



Dave Yost • Auditor of State

**STRONGSVILLE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2018**

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**STRONGSVILLE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Award Year	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through the Ohio Department of Education:</i>				
Special Education Cluster				
Special Education - Grants to States	84.027	2017	101,203	76,162
		2018	1,026,781	1,011,614
Total Special Education - Grants to States			<u>1,127,984</u>	<u>1,087,776</u>
Special Education - Preschool Grants	84.173	2018	24,171	24,171
Total Special Education Cluster			<u>1,152,155</u>	<u>1,111,947</u>
Title I Grants to Local Educational Agencies	84.010	2017	68,963	53,187
		2018	425,019	422,495
Total Title I Grants to Local Educational Agencies			<u>493,982</u>	<u>475,682</u>
English Language Acquisition State Grants	84.365	2017	8	-
		2018	31,529	32,058
Total English Language Acquisition State Grants			<u>31,537</u>	<u>32,058</u>
Supporting Effective Instruction State Grant	84.367	2017	(15,737)	7,076
		2018	140,384	148,869
Total Supporting Effective Instruction State Grant			<u>124,647</u>	<u>155,945</u>
Title IV-A Student Support and Academic Enrichment	84.424	2018	1,233	-
Total U.S. Department of Education			<u>1,803,554</u>	<u>1,775,632</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through the Ohio Department of Education:</i>				
<u>Child Nutrition Cluster:</u>				
National School Lunch Program	10.555		480,293	480,293
Non-Cash Assistance			125,426	125,426
School Breakfast Program	10.553		73,230	73,230
Total Child Nutrition Cluster			<u>678,949</u>	<u>678,949</u>
Total U.S. Department of Agriculture			<u>678,949</u>	<u>678,949</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<i>Direct</i>				
Airforce R.O.T.C. Program	12.000		58,651	58,651
Totals			<u>\$ 2,541,154</u>	<u>\$ 2,513,232</u>

The accompanying notes are an integral part of this schedule.

**STRONGSVILLE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) includes the federal award activity of Strongsville City School District, Cuyahoga County, Ohio, (the District) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receipts and expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Strongsville City School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2018, wherein we noted the District adopted Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Strongsville City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Strongsville City School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Strongsville City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Federal Awards Receipts and Expenditures Schedule Required by the Uniform Guidance

We have also audited the 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 21, 2018. Our opinion also explained that the District adopted *Governmental Accounting Standard No. 75* during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying federal awards receipts and expenditures schedule presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018

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**STRONGSVILLE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR §200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: CFDA #84.027- Special Education Grants to the States CFDA #84.173- Special Education Preschool Grants
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

**STRONGSVILLE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018
(CONTINUED)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

1. Finding for Recovery - Repaid Under Audit - Public Property has been Converted or Misappropriated

<i>Finding Number</i>	2018-001
-----------------------	----------

NONCOMPLIANCE

For the period of July 1, 2012 through June 30, 2017, Robert Schwerman served as maintenance foreman for the Strongsville City School District. In this capacity, Schwerman had the ability to order items needed by the District from various vendors and controlled those items once they were received.

On May 10, 2018 a search warrant was executed at Schwerman's residence. Seventy-eight District items for which the District paid the amount of \$67,748 were identified to have been converted by Schwerman for personal use.

Due to the size and/or the fact that many of the items were affixed to the property, 27 District items were left at Schwerman's residence. The amount the District paid for these items was \$11,623.

Forty-one items for which the District paid \$48,607 were confiscated from the residence then sold at public auction. The District received auction proceeds in the amount of \$16,918. The finding for recovery amount for these items totaled \$31,689, the difference between the original purchase price and the auction proceeds.

Ten District items were confiscated from the residence, returned to the District and retained for District use. A value was calculated for the time period Schwerman had personal use of the items. The straight line depreciation method was used for that valuation. The finding for recovery amount for the time period Schwerman had personal use of these items was \$1,333.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property converted or misappropriated is hereby issued in the amount of \$44,645 against Robert Schwerman, in favor of the Strongsville City School District.

On September 11, 2018, Robert Schwerman pled guilty in front of the Cuyahoga County Common Pleas Court to theft in office and tampering with records charges. On October 16, 2018, Schwerman was sentenced to serve nine month in prison and ordered to make restitution to the District.

The Strongsville City School District received check number 355835 in the amount of \$44,709.21 from the Cuyahoga County Probation Department. The restitution and finding for recovery amounts differ due to the inclusion of a DeWalt saw in the restitution order calculations. Therefore, the finding for recovery for public property that has been converted or misappropriated is considered repaid under audit.

**STRONGSVILLE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018
(CONTINUED)**

Official's Response:

In June 2017, an anonymous tip was shared with Superintendent Cameron Ryba regarding alleged fraudulent activities by this employee. Superintendent Ryba immediately directed an internal audit to commence. In addition, he reported this allegation to the District's lead auditor from the Ohio Auditor's Office. This information, coupled with a separate reports through the Ohio Auditor's Office fraud hotline, spurred the investigation and the findings today.

Through a combination of District internal controls and the utilization of the established fraud hotline, the activity in question was identified and appropriate action was taken.

Since the time Mr. Schwerman was indicated, the District has comprehensively reviewed and strengthened its controls, requiring further redundancies in approval processes and additional verifications of orders and payments. Furthermore, a physical inventory of District assets has been completed, as well as the implementation of updated inventory tracking protocols. In addition to the state fraud reporting system, the District has created an internal fraud hotline for employee and community reporting, located on the District's website. Through these efforts, we have strengthened District controls to further reduce potential risks moving forward.

The District would like to thank the efforts made by the Ohio Auditor's Office to recover all the funds related to the theft and bring to Mr. Schwerman to justice to be held accountable for his actions.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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Strongsville City Schools

ADMINISTRATIVE OFFICES

Cameron M. Ryba, Superintendent
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George K. Anagnostou, Treasurer
ganagnostou@scsmustangs.org



18199 Cook Avenue ♦ Strongsville, Ohio 44136

Phone 440.572.7000 ♦ Fax 440.238.7242

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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	<p>Since, the time Mr. Schwerman was indicated, the District has comprehensively reviewed and strengthened its controls, requiring further redundancies in approval processes and additional verifications of orders and payments.</p> <p>Furthermore, a physical inventory of District assets has been completed, as well as the implementation of updated inventory tracking protocols. In addition to the state fraud reporting system, the District has created an internal fraud hotline for employee and community reporting, located on the District's website. Through these efforts, we have strengthened District controls to further reduce potential risks moving forward.</p>	6/30/2019	George K. Anagnostou

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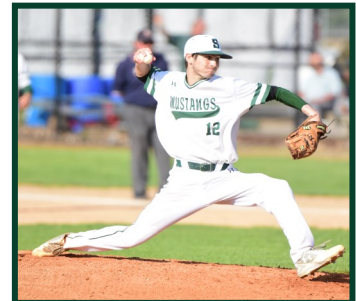
COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2018



STRONGSVILLE
CITY SCHOOLS



EXCELLENCE IN ACADEMICS, ARTS, & ATHLETICS



STRONGSVILLE CITY SCHOOLS – 18199 COOK AVENUE – STRONGSVILLE, OH 44136
440.572.7000 – WWW.STRONGNET.ORG

STRONG SCHOOLS. STRONG COMMUNITY. STRONGSVILLE.

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Comprehensive Annual Financial Report

Of the
Strongsville City School District

For the
**FISCAL YEAR ENDED
JUNE 30, 2018**

Prepared by

Treasurer's Office

George K. Anagnostou
Treasurer/CFO

Carol A. Lake
Assistant Treasurer

18199 Cook Avenue * Strongsville, Ohio 44136

STRONGSVILLE BOARD OF EDUCATION



MR. CARL W. NASO
PRESIDENT



COLONEL DUKE EVANS
VICE PRESIDENT



MR. GEORGE A. GROZAN



MRS. JANE L. LUDWIG



MR. RICHARD O. MICKO



DR. CAMERON M. RYBA
SUPERINTENDENT



MR. GEORGE K. ANAGNOSTOU
TREASURER / CFO

INTRODUCTORY SECTION



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STRONGSVILLE

CITY SCHOOLS

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**STRONGSVILLE CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018**

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FOR THE YEAR ENDED JUNE 30, 2018**

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**STRONGSVILLE CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018**

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INTRODUCTORY SECTION



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STRONGSVILLE

CITY SCHOOLS

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Strongsville City Schools

ADMINISTRATIVE OFFICES

Cameron M. Ryba, Superintendent
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George K. Anagnostou, Treasurer
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18199 Cook Avenue ♦ Strongsville, Ohio 44136

Phone 440.572.7000 ♦ Fax 440.238.7242

www.strongnet.org

December 21, 2018

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, 2018. 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, 2018. 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 distinct unit of government with its own taxing authority.

In fiscal year 2018, the School District enrolled 5,478 students (compared to 5,486 the previous year) in one preschool, five elementary schools, one middle school, and one senior high school. During fiscal year 2018, 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 2018-2019 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 2018-19 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) Expand adult learning to meet the needs of our students.
- 3) Oversee the implementation of our district vision for academic success.

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.

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

Community Engagement

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

- 7) Oversee the implementation of our district vision for engaging communication practices.
- 8) Expand and enrich the active partnerships between the district and the residents, businesses, community, alumni, and civic/youth organizations.

Employee Relations

As of June 30, 2018 the School District had 715 full and part-time budgeted positions (compared to 710 the previous year). In the fiscal year ended June 30, 2018, the School District paid \$42.6 million in salaries and wages and \$16.9 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. In November 2018, the School District and the OAPSE announced the ratification of a three-year collective bargaining agreement. The agreement will be in effect from July 1, 2018 through June 30, 2021. This contract provided a 1.5% wage increase in each year of the contract and a 1.0% retrospective wage increase for fiscal year 2018. OAPSE full time members are responsible for 10% of the monthly medical premium capped at \$100 for individual and \$185 for family coverage with a biometric test or 15% of the premium without a biometric test. 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 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 96 percent of the School District's fiscal year 2018 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 fair 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 92.9%, down from 97.0%. The primary reason for the decrease is due to two large commercial properties becoming tax exempt during fiscal year 2018. The forecast through fiscal year 2023 assumes a current collection rate of 98.0% for Class I property and 93.25% for Class II property. 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 3.05% 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 (9/2017)
- 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, Sparton Medical Devices, CCL Label, and Eberhard Manufacturing

The Dow Circle Research & Development Park

- 258 acres: 95% developed
- 910,112 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 1.46% vacancy rate
- Home to over 40 companies that employ over 2,000 employees
- Major employers in the park: Corporate Headquarters of Atlantic Tool & Die, PPG Industries, and Insight/Chemical Services

Park 82

- 86 acres: 100% developed
- 1,349,280 SF of built-out with a 2.95% 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 7,384,746 SF of industrial/high tech build-out with an occupancy rate at 95%, as of December 31, 2017.

Job growth within the business parks continued to be robust in 2017. A highlight of several projects within the business parks include:

Protech

- *Company Description:* Manufacturer of powder coatings
- *Business Park:* Strongsville Business & Technology Park
- Purchased 100,000 SF industrial facility and completed build-out manufacturing space
- Relocated 50 new jobs to Strongsville

Scholastic Book

- *Company Description:* Distribution Center for education materials
- *Business Park:* Strongsville Business & Technology Park
- Leased 50,000 SF of new distribution space
- Retained over 50 jobs within Strongsville

Applied Industrial Technologies

- *Company Description:* Sales Office & Distribution Center for fasteners and specialty chemicals
- *Business Park:* Strongsville Business & Technology Park
- Purchased 116,000 SF within the new Mills Business Park facility
- Relocated over 100 new employees to the City of Strongsville

National Automotive Experts

- *Company Description:* Product Administrator & Training Company
- *Business Park:* Dow Circle Research & Development Park
- Continued buildout/expansion of office operation in the City of Strongsville
- Committed to the creation of 30 new jobs and retention of 146 existing jobs

TestOil

- *Company Description:* Laboratory for industrial oil analysis
- *Business Park:* Progress Drive Business Park
- Began 5,500 SF expansion of high-tech lab space
- Recognized by Crain's Cleveland Business & Weatherhead School of Management as the 85 fastest growing company in Northeast Ohio

OBC Industrial

- *Company Description:* Distributer of recycling equipment and various other services
- *Business Park:* Progress Drive Business Park
- Purchased 60,000 SF manufacturing/office facility
- Relocated corporate offices to Strongsville with future plans to consolidate all OBC operations into the Strongsville facility

Newko Polymers

- *Company Description:* Distribution Center for resins
- *Business Park:* Progress Drive Business Park
- Purchased 67,600 SF warehouse facility for new distribution center
- Significant new investment to upgrade the facilities office space, dock area, exterior appearance/landscaping, and building envelop

Acromet Metal Fabricators

- *Company Description:* Sheet Metal Fabricators
- *Business Park:* Strongsville Business & Technology Park
- Purchased 58,164 SF manufacturing facility
- Relocating 20+ employees to Strongsville with plans for future growth

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.

The City has also created a Community Improvement Corporation, to facilitate future economic development. This non-profit corporation is registered with the State of Ohio and it is separate from the City, with its own code of regulations and directors. This corporation can be used to facilitate private entity borrowing or to hold properties, as approved by the City, for used in enhancing business opportunities.

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 for fiscal year 2018-2019:

- ***Academic Achievement and Growth***
 - Align secondary course offerings between middle and high school with a focus on pathways in ELA/Mathematics (block classes), STEM, and College/Career skills (SMS 1.0/2.0, Academic Labs, S/E Wellness)
 - Administer and enhance PreK-12 common assessments
 - Improve writing instruction by implement explicit writing instruction in grades 6-12
 - Utilize instructional coaches to support and improve literacy instruction and assessment performance
 - Train teachers and administrators on Unified Classroom and integrate learning management system and assessment module into practice
 - Develop Culture Playbook and implement Focus 3/R Factor training for district staff
 - Implement Makerspace as an integrated component of student learning
 - Complete the STEM/STEAM model self-evaluation and implement action steps necessary to qualify for the STEM/STEAM designation
 - Conduct a student equity audit
 - Audit K-12 grading and homework practices

- **Finance Prudence**
 - Research the feasibility of purchasing GPS and video for inclusion on all school buses
 - Complete a cost/benefit of district-wide recycling program, beyond paper recycling
 - Enhance internal financial controls
 - Complete a comprehensive physical inventory and update inventory procedures
 - Develop and execute a capital improvement project list to be completed with remaining bond dollars
 - Implement the district safety plan in collaboration with the Strongsville Police Department

- **Community Engagement**
 - Develop promotional and/or marketing video highlighting key components of our organization
 - Utilize the Business Advisory Council (BAC) to enhance career pathways for students
 - Utilize Curriculum Advisory Committee and Literacy Coaches to engage parents in curricular nights
 - Explore the feasibility of expanding our online apparel outlet to include a campus store
 - Educate and support parents and students in college/career preparations
 - Create a “Parent Ambassador” group
 - Research a breakfast/lunch program during the summer months for students on the free/reduced lunch program

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 77% of the District’s 2018 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: 22.6; Ohio: 20.3; National: 20.3.

- The High School offers 25 Advance Placement (AP) Courses and 18 Honors Courses. In 2018, 70 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 2017-2018 academic year, more than 280 District high school students earned a combined 2,300 hours of college credit through this program.

- The High School’s Class of 2018 earned over \$2 million in local and national college scholarships to further their education.

- In 2017-2018, eight Strongsville High School seniors were named National Merit Finalists, the most Strongsville High School has ever had in one year. They were among the 15,000 student nationwide selected as finalist, from an original pool of 1.6 million students.
- 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).
- Four full-time English Language Learner (ELL) teachers support 226 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 2017-2018 academic year the School District had approximately 51 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 2018-2019 school year, as all incoming ninth grade students received their own Google Chromebooks.
- 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 2017-2018 *US News & World Report* High School Rankings Silver Award Winner. The School District is one of 111 schools in the State earning silver status. *US News & World Report* ranked the School District 95th of all public high schools in the State and in the top 2,200 public high schools in the country.
- 2018 marks the fifth 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 13 districts in Northeast Ohio to be recognized and one of 583 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 2019 is \$575,715 which is a \$21,945 increase from fiscal year 2018. The per pupil amount for fiscal year 2019 is \$105 which is the same compared to fiscal year 2018. 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 2019 for the FY 2020 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, 2017.

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 2018 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 2018.

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, 2017.

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,



George K. Anagnostou
Treasurer/CFO



Dr. Cameron M. Ryba Ed.E
Superintendent of Schools

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

<u>Name</u>	<u>Began Service as a Board Member</u>	<u>Present Term Expires December 31</u>
Mr. Carl W. Naso, Board President	2011	2019
Colonel Duke Evans, Vice President	2014	2021
Mr. George A. Grozan	2014	2021
Mrs. Jane L. Ludwig	2014	2019
Mr. Richard O. Micko	2012	2019

Strongsville City School District

Senior Appointed Officials

Appointed Positions by the Board of Education:

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

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

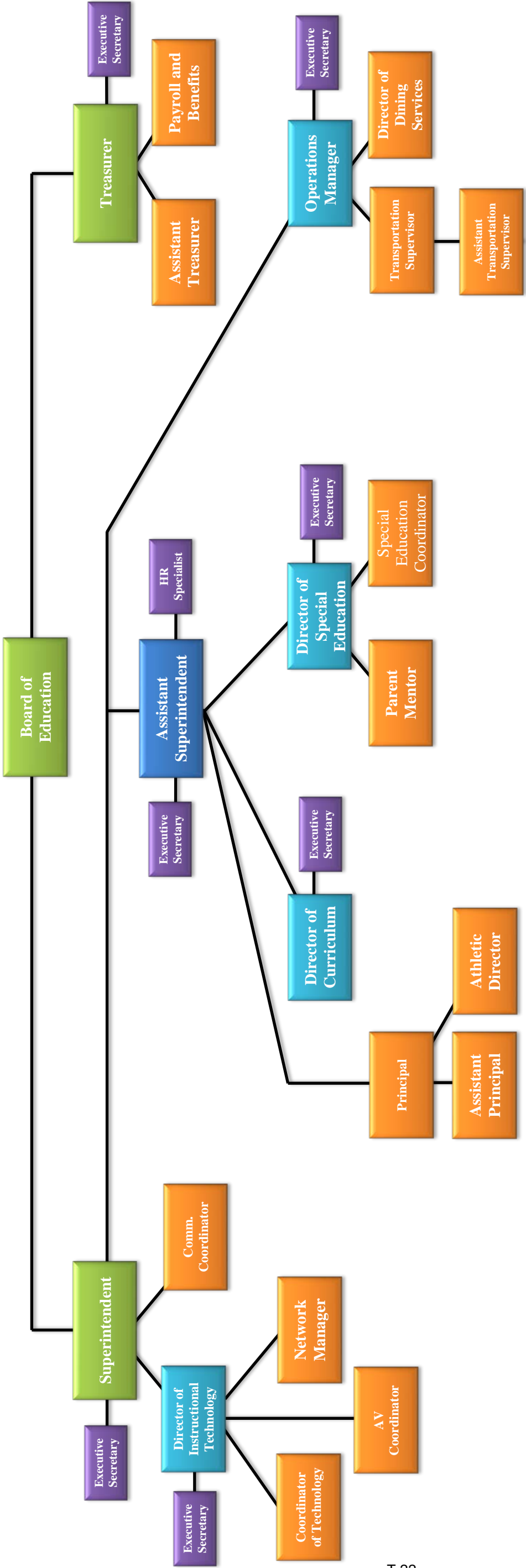
Mrs. Jennifer Pelko	Assistant Superintendent
Mrs. Erin Green	Director of Curriculum and Instruction
Mr. Andy Trujillo	Director of Special Education
Ms. Vicki A. Turner	Director of Instructional Technology
Mr. Stephen Breckner	Operations Manager

Building Principals Appointed by the Superintendent:

Ms. Amy Moore (a)	Chapman Elementary
Mr. Adam Marino	Kinsner Elementary
Mrs. Justina Peters	Muraski Elementary
Dr. 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, 2018.

Strongsville City Schools Organizational Chart
Board of Education/Administration
 2017-18





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, 2017

Christopher P. Morrill

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, 2017.**

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



Charles E. Peterson, Jr.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso

John D. Musso, CAE
Executive Director

FINANCIAL SECTION



STRONGSVILLE

CITY SCHOOLS

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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

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 and other post-employment benefit liabilities and pension and other post-employment benefit 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 will also issue our report dated December 21, 2018, 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 that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018

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STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(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, 2018. 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 2018 are as follows:

- In total, net position increased by \$ 41,230,216.
- Revenues for governmental activities totaled \$ 83,536,271 in 2018. Of this total, 91.7 percent consisted of general revenues while program revenues accounted for the balance of 8.3 percent.
- Program expenses totaled \$ 42,306,055. Instructional expenses made up 33.8 percent of this total while support services accounted for 50.9 percent. Other expenses rounded out the remaining 15.3 percent.
- Outstanding long-term obligations, excluding net pension liability and net OPEB liability, had a net decrease of \$ 3,051,201.

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 2018?" 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 Fiscal Year Ended June 30, 2018

(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

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 2018 compared to 2017.

Table I
Net Position - Governmental Activities

	<u>2018</u>	<u>Restated 2017</u>
Assets		
Current and other assets	\$ 102,642,984	\$ 96,076,105
Total capital assets, net	<u>104,768,398</u>	<u>107,296,865</u>
Total assets	<u>207,411,382</u>	<u>203,372,970</u>
Deferred outflows of resources		
Deferred charge on refunding	921,709	77,428
Pension and OPEB	<u>25,092,772</u>	<u>21,771,363</u>
Total deferred outflows of resources	<u>26,014,481</u>	<u>21,848,791</u>
Liabilities		
Current liabilities	8,298,204	7,936,389
Long term liabilities		
Due within one year	2,301,687	2,677,625
Due in more than one year		
Net pension and OPEB liabilities	104,311,524	144,965,360
Other amounts	<u>85,616,500</u>	<u>88,291,763</u>
Total liabilities	<u>200,527,915</u>	<u>243,871,137</u>
Deferred inflows of resources		
Property taxes levied for next year	49,115,673	46,352,504
Deferred revenue	-	-
Pension and OPEB	<u>10,757,399</u>	<u>3,203,460</u>
Total deferred inflows of resources	<u>59,873,072</u>	<u>49,555,964</u>
Net position		
Net investment in capital assets	24,604,148	23,948,395
Restricted	8,011,007	7,156,796
Unrestricted	<u>(59,590,279)</u>	<u>(99,310,531)</u>
Total net position	<u>\$ (26,975,124)</u>	<u>\$ (68,205,340)</u>

STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(Unaudited)

Details of Table I
Net Position - Governmental Activities

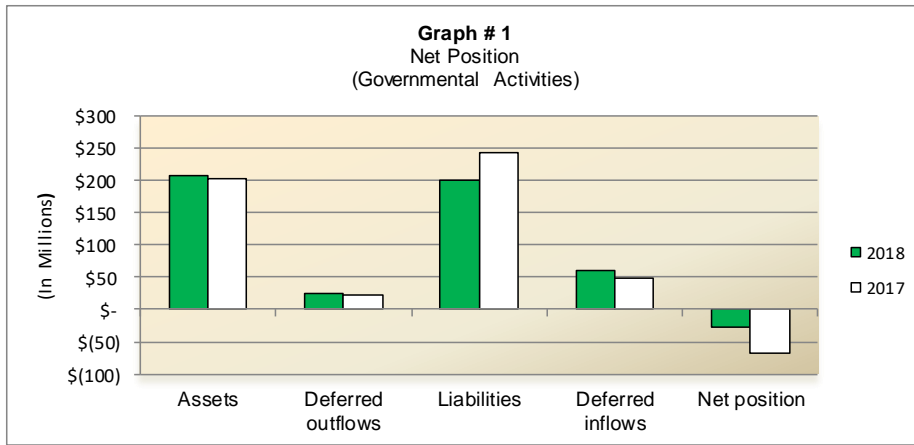
	2018	Restated 2017	Change
Assets			
Equity in pooled cash	\$ 44,507,113	\$ 38,531,495	\$ 5,975,618
Accounts receivable	28,907	26,468	2,439
Due from other governments	248,001	191,824	56,177
Taxes receivable	57,858,963	57,326,318	532,645
Capital assets			
Nondepreciable capital assets	2,670,904	2,670,904	-
Depreciable capital assets	102,097,494	104,625,961	(2,528,467)
Total assets	<u>207,411,382</u>	<u>203,372,970</u>	<u>4,038,412</u>
Deferred outflows of resources			
Deferred charge on refunding	921,709	77,428	844,281
Pension	24,250,266	21,587,379	2,662,887
OPEB	842,506	183,984	658,522
Total deferred outflows of resources	<u>26,014,481</u>	<u>21,848,791</u>	<u>4,165,690</u>
Liabilities			
Accounts and contracts payable	933,239	541,366	391,873
Accrued salaries, wages and benefits	5,210,473	5,186,635	23,838
Claims payable	938,100	1,032,000	(93,900)
Accrued interest payable	248,000	264,600	(16,600)
Intergovernmental payable	968,392	911,788	56,604
Long-term liabilities			
Due within one year	2,301,687	2,677,625	(375,938)
Due in more than one year			
Net pension liability	84,420,960	119,457,133	(35,036,173)
Net OPEB liability	19,890,564	25,508,227	(5,617,663)
Other amounts due in more than one year	85,616,500	88,291,763	(2,675,263)
Total liabilities	<u>200,527,915</u>	<u>243,871,137</u>	<u>(43,343,222)</u>
Deferred inflows of resources			
Property taxes levied for next year	49,115,673	46,352,504	2,763,169
Pension	7,620,321	3,203,460	4,416,861
OPEB	3,137,078	-	3,137,078
Total deferred inflows of resources	<u>59,873,072</u>	<u>49,555,964</u>	<u>10,317,108</u>
Net position			
Net investment in capital assets	24,604,148	23,948,395	655,753
Restricted	8,011,007	7,156,796	854,211
Unrestricted	(59,590,279)	(99,310,531)	39,720,252
Total net position	<u>\$ (26,975,124)</u>	<u>\$ (68,205,340)</u>	<u>\$ 41,230,216</u>

STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(Unaudited)

Net Position
(in Millions)

	2018	2017
Assets	\$ 207.4	\$ 203.4
Deferred outflows	26.0	21.8
Liabilities	200.5	243.9
Deferred inflows	59.9	49.5
Net position	\$ (27.0)	\$ (68.2)



The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans 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 Fiscal Year Ended June 30, 2018

(Unaudited)

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation along with a correction of an error in the prior year's deferred inflows related to pension had the effect of restating net position at June 30, 2017, from (\$ 43,952,610) to (\$ 68,205,340).

Total assets increased by \$ 4,038,412. This increase is due to increases in equity in pooled cash and taxes receivable of \$ 5,975,618 and \$ 532,645, which increases were offset with a decrease of \$ 2,528,467 in depreciable capital assets.

Total liabilities decreased by \$ 43,343,222. This decrease is primarily due to decreases in net pension liability and net OPEB liability of \$ 35,036,173 and \$ 5,617,663, respectively.

STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(Unaudited)

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$ 76,621,941 or 91.7 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 \$ 6,914,330, or only 8.3 percent of total revenue.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position - Governmental Activities

	2018	2017	Change
Revenues			
Program revenues			
Charges for services and sales	\$ 3,691,870	\$ 3,252,016	\$ 439,854
Operating grants, interest and contributions	3,067,667	3,145,712	(78,045)
Capital grants, interest and contributions	154,793	175,333	(20,540)
Total program revenues	<u>6,914,330</u>	<u>6,573,061</u>	<u>341,269</u>
General revenues			
Property taxes	54,789,060	47,921,153	6,867,907
Grants and entitlements not restricted to specific purposes	18,326,328	19,664,762	(1,338,434)
Payments in lieu of taxes	2,736,464	2,107,444	629,020
Investment earnings	523,123	187,434	335,689
Miscellaneous	246,966	450,586	(203,620)
Total general revenues	<u>76,621,941</u>	<u>70,331,379</u>	<u>6,290,562</u>
Total revenues	<u>83,536,271</u>	<u>76,904,440</u>	<u>6,631,831</u>
Program expenses			
Instruction			
Regular	7,439,886	42,917,197	(35,477,311)
Special	6,455,427	11,000,176	(4,544,749)
Vocational and other instruction	404,310	802,954	(398,644)
Supporting services			
Pupil	2,490,521	5,133,057	(2,642,536)
Instructional staff	2,065,626	3,188,660	(1,123,034)
Board of education and administration	2,189,815	4,431,519	(2,241,704)
Fiscal services and business	2,257,776	2,459,601	(201,825)
Operation and maintenance	6,414,542	6,486,061	(71,519)
Pupil transportation	4,581,154	2,902,341	1,678,813
Central services	1,553,092	2,178,915	(625,823)
Operation of non-instructional services	2,399,738	2,257,748	141,990
Extracurricular activities	1,172,035	863,619	308,416
Interest and fiscal charges	2,882,133	3,101,502	(219,369)
Total program expenses	<u>42,306,055</u>	<u>87,723,350</u>	<u>(45,417,295)</u>
Increase in net position	41,230,216	(10,818,910)	52,049,126
Net position at beginning of year, restated	(68,205,340)	N/A	-
Net position at end of year	<u>\$ (26,975,124)</u>	<u>\$ (68,205,340)</u>	<u>\$ 41,230,216</u>

STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(Unaudited)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$ 183,984 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$ 2,899,614. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASSB 75	\$ 42,306,055
Negative OPEB expense under GASB 75	2,899,614
2018 contractually required contributions	<u>239,495</u>
Adjusted 2018 program expenses	45,445,164
Total 2017 program expenses under GASB 45	<u>87,723,350</u>
Decrease in program expenses not related to OPEB	<u><u>\$(42,278,186)</u></u>

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 71.5 percent and 68.1 percent and grants made up 23.9 percent and 28.0 percent of general revenues for governmental activities for the School District in fiscal years 2018 and 2017, respectively.

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.

STRONGSVILLE CITY SCHOOL DISTRICT

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

(Unaudited)

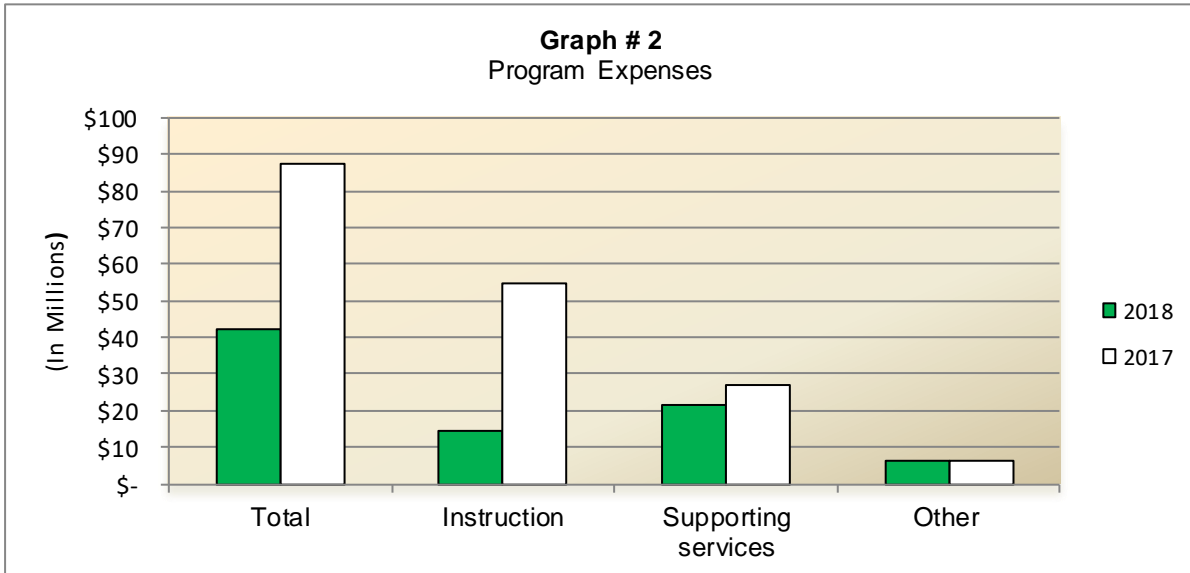
The primary source of grant revenue is State general operating aid known as the "Foundation Program Aid". Established by Ohio law and funded by the biennial appropriations, the Foundation Program is a statutory program through which the State currently makes direct payments to school districts based 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 8.3 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.

Program Expenses
(in millions)

	2018	2017
Instruction	\$ 14.3	\$ 54.7
Supporting services	21.5	26.8
Other	6.5	6.2
Total	<u>\$ 42.3</u>	<u>\$ 87.7</u>



STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(Unaudited)

The Statement of Activities shows the total net cost of program services. Table 3 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.

Total expenses decreased by \$ 45,417,295 due the effects of GASB 68 and GASB 75. The impact of these two GASBs was a net negative expense of \$ 30,270,435 which greatly distorts a comparative analysis between 2018 and 2017 expenses.

In addition to the effects of GASB 68 and GASB 75, the decrease in regular instruction reflects expenses in the prior year 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 in the prior year to close and consolidate two school buildings into the new middle school.

Table 3
 Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018
Governmental activities:		
Instruction		
Regular	\$ 7,439,886	\$ (5,783,212)
Special	6,455,427	(5,892,951)
Vocational	354,282	(354,282)
Other instruction	50,028	(39,836)
Supporting services		
Pupil	2,490,521	(1,795,788)
Instructional staff	2,065,626	(1,725,863)
Board of education	25,919	(25,919)
Administration	2,163,896	(1,893,262)
Fiscal services	1,728,697	(1,728,697)
Business	529,079	(529,079)
Operation and maintenance	6,414,542	(6,259,749)
Pupil transportation	4,581,154	(4,581,154)
Central services	1,553,092	(1,542,812)
Operation of non-instructional services		
Food service operation	1,821,356	31,340
Community services	568,670	16,955
Other non-instructional services	9,712	(9,712)
Extracurricular activities	1,172,035	(395,571)
Interest and fiscal charges	2,882,133	(2,882,133)
Total	<u>\$ 42,306,055</u>	<u>\$ (35,391,725)</u>

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 Fiscal Year Ended June 30, 2018

(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 \$ 83,888,625 and expenditures of \$ 79,106,838, 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 increase in the fund balances of the General Fund is mainly due to an increase in property tax revenue of \$ 6,846,360 which was offset with a decrease in intergovernmental revenue of \$ 1,552,994.

	General Fund		
	2018	2017	Change
Revenue			
Taxes	\$ 50,331,082	\$ 43,484,722	\$ 6,846,360
Payment in lieu of taxes	2,736,464	2,107,444	629,020
Tuition and fees	1,465,895	1,161,073	304,822
Interest	419,291	143,490	275,801
Intergovernmental	17,801,305	19,354,299	(1,552,994)
Extracurricular	386,439	402,074	(15,635)
Other	191,863	236,406	(44,543)
Total revenues	<u>73,332,339</u>	<u>66,889,508</u>	<u>6,442,831</u>
Expenditures			
Current			
Instruction	39,802,202	38,416,076	1,386,126
Supporting services	26,727,405	27,689,910	(962,505)
Operation of non-instructional services	47,174	296,713	(249,539)
Extracurricular activities	1,229,848	1,131,153	98,695
Debt service			
Principal	557,221	343,554	213,667
Interest	143,112	163,274	(20,162)
Total expenditures	<u>68,506,962</u>	<u>68,040,680</u>	<u>466,282</u>
Excess (deficiency) of revenues over expenditures	<u>4,825,377</u>	<u>(1,151,172)</u>	<u>5,976,549</u>
Other financing sources (uses)			
Transfers in	-	390	(390)
Transfers out	-	(259,500)	259,500
Proceeds from sale of capital assets	65,156	44,671	20,485
Total other financing sources (uses)	<u>65,156</u>	<u>(214,439)</u>	<u>279,595</u>
Net change in fund balances	4,890,533	(1,365,611)	6,256,144
Fund balances, beginning of year	<u>26,925,900</u>	<u>28,291,511</u>	<u>(1,365,611)</u>
Fund balances, end of year	<u>\$ 31,816,433</u>	<u>\$ 26,925,900</u>	<u>\$ 4,890,533</u>

STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(Unaudited)

	Bond Retirement Fund		
	2018	2017	Change
Revenue			
Taxes	\$ 3,819,927	\$ 3,278,702	\$ 541,225
Interest	60,337	30,096	30,241
Intergovernmental	490,943	488,200	2,743
Total revenues	<u>4,371,207</u>	<u>3,796,998</u>	<u>574,209</u>
Expenditures			
Current			
Supporting services	56,487	56,604	(117)
Debt service			
Principal	1,425,000	1,375,000	50,000
Interest	2,750,144	2,933,963	(183,819)
Total expenditures	<u>4,231,631</u>	<u>4,365,567</u>	<u>(133,936)</u>
Excess (deficiency) of revenues over expenditures	<u>139,576</u>	<u>(568,569)</u>	<u>708,145</u>
Other financing sources (uses)			
Proceeds from debt refunding	8,830,000	-	8,830,000
Premium on debt issue	951,729	-	951,729
Payment to escrow agent	(11,258,992)	-	(11,258,992)
Total other financing sources (uses)	<u>(1,477,263)</u>	<u>-</u>	<u>(1,477,263)</u>
Net change in fund balances	<u>(1,337,687)</u>	<u>(568,569)</u>	<u>(769,118)</u>
Fund balances, beginning of year	5,896,388	6,464,957	(568,569)
Fund balances, end of year	<u>\$ 4,558,701</u>	<u>\$ 5,896,388</u>	<u>\$ (1,337,687)</u>

	Building Fund		
	2018	2017	Change
Revenue			
Interest	\$ 31,803	\$ 9,448	\$ 22,355
Other	154,793	175,333	(20,540)
Total revenues	<u>186,596</u>	<u>184,781</u>	<u>1,815</u>
Expenditures			
Capital outlay	515,036	13,423,254	(12,908,218)
Total expenditures	<u>515,036</u>	<u>13,423,254</u>	<u>(12,908,218)</u>
Excess (deficiency) of revenues over expenditures	<u>(328,440)</u>	<u>(13,238,473)</u>	<u>12,910,033</u>
Other financing sources (uses)			
Transfers in	-	59,500	(59,500)
Total other financing sources (uses)	<u>-</u>	<u>59,500</u>	<u>(59,500)</u>
Net change in fund balances	<u>(328,440)</u>	<u>(13,178,973)</u>	<u>12,850,533</u>
Fund balances, beginning of year	2,275,782	15,454,755	(13,178,973)
Fund balances, end of year	<u>\$ 1,947,342</u>	<u>\$ 2,275,782</u>	<u>\$ (328,440)</u>

STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(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 \$ 70,609,114 and \$ 74,650,647, respectively. Actual revenues and other sources were \$ 74,649,950 which was \$ 697 lower 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 \$ 2,329,621 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.

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 \$ 73,634,283 and \$ 69,564,077 respectively. Actual budget basis expenditures and other uses were \$ 69,564,077 which was equal to the final budgeted appropriations.

The General Fund unencumbered ending cash balance totaled \$ 29,314,332.

Capital Assets and Debt Administration

Capital Assets

At the end of Fiscal Year 2018, the School District had \$ 104,768,398 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 values compared to 2017.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	June 30, 2018	June 30, 2017
Land	\$ 2,670,904	\$ 2,670,904
Buildings and improvements	95,312,504	97,722,962
Furniture and equipment	4,534,399	4,755,338
Vehicles	2,250,591	2,147,662
Total net capital assets	\$ 104,768,398	\$ 107,296,866

STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(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, 2018, the School District had \$ 192,229,711 of long-term obligations outstanding.

Table 5
Outstanding Debt Year-End

	June 30, 2018	Restated June 30, 2017
Bonds payable	\$ 74,949,274	\$ 78,471,495
Certificates of participation	3,490,000	3,645,000
Unamortized bond premium	4,002,897	3,206,283
Net pension liability	84,420,960	119,457,133
Net OPEB liability	19,890,564	25,508,227
Compensated absences	5,476,016	5,646,610
	\$ 192,229,711	\$ 235,934,748

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 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. For the 2018 state report card, the District earned 6 As, 2 Bs, and 3 Cs. Based on report card data, the district has designed an instructional innovation plan and 8 individual building plans to address deficiencies and to 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 25.0 percent or \$ 5,354,000 of its state funding (foundation and reimbursements) since fiscal year 2009 and 7.6 percent or \$ 5,673,000 of its total General Fund revenues since fiscal year ended June 30, 2009 compared to fiscal year 2019 forecasted estimates.

STRONGSVILLE CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018

(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 has reduced positions by: 24 in FY 2016, and 26 in FY 2017. Since 2007, the School District has reduced 199 positions, inclusive of administration, teachers, and support staff.

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 lost 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, which completely eliminated the remaining reimbursement. Since FY2008, the School District lost \$8,600,000 in tangible personal property tax.

The School District does have one operating renewal levy within the School District's levies issued. The renewal levy is a five year 6.0 mill levy that is currently set to expire at the end of tax year 2017, collection year 2018. The Board of Education authorized the School District to place the renewal levy on the November 8, 2016 ballot for renewal considerations, which is the earliest time the School District can be on the ballot. The renewal passed by 61.3% of the votes for the renewal levy. The renewal levy will expire tax year 2021 and collections will continue through calendar year 2022.

Due to the recent building closures and reduction of positions, the School District has prolonged any future deficits until FY 2023. 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, Financial Prudence, Community engagement.

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, 2018

	Governmental Activities
Assets	
Equity in pooled cash	\$ 44,507,113
Accounts receivable	28,907
Due from other governments	248,001
Taxes receivable	57,858,963
Capital assets	
Nondepreciable capital assets	2,670,904
Depreciable capital assets	102,097,494
Total assets	207,411,382
Deferred outflow s of resources	
Deferred charge on refunding	921,709
Pension	24,250,266
OPEB	842,506
Total deferred outflow s of resources	26,014,481
Liabilities	
Accounts and contracts payable	933,239
Accrued salaries, w ages and benefits	5,210,473
Claims payable	938,100
Accrued interest payable	248,000
Intergovernmental payable	968,392
Long-term liabilities	
Due w ithin one year	2,301,687
Due in more than one year	
Net pension liability	84,420,960
Net OPEB liability	19,890,564
Other amounts due in more than one year	85,616,500
Total liabilities	200,527,915
Deferred inflow s of resources	
Property taxes levied for next year	49,115,673
Pension	7,620,321
OPEB	3,137,078
Total deferred inflow s of resources	59,873,072
Net position	
Net investment in capital assets	24,604,148
Restricted for:	
Debt service	4,420,701
Capital projects	3,154,244
Extracurricular activities	269,444
State grants	23,653
Donations	142,965
Unrestricted	(59,590,279)
Total net position	\$ (26,975,124)

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction					
Regular	\$ 7,439,886	\$ 1,656,674	\$ -	\$ -	\$ (5,783,212)
Special	6,455,427	59,780	502,696	-	(5,892,951)
Vocational	354,282	-	-	-	(354,282)
Other instruction	50,028	-	10,192	-	(39,836)
Supporting services					
Pupil	2,490,521	-	694,733	-	(1,795,788)
Instructional staff	2,065,626	-	339,763	-	(1,725,863)
Board of education	25,919	-	-	-	(25,919)
Administration	2,163,896	-	270,634	-	(1,893,262)
Fiscal services	1,728,697	-	-	-	(1,728,697)
Business	529,079	-	-	-	(529,079)
Operation and maintenance	6,414,542	-	-	154,793	(6,259,749)
Pupil transportation	4,581,154	-	-	-	(4,581,154)
Central services	1,553,092	10,280	-	-	(1,542,812)
Operation of non-instructional services					
Food service operation	1,821,356	1,188,672	664,024	-	31,340
Community services	568,670	-	585,625	-	16,955
Other non-instructional services	9,712	-	-	-	(9,712)
Extracurricular activities	1,172,035	776,464	-	-	(395,571)
Interest and fiscal charges	2,882,133	-	-	-	(2,882,133)
Total	\$ 42,306,055	\$ 3,691,870	\$ 3,067,667	\$ 154,793	(35,391,725)

General revenues

Property taxes levied for:

General purposes	49,962,082
Debt service	3,791,427
Capital improvements	1,035,551

Grants and entitlements not

restricted to specific purposes 18,326,328

Payments in lieu of taxes

2,736,464

Investment earnings

523,123

Miscellaneous

246,966

Total general revenues 76,621,941

Change in net position 41,230,216

Net position at beginning of year, restated (68,205,340)

Net position at end of year \$ (26,975,124)

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Bond Retirement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash	\$ 31,844,279	\$ 4,034,787	\$ 2,142,352	\$ 1,677,779	\$ 39,699,197
Receivables, net of allowance					
Taxes, current	51,288,930	3,918,840	-	1,070,793	56,278,563
Taxes, delinquent	1,440,300	110,000	-	30,100	1,580,400
Accounts and other	26,507	-	-	2,400	28,907
Due from other governments	248,001	-	-	-	248,001
Interfund receivables	96,621	-	-	900	97,521
Total assets	<u>\$ 84,944,638</u>	<u>\$ 8,063,627</u>	<u>\$ 2,142,352</u>	<u>\$ 2,781,972</u>	<u>\$ 97,932,589</u>
Liabilities					
Accounts and contracts payable	\$ 612,266	\$ -	\$ 195,010	\$ 125,963	\$ 933,239
Accrued salaries, wages and benefits	4,980,172	-	-	230,301	5,210,473
Intergovernmental payable	904,058	-	-	64,334	968,392
Interfund payable	900	-	-	96,621	97,521
Compensated absences	325,640	-	-	-	325,640
Total liabilities	<u>6,823,036</u>	<u>-</u>	<u>195,010</u>	<u>517,219</u>	<u>7,535,265</u>
Deferred inflows of resources					
Property taxes levied for next year	44,794,978	3,394,926	-	925,769	49,115,673
Delinquent property taxes revenue not available	1,440,300	110,000	-	30,100	1,580,400
Intergovernmental revenue not available	69,891	-	-	-	69,891
Total deferred inflows of resources	<u>46,305,169</u>	<u>3,504,926</u>	<u>-</u>	<u>955,869</u>	<u>50,765,964</u>
Fund balances (deficits)					
Restricted	-	4,558,701	1,947,342	1,612,864	8,118,907
Assigned	7,620,114	-	-	-	7,620,114
Unassigned	24,196,319	-	-	(303,980)	23,892,339
Total fund balances (deficits)	<u>31,816,433</u>	<u>4,558,701</u>	<u>1,947,342</u>	<u>1,308,884</u>	<u>39,631,360</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 84,944,638</u>	<u>\$ 8,063,627</u>	<u>\$ 2,142,352</u>	<u>\$ 2,781,972</u>	<u>\$ 97,932,589</u>

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, 2018

Total governmental fund balances	\$ 39,631,360
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.	104,768,398
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.	1,650,291
Unamortized deferred charges on refundings are not recognized in the funds.	921,709
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.	(248,000)
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.	3,869,816
The net pension liability and net OPEB liability are 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	24,250,266
Deferred inflow s - pension	(7,620,321)
Net pension liability	(84,420,960)
Deferred outflow s - OPEB	842,506
Deferred inflow s - OPEB	(3,137,078)
Net OPEB liability	(19,890,564)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	(5,150,376)
Bonds payable and certificates of participation	(78,439,274)
Unamortized bond premium	(4,002,897)
Net position of governmental activities	<u>\$ (26,975,124)</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, 2018

	General Fund	Bond Retirement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Taxes	\$ 50,331,082	\$ 3,819,927	\$ -	\$ 1,043,351	\$ 55,194,360
Payment in lieu of taxes	2,736,464	-	-	-	2,736,464
Tuition and fees	1,465,895	-	-	-	1,465,895
Interest	419,291	60,337	31,803	11,692	523,123
Intergovernmental	17,801,305	490,943	-	3,203,594	21,495,842
Extracurricular	386,439	-	-	343,818	730,257
Charges for services	-	-	-	1,085,323	1,085,323
Other	191,863	-	154,793	310,705	657,361
Total revenues	<u>73,332,339</u>	<u>4,371,207</u>	<u>186,596</u>	<u>5,998,483</u>	<u>83,888,625</u>
Expenditures					
Current					
Instruction					
Regular	28,159,452	-	-	72,954	28,232,406
Special	10,850,099	-	-	799,888	11,649,987
Vocational	792,651	-	-	-	792,651
Other instruction	-	-	-	60,718	60,718
Supporting services					
Pupil	4,710,127	-	-	392,488	5,102,615
Instructional staff	2,459,667	-	-	372,097	2,831,764
Board of education	28,981	-	-	-	28,981
Administration	3,972,394	-	-	266,970	4,239,364
Fiscal services	1,734,676	56,487	-	15,458	1,806,621
Business	595,582	-	-	-	595,582
Operation and maintenance	6,775,396	-	-	577,347	7,352,743
Pupil transportation	4,692,310	-	-	10,648	4,702,958
Central services	1,758,272	-	-	-	1,758,272
Operation of non-instructional services					
Food service operation	-	-	-	1,972,754	1,972,754
Community services	-	-	-	587,394	587,394
Other non-instructional services	47,174	-	-	-	47,174
Extracurricular activities	1,229,848	-	-	449,093	1,678,941
Capital outlay	-	-	515,036	4,519	519,555
Debt service					
Principal	557,221	1,425,000	-	155,000	2,137,221
Interest	143,112	2,750,144	-	115,881	3,009,137
Total expenditures	<u>68,506,962</u>	<u>4,231,631</u>	<u>515,036</u>	<u>5,853,209</u>	<u>79,106,838</u>
Excess (deficiency) of revenues over expenditures	<u>4,825,377</u>	<u>139,576</u>	<u>(328,440)</u>	<u>145,274</u>	<u>4,781,787</u>
Other financing sources					
Proceeds from debt refunding	-	8,830,000	-	-	8,830,000
Premium on debt issue	-	951,729	-	-	951,729
Payment to escrow agent	-	(11,258,992)	-	-	(11,258,992)
Proceeds from sale of capital assets	65,156	-	-	-	65,156
Total other financing sources	<u>65,156</u>	<u>(1,477,263)</u>	<u>-</u>	<u>-</u>	<u>(1,412,107)</u>
Net change in fund balances	4,890,533	(1,337,687)	(328,440)	145,274	3,369,680
Fund balances, beginning of year	26,925,900	5,896,388	2,275,782	1,163,610	36,261,680
Fund balances, end of year	<u>\$ 31,816,433</u>	<u>\$ 4,558,701</u>	<u>\$ 1,947,342</u>	<u>\$ 1,308,884</u>	<u>\$ 39,631,360</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, 2018

Net change in fund balances - total governmental funds		\$ 3,369,680
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	\$ 856,722	
Depreciation expense	<u>(3,357,289)</u>	(2,500,567)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets, net of proceeds received.		
		(27,901)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(405,300)	
Intergovernmental revenue	<u>52,946</u>	(352,354)
Other financing sources(uses) in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.		
Proceeds from debt refunding	(8,830,000)	
Payment to bond escrow agent	11,258,992	
Premium on bond issue	<u>(951,729)</u>	1,477,263
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		2,137,221
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	16,600	
Amortization of bond premium	155,115	
Amortization of deferred charges	<u>(44,711)</u>	127,004
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
Pension	5,911,379	
OPEB	<u>239,495</u>	6,150,874
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	27,370,821	
OPEB	<u>2,899,614</u>	30,270,435
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		(221,919)
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.		
		<u>800,480</u>
Change in net position of governmental activities		<u>\$ 41,230,216</u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET BASIS (NON-GAAP) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Taxes	\$ 49,656,425	\$ 51,986,046	\$ 51,986,046	\$ -
Payment in lieu of taxes	2,474,422	2,736,464	2,736,464	-
Tuition and fees	1,037,973	1,089,144	1,089,144	-
Interest	150,000	420,103	419,291	(812)
Intergovernmental	16,814,294	17,806,706	17,807,321	615
Extracurricular	200,000	211,300	211,300	-
Other	106,000	86,497	85,997	(500)
Total revenues	<u>70,439,114</u>	<u>74,336,260</u>	<u>74,335,563</u>	<u>(697)</u>
Expenditures				
Current				
Instruction				
Regular	28,194,539	27,660,910	27,660,910	-
Special	11,240,357	10,897,429	10,897,429	-
Vocational	854,261	782,990	782,990	-
Supporting services				
Pupil	4,889,256	4,770,264	4,770,264	-
Instructional staff	3,082,595	2,587,743	2,587,743	-
Board of education	42,538	26,820	26,820	-
Administration	4,104,106	4,009,837	4,009,837	-
Fiscal services	2,512,102	1,846,875	1,846,875	-
Business	691,323	652,934	652,934	-
Operation and maintenance	7,447,737	7,017,502	7,017,502	-
Pupil transportation	5,180,517	4,881,190	4,881,190	-
Central services	2,544,539	2,460,354	2,460,354	-
Extracurricular activities	1,169,166	1,172,259	1,172,259	-
Debt service				
Principal	358,164	557,221	557,221	-
Interest	146,828	143,112	143,112	-
Total expenditures	<u>72,458,028</u>	<u>69,467,440</u>	<u>69,467,440</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(2,018,914)</u>	<u>4,868,820</u>	<u>4,868,123</u>	<u>(697)</u>
Other financing sources (uses)				
Refund of prior year expenditures	170,000		249,231	249,231
Transfers out	-	(16)	(16)	-
Advances out	(1,176,255)	(96,621)	(96,621)	-
Proceeds from sale of capital assets	-		65,156	65,156
Total other financing sources (uses)	<u>(1,006,255)</u>	<u>(96,637)</u>	<u>217,750</u>	<u>314,387</u>
Net change in fund balances	(3,025,169)	4,772,183	5,085,873	313,690
Prior year encumbrances	1,187,263	1,187,263	1,187,263	-
Fund balances, beginning of year	23,041,196	23,041,196	23,041,196	-
Fund balances, end of year	<u>\$ 21,203,290</u>	<u>\$ 29,000,642</u>	<u>\$ 29,314,332</u>	<u>\$ 313,690</u>

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
 STATEMENT OF FUND NET POSITION
 INTERNAL SERVICE FUND
 JUNE 30, 2018

	Self Insurance
Assets	
Current assets	
Equity in pooled cash	\$ 4,807,916
Total assets	4,807,916
Liabilities	
Current liabilities	
Claims payable	938,100
Total liabilities	938,100
Net position	
Unrestricted	\$ 3,869,816

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, 2018

	<u>Self Insurance</u>
Operating revenues	
Charges for services	\$ 10,291,040
Operating expenses	
Claims	9,490,560
Total operating expenses	9,490,560
Operating income	800,480
Net position, beginning of year	3,069,336
Net position, end of year	\$ 3,869,816

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, 2018

	Self Insurance
Cash flows from operating activities	
Cash received from interfund services	\$ 10,291,040
Cash payments for claims	(9,584,460)
Cash payments for goods and services	(1,000)
Net cash provided by operating activities	705,580
Net increase in cash and cash equivalents	705,580
Cash and cash equivalents, beginning of year	4,102,336
Cash and cash equivalents, end of year	\$ 4,807,916
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 800,480
Adjustments	
Decrease in accounts payable	(1,000)
Decrease in claims payable	(93,900)
Total adjustments	(94,900)
Net cash provided by operating activities	\$ 705,580

See accompanying notes to the basic financial statements.

STRONGSVILLE CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
JUNE 30, 2018

	Agency Funds
Assets	
Equity in pooled cash	\$ 166,370
Total assets	\$ 166,370
 Liabilities	
Accounts payable	\$ 24
Due to students	165,719
Due to others	627
Total liabilities	\$ 166,370

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, 2018

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, 2017 was 5,478. The School District employs 379 certificated and 336 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, 2018

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, 2018

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, 2018

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, 2018

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, for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

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 until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 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 and income taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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, 2018

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 2018 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. CASH AND INVESTMENTS (continued)

For 2018, 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 2018 amounted to \$ 419,291 of which \$ 175,384 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, 2018

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, 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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 \$ 8,011,007 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, 2018

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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, – “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, GASB Statement No. 85, “Omnibus 2017”, and GASB Statement No. 86, “Certain Debt Extinguishment Issues”,

GASB Statement No. 85 – “Omnibus 2017”, the objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and other postemployment benefits.) These changes were incorporated in the School District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 – “Certain Debt Extinguishment Issues”, the objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improved accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. These changes were incorporated in the School District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION (continued)

GASB Statement No. 75 – “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, the objective of this statement is to improve accounting and financial reporting for postemployment benefits other than pensions. The requirements of this statement will improve the decision -usefulness of information and will enhance its value for assessing accountability and interperiod equity by requiring recognition of its proportionate share of the OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability will be enhanced through new note disclosures and required supplementary information.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement and the correction of prior year’s deferred inflows related to pension had the following effect on net position as reported at June 30, 2017:

	<u>Governmental Activities</u>
Net position June 30, 2017	\$ (43,952,610)
Adjustments	
Net OPEB liability	(25,508,227)
Deferred outflow - OPEB payments subsequent to measurement date	183,984
Deferred inflows- pension	<u>1,071,513</u>
Restated net position June 30, 2017	<u>\$ (68,205,340)</u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

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

Special Revenue Funds	
Food Service	\$ 92,936
Idea Part B	122,907
Limited English Proficiency	573
Title I	56,737
Miscellaneous Federal Grants	18,002
Improving Teacher Quality	<u>12,825</u>
	<u>\$ 303,980</u>

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.

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

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)

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	\$ 5,085,873
Adjustments, increase (decrease)	
Revenue accruals	(1,898,815)
Expenditure accruals	(9,565)
Funds budgeted elsewhere **	(167,827)
Encumbrances	1,880,867
GAAP basis, as reported	\$ 4,890,533

** 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, 2018

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					
Athletics	\$ -	\$ -	\$ -	\$ 269,444	\$ 269,444
State grants	-	-	-	23,653	23,653
Local grants	-	-	-	142,965	142,965
Debt service	-	4,558,701	-	-	4,558,701
Capital improvements	-	-	1,947,342	1,176,802	3,124,144
Total restricted	-	4,558,701	1,947,342	1,612,864	8,118,907
Assigned					
Subsequent year's appropriations	5,778,002	-	-	-	5,778,002
Student instruction	113,978	-	-	-	113,978
Student and staff support	1,227,596	-	-	-	1,227,596
Public school support	158,805	-	-	-	158,805
Uniform school supplies	128,497	-	-	-	128,497
Other purposes	213,236	-	-	-	213,236
Total assigned	7,620,114	-	-	-	7,620,114
Unassigned (deficit)	24,196,319	-	-	(303,980)	23,892,339
Total fund balances	\$ 31,816,433	\$ 4,558,701	\$ 1,947,342	\$ 1,308,884	\$ 39,631,360

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.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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 fair 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.

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.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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 \$ 4,850 in cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash".

B. DEPOSITS

At June 30, 2018, the carrying amount of all School District deposits was \$ 17,029,675 and the bank balance of all School District deposits was \$ 17,164,766. Of the bank balance, \$ 9,516,475 was covered by the FDIC and \$ 7,648,291 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

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 the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the School District's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC

C. INVESTMENTS

As of June 30, 2018, the School District had the following investments:

	Fair Value	Investment Maturities	
		Less than 1 year	1 - 2 years
STAR Ohio	\$ 16,546,140	\$ 16,546,140	\$ -
Commercial paper	6,821,329	6,821,329	-
Federal securities	4,271,489	1,000,000	3,271,489
	\$ 27,638,958	\$ 24,367,469	\$ 3,271,489

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, 2018. 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, 2018

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, 2018:

	<u>Percentage of Investments</u>
STAR Ohio	60%
Commercial paper	25%
Federal securities	<u>15%</u>
	<u>100%</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 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised fair 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 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 become a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 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, 2018

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, 2018, are available to finance fiscal year 2018 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, 2018 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 2018 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, 2018, was \$ 6,493,952 in the General Fund, \$ 523,914 in the Bond Retirement Fund and \$ 145,024 in the Permanent Improvements Fund.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second- Half Collections			2018 First - Half Collections		
	Amount	%		Amount	%	
Agricultural/Residential and Other Real Estate	\$ 1,430,122,710	97.54	%	\$ 1,457,081,090	97.40	%
Public Utilities	36,099,090	2.46		38,919,200	2.60	
Total Assessed Value	<u>\$ 1,466,221,800</u>	<u>100.00</u>	%	<u>\$ 1,496,000,290</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, 2018

NOTE 8 – RECEIVABLES

Receivables at June 30, 2018, 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, 2018, was as follows:

	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Governmental Activities				
Nondepreciable capital assets				
Land	\$ 2,670,904	\$ -	\$ -	\$ 2,670,904
Total capital assets, not being depreciated	<u>2,670,904</u>	<u>-</u>	<u>-</u>	<u>2,670,904</u>
Depreciable capital assets				
Buildings and improvements	125,133,450	-	-	125,133,450
Furniture and equipment	10,372,304	329,682	173,768	10,528,218
Vehicles	6,320,715	527,040	407,018	6,440,737
Total capital assets being depreciated	<u>141,826,469</u>	<u>856,722</u>	<u>580,786</u>	<u>142,102,405</u>
Less accumulated depreciation				
Buildings and improvements	27,410,488	2,410,458	-	29,820,946
Furniture and equipment	5,616,966	522,720	145,867	5,993,819
Vehicles	4,173,053	424,111	407,018	4,190,146
Total accumulated depreciation	<u>37,200,507</u>	<u>3,357,289</u>	<u>552,885</u>	<u>40,004,911</u>
Depreciable capital assets, net of accumulated depreciation	<u>104,625,962</u>	<u>(2,500,567)</u>	<u>27,901</u>	<u>102,097,494</u>
Governmental activities capital assets, net	<u>\$ 107,296,866</u>	<u>\$ (2,500,567)</u>	<u>\$ 27,901</u>	<u>\$ 104,768,398</u>

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction		
Regular	\$	1,612,508
Special		162,398
Vocational		13,810
Supporting services		
Pupil		123,666
Instructional staff		157,059
Board of education		649
Administration		176,615
Fiscal		41,203
Business		19,634
Operation and maintenance of plant		204,766
Pupil transportation		559,424
Central services		39,643
Operation of noninstructional services		
Food service operation		63,560
Community services		18,720
Extracurricular activities		163,634
Total depreciation expense	\$	<u>3,357,289</u>

NOTE 10 - INTERFUND BALANCES

On the fund financial statements at June 30, 2018, interfund balances consisted of the following:

	Due From:		
		Nonmajor Governmental	
Due to:	General Fund	Funds	Total
General Fund	\$ -	\$ 96,621	\$ 96,621
Nonmajor Governmental Funds	900	-	900
Total	\$ 900	\$ 96,621	\$ 97,521

\$ 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, 2018

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 2018, 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 altercation. 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 \$ 938,100 reported at June 30, 2018 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, 2018 and June 30, 2017 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.

	2018	2017
Unpaid claims, beginning of year	\$ 1,032,000	\$ 999,000
Incurred claims	9,490,560	9,139,462
Claims payment	(9,584,460)	(9,106,462)
Unpaid claims, end of year	\$ 938,100	\$ 1,032,000

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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, 2018

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, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$ 1,559,352 for fiscal year 2018. 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, 2018

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, 2018, 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 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$ 4,352,027 for fiscal year 2018. Of this amount \$ 728,798 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	0.37676320%	0.27449438%	
Current measurement date	<u>0.34845970%</u>	<u>0.26773601%</u>	
Change in proportionate share	<u>-0.02830350%</u>	<u>-0.00675837%</u>	
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 20,819,697	\$ 63,601,263	\$ 84,420,960
Pension expense	\$ (1,557,893)	\$(25,812,928)	\$ (27,370,821)

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, 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	\$ 896,008	\$ 2,455,982	\$ 3,351,990
Change in assumptions	1,076,602	13,910,295	14,986,897
School District contributions subsequent to the measurement date	<u>1,559,352</u>	<u>4,352,027</u>	<u>5,911,379</u>
Total deferred outflows of resources	<u>\$ 3,531,962</u>	<u>\$ 20,718,304</u>	<u>\$ 24,250,266</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 512,601	\$ 512,601
Net difference between projected and actual earnings on pension plan investments	98,827	2,098,916	2,197,743
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>1,505,508</u>	<u>3,404,469</u>	<u>4,909,977</u>
	<u>\$ 1,604,335</u>	<u>\$ 6,015,986</u>	<u>\$ 7,620,321</u>

\$ 5,911,379 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, 2019. 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:	SERS	STRS	Total
2019	\$ 209,380	\$ 1,501,200	\$ 1,710,580
2020	687,411	4,466,310	5,153,721
2021	(43,165)	3,667,556	3,624,391
2022	<u>(485,351)</u>	<u>715,225</u>	<u>229,874</u>
	<u>\$ 368,275</u>	<u>\$ 10,350,291</u>	<u>\$ 10,718,566</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

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, 2017, 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	2.50 percent
Investment rate of return	7.50 percent of net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disable members were based upon the 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.

The most recent experience study was completed June 30, 2015.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	<u>\$ 28,892,329</u>	<u>\$ 20,819,697</u>	<u>\$ 14,057,221</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0 percent effective July 1, 2017

Mortality rates were based on the RP-2014 Annuitant Mortality Table (with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012. improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Preretirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return *</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	1.00%	2.25%
	<u>100.00%</u>	

* The 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. 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, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 91,170,246	\$ 63,601,263	\$ 40,378,527

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS

A. NET OPEB LIABILITY

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB 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, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

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

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 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$ 23,700. 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 2018, the School District's surcharge obligation was \$ 181,741.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$ 239,495 for fiscal year 2018. Of this amount \$ 181,741 is reported as an intergovernmental payable.

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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 discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS Ohio did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the net OPEB liability			
Prior measurement date	0.37988740%	0.27449438%	
Current measurement date	<u>0.35191570%</u>	<u>0.26773601%</u>	
Change in proportionate share	<u>-0.02797170%</u>	<u>-0.00675837%</u>	
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net OPEB liability	\$ 9,444,493	\$ 10,446,071	\$ 19,890,564
OPEB expense	\$ 339,597	\$ (3,239,211)	\$ (2,899,614)

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

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

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 603,011	\$ 603,011
School District contributions subsequent to the measurement date	<u>239,495</u>	<u>-</u>	<u>239,495</u>
Total deferred outflows of resources	<u>\$ 239,495</u>	<u>\$ 603,011</u>	<u>\$ 842,506</u>
Deferred inflows of resources			
Change in assumptions	\$ 896,234	\$ 841,465	\$ 1,737,699
Net difference between projected and actual earnings on OPEB plan investments	24,941	446,490	471,431
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>618,142</u>	<u>309,806</u>	<u>927,948</u>
Total deferred inflows of resources	<u>\$ 1,539,317</u>	<u>\$ 1,597,761</u>	<u>\$ 3,137,078</u>

\$ 239,495 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (554,923)	\$ (202,999)	\$ (757,922)
2020	(554,923)	(202,999)	(757,922)
2021	(423,236)	(202,999)	(626,235)
2022	(6,235)	(202,999)	(209,234)
2023	-	(91,376)	(91,376)
2024	-	(91,378)	(91,378)
	<u>\$ (1,539,317)</u>	<u>\$ (994,750)</u>	<u>\$ (2,534,067)</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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 OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent of net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumptions	
Medicare	5.50 to 5.00 percent
Pre-medicare	7.50 to 5.00 percent

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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>	

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	<u>\$ 11,405,428</u>	<u>\$ 9,444,493</u>	<u>\$ 7,890,932</u>
	1% Decrease (6.5% decreasing to 4.0%)	Current Trend Rate (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
School District's proportionate share of the net OPEB liability	<u>\$ 7,663,498</u>	<u>\$ 9,444,493</u>	<u>\$ 11,801,670</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	1.00%	2.25%
	<u>100.00%</u>	

* The 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate -The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 – DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate -The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net pension liability	\$ 14,023,683	\$ 10,446,071	\$ 7,618,589

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 7,257,483	\$ 10,446,071	\$ 14,642,627

NOTE 14 –ADVANCE REFUNDING AND DEFEASANCE OF DEBT

In November 2017 the School District issued \$ 8,830,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$10,370,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$ 951,729. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which is shorter than the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments by \$ 2,484,051 and resulted in an economic gain of \$ 723,887. In April 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. As of June 30, 2018, \$ 3,475,000 of certificates of participation and \$ 10,370,000 of bonds payable are considered to be defeased.

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
Refunding bonds	2017	2.0 - 4.0%	\$ 8,830,000	2028
Certificates of participation - refunding	2015	1.0 - 4.0%	\$ 3,940,000	2034

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Changes in the School District's long-term obligations during fiscal year 2018 were as follows:

	Restated Outstanding June 30, 2017	Additions	Retired	Outstanding June 30, 2018	Amounts Due In One Year
Bonds, 2.820% to 5.000% issued 2005, matures 2035	\$ 950,000	\$ -	\$ 35,000	\$ 915,000	\$ 35,000
Bonds, 4.40%; issued 2006, matures 2020	272,682	-	272,682	-	-
Bonds, 4.79%; issued 2008, matures 2023	2,018,813	-	249,539	1,769,274	261,492
Bonds, 3.0% to 5.0% issued 2013 matures 2045	75,230,000	-	11,795,000	63,435,000	1,485,000
Refunding bonds, 2.0% to 4.0% 2017, matures 2028	-	8,830,000	-	8,830,000	-
Total bonds	<u>78,471,495</u>	<u>8,830,000</u>	<u>12,352,221</u>	<u>74,949,274</u>	<u>1,781,492</u>
Refunding certificates of participation, 1.0% - 4.0%, issued 2015, matures 2034	3,645,000	-	155,000	3,490,000	160,000
Total certificates of participation	<u>3,645,000</u>	<u>-</u>	<u>155,000</u>	<u>3,490,000</u>	<u>160,000</u>
Unamortized bond premium	<u>3,206,283</u>	<u>951,729</u>	<u>155,115</u>	<u>4,002,897</u>	<u>-</u>
Net pension liability					
STRS	91,881,543	-	28,280,280	63,601,263	-
SERS	27,575,590	-	6,755,893	20,819,697	-
Total net pension liability	<u>119,457,133</u>	<u>-</u>	<u>35,036,173</u>	<u>84,420,960</u>	<u>-</u>
Net OPEB liability					
STRS	14,680,031	-	4,233,960	10,446,071	-
SERS	10,828,196	-	1,383,703	9,444,493	-
Total net OPEB liability	<u>25,508,227</u>	<u>-</u>	<u>5,617,663</u>	<u>19,890,564</u>	<u>-</u>
Compensated absences	5,646,610	568,867	739,461	5,476,016	360,195
Total	<u>\$ 235,934,748</u>	<u>\$ 10,350,596</u>	<u>\$ 54,055,633</u>	<u>\$ 192,229,711</u>	<u>\$ 2,301,687</u>

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Note 12 and 13.

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 net pension liability, net OPEB liability and compensated absences from the fund benefitting from the employee's service.

The School District's overall legal debt margin was \$ 64,249,453 and the unvoted legal debt margin was \$ 581,000 at June 30, 2018.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2018, are as follows:

Year June 30,	General Obligation Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,781,492	\$ 2,824,217	\$ 160,000	\$ 113,319	\$ 1,941,492	\$ 2,937,536
2020	1,854,018	2,757,108	160,000	110,319	2,014,018	2,867,427
2021	1,917,143	2,679,214	170,000	106,169	2,087,143	2,785,383
2022	2,010,897	2,581,983	170,000	101,069	2,180,897	2,683,052
2023	2,110,310	2,479,898	175,000	95,894	2,285,310	2,575,792
2024 - 2028	9,345,414	11,330,369	975,000	380,557	10,320,414	11,710,926
2029 - 2033	12,020,000	9,433,787	1,160,000	194,065	13,180,000	9,627,852
2034 - 2038	14,690,000	6,949,538	520,000	18,374	15,210,000	6,967,912
2039 - 2043	17,195,000	4,142,487	-	-	17,195,000	4,142,487
2044 - 2046	12,025,000	733,900	-	-	12,025,000	733,900
	<u>\$74,949,274</u>	<u>\$45,912,501</u>	<u>\$3,490,000</u>	<u>\$1,119,766</u>	<u>\$78,439,274</u>	<u>\$47,032,267</u>

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 2018, the School District paid META \$ 122,082 for services. Financial information can be obtained from Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

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 2018.

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 2018 the School District paid \$ 144,584 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.

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

D. OHIO SCHOOLS COUNCIL (continued)

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.

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, 2018.

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 2018.

	Capital Maintenance
Balance June 30, 2017	\$ -
Required set aside	953,383
Offsetting credit	(1,226,614)
Qualifying expenditures	(1,612,395)
Balance June 30, 2018	\$ (1,885,626)

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.

STRONGSVILLE CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 the School District's liability related to this retirement incentive plan was \$ 52,000 and is reported as part of the long-term liabilities due within one year and due in more than one year.

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, 2018 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, 2018 the School District had the following contractual commitments:

	Contracted Amount	Expended	Remaining Obligation
Building construction and renovations	\$ 1,332,081	\$ 360,124	\$ 971,957

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 2018 amounted to \$ 244,873.

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 FIVE FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.3484597%	0.3767632%	0.383407%	0.390566%
School District's proportionate share of the net pension liability	\$ 20,819,697	\$ 27,575,590	\$ 21,877,586	\$ 19,766,323
School District's covered-employee payroll	\$ 11,442,745	\$ 11,910,814	\$ 10,636,745	\$ 11,413,478
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.95%	231.52%	205.68%	173.18%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%

(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.

2014
0.390566%

\$ 23,225,706

\$ 9,981,113

232.70%

65.52%

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 FIVE FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.26773601%	0.27449438%	0.28816112%	0.29057600%
School District's proportionate share of the net pension liability	\$ 63,601,263	\$ 91,881,543	\$ 79,639,305	\$ 70,678,040
School District's covered-employee payroll	\$ 29,692,641	\$ 28,143,836	\$ 29,235,764	\$ 33,716,638
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	214.20%	326.47%	272.40%	209.62%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%

(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.

2014
0.29057600%

\$ 84,191,219

\$ 27,256,769

308.88%

69.30%

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

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,559,352	\$ 1,601,984	\$ 1,667,514	\$ 1,401,923
Contributions in relation to the contractually required contribution	<u>(1,559,352)</u>	<u>(1,601,984)</u>	<u>(1,667,514)</u>	<u>(1,401,923)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered-employee payroll	\$ 11,442,745	\$ 11,442,745	\$ 11,910,814	\$ 10,636,745
Pension contributions as a percentage of covered-employee payroll	13.63%	14.00%	14.00%	13.18%

See accompanying notes to required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,581,908	\$ 1,381,386	\$ 1,297,821	\$ 1,282,793	\$ 1,474,787	\$ 1,058,684
<u>(1,581,908)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,413,478	\$ 9,981,113	\$ 9,649,227	\$ 10,205,195	\$ 10,892,075	\$ 10,758,984
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

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

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,352,027	\$ 4,156,969	\$ 3,940,137	\$ 4,093,007
Contributions in relation to the contractually required contribution	<u>(4,352,027)</u>	<u>(4,156,969)</u>	<u>(3,940,137)</u>	<u>(4,093,007)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered-employee payroll	\$ 29,692,641	\$ 29,692,641	\$ 28,143,836	\$ 29,235,764
Pension contributions as a percentage of covered-employee payroll	14.66%	14.00%	14.00%	14.00%

See accompanying notes to required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 4,383,163	\$ 3,543,380	\$ 3,675,189	\$ 4,075,695	\$ 4,452,952	\$ 4,517,047
<u>(4,383,163)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 33,716,638	\$ 27,256,769	\$ 28,270,685	\$ 31,351,500	\$ 34,253,477	\$ 34,746,515
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

LAST TWO FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.3519157%	0.3798874%
School District's proportionate share of the net OPEB liability	\$ 9,444,493	\$ 10,828,196
School District's covered-employee payroll	\$ 11,442,745	\$ 11,910,814
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	82.54%	90.91%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

(1) Information prior to 2017 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 OPEB LIABILITY
 STATE TEACHERS RETIREMENT SYSTEM

LAST TWO FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.26773601%	0.27449438%
School District's proportionate share of the net OPEB liability	\$ 10,446,071	\$ 14,680,031
School District's covered-employee payroll	\$ 29,692,641	\$ 28,143,836
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	35.18%	52.16%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

(1) Information prior to 2017 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 - OPEB
 SCHOOL EMPLOYEES RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (1)	\$ 239,495	\$ 183,984	\$ 187,800	\$ 241,895
Contributions in relation to the contractually required contribution	<u>(239,495)</u>	<u>(183,984)</u>	<u>(187,800)</u>	<u>(241,895)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered-employee payroll	\$ 11,442,745	\$ 11,442,745	\$ 11,910,814	\$ 10,636,745
OPEB contributions as a percentage of covered-employee payroll	2.09%	1.61%	1.58%	2.27%

(1) Includes Surcharge

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 253,045	\$ 259,079	\$ 291,756	\$ 320,427	\$ 228,489	\$ 660,201
<u>(253,045)</u>	<u>(259,079)</u>	<u>(291,756)</u>	<u>(320,427)</u>	<u>(228,489)</u>	<u>(660,201)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,413,478	\$ 9,981,113	\$ 9,649,227	\$ 10,205,195	\$ 10,892,075	\$ 10,758,984
2.22%	2.60%	3.02%	3.14%	2.10%	6.14%

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

LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered-employee payroll	\$ 29,692,641	\$ 29,692,641	\$ 28,143,836	\$ 29,235,764
OPEB contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 337,166	\$ 272,568	\$ 282,707	\$ 313,515	\$ 342,535	\$ 347,465
<u>(337,166)</u>	<u>(272,568)</u>	<u>(282,707)</u>	<u>(313,515)</u>	<u>(342,535)</u>	<u>(347,465)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 33,716,638	\$ 27,256,769	\$ 28,270,685	\$ 31,351,500	\$ 34,253,477	\$ 34,746,515
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - PENSION

A. 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. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

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, (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 and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

B. 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. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

STRONGSVILLE CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. 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 2017-2018.

Changes in assumptions - There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) 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 the following: 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, (g) mortality among disabled members was updated to the following: 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

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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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.

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.

Miscellaneous Federal Grants Fund To account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Other Governmental Funds
Assets			
Equity in pooled cash	\$ 633,353	\$ 1,044,426	\$ 1,677,779
Receivables, net of allowance			
Taxes, current	-	1,070,793	1,070,793
Taxes, delinquent	-	30,100	30,100
Accounts and other	2,400	-	2,400
Interfund receivables	900	-	900
Total assets	\$ 636,653	\$ 2,145,319	\$ 2,781,972
Liabilities			
Accounts and contracts payable	\$ 113,315	\$ 12,648	\$ 125,963
Accrued salaries, wages and benefits	230,301	-	230,301
Intergovernmental payable	64,334	-	64,334
Interfund payable	96,621	-	96,621
Total liabilities	504,571	12,648	517,219
Deferred inflows of resources			
Property taxes levied for next year	-	925,769	925,769
Delinquent property taxes revenue not available	-	30,100	30,100
Total deferred inflows of resources	-	955,869	955,869
Fund balances (deficits)			
Restricted	436,062	1,176,802	1,612,864
Unassigned	(303,980)	-	(303,980)
Total fund balances (deficits)	132,082	1,176,802	1,308,884
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 636,653	\$ 2,145,319	\$ 2,781,972

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Other Governmental Funds
Revenue			
Taxes	\$ -	\$ 1,043,351	\$ 1,043,351
Interest	1,325	10,367	11,692
Intergovernmental	3,067,667	135,927	3,203,594
Extracurricular	343,818	-	343,818
Charges for services	1,085,323	-	1,085,323
Other	310,705	-	310,705
Total revenues	<u>4,808,838</u>	<u>1,189,645</u>	<u>5,998,483</u>
Expenditures			
Current			
Instruction			
Regular	72,954	-	72,954
Special	799,888	-	799,888
Other instruction	60,718	-	60,718
Supporting services			
Pupil	392,488	-	392,488
Instructional staff	372,097	-	372,097
Administration	266,970	-	266,970
Fiscal services	-	15,458	15,458
Operation and maintenance	-	577,347	577,347
Pupil transportation	10,648	-	10,648
Operation of non-instructional services			
Food service operation	1,972,754	-	1,972,754
Community services	587,394	-	587,394
Extracurricular activities	449,093	-	449,093
Capital outlay	-	4,519	4,519
Debt service			
Principal	-	155,000	155,000
Interest	-	115,881	115,881
Total expenditures	<u>4,985,004</u>	<u>868,205</u>	<u>5,853,209</u>
Net change in fund balances	(176,166)	321,440	145,274
Fund balances, beginning of year	<u>308,248</u>	<u>855,362</u>	<u>1,163,610</u>
Fund balances, end of year	<u>\$ 132,082</u>	<u>\$ 1,176,802</u>	<u>\$ 1,308,884</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Food Service	Other Grants	District Managed Student Activities
Assets			
Equity in pooled cash	\$ 47,382	\$ 154,292	\$ 278,203
Receivables, net of allowance			
Accounts and other	2,400	-	-
Interfund receivables	-	-	900
Total assets	\$ 49,782	\$ 154,292	\$ 279,103
Liabilities			
Accounts and contracts payable	\$ 1,542	\$ 11,327	\$ 9,659
Accrued salaries, wages and benefits	102,806	-	-
Intergovernmental payable	38,370	-	-
Interfund payable	-	-	-
Total liabilities	142,718	11,327	9,659
Fund balances			
Restricted	-	142,965	269,444
Unassigned	(92,936)	-	-
Total fund balances	(92,936)	142,965	269,444
Total liabilities, deferred inflows of resources and fund balances	\$ 49,782	\$ 154,292	\$ 279,103

Auxiliary Services	Data Communications	Miscellaneous State Grants
\$ 47,720	\$ -	\$ 2,430
-	-	-
-	-	-
<u>\$ 47,720</u>	<u>\$ -</u>	<u>\$ 2,430</u>
\$ 23,427	\$ -	\$ 74
1,010	-	-
15	-	-
-	-	1,971
<u>24,452</u>	<u>-</u>	<u>2,045</u>
23,268	-	385
-	-	-
<u>23,268</u>	<u>-</u>	<u>385</u>
<u>\$ 47,720</u>	<u>\$ -</u>	<u>\$ 2,430</u>

(continued)

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	IDEA Part B	Title III - Limited English Proficiency	Title I - Disadvantaged Youth
Assets			
Equity in pooled cash	\$ 77,632	\$ 50	\$ 6,332
Receivables, net of allowance			
Accounts and other	-	-	-
Interfund receivables	-	-	-
Total assets	\$ 77,632	\$ 50	\$ 6,332
Liabilities			
Accounts and contracts payable	\$ 51,598	\$ 45	\$ 1,950
Accrued salaries, wages and benefits	75,630	-	48,779
Intergovernmental payable	10,846	-	8,531
Interfund payable	62,465	578	3,809
Total liabilities	200,539	623	63,069
Fund balances			
Restricted	-	-	-
Unassigned	(122,907)	(573)	(56,737)
Total fund balances	(122,907)	(573)	(56,737)
Total liabilities, deferred inflows of resources and fund balances	\$ 77,632	\$ 50	\$ 6,332

IDEA Preschool Grant for the Handicapped	Miscellaneous Federal Grants	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ -	\$ 11,242	\$ 8,070	\$ 633,353
-	-	-	2,400
-	-	-	900
<u>\$ -</u>	<u>\$ 11,242</u>	<u>\$ 8,070</u>	<u>\$ 636,653</u>
\$ -	\$ 11,242	\$ 2,451	\$ 113,315
-	1,126	950	230,301
-	5,634	938	64,334
-	11,242	16,556	96,621
-	29,244	20,895	504,571
-	-	-	436,062
-	(18,002)	(12,825)	(303,980)
-	(18,002)	(12,825)	132,082
<u>\$ -</u>	<u>\$ 11,242</u>	<u>\$ 8,070</u>	<u>\$ 636,653</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR JUNE 30, 2018

	Food Service	Other Grants	District Managed Student Activities
Revenue			
Interest	\$ -	\$ -	\$ -
Intergovernmental	664,024	-	-
Extracurricular	-	-	343,818
Charges for services	1,085,323	-	-
Other	103,349	125,590	81,766
Total revenues	<u>1,852,696</u>	<u>125,590</u>	<u>425,584</u>
Expenditures			
Current			
Instruction			
Regular	-	66,194	-
Special	-	650	-
Other instruction	-	50,526	-
Supporting services			
Pupil	-	-	-
Instructional staff	-	-	-
Administration	-	6,345	-
Pupil transportation	-	10,648	-
Operation of non-instructional services			
Food service operation	1,972,754	-	-
Community services	-	-	-
Other	-	-	-
Extracurricular activities	-	1,092	448,001
Total expenditures	<u>1,972,754</u>	<u>135,455</u>	<u>448,001</u>
Net change in fund balances	(120,058)	(9,865)	(22,417)
Fund balances, beginning of year	<u>27,122</u>	<u>152,830</u>	<u>291,861</u>
Fund balances, end of year	<u>\$ (92,936)</u>	<u>\$ 142,965</u>	<u>\$ 269,444</u>

Auxiliary Services	Data Communications	Miscellaneous State Grants
\$ 1,325	\$ -	\$ -
537,403	12,600	26,333
-	-	-
-	-	-
-	-	-
<u>538,728</u>	<u>12,600</u>	<u>26,333</u>
-	-	-
-	-	74
-	-	-
-	-	-
-	25,200	25,874
-	-	-
-	-	-
528,009	-	-
-	-	-
<u>528,009</u>	<u>25,200</u>	<u>25,948</u>
10,719	(12,600)	385
12,549	12,600	-
<u>\$ 23,268</u>	<u>\$ -</u>	<u>\$ 385</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, 2018

	IDEA Part B	Title III - Limited English Proficiency	Title I - Disadvantaged Youth
Revenue			
Interest	\$ -	\$ -	\$ -
Intergovernmental	1,127,984	31,538	517,735
Extracurricular	-	-	-
Charges for services	-	-	-
Other	-	-	-
Total revenues	<u>1,127,984</u>	<u>31,538</u>	<u>517,735</u>
Expenditures			
Current			
Instruction			
Regular	-	-	-
Special	338,160	16,459	444,545
Other instruction	-	-	10,192
Supporting services			
Pupil	349,611	7,464	-
Instructional staff	168,548	7,310	400
Administration	253,475	300	6,850
Pupil transportation	-	-	-
Operation of non-instructional services			
Food service operation	-	-	-
Community services	32,854	-	14,135
Other	-	-	-
Extracurricular activities	-	-	-
Total expenditures	<u>1,142,648</u>	<u>31,533</u>	<u>476,122</u>
Net change in fund balances	(14,664)	5	41,613
Fund balances, beginning of year	<u>(108,243)</u>	<u>(578)</u>	<u>(98,350)</u>
Fund balances, end of year	<u>\$ (122,907)</u>	<u>\$ (573)</u>	<u>\$ (56,737)</u>

IDEA Preschool Grant for the Handicapped	Miscellaneous Federal Grants	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 1,325
24,171	1,233	124,646	3,067,667
-	-	-	343,818
-	-	-	1,085,323
-	-	-	310,705
<u>24,171</u>	<u>1,233</u>	<u>124,646</u>	<u>4,808,838</u>
-	6,760	-	72,954
-	-	-	799,888
-	-	-	60,718
24,171	11,242	-	392,488
-	-	144,765	372,097
-	-	-	266,970
-	-	-	10,648
-	-	-	1,972,754
-	1,233	11,163	587,394
-	-	-	-
-	-	-	449,093
<u>24,171</u>	<u>19,235</u>	<u>155,928</u>	<u>4,985,004</u>
-	(18,002)	(31,282)	(176,166)
-	-	18,457	308,248
<u>\$ -</u>	<u>\$ (18,002)</u>	<u>\$ (12,825)</u>	<u>\$ 132,082</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, 2018

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Taxes	\$ 3,853,716	\$ 3,953,218	\$ 3,953,218	\$ -
Interest	25,000	60,429	60,337	(92)
Intergovernmental	487,766	490,943	490,943	-
Other	-	1,779	1,779	-
Total revenues	<u>4,366,482</u>	<u>4,506,369</u>	<u>4,506,277</u>	<u>(92)</u>
Expenditures				
Current				
Supporting services				
Fiscal services	58,100	56,487	56,487	-
Debt service				
Principal	1,425,000	1,425,000	1,425,000	-
Interest	2,877,963	2,829,186	2,829,186	-
Total expenditures	<u>4,361,063</u>	<u>4,310,673</u>	<u>4,310,673</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,419</u>	<u>195,696</u>	<u>195,604</u>	<u>(92)</u>
Other financing sources (uses)				
Payment to escrow agent	-	(1,400,000)	(1,400,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>-</u>
Net change in fund balances	5,419	(1,204,304)	(1,204,396)	(92)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>5,239,183</u>	<u>5,239,183</u>	<u>5,239,183</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,244,602</u>	<u>\$ 4,034,879</u>	<u>\$ 4,034,787</u>	<u>\$ (92)</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, 2018

	Building Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Interest	\$ 5,000	\$ 31,676	\$ 31,803	\$ 127
Other	178,675	154,793	154,793	-
Total revenues	<u>183,675</u>	<u>186,469</u>	<u>186,596</u>	<u>127</u>
Expenditures				
Capital outlay	<u>2,511,643</u>	<u>1,613,359</u>	<u>1,613,359</u>	-
Total expenditures	<u>2,511,643</u>	<u>1,613,359</u>	<u>1,613,359</u>	-
Excess (deficiency) of revenues over expenditures	<u>(2,327,968)</u>	<u>(1,426,890)</u>	<u>(1,426,763)</u>	<u>127</u>
Other financing sources (uses)				
Transfers in	<u>58,835</u>	-	-	-
Total other financing sources (uses)	<u>58,835</u>	-	-	-
Net change in fund balances	(2,269,133)	(1,426,890)	(1,426,763)	127
Prior year encumbrances	440,068	440,068	440,068	-
Fund balances, beginning of year	<u>1,996,520</u>	<u>1,996,520</u>	<u>1,996,520</u>	-
Fund balances, end of year	<u>\$ 167,455</u>	<u>\$ 1,009,698</u>	<u>\$ 1,009,825</u>	<u>\$ 127</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, 2018

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 577,167	\$ 562,595	\$ 562,595	\$ -
Charges for services	1,141,565	1,085,443	1,085,443	-
Other	17,000	103,349	103,349	-
Total revenues	<u>1,735,732</u>	<u>1,751,387</u>	<u>1,751,387</u>	<u>-</u>
Expenditures				
Current				
Operation of non-instructional services				
Food service operation	1,919,778	1,857,741	1,857,741	-
Total expenditures	<u>1,919,778</u>	<u>1,857,741</u>	<u>1,857,741</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(184,046)</u>	<u>(106,354)</u>	<u>(106,354)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	153,420	-	-	-
Total other financing sources (uses)	<u>153,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(30,626)	(106,354)	(106,354)	-
Prior year encumbrances	30,626	30,626	30,626	-
Fund balances, beginning of year	<u>120,271</u>	<u>120,271</u>	<u>120,271</u>	<u>-</u>
Fund balances, end of year	<u>\$ 120,271</u>	<u>\$ 44,543</u>	<u>\$ 44,543</u>	<u>\$ -</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, 2018

	Other Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Other	\$ 120,577	\$ 125,590	\$ 125,590	\$ -
Total revenues	<u>120,577</u>	<u>125,590</u>	<u>125,590</u>	<u>-</u>
Expenditures				
Current				
Instruction				
Regular	61,784	73,326	73,326	-
Special	535	650	650	-
Vocational	533	-	-	-
Other instruction	110,000	94,826	94,826	-
Supporting services				
Administration	6,576	6,345	6,345	-
Pupil transportation	10,842	10,648	10,648	-
Extracurricular activities	1,095	1,092	1,092	-
Total expenditures	<u>191,365</u>	<u>186,887</u>	<u>186,887</u>	<u>-</u>
Net change in fund balances	(70,788)	(61,297)	(61,297)	-
Prior year encumbrances	15,000	15,000	15,000	-
Fund balances, beginning of year	<u>137,830</u>	<u>137,830</u>	<u>137,830</u>	<u>-</u>
Fund balances, end of year	<u>\$ 82,042</u>	<u>\$ 91,533</u>	<u>\$ 91,533</u>	<u>\$ -</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, 2018

	District Managed Student Activities Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Extracurricular	\$ 618,450	\$ 343,818	\$ 343,818	\$ -
Other	89,500	81,766	81,766	-
Total revenues	<u>707,950</u>	<u>425,584</u>	<u>425,584</u>	<u>-</u>
Expenditures				
Current				
Extracurricular activities	918,810	459,067	459,067	-
Total expenditures	<u>918,810</u>	<u>459,067</u>	<u>459,067</u>	<u>-</u>
Net change in fund balances	(210,860)	(33,483)	(33,483)	-
Prior year encumbrances	11,281	11,281	11,281	-
Fund balances, beginning of year	<u>287,556</u>	<u>287,556</u>	<u>287,556</u>	<u>-</u>
Fund balances, end of year	<u>\$ 87,977</u>	<u>\$ 265,354</u>	<u>\$ 265,354</u>	<u>\$ -</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, 2018

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Interest	\$ 240	\$ 1,325	\$ 1,325	\$ -
Intergovernmental	491,477	537,403	537,403	-
Total revenues	<u>491,717</u>	<u>538,728</u>	<u>538,728</u>	<u>-</u>
Expenditures				
Current				
Operation of non-instructional services				
Community services	531,851	556,488	556,488	-
Total expenditures	<u>531,851</u>	<u>556,488</u>	<u>556,488</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(40,134)</u>	<u>(17,760)</u>	<u>(17,760)</u>	<u>-</u>
Other financing sources (uses)				
Refund of prior year receipts	(12,265)	(12,265)	(12,265)	-
Total other financing sources (uses)	<u>(12,265)</u>	<u>(12,265)</u>	<u>(12,265)</u>	<u>-</u>
Net change in fund balances	(52,399)	(30,025)	(30,025)	-
Prior year encumbrances	36,400	36,400	36,400	-
Fund balances, beginning of year	<u>15,999</u>	<u>15,999</u>	<u>15,999</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 22,374</u>	<u>\$ 22,374</u>	<u>\$ -</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, 2018

	Data Communications Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 12,000	\$ 12,600	\$ 12,600	\$ -
Total revenues	<u>12,000</u>	<u>12,600</u>	<u>12,600</u>	<u>-</u>
Expenditures				
Current				
Supporting services				
Instructional staff	24,600	25,200	25,200	-
Total expenditures	<u>24,600</u>	<u>25,200</u>	<u>25,200</u>	<u>-</u>
Net change in fund balances	(12,600)	(12,600)	(12,600)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>12,600</u>	<u>12,600</u>	<u>12,600</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Miscellaneous State Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 29,000	\$ 26,333	\$ 26,333	\$ -
Total revenues	<u>29,000</u>	<u>26,333</u>	<u>26,333</u>	<u>-</u>
Expenditures				
Current				
Instruction				
Special	-	1,971	1,971	-
Supporting services				
Instructional staff	29,000	25,875	25,875	-
Total expenditures	<u>29,000</u>	<u>27,846</u>	<u>27,846</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,513)</u>	<u>(1,513)</u>	<u>-</u>
Other financing sources (uses)				
Advances in				
Total other financing sources (uses)	<u>-</u>	<u>1,971</u>	<u>1,971</u>	<u>-</u>
Net change in fund balances	-	458	458	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 458</u>	<u>\$ 458</u>	<u>\$ -</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, 2018

	IDEA Part B Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 1,415,613	\$ 1,127,984	\$ 1,127,984	\$ -
Total revenues	<u>1,415,613</u>	<u>1,127,984</u>	<u>1,127,984</u>	<u>-</u>
Expenditures				
Current				
Instruction				
Special	462,509	340,096	340,096	-
Supporting services				
Pupil	322,050	362,420	362,420	-
Instructional staff	195,876	170,603	170,603	-
Administration	347,240	249,956	249,956	-
Operation of non-instructional services				
Community services	62,897	42,333	42,333	-
Total expenditures	<u>1,390,572</u>	<u>1,165,408</u>	<u>1,165,408</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>25,041</u>	<u>(37,424)</u>	<u>(37,424)</u>	<u>-</u>
Other financing sources (uses)				
Advance in	-	62,465	62,465	-
Total other financing sources (uses)	<u>-</u>	<u>62,465</u>	<u>62,465</u>	<u>-</u>
Net change in fund balances	25,041	25,041	25,041	-
Prior year encumbrances	3,774	3,774	3,774	-
Fund balances, beginning of year	<u>(28,815)</u>	<u>(28,815)</u>	<u>(28,815)</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Title III - Limited English Proficiency Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 84,724	\$ 31,538	\$ 31,538	\$ -
Total revenues	<u>84,724</u>	<u>31,538</u>	<u>31,538</u>	<u>-</u>
Expenditures				
Current				
Instruction				
Special	62,108	17,034	17,034	-
Supporting services				
Pupil	-	7,464	7,464	-
Instructional staff	22,283	7,310	7,310	-
Administration	325	300	300	-
Total expenditures	<u>84,716</u>	<u>32,108</u>	<u>32,108</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>8</u>	<u>(570)</u>	<u>(570)</u>	<u>-</u>
Other financing sources (uses)				
Advances in	-	578	578	-
Total other financing sources (uses)	<u>-</u>	<u>578</u>	<u>578</u>	<u>-</u>
Net change in fund balances	8	8	8	-
Prior year encumbrances	2,683	2,683	2,683	-
Fund balances, beginning of year	<u>(2,691)</u>	<u>(2,691)</u>	<u>(2,691)</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Title I - Disadvantaged Youth Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 713,572	\$ 517,735	\$ 517,735	\$ -
Total revenues	<u>713,572</u>	<u>517,735</u>	<u>517,735</u>	<u>-</u>
Expenditures				
Current				
Instruction				
Special	592,241	443,733	443,733	-
Other instruction	40,370	11,588	11,588	-
Supporting services				
Instructional staff	400	400	400	-
Administration	20,866	10,525	10,525	-
Operation of non-instructional services				
Community services	20,165	15,768	15,768	-
Total expenditures	<u>674,042</u>	<u>482,014</u>	<u>482,014</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>39,530</u>	<u>35,721</u>	<u>35,721</u>	<u>-</u>
Other financing sources (uses)				
Advances in	-	3,809	3,809	-
Total other financing sources (uses)	<u>-</u>	<u>3,809</u>	<u>3,809</u>	<u>-</u>
Net change in fund balances	39,530	39,530	39,530	-
Prior year encumbrances	6,110	6,110	6,110	-
Fund balances, beginning of year	<u>(45,640)</u>	<u>(45,640)</u>	<u>(45,640)</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	IDEA Preschool Grant for the Handicapped Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 25,821	\$ 24,171	\$ 24,171	\$ -
Total revenues	<u>25,821</u>	<u>24,171</u>	<u>24,171</u>	<u>-</u>
Expenditures				
Current				
Supporting services				
Pupil	24,496	24,171	24,171	-
Instructional staff	1,000	-	-	-
Administration	325	-	-	-
Total expenditures	<u>25,821</u>	<u>24,171</u>	<u>24,171</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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, 2018

	Improving Teacher Quality Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Intergovernmental	\$ 138,499	\$ 124,646	\$ 124,646	\$ -
Total revenues	<u>138,499</u>	<u>124,646</u>	<u>124,646</u>	<u>-</u>
Expenditures				
Current				
Supporting services				
Instructional staff	143,890	150,164	150,164	-
Administration	2,688	2,688	2,688	-
Operation of non-instructional services				
Community services	14,734	11,163	11,163	-
Total expenditures	<u>161,312</u>	<u>164,015</u>	<u>164,015</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(22,813)</u>	<u>(39,369)</u>	<u>(39,369)</u>	<u>-</u>
Other financing sources (uses)				
Advances in	-	16,556	16,556	-
Total other financing sources (uses)	<u>-</u>	<u>16,556</u>	<u>16,556</u>	<u>-</u>
Net change in fund balances	(22,813)	(22,813)	(22,813)	-
Prior year encumbrances	12,248	12,248	12,248	-
Fund balances, beginning of year	<u>10,565</u>	<u>10,565</u>	<u>10,565</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Uniform School Supplies Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Tuition and fees	\$ 425,100	\$ 330,976	\$ 330,976	\$ -
Other	-	1,108	1,108	-
Total revenues	<u>425,100</u>	<u>332,084</u>	<u>332,084</u>	<u>-</u>
Expenditures				
Current				
Instruction				
Regular	<u>428,600</u>	<u>282,369</u>	<u>282,369</u>	<u>-</u>
Total expenditures	<u>428,600</u>	<u>282,369</u>	<u>282,369</u>	<u>-</u>
Net change in fund balances	(3,500)	49,715	49,715	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>77,170</u>	<u>77,170</u>	<u>77,170</u>	<u>-</u>
Fund balances, end of year	<u>\$ 73,670</u>	<u>\$ 126,885</u>	<u>\$ 126,885</u>	<u>\$ -</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, 2018

	Rotary Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Tuition and fees	\$ 23,000	\$ 31,835	\$ 31,835	\$ -
Extracurricular	180,000	138,020	138,020	-
Other	63,250	83,198	83,198	-
Total revenues	<u>266,250</u>	<u>253,053</u>	<u>253,053</u>	<u>-</u>
Expenditures				
Current				
Instruction				
Regular	159,764	126,267	126,267	-
Supporting services				
Administration	441	676	676	-
Business	10,350	291	291	-
Operation and maintenance	53,546	13,018	13,018	-
Central services	13,361	16,634	16,634	-
Extracurricular activities	41,884	23,343	23,343	-
Total expenditures	<u>279,346</u>	<u>180,229</u>	<u>180,229</u>	<u>-</u>
Net change in fund balances	(13,096)	72,824	72,824	-
Prior year encumbrances	3,242	3,242	3,242	-
Fund balances, beginning of year	<u>114,651</u>	<u>114,651</u>	<u>114,651</u>	<u>-</u>
Fund balances, end of year	<u>\$ 104,797</u>	<u>\$ 190,717</u>	<u>\$ 190,717</u>	<u>\$ -</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, 2018

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Extracurricular	\$ 49,500	\$ 35,559	\$ 35,559	\$ -
Other	38,400	24,221	24,221	-
Total revenues	<u>87,900</u>	<u>59,780</u>	<u>59,780</u>	<u>-</u>
Expenditures				
Current				
Instruction				
Regular	188,491	60,425	60,425	-
Special	5,375	906	906	-
Total expenditures	<u>193,866</u>	<u>61,331</u>	<u>61,331</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(105,966)</u>	<u>(1,551)</u>	<u>(1,551)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	3,782	-	-	-
Total other financing sources (uses)	<u>3,782</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(102,184)	(1,551)	(1,551)	-
Prior year encumbrances	3,630	3,630	3,630	-
Fund balances, beginning of year	<u>146,923</u>	<u>146,923</u>	<u>146,923</u>	<u>-</u>
Fund balances, end of year	<u>\$ 48,369</u>	<u>\$ 149,002</u>	<u>\$ 149,002</u>	<u>\$ -</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, 2018

	Termination Benefits Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Expenditures				
Current				
Instruction				
Regular	\$ 712,144	\$ 525,215	\$ 525,215	\$ -
Special	-	-	-	-
Operation of non-instructional services				
Other non-instructional services	251,856	204,570	204,570	-
Total expenditures	<u>964,000</u>	<u>729,785</u>	<u>729,785</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(964,000)</u>	<u>(729,785)</u>	<u>(729,785)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	964,000	-	-	-
Total other financing sources (uses)	<u>964,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(729,785)	(729,785)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>866,773</u>	<u>866,773</u>	<u>866,773</u>	<u>-</u>
Fund balances, end of year	<u>\$ 866,773</u>	<u>\$ 136,988</u>	<u>\$ 136,988</u>	<u>\$ -</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, 2018

	Permanent Improvement Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Taxes	\$ 1,051,956	\$ 1,080,320	\$ 1,080,320	\$ -
Interest	3,250	10,386	10,367	(19)
Intergovernmental	135,059	135,927	135,927	-
Total revenues	<u>1,190,265</u>	<u>1,226,633</u>	<u>1,226,614</u>	<u>(19)</u>
Expenditures				
Current				
Supporting services				
Fiscal services	16,600	16,358	16,358	-
Operation and maintenance	1,293,112	645,130	645,130	-
Debt service				
Principal	155,000	155,000	155,000	-
Interest	115,882	115,881	115,881	-
Total expenditures	<u>1,580,594</u>	<u>932,369</u>	<u>932,369</u>	<u>-</u>
Net change in fund balances	(390,329)	294,264	294,245	(19)
Prior year encumbrances	16,112	16,112	16,112	-
Fund balances, beginning of year	<u>665,385</u>	<u>665,385</u>	<u>665,385</u>	<u>-</u>
Fund balances, end of year	<u>\$ 291,168</u>	<u>\$ 975,761</u>	<u>\$ 975,742</u>	<u>\$ (19)</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, 2018

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue				
Charges for services	\$ 10,815,000	\$ 10,291,040	\$ 10,291,040	\$ -
Total revenues	<u>10,815,000</u>	<u>10,291,040</u>	<u>10,291,040</u>	<u>-</u>
Expenses				
Claims	10,817,500	9,644,135	9,644,135	-
Total expenses	<u>10,817,500</u>	<u>9,644,135</u>	<u>9,644,135</u>	<u>-</u>
Net change in fund balances	(2,500)	646,905	646,905	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	<u>4,102,336</u>	<u>4,102,336</u>	<u>4,102,336</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,099,836</u>	<u>\$ 4,749,241</u>	<u>\$ 4,749,241</u>	<u>\$ -</u>

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
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Beginning Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2018</u>
OHSAA Tournaments				
Assets				
Equity in pooled cash	\$ 627	\$ 75,197	\$ 75,197	\$ 627
Total assets	<u>\$ 627</u>	<u>\$ 75,197</u>	<u>\$ 75,197</u>	<u>\$ 627</u>
Liabilities				
Due to others	\$ 627	\$ 75,197	\$ 75,197	\$ 627
Total liabilities	<u>\$ 627</u>	<u>\$ 75,197</u>	<u>\$ 75,197</u>	<u>\$ 627</u>
Student Managed Activities Fund				
Assets				
Equity in pooled cash	\$ 150,383	\$ 123,307	\$ 107,947	\$ 165,743
Total assets	<u>\$ 150,383</u>	<u>\$ 123,307</u>	<u>\$ 107,947</u>	<u>\$ 165,743</u>
Liabilities				
Accounts payable	\$ 78	\$ 24	\$ 78	\$ 24
Due to students	150,305	123,283	107,869	165,719
Total liabilities	<u>\$ 150,383</u>	<u>\$ 123,307</u>	<u>\$ 107,947</u>	<u>\$ 165,743</u>
Total Agency Funds				
Assets				
Equity in pooled cash	\$ 151,010	\$ 198,504	\$ 183,144	\$ 166,370
Total assets	<u>\$ 151,010</u>	<u>\$ 198,504</u>	<u>\$ 183,144</u>	<u>\$ 166,370</u>
Liabilities				
Accounts payable	\$ 78	\$ 24	\$ 78	\$ 24
Due to students	150,305	123,283	107,869	165,719
Due to others	627	75,197	75,197	627
Total liabilities	<u>\$ 151,010</u>	<u>\$ 198,504</u>	<u>\$ 183,144</u>	<u>\$ 166,370</u>

STATISTICAL SECTION



S

STRONGSVILLE

CITY SCHOOLS

Back of divider page.

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)

	2018	2017 (3).	2016 (2)	2015
Governmental activities				
Net investment in capital assets	\$ 24,604,148	\$ 23,948,395	\$ 36,326,973	\$ 34,020,381
Restricted	8,011,007	7,156,796	7,649,482	6,428,992
Unrestricted	(59,590,279)	(99,310,531)	(77,110,155)	(90,560,575)
Total primary government net position	<u>\$ (26,975,124)</u>	<u>\$ (68,205,340)</u>	<u>\$ (33,133,700)</u>	<u>\$ (50,111,202)</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.
- (3) 2017 has been restated due to the implementation of GASB Statement No. 75.

<u>2014 (1)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 29,898,101	\$ 28,435,630	\$ 28,661,439	\$ 26,987,540	\$ 25,286,050	\$ 23,841,831
7,348,059	8,949,334	6,520,668	6,315,613	6,364,940	6,895,112
<u>(92,541,777)</u>	<u>3,042,722</u>	<u>(220,366)</u>	<u>(8,621,912)</u>	<u>(9,947,834)</u>	<u>(8,135,165)</u>
<u>\$ (55,295,617)</u>	<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>

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

	2018 (1)	2017	2016	2015
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 7,439,886	\$ 42,917,197	\$ 29,420,756	\$ 26,947,220
Special	6,455,427	11,000,176	10,605,450	9,413,173
Vocational	354,282	750,167	556,455	474,334
Adult/continuing	-	-	-	-
Other instruction	50,028	52,787	33,532	117,156
Supporting services				
Pupil	2,490,521	5,133,057	5,194,604	5,070,679
Instructional staff	2,065,626	3,188,660	3,129,567	2,927,523
Board of education	25,919	30,023	30,998	30,812
Administration	2,163,896	4,401,496	4,395,090	4,611,018
Fiscal services	1,728,697	1,813,151	1,488,167	1,602,771
Business	529,079	646,450	704,418	566,078
Operation and maintenance	6,414,542	6,486,061	7,918,626	7,496,974
Pupil transportation	4,581,154	2,902,341	4,709,998	4,308,928
Central services	1,553,092	2,178,915	1,504,052	1,399,260
Operation of non-instructional				
Food service operation	1,821,356	1,528,497	1,767,925	1,655,077
Community services	568,670	673,440	629,041	591,274
Other non-instructional services	9,712	55,811	981,433	24,682
Extracurricular activities	1,172,035	863,619	1,585,027	1,616,007
Interest and fiscal charges	2,882,133	3,101,502	3,183,109	3,358,588
Total primary government expenses	<u>42,306,055</u>	<u>87,723,350</u>	<u>77,838,248</u>	<u>72,211,554</u>
Program revenues				
Governmental activities:				
Charges for services and sales				
Instruction	1,716,454	1,314,815	1,135,618	1,194,580
Supporting services	10,280	5,615	-	59,246
Food service	1,188,672	1,054,893	990,699	939,940
Community services	-	-	-	-
Other non-instructional services	-	-	-	298
Extracurricular activities	776,464	876,693	730,179	667,393
Operating grants, interest and contributions	3,067,667	3,145,712	3,320,522	3,226,892
Capital grants and contributions	154,793	175,333	-	-
Total primary government program revenues	<u>6,914,330</u>	<u>6,573,061</u>	<u>6,177,018</u>	<u>6,088,349</u>
Net (expense) revenue				
Total primary government net expense	<u>\$ (35,391,725)</u>	<u>\$ (81,150,289)</u>	<u>\$ (71,661,230)</u>	<u>\$ (66,123,205)</u>

Source: School District financial records.

(1) The decrease in expenses in 2018 is due to net negative expense of \$30,270,435 related to the effects of GASB 68 and GASB 75.

	2014	2013	2012	2011	2010	2009
\$	30,891,909	\$ 31,906,820	\$ 35,973,496	\$ 41,340,342	\$ 45,356,256	\$ 42,573,304
	10,009,311	4,961,052	5,591,707	5,770,265	5,879,893	5,596,939
	434,305	561,456	301,853	361,927	315,403	273,242
	-	-	-	8,969	33,336	31,990
	57,447	32,501	60,166	62,845	66,627	27,203
	4,967,244	2,795,803	2,849,267	3,228,434	3,428,104	3,228,233
	2,467,718	3,644,085	3,635,697	3,616,223	3,421,655	3,824,176
	35,585	36,366	24,073	27,043	41,747	120,518
	4,729,847	3,152,006	2,710,461	3,268,009	3,699,060	3,304,371
	1,956,243	4,718,649	6,414,832	5,973,581	6,392,282	6,146,711
	692,588	1,047,659	469,688	571,907	466,978	533,549
	8,270,970	9,690,529	6,808,831	7,302,400	8,237,541	12,738,571
	4,722,938	3,627,758	3,933,960	4,157,869	3,916,644	3,865,084
	1,333,854	1,541,043	633,707	771,530	789,965	690,168
	1,798,500	1,703,814	1,717,290	2,044,552	2,150,152	2,132,057
	544,602	547,048	502,180	530,844	542,479	666,924
	552,197	-	-	-	-	-
	1,365,404	765,989	528,523	600,654	641,519	629,824
	4,204,919	1,506,414	658,114	909,372	1,062,325	1,209,927
	<u>79,035,581</u>	<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>
	917,439	1,116,216	1,310,543	1,330,528	1,090,804	1,095,882
	81,853	91,570	83,400	65,499	55,452	59,060
	921,889	957,002	1,202,627	1,300,254	1,413,974	1,534,856
	3,971	4,059	4,687	6,269	83,462	83,920
	-	-	-	-	-	-
	464,680	557,687	221,908	268,892	267,466	29,759
	3,245,084	2,956,465	3,360,987	4,913,840	4,704,071	3,272,421
	-	-	-	-	-	-
	<u>5,634,916</u>	<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>(73,400,665)</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>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net (expense) revenue				
Total primary government net expense	\$ (35,391,725)	\$ (81,150,289)	\$ (71,661,230)	\$ (66,123,205)
General revenues and other changes in net position				
Governmental activities:				
Property taxes levied for:				
General purposes	49,962,082	43,725,622	58,615,225	43,358,643
Debt service	3,791,427	3,297,102	4,529,756	3,270,323
Capital improvements	1,035,551	898,429	1,242,153	903,471
Grants and entitlements not restricted to specific purposes	18,326,328	19,664,762	20,205,928	20,515,068
Payments in lieu of taxes	2,736,464	2,107,444	2,113,540	2,936,033
Investment earnings	523,123	187,434	216,918	109,454
Miscellaneous	246,966	450,586	456,521	214,628
Total primary government	<u>76,621,941</u>	<u>70,331,379</u>	<u>87,380,041</u>	<u>71,307,620</u>
Change in net position				
Total primary government	<u>\$ 41,230,216</u>	<u>\$ (10,818,910)</u>	<u>\$ 15,718,811</u>	<u>\$ 5,184,415</u>

Source: School District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>\$ (73,400,665)</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>
51,746,848	45,602,498	48,655,796	47,590,334	49,811,922	50,415,667
3,865,747	3,231,023	2,951,675	3,223,632	3,213,836	3,310,958
1,094,293	946,743	1,037,544	1,039,911	1,001,310	1,009,543
20,091,670	19,959,675	21,631,697	23,011,921	23,303,038	21,891,836
2,019,295	2,037,264	-	-	-	-
97,236	23,557	1,043	18,215	39,940	241,399
214,127	221,177	1,093,336	755,556	558,069	873,919
<u>79,129,216</u>	<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>\$ 5,728,551</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>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Committed	\$ -	\$ 148,622	\$ 500,336	\$ 816,929
Assigned	7,620,114	4,324,114	1,188,057	833,291
Unassigned	<u>24,196,319</u>	<u>22,453,164</u>	<u>26,603,118</u>	<u>10,494,078</u>
Total General Fund	<u>\$ 31,816,433</u>	<u>\$ 26,925,900</u>	<u>\$ 28,291,511</u>	<u>\$ 12,144,298</u>
Other governmental funds				
Restricted	8,118,907	9,542,951	\$ 23,246,685	\$ 59,534,620
Unassigned	<u>(303,980)</u>	<u>(207,171)</u>	<u>(175,858)</u>	<u>(11,781)</u>
Total other governmental funds	<u>\$ 7,814,927</u>	<u>\$ 9,335,780</u>	<u>\$ 23,070,827</u>	<u>\$ 59,522,839</u>

Source: School District financial records.

The District implemented GASB Statement No. 54 in 2011.
 Pre-GASB 34 balances are presented on S-10.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,356,545	\$ 1,517,000	\$ -	\$ -	\$ -
836,567	636,432	648,693	1,071,167	473,248
<u>10,054,234</u>	<u>2,814,798</u>	<u>1,904,170</u>	<u>(4,693,447)</u>	<u>(6,225,136)</u>
<u>\$ 12,247,346</u>	<u>\$ 4,968,230</u>	<u>\$ 2,552,863</u>	<u>\$ (3,622,280)</u>	<u>\$ (5,751,888)</u>

\$ 82,591,595	\$ 89,858,366	\$ 6,300,595	\$ 5,549,981	\$ 5,401,541
(1,809)	(11,610)	(85,285)	(520,149)	(203,291)
<u>\$ 82,589,786</u>	<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
 PRIOR TENTH FISCAL YEAR
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2009
General Fund	
Reserved	\$ 8,522,177
Unreserved	<u>(11,538,108)</u>
Total General Fund	<u><u>\$ (3,015,931)</u></u>

Other governmental funds	
Reserved	\$ 1,222,984
Unreserved, reported in	
Special Revenue Funds (1)	421,282
Debt Service Fund	3,657,960
Capital Projects Fund	<u>235,520</u>
Total other governmental funds	<u><u>\$ 5,537,746</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Taxes	\$ 55,194,360	\$ 47,656,853	\$ 66,145,834	\$ 47,119,137
Payment in lieu of taxes	2,736,464	2,107,444	2,113,540	2,936,033
Tuition and fees	1,465,895	1,161,073	1,000,564	996,652
Interest	523,123	187,434	216,918	109,454
Intergovernmental	21,495,842	22,968,862	23,526,450	23,741,960
Extracurricular	730,257	825,934	709,706	702,822
Charges for services	1,085,323	1,037,386	980,482	933,528
Other	<u>657,361</u>	<u>678,209</u>	<u>622,265</u>	<u>443,083</u>
Total	<u>\$ 83,888,625</u>	<u>\$ 76,623,195</u>	<u>\$ 95,315,759</u>	<u>\$ 76,982,669</u>

Source: School District Financial Records, Total Governmental Funds.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 57,120,188	\$ 50,160,964	\$ 52,782,115	\$ 52,221,934	\$ 52,569,310	\$ 56,319,296
2,019,295	2,037,264	-	-	-	-
741,024	964,944	1,087,129	1,104,440	735,486	699,895
97,236	23,557	1,043	18,202	39,406	237,083
23,336,754	22,916,140	24,992,684	27,925,761	28,007,109	25,164,257
526,138	614,304	723,247	473,952	276,958	267,329
913,481	948,649	1,181,906	1,283,050	1,407,403	1,528,987
<u>423,316</u>	<u>396,775</u>	<u>896,432</u>	<u>865,556</u>	<u>1,013,950</u>	<u>1,159,446</u>
<u>\$ 85,177,432</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>

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

	2018	2017	2016	2015
Expenditures				
Instruction	\$ 40,735,762	\$ 39,369,664	\$ 39,631,414	\$ 39,444,910
Pupil supporting services	5,102,615	4,891,711	5,080,733	5,231,940
Instructional support	2,831,764	3,024,104	2,999,061	3,114,924
Board of education and administration	4,268,345	4,391,812	4,470,553	4,724,903
Fiscal and business services	2,402,203	2,438,028	2,148,157	2,207,594
Operation and maintenance	7,352,743	7,626,959	7,640,805	7,907,375
Pupil transportation	4,702,958	4,832,963	4,758,742	6,571,132
Central services	1,758,272	2,166,731	1,420,016	1,458,942
Food service operation	1,972,754	1,950,987	1,739,487	1,712,036
Community and other non-instructional services	634,568	964,689	1,320,148	590,968
Extracurricular activities	1,678,941	1,609,833	1,533,556	1,606,327
Capital outlay	519,555	13,610,950	37,780,461	20,230,684
Debt service				
Principal	2,137,221	1,873,554	1,834,604	2,021,284
Interest	3,009,137	3,215,055	3,298,364	3,565,774
Total expenditures	<u>\$ 79,106,838</u>	<u>\$ 91,967,040</u>	<u>\$ 115,656,101</u>	<u>\$ 100,388,793</u>
Debt service as a percentage of noncapital expenditures	<u>6.58%</u>	<u>5.90%</u>	<u>6.65%</u>	<u>5.92%</u>

Source: School District Financial Records, Total Governmental Funds.

	2014	2013	2012	2011	2010	2009
\$	40,161,670	\$ 38,429,376	\$ 42,227,744	\$ 46,076,179	\$ 50,106,360	\$ 50,478,749
	4,903,441	2,754,673	2,744,074	3,085,303	3,254,349	3,207,331
	2,525,001	3,620,194	3,515,085	3,474,301	3,269,749	3,723,893
	4,531,282	3,155,683	2,776,466	3,175,610	3,401,246	3,559,170
	2,564,056	5,705,379	6,880,315	6,557,787	6,757,257	6,599,663
	7,894,367	9,446,872	6,764,477	7,224,860	8,129,006	7,995,449
	4,790,992	3,695,209	3,476,409	4,038,172	3,729,585	3,911,559
	1,346,721	1,563,117	679,145	777,975	785,736	678,140
	1,777,719	1,671,743	1,712,480	2,006,042	2,096,893	2,082,924
	1,053,992	541,122	489,112	517,093	547,261	648,633
	1,271,803	684,369	448,823	485,814	554,001	542,462
	5,196,362	740,527	-	-	-	4,631,250
	2,681,901	3,506,148	3,479,680	3,583,497	3,448,037	3,049,491
	4,484,964	1,103,114	677,014	929,072	1,081,025	1,208,149
\$	<u>85,184,271</u>	<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>8.66%</u>	<u>6.06%</u>	<u>5.52%</u>	<u>5.54%</u>	<u>5.48%</u>	<u>4.67%</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)

	2018	2017	2016	2015
Excess of revenues over (under) expenditures	\$ 4,781,787	\$ (15,343,845)	\$ (20,340,342)	\$ (23,406,124)
Other financing sources (uses)				
Transfers in	-	259,890	-	210,000
Proceeds from bond issue	-	-	-	-
Proceeds from debt refunding	8,830,000	-	-	3,940,000
Premium on debt issue	951,729	-	-	71,592
Payment to escrow agent	(11,258,992)	-	-	(3,865,000)
Transfers out	-	(259,890)	-	(224,120)
Proceeds from sale of assets	65,156	243,187	35,543	-
Capital lease proceeds	-	-	-	103,657
Total other financing sources (uses)	<u>(1,412,107)</u>	<u>243,187</u>	<u>35,543</u>	<u>26,129</u>
Net change in fund balances	<u>\$ 3,369,680</u>	<u>\$ (15,100,658)</u>	<u>\$ (20,304,799)</u>	<u>\$ (23,379,995)</u>

Source: School District Financial Records, Total Governmental Funds.

2014	2013	2012	2011	2010	2009
\$ (6,839)	\$ 1,445,071	\$ 5,793,732	\$ 1,961,190	\$ (3,110,883)	\$ (6,940,570)
250,276	422,250	76,239	101,935	259,917	41,032
-	81,000,000	-	-	-	4,685,420
-	-	-	-	-	-
-	3,578,702	-	-	-	-
-	-	-	-	-	-
(250,276)	(422,250)	(76,239)	(101,935)	(259,917)	(41,032)
28,985	23,040	27,787	-	35,430	21,739
-	-	-	-	-	-
(221,291)	84,179,492	(48,452)	(101,935)	(224,487)	4,666,127
\$ (228,130)	\$ 85,624,563	\$ 5,745,280	\$ 1,859,255	\$ (3,335,370)	\$ (2,274,443)

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)
2018	\$ 1,457,081,090	\$ 4,163,088,829	\$ 38,919,200	\$ 44,226,364	\$ -	\$ -
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

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
	Assessed Value	Estimated Actual Value	Value Ratio	Tax Rate
\$	1,496,000,290	\$ 4,207,315,193	35.6%	81.78
	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

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

Year	School District			Total Direct Tax Rate	County	Vocational School	City	Total Direct and Overlapping Governments
	General	Improvements	Bond Retirement					
2017	77.78	1.00	3.00	81.78	23.43	3.09	9.30	117.60
2016	77.78	1.00	3.00	81.78	23.43	2.40	9.30	116.91
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

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, 2018 AND JUNE 30, 2012 (1)

December 31, 2017 (1)		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
Southpark Mall, LLC.	\$ 72,455,110	4.84%
Cleveland Electric Illuminating Company	24,522,680	1.64%
Greens of Strongsville, LTD.	8,877,760	0.59%
Vam, LTD.	8,762,100	0.59%
Cherry Street Village	8,141,920	0.54%
Polo Club Apartments, LLC.	7,314,490	0.49%
Chestnut Lake Apartments	6,412,990	0.43%
American Transmission Fund	5,674,390	0.38%
Wal-Mart Real Estate	5,302,330	0.35%
AIC Income Fund	5,028,240	0.34%
	\$ 152,492,010	10.19%
Total Value in the District	\$1,496,000,290	

December 31, 2011 (1) (2)		
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%
	\$ 152,855,760	10.55%
Total Value in the District	\$1,447,477,110	

Source: Cuyahoga County Fiscal Officer.

- (1) Data is presented for the calendar year ending within the School District's fiscal year, as that is the manner in which the information is maintained by the Cuyahoga County Fiscal Officer.
- (2) Information prior to 2011 is not available

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

Collection Year (2)	Current Taxes Levy	Delinquent Taxes Levy	Total Taxes Levy	Current Tax Collections
2017	\$ 65,009,249	\$ 1,578,127	\$ 66,587,376	\$ 63,071,499
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

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>
97.0%	\$ 1,027,709	\$ 64,099,208	98.6%
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%

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	Amount Available in Debt Service Fund	Net Bonded Debt
2018	\$ 78,952,171	\$ 3,490,000	\$ -	\$ 82,442,171	\$ 4,558,701	\$ 77,883,470
2017	81,677,778	3,645,000	-	85,322,778	5,896,388	79,426,390
2016	83,508,187	3,800,000	-	87,308,187	6,464,957	80,843,230
2015	85,314,648	3,940,000	-	89,254,648	5,293,759	83,960,889
2014	87,256,194	3,985,000	-	91,241,194	5,919,210	85,321,984
2013	89,758,206	4,273,334	-	94,031,540	7,995,307	86,036,233
2012	8,280,930	4,556,667	121,389	12,958,986	4,297,742	8,661,244
2011	11,360,763	4,840,000	237,903	16,438,666	4,029,969	12,408,697
2010	14,554,528	5,118,334	349,301	20,022,163	3,865,618	16,156,545
2009	17,622,725	5,391,667	455,808	23,470,200	3,657,960	19,812,240

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.

Total Debt				Net Bonded Debt			
Percentage of Estimated Actual Value (2)	Percentage of Personal Income (3)	Per Capita (3)	Per ADM (3)	Percentage of Estimated Actual Value (2)	Percentage of Personal Income (3)	Per Capita (3)	Per ADM (3)
2.00%	5.31%	\$ 1,842	\$ 15,050	1.89%	5.02%	\$ 1,740	\$ 14,218
2.09%	5.50%	1,907	15,627	1.95%	5.12%	1,775	14,547
2.19%	5.63%	1,951	15,494	2.02%	5.21%	1,807	14,347
2.24%	5.75%	1,995	15,087	2.10%	5.41%	1,876	14,192
2.30%	5.88%	2,039	14,697	2.15%	5.50%	1,907	13,744
2.30%	6.06%	2,101	14,398	2.10%	5.55%	1,923	13,174
0.32%	0.84%	290	1,916	0.21%	0.56%	194	1,281
0.41%	1.06%	367	2,377	0.31%	0.80%	277	1,794
0.45%	1.54%	457	2,880	0.36%	1.24%	368	2,324
0.52%	1.80%	535	3,278	0.44%	1.52%	452	2,767

STRONGSVILLE CITY SCHOOL DISTRICT
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Assessed Valuation	<u>\$ 1,496,000,290</u>	<u>\$ 1,466,221,800</u>	<u>\$ 1,446,581,550</u>	<u>\$ 1,417,638,250</u>
Debt Limit -				
9% of Assessed Value (1)	<u>134,640,026</u>	<u>131,959,962</u>	<u>130,192,340</u>	<u>127,587,443</u>
Debt Applicable to Debt Limit:				
Various Purpose Bonds, Series 1986	-	-	-	-
Various Purpose Bonds, Series 1991	-	-	-	-
Various Purpose Bonds, Series 1994, Refunded 2004	-	-	-	-
Various Purpose Bonds, Series 1996	-	-	-	-
Various Purpose Bonds, Series 2005	915,000	950,000	985,000	1,015,000
Energy Conservation Improvement Bonds, Series 2006	-	272,682	343,103	410,459
Energy Conservation Improvement Bonds, Series 2008	1,769,274	2,018,813	2,256,947	2,484,194
School Improvement Bonds, Series 2013	63,435,000	75,230,000	76,605,000	77,925,000
Refunding bonds, 2017	8,830,000	-	-	-
Amount Available in Debt				
Service Fund	<u>(4,558,701)</u>	<u>(5,896,388)</u>	<u>(6,464,957)</u>	<u>(5,293,759)</u>
Total	<u>70,390,573</u>	<u>72,575,107</u>	<u>73,725,093</u>	<u>76,540,894</u>
Overall Debt Margin	<u>\$ 64,249,453</u>	<u>\$ 59,384,855</u>	<u>\$ 56,467,247</u>	<u>\$ 51,046,549</u>
Total debt applicable to debt limit as a percentage of debt limit	<u>55.67%</u>	<u>59.47%</u>	<u>61.59%</u>	<u>64.14%</u>
Overall Limit -				
.10% of Assessed Value (1)	\$ 1,496,000	\$ 1,466,222	\$ 1,446,582	\$ 1,417,638
Amount of Debt Applicable	<u>915,000</u>	<u>950,000</u>	<u>985,000</u>	<u>1,015,000</u>
Unvoted Debt Margin	<u>\$ 581,000</u>	<u>\$ 516,222</u>	<u>\$ 461,582</u>	<u>\$ 402,638</u>
Unvoted debt applicable to debt limit as a percentage of unvoted debt limit	<u>61.163%</u>	<u>64.792%</u>	<u>68.092%</u>	<u>71.598%</u>

2014	2013	2012	2011	2010	2009
<u>\$ 1,416,350,590</u>	<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>127,471,553</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>
-	-	-	-	260,000	520,000
-	-	-	130,000	260,000	390,000
265,000	520,000	760,000	995,000	1,220,000	1,440,000
-	-	2,530,000	4,930,000	7,210,000	9,380,000
1,045,000	1,075,000	1,105,000	1,135,000	1,160,000	1,185,000
474,883	536,503	595,441	651,814	705,733	757,305
2,701,054	2,908,001	3,105,489	3,293,949	3,473,795	3,645,420
79,205,000	81,000,000	-	-	-	-
-	-	-	-	-	-
<u>(5,919,210)</u>	<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>77,771,727</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>\$ 49,699,826</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>65.65%</u>	<u>68.08%</u>	<u>6.21%</u>	<u>8.56%</u>	<u>11.12%</u>	<u>12.74%</u>
<u>\$ 1,416,351</u>	<u>\$ 1,404,215</u>	<u>\$ 1,448,698</u>	<u>\$ 1,445,936</u>	<u>\$ 1,427,874</u>	<u>\$ 1,510,823</u>
<u>1,045,000</u>	<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>\$ 371,351</u>	<u>\$ 329,215</u>	<u>\$ 343,698</u>	<u>\$ 310,936</u>	<u>\$ 267,874</u>	<u>\$ 325,823</u>
<u>73.781%</u>	<u>76.555%</u>	<u>76.275%</u>	<u>78.496%</u>	<u>81.240%</u>	<u>78.434%</u>

STRONGSVILLE CITY SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
 AS OF DECEMBER 31, 2017

<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	\$ 78,952,171	100.00%	\$ 78,952,171
Refunding certificates of participation	<u>3,490,000</u>	100.00%	<u>3,490,000</u>
Total direct	<u>82,442,171</u>		<u>82,442,171</u>
Underlying Debt:			
City of Strongsville	42,000,415	100.00%	42,000,415
Cuyahoga County	207,485,000	5.24%	10,872,214
Regional Transit Authority	<u>1,995,000</u>	5.24%	<u>104,538</u>
Total overlapping	<u>251,480,415</u>		<u>52,977,167</u>
Total	<u><u>\$ 333,922,586</u></u>		<u><u>\$ 135,419,338</u></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)
2018	44,750	\$ 34,668	\$ 1,551,393,000	5,478	6.4%
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%

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, 2017 AND DECEMBER 31, 2008

December 31, 2017

Name of Employer	Nature of Activity	Percent of Total City Income Taxes Paid
PNC Bank (formerly National City Bank)	Banking Technology Center	2.53%
Strongsville Board of Education	Education	2.31%
Medical Mutual of Ohio	Healthcare Solutions	2.02%
The Cleveland Clinic Foundatin	Outpatient Medical Facility	1.73%
Lamrite West, Inc.	Art Supplies Distributor	1.46%
City of Strongsville	Municipal Government	1.45%
Sw agelok Hy-Level Manufacturing	Precision Machine Parts	0.96%
CCL Label, Inc.	Pressure Sensitive Adhesive Products	0.92%
Momentive Performance Material	Producer of Advanced Ceramics	0.90%
Clark Reliance Corporation	Precision Boiler Parts	0.77%
Total		15.05%

December 31, 2008

Name of Employer	Nature of Activity	Percent of Total City Income Taxes Paid
Akzo Nobel Paints, LLC.	U.S. Corporate Headquarters - Paint	3.54%
Strongsville Board of Education	Education	3.53%
National City Bank (now PNC Bank)	Banking Technology Center	1.91%
City of Strongsville	Municipal Government	1.57%
Lamrite West, Inc.	Corporatea Headquarter - Art Supplies	1.43%
The Cleveland Clinic Foundatin	Outpatient Medical Facility	1.19%
Momentive Performance Material	Producer of Advanced Ceramics	1.01%
Medical Mutual	Healthcare Solutions	0.97%
Sw agelok Hy-Level Manufacturing	Precision Machine Parts	0.94%
Avery Dennison Corporation	Pressure Sensitive Adhesive Products	0.91%
Total		17.00%

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Administration:	25.00	26.00	30.00	31.00
Instructional:				
Regular Teaching	262.90	261.80	266.40	276.00
Special Education	52.00	50.00	50.00	50.00
Gifted Education	5.00	5.00	5.00	4.00
Title I Teachers	4.00	4.00	4.00	6.00
Others	0.50	0.50	0.50	0.50
Teachers (All)	0.00	0.00	0.00	0.00
Other Professional:				
Counseling	12.00	12.00	12.00	13.00
Nurses	1.00	1.00	1.00	1.00
Psychologist	6.64	6.64	6.64	6.64
Speech therapist	9.00	8.00	8.00	8.00
Support Staff:				
Clerical	43.00	43.00	46.40	48.00
Teacher Aides / Monitors	107.00	104.00	109.00	108.00
Maintenance/Grounds	8.00	8.00	9.00	9.00
Custodial	46.00	46.00	46.00	48.00
Transportation	74.00	76.00	74.00	76.00
Food Service	37.00	37.00	39.00	40.00
Media Specialist	3.00	3.00	3.00	3.00
Media Aides	9.00	9.00	10.00	11.00
Other	10.00	8.50	8.00	13.00
Support Staff (All)	0.00	0.00	0.00	0.00
Total	<u>715.04</u>	<u>709.44</u>	<u>727.94</u>	<u>752.14</u>

Source: School District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
32.00	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
5.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
336.00	349.00	350.00	377.00	398.00	421.00
12.00	12.00	14.00	14.00	14.00	15.00
1.00	1.00	1.00	1.00	1.00	1.00
6.64	6.64	5.64	5.64	6.64	6.64
8.00	8.00	8.00	8.00	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
77.00	78.00	91.00	82.00	86.00	95.00
0.00	0.00	0.00	0.00	0.00	0.00
3.00	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
278.36	273.36	271.36	299.36	328.36	329.36
<u>759.00</u>	<u>761.00</u>	<u>774.00</u>	<u>822.00</u>	<u>879.00</u>	<u>914.00</u>

STRONGSVILLE CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	PreK-12 Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change	Expenses (3) (4)
2018	5,478	\$ 70,505,704	\$ 12,871	-0.06%	\$ 36,488,701
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

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 activities less Interest and Fiscal Charges and tuition payments to other districts.
- (4) The decrease in fiscal year 2018 is due to net negative expense of \$30,270,435 due to the effects of GASB 68 and GASB 75.

	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Economically Disadvantaged
\$	6,661	-55.45%	324	16.9	19.65%
	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

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)
2018	\$ 39,916	\$ 97,631	N/A	N/A (2)
2017	39,326	96,187	\$ 74,797	\$ 60,433
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

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Ablion Middle School (1968) (3)										
Square Feet	0	0	71,428	71,428	71,428	71,428	71,428	71,428	71,428	71,428
Capacity	0	0	850	850	850	850	850	850	850	850
Enrollment	0	0	404	432	467	510	508	522	529	527
Allen Elementary School (1959) (1)										
Square Feet	0	0	0	0	0	0	0	0	50,244	50,244
Capacity	0	0	0	0	0	0	0	0	750	750
Enrollment	0	0	0	0	0	0	0	0	535	568
Center Middle School (1908) (3)										
Square Feet	0	0	97,658	97,658	97,658	97,658	97,658	97,658	97,658	97,658
Capacity	0	0	875	875	875	875	875	875	875	875
Enrollment	0	0	463	485	509	527	536	592	608	603
Chapman Elementary School (1971)										
Square Feet	41,587	41,587	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	310	328	396	375	369	405	429	434	354	369
Drake Elementary School (1974) (3)										
Square Feet	0	0	47,383	47,383	47,383	47,383	47,383	47,383	47,383	47,383
Capacity	0	0	600	600	600	600	600	600	600	600
Enrollment (b)	0	0	403	441	441	430	445	428	327	331
Kinsner Elementary School (1998)										
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	532	513	569	410	443	490	554	617	413	463
Muraski Elementary School (1956)										
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	473	465	486	412	453	518	537	560	531	520
Strongsville Early Learning Preschool (2005)										
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	117	108	118	101	106	97	75	87	91	70

(continued)

(Concluded)

School Building	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Strongsville Middle School (2016)										
Square Feet	192,554	192,554	0	0	0	0	0	0	0	0
Capacity	1,725	1,725	0	0	0	0	0	0	0	0
Enrollment	1,356	1,320	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	1,935	2,017	2,021	2,090	2,201	2,267	2,420	2,462	2,487	2,477
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	354	345	318	308	321	320	349	363	370	375
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	401	390	282	303	313	334	356	370	396	375
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	0	278	293	310	322	327	274	275
Administrative (4)										
Buildings	3	3	5	5	5	5	5	5	5	5
Square Feet	24,000	24,000	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	79	78	73	75	75	74	76	82	87	87
Athletics										
Football Fields	3	3	2	2	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	5	6	7	7	7	7	7	8	8

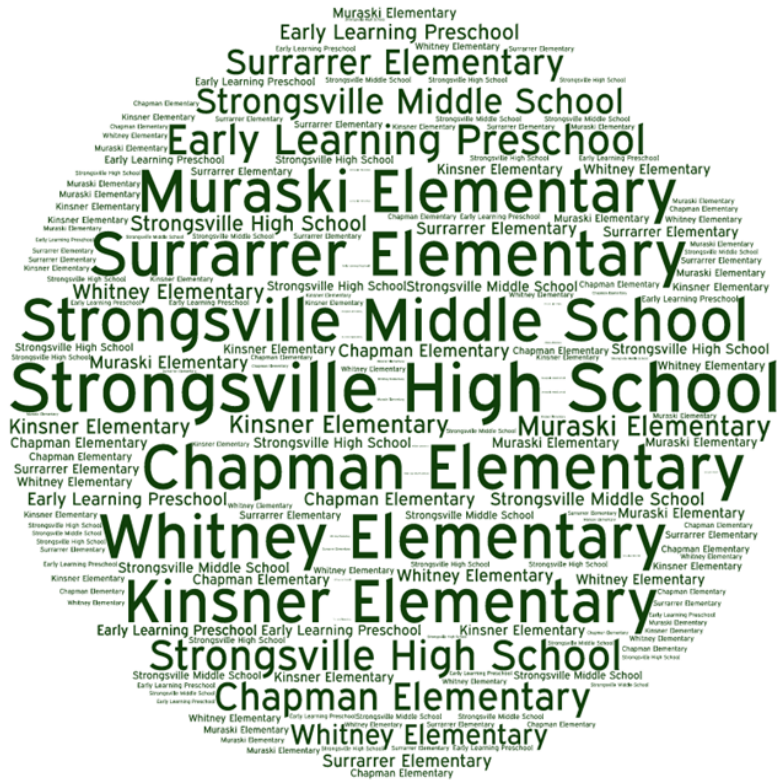
Source of information - Ohio Department of Education - Enrollment Data (October Count) and School District financial records.

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 SCHOOL DISTRICT

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GEORGE K. ANAGNOSTOU, TREASURER

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Dave Yost • Auditor of State

STRONGSVILLE CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 3, 2019**