WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2017, 2018 and 2019 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2020 THROUGH JUNE 30, 2024**

**Forecast Provided By
Warrensville Heights City School District
Treasurer's Office
Dr. Michael A. Rock, CPA, Treasurer/CFO**

May 20, 2020

Warrensville Heights City School District

Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

		Actual				Forecasted				
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
	Revenues									
1.010	General Property Tax (Real Estate)	15,407,073	17,771,414	18,933,889	10.94%	19,613,156	18,028,141	17,850,062	18,062,236	18,230,763
1.020	Tangible Personal Property	1,152,850	1,247,984	1,308,943	6.57%	1,371,492	1,355,102	1,350,476	1,388,226	1,425,976
1.030	Income Tax	-	-	-	0.00%	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	8,731,779	8,889,146	9,195,901	2.63%	8,921,707	8,434,300	9,568,524	9,809,755	10,039,344
1.040	Restricted State Grants-in-Aid	2,091,678	1,993,869	2,255,494	4.22%	2,247,807	2,247,807	2,247,807	2,247,807	2,247,807
1.045	Restricted Federal	-	-	-	0.00%	-	-	-	-	-
1.050	Property Tax Allocation	2,705,636	1,871,926	1,446,451	-26.77%	1,125,298	1,006,549	899,088	902,891	905,165
1.060	All Other Revenues	3,138,988	3,196,645	4,412,695	19.94%	5,368,684	4,533,355	4,359,355	4,375,731	4,392,372
1.070	*Total Revenues*	33,228,004	34,970,984	37,553,373	6.31%	38,648,144	35,605,254	36,275,312	36,786,646	37,241,427
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.00%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.00%	-	-	-	-	-
2.040	Operating Transfers-In	-	54,746	-	0.00%	-	-	-	-	-
2.050	Advances-In	2,054,000	1,213,569	566,652	-47.11%	869,582	-	-	-	-
2.060	All Other Financing Sources	-	3,035	3,798	0.00%	546,820	3,000	3,000	3,000	3,000
2.070	*Total Other Financing Sources*	2,054,000	1,271,350	570,450	-46.62%	1,416,402	3,000	3,000	3,000	3,000
2.080	*Total Revenues and Other Financing Sources*	35,282,004	36,242,334	38,123,823	3.96%	40,064,546	35,608,254	36,278,312	36,789,646	37,244,427
	Expenditures									
3.010	Personal Services	13,963,465	14,487,226	15,297,876	4.67%	16,374,377	16,627,902	17,253,191	17,888,696	18,588,729
3.020	Employees' Retirement/Insurance Benefits	4,998,305	5,350,818	5,738,643	7.15%	6,265,665	7,024,297	7,903,305	8,713,986	9,529,693
3.030	Purchased Services	9,632,912	9,809,678	10,218,968	3.00%	10,488,189	10,751,065	11,077,722	11,420,380	11,779,841
3.040	Supplies and Materials	817,577	878,972	749,606	-3.60%	824,000	848,720	874,182	900,407	927,419
3.050	Capital Outlay	13,760	30,412	11,204	28.93%	14,378	-	-	-	-
3.060	Intergovernmental	-	-	-	0.00%	-	-	-	-	-
	Debt Service:				0.00%					
4.010	Principal-All (Historical Only)	-	-	-	0.00%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.00%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.00%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.00%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.00%	-	-	-	-	-
4.055	Principal-Other	-	-	370,000	0.00%	335,000	350,000	365,000	380,000	395,000
4.060	Interest and Fiscal Charges	-	257,940	599,519	0.00%	585,419	571,719	557,419	542,519	527,619
4.300	Other Objects	913,917	837,188	663,021	-14.60%	834,452	822,352	836,981	851,501	816,487
4.500	*Total Expenditures*	30,339,936	31,652,234	33,648,837	5.32%	35,721,480	36,996,055	38,867,800	40,697,489	42,564,788
	Other Financing Uses									
5.010	Operating Transfers-Out	23,000	138,000	145,000	252.54%	175,000	175,000	175,000	175,000	175,000
5.020	Advances-Out	1,213,569	566,652	869,582	0.08%	-	-	-	-	-
5.030	All Other Financing Uses	-	58,007	-	0.00%	-	-	-	-	-
5.040	*Total Other Financing Uses*	1,236,569	762,659	1,014,582	-2.65%	175,000	175,000	175,000	175,000	175,000
5.050	*Total Expenditures and Other Financing Uses*	31,576,505	32,414,893	34,663,419	4.80%	35,896,480	37,171,055	39,042,800	40,872,489	42,739,788
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	3,705,499	3,827,441	3,460,404	-3.15%	4,168,066	(1,562,801)	(2,764,488)	(4,082,843)	(5,495,361)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	19,871,983	23,577,482	27,404,923	17.44%	30,865,327	35,033,393	33,470,592	30,706,104	26,623,261
7.020	*Cash Balance June 30*	23,577,482	27,404,923	30,865,327	14.43%	35,033,393	33,470,592	30,706,104	26,623,261	21,127,900
8.010	*Estimated Encumbrances June 30*	1,060,393	446,547	293,990	-46.03%	300,000	300,000	300,000	300,000	300,000
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	-	-	-	0.00%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.00%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.00%	-	-	-	-	-
9.040	DPIA	-	-	-	0.00%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.00%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.00%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.00%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.00%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.00%	-	-	-	-	-

Warrensville Heights City School District

Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

		Actual				Forecasted				
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
10.010	*Fund Balance June 30 for Certification of Appropriations*	22,517,089	26,958,376	30,571,337	16.56%	34,733,393	33,170,592	30,406,104	26,323,261	20,827,900
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal	-	-	-	0.00%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement	-	-	-	0.00%	-	992,983	1,891,396	1,891,396	1,891,396
11.300	Cumulative Balance of Renewal Levies				0.00%	-	992,983	2,884,379	4,775,775	6,667,171
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	22,517,089	26,958,376	30,571,337	16.56%	34,733,393	34,163,575	33,290,483	31,099,036	27,495,071
	Revenue from New Levies									
13.010	Income Tax - New	-	-	-	0.00%	-	-	-	-	-
13.020	Property Tax - New	-	-	-	0.00%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		0.00%	-	-	-	-	-
14.010	Revenue from Future State Advancements	-	-	-	0.00%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	22,517,089	26,958,376	30,571,337	16.56%	34,733,393	34,163,575	33,290,483	31,099,036	27,495,071

Warrensville Heights City School District – Cuyahoga County
Notes to the Five Year Forecast
General Fund Only
May 20, 2020

Introduction to the Five Year Forecast
For fiscal year 2020 (July 1, 2019 – June 30, 2020) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2019, and May 31, 2020. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget, provided new state funding to all school districts in Fiscal Years 20 and 21 specifically for Student Wellness and Success. These revenues are restricted and are required to be accounted for in a Special Revenue Fund (Fund 467) and are NOT included in this forecast.

Fiscal year 2020 (July 1, 2019-June 30, 2020) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2020 filing.

Economic Outlook During The COVID-19 Global Pandemic
This five-year forecast is filed in the midst of a health and financial struggle that encompasses our state, country and global economy. The district is following events and video conferences daily to help determine how to maintain continuity of services to our students and staff as we play a vital role in our community. State and local resources are going to be under extreme stress as we continue through and eventually recover from the pandemic. We have drawn upon our experiences in projecting revenues and expenses from the Great Recession of 2008, but there is no historic data or situation to compare to what the district is facing now. That makes it extremely challenging to project where our finances will be through fiscal year 2024 as noted in this forecast. Given the requirement in Ohio Law that we file a forecast in May that goes through June 2024, we are using the best and most recent reliable data available to us.

May 2020 Updates:

Revenues FY20:
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $38,648,144 or 4.98% higher than the November forecasted amount of $36,814,910. This indicates the November forecast was 95.02% accurate in regard to revenue.

The increase in revenue estimate was affected by increases in real estate taxes due to delinquent tax collection, Class II new construction and an increase first half percent collected and an increase in our TIF payment for Amazon. These increases will have a positive effect on revenues through the entire forecast period.

All other areas of revenue are tracking as anticipated for FY20 based on our best information at this time.

Expenditures FY20:
Total General Fund expenditures (line 4.5) are estimated to be $35,721,480 for FY20 which is above the original estimate of $35,040,999 in the November forecast. The expenditure line most significantly above projections is Personal Services (line 3.01) due to 3 employees moving onto the General Fund that were funded in prior years by State Grants, the cost of additional pay from the COVID19 closure, and the refinement of the beginning of the year projection for payroll.

Unreserved Ending Cash Balance:
With revenues increasing over-estimates and expenditures ending above estimates, our ending unreserved cash balance June 30, 2020 is anticipated to be roughly $34 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2024 if assumptions we have made for state aid in future state budgets remain close to our estimates, and there are no future state budget cuts to our funding beyond FY21.

Forecast Risks and Uncertainty:
In addition to the above noted uncertainty due to the COVID-19 Pandemic, a five-year financial forecast typically has inherent risks and uncertainties. This is due to normal economic uncertainties and to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and

FY24-25 which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

I. HB166 the current state budget for FY20-21 has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. Our district is estimated to receive enrollment growth money for FY20-21 and will treat it as guaranteed FY22-24. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success which is restricted in use and must be placed in Fund 467 and is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22.

II. Prior to FY20 state cuts to our foundation payments, the state budget represented 33.2% of district revenues and is an area of risk to revenue. The state has reduced our funding for FY20 and we are anticipating a 10% reduction in FY21 due to drastically reduced state revenue because of the COVID-19 pandemic. Additional future risk comes in FY22 and beyond if the state economy does not bounce back following the pandemic as expected or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY24. We have projected our state funding to be in line with our current estimates through FY24. We will make adjustments to the forecast in future years as we have data to help guide this decision.

III. HB166 continued the Fixed Sum TPP reimbursement phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Unlike the TPP Fixed Rate reimbursement, districts will not lose money due to this phase out. Instead, the amount of money the state is cutting will be added on to our emergency levy millage automatically each year and collected in local property taxes. The state directly shifted their financial obligation made in 2006 in HB66 to local taxpayers.

IV. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes if the COVID-19 pandemic ends and the economy recovers quicker than anticipated. Total local revenues which are predominately local taxes equate to 67.3% of the district's resources. We believe that current collections in the August 2020 settlement may fall due to current record unemployment, but that longer term there is a low risk that local collections would fall below projections throughout the forecast.

V. Cuyahoga County experienced a reappraisal in the 2018 tax year to be collected in FY19. The 2018 update increased overall assessed values by $26.5 million or an increase of 8.67%. A reappraisal update will occur in tax year 2021 for collection in FY22. We anticipate value increases for Class I and II property by $14.3 million for an overall increase of 5.8%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

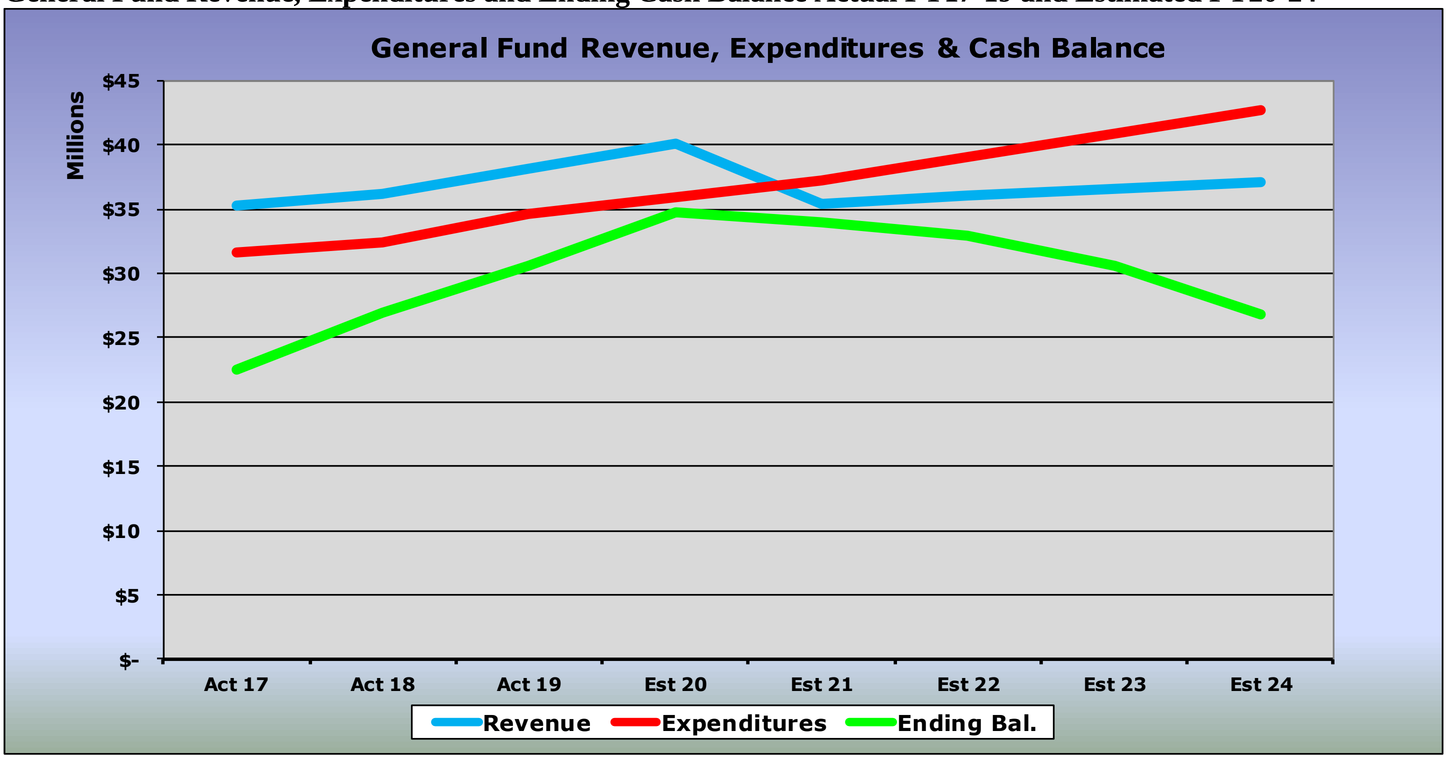
VI. We appreciate the community's support and will need approval of the expiring emergency levy that will renew November 2020. This levy is not a new tax, and will not increase our taxpayers' costs and has been renewed since 1990. The renewal of this levy will help to keep the district financially healthy long term.

VII. HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. We will continue to keep a close on the EdChoice Voucher legislation. HB197 passed in March 2020 freezes EdChoice eligibility at the 2019-2020 list of 517 buildings. The district currently has four (4) school buildings that are designated as underperforming but the measures used by the state could be changed for the future. These are examples of new choice programs that increase with each biennium budget that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.

VIII. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

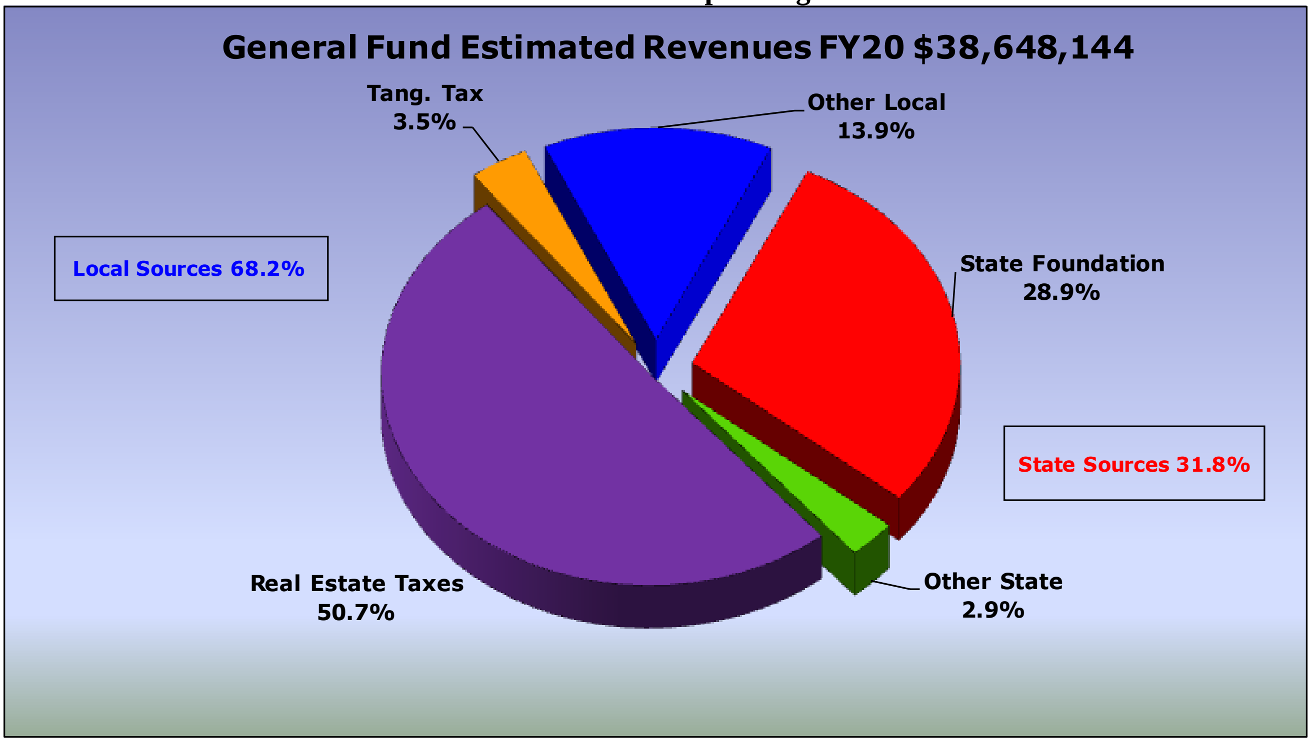
The major categories of revenue and expenditures on the forecast are noted below in the headings to make it easier to reference the assumptions made for the forecast item. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact me - Dr. Michael A. Rock, CPA, Treasurer/CFO of Warrensville Heights City School District at 216-865-4735.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY17-19 and Estimated FY20-24



Revenue Assumptions

Estimated General Fund Operating Revenues:



Real Estate Value Assumptions – Line #1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Cuyahoga County experienced a reappraisal for the 2018 tax year to be collected in 2019. Residential/agricultural values increased 12.89% or $10.62 million due to the reappraisal led by an improving housing market. New construction in residential property was up slightly in 2018 by $213,590 in assessed value. Commercial/industrial values increased 9.91% or $22,190,240 of which $5.6 million due to new construction and $15.94 million due to reappraisal. The reappraisal increase residential and commercial value by a total of $26.56 million or 8.67% in 2018.

A reappraisal update will occur in 2021 for collection in 2022 for which we are estimating a 7% increase in residential and a 3% increase for commercial/industrial property. When values increase due to reappraisals and updates (inflationary increases), reduction factors are increased and House Bill 920 decreases effective tax rates so the district tax revenues do not grow except for 5.1 inside unvoted mills. We have estimated new construction based on trends, new housing and commercial construction data for future years which is reflected in continued growth in property taxes through out the forecast period. The collection rate has returned to a more favorable rate in comparison to prior years due to two major hospitals changing to exempt status. This change increased exempt property values by approximately $60 million, as well as paying out refunds in FY2016 and FY2017. Amazon's investment in our community with the redevelopment of Randallpark Mall greatly reduced the districts delinquent tax liability.

Public Utility Personal Property (PUPP) values increased by $1.07 million in Tax Year 2019. We expect our values to continue to grow by $500,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2019 COLLECT 2020	Estimated TAX YEAR2020 COLLECT 2021	Estimated TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024
Res./Ag.	$92,239,600	$92,489,600	$99,113,872	$99,363,872	$99,613,872
Comm./Ind.	256,885,340	260,785,340	272,508,900	275,408,900	278,308,900
Public Utility Personal Property (PUPP)	17,087,100	17,587,100	18,087,100	18,587,100	19,087,100
Tangible Personal Property (TPP)	0	0	0	0	0
Total Assessed Value	$366,212,040	$370,862,040	$389,709,872	$393,359,872	$397,009,872

ESTIMATED REAL ESTATE TAX (Line #1.010)

Source	FY20	FY21	FY22	FY23	FY24
Est. Real Estate Taxes	$19,613,156	$18,028,141	$17,850,062	$18,062,236	$18,230,763
Total Line #1.01 Real Estate Taxes	$19,613,156	$18,028,141	$17,850,062	$18,062,236	$18,230,763

Property tax levies are estimated to be collected at 95% of the annual amount. This allows a 5% delinquency which fluctuates year to year. Typically, 52.5% of residential/agriculture (Class I) and commercial/industrial (Class II) is expected to be collected in the February tax settlements and 47.5% is expected to be collected in the August tax settlements. Public utility tax settlements (PUPP) are estimated to be received 50% in February and 50% in August.

Levy Renewal –Line # 11.02

The District is currently planning to renew the $1,850,000 emergency levy that is currently collected at 5.1 mills. Deficit spending starts to occur in FY2021 with the renewal of the emergency levy, and we will continue to monitor. This emergency levy has passed every five years since 1990. The district will renew this emergency levy by November 2020 at the latest. State law requires that renewal levies be removed from revenues on Line 1.01, 1.02 and 1.05 and shown on this line 11.02 of the forecast. Please note that renewal levies do not bring in additional tax revenues to the district. We are renewing levies for the same revenue we currently collect.

Source	FY20	FY21	FY22	FY23	FY24
Renewal Levies - (5.1 mill $1,850,000)	$0	$992,983	$1,891,396	$1,891,396	$1,891,396
Total Line #11.020	$0	$992,983	$1,891,396	$1,891,396	$1,891,396

New Tax Levies – Line #13.030

No new levies are modeled in this forecast at this time.

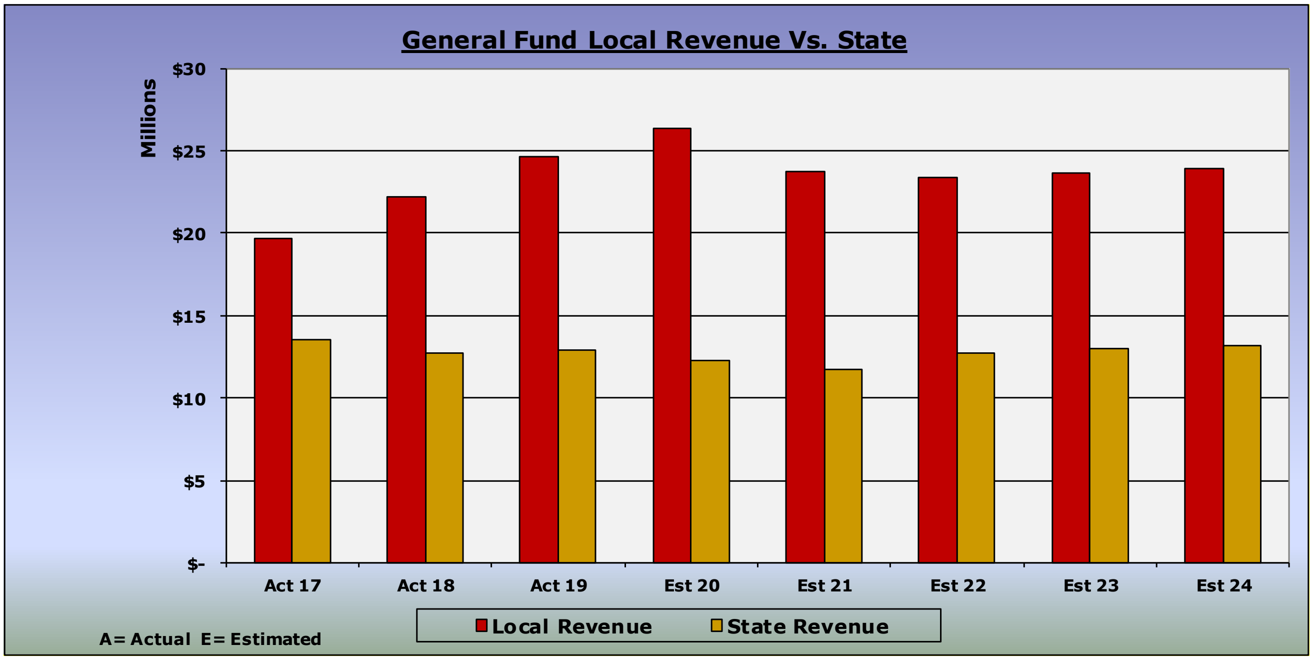
Estimated Public Utility Personal Property Tax (PUPP) – Line #1.020

Revenues posted on this line are ostensibly Public Utility Personal Property (PUPP) taxes which are collected at the districts' gross tax rates not subject to reduction factors. We have estimated past trend growth in these values for future years.

Source	FY20	FY21	FY22	FY23	FY24
Public Utility Personal Property	$1,371,492	$1,355,102	$1,350,476	$1,388,226	$1,425,976
Total Line #1.020	$1,371,492	$1,355,102	$1,350,476	$1,388,226	$1,425,976

Comparison of Local Revenue and State Revenue:

The graph below clearly shows that local taxpayers are the chief source of district operating dollars as the state funding formula is not attempting to help fund districts considered wealthy by the state.



Current State Funding Model Per HB166 Through June 30, 2021

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 funding simulations which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & 21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason, we have projected state aid flat through FY24 as we have nothing authoritative to rely on at this time. **Note: state funding was reduced for our district by $400,055 for FY20 and estimated by 10% in FY21. We will continue to monitor diligently for future revenues reductions as a result of shutdowns due to the COVID-19 Pandemic.**

Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating $250 million in FY20 and $358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from $20 per student to $250 per student and in FY21, funding ranges from $25 per student to $300 per student. All schools and students are to receive a minimum additional funding of $25,000 in FY20 and $30,000 in FY21. Our district is estimated to receive $394,027 in FY20 and $568,549 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166 that include the following:

A. Student Wellness and Success Initiatives (ORC 3317.26(B))

Mental health services
Services for homeless youth
Services for child welfare involved youth
Community liaisons
Physical health care services
Mentoring programs
Family engagement and support services
City Connects programming
Professional development regarding the provision of trauma-informed care
Professional development regarding cultural competence

Student services provided prior to or after the regularly scheduled school day or any time school is not in session

B. Community Partners (ORC 3317.26(C))

A board of alcohol, drug and mental health services
An educational service center
A county board of developmental disabilities
A community-based mental health treatment provider
A board of health of a city or general health district
A county department of job and family services
A nonprofit organization with experience serving children
A public hospital agency

At this time our district is planning on adding new initiatives to service student needs per our plan as identified in 3317.26 (B) which will be funded in the new Fund 467. We anticipate that these funds will be discontinued in FY22-24 but if successful we will add these new costs to the General Fund FY22-24 and the General Fund forecast has been adjusted for these new expenses.

We believe our current state funding estimates for FY20-24 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

The state continues to report that revenues from casinos are not growing robustly as originally predicted but are still growing as the economy has improved. Actual numbers generated for FY19 statewide were 1,785,583 students at $52.59 per pupil. That is a decline of .36% students from the prior year. For FY20-24 we estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $95.5 million or $53.75 per pupil. Casinos have been closed since March 16 due to the COVID-19 pandemic. This will likely impact future casino payments for FY21 and possibly FY22. We have reduced payments in FY21-23 as a result of the anticipated slow return to current casino funding levels.

Source	FY20	FY21	FY22	FY23	FY24
Basic Aid-Unrestricted	$8,579,857	$8,089,982	$9,208,216	$9,431,951	$9,660,160
Additional Aid Items	255,863	292,405	292,405	292,405	292,405
Basic Aid-Unrestricted Subtotal	$8,835,720	$8,382,387	$9,500,621	$9,724,356	$9,952,565
Ohio Casino Commission ODT	85,987	51,913	67,903	85,399	86,779
Total Unrestricted State Aid Line #1.035	$8,921,707	$8,434,300	$9,568,524	$9,809,755	$10,039,344

B) Restricted State Foundation Revenue – Line #1.035

HB166 continues funding two restricted sources of revenues to school districts which are Economic Disadvantaged Funding and Career Technical Education Funding. The district has elected to also post Catastrophic Aid for special education as restricted revenues. The amount of the Economically Disadvantaged Aid is estimated to remain stable each remaining year of the forecast. We have incorporated this amount into the restricted aid amount in Line # 1.04 for FY20-24.

Source	FY20	FY21	FY22	FY23	FY24
Economically Disadvantaged Aid	$1,885,624	$1,885,624	$1,885,624	$1,885,624	$1,885,624
Career Tech - Restricted	92,870	92,870	92,870	92,870	92,870
Catastrophic Aid Reimbursement	269,313	269,313	269,313	269,313	269,313
Total Restricted State Revenues Line #1.040	$2,247,807	$2,247,807	$2,247,807	$2,247,807	$2,247,807

C) Restricted Federal Grants in Aid – Line #1.045

No federal unrestricted grants are projected FY20-24.

Source	FY20	FY21	FY22	FY23	FY24
Unrestricted Line #1.035	$8,921,707	$8,434,300	$9,568,524	$9,809,755	$10,039,344
Restricted Line #1.040	2,247,807	2,247,807	2,247,807	2,247,807	2,247,807
Total State Foundation Revenue	$11,169,514	$10,682,107	$11,816,331	$12,057,562	$12,287,151

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the State of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

b) Tangible Personal Property Reimbursements – Fixed Rate

The district no longer receives fixed rate reimbursement from the state of Ohio.

c) Tangible Personal Property Reimbursements – Fixed Sum

HB 166 continued the Fixed Sum TPP phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

Source	FY20	FY21	FY22	FY23	FY24
a) Rollback and Homestead	$1,040,052	$955,402	$899,088	$902,891	$905,165
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	85,246	51,147	0	0	0
Total Tax Reimbursements #1.050	$1,125,298	$1,006,549	$899,088	$902,891	$905,165

Other Local Revenues – Line #1.060

We have elected to show revenue sharing agreements with Eaton, Highland Hills, Warrensville Heights, and Amazon Payment In Lieu of Taxes (PILOT) payments in other income separate from property taxes on Line 1.01. These are the largest other revenue sources in the General fund other than rentals, interest income and other miscellaneous revenues. The majority of the Warrensville Heights abatements are expiring by tax year 2020 which actually collected $158,932 in FY20, and is projected to collect payments in FY21 of $100,000. We are not anticipating collection past FY21 on

Warrensville Heights. The Amazon revenue sharing started in FY19 and was at full collection in FY20 at $275,000. The projection for the Amazon revenue sharing is conservative due to FY20 being the first full year of collection. The projection for future years of the Amazon revenue sharing stream is based on lowest historical monthly collection at an annualized rate based on information provided from the Village of North Randall. The Eaton PILOT payment has remained consistent collecting approximately $2.2 million throughout the forecasted period. The district also receives roughly $52,000 and $37,500 from APP Controls and OMNova respectively.

Although interest revenue increased greatly between FY18 at $375,673 and FY19 at $643,093, beginning in FY20 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. We have reduced FY21 interest by 50% and FY22 by another 25% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession. All other revenues are expected to continue on historic trends. The COVID-19 shutdown could reduce the future collections of state funded tuition reimbursements. At this time we will continue monitoring this line of the forecast for future projections.

Source	FY20	FY21	FY22	FY23	FY24
Tuition payments	$530,807	$500,000	$510,000	$520,200	$530,604
Medicaid	400,000	404,000	408,040	412,120	416,241
PILOT payments	3,481,653	2,889,500	2,789,501	2,789,501	2,789,502
Interest	755,000	377,500	283,125	283,125	283,125
Dues & Fees	4,650	4,650	9,000	9,090	9,181
Miscellaneous Receipts	196,574	198,540	200,524	202,530	204,554
Total Line #1.060	$5,368,684	$4,374,190	$4,200,190	$4,216,566	$4,233,207

Transfers In / Return of Advances – Line #2.040 & Line #2.050

These are non-operating revenues which are the repayment of short term loans to other funds during the previous fiscal year and reimbursements for expenses incurred in the previous fiscal year. All advances during the current year are planned to be returned in the succeeding fiscal year and are not considered operating revenues and are of an immaterial amount.

Source	FY20	FY21	FY22	FY23	FY24
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	869,582	0	0	0	0
Total Transfer & Advances In	$869,582	$0	$0	$0	$0

All Other Financial Sources – Line #2.060

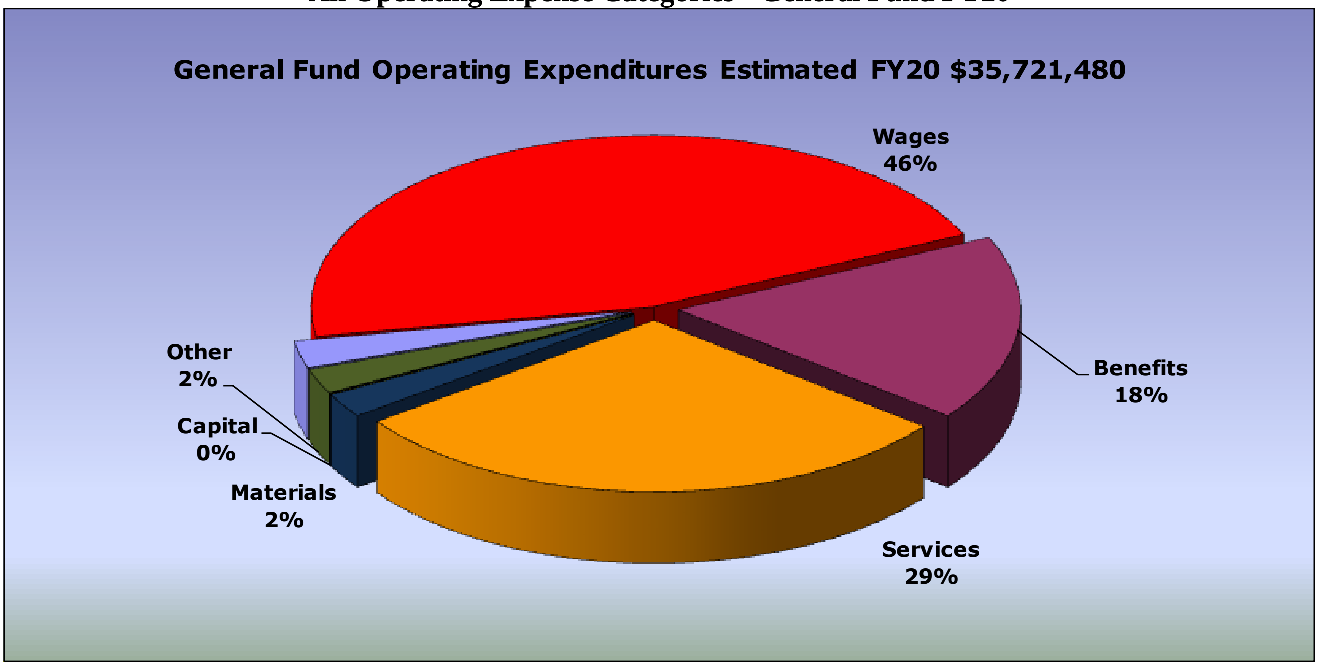
This funding source is typically a refund of prior year expenditures that is very unpredictable. The District received a BWC dividend in October for $144,044.79 for the 2017 policy year, and an additional $163,155.73 for the 2018 policy year. These dividends will not be forecasted in the future.

Source	FY20	FY21	FY22	FY23	FY24
Refund of prior years expenditures	$546,820	$3,000	$3,000	$3,000	$3,000

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY20



Wages – Line #3.010

The model reflects both certified and classified bargaining units that are paid based on salary schedules that allow for an average step increase of 3.87% for certified and 3% for classified staff. This combines for an average step increase of approximately 3.5% for both bargaining units. The district also employs administration and exempt employees. Personnel costs are based on negotiated agreements, current events, and anticipated staffing levels. Projections are based on current staff levels, anticipated staffing adjustments in the future, and anticipated overall adjustments due to the consolidation of buildings and educational program necessities.

Source	FY20	FY21	FY22	FY23	FY24
Base Wages	$15,049,624	$16,125,380	$16,378,158	$17,002,698	$17,637,452
Based Pay Increase	549,019	276,786	465,779	468,409	514,198
Steps & Academic Training	526,737	300,992	483,761	491,345	510,081
Substitutes & Supplemental	248,997	249,744	250,493	251,244	251,998
New PreK-5	0	(250,000)	(250,000)	(250,000)	(250,000)
Retirement Savings	0	(75,000)	(75,000)	(75,000)	(75,000)
Total Wages Line #3.010	$16,374,377	$16,627,902	$17,253,191	$17,888,696	$18,588,729

Fringe Benefits Estimates Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance are directly related to the wages paid. The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

A) STRS/SERS

Generally the district must pay 14% of wages paid to both STRS and SERS. In addition, the district pays to SERS the employee surcharge which is an additional amount required over the 14% to provide added funds SERS collects to supplement contributions on lower paid short hour classified staff so they can have a pension when they retire.

B) Insurance

The district is a member of the Suburban Health Consortium which is made up of 19 school districts in northeast Ohio for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employees. The district received a medical and RX increase of 9% and 7% respectively in FY19 and 4.69% medical and 3.37% RX increases in FY20 based on current consortium information. Projections for FY21-22 are forecasted at 20%, FY23 estimated 15%, and FY24 will assume 13% based on current information. The district will continue to monitor this line and update as information is received. Dental and vision are forecasted to increase at 3% due to rates being set for longer periods of time.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .54% of wages for the forecasted period due to a moderated claim experience over prior years. Unemployment is expected to remain at a very low level FY20-FY24. However, we are anticipating an increase in unemployment for FY20-21 due to the COVID-19 shutdowns. This increase has been caused by our reduced need for substitutes help during the COVID-19 Pandemic. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Source	FY20	FY21	FY22	FY23	FY24
A) STRS/SERS	$2,623,505	$2,717,665	$2,810,767	$2,913,476	$3,025,446
B) Insurance's	3,331,208	3,979,450	4,757,340	5,452,941	6,143,823
C) Workers Comp/Unemployment	88,147	89,855	93,107	96,411	100,051
D) Medicare	221,819	236,341	241,105	250,172	259,387
Other/Tuition/Annuities	986	986	986	986	986
Total Line #3.020	$6,265,665	$7,024,297	$7,903,305	$8,713,986	$9,529,693

Purchased Services – Line #3.030

A large expense in this area is contracted payment for substitute teachers with the Northeast Ohio ESC which reduces district costs to acquire substitutes, and other contract services purchased for special education and other areas of special needs. Utility costs are assumed to increase 2% per year, but can fluctuate significantly due to factors outside of our control such as the weather and rate changes. Utilities will be further assessed after the completion of the new PK-5 building and consolidation of the old elementary buildings, when further information is available. Open enrollment and community schools continue to draw a significant number of students, which are major expenditures in this area and have been increased based on historical trend. In FY19, community school deductions have generally held steady from FY18 levels to account for the students and per pupil state funding which will flow through our funding formula to the community schools. In addition, the state mandated College Credit Plus tuition costs are paid out of this line. Legal fees have fluctuated greatly over the last two years due to negotiations, a major board of revision Supreme Court case, and a court case with a neighboring district where WHCSD won the summary judgement. Legal fees are projected to remain higher in FY20 due to an appeal by the neighboring district case and then the projections will begin to decrease throughout the remaining years of the forecast. We currently have four schools considered under performing and eligible for Ed Choice Vouchers but we are watching potential legislative amendments to the current law that may continue to affect our district negatively. Other professional services also included the cost of an owner's representative for the new Pre-K to 5 building. This cost will go away once phases one is completed. The cost of the owner's representative will move to construction fund 004 for Phase 2 as a non-integral cost. The new Pre-K to 5 building has an early estimate of savings of $400,000 included in the payroll projections above netted with a potential increase in purchased services due to the move of the Board of Education offices to leased office space at the cost of $180,000 (net savings $220,000). The District had a substantial savings in the cost of substitute teachers due to the COVID19 closure at approximately $190,000 for FY20. We will continue to monitor the effects of state budget cuts on the potential reductions in costs to tuition, community school, and scholarship and STEM school payments made to other organizations deducted from our foundation payments.

Source	FY20	FY21	FY22	FY23	FY24
Legal Fees& Prof. Services	$1,250,961	$1,142,602	$1,081,198	$1,018,168	$953,474
ESC Substitutes & Training, SRO, Other Misc.	683,149	717,306	753,171	790,830	830,372
Repairs & Maint., Property Ins., Other Misc.	810,000	818,100	826,281	834,544	842,889
Community Schools	2,908,068	3,495,164	2,802,097	2,908,068	3,053,471
Open Enrollment	400,181	200,252	313,772	400,181	420,190
Tuition, Excess Costs, CCP, Other Misc.	2,079,360	2,262,070	2,317,761	2,079,360	2,183,328
Student Transportation	464,948	478,896	493,263	508,061	523,303
Utilities	782,002	805,462	829,626	854,515	880,150
Miscellanous	1,109,520	1,131,710	1,154,344	1,177,431	1,200,980
Total Line #3.030	$10,488,189	$10,751,065	$11,077,722	$11,420,380	$11,779,841

Supplies and Materials – Line #3.040

An overall inflation of 3% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel. The district continues to maximize district funds through purchasing consortiums, bulk purchases, and negotiating prices when available.

Source	FY20	FY21	FY22	FY23	FY24
General Office Supplies and Materials	$375,746	$387,019	$398,630	$410,589	$422,905
Textbooks/GCOS/Building Repairs	169,207	174,283	179,511	184,896	190,443
Transportation Fuel and Supplies	279,047	287,418	296,041	304,922	314,070
Total Line 3.040	$824,000	$848,720	$874,182	$900,407	$927,419

Equipment – Line #3.050

Capital outlay is accumulated as purchases originally budgeted in supplies are determined to become capitalized assets or equipment for the district. Thus, future projections are set to begin at zero.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of County Auditor and Treasurer Fees for collection of property taxes and advertising for delinquent taxes. Other expenses are liability insurance and dues and fees. The district negotiated a new property insurance coverage plan that provided more coverage at a substantial decrease in cost from $269,923 in FY18 to $107,424 FY19. The district will maintain a 10% increase to this cost until a trend is established.

Source	FY20	FY21	FY22	FY23	FY24
County Auditor & Treasurer Fees	$447,015	$460,425	$474,238	$488,465	$503,119
ESC Deduction	10,706	11,027	11,358	11,699	12,050
Other expenses	258,565	220,917	208,404	194,058	128,311
Liability Insurance	107,424	129,983	142,981	157,279	173,007
Total Line #4.300	$834,452	$822,352	$836,981	$851,501	$816,487

Principal and Interest charges on Short-Term COPs – Line #4.055 and #4.06

The table below shows estimated principal and interest payments for COPs payments for the 16.6 million Pre-K building to be paid off in FY37

Source	FY20	FY21	FY22	FY23	FY24
Principal COPs 2017 Line #4.055	335,000	350,000	365,000	380,000	395,000
Source	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**
Interest on COPS Dec 2017 4.060	$585,419	$571,719	$557,419	$542,519	$527,619

Transfers Out/Advances Out – Line# 5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The transfer of $170,000 is anticipated for the Athletic Fund 300, and $5,000 to the Recreation Fund 013.

Source	FY20	FY21	FY22	FY23	FY24
Operating Transfers Out Line #5.010	$175,000	$175,000	$175,000	$175,000	$175,000
Advances Out Line #5.020	0	0	0	0	0
Total Transfers and Advances	$175,000	$175,000	$175,000	$175,000	$175,000

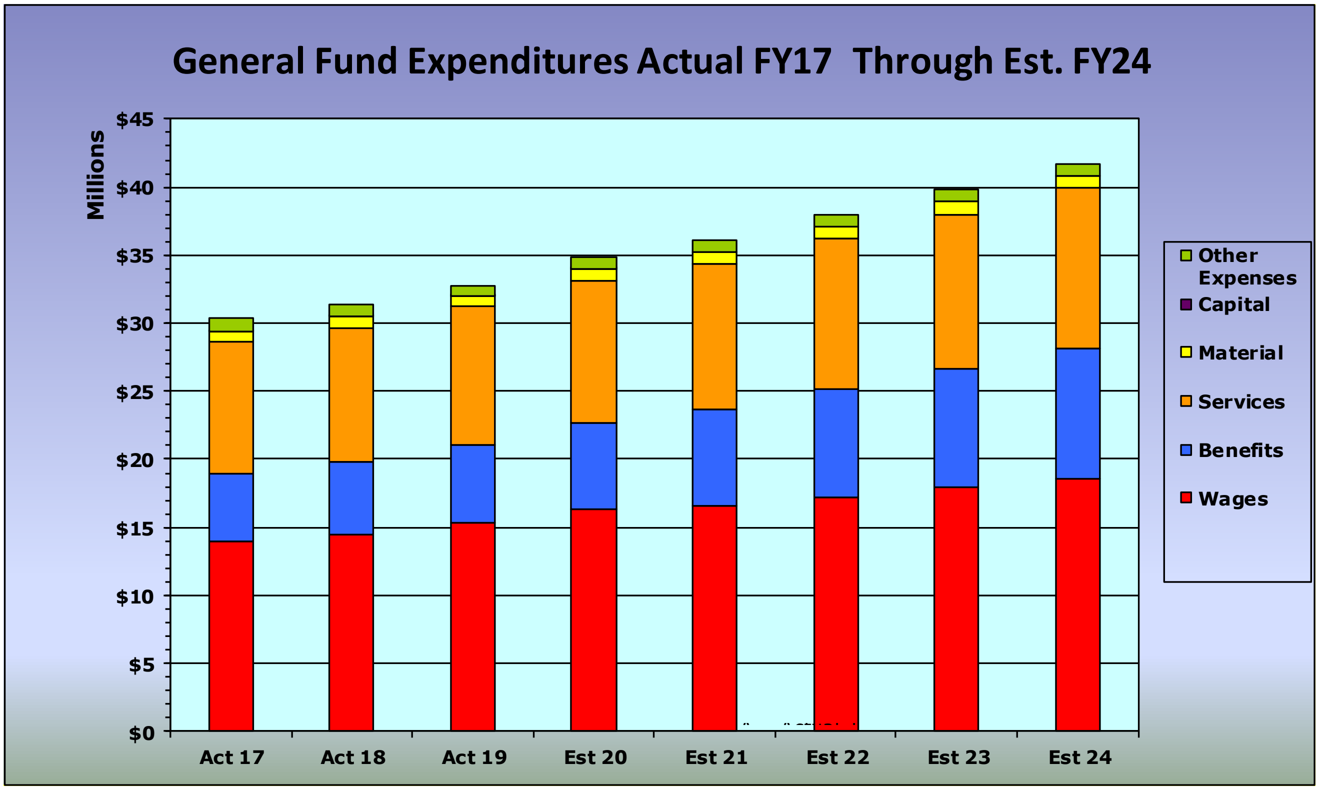
Encumbrances –Line#8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

Source	FY20	FY21	FY22	FY23	FY24
Estimated Encumbrances	$300,000	$300,000	$300,000	$300,000	$300,000

Operating Expenditures Actual FY17 through FY19 and Estimated FY20-FY24

As the graph on the following page indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Ending Unencumbered Cash Balance "The Bottom-line" – Line #15.010
This amount must not go below $-0- or the district General Fund will violate Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011. The concept of assessing and addressing deficit spending in relation to current year resources will delay the levy cycle for the District. In other words spending within current resources can delay the future need of a new operating levy, which is diligent fiscal planning for the school community and established Board Policy 6210 on December 12, 2018 and revised on October 22, 2018.

This forecast has projected deficit spending with the renewal of the emergency levy in FY21, but no deficit funding in the following years as the emergency levy renewal accumulates. This is a unique scenario due to the projected reductions of State Funding and COVID19 closure. The Superintendent and Treasurer will submit an action plan to the Board for Board approval (as per required by Board policy below) that will incorporate less spending in FY2021 due to $955,000 of CARES Federal Stimulus funding that will be available and $400,000 of further anticipated budget reductions to be effective in FY21.

6210 – Fiscal Planning "Deficit Spending"
Deficit spending occurs when total current year expenditures exceed total current year revenue resources. The Board of Education intends to continue spending within current resources, but recognizes that scenarios and circumstances out of the control of the District may create deficit spending for a school year, such as low tax collection rates, exempt property cases, and unanticipated expenditures. In order to maximize District resources and to preserve conservative spending concepts, the Board of Education recognizes the necessity of financial benchmarks that promote balanced spending for District operations that avoid deficit spending. Although a deficit year may occur, the Board of Education shall follow the steps set forth below to address projected deficit spending:

A. Projected deficit spending in year three (3) of the then current Five Year Forecast (most current October or May Board approved Five Year Forecast or most current Board-approved Five Year Forecast) shall be documented in the notes of the Five Year Forecast with the Superintendent and Treasurer acknowledging the necessity to assess and address the projected deficit. The District will take necessary action(s) to capture current year savings or savings in the next school year to eliminate or reduce the projected deficit spending in year three (3).

B. Deficit spending in year two (2) of the then current Five Year Forecast (most current October or May Board approved Five Year Forecast or most current Board approved Five Year Forecast) will require an action plan approved by the Board of Education to eliminate the deficit spending or substantially reduce the deficit spending. The action plan shall be designed to return the District to a balanced budget (current spending less than current revenue) within two to three (2-3) years. The Board-approved action plan must eliminate or substantially reduce deficit spending through use of any of, or a combination of, the following measures:

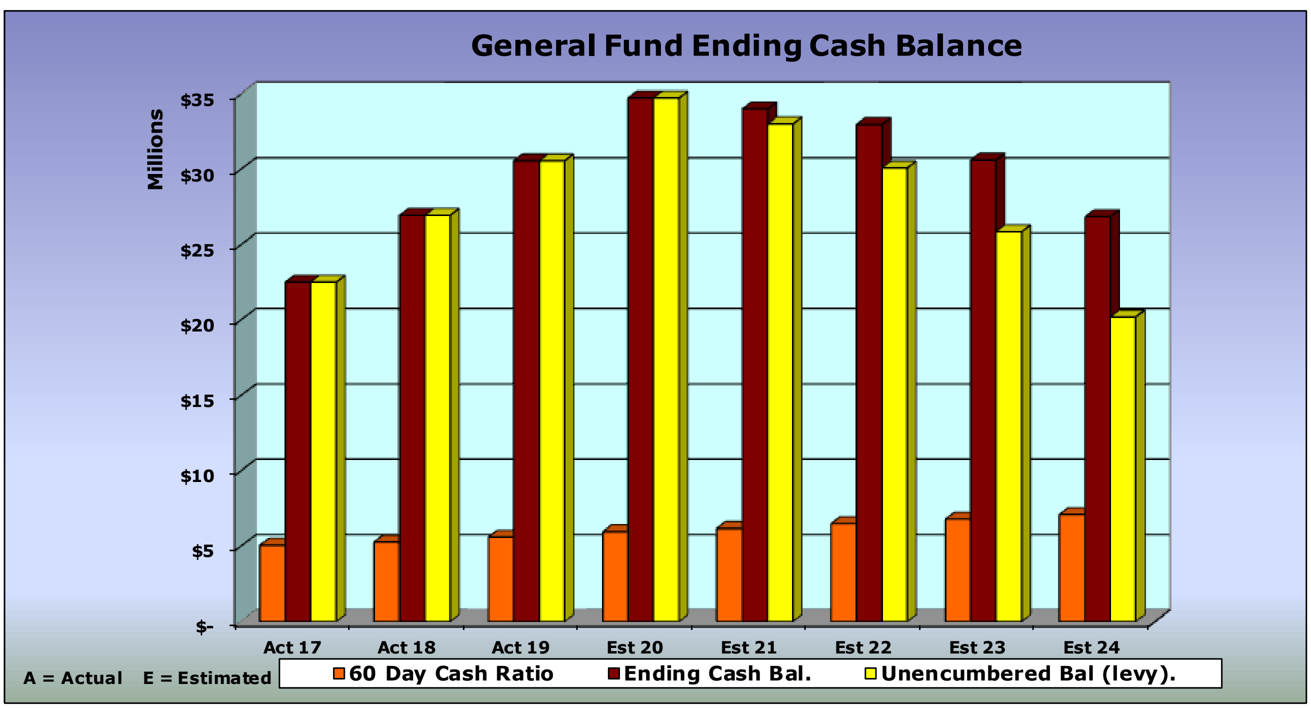
1. Budget reductions in spending;
2. New tax revenue streams;
3. Alternative increases in other revenue sources;
4. The Board acceptance of a carryover cash balance ensuring six (6) months of cash carryover balance in line 15.010 Unreserved Fund Balance June 30 calculated by the following calculation method:

   Calculation Method: Fifty percent (50%) of Line 5.050 Total Expenditures and Financing Uses of the most current Board approved October or May Five Year Forecast or the most current Board approved Five Year Forecast for each year.

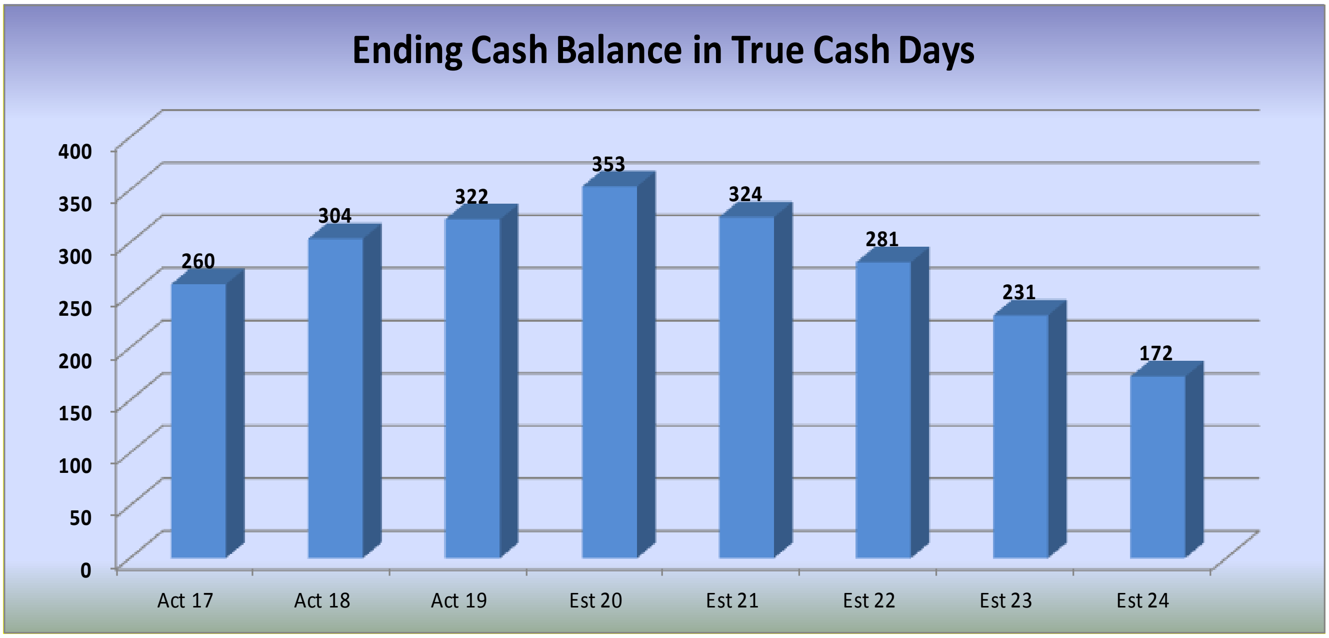
   Resulting minimum Cash Carryover Balance: At least the first three (3) years in the five (5) projected years for Line 15.010 Unreserved Fund Balance June 30 will be equal to or greater than the minimum cash carryover balance calculated above.

Ending Unencumbered Cash Balance – Line#15.010

Source	FY20	FY21	FY22	FY23	FY24
Ending Cash Balance	$34,733,393	$34,004,410	$32,972,153	$30,621,541	$26,858,411



True Cash Days Ending Balance
Another way to look at ending cash is to state it in ‘True Cash Days”. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate with out additional resources or a severe resource interruption. The Government Finance Officers Association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each districts complexity and risk factors for revenue collection. Expenditures are calculated including transfers as this is a predictable funding source when used in the forecast.



Conclusion
The district was very fortunate to have received additional state funding in HB64 (FY16 and FY17) and HB49 (FY18 and FY19). The increases have been beneficial to the overall operations of the district and for the education of our students. We are disappointed that HB166 does not provide additional non-restricted funding to our district to help offset the ongoing phase out of TPP reimbursements enacted by HB64 and SB 208. The flat foundation funding in the current biennium adds insult to the loss of TPP revenue, which means unrestricted state revenues are being reduced to our district overall. In addition, the impact of the TPP revenue loss will be felt in the long-term as foundation funding levels off.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds to our district which in the past has helped to offset the drop in our TPP reimbursements. Future state biennium budgets could affect us positively or negatively for FY22 through FY24, especially with the COVID-19 Recession reducing state revenues in FY20 and projected reductions in FY21. With current unknowns to our state funding we will continue monitoring and communicating changes as they become available to our district.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.