

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT - LAKE COUNTY  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES FOR THE FISCAL YEARS ENDED  
JUNE 30, 2023, 2024, and 2025 ACTUAL  
FORECASTED FISCAL YEARS ENDING  
JUNE 30, 2026, THROUGH JUNE 30, 2029**



**Forecast Provided By  
Willoughby-Eastlake City School District  
Treasurer's Office  
Nicholas E. Ciarniello, Treasurer/CFO  
October 13, 2025**

# Willoughby-Eastlake City School District

Lake County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2023, 2024 and 2025 Actual;  
Forecasted Fiscal Years Ending June 30, 2026 Through 2029

|  | Actual              |                     |                     |         | Average<br>Change | Forecasted          |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------|-------------------|---------------------|---------------------|---------------------|---------------------|
|  | Fiscal Year<br>2023 | Fiscal Year<br>2024 | Fiscal Year<br>2025 |         |                   | Fiscal Year<br>2026 | Fiscal Year<br>2027 | Fiscal Year<br>2028 | Fiscal Year<br>2029 |
| <b>Revenues</b>  |                     |                     |                     |         |                   |                     |                     |                     |                     |
| 1.010 General Property Tax (Real Estate)   | 72,227,830          | 70,076,054          | 74,774,621          | 1.9%    | 76,570,617        | 75,773,271          | 75,891,333          | 76,009,371          |                     |
| 1.020 Tangible Personal Property   | 8,005,505           | 8,511,591           | 8,593,482           | 3.6%    | 8,601,014         | 8,619,070           | 8,620,005           | 8,620,963           |                     |
| 1.030 Income Tax   | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 1.035 Unrestricted State Grants-in-Aid   | 16,984,074          | 17,072,761          | 16,596,741          | -1.1%   | 17,674,557        | 17,633,738          | 17,627,073          | 17,623,140          |                     |
| 1.040 Restricted State Grants-in-Aid   | 1,326,547           | 1,926,027           | 1,910,560           | 22.2%   | 1,366,259         | 1,324,789           | 1,324,789           | 1,329,081           |                     |
| 1.045 Restricted Federal   | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 1.050 State Reimbursement for Property Tax Credits   | 8,058,517           | 8,097,465           | 8,631,188           | 3.5%    | 9,071,120         | 9,098,022           | 9,112,248           | 9,126,474           |                     |
| 1.060 All Other Revenues   | 3,826,186           | 6,486,382           | 7,760,111           | 44.6%   | 7,304,207         | 6,341,107           | 5,523,107           | 5,480,897           |                     |
| 1.070 <i>Total Revenues</i>  | 110,428,659         | 112,170,280         | 118,266,703         | 3.5%    | 120,587,774       | 118,789,997         | 118,098,555         | 118,189,926         |                     |
| <b>Other Financing Sources</b>   |                     |                     |                     |         |                   |                     |                     |                     |                     |
| 2.010 Proceeds from Sale of Notes  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 2.020 State Emergency Loans  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 2.040 Operating Transfers-In   | 0                   | 17,840              | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 2.050 Advances-In  | 766,850             | 3,842,800           | 1,088,063           | 164.7%  | 1,000,629         | 1,000,000           | 1,000,000           | 1,000,000           |                     |
| 2.060 All Other Financing Sources  | 556,579             | 394,838             | 434,393             | -9.5%   | 140,000           | 140,000             | 140,000             | 140,000             |                     |
| 2.070 <i>Total Other Financing Sources</i>   | 1,323,429           | 4,255,478           | 1,522,456           | 78.7%   | 1,140,629         | 1,140,000           | 1,140,000           | 1,140,000           |                     |
| 2.080 <i>Total Revenues and Other Financing Sources</i>  | 111,752,088         | 116,425,758         | 119,789,159         | 3.5%    | 121,728,403       | 119,929,997         | 119,238,555         | 119,329,926         |                     |
| <b>Expenditures</b>  |                     |                     |                     |         |                   |                     |                     |                     |                     |
| 3.010 Personal Services  | 56,560,808          | 57,256,478          | 59,111,881          | 2.2%    | 61,413,019        | 63,715,448          | 66,065,810          | 68,504,802          |                     |
| 3.020 Employees' Retirement/Insurance Benefits   | 18,638,863          | 21,411,300          | 22,892,027          | 10.9%   | 24,153,135        | 25,373,043          | 26,597,930          | 27,886,630          |                     |
| 3.030 Purchased Services   | 18,690,932          | 18,252,040          | 20,073,067          | 3.8%    | 21,888,214        | 21,933,754          | 22,872,429          | 23,329,876          |                     |
| 3.040 Supplies and Materials   | 2,557,233           | 3,001,422           | 4,601,907           | 35.3%   | 4,594,335         | 4,686,221           | 5,579,945           | 5,691,543           |                     |
| 3.050 Capital Outlay   | 136,274             | 239,702             | 140,236             | 17.2%   | 48,000            | 48,000              | 48,000              | 48,000              |                     |
| 3.060 Intergovernmental  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| Debt Service:  |                     |                     |                     |         |                   |                     |                     |                     |                     |
| 4.010 Principal-All (Historical Only)  | 87,000              | 91,000              | 90,000              | 1.7%    | 94,000            | 94,000              | 98,000              | 101,000             |                     |
| 4.020 Principal-Notes  | 368,780             | 390,503             | 257,745             | -14.1%  | 264,470           | 446,000             | 471,690             | 484,620             |                     |
| 4.030 Principal-State Loans  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 4.040 Principal-State Advancements   | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 4.050 Principal-HB 264 Loans   | 545,000             | 570,000             | 585,000             | 3.6%    | 595,000           | 600,000             | 575,000             | 0                   |                     |
| 4.055 Principal-Other  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 4.060 Interest and Fiscal Charges  | 550,983             | 510,964             | 476,492             | -7.0%   | 448,054           | 411,696             | 368,436             | 336,078             |                     |
| 4.300 Other Objects  | 1,765,552           | 1,720,908           | 1,770,594           | 0.2%    | 2,056,251         | 2,117,767           | 2,183,694           | 2,254,371           |                     |
| 4.500 <i>Total Expenditures</i>  | 99,901,425          | 103,444,317         | 109,998,949         | 4.9%    | 115,554,478       | 119,425,929         | 124,860,934         | 128,636,920         |                     |
| <b>Other Financing Uses</b>  |                     |                     |                     |         |                   |                     |                     |                     |                     |
| 5.010 Operating Transfers-Out  | 710,377             | 2,761,325           | 19,207,312          | 442.1%  | 950,000           | 950,000             | 950,000             | 950,000             |                     |
| 5.020 Advances-Out   | 3,842,800           | 1,088,063           | 1,000,629           | -39.9%  | 1,000,000         | 1,000,000           | 1,000,000           | 1,000,000           |                     |
| 5.030 All Other Financing Uses   | 89                  | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 5.040 <i>Total Other Financing Uses</i>  | 4,553,266           | 3,849,388           | 20,207,941          | 204.8%  | 1,950,000         | 1,950,000           | 1,950,000           | 1,950,000           |                     |
| 5.050 <i>Total Expenditures and Other Financing Uses</i>   | 104,454,691         | 107,293,705         | 130,206,890         | 12.0%   | 117,504,478       | 121,375,929         | 126,810,934         | 130,586,920         |                     |
| 6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i> | 7,297,397           | 9,132,053           | (10,417,731)        | -94.5%  | 4,223,925         | (1,445,932)         | (7,572,379)         | (11,256,994)        |                     |
| 7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies                              | 24,172,353          | 31,469,750          | 40,601,803          | 29.6%   | 30,184,072        | 34,407,997          | 32,962,065          | 25,389,686          |                     |
| 7.020 <i>Cash Balance June 30</i>  | 31,469,750          | 40,601,803          | 30,184,072          | 1.7%    | 34,407,997        | 32,962,065          | 25,389,686          | 14,132,692          |                     |
| 8.010 <i>Estimated Encumbrances June 30</i>  | 28,416              | 1,546,162           | 1,025,280           | 2653.7% | 1,025,280         | 1,025,280           | 1,025,280           | 1,025,280           |                     |
| <b>Reservation of Fund Balance</b>   |                     |                     |                     |         |                   |                     |                     |                     |                     |
| 9.010 Textbooks and Instructional Materials  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 9.020 Capital Improvements   | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 9.030 Budget Reserve   | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 9.040 DPIA   | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 9.045 Fiscal Stabilization   | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 9.050 Debt Service   | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 9.060 Property Tax Advances  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 9.070 Bus Purchases  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 9.080 <i>Subtotal</i>  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 10.010 <i>Fund Balance June 30 for Certification of Appropriations</i>   | 31,441,334          | 39,055,641          | 29,158,792          | -0.6%   | 33,382,717        | 31,936,785          | 24,364,406          | 13,107,412          |                     |
| <b>Revenue from Replacement and Renewal Levies</b>   |                     |                     |                     |         |                   |                     |                     |                     |                     |
| 11.010 Income Tax - Renewal  | 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                   |                     |
| 11.300 Cumulative Balance of Replacement/Renewal Levies  | 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>      | 31,441,334          | 39,055,641          | 29,158,792          | -0.6%   | 33,382,717        | 31,936,785          | 24,364,406          | 13,107,412          |                     |
| <b>Revenue from New Levies</b>   |                     |                     |                     |         |                   |                     |                     |                     |                     |
| 13.010 Income Tax - New  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 13.020 Property Tax - New  | 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                   |                     |
| 14.010 Revenue from Future State Advancements  | 0                   | 0                   | 0                   | 0.0%    | 0                 | 0                   | 0                   | 0                   |                     |
| 15.010 <i>Unreserved Fund Balance June 30</i>  | 31,441,334          | 39,055,641          | 29,158,792          | -0.6%   | 33,382,717        | 31,936,785          | 24,364,406          | 13,107,412          |                     |

**Willoughby-Eastlake City School District –Lake County**  
**Notes to the Four-Year Forecast**  
**General Fund Only**  
**October 13, 2025**

**Introduction to the Four-Year Forecast**

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. 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. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, enrollment variances, or businesses moving in or out of the district. The four-year forecast is a crucial management tool and must be updated periodically. The four-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially 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 four-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three (3) essential purposes or objectives of the four-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 Ohio Department of Education and Workforce and the Auditor of State to identify school districts with potential financial problems.

Ohio HB96 was passed in June 2025 which amended O.R.C. 5705.391 and O.A.C. 3301-92.04 requiring a Board of Education (BOE) to file their current years budgeted revenue and expenses, and three additional years. This is essentially a four (4) year forecast. Beginning in fiscal year 2026 (July 1 to June 30) the financial forecast must be filed by October 15, and the end of February. The filing deadlines will change in fiscal year 2027 to August 31, and end of February each fiscal year thereafter. While the legislative requirement is to file a four-year forecast, as noted above, we believe it is a prudent business practice to continue to develop a four-year forecast for planning purposes. The four-year forecast includes three years of actual and four years of projected general fund revenues and expenditures. The first year of the financial forecast is considered the current year budget and is used as the base for future years projections. Our forecast is updated to reflect the most current economic data available for the October 2025 filing.

**Economic Outlook**

The current global economic condition is marked by a mix of recovery and uncertainty. While some regions, particularly advanced economies, are experiencing stable growth, inflation rates remain high in several parts of the world, driven by supply chain disruptions, rising energy costs, and labor shortages. Central banks, notably the Federal Reserve, have raised interest rates to combat inflation, which has slowed economic activity in some sectors. Meanwhile, emerging markets face unique challenges, such as fluctuating commodity prices and currency depreciation, exacerbating debt burdens. Overall, the outlook is cautious, with geopolitical tensions, particularly around energy and trade, adding further complexity to the global economic landscape.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

### Forecast Risks and Uncertainty:

A four-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2027 due to deliberation of the following state biennium budget for FY28-29, which will affect this four-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

- (1) 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 modest increases in local taxes. Total local revenues, which are predominately local taxes, equate to 76.7% of the district's resources. We believe there is a low risk that local collections would fall below projections throughout the forecast.
- (2) Lake County experienced a sexennial reappraisal in the 2024 tax year to be collected in FY25. The 2024 reappraisal increased assessed values by \$487.6 million, or 26.55%. A triennial update will occur in tax year 2027 for collection in FY28. We are not anticipating value increases for Class I and II property due to the unknown implications of changes to property tax legislation at Columbus. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.
- (3) Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non-voted tax increases on taxpayers. HB96 the current state biennium budget passed in June which included several proposals that would have ultimately reduced districts' cash balances and placed severe restrictions on increasing local tax revenues. The Governor vetoed four (4) property tax measures that he said would jeopardize the financial stability of public schools. The Ohio House of Representatives pulled three (3) of the Governor's vetoes addressing school district to attempt to override them. They included: 1) County Budget Commission Authority; 2) manipulates the calculation of the 20-mill floor to include emergency, substitute and other levies in the calculation; and 3) the elimination of various levies including emergency, replacement and renewal levies

The Ohio House of Representatives met on July 21, 2025 and voted (61-28) in favor of overriding the elimination of various levy types - only. As of this forecast filing, the Senate has not met to vote on any of the vetoes thus the Governor's vetoes remain in effect.

As part of the Governors' vetoes, he created a property tax reform working group co-chaired by former legislators. The governor appointed 11 members including the co-chairs. The working group is tasked with thoroughly examining issues related to how to provide meaningful property tax relief to homeowners and businesses while ensuring that funding for local schools, local governments, fire, police, EMS, libraries, and developmental disabilities is adequate. The Governor has asked the working group to issue a report with concrete proposals by September 30, 2025

The legislature has introduced several other bills that would limit real estate tax growth or eliminate real estate tax collections completely. Many of these bills are still in committee. We are watching legislation closely for any impact on our local revenues

- (4) The state budget represented 23.3% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY28 and beyond if the state economy stalls due to a possible recession or the last two (2) years of the Fair School Funding Plan is not funded in the next state biennium budget. In this forecast, there is an unknown future State Biennium Budget covering FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY29. We have projected our state funding in FY26 based on HB96 legislation with the Governor's vetoes in place. State revenues are projected to shrink for FY28-29, and held constant for FY29, which we feel is conservative and should be close to what-the state approves for the next two biennium budgets. We will adjust the forecast in future years as we have data to make an informed decision.

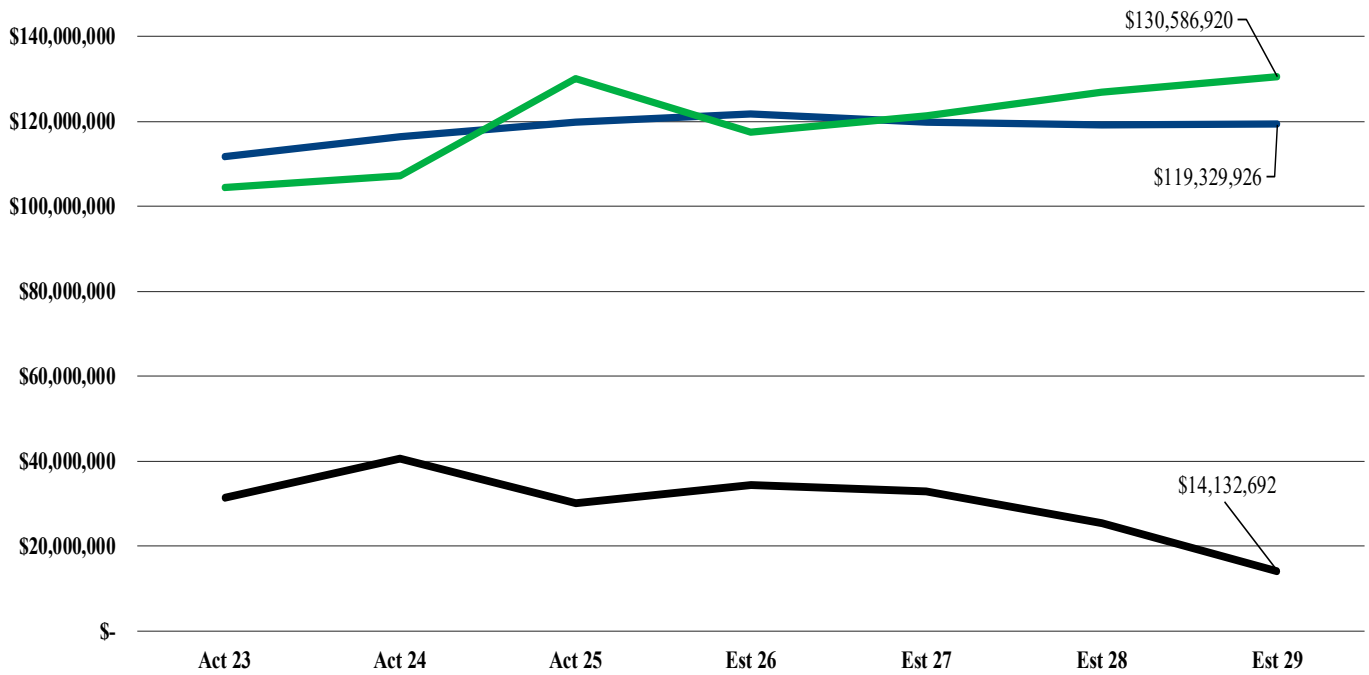
- (5) HB96, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY26 and FY27. FY26 reflects 83.33% of the implementation cost at year five of a six-year phase-in plan, which increases by 16.66% each year. FY27 will result in 100% funding of (FSFP). HB96 did not increase the cost inputs while allowing revenue inputs to increase. This causes more districts to appear to have greater local ability to fund their schools thus reducing the amount of State Aid they receive. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY26.
- (6) HB96, the current state biennium budget also enacted a new provision called “Piggyback Property Tax Exemptions”. This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the school district of roughly \$2.7 million from current operating levies. Lake County Commissioners are likely to implement the Piggyback Property Tax Exemptions for Tax Year 2025. This results in a reduction of roughly \$1,386,000 in FY26, due to the timing of settlements. At this time, we are assuming these county-wide reductions will continue to be approved by County Commissioners for the remainder of the forecasted period. This is a cumulative reduction of roughly \$9,726,000 over this forecast.
- (7) The District alleges construction and project management failures tied to the 2017 Capital Improvement Project (South HS, Lake County West End YMCA, and Senior Center – “Union Village”). AECOM served as the Construction Manager at Risk and ThenDesign Architecture was the Architect for this project. At present, the District cannot estimate the outcome, timing, or financial impact of the litigation. No contingent liability or recovery is reflected in this forecast.
- (8) Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. Our positive working relationship will continue and grow stronger as we move forward.

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 to understand the overall financial forecast for our district. If you want further information, please contact Nicholas E. Ciarniello, Treasurer/CFO Willoughby-Eastlake City Schools at 440-975-3760.

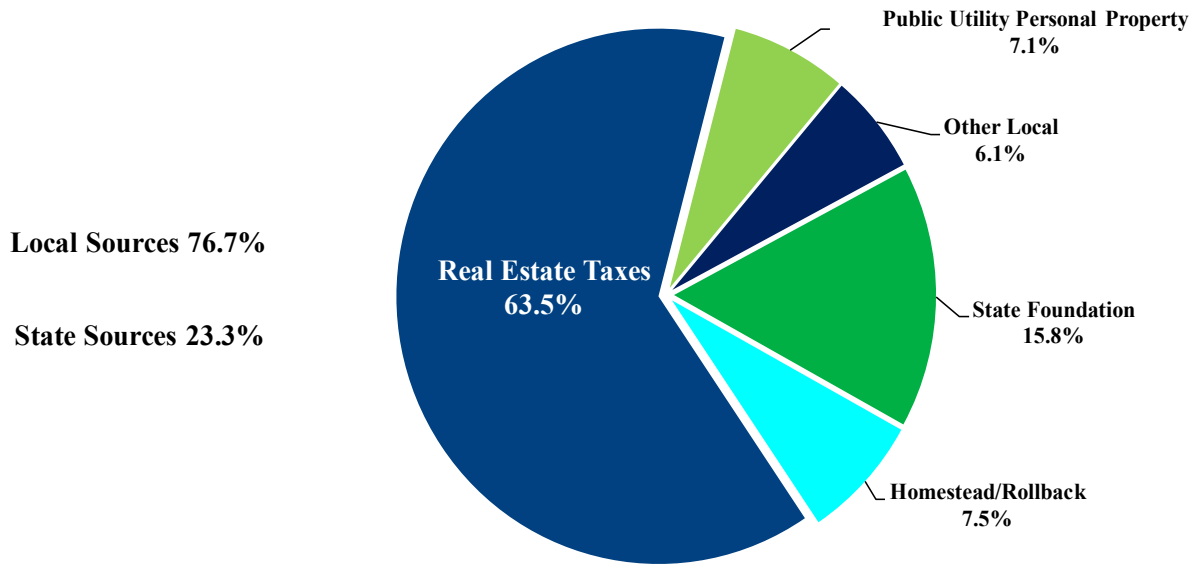
**General Fund Revenue, Expenditures and Ending Cash Balance Actual FY23-25 and Estimated FY26-29**

The graph below captures in one snapshot the operating scenario facing the district over the forecasted years. There is no expiring levy shown in this forecast. Expiring levies are moved to Line 11.02 of the forecast until approved.

**General Fund Revenue, Expenditures & Cash Balance**



**Revenue Assumptions  
All Operating Revenue Sources General Fund FY26  
General Fund Estimated Revenues FY26 \$120,587,774**



**Real Estate Value Assumptions – Line # 1.010**

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Lake County experienced a sexennial reappraisal for the 2024 tax year to be collected in FY25. Due to the reappraisal led by an improving housing market, residential/agricultural values increased 28.77% or \$413 million.

For tax year 2024, new construction in residential/agricultural property increased overall by 0.73% or \$10.5 million in assessed value, and commercial/industrial values increased by \$1.2 million. Overall values increased \$487.6 million or 26.55%, which includes new construction for all classes of property.

A triennial update will occur in 2027 for collection in FY28, for which we are estimating no increase in residential and no increase for commercial/industrial property. We anticipate overall residential/agricultural and commercial/industrial values to remain unchanged at this time. This conservative estimate is due to ongoing legislative action, which would include emergency levy millage in the 20-mill floor calculation. Based on information available at this time, the legislation appears slated to pass; therefore, we believe it prudent to include this in our current forecast.

Public Utility Personal Property (PUPP) values increased by \$13.2 million in Tax Year 2024. We expect our values to continue to grow by \$150 thousand each year of the forecast.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over pending legislation as noted in the Forecast Risks and Uncertainty above.

**Estimated Assessed Value (AV) by Collection Years**

| <u>Classification</u>                   | Estimated              | Estimated              | Estimated              | Estimated              |
|---|------------------------|------------------------|------------------------|------------------------|
|   | TAX YEAR 2025          | TAX YEAR 2026          | TAX YEAR 2027          | TAX YEAR 2028          |
|   | <u>COLLECT 2026</u>    | <u>COLLECT 2027</u>    | <u>COLLECT 2028</u>    | <u>COLLECT 2029</u>    |
| Res./Ag.                                | \$1,864,606,220        | \$1,869,606,220        | \$1,874,606,220        | \$1,879,606,220        |
| Comm./Ind.                              | 466,358,640            | 467,838,640            | 469,318,640            | 470,798,640            |
| Public Utility Personal Property (PUPP) | <u>157,732,900</u>     | <u>157,882,900</u>     | <u>158,032,900</u>     | <u>158,182,900</u>     |
| Total Assessed Value                    | <u>\$2,488,697,760</u> | <u>\$2,495,327,760</u> | <u>\$2,501,957,760</u> | <u>\$2,508,587,760</u> |

**Tax Rate Assumptions**

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all levies is 54.66 mills while the Class I effective millage rate is 20.00 mills, and the Class II effective millage rate is 21.43 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is on the floor for Class I but above the floor for Class II effective millage. Any emergency levy that is voted on is not included in the 20-mill floor, the district has five emergency levies of 17.36 mills that were voted on for an annual amount of \$43.15 million of taxes, as the values increase the millage rate will decrease to only collect the annual amount that was approved by the voters.

**Estimated Real Estate Tax - Line #1.010**

Property tax levies are estimated to be collected at 97.4% of the annual amount. This allows a 2.6% delinquency factor. In general, 54.1% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 45.9% in the August tax settlement.

After a conversation with one of the County Commissioners, it is of our opinion that the commissioners will be utilizing the Piggyback Property Tax Exemption for both the homestead and the 2.5% owner occupied credit. This will be required to

be approved annually, but it would be difficult politically for the commissioners to give it one year and to take it away the next year. As a result, we have assumed that the piggyback exemption will occur every year going forward.

We want to thank the community for passing the \$13.56 million combination levy for a period of ten (10) years at the May 2, 2023 ballot. This levy will collect through fiscal year 2034.

| <u>Source</u>          | <u>FY26</u>  | <u>FY27</u>  | <u>FY28</u>  | <u>FY29</u>  |
|------------------------|--------------|--------------|--------------|--------------|
| General Property Taxes | \$76,570,617 | \$75,773,271 | \$75,891,333 | \$76,009,371 |

**Estimated Tangible Personal Tax & PUPP Taxes – Line#1.020**

The amounts below are public utility personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above, under Public Utility (PUPP), which was \$157 million in assessed values in 2024 and is collected at the district’s total voted millage rate. Collections are typically 51% in the first half and 49% in the second half, along with the real estate settlements from the county auditor. The values in tax year 2024 rose by 9.16% or \$13.2 million and are expected to grow by \$150 thousand each year of the forecast.

| <u>Source</u>                         | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|
| Public Utility Personal Property PUPP | \$8,601,014 | \$8,619,070 | \$8,620,005 | \$8,620,963 |
| Total Line # 1.020                    | \$8,601,014 | \$8,619,070 | \$8,620,005 | \$8,620,963 |

**New Tax Levies – Lines #13.010-13.030**

No new levies are modeled in this forecast.

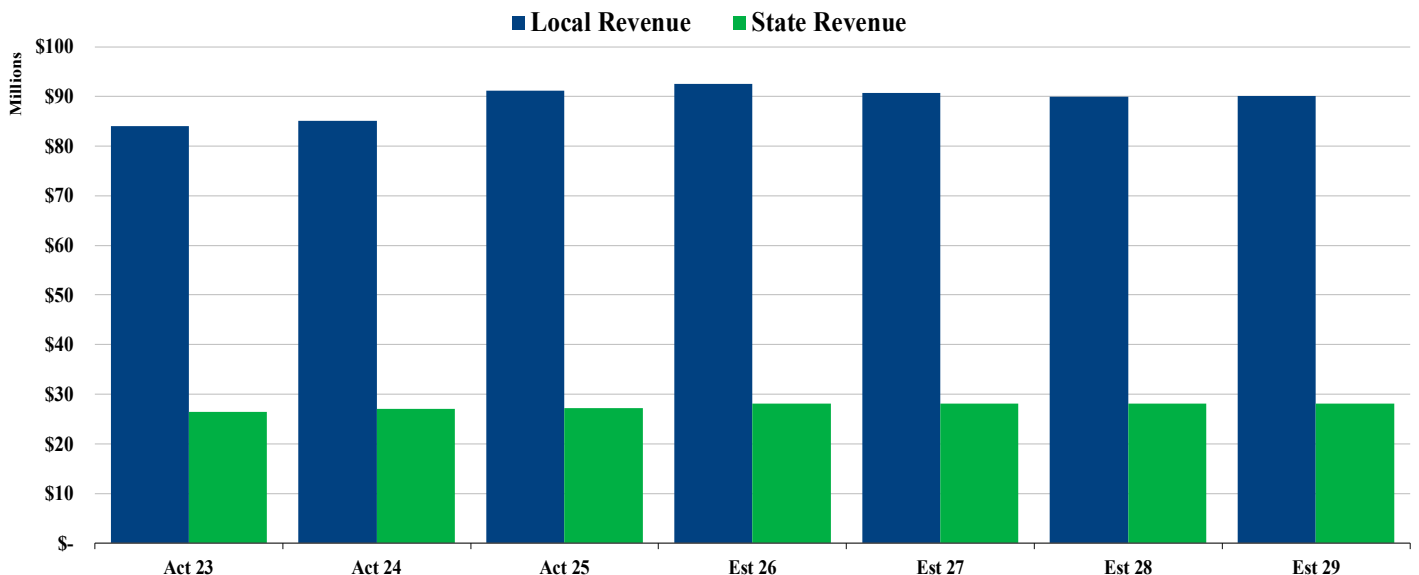
**Levy Renewal – Lines #11.010-11.030**

State law requires that renewal levies be removed from revenues on Line 1.01, 1.02 and 1.05 and shown on line 11.02 of the forecast. Please note that renewal levies do not bring in additional tax revenues to the district. The district passed the renewal of the \$7.585 and \$5.975 million emergency levies combined into one \$13.56 million levy at the May 2, 2023 ballot for a period of 10 years. The district will now have to renew these levies by the end of calendar year 2033 or fiscal year 2034. We want to thank our community for passing this renewal that collects the same revenue for a period of ten years. The district will see a renewal come into the forecast in fiscal year 2030. The next renewal anticipated to be placed on the ballot will be November 2028.

**School District Income Tax – Line#1.030**

No school district income taxes are modeled in this forecast.

**General Fund Revenue Local vs State**



## **State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045 Current State Funding Model per HB96 through June 30, 2027**

### **Unrestricted State Foundation Revenue – Line #1.035**

HB96, the current state budget, continued the Fair School Funding Plan for FY26 and FY27, which funds students where they are educated rather than where they live. We have projected FY26 funding based on the most current foundation settlement and funding factors.

Our district is currently a guaranteed district in FY26 and is expected to continue to be on the guarantee in FY27-FY29 on the new Fair School Funding Plan (FSFP).

A detailed overview of how foundation funding is calculated including all of the HB96 changes on the Ohio Department of Education and Workforce is not available at this time. When a detailed analysis is available, please visit the Ohio Department of Education and Workforce at: <https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>.

### **State Funding FY26-FY27**

The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the final two (2) years of the funding plan in HB96 phasing in funding at 83.33% in FY26 and then 100% in FY27. However, the legislature did not increase the funding base inputs from FY25. In other words, the legislature did not increase funding in the foundation formula. They did increase transportation funding's state share percentage to 45.83% in FY26, and 50% in FY27, which could increase funding, and; they added three (3) Supplemental Payments outside the formula: a Base Funding Supplement, Enrollment Growth Supplement and Performance Supplement.

The Base Funding Supplement will be paid to all districts. The funding supplement per pupil is \$27 in FY26 and \$40 in FY27.

The Enrollment Growth Supplement is paid to eligible districts based on the current FY26 enrolled ADM multiplied by \$225 per student, and in FY27 based on FY27 enrolled ADM multiplied by \$250. To be eligible enrolled ADM growth between FY22 and FY25 must equal or exceed 5% growth, and FY27 enrolled ADM growth between FY23 and FY26 must equal or exceed 3%. Our district does not qualify for this payment.

The Performance Supplement was included in HB96. The eligibility for the supplement payment uses data from the state report card for the 2024-2025 school year for FY26 and 2025-2026 school year for FY27; the payment will be a separate payment of \$13 per pupil in FY26 and FY27. We will not know until later in FY26 if we will receive this additional funding.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26, but still includes two (2) primary guarantees: 1) Formula Transition Aid, and 2) Formula Transition Supplement. The two (2) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY26 and FY27 than they received in FY21.

### **Future State Budget Projections beyond FY27**

Our funding status for FY28-FY29 will depend on an unknown new state budget. There is no guarantee that the current Fair School Funding Plan will be continued in future biennial budget process; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is projected to shrink for FY28-29.

### **Threshold Cost Reimbursement**

Threshold Cost (formerly Catastrophic Cost) reimbursement 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.

### **Credential Reimbursement**

The Department of Education and Workforce (DEW) credits the district with students receiving qualifying credentials for workforce readiness.

## Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open 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% of Gross Casino Revenue 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, beginning for the first time on January 31, 2013.

Total casino funding in FY24 was \$113.1 million or \$64.90 per pupil. In FY25, the funding totaled \$114.18 million or \$65.44 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

| <u>Source</u>                                  | <u>FY26</u>         | <u>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| Basic Aid-Unrestricted                         | \$14,304,330        | \$14,574,491        | \$14,567,826        | \$14,563,893        |
| Preschool and Special Education Transportation | 2,300,264           | 2,447,332           | 2,447,332           | 2,447,332           |
| Threshold Reimbursements                       | 611,915             | 611,915             | 611,915             | 611,915             |
| Basic Aid-Unrestricted Subtotal                | <u>\$17,216,509</u> | <u>\$17,633,738</u> | <u>\$17,627,073</u> | <u>\$17,623,140</u> |
| Credential Reimbursement                       | \$5,420             | \$5,420             | \$5,420             | \$5,420             |
| Ohio Casino Commission ODT                     | 452,628             | 459,390             | 466,284             | 470,947             |
| Total Unrestricted State Aid Line # 1.035      | <u>\$17,674,557</u> | <u>\$18,098,548</u> | <u>\$18,093,357</u> | <u>\$18,094,087</u> |

## Restricted State Revenues – Line #1.040

HB96 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding), Career Technical, Gifted, English Learners (ESL), and Student Wellness funding. We have estimated revenues for these new restricted funding lines using the most current funding factors available. For fiscal years 2026 and 2027, HB96 modifies how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. The new formula modifies the weight given to these student groups over the biennium.

| <u>Source</u>                               | <u>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        |
|---|--------------------|--------------------|--------------------|--------------------|
| DPIA  | \$768,056          | \$861,282          | \$861,282          | \$861,282          |
| ESL   | 15,673             | 13,879             | 13,879             | 14,623             |
| Gifted                                      | 134,056            | 102,591            | 102,591            | 102,591            |
| Career Tech - Restricted                    | 79,791             | 58,354             | 58,354             | 61,902             |
| Other Restricted State Funds                | 80,000             | 0                  | 0                  | 0                  |
| Student Wellness and Success                | 288,683            | 288,683            | 288,683            | 288,683            |
| Total Restricted State Revenues Line #1.040 | <u>\$1,366,259</u> | <u>\$1,324,789</u> | <u>\$1,324,789</u> | <u>\$1,329,081</u> |

## Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

| <u>Summary of State Foundaton Revenues</u> | <u>FY26</u>         | <u>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| Unrestricted Line # 1.035                  | \$17,674,557        | \$17,633,738        | \$17,627,073        | \$17,623,140        |
| Restricted Line # 1.040                    | 1,366,259           | 1,324,789           | 1,324,789           | 1,329,081           |
| Restricted Federal Grants Line #1.045      | 0                   | 0                   | 0                   | 0                   |
| Total State Foundation Revenue             | <u>\$19,040,816</u> | <u>\$18,958,527</u> | <u>\$18,951,862</u> | <u>\$18,952,221</u> |

## State Reimbursement for Property Tax Credits – 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 before 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. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that 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 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>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        |
|--|--------------------|--------------------|--------------------|--------------------|
| Rollback and Homestead                                   | <u>\$9,071,120</u> | <u>\$9,098,022</u> | <u>\$9,112,248</u> | <u>\$9,126,474</u> |
| Total State Reimbursement for Property Tax Credits #1.05 | <u>\$9,071,120</u> | <u>\$9,098,022</u> | <u>\$9,112,248</u> | <u>\$9,126,474</u> |

### Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been interest on investments, tuition payments, and TIFs.

Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024 and an additional 25 basis points in December 2024. While interest income in FY26 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY27 and future years. We will continue to monitor the investments for the district.

The Willowick Shoregate TIF payments are being collect per the agreement. Willoughby’s TIFs are assumed to remain consistent. The Lake County YMCA took over the district’s Latch Key Program housed in the YMCA building. The YMCA payments are projected to remain the same during the forecasted period. The district also receives rent payments from Adult Nursing Program, and T-Mobile for cell towers on top of the board office. A new TIF for Brookwood Crossing has been added beginning in FY25. Medicaid reimbursements are expected to continue at current levels. Pay to Participate, Classroom, and Extra-Curricular fees are assumed to remain flat for FY26-29. At this time, we will continue monitoring this line of the forecast for future projections.

Tuition Income is decreasing in FY27 and FY28 as we are leaving Excel TECC and bringing the career programming in house.

Rentals have returned to pre-pandemic levels. All other revenues are expected to continue on historical trends.

| <u>Source</u>                         | <u>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Tuition Income                        | \$1,645,307        | \$1,145,307        | \$645,307          | \$645,307          |
| Interest Income                       | 2,957,200          | 2,494,100          | 2,176,100          | 2,133,890          |
| Pay to Participate                    | 175,000            | 175,000            | 175,000            | 175,000            |
| Class Fees                            | 346,700            | 346,700            | 346,700            | 346,700            |
| TIF's                                 | 700,000            | 700,000            | 700,000            | 700,000            |
| Insurance Proceeds                    | 30,000             | 30,000             | 30,000             | 30,000             |
| Rentals                               | 200,000            | 200,000            | 200,000            | 200,000            |
| All Other Sources                     | <u>1,250,000</u>   | <u>1,250,000</u>   | <u>1,250,000</u>   | <u>1,250,000</u>   |
| Total Other Local Revenue Line #1.060 | <u>\$7,304,207</u> | <u>\$6,341,107</u> | <u>\$5,523,107</u> | <u>\$5,480,897</u> |

### Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short-term borrowing projected in this forecast.

**Transfers In / Return of Advances – Line #2.040 & Line #2.050**

These are non-operating revenues, which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a prior fiscal year in the current fiscal year. The advances in the prior fiscal year are expected to be repaid in the current year, as noted in the table below.

| <u>Source</u>                | <u>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| Transfers In - Line 2.040    | \$0                | \$0                | \$0                | \$0                |
| Advance Returns - Line 2.050 | 1,000,629          | 1,000,000          | 1,000,000          | 1,000,000          |
| Total Transfer & Advances In | <u>\$1,000,629</u> | <u>\$1,000,000</u> | <u>\$1,000,000</u> | <u>\$1,000,000</u> |

**All Other Financial Sources – Line #2.060**

This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that are in line with historical collections.

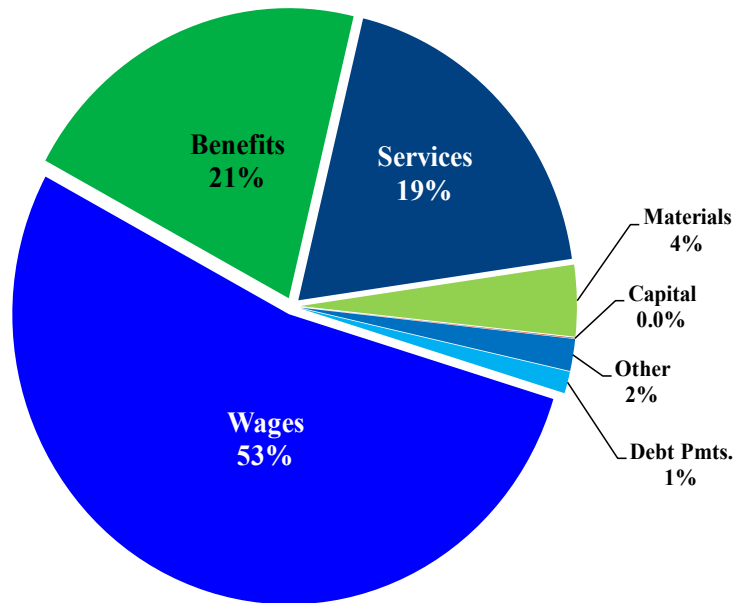
| <u>Source</u>                             | <u>FY26</u>      | <u>FY27</u>      | <u>FY28</u>      | <u>FY29</u>      |
|---|------------------|------------------|------------------|------------------|
| All Other Financial Sources - Line #2.060 | <u>\$140,000</u> | <u>\$140,000</u> | <u>\$140,000</u> | <u>\$140,000</u> |

**Expenditure 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 needs. 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 FY26**

**General Fund Estimated Operating Expenditures FY26 \$115,554,478**



**Wages – Line #3.010**

A new two-year collective bargaining agreement was approved beginning in FY25, which provides for base increases of 2.25% for FY25 and FY26, step increases are included. For planning purposes only at this time, a 2% base increase has been projected for FY27-29.

In order to expand our career technical education (CTE) offerings for students, we plan to reassign current staff and/or hire new personnel using funds made available through retirements. As part of this initiative, we are in the process of exiting the Excel TECC consortium and will begin operating our own in-district CTE programs starting in FY28. This decision was driven by a significant unmet demand under the consortium model. Only about half of the students interested in CTE courses were able to participate due to limited seat allocations for Willoughby-Eastlake.

| <u>Purpose</u>             | <u>FY26</u>         | <u>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| Base Wages                 | \$54,859,443        | \$57,201,883        | \$59,346,954        | \$61,572,465        |
| Increases                  | 1,234,337           | 1,144,038           | 1,186,939           | 1,231,449           |
| Steps & Training           | 960,040             | 1,001,033           | 1,038,572           | 1,077,518           |
| Overtime/Stipends/Other    | 749,055             | 786,508             | 786,508             | 786,508             |
| Substitutes                | 1,698,785           | 1,783,724           | 1,872,910           | 1,966,556           |
| Supplementals              | 1,748,296           | 1,783,262           | 1,818,927           | 1,855,306           |
| Staff Reductions/Increases | 148,063             | 0                   | 0                   | 0                   |
| Board of Education         | <u>15,000</u>       | <u>15,000</u>       | <u>15,000</u>       | <u>15,000</u>       |
| Total Wages Line 3.010     | <u>\$61,413,019</u> | <u>\$63,715,448</u> | <u>\$66,065,810</u> | <u>\$68,504,802</u> |

### **Fringe Benefits Estimates – Line #3.020**

This area of the forecast captures all costs associated with benefits and retirement costs. These payments are included in the table below.

#### **A) STRS/SERS**

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund healthcare.

#### **B) Insurance**

The district saw a 38% increase for healthcare premiums in FY24 based on recommendations by the district’s insurance consultant. The large increase in FY24 was due to the need to rebuild the self-insurance reserves and fund the insurance plan to expected levels. Although this is a large up-front expense, it will ensure the benefit package is sustainable for our employees. We saw an increase of 9% in FY25 and 6% increase in FY26, we are estimating a 6% increase for FY27-29. The district and the unions negotiated a cap on the insurance at 6%. Any increases between 6%-10%, will be the sole responsibly of the employee, while any increases over 10% will be split 50/50 between the district and the employees. The insurance reserves are currently below an acceptable threshold, and there are no premium holidays being forecasted for FY26-29.

#### **C) Workers Compensation & Unemployment Compensation**

Workers' Compensation is expected to be approximately 0.45% of wages FY26 through FY29. Unemployment is likely to remain at a shallow level FY26 through FY29. The district is a direct reimbursement employer meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

#### **D) Medicare**

Medicare will continue to increase at the rate of wage increases 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 Retirement/Insurance Benefits – Line #3.020

| <u>Purpose</u>                    | <u>FY26</u>         | <u>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| STRS/SERS                         | \$10,044,258        | \$10,420,839        | \$10,806,165        | \$11,206,010        |
| Insurances                        | 12,439,483          | 13,185,852          | 13,977,003          | 14,815,623          |
| Workers' Comp/Unemployment        | 233,849             | 296,231             | 306,703             | 317,570             |
| Medicare                          | 981,511             | 1,016,087           | 1,054,025           | 1,093,393           |
| Other/Tuition                     | 454,034             | 454,034             | 454,034             | 454,034             |
| Total Fringe Benefits Line #3.020 | <u>\$24,153,135</u> | <u>\$25,373,043</u> | <u>\$26,597,930</u> | <u>\$27,886,630</u> |

### Purchased Services – Line #3.030

Purchased Services includes various services and supports that the district acquires from external providers to enhance educational operations and student well-being as well as utility costs, mileage, meeting expenses, repairs and maintenance, legal fees, and property insurance. College Credit Plus, excess cost, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period. Overall, this line is increasing by an average of 4.5% over the forecasted period.

In FY22-24, we reduced costs in purchased services by supplanting services such as summer school costs, instructional technology, instructional programs, and mental health services to the ARP ESSER funds (Fund 507). The last year to utilize these funds was FY24. Due to this, the forecast will see these expenses return to the Purchased Services line.

Beginning in FY26, property services will be moved to the 003 Permanent Improvement Plan. This is tied to the 20 year Capital Plan, which the Board of Education approved at the April 2025 board meeting.

This section also contains the updated transportation contract with Petermann Bus and reflects annual 2% increases. Although this service is contracted, the district is still obligated to provide maintenance and fuel, while new bus purchases are the responsibility of Petermann Bus. There is a separate credit being provided to the district from Petermann in the amount of \$100 thousand. This is set to expire on June 30, 2027, and will be added back in for FY28. Beginning in FY28, we also anticipate saving approximately \$500,000 in transportation costs by no longer participating in the Excel TECC consortium. We will also see a reduced tuition cost beginning in FY27 and again in FY28 as a result of leaving the Excel TECC Consortium.

| <u>Purpose</u>                       | <u>FY26</u>         | <u>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Transportation                       | \$10,724,192        | \$10,938,676        | \$11,257,450        | \$11,482,599        |
| Tuition Payments                     | 3,990,840           | 3,470,657           | 2,940,070           | 2,998,871           |
| Utilities                            | 2,597,209           | 2,856,930           | 2,914,069           | 2,972,350           |
| Professional Services                | 1,346,112           | 1,373,034           | 1,400,495           | 1,428,505           |
| Property Services and SRO's          | 1,390,111           | 1,417,913           | 2,446,271           | 2,495,196           |
| Instructional Services               | 799,463             | 815,452             | 831,761             | 848,396             |
| Connectivity, Phone & Postage        | 245,710             | 250,624             | 255,636             | 260,749             |
| Contracted or Trade Services         | 343,006             | 349,866             | 356,863             | 364,000             |
| Travel and Meetings                  | 451,571             | 460,602             | 469,814             | 479,210             |
| Total Purchased Services Line #3.030 | <u>\$21,888,214</u> | <u>\$21,933,754</u> | <u>\$22,872,429</u> | <u>\$23,329,876</u> |

### Supplies and Materials – Line #3.040

Supplies and materials expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, bus fuel, and other supplies consumed or used during the educational process.

FY25 saw an increase in general supplies as a one-time expense, due to the adoption of the CKLA K-5 curriculum. We will see the adoption of the CKLA 6-8 curriculum and math curriculum in FY26. FY24 and FY25 saw an increase due to supplies that were paid by the ARP ESSER funds (Fund 507) and have been moved back to the General fund. ESSER funding has been fully utilized and we do not anticipate receiving any additional ESSER funding. The district is also placing a higher emphasis on telling its story, so there has been more allocated for communications than in previous years. In alignment with our 20 year Capital Plan, beginning in FY26, we will see technology purchases moved to the 003 Permanent Improvement fund.

| <u>Purpose</u>                 | <u>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| General Supplies               | \$2,417,361        | \$2,465,708        | \$3,315,022        | \$3,381,322        |
| Resale Supplies                | 569,454            | 580,843            | 592,460            | 604,309            |
| Maintenance                    | 463,923            | 473,201            | 482,665            | 492,318            |
| Vehicles                       | 661,000            | 674,220            | 687,704            | 701,458            |
| All other Supplies & Materials | 364,031            | 371,312            | 378,738            | 386,313            |
| Textbooks & Periodicals        | <u>118,566</u>     | <u>120,937</u>     | <u>123,356</u>     | <u>125,823</u>     |
| Total Supplies Line #3.040     | <u>\$4,594,335</u> | <u>\$4,686,221</u> | <u>\$5,579,945</u> | <u>\$5,691,543</u> |

**Equipment – Line # 3.050**

Most equipment will be moved to the 003 Permanent Improvement Fund, in alignment with the 20-year Capital Plan, beginning in FY26.

| <u>Purpose</u>              | <u>FY26</u>     | <u>FY27</u>     | <u>FY28</u>     | <u>FY29</u>     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Equipment                   | \$0             | \$0             | \$0             | \$0             |
| Technical Equipment         | <u>48,000</u>   | <u>48,000</u>   | <u>48,000</u>   | <u>48,000</u>   |
| Total Equipment Line #3.050 | <u>\$48,000</u> | <u>\$48,000</u> | <u>\$48,000</u> | <u>\$48,000</u> |

**Principal and Interest Payment – Lines #4.010 through 4.060**

The district issued \$1.3 million in long-term general obligation notes to replace and renovate the South High athletic fields due to the condition of the bleachers; this project was completed August 2015. The Federal Government provides subsidy payments to fully offset the interest payments, with respect to its TQSC bond and its Series 2011 COP note. As part of the American Taxpayer Relief Act, the Federal Government began to reduce these subsidies. As a result, subsidies were reduced by 6.9% in FY17 and 6.6% in FY18. The district expects further reductions to interest subsidies.

As these reductions continue, the PI fund becomes less able to fully support the debt payments, which may cause the General Fund to assume a portion of this debt service through transfers to the PI fund. Due to the PI debt, future building improvements may be made by the General Fund. In 2017, the district refinanced its 2011 and 2013 COPs to save, in net present value terms, over 4%. The refunded debt terms will be repaid by both the PI and General funds. In FY18, the district refinanced its Series 2013 and 2015 COPs. The PI fund is responsible for the majority of the refinancing. However, a portion of the refinancing is obligated to the General Fund.

In FY20, the district refunded three debt issuances. The Certificates of Participation - Series 2015 saving the district \$703,534 with the final payment being made in FY40. The Energy Conservation Improvement Bonds - Series 2012 saving the district \$304,086 with the final payment being made in FY28. The 2046 maturity of the School Improvement Bonds - Series 2016 will save \$5,771,835, for aggregate savings of \$6,779,455 to the district over the term of these loans. No further building repair projects are projected during the forecasted period.

| <u>Purpose</u>                                  | <u>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>      |
|---|--------------------|--------------------|--------------------|------------------|
| Principal-All (Historical Only)                 | \$94,000           | \$94,000           | \$98,000           | \$101,000        |
| Principal-Notes                                 | 264,470            | 446,000            | 471,690            | 484,620          |
| HB 264 Principal                                | 595,000            | 600,000            | 575,000            | 0                |
| Interest Payments                               | <u>448,054</u>     | <u>411,696</u>     | <u>368,436</u>     | <u>336,078</u>   |
| Total Principal and Interest Lines #4.010-4.060 | <u>\$1,401,524</u> | <u>\$1,551,696</u> | <u>\$1,513,126</u> | <u>\$921,698</u> |

**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of Auditor & Treasurer fees, the annual audit, and other miscellaneous expenses. We do not expect an increase in the property tax collections as this is based on the levy amounts being collected and there are no new levies projected in the forecast. Insurance costs are expected to increase by 24% for FY26 and 8% for FY27-29.

| <u>Purpose</u>                   | <u>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Property Tax Collections         | \$1,075,000        | \$1,075,000        | \$1,075,000        | \$1,075,000        |
| Dues and fees                    | 248,058            | 255,500            | 263,165            | 271,060            |
| Insurances                       | 641,560            | 692,885            | 748,316            | 808,181            |
| Annual Audit                     | 63,000             | 64,890             | 66,837             | 68,842             |
| Awards and Other                 | <u>28,633</u>      | <u>29,492</u>      | <u>30,377</u>      | <u>31,288</u>      |
| Total Other Expenses Line #4.300 | <u>\$2,056,251</u> | <u>\$2,117,767</u> | <u>\$2,183,694</u> | <u>\$2,254,371</u> |

**Transfers and Advances Out – Lines #5.01 and #5.02**

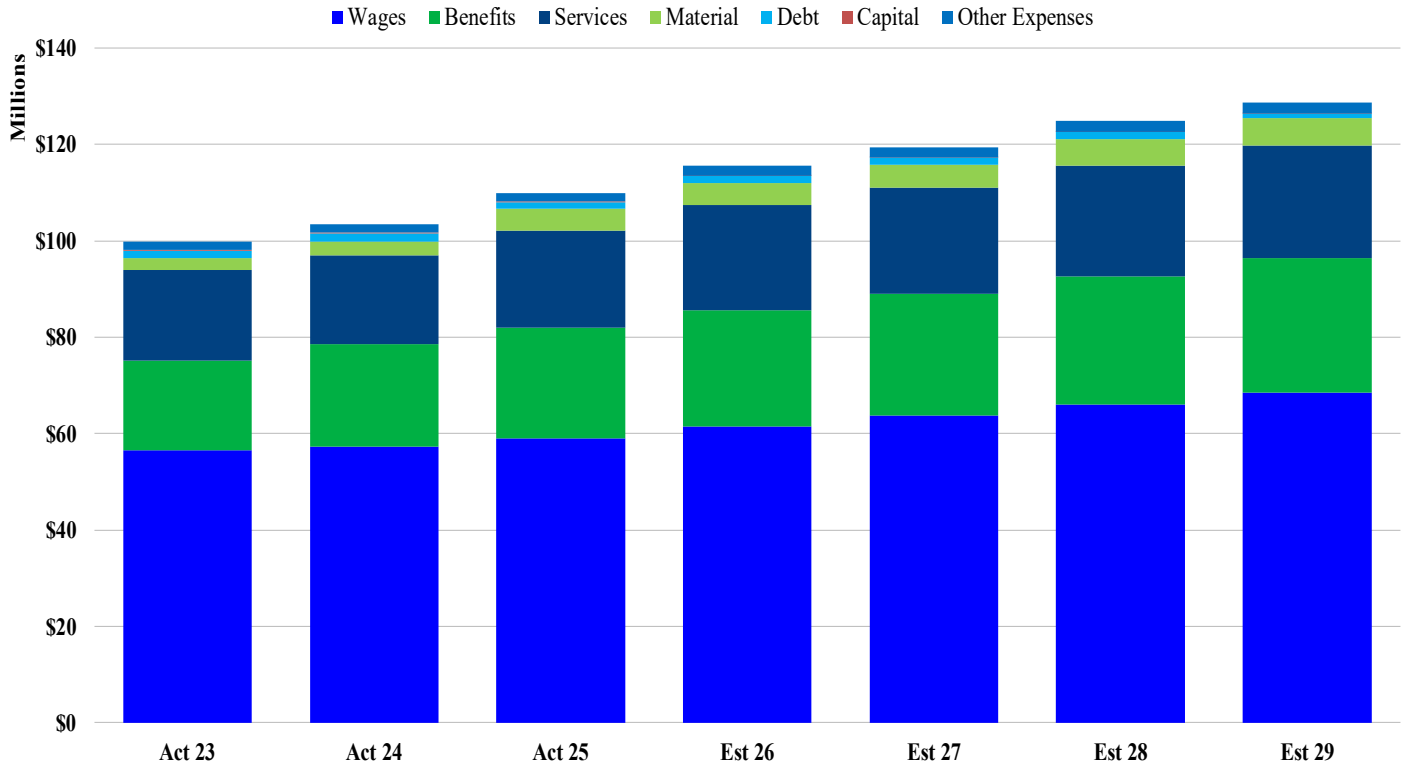
This account group covers fund-to-fund transfers and end-of-year short-term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district is forecasting transfers to the 035 Severance fund to cover retired employee severances, and other transfers to support athletics and extracurricular activities. In FY25 there was a transfer made to the permanent improvement fund to support FY26-28 of the 20-year Capital Improvement Plan, which also included the repurchase of the bus fleet instead of continuing with leasing, as well as any career technical education (CTE) facility expansions or enhancements that are not covered by grant funding. Advances are to cover self-insurance fund deficits, state and federal grants at fiscal year-end and debt service payments in the event the permanent improvement fund cannot cover those costs.

| <u>Purpose</u>                | <u>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| Regular Transfers             | <u>\$950,000</u>   | <u>\$950,000</u>   | <u>\$950,000</u>   | <u>\$950,000</u>   |
| Transfers Out Line #5.010     | <u>\$950,000</u>   | <u>\$950,000</u>   | <u>\$950,000</u>   | <u>\$950,000</u>   |
| Advances Out Line #5.020      | <u>1,000,000</u>   | <u>1,000,000</u>   | <u>1,000,000</u>   | <u>1,000,000</u>   |
| Total Transfer & Advances Out | <u>\$1,950,000</u> | <u>\$1,950,000</u> | <u>\$1,950,000</u> | <u>\$1,950,000</u> |

## Operating Expenditures Actual FY23 through FY25 and Estimated FY26-FY29

As the following graph indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.

### General Fund Expenditures Actual FY23 through Est. FY29



### 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, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure at the time authorization is made 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.

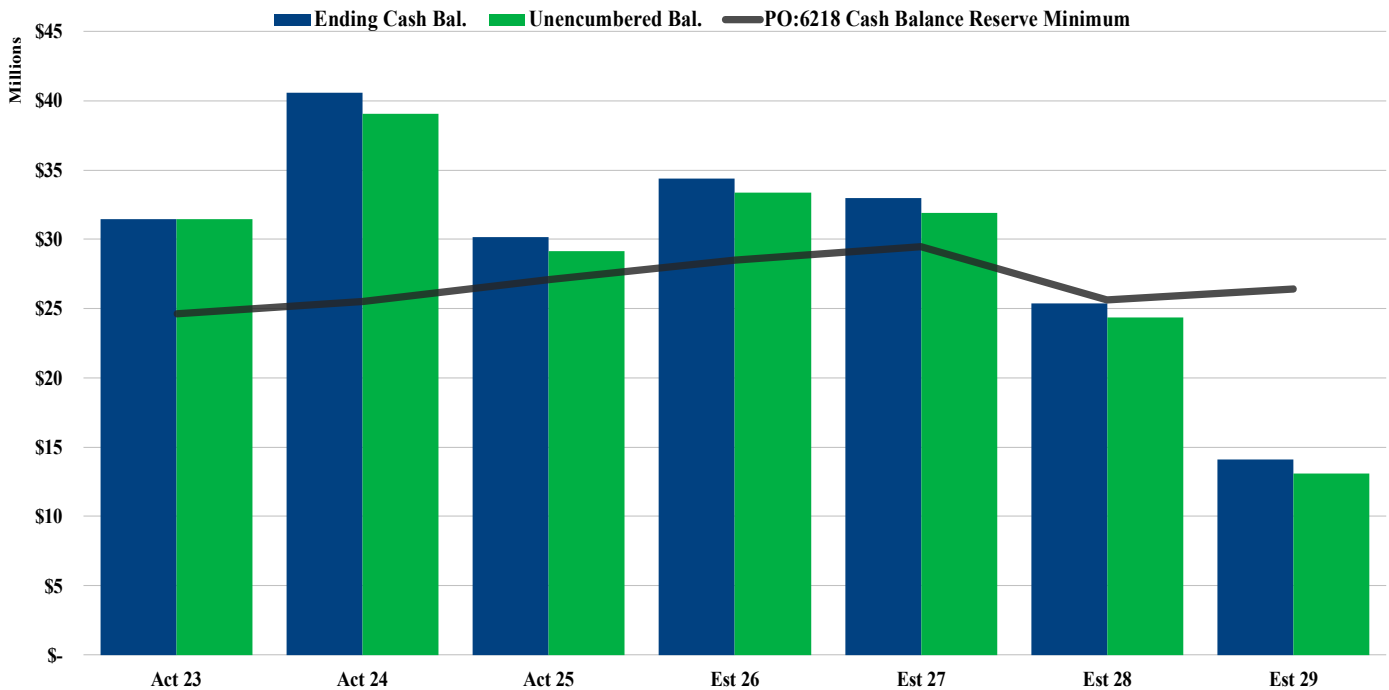
| <u>Purpose</u>         | <u>FY26</u>        | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| Estimated Encumbrances | <u>\$1,025,280</u> | <u>\$1,025,280</u> | <u>\$1,025,280</u> | <u>\$1,025,280</u> |

**Ending Unencumbered Cash Balance Including Our New Levy and All Levy Renewals – Line#15.010**

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, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of \$10,000; unless an alternative 412 certificate, as permitted by HB153, effective September 30, 2011, could be issued. The district approved [Board Policy 6218 – Cash Balance Reserve](#) on September 9th which establishes the true days cash minimum levels for each year of the forecast. The current and second year forecasted requires 90-days cash, and third and fourth year forecasted a 75-day minimum. It should also be noted if the true days cash balance exceeds 180 days, the Superintendent may bring a plan in alignment with the district’s strategic plan. This expenditure must be approved by the Board and cannot result in reducing the forecasted days cash below policy standards.

| Purpose                          | <u>FY26</u>  | <u>FY27</u>  | <u>FY28</u>  | <u>FY29</u>  |
|----------------------------------|--------------|--------------|--------------|--------------|
| Ending Unencumbered Cash Balance | \$33,382,717 | \$31,936,785 | \$24,364,406 | \$13,107,412 |

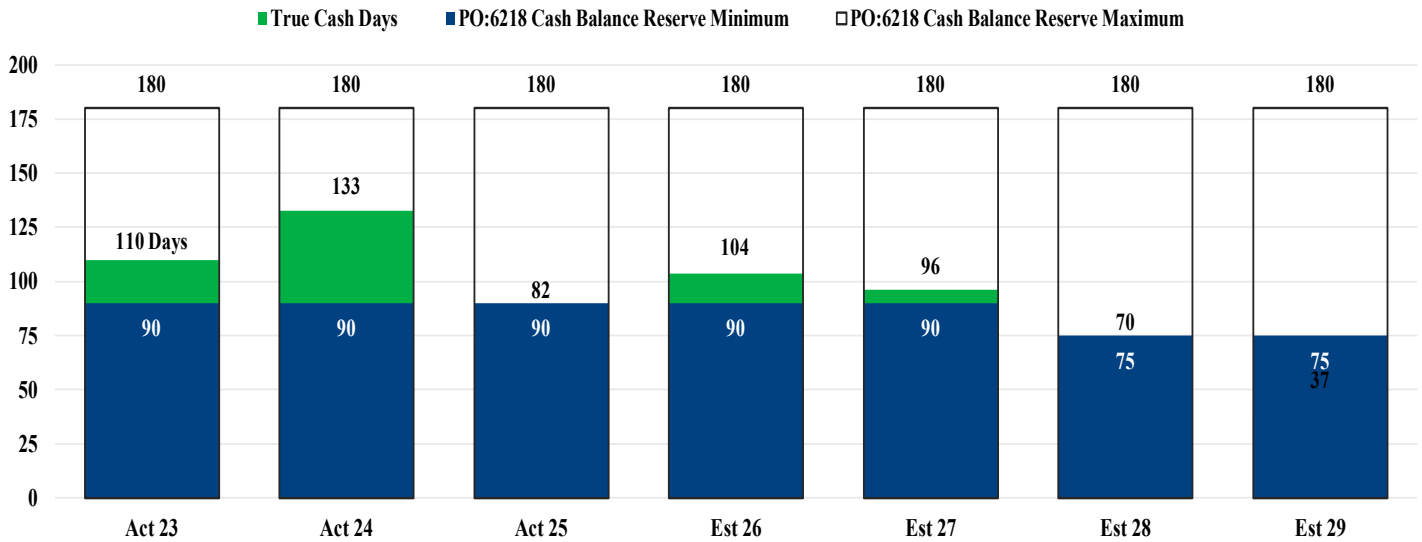
**Ending Cash Balance With New Levy But No Renewal Levies**



## 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 Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption.

### Ending Cash Balance in True Cash Days With Levy Renewals



### Conclusion

We want to thank all of our community members that have taken the time to share their thoughts at the community conversations. Due to many factors that play into the story of our revenue and expenditures, we must continue working together for the quality education the district provides. We also want to encourage everyone in our community to collaborate with us in order to align the needs of our students with valuable tax revenue.

Willoughby-Eastlake City School District receives 23.3% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

As the administration plans for the future, they will need to make sure that the district is able to maintain a positive cash balance throughout the forecast. The expenditures will need to be reviewed based on the current revenues in order to obtain this.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.