

**SHAKER HEIGHTS CITY
SCHOOL DISTRICT**

FIVE-YEAR FORECAST

FOR THE PROJECTED YEARS ENDING

JUNE 30, 2015 THROUGH JUNE 30, 2019

IN ACCORDANCE WITH

HOUSE BILL NO. 412

October 2014



SHAKER HEIGHTS CITY SCHOOL DISTRICT
Shaker Heights, Ohio

To: Members, Shaker Heights Board of Education
& Dr. Gregory C. Hutchings, Jr., Superintendent

CC: Members, Finance & Audit Committee

From: Bryan C. Christman, Treasurer

Date: October 10, 2014

Re: House Bill No. 412 Five-Year Forecast

I have summarized below some of the highlights of the forecast. Please feel free to call if you have questions or care to discuss before the meeting.

Major Assumptions and/or Highlights:

1. The **State Foundation** receipts for F2014 (Line 1.035, Unrestricted Grants-in-Aid) grew in accordance with the House Bill No. 59 State funding formula under the 2013-2015 State biennial budget. The new formula resulted in a higher calculated funding amount for the District, but under the provisions of the “gain cap” the District was limited to only a 6.25% increase over the prior year base amount. Consequently, the District’s actual funding received was approximately \$1.8 million below the total new formula calculated amount. In F2015, the District will receive an estimated \$1 million increase in accordance with the second budget year gain cap limit of 10.5%. The amount not received due to the “gain cap” in F2015 will approximate \$500,000.

The F2015 forecasted amount is discounted by about \$340,000 from the 10.5% gain cap calculated amount to account for increases in expected increased deductions for community (charter) schools and other deductions effectively reducing the District’s net proceeds. The F2016 funding amount is reduced from the F2015 level in anticipation of the biennial reset of the index used to measure relative wealth amongst all Ohio public school districts. Such revised index is expected to result in a reduction in the District’s share of the available funding approximating \$125,000 per year.

2. The **Fiscal 2014 revenue and expenditure** items have been updated to reflect the final actual results for the fiscal year.

3. **General Property Tax receipts** for F2015 include an increase of about \$2.7 million reflecting about half of the total new proceeds to be collected from the May 6th voter-approved 6.9 mill operating levy, which begins collection January 2015. F2016 tax receipts include an additional \$2.7 million increase over F2015 reflecting a full year's collection of the new taxes. Also beginning in F2015 and running through F2020, we have reduced projected taxes by \$250,000 per year reflecting an estimate of what is hoped to be a temporary reduction in commercial real estate property tax collections due to the demolition of certain commercial properties in connection with the City's impending reconfiguration and redevelopment of the Warrensville Center/Chagrin/Van Aken/Northfield intersection. Anticipated development in the area after the reconfiguration is expected to replenish such lost taxes after the next reappraisal cycle.
4. **Restricted State Grants-in-Aid** (Line 1.040) includes \$2 million of catastrophic aid reimbursements from the State consisting of the F2013 reimbursement amount of \$1.026 million received in July 2014 and an estimated \$1 million for F2014 projected to be received in June 2015. F2016 projected revenues drop back down to one year's reimbursement for F2015.
5. F2015 and beyond continue to include an estimated \$50,000 cost shift to the General Fund 001 for costs previously funded by Federal monies which may continue to be reduced under the Federal sequestration program.
6. **F2015 forecasted salary expense reflects the 1% contractual increase effective January 1, 2014 and July 1, 2014, that was granted to the teachers in connection with the one-year extension of the SHTA contract and to the other two collective bargaining groups as well as the non-bargaining groups, respectively. A blended overall 2% per year projected salary increase, including annual experience steps, for all years after the current one-year collective bargaining agreements expire is reflected in the forecast.**
7. F2015 projected **health insurance** expense reflects the overall net 1.9% decrease in costs effective 1/1/14 (as opposed to the original estimated 7% increase). In accordance with the recommendation of the District's benefits advisor, a projected annual growth rate of 10.0% for health insurance costs has been forecasted effective January 1st of each year starting 1/1/15, partially offset by an estimated 3% reduction attributable to an estimated reduction in the health insurance reserves, resulting in a net increase of only 7% in both F2015 & F2016.
8. **Natural gas** budget increases of 4% per year for fiscal years beyond Fiscal 2014;
9. **Electricity** budget increases of 3% per year for fiscal years beyond Fiscal 2014;
10. A projected annual growth rate averaging 5% for **out-of-district tuition** costs;
11. A 5% annual growth rate for **out-of-district tuition transportation** costs;
12. A 5% annual growth rate for **fuel costs** beyond Fiscal 2015. We have allotted an additional \$25,000 as a precaution that fuel prices experience a more dramatic fluctuation in fiscal year 2015 and beyond;
13. A projected annual growth rate averaging 5% for **Capital Outlay** spending based upon the Fiscal 2015 projected expenditures totaling \$1.6 million.
14. **A net annual budget savings of \$1 million each year commencing in Fiscal 2016. The original fiscal year 2015 targeted savings amount of \$1.0 million was identified and is reflected (along with the additional savings identified/implemented beyond the \$1 million target) in the F2015 forecasted expenditure amounts.**

15. Because of the fund balance levels during the forecast period, the **2018 operating levy has been removed** from the assumptions and thus there are no forecasted revenues on Line 13.020, Property Tax-New, on the forecast. However, one of the keys to achieving the delay of the next operating levy beyond 2018 is a continuation of annual budget savings as mentioned above.

Significant Changes from the prior Forecast:

- A. **Increase in Real Estate Tax Revenue:** Projected F2015 and F2016 reflect the increase in tax collections attributable to the May 6th voter-approved 6.9 mill operating levy.
- B. **Increase in Tangible Personal Property Tax:** Includes the collection of the final installment of the OfficeMax delinquent tangible personal property taxes.
- C. **Increase in Restricted State Grants-in-Aid:** Includes a higher projected payout rate for two years worth of catastrophic aid reimbursements due to delay in receipt from June to July.
- D. **Fiscal 2014 Actual Results:** The forecast reflects the final actual results for the fiscal year ended June 30, 2014.
- E. **Increase in Other Object Expenses:** The forecast reflects the anticipated one-time charge for County Treasurer fees for the collection of the OfficeMax delinquent tangible personal property taxes as well as an increase in such fees attributable to the increase in tax collections due to the collection of increased taxes due to the new operating levy.
- F. **Reduction in Debt Service:** A reduction in debt service payments due to usage of unexpended energy conservation borrowed funds to repay the applicable debt payments.
- G. **Change in Growth Rates:** No changes in growth rates in this forecast.
- H. **Delay of the next four-year cycle operating levy (2018) beyond 2018.**

	A	B	C	D	E	F	G	H	I
1	Shaker Heights CSD								
2	Income & Expense Favorable Budget Variances/Savings								
3	Fiscal 2014-as of end of June 2014								
5				FTE Savings	Estimated Planned Items	Estimated Other Items	Less One-Time Amounts	Estimated Total Annual Ongoing Favorable Variances/	
7	REVENUES:								
8	OfficeMax delinquent personal property settlement					\$1,400,000	(\$1,400,000)	\$0	
9	Less OfficeMax amount deferred until F2015					(\$200,000)	\$200,000	\$0	
10	Medicaid reimbursement settlement payment-F2010 & F2011					\$714,000	(\$714,000)	\$0	
11									
12									
13									
14									
15									
16	Total Estimated Revenue Favorable Variances					\$0	\$1,914,000	(\$1,914,000)	\$0
17									
18									
19	EXPENDITURES:								
20	Classified Staff:								
21	Custodian-H.S.				1.00	\$70,000			\$70,000
22	Custodian -M.S.-being replaced 1/2 FE,1/2 float								\$0
23	Maintenance Mechanic				1.00	\$83,370			\$83,370
24	Custodian-H.S.(moved to fill vacant M.S.)				1.00	\$70,000			\$70,000
25									
26									
27	Classified Staff Sub Total				3.00	\$223,370	\$0	\$0	\$223,370
28									
29	Certified Staff								
30									
31									
32									
33									
34	Certified Staff Sub Total				0.00	\$0	\$0	\$0	\$0
35									
36	Savings-All Staff Positions				3.00	\$223,370	\$0	\$0	\$223,370
37									
38	Other Cost Savings/(Costs):								
39	Decrease in Custodial/Maint.Overtime-Sep.2013 thru June 2014 (only)					\$52,592			\$52,592
40	Less Increase in Other Overtime Amounts					(\$22,028)			(\$22,028)
41	Health Insurance - 1.9% reduction vs.7% increase eff.1/1/14						\$400,000		\$400,000
42	Workers' Comp - rate reduction from 1.0% to 0.75% for 8 months of F2014						\$80,000	(\$80,000)	\$0
43	Repairs & Maintenance - projected savings through fiscal year end					\$400,000			\$400,000
44	Capital Outlay - projected savings through fiscal year end					\$225,000			\$225,000
45	All other purchased services - projected savings through fiscal year end					\$425,000			\$425,000
46	Increased utilities due to severe winter-est.						(\$100,000)	\$100,000	\$0
47	Textbooks, Materials & Supplies - projected savings through fiscal year end					\$200,000			\$200,000
48	CuyCty OfficeMax tax collection charges-est.						(\$100,000)	\$100,000	\$0
49	Less OfficeMax amount deferred until F2015						\$100,000	(\$100,000)	\$0
50	Summer swimming pool cleaning process change					\$30,000			\$30,000
54	Savings-pro bono services re:Strategic Plan Consulting-est.					\$20,000		(\$20,000)	\$0
55	Savings-Using OSFC/OFCC to perform basic facilities assessment-est.					\$150,000		(\$150,000)	\$0
56									\$0
57	Transfer of OfficeMax & Medicaid Reimbursements to Capital Fund 004						(\$2,000,000)	\$2,000,000	\$0
58	Transpo: Replacing Willow w/yellow bus routes for in-District SpEd students					TBD			\$0
59	Transportation Savings due to condensing/reorganizing routes					TBD			\$0
60	Other Cost Savings Sub Total				\$1,480,564	(\$1,620,000)	\$1,850,000	\$1,710,564	
61									
62	Total Estimated Expenditure Savings				\$1,703,934	(\$1,620,000)	\$1,850,000	\$1,933,934	
63									
64	Total Estimated Favorable Budget Variance/Savings				\$1,703,934	\$294,000	(\$64,000)	\$1,933,934	
65									
66	Less One-Time Amounts				\$ (170,000)	\$ 6,000	\$ 64,000	(\$100,000)	
67									
68	Ongoing Favorable Variances/Savings				\$1,533,934	\$300,000	\$0	\$1,833,934	

**Shaker Heights CSD
Forecast Assumptions
September 2014**

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HB412Forecast Sep2014 Rev10-10-14.xlsx/ForecastInput
10/10/2014

	D	M	N	O	P	Q	R	S	T	U	V	
8		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
9		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
1224	Forecast Assumption Summary:											
1245		Historical Years Growth Rates										
1246	Revenues											
1247	General Property Tax (Real Estate)	7.03%	-0.63%	8.50%	4.41%	0.85%	-1.59%	5.09%	5.24%	-0.15%	-0.46%	
1248	Property Tax Allocation-HERB	7.39%	-6.71%	2.53%	14.61%	7.52%	0.67%	7.08%	5.02%	-0.15%	-0.76%	
1249	Tangible Personal Property Tax	-5.78%	-15.18%	23.63%	34.82%	-68.79%	-68.11%	-52.65%	-92.93%	-60.77%	33067.85%	
1250	Total Property Taxes Combined	6.59%	-1.79%	8.28%	6.42%	-1.26%	-2.18%	5.09%	5.02%	-0.16%	1.16%	
1251	Assessed Value	-2.42%	-2.53%	10.11%	-0.81%	1.32%	-6.99%	0.00%	0.00%	-9.15%	-0.03%	
1252	Projected Tax Collection Rate										97.50%	
1253												
1254	Unrestricted Grants-in-Aid (State Fndtn)	4.35%	0.76%	0.12%	0.47%	0.49%	-1.77%	-2.37%	-4.12%	-1.90%	7.11%	
1255	Restricted State Grants-in-Aid (Other State)	-16.33%	8.61%	52.57%	6.74%	15.66%	15.21%	4.40%	-74.86%	-40.48%	-41.95%	
1256	All Other Revenues	16.79%	-8.10%	13.37%	55.59%	-11.66%	-24.33%	-19.09%	0.37%	20.19%	18.77%	
1257												
1258	Expenditures											
1259	Personal Services:											
1260	Net growth rate	3.24%	1.38%	-3.00%	4.57%	2.67%	3.48%	-1.75%	-1.82%	1.06%	-0.19%	
1261	Contractual Growth Rate-Certificated										1.00%	
1262	Contractual Growth Rate-Classified										0.00%	
1263	Step Growth Rate-Certificated										2.00%	
1264	Step Growth Rate-Classified										2.00%	
1265	Est.retirement replacement savings										\$0	
1266	Sick leave severance pmts-included	\$0	\$360,981	\$594,949	\$837,979	\$621,093	\$389,103	\$465,522	\$629,403	\$665,512	\$862,306	
1267												
1268	Fringe Benefits:											
1269	Retirement-growth rate	4.20%	4.68%	-0.37%	-1.17%	4.16%	7.88%	1.61%	-7.80%	-0.16%	-1.57%	
1270	Retirement-% of salaries w/o severance	15.30%	15.92%	16.44%	15.61%	15.76%	16.35%	16.93%	15.96%	15.77%	15.62%	
1271	Health Ins-forecast % growth-perGallagher											
1272	Health Ins-forecast % decline-EE increase											
1273	Health Ins-forecast % decline-Res.Balance											
1274	Health Ins-forecast % growth-Net %											
1275	Health Insurance-growth rate of expense	19.70%	-1.55%	6.82%	-4.04%	5.97%	13.78%	7.74%	-3.30%	-13.02%	-5.44%	
1276	Health Insurance-EE Shared Prem. %	3.00%	4.50%	5.50%	6.50%	7.50%	8.00%	8.00%	10.00%	12.00%	12.00%	
1277	Workers' Compensation-growth rate	-43.13%	78.76%	37.17%	-26.16%	-27.82%	64.98%	-25.74%	30.64%	-8.27%	-15.89%	
1278	Workers' Compensation-% of salaries	0.56%	0.98%	1.39%	0.98%	0.69%	1.10%	0.83%	1.10%	1.00%	0.84%	
1279	Medicare Tax-growth rate	4.78%	5.37%	-0.05%	12.08%	8.39%	6.74%	0.44%	1.11%	1.90%	2.40%	
1280	Medicare Tax-%of salaries (max=1.45%)	0.96%	1.00%	1.03%	1.11%	1.17%	1.21%	1.23%	1.27%	1.28%	1.31%	
1281	Life Insurance	-14.43%	14.65%	-17.37%	-1.32%	3.80%	0.82%	-2.24%	12.10%	-6.17%	-5.34%	
1282	Unemployment	-17.50%	31.86%	180.73%	-75.90%	97.56%	35.06%	94.41%	15.08%	-80.98%	8.27%	
1283	Other	27.09%	9.55%	-28.76%	41.33%	-1.81%	12.80%	0.42%	3.25%	-15.77%	24.46%	
1284												
1285	Purchased Services:											
1286	Prof. & Tech Svcs (410)	5.78%	-4.78%	11.74%	-10.04%	11.10%	29.79%	0.24%	2.36%	-4.69%	5.58%	
1287	Legal (418)	52.63%	-26.17%	65.41%	-35.05%	23.03%	42.82%	-7.30%	-25.23%	-42.12%	57.31%	
1288	All Other Prof & Tech Svcs (rest of 410)	-2.88%	1.43%	0.39%	-1.32%	8.37%	26.39%	2.46%	9.70%	2.10%	0.26%	
1289	Property Services (420)											
1290	Repairs & Maint. (423)	Included in 420 previous to 2007				326.34%	-35.32%	55.83%	-33.48%	-30.45%	42.41%	-35.10%
1291	Property Insurance (424)	-29.11%	25.70%	-12.21%	-6.56%	-0.78%	-3.13%	12.58%	11.60%	21.16%	5.69%	
1292	Copiers (426)	Included in 423 previous to 2012			Included in 423 previous to 2012			Included in 423 previous to 2012				
1293	All Other Prop.Svcs (rest of 420)	5.92%	9.67%	-82.37%	63.00%	-10.77%	-11.27%	-8.77%	-12.03%	67.62%	-30.06%	
1294	Travel Mileage/Meetings (430)	-30.81%	-3.37%	-5.79%	50.35%	103.63%	57.82%	-34.68%	-15.48%	33.86%	1.58%	
1295	Communications (440)	2.23%	-15.29%	8.45%	-16.10%	45.09%	-8.16%	-9.72%	105.68%	-24.38%	-18.17%	
1296	Telephone & Related-net of Erate	3.62%	-28.35%	28.54%	-12.66%	50.25%	-6.86%	-21.64%	184.56%	-56.94%	-19.62%	
1297	Postage (443-445)	0.55%	-4.39%	-1.08%	-24.89%	32.11%	-3.83%	5.20%	6.53%	7.78%	-11.71%	
1298	All Other Communications (rest of 440)	-5.73%	148.51%	-82.31%	93.58%	88.77%	-72.46%	290.79%	-75.74%	3740.25%	-22.45%	

**Shaker Heights CSD
Forecast Assumptions
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	D	M	N	O	P	Q	R	S	T	U	V
8		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
9		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1224	Forecast Assumption Summary:										
1245	Historical Years Growth Rates										
1299	Utilities (450)										
1300	Electricity (451)	-3.72%	-16.23%	95.35%	-31.10%	37.11%	-6.85%	-3.54%	-6.09%	-14.70%	5.98%
1301	Water & Sewer (452)	-1.63%	25.77%	-0.18%	17.05%	-0.83%	6.50%	11.25%	-18.93%	28.07%	-1.72%
1302	Natural Gas (453)	-3.46%	34.42%	-20.82%	-7.99%	29.84%	-45.54%	44.42%	-62.69%	58.53%	16.51%
1303	Printing/Work Study (460)	-0.28%	-0.90%	-23.56%	-20.38%	-8.24%	23.25%	31.10%	-40.63%	46.02%	22.26%
1304	Out-of-District Tuition (470)	34.75%	-7.22%	10.22%	-0.87%	8.18%	10.74%	-3.68%	-2.32%	6.71%	10.62%
1305	Pupil Transportation (480)	0.13%	4.69%	-5.00%	-4.64%	3.77%	-2.20%	1.48%	-8.11%	15.46%	11.99%
1306	Other (490)	220.45%	-63.11%	158.82%	-100.00%	#DIV/0!	-100.00%	#DIV/0!	#DIV/0!	-100.00%	#DIV/0!
1307	Additional for Technology needs	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
1308	Replace loss of Grant Funds	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
1309	All Other	220.45%	-63.11%	158.82%	-100.00%	#DIV/0!	-100.00%	#DIV/0!	#DIV/0!	-100.00%	#DIV/0!
1310											
1311	Textbooks, Materials & Supplies:										
1312	General Supplies (510)	18.31%	-4.66%	-16.91%	24.14%	7.74%	-1.88%	-13.30%	15.05%	16.14%	-1.20%
1313	Textbooks (520)	-18.16%	67.50%	-40.02%	-3.44%	29.54%	-30.19%	0.55%	14.16%	83.98%	-32.48%
1314	Library (530)	-1.06%	6.30%	-9.19%	35.90%	13.90%	23.52%	-5.77%	4.20%	-9.48%	-3.82%
1315	Periodicals (540)	-15.94%	-8.16%	-18.55%	5.57%	6.98%	0.47%	4.13%	9.80%	-4.05%	98.34%
1316	Food (560)	-28.88%	6.76%	17.47%	-1.55%	-55.96%	87.36%	-27.67%	-24.26%	26.18%	25.79%
1317	Plant Operations (570)	-9.84%	2.83%	26.07%	30.38%	33.42%	6.08%	-24.49%	3.92%	25.13%	-28.78%
1318	Transportation (580)										
1319	All Other Transportation (rest 580)	10.06%	9.69%	-5.76%	28.13%	1.57%	4.62%	-0.57%	-17.39%	-7.25%	27.50%
1320	Fuel & Fuel Supplement (582)	35.75%	29.72%	-20.23%	63.21%	-16.17%	-8.29%	25.96%	20.51%	-2.21%	-6.62%
1321											
1322	Capital Outlay	8.54%	-58.54%	62.25%	98.29%	-37.99%	47.62%	2.94%	76.84%	70.48%	-10.41%
1323	Debt Service	Based upon actual debt service requirements				Based upon actual debt service requirements					495.07%
1324	Other Objects-excluding debt service	0.36%	-3.79%	3.76%	11.41%	20.82%	-13.19%	21.14%	4.04%	6.86%	-0.60%
1325	(Budget Savings)										\$0
1326	Operating Transfers-Out	34.48%	-1.40%	4.17%	40.00%	171.43%	0.00%	-14.74%	-4.94%	-46.75%	1093.30%
1327	Encumbrances June 30	-18.73%	73.73%	8.89%	13.82%	52.34%	-15.29%	4.80%	34.25%	-18.19%	-13.49%
1328											
1329	Revenue from New Tax Levy #1										\$0
1330	Revenue from New Tax Levy #2										\$0
1331	New Tax Levy Millage #1										0.0
1332	New Tax Levy Millage #2										0.0
1333	Assessed Value Growth Rate-new levies only	-2.42%	-2.53%	10.11%	-0.81%	1.32%	-6.99%	0.00%	0.00%	-9.15%	-0.03%
1334											
1335	Enrollment #								5,444	5,423	5,343
1336	Enrollment # Inc/(Dec) from Prior Year								(46)	(21)	(80)
1337	Enrollment % Inc/(Dec) from Prior Year	0.00%							-0.84%	-0.39%	-1.48%

**Shaker Heights CSD
Forecast Assumptions
September 2014**

	D	W	X	Y	Z	AA
8		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
9		2015	2016	2017	2018	2019
1224	Forecast Assumption Summary:					
1245	Projected Growth Rates					
1246	Revenues					
1247	General Property Tax (Real Estate)	3.84%	4.08%	0.00%	0.00%	0.00%
1248	Property Tax Allocation-HERB	0.00%	0.00%	0.00%	0.00%	0.00%
1249	Tangible Personal Property Tax	-85.92%	-100.00%	#DIV/0!	#DIV/0!	#DIV/0!
1250	Total Property Taxes Combined	1.89%	3.35%	0.00%	0.00%	0.00%
1251	Assessed Value	0.04%	4.92%	0.00%	0.00%	5.05%
1252	Projected Tax Collection Rate	97.50%	97.50%	97.50%	97.50%	97.50%
1253						
1254	Unrestricted Grants-in-Aid (State Fndtn)	6.96%	-0.83%	0.00%	0.00%	0.00%
1255	Restricted State Grants-in-Aid (Other State)	733.22%	-44.06%	0.85%	0.85%	0.84%
1256	All Other Revenues	-16.04%	-6.10%	1.75%	2.20%	8.96%
1257						
1258	Expenditures					
1259	Personal Services:					
1260	Net growth rate	1.94%	1.11%	1.11%	1.13%	1.14%
1261	Contractual Growth Rate-Certificated	0.00%	0.00%	0.00%	0.00%	0.00%
1262	Contractual Growth Rate-Classified	1.00%	0.00%	0.00%	0.00%	0.00%
1263	Step Growth Rate-Certificated	2.00%	2.00%	2.00%	2.00%	2.00%
1264	Step Growth Rate-Classified	2.00%	2.00%	2.00%	2.00%	2.00%
1265	Est.retirement replacement savings	(\$650,000)	(\$463,000)	(\$463,000)	(\$463,000)	(\$463,000)
1266	Sick leave severance pmts-included	\$884,000	\$902,000	\$920,000	\$939,000	\$958,000
1267						
1268	Fringe Benefits:					
1269	Retirement-growth rate	1.97%	1.14%	1.13%	1.16%	1.17%
1270	Retirement-% of salaries w/o severance	15.62%	15.63%	15.63%	15.64%	15.65%
1271	Health Ins-forecast % growth-perGallagher	10.00%	10.00%	10.00%	10.00%	10.00%
1272	Health Ins-forecast % decline-EE increase	0.00%	0.00%	0.00%	0.00%	0.00%
1273	Health Ins-forecast % decline-Res.Balance	-3.00%	-3.00%	0.00%	0.00%	0.00%
1274	Health Ins-forecast % growth-Net %	7.00%	7.00%	10.00%	10.00%	10.00%
1275	Health Insurance-growth rate of expense	4.46%	6.99%	9.98%	9.99%	10.02%
1276	Health Insurance-EE Shared Prem. %	12.00%	12.00%	12.00%	12.00%	12.00%
1277	Workers' Compensation-growth rate	-6.43%	6.25%	12.47%	-3.14%	-1.94%
1278	Workers' Compensation-% of salaries	0.77%	0.81%	0.91%	0.87%	0.84%
1279	Medicare Tax-growth rate	3.45%	4.51%	5.56%	6.59%	-3.24%
1280	Medicare Tax-%of salaries (max=1.45%)	1.33%	1.38%	1.44%	1.52%	1.45%
1281	Life Insurance	3.56%	1.00%	0.99%	0.98%	0.97%
1282	Unemployment	62.71%	2.05%	2.01%	1.97%	1.93%
1283	Other	2.08%	1.93%	1.89%	1.86%	1.82%
1284						
1285	Purchased Services:					
1286	Prof. & Tech Svcs (410)	2.35%	-2.14%	1.50%	5.30%	-1.94%
1287	Legal (418)	10.77%	-20.00%	5.00%	34.82%	-17.00%
1288	All Other Prof & Tech Svcs (rest of 410)	0.99%	1.02%	1.01%	1.00%	0.99%
1289	Property Services (420)					
1290	Repairs & Maint. (423)	16.54%	4.02%	4.03%	4.04%	4.03%
1291	Property Insurance (424)	-9.61%	5.00%	4.76%	5.05%	4.81%
1292	Copiers (426)	1.19%	0.91%	0.90%	0.89%	0.88%
1293	All Other Prop.Svcs (rest of 420)	1.77%	1.72%	1.69%	1.67%	1.64%
1294	Travel Mileage/Meetings (430)	2.12%	1.99%	1.95%	1.92%	1.88%
1295	Communications (440)					
1296	Telephone & Related-net of Erate	41.88%	2.45%	2.39%	2.34%	2.28%
1297	Postage (443-445)	90.81%	2.23%	2.18%	2.13%	2.09%
1298	All Other Communications (rest of 440)	2.94%	3.06%	2.97%	2.88%	2.80%
1299		1.64%	2.47%	2.41%	2.35%	2.30%

**Shaker Heights CSD
Forecast Assumptions
September 2014**

	D	W	X	Y	Z	AA
8		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
9		2015	2016	2017	2018	2019
1224	Forecast Assumption Summary:					
1245	Projected Growth Rates					
1299	Utilities (450)					
1300	Electricity (451)	3.09%	3.16%	3.20%	2.96%	3.01%
1301	Water & Sewer (452)	5.25%	4.95%	5.19%	4.93%	5.13%
1302	Natural Gas (453)	3.95%	4.11%	4.14%	4.17%	4.18%
1303	Printing/Work Study (460)	2.20%	1.91%	1.88%	1.84%	1.81%
1304	Out-of-District Tuition (470)	5.00%	5.00%	5.01%	5.00%	5.00%
1305	Pupil Transportation (480)	5.02%	5.01%	4.98%	5.01%	5.01%
1306	Other (490)	#DIV/0!	2.00%	1.96%	1.92%	1.89%
1307	Additional for Technology needs	#DIV/0!	2.00%	1.96%	1.92%	1.89%
1308	Replace loss of Grant Funds	#DIV/0!	2.00%	1.96%	1.92%	1.89%
1309	All Other	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
1310						
1311	Textbooks, Materials & Supplies:					
1312	General Supplies (510)	0.96%	1.00%	0.99%	0.98%	0.97%
1313	Textbooks (520)	57.00%	-33.16%	54.59%	-31.92%	2.00%
1314	Library (530)	2.27%	2.15%	2.11%	2.06%	2.02%
1315	Periodicals (540)	2.66%	1.96%	1.92%	1.89%	1.85%
1316	Food (560)	4.40%	0.00%	0.00%	0.00%	0.00%
1317	Plant Operations (570)	0.97%	1.04%	1.03%	1.02%	1.01%
1318	Transportation (580)					
1319	All Other Transportation (rest 580)	1.74%	2.31%	2.26%	2.21%	2.16%
1320	Fuel & Fuel Supplement (582)	14.50%	4.92%	5.00%	4.76%	4.83%
1321						
1322	Capital Outlay	0.16%	5.02%	5.02%	5.01%	4.99%
1323	Debt Service	-61.60%	162.88%	11.29%	-1.63%	1.99%
1324	Other Objects-excluding debt service	21.46%	-1.18%	4.44%	4.51%	4.52%
1325	(Budget Savings)	\$0	(\$1,000,000)	(\$2,000,000)	(\$3,000,000)	(\$4,000,000)
1326	Operating Transfers-Out	-90.19%	10.42%	9.43%	8.62%	7.94%
1327	Encumbrances June 30	0.00%	0.00%	0.00%	0.00%	0.00%
1328						
1329	Revenue from New Tax Levy #1	\$0	\$0	\$0	\$0	\$0
1330	Revenue from New Tax Levy #2	\$0	\$0	\$0	\$0	\$0
1331	New Tax Levy Millage #1	0.0	0.0	0.0	0.0	0.0
1332	New Tax Levy Millage #2	0.0	0.0	0.0	0.0	0.0
1333	Assessed Value Growth Rate-new levies only	0.04%	4.92%	0.00%	0.00%	5.05%
1334						
1335	Enrollment #	5,343	5,343	5,343	5,343	5,343
1336	Enrollment # Inc/(Dec) from Prior Year	0	0	0	0	0
1337	Enrollment % Inc/(Dec) from Prior Year	0.00%	0.00%	0.00%	0.00%	0.00%

Forecast Comparison
Oct 2014 vs. May 2014

	A	B	C	D	E	F	G	H	I	K	L
1			Actual	Actual	Actual/Projected	Projected	Projected	Projected	Projected		
2			FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018		TOTAL
3	REVENUE ANALYSIS										
4											
5	General Property Tax - 1.010										
6	Revised Oct 2014		63,372,851	63,278,858	62,987,822	65,404,447	68,071,072	68,071,072	68,071,072		459,257,194
7	Revised May 2014		63,372,851	63,278,858	63,441,074	62,700,000	62,500,000	62,500,000	62,500,000		440,292,783
8	Increase/(Decrease) in Revenue		0	0	(453,252)	2,704,447	5,571,072	5,571,072	5,571,072		18,964,411
9											
10	Notes: Inc. due to collection of new 6.9 mill operating levy beg. Jan 2015, partially offset by small loss in commercial tax base beginning in F2015 due to Chagrin/Warrensville intersection reconfiguration										
11											
12	Tangible Personal Prop - 1.020										
13	Revised Oct 2014		9,228	3,620	1,200,676	169,067	0	0	0		1,382,591
14	Revised May 2014		9,228	3,620	1,369,743	0	0	0	0		1,382,591
15	Increase/(Decrease) in Revenue		0	0	(169,067)	169,067	0	0	0		0
16											
17	Notes: Tax no longer in effect, collection in 2014 & 2015 represents OfficeMax delinquent tax settlement amount.										
18											
19	HERB - 1.050										
20	Revised Oct 2014		9,057,675	9,043,942	8,975,200	8,975,200	8,975,200	8,975,200	8,975,200		62,977,617
21	Revised May 2014		9,057,675	9,043,942	8,834,593	8,834,593	8,834,593	8,834,593	8,834,593		62,274,582
22	Increase/(Decrease) in Revenue		0	0	140,607	140,607	140,607	140,607	140,607		703,035
23											
24	Notes:										
25											
26	TOTAL TAXES										
27	Revised Oct 2014		72,439,754	72,326,420	73,163,698	74,548,714	77,046,272	77,046,272	77,046,272		523,617,402
28	Revised May 2014		72,439,754	72,326,420	73,645,410	71,534,593	71,334,593	71,334,593	71,334,593		503,949,956
29	Increase/(Decrease) in Revenue		0	0	(481,712)	3,014,121	5,711,679	5,711,679	5,711,679		19,667,446
30											
31	Notes: Inc. due to collection of new 6.9 mill operating levy beg. Jan 2015, partially offset by small loss in commercial tax base beginning in F2015 due to Chagrin/Warrensville intersection reconfiguration										
32											
33	Unrestricted Grants-in-Aid 1.035 & 1.045										
34	Revised Oct 2014		13,458,114	13,201,878	14,140,592	15,125,000	15,000,000	15,000,000	15,000,000		100,925,584
35	Revised May 2014		13,458,114	13,201,878	14,076,088	15,125,000	15,000,000	15,000,000	15,000,000		100,861,080
36	Increase/(Decrease) in Revenue		0	0	64,504	0	0	0	0		64,504
37											
38	Notes: Increase due to 2013-2015 State Biennial Budget increases in funding.										
39											
40	Restricted Grants-in-Aid 1.040										
41	Revised Oct 2014		800,360	476,338	276,534	2,304,145	1,289,000	1,300,000	1,311,000		7,757,377
42	Revised May 2014		800,360	476,338	644,534	655,000	665,000	676,000	687,000		4,604,232
43	Increase/(Decrease) in Revenue		0	0	(368,000)	1,649,145	624,000	624,000	624,000		3,153,145
44											
45	Notes: Delay in receipt of catastrophic aid reimbursement in F2014, with two years collection at a higher payout rate in F2015, and one year per year thereafter.										
46											
47	Total Revenues - 2.080										
48	Revised Oct 2014		88,682,460	88,389,457	90,413,224	94,355,859	95,568,272	95,618,272	95,679,272		648,706,816
49	Revised May 2014		88,682,460	88,389,457	91,075,032	89,625,593	89,061,593	89,109,593	89,168,593		625,112,321
50	Increase/(Decrease) in Revenue		0	0	(661,808)	4,730,266	6,506,679	6,508,679	6,510,679		23,594,495
51											
52	Notes: Increase due to collection of new 6.9 mill operating levy beginning Jan 2015 and higher catastrophic aid reimbursements.										23,594,495
53											Multi-Yr.Inc/(Dec) in Exp= (3,084,566)
54											Inc/(Dec) in Enc.= (678,629)
55											Net Inc/(Dec) in FdBal.= 27,357,690

SHAKER HEIGHTS CITY SCHOOL DISTRICT

Forecast Comparison
Oct 2014 vs. May 2014

	A	B	C	D	E	F	G	H	I	K	L
1			Actual	Actual	Actual/Projected	Projected	Projected	Projected	Projected		
2			FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018		TOTAL
56	EXPENDITURE ANALYSIS										
57											
58	Personal Services - 3.010										
59	Revised Oct 2014		50,210,780	50,745,269	50,647,786	51,632,000	52,206,000	52,786,000	53,382,000		361,609,835
60	Revised May 2014		50,210,780	50,745,269	51,059,000	51,634,281	52,129,000	52,628,000	53,136,000		361,542,330
61	Inc./(Dec.) in Expenditures		0	0	(411,214)	(2,281)	77,000	158,000	246,000		67,505
62											
63	Notes:										
64											
65	Emp Retirement & Benefits - 3.020										
66	Revised Oct 2014		19,029,788	17,578,940	16,991,881	17,515,700	18,237,300	19,296,900	20,389,500		129,040,009
67	Revised May 2014		19,029,788	17,578,940	17,109,600	17,899,800	18,845,400	19,910,100	21,003,272		131,376,900
68	Inc./(Dec.) in Expenditures		0	0	(117,719)	(384,100)	(608,100)	(613,200)	(613,772)		(2,336,891)
69											
70	Notes: Primarily due to lower health insurance increases effective 1/1/14, and lower projected increases effective in F2015 & F2016.										
71											
72	Purchased Services - 3.030										
73	Revised Oct 2014		12,148,209	13,205,518	13,517,019	14,481,600	14,941,600	15,521,600	16,225,600		100,041,146
74	Revised May 2014		12,148,209	13,205,518	13,795,900	14,366,600	14,914,600	15,586,600	16,088,600		100,106,027
75	Inc./(Dec.) in Expenditures		0	0	(278,881)	115,000	27,000	(65,000)	137,000		(64,881)
76											
77	Notes:										
78											
79	Textbooks, Materials & Supplies-3.040										
80	Revised Oct 2014		2,726,307	3,331,501	2,867,264	3,138,000	2,990,000	3,240,000	3,094,000		21,387,072
81	Revised May 2014		2,726,307	3,331,501	3,011,000	3,062,000	3,114,000	3,317,000	3,224,000		21,785,808
82	Inc./(Dec.) in Expenditures		0	0	(143,736)	76,000	(124,000)	(77,000)	(130,000)		(398,736)
83											
84	Notes:										
85											
86	Capital Outlay - 3.050										
87	Revised Oct 2014		1,029,542	1,755,200	1,572,532	1,575,000	1,654,000	1,737,000	1,824,000		11,147,274
88	Revised May 2014		1,029,542	1,755,200	1,600,000	1,680,000	1,764,000	1,852,000	1,945,000		11,625,742
89	Inc./(Dec.) in Expenditures		0	0	(27,468)	(105,000)	(110,000)	(115,000)	(121,000)		(478,468)
90											
91	Notes:										
92											
93	Budget Reductions - 3.060										
94	Revised Oct 2014		0	0	0	0	(1,000,000)	(2,000,000)	(3,000,000)		(6,000,000)
95	Revised May 2014		0	0	0	0	(1,000,000)	(2,000,000)	(3,000,000)		(6,000,000)
96	Inc./(Dec.) in Expenditures		0	0	0	0	0	0	0		0
97											
98	Notes:										
99											
100	Total Expend.&Other FinUses - 5.050										
101	Revised Oct 2014		86,977,530	88,409,869	89,826,214	90,544,600	91,387,798	93,075,375	94,516,475		634,737,861
102	Revised May 2014		86,977,530	88,409,869	90,766,475	90,886,406	92,105,325	93,735,575	94,941,247		637,822,427
103	Inc./(Dec.) in Expenditures		0	0	(940,261)	(341,806)	(717,527)	(660,200)	(424,772)		(3,084,566)
104											
105	Notes: See as described above.										
106											
107											

Forecast Comparison
Oct 2014 vs. May 2014

	A	B	C	D	E	F	G	H	I	K	L
1			Actual	Actual	Actual/Projected	Projected	Projected	Projected	Projected		
2			FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018		TOTAL
108	FUND BALANCE ANALYSIS										
109											
110	Excess of Rev vs. Exp. - 6.010										
111	Revised Oct 2014		1,704,930	(20,412)	587,010	3,811,259	4,180,474	2,542,897	1,162,797		13,968,955
112	Revised May 2014		1,704,930	(20,412)	308,557	(1,260,813)	(3,043,732)	(4,625,982)	(5,772,654)		(12,710,106)
113	Inc./(Dec.) in Net Income		0	0	278,453	5,072,072	7,224,206	7,168,879	6,935,451		26,679,061
114											
115	Notes: Increase due to collection of new 6.9 mill operating levy beginning Jan 2015 and higher catastrophic aid reimbursements, coupled with expense savings as described above.										
116											
117											
118	Estimated Encumbrances - 8.010										
119	Revised Oct 2014		6,150,540	5,031,766	4,353,137	4,353,137	4,353,137	4,353,137	4,353,137		32,947,991
120	Revised May 2014		6,150,540	5,031,766	5,031,766	5,031,766	5,031,766	5,031,766	5,031,766		36,341,136
121	Inc./(Dec.) in Encumbrances		0	0	(678,629)	(678,629)	(678,629)	(678,629)	(678,629)		(3,393,145)
122											
123	Notes:										
124											
125											
126	Fund Bal. June 30 Certification - 10.010										
127	Revised Oct 2014		17,002,975	18,101,337	19,366,976	23,178,235	27,358,709	29,901,606	31,064,403		165,974,241
128	Revised May 2014		17,002,975	18,101,337	18,409,894	17,149,081	14,105,349	9,479,367	3,706,713		97,954,716
129	Inc./(Dec.) in Fund Bal.		0	0	957,082	6,029,154	13,253,360	20,422,239	27,357,690		68,019,525
130											
131	Notes: Increase due to collection of new 6.9 mill operating levy beginning Jan 2015 and higher catastrophic aid reimbursements, coupled with expense savings as described above.										
132											
133											
134	New Prop. Tax Revenue - 13.020										
135	Revised Oct 2014		0	0	0	0	0	0	0		0
136	Revised May 2014		0	0	0	2,667,600	5,335,200	5,335,200	5,335,200		18,673,200
137	Inc./(Dec.) in Fund Balance		0	0	0	(2,667,600)	(5,335,200)	(5,335,200)	(5,335,200)		(18,673,200)
138											
139	Notes: Projected revenues from voter-approved operating levy are included in Revenues above.										
140											
141											
142	Unreserved Fund Bal. June 30 - 15.010										
143	Revised Oct 2014		17,002,975	18,101,337	19,366,976	23,178,235	27,358,709	29,901,606	31,064,403		165,974,241
144	Revised May 2014		17,002,975	18,101,337	18,409,894	19,816,681	22,108,149	22,817,367	22,379,913		140,636,316
145	Inc./(Dec.) in Fund Balance		0	0	957,082	3,361,554	5,250,560	7,084,239	8,684,490		25,337,925
146											
147	Notes: Increase due to higher catastrophic aid reimbursements, coupled with expense savings as described above.										
148											
170											
171											
172	FB-Retirement - Part of 3.020										
173	Revised Oct 2014		7,911,396	7,898,514	7,774,852	7,928,000	8,018,000	8,109,000	8,203,000		55,842,762
174	Revised May 2014		7,911,396	7,898,514	7,930,000	8,018,000	8,098,000	8,179,000	8,262,000		56,296,910
175	Inc./(Dec.) in Expenditures		0	0	(155,148)	(90,000)	(80,000)	(70,000)	(59,000)		(454,148)
176											
177	Notes:										
178											

SHAKER HEIGHTS CITY SCHOOL DISTRICT

Forecast Comparison
Oct 2014 vs. May 2014

	A	B	C	D	E	F	G	H	I	K	L
1			Actual	Actual	Actual/Projected	Projected	Projected	Projected	Projected		
2			FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018		TOTAL
179											
180	FB-Health Insurance - Part of 3.020										
181	Revised Oct 2014		9,470,299	8,237,364	7,789,477	8,137,000	8,706,000	9,575,000	10,532,000		62,447,140
182	Revised May 2014		9,470,299	8,237,364	7,787,000	8,364,000	9,198,000	10,116,000	11,129,000		64,301,663
183	Inc./(Dec.) in Expenditures		0	0	2,477	(227,000)	(492,000)	(541,000)	(597,000)		(1,854,523)
184											
185	Notes: Due to reduction in health insurance rates as of Jan.2014 and projected lower rates in F2015 & F2016.										
186											
187											
188	FB-All Other Fringes - Part of 3.020										
189	Revised Oct 2014		1,648,093	1,443,062	1,427,552	1,450,700	1,513,300	1,612,900	1,654,500		10,750,107
190	Revised May 2014		1,648,093	1,443,062	1,392,600	1,517,800	1,549,400	1,615,100	1,612,272		10,778,327
191	Inc./(Dec.) in Expenditures		0	0	34,952	(67,100)	(36,100)	(2,200)	42,228		(28,220)
192											
193	Notes:										
194			0	0	0	0	0	0	0		0
195			0	0	0	0	0	0	0		0
196											
197	PS-Repair&Maint - Part of 3.030										
198	Revised Oct 2014		1,063,020	1,513,877	982,526	1,145,000	1,191,000	1,239,000	1,289,000		8,423,423
199	Revised May 2014		1,063,020	1,513,877	1,324,000	1,377,000	1,432,000	1,489,000	1,549,000		9,747,897
200	Inc./(Dec.) in Expenditures		0	0	(341,474)	(232,000)	(241,000)	(250,000)	(260,000)		(1,324,474)
201											
202	Notes: Due to lower projected R&M expenses in F2015 and beyond due to \$2.2 million transfer to Capital Fund in June 2014.										
203											
204	PS-OOD Tuition - Part of 3.030										
205	Revised Oct 2014		4,727,050	5,044,278	5,580,055	5,859,000	6,152,000	6,460,000	6,783,000		40,605,383
206	Revised May 2014		4,727,050	5,044,278	5,246,000	5,508,000	5,783,000	6,072,000	6,376,000		38,756,328
207	Inc./(Dec.) in Expenditures		0	0	334,055	351,000	369,000	388,000	407,000		1,849,055
208											
209	Notes: Increase due to higher F2014 base.										
210											
211	PS-Utilities - Part of 3.030										
212	Revised Oct 2014		1,154,061	1,235,362	1,336,540	1,386,000	1,438,000	1,493,000	1,548,000		9,590,963
213	Revised May 2014		1,154,061	1,235,362	1,567,875	1,519,000	1,576,000	1,635,000	1,695,000		10,382,298
214	Inc./(Dec.) in Expenditures		0	0	(231,335)	(133,000)	(138,000)	(142,000)	(147,000)		(791,335)
215											
216	Notes: Due to natural gas costs being less than expected due to severe 2014 winter.										
217											
218	PS-Pupil Transportation - Part of 3.030										
219	Revised Oct 2014		1,294,704	1,494,842	1,674,043	1,758,000	1,846,000	1,938,000	2,035,000		12,040,589
220	Revised May 2014		1,294,704	1,494,842	1,570,000	1,649,000	1,731,000	1,818,000	1,909,000		11,466,546
221	Inc./(Dec.) in Expenditures		0	0	104,043	109,000	115,000	120,000	126,000		574,043
222											
223	Notes: Increase due to higher F2014 base.										
224											
225	PS-Rest of Prof&TechSvces - Part of 3.030										
226	Revised Oct 2014		2,185,025	2,230,982	2,236,761	2,259,000	2,282,000	2,305,000	2,328,000		15,826,768
227	Revised May 2014		2,185,025	2,230,982	2,233,000	2,255,000	2,278,000	2,301,000	2,324,000		15,807,007
228	Inc./(Dec.) in Expenditures		0	0	3,761	4,000	4,000	4,000	4,000		19,761
229											
230	Notes:										

SHAKER HEIGHTS CITY SCHOOLS

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Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2012, 2013 and 2014 Actual;
Forecasted Fiscal Years Ending June 30, 2015 Through 2019

	Actual				Average Change	Forecasted					5-Year Average Change
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019		
Revenues											
1.010 General Property Tax (Real Estate)	\$63,372,851	\$63,278,858	\$62,987,822	-0.3%	\$65,404,447	\$68,071,072	\$68,071,072	\$68,071,072	\$68,071,072	1.0%	
1.020 Tangible Personal Property Tax	9,228	3,620	1,200,676	16503.5%	169,067					-25.0%	
1.030 Income Tax											
1.035 Unrestricted Grants-in-Aid	12,760,883	13,127,080	14,140,592	5.3%	15,125,000	15,000,000	15,000,000	\$15,000,000	\$15,000,000	-0.2%	
1.040 Restricted State Grants-in-Aid	800,360	476,338	276,534	-41.2%	2,304,145	1,289,000	1,300,000	\$1,311,000	\$1,322,000	-10.4%	
1.045 Restricted Federal Grants-in-Aid - SFSF	697,231	74,798		-94.6%							
1.050 Property Tax Allocation	9,057,675	9,043,942	8,975,200	-0.5%	8,975,200	8,975,200	8,975,200	\$8,975,200	\$8,975,200		
1.060 All Other Revenues	1,984,232	2,384,821	2,832,400	19.5%	2,378,000	2,233,000	2,272,000	\$2,322,000	\$2,530,000	1.7%	
1.070 <i>Total Revenues</i>	88,682,460	88,389,457	90,413,224	1.0%	94,355,859	95,568,272	95,618,272	95,679,272	95,898,272	0.4%	
Other Financing Sources											
2.010 Proceeds from Sale of Notes											
2.020 State Emergency Loans and Advancements (Approved)											
2.040 Operating Transfers-In											
2.050 Advances-In											
2.060 All Other Financing Sources											
2.070 <i>Total Other Financing Sources</i>											
2.080 <i>Total Revenues and Other Financing Sources</i>	88,682,460	88,389,457	90,413,224	1.0%	94,355,859	95,568,272	95,618,272	95,679,272	95,898,272	0.4%	
Expenditures											
3.010 Personal Services	50,210,780	50,745,269	50,647,786	0.4%	51,632,000	52,206,000	52,786,000	\$53,382,000	\$53,988,000	1.1%	
3.020 Employees' Retirement/Insurance Benefits	19,029,788	17,578,940	16,991,881	-5.5%	17,515,700	18,237,300	19,296,900	\$20,389,500	\$21,511,926	5.3%	
3.030 Purchased Services	12,148,209	13,205,518	13,517,019	5.5%	14,481,600	14,941,600	15,521,600	\$16,225,600	\$16,761,600	3.7%	
3.040 Supplies and Materials	2,726,307	3,331,501	2,867,264	4.1%	3,138,000	2,990,000	3,240,000	\$3,094,000	\$3,145,000	0.2%	
3.050 Capital Outlay	1,029,542	1,755,200	1,572,532	30.0%	1,575,000	1,654,000	1,737,000	\$1,824,000	\$1,915,000	5.0%	
3.060 Budget Reductions						(1,000,000)	(2,000,000)	(3,000,000)	(4,000,000)	45.8%	
Debt Service:											
4.010 Principal-All (Historical Only)											
4.020 Principal-Notes											
4.030 Principal-State Loans											
4.040 Principal-State Advancements											
4.050 Principal and interest-HB 264 Loan		30,891	154,713	200.4%		155,198	184,775	181,875	183,925	4.7%	
4.055 Principal and interest -Other		10,375	90,850	387.8%	94,300	92,700	91,100	89,500	92,850	-0.4%	
4.060 Interest and Fiscal Charges											
4.300 Other Objects	1,447,904	1,547,175	1,537,905	3.1%	1,868,000	1,846,000	1,928,000	2,015,000	2,106,000	3.1%	
4.500 <i>Total Expenditures</i>	86,592,530	88,204,869	87,379,950	0.5%	90,304,600	91,122,798	92,785,375	94,201,475	95,704,301	1.5%	
Other Financing Uses											
5.010 Operating Transfers-Out	385,000	205,000	2,446,264	523.3%	240,000	265,000	290,000	315,000	340,000	9.1%	
5.020 Advances-Out											
5.030 All Other Financing Uses											
5.040 <i>Total Other Financing Uses</i>	385,000	205,000	2,446,264	523.3%	240,000	265,000	290,000	315,000	340,000	9.1%	
5.050 <i>Total Expenditures and Other Financing Uses</i>	86,977,530	88,409,869	89,826,214	1.6%	90,544,600	91,387,798	93,075,375	94,516,475	96,044,301	1.5%	
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	1,704,930	(20,412)	587,010	-1538.5%	3,811,259	4,180,474	2,542,897	1,162,797	(146,029)	-49.1%	

SHAKER HEIGHTS CITY SCHOOLS

CUYAHOGA

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2012, 2013 and 2014 Actual;
Forecasted Fiscal Years Ending June 30, 2015 Through 2019

	Actual				Average Change	Forecasted					5-Year Average Change
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019		
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	21,801,655	23,506,585	23,486,173	3.9%	24,073,183	27,884,442	32,064,916	34,607,813	35,770,610	10.5%	
7.020 Cash Balance June 30	23,506,585	23,486,173	24,073,183	1.2%	27,884,442	32,064,916	34,607,813	35,770,610	35,624,581	6.5%	
8.010 Estimated Encumbrances June 30	6,150,540	5,031,766	4,353,137	-15.8%	4,353,137	4,353,137	4,353,137	4,353,137	4,353,137		
Reservation of Fund Balance											
9.010 Textbooks and Instructional Materials											
9.020 Capital Improvements											
9.030 Budget Reserve	353,070	353,070	353,070		353,070	353,070	353,070	353,070	353,070		
9.040 DPIA											
9.045 Fiscal Stabilization											
9.050 Debt Service											
9.060 Property Tax Advances											
9.070 Bus Purchases											
9.080 Subtotal	353,070	353,070	353,070		353,070	353,070	353,070	353,070	353,070		
10.010 Fund Balance June 30 for Certification of Appropriations	17,002,975	18,101,337	19,366,976	6.7%	23,178,235	27,358,709	29,901,606	31,064,403	30,918,374	7.7%	
Revenue from Replacement/Renewal Levies											
11.010 Income Tax - Renewal											
11.020 Property Tax - Renewal or Replacement											
11.300 Cumulative Balance of Replacement/Renewal Levies											
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	17,002,975	18,101,337	19,366,976	6.7%	23,178,235	27,358,709	29,901,606	31,064,403	30,918,374	7.7%	
Revenue from New Levies											
13.010 Income Tax - New											
13.020 Property Tax - New											
13.030 Cumulative Balance of New Levies											
14.010 Revenue from Future State Advancements											
15.010 Unreserved Fund Balance June 30	\$17,002,975	\$18,101,337	\$19,366,976	6.7%	\$23,178,235	\$27,358,709	\$29,901,606	\$31,064,403	\$30,918,374	7.7%	
ADM Forecasts											
20.010 Kindergarten - October Count	360	346	376	2.4%	376	376	376	376	376		
20.015 Grades 1-12 - October Count	5,084	5,077	4,967	-1.2%	4,967	4,967	4,967	4,967	4,967		
20.020 Kindergarten - February Count											
20.025 Grades 1-12 - February Count											
State Fiscal Stabilization Funds											
21.010 Personal Services SFSF/Ed Jobs in F12	\$595,184			-50.0%							
21.020 Employees Retirement/Insurance Benefits SFSF/Ed Jobs in F12	176,845			-50.0%							
21.030 Purchased Services SFSF/Ed Jobs in F12											
21.040 Supplies and Materials SFSF/Ed Jobs in F12											
21.050 Capital Outlay SFSF/Ed Jobs in F12											
21.060 Total Expenditures-SFSF/Ed Jobs in F12	\$772,029			-50.0%							

See accompanying summary of significant forecast assumptions and accounting policies

Includes Funds: General, State Fiscal Stabilization, Education Jobs Fund, Emergency Levy, PBA, Textbook & any portion of Debt Service related to General fund debt.

Shaker Heights 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 the mandates of House Bill No. 412 (H. B. 412), the expected revenues, expenditures, and fund balance of the General Fund of the Shaker Heights School District (the "District") for each of the fiscal years ending June 30, 2015 through June 30, 2019, with historical unaudited information presented for the fiscal years ended June 30, 2012, 2013, and 2014. Additionally, the Textbook Subsidy Fund, USAS Fund No. 455, the school bus subsidy fund, included as part of USAS Fund No. 003, the Poverty Based Assistance Fund, USAS Fund No. 494, the State Fiscal Stabilization Fund, USAS Fund No. 532, and the Education Jobs Fund, USAS Fund No. 504 are included in the forecast, as required by H. B. 412 (as amended by subsequent legislation).

A. *Basis of Accounting*

This financial projection has been prepared on the cash receipts and disbursements basis, which is the required basis (non-GAAP) 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 principles 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 General Fund is the operating fund of the District and is used to account for all financial resources except for those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

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.

Note 2 - Description of the School District

A. *The Board of Education and Administration*

The Board of Education of the Shaker Heights School District (the "Board") is a political and corporate body charged with the responsibility of managing and controlling the affairs of the District, and is, together with the School District, governed by the general laws of the State of Ohio (the "Ohio Revised Code"). The Board is comprised of five members who are locally-elected to overlapping four-year terms.

The Board elects its President and Vice President annually, and appoints two officials: the Superintendent, who serves as the Chief Executive Officer, and the Treasurer, who serves as the Chief Financial Officer.

B. *The School District and its Facilities*

The District is located in Shaker Heights, Ohio, Cuyahoga County. The District operates five elementary schools (K-4 with Pre-K located in one of those schools), one elementary school (5-6), one middle school

Shaker Heights City School District

Summary of Significant Forecast Assumptions and Accounting Policies

(7-8), and one high school (9-12). The District covers approximately 7.5 square miles, including all of the City of Shaker Heights and a portion of the City of Cleveland in the Shaker Square area, and is located approximately ten miles southeast of downtown Cleveland.

C. District Employees

The District's instruction and support facilities are staffed by 312.9 classified employees, 455.8 certificated full-time and part-time teaching and tutoring personnel, and 32.0 administrators who provide services to approximately 5,343 students. The District's teachers are represented by the Shaker Heights Teachers' Association ("SHTA"). Classified employees (secretarial-clerical, custodial, maintenance, and transportation) of the District are represented for collective bargaining purposes by two other unions. Non-bargaining employees include educational specialists, aides, security staff and all administrators and supervisors.

Note 3 - General Assumptions

Summarized below are the significant general assumptions underlying the financial forecast.

A. Enrollment/Average Daily Membership (ADM)

Enrollment refers to the number of students registered with the District as intending to attend school. Average Daily Membership (ADM) is the number of full time equivalent (FTE) students for which the State funds the District. ADM is a smaller number than enrollment typically due to the loss of student counts for unexcused absences by enrolled students during the first full week of October each year, the State's official ADM count week. State funded ADM is estimated to remain stable during the projection period at a level approximating 5,343 per year.

B. Staffing

The reduction in staffing levels for Fiscal 2007 reflect the budget reduction actions taken and implemented by the District, most of which became effective at the beginning of Fiscal 2007. The increase in staffing levels between Fiscal 2007 and Fiscal 2008 include an increase of 9.4 positions attributable to the reclassification as employees effective in Fiscal 2008. The increase in staffing levels between Fiscal 2009 and Fiscal 2010 include an increase of 7.5 Teacher Aides, and an increase of 9.4 positions funded by Federal Stimulus monies.

Staffing levels between Fiscal 2010 and Fiscal 2011 decreased due to the outsourcing of the District's food service operations effective in the fall of 2010, and to reflect reductions in employees as part of the District's \$2 million per year budget reductions beginning with the adopted Fiscal 2011 budget appropriations. Staffing levels between Fiscal 2011 and Fiscal 2012 decreased as a result of additional position reductions at the beginning of Fiscal 2012, primarily through attrition. Actual and projected staffing levels through Fiscal 2014 are as follows:

Shaker Heights City School District
Summary of Significant Forecast Assumptions and Accounting Policies

STAFFING CATEGORY	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Regular Instruction	353.2	347.1	327.3	339.6	343.5	344.1	333.2	322.5	322.6	322.8
Special Instruction	40.6	45.6	52.2	51.1	49.3	48.5	48.8	50.5	53.3	56.7
Spec.Instr.-Stimulus						**1.7	1.7	0.0	0.0	0.0
Vocational Instruction	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
Pupil Support Services	153.2	151.6	151.8	149.7	156.0	**162.3	152.4	162.1	169.2	177.1
Pup.SuptServ-Stimulus						**7.7	8.5	0.0	0.0	0.0
Administrators	35.0	35.0	34.0	33.0	32.0	32.0	32.0	33.0	33.0	32.0
Operation of Plant	84.0	87.0	73.6	72.6	74.0	74.0	72.0	72.0	72.0	69.0
Pupil Transportation	41.0	32.5	31.5	32.9	31.6	31.9	31.3	31.3	32.8	32.8
Food Service Program	13.1	19.2	19.6	22.3	21.6	23.9	***0.0	0.0	0.0	0.0
Other	97.2	96.2	95.3	*104.7	110.3	109.7	110.2	109.2	112.1	110.3
Total Employees	818.3	815.2	786.3	806.9	819.3	**836.8	790.1	780.6	795.0	800.7

* Increase from prior year due to reclassification as employee status effective in Fiscal 2008.

** Increase from prior year includes 7.5 Teacher Aides and 9.4 positions funded by Federal Stimulus funds.

***Decrease due to outsourcing of Food Service operations at beginning of year.

C. Budget Savings (Line 3.06)

Under the current set of long-range forecast assumptions, additional unidentified permanent budget reductions are indicated approximating \$1.0 million in each year beginning in Fiscal 2016, and are reflected on this line item and appear as a negative value. The previously unidentified \$1 million of budget savings originally planned for Fiscal 2015 (along with additional savings identified/implemented beyond the \$1 million target) have been identified and are reflected in the Fiscal 2015 respective revenue and expenditure line items of the forecast, and consequently are no longer included on Line 3.06 in the Fiscal 2015 column of the forecast. Additional budget adjustments would be required in the event other such projected future events do not occur.

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 from the State of Ohio through the State Foundation program. The following notes provide information with respect to the revenue categories.

Note 4 - Property Taxes (Lines 1.01 & 1.02)

A. General Property (Real Estate) and Tangible Personal Property Taxes

Property taxes that are levied and assessed on a calendar year basis include amounts levied against all real, public utility, and tangible personal (used in business) property located in the school district. Assessed values for real property taxes are established by state law at 35% of the appraised market value. All real property is required to be revalued every six years and updated mid-way through the six-year period. The utility property taxes are assessed on tangible personal property at 88% of true value and on public utility real property at 35% of true value. Tangible personal property taxes are assessed at 25% of true value. In 1976, during periods of high inflation, the Ohio General Assembly passed House Bill No. 920. This law provides that real property owners receive tax credits equal to any tax increase caused by an increase in value of all real property in taxing districts as a result of reappraisal, update or readjustment. This does not apply to inside non-voted millage, tangible property or new construction. In effect, House Bill 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.

Shaker Heights City School District

Summary of Significant Forecast Assumptions and Accounting Policies

The forecast assumes growth during the rest of the projection period only for the inside millage, due to the maintenance effect of H.B. 920. The General Fund millage consists of 4.1 inside or statutory mills, and 162.53 (effective January 1, 2007), and 172.43 (effective January 1, 2011) outside or voted mills, all of which are continuing. On May 6, 2014, the District's voters approved by a 61.3% margin a new 6.9 mill current operating expense levy for a continuing period of time, which increased the voted millage total to 179.33 effective January 1, 2015. That levy accounts for the increased revenues reflected in General Property Tax revenue (Line 1.01) in Fiscal 2015 and Fiscal 2016.

General Property Tax revenues were anticipated and did decline in Fiscal 2014 in response to an expected decrease in the tax year 2012 (tax collection year 2013) property tax assessed valuation. Such decrease is reflective of the continuing depression in the real estate market, which had directly impacted the 2012 required sexennial reappraisal of all real estate property. The decrease was caused by the limitations incorporated into House Bill No. 920 whereby tax rates cannot be raised above the original voted millage rate as a result of a reduction in carryover property valuation. Such amounts are accordingly reflected in the historical information part of the forecast.

In 1999, the Ohio Legislature passed and the Governor approved legislation calling for the reduction in the assessed valuation percentage for the inventory portion of the personal property tax to be reduced from the then current 25% to 0% over a 25-year period (reduction of 1 percentage point per year). As a component of the biennial budget bill for fiscal years 2004 and 2005, this phase-out was accelerated from 1 to 2 percentage points per year. Additionally, the personal property tax exemption for the first \$10,000 of taxable value was to be phased out over ten years beginning in calendar 2003.

In accordance with other State legislation, the District was held harmless for the five calendar years 2002 through 2006 with respect to the changes implemented with regard to the tax valuation reductions for electric and natural gas public utilities. Accordingly, a shift of tax revenue to Restricted Grants-In-Aid occurred and is reflected in the actual results for those years through Fiscal 2011. Because the District had been on the State Foundation "guarantee" (see Unrestricted Grants-In-Aid discussion below) it qualified for continuation of the make-up payments. As a result of reductions in aid to school districts incorporated into House Bill No. 153, the State's Fiscal 2012 & 2013 biennial budget bill, the phase-out of the public utility tax reimbursement payments to school districts was accelerated such that the District no longer receives such payments as of the end of Fiscal 2012. Accordingly, the forecast reflects the elimination of such continuation payments that approximated \$776,000 per year.

The adoption of House Bill No. 66, the state's biennial budget for Fiscal years 2006 and 2007, was enacted in June 2005. Such legislation adopted wide-sweeping changes in the state's tax structure. The bill provided for among other things, the reduction in personal income tax rates over a five-year period, the elimination of the corporate franchise tax, the institution of a commercial activity tax, the elimination of the tangible personal property tax, and the elimination of the Cost of Doing Business Factor portion of the State Foundation formula aid calculation.

The most significant impact of such legislation to the District was the elimination of the personal property tax and the elimination of the Cost of Doing Business Factor. Such changes, once fully implemented and after all planned reimbursement periods had lapsed, were to result in the loss of approximately \$2 million for each of the two factors, for a total of \$4 million per year in 2005 dollars. With regards to the lost personal property tax revenues, the legislation incorporated a reimbursement payment to school districts during a five-year phase-out period (tax years 2006 through 2010), after which the payments would be phased down to zero over the following eight years (tax years 2011 through 2018). Although House Bill No. 1 (the Fiscal 2009 & 2010 biennial budget bill) approved in July 2009 included a provision increasing by two years the reimbursement at 100% of the maximum before phasing out as originally scheduled, House Bill No. 153, the Fiscal 2012 & 2013 biennial budget accelerated such phase-out whereby the District's payments were reduced from \$2.2 million to \$0.5 million in Fiscal 2012 and reduced to zero in

Shaker Heights City School District
Summary of Significant Forecast Assumptions and Accounting Policies

Fiscal 2013 and beyond. The historical forecast years reflects the reduction and ultimate elimination of the local Tangible Personal Property Tax (line 1.02), while the State reimbursement payments were included in Restricted State Grants-In-Aid (line 1.04).

B. New Property Tax (Line 13.02)

This financial line includes the forecasted tax revenue assuming that a continuing property tax levy with a projected yield equivalent of 6.9 mills is approved by the District voters in calendar 2018.

Note 5 - Unrestricted Grants-In-Aid (Line 1.035)

The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. Through Fiscal 2009, State Foundation payments (line 1.035) under the Ohio Revised Code were calculated by the State Department of Education on the basis of pupil enrollment, classroom teacher ratios, plus other factors for transportation, special education units, extended service and other items of categorical funding. House Bill No. 1 (H.B. No. 1), the State's biennial budget bill for the 2010-2011 fiscal years, incorporated the Governor's Evidence Based Model (EBM) for education. The rules and requirements for the EBM were to be developed by the Ohio Department of Education (ODE) and were to be implemented over the ensuing ten years. The 2010 general election resulted in a change in control of the State Offices including Governor. Subsequently, the new General Assembly repealed the EBM, thereby cancelling the provisions of such program. The State administration developed a new funding allocation formula to be implemented in Fiscal 2013 that was subsequently delayed until Fiscal 2014 as part of the new State's Fiscal 2014 & 2015 biennial budget bill (see below).

The State utilized significant Federal dollars from the American Recovery and Reinvestment Act (ARRA), aka Stimulus Funds, to fill a gap in its 2010-11 two-year biennial budget. The State Fiscal Stabilization Fund (SFSF) monies received by the District are shown separately on Line 1.045 of the forecast and amounted to \$914,813 in Fiscal 2010 and \$1,095,687 in Fiscal 2011. Such funds were available for only the 2010 and 2011 fiscal years. Subsequent Federal legislation created the Education Jobs Fund, for which the District received \$772,029 to be used to "save" District jobs. Such funds, which the District used in Fiscal 2012, are also reflected on Line 1.045 in the Fiscal 2012 column with the final payment received in July 2012. As part of House Bill No. 153, the State's Fiscal 2012 & 2013 biennial budget bill, the SFSF payments were not replaced with State money, thereby resulting in a District loss approximating \$1.1 million per year.

Other legislated reductions in school funding included the accelerated phase-out of the public utility and the tangible personal property reimbursement payments resulting in a District loss approximating \$2.6 million in Fiscal 2012 and \$3.1 million in Fiscal 2013. Such State funding was previously reflected on Line 1.040.

In June 2013, the Ohio General Assembly passed amended Substitute House Bill No. 59 that embodied the State's Fiscal 2014 & 2015 biennial budget. The final provisions of the bill incorporated a new school funding model, which provided for increased funding to the District.

With a subsequent adjustment in the State's Fiscal 2013 per pupil final allocation, the District's Fiscal 2014 funding amounted to \$14.1 million (which was net of increased deductions for Community Schools and special education scholarships), a \$449,000 or 3.3% favorable variance from the original budgeted \$13.6 million. Because the District was subject to the "gain cap" (which means that the District funding in Fiscal 2014 was as per calculated under the new formula, subject to a limit of 6.25% gain or increase above the prior year funding amount), the Fiscal 2013 Final #2 increase triggered the Fiscal 2014 and Fiscal 2015 funding amounts to increase. The amount of money that was not paid to the District under

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the provisions of the Fiscal 2014 “gain cap” limitation approximated \$1.8 million. The District’s “gain cap %” for Fiscal 2015 is 10.5% of the Fiscal 2014 base funding amount, and is expected to leave an unpaid amount of \$500,000. Accordingly, the forecasted State Foundation funding amounts for Fiscal 2015 and beyond reflect the new estimated higher funding amounts.

Other than an expected slight decrease in Fiscal 2016 funding due to the biennial resetting of the State Share Index (the index used by the State to allocate State Foundation monies based upon a district’s property tax and income wealth relative to all other districts in the state), the State Foundation funding is assumed to remain “flatlined” during the remaining years of the forecast period. Changes in State funding different from this assumption may have a material effect on the finances of the District and this forecast.

Note 6 - Restricted Grants-In-Aid (Line 1.04 and Line 1.045)

The components of Line 1.04, Restricted State Grants-In-Aid include the following categories (in thousands):

	2012	2013	2014	2015	2016	2017	2018	2019
Bus Purchase Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	4	5	5	5	5	5	5	5
Special Education Catastrophic Aid	318	359	0	2,026	1,010	1,020	1,030	1,040
Casino Tax Revenue	0	112	272	273	274	275	276	277
Public Utility Tax Reimbursement	0	0	0	0	0	0	0	0
Tangible Personal Property Tax Reimb.	478	0	0	0	0	0	0	0
State Formula Adj	0	0	0	0	0	0	0	0
Total Other State	\$800	\$476	\$277	\$2,304	\$1,289	\$1,300	\$1,311	\$1,322

The components of Line 1.045, Restricted Federal Grants-In-Aid include the State Fiscal Stabilization Funds received during the fiscal years 2010 and 2011, and the Education Jobs Federal funds in fiscal years 2012 and 2013.

Note 7 - Property Tax Allocation (Line 1.05)

State law grants tax relief in the form of a 10% reduction in real property tax bills. In addition, a basic 2.5% rollback is granted on owner-occupied residential property taxes and additional relief is granted to qualified elderly and disabled homeowners based on income (homestead exemption). The State reimburses the school district for the loss of real property tax collections as a result of such provisions in the law. Such 10% reduction in commercial real property tax bills was eliminated by a provision of H.B. No. 66 effective in 2006. The elimination of the 10% credit to commercial real property taxpayers resulted in lower reimbursements to the District for this line item beginning in Fiscal 2006. However, the loss of the credit resulted in higher local property tax collections that are included in General Property Tax (line 1.01). The increases in property tax allocation for fiscal years 2011 and 2012 are attributable to the May 2010 voter-approved 9.9 mill current operating levy which began collections January 1, 2011. As part of House Bill No. 59, the State’s Fiscal 2014 & 2015 biennial budget bill, the State will no longer grant the 12.5% rollback credits for new tax levies approved on or after the November 2013 general election. The credits will continue to be granted for all existing levies. There is no impact to the

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District's revenues as a result of this change.

Note 8 - All Other Revenues (Line 1.06)

The components of this financial line include the following categories (in thousands):

	2012	2013	2014	2015	2016	2017	2018	2019
Investment Earnings	\$223	\$153	\$137	\$145	\$145	\$145	\$145	\$145
Other Local Receipts	1,682	2,149	1,888	1,854	1,893	1,928	1,974	2,178
Federal Receipts – CAFS	79	83	807	379	195	199	203	207
Total All Other Revenues	\$1,984	\$2,385	\$2,832	\$2,378	\$2,233	\$2,272	\$2,322	\$2,530

A. Investment Earnings

Investment earnings are assumed to yield returns on investable cash balances during the forecast period averaging in the 0.25 – 1.0% range. This also includes investment earnings on other District funds cash balances as allowable under State law.

B. Other Local Receipts

This category includes primarily tuition as well as a variety of miscellaneous receipts not categorized elsewhere. The forecasted amounts assume minor fluctuations during the projection period.

C. Federal Receipts

This category consists primarily of the Medicaid billing reimbursement program receipts. The termination of the CAFS program by the State of Ohio effective July 1, 2005, resulted in minimal collections in Fiscal 2006. After three years of protracted litigation and negotiation with the State and Federal authorities, the Ohio Medicaid School Program (OMSP) was approved during the summer of 2008, with a retroactive effective date of July 1, 2005. Included in Fiscal 2009 receipts were \$93,909 in reimbursements under the new program. All of fiscal years 2010 through 2014 receipts are reimbursements under the new program. Accordingly, the forecast includes estimated receipts in Fiscal 2015 and beyond under the new program. The Fiscal 2014 receipts include adjudicated final settlement amounts for Fiscal years 2010 and 2011 under the new program approximating \$714,000. The Fiscal 2015 projected amount includes an adjudicated final settlement amount for Fiscal 2012 approximating \$286,000. The amount of future final settlement amounts are uncertain at this time and accordingly are not included in future years projected amounts.

Expenditure Assumptions

Note 9 - Personal Services - Salaries and Wages (Line 3.01)

The projected salaries through the end of Fiscal 2015 are based on the terms of the existing ratified union contracts. Effective January 1, 2010, a one-year extension of the teachers' contract became effective that provided for no contractual increases. Additionally, effective July 1, 2010 both of the District's other two collective bargaining agreements were extended for one year at a zero contractual increase. In April 2011, an agreement retroactive to January 1, 2011, was reached with the District's primary labor group, the Shaker Heights Teachers' Association (SHTA). The economic provisions of the three-year collective bargaining agreement included no contractual or step increases in 2011, and no contractual increases to base in 2012 or 2013. A 1% of base salary stipend was payable on January 16, 2012 and January 16, 2013. Additionally, the employees' portion of health insurance shared premiums increased from 8% to 12% effective January 1, 2012. Various other changes to co-pays, deductibles and co-insurance

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percentages also went into effect January 1, 2012. The economic provisions of such negotiated agreement are reflected in the historical and projected years of the forecast.

On July 1, 2011, new three-year contracts became effective for the District's two classified collective bargaining groups. The economic provisions of these two new contracts mirror the provisions of the SHTA contract described above, except that the 1% stipend was payable in the fall of 2012 and 2013, and the increased shared premium percentage went into effect July 1, 2012.

In late 2013, the District entered into a one-year renewal contract with SHTA which provides for a 1% base salary increase effective January 1, 2014. In mid 2014, the District entered into a one-year renewal contract with the District's two classified collective bargaining groups that provides for a 1% base salary increase effective July 1, 2014. Additionally, the District authorized a 1% base salary increase also effective July 1, 2014 for all of its non-bargaining employees. All such increases are reflected in the forecasted fiscal years.

The salary increases utilized in determining the projected year amounts also incorporate contractual step increase percentages including the impact of new replacement employees, retirements, job vacancies, salary schedule advancements, and grant fund usage.

Note 10 - Fringe Benefits (Line 3.02)

Fringe benefit costs include the following categories of expenses:

A. *Retirement Contributions*

Projected costs are based on applying the effective statutory rates to the respective years' salaries and wages.

B. *Health Care Costs*

The forecasted health care costs for Fiscal 2015 & Fiscal 2016 are based on the terms of the existing health contracts and the current number of employees. For years beyond 2016 health care costs are projected to increase at rates greater than the general inflation rate (10.0%).

C. *Workers Compensation*

The School District participates in the Ohio Bureau of Workers' Compensation (the Bureau) Retrospective Rating Plan. Under the retrospective rating plan, the School District assumes a portion of the claims expense risk in return for a reduction in current premiums.

The projection for Fiscal 2015 & Fiscal 2016 is based upon estimated costs including the benefit of two recent rebates granted by the Bureau. Costs for the years subsequent to 2016 are projected to increase at rates greater than the general inflation rate.

D. *Medicare, Unemployment and Life Insurance*

The projection of these benefits for 2015 is based upon actual results of Fiscal 2012, Fiscal 2013 and Fiscal 2014. Forecasted costs for the years subsequent to 2015 are projected to increase at a minor rate of inflation other than amounts attributable to the increasing number of District employees who are subject to the Medicare tax.

Note 11 - Purchased Services (Line 3.03)

The projection for 2015 is based upon actual results of Fiscal 2013 and Fiscal 2014. Costs over the five-

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year projection period increase at a blended average 3.7%. This category includes out-of-district tuition, special education transportation, repairs & maintenance, and utilities, which are the major cost drivers in this expenditure category.

Note 12 - Materials, Supplies, and Textbooks (Line 3.04)

The projection period includes additional allotments in certain years to accommodate the need for new textbook adoptions. Costs over the five-year projection period increase at a blended average 0.2% per year (including the extra allotments).

Note 13 - Capital Outlay (Line 3.05)

This financial line includes capital oriented repair & maintenance and purchases of equipment and certain vehicles. Major building repairs and renovations were previously funded by the District's bond issue capital fund and were not included in this report however such funds have been fully utilized and thus must be funded by the general fund. Accordingly, there has been a significant increase in expenditures for this line item since Fiscal 2011 & Fiscal 2012.

Note 14 - Debt Service (Lines 4.01 through 4.06)

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. In Fiscal 2012, the District undertook and subsequently completed in Fiscal 2013, two capital projects calling for long-term financial borrowing approximating \$3.2 million. The estimated loan repayments for principal and interest are included in this section.

Note 15 - Other

A. *Transfers and Advances In and Out (Lines 2.04, 2.05, 5.01 and 5.02)*

Projected transfers and advances in/out are based on historical amounts of transfers and advances. The projection assumes that the out amounts combined will average \$290,000 per year for fiscal years 2015 through 2019. \$2.2 of the total \$2.4 million transfers in Fiscal 2014 represented the Board of Education's March 2014 resolution to transfer to the District's Capital Fund the combined one-time Fiscal 2014 receipts consisting of a net \$1.3 million of delinquent personal property taxes; the \$0.7 million Medicaid reimbursement program final settlement payments; and \$0.2 million of unexpended energy conservation borrowed funds.

B. *Other Objects (Line 4.30)*

The main components of this category include County Auditor & Treasurer fees for the collection of tax receipts, insurance coverages, and other object categories. The projection for Fiscal 2015 is based upon actual results of Fiscal 2013 & Fiscal 2014. They also include an anticipated one-time charge for County Treasurer fees for the collection of the delinquent tangible personal property taxes as well as an increase in such fees attributable to the January 2015 increase in tax collections due to the new operating levy. Costs over the five-year projection period increase at an average 3.1% per year.

C. *Encumbrances (Line 8.01)*

The District uses the encumbrance method as part of formal budgetary and management control. Under

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this method, purchase orders, contracts, resolutions and other commitments for the 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 forecast assumes a constant level of \$4.4 million of outstanding encumbrances for each year during the forecast period.

D. Reservations of Fund Balance (Lines 9.01 through 9.08)

The Textbooks and Instructional Materials (9.01), Capital Improvements (9.02), and Budget Reserve (9.03) are reserves mandated under the provisions of House Bill 412. These financial lines reflect the cumulative reserve balance required at the end of the respective fiscal year end. The required amounts are determined by and can only be utilized for expenditures in accordance with the rules jointly adopted by the Auditor of State and the Ohio Department of Education for each respective reserve. The Bus Purchases Reserve (9.07) financial line reflects the accumulated and unspent subsidy amount received from the State solely to be used for the purchase and/or lease of school buses. Expenditures of such reserve amounts as they occur will be reflected in the expenditure section of the forecast as applicable. As of Fiscal 2015, the District has a balance in only one reserve account, the Budget Reserve amounting to \$353,070.