LAKOTA LOCAL SCHOOL DISTRICT-BUTLER COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2019, 2020 and 2021 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2022 THROUGH JUNE 30, 2026

Forecast Provided By
Lakota Local School District
Treasurer's Office
Ms. Jenni Logan, Treasurer/CFO

May 26, 2022

Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	97,495,142	100,372,603	106,047,366	4.3%	109,527,689	113,712,121	116,511,938	119,333,293	121,596,484
1.020	Tangible Personal Property	2,099	4,268	2,146	26.8%	12,203	0	0	0	0
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	51,352,680	48,019,862	50,394,027	-0.8%	46,296,174	45,526,593	45,739,416	45,953,303	46,168,259
1.040	Restricted State Grants-in-Aid	151,891	151,776	151,776	0.0%	3,092,904	3,058,650	3,058,650	3,058,650	3,058,650
1.045	Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	10,188,753	10,292,275	10,480,153	1.4%	10,946,177	10,930,347	11,141,747	11,353,676	11,479,445
1.060	All Other Revenues	21,030,779	21,662,638	20,641,703	-0.9%	18,611,850	19,510,455	19,779,030	20,425,512	20,558,288
1.070	*Total Revenues*	180,221,344	180,503,422	187,717,171	2.1%	188,486,997	192,738,166	196,230,781	200,124,434	202,861,126
	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 and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	4,304,536	732,413	0.0%	1,984,281	1,130,787	602,158	0	0
2.050	Advances-In	0	0	597,959	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	112,889	125,918	137,101	10.2%	246,541	251,472	256,501	261,631	266,864
2.070	*Total Other Financing Sources*	112,889	4,430,454	1,467,473	99.9%	2,230,822	1,382,259	858,659	261,631	266,864
2.080	*Total Revenues and Other Financing Sources*	180,334,233	184,933,876	189,184,644	2.4%	190,717,819	194,120,425	197,089,440	200,386,065	203,127,990
	Expenditures									
3.010	Personal Services	94,134,285	99,634,532	103,798,482	5.0%	106,673,700	110,215,267	115,489,414	118,861,705	122,332,466
3.020	Employees' Retirement/Insurance Benefits	31,266,755	33,241,346	33,689,469	3.8%	35,682,138	37,009,396	38,894,233	40,244,040	41,628,240
3.030	Purchased Services	35,317,800	34,682,824	36,952,921	2.4%	32,513,052	33,208,023	33,920,385	34,650,676	35,399,447
3.040	Supplies and Materials	4,759,646	4,129,880	4,214,392	-5.6%	4,415,067	4,181,293	4,244,012	4,307,673	4,372,288
3.050	Capital Outlay	742,564	1,508,842	807,295	28.3%	1,100,945	1,117,459	924,221	938,084	952,156
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	638,000	653,000	664,000	2.0%	689,000	689,000	689,000	689,000	689,000
4.020	Principal-Notes	0	0	0	0.0%	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	802,000	827,000	846,000	2.7%	856,000	856,000	856,000	856,000	856,000
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	295,861	351,652	202,952	-11.7%	183,113	183,113	183,113	183,113	183,113
4.300	Other Objects	1,744,507	2,217,918	1,322,817	-6.6%	2,058,949	2,025,772	2,015,451	2,105,848	2,096,997
4.500	*Total Expenditures*	169,701,418	177,246,994	182,498,328	3.7%	184,171,964	189,485,323	197,215,829	202,836,139	208,509,707
	Other Financing Uses									
5.010	Operating Transfers Out	1,825,221	6,171,686	2,458,211	89.0%	3,784,281	2,930,787	2,402,158	1,800,000	1,800,000
5.020	Advances-Out	0	597,959	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	1,825,221	6,769,645	2,458,211	103.6%	3,784,281	2,930,787	2,402,158	1,800,000	1,800,000
5.050	*Total Expenditures and Other Financing Uses*	171,526,639	184,016,639	184,956,539	3.9%	187,956,245	192,416,110	199,617,987	204,636,139	210,309,707
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	8,807,594	917,237	4,228,105	135.7%	2,761,574	1,704,315	(2,528,547)	(4,250,074)	(7,181,717)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	99,355,831	108,163,425	109,080,662	4.9%	113,308,767	116,070,341	117,774,656	115,246,109	110,996,035
7.020	*Cash Balance June 30*	108,163,425	109,080,662	113,308,767	2.4%	116,070,341	117,774,656	115,246,109	110,996,035	103,814,318
8.010	*Estimated Encumbrances June 30*	641,848	303,421	562,965	16.4%	500,000	500,000	500,000	500,000	500,000
	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	4,304,536	5,036,949	0.0%	7,021,231	8,152,018	8,754,176	8,754,176	8,754,176
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	4,304,536	5,036,949	0.0%	7,021,231	8,152,018	8,754,176	8,754,176	8,754,176
10.010	*Fund Balance June 30 for Certification of Appropriations*	107,521,577	104,472,705	107,708,853	0.1%	108,549,110	109,122,638	105,991,933	101,741,859	94,560,142

Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenue from Replacement/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*	107,521,577	104,472,705	107,708,853	0.1%	108,549,110	109,122,638	105,991,933	101,741,859	94,560,142
	Revenue from New Levies									
13.010	Income Tax - New				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*	107,521,577	104,472,705	107,708,853	0.1%	108,549,110	109,122,638	105,991,933	101,741,859	94,560,142

Lakota Local School District – Butler County
Notes to the Five-Year Forecast
General Fund, Related Debt and Federal Funds Only
May 26, 2022

Introduction to the Five-Year Forecast

A forecast is a snapshot financial report. That snapshot will be adjusted as needed to reflect the updated conditions and information that become available and relevant in the future. A variety of events will ultimately impact the latter years of the forecast. State budgets which are adopted every two years, tax levies (new, renewal, or replacement), salary increases, or businesses moving in or out of the district can all impact the outcome of the District's financial predictions. The five-year forecast is viewed as a key management tool and must be updated periodically to reflect the most relevant information available. In Ohio, most school districts have a good grasp of their current fiscal year situation. The five-year forecast encourages 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 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 to the financial forecast before drawing conclusions. The assumptions are especially important to understand the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Here are at least three 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, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2022 filing.

Economic Outlook

This five-year forecast is being filed during the recovery from the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic continue to impact our state, country, and our globalized economy. Inflation during April hit a 40 year high not seen since the early 1980's. While increased inflation impacting district costs are expected to continue in the short-term, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

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.

May 2022 Updates:

Revenues FY22

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $227,608 or 0.1% higher than the November forecasted amount of $188,259,389. This indicates the November forecast was 99.9% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 58% and are estimated to be $109,539,892, which is $1,790,955 higher for FY22 than the original November estimate. Our estimates are 98.3% accurate for FY22 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimate provided little detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 to project anticipated funding. In January of 2022, the first formula calculations were released, in part, by the Ohio Department of Education. While there are still details unpublished at this time, we can see that through early April our state aid is estimated to be $49,389,078, which is $1,058,648 lower than the original estimate for FY22. We are pleased that with very little detail we were able to be 97.9% accurate for FY22. We are currently on the guarantee and expect to remain through FY26.

Line 1.06 - Other revenues are $599,976 under original estimates, primarily due to interest revenues received by the district being lower than anticipated, which is somewhat unpredictable year to year.

All areas of revenue are tracking as anticipated for FY22 based on our best information at this time.

Expenditures FY22

Total General Fund expenditures (line 4.5) are estimated to be $184,171,964 for FY22, which is $1,026,224 higher than the original estimate in the November forecast, which is roughly 99.4% on target with original estimates.

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

Unreserved Ending Cash Balance

With revenues increasing ending mostly on target from estimates and expenditures ending mostly on target, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly $108.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026, if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty

A five-year financial forecast has risks and uncertainty, not only due to the economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us 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 continued 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 68% of the district's resources. Our tax collections in the August 2021 and March 2022 settlements did not fall due to increased delinquencies as anticipated due to the brief rise in unemployment due to the pandemic in 2020. Long-term, we believe there is a low risk that local collections would fall below projections throughout the forecast.

II. Butler County experienced a reappraisal in the 2020 tax year and was collected in calendar year 2021**.** The 2020 reappraisal increased overall residential assessed values by 13.33%. A triennial update will occur in tax year 2023 for collection in calendar year 2024. We anticipate value increases for residential and commercial property by an overall rate of 6.2% at that time. We feel these estimates are conservative, but they could unexpectedly be lower which would reduce anticipated property tax collections. New construction assessed value in 2021 for residential property was $46.6 million and $34.8 million for commercial industrial property. Commercial property also realized an $8.2 million decrease in exempt property while Board of Revision updates reduced these values by $4.8 million.

III. The state budget represents 32% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY26. We have projected our state funding to grow by 0.5% through FY26, 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 the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a inputs base cost methodology with funding being paid to the district where a student is educated. There will be no separate open enrollment revenue payments to school districts beginning in FY22. Also, the state is directly funding open enrollment, community schools, STEM schools, and scholarship recipients. Previously, these appeared as a deduction (expenditure) to the resident district. The initial impact on the forecast will be noticed on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. The historic actual costs for FY19 through FY21 on these lines in the forecast will potentially reflect different trends. Longer-term there may be adjustments to state aid for FY23 as the Ohio Department of Education resolves issues and possible unintended consequences as they continue to implement the numerous changes to the new formula. Our state aid projections have been based on the best information on the new HB110 formula available as of this forecast.

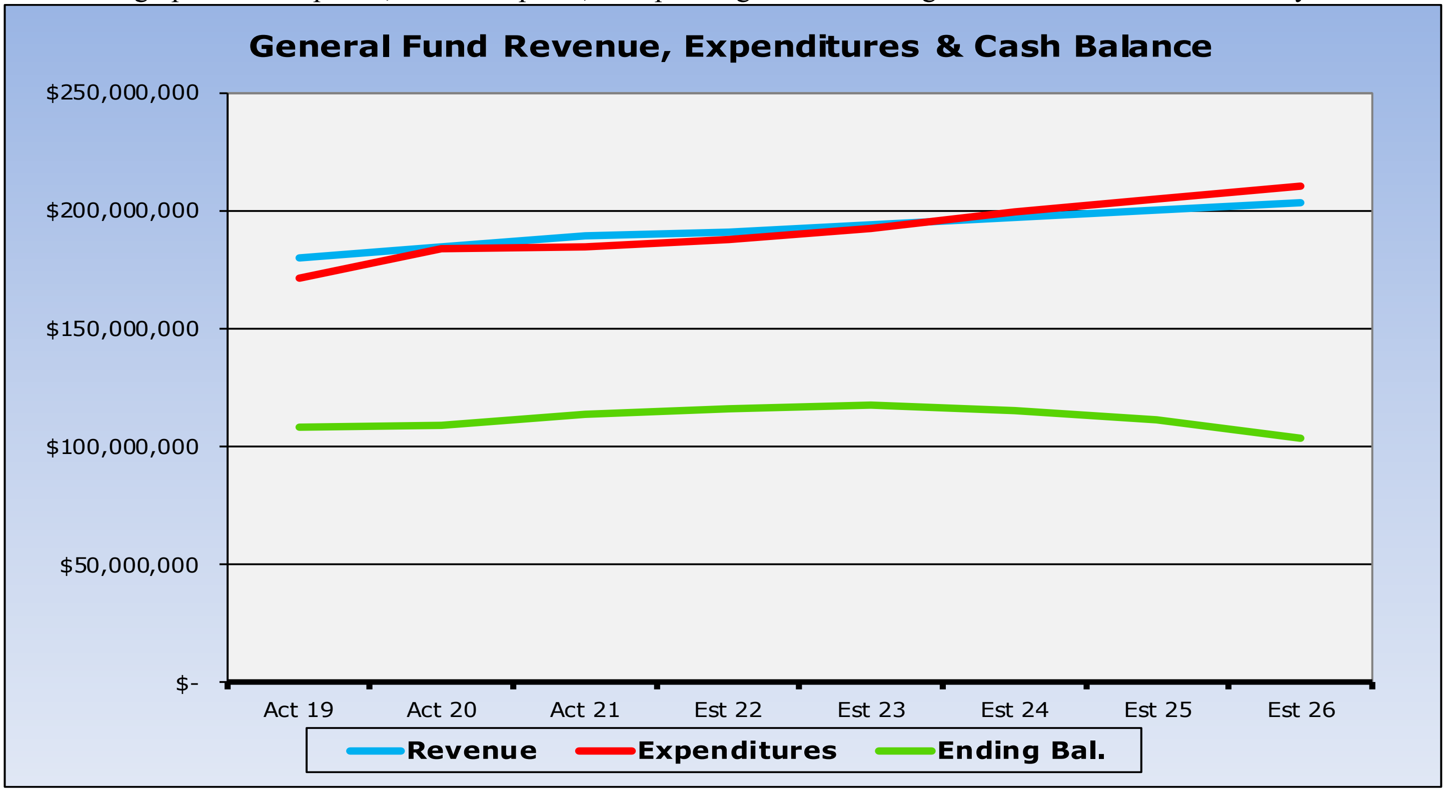
V. HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships, including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus, which continue to be deducted from state aid and will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

VI. Labor relations in our district have been amicable with all parties working for the best interest of students. We believe as we move forward our positive working relationship will continue. Both labor union contracts cover the period of July 1, 2021 through June 30, 2024.

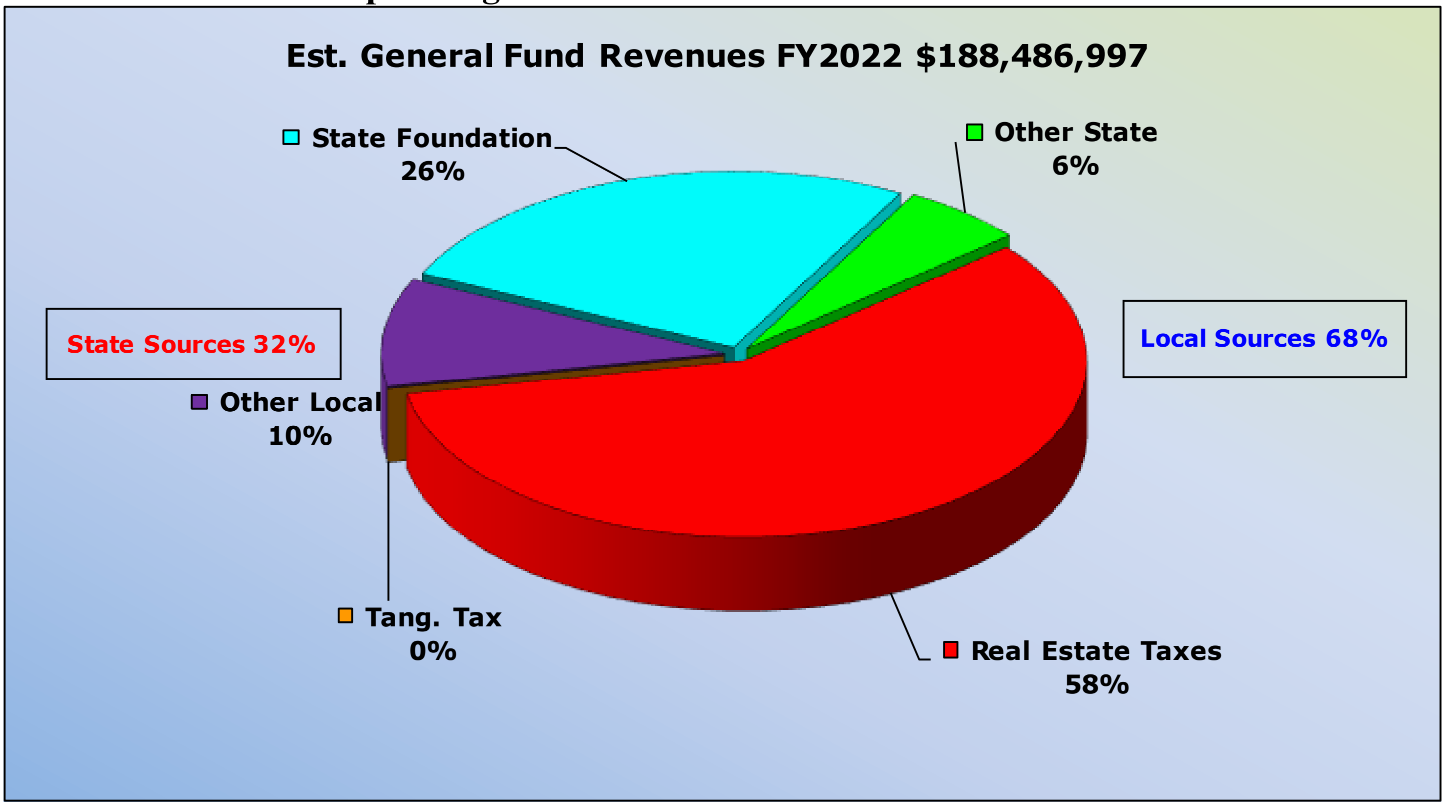
VII. The district's five-year forecast identifies major revenue, expenditures and balances by line number. Those major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the actual forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Ms. Jenni Logan, Treasurer/CFO of Lakota Local Schools at 513-644-1180.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY19-21 and Estimated FY22-26

The graph below captures, in one snapshot, the operating scenario facing the District over the next few years.



Revenue Assumptions
Operating Revenue Sources General Fund FY22



Real Estate Value Assumptions – Line # 1.010
Property values have shown a trend of recovery since 2014 and the pace is picking up. Our 2020 reappraisal shows values increasing at a pace not seen since before 2008. When the district values rise due to inflation, HB920 will reduce voted tax rates so there is no increase other than on the unvoted inside millage amount. As we get further away from the recession of 2008, our values will continue to increase and HB920 will prevent our district from collecting additional revenues from those increased values.

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Butler County experienced a reappraisal for the 2020 tax year to be collected in 2021. Residential/agricultural values increased 13.33% or $316.8 million due to the reappraisal led by an improving housing market.

For tax year 2021, new construction in residential property was up 1.6% or $46.6 million in assessed value and commercial/industrial values increased $34.8 million. Overall values rose $81.4 million or 2.3%, which includes new construction for all classes of property.

A triennial update will occur in 2023 for collection in 2024 for which we are estimating a 6.8% increase in residential and a 4.3% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $226.5 million or 6.2% overall.

Public Utility Personal Property (PUPP) values increased by $10.4 million in tax year 2021. We expect our values to continue to grow by an average of $8.7 million each year of the forecast.

Tangible personal property (TPP) values decreased to $-0- in 2011 because of HB66 passed in 2005 to be effective July 1, 2005.This began a systematic phase-out of this tax base statewide to be replaced by a Commercial Activities Tax (CAT). The district has not been held harmless from the loss of the local taxes by the state TPP reimbursements noted below for Line # 1.050, under TPP Reimbursements due to cuts made in HB153 reimbursements. In 2004, our district's TPP values were $183,373,135 and yielded the General Fund $11,119,738, in local taxes, which is equivalent to losing a 4.42 mill levy each year. Eliminating the TPP taxes, in effect, transferred the burden for those lost dollars into increased taxes on local taxpayers, a shift of taxes from businesses to residential taxpayers.

Estimated Assessed Property Valuations by Collection Years

Classification	Actual TAX YEAR2021 COLLECT 2022	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026
Res./Ag.	$2,820,632,860	$2,851,205,879	$3,077,432,257	$3,109,932,464	$3,142,843,077
Comm./Ind.	750,784,280	764,402,803	812,022,858	828,144,852	844,552,885
Public Utility (PUPP)	143,037,340	151,008,284	159,340,030	168,317,572	178,000,598
Total	$3,714,454,480	$3,766,616,965	$4,048,795,146	$4,106,394,888	$4,165,396,561

Estimated Real Estate Tax Collections
Property tax levies are estimated to be collected at 98% of the annual amount for the first year of the forecast. This allows for a 2% 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. Public Utility tax settlements (PUPP taxes) are estimated to be received 51% in February and 49% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

Tax Levies	Year Approved	Last Calendar Year of Collection	Full Tax Rate (per $1,000 of assessed valuation)	Effective Rates Res/Ag	Effective Rates Comm/Ind
Inside Ten Mill Limitation	n/a	n/a	6.49	6.49	6.49
Continuing Operating	1976	n/a	15.88	2.57	4.16
Continuing Operating	1978	n/a	3.80	0.61	0.99
Continuing Operating	1985	n/a	5.90	1.87	2.34
Continuing Operating	1988	n/a	5.67	2.03	2.66
Continuing Operating	1991	n/a	5.90	2.86	3.69
Continuing Operating	1996	n/a	6.50	3.63	4.77
Continuing Operating	2000	n/a	4.90	3.13	3.91
Continuing Operating	2005	n/a	5.60	4.36	4.46
Continuing Operating	2013	n/a	3.50	2.73	2.79
Total Gross & Effective Tax Rates			**64.14**	**30.28**	**36.26**

Amounts noted below also include public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were $143 million in assessed values in 2021 and are collected at the district's gross voted millage rate. Collections are typically 51% in February and 49% in August along with the real estate settlements from the county auditor. The values in 2021 increased by 7.8% or $10.4 million, and are expected to grow by an average of $8.7 million each year of the forecast.

Estimated Real Estate Tax Collections - Line #1.010

Source	FY22	FY23	FY24	FY25	FY26
Estimated Real Estate Tax Line # 1.010	$109,527,689	$113,712,121	$116,511,938	$119,333,293	$121,596,484

New Tax Levies – Line #13.020

No new tax levies are modeled in this five-year forecast.

Estimated Tangible Personal Tax – Line#1.020

The phase out of TPP taxes as noted earlier began in FY06 because of HB66, which systematically phased out General Personal Property tax along with telephone/railroad public utility property by 2011. The last collection of local TPP taxes was October 2010. Any amounts received in the forecast period are from settlement of old, outstanding delinquent TPP taxes. These settlements are not determinable and are not estimated.

Source	FY22	FY23	FY24	FY25	FY26
Tangible Personal Property Taxes (TPP)	$12,203	$0	$0	$0	$0

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

Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035

The partial release of the new Fair School Funding Plan (FSFP) formula occurred in January 2022, which was halfway through FY22. As of the date of this forecast, most of the detailed calculations have been released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a guarantee district in FY22 and is expected to be a guarantee district in FY23-26 on the new FSFP. The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21. HB110 implements the newest, 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 FY22 through FY26 compared to actual data FY19 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 costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a district's local capacity will update for FY23. Base costs per pupil includes 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 $7,350.77 per pupil in FY22, the FSFP calculates a state share percentage (SSP). The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth), and 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 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 most recent three (3) year average federal adjusted gross income of district's residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on most recent year federal median income of district's 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 added together, the total is then 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 amount 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). 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 and not a specific amount. An amount of 10% from all districts' calculations will be redirected and used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding 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 percentage is less than 33.33% will see a benefit from the increase to 33.33% funding. With districts whose state share index is greater than 33.33% receiving the same amount as received in FY22.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding, is based on 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.
2. English Learners – Based on funded categories, based on the time a 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. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount 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 guaranteed level of funding for FY22 is a calculated funding guarantee level based on full 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 a guarantee in FY22 and, in general, the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push 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 a Special Revenue Fund 467. HB110, the new state budget, essentially eliminated these funds by merging them into state aid and wrapped 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. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until fully expended.

Future State Budget Projections beyond FY23

Our funding status for the FY24-26 will depend on two (2) new state budgets, which are unknown. 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 only expected to grow by 0.5% in the forecast for FY23 through FY26.

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 (GCR) will be collected as a tax. School districts will receive 34% of the 33% 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, 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 to pre-pandemic, FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to the COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 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 $62.78 per pupil. FY22 Casino revenues have resumed their historical growth rate and we are assuming a 2% annual growth rate for the forecast period.

Source	FY22	FY23	FY24	FY25	FY26
Basic Aid-Per HB166	$42,260,532	$42,564,528	$42,777,351	$42,991,238	$43,206,194
Additional Items	1,954,753	1,954,753	1,954,753	1,954,753	1,954,753
Basic Aid- Subtotal	$44,215,285	$44,519,281	$44,732,104	$44,945,991	$45,160,947
Casino Revenue	$1,073,577	$1,095,212	$1,117,103	$1,139,506	$1,162,252
Catastrophic Aid	1,007,312	1,007,312	1,007,312	1,007,312	1,007,312
Total Unrestricted State Aid Line # 1.035	$46,296,174	$45,526,593	$45,739,416	$45,953,303	$46,168,259

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 April 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 FY24-26 due to uncertainty on continued funding of the current funding formula.

Source	FY22	FY23	FY24	FY25	FY26
DPIA	$118,157	$123,155	$123,155	$123,155	$123,155
Career Tech - Restricted	1	1	1	1	1
Gifted	785,148	765,052	765,052	765,052	765,052
ESL	437,480	418,324	418,324	418,324	418,324
Student Wellness and Success Funds	1,752,118	1,752,118	1,752,118	1,752,118	1,752,118
Total Restricted State Revenues Line # 1.040	$3,092,904	$3,058,650	$3,058,650	$3,058,650	$3,058,650

Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected FY22-26.

Summary of State Aid Projections

Summary	FY22	FY23	FY24	FY25	FY26
A) Unrestricted State Aid Line # 1.035	$46,296,174	$45,526,593	$45,739,416	$45,953,303	$46,168,259
B) Restricted State Aid Line # 1.040	3,092,904	3,058,650	3,058,650	3,058,650	3,058,650
C) Restricted Federal Grants Line # 1.045	0	0	0	0	0
Total State Foundation Revenue	$49,389,078	$48,585,243	$48,798,066	$49,011,953	$49,226,909

State Tax Reimbursements/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 do not get a new application approved for tax year 2013, and who become eligible thereafter 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.

Source	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead	$10,946,177	$10,930,347	$11,141,747	$11,353,676	$11,479,445

Other Local Revenues – Line #1.060
All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, 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 zeros to help show the difference between projected FY22-26 Line 1.06 revenues and historical FY19 through FY21 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 at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid.

In FY21, interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historic trends.

The School District received payments in lieu of taxes from several TIFs and RIDs to help facilitate economic development within the district. These are significant revenue sources for the district. In total the Lakota Local School District's borders include 8 TIF districts for West Chester Township, 12 TIF/RID districts for Liberty Township and 4 TIF districts for Butler County. The District currently receives compensation on all but one TIF, the Union Centre Boulevard (UCB) TIF. The TIF district was created before legislation was adopted which required school district involvement and approval. Due to the early expiration of a portion of the UCB TIF the District began receiving tax revenue in the collection year of 2019. West Chester did extend the remaining UCB TIF district for 15 years but at the same time worked with the District to modify the current 747 TIF. All other TIFs involve some sort of compensation agreement with the district. Unfortunately, not all agreements hold the district financially harmless. The district strives to balance the economic vitality of the entire community with the financial well-being of the district. Two RIDs in Liberty Township have also been terminated early: Hawthorne Hills and Allen Estates, which have lowered our payments beginning in 2018 and beyond. This has merely moved the revenue line item from Other Local Revenues to Real Estate Tax collections.

Source	FY22	FY23	FY24	FY25	FY26
Payment In Lieu of Taxes	$14,683,228	$14,683,228	$14,683,228	$14,683,228	$14,683,228
Open Enrollment In	0	0	0	0	0
Interest	668,000	1,475,276	1,648,171	2,194,407	2,222,145
Tuition	1,718,621	1,804,552	1,894,780	1,989,519	2,088,995
Rentals	252,193	252,193	252,193	252,193	252,193
Medicare Reimbursement	750,000	750,000	750,000	750,000	750,000
Miscellaneous	539,808	545,206	550,658	556,165	561,727
Total Other Local Revenues Line # 1.060	$18,611,850	$19,510,455	$19,779,030	$20,425,512	$20,558,288

All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010
There is no short-term borrowing planned for in this forecast at this time from any sources. Other financing sources consist of advances that the school district anticipates during the forecasted period. Transfers into the General Fund has increased due to the Boards approval of Budget Stabilization policy 6217 on June 10, 2019. Advances are approved from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year end. Advances are forecasted based on the historical timeliness of grant monies not received at fiscal year-end.

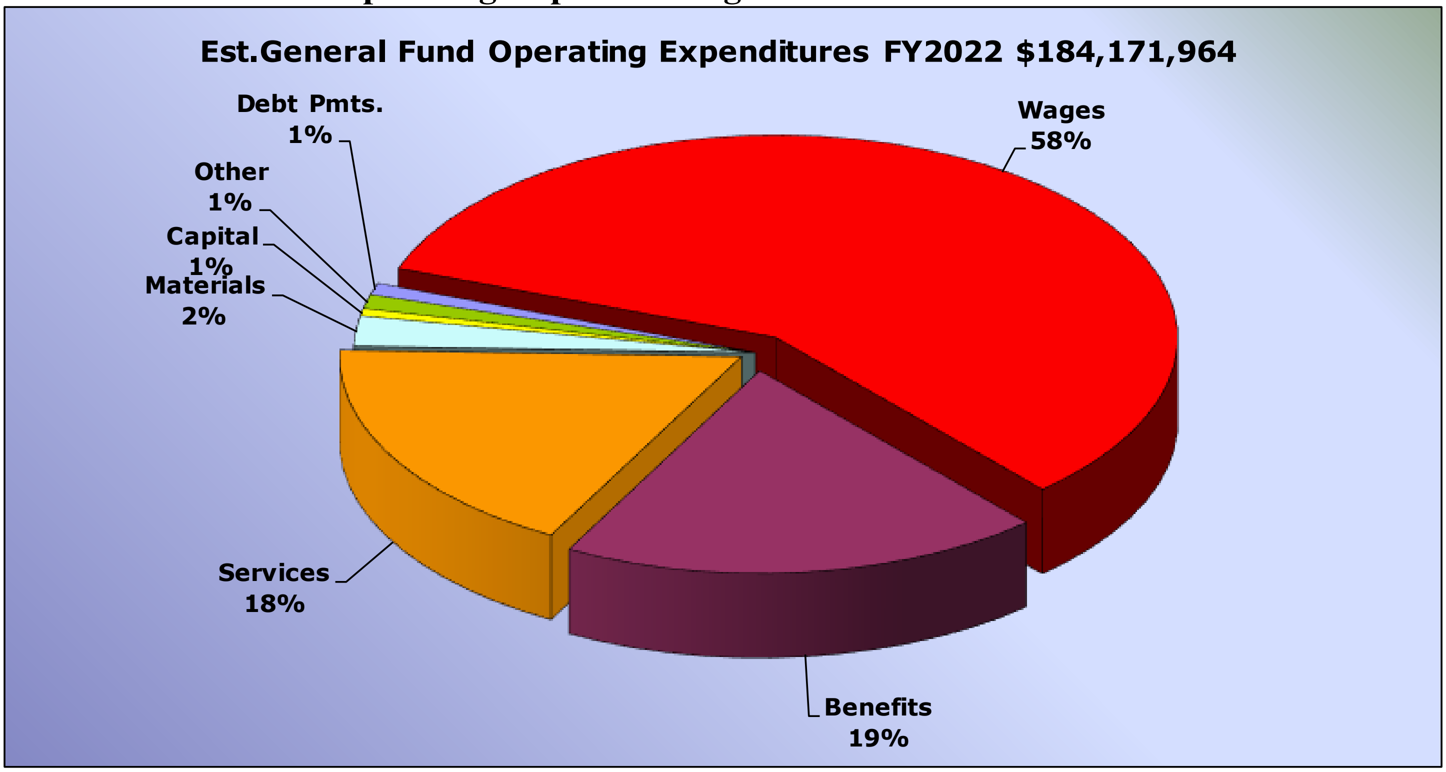
Source	FY22	FY23	FY24	FY25	FY26
Transfers In Line # 2.040	$1,984,281	$1,130,787	$602,158	$0	$0
Advance Returns # 2.050	0	0	0	0	0
Total Transfers and Advances In	$1,984,281	$1,130,787	$602,158	$0	$0

Source	FY22	FY23	FY24	FY25	FY26
Refund of prior years expense Line # 2.060	$246,541	$251,472	$256,501	$261,631	$266,864

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 needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY22



Wages – Line #3.010

The expenditures in this category represent salaries and wages for services rendered for all union and non-union employees. A new agreement with the LEA (Lakota Education Association) provides for a 1.97% COLA (cost of living adjustment) for FY22-24 as well as a 2% increase on the base. A new agreement with the LSSA (Lakota School Support Association) was also approved and provides for a 1% COLA and a 2.5% increase on the base for FY22-24. Administrative and non-represented salary increases have been estimated to be comparable to the base increases received by the union employees, these increases are reviewed on an annual basis. Stipend, supplemental, severance and sub cost for classified positions are included in this line item also.

Staffing and Enrollment

The District continues to analyze and audit classroom sizes. We plan to continue this practice and align classroom teachers to enrollment. The District also considers the demographic study completed in February 2019 when predicting enrollment and the staff needed. Our current enrollment exceeds the predicted demographic study by more than 300 students for the current year. A recurring conversation centers on elementary pupil teacher ratios. Additionally, the temporary influx of federal aid has allowed the district to increase staffing for the identified priorities. The District plans to further analyze its staffing needs for the forecasted period. Until that analysis and planning is completed the forecast will reflect no changes in staffing, other than the positions being paid by ESSER that will return to the general fund in 2024. The total wages predicted to return is $1.6 million in fiscal year 2024.

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	$103,798,482	$106,673,700	$110,215,267	$115,489,414	$118,861,705
Increases	2,875,218	3,541,567	3,659,147	3,372,291	3,470,762
ESSER Return	0	0	1,615,000	0	0
Total Wages Line #3.010	$106,673,700	$110,215,267	$115,489,414	$118,861,705	$122,332,466

Fringe Benefits - Line #3.020
This area of the forecast captures all costs associated with benefits and retirement costs. With the exception of medical and dental insurance, all are directly related to the wages paid.

A) Retirement Contributions
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. It is exclusively used to fund health care.

B) Insurance
In January 2019, the District moved from Anthem to Medical Mutual of Ohio (MMO) for health care coverage of its employees. This move facilitated a 1% decrease in premiums, which remained constant for two (2) additional years through December 31, 2021. The District moved to a self-insured plan for health care coverage with Anthem January 1, 2022. This change brings with it an 8.5% premium increase. Therefore, we are reflected a 5% increase for fiscal year 2022. Our self-insured dental plan did result in a 2% decrease in premiums for 2022. Moving forward, and based on national trends, we are assuming a 4% premium increase for health and dental for the remainder of the forecast. The District also provides life insurance to its employees which is estimated at $160,000 annually. The district works hard to control these costs.

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 health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation
Lakota is one of a handful of Districts in the state who have taken advantage of self-insuring their Workers Compensation. We have historically funded this at slightly less than 1% of wages. This move to self-insurance has saved the District and its residents millions of dollars over the past decade. After meeting with our worker’s comp consultant, Hunter Consultants, and analyzing our cash reserve and maximum exposure, we are setting a reserve target of $750,000. To meet this reserve target, we have been taking an advantage of a premium vacation, which ended in 2022. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare
Medicare will continue to increase at the rate of increase of wages. 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

Source	FY22	FY23	FY24	FY25	FY26
STRS/SERS	$16,813,071	$17,360,931	$18,163,414	$18,730,997	$19,277,942
Insurances	17,071,489	17,754,348	18,724,679	19,473,666	20,252,613
Workers Comp/Unemployment	280,021	345,646	361,468	371,585	381,997
Medicare	1,490,058	1,520,971	1,617,171	1,640,292	1,688,188
Other	27,500	27,500	27,500	27,500	27,500
Total Fringe Benefits Line # 3.020	$35,682,138	$37,009,396	$38,894,233	$40,244,040	$41,628,240

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 FY22-26 line 3.03 costs and historical FY19 through FY21 costs on the five-year forecast. College Credit Pus, 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.

This line includes contracted services, utilities, legal services, data processing, tuition and professional meetings expenses. We are projecting expenditures to return to 2019 trend increases in 2022 and beyond.

Source	FY22	FY23	FY24	FY25	FY26
Phone, Postage & Advertising	$299,612	$304,106	$308,668	$313,298	$317,997
Transportation	18,082,906	18,444,564	18,813,455	19,189,724	19,573,518
CS/OE/CCP/Scholarships/Tuition	2,226,362	2,337,680	2,454,564	2,577,292	2,706,157
Professional Services	4,429,001	4,495,436	4,562,868	4,631,311	4,700,780
Preschool Contract	1,881,130	1,909,347	1,937,987	1,967,057	1,996,563
Substitute Teachers	1,000,000	1,015,000	1,030,225	1,045,678	1,061,364
Instructional Services	350,000	355,250	360,579	365,987	371,477
Legal Expense	166,058	168,549	171,077	173,643	176,248
Repairs & Maintenance	319,211	323,999	328,859	333,792	338,799
Rental & Lease Payments	1,079,573	1,095,767	1,112,203	1,128,886	1,145,819
Utilities	2,277,716	2,346,047	2,416,429	2,488,922	2,563,589
Travel & Meeting Exp.	265,142	269,119	273,156	277,253	281,412
Property Insurance	136,341	143,158	150,316	157,832	165,723
Total Purchased Services Line # 3.030	$32,513,052	$33,208,023	$33,920,385	$34,650,676	$35,399,447

Supplies and Materials – Line #3.040

Textbooks, copy paper, maintenance supplies and materials, etc. characterize this category of expenses. The cost of diesel fuel for buses and necessary repairs required for existing school buildings are forecasted to increase for fiscal years 2022 through 2026 and return to normal trend levels at 1.5%.

Additional ESSER II and III funds have been allocated to our district that can be used through September, 2023 and September 2024, respectively, which will continue to offset COVID expenses and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	FY22	FY23	FY24	FY25	FY26
General Supplies	$195,000	$197,925	$200,894	$203,907	$206,966
Instructional Supplies	730,597	741,556	752,679	763,969	775,429
Health Supplies	16,062	16,303	16,548	16,796	17,048
Electronic & Textbooks Books	906,799	920,401	934,207	948,220	962,443
Building Maintenance Supplies	746,661	757,861	769,229	780,767	792,479
Fuel for vehicles	1,300,000	1,019,500	1,034,793	1,050,314	1,066,069
Software & Computer Supplies	519,948	527,747	535,663	543,698	551,854
Total Supplies and Materials Line # 3.040	$4,415,067	$4,181,293	$4,244,012	$4,307,673	$4,372,288

Equipment – Line #3.050

The capital outlay category consists of any item with a life expectancy of five years or more, such as land, buildings, ground improvements, computers/technology, buses, vehicles, furnishings and equipment. With the passage of the permanent improvement 2 mill levy, we are able to move most of the expenditures for the upkeep and maintenance of all 25 of the Districts' facilities. The PI funds are not maintained in the general fund and is not reflected in the five-year forecast.

Source	FY22	FY23	FY24	FY25	FY26
Total Capital Outlay Line # 3.050	$1,100,945	$1,117,459	$924,221	$938,084	$952,156

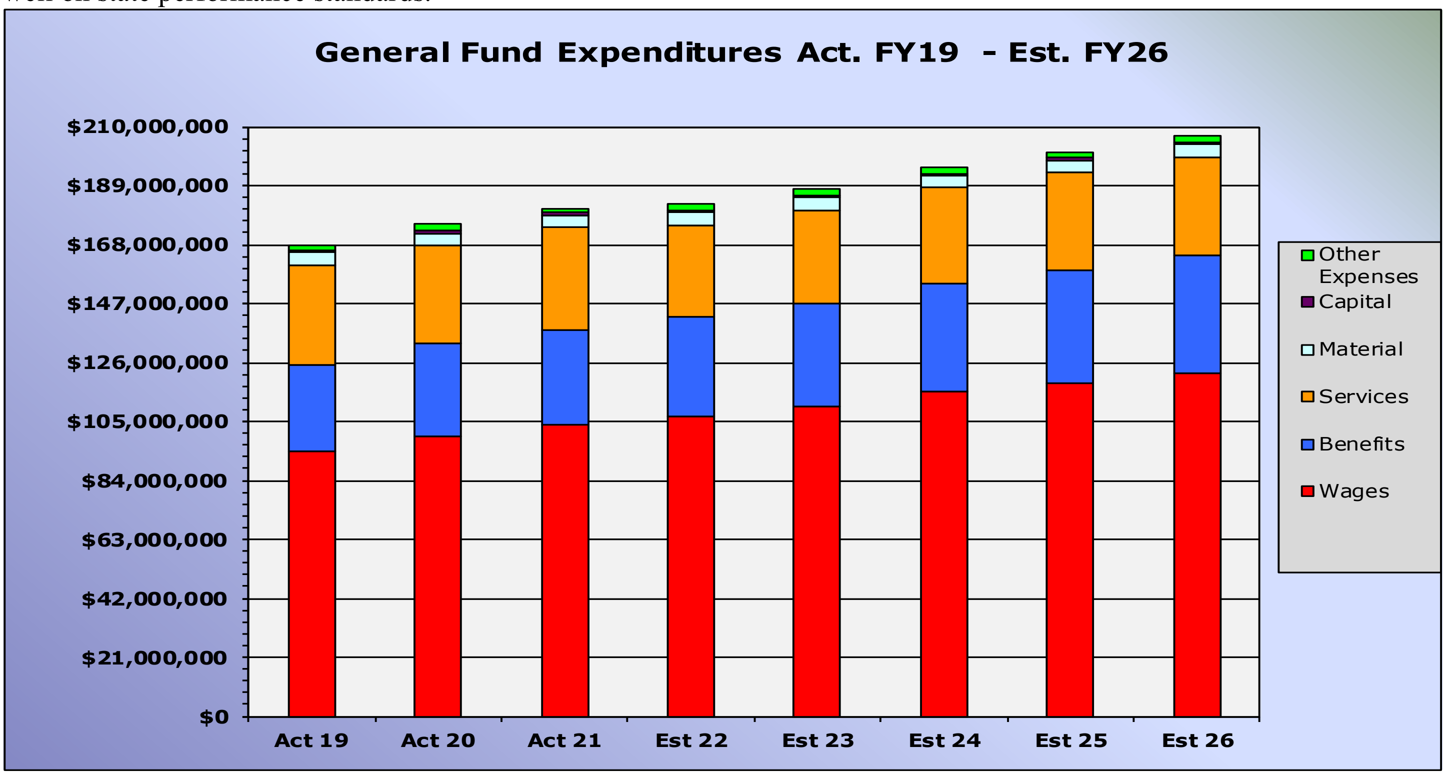
Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the County ESC deductions for specialized services provided to the district and auditor & treasurer fees. Auditor and treasurer fees will increase anytime a new operating levy is collected. Overall costs are estimated to increase by 1.5%.

Source	FY22	FY23	FY24	FY25	FY26
County Auditor & Treasurer Fees	$1,709,445	$1,779,445	$1,749,445	$1,819,445	$1,789,445
Real Estate Fee Return	($500,367)	($500,367)	($500,367)	($500,367)	($500,367)
Butler County ESC	103,707	105,263	106,842	108,445	110,072
Liability Insurance	230,699	242,234	254,346	267,063	280,416
Dues & Fees	312,964	193,658	196,563	199,511	202,504
Audit Fees	57,501	58,364	59,239	60,128	61,030
Banking Fees	140,000	142,100	144,232	146,395	148,591
Other expenses	5,000	5,075	5,151	5,228	5,306
Total Other Expenses Line #4.300	$2,058,949	$2,025,772	$2,015,451	$2,105,848	$2,096,997

Operating Expenditures Actual FY19 through FY21 and Estimated FY22-26

As the following graph indicates, we have been diligent at reducing 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.



Debt Service – Line #4.020; 4.050; 4.060

Debt, which commits general fund sources to its repayment, must be included in the forecast. Repayment on debt began in FY08 for a $10 million bond issue, which provided funding for the new Union elementary school. Additionally, the District issued debt in 2009 and 2010 for energy conversation projects at both high schools and the central office. The final issuance, which is required to be included in the forecast, is debt associated with the artificial turf at both high school stadiums. Payments for the aforementioned debt are reflected in the forecast but paid from the debt service fund per applicable Ohio law. Sequestration has increased our interest payments for our energy conservation projects from its original debt issuance. Our guaranteed federal subsidies have reduced indefinitely by 8.7%. This is an average of $17,000 additional each year in interest expense to the District.

Source	FY22	FY23	FY24	FY25	FY26
Principal Bonds - $1.65 M Athletic Bldg.	$149,000	$149,000	$149,000	$149,000	$149,000
Principal Bonds - $10 M Elem. Bldg.	540,000	540,000	540,000	540,000	540,000
Total Principal Payments Line # 4.055	$689,000	$689,000	$689,000	$689,000	$689,000

Source	FY22	FY23	FY24	FY25	FY26
HB 264 Principal 3 Issues Line # 4.050	$856,000	$856,000	$856,000	$856,000	$856,000

Source	FY22	FY23	FY24	FY25	FY26
Int on Bonds & HB 264 Total Line # 4.060	$183,113	$183,113	$183,113	$183,113	$183,113

Transfers, Advances and All Other Financing Uses – Line #5.010; 5.020; 5.030

This category includes operating transfers-out, advances-out and refund of prior year receipts. Operating transfers are funds transferred to the athletic fund to pay for coaching supplemental contracts, athletic administration and field maintenance supplies. The District recognized Marching Band as an extra-curricular beginning in 2014. Therefore, the District transfers an equal amount per pupil to the band fund as it contributes for athletics. This has been estimated at $1,800,000. Transfers out increased in line with the levy promise to reduce fees and implement a family cap. The Board of Education reduced extra-curricular student fees by 50% as well as provided for a fee waiver for our students in poverty, which increased this line by an additional $300,000. Advances out include loans to another fund to cover a temporary end of year deficit balance. These funds are returned to the general fund in the subsequent fiscal year. Refunds of prior year receipts are payments received in one fiscal year and returned to the original payer in another fiscal year.

In collaboration with the Finance Committee, the district voted in policy 6217 "Budget Stabilization Policy" on June 10, 2019. Policy 6217 states that the district may approve a transfer for 50 percent of the district general operating fund (001) unencumbered balance over the prior fiscal year end closing unencumbered balance may be set-aside in the budget stabilization reserve. This annual set-aside may not exceed 5 percent of the revenue credited to the general operating fund the prior fiscal year. The cumulative balance of the Budget Stabilization Fund shall not exceed 15 percent of total district general operating fund expenditures for the past three years as reported in the five-year forecast submitted to the State of Ohio in May of the same fiscal year. Expenditure of these monies will require a separate resolution approved by the Board.

Source	FY22	FY23	FY24	FY25	FY26
Operating Transfers Out Line # 5.010	$1,800,000	$1,800,000	$1,800,000	$1,800,000	$1,800,000
Budget Stabilization Fund Transfer	1,984,281	1,130,787	602,158	0	0
Advances Out Line # 5.020	0	0	0	0	0
Total Transfers and Advances	$3,784,281	$2,930,787	$2,402,158	$1,800,000	$1,800,000

Encumbrances – Line #8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance. Encumbrances for purchased services, supplies and materials, capital outlay and other objects are forecasted based on historic data used to make future estimates for fiscal years 2022 through 2026.

Source	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances Line # 8.010	$500,000	$500,000	$500,000	$500,000	$500,000

Reservations of Fund Balance – Line #9.080

On June 10, 2019 the Board approved policy 6217 "Budget Stabilization" to transfer a portion of the prior year general fund unencumbered carry-over balance to a reserve fund. The district made the first transfer to this newly established fund in July 2019. The forecast reflects estimated yearly transfers to this fund based on the rules of the policy. The school district does not have formal reservations of fund balance at this time as HB153 did away with textbook set-asides.

Source	FY22	FY23	FY24	FY25	FY26
Fiscal Stabilization Line # 9.045	$7,021,231	$8,152,018	$8,754,176	$8,754,176	$8,754,176
Total Reservations of Balance Line # 9.080	$7,021,231	$8,152,018	$8,754,176	$8,754,176	$8,754,176

Ending Unreserved Cash Balance "The Bottom-line" – Line #12.010

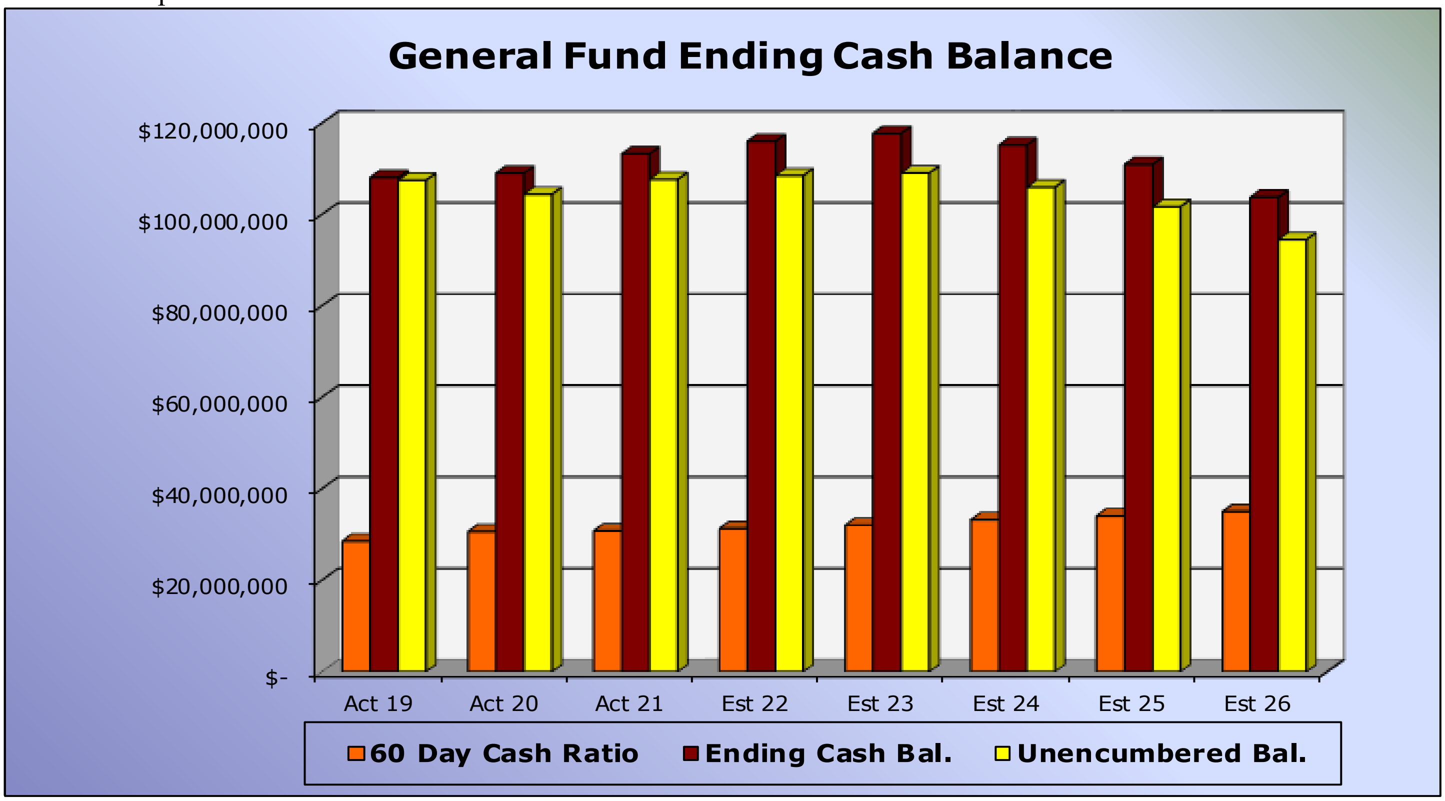
This amount must not go below $0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412

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 $31.3 million for our district.

Source	FY22	FY23	FY24	FY25	FY26
Ending Unreserved Cash Balance	$108,549,110	$109,122,638	$105,991,933	$101,741,859	$94,560,142

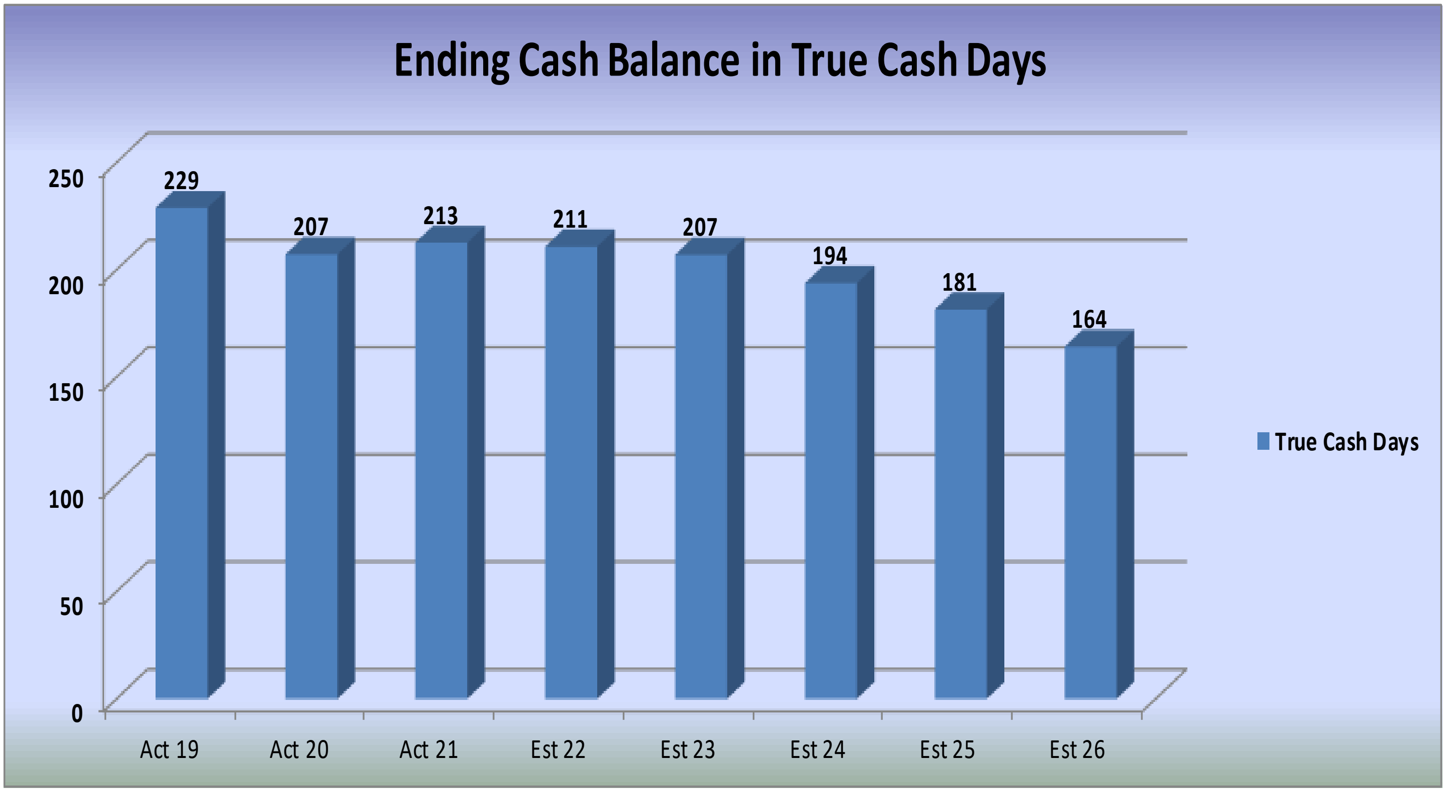
Operating Expenditures Actual FY19 through FY21 and Estimated FY22-26

As the following graph indicates, we have been diligent at reducing 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.



True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days." In other words, how many days could the district operate at year-end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current 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.



Additional Financial Resources:
Treasurer's Office Webpage
Financial Prospectus
Comprehensive Annual Financial Report
Budget and Appropriations
Monthly Board Reports
Public Records
Strategic Plan
2013 Levy Facts
District Report Cards
Financial Audit
Quality Profile
Back-to-School 2021-2022
School Finances 101