

# Strongsville City Schools

Board Financial Report As Of:  
May 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 **206 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 20 positions (all funds). **(\$500 thousand in savings)**
  - FY 2019 – Reducing 13 positions (all funds). **(\$1.0 million 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

## May 2015, 2016, & 2017

|                                      | May<br>2015    | May<br>2016    | May<br>2017    | Monthly<br>Change from<br>Previous Year | Fiscal Year<br>to Date<br>2015 | Fiscal Year<br>to Date<br>2016 | Fiscal Year<br>to Date<br>2017 | YTD Change<br>from Previous<br>Fiscal Year |
|--------------------------------------|----------------|----------------|----------------|---|--------------------------------|--------------------------------|--------------------------------|--|
| <b>Revenue:</b>                      |                |                |                |   |                                |                                |                                |  |
| Real Estate Taxes                    | 104,000        | 507,000        | 245,000        | (262,000)                               | 47,456,843                     | 49,746,219                     | 50,647,884                     | 901,665                                    |
| Public Utility Personal Property Tax | 0              | 0              | 0              | 0                                       | 0                              | 15,780                         | 2,988                          | (12,792)                                   |
| State Aide - Unrestricted            | 780,120        | 785,263        | 790,673        | 5,410                                   | 8,816,202                      | 10,260,701                     | 11,109,144                     | 848,443                                    |
| State Aide - Restricted              | 5,723          | 4,387          | 6,290          | 1,903                                   | 68,228                         | 56,993                         | 67,976                         | 10,983                                     |
| Property Tax Allocation              | 1,834,071      | 1,131,393      | 3,449,783      | 2,318,390                               | 6,755,097                      | 8,305,124                      | 6,913,460                      | (1,391,664)                                |
| All Other Revenues                   | <u>173,640</u> | <u>29,526</u>  | <u>30,897</u>  | <u>1,371</u>                            | <u>4,717,978</u>               | <u>3,288,856</u>               | <u>3,437,537</u>               | <u>148,681</u>                             |
| Total Revenues                       | 2,897,554      | 2,457,569      | 4,522,643      | 2,065,074                               | 67,814,348                     | 71,673,673                     | 72,178,989                     | 505,316                                    |
| <b>Expenditures:</b>                 |                |                |                |   |                                |                                |                                |  |
| Salaries                             | 3,047,084      | 3,111,164      | 3,258,669      | 147,505                                 | 36,367,496                     | 35,723,953                     | 35,927,724                     | 203,771                                    |
| Benefits                             | 1,368,493      | 1,557,824      | 1,295,675      | (262,149)                               | 15,373,585                     | 14,967,930                     | 14,549,412                     | (418,518)                                  |
| Purchased Services                   | 496,807        | 496,441        | 601,415        | 104,974                                 | 5,648,797                      | 5,837,572                      | 5,946,152                      | 108,580                                    |
| Supplies and Materials               | 351,608        | 410,238        | 137,512        | (272,726)                               | 1,757,144                      | 1,392,765                      | 1,697,550                      | 304,785                                    |
| Capital Outlay                       | 37,241         | 31,955         | 87,445         | 55,490                                  | 213,569                        | 379,906                        | 695,181                        | 315,275                                    |
| Other Objects                        | <u>135,075</u> | <u>127,974</u> | <u>108,656</u> | <u>(19,318)</u>                         | <u>1,593,060</u>               | <u>2,918,488</u>               | <u>2,577,414</u>               | <u>(341,074)</u>                           |
| Total Expenditures                   | 5,436,309      | 5,735,596      | 5,489,372      | (246,224)                               | 60,953,650                     | 61,220,614                     | 61,393,433                     | 172,819                                    |
| Excess of Revenue over (under)       |                |                |                |   |                                |                                |                                |  |
| Expenditures                         | (2,538,755)    | (3,278,027)    | (966,729)      |   | 6,860,698                      | 10,453,059                     | 10,785,556                     | 332,497                                    |

# Strongsville City Schools

- General Fund Revenues

# Revenues

As of the May 2017 financial forecast, the Strongsville City Schools is forecasting **\$73,118,767** in revenue within the General Funds in the 2016-2017 fiscal year as shown on figure 1. As of **May 31, 2017** the District has received revenue in the amount of \$72,178,989. The District is projecting to receive \$1,330,196 in June for a total projected revenues of \$73,509,185, which would result in \$390,418 revenues above the forecast.

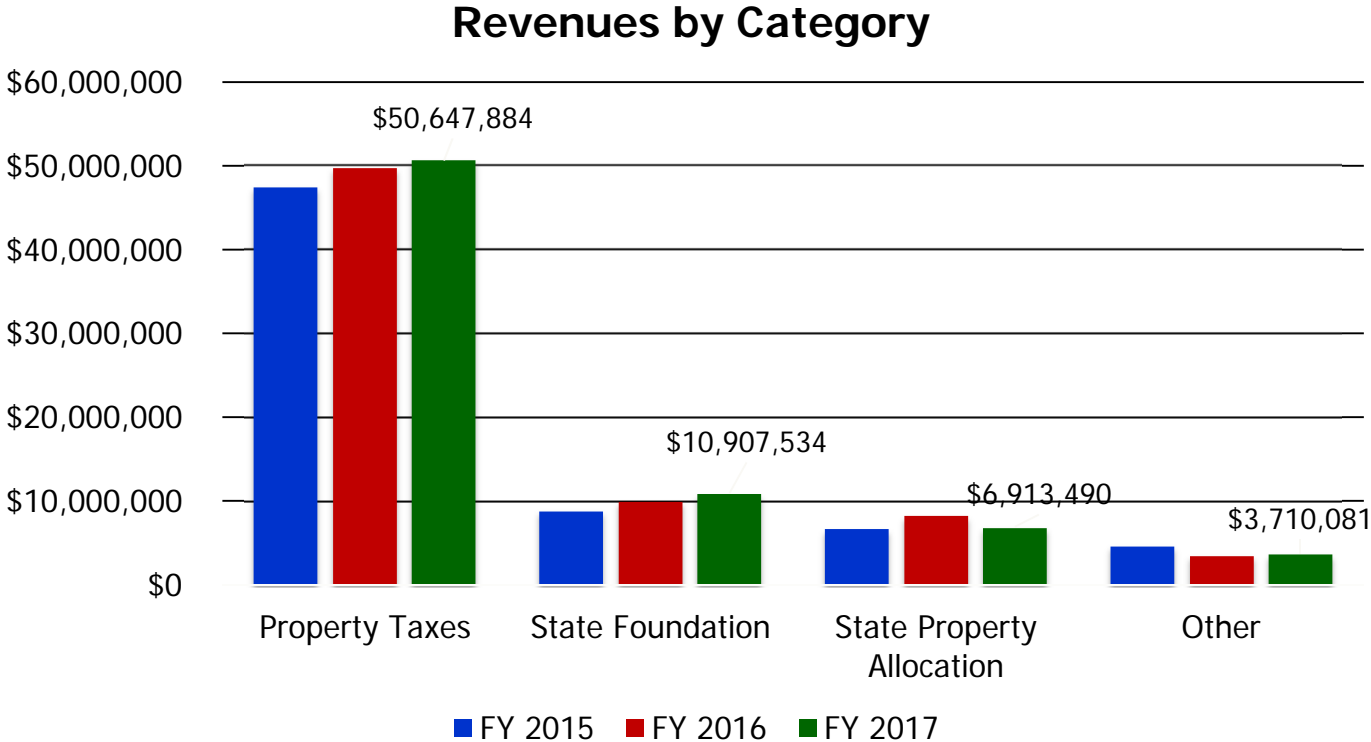
| FORECASTED REVENUES AND ACTUAL REVENUES |                     |                     |                    |                     |     |                  |
|---|---------------------|---------------------|--------------------|---------------------|-----|------------------|
|   | A                   | B                   | C                  | D = (B+C)           |     | D-A              |
|   | Fiscal Year         | Fiscal Year         | Projected          | Projected           |     |                  |
|   | 2017                | 2017                | Revenue            | Total               |     | Over/            |
|   | Forecast            | Actual              | June               | Revenue             |     | (Under)          |
| <b>Revenues</b>                         |                     |                     |                    |                     |     |                  |
| Real Property Tax                       | \$50,435,409        | \$50,647,884        | \$0                | \$50,647,884        | (a) | <b>\$212,475</b> |
| State Foundation                        | 11,733,212          | 10,907,534          | 793,725            | 11,701,259          | (b) | <b>(31,953)</b>  |
| Property Tax Homestead and Rollbacks    | 6,078,952           | 6,056,058           | 0                  | 6,056,058           | (c) | <b>(22,894)</b>  |
| Tangible Personal Property (TPP)        | 857,432             | 857,432             | 0                  | 857,432             | (c) | <b>0</b>         |
| TIF Revenue                             | 2,107,444           | 2,107,444           | 0                  | 2,107,444           | (d) | <b>0</b>         |
| Casino Receipts                         | 269,586             | 269,586             | 0                  | 269,586             | (c) | <b>0</b>         |
| Interest                                | 70,830              | 135,061             | 3,772              | 138,833             | (c) | <b>68,003</b>    |
| Other Revenues                          | 599,993             | 406,631             | 346,649            | 753,280             | (e) | <b>153,287</b>   |
| Sports Pay to Participate               | 221,801             | 227,801             | 0                  | 227,801             | (c) | <b>6,000</b>     |
| Tuition - From Other Districts          | 367,851             | 221,401             | 146,450            | 367,851             | (c) | <b>0</b>         |
| Tuition - Full Day Kindergarten         | 307,177             | 274,677             | 38,900             | 313,577             | (c) | <b>6,400</b>     |
| Tuition - Preschool                     | 69,080              | 67,480              | 700                | 68,180              | (c) | <b>(900)</b>     |
| <b>Total Revenues</b>                   | <b>\$73,118,767</b> | <b>\$72,178,989</b> | <b>\$1,330,196</b> | <b>\$73,509,185</b> |     | <b>\$390,418</b> |

- a) The District received \$49,761,999 in general real property taxes in FY16 and is anticipating to receive \$50,647,884 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.



# Revenues by Category

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



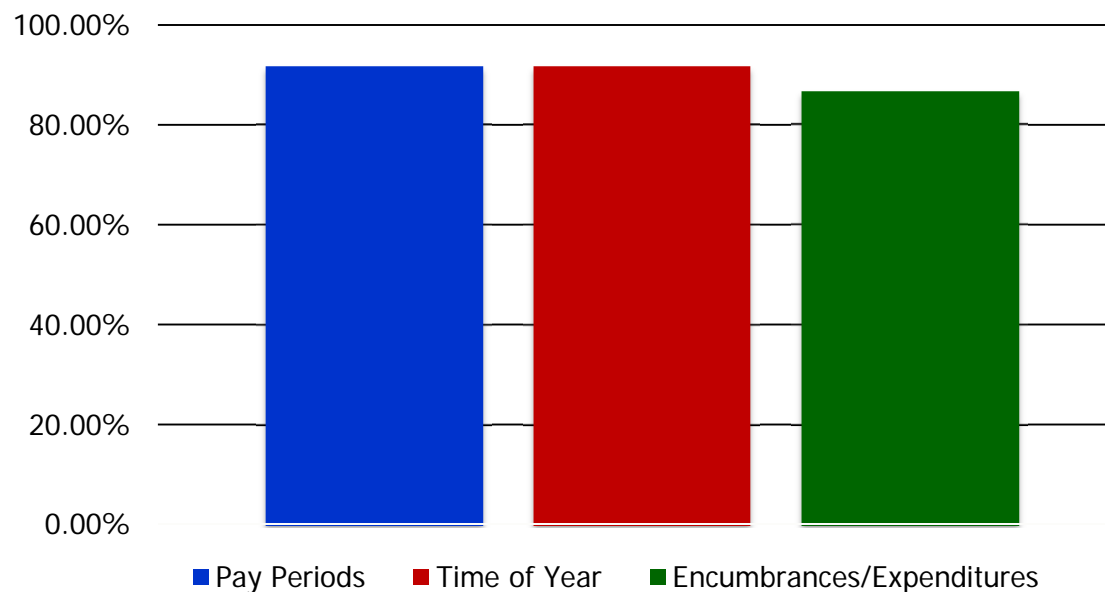
# Strongsville City Schools

- General Fund Expenditures

# Expenditures

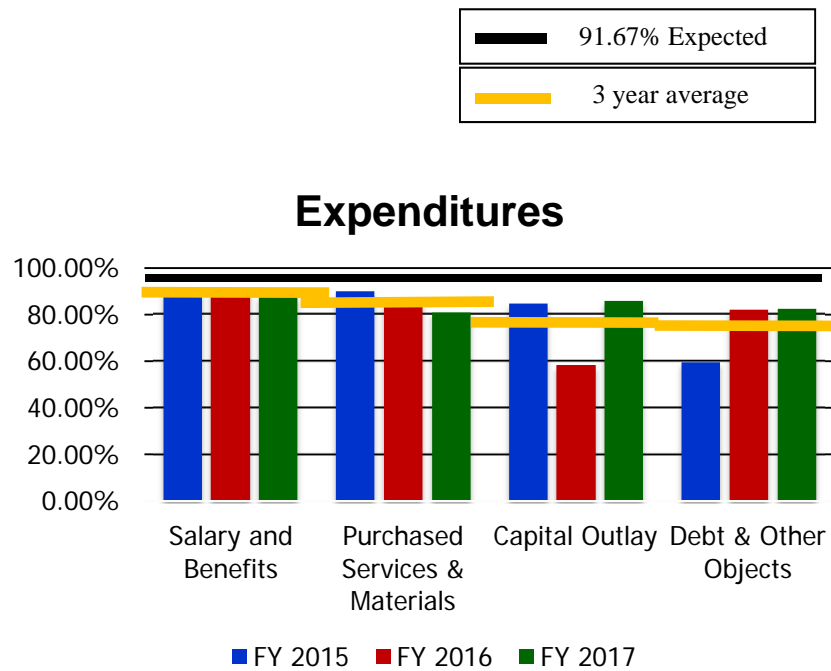
The fiscal year 2017 adopted General Fund budget for the District is \$72,154,895. This budget, coupled with carryover encumbrances of \$988,614, resulted in a \$73,143,509 General Funds appropriation for FY 2017. The following information is a financial update of the status of this appropriation through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

Through May 31, 2017 the District has expended \$61,393,433 and has outstanding encumbrances of \$1,954,683. This total of \$63,348,116 reflects 86.61% of the District's total appropriation. A statistical spending range for the District is based on two analyses: first, time elapsed is eleven months or 91.67% of the fiscal year has passed. Secondly, twenty-two of twenty-four (22/24), or 91.67% of the total pay periods have passed.

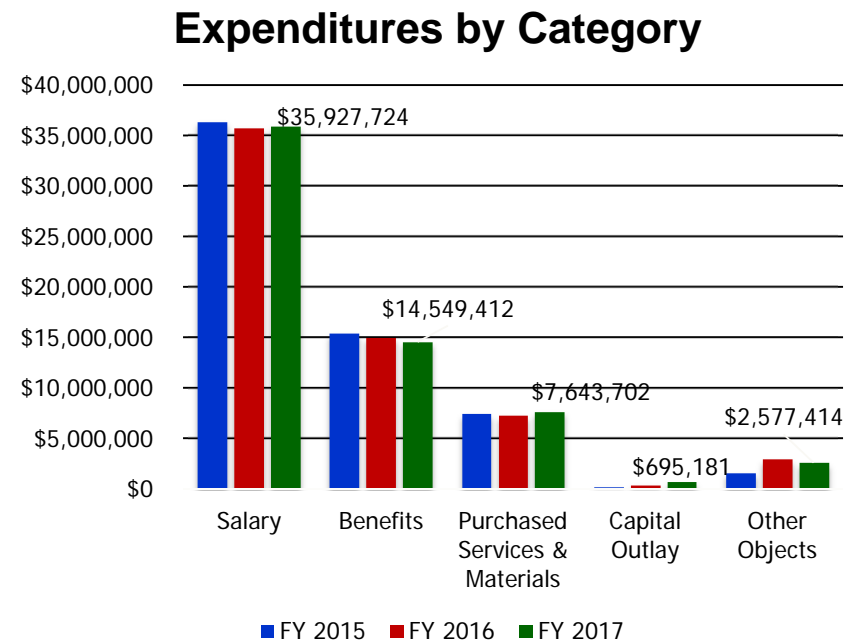


# Expenditures Thru May

## Percent Expended / Encumbered



## Expenditures by Category



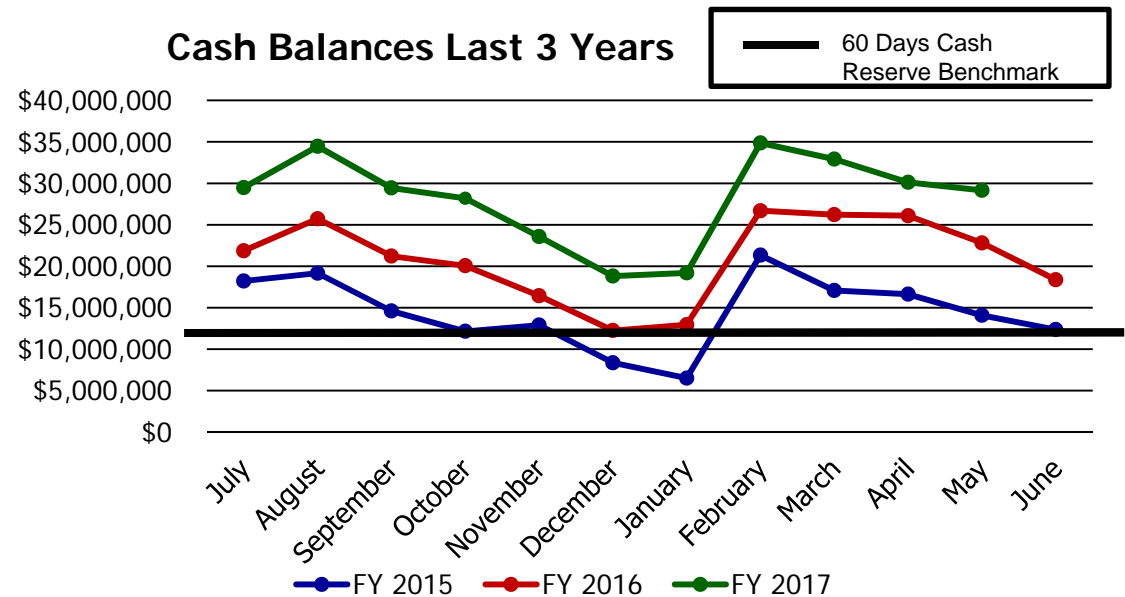
# Strongsville City Schools

- General Fund Cash Balance

# Cash Balance – General Fund

The cash balance as of May 31, 2017 is \$29,152,286. The unencumbered balance as of May 31, 2017 is \$27,197,603. 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 \$13,950,648. Currently the District is above this benchmark.

|                        | <b>FY<br/>2017</b>         |
|------------------------|----------------------------|
| Beginning Cash Balance | <u>\$18,366,730</u>        |
| Total Revenues         | 72,178,989                 |
| Total Expenses         | 61,393,433                 |
| Revenue over Expenses  | <u>10,785,556</u>          |
| Ending Cash Balance    | 29,152,286                 |
| Encumbrances/Reserves  | 1,954,683                  |
| Unencumbered Balance   | <u><u>\$27,197,603</u></u> |



# Strongsville City Schools

- FY 17 Investments and Interest Recap

# Investment Strategy

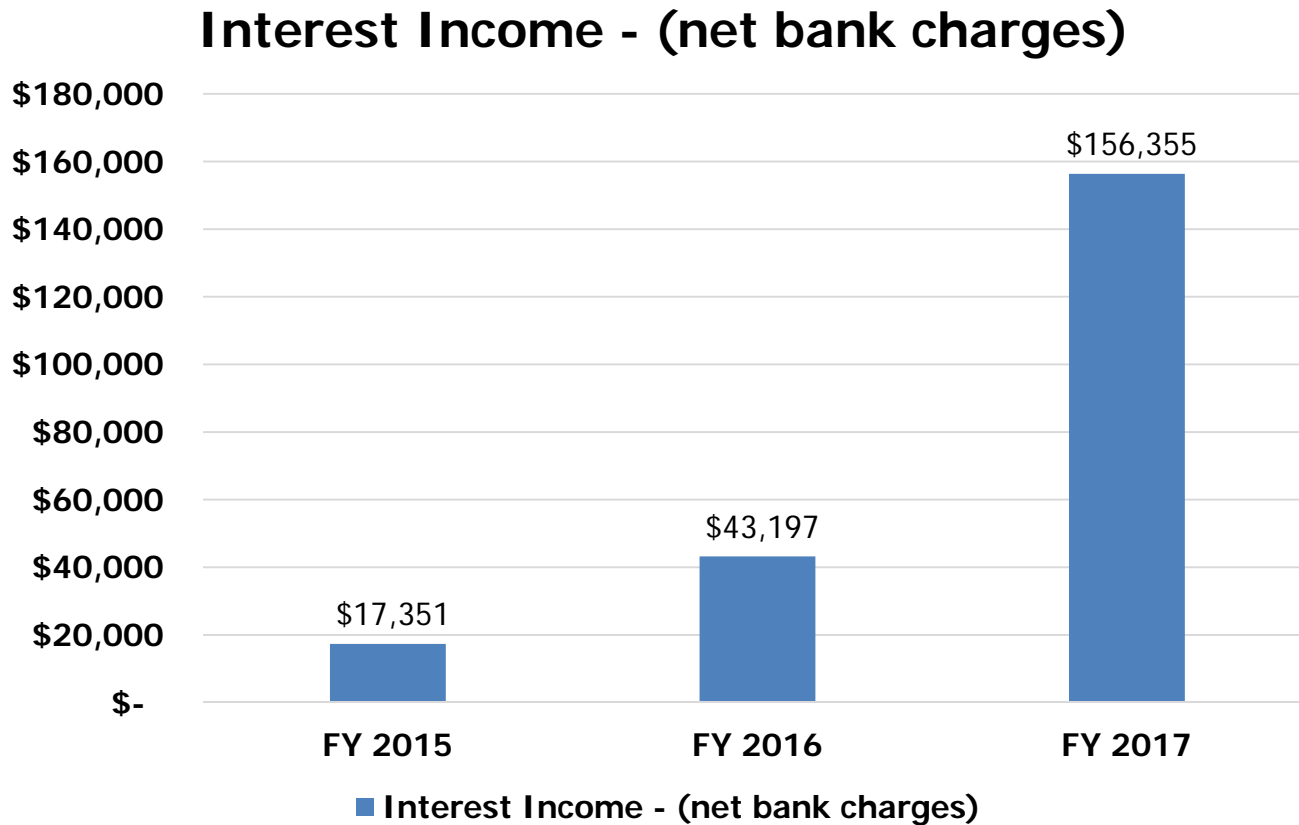
- In June 2016 – Signed Meeder Investments to provide investment management services.
- Tiered District cash into three categories:
  - Liquid cash - cash needed for current operations. Held in US Bank.
  - Intermediate / short-term cash flow – Cash not needed now, but will need within 1-6 months. Invested with STAROhio.
  - Long-term – Cash not needed for 6 months or longer. Invested with Meeder Investments.



## Average Monthly Bank Balances (All Funds except construction)

| Average Monthly Balances:            | FY 2015              | FY 2016              | FY 2017              |
|--------------------------------------|----------------------|----------------------|----------------------|
| <i>US Bank</i>                       | \$ 11,299,343        | \$ 19,046,392        | \$ 15,074,880        |
| <i>STAROhio</i>                      | \$ 4,402,051         | \$ 2,568,067         | \$ 5,727,363         |
| <i>STAROhio Plus</i>                 | \$ 9,276,235         | \$ 11,619,710        | \$ -                 |
| <i>Meeder Investments</i>            | \$ -                 | \$ -                 | \$ 20,028,143        |
| <b>Total Monthly Average Balance</b> | <b>\$ 24,977,629</b> | <b>\$ 33,234,169</b> | <b>\$ 40,830,386</b> |
|                                      |                      |                      |                      |
| Average Monthly % Split of Balance   | FY 2015              | FY 2016              | FY 2017              |
| <i>US Bank</i>                       | 45.24%               | 57.31%               | 36.92%               |
| <i>STAROhio</i>                      | 17.62%               | 7.73%                | 14.03%               |
| <i>STAROhio Plus</i>                 | 37.14%               | 34.96%               | 0.00%                |
| <i>Meeder Investments</i>            | 0.00%                | 0.00%                | 49.05%               |
|                                      |                      |                      |                      |
| <b>Total Monthly Average Balance</b> | <b>100.00%</b>       | <b>100.00%</b>       | <b>100.00%</b>       |
|                                      |                      |                      |                      |

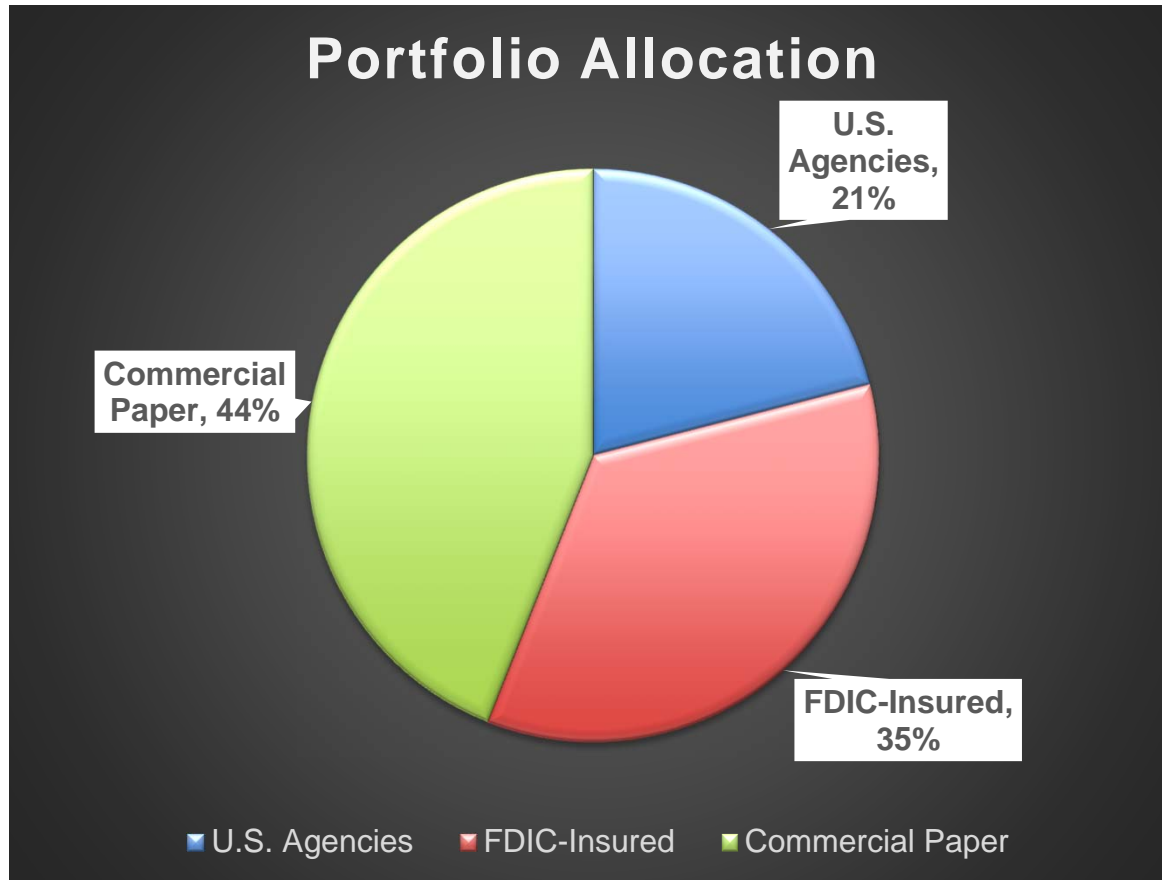
# Interest Revenue (All Funds except construction)



## Interest by Bank and Rate of Return in comparison to average monthly cash balances (All Funds except construction)

| Interest by Bank (net bank fees)   | FY 2015          | FY 2016          | FY 2017           |
|--|------------------|------------------|-------------------|
| <i>US Bank</i>   | \$ (4,163)       | \$ 5,342         | \$ (3,726)        |
| <i>STAROhio</i>  | \$ 2,225         | \$ 6,263         | \$ 33,994         |
| <i>STAROhio Plus</i>   | \$ 19,289        | \$ 31,592        | \$ 1,257          |
| <i>Meeder Investments</i>  | \$ -             | \$ -             | \$ 124,830        |
| <b>Total</b>   | <b>\$ 17,351</b> | <b>\$ 43,197</b> | <b>\$ 156,355</b> |
|  |                  |                  |                   |
| Rate of Return by Bank (net bank fees)   | FY 2015          | FY 2016          | FY 2017           |
| <i>US Bank</i>   | -0.04%           | 0.03%            | -0.02%            |
| <i>STAROhio</i>  | 0.05%            | 0.24%            | 0.59%             |
| <i>STAROhio Plus</i>   | 0.21%            | 0.27%            | 0.00%             |
| <i>Meeder Investments</i>  | 0.00%            | 0.00%            | 0.62%             |
|  |                  |                  |                   |
| <b>Rate of Return based on Total Interest<br/>and Monthly Average Cash Balances<br/>(Net of Bank fees)</b> | <b>0.07%</b>     | <b>0.13%</b>     | <b>0.38%</b>      |

# Meeder Portfolio and Duration Diversification



**Balances as of 6/14/2017**

|                 | Percent     | Amount               |
|-----------------|-------------|----------------------|
| <b>0-1 Year</b> | 44%         | \$ 8,831,631         |
| <b>1-2 Year</b> | 56%         | \$ 11,294,490        |
| <b>Total</b>    | <b>100%</b> | <b>\$ 20,126,121</b> |

# Strongsville City Schools

- State Budget Update

# State Budget Update

- HB 49 was approved by the Ohio House and Senate on June 28. Legislation is now awaiting action by Gov. John Kasich.

|  | Governors Budget Impact |             |                         | HB - 49 Budget Impact |                     |                         | Variance - Gain / (Loss) |                     |                         |
|--|-------------------------|-------------|-------------------------|-----------------------|---------------------|-------------------------|--------------------------|---------------------|-------------------------|
|  | FY 18                   | FY 19       | 2 - Year<br>Accumulated | FY 18                 | FY 19               | 2 - Year<br>Accumulated | FY 18                    | FY 19               | 2 - Year<br>Accumulated |
| TPP elimination                        | \$ (3,111,418)          | \$ -        | \$ (6,222,836)          | \$ (2,343,938)        | \$ (767,479)        | \$ (5,455,355)          | \$ 767,480               | \$ (767,479)        | \$ 767,481              |
| Funding Formula<br>Guarantee phase out | \$ (463,561)            | \$ -        | \$ (927,122)            | \$ (113,108)          | \$ -                | \$ (226,216)            | \$ 350,453               | \$ -                | \$ 700,906              |
| <b>Total</b>                           | <b>\$ (3,574,979)</b>   | <b>\$ -</b> | <b>\$ (7,149,958)</b>   | <b>\$ (2,457,046)</b> | <b>\$ (767,479)</b> | <b>\$ (5,681,571)</b>   | <b>\$ 1,117,933</b>      | <b>\$ (767,479)</b> | <b>\$ 1,468,387</b>     |

# Strongsville City Schools

- Questions?