

**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**



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

May 1, 2023

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 | | | Average Change | Forecasted | | | | |
|--|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 |
| Revenues | | | | | | | | | |
| 1.010 General Property Tax (Real Estate) | 100,372,603 | 106,047,366 | 109,527,689 | 4.5% | 112,100,865 | 116,653,994 | 120,801,174 | 122,626,069 | 124,778,684 |
| 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% | 46,565,811 | 46,669,128 | 46,773,714 | 46,873,681 | 46,969,007 |
| 1.040 Restricted State Grants-in-Aid | 151,776 | 151,776 | 3,093,319 | 969.0% | 2,948,513 | 3,007,483 | 3,067,632 | 3,128,985 | 3,191,565 |
| 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% | 11,132,281 | 11,483,505 | 11,892,956 | 12,012,421 | 12,214,951 |
| 1.060 All Other Revenues | 21,662,638 | 20,641,703 | 20,023,358 | -3.9% | 23,422,388 | 25,107,784 | 25,641,320 | 25,592,898 | 25,466,786 |
| 1.070 <i>Total Revenues</i> | 180,503,422 | 187,717,171 | 190,526,076 | 2.7% | 196,169,858 | 202,921,894 | 208,176,796 | 210,234,054 | 212,620,993 |
| 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% | 892,150 | 852,967 | 729,069 | 619,523 | 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% | 158,765 | 155,676 | 164,771 | 173,757 | 163,900 |
| 2.070 <i>Total Other Financing Sources</i> | 4,430,454 | 1,467,473 | 2,199,970 | -8.5% | 1,050,915 | 1,008,643 | 893,840 | 793,280 | 163,900 |
| 2.080 <i>Total Revenues and Other Financing Sources</i> | 184,933,876 | 189,184,644 | 192,726,046 | 2.1% | 197,220,773 | 203,930,537 | 209,070,636 | 211,027,334 | 212,784,893 |
| Expenditures | | | | | | | | | |
| 3.010 Personal Services | 99,634,532 | 103,798,482 | 107,158,336 | 3.7% | 111,234,570 | 114,615,809 | 117,086,708 | 119,640,397 | 122,279,659 |
| 3.020 Employees' Retirement/Insurance Benefits | 33,241,346 | 33,689,469 | 35,578,252 | 3.5% | 37,235,897 | 39,412,910 | 41,268,976 | 43,197,658 | 45,244,608 |
| 3.030 Purchased Services | 34,682,824 | 36,952,921 | 34,481,911 | -0.1% | 34,256,076 | 35,535,489 | 36,547,830 | 37,627,782 | 38,770,815 |
| 3.040 Supplies and Materials | 4,129,880 | 4,214,392 | 4,729,834 | 7.1% | 5,771,242 | 5,557,811 | 5,641,177 | 5,725,796 | 5,811,682 |
| 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% | 550,000 | 570,000 | 600,000 | 620,000 | 640,000 |
| 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% | 855,000 | 865,000 | 870,000 | 670,000 | 0 |
| 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% | 147,800 | 117,800 | 86,500 | 58,100 | 32,900 |
| 4.300 Other Objects | 2,217,918 | 1,322,817 | 2,106,896 | 9.5% | 2,155,583 | 2,431,002 | 2,477,310 | 2,574,592 | 2,572,891 |
| 4.500 <i>Total Expenditures</i> | 177,246,994 | 182,498,328 | 186,899,582 | 2.7% | 193,114,807 | 199,819,432 | 205,304,185 | 210,852,290 | 216,103,014 |
| Other Financing Uses | | | | | | | | | |
| 5.010 Operating Transfers Out | 6,171,686 | 2,458,211 | 3,813,012 | -2.5% | 2,692,150 | 2,652,967 | 2,529,069 | 2,419,523 | 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 <i>Total Other Financing Uses</i> | 6,769,645 | 2,458,211 | 3,813,012 | -4.3% | 2,692,150 | 2,652,967 | 2,529,069 | 2,419,523 | 1,800,000 |
| 5.050 <i>Total Expenditures and Other Financing Uses</i> | 184,016,639 | 184,956,539 | 190,712,594 | 1.8% | 195,806,957 | 202,472,399 | 207,833,254 | 213,271,813 | 217,903,014 |
| 6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i> | 917,237 | 4,228,105 | 2,013,452 | 154.3% | 1,413,816 | 1,458,138 | 1,237,382 | (2,244,479) | (5,118,121) |
| 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 | 116,736,035 | 118,194,173 | 119,431,555 | 117,187,076 |
| 7.020 <i>Cash Balance June 30</i> | 109,080,662 | 113,308,767 | 115,322,219 | 2.8% | 116,736,035 | 118,194,173 | 119,431,555 | 117,187,076 | 112,068,955 |
| 8.010 <i>Estimated Encumbrances June 30</i> | 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% | 7,913,381 | 8,766,348 | 9,495,417 | 10,114,940 | 10,114,940 |
| 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 <i>Subtotal</i> | 4,304,536 | 5,036,949 | 7,021,231 | 28.2% | 7,913,381 | 8,766,348 | 9,495,417 | 10,114,940 | 10,114,940 |
| 10.010 <i>Fund Balance June 30 for Certification of Appropriations</i> | 104,472,705 | 107,708,853 | 107,508,870 | 1.5% | 108,322,654 | 108,927,825 | 109,436,138 | 106,572,136 | 101,454,015 |

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 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i> | 104,472,705 | 107,708,853 | 107,508,870 | 1.5% | 108,322,654 | 108,927,825 | 109,436,138 | 106,572,136 | 101,454,015 |
| 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 <i>Unreserved Fund Balance June 30</i> | 104,472,705 | 107,708,853 | 107,508,870 | 1.5% | 108,322,654 | 108,927,825 | 109,436,138 | 106,572,136 | 101,454,015 |

Lakota Local School District – Butler County
Notes to the Five-Year Forecast
General Fund, Related Debt and Federal Funds Only
May 1, 2023

Introduction to the Five-Year Forecast

A forecast is somewhat like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends the more likely it is that the projections will deviate from experience. A variety of events will ultimately impact the latter years of the forecast such as state budgets (adopted every two years), tax levies (new/renewal/replacement), tax adjustments (reappraisal/updates), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education (ODE) when events take place that will significantly change their forecast or, at a minimum, when required under the statute.

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

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

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

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by the end of November and May each fiscal year. 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. 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 2023 Updates:

Revenues FY23

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$1.4 million or 0.7% lower than the November forecasted amount of \$197.6 million. This indicates the November forecast was 99.3% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 57.1% and are estimated to be \$112 million, which is \$1 million lower for FY23 than the original November estimate of \$113 million. Our estimates are 99.1% accurate for FY23 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be \$49.5 million, which

is \$153 thousand higher than the original estimate for FY23. We are pleased that we were able to be 99.7% accurate for FY23. We are currently on the guarantee and are expected to remain a guarantee district for FY24 through FY27.

Line 1.06 - Other revenues are \$627 thousand under original estimates, primarily due to refunding an overpayment the district received from Residential Incentive District (RID) payments from Liberty Township, which the district received over the last two fiscal years. This repayment will only occur in fiscal year 2023.

All areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be \$193.1 million for FY23, which is \$655 thousand lower than the original estimate of \$193.7 million in the November forecast, which is roughly 99.6% on target with original estimates. The expenditure line most significantly under projection is Supplies and Materials (line 3.040) due to fuel, software, and general supply costs coming under budget.

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

Unreserved Ending Cash Balance

With revenues decreasing from estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly \$116.2 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 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 uncertainties 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 and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

- I. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes equate to 69.1% of the district's resources. Our tax collections in the August 2022 and March 2023 settlements were not on target with original estimates. 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, which was collected in FY21. 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 19.5% 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 2022 for residential property was \$50.5 million and \$5.9 million for commercial industrial property. Commercial property also realized a \$19.4 million decrease in exempt property due to property being absorbed into the Cincinnati-Dayton Road TIF district.
- III. The two-year state budget for FY24-25, HB33, is currently in discussion. State revenues represented 30.9% of district revenues, which means it is a significant area of risk to the district's revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the sustained high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets. Two future state biennium budgets cover the period from FY24-25 and FY26-27. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district's funding long-range through FY27. We have projected our state funding to be in-line with the FY23 funding levels through FY27, which we feel is conservative and should be close to what the

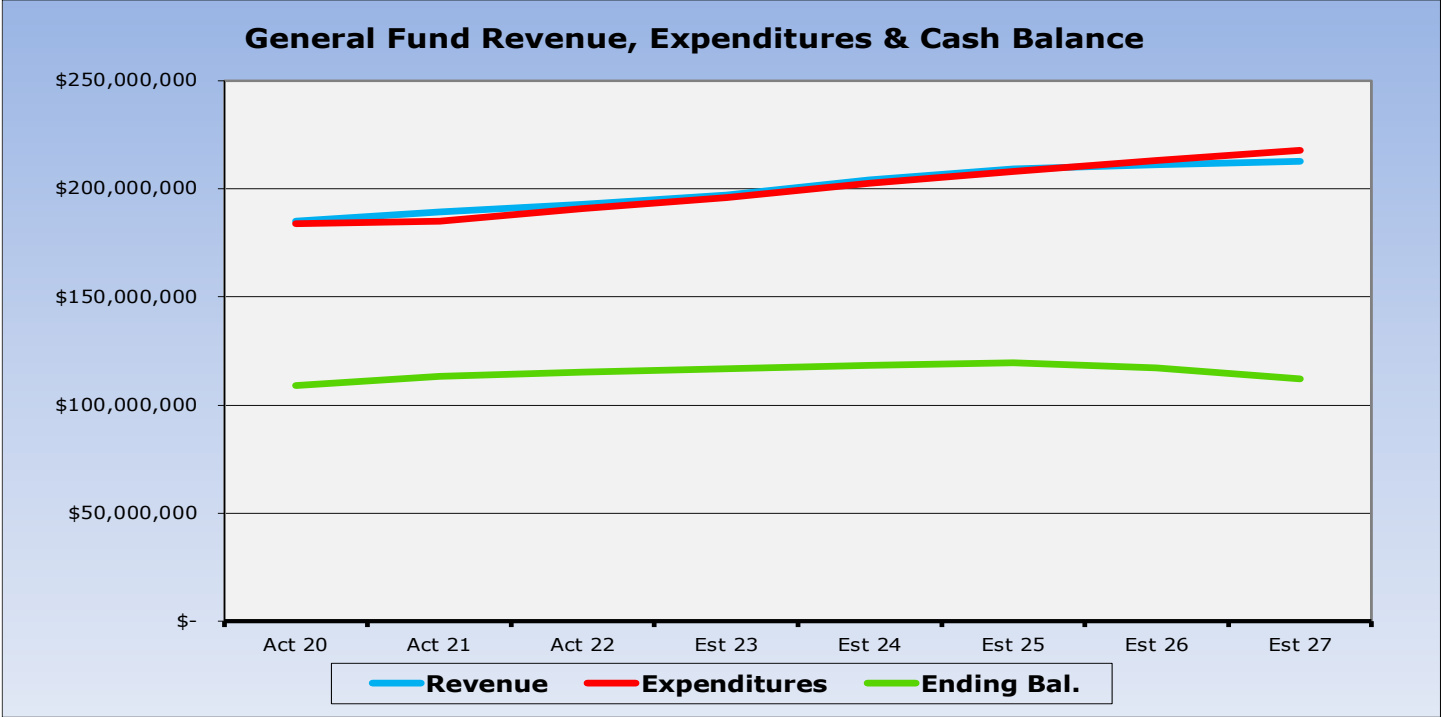
state approves for the FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

- IV. HB 110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in actual historical costs for FY20 through FY21, which may 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 for FY23.
- V. HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. 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 monitoring any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.
- VI. The current proposed state budget for FY24-25, HB33 was introduced on Feb. 15, 2023 and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.
- VII. The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat \$125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. As property values grow, the "effective" millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its seventh hearing in regard to HB1 on April 25, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.
- VIII. 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.

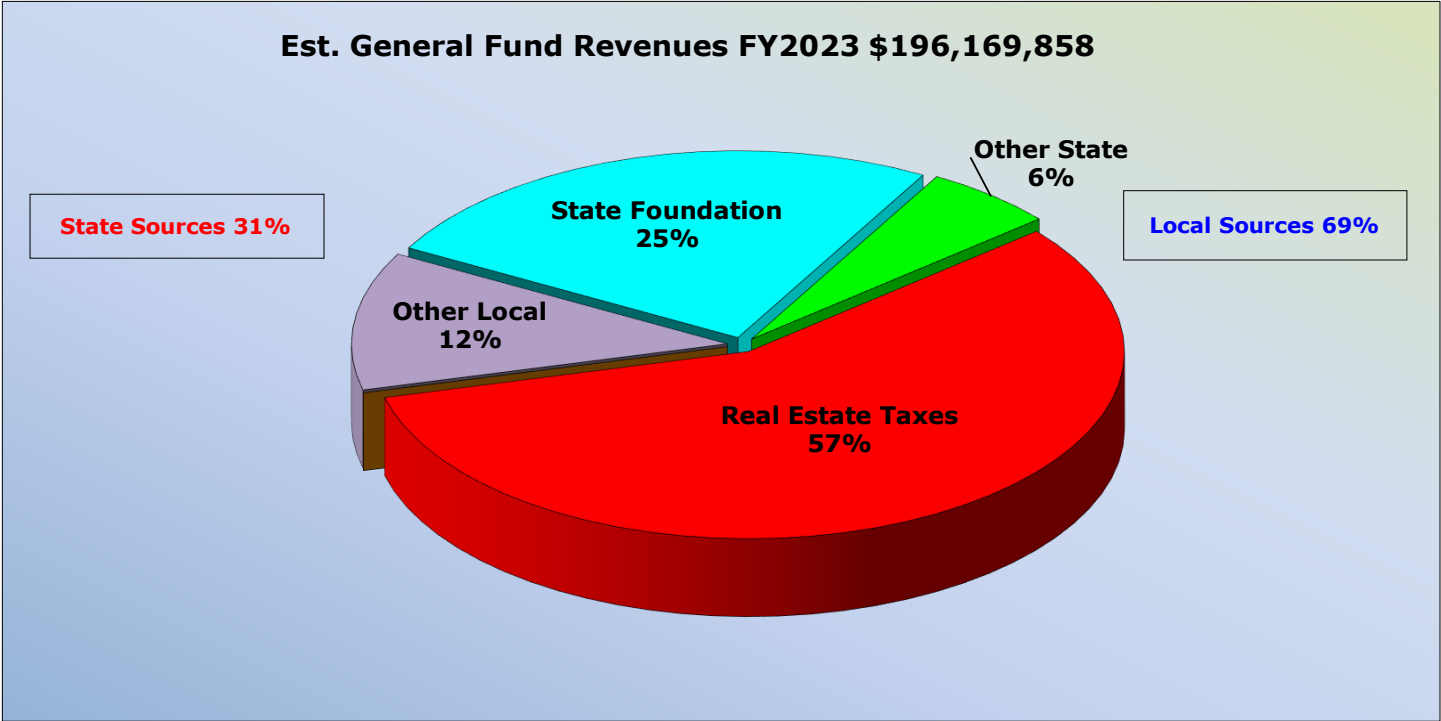
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast 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 sexennial 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 fiscal year 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 resulted in an increase to the tax year (TY) 2020 reappraisal for West Chester Township of an additional 5.1% 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. We believed that the projected valuation increase in the November forecast was conservative; however, the increase to the reappraisal did not drive values as high as the estimated 6.5% in November. This caused the property tax revenues for FY23 to be \$1 million lower than projected in the November forecast submission.

For tax year 2022, new construction in residential property was up 1.7%, or \$50.5 million, in assessed value and commercial/industrial values increased \$5.9 million. Overall values rose \$115.9 million, or 3.25%, which includes new construction for all classes of property.

A triennial update will occur in 2023 for collection in fiscal year 2024 for which we are estimating a 22% increase in residential and a 10% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$721 million, or 19.5%, overall.

Public Utility Personal Property (PUPP) values increased by \$4.35 million in tax year 2022. We are assuming our values will continue to grow by an average of \$4.35 million each year of the forecasted period, or the same as the prior year's increase.

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

| <u>Classification</u> | Estimated | Estimated | Estimated | Estimated | Estimated |
|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | TAX YEAR2022 | TAX YEAR2023 | TAX YEAR2024 | TAX YEAR 2025 | TAX YEAR 2026 |
| | <u>COLLECT 2023</u> | <u>COLLECT 2024</u> | <u>COLLECT 2025</u> | <u>COLLECT 2026</u> | <u>COLLECT 2027</u> |
| Res./Ag. | \$2,942,937,390 | \$3,624,719,337 | \$3,659,459,805 | \$3,694,890,711 | \$3,915,529,276 |
| Comm./Ind. | 744,478,150 | 832,739,099 | 847,578,058 | 862,542,677 | 887,248,877 |
| Public Utility (PUPP) | <u>147,387,900</u> | <u>151,738,460</u> | <u>156,089,020</u> | <u>160,439,580</u> | <u>164,790,140</u> |
| Total | <u>\$3,834,803,440</u> | <u>\$4,609,196,896</u> | <u>\$4,663,126,883</u> | <u>\$4,717,872,968</u> | <u>\$4,967,568,292</u> |

Estimated Real Estate Tax Collections

Property tax levies are estimated to be collected at 98% of the annual amount. This allows for a 2% delinquency factor. In general, 52.5% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 47.5% collected in the August tax settlement. Collections in FY23 were up \$540 thousand, due to additional delinquent taxes collected in the August and March tax settlements.

| <u>Tax Levies</u> | <u>Year Approved</u> | <u>Last Calendar Year of Collection</u> | <u>Full Tax Rate (per \$1,000 of assessed valuation)</u> | <u>Effective Rates</u> | |
|--|----------------------|---|--|------------------------|---------------------|
| | | | | <u>Res/Ag</u> | <u>Comm/Ind</u> |
| Inside Ten Mill Limitation | n/a | n/a | 6.49 | 6.49 | 6.49 |
| Continuing Operating | 1976 | n/a | 15.88 | 2.51 | 4.13 |
| Continuing Operating | 1978 | n/a | 3.80 | 0.60 | 0.99 |
| Continuing Operating | 1985 | n/a | 5.90 | 1.82 | 2.31 |
| Continuing Operating | 1988 | n/a | 5.67 | 1.98 | 2.64 |
| Continuing Operating | 1991 | n/a | 5.90 | 2.78 | 3.67 |
| Continuing Operating | 1996 | n/a | 6.50 | 3.54 | 4.73 |
| Continuing Operating | 2000 | n/a | 4.90 | 3.04 | 3.88 |
| Continuing Operating | 2005 | n/a | 5.60 | 4.25 | 4.43 |
| Continuing Operating | 2013 | n/a | <u>3.50</u> | <u>2.66</u> | <u>2.77</u> |
| Total Gross & Effective Tax Rates | | | <u>64.14</u> | <u>29.67</u> | <u>36.04</u> |

Amounts noted below are PUPP tax payments from public utilities. The values for PUPP are noted on the table below, which were \$147.3 million in assessed values in 2022 and are collected at the district's gross voted millage rate. Collections are typically 51% in March and 49% in August along with the real estate settlements from the county auditor. The values in 2022 rose by 3% or \$4.35 million and are expected to grow by \$4.35 million each year of the forecasted period, or the same as the prior year's increase.

Estimated Real Estate Tax Collections - Line #1.010

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Estimated Real Estate Tax Line # 1.010 | <u>\$112,100,865</u> | <u>\$116,653,994</u> | <u>\$120,801,174</u> | <u>\$122,626,069</u> | <u>\$124,778,684</u> |

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. We have projected FY23 funding based on the April #2, 2023 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 how expenses are deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

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

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

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

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

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

Categorical State Aid

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. An amount of 10% will be reduced from all districts’ calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within one 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 33.33% in FY23.
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 four funded components generated primarily from a ratio of teachers to gifted pupils and multiplied by a weighted teacher cost.
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, were moved as a part of DPIA funding, which is restricted funding and will be spent on same initiatives and requirements that were previously designated for under the stand-alone fund of 467.

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 was phased in at 0% in FY22 and was changed by the legislature to be in line with the overall phase in at 33.33% in FY23. Transportation categorical funds will not be subject to 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 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.

Future State Budget Projections

Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

Unrestricted Basic Aid Foundation Funding

- a) The statewide average base cost per pupil will remain at FY18 levels in FY24-25.
- b) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- c) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum through FY25.

Unrestricted Categorical State Aid

- a) Transportation Aid - Increases the minimum state share percentage from 33.33% in FY23 to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Gifted Funds - Increases per pupil funding for the gifted professional development component from \$14 in FY23 to \$21 in FY24 and \$28 in FY25.

c) Student Wellness and Success Funds

- a. Expenditures for either physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
- b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025, or the funds must be returned to the ODE.
- c. School resource officer funding will be allocated on a per building basis. Funds are able to support existing SROs.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate \$30 million in each year of the biennium, of which \$15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate \$14.3 million over the course of the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted state funding to be in line with the FY23 funding levels through the remainder of the forecast according to our analysis of the most current Legislative Service Commission simulations. Categorical funding estimates will be increased to reflect the changes in HB33. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

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 FY23 were \$64.82 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Basic Aid-Per HB110 | \$38,612,370 | \$36,738,009 | \$34,864,854 | \$32,987,016 | \$31,104,473 |
| HB110 Guarantee | 3,853,105 | 5,818,105 | 7,783,105 | 9,748,105 | 11,713,105 |
| Additional Items | 2,535,528 | 2,548,206 | 2,560,947 | 2,573,752 | 2,586,621 |
| Basic Aid- Subtotal | <u>\$45,001,003</u> | <u>\$45,104,320</u> | <u>\$45,208,906</u> | <u>\$45,308,873</u> | <u>\$45,404,199</u> |
| Casino Revenue | \$1,135,015 | \$1,157,794 | \$1,180,908 | \$1,204,547 | \$1,228,712 |
| Catastrophic Aid | <u>1,564,808</u> | <u>1,564,808</u> | <u>1,564,808</u> | <u>1,564,808</u> | <u>1,564,808</u> |
| Total Unrestricted State Aid Line # 1.035 | <u>\$46,565,811</u> | <u>\$46,669,128</u> | <u>\$46,773,714</u> | <u>\$46,873,681</u> | <u>\$46,969,007</u> |

Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. Using current 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, 33.33% in FY23. We

have increased categorical funding amounts based on our analysis of the most recent Legislative Service Commission simulations.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| DPIA | \$113,452 | \$115,721 | \$118,035 | \$120,396 | \$122,804 |
| Career Tech - Restricted | 0 | 0 | 0 | 0 | 0 |
| Gifted | 764,224 | 779,508 | 795,098 | 811,000 | 827,220 |
| ESL | 456,592 | 465,724 | 475,038 | 484,539 | 494,230 |
| Student Wellness and Success Funds | <u>1,614,245</u> | <u>1,646,530</u> | <u>1,679,461</u> | <u>1,713,050</u> | <u>1,747,311</u> |
| Total Restricted State Revenues Line # 1.040 | <u>\$2,948,513</u> | <u>\$3,007,483</u> | <u>\$3,067,632</u> | <u>\$3,128,985</u> | <u>\$3,191,565</u> |

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Aid Projections

| <u>Summary</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| A) Unrestricted State Aid Line # 1.035 | \$46,565,811 | \$46,669,128 | \$46,773,714 | \$46,873,681 | \$46,969,007 |
| B) Restricted State Aid Line # 1.040 | 2,948,513 | 3,007,483 | 3,067,632 | 3,128,985 | 3,191,565 |
| C) Restricted Federal Grants Line # 1.045 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total State Foundation Revenue | <u>\$49,514,324</u> | <u>\$49,676,611</u> | <u>\$49,841,346</u> | <u>\$50,002,666</u> | <u>\$50,160,572</u> |

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.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Rollback and Homestead | <u>\$11,132,281</u> | <u>\$11,483,505</u> | <u>\$11,892,956</u> | <u>\$12,012,421</u> | <u>\$12,214,951</u> |

Other Local Revenues – Line #1.060

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

HB110, the current state budget, stopped 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 the pandemic; however, in FY23, rates have begun to rise quickly due to the Federal Reserve's strategy to combat inflation. 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, we are able to benefit from

the interest rates revenue due to our strong cash reserves. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Lakota receives payments in lieu of taxes (PILOT) 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 (line 1.06) to Real Estate Tax collections (line 1.01). 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 second 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 West Chester and Liberty Townships and Butler County is vital not just to the district, but the community.

In FY23, the district was notified of an overpayment on the PILOT payments for RIDs in Liberty Township, which had occurred in FY21-22. The calculation made by the township was based on the tax rate for commercial and industrial properties instead of the tax rate for residential and agricultural properties. The district refunded Liberty Township \$586 thousand in FY23 to correct the overpayment.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Payment In Lieu of Taxes | \$17,345,550 | \$18,992,809 | \$19,417,311 | \$19,417,311 | \$19,708,543 |
| Open Enrollment In | 0 | 0 | 0 | 0 | 0 |
| Interest | 2,637,641 | 2,751,604 | 2,811,788 | 2,713,581 | 2,245,492 |
| Tuition | 1,988,090 | 1,882,971 | 1,901,801 | 1,920,819 | 1,940,027 |
| Rentals | 230,000 | 239,200 | 248,768 | 258,719 | 269,068 |
| Medicaid Reimbursement | 788,176 | 803,940 | 820,019 | 836,419 | 853,147 |
| Miscellaneous | <u>432,931</u> | <u>437,260</u> | <u>441,633</u> | <u>446,049</u> | <u>450,509</u> |
| Total Other Local Revenues Line # 1.060 | <u>\$23,422,388</u> | <u>\$25,107,784</u> | <u>\$25,641,320</u> | <u>\$25,592,898</u> | <u>\$25,466,786</u> |

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 have 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.

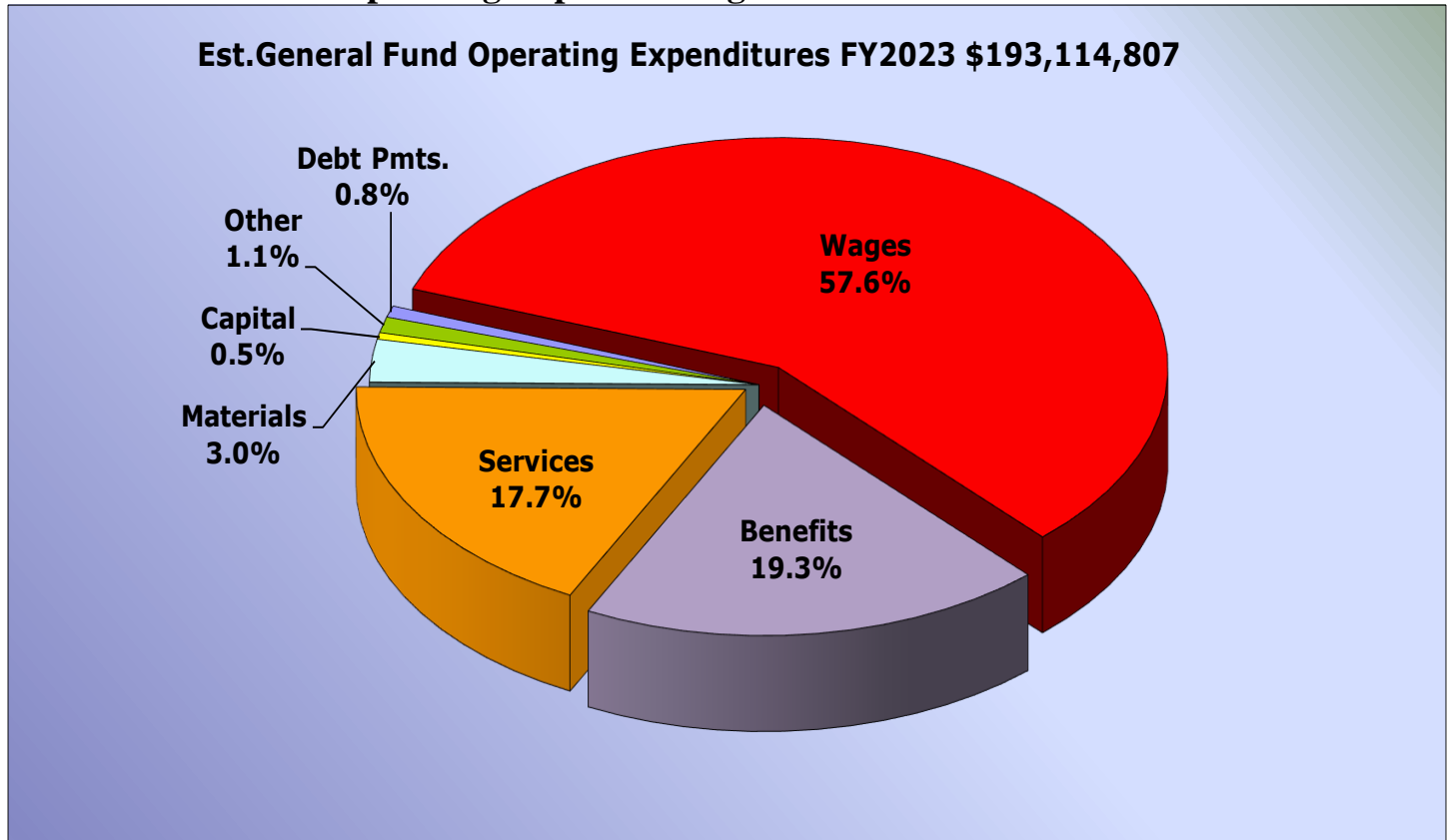
Sale of Personal Property and Refund of Prior Year Expenditures are calculated on a rolling three-year average for the forecasted period. Should the district move forward with the Master Facilities Project, Sale of Personal Property could see an increase as decommissioned furniture, equipment, or properties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

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Transfers In Line # 2.040 | \$892,150 | \$852,967 | \$729,069 | \$619,523 | \$0 |
| Advance Returns # 2.050 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Transfers and Advances In | <u>\$892,150</u> | <u>\$852,967</u> | <u>\$729,069</u> | <u>\$619,523</u> | <u>\$0</u> |
| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
| Sale of Personal Property | \$230 | \$4,210 | \$2,173 | \$2,204 | \$2,862 |
| Refund of prior years expense | <u>158,535</u> | <u>151,466</u> | <u>162,598</u> | <u>171,553</u> | <u>161,038</u> |
| Total Other Financing Sources Line # 2.060 | <u>\$158,765</u> | <u>\$155,676</u> | <u>\$164,771</u> | <u>\$173,757</u> | <u>\$163,900</u> |

Expenditures Assumptions

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

All Operating Expense Categories - General Fund FY23



Wages – Line #3.010

The expenditures in this category represent salaries and wages for services rendered for all collective bargaining units and non-collective bargaining unit 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 collective bargaining employees, these increases are reviewed on an annual basis. Stipend, supplemental, severance, and substitute costs 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 are covering several reading and English language learner support teachers, nurses, Multi-Tiered Systems of Support (MTSS) staff, and a Director for Digital Learning in FY23. The total wages predicted to return to the general fund in FY24 are \$2.6 million at this time. We are not assuming additional ESSER funds in this forecast.

The district is anticipating 32 LEA members to retire under an early retirement provision in the LEA negotiated agreement. The positions are assumed to be replaced with staff averaging Column A and Step 6 on the FY24 certified salary schedule, resulting in a decrease to base wages in FY24. Based on past trends, FY24-27 assumes 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.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Base Wages | \$104,963,066 | \$107,770,893 | \$112,316,701 | \$114,774,219 | \$117,314,309 |
| Base Increases | 2,676,558 | 2,532,616 | 2,246,334 | 2,295,484 | 2,346,286 |
| Steps and Education | 1,427,498 | 1,465,684 | 1,527,507 | 1,560,929 | 1,595,475 |
| Staff Increase or Replacement | 1,616,637 | (1,492,010) | (715,860) | (715,860) | (715,860) |
| Staff Decrease or Reclassification | (332,325) | 0 | 0 | 0 | 0 |
| ESSER Return | (884,517) | 2,639,981 | 0 | 0 | 0 |
| Certified Stipends | 477,841 | 482,619 | 487,445 | 492,319 | 497,242 |
| Classified OT and Extra Duty | 272,592 | 272,592 | 272,592 | 272,592 | 272,592 |
| Certified Extended Days and Extra Duty | 74,993 | 76,493 | 78,023 | 79,583 | 81,175 |
| Curricular Supplemental | 515,696 | 515,696 | 515,696 | 515,696 | 515,696 |
| Misc | 183,432 | 103,284 | 105,350 | 107,457 | 109,606 |
| Classified Subs | 243,099 | 247,961 | 252,920 | 257,978 | 263,138 |
| Severance Payments | 1,619,805 | 523,639 | 523,639 | 523,639 | 523,639 |
| Board of Education | 14,895 | 15,500 | 15,500 | 15,500 | 15,500 |
| Student Worker | 61,324 | 61,324 | 61,324 | 61,324 | 61,324 |
| Total Wages Line #3.010 | <u>\$111,234,570</u> | <u>\$114,615,809</u> | <u>\$117,086,708</u> | <u>\$119,640,397</u> | <u>\$122,279,659</u> |

As the district analyzed class sized to determine the ratios that best meets the needs of our students, we worked with our buildings and curriculum team to adjust classes to remain within these class sizes.

| <u>Grade</u> | <u>Ratio</u> |
|---|---|
| Kindergarten | 22:1 to 25:1 |
| 1 st Grade to 2 nd Grade | 23:1 to 26:1 |
| 3 rd Grade to 4 th Grade | 24:1 to 27:1 |
| 5 th Grade to 6 th Grade | 25:1 to 28:1 |
| 7 th Grade to 12 th Grade | Varies according to contractual language for core subject areas, foreign languages, performing arts, etc. |
| ESL/Reading Specialists and Title I Teachers | 40:1 |
| Special Education Kindergarten to 8 th Grade | 16:1 |
| Special Education 9 th Grade to 12 th Grade | 24:1 |
| Social Communications Classrooms | 6:1 |
| Multiple Disability Classrooms | 8:1 |
| Emotional Disturbance Classrooms | 12:1 |

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 in 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% spans FY23 and FY24, due to being enrolled on a calendar year basis. Moving forward, and based on national trends, we are assuming a 7% 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 them 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 workers' compensation consultant, Hunter Consultants, and analyzing our cash reserve and maximum exposure, we are setting a reserve target of \$300,000. To meet this reserve target, we have been taking 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

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| STRS/SERS | \$17,413,835 | \$17,958,039 | \$18,406,979 | \$18,831,488 | \$19,270,473 |
| Insurances | 17,902,693 | 19,533,720 | 20,901,081 | 22,364,156 | 23,929,647 |
| Workers Comp/Unemployment | 286,037 | 240,184 | 245,126 | 250,234 | 255,512 |
| Medicare | 1,569,132 | 1,616,767 | 1,651,590 | 1,687,580 | 1,724,776 |
| Annuity | 64,200 | 64,200 | 64,200 | 64,200 | 64,200 |
| Total Fringe Benefits Line # 3.020 | <u>\$37,235,897</u> | <u>\$39,412,910</u> | <u>\$41,268,976</u> | <u>\$43,197,658</u> | <u>\$45,244,608</u> |

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. 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 realized 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. At this time the district is forecasting a 4% increase to this contract in FY24, and 3% increases each year FY25-27 and will be monitored closely in future forecasts.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Phone, Postage & Advertising | \$325,414 | \$335,176 | \$345,231 | \$355,588 | \$366,256 |
| Transportation | 18,700,000 | 19,448,000 | 20,031,440 | 20,632,383 | 21,251,354 |
| CS/OE/CCP/Scholarships/Tuition | 2,280,574 | 2,520,998 | 2,697,607 | 2,903,269 | 3,147,527 |
| Professional Services | 2,953,202 | 2,997,500 | 3,042,463 | 3,088,100 | 3,134,422 |
| SRO Contract | 1,043,865 | 1,064,742 | 1,086,037 | 1,107,758 | 1,129,913 |
| Preschool Contract | 2,295,871 | 2,045,309 | 2,075,989 | 2,107,129 | 2,138,735 |
| Substitute Teachers | 1,016,248 | 1,531,742 | 1,554,718 | 1,578,039 | 1,601,709 |
| Management Services | 271,926 | 274,645 | 277,391 | 280,165 | 282,967 |
| Software Service | 214,596 | 216,742 | 218,909 | 221,098 | 223,309 |
| Instructional Services | 327,545 | 332,458 | 337,445 | 342,507 | 347,645 |
| Legal Expense | 377,200 | 197,858 | 185,826 | 188,613 | 191,442 |
| Repairs & Maintenance | 512,142 | 519,824 | 527,621 | 535,535 | 543,568 |
| Rental & Lease Payments | 995,578 | 1,010,512 | 1,025,670 | 1,041,055 | 1,056,671 |
| Utilities | 2,451,409 | 2,524,951 | 2,600,700 | 2,678,721 | 2,759,083 |
| Travel & Meeting Exp. | 302,296 | 317,411 | 333,282 | 349,946 | 367,443 |
| Property Insurance | 188,210 | 197,621 | 207,502 | 217,877 | 228,770 |
| Total Purchased Services Line # 3.030 | <u>\$34,256,076</u> | <u>\$35,535,489</u> | <u>\$36,547,830</u> | <u>\$37,627,782</u> | <u>\$38,770,815</u> |

Supplies and Materials – Line #3.040

Textbooks, copy paper, maintenance supplies and materials, etc. characterize this category of expenses. In November, the cost of diesel fuel for buses was forecasted to spike more dramatically than what occurred for FY23 and we are expecting to spend \$125 thousand less than anticipated, 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.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Supplies | \$281,231 | \$285,449 | \$289,731 | \$294,077 | \$298,488 |
| Instructional Supplies | 1,114,071 | 1,130,782 | 1,147,744 | 1,164,960 | 1,182,434 |
| 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 | 967,765 | 982,281 | 997,016 | 1,011,971 | 1,027,150 |
| Fuel for vehicles | 1,575,000 | 1,298,625 | 1,318,104 | 1,337,876 | 1,357,944 |
| Software & Computer Supplies | 665,199 | 675,177 | 685,305 | 695,584 | 706,018 |
| Total Supplies and Materials Line # 3.040 | <u>\$5,771,242</u> | <u>\$5,557,811</u> | <u>\$5,641,177</u> | <u>\$5,725,796</u> | <u>\$5,811,682</u> |

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.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| 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 | <u>\$908,639</u> | <u>\$713,611</u> | <u>\$725,684</u> | <u>\$737,965</u> | <u>\$750,459</u> |

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 conservation projects at both high schools and the central office. The final issuance 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.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Principal Bonds - \$1.65 M Athletic Bldg. | \$0 | \$0 | \$0 | \$0 | \$0 |
| Principal Bonds - \$10 M Elem. Bldg. | <u>550,000</u> | <u>570,000</u> | <u>600,000</u> | <u>620,000</u> | <u>640,000</u> |
| Total Principal Payments Line # 4.055 | <u>\$550,000</u> | <u>\$570,000</u> | <u>\$600,000</u> | <u>\$620,000</u> | <u>\$640,000</u> |
| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
| HB 264 Principal 3 Issues Line # 4.050 | <u>\$855,000</u> | <u>\$865,000</u> | <u>\$870,000</u> | <u>\$670,000</u> | <u>\$0</u> |
| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
| Int on Bonds & HB 264 Total Line # 4.060 | <u>\$147,800</u> | <u>\$117,800</u> | <u>\$86,500</u> | <u>\$58,100</u> | <u>\$32,900</u> |

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 when a new operating levy is collected, during a sexennial reappraisal, or triennial update.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| County Auditor & Treasurer Fees | 1,200,293 | 1,450,337 | 1,470,337 | 1,540,337 | 1,510,337 |
| Real Estate Fee Return | \$0 | \$0 | \$0 | \$0 | \$0 |
| Butler County ESC | 106,373 | 107,969 | 109,589 | 111,233 | 112,901 |
| Liability Insurance | 315,578 | 331,357 | 347,925 | 365,321 | 383,587 |
| Dues & Fees | 95,597 | 97,031 | 98,486 | 99,963 | 101,462 |
| Audit Fees | 71,309 | 72,379 | 73,465 | 74,567 | 75,686 |
| Banking Fees | 207,275 | 210,384 | 213,540 | 216,743 | 219,994 |
| Other expenses | <u>159,158</u> | <u>161,545</u> | <u>163,968</u> | <u>166,428</u> | <u>168,924</u> |
| Total Other Expenses Line #4.300 | <u>\$2,155,583</u> | <u>\$2,431,002</u> | <u>\$2,477,310</u> | <u>\$2,574,592</u> | <u>\$2,572,891</u> |

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 \$1.8 million. 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 thousand. 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.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 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 | 892,150 | 852,967 | 729,069 | 619,523 | 0 |
| Advances Out Line # 5.020 | 0 | 0 | 0 | 0 | 0 |
| Total Transfers and Advances | <u>\$2,692,150</u> | <u>\$2,652,967</u> | <u>\$2,529,069</u> | <u>\$2,419,523</u> | <u>\$1,800,000</u> |

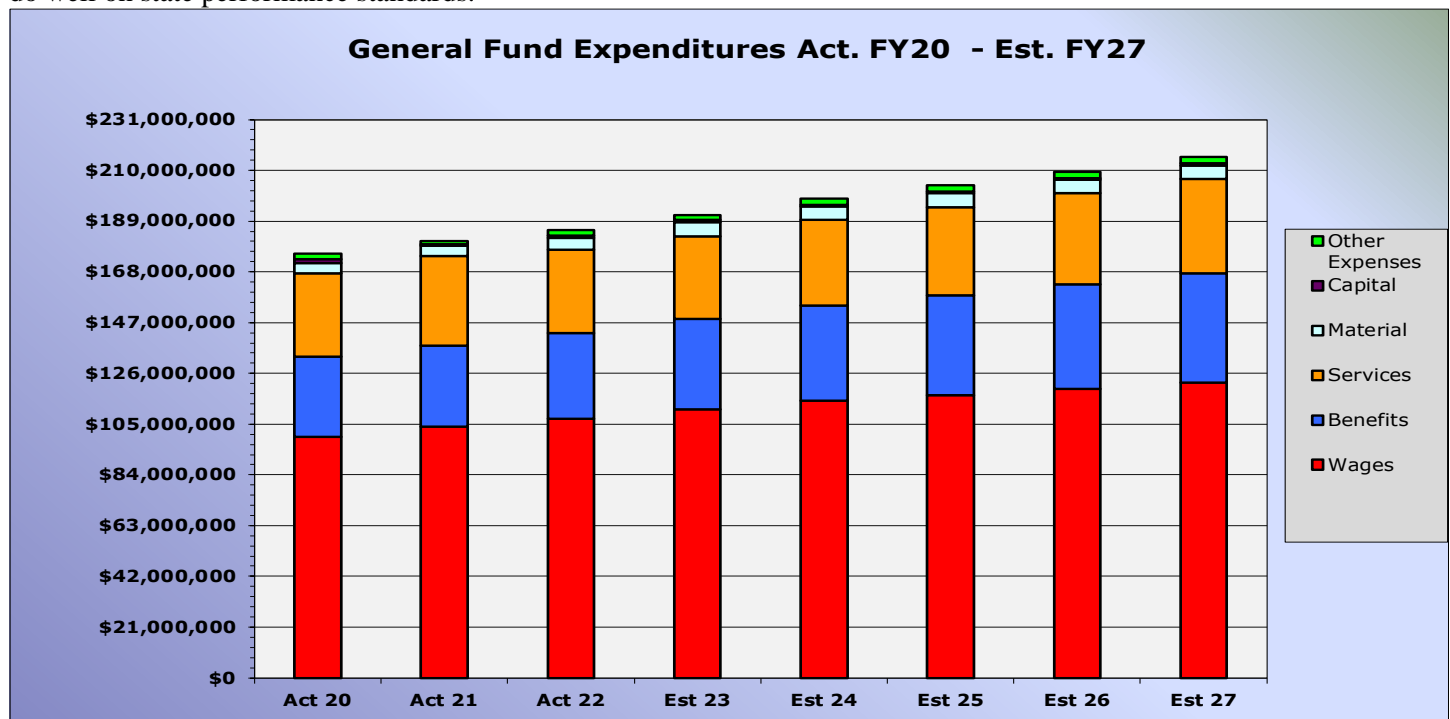
Encumbrances – Line #8.010

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.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Estimated Encumbrances Line # 8.010 | <u>\$500,000</u> | <u>\$500,000</u> | <u>\$500,000</u> | <u>\$500,000</u> | <u>\$500,000</u> |

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

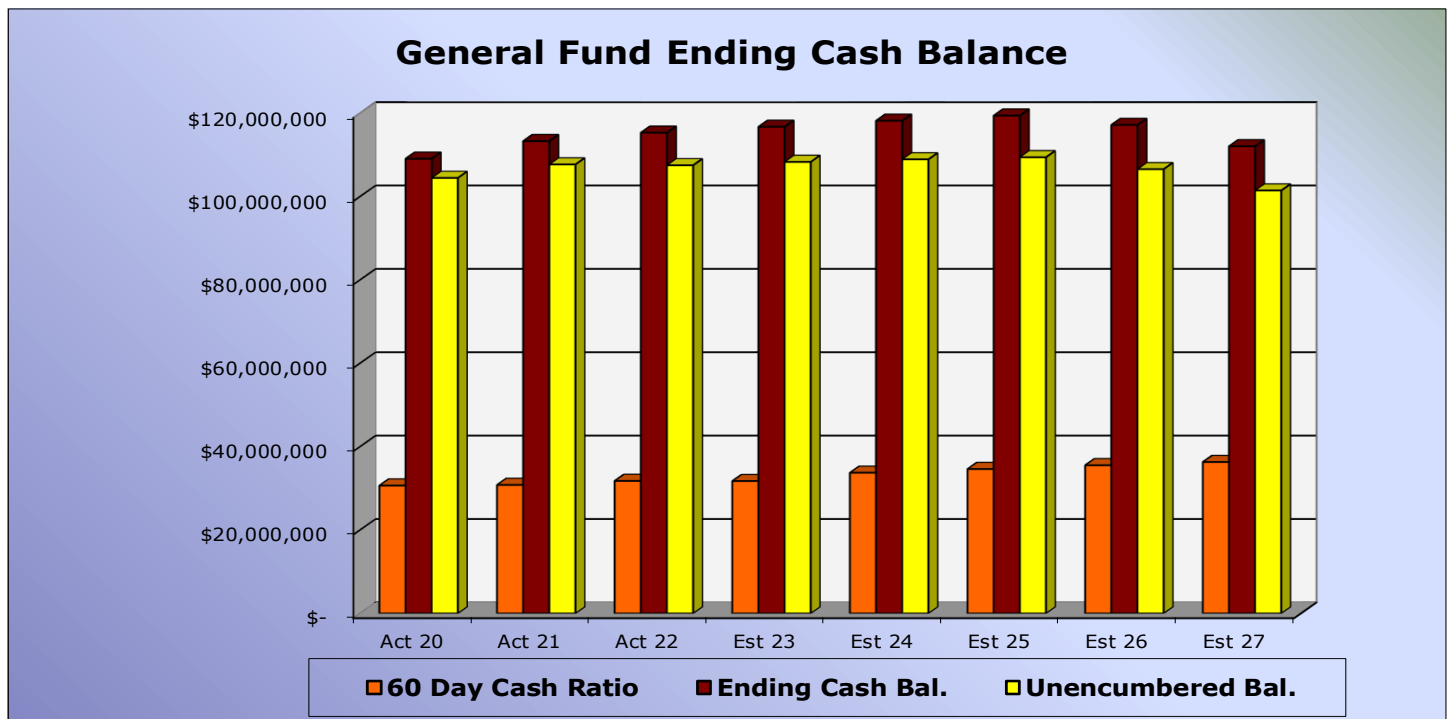
On June 10, 2019 the Board approved policy 6217 “Budget Stabilization” to transfer a portion of the prior year general fund unencumbered carry-over balance to a reserve fund. The district made the first transfer to this newly established fund in July 2019. The forecast reflects estimated transfers to this fund based on the rules of the policy in FY23-26.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|--|--------------------|--------------------|--------------------|---------------------|---------------------|
| Fiscal Stabilization Line # 9.045 | \$7,913,381 | \$8,766,348 | \$9,495,417 | \$10,114,940 | \$10,114,940 |
| Total Reservations of Balance Line # 9.080 | <u>\$7,913,381</u> | <u>\$8,766,348</u> | <u>\$9,495,417</u> | <u>\$10,114,940</u> | <u>\$10,114,940</u> |

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

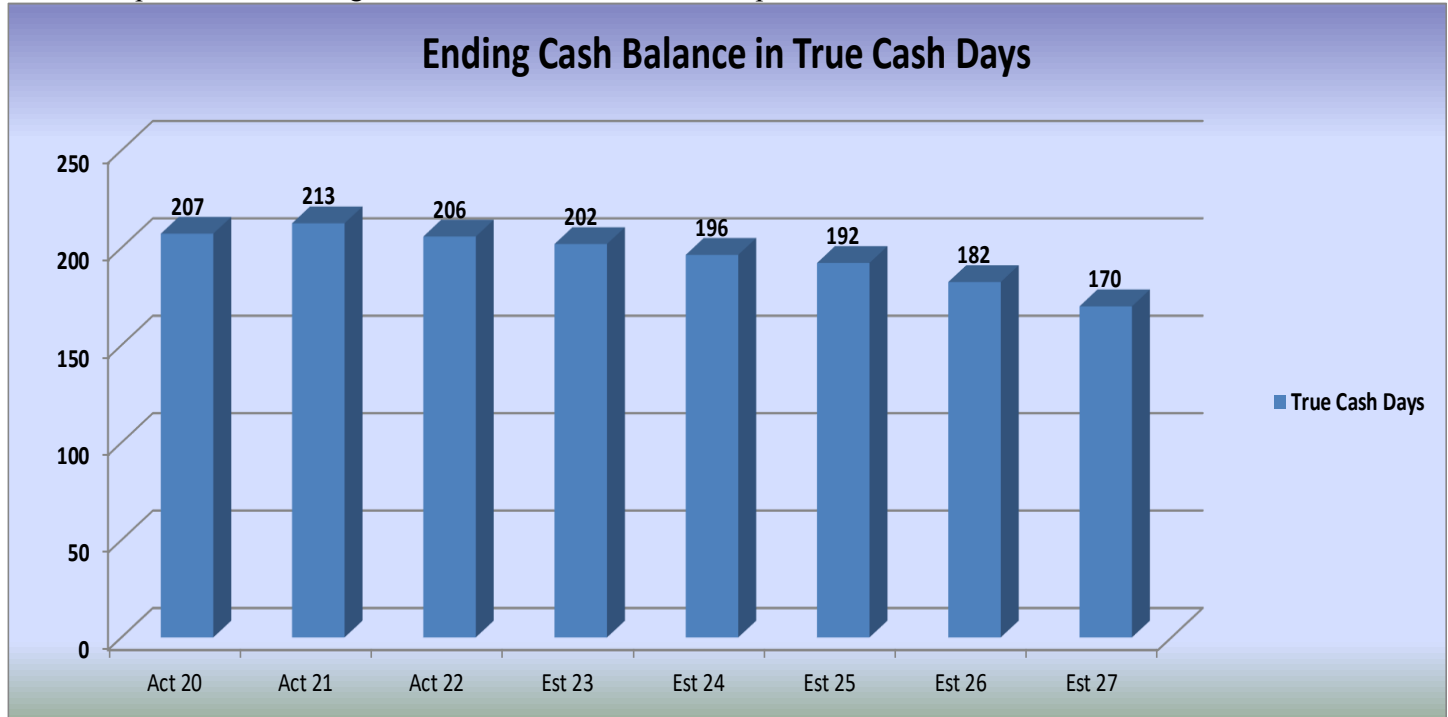
This amount must not go below \$0 or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of \$10,000. It is recommended 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 \$31.7 million for our district. Although this is a recommended benchmark, [Board Policy 6218](#) states that upon reaching ninety (90) days cash balance or \$47.6 million in FY23, the Superintendent and Treasurer/CFO will prepare and propose options that the Board may consider to forestall such an eventuality.

| <u>Source</u> | <u>FY23</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Ending Unreserved Cash Balance | <u>\$108,322,654</u> | <u>\$108,927,825</u> | <u>\$109,436,138</u> | <u>\$106,572,136</u> | <u>\$101,454,015</u> |



True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days.’ In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Year’s Ending Cash Balance divided by (Current Year’s Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. 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](#)