

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



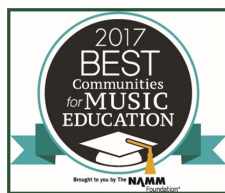
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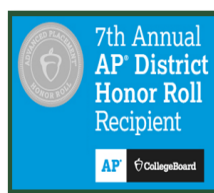
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Strongsville City Schools
18199 Cook Avenue
Strongsville, OH 44136
440.572.7000
www.strongnet.org



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Comprehensive Annual Financial Report

Of the
Strongsville City School District

For the
**FISCAL YEAR ENDED
JUNE 30, 2017**

Prepared by
Treasurer's Office

George K. Anagnostou
Treasurer/CFO

Robert D. Showalter, Jr.
Assistant Treasurer

18199 Cook Avenue * Strongsville, Ohio 44136

Strongsville Board of Education



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President



Mr. Richard O. Micko
Vice President



Colonel Duke Evans



Mr. George A. Grozan



Mrs. Jane L. Ludwig



Mr. Cameron M. Ryba
Superintendent



Mr. George K. Anagnostou
Treasurer/CFO

**STRONGSVILLE CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017**

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INTRODUCTORY SECTION



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Strongsville City Schools

ADMINISTRATIVE OFFICES

Cameron M. Ryba, Superintendent
cryba@scsmustangs.org

George K. Anagnostou, Treasurer
ganagnostou@scsmustangs.org



18199 Cook Avenue • Strongsville, Ohio 44136

Phone 440.572.7000 • Fax 440.238.7242

www.strongnet.org

December 22, 2017

To the Board of Education, residents of the Strongsville City School District and other interested parties:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Strongsville City School District (the "School District") for the fiscal year ended June 30, 2017. This CAFR, which includes financial statements and other financial and statistical data, conforms to accounting principles generally accepted in the United States in America (GAAP) as applicable to governmental entities. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

The report provides the taxpayers of the School District, bond rating agencies and other interested parties with comprehensive financial information, enabling them to gain a clear understanding of the School District's finances. This report is intended to contribute to meeting the accountability requirements of the public. Copies will be distributed to all school buildings, the Strongsville Public Library, the Strongsville Chamber of Commerce, rating agencies, and other interested organizations. Copies will be made available to all residents of the School District or any other interested party through the School District's web site at www.strongnet.org.

State statute requires the School District to be audited at least every two years by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Dave Yost, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2017. The opinion appears at the beginning of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and, analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The School District

The Board of Education and Administration

The School District was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members which are elected at large for overlapping four-year terms. The Board of Education elects their president and vice president annually and appoints two officials, the Superintendent and Treasurer.

The School District's Administrative Leadership Team (ALT) is made up of seven members from the Central Office Leadership Team (COLT) and seven building principals who report directly to the Assistant Superintendent.

The Central Office Leadership Team is made up of the Superintendent, Treasurer, Assistant Superintendent, Director of Curriculum and Instruction, Director of Instructional Technology, Director of Special Education and the Operations Manager.

The School District, Mission, and Goals

The City of Strongsville is approximately 25 square miles and is located in Cuyahoga County in northeastern Ohio, approximately 23 miles southwest of the City of Cleveland. Strongsville was founded in 1816, became a township in 1818, a village in 1927, and became a city in 1961 under the laws of the State of Ohio. In 2010 the U.S Census Bureau reported that Strongsville had a population of 44,750, up 2 percent from 43,858 in 2000.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided by Section 3301.07 (D) of the Ohio Revised Code, to provide educational services authorized by charter and further mandated by State and Federal agencies. Under Ohio Law, the School District is a separate and district unit of government with its own taxing authority.

In fiscal year 2017, the School District enrolled 5,486 students (compared to 5,460 the previous year) in one preschool, five elementary schools, one middle school, and one senior high school. During fiscal year 2017, the School District continued a massive school facility construction/renovation project, which is described in more detail in the ***Management's Discussion and Analysis*** section. The project commenced in 2013 to address the condition and age of the existing classroom facilities, as well as a declining enrollment trend. For additional information regarding the School District's buildings, such as age, square feet, usage, and capacity, please refer the statistical section of this report.

The Board of Education has adopted the Strongsville City Schools 2020 Strategic Plan for 2017-2018 School Year.

Destination 2020 – Strongsville City Schools will be a district of excellence and innovation that embodies the educational priorities of our students and community and is built on the foundation of academic emphasis, collective trust, and shared accountability. Through our collective efforts as a School District, Strongsville City School will rank in the top 10% of all school districts in Ohio by June 2020.

Mission – Strongsville City Schools, in partnership with the community, will ensure all students reach their fullest potential through challenging curriculum and activities, provided by a highly qualified, motivated staff, in a safe, supportive environment with up-to-date facilities and technology.

Core Beliefs – We believe in:

- Shared leadership and collaborative problem-solving.
- Data-based decisions and evidence-based practices.
- An approach to teaching and learning that is engaging, exciting and fun for all students.
- All students accessing innovating, high quality instruction in all classrooms.
- Meeting the individualized learning needs of our students.
- The ability of all students to grow and achieve.

Excellent school districts focus improvement efforts on a limited number of goals. While goals may remain constant year to year, objectives will be developed annually that align to district goals established by the Board of Education, Superintendent and Treasurer. Objectives will be developed based on school data, survey results, focus group meetings, and urgent needs. Each objective has correlated action steps and evaluation criteria. Strongsville City Schools' district goals and objectives for the 2017-18 school year are:

Academic Achievement and Growth

Engage learners in rigorous curriculum and quality instruction that will maximize the achievement and growth across all academic areas and enable all students to graduate from high school prepared for success in college and career.

- 1) Ensure students are college and career ready.
- 2) Oversee the implementation of *Strongsville City Schools Instructional Innovation Plan*.
- 3) Expand professional learning opportunities that align with district goals and meet individual learning needs.
- 4) Integrate the use of technology to support instructional practices and student learning.

Financial Prudence

Ensure sound financial management practices while maintaining high-quality educational experiences for all students through the alignment of district resources to district initiatives and investments.

- 5) Develop and maintain organizational structures that support district-wide efficiency and effectiveness.
- 6) Maintain financial management practices and a culture of budget consciousness that ensure focused spending.
- 7) Implement a comprehensive capital improvement, maintenance, and safety plan that prioritizes initiatives with associated costs per building.

Community Engagement

Actively partner and communicate with our parents and residents to strengthen school-community bonds.

- 8) Oversee the implementation of the *Strongsville City Schools Communications Plan*.
- 9) Expand and enrich the active partnerships between the District and the residents, businesses, community, and civic/youth organizations.
- 10) Engaged Strongsville Alumni to create and support active partnerships for the betterment of our District.

Employee Relations

As of June 30, 2017 the School District had 710 full and part-time budgeted positions (compared to 728 the previous year). In the fiscal year ended June 30, 2017, the School District paid \$41.9 million in salaries and wages and \$16.7 million for fringe benefits such as employer retirement contributions, health care, life insurance, and certain other benefits.

The School District's leadership staff (such as principals, assistant principals, and central office staff) are not members of any bargaining unit. Instead, those employees are subject to the terms defined in the Administrative and Leadership Handbooks, which was updated during fiscal year 2016 and the terms of which will remain in effect until July 31, 2019.

Teachers are represented by the Strongsville Education Association (SEA). In May 2016, the School District and the SEA announced the ratification of a three-year collective bargaining agreement. The agreement will be in effect from August 1, 2016 through July 31, 2019. Included in the three-year agreement are updates to teacher evaluation procedures, removal of medical insurance caps, streamlining personal leaves, integration of collaborative teacher-based teams into the school day, finalization of grades K-5th and grades 6th-8th elective course scheduling, removal of retirement incentives, reduction of severance pay for resigning employees, salary increases of 1.5% in 2016-2017, 1.5% increase in 2017-2018, 1% in 2018-2019, and agreed upon ground rules for 2019 negotiations. SEA members are responsible for 15% of the monthly medical premium and 100% of the monthly dental and vision premiums.

Classified employees (education aides, cafeteria staff, secretarial-clerical, custodial, maintenance, transportation, and technology staff) of the School District are represented for collective bargaining purposes by the Ohio Association of Public School Employees (OAPSE), Locals 290 and 028. There is a three year agreement in place from July 1, 2014 through June 30, 2017. This contract provided a 2% wage increase in each year of the contract. OAPSE full time members are responsible for 10% of the monthly medical premium capped at \$80 for individual and \$160 for family coverage. Monthly dental and vision premiums are covered by the School District. The monthly health care premium for part time members is adjusted based on the number of hours worked. The District and OAPSE are currently in engaged in negotiations for a new contract. OAPSE members are continuing to work under the terms of the expired contract during negotiations.

The Reporting Entity

The School District issues its financial report based on Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61 "The Financial Reporting Entity: Omnibus". The School District is associated with various educational organizations and government entities within Cuyahoga County that may be construed as being part of the School District's financial reporting when in fact they are not. For this reason, management has decided to differentiate between the organizations whose financial position will be incorporated within this report and the organizations that will not.

Excluded from this report for which the School District is not a member, but may be viewed as a member, are the City of Strongsville, the Strongsville Education Foundation, and the various Parent Teacher Organizations. Also excluded from this report for which the School District is a member are the Ohio School Boards Association and the Ohio Schools Council.

The School District is an independent city school district and is not a component unit of another government. A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

Economic Condition and Outlook

The School District's primary sources of revenues are from the State of Ohio through the State Foundation program and through the levying of property taxes on real property (including state property tax reimbursements) located within the School District. These two sources combined represent approximately 95 percent of the School District's fiscal year 2017 budget basis General Fund operating revenues. The following discussion provides additional information pertaining to these revenue sources.

Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions generally occur in a new fiscal year. Property taxes include amounts levied against all real and public utility located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1st, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1st and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

A table showing the assessed valuation of property in the School District subject to ad valorem taxes by the Board for the most recent ten years is presented in the statistical section.

Fiscal year 2018 property taxes are currently estimated by the Cuyahoga County Fiscal Officer based on a current collection rate of 97.0%, down from 97.5%. The forecast through fiscal year 2022 assumes a current collection rate of 97.0%. The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. The last update took place in 2015, with the next re-appraisal scheduled for the year 2018.

State law grants tax relief to property owners (property tax rollbacks) in the form of a 10% reduction in real property tax bills. In addition, a 2.5% rollback is granted for owner occupied homesteads (total of 12.5%). The State reimburses the School District for the loss of real property taxes as a result of the rollback provision. HB 66 eliminated the 10% rollback on commercial property; hence the School District will no longer receive a State reimbursement for those dollars, as it will receive those payments directly from commercial property owners. The new law states that the ten percent and two and one-half percent rollbacks will no longer apply to new levies that are enacted after August 31, 2013.

House Bill 66 phases out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property was eliminated in 2011. The tax is phased out by reducing the assessment rate on the property each year. HB 66 makes provision to replace revenue lost due to the phase out of the tangible personal property tax. Businesses are now subject to a commercial activity tax (CAT) that will provide some replacement income to school districts for the lost tangible property revenues. Beyond fiscal year 2017, under the current law, all such reimbursements have been completely phased out for the School District.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation implementing a 1980 constitutional amendment classifies real property between (1) residential and agricultural and (2) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These credits apply to certain voted levies on real property, and do not apply to unvoted tax levies or voted tax levies to pay debt service on general obligation debt.

Additionally, in 1976 the General Assembly passed House Bill 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, H.B. 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.

Property tax levies and collections for the last ten years are shown in comparative format in the statistical section.

School Foundation

The State's School Foundation Program is another major source of revenue for the School District's General Fund. The State assists public school districts under a statutory program, which includes direct payments to districts based upon a statutory formula. Such payments are made through the School Foundation Program established by the Ohio Revised Code. School Foundation Program funds distributed to a School District are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose.

Basic eligibility for School Foundation Program payments is based on a School District's compliance with State-mandated minimum standards.

Under the funding formula in the State Budget Act, the State Department of Education (the Department) will compute and pay to each city, exempted village and local school district, an amount of State Education Aid based on a base amount of spending per pupil multiplied by (i) the school district's "average daily membership" (ADM), generally a full-time equivalent number of students to be certified by each school district to the Department, and (ii) an index (the State Share Index) dependent on factors such as a school district's tax valuation percentage of the base amount for school districts with less tax valuation or lower median income residents. For Fiscal Year 2017, the base amount was \$6,000 and for Fiscal Year 2018 the base amount is \$6,010. As of July 1, 2014, school districts are required to report student enrollment (rather than average daily membership) data to the State as of the last day of October, March and June of each year.

In addition to the funding amount of State Education Aid described above (known as an “Opportunity Grant”), under the new core funding formula school districts may also receive, as applicable, State Education Aid in the form of (i) targeted assistance based on tax valuation and income factors, (ii) targeted assistance based on a percentage of a school district’s agricultural property, (iii) a specific amount based on six categories of disabilities for special education and related services, (iv) kindergarten through third grade literacy funds, (v) economically disadvantage funds, (vi) a specific amount for each of three English proficiency categories, (vii) career-technical categories, and (viii) career-technical education associated services funds. As with Opportunity Grant funds, special education, kindergarten through third grade literacy, limited English proficiency and career-technical funds are subject to the State Share Index. Certain other categories of funding, including pupil transportation funding, are funded in whole or in part by the State outside of the core funding formula.

Notwithstanding the amount of State Education Aid a school district is scheduled to receive under the funding formula, funding increases for core funding are capped at not more than 7.5% of the previous years’ State aid. All school districts are guaranteed to receive at least the amount of State aid as they received in Fiscal Year 2015

In the spring of 2017, the State of Ohio approved their 2018-2019 biennial budget which became law on July 1, 2017. Under the new biennial budget, the State elimination of TPP reimbursement was upheld, although a strong push was made through advocacy. Included in the biennial budget that impacted the School District was the phase out of the “guarantee” within the State Foundation Funding Formula. School Districts can be on the funding formula in three different scenarios:

- **Formula district** - a district would receive the amount generated by the formula
- **Capped district** - amount generated by the formula, less a certain percentage of growth from the previous year.
- **Guarantee district** - amount generated by the formula, plus an amount to at least receive the same level of funding from the previous biennial budget.

Strongsville is a guarantee district. The approved budget will reduce the guarantee amount based on ADM decline between school years 2014 through 2016. The guarantee percentage would drop (on a sliding scale) by 1% for each percent above 5% of enrollment, but the guarantee would be no less than 95% of the 2017 amount. Strongsville’s ADM decline between 2014-2016 is 6.2%, meaning the guarantee amount will be reduced by 1.2%. The financial impact of this phase out to the District is \$112,411.

There can be no assurance concerning future funding levels for or the details of State funding for school districts. As has been the case in the past, funding can also be subject to adjustment during a biennium. As indicated above, the General Assembly has the power to amend the system of State school funding. The School District cannot predict whether, when or in what form any future system of State school funding will be enacted into law.

City Profile

The City of Strongsville is served by diversified transportation facilities, including two State highways, U.S. Highway 42 and 82, and Interstate Highways I-71 and I-80 (the Ohio Turnpike). It is served by CSX Railroad for freight rail services, Amtrak for passenger rail services located in nearby Cleveland, and is served by passenger and freight air services at Cleveland Hopkins International Airport, located within five miles of the City, and Burke Lakefront Airport located in downtown Cleveland. Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority.

Within a 30-minute drive from the City are the locations of the Rock and Roll Hall of Fame, Progressive Field, Quicken Loans Arena, FirstEnergy Stadium, the world-class Cleveland Orchestra, the Cleveland Museum of Art, the National History Museum, the Western Reserve Historical Society, the Cleveland Playhouse and Karamu House, a multi-racial performing arts center. These and other facilities in the area offer an extensive variety of cultural and education programs to the residents of Strongsville, as well as professional sports including baseball, basketball, and football.

The City of Strongsville owns three parks offering residents a variety of activities to improve health and fitness. The 57-acre Strongsville Recreation Park has three baseball diamonds and tennis courts. Surrarrer Park, on the City's east side, has a baseball diamond, tennis courts, and a covered pavilion. Volunteer Park, on the City's west side, has six baseball diamonds, a covered picnic area, bocce ball court and horseshoe pits. The Youth Sports Park also on the City's west side has a regulation football field, three youth baseball fields and a covered picnic area. The Strongsville Business & Technology Park, home of the Strongsville Soccer Organization, offers residents many opportunities for fitness related activities. City residents can also take advantage of the Cleveland Metroparks that are located within minutes of the City. Located in the City section of the park system are the popular toboggan chutes, Mill Stream Run and facility for year round recreational activities, the Chalet. Gardenview Horticultural Park is a botanical park located on 16 acres near the south end of the City. Visitors can view more than 500 species of trees and plants.

Local Economy

The City of Strongsville is home to a diverse, growing local economy that maintains a solid tax base through established business parks and a thriving commercial sector. Development in the City of Strongsville has closely followed the City's Comprehensive Master Plan, which was first developed in the early 1960s and has been modified regularly to accommodate changes in the economic climate. As part of that plan, four industrial development areas totaling over 2,362 acres, have been established within the City featuring large setbacks and ample green space, resulting in a "park-like" atmosphere. A summary of each section of the four business parks is listed below:

The Strongsville Business & Technology Park

- 1,693 acres: 70% developed
- 3,617,028 SF of built-out with a 9.5% vacancy rate
- Home to over 70 companies that employ over 3,000 employees
- Ranked as the #1 industrial park in Northeast Ohio by Crain's Cleveland Business (9/2016)
- Over 500 acres of undeveloped, greenfield land available for future industrial development
- Major employers in the park: Momentive Performance Material's Quartz Division, Vitamix, Foundation Software, Clark Reliance's Corporate Headquarters, Sparten Medical Devices, CCL Label, and Eberhard Manufacturing

The Dow Circle Research & Development Park

- 258 acres: 95% developed
- 972,812 SF of built-out with a 0.0% vacancy rate
- Home to over 30 companies that employ over 2,600 employees
- Major employers in the park: Regional Headquarters for Enterprise Rental Car, Lumitex, Akzo Nobel Coatings RD&I Center, and PNC Bank's Technology Center

The Progress Drive Business Park

- 325 acres: 96% developed
- 1,508,326 SF of built-out with a 2.92% vacancy rate
- Home to over 40 companies that employ over 2,000 employees
- Ranked as the #10 industrial park in Northeast Ohio by Crain's Cleveland Business (9/2016)
- Major employers in the park: Corporate Headquarters of Atlantic Tool & Die, PPG Industries, and Insight/Chemical Services

Park 82

- 86 acres: 100% developed
- 1,425,130 SF of built-out with a 2.79% vacancy rate
- Home to over 15 companies that employ over 1,000 employees
- Major employers in the park: Darice Inc., HMI, Intralot, and Dealer Tire

Overall, Strongsville's business parks are home to 7,523,296 SF of industrial/high tech build-out with an occupancy rate at 95%, as of December 31, 2016. Job growth within the business parks continued to be robust in 2016. A highlight of several projects within the business parks include:

Woodpecker Inc.

- *Company Description:* Manufacturer of woodworking tools
- *Business Park:* Prospect Road
- 45,800 SF expansion of existing manufacturing facility
- Creation of 50 new jobs

Foundation Software

- *Company Description:* Software Developer
- *Business Park:* Strongsville Business & Technology Park
- Purchased an additional 33,000 SF of office space within Strongsville to facilitate continued growth
- Recognized as the 24th fastest growing company in Northeast Ohio by Crain's Cleveland Business (11/2016)
- Recognized as the 10th largest local software developer in Northeast Ohio by Crain's Cleveland Business (2/2016)

Union Home Mortgage

- *Company Description:* Mortgage Banking Specialist
- *Business Park:* Dow Circle Research & Development Park
- Purchased 24,000 SF office building and expanded parking lot for additional headcount
- Recognized as the 14th fastest growing company in Northeast Ohio by Crain's Cleveland Business (11/2016)

Micron Metalworking

- *Company Description:* Manufacturer of wheel end products for the automotive industry
- *Business Park:* Progress Drive Business Park
- Purchased 64,762 SF manufacturing facility
- Relocated 30 plus technical manufacturing positions to Strongsville

Lee's Grinding

- *Company Description:* Precision grinding for the medical and military industries
- *Business Park:* Strongsville Business & Technology Park
- Expanded their manufacturing facility 9,045 SF

XL Screw Corp

- *Company Description:* Distributer of screws and nuts
- *Business Park:* Strongsville Business & Technology Park
- Leased 46,400 SF in the new Mills Business Park
- Relocated 25 employees to Strongsville

Tyco Simplex Grinnell

- *Company Description:* Provider of emergency communication systems/services
- *Business Park:* Strongsville Business & Technology Park
- Leased 21,000 SF of office space

Medical Mutual

- *Company Description:* Healthcare insurance provider
- *Business Park:* Dow Circle Research & Development Park
- Relocated within Strongsville to 88,816 SF of office space
- Retained over 350 employees

To facilitate the expansion and attraction of economic development projects, the City utilizes four tax incentive programs:

- *Community Reinvestment Area (CRA) Program:* The City has established nineteen (19) Pre-1994 CRA's within and surrounding Strongsville's business parks. Improvements within these CRAs are granted an exemption from real estate property taxes for 100% of the incremental increase in assessed value for a period of 15 years.
- *Strongsville Job/Payroll Creation Incentive Grant Program:* In 2013, the City of Strongsville created a new incentive program designed to attract large end-users with significant payroll to the community. Under the Strongsville Job/Payroll Creation Incentive Grant Program, a company that creates and maintains over \$6 million in new annual payroll within the City is eligible for annual grant payment based on a percentage of the annual payroll withholding taxes generated by the project.
- *Enterprise Zone Program:* The City's Enterprise Zone Program provides tax incentives in a designated Enterprise Zone to businesses that agree to invest capital improvements and create or retain jobs. Tax incentives under this program are negotiated and can provide tax abatements of up to 75% for a term of up to ten years, subject to City, County, and State approval.
- *Foreign Trade Zone:* The City has seven (7) established FTZs within the City's business parks. FTZs allow companies to defer, reduce, or eliminate US Customs' duties.

In addition to the local tax incentive programs, the City of Strongsville utilizes County programs such as the Storefront Renovation Program and Brownfield Redevelopment Funds, as well as State programs for job creation and workforce development.

Major Initiatives

Budget Alignment to District Goals and Objectives:

Below is a list of budget priorities by District Goals and Objectives:

- ***Academic Achievement and Growth***
 - *Preschool and Elementary Schools:*
 - ✓ Gifted Intervention services in every elementary building
 - ✓ Instrumental music instruction beginning in 5th grade
 - ✓ Optional tuition based Full Day Kindergarten options
 - ✓ Preschool rated 5 out of 5 Stars Step Up to Quality by Early Childhood Ohio
 - *Middle School:*
 - ✓ Career Connections
 - ✓ Expanded S.T.E.A.M course offerings
 - ✓ Honors Courses beginning in 6th grade
 - *SHS Courses:*
 - ✓ Air Force JROTC (\$165,000 District Investment)
 - ✓ Career Connections
 - ✓ Offer 25 AP Courses and 18 Honors Courses
 - ✓ On-site College Credit Plus Courses
 - *Textbook Adoptions (\$500,000 District investment)*
 - ✓ High School Mathematics
 - ✓ High School Science
 - ✓ Middle School Mathematics
 - ✓ Middle School Science
 - *Technology Integration (\$700,000 District investment)*
 - ✓ 1:1 Chromebook Initiative
 - ✓ Instructional Technology Coaches
 - ✓ Interactive Projector Project
 - ✓ Makerspace rooms at: SHS, SMS, Kinsner Elementary, Muraski Elementary, and

- Whitney Elementary
- ✓ Strongsville Academy (\$200,000 repurposing from Ohio Online Program)
- ✓ Student Production Studios

- **Community Engagement**

- *Implementation of Comprehensive Communications Plan:*
 - ✓ Six (6) “Community Conversations” throughout the City
 - ✓ Homeowners Association Meeting Visits
 - ✓ Student Advisory Committee, Community Advisory Committee, and a Curriculum Advisory Committee
 - ✓ Two community-wide mailings to Strongsville residents (Quality Profile, Annual Report)
 - ✓ State of the Schools presentation from Strongsville Community
 - ✓ Alumni Outreach
 - ✓ Volunteer plans developed and implemented at all levels
 - ✓ SPOT committee to focus on school-community partnership projects
 - ✓ Student-based video development and cable broadcasting

- **Financial Prudence**

- *Organizational Efficiency Efforts:*
 - ✓ Implementation and oversight of student fess collection procedures. Outstanding student fee balance decreased by \$28,377 or 28.5% from July 1, 2016 to July 1, 2017, from \$99,369 to \$70,992
 - ✓ Transition to Chartwells for food service operations
 - ✓ Financial Transparency:
 - ASBO Meritorious Budget Award
 - ASBO Certificate of Excellence in Financial Reporting
 - GFOA Certificate of Achievement for Excellence in Financial Reporting
 - ✓ Opening of New SMS, renovation of nearing completion at SHS (\$73 million multi-year community investment).
 - ✓ New turf fields at SHS and SMS (\$1.8 million multi-year community investment).

Significant Accomplishments

The School District’s academic program includes these attributes, among others:

- District students learn and grow in interactive classrooms supported by accredited and comprehensive curriculum, diverse student activities and clubs, engaging and passionate teachers, and committed support staff.
- Elementary Curriculum for the 2017-2018 academic year: elementary students will be immersed in writing, utilizing a “Writer’s Workshop” model across all students. Students will be engaged in guided mini-lessons, and work in small groups and one-on-one with teachers in editing and revising sessions.
- Students identified as “at risk” are determined by scientifically based data-driven assessments and provided interventions and progress monitoring.
- More than 90% of the District’s 2017 high school graduates have indicated they intend to pursue a higher education, and District students’ ACT and SAT College Entrance exam scores are above national averages. District students taking the ACT test perform better than both the state and national averages. Average composite score: the District: 23.6; Ohio: 22; National: 21.
- The High School offers 25 Advance Placement (AP) Courses and 18 Honors Courses. In 2017, 68 percent of District students taking AP tests scored 3 or higher, earning them college credit.

- District students take college courses as part of College Credit Plus, which provides them opportunities to earn credits, prior to graduation. During the 2016-2017 academic year, more than 200 District high school students earned a combined 2,500 hours of college credit through this program.
- The High School's Class of 2017 earned over \$2 million in local and national college scholarships to further their education.
- The Middle School was recognized as a 2016-2017 Cleveland Clinic Banner School. One of the District's eighth grade Health and Physical Education teachers implemented an "Adventures in Health Science & Medicine" program, designed to promote career exploration in health science and the study of medicine for students in middle school, which led to this recognition.
- The School District offers Honors courses beginning in the sixth grade for all four content areas (Language Arts, Math, Science, and Social Studies).
- The District includes an Early Learning Preschool, featuring an integrated program which educates children of all abilities in an inclusive setting in partnership with families and the community. Individualized pre-academic and social emotional education is highlighted in a play-based environment. The District's Early Learning Preschool earned a 5-star rating, the highest possible award, in the State of Ohio's "Step Up To Quality" program.
- Formal Gifted services are provided at each elementary school in 3rd, 4th, and 5th grade math by a Gifted Intervention Specialist (GIS).
- The High School has added an Air Force Junior ROTC program, focusing on aeronautics.
- Four full-time English Language Learner (ELL) teachers support 197 students who speak 25 different languages at all levels throughout the District.
- The District has partnered with Edmentum, an online learning program for educations, to provide a virtual school program (Strongsville Academy) to meet the needs of and provide quality curriculum to its non-traditional students. For the 2016-2017 academic year the School District had approximately 30 students enrolled in the Strongsville Academy, which students are enrolled in the School District's total enrollment figure.
- Beginning in the 2016-2017 school year, all ninth grade students received their own Google Chromebook (a personal laptop device) to use throughout their high school career. This continued with the 2017-2018 school year, as all incoming ninth grade students received their own Google Chromebooks. Half of all high school students now have their own device as part of the District's 1:1 technology initiative.
- The Middle School has added several course offerings, including Robotics & Medical Detectives, Principles of Food, and Career Connections.
- The District was one of the first school districts in Northeast Ohio to be named a Google for Education Reference District. This designation recognizes school districts that have demonstrated excellence and thought leadership through the innovative use of technology.
- The District has been named 2016-2017 *US News & World Report* High School Rankings Silver Award Winner. The School District is one of 143 schools in the State earning silver status. *US News & World Report* ranked the School District 115th of all public high schools in the State and in the top 2,500 public high schools in the country.

- 2017 marks the fourth straight year the District has been recognized by the National Association of Music Merchants (NAMM) Foundation for outstanding commitment to music education. The School District is one of 34 districts in the State to be recognized and one of 527 school districts across the country to receive this honor.

Long-Term Financial Planning

The Board of Education has assigned responsibility for annual and long-term financial planning to the Treasurer/CFO. The policies require that the first objective of financial management planning is to provide for the education of the School District's children. We are expected to use the best available techniques for budget development and management, as well as to engage in strategic, long-term financial planning which attempts to forecast the need for future educational and capital expenditures.

As part of the School District's long-term planning, the Treasurer/CFO prepares a five-year financial forecast. This document provides a snapshot of historical and projected revenues and expense over the next five years and is accompanied by the financial assumption notes. The Board of Education approves this document on a semi-annual basis.

Relevant Financial Policies

Budget Development Process

In January of each year, the School District is required to develop a Tax Budget that is submitted to the Cuyahoga County Fiscal Officer. The purpose of the tax budget is to identify available resources, and to establish the need for tax revenues by identifying estimated budget for the upcoming fiscal year (July 1 to June 30th) for each fund.

In February and March of each year, the School District administration determines staffing levels for the upcoming school year based on enrollment estimates and course offerings. Staffing level determinations are led by the Assistant Superintendent and ultimately approved by the Superintendent.

In March, central office departments and school buildings will receive their general fund non-personnel building allocations. School building allocations are determined by the total amount available for buildings and allocated based on a per pupil amount. The total amount available for building allocations in fiscal year 2018 is \$553,770 which is a \$6,720 increase from fiscal year 2017. The per pupil amount for fiscal year 2018 is \$105 which is the same compared to fiscal year 2017. Textbooks, instructional supplies, and custodial supplies are allocated within the central office departmental budgets. Central office departmental and school building budgets are due back to the Treasurer's office by mid-April.

Once staffing is complete, the Treasurer's office updates the five-year forecast for the current fiscal year and the following years. The Board of Education must adopt and submit the updated five-year forecast to the Ohio Department of Education, no later than May 31st.

After the completion of the five-year forecast, all central office and school building budgets are reviewed and then aggregated into a Temporary Appropriation which must be adopted by the Board of Education no later than June 30th. By state law, the Board of Education must adopt a Temporary Appropriation on or before June 30th for the fiscal year beginning on July 1st. The temporary appropriation consists of 50% of the annual salary and benefits estimates and 100% of the non-personnel items. By law, the School District must adopt the annual appropriation measure by October 1st of the fiscal year.

Over the course of the summer, staffing adjustments are made due to employees who either retire and/or resign and as student enrollment is finalized for the upcoming school year. After the summer staffing period has been completed, the annual budget is finalized and adopted by the Board of Education in September. During the year, appropriations are subject to amendment as funds become available, or as needs arise, departments and/or schools need to adjust their budgets. At the end of the fiscal year and no later than June 30th, the School District will adopt a final appropriation. This is done to comply with state law to assure no expenditures plus encumbrances exceed the appropriation amount and no appropriation total by fund exceeds the available resources. The School District's legal level of budgetary control is at the fund level.

The capital projects budget is prepared with the timeline listed below. Beginning in FY 2018 for the FY 2019 budget, as one of the School District's goals and objectives the Operations Manager will prepare and implement a comprehensive capital improvement, maintenance, and safety plan that prioritizes initiatives with associated costs per building. This plan will serve as a planning tool to prioritize capital improvements based on available resources. The plan and budget will be vetted through the District's Facility Development Committee during the budget process.

In conjunction with the annual budget, the Board of Education must adopt and submit the annual five-year forecast to the Ohio Department of Education no later than October 31st.

BUDGET TIMELINE	
DATE	ACTION
January	Tax Budget Approval for all funds with available resources
February / March	Prepare staffing estimates based on enrollment projects.
March / April	Distribute and collect central office departmental and school buildings budgets for all funds. Staffing is finalized.
May	Board of Education adopts updated Five-Year Forecast
June	Board of Education adopts final appropriation for current fiscal year ending and temporary appropriation for upcoming fiscal year.
July / August	Summer staffing adjustments are completed and finalized.
September	Board of Education adopts annual appropriation.
October	Board of Education adopts current year Five-Year Forecast.

Budget Management Process

Throughout the course of the year, there are various factors that impact expenditures which could impact the budget and five-year forecast from the original projections. It is critical that the administration and Board of Education constantly monitor the budget to identify inconsistencies and make the appropriate adjustments when needed.

At the end of each month, the Treasurer's Office publishes a monthly board financial report which is then presented and approved monthly at the Board of Education regular meetings. Included in the report is a monthly comparison of revenue and expenditures by category and object for the current year and the previous two years. Revenues to date are compared to the five year forecast and then projected for the remaining of the fiscal year. Expenditures are measured based on two analysis 1) the time elapsed, the percent of the number of months have passed compared to the percent of the budget spent and encumbered 2) the payroll test, the percent of the number of pay periods that have passed compared to the percent of the budget spent and encumbered. Any discrepancies are investigated and explained in the monthly Board report.

Central office departments and school buildings are responsible for managing their budget and submitting budget adjustments. Budget adjustments are only permitted within the same fund and if resources are available. Deficit spending is prohibited, if a deficit does occur, a budget adjustment will be made.

Internal Controls

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse. The internal control structure ensures that accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and county financial assistance, the School District is also responsible for maintaining a rigorous internal control structure that ensures full compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and external auditors. The School District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The information related to the Single Audit, including the schedule of federal awards expenditures, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

Awards

GFOA Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Strongsville City School District for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose content conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting to GFOA for review.

ASBO Meritorious Budget Award The Association of School Business Officials International awarded the Meritorious Budget Award (MBA) to the Strongsville City School District for the fiscal year 2017 budget. This award recognizes the School District for demonstrating excellence in school budget presentation and setting a high standard for transparent budget development. Strongsville City School District was one of four Ohio school districts to receive this award for fiscal year 2017.

ASBO Certificate of Excellence in Financial Reporting The Association of School Business Officials International awarded the Strongsville City School District with the Certificate of Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016.

This award recognizes the excellence and transparency in the preparation and issuance of the School District's Comprehensive Annual Financial Report (CAFR).

Acknowledgments

The publication of this report signifies a professionalizing of the School District's financial reporting. It enhances the School District's accountability to taxpayers, investors, and other internal and external users of such information.

The preparation of this report would not have been possible without the assistance and support of the entire Treasurer's office staff.

Finally, we would like to acknowledge the Board of Education's commitment to excellence to the School District and support for this project.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G. K. Anagnostou", with a large, stylized flourish at the end.

George K. Anagnostou
Treasurer/CFO

A handwritten signature in black ink, appearing to read "C. M. Ryba", with a large, stylized flourish at the end.

Cameron M. Ryba
Superintendent of Schools

Strongsville City School District
Board Members
Elected At Large For Overlapping Four-Year Terms

Name	Began Service as a Board Member	Present Term Expires December 31
Mr. Carl W. Naso, Board President	2011	2019
Mr. Richard O. Micko, Vice President	2012	2019
Colonel Duke Evans	2014	2017
Mr. George A. Grozan	2014	2017
Mrs. Jane L. Ludwig	2014	2019

Strongsville City School District
Senior Appointed Officials

Appointed Positions by the Board of Education:

Mr. Cameron M. Ryba	Superintendent
Mr. George K. Anagnostou	Treasurer/CFO

Central Office Leadership Team (COLT) Appointed by the Superintendent:

Mrs. Jennifer Pelko	Assistant Superintendent
Mrs. Erin Green	Director of Curriculum and Instruction
Mr. Andy Trujillo	Director of Special Education
Ms. Vicki A. Turner	Director of Instructional Technology
Mr. Stephen Breckner	Operations Manager (a)

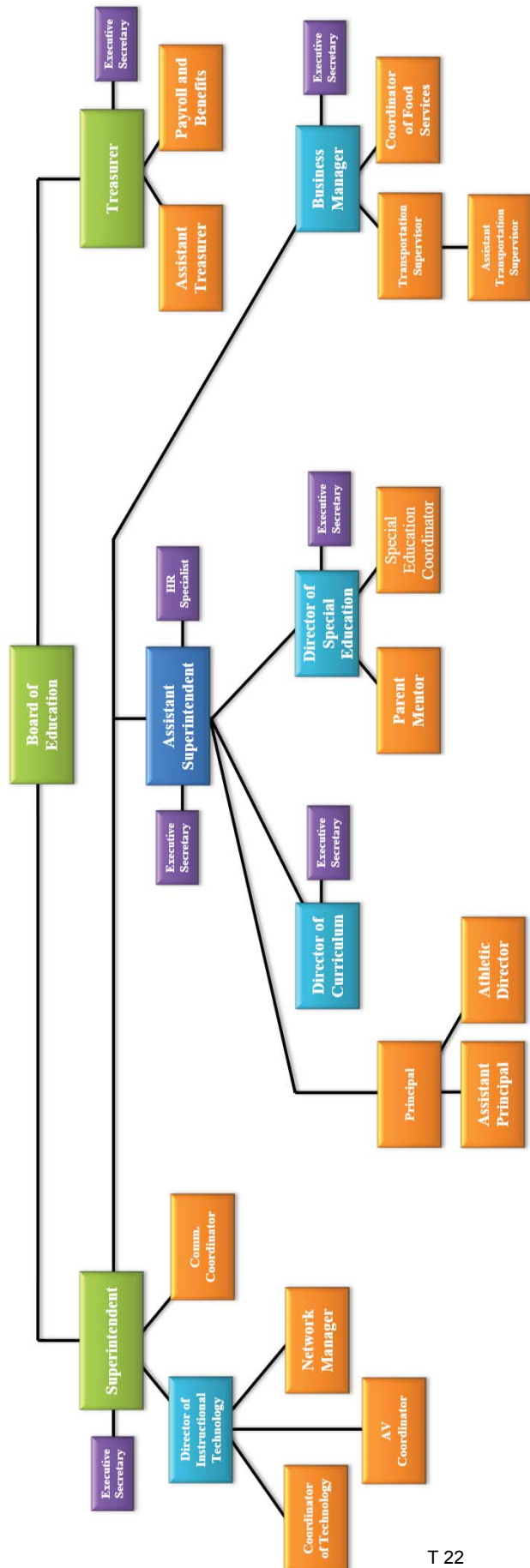
Building Principals Appointed by the Superintendent:

Mr. Greg Pollock	Chapman Elementary
Mr. Adam Marino	Kinsner Elementary
Mrs. Justina Peters	Muraski Elementary
Mr. Mark E. Smithberger	Strongsville High School
Mr. Steve Deitrick	Strongsville Middle School
Dr. Sally Raso	Surrarer Elementary
Mr. Glen L. Stacho	Whitney Elementary

(a) Appointed August 1, 2017.

Strongsville City Schools Organizational Chart

Board of Education/Administration
2016-17





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Strongsville City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Strongsville City School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE
Executive Director

FINANCIAL SECTION



Back of divider page



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Strongsville City School District
Cuyahoga County
18199 Cook Avenue
Strongsville, Ohio 44136

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Strongsville City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Strongsville City School District, Cuyahoga County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Dave Yost". The signature is fluid and cursive, with the first name "Dave" and last name "Yost" clearly legible.

Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2017

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STRONGSVILLE CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

(Unaudited)

The discussion and analysis of Strongsville City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial Highlights for 2017 are as follows:

- In total, net position decreased by \$ 10,818,910.
- Revenues for governmental activities totaled \$ 76,904,440 in 2017. Of this total, 91.5 percent consisted of general revenues while program revenues accounted for the balance of 8.5 percent.
- Program expenses totaled \$ 87,723,350. Instructional expenses made up 62.4 percent of this total while support services accounted for 30.5 percent. Other expenses rounded out the remaining 7.1 percent.
- Outstanding long-term obligations, excluding net pension liability, had a net decrease of \$ 2,321,879.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2017?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure. In the *Statement of Net Position* and the *Statement of Activities*, the School District is classified into governmental activities. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service, community services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Bond Retirement Fund and the Building Fund.

STRONGSVILLE CITY SCHOOL DISTRICT*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017*

(Unaudited)

Governmental Funds

All of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2017 compared to 2016.

Table 1
Net Position
Governmental Activities

	2017	Restated 2016
Assets		
Current and other assets	\$ 96,076,105	\$ 105,033,406
Total capital assets, net	107,296,866	103,501,487
Total assets	203,372,971	208,534,893
Deferred outflows of resources		
Deferred charge on refunding	77,428	81,730
Pension	21,587,379	9,590,467
Total deferred outflows of resources	21,664,807	9,672,197
Liabilities		
Current liabilities	7,936,389	12,146,106
Long term liabilities		
Due within one year	2,677,625	2,632,460
Net pension liability	119,457,133	101,516,891
Due in more than one year	88,291,763	90,658,807
Total liabilities	218,362,910	206,954,264
Deferred inflows of resources		
Property taxes levied for next year	46,352,504	37,188,483
Pension	4,274,974	7,198,045
Total deferred inflows of resources	50,627,478	44,386,528
Net position		
Net investment in capital assets	23,948,395	36,326,973
Restricted	7,156,796	7,649,482
Unrestricted	(75,057,801)	(77,110,155)
Total net position	\$ (43,952,610)	\$ (33,133,700)

STRONGSVILLE CITY SCHOOL DISTRICT*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017*

(Unaudited)

Details of Table I
Net Position
Governmental Activities

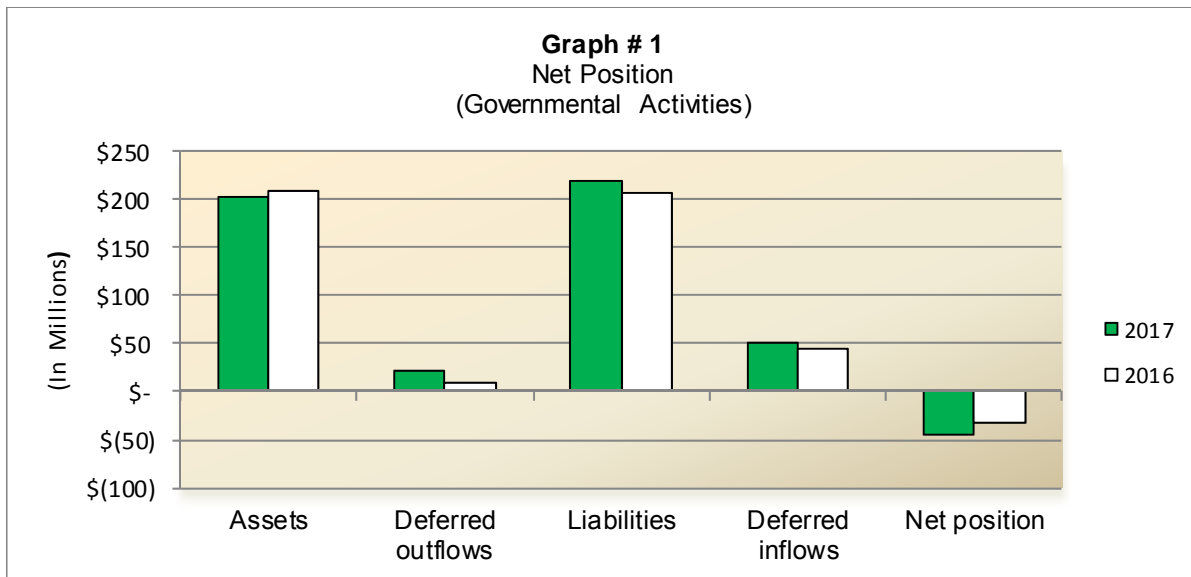
	2017	Restated 2016	Change
Assets			
Equity in pooled cash	\$ 38,531,495	\$ 49,184,752	\$ (10,653,257)
Accounts receivable	26,468	17,403	9,065
Due from other governments	191,824	30,091	161,733
Taxes receivable	57,326,318	55,801,160	1,525,158
Capital assets			
Nondepreciable capital assets	2,670,904	68,301,104	(65,630,200)
Depreciable capital assets	104,625,962	35,200,383	69,425,579
Total assets	203,372,971	208,534,893	(5,161,922)
Deferred outflows of resources			
Deferred charge on refunding	77,428	81,730	(4,302)
Pension	21,587,379	9,590,467	11,996,912
Total deferred outflows of resources	21,664,807	9,672,197	11,992,610
Liabilities			
Accounts and contracts payable	541,366	4,829,818	(4,288,452)
Accrued salaries, wages and benefits	5,186,635	4,946,055	240,580
Claims payable	1,032,000	999,000	33,000
Accrued interest payable	264,600	270,600	(6,000)
Intergovernmental payable	911,788	1,100,633	(188,845)
Long-term liabilities			
Due within one year	2,677,625	2,632,460	45,165
Net pension liability	119,457,133	101,516,891	17,940,242
Due in more than one year	88,291,763	90,658,807	(2,367,044)
Total liabilities	218,362,910	206,954,264	11,408,646
Deferred inflows of resources			
Property taxes levied for next year	46,352,504	37,188,483	9,164,021
Pension	4,274,974	7,198,045	(2,923,071)
Total deferred inflows of resources	50,627,478	44,386,528	6,240,950
Net position			
Net investment in capital assets	23,948,395	36,326,973	(12,378,578)
Restricted	7,156,796	7,649,482	(492,686)
Unrestricted	(75,057,801)	(77,110,155)	2,052,354
Total net position	\$ (43,952,610)	\$ (33,133,700)	\$ (10,818,910)

STRONGSVILLE CITY SCHOOL DISTRICT*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017*

(Unaudited)

**Net Position
(in Millions)**

	2017	2016
Assets	\$ 203.4	\$ 208.5
Deferred outflows	21.7	9.7
Liabilities	218.4	207.0
Deferred inflows	50.6	44.4
Net position	<u>\$ (43.9)</u>	<u>\$ (33.2)</u>



The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

STRONGSVILLE CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017*

(Unaudited)

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

Total assets decreased by \$ 5,161,922. This decrease is due to a decrease of \$ 10,653,257 in equity in pooled cash, which was offset with an increase of \$ 1,695,956 in receivables and \$ 3,795,379 in capital assets.

Total liabilities increased by \$ 11,408,646. This increase is due to an increase of \$ 17,940,242 in net pension liability, which was offset with decreases of 4,288,452 in accounts and contracts payable and \$ 2,321,879 in long-term liabilities.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$ 70,331,379 or 91.5 percent of total revenue. The most significant portion of the general revenue is local property tax. The remaining amount of revenue received was in the form of program revenues, which equated to \$ 6,573,061 or only 8.5 percent of total revenue.

STRONGSVILLE CITY SCHOOL DISTRICT*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017*

(Unaudited)

Table 2 shows the changes in net position for fiscal years 2017 and 2016.

	2017	Restated 2016	Change
Revenues			
Program revenues			
Charges for services and sales	\$ 3,252,016	\$ 2,856,496	\$ 395,520
Operating grants, interest and contributions	3,145,712	3,320,522	(174,810)
Capital grants, interest and contributions	175,333	-	175,333
Total program revenues	<u>6,573,061</u>	<u>6,177,018</u>	<u>396,043</u>
General revenues			
Property taxes	47,921,153	64,387,134	(16,465,981)
Grants and entitlements not restricted to specific purposes	19,664,762	20,205,928	(541,166)
Payments in lieu of taxes	2,107,444	2,113,540	(6,096)
Investment earnings	187,434	216,918	(29,484)
Miscellaneous	450,586	456,521	(5,935)
Total general revenues	<u>70,331,379</u>	<u>87,380,041</u>	<u>(17,048,662)</u>
Total revenues	<u>76,904,440</u>	<u>93,557,059</u>	<u>(16,652,619)</u>
Program expenses			
Instruction			
Regular	42,917,197	29,420,756	13,496,441
Special	11,000,176	10,605,450	394,726
Vocational	750,167	556,455	193,712
Other instruction	52,787	33,532	19,255
Supporting services			
Pupil	5,133,057	5,194,604	(61,547)
Instructional staff	3,188,660	3,129,567	59,093
Board of education	30,023	30,998	(975)
Administration	4,401,496	4,395,090	6,406
Fiscal services	1,813,151	1,488,167	324,984
Business	646,450	704,418	(57,968)
Operation and maintenance	6,486,061	7,918,626	(1,432,565)
Pupil transportation	2,902,341	4,709,998	(1,807,657)
Central services	2,178,915	1,504,052	674,863
Operation of non-instructional services			
Food service operation	1,528,497	1,767,925	(239,428)
Community services	673,440	629,041	44,399
Other non-instructional services	55,811	981,433	(925,622)
Extracurricular activities	863,619	1,585,027	(721,408)
Interest and fiscal charges	3,101,502	3,183,109	(81,607)
Total program expenses	<u>87,723,350</u>	<u>77,838,248</u>	<u>9,885,102</u>
Increase in net position	(10,818,910)	15,718,811	(26,537,721)
Net position at beginning of year	(33,133,700)	N/A	-
Net position at end of year	<u><u>\$(43,952,610)</u></u>	<u><u>\$(33,133,700)</u></u>	<u><u>\$(26,537,721)</u></u>

STRONGSVILLE CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

(Unaudited)

Governmental Activities

General Revenues

General revenues for the School District are comprised almost entirely of property taxes collections and grants from various sources. Property taxes made up 68.1 percent and 73.7 percent and grants made up 28.0 percent and 23.1 percent of general revenues for governmental activities for the School District in fiscal years 2017 and 2016, respectively. The decrease in property tax revenue is due primarily to a decrease in the amount of property taxes available for advance from the Cuyahoga County Fiscal Officer.

The unusual nature of property tax legislation in the State of Ohio creates the need to routinely seek voter approval for increases in operating funds to maintain a constant level of service. As a result of legislation enacted in 1976, the overall revenue generated by a voted millage does not increase as a result of inflation. As an example, a homeowner with a home valued at \$ 100,000 (assessed value of \$ 35,000) and taxed at 1.0 mill would pay \$ 35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (assessed value of \$ 70,000), the effective tax rate would become 0.5 mill and the owner would still pay \$ 35.00. Because of this taxation methodology, real property tax assessments due to the School District have held steady for the past several years.

The voters of the City of Strongsville approved a new property tax levy in August 2002. This is a 6 mill 5 year renewal operating levy which generates an estimated amount of \$ 7.9 million dollars per year if collected at 100 percent. Collections began in the second half of fiscal year 2002. This levy was renewed in November 2006, again in March 2012 and again in November 2016. The levy is set to expire in November of collection year 2022, if not renewed prior.

The voters of the City of Strongsville approved a new property tax levy in November 2007. This is a 6.5 mill continuing operating levy which is estimated to generate approximately \$ 9.2 million dollars per year if collected at 100 percent. Collections began in the second half of fiscal year 2007.

The voters of the City of Strongsville approved a new property tax levy in November 2012. This was a \$ 81,000,000 bond issue for the purpose of constructing Strongsville Middle School, renovation of Strongsville High School, improvements and technology upgrades to elementary buildings, and demolition of closed facilities. Collections began in the second half of fiscal year 2012 and the levy is set to expire in November of collection year 2045.

The primary source of grant revenue is State general operating aid known as the "Foundation Program Aid". Established by Ohio law and funded by the biennial appropriations, the Foundation Program is a statutory program through which the State currently makes direct payments to school districts based upon a statutory formula. Moneys distributed to a school district under the existing Foundation Program are required to be used for current operating expenses, unless specifically allocated by the State for some other purpose.

Program Revenues

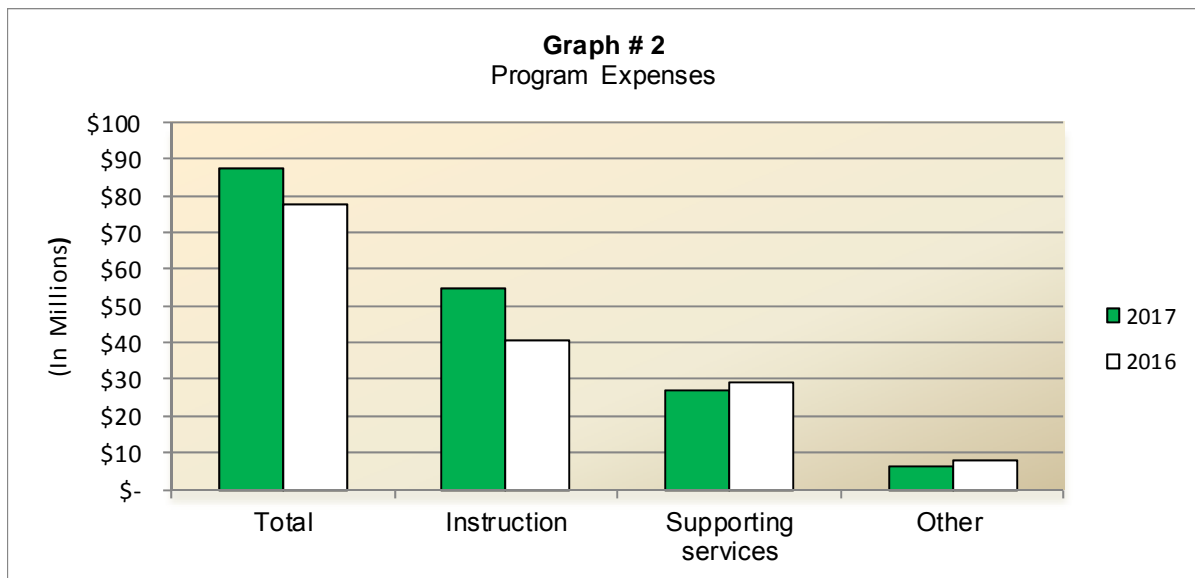
Program revenues comprise 8.5 percent of total revenues. Program revenues are made up of a combination of operating grants from the federal government and charges for services by the School District for specific services/programs such as student fees for consumables and student fundraiser for specific student activities. These amounts can vary from year to year depending on the amount that is made available for grants and the needs of the School District.

STRONGSVILLE CITY SCHOOL DISTRICT*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017*

(Unaudited)

**Program Expenses
(in millions)**

	2017	2016
Instruction	\$ 54.7	\$ 40.6
Supporting services	26.8	29.1
Other	6.2	8.1
Total	<u>\$ 87.7</u>	<u>\$ 77.8</u>



The Statement of Activities shows the total net cost of program services. Table 3 on the following page shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Approximately 62.4 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass an additional 30.5 percent. The remaining amount of program expenses, roughly 7.1 percent, is budgeted to facilitate other obligations of the School District such as food services, community services, interest and fiscal charges and numerous extracurricular activities.

The increase in regular instruction is primarily due to expenses related to building construction and renovations which did not meet the School District's capitalization threshold and to furnish and supply the new middle school. Additional costs were incurred to close and consolidate two school buildings into the new middle school.

STRONGSVILLE CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
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(Unaudited)

Table 3
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017
Governmental activities:		
Instruction		
Regular	\$ 42,917,197	\$ (41,568,185)
Special	11,000,176	(10,051,985)
Vocational	750,167	(750,167)
Other instruction	52,787	(17,557)
Supporting services		
Pupil	5,133,057	(4,820,658)
Instructional staff	3,188,660	(2,848,957)
Board of education	30,023	(30,023)
Administration	4,401,496	(4,132,643)
Fiscal services	1,813,151	(1,813,151)
Business	646,450	(646,450)
Operation and maintenance	6,486,061	(6,310,728)
Pupil transportation	2,902,341	(2,902,341)
Central services	2,178,915	(2,173,300)
Operation of non-instructional services		
Food service operation	1,528,497	116,625
Community services	673,440	(56,530)
Other non-instructional services	55,811	(55,811)
Extracurricular activities	863,619	13,074
Interest and fiscal charges	3,101,502	(3,101,502)
Total	<u>\$ 87,723,350</u>	<u>\$ (81,150,289)</u>

As one can see, the reliance upon local tax revenues for governmental activities is crucial. Approximately 54.6 percent of expenses are directly supported by local property taxes. Grant and entitlements not restricted to specific programs support 22.4 percent. Program revenues only account for 7.5 percent of all governmental expenses. Investment and other miscellaneous type revenues support the remaining activity costs.

Clearly, the Strongsville community is by far the greatest source of financial support for the students of the Strongsville City Schools.

STRONGSVILLE CITY SCHOOL DISTRICT*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017*

(Unaudited)

School District's funds

Information regarding the School District's major funds can be found on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 76,623,195 and expenditures of \$ 91,967,040, exclusive of other financing sources (uses). A two year comparison of revenues, expenditures, other financing sources (uses), and changes in fund balances for the General Fund, Bond Retirement Fund and the Building Fund are presented on the following pages.

The decreases in the fund balances of the General Fund and the Bond Retirement Fund is mainly due to a decrease in property tax revenue received and amount available for advance from the county fiscal officer.

	General Fund		
	2017	2016	Change
Revenue			
Taxes	\$ 43,484,722	\$ 60,219,725	\$ (16,735,003)
Payment in lieu of taxes	2,107,444	2,113,540	(6,096)
Tuition and fees	1,161,073	1,000,564	160,509
Interest	143,490	37,333	106,157
Intergovernmental	19,354,299	19,886,479	(532,180)
Extracurricular	402,074	362,231	39,843
Other	236,406	250,106	(13,700)
Total revenues	<u>66,889,508</u>	<u>83,869,978</u>	<u>(16,980,470)</u>
Expenditures			
Current			
Instruction	38,416,076	38,568,070	(151,994)
Supporting services	27,689,910	26,807,824	882,086
Operation of non-instructional services	296,713	703,069	(406,356)
Extracurricular activities	1,131,153	1,124,532	6,621
Debt service			
Principal	343,554	374,604	(31,050)
Interest	163,274	180,209	(16,935)
Total expenditures	<u>68,040,680</u>	<u>67,758,308</u>	<u>282,372</u>
Excess (deficiency) of revenues over expenditures	<u>(1,151,172)</u>	<u>16,111,670</u>	<u>(17,262,842)</u>
Other financing sources (uses)			
Transfers in	390	-	390
Transfers out	(259,500)	-	(259,500)
Proceeds sale of capital assets	44,671	35,543	9,128
Total other financing sources (uses)	<u>(214,439)</u>	<u>35,543</u>	<u>(249,982)</u>
Net change in fund balances	<u>(1,365,611)</u>	<u>16,147,213</u>	<u>(17,512,824)</u>
Fund balances, beginning of year	<u>28,291,511</u>	<u>12,144,298</u>	<u>16,147,213</u>
Fund balances, end of year	<u>\$ 26,925,900</u>	<u>\$ 28,291,511</u>	<u>\$ (1,365,611)</u>

STRONGSVILLE CITY SCHOOL DISTRICT*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017*

(Unaudited)

	Bond Retirement Fund		
	2017	2016	Change
Revenue			
Taxes	\$ 3,278,702	\$ 4,650,456	\$ (1,371,754)
Interest	30,096	10,545	19,551
Intergovernmental	488,200	481,524	6,676
Total revenues	<u>3,796,998</u>	<u>5,142,525</u>	<u>(1,345,527)</u>
Expenditures			
Current			
Supporting services	56,604	46,242	10,362
Debt service			
Principal	1,375,000	1,320,000	55,000
Interest	2,933,963	2,987,862	(53,899)
Total expenditures	<u>4,365,567</u>	<u>4,354,104</u>	<u>11,463</u>
Net change in fund balances	(568,569)	788,421	(1,356,990)
Fund balances, beginning of year	<u>6,464,957</u>	<u>5,676,536</u>	<u>788,421</u>
Fund balances, end of year	<u>\$ 5,896,388</u>	<u>\$ 6,464,957</u>	<u>\$ (568,569)</u>

	Building Fund		
	2017	2016	Change
Revenue			
Interest	\$ 9,448	\$ 167,820	\$ (158,372)
Other	175,333	-	175,333
Total revenues	<u>184,781</u>	<u>167,820</u>	<u>16,961</u>
Expenditures			
Current			
Supporting services	-	84,638	(84,638)
Capital outlay	13,423,254	37,711,986	(24,288,732)
Total expenditures	<u>13,423,254</u>	<u>37,796,624</u>	<u>(24,373,370)</u>
Excess (deficiency) of revenues over expenditures	<u>(13,238,473)</u>	<u>(37,628,804)</u>	<u>24,390,331</u>
Other financing sources (uses)			
Transfers in	59,500	-	59,500
Total other financing sources (uses)	<u>59,500</u>	<u>-</u>	<u>59,500</u>
Net change in fund balances	(13,178,973)	(37,628,804)	24,449,831
Fund balances, beginning of year	<u>15,454,755</u>	<u>53,083,559</u>	<u>(37,628,804)</u>
Fund balances, end of year	<u>\$ 2,275,782</u>	<u>\$ 15,454,755</u>	<u>\$ (13,178,973)</u>

STRONGSVILLE CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

(Unaudited)

The School District has a multi-year building improvement plan funded by a voter approved \$ 82 million bond issue, which proceeds were received in 2013. The Building Fund was used to construct a new middle school for grades 6-8, renovate the high school and also make improvements to the elementary schools.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the General Fund.

The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenditures but provide flexibility for site-based decision and management.

For the General Fund, the original and final budget basis revenue and other sources estimate totaled \$ 71,451,528 and \$ 73,205,234, respectively. Actual revenues and other sources were \$ 73,424,699 which was \$ 219,465 higher than the final budgeted amount. Although revenues are monitored monthly, the revenue estimates are updated at the beginning of the year with the October five year forecast and updated again with the May five year forecast. Tax revenue which is the School District's largest revenue source experienced a \$1,704,118 increase between the original and the final estimates. The variance is due to a change in collection split for the commercial collections which overlapped two calendar years. Actual interest revenue experienced a \$73,490 increase over the final estimated which is contributed to a combination of change in investment procedures, additional cash to invest, and an increased interest rate.

Through the budget process, the annual budget is finalized in September and monitored monthly. If necessary, the annual budget can be amended throughout the year with Board Approval. The original and final budget basis expenditures and other uses estimate totaled \$ 73,143,508 and \$ 73,143,510 respectively. Actual budget basis expenditures and other uses were \$ 68,750,233 which was \$ 4,393,277 less than the final budgeted appropriations. The variance between budget and actual is attributed due to the following: salary savings of \$ 1,100,000 due to a combination of open positions and unused substitute and overtime budget, fringe benefit savings of \$ 600,000 due to a combination of open positions and actual health care premiums were lower than projected, and the remaining variance is attributed to the departments and schools spending less than their annual budget allocations.

The General Fund unencumbered ending cash balance totaled \$ 23,041,196.

Capital Assets and Debt Administration

Capital Assets

At the end of Fiscal Year 2017, the School District had \$ 107,296,866 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 values compared to 2016.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

	June 30, 2017	Restated June 30, 2016
Land	\$ 2,670,904	\$ 2,690,686
Construction in progress	-	65,610,418
Buildings and improvements	97,722,962	31,883,120
Furniture and equipment	4,755,338	1,200,627
Vehicles	2,147,662	2,116,636
Total net capital assets	<u>\$ 107,296,866</u>	<u>\$ 103,501,487</u>

STRONGSVILLE CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

(Unaudited)

All capital assets, except land and construction in progress are reported net of depreciation. As one can see, the main increase in capital assets during the fiscal year occurred in the categories of building and improvements and furniture and equipment. For additional information, see Note 9 of the Notes to the Basic Financial Statements.

Debt

At June 30, 2017, the School District had \$ 210,426,521 of long-term obligations outstanding.

Table 5
Outstanding Debt Year-End

	June 30, 2017	June 30, 2016
Bonds payable	\$ 78,471,495	\$ 80,190,049
Certificates of participation	3,645,000	3,800,000
Unamortized bond premium	3,206,283	3,318,138
Net pension liability	119,457,133	101,516,891
Compensated absences	5,646,610	5,983,080
	<u>\$ 210,426,521</u>	<u>\$ 194,808,158</u>

Outstanding bonds consist of general obligation bonds for building issues. General obligation bonds are direct obligations of the School District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the School District. General obligation bonds will be paid from the Bond Retirement Fund with property taxes revenue. The certificates of participation are not general obligations of the School District, but are paid from the Bond Retirement Fund.

For additional debt obligation information see Notes 14 and 15 of the Notes to the Basic Financial Statements.

School District Outlook

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast and the School District Continuous Improvement Plan.

In SY 2014 the School District earned 6As, 3Bs and 1C. In SY 2015 the District earned: 1 As, 1 Bs, 3 Cs, and 1 F. Despite this drop from the 2014 report card, this aligned to trends in State results.

In 2016 the School District earned 2 As, 2 Bs, 3 Cs, 1 D and, 1 F. For the 2017 state report card, the District earned 3 As, 1 B, 4 Cs, 2 Ds, and 1 F. From this recent report card data, the district has designed a 3 year instructional innovation plan and 8 individual building plans to address deficits and increase test scores and student gains.

The financial future of the School District is not without its challenges though. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local property taxes to fund its operations. External challenges are mostly centered on state funding. The School District has lost 23.1 percent or \$ 4,952,000 of its state funding (foundation and reimbursements) since fiscal year 2009 and 5.7 percent or \$ 4,231,000 of its total General Fund revenues since fiscal year ended June 30, 2009 compared to fiscal year 2018 forecasted estimates.

STRONGSVILLE CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

(Unaudited)

The School District has communicated to the community that the School District relies upon their support for the majority of its operations, and will continue to work diligently to plan expenses, staying carefully within the School District's financial five-year plan.

Due to the enrollment decline, the School District has increased efficiencies by eliminating six (6) buildings and will repurpose one (1) building to save resources and maximize educational offerings. Allen Elementary was closed in fiscal year (FY) 2010, Zellers Elementary was closed in FY 2015 and repurposed into the administration office in FY 2016, Drake Elementary, OPS and Board office closed in FY 2016. In addition Albion and Center Middle Schools closed and consolidated into the new Strongsville Middle School in FY 2016. Along with the savings of operational costs due to the closing of buildings the School District anticipates reducing positions by: 24 in FY 2016, 26 in FY 2017, 5 in FY 2018 and 9 in FY 2019.

The School District does not anticipate any significant growth from the state due to the economic climate. In June 2006, the State of Ohio enacted legislation, portions of which take effect at various times, that phased out the taxation of tangible personal property used in business (other than certain public utility tangible personal property) over four years from tax year 2007 to tax year 2011. To compensate local government units for the foregone revenue, the enacted legislation provides for State reimbursements from revenue generated by the enacted commercial activities tax. Recently, under the recent changes within H.B 64 and S.B 208, the School District is scheduled to lose State Tangible Personal Property Tax Reimbursements in the amounts of \$ 500,000 in FY 2017 and an additional \$ 3,100,000 in FY 2018 for a total loss of revenue of \$ 3,600,000.

The Strongsville residents approved a 6 mill, 5 year operating renewal levy in the spring of 2012, which was scheduled to expire in November 2017, but was renewed in November 2016. With the recent building closures and reduction of positions, the School District has prolonged any future deficits until FY 2022. The School District will continue to explore efficiencies and revenue options to alleviate future year deficits.

As a result of the challenges mentioned above, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

In summary, the Strongsville City School District Board of Education has committed to the goals of Student Achievement and Growth, and Financial Prudence.

Contacting the School District's Financial Management

This financial report is designated to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact George K. Anagnostou, Treasurer/CFO at Strongsville City School District, 18199 Cook Avenue, Strongsville, OH 44136, and (440) 572-7021 or by email ganagnostou@scsmustangs.org.

STRONGSVILLE CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities
Assets	
Equity in pooled cash	\$ 38,531,495
Accounts receivable	26,468
Due from other governments	191,824
Taxes receivable	57,326,318
Capital assets	
Nondepreciable capital assets	2,670,904
Depreciable capital assets	104,625,962
Total assets	<u>203,372,971</u>
Deferred outflow s of resources	
Deferred charge on refunding	77,428
Pension	21,587,379
Total deferred outflow s of resources	<u>21,664,807</u>
Liabilities	
Accounts and contracts payable	541,366
Accrued salaries, w ages and benefits	5,186,635
Claims payable	1,032,000
Accrued interest payable	264,600
Intergovernmental payable	911,788
Long-term liabilities	
Due w ithin one year	2,677,625
Net pension liability	119,457,133
Due in more than one year	88,291,763
Total liabilities	<u>218,362,910</u>
Deferred inflow s of resources	
Property taxes levied for next year	46,352,504
Pension	4,274,974
Total deferred inflow s of resources	<u>50,627,478</u>
Net position	
Net investment in capital assets	23,948,395
Restricted for:	
Debt service	5,770,288
Capital projects	893,262
Food service	4,949
Extracurricular activities	291,861
State grants	25,149
Federal grants	18,457
Donations	152,830
Unrestricted	(75,057,801)
Total net position	<u>\$ (43,952,610)</u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction					
Regular	\$ 42,917,197	\$ 1,234,559	\$ 114,453	\$ -	\$ (41,568,185)
Special	11,000,176	80,256	867,935	-	(10,051,985)
Vocational	750,167	-	-	-	(750,167)
Other instruction	52,787	-	35,230	-	(17,557)
Supporting services					
Pupil	5,133,057	-	312,399	-	(4,820,658)
Instructional staff	3,188,660	-	339,703	-	(2,848,957)
Board of education	30,023	-	-	-	(30,023)
Administration	4,401,496	-	268,853	-	(4,132,643)
Fiscal services	1,813,151	-	-	-	(1,813,151)
Business	646,450	-	-	-	(646,450)
Operation and maintenance	6,486,061	-	-	175,333	(6,310,728)
Pupil transportation	2,902,341	-	-	-	(2,902,341)
Central services	2,178,915	5,615	-	-	(2,173,300)
Operation of non-instructional services					
Food service operation	1,528,497	1,054,893	590,229	-	116,625
Community services	673,440	-	616,910	-	(56,530)
Other non-instructional services	55,811	-	-	-	(55,811)
Extracurricular activities	863,619	876,693	-	-	13,074
Interest and fiscal charges	3,101,502	-	-	-	(3,101,502)
Total	<u>\$ 87,723,350</u>	<u>\$ 3,252,016</u>	<u>\$ 3,145,712</u>	<u>\$ 175,333</u>	<u>(81,150,289)</u>

General revenues

Property taxes levied for:

General purposes	43,725,622
Debt service	3,297,102
Capital improvements	898,429

Grants and entitlements not
restricted to specific purposes

19,664,762

Payments in lieu of taxes

2,107,444

Investment earnings

187,434

Miscellaneous

450,586

Total general revenues

70,331,379

Change in net position

(10,818,910)

Net position at beginning of year, restated

(33,133,700)

Net position at end of year

\$ (43,952,610)

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Bond Retirement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash	\$ 25,381,515	\$ 5,239,183	\$ 2,436,587	\$ 1,371,874	\$ 34,429,159
Receivables, net of allowance					
Taxes, current	50,425,465	3,859,828	-	1,055,325	55,340,618
Taxes, delinquent	1,809,300	138,500	-	37,900	1,985,700
Accounts and other	23,948	-	-	2,520	26,468
Due from other governments	191,824	-	-	-	191,824
Interfund receivables	64,579	-	-	900	65,479
Total assets	\$ 77,896,631	\$ 9,237,511	\$ 2,436,587	\$ 2,468,519	\$ 92,039,248
Liabilities					
Accounts and contracts payable	\$ 303,751	\$ -	\$ 160,805	\$ 75,810	\$ 540,366
Accrued salaries, wages and benefits	4,962,723	-	-	223,912	5,186,635
Intergovernmental payable	882,412	-	-	29,376	911,788
Interfund payable	900	-	-	64,579	65,479
Compensated absences	718,151	-	-	-	718,151
Total liabilities	6,867,937	-	160,805	393,677	7,422,419
Deferred inflows of resources					
Property taxes levied for next year	42,276,549	3,202,623	-	873,332	46,352,504
Delinquent property tax revenue not available	1,809,300	138,500	-	37,900	1,985,700
Intergovernmental revenue not available	16,945	-	-	-	16,945
Total deferred inflows of resources	44,102,794	3,341,123	-	911,232	48,355,149
Fund balances (deficits)					
Restricted	-	5,896,388	2,275,782	1,370,781	9,542,951
Committed	148,622	-	-	-	148,622
Assigned	4,324,114	-	-	-	4,324,114
Unassigned	22,453,164	-	-	(207,171)	22,245,993
Total fund balances (deficits)	26,925,900	5,896,388	2,275,782	1,163,610	36,261,680
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 77,896,631	\$ 9,237,511	\$ 2,436,587	\$ 2,468,519	\$ 92,039,248

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total governmental fund balances	\$ 36,261,680
Amount reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	107,296,866
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflow s in the funds. These deferrals are primarily attributed to property taxes.	2,002,645
Unamortized deferred charges on refundings are not recognized in the funds.	77,428
In the statement of activities, interest is accrued on outstanding long-term obligations, w hereas in governmental funds, an interest expenditure is reported w hen due.	(264,600)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	3,069,336
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflow s/outflow s are not reported in governmental funds.	
Deferred outflow s - pension	21,587,379
Deferred inflow s - pension	(4,274,974)
Net pension liability	(119,457,133)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	(4,928,459)
Bonds payable and certificates of participation	(82,116,495)
Unamortized bond premium	(3,206,283)
Net position of governmental activities	<u><u>\$ (43,952,610)</u></u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Bond Retirement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Taxes	\$ 43,484,722	\$ 3,278,702	\$ -	\$ 893,429	\$ 47,656,853
Payment in lieu of taxes	2,107,444	-	-	-	2,107,444
Tuition and fees	1,161,073	-	-	-	1,161,073
Interest	143,490	30,096	9,448	4,400	187,434
Intergovernmental	19,354,299	488,200	-	3,126,363	22,968,862
Extracurricular	402,074	-	-	423,860	825,934
Charges for services	-	-	-	1,037,386	1,037,386
Other	236,406	-	175,333	266,470	678,209
Total revenues	<u>66,889,508</u>	<u>3,796,998</u>	<u>184,781</u>	<u>5,751,908</u>	<u>76,623,195</u>
Expenditures					
Current					
Instruction					
Regular	27,981,423	-	-	23,259	28,004,682
Special	9,719,832	-	-	878,492	10,598,324
Vocational	714,821	-	-	-	714,821
Other instruction	-	-	-	51,837	51,837
Supporting services					
Pupil	4,579,312	-	-	312,399	4,891,711
Instructional staff	2,694,936	-	-	329,168	3,024,104
Board of education	28,567	-	-	-	28,567
Administration	4,103,877	-	-	259,368	4,363,245
Fiscal services	1,704,634	56,604	-	16,392	1,777,630
Business	660,398	-	-	-	660,398
Operation and maintenance	6,918,492	-	-	708,467	7,626,959
Pupil transportation	4,832,963	-	-	-	4,832,963
Central services	2,166,731	-	-	-	2,166,731
Operation of non-instructional services					
Food service operation	-	-	-	1,950,987	1,950,987
Community services	-	-	-	667,976	667,976
Other non-instructional services	296,713	-	-	-	296,713
Extracurricular activities	1,131,153	-	-	478,680	1,609,833
Capital outlay	-	-	13,423,254	187,696	13,610,950
Debt service					
Principal	343,554	1,375,000	-	155,000	1,873,554
Interest	163,274	2,933,963	-	117,818	3,215,055
Total expenditures	<u>68,040,680</u>	<u>4,365,567</u>	<u>13,423,254</u>	<u>6,137,539</u>	<u>91,967,040</u>
Excess (deficiency) of revenues over expenditures	<u>(1,151,172)</u>	<u>(568,569)</u>	<u>(13,238,473)</u>	<u>(385,631)</u>	<u>(15,343,845)</u>
Other financing sources					
Transfers in	390	-	59,500	200,000	259,890
Transfers out	(259,500)	-	-	(390)	(259,890)
Proceeds from sale of capital assets	44,671	-	-	198,516	243,187
Total other financing sources	<u>(214,439)</u>	<u>-</u>	<u>59,500</u>	<u>398,126</u>	<u>243,187</u>
Net change in fund balances	<u>(1,365,611)</u>	<u>(568,569)</u>	<u>(13,178,973)</u>	<u>12,495</u>	<u>(15,100,658)</u>
Fund balances, beginning of year	<u>28,291,511</u>	<u>6,464,957</u>	<u>15,454,755</u>	<u>1,151,115</u>	<u>51,362,338</u>
Fund balances, end of year	<u>\$ 26,925,900</u>	<u>\$ 5,896,388</u>	<u>\$ 2,275,782</u>	<u>\$ 1,163,610</u>	<u>\$ 36,261,680</u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds \$ (15,100,658)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which net capital outlay exceeded depreciation expense in the current period.

Capital outlay, net	\$ 5,703,814	
Depreciation expense	<u>(1,908,436)</u>	
		3,795,378

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	264,300	
Intergovernmental revenue	<u>16,945</u>	
		281,245

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bond principal	1,718,554	
Certificate of participation principal	<u>155,000</u>	
		1,873,554

Accrued interest in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds. Bond premium is reported in the governmental fund when bonds are issued, whereas these amounts are amortized in the statement of activities.

Accrued interest	6,000	
Amortization of bond premium	111,855	
Amortization of deferred charges	<u>(4,302)</u>	
		113,553

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 5,758,953

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (8,779,213)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	335,749
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The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal revenue fund is allocated among the governmental activities. 902,529

Change in net position of governmental activities \$ (10,818,910)

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET BASIS (NON-GAAP) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Taxes	\$ 48,943,766	\$ 50,647,884	\$ 50,650,872	\$ 2,988
Payment in lieu of taxes	2,100,000	2,107,444	2,107,444	-
Tuition and fees	721,500	804,000	771,748	(32,252)
Interest	20,000	70,000	143,490	73,490
Intergovernmental	19,357,762	19,267,406	19,348,283	80,877
Extracurricular	200,000	200,000	228,201	28,201
Other	85,500	85,500	119,131	33,631
Total revenues	<u>71,428,528</u>	<u>73,182,234</u>	<u>73,369,169</u>	<u>186,935</u>
Expenditures				
Current				
Instruction				
Regular	28,325,079	28,194,810	27,018,422	1,176,388
Special	10,305,523	10,429,287	9,699,473	729,814
Vocational	1,019,897	859,761	701,364	158,397
Supporting services				
Pupil	4,972,901	5,013,944	4,691,432	322,512
Instructional staff	2,982,401	3,007,144	2,824,865	182,279
Board of education	44,538	44,538	33,317	11,221
Administration	4,142,889	4,209,221	4,086,804	122,417
Fiscal services	2,363,870	2,355,157	1,733,173	621,984
Business	676,698	691,935	660,970	30,965
Operation and maintenance	7,589,499	7,588,062	7,055,850	532,212
Pupil transportation	5,230,577	5,220,577	4,991,150	229,427
Central services	2,527,489	2,538,164	2,398,441	139,723
Extracurricular activities	1,220,819	1,249,582	1,188,644	60,938
Debt service				
Principal	343,554	343,554	343,554	-
Interest	163,274	163,274	163,274	-
Total expenditures	<u>71,909,008</u>	<u>71,909,010</u>	<u>67,590,733</u>	<u>4,318,277</u>
Excess (deficiency) of revenues over expenditures	<u>(480,480)</u>	<u>1,273,224</u>	<u>5,778,436</u>	<u>4,505,212</u>
Other financing sources (uses)				
Refund of prior year expenditures	7,000	7,000	10,859	3,859
Transfers out	(1,234,500)	(1,234,500)	(1,159,500)	75,000
Proceeds from sale of capital assets	16,000	16,000	44,671	28,671
Total other financing sources (uses)	<u>(1,211,500)</u>	<u>(1,211,500)</u>	<u>(1,103,970)</u>	<u>107,530</u>
Net change in fund balances	(1,691,980)	61,724	4,674,466	4,612,742
Prior year encumbrances	988,614	988,614	988,614	-
Fund balances, beginning of year	<u>17,378,116</u>	<u>17,378,116</u>	<u>17,378,116</u>	<u>-</u>
Fund balances, end of year	<u>\$ 16,674,750</u>	<u>\$ 18,428,454</u>	<u>\$ 23,041,196</u>	<u>\$ 4,612,742</u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUND

JUNE 30, 2017

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 4,102,336
Total assets	<u>4,102,336</u>
Liabilities	
Current liabilities	
Accounts and contracts payable	\$ 1,000
Claims payable	<u>1,032,000</u>
Total liabilities	<u>1,033,000</u>
Net position	
Unrestricted	<u>\$ 3,069,336</u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Self Insurance</u>
Operating revenues	
Charges for services	<u>\$ 10,042,991</u>
Operating expenses	
Purchased services	1,000
Claims	<u>9,139,462</u>
Total operating expenses	<u>9,140,462</u>
Operating income	902,529
Net position, beginning of year	<u>2,166,807</u>
Net position, end of year	<u><u>\$ 3,069,336</u></u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Self Insurance</u>
Cash flows from operating activities	
Cash received from interfund services	\$ 10,042,991
Cash payments for claims	<u>(9,106,462)</u>
Net cash provided by operating activities	<u>936,529</u>
Net increase in cash and cash equivalents	936,529
Cash and cash equivalents, beginning of year	<u>3,165,807</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,102,336</u></u>

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 902,529
Adjustments	
Increase in accounts	1,000
Increase in claims payable	<u>33,000</u>
Total adjustments	<u>34,000</u>
Net cash provided by operating activities	<u><u>\$ 936,529</u></u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
JUNE 30, 2017

	Agency Funds
Assets	
Equity in pooled cash	\$ 151,010
Total assets	<u>\$ 151,010</u>
Liabilities	
Accounts payable	\$ 78
Due to students	150,305
Due to others	<u>627</u>
Total liabilities	<u>\$ 151,010</u>

See accompanying notes to the basic financial statements.

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STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Strongsville City School District (the School District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District. Pre K through 12 enrollment, on or as of, October 1, 2016 was 5,486. The School District employs 375 certificated and 335 non-certificated employees.

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the District, this includes general operations, food service, and student related activities of the District.

Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and, 1) the School District is able to significantly influence the programs or services performed or provided by the organization; or 2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with the Metropolitan Educational Technology Association, the Polaris Career Center, the Strongsville Education Foundation, and the Ohio Schools Council which are considered to be jointly governed organizations. The School District also participates in a public risk pool managed by the Ohio Bureau of Workers' Compensation (BWC) Group-Retrospective Rating Program. These organizations and their relationships with the School District are described in more detail in Notes 11 and 16 to these financial statements.

B. BASIS OF PRESENTATION

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - the general fund is the operating fund of the school district and is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - the bond retirement fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Building Fund - the building fund is used to account for bond proceeds to be used for the acquisition, construction, or improvement of major capital facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Type

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows and are classified as either enterprise or internal service. The School District only has an Internal Service Fund.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District utilizes an internal service fund to account for the operation of the School District's self insurance fund's reserve balance for employee insurance related benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for Ohio High School Athletic Association (OHSAA) events and student activities.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in the total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the Internal Service Fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of the fund are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its Internal Service Fund activity.

E. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. The fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BASIS OF ACCOUNTING (continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, grants, investment earnings, tuition, and student fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12).

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. BUDGETARY PROCESS

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate that were in effect at the time the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

G. CASH AND INVESTMENTS

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash" on the financial statements.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest earning investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

During 2017 investments were limited to commercial paper, federal home loan mortgage corporation bonds, federal national mortgage association bonds, municipal securities, money market governmental obligations, and State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. CASH AND INVESTMENTS (continued)

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investments with an original maturity of three months or less at the time of purchase are considered to be cash equivalents.

Under existing Ohio statutes, interest earnings are allocated to funds based on average monthly cash balances. Interest revenue credited to the General Fund during fiscal year 2017 amounted to \$ 143,490 of which \$ 40,253 was assigned from other School District Funds.

H. RESTRICTED ASSETS

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District has no restricted assets.

I. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Descriptions</u>	<u>Estimated Lives</u>
Land improvements	15 -50 years
Buildings and improvements	20 - 50 years
Furniture and equipment	8 - 20 years
Vehicles	10 years

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental column of the statement of net position.

K. COMPENSATED ABSENCES

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit. The liability includes employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. NET POSITION

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The government-wide statement of net position reports \$ 7,156,796 of restricted net position, none of which is restricted by enabling legislation.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. FUND BALANCE RESERVES AND DESIGNATIONS

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. INTERFUND TRANSACTIONS

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Q. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for health insurance in the Internal Service Fund. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

R. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures," GASB Statement No. 78, "Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plan," and GASB Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14."

GASB Statement No. 77, "Tax Abatement Disclosures." The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The School District incorporated the corresponding GASB Statement No 77 guidance into their fiscal year 2017 financial statements; however, there is no effect on the beginning net position.

GASB Statement No 78, "Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plan." The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School District.

GASB Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The implementation of GASB No. 80 did not have an effect on the financial statements of the School District.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

Not apparent in the basic financial statements are the following deficit fund equity balances:

Special Revenue Funds		
Idea Part B	\$	108,243
Limited English Proficiency	\$	578
Title I	\$	98,350

The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances resulted from reflecting expenditures in accordance with the modified accrual basis of accounting, which are larger than amounts recognized on the budget basis. The School District, in accordance with its budget basis, will appropriate such expenditures from resources of the subsequent year.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/net position on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than assigned or committed fund balance (GAAP basis).
4. Some funds are included in the General Fund (GAAP Basis), but have separate legally adopted budgets (Budget basis)

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

The following table summarizes the adjustments necessary to reconcile the budgetary basis statement to the GAAP basis statement for the General Fund.

Net Change in Fund Balance	
	General Fund
Budget basis	\$ 4,674,466
Adjustments, increase (decrease)	
Revenue accruals	(7,173,673)
Expenditure accruals	247,273
Funds budgeted elsewhere **	(300,940)
Encumbrances	1,187,263
GAAP basis, as reported	\$ (1,365,611)

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. These include the Public School Support Fund, Uniform School Supplies Fund, Rotary Fund, and the Termination Benefits Fund.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on a fund for the major governmental funds and all other governmental funds are presented below:

Fund balances	General Fund	Bond Retirement Fund	Building Fund	Nonmajor Governmental Funds	Total
Restricted					
Food service operations	\$ -	\$ -	\$ -	\$ 27,122	\$ 27,122
Athletics	-	-	-	291,861	291,861
State grants	-	-	-	25,149	25,149
Federal grants	-	-	-	18,457	18,457
Local grants	-	-	-	152,830	152,830
Debt service	-	5,896,388	-	-	5,896,388
Capital improvements	-	-	2,275,782	855,362	3,131,144
Total restricted	-	5,896,388	2,275,782	1,370,781	9,542,951
Committed					
Termination benefits	148,622	-	-	-	148,622
Assigned					
Subsequent year's appropriations	3,025,168	-	-	-	3,025,168
Student instruction	124,830	-	-	-	124,830
Student and staff support	825,289	-	-	-	825,289
Public school support	148,600	-	-	-	148,600
Uniform school supplies	76,120	-	-	-	76,120
Other purposes	124,107	-	-	-	124,107
Total assigned	4,324,114	-	-	-	4,324,114
Unassigned (deficit)	22,453,164	-	-	(207,171)	22,245,993
Total fund balances	\$ 26,925,900	\$ 5,896,388	\$ 2,275,782	\$ 1,163,610	\$ 36,261,680

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper and bankers' acceptances (if authorized by the Board of Education), and;
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the School District had \$ 4,550 in cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash".

B. DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. The School District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the School District's deposits was \$ 13,053,231 and the bank balance was \$ 13,108,467. Of the bank balance, \$ 7,280,034 was covered by federal depository insurance and \$ 5,828,433 was uninsured. Of the remaining balance, \$ 5,828,433 was collateralized with securities held by the pledging institution's trust department not in the School District's name.

The School District has no policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

C. INVESTMENTS

As of June 30, 2017, the School District had the following investments:

	Fair Value	Investment Maturities	
		Less than 1 year	1 - 2 years
STAR Ohio	\$ 12,528,374	\$ 12,528,374	\$ -
Commercial paper	8,824,860	8,824,860	-
Federal securities	4,271,490	-	4,271,490
	<u>\$ 25,624,724</u>	<u>\$ 21,353,234</u>	<u>\$ 4,271,490</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2017. As discussed further in Note 1G, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS (continued)

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School Districts investments in Commercial paper were rated A1 and A1+ by Standard & Poor's. The School District has no investment policy that would further limit its investment choices.

The School District places no limit on the amount that may be invested in any one issuer. The following is the School District's allocation as of June 30, 2017:

	<u>Percentage of Investments</u>
STAR Ohio	48.9%
Commercial paper	34.4%
Federal securities	16.7%
	<u>100.0%</u>

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 become a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - PROPERTY TAXES (continued)

The School District receives property taxes from Cuyahoga and Lorain Counties. The County Fiscal Officer/Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2017 operations. The receivable is therefore offset by a credit to deferred inflows for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue. The amount available as an advance at June 30, 2017, was \$ 8,148,916 in the General Fund, \$ 657,205 in the Bond Retirement Fund and \$ 181,993 in the Permanent Improvements Fund.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second-Half Collections			2017 First - Half Collections		
	Amount	%		Amount	%	
Agricultural/Residential and Other Real Estate	\$ 1,412,554,890	97.65	%	\$ 1,430,122,710	97.54	%
Public Utilities	34,026,660	2.35		36,099,090	2.46	
Total Assessed Value	<u>\$ 1,446,581,550</u>	<u>100.00</u>	%	<u>\$ 1,466,221,800</u>	<u>100.00</u>	%
Tax rate per \$1,000 of assessed valuation	<u>\$ 81.78</u>			<u>\$ 81.78</u>		

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 8 – RECEIVABLES

Receivables at June 30, 2017, consisted of property taxes and amounts due from other governments. All receivables are considered substantially collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Restated Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Governmental Activities				
Nondepreciable capital assets				
Land	\$ 2,690,686	\$ -	\$ 19,782	\$ 2,670,904
Construction in progress	65,610,418	-	65,610,418	-
Total capital assets, not being depreciated	<u>68,301,104</u>	<u>-</u>	<u>65,630,200</u>	<u>2,670,904</u>
Depreciable capital assets				
Buildings and improvements	63,970,892	70,322,313	9,159,755	125,133,450
Furniture and equipment	7,584,947	3,819,192	1,031,835	10,372,304
Vehicles	6,053,215	450,165	182,665	6,320,715
Total capital assets being depreciated	<u>77,609,054</u>	<u>74,591,670</u>	<u>10,374,255</u>	<u>141,826,469</u>
Less accumulated depreciation				
Buildings and improvements	32,087,772	1,249,754	5,927,038	27,410,488
Furniture and equipment	6,384,320	244,710	1,012,064	5,616,966
Vehicles	3,936,579	413,972	177,498	4,173,053
Total accumulated depreciation	<u>42,408,671</u>	<u>1,908,436</u>	<u>7,116,600</u>	<u>37,200,507</u>
Depreciable capital assets, net of accumulated depreciation	<u>35,200,383</u>	<u>72,683,234</u>	<u>3,257,655</u>	<u>104,625,962</u>
Governmental activities capital assets, net	<u>\$ 103,501,487</u>	<u>\$ 72,683,234</u>	<u>\$ 68,887,855</u>	<u>\$ 107,296,866</u>

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction		
Regular	\$	723,495
Special		79,402
Vocational		6,727
Supporting services		
Pupil		63,718
Instructional staff		86,863
Board of education		316
Administration		105,933
Fiscal		20,133
Business		14,495
Operation and maintenance of plant		125,989
Pupil transportation		455,196
Central services		31,336
Operation of noninstructional services		
Food service operation		24,462
Community services		11,318
Extracurricular activities		159,053
Total depreciation expense	\$	<u>1,908,436</u>

NOTE 10 - INTERFUND BALANCES

On the fund financial statements at June 30, 2017, interfund balances consisted of the following:

Due to:	Due From:		
	General	Nonmajor	
	Fund	Governmental	Total
		Funds	
General Fund	\$ -	\$ 64,579	\$ 64,579
Nonmajor Governmental Funds	900	-	900
Total	<u>\$ 900</u>	<u>\$ 64,579</u>	<u>\$ 65,479</u>

\$ 900 due from the General Fund to a Nonmajor governmental fund is the result of an advance from the Athletic/Music Fund to the Uniform School Supplies program in a prior year and is not scheduled to be collected in the subsequent year. General Fund loans made to non-major governmental funds were made to support programs and projects in the Special Revenue Funds and are scheduled to be repaid in the subsequent year.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The School District is exposed to various risks of loss related to torts, theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2017, the School District contracted with Liberty Mutual for property insurance. Liberty Mutual also provides coverage for boiler and machinery with a per breakdown limit of \$ 50,000,000 and \$ 1,000 deductible. Crime coverage is under two policies. The first is with Liberty Mutual and has a limit of \$ 50,000, with a \$ 500 deductible, for employee dishonesty, forgery and alteration. An Excess Crime policy is provided by Cincinnati Insurance with a \$ 250,000 limit and a \$1,000 deductible.

General liability is protected by Liberty Mutual with a \$ 2,000,000 annual aggregate and \$ 1,000,000 per occurrence limit with no deductible. Vehicles are covered by Ohio Casualty and hold a \$ 1,000 deductible for comprehensive and collision on buses. Automobile liability has a \$ 1,000,000 combined single limit of liability. The School District also has a \$ 6,000,000 umbrella policy with Ohio Casualty which goes over the \$ 1,000,000 general liability and the \$ 1,000,000 automobile liability limits. This umbrella policy has a self-insured retention of \$ 10,000. There have not been any significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage in any of the preceding three years.

B. WORKERS' COMPENSATION

The District participates in the Bureau of Workers' Compensation (BWC) Group-Retrospective Rating Program. Employers pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending on that performance, the participating employers can receive either a premium refund or assessment.

C. EMPLOYEE MEDICAL BENEFITS

The School District provides employee medical, surgical, and prescription drug coverage through a self-insurance program administered by Medical Mutual of Ohio. The District limits its liability for medical and surgical claims by maintaining a specific stop-loss threshold of \$ 150,000.

The claim liability of \$ 1,032,000 reported at June 30, 2017 was estimated by Medical Mutual of Ohio and is based on the requirements of Governmental Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the balance of claims liability during the years ended June 30, 2017 and June 30, 2016 are summarized below. Incurred claims and claims payments are not segregated between current and prior years' claims due to the impracticability of obtaining such information.

	2017	2016
Unpaid claims, beginning of year	\$ 999,000	\$ 986,000
Incurred claims	9,139,462	9,423,668
Claims payment	(9,106,462)	(9,410,668)
Unpaid claims, end of year	<u>\$ 1,032,000</u>	<u>\$ 999,000</u>

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. NET PENSION LIABILITY

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to retire on or before August 1, 2017*	Eligible to retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) (continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent.

The School District's contractually required contribution to SERS was \$ 1,601,984 for fiscal year 2017. Of this amount none is reported as an intergovernmental payable.

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS) (continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$ 4,156,969 for fiscal year 2017. Of this amount \$ 670,315 is reported as an intergovernmental payable.

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the net pension liability			
Prior measurement date	0.38340720%	0.28816112%	
Current measurement date	<u>0.37676320%</u>	<u>0.27449438%</u>	
Change in proportionate share	<u>-0.00664400%</u>	<u>-0.01366674%</u>	
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 27,575,590	\$ 91,881,543	\$ 119,457,133
Pension expense	\$ 2,722,471	\$ 6,056,742	\$ 8,779,213

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 371,931	\$ 3,712,456	\$ 4,084,387
Net difference between projected and actual earnings on pension plan investments	2,274,584	7,628,634	9,903,218
Change in assumptions	1,840,821	-	1,840,821
School District contributions subsequent to the measurement date	1,601,984	4,156,969	5,758,953
Total deferred outflows of resources	<u>\$ 6,089,320</u>	<u>\$ 15,498,059</u>	<u>\$ 21,587,379</u>
Deferred inflows of resources			
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	\$ 523,045	\$ 3,751,929	\$ 4,274,974
	<u>\$ 523,045</u>	<u>\$ 3,751,929</u>	<u>\$ 4,274,974</u>

\$ 5,758,953 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2018	\$ 909,383	\$ 830,191	\$ 1,739,574
2019	907,742	830,190	1,737,932
2020	1,493,317	3,757,509	5,250,826
2021	653,849	2,171,271	2,825,120
	<u>\$ 3,964,291</u>	<u>\$ 7,589,161</u>	<u>\$ 11,553,452</u>

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment rate of return	7.50 percent of net of investments expense, including inflation
Actuarial cost method	Early age normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	1.00%	0.50%
U.S. stocks	22.50%	4.75%
Non-U.S. stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	10.00%	3.00%
	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	<u>\$ 36,508,362</u>	<u>\$ 27,575,590</u>	<u>\$ 20,098,488</u>

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-living adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013. 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	31.00%	8.00%
International equity	26.00%	7.85%
Alternatives	14.00%	8.00%
Fixed income	18.00%	3.75%
Real estate	10.00%	6.75%
Liquidity reserves	1.00%	3.00%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS - STRS

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 122,103,105	\$ 91,881,543	\$ 66,387,874

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the School District's Net Pension Liability is expected to be significant

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 - POSTEMPLOYMENT BENEFITS (continued)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was \$ 183,984.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School District's contributions for health care for the fiscal year ended June 30, 2015, was \$ 82,906. The full amount has been contributed for fiscal year 2015.

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description - The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the School District did not contribute to health care in the last three fiscal years.

NOTE 14 - PRIOR YEAR DEFEASANCE OF DEBT

In 2015, the School District defeased certificates of participation by placing the proceeds from new certificates of participation in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased certificates of participation are not included in the School District's financial statements. As of June 30, 2017, \$ 3,610,000 of certificates of participation are considered to be defeased.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 15 - LONG-TERM OBLIGATIONS

The original issue date, interest rate, original issuance and date of maturity for each of the School District's long-term obligations follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
School Improvements and vehicle purchase	2005	2.82 - 5.00%	\$ 1,660,000	2036
Energy conservation	2006	4.40%	\$ 895,000	2020
Energy conservation	2008	4.79%	\$ 3,645,420	2023
School Improvements	2013	3.0 - 5.0%	\$ 81,000,000	2045
Certificates of participation - refunding	2015	1.0 - 4.0%	\$ 3,940,000	2034

Changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Outstanding July 1, 2016	Additions	Retired	Outstanding June 30, 2017	Amounts Due In One Year
Bonds, 2.820% to 5.000% issued 2005, matures 2035	\$ 985,000	\$ -	\$ 35,000	\$ 950,000	\$ 35,000
Bonds, 4.40%; issued 2006, matures 2020	343,103	-	70,421	272,682	73,625
Bonds, 4.79%; issued 2008, matures 2023	2,256,946	-	238,133	2,018,813	249,539
Bonds, 3.0% to 5.0% issued 2013 matures 2045	76,605,000	-	1,375,000	75,230,000	1,425,000
Total bonds	80,190,049	-	1,718,554	78,471,495	1,783,164
Refunding certificates of participation, 1.0% - 4.0%, issued 2015, matures 2034	3,800,000	-	155,000	3,645,000	155,000
Total certificates of participation	3,800,000	-	155,000	3,645,000	155,000
Unamortized bond premium	3,318,138	-	111,855	3,206,283	-
Net pension liability					
STRS	79,639,305	12,242,238	-	91,881,543	-
SERS	21,877,586	5,698,004	-	27,575,590	-
Total net pension liability	101,516,891	17,940,242	-	119,457,133	-
Compensated absences	5,983,080	422,436	758,906	5,646,610	739,461
Total	\$ 194,808,158	\$ 18,362,678	\$ 2,744,315	\$ 210,426,521	\$ 2,677,625

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Outstanding bonds consist of general obligation bonds for building issues. General obligation bonds are direct obligations of the School District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the School District. General obligation bonds will be paid from the General Fund and Bond Retirement Fund from property taxes.

Certificates of participation are not a general obligation of the School District but are payable only from appropriations by the School District for repayment. The certificates of participation were paid from the Capital Projects Fund.

The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$ 59,384,855 and the unvoted legal debt margin was \$ 516,222 at June 30, 2017.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2017, are as follows:

Year June 30,	General Obligation Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,783,164	\$ 3,021,750	\$ 155,000	\$ 115,881	\$ 1,938,164	\$ 3,137,631
2019	1,858,468	2,946,568	160,000	113,319	2,018,468	3,059,887
2020	1,934,497	2,875,956	160,000	110,319	2,094,497	2,986,275
2021	1,958,745	2,794,401	170,000	106,169	2,128,745	2,900,570
2022	2,010,897	2,696,234	170,000	101,069	2,180,897	2,797,303
2023 - 2027	10,440,724	12,080,400	940,000	415,345	11,380,724	12,495,745
2028 - 2032	11,915,000	9,903,708	1,120,000	232,596	13,035,000	10,136,304
2033 - 2037	14,260,000	7,457,415	770,000	40,949	15,030,000	7,498,364
2038 - 2042	16,580,000	4,777,738	-	-	16,580,000	4,777,738
2043 - 2046	15,730,000	1,289,000	-	-	15,730,000	1,289,000
	<u>\$78,471,495</u>	<u>\$49,843,170</u>	<u>\$3,645,000</u>	<u>\$1,235,647</u>	<u>\$82,116,495</u>	<u>\$51,078,817</u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

A. METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION

The School District is a participant in Metropolitan Educational Technology Association (META) which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). META develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. During fiscal year 2017, the School District paid META \$ 170,500 for services. Financial information can be obtained from Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 16 - JOINTLY GOVERNED ORGANIZATION (continued)

B. POLARIS CAREER CENTER

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special needs of the students. Its Board of Education consists of representatives from the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Strongsville City School District students may attend the vocational school. Each school district's control is limited to its representation on the Board. Financial information can be obtained by contacting the Polaris Career Center, 7285 Old Oak Blvd., Middleburg Heights, Ohio 44130. The School District did not contribute to the Polaris Career Center during fiscal year 2017.

C. STRONGSVILLE EDUCATION FOUNDATION

The Strongsville City School Foundation (Foundation) is a jointly governed organization established under the Ohio Revised Code to support and enhance educational opportunities for the youth of the Strongsville community. The Foundation Board of Trustees consists of at least three but not more than seventeen trustees. The current Superintendent of the Strongsville City Schools shall be on the Board of Trustees and serve as Executive Director. At least one Trustee shall be a member of the Board of Education of the Strongsville City School District. A majority of the Trustees shall at all times be persons other than "substantial contributors," as defined in Section 507(d)(2) of the Internal Revenue Code. Each Trustee has one vote. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities.

D. OHIO SCHOOLS COUNCIL

The Ohio Schools Council (Council) is a jointly governed organization among two hundred school districts. The Council was formed to offer supplies and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee for the services provided. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2017 the School District paid \$ 369,575 to the Council. Financial information can be obtained by contacting the Executive Director/Treasurer of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. In June 2010, the Council entered into an agreement with Compass Energy Gas Services LLC to be the natural gas supplier and program manager beginning October 1, 2010 through March 31, 2013. The contract with Compass Energy Gas Services LLC was extended for an additional three years beginning April 1, 2013 through March 31, 2016. The contract with Compass Energy Gas Services was extended for an additional 15 months until June 30, 2017. There are currently 154 participants in the program. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). School Districts that paid more in estimated billings than their actual billings are issued credits on future billings in August until the credits are exhausted and School Districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 17 - CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

NOTE 18 - SET-ASIDES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserve for capital improvements during fiscal year 2017.

	Capital Maintenance
Balance June 30, 2016	\$ -
Required set aside	931,054
Offsetting credit	(1,390,904)
Qualifying expenditures	(5,763,450)
Balance June 30, 2017	<u>\$ (6,223,300)</u>

Although the School District had offsets and/or qualifying disbursements during the year that reduced the capital improvements reserve set-aside amount below zero, this amount cannot be carried forward to reduce the set-aside requirements for future years.

NOTE 19 - RETIREMENT INCENTIVE PLAN

The School District adopted a retirement incentive plan which became effective July 1, 2010 and provides for an early retirement incentive cash benefit to be paid in three equal, consecutive January installments of \$ 13,000 each, beginning with the January following the employee's effective date of retirement. Employees who as of July 1, 2010 were eligible to retire with STRS and who had at least ten years of consecutive service with the School District were eligible to participate. Employees who became eligible to retire with STRS after July 1, 2010 were eligible for the retirement incentive benefit only in the school year the employee first became eligible to retire under STRS. However, teachers who are first eligible for the retirement incentive at age fifty-five with twenty five years of service are eligible to participate at any year thereafter or until the teacher accrues thirty years of service under STRS guidelines. The retirement incentive plan was only in effect for employees who had retired as of June 30, 2017. As of June 30, 2017 the School District's liability related to this retirement incentive plan was \$ 273,000 and is reported as part of the long-term liabilities due within one year and due in more than one year.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 20 – FOUNDATION FUNDING

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, rather than a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 21 – CONTRACTUAL COMMITMENTS

At June 30, 2017 the School District had the following contractual commitments:

	<u>Contracted Amount</u>	<u>Expended</u>	<u>Remaining Obligation</u>
Building construction and renovations	<u>\$ 43,724,665</u>	<u>\$ 43,451,581</u>	<u>\$ 273,084</u>

NOTE 22 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 consisted of the following:

	<u>General Fund</u>	<u>Transfer From: Nonmajor Governmental Funds</u>	<u>Total</u>
Transfer to:			
General Fund	\$ -	\$ 390	\$ 390
Building Fund	59,500	-	59,500
Nonmajor Governmental Funds	200,000		200,000
Total	<u>\$ 259,500</u>	<u>\$ 390</u>	<u>\$ 259,890</u>

Transfers of \$ 259,500 from the General Fund were made to the Building Fund and Food Service Fund to move unrestricted balances to support programs and projects accounted for in the funds. The District Managed Student Activities Fund transferred \$ 390 to the General Fund for student activities that were closed.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 23 – TAX ABATEMENT

Pursuant to Ohio Revised Code Chapter 3735.65-70, the City of Strongsville has established nineteen Pre-1994 Community Reinvestment Area's (CRAs) within and surrounding Strongsville's business parks. The CRA program provided the City with resources used to stimulate growth and economic development by providing a direct incentive tax exemption benefiting both residential and industrial property owners who renovate existing or construct new buildings within the designated area. Improvements within the CRAs designated areas are granted an abatement of 100% on the additional property taxes resulting from the increase in assessed value as a result of the improvements for a period of up to 15 years. The amount of the abatement is deducted from the recipient's property tax bill. Foregone tax dollars for the School District for tax year 2016 amounted to \$ 809,405.

NOTE 24 – PRIOR PERIOD ADJUSTMENT

GOVERNMENTAL ACTIVITIES In the Government-Wide statements, depreciable capital assets have been restated to agree to detail capital asset and related accumulated depreciation schedules. The restatement was as follows:

	<u>Governmental Activities</u>
Net position June 30, 2016	\$ (34,392,391)
Adjustments	
Depreciable capital assets, cost	(793,770)
Accumulated depreciation	<u>2,052,460</u>
Restated net position July 1, 2016	<u><u>\$ (33,133,701)</u></u>

The effect of the above adjustment to the change in net position of the prior year is not determinable.

NOTE 25 – SUBSEQUENT EVENTS

On November 20, 2017, the School District closed on a bond refunding agreement, that will refund \$ 10,370,000 of principal of the remaining \$ 75,230,000 outstanding principal of the 2013 \$ 81,000,000 bond issue. In addition, the School District contributed \$ 1,400,000 of excess cash within the Bond Retirement Fund which resulted from premium proceeds from the original debt issue. The District realized a net present value savings of \$ 723,887 and reduced its overall debt liability by \$ 2,484,051.

REQUIRED SUPPLEMENTARY INFORMATION

STRONGSVILLE CITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.3767632%	0.3834072%	0.390566%	0.390566%
School District's proportionate share of the net pension liability	\$ 27,575,590	\$ 21,877,586	\$ 19,766,323	\$ 23,225,706
School District's covered-employee payroll	\$ 11,910,814	\$ 10,636,745	\$ 11,413,478	\$ 9,981,113
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	231.52%	205.68%	173.18%	232.70%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date
which is the prior year end.

STRONGSVILLE CITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.27449438%	0.28816112%	0.2905760%	0.290576%
School District's proportionate share of the net pension liability	\$ 91,881,543	\$ 79,639,305	\$ 70,678,040	\$ 84,191,219
School District's covered-employee payroll	\$ 28,143,836	\$ 29,235,764	\$ 33,716,638	\$ 27,256,769
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	326.47%	272.40%	209.62%	308.88%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date
which is the prior year end.

STRONGSVILLE CITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,601,984	\$ 1,667,514	\$ 1,401,923	\$ 1,581,908
Contributions in relation to the contractually required contribution	<u>(1,601,984)</u>	<u>(1,667,514)</u>	<u>(1,401,923)</u>	<u>(1,581,908)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered-employee payroll	\$ 11,442,745	\$ 11,910,814	\$ 10,636,745	\$ 11,413,478
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,381,386	\$ 1,297,821	\$ 1,282,793	\$ 1,474,787	\$ 1,058,684	\$ 1,008,833
<u>(1,381,386)</u>	<u>(1,297,821)</u>	<u>(1,282,793)</u>	<u>(1,474,787)</u>	<u>(1,058,684)</u>	<u>(1,008,833)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,981,113	\$ 9,649,227	\$ 10,205,195	\$ 10,892,075	\$ 10,758,984	\$ 10,273,248
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

STRONGSVILLE CITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,156,969	\$ 3,940,137	\$ 4,093,007	\$ 4,383,163
Contributions in relation to the contractually required contribution	<u>(4,156,969)</u>	<u>(3,940,137)</u>	<u>(4,093,007)</u>	<u>(4,383,163)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered-employee payroll	\$ 29,692,641	\$ 28,143,836	\$ 29,235,764	\$ 33,716,638
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 3,543,380	\$ 3,675,189	\$ 4,075,695	\$ 4,452,952	\$ 4,517,047	\$ 4,176,963
<u>(3,543,380)</u>	<u>(3,675,189)</u>	<u>(4,075,695)</u>	<u>(4,452,952)</u>	<u>(4,517,047)</u>	<u>(4,176,963)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 27,256,769	\$ 28,270,685	\$ 31,351,500	\$ 34,253,477	\$ 34,746,515	\$ 32,130,485
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms - There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefits terms - There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

Combining Statements and
Individual Fund Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special Revenue Funds account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

Food Service Fund To account for financial transactions related to food service operation.

Other Grants Fund To account for proceeds of specific revenue sources, except for State and Federal grants that are legally restricted to expenditures for specified purposes.

District Managed Student Activities Fund To account for those student activity programs which have student participation but do not have student management of the programs. Usually athletic and band programs but could include other clubs that are district managed.

Auxiliary Services Fund To account for monies which provide services and materials to pupils attending non-public school within the school district. (St. Joseph and John's, Creative Playrooms, and Le Chaperon Rouge).

Data Communications Fund To account for money appropriated for Ohio Educational Computer Network Connections.

Alternative Schools Fund To account for alternative educational programs for existing and new at-risk and delinquent youth.

Miscellaneous State Grants Fund To account for various monies received from state agencies which are not classified elsewhere.

IDEA Part B Fund To account for grants to assist states in providing an appropriate public education to all children with disabilities.

Title III - Limited English Proficiency Fund To account for grants to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children with limited English proficiency.

Title I – Disadvantaged Youth Fund To account for Federal monies used to assist the School District in meeting the special needs of economically and educationally deprived children.

IDEA Preschool Grant for the Handicapped To account for grants for the improvement and expansion of services for handicapped children ages three to five years.

Improving Teacher Quality Fund To account for grants for professional development and other programs to ensure teachers meet high quality standards.

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

The following funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since they are reported in the General Fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

Uniform School Supplies Fund To account for class fees for the purchase of school supplies.

Rotary Fund To account for operations that provide goods or services on a cost-reimbursement basis.

Public School Support To account for specific local revenue sources, other than taxes or expendable trusts (i.e. profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases.

Termination Benefits Fund To account for payment of employee termination benefits upon separation as prescribed within the District's negotiated contracts.

Nonmajor Capital Projects Fund

Capital projects funds are used to account for a report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Improvement Fund To account for all transactions related to the acquiring, construction, or improving facilities and/or capital assets.

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Other Governmental Funds
Assets			
Equity in pooled cash	\$ 690,376	\$ 681,498	\$ 1,371,874
Receivables, net of allowance			
Taxes, current	-	1,055,325	1,055,325
Taxes, delinquent	-	37,900	37,900
Accounts and other	2,520	-	2,520
Interfund receivables	900	-	900
Total assets	\$ 693,796	\$ 1,774,723	\$ 2,468,519
Liabilities			
Accounts and contracts payable	\$ 67,681	\$ 8,129	\$ 75,810
Accrued salaries, wages and benefits	223,912	-	223,912
Intergovernmental payable	29,376	-	29,376
Interfund payable	64,579	-	64,579
Total liabilities	385,548	8,129	393,677
Deferred inflows of resources			
Property taxes levied for next year and unavailable resources	-	911,232	911,232
Total deferred inflows of resources	-	911,232	911,232
Fund balances (deficits)			
Restricted	515,419	855,362	1,370,781
Unassigned	(207,171)	-	(207,171)
Total fund balances (deficits)	308,248	855,362	1,163,610
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 693,796	\$ 1,774,723	\$ 2,468,519

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR JUNE 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Other Governmental Funds
Revenue			
Taxes	\$ -	\$ 893,429	\$ 893,429
Interest	796	3,604	4,400
Intergovernmental	2,991,105	135,258	3,126,363
Extracurricular	423,860	-	423,860
Charges for services	1,037,386	-	1,037,386
Other	266,470	-	266,470
Total revenues	<u>4,719,617</u>	<u>1,032,291</u>	<u>5,751,908</u>
Expenditures			
Current			
Instruction			
Regular	23,259	-	23,259
Special	878,492	-	878,492
Other instruction	51,837	-	51,837
Supporting services			
Pupil	312,399	-	312,399
Instructional staff	329,168	-	329,168
Administration	259,368	-	259,368
Fiscal services	-	16,392	16,392
Operation and maintenance	-	708,467	708,467
Operation of non-instructional services			
Food service operation	1,950,987	-	1,950,987
Community services	667,976	-	667,976
Extracurricular activities	478,680	-	478,680
Capital outlay	187,696	-	187,696
Debt service			
Principal	-	155,000	155,000
Interest	-	117,818	117,818
Total expenditures	<u>5,139,862</u>	<u>997,677</u>	<u>6,137,539</u>
Excess (deficiency) of revenues over expenditures	<u>(420,245)</u>	<u>34,614</u>	<u>(385,631)</u>
Other financing sources (uses)			
Transfers in	200,000	-	200,000
Transfers out	(390)	-	(390)
Proceeds from sale of capital assets	-	198,516	198,516
Total other financing sources (uses)	<u>199,610</u>	<u>198,516</u>	<u>398,126</u>
Net change in fund balances	(220,635)	233,130	12,495
Fund balances, beginning of year	<u>528,883</u>	<u>622,232</u>	<u>1,151,115</u>
Fund balances, end of year	<u>\$ 308,248</u>	<u>\$ 855,362</u>	<u>\$ 1,163,610</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Food Service	Other Grants	District Managed Student Activities
Assets			
Equity in pooled cash	\$ 150,897	\$ 152,830	\$ 298,837
Receivables, net of allowance			
Accounts and other	2,520	-	-
Interfund receivables	-	-	900
Total assets	<u>\$ 153,417</u>	<u>\$ 152,830</u>	<u>\$ 299,737</u>
Liabilities			
Accounts and contracts payable	\$ 19,984	\$ -	\$ 7,876
Accrued salaries, wages and benefits	98,437	-	-
Intergovernmental payable	7,874	-	-
Interfund payable	-	-	-
Total liabilities	<u>126,295</u>	<u>-</u>	<u>7,876</u>
Fund balances			
Nonspendable			
Restricted	27,122	152,830	291,861
Unassigned	-	-	-
Total fund balances	<u>27,122</u>	<u>152,830</u>	<u>291,861</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 153,417</u>	<u>\$ 152,830</u>	<u>\$ 299,737</u>

Auxiliary Services	Data Communications	Alternative Schools	Miscellaneous State Grants
\$ 52,399	\$ 12,600	\$ -	\$ -
-	-	-	-
-	-	-	-
<u>\$ 52,399</u>	<u>\$ 12,600</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 34,550	\$ -	\$ -	\$ -
4,992	-	-	-
308	-	-	-
-	-	-	-
<u>39,850</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,549	12,600	-	-
-	-	-	-
<u>12,549</u>	<u>12,600</u>	<u>-</u>	<u>-</u>
<u>\$ 52,399</u>	<u>\$ 12,600</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	IDEA Part B	Title III - Limited English Proficiency	Title I - Disadvantaged Youth
Assets			
Equity in pooled cash	\$ -	\$ -	\$ -
Receivables, net of allowance			
Accounts and other	-	-	-
Interfund receivables	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities			
Accounts and contracts payable	\$ 842	\$ 570	\$ 925
Accrued salaries, wages and benefits	71,434	-	48,143
Intergovernmental payable	10,926	-	9,752
Interfund payable	25,041	8	39,530
Total liabilities	<u>108,243</u>	<u>578</u>	<u>98,350</u>
Fund balances			
Nonspendable			
Restricted	-	-	-
Unassigned	(108,243)	(578)	(98,350)
Total fund balances	<u>(108,243)</u>	<u>(578)</u>	<u>(98,350)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IDEA Preschool Grant for the Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ -	\$ 22,813	\$ 690,376
-	-	2,520
-	-	900
<u>\$ -</u>	<u>\$ 22,813</u>	<u>\$ 693,796</u>
\$ -	\$ 2,934	\$ 67,681
-	906	223,912
-	516	29,376
-	-	64,579
<u>-</u>	<u>4,356</u>	<u>385,548</u>
-	18,457	515,419
-	-	(207,171)
<u>-</u>	<u>18,457</u>	<u>308,248</u>
<u>\$ -</u>	<u>\$ 22,813</u>	<u>\$ 693,796</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR JUNE 30, 2017

	Food Service	Other Grants	District Managed Student Activities
Revenue			
Interest	\$ -	\$ -	\$ -
Intergovernmental	590,229	-	-
Extracurricular	-	-	423,860
Charges for services	1,037,386	-	-
Other	17,507	155,062	93,901
Total revenues	<u>1,645,122</u>	<u>155,062</u>	<u>517,761</u>
Expenditures			
Current			
Instruction			
Regular	-	23,259	-
Special	-	-	-
Other instruction	-	35,230	-
Supporting services			
Pupil	-	-	-
Instructional staff	-	-	-
Administration	-	4,924	-
Operation of non-instructional services			
Food service operation	1,950,987	-	-
Community services	-	-	-
Extracurricular activities	-	455	478,225
Capital outlay	-	187,696	-
Total expenditures	<u>1,950,987</u>	<u>251,564</u>	<u>478,225</u>
Excess (deficiency) of revenues over expenditures	<u>(305,865)</u>	<u>(96,502)</u>	<u>39,536</u>
Other financing sources (uses)			
Transfers in	200,000	-	-
Transfers out	-	-	(390)
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>(390)</u>
Net change in fund balances	(105,865)	(96,502)	39,146
Fund balances, beginning of year	<u>132,987</u>	<u>249,332</u>	<u>252,715</u>
Fund balances, end of year	<u>\$ 27,122</u>	<u>\$ 152,830</u>	<u>\$ 291,861</u>

Auxiliary Services	Data Communications	Alternative Schools	Miscellaneous State Grants
\$ 796	\$ -	\$ -	\$ -
580,629	12,600	39,961	24,000
-	-	-	-
-	-	-	-
-	-	-	-
<u>581,425</u>	<u>12,600</u>	<u>39,961</u>	<u>24,000</u>
-	-	-	-
-	-	39,961	-
-	-	-	-
-	-	-	-
-	24,300	-	24,000
-	-	-	-
-	-	-	-
614,283	-	-	-
-	-	-	-
-	-	-	-
<u>614,283</u>	<u>24,300</u>	<u>39,961</u>	<u>24,000</u>
<u>(32,858)</u>	<u>(11,700)</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
(32,858)	(11,700)	-	-
45,407	24,300	-	-
<u>\$ 12,549</u>	<u>\$ 12,600</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

STRONGSVILLE CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR JUNE 30, 2017

	IDEA Part B	Title III - Limited English Proficiency	Title I - Disadvantaged Youth
Revenue			
Interest	\$ -	\$ -	\$ -
Intergovernmental	1,099,266	30,611	444,685
Extracurricular	-	-	-
Charges for services	-	-	-
Other	-	-	-
Total revenues	<u>1,099,266</u>	<u>30,611</u>	<u>444,685</u>
Expenditures			
Current			
Instruction			
Regular	-	-	-
Special	379,248	12,716	446,567
Other instruction	-	-	16,607
Supporting services			
Pupil	281,246	2,081	-
Instructional staff	165,138	6,717	1,400
Administration	247,554	325	4,815
Operation of non-instructional services			
Food service operation	-	-	-
Community services	29,227	-	17,412
Extracurricular activities	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>1,102,413</u>	<u>21,839</u>	<u>486,801</u>
Excess (deficiency) of revenues over expenditures	<u>(3,147)</u>	<u>8,772</u>	<u>(42,116)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,147)	8,772	(42,116)
Fund balances, beginning of year	<u>(105,096)</u>	<u>(9,350)</u>	<u>(56,234)</u>
Fund balances, end of year	<u>\$ (108,243)</u>	<u>\$ (578)</u>	<u>\$ (98,350)</u>

IDEA Preschool Grant for the Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 796
29,072	140,052	2,991,105
-	-	423,860
-	-	1,037,386
-	-	266,470
<u>29,072</u>	<u>140,052</u>	<u>4,719,617</u>
-	-	23,259
-	-	878,492
-	-	51,837
29,072	-	312,399
-	107,613	329,168
-	1,750	259,368
-	-	1,950,987
-	7,054	667,976
-	-	478,680
-	-	187,696
<u>29,072</u>	<u>116,417</u>	<u>5,139,862</u>
-	23,635	(420,245)
-	-	200,000
-	-	(390)
-	-	199,610
-	23,635	(220,635)
-	(5,178)	528,883
<u>\$ -</u>	<u>\$ 18,457</u>	<u>\$ 308,248</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue				
Taxes	\$ 3,693,061	\$ 3,855,502	\$ 3,855,618	\$ 116
Interest	5,000	28,000	30,096	2,096
Intergovernmental	500,000	488,200	488,200	-
Total revenues	4,198,061	4,371,702	4,373,914	2,212
Expenditures				
Current				
Supporting services				
Fiscal services	51,600	58,100	56,604	1,496
Debt service				
Principal	1,375,000	1,375,000	1,375,000	-
Interest	2,933,963	2,933,963	2,933,963	-
Total expenditures	4,360,563	4,367,063	4,365,567	1,496
Net change in fund balances	(162,502)	4,639	8,347	3,708
Prior year encumbrances	200	200	200	-
Fund balances, beginning of year	5,230,636	5,230,636	5,230,636	-
Fund balances, end of year	\$ 5,068,334	\$ 5,235,475	\$ 5,239,183	\$ 3,708

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Building Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Interest	\$ 6,132	\$ 6,899	\$ 9,448	\$ 2,549
Other	150,173	147,583	175,333	27,750
Total revenues	156,305	154,482	184,781	30,299
Expenditures				
Current				
Supporting services				
Pupil transportation	6,717	6,717	-	6,717
Capital outlay	20,040,135	20,162,051	18,299,703	1,862,348
Total expenditures	20,046,852	20,168,768	18,299,703	1,869,065
Excess (deficiency) of revenues over expenditures	(19,890,547)	(20,014,286)	(18,114,922)	1,899,364
Other financing sources (uses)				
Transfers in	-	59,500	59,500	-
Total other financing sources (uses)	-	59,500	59,500	-
Net change in fund balances	(19,890,547)	(19,954,786)	(18,055,422)	1,899,364
Prior year encumbrances	16,817,580	16,817,580	16,817,580	-
Fund balances, beginning of year	3,234,362	3,234,362	3,234,362	-
Fund balances, end of year	\$ 161,395	\$ 97,156	\$ 1,996,520	\$ 1,899,364

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 694,989	\$ 508,205	\$ 508,161	\$ (44)
Charges for services	1,131,000	1,034,920	1,034,866	(54)
Other	11,000	15,924	17,507	1,583
Total revenues	<u>1,836,989</u>	<u>1,559,049</u>	<u>1,560,534</u>	<u>1,485</u>
Expenditures				
Current				
Operation of non-instructional services				
Food service operation	1,924,770	1,942,897	1,921,763	21,134
Total expenditures	<u>1,924,770</u>	<u>1,942,897</u>	<u>1,921,763</u>	<u>21,134</u>
Excess (deficiency) of revenues over expenditures	<u>(87,781)</u>	<u>(383,848)</u>	<u>(361,229)</u>	<u>22,619</u>
Other financing sources (uses)				
Transfers in	-	200,000	200,000	-
Refund of prior year expenditures	-	2,596	2,596	-
Total other financing sources (uses)	<u>-</u>	<u>202,596</u>	<u>202,596</u>	<u>-</u>
Net change in fund balances	(87,781)	(181,252)	(158,633)	22,619
Prior year encumbrances	19,514	19,514	19,514	-
Fund balances, beginning of year	<u>259,390</u>	<u>259,390</u>	<u>259,390</u>	<u>-</u>
Fund balances, end of year	<u>\$ 191,123</u>	<u>\$ 97,652</u>	<u>\$ 120,271</u>	<u>\$ 22,619</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Other Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Other	\$ 292,875	\$ 158,702	\$ 155,062	\$ (3,640)
Total revenues	<u>292,875</u>	<u>158,702</u>	<u>155,062</u>	<u>(3,640)</u>
Expenditures				
Current				
Instruction				
Regular	42,555	59,555	23,260	36,295
Other instruction	89,862	89,862	60,142	29,720
Supporting services				
Administration	6,500	5,000	4,924	76
Extracurricular activities	4,350	4,350	4,255	95
Capital outlay	-	198,037	198,037	-
Total expenditures	<u>143,267</u>	<u>356,804</u>	<u>290,618</u>	<u>66,186</u>
Excess (deficiency) of revenues over expenditures	<u>149,608</u>	<u>(198,102)</u>	<u>(135,556)</u>	<u>62,546</u>
Other financing sources (uses)				
Transfers in	59,500	-	-	-
Refund of prior year expenditures	(198,038)	-	-	-
Transfers out	(150,173)	-	-	-
Total other financing sources (uses)	<u>(288,711)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(139,103)	(198,102)	(135,556)	62,546
Prior year encumbrances	220,015	220,015	220,015	-
Fund balances, beginning of year	<u>53,371</u>	<u>53,371</u>	<u>53,371</u>	<u>-</u>
Fund balances, end of year	<u>\$ 134,283</u>	<u>\$ 75,284</u>	<u>\$ 137,830</u>	<u>\$ 62,546</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	District Managed Student Activities Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue				
Extracurricular	\$ 538,000	\$ 414,938	\$ 421,594	\$ 6,656
Other	96,174	88,720	93,901	5,181
Total revenues	634,174	503,658	515,495	11,837
Expenditures				
Current				
Extracurricular activities	784,893	690,819	487,842	202,977
Total expenditures	784,893	690,819	487,842	202,977
Excess (deficiency) of revenues over expenditures	(150,719)	(187,161)	27,653	214,814
Other financing sources (uses)				
Transfers in	38,043	40,308	40,308	-
Transfers out	(38,694)	(38,694)	(38,432)	262
Total other financing sources (uses)	(651)	1,614	1,876	262
Net change in fund balances	(151,370)	(185,547)	29,529	215,076
Prior year encumbrances	17,503	17,503	17,503	-
Fund balances, beginning of year	240,524	240,524	240,524	-
Fund balances, end of year	\$ 106,657	\$ 72,480	\$ 287,556	\$ 215,076

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue				
Interest	\$ 222	\$ 777	\$ 796	\$ 19
Intergovernmental	561,000	580,629	580,629	-
Total revenues	561,222	581,406	581,425	19
Expenditures				
Current				
Operation of non-instructional services				
Community services	625,753	645,950	629,970	15,980
Total expenditures	625,753	645,950	629,970	15,980
Net change in fund balances	(64,531)	(64,544)	(48,545)	15,999
Prior year encumbrances	34,675	34,675	34,675	-
Fund balances, beginning of year	29,869	29,869	29,869	-
Fund balances, end of year	\$ 13	\$ -	\$ 15,999	\$ 15,999

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Data Communications Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 16,200	\$ 12,600	\$ 12,600	\$ -
Total revenues	16,200	12,600	12,600	-
Expenditures				
Current				
Supporting services				
Instructional staff	40,500	36,900	24,300	12,600
Total expenditures	40,500	36,900	24,300	12,600
Net change in fund balances	(24,300)	(24,300)	(11,700)	12,600
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	24,300	24,300	24,300	-
Fund balances, end of year	\$ -	\$ -	\$ 12,600	\$ 12,600

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Alternative Schools Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 52,312	\$ 41,354	\$ 39,961	\$ (1,393)
Total revenues	52,312	41,354	39,961	(1,393)
Expenditures				
Current				
Instruction				
Special	52,312	41,354	39,961	1,393
Total expenditures	52,312	41,354	39,961	1,393
Net change in fund balances	-	-	-	-
Prior year encumbrances	1,393	1,393	1,393	-
Fund balances, beginning of year	(1,393)	(1,393)	(1,393)	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Miscellaneous State Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 28,000	\$ 24,000	\$ 24,000	\$ -
Total revenues	28,000	24,000	24,000	-
Expenditures				
Current				
Supporting services				
Instructional staff	28,000	24,000	24,000	-
Total expenditures	28,000	24,000	24,000	-
Net change in fund balances	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	IDEA Part B Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 1,292,678	\$ 1,292,678	\$ 1,099,266	\$ (193,412)
Total revenues	<u>1,292,678</u>	<u>1,292,678</u>	<u>1,099,266</u>	<u>(193,412)</u>
Expenditures				
Current				
Instruction				
Special	453,660	453,660	396,684	56,976
Supporting services				
Pupil	285,072	285,072	284,921	151
Instructional staff	184,519	184,519	164,558	19,961
Administration	318,571	318,571	251,626	66,945
Operation of non-instructional services				
Community services	51,219	51,219	30,655	20,564
Total expenditures	<u>1,293,041</u>	<u>1,293,041</u>	<u>1,128,444</u>	<u>164,597</u>
Net change in fund balances	(363)	(363)	(29,178)	(28,815)
Prior year encumbrances	15,328	15,328	15,328	-
Fund balances, beginning of year	<u>(14,965)</u>	<u>(14,965)</u>	<u>(14,965)</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,815)</u>	<u>\$ (28,815)</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Title III - Limited English Proficiency Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue				
Intergovernmental	\$ 75,720	\$ 82,704	\$ 30,611	\$ (52,093)
Total revenues	75,720	82,704	30,611	(52,093)
Expenditures				
Current				
Instruction				
Special	38,060	51,043	12,986	38,057
Supporting services				
Pupil	-	6,986	2,081	4,905
Instructional staff	37,010	24,350	17,910	6,440
Administration	650	325	325	-
Total expenditures	75,720	82,704	33,302	49,402
Net change in fund balances	-	-	(2,691)	(2,691)
Prior year encumbrances	10,214	10,214	10,214	-
Fund balances, beginning of year	(10,214)	(10,214)	(10,214)	-
Fund balances, end of year	\$ -	\$ -	\$ (2,691)	\$ (2,691)

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Title I - Disadvantaged Youth Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue				
Intergovernmental	\$ 695,544	\$ 694,647	\$ 474,776	\$ (219,871)
Total revenues	695,544	694,647	474,776	(219,871)
Expenditures				
Current				
Instruction				
Special	590,041	589,266	443,364	145,902
Other instruction	37,869	37,869	17,271	20,598
Supporting services				
Instructional staff	-	3,600	1,800	1,800
Administration	17,441	12,556	10,878	1,678
Operation of non-instructional services				
Community services	20,102	21,265	17,012	4,253
Total expenditures	665,453	664,556	490,325	174,231
Net change in fund balances	30,091	30,091	(15,549)	(45,640)
Prior year encumbrances	5,763	5,763	5,763	-
Fund balances, beginning of year	(35,854)	(35,854)	(35,854)	-
Fund balances, end of year	\$ -	\$ -	\$ (45,640)	\$ (45,640)

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

IDEA Preschool Grant for the Handicapped Fund			
	Budgeted Amounts		Variance with
	Original	Final	Final Budget Positive (Negative)
Revenue			
Intergovernmental	\$ 29,397	\$ 30,397	\$ 29,072
Total revenues	29,397	30,397	(1,325)
Expenditures			
Current			
Supporting services			
Pupil	29,397	29,072	29,072
Instructional staff	-	1,000	-
Administration	-	325	-
Total expenditures	29,397	30,397	29,072
Net change in fund balances	-	-	-
Prior year encumbrances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Improving Teacher Quality Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 161,072	\$ 160,619	\$ 140,052	\$ (20,567)
Total revenues	161,072	160,619	140,052	(20,567)
Expenditures				
Current				
Supporting services				
Instructional staff	147,345	154,166	126,416	27,750
Administration	1,950	1,750	1,750	-
Operation of non-instructional services				
Community services	17,510	10,436	7,054	3,382
Total expenditures	166,805	166,352	135,220	31,132
Net change in fund balances	(5,733)	(5,733)	4,832	10,565
Prior year encumbrances	5,016	5,016	5,016	-
Fund balances, beginning of year	717	717	717	-
Fund balances, end of year	\$ -	\$ -	\$ 10,565	\$ 10,565

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Uniform School Supplies Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Tuition and fees	\$ 402,889	\$ 371,787	\$ 365,991	\$ (5,796)
Other	-	10	10	-
Total revenues	<u>402,889</u>	<u>371,797</u>	<u>366,001</u>	<u>(5,796)</u>
Expenditures				
Current				
Instruction				
Regular	430,000	372,413	315,926	56,487
Total expenditures	<u>430,000</u>	<u>372,413</u>	<u>315,926</u>	<u>56,487</u>
Excess (deficiency) of revenues over expenditures	<u>(27,111)</u>	<u>(616)</u>	<u>50,075</u>	<u>50,691</u>
Other financing sources (uses)				
Transfers in	34,372	7,000	6,786	(214)
Transfers out	(6,786)	(6,786)	(6,786)	-
Total other financing sources (uses)	<u>27,586</u>	<u>214</u>	<u>-</u>	<u>(214)</u>
Net change in fund balances	475	(402)	50,075	50,477
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>27,095</u>	<u>27,095</u>	<u>27,095</u>	<u>-</u>
Fund balances, end of year	<u>\$ 27,570</u>	<u>\$ 26,693</u>	<u>\$ 77,170</u>	<u>\$ 50,477</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Rotary Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Tuition and fees	\$ 16,000	\$ 16,040	20,914	\$ 4,874
Extracurricular	128,250	132,280	131,276	(1,004)
Other	56,746	55,750	69,866	14,116
Total revenues	<u>200,996</u>	<u>204,070</u>	<u>222,056</u>	<u>17,986</u>
Expenditures				
Current				
Instruction				
Regular	131,812	171,673	132,313	39,360
Supporting services				
Administration	-	600	600	-
Business	10,035	3,004	(505)	3,509
Operation and maintenance	53,694	70,694	68,693	2,001
Central services	11,815	11,595	10,830	765
Extracurricular activities	15,196	10,208	8,798	1,410
Total expenditures	<u>222,552</u>	<u>267,774</u>	<u>220,729</u>	<u>47,045</u>
Net change in fund balances	(21,556)	(63,704)	1,327	65,031
Prior year encumbrances	10,024	10,024	10,024	-
Fund balances, beginning of year	<u>103,300</u>	<u>103,300</u>	<u>103,300</u>	<u>-</u>
Fund balances, end of year	<u>\$ 91,768</u>	<u>\$ 49,620</u>	<u>\$ 114,651</u>	<u>\$ 65,031</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Extracurricular	\$ 64,750	\$ 53,536	\$ 43,597	\$ (9,939)
Other	58,600	40,023	36,659	(3,364)
Total revenues	<u>123,350</u>	<u>93,559</u>	<u>80,256</u>	<u>(13,303)</u>
Expenditures				
Current				
Instruction				
Regular	217,706	205,505	90,533	114,972
Special	5,184	5,184	1,252	3,932
Total expenditures	<u>222,890</u>	<u>210,689</u>	<u>91,785</u>	<u>118,904</u>
Excess (deficiency) of revenues over expenditures	<u>(99,540)</u>	<u>(117,130)</u>	<u>(11,529)</u>	<u>105,601</u>
Other financing sources (uses)				
Transfers in	37,205	30,060	30,060	-
Transfers out	(29,670)	(29,670)	(29,670)	-
Total other financing sources (uses)	<u>7,535</u>	<u>390</u>	<u>390</u>	<u>-</u>
Net change in fund balances	(92,005)	(116,740)	(11,139)	105,601
Prior year encumbrances	1,131	1,131	1,131	-
Fund balances, beginning of year	<u>156,931</u>	<u>156,931</u>	<u>156,931</u>	<u>-</u>
Fund balances, end of year	<u>\$ 66,057</u>	<u>\$ 41,322</u>	<u>\$ 146,923</u>	<u>\$ 105,601</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Termination Benefits Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Expenditures				
Current				
Instruction				
Regular	\$ 660,000	\$ 661,993	\$ 658,050	\$ 3,943
Operation of non-instructional services				
Other non-instructional services	335,000	333,007	233,295	99,712
Total expenditures	<u>995,000</u>	<u>995,000</u>	<u>891,345</u>	<u>103,655</u>
Excess (deficiency) of revenues over expenditures	<u>(995,000)</u>	<u>(995,000)</u>	<u>(891,345)</u>	<u>103,655</u>
Other financing sources (uses)				
Transfers in	1,055,000	1,055,000	900,000	(155,000)
Total other financing sources (uses)	<u>1,055,000</u>	<u>1,055,000</u>	<u>900,000</u>	<u>(155,000)</u>
Net change in fund balances	60,000	60,000	8,655	(51,345)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>858,118</u>	<u>858,118</u>	<u>858,118</u>	<u>-</u>
Fund balances, end of year	<u>\$ 918,118</u>	<u>\$ 918,118</u>	<u>\$ 866,773</u>	<u>\$ (51,345)</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Permanent Improvement Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue				
Taxes	\$ 1,021,315	\$ 1,052,487	\$ 1,053,526	\$ 1,039
Interest	150	3,250	3,604	354
Intergovernmental	125,500	135,258	135,258	-
Total revenues	<u> 1,146,965</u>	<u> 1,190,995</u>	<u> 1,192,388</u>	<u> 1,393</u>
Expenditures				
Current				
Supporting services				
Fiscal services	15,000	17,292	16,392	900
Operation and maintenance	1,065,725	1,123,433	773,981	349,452
Debt service				
Principal	155,000	155,000	155,000	-
Interest	117,818	117,818	117,818	-
Total expenditures	<u> 1,353,543</u>	<u> 1,413,543</u>	<u> 1,063,191</u>	<u> 350,352</u>
Excess (deficiency) of revenues over expenditures	<u> (206,578)</u>	<u> (222,548)</u>	<u> 129,197</u>	<u> 351,745</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	200,000	198,516	(1,484)
Total other financing sources (uses)	<u> -</u>	<u> 200,000</u>	<u> 198,516</u>	<u> (1,484)</u>
Net change in fund balances	(206,578)	(22,548)	327,713	350,261
Prior year encumbrances	77,225	77,225	77,225	-
Fund balances, beginning of year	<u> 260,447</u>	<u> 260,447</u>	<u> 260,447</u>	<u> -</u>
Fund balances, end of year	<u>\$ 131,094</u>	<u>\$ 315,124</u>	<u>\$ 665,385</u>	<u>\$ 350,261</u>

STRONGSVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenue				
Charges for services	\$ 10,500,000	\$ 10,500,000	\$ 10,042,991	\$ (457,009)
Total revenues	10,500,000	10,500,000	10,042,991	(457,009)
Expenses				
Claims	10,002,500	10,002,500	9,106,462	896,038
Total expenses	10,002,500	10,002,500	9,106,462	896,038
Net change in fund balances	497,500	497,500	936,529	439,029
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	3,165,807	3,165,807	3,165,807	-
Fund balances, end of year	\$ 3,663,307	\$ 3,663,307	\$ 4,102,336	\$ 439,029

Fund Descriptions

Agency Funds

These funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

OHSAA Tournaments To account for the revenues and expenditures of an OHSAA tournament game hosted at the District.

Student Managed Activities Fund To account for student activity programs which have student participation in the activity and have students involved in the management of the program.

STRONGSVILLE CITY SCHOOL DISTRICT
COMBIONING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017
OHSAA Tournaments				
Assets				
Equity in pooled cash	\$ 1,321	\$ 73,704	\$ 74,398	\$ 627
Total assets	<u>\$ 1,321</u>	<u>\$ 73,704</u>	<u>\$ 74,398</u>	<u>\$ 627</u>
Liabilities				
Due to others	\$ 1,321	\$ 73,704	\$ 74,398	\$ 627
Total liabilities	<u>\$ 1,321</u>	<u>\$ 73,704</u>	<u>\$ 74,398</u>	<u>\$ 627</u>
Student Managed Activities Fund				
Assets				
Equity in pooled cash	\$ 133,110	\$ 158,644	\$ 141,371	\$ 150,383
Total assets	<u>\$ 133,110</u>	<u>\$ 158,644</u>	<u>\$ 141,371</u>	<u>\$ 150,383</u>
Liabilities				
Accounts payable	\$ -	\$ 78	\$ -	\$ 78
Due to students	133,110	158,644	141,449	150,305
Total liabilities	<u>\$ 133,110</u>	<u>\$ 158,722</u>	<u>\$ 141,449</u>	<u>\$ 150,383</u>
Total Agency Funds				
Assets				
Equity in pooled cash	\$ 134,431	\$ 232,348	\$ 215,769	\$ 151,010
Total assets	<u>\$ 134,431</u>	<u>\$ 232,348</u>	<u>\$ 215,769</u>	<u>\$ 151,010</u>
Liabilities				
Accounts payable	\$ -	\$ 78	\$ -	\$ 78
Due to students	133,110	158,644	141,449	150,305
Due to others	1,321	73,704	74,398	627
Total liabilities	<u>\$ 134,431</u>	<u>\$ 232,426</u>	<u>\$ 215,847</u>	<u>\$ 151,010</u>

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STATISTICAL SECTION



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STATISTICAL SECTION

This part of the Strongsville City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends	S 2
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	S 12
These schedules contain information to help the reader assess the affordability of the District's most significant local revenue source, the property tax.	
Debt Capacity	S 24
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	S 29
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	S 32
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements for the relevant year.

STRONGSVILLE CITY SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2017	2016 (2)	2015	2014 (1)
Governmental activities				
Net investment in capital assets	\$ 23,948,395	\$ 36,326,973	\$ 34,020,381	\$ 29,898,101
Restricted	7,156,796	7,649,482	6,428,992	7,348,059
Unrestricted	(75,057,801)	(77,110,155)	(90,560,575)	(92,541,777)
Total primary government net position	<u>\$ (43,952,610)</u>	<u>\$ (33,133,700)</u>	<u>\$ (50,111,202)</u>	<u>\$ (55,295,617)</u>

Source: School District financial records.

(1) 2014 has been restated due to the implementation of GASB Statement No. 68.

(2) 2016 has been restated due to a prior period adjustment to capital assets.

2013	2012	2011	2010	2009	2008
\$ 28,435,630	\$ 28,661,439	\$ 26,987,540	\$ 25,286,050	\$ 23,841,831	\$ 23,432,917
8,949,334	6,520,668	6,315,613	6,364,940	6,895,112	10,041,644
3,042,722	(220,366)	(8,621,912)	(9,947,834)	(8,135,165)	(7,099,212)
<u>\$ 40,427,686</u>	<u>\$ 34,961,741</u>	<u>\$ 24,681,241</u>	<u>\$ 21,703,156</u>	<u>\$ 22,601,778</u>	<u>\$ 26,375,349</u>

STRONGSVILLE CITY SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES AND NET (EXPENSES) REVENUES
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2017	2016	2015	2014
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 42,917,197	\$ 29,420,756	\$ 26,947,220	\$ 30,891,909
Special	11,000,176	10,605,450	9,413,173	10,009,311
Vocational	750,167	556,455	474,334	434,305
Adult/continuing	-	-	-	-
Other instruction	52,787	33,532	117,156	57,447
Supporting services				
Pupil	5,133,057	5,194,604	5,070,679	4,967,244
Instructional staff	3,188,660	3,129,567	2,927,523	2,467,718
Board of education	30,023	30,998	30,812	35,585
Administration	4,401,496	4,395,090	4,611,018	4,729,847
Fiscal services	1,813,151	1,488,167	1,602,771	1,956,243
Business	646,450	704,418	566,078	692,588
Operation and maintenance	6,486,061	7,918,626	7,496,974	8,270,970
Pupil transportation	2,902,341	4,709,998	4,308,928	4,722,938
Central services	2,178,915	1,504,052	1,399,260	1,333,854
Operation of non-instructional				
Food service operation	1,528,497	1,767,925	1,655,077	1,798,500
Community services	673,440	629,041	591,274	544,602
Other non-instructional services	55,811	981,433	24,682	552,197
Extracurricular activities	863,619	1,585,027	1,616,007	1,365,404
Interest and fiscal charges	3,101,502	3,183,109	3,358,588	4,204,919
Total primary government expenses	<u>87,723,350</u>	<u>77,838,248</u>	<u>72,211,554</u>	<u>79,035,581</u>
Program revenues				
Governmental activities:				
Charges for services and sales				
Instruction	1,314,815	1,135,618	1,194,580	917,439
Supporting services	5,615	-	59,246	81,853
Food service	1,054,893	990,699	939,940	921,889
Community services	-	-	-	3,971
Other non-instructional services	-	-	298	-
Extracurricular activities	876,693	730,179	667,393	464,680
Operating grants, interest				
and contributions	3,145,712	3,320,522	3,226,892	3,245,084
Capital grants and contributions	175,333	-	-	-
Total primary government program revenues	<u>6,573,061</u>	<u>6,177,018</u>	<u>6,088,349</u>	<u>5,634,916</u>
Net (expense) revenue				
Total primary government net expense	<u>\$ (81,150,289)</u>	<u>\$ (71,661,230)</u>	<u>\$ (66,123,205)</u>	<u>\$ (73,400,665)</u>

Source: School District financial records.

2013	2012	2011	2010	2009	2008
\$ 31,906,820	\$ 35,973,496	\$ 41,340,342	\$ 45,356,256	\$ 42,573,304	\$ 40,385,617
4,961,052	5,591,707	5,770,265	5,879,893	5,596,939	5,075,166
561,456	301,853	361,927	315,403	273,242	331,506
-	-	8,969	33,336	31,990	19,893
32,501	60,166	62,845	66,627	27,203	8,668
2,795,803	2,849,267	3,228,434	3,428,104	3,228,233	3,116,309
3,644,085	3,635,697	3,616,223	3,421,655	3,824,176	3,187,644
36,366	24,073	27,043	41,747	120,518	128,482
3,152,006	2,710,461	3,268,009	3,699,060	3,304,371	3,133,879
4,718,649	6,414,832	5,973,581	6,392,282	6,146,711	5,145,302
1,047,659	469,688	571,907	466,978	533,549	488,678
9,690,529	6,808,831	7,302,400	8,237,541	12,738,571	7,326,673
3,627,758	3,933,960	4,157,869	3,916,644	3,865,084	3,372,652
1,541,043	633,707	771,530	789,965	690,168	541,539
1,703,814	1,717,290	2,044,552	2,150,152	2,132,057	2,012,845
547,048	502,180	530,844	542,479	666,924	590,080
-	-	-	-	-	-
765,989	528,523	600,654	641,519	629,824	648,855
1,506,414	658,114	909,372	1,062,325	1,209,927	1,541,080
<u>72,238,992</u>	<u>72,813,845</u>	<u>80,546,766</u>	<u>86,441,966</u>	<u>87,592,791</u>	<u>77,054,868</u>
1,116,216	1,310,543	1,330,528	1,090,804	1,095,882	1,087,235
91,570	83,400	65,499	55,452	59,060	48,979
957,002	1,202,627	1,300,254	1,413,974	1,534,856	1,548,565
4,059	4,687	6,269	83,462	83,920	90,631
-	-	-	-	-	-
557,687	221,908	268,892	267,466	29,759	221,933
2,956,465	3,360,987	4,913,840	4,704,071	3,272,421	2,810,748
-	-	-	-	-	-
<u>5,682,999</u>	<u>6,184,152</u>	<u>7,885,282</u>	<u>7,615,229</u>	<u>6,075,898</u>	<u>5,808,091</u>
<u>\$ (66,555,993)</u>	<u>\$ (66,629,693)</u>	<u>\$ (72,661,484)</u>	<u>\$ (78,826,737)</u>	<u>\$ (81,516,893)</u>	<u>\$ (71,246,777)</u>

STRONGSVILLE CITY SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGE IN NET POSTION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2017	2016	2015	2014
Net (expense) revenue				
Total primary government net expense	\$ (81,150,289)	\$ (71,661,230)	\$ (66,123,205)	\$ (73,400,665)
General revenues and other changes in net position				
Governmental activities:				
Property taxes levied for:				
General purposes	43,725,622	58,615,225	43,358,643	51,746,848
Debt service	3,297,102	4,529,756	3,270,323	3,865,747
Capital improvements	898,429	1,242,153	903,471	1,094,293
Grants and entitlements not restricted to specific purposes	19,664,762	20,205,928	20,515,068	20,091,670
Payments in lieu of taxes	2,107,444	2,113,540	2,936,033	2,019,295
Investment earnings	187,434	216,918	109,454	97,236
Miscellaneous	450,586	456,521	214,628	214,127
Total primary government	70,331,379	87,380,041	71,307,620	79,129,216
Change in net position				
Total primary government	\$ (10,818,910)	\$ 15,718,811	\$ 5,184,415	\$ 5,728,551

Source: School District financial records.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>\$ (66,555,993)</u>	<u>\$ (66,629,693)</u>	<u>\$ (72,661,484)</u>	<u>\$ (78,826,737)</u>	<u>\$ (81,516,893)</u>	<u>\$ (71,246,777)</u>
45,602,498	48,655,796	47,590,334	49,811,922	50,415,667	51,778,809
3,231,023	2,951,675	3,223,632	3,213,836	3,310,958	3,457,427
946,743	1,037,544	1,039,911	1,001,310	1,009,543	1,029,192
19,959,675	21,631,697	23,011,921	23,303,038	21,891,836	19,443,382
2,037,264	-	-	-	-	-
23,557	1,043	18,215	39,940	241,399	625,422
221,177	1,093,336	755,556	558,069	873,919	760,844
<u>72,021,937</u>	<u>75,371,091</u>	<u>75,639,569</u>	<u>77,928,115</u>	<u>77,743,322</u>	<u>77,095,076</u>
<u>\$ 5,465,944</u>	<u>\$ 8,741,398</u>	<u>\$ 2,978,085</u>	<u>\$ (898,622)</u>	<u>\$ (3,773,571)</u>	<u>\$ 5,848,299</u>

STRONGSVILLE CITY SCHOOL DISTRICT
FUND BALANCES – GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2017	2016	2015	2014
General Fund				
Committed	\$ 148,622	\$ 500,336	\$ 816,929	\$ 1,356,545
Assigned	4,324,114	1,188,057	833,291	836,567
Unassigned	22,453,164	26,603,118	10,494,078	10,054,234
Total General Fund	<u>\$ 26,925,900</u>	<u>\$ 28,291,511</u>	<u>\$ 12,144,298</u>	<u>\$ 12,247,346</u>
Other governmental funds				
Restricted	9,542,951	\$ 23,246,685	\$ 59,534,620	\$ 82,591,595
Unassigned	(207,171)	(175,858)	(11,781)	(1,809)
Total other governmental funds	<u>\$ 9,335,780</u>	<u>\$ 23,070,827</u>	<u>\$ 59,522,839</u>	<u>\$ 82,589,786</u>

Source: School District financial records.

The District implemented GASB Statement No. 54 in 2011.

Pre-GASB 34 balances are presented on S-10.

2013	2012	2011	2010
\$ 1,517,000	\$ -	\$ -	\$ -
636,432	648,693	1,071,167	473,248
2,814,798	1,904,170	(4,693,447)	(6,225,136)
<u>\$ 4,968,230</u>	<u>\$ 2,552,863</u>	<u>\$ (3,622,280)</u>	<u>\$ (5,751,888)</u>

\$ 89,858,366	\$ 6,300,595	\$ 5,549,981	\$ 5,401,541
(11,610)	(85,285)	(520,149)	(203,291)
<u>\$ 89,846,756</u>	<u>\$ 6,215,310</u>	<u>\$ 5,029,832</u>	<u>\$ 5,198,250</u>

STRONGSVILLE CITY SCHOOL DISTRICT
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TWO FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2009</u>	<u>2008</u>
General Fund		
Reserved	\$ 8,522,177	\$ 7,674,088
Unreserved	<u>(11,538,108)</u>	<u>(8,993,358)</u>
Total General Fund	<u><u>\$ (3,015,931)</u></u>	<u><u>\$ (1,319,270)</u></u>
Other governmental funds		
Reserved	\$ 1,222,984	\$ 623,219
Unreserved, reported in		
Special Revenue Funds (1)	421,282	646,463
Debt Service Fund	3,657,960	3,732,958
Capital Projects Fund	<u>235,520</u>	<u>1,071,856</u>
Total other governmental funds	<u><u>\$ 5,537,746</u></u>	<u><u>\$ 6,074,496</u></u>

Source: School District financial records.

The District implemented GASB Statement No. 54 in 2011.
GASB 54 fund balances are presented on S-8.

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STRONGSVILLE CITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Taxes	\$ 47,656,853	\$ 66,145,834	\$ 47,119,137	\$ 57,120,188
Payment in lieu of taxes	2,107,444	2,113,540	2,936,033	2,019,295
Tuition and fees	1,161,073	1,000,564	996,652	741,024
Interest	187,434	216,918	109,454	97,236
Intergovernmental	22,968,862	23,526,450	23,741,960	23,336,754
Extracurricular	825,934	709,706	702,822	526,138
Charges for services	1,037,386	980,482	933,528	913,481
Other	<u>678,209</u>	<u>622,265</u>	<u>443,083</u>	<u>423,316</u>
Total	<u>\$ 76,623,195</u>	<u>\$ 95,315,759</u>	<u>\$ 76,982,669</u>	<u>\$ 85,177,432</u>

Source: School District Financial Records, Total Governmental Funds.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 50,160,964	\$ 52,782,115	\$ 52,221,934	\$ 52,569,310	\$ 56,319,296	\$ 55,822,852
2,037,264	-	-	-	-	-
964,944	1,087,129	1,104,440	735,486	699,895	667,738
23,557	1,043	18,202	39,406	237,083	613,943
22,916,140	24,992,684	27,925,761	28,007,109	25,164,257	22,254,130
614,304	723,247	473,952	276,958	267,329	344,414
948,649	1,181,906	1,283,050	1,407,403	1,528,987	1,539,433
<u>396,775</u>	<u>896,432</u>	<u>865,556</u>	<u>1,013,950</u>	<u>1,159,446</u>	<u>1,190,825</u>
<u>\$ 78,062,597</u>	<u>\$ 81,664,556</u>	<u>\$ 83,892,895</u>	<u>\$ 84,049,622</u>	<u>\$ 85,376,293</u>	<u>\$ 82,433,335</u>

STRONGSVILLE CITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2017	2016	2015	2014
Expenditures				
Instruction	\$ 39,369,664	\$ 39,631,414	\$ 39,444,910	\$ 40,161,670
Pupil supporting services	4,891,711	5,080,733	5,231,940	4,903,441
Instructional support	3,024,104	2,999,061	3,114,924	2,525,001
Board of education and administration	4,391,812	4,470,553	4,724,903	4,531,282
Fiscal and business services	2,438,028	2,148,157	2,207,594	2,564,056
Operation and maintenance	7,626,959	7,640,805	7,907,375	7,894,367
Pupil transportation	4,832,963	4,758,742	6,571,132	4,790,992
Central services	2,166,731	1,420,016	1,458,942	1,346,721
Food service operation	1,950,987	1,739,487	1,712,036	1,777,719
Community and other non-instructional services	964,689	1,320,148	590,968	1,053,992
Extracurricular activities	1,609,833	1,533,556	1,606,327	1,271,803
Capital outlay	13,610,950	37,780,461	20,230,684	5,196,362
Debt service				
Principal	1,873,554	1,834,604	2,021,284	2,681,901
Interest	3,215,055	3,298,364	3,565,774	4,484,964
Total expenditures	<u>\$ 91,967,040</u>	<u>\$ 115,656,101</u>	<u>\$ 100,388,793</u>	<u>\$ 85,184,271</u>
Debt service as a percentage of noncapital expenditures	<u>5.90%</u>	<u>6.65%</u>	<u>5.92%</u>	<u>8.66%</u>

Source: School District Financial Records, Total Governmental Funds.

2013	2012	2011	2010	2009	2008
\$ 38,429,376	\$ 42,227,744	\$ 46,076,179	\$ 50,106,360	\$ 50,478,749	\$ 44,481,615
2,754,673	2,744,074	3,085,303	3,254,349	3,207,331	3,118,502
3,620,194	3,515,085	3,474,301	3,269,749	3,723,893	3,058,059
3,155,683	2,776,466	3,175,610	3,401,246	3,559,170	3,078,961
5,705,379	6,880,315	6,557,787	6,757,257	6,599,663	5,592,948
9,446,872	6,764,477	7,224,860	8,129,006	7,995,449	7,132,148
3,695,209	3,476,409	4,038,172	3,729,585	3,911,559	3,925,384
1,563,117	679,145	777,975	785,736	678,140	576,100
1,671,743	1,712,480	2,006,042	2,096,893	2,082,924	1,997,231
541,122	489,112	517,093	547,261	648,633	613,373
684,369	448,823	485,814	554,001	542,462	562,605
740,527	-	-	-	4,631,250	102,551
3,506,148	3,479,680	3,583,497	3,448,037	3,049,491	2,749,541
1,103,114	677,014	929,072	1,081,025	1,208,149	1,556,612
<u>\$ 76,617,526</u>	<u>\$ 75,870,824</u>	<u>\$ 81,931,705</u>	<u>\$ 87,160,505</u>	<u>\$ 92,316,863</u>	<u>\$ 78,545,630</u>
<u>6.06%</u>	<u>5.52%</u>	<u>5.54%</u>	<u>5.48%</u>	<u>4.67%</u>	<u>5.66%</u>

STRONGSVILLE CITY SCHOOL DISTRICT
OTHER FINANCING SOURCES AND (USES) AND NET CHANGE IN FUND BALANCES –
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED BASIS OF ACCOUNTING)

	2017	2016	2015	2014
Excess of revenues over (under) expenditures	<u>\$ (15,343,845)</u>	<u>\$ (20,340,342)</u>	<u>\$ (23,406,124)</u>	<u>\$ (6,839)</u>
Other financing sources (uses)				
Transfers in	259,890	-	210,000	250,276
Proceeds from bond issue	-	-	-	-
Proceeds from debt refunding	-	-	3,940,000	-
Premium on debt issue	-	-	71,592	-
Payment to escrow agent	-	-	(3,865,000)	-
Transfers out	(259,890)	-	(224,120)	(250,276)
Proceeds from sale of assets	243,187	35,543	-	28,985
Capital lease proceeds	-	-	103,657	-
Total other financing sources (uses)	<u>243,187</u>	<u>35,543</u>	<u>26,129</u>	<u>(221,291)</u>
Net change in fund balances	<u>\$ (15,100,658)</u>	<u>\$ (20,304,799)</u>	<u>\$ (23,379,995)</u>	<u>\$ (228,130)</u>

Source: School District Financial Records, Total Governmental Funds.

2013	2012	2011	2010	2009	2008
<u>\$ 1,445,071</u>	<u>\$ 5,793,732</u>	<u>\$ 1,961,190</u>	<u>\$ (3,110,883)</u>	<u>\$ (6,940,570)</u>	<u>\$ 3,887,705</u>
422,250	76,239	101,935	259,917	41,032	509,880
81,000,000	-	-	-	4,685,420	-
-	-	-	-	-	-
3,578,702	-	-	-	-	-
-	-	-	-	-	-
(422,250)	(76,239)	(101,935)	(259,917)	(41,032)	(509,880)
23,040	27,787	-	35,430	21,739	34,412
-	-	-	-	-	-
<u>84,179,492</u>	<u>(48,452)</u>	<u>(101,935)</u>	<u>(224,487)</u>	<u>4,666,127</u>	<u>(475,468)</u>
<u>\$ 85,624,563</u>	<u>\$ 5,745,280</u>	<u>\$ 1,859,255</u>	<u>\$ (3,335,370)</u>	<u>\$ (2,274,443)</u>	<u>\$ 3,412,237</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Year	Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2017	\$ 1,430,122,710	\$ 4,086,064,886	\$ 36,099,090	\$ 41,021,693	\$ -	\$ -
2016	1,412,554,890	4,035,871,114	34,026,660	38,666,659	-	-
2015	1,384,407,350	3,955,449,571	33,230,900	37,762,386	-	-
2014	1,384,766,260	3,956,475,029	31,584,330	35,891,284	-	-
2013	1,375,479,320	3,929,940,914	28,735,200	32,653,636	-	-
2012	1,422,225,140	4,063,500,400	26,473,020	30,082,977	-	-
2011	1,420,695,990	4,059,131,400	25,239,950	28,681,761	1,541,170.0	8,219,573
2010	1,403,518,060	4,010,051,600	24,355,900	27,677,159	3,023,550.0	16,125,600
2009	1,487,915,990	4,251,188,543	22,907,310	26,031,034	31,860,172.0	169,920,917
2008	1,466,528,490	4,190,081,400	21,720,110	24,681,943	55,545,218.0	296,241,163

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

(1) This amount is calculated based on the following percentages:

Real estate is assessed at 35 percent of actual value.

Public utility personal property is assessed at varying rates of actual value.

Tangible personal property, including inventory was eliminated in calendar year 2010.

Total		Assessed	Total Direct Tax Rate
Assessed Value	Estimated Actual Value	Value Ratio	
\$ 1,466,221,800	\$ 4,127,086,579	35.5%	81.78
1,446,581,550	4,074,537,773	35.5%	81.78
1,417,638,250	3,993,211,957	35.5%	81.78
1,416,350,590	3,992,366,313	35.5%	81.68
1,404,214,520	3,962,594,550	35.4%	81.68
1,448,698,160	4,093,583,377	35.4%	80.98
1,447,477,110	4,096,032,734	35.3%	81.30
1,430,897,510	4,053,854,359	35.3%	81.30
1,542,683,472	4,447,140,494	34.7%	74.80
1,543,793,818	4,511,004,506	34.2%	74.90

STRONGSVILLE CITY SCHOOL DISTRICT
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$ 1,000 ASSESSED VALUATION)
LAST TEN FISCAL YEARS

Year	School District				County	Vocational School	City	Total Direct and Overlapping Governments
	General	Improvements	Bond Retirement	Total Direct Tax Rate				
2016	77.78	1.00	3.00	81.78	23.43	3.09	9.30	117.60
2015	77.78	1.00	3.00	81.78	23.43	2.40	9.30	116.91
2014	77.78	1.00	3.00	81.78	23.43	2.40	9.80	117.41
2013	77.78	1.00	2.90	81.68	22.53	2.40	9.80	116.41
2012	77.78	1.00	2.90	81.68	20.80	2.40	9.90	114.78
2011	77.78	1.00	2.20	80.98	20.80	2.40	9.90	114.08
2010	77.78	1.00	2.52	81.30	20.90	2.40	9.90	114.50
2009	77.78	1.00	2.52	81.30	20.60	2.40	9.90	114.20
2008	71.28	1.00	2.52	74.80	20.60	2.40	9.90	107.70
2007	71.28	1.00	2.62	74.90	20.20	2.40	10.10	107.60

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Fiscal Officer.

STRONGSVILLE CITY SCHOOL DISTRICT
PRINCIPAL TAXPAYERS – REAL ESTATE TAX
AS OF JUNE 30, 2016 AND JUNE 30, 2011

December 31, 2016		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
Southpark Mall, LLC.	\$ 72,455,110	4.94%
Cleveland Electric Illuminating Company	24,621,980	1.68%
Greens of Strongsville, LTD.	8,877,760	0.61%
Vam, LTD.	8,762,100	0.60%
Cherry Street Village	8,141,920	0.56%
Polo Club Apartments, LLC.	7,314,490	0.50%
Chestnut Lake Apartments	6,412,990	0.44%
Wal-Mart Real Estate	5,302,330	0.36%
4C's, LLC.	5,028,240	0.34%
Costco Wholesale Corporation	4,769,280	0.33%
	<u>\$ 151,686,200</u>	<u>10.36%</u>
Total Value in the District	<u>\$ 1,466,221,800</u>	

December 31, 2011 (1)		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
Southpark Mall, LLC.	\$ 65,745,630	4.54%
Cleveland Electric Illuminating Company	20,722,740	1.43%
Vam, LTD.	12,512,750	0.86%
Firstcal Industrial 2 Acquisition	11,704,760	0.81%
Greens of Strongsville, LTD.	8,858,510	0.61%
Cherry Street Village	7,972,310	0.55%
Polo Club Apartments, LLC.	7,275,880	0.50%
Chestnut Lake Apartments	6,627,620	0.46%
Wal-Mart Real Estate	5,915,560	0.41%
Ohio Commerce Center Investments	5,520,000	0.38%
	<u>\$ 152,855,760</u>	<u>10.55%</u>
Total Value in the District	<u>\$ 1,447,477,110</u>	

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

(1) Information prior to 2011 is not available

STRONGSVILLE CITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

<u>Collection Year (2)</u>	<u>Current Taxes Levy</u>	<u>Delinquent Taxes Levy</u>	<u>Total Taxes Levy</u>	<u>Current Tax Collections</u>
2016	\$ 64,272,326	\$ 1,900,192	\$ 66,172,518	\$ 62,666,267
2015	63,242,634	1,871,487	65,114,121	61,104,297
2014	62,925,274	1,904,261	64,829,535	60,310,953
2013	62,238,408	2,229,808	64,468,216	60,613,369
2012	60,647,821	2,687,850	63,335,671	56,611,850
2011	60,402,858	2,776,866	63,179,724	57,759,992
2010	59,591,510	2,824,652	62,416,162	57,457,134
2009	59,804,935	1,892,970	61,697,905	57,145,174
2008	59,804,935	1,892,970	61,697,905	57,858,650
2007	49,316,478	1,522,268	50,838,746	47,386,225

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Represents collection year.

<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collection as a Percent of Current Levy</u>
97.5%	\$ 1,121,145	\$ 63,787,412	99.2%
96.6%	1,084,686	62,188,983	98.3%
95.8%	1,499,788	61,810,741	98.2%
97.4%	1,673,529	62,286,898	100.1%
93.3%	1,515,133	58,126,983	95.8%
95.6%	1,332,007	59,091,999	97.8%
96.4%	1,629,893	59,087,027	99.2%
95.6%	1,050,781	58,195,955	97.3%
96.7%	1,111,199	58,969,849	98.6%
96.1%	1,018,476	48,404,701	98.2%

STRONGSVILLE CITY SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
NET BONDED DEBT PER CAPITA AND AVERAGE DAILY ENROLLMENT
LAST TEN FISCAL YEARS

Year	General Obligation Bonded Debt (1)	Certificates of Participation	Capital Leases	Total Primary Government
2017	\$ 81,677,778	\$ 3,645,000	\$ -	\$ 85,322,778
2016	83,508,187	3,800,000	-	87,308,187
2015	85,314,648	3,940,000	-	89,254,648
2014	87,256,194	3,985,000	-	91,241,194
2013	89,758,206	4,273,334	-	94,031,540
2012	8,280,930	4,556,667	121,389	12,958,986
2011	11,360,763	4,840,000	237,903	16,438,666
2010	14,554,528	5,118,334	349,301	20,022,163
2009	17,622,725	5,391,667	455,808	23,470,200
2008	16,751,632	4,525,000	557,639	21,834,271

Source:

- (1) School District Financial Records.
- (2) See Schedule S-18 for estimated actual value of taxable property.
- (3) See Schedule S-29 for personal income, population, and ADM data.
These ratios are calculated using data for the prior calendar year.

Percentage of Estimated Actual Value (2)	Percentage of Personal Income (3)	Per Capita (3)	Per ADM (3)
2.07%	5.50%	\$ 1,907	\$ 15,553
2.14%	5.63%	1,951	15,991
2.24%	5.75%	1,995	15,839
2.29%	5.88%	2,039	15,423
2.37%	6.06%	2,101	15,147
0.32%	0.84%	290	1,984
0.40%	1.06%	367	2,431
0.49%	1.29%	447	2,895
0.53%	1.80%	535	3,376
0.48%	1.67%	498	3,050

STRONGSVILLE CITY SCHOOL DISTRICT
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Assessed Valuation	<u>\$ 1,466,221,800</u>	<u>\$ 1,446,581,550</u>	<u>\$ 1,417,638,250</u>	<u>\$ 1,416,350,590</u>
Debt Limit -				
9% of Assessed Value (1)	<u>131,959,962</u>	<u>130,192,340</u>	<u>127,587,443</u>	<u>127,471,553</u>
Debt Applicable to Debt Limit:				
Various Purpose Bonds, Series 1986	-	-	-	-
Various Purpose Bonds, Series 1991	-	-	-	-
Various Purpose Bonds, Series 1994, Refunded 2004	-	-	-	265,000
Various Purpose Bonds, Series 1996	-	-	-	-
Various Purpose Bonds, Series 2005	950,000	985,000	1,015,000	1,045,000
Energy Conservation Improvement Bonds, Series 2006	272,682	343,103	410,459	474,883
Energy Conservation Improvement Bonds, Series 2008	2,018,813	2,256,947	2,484,194	2,701,054
School Improvement Bonds, Series 2013	75,230,000	76,605,000	77,925,000	79,205,000
Amount Available in Debt				
Service Fund	(5,896,388)	(6,464,957)	(5,293,759)	(5,919,210)
Total	<u>72,575,107</u>	<u>73,725,093</u>	<u>76,540,894</u>	<u>77,771,727</u>
Overall Debt Margin	<u>\$ 59,384,855</u>	<u>\$ 56,467,247</u>	<u>\$ 51,046,549</u>	<u>\$ 49,699,826</u>
Total debt applicable to debt limit as a percentage of debt limit	<u>59.47%</u>	<u>61.59%</u>	<u>64.14%</u>	<u>65.65%</u>
Overall Limit -				
.10% of Assessed Value (1)	\$ 1,466,222	\$ 1,446,582	\$ 1,417,638	\$ 1,416,351
Amount of Debt Applicable	<u>950,000</u>	<u>985,000</u>	<u>1,015,000</u>	<u>1,045,000</u>
Unvoted Debt Margin	<u>\$ 516,222</u>	<u>\$ 461,582</u>	<u>\$ 402,638</u>	<u>\$ 371,351</u>
Unvoted debt applicable to debt limit as a percentage of unvoted debt limit	<u>64.792%</u>	<u>68.092%</u>	<u>71.598%</u>	<u>73.781%</u>

2013	2012	2011	2010	2009	2008
<u>\$ 1,404,214,520</u>	<u>\$ 1,448,698,160</u>	<u>\$ 1,445,935,940</u>	<u>\$ 1,427,873,960</u>	<u>\$ 1,510,823,300</u>	<u>\$ 1,488,248,600</u>
<u>126,379,307</u>	<u>130,382,834</u>	<u>130,134,235</u>	<u>128,508,656</u>	<u>135,974,097</u>	<u>133,942,374</u>
-	-	-	260,000	520,000	780,000
-	-	130,000	260,000	390,000	520,000
520,000	760,000	995,000	1,220,000	1,440,000	1,650,000
-	2,530,000	4,930,000	7,210,000	9,380,000	11,445,000
1,075,000	1,105,000	1,135,000	1,160,000	1,185,000	1,210,000
536,503	595,441	651,814	705,733	757,305	806,632
2,908,001	3,105,489	3,293,949	3,473,795	3,645,420	-
81,000,000	-	-	-	-	-
<u>(7,995,307)</u>	<u>(4,297,742)</u>	<u>(4,029,969)</u>	<u>(3,865,618)</u>	<u>(3,657,960)</u>	<u>(3,732,958)</u>
<u>78,044,197</u>	<u>3,798,188</u>	<u>7,105,794</u>	<u>10,423,910</u>	<u>13,659,765</u>	<u>12,678,674</u>
<u>\$ 48,335,110</u>	<u>\$ 126,584,646</u>	<u>\$ 123,028,441</u>	<u>\$ 118,084,746</u>	<u>\$ 122,314,332</u>	<u>\$ 121,263,700</u>
<u>68.08%</u>	<u>6.21%</u>	<u>8.56%</u>	<u>11.12%</u>	<u>12.74%</u>	<u>12.25%</u>
\$ 1,404,215	\$ 1,448,698	\$ 1,445,936	\$ 1,427,874	\$ 1,510,823	\$ 1,488,249
<u>1,075,000</u>	<u>1,105,000</u>	<u>1,135,000</u>	<u>1,160,000</u>	<u>1,185,000</u>	<u>1,210,000</u>
<u>\$ 329,215</u>	<u>\$ 343,698</u>	<u>\$ 310,936</u>	<u>\$ 267,874</u>	<u>\$ 325,823</u>	<u>\$ 278,249</u>
<u>76.555%</u>	<u>76.275%</u>	<u>78.496%</u>	<u>81.240%</u>	<u>78.434%</u>	<u>81.304%</u>

STRONGSVILLE CITY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
AS OF DECEMBER 31, 2016

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
Direct Debt:			
Strongsville City School District			
General obligation bonds	\$ 81,677,778	100.00%	\$ 81,677,778
Refunding certificates of participation	3,645,000	100.00%	3,645,000
Total direct	<u>85,322,778</u>		<u>85,322,778</u>
Underlying Debt:			
City of Strongsville	45,025,408	100.00%	45,025,408
Cuyahoga County	226,090,000	5.24%	11,847,116
Regional Transit Authority	3,910,000	5.24%	204,884
Total overlapping	<u>275,025,408</u>		<u>57,077,408</u>
Total	<u>\$ 360,348,186</u>		<u>\$ 142,400,186</u>

Source: Cuyahoga County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.

- (1) Percentages were determined by dividing each overlapping political subdivision's assessed valuation within boundaries of the School District by the total assessed valuation of the subdivision.

STRONGSVILLE CITY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Calendar Year	Strongsville City Population (1)	Per Capita Income (2)	Personal Income	Student Enrollment Grades PreK-12 (3)	Cuyahoga County Unemployment Rate (4)
2017	44,750	\$ 34,668	\$ 1,551,393,000	5,486	6.8%
2016	44,750	34,668	1,551,393,000	5,460	5.3%
2015	44,750	34,668	1,551,393,000	5,635	4.0%
2014	44,750	34,668	1,551,393,000	5,916	6.0%
2013	44,750	34,668	1,551,393,000	6,208	7.2%
2012	44,750	34,668	1,551,393,000	6,531	6.6%
2011	44,750	34,668	1,551,393,000	6,762	7.1%
2010	44,750	34,668	1,551,393,000	6,915	8.6%
2009	43,858	29,722	1,303,547,476	6,953	9.2%
2008	43,858	29,722	1,303,547,476	7,159	6.8%

Source:

- (1) The City of Strongsville
- (2) Per Capita information from U.S. Census Bureau.
- (3) Ohio Department of Education Enrollment Data, (October Count).
- (4) Bureau of Labor Statistics

STRONGSVILLE CITY SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
AS OF DECEMBER 31, 2016 AND December 31, 2007

December 31, 2016		
Name of Employer	Nature of Activity	Percent of Total City Income Taxes Paid
Strongsville Board of Education	Education	2.42%
PNC Bank (formerly National City Bank)	Banking Technology Center	2.26%
Medical Mutual of Ohio	Healthcare Solutions	2.03%
Lamrite West, Inc.	Art Supplies Distributor	1.81%
The Cleveland Clinic Foundatin	Outpatient Medical Facility	1.56%
City of Strongsville	Municipal Government	1.41%
CCL Label, Inc.	Pressure Sensitive Adhesive Products	0.95%
Momentive Performance Material	Producer of Advanced Ceramics	0.93%
PPG Industries, Inc.	Pow der and Paint Products	0.76%
Clark Reliance Corporation	Precision Boiler Parts	0.74%
Total		14.87%

December 31, 2007		
Name of Employer	Nature of Activity	Percent of Total City Income Taxes Paid
Akzo Nobel Paints, LLC.	U.S. Corporate Headquarters - Paint	4.58%
Strongsville Board of Education	Education	3.38%
National City Bank (now PNC Bank)	Banking Technology Center	1.97%
City of Strongsville	Municipal Government	1.49%
Lamrite West, Inc.	Corporatea Headquarter - Art Supplies	1.40%
The Cleveland Clinic Foundatin	Outpatient Medical Facility	1.11%
Avery Dennison Corporation	Pressure Sensitive Adhesive Products	0.96%
PPG Industries, Inc.	Pow der and Paint Products	0.95%
Momentive Performance Material	Producer of Advanced Ceramics	0.94%
Eberhard Manufacturing	Vehicle and Industrial Hardw are	0.81%
Total		17.59%

Source of information - Regional Income Tax Agency based on payroll taxes withheld.

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STRONGSVILLE CITY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Administration:	26.00	30.00	31.00	32.00
Instructional:				
Regular Teaching	261.80	266.40	276.00	0.00
Special Education	50.00	50.00	50.00	0.00
Gifted Education	5.00	5.00	4.00	0.00
Title I Teachers	4.00	4.00	6.00	5.00
Others	0.50	0.50	0.50	0.00
Teachers (All)	0.00	0.00	0.00	336.00
Other Professional:				
Counseling	12.00	12.00	13.00	12.00
Nurses	1.00	1.00	1.00	1.00
Psychologist	6.64	6.64	6.64	6.64
Speech therapist	8.00	8.00	8.00	8.00
Support Staff:				
Clerical	43.00	46.40	48.00	0.00
Teacher Aides / Monitors	104.00	109.00	108.00	0.00
Maintenance/Grounds	8.00	9.00	9.00	0.00
Custodial	46.00	46.00	48.00	0.00
Transportation	76.00	74.00	76.00	77.00
Food Service	37.00	39.00	40.00	0.00
Media Specialist	3.00	3.00	3.00	3.00
Media Aides	9.00	10.00	11.00	0.00
Other	8.50	8.00	13.00	0.00
Support Staff (All)	0.00	0.00	0.00	278.36
Total	<u>709.44</u>	<u>727.94</u>	<u>752.14</u>	<u>759.00</u>

Source: School District financial records.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
30.00	30.00	30.00	30.00	30.00	30.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
349.00	350.00	377.00	398.00	421.00	430.00
12.00	14.00	14.00	14.00	15.00	15.00
1.00	1.00	1.00	1.00	1.00	1.00
6.64	5.64	5.64	6.64	6.64	6.64
8.00	8.00	8.00	9.00	9.00	9.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
78.00	91.00	82.00	86.00	95.00	65.00
0.00	0.00	0.00	0.00	0.00	0.00
3.00	3.00	5.00	6.00	7.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
273.36	271.36	299.36	328.36	329.36	327.36
<u>761.00</u>	<u>774.00</u>	<u>822.00</u>	<u>879.00</u>	<u>914.00</u>	<u>884.00</u>

STRONGSVILLE CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>PreK-12 Enrollment (1)</u>	<u>Operating Expenditures (2)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenses (3)</u>
2017	5,486	\$ 70,654,478	\$ 12,879	0.26%	\$ 82,019,186
2016	5,460	70,140,276	12,846	0.74	72,052,743
2015	5,635	71,856,538	12,752	7.39	66,138,453
2014	5,916	70,245,579	11,874	6.71	72,255,197
2013	6,208	69,077,700	11,127	3.81	68,542,541
2012	6,531	70,003,170	10,719	(4.49)	70,444,771
2011	6,762	75,892,675	11,223	(4.77)	78,110,933
2010	6,915	81,495,273	11,785	(0.33)	84,243,472
2009	6,953	82,212,073	11,824	14.18	85,166,964
2008	7,159	74,136,926	10,356	(0.68)	75,513,788

Source: Ohio Department of Education

Notes:

- (1) Ohio Department of Education Enrollment Data, (October Count).
- (2) Operating expenditures are total expenditures for all governmental funds less debt service, capital outlays, and tuition payments to other districts.
- (3) Total Program Expenses for all governmental funds less Interest and Fiscal Charges and tuition payments to other districts.

	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Economically Disadvantaged
\$	14,951	13.30%	321	17.1	20.01%
	13,196	12.43	326	16.7	19.29
	11,737	(3.91)	337	16.7	19.23
	12,214	10.62	341	17.3	18.48
	11,041	2.36	349	17.8	18.21
	10,786	(6.62)	350	18.7	16.43
	11,551	(5.19)	377	17.9	15.30
	12,183	(0.54)	398	17.4	13.47
	12,249	16.13	421	16.5	N/A
	10,548	(0.07)	430	16.6	N/A

STRONGSVILLE CITY SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary (1)	Statewide Average Salary (1)
2017	\$ 39,326	\$ 96,187	N/A	N/A (2)
2016	38,745	94,766	\$ 68,409	\$ 58,690
2015	38,361	93,827	67,520	56,748
2014	38,361	93,827	67,559	57,636
2013	38,361	93,827	63,338	57,966
2012	34,779	85,066	64,540	58,120
2011	34,779	85,066	66,558	57,904
2010	34,779	85,066	67,610	56,995
2009	34,779	85,066	65,068	55,583
2008	33,522	81,991	62,183	54,210

Source: Ohio Department of Education
Strongsville Education Association

Notes:

- 1) Data from Ohio Department of Education Cupp Report.
- 2) Not published by the Ohio Department of Education as of the time of this report.

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STRONGSVILLE CITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

School Building	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Ablion Middle School (1968) (3)</i>										
Square Feet	0	71,428	71,428	71,428	71,428	71,428	71,428	71,428	71,428	71,428
Capacity	0	850	850	850	850	850	850	850	850	850
Enrollment	0	404	432	467	510	508	522	529	527	552
<i>Allen Elementary School (1959) (1)</i>										
Square Feet	0	0	0	0	0	0	0	50,244	50,244	50,244
Capacity	0	0	0	0	0	0	0	750	750	750
Enrollment	0	0	0	0	0	0	0	535	568	608
<i>Center Middle School (1908) (3)</i>										
Square Feet	0	97,658	97,658	97,658	97,658	97,658	97,658	97,658	97,658	97,658
Capacity	0	875	875	875	875	875	875	875	875	875
Enrollment	0	463	485	509	527	536	592	608	603	622
<i>Chapman Elementary School (1971)</i>										
Square Feet	41,587	41,584	41,584	41,584	41,584	41,584	41,584	41,584	41,584	41,584
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	328	396	375	369	405	429	434	354	369	377
<i>Drake Elementary School (1974) (3)</i>										
Square Feet	0	47,383	47,383	47,383	47,383	47,383	47,383	47,383	47,383	47,383
Capacity	0	600	600	600	600	600	600	600	600	600
Enrollment (b)	0	403	441	441	430	445	428	327	331	352
<i>Kinsner Elementary School (1998)</i>										
Square Feet	61,579	61,579	61,579	61,579	61,579	61,579	61,579	61,579	61,579	61,579
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	513	569	410	443	490	554	617	413	463	495
<i>Muraski Elementary School (1956)</i>										
Square Feet	57,675	57,675	57,675	57,675	57,675	57,675	57,675	57,675	57,675	57,675
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	465	486	412	453	518	537	560	531	520	521
<i>Strongsville Early Learning Preschool (2005)</i>										
Square Feet	13,300	13,300	13,300	13,300	13,300	13,300	13,300	13,300	13,300	13,300
Capacity	125	125	125	125	125	125	125	125	125	125
Enrollment	108	118	101	106	97	75	87	91	70	29

(continued)

(Concluded)

School Building	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Strongsville Middle School (2016)										
Square Feet	192,554	0	0	0	0	0	0	0	0	0
Capacity	1,725	0	0	0	0	0	0	0	0	0
Enrollment	1,320	0	0	0	0	0	0	0	0	0
Strongsville High School (1963)										
Square Feet	292,321	292,321	292,321	292,321	292,321	292,321	292,321	292,321	292,321	292,321
Capacity	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Enrollment	2,017	2,021	2,090	2,201	2,267	2,420	2,462	2,487	2,477	2,536
Surrarer Elementary School (1965)										
Square Feet	37,749	37,749	37,749	37,749	37,749	37,749	37,749	37,749	37,749	37,749
Capacity	525	525	525	525	525	525	525	525	525	525
Enrollment	345	318	308	321	320	349	363	370	375	384
Whitney Elementary School (1962)										
Square Feet	40,965	40,965	40,965	40,965	40,965	40,965	40,965	40,965	40,965	40,965
Capacity	575	575	575	575	575	575	575	575	575	575
Enrollment	390	282	303	313	334	356	370	396	375	387
Zellers Elementary School (1966) (2)										
Square Feet	33,563	33,563	33,563	33,563	33,563	33,563	33,563	33,563	33,563	33,563
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	0	0	278	293	310	322	327	274	275	296
Administrative (4)										
Buildings	3	5	5	5	5	5	5	5	5	5
Square Feet	24,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Transportation										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	78	73	75	75	74	76	82	87	87	84
Athletics										
Football Fields	3	2	2	3	3	3	3	3	3	3
Soccer Fields	2	2	2	2	2	2	2	2	2	2
Running Tracks	3	3	3	3	3	3	3	3	3	3
Baseball/Softball	2	2	2	2	2	2	2	2	2	2
Tennis Courts	5	5	5	5	5	5	5	5	5	5
Playgrounds	5	6	7	7	7	7	7	8	8	8

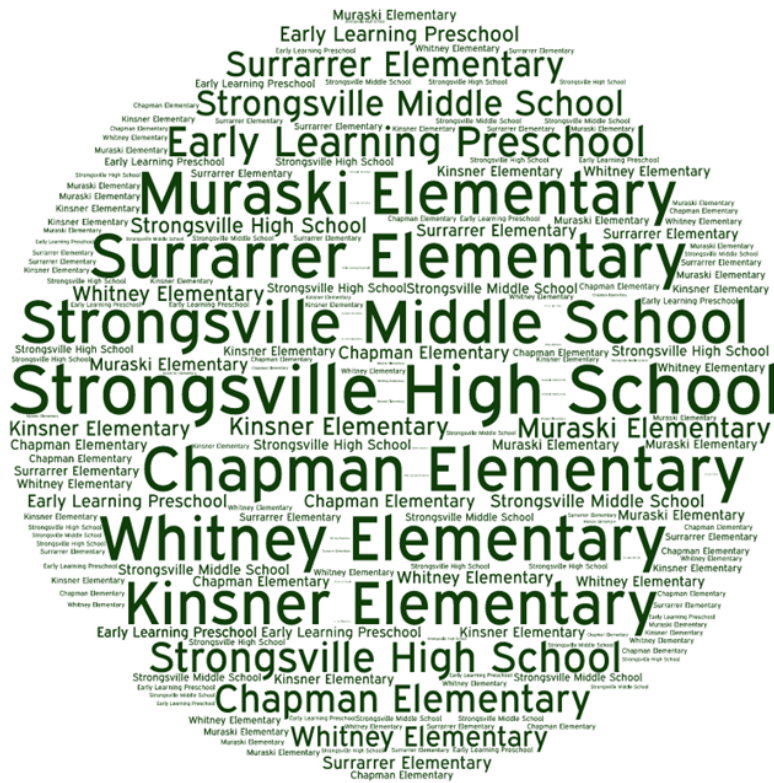
Source of information - Ohio Department of Education - Enrollment Data (October Count) and School District financial records.

Notes:

- 1) Allen Elementary was closed after the 2010 fiscal year and demolished during the 2014 fiscal year.
- 2) Zellers Elementary was closed after the 2015 fiscal year and converted to the Administrative Offices during fiscal year 2016.
- 3) Albion Middle School, Center Middle School, and Drake Elementary School were all closed after fiscal year 2016.
Albion Middle School and Center Middle School are scheduled to be demolished during fiscal year 2017. Drake Elementary school was sold at public auction in fiscal year 2017. Strongsville Middle School opened for the 2017 fiscal year.
- 4) Two Administrative buildings were demolished during fiscal year 2017.

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Strongsville City Schools — 18199 Cook Avenue — Strongsville, OH 44136

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