

Strongsville City Schools

Board Financial Report As Of:
March 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:

- 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

- General Fund Summary

Monthly Comparison of Revenues & Expenditures

March 2015, 2016, & 2017

	March 2015	March 2016	March 2016	Monthly Change from Previous Year	Fiscal Year to Date 2015	Fiscal Year to Date 2016	Fiscal Year to Date 2016	YTD Change from Previous Fiscal Year
Revenue:								
Real Estate Taxes	64,478.47	2,876,428.95	2,705,478.47	(170,950)	44,901,641.75	49,239,219.10	50,335,408.77	1,096,190
Public Utility Personal Property Tax	0.00	0.00	0.00	0	0.00	15,779.95	2,988.39	(12,792)
State Aide - Unrestricted	805,049.68	807,439.12	790,729.64	(16,709)	7,546,461.32	7,578,136.78	7,731,551.48	153,415
State Aide - Restricted	12,488.39	4,361.33	5,889.51	1,528	56,485.31	48,366.37	54,298.38	5,932
Property Tax Allocation	0.00	0.00	0.00	0	4,910,780.74	4,155,356.16	3,454,613.14	(700,743)
All Other Revenues	<u>97,297.23</u>	<u>1,347,647.14</u>	<u>1,220,324.37</u>	<u>(127,323)</u>	<u>2,176,285.44</u>	<u>3,162,030.05</u>	<u>3,250,038.19</u>	<u>88,008</u>
Total Revenues	979,313.77	5,035,876.54	4,722,421.99	(313,455)	59,591,654.56	64,198,888.41	64,828,898.35	630,010
Expenditures:								
Salaries	3,101,808.99	3,129,572.78	3,327,060.66	197,488	30,231,557.62	29,497,513.06	29,340,725.50	(156,788)
Benefits	1,388,575.06	1,270,406.19	1,288,659.00	18,253	12,426,303.88	12,138,950.17	11,960,654.08	(178,296)
Purchased Services	618,175.48	504,593.37	606,597.73	102,004	4,643,695.86	4,727,788.89	4,952,758.35	224,969
Supplies and Materials	74,701.43	121,053.66	144,129.39	23,076	1,285,421.36	899,114.98	995,209.44	96,094
Capital Outlay	46,530.00	11,208.02	18,135.55	6,928	149,612.08	319,457.78	603,753.76	284,296
Other Objects	<u>16,312.50</u>	<u>475,538.86</u>	<u>1,286,212.45</u>	<u>810,674</u>	<u>1,007,949.97</u>	<u>2,764,632.70</u>	<u>2,418,805.42</u>	<u>(345,827)</u>
Total Expenditures	5,246,103.46	5,512,372.88	6,670,794.78	1,158,422	49,744,540.77	50,347,457.58	50,271,906.55	(75,551)
Excess of Revenue over (under)								
Expenditures	(4,266,789.69)	(476,496.34)	(1,948,372.79)		9,847,113.79	13,851,430.83	14,556,991.80	

Strongsville City Schools

- General Fund Revenues

Revenues

As of the October 2016 financial forecast, the Strongsville City Schools is forecasting **\$71,451,528** in revenue within the General Funds in the 2016-2017 fiscal year as shown on figure 1. As of **March 31, 2017** the District has received revenue in the amount of \$64,828,898. The District is projecting to receive \$8,266,982 in revenue from April-June for a total projected revenues of \$73,095,880, which would result in \$1,644,352 revenues above the initial forecast.

FORECASTED REVENUES AND ACTUAL REVENUES						
	A	B	C	D = (B+C)		D-A
	Fiscal Year	Fiscal Year	Projected	Projected		
	2017	2017	Revenue	Total		Over/
	Forecast	Actual	April - June	Revenue		(Under)
Revenues						
Real Property Tax	\$48,943,766	\$50,335,409	\$100,000	\$50,435,409	(a)	\$1,491,643
State Foundation	11,810,144	7,516,264	4,216,949	11,733,213	(b)	(76,931)
Property Tax Homestead and Rollbacks	6,046,413	3,025,897	3,030,161	6,056,058	(c)	9,645
Tangible Personal Property (TPP)	861,825	428,716	428,716	857,432	(c)	(4,393)
TIF Revenue	2,100,000	2,107,444	0	2,107,444	(d)	7,444
Casino Receipts	274,380	269,586	0	269,586	(c)	(4,794)
Interest	20,000	58,824	12,006	70,830	(c)	50,830
Other Revenues	590,000	325,859	274,140	599,999	(e)	9,999
Sports Pay to Participate	200,000	215,301	6,500	221,801	(c)	21,801
Tuition - From Other Districts	305,000	221,401	146,450	367,851	(c)	62,851
Tuition - Full Day Kindergarten	235,000	268,277	38,900	307,177	(c)	72,177
Tuition - Preschool	65,000	55,920	13,160	69,080	(c)	4,080
Total Revenues	\$71,451,528	\$64,828,898	\$8,266,982	\$73,095,880		\$1,644,352

- a) The District received \$49,761,999 in general real property taxes in FY16 and is anticipating to receive \$50,435,409 in FY 17. The current collection rate for collection year 2016 increased from 96.6% to 97.5%.
- b) The District will receive state funding in FY17 based on HB 64.
- c) These revenues have been received as anticipated.
- d) The District received \$2,107,444 in TIF revenues in FY 17 compared to \$2,113,540 in FY16.
- e) 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.

Strongsville City Schools

- Property Tax Collections– Forecast vs. Actual Reconciliation

Factors Impacting Tax Collections:

- Property Taxes are billed and collected by the County on a Calendar Year (CY) Basis, January – December. Since the school district's fiscal year is July-June, the fiscal year overlaps two collection years: The 2nd Half collections of CY 2016 (July-August) and the 1st half collections of CY 2017 (January-March). At the time of the October 5 year forecast, the 2nd half collections of CY 2016 have already been received and only forecasting on the 1st half collections of CY 2017.
- The Assessed Valuation of property changes at the end of the calendar year. The following changes in valuations are not subject to HB 920 and impact tax revenue collections: inside millage rate, valuation increase due to new construction, and public utility valuation.
- Collection Split: Based on county averages, 52% of taxes billed are estimated to be paid in the 1st half collection period, while the remaining 48% are paid in the 2nd half collection period. For the District, this split has varied from year to year within the commercial property collections which impacts the timing of tax revenue on a fiscal year basis.
- Collection Percentage: The percentage of taxes collected vs taxes billed. For the District, residential property has been consistently collected at 98% while commercial property has varied from year to year, with a 5 year average of 94%.
- Collection of prior year delinquencies and refunds issued based on Board of Revision settlements and adjustments.

Changes in Assessed Valuations:

	CY 2015 (Actual)	CY 2016 (Actual)	CY 2017 (Forecasted)	CY 2017 (Actual)
Assessed Valuation	Fall of FY 2016	Spring of FY 2016 & Fall of FY 2017	Spring of FY 2017 & Fall of FY 2018	Spring of FY 2017 & Fall of FY 2018
Residential	\$1,049,626,620	\$1,085,544,980	\$1,092,245,039	\$1,099,063,440
Commercial	334,780,730	327,009,910	327,337,392	331,059,270
Public Utility	33,230,900	34,026,660	34,537,060	36,099,090
Total Assessed Valuation	\$1,417,638,250	\$1,446,581,550	\$1,454,119,491	\$1,466,221,800

Of the total Assessed Valuation listed above, below are the amounts contributed to new construction and changes to/from exempt property:

	CY 2015 (Actual)	CY 2016 (Actual)	CY 2017 (Forecasted)	CY 2017 (Actual)
New Construction & and change to/from exempt property	Fall of FY 2016	Spring of FY 2016 & Fall of FY 2017	Spring of FY 2017 & Fall of FY 2018	Spring of FY 2017 & Fall of FY 2018
Residential	\$6,010,330	\$8,405,000	\$6,704,326	\$12,485,100
Commercial	2,438,150	6,487,410	327,010	4,865,480
Total	\$8,448,480	\$14,892,410	\$7,031,336	\$17,350,580

Collection Split:

Residential Collection Split	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17 Forcasted	FY 17 Actual
2nd Half CY Collection %		47.23%	47.33%	47.32%	47.12%	47.31%	47.31%
1st Half CY Collection %	52.77%	52.67%	52.68%	52.88%	52.69%	52.75%	52.83%
		100.00%	100.00%	100.00%	100.00%	100.00%	

Commerical Collection Split	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17 Forcasted	FY 17 Actual
2nd Half CY Collection %		53.23%	51.94%	46.54%	51.19%	46.84%	46.84%
1st Half CY Collection %	46.77%	48.06%	53.46%	48.81%	53.16%	49.00%	53.15%
		100.00%	100.00%	100.00%	100.00%	100.00%	

As indicated in the charts above, the collection split for residential property has remained consistent year after year while the collection split for commercial property split has alternated ever other year. In preparation of the five year forecast, the assumption was that this trend would continue. Based on the first half collection of the calendar year 2017 collections, it appears that the trend did not continue and the collection split may begin to normalize.

Collection Rate:

Residential Collection Rate	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17 Forecasted	FY 17 Actual
2nd Half CY Collection %		97.28%	98.27%	97.65%	98.18%	98.36%	98.36%
1st Half CY Collection %	97.28%	98.27%	97.65%	98.18%	98.36%	98.00%	98.50%

Commerical Collection Split	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17 Forecasted	FY 17 Actual
2nd Half CY Collection %		94.63%	92.97%	95.09%	89.38%	97.34%	97.34%
1st Half CY Collection %	94.63%	92.97%	95.09%	89.38%	97.34%	93.88%	98.50%

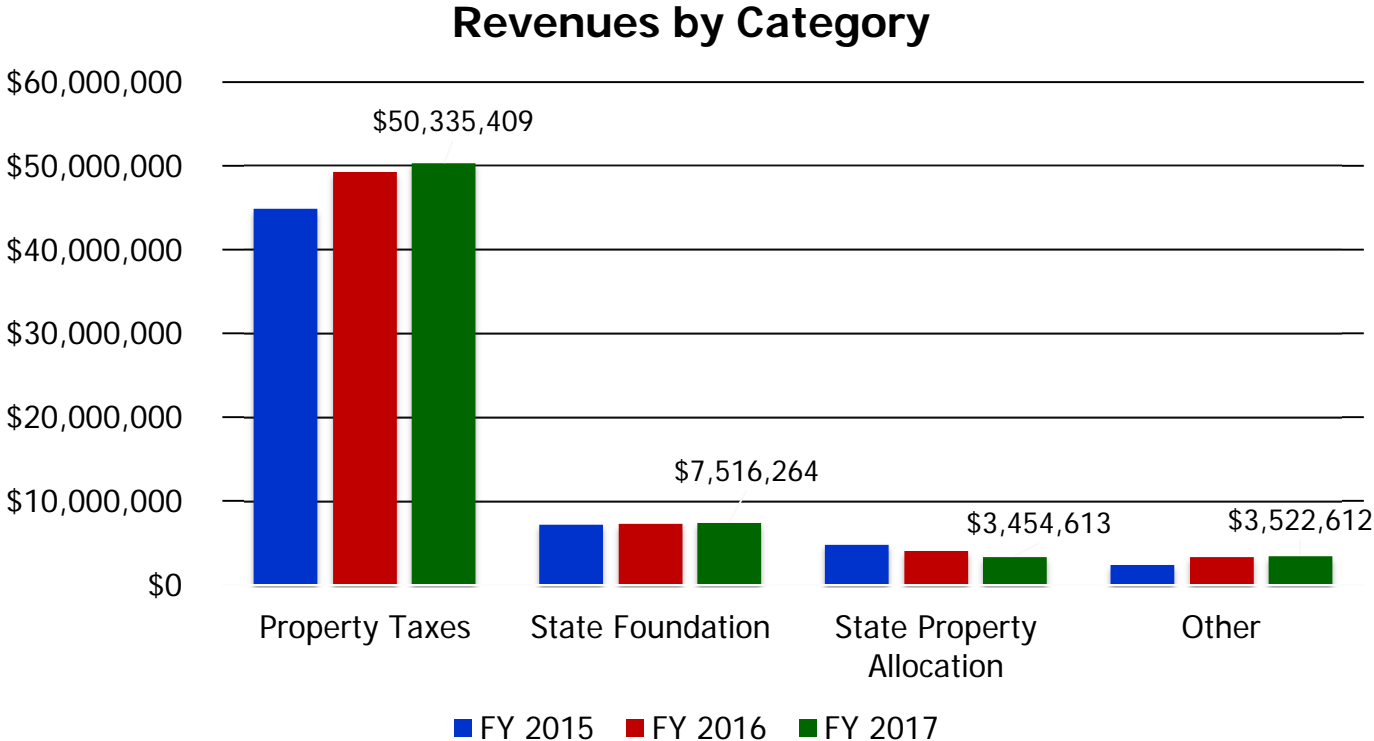
As indicated in the charts above, the collection rate for residential property has remained consistent year after year while the collection split for commercial property has historically varied year after year. In the preparation of the five year forecast, a five year average was estimated in determining the collection rate for residential and commercial property. Based on the first half collection of the calendar year 2017 collections, it appears that the collection rate for residential was on target and the commercial collection rate was about 4.62% above the historical average.

Property Tax Collections Summary:

	FY 2016	FY 2017 Forecast	FY 2017 Actual	Variance Actual to Forecast
Prior Year Collections	\$47,616,261	\$49,325,942	\$49,325,942	\$0
Change due to new construction & valuations changes not impacted by HB 920	430,460	411,935	651,839	239,904
Change in Collection Split	990,073	(1,026,112)	(424,243)	601,869
Change in Collection Rate	289,148	267,667	646,310	378,643
Prior Year Delinquencies	887,904	877,953	1,038,182	160,229
Refunds Issued	(870,453)	(435,343)	(328,144)	107,199
May Advance	403,000	(407,000)	(407,000)	0
Other Adjustments	15,607	(71,276)	(67,477)	3,799
Total Collected	\$49,762,000	\$48,943,766	\$50,435,409	\$1,491,643

Revenues by Category

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



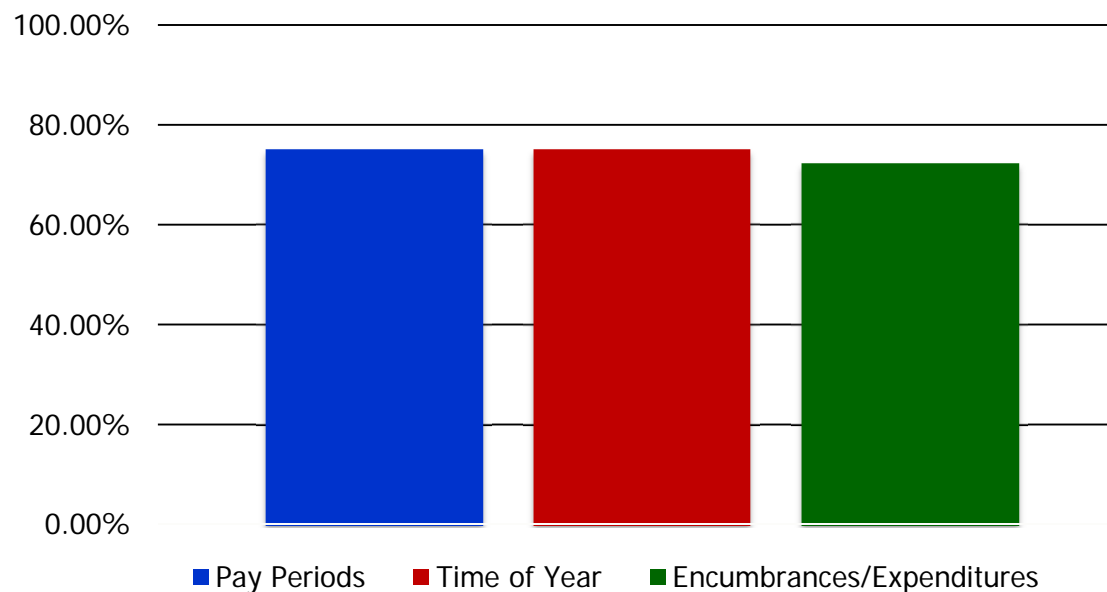
Strongsville City Schools

- General Fund Expenditures

Expenditures

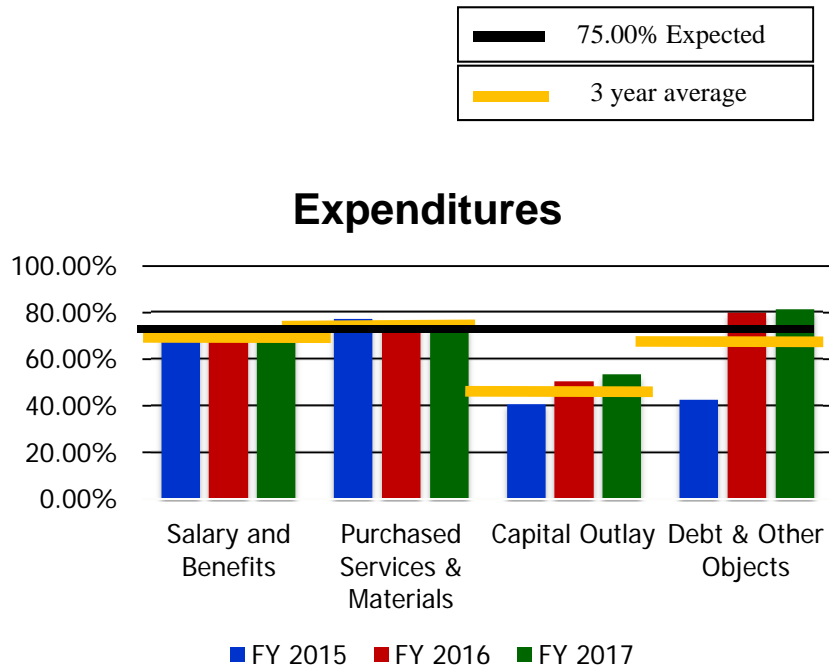
The fiscal year 2017 adopted General Fund budget for the District is \$72,154,895. This budget, coupled with carryover encumbrances of \$988,614, resulted in a \$73,143,509 General Funds appropriation for FY 2017. The following information is a financial update of the status of this appropriation through March 31, 2017.

Through March 31, 2017 the District has expended \$50,271,907 and has outstanding encumbrances of \$2,602,947. This total of \$52,874,854 reflects 72.29% of the District's total appropriation. A statistical spending range for the District is based on two analyses: first, time elapsed is nine months or 75.00% of the fiscal year has passed. Secondly, eighteen of twenty-four (18/24), or 75.00% of the total pay periods have passed.

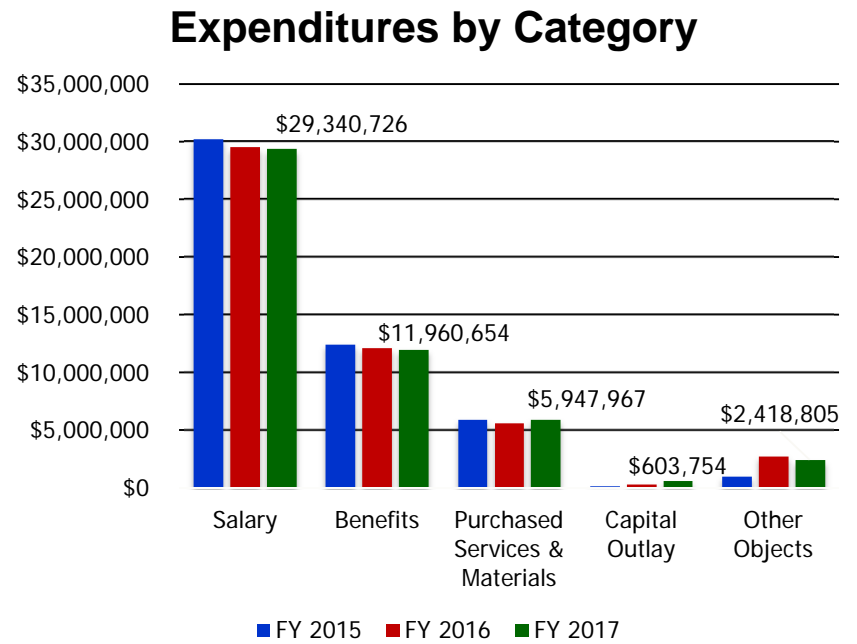


Expenditures Thru March

Percent Expended / Encumbered



Expenditures by Category



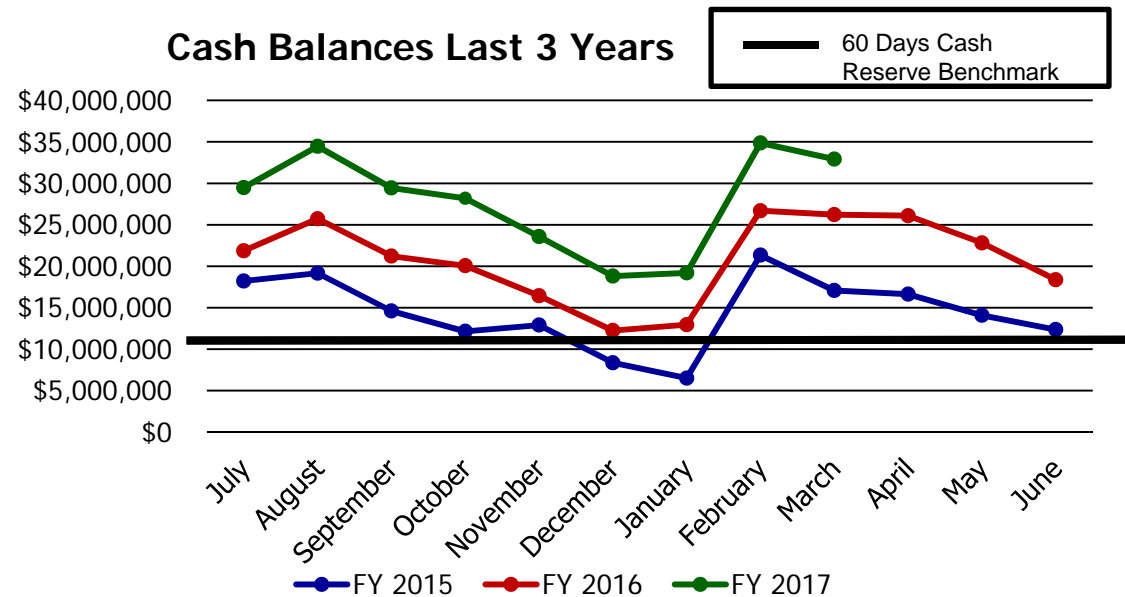
Strongsville City Schools

- General Fund Cash Balance

Cash Balance – General Fund

The cash balance as of March 31, 2017 is \$32,923,721. The unencumbered balance as of March 31, 2017 is \$30,320,774. 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 \$11,053,326. Currently the District is above this benchmark.

	FY 2017
Beginning Cash Balance	<u>\$18,366,730</u>
Total Revenues	64,828,898
Total Expenses	50,271,907
Revenue over Expenses	<u>14,556,991</u>
Ending Cash Balance	32,923,721
Encumbrances/Reserves	2,602,947
Unencumbered Balance	<u><u>\$30,320,774</u></u>



Strongsville City Schools

- Questions?