WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT- LAKE COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2021, 2022, and 2023 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2024, THROUGH JUNE 30, 2028

Forecast Provided By
Willoughby-Eastlake City School District
Treasurer's Office
Nicholas E. Ciarniello, Treasurer/CFO
May 13, 2024

Willoughby-Eastlake City School District

Lake County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	62,938,682	68,441,324	72,227,830	7.1%	70,076,509	73,867,362	76,071,049	76,198,890	77,177,025
1.020	Tangible Personal Property	7,536,348	7,924,555	8,005,505	3.1%	8,511,045	8,353,153	8,170,336	8,170,630	8,117,494
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	17,492,963	16,492,826	16,984,074	-1.4%	17,148,463	16,375,521	16,032,382	14,955,184	14,955,184
1.040	Restricted State Grants-in-Aid	526,250	1,296,498	1,326,547	74.3%	1,925,341	1,674,521	1,711,893	1,843,225	1,848,514
1.045	Restricted Federal	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	8,184,090	8,112,253	8,058,517	-0.8%	8,089,854	8,583,402	9,046,920	9,061,696	9,222,534
1.060	All Other Revenues	3,908,103	3,120,398	3,826,186	1.2%	5,871,652	5,358,829	4,849,029	4,623,629	4,387,229
1.070	*Total Revenues*	100,586,436	105,387,854	110,428,659	4.8%	111,622,864	114,212,788	115,881,609	114,853,254	115,707,980
	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	15,859	13,298	0	-58.1%	14,957	14,957	14,957	14,957	14,957
2.050	Advances-In	661,900	340,160	766,850	38.4%	3,842,800	3,000,000	3,000,000	3,000,000	3,000,000
2.060	All Other Financing Sources	1,576,210	(1,046,080)	556,579	-159.8%	336,087	100,000	100,000	100,000	100,000
2.070	*Total Other Financing Sources*	2,253,969	(692,622)	1,323,429	-210.9%	4,193,844	3,114,957	3,114,957	3,114,957	3,114,957
2.080	*Total Revenues and Other Financing Sources*	102,840,405	104,695,232	111,752,088	4.3%	115,816,708	117,327,745	118,996,566	117,968,211	118,822,937
	Expenditures									
3.010	Personal Services	51,275,796	56,189,807	56,560,808	5.1%	58,402,837	61,395,578	62,698,599	64,229,484	65,760,898
3.020	Employees' Retirement/Insurance Benefits	18,960,638	18,041,190	18,638,863	-0.8%	22,007,896	23,385,826	24,355,493	25,364,204	26,434,389
3.030	Purchased Services	15,876,171	16,836,352	18,690,932	8.5%	20,413,530	22,196,462	22,914,493	23,558,637	24,539,809
3.040	Supplies and Materials	2,383,013	2,251,440	2,557,233	4.0%	5,163,477	3,637,564	3,724,174	3,798,657	3,874,630
3.050	Capital Outlay	217,491	151,871	136,274	-20.2%	205,930	175,000	175,000	175,000	175,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:									
4.010	Principal-All (Historical Only)	80,000	95,000	87,000	5.2%	0	0	0	0	0
4.020	Principal-Notes	282,582	502,057	368,780	25.6%	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	550,000	530,000	545,000	-0.4%	570,000	585,000	595,000	600,000	575,000
4.055	Principal-Other	0	0	0	0.0%	481,500	347,740	358,470	540,000	569,690
4.060	Interest and Fiscal Charges	622,100	591,436	550,983	-5.9%	510,965	476,492	448,054	411,696	368,436
4.300	Other Objects	1,507,005	1,421,329	1,765,552	9.3%	1,884,840	1,912,181	1,946,285	1,971,073	1,996,606
4.500	*Total Expenditures*	91,754,796	96,610,482	99,901,425	4.3%	109,640,975	114,111,843	117,215,568	120,648,751	124,294,458
	Other Financing Uses									
5.010	Operating Transfers-Out	1,469,457	531,298	710,377	-15.1%	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
5.020	Advances-Out	668,060	766,850	3,842,800	208.0%	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
5.030	All Other Financing Uses	0	0	89	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	2,137,517	1,298,148	4,553,266	105.7%	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
5.050	*Total Expenditures and Other Financing Uses*	93,892,313	97,908,630	104,454,691	5.5%	114,440,975	118,911,843	122,015,568	125,448,751	129,094,458
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	8,948,092	6,786,602	7,297,397	-8.3%	1,375,733	(1,584,098)	(3,019,002)	(7,480,540)	(10,271,521)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	8,437,654	17,385,746	24,172,348	72.5%	31,469,745	32,845,478	31,261,380	28,242,378	20,761,838
7.020	*Cash Balance June 30*	17,385,746	24,172,348	31,469,745	34.6%	32,845,478	31,261,380	28,242,378	20,761,838	10,490,317
8.010	*Estimated Encumbrances June 30*	475,356	42,411	28,416	-62.0%	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*	16,910,390	24,129,937	31,441,329	36.5%	32,545,478	30,961,380	27,942,378	20,461,838	10,190,317
	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*	16,910,390	24,129,937	31,441,329	36.5%	32,545,478	30,961,380	27,942,378	20,461,838	10,190,317
	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*	16,910,390	24,129,937	31,441,329	36.5%	32,545,478	30,961,380	27,942,378	20,461,838	10,190,317

Willoughby-Eastlake City School District –Lake County
Notes to the Five-Year Forecast
General Fund Only
May 13, 2024

Introduction to the Five-Year Forecast

A forecast is 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. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), 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 ODE when events 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 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-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data and assumptions available for the May 2024 filing.

May 2024 Updates

<u>Revenues FY24</u>

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 $1.8 million or 1.7% higher than the November forecasted amount of $109.7 million. This indicates that the November forecast was 98.3% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 70.4% and are estimated to be $78.5 million, which is $1.5 million higher for FY24 than the original November estimate of $77 million. Our estimates are 98% accurate for FY24 and should mean future projections are also on target.

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 $19 million, which is

$271 thousand higher than the original estimate for FY24. We are pleased that we were able to be 98.6% accurate for FY24. We are currently on the formula and are expected to remain as a formula district for FY25 through FY28.

Line 1.06 - Other revenues are on target with original estimates.

All areas of revenue are tracking as anticipated for FY24 based on our best information at this time.

Expenditures FY24

Total General Fund expenditures (line 4.5) are estimated to be $108.1 million for FY24, which is on target with the original estimate 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, 2024, is anticipated to be roughly $34 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2028 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 uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and the affect that may occur in the forecast in the 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 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 75.7% of the district's resources. We believe there is a low risk that local collections will fall below projections throughout the forecast.

   The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20-mill floor currently in law. Our district is currently on the 20-mill floor for Class I values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

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 17.5% growth for residential values and 1% growth for commercial values in the reappraisal at this time. Recently, there was proposed legislation that would have changed the way reappraisals and updates are conducted by the County Auditor's office. Due to this, we have elected to use the same increase that we saw in tax year 2021.

3. The state budget represents 24.3% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the Fair School Funding Plan). This forecast reflects state revenue to grow with the continued phase-in of the Fair School Funding Plan for FY26-28, which we feel is conservative and should be close to what-the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made 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. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.

5. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid for by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

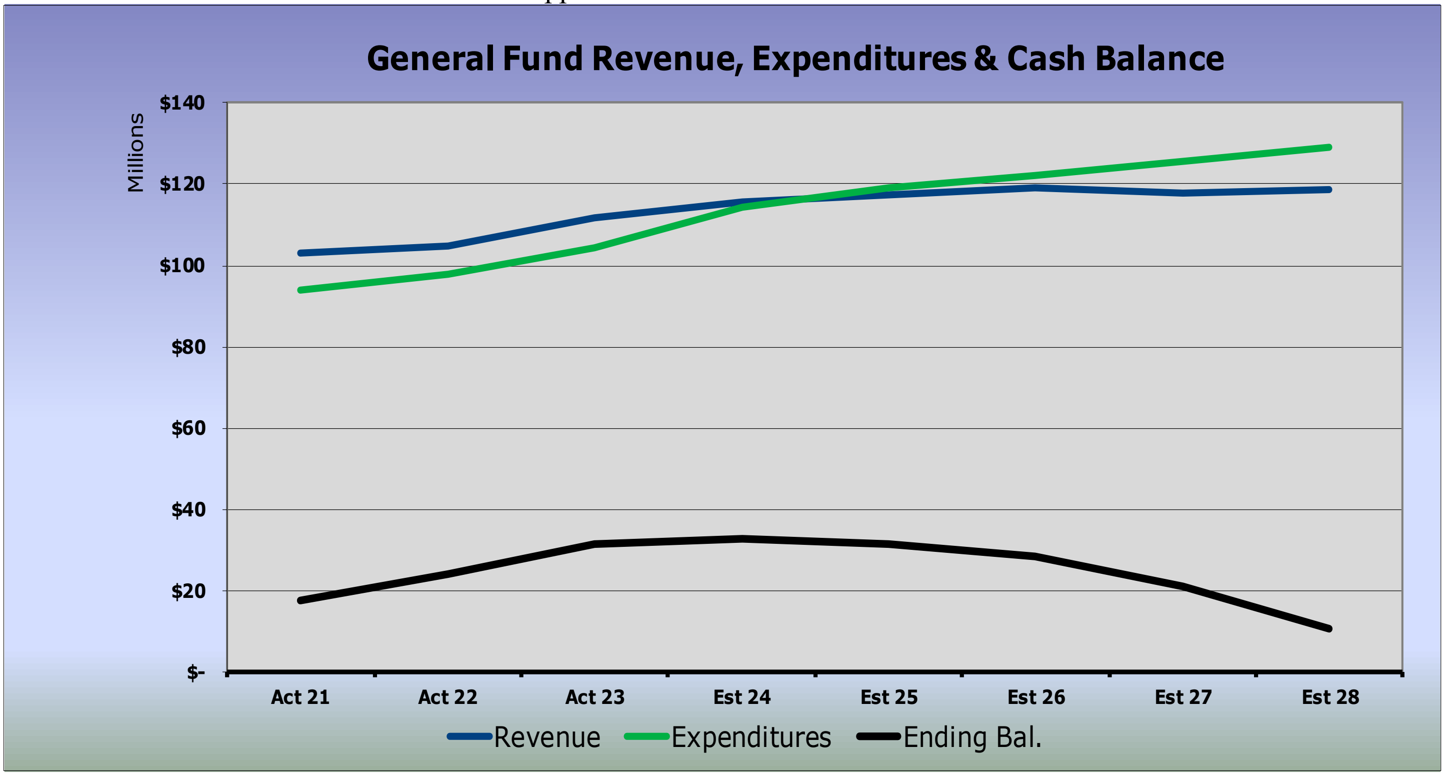
6. We appreciate the community's approval of the $13.56 million 10-year combination levy that was passed on May 2, 2023. The passage of this levy will allow the district to maintain programs and remain fiscally solvent.

7. 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.

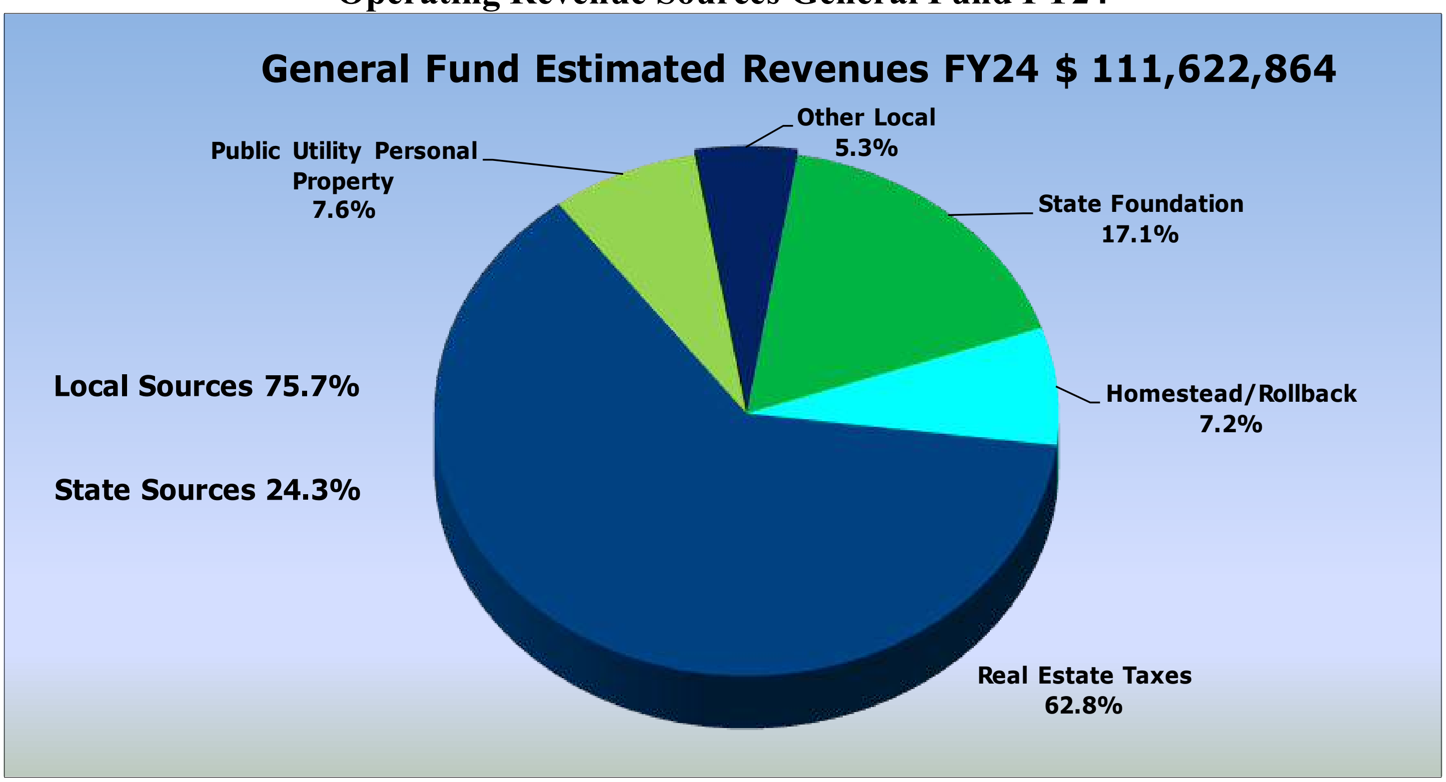
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast 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 FY21-23 and Estimated FY24-28

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 FY24



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 2023, new construction in residential property was up 0.3% or $4.8 million in assessed value, and new construction in commercial/industrial values increased $650 thousand. Overall values increased $12.4 million or 0.6%, 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 17.5% increase in residential and a 1% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase $255.3 million or 13.9%, overall.

Public Utility Personal Property (PUPP) values increased by $5.1 million in tax year 2023. We expect our values to continue to grow by $150,000 each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2023	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
Classification	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	$1,435,961,540	$1,692,254,810	$1,697,254,810	$1,702,254,810	$1,792,367,550
Comm./Ind.	400,913,890	406,403,029	407,883,029	409,363,029	414,936,659
Public Utility Personal Property (PUPP)	144,356,640	144,506,640	144,656,640	144,806,640	144,956,640
Total Assessed Value	$1,981,232,070	$2,243,164,479	$2,249,794,479	$2,256,424,479	$2,352,260,849

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law (HB920) provides for "reduction factors" of all voted property tax levies to adjust the millage rates lower for the levy collections not to increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all levies is 59.28 mills while the Class I effective millage rate is 20.00 mills, and the Class II effective millage rate is 23.73 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the "20-Mill Floor". Currently, our district is not on the floor for Class II, but is for Class I. Any emergency levy that is voted on is not included in the 20-mill floor, the district has five emergency levies of 21.80 mills that were voted on for an annual amount of $43.15 million of taxes, as the values increase the millage rate will decrease to only collect the annual amount that was approved by the voters.

Estimated Real Estate Tax - Line #1.010

Property tax levies are estimated to be collected at 99% of the annual amount. This allows for a 1% delinquency factor. In general, 54% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 46% 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 2, 2023 ballot. This levy will collect through fiscal year 2034.

Source	FY24	FY25	FY26	FY27	FY28
General Property Taxes	$70,076,509	$73,867,362	$76,071,049	$76,198,890	$77,177,025

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 2, 2023 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. The next renewal anticipated to be placed on the ballot will be November 2028.

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 2023 by $5.1 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	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property PUPP	$8,511,045	$8,353,153	$8,170,336	$8,170,630	$8,117,494
Total Line # 1.020	$8,511,045	$8,353,153	$8,170,336	$8,170,630	$8,117,494

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 HB33 through June 30, 2025

Unrestricted State Foundation Revenue – Line #1.035
HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected the funding in FY24 based on the May 2024 foundation settlement and funding factors for FY25 from the simulations provided by the Department of Education and Workforce.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The previous 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, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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 current funding formula uses FY22 statewide average district costs and develops 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 FY24 and FY25 and remain frozen at FY22 levels; while other factors impacting a district's local capacity will update for FY24. 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 $8,242.19 per pupil in FY24, 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. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. 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-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's 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 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. 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 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

<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 50% in FY24 and 66.67% in FY25.
2. <u>English Learners</u> – Based on funded categories based on the time students enrolled in schools and multiplied by a weighted amount per pupil.
3. <u>Gifted Funds</u> – Based on average daily membership multiplied by a weighted amount per pupil.

4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 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 by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula 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 FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25

Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; however, based on the successful implementation of the Fair School Funding Plan we believe the phase-in will continue in the next biennium, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is projected to grow with the continued phase-in of the Fair School Funding Plan for FY26 through FY28.

Threshold Aid

Threshold Aid (formerly 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 not projecting any growth over the remainder of the forecast.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open 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% of Gross Casino Revenue 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, beginning for the first time on January 31, 2013.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY22, was $109.39 million for schools or $62.86 per pupil, in FY23, the funding totaled $113.1 million or $64.90 per pupil, and in FY24 the funding totaled $113.11 million or $65.02 average per pupil. We expect the casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Unrestricted State Revenue Estimates – Lines #1.035

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$14,457,830	$13,500,366	$13,150,366	$12,541,325	$12,541,325
Preschool and Special Education Transportation	1,851,921	2,029,699	2,029,699	2,029,699	2,029,699
Threshold Reimbursements	384,160	384,160	384,160	384,160	384,160
Basic Aid-Unrestricted Subtotal	$16,693,911	$15,914,225	$15,564,225	$14,955,184	$14,955,184
Credential Reimbursement	$4,628	$4,628	$4,628	$4,628	$4,628
Ohio Casino Commission ODT	449,924	456,668	463,529	470,459	477,526
Total Unrestricted State Aid Line # 1.035	$17,148,463	$16,375,521	$16,032,382	$15,430,271	$15,432,710

Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged Funding) and Career Technical funding. In addition, new restricted funds have been added under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. We have estimated revenues for these new restricted funding lines using current May funding factors and using the simulations from the Department of Education and Workforce for FY25. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We project funding to grow with the continued phase-in of the Fair School Funding Plan for FY26-FY28.

HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The district received $306,055 from this one-time subsidy and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

Source	FY24	FY25	FY26	FY27	FY28
DPIA	$654,535	$787,433	$866,805	$1,030,095	$1,030,095
ESL	27,382	22,032	21,032	20,727	20,727
Gifted	252,083	207,634	182,634	169,799	169,799
Career Tech - Restricted	158,747	128,519	112,519	93,701	93,701
Other Restricted State Funds	306,055	0	0	0	0
Student Wellness and Success	526,539	528,903	528,903	528,903	534,192
Total Restricted State Revenues Line #1.040	$1,925,341	$1,674,521	$1,711,893	$1,843,225	$1,848,514

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundaton Revenues	FY24	FY25	FY26	FY27	FY28
Unrestricted Line # 1.035	$17,148,463	$16,375,521	$16,032,382	$14,955,184	$14,955,184
Restricted Line # 1.040	1,925,341	1,674,521	1,711,893	1,843,225	1,848,514
Restricted Federal Grants Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$19,073,804	$18,050,042	$17,744,275	$16,798,409	$16,803,698

State Share of Local Property Taxes – 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 before 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. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that 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 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 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 to the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local taxpayers by the state cut in fixed sum TPP reimbursement.

Summary of State Share of Local Property Taxes – Line #1.050

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead	$8,089,854	$8,583,402	$9,046,920	$9,061,696	$9,222,534
Total State Share of Local Property Taxes #1.050	$8,089,854	$8,583,402	$9,046,920	$9,061,696	$9,222,534

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

Open-enrolled students will be counted in the enrolled student base at the school district where 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.

Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will begin sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district.

Rentals are expected to return to pre-pandemic levels over time. 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, and fiscal support services, valued at $55,000 per year, from NEOnet 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 FY24-28. At this time, we will continue monitoring this line of the forecast for future projections.

Source	FY24	FY25	FY26	FY27	FY28
Tuition Income	$705,372	$705,372	$705,372	$705,372	$705,372
Interest Income	2,682,300	2,558,500	2,048,700	1,823,300	1,586,900
Pay to Participate	150,000	150,000	150,000	150,000	150,000
Class Fees	507,304	507,304	507,304	507,304	507,304
TIF's	275,000	275,000	275,000	275,000	275,000
Insurance Proceeds	20,000	20,000	20,000	20,000	20,000
Rentals	300,000	300,000	300,000	300,000	300,000
All Other Sources	1,231,676	842,653	842,653	842,653	842,653
Total Other Local Revenue Line #1.060	$5,871,652	$5,358,829	$4,849,029	$4,623,629	$4,387,229

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

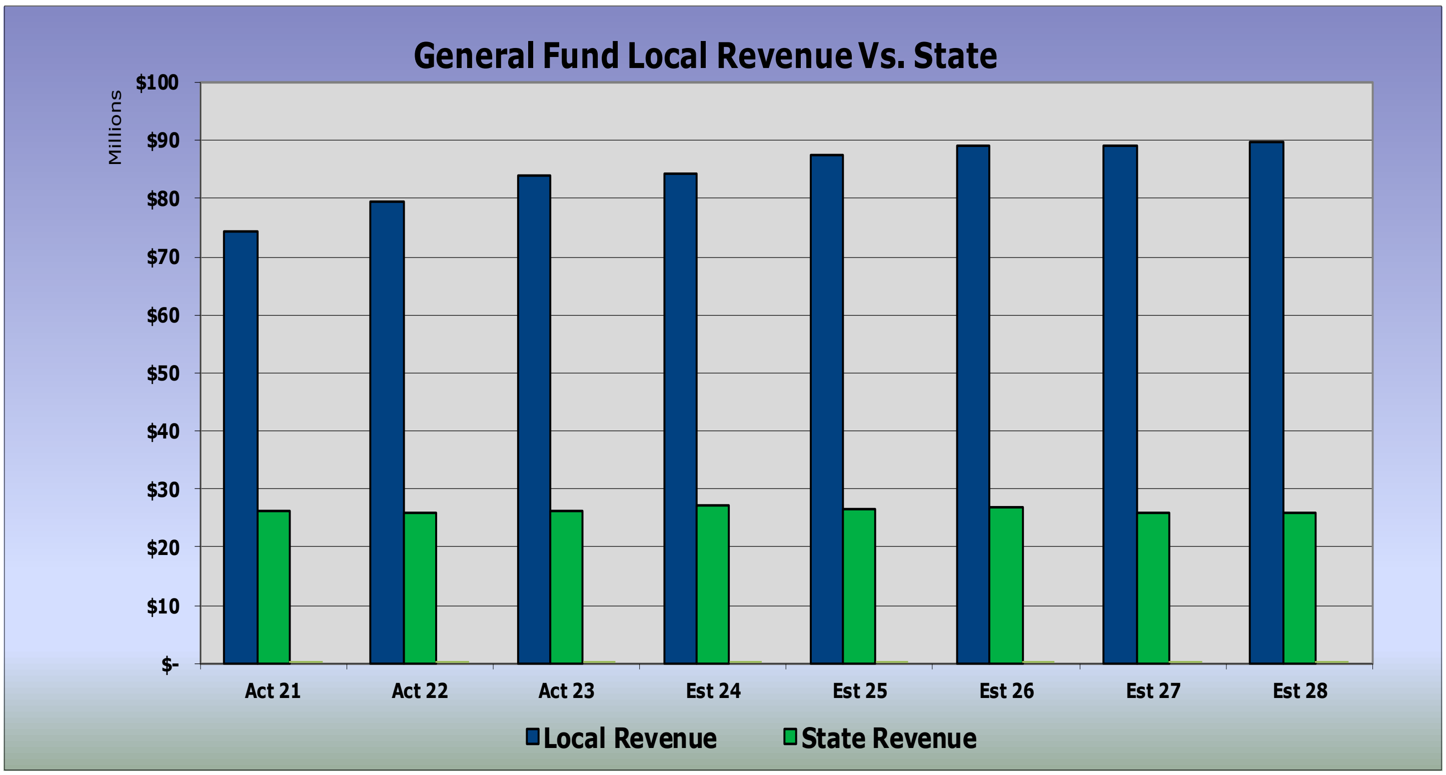
These are non-operating revenues, which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year-end are planned to be returned in the succeeding fiscal year.

Source	FY24	FY25	FY26	FY27	FY28
Transfers In - Line 2.040	$14,957	$14,957	$14,957	$14,957	$14,957
Advance Returns - Line 2.050	3,842,800	3,000,000	3,000,000	3,000,000	3,000,000
Total Transfer & Advances In	$3,857,757	$3,014,957	$3,014,957	$3,014,957	$3,014,957

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 the amount of refunds that are in line with historical collections.

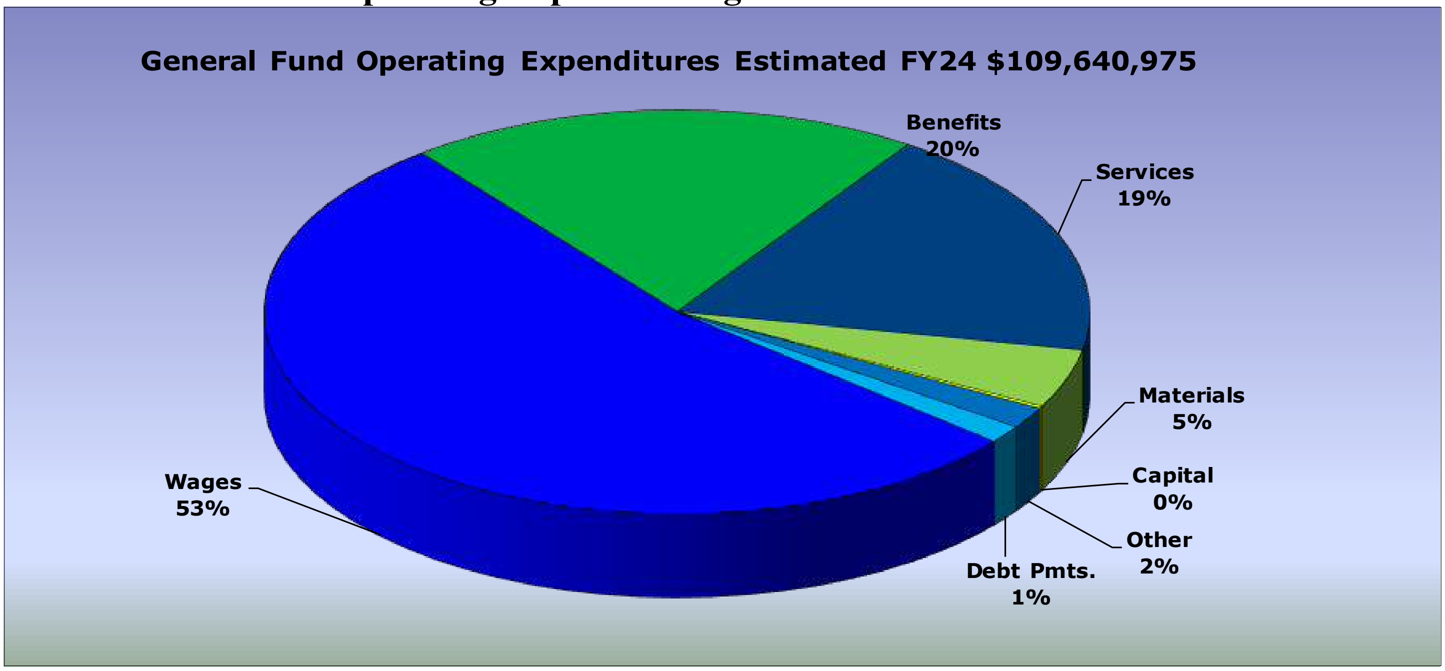
Source	FY24	FY25	FY26	FY27	FY28
All Other Financial Sources - Line #2.060	$336,087	$100,000	$100,000	$100,000	$100,000



Expenditure 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 needs. 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 FY24



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement that included base increases of 1.99% for FY24. Step and training increases are included for FY24-28. For planning purposes only at this time, a 2.25% base increase has been projected for FY25-26 and a 1% increase for FY27-28. Included within the base wage assumptions is a pending case between the district and members of the Willoughby-Eastlake Classified Professionals union. These are pre-school instructors that state they should be considered certified teachers and placed within the Willoughby-Eastlake Teacher's Association union and placed on their pay scale. They have escalated the case to the State Employment Relations Board (SERB). The district has taken the position that we would forecast the wage difference five years back and all steps being awarded based on their years of experience going forward.

Fiscal year 2025 will see $160,000 of salaries return to the general fund after exhausting the remaining Elementary and Secondary School Emergency Relief (ESSER) funding that had been allocated to the district at the end of FY24. In fiscal years 2025 to 2026, we anticipate a reduction in salary expenditures by $400 thousand, driven by natural staffing fluctuations.

Purpose	FY24	FY25	FY26	FY27	FY28
Base Wages	$52,943,534	$54,648,536	$57,494,477	$58,644,256	$60,034,125
Increases	1,053,576	1,229,592	1,293,626	586,443	600,341
Steps & Training	926,512	956,349	1,006,153	803,426	822,468
Overtime/Stipends/Other	606,498	636,823	668,664	702,097	702,097
Substitutes	1,676,335	1,760,152	1,848,160	1,940,568	2,037,596
Supplementals	1,451,468	1,484,126	1,517,519	1,532,694	1,548,021
Staff Reductions/Increases	(275,086)	500,000	(1,150,000)	0	0
ARP ESSER	0	160,000	0	0	0
Board of Education	20,000	20,000	20,000	20,000	16,250
Total Wages Line 3.010	$58,402,837	$61,395,578	$62,698,599	$64,229,484	$65,760,898

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 saw a 38% increase for healthcare premiums in FY24, and we are estimating an increase of 9% in FY25 and a 6% increase for FY26-28 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 levels. Although this is a large up-front 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 number 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 FY24-28.

The WETA severance package was eliminated along with the Health Retirement Account (HRA) after the previous contract expired 06/30/19; as a result, transfers to the 035 Termination Benefits Fund has declined; however, these are also impacted by the number of retirees in any given year. These will continue to be monitored yearly.

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 0.50% of wages FY24-28. Unemployment is expected to remain at a shallow level for FY24-28. 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 wage increases 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	FY24	FY25	FY26	FY27	FY28
STRS/SERS	$9,400,668	$9,719,671	$9,950,688	$10,192,811	$10,435,665
Insurances	10,927,297	11,910,754	12,625,399	13,382,923	14,185,898
Workers' Comp/Unemployment	330,000	330,000	330,000	330,000	330,000
Medicare	910,518	977,200	1,001,205	1,010,269	1,034,625
Other/Tuition	439,413	448,201	448,201	448,201	448,201
Total Fringe Benefits Line #3.020	$22,007,896	$23,385,826	$24,355,493	$25,364,204	$26,434,389

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to 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 fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends.
In FY21, we reduced costs in purchased services by re-coding 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, FY24-28 will see an increase to the Purchased Services line. Utility costs are expected to increase by 10% in FY24-28.

In FY22-24, we reduced costs in purchased services by re-coding 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, FY25-28 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. There are two separate credits being provided to the district from Petermann in the amount of $100,000 and $410,000. These are both set to expire on June 30, 2027, and will be added back in for FY28.

Purpose	FY24	FY25	FY26	FY27	FY28
Transportation	$10,106,100	$10,514,283	$10,829,711	$11,046,305	$11,777,231
Tuition Payments	4,686,000	4,779,720	4,875,314	4,972,820	5,072,276
Utilities	1,920,000	2,112,000	2,323,200	2,555,520	2,606,630
Professional Services	925,360	943,867	962,744	981,999	1,001,639
Property Services and SRO's	1,377,280	1,404,826	1,432,923	1,461,581	1,490,813
Instructional Services	778,400	1,808,968	1,845,147	1,882,050	1,919,691
Connectivity, Phone & Postage	218,390	222,758	227,213	231,757	236,392
Contracted or Trade Services	265,880	271,198	276,622	282,154	287,797
Travel and Meetings	136,120	138,842	141,619	144,451	147,340
Total Purchased Services Line #3.030	$20,413,530	$22,196,462	$22,914,493	$23,558,637	$24,539,809

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. FY24 saw an increase in general supplies as a one-time expense, due to budget carryovers, which does not continue through the remainder of the forecast. FY24 and FY25 saw 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. There are some funds left in the ARP ESSER funds; however, not enough to cover the supplies that were paid for in previous years. There was also a curriculum adoption in FY24 that was required by the DEW before the start of the FY25 school year.

Purpose	FY24	FY25	FY26	FY27	FY28
General Supplies	$1,800,749	$1,596,764	$1,628,699	$1,661,273	$1,694,498
Resale Supplies	584,595	596,287	608,213	620,377	632,785
Maintenance	356,200	463,324	472,590	482,042	491,683
Vehicles	666,300	692,952	720,670	735,083	749,785
All other Supplies & Materials	204,450	208,539	212,710	216,964	221,303
Textbooks & Periodicals	1,551,183	79,698	81,292	82,918	84,576
Total Supplies Line #3.040	$5,163,477	$3,637,564	$3,724,174	$3,798,657	$3,874,630

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	FY24	FY25	FY26	FY27	FY28
Equipment	$74,530	$75,000	$75,000	$75,000	$75,000
Technical Equipment	131,400	100,000	100,000	100,000	100,000
Total Equipment Line #3.050	$205,930	$175,000	$175,000	$175,000	$175,000

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.

Purpose	FY24	FY25	FY26	FY27	FY28
Debt Service Principal Line # 4.055	$481,500	$347,740	$358,470	$540,000	$569,690

Purpose	FY24	FY25	FY26	FY27	FY28
HB 264 Principal Line # 4.050	$570,000	$585,000	$595,000	$600,000	$575,000

Purpose	FY24	FY25	FY26	FY27	FY28
Interest on Leases & HB 264 Total Line 4.060	$510,965	$476,492	$448,054	$411,696	$368,436

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 5% for FY24-28.

Purpose	FY24	FY25	FY26	FY27	FY28
Property Tax Collections	$1,120,000	$1,120,000	$1,120,000	$1,120,000	$1,120,000
Dues and fees	186,560	188,426	194,079	199,901	205,898
Insurances	492,300	516,915	542,761	559,044	575,815
Annual Audit	60,000	60,600	62,418	64,291	66,219
Awards and Other	25,980	26,240	27,027	27,838	28,673
Total Other Expenses Line #4.300	$1,884,840	$1,912,181	$1,946,285	$1,971,073	$1,996,606

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 self-insurance fund 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	FY24	FY25	FY26	FY27	FY28
Transfers Out Line #5.010	$1,800,000	$1,800,000	$1,800,000	$1,800,000	$1,800,000
Advances Out Line #5.020	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Transfer & Advances Out	$4,800,000	$4,800,000	$4,800,000	$4,800,000	$4,800,000

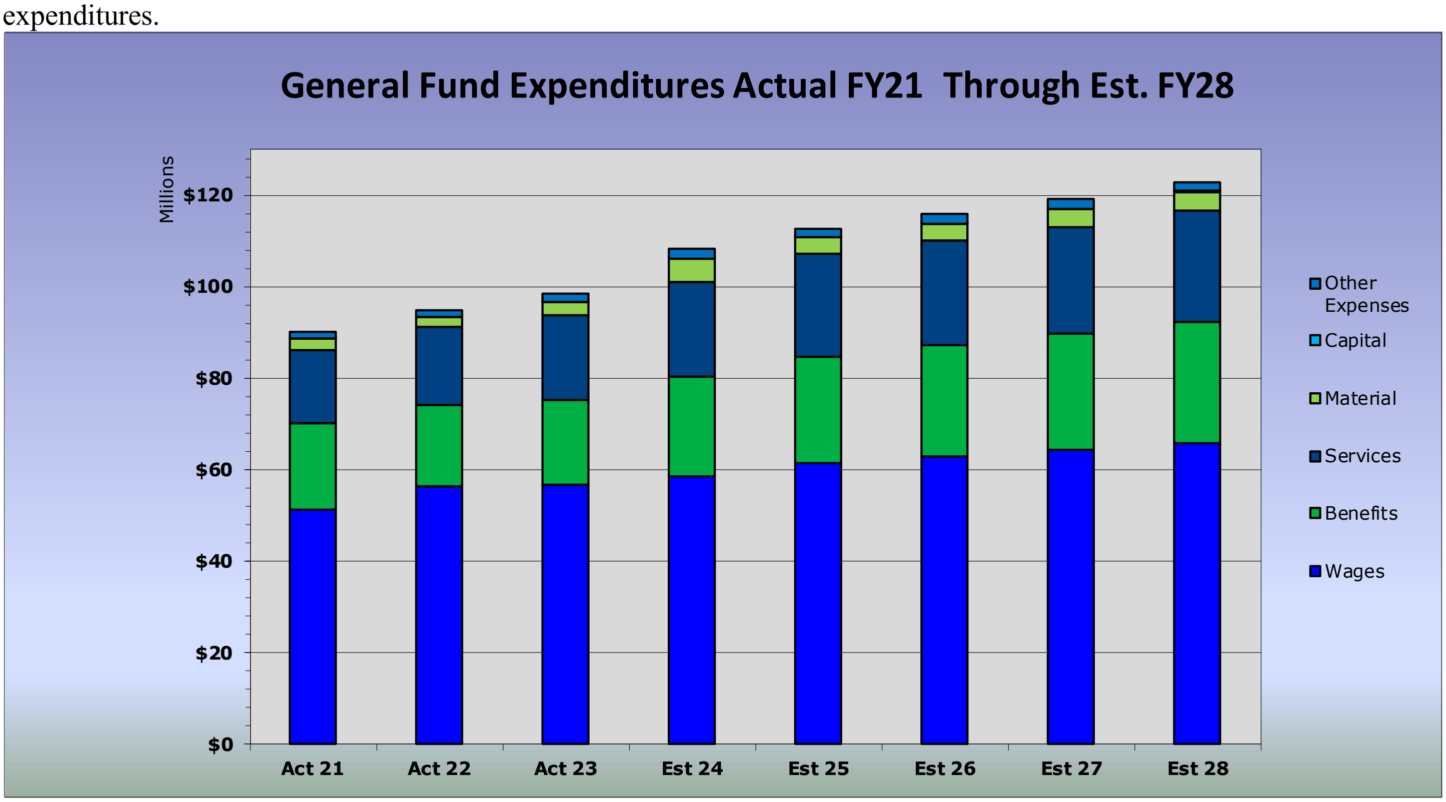
Encumbrances –Line#8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure at the time authorization is made to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

Purpose	FY24	FY25	FY26	FY27	FY28
Estimated Encumbrances	$300,000	$300,000	$300,000	$300,000	$300,000

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28

The graph below shows a quick overview of actual and estimated expenses by proportion to the total for the General Fund expenditures.



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

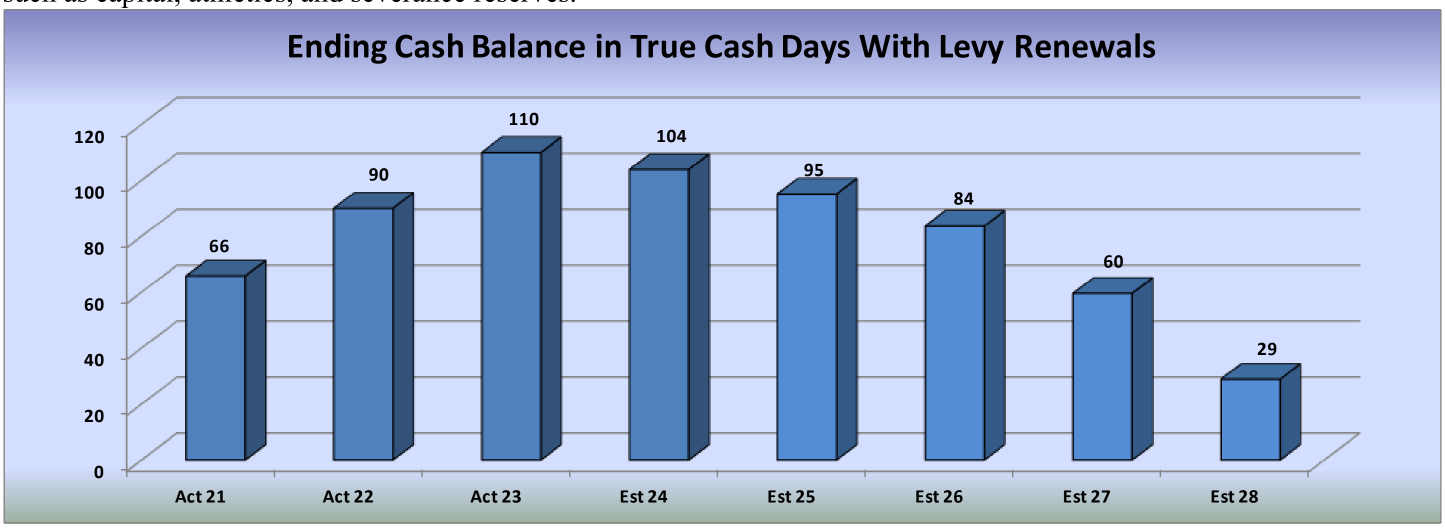
This amount must not go below $-0- or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of $10,000; unless an alternative 412 certificate, as permitted by HB153, effective September 30, 2011, could be issued. 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 $17.8 million for our district.

Purpose	FY24	FY25	FY26	FY27	FY28
Ending Unencumbered Cash Balance	$32,545,478	$30,961,380	$27,942,378	$20,461,838	$10,190,317

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 Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends that no fewer than two (2) months or 60 days of cash is on hand at year-end. Still, it could be more dependent 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 2, 2023 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.

Willoughby Eastlake City School District receives 24.3% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY28.

As the administration plans for the future, they will need to make sure that the district is able to maintain a positive cash balance throughout the forecast. The expenditures will need to be reviewed based on the current revenues in order to obtain this.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.