Elyria City Schools

Five Year Forecast Financial Report

October, 2018

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Table of Contents

	Page
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

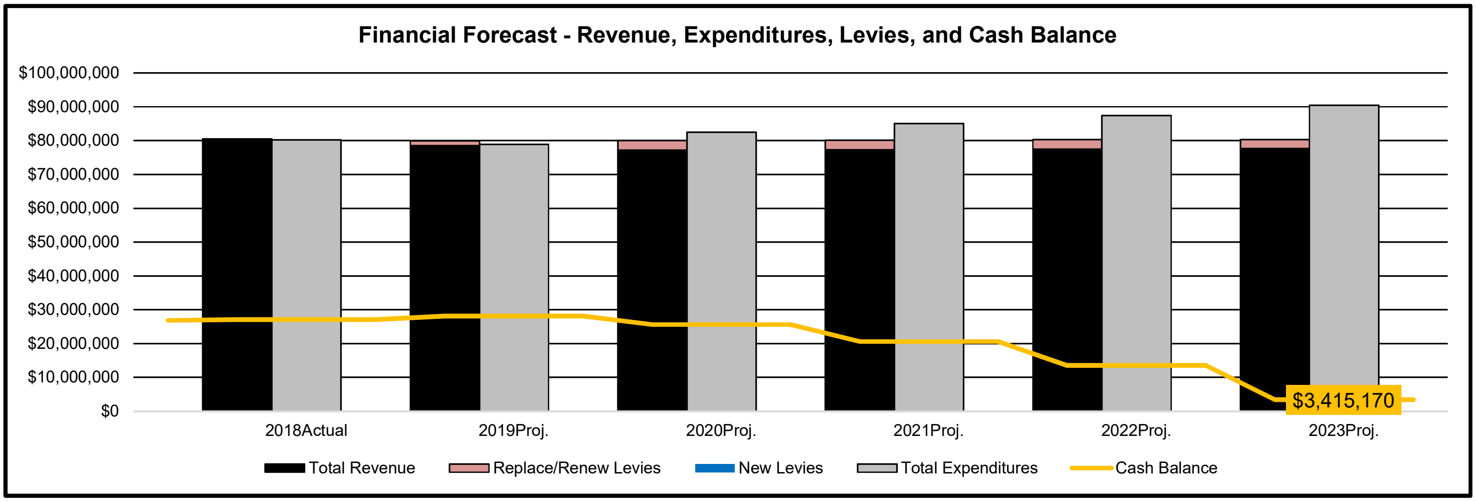
Forecast Purpose/Objectives

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



Elyria City Schools

Financial Forecast	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Beginning Balance	27,109,997	28,134,784	25,598,907	20,627,825	13,543,946
+ Revenue	78,467,784	77,161,369	77,250,852	77,505,921	77,596,949
+ Proposed Renew/Replacement Levies	1,417,292	2,840,727	2,853,159	2,791,537	2,730,219
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(78,860,288)	(82,537,974)	(85,075,093)	(87,381,337)	(90,455,944)
= Revenue Surplus or Deficit	1,024,788	(2,535,878)	(4,971,082)	(7,083,879)	(10,128,776)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	28,134,784	25,598,907	20,627,825	13,543,946	3,415,170

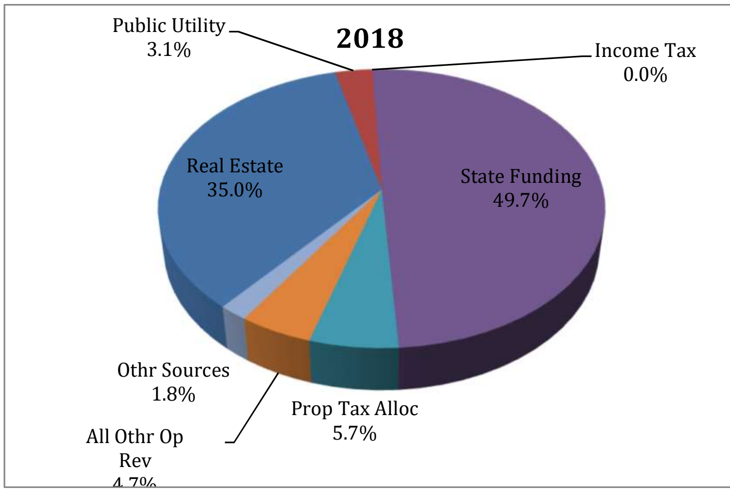
Analysis Without Renewal Levies Included:

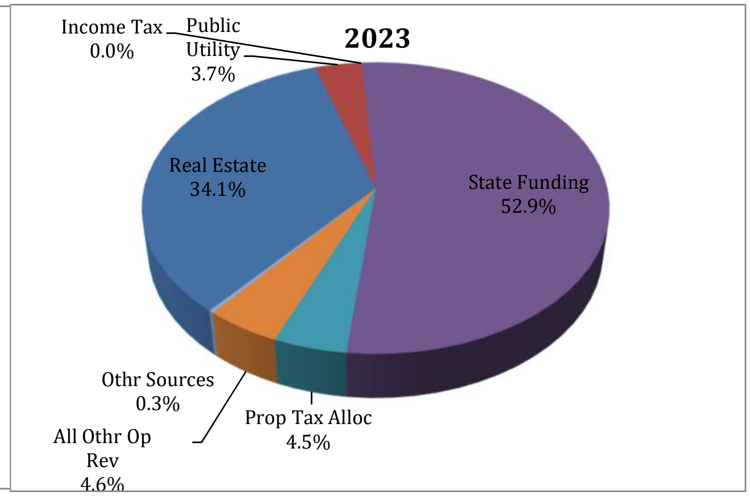
Revenue Surplus or Deficit w/o Levies	(392,504)	(5,376,605)	(7,824,241)	(9,875,416)	(12,858,995)
Ending Balance w/o Levies	26,717,493	21,340,888	13,516,647	3,641,231	(9,217,764)

Elyria Schools' financial picture has improved modestly since the filing of the May forecast. There are three areas of change, two positive, one negative, that are driving the change in the forecast. Real property tax revenues are now expected to be about $50,000 per year higher than was forecast in May. Because of a higher than expected state share index beginning in 2020, state aid is expected to be about $800,000 per year higher than had been previously forecast. Finally, offsetting some of the revenue growth, purchased services are expected to grow faster than was forecasted in May. In FY 2019, assuming the renewal of the expiring property tax levy, the district is expected to have an operating surplus. Beginning in FY 2020, expenditures are expected to outpace revenues. This deficit spending in projected to grow each year of the forecast.

One of the main drivers of the increase in state aid is district enrollment. Enrollment stabilized in 2018 and is currently showing some increase this school year. This higher than anticipated enrollment is the main reason the state share index is expected to increase in 2020. In the previous forecast, an expected return to decreasing enrollment in 2019 would have caused a drop in the state share index, leaving the district guaranteed funded in 2020. Instead, Elyria is now projected to be formula funded, providing the increases in state aid.

Revenue Sources and Forecast Year-Over-Year Projected Overview





	Prev. 5-Year Avg. Annual Change	PROJECTED Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	5-Year Avg. Annual Change
Revenue:							
1.010-Real Estate	0.53%	0.88%	-0.24%	0.40%	0.48%	0.26%	0.36%
1.020-Public Utility	9.10%	5.08%	3.99%	4.22%	4.00%	3.85%	4.23%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	2.14%	-0.26%	3.08%	0.11%	0.32%	-0.15%	0.62%
1.040-Restricted Aid	235.36%	-0.69%	-0.17%	-0.85%	-1.58%	-1.25%	-0.91%
1.045-Restr Federal SFSF	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-6.97%	-8.74%	-2.74%	-3.23%	-3.20%	-1.61%	-3.90%
1.060-All Other Operating	14.28%	4.36%	-8.80%	-0.35%	-0.26%	-0.19%	-1.05%
1.070-Total Revenue	1.99%	0.03%	0.90%	0.13%	0.24%	0.04%	0.27%
2.070-Total Other Sources	9.48%	-44.44%	-72.65%	0.00%	0.00%	0.00%	-23.42%
2.080-Total w/Other Srcs	1.68%	-0.79%	0.15%	0.13%	0.24%	0.04%	-0.05%

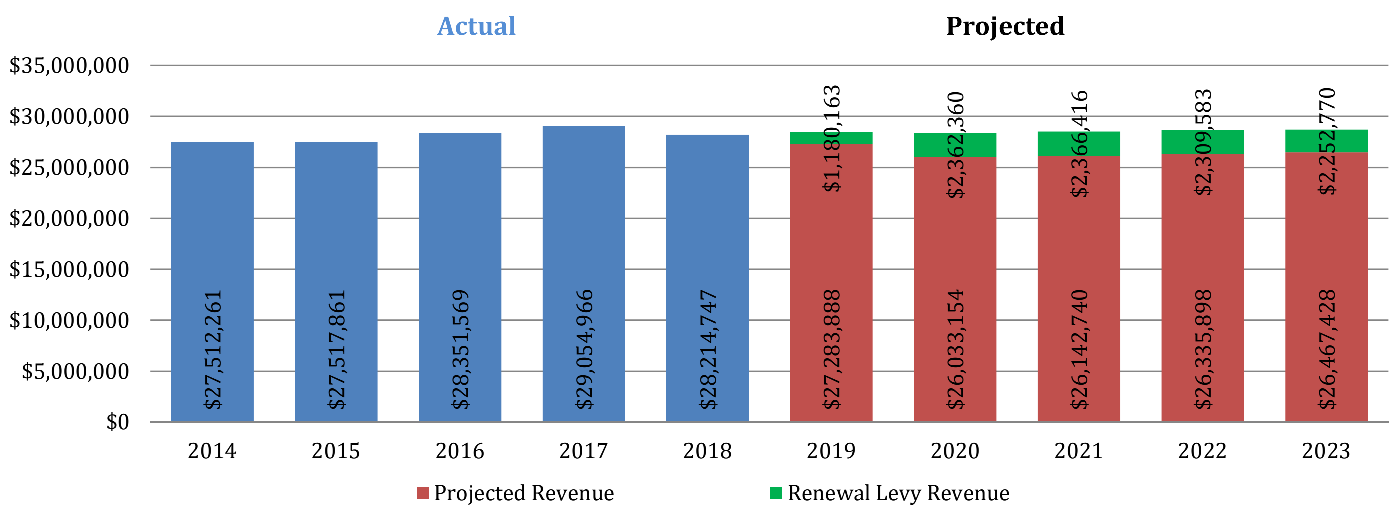
Overall revenues are expected to remain virtually flat over the next five years, growing at an average annual rate of just over a quarter of one percent. Over the previous five years, revenues grew at an average annual rate of two percent.

The district's two largest sources of revenue are primarily responsible for the slowing of growth. Unrestricted state aid, the largest source of district revenue, grew at an average rate of two percent per year over the previous five years. Over the next five years it is expected to grow just 0.6 percent per year (still an improvement over what had been anticipated) . Real property taxes, which grew about one-half percent per year in the last five years are expected to grow by less than 0.4 percent per year over the next five years.

In addition to these two items, the district will continue to be hurt by the final phase-out of tangible property tax reimbursements and the flattening in the growth of other 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).



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	28,214,747	28,464,051	28,395,514	28,509,156	28,645,481	28,720,198
YOY $ Change	(840,219)	249,304	(68,537)	113,642	136,325	74,716
YOY % Change	-2.9%	0.9%	-0.2%	0.4%	0.5%	0.3%

Percentage of Total Revenue	35.0%	35.6%	35.5%	35.6%	35.7%	35.8%

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2017	771,665,600	4,148,140	39.65	(0.59)	47.05	(0.28)	99.0%
2018	797,417,151	25,751,551	38.67	(0.99)	46.67	(0.38)	97.2%
2019	797,419,176	2,025	38.84	0.17	46.83	0.16	97.2%
2020	797,420,871	1,695	39.01	0.17	46.99	0.16	97.2%
2021	811,909,621	14,488,751	38.50	(0.51)	46.56	(0.44)	97.1%
2022	811,913,005	3,384	38.49	(0.00)	46.54	(0.01)	97.1%

Real estate property taxes contribute about 35 percent of the operating budget of the Elyria Schools. The green area in the 2019-2023 bars in the chart above indicates revenues that are at risk due to the need to renew the district's 4.95 mill levy. That levy was last renewed in 2013 and is on the ballot to be renewed again in 2018.

2018 is a reappraisal year in Lorain County. Based on preliminary data from Lorain County, residential values in the district are estimated to increase by about 4.3 percent at the reappraisal. The May forecast had estimated a two percent increase. After adjusting for tax reduction factors, the district is anticipating receiving an additional $50,000 per year from the reappraisal above what had been forecast in May.

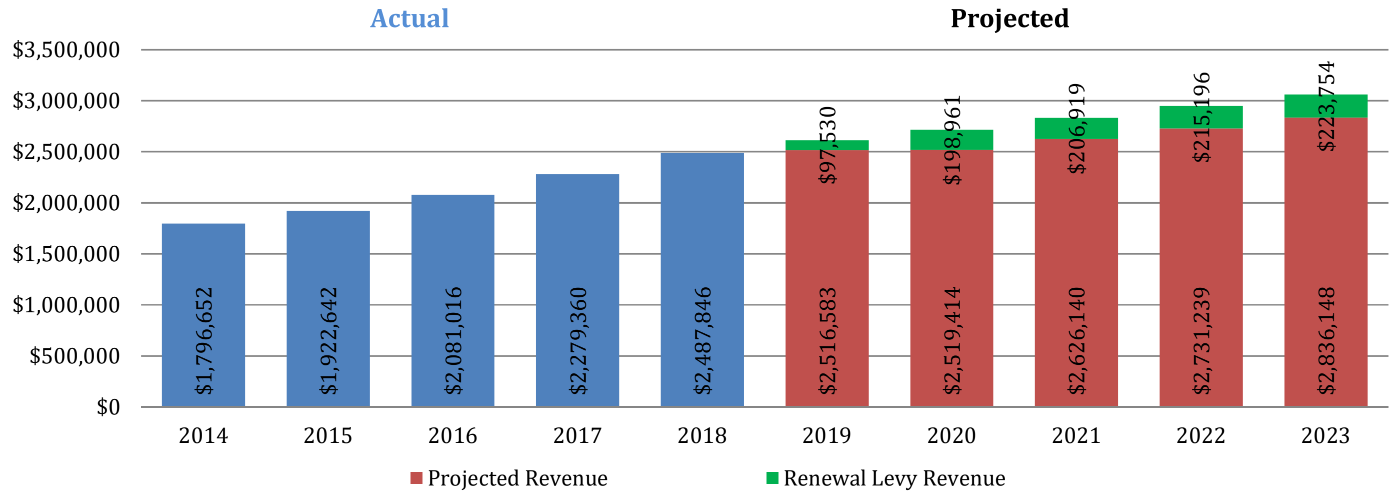
Current collection rates on commercial and industrial property over the last couple years have been trending down. That trend continued with 2018 property tax collections. We will need to monitor that moving forward.

The overall decline in real property tax revenue from 2017 to 2018 is because of a combination of the weakening business collections and declines in payments of delinquent taxes.

**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.



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	2,487,846	2,614,113	2,718,375	2,833,059	2,946,435	3,059,902
YOY $ Change	208,486	126,266	104,262	114,684	113,376	113,467
YOY % Change	9.1%	5.1%	4.0%	4.2%	4.0%	3.9%

Percentage of Total Revenue	3.1%	3.3%	3.4%	3.5%	3.7%	3.8%

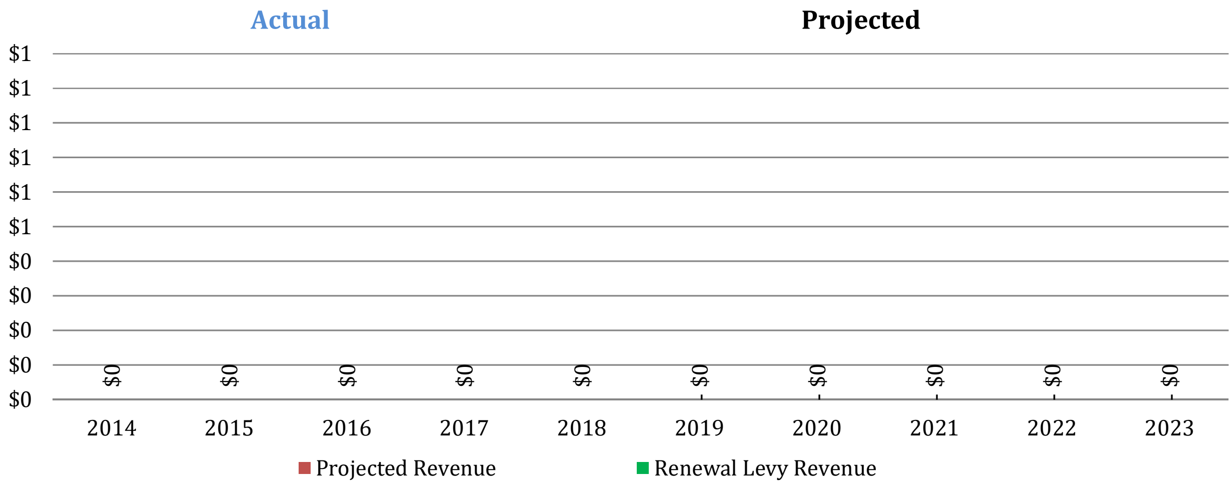
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2017	37,890,370	2,630,280	67.73	(0.60)	100.0%
2018	39,405,985	1,515,615	67.56	(0.17)	100.0%
2019	40,982,224	1,576,239	67.70	0.14	100.0%
2020	42,621,513	1,639,289	67.84	0.14	100.0%
2021	44,326,374	1,704,861	67.71	(0.13)	100.0%
2022	46,079,374	1,753,000	67.68	(0.03)	100.0%

Public utility property values are expected to grow at an average annual rate of four percent during the forecast period. Because this property is taxed at the full voted tax rate, the district will receive full growth from the three percent increase. However, since public utility property tax revenue is less than three percent of the total operating revenue, the increase will have a marginal impact in the forecast. As is the case with the real property tax, the green shading in the bars above represent the portion of revenue tied to the levy that must be renewed.

**Projected % trends include renewal levies*

1.030 - 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.



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	-	-	-	-	-	-
YOY $ Change	-	-	-	-	-	-
YOY % Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

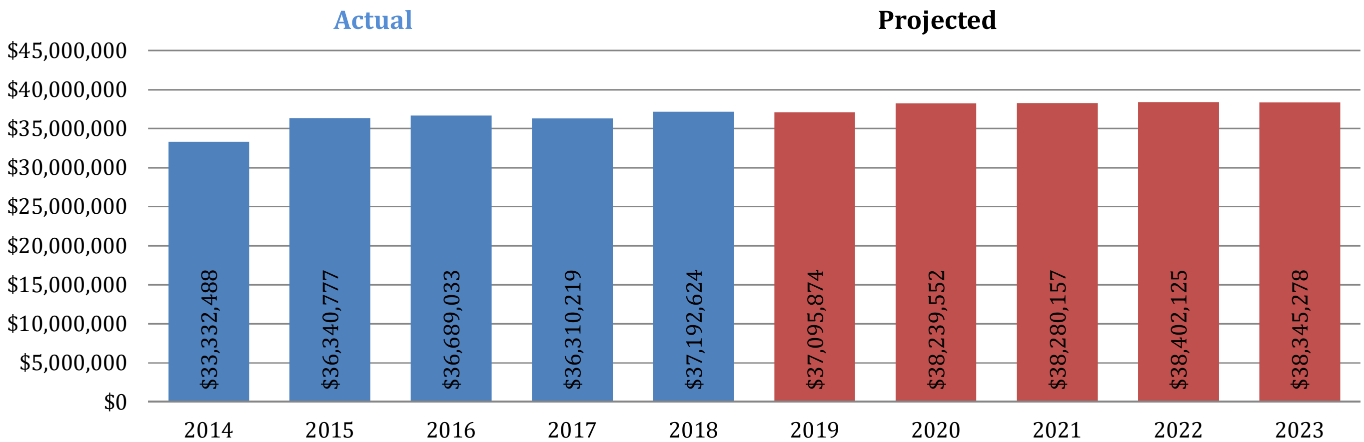
Percentage of Total Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Elyria schools do not have an income tax.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



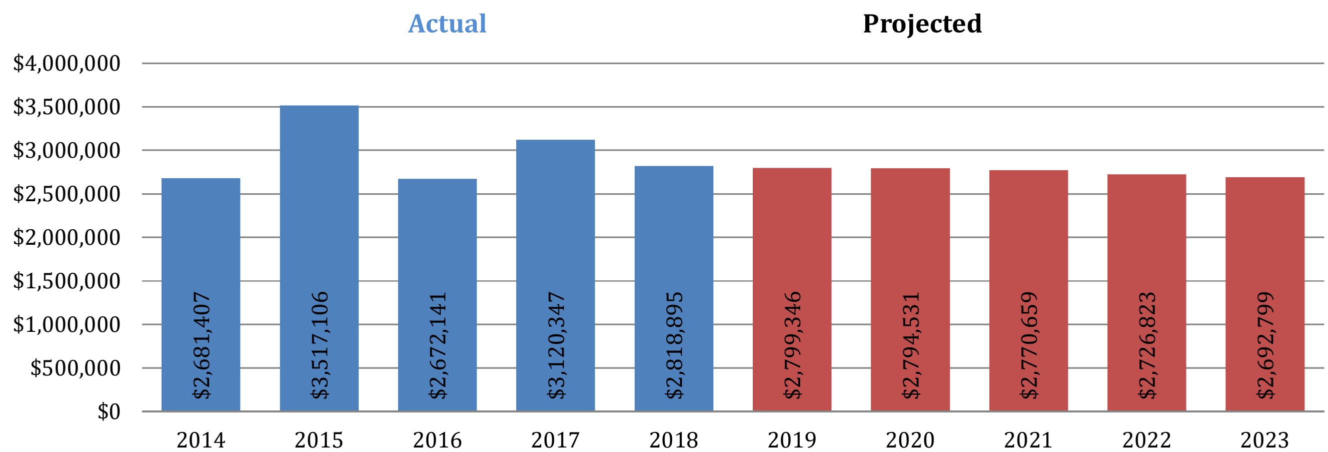
		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	37,192,624	37,095,874	38,239,552	38,280,157	38,402,125	38,345,278
YOY $ Change	882,405	(96,750)	1,143,678	40,605	121,968	(56,847)
YOY % Change	2.4%	-0.3%	3.1%	0.1%	0.3%	-0.1%
Percentage of Total Revenue	46.2%	46.4%	47.8%	47.8%	47.8%	47.7%
Core Funding Per Pupil	6,010	6,020	6,030	6,040	6,050	6,060
State Share Index (SSI)	59.2%	59.2%	60.8%	60.8%	61.5%	61.5%
State Core Funding Per Pupil	3,557	3,563	3,668	3,674	3,722	3,728
Formula ADM (Funded Student Count)	6,953	6,903	6,872	6,774	6,652	6,556
Funding Status	Guarantee	Formula	Capped	Formula	Formula	Guarantee

Unrestricted state aid is the largest source of revenue for the operating budget, supplying over 45 percent of revenues. State aid is driven by a combination of both enrollment and property values. These contribute to a State Share Index (SSI) that determines the amount of aid the district gets from the state. The district's SSI is 59 percent, meaning the state generally is paying 59 percent of calculated aid. This percentage is expected to rise through the five-year forecast period.

In FY 2019, the state is currently showing Elyria being on the edge between a guarantee and a formula district. There is a big jump in Targeted Assistance funding that has eliminated most of the guarantee for this year. The state is currently assuming formula average daily membership (ADM, essentially funded enrollment) declining by about 57 students from last year, primarily driven by a drop in the number of Elyria resident students going to online charter schools. Our current ADM projections are showing a drop of about 50 students from last year. The additional 7 students above what ODE is currently using are enough to move the district off the guarantee and just onto the formula, which helps the district in future years as well. Any increases in ADM above what we are forecasting will yield additional revenue to the district both this year and in the future.

1.040 & 1.045 - Restricted Grants-in-Aid

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



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	2,818,895	2,799,346	2,794,531	2,770,659	2,726,823	2,692,799
YOY $ Change	(301,453)	(19,549)	(4,815)	(23,872)	(43,836)	(34,024)
YOY % Change	-9.7%	-0.7%	-0.2%	-0.9%	-1.6%	-1.2%

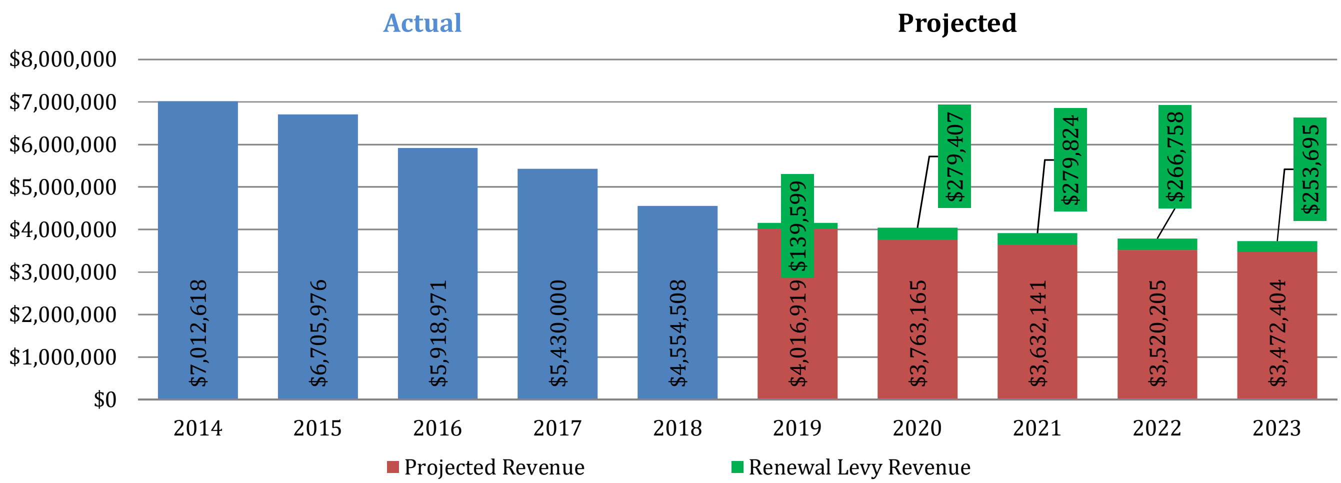
Percentage of Total Revenue	3.5%	3.5%	3.5%	3.5%	3.4%	3.4%

Economic Disadvantaged Funding	2,458,954	2,458,656	2,453,928	2,430,055	2,386,220	2,352,196
Percentage of Disadvantaged Students	67.6%	67.5%	67.6%	67.6%	67.6%	67.6%

Restricted state aid consists of our economic disadvantaged and career tech funding from the state, plus catastrophic cost payments for high cost special needs students. Restricted aid is only about 3.5 percent of total revenue and is anticipated to remain about flat this year and to decline slightly across the forecast period.

1.050 - Property Tax Allocation

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



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	4,554,508	4,156,518	4,042,572	3,911,965	3,786,963	3,726,099
YOY $ Change	(875,492)	(397,990)	(113,946)	(130,607)	(125,002)	(60,864)
YOY % Change	-16.1%	-8.7%	-2.7%	-3.2%	-3.2%	-1.6%

Percentage of Total Revenue	5.7%	5.2%	5.1%	4.9%	4.7%	4.6%

% of Residental Real Estate 10% Rollback	9.97%	9.97%	9.97%	9.97%	9.97%	9.97%
% of Residental Real Estate 2.5% Rollback	1.82%	1.82%	1.82%	1.82%	1.82%	1.82%
% of Residental Real Estate Homestead	5.52%	5.52%	5.52%	5.52%	5.52%	5.52%

Property tax allocation includes the rollbacks and homestead exemption reimbursements the district gets from the state, as well as tangible property tax reimbursements. The homestead and rollback payments will grow slowly during the five-year forecast period, generally at the same rate as real property taxes grow. The green portions in the chart above represent the rollbacks that are tied to the levy being renewed.

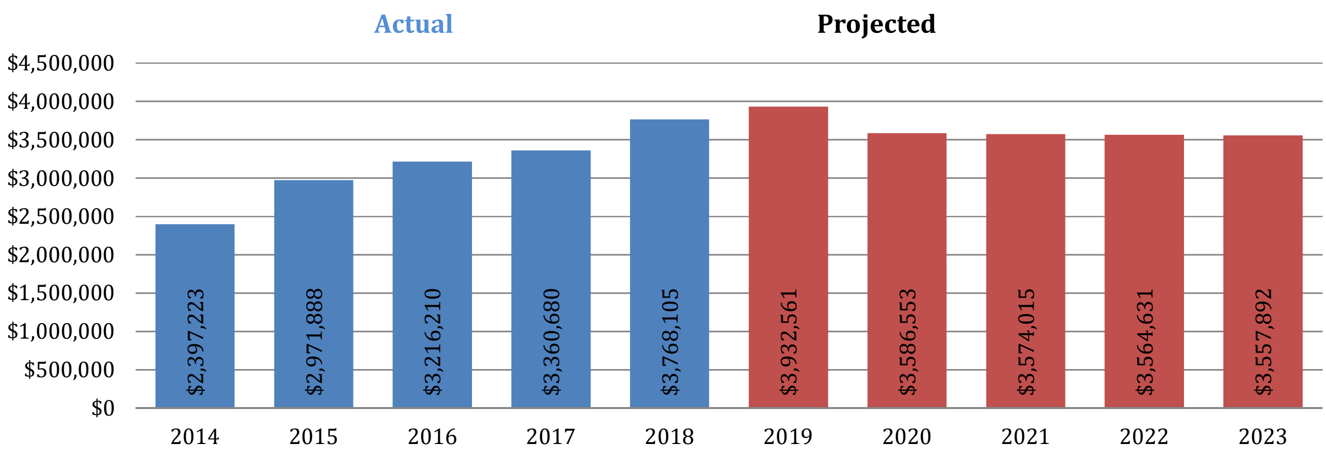
Tangible personal property (TPP) tax reimbursements continue to phase out during the forecast period. The district currently gets two different TPP reimbursements. One is for fixed-rate current expense levies and the other for the district's fixed-sum emergency levy. The fixed-rate reimbursement has been phasing-out over the past six years. During the 2015/2016 school year, the district received almost $1.5 million from the state. By 2017 that amount had dropped to $728,000. Last year was the final year we receive fixed-rate reimbursements, about $225,000.

The emergency levy reimbursements began phasing-out last year and will do so over the next four years. The difference between fixed-sum reimbursements and fixed-rate is that the district does not lose money as the emergency levy reimbursement falls off. Rather, the tax rate on all taxpayers adjusts upward so additional taxes are raised to replace the phasing-out reimbursements. Last year, the district received $652,000 in fixed-sum reimbursement payments. Once these payments have fully phased-out, the emergency levy tax rate will have increased about 0.8 mill to replace the lost 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.



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	3,768,105	3,932,561	3,586,553	3,574,015	3,564,631	3,557,892
YOY $ Change	407,425	164,456	(346,008)	(12,538)	(9,384)	(6,739)
YOY % Change	12.1%	4.4%	-8.8%	-0.3%	-0.3%	-0.2%

Percentage of Total Revenue	4.7%	4.9%	4.5%	4.5%	4.4%	4.4%

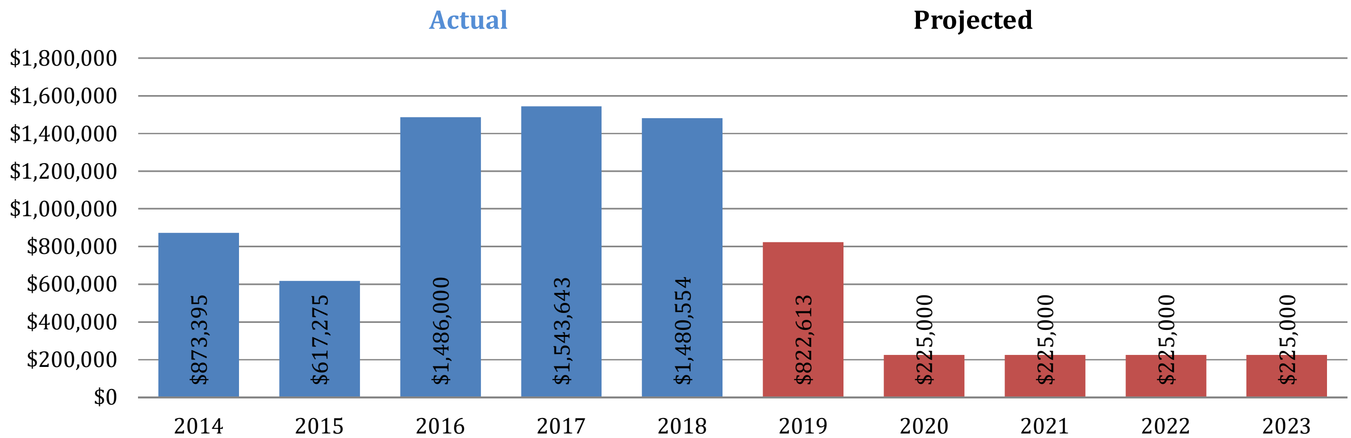
Other revenue provides about four percent of the operating money to the district. The biggest contributors to other revenue are payments for students open enrolling into the district, payments for students placed into the district but having other districts responsible for their education, and reimbursements for Medicaid expenses.

Other revenue grew by about 12 percent in 2018. It is expected to grow four percent in 2019 because of catch-up Medicaid payments, and then fall back in 2020. A large portion of the growth in 2018 is attributed to additional open enrollment students from Lorain. Lorain ended an early college option last year, so about 30 students are now enrolled in Elyria Schools to take advantage of our program.

In both 2018 and 2019, the district received worker's compensation rebates from the state of about $200,000 each year. These are not anticipated in future years, one of the causes of the revenue decline anticipated in 2020.

2.070 - Total Other Financing Sources

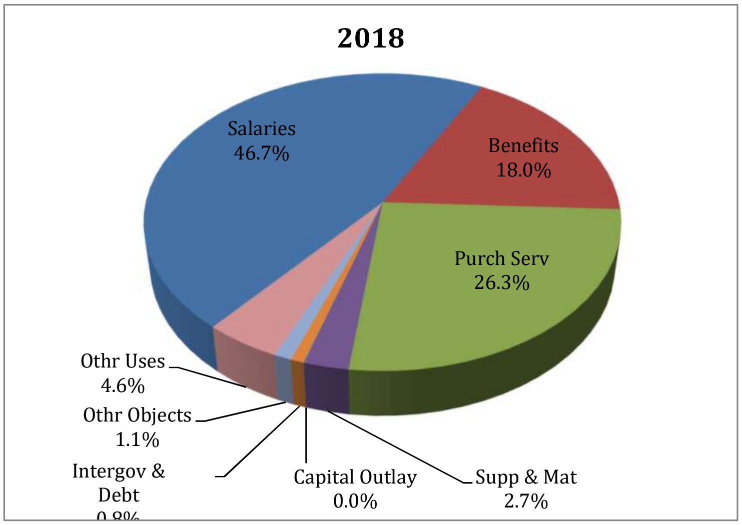
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

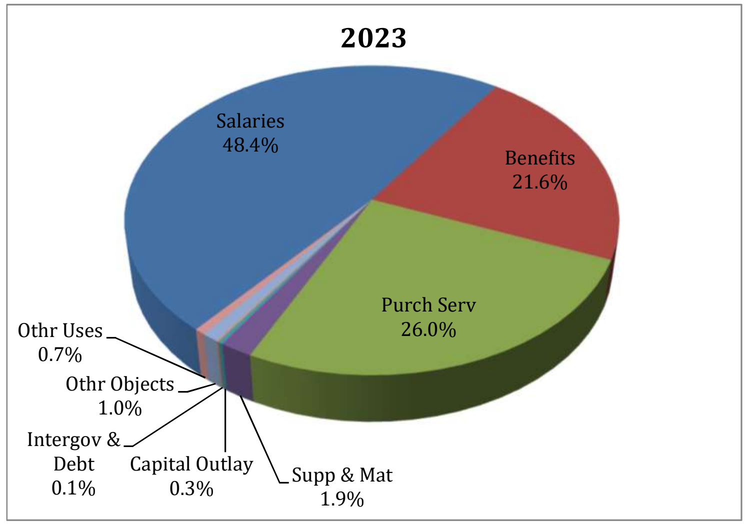


		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	1,480,554	822,613	225,000	225,000	225,000	225,000
YOY $ Change	(63,089)	(657,941)	(597,613)	-	-	-
YOY % Change	-4.1%	-44.4%	-72.6%	0.0%	0.0%	0.0%
Percentage of Total Revenue	1.8%	1.0%	0.3%	0.3%	0.3%	0.3%
Transfers In	1,454,378	-	-	-	-	-
Advances In	-	811,550	225,000	225,000	225,000	225,000

This revenue source is primarily returns to the operating fund of advances made to other funds in the prior year. This year the return will be about $800,000. Going forward we are assuming that advances out of $225,000 will be made each year that are returned in the following year.

Expenditure Categories and Forecast Year-Over-Year Projected Overview





	Prev. 5-Year Avg. Annual Change	PROJECTED Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	5-Year Avg. Annual Change
Expenditures:							
3.010-Salaries	0.22%	3.50%	3.39%	3.47%	2.34%	3.25%	3.19%
3.020-Benefits	3.31%	1.79%	7.44%	7.66%	6.62%	7.93%	6.29%
3.030-Purchased Services	1.78%	2.04%	6.93%	0.75%	0.76%	0.93%	2.28%
3.040-Supplies & Materials	15.51%	-25.89%	1.82%	1.82%	1.82%	1.83%	-3.72%
3.050-Capital Outlay	84.93%	1111.91%	0.00%	0.00%	0.00%	0.00%	222.38%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	0.07%	0.23%	-40.62%	-73.03%	-6.40%	0.00%	-23.96%
4.300-Other Objects	0.92%	0.33%	1.27%	1.40%	1.41%	1.42%	1.17%
4.500-Total Expenditures	1.38%	2.19%	4.70%	3.10%	2.73%	3.54%	3.25%

5.040-Total Other Uses	22.18%	-83.90%	0.00%	0.00%	0.00%	0.00%	-16.78%
5.050-Total w/Other Uses	1.57%	-1.74%	4.66%	3.07%	2.71%	3.52%	2.45%

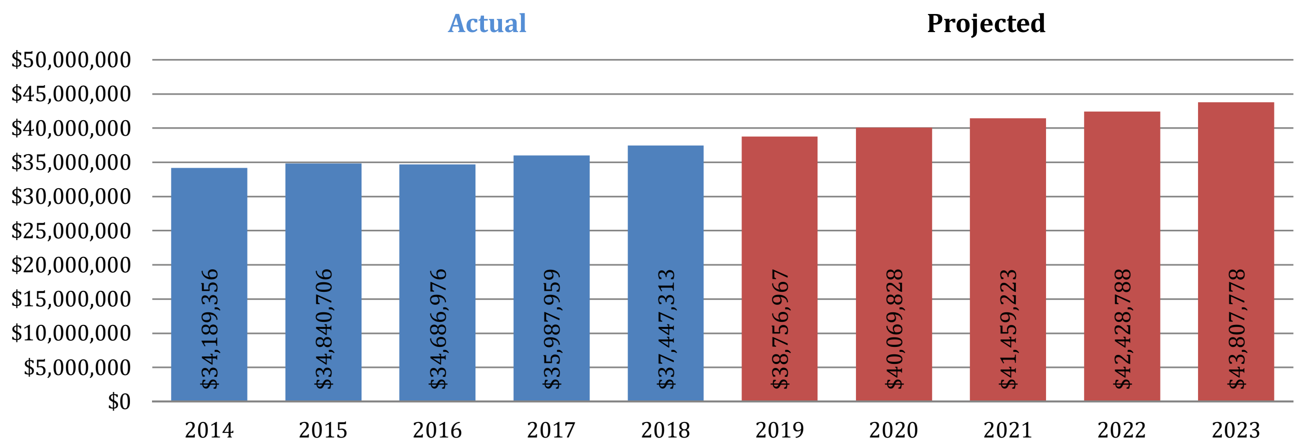
Overall expenditures are expected to increase at an annual average rate of about 3.25 percent over the five-year forecast period, after growing just 1.4 percent in the previous five years. Most of this growth is in personnel costs.

In the previous five years, spending on salaries was virtually flat and benefit costs increased at a 3.3 percent annual rate. Following the 23 percent increase in health care expenditures last year, health insurance costs leveled out this year. However, starting in 2020, they are anticipated to begin growing again by 12 percent per year.

Because district enrollment seems to be stabilizing, we are not expecting staffing declines over the next four years that could offset increases in base salaries. There are forecasted reductions in staffing from the impact of the new buildings in the 2021/2022 school year. Purchased services and supply expenditures are expected to grow at a lower rate than had been the case over the past five years, although the growth rate in purchased services is high than had been forecast in May.

3.010 - Personnel Services

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



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	37,447,313	38,756,967	40,069,828	41,459,223	42,428,788	43,807,778
YOY $ Change	1,459,353	1,309,654	1,312,861	1,389,395	969,565	1,378,990
YOY % Change	4.1%	3.5%	3.4%	3.5%	2.3%	3.3%

Percentage of Total Budget	46.7%	49.1%	48.5%	48.7%	48.6%	48.4%

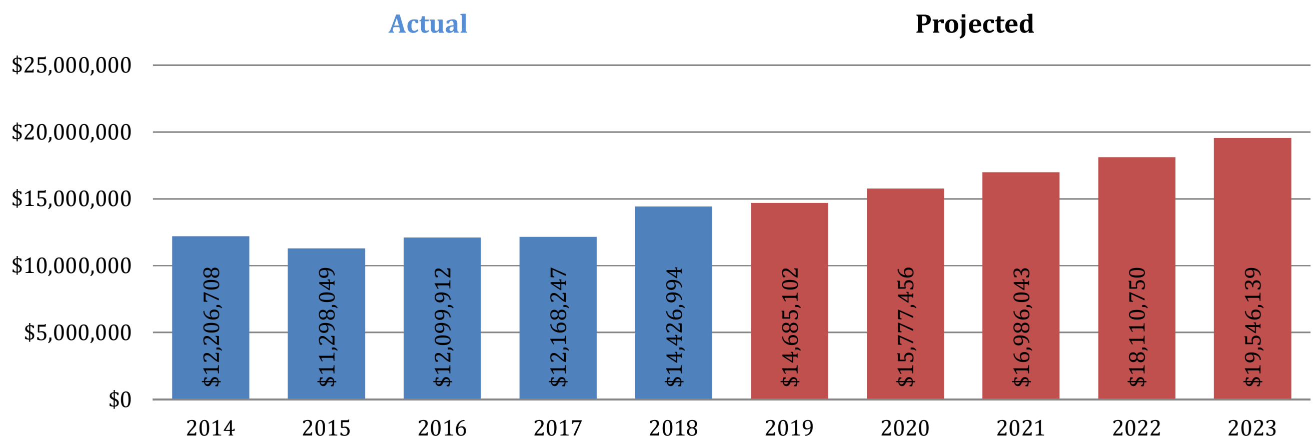
Employee salaries are the largest portion of spending, accounting for over 46 percent of total expenditures. The current labor contracts call for base pay increases of two percent per year through the 2018/2019 school year. To reserve money to pay for potential base increases beyond the 2019 fiscal year, we are assuming that base wage increases continue at two percent per year through the end of the forecast period. In addition to base increases, the forecast assumes that employees receive step increases each year.

Prior to the beginning of this school year, the district saw 22 teachers leave the Elyria School System. The district hired 23 new teachers, for a net increase of one staff member. However, in general, the new teachers were brought in at lower salaries than the outgoing teachers, yielding savings of an estimated $567,000 annually.

The forecast is built considering the consolidation of buildings with the opening of new schools beginning with the 2020/2021 school year and a second round of openings in the 2021/2022 school year. For the most part, the buildings that are expected to open in the fall of 2020 are replacing existing class structures. Based on current estimates, we assumed a projected decline of five teaching positions and two administrator positions with the 2021 school openings.

3.020 - Employees' Benefits

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



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	14,426,994	14,685,102	15,777,456	16,986,043	18,110,750	19,546,139
YOY $ Change	2,258,746	258,108	1,092,354	1,208,587	1,124,707	1,435,389
YOY % Change	18.6%	1.8%	7.4%	7.7%	6.6%	7.9%

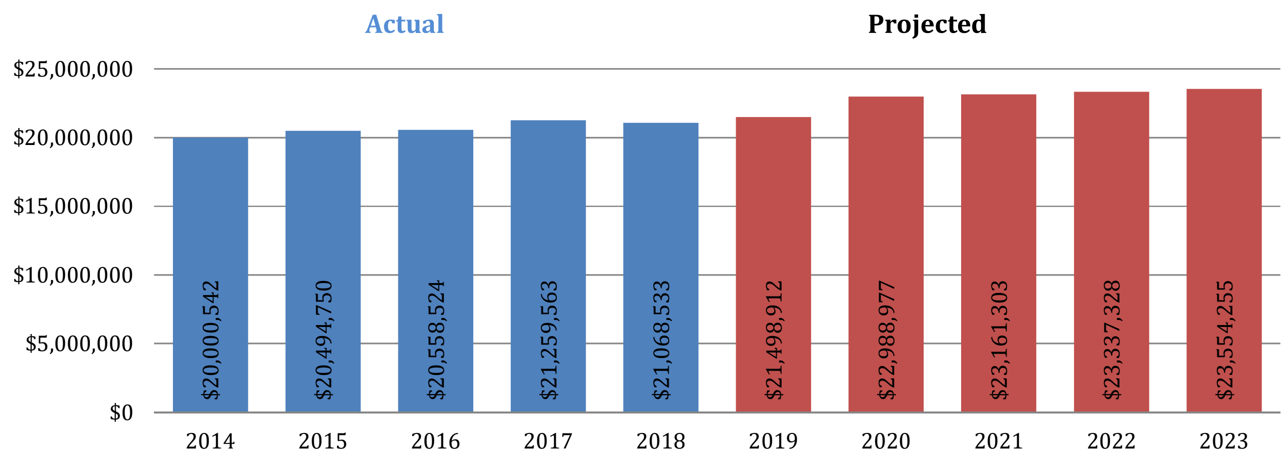
Percentage of Total Budget	18.0%	18.6%	19.1%	20.0%	20.7%	21.6%

Employee benefits make up over 18 percent of total spending. The benefits are broken into two types, salary driven benefits such as SERS/STRS and Medicare, and Health Insurance benefits. The salary driven benefits will generally grow at the same rate as overall salaries increase.

Health care premium growth will depend on the balance in our self-insurance fund, employee utilization of benefits, and general market conditions. Effective July 1 last year, premium costs increased by over 23 percent from the prior year. That increase lead to a replenishing of the self-insurance fund, so this school year there was not an additional increase in health insurance rates. However, general market conditions have caused premium growth rates of 10-12 percent annually. Until we have a better sense of how the premium increase impacts our self-insured fund, we are going to continue to forecast 12 percent annual increases each year going forward.

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.



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	21,068,533	21,498,912	22,988,977	23,161,303	23,337,328	23,554,255
YOY $ Change	(191,029)	430,379	1,490,065	172,326	176,025	216,927
YOY % Change	-0.9%	2.0%	6.9%	0.7%	0.8%	0.9%

Percentage of Total Budget	26.3%	27.3%	27.9%	27.2%	26.7%	26.0%

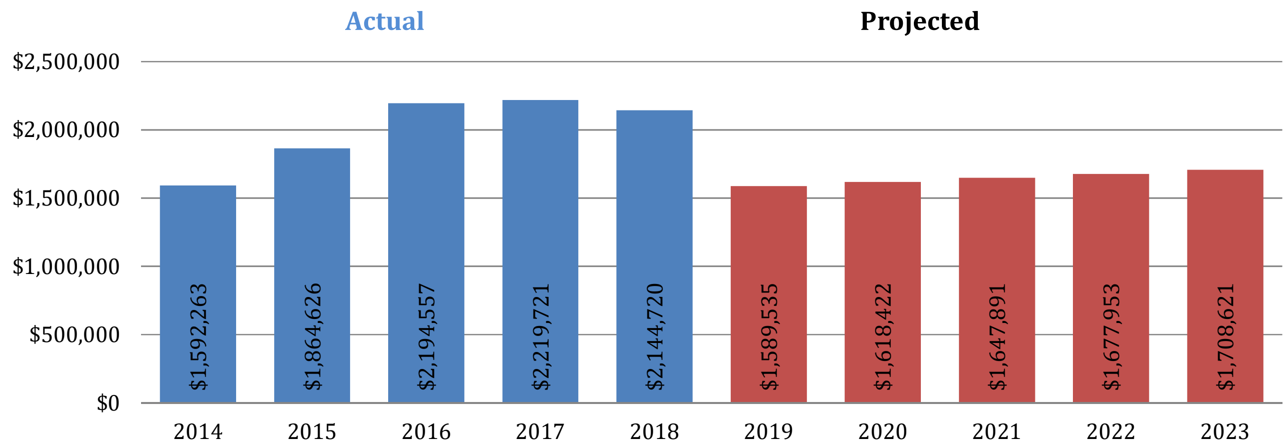
Purchased services account for over 27 percent of total operating spending. The vast majority of these expenditures consist of deductions for students attending school outside the district, whether from open enrollment, going to community schools, accepting scholarships, or being placed outside the district, plus transportation costs.

After falling some last year because of the closing of ECOT, purchased services are expected to begin growing again in 2019. Expenditures are expected to grow about two percent this year, with a bigger jump next year because of higher anticipated special education costs.

In 2021 and 2022, we are anticipating some savings each year from the opening of the new buildings. The new buildings should reduce natural gas costs and maintenance costs. We expect electric costs to increase because all the buildings will be air conditioned.

3.040 - Supplies & Materials

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



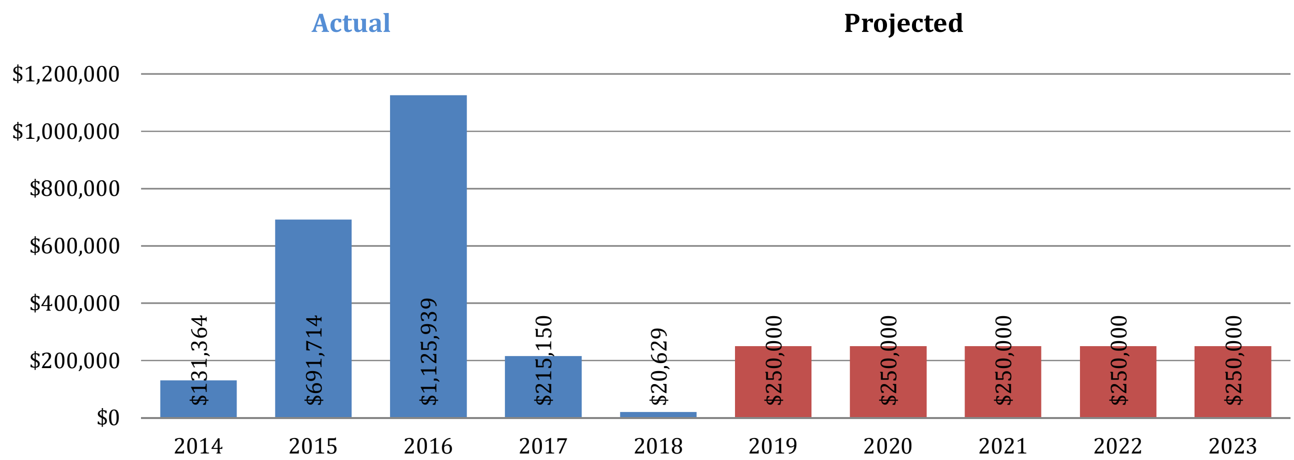
		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	2,144,720	1,589,535	1,618,422	1,647,891	1,677,953	1,708,621
YOY $ Change	(75,000)	(555,185)	28,887	29,469	30,062	30,668
YOY % Change	-3.4%	-25.9%	1.8%	1.8%	1.8%	1.8%
Percentage of Total Budget	2.7%	2.0%	2.0%	1.9%	1.9%	1.9%

Supply costs the last couple years have been inflated by textbook purchases and purchases of Chromebooks to implement one-to-one technology. General supply costs are returning to more normal levels this year and are expected to increase by about two percent per year beginning in 2020. We continue to allocate $150,000 per year for textbook purchases.

Maintenance supplies, which fell sharply in 2017 and then again in 2018 and are expected to increase about nine percent this year and about two percent going forward.

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.



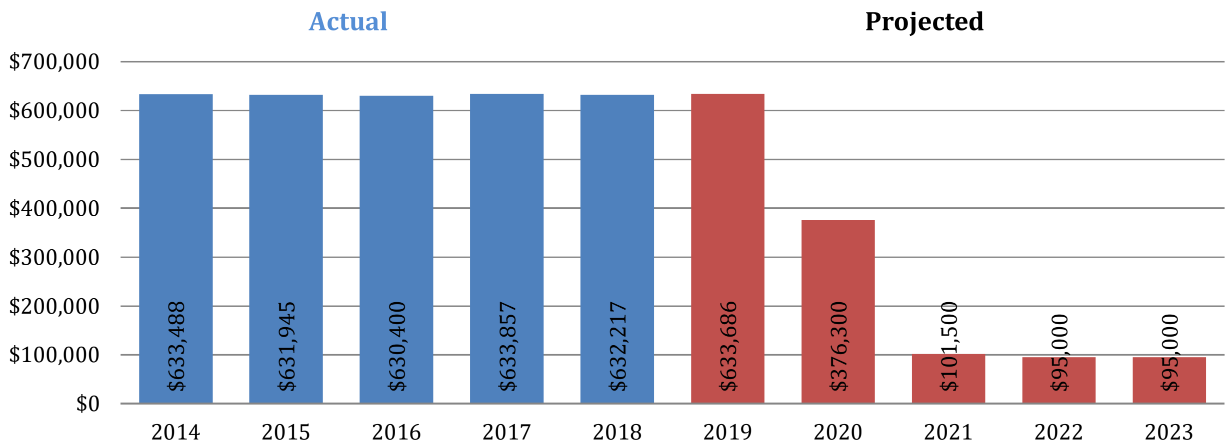
		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	20,629	250,000	250,000	250,000	250,000	250,000
YOY $ Change	(194,522)	229,371	-	-	-	-
YOY % Change	-90.4%	1111.9%	0.0%	0.0%	0.0%	0.0%

Percentage of Total Budget	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%

Expenditures for capital out of the operating budget are a fraction of one percent of total spending. We are allocating $250,000 per year for technical equipment. Currently that is for replacing technology. In the future the spending will go toward equipping the new buildings.

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.



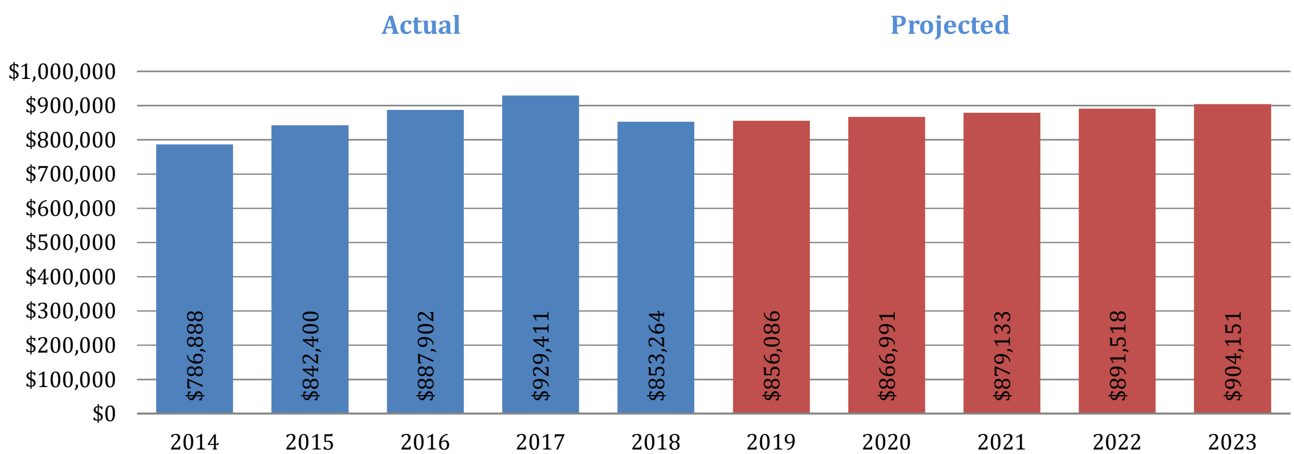
		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	632,217	633,686	376,300	101,500	95,000	95,000
YOY $ Change	(1,640)	1,469	(257,386)	(274,800)	(6,500)	-
YOY % Change	-0.3%	0.2%	-40.6%	-73.0%	-6.4%	0.0%

Percentage of Total Budget	0.8%	0.8%	0.5%	0.1%	0.1%	0.1%

The district makes debt payments out of the operating fund for its 2005 Energy Conservation Bonds and the OSFC historical landmark project. Payments on the energy project, by far the largest source of this spending, falls off in 2020 and ends in 2021 as the bonds are fully paid off.

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.



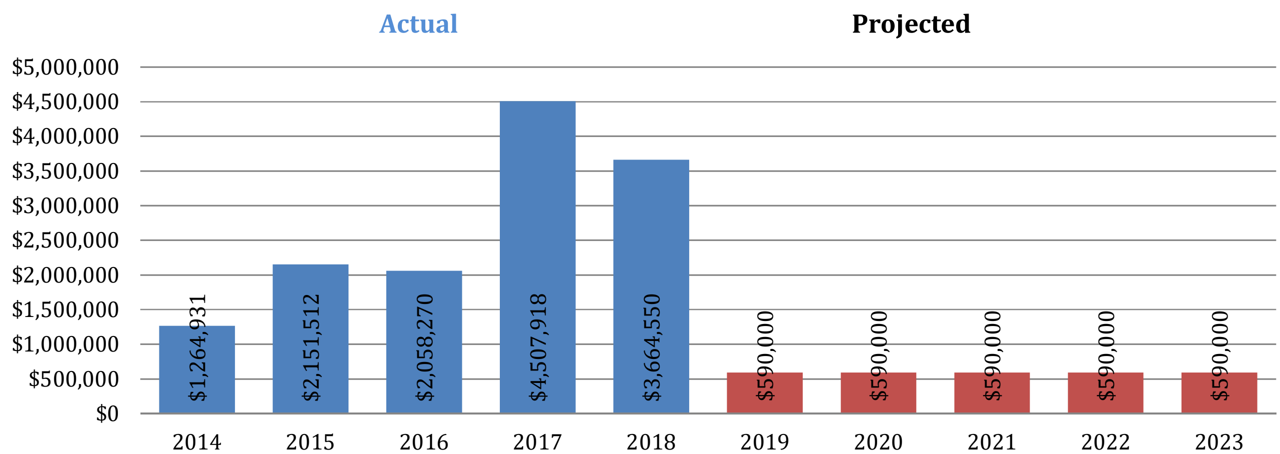
		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	853,264	856,086	866,991	879,133	891,518	904,151
YOY $ Change	(76,146)	2,822	10,905	12,142	12,385	12,633
YOY % Change	-8.2%	0.3%	1.3%	1.4%	1.4%	1.4%

Percentage of Total Budget	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%

Other expenses are just over one percent of total spending. The majority of this is for property tax collection and other fees. These fees fell in 2018, and are expected to grow by a little more than one percent per year going forward.

5.040 - Total Other Financing Uses

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



		FORECASTED				
	2018	2019	2020	2021	2022	2023
Total	3,664,550	590,000	590,000	590,000	590,000	590,000
YOY $ Change	(843,368)	(3,074,550)	-	-	-	-
YOY % Change	-18.7%	-83.9%	0.0%	0.0%	0.0%	0.0%

Percentage of Total Budget	**4.6%**	**0.7%**	**0.7%**	**0.7%**	**0.7%**	**0.7%**

Transfers Out	2,853,000	365,000	365,000	365,000	365,000	365,000
Advances Out	811,550	225,000	225,000	225,000	225,000	225,000

The biggest portion of other uses in 2017 and 2018 was about $5 million in transfers to the building fund for construction of the stadium. Beyond 2018, transfers to the student fees fund and the severance fund make up most of these expenditures. In addition, there are the expected advances out of $225,000 per year that will be returned to the operating fund in the following year.

Elyria City Schools

Five Year Forecast

	Actual	FORECASTED				
Fiscal Year:	2018	2019	2020	2021	2022	2023
Revenue:						
1.010 - General Property Tax (Real Estate)	28,214,747	27,283,888	26,033,154	26,142,740	26,335,898	26,467,428
1.020 - Public Utility Personal Property	2,487,846	2,516,583	2,519,414	2,626,140	2,731,239	2,836,148
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	37,192,624	37,095,874	38,239,552	38,280,157	38,402,125	38,345,278
1.040 - Restricted Grants-in-Aid	2,818,895	2,799,346	2,794,531	2,770,659	2,726,823	2,692,799
1.050 - Property Tax Allocation	4,554,508	4,016,919	3,763,165	3,632,141	3,520,205	3,472,404
1.060 - All Other Operating Revenues	3,768,105	3,932,561	3,586,553	3,574,015	3,564,631	3,557,892
1.070 - Total Revenue	79,036,725	77,645,171	76,936,369	77,025,852	77,280,921	77,371,949
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	1,454,378	-	-	-	-	-
2.050 - Advances-In	-	811,550	225,000	225,000	225,000	225,000
2.060 - All Other Financing Sources	26,176	11,063	-	-	-	-
2.070 - Total Other Financing Sources	1,480,554	822,613	225,000	225,000	225,000	225,000
2.080 - Total Rev & Other Sources	80,517,279	78,467,784	77,161,369	77,250,852	77,505,921	77,596,949
Expenditures:						
3.010 - Personnel Services	37,447,313	38,756,967	40,069,828	41,459,223	42,428,788	43,807,778
3.020 - Employee Benefits	14,426,994	14,685,102	15,777,456	16,986,043	18,110,750	19,546,139
3.030 - Purchased Services	21,068,533	21,498,912	22,988,977	23,161,303	23,337,328	23,554,255
3.040 - Supplies and Materials	2,144,720	1,589,535	1,618,422	1,647,891	1,677,953	1,708,621
3.050 - Capital Outlay	20,629	250,000	250,000	250,000	250,000	250,000
Intergovernmental & Debt Service	632,217	633,686	376,300	101,500	95,000	95,000
4.300 - Other Objects	853,264	856,086	866,991	879,133	891,518	904,151
4.500 - Total Expenditures	76,593,670	78,270,288	81,947,974	84,485,093	86,791,337	89,865,944
Other Financing Uses						
5.010 - Operating Transfers-Out	2,853,000	365,000	365,000	365,000	365,000	365,000
5.020 - Advances-Out	811,550	225,000	225,000	225,000	225,000	225,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	3,664,550	590,000	590,000	590,000	590,000	590,000
5.050 - Total Exp and Other Financing Uses	80,258,220	78,860,288	82,537,974	85,075,093	87,381,337	90,455,944
6.010 - Excess of Rev Over/(Under) Exp	259,058	(392,504)	(5,376,605)	(7,824,241)	(9,875,416)	(12,858,995)
7.010 - Cash Balance July 1 (No Levies)	26,850,938	27,109,997	26,717,493	21,340,888	13,516,647	3,641,231
7.020 - Cash Balance June 30 (No Levies)	27,109,997	26,717,493	21,340,888	13,516,647	3,641,231	(9,217,764)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	27,109,997	26,717,493	21,340,888	13,516,647	3,641,231	(9,217,764)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies		1,417,292	2,840,727	2,853,159	2,791,537	2,730,219
11.030 - Cumulative Balance of Levies	-	1,417,292	4,258,019	7,111,178	9,902,715	12,632,935
12.010 - Fund Bal June 30 for Cert of Obligations	27,109,997	28,134,784	25,598,907	20,627,825	13,543,946	3,415,170
Revenue from New Levies						
13.010 & 13.020 - New Levies		-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	27,109,997	28,134,784	25,598,907	20,627,825	13,543,946	3,415,170