

Lorain City School District

Five Year Forecast Financial Report

May, 2024




Lorain City School District

May 2024 Forecast Submission

Fiscal Year 2024

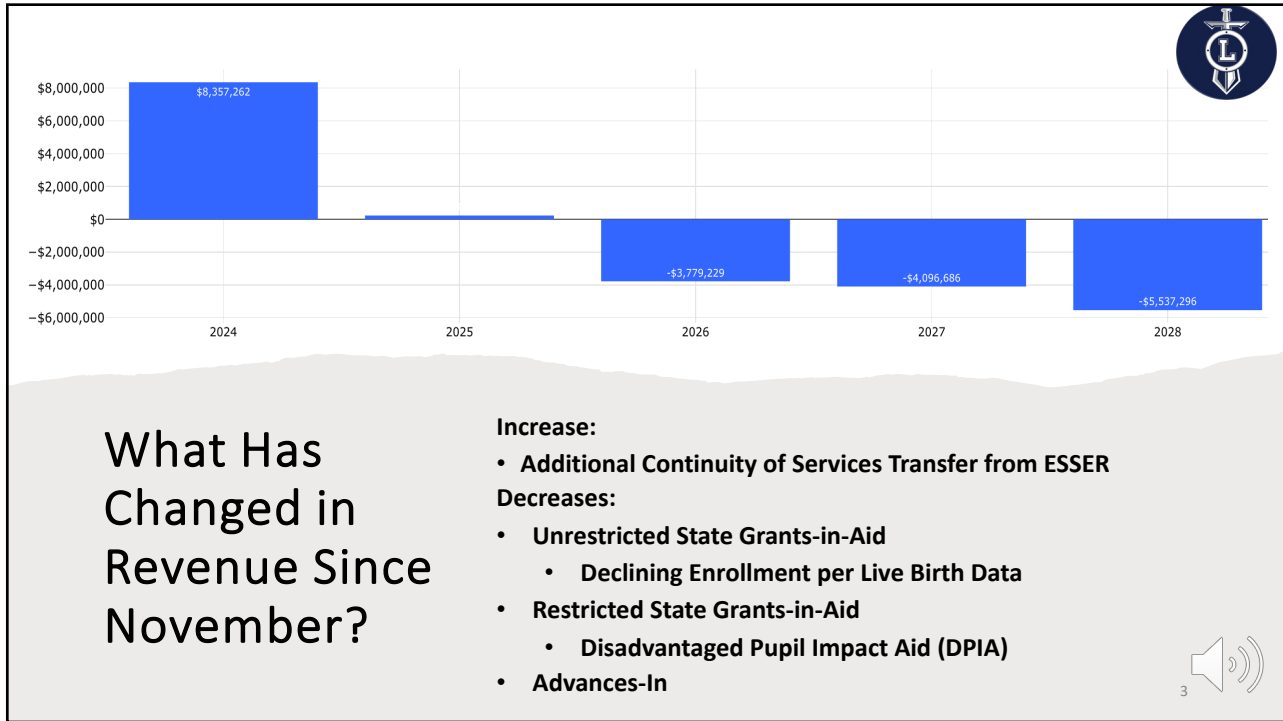
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Simplified Five Year Forecast

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance	9,615,170	28,578,027	11,952,622	(11,863,192)	(40,425,219)
+ Revenue	130,964,194	99,602,940	96,915,664	93,095,910	91,236,939
+ Proposed Renew/Replacement Levies	-	-	-	3,158,575	6,343,227
- Expenditures	(112,001,337)	(116,228,346)	(120,731,478)	(124,816,512)	(129,039,859)
= Revenue Surplus or Deficit	18,962,857	(16,625,406)	(23,815,813)	(28,562,027)	(31,459,694)
Ending Cash Balance with renewal levies	28,578,027	11,952,622	(11,863,192)	(40,425,219)	(71,884,912)
Analysis Without Renewal Levies Included:					
Revenue Surplus or Deficit w/o Levies	18,962,857	(16,625,406)	(23,815,813)	(31,720,602)	(37,802,921)
Ending Cash Balance w/o Levies	28,578,027	11,952,622	(11,863,192)	(43,583,794)	(81,386,714)

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What Has Changed in Revenue Since November?

Increase:

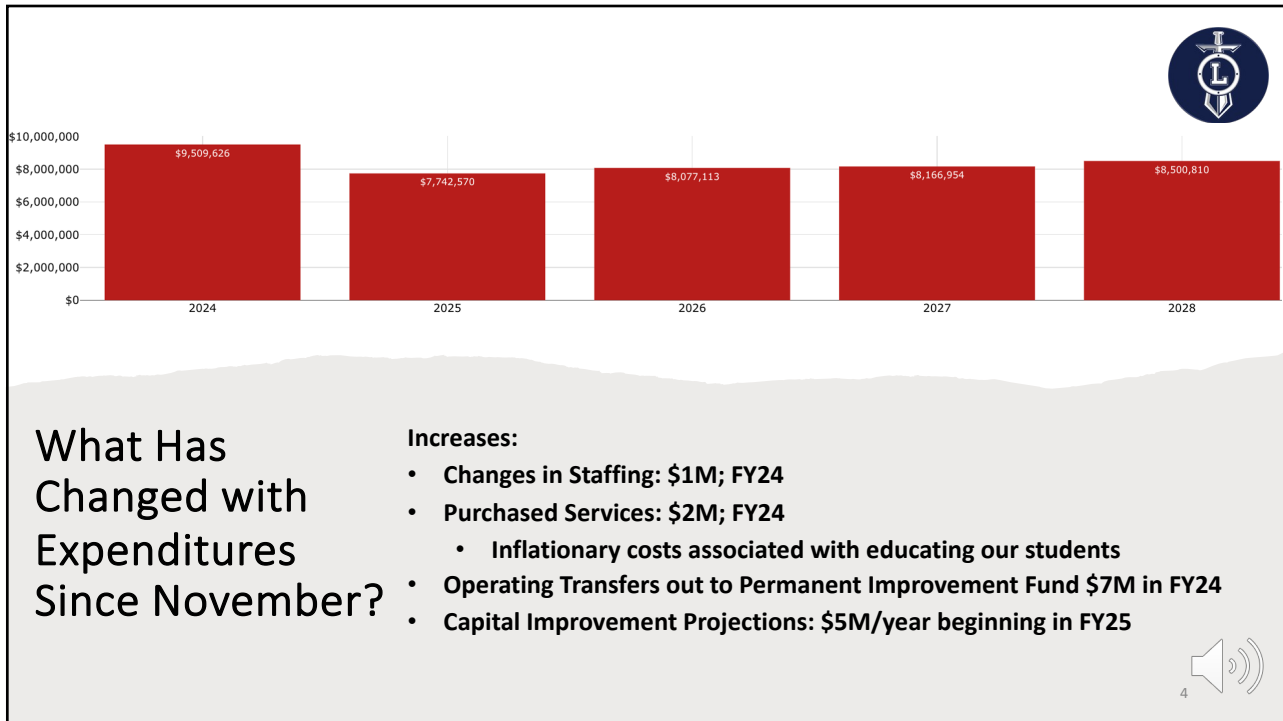
- Additional Continuity of Services Transfer from ESSER

Decreases:

- Unrestricted State Grants-in-Aid
 - Declining Enrollment per Live Birth Data
- Restricted State Grants-in-Aid
 - Disadvantaged Pupil Impact Aid (DPIA)
- Advances-In



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What Has Changed with Expenditures Since November?

Increases:

- Changes in Staffing: \$1M; FY24
- Purchased Services: \$2M; FY24
 - Inflationary costs associated with educating our students
- Operating Transfers out to Permanent Improvement Fund \$7M in FY24
- Capital Improvement Projections: \$5M/year beginning in FY25





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ESSER Allocations	Round 1: \$ 3,937,192.99
	Round 2: \$16,647,146.55
	Round 3: \$37,413,681.66
	<hr/> Total: \$57,998,021.20 <hr/>



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ESSER Restrictions

- Authorized ESSER Activities
 - Safely reopen schools
 - Measure and effectively address significant learning loss
 - Other actions to mitigate the impact of COVID-19 on the students and families who depend on our K-12 schools
- Maintenance of Equity & Maintenance of Effort
 - Requirement to spend at least the same amount of state and local general funds from year to year
 - PENALTY for non-compliance
 - A portion of Title, IDEA, and ESSER funds would have to be returned to the state
 - Forced to use more general fund dollars due to loss of federal & state funding



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ESSER Spending

- ESSER I
- Initial losses in revenue
 - Initial costs due to the pandemic
 - Must be used by September 2023
- ESSER II
- Bridge gap between initial pandemic expenses & continuity plan for academic and non-academic services
 - Must be used by September 2023
- ESSER III
- Continuity plan
 - Must be used by September 2024



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ESSER II & ESSER III Spending



- \$54M in ESSER II and ESSER III allocated to be spent by FY2024
 - Approximately \$12M: Staff
 - Includes: Elementary School Counselors, Wellness Coaches, Behavior Specialists, Additional Fine Arts Teachers, Class Coverage, and additional substitute costs
 - Approximately \$14M: Programs, Services, and Supplies
 - Includes: Recovery Learning Programing, Arts Expansion, After School Programing, Computers, Medical Buses, Cleaning Supplies, and PPE
 - Approximately \$8M: District-Wide Roofing Project
 - Approximately \$20M: Reimbursement to General Fund for FY21 Salaries
 - ESSER Category: "other activities that are necessary to maintain the operation of, and continuity of services, in the local education agency, and continuing to employ existing staff of the local education agency."



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Funding Sources for Construction Projects



- Transfer from General Fund to Permanent Improvement Fund (PI)
 - Campagna Park Project - \$1.8M
 - Transportation Facility - \$1.9M
 - Safety Mass Communication System - \$3M
 - Flexible Seating at LHS - \$345K
- Transfer from Locally Funded Initiatives Fund (LFI) Closeout to Permanent Improvement Fund (PI)
 - George Daniel Stadium Improvement Project - \$2.5M



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Planning for November's Forecast

- Potential Future Construction Projects
 - Horticulture Program
 - Expansions at LHS
 - Alternative School Updates
 - Relocation of the Current Administration Building
- ESSER Spending
- Evaluation of Programs, Services, and Initiatives
- Curriculum Adoptions
- Current Levies and/or New Levy



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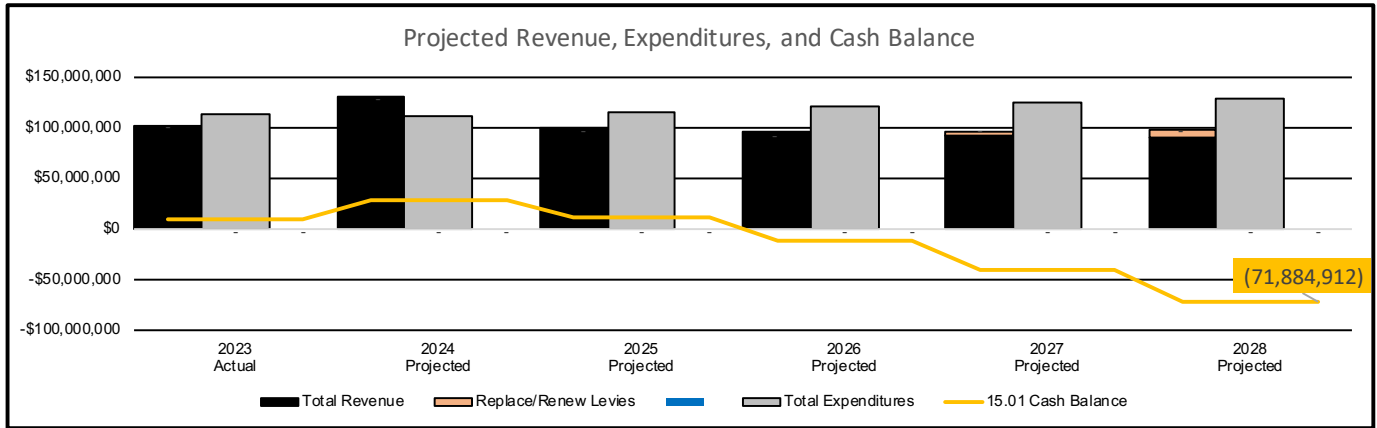
Forecast Purpose/Objectives

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 (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 Renewal/New Levies Modeled	9,615,170	28,578,027	11,952,622	(11,863,192)	(40,425,219)
+ Revenue	130,964,194	99,602,940	96,915,664	93,095,910	91,236,939
+ Proposed Renew/Replacement Levies	-	-	-	3,158,575	6,343,227
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(112,001,337)	(116,228,346)	(120,731,478)	(124,816,512)	(129,039,859)
= Revenue Surplus or Deficit	18,962,857	(16,625,406)	(23,815,813)	(28,562,027)	(31,459,694)
Line 7.020 Ending Balance with renewal/new levies	28,578,027	11,952,622	(11,863,192)	(40,425,219)	(71,884,912)

Analysis Without Renewal Levies Included:

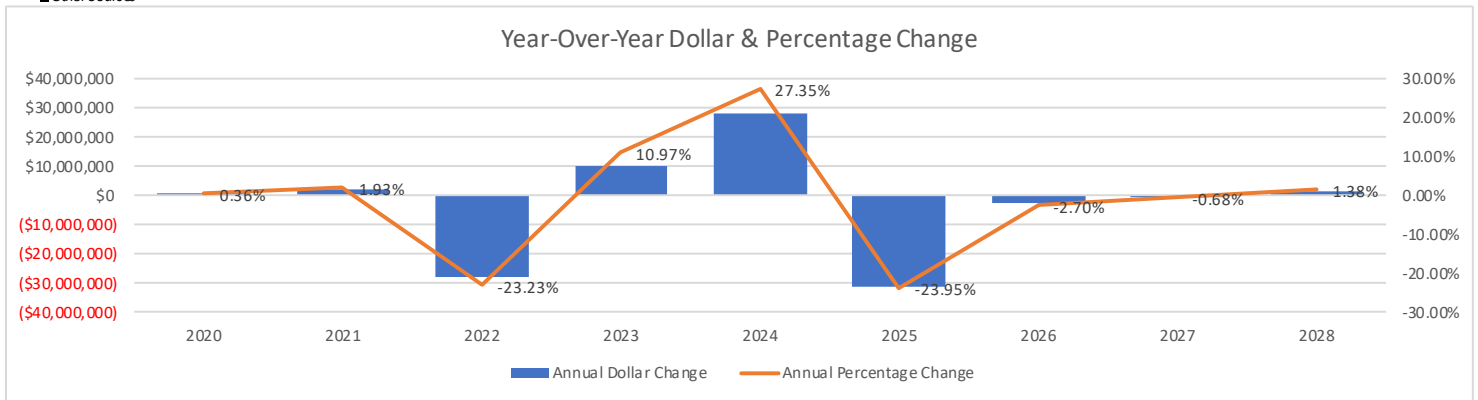
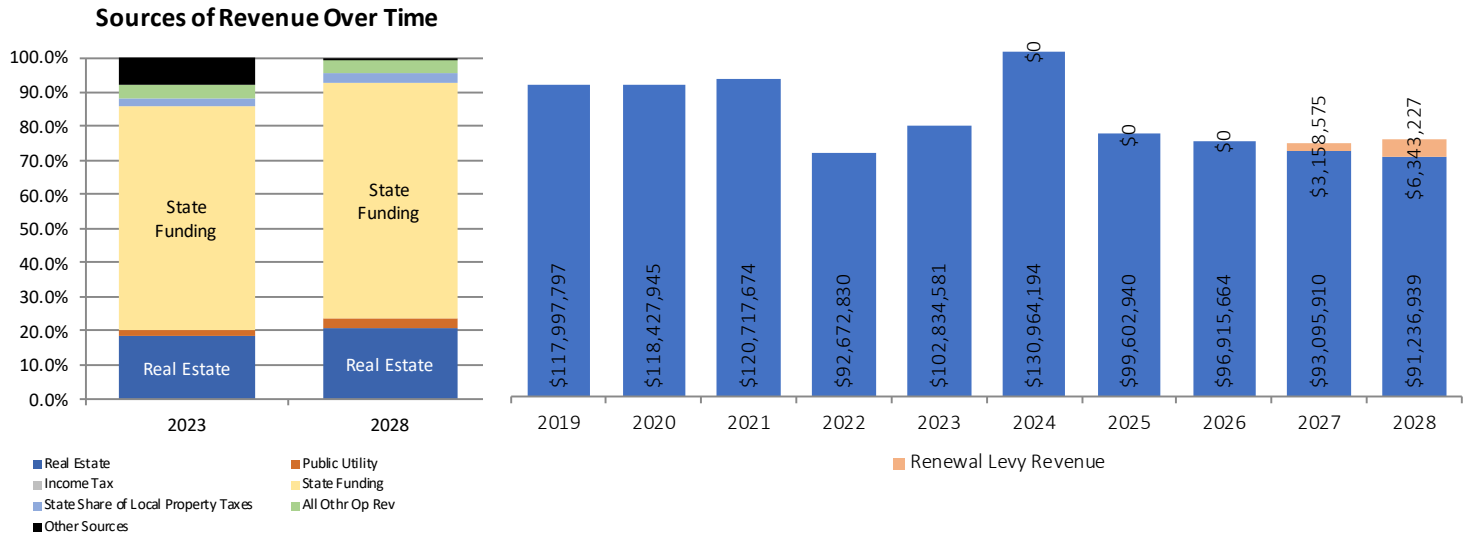
Revenue Surplus or Deficit w/o Levies	18,962,857	(16,625,406)	(23,815,813)	(31,720,602)	(37,802,921)
Ending Balance w/o Levies	28,578,027	11,952,622	(11,863,192)	(43,583,794)	(81,386,714)

In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$18,962,857 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 \$37,802,921. The district would need to cut its FY 2028 projected expenses by 29.30% 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.

Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Lorain City School District the calculated Base Cost total is \$45,794,567 in FY 2024. The state's share of the calculated Base Cost total is \$35,762,537 or \$6,252 per pupil.

Revenue Sources and Forecast Year-Over-Year Projected Overview



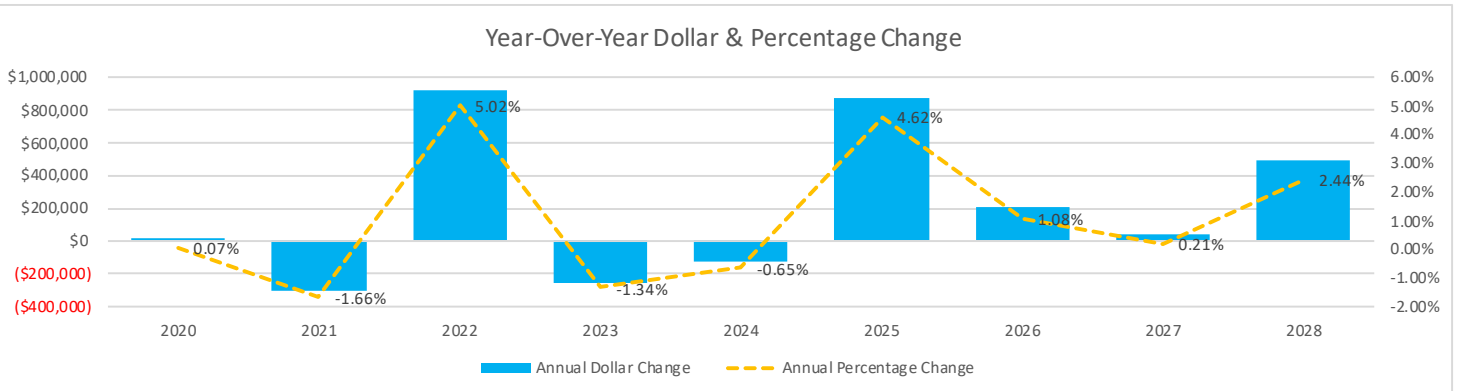
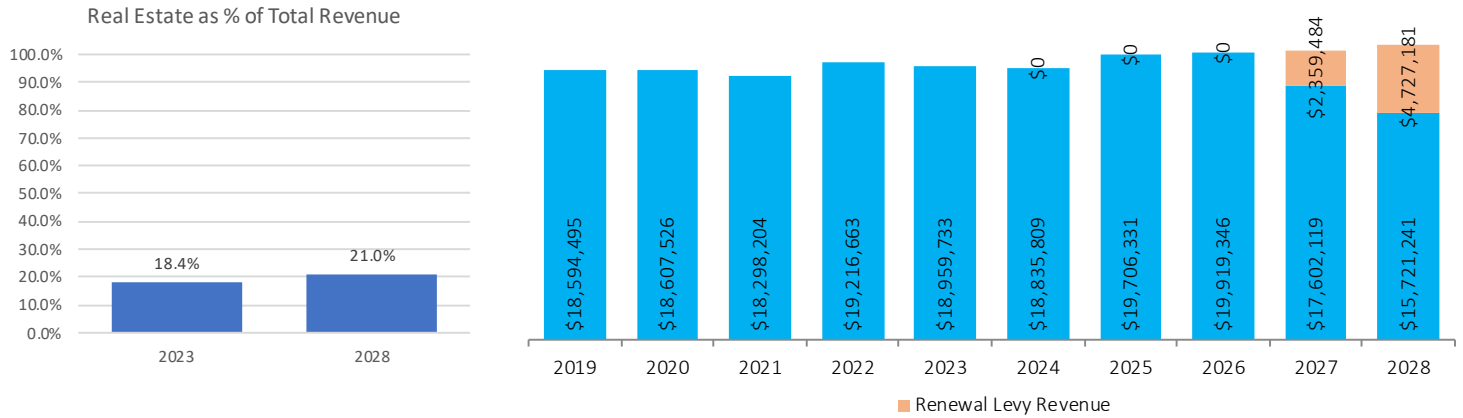
4-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue decreased -2.49% or -\$3,790,804 annually during the past 4-Year period and is projected to increase 0.28% or -\$1,050,883 annually through FY2028. State Funding has the most projected average annual variance compared to the historical average at \$6,132,973
Real Estate	91,310	297,738	\$206,428	
Public Utility	\$69,767	\$174,799	\$105,031	
Income Tax	\$0	\$0	\$0	
State Funding	(\$6,121,459)	11,513	\$6,132,973	
Prop Tax Alloc	(\$44,323)	\$40,693	\$85,017	
All Othr Op Rev	\$406,889	(\$108,733)	(\$515,622)	
Other Sources	\$1,807,013	(\$1,466,893)	(\$3,273,906)	
Total Average Annual Change	(3,790,804)	(1,050,883)	\$2,739,921	
	-2.49%	0.28%	2.77%	

Note: Expenditure average annual change is projected to be > \$3,125,887 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).



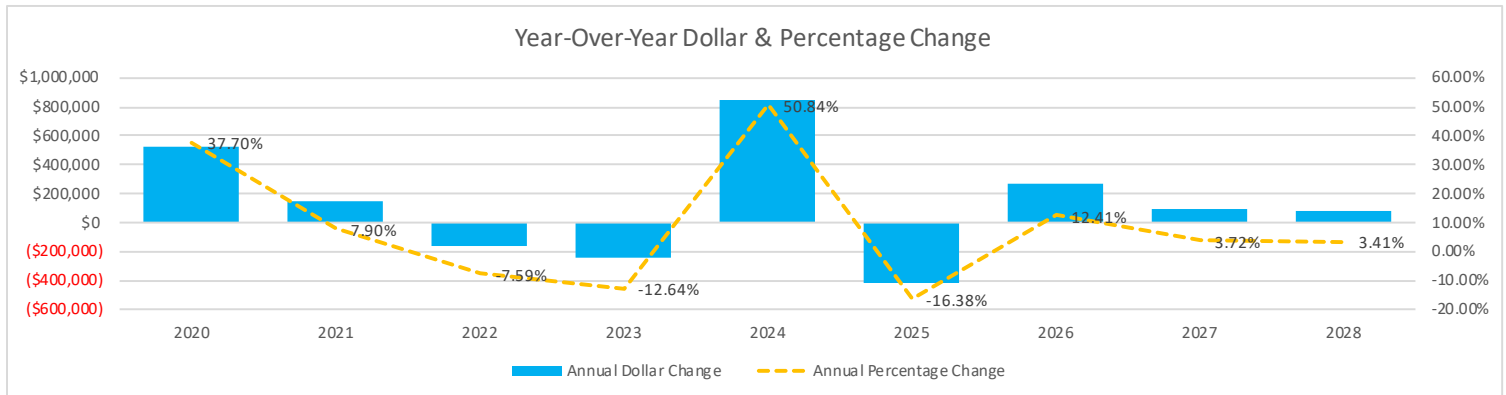
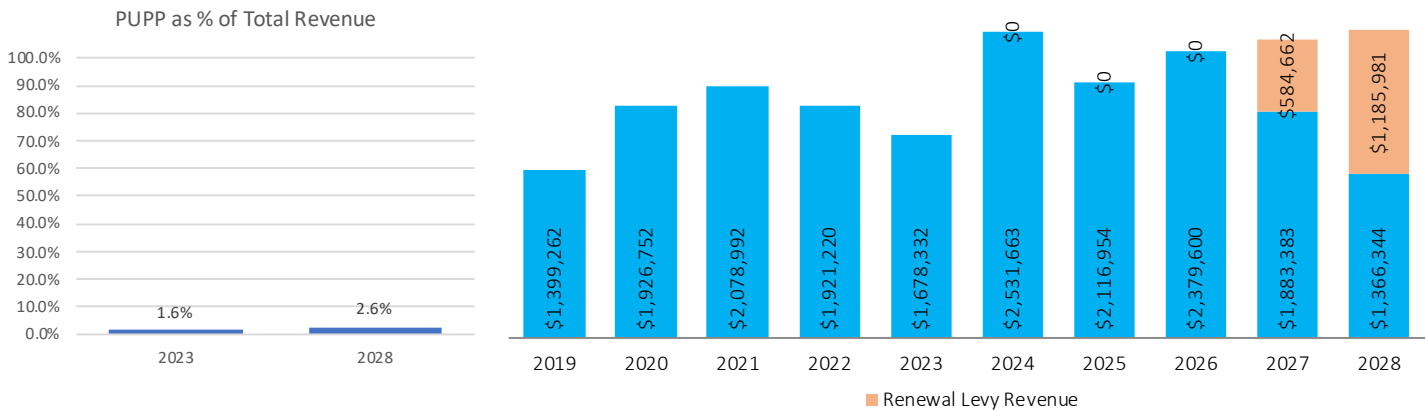
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2022	674,862,490	678,400	28.72	-	46.28	-	100.1%
2023	675,619,500	757,010	28.70	(0.02)	46.46	0.19	99.8%
2024	836,619,500	161,000,000	23.80	(4.90)	42.89	(3.58)	99.8%
2025	837,819,500	1,200,000	23.79	(0.01)	42.95	0.06	99.8%
2026	839,019,500	1,200,000	23.78	(0.01)	43.01	0.06	99.8%
2027	883,019,500	44,000,000	23.59	(0.19)	42.10	(0.92)	100.4%

Real estate property tax revenue accounts for 18.44% of total revenue. Class I or residential/agricultural taxes make up approximately 69.37% of the real estate property tax revenue. The Class I tax rate is 28.7 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 99.9% annually through tax year 2027. The revenue changed at an average annual historical rate of 0.52% and is projected to change at an average annual rate of 1.54% through FY 2028.

*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.



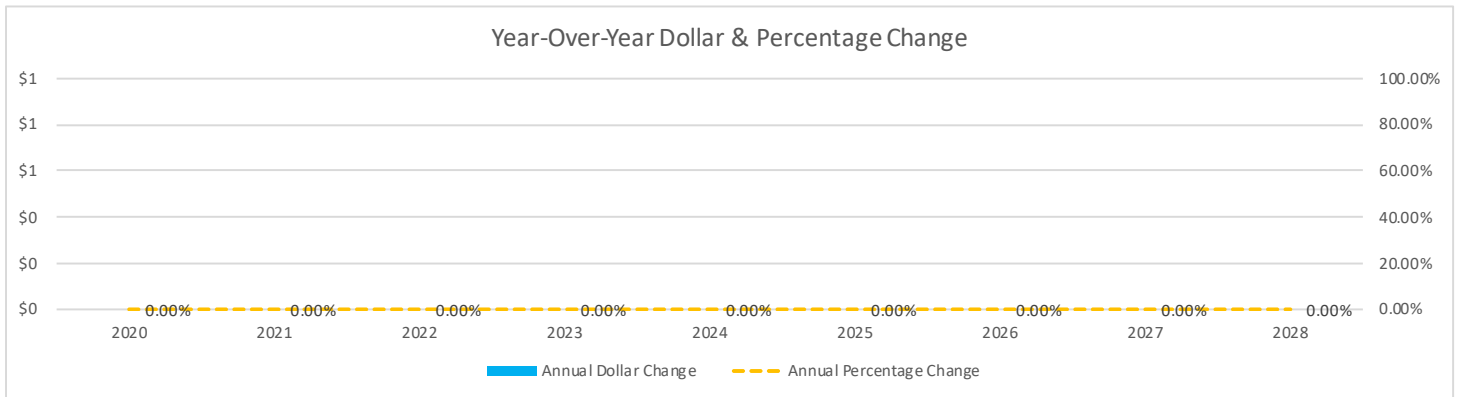
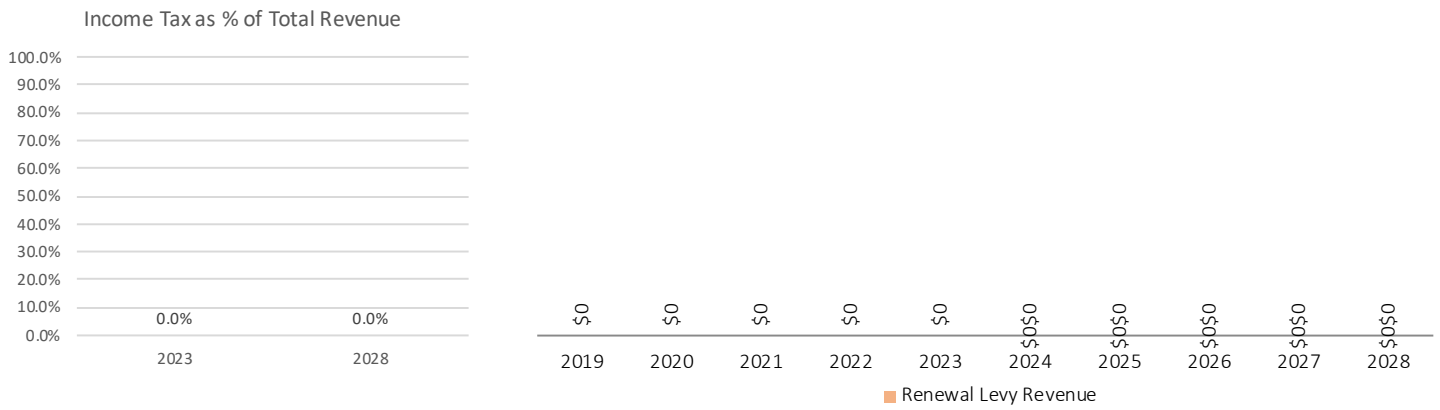
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2022	35,080,570	2,475,900	60.18	(0.03)	50.0%	
2023	37,824,010	2,743,440	60.16	(0.02)	146.6%	
2024	39,324,010	1,500,000	59.29	(0.87)	100.0%	
2025	40,824,010	1,500,000	59.28	(0.01)	100.0%	
2026	42,324,010	1,500,000	59.27	(0.01)	100.0%	
2027	43,824,010	1,500,000	59.08	(0.19)	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 1.63% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 60.16 mills. The forecast is modeling an average gross collection rate of 109.32%. The revenue changed historically at an average annual dollar amount of \$69,767 and is projected to change at an average annual dollar amount of \$174,799 through FY 2028.

**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.

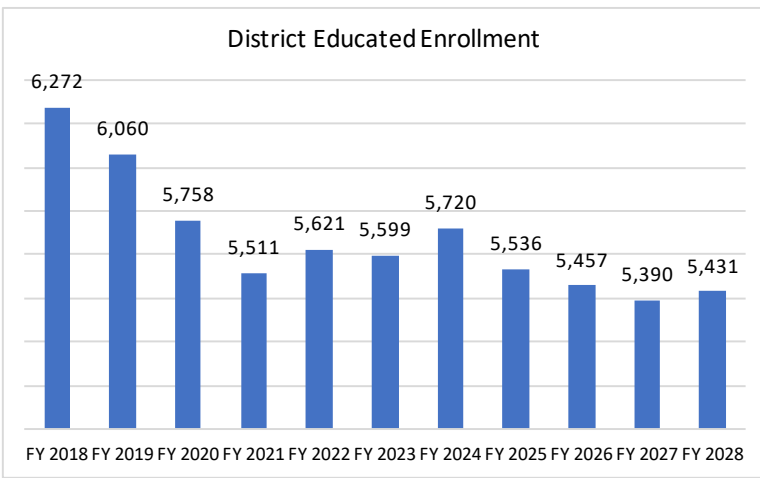
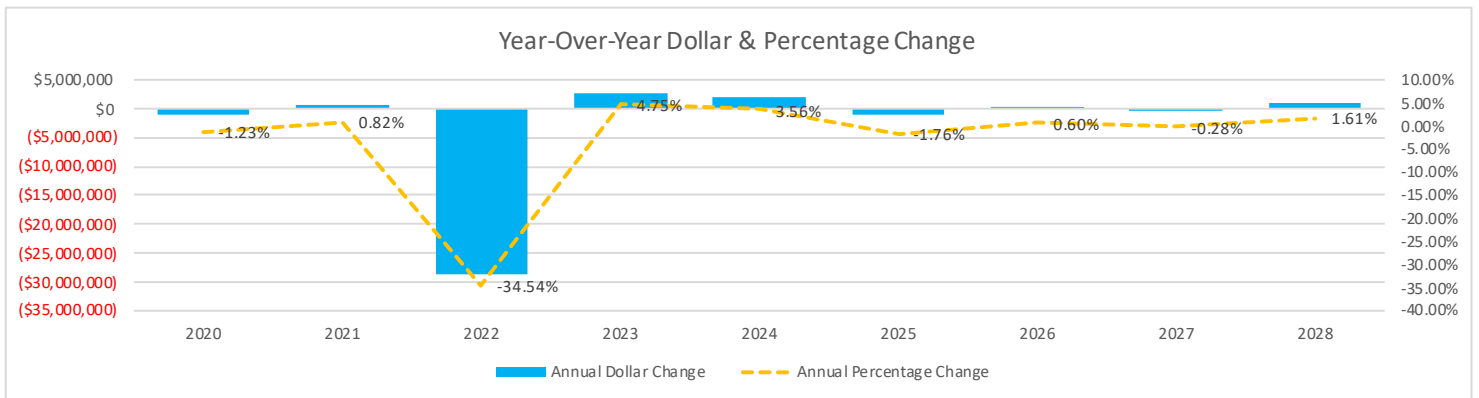
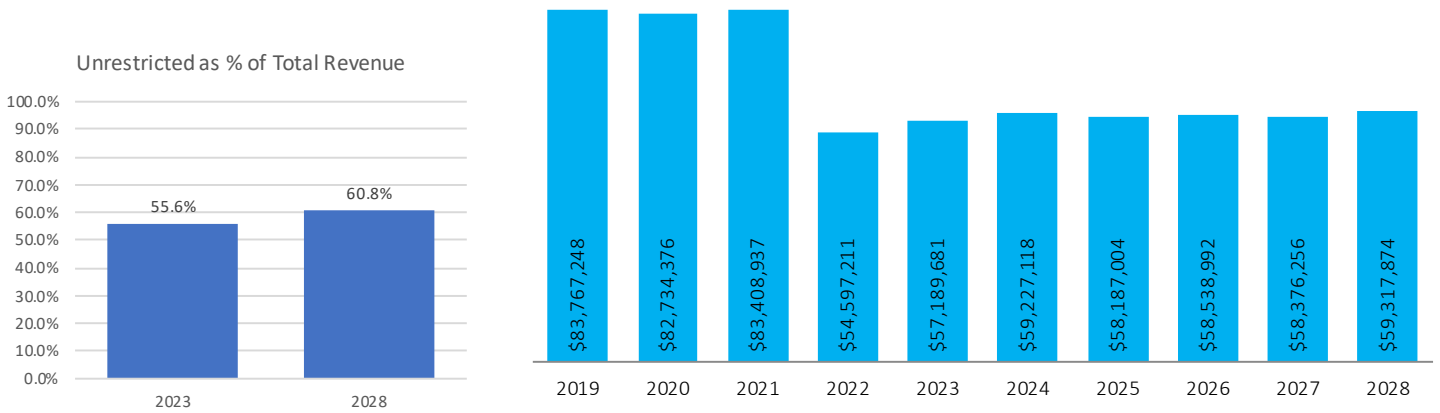


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



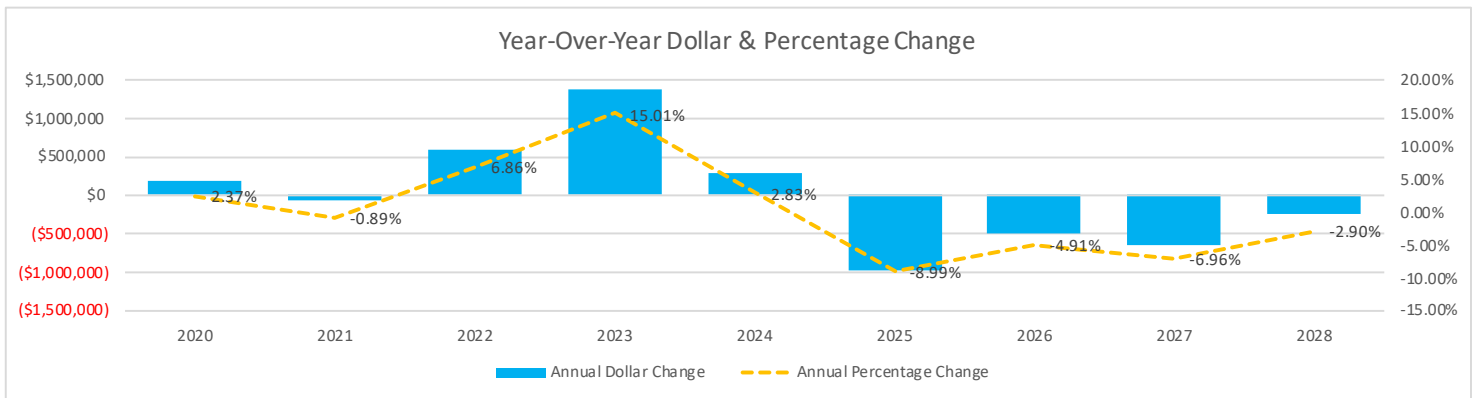
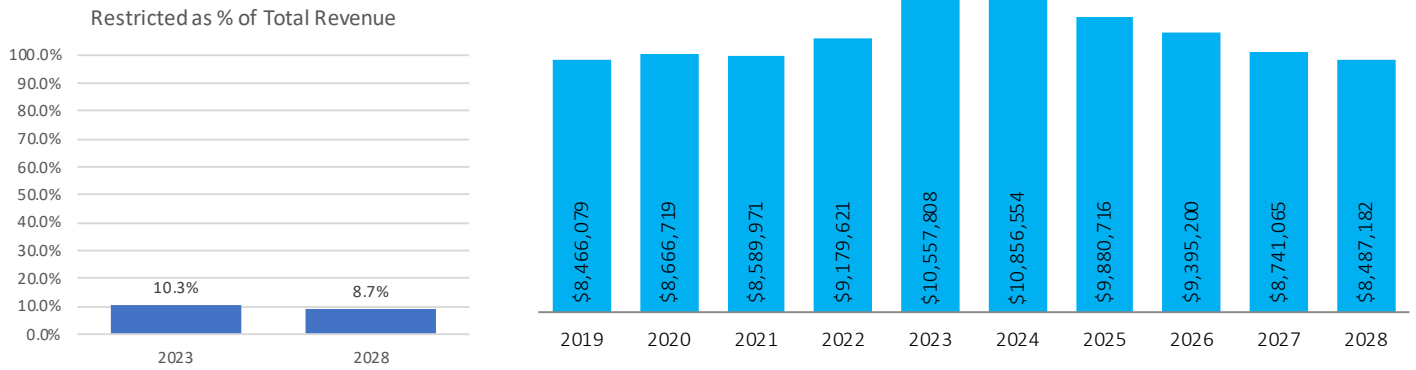
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Lorain City School District the calculated Base Cost total is \$45,794,567 in FY 2024. The state's share of the calculated Base Cost total is \$35,762,537 or \$6,252 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.

1.040 & 1.045 - Restricted Grants-in-Aid

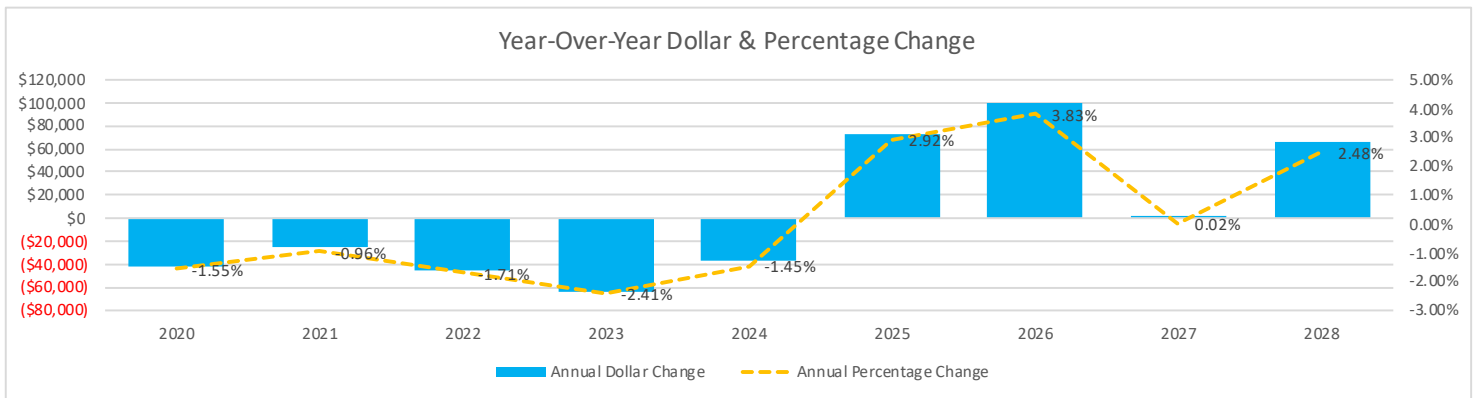
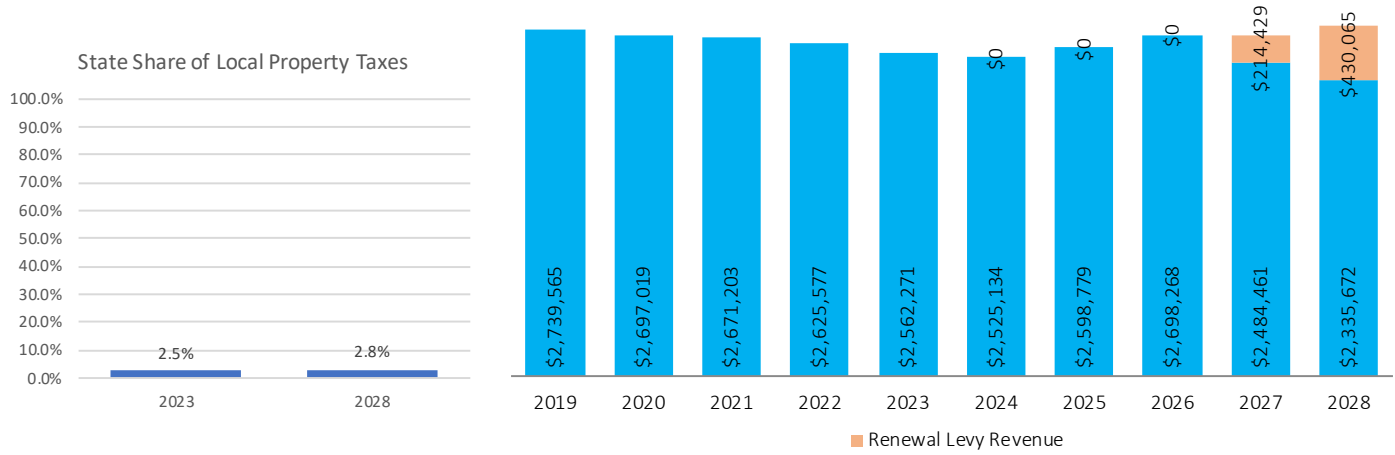
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$630,363 and is projected to change annually on average by -\$414,125. Restricted funds represent 10.27% 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 \$1,558,278. 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 - State Share of Local Property Taxes

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

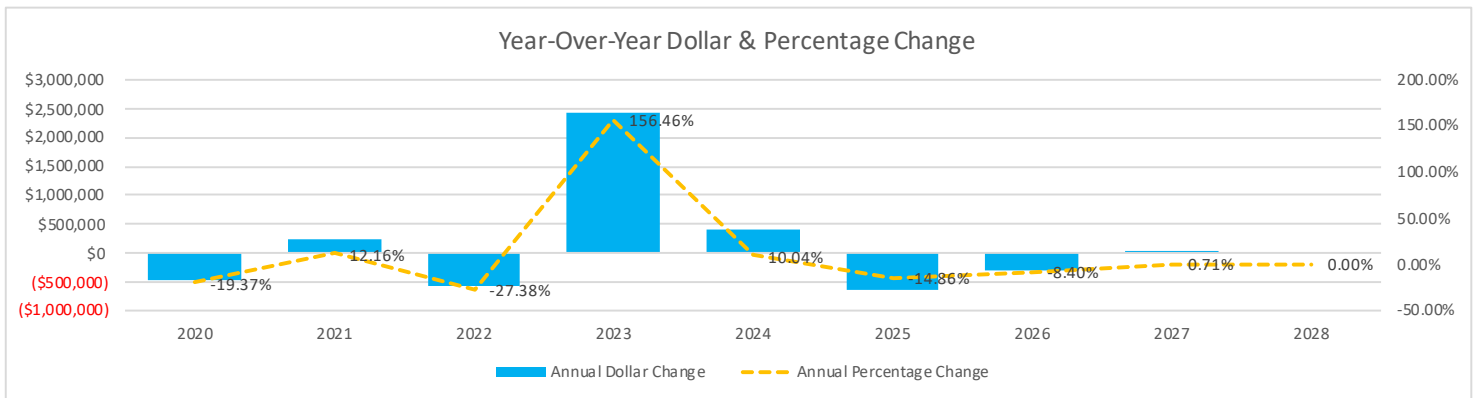
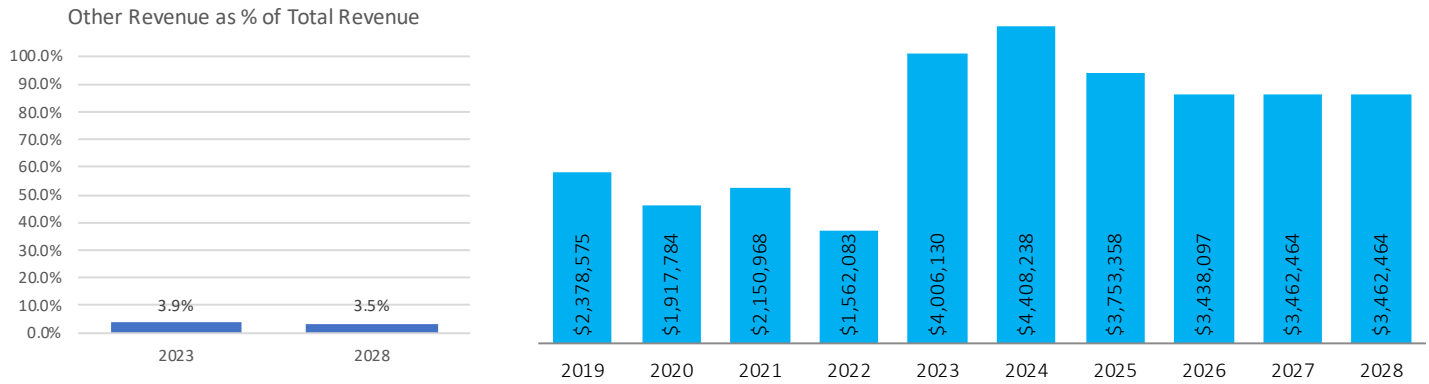


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 11.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 4.7% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

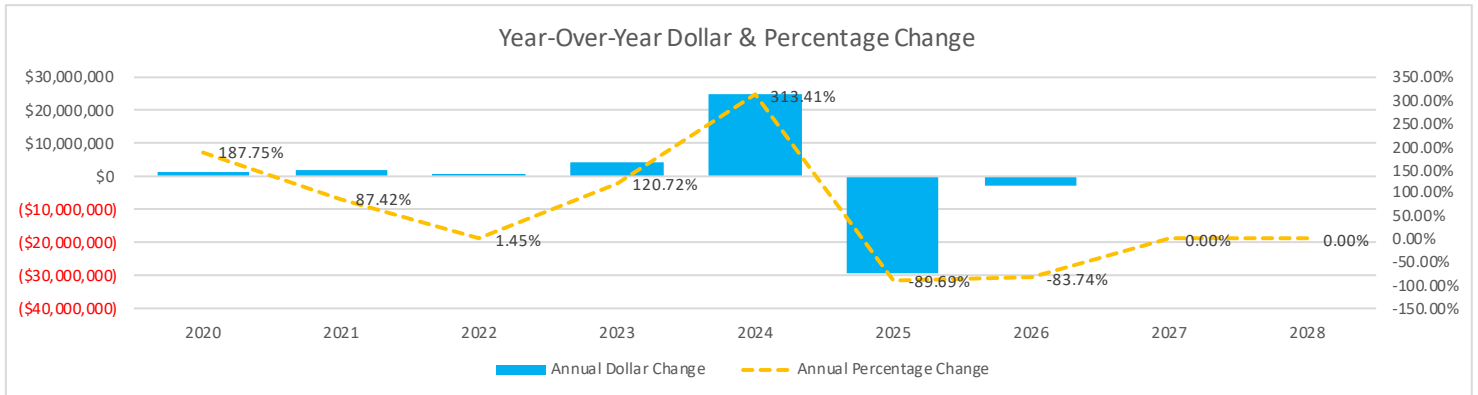
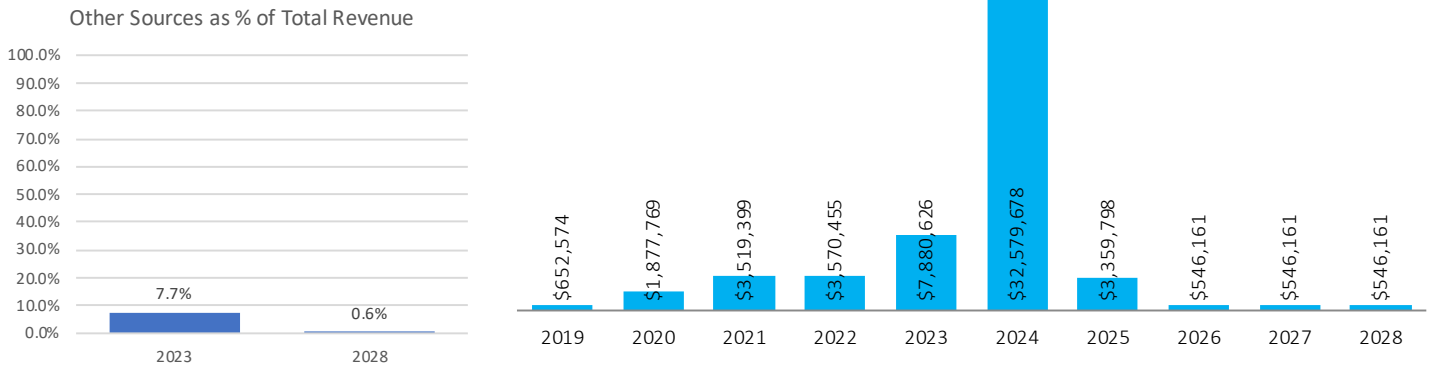
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$406,889. The projected average annual change is -\$108,733 through FY 2028.

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.

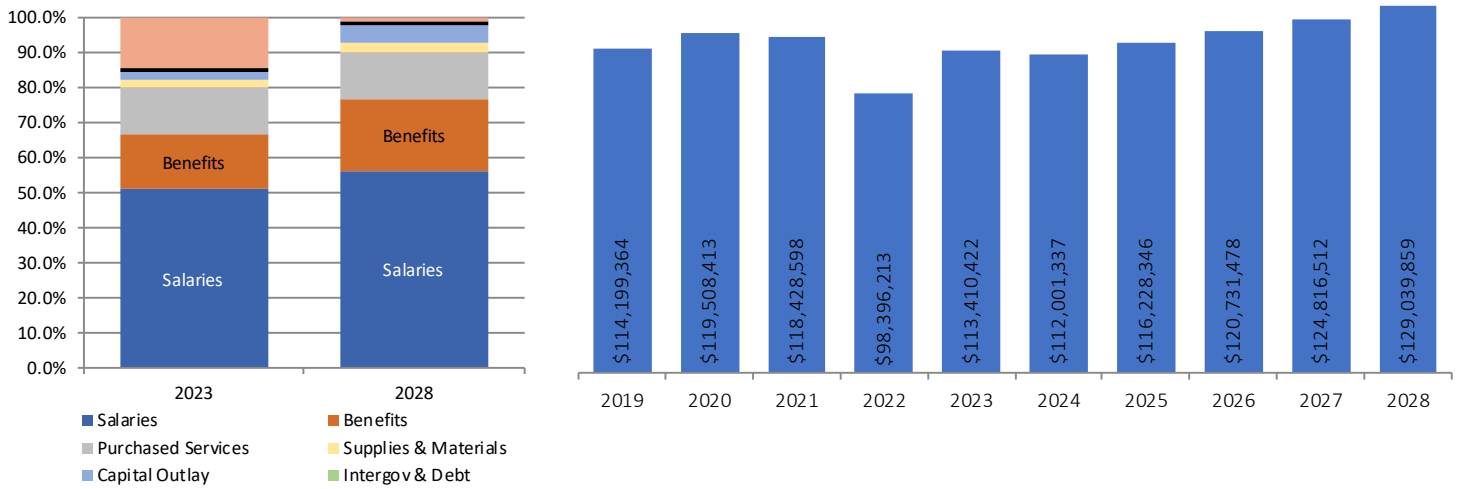


	2023	2024	2025	FORECASTED		
				2026	2027	2028
Transfers In	46,396	8,638	8,638	8,638	8,638	8,638
Advances In	7,798,020	15,707,418	537,523	537,523	537,523	537,523
All Other Financing Sources	36,210	16,863,621	2,813,637	-	-	-

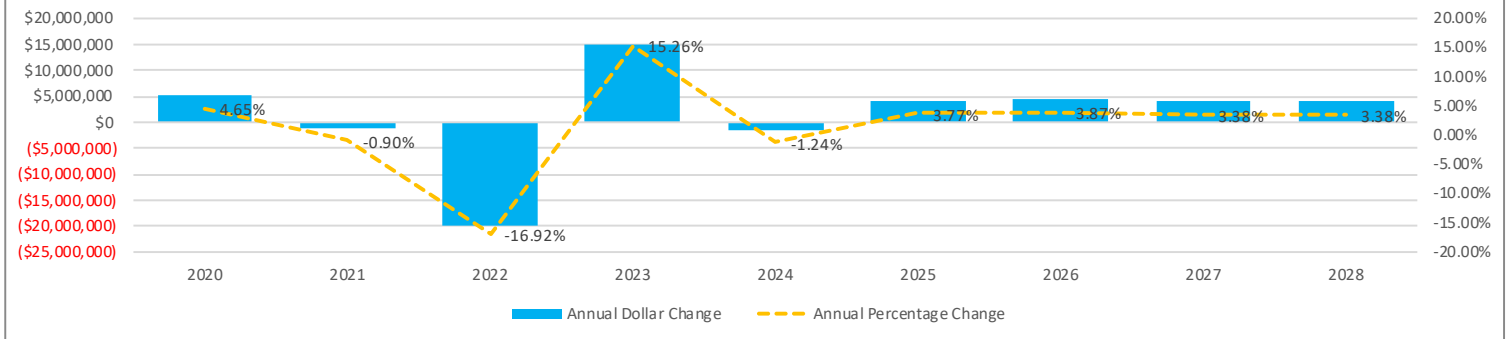
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district received \$7,798,020 as advances-in and is projecting advances of \$15,707,418 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$16,863,621 in FY 2024 and average \$703,409 annually through FY 2028.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



4-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 increased 0.52% or -\$197,236 annually during the past 4-Year period and is projected to increase 2.76% or \$3,125,887 annually through FY2028. Purchased Services has the largest projected average annual variance compared to the historical average at \$7,131,824.
Salaries	9,629,931	2,865,466	(\$6,764,465)	
Benefits	\$2,603,509	\$1,747,216	(\$856,293)	
Purchased Services	(\$6,678,152)	\$453,672	\$7,131,824	
Supplies & Materials	\$324,816	\$261,070	(\$63,746)	
Capital Outlay	\$222,494	\$737,571	\$515,078	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$48,586	\$71,133	\$22,547	
Other Uses	(\$6,348,420)	(\$3,010,241)	\$3,338,179	
Total Average Annual Change	(\$197,236)	\$3,125,887	\$3,323,123	
	0.52%	2.76%	2.23%	

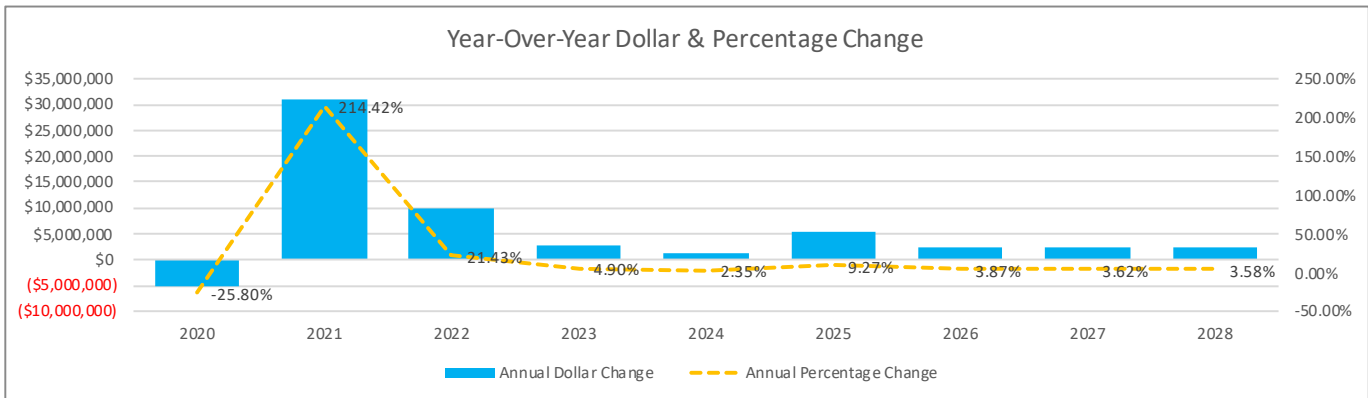
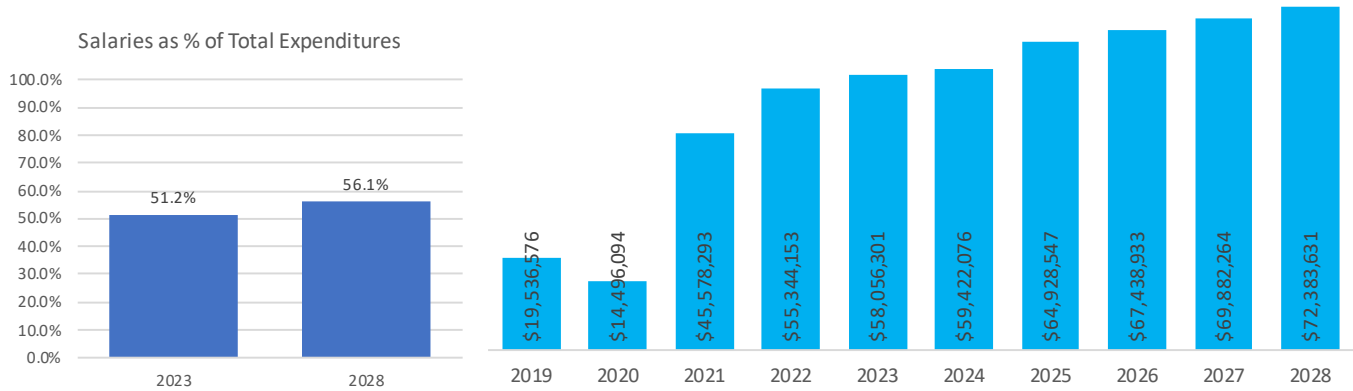
Note: Revenue average annual change is projected to be >

(\$1,050,883)

On an annual average basis, revenue are projected to contract while expenditures grows

3.010 - Personnel Services

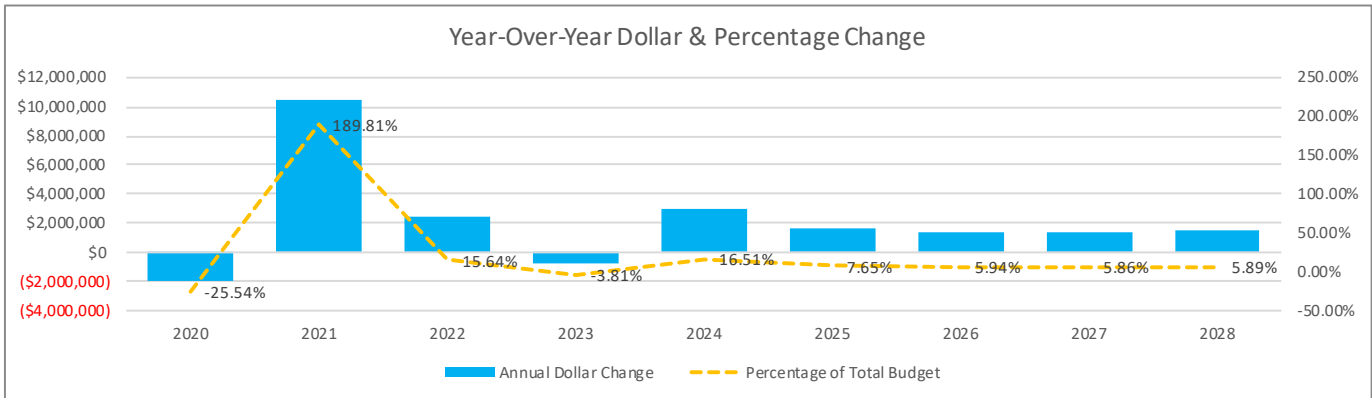
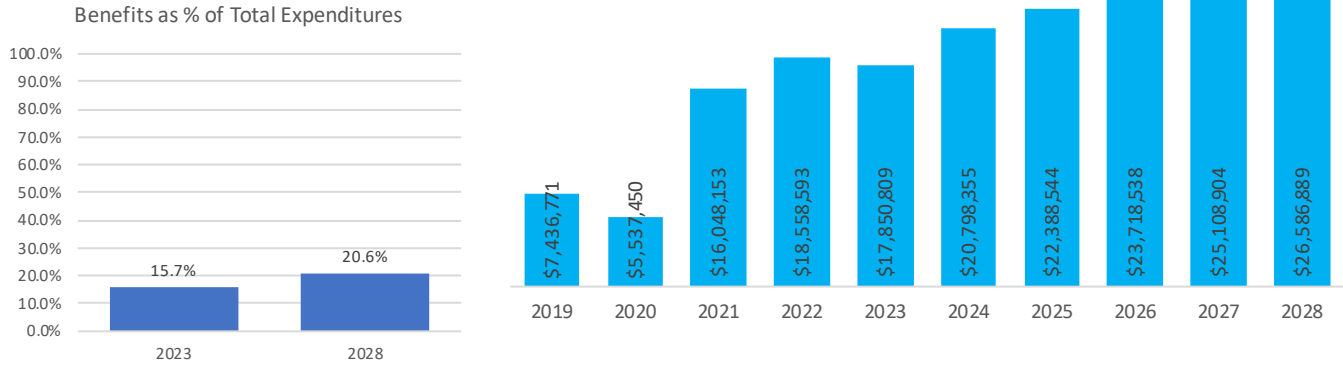
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 51.19% of total expenditures and increased at a historical average annual rate of 53.74% or \$9,629,931. This category of expenditure is projected to grow at an annual average rate of 4.54% or \$2,865,466 through FY 2028. The projected average annual rate of change is -49.20% less than the five year historical annual average.

3.020 - Employees' Benefits

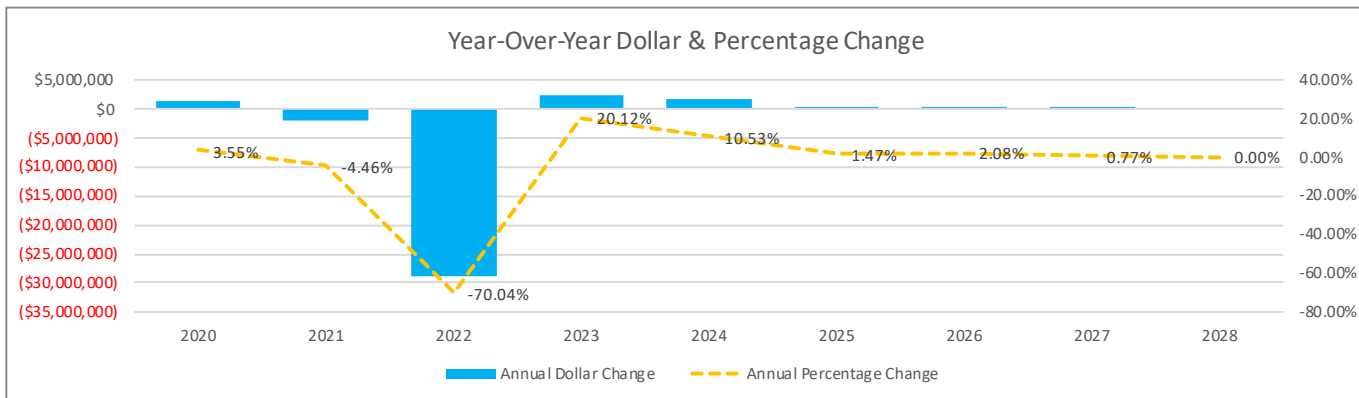
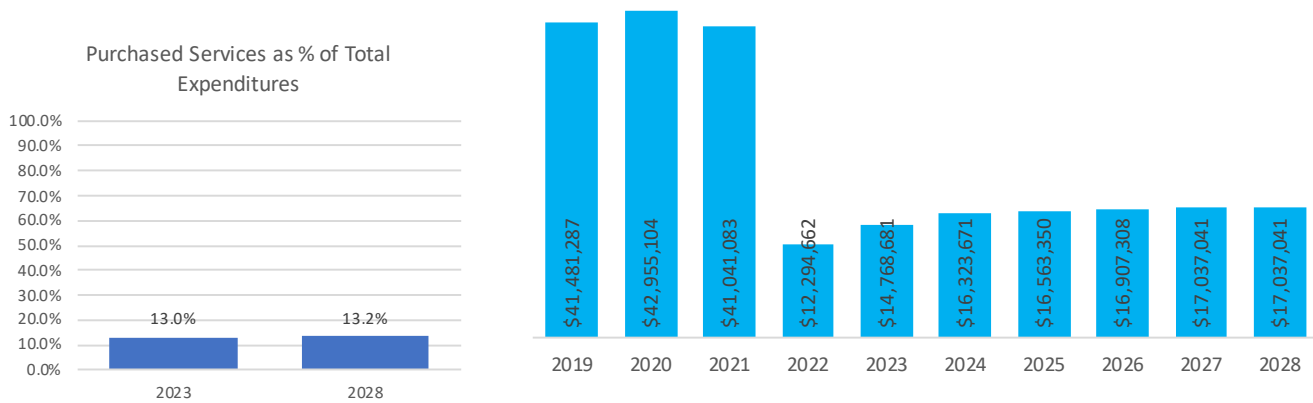
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 15.74% of total expenditures and increased at a historical average annual rate of 44.03%. This category of expenditure is projected to grow at an annual average rate of 8.37% through FY 2028. The projected average annual rate of change is -35.66% less than the five year historical annual average.

3.030 - Purchased Services

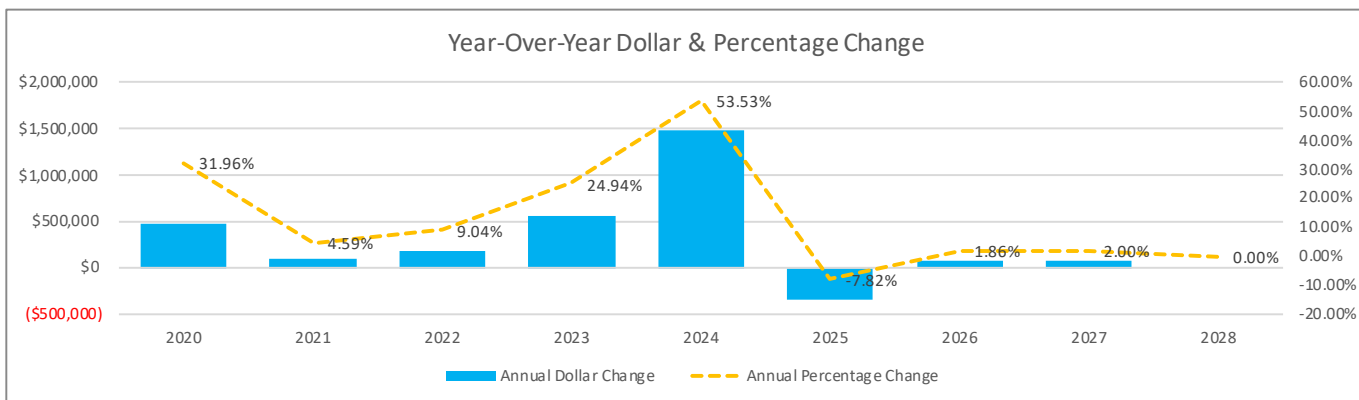
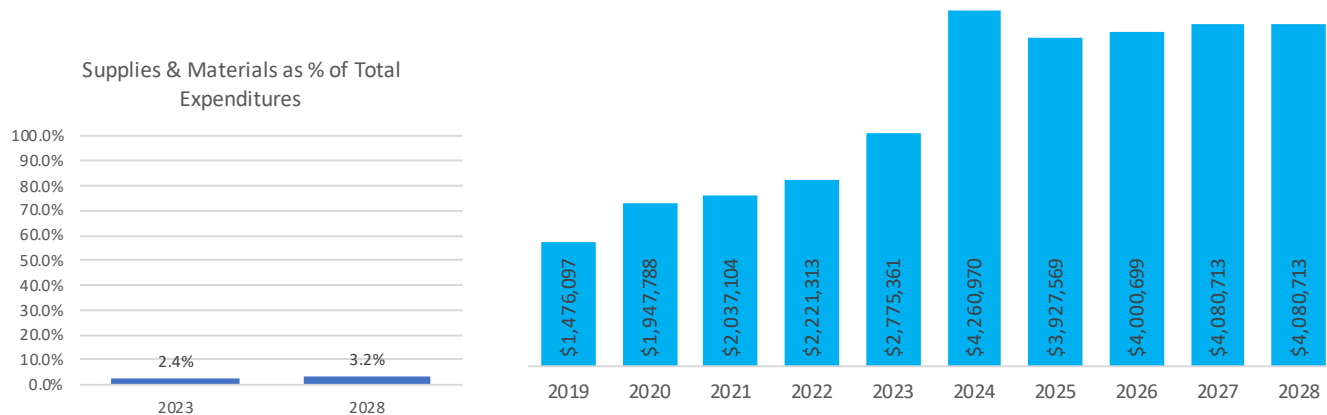
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 13.02% of total expenditures and decreased at a historical average annual rate of -12.71%. This category of expenditure is projected to grow at an annual average rate of 2.97% through FY 2028. The FSFP 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.

3.040 - Supplies & Materials

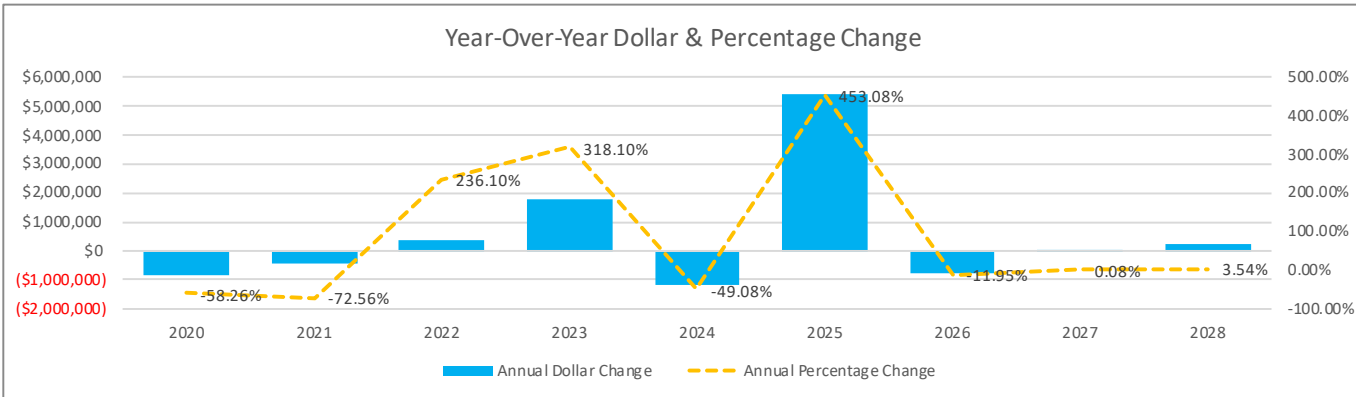
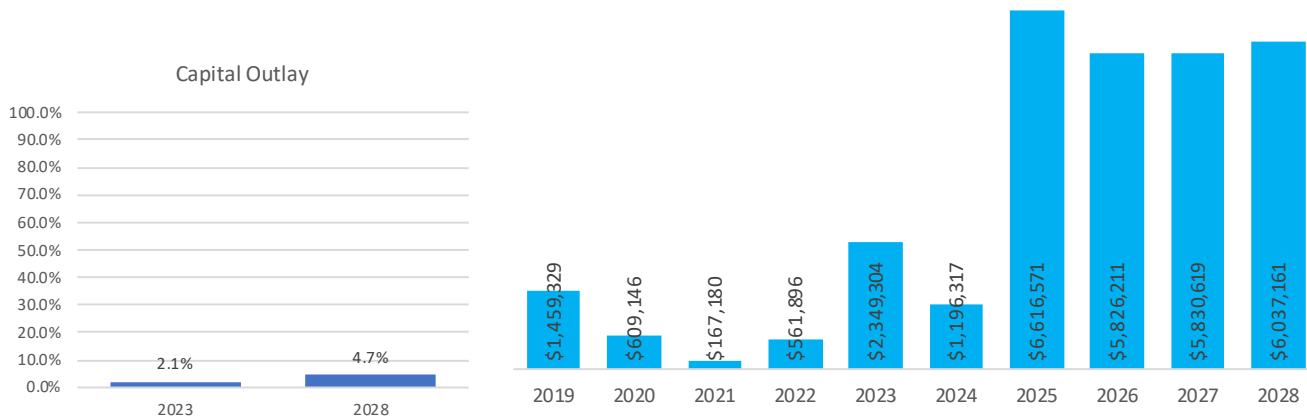
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.45% of total expenditures and increased at a historical average annual rate of 17.63%. This category of expenditure is projected to grow at an annual average rate of 9.91% through FY 2028. The projected average annual rate of change is -7.72% less than the five year historical annual average.

3.050 - Capital Outlay

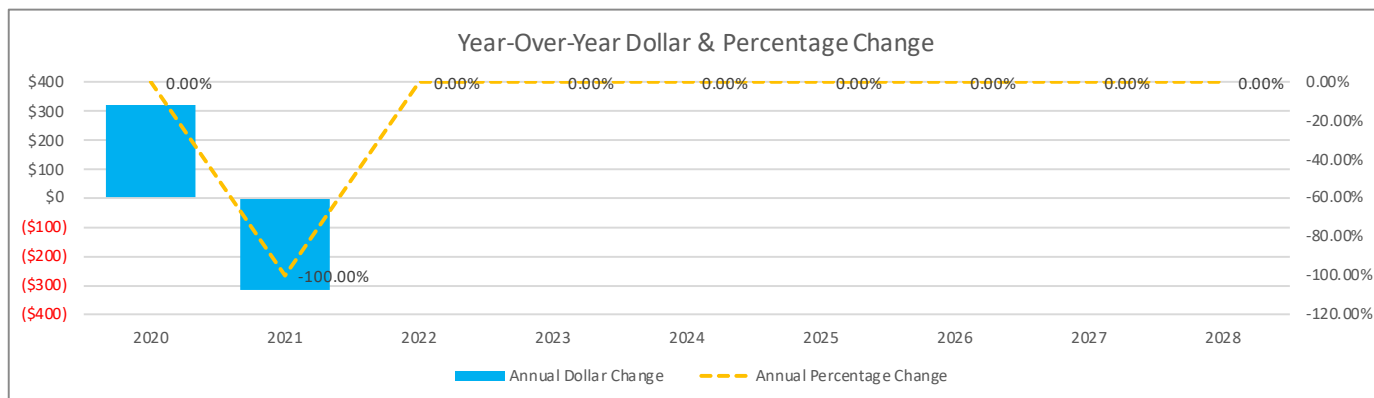
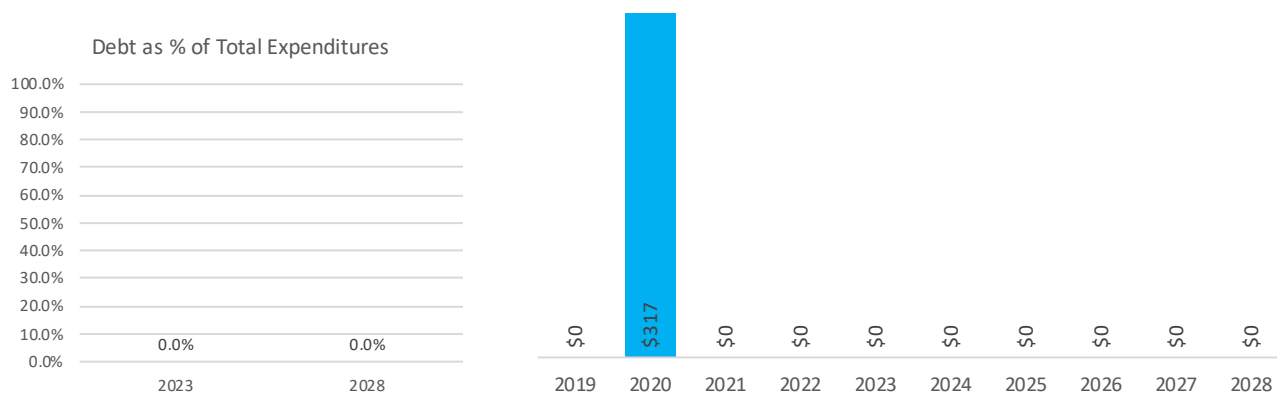
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 2.07% of total expenditures and increased at a historical average annual amount of \$222,494. This category of expenditure is projected to grow at an annual average rate of \$737,571 through FY 2028. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

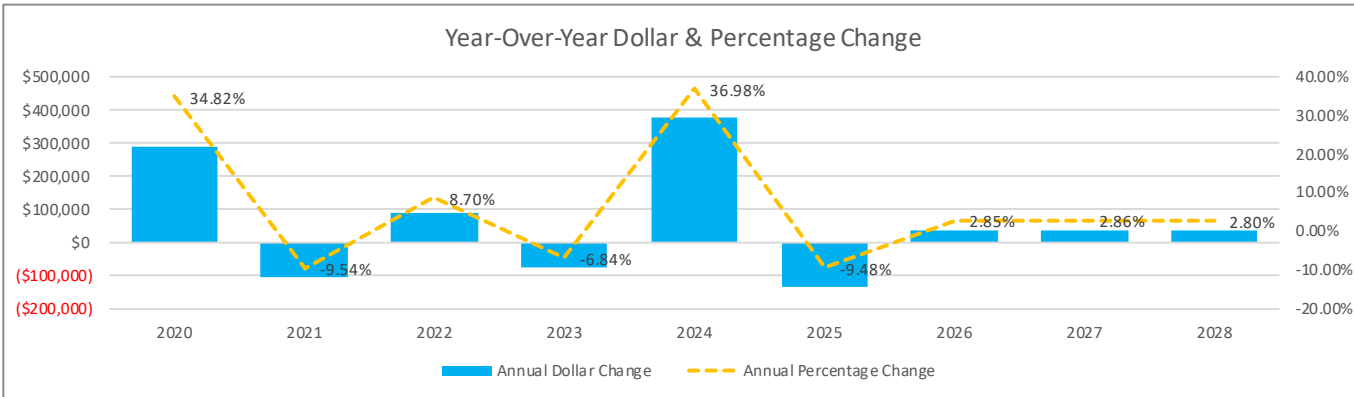
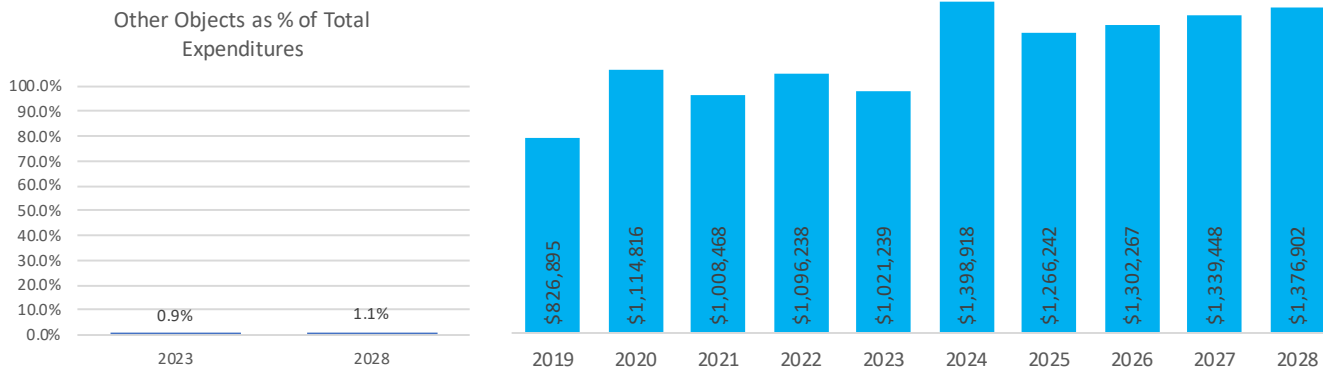
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

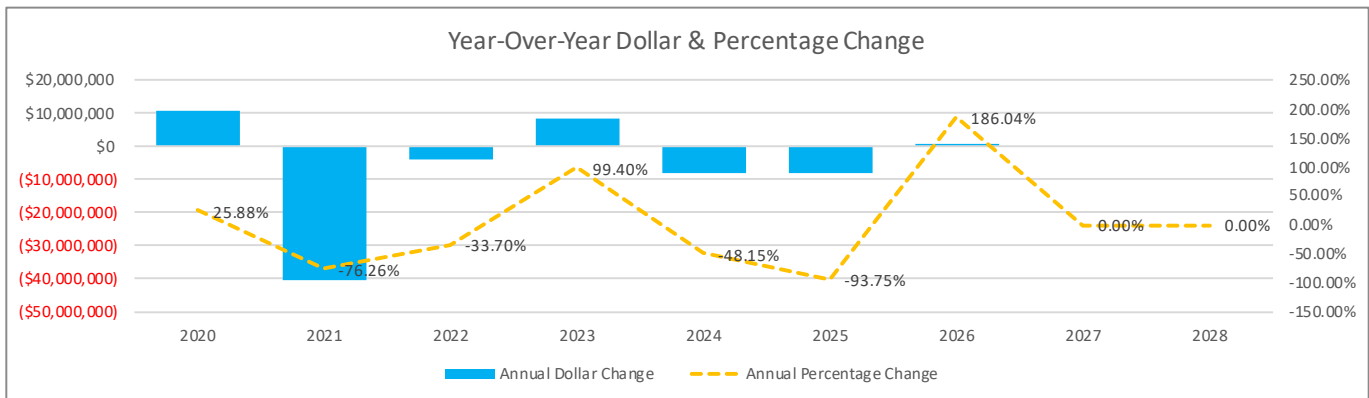
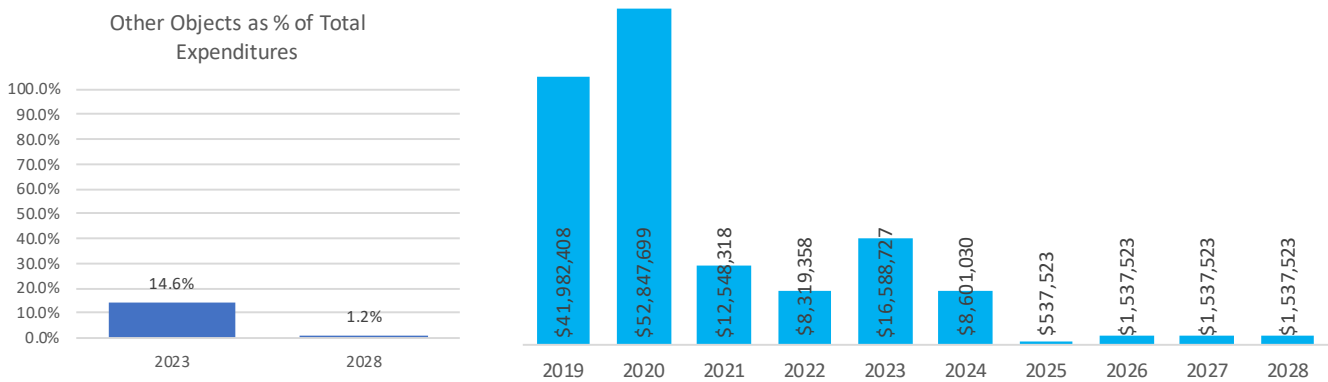
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 0.90% of total expenditures and increased at a historical average annual rate of 6.79%. This category of expenditure is projected to grow at an annual average rate of 7.20% through FY 2028. The projected average annual rate of change is 0.41% more 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.



	2023	2024	2025	FORECASTED		
				2026	2027	2028
Transfers Out	926,980	8,063,507	-	1,000,000	1,000,000	1,000,000
Advances Out	15,661,747	537,523	537,523	537,523	537,523	537,523
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 2023 the district had advances-out and has advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2028. 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.

Lorain City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2023	2024	2025	2026	2027	2028
Revenue:						
1.010 - General Property Tax (Real Estate)	18,959,733	18,835,809	19,706,331	19,919,346	17,602,119	15,721,241
1.020 - Public Utility Personal Property	1,678,332	2,531,663	2,116,954	2,379,600	1,883,383	1,366,344
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	57,189,681	59,227,118	58,187,004	58,538,992	58,376,256	59,317,874
1.040 - Restricted Grants-in-Aid	10,557,808	10,856,554	9,880,716	9,395,200	8,741,065	8,487,182
1.050 - State Share-Local Property Taxes	2,562,271	2,525,134	2,598,779	2,698,268	2,484,461	2,335,672
1.060 - All Other Operating Revenues	4,006,130	4,408,238	3,753,358	3,438,097	3,462,464	3,462,464
1.070 - Total Revenue	94,953,955	98,384,516	96,243,142	96,369,503	92,549,748	90,690,777
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	46,396	8,638	8,638	8,638	8,638	8,638
2.050 - Advances-In	7,798,020	15,707,418	537,523	537,523	537,523	537,523
2.060 - All Other Financing Sources	36,210	16,863,621	2,813,637	-	-	-
2.070 - Total Other Financing Sources	7,880,626	32,579,678	3,359,798	546,161	546,161	546,161
2.080 - Total Rev & Other Sources	102,834,581	130,964,194	99,602,940	96,915,664	93,095,910	91,236,939
Expenditures:						
3.010 - Personnel Services	58,056,301	59,422,076	64,928,547	67,438,933	69,882,264	72,383,631
3.020 - Employee Benefits	17,850,809	20,798,355	22,388,544	23,718,538	25,108,904	26,586,889
3.030 - Purchased Services	14,768,681	16,323,671	16,563,350	16,907,308	17,037,041	17,037,041
3.040 - Supplies and Materials	2,775,361	4,260,970	3,927,569	4,000,699	4,080,713	4,080,713
3.050 - Capital Outlay	2,349,304	1,196,317	6,616,571	5,826,211	5,830,619	6,037,161
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	1,021,239	1,398,918	1,266,242	1,302,267	1,339,448	1,376,902
4.500 - Total Expenditures	96,821,695	103,400,307	115,690,823	119,193,955	123,278,989	127,502,336
Other Financing Uses						
5.010 - Operating Transfers-Out	926,980	8,063,507	-	1,000,000	1,000,000	1,000,000
5.020 - Advances-Out	15,661,747	537,523	537,523	537,523	537,523	537,523
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	16,588,727	8,601,030	537,523	1,537,523	1,537,523	1,537,523
5.050 - Total Exp and Other Financing Uses	113,410,422	112,001,337	116,228,346	120,731,478	124,816,512	129,039,859
6.010 - Excess of Rev Over/(Under) Exp	(10,575,841)	18,962,857	(16,625,406)	(23,815,813)	(31,720,602)	(37,802,921)
7.010 - Cash Balance July 1 (No Levies)	20,191,011	9,615,170	28,578,027	11,952,622	(11,863,192)	(43,583,794)
7.020 - Cash Balance June 30 (No Levies)	9,615,170	28,578,027	11,952,622	(11,863,192)	(43,583,794)	(81,386,714)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	9,615,170	27,078,027	10,452,622	(13,363,192)	(45,083,794)	(82,886,714)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	3,158,575	6,343,227
11.030 - Cumulative Balance of Levies	-	-	-	-	3,158,575	9,501,802
12.010 - Fund Bal June 30 for Cert of Obligations	9,615,170	27,078,027	10,452,622	(13,363,192)	(41,925,219)	(73,384,912)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	9,615,170	27,078,027	10,452,622	(13,363,192)	(41,925,219)	(73,384,912)

Historical Information & Previous Assumptions

Lorain City Schools – Five Year Forecast – May 2021

LORAIN CITY SCHOOLS FIVE YEAR FORECAST – May 2021 Submission

**INCLUDES: GENERAL FUND (Fund 001),
EMERGENCY LEVY (Fund 016),
Forecast Date as of 5/1/2021**

THE FIVE YEAR FORECAST INTRODUCTION & PROCESS

The state of Ohio requires all school districts to submit five year forecasts every May and November. This forecast satisfies the requirement of the May 2021 submission. The Five Year Forecast process is a result of many factors and hundreds of assumptions. The process starts with the current year revenue and cost run rates. Additions, changes or deletions are bench marked from those current year revenue and cost streams. Input is gathered from:

- The CEO of Lorain City Schools regarding futuristic projections of where the district is headed, and what revenue or cost components may be affected.
- The Lorain City Schools leadership team where discussions are held as to adds, changes or deletions to the current run rate of expenses. The changes are pertaining to quantities of personnel and/or new projects, or programs no longer needed.
- The Ohio Department of Education as to the ODE's estimate of next year's State Foundation revenues.
- The assumption that there will not be of any "new money" levies passed after November 2020.
- The actuary of the Lake Erie Regional Council (LERC) regarding projected health insurance costs for the next five years.
- The Lorain County Auditor as that entity provides information regarding Real Estate and Personal Property Tax revenues. Also, the District needs to be aware of when levies are expiring to properly project those revenue changes.
- Reviews of historical revenue and cost run rates.
- Review of Collective Bargaining Agreements (CBAs) and Board Policy so as to properly incorporate changes to salaries and wages.
- Review by the Lorain City Schools Treasurer's Office to ensure reasonability of assumptions.

TAX VALUATIONS

Tax valuations from the Lorain County Auditor for tax years 2018, 2019, and 2020 are listed below. Tax valuations are the basis by which millage rates are multiplied to achieve tax revenue for public entities through tax bills. Assessed tax valuations (35% of market value) for Lorain City Schools from the Lorain County Auditor are as follows:

Assessed Values from Lorain County Auditor

Type of Property	Tax Year 2018	Tax Year 2019	Tax Year 2020
Residential/Agriculture	424,347,670	450,714,000	449,640,660
Commercial/Industrial	116,274,050	129,065,310	125,258,630
Personal Public Utility	26,150,500	27,364,030	29,217,870
Totals	\$566,772,220	\$607,143,340	\$604,117,160

Millage Information (General Fund)

	Original Year Voted	Number of Years	Full Mills	Res/Agr Effective Mills	Last CY Collected
Inside Millage			3.44	3.44	
Current Expense	1976	Continuing	28.20	9.78	
Current Expense	1992	5 years	23.85	14.91	2026
Emergency Levy (\$3.1M)	2012	7 years	5.56	5.56	2026
Totals			<u>61.05</u>	<u>33.69</u>	

The explanation of millage data is as follows: Any **voted** millage (outside millage) is subject to House Bill 920 accounting. In the mid-1970s with extreme inflation, the state of Ohio legislated a bill (HB 920) whereby as housing valuations rose, the “effective mills” would decrease to make the net voted tax revenue equal to the revenue that was initially voted in. As a result, there are two levies listed above which have **voted** full mills at 28.20 and 23.85 respectively. However, the actual millage number being multiplied by tax valuation figures is 10.39 and 15.85 respectively...the “effective millage rate”. This means that the original voted millage for those two levies has been reduced by 50% of its original value because of inflation and HB 920.

Inside millage is millage that is “*inside the constitution of the state of Ohio*” and is allowed by law. It is not subject to HB 920 accounting. The inside millage of Lorain City Schools is 3.44.

School Funding in the State of Ohio

How School Funding is Distributed

Public school districts use a combination of state funds, local sources such as property taxes (and in some cases income taxes) and federal funds. The amount of state funds that a district receives is based on a formula that takes into account the student enrollment, the property wealth of the district and many other factors.

About School Funding

The Department of Education’s General Revenue Fund budget represents the largest component of primary and secondary education. These funds, along with profits from the Ohio Lottery are used to fund Ohio’s 611 public school districts, 49 joint vocational school districts, and approximately 381 public community schools. They also fund the activities of the Ohio Department of Education, including funding for early childhood education, pre-school special education, assessments, and the A-F report card.

REVENUES and OTHER FINANCING SOURCES

Forecast Line 1.010: General Property Tax Revenue (Real Estate)

General Property Real Estate tax revenues are the expected tax collections on residential properties, commercial and industrial properties, and public utilities located within the school district. Real estate tax collection estimates are communicated to the school districts by the Lorain County Auditor.

Levies:

- The recent history of levies for Lorain City Schools can be reviewed below:

On Ballot	Amount	Type of Levy	Result
Nov 2008	4.90 Mills	Real Estate	Failed
Nov 2009	6.43 Mills	Real Estate	Failed
May 2010	8.97 Mills	Real Estate	Failed
Nov 2010	9.12 Mills	Real Estate	Failed
May 2011	23.85 Mills	Renewal Levy	Passed
Nov 2011	1.5%	Income Tax	Failed
Nov 2012	\$3.1million	Emergency	Passed
Nov 2015	23.85	Renewal Levy	Passed
Nov 2019	\$3.1million	Renewal Emergency	Passed
Nov 2020	23.85 Mills	Renewal Levy	Passed

- **23.85 Mill Renewal Levy:** This levy is a combination of three levies (7.18mill, 6.77mill, and 9.9mill) that originated in 1991 and 1992. This levy generates \$9.9million/year for the district. The district has since passed this renewal levy again in November 2015 and November 2020. This renewal will expire again with the last collection year being calendar year 2026.
- **\$3.1Million Emergency:** The voters of the district passed an Emergency Real Estate Tax levy in November 2012, which generates \$3.1million a year for the district. The first twelve months of revenue was fully

realized in the fiscal year 2013-14. This levy was renewed in November 2019 and expires in December 2026.

- Because of previous large deficits, Lorain City Schools borrowed against the two passed levies (May 2011 and November 2012) via Tax Anticipation Notes (TAN). This is a legal debt instrument that a school district can use and receive proceeds by borrowing against its own projected revenues. Those borrowings have now been paid off fully. Additionally, Lorain City Schools completed a Reduction in Force (RIF) plan in the spring of 2012 to help mitigate the upcoming financial deficits.
- At a 100% collection rate, the district could receive just under \$23million in revenues from property taxes.
- The average collection rate for the district is approximately 75%-80%.

Fiscal Year 20-21: Based on tax collections from this fiscal year, real estate tax revenues are expected to be 1.7% lower than the previous fiscal year, which is \$18,298,204.

Fiscal Years 2022-2025: It is assumed that real estate revenues will be reduced by \$100,000 per year because of reductions in tax valuations.

Real Estate (R/E) tax revenues are as follows in the forecast (in millions of dollars):

	Actual	Actual	Actual	Act/Fcst	Forecast	Forecast	Forecast	Forecast
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
R/E Rev	\$17.8	\$18.6	\$18.6	\$18.3	\$18.2	\$18.1	\$18.0	\$17.9

In millions of dollars

Forecast Line 1.020 Tangible Personal Property Tax Revenue

This category is paid by commercial/industrial property owners on the value of their inventory, furnishings and equipment. The state of Ohio is phasing out this local revenue source and has replaced it with a statewide Commercial Activity Tax (CAT). Beginning in fiscal year 2009-10, school districts no longer received this revenue other than Public Utility Personal Property tax revenue, which is also reducing. The state of Ohio reimbursed some of the lost revenue in a “hold harmless” manner via a Personal Property Tax Reimbursement (on forecast line 1.050), but the reimbursement did not reimburse 100% of lost revenue. Additionally, a new and important development was projected in the state of Ohio budget passed in June 2011 in that this Personal Property Tax Reimbursement phased out much sooner than previously projected for Lorain City Schools.

Further analysis about this segment of revenue reveals that years ago, Lorain City Schools was realizing over \$6M per year for Tangible Personal Property revenue (including the state of Ohio reimbursement). Because of the state phase out in favor of the Commercial Activity Tax (which is not realized directly by each school district), the revenue from this activity has gone from millions of dollars per year to just a few thousand dollars per year for Lorain City Schools.

Fiscal Year 20-21: Based on tax collections from this fiscal year, tangible personal property tax revenues are expected to be 7.9% higher than the previous fiscal year.

Fiscal Years 2022-2025: It is assumed that tangible personal property tax revenues will decrease by 5% per year because of tax valuation reductions in the school district.

For comparison purposes, Personal Property Tax (PPT) revenues from fiscal year 2011-12 through fiscal year 2024-25 are shown below:

	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
PPT Rev	1.4	1.93	2.08	1.98	1.9	1.78	1.69

In millions of dollars

Line 1.035 Unrestricted Grants in Aid (State Foundation)

District Payment Reports:

Payments to city, local and exempted village school districts are calculated from data reported by the district, such as the number of students enrolled in the district, and are made twice each month according to a schedule published each spring. Since the data is updated throughout the year, the annual amount due to the district is calculated for each payment and the district receives approximately 1/24th of the annual amount.

State Foundation Funding for Lorain City Schools

The state foundation revenue (line 1.035) for Lorain City Schools consists of two components. The first component is the summation of revenues from the Ohio Department of Education District Foundation Settlement Report. A detailed line-by-line explanation can be found on the ODE website. The second component of line 1.035 is revenue from the state of Ohio casinos.

The most current biennium budget was implemented on July 1, 2019. Due to the financial losses caused by the COVID-19 pandemic, the governor of Ohio adjusted the funding amounts that went to each school district. In May of 2020, it was announced funding would be cut by 21% for each year of the biennium budget (FY20 and FY21). For Lorain City Schools, that would have been a loss of over \$3,000,000 each year. Due to the poverty rate in the district and the district’s reliance on state funding, the loss of funding was capped at just under \$945,000 each year.

In January of 2021, the Governor signed an executive order to lower the reduction to the state foundation funding formula. Initially, the district was going to have a loss of \$945,000. Now the district will only have a loss of \$425,000 for the 20-21 school year.

Fiscal Year 2021: According to updated reports from the Ohio Department of Education, the district is expected to receive a reduced amount of \$82 million for the 2021 fiscal year.

Fiscal Years 2022-2025: With the uncertainty of state funding going forward, no increase is assumed through fiscal year 2025.

Line 1.035 Unrestricted Grants in Aid (State Foundation) (continued)

State Foundation Funding for Lorain City Schools

The second component of line 1.035 is revenue from the state of Ohio casinos. Conservative estimates are that school districts will receive \$50 per pupil per year.

Fiscal Year 2021: The current estimate for casino revenue is \$158,821.

Fiscal Years 2022-2025: Based on previous trending and enrollment numbers, a 5% decrease is anticipated each year.

Summarized totals for State Foundation revenue on line 1.035 are as follows:

	Actual	Actual	Actual	Act/Fcst	Forecast	Forecast	Forecast	Forecast
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Foundation	\$81.20	\$83.50	\$82.40	\$82.02	\$82.02	\$82.02	\$82.02	\$82.02
Casino	\$0.30	\$0.30	\$0.30	\$0.16	\$0.15	\$0.14	\$0.14	\$0.13
TOTALS	\$81.50	\$83.80	\$82.70	\$82.18	\$82.17	\$82.16	\$82.16	\$82.15

In millions of dollars

Line 1.040 Restricted Grants-In-Aid (Economic Disadvantaged and Career and Technical Funding)

The Economic Disadvantaged funding is provided to address poverty and its effects on educational outcomes.

Career-Technical Education programs in Ohio prepare students for success in college and in jobs that require a high level of technical skill. Students typically enroll in Career-Tech during their junior and senior years of high school. Some students also take Career-Tech courses during their freshman and sophomore years. Much information is available on the ODE website regarding Career and Technical Education programs.

Both Economic Disadvantaged and Career and Technical funding act as a “*restricted grant inside the General Fund*”. Certain criteria must be met to satisfy the funding.

Forecasted revenues for this line are a direct tie to the Ohio Department of Education Foundation Settlement Reports. These revenues are assumed to be held “flat” through fiscal year 2024-25. Forecasted revenues are as follows:

	Actual	Actual	Actual	Act/Fcst	Forecast	Forecast	Forecast	Forecast
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Econ Disadvantaged	\$7.60	\$7.50	\$7.70	\$7.73	\$7.73	\$7.73	\$7.73	\$7.73
Career/Tech	\$0.40	\$0.70	\$0.70	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72
Totals	\$8.00	\$8.20	\$8.40	\$8.45	\$8.45	\$8.45	\$8.45	\$8.45

In millions of dollars

1.050 Property Tax Allocation

This category represents the Homestead and Rollback (HSRB) revenue the District receives from the State of Ohio. The State of Ohio partially pays for some of the locally levied property taxes for residential and agricultural real property owners and an additional amount for homeowners and represents property tax relief to individual property taxpayers in Ohio.

The Homestead Exemption program allows qualifying Lorain County residents to shield some of the market value of their home from taxation. The Exemption, which takes the form of a credit on property tax bills, allows qualifying homeowners a homestead reduction in taxes equal to the taxes on \$25,000 of the county auditor’s market value of their home from all local property taxes. For example, through the Homestead Exemption, a home with a county auditor’s market value of \$100,000 would be billed as if it is valued at \$75,000. The tax savings vary by taxing district, but is typically \$400-\$450 annually.

Under the Disabled Veteran – Enhanced Exemption, disabled veterans who qualify are entitled to a homestead reduction in taxes equal to the taxes on \$50,000 of the auditor’s market value of their home.

Property Tax Allocation projections are affected by the reappraisal/tri-annual updates and levy renewals. Estimates are calculated from historical data. This revenue from the state of Ohio is captured on line 1.050 of the Forecast.

It is assumed that the property tax allocation revenue will remain flat throughout the life of the forecast.

The detail of forecast line 1.050 (Property Tax Allocation Revenues) is as follows:

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY22-23	FY22-23
HSRB	\$2.8	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7
Totals	\$2.8	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7

In millions of dollars

1.06 Other Miscellaneous Revenues

The following revenues are miscellaneous with the larger revenues being Open Enrollment “In” from other school districts (students open enrolled to Lorain City Schools), and Indirect Costs which is “Administrative Revenue” to cover costs to operate Federal Grants. There’s a substantial increase to Indirect Costs beginning in fiscal year 2020-2021 due to the district no longer using the school wide pool funding model.

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	<u>FY17-18</u>	<u>FY18-19</u>	<u>FY19-20</u>	<u>FY20-21</u>	<u>FY21-22</u>	<u>FY22-23</u>	<u>FY23-24</u>	<u>FY24-24</u>
Tuition (1219)	4,119	0	0	0	0	0	0	0
Tuition (1221)	161,021	73,342	131,688	125,122	125,122	125,122	125,122	125,122
Tuition (1223)	127,199	350,062	94,766	128,690	128,691	128,692	128,693	128,694
Open Enroll	636,922	511,881	400,753	397,214	397,214	397,214	397,214	397,214
Interest Income	346,231	681,246	620,268	75,000	100,000	100,000	100,000	100,000
PSEO	0	0	0	0	0	0	0	0
Rentals	85,364	16,855	5,975	1	1	1	1	1
Misc	0	0	0	0	0	0	0	0
PPT Exempt	11,830	12,227	66,395	30,951	30,951	30,951	30,951	30,951
Misc	82,385	62,583	47,156	97,277	75,000	75,000	75,000	75,000
Indirect Cost	406,250	136,786	86,023	191,067	181,514	172,438	163,816	155,625
Insurance Proceeds	0	81,665	50,010	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Federal	65,348	38,812	60,895	65,000	65,000	65,000	65,000	65,000
Medicaid	493,953	413,117	353,854	541,502	350,000	350,000	350,000	350,000
TOTALS	2,420,623	2,378,575	1,917,784	1,651,824	1,453,493	1,444,418	1,435,797	1,427,607

In Whole Dollars

Line 2.050 Advances In

This line captures any cash advances repaid back to the General Fund from other funds. It correlates with the “Advances Out” (line 5.020) in that “Advances Out” in one year are “Advances In” during the next fiscal year. The General Fund typically “advances” cash to other funds (i.e. federal grants) at year end until that fund’s cash timing catches up and returns those funds back to the General Fund. There is an increase to the current year’s Advances In due to movement of CARES Act Funding. The “advancing” is required by Ohio law.

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Advance In	1,344,203	563,721	1,640,033	2,958,705	1,432,389	1,200,000	1,200,000	1,200,000
All Other Financial Sources	101,182	88,852	237,736	372,434	0	0	0	0
Total Financing Sources	1,445,385	652,573	1,877,769	3,331,139	1,432,389	1,200,000	1,200,000	1,200,000

In Whole Dollars

EXPENSES and OTHER FINANCIAL USES

During the 2018-2019 and 2019-2020 fiscal years, the district moved to a schoolwide pooling model for most instructional purchases. This resulted in the creation of the 598 account which is where general funds and title funds were pooled to support the instructional direction of the district. Districts that operate Title 1 schoolwide programs (which allow for comprehensive reform strategies to improve the academic achievement of all students in the school) may consolidate and use federal, state, and local funds to upgrade the entire educational program of a school.

The district has returned to the traditional funding model, beginning with the 2020-2021 fiscal year. The traditional funding model allows for an easier segregation and compliance of funds.

Impact on the Forecast

There will be a substantial increase to expenditure lines 3.010-3.040 (Personal Services, Employee’ Retirement/Insurance Benefits, Purchased Services, and Supplies and Materials) with line 5.01 (Operating Transfers-Out) no longer needing to reflect the salaries, benefits, and supplies for the 598 fund.

Line 3.010 Personal Services

New collective bargaining agreements were negotiated and approved by the CEO and the Lorain City Schools Board of Education in the spring of 2020. The provisions of those new contracts have been incorporated into this forecast.

Personal Services salary and wage related costs are as follows:

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Personal Services	\$45.7	\$19.5	\$14.5	\$53.1	\$58.2	\$58.2	\$60.7	\$64.3

In Millions of Dollars

Line 3.020 Employees’ Retirement and Insurance Benefits

This line captures costs paid by Lorain City Schools for employee retirement costs, medical insurance, dental and prescription drug insurance, life insurance, workers compensation, unemployment, and Medicare costs. Retirement costs for the State Teachers Retirement System (STRS) and School Employees Retirement System (SERS) are assumed to correlate to changes in salaries and wages every January and July respectively.

With the transition away from the Health Trust to the Lake Erie Regional Council the medical Insurance costs showed an increase of 19% over prior year costs. Which was far less than the projected increase within the trust. The rates were locked until July of 2019. The medical rates beyond that are then based on an analysis completed by the LERC in the spring of each year, and are expected to increase at a rate of 10% for every year after in this Forecast. Medical insurance cost assumptions change every July. District cost increases associated with the Federal Affordable Health Care Act (ACA) are rising and may not be fully known at this time as the country sorts through all the requirements.

Employee retirement and insurance benefits are as follows:

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Benefits	\$17.2	\$7.4	\$7.4	\$18.8	\$21	\$22.3	\$23.0	\$24.4

In Millions of Dollars

Line 3.030 Purchased Services

These expenses include services purchased from outside sources and include professional, technical, legal, data processing, electricity, natural gas, trash collection, water, telephone services, travel, meetings, craft, trade, postage, property insurance, rentals, leases, printing and binding, tuition paid to other districts, excess costs, student transportation, and other miscellaneous purchased services costs. Also captured in Purchased Services are deductions for Community Schools, Open Enrollment and Scholarship Transfers.

Another large and unpredictable set of costs are those associated with Community Schools, Open Enrollment (out to other districts) and Scholarship Programs. This forecast assumes that costs associated with that trio of costs increases by \$1.5M per year beginning with FY21-22. The \$1.5M cost increase per year is captured on the row labeled “Increase in C/S, O/E, Vouchers” in the table below. There is a cumulative year-by-year effect of those cost increases should they occur. Purchased Services costs are as follows:

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Purchased Services (All Other Costs)	11.6	11.6	11.6	11	13	13.7	13.9	14.1
Community Schools	17.2	17.5	18	18.3	18	18	18	18
Open Enrollment (Out)	6.1	6.2	6	5.98	6.05	6.05	6.05	6.05
Scholarship Programs	5.7	5.8	7.3	6.9	6.9	6.9	6.9	6.9
Increase in C/S, O/E, Vouchers		0.4	0.4	0	1.5	3	4.5	6
Total Purchased Services	\$40.60	\$41.50	\$43.00	\$42.18	\$45.45	\$47.65	\$49.35	\$51.05

In Millions of Dollars

3.040 Supplies and Materials

For the current year and beyond this line includes all non-instructional costs such as, newspapers, periodicals, supplies for maintenance and repair of land, buildings, equipment, furniture, and gasoline costs. Building level instructional supplies have also returned to the general fund, within this line, with the district no longer using the schoolwide pool funding model. Large fluctuations over the years are mainly due to the timing of new

curriculum purchases, technology purchases, technical upgrades, and/or repairs for buildings. Cost assumptions are as follows:

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Supplies and Materials	\$2.6	\$1.5	\$1.9	\$2.3	\$3.25	\$2.1	\$2.1	\$2.1

In Millions of Dollars

3.050 Capital Outlay

This line captures capital fixed asset costs in excess of \$5,000 per item, which includes costs for land, existing buildings, equipment, vehicles and other fixed assets. Other costs are associated with the Information Technology department’s new or replacement of outdated technical equipment under \$5,000 per item. (computers, servers, and other infrastructure, etc.)

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Capital	\$1.6	\$1.5	\$0.6	\$0.2	\$0.4	\$0.4	\$0.4	\$0.4

In Millions of Dollars

4.020 Debt Service Principal

In May 2011, the voters approved a 23.85 mill (voted millage) renewal levy. The district borrowed \$4,793,000 against that levy over five years. Principal paybacks were incurred for five years beginning December 1, 2012 at \$958,600 per year plus interest.

In November 2012, the voters approved a \$3.1M, 7-year Emergency Levy. The school district made the decision to also borrow \$3,126,190 against those tax levy revenues with principal debt payments beginning December 1, 2013 and continuing for four more years at \$625,238 per year plus interest. The entire debt forecast for principal payback were completed in the 2017-2018 fiscal year.

Debt Payments on Principal

	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
2011 Debt								
2013 Debt	\$0.62							

Totals	\$0.62	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
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In Millions of Dollars

4.060 Interest and Fiscal Charges

This line captures the interest associated with the loans mentioned in line 4.020 that were paid in full during the 2017-2018 fiscal year. Those interest charges are as follows:

Interest Cost on Listed Tax Anticipation Note (TAN) Loans:

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
on \$4.M Loan								
on \$3.1M Loan	\$6,097							
Other Costs								
Totals	\$6,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0

In Whole Dollars

4.300 Other Objects Costs

This line captures expenses not otherwise classified such as audit fees, bank charges, liability insurance (which is what accounts for the increase from FY2018 to FY2019), tax collection fees from the Lorain County Auditor and other dues and fees. Expense assumptions are as follows:

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Other Objects	909,532	826,895	1,114,816	1,206,357	1,269,675	1,269,675	1,269,675	1,269,675

In Whole Dollars

5.010 Operational Transfers-Out

This line captures monies transferred to other funds from the General Fund to cover those respective costs which are not self-funding, and cannot be in a negative balance (by law) at June 30th of any year. Additional

costs have been added for Athletic program expansion. There was a substantial increase in fiscal years 2018-2019 and 2019-2020 due to the school wide pooling transfer. For fiscal year 2017-2018 through fiscal year 2024-2025, below are the forecasted Operational Transfers-Out:

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Athletics	\$1.3	\$0.9	\$0.9	\$.5	\$1.0	\$1.0	\$1.0	\$1.0
School Wide	\$0	\$39.6	\$49.1	\$0	\$0	\$0	\$0	\$0
Totals	\$1.3	\$40.5	\$50.0	\$0.5	\$1.0	\$1.0	\$1.0	\$1.0

In Millions of Dollars

5.020 Advances-Out

This line captures cash outflows from the General Fund which are temporary in nature. This normally occurs at the end of the fiscal year when other funds in the district are “negative” because of cash timing issues. These advances from the General Fund are repaid normally in the following month (July) and come back into the General Fund on line 2.050 “Advances-In”. Federal and State grants are the normal recipient of these advances. There was an increase to 19-20FY’s Advances-Out due to CARES Act Funding.

	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Advances Out	\$0.5	\$1.5	\$2.9	\$1.4	\$1.2	\$1.2	\$1.2	\$1.2

In Millions of Dollars

SUMMARY

Lorain City Schools has experienced severe financial struggles since 2007. Examination of history reveals that the school district completed Reductions-In-Force (RIF) in 2007 and in the spring of 2012 to help relieve some of the financial pressures. The tax payers of the District passed a levy in November 2012 which was the first “new money levy” passed since the early 1990s (excluding the facilities construction project). However, that “new money levy” was not enough to eliminate projected deficits in future years.

Adding to the financial challenges is the proliferation of Community Schools since the year 2000. In fiscal year 2018-19, funding transferring to Community Schools from Lorain City Schools totaled over \$17.5M, and is projected to grow further. Also, the U.S. wide recession of 2007 had a negative financial impact on the school district in the area of Real Estate Tax revenue but the market is starting to bounce back.

Additional funding from the state of Ohio, along with the passed 2012 levy, and better and more precise forecasting processes have helped to mitigate the financial issues in the past. The State of Ohio approved a new biennium budget on June 30, 2019, and the lack of an additional per student amount is concerning for the district’s financial future for a district so dependent on state increases. Revenues have been incredibly impacted again by the COVID-19 pandemic, beginning in the spring of 2020.

The district has been awarded with ESSER funds to help address the needs of the district caused by the COVID-19 pandemic. As we navigate the pandemic and finalize plans on how to best spend those funds, the district’s financial numbers may fluctuate.

Based on this forecast, costs will begin to exceed revenues in the 2022-2023 school year.

The Five Year Forecast “bottom line” is line 15.010 and is forecasted as follows:

Line 15.010 Fund Ending Fund Balances

	Act	Act	Act	Act/Fcst	Fcst	Fcst	Fcst	Fcst
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Fund Balances	17,018,077	22,467,469	21,015,127	20,647,983	4,819,967	(13,363,571)	(36,3681,700)	(66,686,526)

In Whole Dollars

