



Elyria City Schools

Financial Report Five Year Forecast October, 2015



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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.



Executive Summary

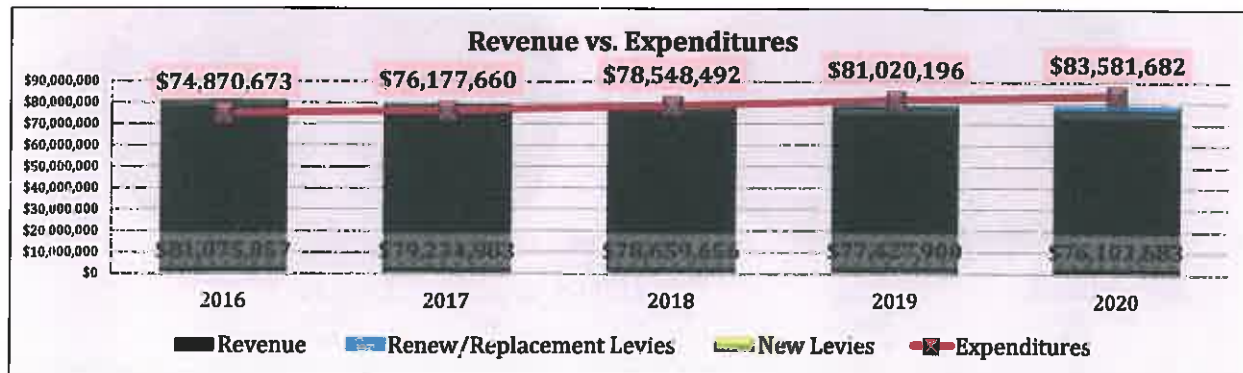
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Beginning Balance	17,504,077	23,709,261	26,766,504	26,877,667	24,766,228
+ Revenue	81,075,857	79,234,903	78,659,656	77,427,900	76,103,683
+ Proposed Renew/Replacement Levies	-	-	-	1,480,857	2,967,360
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(74,870,673)	(76,177,660)	(78,548,492)	(81,020,196)	(83,581,682)
= Revenue Surplus or Deficit	6,205,184	3,057,243	111,163	(2,111,439)	(4,510,639)
Ending Balance	23,709,261	26,766,504	26,877,667	24,766,228	20,255,589
Revenue Surplus or Deficit w/o Levies	6,205,184	3,057,243	111,163	(3,592,296)	(7,477,999)
Ending Balance w/o Levies	23,709,261	26,766,504	26,877,667	23,285,371	15,807,372

Executive Summary:

The district's financial condition has improved since May because of increases in state funding, and also because of significant reductions in health insurance premium growth. These two components have improved the district's cash balance, but still the overall trend is toward a revenue shortfall of \$4,510,649 and that includes renewal of the district's levy to be considered during the forecast period.

State funding could perform better than forecasted if the district's enrollment performs better. The district is on the formula and its revenue will go up and down in response to more or fewer students. Additional monitoring of enrollment trends is warranted.

This forecast, like the May forecast, includes the board's intent to provide additional investment for instructional materials, technology, and building repair and upkeep. The supply and capital notes explain the strategy in more detail.

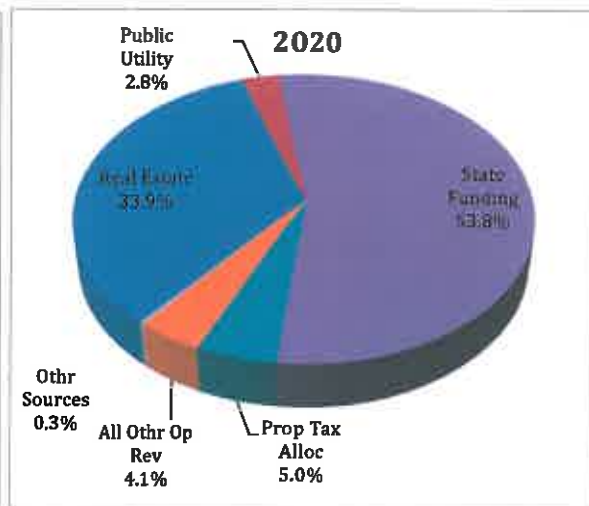
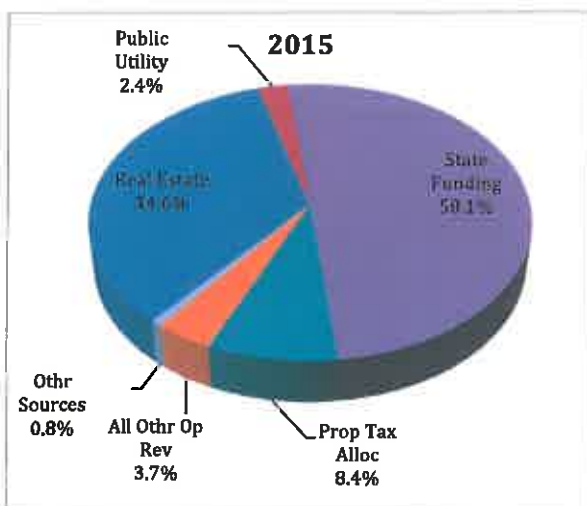


Revenue Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	
Revenue:							
1.010 - Real Estate	2.52%	0.87%	0.15%	0.49%	-3.72%	-3.95%	-1.23%
1.020 - Public Utility	-0.33%	6.23%	3.11%	3.12%	-0.86%	-0.90%	2.14%
1.030 - Income Tax	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.035 - State Funding	3.16%	4.72%	0.27%	-0.79%	0.15%	-0.05%	0.86%
1.040 - Restr Aid	225.13%	-5.43%	-2.59%	-2.32%	-2.07%	-1.86%	-2.86%
1.045 - Restr Federal SFSP	-74.49%	n/a	n/a	n/a	n/a	n/a	n/a
1.050 - Property Tax Alloc	-4.69%	-14.10%	-15.58%	-10.23%	-6.09%	-6.51%	-10.50%
1.060 - All Other Operating F	6.67%	-3.71%	-0.66%	3.34%	3.37%	3.39%	1.15%
1.070 - Total Revenue	2.00%	1.05%	-1.00%	-0.73%	-1.57%	-1.72%	-0.79%
2.070 - Total Other Financin	131.49%	105.96%	-82.30%	0.00%	0.00%	0.00%	4.73%
2.080 - Total Revenues and Ot	2.08%	1.86%	-2.27%	-0.73%	-1.57%	-1.71%	-0.88%

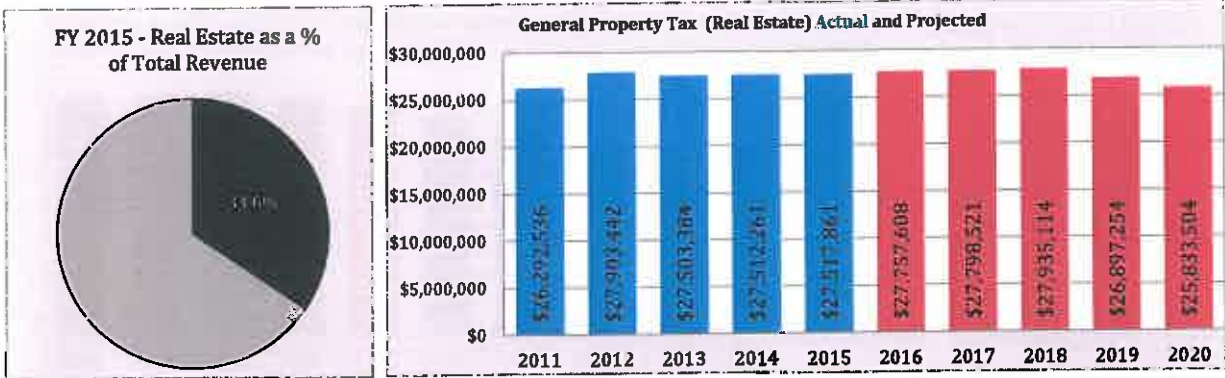
Notes & Assumptions:

The district's revenue projections include the renewal of a levy which is classified as reserved starting in FY 2019 and FY 2020 which explains the reduction in real estate revenue. Property tax allocation is declining because of the state's elimination of tangible personal property (TPP) tax reimbursement. Finally, state funding will now fluctuate in response to the district being on the state per pupil funding formula. Fluctuations will occur with changes to the district's enrollment and valuations.



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).

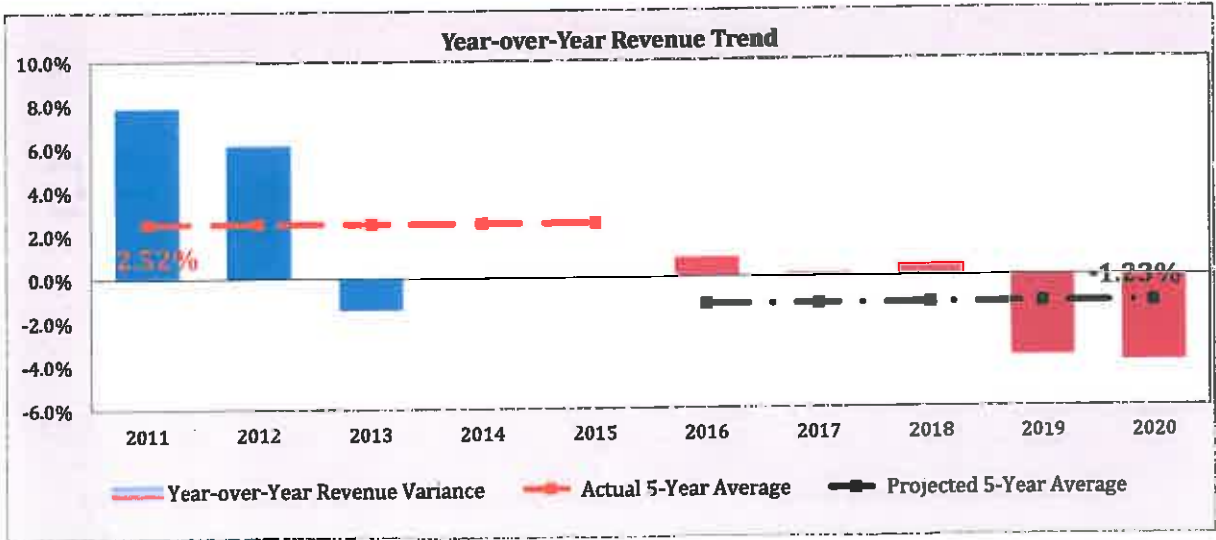


Notes & Assumptions:

Local real estate property taxes make up 34.6% of district revenue. Revenue growth has been constrained by declining property values over the past few years. The district also must maintain a renewal levy in order to keep the current level of taxes. The above revenue starts to decline in FY 2019 because this levy must be reflected as "reserved" rather than as actual revenue. The real estate portion of the renewal levy is about \$2,493,780; the total levy (including public utility personal property, and property tax allocation) is \$2,967,360.

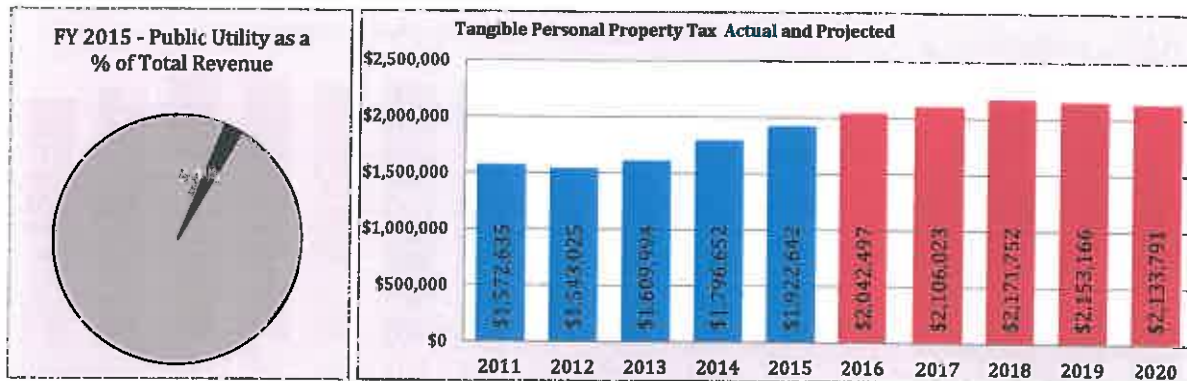
Lorain county is going through triennial update during calendar year 2015. It is estimated that residential values will shrink by 1.0% during the update. Overall, total real estate values are projected to grow by about 1.0% per year starting in calendar year 2016.

As evidenced by the above chart, revenue is projected to remain fairly level.



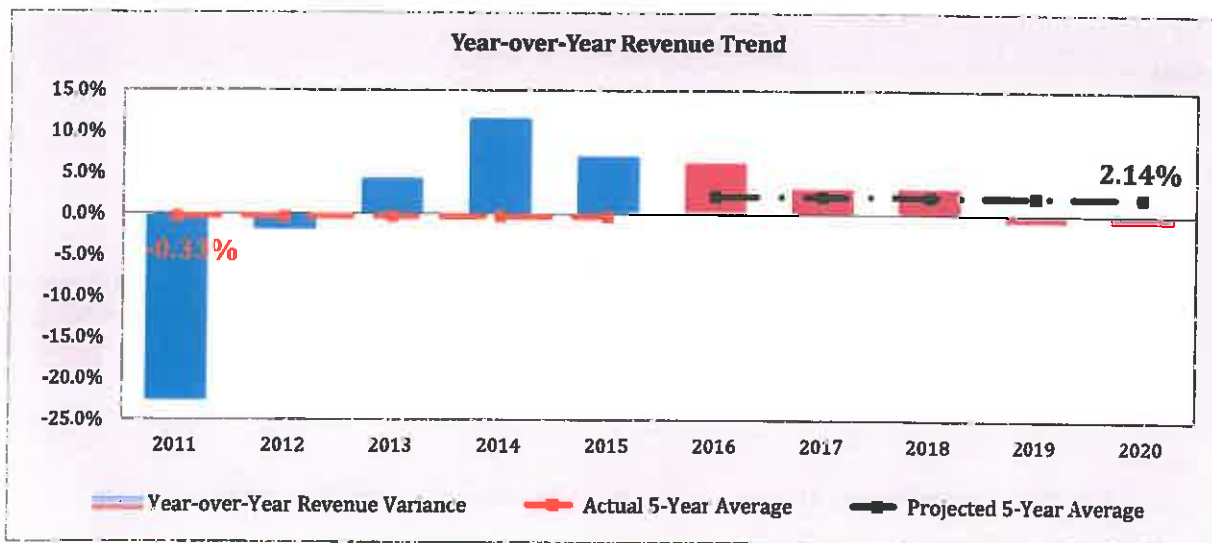
1.020 - Public Utility Personal Property

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



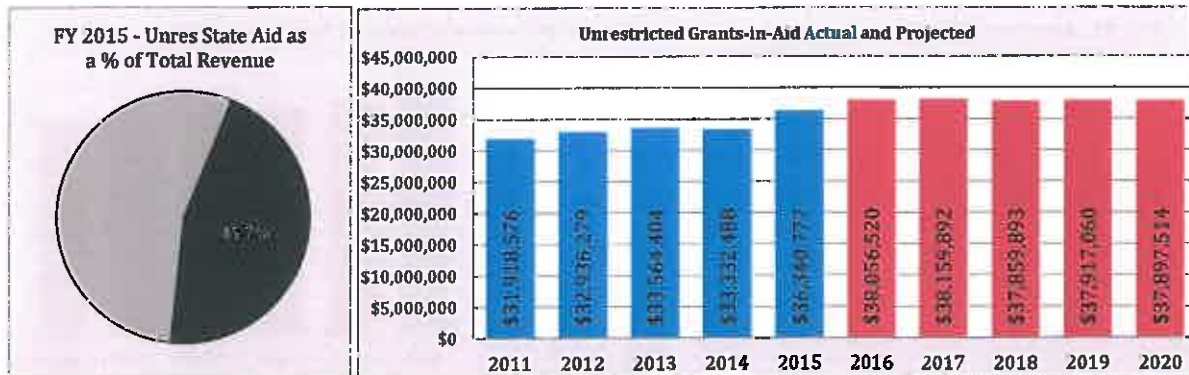
Notes & Assumptions:

Public utility personal property generates 2.4% of the district's revenue. This valuation classification has reflected consistent growth the past few years, and is expected to continue growing at a rate of 2.14% of the five year forecast period.



1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

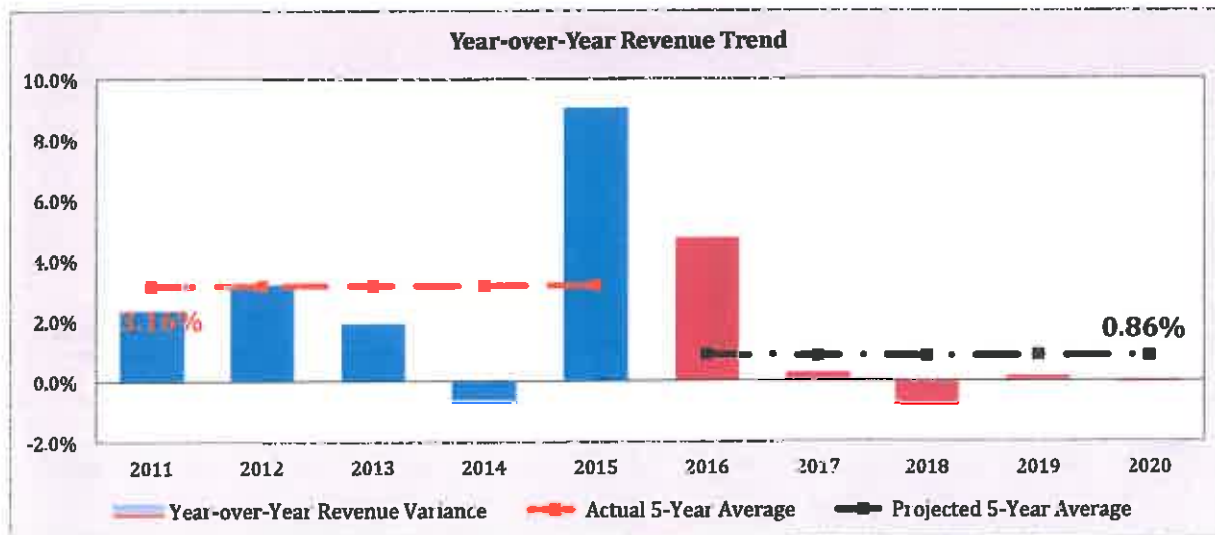


Notes & Assumptions:

The state's per pupil funding formula has provided additional revenue to the district. Some of the revenue is classified as unrestricted, and the other portion is classified as restricted. The unrestricted portion of the formula is 45.7% of the district's revenue and has experienced growth. Current projections show that the district's last round of growth will occur in FY 2016 with revenue holding consistent in response to declining enrollment. The main component of the funding is the per pupil component which is summarized below:

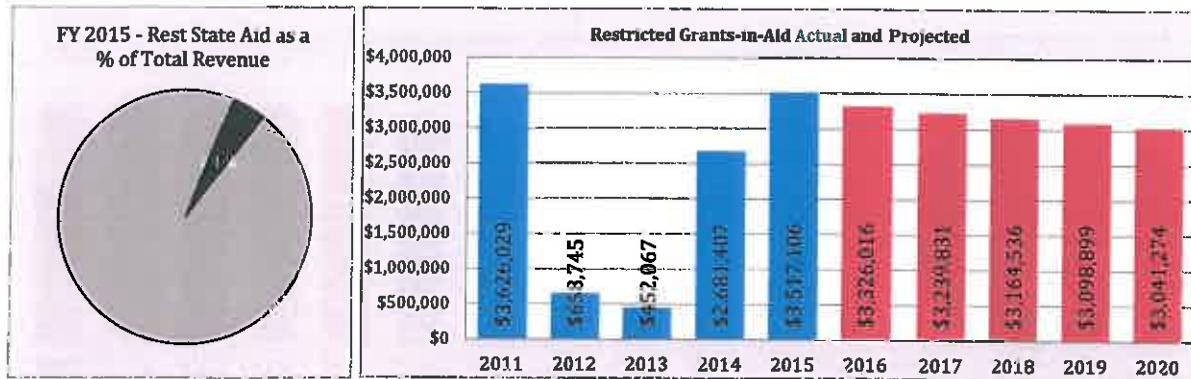
	2015	2016	2017	2018	2019	2020
	Not Projected Based Upon Provisions For Each Year					
Core Funding Per Pupil	\$5,800	\$5,900	\$6,000	\$6,100	\$6,200	\$6,300
State Share of Core Funding	56.8%	59.2%	59.9%	59.8%	59.9%	59.9%
State Core Funding Per Pupil	\$3,295	\$3,493	\$3,591	\$3,645	\$3,716	\$3,772
Formula ATM	7,402	7,826	7,121	6,942	6,786	6,650
Total Calculated Core Funding	\$24,385,322	\$25,590,096	\$25,572,045	\$25,301,743	\$25,217,209	25,082,339

The significant indicator of state funding is on line two above and is referenced as the state share of core funding. In Elyria's case the funding will be at the near 60% level through the forecast period ending FY 2020. This ratio is primarily a function of the district's valuation divided by the number of total students to generate a per pupil valuation. The projections include a decline in district enrollment; however, if enrollment performs better then state funding will increase accordingly.



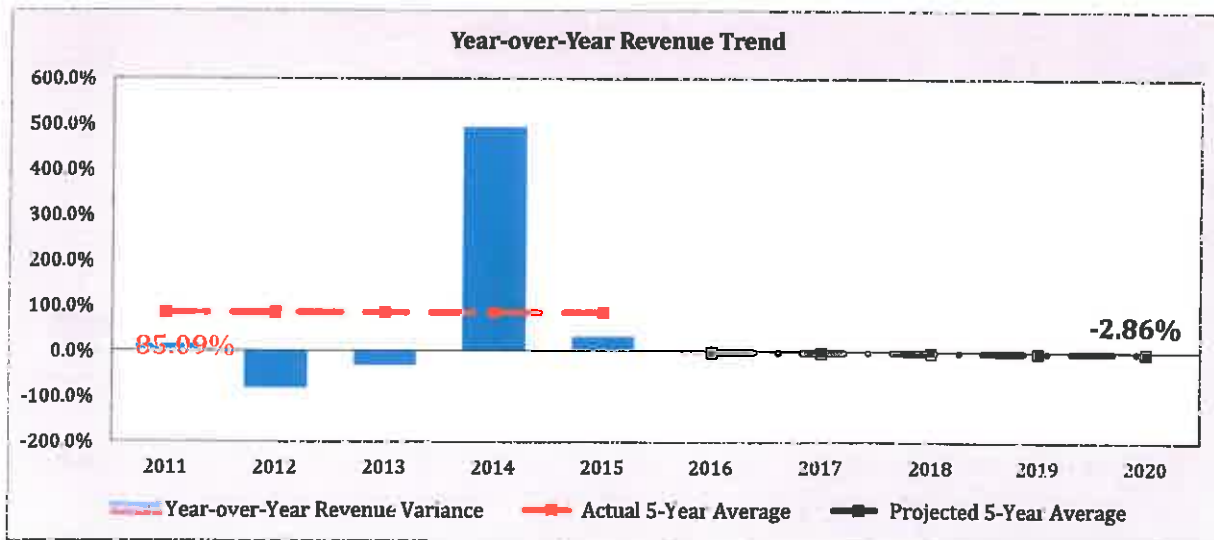
1.040 & 1.045 - Restricted Grants-in-Aid

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



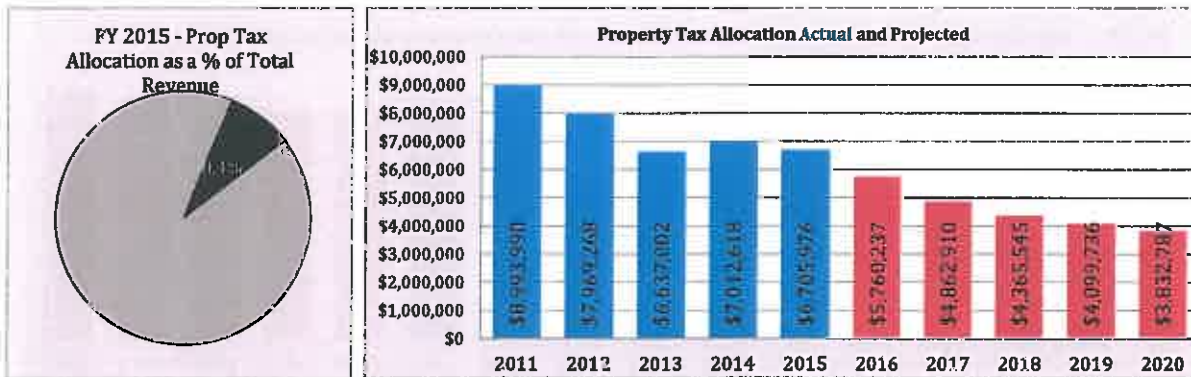
Notes & Assumptions:

Restricted state aid is the portion of unrestricted that must be classified separately. In total it is 4.4% of district's revenue, and the single largest component is economic disadvantaged funding at nearly \$3.0 million.



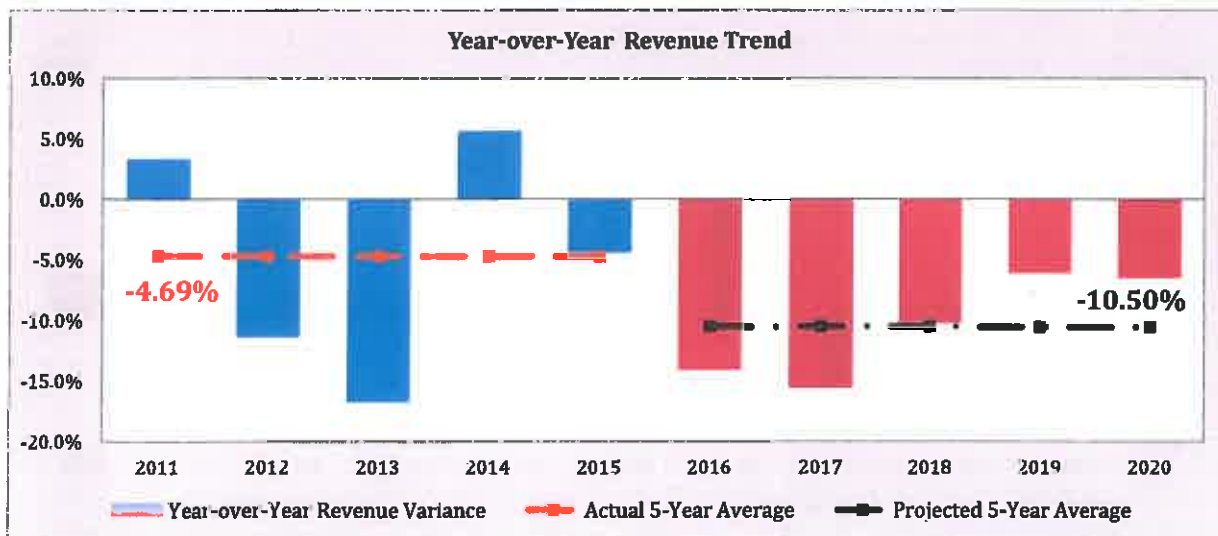
1.050 - Property Tax Allocation

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



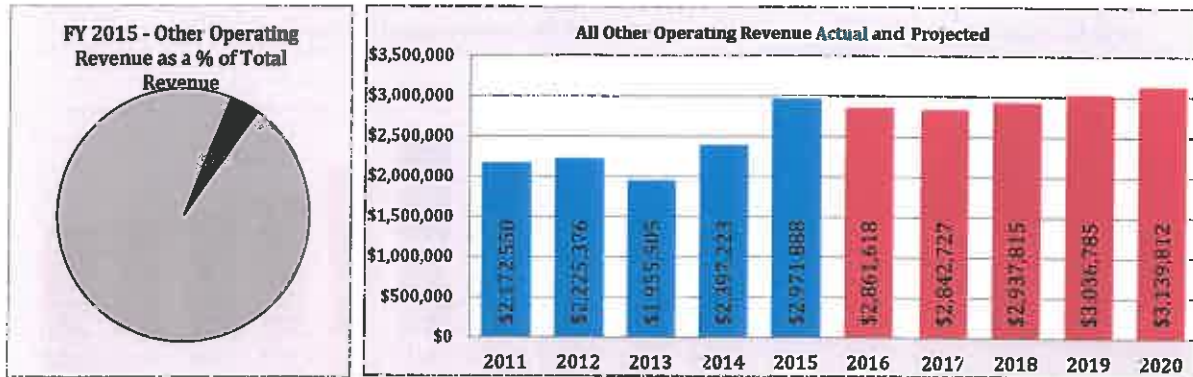
Notes & Assumptions:

Property tax allocation if the reimbursement from the state for local tax credits known as rollback and homestead. This revenue is declining because it also includes the state's reimbursement for the loss of tangible personal property (TPP) tax revenue. In FY 2015 the district received \$2,238,433 in TPP reimbursement, which will be completely eliminated by FY 2018. In addition, the revenue shows declines because of the reservation of the renewal levy revenue which impacts FY 2019 and FY 2020.



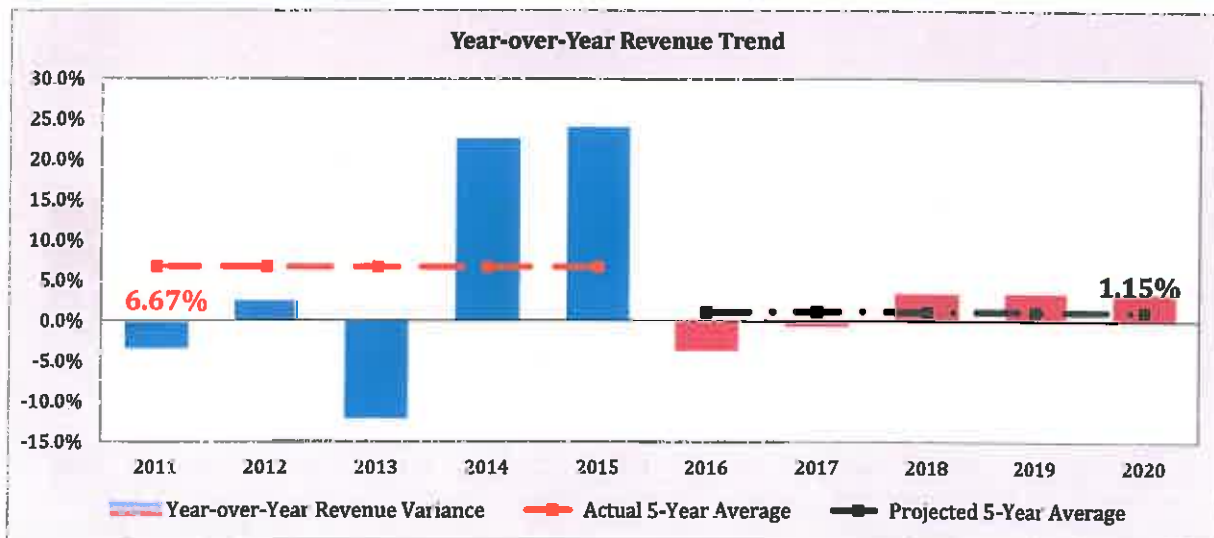
1.060 - All Other Operating Revenues

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



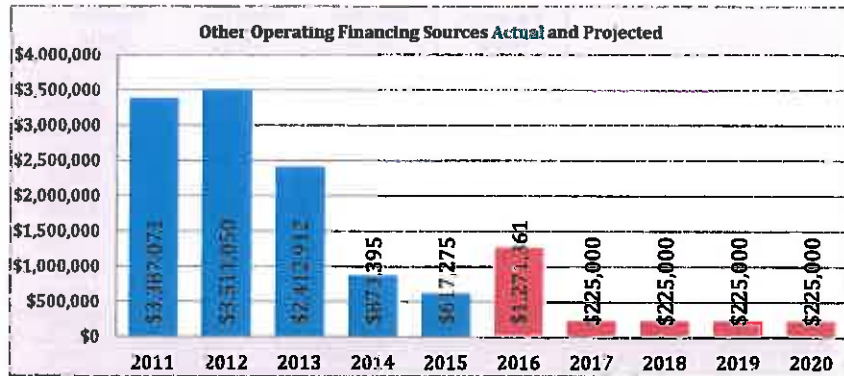
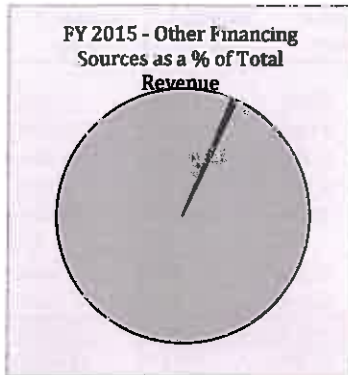
Notes & Assumptions:

Other revenue totaled 3.7% of total revenue, and the largest component is tuition revenue. In FY 2015 the district received \$1,159,086 in open enrollment tuition. Total tuition amounted to \$1,689,107 in FY 2015. Revenue declines slightly in FY 2016 because of expected reductions in some special education tuition that had increased at a higher rate in FY 2015.



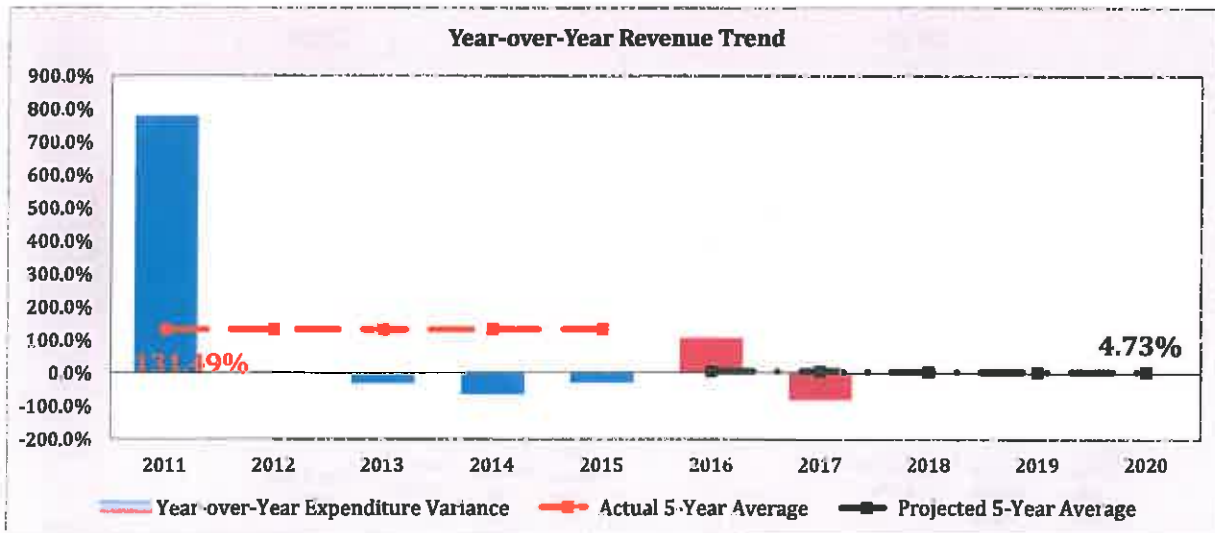
2.070 - Total Other Financing Sources

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.



Notes & Assumptions:

Other financing sources involves non-operating revenue such as the return of a fund-to-fund advance (general fund temporary loan to another district fund). FY 2016 is unique in that it includes about \$1,000,000 in refund of a prior year expense.



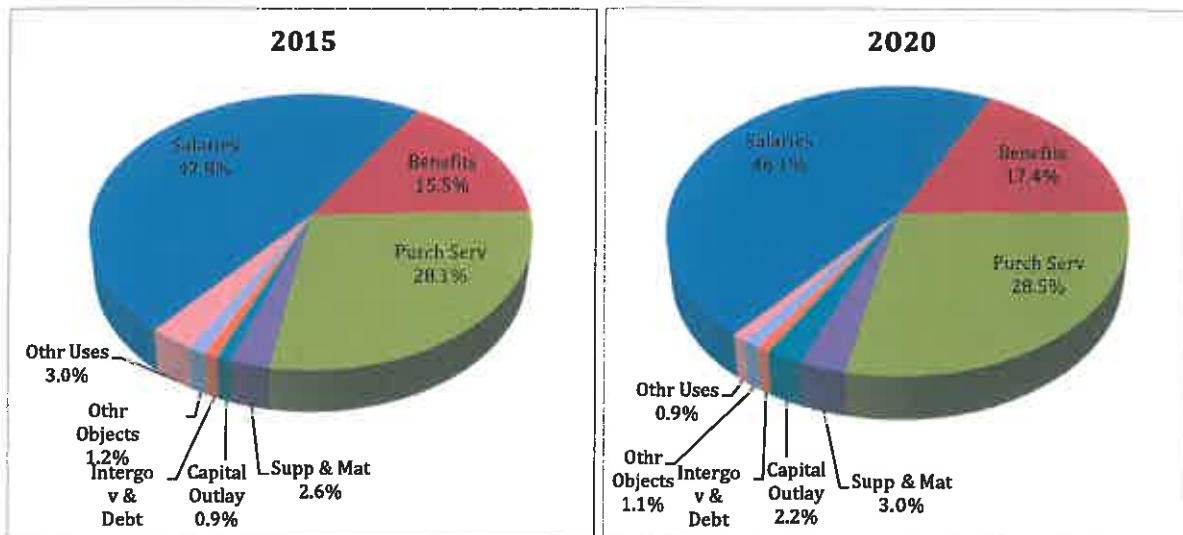
Expenditures Overview

	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	
Revenue:							
3.010 - Salaries	-2.11%	0.40%	2.20%	2.54%	2.55%	2.55%	2.05%
3.020 - Benefits	-2.47%	6.02%	5.01%	4.91%	4.99%	5.06%	5.20%
3.030 - Purchased Services	6.27%	2.05%	3.34%	3.35%	3.35%	3.36%	3.09%
3.040 - Supplies & Materials	8.47%	17.32%	3.11%	3.18%	3.19%	3.19%	6.00%
3.050 - Capital Outlay	79.91%	275.88%	-32.69%	1.71%	1.72%	1.72%	49.67%
3.060 - Intergov	-53.00%	n/a	n/a	n/a	n/a	n/a	n/a
4.010 - 4.060 - Debt	0.09%	0.26%	-0.26%	-0.26%	0.53%	-0.11%	0.03%
4.300 - Other Objects	3.97%	-0.40%	2.00%	2.00%	2.00%	2.00%	1.52%
4.500 - Total Expenditures	0.21%	4.91%	1.76%	3.14%	3.17%	3.19%	3.23%
5.040 - Total Other Financing	-3.23%	-65.68%	0.57%	0.58%	0.39%	0.00%	-12.83%
5.050 - Total Expenditures and	-0.37%	2.82%	1.75%	3.11%	3.15%	3.16%	2.80%

Notes & Assumptions:

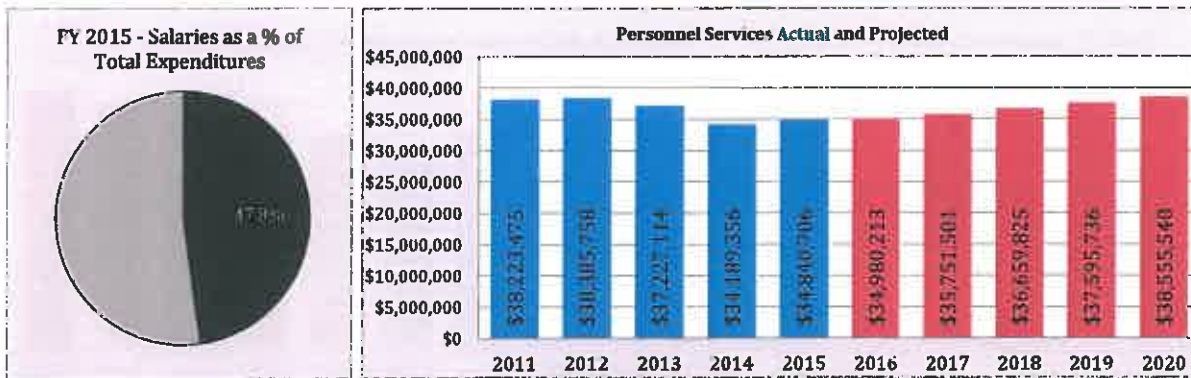
Expenses grew at an average annual rate of just 0.21% over the past five years. Nearly all of that growth was attributable to purchases services, which encompassed tuition paid to community schools and other schools. The purchased service growth was nearly offset by reductions in staff or employee costs as the district made significant staffing cuts.

The growth in expenditures during the FY 2016 through FY 2020 forecast years includes additional investment in instructional supplies and technology, as well as increased investment in meeting building repair and maintenance needs.



3.010 - Personnel Services

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

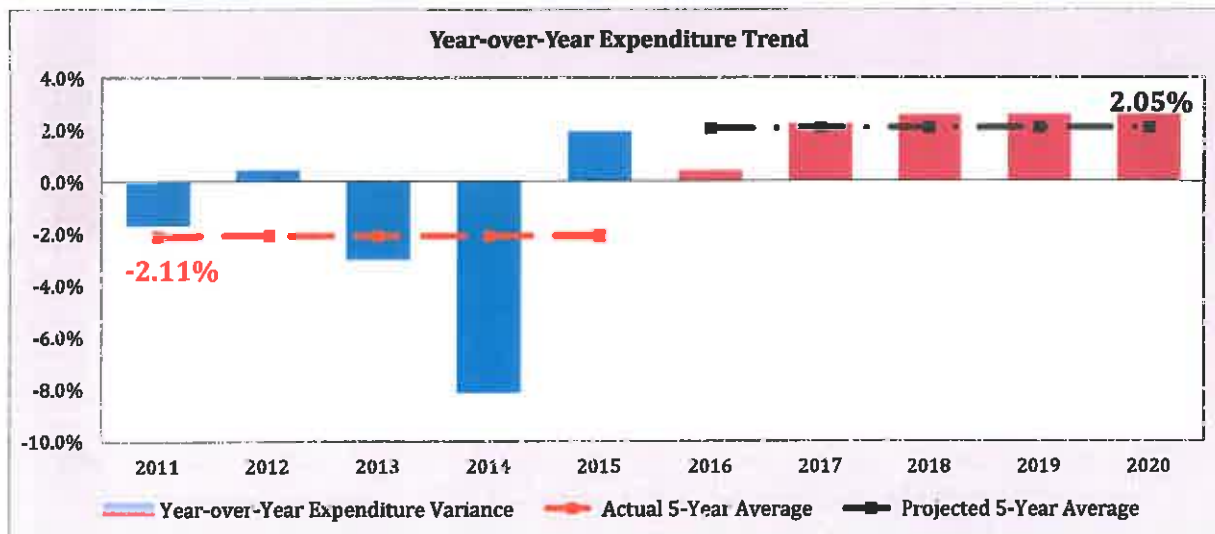


Notes & Assumptions:

At 47.8% of the budget, salaries are the single largest expense. The district made significant cuts and that is why the five year historical annual average change in salaries was -2.11%. The district reduced salary expenditures by over 10% from 2010 to 2015.

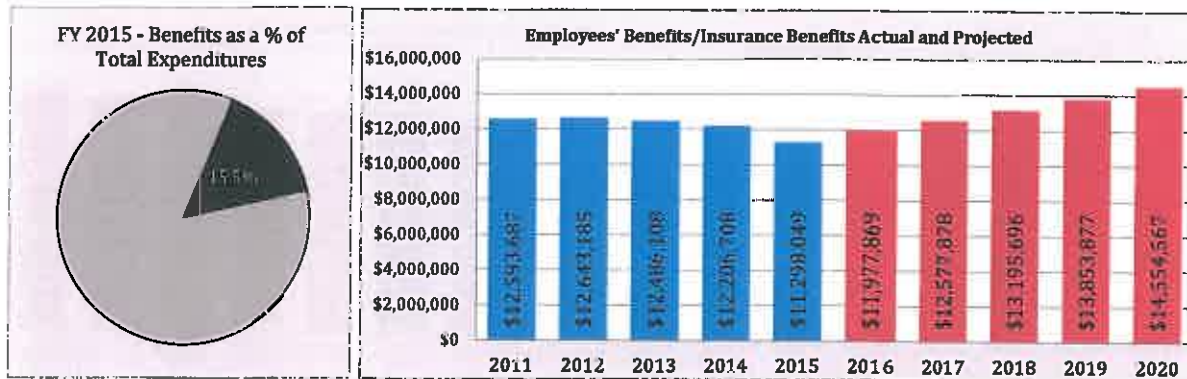
The largest decrease occurred in FY 2014 when 45 certified, and 21 classified, and 1 administrative positions were cut from the FY 2013 staffing levels. Retirement and replacement cost savings also impact FY 2015 and FY 2016.

Salary expense is projected to change at an average annual rate of 2.05% from 2016 through 2020. Fiscal year 2016 is projected to experience lower growth because of retirement/replacement cost savings. No FTE changes, or retirement/replacement cost savings are projected for the FY 2017 through FY 2020 period.



3.020 - Employees' Benefits

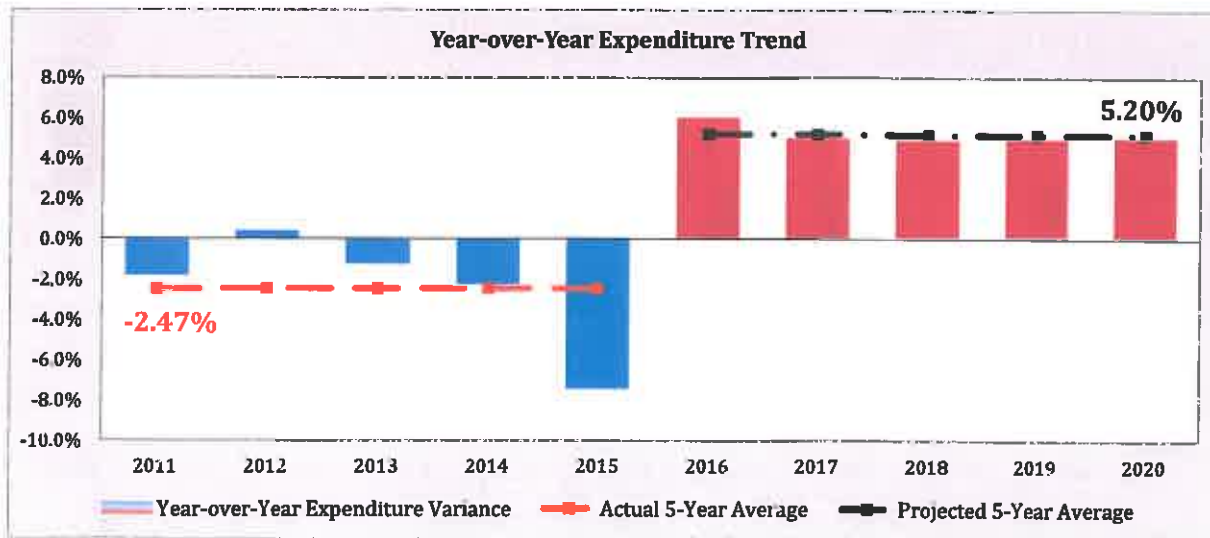
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Notes & Assumptions:

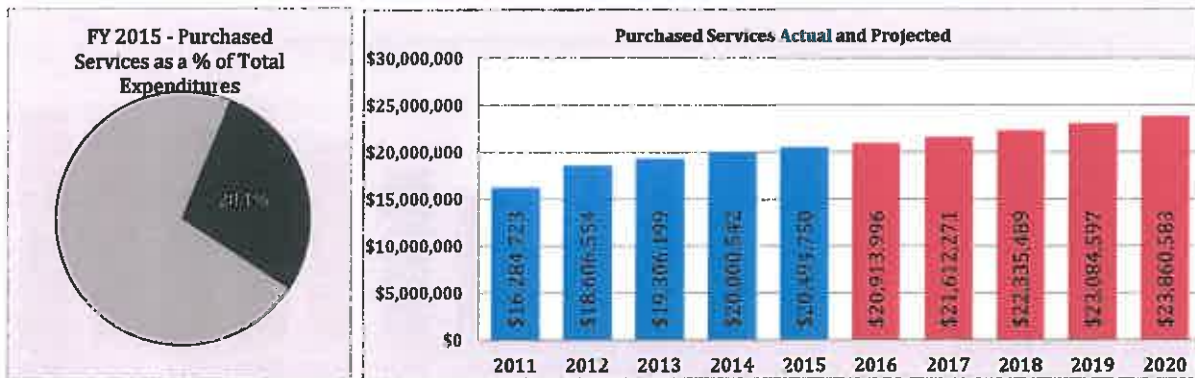
Employee fringe benefits account for 15.5% of district operating expenses. The expense decreased because of reduced staffing levels. Also, the district used one-time self-insurance fund savings to eliminate one month's premium in FY 2015; this was a one-time savings of approximately \$464,000. The district has lowered its self-insurance fund balance in fiscal year 2016 and beyond to just reflect 12 months of premium each year.

The district's health insurance premium increased 0.0% in FY 2016, which is significantly less than the 9.0% estimated in May. Health insurance premium is projected to grow at an annual rate of 8.0% in FY 2017 and beyond.



3.030 - Purchased Services

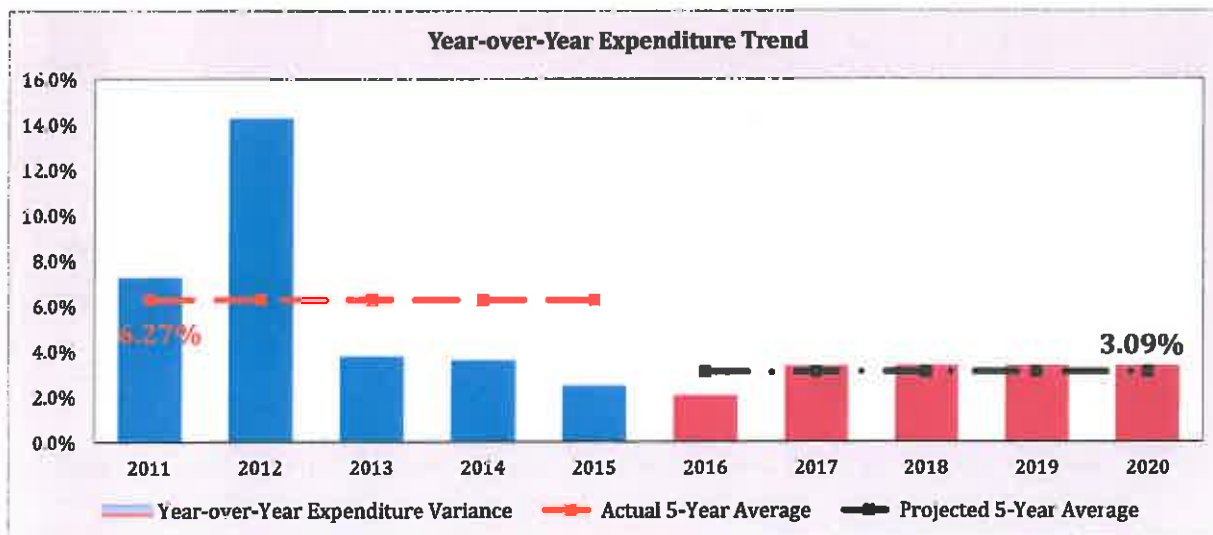
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



Notes & Assumptions:

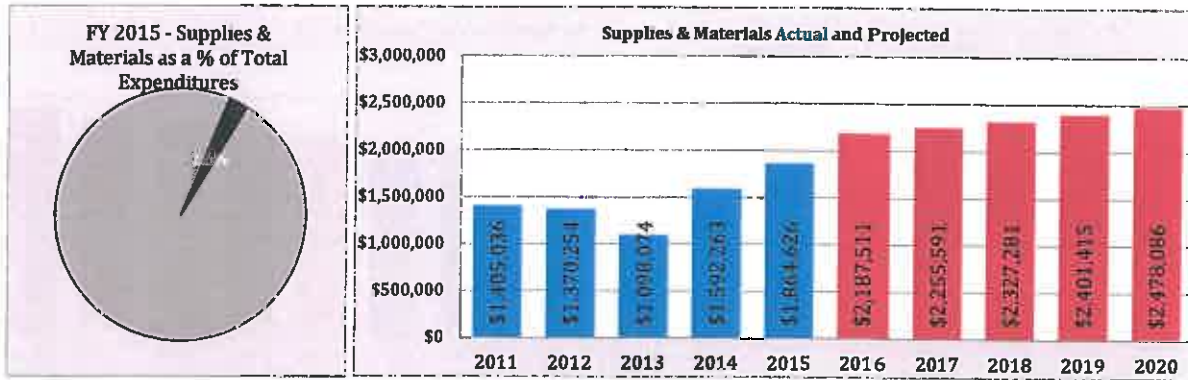
Purchased services are the second largest component of the district's budget, and totaled 28.1% of expenditures in FY 2015. The largest share of this category is tuition paid to other entities such as community schools and other school districts (open enrollment). In FY 2015 tuition increased \$504,000, to a total of \$13,177,638 which was 64% of the purchased service category. Tuition growth is projected to average \$445,000 per year in FY 2016 through FY 2020.

Other growth in purchased services is due to utilities which totaled \$1,801,494 in FY 2015, and was 9.0% of the purchased services budget.



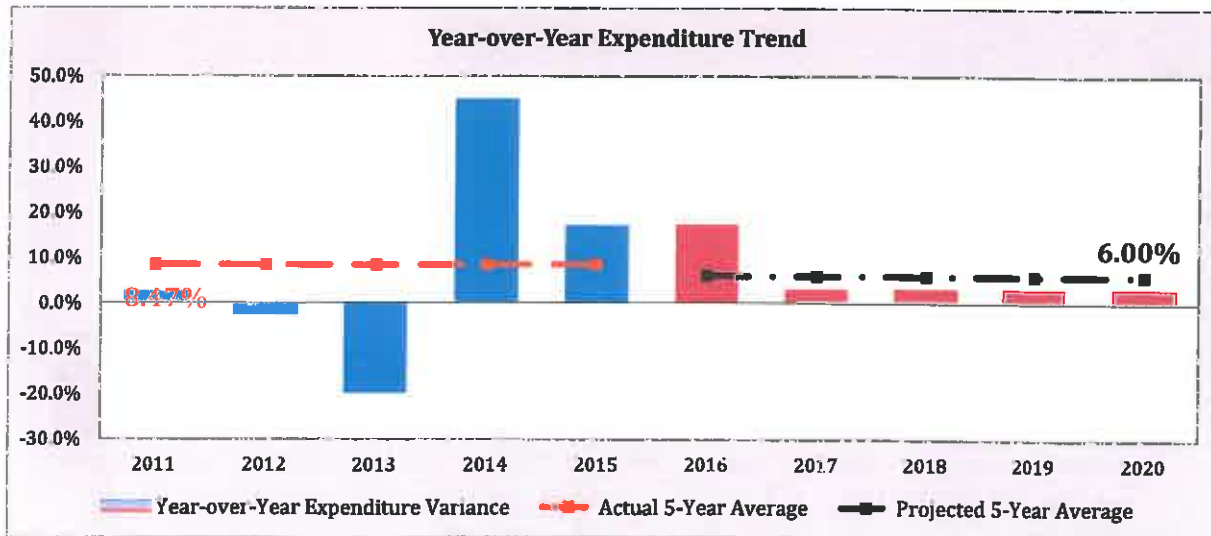
3.040 - Supplies & Materials

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



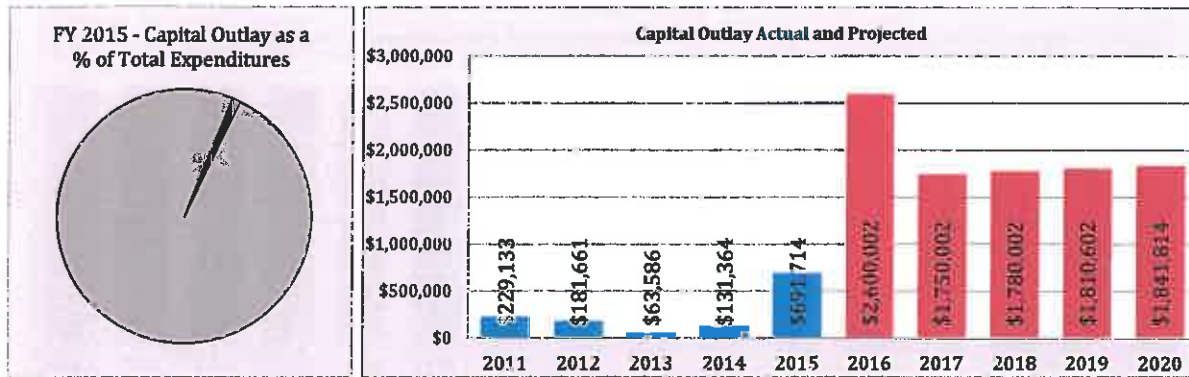
Notes & Assumptions:

While supplies were only 2.6% of the budget in FY 2015, the district committed to a plan that would invest more of its budget in supplies starting in FY 2014 as a result of improved state funding. About \$250,000 of the projected growth was not realized in FY 2015, and was deferred into FY 2016's projections. Year-over-year growth in FY 2017 and beyond reflect annual inflationary pressure rather than increased investment.



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.

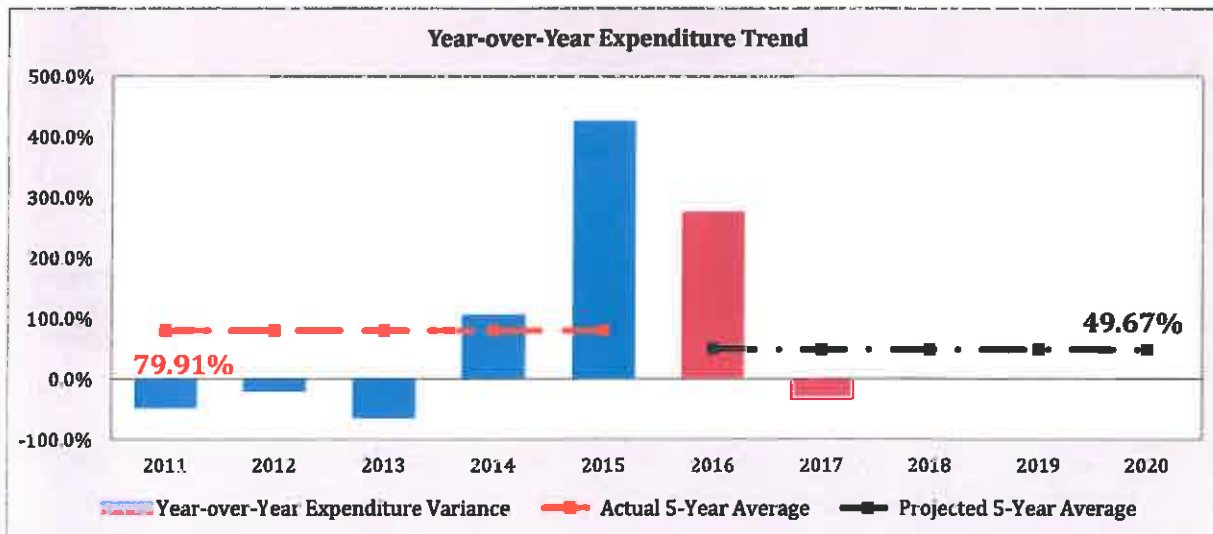


Notes & Assumptions:

Similar to supplies the district started increasing its capital investment from the prior years. The capital expenditures total just 0.9% of the FY 2015 total expenditures.

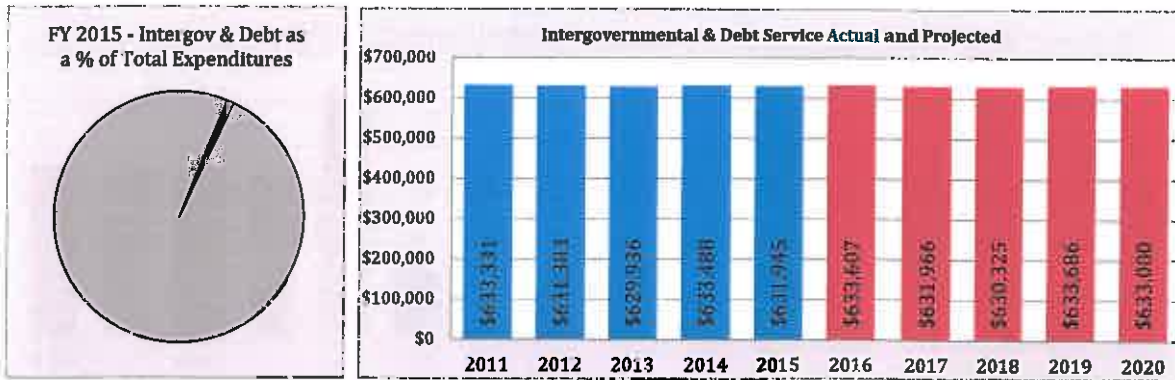
The district had to defer capital improvement needs of buildings because of budget deficits, but with state funding increases is now projecting to allocate about 2.0% of its budget to addressing serious building repairs.

The district deferred about \$1.0 million of its FY 2015 plan into FY 2016, which causes the one-time spike. The annual investment will level out in FY 2017 and beyond.



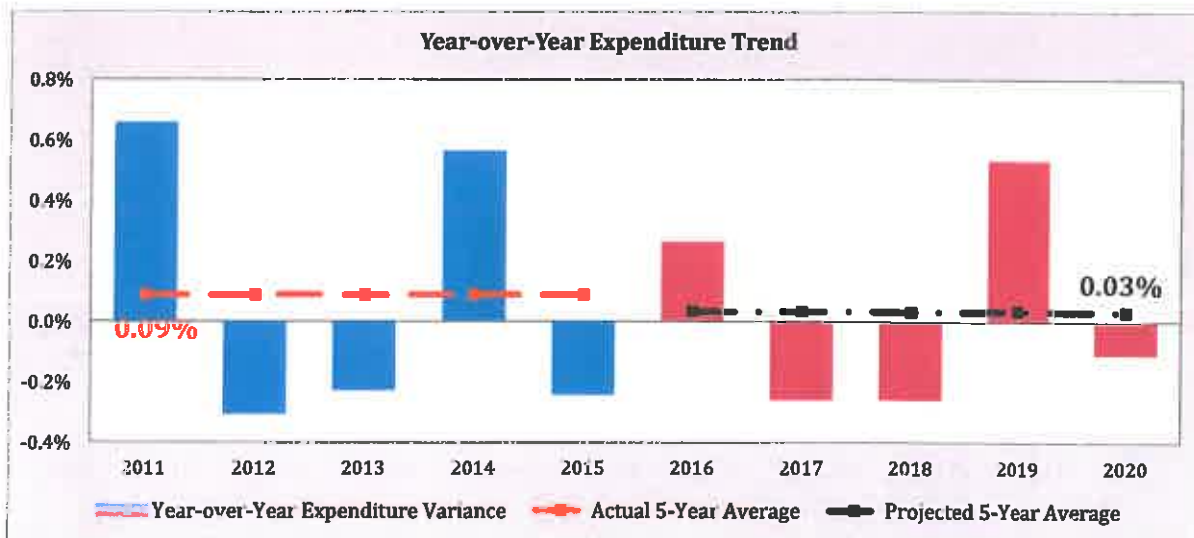
3.060-4.060 - Intergovernmental & Debt

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.



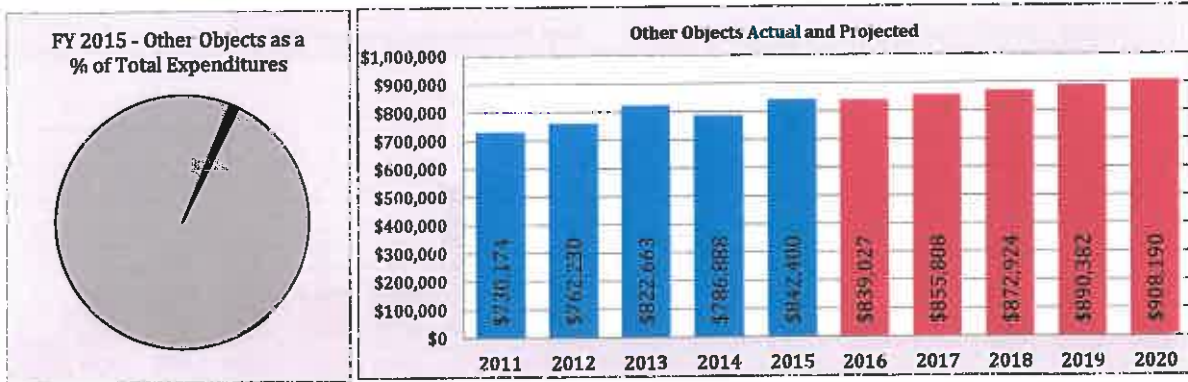
Notes & Assumptions:

Debt is only 0.9% of the district's budget and the debt schedule is modeled through FY 2020. Debt includes an energy savings project, as well as a locally funded initiative included in the Ohio School Facilities Commission's construction project.



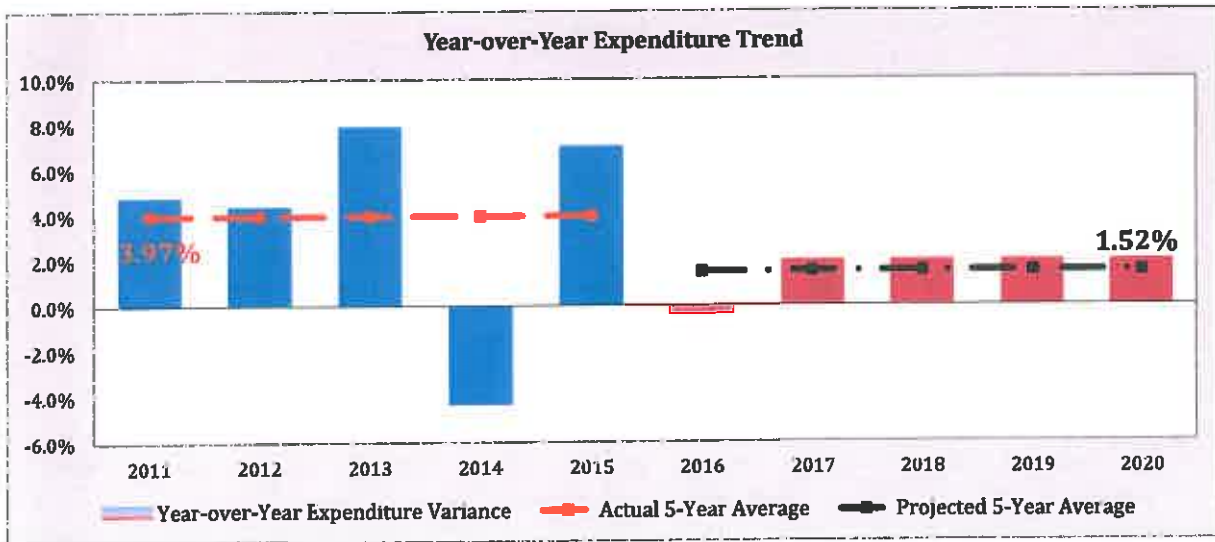
4.300 - Other Objects

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



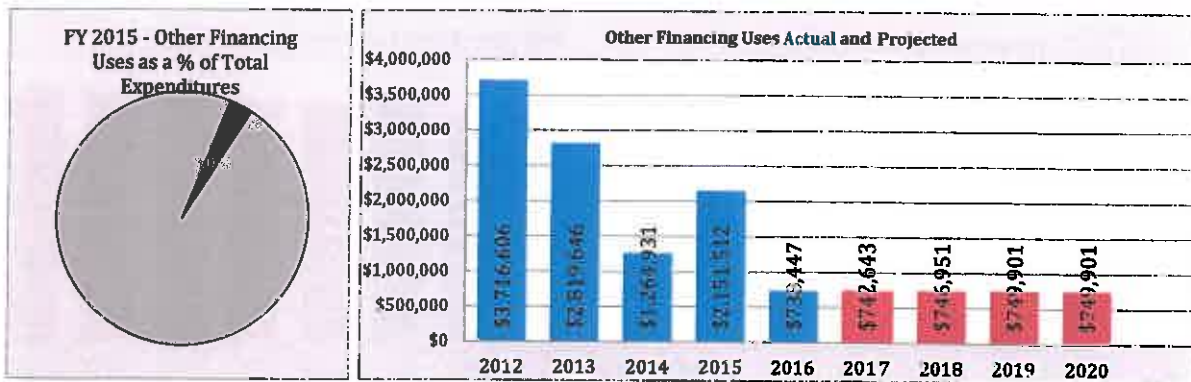
Notes & Assumptions:

Other objects are just 1.2% of the budget with the largest component being county auditor and treasurer fees for the collection of local tax revenue.



5.040 - Total Other Financing Uses

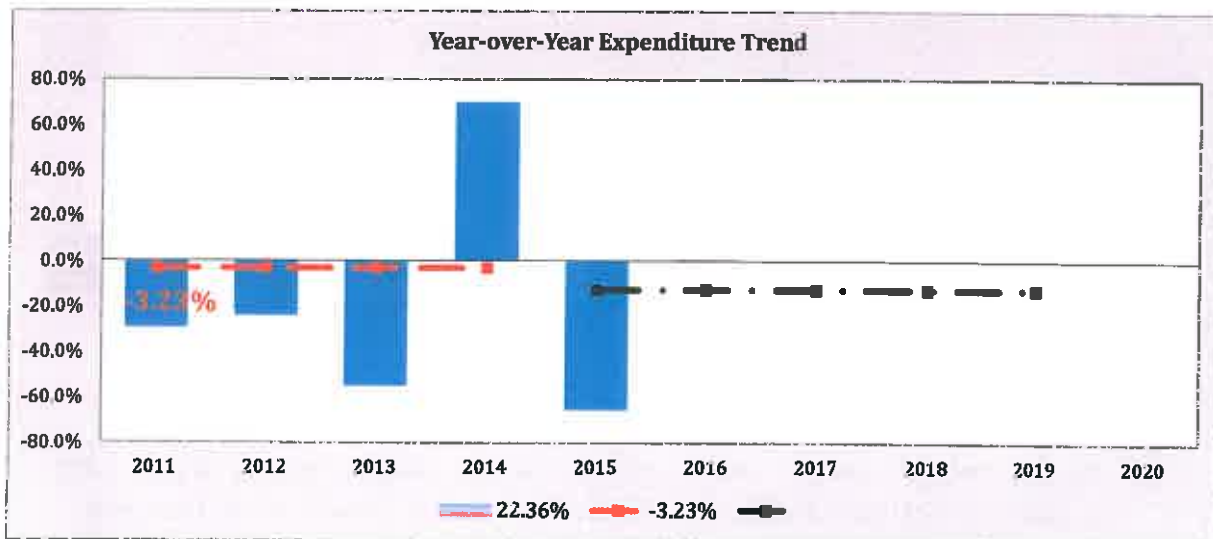
Operating transfers-out, advances out to other funds, and all other general fund financing uses.



Notes & Assumptions:

The district has an annual transfer schedule as follows:

	Actual	Projected				
	2015	2016	2017	2018	2019	2020
		Projections are not Based Upon Previous Fiscal Year				
Performing Arts Center	69,360	70,747	72,162	73,605	73,605	73,605
009 Fund Student Fees	90,000	92,700	95,481	98,345	101,296	101,296
Severance to 035 Fund	1,000,000	350,000	350,000	350,000	350,000	350,000
Construction	744,934					
Fiscal Year End Advances	247,218	225,000	225,000	225,000	225,000	225,000



Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2016

		Column A	Column B	Column C	Column D
		Previous Forecast Amounts For F.Y. 2016 Prepared on: 05/26/2015	Current Forecast Amounts For F.Y. 2016 Prepared on: 10/21/2015	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
Revenue:					
1	Real Estate & Property Allocation	\$34,090,270	\$33,517,845	-\$572,425	-1.7%
2	Public Utility Personal Property	\$2,029,058	\$2,042,497	\$13,439	0.7%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$38,998,565	\$41,382,536	\$2,383,971	6.1%
5	Other Revenue	\$2,205,515	\$2,861,618	\$656,103	29.7%
6	Other Non Operating Revenue	\$225,000	\$1,271,361	\$1,046,361	465.0%
7	Total Revenue	\$77,548,408	\$81,075,857	\$3,527,449	4.5%
Expenditures:					
8	Salaries	\$34,703,578	\$34,980,213	\$276,635	0.8%
9	Fringe Benefits	\$12,893,702	\$11,977,869	-\$915,833	-7.1%
10	Purchased Services	\$20,685,453	\$20,913,996	\$228,543	1.1%
11	Supplies, Debt, Capital Outlay & Other	\$6,114,572	\$6,260,147	\$145,575	2.4%
12	Other Non Operating Expenditures	\$738,447	\$738,447	\$0	0.0%
13	Total Expenditures	\$75,135,752	\$74,870,673	-\$265,079	-0.4%
14	Revenue Over/(Under) Expenditures	\$2,412,656	\$6,205,184	\$3,792,528	5%*
15	Ending Cash Balance	\$17,857,422	\$23,709,261	\$5,851,839	242.5%*

Notes:

The district's FY 2016 projections are significantly improved because of increases in state funding. Ohio's funding formula will provide more money than was projected in May because the state allowed higher year-over-year growth than was modeled in May. The May forecast included growth of 2.0% per year and the state, in June, 2015 decided on year-over-year allowed growth of 7.5%. Naturally this improvement will be carried in to subsequent years of the current forecast.

Projected expenditures in October for FY 2016 are very much in-line with the May, 2015 forecast.

Elyria City Schools

Fiscal Year:	Actual	FORECASTED				
	2015	2016	2017	2018	2019	2020
Revenue:						
1.010 - General Property Tax (Real Estate)	27,517,861	27,757,608	27,798,521	27,935,114	26,897,254	25,833,504
1.020 - Public Utility Personal Property	1,922,642	2,042,497	2,106,023	2,171,752	2,153,166	2,133,791
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	36,340,777	38,056,520	38,159,892	37,859,893	37,917,060	37,897,514
1.040 - Restricted Grants-in-Aid	3,517,106	3,326,016	3,239,831	3,164,536	3,098,899	3,041,274
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	6,705,976	5,760,237	4,862,910	4,365,545	4,099,736	3,832,787
1.060 - All Other Operating Revenues	2,971,888	2,861,618	2,842,727	2,937,815	3,036,785	3,139,812
1.070 - Total Revenue	78,976,250	79,804,496	79,009,903	78,434,656	77,202,900	75,878,683
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	1,250	-	-	-	-	-
2.050 - Advances-In	362,122	225,000	225,000	225,000	225,000	225,000
2.060 - All Other Financing Sources	253,903	1,046,361	-	-	-	-
2.070 - Total Other Financing Sources	617,275	1,271,361	225,000	225,000	225,000	225,000
2.080 - Total Rev & Other Sources	79,593,525	81,075,857	79,234,903	78,659,656	77,427,900	76,103,683
Expenditures:						
3.010 - Personnel Services	34,840,706	34,980,213	35,751,501	36,659,825	37,595,736	38,555,540
3.020 - Employee Benefits	11,298,049	11,977,869	12,577,878	13,195,696	13,853,877	14,554,567
3.030 - Purchased Services	20,494,750	20,913,996	21,612,271	22,335,489	23,084,597	23,860,583
3.040 - Supplies and Materials	1,864,626	2,187,511	2,255,591	2,327,281	2,401,415	2,478,086
3.050 - Capital Outlay	691,714	2,600,002	1,750,002	1,780,002	1,810,602	1,841,814
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	513,903	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	451,831	470,500	489,940	510,184	525,000
4.055 - Principal - Other	-	85,000	85,000	85,000	90,000	95,000
4.060 - Interest and Fiscal Charges	118,042	96,776	76,466	55,385	33,502	13,000
4.300 - Other Objects	842,400	839,027	855,808	872,924	890,382	908,190
4.500 - Total Expenditures	70,664,190	74,132,225	75,435,017	77,801,541	80,270,295	82,831,780
Other Financing Uses						
5.010 - Operating Transfers-Out	1,904,294	513,447	517,643	521,951	524,901	524,901
5.020 - Advances-Out	247,218	225,000	225,000	225,000	225,000	225,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	2,151,512	738,447	742,643	746,951	749,901	749,901
5.050 - Total Exp and Other Financing Uses	72,815,702	74,870,673	76,177,660	78,548,492	81,020,196	83,581,682
6.010 - Excess of Rev Over/(Under) Exp	6,777,823	6,205,184	3,057,243	111,163	(3,592,296)	(7,477,999)
7.010 - Cash Balance July 1 (No Levies)	10,726,254	17,504,077	23,709,261	26,766,504	26,877,667	23,285,371
7.020 - Cash Balance June 30 (No Levies)	17,504,077	23,709,261	26,766,504	26,877,667	23,285,371	15,807,372
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	17,504,077	23,709,261	26,766,504	26,877,667	23,285,371	15,807,372
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	1,480,857	2,967,360
11.030 - Cumulative Balance of Levies	-	-	-	-	1,480,857	4,448,216
12.010 - Fund Bal June 30 for Cert of Obligations	17,504,077	23,709,261	26,766,504	26,877,667	24,766,228	20,255,589
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	17,504,077	23,709,261	26,766,504	26,877,667	24,766,228	20,255,589

