

Elyria City School District

# Five Year Forecast Financial Report

November, 2021

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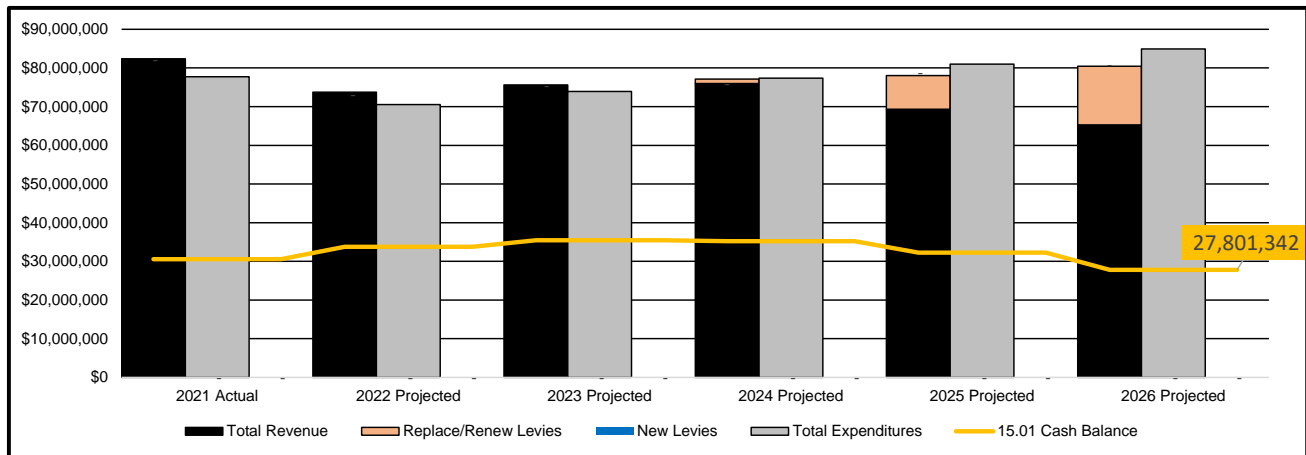
### Forecast Purpose/Objectives

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

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

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

### Forecast Summary



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

#### Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance	30,538,536	33,736,332	35,453,865	35,205,594	32,244,407
+ Revenue	73,737,302	75,630,593	75,955,202	69,330,091	65,289,743
+ Proposed Renew/Replacement Levies	-	-	1,149,262	8,727,102	15,163,277
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(70,539,506)	(73,913,060)	(77,352,735)	(81,018,379)	(84,896,085)
= Revenue Surplus or Deficit	3,197,795	1,717,533	(248,271)	(2,961,187)	(4,443,065)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	33,736,332	35,453,865	35,205,594	32,244,407	27,801,342

#### Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	3,197,795	1,717,533	(1,397,533)	(11,688,289)	(19,606,342)
Ending Balance w/o Levies	33,736,332	35,453,865	34,056,332	22,368,043	2,761,701

In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$3,197,795 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$19,606,342. The district would need to cut its FY 2026 projected expenses by 23.09% in order to balance its budget without additional revenue.

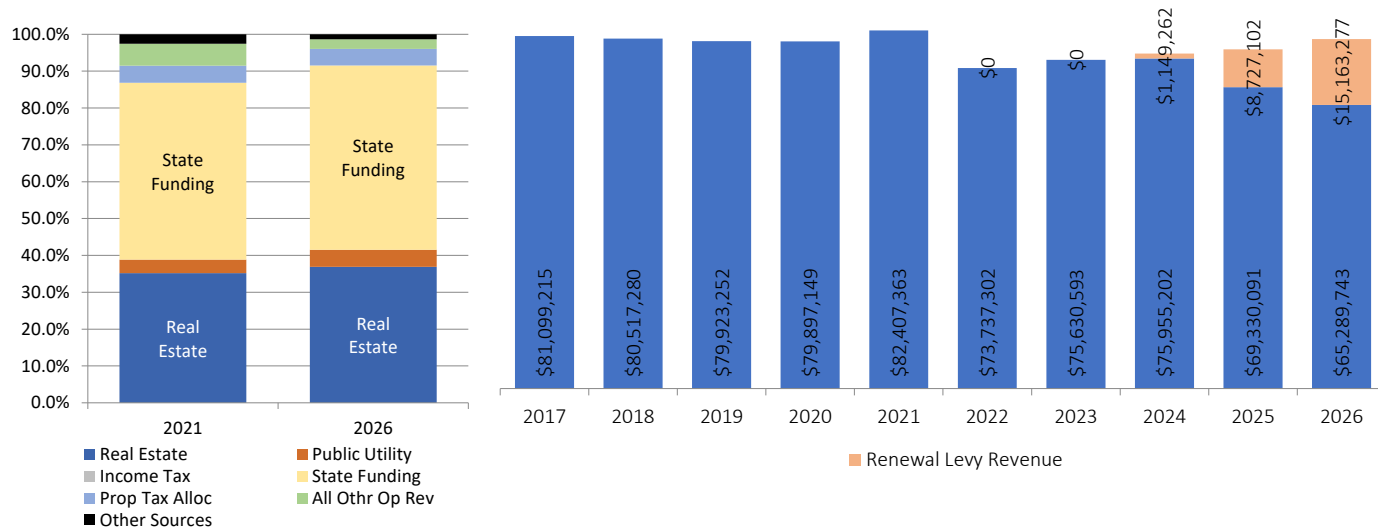
The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$857,441 in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a formula district in FY 2022. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

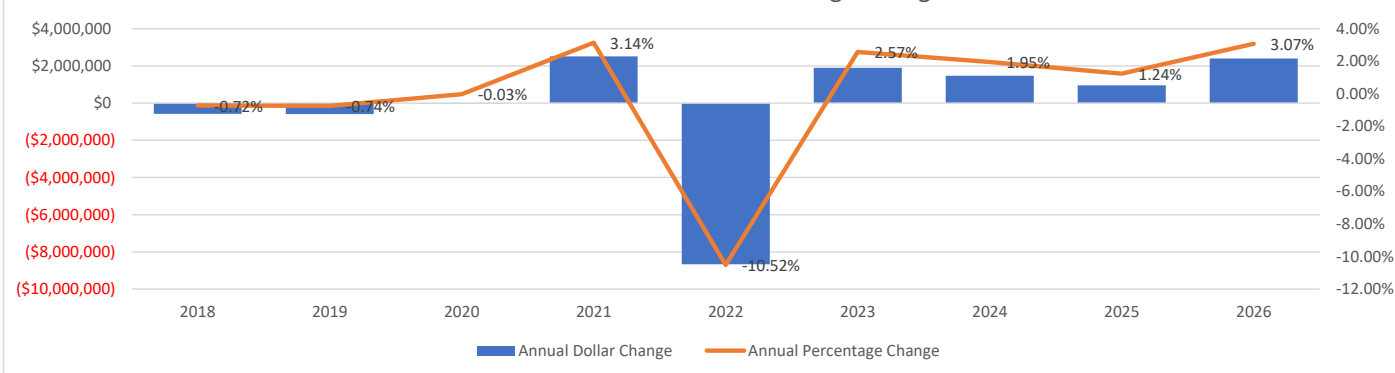
formula district in FY 2022.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

### Sources of Revenue Over Time



### Year-Over-Year Dollar & Percentage Change



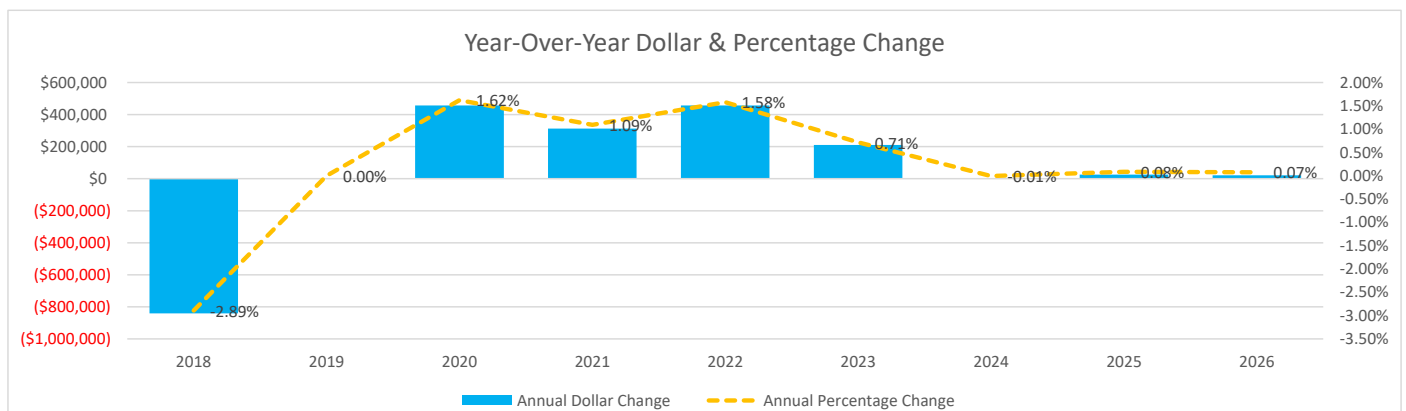
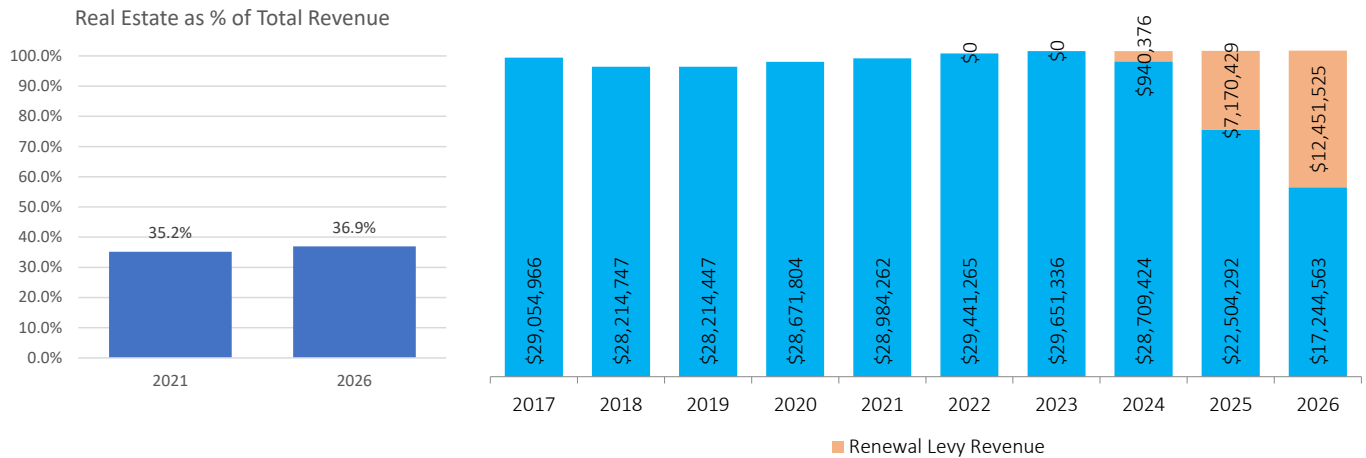
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 0.78% or \$630,028 annually during the past five years and is projected to decrease -0.51% or -\$390,869 annually through FY2026. All Othr Op Rev has the most projected average annual variance compared to the historical average at -\$940,714
Real Estate	\$256,505	\$142,365	(\$114,140)	
Public Utility	\$188,493	\$128,161	(\$60,332)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$155,186)	\$142,459	\$297,644	
Prop Tax Alloc	(\$255,271)	(\$33,607)	\$221,664	
All Othr Op Rev	\$378,049	(\$562,665)	(\$940,714)	
Other Sources	\$217,438	(\$207,582)	(\$425,019)	
<b>Total Average Annual Change</b>	<b>\$630,028</b>	<b>(\$390,869)</b>	<b>(\$1,020,896)</b>	
	0.78%	-0.51%	-1.29%	

Note: Expenditure average annual change is projected to be > \$1,430,475 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).



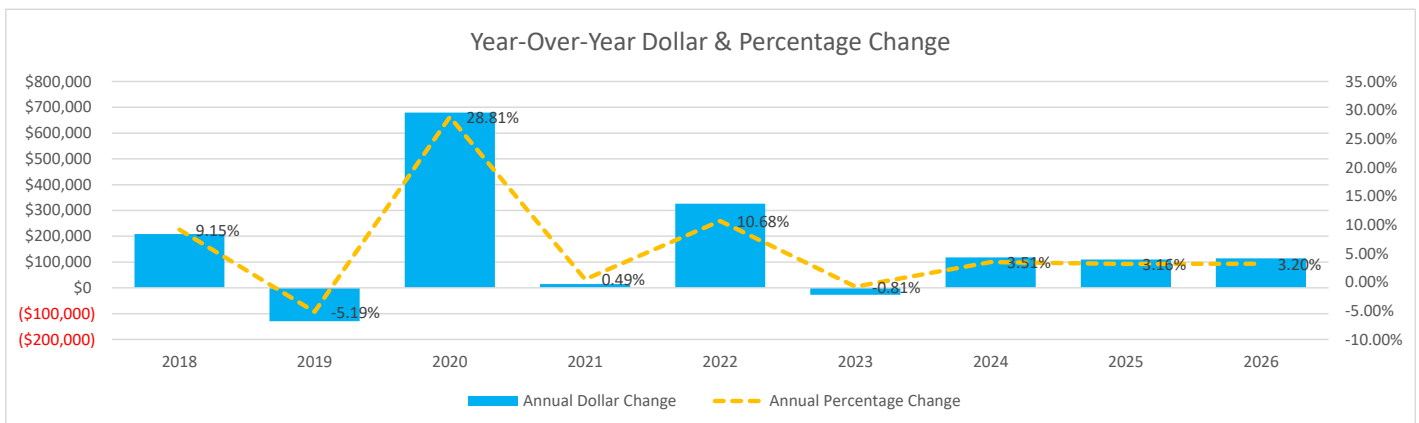
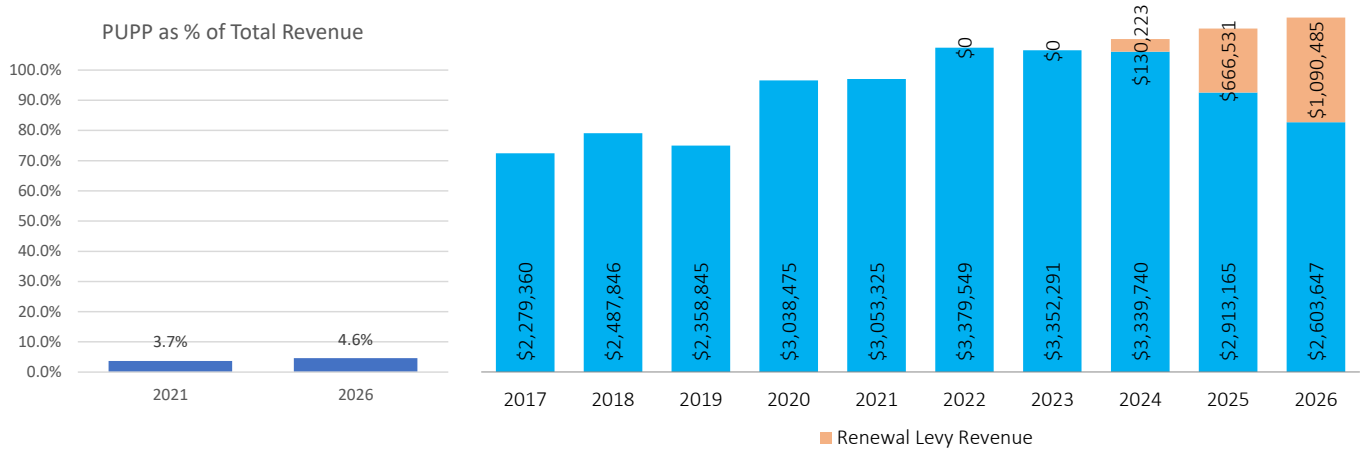
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	815,662,520	3,745,170	38.21	-	45.13	-	99.1%
2021	864,708,870	49,046,350	36.73	(1.48)	44.80	(0.33)	98.0%
2022	864,712,255	3,385	36.72	(0.01)	44.79	(0.01)	98.0%
2023	864,722,255	10,000	36.72	(0.01)	44.78	(0.01)	98.0%
2024	887,922,255	23,200,000	35.67	(1.04)	44.19	(0.59)	98.0%
2025	887,932,255	10,000	35.67	(0.00)	44.18	(0.01)	98.0%

Real estate property tax revenue accounts for 35.17% of total revenue. Class I or residential/agricultural taxes make up approximately 61.00% of the real estate property tax revenue. The Class I tax rate is 36.73 mills in tax year 2021. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 98.0% annually through tax year 2025. The revenue changed at an average annual historical rate of 0.90% and is projected to change at an average annual rate of 0.48% through FY 2026.

\*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.



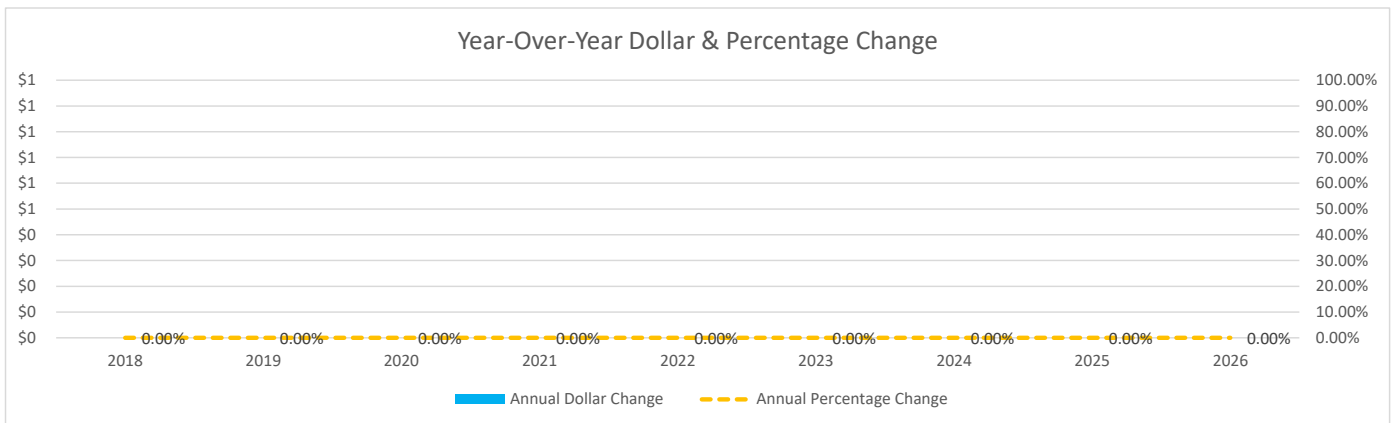
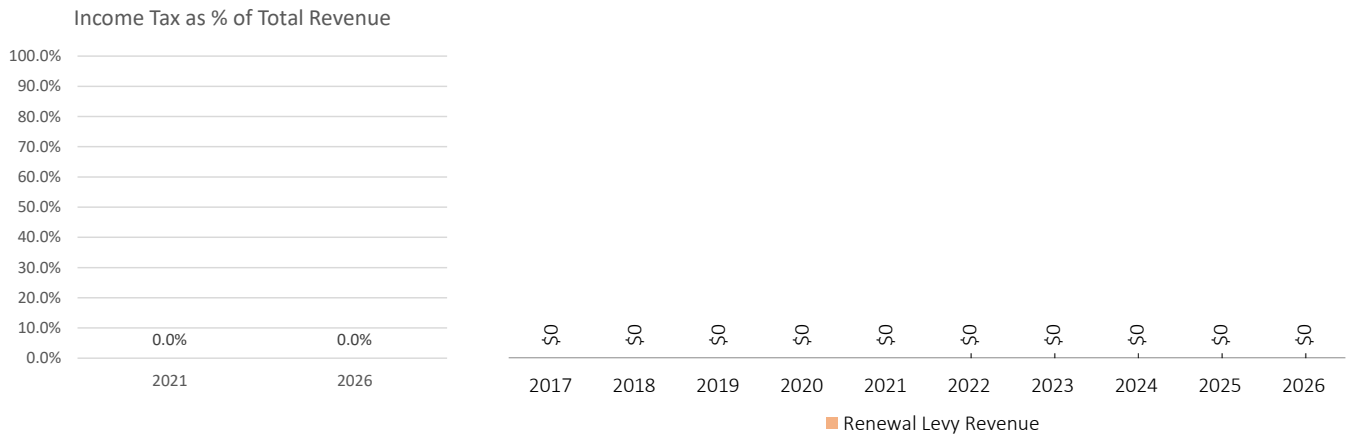
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2020	47,357,590	3,893,340	67.09	-		89.3%
2021	49,062,451	1,704,861	67.04	(0.05)		109.8%
2022	50,815,451	1,753,000	67.01	(0.03)		100.0%
2023	52,615,451	1,800,000	66.98	(0.03)		100.0%
2024	54,465,451	1,850,000	66.57	(0.40)		100.0%
2025	56,365,451	1,900,000	66.54	(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 3.71% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 67.04 mills. The forecast is modeling an average gross collection rate of 101.96%. The revenue changed historically at an average annual dollar amount of \$188,493 and is projected to change at an average annual dollar amount of \$128,161 through FY 2026.

\*Projected % trends include renewal levies

### 1.030 - No Income Tax

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

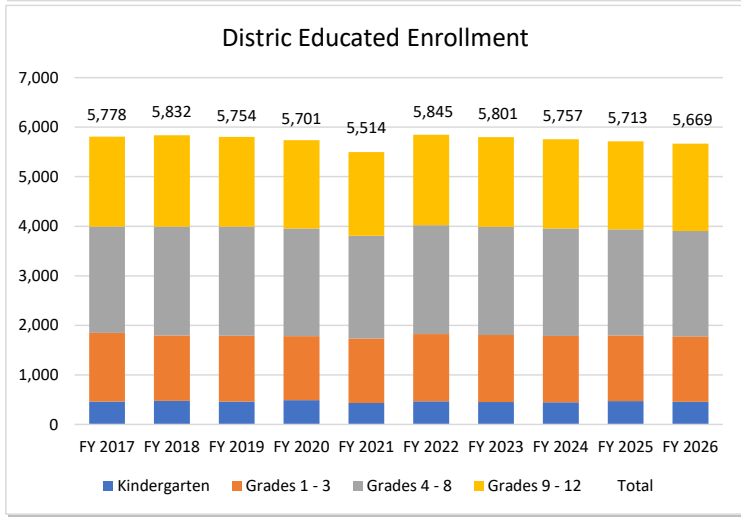
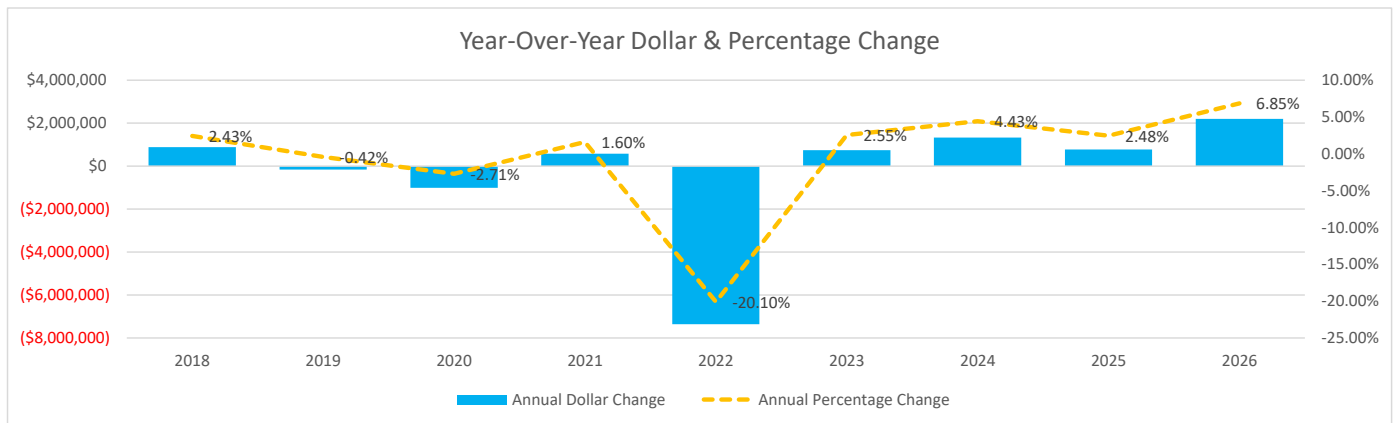
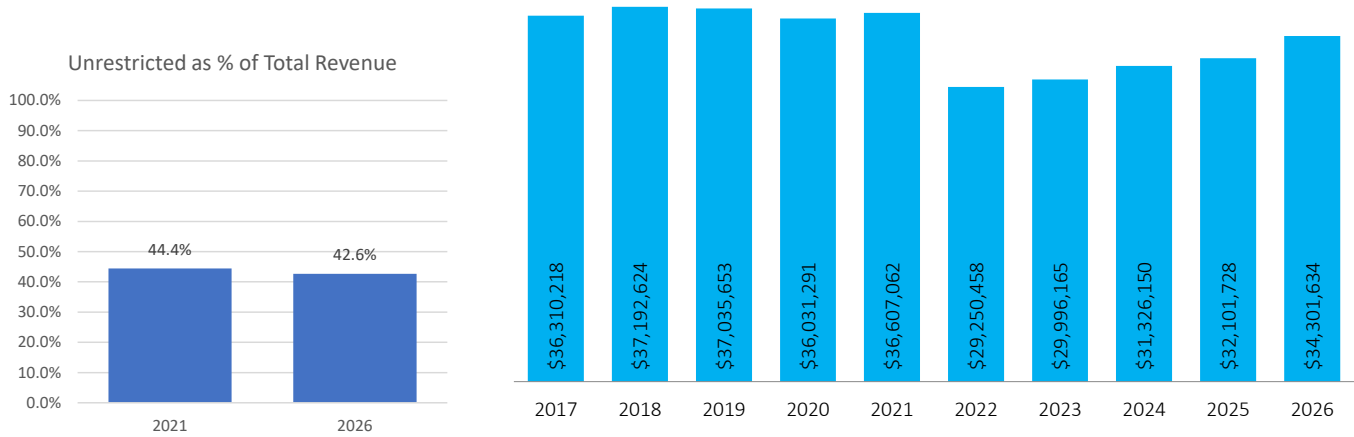


The district does not have an income tax levy.

*\*Projected % trends include renewal levies*

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

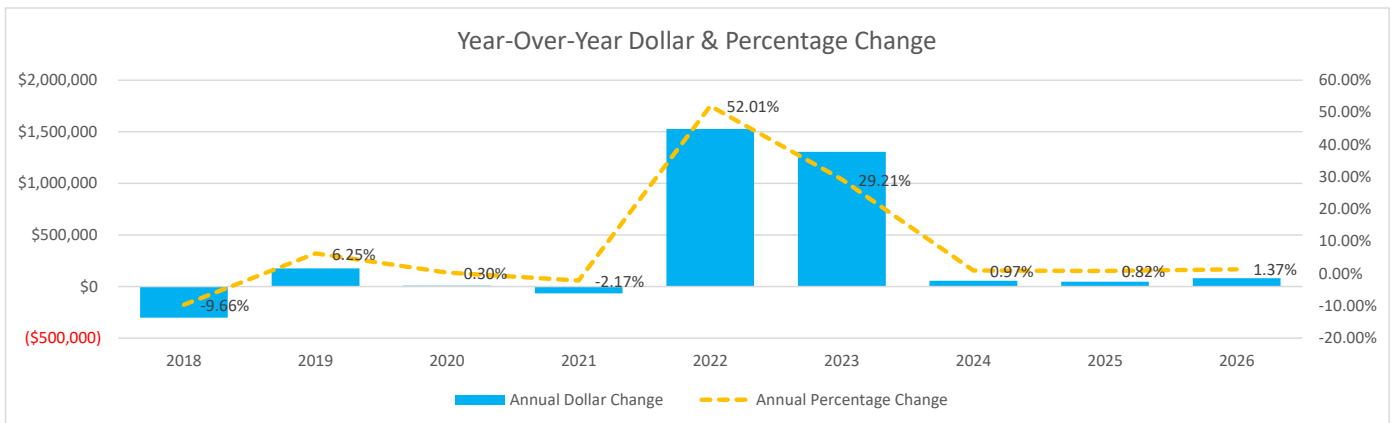
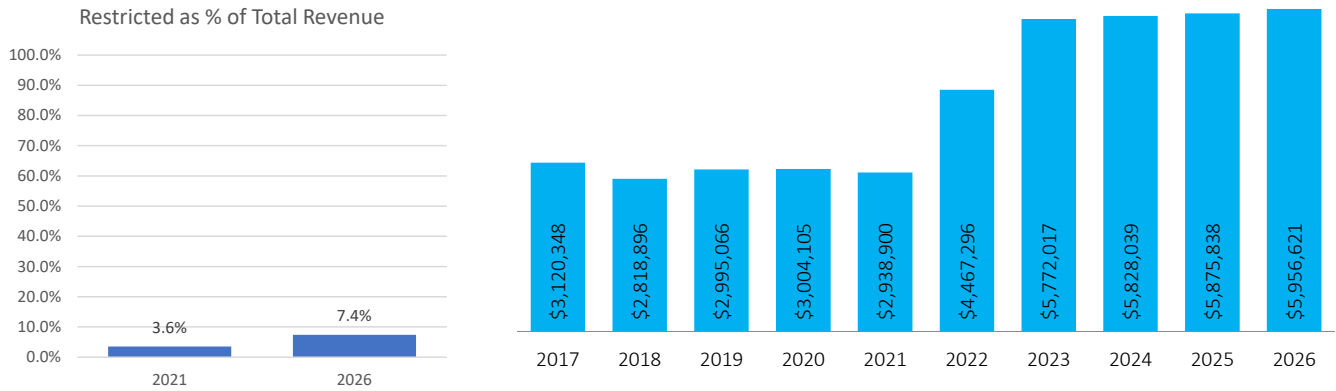
For Elyria City School District the calculated Base Cost total is \$41,121,419 in FY 2022. The state's share of the calculated Base Cost total is \$26,585,195 or \$4,548 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$10,678,588 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.



### 1.040 & 1.045 - Restricted Grants-in-Aid

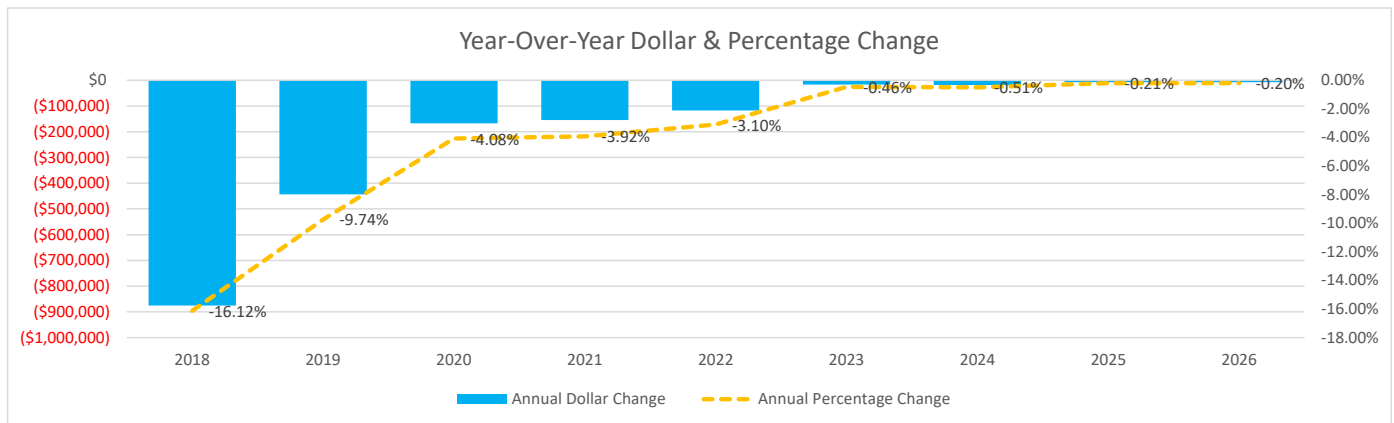
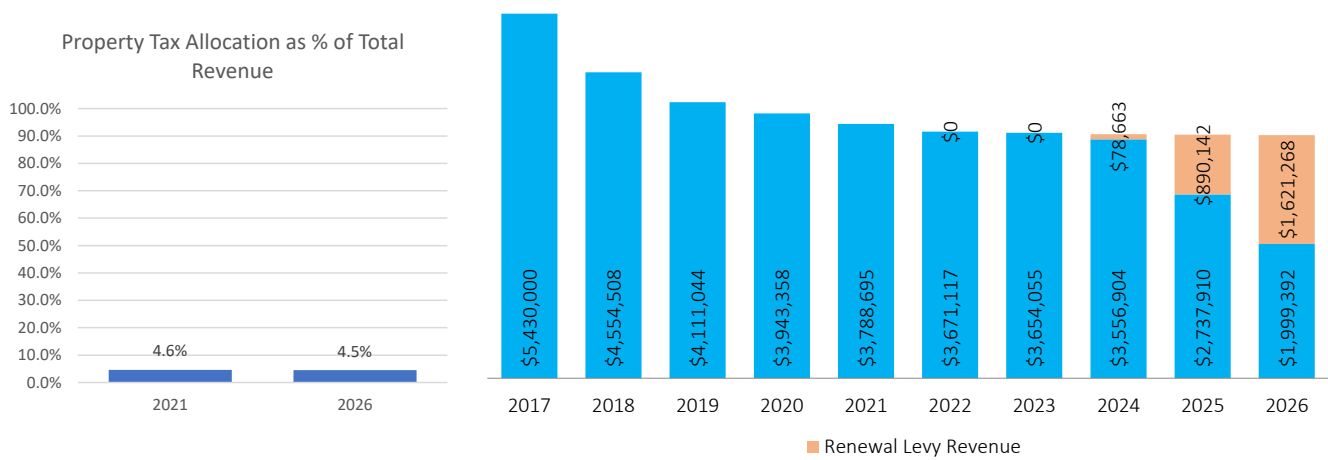
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$40,001 and is projected to change annually on average by \$603,544. Restricted funds represent 3.57% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$915,780. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

### 1.050 - Property Tax Allocation

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

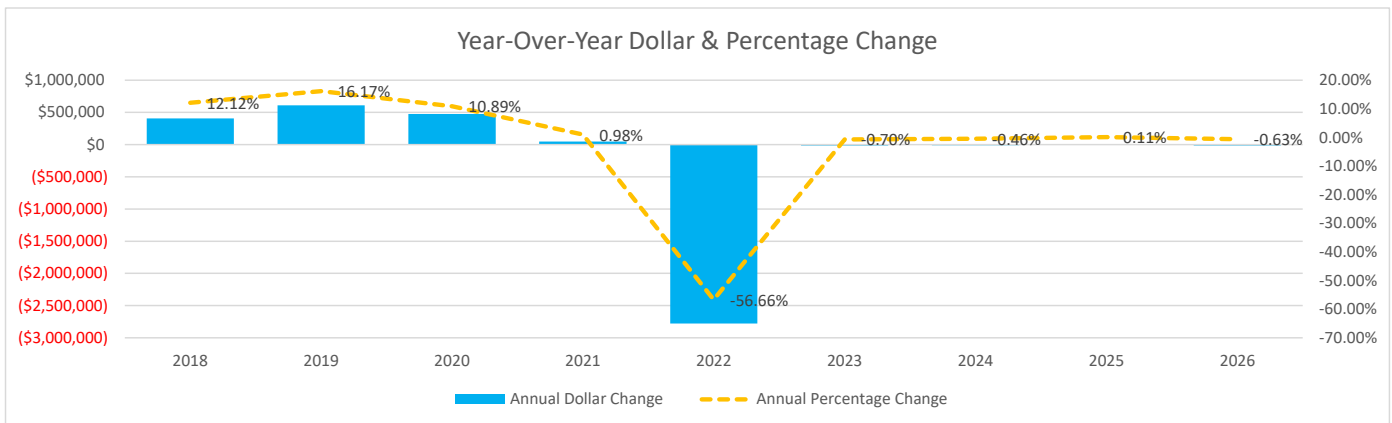
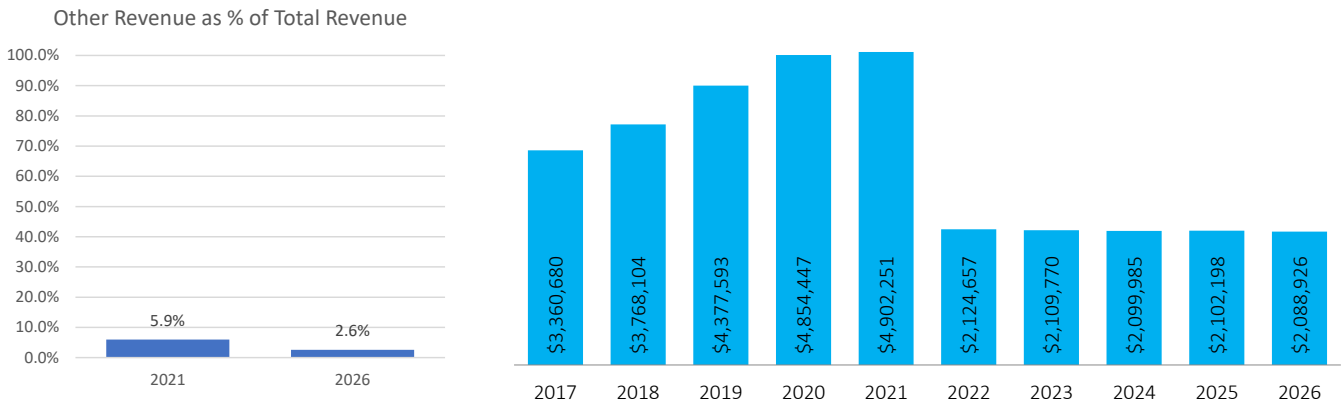


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 11.8% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 5.0% will be reimbursed in the form of qualifying homestead exemption credits.

\*Projected % trends include renewal levies

### 1.060 - All Other Operating Revenues

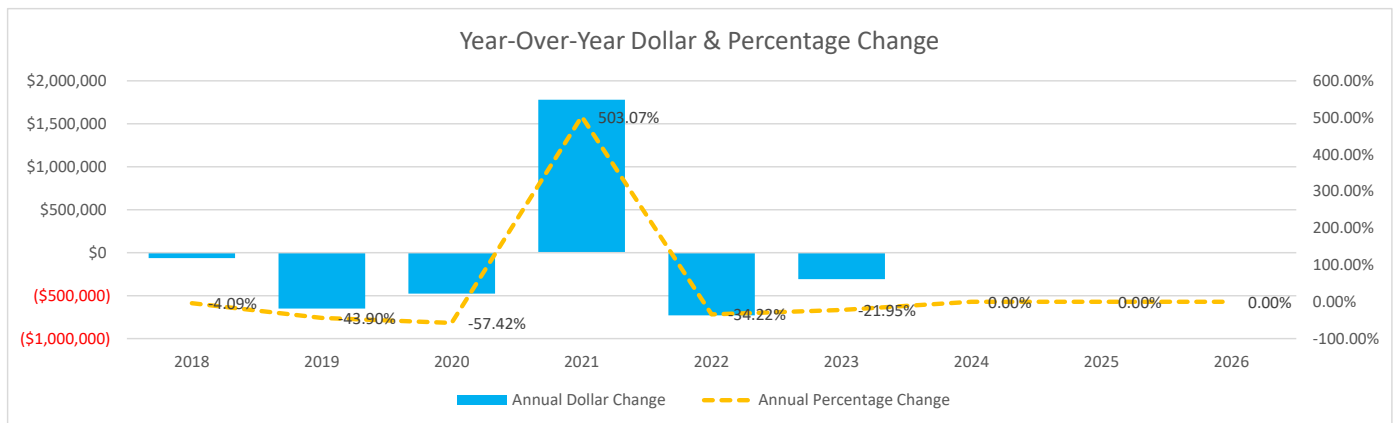
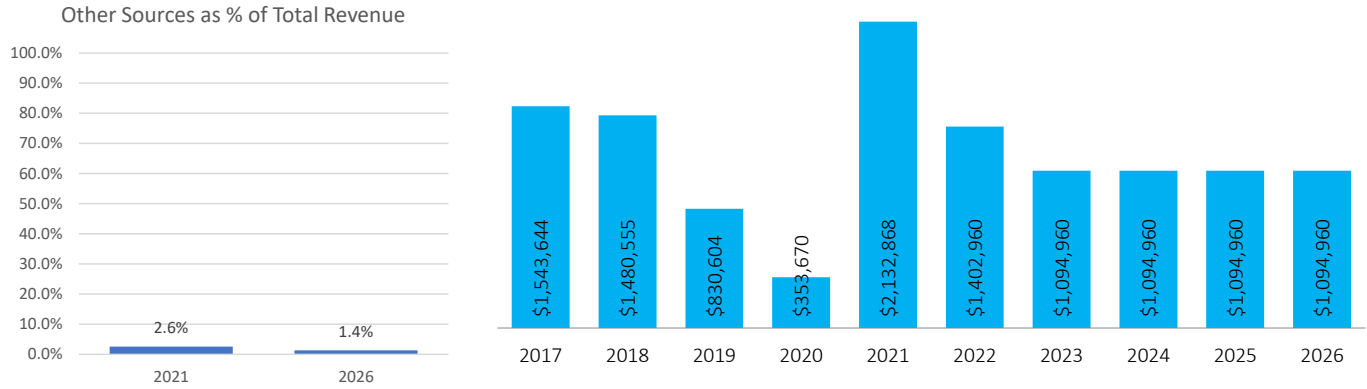
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$378,049. The projected average annual change is -\$562,665 through FY 2026. The FSP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$1,952,221 in FY 2021.

## 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.

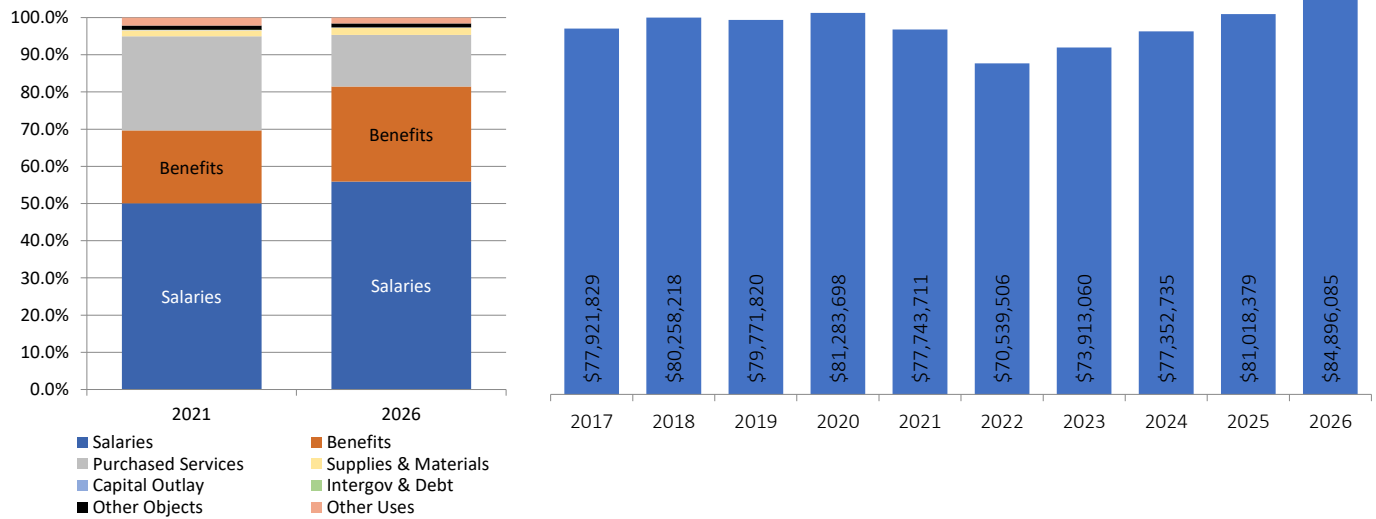


	2021	2022	2023	FORECASTED		
				2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	2,037,908	1,308,000	1,000,000	1,000,000	1,000,000	1,000,000
All Other Financing Sources	94,960	94,960	94,960	94,960	94,960	94,960

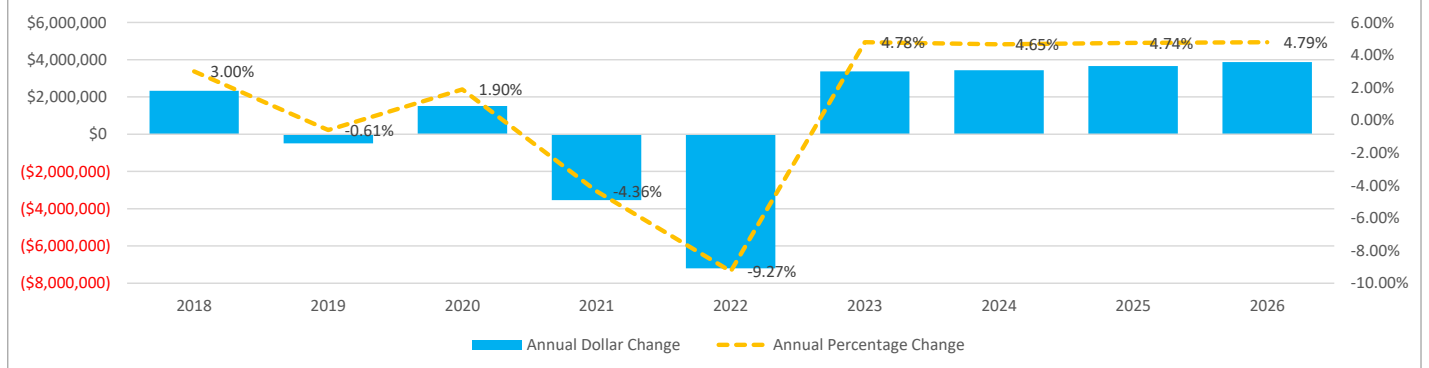
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$2,037,908 as advances-in and is projecting advances of \$1,308,000 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$94,960 in FY 2022 and average \$94,960 annually through FY 2026.

## Expenditure Categories and Forecast Year-Over-Year Projected Overview

### Expenditure Categories Over Time



### Year-Over-Year Dollar & Percentage Change



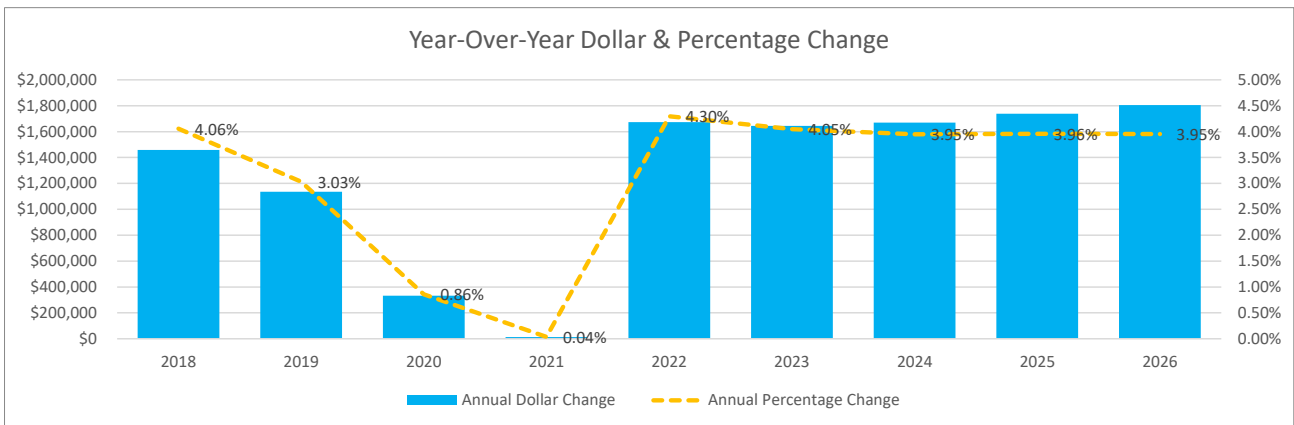
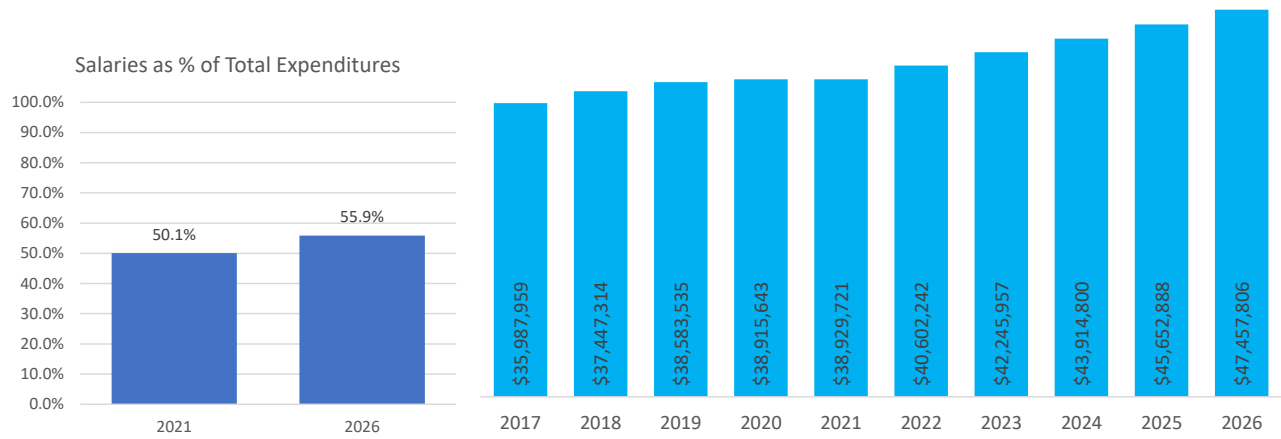
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures decreased -1.05% or -\$838,169 annually during the past five years and is projected to increase 1.84% or \$1,430,475 annually through FY2026. Salaries has the largest projected average annual variance compared to the historical average at \$1,211,482.
Salaries	\$494,135	\$1,705,617	\$1,211,482	
Benefits	\$261,333	\$1,302,893	\$1,041,561	
Purchased Services	(\$451,507)	(\$1,588,042)	(\$1,136,536)	
Supplies & Materials	(\$314,151)	\$89,722	\$403,873	
Capital Outlay	\$2,626	\$727	(\$1,899)	
Intergov & Debt	(\$178,886)	(\$19,112)	\$159,775	
Other Objects	\$10,464	\$4,269	(\$6,195)	
Other Uses	(\$662,183)	(\$65,600)	\$596,583	
<b>Total Average Annual Change</b>	<b>(\$838,169)</b>	<b>\$1,430,475</b>	<b>\$2,268,644</b>	
	-1.05%	1.84%	2.89%	

Note: Expenditure average annual change is projected to be > \$1,430,475 On an annual average basis, revenues are projected to grow slower than expenditures.

### 3.010 - Personnel Services

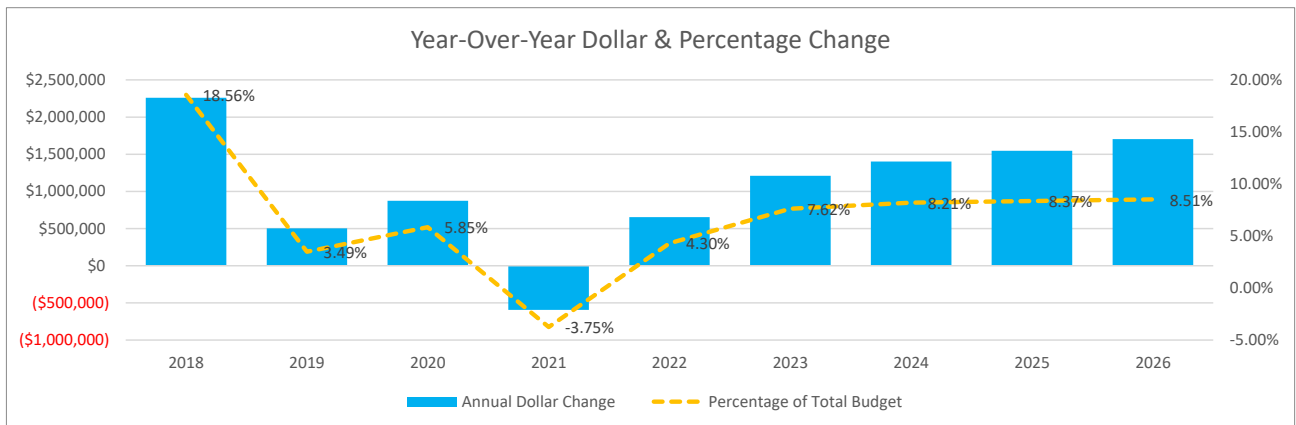
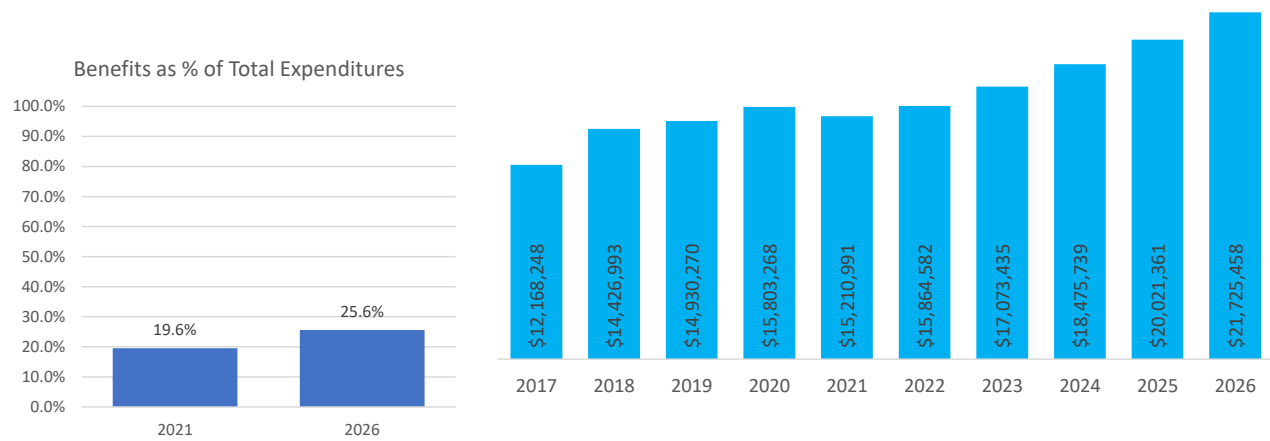
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 50.07% of total expenditures and increased at a historical average annual rate of 1.27% or \$494,135. This category of expenditure is projected to grow at an annual average rate of 3.88% or \$1,705,617 through FY 2026. The projected average annual rate of change is 2.61% more than the five year historical annual average.

### 3.020 - Employees' Benefits

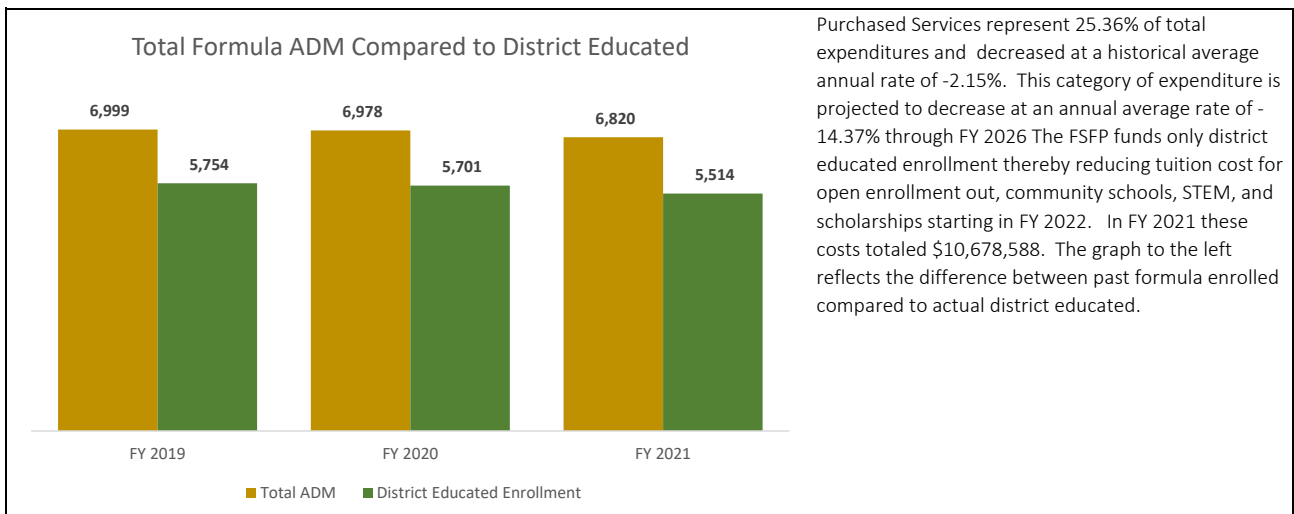
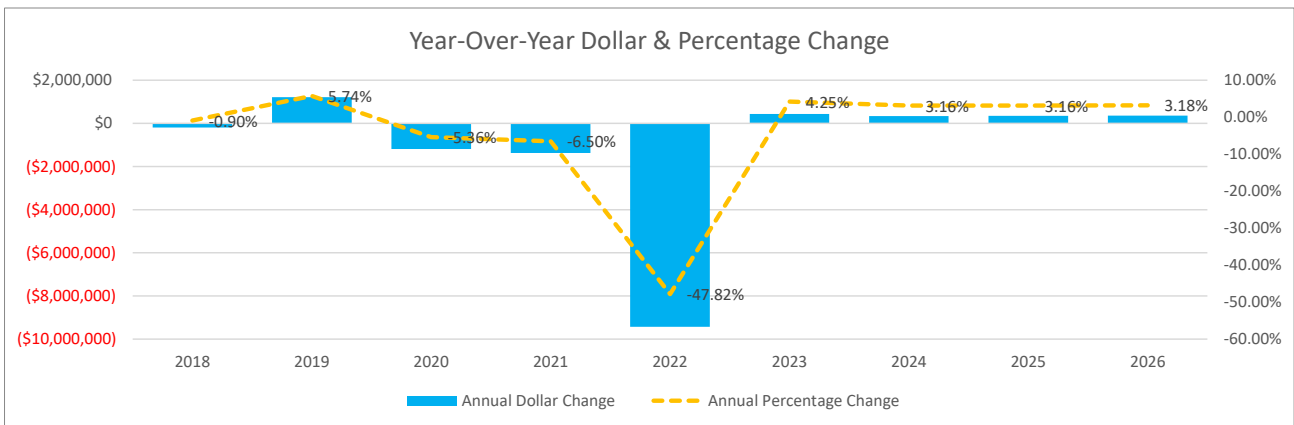
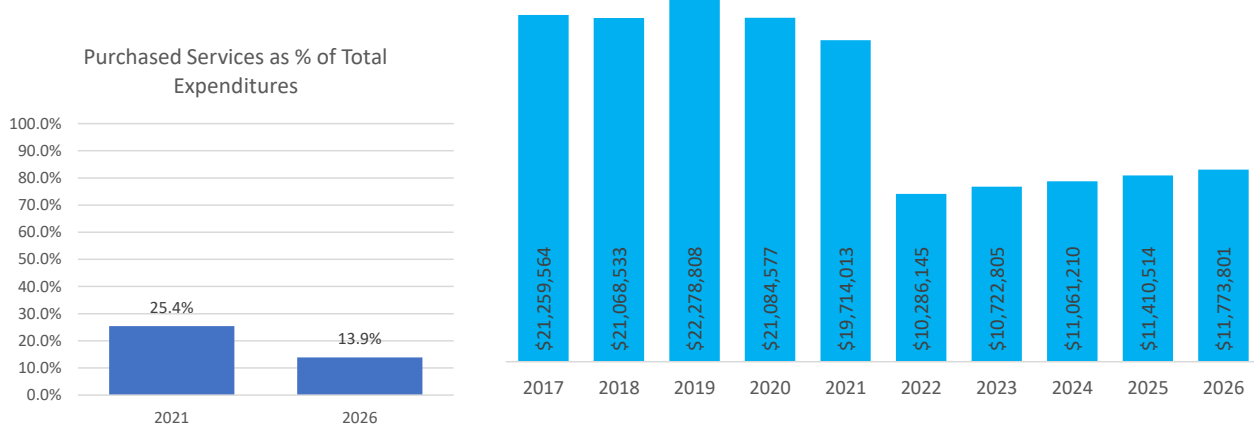
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 19.57% of total expenditures and increased at a historical average annual rate of 1.71%. This category of expenditure is projected to grow at an annual average rate of 6.99% through FY 2026. The projected average annual rate of change is 5.29% 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, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.

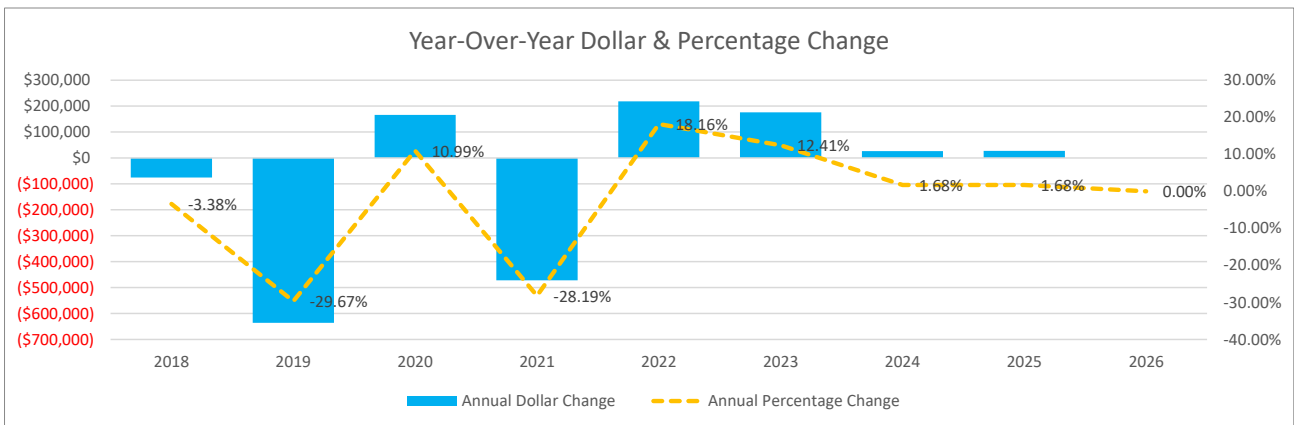
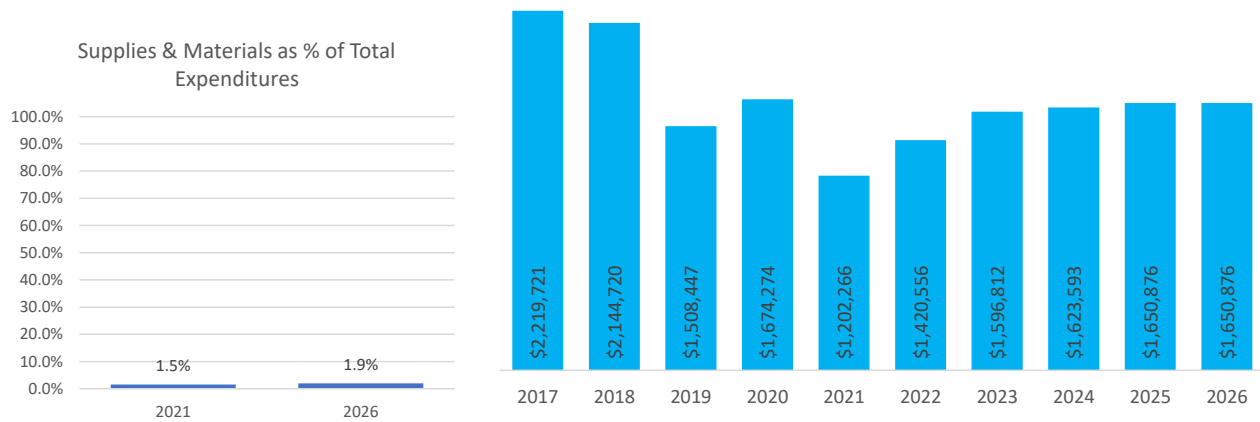


Purchased Services represent 25.36% of total expenditures and decreased at a historical average annual rate of -2.15%. This category of expenditure is projected to decrease at an annual average rate of -14.37% through FY 2026. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$10,678,588. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.



### 3.040 - Supplies & Materials

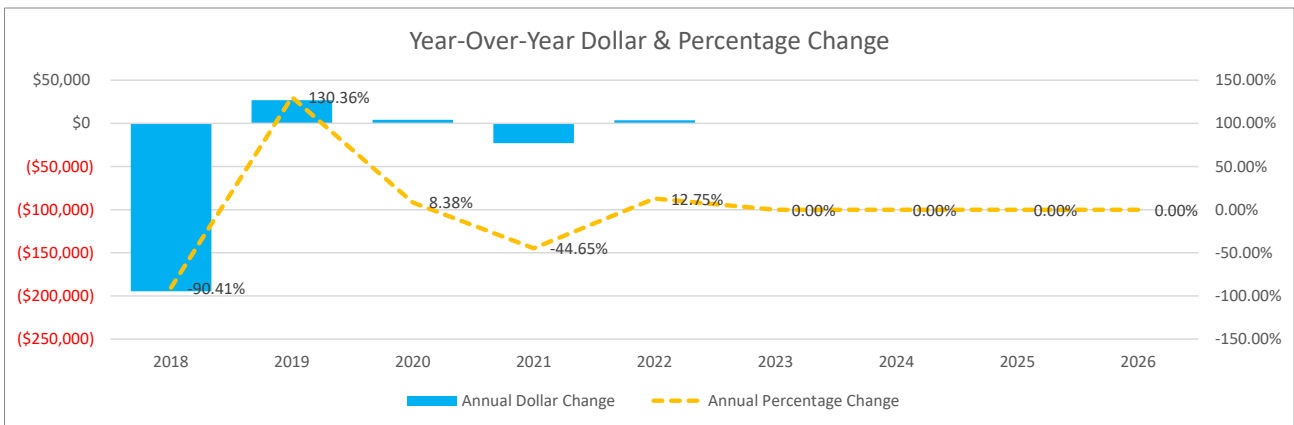
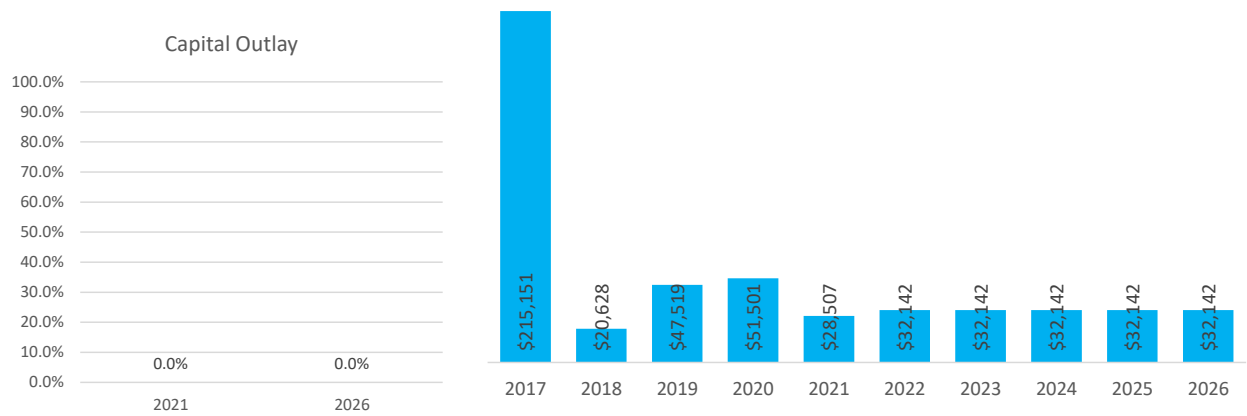
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.55% of total expenditures and decreased at a historical average annual rate of -21.49%. This category of expenditure is projected to grow at an annual average rate of 5.65% through FY 2026. The projected average annual rate of change is 27.14% more than the five year historical annual average.

### 3.050 - Capital Outlay

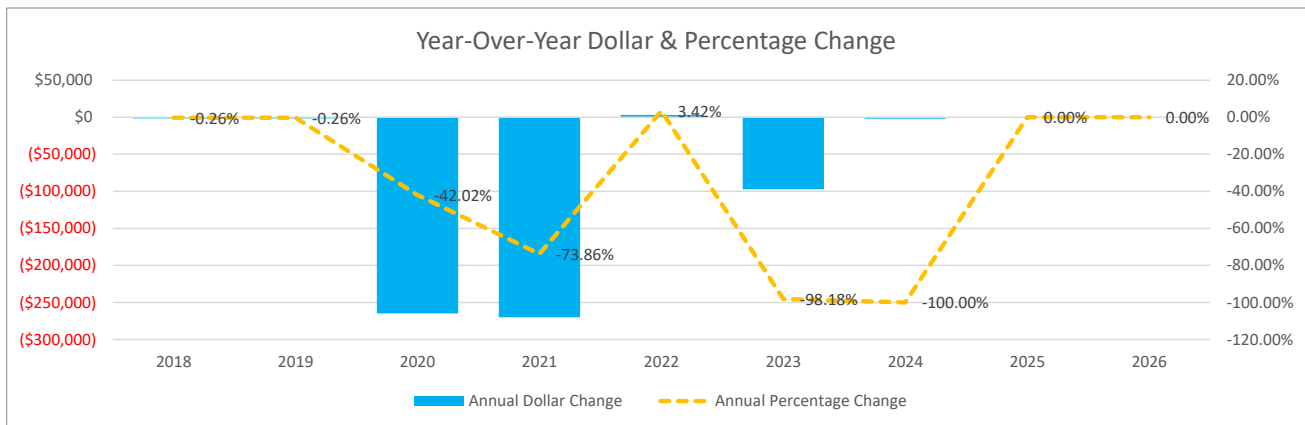
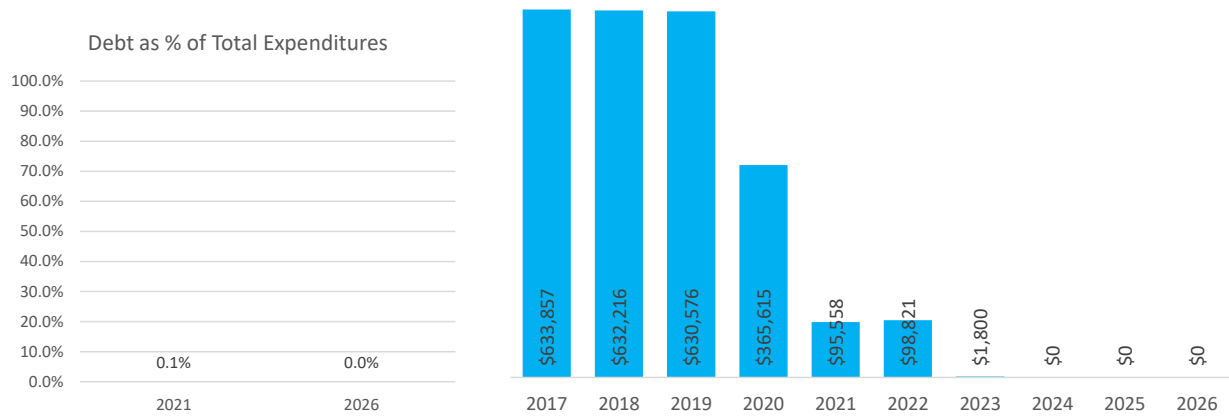
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.04% of total expenditures and increased at a historical average annual amount of \$2,626. This category of expenditure is projected to grow at an annual average rate of \$727 through FY 2026. 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.

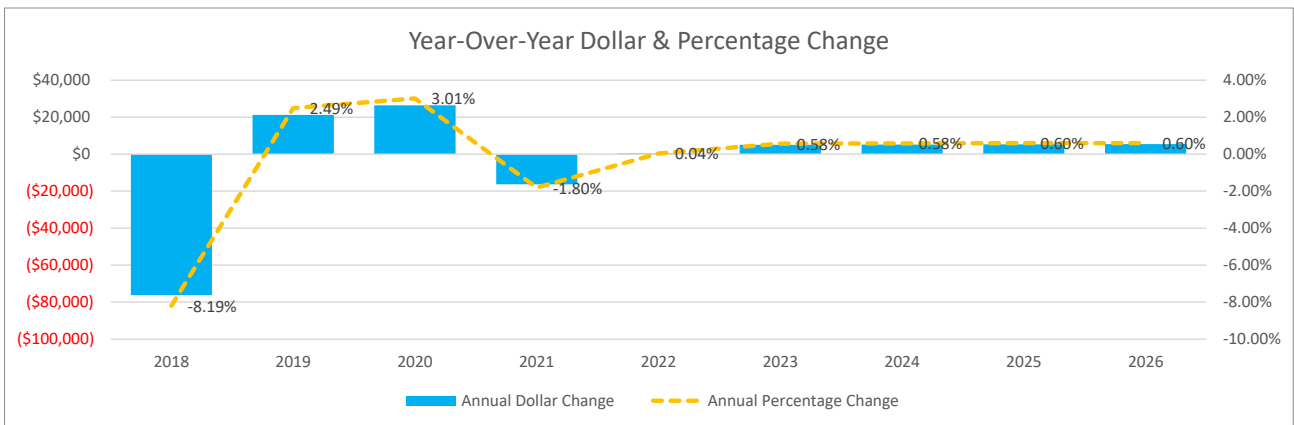
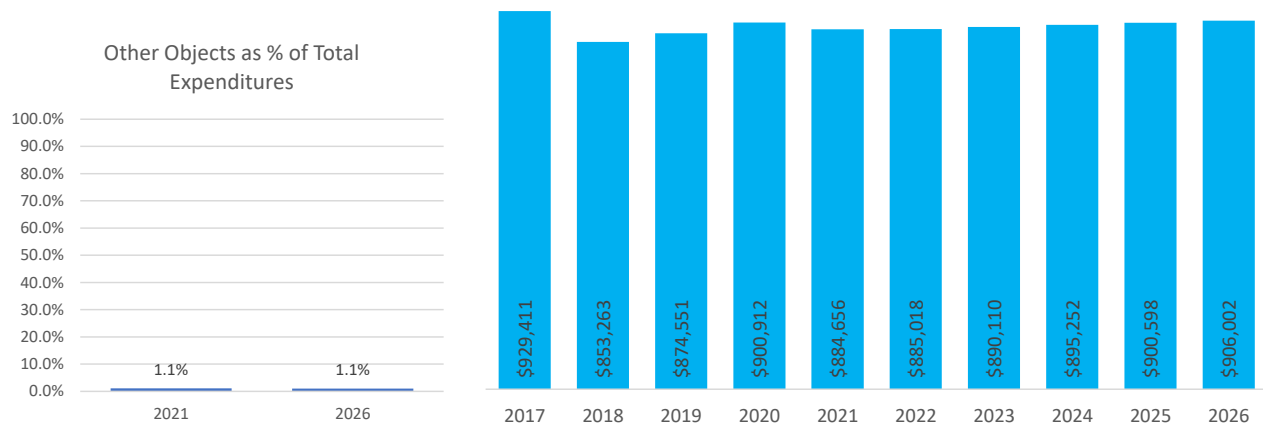


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

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### 4.300 - Other Objects

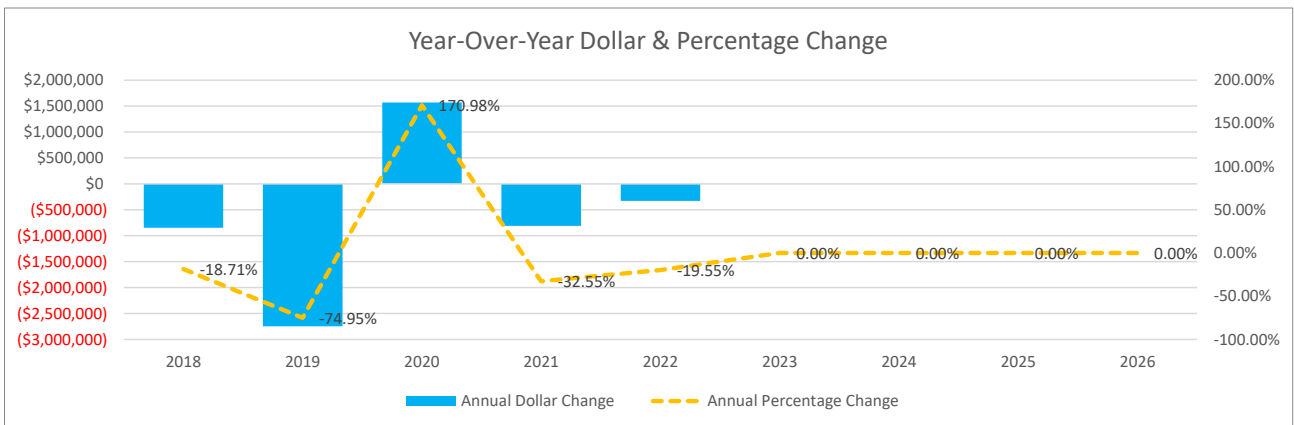
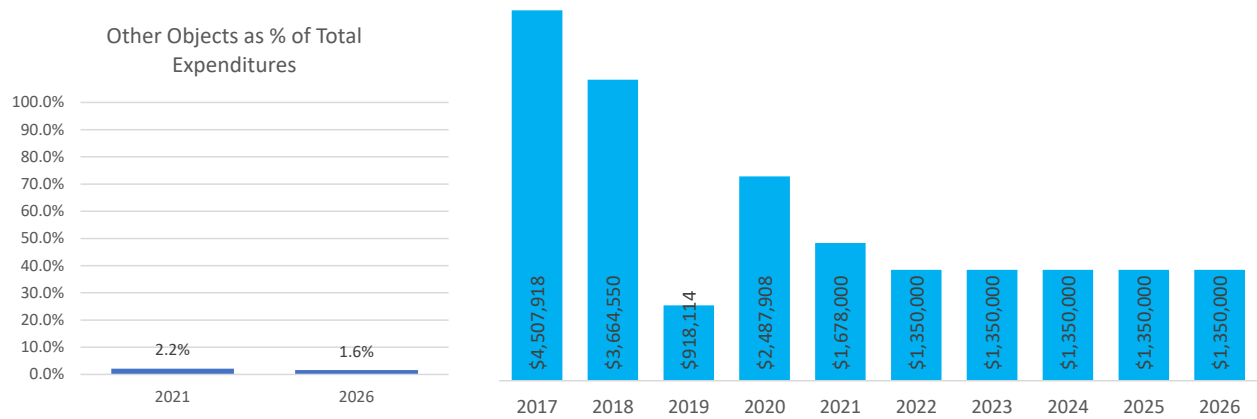
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.14% of total expenditures and increased at a historical average annual rate of 1.18%. This category of expenditure is projected to grow at an annual average rate of 0.48% through FY 2026. The projected average annual rate of change is -0.70% less than the five year historical annual average.

### 5.040 - Total Other Financing Uses

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



	2021	2022	2023	FORECASTED		
				2024	2025	2026
Transfers Out	370,000	350,000	350,000	350,000	350,000	350,000
Advances Out	1,308,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2021 the district had advances-out and has advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2026. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Elyria City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2021	2022	2023	2024	2025	2026
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	28,984,262	29,441,265	29,651,336	28,709,424	22,504,292	17,244,563
1.020 - Public Utility Personal Property	3,053,325	3,379,549	3,352,291	3,339,740	2,913,165	2,603,647
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	36,607,062	29,250,458	29,996,165	31,326,150	32,101,728	34,301,634
1.040 - Restricted Grants-in-Aid	2,938,900	4,467,296	5,772,017	5,828,039	5,875,838	5,956,621
1.050 - Property Tax Allocation	3,788,695	3,671,117	3,654,055	3,556,904	2,737,910	1,999,392
1.060 - All Other Operating Revenues	4,902,251	2,124,657	2,109,770	2,099,985	2,102,198	2,088,926
<b>1.070 - Total Revenue</b>	<b>80,274,495</b>	<b>72,334,342</b>	<b>74,535,634</b>	<b>74,860,242</b>	<b>68,235,131</b>	<b>64,194,783</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	2,037,908	1,308,000	1,000,000	1,000,000	1,000,000	1,000,000
2.060 - All Other Financing Sources	94,960	94,960	94,960	94,960	94,960	94,960
<b>2.070 - Total Other Financing Sources</b>	<b>2,132,868</b>	<b>1,402,960</b>	<b>1,094,960</b>	<b>1,094,960</b>	<b>1,094,960</b>	<b>1,094,960</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>82,407,363</b>	<b>73,737,302</b>	<b>75,630,593</b>	<b>75,955,202</b>	<b>69,330,091</b>	<b>65,289,743</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	38,929,721	40,602,242	42,245,957	43,914,800	45,652,888	47,457,806
3.020 - Employee Benefits	15,210,991	15,864,582	17,073,435	18,475,739	20,021,361	21,725,458
3.030 - Purchased Services	19,714,013	10,286,145	10,722,805	11,061,210	11,410,514	11,773,801
3.040 - Supplies and Materials	1,202,266	1,420,556	1,596,812	1,623,593	1,650,876	1,650,876
3.050 - Capital Outlay	28,507	32,142	32,142	32,142	32,142	32,142
Intergovernmental & Debt Service	95,558	98,821	1,800	-	-	-
4.300 - Other Objects	884,656	885,018	890,110	895,252	900,598	906,002
<b>4.500 - Total Expenditures</b>	<b>76,065,711</b>	<b>69,189,506</b>	<b>72,563,060</b>	<b>76,002,735</b>	<b>79,668,379</b>	<b>83,546,085</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	370,000	350,000	350,000	350,000	350,000	350,000
5.020 - Advances-Out	1,308,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>1,678,000</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,350,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>77,743,711</b>	<b>70,539,506</b>	<b>73,913,060</b>	<b>77,352,735</b>	<b>81,018,379</b>	<b>84,896,085</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>4,663,652</b>	<b>3,197,795</b>	<b>1,717,533</b>	<b>(1,397,533)</b>	<b>(11,688,289)</b>	<b>(19,606,342)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>25,874,884</b>	<b>30,538,536</b>	<b>33,736,332</b>	<b>35,453,865</b>	<b>34,056,332</b>	<b>22,368,043</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>30,538,536</b>	<b>33,736,332</b>	<b>35,453,865</b>	<b>34,056,332</b>	<b>22,368,043</b>	<b>2,761,701</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>30,538,536</b>	<b>33,736,332</b>	<b>35,453,865</b>	<b>34,056,332</b>	<b>22,368,043</b>	<b>2,761,701</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	1,149,262	8,727,102	15,163,277
11.030 - Cumulative Balance of Levies	-	-	-	1,149,262	9,876,364	25,039,641
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>30,538,536</b>	<b>33,736,332</b>	<b>35,453,865</b>	<b>35,205,594</b>	<b>32,244,407</b>	<b>27,801,342</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>30,538,536</b>	<b>33,736,332</b>	<b>35,453,865</b>	<b>35,205,594</b>	<b>32,244,407</b>	<b>27,801,342</b>

