

Strongsville City Schools

FY 25 Five Year Forecast

November 20, 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 21	CY 22	CY 23	CY 24	3 Year Average	CY 25 Forecast	CY 26 Forecast	CY 27 Forecast	CY 28 Forecast	CY 29 Forecast
Gross Collection Rates - Includes Delinquencies	96.85%	99.26%	99.26%	99.88%	99.47%	99.47%	99.47%	99.47%	99.47%	99.47%

- The forecast assumes a 99.47% gross collection rate which is the three year average of Calendar Years 2022 through 2024. 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 in calendar year 2023, and increased to 99.88% in calendar year 2024.

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 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	\$1,885,951,676	\$404,443,023	\$56,815,302	\$2,347,210,001
CY 26 Forecast	\$1,899,525,939	\$403,715,025	\$59,951,507	\$2,363,192,471
CY 27 Forecast	\$1,913,197,937	\$402,988,338	\$63,260,830	\$2,379,447,105
CY 28 Forecast	\$2,117,650,659	\$412,176,472	\$66,752,828	\$2,596,579,959
CY 29 Forecast	\$2,132,893,154	\$411,434,554	\$70,223,975	\$2,614,551,683

- 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 28.39% valuation increase in residential property. The forecast assumes a 9.50% valuation increase in commercial property.

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 2% increase 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

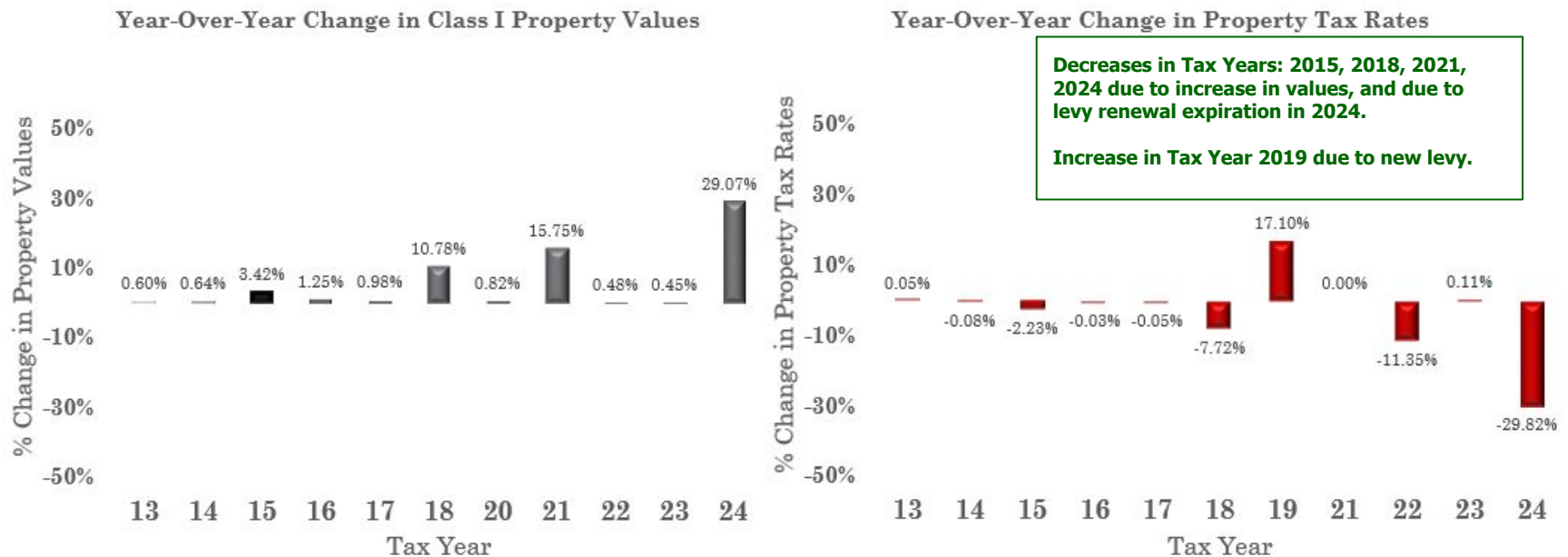
Property Values vs. Tax Rates

How do increasing home values impact tax rates?



County Reappraisal

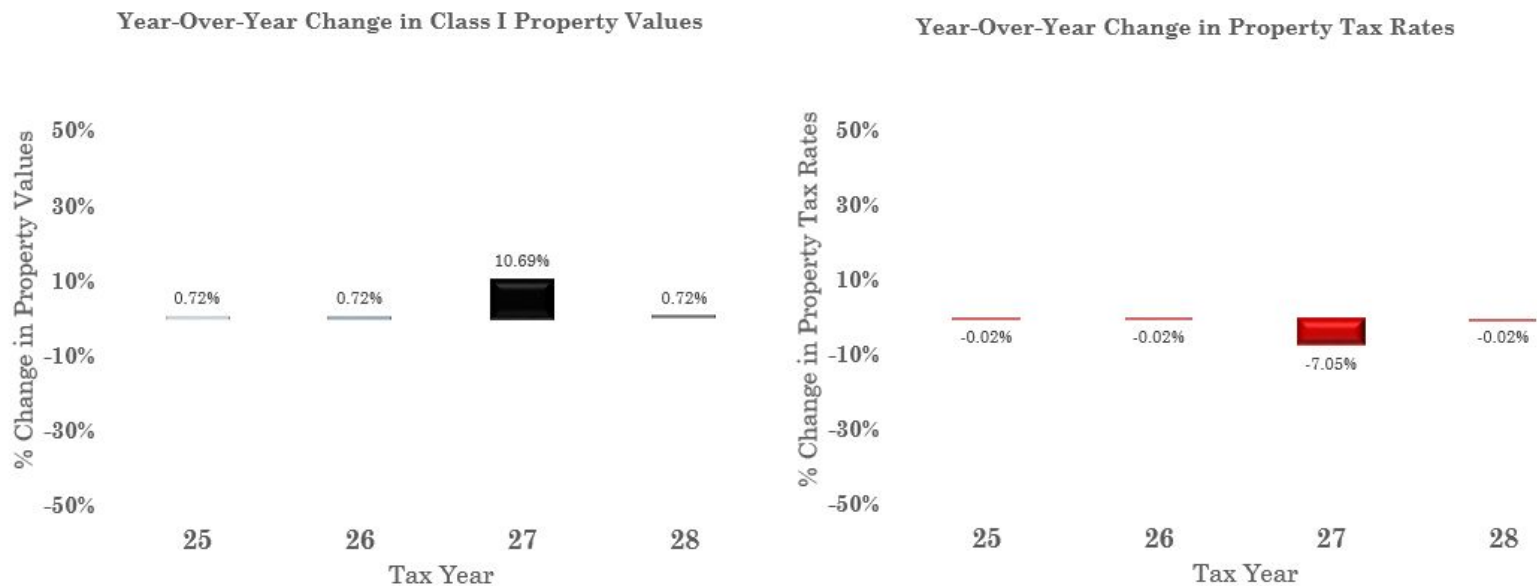
Historical District Values vs. Tax Rates *Class I (Residential + Agriculture)*



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.

County Reappraisal

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



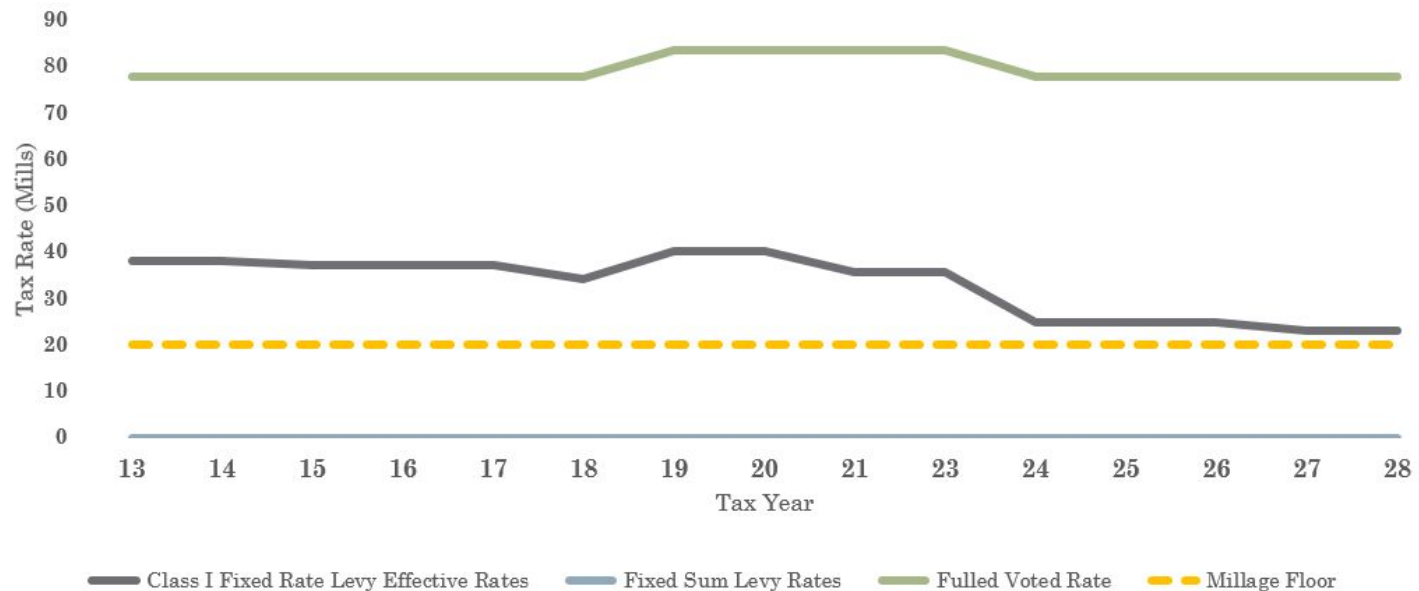
Tax rates are set each year by the Ohio Department of Taxation. Rates can change based upon valuation change, additional levies, non-renewal of levies, etc. The charts above show the YOY % change in Class I property values and the resulting tax rates (effective) for Class I.

Tax Year 2027 is a triennial update year for Cuyahoga County. Forecast assumes a 10.69% increase in valuation which will be offset by a 7.05% decrease in tax effective rate

County Reappraisal

District's Property Tax Rates

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



Effective rate:

- TY24 - 25.02 mills
- TY27 - 23.25 mills

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 **has expired** tax year December 31, 2023. Collections will continue through December 31, 2024. The renewal of the levy has been rejected by the community in November 2023 and March of 2024. The Board of Education voted to place a 4.9 mill continuous levy on the November 2024 ballot in its place which was also rejected by the community. The levy is officially expired, which represents \$9.9 million dollars.
- 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 \$248,000 in FY 2024 and \$316,000 in FY 2025 for a cumulative increase of \$564,000. 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 0.94% of total revenue. Beginning with FY 2022 the district's Success & Wellness funding is considered restricted, the State's share of this funding that is recorded as restricted is \$229,602. 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	FY2025	FY2026	FY2027	FY2028	FY2029
Success and Wellness	\$229,602	\$222,020	\$209,199	\$217,763	\$217,958
Career Tech, ELL	\$48,174	\$58,550	\$67,230	\$69,983	\$70,045
Disadvantaged Pupil Impact Aid (DPIA)	\$76,246	\$75,502	\$74,114	\$68,902	\$65,134
Gifted	\$162,388	\$137,670	\$113,011	\$113,111	\$113,202
Other (Science of Reading Reimbursement)	\$300,000	\$0	\$0	\$0	\$0
Total Restricted State Funding	\$816,410	\$493,742	\$463,554	\$469,759	\$466,339

Major Assumptions - Continued

Revenue (continued):

- Changes in Revenue between the September 2024 Budget Forecast compared to the November 2024 Forecast:

State Line Item No	State Line Item No and Description	Amount				
		2025	2026	2027	2028	2029
Total		\$-4,664,264	\$-9,347,792	\$-9,543,758	\$-10,077,174	\$-10,507,351
	Property Taxes	\$0	\$0	\$0	\$0	\$0
	1.010 General Property Tax (Real Estate)	\$0	\$0	\$0	\$0	\$0
	1.020 Tangible Personal Property Tax	\$0	\$0	\$0	\$0	\$0
	1.050 State Share of Local Property Taxes	\$0	\$0	\$0	\$0	\$0
	11.020 Property Tax - Renewal or Replacement	\$0	\$0	\$0	\$0	\$0
	Income Taxes	\$0	\$0	\$0	\$0	\$0
	11.010 Income Tax - Renewal	\$0	\$0	\$0	\$0	\$0
	State Aid	\$-135,394	\$-155,943	\$-181,524	\$-189,622	\$-205,738
	1.035 Unrestricted State Grants-in-Aid	\$-163,677	\$-187,997	\$-216,996	\$-223,063	\$-237,585
	1.040 Restricted State Grants-in-Aid	\$28,283	\$32,054	\$35,472	\$33,441	\$31,847
	All Other Revenue	\$90,556	\$81,857	\$-18,143	\$-474,143	\$-818,143
	1.060 All Other Revenues	\$82,944	\$82,857	\$-17,143	\$-473,143	\$-817,143
	2.050 Advances-In	\$0	\$0	\$0	\$0	\$0
	2.060 All Other Financing Sources	\$7,612	\$-1,000	\$-1,000	\$-1,000	\$-1,000
	New Levies	\$-4,619,426	\$-9,273,706	\$-9,344,091	\$-9,413,409	\$-9,483,470
	13.010 Income Tax - New	\$0	\$0	\$0	\$0	\$0
	13.020 Property Tax - New	\$-4,619,426	\$-9,273,706	\$-9,344,091	\$-9,413,409	\$-9,483,470

Major Assumptions - Continued

Revenue (continued):

- Changes in Revenue between the September 2024 Budget Forecast compared to the November 2024 Forecast:
 - **Property Taxes** - New property - New Levy decrease to due to the failure of the November 2024 Levy.
 - **State Aid** - Unrestricted aid decreased primarily due to decreased transportation funding. Restricted aid increased due to additional DPIA funding.
 - **All Other Revenue** -
 - Lorain County TIF - Increase in other in FY 2025 and FY 2026 due to Emerald Woods TIF.
 - Interest Rates - 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 24	FY 25	FY 26	FY 27	FY 28	FY 29
General Fund	725	776	776	776	776	776
Prior Year Net Change	+24	+51	0	0	0	0

- Forecast assumes all union agreements are as currently defined.
- In FY 25, the forecast assumes 776 general fund positions, an increase of 51 positions. The increase is due to 35 positions coming onto the general fund from ESSER funds as those funds expired at the end of FY 2024. The remaining 16 positions are due to increases in teaching and support staff including an additional guidance counselor 1 at SMS and 1 at SHS, and new Human Resources Coordinator position due to enrollment needs.
- 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 2026-2029 the projected annual increase is 7% which is based on a five year historical average.

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, purchase services increased by \$304,112. During FY 2025, the forecast assumes that purchase services to increase by \$1,104,642. 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 increased by \$1,585,585, 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 in FY 2024, the District purchased 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 3.22% of the District's General Fund expenditures for FY 2025.
- 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 September 2024 Budget Forecast compared to the November 2024 Forecast:

State Line Item No and Description	Amount				
	2025	2026	2027	2028	2029
Total	\$-922,921	\$-37,095	\$-35,342	\$-31,342	\$-27,088
3.010 Personal Services	\$-397,056	\$-630	\$-630	\$-630	\$-630
3.020 Employees' Retirement/Insurance Benefits	\$-187,147	\$-98	\$-98	\$-98	\$-98
3.030 Purchased Services	\$-187,180	\$86,632	\$90,385	\$94,385	\$98,639
3.040 Supplies and Materials	\$-57,273	\$1	\$1	\$1	\$1
3.050 Capital Outlay	\$-30,404	\$-0	\$-0	\$-0	\$-0
4.010 Principal-All (Historical Only)	\$0	\$0	\$0	\$0	\$0
4.060 Interest and Fiscal Charges	\$0	\$0	\$0	\$0	\$0
4.300 Other Objects	\$-63,861	\$-123,000	\$-125,000	\$-125,000	\$-125,000
5.010 Operating Transfers-Out	\$0	\$0	\$0	\$0	\$0
5.020 Advances-Out	\$0	\$0	\$0	\$0	\$0

Major Assumptions - Continued

Expenditures (continued):

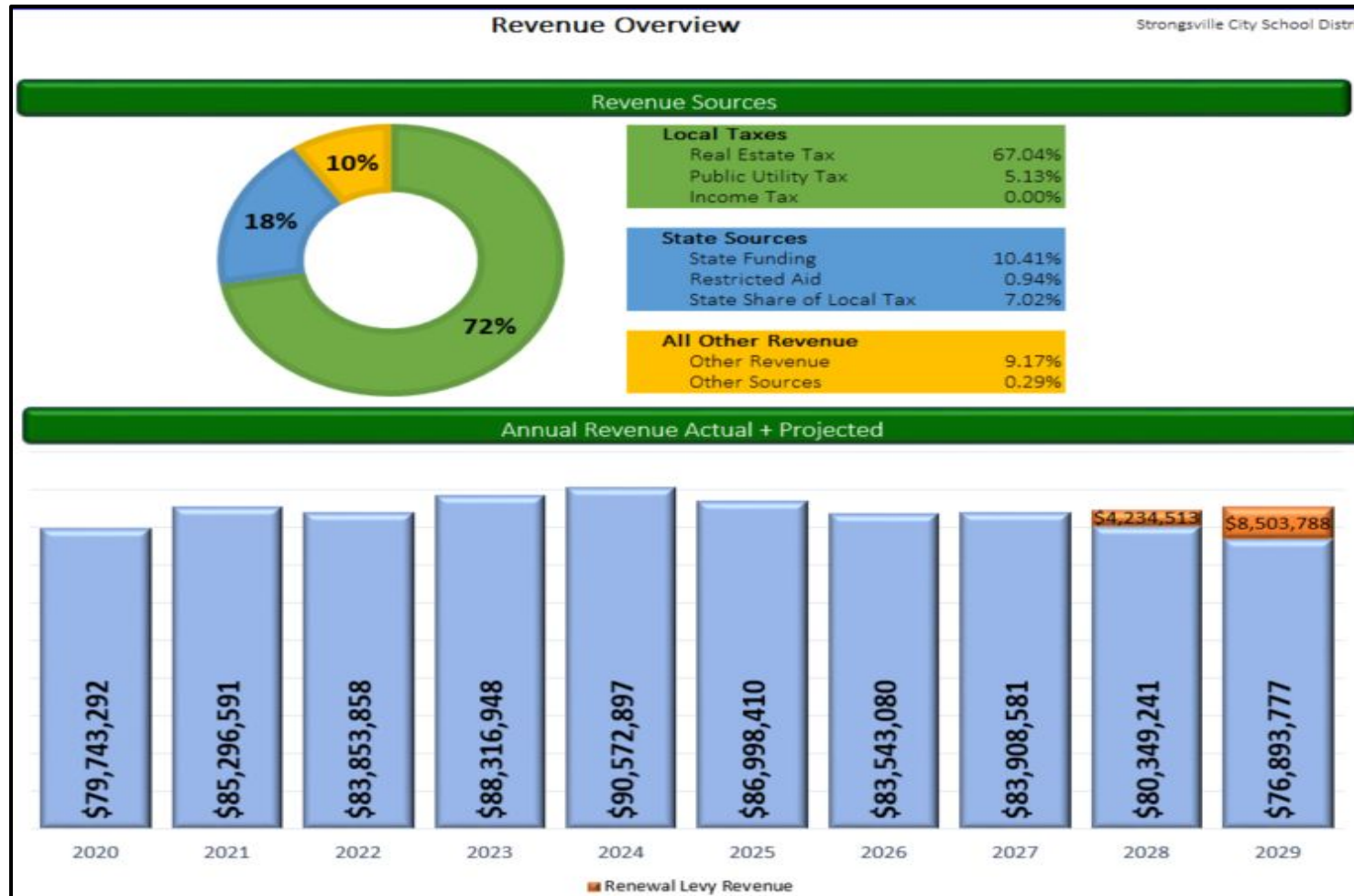
- Changes in Expenditures between the September 2024 Budget Forecast compared to the November 2024 Forecast:
 - **Salaries** - Salaries decreased by \$397,056. Which is based on trends in open positions which include, permanent substitutes positions, custodial, and transportation.
 - **Benefits** - Benefits decreased by \$187,147. Which is based on trends in open positions which include, permanent substitutes positions, custodial, and transportation.
 - **Purchase Services** - Purchase Service decreased by \$187,180 primarily due to projected budget savings in professional services, which represents 2.1% of this category. The increase in FY 26-29 is due to increase in utility costs.
 - **Materials and Supplies** - Materials and Supplies decreased by \$57,273 due to projected budget savings which represents 2.0% of this category.
 - **Other Objects** - The decrease in other objects is due to the reduction of County Auditor fees with the expiration of the May 2019 renewal levy.

Strongsville City Schools

- General Fund Revenues

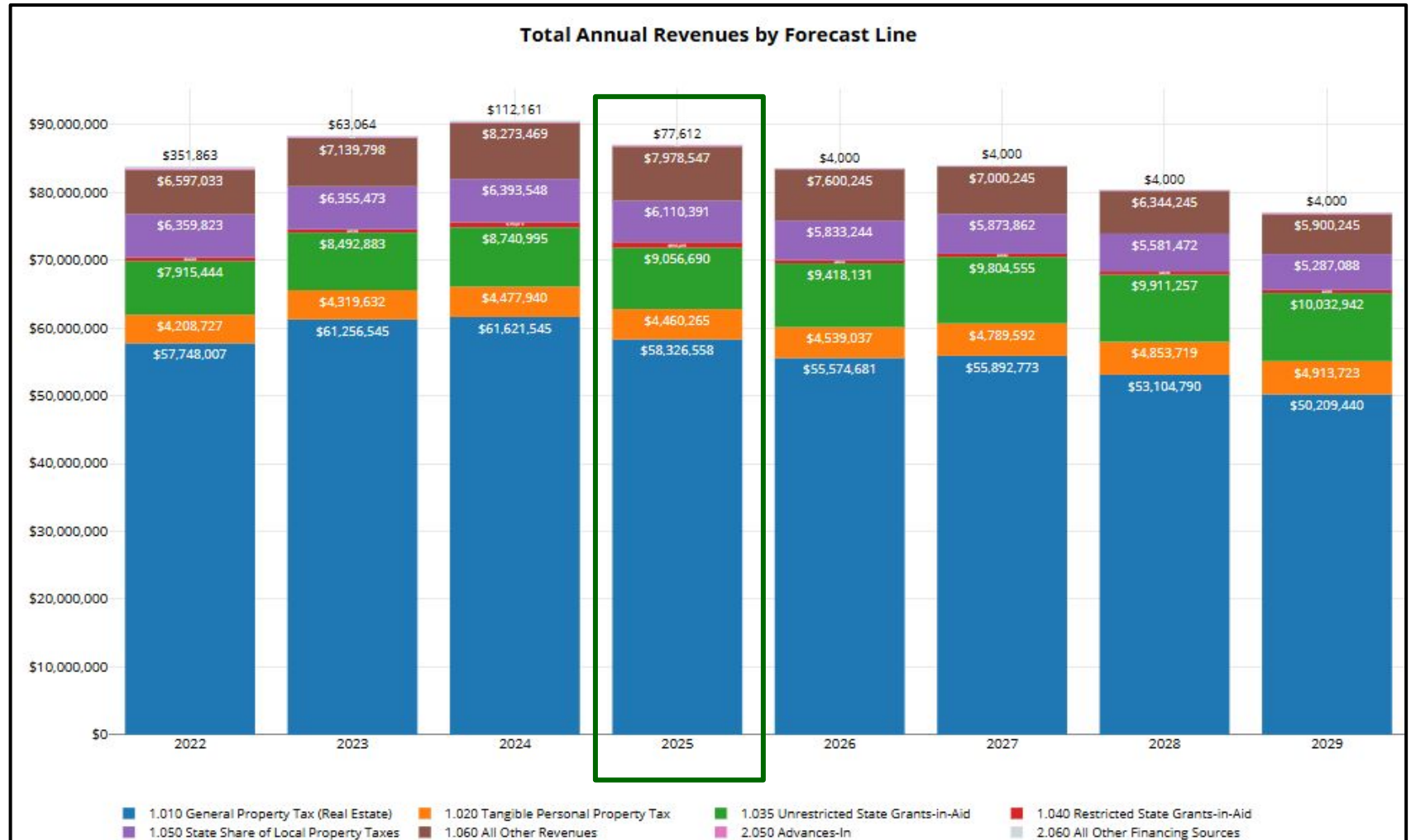
Strongsville City Schools

FY 2024-2025



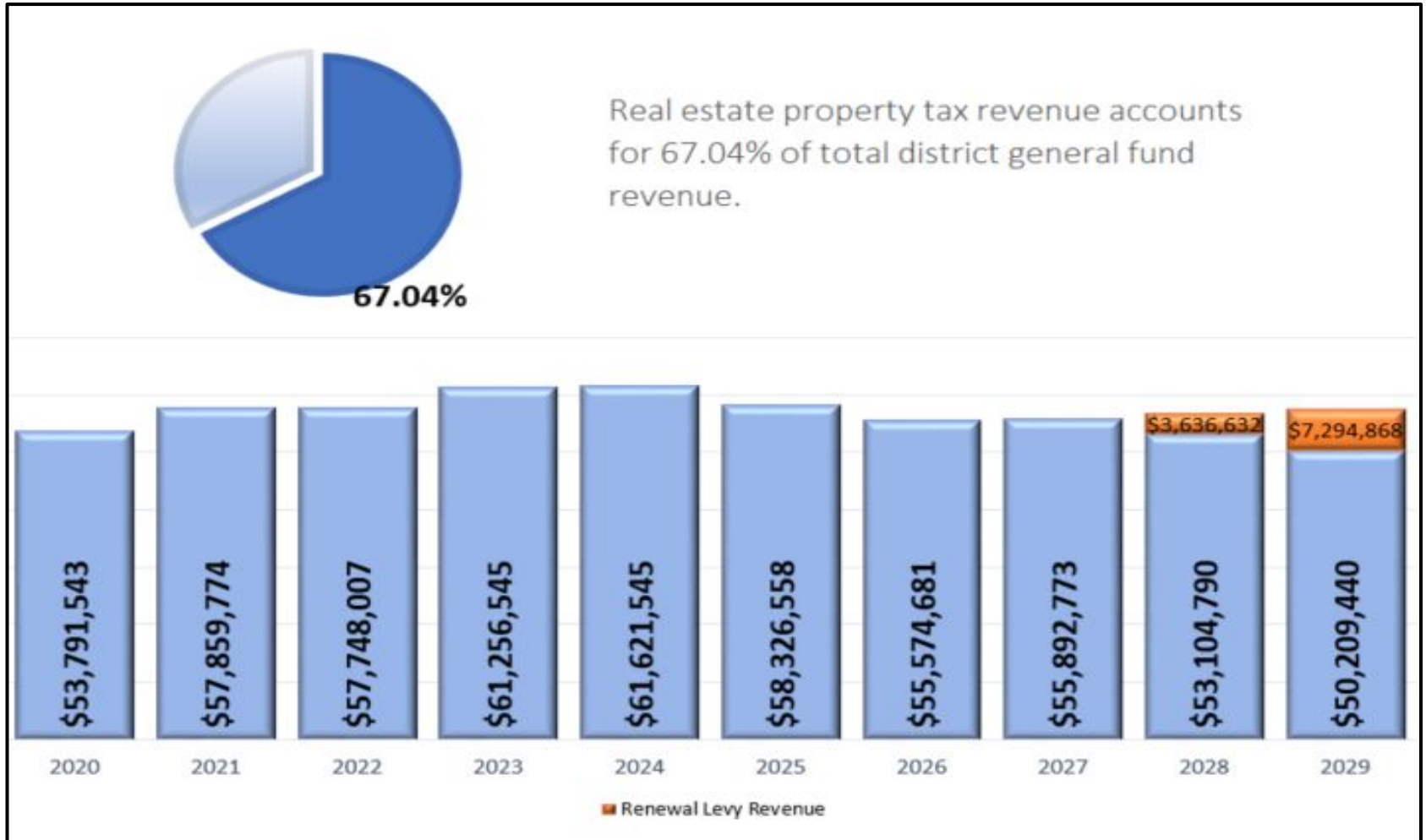
Strongsville City Schools

FY 2024-2025 Revenues (without renewals)



Strongsville City Schools

Local Taxes - Residential and Commercial

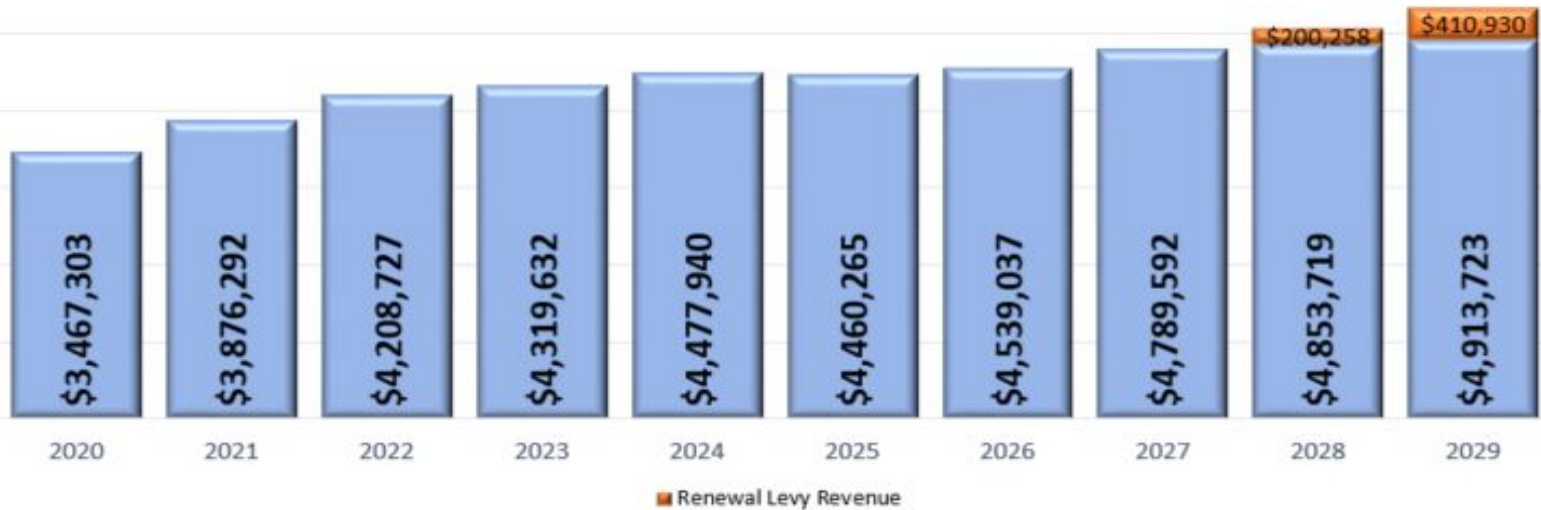


Strongsville City Schools

Local Taxes - Public Utility



Public Utility Personal Property tax revenue accounts for 5.13% of total district general fund revenue.

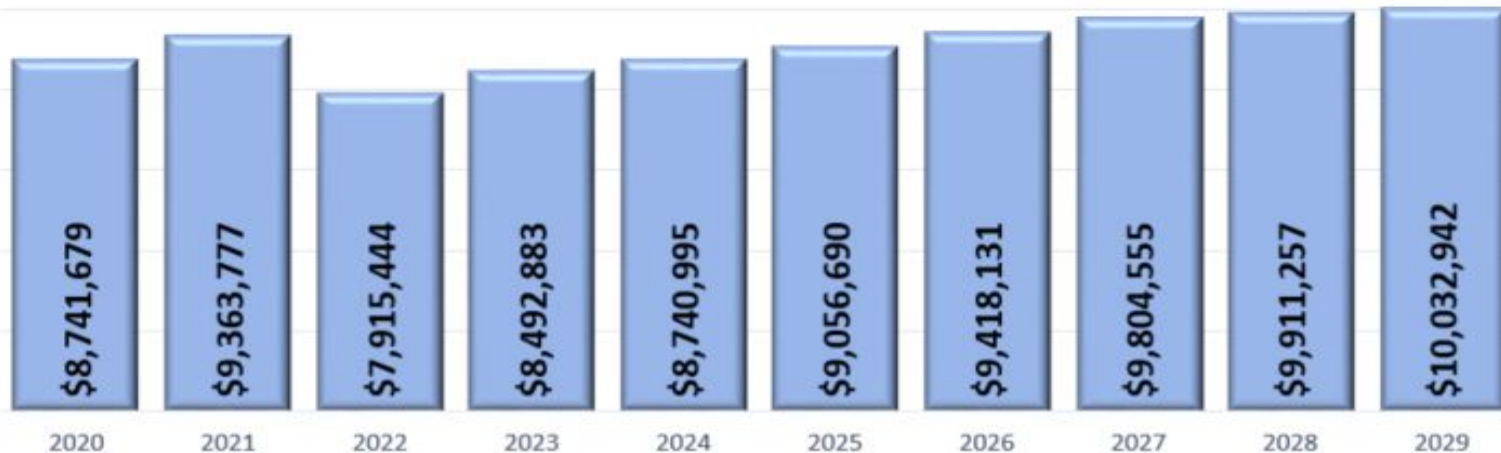


Strongsville City Schools

State Foundation - Unrestricted

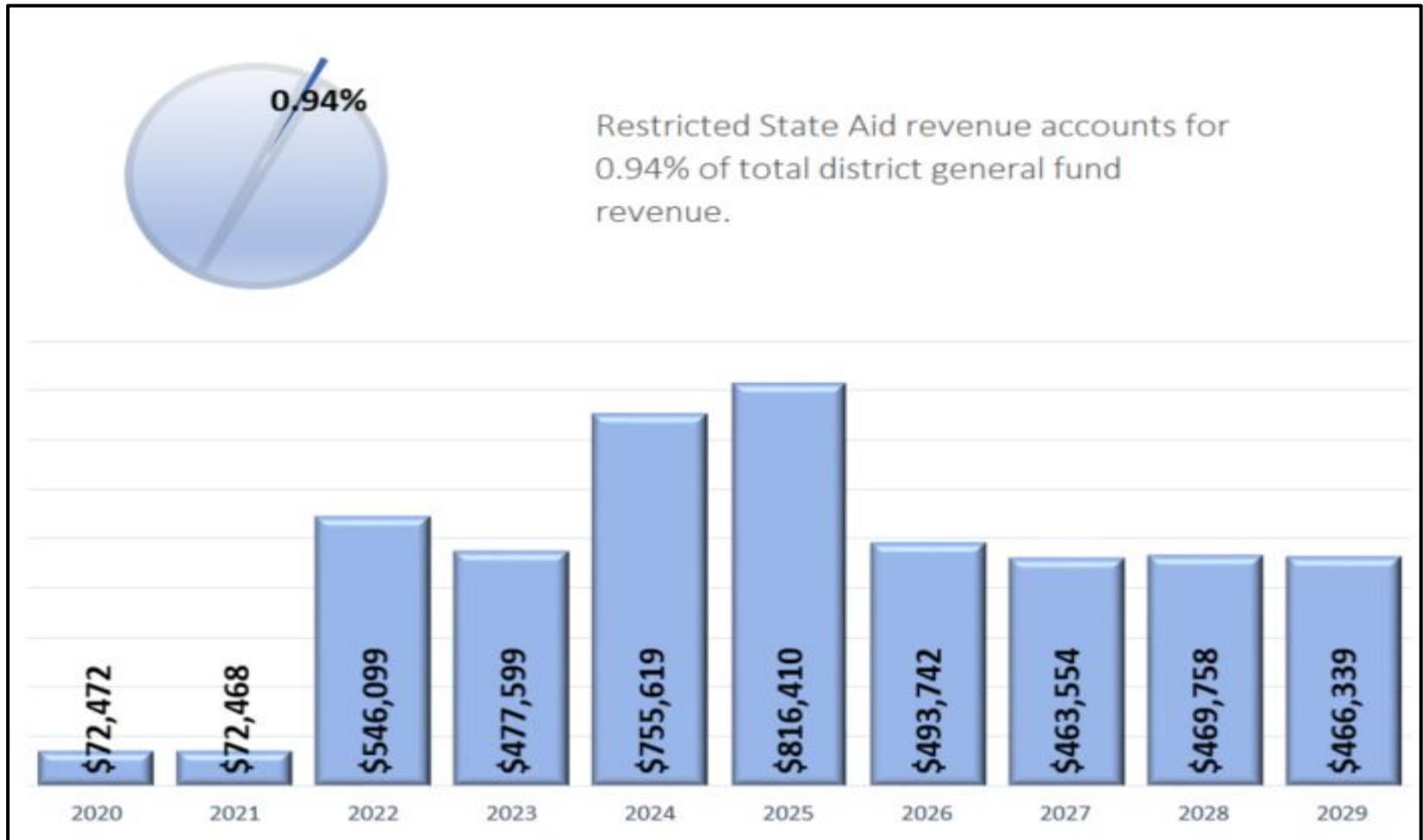


Unrestricted State Aid revenue accounts for 10.41% of total district general fund revenue.



Strongsville City Schools

State Foundation - Restricted

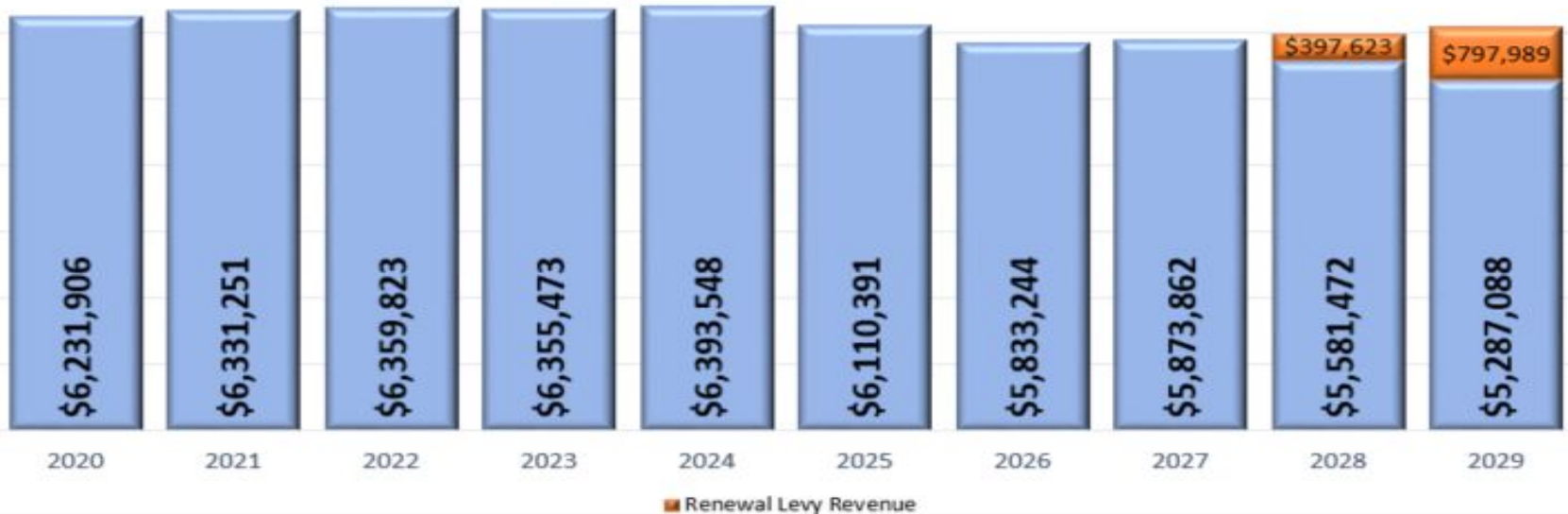


Strongsville City Schools

State Share of Local Property Taxes

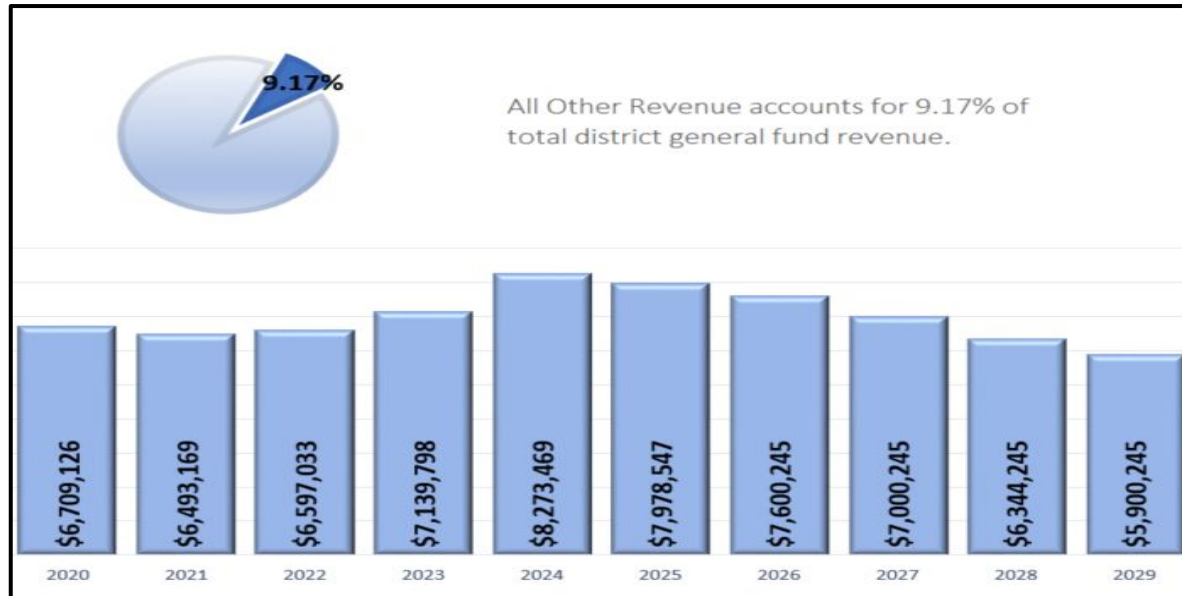


State Share of Local Property tax revenue accounts for 7.02% of total district general fund revenue.



Strongsville City Schools

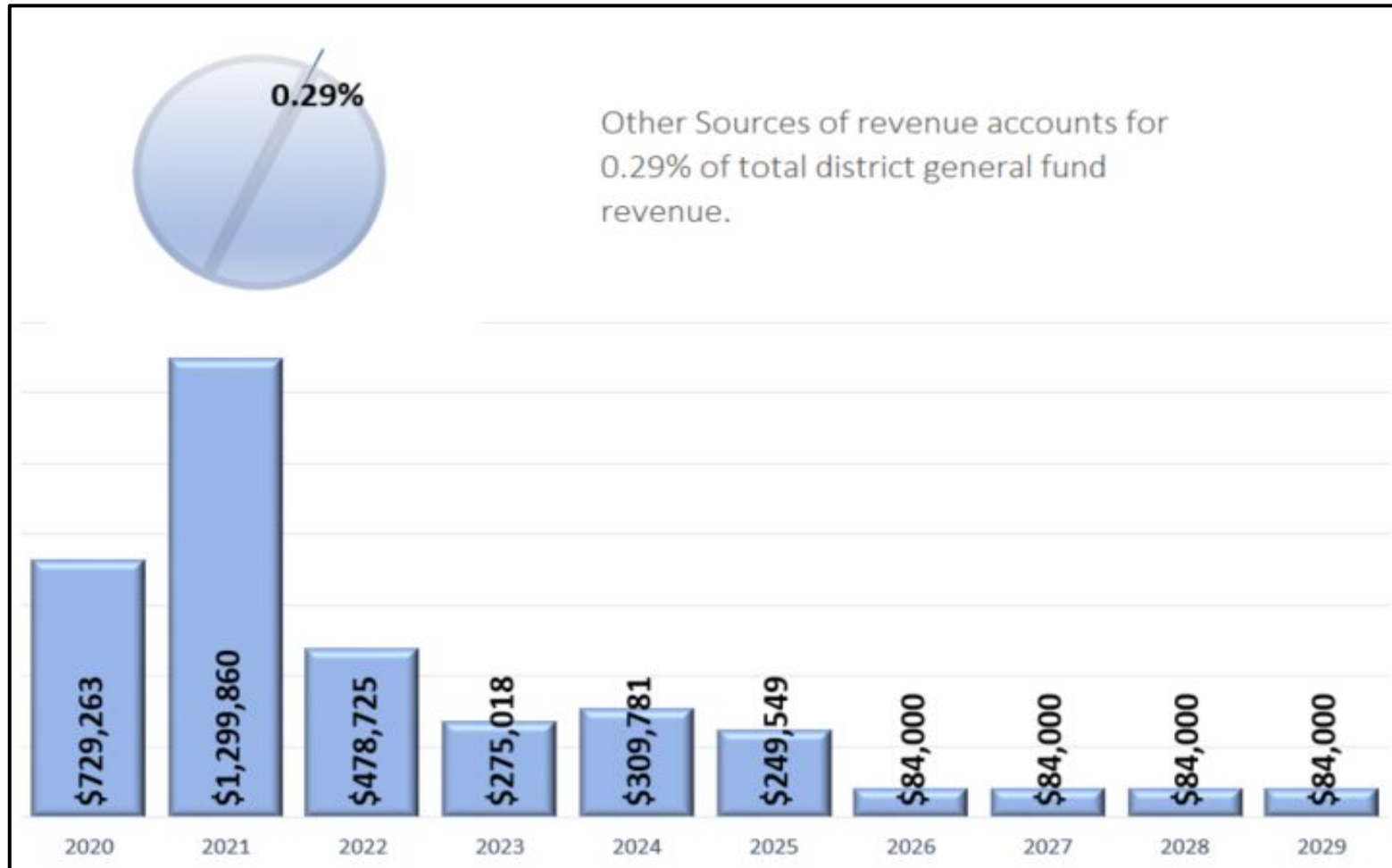
Other Revenue



Other Revenue Sources	FY2024 Actual	FY2025	FY2026	FY2027	FY2028	FY2029
Preschool Tuition	\$131,796	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000
Full Day Kindergarten Tuition	\$577,447	\$550,000	\$550,000	\$550,000	\$550,000	\$550,000
Tuition From Other Districts	\$386,977	\$380,000	\$380,000	\$380,000	\$380,000	\$380,000
Interest income	\$2,689,907	\$2,500,000	\$2,200,000	\$1,600,000	\$944,000	\$500,000
Sports Pay to Play & Trainer	\$252,979	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Special Ed Catastrophic Aid	\$516,808	\$578,215	\$500,000	\$500,000	\$500,000	\$500,000
Medicaid Reimbursement	\$266,359	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Revenue in Lieu of Taxes/TIF's	\$3,145,914	\$3,042,594	\$3,042,594	\$3,042,594	\$3,042,594	\$3,042,594

Strongsville City Schools

Other Financing Sources

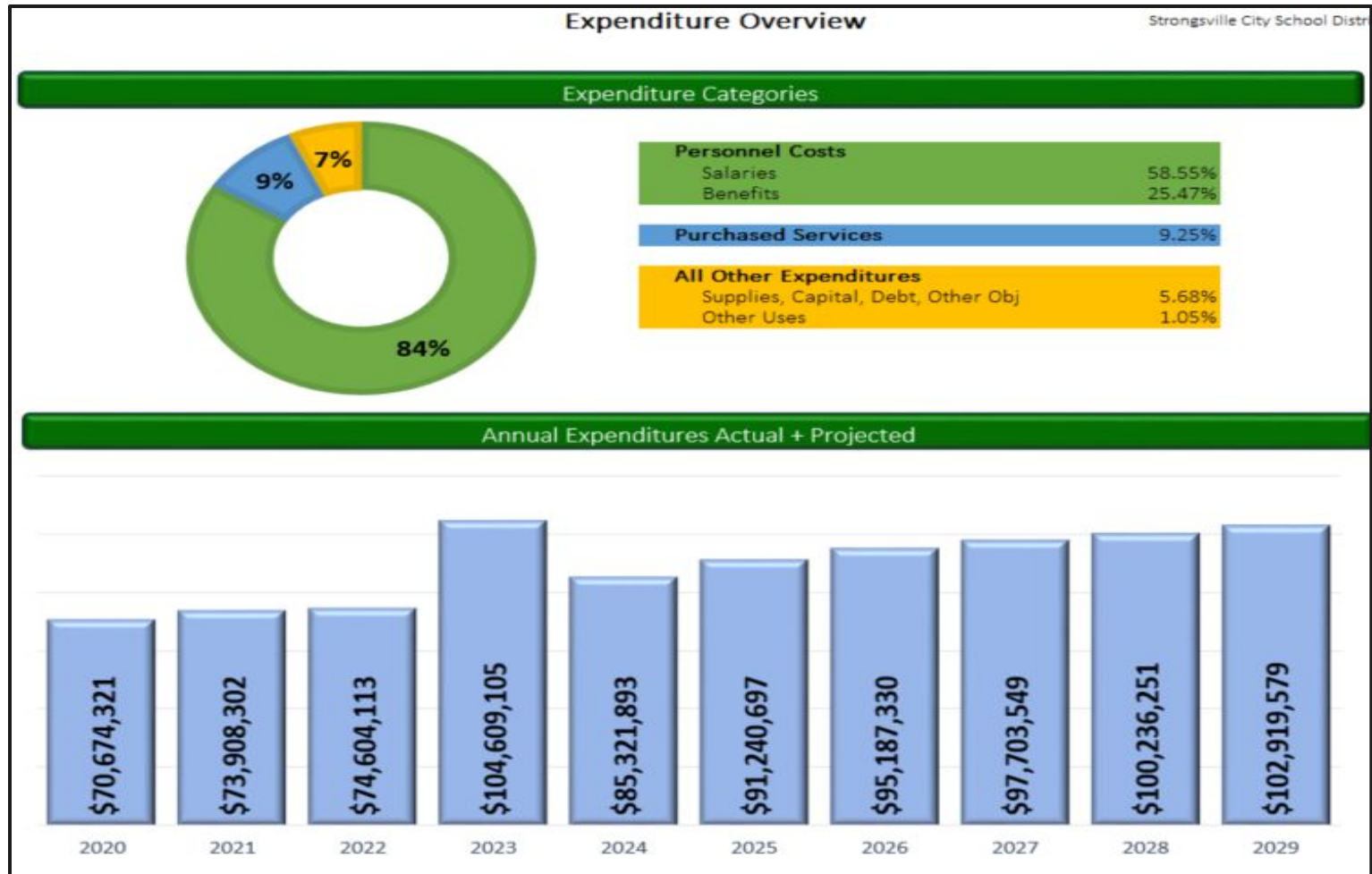


Strongsville City Schools

- General Fund Expenditures

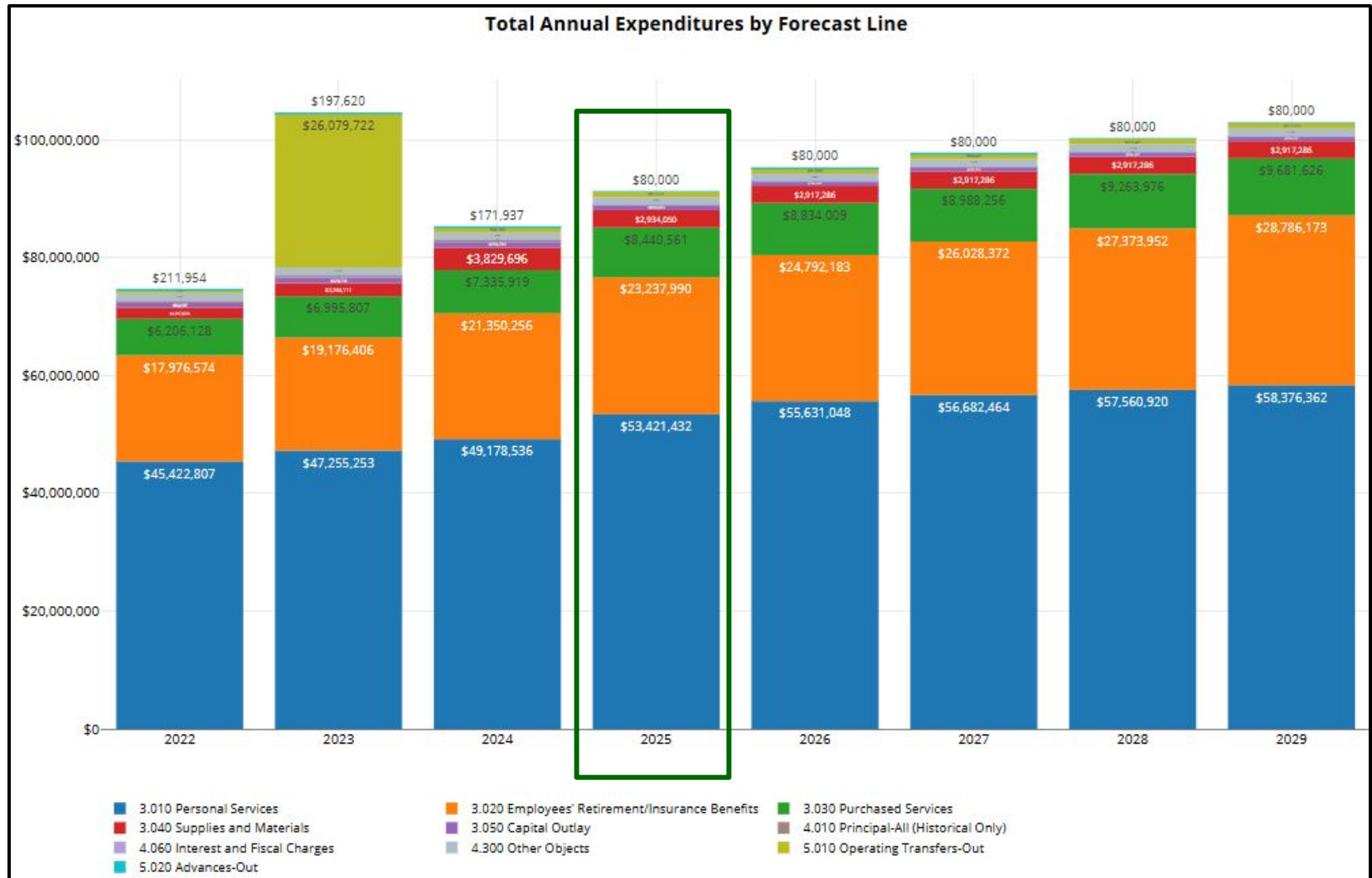
Strongsville City Schools

FY 2024-2025



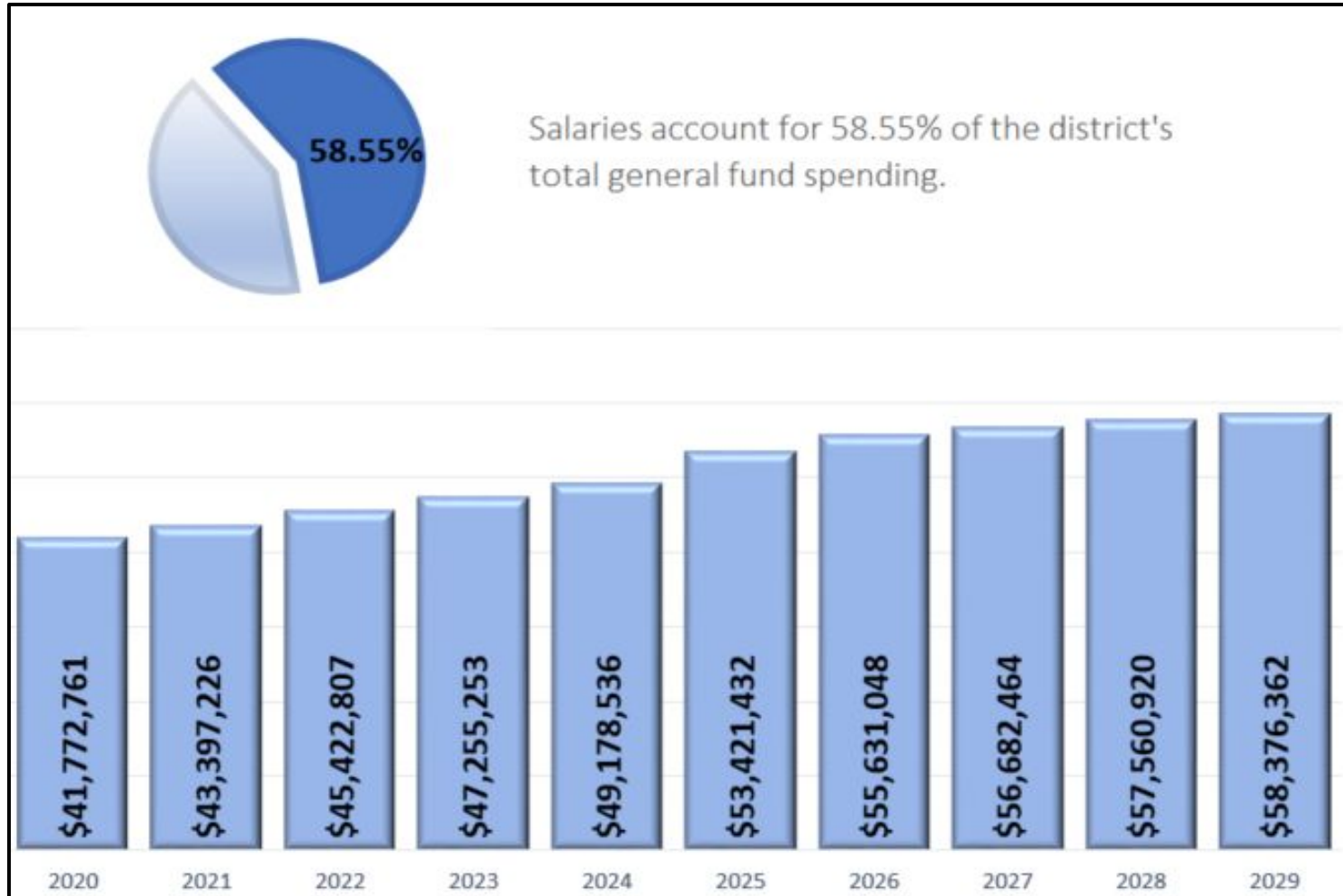
Strongsville City Schools

FY 2024-2025 Expenditures



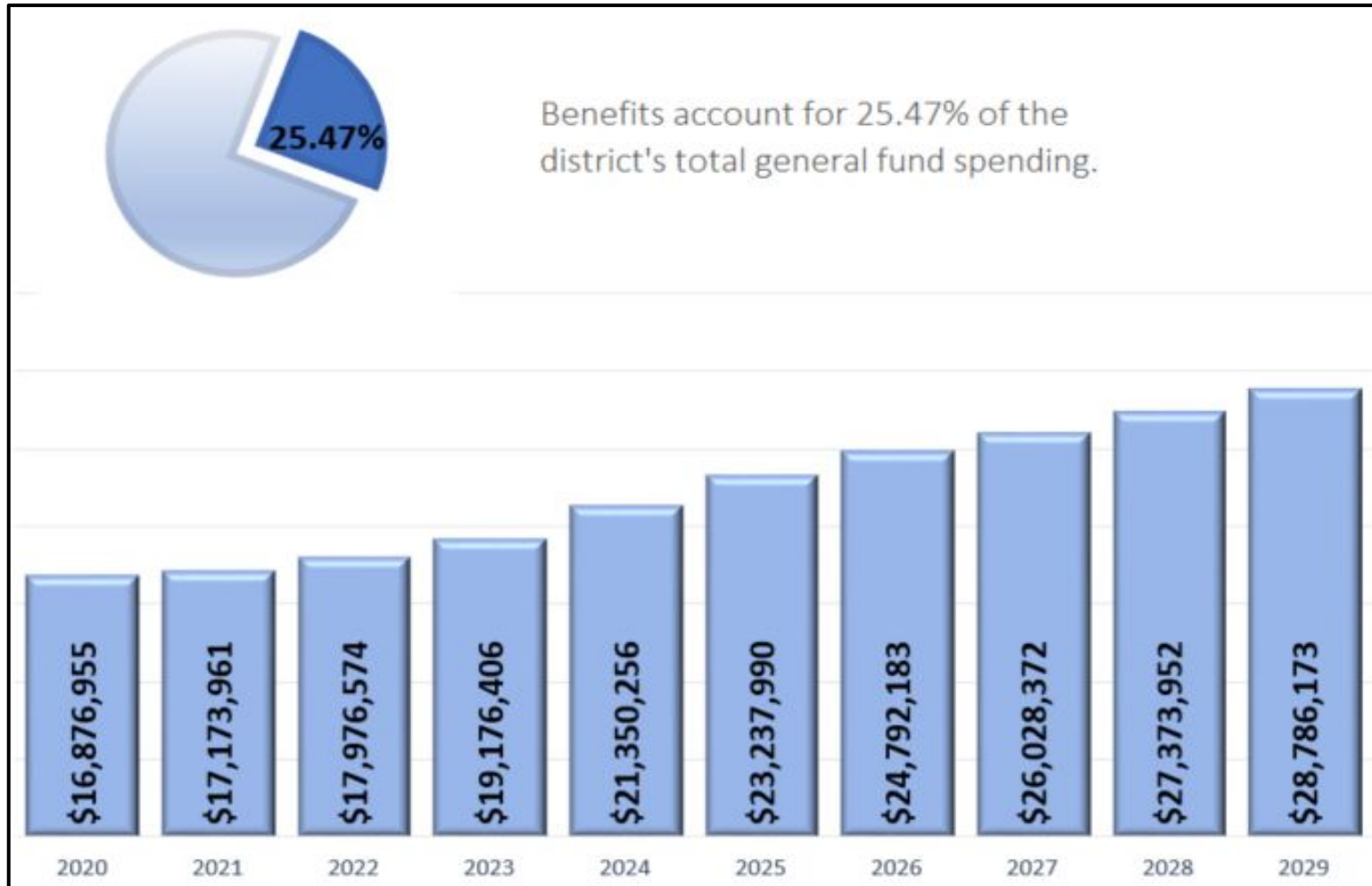
Strongsville City Schools

Salaries



Strongsville City Schools

Benefits

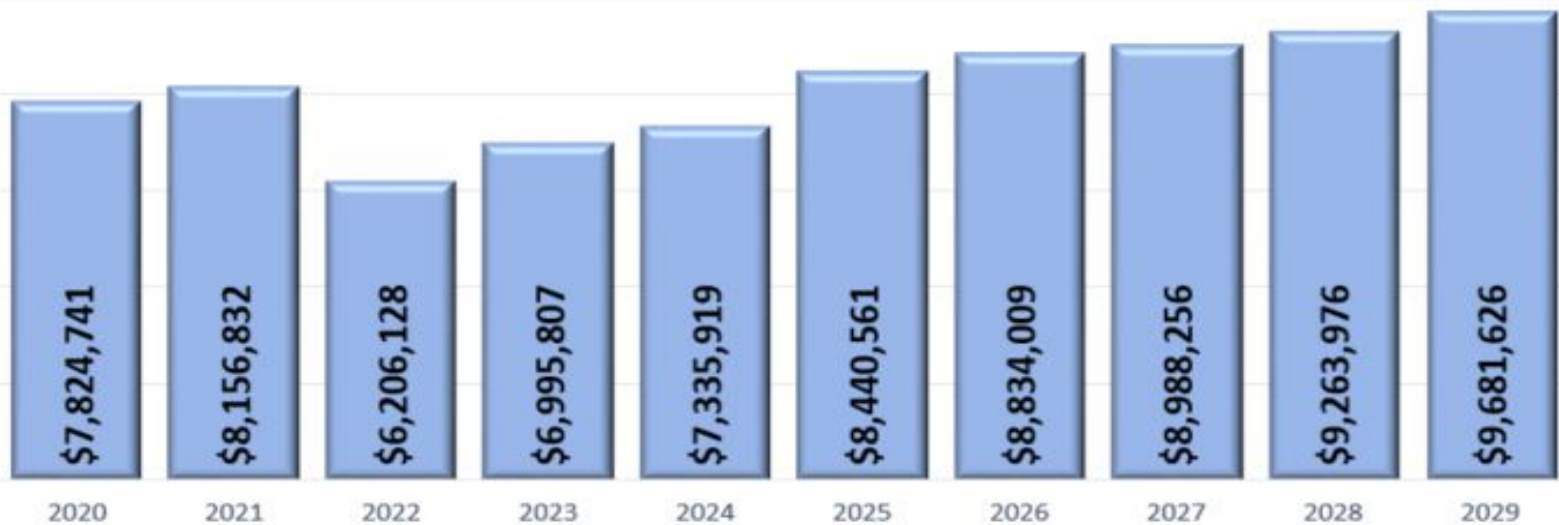


Strongsville City Schools

Purchased Services

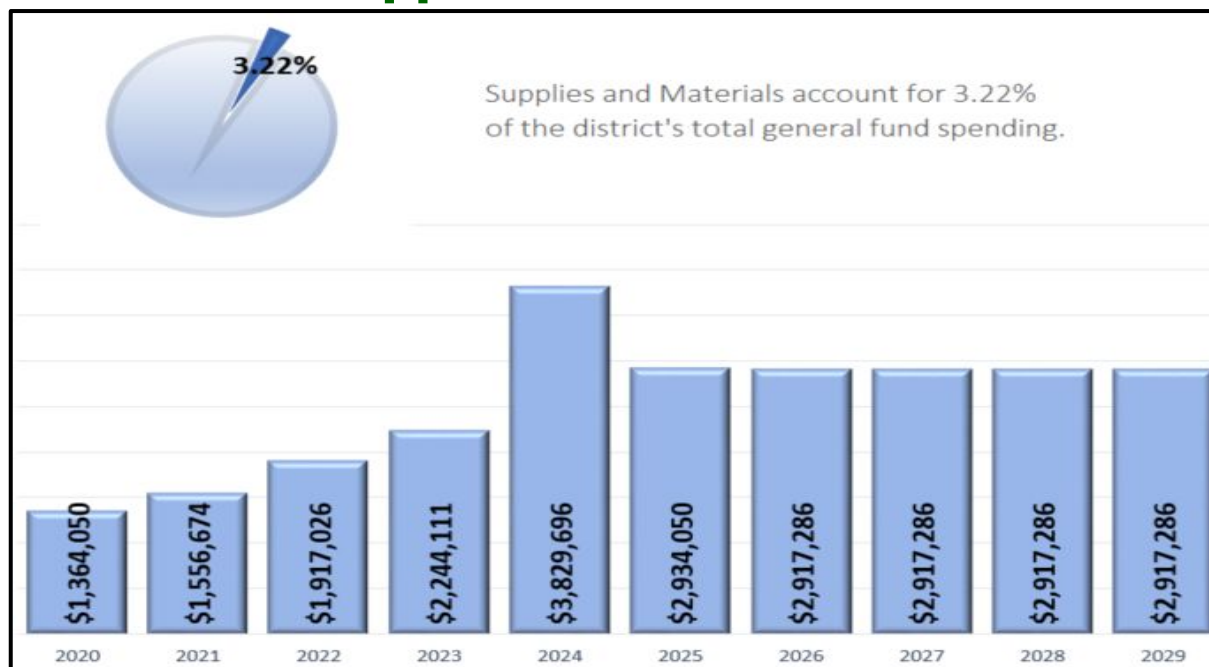


Purchased Services account for 9.25% of the district's total general fund spending.



Strongsville City Schools

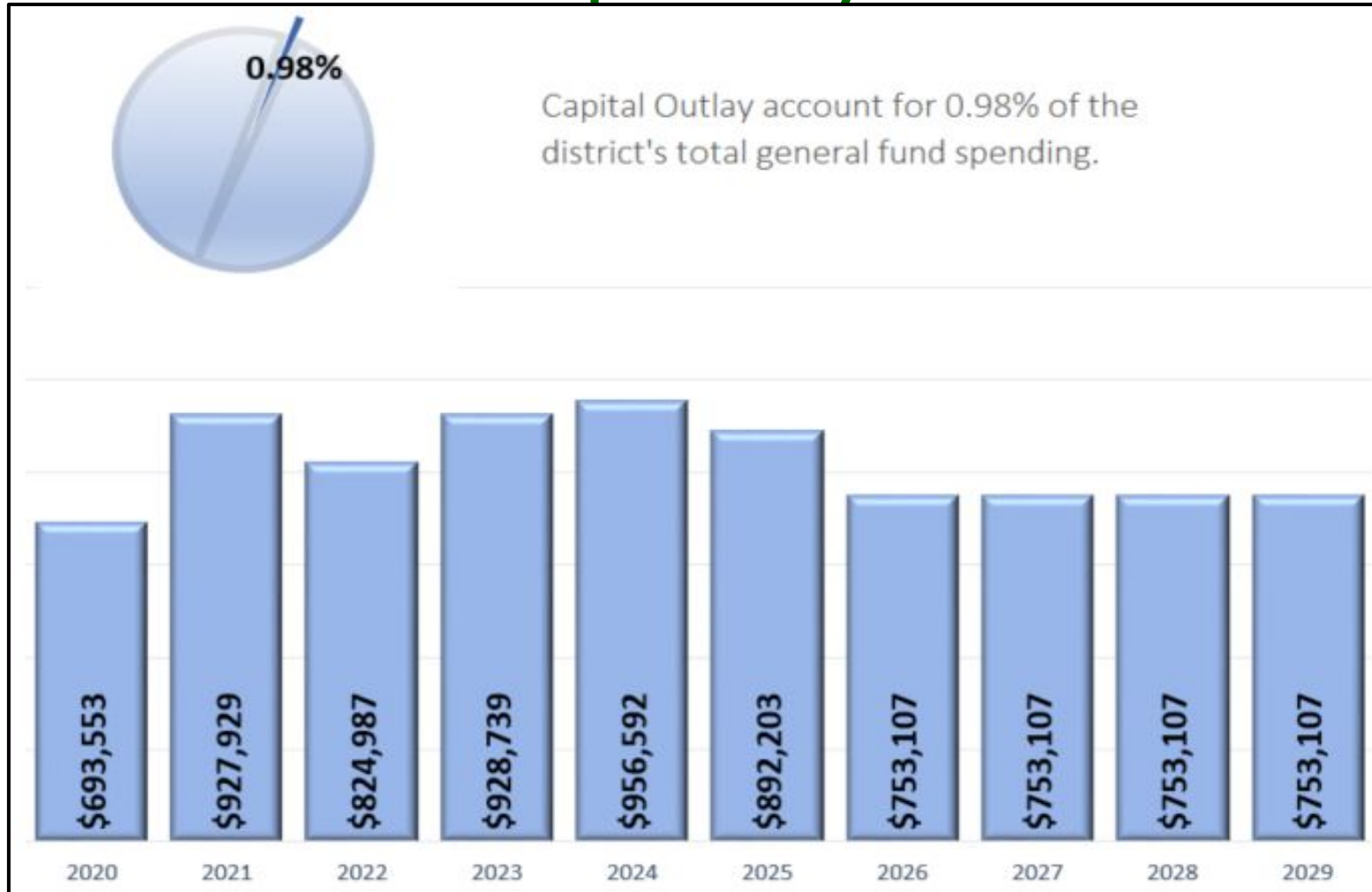
Supplies and Materials



Materials and Supplies	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Instructional Supplies (511, 519)	\$315,589	\$371,091	\$384,569	\$384,569	\$384,569	\$384,569
Office Supplies	\$27,867	\$72,379	\$85,900	\$85,900	\$85,900	\$85,900
Textbooks	\$1,960,652	\$686,226	\$721,000	\$721,000	\$721,000	\$721,000
Software	\$339,183	\$424,846	\$416,554	\$416,554	\$416,554	\$416,554
Fuel	\$305,674	\$336,103	\$350,000	\$350,000	\$350,000	\$350,000
Building and Cleaning Supplies	\$321,341	\$374,154	\$363,728	\$363,728	\$363,728	\$363,728

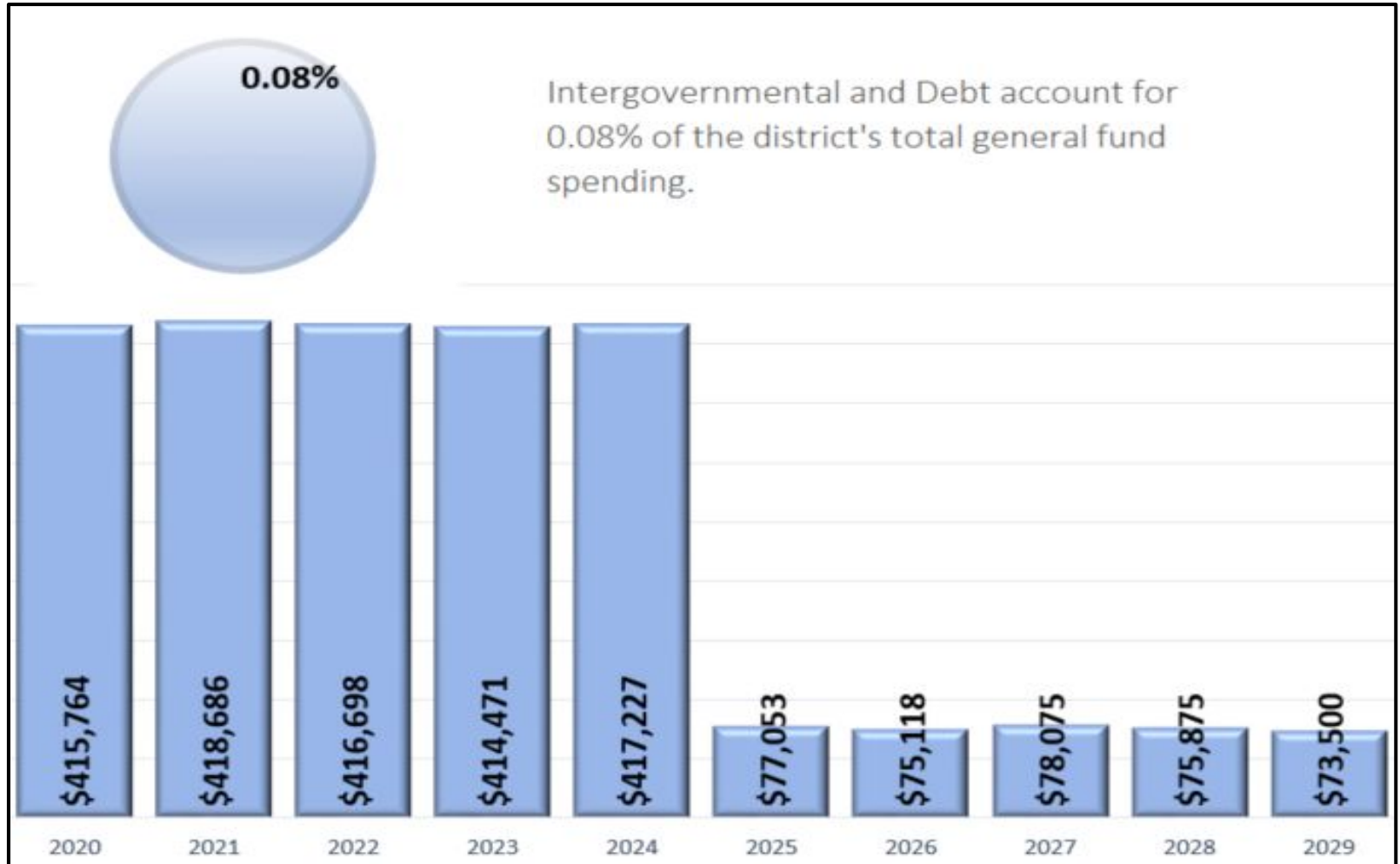
Strongsville City Schools

Capital Outlay



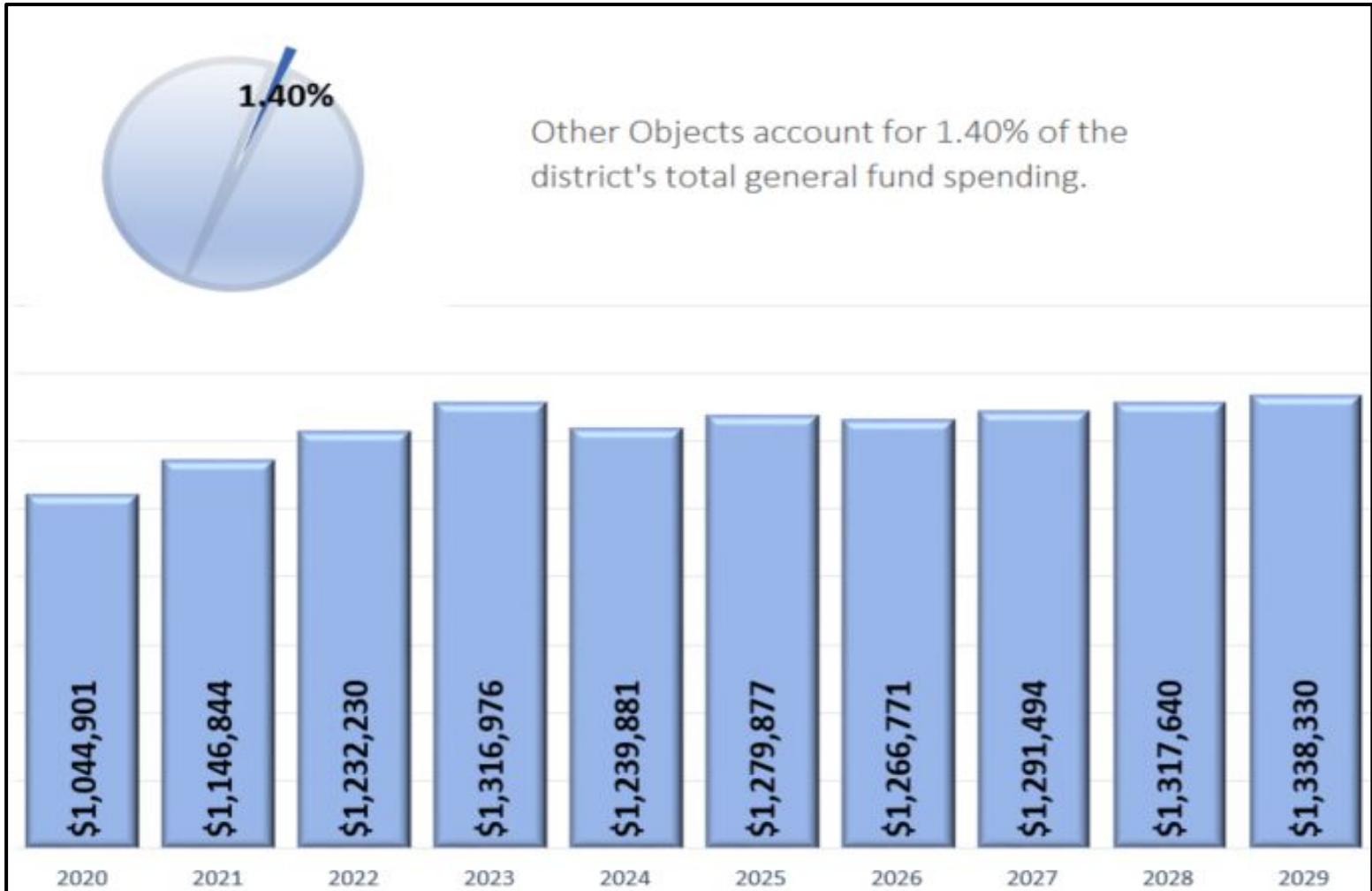
Strongsville City Schools

General Fund Debt



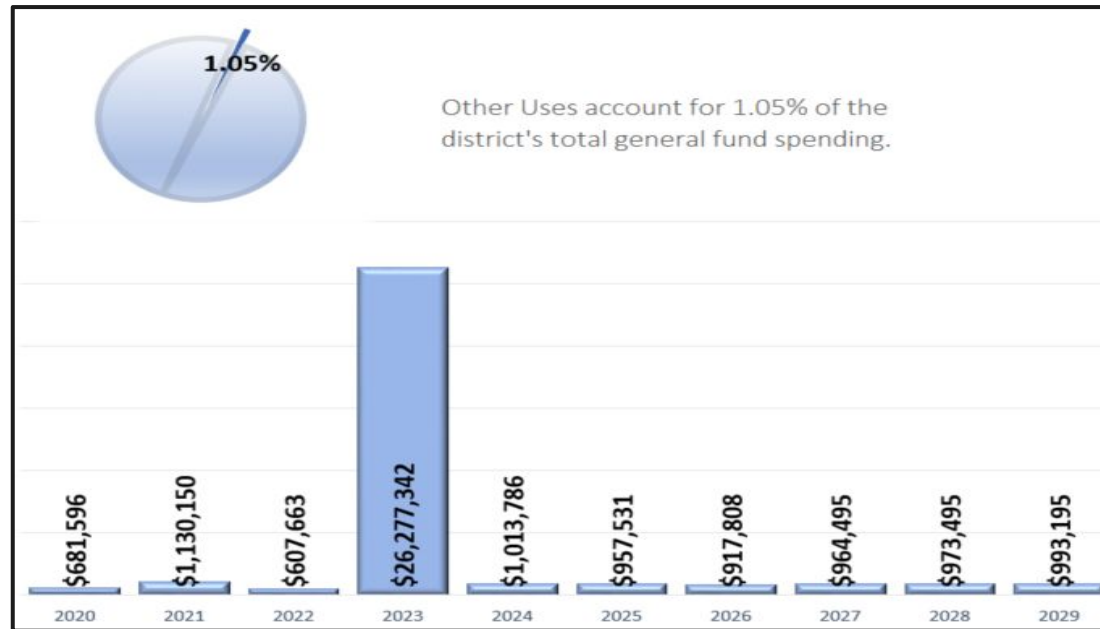
Strongsville City Schools

Other Objects



Strongsville City Schools

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



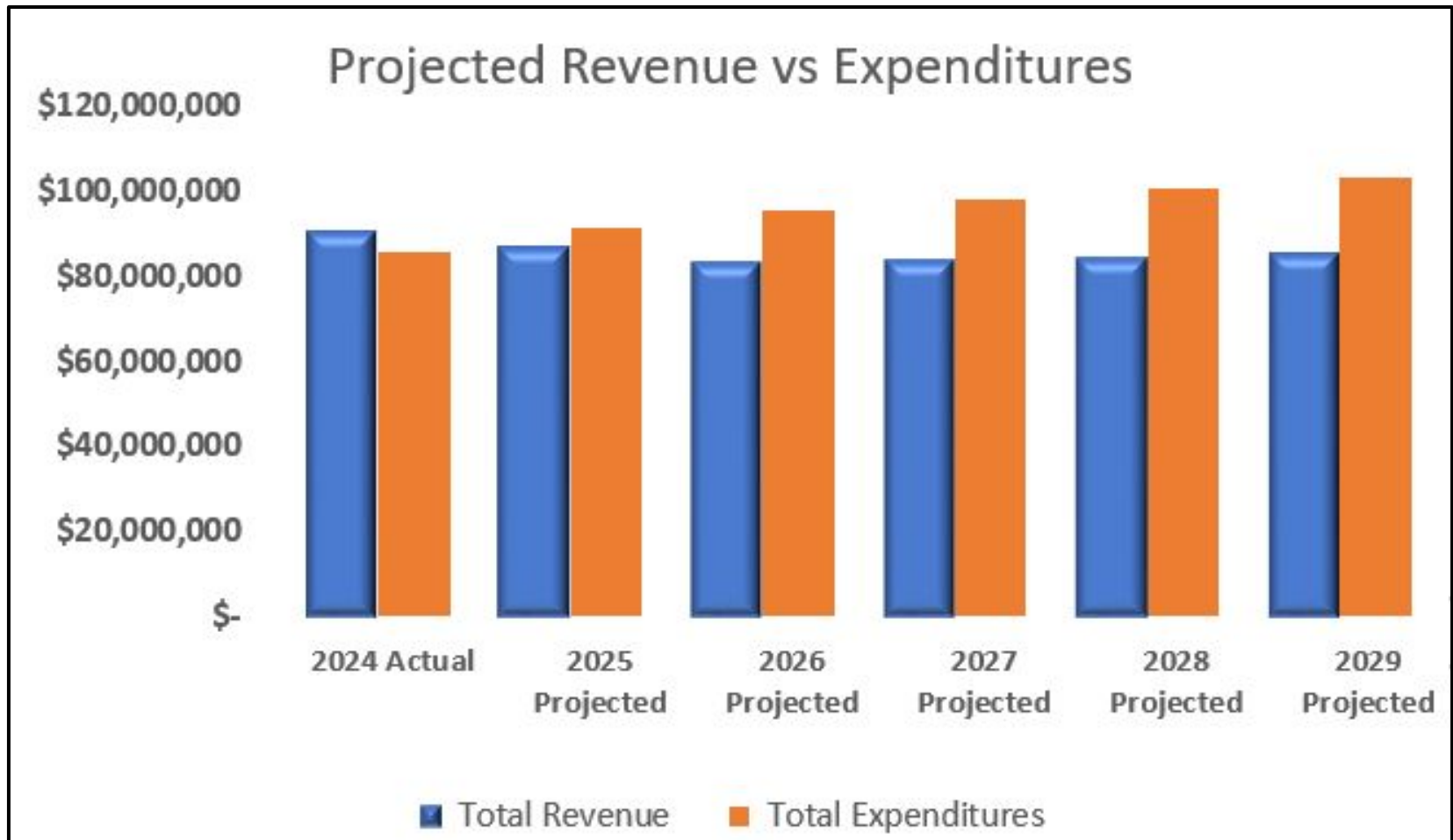
Transfer to:	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Food Service Fund	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Uniform Schools Supplies	\$52,134	\$62,414	\$0	\$0	\$0	\$0	\$0
Termination Benefits Fund	\$400,051	\$568,507	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Summer School	\$0	\$20,700	\$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	\$35,000
Fund 070 Facilities Fund	\$25,000,000	\$0	\$0	\$0	\$0	\$0	\$0
PI Fund for SHS Track	\$565,562	\$0	\$0	\$0	\$0	\$0	\$0
Athletics	\$6,381	\$135,902	\$199,050	\$160,203	\$224,495	\$233,495	\$253,195

Strongsville City Schools

- General Fund Summary

Strongsville City Schools

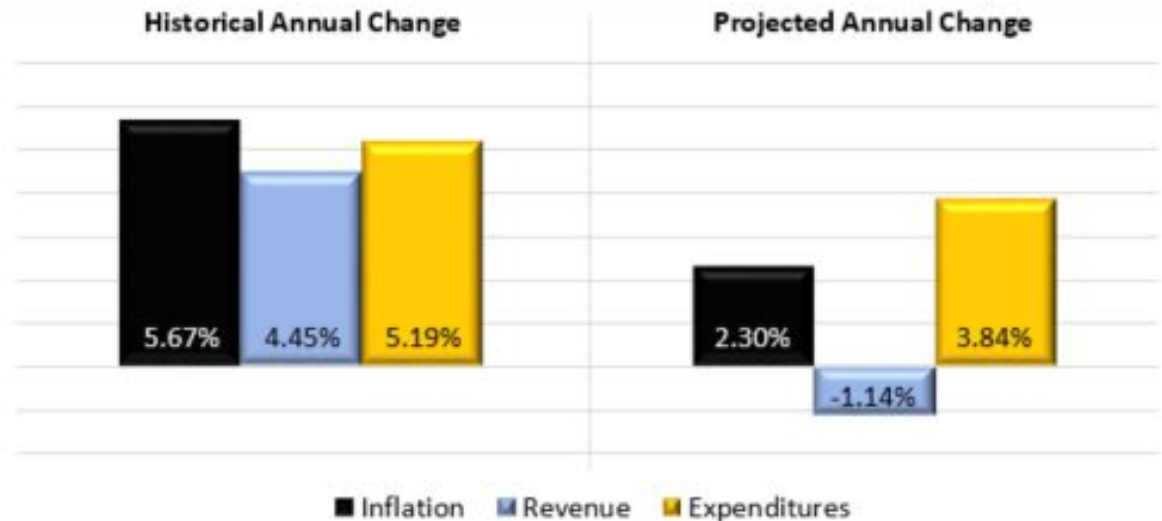
FY 2024-2025 Revenue & Expenditure Projections (with renewal only)



Strongsville City Schools

5-Year Average Annual Change - Inflation, Revenue and Expenditures

Average projected annual expenditure change is greater than inflation, and more than revenue.



CPI (Inflation) Source: Federal Reserve Bank of St. Louis (September 23, 2024)
<https://alfred.stlouisfed.org>

Strongsville City Schools

November 2024 Five-Year Forecast (in millions)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Cash Balance	\$53.1	\$62.3	\$46.0	\$51.3	\$47.1	\$35.4	\$21.6	\$1.7
Total Revenues	83.8	88.3	90.6	87.0	83.5	83.9	80.4	76.9
Total Expenditures	74.6	104.6	85.3	91.2	95.2	97.7	100.3	102.9
<i>Revenues over Expenses</i>	9.2	-16.3	5.3	-4.2	-11.7	-13.8	-19.9	-26.0
Ending Cash Balance	62.3	46.0	51.3	47.1	35.4	21.6	1.7	-24.3
Encumbrances	2.0	1.5	1.8	2.0	2.0	2.0	2.0	2.0
Unencumbered Balance	60.3	44.5	49.5	45.1	33.4	19.6	-0.3	-26.3
Property Tax - Renewal	0.0	0.0	0.0	0.0	0.0	0.0	4.2	8.5
Unencumbered Balance	\$60.3	\$44.5	\$49.5	\$45.1	\$33.4	\$19.6	\$3.9	-\$13.6

Strongsville City Schools

November 2024 Five-Year Forecast (in millions)

Includes renewal levy within revenues

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Cash Balance	\$53.1	\$62.3	\$46.0	\$51.3	\$47.1	\$35.4	\$21.6	\$5.9
Total Revenues	83.8	88.3	90.6	87.0	83.5	83.9	84.6	85.4
Total Expenditures	74.6	104.6	85.3	91.2	95.2	97.7	100.3	102.9
<i>Revenues over Expenses</i>	9.2	-16.3	5.3	-4.2	-11.7	-13.8	-15.7	-17.5
Ending Cash Balance	62.3	46.0	51.3	47.1	35.4	21.6	5.9	-11.6
Encumbrances	2.0	1.5	1.8	2.0	2.0	2.0	2.0	2.0
Unencumbered Balance	\$60.3	\$44.5	\$49.5	\$45.1	\$33.4	\$19.6	\$3.9	-\$13.6

Strongsville City Schools

FY 2024-2025 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 2024, **the ending cash balance within the general operating fund was \$51.3 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 November 2024 budget five year forecast for the general operating fund for fiscal year 2025 **estimates revenues of \$87.0 million and estimated expenditures of \$91.2 million.** This equates to estimated revenues **under** estimated expenditures of **\$-4.2 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

Cash Balance Policy

Cash Balance Policy:

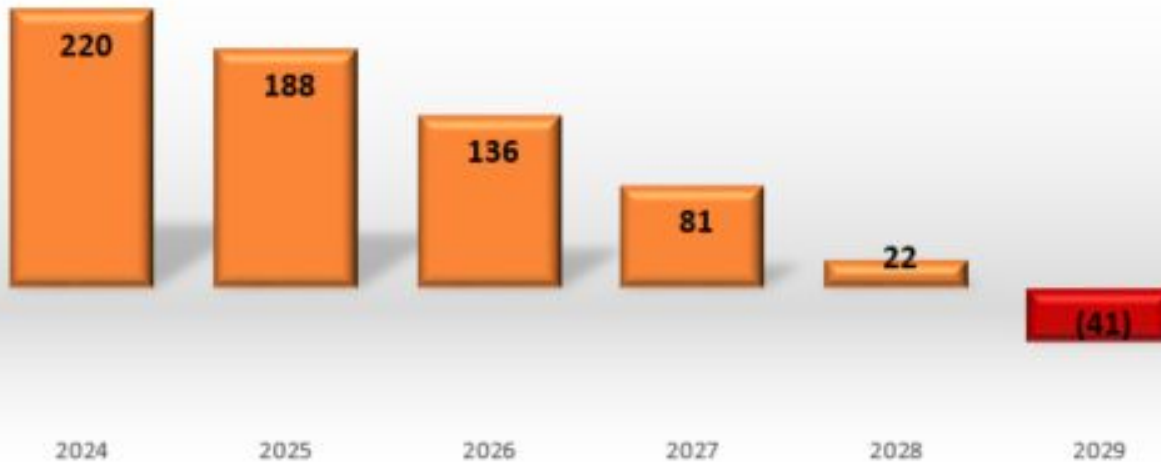
The Board believes that maintaining a cash reserve unencumbered unreserved balance of ninety (90) days of operating expenditures is necessary in the interest of sound fiscal management. The Board affirms that tax levies may be pursued, and/or the District's finances otherwise managed, to ensure a General 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 2024-2025 Days Cash on Hand (with renewal)

Days Cash on Hand - Current Forecast

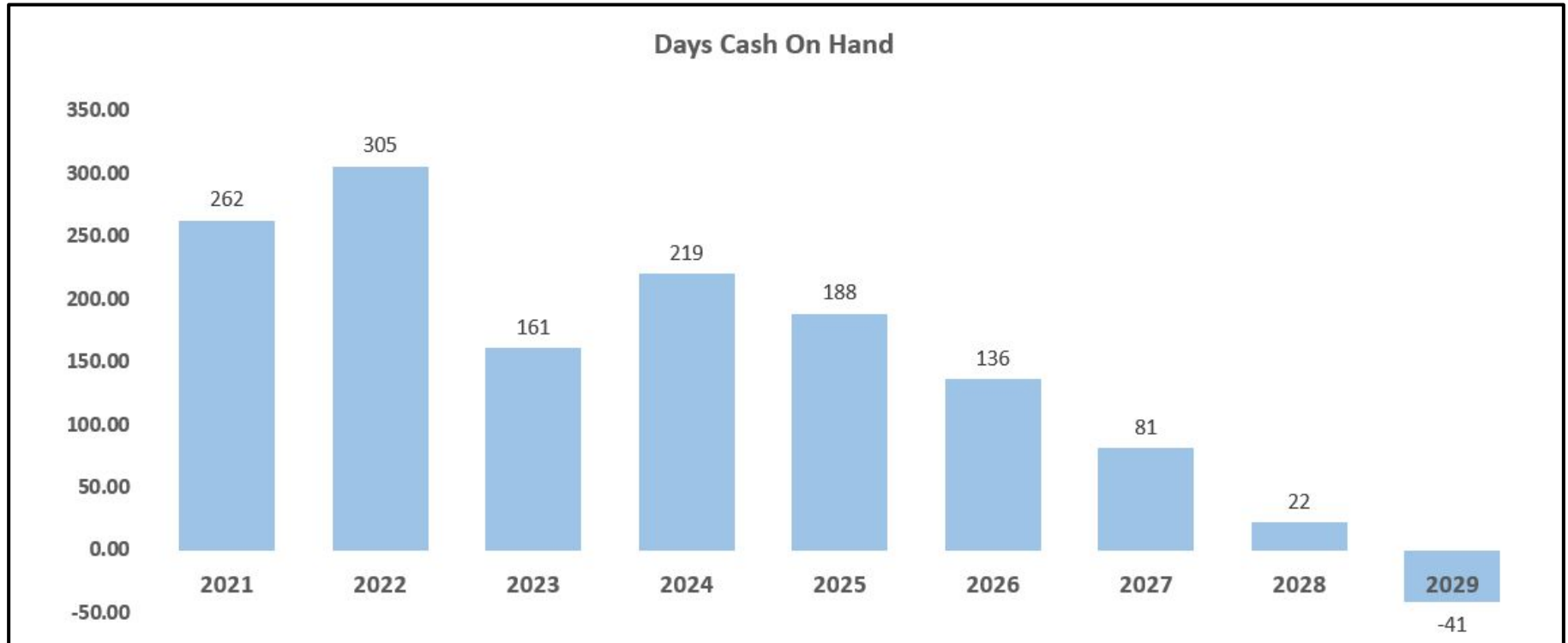


Days cash on hand is projected to decline and is projected to be negative by 2029.

**based on 365 days*

Strongsville City Schools

FY 2024-2025 Days Cash on Hand expanded historical (with renewal)



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 5-7 percent annually.
- **Expenditure volatility:**
 - **Staffing needs** - Over the past two years, general fund staff increased by 75 positions due increasing enrollment coupled additional support for student needs.
 - **Health care** - Over the past two years, health care cost increased by 15.00% and 3.00%
 - **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

Department of Education & Workforce Review

Forecast Examination:

The Department examines all five-year forecast submissions. If the Department determines a district has the potential to incur a deficit during the first three years of the five-year period, the district will be required to submit a written plan to eliminate the “flagged” deficit(s).

- In Fiscal Year 2025 and Fiscal Year 2026 the department uses Line 10.010 to identify potential deficits.
- Districts projecting deficits at Line 10.010 in Fiscal Year 2025 or Fiscal Year 2026 may be placed into fiscal oversight.

	ACTUAL			FORECASTED		FORECASTED		
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Fund Balance June 30 for Certification 10.010 - of Appropriations	60,303,675	44,548,780	49,467,515	45,056,977	33,412,728	19,617,760	(269,250)	(26,295,052)

- In Fiscal Year 2027 the Department uses Line 12.010 to identify potential deficits, thereby assuming any projected renewal levies will pass.

	ACTUAL			FORECASTED		FORECASTED		
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Fund Balance June 30 for Certification 10.010 - of Appropriations	60,303,675	44,548,780	49,467,515	45,056,977	33,412,728	19,617,760	(269,250)	(26,295,052)
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal				-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement				-	-	-	4,234,513	8,503,788
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	4,234,513	12,738,301
Fund Balance June 30 for Certification 12.010 - of Contracts, Salary and Other Obligations	60,303,675	44,548,780	49,467,515	45,056,977	33,412,728	19,617,760	3,965,263	(13,556,751)

Strongsville City Schools

- Questions?