Five-Year Forecast

General Fund November 2021	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Forecast	FY24 Forecast	FY25 Forecast	FY26 Forecast
Beginning Cash Balance	*22,994,244*	*16,369,314*	*13,513,978*	*14,244,137*	*13,707,135*	*14,681,031*	*14,004,155*	*11,791,970*
Receipts from Local Sources:								
Real Estate Taxes	69,136,460	74,646,931	77,129,785	79,750,000	79,750,000	79,750,000	79,750,000	79,750,000
Tuition/Other Local	4,013,462	5,507,003	4,565,198	4,830,000	4,930,000	4,930,000	4,930,000	4,930,000
Interest on Investments	956,858	789,279	206,833	300,000	300,000	300,000	300,000	300,000
Miscellaneous	1,790,833	2,163,302	2,452,263	725,000	700,000	700,000	700,000	700,000
Receipts from State Sources:								
Foundation Program	18,447,706	17,265,030	17,948,178	9,500,000	10,800,000	10,800,000	10,800,000	10,800,000
Rollback and Homestead	9,313,707	9,227,422	9,218,070	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000
Disadvantaged Pupil Aid	3,627,430	3,309,181	3,609,436	0	0	0	0	0
Miscellaneous	798,331	821,127	945,636	275,000	275,000	275,000	275,000	275,000
Receipts from Federal Sources:								
Miscellaneous	0	0	0	0	0	0	0	0
Transfers and Advances	3,022,568	3,195,258	268,809	160,000	160,000	0	0	0
Total Receipts	*111,107,355*	*116,924,534*	*116,344,207*	*104,790,000*	*106,165,000*	*106,005,000*	*106,005,000*	*106,005,000*
Total Receipts plus Cash	*134,101,599*	*133,293,848*	*129,858,185*	*119,034,137*	*119,872,135*	*120,686,031*	*120,009,155*	*117,796,970*
Expenditures:								
Salaries and Wages	58,844,333	59,272,406	56,730,385	60,985,000	61,585,000	62,185,000	62,785,000	63,385,000
Fringe Benefits (Retirement)	11,735,129	11,296,489	10,572,331	10,699,172	10,699,172	10,699,172	10,699,172	10,699,172
Fringe Benefits (Insurance)	16,309,212	17,749,758	17,255,483	16,967,078	17,815,432	18,706,203	19,641,514	20,623,589
Purchased Services/Tuition	12,033,546	11,507,247	11,119,879	10,380,595	9,859,500	9,859,500	9,859,500	9,859,500
Community School Voucher	2,537,020	2,500,000	3,035,163	0	0	0	0	0
EdChoice Voucher	4,185,575	7,068,000	8,935,523	0	0	0	0	0
Peterson/Autism Voucher	3,177,987	3,482,000	3,090,058	0	0	0	0	0
Total Vouchers	9,900,582	13,050,000	15,060,744	0	0	0	0	0
Materials, Supplies and Textbooks	3,019,652	2,517,112	1,897,899	2,902,114	2,295,000	2,295,000	2,295,000	2,295,000
Capital Outlay	939,316	436,870	525,665	705,268	600,000	600,000	600,000	600,000
Transfers and Advances	2,705,577	405,171	404,300	475,000	300,000	300,000	300,000	300,000
Other	2,244,938	1,979,536	2,047,362	2,212,775	2,037,000	2,037,000	2,037,000	2,037,000
Total Expenditures	*117,732,285*	*118,214,588*	*115,614,048*	*105,327,002*	*105,191,104*	*106,681,876*	*108,217,186*	*109,799,262*
Encumbrances			1,565,281					
Ending Cash Balance	**16,369,314**	**13,513,978**	**14,244,137**	**13,707,135**	**14,681,031**	**14,004,155**	**11,791,970**	**7,997,708**

NOTE: The five-year forecast figures reflected here are current and take into consideration the end-of-month figures also included within this monthly financial report.

Cleveland Heights – University Heights City Schools
Five-Year Forecast Assumptions
November, 2021

This forecast is an attempt to provide a **reasonable estimate** of the financial condition of the district for long-term planning purposes and is created using historical trends and conservative estimates based upon the most current data available at the time the forecast is prepared. **It assumes stable student enrollment and consistent staffing levels unless otherwise noted.**

The COVID-19 pandemic has resulted in significant and unanticipated reductions to state funding along with other economic impacts such as potential reduced property tax collections and lower interest income. Proactive measures by the district to address these shortfalls are indicated throughout this forecast. **It should be noted that the current financial situation remains fluid and contains significant uncertainty – assumptions will be closely monitored and the forecast will be updated regularly as circumstances become known.**

Revenue Assumptions:

The district experienced an 8% increase in assessed valuation in 2018 with the most recent reappraisal which was offset by a similar decrease due to appeals of these increases, resulting in no additional inside millage collection. Additionally, the change in the tax code beginning January 2017 resulted in significant increases in prepayments ($1.5 million) and payment of more delinquencies than usual – this created a timing issue where FY 18 taxes were inflated and FY 19 taxes were similarly decreased by the prepayment amount. The district also saw a large number of settlements of commercial property tax complaints at the end of FY 18 ($1 million). The reserve for the ruling on the tax-exempt status of the Kaiser facility near Severance was deducted from payments to the district ($3 million for tax years 2013/2014/2015, which is included as a decrease in FY19). FY 20 collections were $1.5 million above County projections (including collection of delinquencies) – however, the County has estimated a collection rate reduction from 92.54% to 89.61% in FY 21. In previous versions of this forecast, current collections were assumed at a rate of 92% and delinquency collection at 4.6% based on five-year average. With recent settlement in March, collections outperformed County estimates and came in comparable to FY 20. Additionally, the recount of the 4.8 mill levy from the 11/3 election confirmed passage, and ½ year collection is included in fiscal 2021 and full year fiscal 2022 forward.

Higher interest rates and close cash management/working with the district investment advisor resulted in an increase in interest income in FY 19 and at this time is expected to remain relatively constant.

Tuition/Other Local includes TIF payments from Top of the Hill which broke ground June 2020 ($400,000 annually beginning FY22) and Cedar Center North ($200,000 annually increasing to $800,000 annually beginning in FY 23 – although it should be noted the district receives additional revenue only after property taxes are used to repay TIF debt). No TIF revenue is assumed for University Square at this time.

Miscellaneous local funds include E-rate reimbursements (high in FY 18 and FY 19), indirect cost rate charges for grants (two years receipted in FY 18 based on timing of payments from ODE at end of fiscal year), and Medicaid reimbursements (previously receipted to a separate line item under federal sources). Additionally, in FY 20 the district received a $400,000 BWC refund, and then due to the pandemic a second $400,000 BWC refund. An additional BWC refund was assumed in FY 21 ($400,000 received in October 2020), and an unanticipated second BWC distribution due to COVID was received ($1.2 million in late December 2020).

State Foundation – Due to the COVID-19 pandemic and budgetary issues at the State level caused by decreased income/sales tax collections, districts received an abrupt cut in foundation funding for the remainder of FY 20 – this was $1.4 million for CHUH. A similar decrease in state funding occurred for FY 21 but roughly half of the FY 21 amount was returned. In the current biennium, the Fair School Funding plan has been included but will be phased in over 6 years. In this forecast simulations were provided and are included at this time for FY22 and FY23, with foundation funding being held constant thereafter as future increases are dependent upon passage of new biennial budgets.

Districts also received CARES federal stimulus money. This was $1.2 million for CHUH, and is being used to maintain district services by offsetting the $1.4 million state funding loss. The funds show in the forecast as a reduction to salary costs. An additional $300,000 in CARES funding in FY21 is currently shown in the forecast as federal miscellaneous and will also be used to offset additional costs for PPE for student/staff safety. Additional ESSER funding was allocated to the district and will be incorporated as offsets to general fund are determined (if any).

Expenditure Assumptions:

Salaries – $1.3 million in staff savings was realized FY 2018. $750,000 in additional special education staffing was added in FY 19, and staffing reductions of $750,000 occurred in FY 20. Staffing reductions and decreases in supplementals/overtime result in $2.2 million savings for FY 21. Labor negotiations resulted in a 0% COLA (cost of living adjustment) for FY 21 and 1% COLA for FY 22 (assumed for all staff). Steps are included FY 21 forward at an estimated $600,000 annually. A one-time stipend for certified staff is included in FY 21. The separate SWSF fund was eliminated in the current funding model, requiring social workers previously paid from that fund to be brought back into the general fund in FY22.

Retirement – Increases at the same rates assumed for wages. STRS pickup of 1% for teachers has been eliminated in this forecast per recent negotiations beginning FY 21.

Health – Insurances increased 3.2% in calendar 2018, 7.5% in fiscal 2019, 4.7% in calendar 2020, 0% increase in calendar 2022, and 5% is assumed thereafter. Recent negotiations resulted in an increase to a 9/10/11% premium contribution by employees depending on individual salary which translates to an estimated $800,000 in savings annually (1/3 year for FY21 and full savings thereafter). Also plan design changes result in $700,000 annual savings (with ½ year savings FY21 and full savings thereafter).

Other non-salary line items are assumed to remain relatively flat based on prior trends – reductions in FY 21 for vehicles/travel expense are included in this forecast along with some COVID-related decreases in utilities. It should be noted that all voucher payments have been eliminated in FY22 forward as these are now directly funded by the State, and previously expected growth in these vouchers is now positively impacting the bottom line.

Encumbrances (shown FY 21) are financial obligations as a result of legally binding purchase orders and are assumed to be expenditures for purposes of the five-year forecast. Encumbrances have been aggressively reviewed and closed where practicable, resulting in a decrease in total encumbrances from previous forecasts.

In conclusion, it should be noted that the district developed a district-wide master facilities plan that when implemented may impact future operating costs. A bond issue was passed in November, 2013 to fund the first phase of this plan. Additionally, due to the capture of some of those initial operating cost savings (Wiley Middle School), although the district would have been back to voters in calendar year 2014 based on a 3-year operating levy cycle, the next operating levy was delayed until calendar year 2015 (May 4, 2015 election), which subsequently failed. $5 million in reductions for the 2015-2016 fiscal year allowed the operating levy to be delayed a fifth year (calendar 2016), which passed November, 2016 and was calculated to last a 3-year cycle (FY17, FY18 and FY19). Ongoing cost saving measures allow the district to delay the current levy cycle a fourth year, postponing the need for a new operating levy to March 2020, which failed. As noted previously, a November 2020 operating levy passed, and although it was expected to last 2 years with changes in funding and vouchers is expected to last longer.

As always, as new developments are known which could materially affect the forecast updates will be made.

Please visit the Ohio Department of Education website at ftp://ode.state.oh.us/geodoc/5-yrForecast/.