

# Strongsville City Schools

Board Financial Report As Of:  
December 31, 2017



# District Goals

1. Student Achievement and Growth

2. Financial Prudence

3. Community Engagement

# Financial Prudence Throughout the Years

## District Cost Savings Efforts - Past, Present, and Future:

Through the Districts proactive diligence, we were able to generate the following savings and efficiencies while still providing an exemplary educational experience for our students:

- **Investment Strategy** increased General Fund interest earnings by \$106,157 (\$37,333 to \$143,490) in FY 17 compared to FY 16.
- Switched to a self-insured health care plan – has **saved \$4.6 million** since FY 14.
- **Financial Transparency** as recognized by:
  - ASBO Meritorious Budget Award
  - ASBO Certificate of Excellence in Financial Reporting (CAFR)
  - GFOA Certificate of Achievement for Excellence in Financial Reporting (CAFR)
  - During November of 2017 – Moody's increased the District's Bond Rating from a Aa3 to a Aa2. Additionally, during that time, the District closed on a Bond refunding deal, **with a net present value savings of \$723,887.**

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# Financial Prudence Throughout the Years

## District Cost Savings Efforts - District Cost Savings Efforts - Past, Present, and Future *(continued from previous slide)*:

Through the Districts proactive diligence, we were able to generate the following savings and efficiencies while still providing an exemplary educational experience for our students:

- Since 2010, the District eliminated six (6) buildings and repurposed one (1) building to save resources and **maximize educational offerings**.
  - Allen closed in 2010; Demolished in 2013.
  - Zellers closed in 2015; Repurposed in 2016
  - Drake, Albion, Center, OPS, and Board Office closed in June 2016; Demolished/Sold by 2017.

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# Financial Prudence Throughout the Years

## District Cost Savings Efforts - Past, Present, and Future (*continued from previous slide*):

- Since 2009, there are **199 less positions** compared to FY 2018, a 22% decline keeping pace with declining enrollment. If enrollment decline continues, the School District projects to reduce 13 in FY 2019.
  - FY 2016 – Reduced 24 positions (all funds). **(\$1.4 million in savings)**
  - FY 2017 – Reducing 19 positions (all funds). **(\$500 thousand in savings)**
  - FY 2019 – Reducing 13 positions. **(\$800 thousand in savings)**
- **Note: The discrepancy in savings in FY 2017 compared to the other years is due to the type of positions that were reduced. In FY 16, 18, & 19, the majority of the reductions were teaching positions, while in FY 17, the majority of reductions were in Aides.**
- Other Cost Efforts:
  - In FY 16, the District implemented Ohio Online Learning Program and now the Strongsville Academy to retain students in the District, which is projected to **save \$200K annually.**

# Financial Highlights – December 31, 2017

- Revenues totaled \$956,579 for the month.
  - General Fund Interest income for December totaled \$13,296 and \$183,631 FYTD. FYTD Interest is revenue is \$165,000 higher compared to FYTD of December 2016. Base on simulations of monthly cash balances and current interest rates, projected interest income is projected at \$360,107 for the year.
  - During December, the District received from the County, updated assessed valuations for calendar year 2018. The assessed valuation increased from \$1,466,221,800 to \$1,496,000,290, of which \$14,353,040 is attributable to new construction. Due to the new construction, the District should receive an additional \$214,000 in property taxes for FY 18 and about \$400,000 annually.
  - Through December 31, revenues totaled \$33,771,652. The District is projecting to receive \$37,370,680 in revenue from January-June for a total projected revenue of \$71,142,332. Which is \$533,218 above the forecast.

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## Financial Highlights – December 31, 2017

- General Fund Expenditures totaled \$5,770,683 for the month, \$33,786,990 FTYD and have outstanding encumbrances of \$3,109,745. This total of \$36,896,535 reflects 50.11% of the District's total appropriation of \$73,634,282.
  - Spending benchmark: 6/12 months and 12/24 pay period elapsed; 50.00%. The 50.11% expended/encumbered is slightly above the benchmark. At this point in time last year, the expended/encumbered percent was 49.37%
  - Salaries averaged \$1.7M for December which is the lower to the 1.8M in November.
  - Monthly Benefit expenditures were \$1.6M for December which is higher to the \$1.3M in November. The increase is due to the annual workers comp premium that was paid in December in the amount of \$315,368.
- The cash balance as of December 31, 2017 is \$24,213,121. The unencumbered balance as of December 31, 2017 is \$21,103,376. Within the District's 2020 Plan, the District established a cash reserve benchmark of having 60 days of operating cash on hand, which at this point in time is \$10,966,949. Currently the District is above this benchmark.

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# Strongsville City Schools

- General Fund Summary



# Monthly Comparison of Revenues & Expenditures December 2015, 2016, & 2017

|                                      | December          | December          | December          | Monthly              | Fiscal Year         | Fiscal Year         | Fiscal Year         | YTD Change         |
|--------------------------------------|-------------------|-------------------|-------------------|----------------------|---------------------|---------------------|---------------------|--------------------|
|                                      | 2015              | 2016              | 2017              | Change from          | to Date             | to Date             | to Date             | from Previous      |
|                                      | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       | <u>Previous Year</u> | <u>2016</u>         | <u>2017</u>         | <u>2018</u>         | <u>Fiscal Year</u> |
| <b>Revenue:</b>                      |                   |                   |                   |                      |                     |                     |                     |                    |
| Real Estate Taxes                    | 0.00              | 0.00              | 0.00              | 0                    | 22,613,790.15       | 23,105,930.30       | 22,976,592.16       | (129,338)          |
| Public Utility Personal Property Tax | 0.00              | 0.00              | 34,094.48         | 34,094               | 15,779.95           | 2,988.39            | 34,094.48           | 31,106             |
| State Aide - Unrestricted            | 864,771.50        | 787,606.85        | 801,711.98        | 14,105               | 5,006,889.22        | 5,228,933.52        | 5,003,976.09        | (224,957)          |
| State Aide - Restricted              | 4,992.35          | 5,390.21          | 6,133.87          | 744                  | 32,017.54           | 32,162.75           | 35,349.74           | 3,187              |
| Property Tax Allocation              | 0.00              | 0.00              | 0.00              | 0                    | 4,155,356.16        | 3,454,613.14        | 3,040,892.05        | (413,721)          |
| All Other Revenues                   | <u>113,572.79</u> | <u>103,920.28</u> | <u>114,639.01</u> | <u>10,719</u>        | <u>1,576,550.66</u> | <u>1,768,359.56</u> | <u>2,680,747.56</u> | <u>912,388</u>     |
| Total Revenues                       | 983,336.64        | 896,917.34        | 956,579.34        | 59,662               | 33,400,383.68       | 33,592,987.66       | 33,771,652.08       | 178,664            |
| <b>Expenditures:</b>                 |                   |                   |                   |                      |                     |                     |                     |                    |
| Salaries                             | 3,267,633.10      | 3,421,068.48      | 3,458,830.88      | 37,762               | 20,115,505.19       | 19,532,848.22       | 19,963,917.31       | 431,069            |
| Benefits                             | 1,315,545.56      | 1,510,007.36      | 1,607,013.57      | 97,006               | 8,305,073.00        | 8,096,743.12        | 8,219,423.10        | 122,680            |
| Purchased Services                   | 491,891.38        | 615,437.45        | 586,996.74        | (28,441)             | 3,187,854.22        | 3,407,923.51        | 3,580,074.69        | 172,151            |
| Supplies and Materials               | 85,146.59         | 76,531.89         | 54,393.17         | (22,139)             | 601,563.44          | 651,209.67          | 584,501.03          | (66,709)           |
| Capital Outlay                       | 7,434.88          | 19,171.47         | 27,245.26         | 8,074                | 290,042.63          | 449,589.36          | 396,664.00          | (52,925)           |
| Other Objects                        | <u>14,720.48</u>  | <u>11,414.79</u>  | <u>26,203.70</u>  | <u>14,789</u>        | <u>1,017,858.73</u> | <u>1,013,273.42</u> | <u>1,042,409.87</u> | <u>29,136</u>      |
| Total Expenditures                   | 5,182,371.99      | 5,653,631.44      | 5,760,683.32      | 107,052              | 33,517,897.21       | 33,151,587.30       | 33,786,990.00       | 635,403            |
| Excess of Revenue over (under)       |                   |                   |                   |                      |                     |                     |                     |                    |
| Expenditures                         | (4,199,035.35)    | (4,756,714.10)    | (4,804,103.98)    |                      | (117,513.53)        | 441,400.36          | (15,337.92)         |                    |

# Strongsville City Schools

- General Fund Revenues

# Revenues

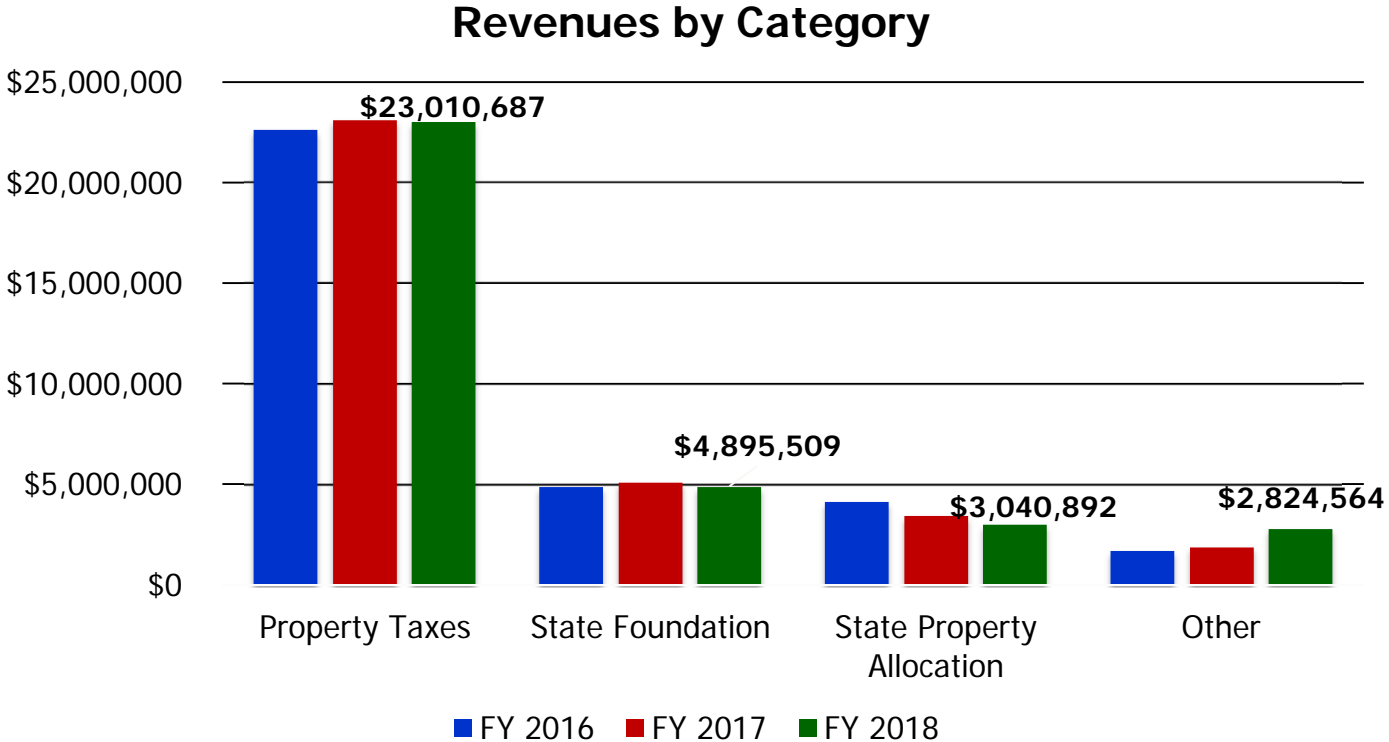
The Strongsville City Schools is forecasting **\$70,609,114** in revenue within the General Funds in the 2017-2018 fiscal year as shown on figure 1. As of **December 31, 2017** the District has received revenue in the amount of \$33,771,652 for FY 2018. The District is projecting to receive \$37,370,680 in revenue in the remaining months of the fiscal year for a total projected revenue of \$71,142,332. The October five year forecast was approved by the Board at the September 21, 2017 Board Meeting and can be viewed at [www.strongnet.org](http://www.strongnet.org), under the Treasurer's Department.

| FORECASTED REVENUES AND ACTUAL REVENUES |                     |                     |                     |                     |     |                  |
|---|---------------------|---------------------|---------------------|---------------------|-----|------------------|
|   | A                   | B                   | C                   | D = (B+C)           |     | D-A              |
|   | Fiscal Year         | Fiscal Year         | Projected           | Projected           |     |                  |
|   | 2018                | 2018                | Revenue             | Total               |     | Over/            |
|   | Forecast            | Actual              | January - June      | Revenue             |     | (Under)          |
| <b>Revenues</b>                         |                     |                     |                     |                     |     |                  |
| Real Property Tax                       | \$49,656,425        | \$23,010,687        | \$26,880,226        | \$49,890,913        | (a) | <b>\$234,488</b> |
| State Foundation                        | 10,084,247          | 4,895,509           | 5,183,698           | 10,079,207          | (b) | <b>(5,040)</b>   |
| Property Tax Homestead and Rollbacks    | 6,091,588           | 3,040,892           | 3,063,957           | 6,104,849           | (d) | <b>13,261</b>    |
| Tangible Personal Property (TPP)        | 0                   | 0                   | 0                   | 0                   | (d) | <b>0</b>         |
| TIF Revenue                             | 2,474,422           | 1,393,763           | 1,123,420           | 2,517,183           | (e) | <b>42,761</b>    |
| Casino Receipts                         | 266,459             | 143,817             | 122,642             | 266,459             | (d) | <b>0</b>         |
| Interest                                | 150,000             | 183,631             | 176,475             | 360,106             | (c) | <b>210,106</b>   |
| Other Revenues                          | 764,000             | 425,473             | 392,550             | 818,023             | (f) | <b>54,023</b>    |
| Sports Pay to Participate               | 200,000             | 136,520             | 69,088              | 205,608             | (d) | <b>5,608</b>     |
| Tuition - From Other Districts          | 485,973             | 349,111             | 136,862             | 485,973             | (d) | <b>0</b>         |
| Tuition - Full Day Kindergarten         | 367,500             | 164,949             | 180,054             | 345,003             | (d) | <b>(22,497)</b>  |
| Tuition - Preschool                     | 68,500              | 27,300              | 41,708              | 69,008              | (d) | <b>508</b>       |
| <b>Total Revenues</b>                   | <b>\$70,609,114</b> | <b>\$33,771,652</b> | <b>\$37,370,680</b> | <b>\$71,142,332</b> |     | <b>\$533,218</b> |

- The District received \$50,647,884 in general real property taxes in FY17 and is anticipating to receive \$49,890,913 in FY 17. The current collection rate for collection year 2017 decreased from 97.5% to 97.0%.
- The District will receive state funding in FY18 based on HB 49.
- Projected revenue is based on projected monthly cash balances against the current interest rate. Projected revenue is subject to change based on a change in cash balances and market conditions.
- These revenues have been received as anticipated.
- The District is forecasting \$2,474,422 in TIF revenues in FY 18 compared to \$2,107,444 in FY17.
- Other revenues include cell tower commission, vending commission, sale of property, services provided to other schools, state catastrophic aid, federal medicaid, athletic trainer fees, refunds of prior year expenditures, and other miscellaneous receipts.<sup>11</sup>

# Revenues by Category

Figure 2 compares revenue sources to the prior two years as of December 31. The three years of data will be beneficial for trend analysis performed throughout the year.



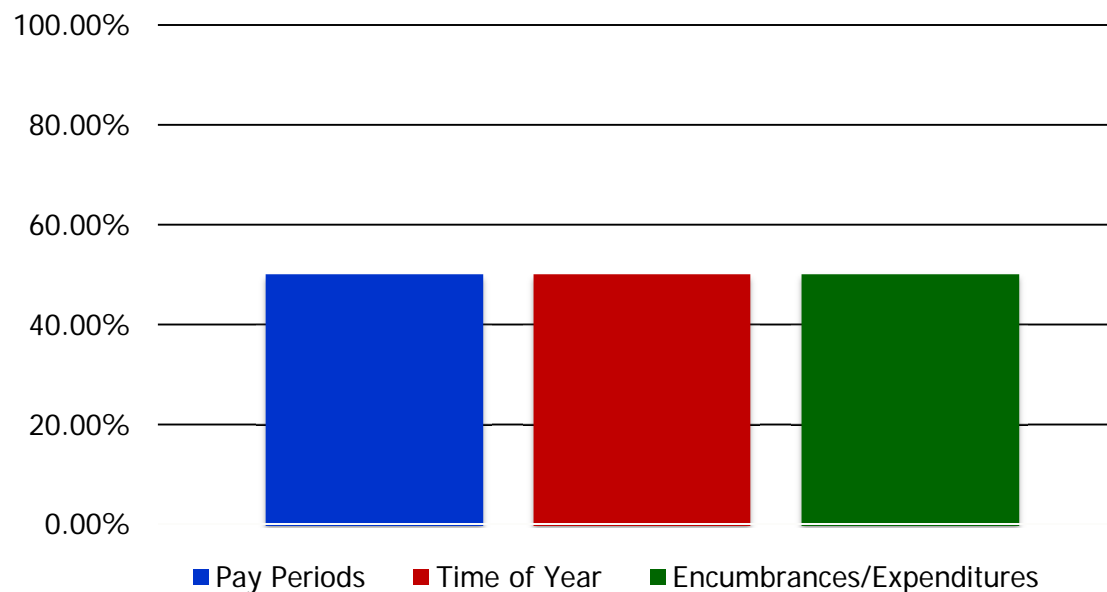
# Strongsville City Schools

- General Fund Expenditures

# Expenditures

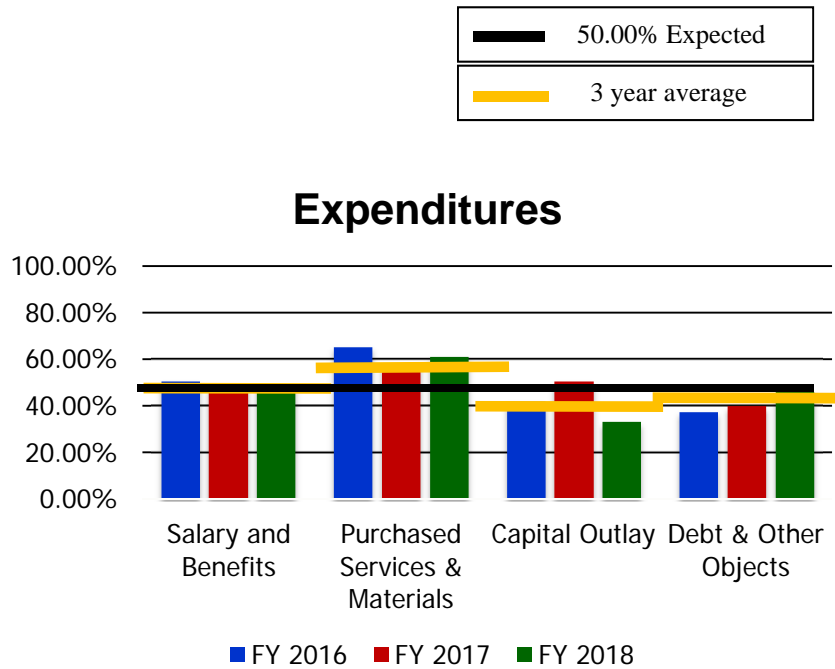
The fiscal year 2018 adopted General Fund budget for the District is **\$72,447,019**. This budget, coupled with carryover encumbrances of **\$1,187,263**, resulted in a **\$73,634,282** General Funds appropriation for FY 2018. The following information is a financial update of the status of this appropriation through December 31, 2017.

Through December 31, 2017 the District has expended \$33,786,990 and has outstanding encumbrances of \$3,109,545. This total of \$36,896,535 reflects 50.11% of the District's total appropriation. A statistical spending range for the District is based on two analyses: first, time elapsed is six months or 50.00% of the fiscal year has passed. Secondly, twelve of twenty-four (12/24), or 50.00% of the total pay periods have passed. Figure 3 illustrates these points.

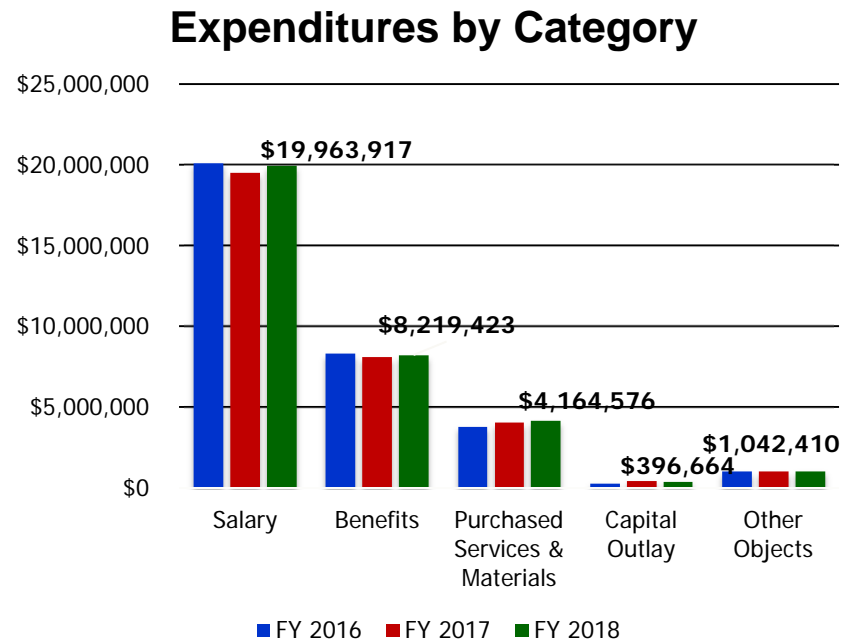


# Expenditures Thru December 31

## Percent Expended / Encumbered



## Expenditures by Category



# Strongsville City Schools

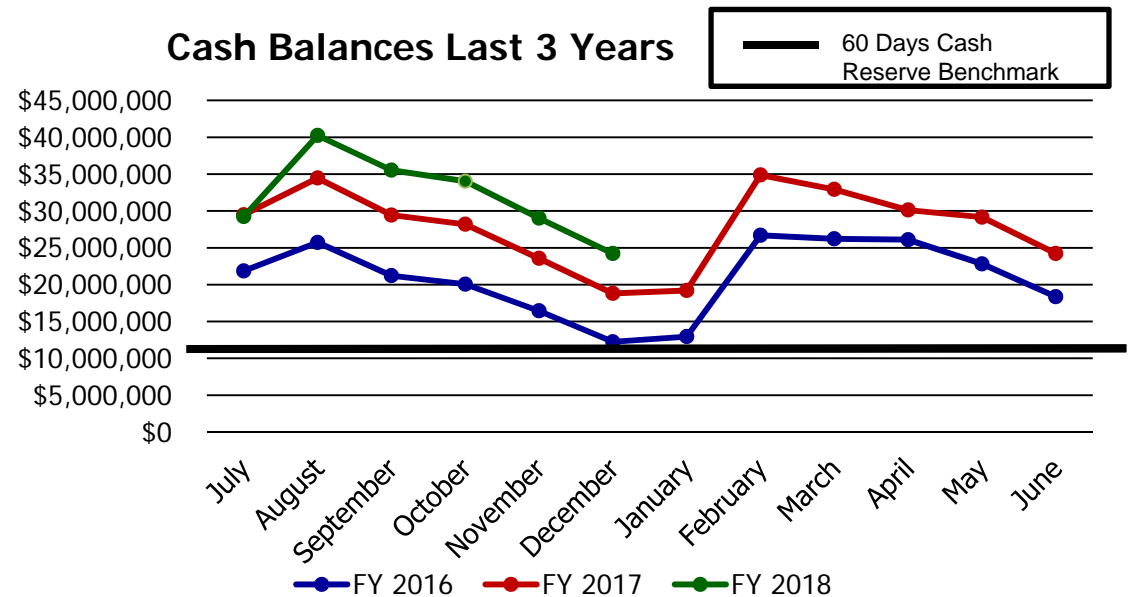
- General Fund Cash Balance



# Cash Balance – General Fund

The cash balance as of December 31, 2017 is \$24,213,121. The unencumbered balance as of December 31, 2017 is \$21,103,376. Within the District's 2020 Plan, the District established a cash reserve benchmark of having 60 days of operating cash on hand, which at this point in time is \$10,966,949. Currently the District is above this benchmark.

|                        | <b>FY<br/>2018</b>         |
|------------------------|----------------------------|
| Beginning Cash Balance | <b><u>\$24,228,459</u></b> |
| Total Revenues         | 33,771,652                 |
| Total Expenses         | 33,786,990                 |
| Revenue over Expenses  | <u>(15,338)</u>            |
| Ending Cash Balance    | 24,213,121                 |
| Encumbrances/Reserves  | 3,109,745                  |
| Unencumbered Balance   | <b><u>\$21,103,376</u></b> |



# Strongsville City Schools

- Questions?