LAKOTA LOCAL SCHOOL DISTRICT-BUTLER 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

Lakota Local Schools

Forecast Provided By
Lakota Local School District
Treasurer's Office
Mr. Adam Zink, Treasurer/CFO

November 21, 2022

Lakota Local School District

Butler County

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

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	100,372,603	106,047,366	109,527,689	4.5%	113,146,727	116,818,091	119,171,537	121,258,400	123,441,809
1.020	Tangible Personal Property	4,268	2,146	12,203	209.5%	0	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	48,019,862	50,394,027	46,947,398	-0.9%	46,426,161	46,528,024	46,632,814	46,734,646	46,833,513
1.040	Restricted State Grants-in-Aid	151,776	151,776	3,093,319	969.0%	2,935,018	2,993,719	3,053,593	3,114,665	3,176,958
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	10,292,275	10,480,153	10,922,109	3.0%	11,075,178	11,247,216	11,452,005	11,578,261	11,748,302
1.060	All Other Revenues	21,662,638	20,641,703	20,023,358	-3.9%	24,049,483	23,787,041	23,995,745	24,086,410	23,579,708
1.070	*Total Revenues*	180,503,422	187,717,171	190,526,076	2.7%	197,632,567	201,374,091	204,305,694	206,772,382	208,780,290
	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	4,304,536	732,413	1,984,281	44.0%	610,667	773,252	70,850	0	0
2.050	Advances-In	0	597,959	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	125,918	137,101	215,689	33.1%	159,570	170,786	182,015	170,790	174,530
2.070	*Total Other Financing Sources*	4,430,454	1,467,473	2,199,970	-8.5%	770,237	944,038	252,865	170,790	174,530
2.080	*Total Revenues and Other Financing Sources*	184,933,876	189,184,644	192,726,046	2.1%	198,402,804	202,318,129	204,558,559	206,943,172	208,954,820
	Expenditures									
3.010	Personal Services	99,634,532	103,798,482	107,158,336	3.7%	111,424,229	113,548,791	115,816,220	118,176,798	120,634,364
3.020	Employees' Retirement/Insurance Benefits	33,241,346	33,689,469	35,578,252	3.5%	37,266,072	39,027,373	40,622,666	42,282,553	44,033,881
3.030	Purchased Services	34,682,824	36,952,921	34,481,911	-0.1%	34,486,704	35,599,122	36,355,850	37,147,111	37,958,752
3.040	Supplies and Materials	4,129,880	4,214,392	4,729,834	7.1%	6,071,242	5,662,311	5,747,246	5,833,454	5,920,956
3.050	Capital Outlay	1,508,842	807,295	1,215,134	2.0%	908,639	713,611	725,684	737,965	750,459
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	653,000	664,000	689,000	2.7%	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	827,000	846,000	856,000	1.7%	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	351,652	202,952	84,219	-50.4%	183,113	183,113	183,113	183,113	183,113
4.300	Other Objects	2,217,918	1,322,817	2,106,896	9.5%	2,060,634	2,153,230	2,196,650	2,290,930	2,286,107
4.500	*Total Expenditures*	177,246,994	182,498,328	186,899,582	2.7%	193,945,633	198,432,551	203,192,429	208,196,924	213,312,632
	Other Financing Uses									
5.010	Operating Transfers Out	6,171,686	2,458,211	3,813,012	-2.5%	2,410,667	2,573,252	1,870,850	1,800,000	1,800,000
5.020	Advances-Out	597,959	0	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*	6,769,645	2,458,211	3,813,012	-4.3%	2,410,667	2,573,252	1,870,850	1,800,000	1,800,000
5.050	*Total Expenditures and Other Financing Uses*	184,016,639	184,956,539	190,712,594	1.8%	196,356,300	201,005,803	205,063,279	209,996,924	215,112,632
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	917,237	4,228,105	2,013,452	154.3%	2,046,504	1,312,326	(504,720)	(3,053,752)	(6,157,812)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	108,163,425	109,080,662	113,308,767	2.4%	115,322,219	117,368,723	118,681,049	118,176,329	115,122,577
7.020	*Cash Balance June 30*	109,080,662	113,308,767	115,322,219	2.8%	117,368,723	118,681,049	118,176,329	115,122,577	108,964,765
8.010	*Estimated Encumbrances June 30*	303,421	562,965	792,118	63.1%	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	4,304,536	5,036,949	7,021,231	28.2%	7,631,898	8,405,150	8,476,000	8,476,000	8,476,000
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*	4,304,536	5,036,949	7,021,231	28.2%	7,631,898	8,405,150	8,476,000	8,476,000	8,476,000
10.010	*Fund Balance June 30 for Certification of Appropriations*	104,472,705	107,708,853	107,508,870	1.5%	109,236,825	109,775,899	109,200,329	106,146,577	99,988,765

Lakota Local School District

Butler County

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

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	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*	104,472,705	107,708,853	107,508,870	1.5%	109,236,825	109,775,899	109,200,329	106,146,577	99,988,765
	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*	104,472,705	107,708,853	107,508,870	1.5%	109,236,825	109,775,899	109,200,329	106,146,577	99,988,765

Lakota Local School District – Butler County
Notes to the Five-Year Forecast
General Fund, Related Debt and Federal Funds 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), salary increases, residential development, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education 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.

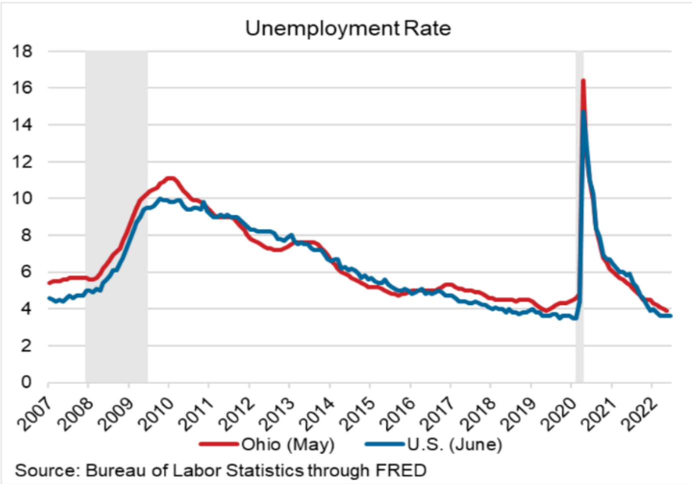
Here are three essential purposes or objectives of the five-year forecast:
(1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district;
(2) To serve as a basis for determining the school district's ability to sign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

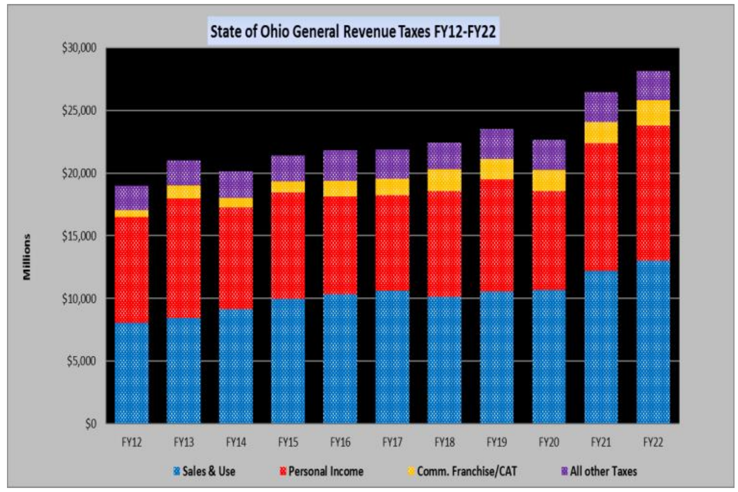
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a board of education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund 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 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 in the graphs on the following page, a recession may impact funding for primary and secondary education.

Also noted in the graphs below, the state of Ohio's economy has steadily recovered over the past two years. 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. Total local revenues, which are predominately local taxes, equate to 69% of the district's resources. Our tax collections in the March 2022 and August 2022 settlements showed average collection trends. Although we believe there is a low risk that local collections would fall below projections throughout the forecasted period, we will continue to monitor the trends as the Federal Reserve continues to raise interest rates.

II. Butler County experienced a reappraisal in the 2020 tax year, which was collected in calendar year 2021**.** The 2020 reappraisal increased overall residential and commercial assessed values by 12.3%. 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 5.2% 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 31% 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 (FSFP) 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 show shallow growth over the forecasted period, largely due to the FSFP transition guarantee, which we feel is conservative and should be close to whatever the State approves for the FY24-27 biennium budgets. Should the state remove the "Guarantee" funding, this will result in a material decrease to our revenue assumptions. 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 were no longer paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, also occurred, in that there are no longer deductions for students that attend elsewhere for open enrollment, community schools, STEM schools, and Scholarship recipients. These payments are directly paid 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.

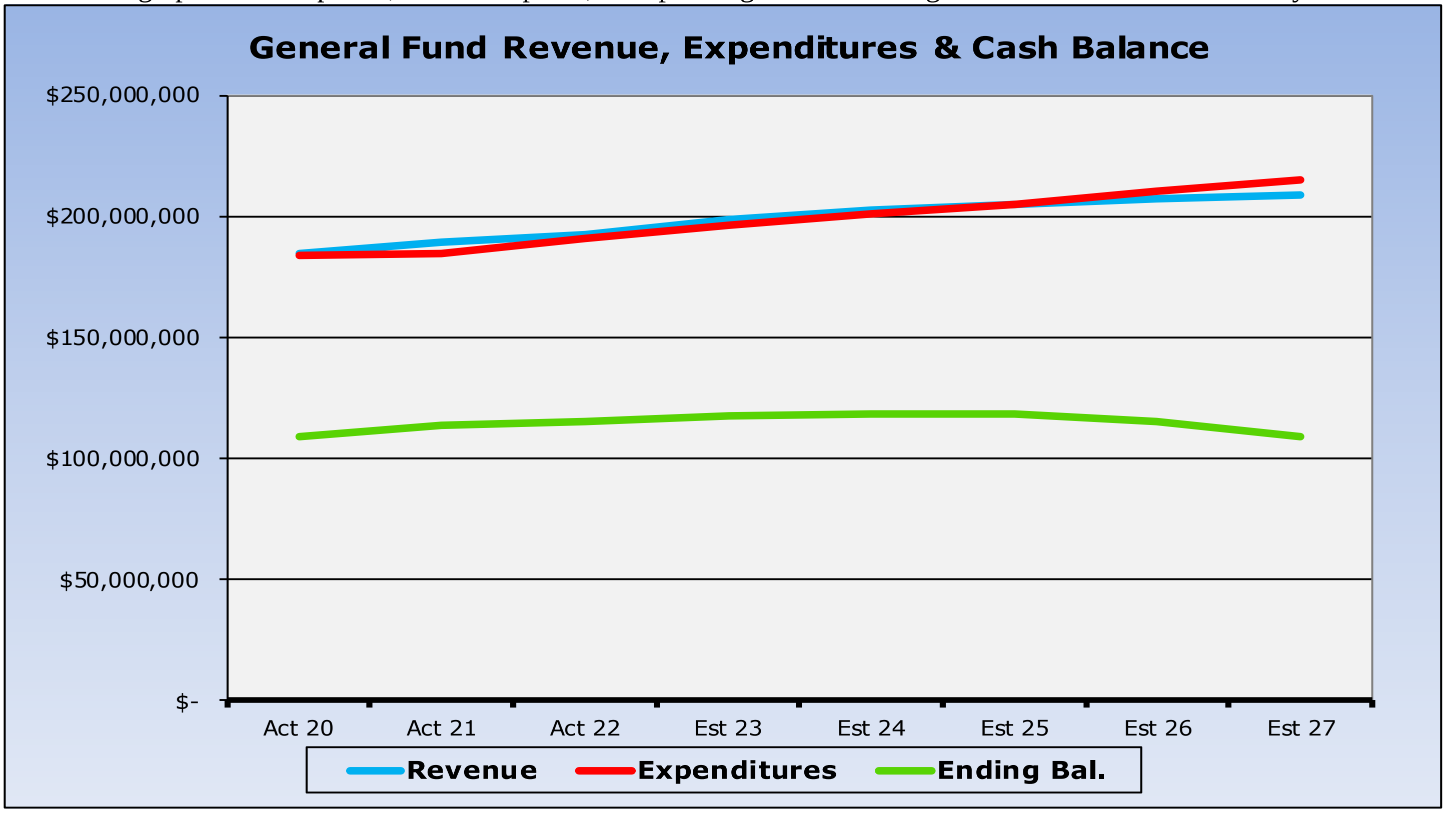
V. HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus, which continue to 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. 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.

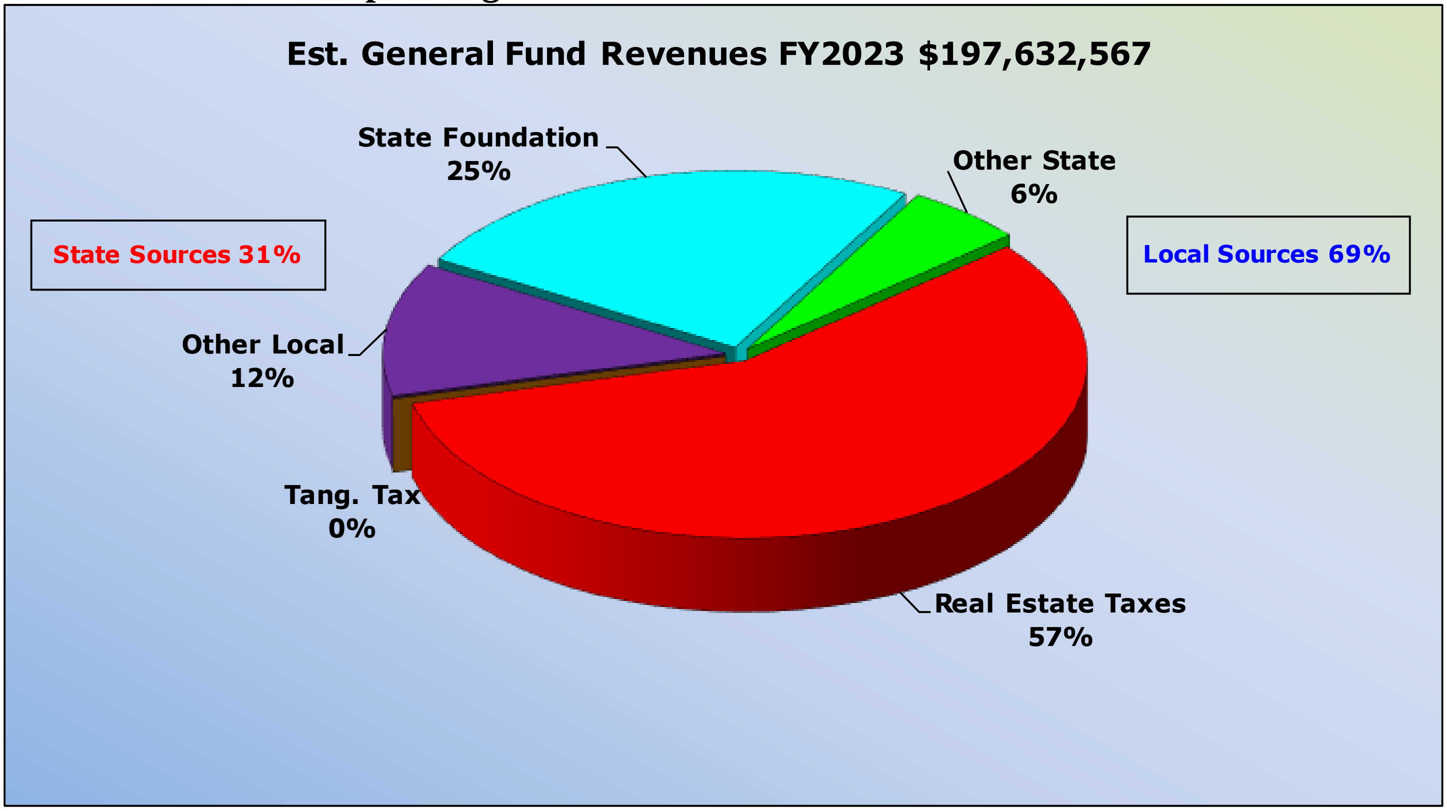
VII. The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Mr. Adam Zink, Treasurer/CFO of Lakota Local Schools at 513-644-1180 or adam.zink@lakotaonline.com .

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.



Revenue Assumptions
Operating Revenue Sources General Fund FY23



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 un-voted 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, Board of Revisions and Board of Tax Appeals 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. The Butler County auditor's appeal with the Board of Tax Appeals was recently overturned. This results in an increase to Tax Year (TY) 2020 reappraisal for West Chester Township of an additional 6.5%. This forecast assumes the increase to this valuation with the 2022 Tax Year to be paid in 2023. The delinquent payments for TY20-21 reflects an increase to the TY22 payments, with TY23 returning to normal assessed valuation.

For TY21, 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% increase in residential and a 2% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $226.2 million, or 6.2%, overall.

Public Utility Personal Property (PUPP) values increased by $10.4 million in tax year 2021. We are assuming our values will continue to grow by an average of $6.5 million each year of the forecasted period.

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 the 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	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$2,961,297,054	$3,172,069,256	$3,205,413,213	$3,239,273,045	$3,370,577,807
Comm./Ind.	756,333,267	786,413,541	802,535,535	818,943,568	844,837,617
Public Utility (PUPP)	149,537,340	156,037,340	162,537,340	169,037,340	175,537,340
Total	$3,867,167,660	$4,114,520,136	$4,170,486,088	$4,227,253,953	$4,390,952,764

Estimated Real Estate Tax Collections

Property tax levies are estimated to be collected at 99% of the annual amount. This allows for a 1% delinquency factor. In general, 53.5% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 46.5% collected in the August tax settlement. Collections in FY22 were up $507 thousand, due to additional delinquent taxes collected in the August and February tax settlements, which are expected to continue in FY23.

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 are PUPP tax payments from public utilities. The values for PUPP are noted on the table below, 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 rose by 7.8% or $10.4 million and are expected to grow by $6.5 million each year of the forecast.

Estimated Real Estate Tax Collections - Line #1.010

Source	FY23	FY24	FY25	FY26	FY27
Real Property	$103,783,439	$107,014,142	$108,950,678	$110,620,631	$112,387,130
Public Utility Personal Property	9,363,288	9,803,949	10,220,859	10,637,769	11,054,679
Estimated Real Estate Tax Line # 1.010	$113,146,727	$116,818,091	$119,171,537	$121,258,400	$123,441,809

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. The last settlements were received in FY22 and are no longer projected in this forecast.

School District Income Tax – Line#1.030

No school district income taxes are modeled in this forecast.

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

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. Complete calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the October 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-to-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); and
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; and
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, non-public 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.
5. Student Wellness and Success Funds – These funds, in FY20 and FY21, were accounted for in Fund 467, but are now restricted funds to be accounted for in the general fund as part of the foundation formula.

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 projected to show shallow growth for FY23 through FY27. The District will closely monitor whether the Fair School Funding Plan continues to receive full funding for the phase-in period. The state legislature could vote against the continued phase-in, which puts the district’s guarantee at risk of being eliminated.

Catastrophic Aid

Catastrophic Aid nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year to year and we are not projecting any growth over the remainder of the forecast.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed 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 $62.78 per pupil. FY23 casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Per HB110	$38,344,110	$37,134,078	$35,926,913	$34,716,730	$33,503,522
HB110 Guarantee	4,138,177	5,438,177	6,738,177	8,038,177	9,338,177
Additional Items	2,379,066	2,390,961	2,402,916	2,414,931	2,427,006
Basic Aid- Subtotal	$44,861,353	$44,963,216	$45,068,006	$45,169,838	$45,268,705
Casino Revenue	$1,153,074	$1,175,985	$1,199,505	$1,223,547	$1,247,938
Catastrophic Aid	1,564,808	1,564,808	1,564,808	1,564,808	1,564,808
Total Unrestricted State Aid Line # 1.035	$46,426,161	$46,528,024	$46,632,814	$46,734,646	$46,833,513

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 are currently increasing this section by 2% for FY24-27 due to student growth, but will continue to monitor this section as more information is received.

Source	FY23	FY24	FY25	FY26	FY27
DPIA	$121,088	$123,510	$125,980	$128,500	$131,070
Career Tech - Restricted	0	0	0	0	0
Gifted	755,130	770,233	785,638	801,351	817,378
ESL	447,716	456,670	465,803	475,119	484,621
Student Wellness and Success Funds	1,611,084	1,643,306	1,676,172	1,709,695	1,743,889
Total Restricted State Revenues Line # 1.040	$2,935,018	$2,993,719	$3,053,593	$3,114,665	$3,176,958

Restricted Federal Grants in Aid – Line #1.045

No restricted federal grants are projected for FY23-27.

Summary of State Aid Projections

Summary	FY23	FY24	FY25	FY26	FY27
A) Unrestricted State Aid Line # 1.035	$46,426,161	$46,528,024	$46,632,814	$46,734,646	$46,833,513
B) Restricted State Aid Line # 1.040	2,935,018	2,993,719	3,053,593	3,114,665	3,176,958
C) Restricted Federal Grants Line # 1.045	0	0	0	0	0
Total State Foundation Revenue	$49,361,179	$49,521,743	$49,686,407	$49,849,311	$50,010,471

State Taxes Reimbursement/Property Tax Allocation – Line #1.050
Rollback and Homestead Reimbursement

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

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

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$11,075,178	$11,247,216	$11,452,005	$11,578,261	$11,748,302

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 impacted our earning capability in this area; however, in FY23, rates have begun to rise quickly. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, Lakota is able to benefit from the interest revenue due to our strong cash reserves. Rentals are expected to return to pre-pandemic levels over time; however, a price increase will be see in FY23 due to increased staff costs related to rentals. All other revenues are expected to continue on historical trends.

Lakota receives 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 eight TIF districts for West Chester Township, 12 TIF/RID districts for Liberty Township, and four 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 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. In FY23, additional parcels were pulled into the Cincinnati-Dayton TIF from TY18 through TY21. We anticipate payments from these parcels to be $1.9 million in TY23, which pays first half in FY23 and 2nd half in FY24 for the collections in arrears, then $760 thousand moving forward for annual collections. These abated properties can result in positive or negative implications to our state funding due to fluctuations in valuation. A continued partnership with our West Chester and Liberty townships is vital not just to the district, but the community.

Source	FY23	FY24	FY25	FY26	FY27
Payment In Lieu of Taxes	$17,931,550	$17,491,550	$17,491,550	$17,491,550	$17,491,550
Open Enrollment In	0	0	0	0	0
Interest	2,600,000	2,644,924	2,715,100	2,661,064	2,003,195
Tuition	2,066,826	2,170,167	2,278,675	2,392,609	2,512,239
Rentals	230,000	239,200	248,768	258,719	269,068
Medicaid Reimbursement	788,176	803,940	820,019	836,419	853,147
Miscellaneous	432,931	437,260	441,633	446,049	450,509
Total Other Local Revenues Line # 1.060	$24,049,483	$23,787,041	$23,995,745	$24,086,410	$23,579,708

All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010
There is no short-term borrowing projected in this forecast at this time. 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 Board's 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.

Sale of Personal Property and Refund of Prior Year Expenditures are calculated on a three year average for the forecasted period. Should the district move forward with the Master Facilities Project, Sale of Personal Property could see an increase as decommissioned furniture, equipment, or properties could be sold as a result of this future project.

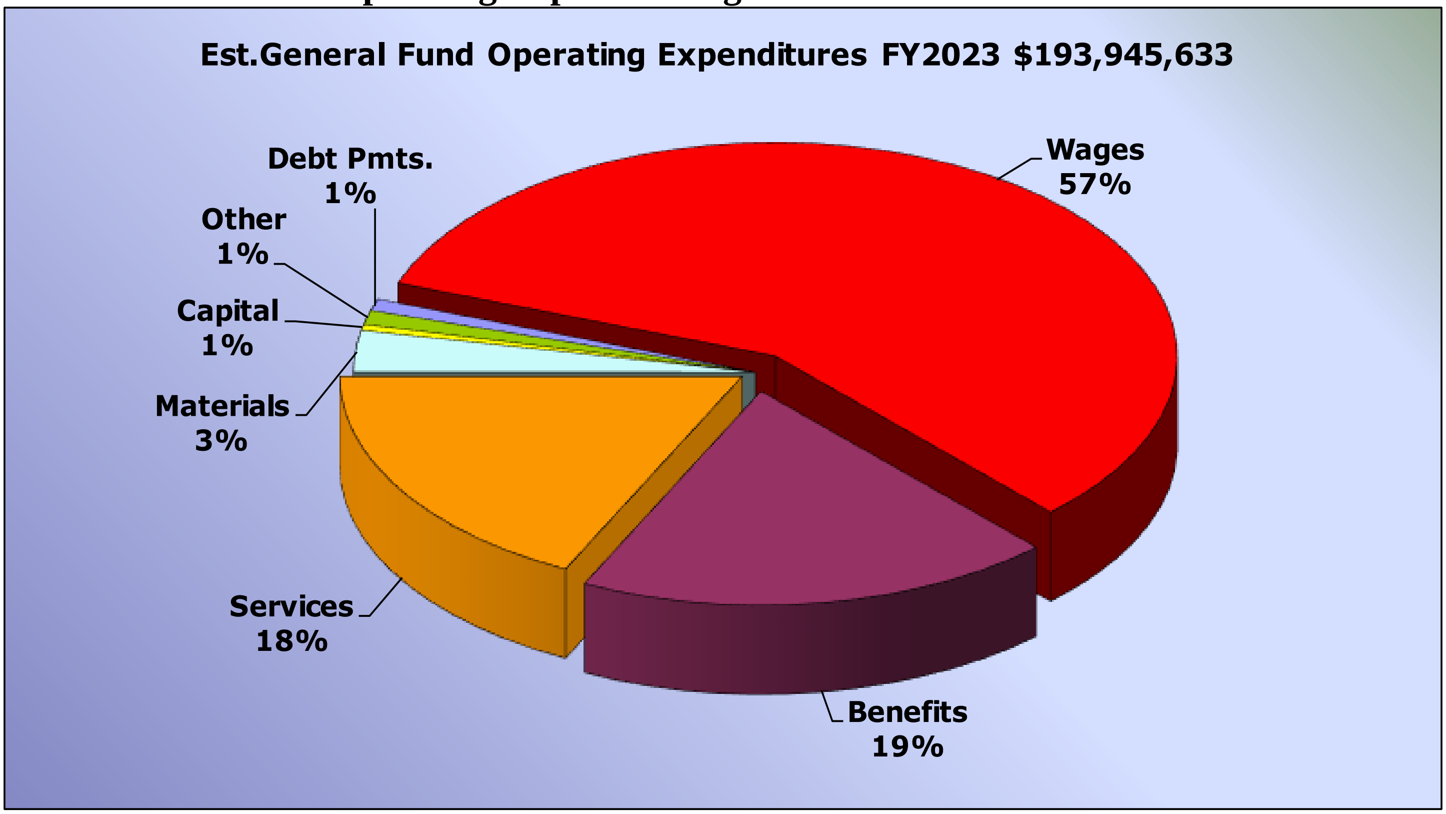
Source	FY23	FY24	FY25	FY26	FY27
Transfers In Line # 2.040	$610,667	$773,252	$70,850	$0	$0
Advance Returns # 2.050	0	0	0	0	0
Total Transfers and Advances In	$610,667	$773,252	$70,850	$0	$0

Source	FY23	FY24	FY25	FY26	FY27
Sale of Personal Property	$10,460	$7,620	$6,719	$8,266	$7,535
Refund of prior years expense	149,110	163,166	175,296	162,524	166,995
Total Other Financing Sources Line # 2.060	$159,570	$170,786	$182,015	$170,790	$174,530

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

The expenditures in this category represent salaries and wages for services rendered for all union and non-union employees. A new agreement with the Lakota Education Association (LEA) provides for a 1.97% cost of living adjustment (COLA) for FY22-24 as well as a 2% increase on the base. A new agreement with the Lakota School Support Association (LSSA) 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 substitute cost for classified positions are included in this line item also. For planning purposes only at this time, a 2% base increase is projected for FY25-27.

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 student-to-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.

ESSER funds will cover several reading and English language learner support teachers and nurses in FY23. The total wages predicted to return to the general fund in FY24 is $1.4 million at this time.

The district is anticipating 32 LEA members to retire under an early retirement provision in the LEA negotiated agreement, of which 22 of those members will be replaced in FY24. This is due to the phase out of ESSER funds and the recapture of learning loss staffing. The remaining positions are assumed to be replaced with staff averaging Column B and Step 5 on the FY24 certified salary schedule resulting in a decrease to base wages in FY24. Based on past trend, FY24-27 is assuming a yearly retirement and replacement of 15 certified staff per year at this time. This forecast reflects an adjustment to the base wage from the prior year severance liability, additional staff are not assumed in this forecast. The district will continue to monitor staffing levels, and position classifications to maximize our general operating fund.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$104,963,066	$107,837,175	$111,243,106	$113,499,199	$115,848,278
Base Increases	2,676,558	2,534,174	2,224,862	2,269,984	2,316,966
Steps and Education	1,238,564	1,291,889	1,352,716	1,400,580	1,450,420
Staff Increase or Replacement	1,916,637	(1,049,928)	(715,860)	(715,860)	(715,860)
Staff Decrease or Reclassification	(167,325)	(250,000)	0	0	0
ESSER Return	(884,517)	1,485,421	0	0	0
Certified Stipends	626,046	632,306	638,629	645,015	651,465
Classified OT and Extra Duty	303,670	303,670	303,670	303,670	303,670
Curricular Supplemental	513,466	513,466	513,466	513,466	513,466
Misc	78,432	87,793	89,549	91,340	93,167
Classified Subs	159,632	162,825	166,082	169,404	172,792
Severance Payments	1,825,322	523,639	523,639	523,639	523,639
Board of Education	14,000	15,500	15,500	15,500	15,500
Student Worker	66,486	66,486	66,486	66,486	66,486
Total Wages Line #3.010	$111,424,229	$113,548,791	$115,816,220	$118,176,798	$120,634,364

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.

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. For 2023, the district initially was anticipating a 17.1% increase to healthcare premiums. The insurance committee elected to increase deductibles, provider co-pays, and institute a new pharmaceutical administration plan. This, along with changing stop loss providers from Anthem to Voya, resulted in an estimated savings of 8.3%, or $1.2 million, of which the actual increase of 8.8% spanning FY23 and FY24 due to being on a calendar year. Moving forward, and based on national trends, we are assuming a 6% premium increase for the remainder of this 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 and will monitor closely as we continue to establish a self-insured trend.

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.

C) Workers Compensation & Unemployment Compensation

Lakota is one of a handful of districts in the state that has taken advantage of self-insuring their Workers’ Compensation. We have historically funded this at 0.25% 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 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

Source	FY23	FY24	FY25	FY26	FY27
STRS/SERS	$17,440,261	$17,809,831	$18,209,871	$18,603,480	$19,013,273
Insurances	17,902,693	19,312,385	20,471,128	21,699,396	23,001,359
Workers Comp/Unemployment	285,997	238,050	242,585	247,306	252,221
Medicare	1,572,921	1,602,907	1,634,882	1,668,171	1,702,828
Annuity	64,200	64,200	64,200	64,200	64,200
Total Fringe Benefits Line # 3.020	$37,266,072	$39,027,373	$40,622,666	$42,282,553	$44,033,881

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.

This line includes contracted services, utilities, legal services, data processing, tuition and professional meetings expenses. ESSER funds will assist with covering the cost of building substitutes in FY23, which have been needed due to shortages of substitutes since the beginning of the pandemic.

In FY21, the district returned to busing the district's freshmen students, which resulted in an increase to the Transportation line. The contract with our transportation provider, Petermann, will be renegotiated at the end of FY23 for FY24. Due to a shortage of bus drivers, the district will see a decrease to this contract in FY23 from FY22 based on unfilled routes and a reduction servicing to schools deemed outside of 30 minutes or unaffordable due to low attendance. This is assumed to return to normal operations in FY24 assuming the staff shortage improves.

Source	FY23	FY24	FY25	FY26	FY27
Phone, Postage & Advertising	$325,414	$335,176	$345,231	$355,588	$366,256
Transportation	18,700,000	19,074,000	19,455,480	19,844,590	20,241,482
CS/OE/CCP/Scholarships/Tuition	2,280,574	2,394,602	2,514,333	2,640,049	2,772,052
Professional Services	3,353,202	3,403,500	3,454,553	3,506,371	3,558,967
SRO Contract	1,143,865	1,166,742	1,190,077	1,213,879	1,238,157
Preschool Contract	2,395,871	2,431,809	2,468,286	2,505,310	2,542,890
Substitute Teachers	816,248	1,328,742	1,348,673	1,368,903	1,389,437
Management Services	271,926	274,645	277,391	280,165	282,967
Software Service	370,678	374,385	378,129	381,910	385,729
Instructional Services	367,545	373,058	378,654	384,334	390,099
Legal Expense	354,269	224,583	212,952	216,146	219,388
Repairs & Maintenance	433,187	439,685	446,280	452,974	459,769
Rental & Lease Payments	981,080	995,796	1,010,733	1,025,894	1,041,282
Utilities	2,254,421	2,322,054	2,391,716	2,463,467	2,537,371
Travel & Meeting Exp.	295,266	310,029	325,530	341,807	358,897
Property Insurance	143,158	150,316	157,832	165,723	174,010
Total Purchased Services Line # 3.030	$34,486,704	$35,599,122	$36,355,850	$37,147,111	$37,958,752

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 is forecasted to spike in FY23, then return to normal trend levels for FY24-27. We will continue to monitor this closely for future implications on this section of the forecast.

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	FY23	FY24	FY25	FY26	FY27
General Supplies	$356,231	$361,574	$366,998	$372,503	$378,091
Instructional Supplies	1,214,071	1,232,282	1,250,766	1,269,528	1,288,571
Health Supplies	27,686	28,101	28,523	28,951	29,385
Electronic & Textbooks Books	1,140,290	1,157,394	1,174,755	1,192,377	1,210,262
Building Maintenance Supplies	867,765	880,781	893,993	907,403	921,014
Fuel for vehicles	1,700,000	1,225,500	1,243,883	1,262,541	1,281,479
Software & Computer Supplies	765,199	776,677	788,327	800,152	812,154
Total Supplies and Materials Line # 3.040	$6,071,242	$5,662,311	$5,747,246	$5,833,454	$5,920,956

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 (PI) 2 mill levy in 2013, we have been 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 are not reflected in the five-year forecast, but could have a negative impact on the general fund should the needs outpace the PI revenue.

Source	FY23	FY24	FY25	FY26	FY27
Equipment	$640,224	$439,827	$446,425	$453,121	$459,918
Technology Equipment	71,415	72,843	74,300	75,786	77,302
Improvements other than Buildings	197,000	200,940	204,959	209,058	213,239
Total Capital Outlay Line # 3.050	$908,639	$713,611	$725,684	$737,965	$750,459

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	FY23	FY24	FY25	FY26	FY27
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	FY23	FY24	FY25	FY26	FY27
HB 264 Principal 3 Issues Line # 4.050	$856,000	$856,000	$856,000	$856,000	$856,000

Source	FY23	FY24	FY25	FY26	FY27
Int on Bonds & HB 264 Total Line # 4.060	$183,113	$183,113	$183,113	$183,113	$183,113

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of the county educational service center 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	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	1,200,293	1,270,293	1,290,293	1,360,293	1,330,293
Real Estate Fee Return	$0	$0	$0	$0	$0
Butler County ESC	106,373	107,969	109,589	111,233	112,901
Liability Insurance	276,889	290,733	305,270	320,534	336,561
Dues & Fees	95,597	97,031	98,486	99,963	101,462
Audit Fees	66,484	67,481	68,493	69,520	70,563
Banking Fees	155,840	158,178	160,551	162,959	165,403
Other expenses	159,158	161,545	163,968	166,428	168,924
Total Other Expenses Line #4.300	$2,060,634	$2,153,230	$2,196,650	$2,290,930	$2,286,107

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% 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% 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% 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	FY23	FY24	FY25	FY26	FY27
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	610,667	773,252	70,850	0	0
Advances Out Line # 5.020	0	0	0	0	0
Total Transfers and Advances	$2,410,667	$2,573,252	$1,870,850	$1,800,000	$1,800,000

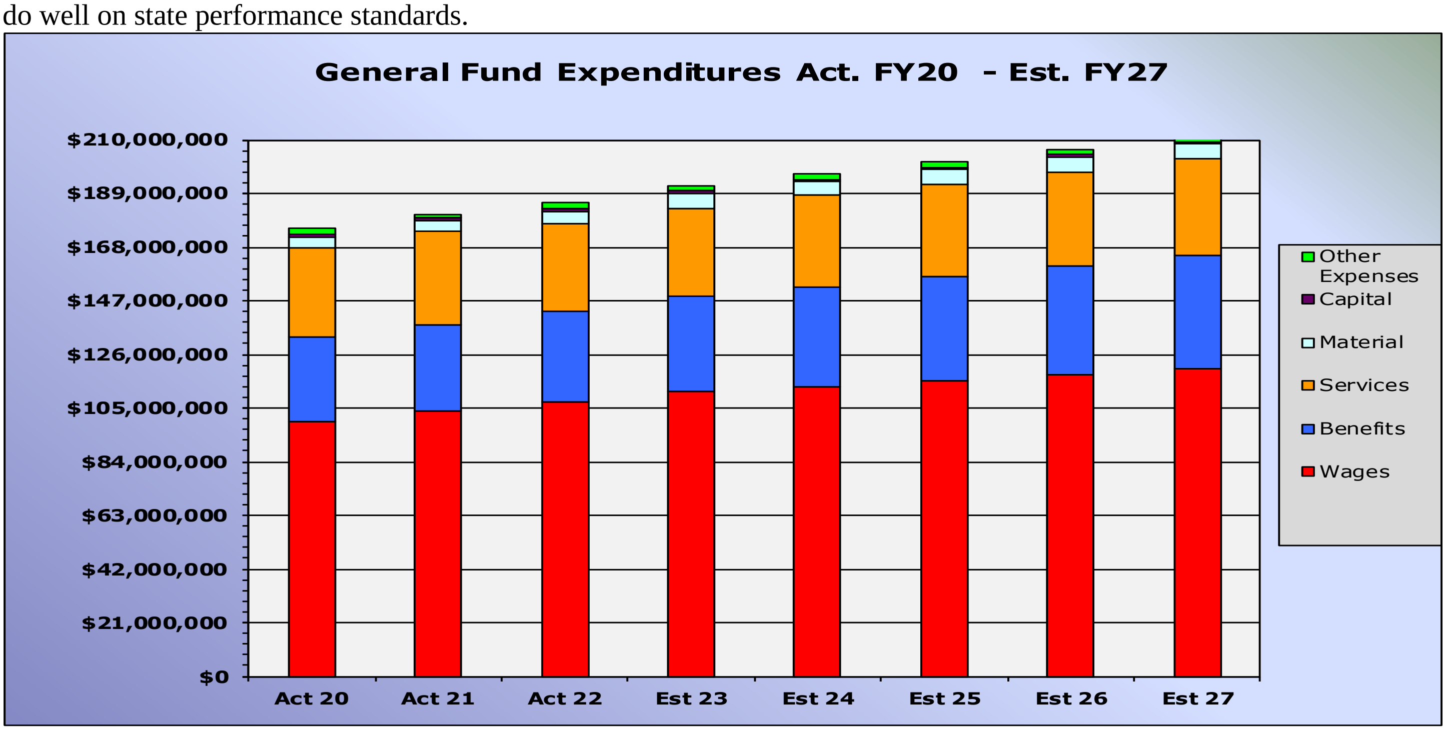
Encumbrances – Line #8.010

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 FY23-27.

Source	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances Line # 8.010	$500,000	$500,000	$500,000	$500,000	$500,000

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.



Reservations of Fund Balance – Line #9.080

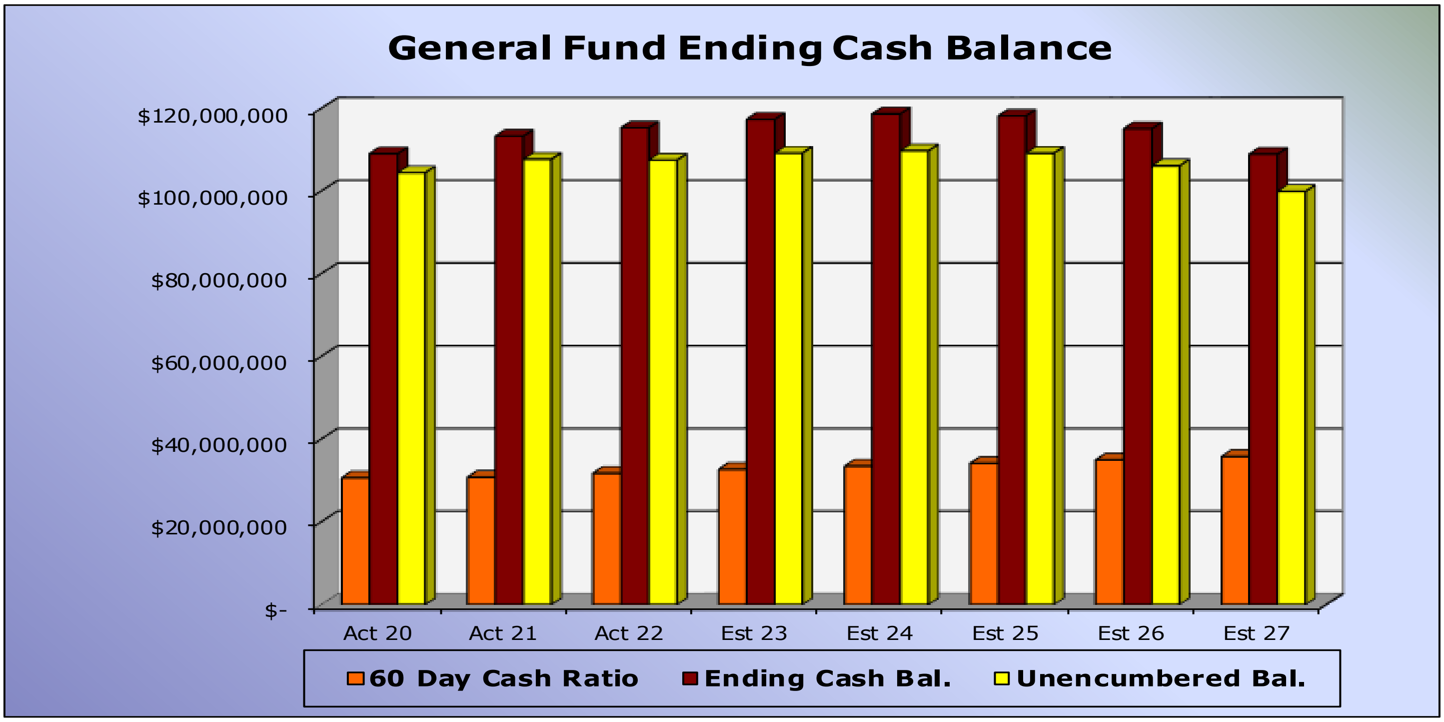
On June 10, 2019 the Board approved policy 6217 "Budget Stabilization" to transfer a portion of the prior year general fund unencumbered carry-over balance to a reserve fund. The district made the first transfer to this newly established fund in July 2019. The forecast reflects estimated transfers to this fund based on the rules of the policy in FY23-25.

Source	FY23	FY24	FY25	FY26	FY27
Fiscal Stabilization Line # 9.045	$7,631,898	$8,405,150	$8,476,000	$8,476,000	$8,476,000
Total Reservations of Balance Line # 9.080	$7,631,898	$8,405,150	$8,476,000	$8,476,000	$8,476,000

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

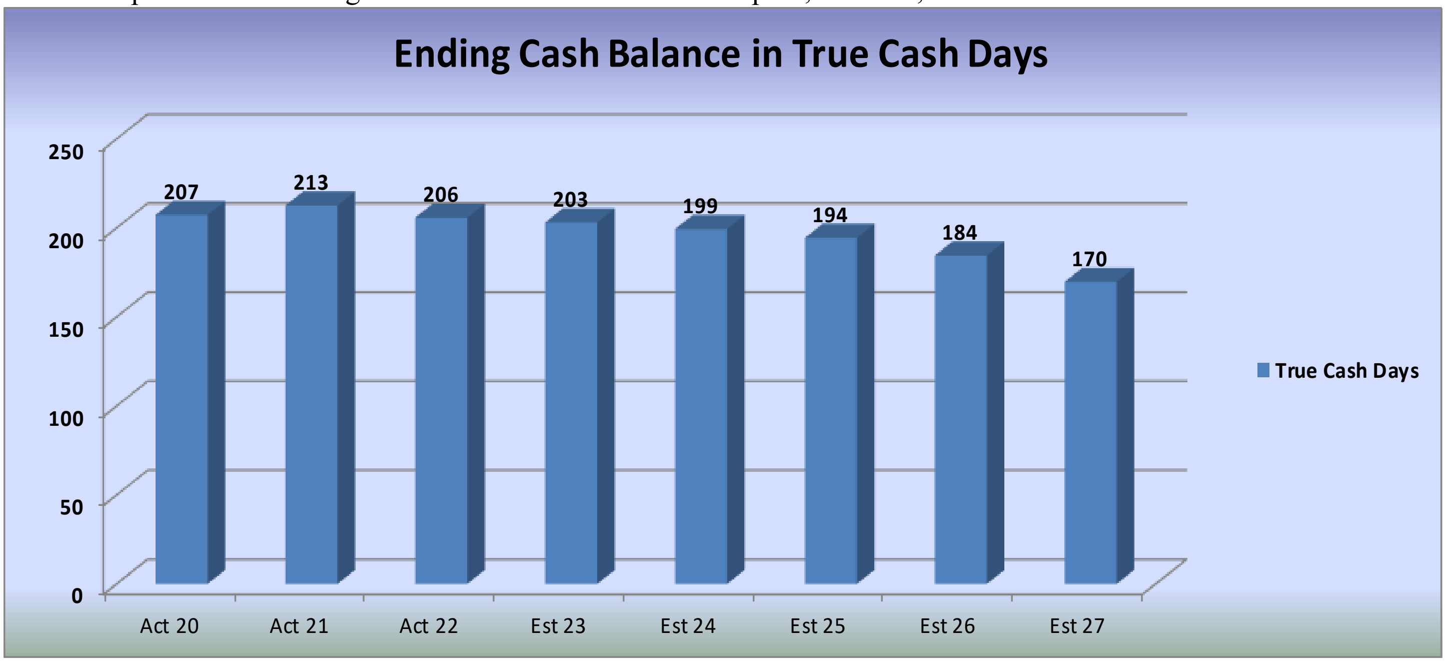
This amount must not go below $0 or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of $10,000. It is recommended 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 $32.7 million for our district.

Source	FY23	FY24	FY25	FY26	FY27
Ending Unreserved Cash Balance	$109,236,825	$109,775,899	$109,200,329	$106,146,577	$99,988,765



True Cash Days Ending Balance

Another way to look at ending cash is to state it in 'True Cash Days." In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Year's Ending Cash Balance divided by (Current Year's Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The GFOA recommends no less than two months or 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]
[Master Facilities Plan]
[2013 Levy Facts]
[District Report Cards]
[Financial Audit]
[Quality Profile]
[School Finances 101]