

Elyria City School District

Five Year Forecast Financial Report

May, 2020



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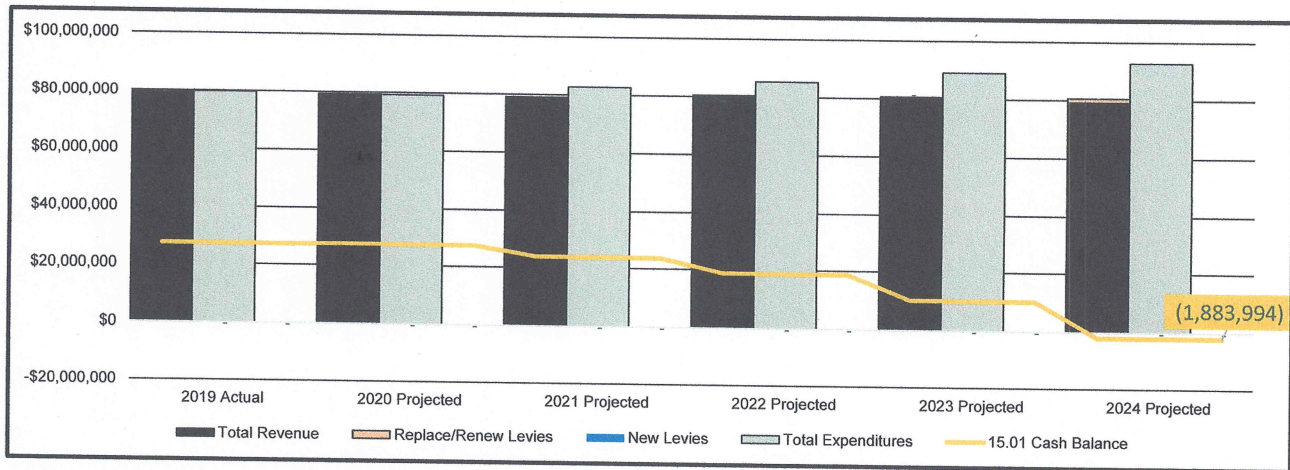
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	27,261,433	27,398,426	23,743,537	18,797,560	10,264,463
+ Revenue	79,349,053	79,127,608	80,498,076	80,661,070	79,314,906
+ Proposed Renew/Replacement Levies	-	-	-	-	1,399,997
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(79,212,059)	(82,782,497)	(85,444,053)	(89,194,167)	(92,863,360)
= Revenue Surplus or Deficit	136,993	(3,654,889)	(4,945,976)	(8,533,098)	(12,148,457)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	27,398,426	23,743,537	18,797,560	10,264,463	(1,883,994)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	136,993	(3,654,889)	(4,945,976)	(8,533,098)	(13,548,454)
Ending Balance w/o Levies	27,398,426	23,743,537	18,797,560	10,264,463	(3,283,991)

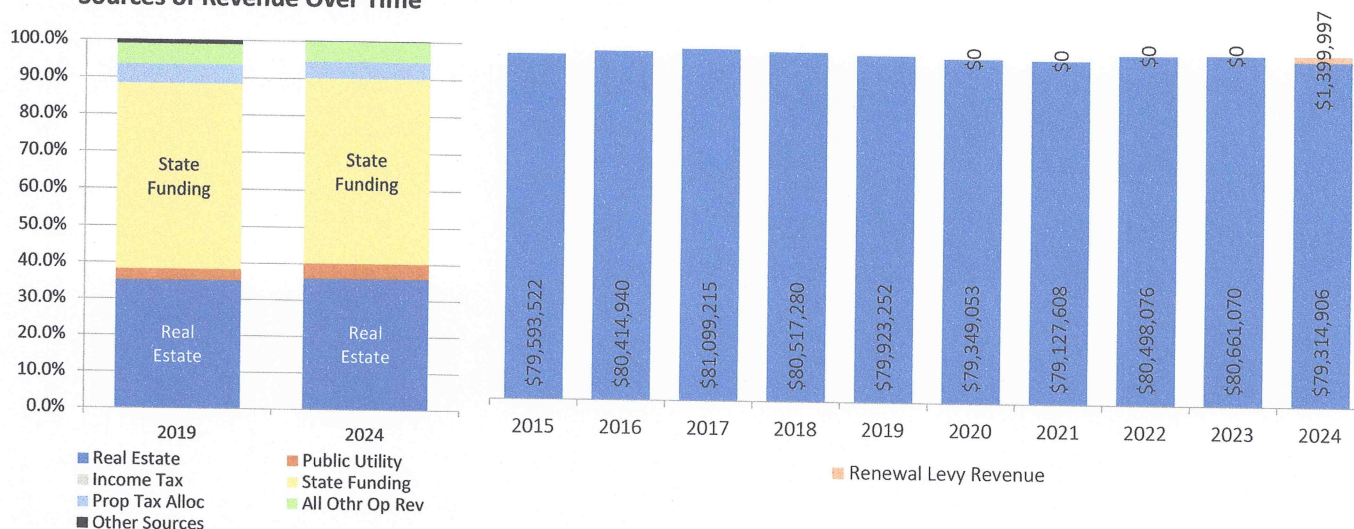
In FY 2020 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$136,993 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$13,548,454. The district would need to cut its FY 2024 projected expenses by 16.81% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2020 and is projected to worsen by FY 2024. A worsening cash balance can erode the district's financial stability over time.

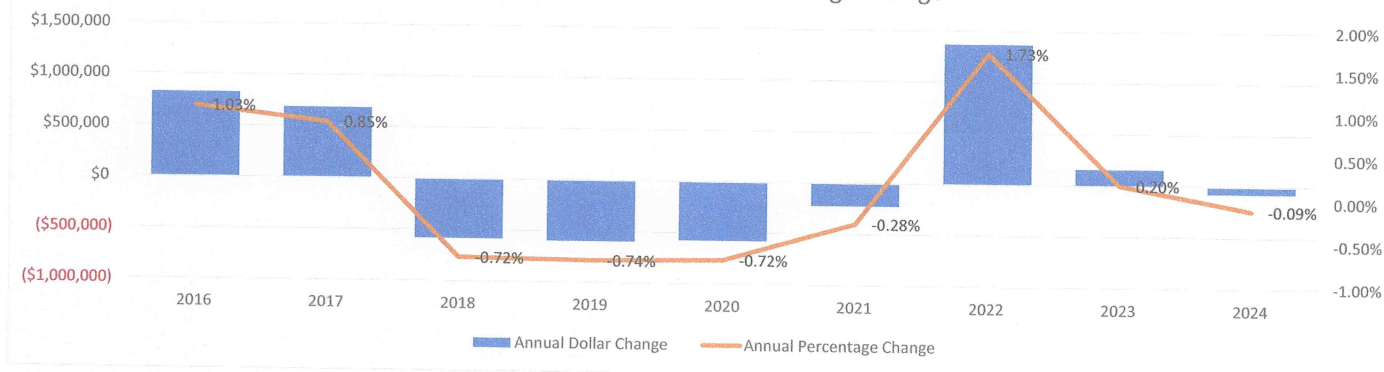
The forecast has improved since November. By FY 2024, the district is estimated to have \$13.6 million more in cash than had been forecast previously. Most of that increase is from three sources. FY 2020 is expected to finish \$2.7 million better than expected because of Wellness and CAREs funding. Health insurance expenditures are expected to be \$6 million lower from FY2021 through FY2024 due to a zero increase in premium costs in FY2021. Other revenue is expected to be \$3.7 million higher over that same period, primarily because of open enrollment revenues above the level anticipated in November.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change

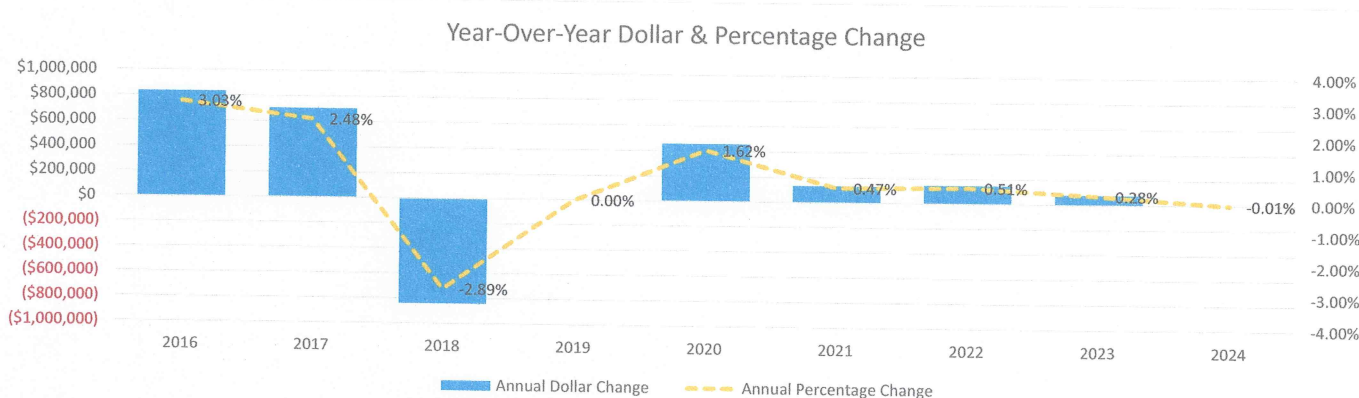
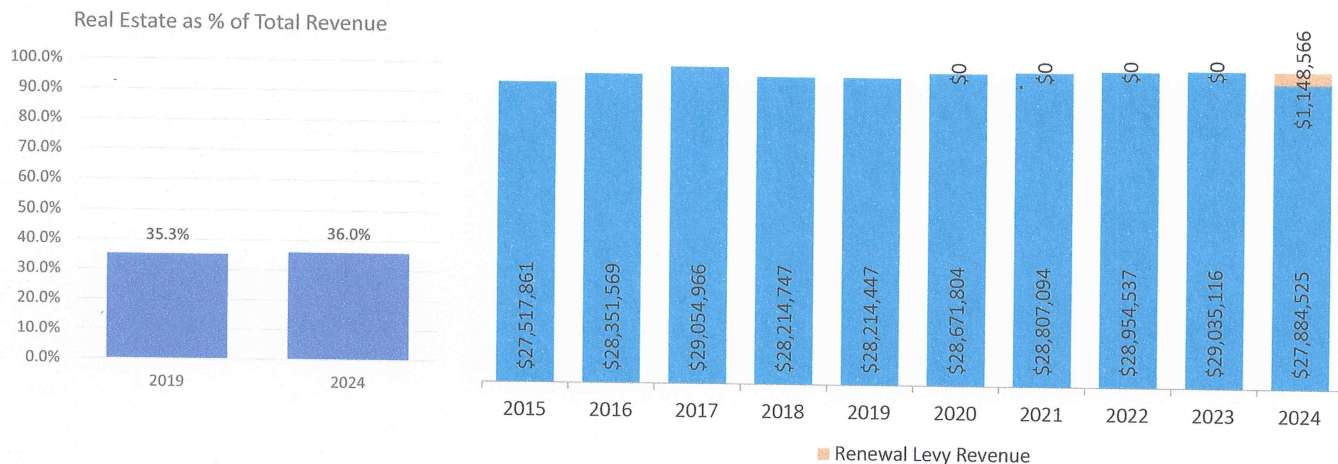


3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue decreased -0.20% or -\$163,896 annually during the past five years and is projected to increase 0.17% or \$133,401 annually through FY2024. Prop Tax Alloc has the most projected average annual variance compared to the historical average at \$506,741
Real Estate	(\$45,707)	\$163,729	\$209,436	
Public Utility	\$92,610	\$193,109	\$100,499	
Income Tax	\$0	\$0	\$0	
State Funding	\$223,181	(\$8,277)	(\$231,458)	
Prop Tax Alloc	(\$602,642)	(\$95,901)	\$506,741	
All Othr Op Rev	\$387,127	(\$1,535)	(\$388,662)	
Other Sources	(\$218,465)	(\$117,724)	\$100,741	
Total Average Annual Change	(\$163,896)	\$133,401	\$297,298	
	-0.20%	0.17%	0.37%	

1.010 - General Property Tax (Real Estate)

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



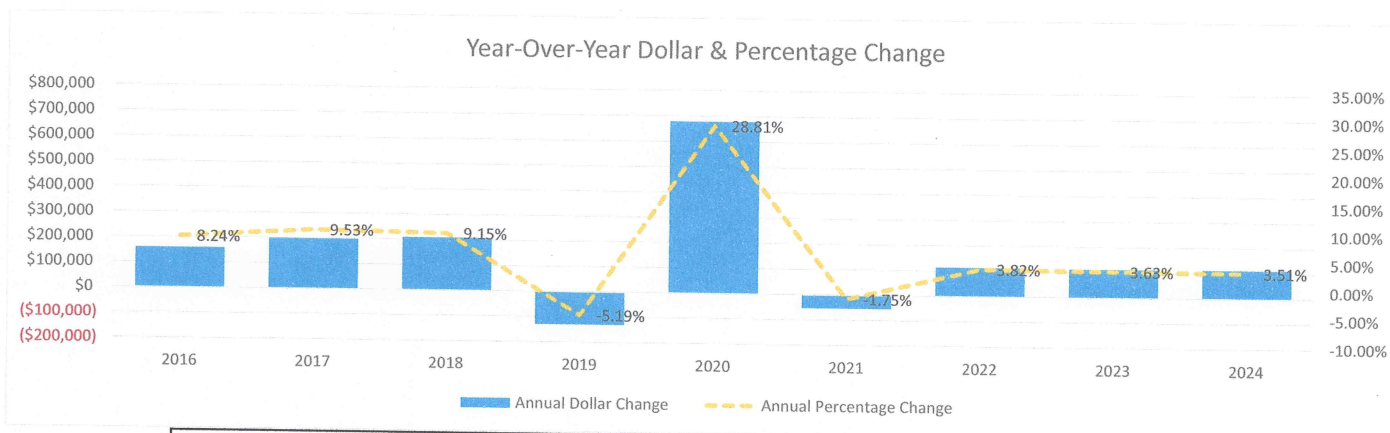
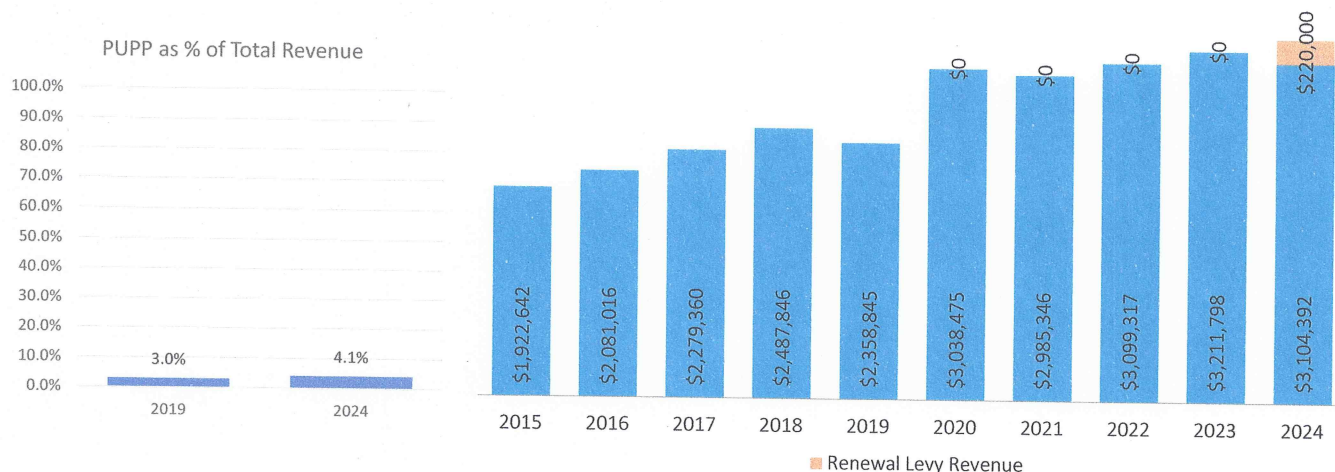
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	815,967,630	44,302,030	38.19	-	44.24	-	97.5%
2019	811,917,350	(4,050,280)	38.22	0.03	44.89	0.65	97.0%
2020	811,919,045	1,695	38.91	0.69	45.57	0.68	97.0%
2021	826,407,795	14,488,750	38.42	(0.49)	45.17	(0.40)	97.0%
2022	826,411,180	3,385	38.42	(0.01)	45.15	(0.01)	97.0%
2023	826,421,180	10,000	38.41	(0.01)	45.14	(0.01)	97.0%

Real estate property tax revenue accounts for 35.30% of total revenue. Class I or residential/agricultural taxes make up approximately 60.56% of the real estate property tax revenue. The Class I tax rate is 38.22 mills in tax year 2019. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 97.0% annually through tax year 2023. The revenue changed at an average annual historical rate of -0.14% and is projected to change at an average annual rate of 0.58% through FY 2024.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2018	39,580,360	1,689,990	67.10	(0.63)	100.0%
2019	43,464,250	3,883,890	67.09	(0.01)	100.0%
2020	45,103,539	1,639,289	67.75	0.66	100.0%
2021	46,808,400	1,704,861	67.62	(0.13)	100.0%
2022	48,561,400	1,753,000	67.59	(0.03)	100.0%
2023	50,361,400	1,800,000	62.61	(4.98)	100.0%

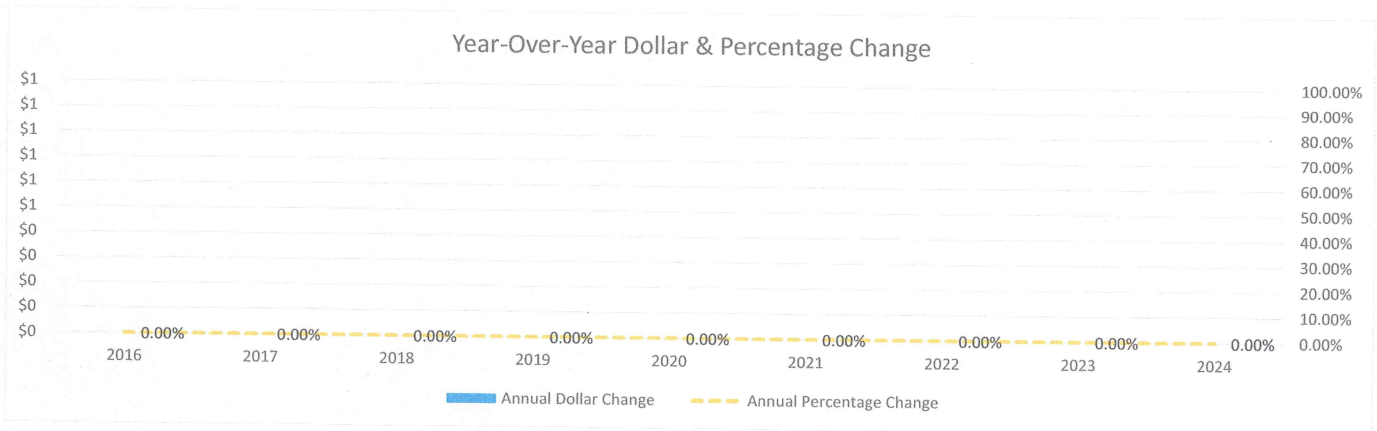
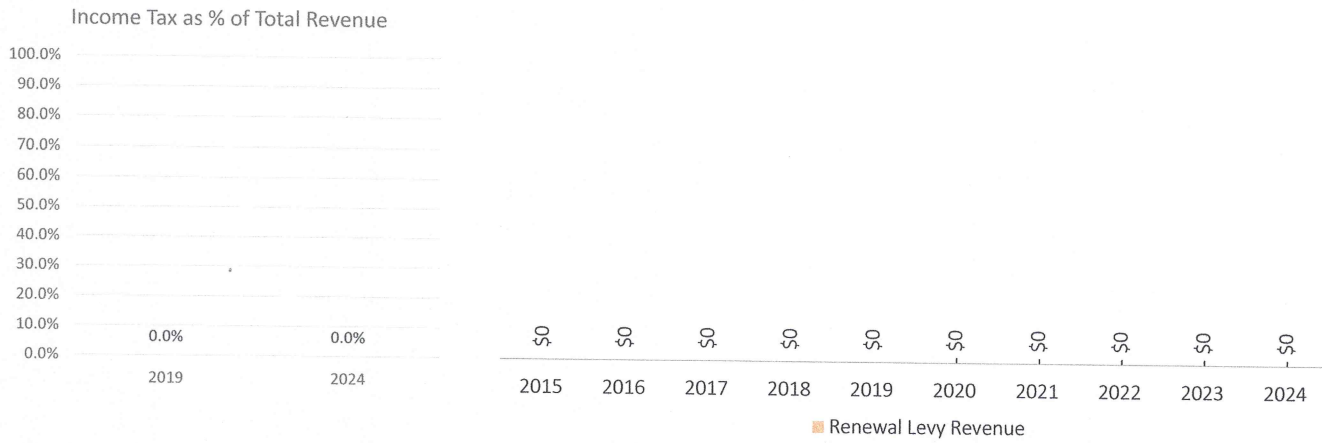
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 2.95% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 67.09 mills. The forecast is modeling an average gross collection rate of 99.98%. The revenue changed historically at an average annual dollar amount of \$92,610 and is projected to change at an average annual dollar amount of \$193,109 through FY 2024.

The large increase in revenue in FY 20 was because of a late payment that was should have been received in FY 2019.

*Projected % trends include renewal levies

1.030 - No Income Tax

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

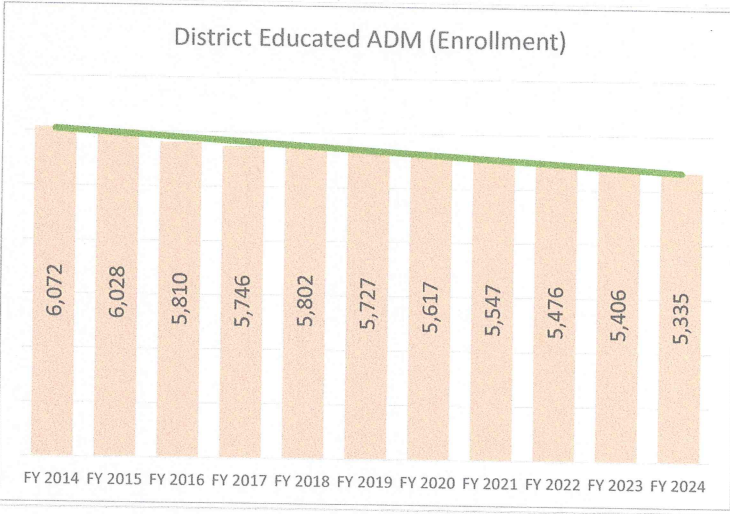
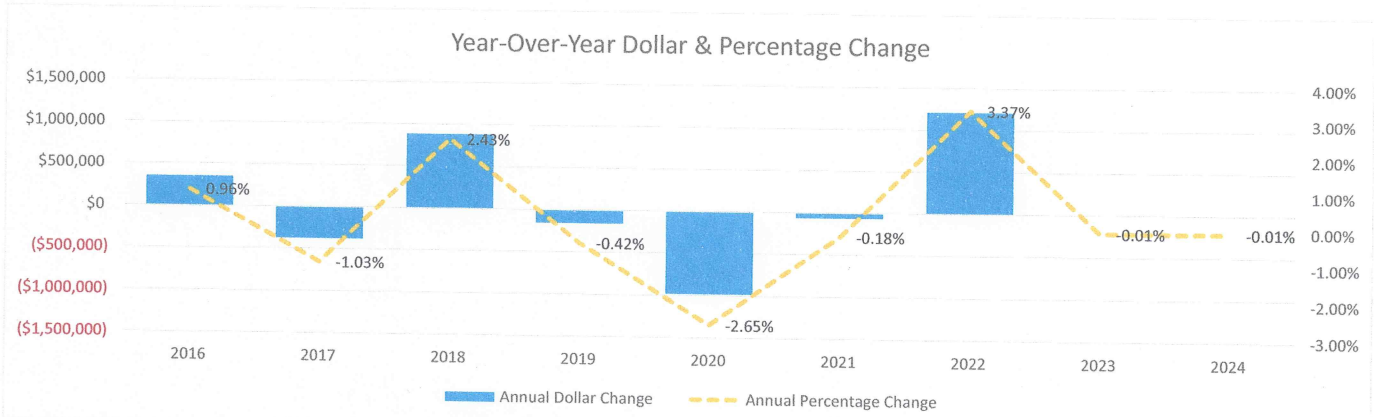
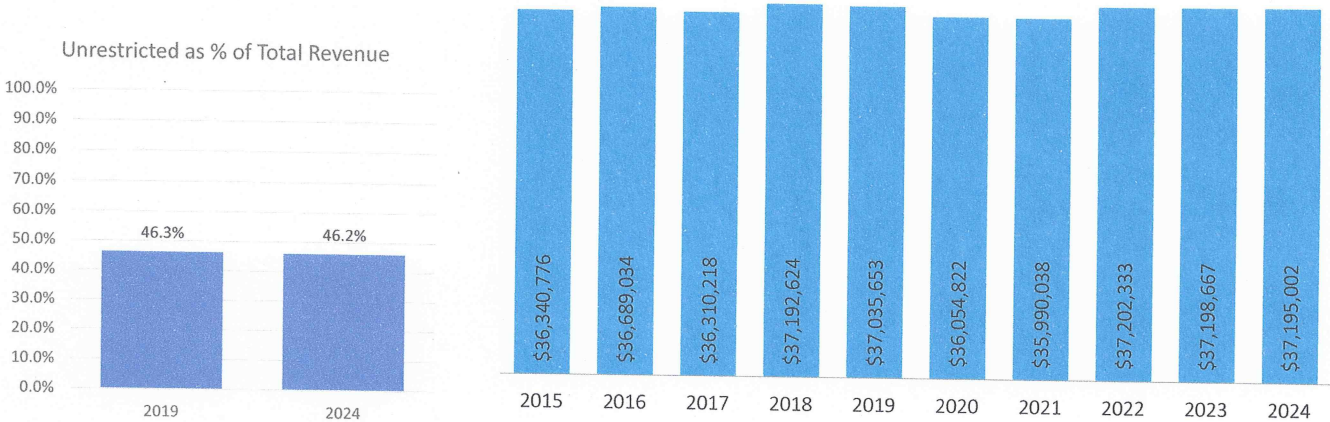


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

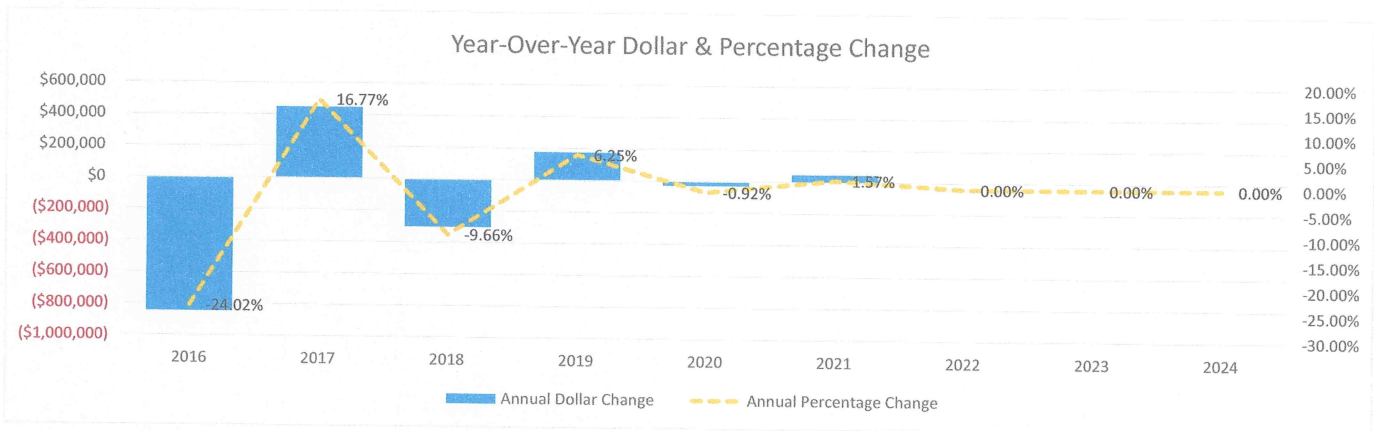
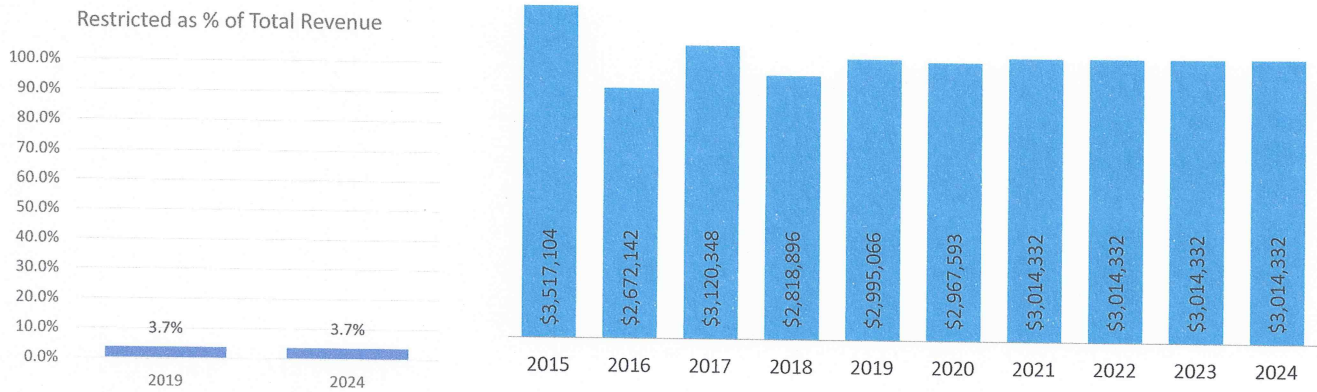
Funds received through the State Foundation Program with no restriction.



The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2020 base funding amount of \$35,736,788 the district is projected to receive FY 2020 categorical funding of \$1,404,304. Wellness dollars included in this amount are recorded in a special revenue fund and not included in this forecast. The district has the option to move some expenditures from the general fund to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 1.1%

1.040 & 1.045 - Restricted Grants-in-Aid

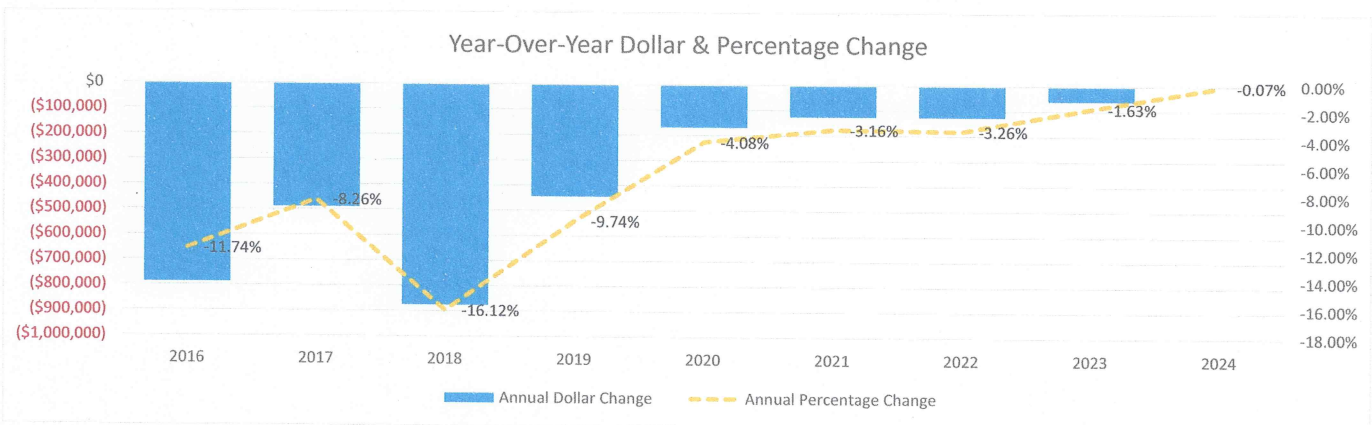
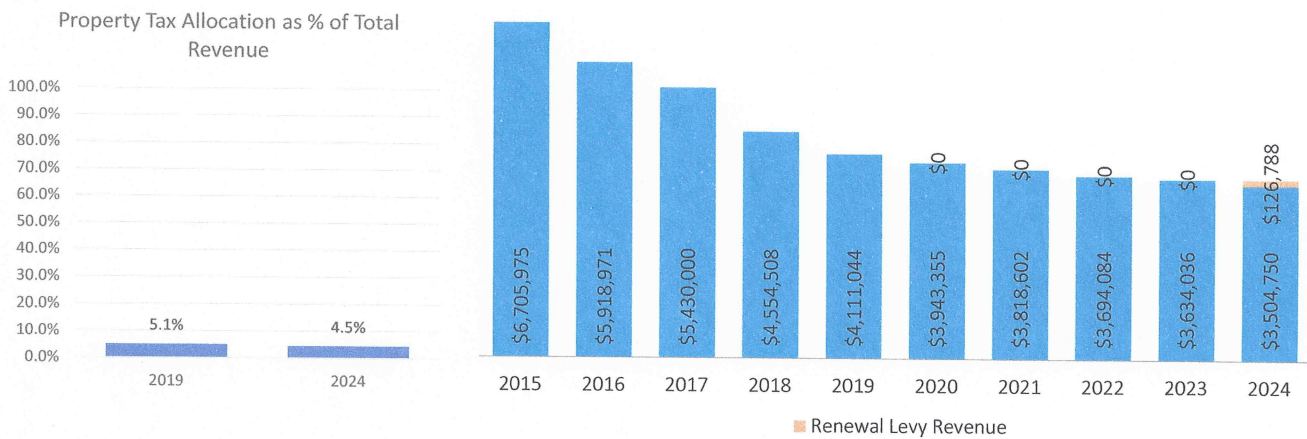
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$107,641 and is projected to change annually on average by \$3,853. Restricted funds represent 3.75% of total revenue.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.

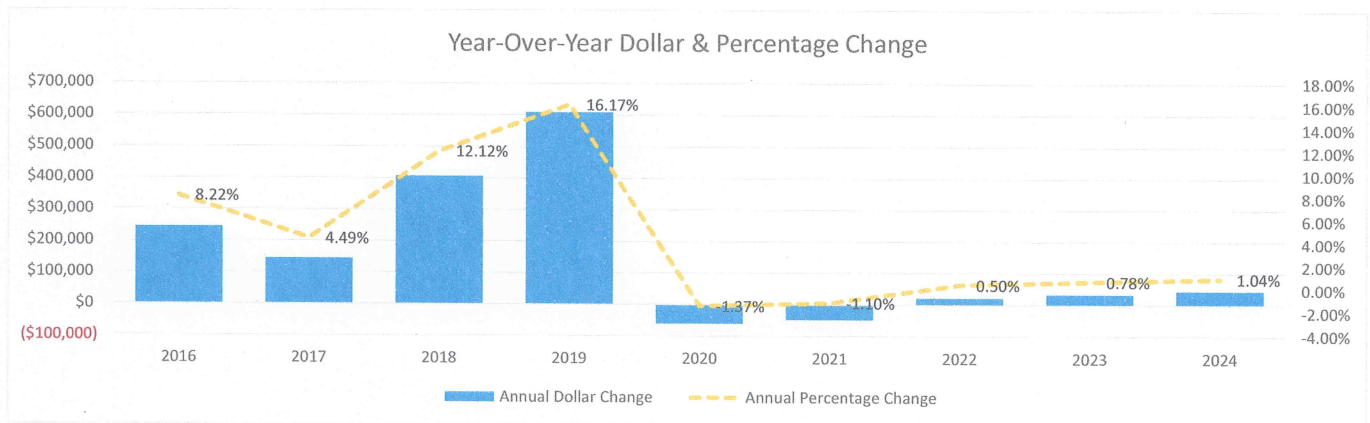
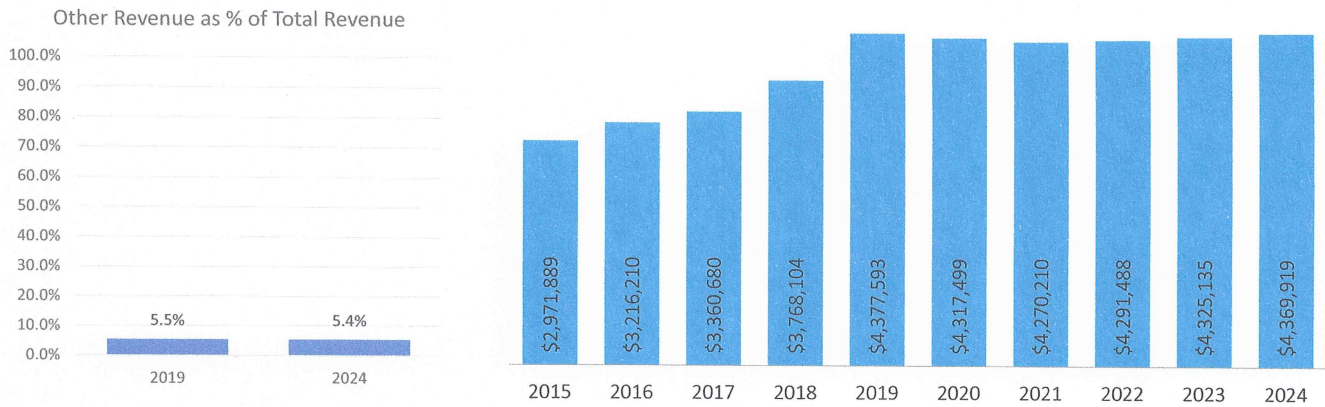


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 5.2% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

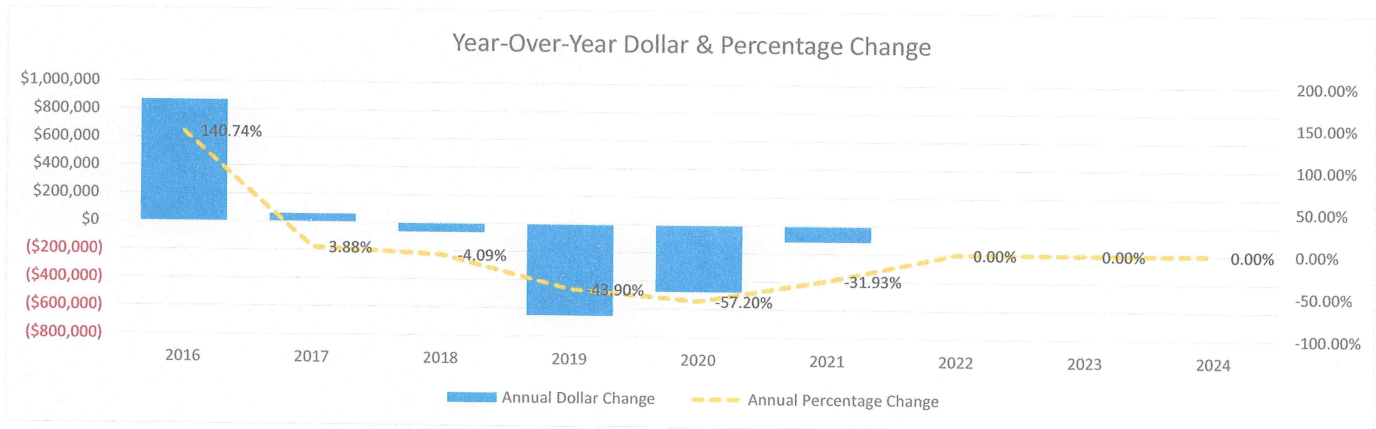
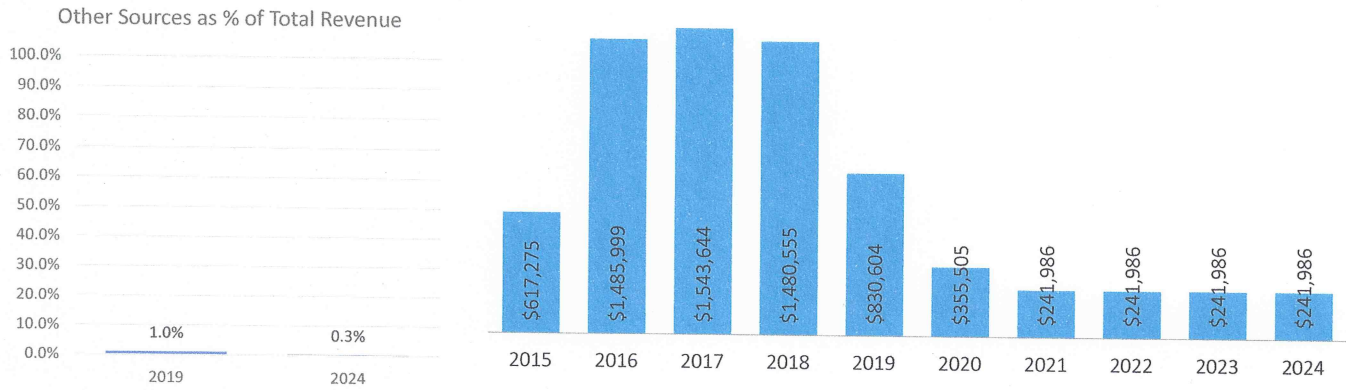
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$387,127. The projected average annual change is -\$1,535 through FY 2024.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

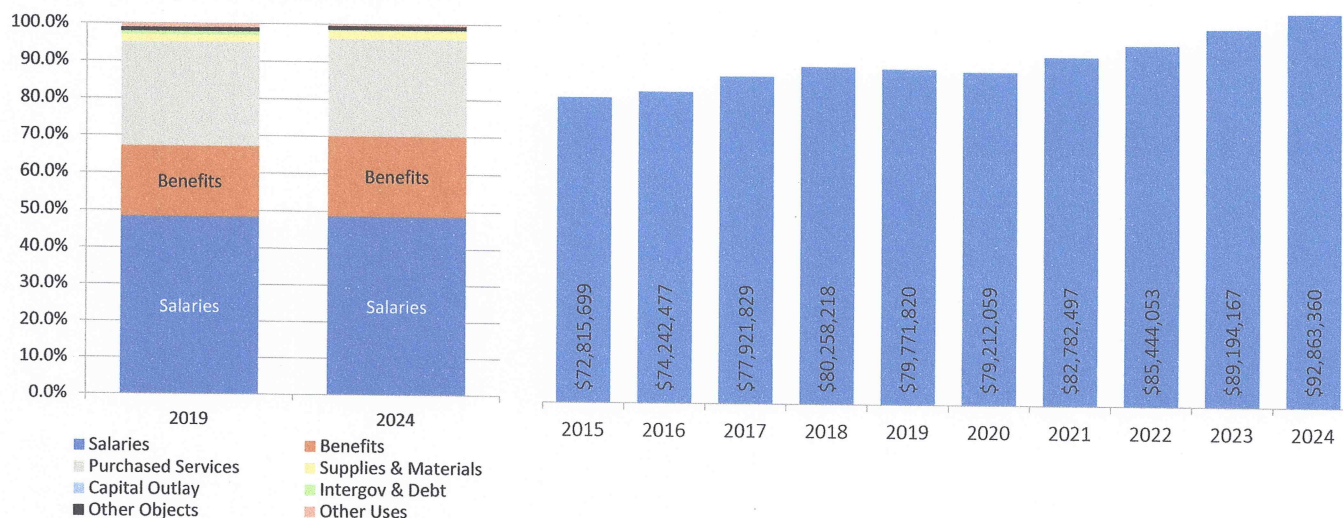


	2019	2020	2021	FORECASTED		
				2022	2023	2024
Transfers In	-	-	-	-	-	-
Advances In	811,550	338,519	225,000	225,000	225,000	225,000
All Other Financing Sources	19,054	16,986	16,986	16,986	16,986	16,986

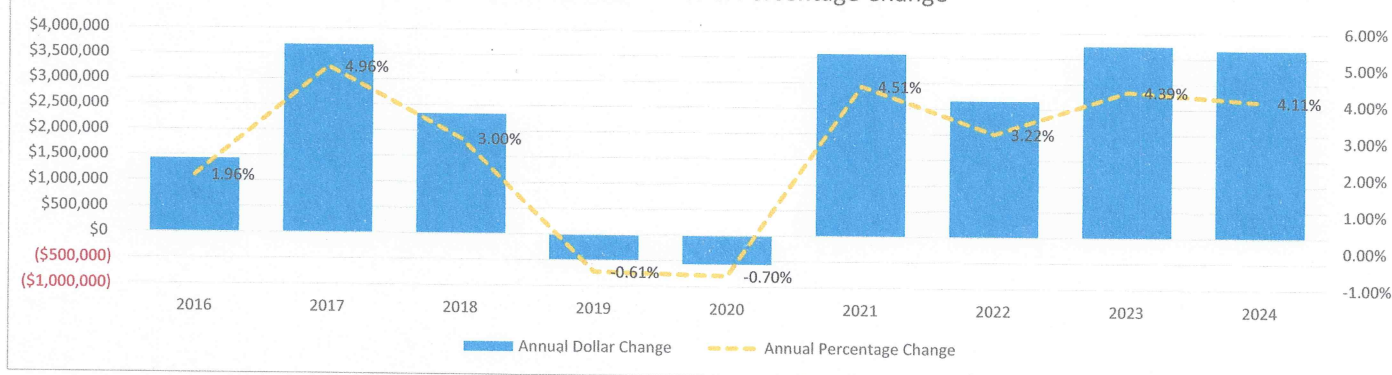
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2019 the district received \$811,550 as advances-in and is projecting advances of \$338,519 in FY 2020. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$16,986 in FY 2020 and average \$16,986 annually through FY 2024.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 2.45% or \$1,843,114 annually during the past five years and is projected to increase 3.28% or \$2,618,308 annually through FY2024. Capital Outlay has the largest projected average annual variance compared to the historical average at \$361,058.
Salaries	\$1,298,853	\$1,320,471	\$21,618	
Benefits	\$943,453	\$975,725	\$32,272	
Purchased Services	\$573,428	\$367,944	(\$205,484)	
Supplies & Materials	(\$228,703)	\$105,073	\$333,776	
Capital Outlay	(\$359,474)	\$1,584	\$361,058	
Intergov & Debt	\$58	(\$104,581)	(\$104,639)	
Other Objects	(\$4,450)	\$17,715	\$22,165	
Other Uses	(\$380,052)	(\$65,623)	\$314,429	
Total Average Annual Change	\$1,843,114	\$2,618,308	\$775,194	
	2.45%	3.28%	0.83%	

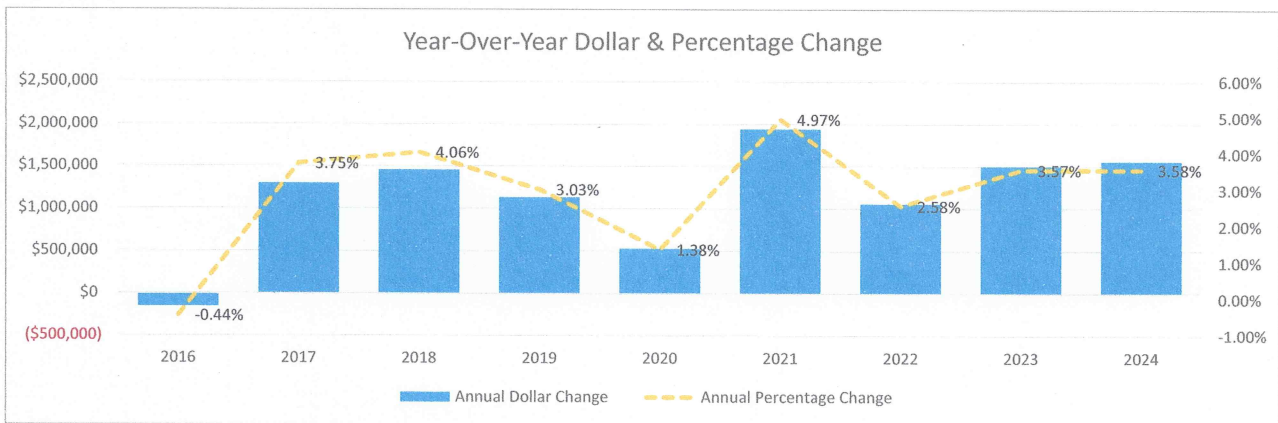
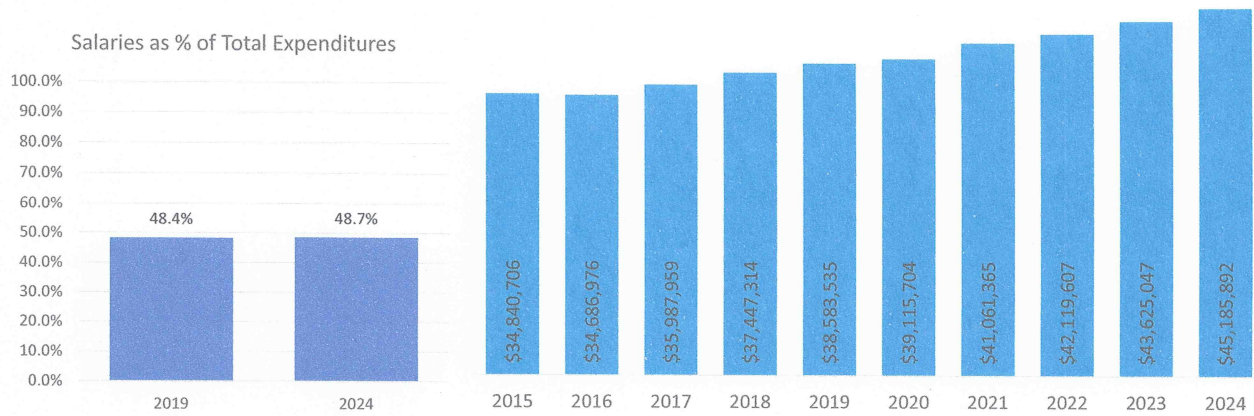
Note: Expenditure average annual change is projected

to be > \$2,618,308

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

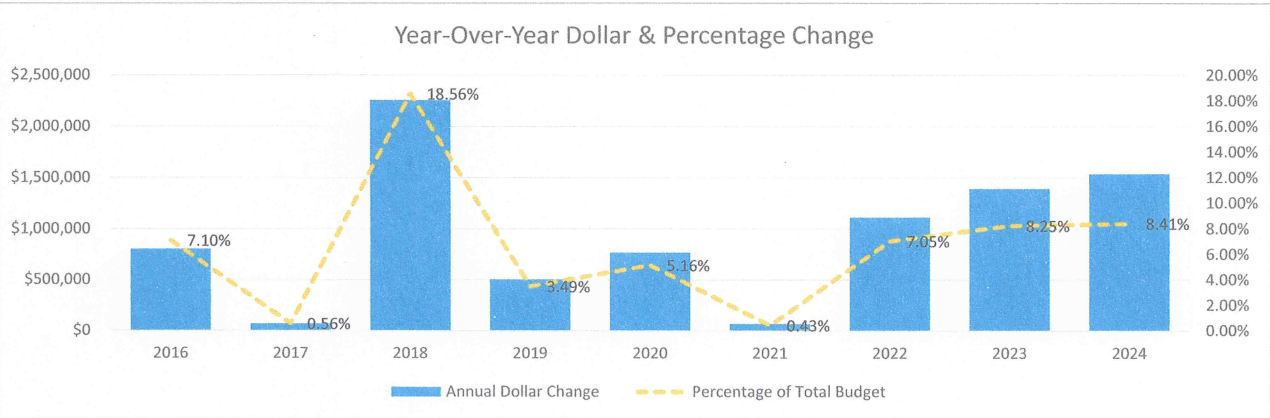
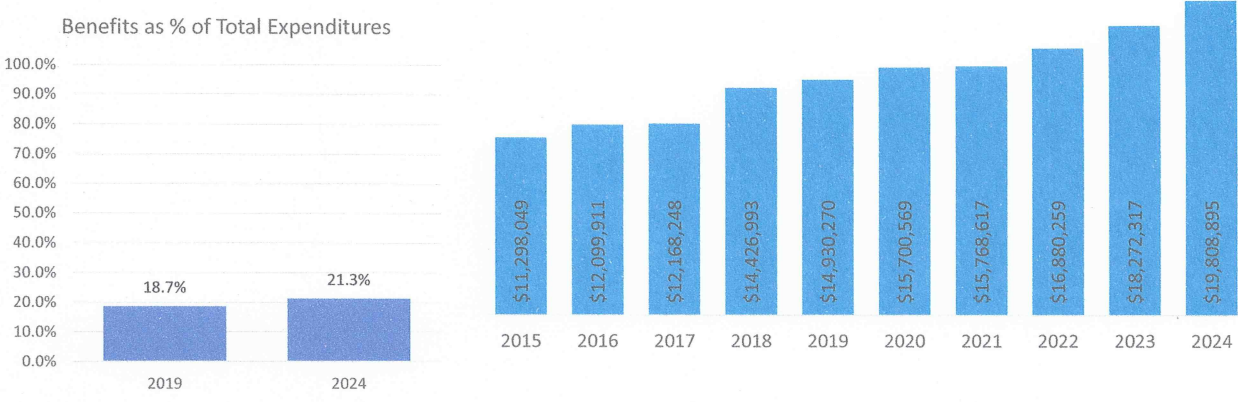
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 48.37% of total expenditures and increased at a historical average annual rate of 3.61% or \$1,298,853. This category of expenditure is projected to grow at an average annual rate of 3.22% or \$1,320,471 through FY 2024. The projected average annual rate of change is -0.40% less than the five year historical annual average.

3.020 - Employees' Benefits

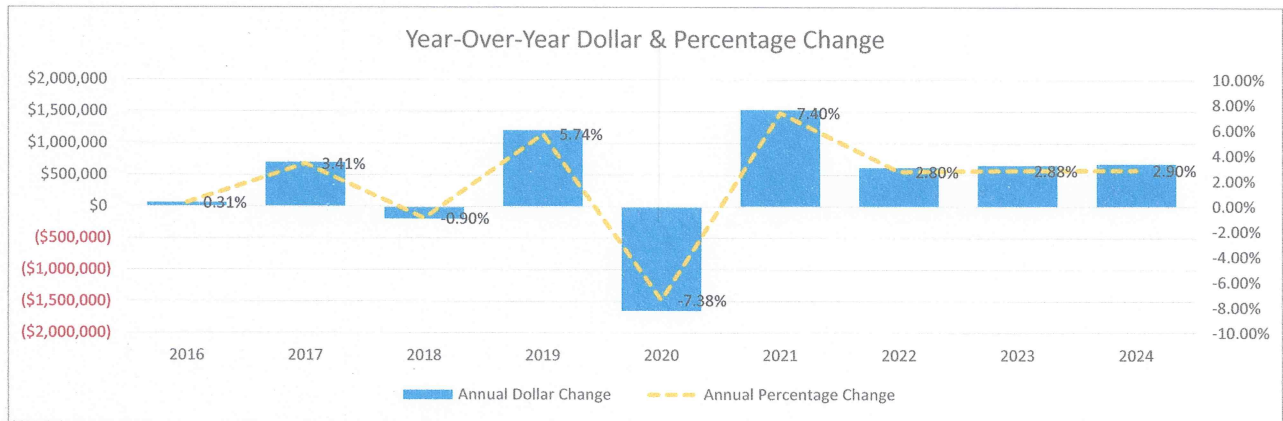
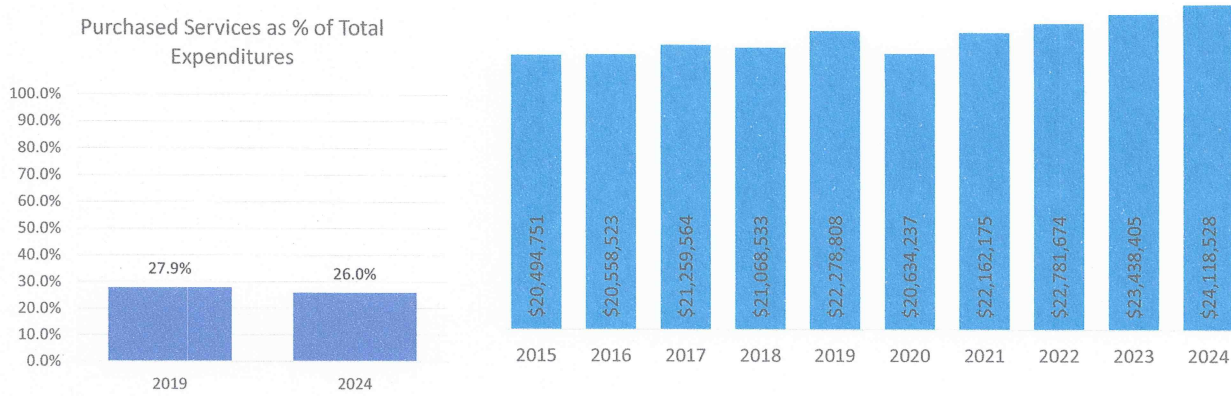
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 18.72% of total expenditures and increased at a historical average annual rate of 7.54%. This category of expenditure is projected to grow at an annual average rate of 5.86% through FY 2024. The projected average annual rate of change is -1.68% less than the five year historical annual average.

3.030 - Purchased Services

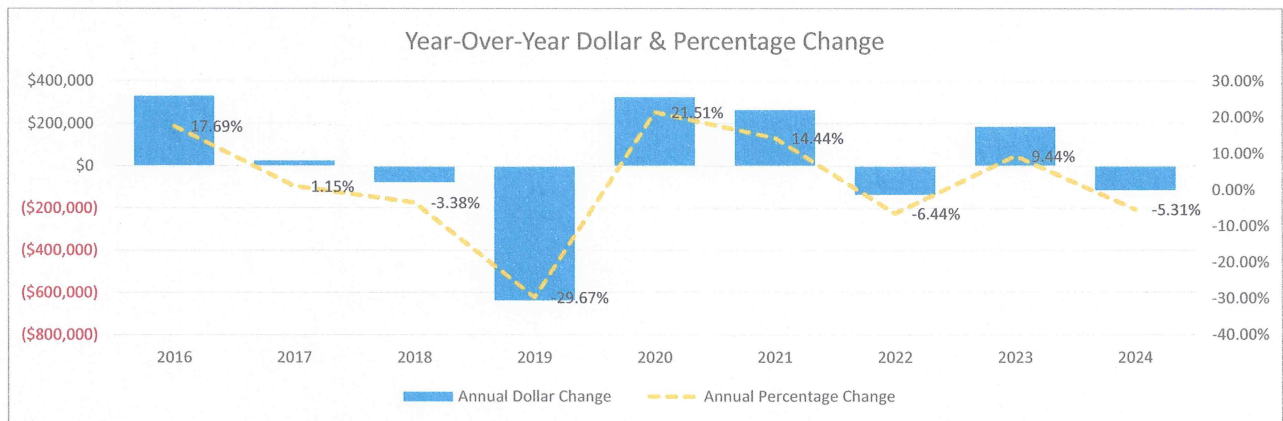
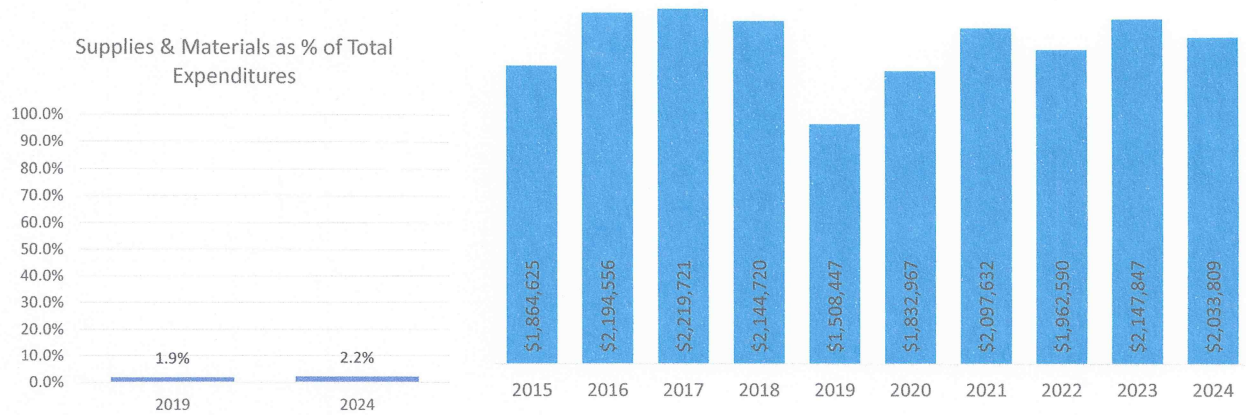
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 27.93% of total expenditures and increased at a historical average annual rate of 2.75%. This category of expenditure is projected to grow at an annual average rate of 1.72% through FY 2024. The projected average annual rate of change is -1.03% less than the five year historical annual average.

3.040 - Supplies & Materials

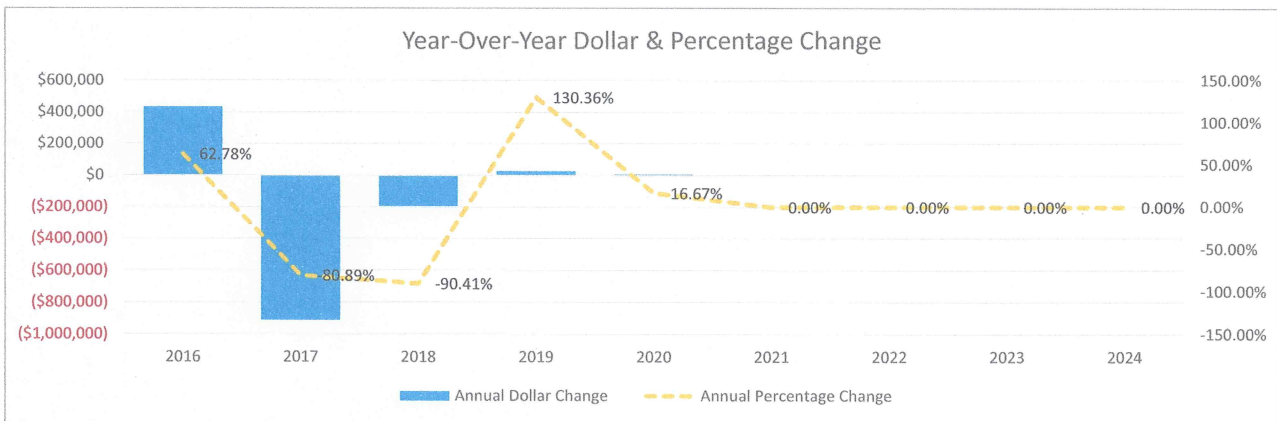
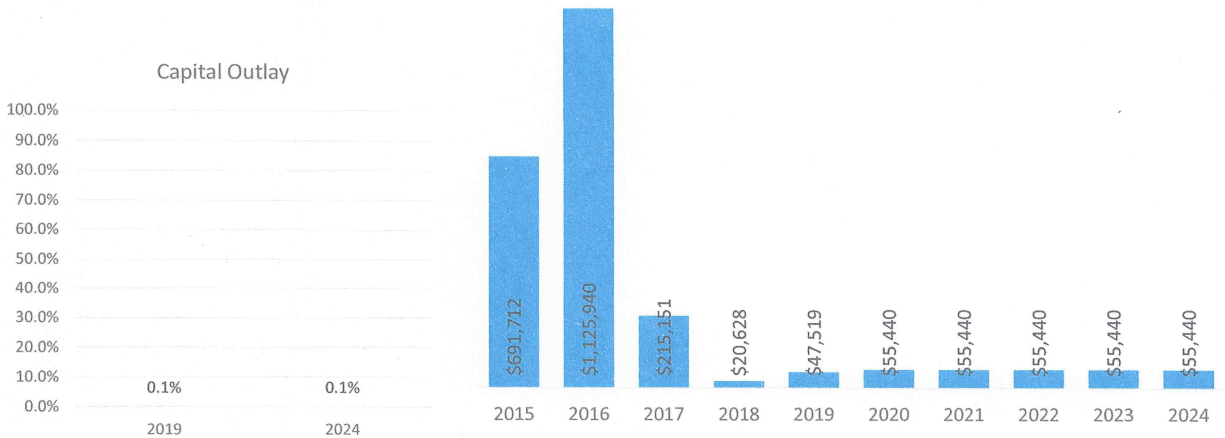
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.89% of total expenditures and decreased at a historical average annual rate of -10.63%. This category of expenditure is projected to grow at an annual average rate of 6.73% through FY 2024. The projected average annual rate of change is 17.36% more than the five year historical annual average.

3.050 - Capital Outlay

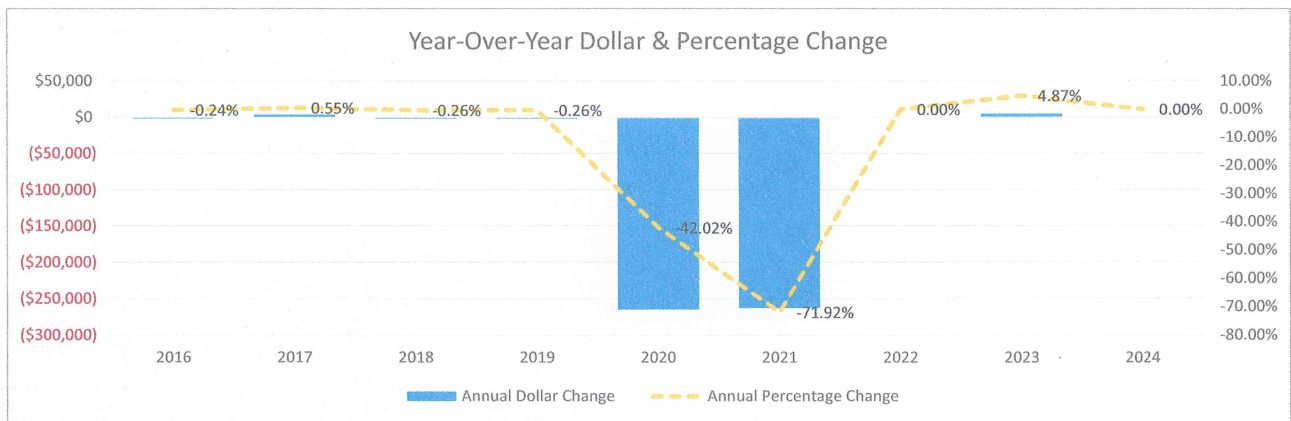
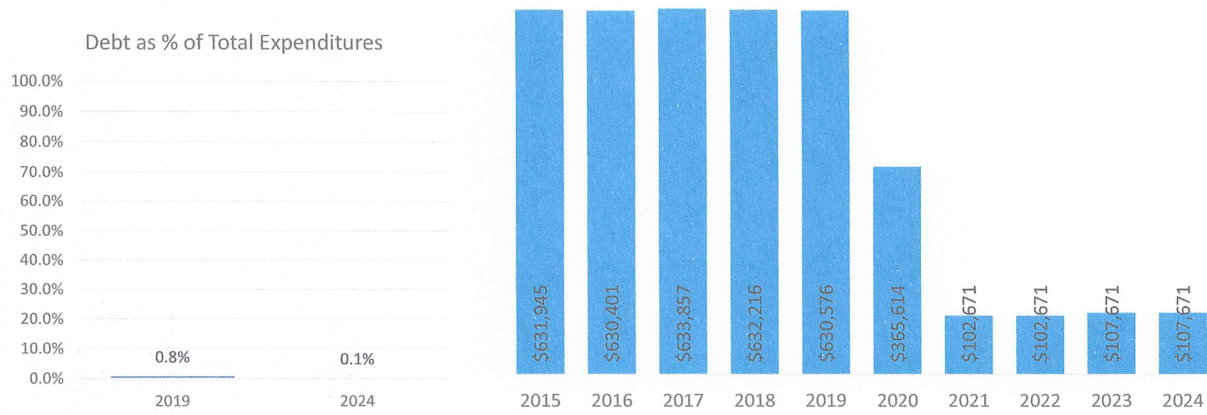
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.06% of total expenditures and decreased at a historical average annual amount of -\$359,474. This category of expenditure is projected to grow at an annual average amount of \$1,584 through FY 2024. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

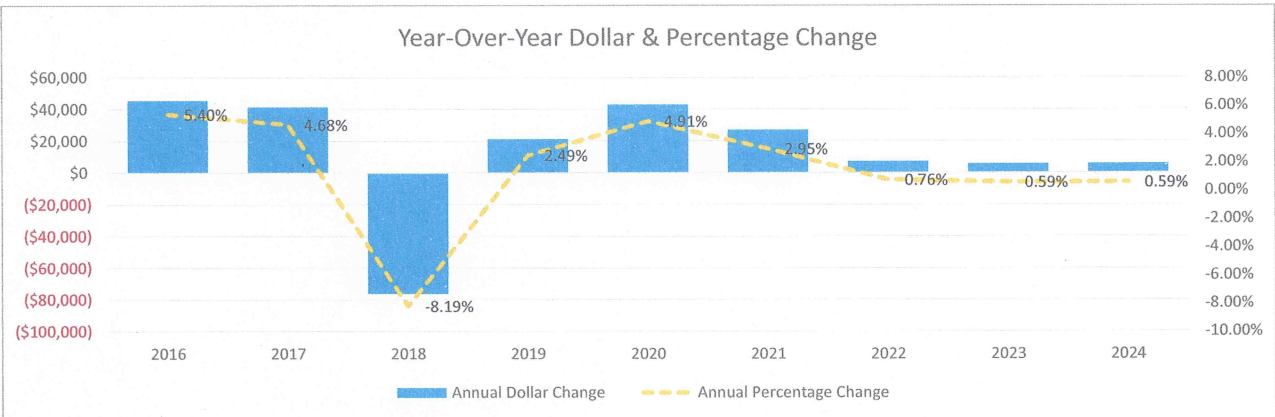
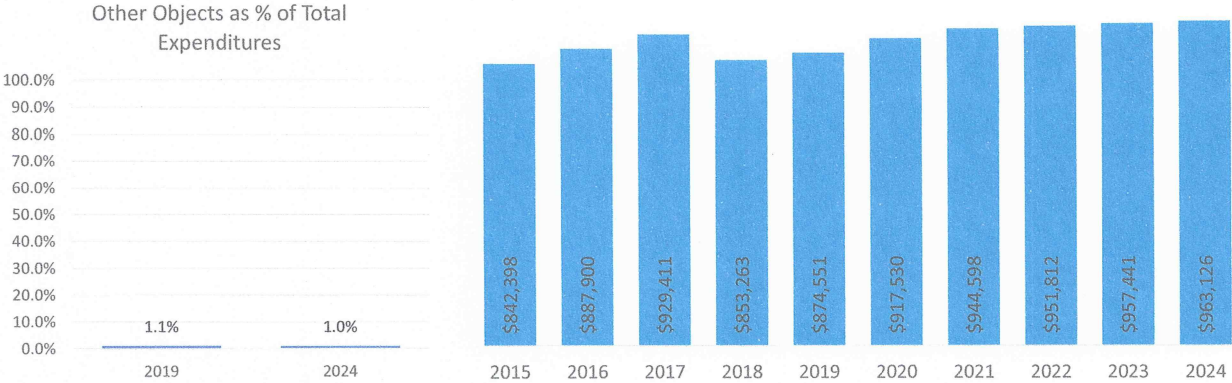
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

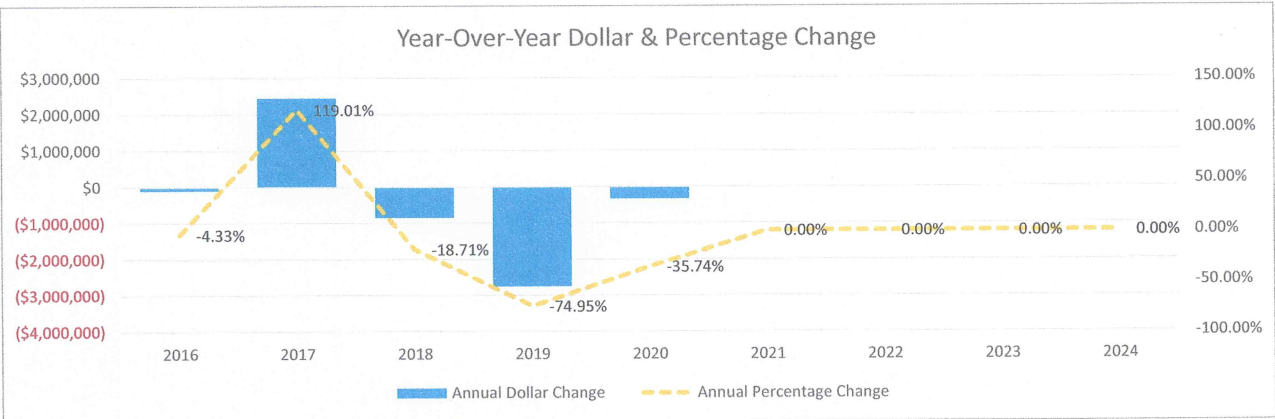
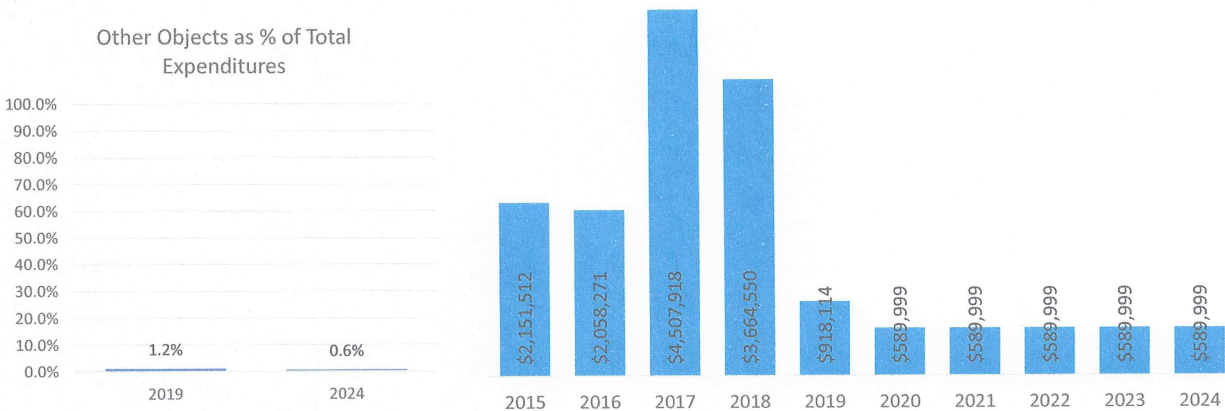
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.10% of total expenditures and decreased at a historical average annual rate of -0.34%. This category of expenditure is projected to grow at an annual average rate of 1.96% through FY 2024. The projected average annual rate of change is 2.30% more than the five year historical annual average.

5.040 - Total Other Financing Uses

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



	2019	2020	2021	2022	2023	2024
Transfers Out	579,595	364,999	364,999	364,999	364,999	364,999
Advances Out	338,519	225,000	225,000	225,000	225,000	225,000
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2019 the district had advances-out and has advances-out forecasted through FY 2024. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2024. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Elyria City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	28,214,447	28,671,804	28,807,094	28,954,537	29,035,116	27,884,525
1.020 - Public Utility Personal Property	2,358,845	3,038,475	2,985,346	3,099,317	3,211,798	3,104,392
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	37,035,653	36,054,822	35,990,038	37,202,333	37,198,667	37,195,002
1.040 - Restricted Grants-in-Aid	2,995,066	2,967,593	3,014,332	3,014,332	3,014,332	3,014,332
1.050 - Property Tax Allocation	4,111,044	3,943,355	3,818,602	3,694,084	3,634,036	3,504,750
1.060 - All Other Operating Revenues	4,377,593	4,317,499	4,270,210	4,291,488	4,325,135	4,369,919
1.070 - Total Revenue	79,092,648	78,993,548	78,885,622	80,256,091	80,419,084	79,072,920
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	811,550	338,519	225,000	225,000	225,000	225,000
2.060 - All Other Financing Sources	19,054	16,986	16,986	16,986	16,986	16,986
2.070 - Total Other Financing Sources	830,604	355,505	241,986	241,986	241,986	241,986
2.080 - Total Rev & Other Sources	79,923,252	79,349,053	79,127,608	80,498,076	80,661,070	79,314,906
Expenditures:						
3.010 - Personnel Services	38,583,535	39,115,704	41,061,365	42,119,607	43,625,047	45,185,892
3.020 - Employee Benefits	14,930,270	15,700,569	15,768,617	16,880,259	18,272,317	19,808,895
3.030 - Purchased Services	22,278,808	20,634,237	22,162,175	22,781,674	23,438,405	24,118,528
3.040 - Supplies and Materials	1,508,447	1,832,967	2,097,632	1,962,590	2,147,847	2,033,809
3.050 - Capital Outlay	47,519	55,440	55,440	55,440	55,440	55,440
Intergovernmental & Debt Service	630,576	365,614	102,671	102,671	107,671	107,671
4.300 - Other Objects	874,551	917,530	944,598	951,812	957,441	963,126
4.500 - Total Expenditures	78,853,706	78,622,060	82,192,498	84,854,054	88,604,168	92,273,361
Other Financing Uses						
5.010 - Operating Transfers-Out	579,595	364,999	364,999	364,999	364,999	364,999
5.020 - Advances-Out	338,519	225,000	225,000	225,000	225,000	225,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	918,114	589,999	589,999	589,999	589,999	589,999
5.050 - Total Exp and Other Financing Uses	79,771,820	79,212,059	82,782,497	85,444,053	89,194,167	92,863,360
6.010 - Excess of Rev Over/(Under) Exp	151,432	136,993	(3,654,889)	(4,945,976)	(8,533,098)	(13,548,454)
7.010 - Cash Balance July 1 (No Levies)	27,110,001	27,261,433	27,398,426	23,743,537	18,797,560	10,264,463
7.020 - Cash Balance June 30 (No Levies)	27,261,433	27,398,426	23,743,537	18,797,560	10,264,463	(3,283,991)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	27,261,433	27,398,426	23,743,537	18,797,560	10,264,463	(3,283,991)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	1,399,997
11.030 - Cumulative Balance of Levies	-	-	-	-	-	1,399,997
12.010 - Fund Bal June 30 for Cert of Obligations	27,261,433	27,398,426	23,743,537	18,797,560	10,264,463	(1,883,994)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	27,261,433	27,398,426	23,743,537	18,797,560	10,264,463	(1,883,994)