

Strongsville City Schools

Five-Year Forecast

October 5, 2016



Five Year Forecast - Contents

- Major Assumptions
- General Fund Revenues
- General Fund Expenditures
- Five Year Forecast Summary

Strongsville City Schools

- Major Assumptions

Major Assumptions

Revenue:

- Property Tax Collection Rate - The forecast assumes the collection rate will remain at same level as 2015 or 96.6%. A 1% change in the collection rate represents \$560,000.
- Cuyahoga County completed it's triennial update in 2015, which resulted in a 1.7% increase. Property values were updated for the 2016 collection year.
- In March 2012 residents renewed a 5 year 6 mill levy with collection beginning January 2013. The forecast assumes the levy will expire tax year December 31, 2016. Collections will continue through December 31, 2017.
- State Funding – The forecast assumes for FY 16 \$3.6M of TPP Funding, of which \$600k will be eliminated in FY 17 and in FY 18 the remaining \$3.0M will be eliminated for a total loss of TPP Funding of \$3.6M each year there after.
- Enrollment – The forecast assumes a 1%-2.5% annual decline in enrollment.

Major Assumptions - Continued

Expenditures:

- Staffing Assumptions:

	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
General fund	672	649	644	635	635	635
P.Y Net Change	-20	-23	-5	-9	0	0

- Forecast assumes all union agreements as currently defined.
- In FY 16 - Closed (1) Elementary Building – Zellers Elementary
- In FY 17 - Closed (1) Elementary Building – Drake Elementary and consolidated (2) middle schools into (1) brand new middle school.
- Health Care rates are forecasted to increase 10% each year in FY 17 – FY 21. FY 16 saw a 3% increase.
- Forecast assumes \$500k for technology upgrades each year in FY 17 – FY 21

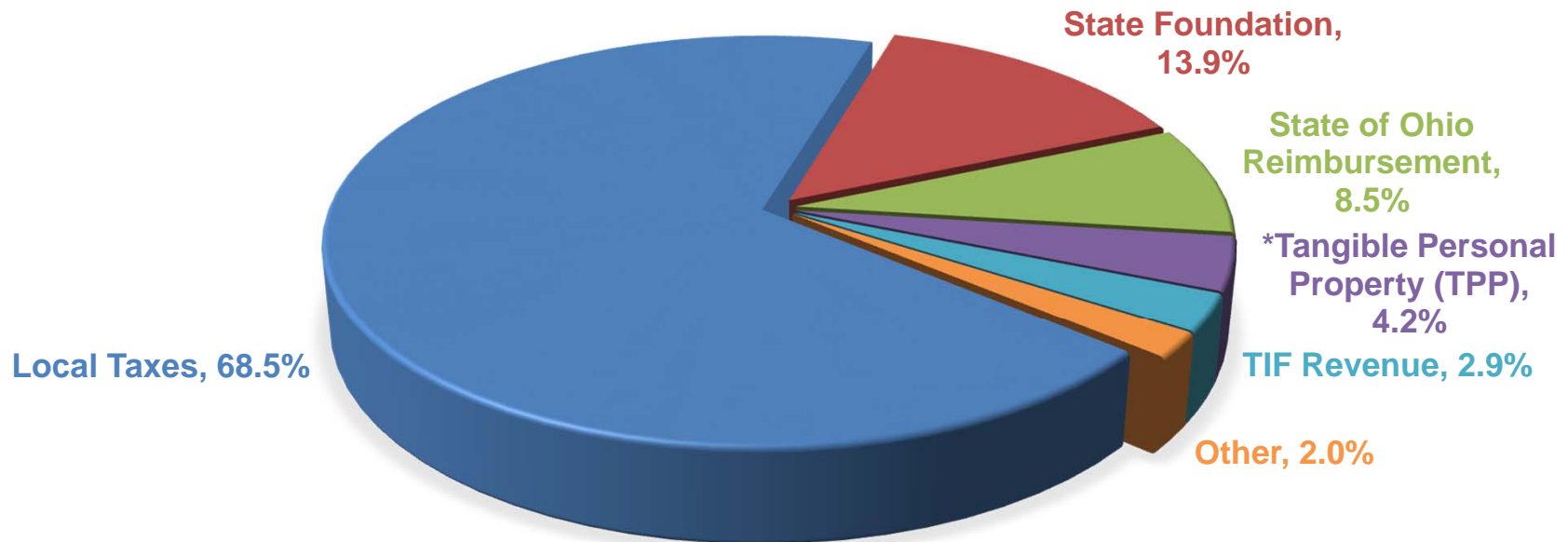
Strongsville City Schools

- General Fund Revenues

Strongsville City Schools

FY 2016-2017

WHERE THE MONEY COMES FROM

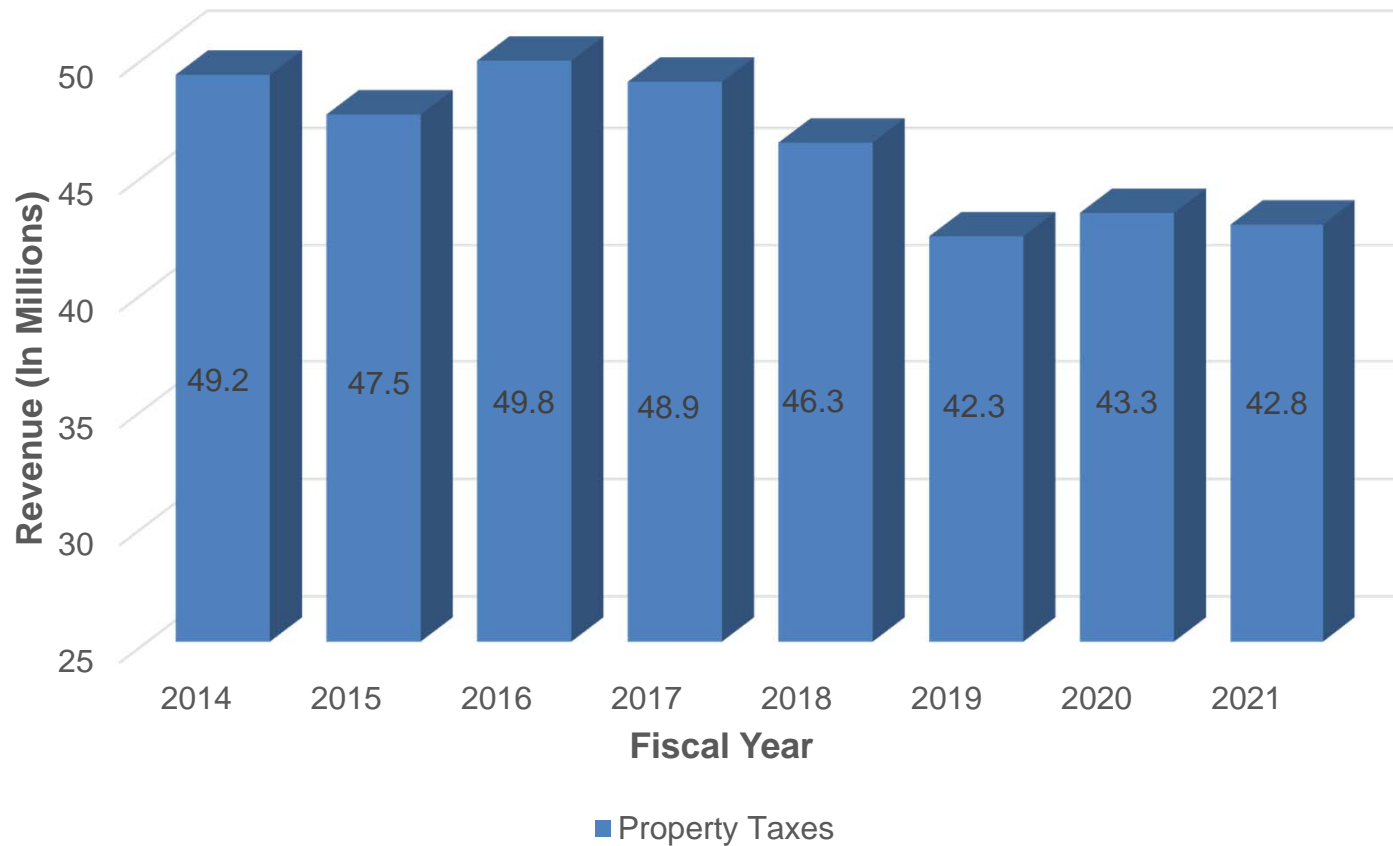


***During FY 16 and prior years, the District received \$3.6M of TPP Funding. Of the \$3.6M, \$600k was eliminated in FY 17 and in FY 18 the remaining \$3.0M will be eliminated for a total loss of TPP Funding of \$3.6M each year.**

Strongsville City Schools

Local Taxes – Property Tax Revenue

Property Taxes



See next slide for a reconciliation of changes.

Property Taxes

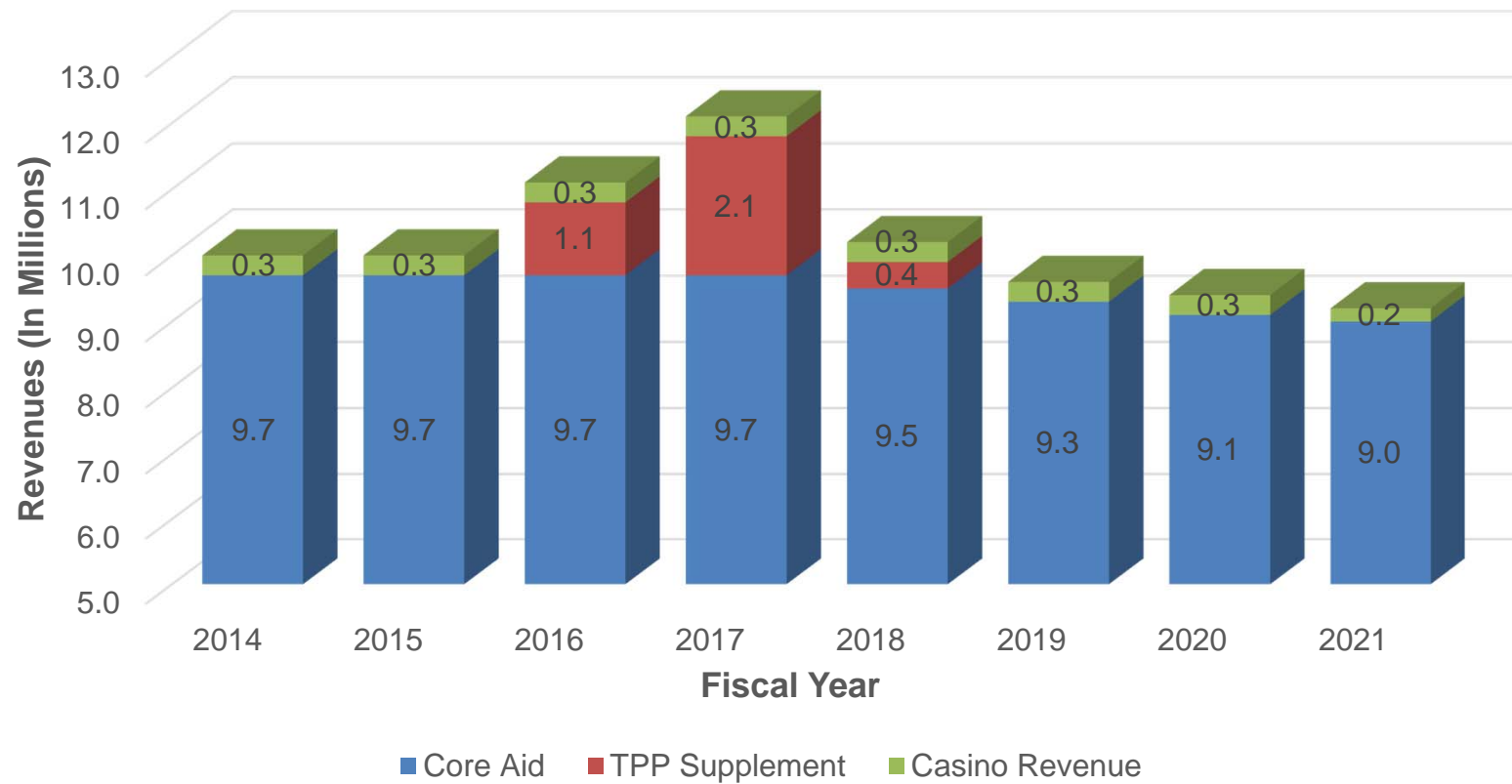
(In Millions)

Adjustments:

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	<u>\$49.8</u>	<u>\$48.9</u>	<u>\$46.3</u>	<u>\$42.3</u>	<u>\$43.3</u>
Less:					
Change in Delinquent Collection	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Change Collection Split	(\$1.1)	\$0.0	(\$0.8)	\$0.0	(\$0.7)
Expiration of Levy	\$0.0	(\$3.3)	(\$3.4)	\$0.0	\$0.0
Total Reductions	<u>(\$1.1)</u>	<u>(\$3.3)</u>	<u>(\$4.2)</u>	<u>\$0.0</u>	<u>(\$0.7)</u>
Additions:					
Change in Valuation	\$0.2	\$0.2	\$0.2	\$0.3	\$0.2
Change in Collection Split	\$0.0	\$0.5	\$0.0	\$0.7	\$0.0
Total Additions	<u>\$0.2</u>	<u>\$0.7</u>	<u>\$0.2</u>	<u>\$1.0</u>	<u>\$0.2</u>
Net Adjustments	<u>(\$0.9)</u>	<u>(\$2.6)</u>	<u>(\$4.0)</u>	<u>\$1.0</u>	<u>(\$0.5)</u>
Ending Fiscal Year Amount	<u>\$48.9</u>	<u>\$46.3</u>	<u>\$42.3</u>	<u>\$43.3</u>	<u>\$42.8</u>

Strongsville City Schools

State Foundation Revenue



See next slide for a reconciliation of changes.

State Foundation Revenue

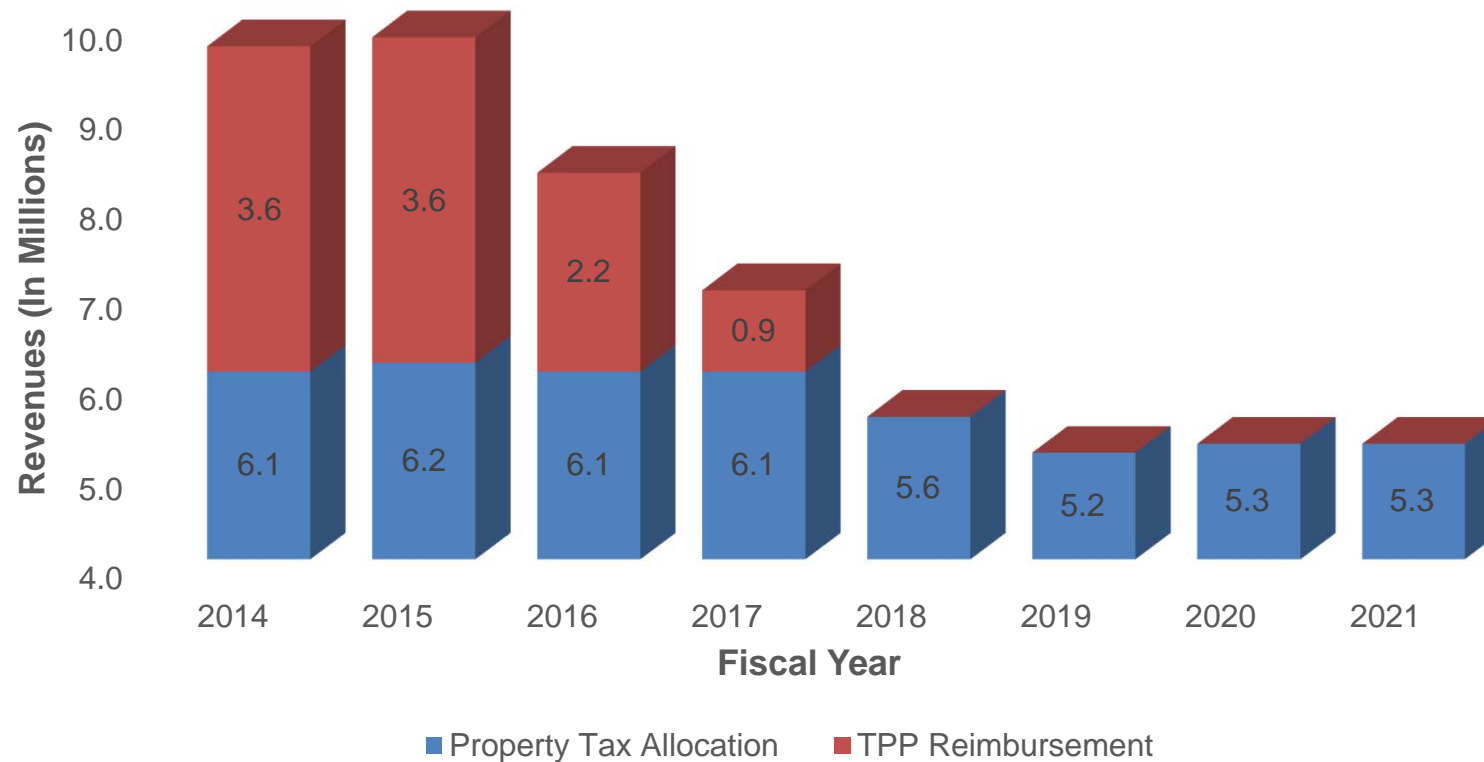
(In Millions)

Adjustments:

	FY 17 <u>Forecasted</u>	FY 18 <u>Forecasted</u>	FY 19 <u>Forecasted</u>	FY 20 <u>Forecasted</u>	FY 21 <u>Forecasted</u>
Beginning Amount/ Prior FY	<u>\$11.1</u>	<u>\$12.1</u>	<u>\$10.2</u>	<u>\$9.6</u>	<u>\$9.4</u>
Less:					
Change in State Aide	\$0.0	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.1)
Change in Casino Revenue	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)
Reduction of TPP Supplement	\$0.0	(\$1.7)	(\$0.4)	\$0.0	\$0.0
Total Reductions	<u>\$0.0</u>	<u>(\$1.9)</u>	<u>(\$0.6)</u>	<u>(\$0.2)</u>	<u>(\$0.2)</u>
Additions:					
TPP Supplement	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Additions	<u>\$1.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Net Adjustments	<u>\$1.0</u>	<u>(\$1.9)</u>	<u>(\$0.6)</u>	<u>(\$0.2)</u>	<u>(\$0.2)</u>
Ending Fiscal Year Amount	<u><u>\$12.1</u></u>	<u><u>\$10.2</u></u>	<u><u>\$9.6</u></u>	<u><u>\$9.4</u></u>	<u><u>\$9.2</u></u>

Strongsville City Schools

Property Tax Allocation – State Hold Harmless Reimbursements



See next slide for a reconciliation of changes.

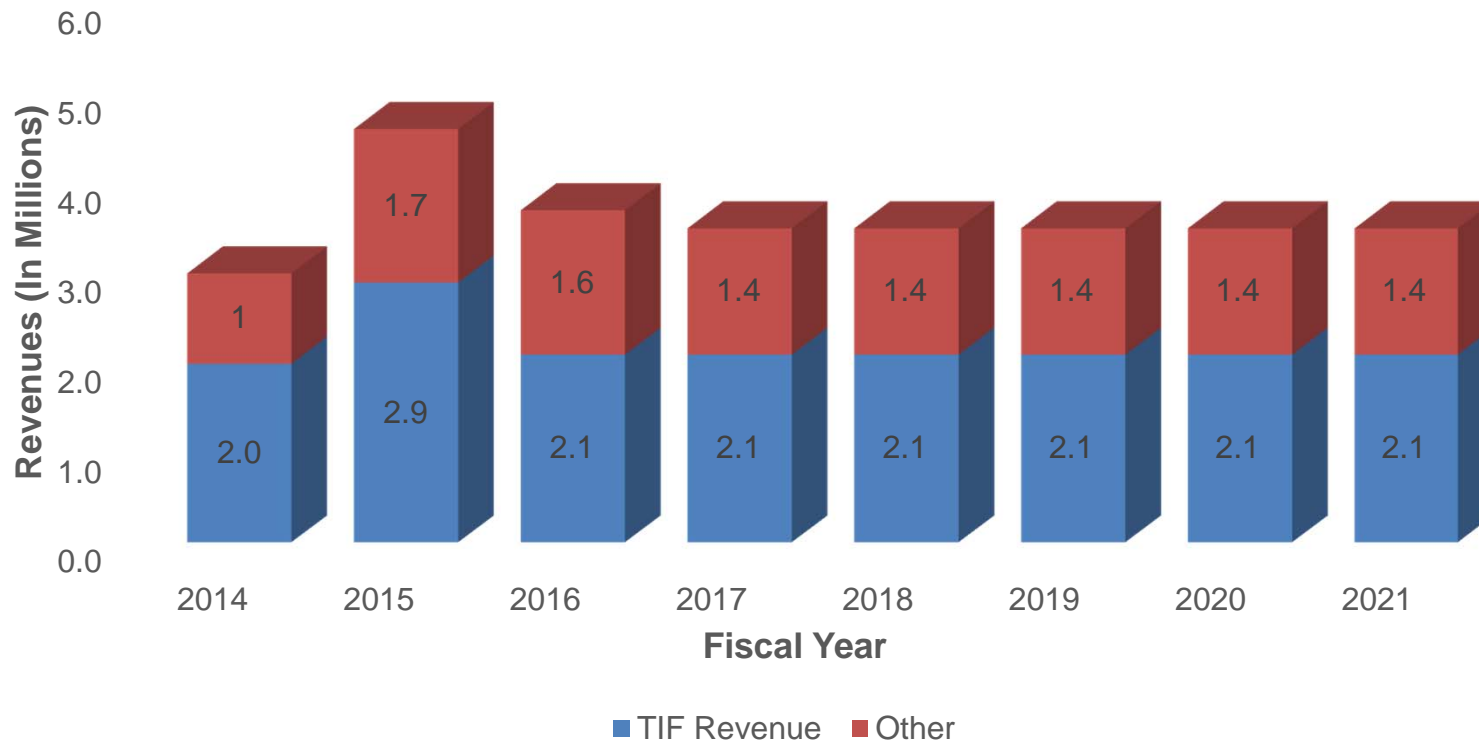
Property Tax Allocation – State Hold Harmless Reimbursements (In Millions)

Adjustments:

	FY 17	FY 18	FY 19	FY 20	FY 21
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	\$8.3	\$7.0	\$5.6	\$5.2	\$5.3
Less:					
TPP Line Item VETO	(\$1.4)	(\$0.9)	\$0.0	\$0.0	\$0.0
Change in Property Tax estimate	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Expiration of Levy	\$0.0	(\$0.5)	(\$0.5)	\$0.0	\$0.0
Total Reductions	(\$1.4)	(\$1.4)	(\$0.5)	\$0.0	\$0.0
Additions:					
Change in Property Tax estimate	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0
Total Additions	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0
Net Adjustments	(\$1.3)	(\$1.4)	(\$0.4)	\$0.1	\$0.0
Ending Fiscal Year Amount	\$7.0	\$5.6	\$5.2	\$5.3	\$5.3

Strongsville City Schools

Other Revenue



See next slide for a reconciliation of changes.

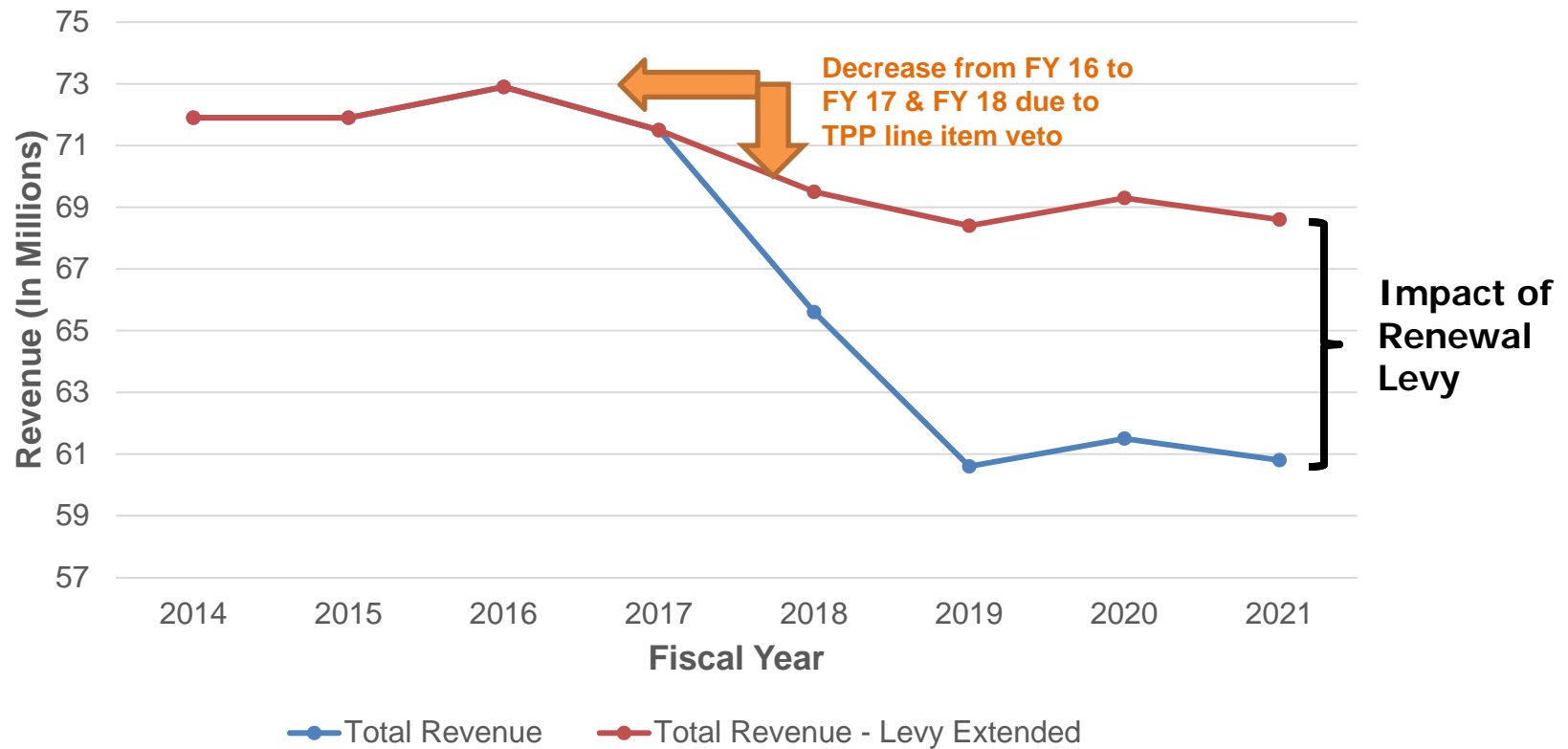
Other Revenue

(In Millions)

Adjustments:

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	<u>\$3.7</u>	<u>\$3.5</u>	<u>\$3.5</u>	<u>\$3.5</u>	<u>\$3.5</u>
Less:					
Estimated Change in Misc Revenue	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0
Double reimbursement of Medicare	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0
Decrease in TIF Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Reductions	<u>(\$0.2)</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Additions:					
Increase in TIF Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Additions	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Net Adjustments	<u>(\$0.2)</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Ending Fiscal Year Amount	<u>\$3.5</u>	<u>\$3.5</u>	<u>\$3.5</u>	<u>\$3.5</u>	<u>\$3.5</u>

Strongsville City Schools General Fund Revenue



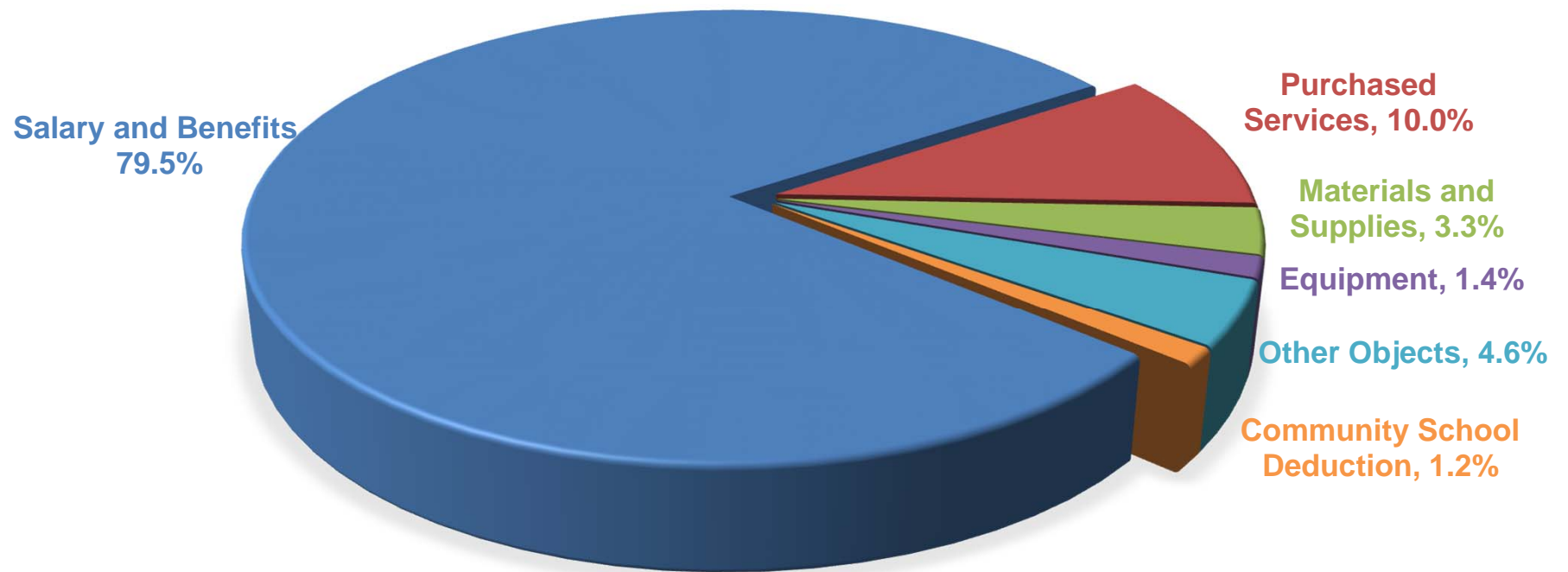
Strongsville City Schools

- General Fund Expenditures

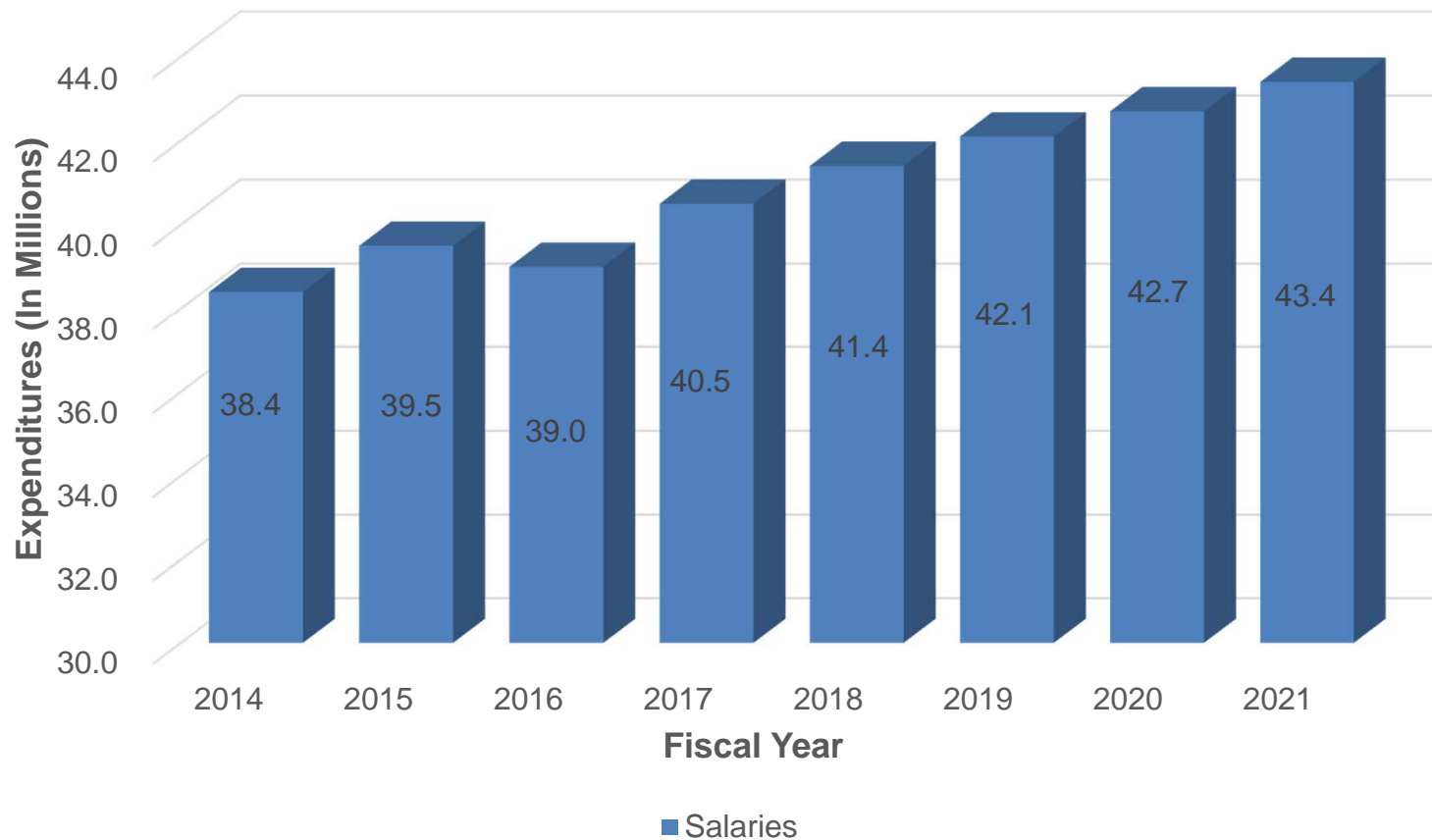
Strongsville City Schools

FY 2016-2017

WHERE THE MONEY GOES



Strongsville City Schools Salaries



See next slide for a reconciliation of changes.

Salaries (General Fund)

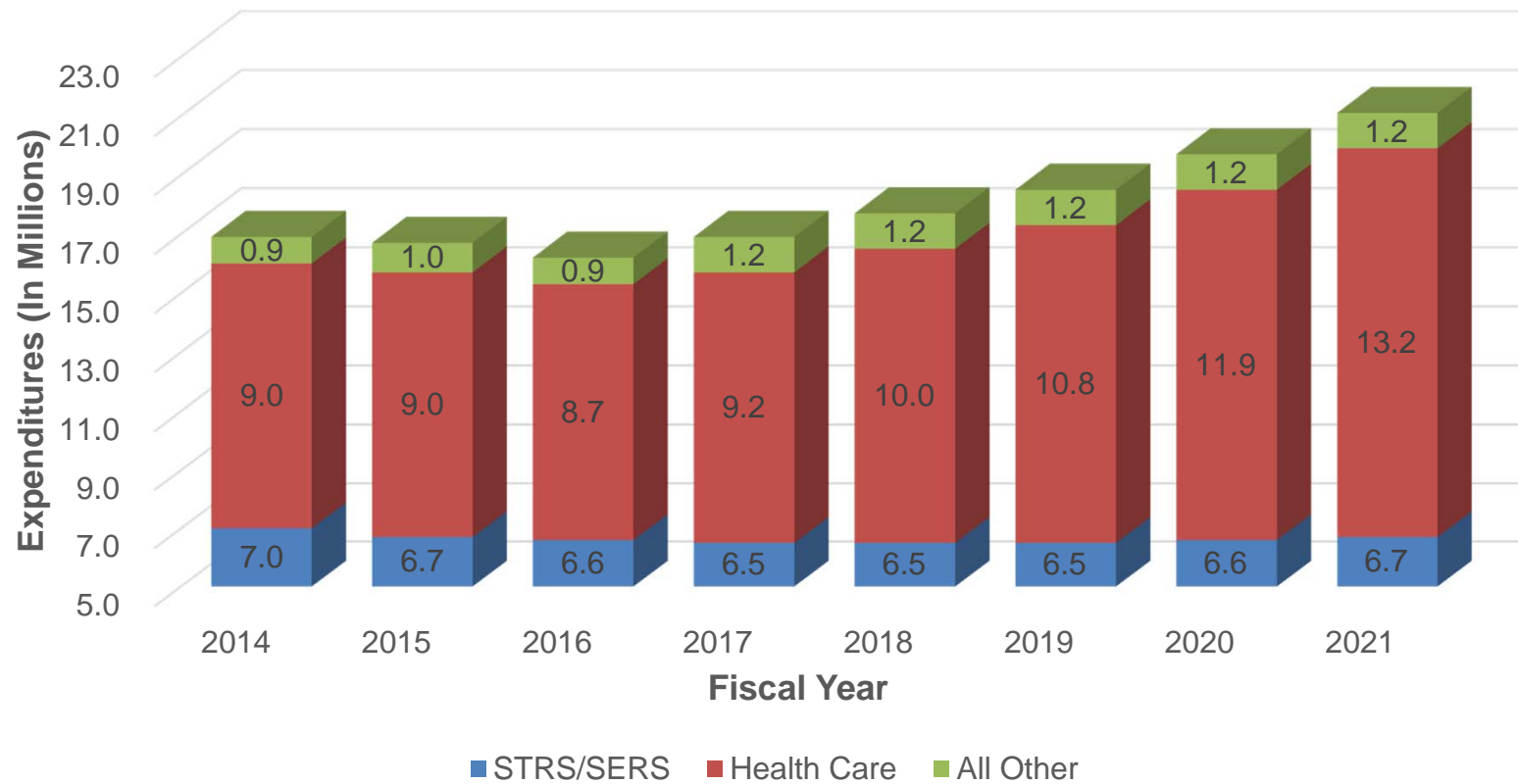
(In Millions)

Adjustments:

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	<u>\$39.0</u>	<u>\$40.5</u>	<u>\$41.4</u>	<u>\$42.1</u>	<u>\$42.7</u>
Less:					
Reduction of Positions	(\$0.4)	(\$0.2)	(\$0.4)	\$0.0	\$0.0
Budget Savings	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Reductions	<u>(\$0.4)</u>	<u>(\$0.2)</u>	<u>(\$0.4)</u>	<u>\$0.0</u>	<u>\$0.0</u>
Additions:					
COLA Increases	\$0.6	\$0.4	\$0.3	\$0.0	\$0.0
Step Increases	\$0.8	\$0.7	\$0.7	\$0.7	\$0.7
Other Budget Adjustments / Savings	\$0.5	\$0.0	\$0.1	(\$0.1)	\$0.0
Total Additions	<u>\$1.9</u>	<u>\$1.1</u>	<u>\$1.1</u>	<u>\$0.6</u>	<u>\$0.7</u>
Net Adjustments	<u>\$1.5</u>	<u>\$0.9</u>	<u>\$0.7</u>	<u>\$0.6</u>	<u>\$0.7</u>
Ending Fiscal Year Amount	<u>\$40.5</u>	<u>\$41.4</u>	<u>\$42.1</u>	<u>\$42.7</u>	<u>\$43.4</u>

Strongsville City Schools

Benefits



See next slide for a reconciliation of changes.

Benefits (General Fund)

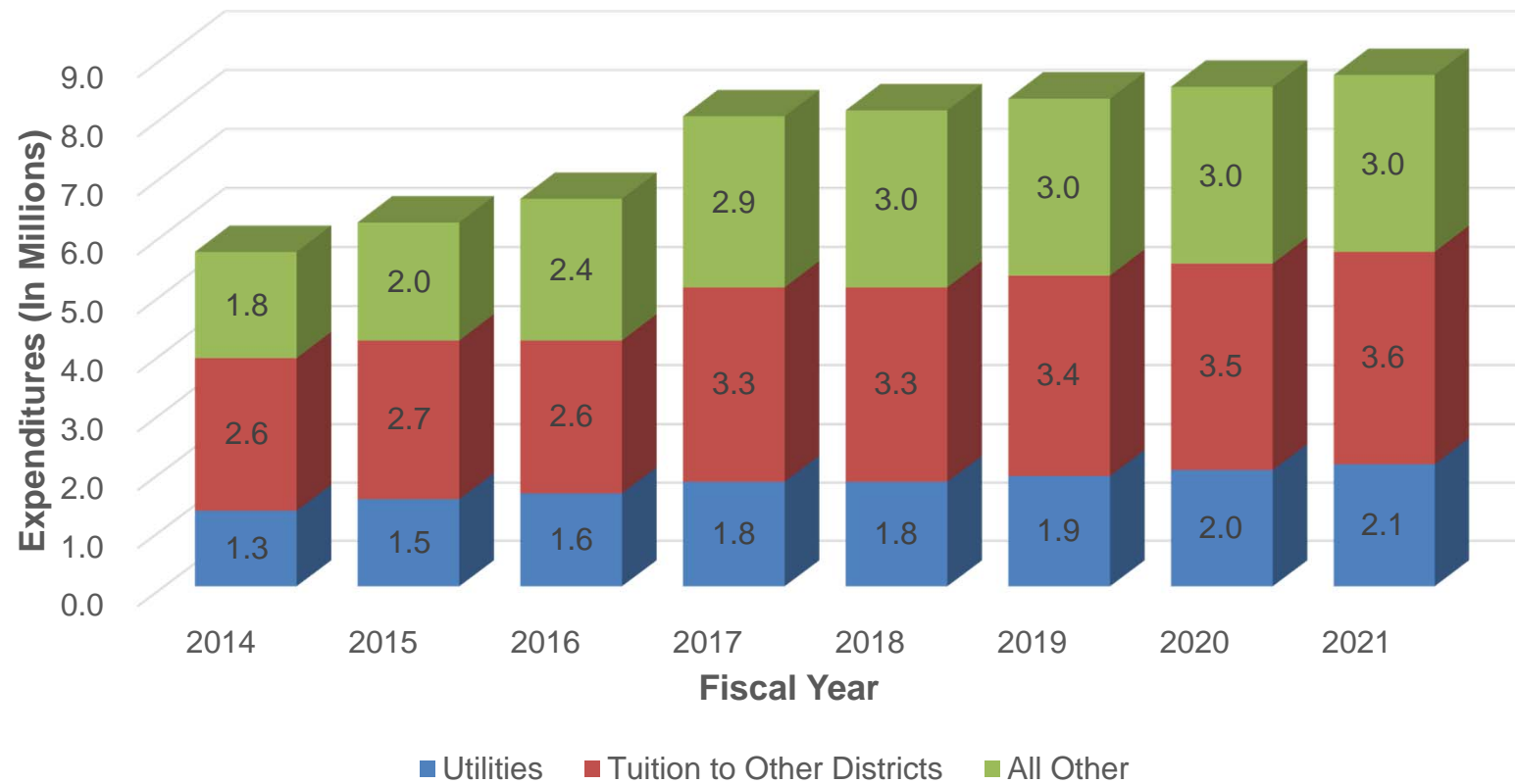
(In Millions)

Adjustments:

	FY 17	FY 18	FY 19	FY 20	FY 21
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	\$16.2	\$16.9	\$17.7	\$18.5	\$19.7
Less:					
Reduction of Positions	(\$0.1)	(\$0.1)	(\$0.3)	\$0.0	\$0.0
OAPSE SERS Conversion	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Unemployment / WC	\$0.0	(\$0.2)	\$0.0	\$0.0	\$0.0
Other Adjustments	\$0.0	\$0.0	(\$0.1)	\$0.0	\$0.0
Total Reductions	(\$0.1)	(\$0.3)	(\$0.4)	\$0.0	\$0.0
Additions:					
10% Predicted Health Care Increases	\$0.5	\$1.1	\$1.2	\$1.2	\$1.4
Unemployment / WC	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0
STRS / SERS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Additions	\$0.8	\$1.1	\$1.2	\$1.2	\$1.4
Net Adjustments	\$0.7	\$0.8	\$0.8	\$1.2	\$1.4
Ending Fiscal Year Amount	\$16.9	\$17.7	\$18.5	\$19.7	\$21.1

Strongsville City Schools

Purchased Services



See next slide for a reconciliation of changes.

Purchased Services (General Fund)

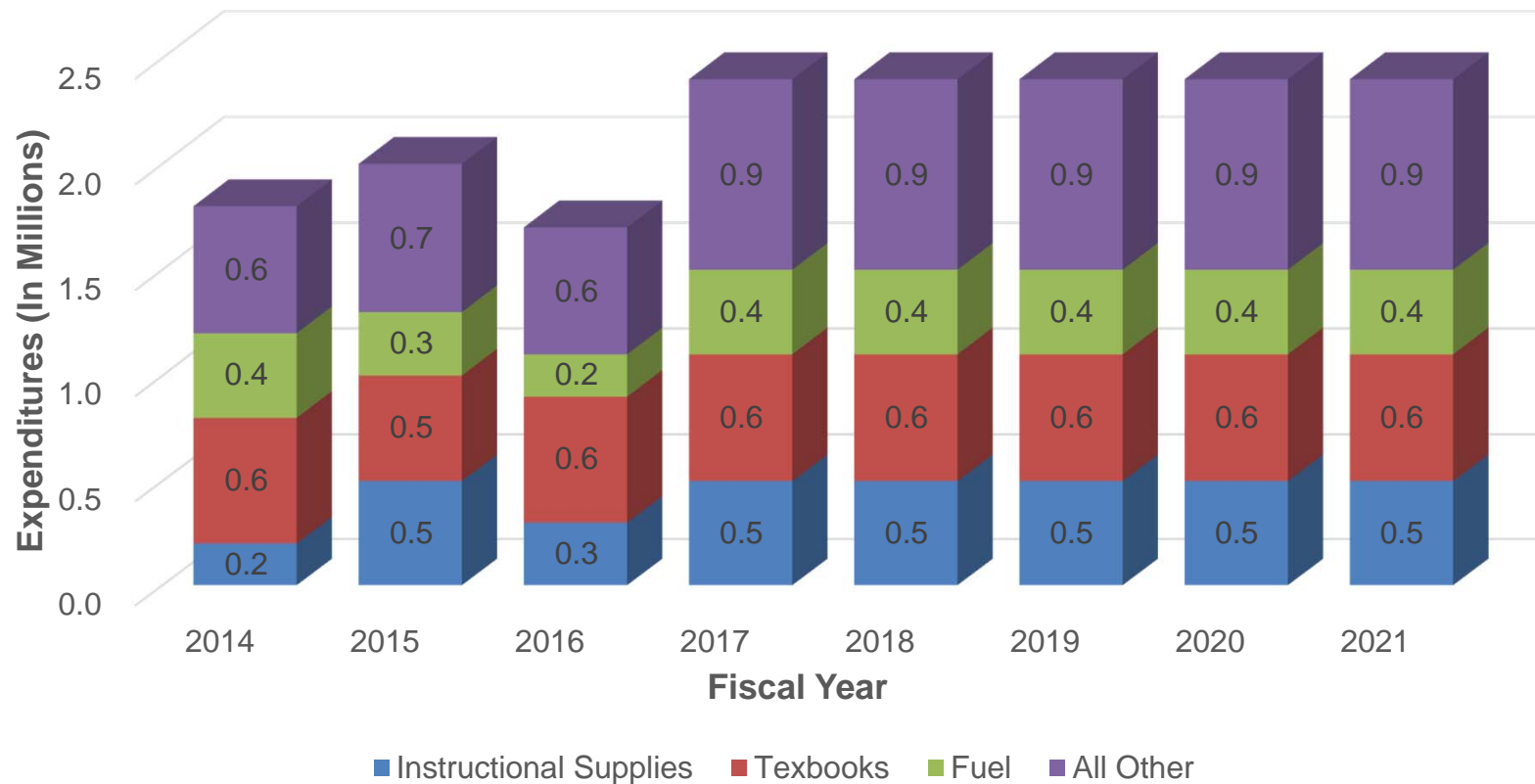
(In Millions)

Adjustments:

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	<u>\$6.6</u>	<u>\$8.0</u>	<u>\$8.1</u>	<u>\$8.3</u>	<u>\$8.5</u>
Adjustments:					
PO's Carried into FY 17, not spent in FY 16	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0
Increase in Tuition paid to other Districts	\$0.7	\$0.0	\$0.1	\$0.1	\$0.1
Increase in Utilities	\$0.2	\$0.0	\$0.1	\$0.1	\$0.1
Change in Other Purchased Services	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0
Total Additions	<u>\$1.4</u>	<u>\$0.1</u>	<u>\$0.2</u>	<u>\$0.2</u>	<u>\$0.2</u>
Net Adjustments	<u>\$1.4</u>	<u>\$0.1</u>	<u>\$0.2</u>	<u>\$0.2</u>	<u>\$0.2</u>
Ending Fiscal Year Amount	<u>\$8.0</u>	<u>\$8.1</u>	<u>\$8.3</u>	<u>\$8.5</u>	<u>\$8.7</u>

Strongsville City Schools

Materials and Supplies



See next slide for a reconciliation of changes.

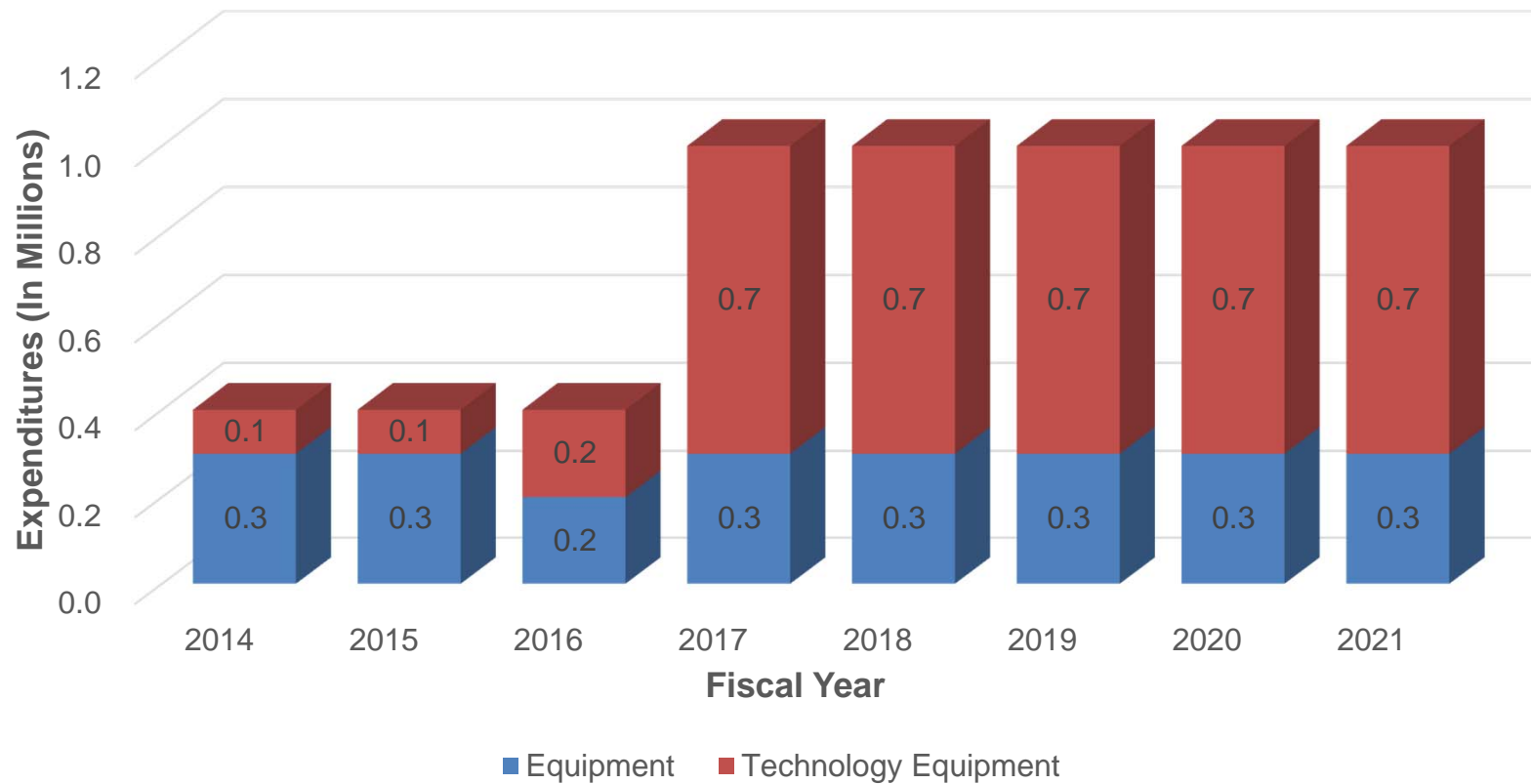
Materials and Supplies (General Fund)

(In Millions)

Adjustments:

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	<u>\$1.7</u>	<u>\$2.4</u>	<u>\$2.4</u>	<u>\$2.4</u>	<u>\$2.4</u>
Less:					
Total Reductions	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Additions:					
PO's Carried into FY 17, not spent in FY 16	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0
Budget Savings / Budget not spent	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0
Total Additions	<u>\$0.7</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Net Adjustments	<u>\$0.7</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Ending Fiscal Year Amount	<u><u>\$2.4</u></u>	<u><u>\$2.4</u></u>	<u><u>\$2.4</u></u>	<u><u>\$2.4</u></u>	<u><u>\$2.4</u></u>

Strongsville City Schools Equipment



See next slide for a reconciliation of changes.

Equipment (General Fund)

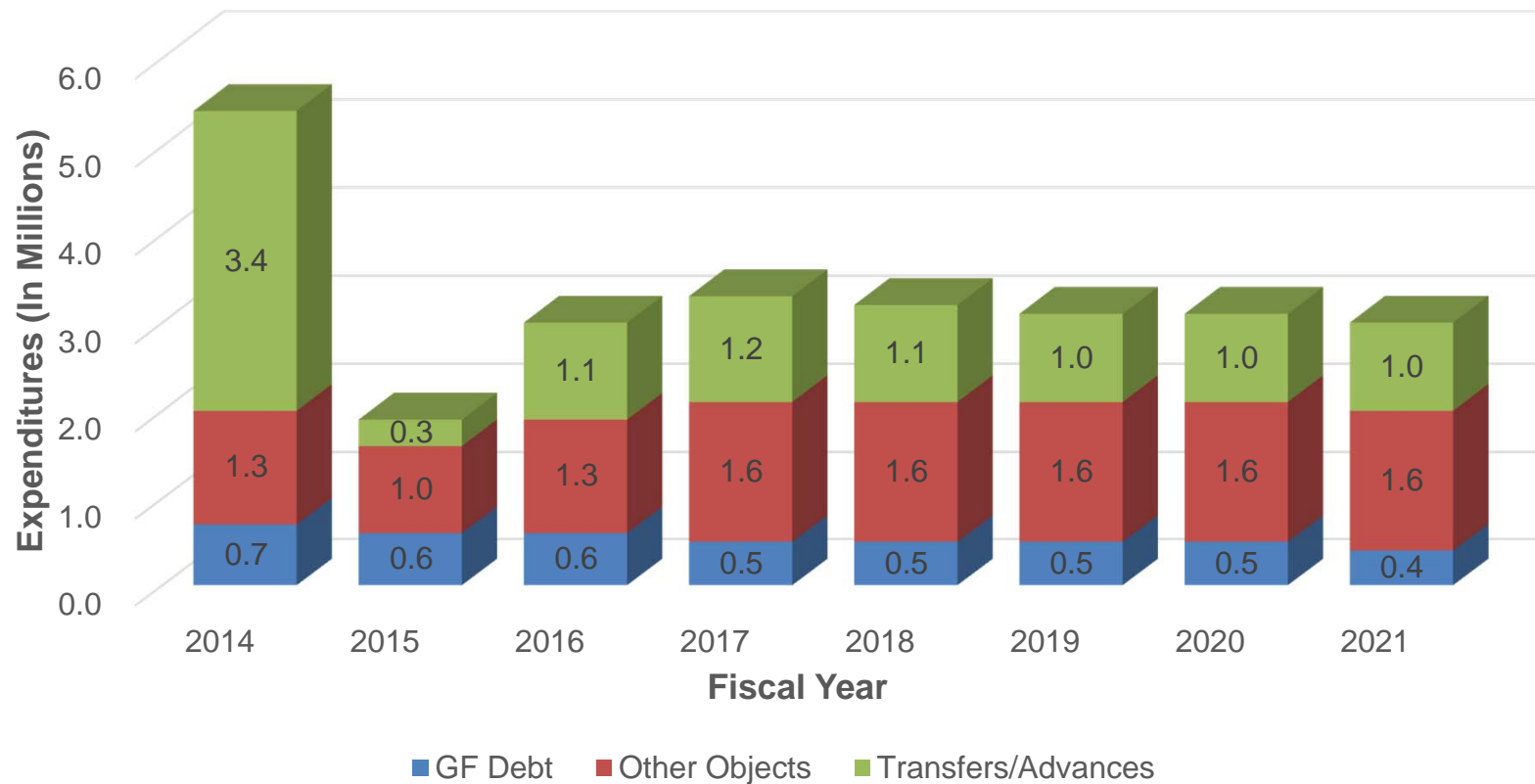
(In Millions)

Adjustments:

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	<u>\$0.4</u>	<u>\$1.0</u>	<u>\$1.0</u>	<u>\$1.0</u>	<u>\$1.0</u>
Less:					
Total Reductions	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Additions:					
PO's Carried into FY 17, not spent in FY 16	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
1:1 Chromebook Initiative	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0
Total Additions	<u>\$0.6</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Net Adjustments	<u>\$0.6</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Ending Fiscal Year Amount	<u><u>\$1.0</u></u>	<u><u>\$1.0</u></u>	<u><u>\$1.0</u></u>	<u><u>\$1.0</u></u>	<u><u>\$1.0</u></u>

Strongsville City Schools

Other Objects and Transfers/Advances



See next slide for a reconciliation of changes.

Other Objects & Transfer/Advances (General Fund)

(In Millions)

Adjustments:

	FY 17	FY 18	FY 19	FY 20	FY 21
	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
Beginning Amount/ Prior FY	<u>\$3.0</u>	<u>\$3.3</u>	<u>\$3.2</u>	<u>\$3.1</u>	<u>\$3.1</u>
Less:					
Reduction of debt payment	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)
Decrease in Transfers	\$0.0	(\$0.1)	(\$0.1)	\$0.0	\$0.0
Total Reductions	<u>(\$0.1)</u>	<u>(\$0.1)</u>	<u>(\$0.1)</u>	<u>\$0.0</u>	<u>(\$0.1)</u>
Additions:					
PO's Carried into FY 17, not spent in FY 16	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Budget not spent in FY 16	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0
Increase in Transfers	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
Total Additions	<u>\$0.4</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Net Adjustments	<u>\$0.3</u>	<u>(\$0.1)</u>	<u>(\$0.1)</u>	<u>\$0.0</u>	<u>(\$0.1)</u>
Ending Fiscal Year Amount	<u><u>\$3.3</u></u>	<u><u>\$3.2</u></u>	<u><u>\$3.1</u></u>	<u><u>\$3.1</u></u>	<u><u>\$3.0</u></u>

Strongsville City Schools

- General Fund Summary

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:

- 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.
- During FY 14, the District switched to a fully insured health care plan. Since the switch, the District has **saved \$2.8 million** through fiscal year 2016 by being on a self-funded plan compared to a fully insured plan.

(Continued to next slide)

Financial Prudence Throughout the Years

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

- Since 2009, there are **212 less positions** compared to FY 2017, a 23% decline keeping pace with declining enrollment. If enrollment decline continues, the School District projects to reduce 5 positions in FY 2018 and 9 positions in FY 2019.
 - FY 2016 – Reduced 24 positions (all funds). **(\$1.4 million in savings)**
 - FY 2017 – Reducing 26 positions (all funds). **(\$525 thousand in savings)**
 - FY 2018 – Reducing 5 positions (all funds). **(\$374 thousand in savings)**
 - FY 2019 – Reducing 9 positions (all funds). **(\$700 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. (See next slide)

- 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.**

Strongsville City Schools

October 2016 Five-Year Forecast – without Levy Renewal in Revenues (in millions of dollars)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Cash Balance	\$3.8	\$7.2	\$12.4	\$18.4	\$17.7	\$9.5	(\$5.2)	(\$21.1)
Total Revenues	71.9	71.9	72.9	71.5	65.6	60.6	61.5	60.8
Total Expenses	68.5	66.7	66.9	72.2	73.8	75.3	77.4	79.5
Revenue over Expenses	3.4	5.2	6.0	(0.7)	(8.2)	(14.7)	(15.9)	(18.7)
Ending Cash Balance	7.2	12.4	18.4	17.7	9.5	(5.2)	(21.1)	(39.8)
Encumbrances/Reserves	0.8	1.1	1.0	1.1	1.1	1.1	1.1	1.1
Unencumbered Balance	\$6.4	\$11.3	\$17.4	\$16.6	\$8.4	(\$6.3)	(\$22.2)	(\$40.9)
Property Tax - Renewal	0.0	0.0	0.0	0.0	3.9	7.8	7.8	7.8
Unencumbered Balance	\$6.4	\$11.3	\$17.4	\$16.6	\$12.3	\$5.4	(\$2.7)	(\$13.6)

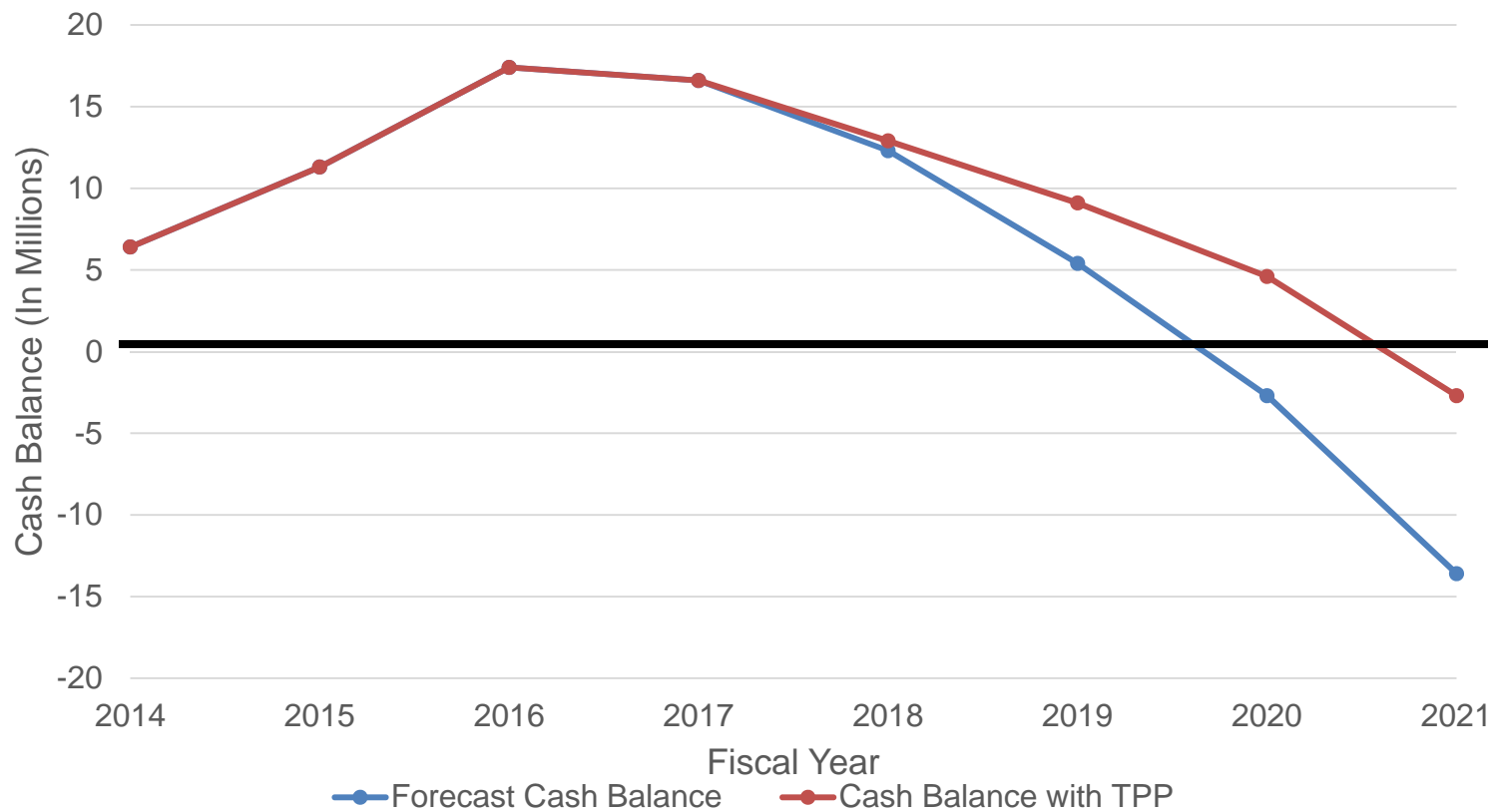
Strongsville City Schools

October 2016 Five-Year Forecast – with Renewal Levy in Revenues (in millions of dollars)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Cash Balance	\$3.8	\$7.2	\$12.4	\$18.4	\$17.7	\$13.4	\$6.5	(\$1.6)
Total Revenues	71.9	71.9	72.9	71.5	69.5	68.4	69.3	68.6
Total Expenses	68.5	66.7	66.9	72.2	73.8	75.3	77.4	79.5
Revenue over Expenses	3.4	5.2	6.0	(0.7)	(4.3)	(6.9)	(8.1)	(10.9)
Ending Cash Balance	7.2	12.4	18.4	17.7	13.4	6.5	(1.6)	(12.5)
Encumbrances/ Reserves	0.8	1.1	1.0	1.1	1.1	1.1	1.1	1.1
Unencumbered Balance	\$6.4	\$11.3	\$17.4	\$16.6	\$12.3	\$5.4	(\$2.7)	(\$13.6)

Strongsville City Schools

Cash Balance (with renewal levy)

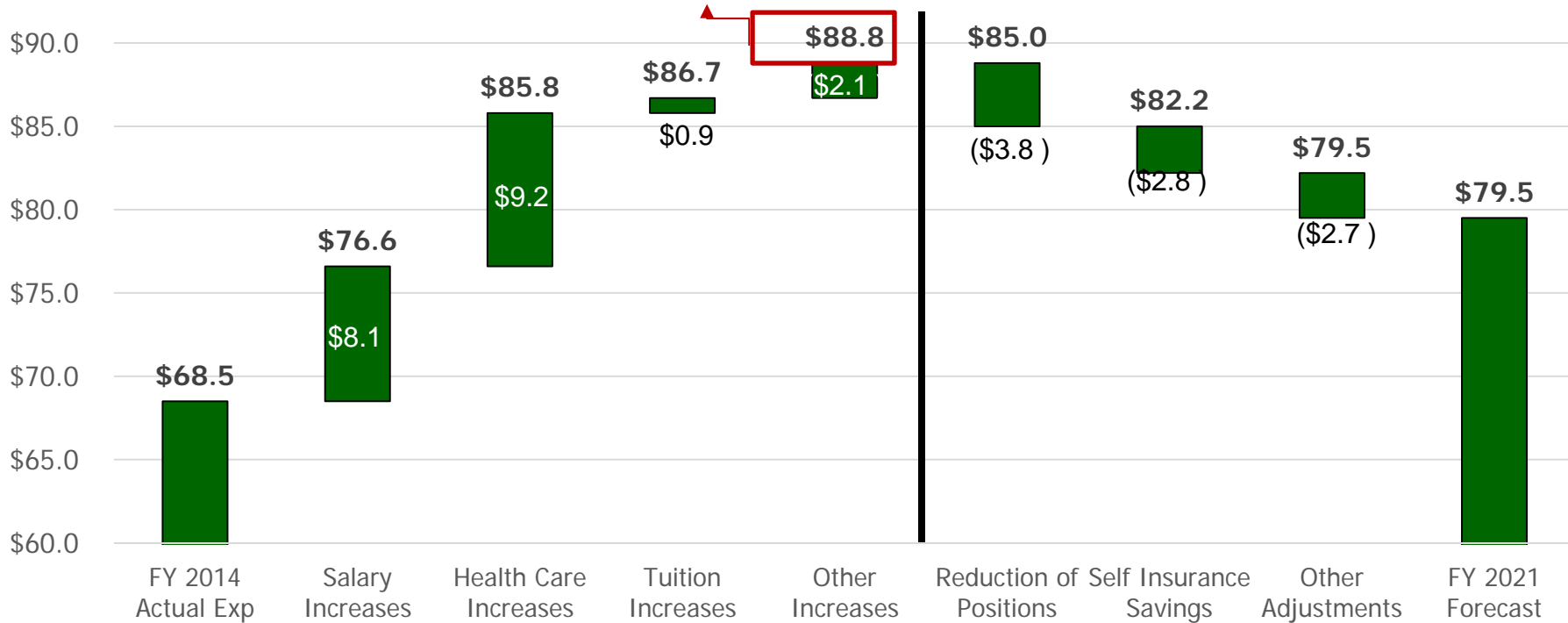


Strongsville City Schools

FY 2014 – FY 2021 General Fund Summary (in millions)

Cumulative Summary of Adjustments

FY 21 Forecast - if no reductions were made.



Renewal Levy Timeline

Renewal Levy History:

- Voters renewed 6.0 mill levy March, 2012 for 5 years:
 - Tax Year Begins/Ends: 2012/2016
 - Collection Year Begins/Ends: 2013/2017

Renewal Timeline:

- Earliest election date:
 - November 2016 – Issue #120.
- Other possible election dates in calendar year 2017:
 - May 2017
 - August 2017 (if available)
 - November 2017

Strongsville City Schools

- Questions?