



Shaker Heights City Schools

Financial Report **Five Year Forecast** **October, 2015**



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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

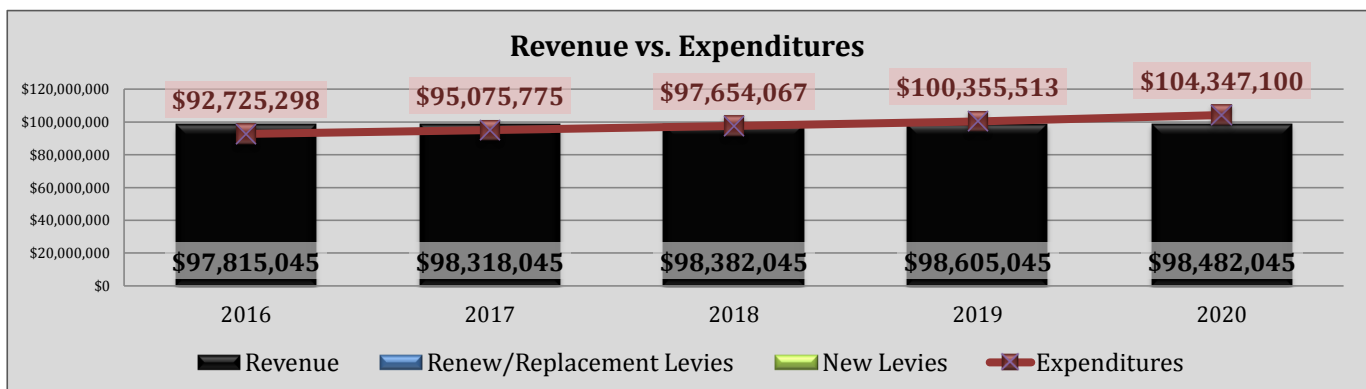
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate.
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Executive Summary

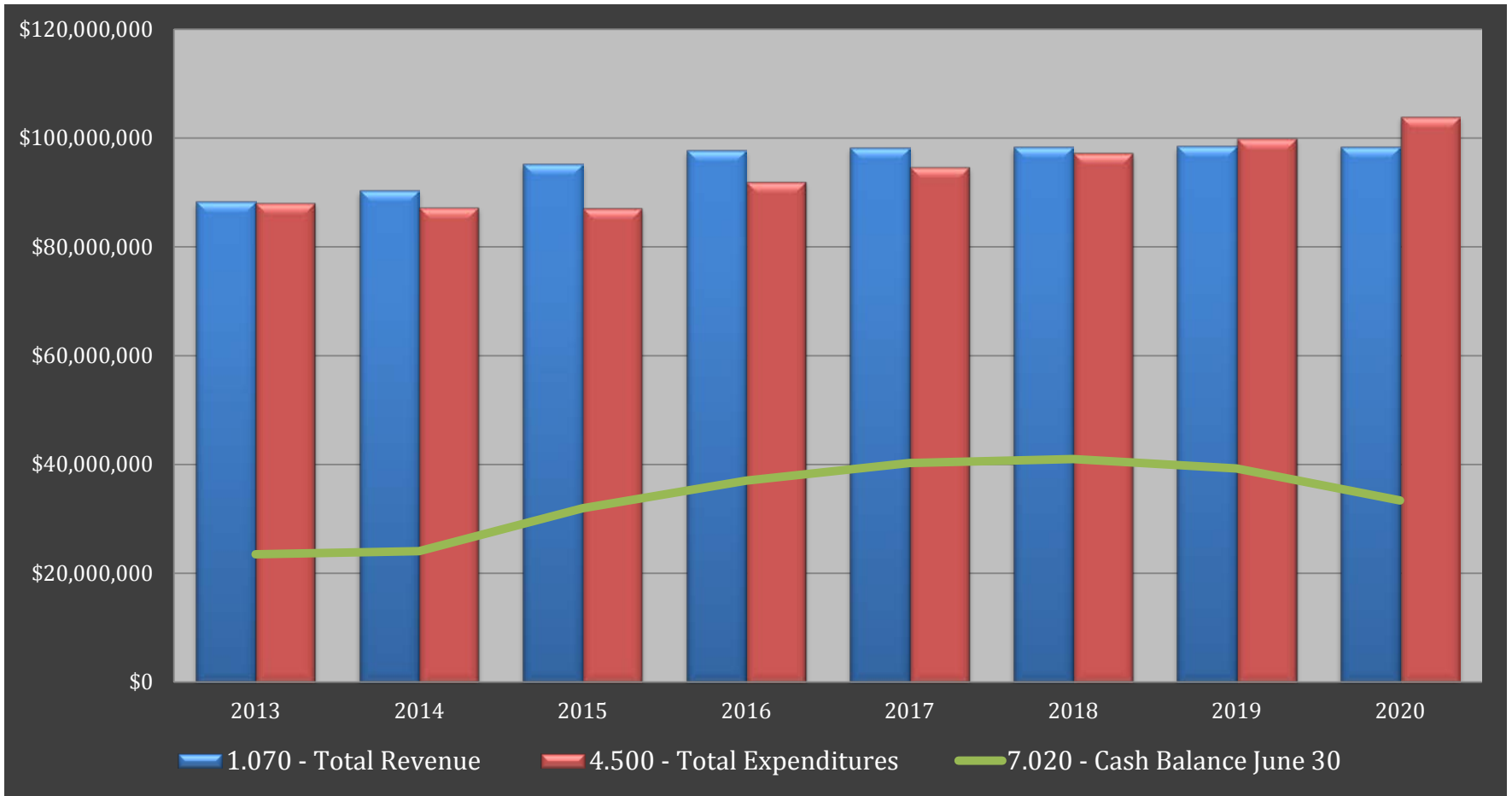
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Beginning Balance	31,941,176	37,030,923	40,273,193	41,001,171	39,250,703
+ Revenue	97,815,045	98,318,045	98,382,045	98,605,045	98,482,045
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(92,725,298)	(95,075,775)	(97,654,067)	(100,355,513)	(104,347,100)
= Revenue Surplus or Deficit	5,089,747	3,242,270	727,978	(1,750,468)	(5,865,055)
Ending Balance	37,030,923	40,273,193	41,001,171	39,250,703	33,385,648
Revenue Surplus or Deficit w/o Levies	5,089,747	3,242,270	727,978	(1,750,468)	(5,865,055)
Ending Balance w/o Levies	37,030,923	40,273,193	41,001,171	39,250,703	33,385,648

Executive Summary:

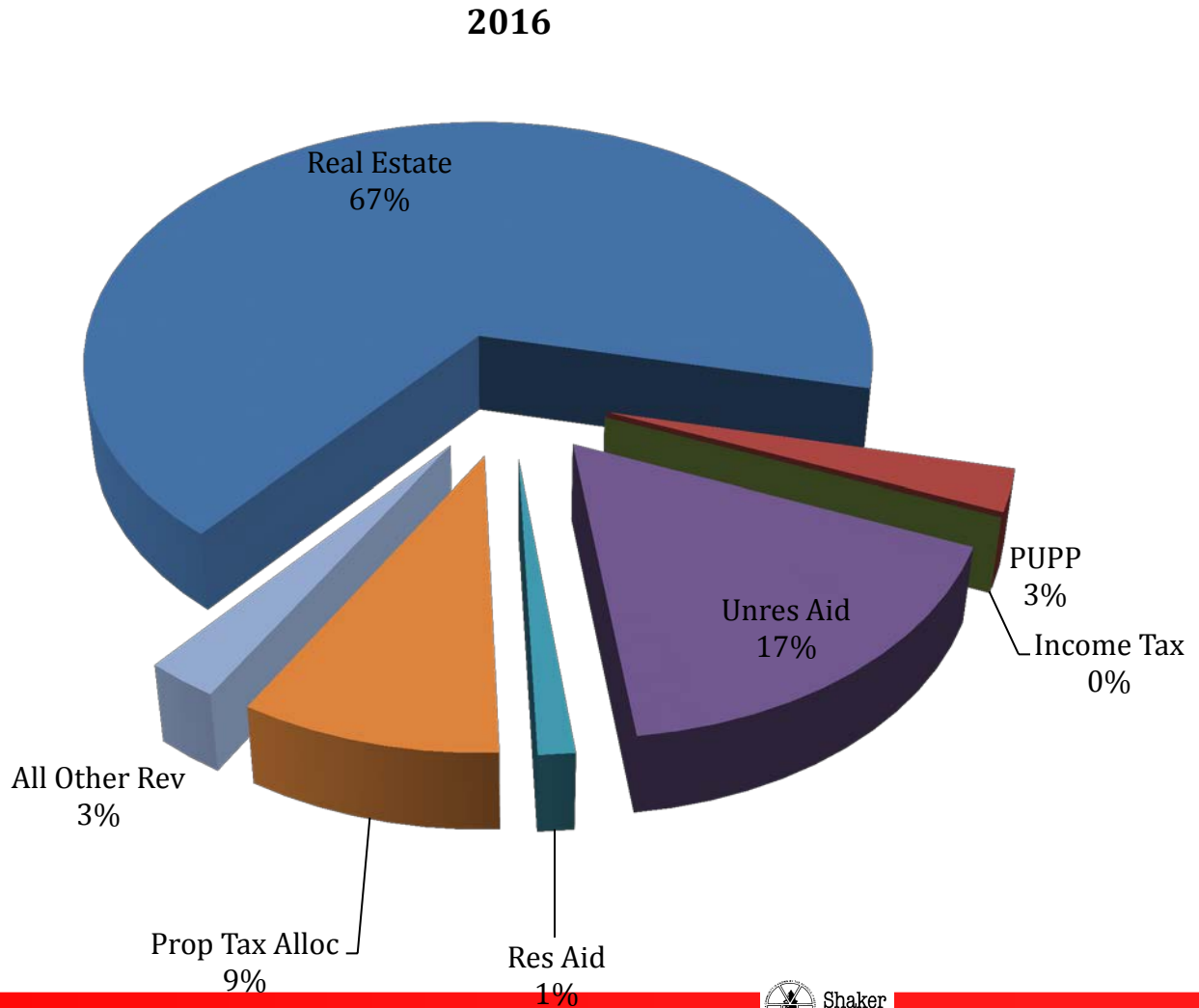
With this forecast, the District continues to generate an operating excess of revenues over expenditures through Fiscal 2018, after which expenditures begin to exceed revenues. Fund balance is reduced to 26.6% of total expenditures by the end of Fiscal 2018 from a projected peak of 36.5% in Fiscal 2017. At this time there is no projected operating levy presumed during the forecast period.



Revenue vs Expenses



Projected Revenues-Fiscal 2016



Revenue Overview

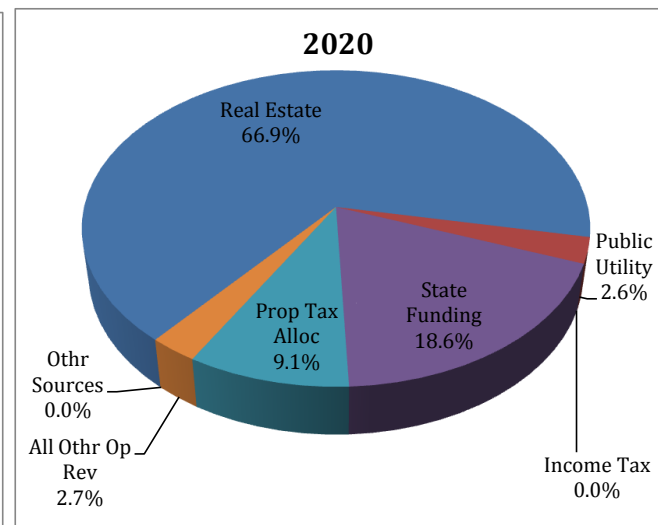
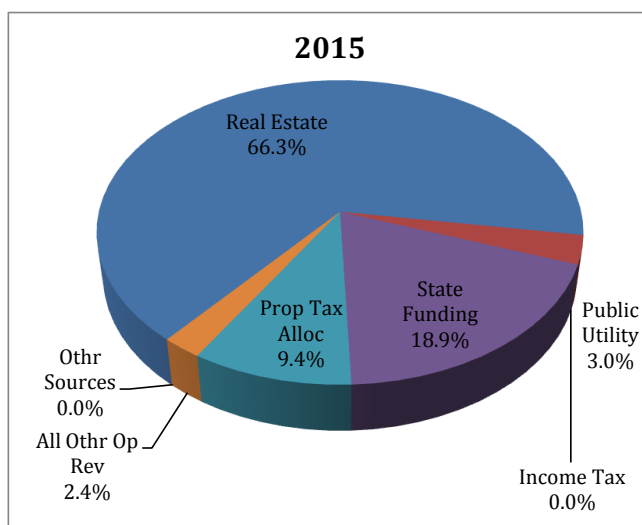
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	
Revenue:							
1.010 - Real Estate	2.01%	4.25%	0.00%	0.00%	0.00%	0.00%	0.85%
1.020 - Public Utility	138.59%	-10.22%	0.00%	0.00%	0.00%	0.00%	-2.04%
1.030 - Income Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.035 - State Funding	3.25%	5.58%	2.72%	0.00%	0.00%	0.00%	1.66%
1.040 - Restr Aid	115.71%	-44.15%	0.86%	0.85%	0.84%	0.84%	-8.15%
1.045 - Restr Federal SFSF	-51.47%	n/a	n/a	n/a	n/a	n/a	n/a
1.050 - Property Tax Alloc	2.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.060 - All Other Operating F	-0.12%	11.74%	1.68%	2.08%	8.15%	-4.77%	3.78%
1.070 - Total Revenue	2.21%	2.64%	0.51%	0.07%	0.23%	-0.12%	0.66%
2.070 - Total Other Financin	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2.080 - Total Revenues and Oth	2.21%	2.64%	0.51%	0.07%	0.23%	-0.12%	0.66%

Notes & Assumptions:

Fiscal 2016 and subsequent fiscal years reflect the collection of the second half or about \$2.6 million of the new operating levy amount which began in January 2015.

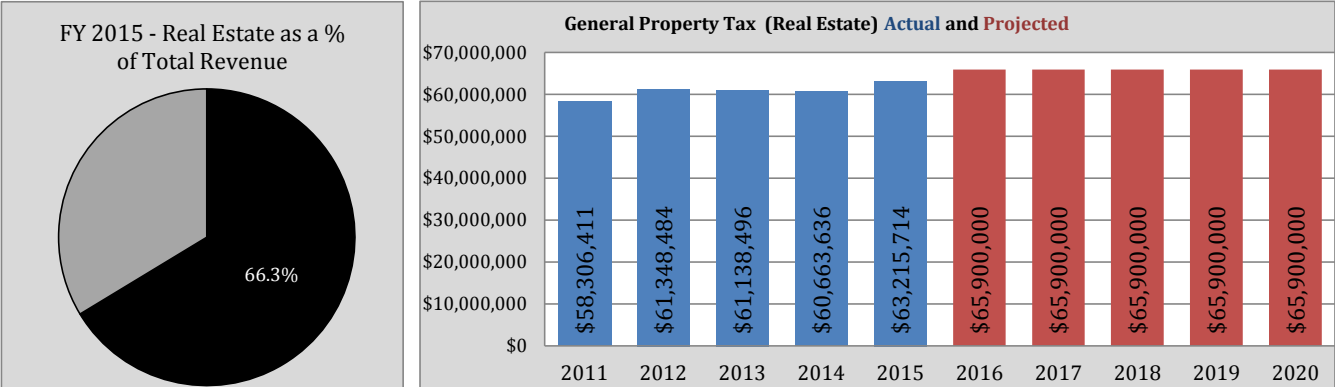
Increase in State Foundation funding due to new State budget bill.

Reduction in State Restricted Aid due to expected return to annual payments of catastrophic aid.



1.010 - General Property Tax (Real Estate)

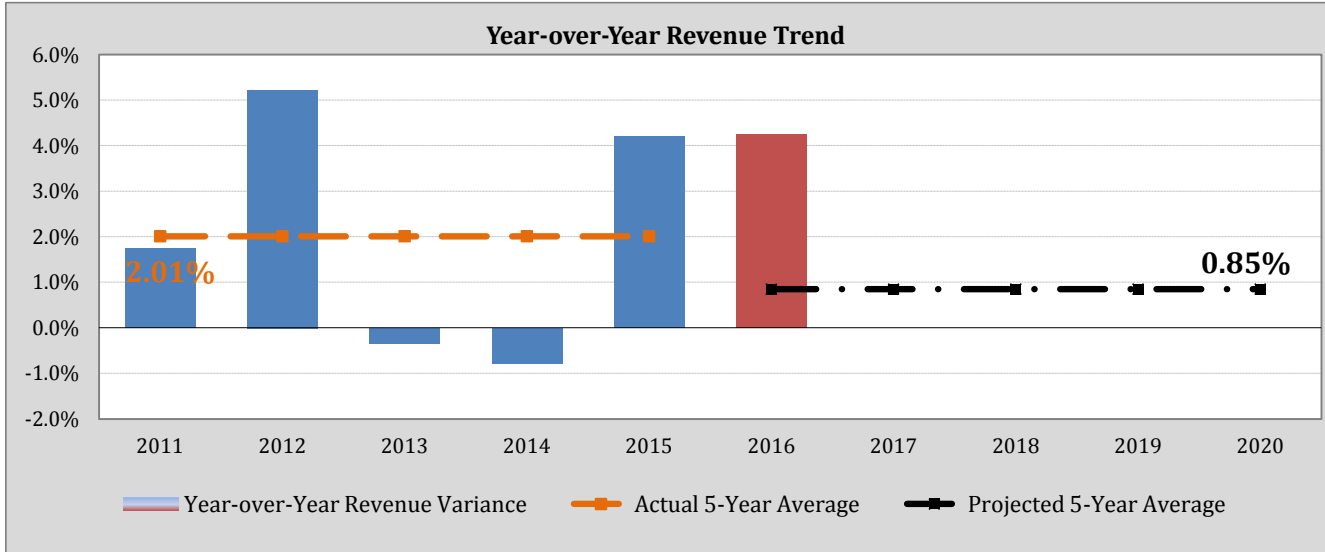
Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Notes & Assumptions:

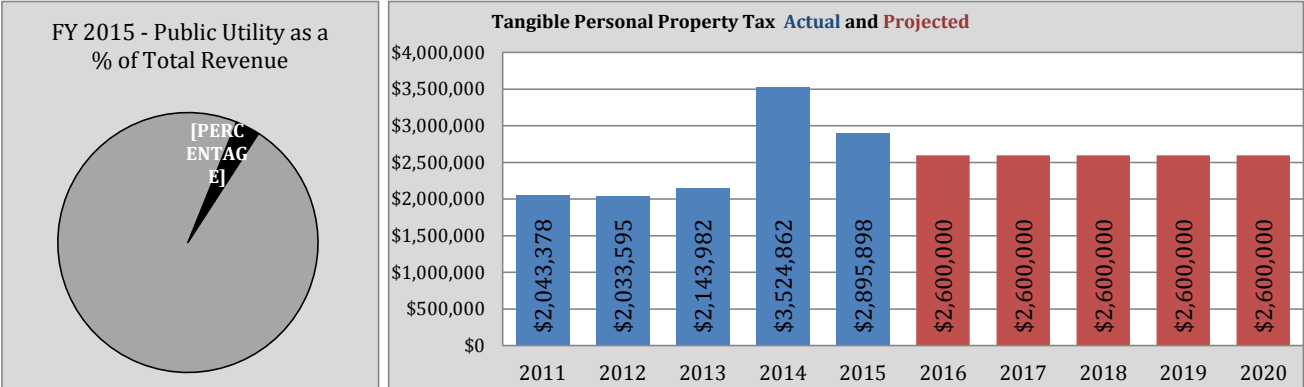
Collection of the other half or about \$2.7 million of the new operating levy which began January 2015.

No Decline in Property Tax Assessed Valuation.
 No projected operating levy included in this forecast.



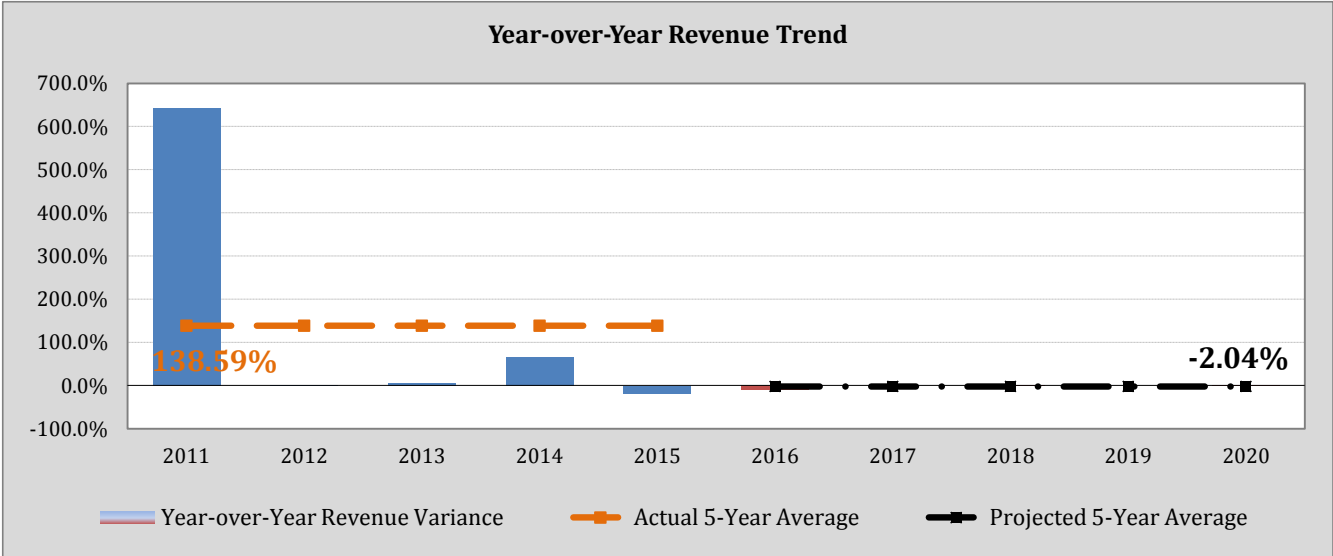
1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



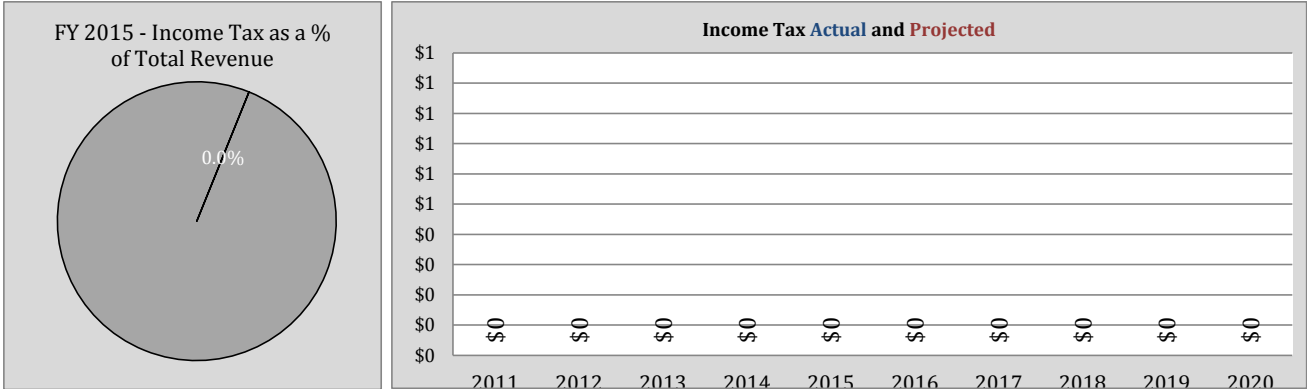
Notes & Assumptions:

This line reflects the breakout of the Public Utility Tangible payments previously included with the real estate tax revenues. Note Fiscal 2014 & 2015 included the \$1.2 million and \$181,460, respectively of non-recurring delinquent tangible personal property settlement payments.



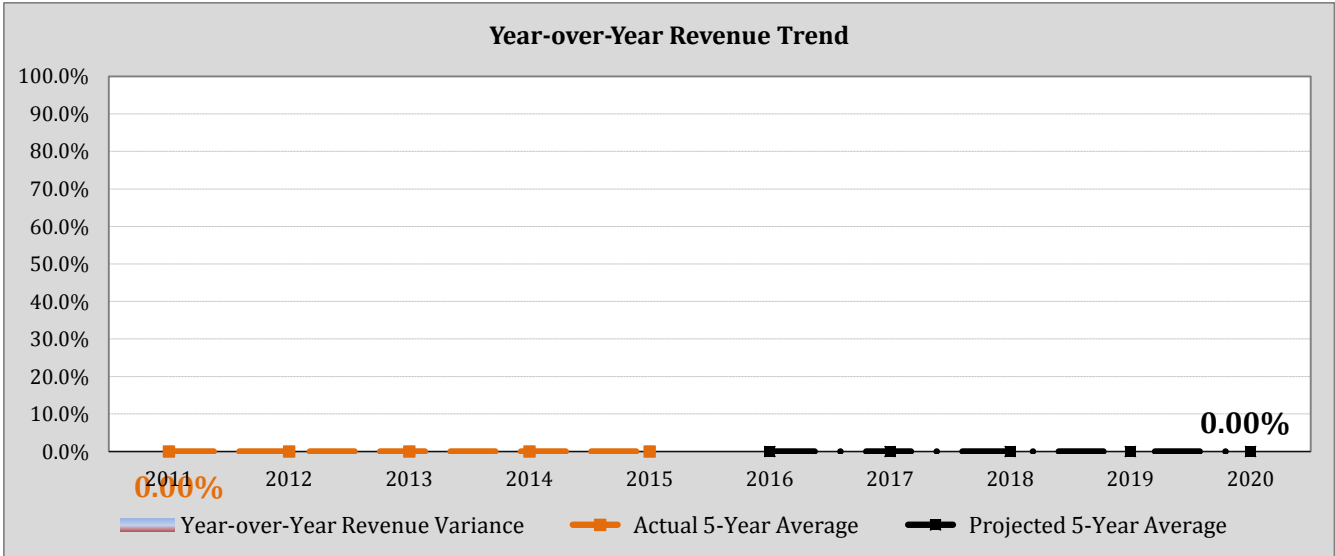
1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



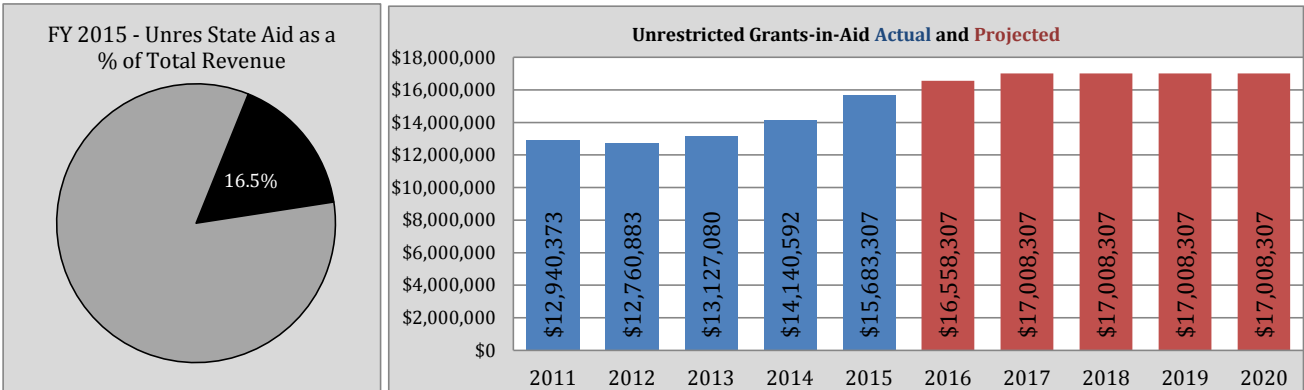
Notes & Assumptions:

N/A for the District.



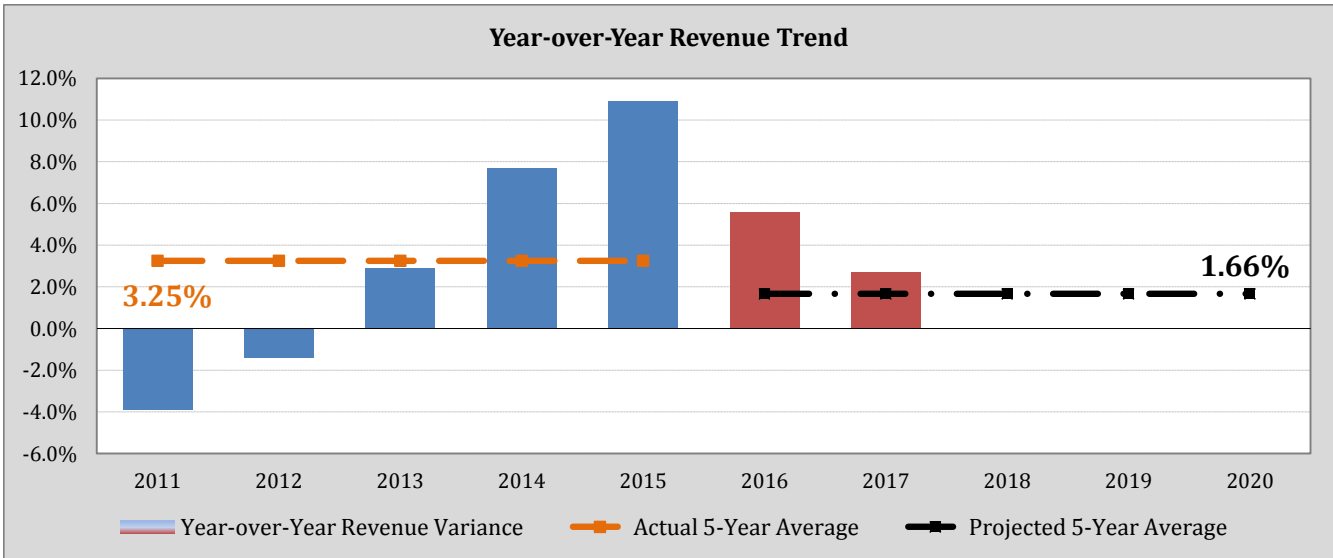
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



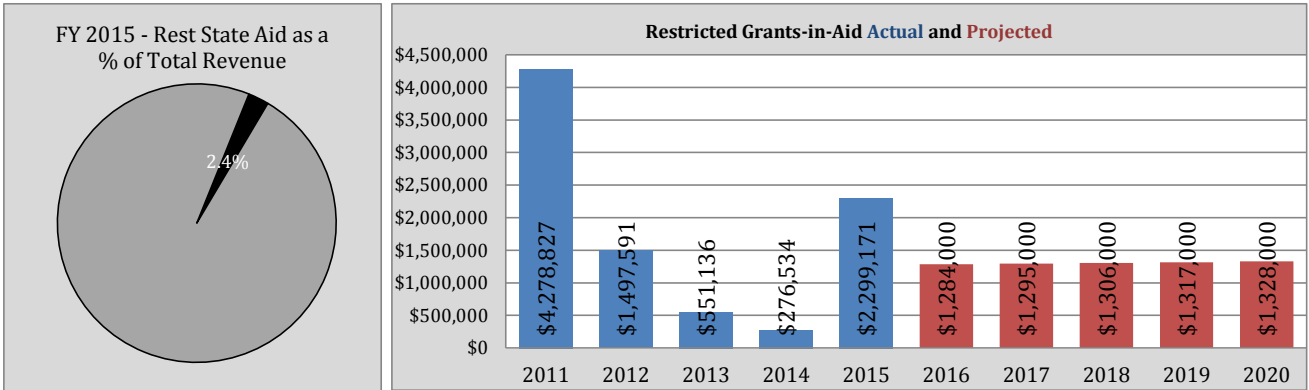
Notes & Assumptions:

Increase in State Foundation funding due to new State biennial budget bill, House Bill No. 64, of \$0.9 million in Fiscal 2016 and another \$0.5 million in Fiscal 2017. Assumption of continuation of Fiscal 2017 amount after end of current biennium.



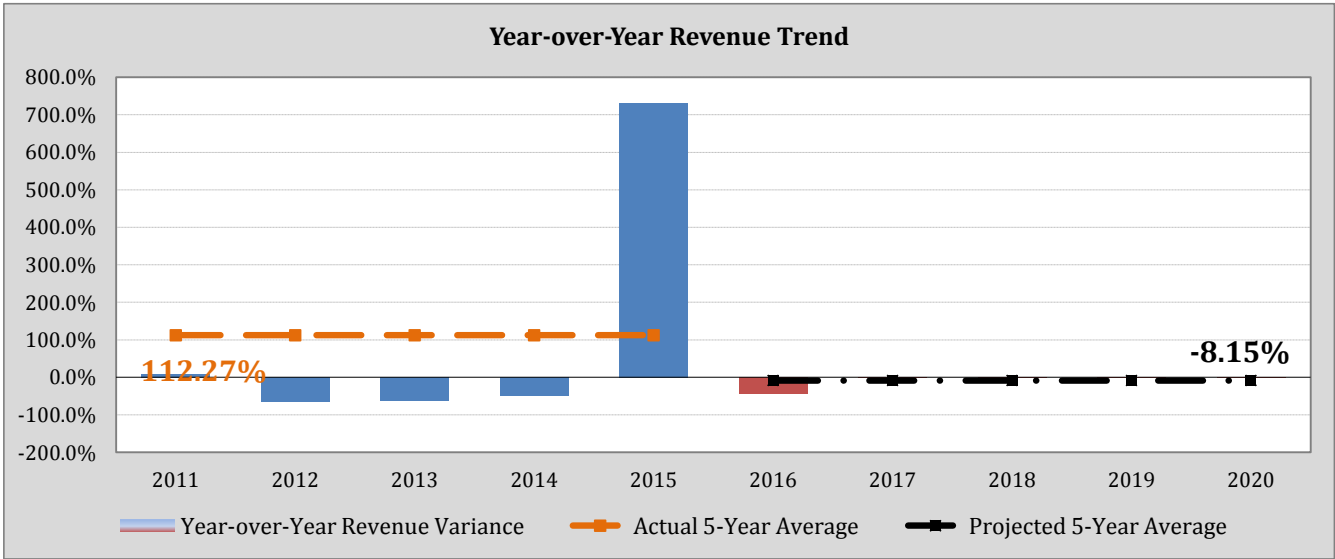
1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



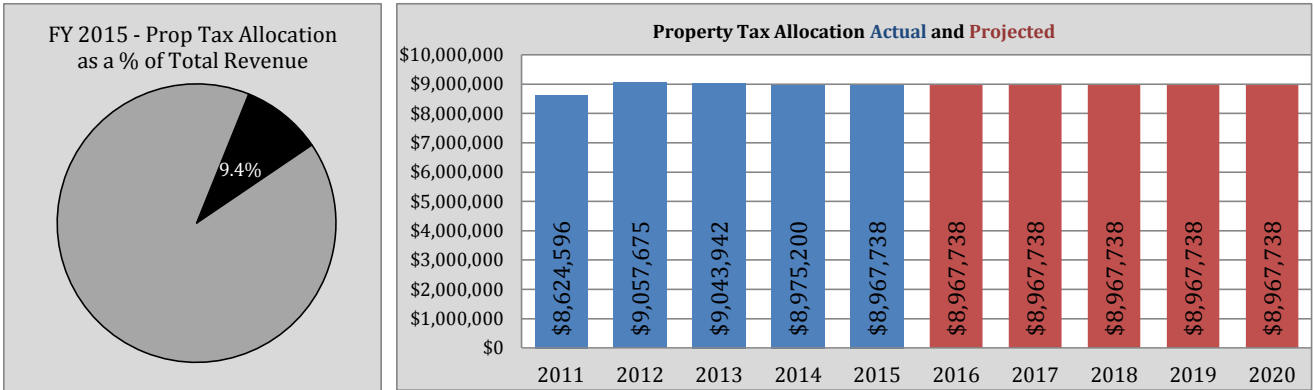
Notes & Assumptions:

Reduction in State Restricted Aid due to expected return to single annual payments of catastrophic aid in Fiscal 2016.



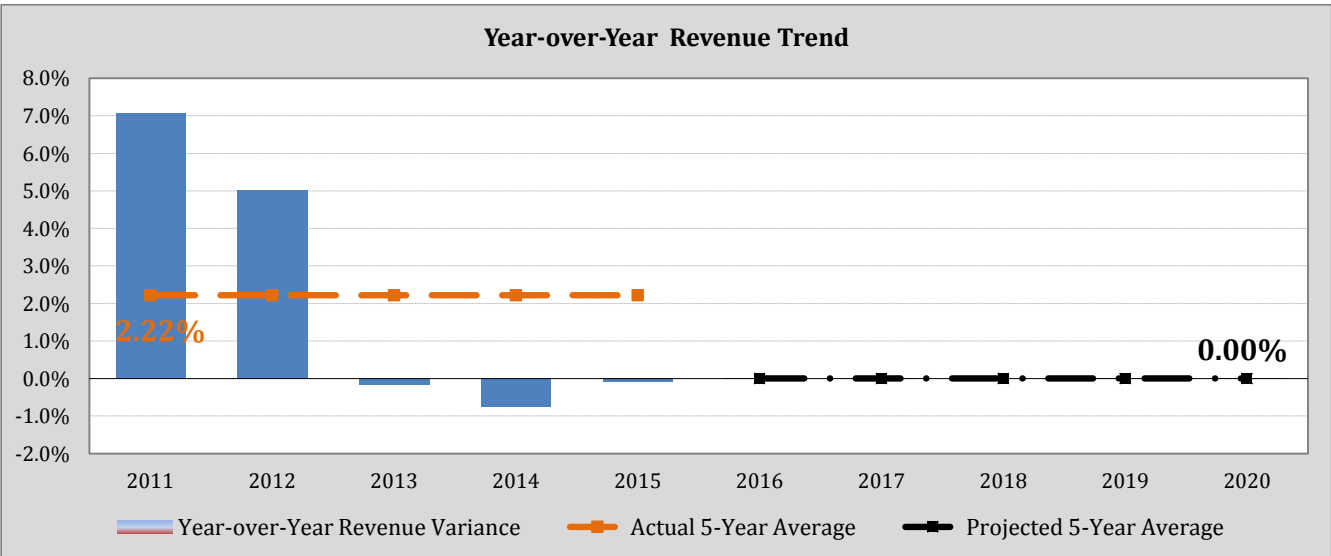
1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



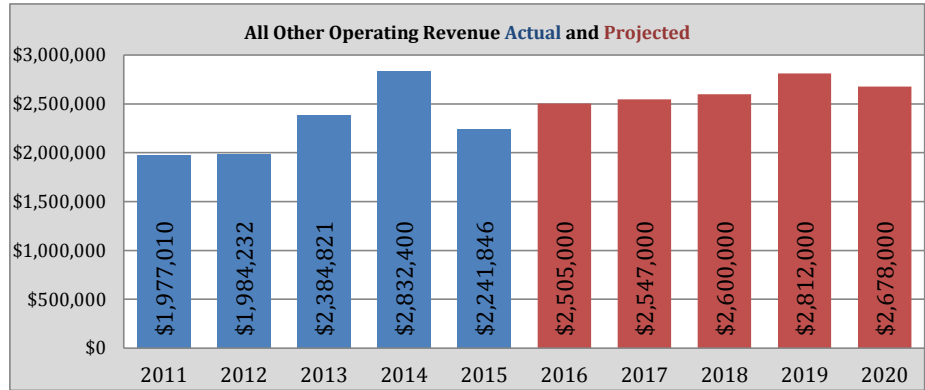
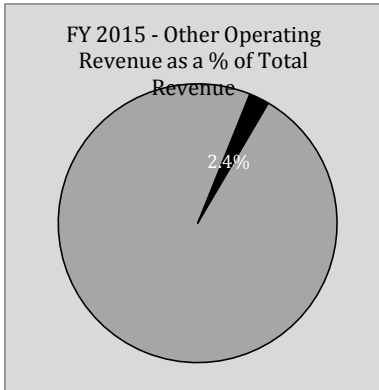
Notes & Assumptions:

Due to State change in the previous State budget bill, there is no increase in Homestead Exemption RollBack (HERB) payments from the State for levies after 2013, thus no change projected in this item from current levels.



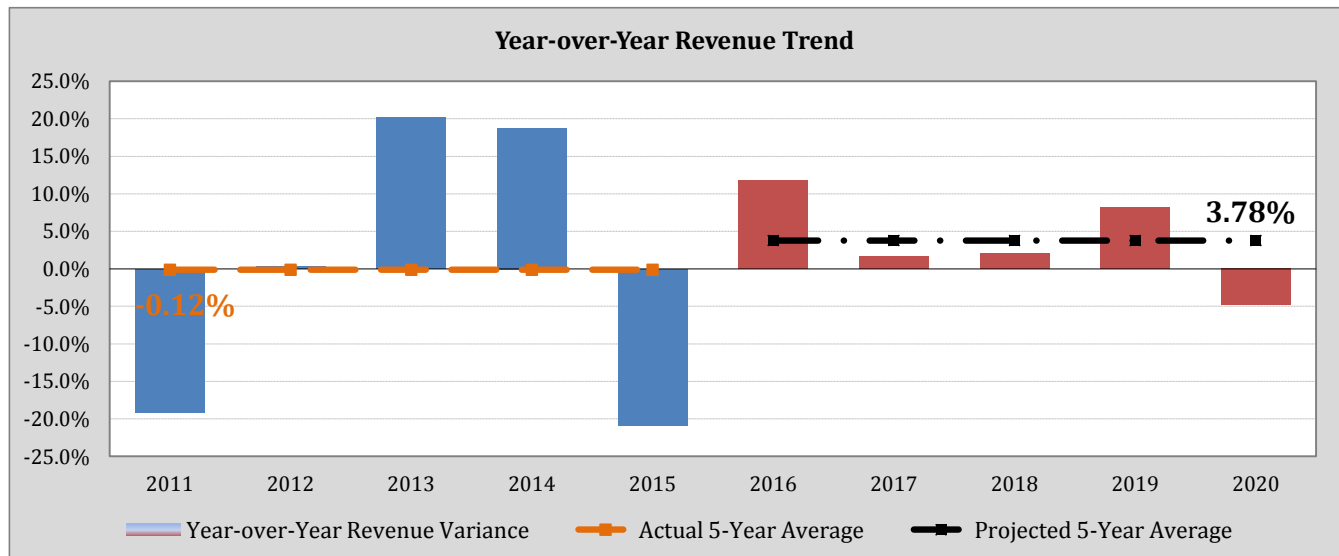
1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



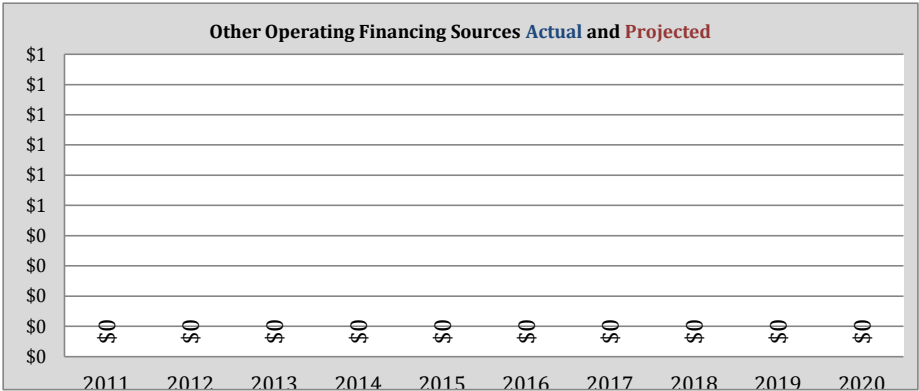
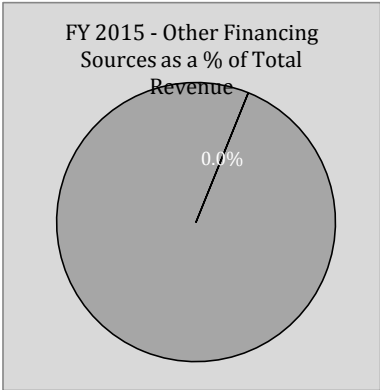
Notes & Assumptions:

Fiscal 2014 included \$0.7 million of Medicaid reimbursement settlement payments for Fiscal 2010 & 2011, not recurring in Fiscal 2015. The projected Fiscal 2016 receipts include the estimated Fiscal 2012 settlement payment.



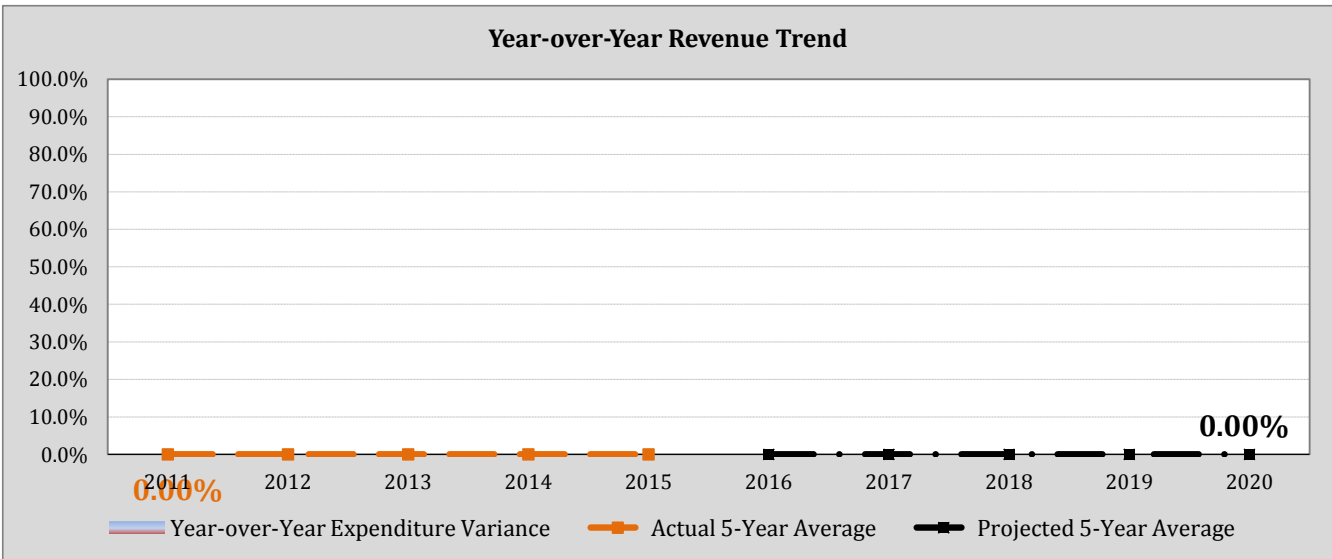
2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

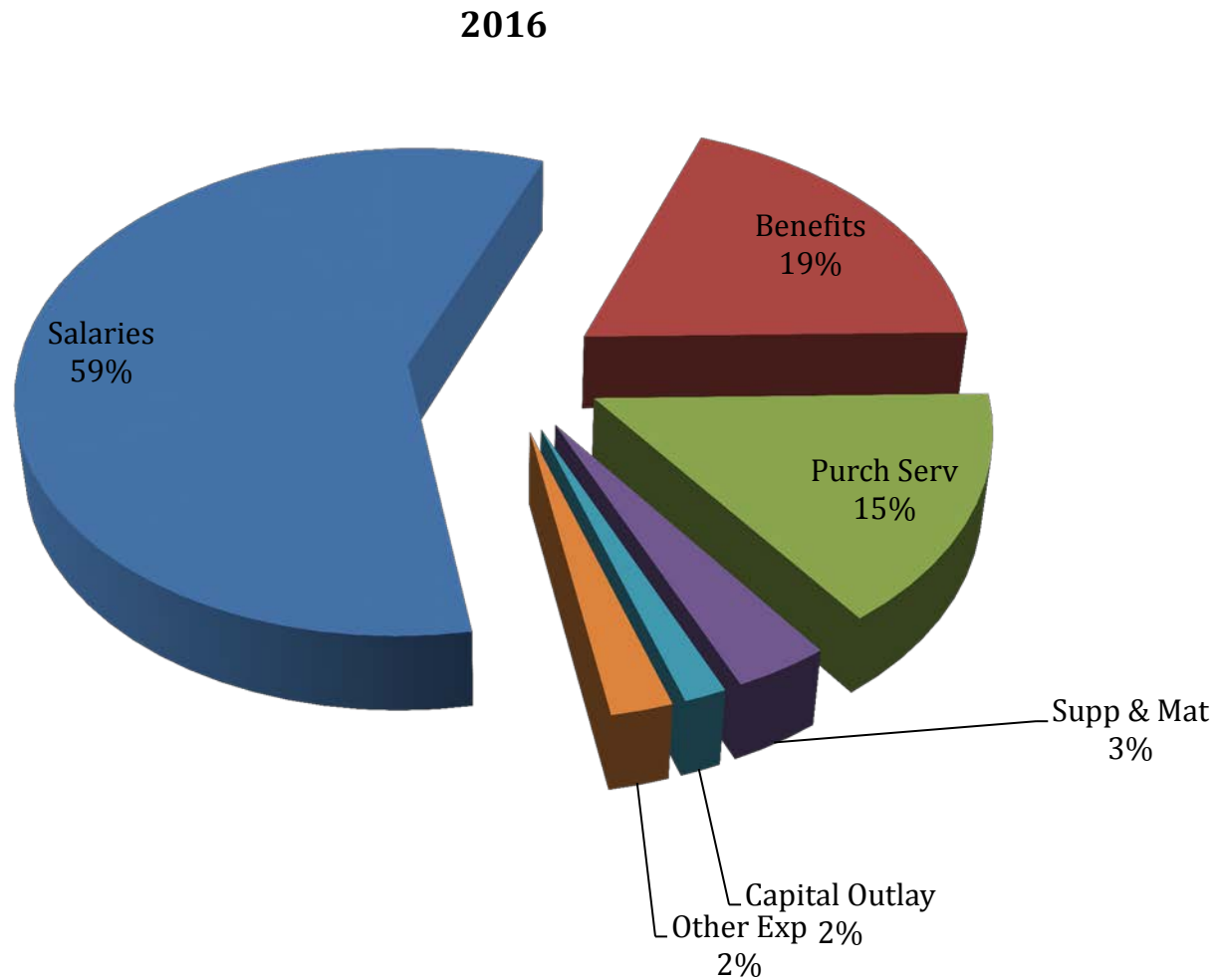


Notes & Assumptions:

N/A for the District at this time.



Projected Expenditures-F2016

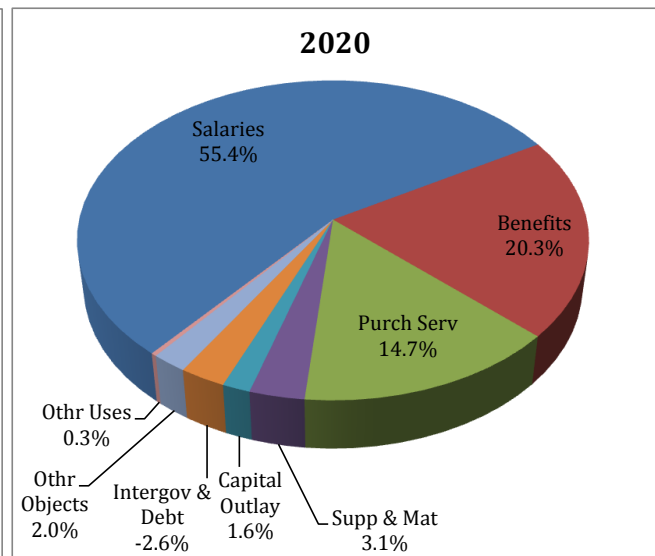
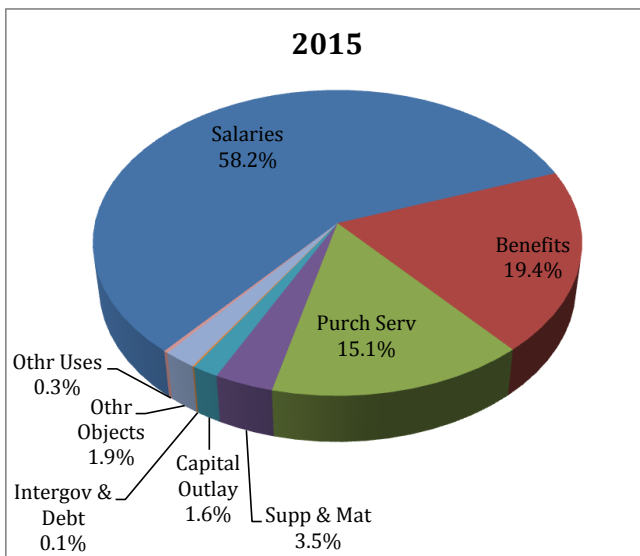


Expenditures Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	
Revenue:							
3.010 - Salaries	-0.43%	5.93%	2.98%	3.20%	3.10%	3.11%	3.66%
3.020 - Benefits	-2.31%	2.89%	6.75%	6.27%	6.37%	6.60%	5.78%
3.030 - Purchased Services	-0.66%	6.26%	3.64%	4.31%	3.01%	3.69%	4.18%
3.040 - Supplies & Materials	2.11%	5.66%	7.78%	-4.26%	1.54%	1.52%	2.45%
3.050 - Capital Outlay	25.24%	5.03%	4.98%	5.01%	5.03%	5.03%	5.01%
3.060 - Intergov	n/a	n/a	n/a	102.27%	51.44%	2.00%	51.90%
4.010 - 4.060 - Debt	n/a	162.88%	-392.11%	141.86%	59.10%	2.19%	-5.22%
4.300 - Other Objects	8.32%	8.24%	4.47%	4.44%	4.45%	4.45%	5.21%
4.500 - Total Expenditures	-0.50%	5.58%	2.96%	2.69%	2.75%	3.97%	3.59%
5.040 - Total Other Financin	187.17%	193.18%	-58.14%	9.26%	8.47%	7.81%	32.12%
5.050 - Total Expenditures and	-0.55%	6.05%	2.53%	2.71%	2.77%	3.98%	3.61%

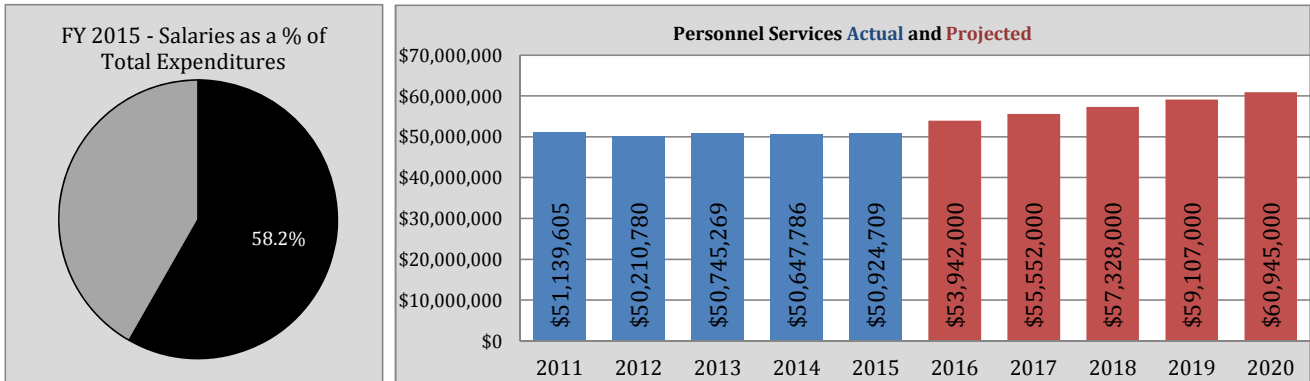
Notes & Assumptions:

Expenditures reflect the salary & wage growth in accordance with the collective bargaining agreement settlements, replacement savings from retirees and other terminations, added positions, expected increases in related fringe benefits and other District operating expenditures. Also reflected are new continuing budget savings of \$1.0 million in each of Fiscal Years 2017, 2018 and 2019 (note-Fiscal 2016 savings have been identified and reflected in respective expense line items).



3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Notes & Assumptions:

Reflects economic provisions of current collective bargaining agreements, including SHTA, OAPSE-Clerical, OAPSE-Security & Local 200 three-year contracts.

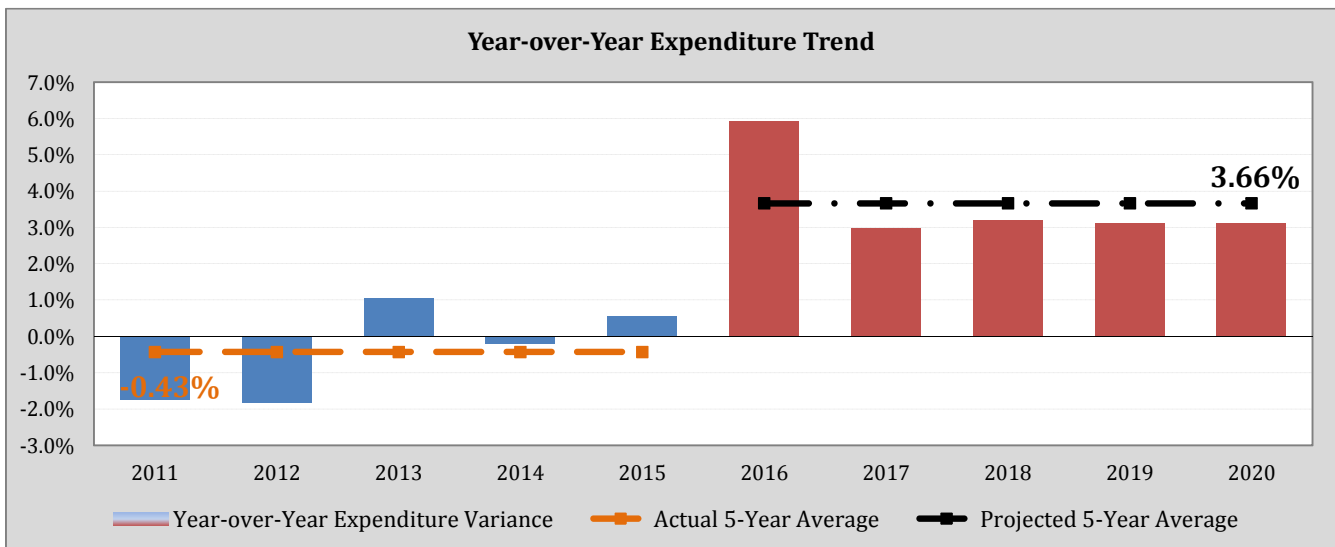
Major Growth Rates Used-Payroll

SHTA 3, 2.5, & 2.5% base salary increases effective 1/1/15, 16 & 17, respectively per new contract;

All Others 2, 2 & 2% base salary increases effective 7/1/15, 16 & 17, respectively;

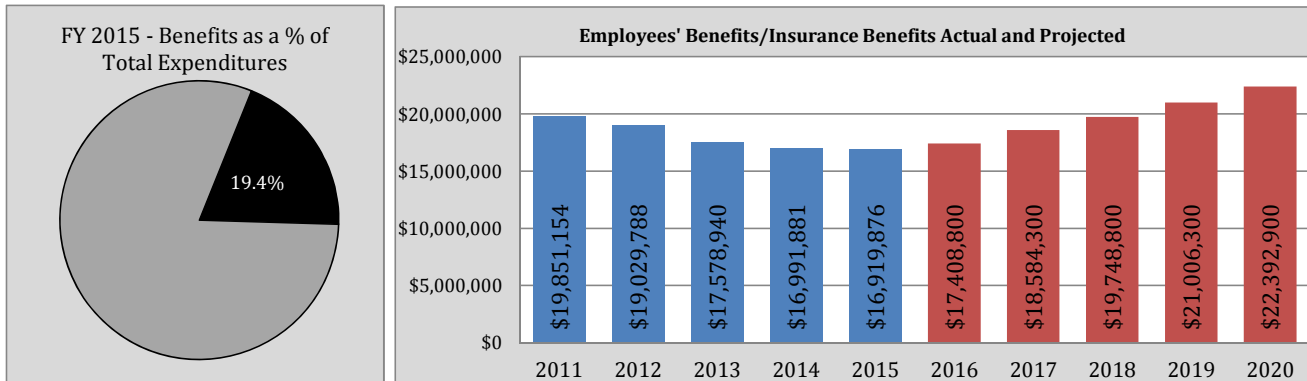
Beyond last year of contracts, assumed 2%/year base salary growth plus steps;

Reflects replacement savings from retirements and other terminations, as well as added positions.



3.020 - Employees' Benefits

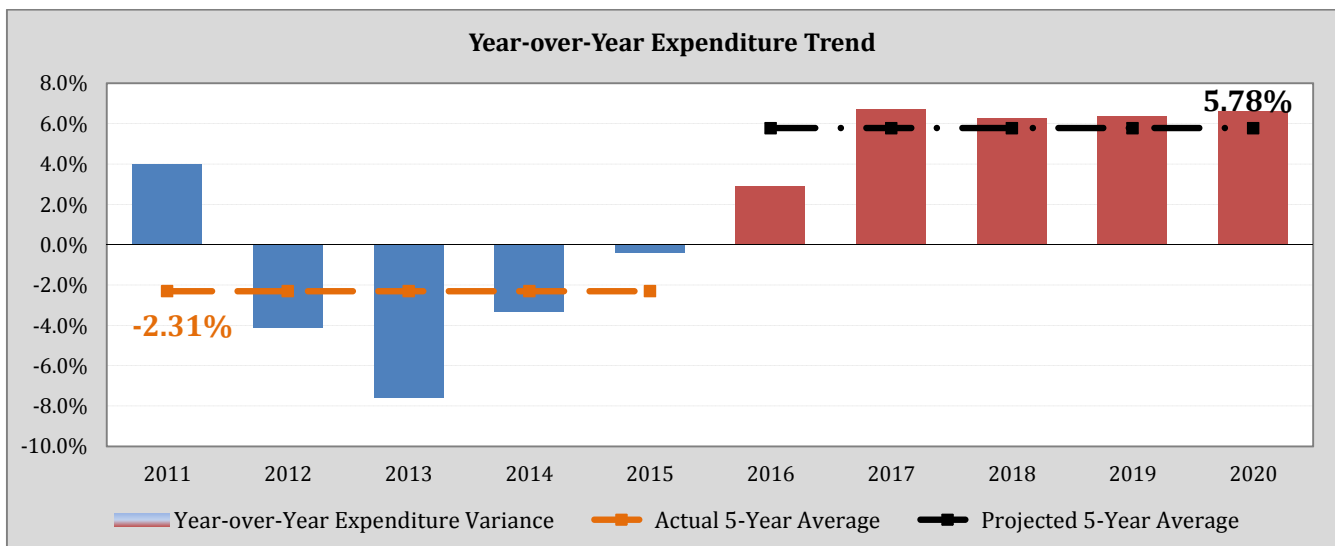
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Notes & Assumptions:

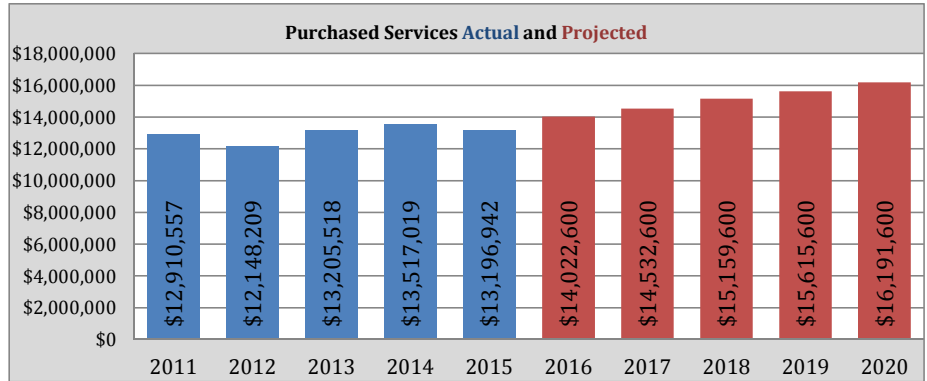
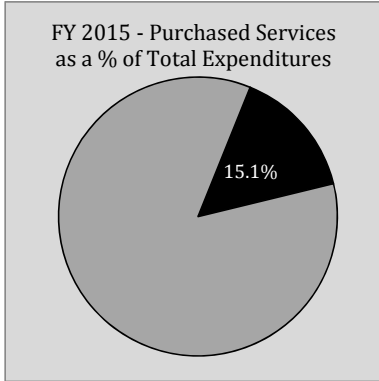
Major Growth Rates Used

Health Care 10% (primarily due to current healthcare trend rates) in F16 and beyond based upon current recommendation from District insurance consultants. In accordance with new collective bargaining agreements, projected years include estimated savings for the prescription drug changes implemented beginning July 2015 for the teachers and October 2015 for substantially all other employee groups.



3.030 - Purchased Services

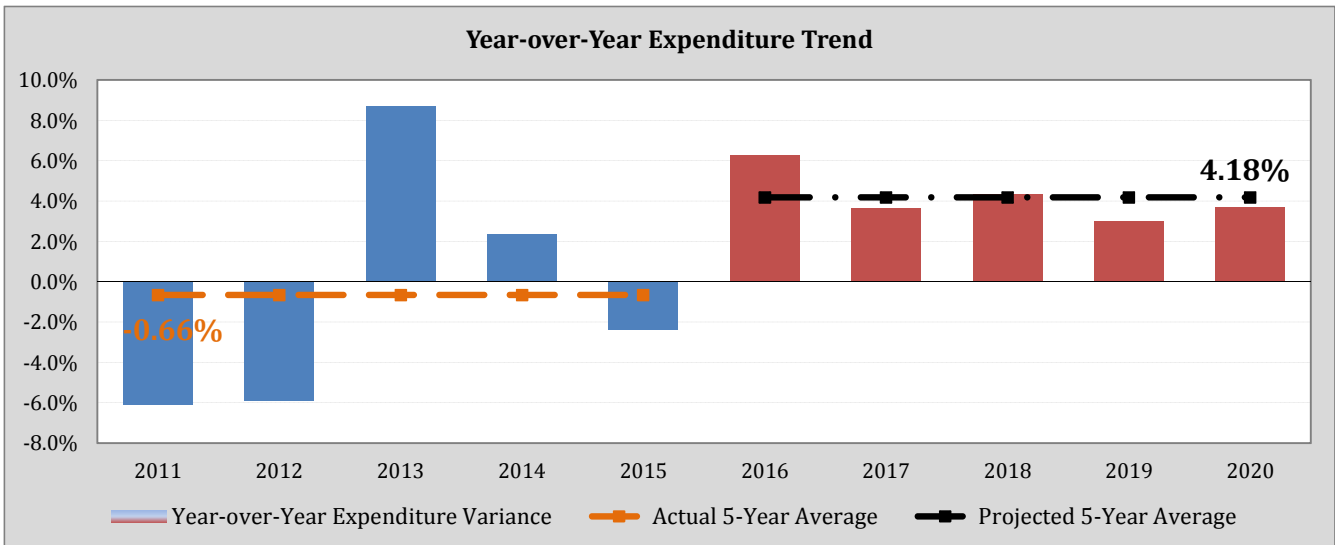
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



Notes & Assumptions:

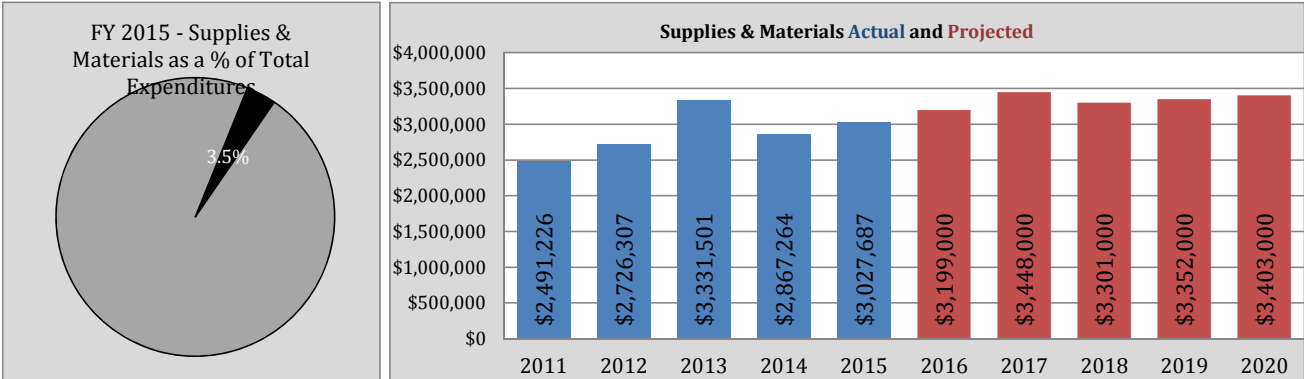
Major Growth Rates Used

- Out-of-District Tuition 5%;
- Out-of-District Transportation 5%;
- Repairs & Maintenance 4%;
- Utilities: Natural Gas 4% & Electricity 3%.



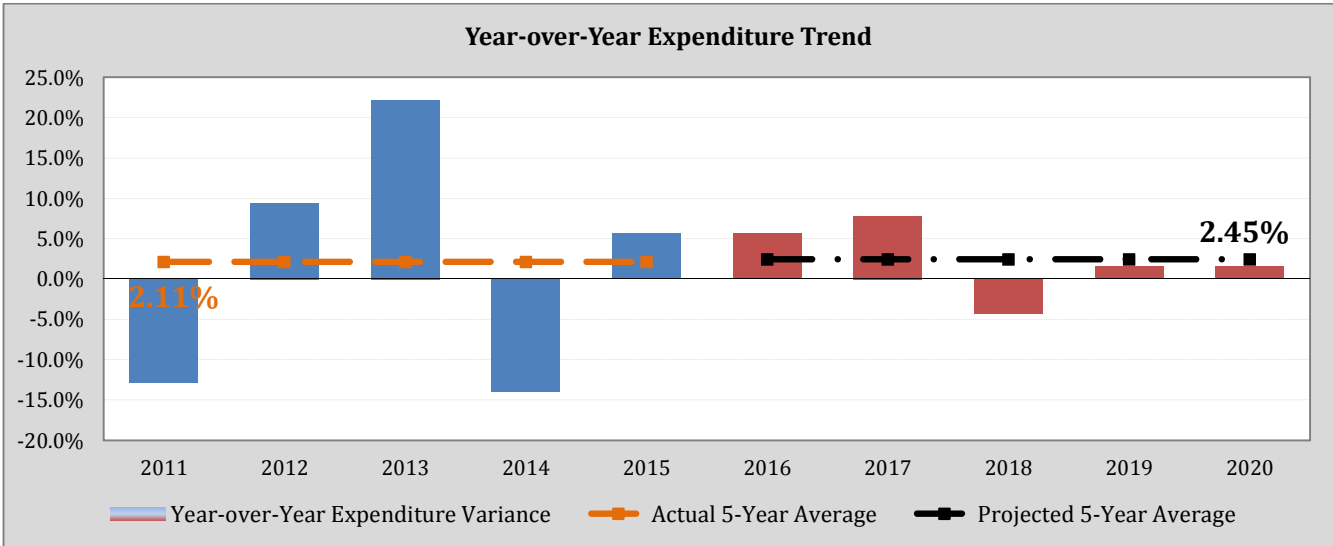
3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



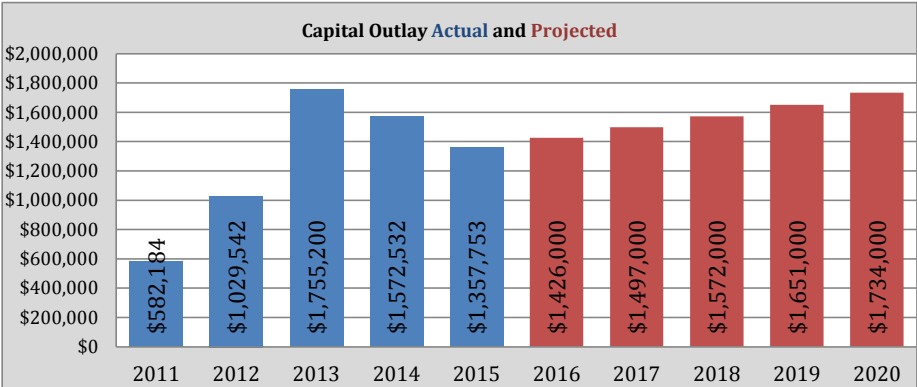
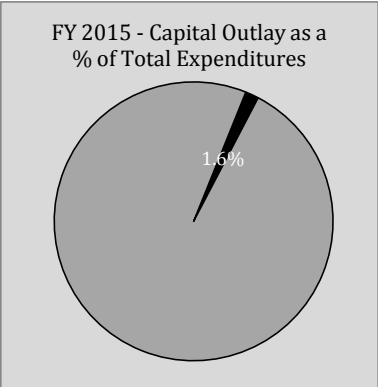
Notes & Assumptions:

Major Growth Rates Used
 Bus Fuel 5% (including an additional allotment to cover any major price fluctuations);
 Also reflects cyclical textbook replacements.



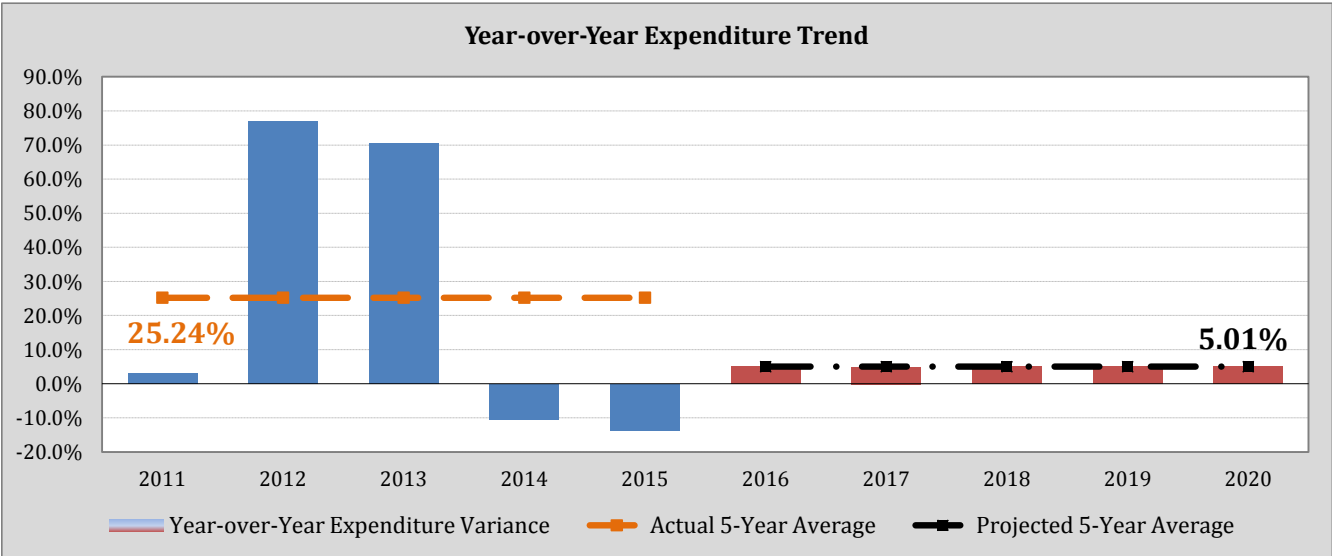
3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



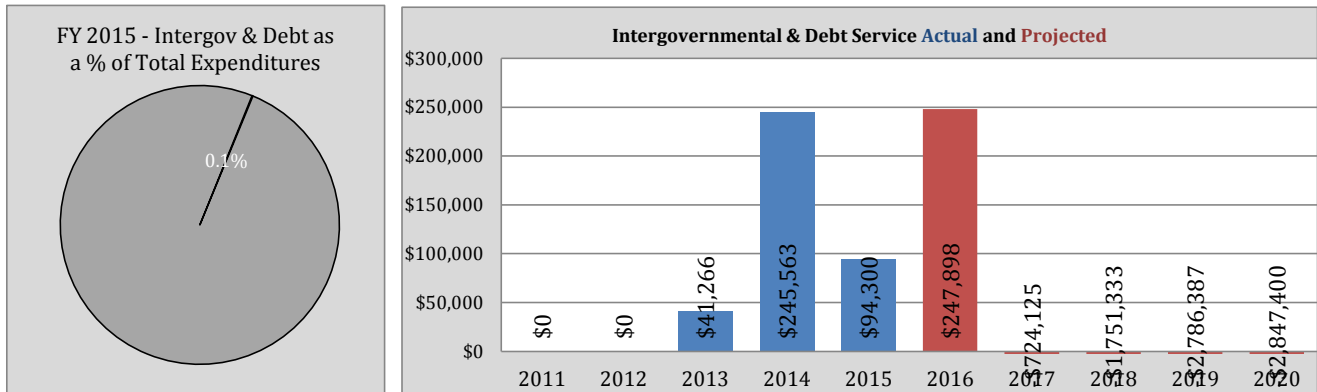
Notes & Assumptions:

Assumes a 5% growth in capital outlay expenditures.



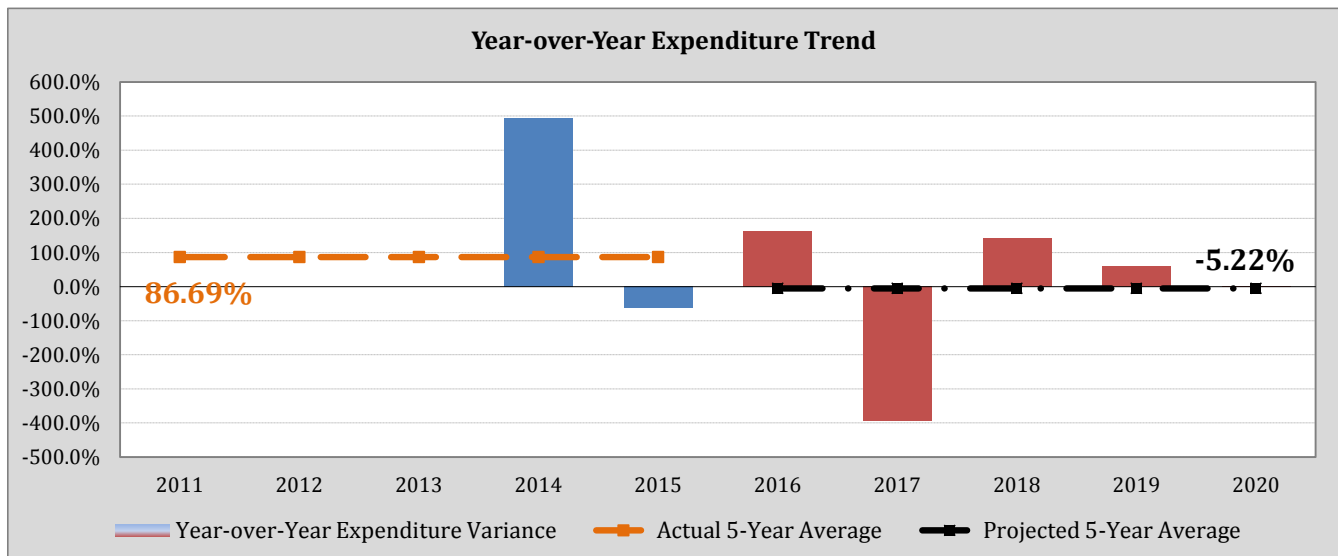
3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



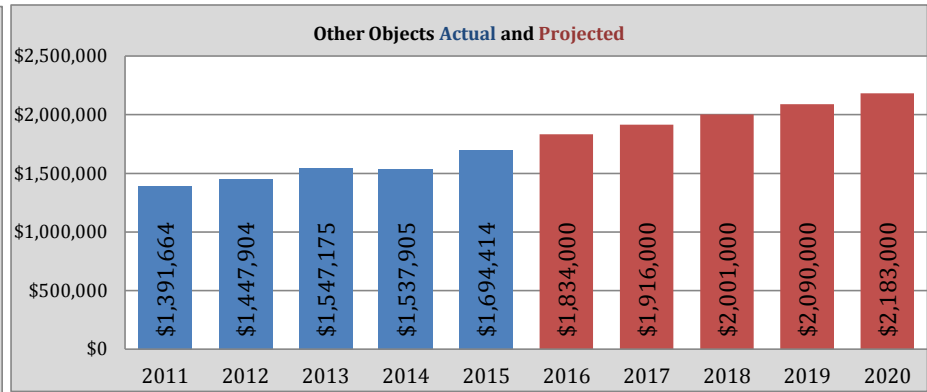
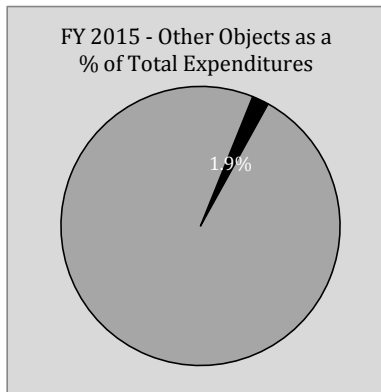
Notes & Assumptions:

New continuing budget savings of \$1.0 million in each of Fiscal Years 2017, 2018 and 2019 (note-F16 savings have been identified and reflected in respective expense line items). Other expenses in this category reflect unvoted debt service repayments.



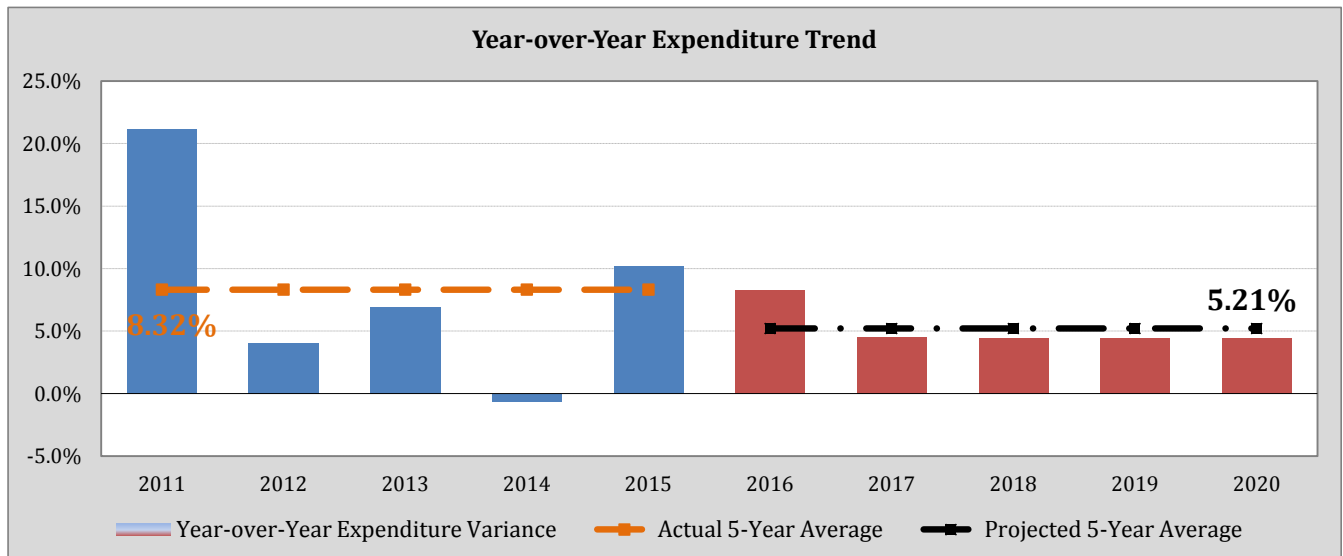
4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



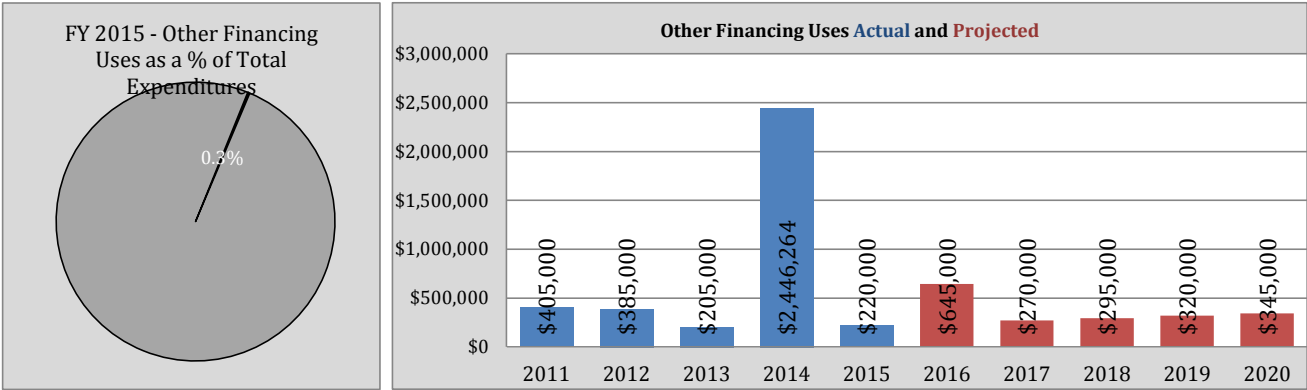
Notes & Assumptions:

Assumes a 5% growth in these expenditures.



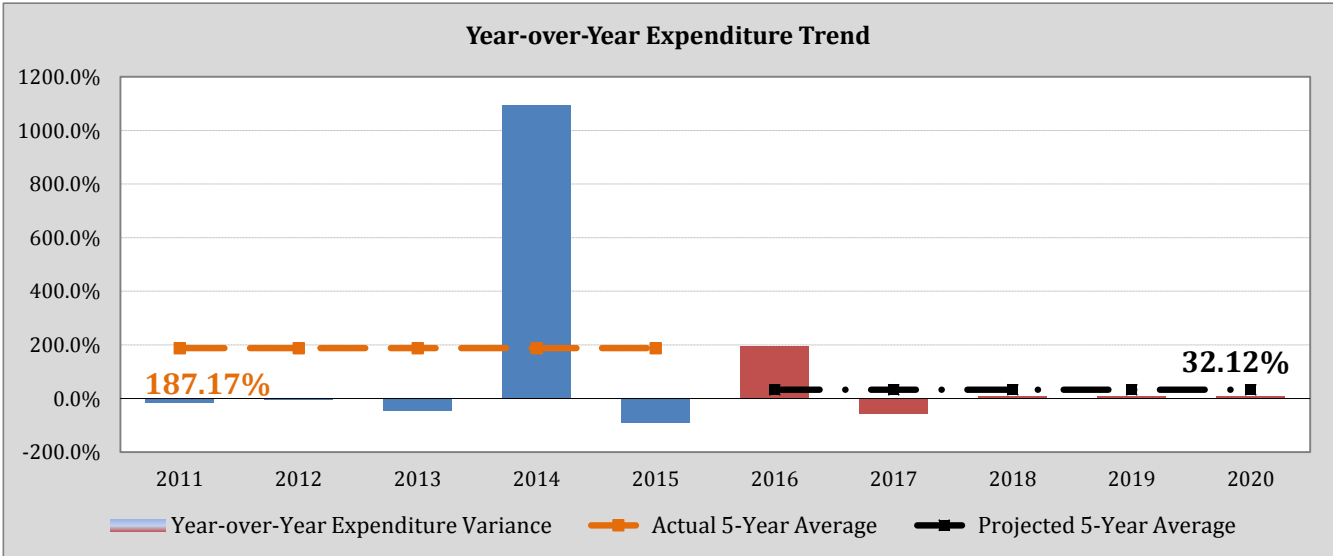
5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



Notes & Assumptions:

Fiscal 2014 reflected the transfer of \$2.2 million to the District's capital fund.



Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2016

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar	Percent
		Forecast	Forecast	Difference	Difference
		Amounts For	Amounts For	Between	Between
		F.Y. 2016	F.Y. 2016	Previous	Previous
		Prepared on:	Prepared on:	and	and
		May, 2015	10/9/2015	Current	Current
Revenue:					
1	Real Estate & Property Allocation	\$74,523,515	\$74,867,738	\$344,223	0.5%
2	Public Utility Personal Property	\$2,500,000	\$2,600,000	\$100,000	4.0%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$16,759,854	\$17,842,307	\$1,082,453	6.5%
5	Other Revenue	\$2,186,000	\$2,505,000	\$319,000	14.6%
6	Other Non Operating Revenue	\$0	\$0	\$0	n/a
7	Total Revenue	\$95,969,369	\$97,815,045	\$1,845,676	1.9%
Expenditures:					
8	Salaries	\$53,358,000	\$53,942,000	\$584,000	1.1%
9	Fringe Benefits	\$17,178,800	\$17,408,800	\$230,000	1.3%
10	Purchased Services	\$14,623,600	\$14,022,600	-\$601,000	-4.1%
11	Supplies, Debt, Capital Outlay & Other	\$6,496,898	\$6,706,898	\$210,000	3.2%
12	Other Non Operating Expenditures	\$265,000	\$645,000	\$380,000	143.4%
13	Total Expenditures	\$91,922,298	\$92,725,298	\$803,000	0.9%
14	Revenue Over/(Under) Expenditures	\$4,047,071	\$5,089,747	\$1,042,676	1.1%*
15	Ending Cash Balance	\$33,974,438	\$37,030,923	\$3,056,485	75.5%*

Notes:

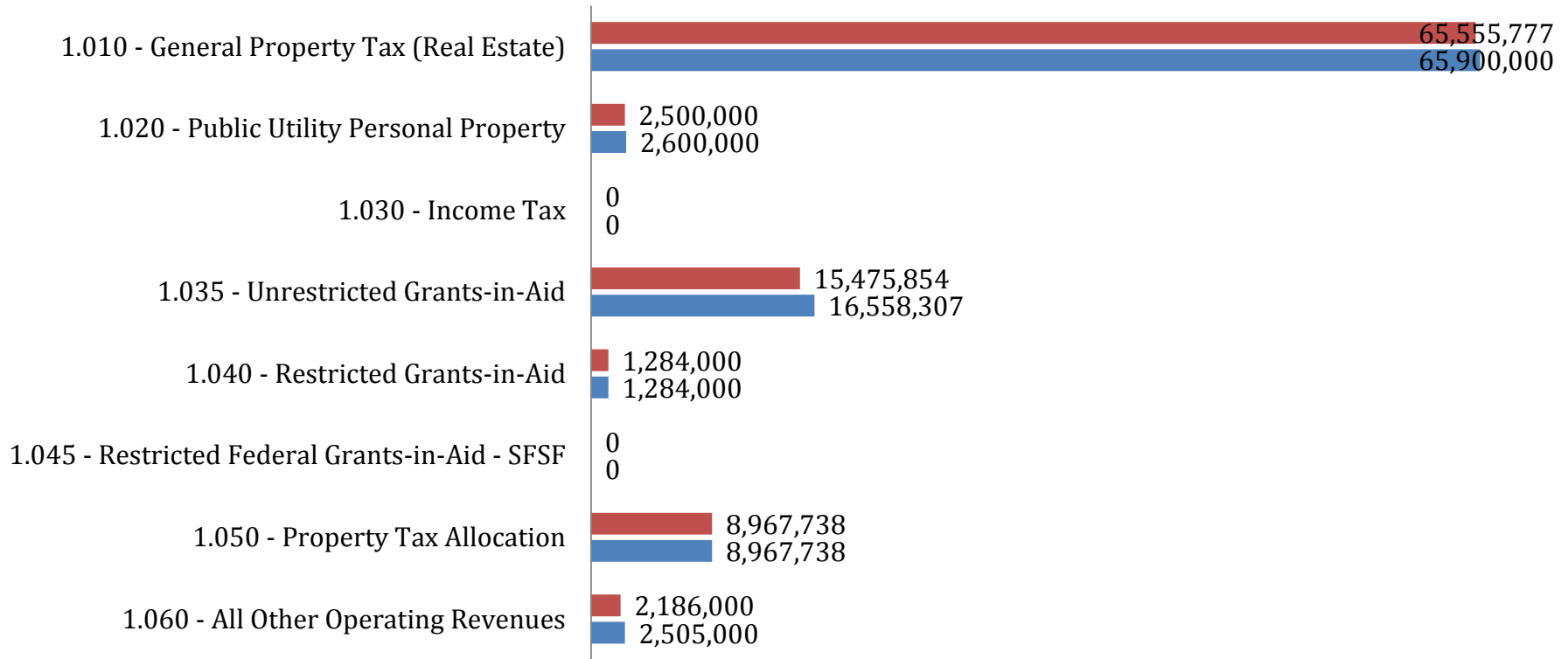
Fiscal 2016 State Foundation revenues increased from the May 2015 forecast due to the passage of the State biennial budget in June.

Current vs Prior Forecast

F2016 Revenues

Current Fiscal Year Revenue Comparison Previous Forecast to Current Forecast

■ May, 2015 ■ 10/9/2015



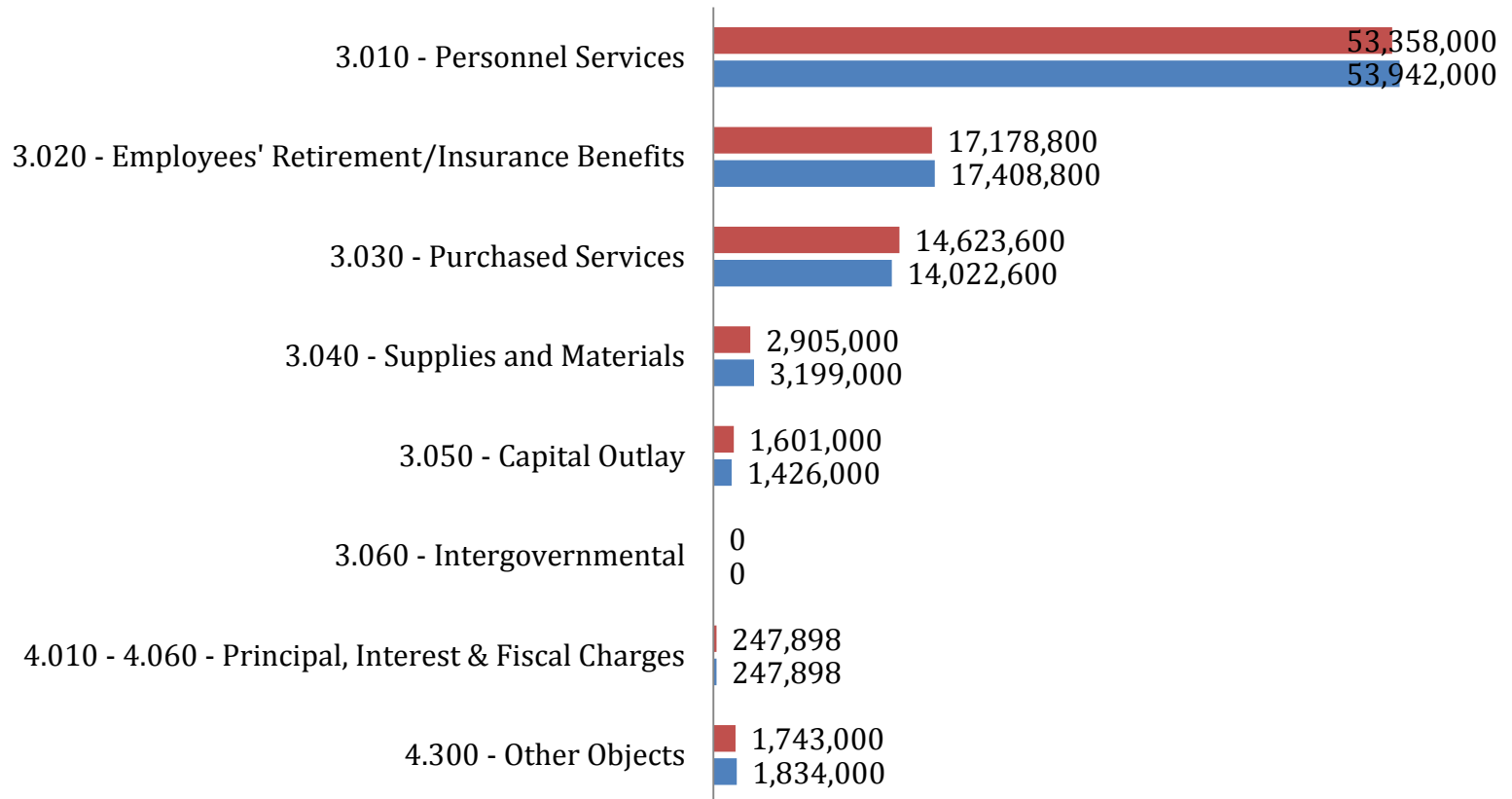
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Current vs Prior Forecast

F2016 Expenditures

Current Fiscal Year Expenditure Comparison Previous Forecast vs. Current Forecast

■ May, 2015 ■ 10/9/2015



Shaker Heights City Schools

Fiscal Year:	Actual	FORECASTED				
	2015	2016	2017	2018	2019	2020
Revenue:						
1.010 - General Property Tax (Real Estate)	63,215,714	65,900,000	65,900,000	65,900,000	65,900,000	65,900,000
1.020 - Public Utility Personal Property	2,895,898	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	15,683,307	16,558,307	17,008,307	17,008,307	17,008,307	17,008,307
1.040 - Restricted Grants-in-Aid	2,299,171	1,284,000	1,295,000	1,306,000	1,317,000	1,328,000
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	8,967,738	8,967,738	8,967,738	8,967,738	8,967,738	8,967,738
1.060 - All Other Operating Revenues	2,241,846	2,505,000	2,547,000	2,600,000	2,812,000	2,678,000
1.070 - Total Revenue	95,303,674	97,815,045	98,318,045	98,382,045	98,605,045	98,482,045
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	-	-	-	-	-	-
2.070 - Total Other Financing Sources	-	-	-	-	-	-
2.080 - Total Rev & Other Sources	95,303,674	97,815,045	98,318,045	98,382,045	98,605,045	98,482,045
Expenditures:						
3.010 - Personnel Services	50,924,709	53,942,000	55,552,000	57,328,000	59,107,000	60,945,000
3.020 - Employee Benefits	16,919,876	17,408,800	18,584,300	19,748,800	21,006,300	22,392,900
3.030 - Purchased Services	13,196,942	14,022,600	14,532,600	15,159,600	15,615,600	16,191,600
3.040 - Supplies and Materials	3,027,687	3,199,000	3,448,000	3,301,000	3,352,000	3,403,000
3.050 - Capital Outlay	1,357,753	1,426,000	1,497,000	1,572,000	1,651,000	1,734,000
3.060 - Intergovernmental	-	-	(1,000,000)	(2,022,708)	(3,063,162)	(3,124,425)
Debt Service:						
4.010 - Principal-All Years	80,000	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	140,000	145,000	145,000	150,000	155,000
4.055 - Principal - Other	-	80,000	80,000	80,000	85,000	85,000
4.060 - Interest and Fiscal Charges	14,300	27,898	50,875	46,375	41,775	37,025
4.300 - Other Objects	1,694,414	1,834,000	1,916,000	2,001,000	2,090,000	2,183,000
4.500 - Total Expenditures	87,215,681	92,080,298	94,805,775	97,359,067	100,035,513	104,002,100
Other Financing Uses						
5.010 - Operating Transfers-Out	220,000	645,000	270,000	295,000	320,000	345,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	220,000	645,000	270,000	295,000	320,000	345,000
5.050 - Total Exp and Other Financing Uses	87,435,681	92,725,298	95,075,775	97,654,067	100,355,513	104,347,100
6.010 - Excess of Rev Over/(Under) Exp	7,867,993	5,089,747	3,242,270	727,978	(1,750,468)	(5,865,055)
7.010 - Cash Balance July 1 (No Levies)	24,073,183	31,941,176	37,030,923	40,273,193	41,001,171	39,250,703
7.020 - Cash Balance June 30 (No Levies)	31,941,176	37,030,923	40,273,193	41,001,171	39,250,703	33,385,648
8.010 - Estimated Encumbrances June 30	5,252,532	5,252,532	5,252,532	5,252,532	5,252,532	5,252,532
9.080 - Reservations Subtotal	353,070	353,070	353,070	353,070	353,070	353,070
10.010 - Fund Bal June 30 for Cert of App	26,335,574	31,425,321	34,667,591	35,395,569	33,645,101	27,780,046
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	26,335,574	31,425,321	34,667,591	35,395,569	33,645,101	27,780,046
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	26,335,574	31,425,321	34,667,591	35,395,569	33,645,101	27,780,046

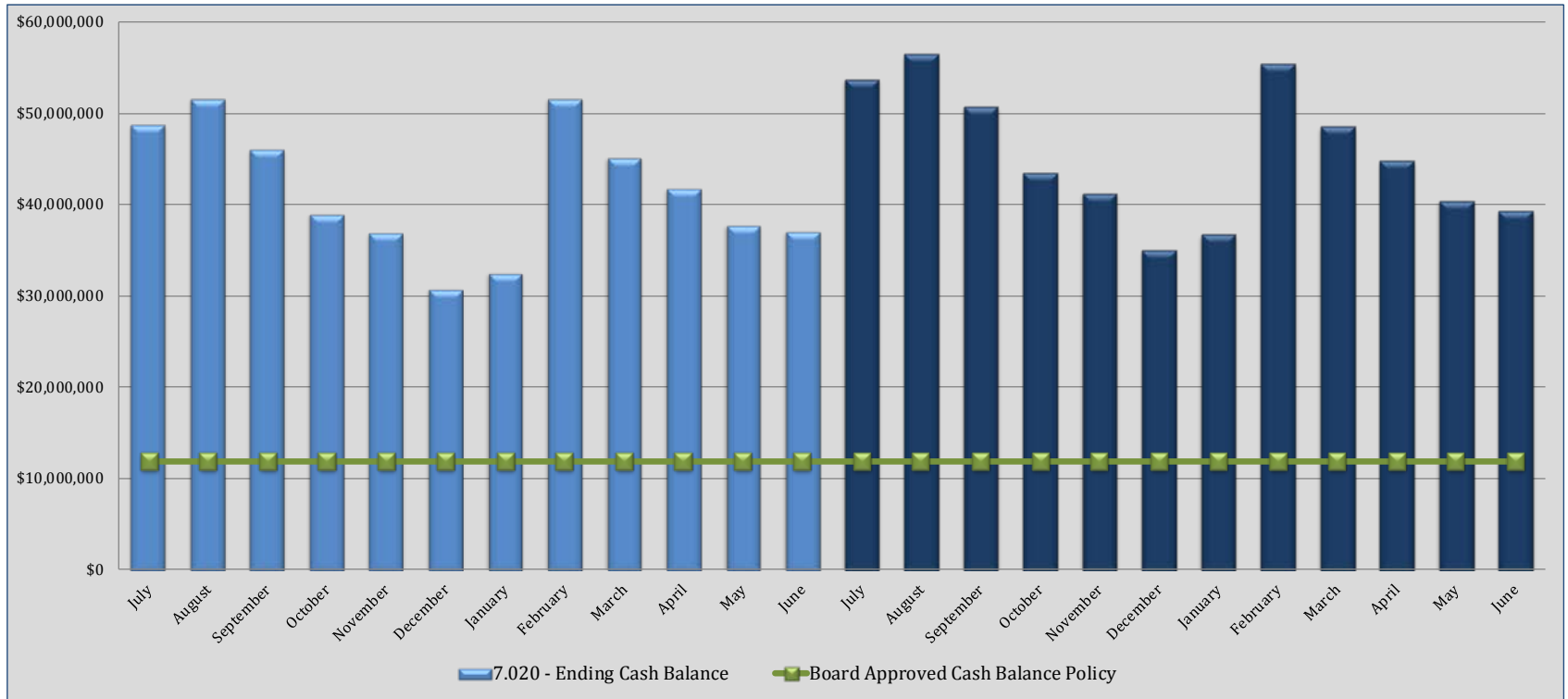
Ending Fund Balance as a % of Total Expenditures 33.9% 36.5% 36.2% 33.5% 26.6%



Cash Balances

Projected Monthly Cash Flow

Board Approved Cash Balance Policy **\$ 11,803,817**

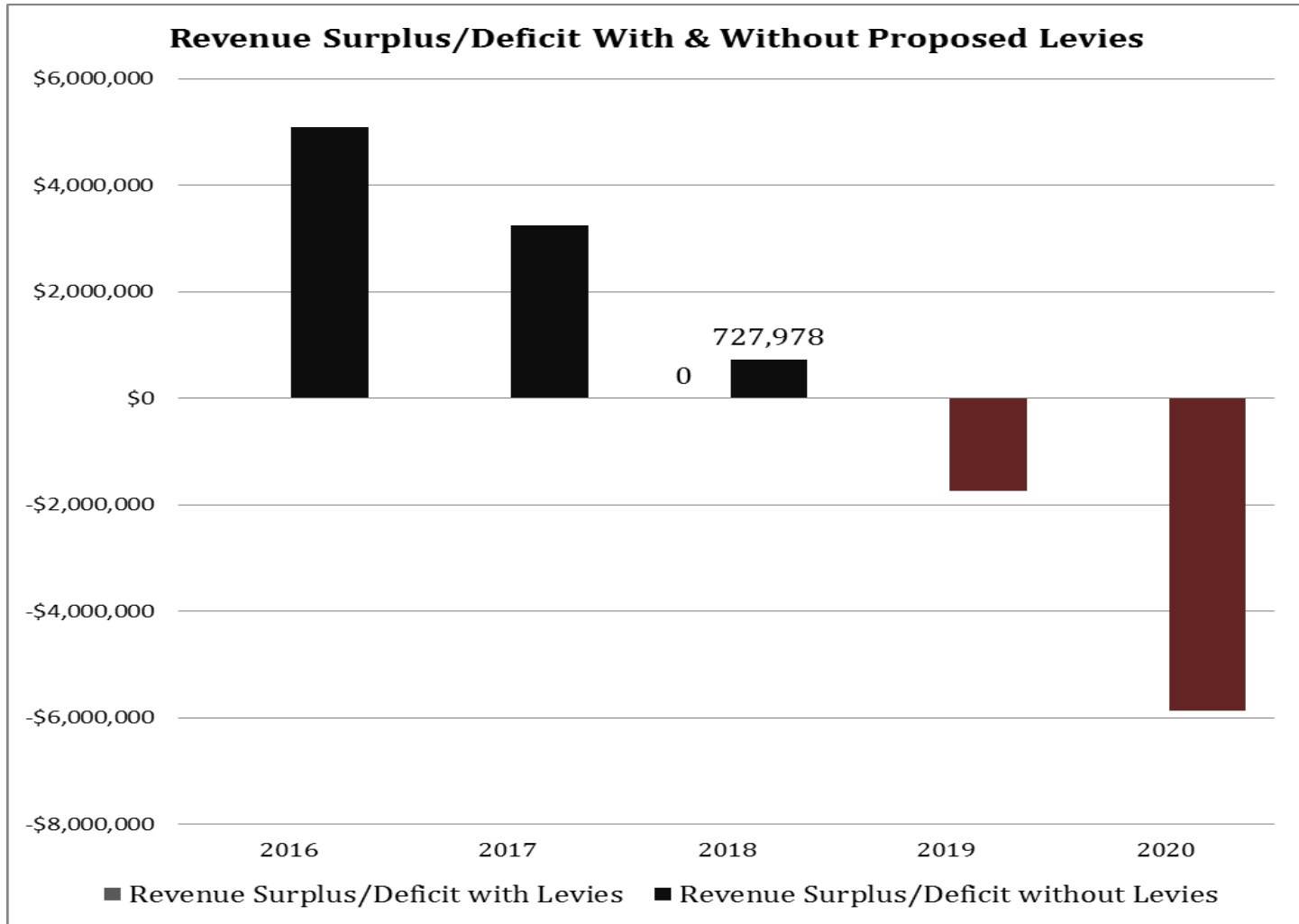


2016 2017



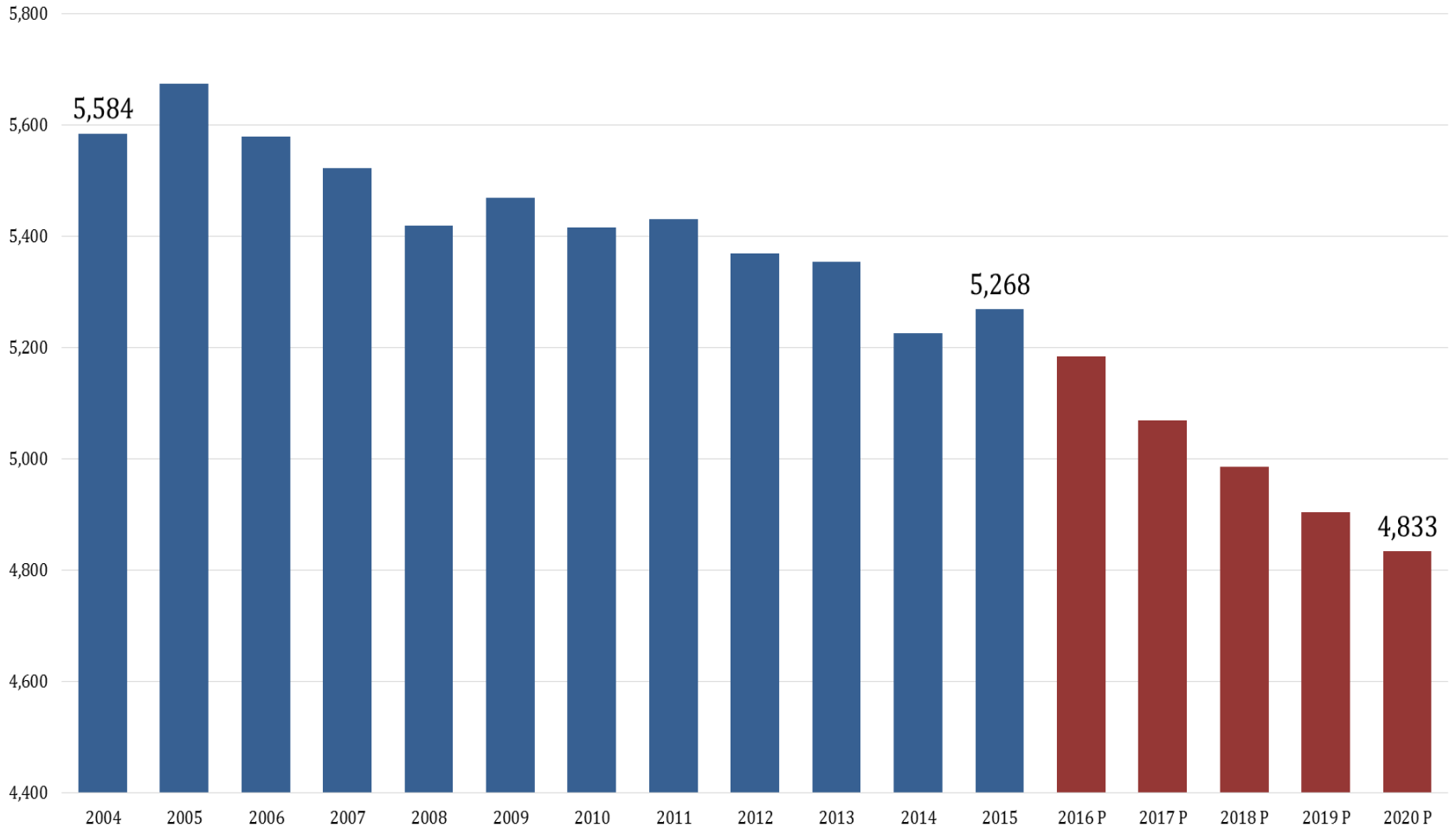
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Revenue Surplus/Deficit



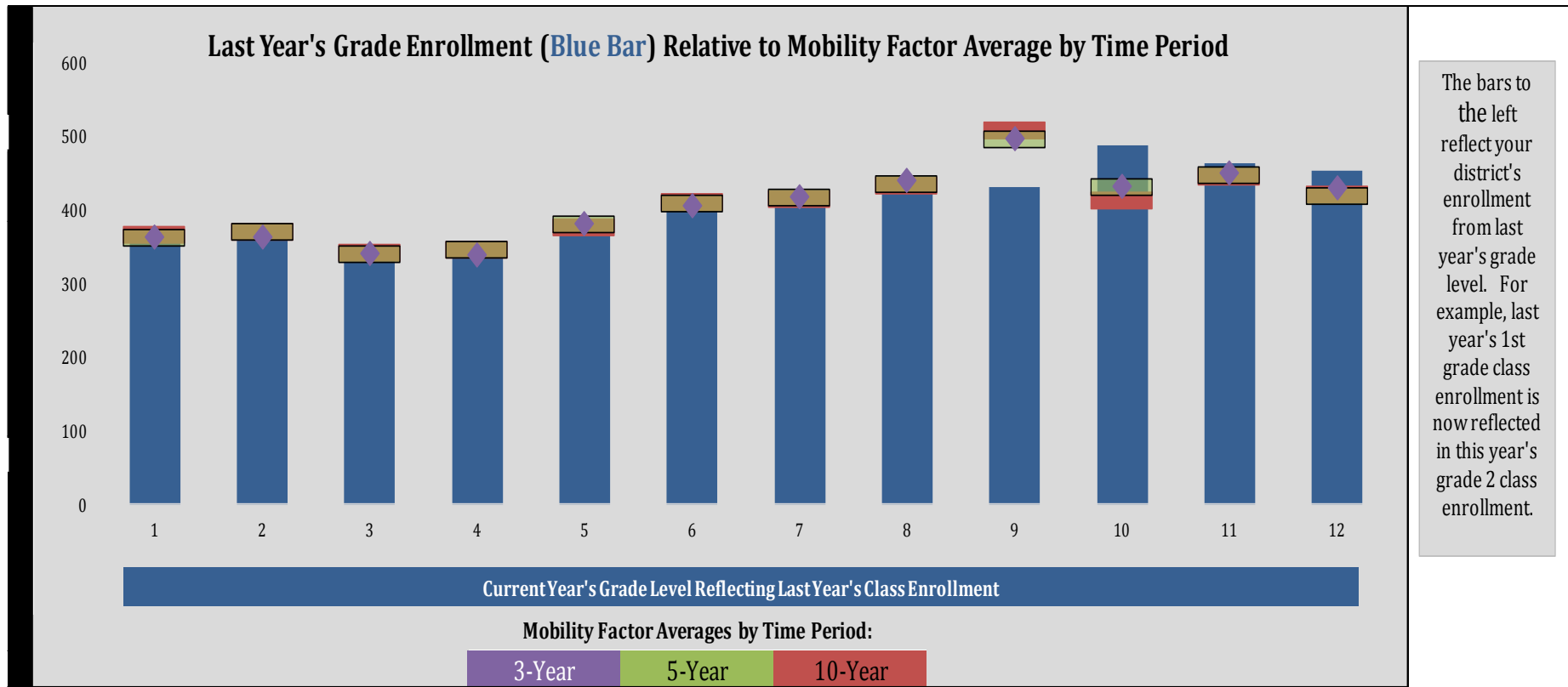
Historic vs Projected Enrollment

Historic vs. Projected Enrollment

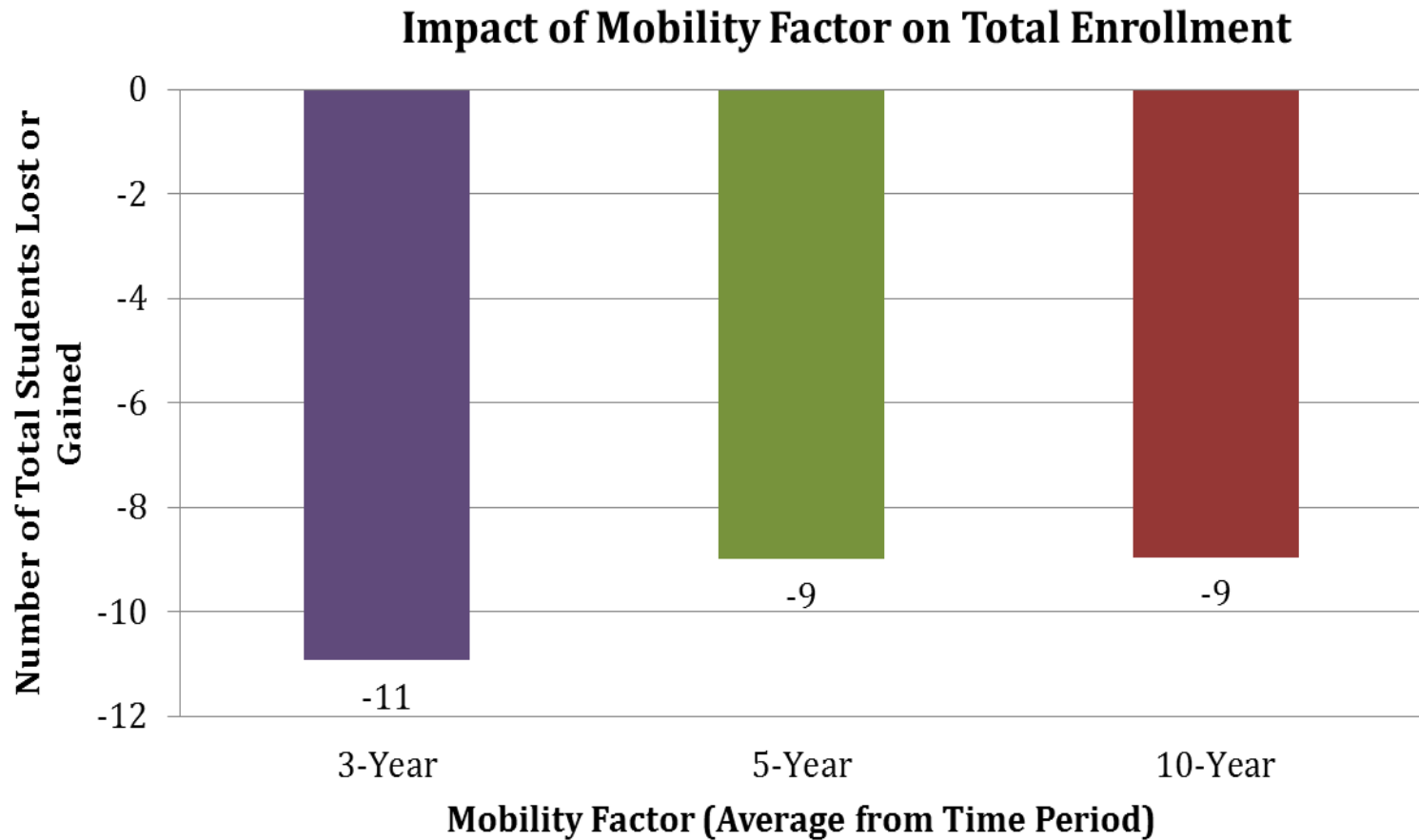


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Enrollment-Mobility



Enrollment-Mobility



Enrollment Projection

Head Count Summary/Analysis		Shaker Heights City Schools				
		2016	2017	2018	2019	2020
Prior Year Actual/Estimated Enrollment (October Count)		<u>5,268</u>	5,184	5,069	4,986	4,904
Projected Changes to Prior Year Enrollment						
Net All-Grade Level Mobility Factor (Change) to Prior Year		-11	-10	-9	-12	-19
Net Aggregate Manual Adjustments to Mobility Factor		0	0	0	0	0
New Kindergartners In		333	323	350	328	352
Loss of Seniors from Prior Year		-406	-428	-424	-398	-404
Net Change in Outgoing and Incoming Pupils		-73	-105	-74	-70	-52
Current Year Estimated Enrollment (Simulated October Count)		5,184	5,069	4,986	4,904	4,833
District Head Count	Grade					
	K	333	323	350	328	352
	1	362	336	326	353	331
	2	362	355	330	320	347
	3	340	360	353	328	318
	4	340	335	355	348	323
	5	380	348	343	364	356
	6	405	376	344	339	360
	7	417	411	382	349	344
	8	440	433	427	397	362
	9	495	507	499	492	457
	10	434	441	452	444	438
	11	448	420	427	438	430
	12	428	424	398	404	415
Total Can Differ by Rounding		5,184	5,069	4,986	4,904	4,833
Year-Over-Year Percentage Change		-1.59%	-2.22%	-1.64%	-1.64%	-1.45%



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Enrollment-Kindergarten

**Kindergarten Enrollment Compared to Census Population
and Resulting % of Census Population Enrolled**

