Summary of Information

The Five Year Financial Forecast for the Solon City School District is based on assumptions derived from the best information as of this point in time. It must be understood the forecast will change as the financial components pertaining to the district’s funding changes.

Solon CSD has been consistently rated one of the top academic public school districts in the state of Ohio over the last couple of decades. The District has held the outstanding academic distinction of being rated an excellent public school district for 20 years. This distinction has been attained while only receiving approximately 5% of its total operating revenues from the State of Ohio’s foundation funding formula. Local community and businesses have placed a significant emphasis on providing an outstanding education to its students, and have always supported the District.

Solon CSD is in a delicate position continuing to provide an excellent education while battling minimal state formula funding, as well as significant changes in Tangible Personal Property (TPP) tax law. TPP originally accounted for 17% of the District’s operating revenues. As recent as fiscal year 2017, TPP reimbursements accounted for 12%, or $8,300,000, of the District’s operating revenues. A significant TPP reduction was realized by the district in fiscal year 2018, which resulted in actual TPP revenues being reduced to approximately $4,800,000. An annual TPP phase-out of approximately $700,000 per year exists until the District’s entire remaining TPP funds are eliminated. TPP dollars anticipated to be received by the District in fiscal year 2020 are approximately $3,400,000.

In 2018 the Board acted to reduce debt millage by 1.60 mills effective with Calendar Year 2019 collections. On May 8, 2018 the District passed a new incremental tax levy of 8.50 mills. 1.60 operating mills will begin to be collected by the District beginning January 1, 2019, while the remaining 6.90 operating mills will begin to be collected beginning January 1, 2020.

Line 1.01

General Property Tax is estimated to be $56,612,784 for fiscal year 2020. Future fiscal years project an average increase of 0.25% in property value, which is primarily attributed to new construction. A 3% increase in residential property value is projected in the 2021 county update valuation year.

In 2018 the Board acted to reduce debt millage by 1.60 mills effective with Calendar Year 2019 collections. On May 8, 2018 the District passed a new incremental tax levy of 8.50 mills. The first increment is effective with a Calendar Year 2019 operating collections increase of 1.60 mills (which is offset by the 1.60 debt mill reduction). The second and final increment is effective with Calendar Year 2020 operating collections, which will increase by an additional 6.9 mills. 50% of the new 1.60 operating mills was received in Fiscal Year 2019 and 100% of the 1.60 mills will first be realized in Fiscal Year 2020. 50% of the new 6.90 operating mills will be received in Fiscal Year 2020 and 100% of the 6.90 mills will first be realized in Fiscal Year 2021.
Fiscal Year 2018’s General Property Tax revenues were inflated due to federal tax law changes resulting in significant tax prepayments. For that reason, even with 50% of the new 1.60 mills being collected in Fiscal Year 2019, there is a reduction in Fiscal Year 2019 projected revenues compared to Fiscal Year 2018’s actual revenues.

**Line 1.02**

Public Utility Personal Property Tax is projected to be $3,141,464 in fiscal year 2020 and allows for a slight increase each year through fiscal year 2024.

**Line 1.035**

Unrestricted Grants-in-Aid is estimated to be $4,059,383 during fiscal year 2020 based on information from the state funding report, the current biennium budget and actual receipts to date. In addition to the State’s funding formula, casino revenues are currently projected to be received in this line item, which are included in the projection listed above.

Remaining projections for fiscal years 2021 through 2024 are frozen based on a history of minimal state formula funding support to our district.

**Line 1.04 and 1.045**

Restricted Grants-in-Aid is estimated to be $14,873 during fiscal year 2020 based on state funding information at this point in time.

Remaining projections for fiscal years 2021 through 2024 are frozen based on a history of minimal state formula funding support to our district.

**Line 1.05**

Property Tax Allocation is projected to be $8,445,415 in fiscal year 2020. The primary revenue source for this line item is homestead and rollback tax revenues. Another major revenue source in this line item is the state’s tangible personal property tax reimbursement.

In fiscal year 2011 TPP dollars were $10,700,000. In fiscal year 2020 approximately $3,400,000 of those funds remain. Based on current law there will be an annual reduction of approximately $700,000 until the District’s entire remaining funding received for TPP is eliminated.

**Line 1.06**

All Other Revenues are estimated to be $3,174,142 for fiscal year 2020. The primary sources of revenue for this line item are tuition, excess cost, investments, rentals and donations. All other revenues in this line item are projected to slightly increase fiscal years 2021 through 2024.
Line 2.05

Advances-In are projected to be $355,000 in fiscal year 2020, and $275,000 for fiscal years 2021 through 2024 based on advances already made, history of advances, and anticipated repayment of advances-in and advances-out throughout each fiscal year. Activity in this line item is primarily due to a result of cash flow operating procedures. Advances-Out will offset this line-item.

Line 3.01

Personnel Service costs are estimated to be $44,804,018 for fiscal year 2020. Four year negotiated agreements have been entered into with both Certified and Classified bargaining units. This line item’s projections are based on those agreements, which run from fiscal year 2018 through fiscal year 2021. Fiscal years 2022 through 2024 project a 2.0% base salary increase plus limited incremental increases (if applicable).

Line 3.02

Fringe Benefits are estimated to be $17,074,240 for fiscal year 2020. The primary portions of this line item are the District’s health insurance coverage, as well as employer contributions to STRS and SERS. This results in a blended rate of approximately a 6% increase per year fiscal years 2021 through 2024 being projected.

Line 3.03

Purchased Services are anticipated to be approximately $8,228,623 for fiscal year 2020.

Calendar year 2016 includes significant one-time expenditures related to the District’s Orchard School project, which inflated expenditures over fiscal years 2016 and 2017.

An increase of approximately 4.00% per year is projected fiscal years 2021 through 2024 based on history of this expenditure line item.

Line 3.04

Supplies and Materials are projected at $2,010,698 for fiscal year 2020. An increase of approximately 3.00% per year is projected fiscal years 2021 through 2024.

Line 3.05

Capital Outlay is anticipated to be $4,525,491 for fiscal year 2020. This line item reflects significant project work anticipated annually throughout the majority of the District’s educational buildings. This work includes items such as HVAC, masonry, asphalt and roofing.

This line item’s projections for fiscal years 2021 through 2024 vary based on scheduled building projects throughout the District.
Line 4.30

Other Objects expenditures are projected to be $901,943 for fiscal year 2020. Other Objects expenditures are projected to increase 3.00% fiscal years 2021 through 2024.

Line 5.01

Operating Transfers-Out are projected at $100,000 fiscal years 2020 through 2024. The primary reason for the $100,000 in transfers is to supplement the Food Service and Athletic program.

Line 5.02

Advances-Out are projected $275,000 for fiscal years 2021 through 2024 based on advances already made, history of advances, and anticipated repayment of advances-in and advances-out throughout each fiscal year. Activity in this line item is primarily due to a result of cash flow operating procedures. Advances-In will offset this line-item.

Line 8.01

Estimated Encumbrances are projected to be $5,000,000 fiscal years 2020 through 2024.

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