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

Five-Year Forecast for FY2012



**Information Prepared by:
Fred V. Stephens, Treasurer, C.F.O.
October 18, 2011**

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
Revenue:								
1.010 General Property Tax (Real Estate)	24,546,243	24,979,643	26,292,536	28,157,823	28,085,381	28,599,853	25,259,948	19,740,704
1.020 Tangible Personal Property Tax	3,698,075	2,034,898	1,572,635	1,547,546	1,543,429	1,493,796	1,440,168	1,273,881
1.030 Income Tax	0	0	0	0	0	0	0	0
1.035 Unrestricted Grants-In-Aid	29,468,335	31,185,493	31,918,576	32,990,456	33,132,507	33,818,789	34,112,365	34,313,702
1.040 Restricted Grants-In-Aid	5,508,024	3,170,511	3,826,029	1,114,561	189,017	189,017	189,017	189,017
1.050 Property Tax Allocation	7,243,228	8,702,333	8,993,990	7,942,008	8,556,656	6,422,817	6,317,034	5,868,741
1.060 All Other Revenues	2,030,246	2,251,184	2,172,550	2,172,550	2,172,550	2,172,550	2,172,550	1,342,551
1.070 Total Revenues	72,494,161	71,723,842	74,576,318	73,824,944	71,679,540	70,486,822	69,491,082	62,429,585
Other Financing Sources:								
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	856,482	333,633	200,154	0	0	0	0	0
2.070 Total Other Financing Sources	915,872	385,691	3,387,071	3,505,052	200,000	200,000	200,000	200,000
2.080 Total Revenues and Other Financing Sources	73,410,023	72,109,533	77,963,387	77,429,996	71,879,540	70,686,822	69,691,082	62,629,585
Expenditures:								
3.010 Personal Services	39,248,478	38,884,426	38,223,475	39,040,838	39,977,819	40,937,286	41,919,781	42,825,856
3.020 Employees' Retirement/Insurance Benefits	12,035,717	12,825,317	12,593,887	13,007,140	13,430,605	13,868,684	14,321,907	14,790,822
3.030 Purchased Services	15,106,137	15,182,188	16,284,723	16,284,723	16,871,787	17,482,334	18,117,303	17,169,552
3.040 Supplies and Materials	1,473,175	1,389,981	1,405,036	1,405,036	1,405,036	1,405,036	1,405,036	1,405,036
3.050 Capital Outlay	1,008,800	439,515	229,133	229,133	229,133	229,133	229,133	229,133
3.060 Intergovernmental	0	22,542	21,191	0	0	0	0	0
Debt Service:								
4.010 Principal-All (History Only)	536,640	536,640	536,640	0	0	0	0	0
4.020 Principal-Notes	0	0	0	0	0	0	0	0
4.030 Principal-State Loans	0	0	0	0	0	0	0	0
4.040 Principal-State Advancements	0	0	0	0	0	0	0	0
4.050 Principal-HB 264 Loans	0	0	0	0	0	0	0	0
4.055 Principal-Other	354,385	354,385	354,385	354,385	354,385	354,385	354,385	354,385
4.060 Interest and Fiscal Charges	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
4.060 Interest and Fiscal Charges	93,883	70,000	75,500	188,554	188,554	188,554	188,554	188,554
4.300 Other Objects	848,866	696,686	730,174	730,174	730,174	730,174	730,174	730,174
4.500 Total Expenditures	70,351,728	70,027,285	70,089,559	71,309,988	73,257,482	75,265,566	77,336,272	77,883,511
Other Financing Uses								
5.010 Operating Transfers-Out	3,356,823	1,110,000	1,718,900	2,483,026	848,000	200,000	200,000	0
5.020 Advances-Out	26,202	3,186,917	3,505,052	200,000	200,000	200,000	200,000	200,000
5.030 All Other Financing Uses	0	0	33,757	0	0	0	0	0
5.040 Total Other Financing Uses	3,383,025	4,296,917	5,257,709	2,683,026	1,048,000	400,000	400,000	200,000
5.050 Total Expenditures and Other Financing Uses	73,734,753	74,324,212	75,357,268	73,993,010	74,305,482	75,665,566	77,736,272	78,083,511
6.010 Excess of Rev & Other Financing Sources over (under) Expenditures and Other Financing Uses	-324,730	-2,214,879	2,606,119	3,436,966	-2,425,952	-4,988,763	-8,045,190	-15,433,916
7.010 Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies	5,727,544	5,402,814	3,188,135	5,794,254	9,231,240	6,805,288	1,836,525	-6,208,665
7.020 Cash Balance June 30	5,402,814	3,188,135	5,794,254	9,231,240	6,805,288	1,836,525	-6,208,665	-21,642,581
8.010 Estimated Encumbrances June 30	877,628	1,682,799	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reservation of Fund Balance								
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
9.050 Debt Service	0	0	0	0	0	0	0	0
9.060 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
10.010 Fund Balance June 30 for Certification of Appropriations	4,525,186	1,505,336	4,794,254	8,231,240	5,805,288	836,525	-7,208,665	-22,842,581
Rev from Replacement/Renewal Levies								
11.010 Income Tax - Renewal	0	0	0	0	0	0	0	0
11.020 Property Tax - Renewal or Replacement	0	0	0	0	0	1,593,624	3,129,928	9,603,308
11.030 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	1,593,624	4,723,552	14,326,855
12.011 Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations	4,525,186	1,505,336	4,794,254	8,231,240	5,805,288	2,430,149	-2,485,113	-8,315,726
Revenue from New Levies								
13.010 Income Tax - New	0	0	0	0	0	0	0	0
13.020 Property Tax - New	0	0	0	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	0	0	0	0	0	0	0	0
15.010 Unreserved Fund Balance June 30	4,525,186	1,505,336	4,794,254	8,231,240	5,805,288	2,430,149	-2,485,113	-8,315,726
ADM Forecasts								
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
October FY2012-2016 Five Year Forecast

Assumptions

Summarized below are the general assumptions underlying the Forecast for FY12. In 2009 the Board instituted a 2.2 million dollar cost-reduction plan and implemented an additional 3 million dollar reduction for 2010. A new emergency operating levy for 4.99 mills was passed in May of 2010. All are reflected in the Five-Year Forecast.

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 coverages 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 30th 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.