



Cuyahoga Valley Career Center

Five Year Forecast Financial Report

November 2020

David Mangas, Superintendent

Richard Berdine, Treasurer

Table of Contents

	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1 010 - General Property Tax (Real Estate)	5
1 020 - Public Utility Personal Property	6
1 030 - Income Tax	7
1 035 - Unrestricted Grants-in-Aid	8
1 040 & 1 045 - Restricted Grants-in-Aid	9
1 050 - Property Tax Allocation	10
1 060 - All Other Operating Revenues	11
2 070 - Total Other Financing Sources	12
Expenditures Overview	13
3 010 - Personnel Services	14
3 020 - Employee Benefits	15
3 030 - Purchased Services	16
3 040 - Supplies and Materials	17
3 050 - Capital Outlay	18
3 060 - 4 060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5 040 - Total Other Financing Uses	21
Five Year Forecast	22

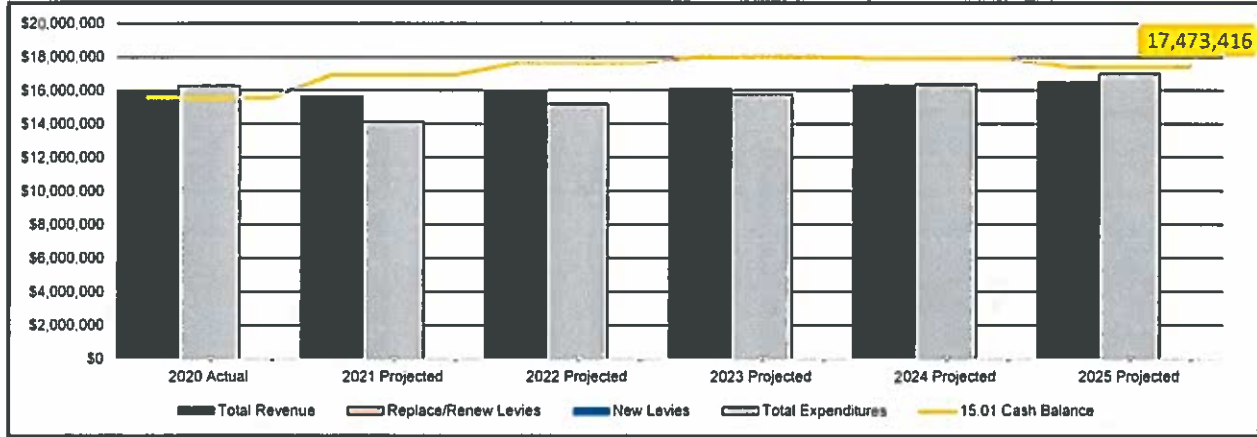
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of 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.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	15,798,233	17,284,065	18,001,854	18,351,873	18,263,442
+ Revenue	15,638,030	15,912,660	16,122,621	16,276,286	16,495,866
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(14,152,198)	(15,194,870)	(15,772,602)	(16,364,717)	(16,985,892)
= Revenue Surplus or Deficit	1,485,831	717,789	350,019	(88,432)	(490,026)
Ending Balance with renewal levies Note Not Reduced for Encumbrances	17,284,065	18,001,854	18,351,873	18,263,442	17,773,416

Analysis Without Renewal Levies Included

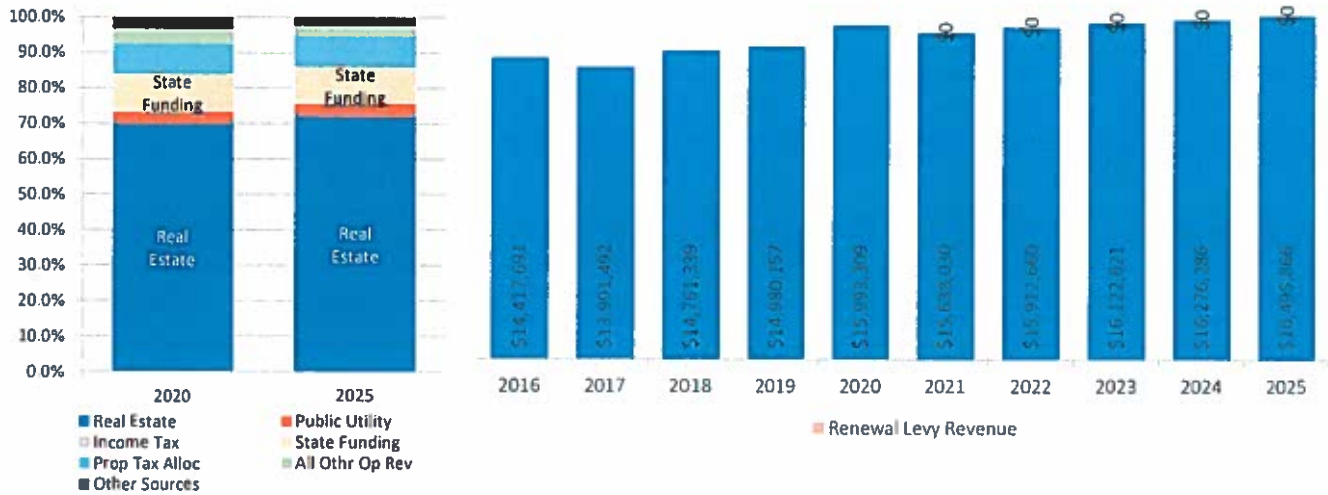
Revenue Surplus or Deficit w/o Levies	1,485,831	717,789	350,019	(88,432)	(490,026)
Ending Balance w/o Levies	17,284,065	18,001,854	18,351,873	18,263,442	17,773,416

The projected cash balance of \$18.3 million at June 30, 2024 compares favorably to the May 2020 forecast projected balance of \$15.1 million. This increased balance is primarily caused by four factors: 1) increased estimated tax revenues from increased property valuation growth from new construction and reappraisals, as well as stable collection rates, as no impact on collections from the covid-19 pandemic has occurred to date; 2) reduced State foundation revenue projected in the prior forecast for fiscal years 2021 to 2023 related to the pandemic did not occur; 3) reduced salary and fringe benefit cost increases from elimination of two certified positions for FY21 and one position in out years, and, 4) no premium increase in employee health insurance for FY21. While cash balance is certainly one factor to consider, the "Revenue Surplus or Deficit" is an area that will be continually monitored. Deficit spending is not anticipated in this forecast until FY25.

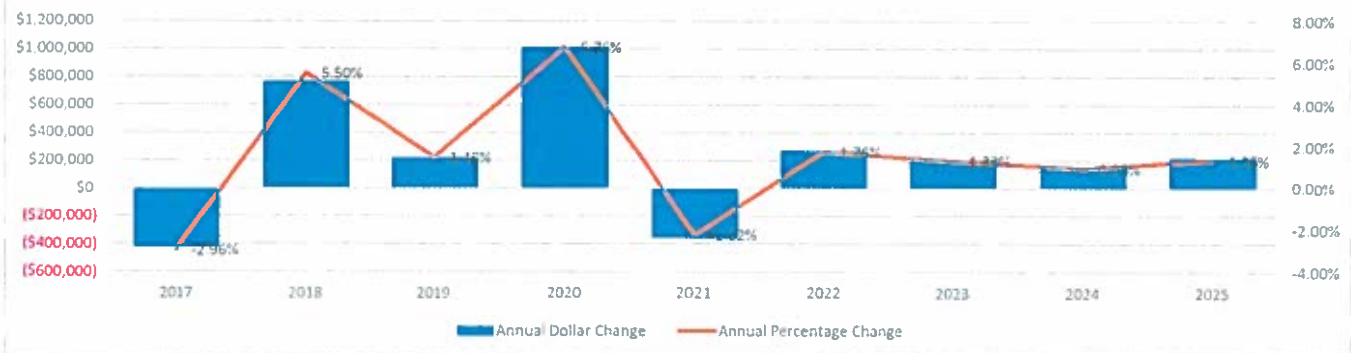
This forecast utilizes tax year 2019 property valuations, and the District's total valuation increased to more than \$6.6 billion from \$6.5 billion in 2018 and \$6.1 billion in 2017. 2% growth in tax year 2021 from the Cuyahoga County (54% of District valuation) property reappraisal, and 2% growth in tax year 2020 from the next Summit County triennial update are also included. Our district has been very fortunate to have an average tax collection rate of nearly 100% of currently billed taxes being collected and distributed to us annually for each of the past three years. This forecast assumes that collection rates will continue at this level as the District has not experienced a decline for either tax settlement period in 2020.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$420,534	\$137,607	(\$282,928)	Total revenues are expected to decrease in FY21 from FY20 due to losses in two categories. Other Operating Revenues is decreasing in FY21 and out years due to declining interest rates, thus earnings, and elimination of certain paid program fees for certification exams. Money market interest rates for public funds are currently at approximately 10% of the rate one year ago. All Other Financing Sources is reduced to receipt of one-time revenues from a tax appraisal refund and a payroll holding account adjustment that occurred in FY20. The Notes and Assumptions page for each revenue category provides more detailed considerations used in the development of this forecast.
Public Utility	\$33,595	\$11,891	(\$21,704)	
Income Tax	\$0	\$0	\$0	
State Funding	\$3,248	(\$2,543)	(\$5,791)	
Prop Tax Alloc	\$31,902	\$18,784	(\$13,118)	
All Othr Op Rev	\$102,316	(\$39,106)	(\$141,422)	
Other Sources	\$75,677	(\$26,122)	(\$101,799)	
Total Average Annual Change	\$667,272	\$100,511	(\$566,761)	
	4.58%	0.63%	-3.95%	

Note: Expenditure average annual change is projected to be >

\$144,378 On an annual average basis, expenditures are projected to grow faster than revenue.

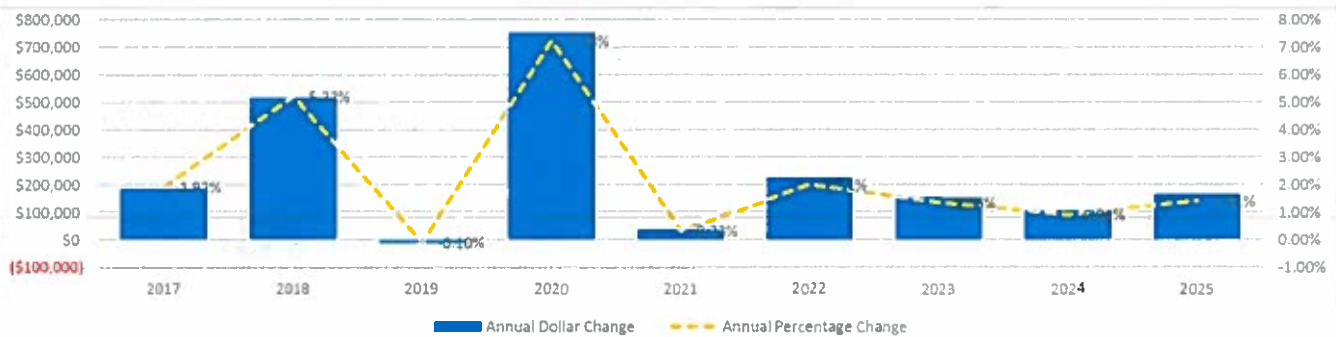
1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).

Real Estate as % of Total Revenue



Year-Over-Year Dollar & Percentage Change



Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2019	6,273,535,450	70,901,180	2.00	-	2.00	-	99.4%
2020	6,403,935,450	130,400,000	2.00	-	2.00	-	99.0%
2021	6,554,160,450	150,225,000	2.00	-	2.00	-	99.0%
2022	6,586,410,450	32,250,000	2.00	-	2.00	-	99.0%
2023	6,671,810,450	85,400,000	2.00	-	2.00	-	99.0%
2024	6,772,035,450	100,225,000	2.00	-	2.00	-	99.0%

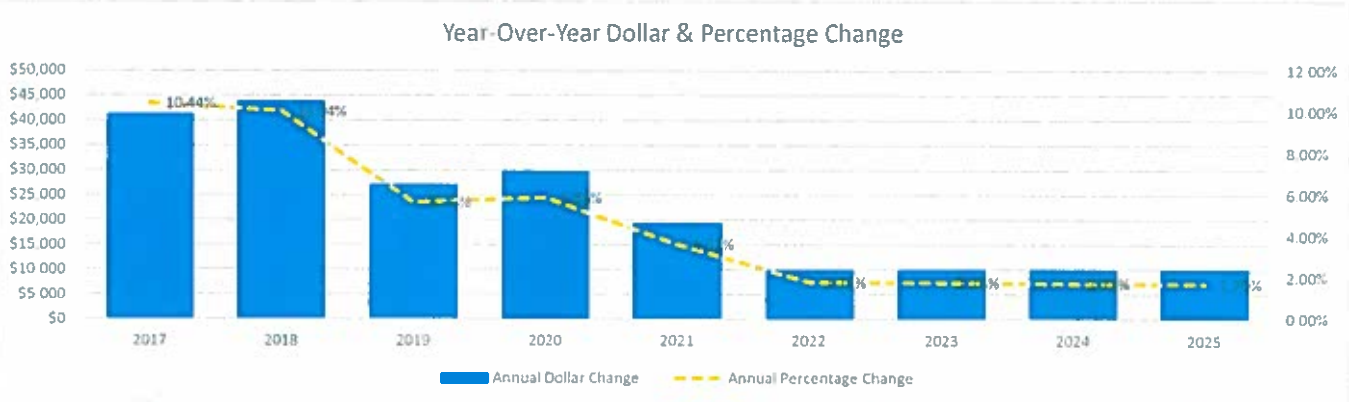
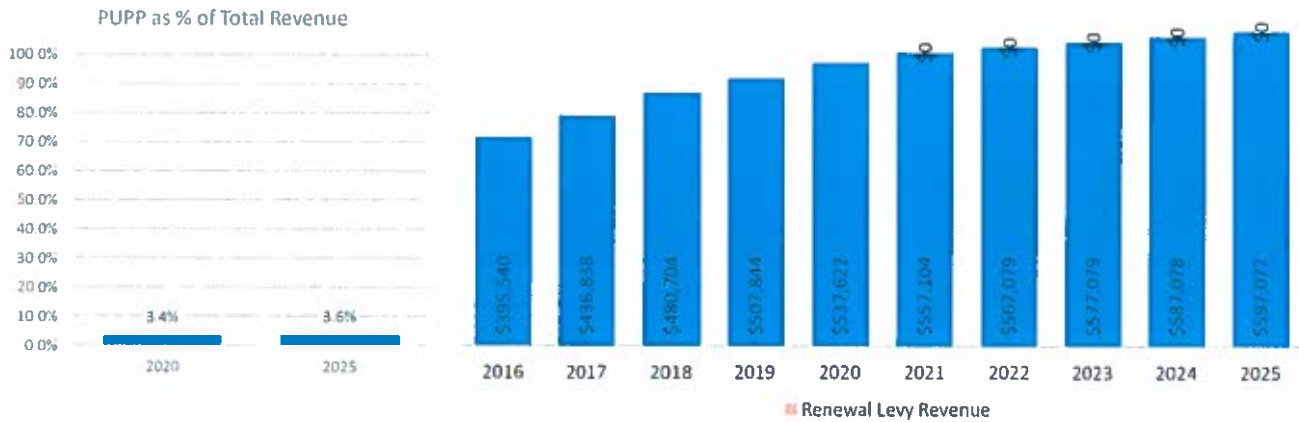
General Property Tax (Real Estate) accounts for 71.71% of District revenues

Revenues are projected to increase in FY21 and out years due to Summit County reappraisal in 2020 and Cuyahoga County reappraisal in 2021, plus additional valuation growth from new construction. 2% growth in tax year 2021 from the Cuyahoga County (54% of District valuation) property reappraisal, and 2% growth in tax year 2020 from the next Summit County triennial update are also included. The District has not experienced a decline in collection rates since the onset of the covid-19 pandemic.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2019	275,933,440	15,095,330	2.00	-	100.0%	
2020	280,933,440	5,000,000	2.00	-	100.0%	
2021	285,933,440	5,000,000	2.00	-	100.0%	
2022	290,933,440	5,000,000	2.00	-	100.0%	
2023	295,933,440	5,000,000	2.00	-	100.0%	
2024	300,933,440	5,000,000	2.00	-	100.0%	

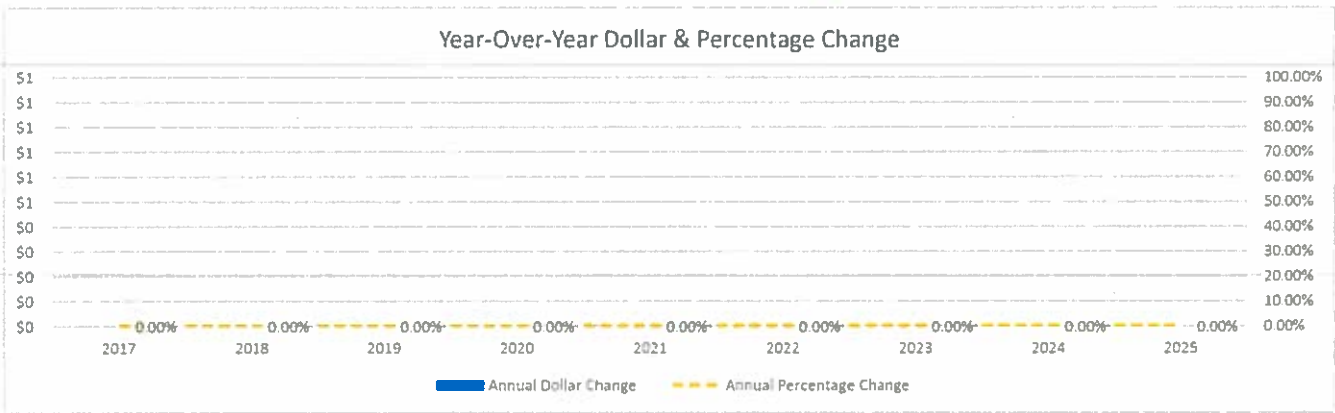
Public Utility Personal Property tax accounts for 3.56% of District revenues

Revenues are projected to increase slightly in FY21 and out years due to the assumed valuation growth reported by public utility companies.

*Projected % trends include renewal levies

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district, separate from federal, state and municipal income taxes.

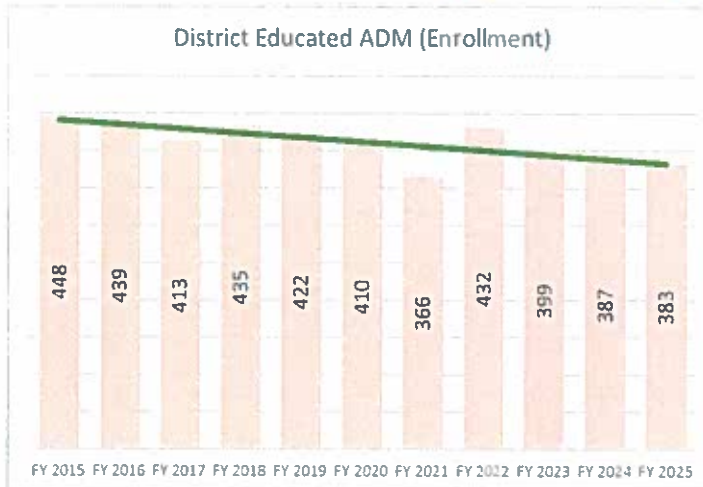
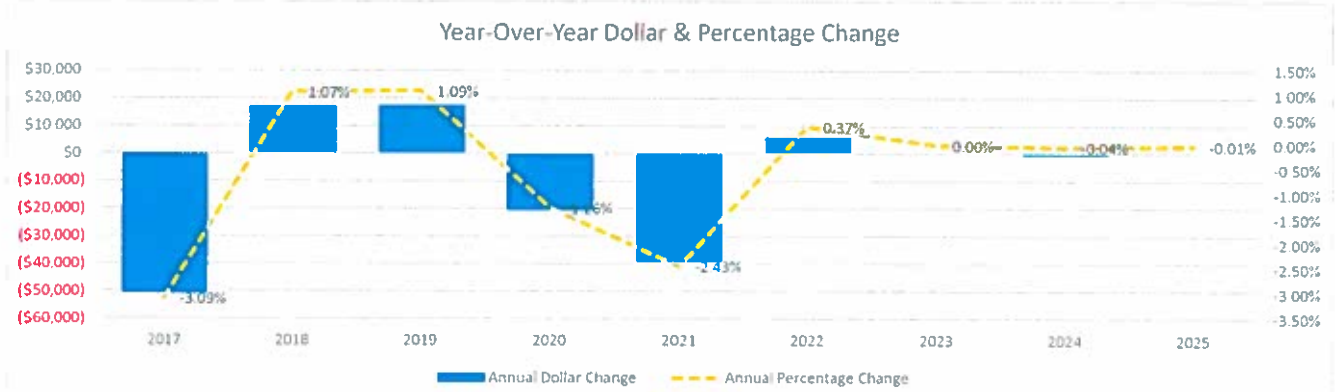
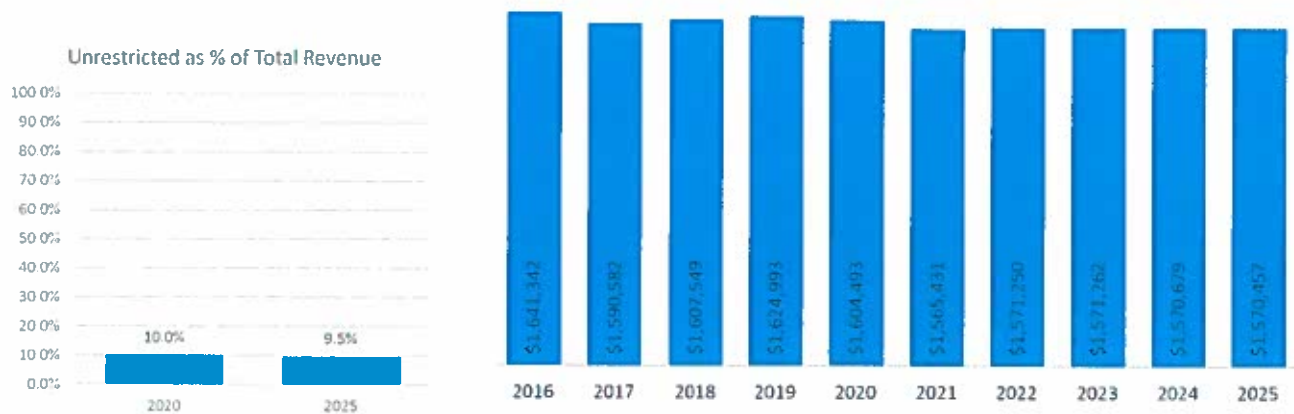


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



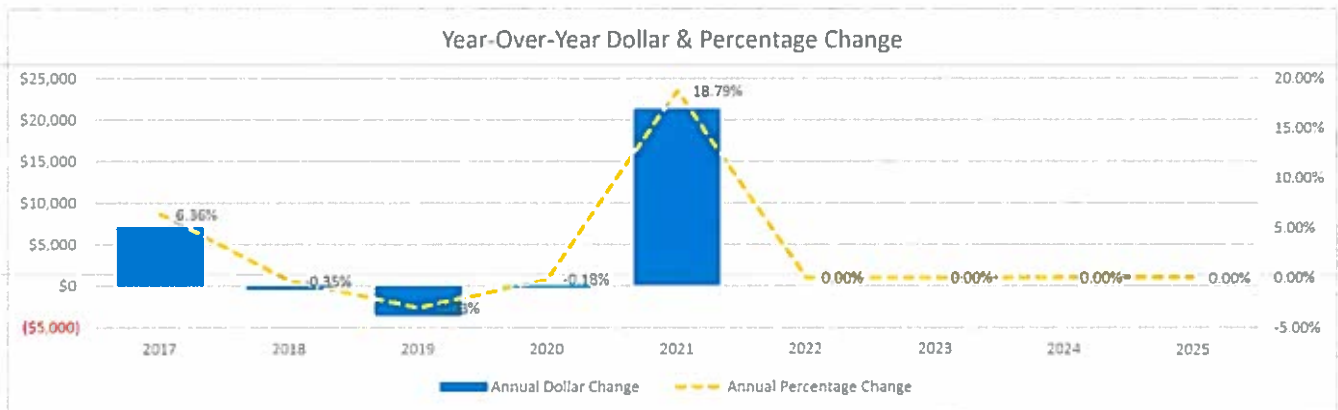
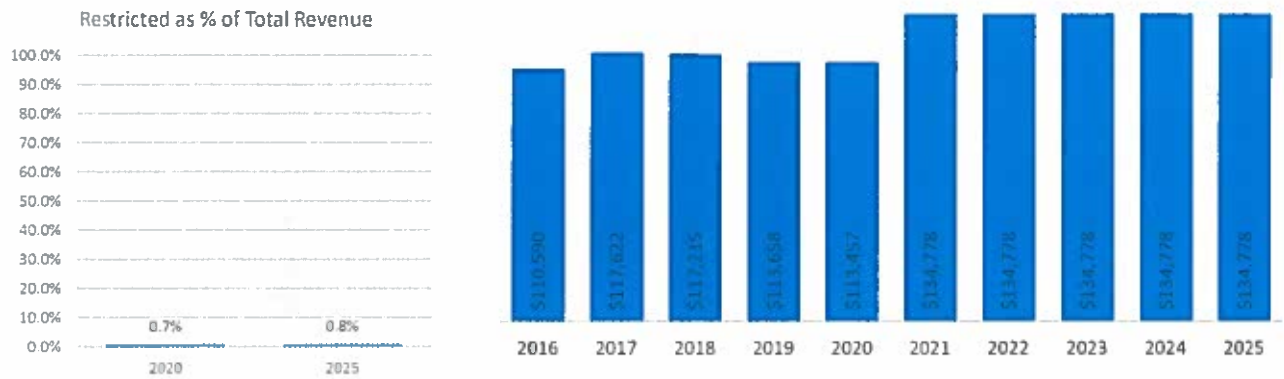
Unrestricted Grants-in-Aid accounts for 10.01% of District revenues.

State foundation revenues have remained at the FY20 "guaranteed" funding level without any reduction due to the covid-19 pandemic.

Casino revenues are included in this category.

1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes



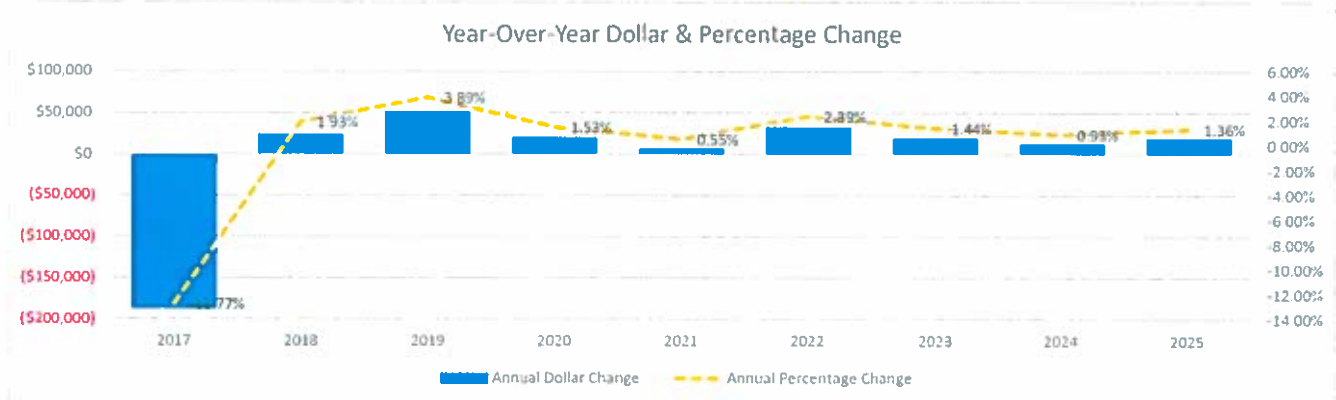
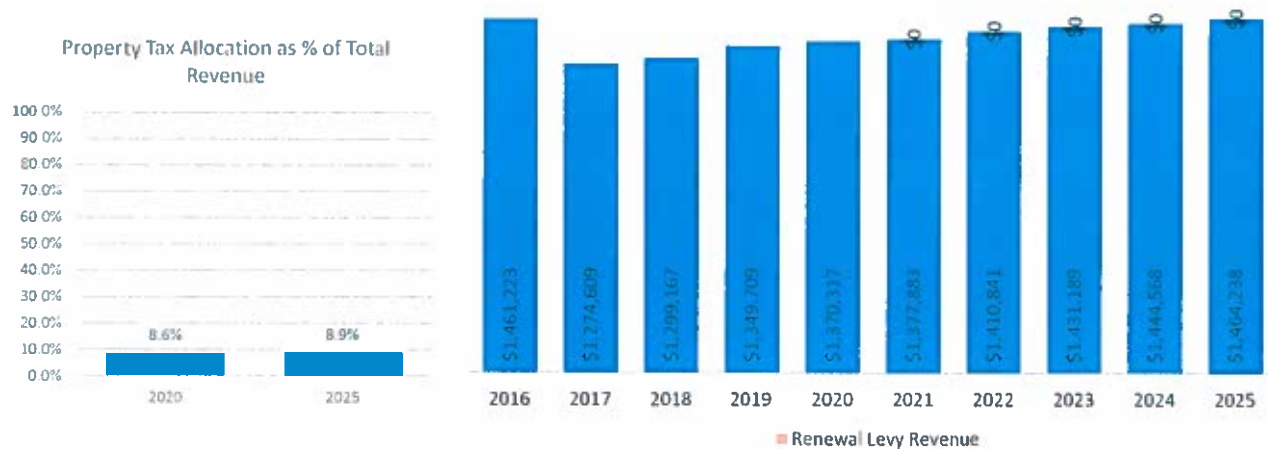
Restricted Grants-in-Aid accounts for 86% of District revenues.

Revenues are projected to remain flat for all forecast years as the District has been on the State guarantee funding allowance for numerous years

This category accounts for career-technical supplemental funding and economically disadvantaged student funding from the State.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



Property Tax Allocation accounts for 8.81% of District revenues.

This revenue source comes from homestead and rollback payments paid by the State on behalf of residential property tax owners

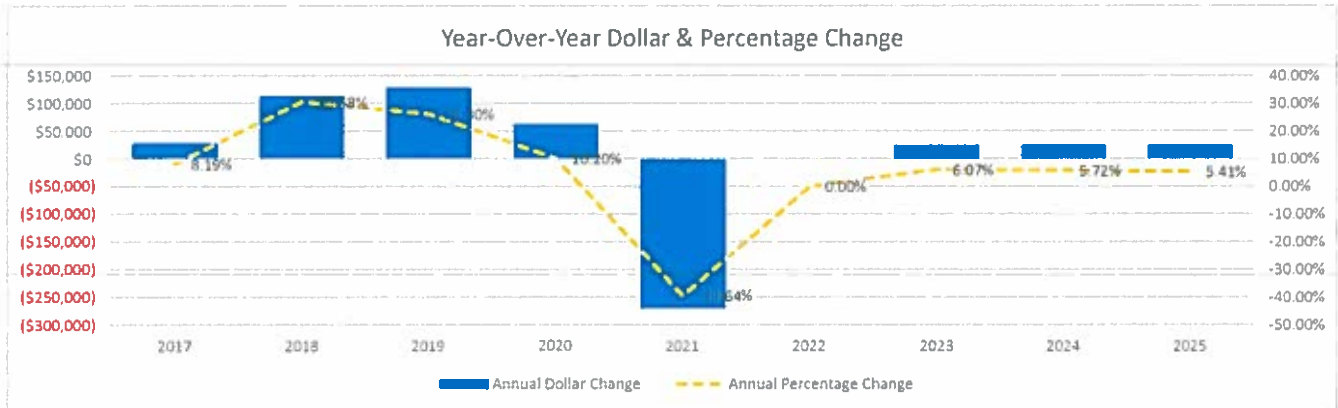
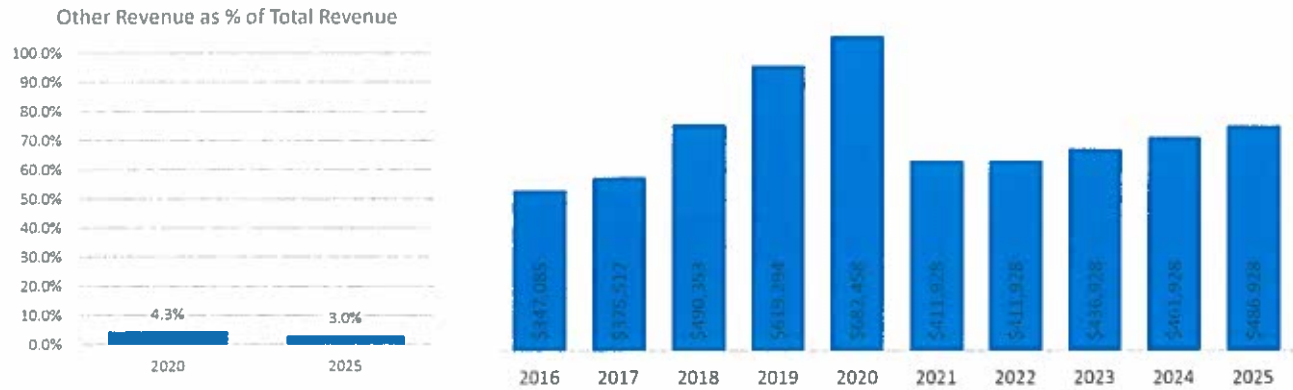
Residential, owner-occupied properties receive a 12.5% property tax reduction on existing tax levies, and residential, non-owner-occupied properties receive a 10.0% property tax reduction on existing tax levies, both of which are considered "rollback." The homestead payments made by the State help offset taxes for residential, owner-occupied properties wherein the owner meets certain age and income requirements.

Revenues are projected to increase slightly in all forecast years due to increased property valuations in Summit and Cuyahoga counties, as indicated in the notes for 1.010 General Property Tax (Real Estate).

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



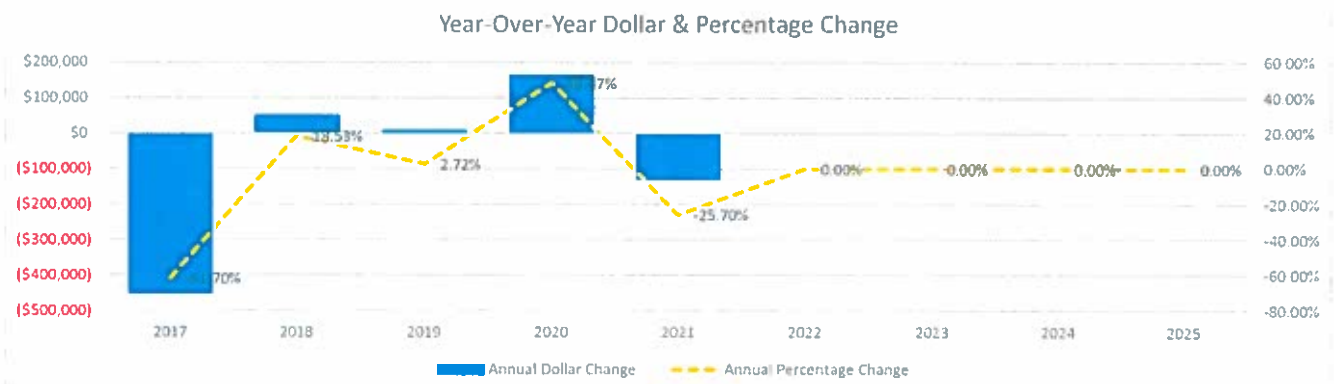
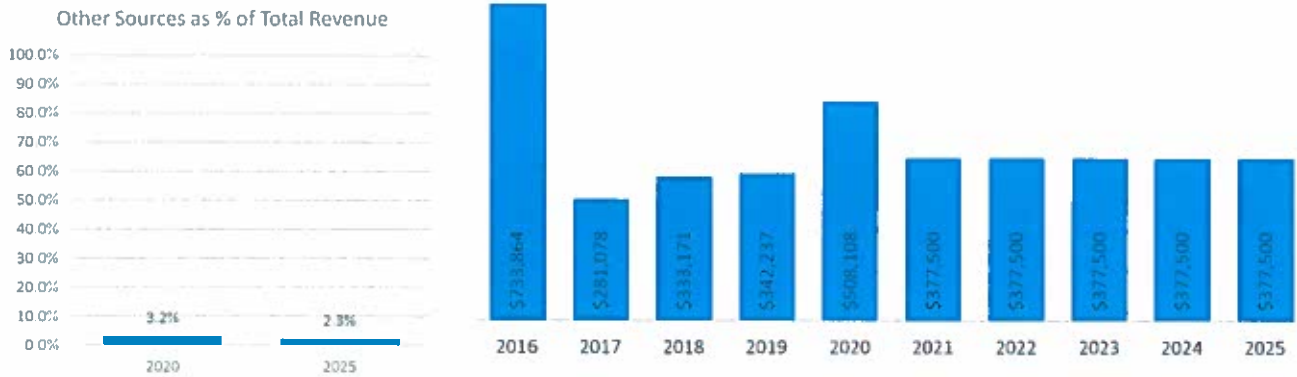
All Other Operating Revenues accounts for 2.63% of District revenues.

This category is comprised of tuition, student fees, investment earnings, open enrollment, workers' compensation refunds, and payments in lieu of taxes for various development agreements in some of our municipalities.

The decrease in all forecast years after FY19 is primarily due to reduced interest rates.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures



	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers In	-	-	-	-	-	-
Advances In	357,000	377,000	377,000	377,000	377,000	377,000
All Other Financing Sources	151,108	500	500	500	500	500

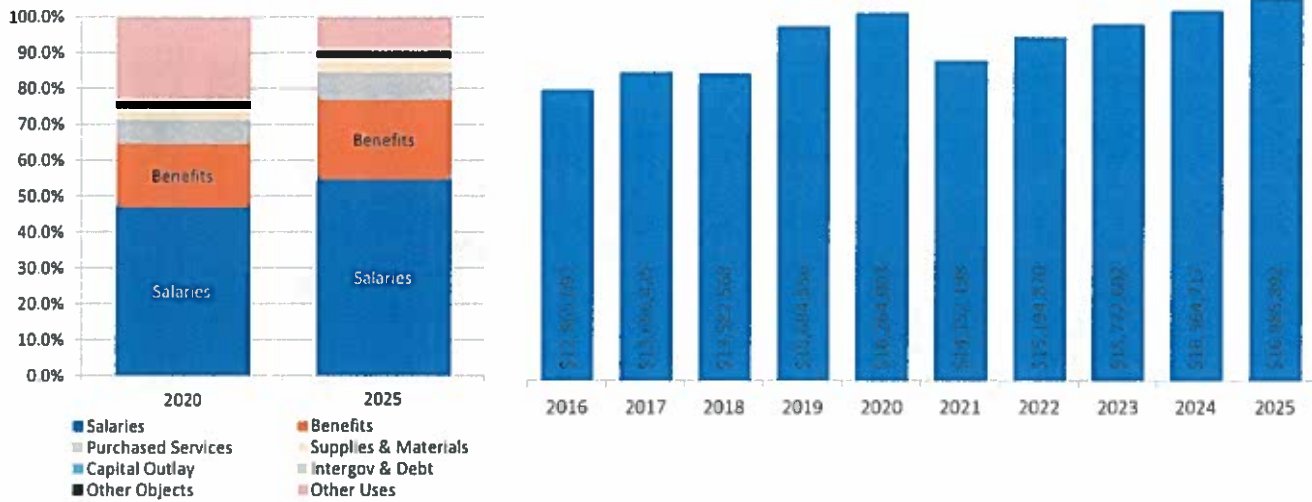
Total Other Financing Sources accounts for 2.42% of District revenues.

This revenue source primarily accounts for the return of advances to other funds of the District. These revenues are simply a return of temporary "loans" for cash flow purposes to these other funds, thus there is an offsetting expense in the prior or current fiscal year, resulting in no gain or loss to the District.

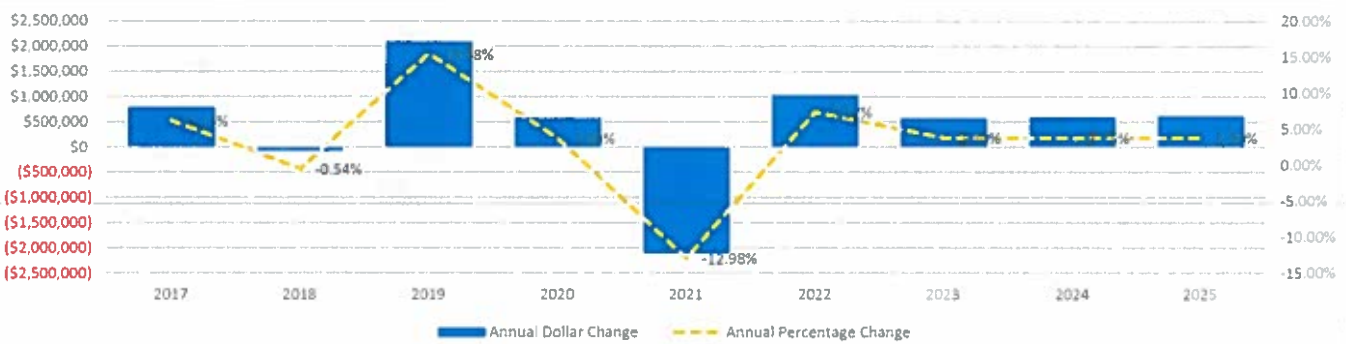
FY20 included one-time receipts of \$28K from Cuyahoga County reappraisal fees refund and one-time FY19 audit adjustment of \$123K from return of payroll clearance account deposits made 15 or more years ago as recommended by IPA auditing firm. These are not continued in FY21 and out years

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

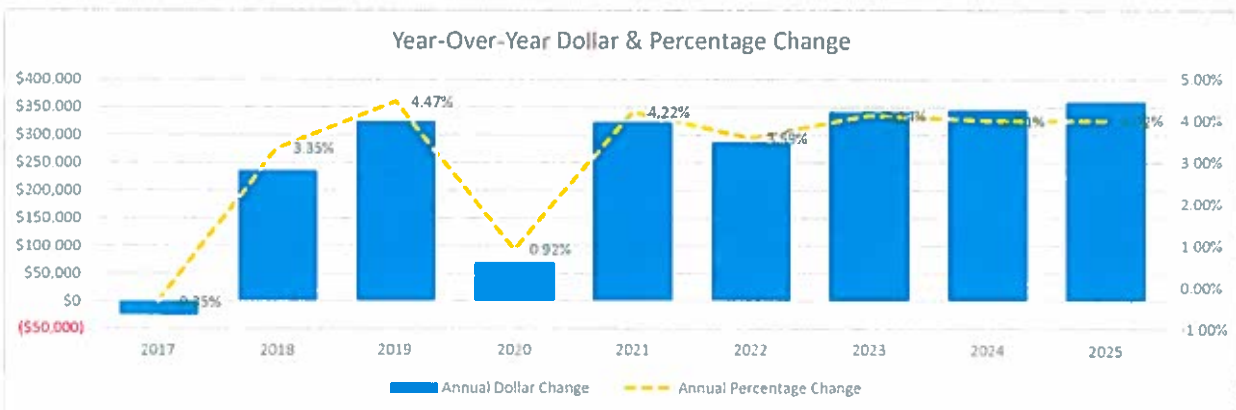
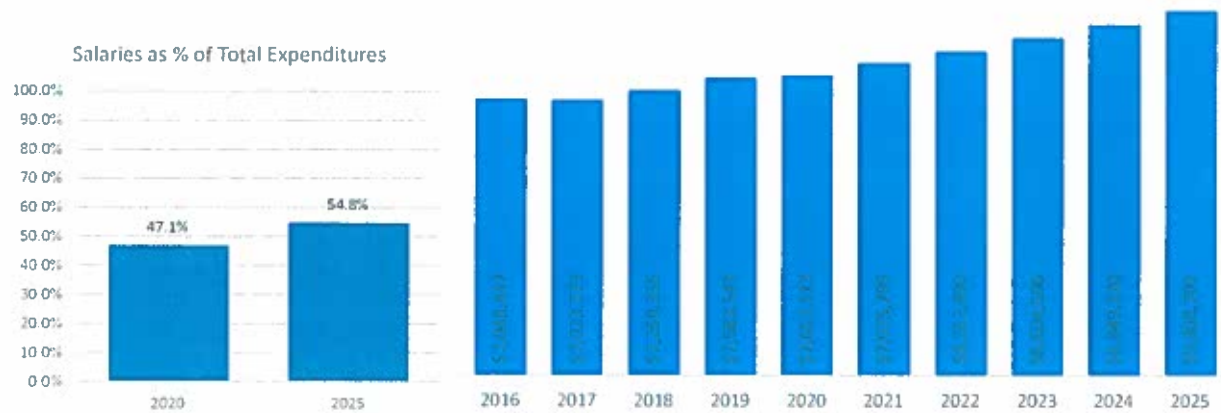
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures are expected to decrease in FY21 from FY20 primarily due to proposed transfer of funds in FY20 rather than FY21 for changes in phasing of building improvements previously approved by the Board as part of a five-year facilities improvement plan. Personnel Services and Employees Retirement/Insurance Benefits increase due to normal salary and fringe benefits increases. The increase in FY21 is reduced due to the elimination of two certified positions beginning with the 2020-21 school year. The transition to work teacher position is reinstated for FY22 and out years. The covid-19 pandemic pay approved by the Board for FY21 only is included. The Notes and Assumptions page for each expenditure category provide more details.
Salaries	\$209,800	\$331,107	\$121,307	
Benefits	\$136,157	\$178,097	\$41,941	
Purchased Services	(\$255,679)	\$48,648	\$304,327	
Supplies & Materials	\$7,558	\$27,374	\$19,815	
Capital Outlay	(\$103,133)	\$1,737	\$104,870	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	(\$2,925)	\$6,060	\$8,985	
Other Uses	\$877,415	(\$448,645)	(\$1,326,060)	
Total Average Annual Change	\$869,193	\$144,378	(\$724,815)	
	6.21%	0.89%	-5.32%	

Note: Expenditure average annual change is projected to be > \$144,378

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Personnel Services accounts for 56.36% of District expenditures.

2020/2021 school year staffing counts as of October 2020 are used as the basis for this forecast.

All provisions of current negotiated agreements are included.

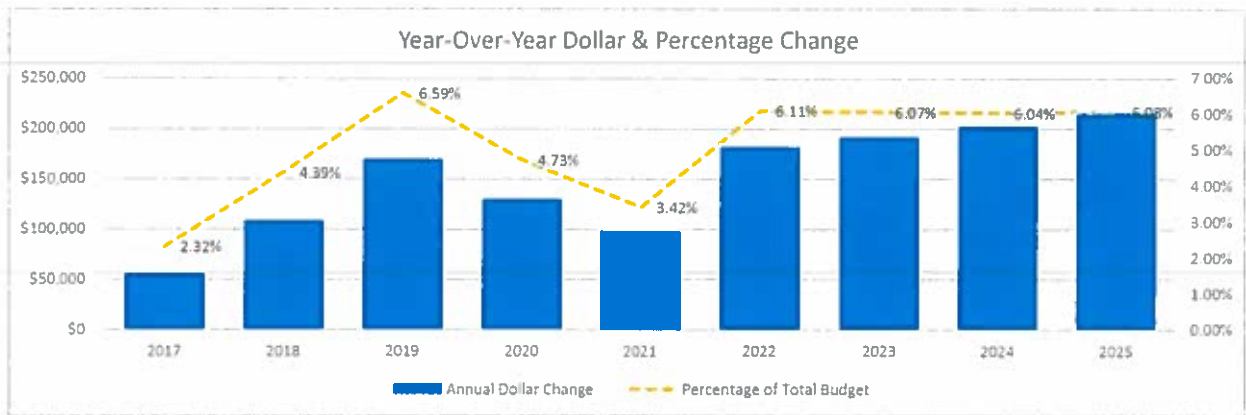
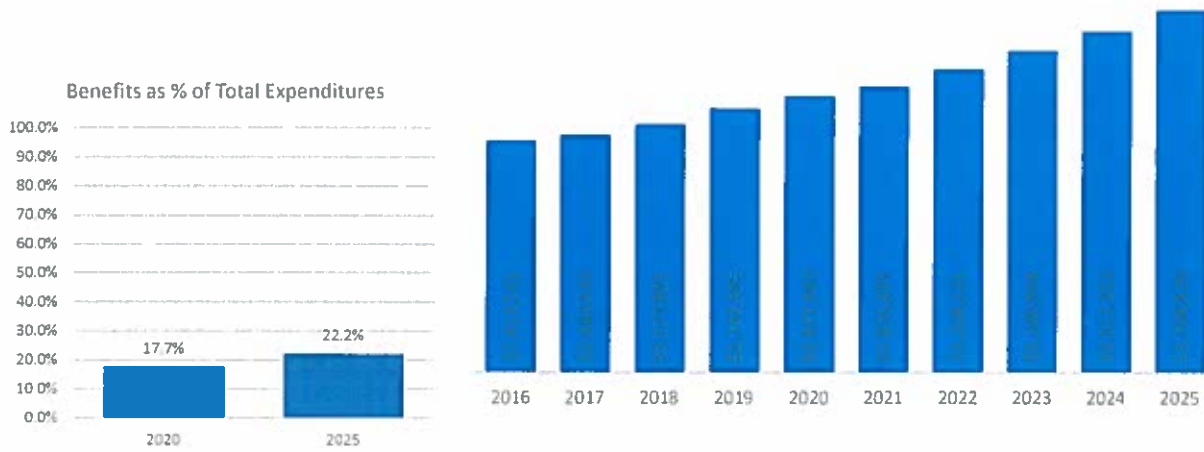
Base and step/education increases of 2.0% and 2.5% respectively for certified staff are included for FY21 and out years.

Two certified positions are eliminated (\$201K annual savings) beginning with FY21, and \$125K is included for covid-19 pandemic staff payments that could be issued in FY21 only depending on teaching/learning circumstances for the 20/21 school year.

One additional educational aide is included for FY21 and FY22 as previously approved by the Board. Addition of nursing position partially funded by general fund is included. Reinstatement of transition to work teacher position (one of two positions eliminated in FY21 per note in above paragraph) in FY22 is included. Otherwise, no additional staff is included for FY21 and out years of this forecast.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Employees' Benefits accounts for 21.03% of District expenditures

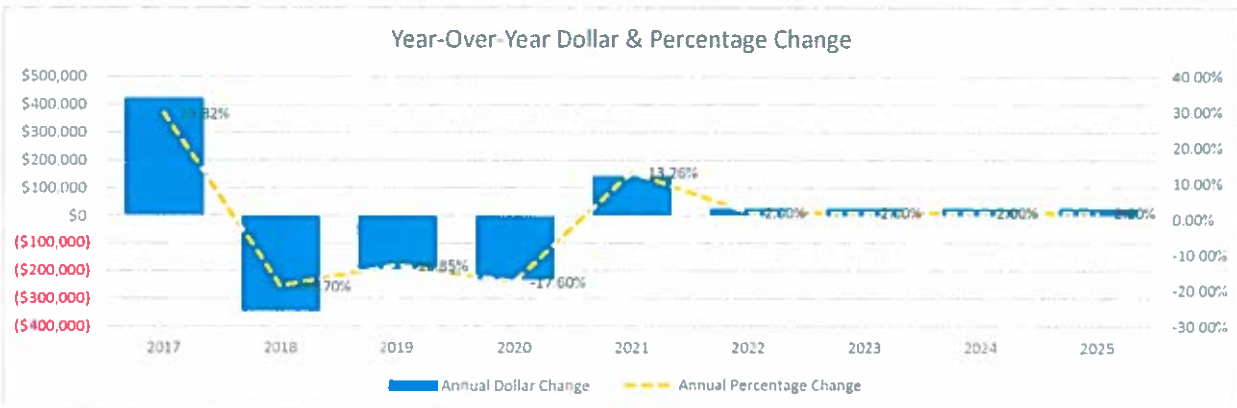
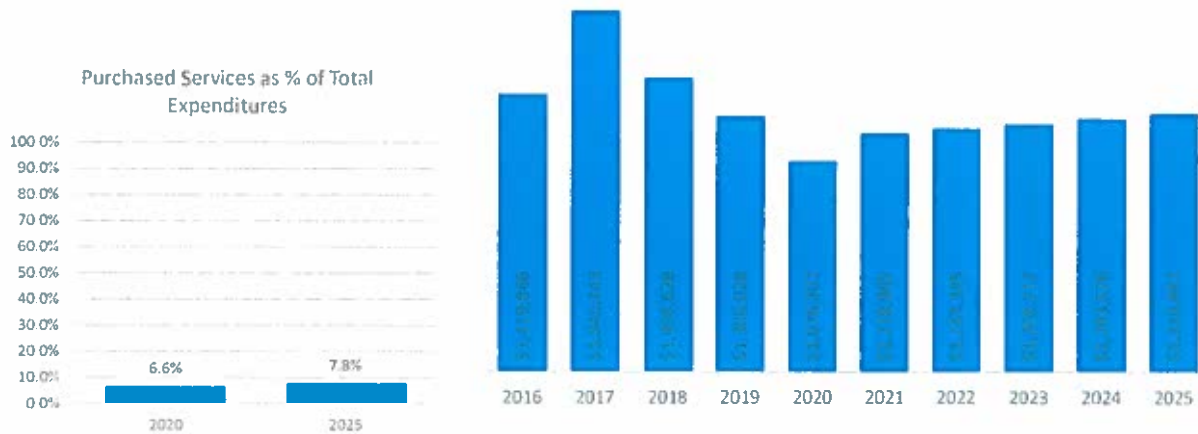
Insurance counts and premiums for October 2020 are used for the base cost calculations, as well as the 2020/2021 salaries which drive the retirement/medicare/workers' compensation.

Insurance premium increases of 8% blended rate are included for FY22 and out years. Premiums increased 0% for FY21, preceded by increases of 4.18%, 8.66%, 11.68%, 9.17%, and 4.55% respectively in FY20, FY19, FY18, FY17, and FY16. Employee premium share increased by 2% to 16% for all staff, effective October 1, 2017.

All provisions of current negotiated agreements are included.

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services accounts for 8.61% of District expenditures.

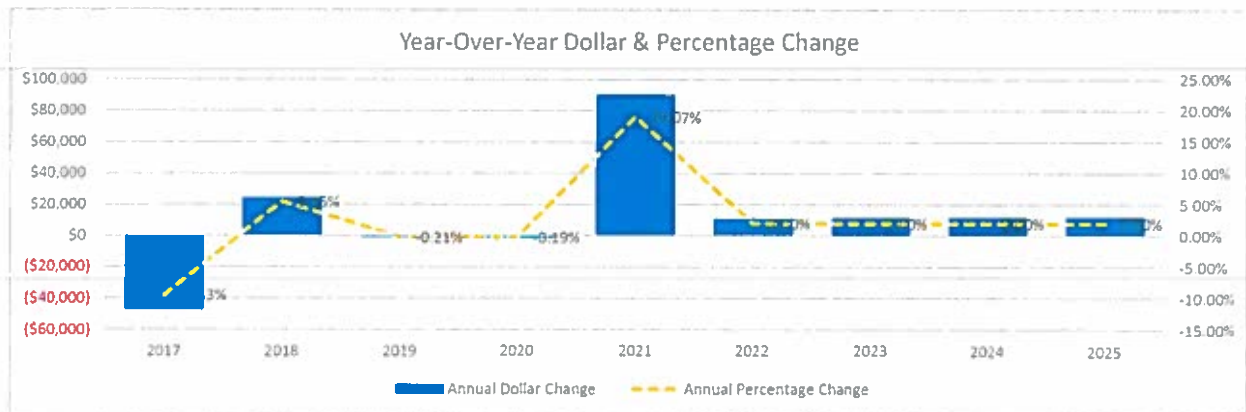
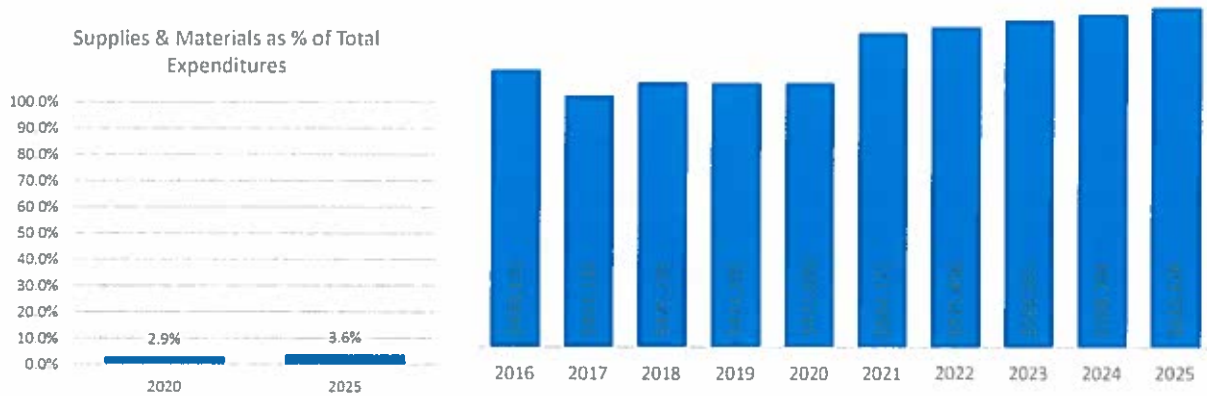
Utilities, property and fleet insurance, copier leases/costs, technology services and repairs, building maintenance and repairs, legal and other professional services, and staff professional development comprise the majority of these expenditures.

FY21 appropriations approved by the Board of Education are used as the basis for this forecast, with application of 90% of authorized budgets being expended. 2% overall inflationary growth is generally applied to purchased services items for FY22 and out years of this forecast.

The technology support services contract that was in place for several years is eliminated after FY18.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies



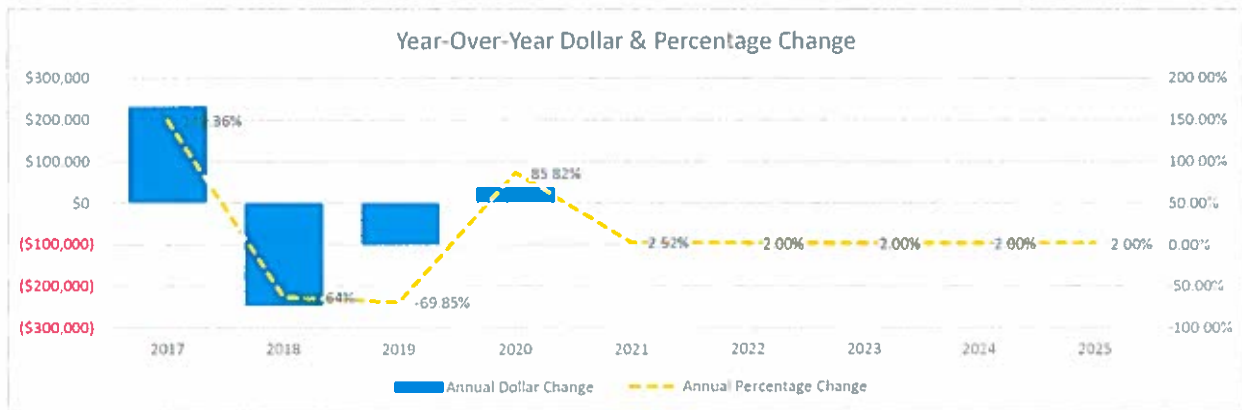
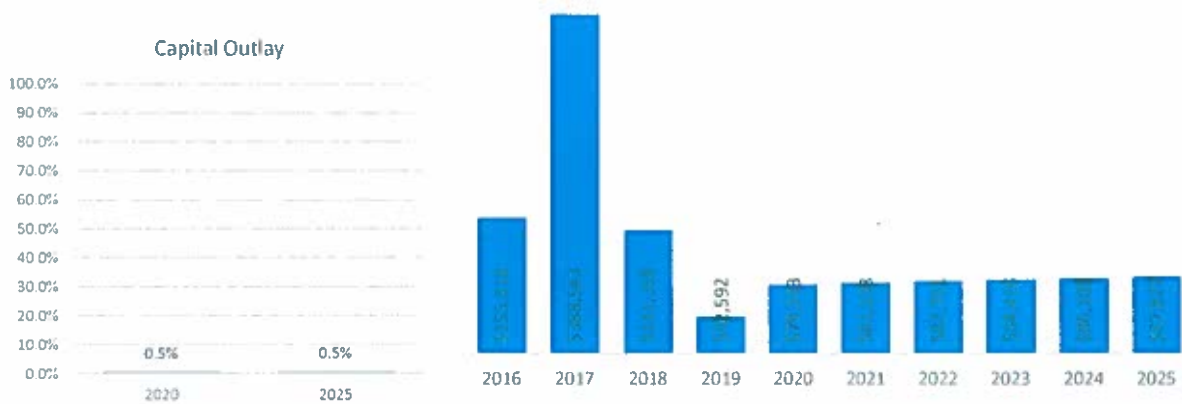
Supplies & Materials accounts for 3.99% of District expenditures.

Textbooks, custodial and maintenance supplies, software, technology supplies, and paper and other building/office supplies comprise the majority of these expenditures.

FY21 appropriations approved by the Board of Education are used as the basis for this forecast, with application of 85% of authorized budgets being expended based upon historical review of budgets being utilized. 2% inflationary growth is generally applied to all supplies and materials items for FY22 and out years.

3.050 - Capital Outlay

- This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses



Capital Outlay accounts for 0.57% of District expenditures.

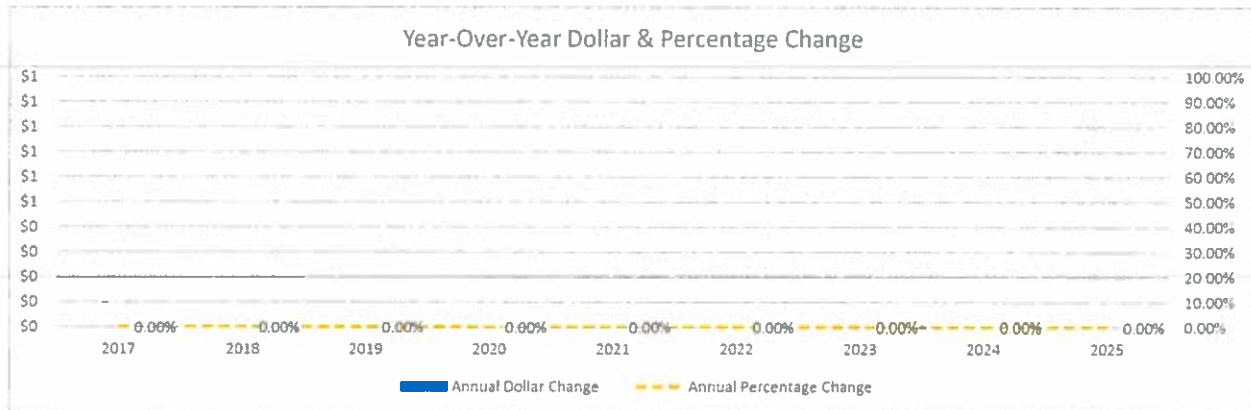
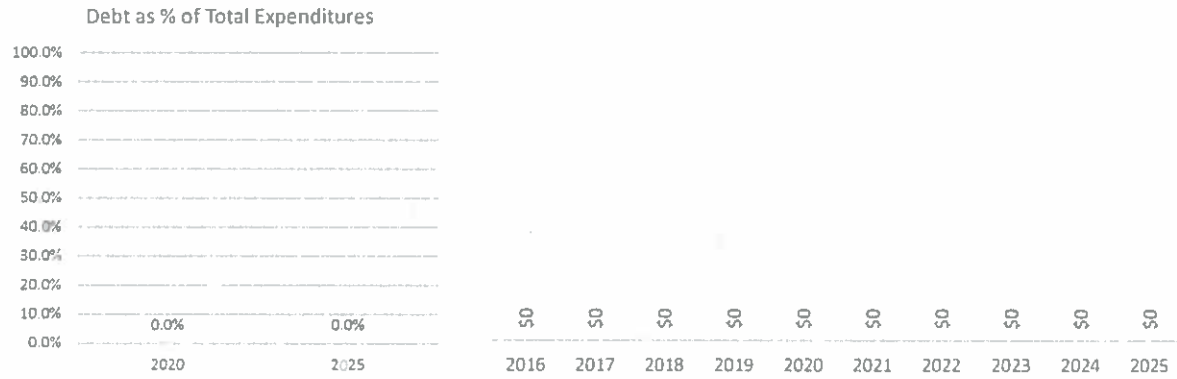
Equipment for office and custodial/maintenance comprises the majority of these expenditures after FY18 as equipment purchases are planned for procurement from Permanent Improvement Funds and other grant funds.

FY18 included \$125,000 for equipment needs for the new exercise science program.

FY21 appropriations approved by the Board of Education are used as the basis for this forecast, with application of 100% of authorized budgets being expended based upon historical review of budgets being utilized. 2% inflationary growth is generally applied to all capital outlay items for FY22 and out years.

3.060-4.060 - Intergovernmental & Debt

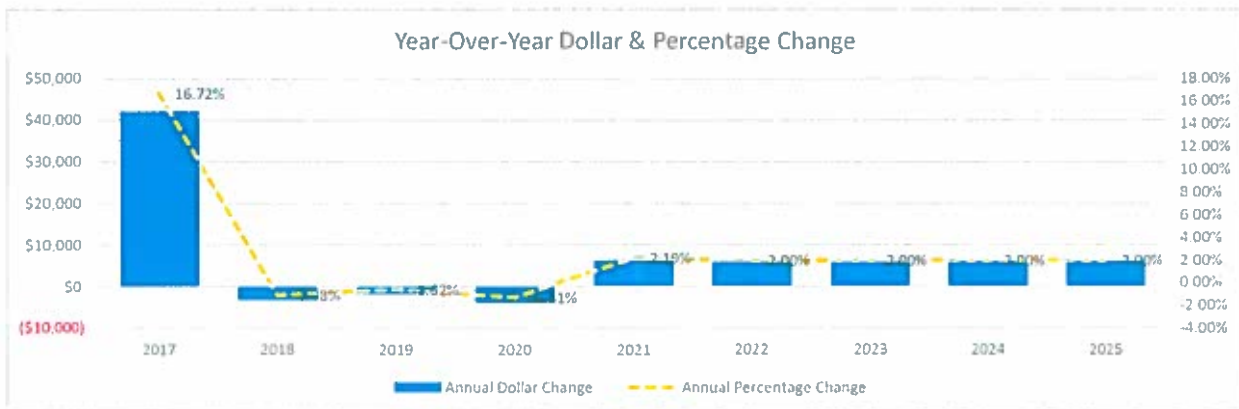
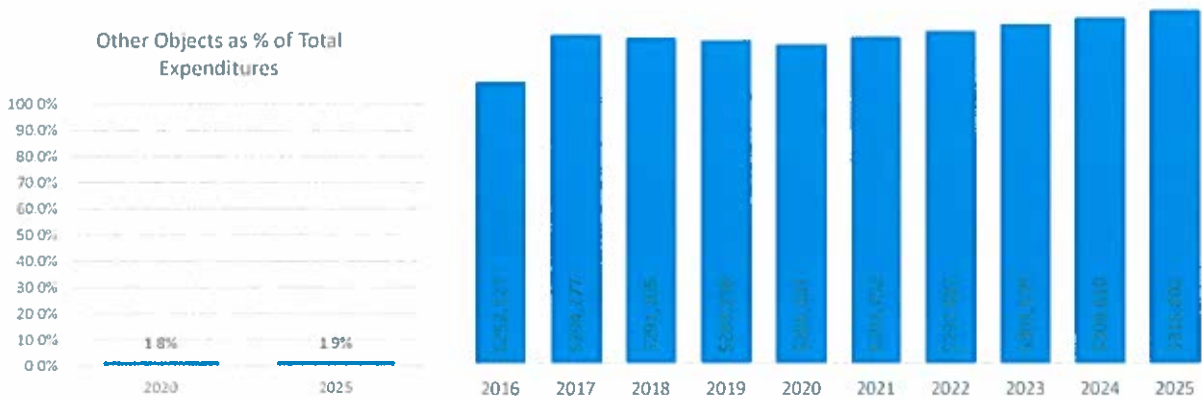
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



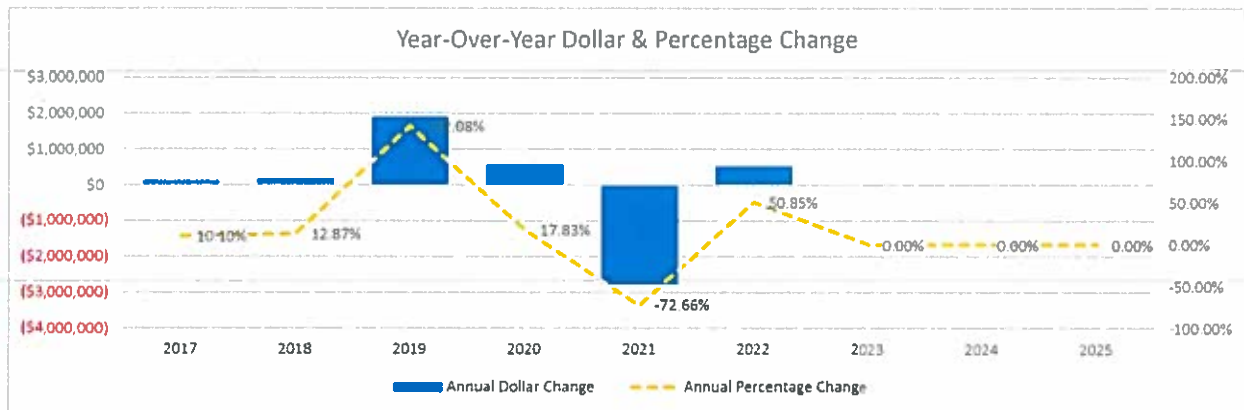
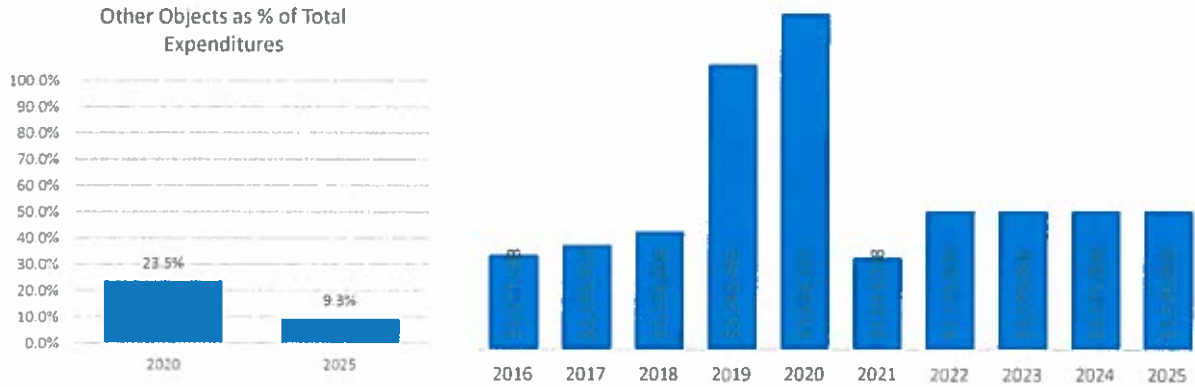
Other Objects accounts for 2.06% of District expenditures.

FY21 appropriations approved by the Board of Education are used as the basis for this forecast, with application of 100% of authorized budgets being expended based upon historical review of budgets being utilized. 2% inflationary growth is generally applied to all other objects items for FY22 and out years.

Tax collection fees charged by Summit County, liability insurance, and memberships comprise the majority of these expenditures.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses



	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers Out	3,265,721	425,078	956,000	956,000	956,000	956,000
Advances Out	377,000	377,000	377,000	377,000	377,000	377,000
Other Financing Uses	175,504	242,000	242,000	242,000	242,000	242,000

Total Other Financing Uses accounts for 7.38% of District expenditures. Advances and transfers to other funds are recorded in this category. Advances are simply a temporary "loan" for cash flow purposes to these other funds, thus there is offsetting revenue in the current or subsequent fiscal year, resulting in no gain or loss to the District. Advances to Food Services, Uniform School Supplies, Adult Education, Section 125, and Student Leadership funds totaling \$377,000 are included for FY21 and all out years. Transfers are permanent allocations of resources to the receiving funds, used to help offset operating costs. Transfers to funds other than Permanent Improvement Building Maintenance and Permanent Improvement Technology are made in the next fiscal year to only provide funding for the actual operating deficit from the prior fiscal year. Section 125 receives an annual transfer of approximately \$21,000 for \$10 per employee per month contribution provisions in negotiated agreements. The planned transfer to Permanent Improvement Building Maintenance in FY21 for phase three building improvements identified in the five-year facilities improvement plan is included in FY20 since the Board approved the transfer along with bidding of the FY20 and FY21 projects at the same time. Transfers to this account return to \$400,000 annually for unspecified projects beginning in FY22 and out years. The \$30,000 annual allocation to each associate district for career-technical education programming is included in this category.

Cuyahoga Valley Career Center
Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	11,176,854	11,213,405	11,439,283	11,593,884	11,699,754	11,864,887
1.020 - Public Utility Personal Property	537,622	557,104	567,079	577,079	587,078	597,077
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	1,604,493	1,565,431	1,571,250	1,571,262	1,570,679	1,570,457
1.040 - Restricted Grants-in-Aid	113,457	134,778	134,778	134,778	134,778	134,778
1.050 - Property Tax Allocation	1,370,317	1,377,883	1,410,841	1,431,189	1,444,568	1,464,238
1.060 - All Other Operating Revenues	682,458	411,928	411,928	436,928	461,928	486,928
1.070 - Total Revenue	15,485,201	15,260,529	15,535,159	15,745,120	15,898,785	16,118,365
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	357,000	377,000	377,000	377,000	377,000	377,000
2.060 - All Other Financing Sources	151,108	500	500	500	500	500
2.070 - Total Other Financing Sources	508,108	377,500	377,500	377,500	377,500	377,500
2.080 - Total Rev & Other Sources	15,993,309	15,638,030	15,912,660	16,122,621	16,276,286	16,495,866
Expenditures:						
3.010 - Personnel Services	7,653,173	7,975,795	8,262,490	8,604,506	8,949,370	9,308,709
3.020 - Employee Benefits	2,877,943	2,976,297	3,158,231	3,349,964	3,552,353	3,768,429
3.030 - Purchased Services	1,076,207	1,218,965	1,243,345	1,268,212	1,293,576	1,319,447
3.040 - Supplies and Materials	473,809	564,172	575,456	586,965	598,704	610,678
3.050 - Capital Outlay	79,143	81,138	82,761	84,416	86,105	87,827
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	285,501	291,752	297,587	303,539	309,610	315,802
4.500 - Total Expenditures	12,445,777	13,108,120	13,619,870	14,197,602	14,789,717	15,410,891
Other Financing Uses						
5.010 - Operating Transfers Out	3,265,721	425,078	956,000	956,000	956,000	956,000
5.020 - Advances-Out	377,000	377,000	377,000	377,000	377,000	377,000
5.030 - All Other Financing Uses	175,504	242,000	242,000	242,000	242,000	242,000
5.040 - Total Other Financing Uses	3,818,225	1,044,078	1,575,000	1,575,000	1,575,000	1,575,000
5.050 - Total Exp and Other Financing Uses	16,264,003	14,152,198	15,194,870	15,772,602	16,364,717	16,985,892
6.010 - Excess of Rev Over/(Under) Exp	(270,694)	1,485,831	717,789	350,019	(88,432)	(490,026)
7.010 - Cash Balance July 1 (No Levies)	16,068,927	15,798,233	17,284,065	18,001,854	18,351,873	18,263,442
7.020 - Cash Balance June 30 (No Levies)	15,798,233	17,284,065	18,001,854	18,351,873	18,263,442	17,773,416
		Reservations				
8.010 - Estimated Encumbrances June 30	217,862	300,000	300,000	300,000	300,000	300,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	15,580,371	16,984,065	17,701,854	18,051,873	17,963,442	17,473,416
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	15,580,371	16,984,065	17,701,854	18,051,873	17,963,442	17,473,416
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	15,580,371	16,984,065	17,701,854	18,051,873	17,963,442	17,473,416