



Elyria City Schools

Five Year Forecast Financial Report

October, 2019

Joy Clickenger, CFO

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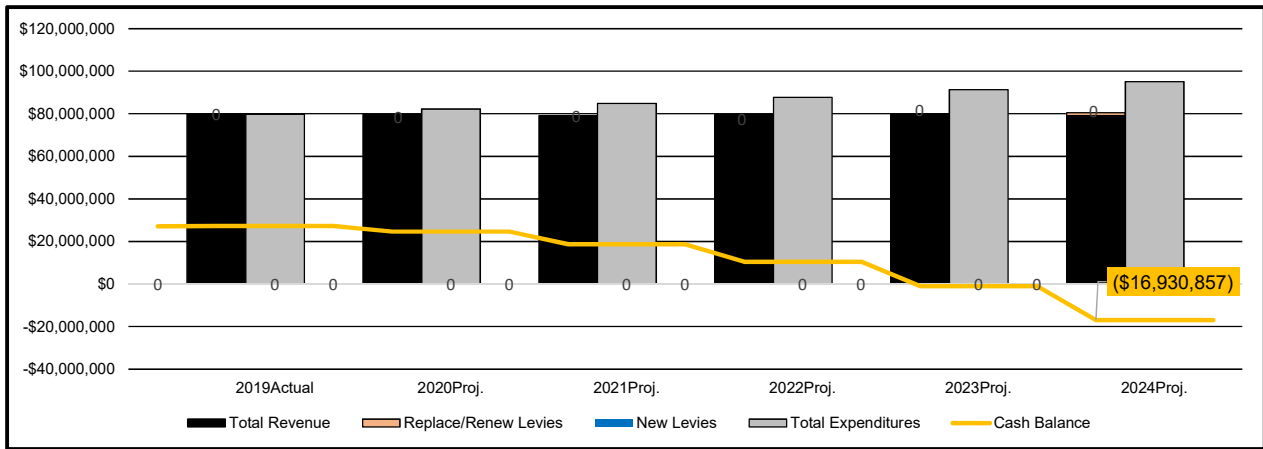
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Forecast Purpose/Objectives

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.



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	27,261,431	24,623,975	18,717,041	10,433,488	(935,384)
+ Revenue	79,596,409	79,023,649	79,494,604	80,008,872	79,116,078
+ Proposed Renew/Replacement Levies	-	-	-	-	1,383,473
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(82,233,865)	(84,930,582)	(87,778,158)	(91,377,743)	(95,111,551)
= Revenue Surplus or Deficit	(2,637,456)	(5,906,933)	(8,283,554)	(11,368,871)	(14,612,000)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	24,623,975	18,717,041	10,433,488	(935,384)	(15,547,384)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(2,637,456)	(5,906,933)	(8,283,554)	(11,368,871)	(15,995,473)
Ending Balance w/o Levies	24,623,975	18,717,041	10,433,488	(935,384)	(16,930,857)

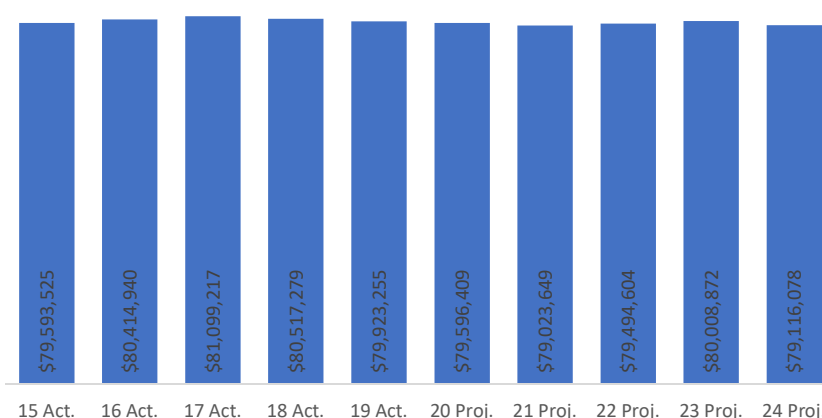
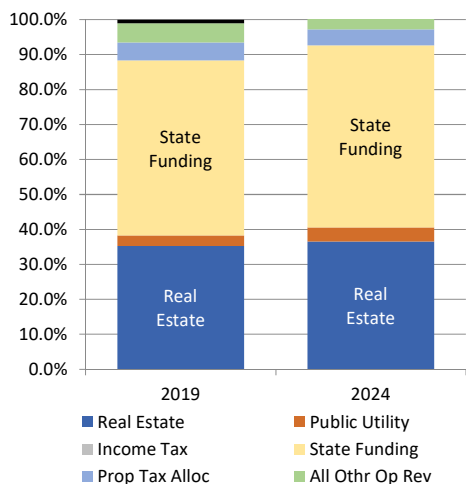
In FY 2020 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$2,637,456 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$15,995,473. The district would need to cut its FY 2024 projected expenses by 19.87% 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.

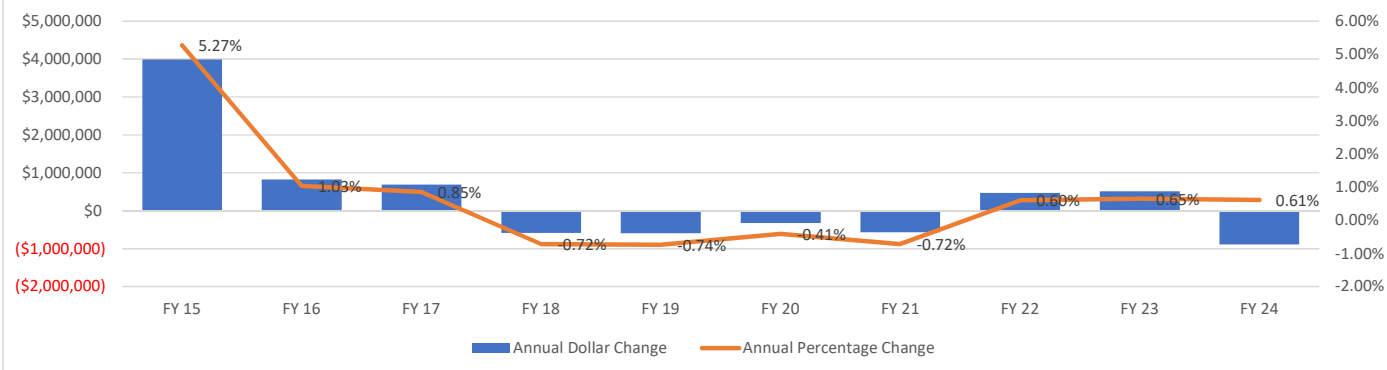
The forecast incorporates cost savings from the building project. It also excludes the new Student Wellness money from the state that was included in the FY20/21 state budget. That money is designated for a special fund. The district is planning new services for that money that will not impact the operating budget during the five-year forecast period.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



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

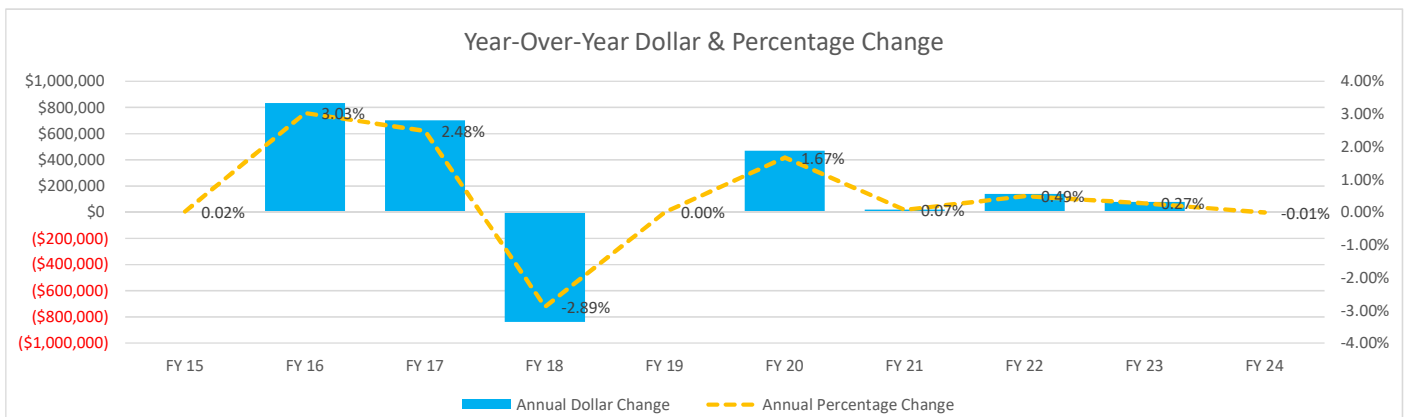
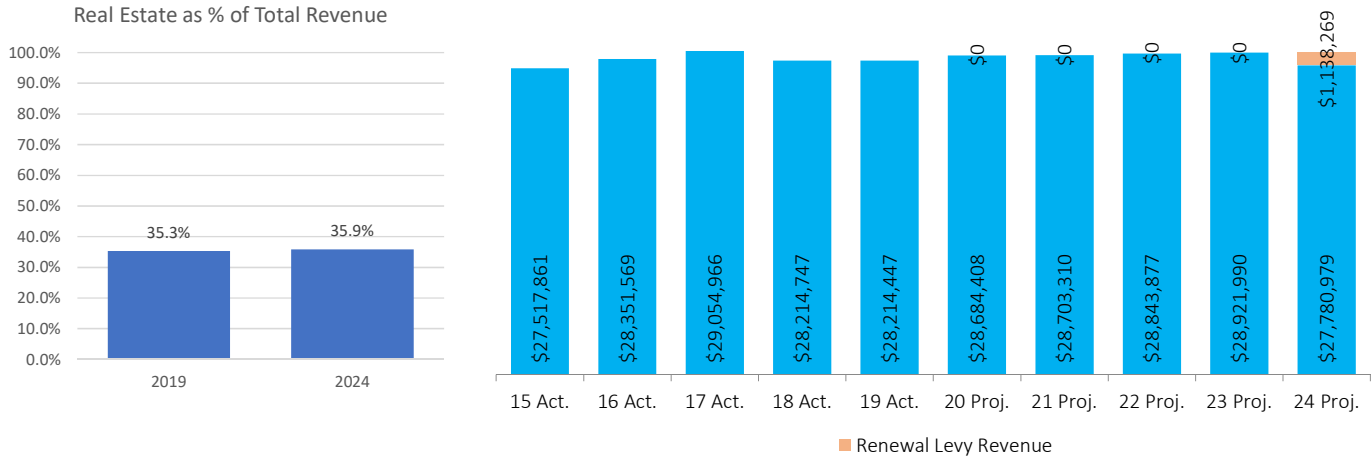
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance
Real Estate	\$140,437	\$140,960	\$523
Public Utility	\$112,439	\$165,194	\$52,755
Income Tax	\$0	\$0	\$0
State Funding	\$803,365	\$232,166	(\$571,199)
Prop Tax Alloc	(\$580,315)	(\$96,483)	\$483,831
All Othr Op Rev	\$396,074	(\$205,456)	(\$601,530)
Other Sources	(\$8,558)	(\$121,121)	(\$112,563)
Total Average Annual Change	\$863,442	\$115,259	(\$748,183)
	1.14%	0.15%	-0.99%

Total revenue increased 1.14% or \$863,442 annually during the past five years and is projected to increase 0.15% or \$115,259 annually through FY2024. All Othr Op Rev has the most projected average annual variance compared to the historical average at -\$601,530

Note: Expenditure average annual change is projected to be > \$3,067,946 On an annual average basis, expenditures are projected to grow faster than revenue.

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).



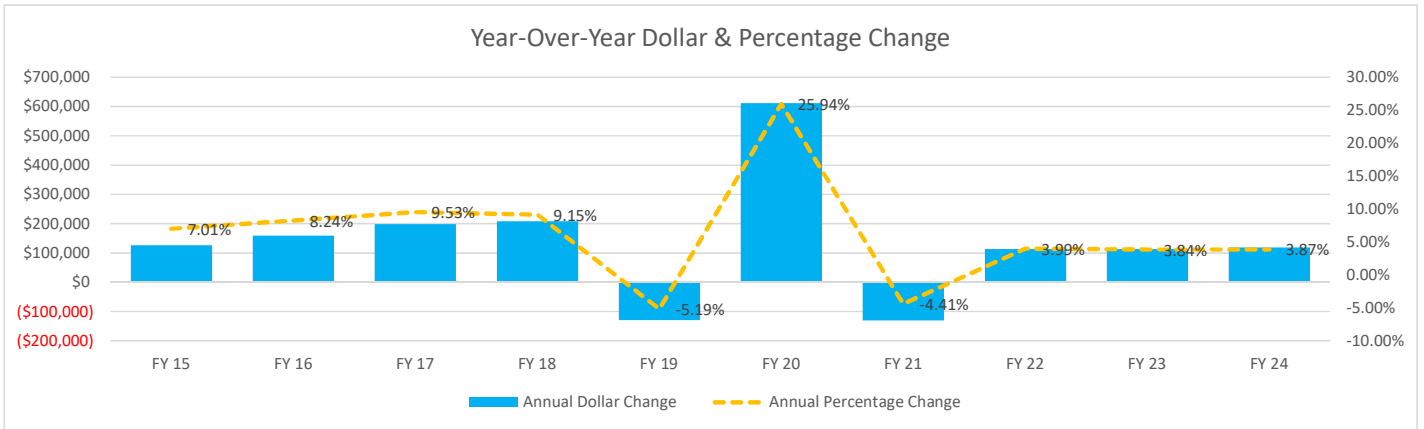
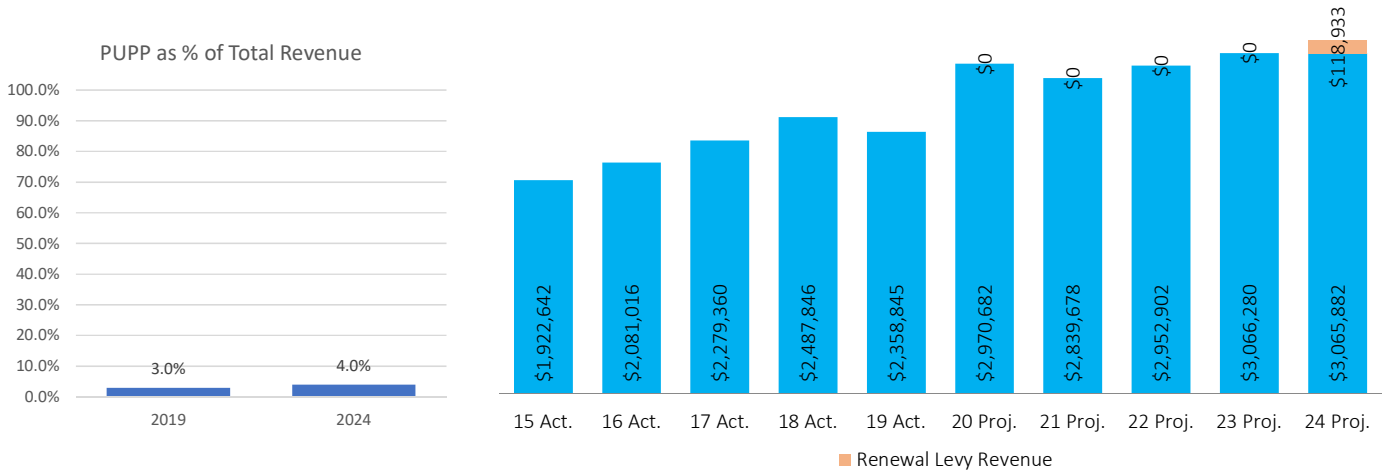
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	815,967,630	44,302,030	38.19	(1.46)	44.24	(2.81)	98.2%
2019	815,969,655	2,025	38.70	0.51	44.74	0.50	96.8%
2020	815,971,349	1,695	38.86	0.17	44.90	0.16	96.8%
2021	830,460,100	14,488,751	38.38	(0.49)	44.51	(0.39)	96.7%
2022	830,463,484	3,384	38.37	(0.00)	44.49	(0.01)	96.7%
2023	830,473,484	10,000	38.37	(0.01)	44.48	(0.02)	96.7%

Real estate property tax revenue accounts for 35.30% of total revenue. Class I or residential/agricultural taxes make up approximately 63.93% of the real estate property tax revenue. The Class I tax rate is 38.7 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 96.7% annually through tax year 2023. The revenue changed at an average annual historical rate of 0.53% and is projected to change at an average annual rate of 0.50% 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	41,156,599	1,576,239	67.58	0.48	100.0%
2020	42,795,888	1,639,289	67.72	0.14	100.0%
2021	44,500,749	1,704,861	67.59	(0.13)	100.0%
2022	46,253,749	1,753,000	67.56	(0.03)	100.0%
2023	48,053,749	1,800,000	67.53	(0.03)	100.0%

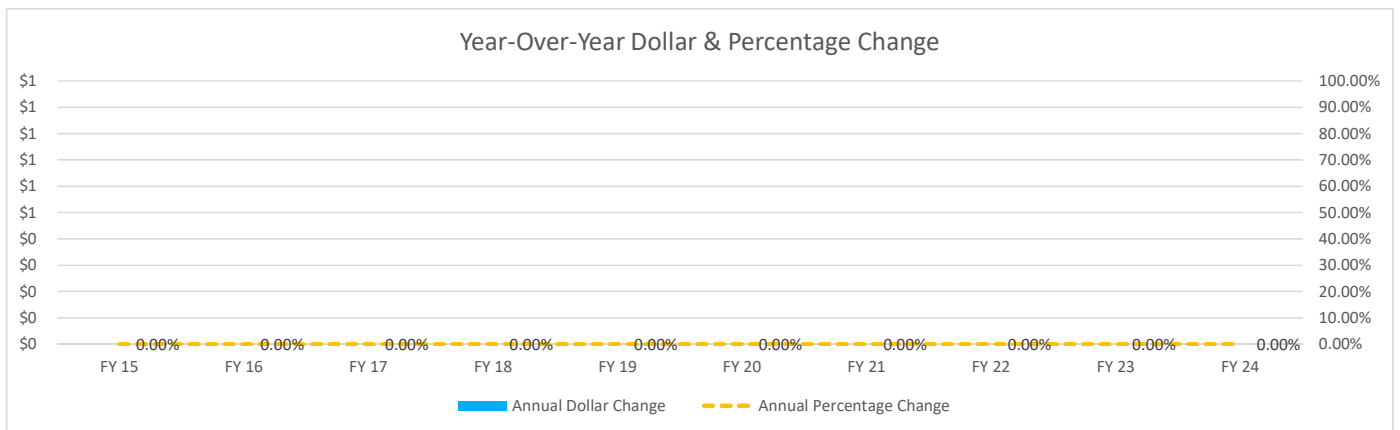
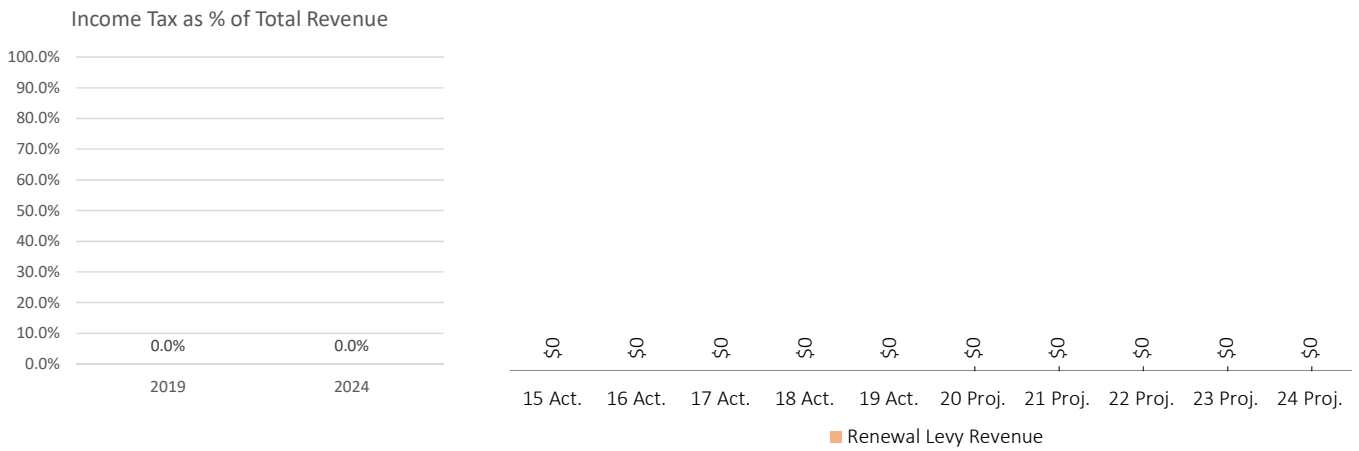
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 2.95% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 67.58 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$112,439 and is projected to change at an average annual dollar amount of \$165,194 through FY 2024.

The drop in FY19 followed by the large increase in FY 20 and another drop in FY 21 was caused by a late payment in the first half of CY 2019 by a large utility taxpayer.

**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.

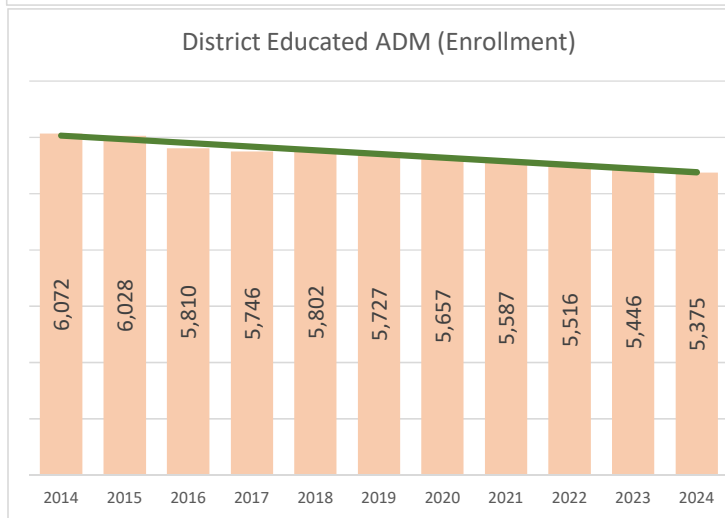
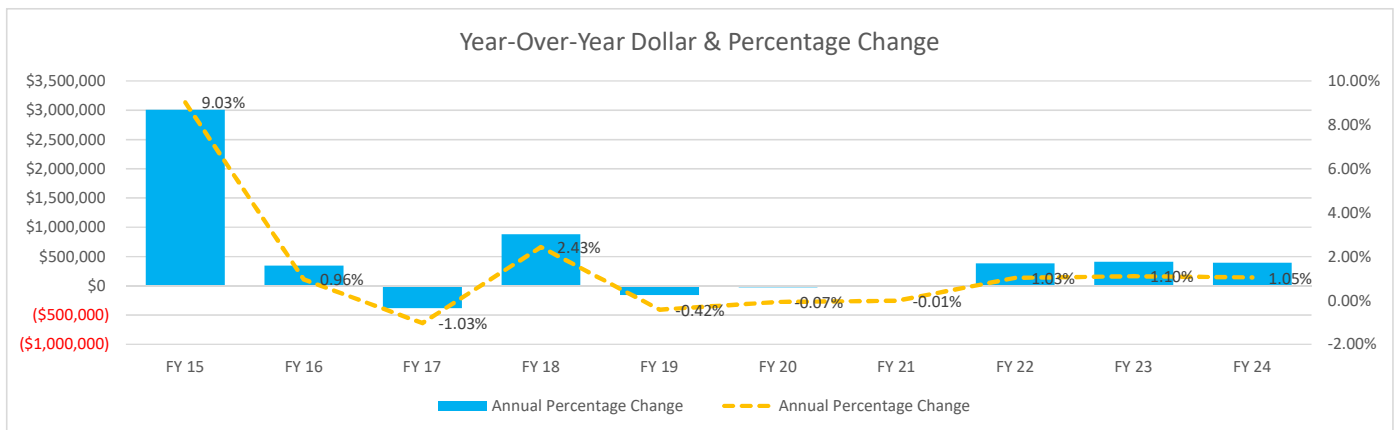
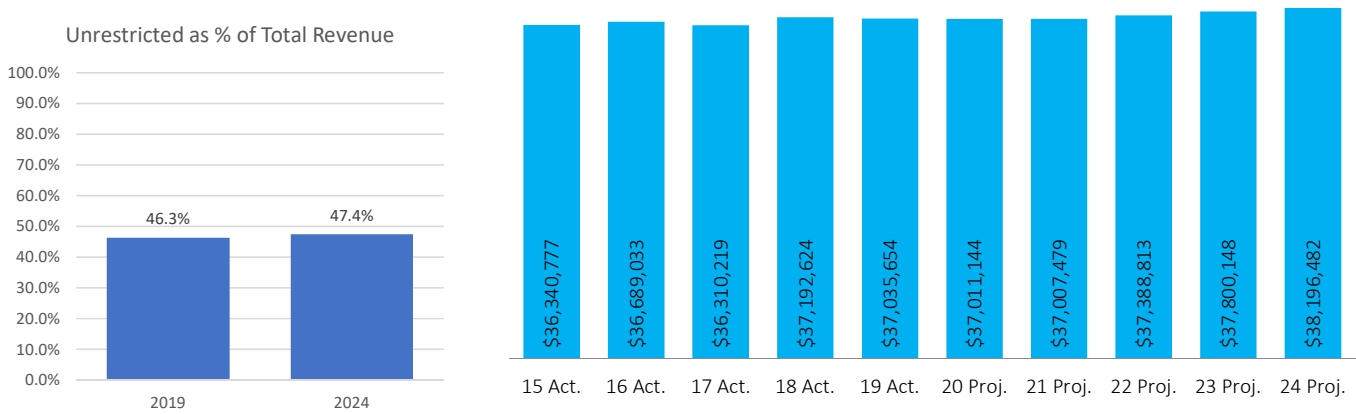


<p>The district does not have an income tax levy.</p>	
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**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

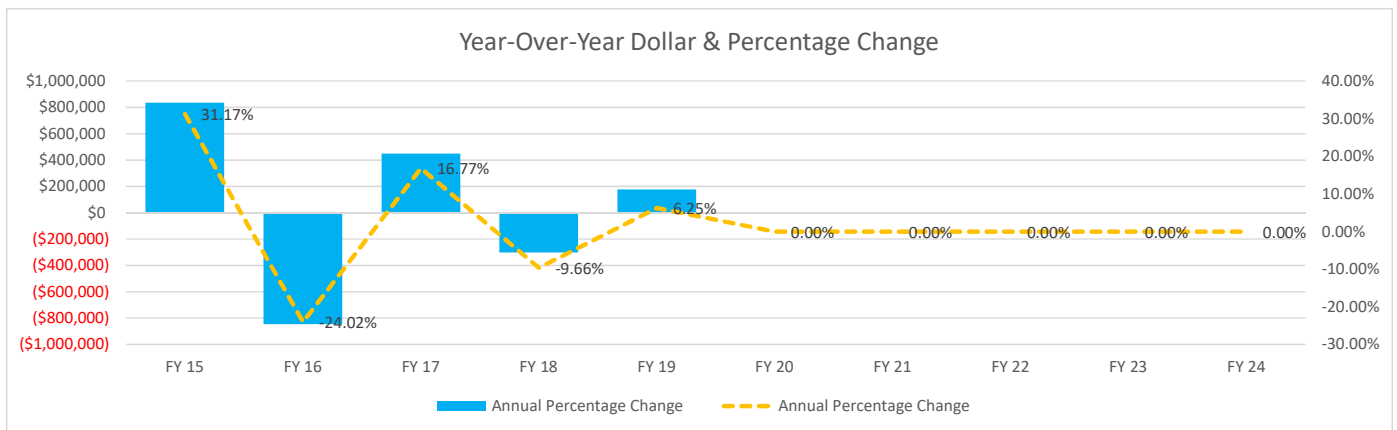
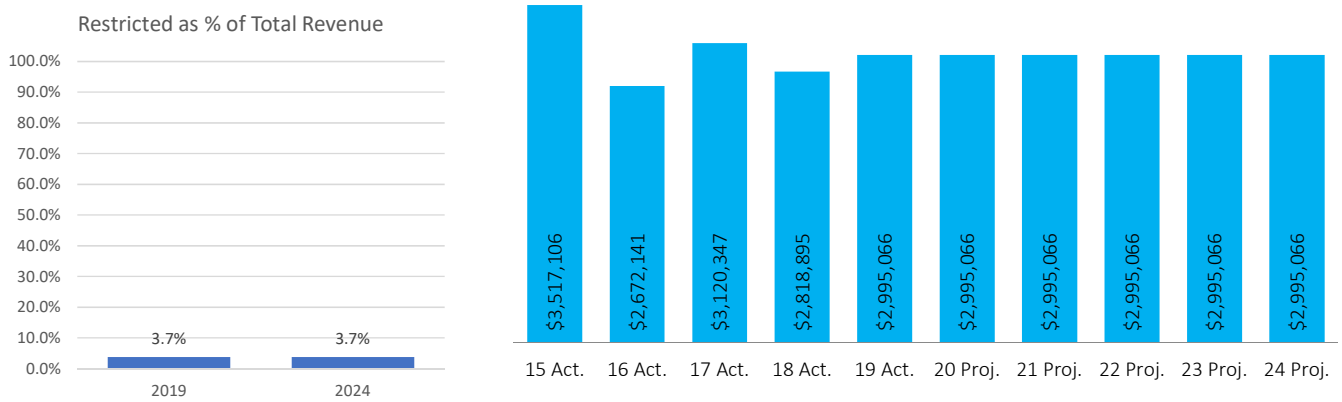


The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2019 base funding amount of \$38,470,380 the district is projected to receive FY 2020 categorical funding of \$1,414,304. These funds will be recorded in a special revenue fund and are not included in this forecast. The district has the option to move some expenditures from the general fund forecast to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 1.1%

Because the district had been formula funded prior to FY 2020 under the state aid formula, an expected return to a formula in FY 2022 is anticipated to increase base funding by about one percent per year. The new Student Wellness aid the district will receive in FY 2020 and FY 2021 will be deposited in Fund 467 and will not appear in the forecast.

1.040 & 1.045 - Restricted Grants-in-Aid

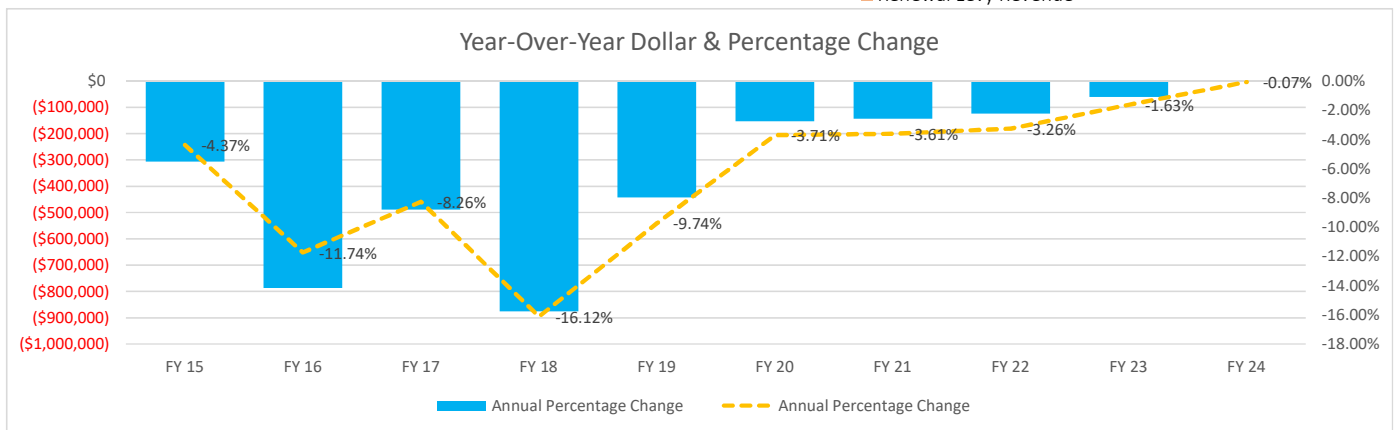
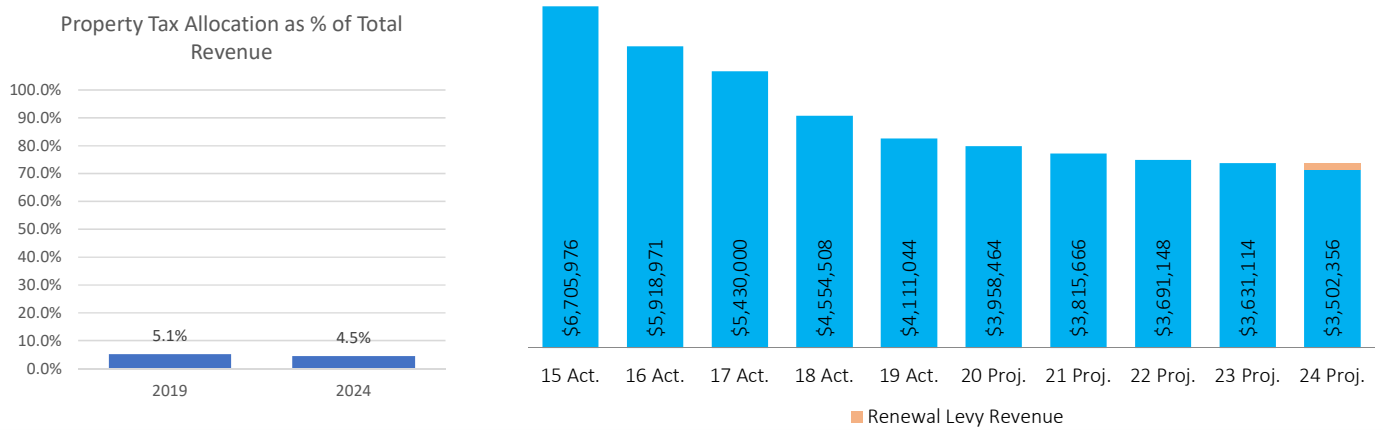
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$39,207 and is projected to remain unchanged through the forecast. 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.



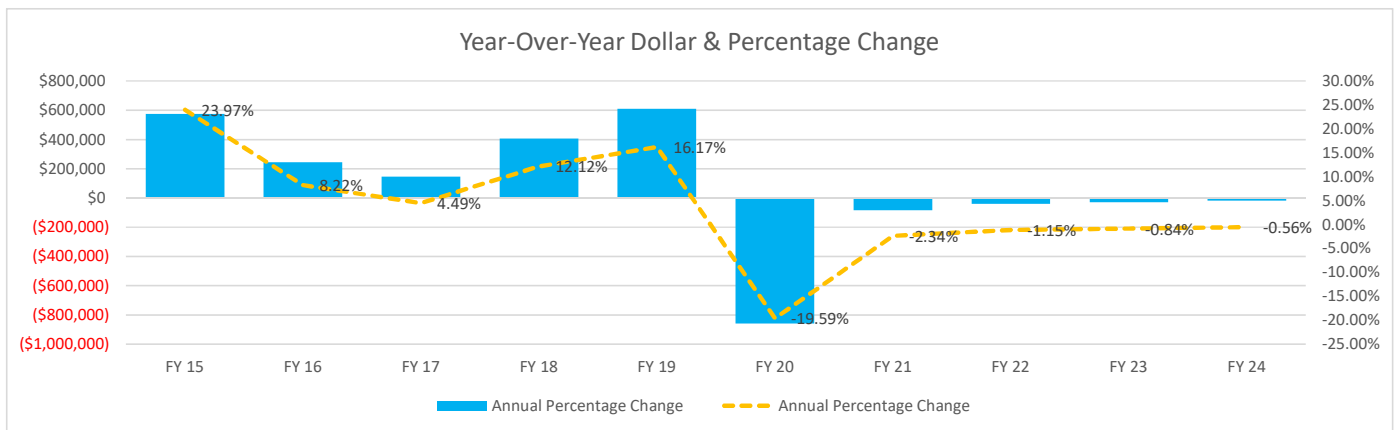
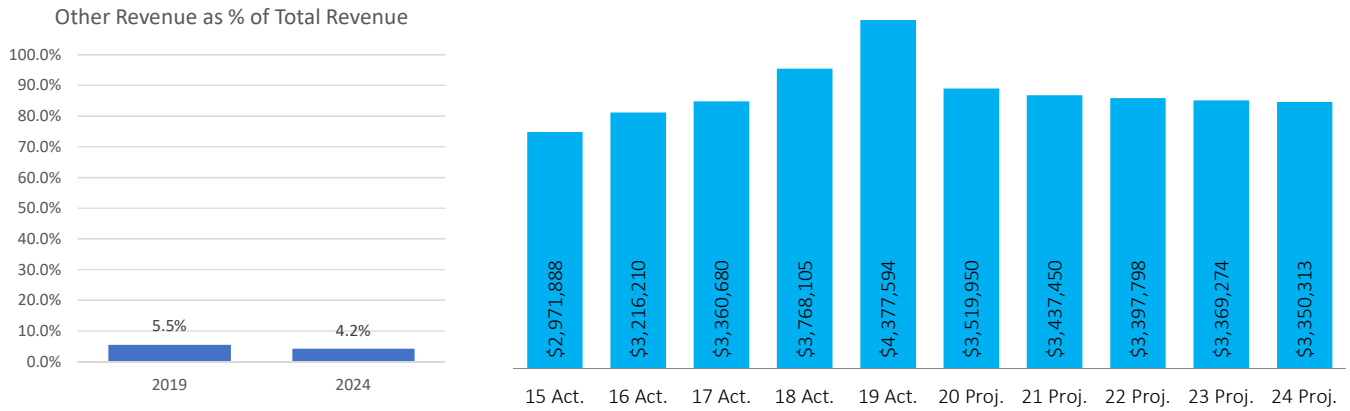
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, 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.

The district also receives reimbursement for tangible personal property tax, the amount of the FY 2020 reimbursement is \$362,212 and in FY 2024 is projected to be \$0. The annual drops seen in the top chart is due to the phasing-out of the TPP reimbursements.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

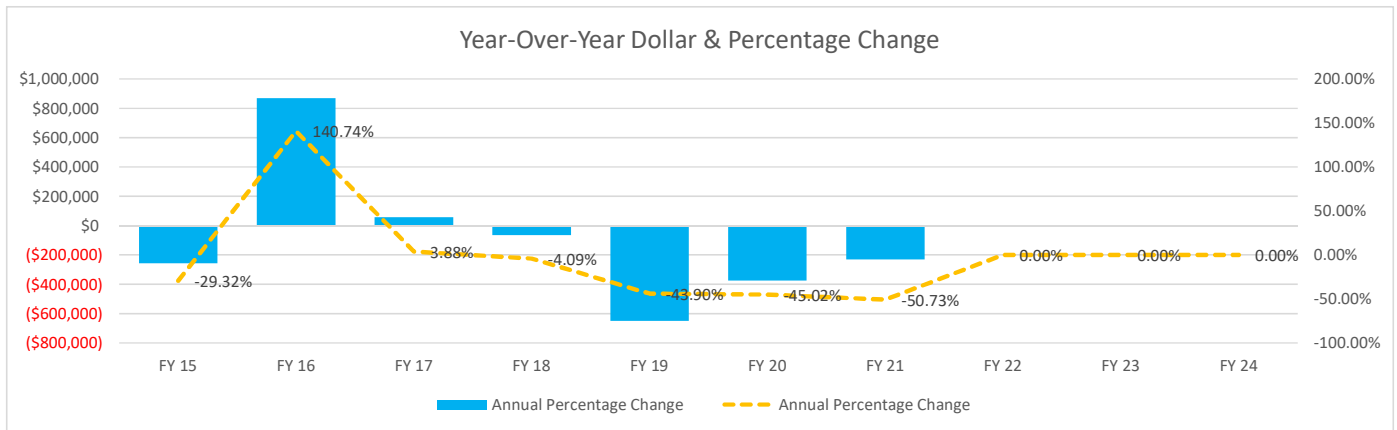
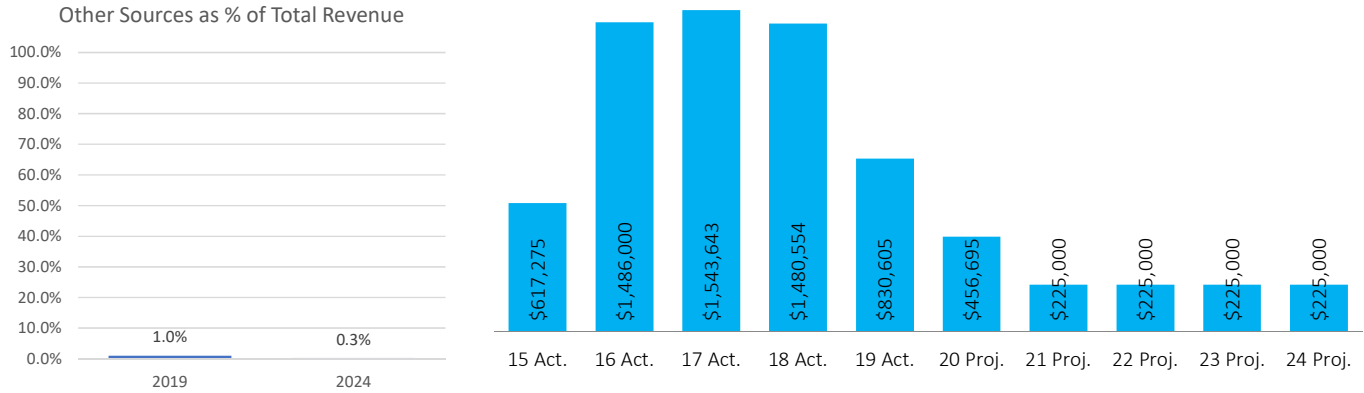
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



<p>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 \$396,074. The projected average annual change is -\$205,456 through FY 2024.</p>	<p>FY 2019 was artificially high due to catch-up payments from the state for students with disabilities and Medicaid payments from the federal government. Those are both expected to return to more normal levels in FY 2020. In addition, open enrollment payments from the state are expected to decline because of fewer students entering into the district.</p>
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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.

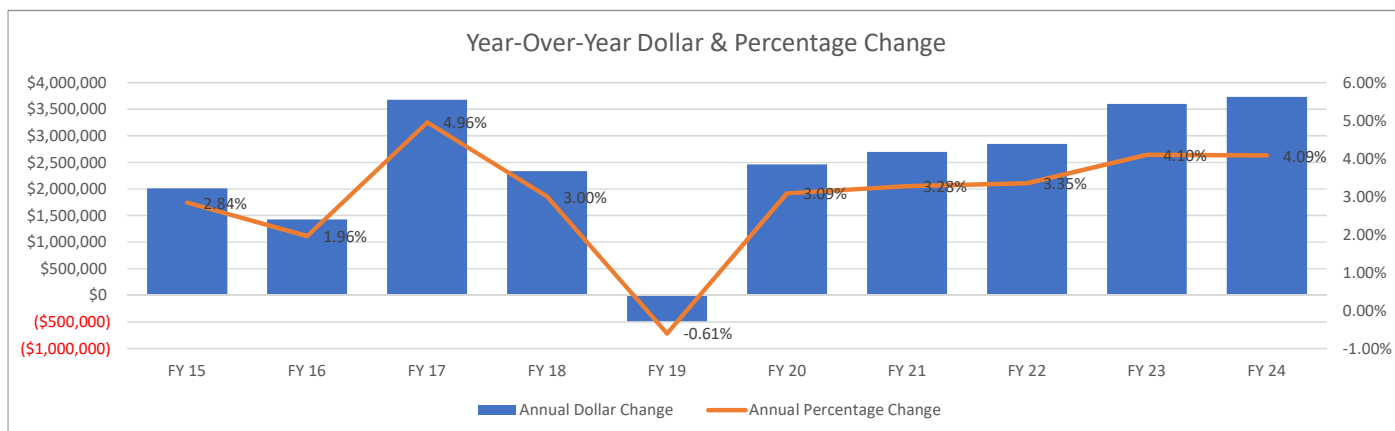
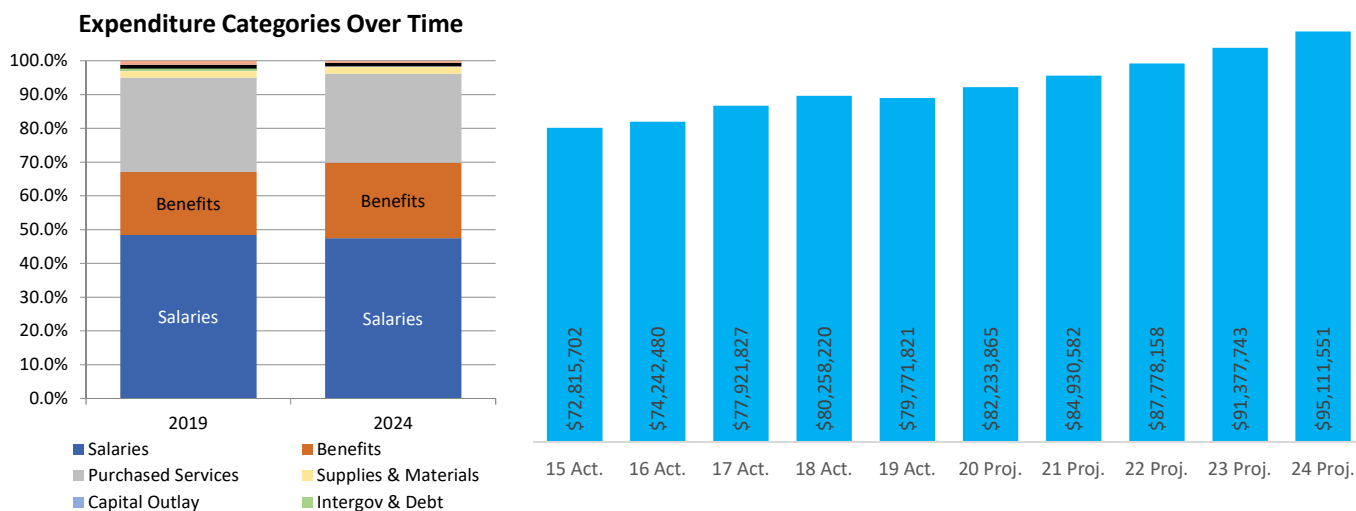


	2019	2020	FORECASTED			
			2021	2022	2023	2024
Transfers In	-	-	-	-	-	-
Advances In	811,550	225,000	225,000	225,000	225,000	225,000
All Other Financing Sources	19,055	231,695	-	-	-	-

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 \$225,000 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 \$231,695 in FY 2020 and average \$0 annually through FY 2024.

The drop in FY 2020 is because of lower returns of advances than in prior years. That drop is partially offset by a \$227,000 premium refund from the Ohio Bureau of Worker's Compensation. That refund is not expected to recur in future years.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



5-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
Salaries	\$878,836	\$1,296,295	\$417,459
Benefits	\$544,712	\$1,289,163	\$744,450
Purchased Services	\$455,653	\$542,976	\$87,323
Supplies & Materials	(\$16,764)	\$107,206	\$123,970
Capital Outlay	(\$16,769)	\$132	\$16,901
Intergov & Debt	(\$582)	(\$126,115)	(\$125,533)
Other Objects	\$17,532	\$23,912	\$6,380
Other Uses	(\$69,363)	(\$65,623)	\$3,741
Total Average Annual Change	\$1,793,256	\$3,067,946	\$1,274,690
	2.43%	3.85%	1.42%

Total expenditures increased 2.43% or \$1,793,256 annually during the past five years and is projected to increase 3.85% or \$3,067,946 annually through FY2024. Benefits has the most projected average annual variance compared to the historical average at \$744,450.

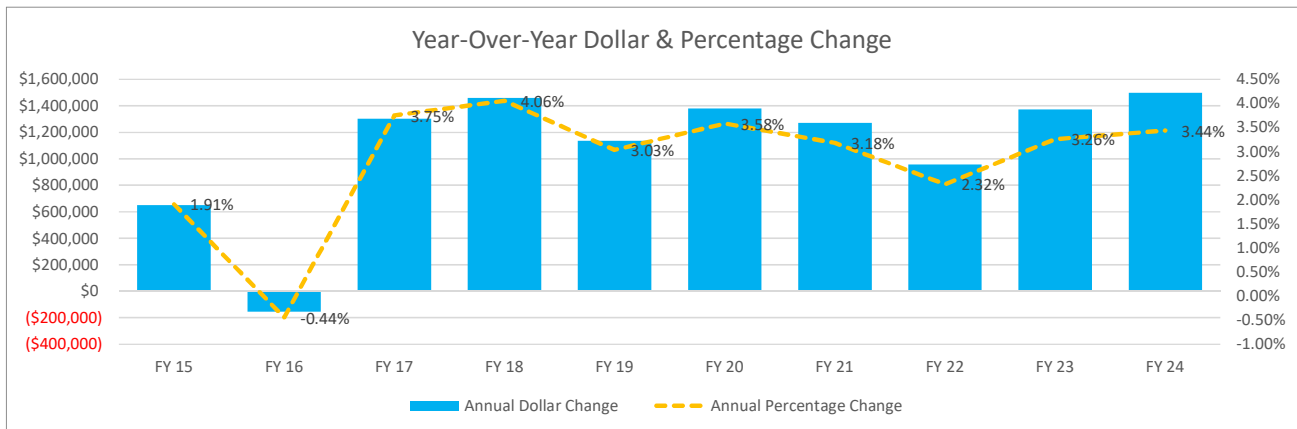
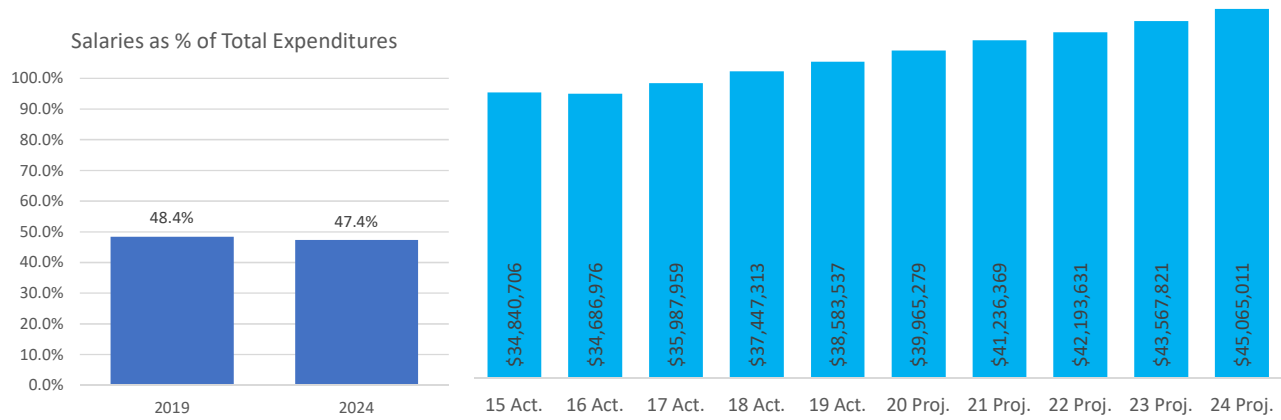
Note: Expenditure average annual change is projected

to be > \$3,067,946

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.

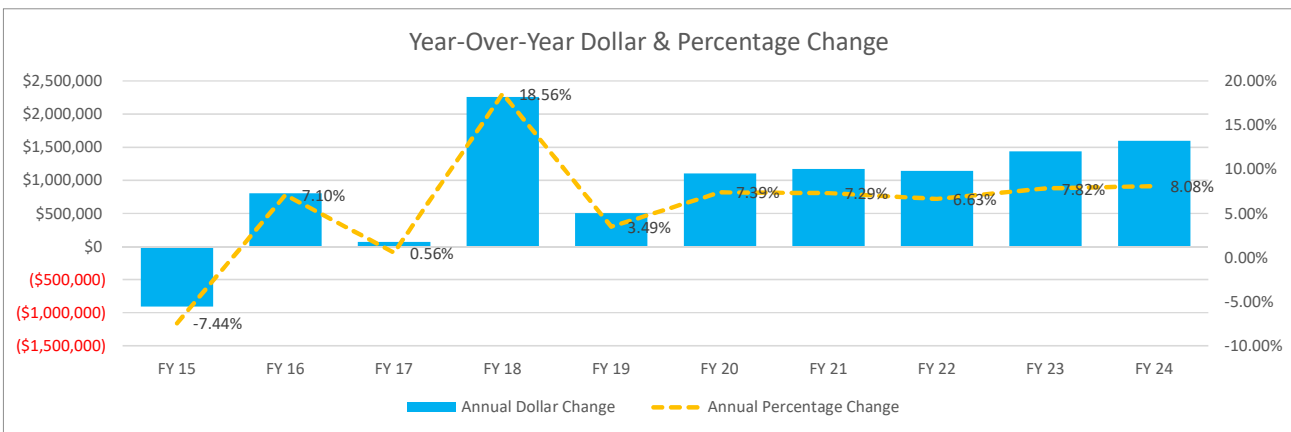
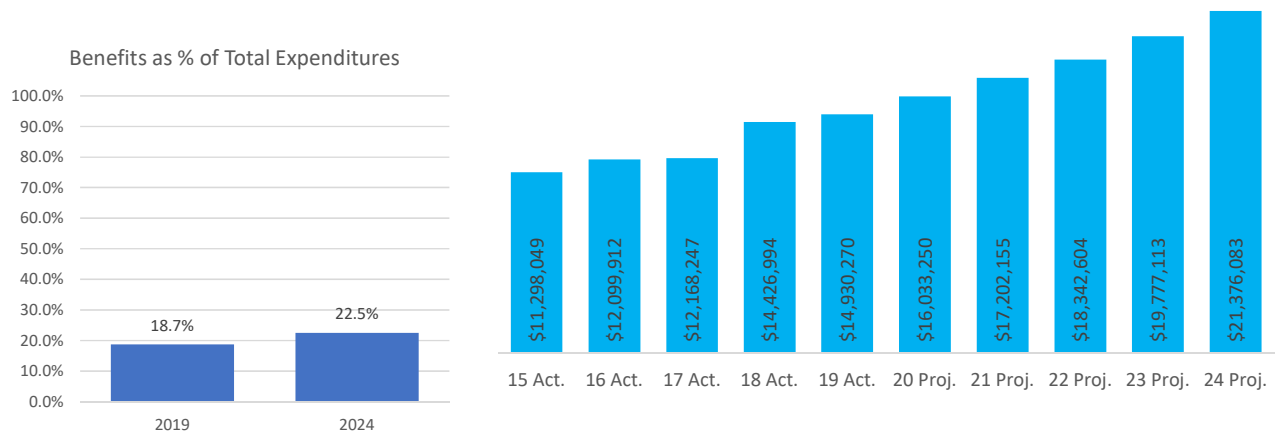


Salaries represent 48.37% of total expenditures and increased at a historical average annual rate of 2.46% or \$878,836. This category of expenditure is projected to grow at an average annual rate of 3.16% or \$1,296,295 through FY 2024. The projected average annual rate of change is 0.69% more than the five year historical annual average.

The slower growth rate in FY 22 is due to reduced staffing needs with the opening of the new buildings.

3.020 - Employees' Benefits

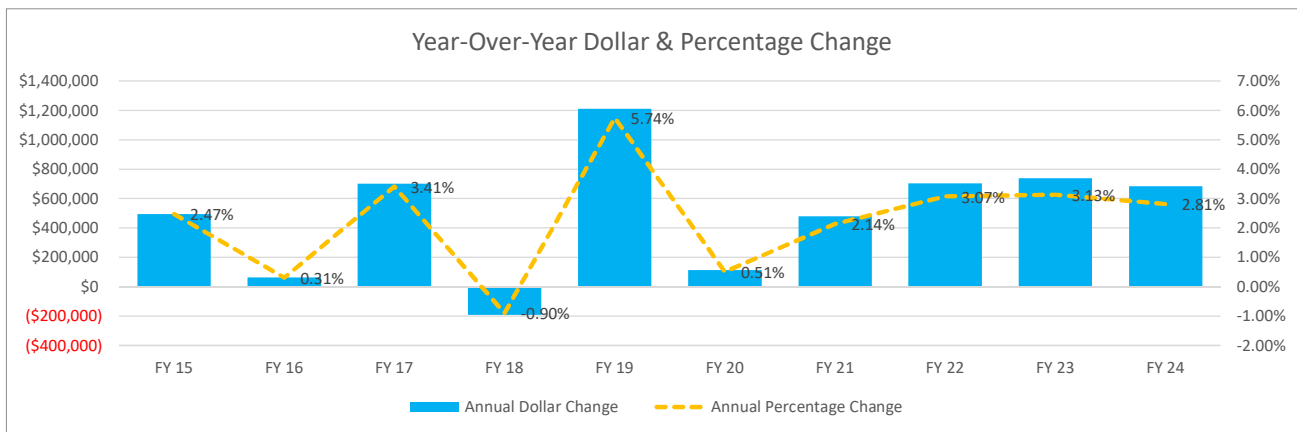
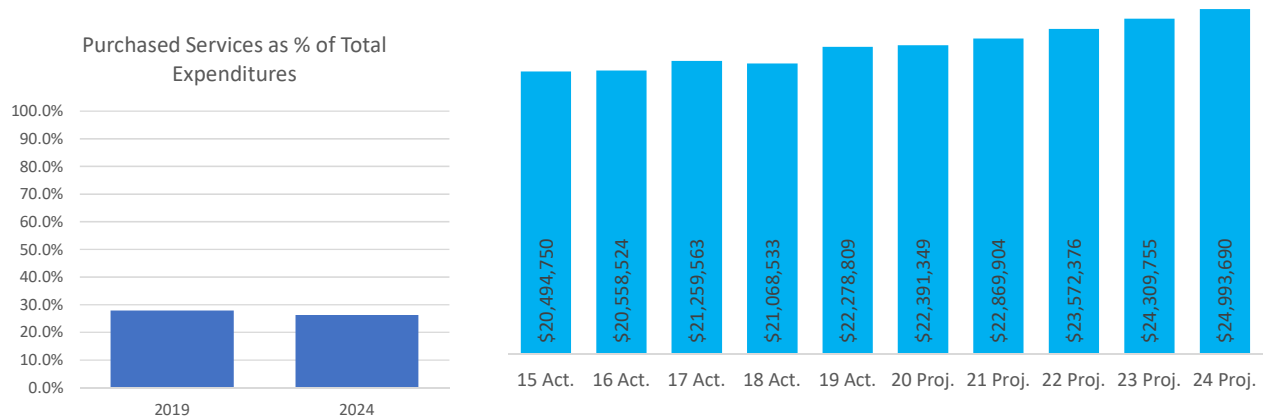
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 18.72% of total expenditures and increased at a historical average annual rate of 4.45% in the previous five years. This category of expenditure is projected to grow at an annual average rate of 7.44% through FY 2024. The projected average annual rate of change is 2.99% more 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, and other services which the school district may purchase.

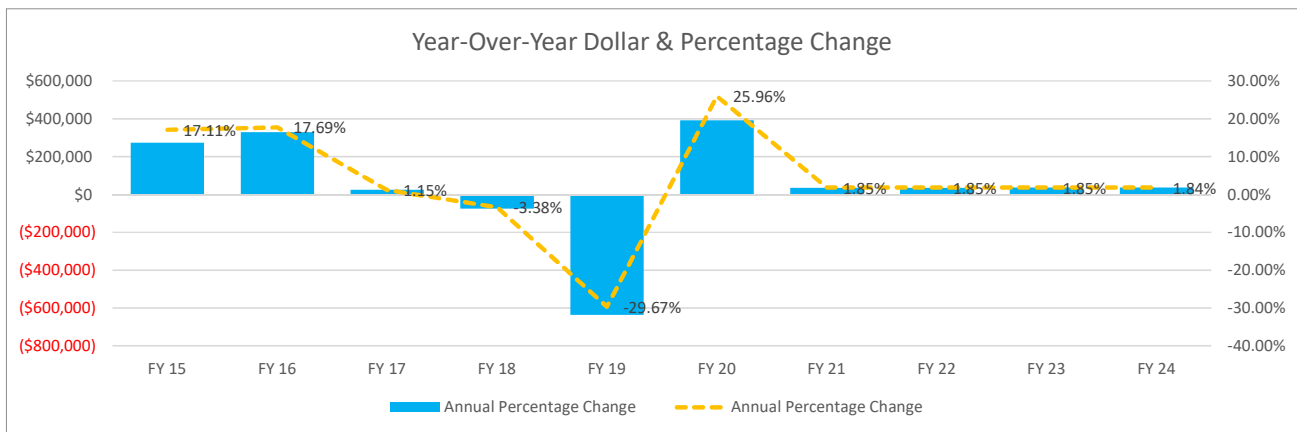
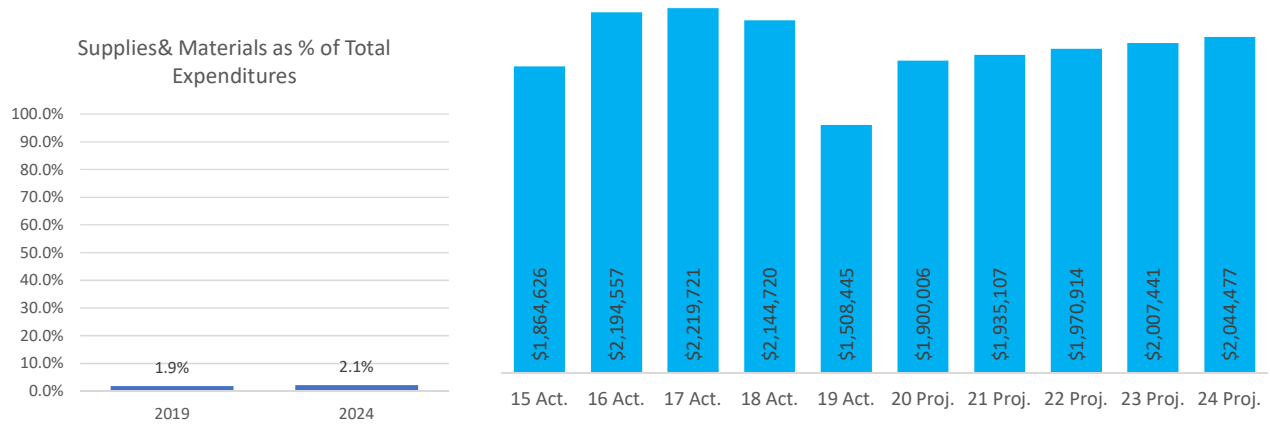


Purchased Services represent 27.93% of total expenditures and increased at a historical average annual rate of 2.21%. This category of expenditure is projected to grow at an annual average rate of 2.33% through FY 2024. The projected average annual rate of change is 0.12% more than the five year historical annual average.

The lower growth rate in FY 20 is primarily due to a reduction in the number of students open enrolling outside the district.

3.040 - Supplies & Materials

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

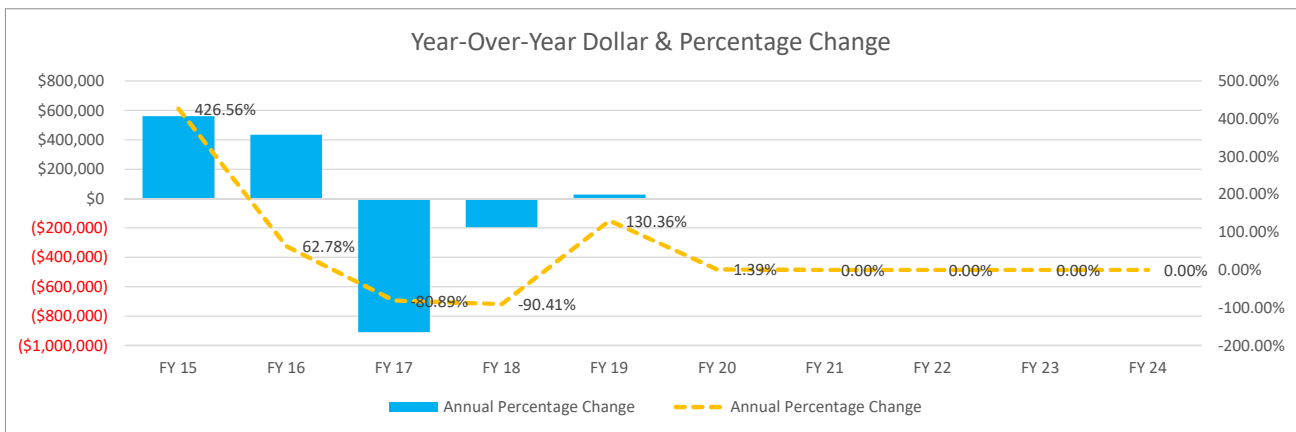
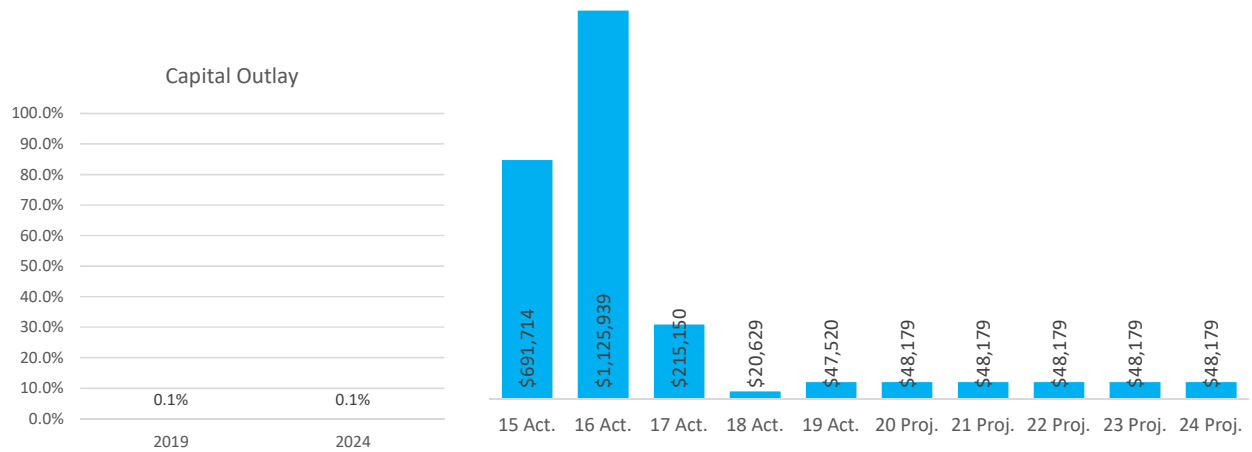


Supplies & Materials represent 1.89% of total expenditures and increased at a historical average annual rate of 0.58%. This category of expenditure is projected to grow at an annual average rate of 6.67% through FY 2024. The projected average annual rate of change is 6.09% more than the five year historical annual average.

The sharp increase in supply spending this year is due to a combination of Chromebook purchases and spending on curriculum and technology. These expenses are expected to continue recurring to replenish Chromebooks and maintain the other areas.

3.050 - Capital Outlay

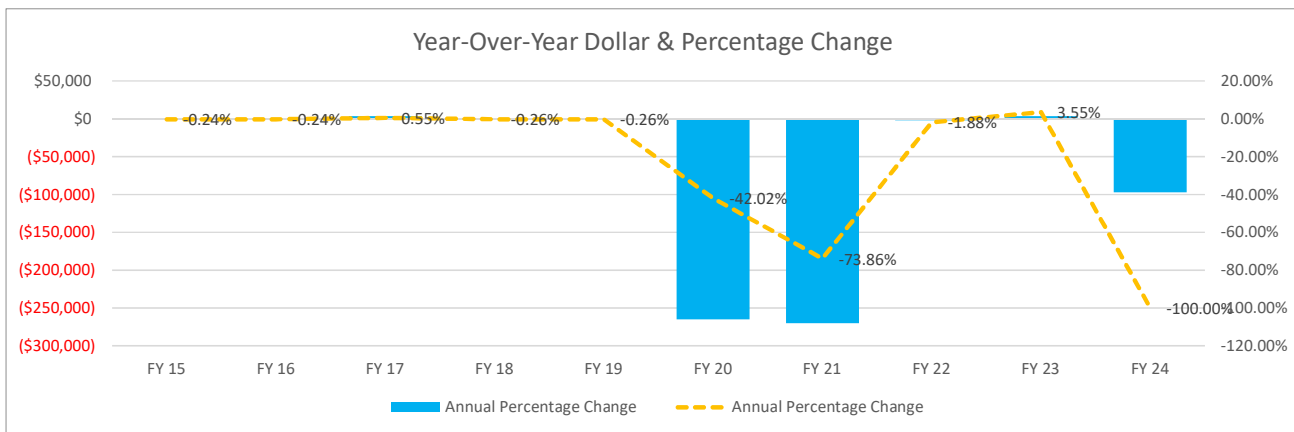
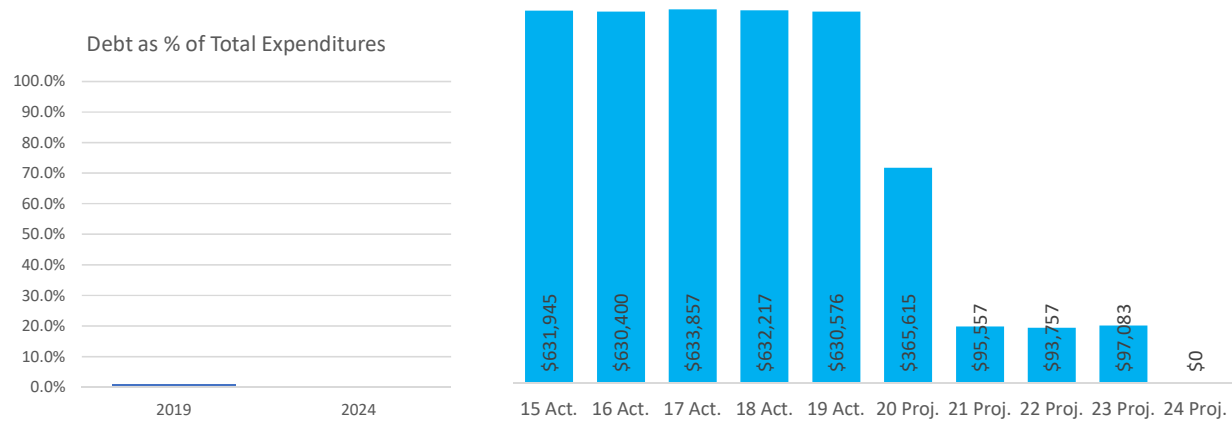
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.06% of total expenditures and decreased at a historical average annual amount of -\$16,769. This category of expenditure is projected to grow at an annual average amount of \$132 through FY 2024. The projected average annual change is less 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.

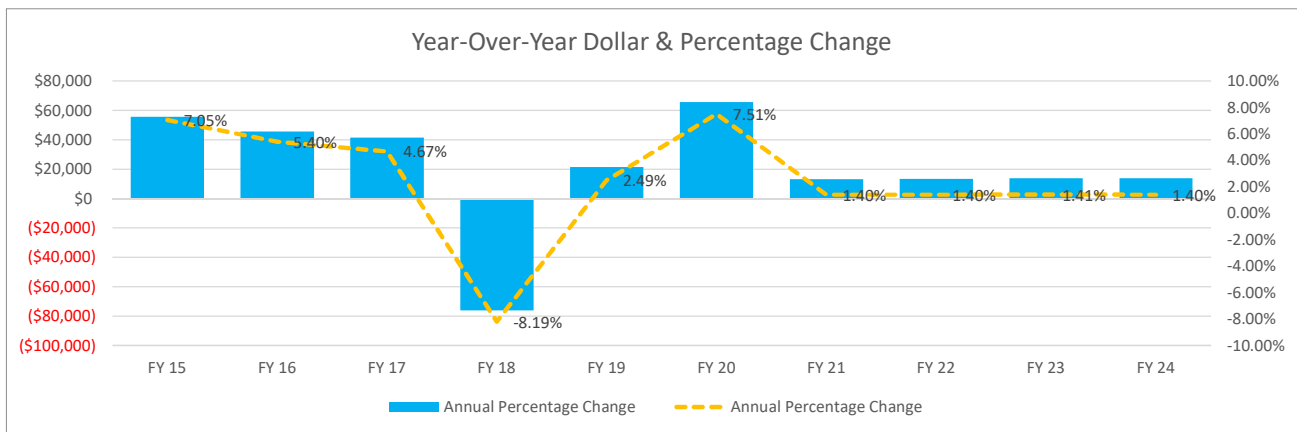
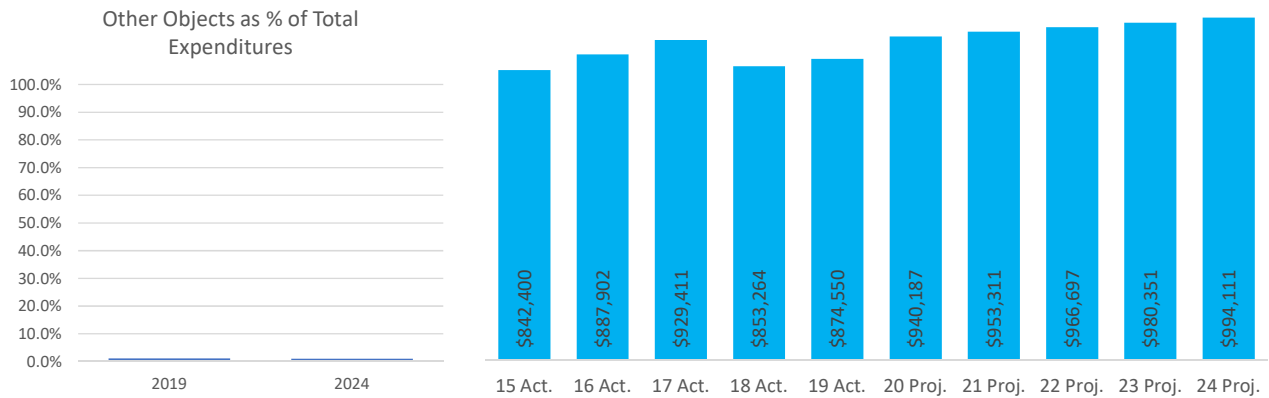


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

The drops from FY 2019 to FY 2021 are because the HB 264 loans have been paid off. The remaining debt is for the high school historical landmark project, which ends after FY 2023.

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.

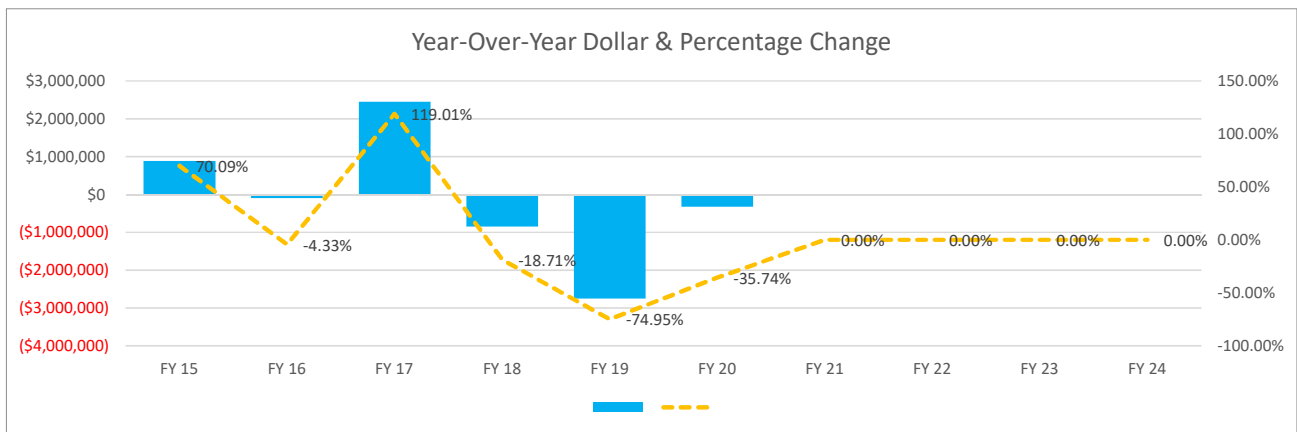
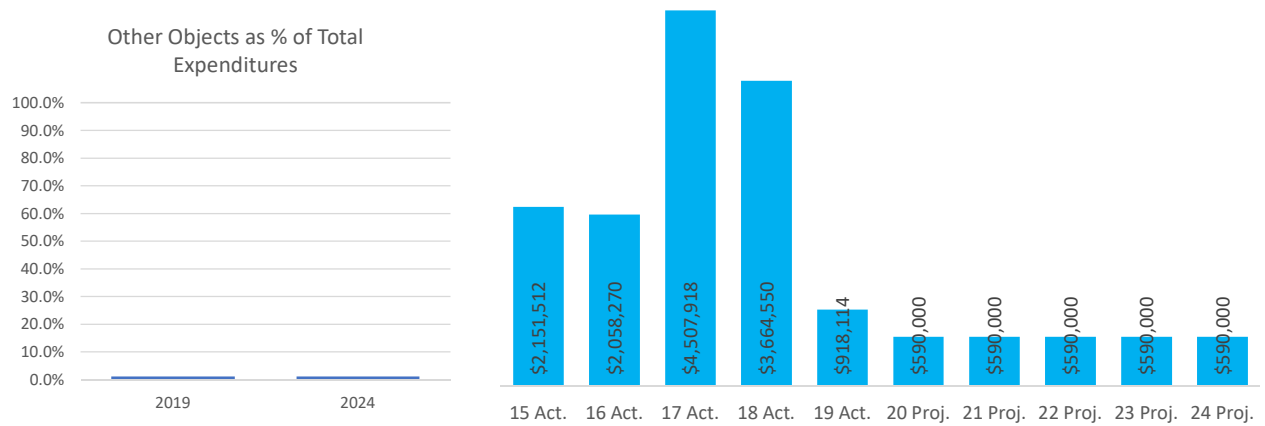


Other Objects represent 1.10% of total expenditures and increased at a historical average annual rate of 2.29%. This category of expenditure is projected to grow at an annual average rate of 2.62% through FY 2024. The projected average annual rate of change is 0.34% more than the five year historical annual average.

The larger increase in FY 2020 are because of higher property tax collection fees.

5.040 - Total Other Financing Uses

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



	2019	2020	2021	FORECASTED		
				2022	2023	2024
Transfers Out	579,595	365,000	365,000	365,000	365,000	365,000
Advances Out	338,519	225,000	225,000	225,000	225,000	225,000
Other Financing Uses	-	-	-	-	-	-

Other uses includes revenue that is 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.

There was a sharp drop on advances out in FY 2019. The corresponds to a sharp reduction of advances in for FY 2020 that is reflected in the revenue forecast.

Elyria City Schools

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	28,214,447	28,684,408	28,703,310	28,843,877	28,921,990	27,780,979
1.020 - Public Utility Personal Property	2,358,845	2,970,682	2,839,678	2,952,902	3,066,280	3,065,882
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	37,035,654	37,011,144	37,007,479	37,388,813	37,800,148	38,196,482
1.040 - Restricted Grants-in-Aid	2,995,066	2,995,066	2,995,066	2,995,066	2,995,066	2,995,066
1.050 - Property Tax Allocation	4,111,044	3,958,464	3,815,666	3,691,148	3,631,114	3,502,356
1.060 - All Other Operating Revenues	4,377,594	3,519,950	3,437,450	3,397,798	3,369,274	3,350,313
1.070 - Total Revenue	79,092,650	79,139,714	78,798,649	79,269,604	79,783,872	78,891,078
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	225,000	225,000	225,000	225,000	225,000
2.060 - All Other Financing Sources	19,055	231,695	-	-	-	-
2.070 - Total Other Financing Sources	830,605	456,695	225,000	225,000	225,000	225,000
2.080 - Total Rev & Other Sources	79,923,255	79,596,409	79,023,649	79,494,604	80,008,872	79,116,078
Expenditures:						
3.010 - Personnel Services	38,583,537	39,965,279	41,236,369	42,193,631	43,567,821	45,065,011
3.020 - Employee Benefits	14,930,270	16,033,250	17,202,155	18,342,604	19,777,113	21,376,083
3.030 - Purchased Services	22,278,809	22,391,349	22,869,904	23,572,376	24,309,755	24,993,690
3.040 - Supplies and Materials	1,508,445	1,900,006	1,935,107	1,970,914	2,007,441	2,044,477
3.050 - Capital Outlay	47,520	48,179	48,179	48,179	48,179	48,179
Intergovernmental & Debt Service	630,576	365,615	95,557	93,757	97,083	-
4.300 - Other Objects	874,550	940,187	953,311	966,697	980,351	994,111
4.500 - Total Expenditures	78,853,707	81,643,865	84,340,582	87,188,158	90,787,743	94,521,551
Other Financing Uses						
5.010 - Operating Transfers-Out	579,595	365,000	365,000	365,000	365,000	365,000
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	590,000	590,000	590,000	590,000	590,000
5.050 - Total Exp and Other Financing Uses	79,771,821	82,233,865	84,930,582	87,778,158	91,377,743	95,111,551
6.010 - Excess of Rev Over/(Under) Exp	151,434	(2,637,456)	(5,906,933)	(8,283,554)	(11,368,871)	(15,995,473)
7.010 - Cash Balance July 1 (No Levies)	27,109,997	27,261,431	24,623,975	18,717,041	10,433,488	(935,384)
7.020 - Cash Balance June 30 (No Levies)	27,261,431	24,623,975	18,717,041	10,433,488	(935,384)	(16,930,857)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	27,261,431	24,623,975	18,717,041	10,433,488	(935,384)	(16,930,857)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	1,383,473
11.030 - Cumulative Balance of Levies	-	-	-	-	-	1,383,473
12.010 - Fund Bal June 30 for Cert of Obligations	27,261,431	24,623,975	18,717,041	10,433,488	(935,384)	(15,547,384)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	27,261,431	24,623,975	18,717,041	10,433,488	(935,384)	(15,547,384)

