

Cincinnati City School District

Five Year Forecast Financial Report

May, 2021

Jennifer M. Wagner CFO/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

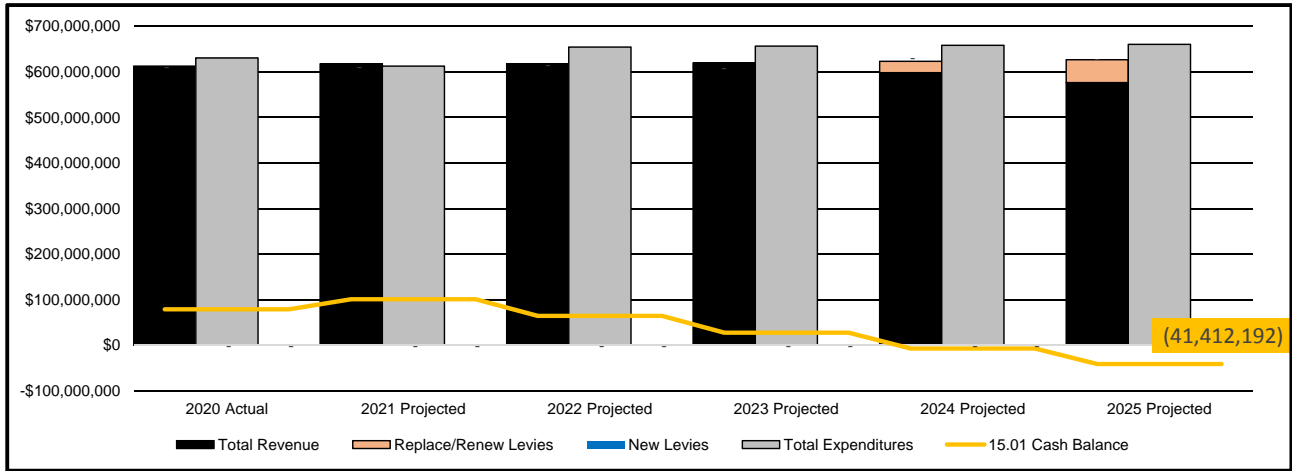
Forecast Purpose/Objectives

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	108,273,204	113,190,845	76,529,225	39,836,916	4,835,917
+ Revenue	617,692,848	617,914,149	619,789,090	598,341,838	576,479,931
+ Proposed Renew/Replacement Levies	-	-	-	25,072,107	50,147,304
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(612,775,207)	(654,575,769)	(656,481,400)	(658,414,944)	(660,375,343)
= Revenue Surplus or Deficit	4,917,641	(36,661,619)	(36,692,310)	(35,000,999)	(33,748,108)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	113,190,845	76,529,225	39,836,916	4,835,916	(28,912,191)

Analysis Without Renewal Levies Included:

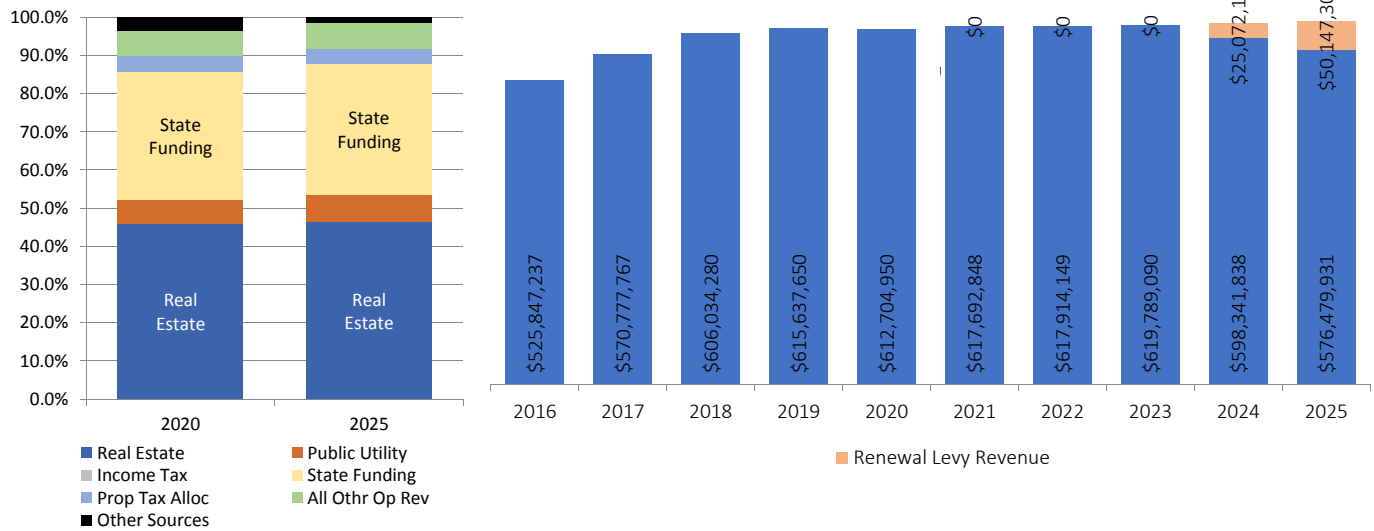
Revenue Surplus or Deficit w/o Levies	4,917,641	(36,661,619)	(36,692,310)	(60,073,106)	(83,895,412)
Ending Balance w/o Levies	113,190,845	76,529,225	39,836,916	(20,236,191)	(104,131,603)

In FY 2021 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$4,917,641 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$83,895,412. The district would need to cut its FY 2025 projected expenses by 12.70% in order to balance its budget without additional revenue.

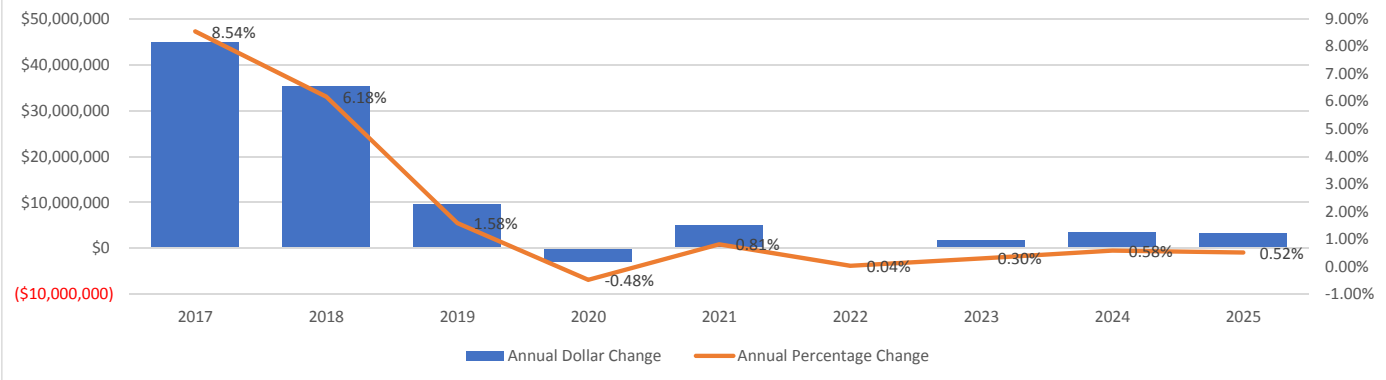
The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



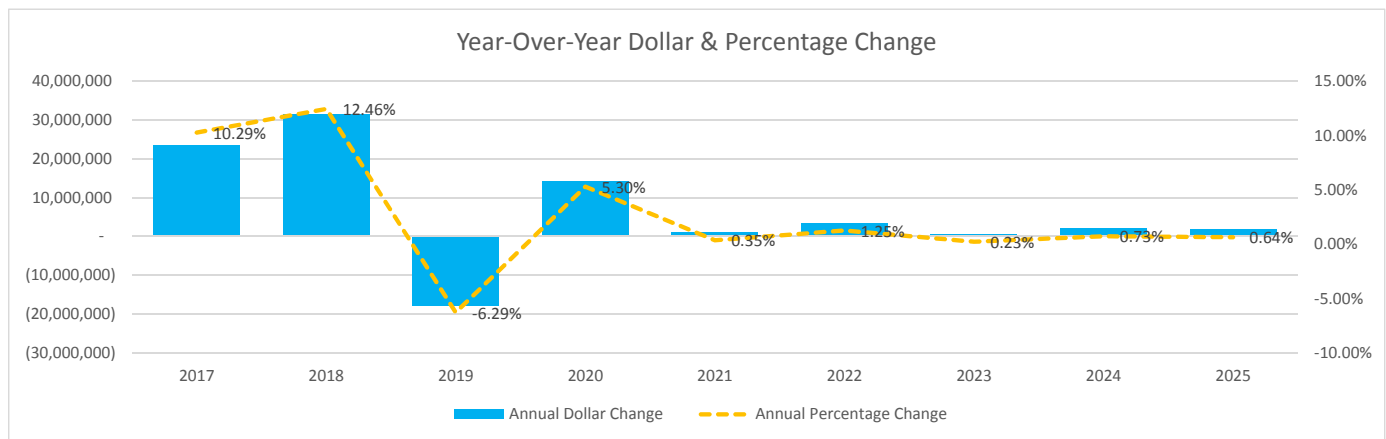
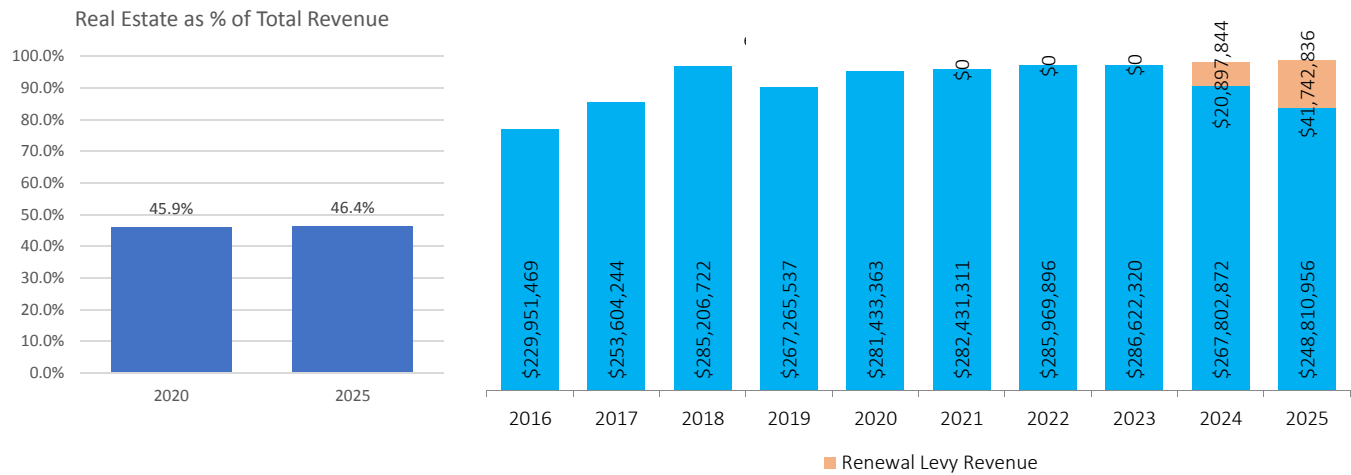
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 2.43% or \$13,975,728 annually during the past five years and is projected to increase 0.45% or \$2,784,457 annually through FY2025. Real Estate has the most projected average annual variance compared to the historical average at -
Real Estate	\$9,276,373	\$1,824,086	(\$7,452,287)	\$7,452,287
Public Utility	\$2,207,038	\$1,465,922	(\$741,116)	
Income Tax	\$0	\$0	\$0	
State Funding	\$2,638,859	\$1,618,782	(\$1,020,077)	
Prop Tax Alloc	(\$983,726)	(\$189,562)	\$794,164	
All Othr Op Rev	\$1,369,944	\$539,205	(\$830,739)	
Other Sources	(\$532,761)	(\$2,473,977)	(\$1,941,215)	
Total Average Annual Change	\$13,975,728 2.43%	\$2,784,457 0.45%	(\$11,191,271) -1.98%	

Note: Expenditure average annual change is projected to be > \$5,930,268 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).



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	5,996,434,050	78,364,230	47.89	-	57.58	-	99.4%
2020	6,850,886,160	854,452,110	42.70	(5.18)	52.13	(5.45)	98.3%
2021	6,852,247,784	1,361,624	42.82	0.12	52.35	0.23	98.3%
2022	6,854,247,784	2,000,000	42.82	(0.00)	52.45	0.10	98.3%
2023	7,120,247,784	266,000,000	41.85	(0.97)	51.07	(1.38)	98.3%
2024	7,123,247,784	3,000,000	41.85	(0.00)	51.17	0.10	98.3%

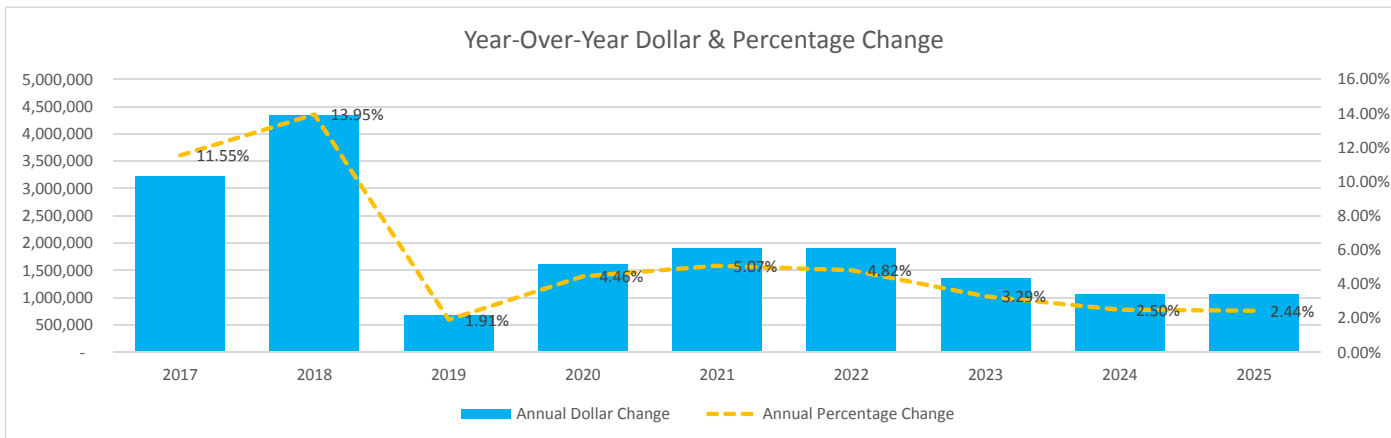
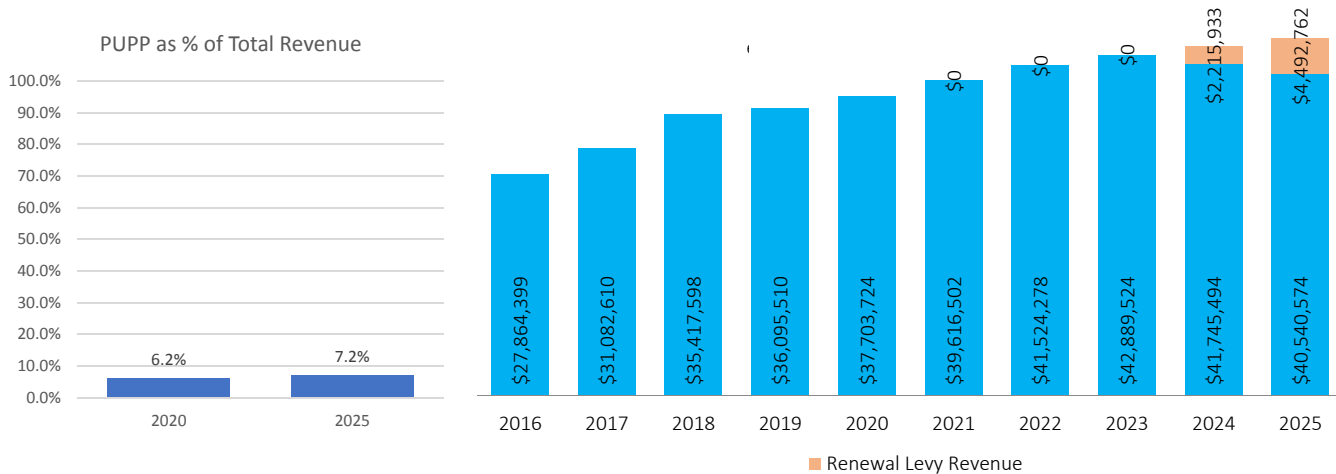
Real estate property tax revenue accounts for 45.93% of total revenue. Class I or residential/agricultural taxes make up approximately 58.70% of the real estate property tax revenue. The Class I tax rate is 42.7 mills in tax year 2020. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 98.3% annually through tax year 2024. The revenue changed at an average annual historical rate of 3.82% and is projected to change at an average annual rate of 0.64% through FY 2025.

Note: During calendar year 2020, Hamilton County completed a Triennial Property Value update which resulted in increased values.

*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.



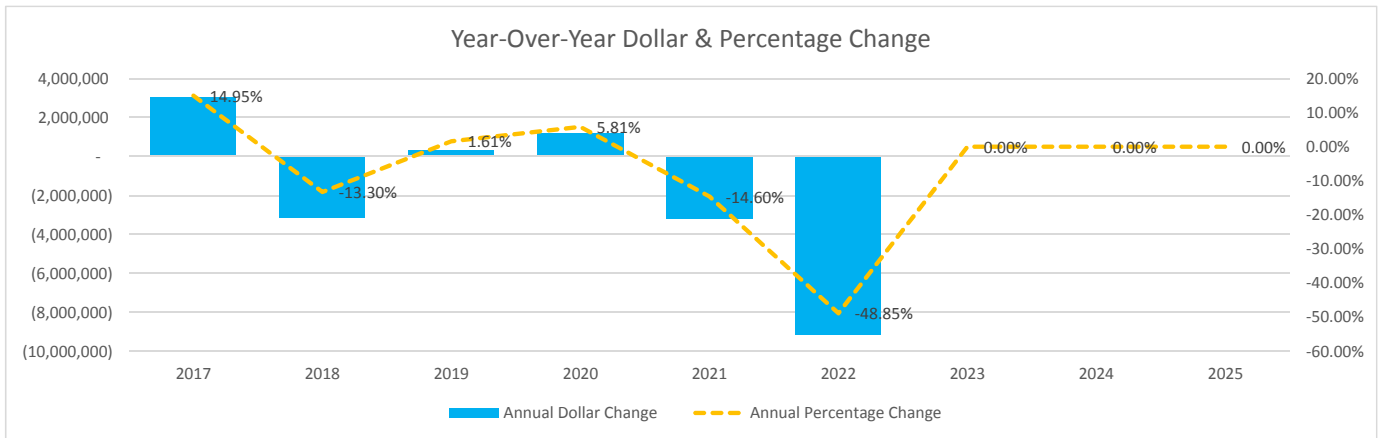
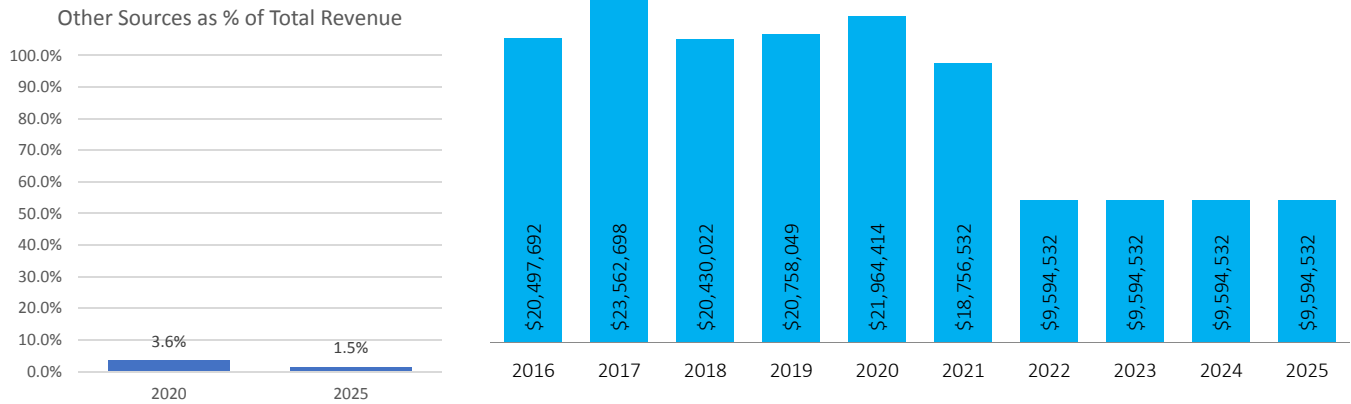
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2019	544,269,250	33,557,460	71.50	(0.11)	100.0%
2020	595,292,390	51,023,140	68.55	(2.95)	100.0%
2021	615,292,390	20,000,000	68.60	0.05	100.0%
2022	635,292,390	20,000,000	68.54	(0.07)	100.0%
2023	655,292,390	20,000,000	67.70	(0.83)	100.0%
2024	675,292,390	20,000,000	67.64	(0.06)	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 6.15% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 68.55 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$2,207,038 and is projected to change at an average annual dollar amount of \$1,465,922 through FY 2025.

*Projected % trends include renewal levies

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.



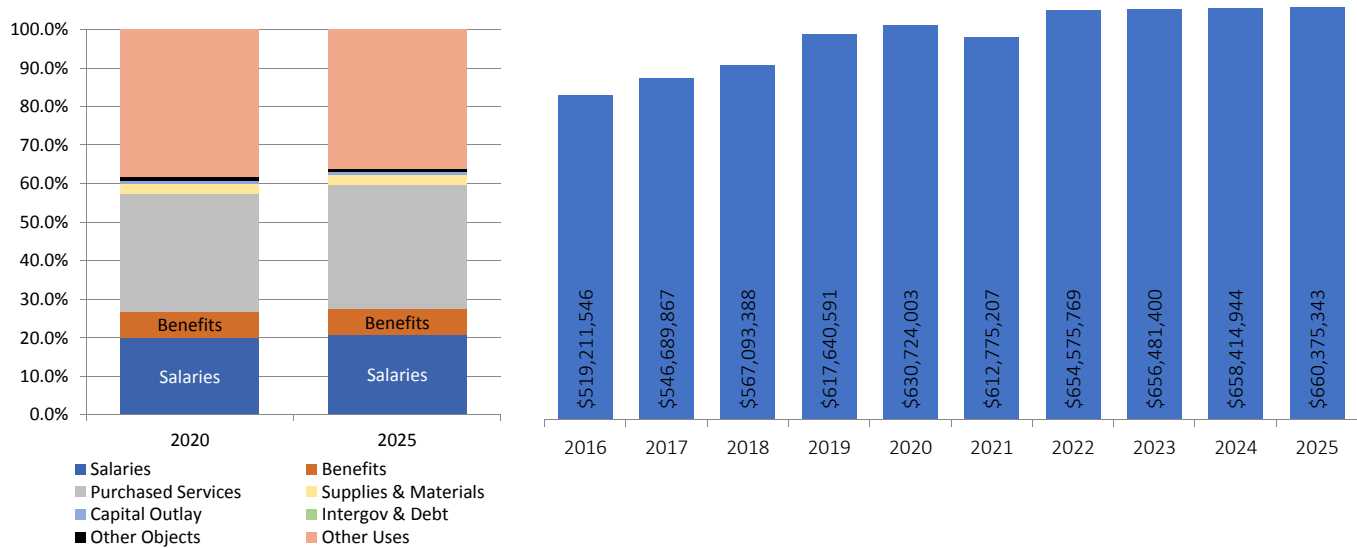
	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers In	10,196,034	(0)	(0)	(0)	(0)	(0)
Advances In	3,100,000	9,262,000	3,100,000	3,100,000	3,100,000	3,100,000
All Other Financing Sources	8,668,380	9,494,532	6,494,532	6,494,532	6,494,532	6,494,532

Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district received \$3,100,000 as advances-in and is projecting advances of \$9,262,000 in FY 2021. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$9,494,532 in FY 2021 and average \$6,494,532 annually through FY 2025.

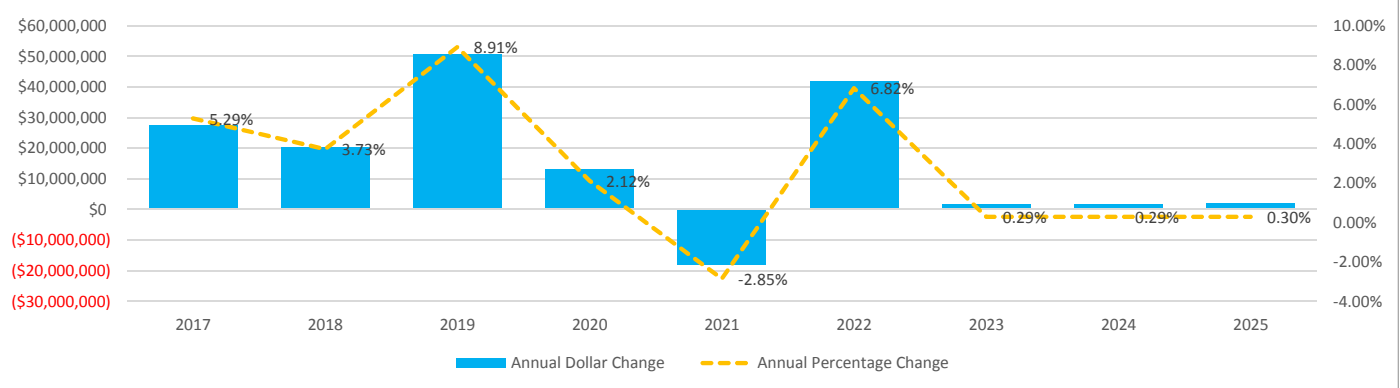
Note: Advances In are the repayment of temporary loans made near fiscal year end while grant funds await reimbursement. These amounts fluctuate from year to year based on the timing of state reimbursements but are offset by previous Advances Out. Other Financing Sources also includes Bureau of Workers Compensation (BWC) rebates which were higher in FY2021 and E-rate Reimbursements. Historical note: Transfers In (and an equal offset within Transfers Out) were recorded to allocate expenditures related to Cincinnati Preschool Promise Tuition Assistance to a unique Special Cost Center (SCC) for tracking within the General Fund. For FY2021 and going forward, an expenditure adjustment will be recorded between SCC's, thus eliminating this transfer component.

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 increased 4.92% or \$28,011,379 annually during the past five years and is projected to increase 0.94% or \$5,930,268 annually through FY2025. Other Uses has the largest projected average annual variance compared to the historical average at -\$13,026,033.
Salaries	\$7,624,316	\$2,117,357	(\$5,506,959)	Note: For FY2021 certain expenditures have been identified as eligible for reimbursement from Federal Cares Act funding, thus reducing the impact on expenditures in the General Fund.
Benefits	\$3,024,010	\$548,699	(\$2,475,311)	
Purchased Services	\$280,171	\$3,527,033	\$3,246,861	
Supplies & Materials	\$2,911,283	\$569,208	(\$2,342,074)	
Capital Outlay	\$811,229	(\$268,514)	(\$1,079,743)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$876,645	(\$21,206)	(\$897,851)	
Other Uses	\$12,483,724	(\$542,310)	(\$13,026,033)	
Total Average Annual Change	\$28,011,379	\$5,930,268	(\$22,081,111)	
	4.92%	0.94%	-3.98%	

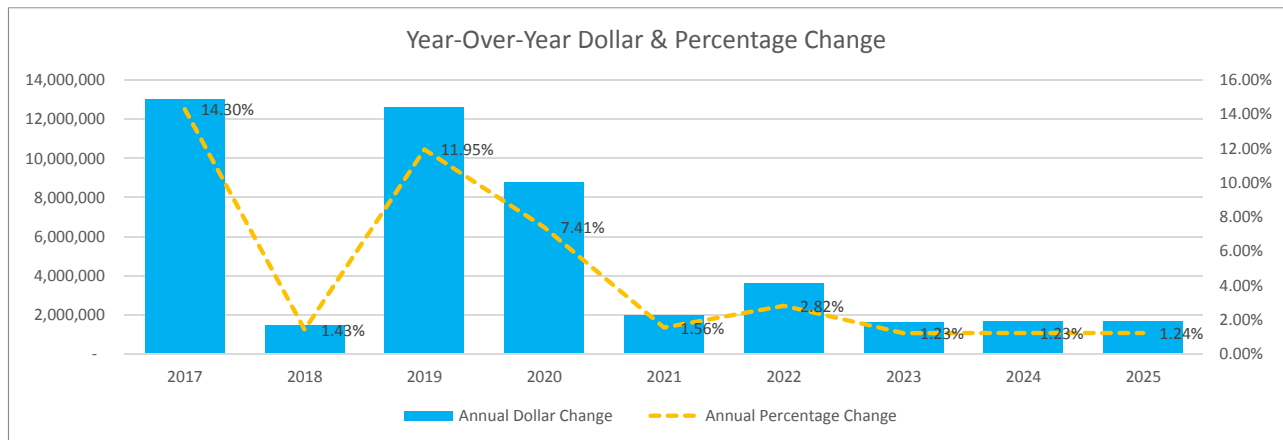
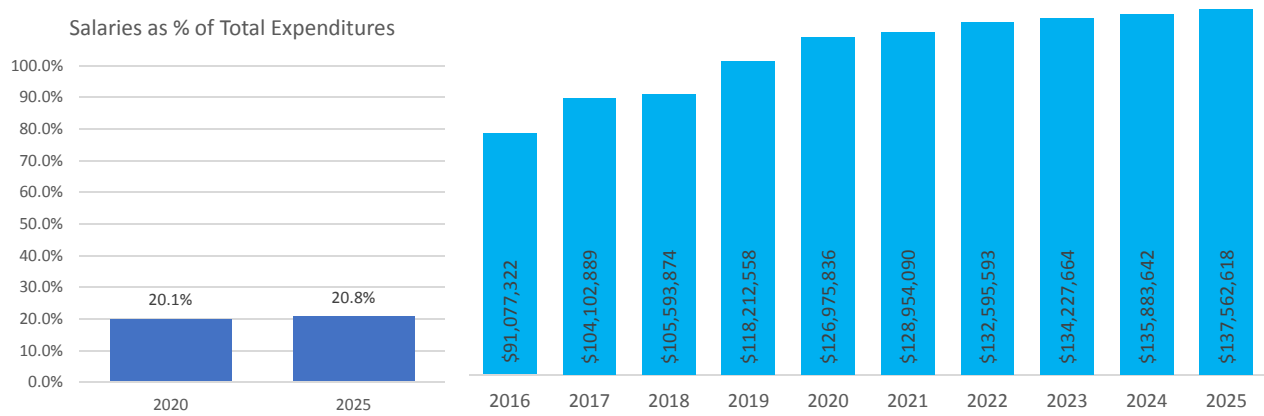
Note: Expenditure average annual change is projected

to be > \$5,930,268

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

3.010 - Personnel Services

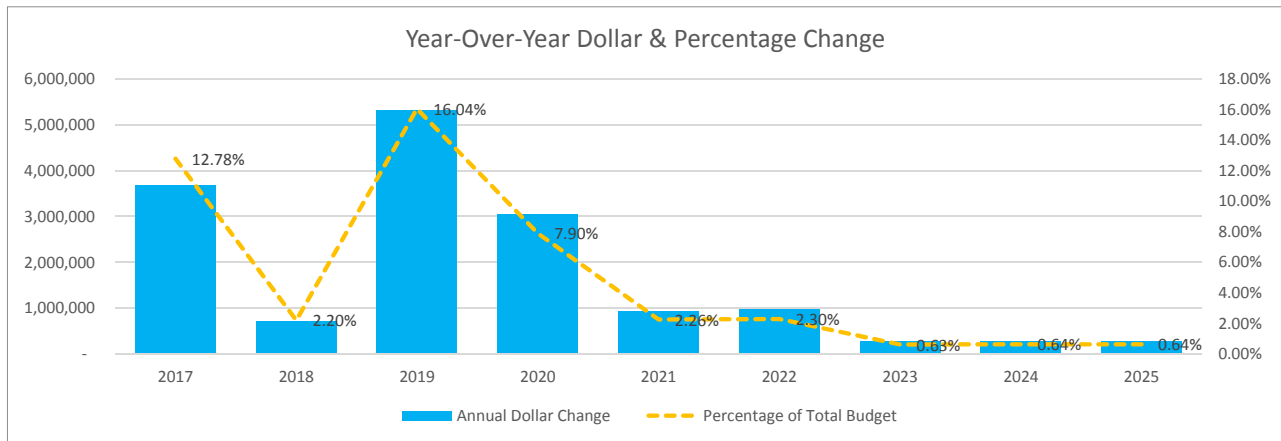
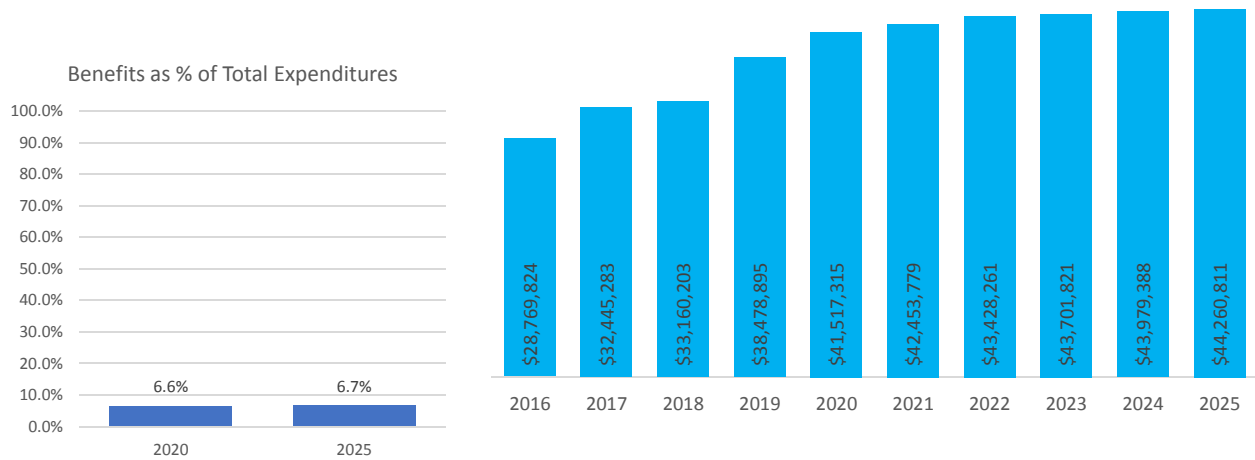
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 20.13% of total expenditures and increased at a historical average annual rate of 6.93% or \$7,624,316. This category of expenditure is projected to grow at an average annual rate of 1.62% or \$2,117,357 through FY 2025. The projected average annual rate of change is -5.32% less than the five year historical annual average.

3.020 - Employees' Benefits

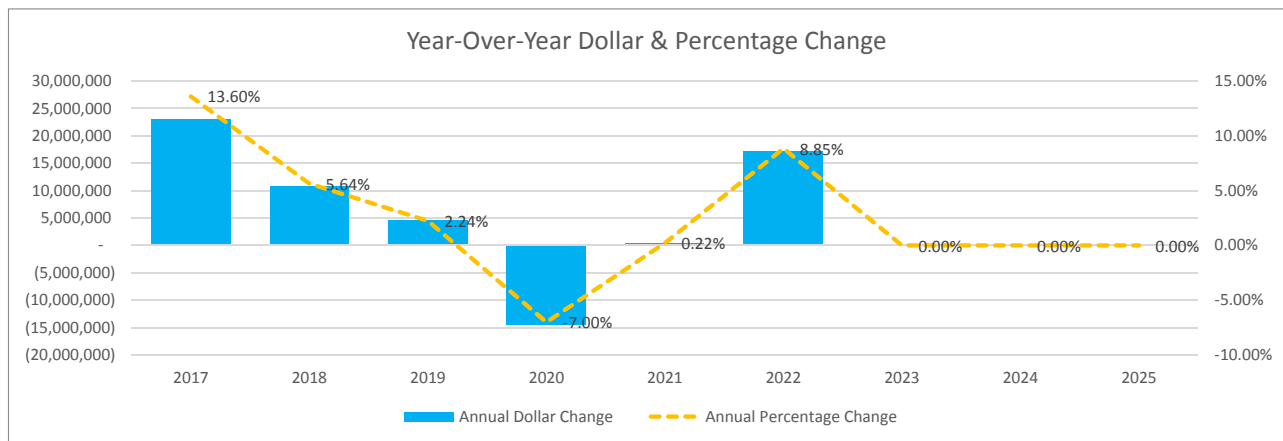
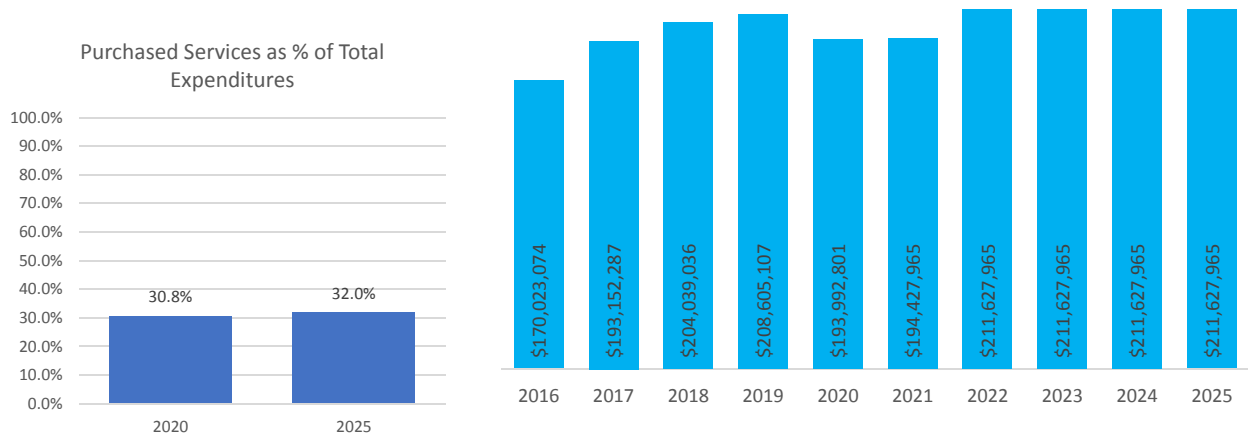
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 6.58% of total expenditures and increased at a historical average annual rate of 8.71%. This category of expenditure is projected to grow at an annual average rate of 1.29% through FY 2025. The projected average annual rate of change is -7.42% less than the five year historical annual average.

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.

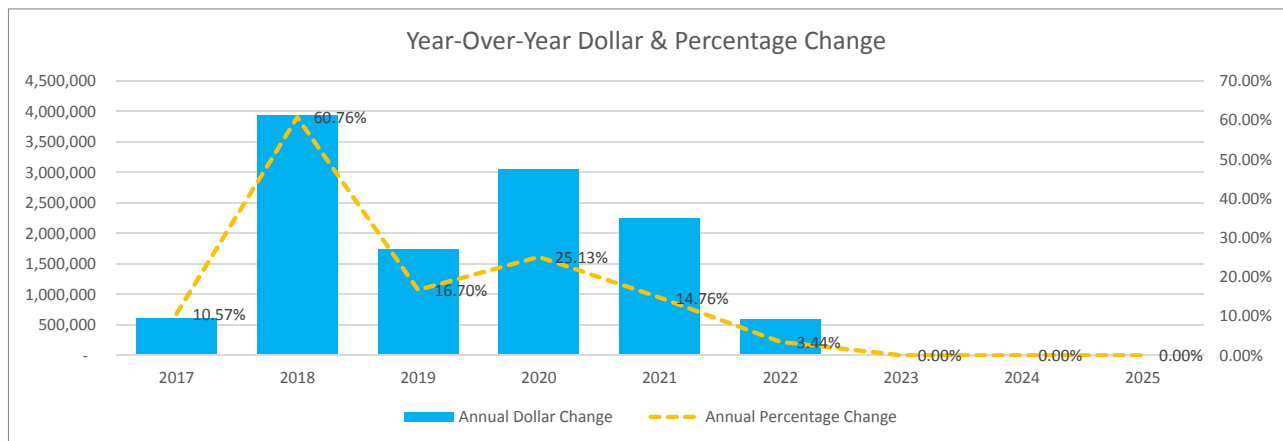
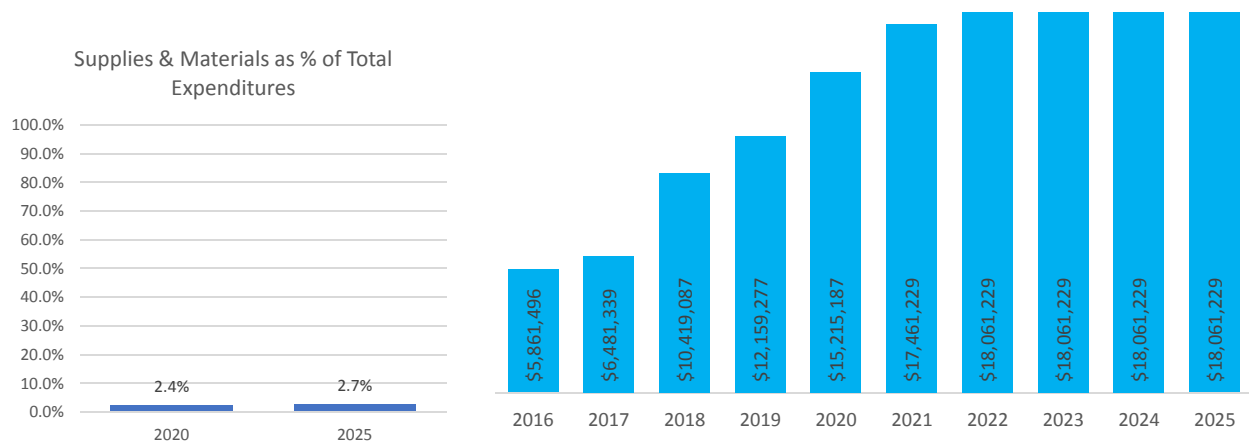


Purchased Services represent 30.76% of total expenditures and increased at a historical average annual rate of 0.29%. This category of expenditure is projected to grow at an annual average rate of 1.81% through FY 2025. The projected average annual rate of change is 1.52% more than the five year historical annual average.

Note: The decreases for FY2020 and FY2021 were, in part, attributed to transportation expense savings since students were in remote or blended learning during part of each year. Additionally, other planned contracts were not implemented due to covid or other cost cutting considerations.

3.040 - Supplies & Materials

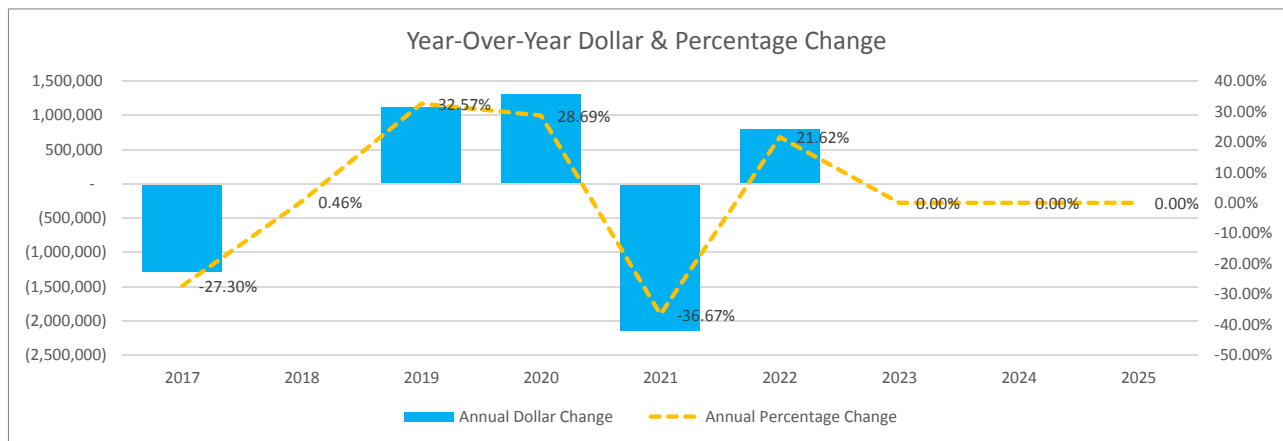
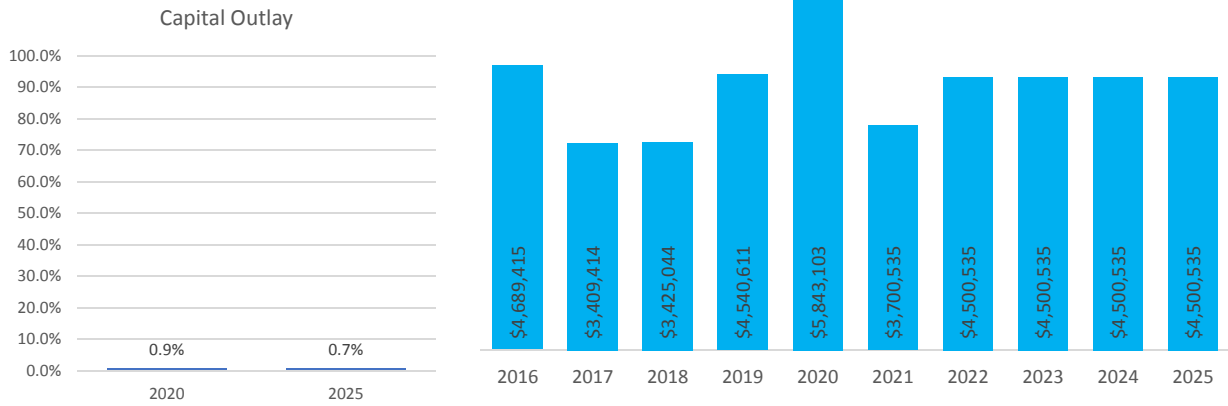
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.41% of total expenditures and increased at a historical average annual rate of 34.20%. This category of expenditure is projected to grow at an annual average rate of 3.64% through FY 2025. The projected average annual rate of change is -30.56% less than the five year historical annual average.

3.050 - Capital Outlay

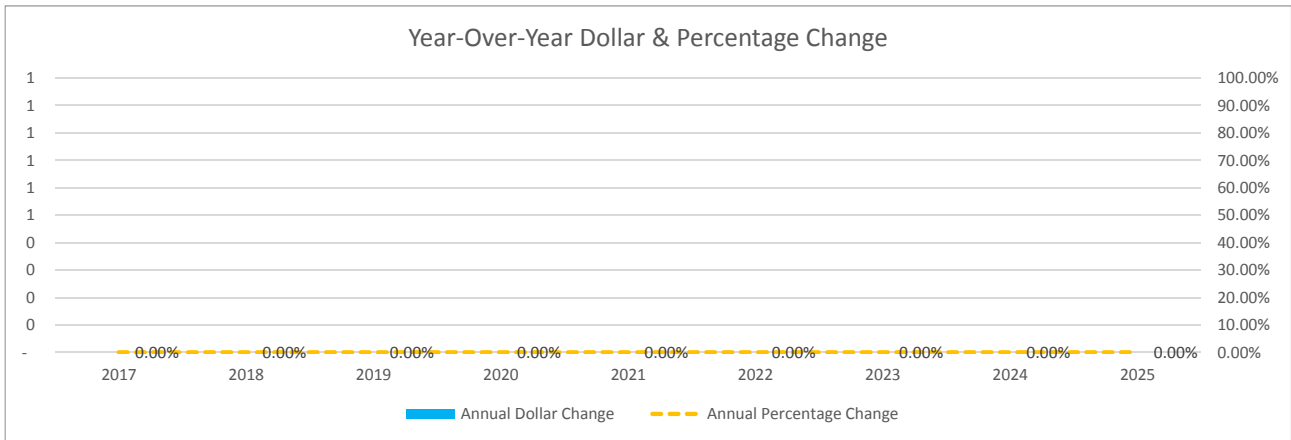
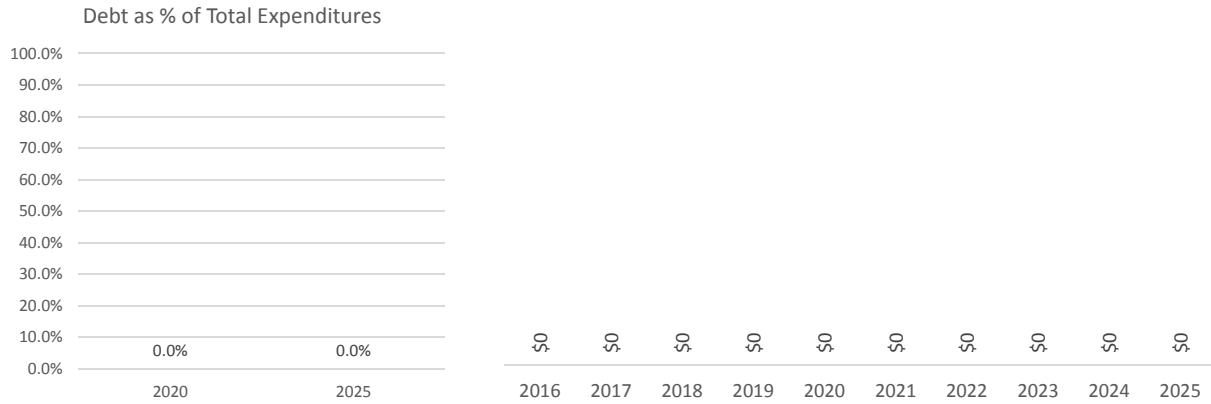
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.93% of total expenditures and increased at a historical average annual amount of \$811,229. This category of expenditure is projected to decrease at an annual average amount of -\$268,514 through FY 2025. The projected average annual change is less than the five year historical annual average.

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.

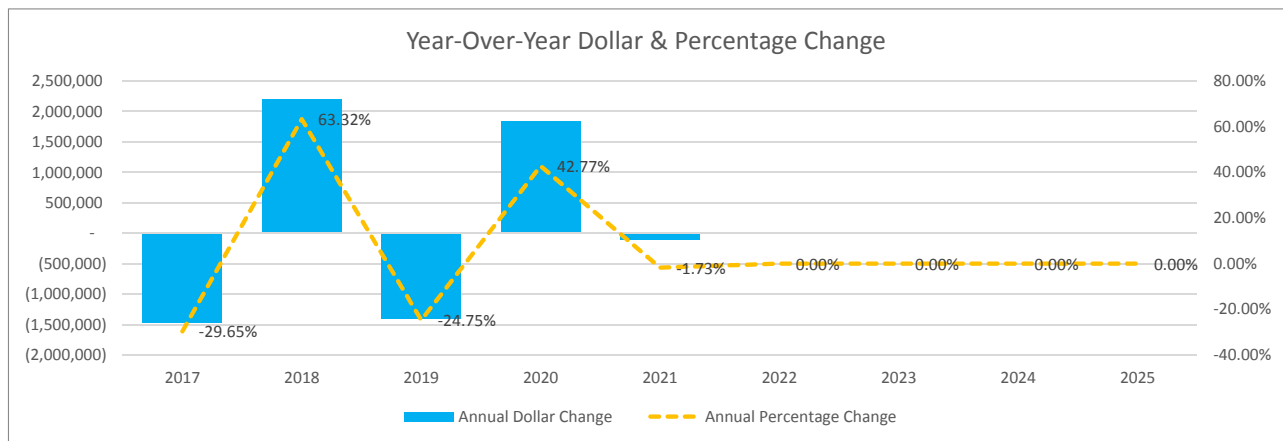
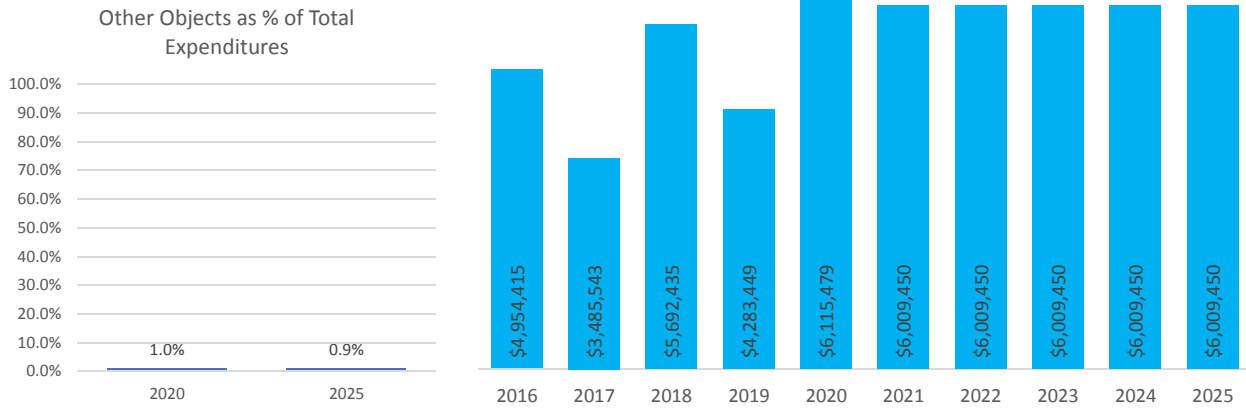


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

Note: The District's debt obligations, including Certificates of Participation (COPS) are paid from a separate fund, Fund 002. Annual amounts are appropriated and transferred from the General Fund to cover obligations tied to general funding.

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.

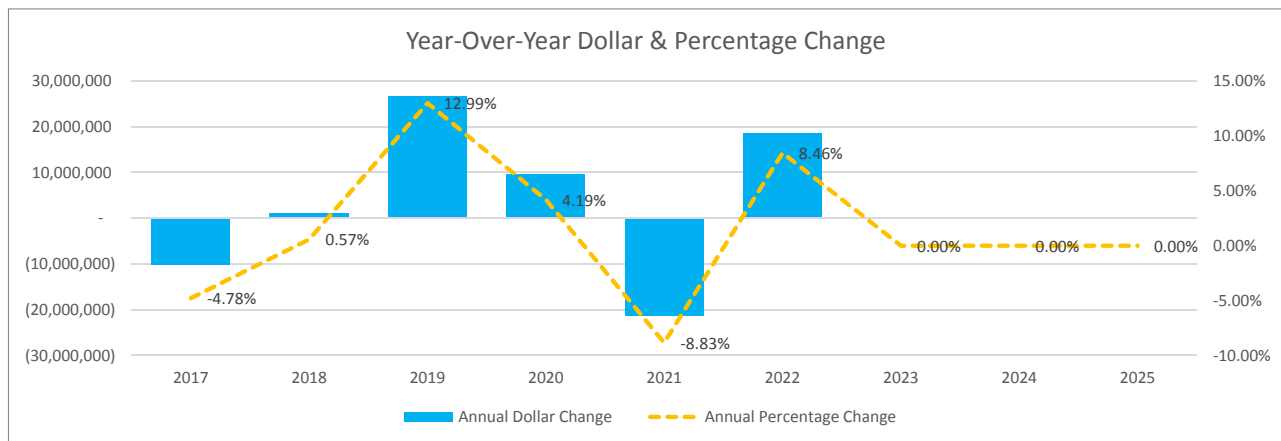
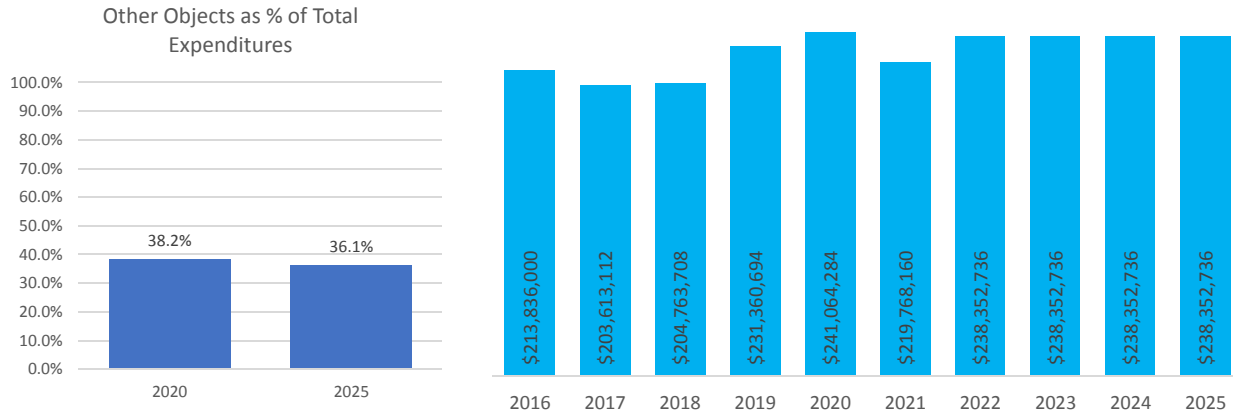


Other Objects represent 0.97% of total expenditures and increased at a historical average annual rate of 27.11%. This category of expenditure is projected to decrease at an annual average rate of -0.35% through FY 2025. The projected average annual rate of change is -27.46% less than the five year historical annual average.

Note: County fees associated with property tax collections and property insurance expenses are included in this category.

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	231,801,408	216,668,160	235,252,736	235,252,736	235,252,736	235,252,736
Advances Out	9,262,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
Other Financing Uses	876	(0)	(0)	(0)	(0)	(0)

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2020 the district had advances-out and has advances-out forecasted through FY 2025. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2025. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Note: (See Line 2.070 explanation regarding Transfers In and Out.) Additionally, Transfers Out includes transfers for Debt Service, Classroom Facilities Maintenance and to fund the Schoolwide Pool (SWP). Schoolwide Pool expenses were down for FY2021 which also resulted in reduced transfers out to the SWP Fund.

Cincinnati City School District

Hamilton

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;
Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020			Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenues										
1.010 General Property Tax (Real Estate)	285,206,722	267,265,537	281,433,363	-0.5%	\$282,431,311	\$285,969,896	\$286,622,320	\$267,802,872	\$248,810,956	
1.020 Tangible Personal Property Tax	35,417,598	36,095,510	37,703,724	3.2%	39,616,502	\$41,524,278	\$42,889,524	\$41,745,494	\$40,540,574	
1.030 Income Tax										
1.035 Unrestricted State Grants-in-Aid	184,105,008	190,202,549	183,816,231	0.0%	187,281,028	\$191,754,130	\$191,798,223	\$191,844,513	\$191,889,141	
1.040 Restricted State Grants-in-Aid	22,825,830	23,020,813	22,999,813	0.4%	23,020,814	\$23,020,814	\$23,020,814	\$23,020,814	\$23,020,814	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	27,218,461	26,233,324	25,189,556	-3.8%	24,332,787	\$23,256,625	\$23,319,803	\$22,039,739	\$20,330,040	
1.060 All Other Revenues	30,830,639	52,061,867	39,597,847	22.5%	42,253,874	\$42,793,874	\$42,543,874	\$42,293,874	\$42,293,874	
1.070 Total Revenues	585,604,258	594,879,600	590,740,534	0.4%	598,936,316	608,319,617	610,194,558	588,747,306	566,885,399	
Other Financing Sources										
2.010 Proceeds from Sale of Notes										
2.020 State Emergency Loans and Advancements (Approved)										
2.040 Operating Transfers-In	3,953,247		10,196,034							
2.050 Advances-In	11,505,000	16,005,000	3,100,000	-20.8%	9,262,000	3,100,000	3,100,000	3,100,000	3,100,000	
2.060 All Other Financing Sources	4,971,775	4,753,049	8,668,380	39.0%	9,494,532	6,494,532	6,494,532	6,494,532	6,494,532	
2.070 Total Other Financing Sources	20,430,022	20,758,049	21,964,414	3.7%	18,756,532	9,594,532	9,594,532	9,594,532	9,594,532	
2.080 Total Revenues and Other Financing Sources	606,034,280	615,637,649	612,704,948	0.6%	617,692,848	617,914,149	619,789,090	598,341,838	576,479,931	
Expenditures										
3.010 Personal Services	\$105,593,874	\$118,212,558	\$126,975,836	9.7%	\$128,954,090	\$132,595,593	\$134,227,664	\$135,883,642	\$137,562,618	
3.020 Employees' Retirement/Insurance Benefits	\$33,160,203	\$38,478,895	\$41,517,315	12.0%	\$42,453,779	\$43,428,261	\$43,701,821	\$43,979,388	\$44,260,811	
3.030 Purchased Services	\$204,039,036	\$208,605,107	\$193,992,801	-2.4%	\$194,427,965	\$211,627,965	\$211,627,965	\$211,627,965	\$211,627,965	
3.040 Supplies and Materials	\$10,419,087	\$12,159,277	\$15,215,187	20.9%	\$17,461,229	\$18,061,229	\$18,061,229	\$18,061,229	\$18,061,229	
3.050 Capital Outlay	\$3,425,044	\$4,540,611	\$5,843,103	30.6%	\$3,700,535	\$4,500,535	\$4,500,535	\$4,500,535	\$4,500,535	
3.060 Intergovernmental										
Debt Service:										
4.010 Principal-All (Historical Only)										
4.020 Principal-Notes										
4.030 Principal-State Loans										
4.040 Principal-State Advancements										
4.050 Principal-HB 264 Loans										
4.055 Principal-Other										
4.060 Interest and Fiscal Charges										
4.300 Other Objects	\$5,692,435	\$4,283,449	\$6,115,479	9.0%	\$6,009,450	\$6,009,450	\$6,009,450	\$6,009,450	\$6,009,450	
4.500 Total Expenditures	362,329,679	386,279,897	389,659,721	3.7%	393,007,048	416,223,033	418,128,664	420,062,209	422,022,608	
Other Financing Uses										
5.010 Operating Transfers-Out	\$198,757,571	\$217,546,720	\$231,801,408	8.0%	\$216,668,160	\$235,252,736	\$235,252,736	\$235,252,736	\$235,252,736	
5.020 Advances-Out	\$6,005,000	\$13,813,974	\$9,262,000	48.5%	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	
5.030 All Other Financing Uses	1,137		876							
5.040 Total Other Financing Uses	204,763,708	231,360,694	241,064,284	8.6%	219,768,160	238,352,736	238,352,736	238,352,736	238,352,736	
5.050 Total Expenditures and Other Financing Uses	567,093,387	617,640,591	630,724,005	5.5%	612,775,208	654,575,769	656,481,400	658,414,945	660,375,344	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	38,940,893	2,002,942-	18,019,057-	347.2%	4,917,640	36,661,620-	36,692,310-	60,073,107-	83,895,413-	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	89,354,306	128,295,199	126,292,257	21.0%	108,273,200	113,190,840	76,529,220	39,836,910	20,236,197-	
7.020 Cash Balance June 30	128,295,199	126,292,257	108,273,200	-7.9%	113,190,840	76,529,220	39,836,910	20,236,197-	104,131,610-	
8.010 Estimated Encumbrances June 30	\$18,386,136	\$14,480,125	\$29,580,656	41.5%	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials										
9.020 Capital Improvements										
9.030 Budget Reserve										
9.040 DPIA										
9.045 Fiscal Stabilization										
9.050 Debt Service										
9.060 Property Tax Advances										
9.070 Bus Purchases										
9.080 Subtotal										
10.010 Fund Balance June 30 for Certification of Appropriations	109,909,063	111,812,132	78,692,544	-13.9%	100,690,840	64,029,220	27,336,910	32,736,197-	116,631,610-	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal								\$25,072,107	\$50,147,304	
11.020 Property Tax - Renewal or Replacement										
11.300 Cumulative Balance of Replacement/Renewal Levies								25,072,107	75,219,411	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	109,909,063	111,812,132	78,692,544	-13.9%	100,690,840	64,029,220	27,336,910	7,664,090-	41,412,199-	
Revenue from New Levies										
13.010 Income Tax - New										
13.020 Property Tax - New										
13.030 Cumulative Balance of New Levies										
14.010 Revenue from Future State Advancements										
15.010 Unreserved Fund Balance June 30	109,909,063	111,812,132	78,692,544	-13.9%	100,690,840	64,029,220	27,336,910	7,664,090-	41,412,199-	

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt