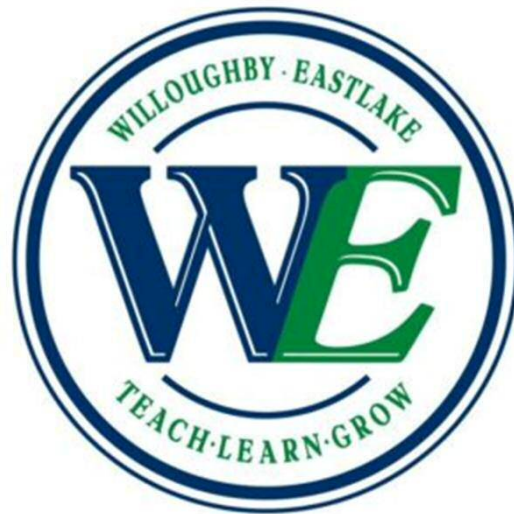


**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT- LAKE COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH JUNE 30, 2027**



**Forecast Provided By
Willoughby-Eastlake City School District
Treasurer's Office
Nicholas E. Ciarniello, Treasurer/CFO
November 21, 2022**

Willoughby-Eastlake City School District

Lake County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022			Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues										
1.010 General Property Tax (Real Estate)	59,746,092	62,938,682	68,441,324	7.0%	69,579,416	64,707,787	59,589,997	57,596,459	57,717,070	
1.020 Tangible Personal Property	7,130,851	7,536,348	7,924,555	5.4%	7,765,126	7,522,590	7,061,883	6,859,264	6,860,576	
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0	
1.035 Unrestricted State Grants-in-Aid	16,663,599	17,492,963	16,492,826	-0.4%	16,832,953	16,843,726	16,853,357	16,863,202	16,357,393	
1.040 Restricted State Grants-in-Aid	526,252	526,250	1,296,498	73.2%	1,275,961	1,275,961	1,275,961	1,275,961	1,275,961	
1.045 Restricted Federal	0	0	0	0.0%	0	0	0	0	0	
1.050 Property Tax Allocation	8,398,930	8,184,090	8,112,253	-1.7%	8,319,224	8,123,826	7,396,794	7,098,885	7,114,730	
1.060 All Other Revenues	2,390,339	3,908,103	3,120,398	21.7%	3,094,660	3,094,660	3,094,660	3,094,660	3,094,660	
1.070 Total Revenues	94,856,063	100,586,436	105,387,854	5.4%	106,867,340	101,568,550	95,272,652	92,788,431	92,420,390	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0	
2.020 State Emergency Loans	0	0	0	0.0%	0	0	0	0	0	
2.040 Operating Transfers-In	15,529	15,859	13,298	-7.0%	15,000	15,000	15,000	15,000	15,000	
2.050 Advances-In	1,254,400	661,900	340,160	-47.9%	766,850	500,000	500,000	500,000	500,000	
2.060 All Other Financing Sources	272,354	1,576,210	(1,046,080)	156.2%	100,000	100,000	100,000	100,000	100,000	
2.070 Total Other Financing Sources	1,542,283	2,253,969	(692,622)	-42.3%	881,850	615,000	615,000	615,000	615,000	
2.080 Total Revenues and Other Financing Sources	96,398,346	102,840,405	104,695,232	4.2%	107,749,190	102,183,550	95,887,652	93,403,431	93,035,390	
Expenditures										
3.010 Personal Services	57,326,515	51,275,796	56,189,807	-0.5%	55,938,124	58,031,355	59,650,898	61,317,176	62,813,234	
3.020 Employees' Retirement/Insurance Benefits	17,098,862	18,960,638	18,041,190	3.0%	18,404,976	19,232,295	20,209,126	21,249,948	22,319,699	
3.030 Purchased Services	19,264,011	15,876,171	16,836,352	-5.8%	19,189,045	19,819,581	20,481,330	21,176,595	21,813,087	
3.040 Supplies and Materials	2,956,546	2,383,013	2,251,440	-12.5%	3,317,598	3,042,072	3,113,962	3,187,731	3,251,485	
3.050 Capital Outlay	30,713	217,491	151,871	289.0%	346,037	346,037	346,037	346,037	346,037	
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0	
Debt Service:										
4.010 Principal-All (Historical Only)	80,000	80,000	95,000	9.4%	0	0	0	0	0	
4.020 Principal-Notes	430,340	282,582	502,057	21.7%	0	0	0	0	0	
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0	
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0	
4.050 Principal-HB 264 Loans	555,000	550,000	530,000	-2.3%	545,000	570,000	585,000	595,000	600,000	
4.055 Principal-Other	0	0	0	0.0%	455,780	481,500	347,740	358,470	540,000	
4.060 Interest and Fiscal Charges	638,559	622,100	591,436	-3.8%	550,983	510,964	476,492	448,054	411,696	
4.300 Other Objects	1,675,771	1,507,005	1,421,329	-7.9%	1,907,020	1,760,077	1,784,151	1,816,200	1,840,536	
4.500 Total Expenditures	100,056,317	91,754,796	96,610,482	-1.5%	100,654,563	103,793,881	106,994,736	110,495,211	113,935,774	
Other Financing Uses										
5.010 Operating Transfers-Out	1,195,520	1,469,457	531,296	-20.5%	750,000	750,000	750,000	750,000	750,000	
5.020 Advances-Out	871,900	668,060	766,850	-4.3%	500,000	500,000	500,000	500,000	500,000	
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0	
5.040 Total Other Financing Uses	2,067,420	2,137,517	1,298,146	-17.9%	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	
5.050 Total Expenditures and Other Financing Uses	102,123,737	93,892,313	97,908,628	-1.9%	101,904,563	105,043,881	108,244,736	111,745,211	115,185,774	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(5,725,391)	8,948,092	6,786,604	-140.2%	5,844,627	(2,860,331)	(12,357,084)	(18,341,780)	(22,150,384)	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	14,163,050	8,437,659	17,385,751	32.8%	24,172,355	30,016,982	27,156,651	14,799,567	(3,542,213)	
7.020 Cash Balance June 30	8,437,659	17,385,751	24,172,355	72.5%	30,016,982	27,156,651	14,799,567	(3,542,213)	(25,692,597)	
8.010 Estimated Encumbrances June 30	3,030,331	475,356	42,411	-87.7%	300,000	300,000	300,000	300,000	300,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0	
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0	
9.030 Budget Reserve	0	0	0	0.0%	0	0	0	0	0	
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0	
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0	
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0	
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0	
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0	
9.080 Subtotal	0	0	0	0.0%	0	0	0	0	0	
10.010 Fund Balance June 30 for Certification of Appropriations	5,407,328	16,910,395	24,129,944	127.7%	29,716,982	26,856,651	14,499,567	(3,842,213)	(25,992,597)	
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	4,001,088	10,751,750	13,560,000	13,560,000	
11.300 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0.0%	0	4,001,088	14,752,838	28,312,838	41,872,838	
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	5,407,328	16,910,395	24,129,944	127.7%	29,716,982	30,857,739	29,252,405	24,470,625	15,880,241	
Revenue from New Levies										
13.010 Income Tax - New	0	0	0	0.0%	0	0	0	0	0	
13.020 Property Tax - New	0	0	0	0.0%	0	0	0	0	0	
13.030 Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	0	0	
14.010 Revenue from Future State Advancements	0	0	0	0.0%	0	0	0	0	0	
15.010 Unreserved Fund Balance June 30	5,407,328	16,910,395	24,129,944	127.7%	29,716,982	30,857,739	29,252,405	24,470,625	15,880,241	

Willoughby-Eastlake City School District –Lake County
Notes to the Five Year Forecast
General Fund Only
November 21, 2022

Introduction to the Five-Year Forecast

A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends the more likely it is that the projections will deviate from experience. A variety of events will ultimately impact the latter years of the forecast such as state budgets (adopted every two years), tax levies (new/renewal/replacement), 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 take place that will significantly change their forecast or, at a minimum, when required under the statute.

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

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

Here are three essential purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
- (3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems

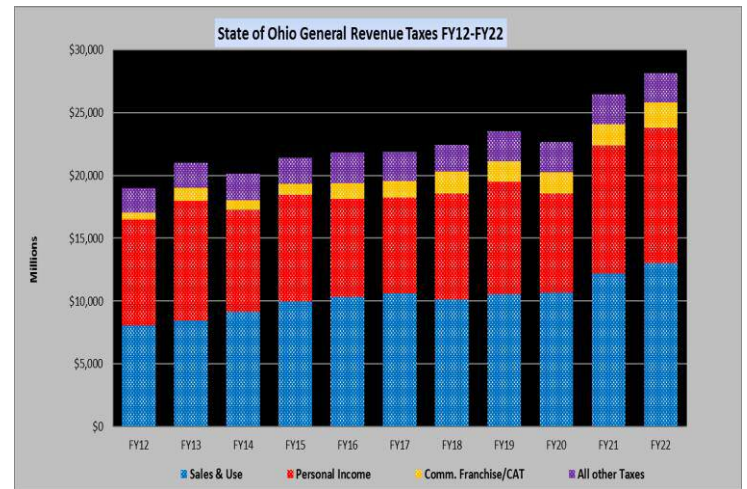
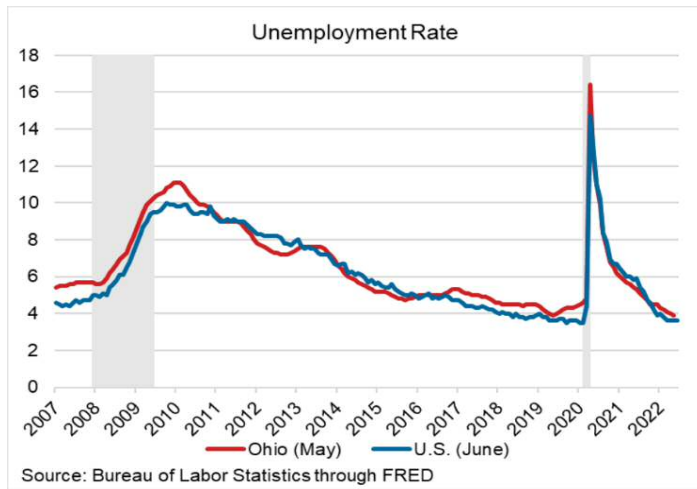
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five-years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chain concerns and 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 8.3% in August. Costs in FY22 were notably impacted in areas such as diesel fuel for buses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact on our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment and many economists anticipate an economic recession in the first half of calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite of the solid economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio’s economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state’s economy has grown as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.



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 uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

- I. 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 75.3% of the district’s resources. Our tax collections in the March 2022 and August 2022 settlements were on target with original estimates. We believe there is a low risk that local collections would fall below projections throughout the forecast.
- II. 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 1% growth for residential values and 0.5% growth for commercial values in that reappraisal.
- III. The state budget represented 24.7% of district revenues, which means it is a significant area of risk to the revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State Biennium Budgets are covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in the state foundation funding formula and the state’s economy make this area an elevated risk

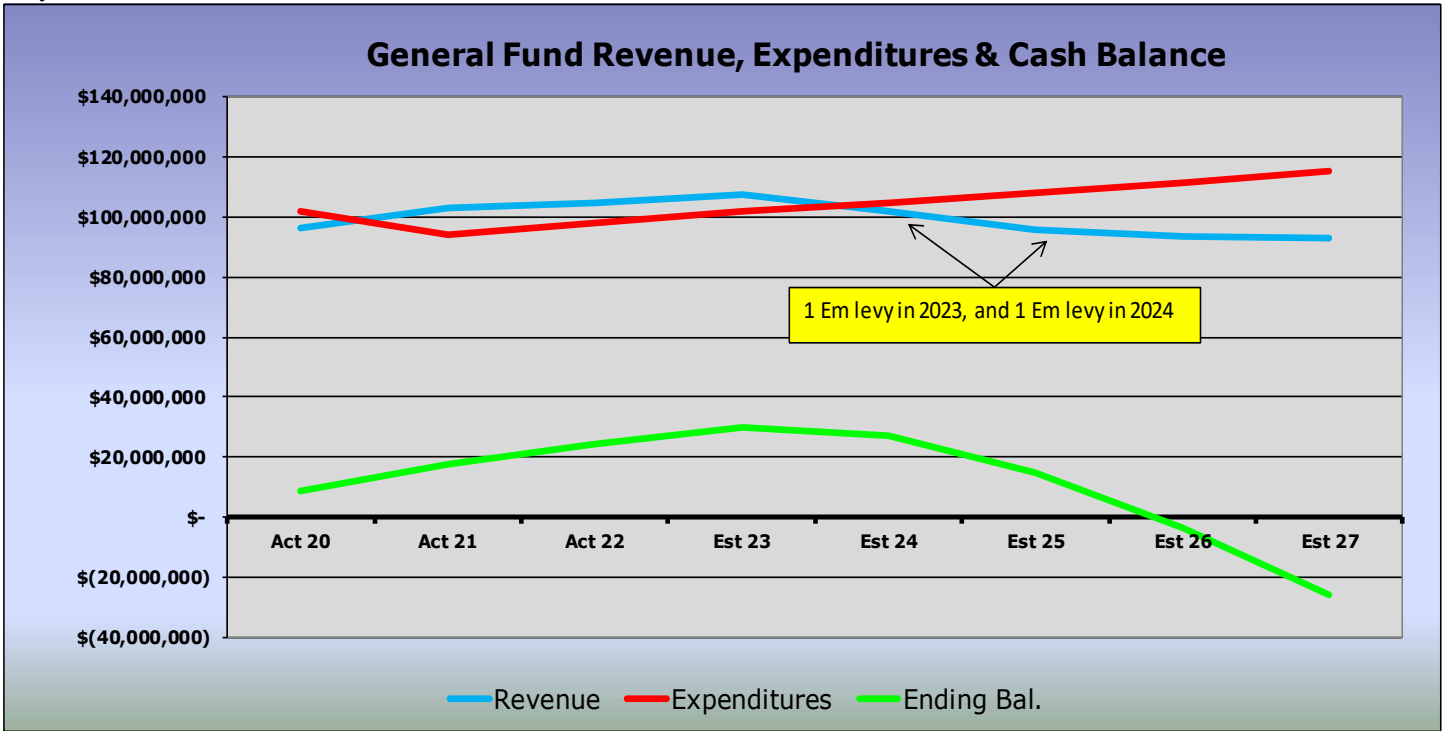
to district funding long range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27, which we feel is conservative and should be close to whatever the state approves for the FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

- IV. HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21, reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.
- V. HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus, which continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
- VI. We appreciate the community's renewal of the \$4.75 million 10-year emergency levy that was passed on November 8, 2022. Passing this levy will help to keep the district financially healthy long term.
- VII. 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 as we move forward our positive working relationship will continue and will only grow stronger.

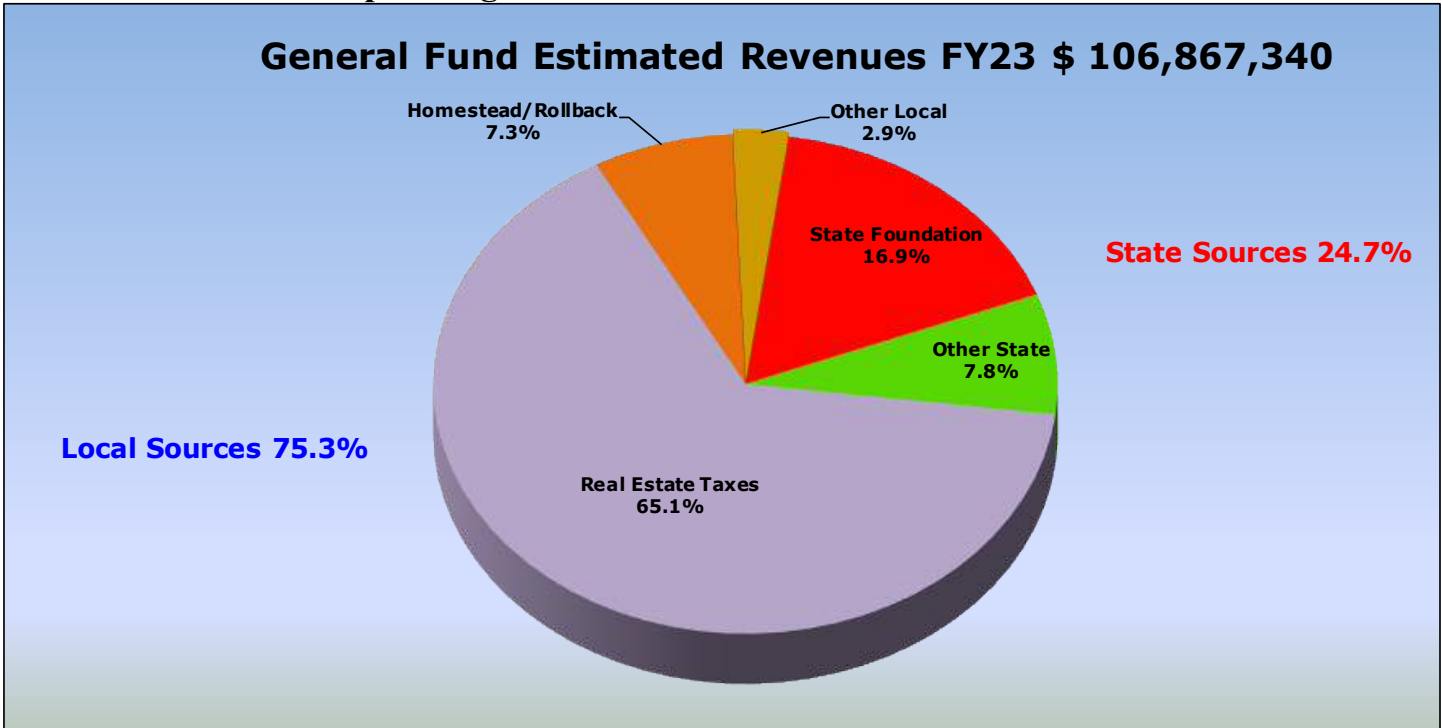
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast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

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

The graph below captures in one snapshot the operating scenario facing the district over the next few years. This is also reflecting the drop off of the \$7.58 million emergency levy that expires in December 2023, and the \$5.97 million emergency levy that expires in December 2024. These expiring levies are moved to Line 11.02 of the forecast and are what causes the ending cash balance to dip sharply in the graph below. The current forecast does not include new ballot issues at this time, only renewals of our current issues.



Revenue Assumptions Operating Revenue Sources General Fund FY23



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Lake County experienced a triennial update for the 2021 tax year to be collected in 2022. Residential/agricultural values increased 17.68% or \$211.6 million due to the update led by an improving housing market. The increase to our tax base caused the effective millage to drop to 20 mills, which is the minimum collection rate allowable by state law.

For tax year 2021 new construction in residential property was up 0.76% or \$9.1 million in assessed value and commercial/industrial values increased \$125 thousand. Overall values rose \$226 million or 14.2%, which includes new construction for all classes of property.

A sexennial reappraisal will occur in 2024 for collection in 2025, for which we are estimating a 1% increase in residential and a 0.5% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$16 million or 0.89% overall.

Public Utility Personal Property (PUPP) values increased by \$4 million in tax year 2021. We expect our values to continue to grow by \$150 thousand each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

<u>Classification</u>	<u>Estimated TAX YEAR2022 COLLECT 2023</u>	<u>Estimated TAX YEAR2023 COLLECT 2024</u>	<u>Estimated TAX YEAR2024 COLLECT 2025</u>	<u>Estimated TAX YEAR2025 COLLECT 2026</u>	<u>Estimated TAX YEAR2026 COLLECT 2027</u>
Res./Ag.	\$1,421,947,360	\$1,426,947,360	\$1,446,216,834	\$1,451,216,834	\$1,456,216,834
Comm./Ind.	400,926,380	402,406,380	405,898,412	407,378,412	408,858,412
Public Utility Personal Property (PUPP)	<u>131,037,930</u>	<u>131,187,930</u>	<u>131,337,930</u>	<u>131,487,930</u>	<u>131,637,930</u>
Total Assessed Value	<u>\$1,953,911,670</u>	<u>\$1,960,541,670</u>	<u>\$1,983,453,176</u>	<u>\$1,990,083,176</u>	<u>\$1,996,713,176</u>

Estimated Real Estate Tax - Line #1.010

Property tax levies are estimated to be collected at 95% of the annual amount. This allows for a 5% delinquency factor. In general, 52% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 48% collected in the August tax settlement.

The decrease in FY24, and FY25 are showing the \$7.85 million emergency levy expiring in December 2023, and a \$5.97 million emergency levy that expires in December 2024. These levies are moved to Line 11.02 of the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
General Property Taxes	<u>\$69,579,416</u>	<u>\$64,707,787</u>	<u>\$59,589,997</u>	<u>\$57,596,459</u>	<u>\$57,717,070</u>

Levy Renewal –Line # 11.02

The district is currently working to renew a \$7.85 and \$5.97 million emergency levies in the last 3 years of the forecast period. State law requires that renewal levies be removed from revenues on Line 1.01, 1.02 and 1.05 and shown on this line 11.02 of the forecast. Please note that renewal levies do not bring in additional tax revenues to the district. We are renewing levies for the same revenue we currently collect.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Renewal Em Levy (\$5,975,000) Expire 12/31/24	\$0	\$0	\$3,166,750	\$5,975,000	\$5,975,000
Renewal Em Levy (\$7,600,000) Expire 12/31/29	0	0	0	0	0
Renewal Em Levy (\$4,745,186) Expire 12/31/32	0	0	0	0	0
Renewal Em Levy (\$8,750,000) Expire 12/31/32	0	0	0	0	0
Renewal Em Levy (\$7,585,000) Expire 12/31/23	0	4,001,088	7,585,000	7,585,000	7,585,000
Renewal Em Levy (\$8,500,000) Expire 12/31/30	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Line # 11.020	<u>\$0</u>	<u>\$4,001,088</u>	<u>\$10,751,750</u>	<u>\$13,560,000</u>	<u>\$13,560,000</u>

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 February and 49% in August along with the real estate settlements from the county auditor. Public Utility Personal Property (PUPP) values grew in tax year 2021 by \$4 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property PUPP	<u>\$7,765,126</u>	<u>\$7,522,590</u>	<u>\$7,061,883</u>	<u>\$6,859,264</u>	<u>\$6,860,576</u>
Total Line # 1.020	<u>\$7,765,126</u>	<u>\$7,522,590</u>	<u>\$7,061,883</u>	<u>\$6,859,264</u>	<u>\$6,860,576</u>

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

Current State Funding Model per HB110 through June 30, 2023

Unrestricted State Foundation Revenue– Line #1.035

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. Complete calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the September 2022 foundation settlement and funding factors.

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

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

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

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

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

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

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

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

Categorical State Aid

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

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. An amount of 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 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share is less than 33.33% will benefit from the increase to 33.33% funding.

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 0% for FY22 and 14% in FY23. No legislation indicates the percentage increase for FY24 and beyond for DPIA.
2. English Learners – Based on funded categories generated from time student 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.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in at 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase-in.

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

Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)

In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in Special Revenue Fund 467. HB110, the new state budget, essentially eliminated these funds by merging them into state aid and wrapped them into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF.

Future State Budget Projections beyond FY23

Our funding status for FY24-27 will depend on two (2) unknown state budgets. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY27.

Casino Revenue

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

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped primarily due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY22 were \$62.77 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Unrestricted Revenue Estimates – Lines #1.035

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$14,478,297	\$14,479,687	\$14,479,687	\$14,479,687	\$14,479,687
Preschool and Special Education Transportation	1,660,486	1,660,486	1,660,486	1,660,486	1,660,486
Catastrophic Reimbursements	<u>217,220</u>	<u>217,220</u>	<u>217,220</u>	<u>217,220</u>	<u>217,220</u>
Basic Aid-Unrestricted Subtotal	<u>\$16,356,003</u>	<u>\$16,357,393</u>	<u>\$16,357,393</u>	<u>\$16,357,393</u>	<u>\$16,357,393</u>
Credential Reimbursement	\$4,788	\$4,788	\$4,788	\$4,788	\$4,788
Ohio Casino Commission ODT	<u>472,162</u>	<u>481,545</u>	<u>491,176</u>	<u>501,021</u>	<u>506,031</u>
Total Unrestricted State Aid Line # 1.035	<u>\$16,832,953</u>	<u>\$16,843,726</u>	<u>\$16,853,357</u>	<u>\$16,863,202</u>	<u>\$16,868,212</u>

Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. Using current September funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Student Wellness and Success	\$486,468	\$486,468	\$486,468	\$486,468	\$486,468
DPIA	346,176	346,176	346,176	346,176	346,176
ESL	25,081	25,081	25,081	25,081	25,081
Gifted	251,960	251,960	251,960	251,960	251,960
Career Tech - Restricted	<u>166,276</u>	<u>166,276</u>	<u>166,276</u>	<u>166,276</u>	<u>166,276</u>
Total Restricted State Revenues Line #1.040	<u>\$1,275,961</u>	<u>\$1,275,961</u>	<u>\$1,275,961</u>	<u>\$1,275,961</u>	<u>\$1,275,961</u>

Restricted Federal Grants in Aid – line #1.045

No restricted federal grants are projected for FY23-27.

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

<u>Summary of State Foundaton Revenues</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line # 1.035	\$16,832,953	\$16,843,726	\$16,853,357	\$16,863,202	\$16,357,393
Restricted Line # 1.040	1,275,961	1,275,961	1,275,961	1,275,961	1,275,961
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>\$18,108,914</u>	<u>\$18,119,687</u>	<u>\$18,129,318</u>	<u>\$18,139,163</u>	<u>\$17,633,354</u>

State Taxes Reimbursement/Property Tax Allocation – Line 1.050

a) Rollback and Homestead Reimbursement

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

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

Rollback and Homestead reimbursements that are associated with expiring renewal levies are not included in the five year forecast on line 1.050, which is why a decrease is noted in FY24-27.

b) Tangible Personal Property Reimbursements – Fixed Rate

The district no longer received fixed rate reimbursements due to previous state cuts.

c) Tangible Personal Property Reimbursements – Fixed Sum

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

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
a) Rollback and Homestead	<u>\$8,319,224</u>	<u>\$8,123,826</u>	<u>\$7,396,794</u>	<u>\$7,098,885</u>	<u>\$7,114,730</u>
Total Tax Reimb./Prop. Tax Allocations #1.050	<u>\$8,319,224</u>	<u>\$8,123,826</u>	<u>\$7,396,794</u>	<u>\$7,098,885</u>	<u>\$7,114,730</u>

Other Local Revenues – Line #1.060

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

HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeroes to help show the difference between projected FY23-27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid.

In FY21 and FY22 interest income fell due to fed rate reductions due to the pandemic, which will impact our earnings. Due to interest fed rate increasing in FY23, we are assuming stable interest income although our cash balances are forecasted to decrease. We will continue to monitor this trend, and adjust as we receive new information. 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 Lake Academy, Kennedy Autism Program, Eastlake Police Athletic League, Adult Nursing Program, and Lake County ESC. 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Tuition Income	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Interest Income	600,000	600,000	600,000	600,000	600,000
Pay to Participate	175,000	175,000	175,000	175,000	175,000
Class Fees	346,600	346,600	346,600	346,600	346,600
TIF's	215,000	215,000	215,000	215,000	215,000
Rentals	150,000	150,000	150,000	150,000	150,000
All Other Sources	<u>808,060</u>	<u>808,060</u>	<u>808,060</u>	<u>808,060</u>	<u>808,060</u>
Total Other Local Revenue Line #1.060	<u>\$3,094,660</u>	<u>\$3,094,660</u>	<u>\$3,094,660</u>	<u>\$3,094,660</u>	<u>\$3,094,660</u>

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.

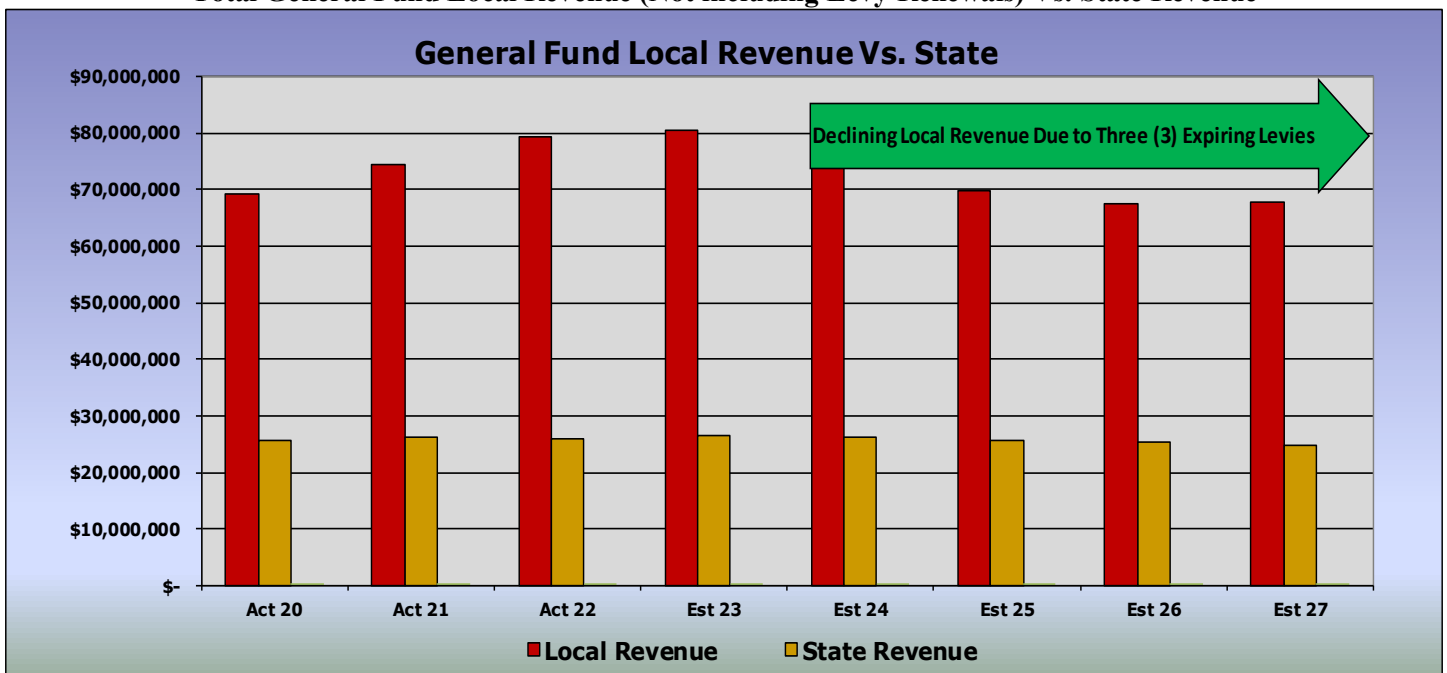
<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Transfers In - Line 2.040	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Advance Returns - Line 2.050	766,850	500,000	500,000	500,000	500,000
Total Transfer & Advances In	<u>\$781,850</u>	<u>\$515,000</u>	<u>\$515,000</u>	<u>\$515,000</u>	<u>\$515,000</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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</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>

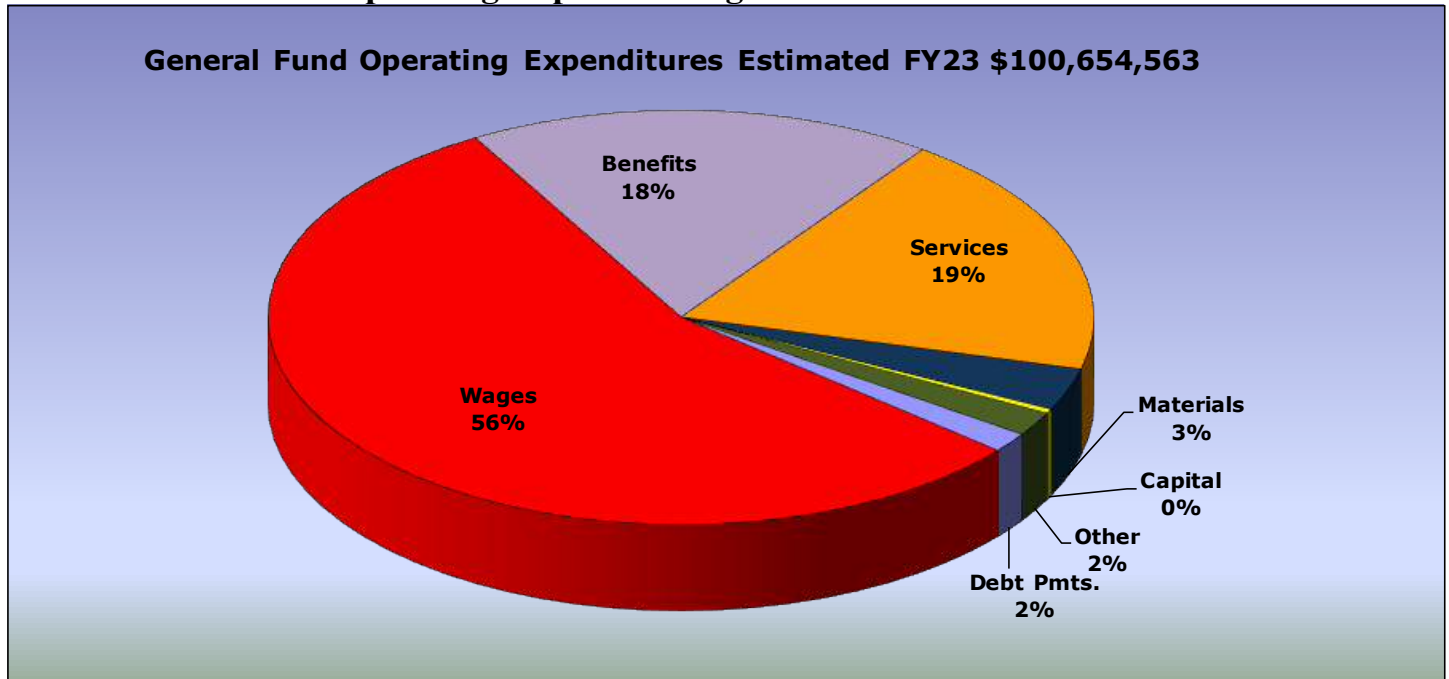
Total General Fund Local Revenue (Not including Levy Renewals) Vs. State Revenue



Expenditures Assumptions

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

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010

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

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

<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Wages	\$52,838,194	\$52,466,391	\$54,428,634	\$55,925,421	\$57,463,370
Increases	660,477	1,044,081	544,286	559,254	574,634
Steps & Training	924,668	918,162	952,501	978,695	787,248
Overtime/Stipends/Other	638,260	670,173	703,682	738,866	775,809
Substitutes	1,431,459	1,503,032	1,578,184	1,657,093	1,739,948
Supplementals	1,382,014	1,409,516	1,423,611	1,437,847	1,452,225
Staff Reductions/Increases	(827,473)	0	0	0	0
516 Adjustment	(1,129,475)	0	0	0	0
Board of Education	20,000	20,000	20,000	20,000	20,000
Total Wages Line 3.010	<u>\$55,938,124</u>	<u>\$58,031,355</u>	<u>\$59,650,898</u>	<u>\$61,317,176</u>	<u>\$62,813,234</u>

Fringe Benefits Estimates

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 estimating 3% increase for healthcare premiums in FY23 and a 7% rate increase in FY24-27 based on recommendations by the district's insurance consultant. 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. There were nine premium holidays awarded in the previous five fiscal years, which artificially reduced the amount insurance costs for those years. The insurance reserves are currently below an acceptable threshold, and as a result there are no premium holidays being forecasted for FY23-27.

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

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

Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.4% of wages FY23-27. Unemployment is expected to remain at a shallow level for FY23-27. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

Medicare

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

Summary of Fringe Benefits – Line #3.020

<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Fringe Benefits	\$8,649,762	\$8,794,948	\$9,040,124	\$9,292,352	\$9,518,577
B) Insurance's	8,172,517	8,826,318	9,532,423	10,295,017	11,118,618
C) Workers Comp/Unemployment	280,000	280,000	280,000	280,000	280,000
D) Medicare	903,145	923,486	940,885	966,885	986,810
Other/Tuition	<u>399,552</u>	<u>407,543</u>	<u>415,694</u>	<u>415,694</u>	<u>415,694</u>
Total Fringe Benefits Line #3.020	<u>\$18,404,976</u>	<u>\$19,232,295</u>	<u>\$20,209,126</u>	<u>\$21,249,948</u>	<u>\$22,319,699</u>

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY23-27 Line 3.03 costs and historical FY20 through FY21 costs on the five-year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

In FY21, we reduced costs in purchased services by recoding our Student Resource Officers (SRO) to Student Wellness and Success Funds (Fund 467). HB110 brought the allocations for Fund 467 into the General Fund. Due to this, FY23-27 will see an increase to the Purchased Services line. Utility costs are expected to increase by a 5% average FY23-27.

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

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

<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Transportation	\$8,675,420	\$8,935,683	\$9,203,753	\$9,479,866	\$9,669,463
Tuition Payments	4,567,000	4,658,340	4,751,507	4,846,537	4,943,468
Utilities	2,000,000	2,200,000	2,420,000	2,662,000	2,928,200
Professional Services	1,130,895	1,153,513	1,176,583	1,200,115	1,224,117
Property Services and SRO's	1,474,145	1,503,628	1,533,701	1,564,375	1,595,663
Instructional Services	858,140	875,303	892,809	910,665	928,878
Connectivity, Phone & Postage	279,060	284,641	290,334	296,141	302,064
Contracted or Trade Services	133,375	136,043	138,764	141,539	144,370
Travel and Meetings	<u>71,010</u>	<u>72,430</u>	<u>73,879</u>	<u>75,357</u>	<u>76,864</u>
Total Purchased Services Line #3.030	<u>\$19,189,045</u>	<u>\$19,819,581</u>	<u>\$20,481,330</u>	<u>\$21,176,595</u>	<u>\$21,813,087</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.

<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
General Supplies	\$1,416,553	\$1,219,884	\$1,244,282	\$1,269,168	\$1,294,551
Resale Supplies	601,415	613,443	625,712	638,226	650,991
Maintenance	328,420	334,988	341,688	348,522	355,492
Vehicles	656,100	552,344	574,438	597,416	609,364
All other Supplies & Materials	174,730	178,225	181,790	185,426	189,135
Textbooks & Periodicals	<u>140,380</u>	<u>143,188</u>	<u>146,052</u>	<u>148,973</u>	<u>151,952</u>
Total Supplies Line #3.040	<u>\$3,317,598</u>	<u>\$3,042,072</u>	<u>\$3,113,962</u>	<u>\$3,187,731</u>	<u>\$3,251,485</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 ESSER 3 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Equipment	\$126,858	\$126,858	\$126,858	\$126,858	\$126,858
Vehicles	85,000	85,000	85,000	85,000	85,000
Technical Equipment	98,099	98,099	98,099	98,099	98,099
Site Improvements	<u>36,080</u>	<u>36,080</u>	<u>36,080</u>	<u>36,080</u>	<u>36,080</u>
Total Equipment Line #3.050	<u>\$346,037</u>	<u>\$346,037</u>	<u>\$346,037</u>	<u>\$346,037</u>	<u>\$346,037</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 Gov't 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 CY17, 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Debt Service Principal Line # 4.055	\$455,780	\$481,500	\$347,740	\$358,470	\$540,000
<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
HB 264 Principal Line # 4.050	\$545,000	\$570,000	\$585,000	\$595,000	\$600,000
<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Interest on Leases & HB 264 Total Line 4.060	\$550,983	\$510,964	\$476,492	\$448,054	\$411,696

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, property insurance, our annual audit and other miscellaneous expenses. We do not expect an increase in the property tax collections as this is based on the levy amounts being collected and there are no new levies projected in the forecast. Insurance costs are expected to increase by a 5% average FY22-26.

<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Property Tax Collections	\$1,175,000	\$1,005,000	\$1,005,000	\$1,005,000	\$1,005,000
Dues and fees	247,770	250,248	252,750	260,333	268,143
Insurances	393,400	413,070	433,724	455,410	469,072
Annual Audit	60,000	60,600	61,206	63,042	64,933
Awards and Other	30,850	31,159	31,471	32,415	33,388
Total Other Expenses Line #4.300	\$1,907,020	\$1,760,077	\$1,784,151	\$1,816,200	\$1,840,536

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 HRA fund to cover retired employee reimbursements. Advances are to cover food service deficits, state and federal grants at fiscal year-end and debt service payments in the event the permanent improvement fund cannot cover those costs.

<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Transfers Out Line #5.010	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Advances Out Line #5.020	500,000	500,000	500,000	500,000	500,000
Total Transfer & Advances Out	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000

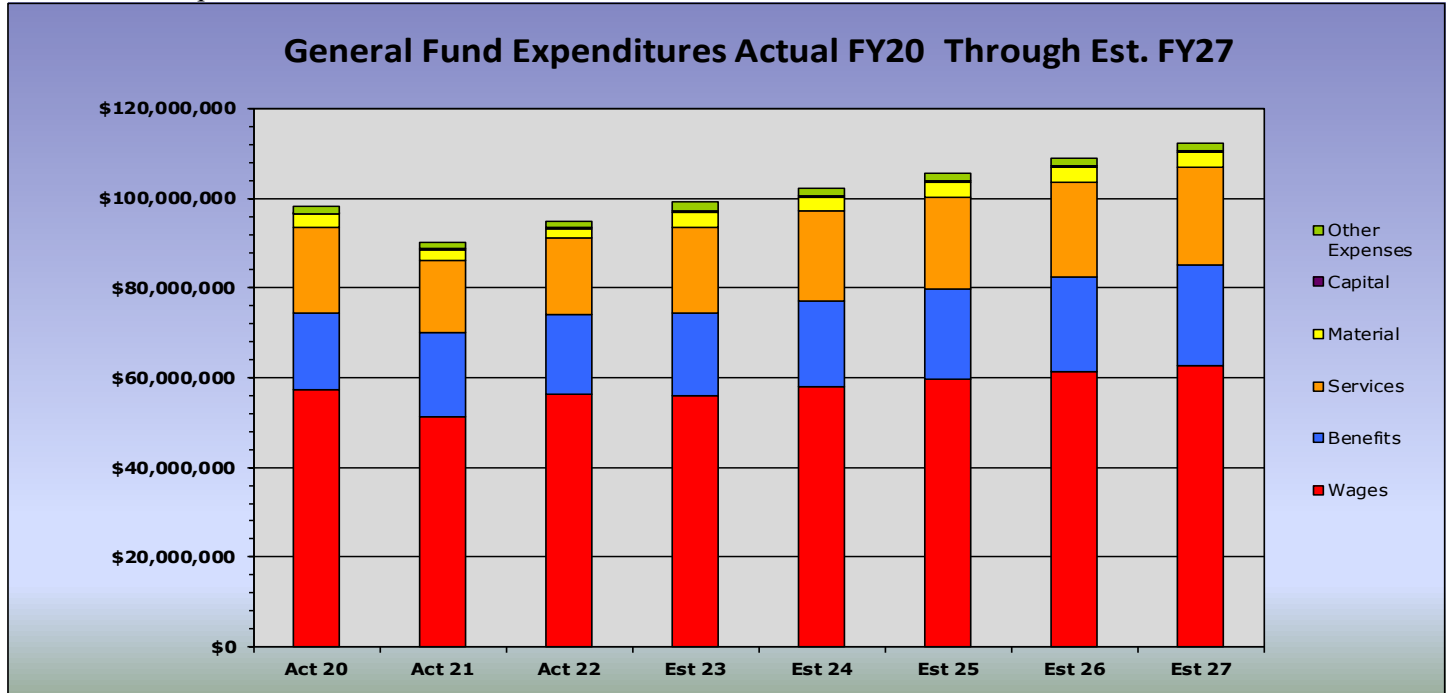
Encumbrances –Line#8.010

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

<u>Purpose</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Estimated Encumbrances	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000

Operating Expenditures Actual FY20 through FY22 and Estimated FY23-27

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



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

This amount must not go below \$0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of \$10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of sixty (60) day cash balance, which is approximately \$16.7 million for our district.

Ending Unencumbered Cash Balance Line #15.010 with Renewal Levies

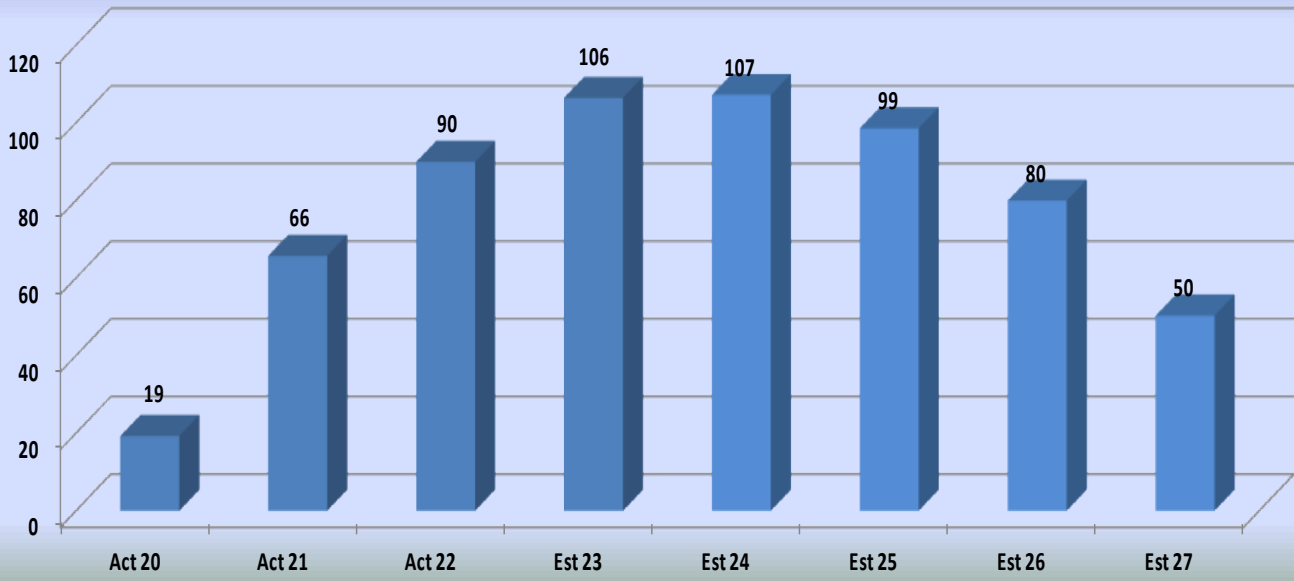
Purpose	FY23	FY24	FY25	FY26	FY27
Ending Unencumbered Cash Balance	<u>\$29,716,982</u>	<u>\$30,857,739</u>	<u>\$29,252,405</u>	<u>\$24,470,625</u>	<u>\$3,011,589</u>

True Cash Days Ending Balance with Levy Renewals

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. The GFOA recommends no less than 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.

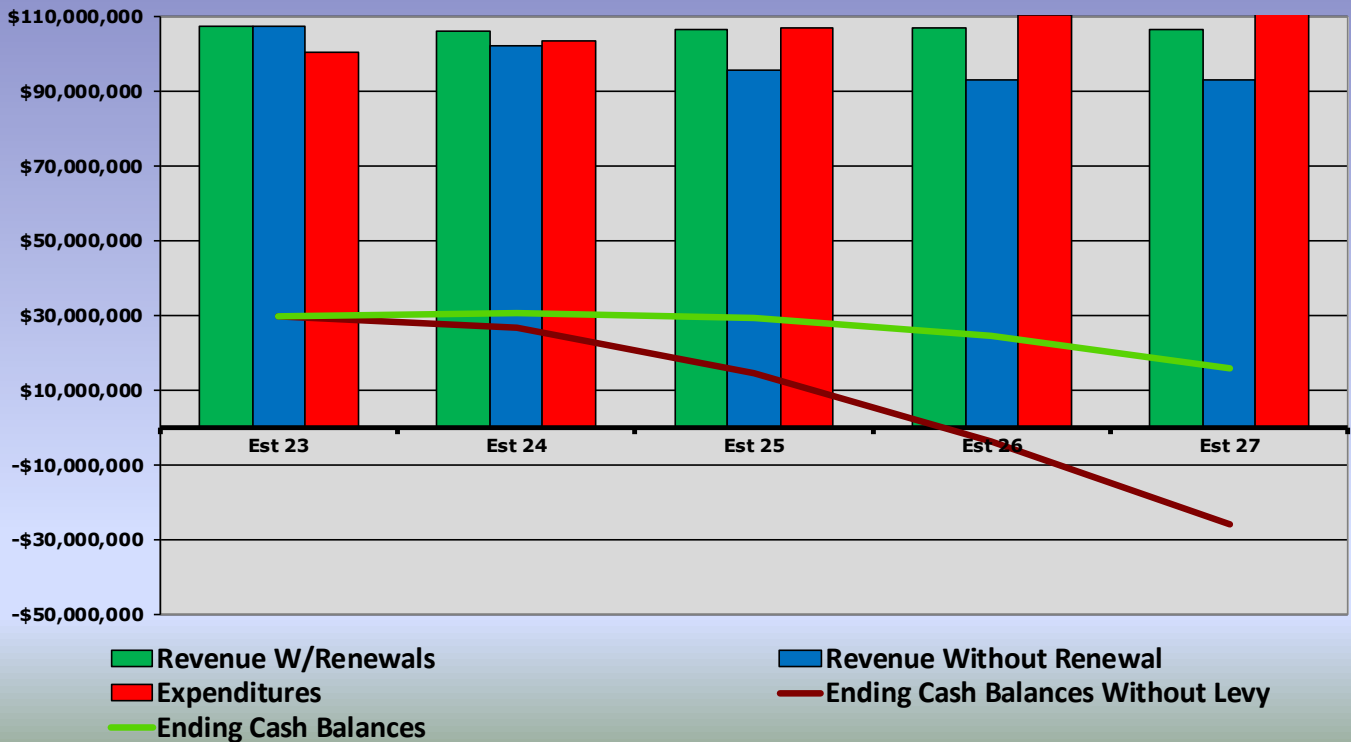
The graph on the following page illustrates the true cash days with the renewal of the four levies during the forecasted period. Renewing each levy is critical to the financial sustainability of the district.

Ending Cash Balance in True Cash Days With Levy Renewals



Cash Balance without Levy Renewals

Revenues With & Without Replacement Levies Vs. Expenditures FY23 through FY27



The graph above illustrates the true need our district has on the continued support from our community. Continued support of our current levy cycle is critical for the future of our district.

Conclusion

The district appreciates the support the community gave on November 8, 2022 with the renewal of the \$4.75 million Emergency Levy renewal for a 10-year period. Due to many factors that play into the story of our revenue and expenditures, we must continue working together for the quality education the district provides. We want to thank all of our community members that have taken the time to share their thoughts at the community conversations. We also want to encourage everyone in our community to collaborate with us in order to align the needs of our students with valuable tax revenue. This levy, and continued support of our expiring levies will be key in keeping the district on stable financial footing.

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state 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 FY24-27.

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

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