

## REGULAR BOARD OF EDUCATION MEETING – WORK SESSION

October 5, 2016

7:00 p.m.

### ADMINISTRATION BUILDING/MEETING ROOM

This meeting is a meeting of the Board of Education in public for the purpose of conducting the School District's business and is not to be considered a public community meeting. There is a time for public participation during the meeting as indicated in the agenda. Public comment is your opportunity to make a comment to the Board. The Board will listen and if necessary, someone from the administration will get back to you with an answer.

### Fund Definitions

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**001 – General Fund** – The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**002 – Bond Retirement** – The bond retirement fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**003 – Permanent Improvement** – The permanent improvement fund is used to account for all transactions related to the acquiring, construction, or improving facilities and/or capital assets.

**004 – Building Fund** – The building fund is used to account for monies received and expended in connection with the construction of the middle school and renovation of the high school.

**009 – Uniform School Supplies** – The uniform school supplies fund is used to account for class fees for the purchase of school supplies.

**014 – Internal Service Rotary Fund** – The internal service rotary fund is used to account for operations that provide goods and services on a cost reimbursement basis.

**018 – Public School Support** – The public school support, otherwise known as the Principal's building fund, is used to account for specific local revenue sources, other than taxes, that are restricted to expenditures for specified purposes.

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### Fund Definitions (continued)

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- 019 – Other Grants** – The other grants fund is used to account for proceeds of specific revenue sources, except for State and Federal grants that are legally restricted to expenditures for specified purposes.
- 022 – OHSAA Tournaments** – The OHSAA Tournament fund is used to account for the revenues and expenditures of an OHSAA tournament game hosted at the District. After the event takes place, this fund should equal zero.
- 024 – Employee Benefits Self-Insurance** – The employee benefits self-insurance fund is used to account for monies received from other funds as payment for providing employee healthcare.
- 035 – Termination Benefits** – The termination benefits fund is used to pay employee termination benefits upon separation as prescribed within the District’s negotiated contracts.
- 200 – Student Managed Activities** – The student managed activities fund is used to account for student activity programs which have student participation in the activity and have students involved in the management of the program.
- 300 – District Managed Student Activity** – The District managed student activity fund is used to account for those student activity programs which have student participation but do not have student management of the programs. (Usually athletic and band programs but could be other clubs that are District managed.)
- 401 – Auxiliary Service (NPSS)** – The auxiliary service fund is used to account for monies which provide services and materials to pupils attending non-public school within the School District. (Sts. Joseph and John, Creative Playrooms, and Le Chaperon Rouge).
- 451 – Data Communications** – The data communications fund is used to account for money appropriated for Ohio Educational Computer Network Connections.
- 463 – Alternative Schools** – The alternative schools fund is used to account for alternative educational programs for existing and new at-risk and delinquent youth.
- 499 – Miscellaneous State Grants** – The miscellaneous state grant fund is used to account for various monies received from state agencies which are not classified elsewhere.
- 516 – IDEA, Part B Special Education** – Grants to assist states in providing an appropriate public education to all children with disabilities.
- 551 – Title III, Limited English Proficiency** – Grants to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children with limited English proficiency.
- 572 – Title I-Disadvantaged Youth** – Federal Monies used to assist the School District in meeting the special needs of economically and educationally deprived children.
- 587 – IDEA Preschool Grant for the Handicapped** – Grants the improvement and expansion of services for handicapped children ages three to five years.
- 590 – Improving Teacher Quality** – Grants for professional development and other programs to ensure teachers meet high quality standards.

**AGENDA**

1. **CALL TO ORDER**

2. **ROLL CALL**

**Present**

**Not Present**

*Duke Evans  
George A. Grozan  
Jane L. Ludwig  
Richard O. Micko  
Carl W. Naso*

3. **PLEDGE OF ALLEGIANCE**

4. **DISTRICT GOALS**

5. **PUBLIC COMMENT**

6. **TREASURER’S REPORT**

A. **DISCUSSION ITEM**

1. **Five-Year Forecast**

(Exhibit A)

7. **SUPERINTENDENT’S REPORT**

A. **DISCUSSION ITEMS**

1. **2020 Plan Update**

2. **District Report Card – Erin Green**

B. **CURRICULUM**

1. **Correction**

Be it resolved upon the recommendation of the Superintendent that the following correction be approved:

Correction to AGENDA, JUNE 30, 2016, C. CURRICULUM, \*8. 2016-2017 Student Fees, New \$15.00 fee for grade 6 Art.

Motion:	Second:	Roll Call:	Yes	No
_____	_____	<i>Duke Evans</i>		
_____	_____	<i>George A. Grozan</i>		
_____	_____	<i>Jane L. Ludwig</i>		
_____	_____	<i>Richard O. Micko</i>		
_____	_____	<i>Carl W. Naso</i>		

**AGENDA**

**OCTOBER 5, 2016**

**8. BOARD OF EDUCATION / OTHER**

**9. EXECUTIVE SESSION**

Motion:	Second:	Roll Call:	Yes	No
		<i>Duke Evans</i>		
		<i>George A. Grozan</i>		
		<i>Jane L. Ludwig</i>		
		<i>Richard O. Micko</i>		
		<i>Carl W. Naso</i>		

Entered into Executive Session at \_\_\_\_\_ p.m.

Resumed Public Session at \_\_\_\_\_ p.m.

**10. ADJOURNMENT**

Motion:	Second:	Roll Call:	Yes	No
		<i>Duke Evans</i>		
		<i>George A. Grozan</i>		
		<i>Jane L. Ludwig</i>		
		<i>Richard O. Micko</i>		
		<i>Carl W. Naso</i>		

Meeting adjourned at \_\_\_\_\_ p.m.

**STRONGSVILLE CITYSCHOOLS**  
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2016 Actual  
Forecasted Fiscal Years Ending June 30, 2017 Through 2021

October 2016

	Actual					Average Change	Forecasted						
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021				
<b>Revenues</b>													
1.010 General Property Tax (Real Estate)	49,171,264	47,456,843	49,761,999	48,943,766	46,263,328	0.69%	42,306,717	43,317,703	42,306,717	43,317,703	42,792,429	0	
1.020 Tangible Personal Property Tax	11,018	0	0	0	0	0.00%	0	0	0	0	0	0	
1.035 Unrestricted Grants-in-Aid	9,920,306	9,932,508	11,052,774	12,021,630	10,154,049	5.70%	9,506,972	9,318,682	9,506,972	9,318,682	9,131,712	0	
1.040 Restricted Grants-in-Aid	42,074	69,999	60,887	62,894	63,263	26.68%	62,253	61,277	62,253	61,277	60,557	0	
1.045 Restraint Federal Grant	0	0	0	0	0	0.00%	0	0	0	0	0	0	
1.050 Property Tax Allocation	9,735,080	9,766,953	8,305,124	6,908,238	5,635,905	-7.32%	5,231,777	5,272,982	5,231,777	5,272,982	5,305,528	0	
1.060 All Other Revenues	2,842,884	4,318,754	3,604,535	3,493,000	3,493,000	17.69%	3,493,000	3,493,000	3,493,000	3,493,000	3,493,000	0	
1.070 Total Revenues	71,722,626	71,545,057	72,785,319	71,429,528	65,609,545	0.74%	60,602,719	61,463,644	60,602,719	61,463,644	60,783,226	0	
<b>Other Financing Sources</b>													
2.010 Proceeds from Sale of Notes	0	0	0	0	0	0.00%	0	0	0	0	0	0	
2.020 State Emergency Loans and Advancements (Approved)	0	0	0	0	0	0.00%	0	0	0	0	0	0	
2.040 Operating Transfers-In	52,583	47,582	0	0	0	-54.76%	0	0	0	0	0	0	
2.050 Advances-In	0	0	0	0	0	0.00%	0	0	0	0	0	0	
2.060 All Other Financing Sources (revenue sharing from local gov)	145,519	258,418	97,239	22,000	22,000	7.61%	22,000	22,000	22,000	22,000	22,000	0	
2.070 Total Other Financing Sources	198,102	306,000	97,239	22,000	22,000	-6.88%	22,000	22,000	22,000	22,000	22,000	0	
2.080 Total Revenues and Other Financing Sources	71,920,728	71,851,057	72,882,558	71,451,528	65,631,545	0.67%	60,624,719	61,485,644	60,624,719	61,485,644	60,805,226	0	
<b>Expenditures</b>													
3.010 Personal Services	38,353,933	39,530,009	38,962,973	40,452,770	41,440,840	0.82%	42,053,059	42,733,086	42,053,059	42,733,086	43,360,148	0	
3.020 Employees' Retirement/Insurance Benefits	16,863,021	16,707,172	16,229,383	16,944,977	17,650,009	-1.89%	18,489,732	19,723,255	18,489,732	19,723,255	21,121,077	0	
3.030 Purchased Services	5,653,625	6,174,920	6,562,467	8,038,123	8,066,101	7.75%	8,256,353	8,454,682	8,256,353	8,454,682	8,654,278	0	
3.040 Supplies and Materials	1,785,649	2,026,609	1,716,053	2,369,243	2,369,243	-0.91%	2,369,243	2,369,243	2,369,243	2,369,243	2,369,243	0	
3.050 Capital Outlay	409,093	339,568	413,174	1,045,603	1,030,603	2.34%	1,030,603	1,030,603	1,030,603	1,030,603	1,030,603	0	
4.010 Debt Service:													
4.010 Principal-All (Historical Only)	516,901	356,284	374,604	343,554	358,164	-12.97%	373,468	389,497	373,468	389,497	368,745	0	
4.020 Principal-Notes	0	0	0	0	0	0.00%	0	0	0	0	0	0	
4.060 Interest and Fiscal Charges	216,476	196,754	180,209	163,274	146,828	-8.76%	129,669	111,928	129,669	111,928	92,176	0	
4.300 Other Objects	1,305,212	1,066,411	1,316,532	1,562,851	1,570,772	2.58%	1,579,340	1,588,612	1,579,340	1,588,612	1,598,646	0	
4.500 Total Expenditures	65,103,310	66,397,727	65,755,395	70,920,395	72,632,560	0.51%	74,293,467	76,400,906	74,293,467	76,400,906	78,594,916	0	
<b>Other Financing Uses</b>													
5.010 Operating Transfers-Out	3,356,404	313,617	1,117,624	1,234,500	1,142,895	999.99%	1,051,147	959,434	1,051,147	959,434	958,697	0	
5.020 Advances-Out	0	0	0	0	0	0.00%	0	0	0	0	0	0	
5.030 All Other Financing Uses	2,472	0	0	0	0	0.00%	0	0	0	0	0	0	
5.040 Total Other Financing Uses	3,358,876	313,617	1,117,624	1,234,500	1,142,895	999.99%	1,051,147	959,434	1,051,147	959,434	958,697	0	
5.050 Total Expenditures and Other Financing Uses	68,462,186	66,711,344	66,873,019	72,154,895	73,775,355	-1.16%	75,344,614	77,360,340	75,344,614	77,360,340	79,553,613	0	
6.01 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	3,457,942	5,139,713	6,009,539	(703,367)	(8,143,850)	0.33	(14,719,895)	(15,874,696)	(14,719,895)	(15,874,696)	(18,748,387)	0	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,759,536	7,217,478	12,357,191	18,366,730	17,663,363	81.59%	9,519,513	(5,200,382)	9,519,513	(5,200,382)	(21,075,078)	0	
7.020 Cash Balance June 30	7,217,478	12,357,191	18,366,730	17,663,363	9,519,513	59.92%	(5,200,382)	(21,075,078)	(5,200,382)	(21,075,078)	(39,823,465)	0	
8.010 Estimated Encumbrances June 30	763,796	1,092,092	988,614	1,100,000	1,100,000	16.75%	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	0	

**STRONGSVILLE CITYSCHOOLS**  
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
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Forecasted Fiscal Years Ending June 30, 2017 Through 2021

	Actual					Average Change	Forecasted				
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021		
10.010 Fund Balance June 30 for Certification of Appropriations	6,453,682	11,265,099	17,378,116	16,563,363	8,419,513	(6,300,382)	(22,175,078)	(40,923,465)			
Revenue from Replacement/Renewal Levies	0	0	0	0	3,885,297	7,794,395	7,842,290	7,890,716			
11.020 Property Tax - Renewal or Replacement	0	0	0	0	3,885,297	11,679,692	19,521,982	27,412,698			
11.300 Cumulative Balance of Replacement/Renewal Levies											
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	6,453,682	11,265,099	17,378,116	16,563,363	12,304,810	5,379,310	(2,653,096)	(13,510,767)			
Revenue from New Levies	0	0	0	0	0	0	0	0			
13.020 Property Tax - New	0	0	0	0	0	0	0	0			
13.030 Cumulative Balance of New Levies											
15.010 Unreserved Fund Balance June 30	6,453,682	11,265,099	17,378,116	16,563,363	12,304,810	5,379,310	(2,653,096)	(13,510,767)			

October 2016

STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



FIVE YEAR FINANCIAL FORECAST

AND

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS

OCTOBER 2016 UPDATE

**STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**NOTE 1 NATURE AND PURPOSE OF PRESENTATION**

This financial projection presents, in accordance with mandates of Ohio Law, the expected revenues, expenditures, and fund balance of the General Fund of the Strongsville City School District (the "District") for each of the fiscal years ending June 30, 2017 through June 30, 2021, with historical data presented for the fiscal years ended June 30, 2014, 2015, and 2016.

This forecast includes the impact on the State bi-annual budget for that was approved for fiscal years 2016 and 2017.

The assumptions disclosed herein are those that the District believes are significant to the projection. However, because circumstances and conditions assumed in projections frequently do not occur as expected, and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

**A Basis of Accounting**

This financial projection has been prepared on the cash receipts and disbursements basis, which is the required basis of accounting used for budgetary purposes. Under this system, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred. Under Ohio Law, the District is also required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

**B Fund Accounting**

The District maintains its accounts in accordance with the principals of "fund accounting". Fund accounting is used by governmental entities, such as school districts, to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions and activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stands separate from the activities reported in other funds.

The forecast includes revenue and expenditure estimates for the general operating fund of the District (Fund 001).

**NOTE 2 REVENUE ASSUMPTIONS**

The District's primary sources of revenue are from the levying of property taxes on real property located within the District boundaries and the State of Ohio through the State Foundation program. The following provides information with respect to the revenue categories.



**STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**A PROPERTY TAXES  
LINE 1.010, 1.020 AND 1.050**

Property taxes, which are levied and assessed on a calendar year basis, include amounts levied against all real and public utility property in the school district.

The real property tax base is the taxable (assessed) value of land and buildings. The taxable value is 35% of true (market) value. Under state law, real property is reappraised every six years and property values are updated in the third year following each sexennial reappraisal.

In 1976, the Ohio General Assembly passed HB 920. This law provides real property owners tax credits equal to any increase caused by an increase in value of all real property as a result of reappraisal. This does not apply to inside non-voted millage. In effect, HB 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

HB 66 made provision to replace revenue lost due to the phase out of the Tangible Personal Property Tax. In FY 15, the District received \$3.6 million in Tangible Personal Property Tax hold harmless. In the most recent bi-annual budget, the Tangible Personal Property Tax will be phased out by \$1.4 million in FY 16, and additional phase out of \$1.4 million in FY 17 for a combine loss through FY 17 of \$2.8 million. In FY 18 the remaining \$800k will be phased out for a total reduction of funding of \$3.6 million each year in the years FY 18-20. The District will be held harmless for the FY 16 \$1.4 million reduction through a supplement through the State Foundation. For FY 17, the District will be held harmless for \$2.2 million of the \$2.8 million reduction through a supplement through the State Foundation. The net FY 17 reduction in Tangible Personal Property tax is \$600k, while the remaining \$3.0 million will be completely reduce in FY 18-20.

Property taxes are currently estimated by the Cuyahoga County Auditor's Office based on a current collection rate of 96.60%. A 1% change in collection rate represents \$560k.

The property Tax Allocation includes the following components: Property Tax Rollbacks and the tangible personal property tax hold harmless funds from the State of Ohio.

The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. The last re-appraisal was in 2012 and the triennial update was completed in 2015. All property values were updated for the 2016 collection year, which resulted in a 1.7% increase in values. The forecast assumes a property valuation of \$1.4 billion in 2017 – 2021.

State law grants tax relief to property owners (property tax rollbacks) in the form of a 10% reduction in real property tax bills. In addition, a 2.5% rollback is granted for owner occupied homesteads (total of 12.5%). The State reimburses school districts for the loss of real property taxes as a result of the rollback provision.

The prior budget bill (HB 119) included a significant property tax reduction for senior citizens. This Homestead Exemption will allow senior citizen homeowners and permanently/totally disabled homeowners, regardless of income, to withhold \$25,000 of market value of their owner occupied home from property taxes.

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, 2106. Collections will continue through December 31, 2017.

**STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
General Property Tax (Real Estate)	\$ 48,943,766	\$ 46,263,328	\$ 42,308,717	\$ 43,317,703	\$ 42,792,429
Property Tax Allocation:					
Property Tax Rollbacks	6,046,413	5,635,905	5,231,777	5,272,982	5,305,528
Tangible Personal Property	861,825	-	-	-	-
Total Tax Allocation	6,908,238	5,635,905	5,231,777	5,272,982	5,305,528
Total Tax Related Revenue	\$ 55,852,004	\$ 51,899,233	\$ 47,540,494	\$ 48,590,685	\$ 48,097,957

**B UNRESTRICTED/RESTRICTED STATE GRANTS-IN AID  
LINE 1.035, 1.040**

This component of the financial forecast includes the State Foundation Program.

HB 59 has replaced the prior funding formulas, the bridge formula and the Ohio Evidence Based Funding Model. Under the current version of HB 59, calculations include funding for both the District and Charter School students. HB 59 mandates that all school districts pay tuition for all students who reside in the District and attend a charter school. The District's charter school tuition payment is reflected in line 3.030 (Purchased Services) of the forecast.

For FY 16, the District will be held harmless for the \$1.4 million tangible personal property tax phase out which will be a supplement through the State Foundation Program.

For FY 17, the District will be held harmless for the \$2.2 million tangible personal property tax phase out which will be a supplement through the State Foundation Program.

The following are the estimated unrestricted/restricted state grants-in aid assumed in this five year forecast. It assumes that the district is on the "state guarantee" for FY17 – FY21. It is also assumed that a portion of the "state guarantee" will be phased out 2% each year beginning in FY 18.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Unrestricted State Funding	\$11,747,250	\$9,887,026	\$9,246,166	\$9,063,891	\$8,881,358
Casino Receipts	274,380	267,023	260,806	254,791	250,353
Restricted State Funding	62,894	63,263	62,253	61,277	60,557
Total State Foundation	\$12,084,524	\$10,217,312	\$9,569,225	\$9,379,959	\$9,192,268

**STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**C ALL OTHER REVENUE  
Line 1.060**

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Payments in Lieu of Taxes (PILOT) and Tax Increment Financing Payments (TIF)	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000
Tuition - Prek, Full Day Kindergarten, Summer School	300,500	300,500	300,500	300,500	300,500
Tuition - Court Placed	305,000	305,000	305,000	305,000	305,000
Dues and Fees	316,000	316,000	316,000	316,000	316,000
Catastrophic Aid	250,000	250,000	250,000	250,000	250,000
Interest Income	20,000	20,000	20,000	20,000	20,000
All Other	201,500	201,500	201,500	201,500	201,500
<b>Total Other Revenue</b>	<b>\$3,493,000</b>	<b>\$3,493,000</b>	<b>\$3,493,000</b>	<b>\$3,493,000</b>	<b>\$3,493,000</b>

- Payment in Lieu of Taxes (PILOT) and Tax Increment Financing Payments (TIF) is the largest source of other revenue.
- Tuition is collected for the Preschool program, Full Day Kindergarten, and Summer School.
- Tuition is collected from other districts for students that are placed in the District by the court system in foster homes with Strongsville residents.
- Dues and Fees are collected for pay to participate and other fees.
- Catastrophic Aid is a supplemental payment to districts for special education students. This reimbursement is available to the financially responsible district for any child whose educational and related expenses exceed certain limits.

**NOTE 3 EXPENDITURE ASSUMPTIONS**

**A PERSONAL SERVICES – SALARIES AND WAGES  
LINE 3.010**

The District reached a three year agreement with the SEA union effective August 1, 2016 through July 31, 2019. The District reached a three year agreement with the OAPSE union effective July 1, 2014 through June 30, 2017.

Staffing assumptions (General Fund):

- FY 17 – 649
- FY 18 – 644
- FY 19 – 635
- FY 20 – 635
- FY 21 – 635

**STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

Since 2009, there are 212 less positions compared to FY 2017, a 23% decline which is 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. Below are a summary of reduction included in the forecast:

- FY 16 – 20 positions
- FY 17 – 23 positions
- FY 18 – 5 positions
- FY 19 - 9 positions

If possible, the District will make the reductions with the retirement of current staff, prior to any reductions in force.

The forecast assumes the stated reduction of position along with any step and column increases.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Personal Services					
Salaries and Wages	\$40,452,770	\$41,440,840	\$42,053,059	\$42,733,086	\$43,360,148

**B FRINGE BENEFITS**  
Line 3.020

This component of the financial forecast includes the following items:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Employee Insurance Benefits	\$9,218,588	\$10,007,882	\$10,815,372	\$11,923,927	\$13,215,697
Medicare	589,065	603,399	612,276	622,137	631,229
Worker's Compensation	447,560	452,824	392,824	395,852	398,565
State Teacher/ State Employees Retirement Benefits	6,511,710	6,455,716	6,547,942	6,648,719	6,741,760
Other Benefits	178,054	130,188	131,318	132,620	133,826
	<u>\$16,944,977</u>	<u>\$17,650,009</u>	<u>\$18,499,732</u>	<u>\$19,723,255</u>	<u>\$21,121,077</u>

- (1) Health care costs are based on estimated staffing levels. Health care rates increased by 3% in FY 16. For FY 17-21, health care rates are projected to increase 10% each year. Health care rates are based on projections provided by the DS Benefits Group.

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.

- (2) The projection assumes the State's mandated retirement contribution rate of 14% will not change during the forecast period.
- (3) See staffing levels under personnel services.
- (4) Increase to Workers Compensation is due to the mandated change in payment program to have claims paid in the year they are incurred. Currently WC are paid a year in arrears, in order to be caught up, an additional payment will be made in FY 17 and FY 18.
- (5) Medicare costs are projected to remain constant over the forecast period.

**STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**C PURCHASED SERVICES**  
Line 3.030

This component of the financial forecast includes the following items:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Charter School Tuition	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
College Credit Plus	567,533	425,650	425,650	425,650	425,650
Out of District Tuition	1,907,789	2,007,789	2,107,789	2,207,789	2,307,789
Utilities	1,760,000	1,830,400	1,903,616	1,979,761	2,058,951
Other Purchased Services	2,952,801	2,952,262	2,971,298	2,991,482	3,011,888
	<u>\$8,038,123</u>	<u>\$8,066,101</u>	<u>\$8,258,353</u>	<u>\$8,454,682</u>	<u>\$8,654,278</u>

- (1) Under HB 59, charter school students are counted (for State Foundation Funding Calculations) in the District of residence. Strongsville City School District charter school tuition payment is reflected in line 3.030 (purchased services) of the forecast.
- (2) Out of District Tuition costs are based on budgeted projections. For the College Credit Plus program, these payments are currently made a year in arrears. For the upcoming school year, The Ohio Department of Education is going to be making the payments for the current year, so there will be an additional payment in FY 17 to be caught up. Also there has been additional 25% increase in participation in the program from FY 15 to FY 16 and currently an additional 20% increase in students are registered for the upcoming school year, FY 17.
- (3) Utility costs are based on current payments and historical increases.
- (4) Other purchased service accounts include allocations for contract student transportation, maintenance, telephone services, postage, printing, school bus lease payments, outside legal fees, and other related items.

**D SUPPLIES, MATERIALS AND TEXTBOOKS**  
LINE 3.040

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Supplies and Textbooks	\$2,369,243	\$2,369,243	\$2,369,243	\$2,369,243	\$2,369,243

Supply and Textbook allocations are projected consistent with current budget estimates. The textbook and instructional supplies budget is \$1.1 million. The remaining budget is made of transportation fuel, bus parts, and custodial supplies.

**STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**E CAPITAL OUTLAY  
LINE 3.050**

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Capital Outlay	\$1,045,603	\$1,030,603	\$1,030,603	\$1,030,603	\$1,030,603

For FY17-21, the District increased the technology capital equipment budget by \$500,000 annually for Chromebooks for the implementation of the 1:1 device to student ratio.

**F DEBT SERVICE  
LINE 4.010 THROUGH LINE 4.060**

This component of the financial forecast includes the following items:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
School Improvements & Bus Acquisitions, Series 2005	\$79,775	\$78,375	\$76,975	\$75,575	\$78,275
Energy Conservation Bonds, Series 2006	85,077	85,077	85,077	85,077	42,538
HB 264 Energy Conservation Bonds, Series 2008	341,975	341,541	341,085	340,772	340,108
<b>Total Debt Service</b>	<b>\$506,827</b>	<b>\$504,993</b>	<b>\$503,137</b>	<b>\$501,424</b>	<b>\$460,921</b>

The forecast includes only those outstanding debt issuances that are funded by the General Fund. Therefore, District general obligations that are paid by the District's Debt Service Fund, which are funded by a separate dedicated property tax, are excluded from this forecast. A brief description of the debt issuances related specifically to the General Fund is as follows:

1. School Improvements & Bus Acquisitions, Series 2005  
In August 2005, The Board of Education adopted two resolutions authorizing the issuance of two series of bonds in the respective amounts of \$1,260,000 for the renovation of the Strongsville Early Learning Preschool and \$415,000 for the acquisition of school buses. The final amount for the Strongsville Early Learning Center is on December 1, 2035. The final payment for the acquisition of buses is on December 1, 2015.
  
2. Energy Conservation Bonds, Series 2006  
In April 2006, The Board of Education adopted a resolution authorizing the issuance and sale of bonds, in the aggregate principal amount of \$895,000, for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy. The final payment of the debt is on December 1, 2020.
  
3. Energy Conservation Bonds (House Bill 264)  
In June 2008, The Board of Education adopted a resolution authorizing the issuance and sale of bonds, in the aggregate principal amount of \$3,645,000 for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy.

**STRONGSVILLE CITY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**G OTHER OBJECTS  
LINE 4.300**

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Other Miscellaneous Expenditures	\$1,562,851	\$1,570,772	\$1,579,340	\$1,588,612	\$1,598,646

The main component of this category is County Auditor and Treasurer fee's for the collection of tax receipts. Other components include bank charges, insurance, judgments, and other miscellaneous expenses.

**H TRANSFERS AND ADVANCES IN AND OUT  
LINES 2.040, 2.050, 5.010, AND 5.020**

Transfers are need to cover deficits in the following funds:

**009 Uniform School Supplies** in the amount of \$120,000 annually.

**035 Termination Benefits**, to cover employee severance payments in the amount of \$1,055,000 for FY 17. Beginning in FY 18 this number will begin to decrease as policy changes have been made to the District early retirement incentives.

**019 Excellence in Athletics Campaign** – As part of the Excellence in Athletics Campaign, Southwest Hospital has agreed to reduce the athletic trainer fee's for the next 10 years and the difference be applied to the Excellence in Athletics Campaign. Beginning in FY 17, the amounts are \$24,500, FY 18 \$23,835, FY 19 \$23,147, and FY 20 \$22,434. The District will also be transferring \$35,000 annually from the General Fund to the Excellence in Athletics funds which is the result of annual savings from maintenance of a natural grass field to help offset replacement turf in the future.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Transfers and Advances	\$1,234,500	\$1,142,835	\$1,051,147	\$959,434	\$958,697

**I ENCUMBRANCES  
LINE 8.010**

The District uses the encumbrance method as part of formal budgetary and management control. Under this method, purchase orders, contracts, and other commitments for expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment. Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The estimated encumbrances in FY17-21 are \$1,100,000.

**J PROPERTY TAX – RENEWAL OR REPLACEMENT  
LINE 11.020**

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. In line 11.020 shows the half year collection in FY 18 and a full year collection in FY 19 - FY 21.