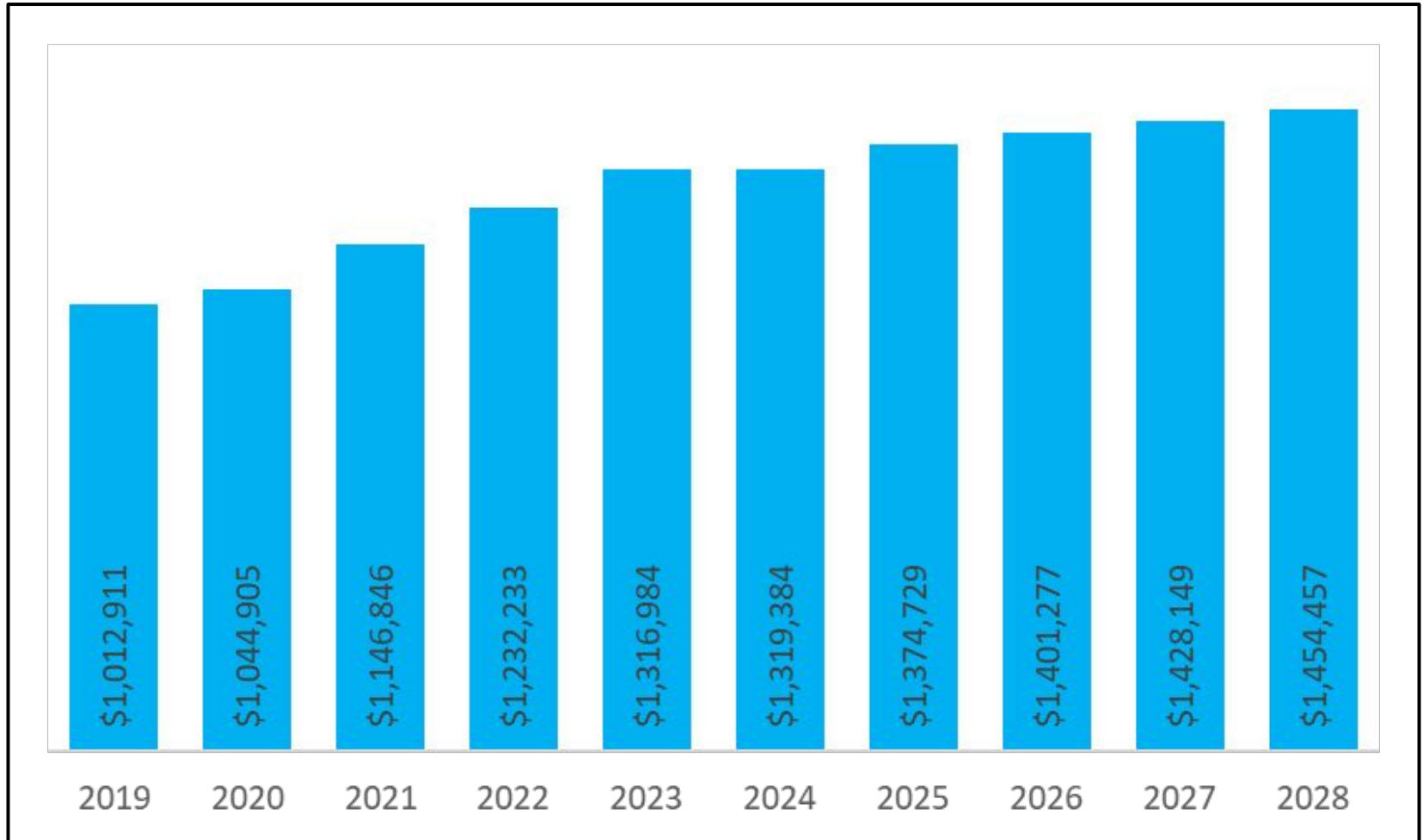
Strongsville City Schools

General Fund Debt



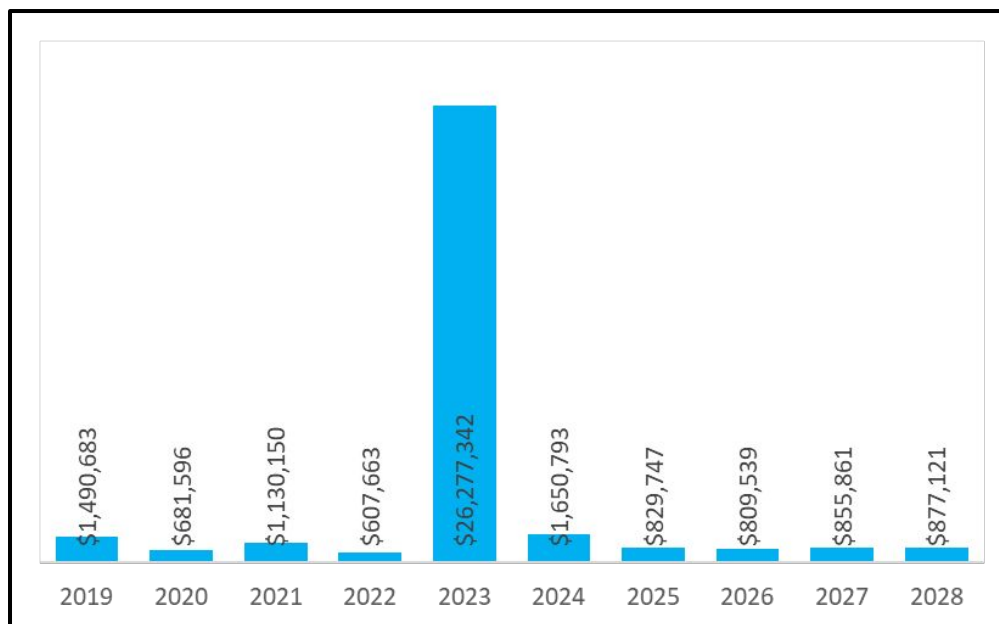
Strongsville City Schools

Other Objects



Strongsville City Schools

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



Transfers are made up of the following:

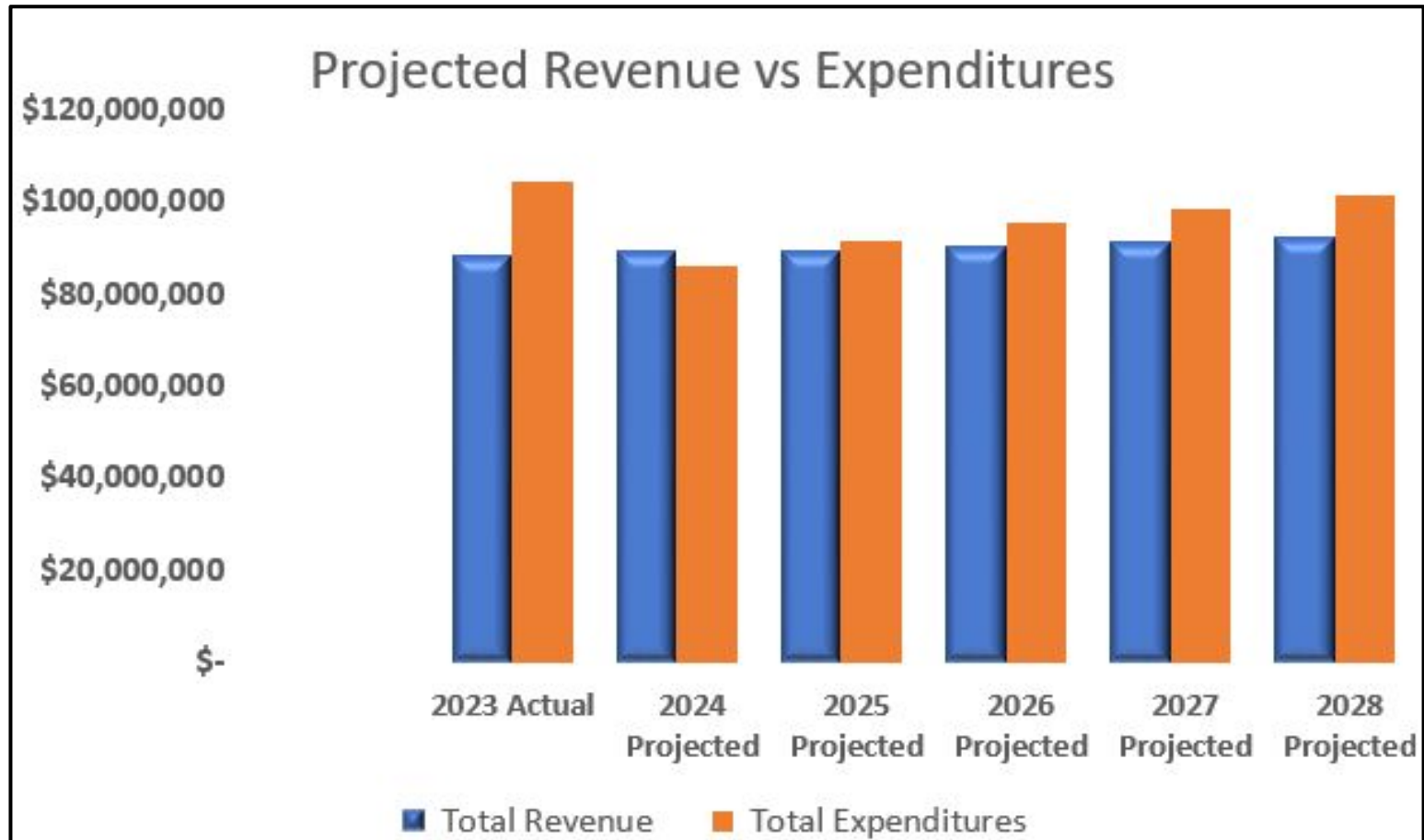
| | <u>FY2023</u> | <u>FY2024</u> | <u>FY2025</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Food Service Fund: | \$ 0 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| Uniform School Supplies: | \$ 52,134 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Termination Benefits Fund: | \$ 400,051 | \$ 400,000 | \$ 400,000 | \$ 400,000 | \$ 400,000 | \$ 400,000 |
| Summer School: | \$ 0 | \$ 75,000 | \$ 75,000 | \$ 75,000 | \$ 75,000 | \$ 75,000 |
| Field Turf Fund: | \$ 55,144 | \$ 54,327 | \$ 53,481 | \$ 52,605 | \$ 35,000 | \$ 35,000 |
| Fund 070 Facilities Fund: | \$ 25,000,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| PI SHS Track, Kinser HVAC : | \$ 565,562 | \$ 750,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Athletics: | \$ 6,831 | \$ 191,466 | \$ 121,266 | \$ 101,934 | \$ 165,861 | \$ 187,121 |

Strongsville City Schools

- General Fund Summary

Strongsville City Schools

FY 2023-2024 Revenue & Expenditure Projections



Strongsville City Schools

November 2023 Five-Year Forecast (in millions)

| | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Cash Balance | \$41.7 | \$53.1 | \$62.3 | \$46.0 | \$48.6 | \$41.5 | \$26.4 | \$9.2 |
| Total Revenues | 85.3 | 83.8 | 88.3 | 88.9 | 84.4 | 80.4 | 81.1 | 77.9 |
| Total Expenditures | 73.9 | 74.6 | 104.6 | 86.3 | 91.5 | 95.5 | 98.3 | 101.3 |
| <i>Revenues over Expenses</i> | 11.4 | 9.2 | -16.3 | 2.6 | -7.1 | -15.1 | -17.2 | -23.4 |
| Ending Cash Balance | 53.1 | 62.3 | 46.0 | 48.6 | 41.5 | 26.4 | 9.2 | -14.2 |
| Encumbrances | 2.2 | 2.0 | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Unencumbered Balance | 50.9 | 60.3 | 44.5 | 46.6 | 39.5 | 24.4 | 7.2 | -16.2 |
| Property Tax - Renewal | 0.0 | 0.0 | 0.0 | 0.0 | 4.8 | 9.7 | 9.8 | 14.1 |
| Unencumbered Balance | \$50.9 | \$60.3 | \$44.5 | \$46.6 | \$44.3 | \$38.9 | \$31.5 | \$22.2 |

Strongsville City Schools

November 2023 Five-Year Forecast (in millions)

Includes renewals within revenues

| | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|-------------------------------|-------------|------------|--------------|------------|-------------|-------------|-------------|-------------|
| Beginning Cash Balance | \$41.7 | \$53.1 | \$62.3 | \$46.0 | \$48.6 | \$46.3 | \$40.9 | \$33.5 |
| Total Revenues | 85.3 | 83.8 | 88.3 | 88.9 | 89.2 | 90.1 | 90.9 | 92.0 |
| Total Expenditures | 73.9 | 74.6 | 104.6 | 86.3 | 91.5 | 95.5 | 98.3 | 101.3 |
| <i>Revenues over Expenses</i> | <i>11.4</i> | <i>9.2</i> | <i>-16.3</i> | <i>2.6</i> | <i>-2.3</i> | <i>-5.4</i> | <i>-7.4</i> | <i>-9.3</i> |
| Ending Cash Balance | 53.1 | 62.3 | 46.0 | 48.6 | 46.3 | 40.9 | 33.5 | 24.2 |
| Encumbrances | 2.2 | 2.0 | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Unencumbered Balance | \$50.9 | \$60.3 | \$44.5 | \$46.6 | \$44.3 | \$38.9 | \$31.5 | \$22.2 |

Strongsville City Schools

FY 2023-2024 Forecast Summary

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|--------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning Cash Balance | \$46,048,260 | \$48,597,184 | \$46,313,266 | \$40,922,095 | \$33,521,554 |
| + Revenue | \$88,854,673 | \$84,367,426 | \$80,347,280 | \$81,134,582 | \$77,877,902 |
| + Renewal Levies | \$0 | \$4,838,117 | \$9,716,080 | \$9,796,674 | \$14,109,777 |
| + New Levies | \$0 | \$0 | \$0 | \$0 | \$0 |
| - Expenditures | \$86,305,749 | \$91,489,461 | \$95,454,531 | \$98,331,797 | \$101,274,195 |
| = Revenue Surplus or Deficit | \$2,548,924 | -\$2,283,918 | -\$5,391,171 | -\$7,400,541 | -\$9,286,516 |
| Ending Cash Balance with Levies | \$48,597,184 | \$46,313,266 | \$40,922,095 | \$33,521,554 | \$24,235,038 |
| Revenue Surplus or Deficit without Levies | \$2,548,924 | -\$7,122,035 | -\$15,107,251 | -\$17,197,215 | -\$23,396,293 |
| Ending Cash Balance without Levies | \$48,597,184 | \$41,475,149 | \$26,367,898 | \$9,170,683 | -\$14,225,610 |

**Balances not reduced for encumbrances or reservations

Strongsville City Schools

FY 2023-2024 Forecast Summary

Strongsville City Schools has maintained an operating surplus since 2011. As a government entity, our school district is required to operate in the positive. Operating in a deficit could result in the following declarations by both the Ohio Department of Education and/or the Auditor of State: Fiscal Caution, Fiscal Watch, and/or Fiscal Emergency. To be removed from one of these categories, the school district must demonstrate fiscal stability by eliminating current deficits and avoiding future deficits.

At the close of fiscal year 2023, the ending cash balance within the general operating fund was \$46.1 million. During fiscal year 2023, through the work and recommendation of the District's Finance Committee (a group comprised of local community members and business professionals), the Board of Education adopted a new cash balance reserve policy to address minimums and maximums within the general operating fund. During the adoption of the policy, the Board approved a general operating fund transfer of \$25 million to a capital projects fund for future capital projects.

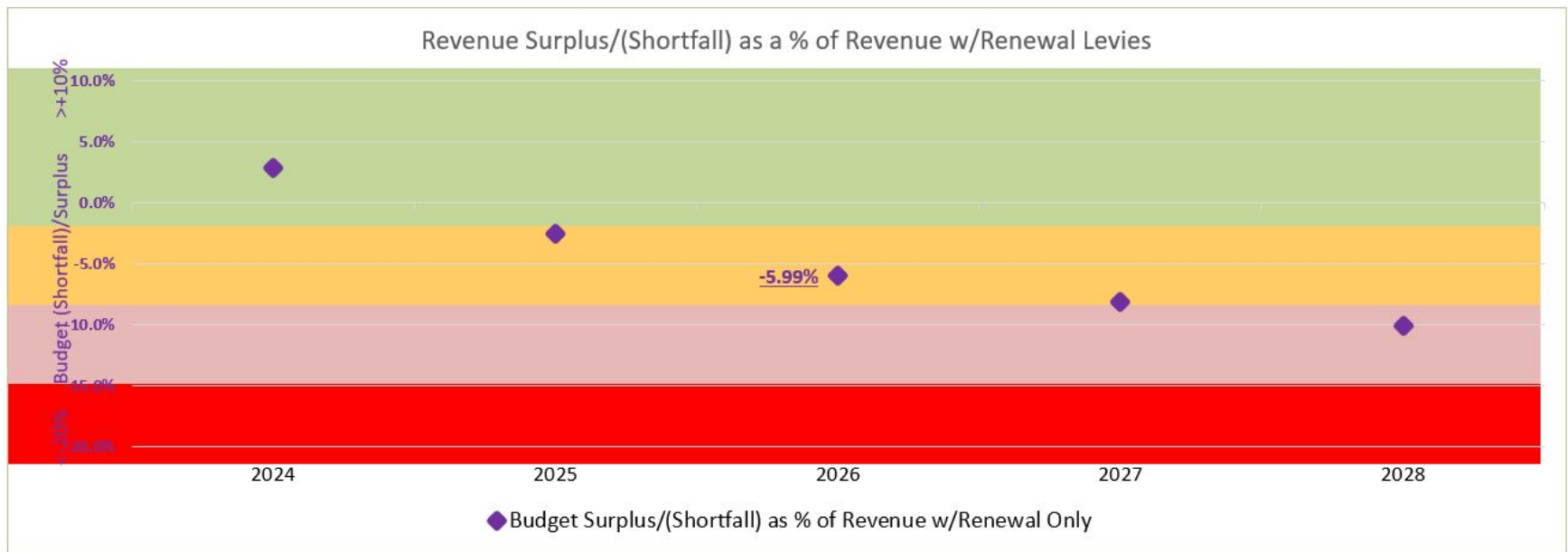
The general operating fund budget for fiscal year 2024 was approved at the September 25, 2023 Board of Education meeting with estimated revenues of \$88.7 million and estimated expenditures of \$87.1 million. This equates to estimated revenues over estimated expenditures of \$1.6 million. For additional information on these budget details, visit the Treasurer's Department page on our District's website and click on "Financial Reports."

Strongsville City Schools

FY 2023-2024 Fiscal Status Benchmarks

How Quickly is the District Increasing or Decreasing its Cash Balance?

When expenditures exceed revenue the Ohio Department of Education measures the revenue shortfall relative to revenue. The coding is yellow (caution), light red (warning), red (emergency). This analysis is evaluated based upon cash balance status (III below).



Strongsville City Schools

FY 2023-2024 Cash Balance Policy

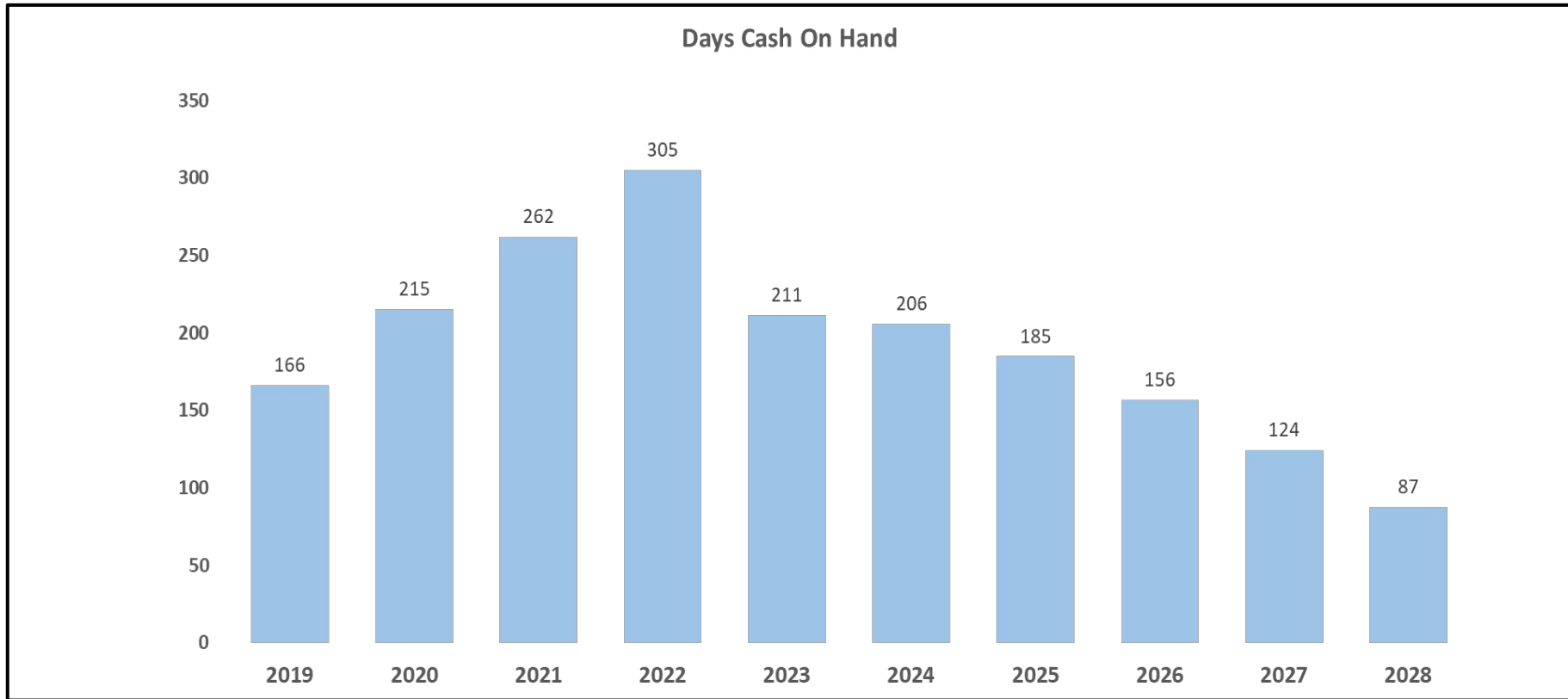
Cash Balance Policy:

The Board believes that maintaining a cash reserve unencumbered unreserved balance of ninety (90) days of operating expenditures is necessary in the interest of sound fiscal management. The Board affirms that tax levies may be pursued, and/or the District's finances otherwise managed, to ensure a General Operating Fund unencumbered unreserved cash balance equivalent to at least ninety (90) days of operating expenditures. Promptly upon receiving an indication that such cash balance may not be achieved within any year of the five (5) year forecast, the Treasurer/CFO shall report such a finding to the Board. Upon such notification by the Treasurer/CFO, the Superintendent and Treasurer/CFO will prepare and propose options that the Board may consider to forestall such an eventuality.

Further, when a General Operating Fund cash balance exceeds 150 days the Superintendent and/or Treasurer/CFO may recommend the funds be transferred to an approved 070 Capital Projects fund for future capital improvements as approved by the Board. The transfer must be approved by the Board and cannot result in the General Operating Fund cash balance falling below ninety (90) days in any year of the rolling five (5) year forecast.

Strongsville City Schools

FY 2023-2024 Days Cash on Hand (with renewals)



Strongsville City Schools

Cash Management / Cash Balances

Necessity of Cash Balances in Ohio:

School officials must plan and monitor district cash flow as they practice responsible stewardship. The District's five year forecast is an informed prediction for how long the revenue/expenses cycle will maintain a healthy cash balance. The revenue of surplus or deficit line within the five year forecast provides a picture of the district's changing financial obligations over time, pointing to the need to for a fund balance in preparation for future expenses.

Reasons why a district may carry a cash balance at the end of the fiscal year:

- **Levy cycles:** Since levies are limited to a fixed dollar amount, tax revenues may not keep up with increases in operating costs. Particularly when expenditures typically increase 3-5 percent annually.
- **Expenditure volatility:**
 - **Staffing needs** - Over the past two years, general fund staff increased by 40 positions due increasing enrollment coupled additional support for student needs.
 - **Health care** - Over the past two years, health care cost increased by 8.70% and 15.00%
 - **Non Personnel Expenditures** - cost of goods and services continues to increase.
- **Credit Score / Bond Rating:** Over the past several years, the District's Bond rating has received two credit ratings upgrades from Moody's a Aa3 to **Aa1**. As a result of the increased Bond ratings the District was able to refinance outstanding debt at a lower tax rate which **reduced the District debt obligation by \$19,862,030, a direct savings of \$30 per \$100,000 of valuation to the taxpayers over the life of the debt.**

Strongsville City Schools

- Issue 14 - November 2023 Renewal Levy

Strongsville City Schools

Issue 14 - November 2023

Issue 14:

- 5.9 mill five year operating levy, initially approved by voters in May of 2019
- Renewal of this operating levy will generate approximately \$9.9 million per year for the District's operating fund (if collected at 100%)
- A renewal levy is a continuation of a previously approved levy, which means there will be no impact/increase to your current taxes

☐ 14 Proposed Tax Levy Renewal Strongsville CSD

(VOTE FOR 1)

Scanners Uploaded: 26 of 26 (100%)

Vote-by-Mail Votes: **Partially Reported** Early In-Person Votes: **Complete**

| | | | |
|---|-------|--------|------------------------|
| <input type="checkbox"/> For the Tax Levy | 8,328 | 46.16% | <div><div></div></div> |
| <input type="checkbox"/> Against the Tax Levy | 9,712 | 53.84% | <div><div></div></div> |

Strongsville City Schools

Renewal Feedback

District Cash Balance / Surplus: In addition to the information stated on the previous slides, with inflation increasing expenditures higher than revenue growth, at the time of 2019 levy, the Board of Education sought a millage amount that would last the District through school year 2027 of positive cash without coming back to the voters for a new millage amount. If this levy is renewed, the District will meet that commitment. It was known at that time the district would need to renew the levy in 2023 in order to meet that commitment, as the taxpayers requested it to be a renewal levy at that time. Prior to the 2019 levy, the last time a new money levy for operations was approved was in November of 2007, over 10 years ago.

Renewal Levy Vs A New Smaller Levy: Beginning with next fiscal year (FY 2025), the district is projected to deficit spend, meaning that the District will be spending more money than it is bringing in which will begin to burn through its cash reserves. With annual inflationary increases, through October, fiscal year to date expenditures are 6.45% higher than the previous fiscal year (FY 2023), and 14.69% higher compared through September of FY 2022. District expenditures are projected to increase by 5.67% from the current fiscal year (FY 2024) to the next fiscal year (FY 2025). Replacing the current levy with a new smaller levy, the District would burn through the cash reserve at a quicker rate and would need to come back to the voters sooner for new money and/or reduce student offerings / opportunities.

When Does the Renewal Expire: If the renewal is not renewed by the November 2024 election, collections will end beginning in calendar year 2025.

Strongsville City Schools

- Questions?