



Olmsted Falls City Schools

Financial Report Five Year Forecast

Presented By : Emily C. Dales

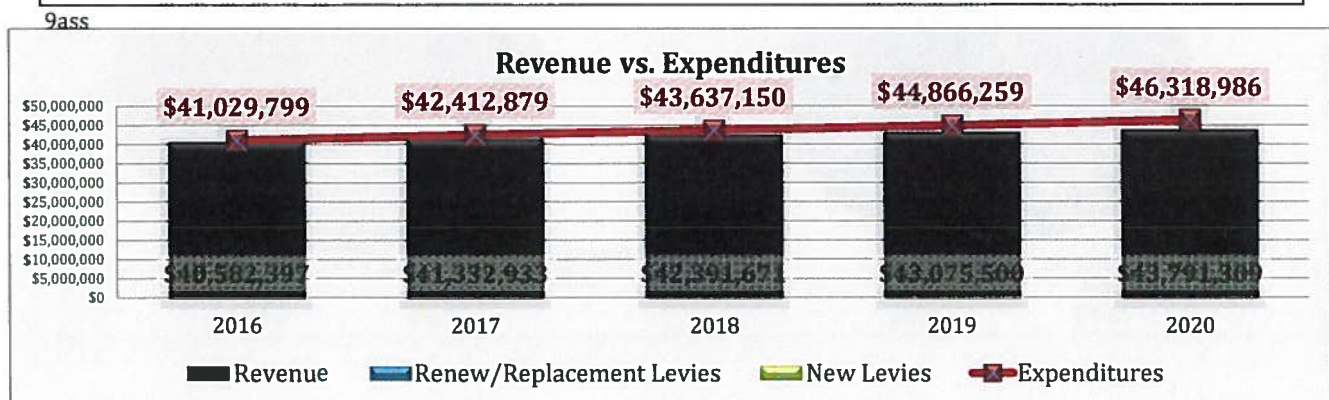
October, 2015

Executive Summary

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Beginning Balance	10,406,149	9,958,747	8,878,801	7,633,322	5,842,563
+ Revenue	40,582,397	41,332,933	42,391,671	43,075,500	43,791,309
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(41,029,799)	(42,412,879)	(43,637,150)	(44,866,259)	(46,318,986)
= Revenue Surplus or Deficit	(447,402)	(1,079,946)	(1,245,479)	(1,790,759)	(2,527,677)
Ending Balance	9,958,747	8,878,801	7,633,322	5,842,563	3,314,886
Revenue Surplus or Deficit w/o Levies	(447,402)	(1,079,946)	(1,245,479)	(1,790,759)	(2,527,677)
Ending Balance w/o Levies	9,958,747	8,878,801	7,633,322	5,842,563	3,314,886

Executive Summary:

FY 2015 proved to be a pivotal year. With state foundation revenues increasing \$1,329,689 from 2014 to 2015 and a decrease in real estate taxes of \$310,569 the fiscal year ended up with revenues exceeding expenditures leaving an ending cash balance of \$10,406,149. As explained in more detail throughout this report, fiscal year 2016 (as shown above) is projected to end with a deficit spending of \$447,402. Continuous deficit spending results in a depleting cash balance. If expenditures continue as projected the District will be looking at placing an operating levy on the ballot around November 2018.



1.010 - General Property Tax (Real Estate)

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



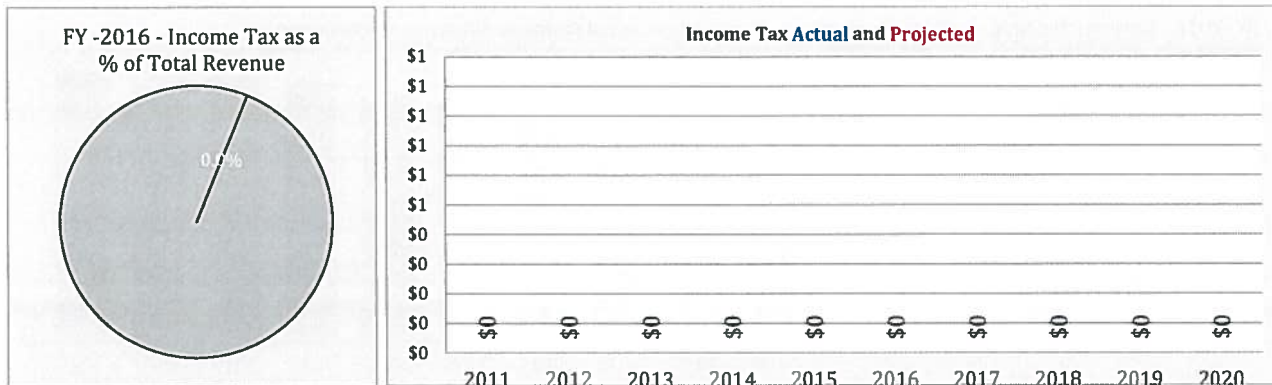
Notes & Assumptions:

The economy is slowly bouncing back from the 2008 recession which created a downturn in the housing market ultimately decreasing the tax revenue received to the District. Better economic conditions throughout Olmsted Falls and Olmsted Township is creating an increase to housing construction along with a positive reappraisal update during 2015. A full reappraisal is scheduled for 2018 which will most likely raise assessed valuations throughout the community. An increase to the assessed valuation of the District leads to additional tax revenue. This growth is anticipated to continue through forecasted fiscal year 2020.

Tax Year	Real Property Valuation	Year-Over-Year Change	Res./Agr. Tax Rate	Year-Over-Year Change	Business Tax Rate	Year-Over-Year Change
2012	485,278,550	(26,180,590)	49.09	1.85	48.98	0.61
2013	487,338,080	2,059,530	49.16	0.07	48.93	(0.05)
2014	496,627,880	9,289,800	49.13	(0.04)	49.03	0.10
2015	513,083,016	16,455,136	48.26	(0.86)	49.00	(0.02)
2016	527,144,896	14,061,880	47.84	(0.43)	48.98	(0.02)
2017	541,661,593	14,516,697	47.41	(0.42)	48.96	(0.02)
2018	561,014,908	19,353,315	46.58	(0.83)	48.94	(0.02)
2019	576,776,875	15,761,966	46.17	(0.41)	48.93	(0.02)

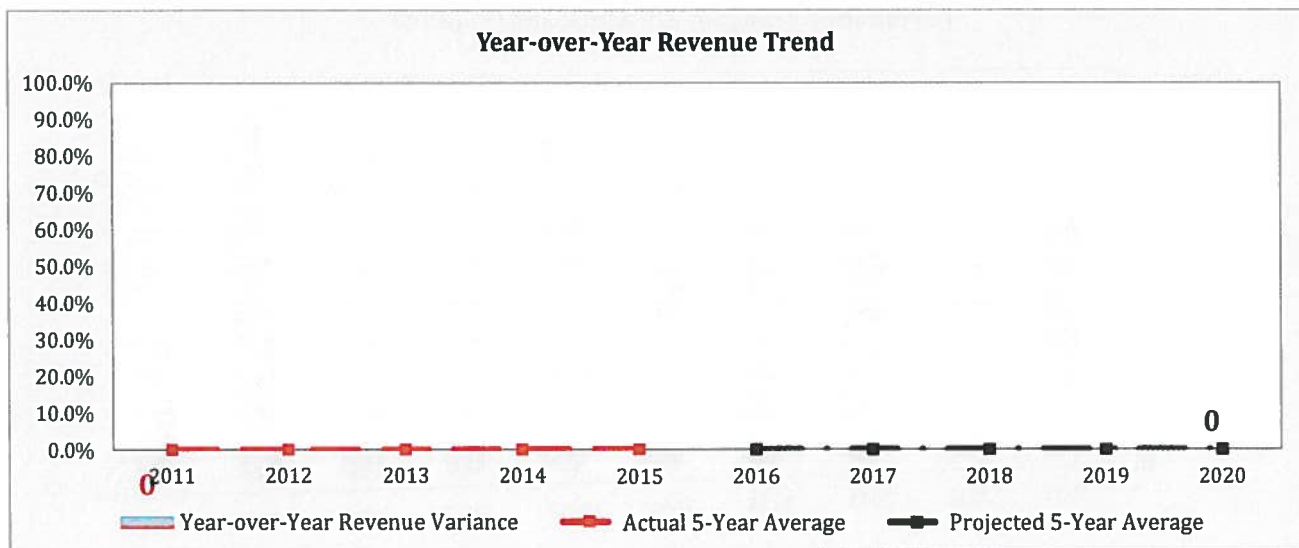
1.030 - Income Tax

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



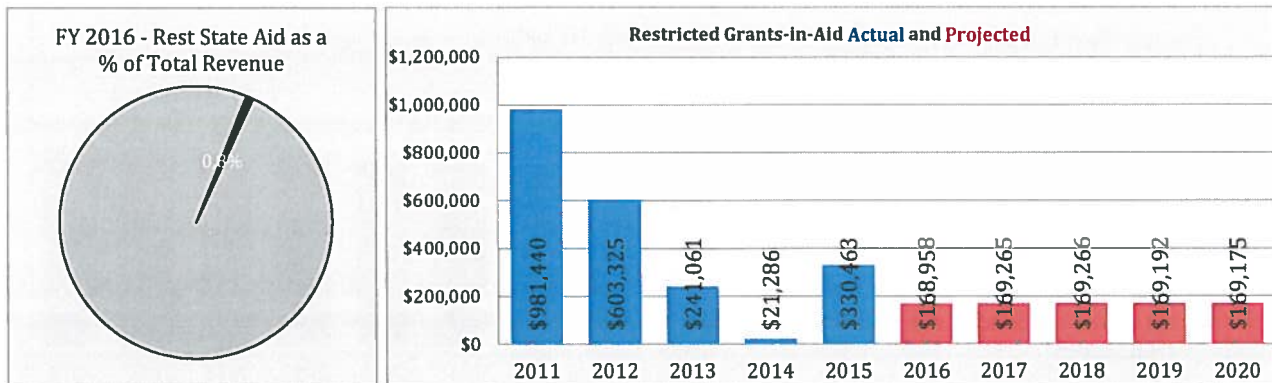
Notes & Assumptions:

At the current time the District does not receive any local income tax from the Olmsted Falls tax payers.



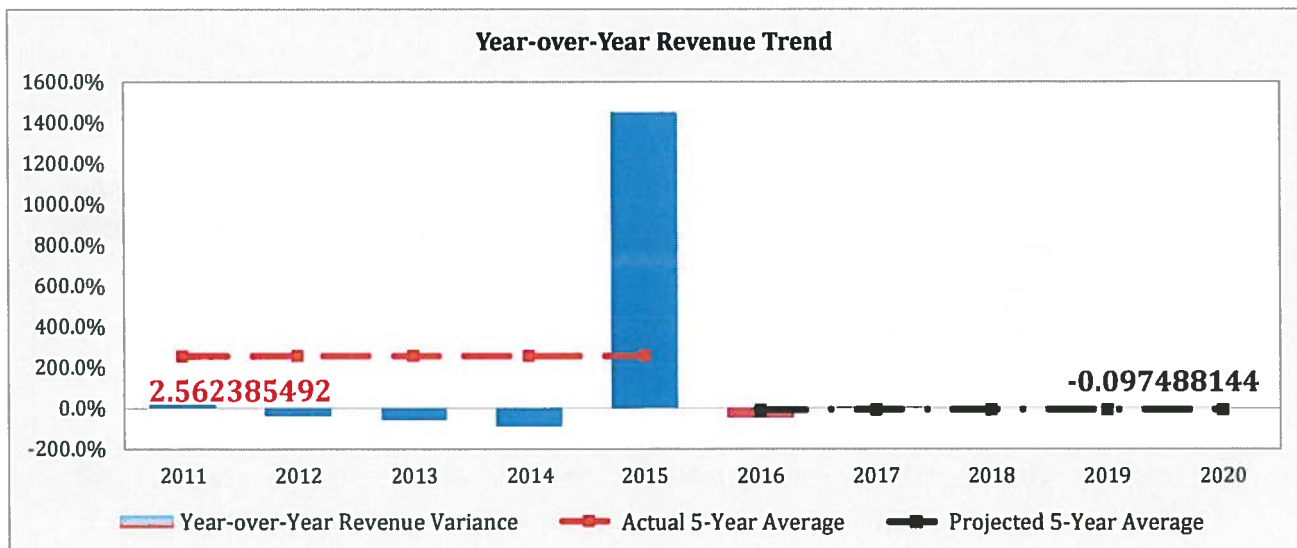
1.040 & 1.045 - Restricted Grants-in-Aid

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



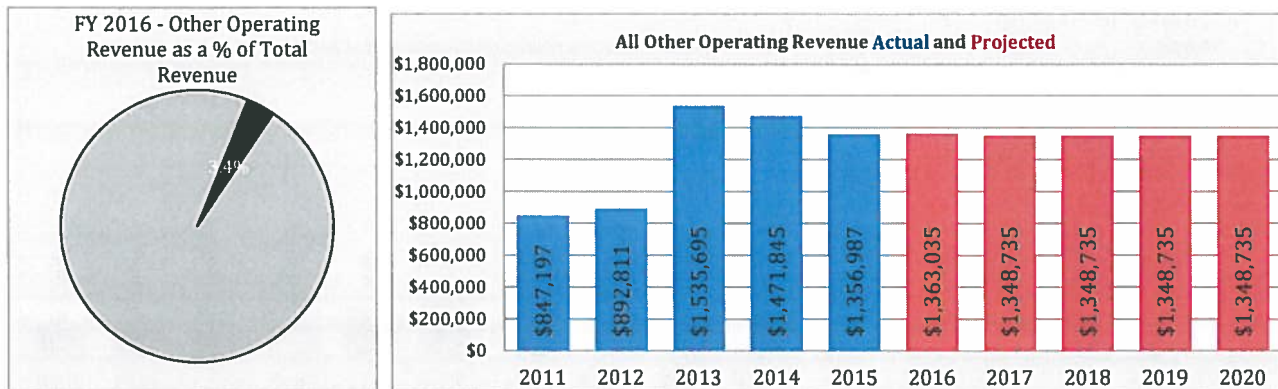
Notes & Assumptions:

Restricted State Grants includes economic disadvantaged, career tech, and catastrophic aid. The catastrophic aid makes up 88.2% of the restricted grant aid. Due to a delayed payment of the FY2014 catastrophic aid revenue, a duplicate posting was recorded FY2015, showing an unusually high source of revenue. Olmsted Falls averages \$130,000 in catastrophic aid annually. This aid is unknown if it will continue in future years. It is dependent upon high cost students and state established thresholds.



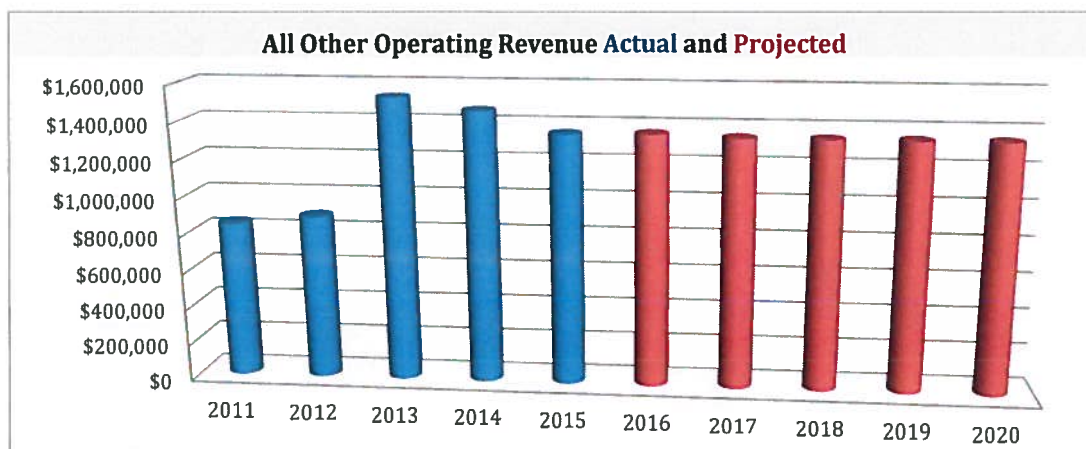
1.060 - All Other Operating Revenues

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



Notes & Assumptions:

The other local income sources are earning on investments, interest, tuition, Medicaid reimbursements, fees, rental income, donations, sale of assets and miscellaneous. This can fluctuate up and down based on the amount of Medicaid reimbursements, donations and earnings on investments throughout the year. Over the past three fiscal years the District has received a high amount of Medicaid reimbursements caused by additional student services qualifying for Medicaid claims.

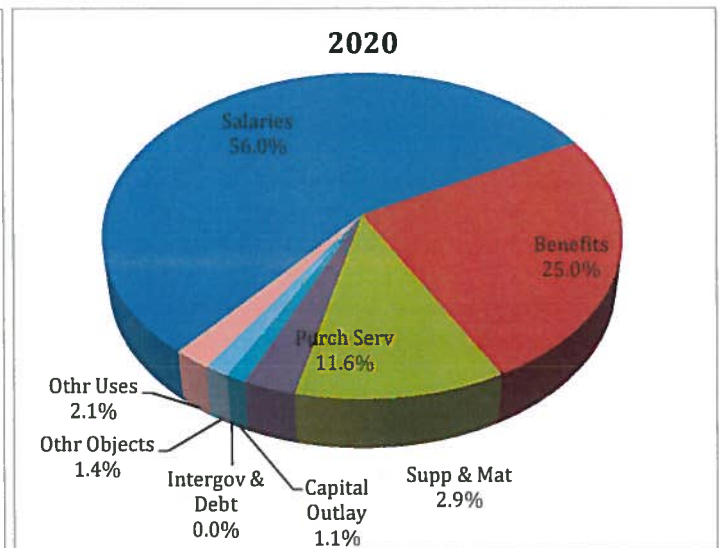
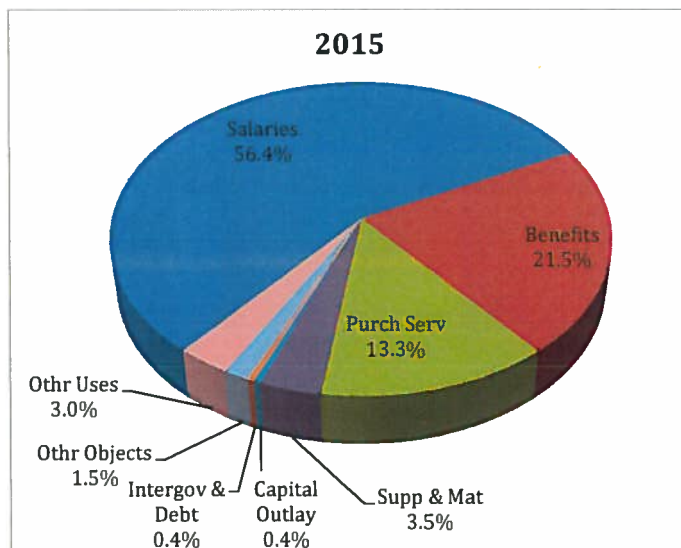


Expenditures Overview

	ACTUAL		FORECASTED			
	2013	% of Budget	2016	% of Budget	2019	% of Budget
3.010 - Personnel Services	21,107,113	59.09%	23,054,418	57.52%	25,192,185	57.36%
3.020 - Employees' Ret/Ins Benf	7,881,493	22.06%	9,479,974	23.65%	10,893,855	24.81%
3.030 - Purchased Services	3,827,604	10.72%	5,349,098	13.35%	5,361,704	12.21%
3.040 - Supplies and Materials	1,352,544	3.79%	1,406,619	3.51%	1,342,599	3.06%
3.050 - Capital Outlay	43,392	0.12%	50,000	0.12%	500,000	1.14%
3.060-4.300 - Other Expenditures	1,508,079	4.22%	739,691	1.85%	625,917	1.43%
4.500 - Total Expenditures	35,720,225.00		40,079,798.75		43,916,259.34	

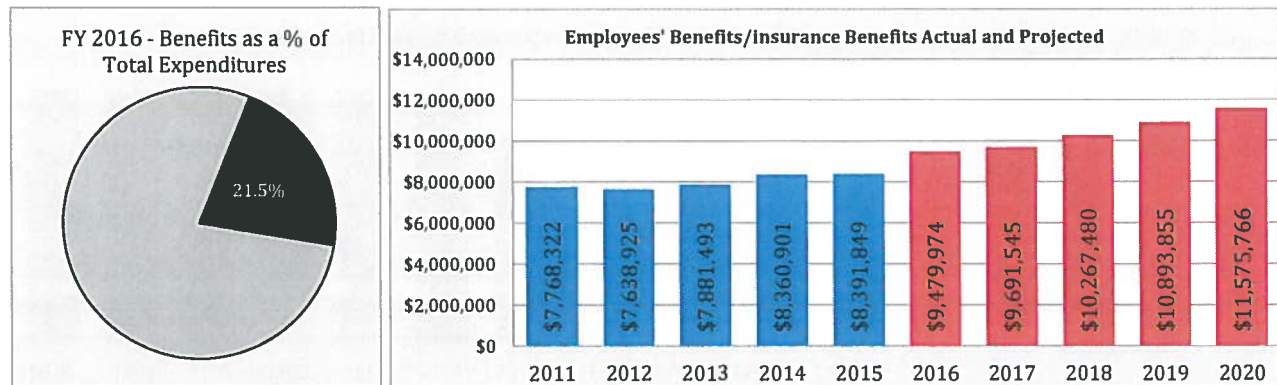
Notes & Assumptions:

Overall expenditures are projected to increase, an average rate of 22.95% over a six year period. Contributing factors are an 18% health insurance premium increase during FY2016, adoption of new math curriculum and related materials, state mandated college credit plus opportunities, and various increasing special education needs. Looking further into the forecast the District will be faced with the five year Permanent Improvement levy falling off leaving the general fund to pick up any capital outlay expenses. This additional need has been figured into the forecast during FY2017-FY2020. A renewal for the Permanent Improvement funds will need to be considered during calendar year 2016.



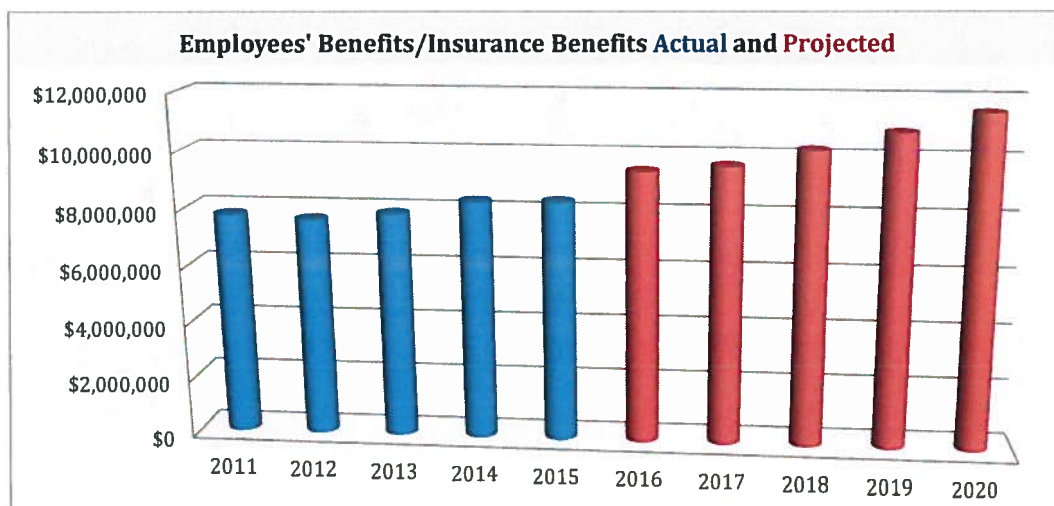
3.020 - Employees' Benefits

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



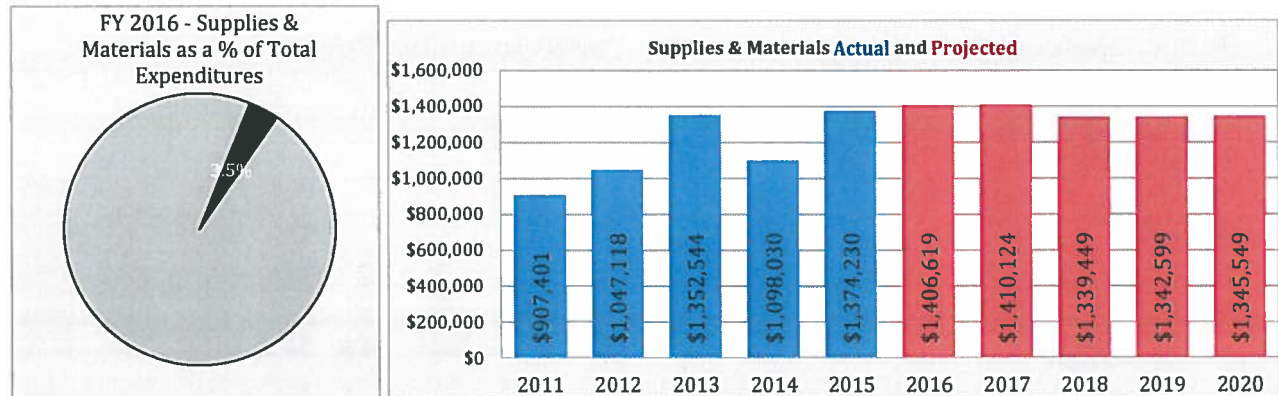
Notes & Assumptions:

Olmsted Falls benefits make up 21.5% of the total district expenses. Currently, the OFCS Board of Education contributes by State law fourteen percent (14%) of the salaries and wages into two retirement systems (STRS/ SERS). A pension reform bill was signed into law on September 26, 2012. This reform resulted in a larger than normal amount of retirements. The next largest benefit expense is health care. The District became a member of the Great Lakes Regional Health Care Consortium (GLRHC) in FY2014. Other members include Fairview Park Local School District and Avon Local School District. The Consortium is self insured which means it realizes all of its own losses/gains. Health insurance is projected to increase by a minimum of 10% over the next 4 years due to large medical and prescription claims. However, the true effects of the Affordable Care Act are unknown at this time since various provisions are still being worked on at the federal level. The other items that make up employee benefits are Medicare tax, workers compensation, unemployment and life insurance.

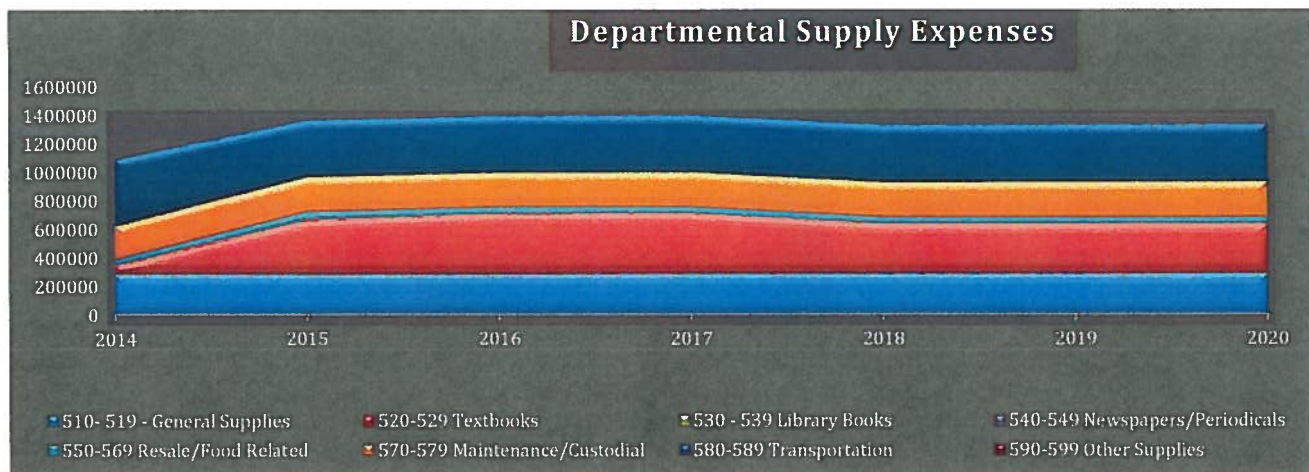


3.040 - Supplies & Materials

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

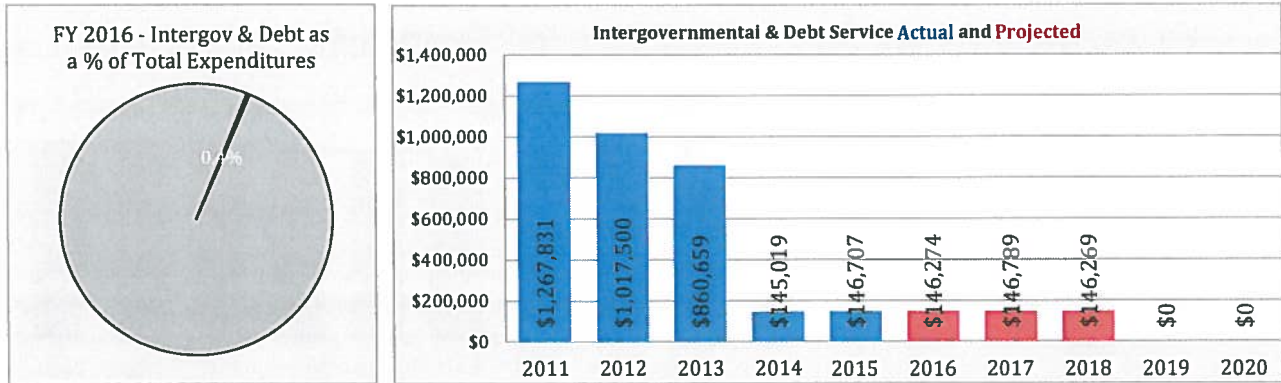


During FY2015 the District's textbook expense increased by \$320,000 due to the piloting and adoption of Bridges Math in grades 6-12. Included in the expense line were teacher manuals, student workbooks along with student materials. During FY2016 there will be another textbook adoption for K-12 science & social studies which will include many of the same cost. All other supplies and materials throughout the District are anticipated to remain consistent.



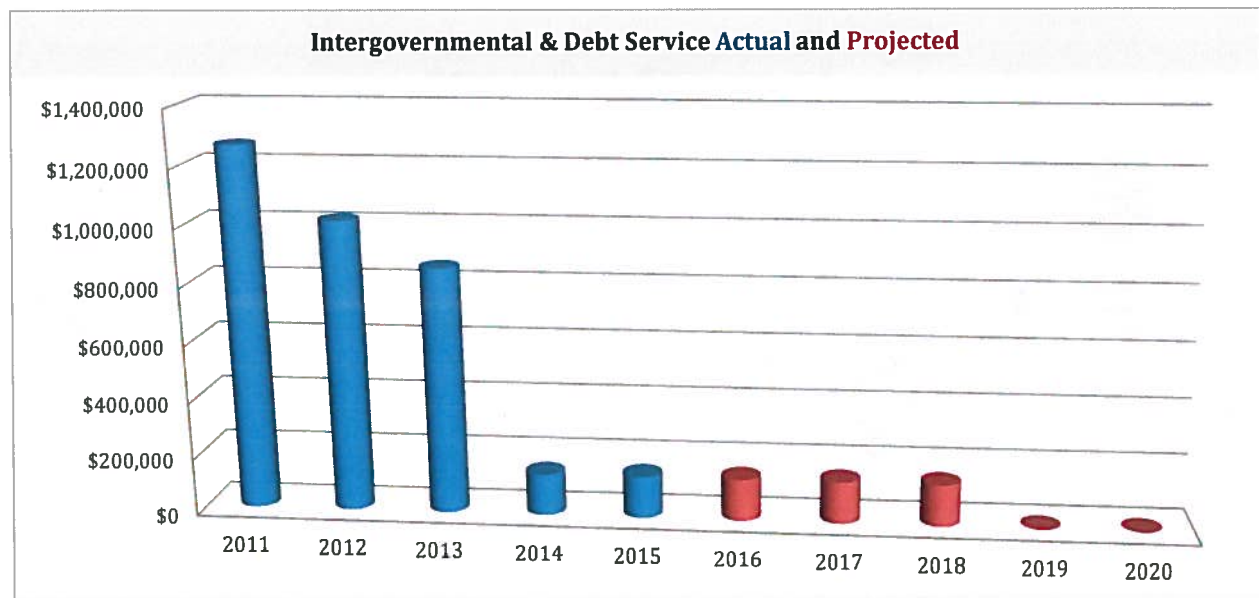
3.060-4.060 - Intergovernmental & Debt

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



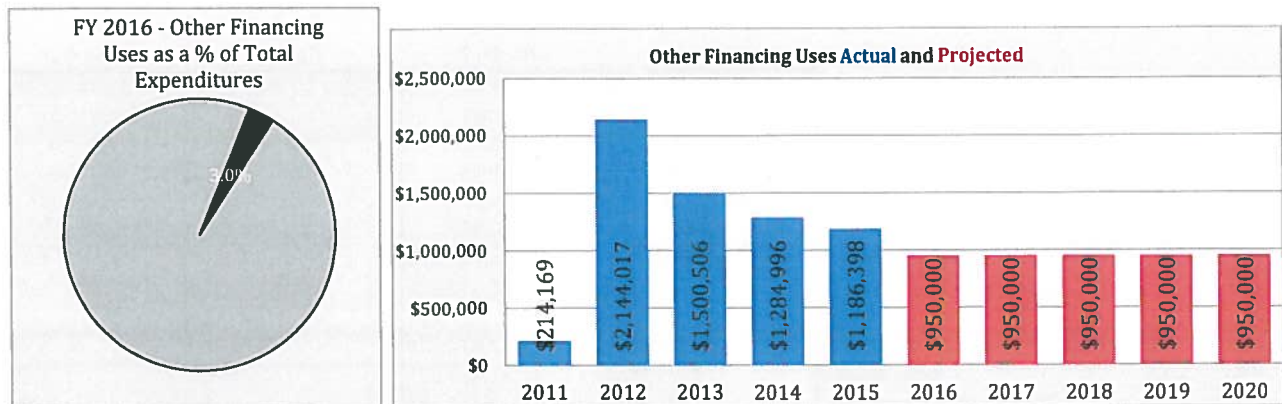
Notes & Assumptions:

Olmsted Falls has debt payments scheduled thru the end of FY2018. This debt is the remaining payments for the HB264 project which aided in the installation, modifications and remodeling of school buildings to conserve energy. Final payment of this debt will be paid in December 2017 leaving the district with no outstanding debt issuance.



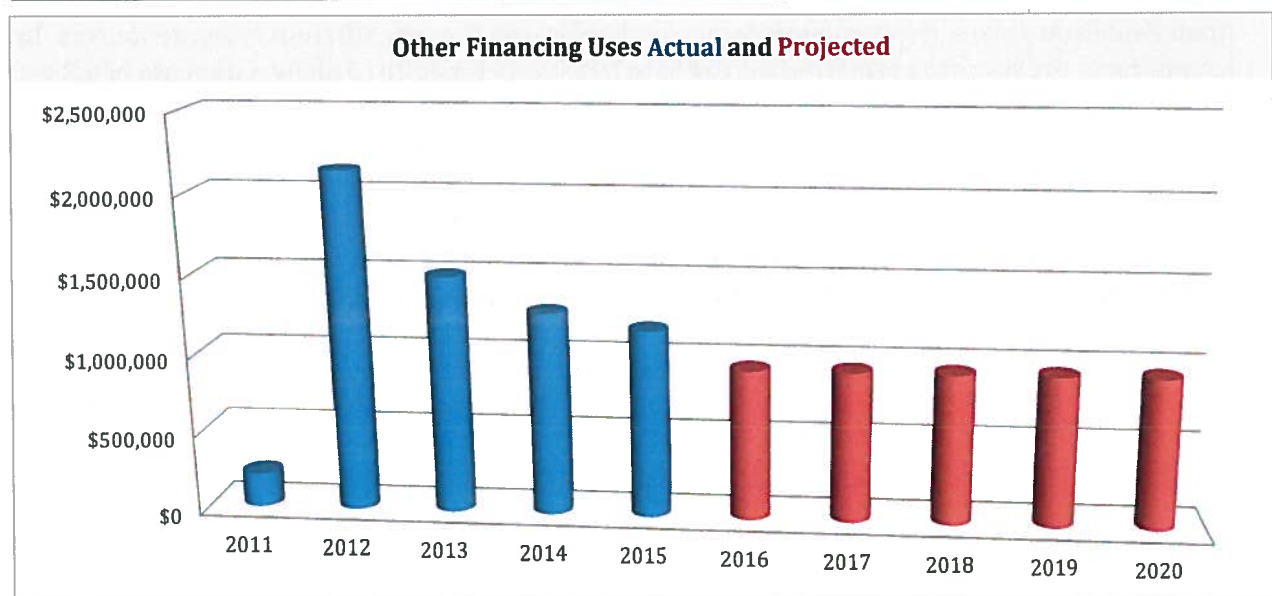
5.040 - Total Other Financing Uses

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



Notes & Assumptions:

The forecast reflects an annual transfer of approximately \$700,000 that will be presented to the board of education for their approval to subsidize the athletic fund. This has been an annual occurrence since making the decision to expense all athletic related items thru the athletic account. i.e. salaries, benefits, supplies, equipment, tournament registration. Due to these changes the District can capture a more exact cost of our Athletic program.



Olmsted Falls City Schools

Fiscal Year:	Actual	FORECASTED				
	2015	2016	2017	2018	2019	2020
Revenue:						
1.010 - General Property Tax (Real Estate)	20,616,722	20,831,635	21,056,457	21,727,452	22,161,789	22,610,445
1.020 - Public Utility Personal Property	1,160,415	1,172,928	1,235,371	1,298,921	1,365,357	1,434,794
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	13,031,381	13,705,622	14,306,798	14,569,441	14,688,363	14,820,503
1.040 - Restricted Grants-in-Aid	330,463	168,958	169,265	169,266	169,192	169,175
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	2,873,809	2,908,321	2,966,307	3,027,857	3,092,063	3,157,657
1.060 - All Other Operating Revenues	1,356,987	1,363,035	1,348,735	1,348,735	1,348,735	1,348,735
1.070 - Total Revenue	39,369,777	40,150,499	41,082,933	42,141,671	42,825,500	43,541,309
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	584,996	431,898	250,000	250,000	250,000	250,000
2.060 - All Other Financing Sources	-	-	-	-	-	-
2.070 - Total Other Financing Sources	584,996	431,898	250,000	250,000	250,000	250,000
2.080 - Total Rev & Other Sources	39,954,773	40,582,397	41,332,933	42,391,671	43,075,500	43,791,309
Expenditures:						
3.010 - Personnel Services	22,008,991	23,054,418	23,746,051	24,458,432	25,192,185	25,947,951
3.020 - Employee Benefits	8,391,849	9,479,974	9,691,545	10,267,480	10,893,855	11,575,766
3.030 - Purchased Services	5,171,396	5,349,098	5,358,954	5,360,354	5,361,704	5,363,054
3.040 - Supplies and Materials	1,374,230	1,406,619	1,410,124	1,339,449	1,342,599	1,345,549
3.050 - Capital Outlay	144,605	50,000	500,000	500,000	500,000	500,000
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	138,000	140,000	143,000	145,000	-	-
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	8,707	6,274	3,789	1,269	-	-
4.300 - Other Objects	580,028	593,417	609,417	615,167	625,917	636,667
4.500 - Total Expenditures	37,817,806	40,079,799	41,462,879	42,687,150	43,916,259	45,368,986
Other Financing Uses						
5.010 - Operating Transfers-Out	754,500	700,000	700,000	700,000	700,000	700,000
5.020 - Advances-Out	431,898	250,000	250,000	250,000	250,000	250,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,186,398	950,000	950,000	950,000	950,000	950,000
5.050 - Total Exp and Other Financing Uses	39,004,204	41,029,799	42,412,879	43,637,150	44,866,259	46,318,986
6.010 - Excess of Rev Over/(Under) Exp	950,569	(447,402)	(1,079,946)	(1,245,479)	(1,790,759)	(2,527,677)
7.010 - Cash Balance July 1 (No Levies)	9,455,580	10,406,149	9,958,747	8,878,801	7,633,322	5,842,563
7.020 - Cash Balance June 30 (No Levies)	10,406,149	9,958,747	8,878,801	7,633,322	5,842,563	3,314,886
8.010 - Estimated Encumbrances June 30	997,353	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	9,408,796	8,958,747	7,878,801	6,633,322	4,842,563	2,314,886
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	9,408,796	8,958,747	7,878,801	6,633,322	4,842,563	2,314,886
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	9,408,796	8,958,747	7,878,801	6,633,322	4,842,563	2,314,886

