



Lowellville Local School District

Five Year Forecast Financial Report

May, 2023

Blaise Karlovic, Treasurer/CFO

Table of Contents

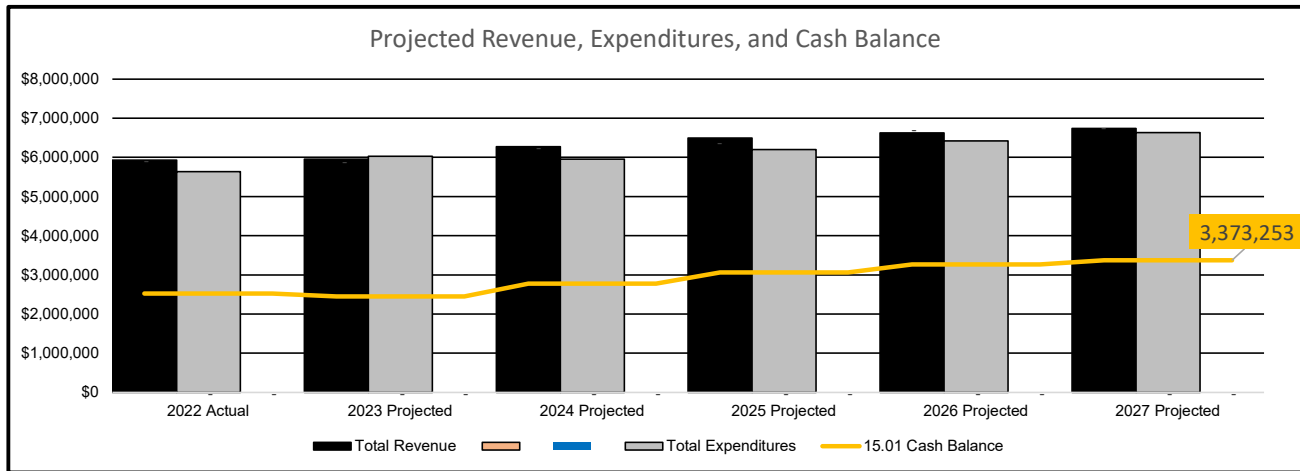
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the 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.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow 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.



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	2,525,191	2,450,434	2,774,981	3,064,952	3,266,627
+ Revenue	5,953,942	6,276,538	6,495,902	6,621,882	6,737,913
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(6,028,699)	(5,951,991)	(6,205,930)	(6,420,207)	(6,631,287)
= Revenue Surplus or Deficit	(74,758)	324,547	289,972	201,675	106,626
Line 7.020 Ending Balance with renewal/new levies	2,450,434	2,774,981	3,064,952	3,266,627	3,373,253

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(74,758)	324,547	289,972	201,675	106,626
Ending Balance w/o Levies	2,450,434	2,774,981	3,064,952	3,266,627	3,373,253

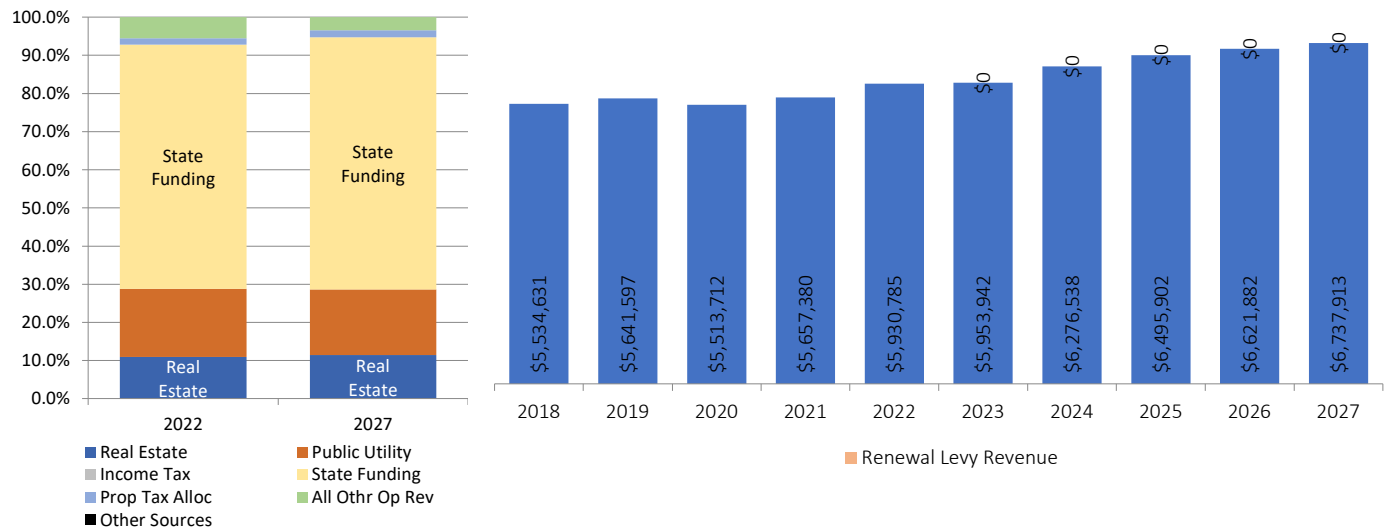
In FY 2023 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$74,758 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue surplus where expenditures are projected to be less than revenue by -\$106,626. The district would need to cut its FY 2027 projected expenses by -1.61% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to improve by FY 2027.

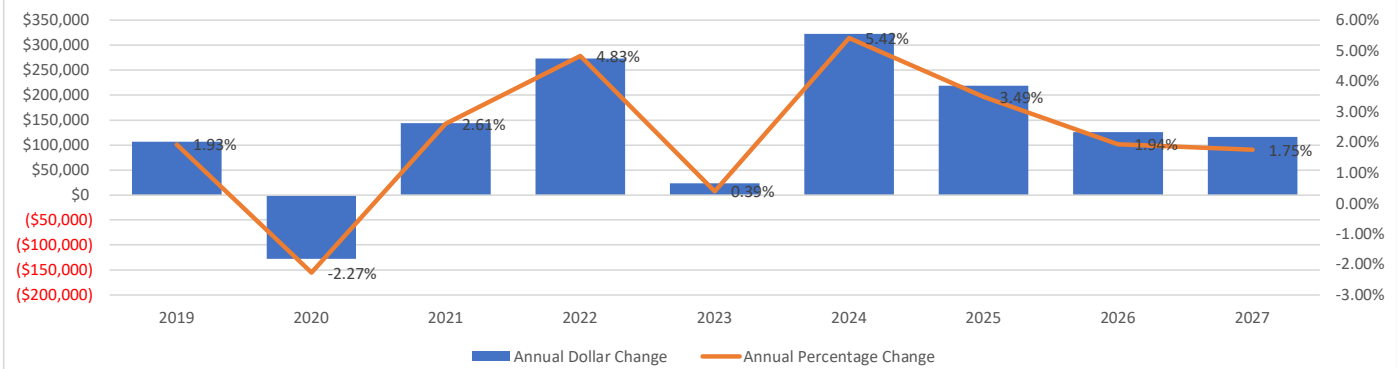
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$264,248 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a formula district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



5-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

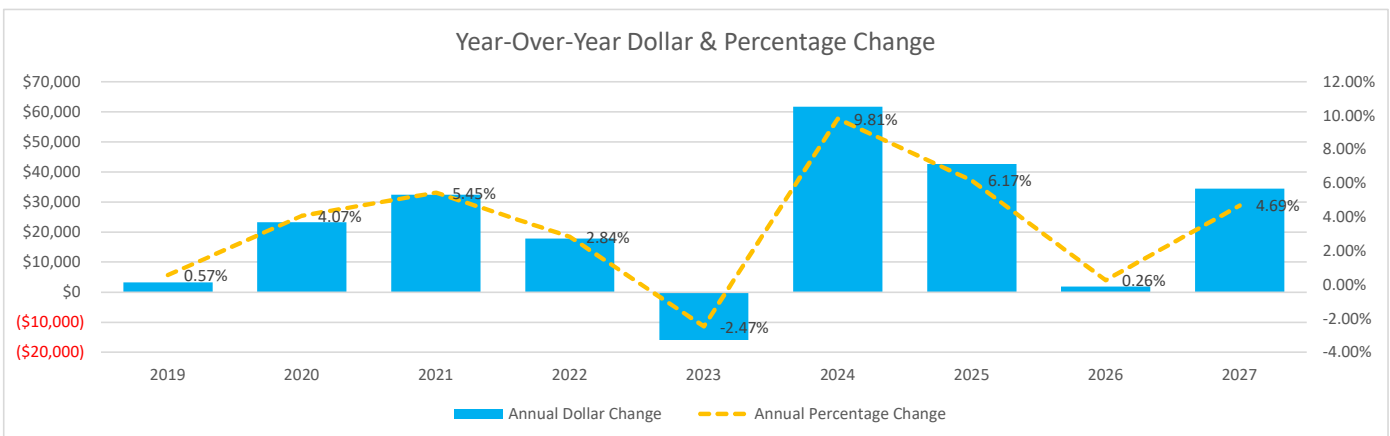
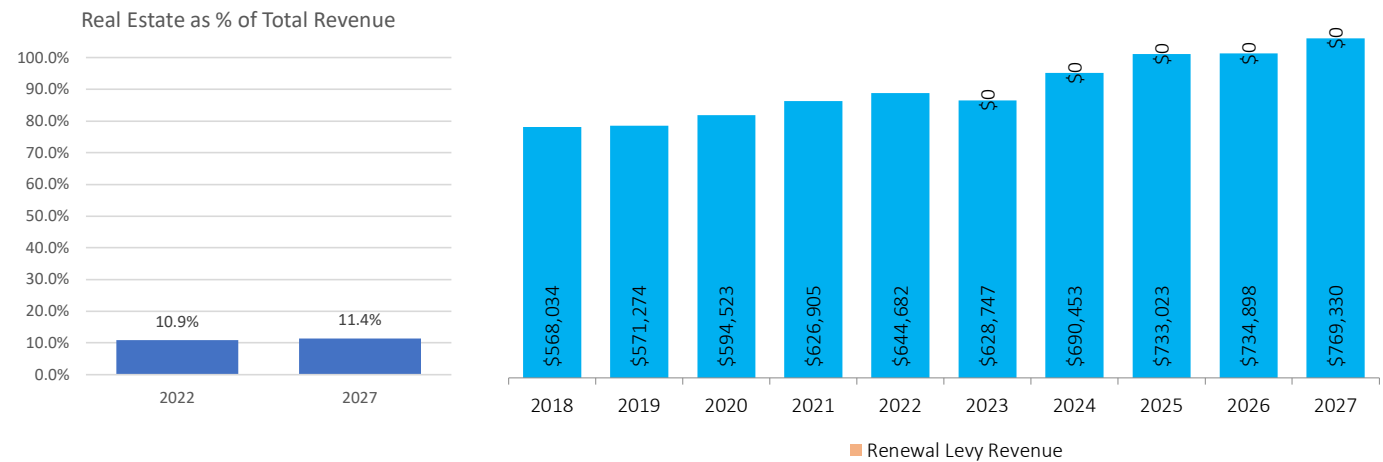
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.96% or \$111,128 annually during the past 5-Year period and is projected to increase 2.52% or \$161,426 annually through FY2027. All Othr Op Rev has the most projected average annual variance compared to the historical average at
Real Estate	12,206	24,930	\$12,724	\$320,861
Public Utility	\$115,700	\$20,059	(\$95,641)	
Income Tax	\$0	\$0	\$0	
State Funding	\$324,236	130,923	(\$193,313)	
Prop Tax Alloc	(\$780)	\$4,646	\$5,426	
All Othr Op Rev	(\$339,992)	(\$19,132)	\$320,861	
Other Sources	(\$240)	\$0	\$240	
Total Average Annual Change	111,128 1.96%	161,426 2.52%	\$50,297 0.55%	

Note: Expenditure average annual change is projected to be >

\$198,719 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



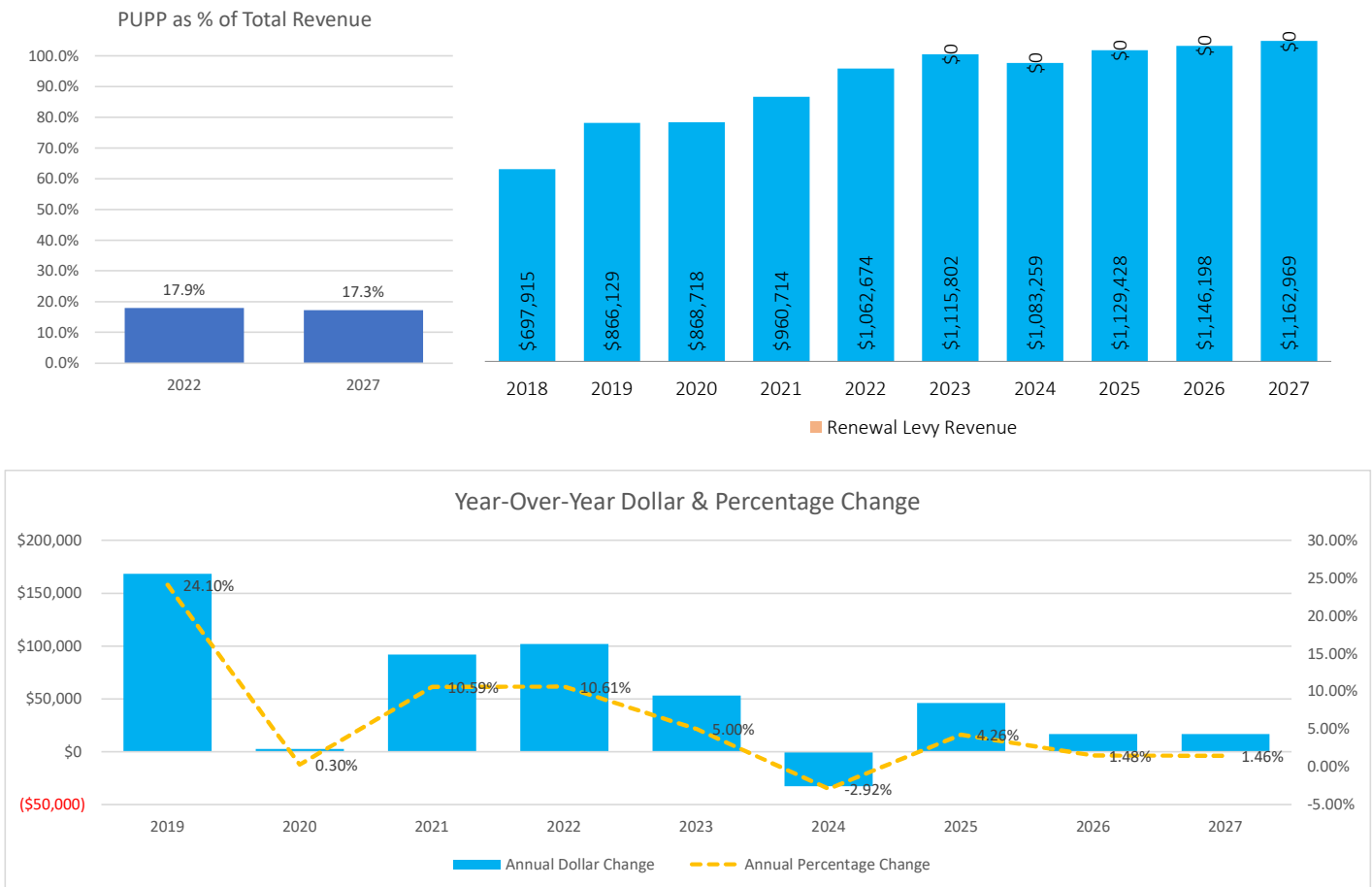
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	34,957,390	219,260	20.00	-	35.55	-	100.2%
2022	35,145,690	188,300	20.00	(0.00)	35.54	(0.01)	100.0%
2023	40,417,690	5,272,000	20.00	-	36.01	0.47	100.0%
2024	40,509,690	92,000	20.00	-	36.01	(0.00)	100.0%
2025	40,601,690	92,000	20.00	-	36.01	(0.00)	100.0%
2026	44,188,690	3,587,000	20.00	-	36.01	(0.00)	100.0%

Real estate property tax revenue accounts for 10.87% of total revenue. Class I or residential/agricultural taxes make up approximately 84.01% of the real estate property tax revenue. The Class I tax rate is 20. mills in tax year 2022. The projections reflect an average gross collection rate of 100.0% annually through tax year 2026. The revenue changed at an average annual historical rate of 2.03% and is projected to change at an average annual rate of 3.50% through FY 2027.

**Projected % trends include renewal levies*

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



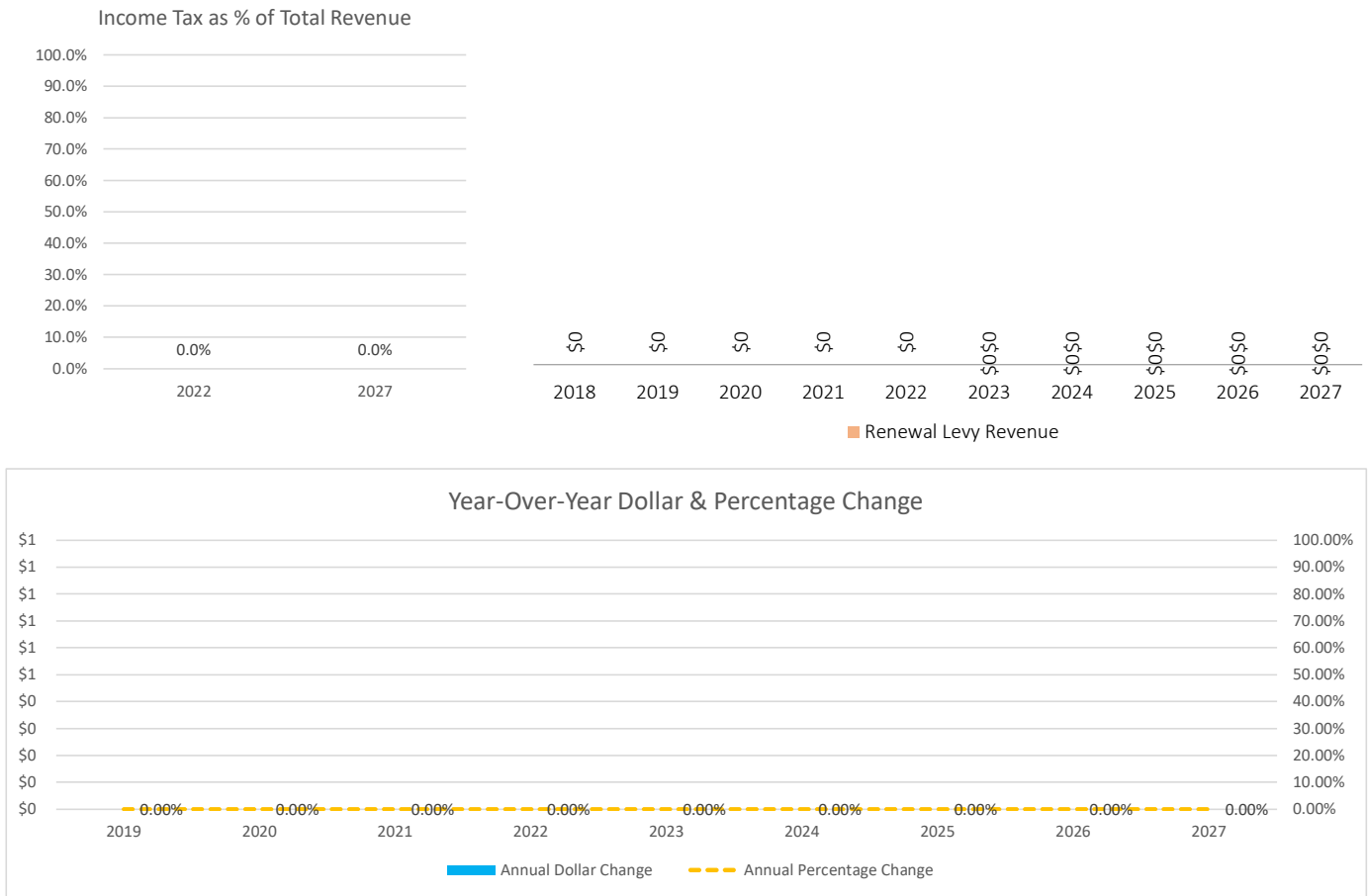
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2021	19,063,130	417,980	55.90	-	100.6%
2022	19,751,410	688,280	55.90	-	100.0%
2023	20,051,410	300,000	55.90	-	100.0%
2024	20,351,410	300,000	55.90	-	100.0%
2025	20,651,410	300,000	55.90	-	100.0%
2026	20,951,410	300,000	55.90	-	100.0%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 17.92% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 55.9 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$115,700 and is projected to change at an average annual dollar amount of \$20,059 through FY 2027.

**Projected % trends include renewal levies*

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

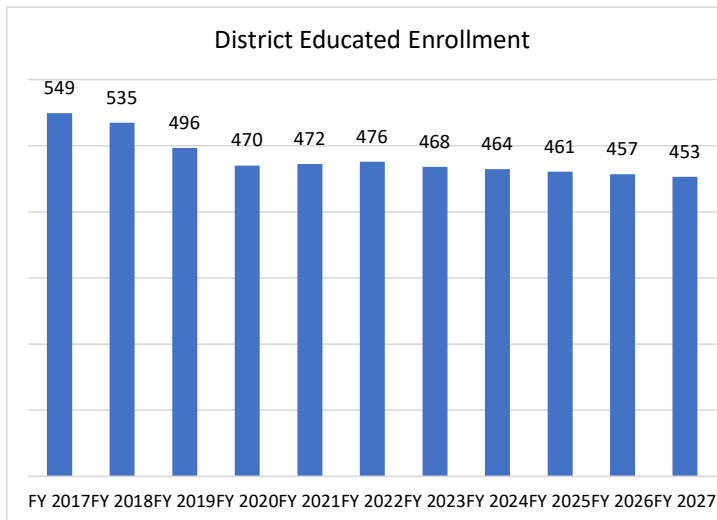
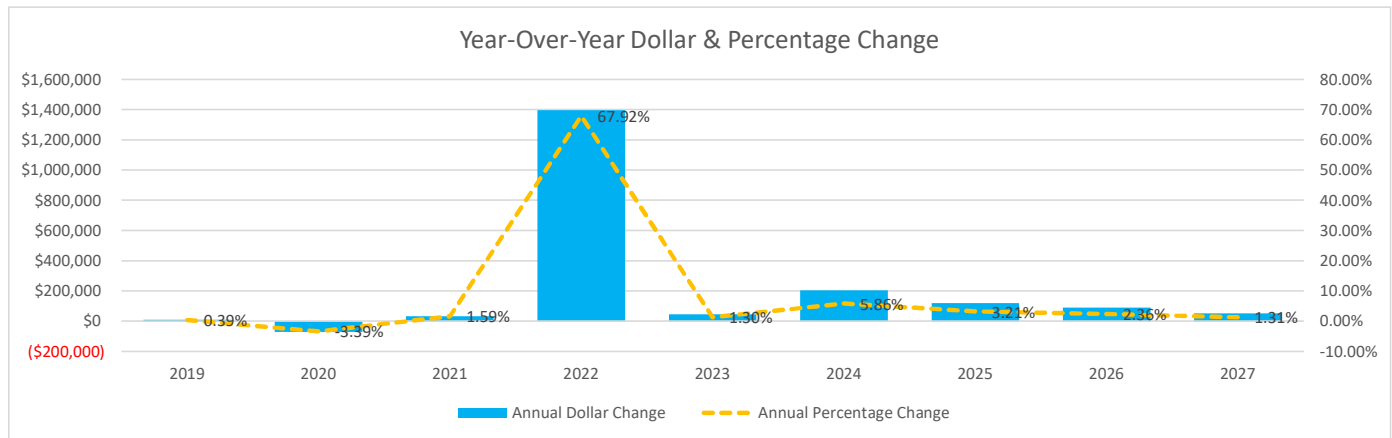
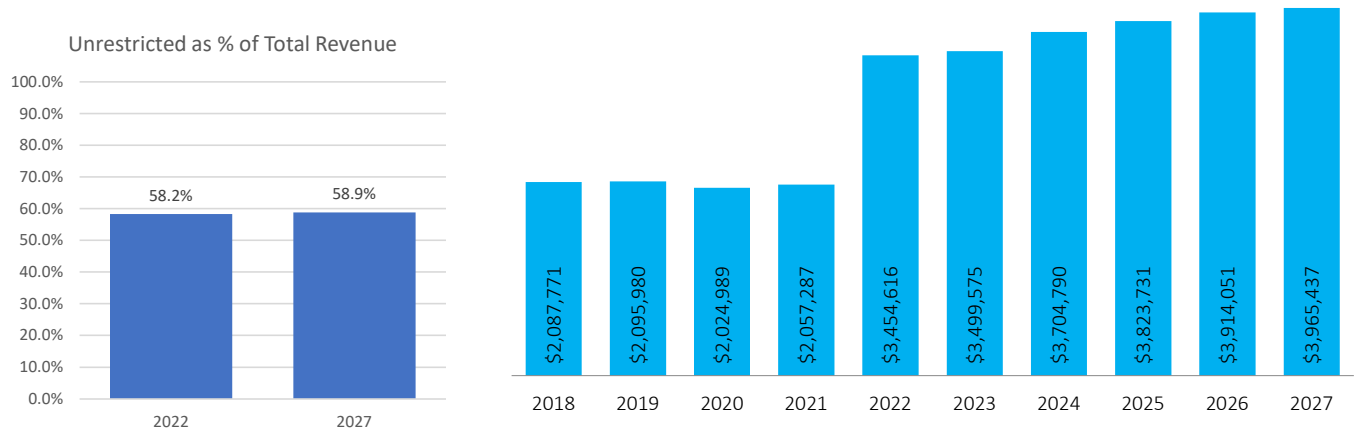


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

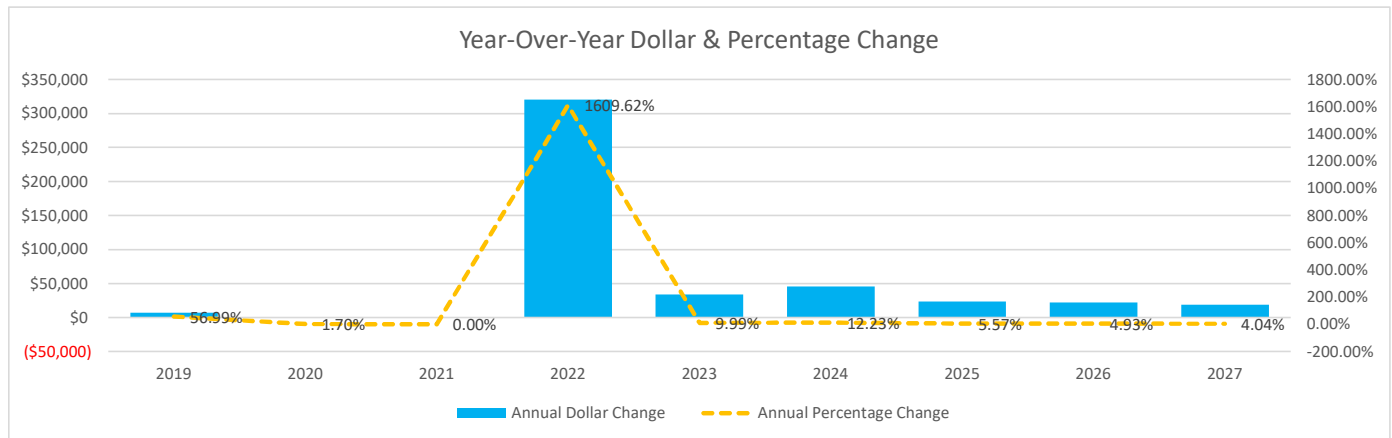
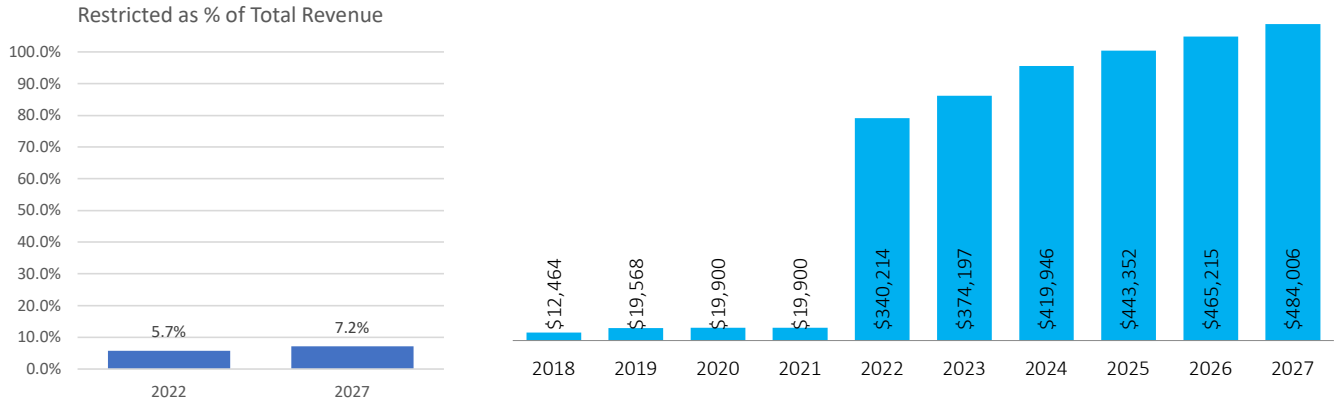
For Lowellville Local School District the calculated Base Cost total is \$4,448,268 in FY 2023.

The state's share of the calculated Base Cost total is \$3,277,448 or \$7,001 per pupil.

For reference: The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$235,612 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

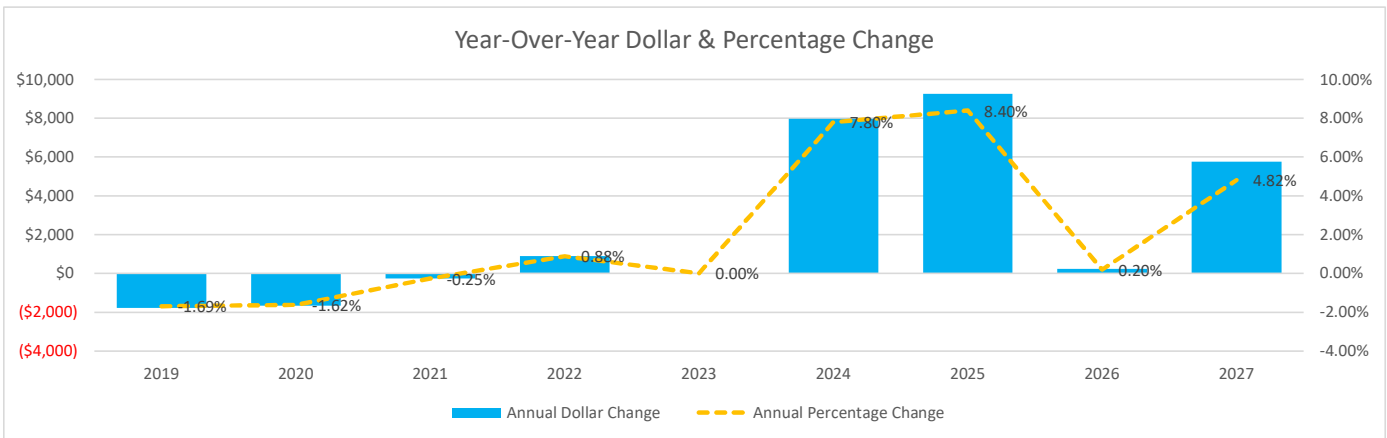
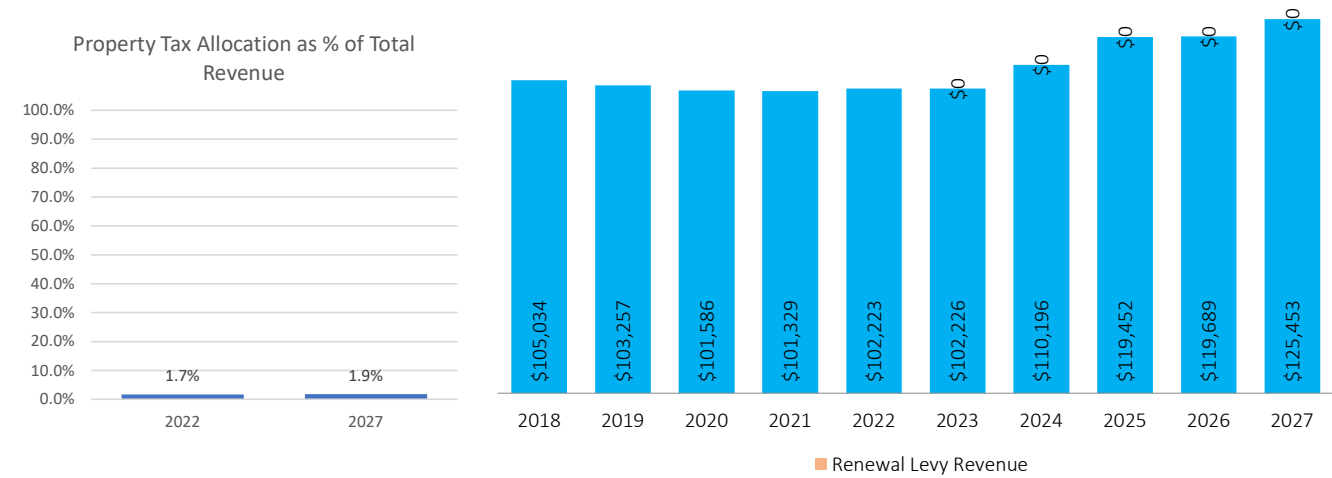
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$106,882 and is projected to change annually on average by \$28,758. Restricted funds represent 5.74% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$279,041. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.

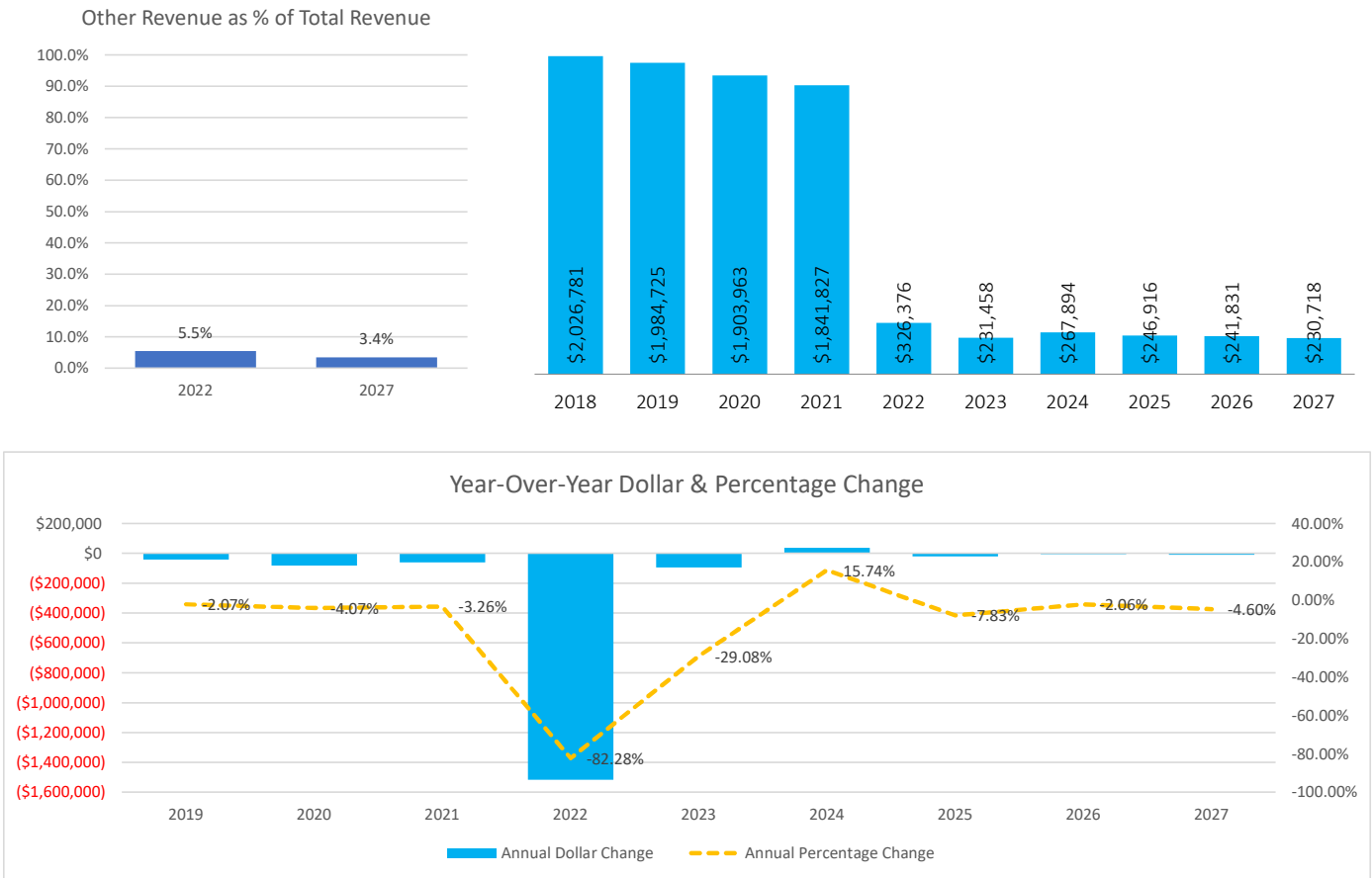


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 11.9% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.9% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

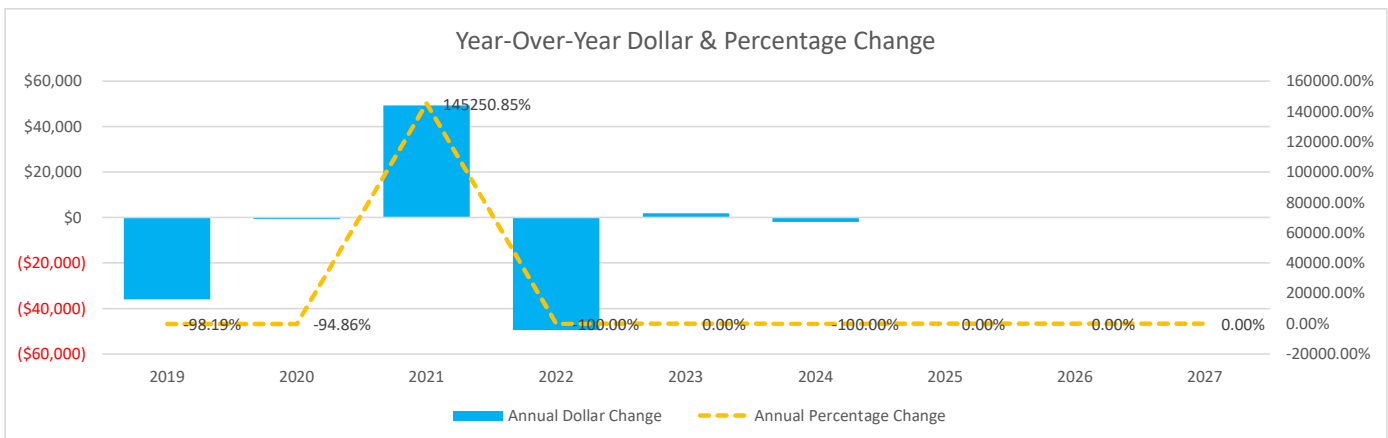
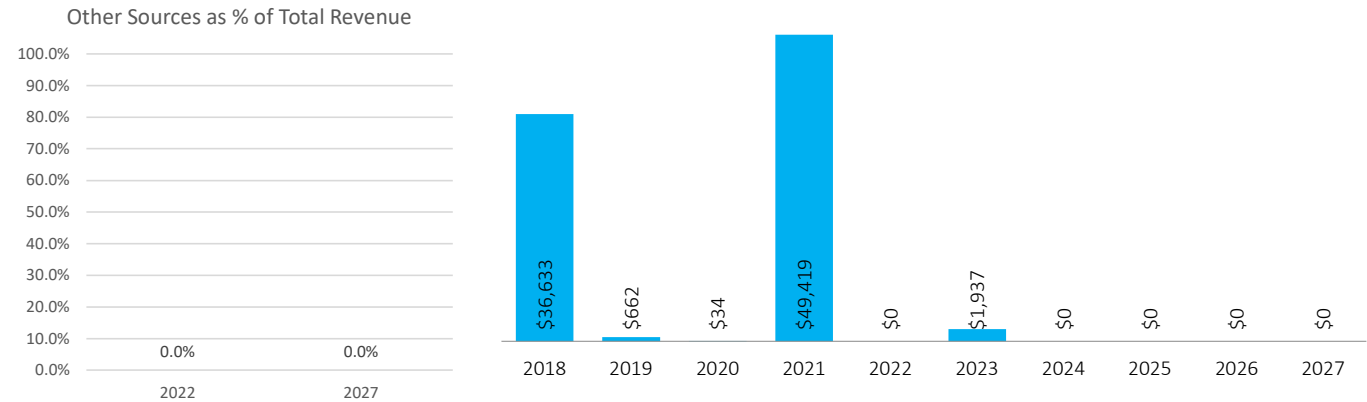
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$339,992. The projected average annual change is -\$19,132 through FY 2027. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$1,576,024 in FY 2021.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

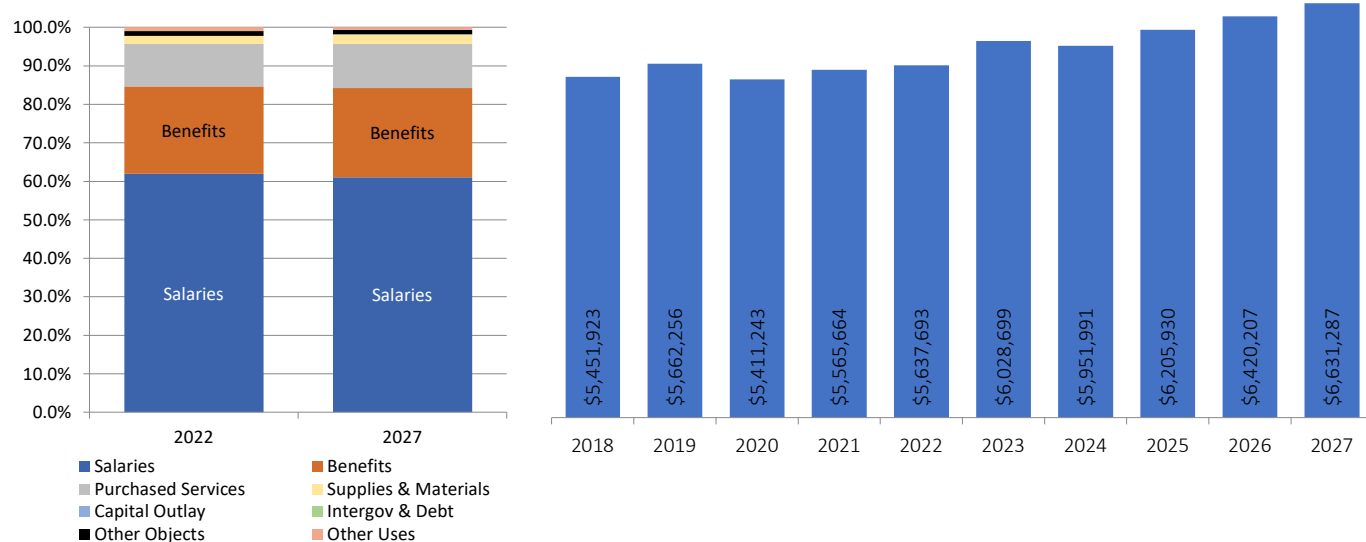


	2022	FORECASTED				
		2023	2024	2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	-	1,937	-	-	-	-

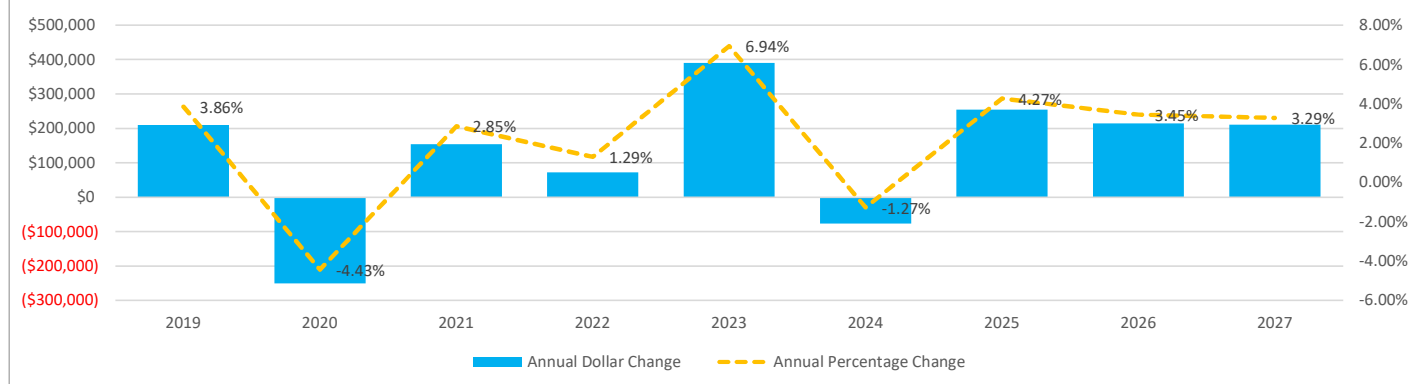
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$1,937 in FY 2023 and average \$0 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



5-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

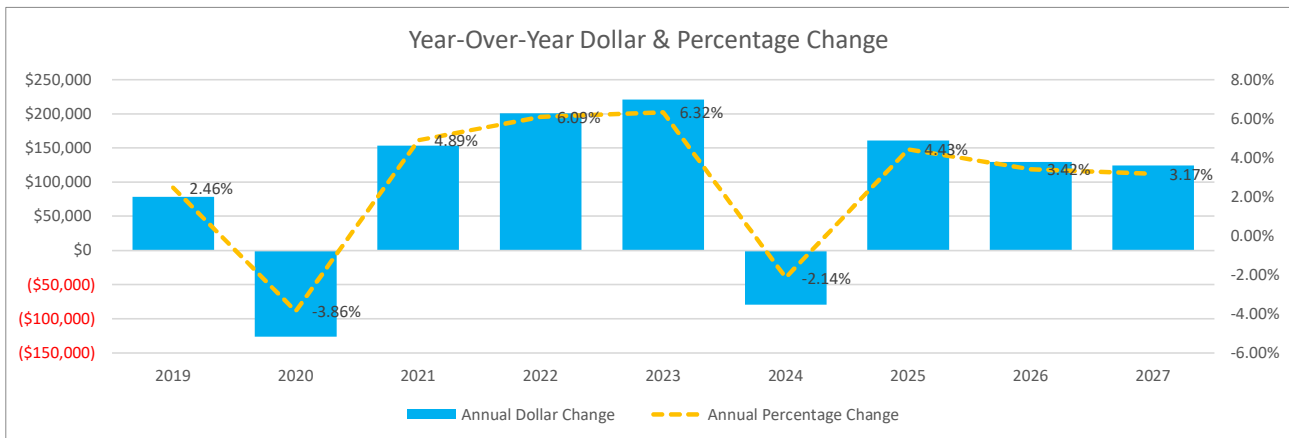
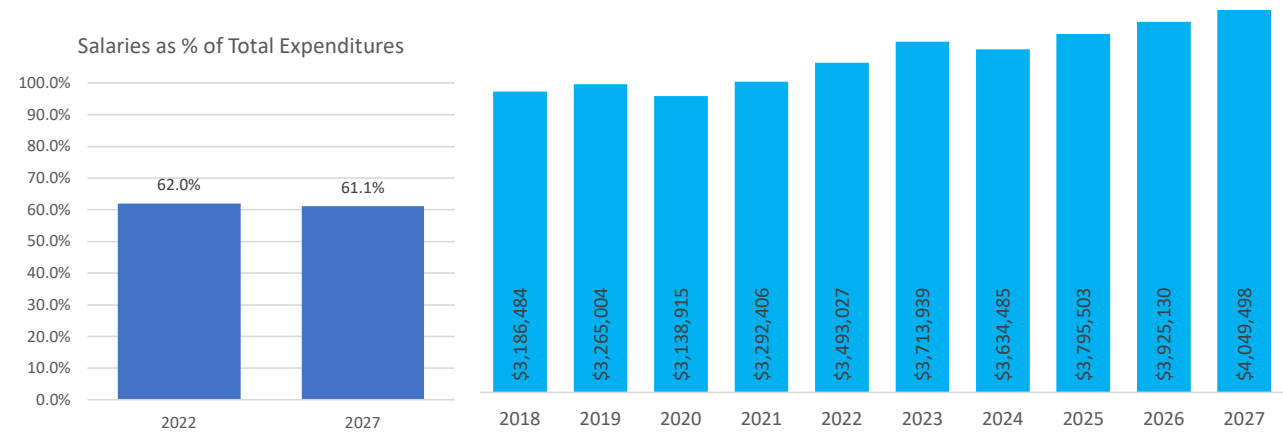
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 1.04% or \$57,642 annually during the past 5-Year period and is projected to increase 3.52% or \$198,719 annually through FY2027. Other Objects has the largest projected average annual variance compared to the historical average at \$48,679.
Salaries	67,018	111,294	\$44,276	
Benefits	\$22,760	\$51,723	\$28,963	
Purchased Services	\$8,816	\$27,775	\$18,959	
Supplies & Materials	(\$613)	\$8,240	\$8,853	
Capital Outlay	\$21	\$635	\$614	
Intergov & Debt	\$0	\$0	(\$0)	
Other Objects	(\$47,182)	\$1,498	\$48,679	
Other Uses	\$6,822	(\$2,445)	(\$9,267)	
Total Average Annual Change	\$57,642	\$198,719	\$141,077	
	1.04%	3.52%	2.49%	

Note: Revenue average annual change is projected to
be > \$161,426

On an annual average basis, revenues are projected to grow slower than
expenditures.

3.010 - Personnel Services

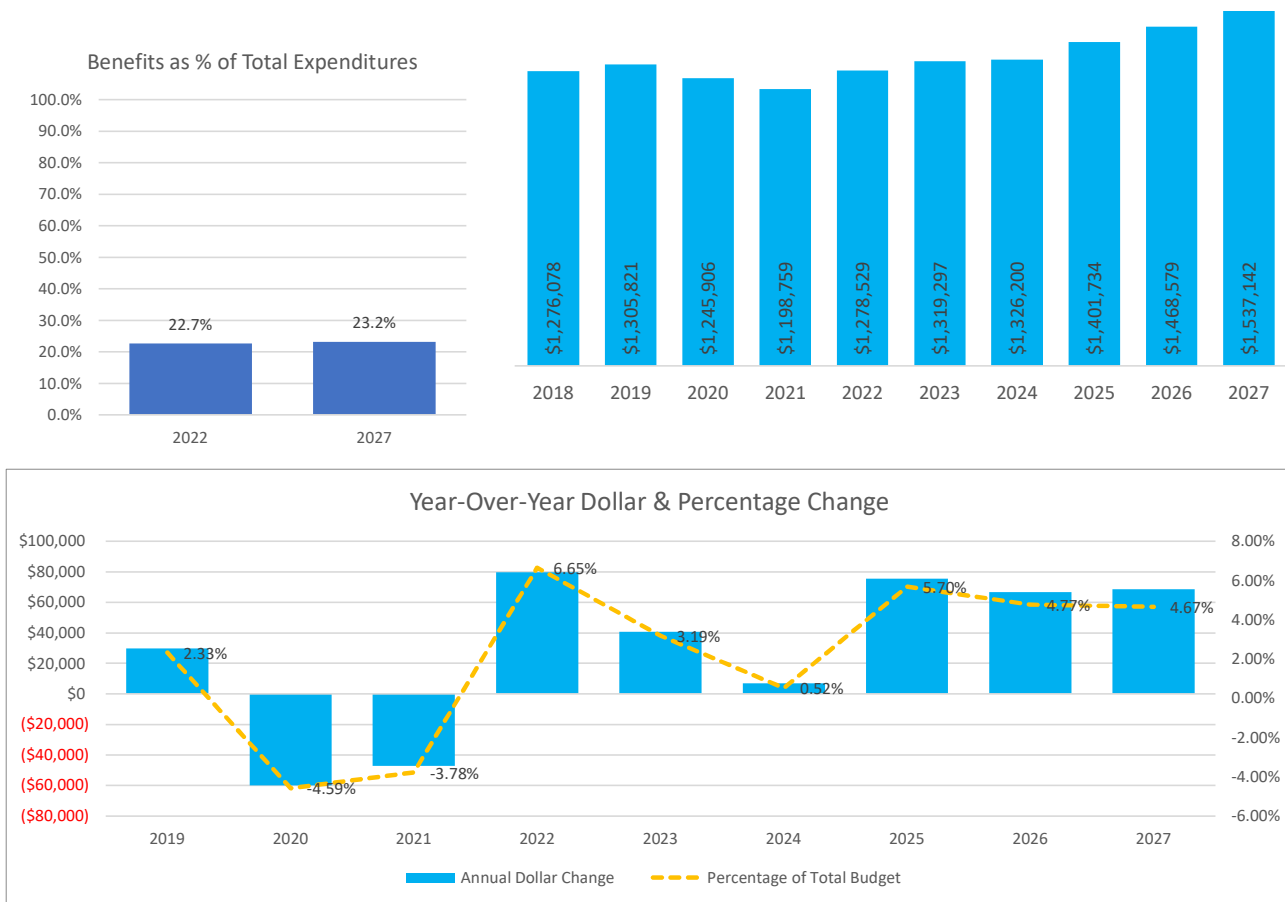
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 61.96% of total expenditures and increased at a historical average annual rate of 2.05% or \$67,018. This category of expenditure is projected to grow at an annual average rate of 2.91% or \$111,294 through FY 2027. The projected average annual rate of change is 0.86% more than the five year historical annual average.

3.020 - Employees' Benefits

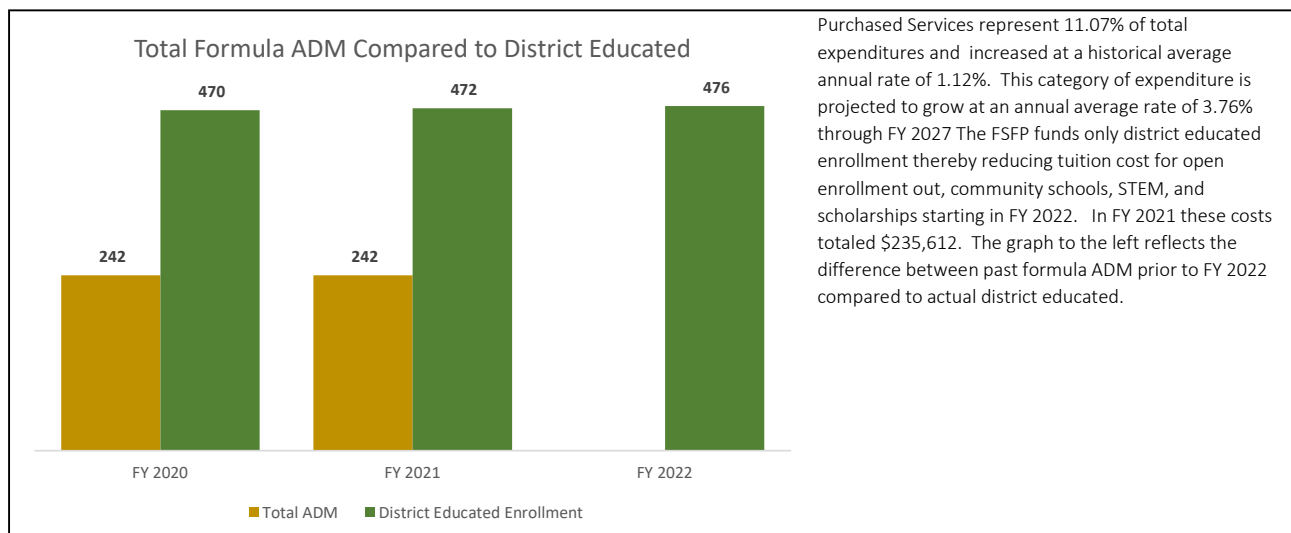
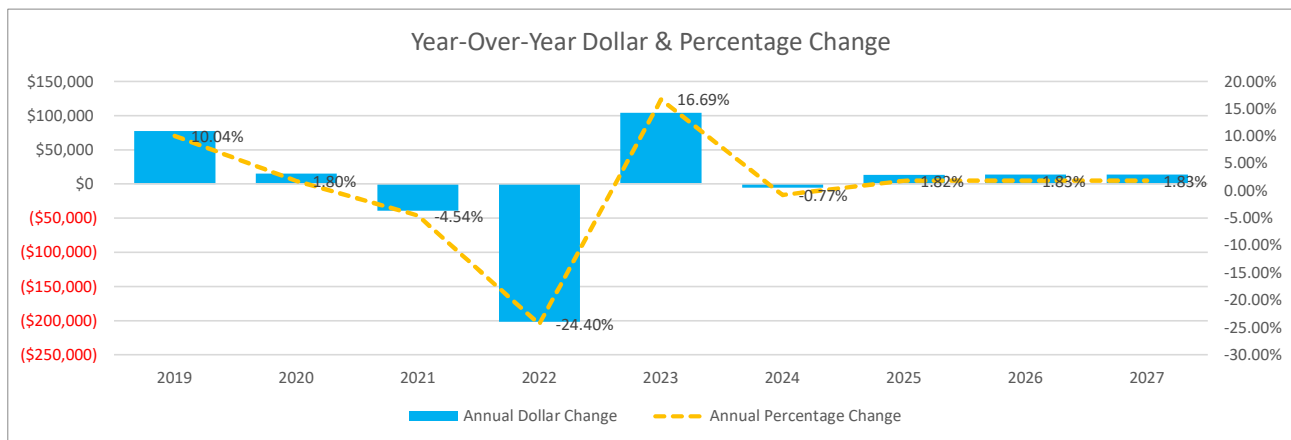
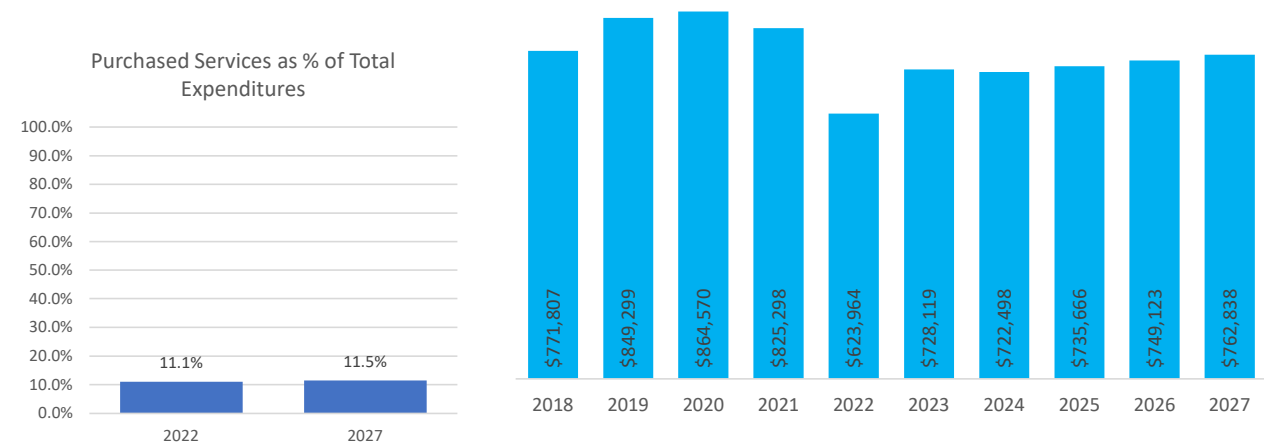
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 22.68% of total expenditures and increased at a historical average annual rate of 1.80%. This category of expenditure is projected to grow at an annual average rate of 3.67% through FY 2027. The projected average annual rate of change is 1.86% more than the five year historical annual average.

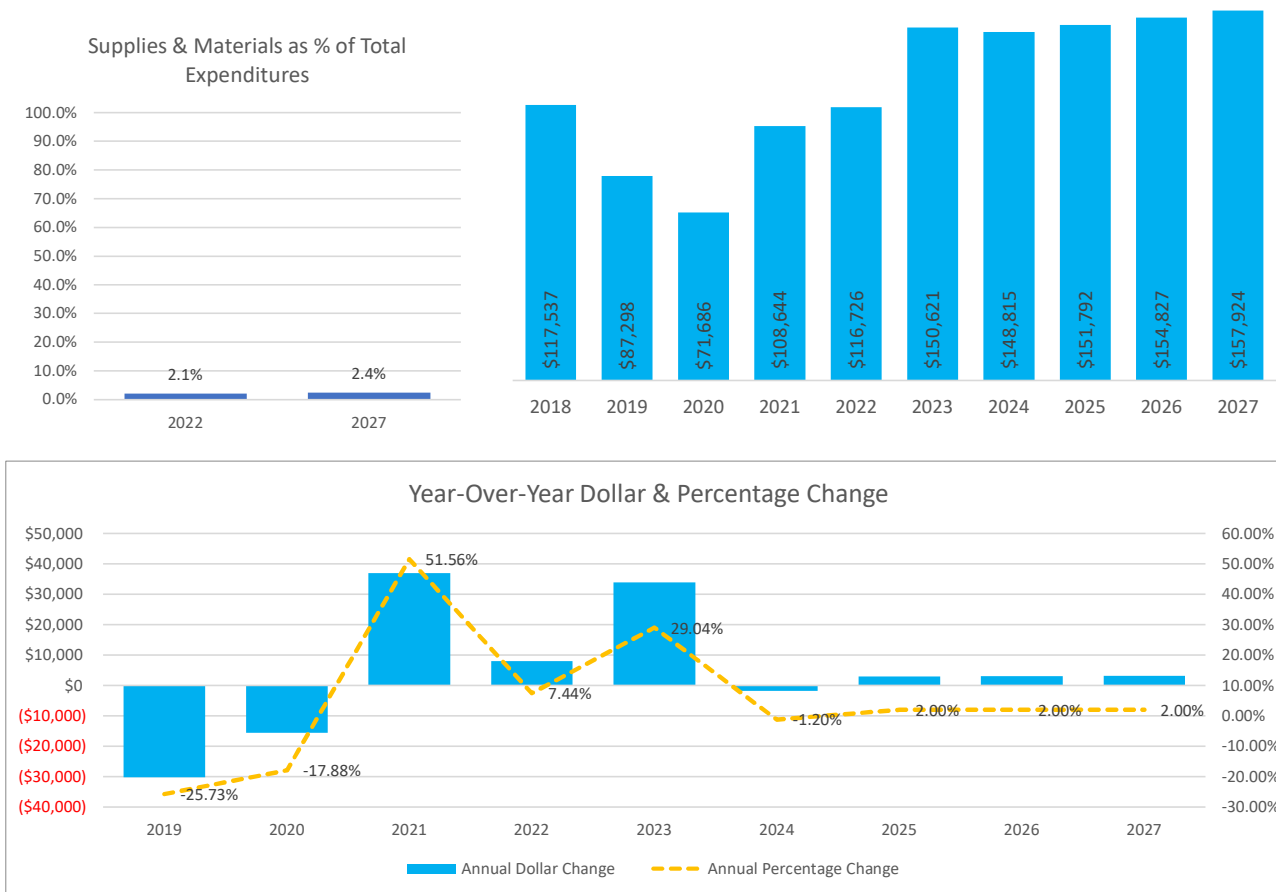
3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



3.040 - Supplies & Materials

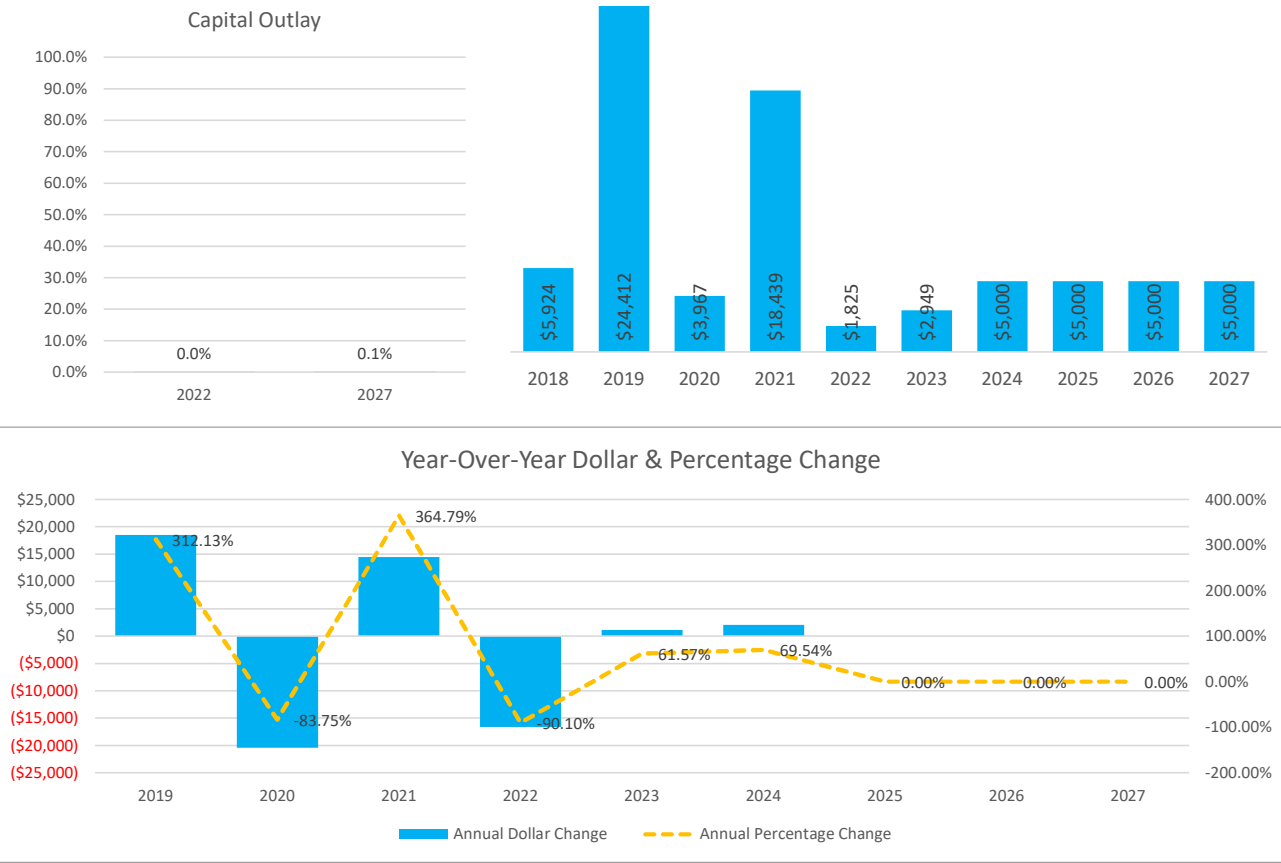
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.07% of total expenditures and decreased at a historical average annual rate of -0.61%. This category of expenditure is projected to grow at an annual average rate of 5.39% through FY 2027. The projected average annual rate of change is 6.00% more than the five year historical annual average.

3.050 - Capital Outlay

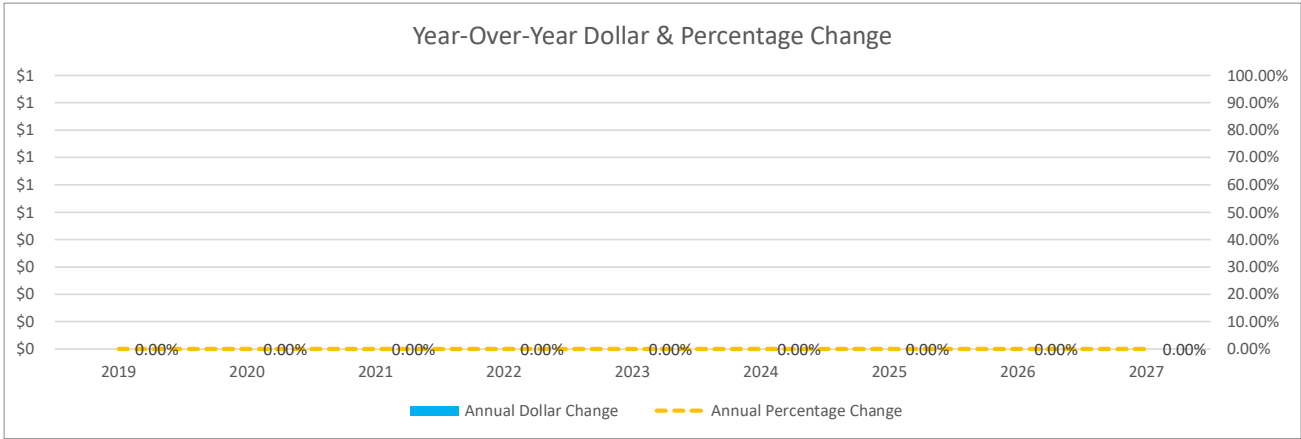
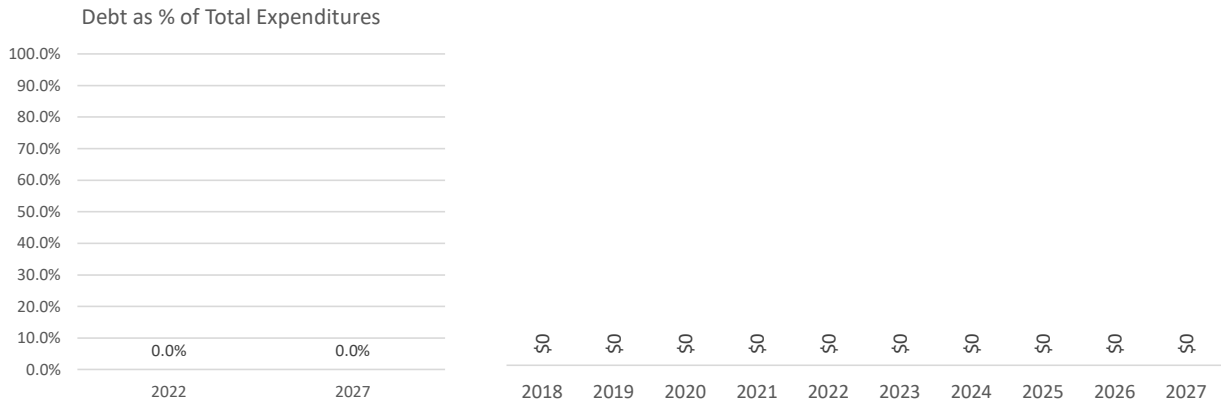
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.03% of total expenditures and increased at a historical average annual amount of \$21. This category of expenditure is projected to grow at an annual average rate of \$635 through FY 2027. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

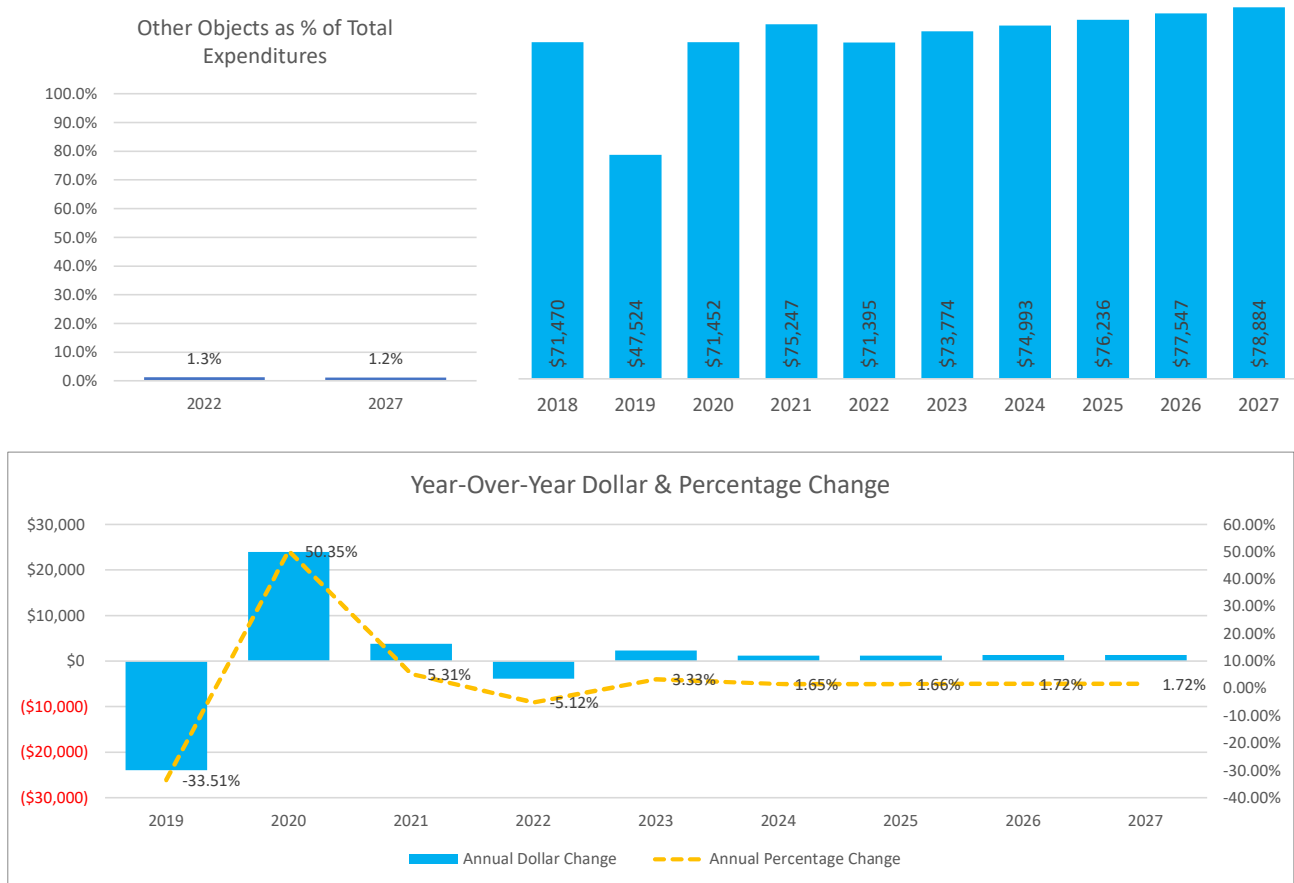
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

4.300 - Other Objects

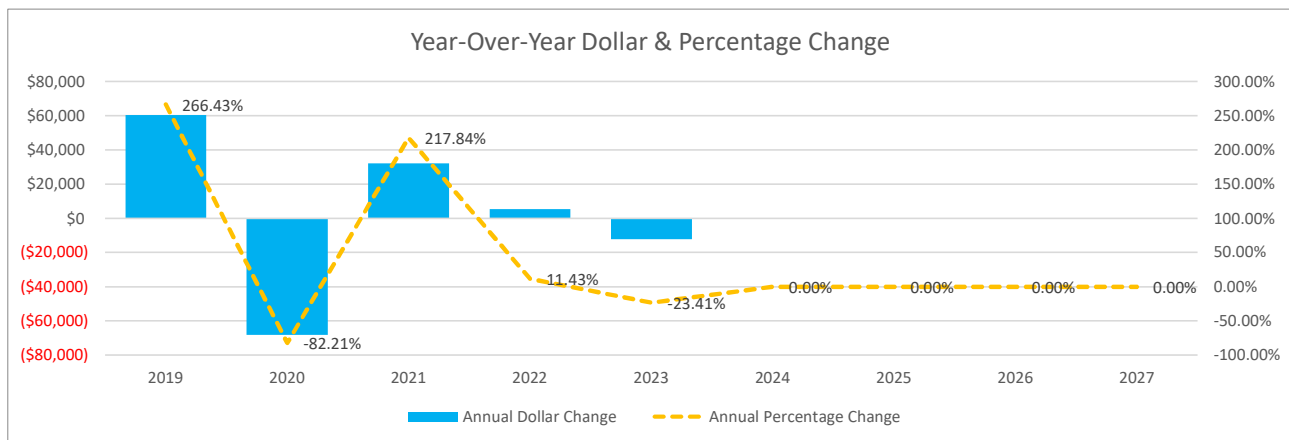
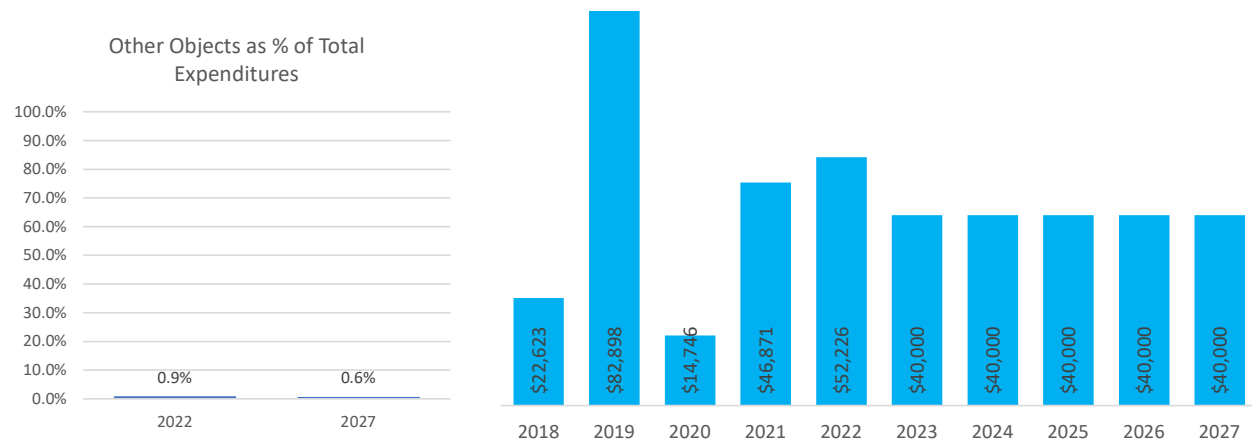
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.27% of total expenditures and decreased at a historical average annual rate of -69.98%. This category of expenditure is projected to grow at an annual average rate of 1.96% through FY 2027. The projected average annual rate of change is 71.95% more than the five year historical annual average.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2022	FORECASTED				
		2023	2024	2025	2026	2027
Transfers Out	52,226	40,000	40,000	40,000	40,000	40,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2022 the district had no advances-out and has no advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2027. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Lowellville Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	644,682	628,747	690,453	733,023	734,898	769,330
1.020 - Public Utility Personal Property	1,062,674	1,115,802	1,083,259	1,129,428	1,146,198	1,162,969
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	3,454,616	3,499,575	3,704,790	3,823,731	3,914,051	3,965,437
1.040 - Restricted Grants-in-Aid	340,214	374,197	419,946	443,352	465,215	484,006
1.050 - Property Tax Allocation	102,223	102,226	110,196	119,452	119,689	125,453
1.060 - All Other Operating Revenues	326,376	231,458	267,894	246,916	241,831	230,718
1.070 - Total Revenue	5,930,785	5,952,005	6,276,538	6,495,902	6,621,882	6,737,913
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	-	1,937	-	-	-	-
2.070 - Total Other Financing Sources	-	1,937	-	-	-	-
2.080 - Total Rev & Other Sources	5,930,785	5,953,942	6,276,538	6,495,902	6,621,882	6,737,913
Expenditures:						
3.010 - Personnel Services	3,493,027	3,713,939	3,634,485	3,795,503	3,925,130	4,049,498
3.020 - Employee Benefits	1,278,529	1,319,297	1,326,200	1,401,734	1,468,579	1,537,142
3.030 - Purchased Services	623,964	728,119	722,498	735,666	749,123	762,838
3.040 - Supplies and Materials	116,726	150,621	148,815	151,792	154,827	157,924
3.050 - Capital Outlay	1,825	2,949	5,000	5,000	5,000	5,000
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	71,395	73,774	74,993	76,236	77,547	78,884
4.500 - Total Expenditures	5,585,466	5,988,699	5,911,991	6,165,930	6,380,207	6,591,287
Other Financing Uses						
5.010 - Operating Transfers-Out	52,226	40,000	40,000	40,000	40,000	40,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	52,226	40,000	40,000	40,000	40,000	40,000
5.050 - Total Exp and Other Financing Uses	5,637,693	6,028,699	5,951,991	6,205,930	6,420,207	6,631,287
6.010 - Excess of Rev Over/(Under) Exp	293,092	(74,758)	324,547	289,972	201,675	106,626
7.010 - Cash Balance July 1 (No Levies)	2,232,099	2,525,191	2,450,434	2,774,981	3,064,952	3,266,627
7.020 - Cash Balance June 30 (No Levies)	2,525,191	2,450,434	2,774,981	3,064,952	3,266,627	3,373,253
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	2,525,191	2,450,434	2,774,981	3,064,952	3,266,627	3,373,253
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	2,525,191	2,450,434	2,774,981	3,064,952	3,266,627	3,373,253
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	2,525,191	2,450,434	2,774,981	3,064,952	3,266,627	3,373,253

State Funding Budget Process and May Financial Forecast

At the start of the state's FY 2024 and 2025 budget process the Governor introduced these key elements regarding the Fair School Funding Plan which started July 1, 2022:

- The FSFP would continue.
- It would be funded at the same 2018 base cost calculations
- Original phase-ins of the new formula would continue

The Ohio House of Representatives introduced an amendment to the Governor's proposal that would update the base cost components to the 2022 cost data. This change is potentially significant for many districts, however some districts will benefit only minimally or not at all. While the state budget deliberations continue the 2022 base cost was modeled to see the potential impact on the district's forecast. This is only an estimate and is intended to show relative potential significance. The modeling assumes:

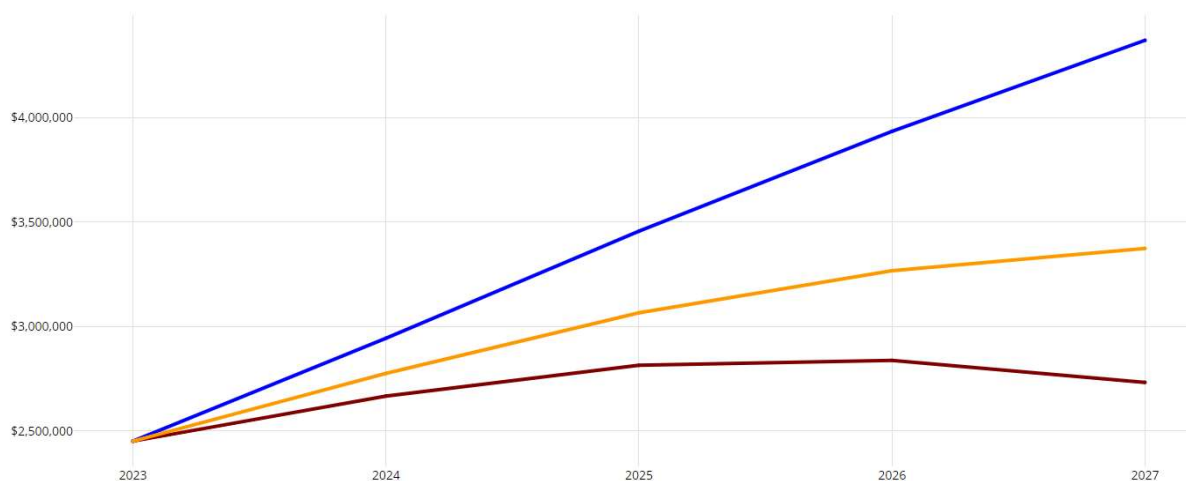
- That the 2022 base cost components will be used in FY 2024 and 2025.
- The 2022 base cost components will be updated to 2024 cost data in FY 2026 and 2027.
- That the formula is fully phased-in by FY 2027.

While there is no legislatively approved state budget, the May forecast as prepared assumes a mid-point between the Governor's Proposal and the House Proposal. They are as follows:

- Base per pupil cost (funding) is calculated at the 2020 level through FY 2027
- FSFP phase-in continues until culminating at 100% phased-in by FY 2027

For our district the annual impact on revenue Over/(Under) the current forecast modeling is reflected below along with a cumulative potential impact on the district's cash balance. If warranted the Board may be asked to approve an amended forecast in June.

Projected General Fund Cash Balance



Forecast w/House Proposed Budget (2022 Base Costs)

Proposed May 2023 Five Year Forecast (2020 Base Costs)

Forecast w/Governor's Proposed Budget (2018 Base Costs)