WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT- LAKE COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING JUNE 30, 2023 THROUGH JUNE 30, 2027

Forecast Provided By
Willoughby-Eastlake City School District
Treasurer's Office
Nicholas E. Ciarniello, Treasurer/CFO
May 8, 2023

Willoughby-Eastlake City School District

Lake County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	59,746,092	62,938,682	68,441,324	7.0%	72,227,830	68,942,737	69,906,814	70,728,254	70,852,486
1.020	Tangible Personal Property	7,130,851	7,536,348	7,924,555	5.4%	8,005,505	8,249,899	8,181,722	8,115,956	8,115,378
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	16,663,599	17,492,963	16,492,826	-0.4%	16,611,597	16,622,183	16,631,494	16,641,017	16,150,843
1.040	Restricted State Grants-in-Aid	526,252	526,250	1,296,498	73.2%	1,330,874	1,330,874	1,330,874	1,330,874	1,330,874
1.045	Restricted Federal	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	8,398,930	8,184,090	8,112,253	-1.7%	8,051,127	8,029,901	8,197,159	8,364,474	8,379,466
1.060	All Other Revenues	2,390,339	3,908,103	3,120,398	21.7%	3,744,660	3,557,160	3,397,790	3,262,330	3,147,180
1.070	*Total Revenues*	94,856,063	100,586,436	105,387,854	5.4%	109,971,593	106,732,754	107,645,853	108,442,905	107,976,227
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	15,529	15,859	13,298	-7.0%	15,000	15,000	15,000	15,000	15,000
2.050	Advances-In	1,254,400	661,900	340,160	-47.9%	766,850	2,000,000	500,000	500,000	500,000
2.060	All Other Financing Sources	272,354	1,576,210	(1,046,080)	156.2%	603,478	100,000	100,000	100,000	100,000
2.070	*Total Other Financing Sources*	1,542,283	2,253,969	(692,622)	-42.3%	1,385,328	2,115,000	615,000	615,000	615,000
2.080	*Total Revenues and Other Financing Sources*	96,398,346	102,840,405	104,695,232	4.2%	111,356,921	108,847,754	108,260,853	109,057,905	108,591,227
	Expenditures									
3.010	Personal Services	57,326,515	51,275,796	56,189,807	-0.5%	55,938,124	57,863,355	59,638,278	61,304,209	62,799,960
3.020	Employees' Retirement/Insurance Benefits	17,098,862	18,960,638	18,041,190	3.0%	18,392,286	21,642,895	22,927,542	24,339,024	25,791,076
3.030	Purchased Services	19,264,011	15,876,171	16,836,352	-5.8%	19,477,107	20,120,068	21,874,691	22,605,942	23,271,021
3.040	Supplies and Materials	2,956,546	2,383,013	2,251,440	-12.5%	3,413,843	3,140,521	3,914,668	4,004,751	4,084,845
3.050	Capital Outlay	30,713	217,491	151,871	289.0%	208,897	88,000	183,000	164,000	228,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:									
4.010	Principal-All (Historical Only)	80,000	80,000	95,000	9.4%	0	0	0	0	0
4.020	Principal-Notes	430,340	282,582	502,057	21.7%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	555,000	550,000	530,000	-2.3%	545,000	570,000	585,000	595,000	600,000
4.055	Principal-Other	0	0	0	0.0%	455,780	481,500	347,740	358,470	540,000
4.060	Interest and Fiscal Charges	638,559	622,100	591,436	-3.8%	550,983	510,964	476,492	448,054	411,696
4.300	Other Objects	1,675,771	1,507,005	1,421,329	-7.9%	1,905,674	1,761,129	1,787,745	1,821,261	1,845,785
4.500	*Total Expenditures*	100,056,317	91,754,796	96,610,482	-1.5%	100,887,694	106,178,432	111,735,156	115,640,711	119,572,383
	Other Financing Uses									
5.010	Operating Transfers-Out	1,195,520	1,469,457	531,296	-20.5%	750,000	1,800,000	1,800,000	1,800,000	1,800,000
5.020	Advances-Out	871,900	668,060	766,850	-4.3%	2,000,000	500,000	500,000	500,000	500,000
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	2,067,420	2,137,517	1,298,146	-17.9%	2,750,000	2,300,000	2,300,000	2,300,000	2,300,000
5.050	*Total Expenditures and Other Financing Uses*	102,123,737	93,892,313	97,908,628	-1.9%	103,637,694	108,478,432	114,035,156	117,940,711	121,872,383
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(5,725,391)	8,948,092	6,786,604	-140.2%	7,719,227	369,322	(5,774,303)	(8,882,806)	(13,281,156)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	14,163,050	8,437,659	17,385,751	32.8%	24,172,355	31,891,582	32,260,904	26,486,601	17,603,795
7.020	*Cash Balance June 30*	8,437,659	17,385,751	24,172,355	72.5%	31,891,582	32,260,904	26,486,601	17,603,795	4,322,639
8.010	*Estimated Encumbrances June 30*	3,030,331	475,356	42,411	-87.7%	300,000	300,000	300,000	300,000	300,000
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	*Subtotal*	0	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	5,407,328	16,910,395	24,129,944	127.7%	31,591,582	31,960,904	26,186,601	17,303,795	4,022,639
	Revenue from Replacement and Renewal Levies									
11.010	Income Tax - Renewal	0	0	0	0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies	0	0	0	0.0%	0	0	0	0	0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	5,407,328	16,910,395	24,129,944	127.7%	31,591,582	31,960,904	26,186,601	17,303,795	4,022,639
	Revenue from New Levies									
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	0	0
14.010	Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	0
15.010	*Unreserved Fund Balance June 30*	5,407,328	16,910,395	24,129,944	127.7%	31,591,582	31,960,904	26,186,601	17,303,795	4,022,639

Willoughby-Eastlake City School District –Lake County
Notes to the Five Year Forecast
General Fund Only
May 8, 2023

Introduction to the Five-Year Forecast
A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends the more likely it is that the projections will deviate from experience. A variety of events will ultimately impact the latter years of the forecast such as state budgets (adopted every two years), tax levies (new/renewal/replacement), tax adjustments (reappraisal/updates), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education (ODE) when events take place that will significantly change their forecast or, at a minimum, when required under the statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science, and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer (CFO) of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential purposes or objectives of the five-year forecast:
(1) To engage the local board of education and the community in 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.

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by the end of November and May each fiscal year. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2023 Updates:

Revenues FY23
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $3.1 million or 2.9% higher than the November forecasted amount of $106.8 million. This indicates the November forecast was 97.1% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 73% and are estimated to be $80.2 million, which is $2.9 million higher for FY23 than the original November estimate of $77.3 million. Our estimates are 96.3% accurate for FY23 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $17.95 million, which is $161 thousand lower than the original estimate for FY23. We are pleased that we were able to be 99% accurate for FY23. We are currently on the guarantee and are expected to remain as a guarantee district for FY24 through FY27.

Line 1.06 - Other revenues are up $650 thousand over original estimates, primarily due to interest received by the district, which is somewhat unpredictable year to year.

All areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be $100.9 million for FY23, which is on target with the original estimates in the November forecast.

All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures ending on target, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $31.6 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainties not only due to the economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes equate to 76.4% of the district's resources. Our tax collections in the August 2022 and March 2023 settlements showed above average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2. Lake County experienced a triennial update in the 2021 tax year to be collected in FY22**.** Residential values increased by 17.68% and commercial values increased by 0.97%. The next update, the district will experience a sexennial reappraisal in tax year 2024 to be collected in FY25 and we have assumed a 6% growth for residential values and 1% growth for commercial values in the reappraisal at this time.

3. The two-year state budget for FY24-25, HB33, is currently in discussion. State revenues represented 23.6% of district revenues, which means it is a significant area of risk to the district's revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the sustained high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets. Two future state biennium budgets cover the period from FY24-25 and FY26-27. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district's funding long-range through FY27. We have projected our state funding to be in-line with the FY23 funding levels through FY27, which we feel is conservative and should be close to what the state approves for the FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4. HB 110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in

expenditures, beginning in FY22, will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in actual historical costs for FY20 through FY21, which may reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast for FY23.

5. HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. However, there still are education option programs such as College Credit Plus, which continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are closely monitoring any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

6. The current proposed state budget for FY24-25, HB33 was introduced on Feb. 15, 2023 and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.

7. The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat $125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. As property values grow, the "effective" millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its sixth hearing in regard to HB1 on April 18, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

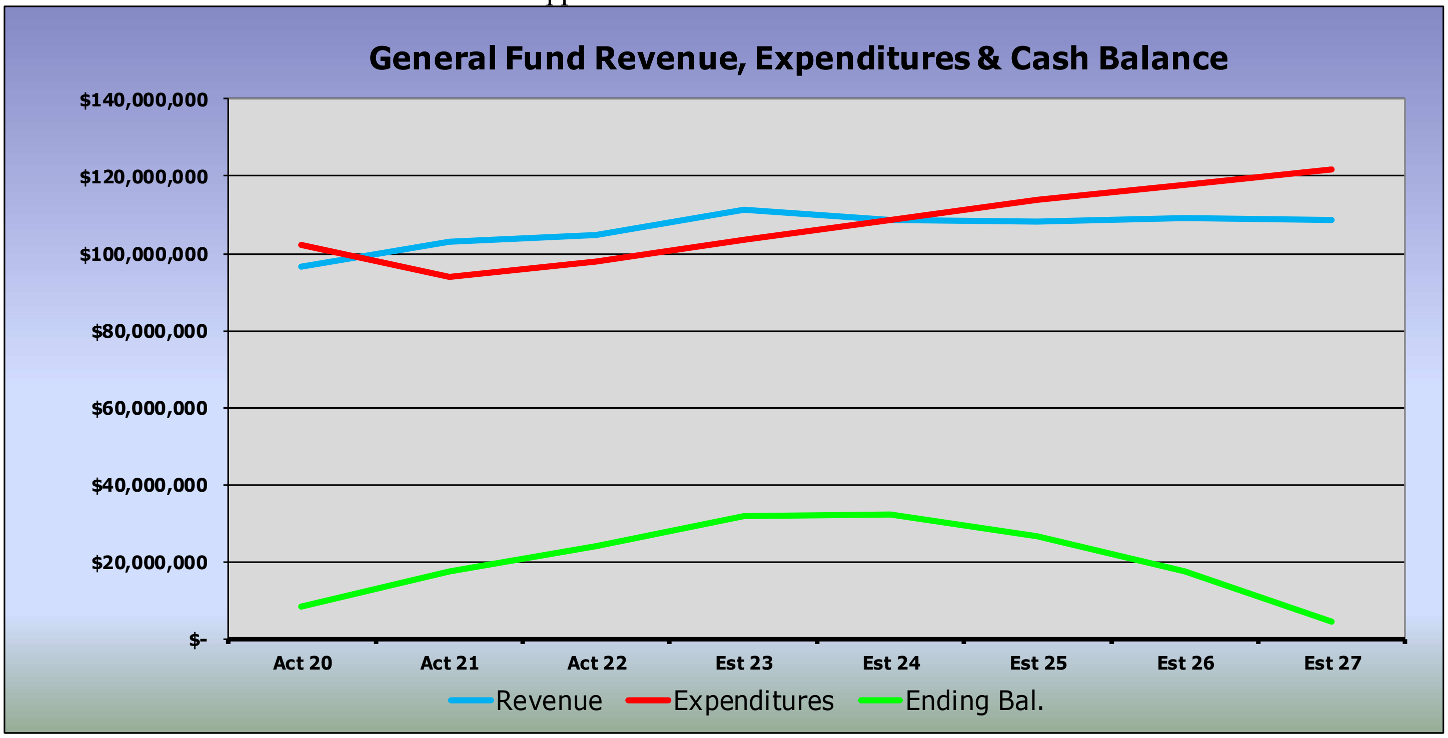
8. We appreciate the community's approval of the $13.56 million 10-year combination levy that was passed on May 2. Passing this levy will help to keep the district financially healthy long term.

9. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward our positive working relationship will continue and will only grow stronger.

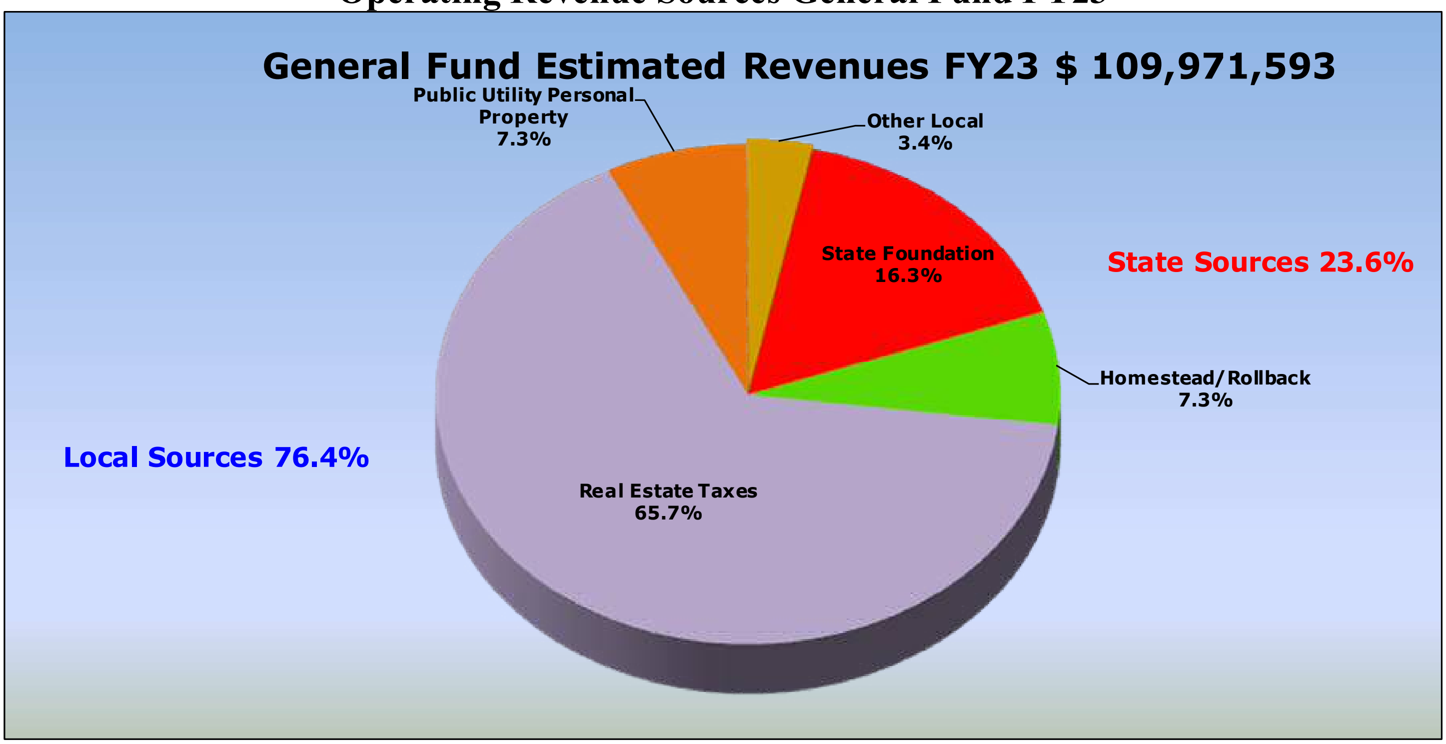
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Nicholas E. Ciarniello, Treasurer/CFO Willoughby-Eastlake City Schools at 440-975-3760.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

The graph below captures in one snapshot the operating scenario facing the district over the next few years. Due to the recent vote to combine two of our emergency levies, the forecast will not show a renewal levy until FY30. Expiring levies are moved to Line 11.02 of the forecast until approved. The current forecast does not include new ballot issues at this time.



Revenue Assumptions
Operating Revenue Sources General Fund FY23



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Lake County experienced a triennial update for the 2021 tax year to be collected in FY22. Residential/agricultural values increased 17.6 % or $211.6 million due to the update, led by an improving housing market.

For tax year 2022, new construction in residential property was up 0.3% or $4.5million in assessed value, and new construction in commercial/industrial values increased $619 thousand. Overall values increased $8 million or 0.4%, which includes new construction for all classes of property.

A sexennial reappraisal will occur in 2024 for collection in FY25, for which we are estimating a 6% increase in residential and a 1% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase $89.7 million or 4.9%, overall.

Public Utility Personal Property (PUPP) values increased by $8.3 million in tax year 2022. We expect our values to continue to grow by $150 thousand each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR2025 COLLECT 2026	Estimated TAX YEAR2026 COLLECT 2027
Res./Ag.	$1,423,472,620	$1,428,472,620	$1,519,180,977	$1,524,180,977	$1,529,180,977
Comm./Ind.	400,939,090	402,419,090	407,923,281	409,403,281	410,883,281
Public Utility Personal Property (PUPP)	139,197,330	139,347,330	139,497,330	139,647,330	139,797,330
Total Assessed Value	$1,963,609,040	$1,970,239,040	$2,066,601,588	$2,073,231,588	$2,079,861,588

Estimated Real Estate Tax - Line #1.010

Property tax levies are estimated to be collected at 96% of the annual amount. This allows for a 4% delinquency factor. In general, 53.5% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 46.5% collected in the August tax settlement.

We want to thank the community for passing the $13.56 million combination levy for a period of ten (10) years at the May 2nd ballot. This levy will collect through fiscal year 2034.

Source	FY23	FY24	FY25	FY26	FY27
General Property Taxes	$72,227,830	$68,942,737	$69,906,814	$70,728,254	$70,852,486

Levy Renewal –Line #11.02

State law requires that renewal levies be removed from revenues on Line 1.01, 1.02 and 1.05 and shown on line 11.02 of the forecast. Please note that renewal levies do not bring in additional tax revenues to the district. The district passed the renewal of the $7.585 and $5.975 million emergency levies combined into one $13.56 million levy at the May 2nd ballot for a period of 10 years. The district will now have to renew these levies by the end of calendar year 2033 or fiscal year 2034. We want to thank our community for passing this renewal that collects the same revenue for a period of ten years. The district will not see a renewal come into the forecast until fiscal year 2030.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 51% in March and 49% in August along with the real estate settlements from the county auditor. Public Utility Personal Property (PUPP) values grew in tax year 2022 by $8.3 million. First Energy is appealing the tax year 2021 values on the Eastlake Power Plant, which closed at the end of 2014. There was an appeal and a subsequent settlement after a lengthy legal process with First Energy for tax years 2018-2020.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property PUPP	$8,005,505	$8,249,899	$8,181,722	$8,115,956	$8,115,378
Total Line # 1.020	$8,005,505	$8,249,899	$8,181,722	$8,115,956	$8,115,378

School District Income Tax – Line#1.030
No school district income taxes are modeled in this forecast.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB110 through June 30, 2023

Unrestricted State Foundation Revenue– Line #1.035
The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. We have projected FY23 funding based on the March #2 foundation settlement and funding factors.

Our district is currently a guarantee district in FY23 and is expected to remain on the guarantee in FY24-27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest, and possibly the most complicated, funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated, and how expenses are deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

A. Student Population and Demographics
B. Property Valuation Per Pupil
C. Personal Income of District Residents Per Pupil
D. Historical Funding - CAPS and Guarantees from prior funding formulas "Funding Bases" for guarantees.

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>
The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up to date statewide average prices will not update for FY23 and remain frozen at FY18 levels, while other factors impacting a district's local capacity will update for FY23. Base costs per pupil include funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is currently at a state-wide average of $7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.

3. 20% based on the most recent year federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity of the base per pupil funding amount.

Categorical State Aid
In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

<u>Unrestricted Categorical State Aid</u>
1. <u>Targeted Assistance/Capacity Aid</u> – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. <u>Special Education Additional Aid</u> – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. An amount of 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. <u>Transportation Aid</u> – Funding is based on all resident students who ride, including preschool students and those living within one mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share is less than 33.33% will benefit from the increase to 33.33% funding.

<u>Restricted Categorical State Aid</u>
1. <u>Disadvantage Pupil Impact Aid (DPIA)</u> - Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited to 0% for FY22 and 33.33% in FY23.
2. <u>English Learners</u> - Based on funded categories generated from time student enrolled in schools and multiplied by a weighted amount per pupil.
3. <u>Gifted Funds</u> - Based on four funded components generated primarily from a ratio of teachers to gifted pupils and multiplied by a weighted teacher cost.
4. <u>Career-Technical Education Funds</u> - Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. <u>Student Wellness and Success Funds</u> - These funds, were moved as a part of DPIA funding, which is restricted funding and will be spent on same initiatives and requirements that were previously designated for under the stand-alone fund of 467.

State Funding Phase-In FY22 and FY23 and Guarantees
While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding was phased in at 0% in FY22 and was changed by the legislature to be in line with the overall phase in at 33.33% in FY23. Transportation categorical funds will not be subject to phase-in.

HB110 includes three (3) guarantees: 1) "Formula Transition Aid"; 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY22 and FY23 than they received in FY21. The guaranteed level of funding for FY22 is a calculated funding guarantee level based on total state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of guarantee in FY22. In general, the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations. In contrast, property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, pushing districts toward one of the three (3) guarantees.

Future State Budget Projections
Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

Unrestricted Basic Aid Foundation Funding
- a) The statewide average base cost per pupil will remain at FY18 levels in FY24-25.
- a) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum through FY25.

Unrestricted Categorical State Aid
- a) Transportation Aid - Increases the minimum state share percentage from 33.33% in FY23 to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid
- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Gifted Funds - Increases per pupil funding for the gifted professional development component from $14 in FY23 to $21 in FY24 and $28 in FY25.
- c) Student Wellness and Success Funds
  - a. Expenditures for either physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
  - b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025, or the funds must be returned to the ODE.
  - c. School resource officer funding will be allocated on a per building basis. Funds are able to support existing SROs.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate $30 million in each year of the biennium, of which $15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate $14.3 million over the course of the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted state funding to be in line with the FY23 funding levels through the remainder of the forecast according to our analysis of the most current Legislative Service Commission simulations. Categorical funding estimates will be increased to reflect the changes in HB33. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

Casino Revenue
On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos, one each in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% Gross Casino Revenue (GCR) that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped primarily due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil, actual payments in FY23 were $64.84 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Unrestricted State Revenue Estimates – Lines #1.035

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$14,201,507	$14,202,897	$14,202,897	$14,202,897	$14,202,897
Preschool and Special Education Transportation	1,730,726	1,730,726	1,730,726	1,730,726	1,730,726
Catastrophic Reimbursements	217,220	217,220	217,220	217,220	217,220
Basic Aid-Unrestricted Subtotal	$16,149,453	$16,150,843	$16,150,843	$16,150,843	$16,150,843
Credential Reimbursement	$4,788	$4,788	$4,788	$4,788	$4,788
Ohio Casino Commission ODT	457,356	466,552	475,863	485,386	490,240
Total Unrestricted State Aid Line # 1.035	$16,611,597	$16,622,183	$16,631,494	$16,641,017	$16,645,871

Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. Using current May funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, 33.33% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

Source	FY23	FY24	FY25	FY26	FY27
Student Wellness and Success	$485,994	$485,994	$485,994	$485,994	$485,994
DPIA	401,596	401,596	401,596	401,596	401,596
ESL	25,332	25,332	25,332	25,332	25,332
Gifted	253,604	253,604	253,604	253,604	253,604
Career Tech - Restricted	164,348	164,348	164,348	164,348	164,348
Total Restricted State Revenues Line #1.040	$1,330,874	$1,330,874	$1,330,874	$1,330,874	$1,330,874

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Summary of State Foundaton Revenues	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	$16,611,597	$16,622,183	$16,631,494	$16,641,017	$16,150,843
Restricted Line # 1.040	1,330,874	1,330,874	1,330,874	1,330,874	1,330,874
Restricted Federal Grants Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$17,942,471	$17,953,057	$17,962,368	$17,971,891	$17,481,717

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled residential taxpayers. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible after, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Tangible Personal Property Reimbursements – Fixed Rate
The district no longer received fixed rate reimbursements due to previous state cuts.

Tangible Personal Property Reimbursements – Fixed Sum
HB 166 continued the Fixed Sum TPP phase out over five years through FY21. There will be no fixed sum TPP reimbursement beginning in FY23. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

Summary of State Tax Reimbursement – Line #1.050

Source	FY23	FY24	FY25	FY26	FY27
a) Rollback and Homestead	$8,051,127	$8,029,901	$8,197,159	$8,364,474	$8,379,466
Total Tax Reimb./Prop. Tax Allocations #1.050	$8,051,127	$8,029,901	$8,197,159	$8,364,474	$8,379,466

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area have been interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. Open enrolled students will be counted in the enrolled student base at the school district they are being educated and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates have begun to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our strong cash reserves. Rentals are expected to return to pre-pandemic levels over time. Catastrophic Aid nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year to year and we are projecting minimal growth over the remainder of the forecast. All other revenues are expected to continue on historical trends.

The Shoregate TIF payments are currently not collecting per the agreement. Wickliffe TIF's are assumed to remain consistent. The Lake County YMCA took over the district's Latch Key Program housed in the YMCA building. The YMCA payments are projected to remain the same during the forecasted period. The district also receives rent payments from Adult Nursing Program, and T-Mobile for cell towers on top of the board office. In lieu of rent, the district receives sixty hours of video for the term of 2021 – 2024 from Frazier Video for space on the second floor of the board office. Medicaid reimbursements are expected to continue at current levels. Pay to Participate, Classroom, and Extra-Curricular fees are assumed to remain flat for FY23-27. At this time, we will continue monitoring this line of the forecast for future projections.

Source	FY23	FY24	FY25	FY26	FY27
Tuition Income	$800,000	$800,000	$800,000	$800,000	$800,000
Interest Income	1,250,000	1,062,500	903,130	767,670	652,520
Pay to Participate	175,000	175,000	175,000	175,000	175,000
Class Fees	346,600	346,600	346,600	346,600	346,600
TIF's	215,000	215,000	215,000	215,000	215,000
Rentals	150,000	150,000	150,000	150,000	150,000
All Other Sources	808,060	808,060	808,060	808,060	808,060
Total Other Local Revenue Line #1.060	$3,744,660	$3,557,160	$3,397,790	$3,262,330	$3,147,180

Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short-term borrowing projected in this forecast.

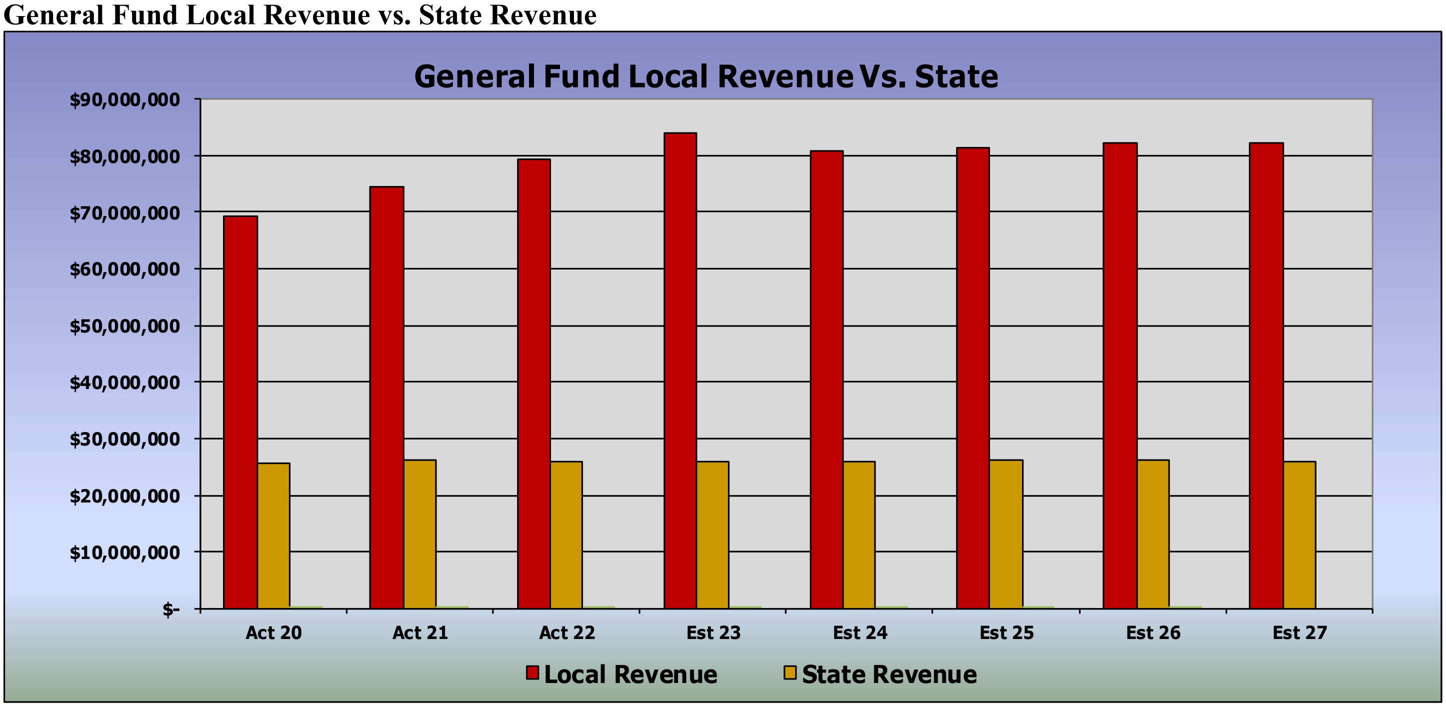
Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

Source	FY23	FY24	FY25	FY26	FY27
Transfers In - Line 2.040	$15,000	$15,000	$15,000	$15,000	$15,000
Advance Returns - Line 2.050	766,850	2,000,000	500,000	500,000	500,000
Total Transfer & Advances In	$781,850	$2,015,000	$515,000	$515,000	$515,000

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that are in line with historical collections.

Source	FY23	FY24	FY25	FY26	FY27
All Other Financial Sources - Line #2.060	$603,478	$100,000	$100,000	$100,000	$100,000

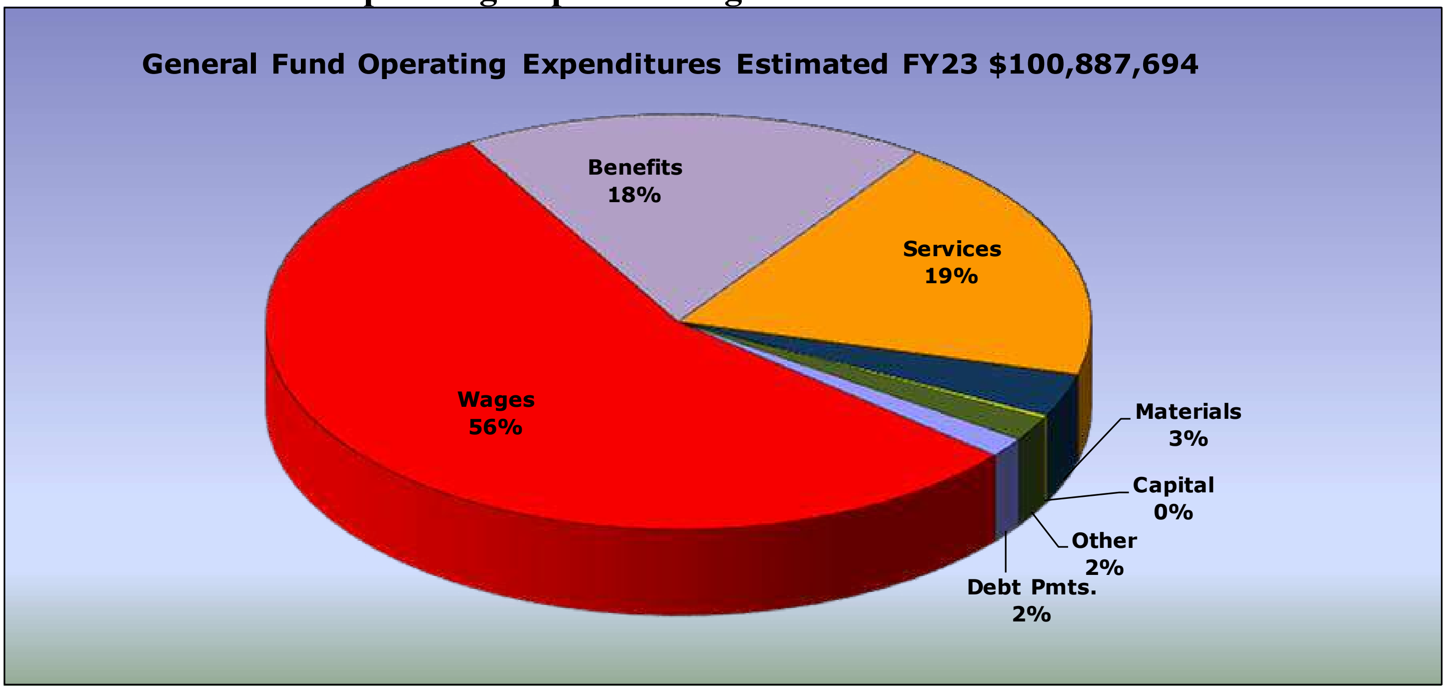
General Fund Local Revenue vs. State Revenue



Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students, whether it be with changes in staffing, curriculum, or new technology. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement that includes a base increases of 1.25% for FY23, and a 1.99% increase for FY24. Step and training increases are included for FY23-27. For planning purposes, a 1% base increase has been projected for FY25-27.

The fund 516 adjustment is for the IDEA-B federal grant. Based on different changes in law, the administration reallocated where the expenditures were being paid. A large portion of the fund 516 will be spent on salaries and benefits. The purchased services that were paid by the 516 fund will be now paid by the general fund. This is a reallocation of funds and not a cost or benefit to one fund or the other.

Purpose	FY23	FY24	FY25	FY26	FY27
Base Wages	$52,838,194	$52,466,391	$54,260,634	$55,912,801	$57,450,403
Increases	660,477	1,044,081	542,606	559,128	574,504
Steps & Training	924,668	918,162	949,561	978,474	787,071
Overtime/Stipends/Other	638,260	670,173	703,682	738,866	775,809
Substitutes	1,431,459	1,503,032	1,578,184	1,657,093	1,739,948
Supplementals	1,382,014	1,409,516	1,423,611	1,437,847	1,452,225
Staff Reductions/Increases	(827,473)	(168,000)	0	0	0
ARP ESSER	0	0	160,000	0	0
516 Adjustment	(1,129,475)	0	0	0	0
Board of Education	20,000	20,000	20,000	20,000	20,000
Total Wages Line 3.010	$55,938,124	$57,863,355	$59,638,278	$61,304,209	$62,799,960

Fringe Benefits Estimates – Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs. These payments and HSA costs are included in the table below.

STRS/SERS will increase as Wages Increase

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

Insurance

The district is reflecting 3.5% increase for healthcare premiums in FY23, a 38% rate increase in FY24, and 9% FY25-27 based on recommendations by the district's insurance consultant. The large increase in FY24 is due to the need to rebuild self-insurance reserves and fund the insurance plan to expected. Although this is a large upfront expense, it will ensure the benefit package is sustainable for our employees. Qualification for healthcare is determined by an employee's hire date as well as the amount of hours an employee works in a normal work week. The insurance reserves are currently below an acceptable threshold, and there are no premium holidays being forecasted for FY23-27.

The WETA severance package was eliminated along with the Health Retirement Account (HRA) after the current contract expired 06/30/19; as a result, transfers to the 035 Termination Benefits Fund has declined significantly each year; however, actual results will be monitored and the forecast adjusted accordingly.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our healthcare costs in the forecast.

Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.45% of wages FY23-27. Unemployment is expected to remain at a shallow level for FY23-27. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

Purpose	FY23	FY24	FY25	FY26	FY27
Fringe Benefits	$8,649,762	$8,769,358	$9,013,831	$9,290,376	$9,516,555
B) Insurance's	8,172,517	11,278,073	12,293,100	13,399,479	14,605,432
C) Workers Comp/Unemployment	280,000	280,000	280,000	280,000	280,000
D) Medicare	903,145	920,865	938,120	966,678	986,598
Other/Tuition	386,862	394,599	402,491	402,491	402,491
Total Fringe Benefits Line #3.020	$18,392,286	$21,642,895	$22,927,542	$24,339,024	$25,791,076

Purchased Services – Line #3.030

HB110, the current state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began to directly pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships that granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

In FY21, we reduced costs in purchased services by recoding our Student Resource Officers (SRO) to Student Wellness and Success Funds (Fund 467). HB110 brought the allocations for Fund 467 into the General Fund. Due to this, FY23-27 will see an increase to the Purchased Services line. Utility costs are expected to increase by a 10% average FY23-27.

In FY22-24, we reduced costs in purchased services by recoding services such as summer school costs, the Online Academy, instructional technology, instructional programs and mental health services to the ARP ESSER funds (Fund 507). The last year to utilize these funds is FY24. Due to this, FY25-27 will see an increase to the Purchased Services line.

This section also contains the updated transportation contract with Petermann Bus and reflects annual 3% increases. Although this service is contracted, the district is still obligated to provide maintenance and fuel, while new bus purchases are the responsibility of Petermann Bus.

As referenced in the wages portion above, there will be a proportionate increase in the purchased services as a result of a reallocation between the general fund and fund 516 (IDEA-B).

Purpose	FY23	FY24	FY25	FY26	FY27
Transportation	$9,341,855	$9,622,111	$10,015,774	$10,316,247	$10,522,572
Tuition Payments	3,996,495	4,076,425	4,157,954	4,241,113	4,325,935
Utilities	2,000,000	2,200,000	2,420,000	2,662,000	2,928,200
Professional Services	1,462,992	1,492,252	1,522,097	1,552,539	1,583,590
Property Services and SRO's	1,852,682	1,889,736	1,927,531	1,966,082	2,005,404
Instructional Services	334,500	341,190	1,323,014	1,349,474	1,376,463
Connectivity, Phone & Postage	243,050	247,911	252,869	257,926	263,085
Contracted or Trade Services	153,415	156,483	159,613	162,805	166,061
Travel and Meetings	92,118	93,960	95,839	97,756	99,711
Total Purchased Services Line #3.030	$19,477,107	$20,120,068	$21,874,691	$22,605,942	$23,271,021

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. FY23 will see an increase in general supplies as a one-time expense, due to budget carryovers, which will not continue through the remainder of the forecast. FY25 will see an increase due to supplies that were paid by the ARP ESSER funds (Fund 507) and will now be moved back to the General fund.

Purpose	FY23	FY24	FY25	FY26	FY27
General Supplies	$1,415,898	$1,219,216	$1,843,600	$1,880,472	$1,918,081
Resale Supplies	595,735	607,650	619,803	632,199	644,843
Maintenance	408,165	416,328	524,655	535,148	545,851
Vehicles	670,020	566,821	589,494	613,074	625,335
All other Supplies & Materials	190,795	194,611	198,503	202,473	206,522
Textbooks & Periodicals	133,230	135,895	138,613	141,385	144,213
Total Supplies Line #3.040	$3,413,843	$3,140,521	$3,914,668	$4,004,751	$4,084,845

Equipment – Line # 3.050

The district does not anticipate costs increasing significantly in this line due to the district passing our bond issue. The district is currently reviewing the cost of a one-to-one initiative that would allocate a device to every student and teacher in the district. Additional security measures and the one-to-one initiative are not reflected in this forecast. We are utilizing the district's ARP ESSER funds in order to fund technology replacements for FY22-24. The district will be purchasing three new buses in FY23 as a result of a State grant being available, if purchased through the school.

Purpose	FY23	FY24	FY25	FY26	FY27
Equipment	$74,718	$13,000	$23,000	$13,000	$28,000
Vehicles	0	0	85,000	76,000	125,000
Technical Equipment	98,099	50,000	50,000	50,000	50,000
Site Improvements	36,080	25,000	25,000	25,000	25,000
Total Equipment Line #3.050	$208,897	$88,000	$183,000	$164,000	$228,000

Principal and Interest Payment – Lines # 4.05 and 4.06

The district issued $1.3 million in long-term general obligation notes to replace and renovate the South High athletic fields due to the condition of the bleachers, this project was completed August 2015. The Federal Government provides subsidy payments to fully offset the interest payments, with respect to its TQSC bond and its Series 2011 COP note. As part of the American Taxpayer Relief Act, the Federal Government began to reduce these subsidies. As a result, subsidies were reduced by 6.9% in FY17 and 6.6% in FY18. The district expects further reductions. As these reductions continue, the PI fund becomes less able to fully support the debt payments, which may cause the General Fund to assume a portion of this debt service through transfers to the PI fund. Due to the PI debt, future building improvements may be made by the General Fund. In 2017, the district refinanced its 2011 and 2013 COPs to save, in net present value terms, over 4%. The refunded debt terms will be repaid by both the PI and General funds. In FY18, the district refinanced its Series 2013 and 2015 COPs. The PI fund is responsible for the majority of the refinancing. However, a portion of the refinancing is obligated to the General Fund. In FY20, the district refunded three debt issuances. The Certificates of Participation - Series 2015 saving the district $703,534 with the final payment being made in FY40. The Energy Conservation Improvement Bonds - Series 2012 saving the district $304,086 with the final payment being made in FY28. The 2046 maturity of the School Improvement Bonds - Series 2016 will save $5,771,835, for aggregate savings of $6,779,455 to the district over the term of these loans. No further building repair projects are projected during the forecasted period.

Debt Service Principal Line # 4.055	$455,780	$481,500	$347,740	$358,470	$540,000
Purpose	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
HB 264 Principal Line # 4.050	$545,000	$570,000	$585,000	$595,000	$600,000
Purpose	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Interest on Leases & HB 264 Total Line 4.060	$550,983	$510,964	$476,492	$448,054	$411,696

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, property insurance, our annual audit and other miscellaneous expenses. We do not expect an increase in the property tax collections as this is based on the levy amounts being collected and there are no new levies projected in the forecast. Insurance costs are expected to increase by a 6.15% average FY23-27.

Purpose	FY23	FY24	FY25	FY26	FY27
Property Tax Collections	$1,173,800	$1,003,800	$1,003,800	$1,003,800	$1,003,800
Dues and fees	194,564	196,510	198,475	204,429	210,562
Insurances	453,400	476,070	499,874	524,868	540,614
Annual Audit	60,000	60,600	61,206	63,042	64,933
Awards and Other	23,910	24,149	24,390	25,122	25,875
Total Other Expenses Line #4.300	$1,905,674	$1,761,129	$1,787,745	$1,821,261	$1,845,785

Transfers and Advances Out – Lines #5.01 and #5.02

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district is forecasting transfers to the 035 Severance fund to cover retired employee severances. Advances are to cover food service deficits, state and federal grants at fiscal year-end and debt service payments in the event the permanent improvement fund cannot cover those costs.

Purpose	FY23	FY24	FY25	FY26	FY27
Transfers Out Line #5.010	$750,000	$1,800,000	$1,800,000	$1,800,000	$1,800,000
Advances Out Line #5.020	2,000,000	500,000	500,000	500,000	500,000
Total Transfer & Advances Out	$2,750,000	$2,300,000	$2,300,000	$2,300,000	$2,300,000

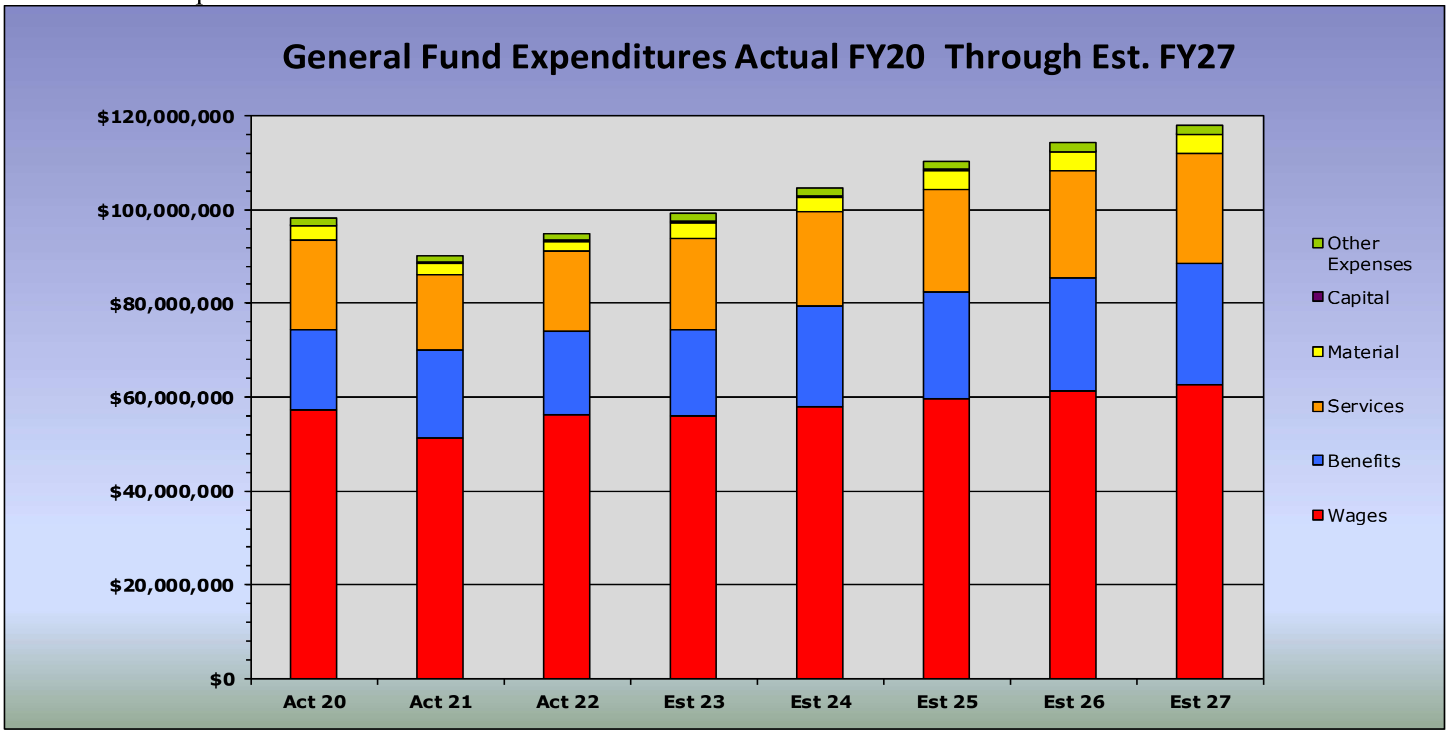
Encumbrances –Line#8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

Purpose	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances	$300,000	$300,000	$300,000	$300,000	$300,000

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-27

As the following graph indicates, we have been diligent at containing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Ending Unencumbered Cash Balance Including Our New Levy and All Levy Renewals – Line#15.010

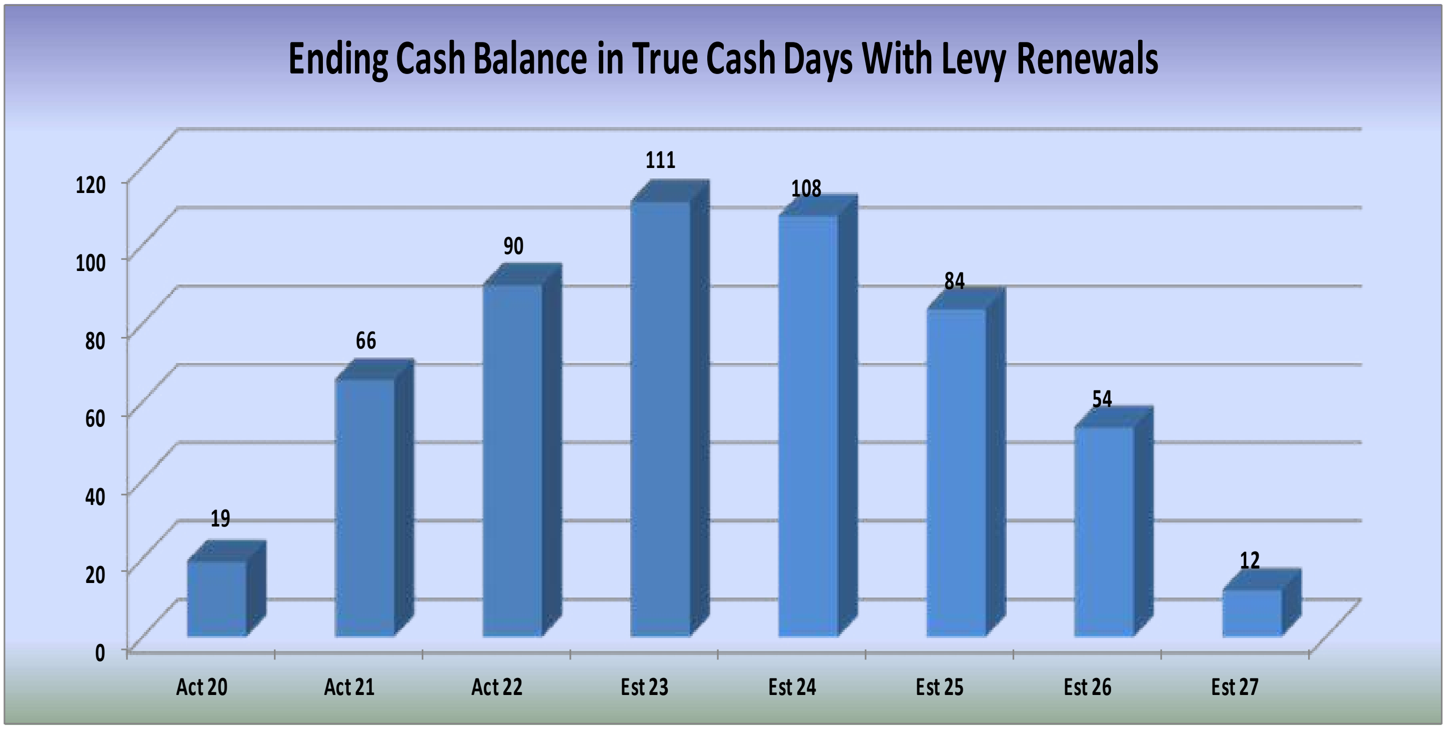
This amount must not go below $0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of $10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of sixty (60) day cash balance, which is approximately $16.8 million for our district.

Ending Unencumbered Cash Balance Line #15.010

Purpose	FY23	FY24	FY25	FY26	FY27
Ending Unencumbered Cash Balance	$31,591,582	$31,960,904	$26,186,601	$17,303,795	($10,763,666)

True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days." In other words, how many days could the district operate at year-end if no additional revenues were received. This is the Current Year's Ending Cash Balance divided by (Current Year's Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. Although GFOA sets the minimum balance on hand to be thirty (30) days, GFOA recommends two (2) months, or sixty (60) days cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



Conclusion

The district appreciates the support the community gave on May 2nd renewing the $7.585 million emergency levy expiring in December 2023, and a $5.975 million emergency levy that expires in December 2024 into a single $13.56 million Emergency Levy renewal for a 10-year period. Due to many factors that play into the story of our revenue and expenditures, we must continue working together for the quality education the district provides. We want to thank all of our community members that have taken the time to share their thoughts at the community conversations. We also want to encourage everyone in our community to collaborate with us in order to align the needs of our students with valuable tax revenue. This levy, and continued support of our expiring levies will be key in keeping the district on stable financial footing.

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state funding will be closely monitored as HB33 moves through the legislative process for FY24-25.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for helping due to the pandemic. Additional ESSER II and III have been allocated to our district that can be used through September 2023 and September 2024, respectively, which will continue to offset the expenses and help with academic support for lost learning due to school closures as a result of the pandemic. We will monitor this and all other funding that is affecting our forecast from the pandemic.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.