

Garfield Heights City School District

# Five Year Forecast Financial Report

October, 2019

*Allen D. Sluka, Treasurer/CFO*

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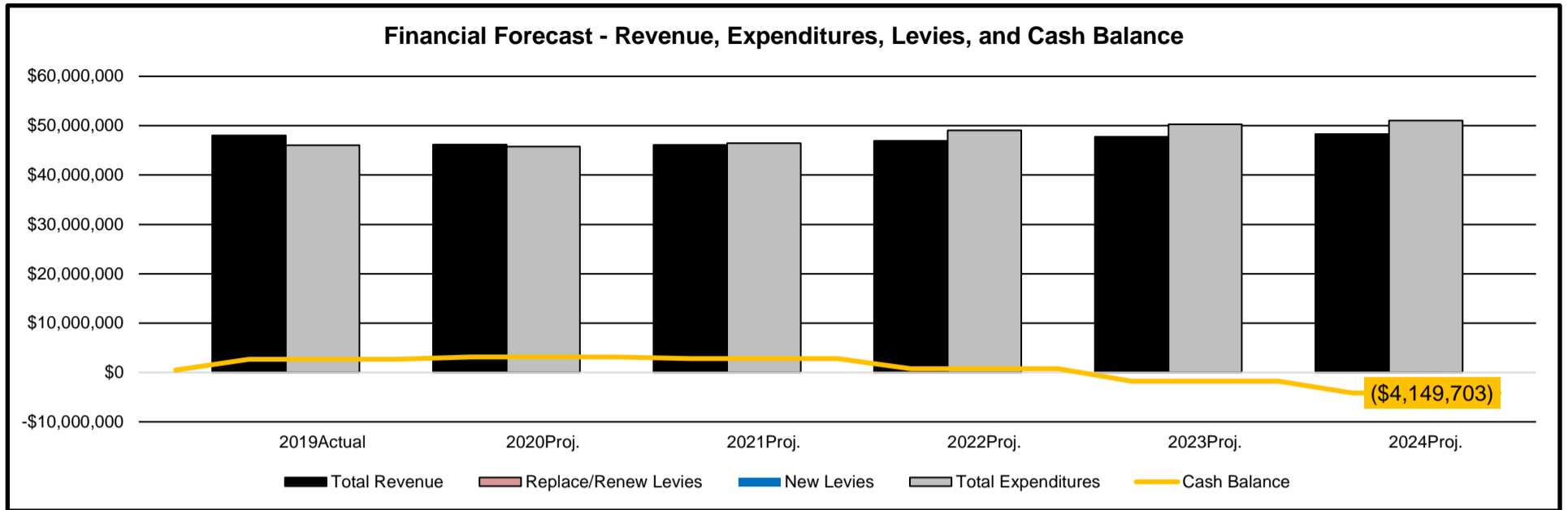
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### Forecast Purpose/Objectives

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.



Garfield Heights City School District

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	3,016,053	3,442,632	3,121,016	1,035,458	(1,469,885)
+ Revenue	46,166,311	46,116,081	46,942,382	47,770,386	48,331,359
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(45,739,732)	(46,437,698)	(49,027,940)	(50,275,729)	(51,011,176)
= Revenue Surplus or Deficit	426,579	(321,617)	(2,085,558)	(2,505,343)	(2,679,817)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	3,442,632	3,121,016	1,035,458	(1,469,885)	(4,149,703)

Analysis Without Renewal Levies Included:

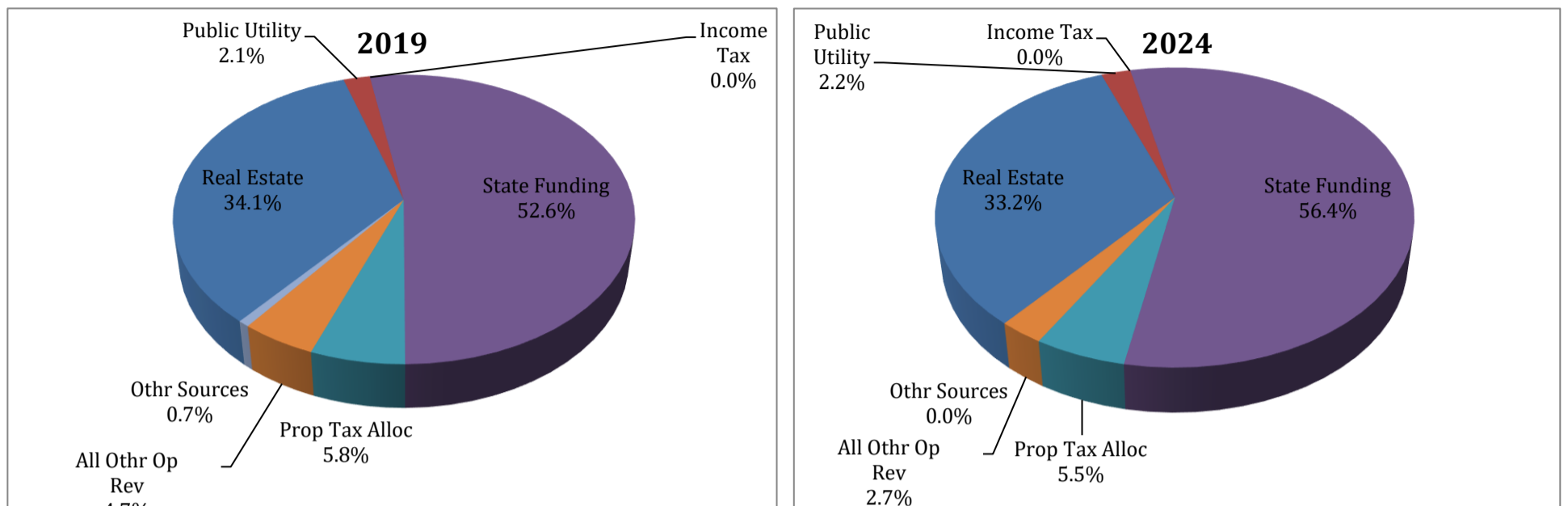
Revenue Surplus or Deficit w/o Levies	426,579	(321,617)	(2,085,558)	(2,505,343)	(2,679,817)
Ending Balance w/o Levies	3,442,632	3,121,016	1,035,458	(1,469,885)	(4,149,703)

For projected fiscal year 2020, the forecast shows a Revenue Surplus and then moving forward in projected fiscal years 2021 through 2024, the forecast shows Revenue Deficits. Carryover balances remains positive in Fiscal Years 2020 through 2022 due to the State's Wellness and Student Success grant funding. At the direction of the State Auditor's Office, the district is not required to show this wellness funding in forecast and has established a separate state fund this. The district will receive \$875,000 in fiscal year 2020 and \$1,259,000 in fiscal year 2021. By establishing a separate fund, we shifted some of our programming expenses to this fund and that expenditure shift is reflected in the current forecast in only fiscal years 2020 and 2021. This district will need to address the revenue deficit in 2022 and the negative fund balance in 2023.

ADM estimates are included in the forecast and assumes no significant change in enrollment. The District continues to closely monitor enrollment numbers to assess the academic needs of our students and the impact on state funding to the district. Enrollment numbers have remained constant over the previous years.

The current state biennium budget was passed on June 2019 which covers fiscal years 2020 and 2021 of the forecast. The future of state funding for public schools is unknown beyond 2021. The state legislature has again changed the funding to schools. The net affect of the new state funding has a significant impact on this forecast. State funding is addressed in more detail in the assumptions on Unrestricted and Restricted state funding revenue (1.035 and 1.040).

## Revenue Sources and Forecast Year-Over-Year Projected Overview



*\*Projected % trends include renewal levies*

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
<b>Revenue:</b>							
1.010-Real Estate	2.19%	-6.17%	-0.32%	0.35%	0.21%	-0.05%	-1.20%
1.020-Public Utility	7.75%	7.18%	4.62%	1.41%	1.39%	1.91%	3.30%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	7.30%	0.52%	-0.01%	5.66%	3.15%	3.25%	2.51%
1.040-Restricted Aid	-7.25%	-5.42%	0.07%	-70.23%	0.00%	0.00%	-15.12%
1.045-Restr Federal SFSF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-0.47%	-0.85%	-1.57%	-1.64%	-0.79%	-0.05%	-0.98%
1.060-All Other Operating	19.45%	-41.08%	0.00%	0.00%	0.00%	0.00%	-8.22%
<b>1.070-Total Revenue</b>	<b>4.61%</b>	<b>-3.84%</b>	<b>-0.11%</b>	<b>1.80%</b>	<b>1.78%</b>	<b>1.81%</b>	<b>0.29%</b>
2.070-Total Other Sources	39.11%	-8.63%	0.00%	0.00%	0.00%	-100.00%	-21.73%
<b>2.080-Total w/Other Srcs</b>	<b>4.69%</b>	<b>-3.87%</b>	<b>-0.11%</b>	<b>1.79%</b>	<b>1.76%</b>	<b>1.17%</b>	<b>0.15%</b>

**Total Revenues and Other Financing Sources** projections will have a minimal averages increase of only .15% over the forecasted years 2020 through 2024 as compared to 4.69% average over the previous five years .

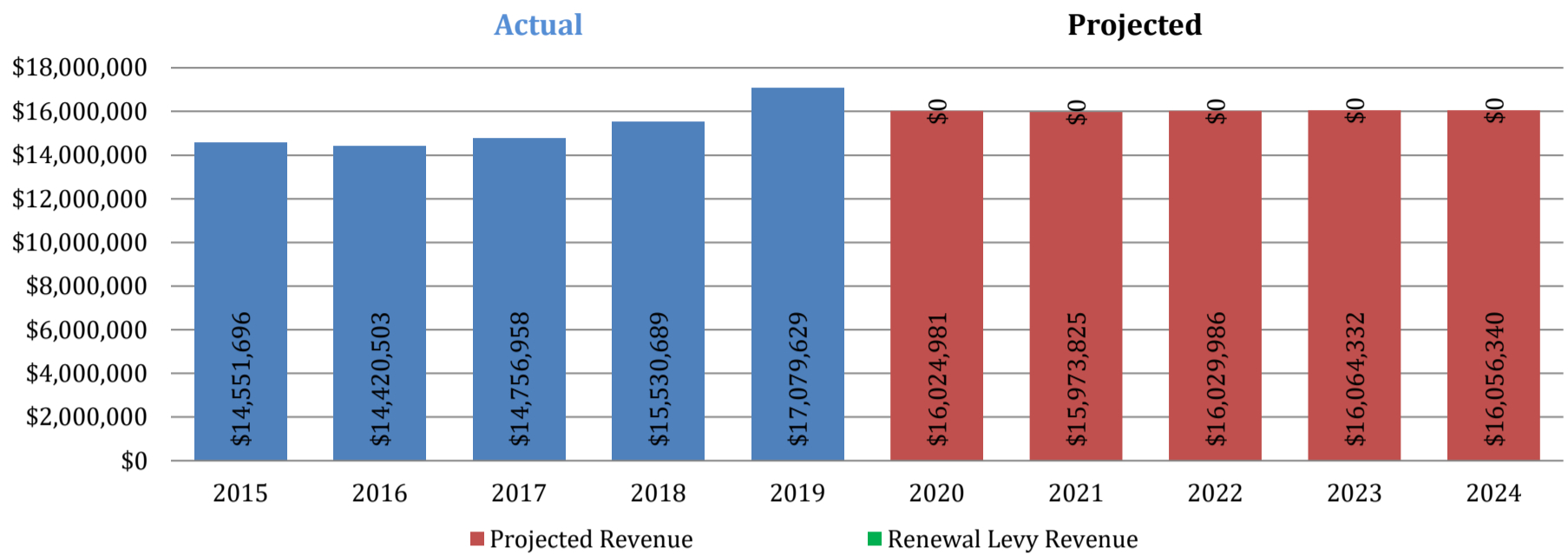
With over 56% of the district's funding coming from the State of Ohio (State Funding, Restricted Aid and Property Tax Allocation), the state's biennial budget and economic outlook is a major factor in projecting future revenues. The state's current biennial budget for 2020 and 2021 has the district receiving no increase in the base funding amount and we are projecting a 3% increase in forecasted fiscal years 2022 through 2024 for a 2.5% average over the forecasted fiscal years as compared to an average of 7.3% over the past five years.

The next major revenue source is real estate taxes of which generates 34% of the district's total revenues. Reverse HB920 and Emergency Levies which are dollar amount driven have played a significant role in mitigating previous years valuation losses. That same affect impacts tax revenues when there is a valuation increase that the district received from the triennial update. Collection of delinquent taxes over the past few years have also contributed to steady increase in property tax revenues. While we have tried to project these collection amounts based on past history, we do not always know who or when someone is going to pay their delinquent tax amount. While these amounts have remained steady over the previous years, 2019 fiscal year collections amounted to over \$2.3 million. However, we are not projecting to maintain that high of a delinquency collection amount in the forecasted fiscal years thus causing a decrease in fiscal years 2020 and 2021.

Lastly, the district saw a significant one time payment of shared income tax revenue and a higher than estimated TIF payments from the City. This

### 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).



	2019	2020	2021	FORECASTED		
	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	17,079,629	16,024,981	15,973,825	16,029,986	16,064,332	16,056,340
YOY \$ Change	1,548,940	(1,054,648)	(51,156)	56,161	34,346	(7,992)
YOY % Change	10.0%	-6.2%	-0.3%	0.4%	0.2%	0.0%

Percentage of Total Revenue	2019	2020	2021	2022	2023	2024
	35.6%	34.7%	34.6%	34.1%	33.6%	33.2%

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	303,119,580	27,094,950	64.63	(2.22)	58.67	(1.94)	106.9%
2019	303,119,580	-	65.02	0.39	59.06	0.39	97.8%
2020	303,119,580	-	65.15	0.14	59.20	0.14	95.9%
2021	312,213,167	9,093,587	63.58	(1.58)	57.80	(1.40)	95.9%
2022	312,213,167	-	63.54	(0.03)	57.76	(0.03)	95.9%
2023	312,213,167	-	63.51	(0.03)	57.73	(0.03)	95.9%

**General Property Tax** is the second highest revenue source of the district at 34.7%. The General Property tax consists of real estate taxes of both Residential (Class I) and Commercial/Industrial (Class II). Of these two, residential property tax consists of 76% of the revenue while Commercial/Industrial is 24%. There are four major components that affect the district's real estate property tax revenues: Taxable Values, Tax Rates, Collection Rates and Delinquency Collections.

**Taxable Values** - The district saw a 10% increase in Residential valuation and a 17% increase for Commercial/Other from the sexennial reappraisal (2018). The valuation amounts in calendar years 2019 and 2020 are projected to remain constant. The next valuation increase is projected for the triennial update in calendar year 2021. The increase is projected at 3% for both residential and commercial. No new construction is being projected during this period.

**Tax Rates** - No significant change in the tax rates is being projected.

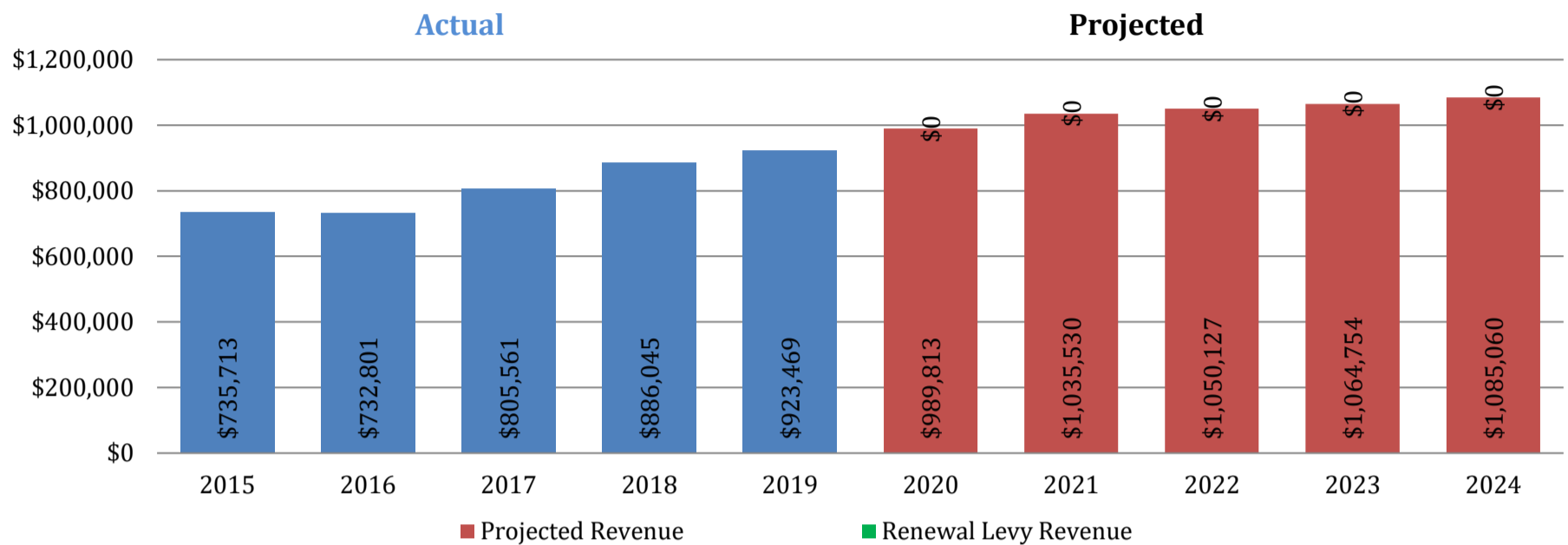
**Collection Rates** - Based on current collections, we are projecting a 90% collection rate for both residential and commercial in the forecasted fiscal years.

**Delinquency collections** in fiscal year 2019 was \$2.42 million and is projected to collect \$1.2 million for fiscal year 2020 then \$900,000 annually through 2023. In addition, due to a change in tax laws, the district saw an influx of property tax payments prior to 1/1/19. These two factors is what caused the projected reductions in the forecasted General Property tax revenues.

*\*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.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	923,469	989,813	1,035,530	1,050,127	1,064,754	1,085,060
YOY \$ Change	37,424	66,344	45,717	14,597	14,627	20,306
YOY % Change	4.2%	7.2%	4.6%	1.4%	1.4%	1.9%

Percentage of Total Revenue	2019	2020	2021	2022	2023	2024
	1.9%	2.1%	2.2%	2.2%	2.2%	2.2%

Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	13,541,660	615,300	69.76	0.00	100.0%
2019	14,580,660	1,039,000	70.15	0.39	100.0%
2020	14,880,660	300,000	70.29	0.14	100.0%
2021	15,180,660	300,000	69.40	(0.88)	100.0%
2022	15,480,660	300,000	69.37	(0.03)	100.0%
2023	15,780,660	300,000	69.34	(0.03)	100.0%

**Public Utility Personal Property (PUPP)** tax revenues is generated from telephone, natural gas, electric and water lines and equipment which is 2% of total revenues.

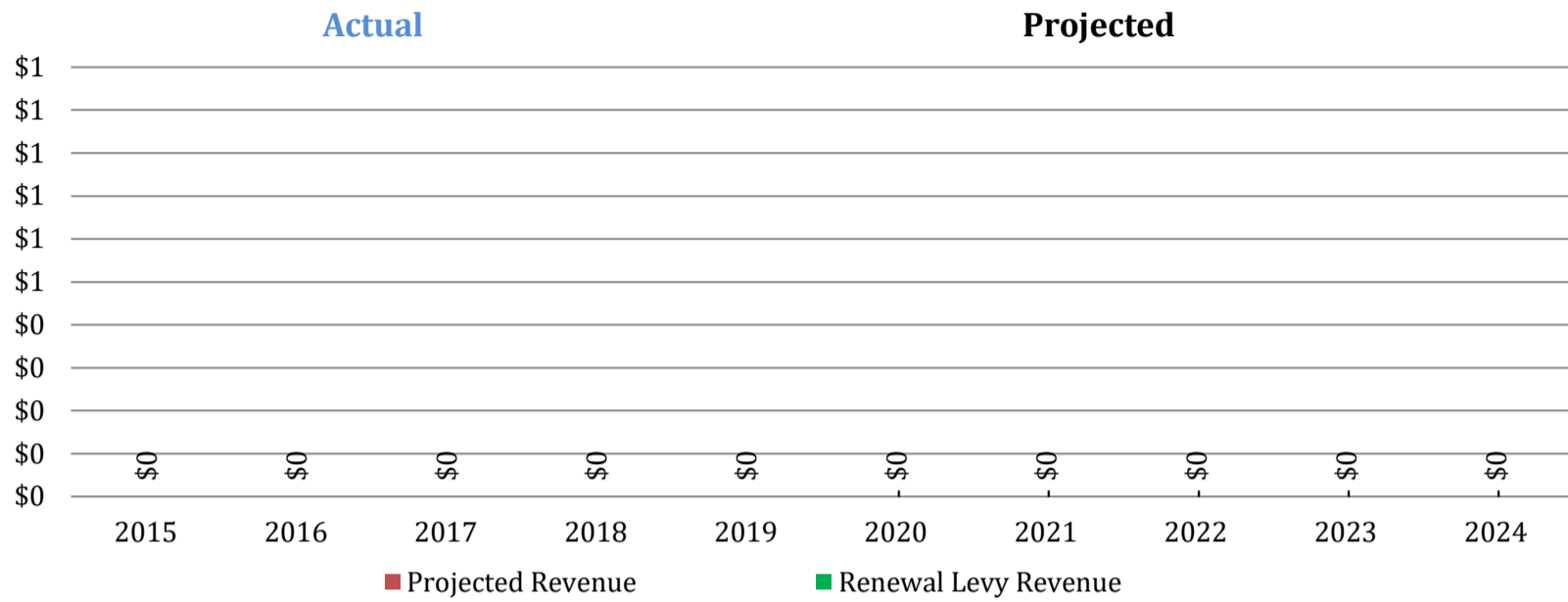
The PUPP valuation is projected to increase \$1,039,000 in Calendar Year 2019 based on preliminary reports. Forecasted valuations are projected to fluctuate minimally (2% annually) for forecasted years 2020 through 2023.

PUPP valuations are assessed at the full tax rate and forecasted revenues are based on these two factors. We are not forecasting any amount in amount in this area for delinquency collections.

*\*Projected % trends include renewal levies*

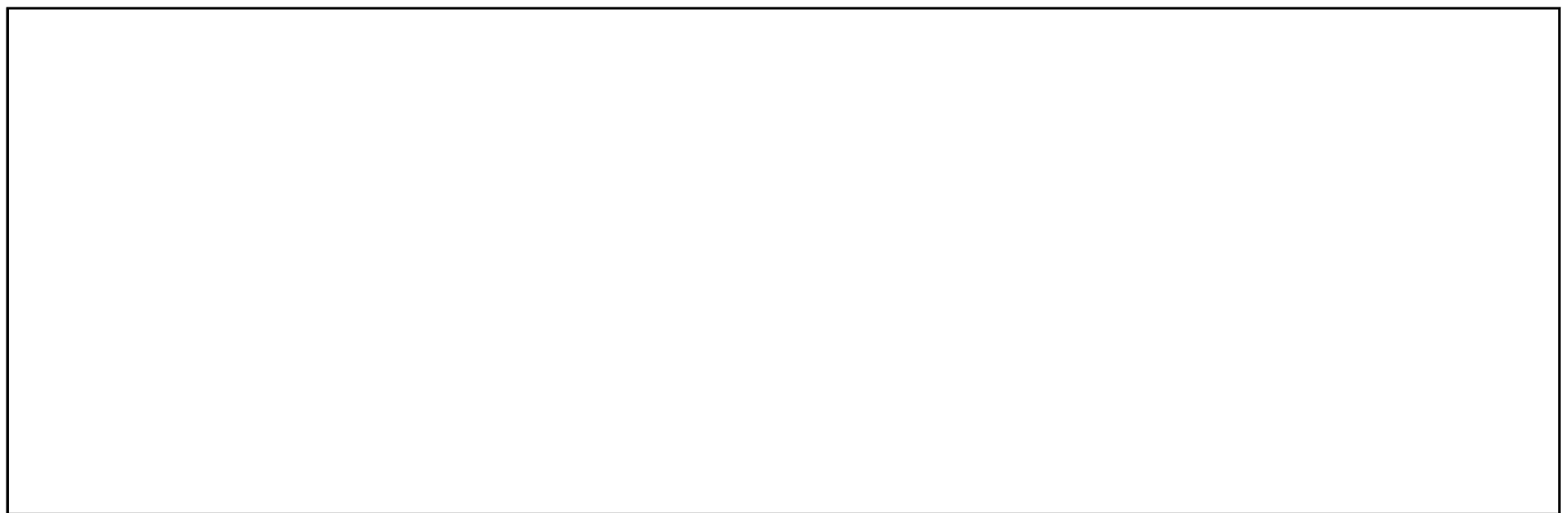
### 1.030 - Income Tax

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.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	-	-	-	-	-	-
YOY \$ Change	-	-	-	-	-	-
YOY % Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

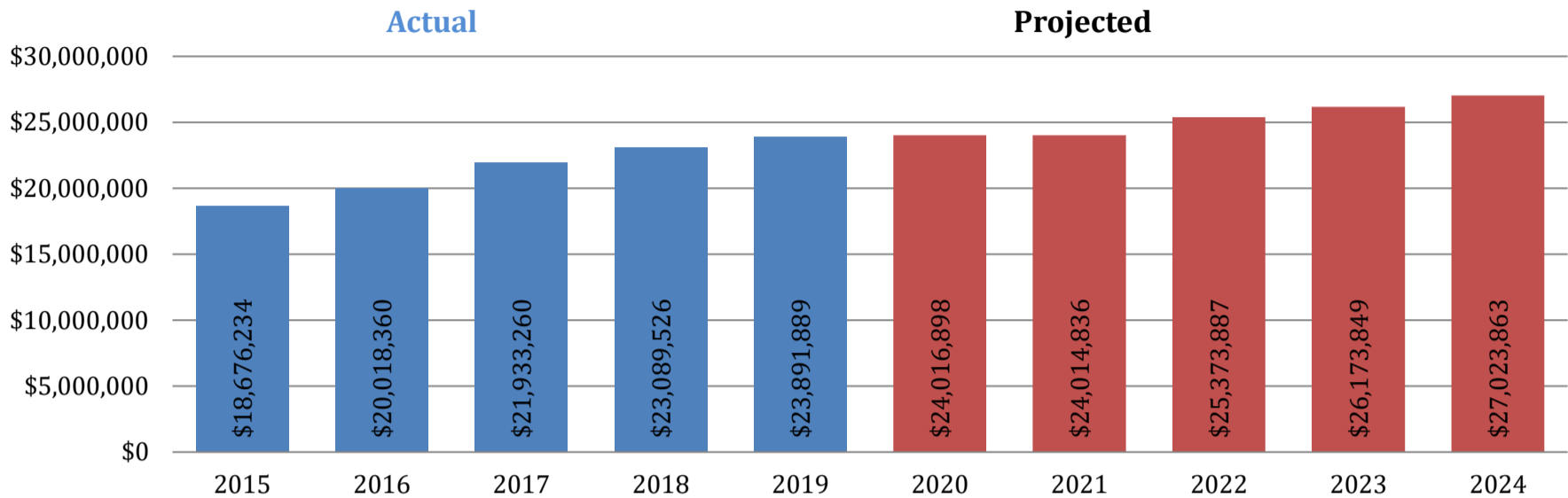
Percentage of Total Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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*\*Projected % trends include renewal levies*

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	23,891,889	24,016,898	24,014,836	25,373,887	26,173,849	27,023,863
YOY \$ Change	802,363	125,009	(2,062)	1,359,051	799,962	850,014
YOY % Change	3.5%	0.5%	0.0%	5.7%	3.2%	3.2%
Percentage of Total Revenue	49.7%	52.0%	52.1%	54.1%	54.8%	55.9%
Base Aid	24,029,971	24,029,971	24,029,971	24,029,971	24,029,971	24,029,971
Student Wellness Aid		874,715	1,259,325	1,259,421	1,259,157	1,259,252
Supplemental Aid - Wellness & Growing		-	-	-	-	-
Enrollment	3,422	3,499	3,498	3,498	3,498	3,498

**Unrestricted Grants-In-Aid** is the largest revenue source of the district at 53.7% if you include the Economic Disadvantage Aid (Restricted) as part of the state's overall funding formula. The state legislature passed HB166 biennium budget which includes state funding for schools.

The state formula for base aid is suspended for the current biennium, each district gets what it received in revenue in FY2019 in both fiscal years 2020 and 2021.

Also included under this revenue area is the Preschool, Special Education Transportation, and Casino Revenue. These amounts are not projected to change significantly in the forecasted fiscal years based on 2019 funding numbers.

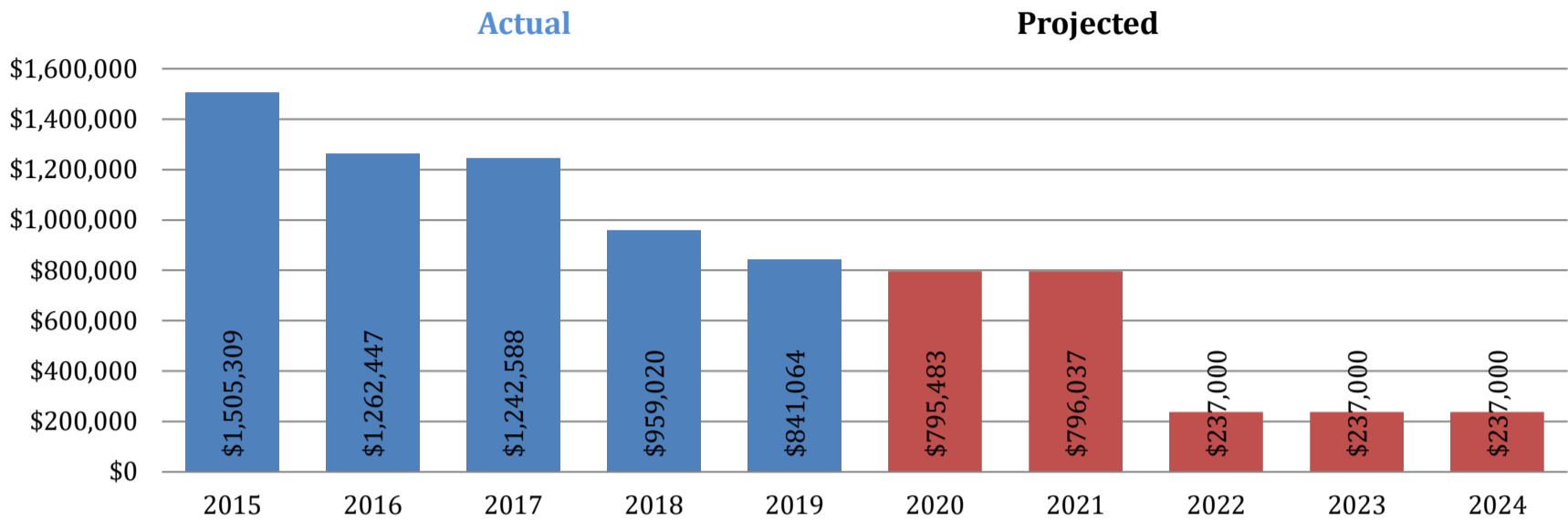
For projected years 2021, the funding amount increases 2.3% based on the biennium budget calculations. For forecasted fiscal years 2022 through 2024, the district is assuming that the same funding method will be in place and is projecting minimal increase of 3% in each of the those years.

The District will also receive additional state fund through the Wellness and Student Success funding. This funding is based on a calculated poverty factor and on the number of students being educated in the district. This funding will be accounted for in another fund and is not reflected in the forecast.



### 1.040 & 1.045 - Restricted Grants-in-Aid

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	841,064	795,483	796,037	237,000	237,000	237,000
YOY \$ Change	(117,956)	(45,581)	554	(559,037)	-	-
YOY % Change	-12.3%	-5.4%	0.1%	-70.2%	0.0%	0.0%
Percentage of Total Revenue	1.8%	1.7%	1.7%	0.5%	0.5%	0.5%

**Restricted Grants- in- Aid** consist of the following funding areas:

Economic Disadvantage Aid is a component of the State’s current funding base amount. This funding area is still deemed as restricted by the Ohio Department of Education. For the forecasted amounts in Economic Disadvantage Aid, the district is using the state's payments reports for July through September 2019 and the same assumptions as with the State Basic Aid. Funding in this area decreased by 7% from 2019. For forecasted fiscal years 2022 through 2024, we moved the Economic Disadvantaged funding was moved back to Unrestricted.

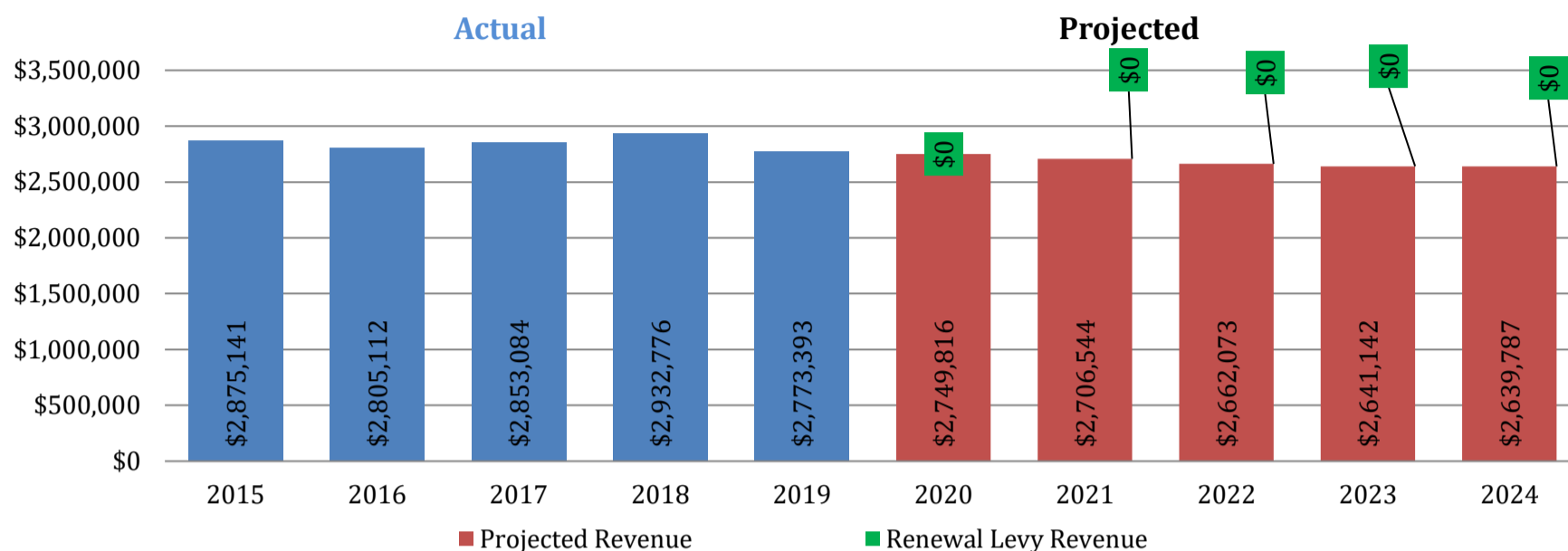
Career/Technical Aid - This funding is projected to be flat lined in the forecasted fiscal years at \$52,000 annually.

Catastrophic Aid Reimbursement - In 2019, the district received \$187,911 in reimbursement. For forecasted fiscal years, we are projecting annual reimbursement of \$185,000.

Both of these revenue streams are projected to remain flat over forecasted fiscal years 2020 through 2024 based on 2019 amounts.

### 1.050 - Property Tax Allocation

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total With Renewal Levies	2,773,393	2,749,816	2,706,544	2,662,073	2,641,142	2,639,787
YOY \$ Change	(159,383)	(23,577)	(43,272)	(44,471)	(20,931)	(1,355)
YOY % Change	-5.4%	-0.9%	-1.6%	-1.6%	-0.8%	-0.1%

Percentage of Total Revenue	5.8%	6.0%	5.9%	5.7%	5.5%	5.5%
% of Residential Real Estate 10% Rollback	5.81%	5.81%	5.81%	5.81%	5.81%	5.81%
% of Residential Real Estate 2.5% Rollback	5.81%	5.81%	5.81%	5.81%	5.81%	5.81%
% of Residential Real Estate Homestead	6.18%	6.18%	6.18%	6.18%	6.18%	6.18%

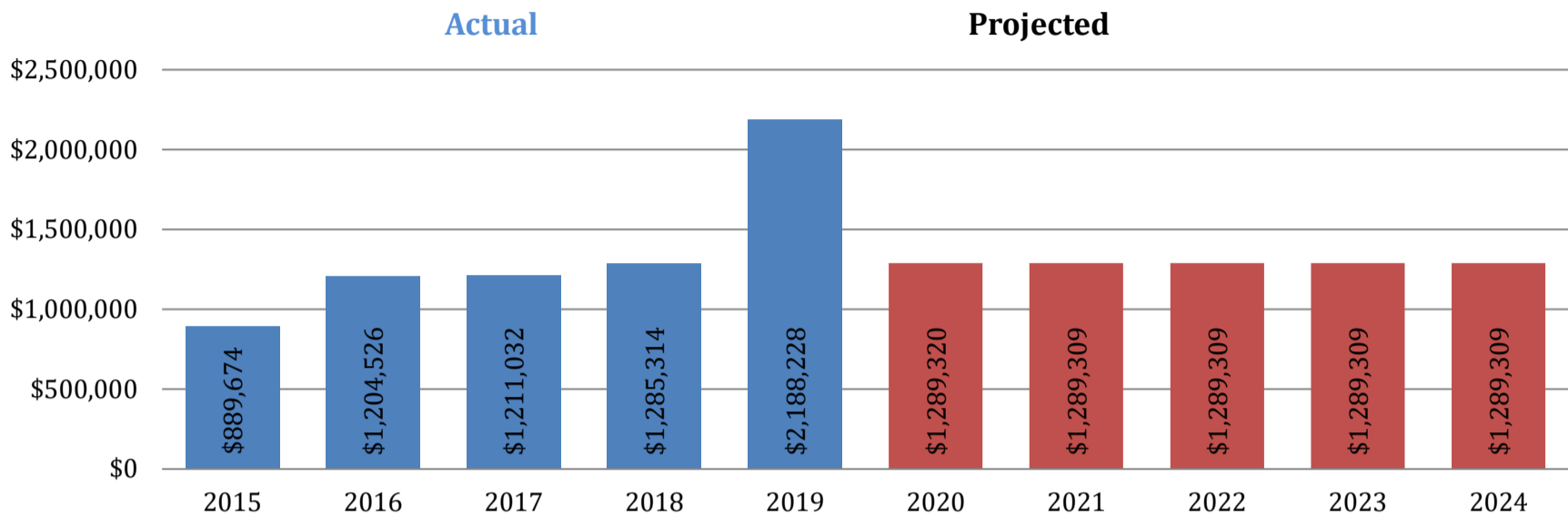
**Property Tax Allocation** revenues are the district's third largest revenue source at 6.1%. A major portion of the Property Tax Allocation is generated from the Homestead and Rollback payments received from the State of Ohio. These payments are based on the relationship to actual real estate property tax collections. From the forecasted overall general property revenues, 6.86% is being used to calculate the homestead exemption, while 11.6% is being used to calculate the rollback amounts for each of the forecasted years 2019 through 2023. These percentages are in following historical trends.

The State of Ohio was holding harmless school district's who lost revenues from Tangible Personal Property (TPP) tax elimination (House Bill 66). The forecasted amounts were determined using a formula and spreadsheet developed by the Ohio Department of Education and the Ohio Department of Taxation. However, under the current state budget bill (House Bill 153), the district had a significant amount of their TPP reimbursement phased out in prior years. The remaining amounts will be phased out by 2022.

*\*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.



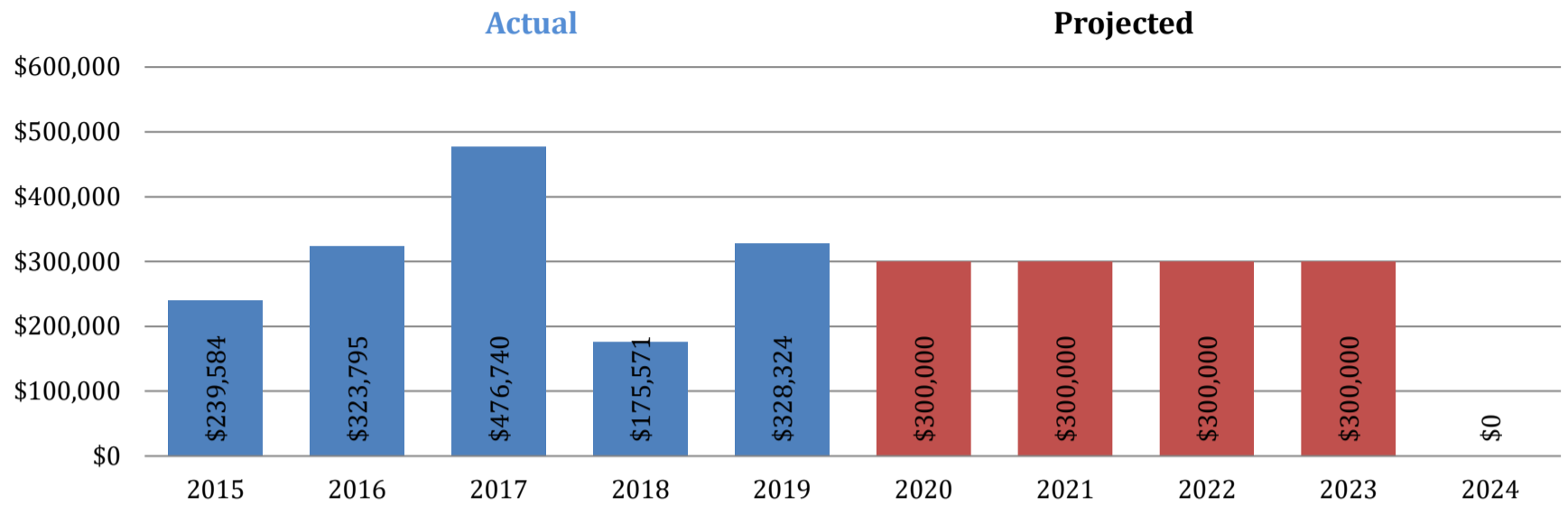
	2019	FORECASTED				
	2019	2020	2021	2022	2023	2024
Total	2,188,228	1,289,320	1,289,309	1,289,309	1,289,309	1,289,309
YOY \$ Change	902,914	(898,908)	(11)	-	-	-
YOY % Change	70.2%	-41.1%	0.0%	0.0%	0.0%	0.0%

Percentage of Total Revenue	2019	2020	2021	2022	2023	2024
	4.6%	2.8%	2.8%	2.7%	2.7%	2.7%

**All Other Operating Revenues** makes up a very small portion of the district's overall revenues (2.8%) and consists of Tuition payments, Earnings on Investments, Building Rentals, Medicaid Reimbursement, CityView TIF payments, Shared Income Taxes and any other miscellaneous payments to the district. Tuition revenue is projected being projected at \$360,000 based on prior year collections. Assuming no additional tuitions increases, the revenues are projected to remain constant annually in the forecasted fiscal years 2020 through 2024. Medicaid reimbursement in 2019 amounted to \$268,350. The projected annual amounts in the forecasted fiscal years is \$265,000 annually assuming that the legislation does not eliminate this reimbursement. CityView Tax Increment Finance (TIF) is received from the City of Garfield Heights and are based on their calculations. In 2019, the district's TIF payments received amounted to \$348,000. The amounts being forecasted is \$350,000 annually for fiscal years 2020 through 2024 based on current amount received in 2019. Earnings on Investments saw a significant increase in 2019. The amounts beings projected for 2020 through 2024 are projected at \$135,000 based on what was received in 2019 and that interest rates and the amounts to invest do not change significantly from 2019 levels. Share Income Tax - The district had a one time payment from the City in the amount of \$933,603 for its portion of income tax revenue sharing provisions mandated from abated property agreements for which income tax revenue collected. We are also projecting annual payments of \$92,800 in income tax sharing for the forecasted fiscal 2020-2024 based on current abated property calculations. Other Miscellaneous revenues including building rentals and fees are projected to remain flat lined over the forecasted fiscal years based on prior year history.

## 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.



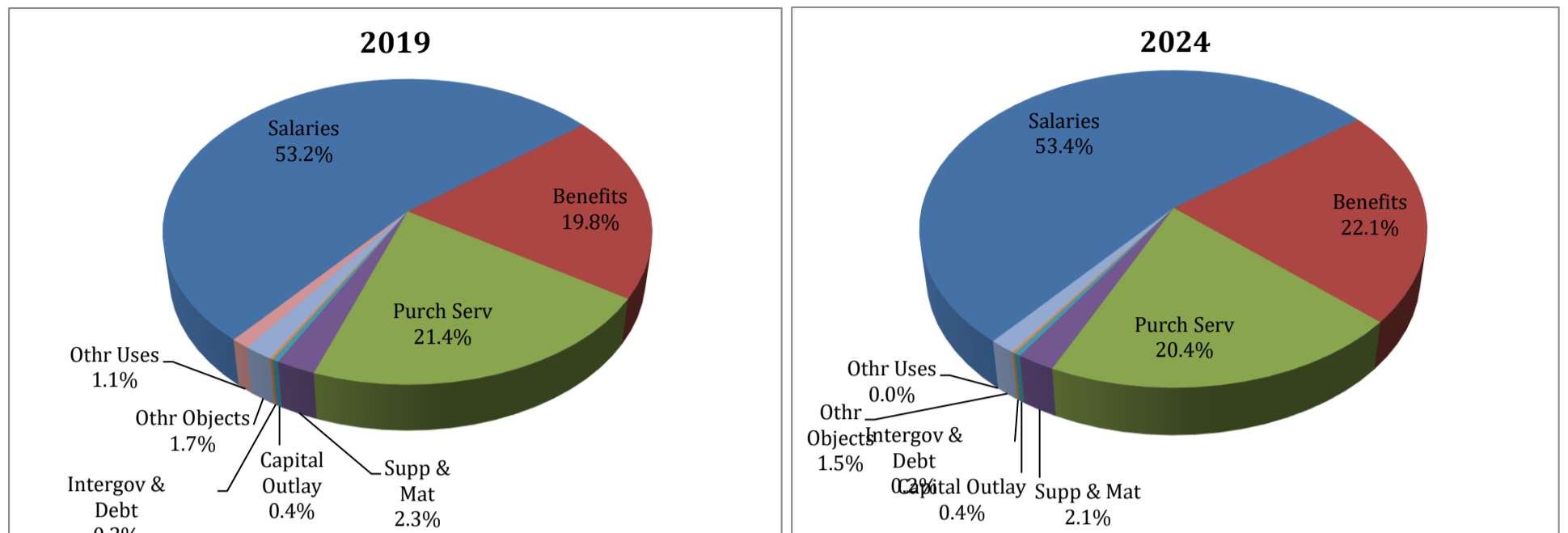
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	328,324	300,000	300,000	300,000	300,000	-
YOY \$ Change	152,753	(28,324)	-	-	-	(300,000)
YOY % Change	87.0%	-8.6%	0.0%	0.0%	0.0%	-100.0%
Percentage of Total Revenue	0.7%	0.6%	0.7%	0.6%	0.6%	0.0%
Transfers In	-	-	-	-	-	-
Advances In	328,324	300,000	300,000	300,000	300,000	-

No significant transfer-in are projected in the forecasted fiscal years.

Advances-In amounts shown in the forecasted years are based on the previous fiscal year's initial Advances-Out.

Other financing sources (Refunds of Prior Year Expenditures) are projected at \$0 in the forecasted fiscal years due to the random nature that they are received and minimal impact dollar amount.

## Expenditure Categories and Forecast Year-Over-Year Projected Overview



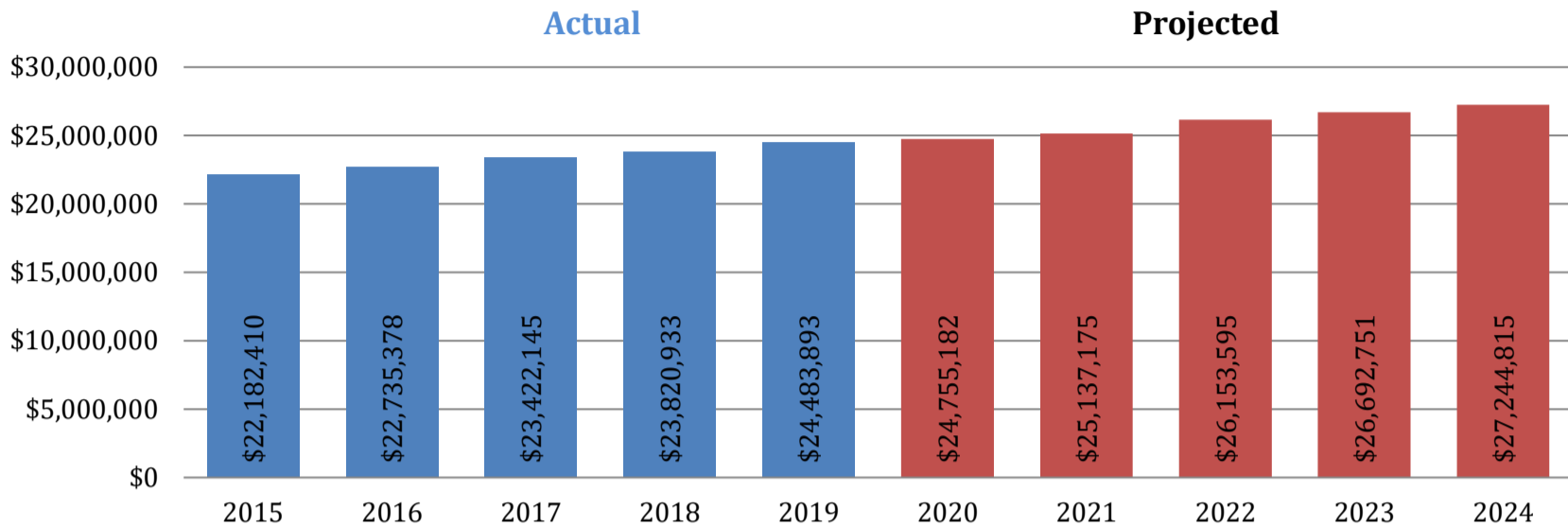
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	
<b>Expenditures:</b>							
3.010-Salaries	2.84%	1.11%	1.54%	4.04%	2.06%	2.07%	2.16%
3.020-Benefits	4.90%	1.24%	2.78%	7.75%	4.91%	5.05%	4.35%
3.030-Purchased Services	10.53%	-7.76%	1.04%	8.70%	1.98%	1.99%	1.19%
3.040-Supplies & Materials	9.31%	-3.98%	1.70%	1.71%	1.71%	1.72%	0.57%
3.050-Capital Outlay	22.37%	1.98%	2.00%	2.00%	2.00%	2.00%	2.00%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	-14.72%	54.89%	-34.14%	0.00%	0.00%	0.00%	4.15%
4.300-Other Objects	2.99%	-4.18%	-1.57%	2.42%	-1.59%	2.41%	-0.50%
4.500-Total Expenditures	4.49%	-0.89%	1.55%	5.65%	2.58%	2.69%	2.31%
5.040-Total Other Uses	7.44%	20.52%	0.00%	0.00%	0.00%	-100.00%	-15.90%
5.050-Total w/Other Uses	4.46%	-0.66%	1.53%	5.58%	2.55%	1.46%	2.09%

Based on current year activity and revised projections, total expenditures including 'Other Financing Uses' are expected now have an average annual increase of 2.09% over the forecasted five years as compared to an actual average annual expenditure increase of 4.46% over the previous 5 years.

**The Governor's two year budget included Wellness and Student Success funding to school districts. The district will receive \$855,000 in fiscal year 2020 and \$1.2 million in fiscal year 2021. There has been no definitive answer on whether this funding will continue beyond 2021. We will use this funding to offset Health/Wellness purchased service cost incurred and to offset salaries/benefits of our social workers/youth development specialists and intervention specialists.**

### 3.010 - Personnel Services

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	24,483,893	24,755,182	25,137,175	26,153,595	26,692,751	27,244,815
YOY \$ Change	662,960	271,289	381,993	1,016,420	539,156	552,064
YOY % Change	2.8%	1.1%	1.5%	4.0%	2.1%	2.1%
Percentage of Total Budget	53.2%	54.1%	54.1%	53.3%	53.1%	53.4%

**Personnel Services** is largest current expenditure area of the district at 54.1%. This area includes teachers, classified, administrators, exempt, qualified staff along with other compensation such as supplemental contracts, OT, substitutes, severance payments, and any other compensation.

Certified - For forecasted fiscal year 2020, the projected amounts reflects increases from the two year negotiated agreement and then step increases for projected years 2021 through 2024 using the 2020 salary schedule.

Classified - The district is in negotiations with this group. Currently, the forecasted amounts reflects step increases for projected years 2020 through 2023 using the 2019 salary schedules.

Administration - Wage amounts projected are based on individual contract agreements and historical increases which amounts to the equivalent of a step increase.

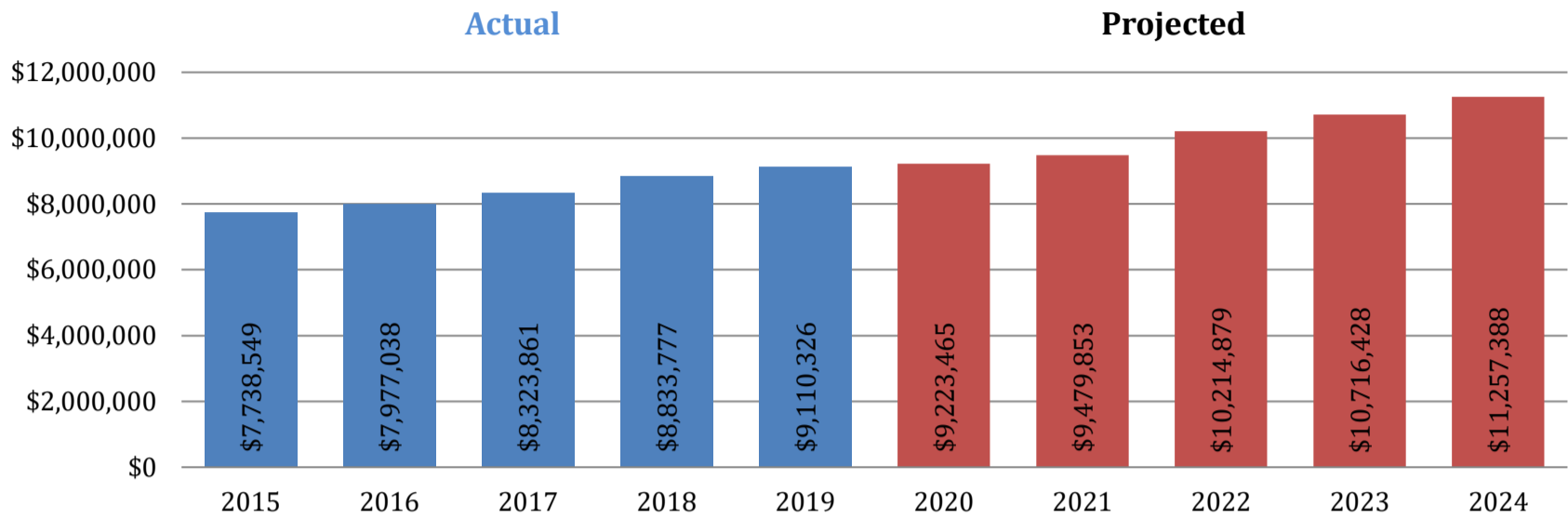
Qualified and Exempt - Wage amounts projected are based on established salary schedules, experience level, and level of responsibility and only reflect salary schedule step movements where applicable.

Supplemental contracted amounts follow the negotiated agreement base salary amount. Severance payments have been projected to decrease as retirements have decreased. Substitute costs are projected to remain flat lined over the forecasted years based on past history. Overtime, extra time, incentives and extended time amounts are projected to increase 1% annually in forecasted years 2020 through 2024.

Staffing levels - staffing increases of 2 FTEs (1 Certified, 1 Qualified) is projected for the forecasted year 2020. No additional staffing is being projected in forecasted years 2021-2024.

### 3.020 - Employees' Benefits

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	9,110,326	9,223,465	9,479,853	10,214,879	10,716,428	11,257,388
YOY \$ Change	276,549	113,139	256,388	735,026	501,549	540,960
YOY % Change	3.1%	1.2%	2.8%	7.8%	4.9%	5.0%

Percentage of Total Budget	19.8%	20.2%	20.4%	20.8%	21.3%	22.1%
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**Employees' Benefits** is the next largest expenditure area at 20.2% of overall current expenditures. This area consists of retirement, Medicare, health care and workers compensation.

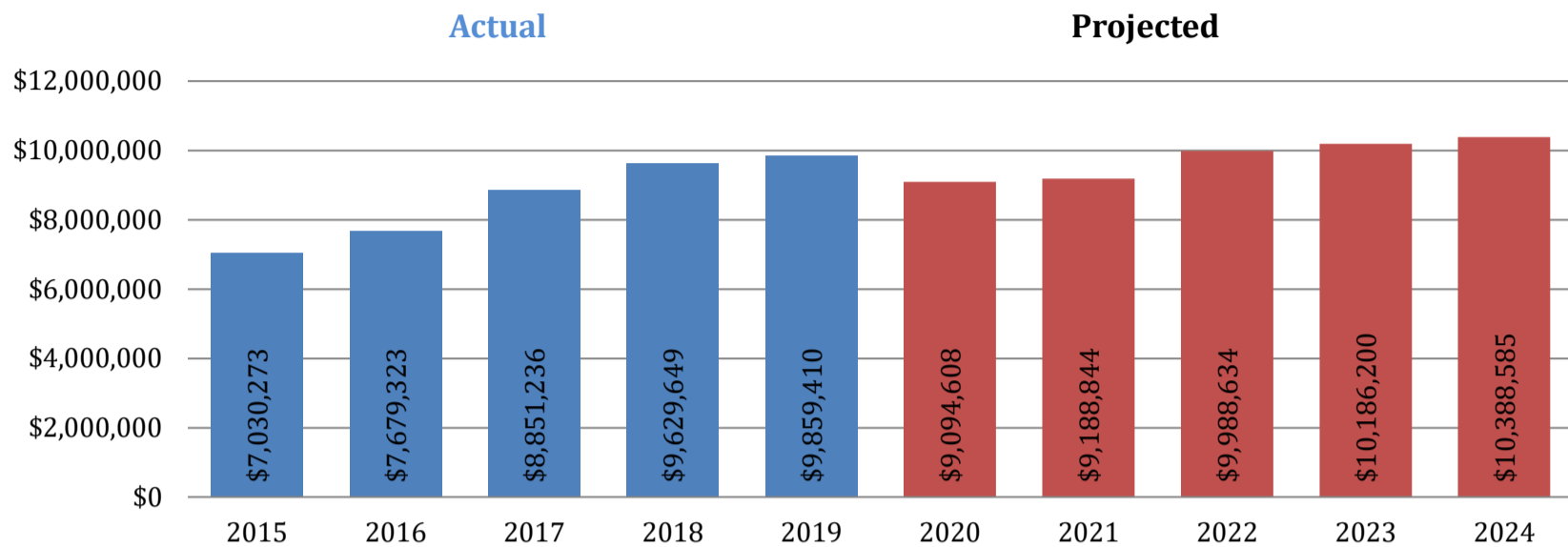
Retirement/Medicare The district is required to contribute 14% of an employee's salary to either of the Retirement Systems and 1.45% to Medicare. As personal service (salaries, wages) costs increase from staff levels, step movements, and other compensation, retirement costs are projected to follow. This district also picks up the employee share of retirement for administrators. We are also projecting no changes in the contribution percentages for both the retirement systems.

Health Care benefits makes up 52% of the employee benefits which provides Medical, Drug, Dental, Vision and Life insurance coverage to full time employees. Insurance benefit rate projections include not only forecasted increases but any negotiated employee contribution amounts. For forecasted fiscal year 2020, the district saw a 4.39% aggregate increase in health care premiums. For forecasted fiscal years 2021 through 2024, premium increases of 8% in the aggregate is being projected. All employees who elect insurance coverage contribute towards the insurance coverage premium except life which completely board paid. This contribution amount is based on current negotiated agreements or various benefit packages and is currently 13% for all employees except classified who currently pay 8%. For purposes of this forecast, these contribution rates are not projected to change in forecasted years with the exception of classified.

Workers' Compensation rate is projected to decrease slightly and follow projected personal service salary amounts.

### 3.030 - Purchased Services

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	9,859,410	9,094,608	9,188,844	9,988,634	10,186,200	10,388,585
YOY \$ Change	229,761	(764,802)	94,236	799,790	197,566	202,385
YOY % Change	2.4%	-7.8%	1.0%	8.7%	2.0%	2.0%
Percentage of Total Budget	21.4%	19.9%	19.8%	20.4%	20.3%	20.4%

**Purchase Services** is 19.9% of current expenditures. This category includes contractual services, community school and special education tuition, health/OT/PT services, legal services, rentals and leases, travel and mileage, utilities, and building/equipment repairs.

Out of district tuition projected costs represents 65% of the purchase service expenditures. The most significant is Community Schools, Ed-Choice, and Post Secondary. Enrollment in community schools decrease slightly while the other two areas saw have enrollment numbers remaining flat lined thus causing a projected 4% decrease in expenditures. For forecasted fiscal years 2021 through 2024, the district projecting inflationary increases of 3%.

Utility costs are projected to be flat lined based on 2019 amounts and cost saving measurers being taken by the district. For forecasted years 2021 through 2024, we are projecting costs to be flat lined.

Contractual services (substitutes, legal, health, psychologist, OT, PT, legal, professional, copier) are projected to be flat lined based 2019 actual costs. The district continues to take steps to try and reduce absenteeism and substitute costs.

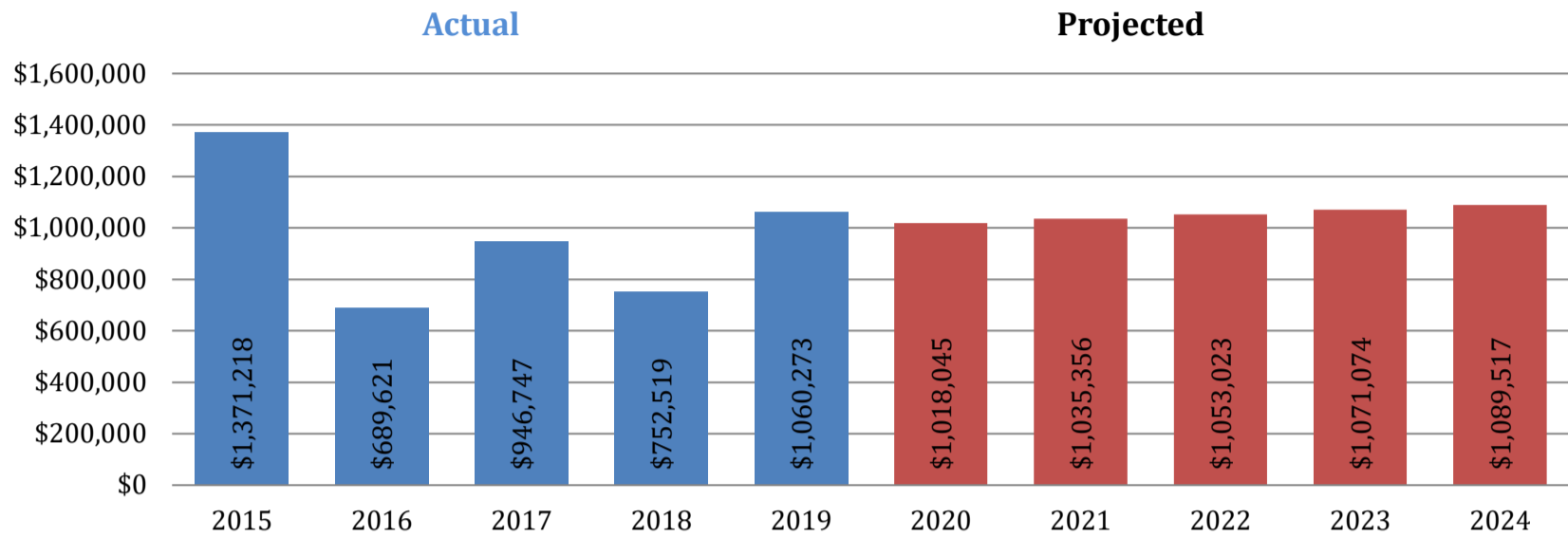
Transportation services also saw a significant increase (77%) in 2019 due to a increase in special need students. This area is now project to increase 1% annually in the forecasted fiscal years based on the 2019 amount.

All other purchase services (travel/meeting expenses, advertising, printing,) assume an annual 1% inflationary increase in each of the forecasted fiscal years.



### 3.040 - Supplies & Materials

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	1,060,273	1,018,045	1,035,356	1,053,023	1,071,074	1,089,517
YOY \$ Change	307,754	(42,228)	17,311	17,667	18,051	18,443
YOY % Change	40.9%	-4.0%	1.7%	1.7%	1.7%	1.7%

Percentage of Total Budget	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%
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**Supplies and Materials** includes instructional supplies, textbooks, library books/periodicals, maintenance/custodial supplies, and transportation supplies and is 2.2% of current expenditures.

Textbooks - The district has made significant effort in textbook purchase spending. Therefore, this amount saw significant increase in 2019 based on current needs. Textbook purchases are projected to decrease 2020 and then remain flat lined in the forecasted fiscal years.

Instructional Software - Instructional software costs increased significantly (203%). These costs are projected at a 2.5% annual inflationary rate for the forecasted years.

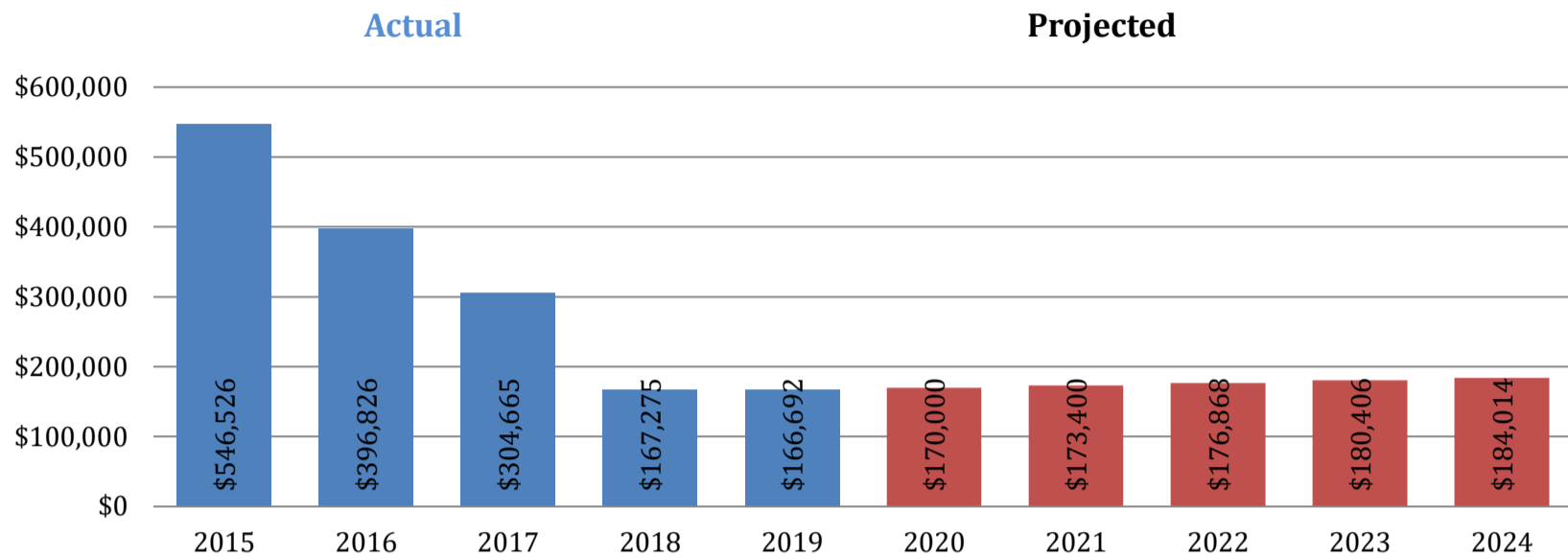
Instructional Supplies - Instructional supply costs are projected current costs incurred and then at a 2% annual inflationary rate for the forecasted years.

General Supplies costs are based on current costs incurred and then an inflationary 2% annual increase in the forecasted fiscal years.

Maintenance/custodial and transportation supply costs are based on current costs incurred and then have a projected inflationary 2% annual increase in the forecasted fiscal 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.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	166,692	170,000	173,400	176,868	180,406	184,014
YOY \$ Change	(583)	3,308	3,400	3,468	3,538	3,608
YOY % Change	-0.3%	2.0%	2.0%	2.0%	2.0%	2.0%

Percentage of Total Budget	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
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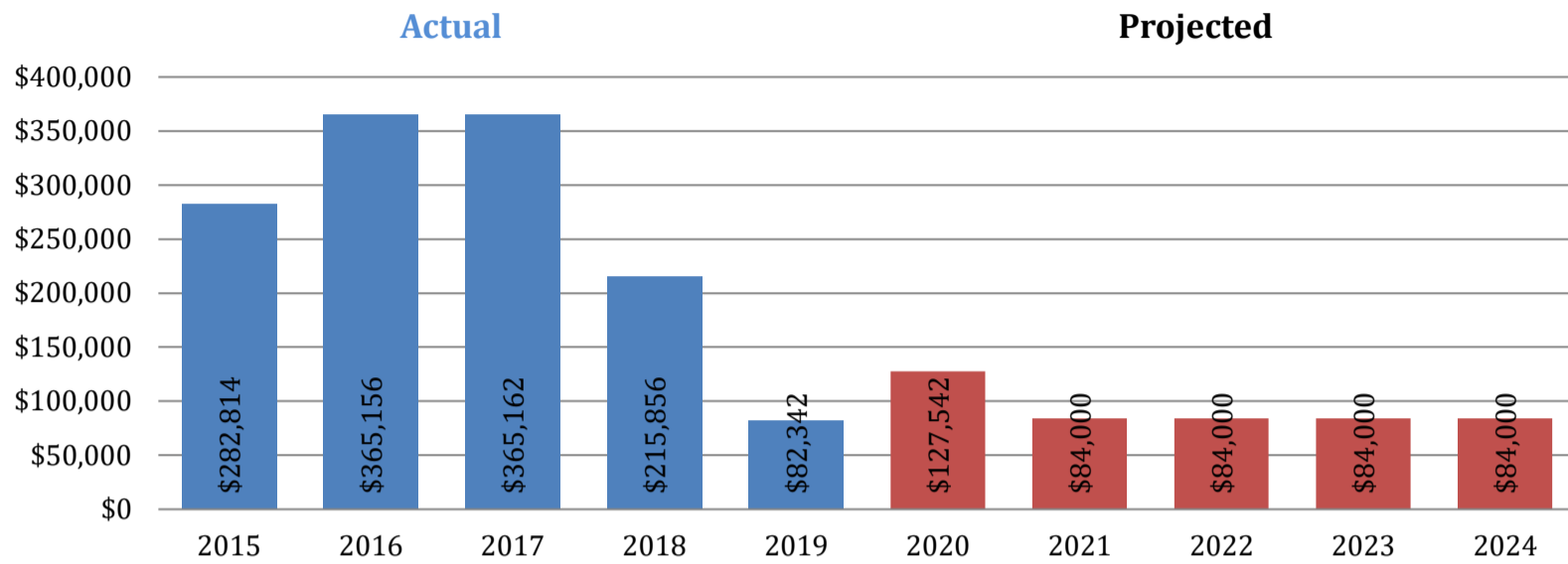
**Capital Outlay** represent .4% of current expenditures and includes the purchase of new instructional equipment, special education equipment, buildings and building improvements, and vehicles/busses.

For 2020, the district needs to replace a significant number of teacher and student computers have reached end of life and need to be replaced.

No bus and vehicle purchases are being projected in the forecast years 2020 through 2024, and technology equipment purchases are projected at a 2% inflationary increase for forecasted years 2021 to 2024 based on 2020 amounts.

### 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.



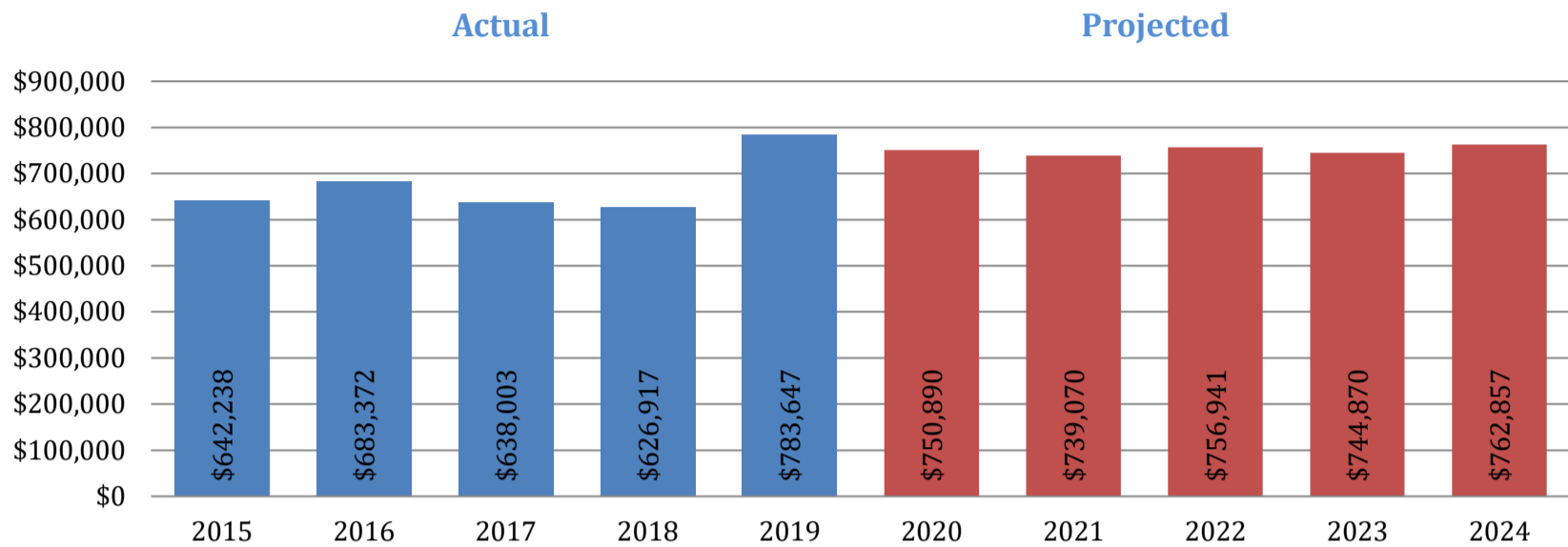
	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	82,342	127,542	84,000	84,000	84,000	84,000
YOY \$ Change	(133,514)	45,200	(43,542)	-	-	-
YOY % Change	-61.9%	54.9%	-34.1%	0.0%	0.0%	0.0%
Percentage of Total Budget	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%

Debt Obligations from the General Fund consists of two lease-purchase principal payment on equipment.

The lease-purchase remaining debt has annual payments of \$82,342 which matures in 2020 and \$84,000 annual payment which matures in 2026.

### 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.



	2019	FORECASTED				
	2019	2020	2021	2022	2023	2024
Total	783,647	750,890	739,070	756,941	744,870	762,857
YOY \$ Change	156,730	(32,757)	(11,820)	17,871	(12,071)	17,987
YOY % Change	25.0%	-4.2%	-1.6%	2.4%	-1.6%	2.4%

Percentage of Total Budget	2019	2020	2021	2022	2023	2024
	1.7%	1.6%	1.6%	1.5%	1.5%	1.5%

**Other Objects** represents 1.6% of current expenditures. This category includes Organization Dues/Fees, Audit Costs, County ESC fees, County Fiscal Office Property Tax Collection fees, Bank Charges, Board of Elections Fees, and Insurance premiums.

Property Tax Collection fees makes up 74% of the expenditures . These fees increased 35.2% in 2019 due to the large increase in delinquency collections. We are projecting a decrease in 2020 to coincide with the projected decrease in delinquency collections and then and then remain flat lined in forecasted fiscal years.

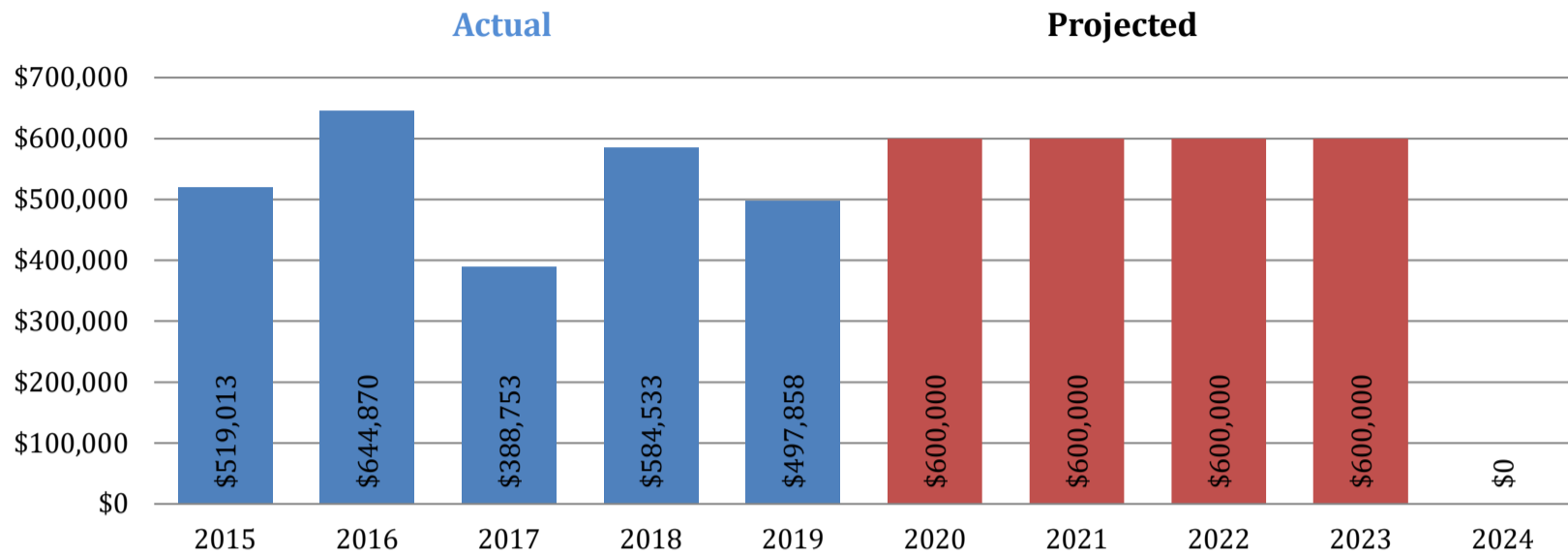
Board of Election projected costs are based on election years. These costs projected show a corresponding significant increase in 2020 and 2022 due to it being a general election years for board members and decreases in 2021 and 2023 (non election years).

Fleet and General Liability insurance increased significantly for fiscal year 2019. These costs are projected to increase an inflationary 2% annually in the forecasted fiscal years.

Audit/Bank/ESC/Other Dues and Fees decreased slightly in 2019 and are projected to assume an inflationary 2% annual increase in the forecasted fiscal years based on 2019 amounts.

### 5.040 - Total Other Financing Uses

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



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Total	497,858	600,000	600,000	600,000	600,000	-
YOY \$ Change	(86,675)	102,142	-	-	-	(600,000)
YOY % Change	-14.8%	20.5%	0.0%	0.0%	0.0%	-100.0%
<b>Percentage of Total Budget</b>	<b>1.1%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>0.0%</b>
Transfers Out	312,277	300,000	300,000	300,000	300,000	-
Advances Out	185,581	300,000	300,000	300,000	300,000	-

Transfers/Advances of monies to other funds that cannot generate enough revenues to offset their expenditures make up 1.3% of current expenditures.

Transfers Out is projected to remain constant over the forecasted period and are based on projected other funds needs.

Advances Out has been required in previous years to help offset fund deficits and shortfalls where future revenue is anticipated . Projected Advances Out is offset through an Advance In in the following fiscal year, thus creating no financial impact on the overall forecast. The amount is based an prior year history and projected needs.

# Garfield Heights City School District

## Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	17,079,629	16,024,981	15,973,825	16,029,986	16,064,332	16,056,340
1.020 - Public Utility Personal Property	923,469	989,813	1,035,530	1,050,127	1,064,754	1,085,060
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	23,891,889	24,016,898	24,014,836	25,373,887	26,173,849	27,023,863
1.040 - Restricted Grants-in-Aid	841,064	795,483	796,037	237,000	237,000	237,000
1.050 - Property Tax Allocation	2,773,393	2,749,816	2,706,544	2,662,073	2,641,142	2,639,787
1.060 - All Other Operating Revenues	2,188,228	1,289,320	1,289,309	1,289,309	1,289,309	1,289,309
<b>1.070 - Total Revenue</b>	<b>47,697,672</b>	<b>45,866,311</b>	<b>45,816,081</b>	<b>46,642,382</b>	<b>47,470,386</b>	<b>48,331,359</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	328,324	300,000	300,000	300,000	300,000	-
2.060 - All Other Financing Sources	-	-	-	-	-	-
<b>2.070 - Total Other Financing Sources</b>	<b>328,324</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>48,025,996</b>	<b>46,166,311</b>	<b>46,116,081</b>	<b>46,942,382</b>	<b>47,770,386</b>	<b>48,331,359</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	24,483,893	24,755,182	25,137,175	26,153,595	26,692,751	27,244,815
3.020 - Employee Benefits	9,110,326	9,223,465	9,479,853	10,214,879	10,716,428	11,257,388
3.030 - Purchased Services	9,859,410	9,094,608	9,188,844	9,988,634	10,186,200	10,388,585
3.040 - Supplies and Materials	1,060,273	1,018,045	1,035,356	1,053,023	1,071,074	1,089,517
3.050 - Capital Outlay	166,692	170,000	173,400	176,868	180,406	184,014
Intergovernmental & Debt Service	82,342	127,542	84,000	84,000	84,000	84,000
4.300 - Other Objects	783,647	750,890	739,070	756,941	744,870	762,857
<b>4.500 - Total Expenditures</b>	<b>45,546,583</b>	<b>45,139,732</b>	<b>45,837,698</b>	<b>48,427,940</b>	<b>49,675,729</b>	<b>51,011,176</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	312,277	300,000	300,000	300,000	300,000	-
5.020 - Advances-Out	185,581	300,000	300,000	300,000	300,000	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>497,858</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>-</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>46,044,441</b>	<b>45,739,732</b>	<b>46,437,698</b>	<b>49,027,940</b>	<b>50,275,729</b>	<b>51,011,176</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>1,981,555</b>	<b>426,579</b>	<b>(321,617)</b>	<b>(2,085,558)</b>	<b>(2,505,343)</b>	<b>(2,679,817)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>1,034,498</b>	<b>3,016,053</b>	<b>3,442,632</b>	<b>3,121,016</b>	<b>1,035,458</b>	<b>(1,469,885)</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>3,016,053</b>	<b>3,442,632</b>	<b>3,121,016</b>	<b>1,035,458</b>	<b>(1,469,885)</b>	<b>(4,149,703)</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	345,799	300,000	300,000	300,000	300,000	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>2,670,254</b>	<b>3,142,632</b>	<b>2,821,016</b>	<b>735,458</b>	<b>(1,769,885)</b>	<b>(4,149,703)</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>2,670,254</b>	<b>3,142,632</b>	<b>2,821,016</b>	<b>735,458</b>	<b>(1,769,885)</b>	<b>(4,149,703)</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>2,670,254</b>	<b>3,142,632</b>	<b>2,821,016</b>	<b>735,458</b>	<b>(1,769,885)</b>	<b>(4,149,703)</b>

## Garfield Heights City School District

### Three Year Forecast

Fiscal Year:	Actual	FORECASTED		
	2019	2020	2021	2022
<b>Revenue:</b>				
1.010 - General Property Tax (Real Estate)	17,079,629	16,024,981	15,973,825	16,029,986
1.020 - Public Utility Personal Property	923,469	989,813	1,035,530	1,050,127
1.030 - Income Tax	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	23,891,889	24,016,898	24,014,836	25,373,887
1.040 - Restricted Grants-in-Aid	841,064	795,483	796,037	237,000
1.050 - Property Tax Allocation	2,773,393	2,749,816	2,706,544	2,662,073
1.060 - All Other Operating Revenues	2,188,228	1,289,320	1,289,309	1,289,309
<b>1.070 - Total Revenue</b>	<b>47,697,672</b>	<b>45,866,311</b>	<b>45,816,081</b>	<b>46,642,382</b>
<b>Other Financing Sources:</b>				
2.010 - Proceeds from Sale of Notes	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-
2.050 - Advances-In	328,324	300,000	300,000	300,000
2.060 - All Other Financing Sources	-	-	-	-
<b>2.070 - Total Other Financing Sources</b>	<b>328,324</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>48,025,996</b>	<b>46,166,311</b>	<b>46,116,081</b>	<b>46,942,382</b>
<b>Expenditures:</b>				
3.010 - Personnel Services	24,483,893	24,755,182	25,137,175	26,153,595
3.020 - Employee Benefits	9,110,326	9,223,465	9,479,853	10,214,879
3.030 - Purchased Services	9,859,410	9,094,608	9,188,844	9,988,634
3.040 - Supplies and Materials	1,060,273	1,018,045	1,035,356	1,053,023
3.050 - Capital Outlay	166,692	170,000	173,400	176,868
Intergovernmental & Debt Service	82,342	127,542	84,000	84,000
4.300 - Other Objects	783,647	750,890	739,070	756,941
<b>4.500 - Total Expenditures</b>	<b>45,546,583</b>	<b>45,139,732</b>	<b>45,837,698</b>	<b>48,427,940</b>
<b>Other Financing Uses</b>				
5.010 - Operating Transfers-Out	312,277	300,000	300,000	300,000
5.020 - Advances-Out	185,581	300,000	300,000	300,000
5.030 - All Other Financing Uses	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>497,858</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>46,044,441</b>	<b>45,739,732</b>	<b>46,437,698</b>	<b>49,027,940</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>1,981,555</b>	<b>426,579</b>	<b>(321,617)</b>	<b>(2,085,558)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>1,034,498</b>	<b>3,016,053</b>	<b>3,442,632</b>	<b>3,121,016</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>3,016,053</b>	<b>3,442,632</b>	<b>3,121,016</b>	<b>1,035,458</b>
		Reservations		
8.010 - Estimated Encumbrances June 30	345,799	300,000	300,000	300,000
9.080 - Reservations Subtotal	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>2,670,254</b>	<b>3,142,632</b>	<b>2,821,016</b>	<b>735,458</b>
<b>Rev from Replacement/Renewal Levies</b>				
11.010 & 11.020 - Renewal Levies	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>2,670,254</b>	<b>3,142,632</b>	<b>2,821,016</b>	<b>735,458</b>
<b>Revenue from New Levies</b>				
13.010 & 13.020 - New Levies	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>2,670,254</b>	<b>3,142,632</b>	<b>2,821,016</b>	<b>735,458</b>