



FIVE-YEAR FORECAST

October 2016



Shaker
Heights
Schools
Shaker Heights, Ohio



Five-Year Forecast-Basics

- Required two times per year-
May & Oct.
- Last one approved May 2016
- Can amend/submit any time
throughout the year



Five-Year Forecast-Basics

- Basic Format-3 yrs of historical & 5 yrs. of projected data-General Fund
- Reflects actual rev. & exp. thru F16
- And projected rev. & exp. F17 thru F21 based upon final F16 data



Five-Year Forecast-Basics

- To be used as a planning tool in long-term strategic planning
- Designed to identify issues to be addressed in advance
- But one approach to balancing District's finances



Five-Year Forecast-Basics

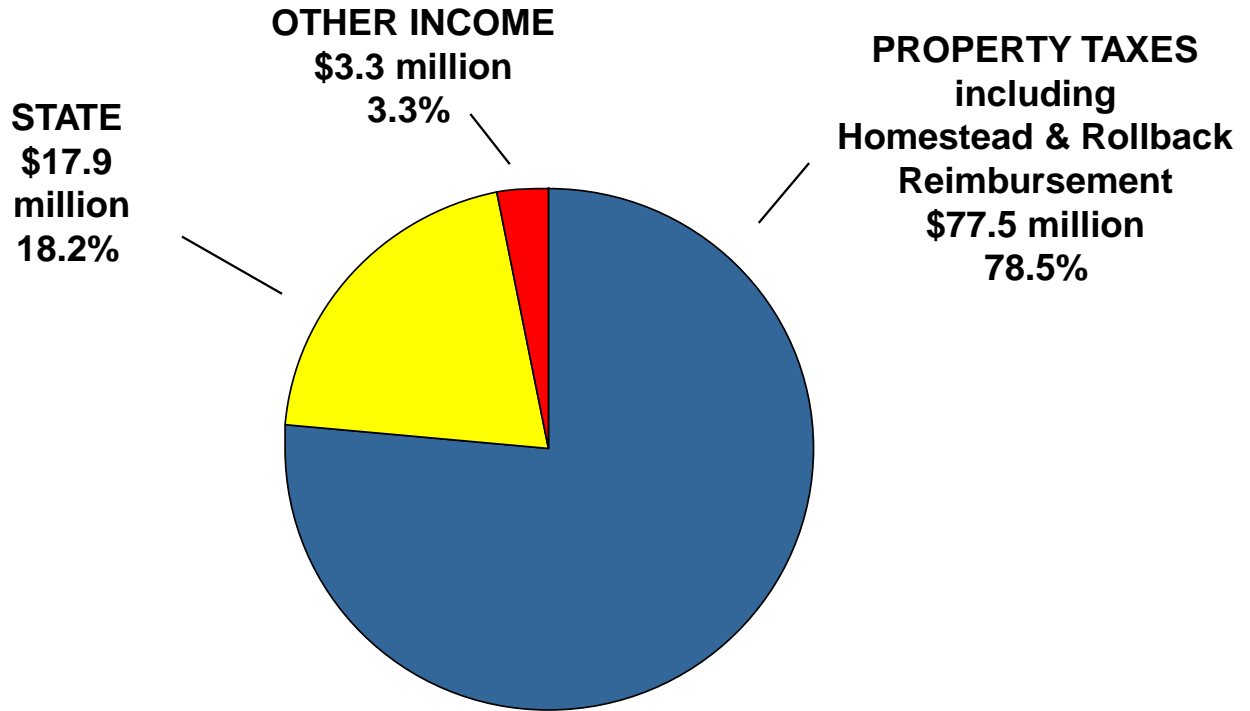
- Does not reflect the exact layout of future events, as other events will occur that will impact this forecast:
 - State Budget Bills
 - Continued recovery of Ohio economy
 - Continued recovery of real estate markets
 - Other market forces



Five-Year Forecast-Basics

- Only thing for sure, is that most of these numbers will be different!

General Fund Revenues 2015-16



Total = \$98.7 million

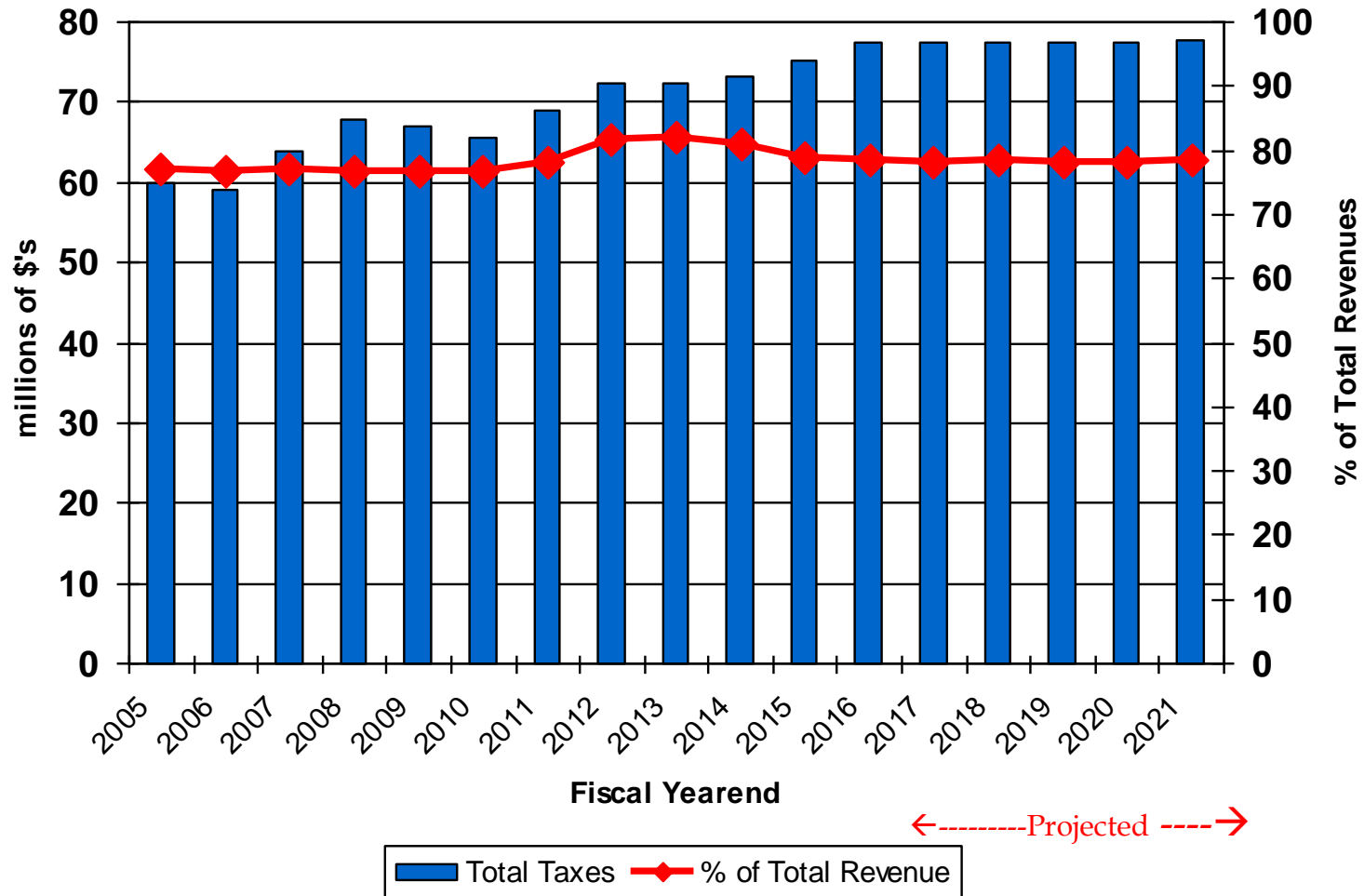


Key Revenue Assumption Property Taxes

- Continued collection of existing level of property taxes-F2016 was first full fiscal year of the new 2014 levy
- No Decline in Property Tax Assessed Valuation during the forecast period

Revenues-Property Taxes

(including Tangible PP & Homestead Exemption & Rollback (HERB))



Note-F07, F08, F11 & F14 included one-time OfficeMax revenues.



Shaker
Heights
Schools
Shaker Heights, Ohio



Key Revenue Assumption

State Support

- Increase in F2017 State Foundation support based on 7.5% “gain cap” limitation under the latest funding formula established by the current State biennial budget
 - Amount not received under “gain cap” approximated \$1 million in F16



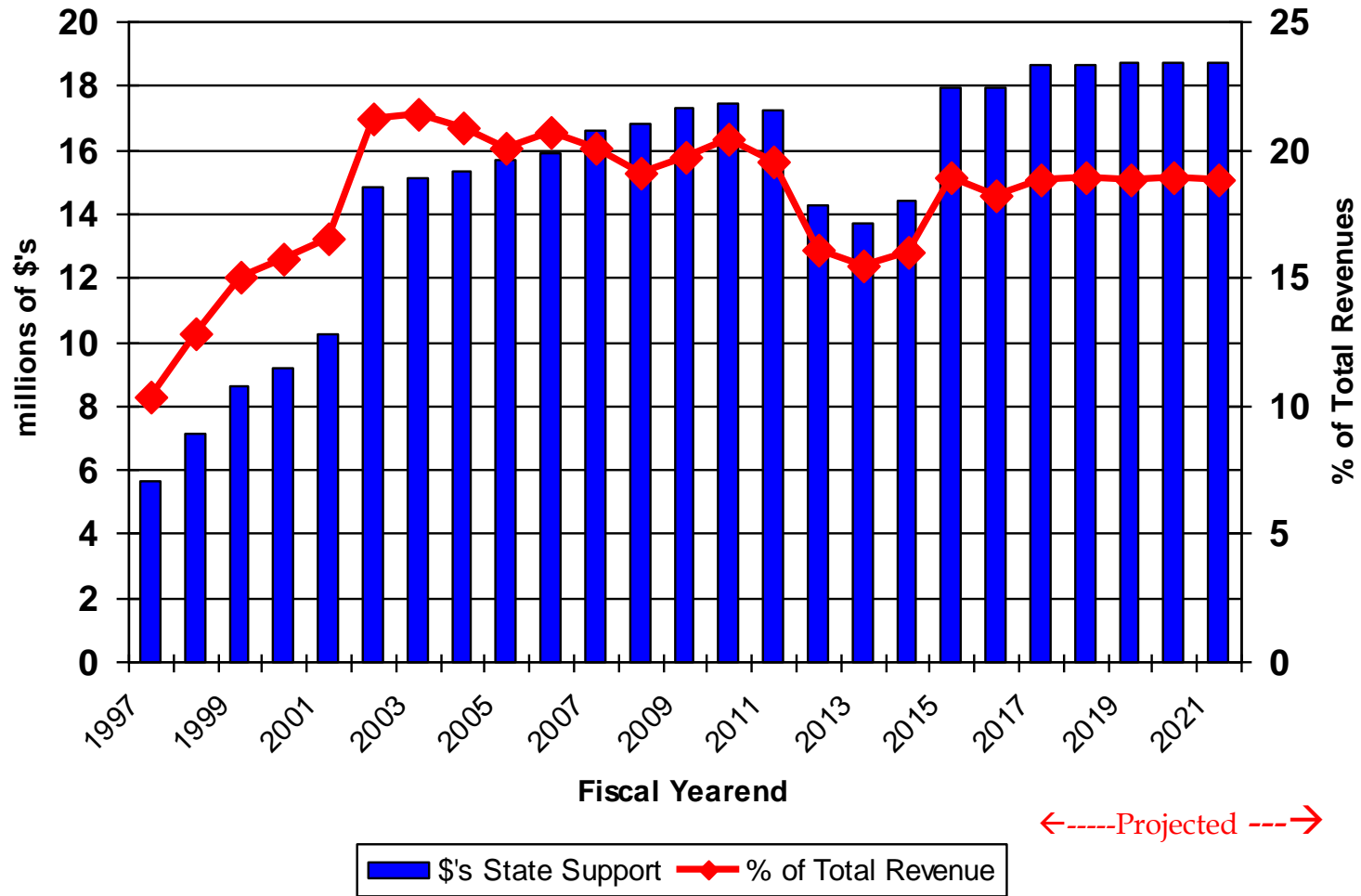
Key Revenue Assumption

State Support

- F2017 State Foundation support projected to increase about \$0.7 million over F2016 due to 7.5% “gain cap” growth
- F2018 and beyond assumed to flatline at F2017 levels
- No reduction for reduced enrollment beyond F2017

Revenues-State Support

(including State Foundation & Other State Support)

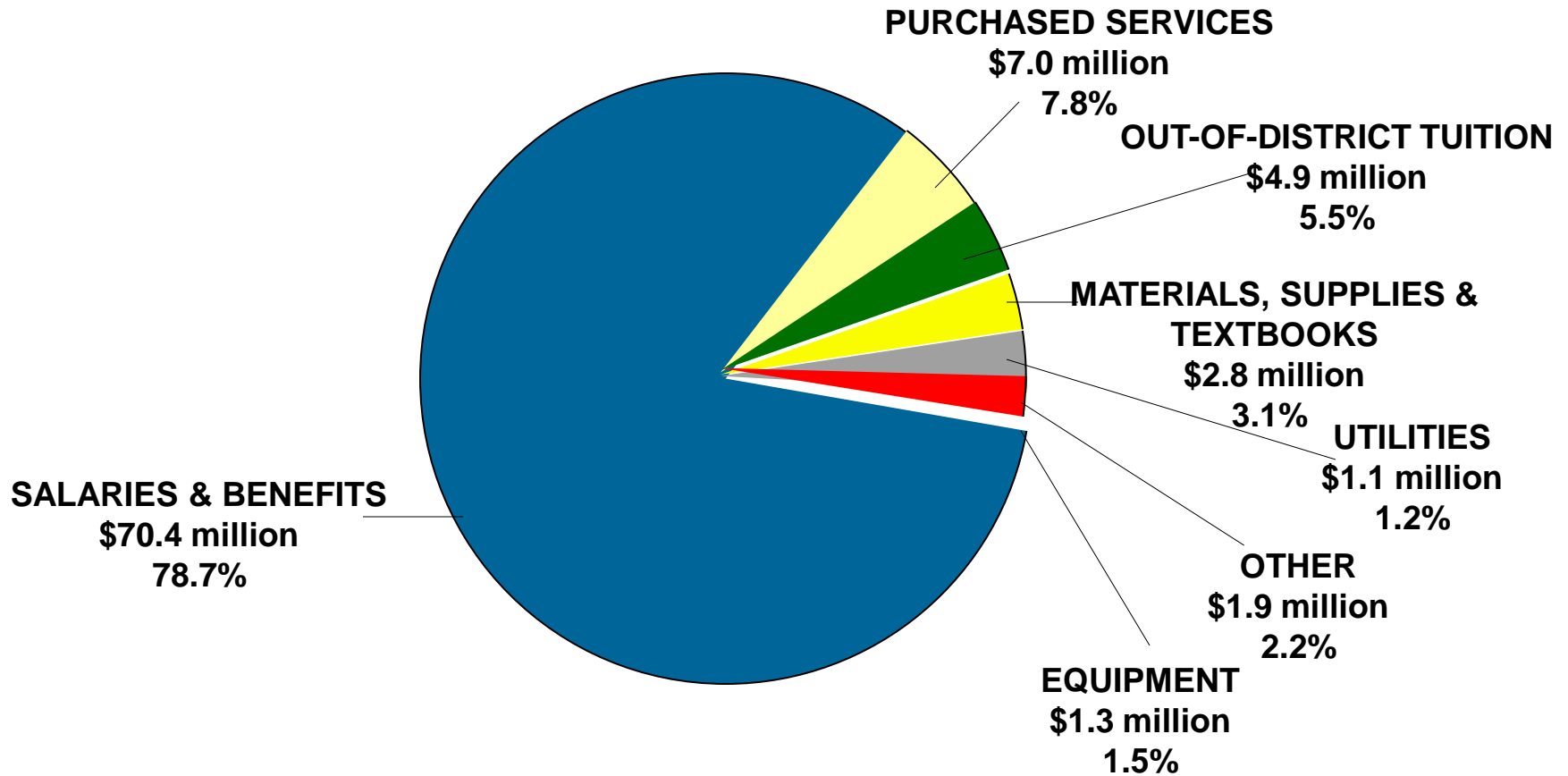


←-----Projected ----->



Shaker
Heights
Schools
Shaker Heights, Ohio

General Fund Expenses 2015-16



Total = \$89.4 million



Shaker
Heights
Schools
Shaker Heights, Ohio



Expenses-Controllable vs. Non-Controllable

	Controllable Features	Non-Controllable Features
Salaries&Wages	# of staff controllable by District	Amount of wages set by collective bargaining agreements
Fringe Benefits	FB's directly dependent on salaries controllable to extent # of staff controlled	Benefits driven by salaries and CBA requirements
Purchased Services	Items related to the extent of offerings and level of service are controllable by District	Repairs&Maint-subject to age of buildings; Utilities-subject to weather; Out-of-District Tuition-subject to pupil needs and related cost structure of necessary services



Key Expense Assumptions

- Reflects economic provisions of collective bargaining agreements, including approved SHTA (thru 12/31/17), SHTA-Support Teachers, OAPSE-Clerical, OAPSE-Security, Local 200-Custodial & latest OAPSE-Aides (thru 6/30/18)
- No reduction in expenses for projected declining enrollment

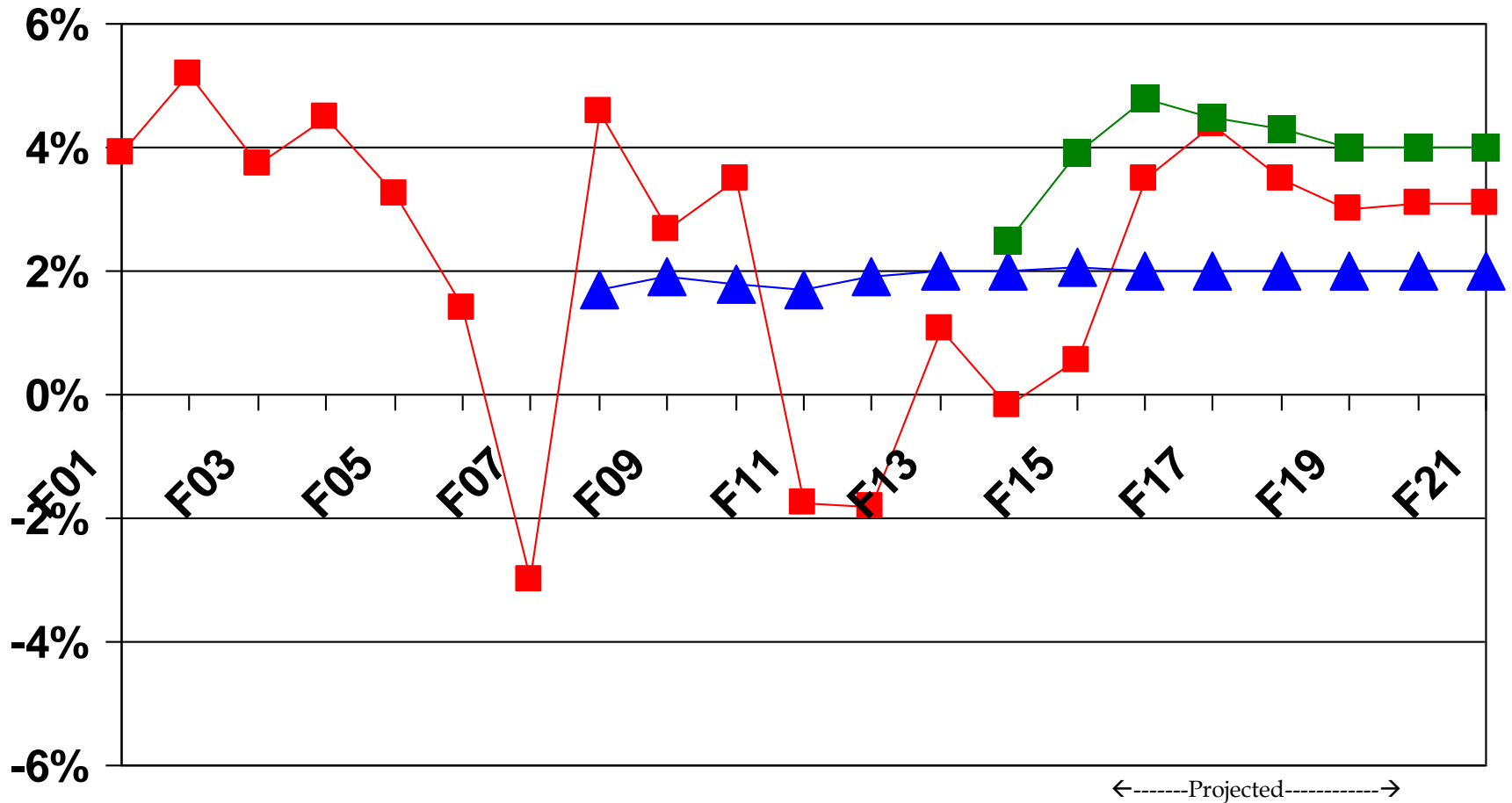


Key Expense Assumptions

- Major Growth Rates Used-Payroll
 - SHTA 3, 2.5, & 2.5% base salary increases eff. 1/1/15, 16 & 17, respectively + steps
 - SHTA-ST: same as SHTA effective 8/1/15, 16 & 17, respectively + steps
 - All Others 2, 2 & 2% base salary increases eff. 7/1/15, 16 & 17, respectively + steps
 - Beyond last year of contracts, assumed 2%/year base salary growth + steps

Salaries & Wages

growth rates-Overall, Steps & Contractual+Steps



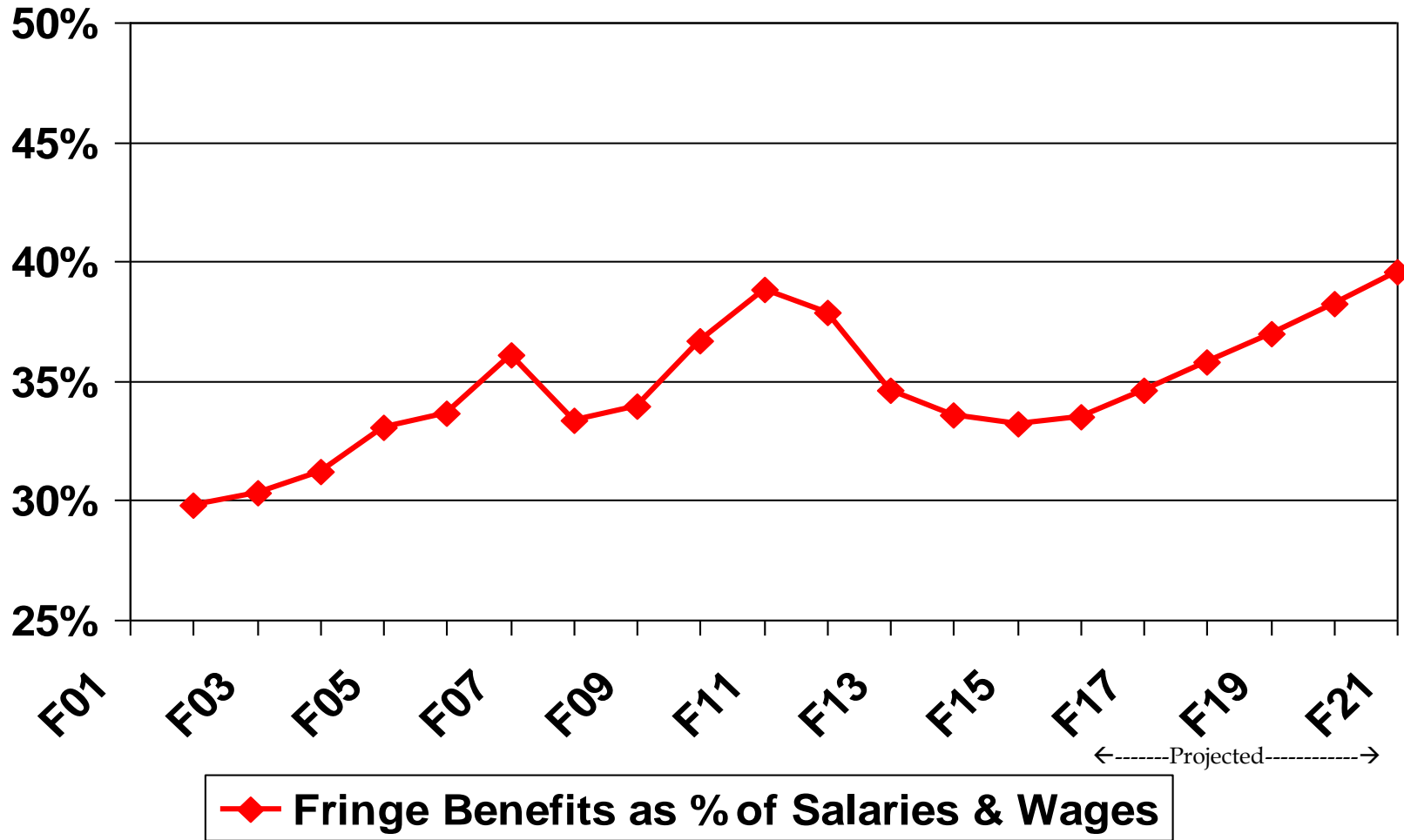
■ Overall
 ▲ Steps Only
 ■ Contractual+Steps % Increase



Shaker Heights Schools
Shaker Heights, Ohio

Fringe Benefits

as % of Salaries & Wages





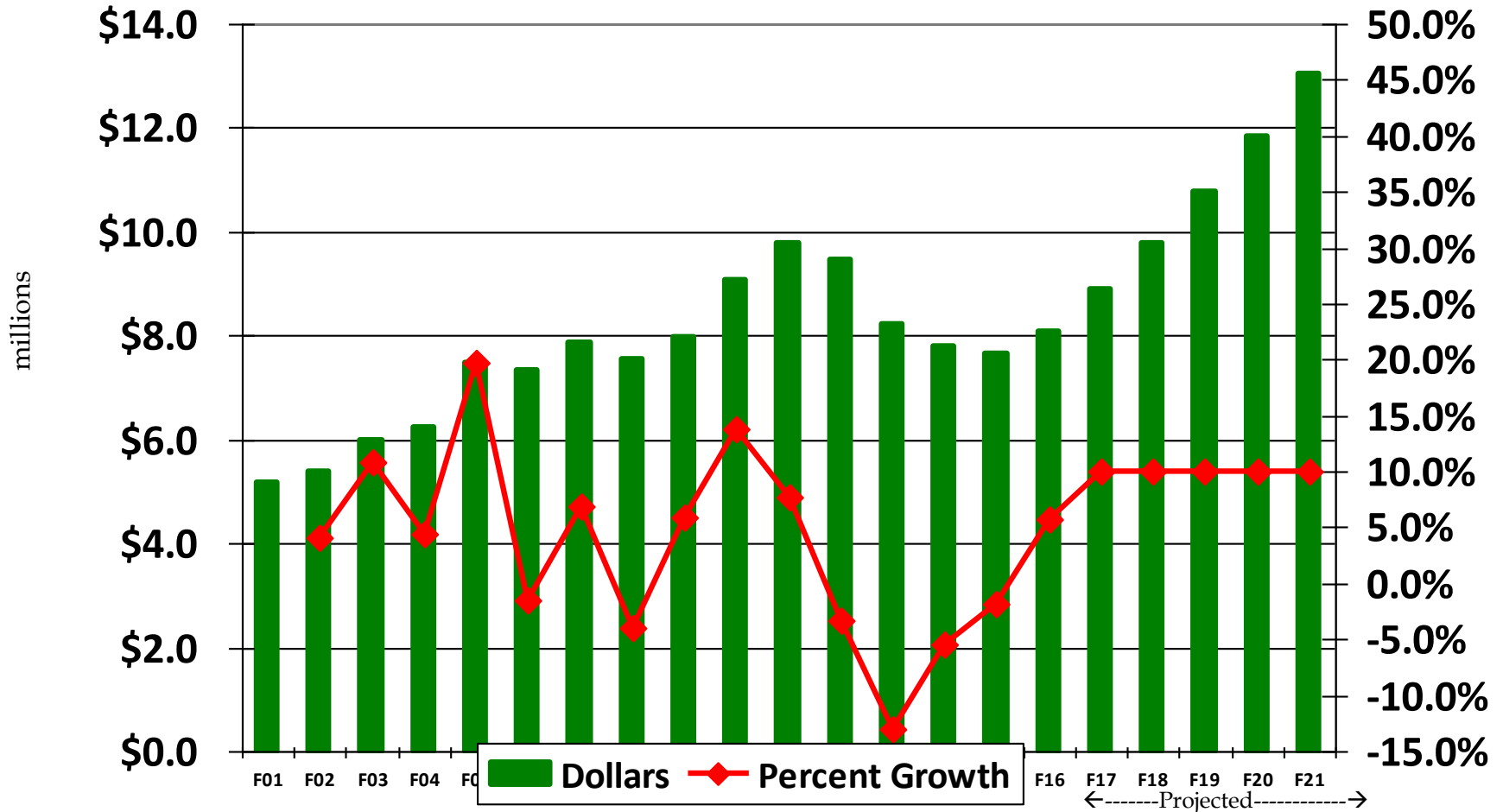
Key Expense Assumption

- Major Growth Rates Used
 - Health Care 10% in F17 and beyond
 - Out-of-District Tuition 5%
 - Out-of-District Transportation 5%
 - Repairs & Maintenance 4%

Health Care

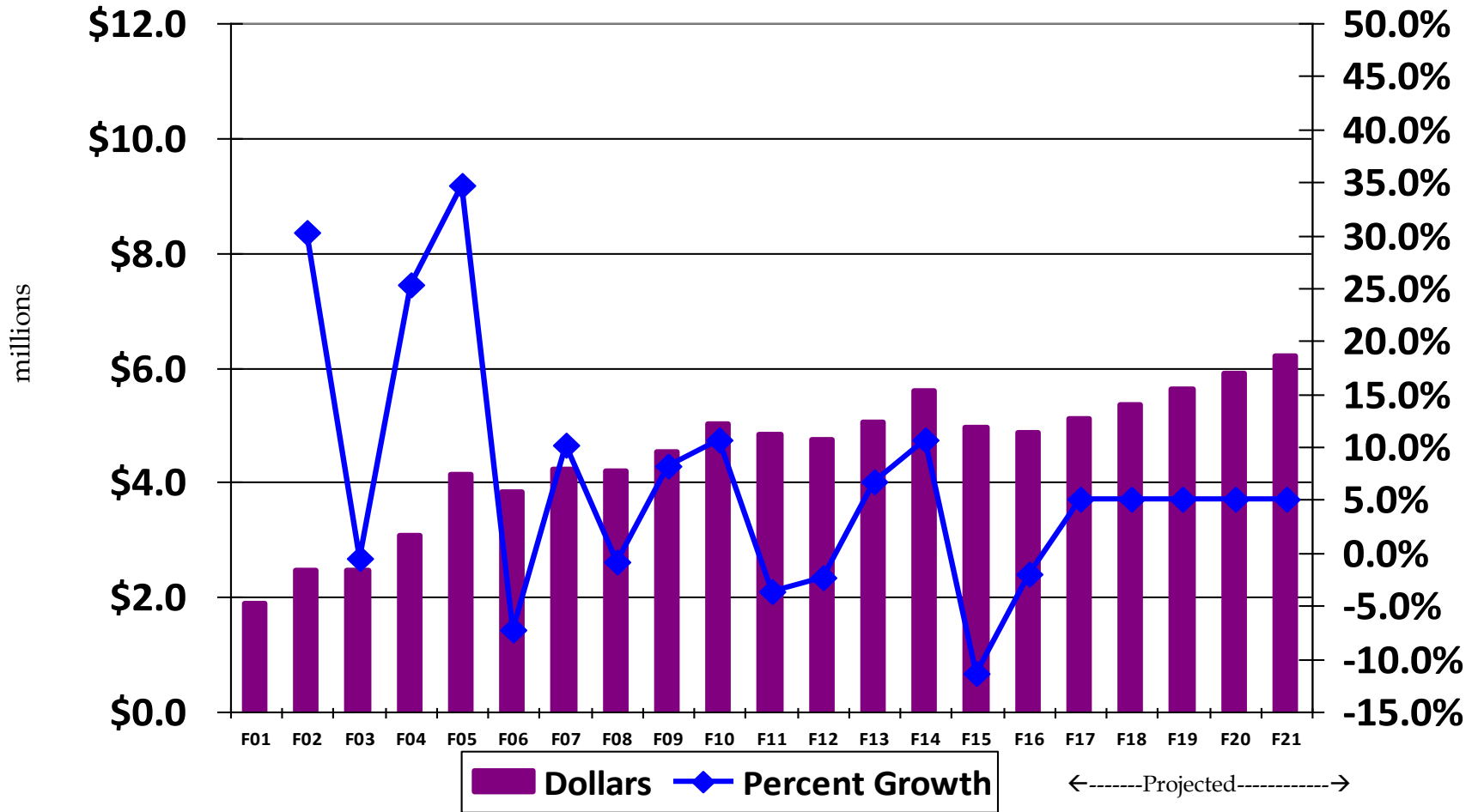
Costs & Growth Rates

(10% projected per Consultant)



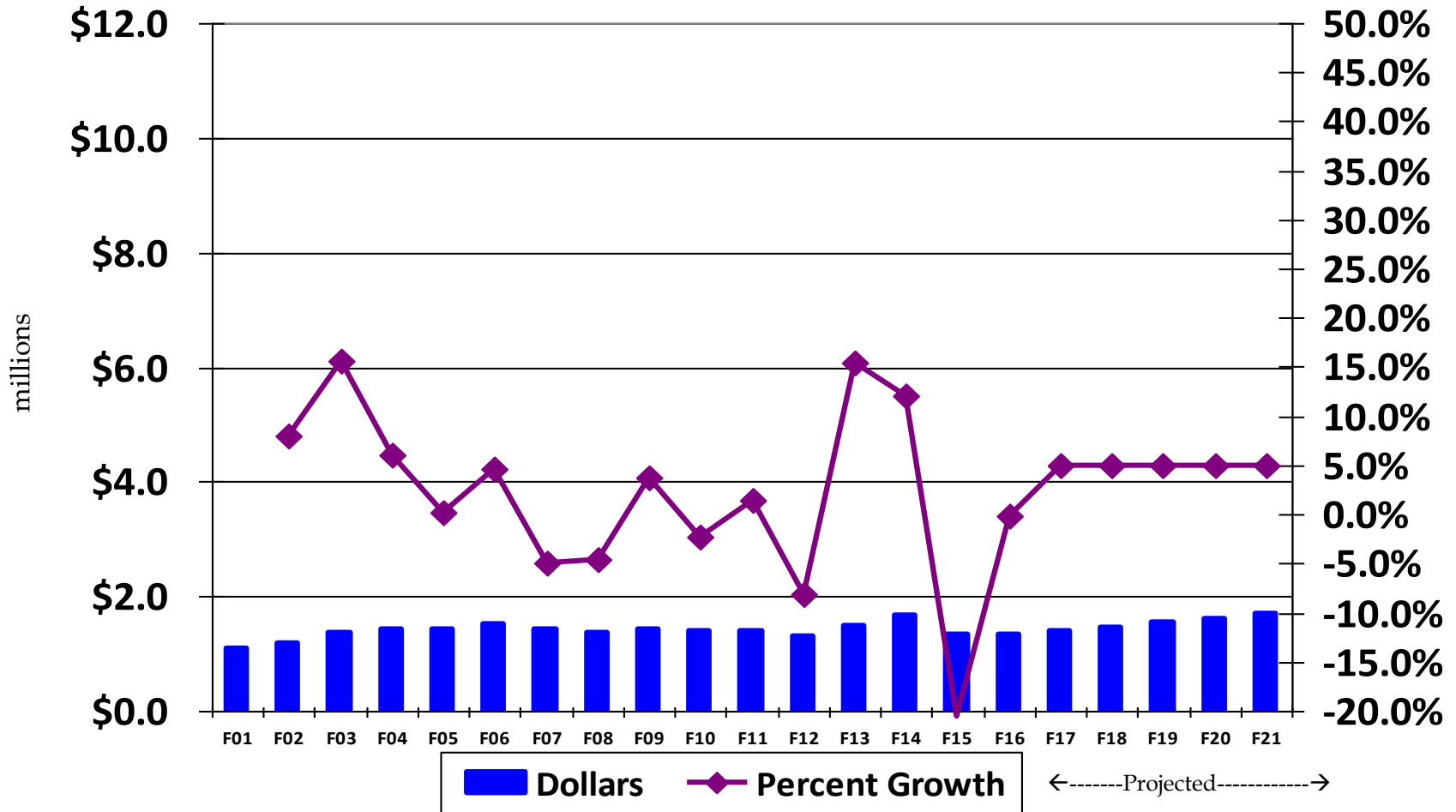
Out-of-District Tuition

Costs & Growth Rates



Out-of-District Transportation

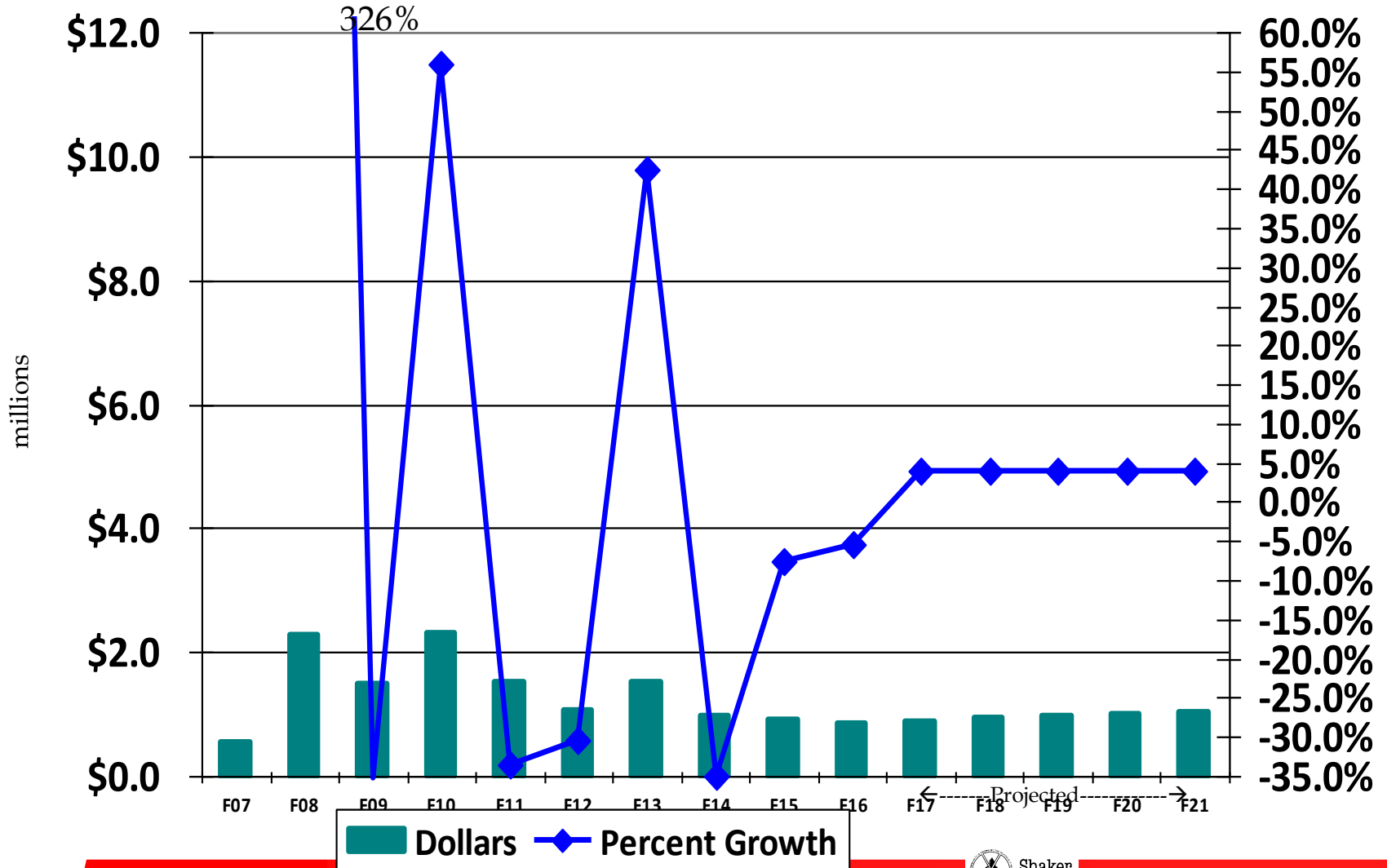
Costs & Growth Rates



Shaker
Heights
Schools
Shaker Heights, Ohio

Repairs & Maintenance

Costs & Growth Rates

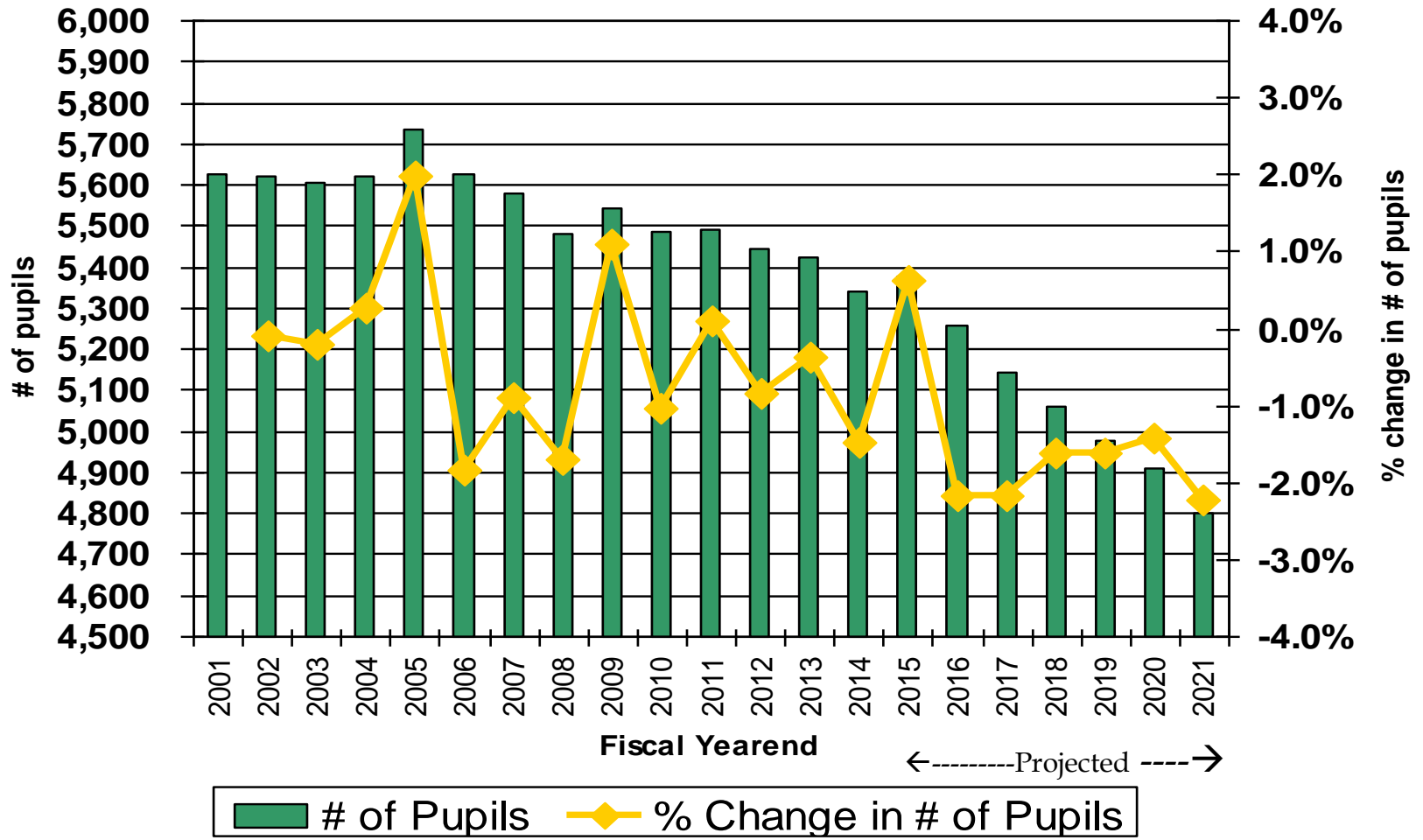




Other Key Assumptions

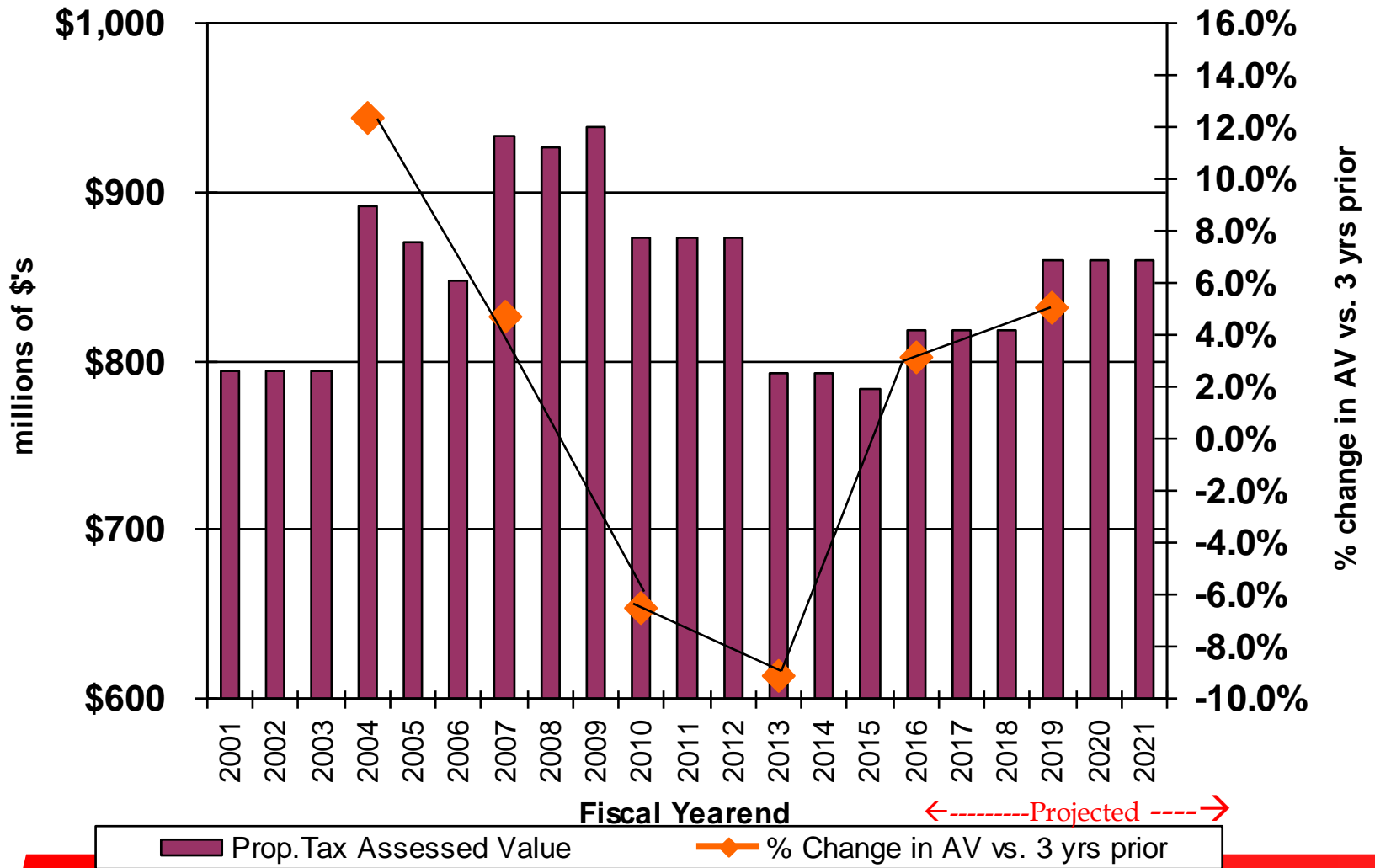
- Enrollment
- Property Tax Assessed Value
- Targeted Budget Savings
- Next Projected Operating Levy

Enrollment



Shaker
Heights
Schools
Shaker Heights, Ohio

Property Tax Assessed Value





Targeted Budget Savings

- A net annual budget savings of \$1.0 million in F18 & F19
- (note-F17 savings have been identified and reflected in respective expense line items)

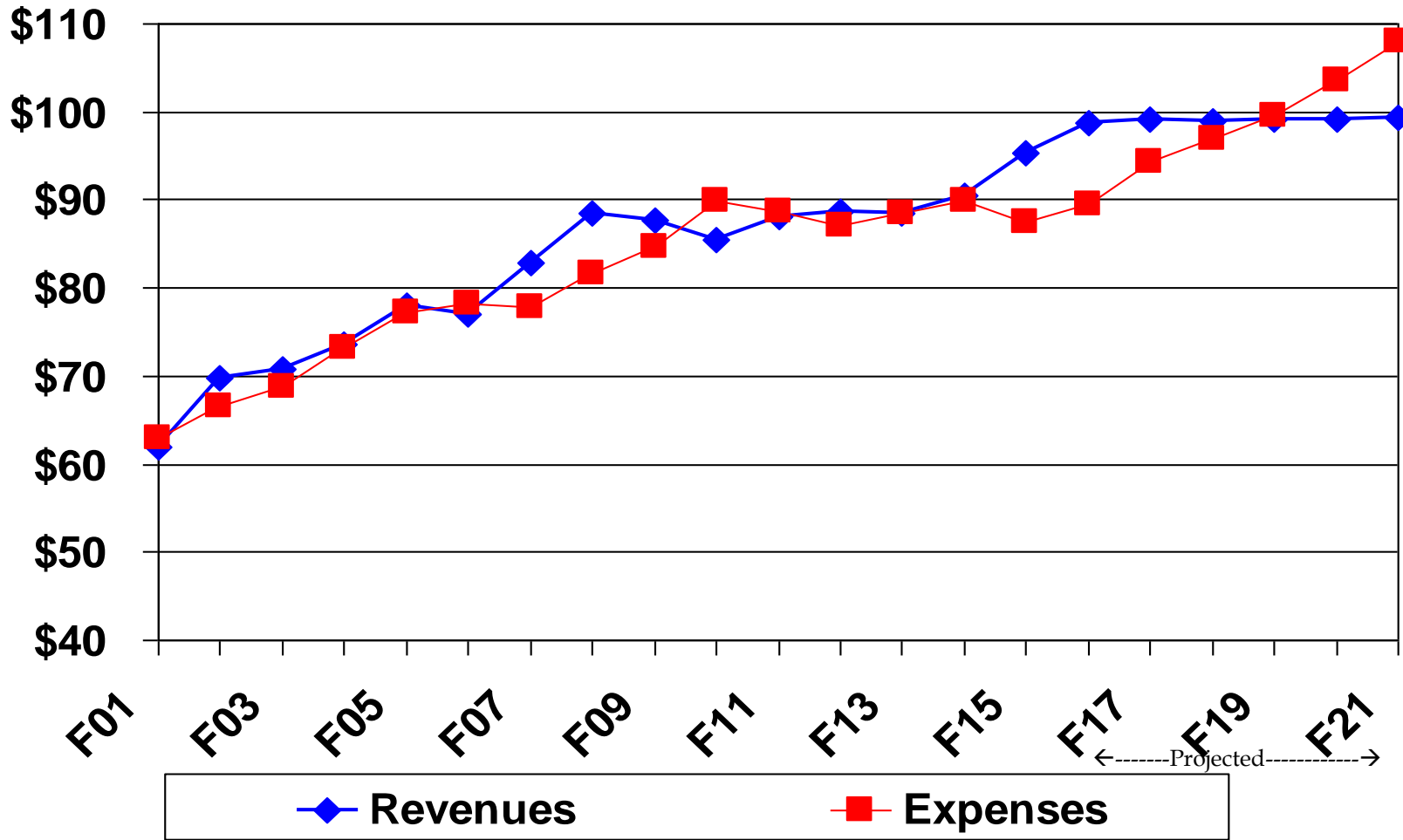


Next Projected Operating Levy

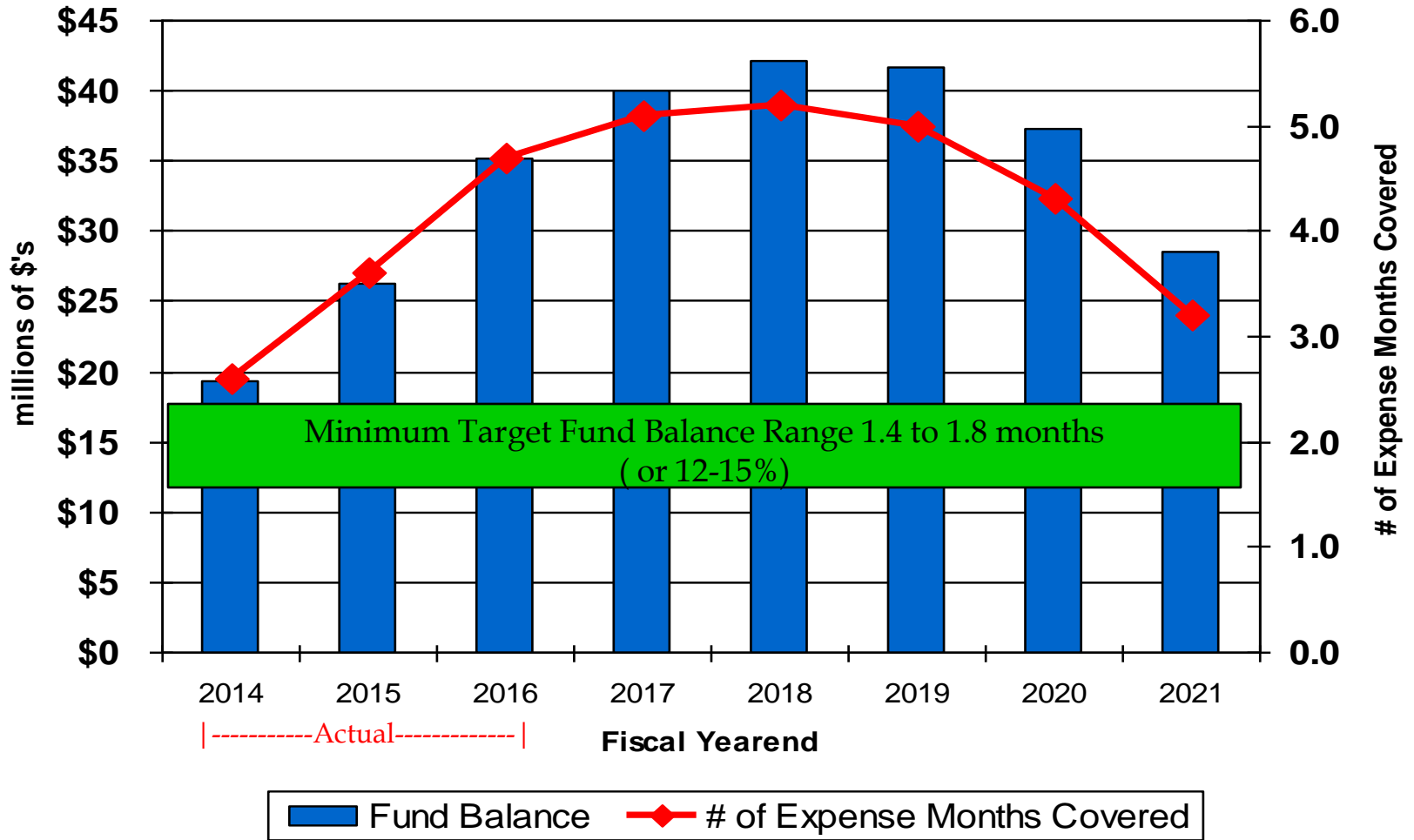
- At this time, an Operating Levy is not projected until 2020 to start collection in 2021

Revenues & Expenses

(millions of \$'s)



Fund Balance





Forecast Document Review



Shaker
Heights
Schools
Shaker Heights, Ohio



Significant Changes from May 2016 Forecast

- F2017 Revenue Variances:
 - State Foundation: \$300,000 Unfav.
 - Property Taxes: \$100,000 Fav.
 - Other State: \$100,000 Unfav.
 - All Other Revenue: \$300,000 Fav.
 - Total Revenue Variances: \$0



Significant Changes from May 2016 Forecast

- F2017 Favorable Expense Variances:
 - Salaries & Wages: \$500,000
 - Fringe Benefits: \$100,000
 - Utilities: \$100,000
 - Out-of-District Tuition: \$100,000
 - Textbooks, Materials & Supplies: \$100,000
 - Capital Outlay: \$300,000



Significant Changes from May 2016 Forecast

- Continuation of Health Insurance rate increase of 10%
- Fund Balance variance as of 6/30/2020: \$6.3 million Fav.



QUESTIONS?



The End

