Slide 1 - this will be an orientation to the forecast focusing on lines 6.010 Excess of Revenues over/(under) Expenditures

This line tells us when we need to act well in advance of the "bottom line" 7.020 Cash Balance June 30.

If we wait until the Cash Balance speaks to us, it's generally too late. Millage will need to be more to make up for the year(s) of deficit spending by about a mill and a half. I will show how this impacts us later.

Slide 2 - These charts are from the Bureau of Labor Statistics. We won't see the June reporting on May numbers until the 10th.

We haven't seen these kinds of numbers since the late '70s/early '80s. Inflation has been kept at bay for quite some time.

These are extraordinary inflationary increases and we have not seen the peak yet. Energy, food and supplies are increasing year over year in ways most people have not experienced in their lifetime. We have hedged our natural gas and electricity cost with futures contracts but fuel, which impacts everything, now costs more than twice what it did for our last full year of school in full attendance, 2019. With that, we've only seen a few months of these prices and it will trickle into supplies, services and everything else. Alan Greenspan once said that "we can control inflation except for the impact of the price of oil/energy."

The bottom headline comes from the Washington Post article from May 30, 2022 updated June 2nd. Recapping the missteps by the Fed in messaging and underestimating the inflationary pressure in the economy. We were at a 40 year high in December of 2021! I'm not sure we were all paying attention until we saw prices at the pump push towards and above $4/gal and the cost of food and goods soar.

These increases lead to the bottom graphic showing the differences between the 2022 and 2023 fiscal years from our Spring Forecast.

Step increases of 2%, a shift of personnel from purchased services to payroll and an addition of up to two full-time certified staff contribute to this increase. The increased personnel costs in addition to an 8% increase in health insurance July 1st and 2% for Dental and vision are the reason for this increase in Purchase Services decreased in 2022 due to the State's change in funding. This increase is the result of additional charges for services due to inflation. Supplies remain 33% lower than 2019, our last full year of services and the elimination of ESSER funding. In 2020, the school year ended early and in 2021, there were far fewer days of in person instruction.

Keynote for line item 5.010 Operating Transfers Out: The district has not used a contingency account in prior years.

Statutorily, the district may budget up to 3%. Nothing can be spent from this line item; it must be reallocated to the budget line from which an expenditure should be spent. This does not mean it will be

spent. It is a reasonable tool to ensure we have the necessary resources for any unforeseen circumstances which we have had in the past few years and it appears there may be more on the way.

Slide 3 - This is a graphic of line 6.010

Slide 4 - This is ODE's rating of revenue surplus/(shortfall) as a percentage of revenues. There are calculations for these balance projections and yes, they will contact us when we project two years in the "Warning" range which comes before we could receive levy money to offset the second deficit year.

Slide 5 - These are standard data points for informational purposes.
These may be helpful to better understand the timing sensitivity of maintaining a $55MM budget.

Slide 6 - This is a projection of Monthly Ending Balances to show that January is our lowest monthly balance and the benchmark month for determining our cashflow needs.

Slide 7 - This is to revisit the combined values of revenues over/(under) expenditures with ending balances for the next slide.

Slide 8 - This slide shows that a 4.9 mill levy would provide a virtual zero impact for revenues -vs- expenditures.

Hopefully, this slide demonstrates that we are only asking for what we can live with and any restoration of services will come by means of good management, improved circumstances or other savings we are able to create in the budget.
Keeping it under 5 mills will also hopefully demonstrate that we understand everyone is about to experience this economy.

Slide 9 - This slide demonstrates the "why now?" Why not wait?
Th*e difference in waiting for the ending balance to dictate need and the over/(under) line is that waiting one year with any equivalent millage means that we will hit a shortfall at least one year earlier, all things being equal. The purpose of the bar chart is to show these things:*

A) All revenues remains the same for all three scenarios through this calendar year.
B) The 2022 levy begins to impact ending balances in 2023
C) The 2023 levy begins to impact ending balances in 2024
D) The 2023 levy never catches up with the 2022 levy
E) The district would be back on the ballot earlier if we wait one year to put the levy on the ballot at the same millage.

This appears to be counterintuitive but that is how the numbers work. It is a difficult concept if we only look at the bottom line. It is the correct message and it is in the best interest of the tax payors and the district. Again, waiting a year increases the millage by about 1.25 - 1.5 mills.

Slide 10 - Zillow average home value increase graphic

Slide 11 - A numeric representation of that graphic with millage calculations for a 4.9 Mill levy for those values
The average home value has increased by 56% since the last levy passed in Loveland. 56%!!!
Other than the 4.56 inside mills, Loveland has received no additional revenues accordingly.

Slide 12 - In fact, Loveland City Schools effective millage rate is the lowest it's been in over a decade.
Even with a 4.9 mill levy, Loveland CSD will not have a higher rate than when it passed the 2014 levy.