
***THE BOARD OF EDUCATION
of the
Elyria Schools
Lorain County, Ohio***

Five-Year Forecast for FY2013



**Information Prepared by:
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October 17, 2012**

ELYRIA CITY SCHOOL DISTRICT
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

v - additional
 Historical

	ACTUAL			FORECASTED				
	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Revenue:								
1.010 - General Property Tax (Real Estate)	24,379,643	26,292,536	27,903,442	27,759,735	26,226,497	24,942,430	19,882,763	15,165,916
1.020 - Tangible Personal Property Tax	2,034,698	1,572,635	1,543,025	1,522,252	1,479,191	1,421,960	1,246,934	1,072,248
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	31,185,493	31,918,576	32,936,279	32,810,862	33,023,324	33,236,838	33,451,405	33,667,025
1.040 - Restricted Grants-in-Aid	3,170,511	3,626,029	189,017	189,017	189,017	189,017	189,017	189,017
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	469,728	168,464	-	-	-	-
1.050 - Property Tax Allocation	8,702,333	8,993,990	7,969,268	6,556,579	6,243,679	5,973,187	4,934,415	3,895,646
1.060 - All Other Operating Revenues	2,251,164	2,172,550	2,225,376	2,372,376	2,372,376	2,372,376	2,372,376	2,372,376
1.070 - Total Revenue	71,723,842	74,576,316	73,236,135	71,379,286	69,534,084	68,135,808	62,076,910	56,362,228
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	26	-	-	-	-	-
2.050 - Advances-In	52,058	3,186,917	3,479,196	2,355,416	-	-	-	-
2.060 - All Other Financing Sources	333,633	200,154	31,828	-	-	-	-	-
2.070 - Total Other Financing Sources	385,691	3,387,071	3,511,050	2,355,416	-	-	-	-
2.080 - Total Revenues and Other Financing Sources	72,109,533	77,963,387	76,747,185	73,734,702	69,534,084	68,135,808	62,076,910	56,362,228
Expenditures:								
3.010 - Personnel Services	38,884,426	38,223,475	38,385,758	37,500,375	38,010,862	38,862,946	39,734,131	40,624,846
3.020 - Employees' Retirement/Insurance Benefits	12,825,317	12,593,687	12,643,185	13,010,475	13,300,825	13,829,902	14,384,854	14,967,102
3.030 - Purchased Services	15,182,188	16,284,723	18,606,554	18,792,620	18,980,546	19,170,351	19,362,055	19,555,675
3.040 - Supplies and Materials	1,369,981	1,405,036	1,370,254	1,383,957	1,425,475	1,468,239	1,512,287	1,557,655
3.050 - Capital Outlay	439,515	229,133	181,661	185,294	189,000	192,780	196,636	200,568
3.060 - Intergovernmental	22,542	21,191	-	-	-	-	-	-
4.010 - Principal-All Years	536,640	536,640	459,274	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	400,152	385,000	370,000	355,000	330,000
4.055 - Principal - Other	-	-	-	75,000	70,000	70,000	70,000	70,000
4.060 - Interest and Fiscal Charges	70,000	75,500	172,109	154,783	150,000	148,000	142,000	138,000
4.300 - Other Objects	696,686	730,174	762,230	807,964	824,123	840,606	857,418	874,566
4.500 - Total Expenditures	70,027,295	70,099,559	72,581,025	72,310,619	73,335,830	74,952,824	76,614,380	78,318,413
Other Financing Uses								
5.010 - Operating Transfers-Out	1,110,000	1,718,900	1,740,500	2,281,440	500,000	500,000	500,000	500,000
5.020 - Advances-Out	3,186,917	3,505,052	1,974,291	-	-	-	-	-
5.030 - All Other Financing Uses	-	33,757	1,815	-	-	-	-	-
5.040 - Total Other Financing Uses	4,296,917	5,257,709	3,716,606	2,281,440	500,000	500,000	500,000	500,000
5.050 - Total Expenditures and Other Financing Uses	74,324,212	75,357,268	76,297,631	74,592,059	73,835,830	75,452,824	77,114,380	78,818,413
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	(2,214,679)	2,606,119	449,554	(857,357)	(4,301,746)	(7,317,016)	(15,037,470)	(22,456,185)
Cash Balance July 1 - Excluding Proposed Renewal/								
7.010 - Replacement and New Levies	5,402,814	3,188,135	5,794,254	6,243,808	5,386,451	1,084,705	(6,232,311)	(21,269,781)
7.020 - Cash Balance June 30	3,188,135	5,794,254	6,243,808	5,386,451	1,084,705	(6,232,311)	(21,269,781)	(43,725,966)
Fund Balance June 30 for Certification								
10.010 - of Appropriations	3,188,135	5,794,254	6,243,808	5,386,451	1,084,705	(6,232,311)	(21,269,781)	(43,725,966)
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	1,630,066	3,263,065	9,379,872	15,496,509
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	1,630,066	4,893,130	14,273,002	29,769,511
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	3,188,135	5,794,254	6,243,808	5,386,451	2,714,770	(1,339,181)	(6,996,779)	(13,956,455)
Revenue from New Levies								
13.010 - Income Tax - New	-	-	-	2,150,000	4,300,000	4,300,000	4,300,000	4,300,000
13.020 - Property Tax - New	-	-	-	2,150,000	6,450,000	10,750,000	15,050,000	19,350,000
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements								
15.010 - Unreserved Fund Balance June 30	3,188,135	5,794,254	6,243,808	7,536,451	9,164,770	9,410,819	8,053,221	5,393,545

Elyria City School District
May FY2013-2017 Five Year Forecast

Assumptions

Summarized below are the general assumptions underlying the Forecast for October 2012. Included in the forecast is a cost reduction plan totaling three million dollars. The reductions were necessary to offset a loss of total district enrollment and significant increases in charter school and open enrollment students.

A. PROPERTY TAX REVENUE

1. District Valuation

Current school District values and categories are as follows: \$525 M for Residential/ Agriculture; \$258 M Commercial/Industrial; \$23 M in Public Utilities and \$74M in Tangible Personal Property. Tangible personal property taxes are being eliminated by the new budget bill. Hold harmless payments were reduced in FY12 and projected to remain constant for the life of the forecast.

2. Local Sources

The Lorain County Auditor currently assesses Real Estate (R-1), a residential property owner, 21.6061 effective mils. A Commercial/ Industrial property owner, a (R-2) category property, is assessed at an effective rate of 27.870 mils.

3. Real Estate Value Assumptions.

Due to the economic downturn growth of real estate values, it is now set at -8% for the life of the forecast. The county Auditor reduced real estate values in Elyria for the 2009 3-year update. The new appraisal for 2012 reduces values. These potential reductions are reflected in this forecast.

Real Estate revenues are estimated to be collected at 98% of the annual gross amount. Estimating revenues at 100% allows for no delinquency (non-payment of taxes) factor and may exceed county auditor certification of funds available. In Elyria, 48% of the (R-1), Residential/Agricultural and (R-2), Commercial/Industrial is collected in the March tax settlements and 52% is collected in the August tax settlements. Public Utility taxes are estimated at 50% in March and August.

4. Tangible Personal Property Assumptions

HB 66 phased out the tangible personal property tax and is reflected in the forecast. The state will replace a portion of the lost revenue through the forecast period.

5. Significant Legislation or Litigation

The new state budget bill eliminated the previous PASS system. The new formulas resulted in less revenue for the district based on the accelerated reduction of tangible personal property reimbursements.

6. New, Replacement and/or Renewal Tax Levies

The amounts noted on the 5-year forecast model do not include automatic passage of replacement or renewal levies in property tax amounts. When a replacement or renewal levy expires there will be a corresponding decline in estimated property tax revenues. New, replacement and renewal levies may be proposed in the 5-year forecast on the appropriate line for planning purposes on lines 11.02 and 13.02, whichever applies. Levies are cumulative on lines 11.03 and 13.03.

The District passed a 4.95 mil 5-year emergency levy renewal in March of 2004. A 3.9 mill emergency levy raising \$3,877,048 passed on May 3, 2005. The levies were renewed in the November 2009 Election. The board chose to combine the two emergency levies into one issue. A new 4.99 operating levy was passed in May of 2010 and is reflected in the forecast. The Board has placed a 4.99 mill emergency levy on the ballot for November 2012 due to a loss of revenue from increased open enrollment and community school student transfers and a general decline in student population due to demographic shifts.

7. Other Local Revenues

Miscellaneous amounts of local revenue are estimated based on past trends and anticipated activity in the coming year. The tuition rate charged other school districts for providing special education classes to students is the largest source of miscellaneous revenue. The tuition collected by the District for special education will also be contingent upon the number of children served from across the county and is subject to increases or decreases depending on the number of children that require special services. Investment income credited to the general fund is the second largest source of miscellaneous income and reflects a significant reduction from last year due to the low interest rate environment. All other local income streams are an insignificant amount of local funds and are expected to remain stable.

B. STATE REVENUES

1. State Foundation Revenue

The following are important criteria for estimating Revenue. State estimates were used for the FY12-FY13 and small increases each year for the remainder of the forecast.

The District was awarded 1.5 million in Ed Jobs money from the Federal government available for expenditure through 2012. This one time money is reflected in the forecast.

2. All students are required to attend all day kindergarten.

Full State funding will be allocated to kindergarten students.

3. Property Tax Allocation

The allocation account includes estimates of rollback and homestead reimbursements from the state. Tangible personal property tax reimbursement is included.

4. Other State Revenues

These amounts are based on State allocations for restricted and non-restricted grants as part of the State's Urban Initiatives and State reimbursements for special allocations. Special revenues for services to students are:

- Special Education Transportation
- Bus Purchase Subsidy
- Special Education subsidy for countywide services

5. Return of Advances & Refund of Prior Year Expenditures

These are non-operating revenues that are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

6. Borrowing

Line 4.050 of the forecast reflects expenditures for a HB264 project that is projected to save enough money to be at least revenue neutral by savings on utility usage. Utility savings are reflected in the purchase service area of the forecast line 3.030.

C. EXPENDITURE ASSUMPTIONS

1. Salary and Wages

The EEA teachers' contract expires in 2012. The new contract resulted in increases of 1.9% for three years. Movement on the negotiated salary schedules for experience was eliminated for the life of the new three year contract. Education credit is built into each year of the forecast. The ESS classified contract is settled with a three-year agreement of 1.9% for each year and the elimination of step movement.

2. Inflation

Inflation is assumed to remain at a level consistent with that of recent years,

3. Fringe Benefit Estimates

Medical insurance costs. The board of education instituted a Self-Funded Insurance program in 1992. The District's self-funded Insurance committee composed of teachers, administrators and support service personnel has been able to meet the needs of District employees by modifying existing benefits or by adjusting and instituting new employee benefit programs. Coverage is constantly under review in an effort to offer quality medical insurance coverage while maintaining fiscal responsibility. An unexpected increase in claims for FY 2007 resulted in adjustments to medical coverage's and monthly employee contributions for health insurance. All employees are now paying 12% of the premium cost through payroll deduction. The plan has adequate reserves as a result of the negotiated changes.

Worker's Compensation

The District currently is currently part of Bureau of Workers Compensation Group-Retrospective Rating Program. We are working with consultants to improve our position.

Medicare

Payroll taxes will continue to increase as older staff retires and new people are hired. Federal contributions require the board of education to contribute 1.45% of salary for all employees new to the District since April 1, 1986. Employees contribute a like amount for Medicare taxes.

Retirement Costs

Set by legislation and governed by the Ohio Revised Code. All certificated staff members (teachers and administrators) are required to be a part of and contribute 9.3% of their earnings to the State Teachers Retirement System (STRS). Non-teaching employees are required to be a part of the School Employees Retirement System (SERS) and contribute 9.0% of their annual earnings. The Elyria Board of Education is required by law to pay into the retirement fund 14% of gross earnings of its employees to both STRS and SERS.

4. Purchased Services

Major expenditures of purchased services are to cover the increased cost of tuition for open enrollment and community school students. Gas and electric, telephones and other utility costs are reflected in the projections.

5. Materials and Supplies

The budget for materials and supplies remains constant as cost increases are offset by reductions in student populations and the number of buildings.

6. Other Expenses

This expense group accounts for auditor and treasurer fees, liability insurance and other miscellaneous expenses. Auditor and treasurer fees will increase any time there are increases in valuation and the amount of money collected as well as when a new operating levy is collected.

7. Non-Operating Expenses

Cash flow borrowing, short-term borrowing and interest on debt are considered non-operating expenses. Based on current projections the District does not anticipate the need to borrow to balance its General Operating budget. Cash advances to other funds at year-end are included in this category.

8. Tax Anticipation & Note Repayment

Borrowing has not been reflected in the five-year forecast.

9. Encumbrances

Outstanding purchase orders for supplies and materials that have not been received or are in-transit prior to June 30th or that have been received but not approved for payment in the fiscal year in which the goods or services were initially purchased are encumbrances.

10. Ending Unencumbered Cash Balance

This amount is the difference from the ending cash balance and the encumbered amount of the District's obligations.