

South Euclid-Lyndhurst City Schools
Cuyahoga County
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE HISTORICAL FISCAL YEARS ENDED JUNE 30, 2012, 2013 & 2014
ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2015 THROUGH 2019

Line Number	Fiscal Year 2012 ACTUAL	Fiscal Year 2013 ACTUAL	Fiscal Year 2014 ACTUAL	Ave. Annual CHANGE	Fiscal Year 2015 FORECAST	Fiscal Year 2016 FORECAST	Fiscal Year 2017 FORECAST	Fiscal Year 2018 FORECAST	Fiscal Year 2019 FORECAST
Revenue:									
1.010	\$39,501,114	\$43,566,762	\$41,304,275	2.55%	\$41,008,000	\$41,008,000	\$41,008,000	\$41,008,000	\$41,008,000
1.020	2,099	1,956	31	-52.61%	0	0	0	0	0
1.030	0	0	0	0.00%	0	0	0	0	0
1.035	6,635,289	6,803,125	6,665,884	0.26%	6,290,000	6,290,000	6,290,000	6,290,000	6,290,000
1.040	76,917	85,995	586,822	297.10%	665,000	620,000	620,000	620,000	620,000
1.045	352,120	5,845	0	-99.17%	0	0	0	0	0
1.050	6,848,641	5,945,158	6,191,239	-4.53%	6,092,000	6,092,000	6,092,000	6,092,000	6,092,000
1.060	3,085,670	3,289,396	3,252,497	2.74%	2,886,000	2,745,000	2,745,000	2,745,000	2,745,000
1.070	56,501,850	59,698,237	58,000,748	1.41%	56,941,000	56,755,000	56,755,000	56,755,000	56,755,000
Other Financing Sources									
2.010	0	0	0	0.00%	0	0	0	0	0
2.020	0	0	0	0.00%	0	0	0	0	0
2.040	40,000	75,000	125,000	77.08%	0	0	0	0	0
2.050	192,000	99,350	78,000	-34.87%	18,000	50,000	50,000	50,000	50,000
2.060	76,284	221,697	347,157	123.61%	41,000	40,000	40,000	40,000	40,000
2.070	308,284	396,047	550,157	33.69%	59,000	90,000	90,000	90,000	90,000
2.080	56,810,134	60,094,284	58,550,905	1.61%	57,000,000	56,845,000	56,845,000	56,845,000	56,845,000
Expenditures:									
3.010	33,564,455	31,246,289	32,265,619	-1.82%	32,550,000	33,363,750	34,197,844	35,052,790	35,929,110
3.020	12,951,346	12,329,075	13,026,674	0.43%	14,080,000	15,347,200	16,728,448	18,234,008	19,875,069
3.030	7,806,102	7,675,624	8,353,280	3.58%	9,412,593	9,000,000	9,000,000	9,000,000	9,000,000
3.040	1,525,941	1,276,763	1,583,290	3.84%	1,673,615	1,600,000	1,600,000	1,600,000	1,600,000
3.050	26,035	335,469	272,377	584.86%	405,120	150,000	150,000	150,000	150,000
3.060	0	0	0	0.00%	0	0	0	0	0
Debt Service:									
4.010	0	0	0	0.00%	0	0	0	0	0
4.020	0	0	0	0.00%	0	0	0	0	0
4.030	0	0	0	0.00%	0	0	0	0	0
4.040	0	0	0	0.00%	0	0	0	0	0
4.050	0	0	0	0.00%	0	0	0	0	0
4.055	0	0	0	0.00%	0	0	0	0	0
4.060	0	0	0	0.00%	0	0	0	0	0
4.300	1,044,842	1,353,677	1,490,393	19.83%	1,158,672	1,160,000	1,160,000	1,160,000	1,160,000
4.500	56,918,721	54,216,897	56,991,633	0.19%	59,280,000	60,620,950	62,836,292	65,196,798	67,714,179
Other Financing Uses									
5.010	579,159	534,000	845,827	25.30%	350,000	300,000	300,000	300,000	300,000
5.020	99,350	78,000	18,000	-49.21%	50,000	50,000	50,000	50,000	50,000
5.030	0	0	0	0.00%	0	0	0	0	0
5.040	678,509	612,000	863,827	15.67%	400,000	350,000	350,000	350,000	350,000
5.050	57,597,230	54,828,897	57,855,460	0.36%	59,680,000	60,970,950	63,186,292	65,546,798	68,064,179
Excess Of Revenues and Other Financing Sources over(under) Expenditures and									
6.010	(787,096)	5,265,387	695,445	-427.88%	(2,680,000)	(4,125,950)	(6,341,292)	(8,701,798)	(11,219,179)
Cash Balance July 1 - Excluding Proposal Renewal/ Replacement and New Levies									
7.010	8,278,597	7,491,501	12,756,888	30.39%	13,452,333	10,772,333	6,646,383	305,091	(8,396,707)
7.020	7,491,501	12,756,888	13,452,333	37.87%	10,772,333	6,646,383	305,091	(8,396,707)	(19,615,886)

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8.010 Estimated Encumbrances June 30	614,384	635,987	1,051,232	34.40%	650,000	650,000	650,000	650,000	650,000
Reservation of Fund Balance:									
9.010 Textbook and Instructional Materials	0	0	0	0.00%	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0.00%	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0.00%	0	0	0	0	0
9.040 DPIA	0	0	0	0.00%	0	0	0	0	0
9.045 SFSF	0	0	0	0.00%	0	0	0	0	0
9.050 Debt Service	0	0	0	0.00%	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0.00%	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0.00%	0	0	0	0	0
9.080 Subtotal	0	0	0	0.00%	0	0	0	0	0
10.010 Fund Balance June 30 For Certification of appropriations	6,877,117	12,120,901	12,401,101	39.28%	10,122,333	5,996,383	(344,909)	(9,046,707)	(20,265,886)
Revenue from Replacement / Renewal Levies:									
11.010 Income Tax - Renewal	0	0	0	0.00%	0	0	0	0	0
11.020 Property Tax - Renewal or Replacement	0	0	0	0.00%	0	0	0	0	0
11.300 Cumulative Balance of Renewal / Replacement Levies	0	0	0	0.00%	0	0	0	0	0
Fund Balance June 30 For Certificates of Contracts, Salary Schedules, and Other Obligations									
12.010	6,877,117	12,120,901	12,401,101	39.28%	10,122,333	5,996,383	(344,909)	(9,046,707)	(20,265,886)
Revenue from New Levies:									
13.010 Income Tax - New	0	0	0	0.00%	0	0	0	0	0
13.020 Property Tax - New	0	0	0	0.00%	0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0.00%	0	0	0	0	0
14.010 Revenue from Future State Advancements	0	0	0	0.00%	0	0	0	0	0
15.010 Unreserved Fund Balance June 30	\$6,877,117	\$12,120,901	\$12,401,101	39.28%	\$10,122,333	\$5,996,383	(\$344,909)	(\$9,046,707)	(\$20,265,886)
20.010 Kindergarten - October Count	277				220	220	220	220	220
20.015 Grades 1-12 - October Count	3720				3500	3500	3500	3500	3500
21.010 Personal Services SFSF	305,684	0	0	0.00%	0	0	0	0	0
21.020 Employees Retirement/Insurance Benefits SFSF	42,796	0	0	0.00%	0	0	0	0	0
21.030 Purchased Services SFSF	0	0	0	0.00%	0	0	0	0	0
21.040 Supplies and Materials SFSF	13,178	5,845	0	-77.82%	0	0	0	0	0
21.050 Capital Outlay SFSF	0	0	0	0.00%	0	0	0	0	0
21.060 Total Expenditures - SFSF	361,658	5,845	0		0	0	0	0	0

See accompanying summary of significant forecast Assumptions and accounting policies.

Includes: General Fund, Emergency Levy Fund, SDFSF, PBA fund, and any portion of debt service fund related to general fund debt.

South Euclid-Lyndhurst City School District
Cuyahoga County
Five-Year Forecast Assumptions
Fiscal Year 2015-2019

The following assumptions are an integral part of the 5-Year forecast and designed to assist the reader in understanding how the figures in the 5-Year forecast were determined. For the most part, the 5-Year forecast reflects conservative estimates of revenue and expenditure expectations for the five-year period beginning July 1, 2014 and ending June 30, 2019. The five-year forecast is designed to assist management in making well informed decisions regarding programming while recognizing the financial impact of such decisions. Unfortunately, given the financial climate and the number of unforeseen variables that exist when projecting school district finances, the 5-Year forecast tends to be a “moving target”. With that said, the reader should recognize that the 5-Year forecast is only as accurate as the information that was available at the time it was prepared. Thus, the reader should not place a high level of reliance on the accuracy of the forecasted figures past the first couple years.

REVENUE ASSUMPTIONS

Line 1.01 – General Property Tax - Real Estate (73%)

Fiscal Year 2015

This line represents the expected tax collections from real estate taxes, commercial real estate taxes and public utility tangible taxes as collected by the Cuyahoga County Auditor for properties in South Euclid City, Lyndhurst City and a small portion of Richmond Heights City. Because taxes are the largest revenue item in the General Fund (about 73% of the General Fund’s yearly estimated revenue), a significant amount of time is dedicated to analyzing data provided by the County Auditor’s Office as well as analyzing historical trends and current economic conditions that exist within our region with respect to property values and tax collection rates.

The original estimate for fiscal year 2015 for all property taxes is \$41,008,000. This amount is approximately \$300,000 less than what was actually received in fiscal year 2014. This difference is primarily due to the fluctuation from year to year of delinquent tax collections.

Fiscal Years 2016-19

For these fiscal years, the 5-Year forecast reflects no increase or decrease from what is expected to be received in fiscal year 2015.

Line 1.035 – Unrestricted Grants-in-Aid (12%)

Fiscal Year 2014

This line represents the expected revenue from the State Foundation Program and revenue from the Casino Tax (imposed in fiscal year 2013). According to initial reports from the Ohio Department of Education, the school district is expected to receive approximately \$7.6 million from the State Foundation Program. This amount is about \$700,000 more than the district received last fiscal year. However, based on the districts continued decline in enrollment over the past few years, I remain cautious and skeptical about how much the district will ultimately receive this fiscal year. With that said, I have set the estimate for fiscal year 2015 at \$6.6 million.

Based on receiving just over \$195,000 from the Casino Tax last fiscal year, the estimate for this fiscal year is \$190,000. Therefore, the estimate for unrestricted grants-in-aid for fiscal year 2015 is \$6,790,000.

Fiscal Years 2016-19

For these fiscal years, the 5-Year forecast reflects no increase or decrease from what is expected to be received in fiscal year 2015.

Line 1.04 – Restricted Grants-in-Aid (< 1%)

Fiscal Year 2015

This line represents the expected revenue from the Ohio Department of Education for Catastrophic Special Education Reimbursement and for Career/Technical Education. The estimate for Catastrophic Special Education Reimbursement is \$90,000 and the estimate for Career/Technical Education is \$75,000 for fiscal year 2015.

Typically, the Catastrophic Special Education reimbursement is under \$50,000 and is received every June. However, this reimbursement was not received in June 2014 but was received in July 2014. The estimate for fiscal year 2015 is representative of the portion to be received in July 2014 and June 2015.

Fiscal Years 2016-19

For these fiscal years, a decrease of \$45,000 in Catastrophic Special Education reimbursement is reflected beginning in fiscal year 2016 from that of fiscal year 2015.

Line 1.05 – Property Tax Allocation (<11%)

Fiscal Year 2015

This line represents the expected revenue from the State of Ohio for Homestead and Rollback reimbursements. The State of Ohio contributes 10% of the real estate taxes for homeowners in the State of Ohio. The State of Ohio also contributes 2.5% of the real estate taxes for owner occupied homes in the State of Ohio. Finally, the State of Ohio contributes a portion of real estate taxes for qualified senior or disabled citizens, regardless of income, on the dwelling that is the individual’s principal place of residence. This portion of taxes paid by the State of Ohio directly to school districts is known as the Homestead Exemption.

The estimate for fiscal year 2015 is \$6,092,000, which is approximately \$100,000 less than we received in fiscal year 2014.

Fiscal Years 2016-19

For these fiscal years, no increase or decrease from fiscal year 2015 is anticipated at this time.

Line 1.06 – All Other Revenue (5%)

Fiscal Year 2015

This line represents the other local revenue that is received by the school district and is estimated as follows:

Tuitions from all sources	\$1,873,000
Interest Earnings	\$ 70,000
Pay to Participate Fees	\$ 82,000
Class Fees	\$ 80,000
Miscellaneous Revenue	\$ 681,000
Revenue in Lieu	\$ 0
Medicaid Reimbursement	<u>\$ 100,000</u>
Total	<u>\$2,886,000</u>

Below is what was received last fiscal year:

Tuitions from all sources	\$1,862,241
Interest Earnings	\$ 68,707
Pay to Participate Fees	\$ 89,779
Class Fees	\$ 129,129
Miscellaneous Revenue	\$ 638,626
Revenue in Lieu	\$ 169,727
Medicaid Reimbursement	<u>\$ 186,857</u>
Total	<u>\$3,145,066</u>

Fiscal Years 2016-19

A decrease of \$141,000 from fiscal year 2015 is being reflected beginning in fiscal year 2016 with no increase or decrease from fiscal year 2016 to fiscal years 2017-2019. This decrease is a result of an anticipated decrease in most of the revenue sources with the exception of miscellaneous revenue.

Line 2.05 – Advances-In (0%)

Fiscal Year 2015

This line represents the return of funds advanced to other funds (fund accounts) at the end of the last fiscal year. In fiscal year 2015, the return of advances is \$18,000.

Fiscal Years 2016-19

For these fiscal years, an estimate of \$50,000 is being reflected.

Line 2.06 – All Other Financing Sources (0%)

Fiscal Year 2015

This line represents the sale of assets, insurance claims received and refunds of prior year's expenditures. This line varies from year to year and is typically not a large source of revenue. However, the past 2 years saw significant revenue but there is little expectation this fiscal year and beyond. The estimate for fiscal year 2015 is \$41,000.

Fiscal Years 2016-19

For these fiscal years, an estimate of \$40,000 is being reflected.

EXPENDITURE ASSUMPTIONS

Line 3.01 – Personal Services (<55%)

Fiscal Year 2015

This line represents the salary expectations for all employees of the School District that are paid out of the General Fund based on current contractual obligations. These salaries include administrative staff, teachers, classified personnel, substitutes, supplemental contracts, overtime, etc.

Because school districts are a service industry, costs associated with personnel are the largest expenditure. In most school districts, personnel (salaries and benefits) accounts for between 80-

85% of the total budget of a school district (we are closer to 80%). Prudence requires extensive monitoring and extensive data analysis regarding personnel similar to that of the extensive monitoring and data analysis done with respect to real estate taxes.

The District has three (3) unions, one inclusive of all teaching staff and two (2) support staff unions representing all classified personnel such as secretaries, custodians, bus drivers, cafeteria workers, etc. School district administrator's both certified and classified are not represented by a union nor are the four (4) administrative secretarial assistants. All three (3) union contracts expire at the end of the 2014-2015 school year.

The estimate for fiscal year 2015 is \$32,550,000 and includes all current staff (except cafeteria staff, which are paid out of a different fund and a handful of teachers paid out of Federal Grant Funds). Historical trends and a thorough analysis were used to determine an estimate for substitute costs, supplemental contracts and overtime.

On major change this year is that substitute teachers will no longer be hired by the school district. The district recently entered into a contract with a company that will provide substitute teachers when necessary. This cost will no longer be reflected as a personnel cost but will be included in purchased services costs. Last fiscal year, substitute teacher costs paid out of this expenditure category were approximately \$550,000.

Fiscal Years 2016-19

For these fiscal years, an increase to overall salaries of 2.50% has been utilized for illustration purposes. It is important to understand that this increase does not assume that all staff will receive a 2.50% increase each year, but that overall salary expenditures will increase by 2.50%.

Line 3.02 – Employees' Retirement/Insurance Benefits (<24%)

Fiscal Year 2015

This line represents the cost of benefits for all employees of the School District that are paid out of the General Fund based on current contractual obligations. These benefits include payment into the retirement systems (STRS and SERS), healthcare benefits (hospitalization, dental, vision and life insurance), medicare, workers compensation premiums and unemployment compensation. The estimate for fiscal year 2015 is \$14,080,000.

Fiscal Years 2016-19

For these fiscal years, an increase to benefits of 9% has been utilized for illustration purposes. This increase does not assume that all benefits items will increase by 9% each year, but that overall benefit expenditures will increase by 9%.

Line 3.03 – Purchased Services (<16%)

Fiscal Year 2015

This line represents the cost of purchased services for the district. This expenditure category consists of a variety of subcategories which include but are not limited to: legal services, property insurance, travel/meeting expenses, utilities, postage, maintenance services, tuition, excess costs, community school deduction, post secondary options deduction and open enrollment deductions.

The estimate for fiscal year 2015 is \$9,412,593. The actual expenditures last fiscal year were just under 8.4 million. One reason for the significant increase over last year as explained in the personal services area is a result of how teacher substitute costs are being accounted. By utilizing an outside agency to employ teacher substitutes requires the addition of about \$650,000 in estimated costs to purchased services. The other major increase this year over last year is in tuition costs such as community/charter schools and open enrollment tuition.

Fiscal Years 2016-19

For these fiscal years, the estimate does reflect a decrease of about \$400,000 from that of fiscal year 2015. It is anticipated that this area will experience a decline in yearly expenditures through cost saving and cost containing measures implemented recently.

Line 3.04 – Supplies and Materials (>3%)

Fiscal Year 2015

This line represents the cost of supplies and materials for the district. This expenditure category consists of a variety of subcategories which include but are not limited to: instructional supplies, software, textbooks, workbooks, library books, custodial/maintenance supplies, bus supplies and bus fuel. The estimate for fiscal year 2015 is \$1,673,615, which is approximately \$100,000 higher than actual expenditures last fiscal year.

Fiscal Years 2016-19

For these fiscal years, the estimate of \$1,600,000 is being reflected.

Line 3.05 – Capital Outlay (0%)

Fiscal Year 2015

This line represents the cost of new and replacement equipment. The estimate for fiscal year 2015 is \$405,120. This estimate reflects approximately \$150,000 of outstanding encumbrances expected to be paid in July for the recently purchased phone network.

Fiscal Years 2016-19

For these fiscal years, an estimate of \$150,000 is being reflected.

Line 4.3 – Other Objects (>2%)

Fiscal Year 2015

This line represents the cost of other objects also known as dues and fees. This expenditure category consists of a variety of subcategories which include but are not limited to: State audit charges, Cuyahoga County ESC deductions, County Auditor/Treasurer fees, bank service charges, liability insurance and tax assessments on district owned properties not used for educational purposes. The estimate for fiscal year 2015 is \$1,158,672.

Fiscal Years 2016-19

For these fiscal years, an estimate of \$1,160,000 is being reflected.

Line 5.01 – Operational Transfers Out (>1%)

Fiscal Year 2015

This line represents transfers from the General Fund to other funds in the district that require a transfer to cover any deficit. The largest transfer is typically made to the Nutrition Services Fund (cafeteria). In addition to this, transfers have been made in the past to reserve accounts that were established for a specific purpose. In years when the projected ending cash balance warrants it, the Board of Education has authorized transfers to reserve accounts as a means of financial prudence for the future of the school district.

The estimate for fiscal year 2015 is \$350,000 and is reflected below:

Building Fund	\$ 75,000
Nutrition Service Fund	105,000
Korb Field Repl. Reserv.	40,000
Athletics	90,000
Contingency	<u>40,000</u>
Total	\$350,000

Fiscal Years 2016-19

For these fiscal years, the estimate of \$300,000 is being utilized.

Line 5.02 – Advances-Out (0%)

Fiscal Year 2015

This line represents advances from the General Fund to other funds in the district that require an advance to end the fiscal year with a positive cash balance. An advance is different from a transfer in that an advance must be repaid to the General Fund in the next fiscal year. A transfer of funds is not repaid. Typically, advances are made to Federal Funds due to the fact that most Federal Funds require funds to be spent before Federal Funds are released to the school district. Most of the time, the advance is only necessary to cover the amount of purchase orders that are on the system at the end of the fiscal year. The estimate of advances for fiscal year 2015 is \$50,000.

Fiscal Years 2016-19

For these fiscal years, the estimate of \$50,000 is being utilized.

Line 7.02 – Cash Balance June 30

Fiscal Year 2015

This line represents the actual ending cash balance of the General Fund. A negative ending cash balance indicates deficit spending and corrective action must be taken to ensure the ending cash balance is no longer negative. The original estimated ending cash balance for June 30, 2015 is \$10,772,333.

Fiscal Years 2016-19

The ending cash balance is expected to decline in fiscal year 2016 and in each subsequent fiscal year.

Line 10.01 – Fund Balance June 30

Fiscal Year 2015

This line represents the actual ending fund balance of the General Fund. The fund balance is calculated by subtracting outstanding encumbrances from the actual ending cash balance at the end of the year. A negative ending fund balance is not permitted under Ohio Law. The estimated ending fund balance for June 30, 2015 is \$10,122,333.

Fiscal Years 2016-19

Based on the information included in the 5-year forecast, it would appear that the need for additional revenue would not be necessary until fiscal year 2017.