

# Strongsville City Schools

## Five-Year Forecast

May 16, 2019



# 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 and Split - The forecast assumes the collection rate will be as follows per property classification:

Residential Collection Rate	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19 Forecasted	FY 19 Actual	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast	FY 23 Forecast
2nd Half CY Collection %	98.27%	97.65%	98.18%	98.36%	98.01%	98.48%	98.48%	98.00%	98.00%	98.00%	98.00%
1st Half CY Collection %	97.65%	98.18%	98.36%	98.01%	98.48%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%

Residential Collection Split	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19 Forecasted	FY 19 Actual	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast	FY 23 Forecast
2nd Half CY Collection %	47.33%	47.32%	47.12%	47.31%	46.96%	44.39%	44.39%	46.85%	47.20%	47.20%	47.20%
1st Half CY Collection %	52.68%	52.88%	52.69%	53.04%	55.61%	52.80%	53.15%	52.80%	52.80%	52.80%	52.80%
Total Fiscal Year	100.01%	100.20%	99.81%	100.35%	102.57%	97.19%	97.54%	99.65%	100.00%	100.00%	100.00%

Commercial Collection Rate	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19 Forecasted	FY 19 Actual	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast	FY 23 Forecast
2nd Half CY Collection %	92.97%	95.09%	89.38%	97.34%	93.44%	91.01%	91.01%	95.00%	93.54%	93.54%	93.54%
1st Half CY Collection %	95.09%	89.38%	97.34%	93.44%	91.01%	93.25%	95.00%	93.54%	93.54%	93.54%	93.54%

Commercial Collection Split	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19 Forecasted	FY 19 Actual	FY 20 Forecast	FY 21 Forecast	FY 22 Forecast	FY 23 Forecast
2nd Half CY Collection %	51.94%	46.54%	51.19%	46.84%	43.97%	42.95%	42.95%	45.31%	46.13%	46.13%	46.13%
1st Half CY Collection %	53.46%	48.81%	53.16%	56.03%	57.05%	53.70%	54.69%	53.87%	53.87%	53.87%	53.87%
Total Fiscal Year	105.40%	95.35%	104.35%	102.87%	101.02%	96.65%	97.64%	99.18%	100.00%	100.00%	100.00%

# Major Assumptions - Continued

## Revenue (continued):

- As indicated on the prior graph, the current collection rate:
  - Residential property collection rate has increased to 98.48% for the 2018 2<sup>nd</sup> half collection period. Forecast assumes a residential collection rate of 98% which is the five year historical average.
  - Commercial property has fluctuated year over year. Most recent, from Calendar Year 17 to Calendar Year 18, the collection rate has dropped from 93.44% to 91.01%. The forecast assumes a commercial collection rate of 93.54% which is the historical average.
- As indicated on the prior graph, the current collection split (collection/calendar years overlap fiscal years):
  - Residential property has been consistent year over year for a total fiscal year collection of 100%. For FY 18, the District experienced an influx of collections, residents paying their tax bill 100%, during the first half collection period due to the change in the tax laws. For FY 18, the District received 102.57% of residential tax collections and in FY 19 is predicting a decrease to 97.54%. For fiscal years 20-23, the split should normalize back to 100%.
  - Commercial property has fluctuated year over year. For FY 17 and FY 18, the District's commercial property tax collections averaged 102%. For FY 19, the forecast is predicting the collection amount to be 97.64%. For fiscal years 20-23, the forecast is assuming the split to 100%.
- During FY 19, prior year delinquencies paid were \$1,276,207. For fiscal years 20-23, the forecast is assuming prior year delinquencies to be \$900,000 annually.
- During FY 19, refunds issued were \$1,969,453. For fiscal years 20-23, the forecast is assuming refunds issued to be \$900,000 annually.

# Major Assumptions - Continued

## Revenue (continued):

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

Fiscal Year	Residential	Commercial	Public Utility	Total
CY 15 Actual	\$1,049,626,620	\$334,780,730	\$33,230,900	\$1,417,638,250
CY 16 Actual	\$1,085,544,980	\$327,009,910	\$34,026,660	\$1,446,581,550
CY 17 Actual	\$1,099,063,440	\$331,059,270	\$36,099,090	\$1,466,221,800
CY 18 Actual	\$1,109,881,590	\$347,199,500	\$38,919,200	\$1,496,000,290
CY 19 Forecast	\$1,229,566,800	\$355,224,080	\$40,943,650	\$1,625,734,530
CY 20 Forecast	\$1,229,566,800	\$353,447,960	\$40,943,650	\$1,623,958,410
CY 21 Forecast	\$1,223,422,627	\$344,611,761	\$40,943,650	\$1,608,978,038
CY 22 Forecast	\$1,247,876,435	\$329,104,231	\$40,943,650	\$1,617,924,316

- In November 2016 residents renewed a 5 year 6 mill levy with collections beginning January 2018. The forecast assumes the levy will expire tax year December 31, 2021. Collections will continue through December 31, 2022.
- In May 2019 residents approved a 5 year 5.9 mill levy with collections beginning January 2020. The forecast assumes the levy will expire tax year December 31, 2023. Collections will continue through December 31, 2024.

# Major Assumptions - Continued

## Revenue (continued):

- State Funding – The forecast assumes for FY 16 \$3.6M of TPP Funding, of which \$600k will be eliminated in FY 17 and in FY 18 the remaining \$3.0M will be eliminated for a total loss of TPP Funding of \$3.6M each year there after. During FY 18, the District received a hold harmless of \$767,479 in FY 18. Beginning in FY 19, this will be completing phased out. The overall annual loss of revenue to the district since FY 2007 is \$8.6M.
- State Funding – The forecast assumes a portion of the state foundation formula guarantee will be phased out based on the current Governors budget. The ADM decline between 2014-2016 is 6.2%, meaning the guarantee amount will be reduced by 1.2% or \$112,411. For fiscal years 2020-2023 the forecast assumes the current funding formula, including a 5% reduction of guarantee funding in FY 2022 due to unknown predictability of future state budgets. The upcoming state budget for biennium 2020-2021 is currently in legislative negotiations. As of the time of the May 2019 forecast, the current funding formula is currently written into state law.

# Major Assumptions - Continued

## Expenditures:

- Staffing Assumptions (General Fund Only):

	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
General fund	661	670	667	667	670	670
P.Y Net Change	+5	+9	-3	0	+3	0

- Forecast assumes all union agreements as currently defined.
- In FY 16 - Closed (1) Elementary Building – Zellers Elementary
- In FY 17 - Closed (1) Elementary Building – Drake Elementary and consolidated (2) middle schools into (1) brand new middle school.
- Health Care rates are forecasted to increase 7% each year in FY 19 – FY 23. FY 16 saw a 3% increase, FY 17 saw a 5% increase, FY 18 saw a 0% increase, and FY 19 saw a 7% increase.
- Forecast assumes \$500k for technology upgrades each year in FY 18 – FY 23



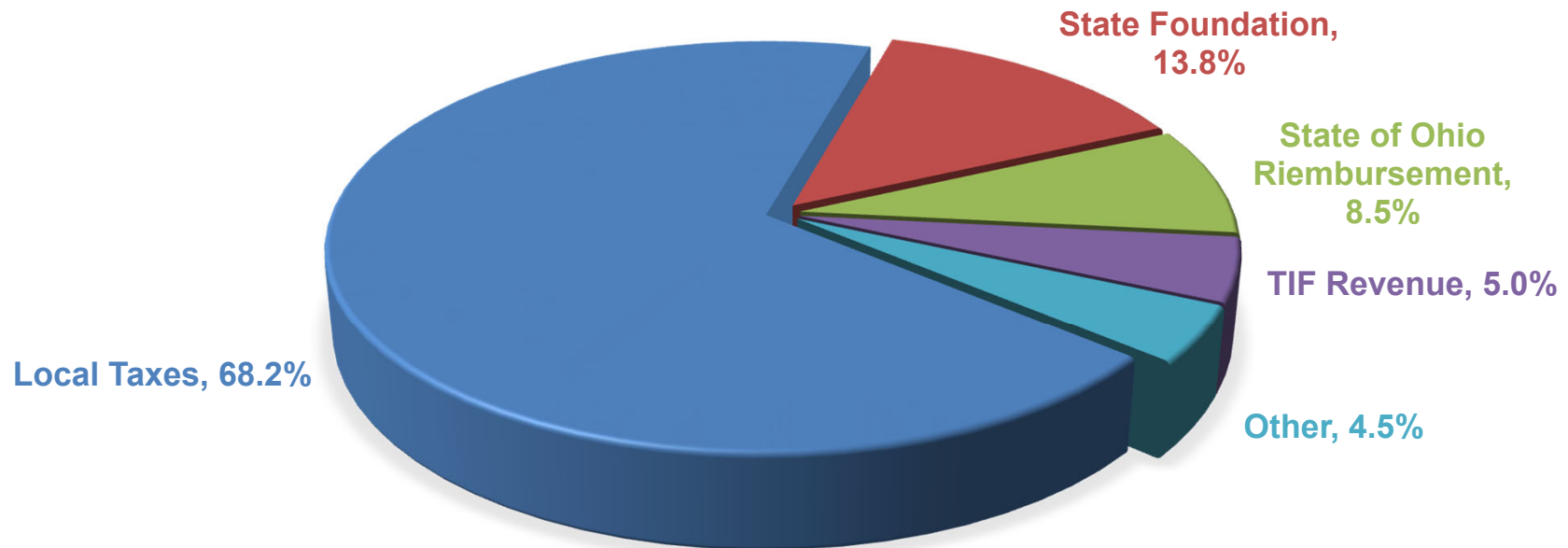
# Strongsville City Schools

- General Fund Revenues

# Strongsville City Schools

## FY 2018-2019

### WHERE THE MONEY COMES FROM

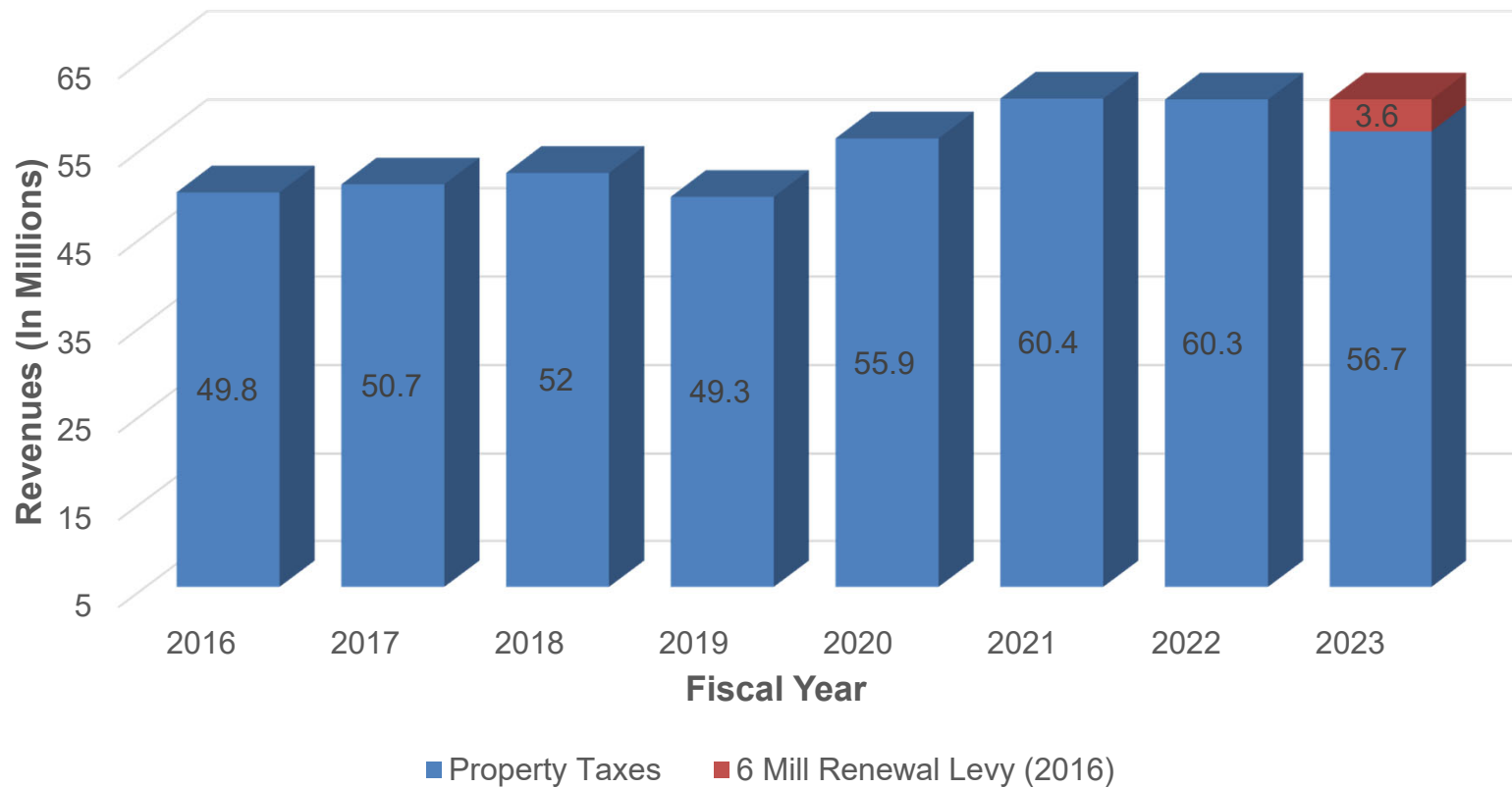


#### **\*State Funding Reductions (2007-Present)**

- ☐ **Elimination of Tangible Personal Property Tax**
- ☐ **Reduction of \$8.6 million Annually**

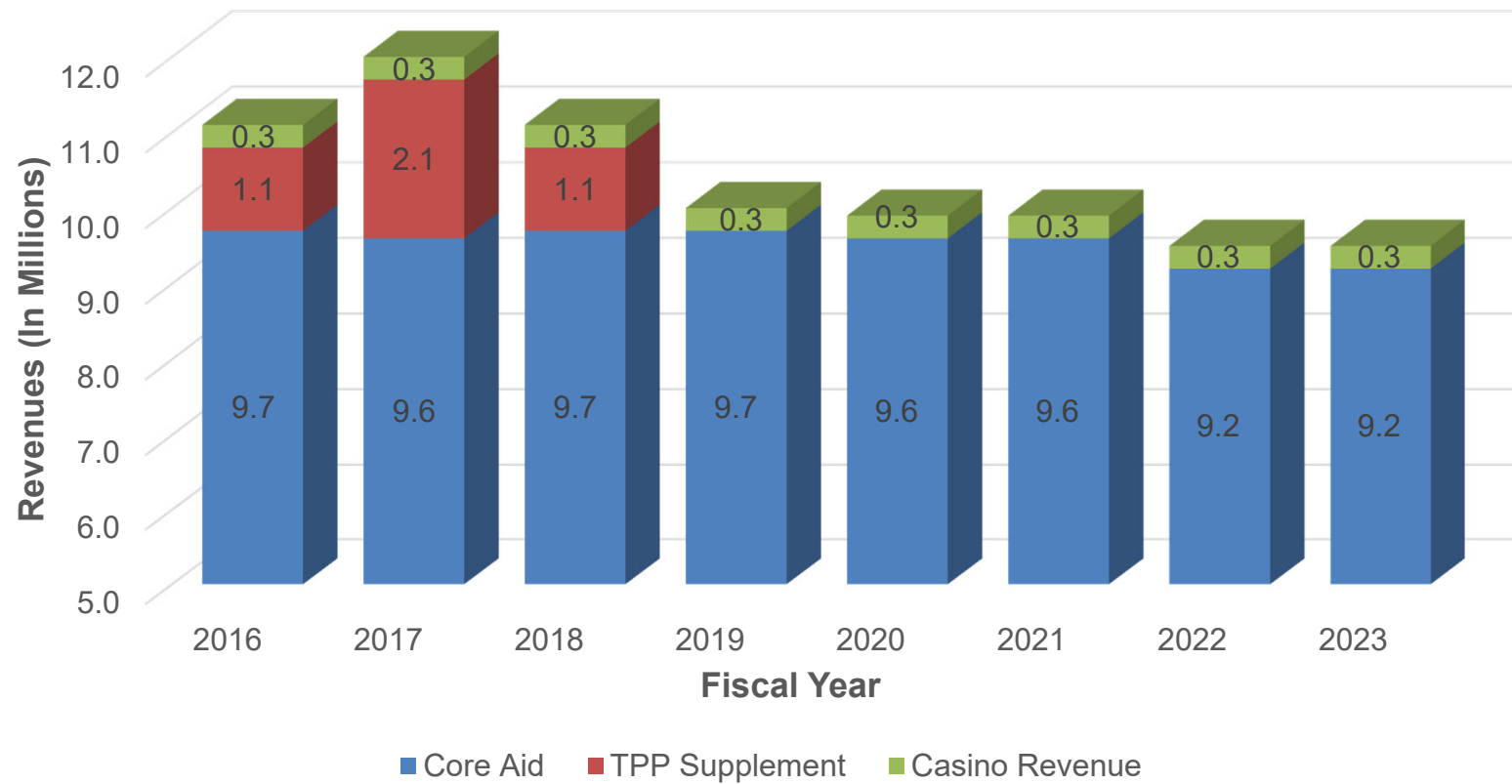
# Strongsville City Schools

## Local Taxes – Property Tax Revenues



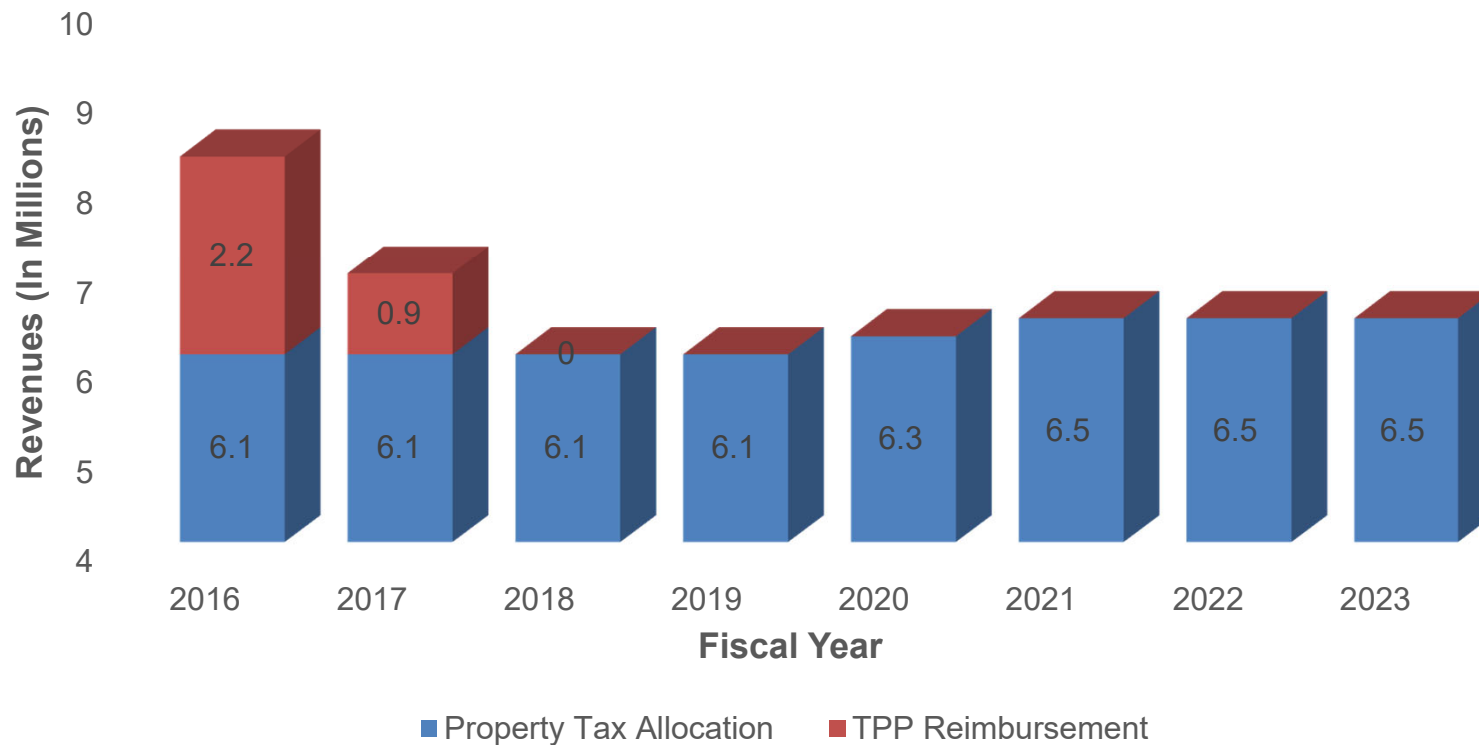
# Strongsville City Schools

## State Foundation Revenue



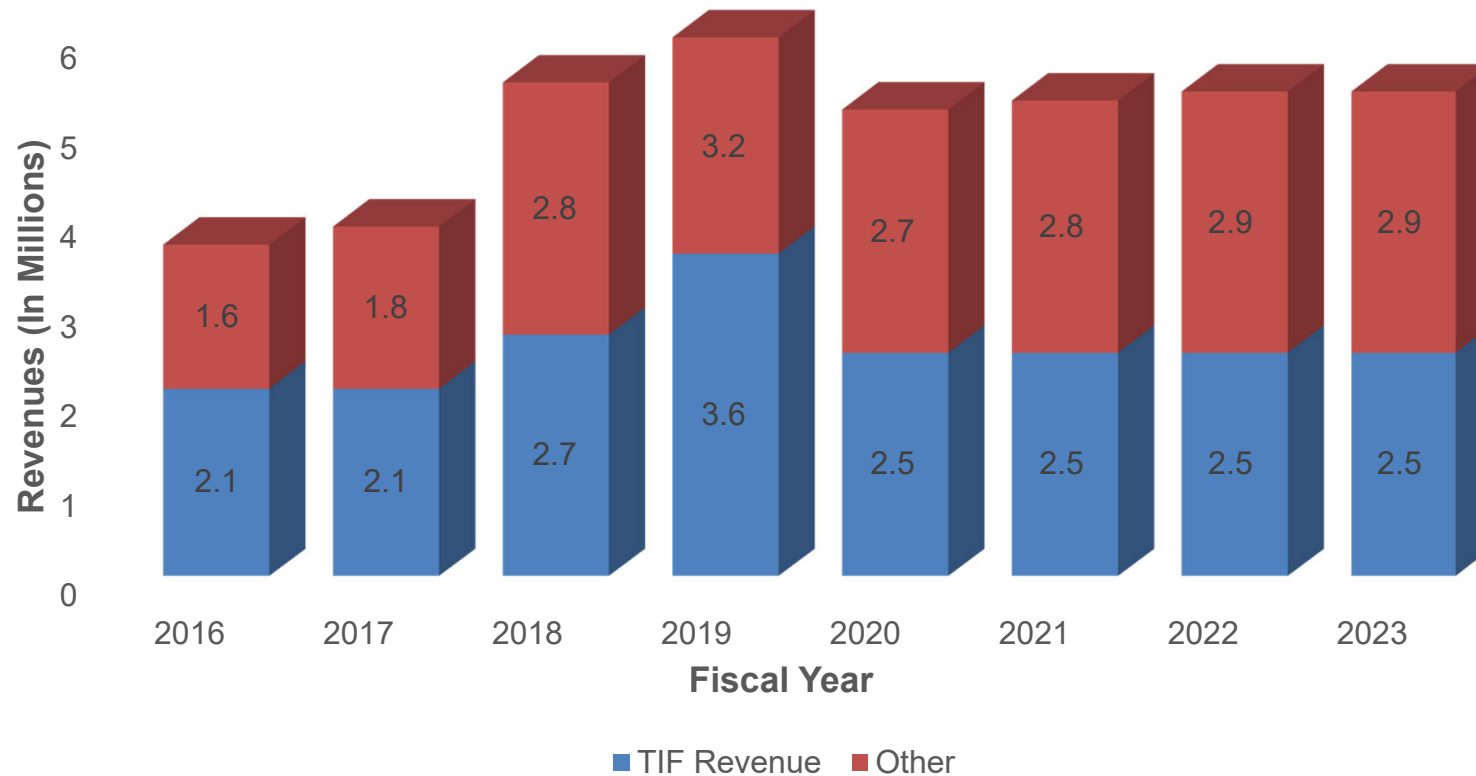
# Strongsville City Schools

## Property Tax Allocation – State Hold Harmless Reimbursements



# Strongsville City Schools

## Other Revenue



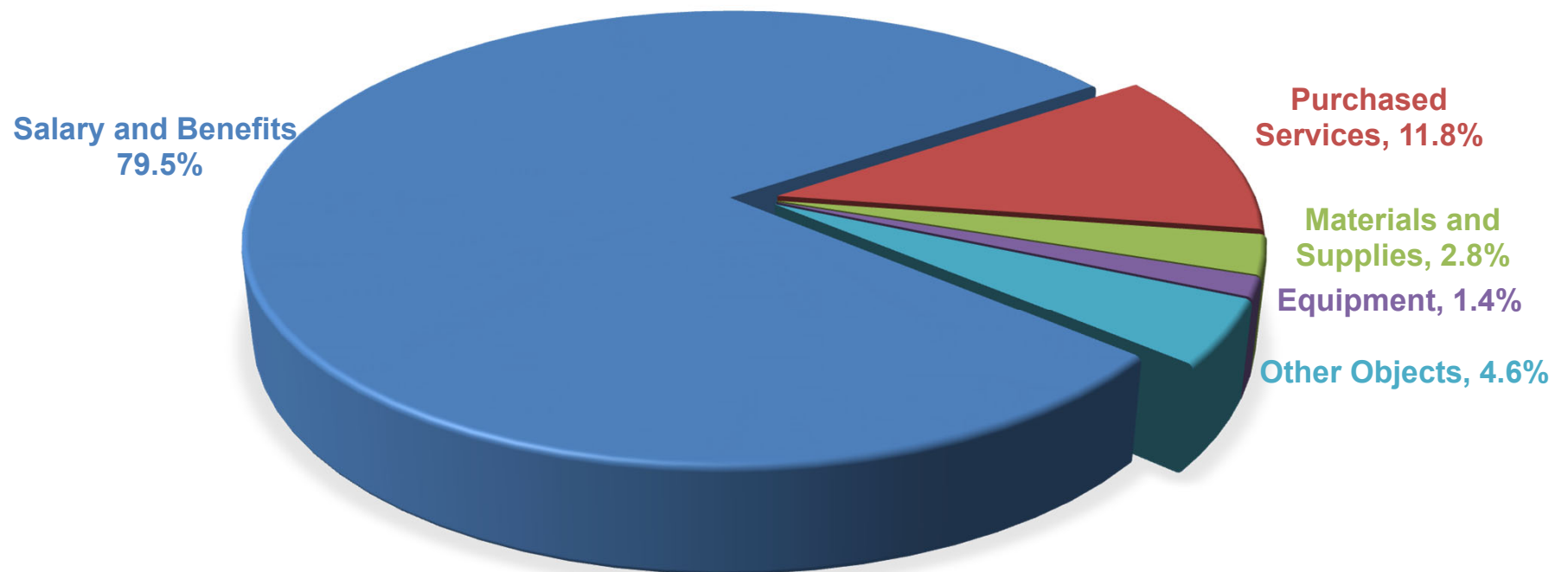
# Strongsville City Schools

- General Fund Expenditures

# Strongsville City Schools

## FY 2018-2019

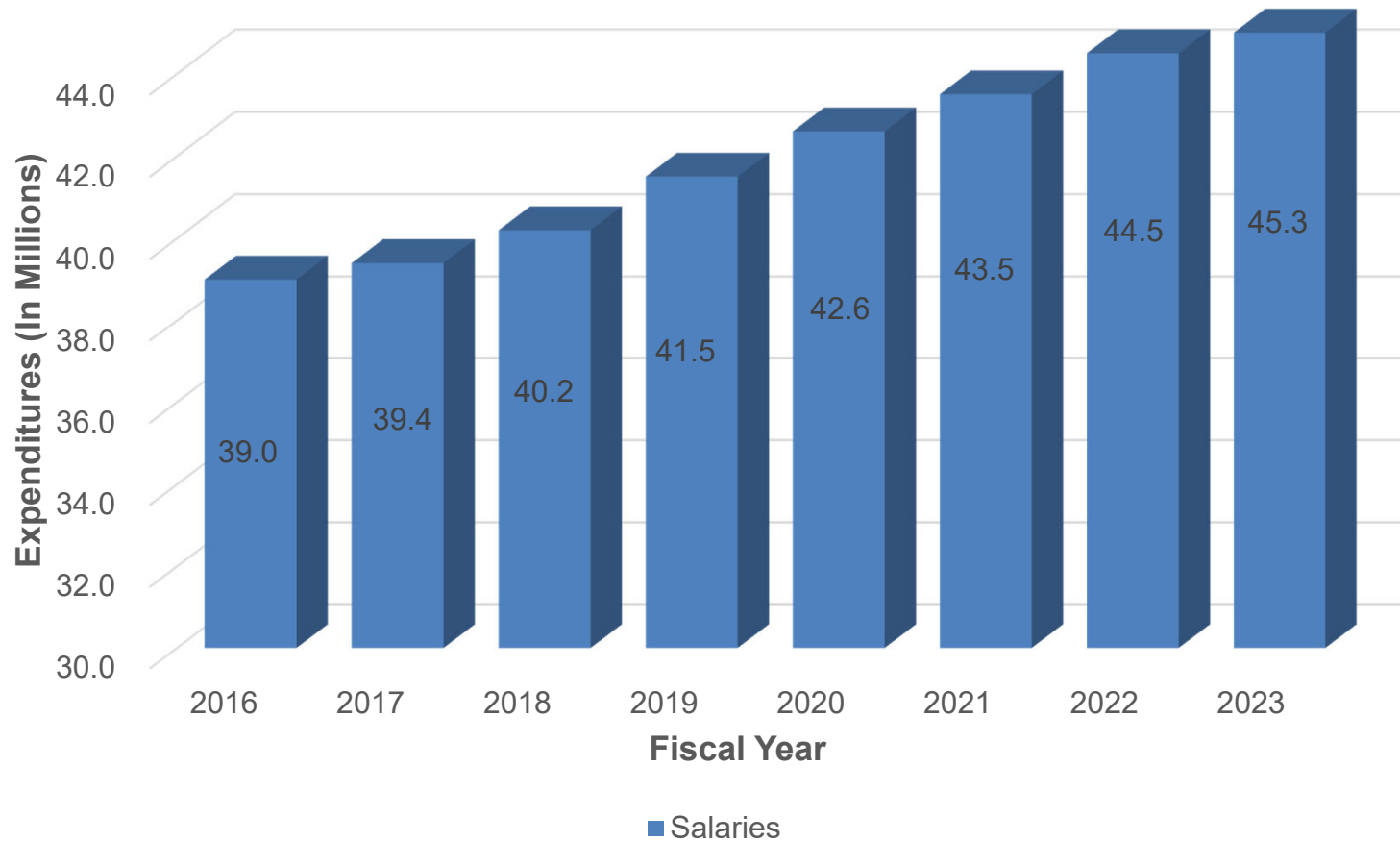
### WHERE THE MONEY GOES





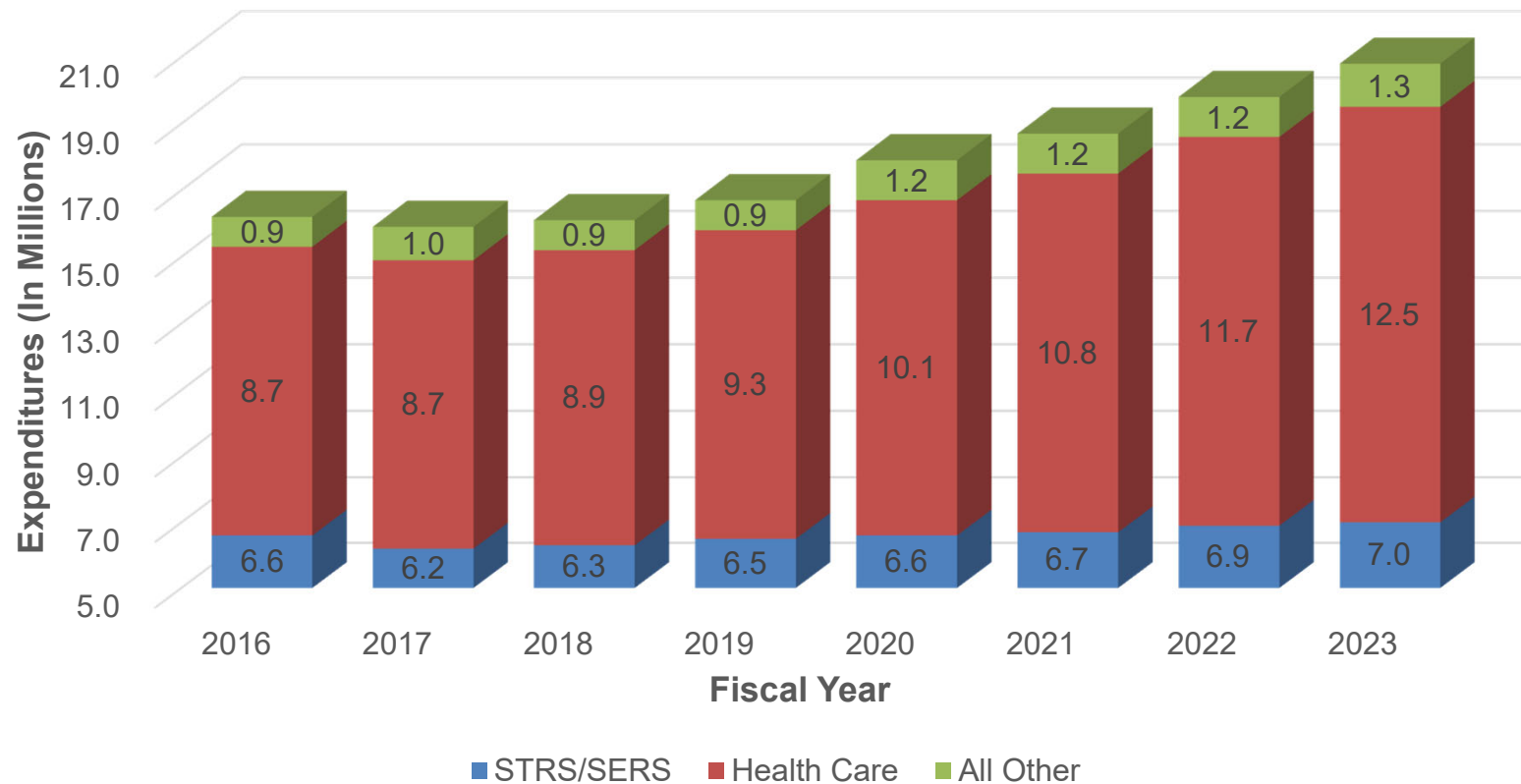
# Strongsville City Schools

## Salaries



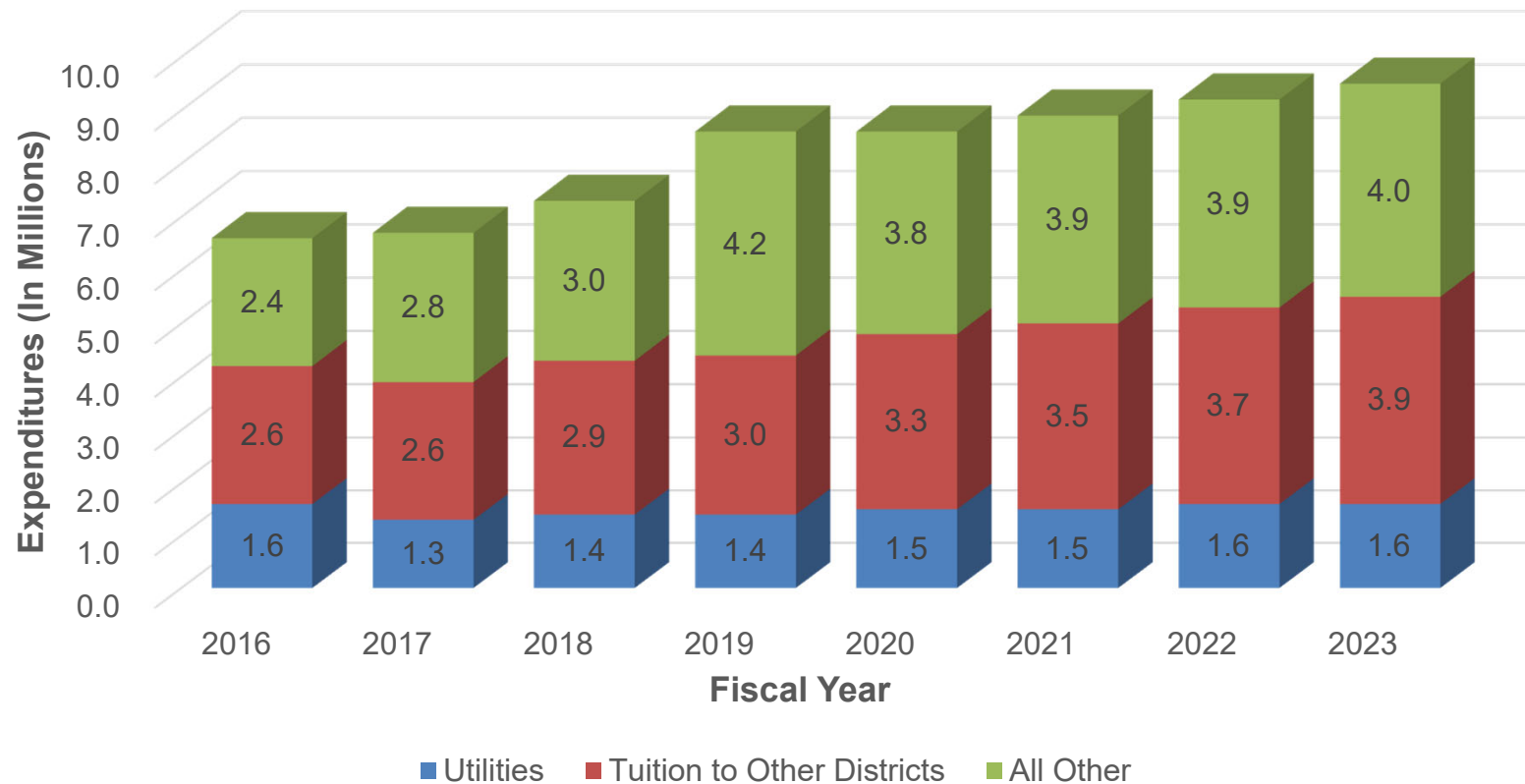
# Strongsville City Schools

## Benefits



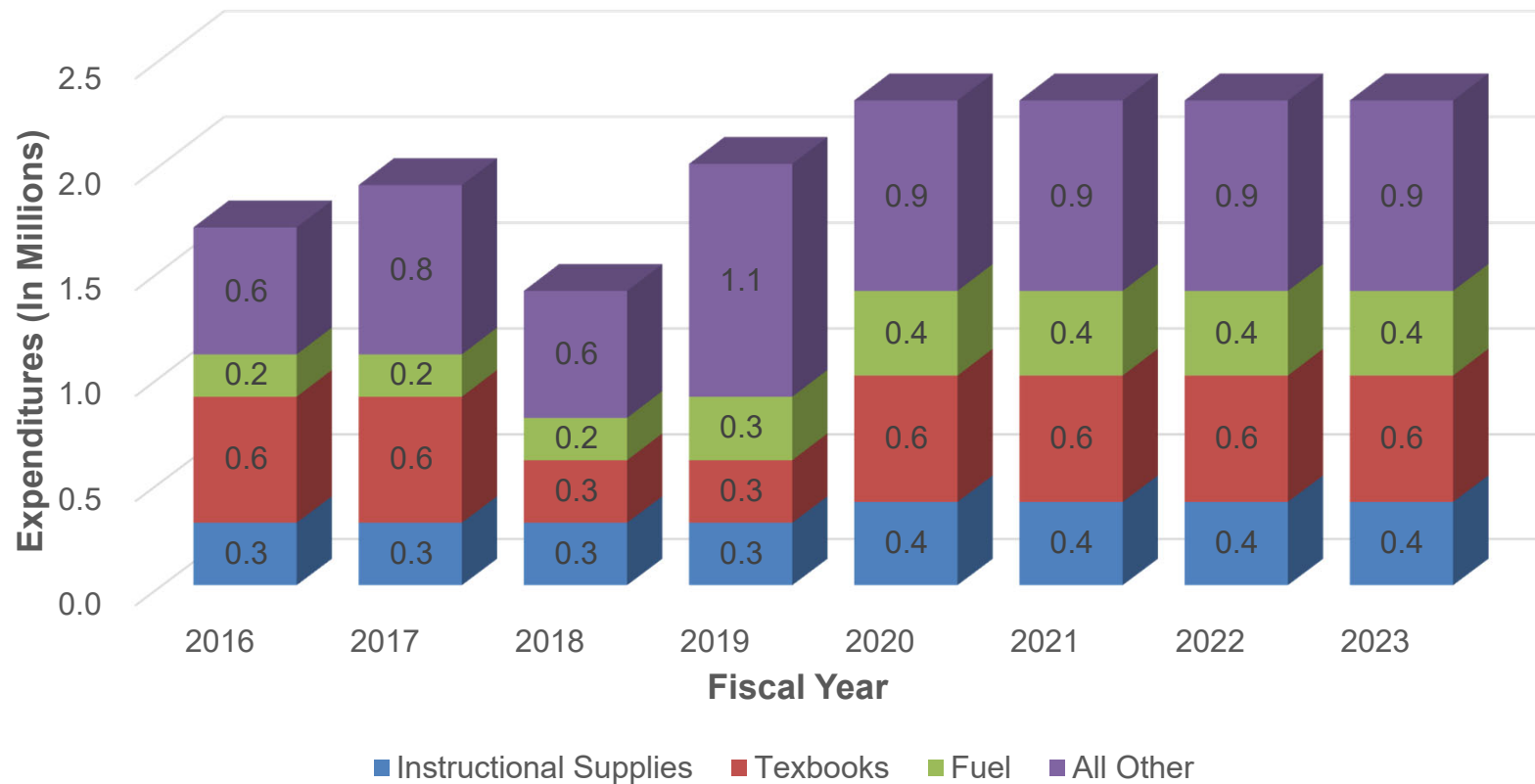
# Strongsville City Schools

## Purchased Services



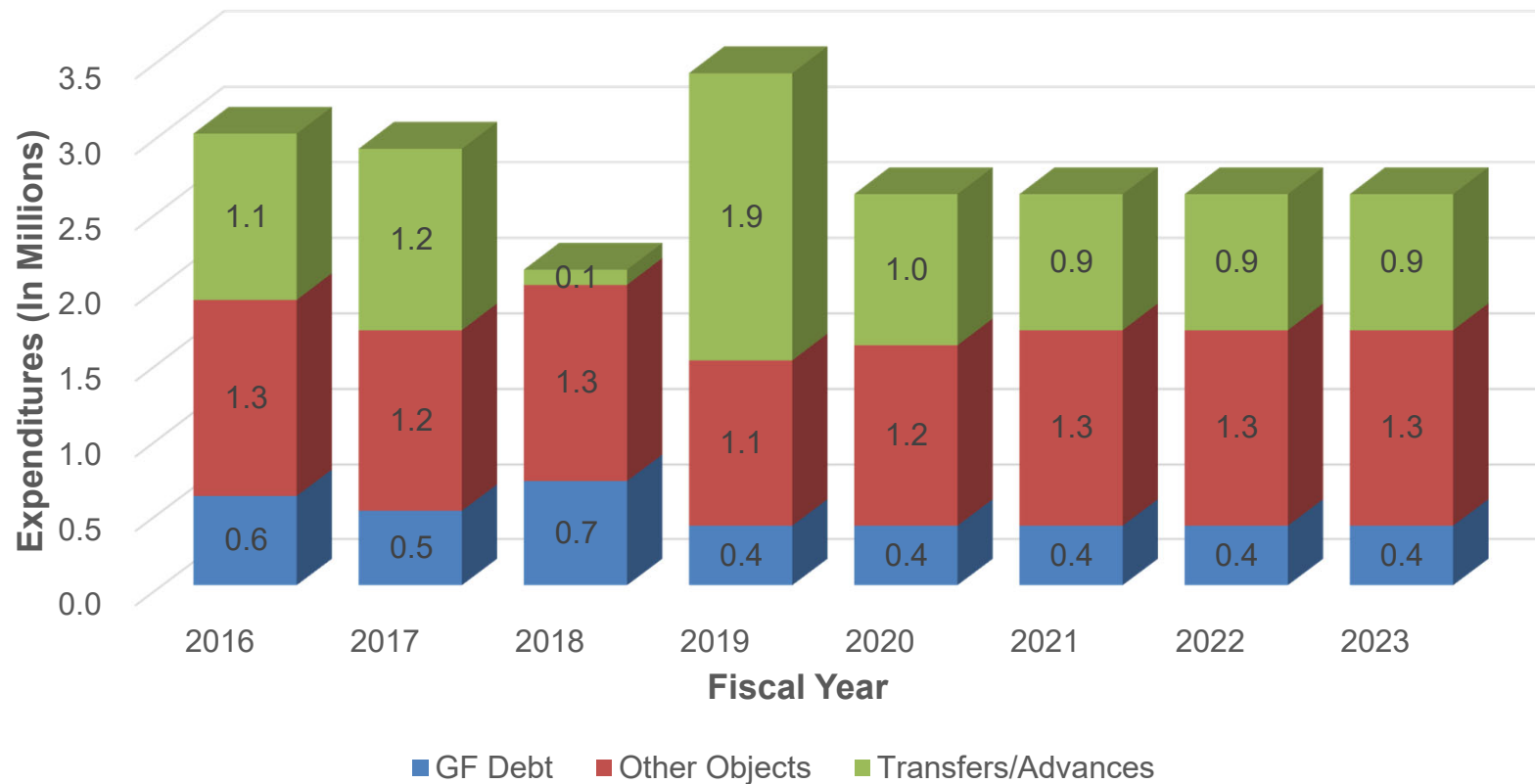
# Strongsville City Schools

## Materials and Supplies



# Strongsville City Schools

## Other Objects and Transfers/Advances



# Strongsville City Schools

- General Fund Summary

# Strongsville City Schools

## May 2019 Five-Year Forecast

(in millions of dollars)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Beginning Cash Balance</b>	\$12.4	\$18.4	\$24.2	<b>\$31.2</b>	\$30.2	\$32.4	\$37.1	\$39.1
<b>Total Revenues</b>	72.9	73.4	74.7	72.2	77.4	82.0	81.6	77.6
<b>Total Expenses</b>	66.9	67.6	67.7	73.2	75.2	77.3	79.6	81.6
<b>Revenue over Expenses</b>	<b>6.0</b>	<b>5.8</b>	<b>7.0</b>	<b>(1.0)</b>	<b>2.2</b>	<b>4.7</b>	<b>2.0</b>	<b>(4.0)</b>
<b>Ending Cash Balance</b>	18.4	24.2	31.2	<b>30.2</b>	32.4	37.1	39.1	35.1
<b>Encumbrances/Reserves</b>	1.0	1.2	1.9	1.9	1.9	1.9	1.9	1.9
<b>Unencumbered Balance</b>	<b>\$17.4</b>	<b>\$23.0</b>	<b>\$29.3</b>	<b>\$28.3</b>	<b>\$30.5</b>	<b>\$35.2</b>	<b>\$37.2</b>	<b>\$33.2</b>
<b>Property Tax - Renewal</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9
<b>Unencumbered Balance</b>	<b>\$17.4</b>	<b>\$23.0</b>	<b>\$29.3</b>	<b>\$28.3</b>	<b>\$30.5</b>	<b>\$35.2</b>	<b>\$37.2</b>	<b>\$37.1</b>

# Strongsville City Schools

## May 2019 Five-Year Forecast w/ renewal

(in millions of dollars)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Beginning Cash Balance</b>	\$12.4	\$18.4	\$24.2	<b>\$31.2</b>	\$30.2	\$32.4	\$37.1	\$39.1
<b>Total Revenues</b>	72.9	73.4	74.7	72.2	77.4	82.0	81.6	81.5
<b>Total Expenses</b>	66.9	67.6	67.7	73.2	75.2	77.3	79.6	81.6
<b>Revenue over Expenses</b>	<b>6.0</b>	<b>5.8</b>	<b>7.0</b>	<b>(1.0)</b>	<b>2.2</b>	<b>4.7</b>	<b>2.0</b>	<b>(0.1)</b>
<b>Ending Cash Balance</b>	18.4	24.2	31.2	<b>30.2</b>	32.4	37.1	39.1	39.0
<b>Encumbrances/Reserves</b>	1.0	1.2	1.9	1.9	1.9	1.9	1.9	1.9
<b>Unencumbered Balance</b>	<b>\$17.4</b>	<b>\$23.0</b>	<b>\$29.3</b>	<b>\$28.3</b>	<b>\$30.5</b>	<b>\$35.2</b>	<b>\$37.2</b>	<b>\$37.1</b>



# Strongsville City Schools

- Questions?