

Elyria City School District

Five Year Forecast Financial Report

November, 2023

Table of Contents	<u>Page</u>
Forecast Summary	3
Revenue Overview	4
Revenue Notes	5
Expenditures Overview	6
Expenditure Notes	7
Five Year Forecast	8

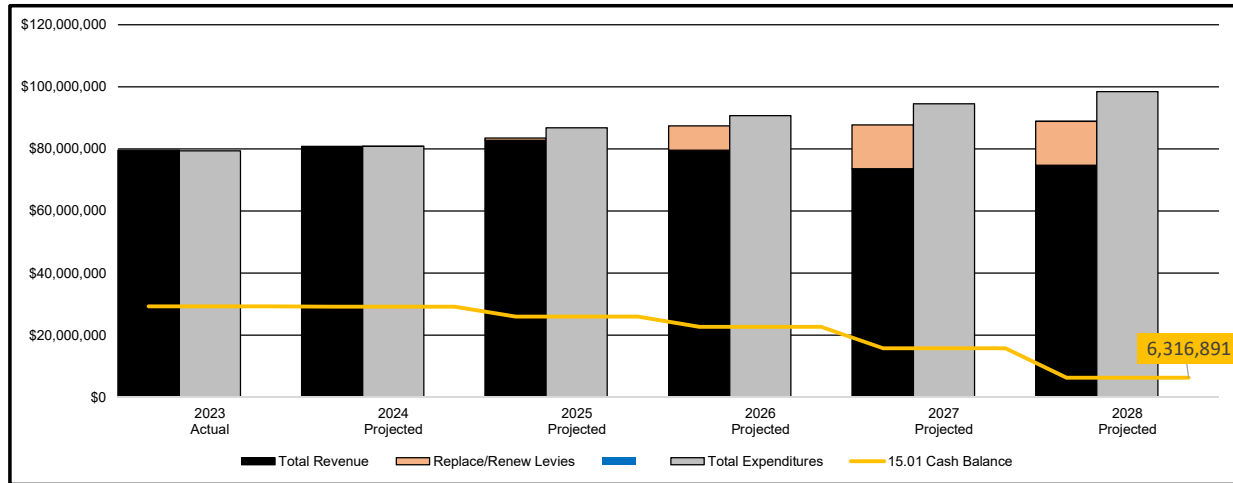
Forecast Purpose/Objectives

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 (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus	29,323,989	29,245,436	25,996,528	22,662,891	15,849,641
+ Revenue	80,840,449	82,815,991	79,645,090	73,606,868	74,785,745
+ Proposed Renew/Replacement Levies	-	718,447	7,798,787	14,168,815	14,184,782
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(80,919,001)	(86,783,347)	(90,777,513)	(94,588,932)	(98,503,277)
= Revenue Surplus or Deficit	(78,553)	(3,248,909)	(3,333,637)	(6,813,250)	(9,532,750)
Line 7.020 Ending Balance with renewal/new levies	29,245,436	25,996,528	22,662,891	15,849,641	6,316,891

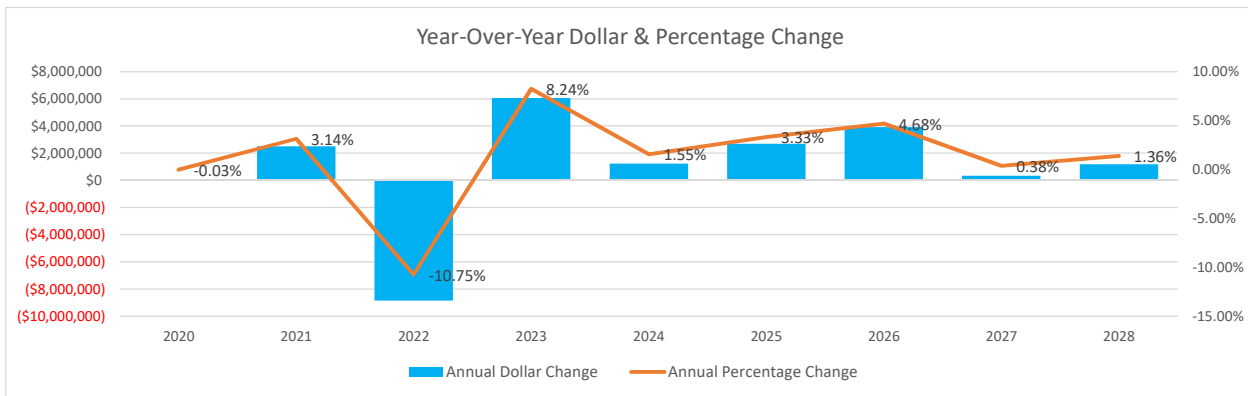
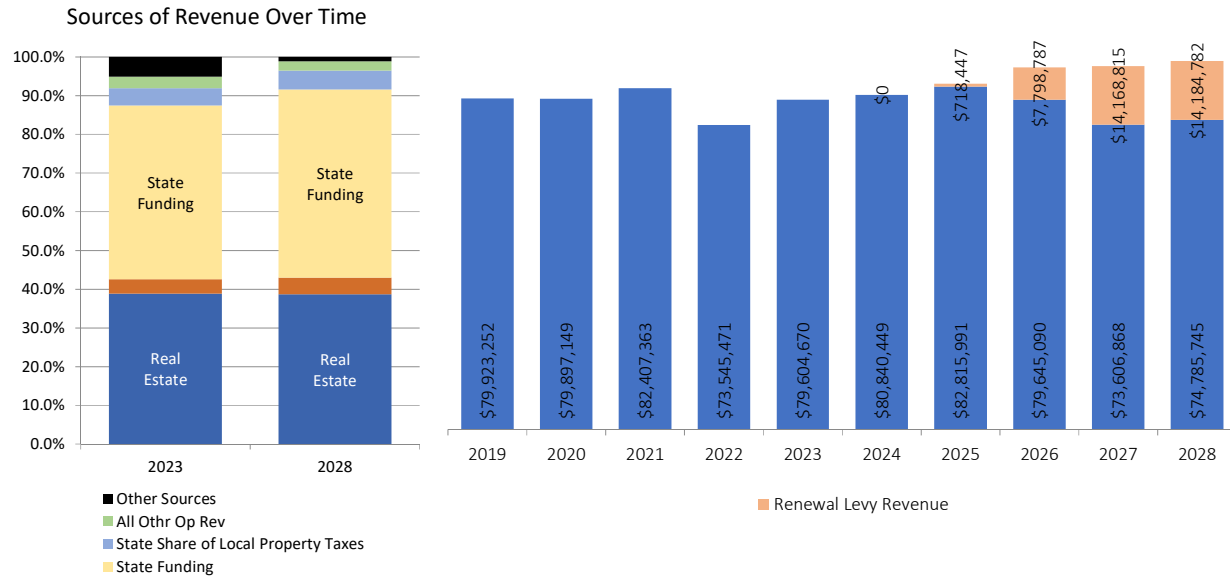
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(78,553)	(3,967,356)	(11,132,424)	(20,982,065)	(23,717,532)
Ending Balance w/o Levies	29,245,436	25,278,081	14,145,657	(6,836,408)	(30,553,940)

In FY 2024 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$78,553 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$23,717,532. The district would need to cut its FY 2028 projected expenses by 24.08% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

Revenue Overview



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

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$683,554	\$696,892	\$13,337	Total revenue increased 0.15% or -\$79,645 annually during the past 4-Year period and is projected to increase 2.26% or \$1,873,171 annually through FY2028. State Funding has the most projected average annual variance compared to the historical average at \$2,579,628
Public Utility	\$151,978	\$171,034	\$19,056	
Income Tax	\$0	\$0	\$0	
State Funding	(\$1,080,296)	\$1,499,332	\$2,579,628	
State Share-Local Prop. Taxes	(\$141,524)	\$164,907	\$306,431	
All Othr Op Rev	(\$506,261)	(\$43,593)	\$462,668	
Other Sources	\$812,903	(\$615,400)	(\$1,428,303)	
Total Average Annual Change	(\$79,645) 0.15%	\$1,873,171 2.26%	\$1,952,817 2.11%	

Note: Expenditure average annual change is projected to be > \$3,832,022. On an annual average basis, expenditures are projected to grow faster than revenue.

Revenue Notes

REAL ESTATE REVENUE

Real estate property tax revenue accounts for 38.88% of total revenue. Class I or residential/agricultural taxes make up approximately 61.34% of the real estate property tax revenue. The Class I tax rate is 33.48 mills in tax year 2023. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 99.8% annually through tax year 2027. The revenue changed at an average annual historical rate of 2.34% and is projected to change at an average annual rate of 2.19% through FY 2028.

PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

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 3.73% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 65.29 mills. The forecast is modeling an average gross collection rate of 109.45%. The revenue changed historically at an average annual dollar amount of \$151,978 and is projected to change at an average annual dollar amount of \$171,034 through FY 2028.

INCOME TAX REVENUE

The district does not have an income tax levy.

UNRESTRICTED STATE AID REVENUE

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 \$44,690,589 in FY 2024. The state's share of the calculated Base Cost total is \$27,355,504 or \$5,095 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

RESTRICTED STATE AID REVENUE

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 \$619,099 and is projected to change annually on average by \$42,706. Restricted funds represent 6.11% 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 \$1,090,101. 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.

STATE SHARE OF LOCAL PROPERTY TAXES REVENUE

State Share of Local Property Taxes 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 2024, approximately 11.9% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.0% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

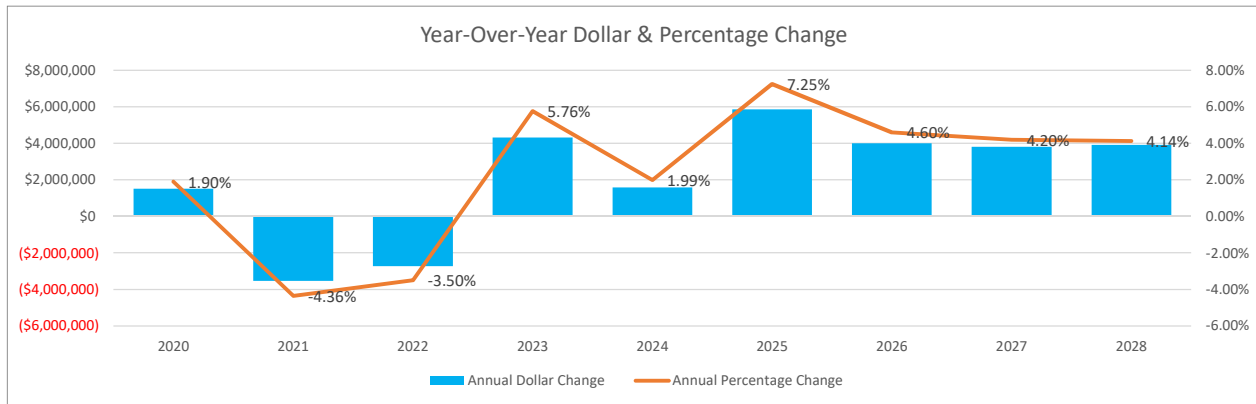
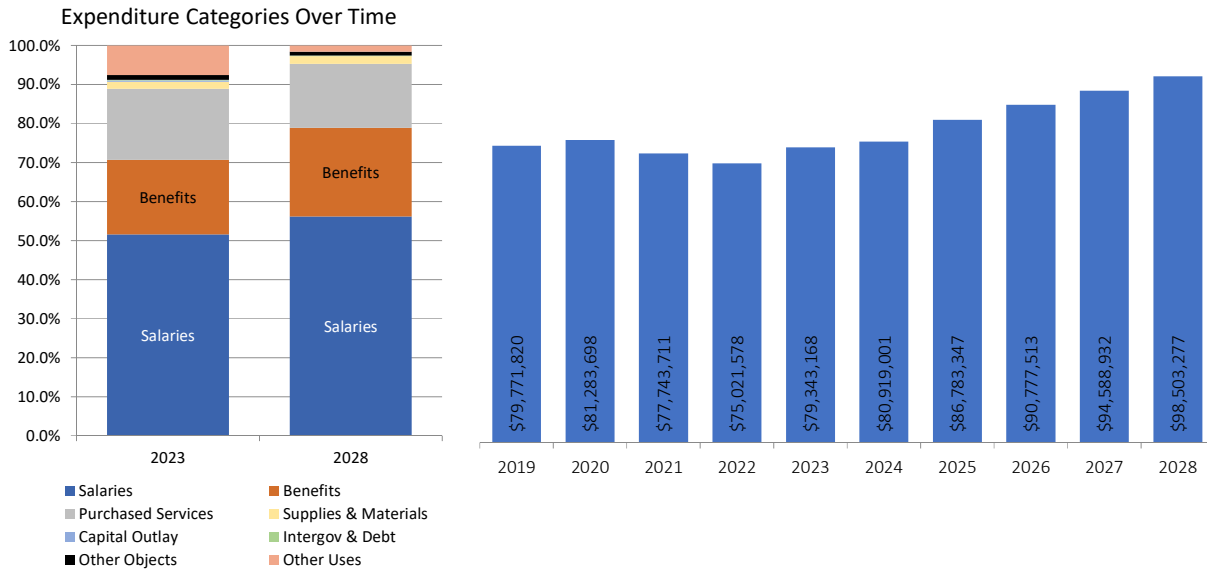
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$506,261. The projected average annual change is -\$43,593 through FY 2028.

OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district received \$4,077,000 as advances-in and is projecting advances of \$1,000,000 in FY 2024. 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 \$5,216 in FY 2024 and average \$5,216 annually through FY 2028.

ADDITIONAL REVENUE NOTES

Expenditure Overview



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

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	\$590,591	\$2,887,606	\$2,297,016	Total expenditures decreased -0.05% or -\$107,163 annually during the past 4-Year period and is projected to increase 4.83% or \$3,832,022 annually through FY2028. Purchased Services has the largest projected average annual variance compared to the historical average at \$2,310,501.
Benefits	\$51,149	\$1,439,284	\$1,388,135	
Purchased Services	(\$1,958,926)	\$351,575	\$2,310,501	
Supplies & Materials	(\$6,948)	\$77,384	\$84,333	
Capital Outlay	\$50,416	(\$36,409)	(\$86,825)	
Intergov & Debt	(\$133,373)	\$0	\$133,373	
Other Objects	\$19,596	\$10,472	(\$9,123)	
Other Uses	\$1,280,334	(\$897,890)	(\$2,178,224)	
Total Average Annual Change	(\$107,163)	\$3,832,022	\$3,939,185	
	-0.05%	4.83%	4.88%	

Note: Expenditure average annual change is projected to be > \$3,832,022. On an annual average basis, revenues are projected to grow slower than expenditures.

Expenditure Notes

SALARY EXPENSE

Salaries represent 51.61% of total expenditures and increased at a historical average annual rate of 1.51% or \$590,591. This category of expenditure is projected to grow at an annual average rate of 6.28% or \$2,887,606 through FY 2028. The projected average annual rate of change is 4.76% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 19.08% of total expenditures and increased at a historical average annual rate of 0.42% This category of expenditure is projected to grow at an annual average rate of 8.13% through FY 2028. The projected average annual rate of change is 7.71% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased Services represent 18.20% of total expenditures and decreased at a historical average annual rate of -7.95%. This category of expenditure is projected to grow at an annual average rate of 2.34% through FY 2028 The FSPF funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 1.87% of total expenditures and increased at a historical average annual rate of 1.77%. This category of expenditure is projected to grow at an annual average rate of 4.83% through FY 2028. The projected average annual rate of change is 3.06% more than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 0.31% of total expenditures and increased at a historical average annual amount of \$50,416. This category of expenditure is projected to grow at an annual average rate of -\$36,409 through FY 2028. The projected average annual change is less than the five year historical annual average.

INTERGOVERNMENTAL & DEBT EXPENSE

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

OTHER OBJECTS EXPENSE

Other Objects represent 1.20% of total expenditures and increased at a historical average annual rate of 2.22%. This category of expenditure is projected to grow at an annual average rate of 1.08% through FY 2028. The projected average annual rate of change is -1.15% less than the five year historical annual average.

OTHER USES EXPENSES

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 2023 the district had no advances-out and has advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds, the district has transfers forecasted through FY 2028. The district can also have other uses of funds.

ADDITIONAL EXPENDITURE NOTES

Elyria City School District

Five Year Forecast

November, 2023

Fiscal Year:	Actual			FORECASTED				
	2021	2022	2023	2024	2025	2026	2027	2028
Revenue:								
1.010 - General Property Tax (Real Estate)	28,984,262	29,955,778	30,948,664	30,684,208	31,690,978	27,362,052	22,126,438	22,731,466
1.020 - Public Utility Personal Property	3,053,325	3,220,011	2,966,757	4,176,446	3,403,636	3,001,907	2,778,836	2,865,018
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	36,607,062	28,534,121	30,848,132	34,421,720	35,746,984	37,545,273	37,651,885	38,131,262
1.040 - Restricted Grants-in-Aid	2,938,900	4,047,915	4,861,403	4,823,859	4,893,940	5,059,408	5,129,478	5,074,934
1.050 - State Share-Local Property Taxes	3,788,695	3,647,631	3,544,948	3,556,758	3,921,250	3,536,649	2,780,430	2,843,264
1.060 - All Other Operating Revenues	4,902,251	2,614,394	2,352,550	2,172,242	2,153,987	2,134,585	2,134,585	2,134,585
1.070 - Total Revenue	80,274,495	72,019,850	75,522,454	79,835,233	81,810,775	78,639,874	72,601,652	73,780,529
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	2,037,908	1,308,000	4,077,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
2.060 - All Other Financing Sources	94,960	217,622	5,216	5,216	5,216	5,216	5,216	5,216
2.070 - Total Other Financing Sources	2,132,868	1,525,622	4,082,216	1,005,216	1,005,216	1,005,216	1,005,216	1,005,216
2.080 - Total Rev & Other Sources	82,407,363	73,545,471	79,604,670	80,840,449	82,815,991	79,645,090	73,606,868	74,785,745
Expenditures:								
3.010 - Personnel Services	38,929,721	39,182,023	40,945,898	43,408,056	48,880,233	51,192,479	53,278,500	55,383,929
3.020 - Employee Benefits	15,210,991	14,751,928	15,134,865	16,439,886	18,701,384	19,880,737	21,072,935	22,331,283
3.030 - Purchased Services	19,714,013	12,248,652	14,443,102	14,294,694	14,731,535	15,196,366	15,691,197	16,200,975
3.040 - Supplies and Materials	1,202,266	1,154,453	1,480,653	1,610,114	1,777,998	1,806,719	1,835,983	1,867,575
3.050 - Capital Outlay	28,507	15,242	249,182	2,656,086	67,136	67,136	67,136	67,136
Intergovernmental & Debt Service	95,558	93,821	97,084	97,084	97,084	97,084	97,084	97,084
4.300 - Other Objects	884,656	947,161	952,933	969,050	977,976	986,992	996,098	1,005,295
4.500 - Total Expenditures	76,065,711	68,393,278	73,303,717	79,474,970	85,233,347	89,227,513	93,038,932	96,953,277
Other Financing Uses								
5.010 - Operating Transfers-Out	370,000	2,551,300	6,039,451	444,031	550,000	550,000	550,000	550,000
5.020 - Advances-Out	1,308,000	4,077,000	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,678,000	6,628,300	6,039,451	1,444,031	1,550,000	1,550,000	1,550,000	1,550,000
5.050 - Total Exp and Other Financing Uses	77,743,711	75,021,578	79,343,168	80,919,001	86,783,347	90,777,513	94,588,932	98,503,277
6.010 - Excess of Rev Over/(Under) Exp	4,663,652	(1,476,107)	261,502	(78,553)	(3,967,356)	(11,132,424)	(20,982,065)	(23,717,532)
7.010 - Cash Balance July 1 (No Levies)	25,874,941	30,538,594	29,062,487	29,323,989	29,245,436	25,278,081	14,145,657	(6,836,408)
7.020 - Cash Balance June 30 (No Levies)	30,538,594	29,062,487	29,323,989	29,245,436	25,278,081	14,145,657	(6,836,408)	(30,553,940)
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	30,538,594	29,062,487	29,323,989	29,245,436	25,278,081	14,145,657	(6,836,408)	(30,553,940)
Rev from Replacement/Renewal Levies								
11.010 & 11.020 - Renewal Levies	-	-	-	-	718,447	7,798,787	14,168,815	14,184,782
11.030 - Cumulative Balance of Levies	-	-	-	-	718,447	8,517,234	22,686,049	36,870,831
12.010 - Fund Bal June 30 for Cert of Obligations	30,538,594	29,062,487	29,323,989	29,245,436	25,996,528	22,662,891	15,849,641	6,316,891
Revenue from New Levies								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	30,538,594	29,062,487	29,323,989	29,245,436	25,996,528	22,662,891	15,849,641	6,316,891