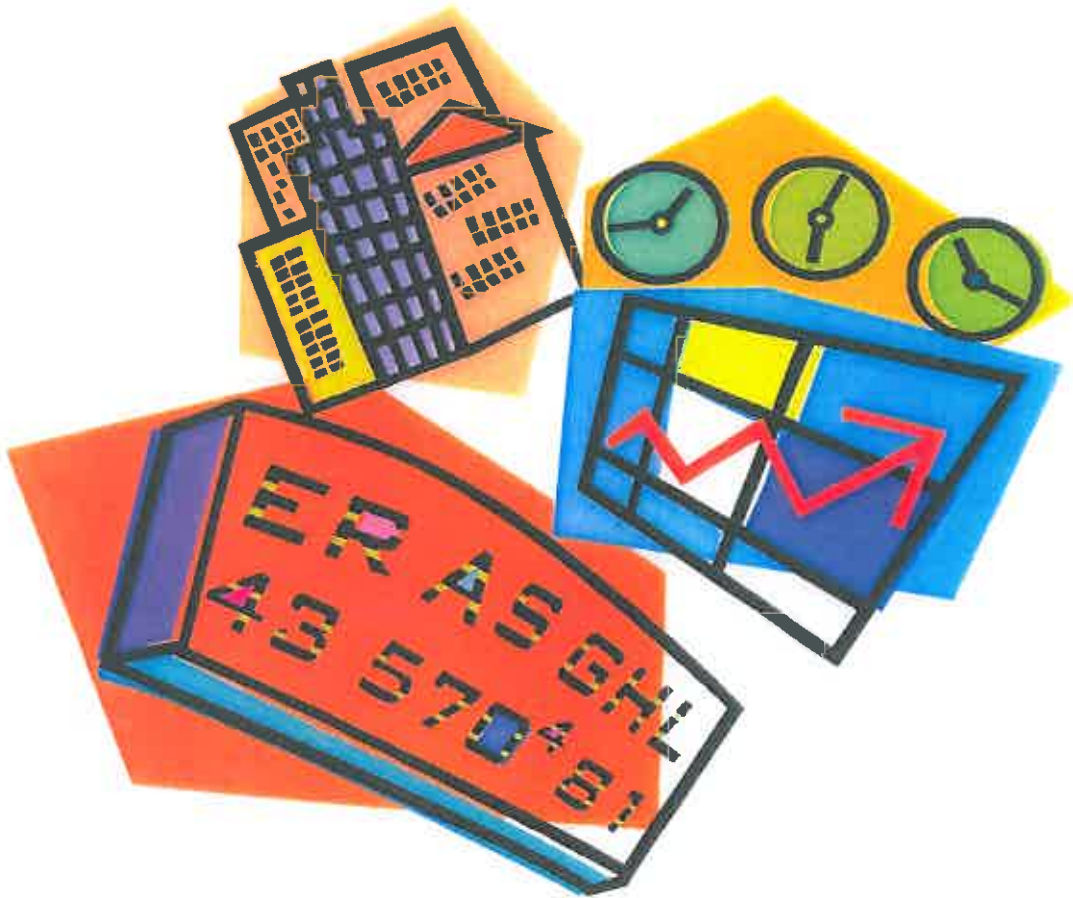


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**THE BOARD OF EDUCATION  
of the  
Elyria Schools  
Lorain County, Ohio**

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# Five-Year Forecast for FY2012



Information Prepared by:  
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May 16, 2012

**ELYRIA CITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ACTUAL AND FORECASTED OPERATING FUND**

	Actual			Forecasted				
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
<b>Revenue:</b>								
1.010 General Property Tax (Real Estate)	24,546,243	24,379,643	26,292,538	27,903,442	27,826,337	26,315,598	25,003,188	19,374,611
1.020 Tangible Personal Property Tax	3,698,075	2,034,698	1,572,835	1,547,546	1,543,429	1,493,706	1,440,168	1,273,861
1.030 Income Tax	0	0	0	0	0	0	0	0
1.035 Unrestricted Grants-in-Aid	29,468,335	31,185,493	31,918,578	32,661,180	32,549,387	32,443,012	32,336,638	32,230,264
1.040 Restricted Grants-in-Aid	5,508,024	3,170,511	3,628,029	1,114,661	189,017	189,017	189,017	189,017
1.050 Property Tax Allocation	7,243,228	6,702,333	8,993,990	7,936,772	6,551,077	6,415,475	6,311,936	5,549,907
1.060 All Other Revenues	2,030,246	2,251,164	2,172,550	2,222,550	2,222,550	2,222,550	2,222,550	2,222,550
<b>1.070 Total Revenues</b>	<b>72,494,151</b>	<b>71,723,842</b>	<b>74,576,316</b>	<b>73,388,051</b>	<b>70,883,798</b>	<b>69,079,448</b>	<b>67,503,497</b>	<b>60,840,231</b>
<b>Other Financing Sources:</b>								
2.010 Proceeds from Sale of Notes	0	0	0	0	0	0	0	0
2.020 State Emergency Loans and Advancements	0	0	0	0	0	0	0	0
2.040 Operating Transfers-In	4,660	0	0	0	0	0	0	0
2.050 Advances-In	54,730	52,058	3,186,917	3,505,052	200,000	200,000	200,000	200,000
2.060 All Other Financing Sources	656,482	333,633	200,164	0	0	0	0	0
<b>2.070 Total Other Financing Sources</b>	<b>915,872</b>	<b>385,691</b>	<b>3,387,071</b>	<b>3,505,052</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>2.080 Total Revenues and Other Financing Sources</b>	<b>73,410,023</b>	<b>72,109,533</b>	<b>77,963,387</b>	<b>76,893,103</b>	<b>71,083,798</b>	<b>69,279,448</b>	<b>67,703,497</b>	<b>61,040,231</b>
<b>Expenditures:</b>								
3.010 Personal Services	39,246,478	38,684,426	38,223,475	38,665,636	37,722,946	38,286,143	39,217,299	40,158,514
3.020 Employees' Retirement/Insurance Benefits	12,035,717	12,825,317	12,593,697	12,724,015	12,896,990	13,217,719	13,797,079	14,406,071
3.030 Purchased Services	15,106,137	15,182,168	16,284,723	16,205,430	16,385,403	16,795,119	19,008,957	19,357,963
3.040 Supplies and Materials	1,473,175	1,369,691	1,405,036	1,337,036	1,334,036	1,334,036	1,334,036	1,334,036
3.050 Capital Outlay	1,006,800	439,515	229,133	173,133	173,133	173,133	173,133	173,133
3.060 Intergovernmental	0	22,542	21,191	0	0	0	0	0
<b>Debt Service:</b>								
4.010 Principal-All (History Only)	536,640	536,640	536,640					
4.020 Principal-Notes				0	0	0	0	0
4.030 Principal-State Loans				0	0	0	0	0
4.040 Principal-State Advancements				0	0	0	0	0
4.050 Principal-HB 264 Loans				354,385	354,385	354,385	354,385	354,385
4.055 Principal-Other				70,000	70,000	70,000	70,000	70,000
4.060 Interest and Fiscal Charges	93,893	70,000	75,500	188,554	188,554	188,554	188,554	188,554
4.300 Other Objects	848,688	696,686	730,174	754,174	754,174	754,174	754,174	754,174
<b>4.500 Total Expenditures</b>	<b>70,351,726</b>	<b>70,027,295</b>	<b>70,099,599</b>	<b>72,472,585</b>	<b>71,879,621</b>	<b>73,185,263</b>	<b>74,898,616</b>	<b>76,796,860</b>
<b>Other Financing Uses</b>								
5.010 Operating Transfers-Out	3,356,823	1,110,000	1,718,900	2,740,500	848,000	200,000	200,000	200,000
5.020 Advances-Out	26,202	3,186,917	3,505,052	125,000	200,000	200,000	200,000	200,000
5.030 All Other Financing Uses	0	0	33,757	0	0	0	0	0
<b>5.040 Total Other Financing Uses</b>	<b>3,383,025</b>	<b>4,296,917</b>	<b>5,257,709</b>	<b>2,865,500</b>	<b>1,048,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>
<b>5.050 Total Expenditures and Other Financing Uses</b>	<b>73,734,751</b>	<b>74,324,212</b>	<b>75,357,268</b>	<b>75,338,065</b>	<b>72,927,621</b>	<b>73,585,263</b>	<b>75,298,616</b>	<b>77,196,860</b>
<b>Excess of Rev &amp; Other Financing Sources over (under) Expenditures and Other Financing Uses</b>								
<b>6.010</b>	<b>-324,730</b>	<b>-2,214,679</b>	<b>2,806,119</b>	<b>1,553,038</b>	<b>-1,843,825</b>	<b>-4,305,815</b>	<b>-7,595,118</b>	<b>-16,156,629</b>
<b>Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies</b>								
<b>7.010</b>	<b>5,727,544</b>	<b>5,402,814</b>	<b>3,188,135</b>	<b>5,794,254</b>	<b>7,347,292</b>	<b>5,503,467</b>	<b>1,197,651</b>	<b>-6,397,467</b>
<b>7.020 Cash Balance June 30</b>	<b>5,402,814</b>	<b>3,188,135</b>	<b>5,794,254</b>	<b>7,347,292</b>	<b>5,503,467</b>	<b>1,197,651</b>	<b>-6,397,467</b>	<b>-22,554,096</b>
<b>Reservation of Fund Balance</b>								
9.010 Textbooks and Instructional Materials	0	0	0	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0	0	0	0	0
9.040 DPIA	0	0	0	0	0	0	0	0
9.060 Debt Service	0	0	0	0	0	0	0	0
9.080 Property Tax Advances	0	0	0	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0	0	0	0	0
9.080 Subtotal	0	0	0	0	0	0	0	0
<b>Fund Balance June 30 for Certification of Appropriations</b>								
<b>10.010</b>	<b>5,402,814</b>	<b>3,188,135</b>	<b>5,794,254</b>	<b>7,347,292</b>	<b>5,503,467</b>	<b>1,197,651</b>	<b>-6,397,467</b>	<b>-22,554,096</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 Income Tax - Renewal				0	0	0	0	0
11.020 Property Tax - Renewal or Replacement				0	0	1,623,824	3,129,989	9,726,917
11.030 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	1,623,824	4,753,813	14,480,730
<b>Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations</b>								
<b>12.011</b>	<b>5,402,814</b>	<b>3,188,135</b>	<b>5,794,254</b>	<b>7,347,292</b>	<b>5,503,467</b>	<b>2,821,476</b>	<b>-1,643,654</b>	<b>-8,073,366</b>
<b>Revenue from New Levies</b>								
13.010 Income Tax - New				0	0	0	0	0
13.020 Property Tax - New				0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0	0	0	0	0
14.010 Revenue from Future State Advancements								
<b>15.010 Unreserved Fund Balance June 30</b>	<b>5,402,814</b>	<b>3,188,135</b>	<b>5,794,254</b>	<b>7,347,292</b>	<b>5,503,467</b>	<b>2,821,476</b>	<b>-1,643,654</b>	<b>-8,073,366</b>
<b>ADM Forecasts</b>								
20.010 Kindergarten - October Count				525	514	475	460	460
20.015 Grades 1-12 - October Count				6,948	6,747	6,644	6,550	6,550
20.02 Kindergarten - February Count				525	514	475	460	460
20.025 Grades 1-12 - February Count				6,948	6,747	6,644	6,550	6,550

*Elyria City School District*  
*May FY2012-2016 Five Year Forecast*

Assumptions

Summarized below are the general assumptions underlying the Forecast for May 2012. Included in the forecast is a cost reduction plan totaling three million dollars. The reductions were necessary to offset a loss of total district enrollment and significant increases in charter school and open enrollment students.

**A. PROPERTY TAX REVENUE**

**1. District Valuation**

Current school District values and categories are as follows: \$590 M for Residential/ Agriculture; \$269M Commercial/Industrial; \$29M in Public Utilities and \$74M in Tangible Personal Property. Tangible personal property taxes are being eliminated by the new budget bill. Hold harmless payments will be reduced in FY12 and projected to remain constant for the life of the forecast.

**2. Local Sources**

The Lorain County Auditor currently assesses Real Estate (R-1), a residential property owner, 21.564 effective mills. A Commercial/ Industrial property owner, a (R-2) category property, is assessed at an effective rate of 27.870 mills.

**3. Real Estate Value Assumptions.**

The complete reappraisal of school District property values was conducted during the calendar year 2006. Any adjustments in property values due to the update or reappraisal will be reflected in the following calendar year. Due to the economic downturn growth of real estate values, it is now set at -8% for the life of the forecast. The county Auditor reduced real estate values in Elyria for the 2009 3-year update. The residential values will drop. These potential reductions are reflected in this forecast.

Real Estate revenues are estimated to be collected at 100% of the annual gross amount. Estimating revenues at 100% allows for no delinquency (non-payment of taxes) factor and may exceed county auditor certification of funds available. In Elyria, 48% of the (R-1), Residential/Agricultural and (R-2), Commercial/Industrial is collected in the March tax settlements and 52% is collected in the August tax settlements. Public Utility taxes are estimated at 50% in March and August.

#### **4. Tangible Personal Property Assumptions**

HB 66 phased out the tangible personal property tax and is reflected in the forecast. The state will replace a portion of the lost revenue through the forecast period.

#### **5. Significant Legislation or Litigation**

The new state budget bill eliminated the previous PASS system. The new formulas resulted in less revenue for the district based on the accelerated reduction of tangible personal property reimbursements.

#### **6. New, Replacement and/or Renewal Tax Levies**

The amounts noted on the 5-year forecast model do not include automatic passage of replacement or renewal levies in property tax amounts. When a replacement or renewal levy expires there will be a corresponding decline in estimated property tax revenues. New, replacement and renewal levies may be proposed in the 5-year forecast on the appropriate line for planning purposes on lines 11.02 and 13.02, whichever applies. Levies are cumulative on lines 11.03 and 13.03.

The District passed a 4.95 mil 5-year emergency levy renewal in March of 2004. A 3.9 mill emergency levy raising \$3,877,048 passed on May 3, 2005. The levies were renewed in the November 2009 Election. The board chose to combine the two emergency levies into one issue. A new 4.99 operating levy was passed in May of 2010 and is reflected in the forecast.

#### **7. Other Local Revenues**

Miscellaneous amounts of local revenue are estimated based on past trends and anticipated activity in the coming year. The tuition rate charged other school districts for providing special education classes to students is the largest source of miscellaneous revenue. The tuition collected by the District for special education will also be contingent upon the number of children served from across the county and is subject to increases or decreases depending on the number of children that require special services. Investment income credited to the general fund is the second largest source of miscellaneous income and reflects a significant reduction from last year due to the low interest rate environment. All other local income streams are an insignificant amount of local funds and are expected to remain stable.

## **B. STATE REVENUES**

### **1. State Foundation Revenue**

The following are important criteria for estimating Revenue. State estimates were used for the FY12-FY13 and small increases each year for the remainder of the forecast.

The District was awarded 1.5 million in Ed Jobs money from the Federal government available for expenditure through 2012. This one time money is reflected in the forecast.

### **2. All students are required to attend all day kindergarten.**

Full State funding will be allocated to kindergarten students.

### **3. Property Tax Allocation**

The allocation account includes estimates of rollback and homestead reimbursements from the state. Tangible personal property tax reimbursement is included.

### **4. Other State Revenues**

These amounts are based on State allocations for restricted and non-restricted grants as part of the State's Urban Initiatives and State reimbursements for special allocations. Special revenues for services to students are:

- Special Education Transportation
- Bus Purchase Subsidy
- Special Education subsidy for countywide services

### **5. Return of Advances & Refund of Prior Year Expenditures**

These are non-operating revenues that are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year.

### **6. Borrowing**

Line 4.050 of the forecast reflects expenditures for a HB264 project that is projected to save enough money to be at least revenue neutral by savings on utility usage. Utility savings are reflected in the purchase service area of the forecast line 3.030.

## **C. EXPENDITURE ASSUMPTIONS**

### **1. Salary and Wages**

The EEA teachers' contract expires in 2012. The new contract resulted in increases of 1.9% for three years. Movement on the negotiated salary schedules for experience was eliminated for the life of the new three year contract. Education credit is built into each year of the forecast. The ESS classified contract is settled with a three-year agreement of 1.9% for each year and the elimination of step movement.



## **2. Inflation**

Inflation is assumed to remain at a level consistent with that of recent years,

## **3. Fringe Benefit Estimates**

Medical insurance costs. The board of education instituted a Self-Funded Insurance program in 1992. The District's self-funded Insurance committee composed of teachers, administrators and support service personnel has been able to meet the needs of District employees by modifying existing benefits or by adjusting and instituting new employee benefit programs. Coverage is constantly under review in an effort to offer quality medical insurance coverage while maintaining fiscal responsibility. An unexpected increase in claims for FY 2007 resulted in adjustments to medical coverage's and monthly employee contributions for health insurance. All employees are now paying 12% of the premium cost through payroll deduction. The plan has adequate reserves as a result of the negotiated changes.

### **Worker's Compensation**

The District currently is currently part of Bureau of Workers Compensation Group-Retrospective Rating Program. We are working with consultants to improve our position.

### **Medicare**

Payroll taxes will continue to increase as older staff retires and new people are hired. Federal contributions require the board of education to contribute 1.45% of salary for all employees new to the District since April 1, 1986. Employees contribute a like amount for Medicare taxes.

### **Retirement Costs**

Set by legislation and governed by the Ohio Revised Code. All certificated staff members (teachers and administrators) are required to be a part of and contribute 9.3% of their earnings to the State Teachers Retirement System (STRS). Non-teaching employees are required to be a part of the School Employees Retirement System (SERS) and contribute 9.0% of their annual earnings. The Elyria Board of Education is required by law to pay into the retirement fund 14% of gross earnings of its employees to both STRS and SERS.

## **4. Purchased Services**

Major expenditures of purchased services are to cover the increased cost of tuition for open enrollment and community school students. Gas and electric, telephones and other utility costs are reflected in the projections.

## **5. Materials and Supplies**

The budget for materials and supplies remains constant as cost increases are offset by reductions in student populations and the number of buildings.

**6. Other Expenses**

This expense group accounts for auditor and treasurer fees, liability insurance and other miscellaneous expenses. Auditor and treasurer fees will increase any time there are increases in valuation and the amount of money collected as well as when a new operating levy is collected.

**7. Non-Operating Expenses**

Cash flow borrowing, short-term borrowing and interest on debt are considered non-operating expenses. Based on current projections the District does not anticipate the need to borrow to balance its General Operating budget. Cash advances to other funds at year-end are included in this category.

**8. Tax Anticipation & Note Repayment**

Borrowing has not been reflected in the five-year forecast.

**9. Encumbrances**

Outstanding purchase orders for supplies and materials that have not been received or are in-transit prior to June 30<sup>th</sup> or that have been received but not approved for payment in the fiscal year in which the goods or services were initially purchased are encumbrances.

**10. Ending Unencumbered Cash Balance**

This amount is the difference from the ending cash balance and the encumbered amount of the District's obligations.