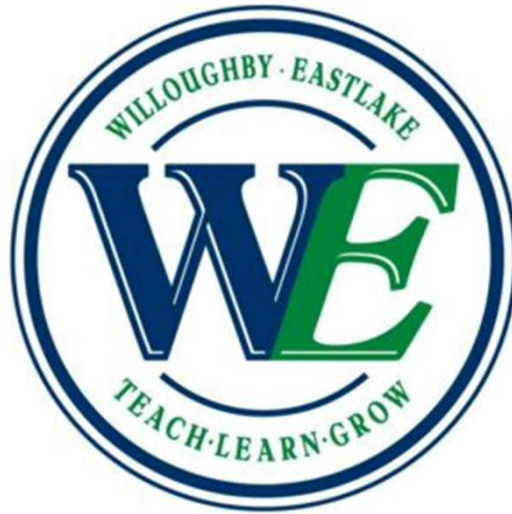


**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT- LAKE COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2021, 2022, and 2023 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2024, THROUGH JUNE 30, 2028**



**Forecast Provided By
Willoughby-Eastlake City School District
Treasurer's Office
Nicholas E. Ciarniello, Treasurer/CFO
November 20, 2023**

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%	68,758,495	71,439,662	73,598,269	73,721,754	74,654,728
1.020 Tangible Personal Property	7,536,348	7,924,555	8,005,505	3.1%	8,308,511	8,099,884	7,902,008	7,902,515	7,851,122
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%	17,134,855	16,842,666	16,852,215	16,358,990	16,358,990
1.040 Restricted State Grants-in-Aid	526,250	1,296,498	1,326,547	74.3%	1,667,652	1,667,652	1,667,652	1,667,652	1,672,941
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%	8,051,819	8,489,887	8,949,765	8,964,428	9,123,347
1.060 All Other Revenues	3,908,103	3,120,398	3,826,186	1.2%	5,871,652	5,192,229	4,757,529	4,555,129	4,387,429
1.070 Total Revenues	100,586,436	105,387,854	110,428,659	4.8%	109,792,984	111,731,980	113,727,438	113,170,468	114,048,557
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%	15,000	15,000	15,000	15,000	15,000
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%	100,000	100,000	100,000	100,000	100,000
2.070 Total Other Financing Sources	2,253,969	(692,622)	1,323,429	-210.9%	3,957,800	3,115,000	3,115,000	3,115,000	3,115,000
2.080 Total Revenues and Other Financing Sources	102,840,405	104,695,232	111,752,088	4.3%	113,750,784	114,846,980	116,842,438	116,285,468	117,163,557
Expenditures									
3.010 Personal Services	51,275,796	56,189,807	56,560,808	5.1%	58,402,837	61,094,328	62,052,150	63,568,219	65,084,470
3.020 Employees' Retirement/Insurance Benefits	18,960,638	18,041,190	18,638,863	-0.8%	22,007,896	23,322,632	24,588,705	26,016,849	27,555,004
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%	3,690,429	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%	108,167,927	113,747,399	116,802,331	120,640,131	124,738,645
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%	112,967,927	118,547,399	121,602,331	125,440,131	129,538,645
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%	782,857	(3,700,419)	(4,759,893)	(9,154,663)	(12,375,088)
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	32,252,602	28,552,183	23,792,290	14,637,627
7.020 Cash Balance June 30	17,385,746	24,172,348	31,469,745	34.6%	32,252,602	28,552,183	23,792,290	14,637,627	2,262,539
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
Fund Balance June 30 for Certification of Appropriations	16,910,390	24,129,937	31,441,329	36.5%	31,952,602	28,252,183	23,492,290	14,337,627	1,962,539
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%	31,952,602	28,252,183	23,492,290	14,337,627	1,962,539
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%	31,952,602	28,252,183	23,492,290	14,337,627	1,962,539

Willoughby-Eastlake City School District –Lake County
Notes to the Five-Year Forecast
General Fund Only
November 20, 2023

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.

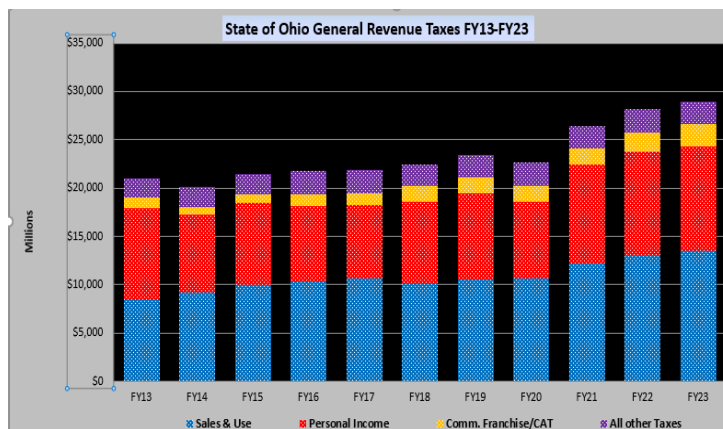
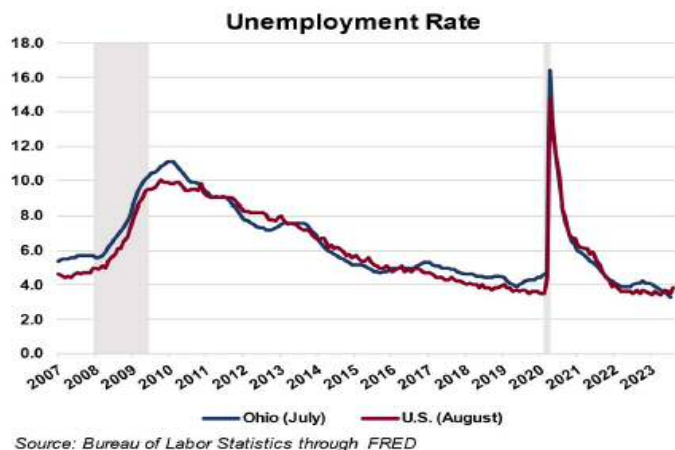
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general 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 available for the November 2023 filing.

Economic Outlook

This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar year 2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely affect our forecast.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a "full employment recession" in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscores why this is a unique time in our economic history.

As noted in the graphs below, the State of Ohio has enjoyed economic growth over the past three years, and the State's Rainy Day Fund is at \$3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected six-year phase-in. While increased inflation affecting district costs is expected to continue over the next few years, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the State to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the State is well positioned to continue State aid payments to Ohio's school districts.



While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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.

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 how they may affect our 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 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 75.5% of the district's resources. Our tax collections in the March 2023 and August 2023 settlements were on target with original estimates. 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 17.5% growth for residential values and 1% growth for commercial values in the reappraisal at this time. There has been pending legislation that could change the way reappraisals and updates are conducted by the County Auditor's office. We have elected to use the same increase that we saw in calendar year 2022.
3. The state budget represented 24.5% 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 record 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

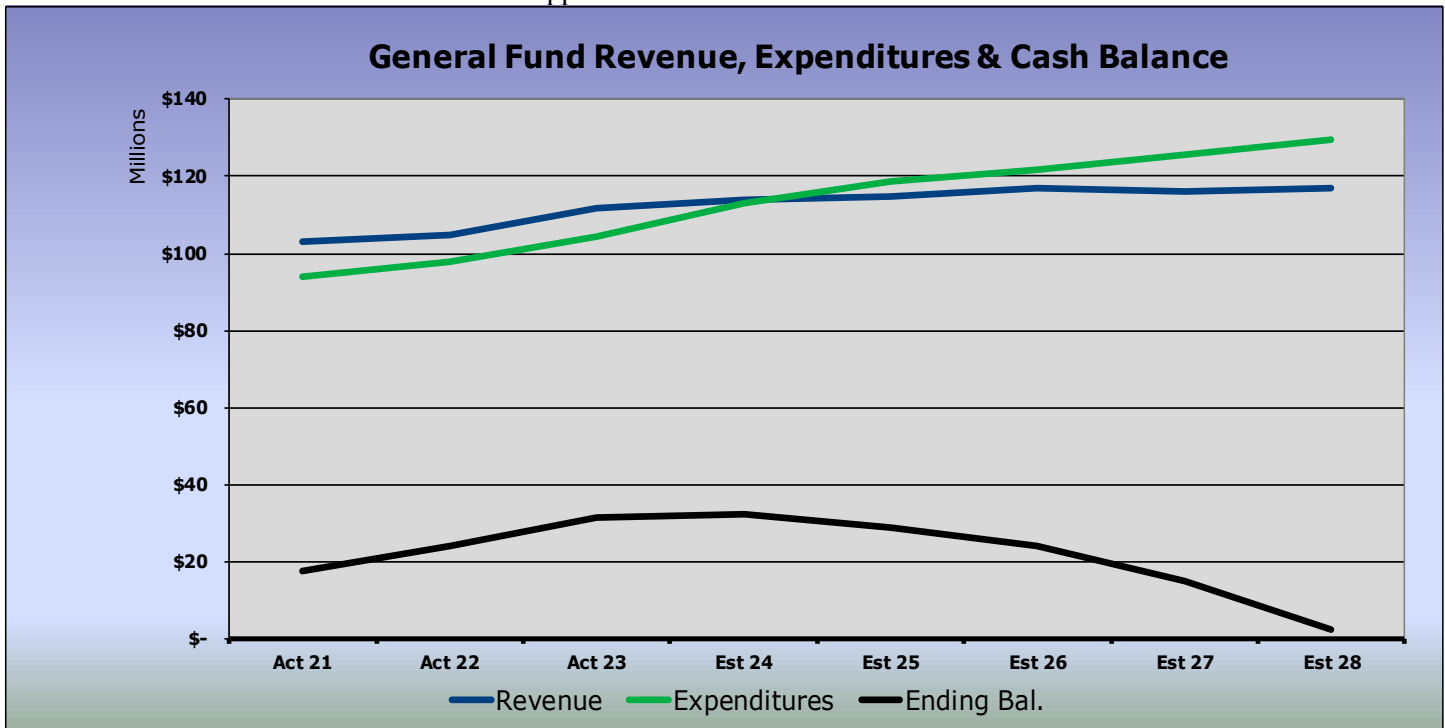
State biennium budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the Fair School Funding Plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, 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 FY24 and 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 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.

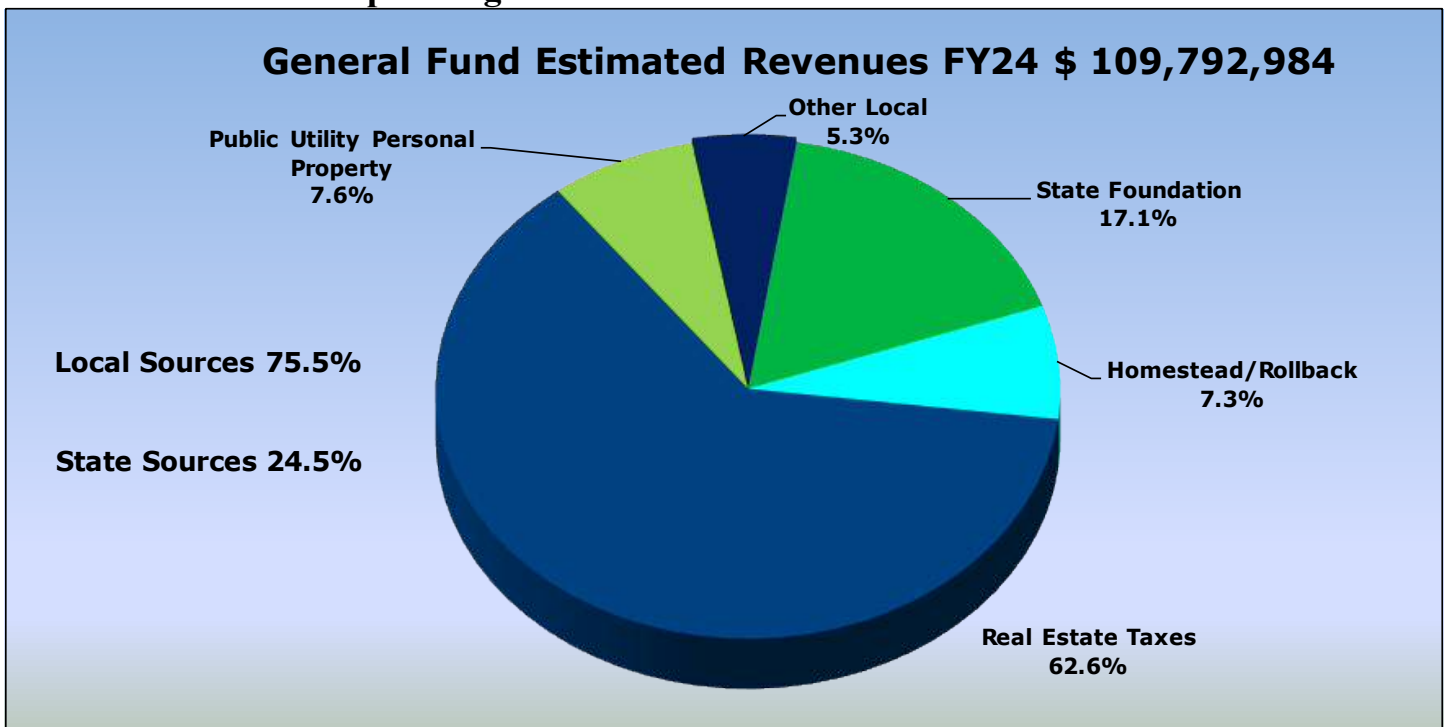
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast 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 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 17.5% 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 \$150,000 each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

<u>Classification</u>	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2023	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>
Res./Ag.	\$1,428,472,620	\$1,683,455,329	\$1,688,455,329	\$1,693,455,329	\$1,783,128,095
Comm./Ind.	402,419,090	407,923,281	409,403,281	410,883,281	416,472,114
Public Utility Personal Property (PUPP)	<u>139,347,330</u>	<u>139,497,330</u>	<u>139,647,330</u>	<u>139,797,330</u>	<u>139,947,330</u>
Total Assessed Value	<u>\$1,970,239,040</u>	<u>\$2,230,875,940</u>	<u>\$2,237,505,940</u>	<u>\$2,244,135,940</u>	<u>\$2,339,547,539</u>

Tax Rates

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 41.98 mills and the Class II effective millage rate is 45.65 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.

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, 52.65% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 47.35% 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.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
General Property Taxes	<u>\$68,758,495</u>	<u>\$71,439,662</u>	<u>\$73,598,269</u>	<u>\$73,721,754</u>	<u>\$74,654,728</u>

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 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.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Public Utility Personal Property PUPP	\$8,308,511	\$8,099,884	\$7,902,008	\$7,902,515	\$7,851,122
Total Line # 1.020	<u>\$8,308,511</u>	<u>\$8,099,884</u>	<u>\$7,902,008</u>	<u>\$7,902,515</u>	<u>\$7,851,122</u>

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 FY24 funding based on the October 2023 foundation settlement and funding factors.

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 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, 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.

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

The current funding formula uses FY22 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 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)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a statewide 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:

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – 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. Special Education Additional Aid – 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. Transportation Aid – 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.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - 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 50% for FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on the time students enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – 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; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

Catastrophic Aid

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 FY21 was 73.83 million or \$42.18 per pupil. In FY22, the funding was increased to \$109.39 million for schools or \$62.86 per pupil, and in FY23, the funding totaled \$113.1 million or \$64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

Unrestricted State Revenue Estimates – Lines #1.035

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$14,335,181	\$13,854,521	\$13,854,521	\$13,854,521	\$13,854,521
Preschool and Special Education Transportation	1,941,272	2,120,309	2,120,309	2,120,309	2,120,309
Catastrophic Reimbursements	<u>384,160</u>	<u>384,160</u>	<u>384,160</u>	<u>384,160</u>	<u>384,160</u>
Basic Aid-Unrestricted Subtotal	<u>\$16,660,613</u>	<u>\$16,358,990</u>	<u>\$16,358,990</u>	<u>\$16,358,990</u>	<u>\$16,358,990</u>
Credential Reimbursement	\$4,628	\$4,628	\$4,628	\$4,628	\$4,628
Ohio Casino Commission ODT	<u>469,614</u>	<u>479,048</u>	<u>488,597</u>	<u>493,483</u>	<u>498,418</u>
Total Unrestricted State Aid Line # 1.035	<u>\$17,134,855</u>	<u>\$16,842,666</u>	<u>\$16,852,215</u>	<u>\$16,857,101</u>	<u>\$16,857,408</u>

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. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
DPIA	\$699,243	\$699,243	\$699,243	\$699,243	\$699,243
ESL	25,679	25,679	25,679	25,679	25,679
Gifted	253,124	253,124	253,124	253,124	253,124
Career Tech - Restricted	160,699	160,699	160,699	160,699	160,699
Student Wellness and Success	<u>528,907</u>	<u>528,907</u>	<u>528,907</u>	<u>528,907</u>	<u>534,196</u>
Total Restricted State Revenues Line #1.040	<u>\$1,667,652</u>	<u>\$1,667,652</u>	<u>\$1,667,652</u>	<u>\$1,667,652</u>	<u>\$1,672,941</u>

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

<u>Summary of State Foundaton Revenues</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line # 1.035	\$17,134,855	\$16,842,666	\$16,852,215	\$16,358,990	\$16,358,990
Restricted Line # 1.040	1,667,652	1,667,652	1,667,652	1,667,652	1,672,941
Restricted Federal Grants Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$18,802,507</u>	<u>\$18,510,318</u>	<u>\$18,519,867</u>	<u>\$18,026,642</u>	<u>\$18,031,931</u>

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 on 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

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	\$8,051,819	\$8,489,887	\$8,949,765	\$8,964,428	\$9,123,347
Total State Share of Local Property Taxes #1.050	<u>\$8,051,819</u>	<u>\$8,489,887</u>	<u>\$8,949,765</u>	<u>\$8,964,428</u>	<u>\$9,123,347</u>

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.

HB110, the previous 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 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 be 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 FY23-27. At this time, we will continue monitoring this line of the forecast for future projections.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Tuition Income	\$705,372	\$705,372	\$705,372	\$705,372	\$705,372
Interest Income	2,682,300	2,391,900	1,957,200	1,754,800	1,587,100
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	<u>\$5,871,652</u>	<u>\$5,192,229</u>	<u>\$4,757,529</u>	<u>\$4,555,129</u>	<u>\$4,387,429</u>

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

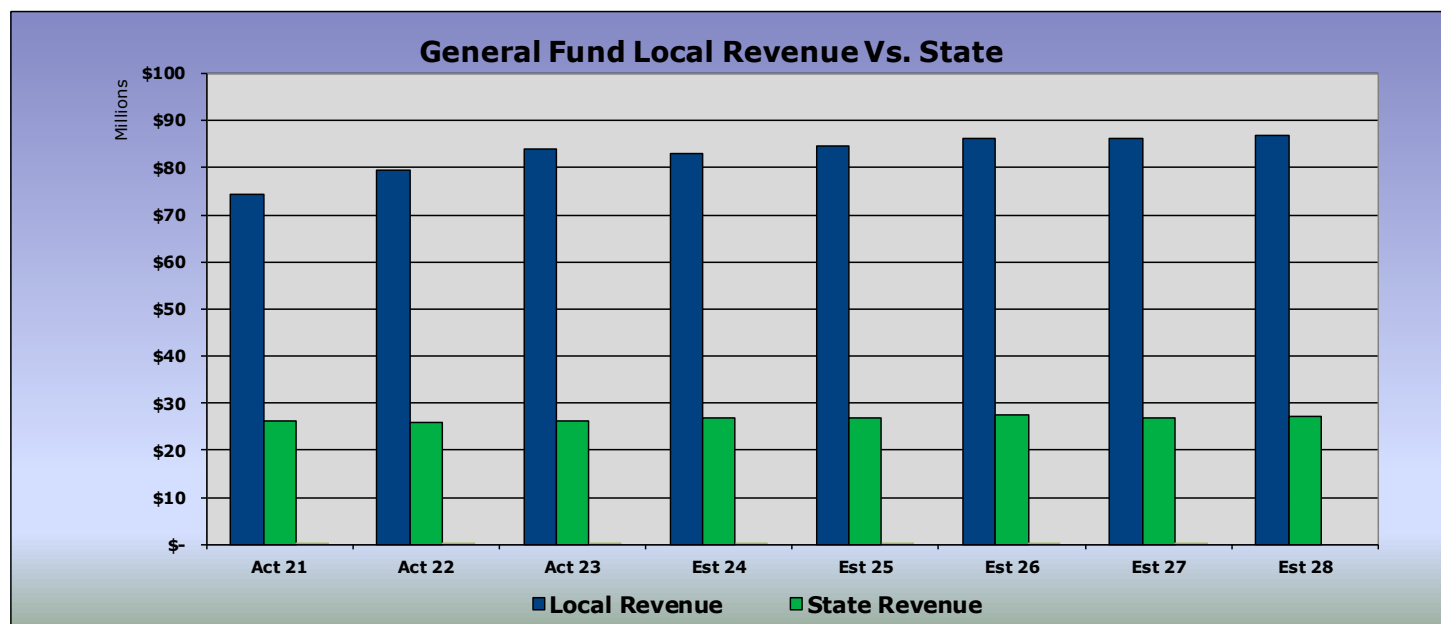
These are non-operating revenues, which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year-end are planned to be returned in the succeeding fiscal year.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Transfers In - Line 2.040	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Advance Returns - Line 2.050	3,842,800	3,000,000	3,000,000	3,000,000	3,000,000
Total Transfer & Advances In	<u>\$3,857,800</u>	<u>\$3,015,000</u>	<u>\$3,015,000</u>	<u>\$3,015,000</u>	<u>\$3,015,000</u>

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.

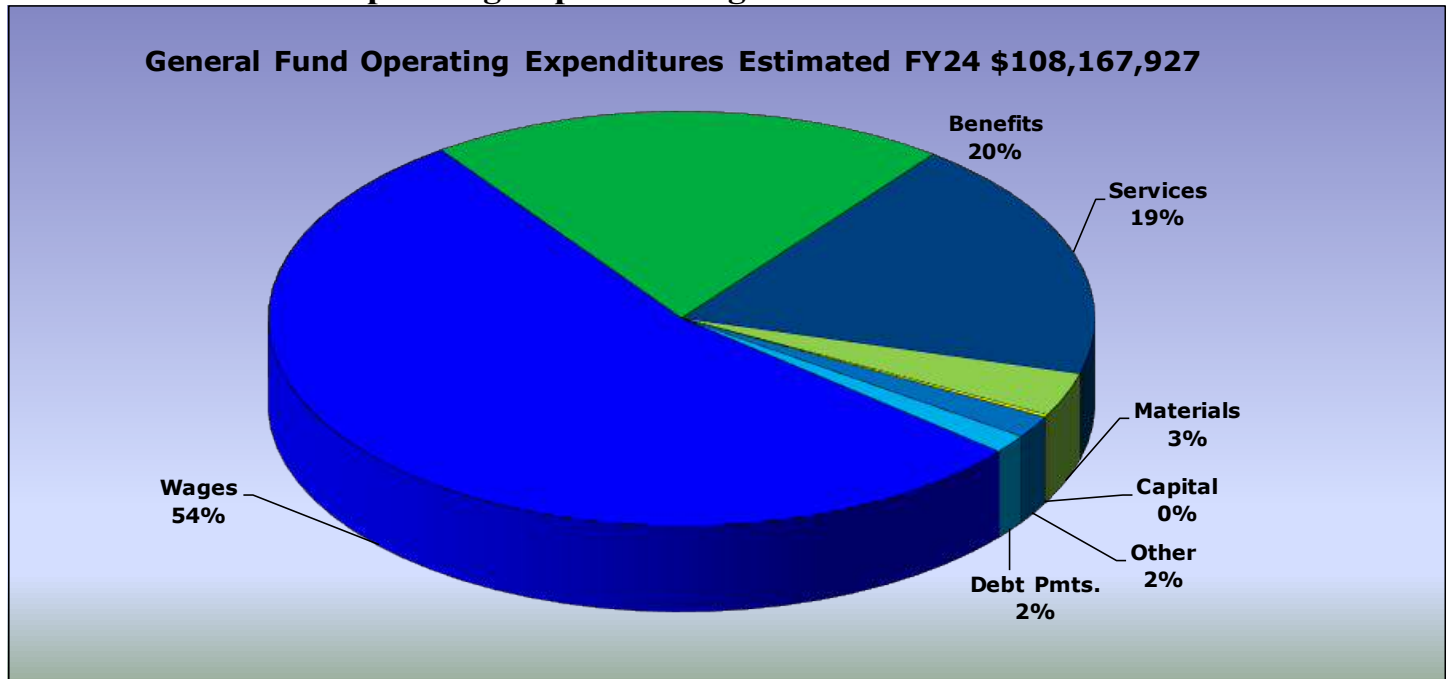
<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
All Other Financial Sources - Line #2.060	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>



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 FY24



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement that includes base increases of 1.99% for FY24. Step and training increases are included for FY24-28. For planning purposes only at this time, a 1% base increase has been projected for FY25-28. 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.

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Wages	\$52,943,534	\$54,648,536	\$57,211,370	\$58,034,683	\$59,410,105
Increases	1,053,576	546,485	572,114	580,347	594,101
Steps & Training	926,512	956,349	1,001,199	795,075	813,918
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	1,465,983	1,480,643	1,495,449	1,510,403
Staff Reductions/Increases	(275,086)	900,000	(750,000)	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	<u>\$58,402,837</u>	<u>\$61,094,328</u>	<u>\$62,052,150</u>	<u>\$63,568,219</u>	<u>\$65,084,470</u>

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 38% increase for healthcare premiums in FY24 and a 9% in FY25-28 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 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 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 amount 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

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Fringe Benefits	\$9,400,668	\$9,671,834	\$9,847,994	\$10,087,753	\$10,328,189
B) Insurance's	10,927,297	11,910,754	12,982,722	14,151,167	15,424,772
C) Workers Comp/Unemployment	330,000	330,000	330,000	330,000	330,000
D) Medicare	910,518	961,843	979,788	999,728	1,023,842
Other/Tuition	439,413	448,201	448,201	448,201	448,201
Total Fringe Benefits Line #3.020	<u>\$22,007,896</u>	<u>\$23,322,632</u>	<u>\$24,588,705</u>	<u>\$26,016,849</u>	<u>\$27,555,004</u>

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 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, FY24-28 will see an increase to the Purchased Services line. Utility costs are expected to increase by 2% in FY24-28.

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, FY25-28 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 providing 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.

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
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	<u>136,120</u>	<u>138,842</u>	<u>141,619</u>	<u>144,451</u>	<u>147,340</u>
Total Purchased Services Line #3.030	<u>\$20,413,530</u>	<u>\$22,196,462</u>	<u>\$22,914,493</u>	<u>\$23,558,637</u>	<u>\$24,539,809</u>

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.

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
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	<u>78,135</u>	<u>79,698</u>	<u>81,292</u>	<u>82,918</u>	<u>84,576</u>
Total Supplies Line #3.040	<u>\$3,690,429</u>	<u>\$3,637,564</u>	<u>\$3,724,174</u>	<u>\$3,798,657</u>	<u>\$3,874,630</u>

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.

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Equipment	\$74,530	\$75,000	\$75,000	\$75,000	\$75,000
Technical Equipment	<u>131,400</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Equipment Line #3.050	<u>\$205,930</u>	<u>\$175,000</u>	<u>\$175,000</u>	<u>\$175,000</u>	<u>\$175,000</u>

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.

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Debt Service Principal Line # 4.055	<u>\$481,500</u>	<u>\$347,740</u>	<u>\$358,470</u>	<u>\$540,000</u>	<u>\$569,690</u>
<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
HB 264 Principal Line # 4.050	<u>\$570,000</u>	<u>\$585,000</u>	<u>\$595,000</u>	<u>\$600,000</u>	<u>\$575,000</u>
<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Interest on Leases & HB 264 Total Line 4.060	<u>\$510,965</u>	<u>\$476,492</u>	<u>\$448,054</u>	<u>\$411,696</u>	<u>\$368,436</u>

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.

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
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	<u>25,980</u>	<u>26,240</u>	<u>27,027</u>	<u>27,838</u>	<u>28,673</u>
Total Other Expenses Line #4.300	<u>\$1,884,840</u>	<u>\$1,912,181</u>	<u>\$1,946,285</u>	<u>\$1,971,073</u>	<u>\$1,996,606</u>

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.

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
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	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Total Transfer & Advances Out	<u>\$4,800,000</u>	<u>\$4,800,000</u>	<u>\$4,800,000</u>	<u>\$4,800,000</u>	<u>\$4,800,000</u>

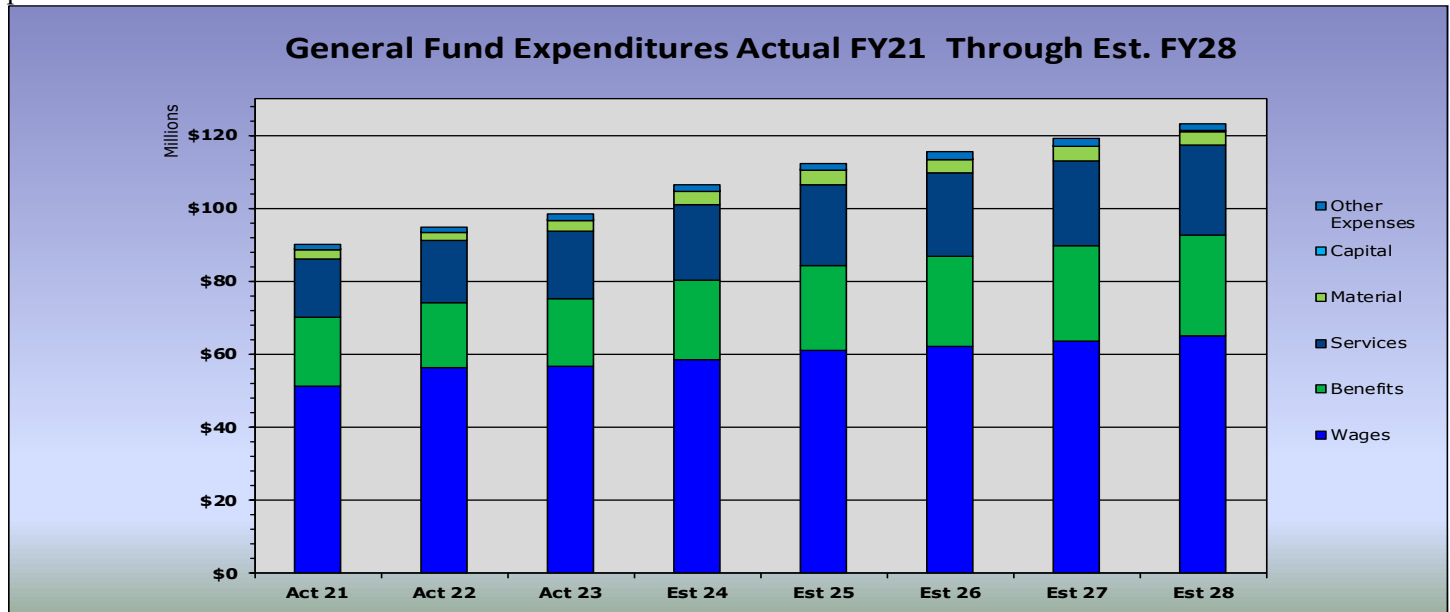
Encumbrances –Line#8.010

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.

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Estimated Encumbrances	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28

As the graph on the following page indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.



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

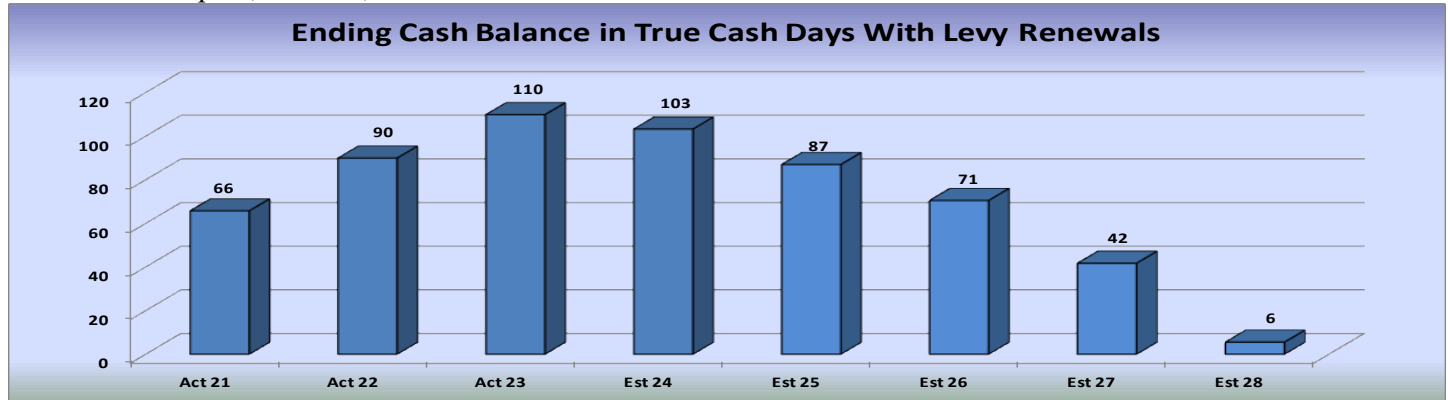
This amount must not go below \$0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of \$10,000. It is recommended 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 \$17.8 million for our district.

Ending Unencumbered Cash Balance Line #15.010

<u>Purpose</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Ending Unencumbered Cash Balance	<u>\$31,952,602</u>	<u>\$28,252,183</u>	<u>\$23,492,290</u>	<u>\$14,337,627</u>	<u>\$1,962,539</u>

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 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.

The district administration is grateful for the continuation of the Fair School Funding Plan 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.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for helping due to the pandemic. ARP ESSER funding has been allocated to our district that can be used through September 2024, 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.