

Strongsville City Schools

FY 24 Five Year Forecast

May 09, 2024



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%, which has stayed consistent to calendar year 2023.

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 Actual	\$1,461,215,550	\$368,412,300	\$53,843,160	\$1,883,471,010
CY 25 Forecast	\$1,865,649,640	\$378,212,067	\$56,815,302	\$2,300,677,009
CY 26 Forecast	\$1,879,077,728	\$376,661,398	\$59,951,507	\$2,315,690,633
CY 27 Forecast	\$1,892,602,498	\$375,117,086	\$63,260,830	\$2,330,980,414
CY 28 Forecast	\$2,094,853,567	\$383,669,756	\$66,752,828	\$2,545,276,151

- 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 sexennial update for Cuyahoga County, which occurs every six years, with the last occurrence in tax year 2018. Based on preliminary conversation with the Cuyahoga County, the forecast assumes a 27% valuation increase in residential property. The forecast assumes a 2.38% valuation increase in commercial property which is based on the average of the last two sexennial updates.

Major Assumptions - Continued

Revenue (continued):

- The last triennial update occurred in tax year 2021. The next triennial update will occur in tax year 2027. The forecast assumes a 10% valuation increase in residential property and a -.69% decrease in commercial property for the tax year 2027 triennial update, which is based on historical averages of the previous triennial updates.
- During Collection Year 2023 Public Utility values increased by 6.39%. During Collection year 2024 Public Utility values increased by 1.14%. The forecast assumes an annual increase of 5.52% in public utility personal property valuation which is the historical average from tax years 2014-2023.

Major Assumptions - Continued

Property Values vs. Tax Rates

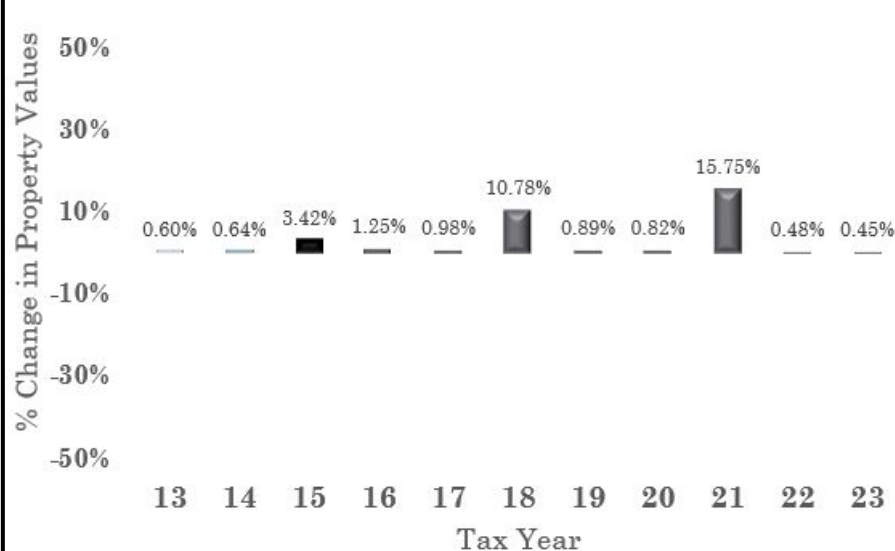
How do increasing home values impact tax rates?



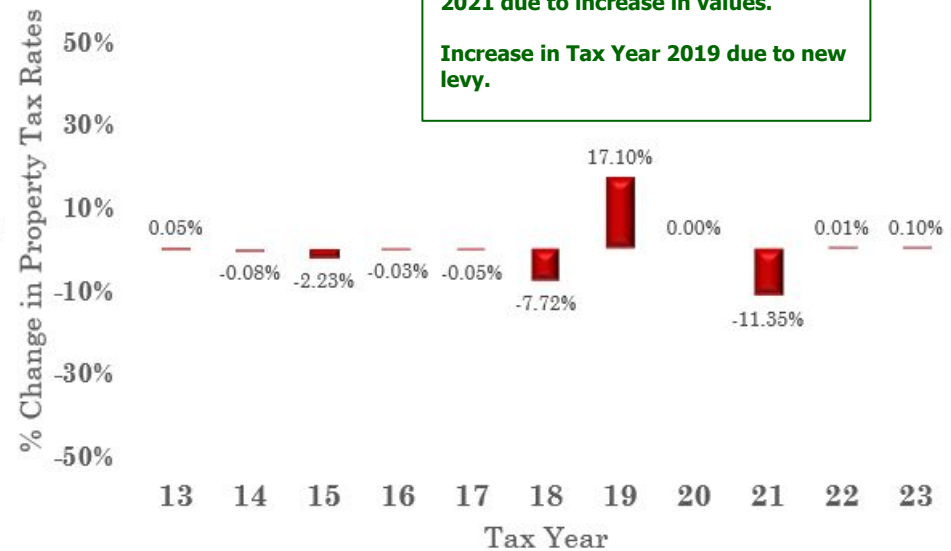
Major Assumptions - Continued

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



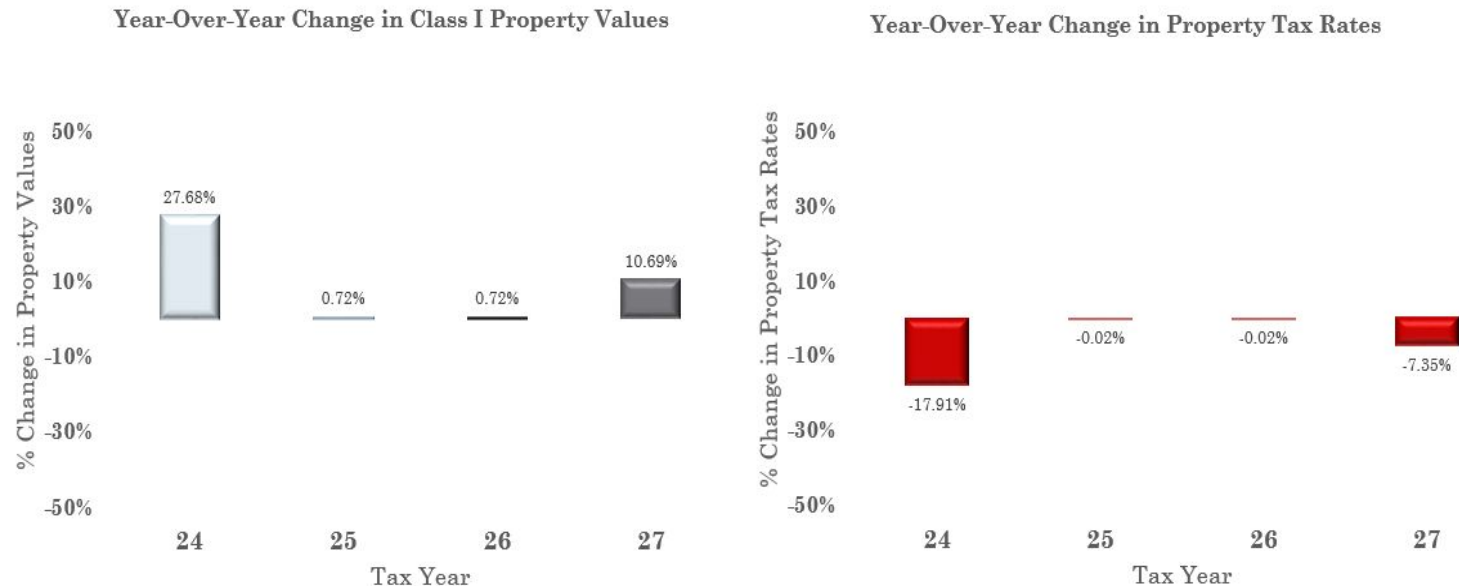
Decreases in Tax Years: 2015, 2018, 2021 due to increase in values.

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

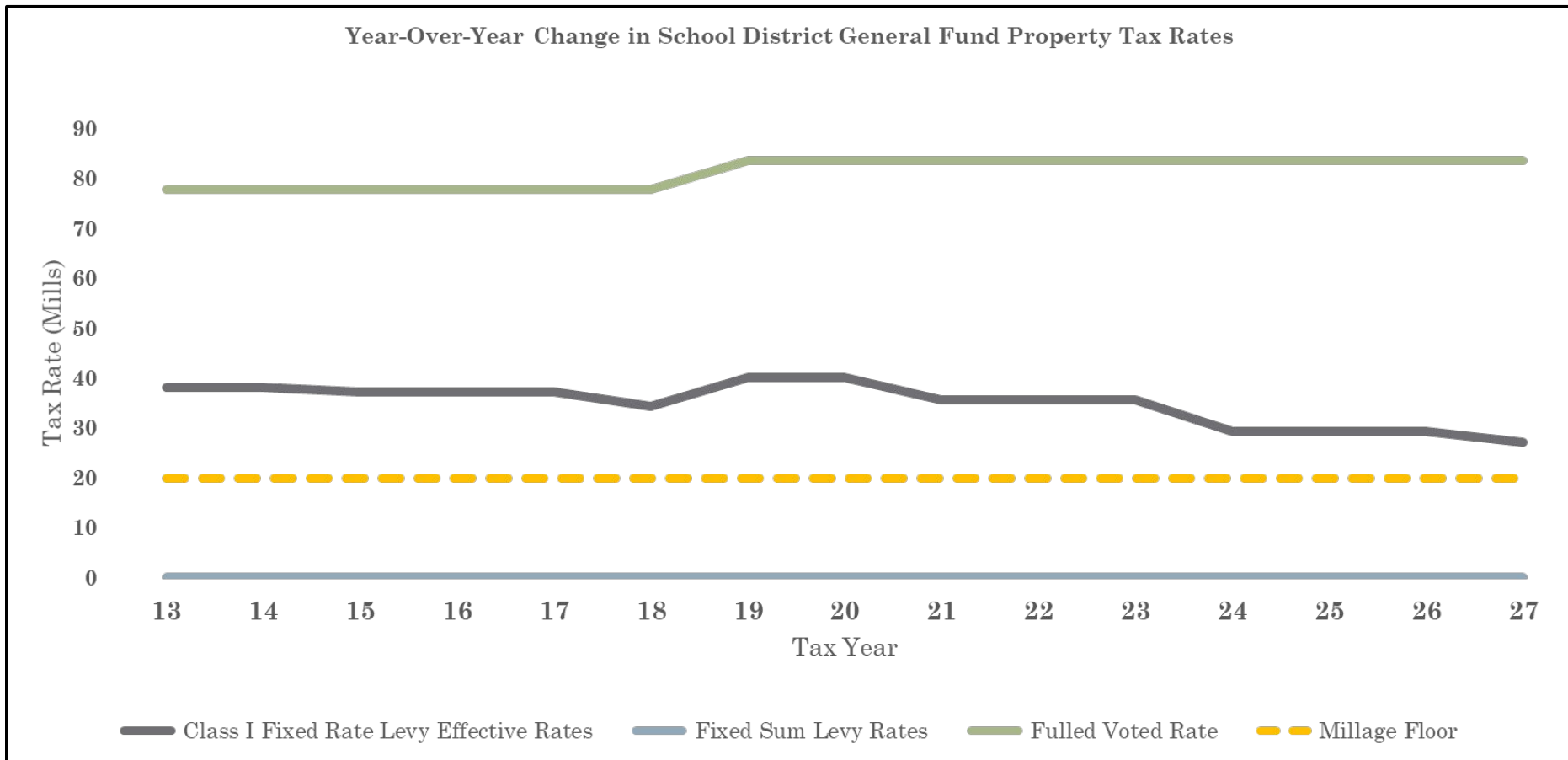
Projected District Values vs. Tax Rates *Class I (Residential + Agriculture)*



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.

Tax Year 2024 is a reappraisal year for Cuyahoga County. Forecast assumes a 27.00% increase in valuation which will be offset by a 17.91% decrease in tax effective rate

Major Assumptions - Continued



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	FY2024	FY2025	FY2026	FY2027	FY2028
Success and Wellness	\$243,938	\$229,648	\$222,251	\$209,630	\$218,387
Career Tech, ELL	\$37,931	\$45,491	\$55,101	\$63,138	\$65,776
Disadvantaged Pupil Impact Aid (DPIA)	\$54,874	\$52,018	\$48,341	\$44,288	\$41,126
Gifted	\$183,335	\$162,174	\$137,457	\$112,846	\$113,027
Other	\$244,117	\$0	\$0	\$0	\$0
Total Restricted State Funding	\$764,195	\$489,331	\$463,150	\$429,902	\$438,316

Major Assumptions - Continued

Revenue (continued):

- Changes in Revenue between the November 2023 Forecast compared to the May 2024 Forecast:

State Line Item No	State Line Item No and Description	Amount				
		2024	2025	2026	2027	2028
Total		\$1,448,854	\$838,540	\$2,004,178	\$1,638,861	\$1,730,260
	Property Taxes	\$651,114	\$110,081	\$1,224,020	\$1,188,292	\$1,487,787
	1.010 General Property Tax (Real Estate)	\$753,932	\$273,327	\$1,377,024	\$1,404,558	\$1,742,626
	1.020 Tangible Personal Property Tax	\$-117,742	\$-251,063	\$-296,728	\$-355,663	\$-403,034
	1.050 State Share of Local Property Taxes	\$14,924	\$102,530	\$175,512	\$176,112	\$214,390
	11.020 Property Tax - Renewal or Replacement	\$0	\$-14,713	\$-31,788	\$-36,715	\$-66,195
	Income Taxes	\$0	\$0	\$0	\$0	\$0
	11.010 Income Tax - Renewal	\$0	\$0	\$0	\$0	\$0
	State Aid	\$69,072	\$-203,824	\$-232,125	\$-261,714	\$-269,810
	1.035 Unrestricted State Grants-in-Aid	\$-207,693	\$-229,974	\$-268,567	\$-301,164	\$-317,022
	1.040 Restricted State Grants-in-Aid	\$276,765	\$26,150	\$36,442	\$39,450	\$47,212
	All Other Revenue	\$728,668	\$932,283	\$1,012,283	\$712,283	\$512,283
	1.060 All Other Revenues	\$679,848	\$808,283	\$1,008,283	\$708,283	\$508,283
	2.040 Operating Transfers-In	\$0	\$0	\$0	\$0	\$0
	2.050 Advances-In	\$0	\$120,000	\$0	\$0	\$0
	2.060 All Other Financing Sources	\$48,820	\$4,000	\$4,000	\$4,000	\$4,000

Major Assumptions - Continued

Revenue (continued):

- Changes in Revenue between the November 2023 Forecast compared to the May 2024 Forecast:
 - **Property Taxes** - Tax Year 2024 is a sexennial update for Cuyahoga County, which occurs every six years, with the last occurrence in tax year 2018. Based on preliminary conversation with Cuyahoga County, the forecast assumes a 27% valuation increase in residential property. The forecast assumes a 2.38% valuation increase in commercial property which is based on the average of the last two sexennial updates. In the November forecast, I had assumed an 8% increase. The next impact in property taxes is an increase of \$1.2 million from inside millage that will be realized in FY 2026.

The last triennial update occurred in tax year 2021. The next triennial update will occur in tax year 2027. The forecast assumes a 10% valuation increase in residential property and a -.69% decrease in commercial property for the tax year 2027 triennial update, which is based on historical averages of the previous triennial updates. The next impact in property taxes is an increase of \$200,000 from inside millage that will be realized in FY2028.
 - **State Aid** - Unrestricted aid decrease in transportation funding during FY 2024 which has a year over year impact to the forecast. Restricted aid increased during FY 2024 due to a one time state reimbursement for High Qualified Instructional Materials.
 - **All Other Revenue** - Based on current interest rates and interest income, the forecast assumes interest income to similar levels for this year. However, in future years, the forecast assumes a decline due to predicted federal rate cuts and declining cash balances when we begin to deficit spend.

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	760	760	760	760
Prior Year Net Change	+16	+24	+35	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 35 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 increased by 15.00%. For fiscal year 2025 health care premiums will increase by 3.00%. For fiscal years 2026-2028 the projected annual increase is 7% which is based on a five year historical average.
- 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 \$494,599. During FY 2025, the forecast assumes that purchase services to increase by \$938,256. The increases are 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), lease for mobile units in FY 2025 and projected increases for utility costs and risk/property insurances.
- Materials and Supplies is forecasted to increase by \$1,822,386, from FY 2023 to FY 2024 which is due to a combination FY 2023 savings or unspent budget. During FY 2023, \$250,000 of textbook budget was not used and carried into FY 2024 for a larger textbook adoption. In addition of FY 2024, the District will purchase new elementary ELA textbooks (\$1.1 million) to be in compliant with recently approved legislation for High Quality Instructional Materials. Overall, Materials and Supplies make up about 4.72% of the District's General Fund expenditures for FY2024.
- 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):

- Changes in Expenditures between the November 2023 Forecast compared to the May 2024 Forecast:

State Line Item No and Description	Amount				
	2024	2025	2026	2027	2028
Total	\$-136,380	\$-256,996	\$-755,773	\$-1,162,538	\$-1,526,427
3.010 Personal Services	\$-483,154	\$-499,667	\$-502,399	\$-474,050	\$-443,022
3.020 Employees' Retirement/Insurance Benefits	\$-313,329	\$-715,646	\$-1,159,855	\$-1,734,503	\$-2,282,219
3.030 Purchased Services	\$-67,630	\$570,592	\$558,271	\$699,940	\$862,499
3.040 Supplies and Materials	\$1,299,954	\$294,869	\$294,869	\$294,869	\$294,869
3.050 Capital Outlay	\$-20,218	\$-16,523	\$-36,523	\$-36,523	\$-36,523
4.010 Principal-All (Historical Only)	\$0	\$0	\$0	\$0	\$0
4.060 Interest and Fiscal Charges	\$-220	\$0	\$0	\$0	\$0
4.300 Other Objects	\$-62,876	\$-12,905	\$-12,905	\$-12,905	\$-12,905
5.010 Operating Transfers-Out	\$-608,907	\$122,284	\$102,769	\$100,634	\$90,874
5.020 Advances-Out	\$120,000	\$0	\$0	\$0	\$0

Major Assumptions - Continued

Expenditures (continued):

- Changes in Expenditures between the November 2023 Forecast compared to the May 2024 Forecast:
 - **Salaries** - Salaries net decreased by \$500,000 year over year from the November forecast. The net decrease is primarily due to additional positions net against employees retiring at the top of the salary schedule to be replaced with employees at the lower end of the salary schedule.
 - **Benefits** - Medical benefits was the largest savings which was the result of only a 3% premium increase for FY 2025 when a 10% was forecasted in November (FY 2024 experienced a 15% increase). The savings had a year cumulative year over year savings as the future increases are off a lower amount. For the future years, the forecast assumes a five year average of our last five increases, which was about 7%.
 - **Purchase Services** - During FY 2025, the increases are due to increased cost and placements for additional special education placements, that occurred during FY 2024 and will continue into the future, leases for elementary mobile units beginning in FY 2025 and projected increases for utility costs and risk/property insurances.
 - **Materials and Supplies** - The increase during FY 2024 is due to the purchase new elementary ELA textbooks (\$1.1 million) to be in compliant with recently approved legislation for High Quality Instructional Materials. The increases in future years is increasing text annual textbook budget by \$200,000 due to increased costs of textbooks.
 - **Transfers out** - The decrease for FY 2024 is due to the Kinsner HVAC project being placed on hold to be a part of the districts master facilities plan. The increases in the future are mainly due to shifting athletic expenses budgeted in the general fund to the athletics student activity fund.

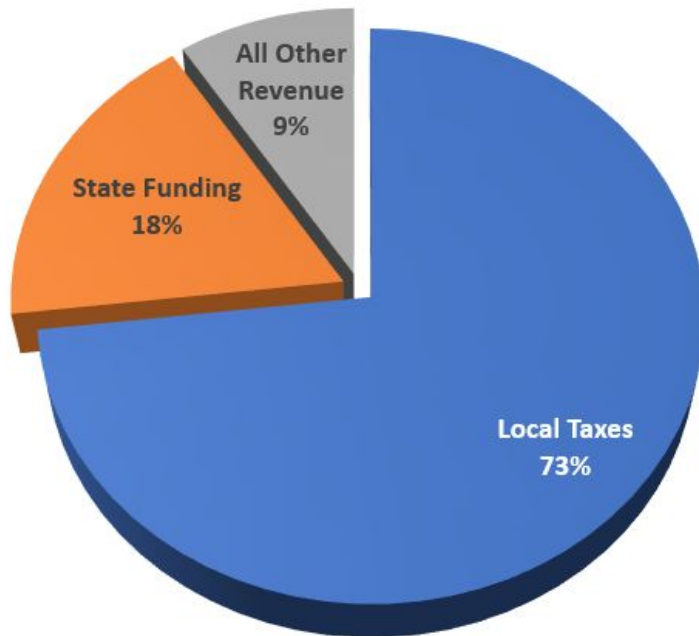
Strongsville City Schools

- General Fund Revenues

Strongsville City Schools

FY 2023-2024

Current Fiscal Year Projected Revenue Analysis



Projected Local Taxes	\$66,099,485
Real Estate Property Taxes	\$61,621,545
Public Utility Property Taxes	\$4,477,940
Income Taxes	\$0

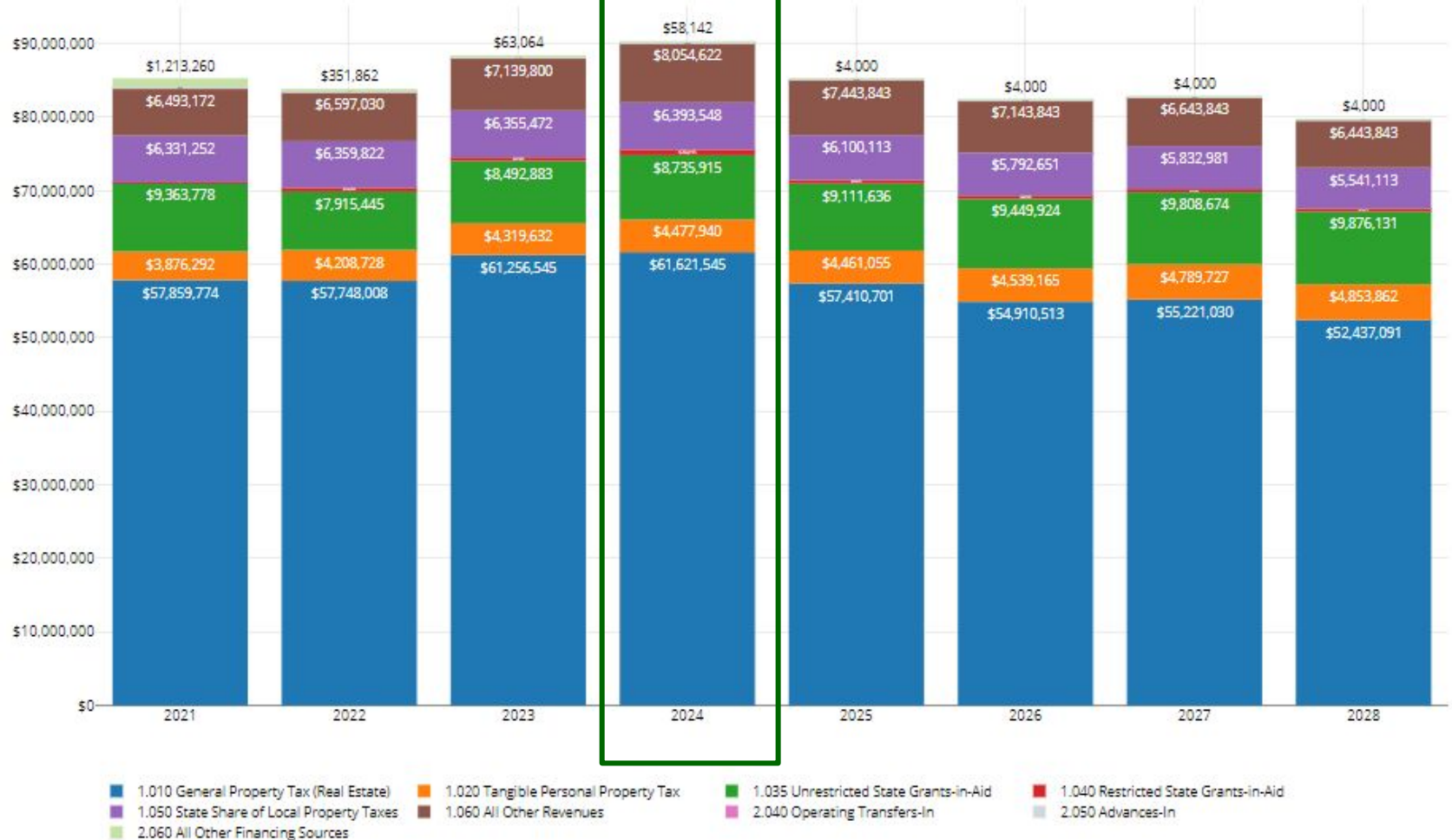
Projected State Funding	\$15,893,658
Fair School Funding Plan	\$8,735,915
Restricted State Funding	\$764,195
State Share of Local Taxes	\$6,393,548

Projected All Other Revenue	\$8,310,384
Other Operating Revenue	\$8,054,622
Other Sources	\$255,762

Strongsville City Schools

FY 2023-2024 Revenues (without renewals)

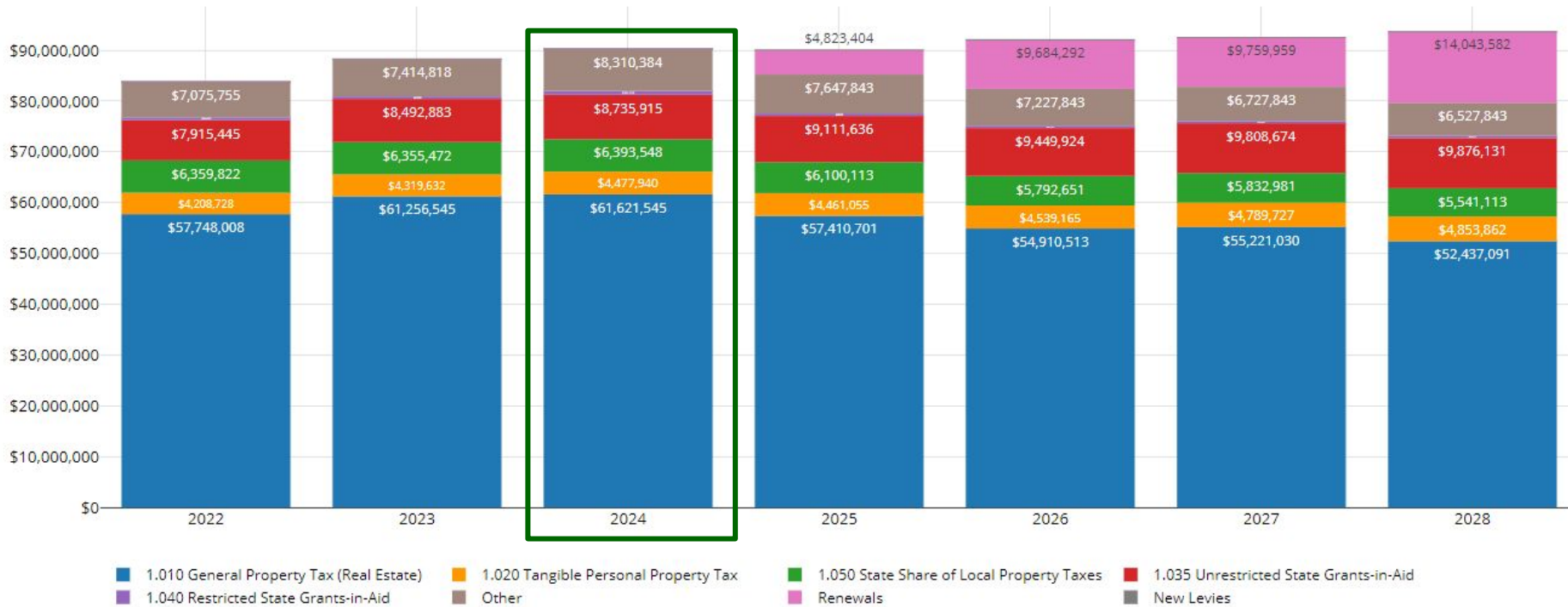
Total Annual Revenues by Forecast Line



Strongsville City Schools

FY 2023-2024 Revenues (with renewals)

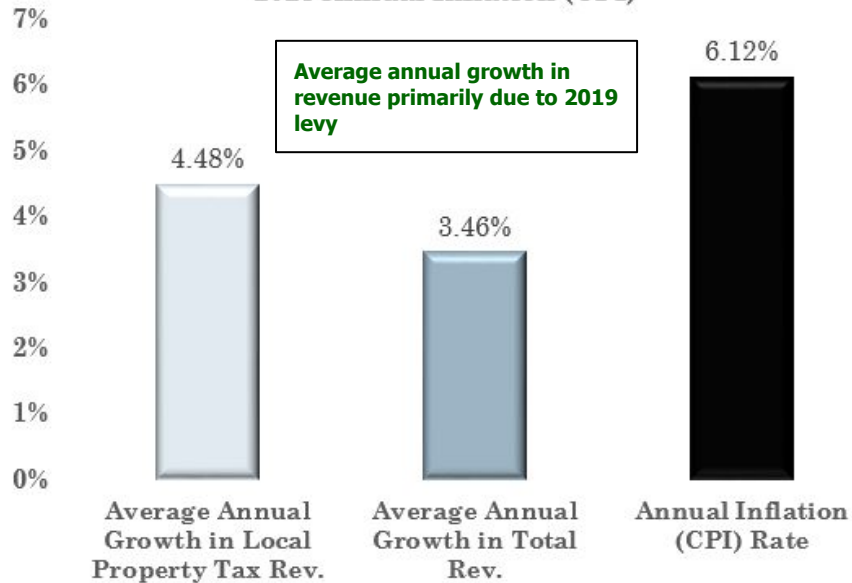
Total General Fund Revenue by Source



Strongsville City Schools

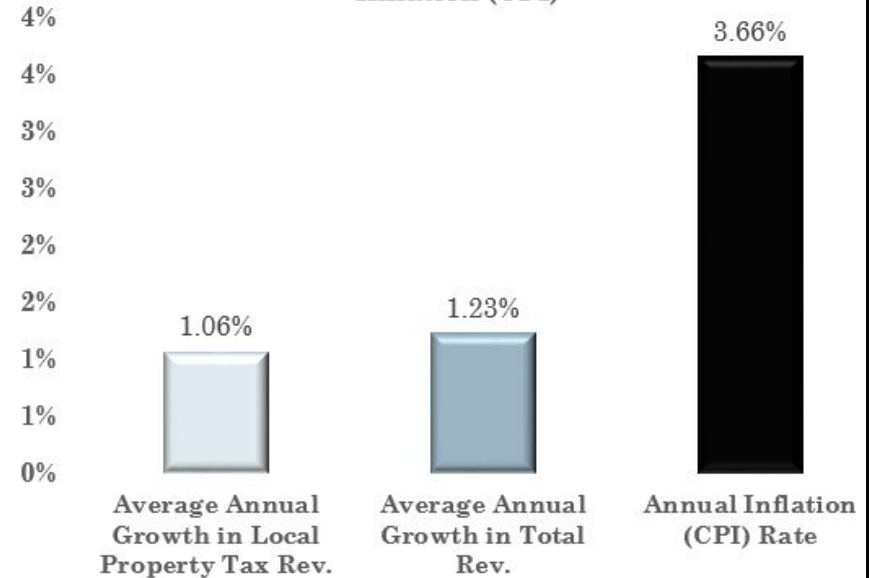
District Tax Revenue vs. Inflation

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.

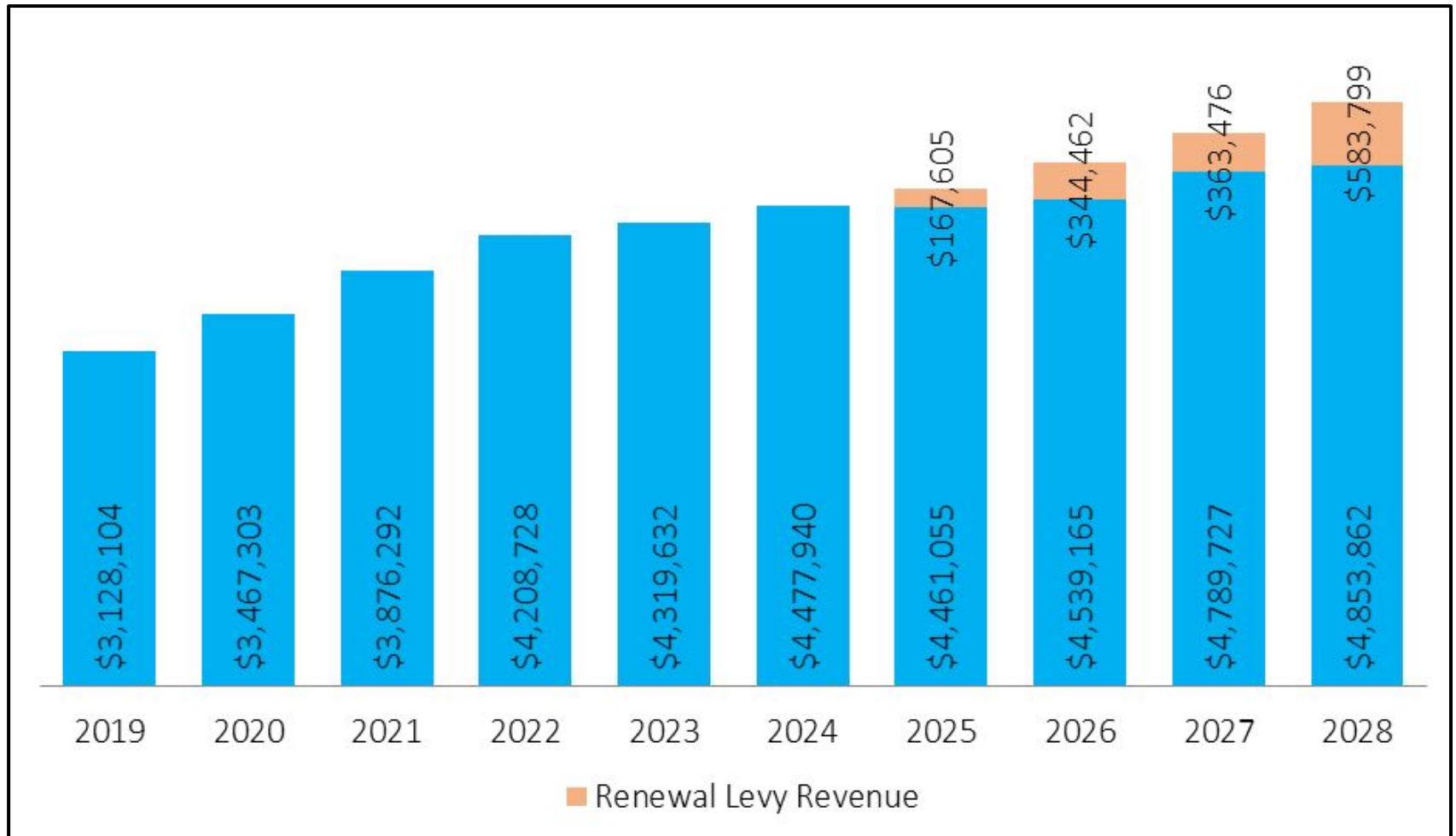
Strongsville City Schools

Local Taxes - Residential and Commercial



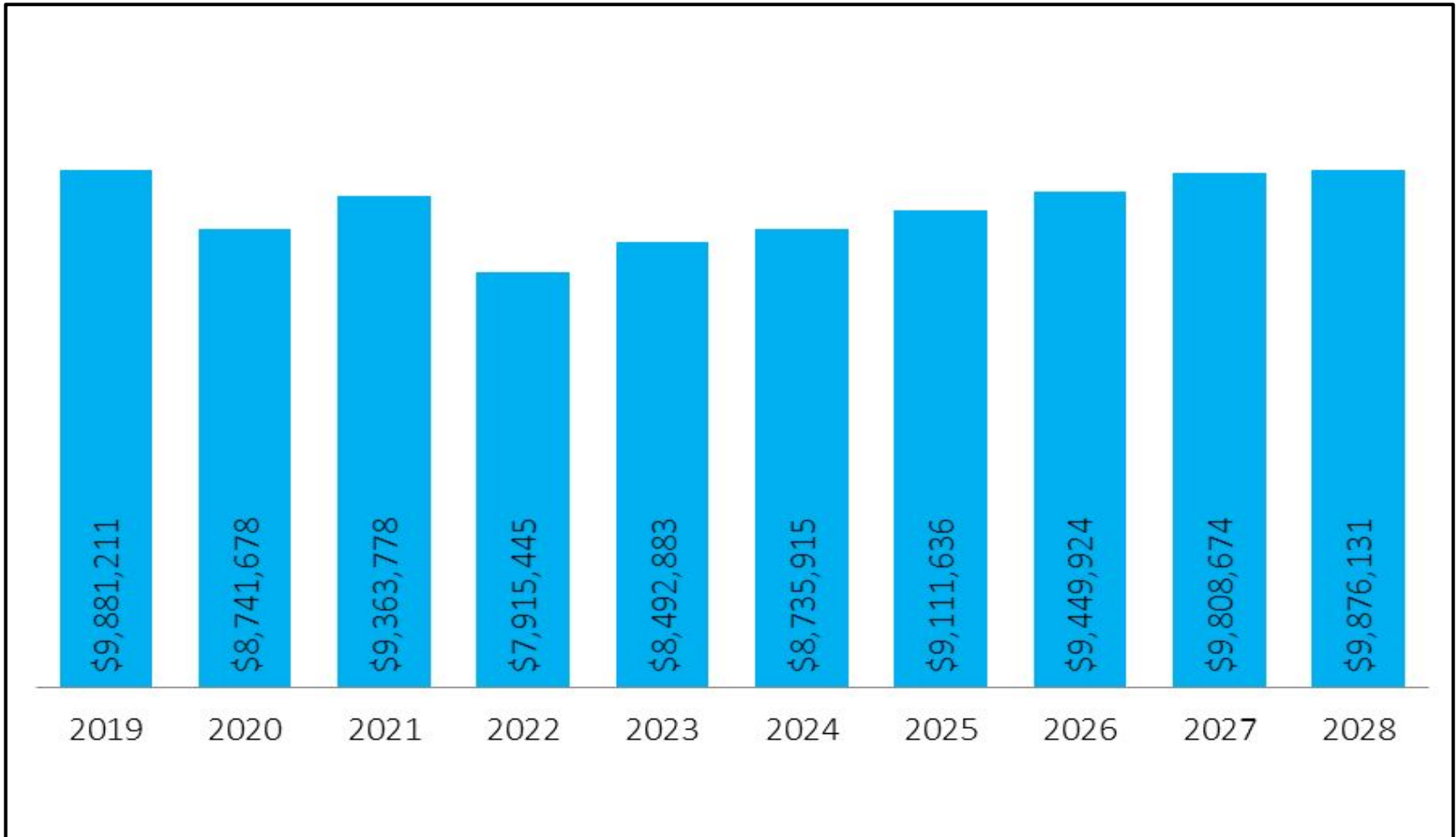
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Local Taxes - Public Utility



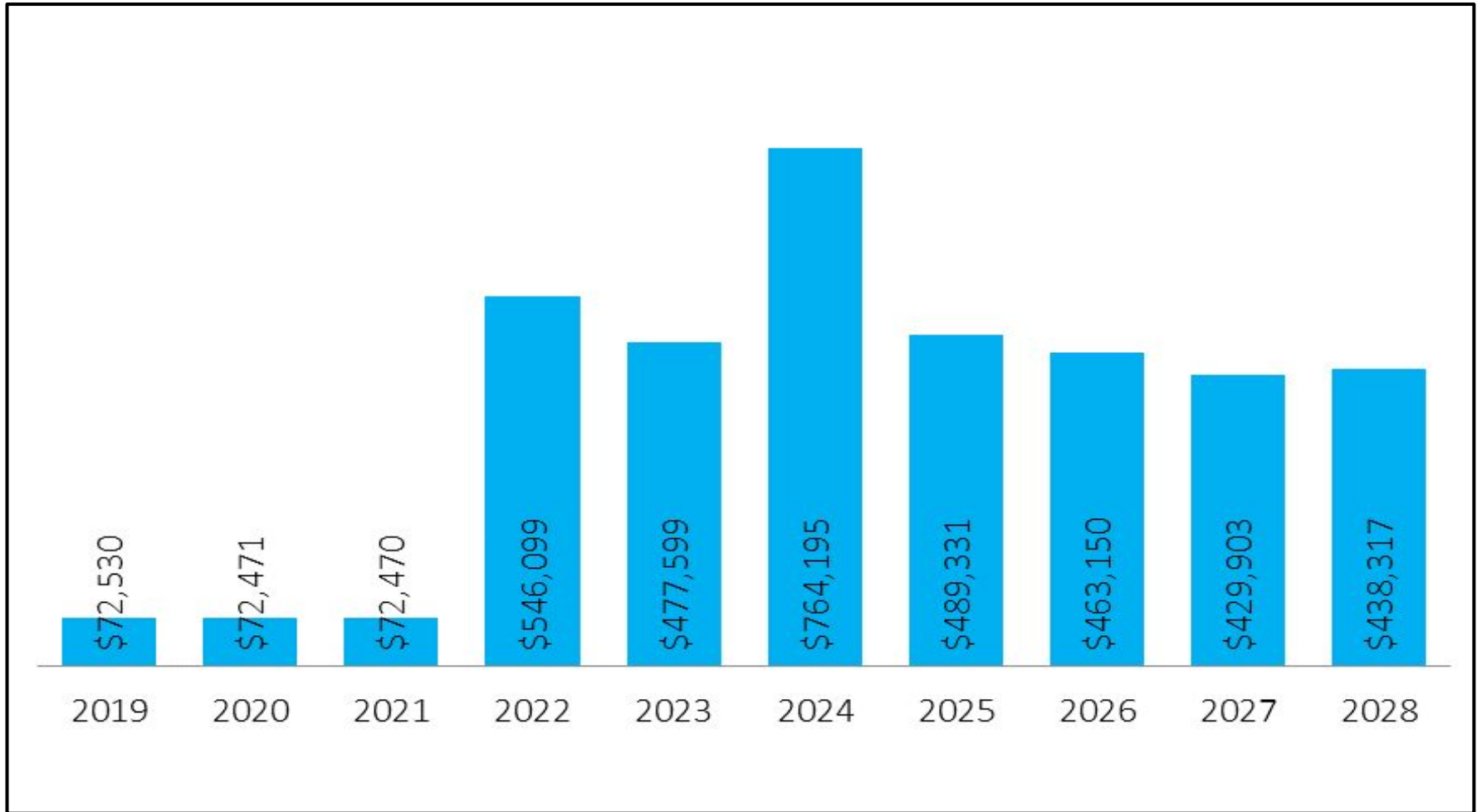
Strongsville City Schools

State Foundation - Unrestricted



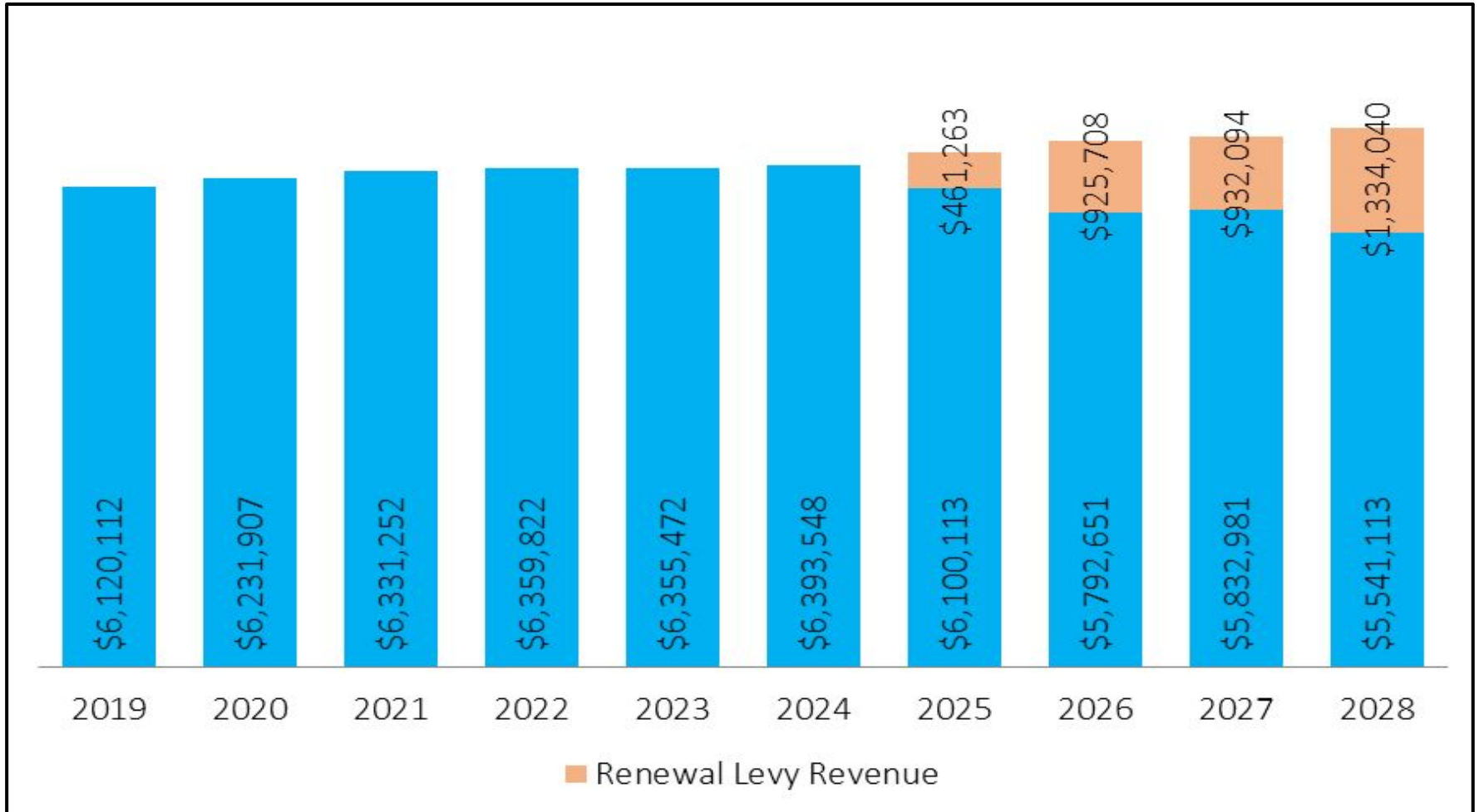
Strongsville City Schools

State Foundation - Restricted



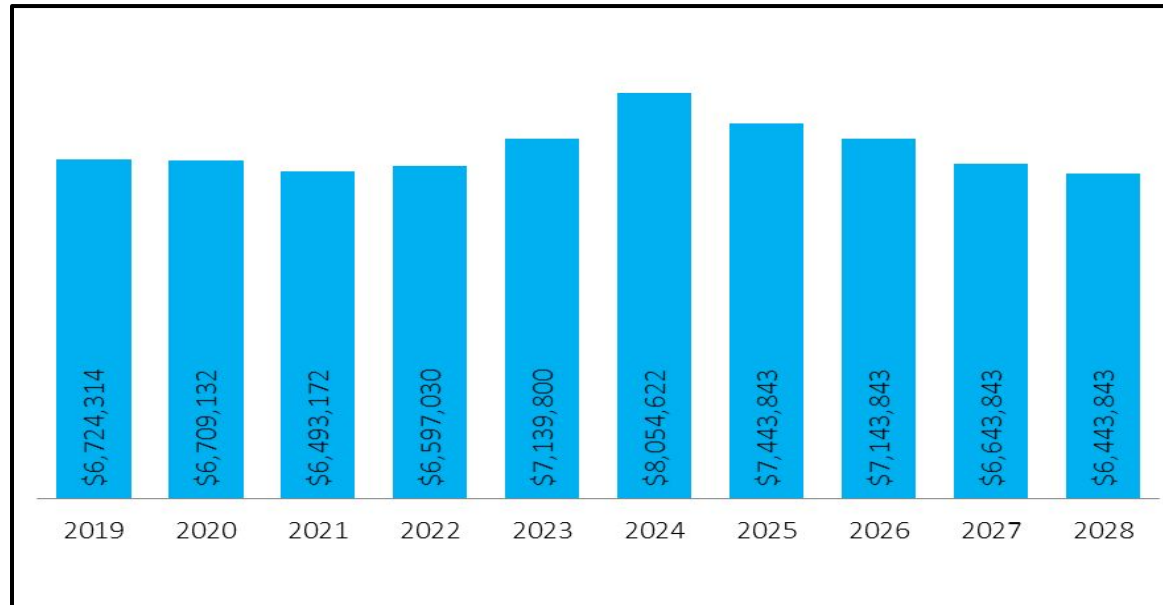
Strongsville City Schools

State Share of Local Property Taxes



Strongsville City Schools

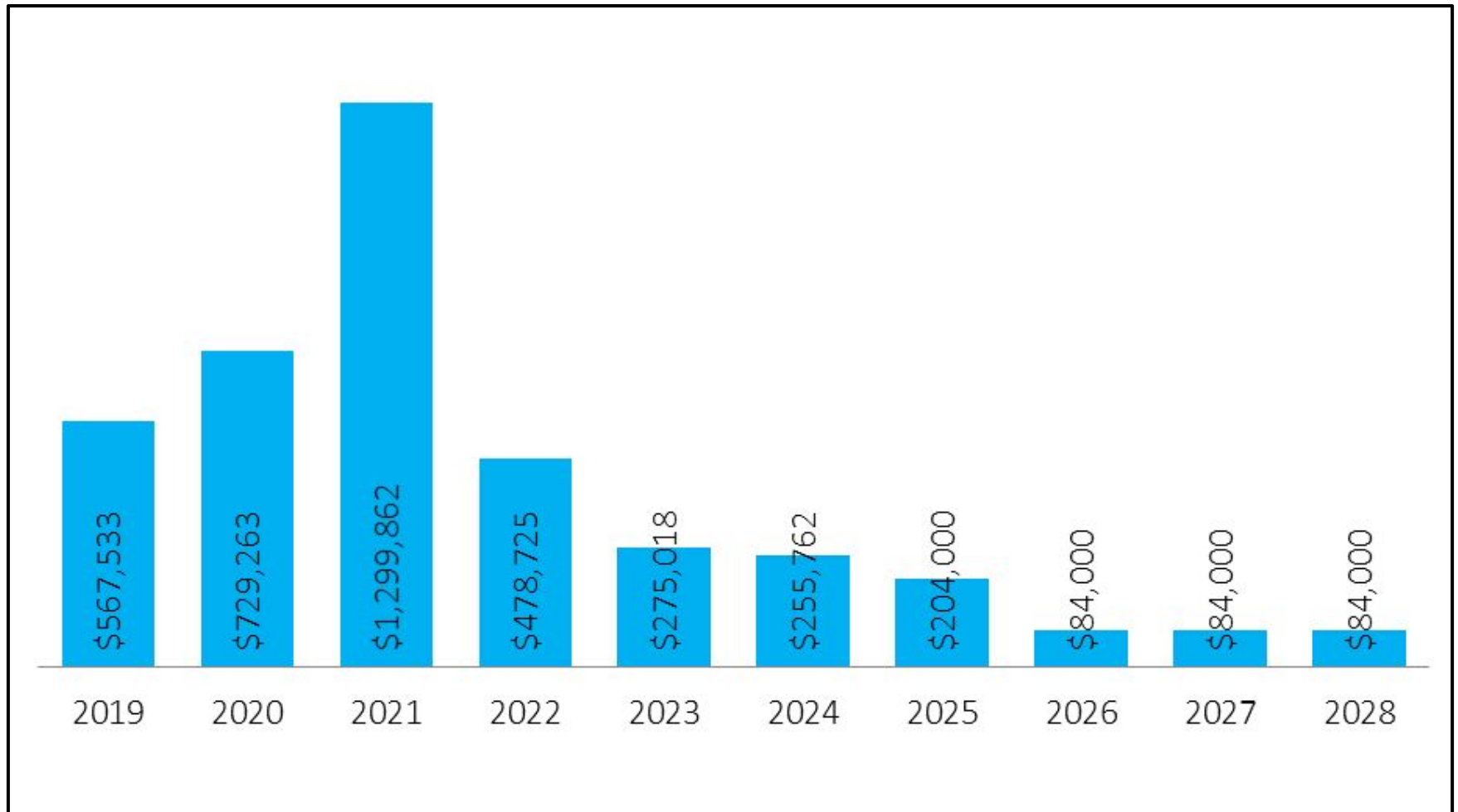
Other Revenue



Other Revenue Sources	FY2024	FY2025	FY2026	FY2027	FY2028
Preschool Tuition	\$129,000	\$129,000	\$129,000	\$129,000	\$129,000
Full Day Kindergarten Tuition	\$577,647	\$550,000	\$550,000	\$550,000	\$550,000
Tuition From Other Districts	\$386,977	\$380,000	\$380,000	\$380,000	\$380,000
Interest income	\$2,570,347	\$2,200,000	\$1,900,000	\$1,400,000	\$1,200,000
Sports Pay to Play & Trainer	\$252,979	\$254,500	\$254,500	\$254,500	\$254,500
Special Ed Catastrophic Aid	\$550,000	\$500,000	\$500,000	\$500,000	\$500,000
Medicaid Reimbursement	\$250,000	\$200,000	\$200,000	\$200,000	\$200,000
Revenue in Lieu of Taxes/TIF's	\$3,053,219	\$2,960,294	\$2,960,294	\$2,960,294	\$2,960,294

Strongsville City Schools

Other Financing Sources



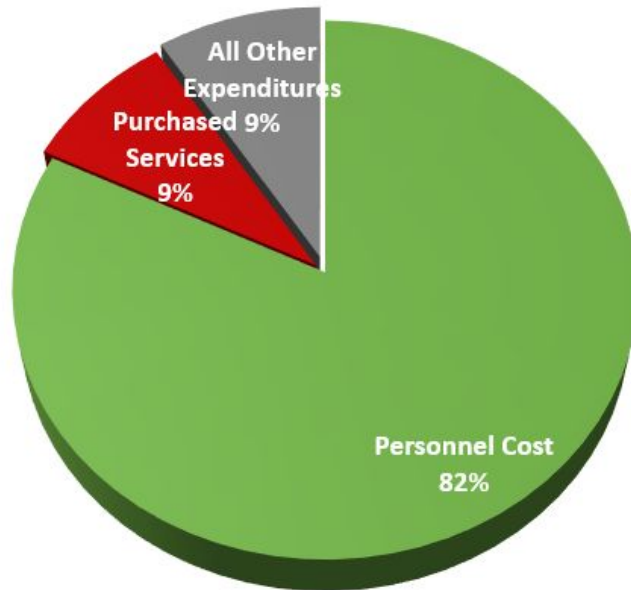
Strongsville City Schools

- General Fund Expenditures

Strongsville City Schools

FY 2023-2024

Current Fiscal Year Projected Expenditure Analysis



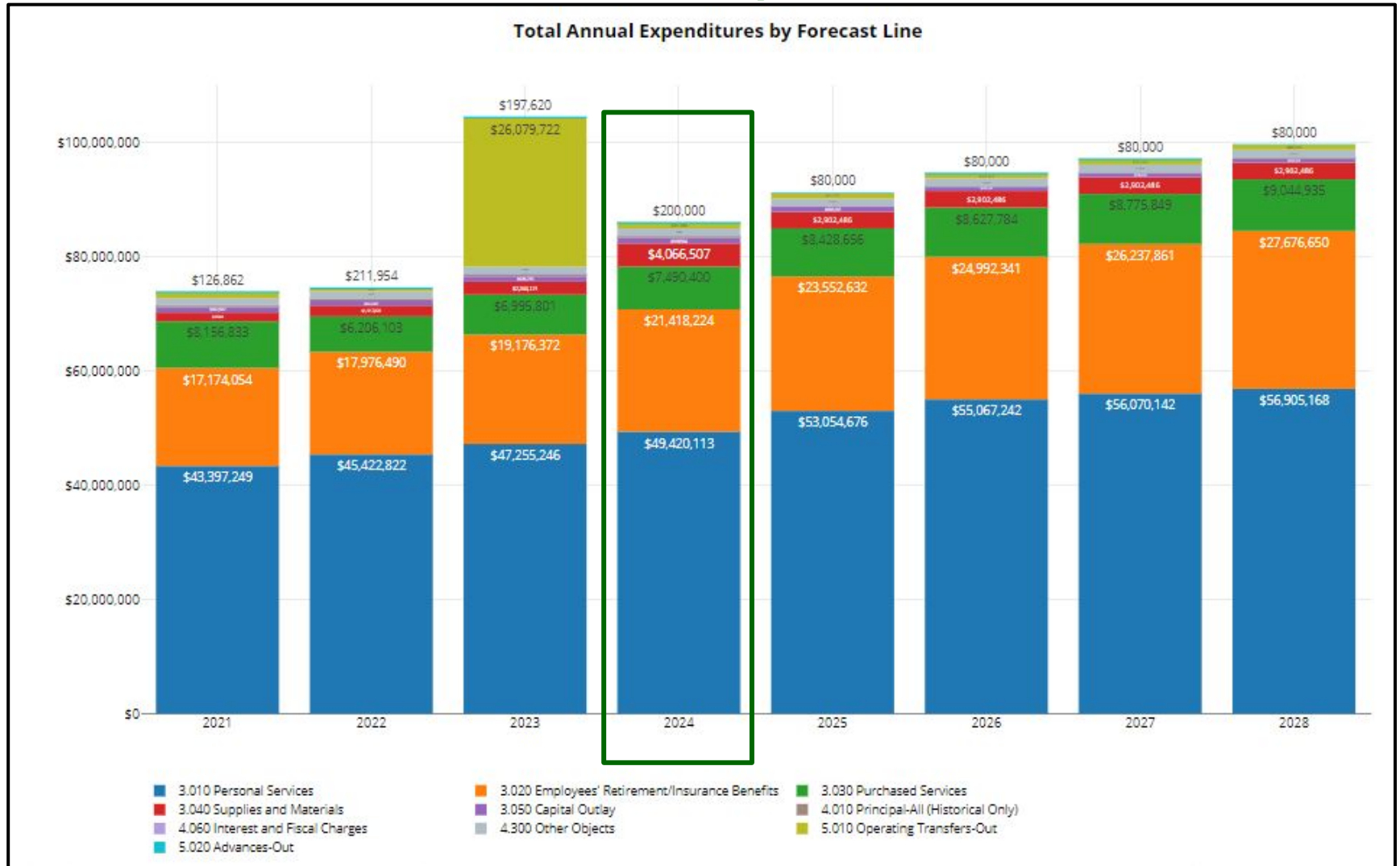
Projected Personnel Costs	\$70,838,337
Salaries	\$49,420,113
Benefits	\$21,418,224

Projected Purchased Services	\$7,490,400
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Projected All Other Expenditures	\$7,840,632
Supplies, Capital, Debt, Other Operating	\$6,678,746
Advances, Transfer, Other Uses	\$1,161,886

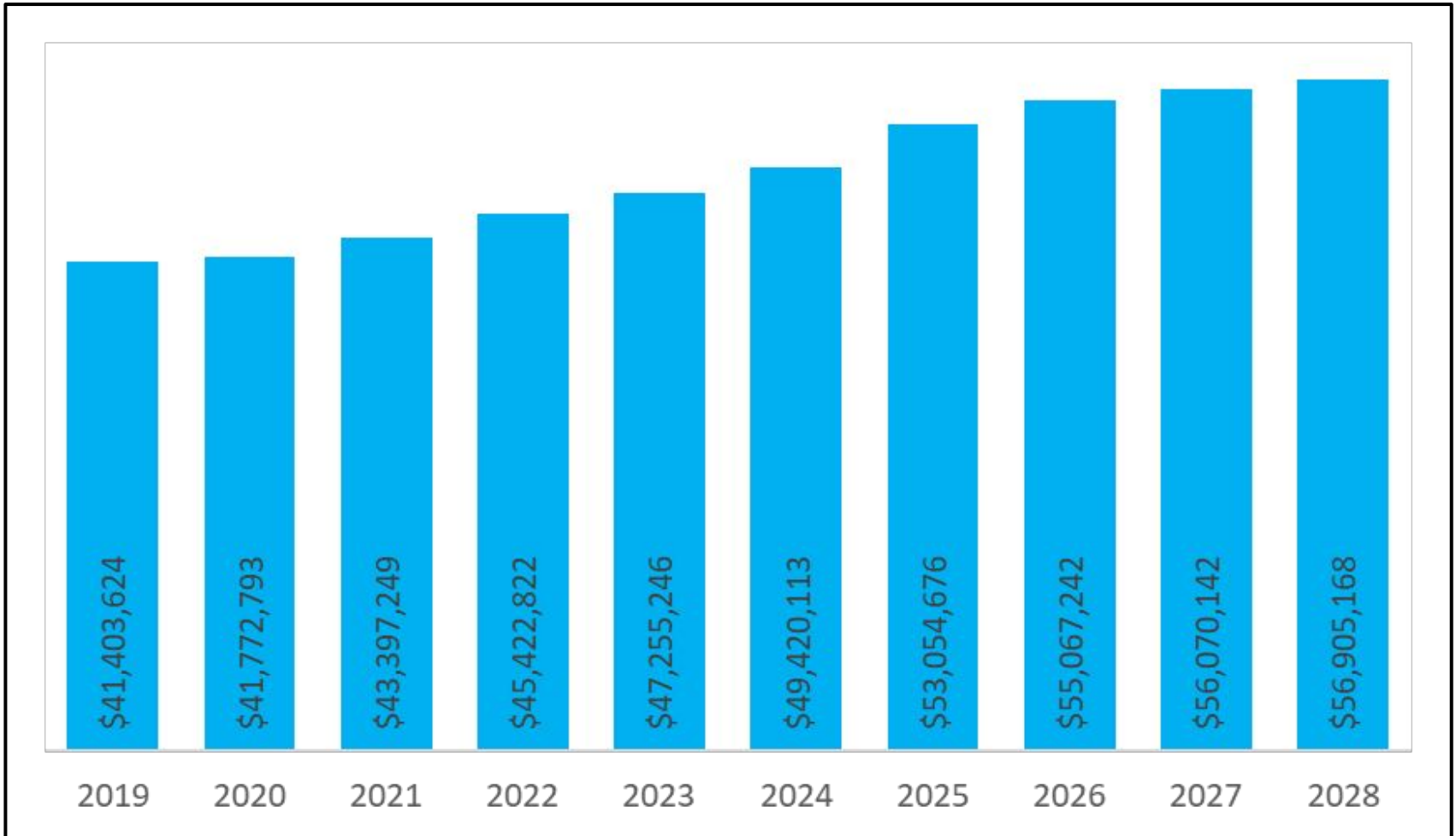
Strongsville City Schools

FY 2023-2024 Expenditures



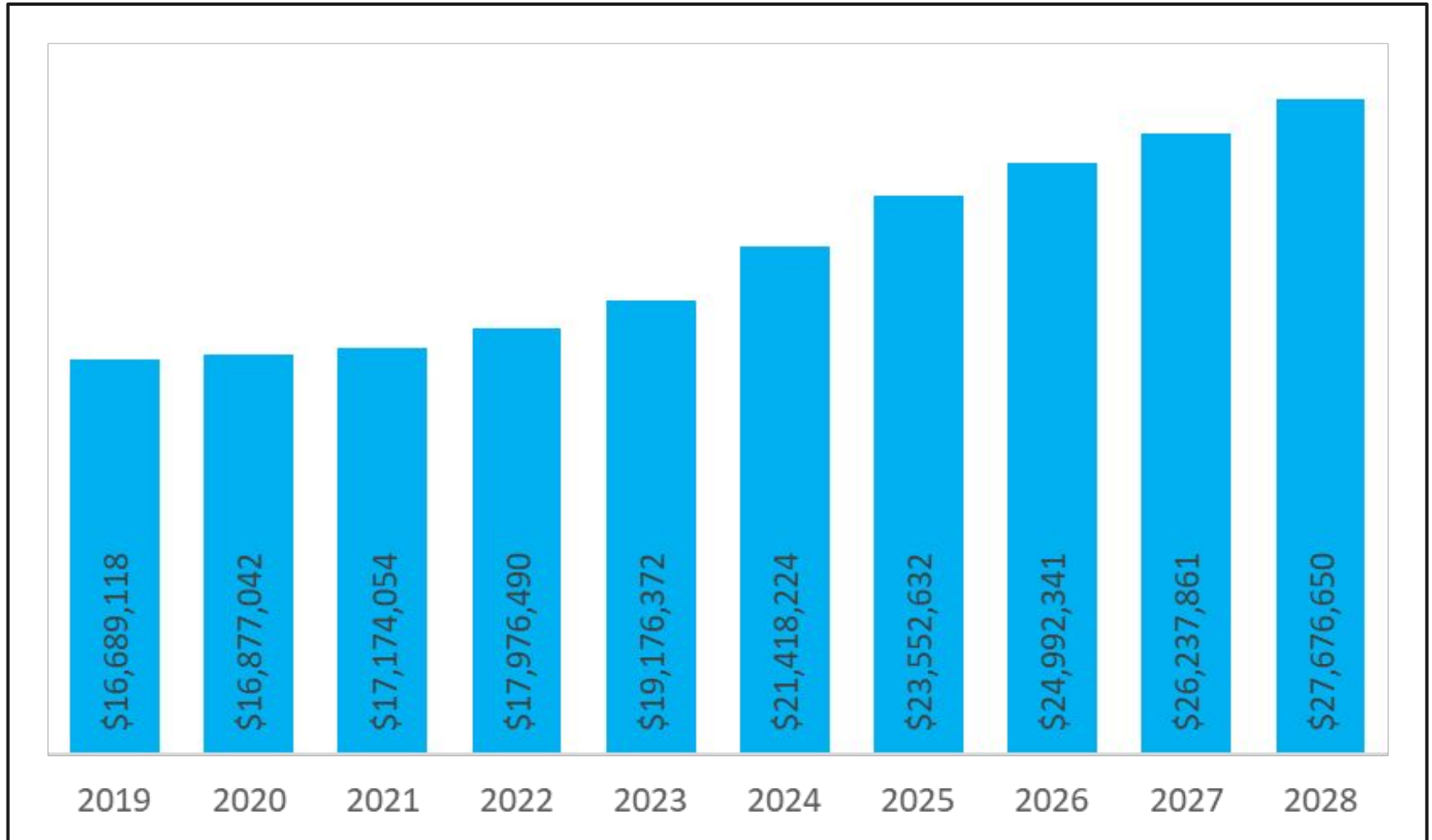
Strongsville City Schools

Salaries



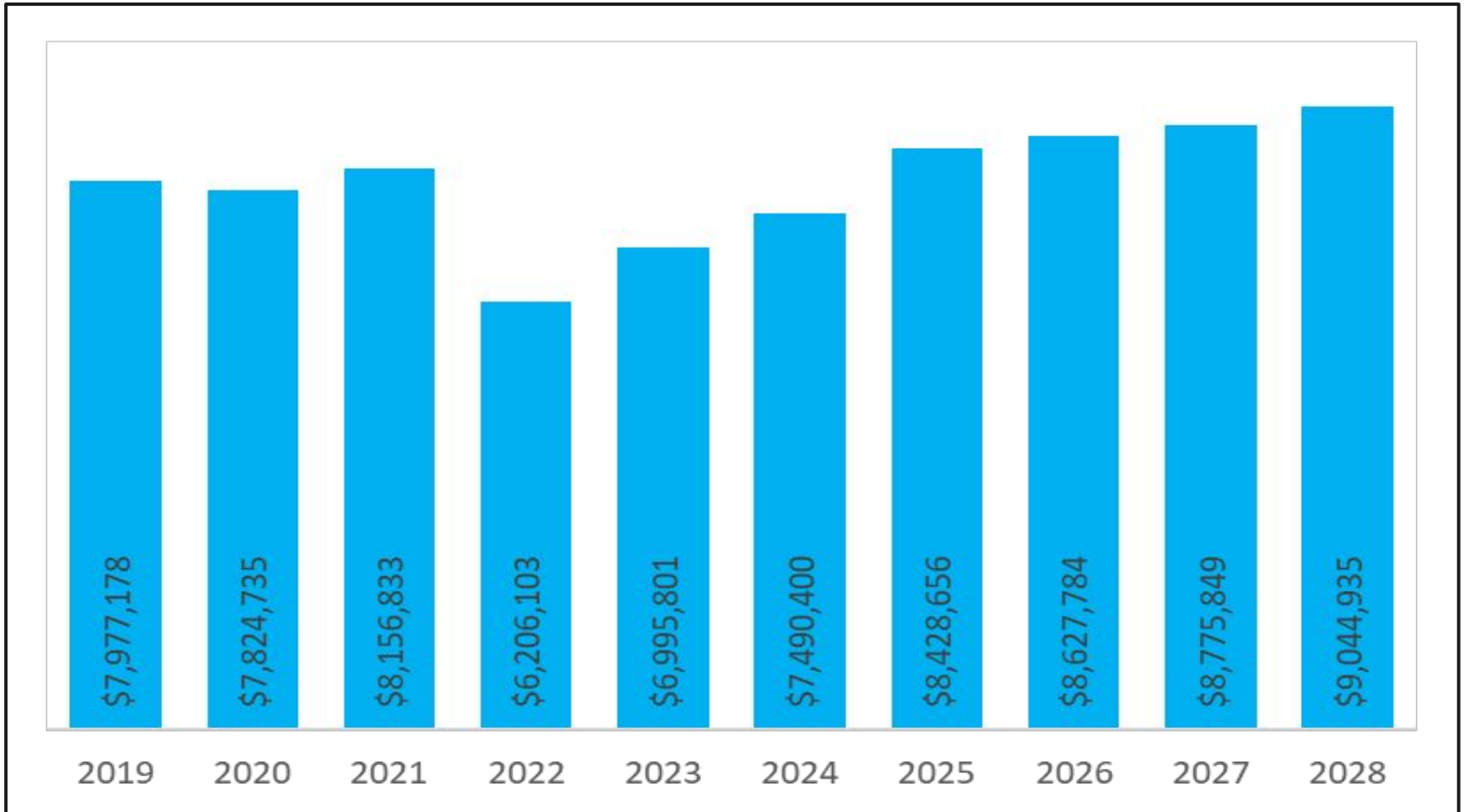
Strongsville City Schools

Benefits



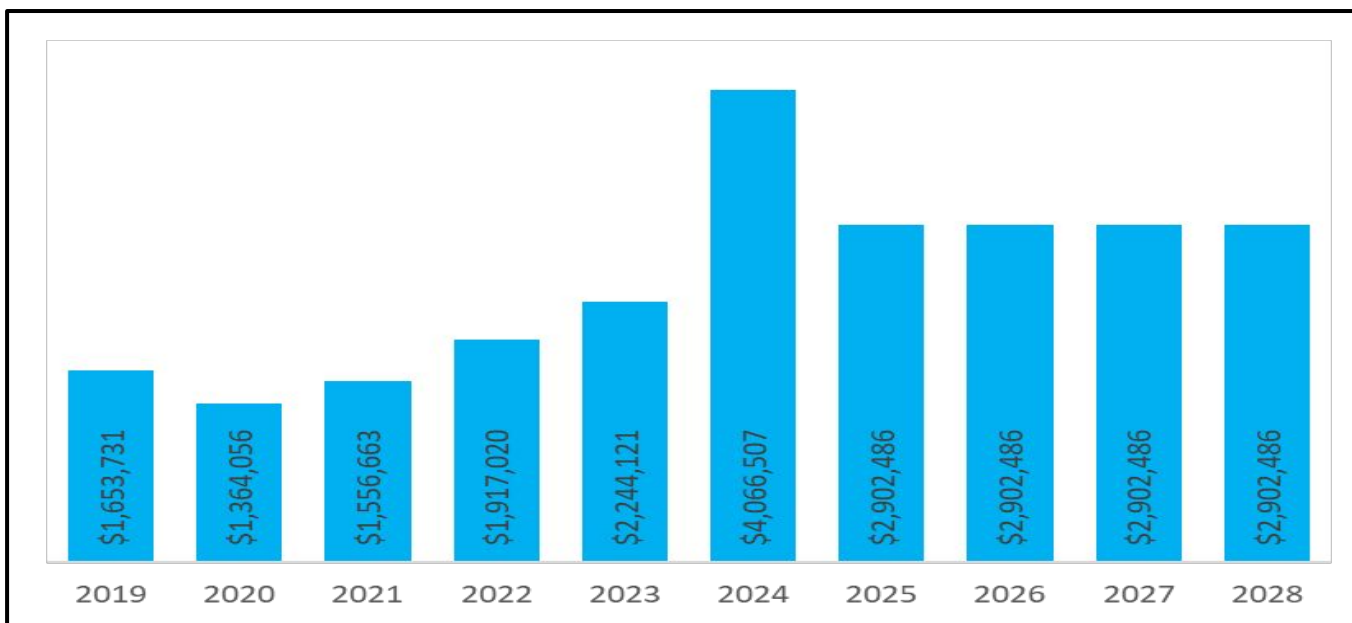
Strongsville City Schools

Purchased Services



Strongsville City Schools

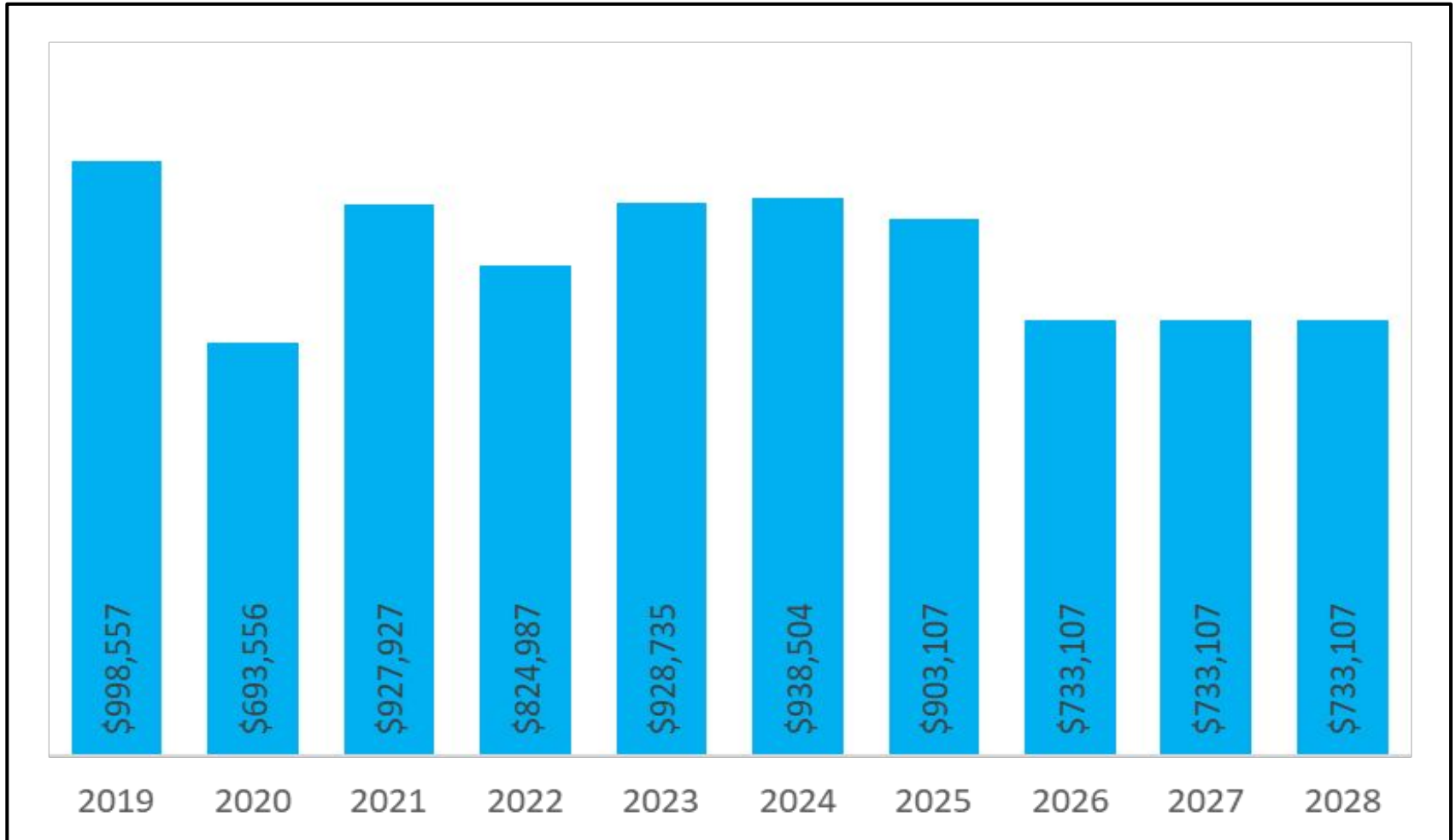
Supplies and Materials



Materials and Supplies	FY2024	FY2025	FY2026	FY2027	FY2028
Instructional Supplies (511, 519)	\$362,095	\$371,364	\$371,364	\$371,364	\$371,364
Office Supplies	\$68,486	\$85,900	\$85,900	\$85,900	\$85,900
Textbooks	\$1,976,133	\$721,000	\$721,000	\$721,000	\$721,000
Software	\$371,684	\$416,554	\$416,554	\$416,554	\$416,554
Fuel	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Building and Cleaning Supplies	\$304,215	\$363,727	\$363,727	\$363,727	\$363,727

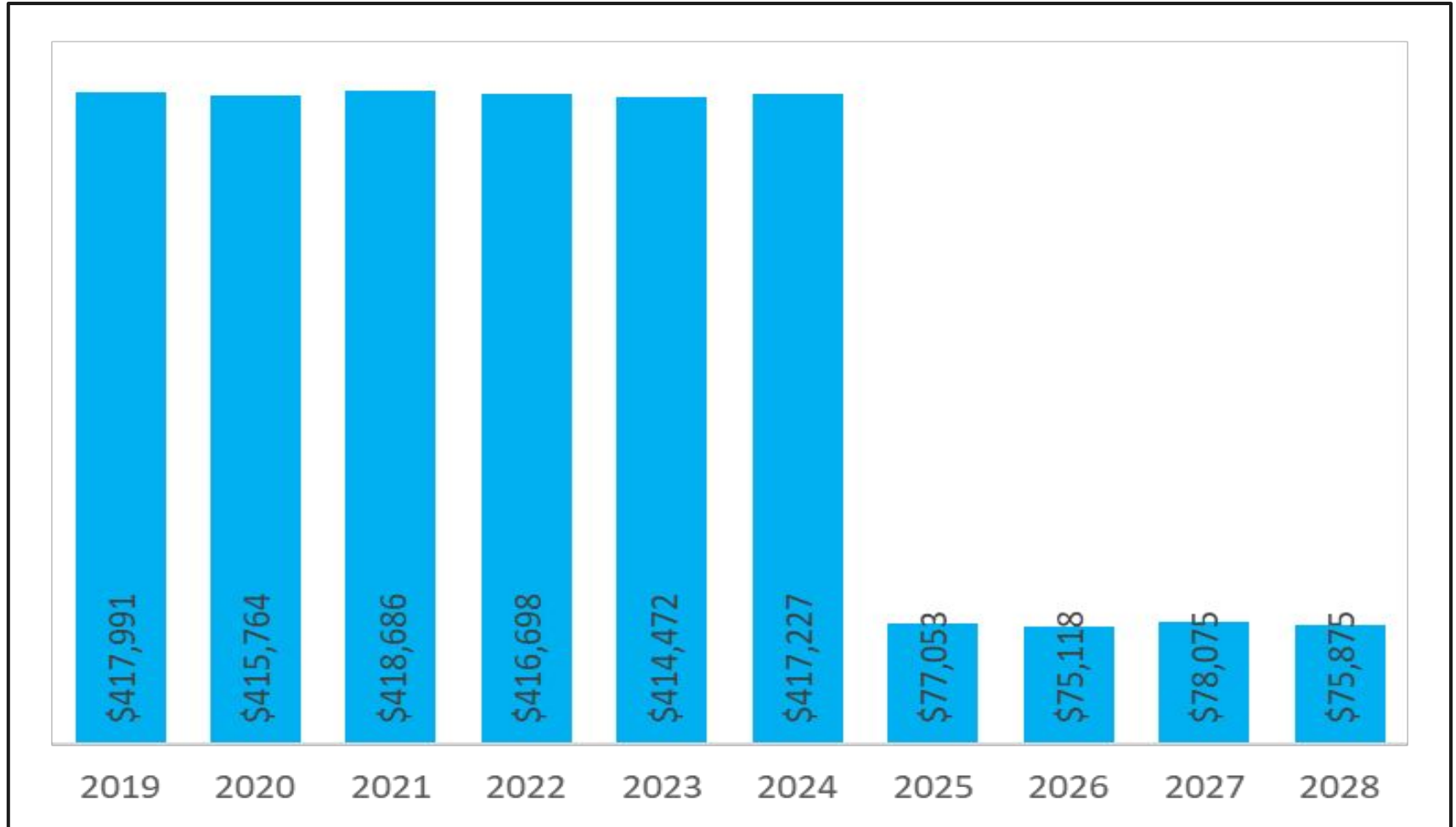
Strongsville City Schools

Capital Outlay



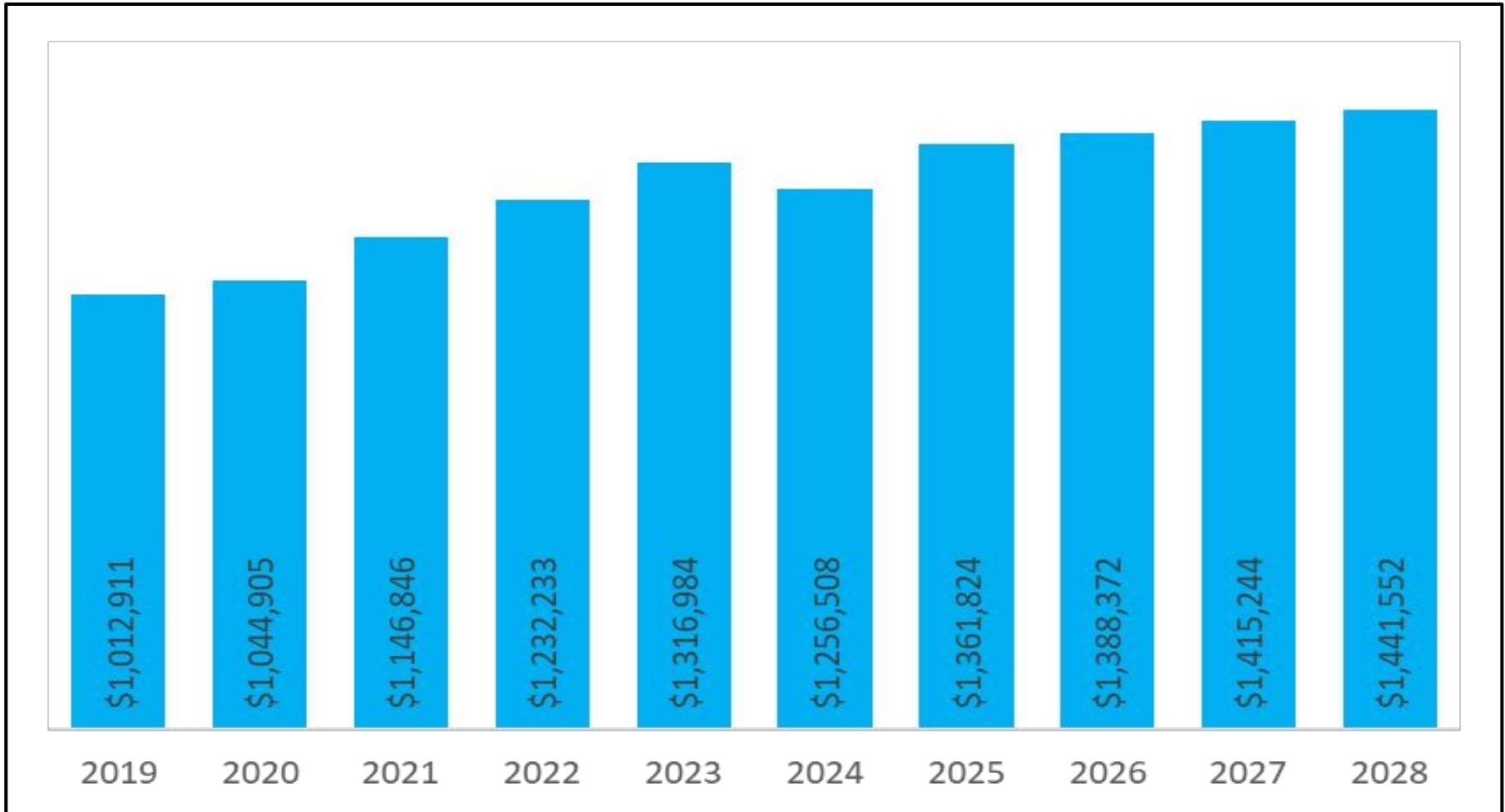
Strongsville City Schools

General Fund Debt



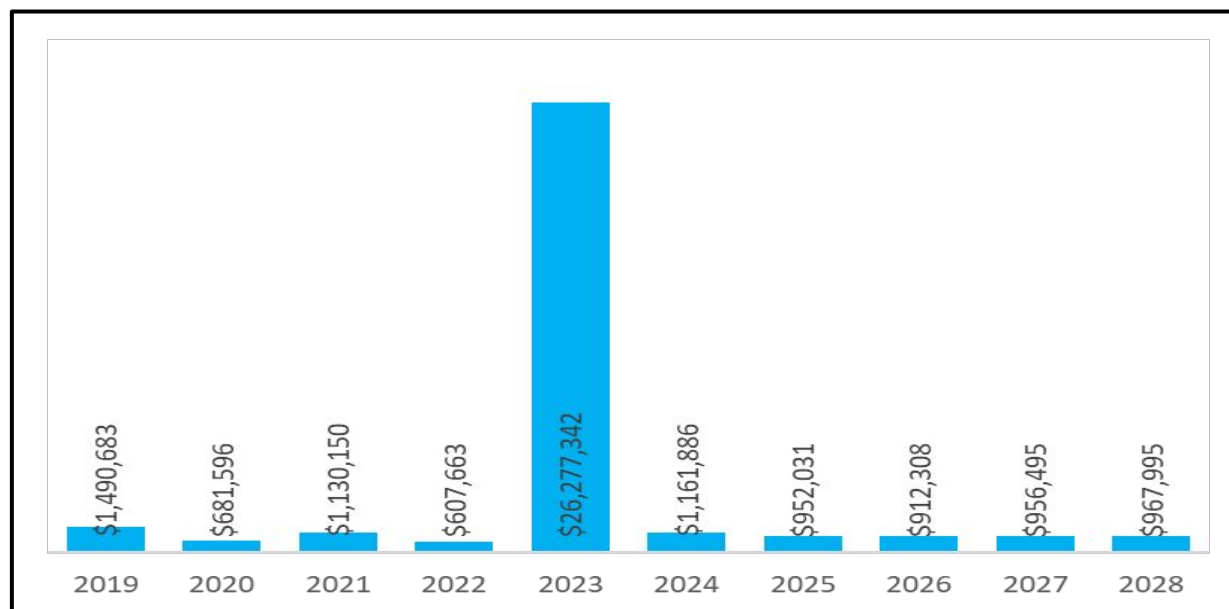
Strongsville City Schools

Other Objects



Strongsville City Schools

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



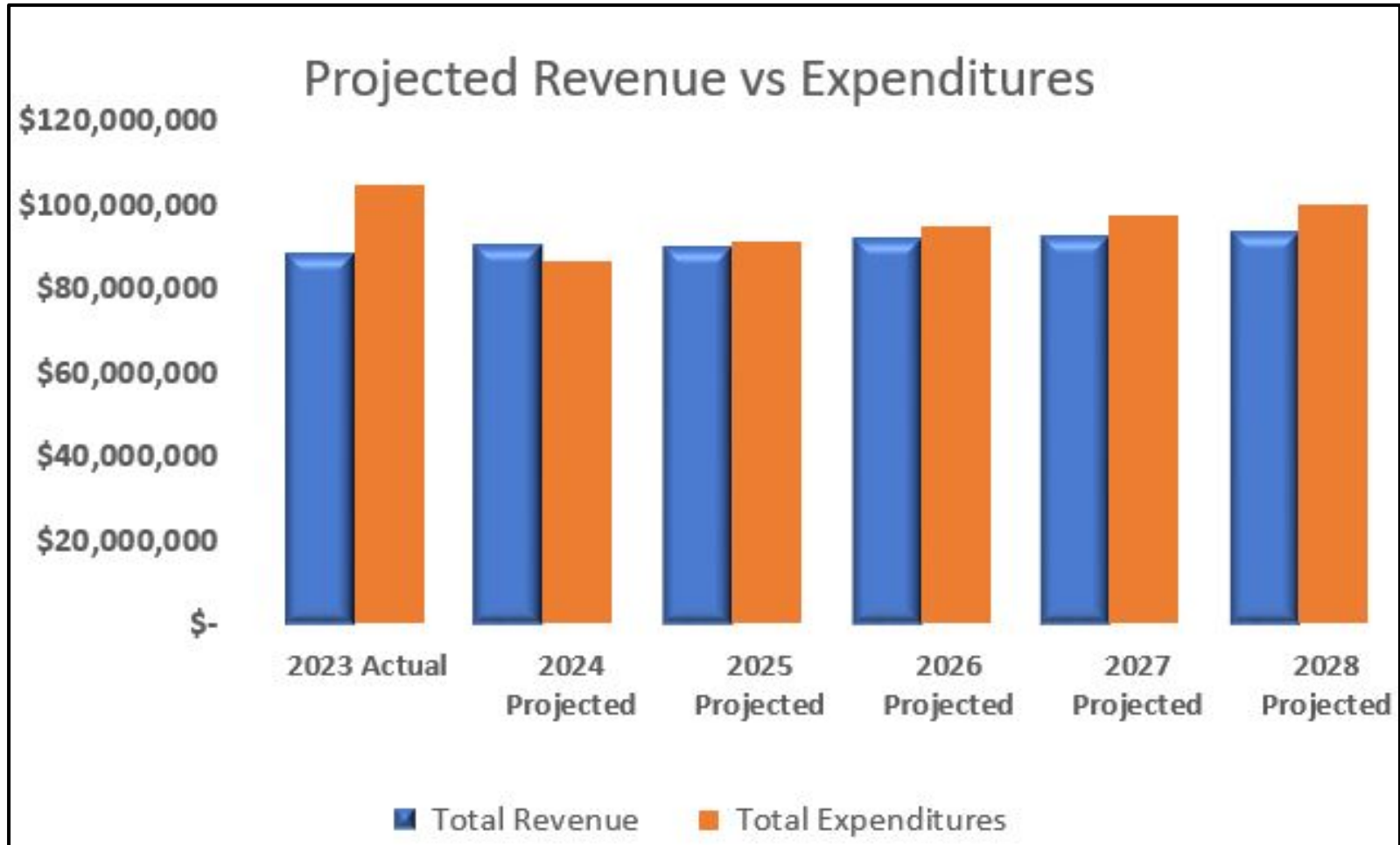
Transfer to:	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Food Service Fund	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Uniform Schools Supplies	\$52,134	\$75,000	\$0	\$0	\$0	\$0
Termination Benefits Fund	\$400,051	\$466,092	\$450,000	\$450,000	\$450,000	\$450,000
Summer School	\$0	\$75,000	\$75,000	\$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 Fund for SHS Track	\$565,562	\$0	\$0	\$0	\$0	\$0
Athletics	\$6,381	\$191,466	\$193,550	\$154,703	\$216,495	\$227,995

Strongsville City Schools

- General Fund Summary

Strongsville City Schools

FY 2023-2024 Revenue & Expenditure Projections



Strongsville City Schools

May 2024 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	\$50.1	\$44.1	\$31.8	\$17.4
Total Revenues	85.3	83.8	88.3	90.3	85.2	82.4	82.8	79.7
Total Expenditures	73.9	74.6	104.6	86.2	91.2	94.7	97.2	99.7
<i>Revenues over Expenses</i>	11.4	9.2	-16.3	4.1	-6.0	-12.3	-14.4	-20.0
Ending Cash Balance	53.1	62.3	46.0	50.1	44.1	31.8	17.4	-2.6
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	48.1	42.1	29.8	15.4	-4.6
Property Tax - Renewal	0.0	0.0	0.0	0.0	4.8	9.7	9.8	14.0
Unencumbered Balance	\$50.9	\$60.3	\$44.5	\$48.1	\$46.9	\$44.3	\$39.7	\$33.7

Strongsville City Schools

May 2024 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	\$50.1	\$48.9	\$46.3	\$41.7
Total Revenues	85.3	83.8	88.3	90.3	90.0	92.1	92.6	93.7
Total Expenditures	73.9	74.6	104.6	86.2	91.2	94.7	97.2	99.7
<i>Revenues over Expenses</i>	<i>11.4</i>	<i>9.2</i>	<i>-16.3</i>	<i>4.1</i>	<i>-1.2</i>	<i>-2.6</i>	<i>-4.6</i>	<i>-6.0</i>
Ending Cash Balance	53.1	62.3	46.0	50.1	48.9	46.3	41.7	35.7
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	\$48.1	\$46.9	\$44.3	\$39.7	\$33.7

Strongsville City Schools

FY 2023-2024 Forecast Summary

	2024	2025	2026	2027	2028
Beginning Cash Balance	\$46,048,260	\$50,182,418	\$48,994,036	\$46,362,816	\$41,763,674
+ Revenue	\$90,303,527	\$85,220,679	\$82,383,246	\$82,810,158	\$79,674,357
+ Renewal Levies	\$0	\$4,823,404	\$9,684,292	\$9,759,959	\$14,043,582
+ New Levies	\$0	\$0	\$0	\$0	\$0
- Expenditures	\$86,169,369	\$91,232,465	\$94,698,758	\$97,169,259	\$99,747,768
= Revenue Surplus or Deficit	\$4,134,158	-\$1,188,382	-\$2,631,220	-\$4,599,142	-\$6,029,829
Ending Cash Balance with Levies	\$50,182,418	\$48,994,036	\$46,362,816	\$41,763,674	\$35,733,845
Revenue Surplus or Deficit without Levies	\$4,134,158	-\$6,011,786	-\$12,315,512	-\$14,359,101	-\$20,073,411
Ending Cash Balance without Levies	\$50,182,418	\$44,170,632	\$31,855,120	\$17,496,019	-\$2,577,392
**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.

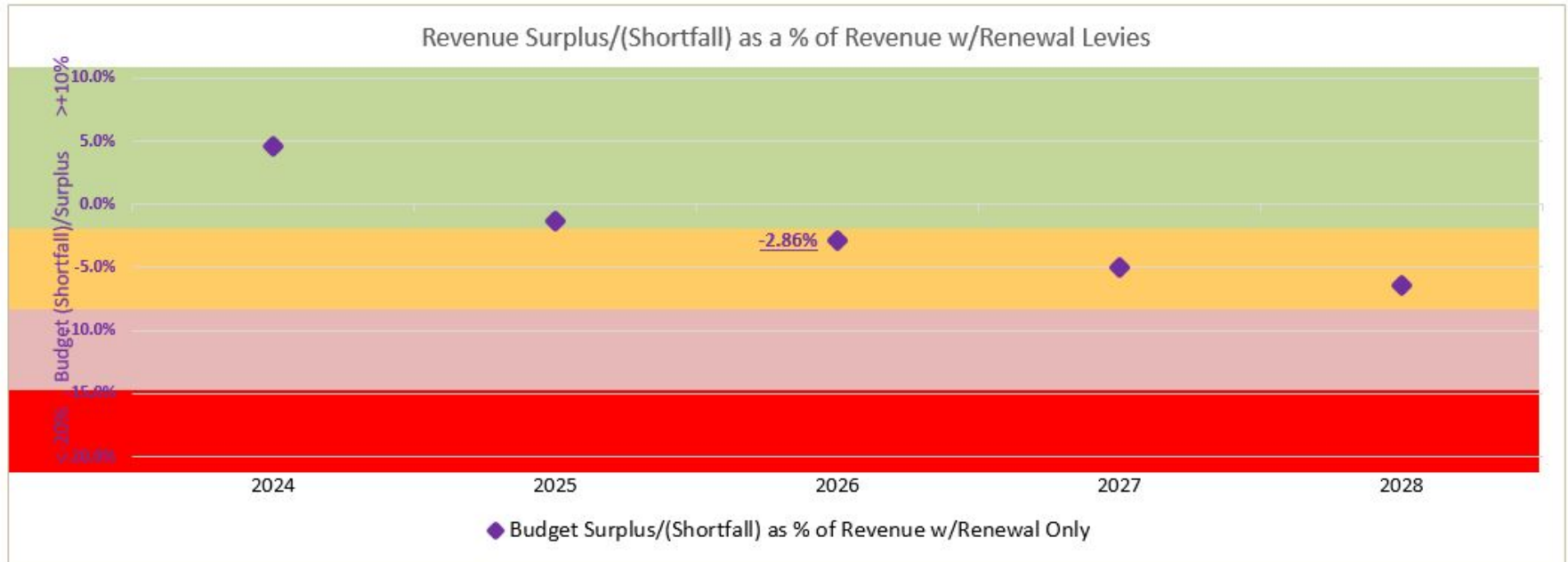
The May 2024 five year forecast for the general operating fund for fiscal year 2024 **estimates revenues of \$90.3 million and estimated expenditures of \$86.2 million.** This equates to estimated revenues over estimated expenditures of \$4.1 million. For additional information on these budget details, 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

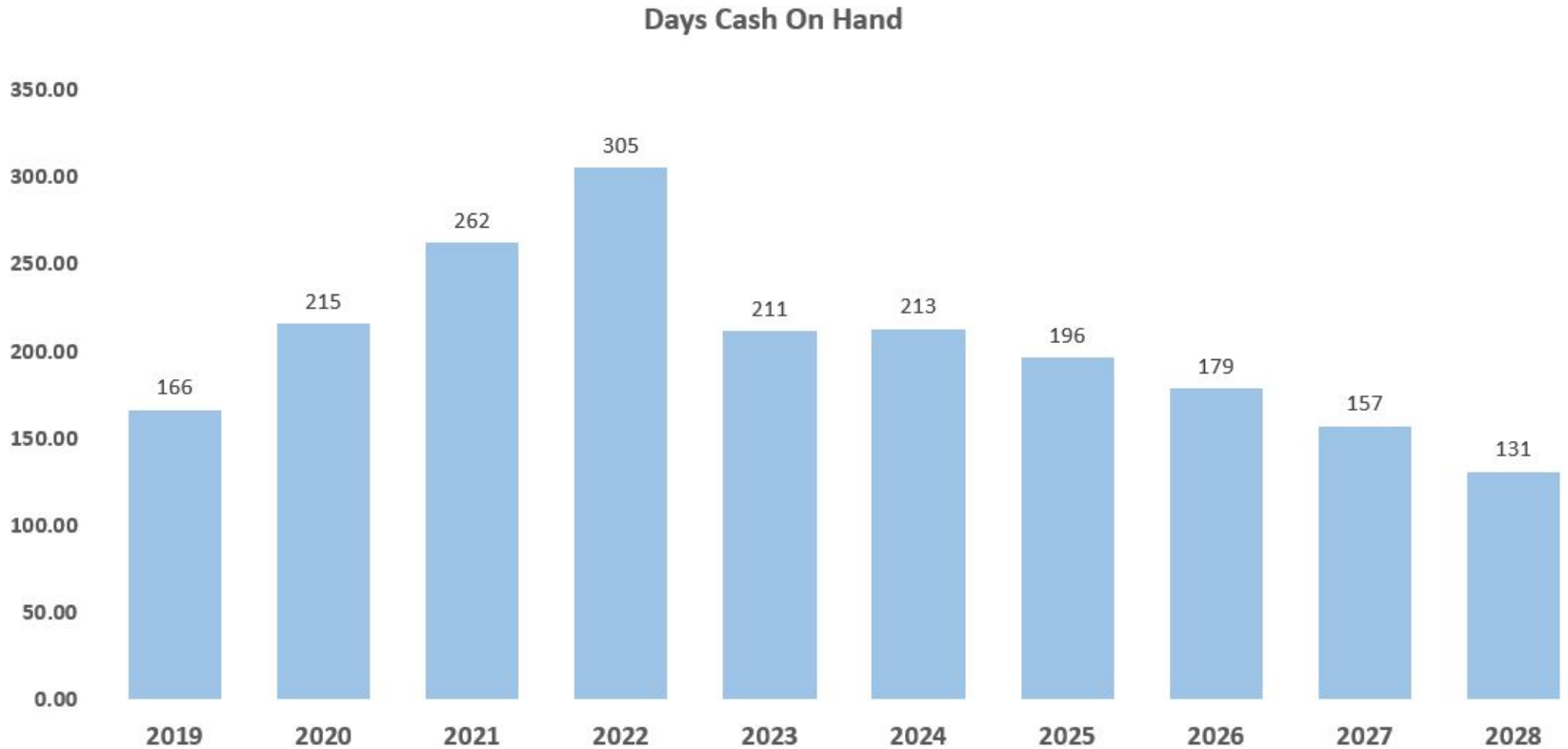
Cash Balance Policy:

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)

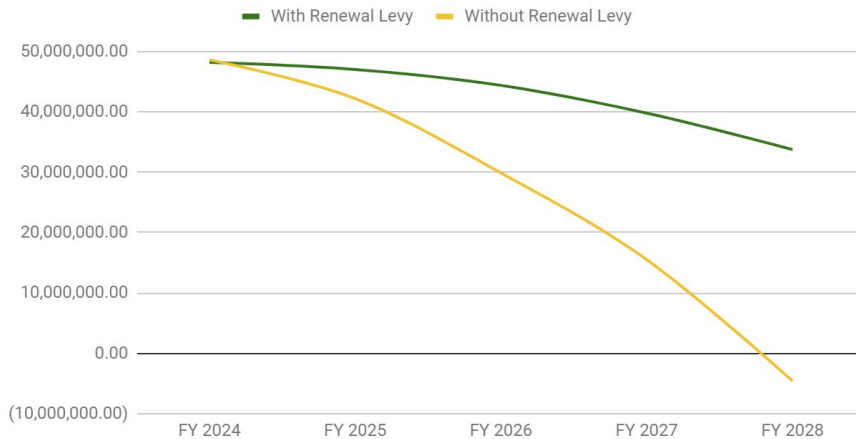


Note: Calculated on 365 Day Calendar Year

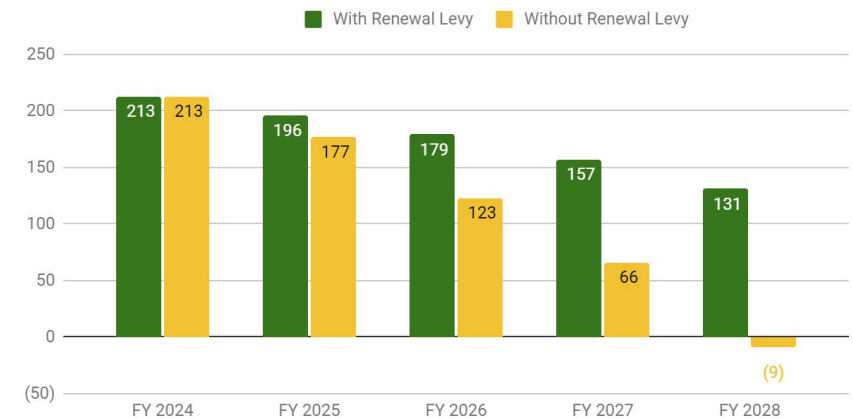
Strongsville City Schools

FY 2023-2024 Days Cash on Hand (with vs without renewals)

Renewal vs Without Renewal Levy - General Fund Cash Balance



Renewal vs Without Renewal Levy - General Fund Cash Balance



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 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:

- **Cash Flow:** Main sources of revenue is property taxes which is received 5 of out the 12 months on the year. Need a cash balance to sustain the low cash periods (December, January, first payroll in February, June, and first payroll in July) to meet liability obligations in those months.
- **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

- Questions?