

| Lakewood Local School District Schedule Of Revenue, Expenditures and Changes In Fund Balances Actual and Forecasted Operating Fund | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | ACTUAL | | | 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 |
| Revenue: | | | | | | | | |
| 1.010 - General Property Tax (Real Estate) | 12,969,805 | 13,704,264 | 14,433,721 | 15,012,993 | 15,213,999 | 15,719,622 | 15,913,120 | 16,539,289 |
| 1.020 - Public Utility Personal Property | 1,762,711 | 1,905,912 | 1,984,706 | 2,214,675 | 2,421,876 | 2,485,077 | 2,575,794 | 2,653,262 |
| 1.030 - Income Tax | - | - | - | - | - | - | - | - |
| 1.035 - Unrestricted Grants-in-Aid | 4,794,727 | 4,998,297 | 4,571,454 | 4,601,894 | 4,725,119 | 4,860,627 | 4,998,838 | 5,140,902 |
| 1.040 - Restricted Grants-in-Aid | 313,645 | 260,019 | 508,356 | 454,273 | 408,450 | 364,658 | 319,401 | 272,586 |
| 1.045 - Restricted Federal Grants-in-Aid - SFSF | - | - | - | - | - | - | - | - |
| 1.050 - Property Tax Allocation | 1,792,464 | 1,704,183 | 1,746,419 | 1,717,164 | 1,808,047 | 1,900,872 | 1,923,152 | 2,007,151 |
| 1.060 - All Other Operating Revenues | 2,124,401 | 2,134,778 | 1,119,187 | 1,444,526 | 1,414,849 | 1,367,400 | 1,321,981 | 1,271,591 |
| 1.070 - Total Revenue | 23,757,752 | 24,707,453 | 24,363,844 | 25,445,525 | 25,992,340 | 26,698,256 | 27,052,286 | 27,884,781 |
| Other Financing Sources: | | | | | | | | |
| 2.010 - Proceeds from Sale of Notes | - | - | - | - | - | - | - | - |
| 2.020 - State Emergency Loans and Advancements | - | - | - | - | - | - | - | - |
| 2.040 - Operating Transfers-In | - | - | - | - | - | - | - | - |
| 2.050 - Advances-In | - | - | - | - | - | - | - | - |
| 2.060 - All Other Financing Sources | 24,011 | 17,828 | 37,745 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 2.070 - Total Other Financing Sources | 24,011 | 17,828 | 37,745 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 2.080 - Total Revenues and Other Financing Sources | 23,781,763 | 24,725,281 | 24,401,590 | 25,475,525 | 26,022,340 | 26,728,256 | 27,082,286 | 27,914,781 |
| Expenditures: | | | | | | | | |
| 3.010 - Personnel Services | 13,015,510 | 13,061,353 | 13,478,362 | 14,030,243 | 14,669,062 | 15,394,708 | 16,152,590 | 16,897,492 |
| 3.020 - Employees' Retirement/Insurance Benefits | 5,098,244 | 5,446,991 | 5,508,841 | 5,761,678 | 6,321,541 | 7,019,592 | 7,809,509 | 8,697,343 |
| 3.030 - Purchased Services | 3,860,716 | 4,035,383 | 2,170,940 | 2,402,517 | 2,453,538 | 2,541,697 | 2,622,784 | 2,706,702 |
| 3.040 - Supplies and Materials | 793,064 | 742,963 | 804,977 | 847,701 | 854,652 | 971,742 | 991,173 | 1,010,993 |
| 3.050 - Capital Outlay | 623,280 | 1,040,200 | 691,739 | 947,960 | 1,497,919 | 662,778 | 721,933 | 691,372 |
| 3.060 - Intergovernmental | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | |
| 4.010 - Principal-All Years | - | - | - | - | - | - | - | - |
| 4.020 - Principal - Notes | - | - | - | - | - | - | - | - |
| 4.030 - Principal - State Loans | - | - | - | - | - | - | - | - |
| 4.040 - Principal - State Advances | - | - | - | - | - | - | - | - |
| 4.050 - Principal - HB264 Loan | 388,637 | 388,652 | 383,290 | 91,771 | 250,000 | 265,000 | 275,000 | 280,000 |
| 4.055 - Principal - Other | - | - | - | 36,122 | 27,265 | 19,731 | 11,982 | 4,018 |
| 4.060 - Interest and Fiscal Charges | - | - | - | - | - | - | - | - |
| 4.300 - Other Objects | 1,052,757 | 859,734 | 925,054 | 1,073,390 | 1,108,150 | 1,144,207 | 1,181,623 | 1,220,468 |
| 4.500 - Total Expenditures | 24,832,209 | 25,575,278 | 23,963,203 | 25,441,383 | 27,192,128 | 28,019,455 | 29,766,594 | 31,508,388 |
| Other Financing Uses | | | | | | | | |
| 5.010 - Operating Transfers-Out | 500,000 | 100,000 | - | 271,756 | 259,938 | 259,938 | 259,938 | 259,938 |
| 5.020 - Advances-Out | - | - | - | - | - | - | - | - |
| 5.030 - All Other Financing Uses | - | - | 15,039 | - | - | - | - | - |
| 5.040 - Total Other Financing Uses | 500,000 | 100,000 | 15,039 | 271,756 | 259,938 | 259,938 | 259,938 | 259,938 |
| 5.050 - Total Expenditures and Other Financing Uses | 25,332,209 | 25,675,278 | 23,978,242 | 25,713,139 | 27,452,066 | 28,279,393 | 30,026,532 | 31,768,326 |
| Excess of Rev & Other Financing Uses Over (Under) | | | | | | | | |
| 6.010 - Expenditures and Other Financing Uses | (1,550,446) | (949,997) | 423,347 | (237,614) | (1,429,726) | (1,551,137) | (2,944,246) | (3,853,545) |
| Cash Balance July 1 - Excluding Proposed Renewal/ | | | | | | | | |
| 7.010 - Replacement and New Levies | 16,463,392 | 14,912,946 | 13,962,949 | 14,386,297 | 14,148,683 | 12,718,956 | 11,167,820 | 8,223,573 |
| 7.020 - Cash Balance June 30 | 14,912,946 | 13,962,949 | 14,386,297 | 14,148,683 | 12,718,956 | 11,167,820 | 8,223,573 | 4,370,028 |
| 8.010 - Estimated Encumbrances June 30 | 612,585 | 92,039 | 216,399 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Reservations of Fund Balance: | | | | | | | | |
| 9.010 - Textbooks and Instructional Materials | - | - | - | - | - | - | - | - |
| 9.020 - Capital Improvements | 204,164 | 204,164 | 120,547 | - | - | - | - | - |
| 9.030 - Budget Reserve | - | - | - | - | - | - | - | - |
| 9.040 - DPIA | - | - | - | - | - | - | - | - |
| 9.050 - Debt Service | 155,823 | 154,194 | 105,128 | 1 | 1 | 1 | 1 | - |
| 9.060 - Property Tax Advances | - | - | - | - | - | - | - | - |
| 9.070 - Bus Purchases | - | - | - | - | - | - | - | - |
| 9.080 - Subtotal | 359,987 | 358,358 | 225,675 | 1 | 1 | 1 | 1 | - |
| Fund Balance June 30 for Certification | | | | | | | | |
| 10.010 - of Appropriations | 13,940,374 | 13,512,552 | 13,944,223 | 13,898,682 | 12,468,955 | 10,917,819 | 7,973,572 | 4,120,028 |
| Rev from Replacement/Renewal Levies | | | | | | | | |
| 11.010 - Income Tax - Renewal | - | - | - | - | - | - | - | - |
| 11.020 - Property Tax - Renewal or Replacement | - | - | - | - | - | - | - | - |
| 11.030 - Cumulative Balance of Replacement/Renewal Levies | - | - | - | - | - | - | - | - |
| Fund Balance June 30 for Certification | | | | | | | | |
| 12.010 - of Contracts, Salary and Other Obligations | 13,940,374 | 13,512,552 | 13,944,223 | 13,898,682 | 12,468,955 | 10,917,819 | 7,973,572 | 4,120,028 |
| Revenue from New Levies | | | | | | | | |
| 13.010 - Income Tax - New | - | - | - | - | - | - | - | - |
| 13.020 - Property Tax - New | - | - | - | - | - | - | - | - |
| 13.030 - Cumulative Balance of New Levies | - | - | - | - | - | - | - | - |
| 14.010 - Revenue from Future State Advancements | | | | | | | | |
| 15.010 - Unreserved Fund Balance June 30 | 13,940,374 | 13,512,552 | 13,944,223 | 13,898,682 | 12,468,955 | 10,917,819 | 7,973,572 | 4,120,028 |

**LAKEWOOD LOCAL SCHOOL DISTRICT
FIVE YEAR FORECAST SIGNIFICANT ASSUMPTIONS
FISCAL YEARS 2023-2027
UPDATED: MAY 2023**

GENERAL ASSUMPTIONS

This is a forecast based on the information and data available at the time of preparation. This forecast is prepared based upon historical trends and current factors. This information is extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the District's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Funds included in this forecast are: All General Funds (001), the principal and interest for one Energy Conservation Loan Fund (002 9103) and the principal and interest for a Stadium Lease Fund (002 9104).

REVENUES

General Property Tax (Real Estate) – Property values are established each year by the County Auditor based on new construction and updated values.

Property tax revenues for fiscal year 2023 are based on actual collections from the Licking County Auditor. Property tax revenues for fiscal years 2024 through 2027 have been estimated. Property tax revenue account for 59.15% of total revenues. Changes in values are the result of: 1) Board of Revision fair market value changes and inflationary adjustments; and 2) new construction. This forecast estimates a percentage increase/decrease in Board of Revision Changes/Inflation based on a six-year average history. The forecast projections reflect an average gross collection rate of 99.8% annually through tax year 2026.

Calendar year 2022 changes in value included on average a 1.00% increase in residential values and a .88% increase in commercial/industrial values. New construction for calendar year 2022 agricultural/residential values included on average a 2.27% increase and commercial/industrial values included on average a 1.65% increase.

New construction for agricultural/residential values for calendar years 2022 through 2026 include on average a 2% increase and commercial/industrial values include on average a 1.3% increase. These are based on review of history and estimated trends. Licking County Reappraisal Update is calendar year 2023. This forecast includes on average an estimated increase in residential values of approximately 10%.

In fiscal year 2023, the District received a one-time direct settlement of \$347,954 for payment of 2022 and 2021 property taxes. This settlement payment is included in fiscal year 2023 property tax revenues.

The District has one (1) emergency operating levy. The emergency levy is a ten-year levy which generates \$5,882,139 in district revenues which is collected from real/public utility taxes and rollback/homestead. This levy was passed on November 8, 2022 and combined the district's two emergency levies into one levy. This levy began collections in calendar year 2023.

Public Utility Personal Property –Public Utility Personal Property tax revenue is generated from the personal property values, additions and depreciation reported by the utility companies. Public Utility personal property revenues for fiscal year 2023 are based on actual collections from the Licking County Auditor. Public Utility personal property revenues for fiscal year 2024 through 2027 have been estimated and will be collected from public utility personal property. This category currently makes up 8.13% of total district revenue. The forecast projections reflect an average gross collection rate of 100% annually through tax year 2026.

Unrestricted Grants-In-Aid – Beginning in fiscal year 2022, Ohio adopted the Fair School Funding Plan (FSFP). Funding under the new Plan is driven by a base cost methodology that incorporates four components identified as necessary to the education process. The base cost is calculated using 2018 cost inputs. The 2018 base cost and District enrollment are used in the funding formula.

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The FSFP is a formula that includes phases-in and guarantees. With phase-ins, some districts may have formula funding that is phased-in over time and therefore they are not receiving their full funding. Other districts may experience guarantee funding. Lakewood Local is on the guarantee funding. This guarantee holds the District at the fiscal year 2020 funding level. The District's guarantee for fiscal year 2023 is \$811,154. This forecast is modeling a guarantee that continues to grow over the forecasted period. The District's estimated enrollment is modeled to continue to decline on average 30 students per year in this forecast period.

The State is currently in the process of introducing proposals for the fiscal year 2024 and 2025 budget process. The Governor introduced that the Fair School Funding Plan would continue and be funded with the same 2018 base cost calculations and original phase-ins would continue. While there is no legislatively approved state budget at this time, this forecast as prepared assumes the Governor's proposal. The Ohio House of Representatives introduced an amendment to the Governor's proposal that would update the base cost to 2022 cost data. This change is potentially significant for many districts, however other districts will benefit only minimally or not at all. Since Lakewood Local is heavy on the guarantee, the benefits of the change would not benefit the District at this time.

Casino revenues – For fiscal year 2023, the District received \$108,604. Casino revenues for fiscal years 2024 through 2027 are estimated and will remain unchanged over the forecasted period.

Restricted Grants-In-Aid – Restricted grants-in-aid revenues for fiscal years 2023 through 2027 is the portion of state per pupil funding that must be classified as restricted. These include Career Technical Education, Disadvantaged Pupil Impact Aid, Gifted Education, English Learner Funding, Student Wellness and Success Funding and Catastrophic Costs Reimbursement.

Property Tax Allocation – Property tax allocations for fiscal years 2023 through 2027 have been estimated using property valuations. Property tax allocation consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, a 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In fiscal year 2023, approximately 11.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.1% will be reimbursed in the form of qualifying homestead exemption credits.

All Other Revenues – The estimate for this category encompasses a number of revenue sources. Most of these sources are driven by inflationary pressure as well as district policy.

Investments – In fiscal year 2023, investment revenues have increased substantially over what the District has received in the past couple years due to the increase in interest rates. This forecast projects the interest rates to remain consistent with 2023. For fiscal year 2024 through fiscal year 2027, available funds for investment are projected to decline.

Tuition from non-resident students educated by the District – Tuition revenues fluctuate yearly. Tuition revenues from other districts has been estimated for fiscal years 2023 through 2027 based on fiscal year 2022 revenues.

Class fees – The class fees have been estimated for fiscal years 2023 through 2027. The District has a relatively high percentage of class fee waivers.

Medicaid School Program revenues – For fiscal years 2023 through 2027 revenues are estimated based on an amount consistent with prior years.

Operating Transfers-In – The District does not anticipate operating transfers-in during fiscal years 2023 through 2027.

Advances-In – The District does not anticipate advances-in during fiscal years 2023 through 2027.

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EXPENDITURES

Personnel Services – The Board has a master contract with the Lakewood Teachers Association that was approved on May 19, 2021 for the period August 1, 2021 through July 31, 2024. This contract includes a 2.25% salary adjustment for fiscal years 2022 and 2023 and a 2% salary adjustment for fiscal years 2024. The members also receive any accrued step increases annually.

The Board has a master contract with the Lakewood Association of Classified Employees/OEA/NEA that was approved on June 16, 2021 for the period July 1, 2021 through June 30, 2024. This contract includes a 2.5% salary adjustment for fiscal year 2022, and a 2% salary adjustment for fiscal years 2023 and 2024. The members also receive any accrued step increases annually.

The Board has a master handbook with the Administrators, Supervisory Personnel, and the Classified and Certificated Exempt Employees that was approved on June 16, 2021 for the period July 1, 2021 through June 30, 2024. This handbook includes a 2.25% salary adjustment for fiscal years 2022 and 2023 and a 2% salary adjustment for fiscal year 2024. The employees also receive any accrued step increases annually.

In fiscal years 2020 through 2022 the forecast included a reduction in salaries for three (3) guidance counselors and one (1) social worker. These salaries were allowable expenditures for the Student Wellness funds and were transferred to a separate Fund 467 which is not included in this forecast. The corresponding retirement, insurance benefits and medicare on these salaries were also reflected as a reduction in the line item Employees' Retirement/Insurance Benefits. The Student Wellness Fund 467 was spent in full during fiscal year 2022 and the balance of these salaries and benefits transferred back into the General Fund in fiscal year 2022. The full amount of salaries and benefits from these positions are reflected in this forecast for fiscal year 2023 and beyond.

The District had a Plan of Reductions in each fiscal year 2021 and fiscal year 2022. The Plan of Reductions included an overall reduction in staff positions. The District also had two positions that it did not replace in fiscal year 2023. The overall net effect of these staffing changes resulted in a savings to the District General Fund and these savings have been modeled in this forecast.

This forecast includes a projected annual salary adjustment and accrued step for fiscal years 2025 through 2027. In fiscal years 2023 and 2024, the Elementary and Secondary School Emergency Relief Funds (ESSER) is providing relief to the General Fund by using those funds to pay summer school stipends, curriculum development stipends and one part-time custodial position. For fiscal years 2025 through 2027, those expenditures are projected to be paid by the General Fund. In fiscal year 2025, \$47,500 is added to salaries and in fiscal years 2026 and 2027 \$95,000 is added to this category of expenditures for each fiscal year. The corresponding retirement and medicare are also reflected in the line item Employees' Retirement/Insurance Benefits.

Employees' Retirement/Insurance Benefits – Outside of health insurance (medical, dental, and life) most fringe benefits are driven by projected salary increases. The District's employee insurance plan year runs from January through December, therefore any increase cuts across two (2) fiscal years.

For calendar year 2023, the District had a 11% increase in health insurance premiums. Calendar years 2024 through 2027 includes an average a 15% increase in health insurance premiums. The District also funds an HSA contribution for one half of the maximum out of pocket for those enrolled in the Health Saving Account Plan on January 1st.

This line also includes the retirement system increases for the base salary and cost of living adjustments referred to in the Personal Services category.

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Purchased Services – This category accounts for a wide variety of expenses incurred by the District ranging from utility charges, tuition, on-line instructional services, maintenance and repairs, fleet insurance, property insurance, and transportation charges. In fiscal years 2023 and 2024, the Elementary and Secondary School Emergency Relief Funds (ESSER) is providing relief to the General Fund by using those funds for purchases of allowable grant expenditures. Beginning in fiscal year 2025, \$10,000 in reoccurring expenditures were added back to the forecast to reflect the ESSER expenditures. The District is also decommissioning Hebron Elementary school at the end of fiscal year 2023. In preparation for move of the students, work at an existing building site needed to occur. The District incurred expenditures in fiscal year 2022 and fiscal year 2023 toward this work. This category of expenditures is projected to grow at an average 4.21% through fiscal year 2027.

Supplies and Materials – In fiscal years 2023 and 2024, the Elementary and Secondary School Emergency Relief Funds (ESSER) is providing relief to the General Fund by using those funds for purchases of allowable grant expenditures. Beginning in fiscal year 2025, \$100,000 in reoccurring expenditures was added back to the forecast to reflect the ESSER expenditures. The District is also decommissioning Hebron Elementary school at the end of fiscal year 2023. In preparation for move of the students, work at an existing building site need to occur. The District incurred expenditures in fiscal year 2022 and fiscal year 2023 toward this work. This category of expenditures is projected to grow at an average 4.41% through fiscal year 2027.

Capital Outlay - Capital outlay expenditures for fiscal years 2023 through 2027 have been estimated using information from the District's Five Year Capital Plan. In fiscal years 2023 and 2024, the Elementary and Secondary School Emergency Relief Funds (ESSER) is providing relief to the General Fund by using those funds for purchases of allowable grant expenditures. Beginning in fiscal year 2025, \$50,000 in reoccurring expenditures were added back to this forecast to reflect the ESSER expenditures. The District is also decommissioning Hebron Elementary school at the end of fiscal year 2023. In preparation for that the District has incurred capital outlay expenditures in preparation of the existing building site.

Debt Service – Debt service expenditures for fiscal years 2023 through 2027 include the principal and interest payments on an energy conservation note and a lease purchase financing agreement. The energy conservation note originated on August 30, 2012 for \$917,707 for a ten-year period. The final payment on the energy conservation note was August, 2022 (Fiscal Year 2023). The lease purchase financing agreement originated on February 14, 2017 for \$2,500,000 for a ten-year period. The debt service expenditures are included in the five year forecast.

Other Objects – Other object expenditures include county auditor and treasurers' tax collection fees, county educational service center fees, membership fees, liability insurances, district audit fees, election expenses and other miscellaneous fees. Other Objects expenditures is projected to grow at an average 5.16% through fiscal year 2027.

Operating Transfers-Out – This forecast includes a transfer-out in fiscal year 2023 of \$11,818 to the District's Capital Project Fund (070). The forecast also includes a transfer-out in fiscal year 2023 through fiscal year 2027 to a debt service fund for payments on a five-year capital lease/purchase agreement for modular classrooms that will be used for instructional purposes for grades K-2.

Advances-Out – The District does not anticipate advances-out during fiscal years 2023 through 2027.

RESERVATION OF FUND BALANCES

Capital Improvements - The Board approved a transfer of \$204,164 of the old budget reserve account to a maintenance and renovation account to be used at the board's discretion. During fiscal years 2022 and 2023 the District has expended these funds on the associated costs to decommission Hebron Elementary.

General Fund Balance Guideline – The District has a General Fund Balance Guideline that was board approved on January 11, 2017. The General Fund Balance yearly ending cash balance is equal to 60 Days operating cash as the minimum operational benchmark. This 60 Days benchmark is calculated at the end of each fiscal year and is used as the benchmark for the upcoming year.

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The minimum benchmark should be reflected on the Five Year Forecast in the current year and the next three (3) projected years of the Five Year Forecast. Upon receiving any indication that an ending cash balance equal to 60 Days operating cash may not be achieved, the Treasurer shall report to the Board of Education and the Superintendent. Upon this notice, a plan will be developed by the Board, Superintendent and Treasurer prior to the next Five Year Forecast adoption as to how the District will work toward attaining a 60 Day operating cash ending balance for the General Fund.