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
February 9, 2026

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				Forecasted			
		Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Average Change	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
	Revenues								
1.010	General Property Tax (Real Estate)	72,227,830	70,076,054	74,774,621	1.9%	74,997,328	70,136,244	71,343,866	71,636,756
1.020	Tangible Personal Property	8,005,505	8,511,591	8,593,482	3.6%	8,821,882	9,052,104	8,997,816	8,945,812
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%	17,953,065	18,240,689	18,240,689	18,240,689
1.040	Restricted State Grants-in-Aid	1,326,547	1,926,027	1,910,560	22.2%	1,362,469	1,301,374	1,301,374	1,301,374
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%	9,068,384	10,366,808	10,431,950	9,222,538
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	*Total Revenues*	110,428,659	112,170,280	118,266,703	3.5%	119,507,335	115,438,326	115,838,802	114,828,066
	Other Financing Sources								
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	*Total Other Financing Sources*	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	*Total Revenues and Other Financing Sources*	111,752,088	116,425,758	119,789,159	3.5%	120,647,964	116,578,326	116,978,802	115,968,066
	Expenditures								
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	*Total Expenditures*	99,901,425	103,444,317	109,998,949	4.9%	115,554,478	119,425,929	124,860,934	128,636,920
	Other Financing Uses								
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	*Total Other Financing Uses*	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	*Total Expenditures and Other Financing Uses*	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	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	7,297,397	9,132,053	(10,417,731)	-94.5%	3,143,486	(4,797,603)	(9,832,132)	(14,618,854)
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	33,327,558	28,529,955	18,697,823
7.020	*Cash Balance June 30*	31,469,750	40,601,803	30,184,072	1.7%	33,327,558	28,529,955	18,697,823	4,078,969
8.010	*Estimated Encumbrances June 30*	28,416	1,546,162	1,025,280	2653.7%	1,025,280	1,025,280	1,025,280	1,025,280
`	**Reservation of Fund Balance**								
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	*Subtotal*	0	0	0	0.0%	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	31,441,334	39,055,641	29,158,792	-0.6%	32,302,278	27,504,675	17,672,543	3,053,689
	Revenue from Replacement and Renewal Levies								
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	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	31,441,334	39,055,641	29,158,792	-0.6%	32,302,278	27,504,675	17,672,543	3,053,689
	Revenue from New Levies								
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	*Unreserved Fund Balance June 30*	31,441,334	39,055,641	29,158,792	-0.6%	32,302,278	27,504,675	17,672,543	3,053,689

Willoughby-Eastlake City School District –Lake County
Notes to the Four-Year Forecast
General Fund Only
February 9, 2026

Introduction to the Financial 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 financial forecast is a crucial management tool and must be updated periodically. The financial 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 financial 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 financial 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 financial forecast for planning purposes. The financial forecast includes three years of actual and five 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 February 2026 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:
This financial forecast has risks and uncertainty due to economic changes, new property tax laws signed by Governor DeWine on December 19, 2025, and also state legislative changes that will occur in the spring of 2027 and 2029 due to deliberation of the next state biennium budget for FY28-29, all of which affect this forecast.

(1) On December 19, 2025, Governor DeWine signed into law several pieces of legislation that are the most sweeping changes to Ohio property tax law since 1976 when HB920 was passed. The legislation approved are: HB129, HB186, HB309, and HB335. These laws become effective March 19, 2026, which is after the February filing deadline for this forecast. Of particular concern is HB186, which implements new caps on property tax increases, applied retroactively, for property reappraisal and triennial updates that occurred in tax year 2023, 2024, and 2025. Due to the complexity of these calculations, the Ohio Department of Taxation (ODT) has been charged with calculating the effects of this legislation and notifying Ohio's 88 county auditors as to the impact on property tax bills and subsequent tax settlements to local governments. The ODT has until April 20, 2026 to calculate any tax reductions that impact school districts.

A brief summary of the impact of each piece of legislation is noted below with specific anticipated impacts to this forecast noted in Estimated Real Estate Tax Line 1.01 section of these assumptions below:

- HB129 restores fixed sum levies and implements new requirements. It will also include fixed sum levy millage in the 20-mill floor calculation beginning in the next sexennial reappraisal or triennial update cycle of any county that contains district territory, but no later than Tax Year 2028, which will collect in calendar year 2029. This new law becomes effective for us in tax year 2027 collect in calendar year 2028. It is estimated this new law will lower our Class I and II tax collections by $1.39 million in calendar year 2028 and up to $3.488 million through FY30.

- HB186 establishes Inflation Cap Credits and Temporary Tax Credits (claw back). Following reappraisals and triennial updates for school district property taxes, the Inflation Cap Credits prevent increases beyond the Gross Domestic Product Deflation Factor (GDP DF). The Temporary Tax Credits (claw back) provision refunds tax revenue that has already been collected by school districts beginning with sexennial reappraisals and triennial updates that occurred before the effective date of the law, retroactive back to tax year 2023, 2024, and 2025. These are funds that have already been realized and have been spent and/or included in future educational planning. While skyrocketing home values resulted in the need for property tax reform that limits tax growth for taxpayers, the retroactive claw back of taxes already paid is very detrimental to districts at the 20-mill floor, including our district. It is estimated that this new law will lower tax collections by $5.21 million through FY30.

- HB309 allows County Budget Commissions (CBC's) to reduce any voter-approved levy (except debt) to bring taxes levied within levels the CBC finds reasonable and prudent to avoid unnecessary collections. This law gives locally elected CBC officials the power to override voter-approved levies and local school board fiscal decisions. The impact of this new law is indeterminable and can be administered inconsistently in 88 counties across Ohio.

- HB335 limits revenue growth from inside millage due to sexennial valuation reappraisals or triennial updates to no more than the Gross Domestic Product Deflation Factor (GDP DF). Our district plans to project at or below anticipated GDP DF to avoid inflation cap credits on inside millage.

Because the new, accelerated February filing deadline for school district forecasts, and the ODT's deadline to supply the tax reductions to school districts of April 20, 2026 are misaligned, authoritative data concerning HB186's official impact on our district will not be received as of the filing of this forecast. We have estimated revenues and expenses based on the limited data available and our understanding of this legislation. As authoritative data concerning HB186 is made available to the district, changes may need to be made to the forecast that may or may not be significant.

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. The items below give a short description of the current issues and how they may affect our forecast in the long term:

(2) Property tax collections are largest single source for the school system and a significant risk to the forecast. We project growth in appraised values every three (3) years that aligns with the new HB186 Gross Domestic Product Deflation Factor (GDP DF) and new construction growth. The effects of HB186 will be to limit property tax growth following sexennial reappraisals and triennial updates. Total local revenues, predominately local taxes, equate to 76.2% of the district's resources. As noted above, HB186 indicates any adjustment for prior year appraisals and updates that exceeded GDP DF in reappraisals and triennial updates that occurred in tax years 2023, 2024 and 2025 will result in possible, significant reductions (claw back) in the second half property tax collections that typically occur in August to September 2026. If the Ohio Department of Taxation (ODT) determines adjustments are required due to HB186, further revenue reductions in Tax Year 2026 collected in calendar year 2027 taxes will also result. We have included any estimated adjustment for HB186 in Line 1.01 assumptions below, but only the ODT will have actual authoritative data when it is released after this forecast filing deadline.

(3) Lake County experienced a sexennial reappraisal in tax year 2024 for collection in FY25. We experienced value increases for Class I and II property by $487.6 million for an overall increase of 26.55%. A triennial update will occur in tax year 2027 for collection in FY28. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property will fall within the Gross Domestic Product Deflation Factor range of 5% to 9%. HB335 inside millage cap will become effective for any reappraisal and update beginning in tax year 2026, and HB129 will become effective for our district in the next update in tax year 2027. We have anticipated any 20-mill floor adjustment at that time in Line 1.01 assumptions below.

(4) The state budget represented 23.8% 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 and the Fair School Funding Plan is not continued and/or funded in the next state biennium budget. In this forecast, the next State Biennium Budget covering FY28-29 is unknown. 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 recent formula calculations and use of the Ohio Department of Education and Workforce (ODEW) funding simulator for FY27 projections. This forecast reflects state revenue to align with the FY27 funding levels through 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 base cost inputs (no increase from the state on formula funding) while allowing local capacity 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 FY27 simulations published by the Department of Education and Workforce for our forecasted revenues in FY27-FY29.

(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. Current Homestead and 2.5% owner occupied credits are reimbursed to the district from the state of Ohio. These expanded "Piggyback Property Tax Exemptions" will not be reimbursed. Lake County Commissioners approved the Piggyback exemption for both the owner occupied credit and homestead exemption for tax year 2025, which is collected in calendar year 2026. This will result in estimated tax reductions for FY26 and FY27 noted in Line 1.01 Property Tax Estimates below. HB96 would allow this to occur every year, and if they were to be approved could result in reduced property tax collections for the school district of roughly $2.7 million from current operating levies. This new law creates a potential risk to our local tax collections every year. County auditors have until December 2026 to implement this tax credit

for tax year 2026. We are anticipating the county will continue to approve these piggyback exemptions throughout the forecasted period. We will be closely monitoring these exemptions, as it has such a significant impact to the district's revenue, and we will adjust the forecast in the future accordingly.

(7) The Ohio Department of Taxation, on January 15, 2026, announced an updated state property tax sexennial reappraisal and triennial update schedule. Sixteen counties will have their reappraisal moved back by one year in accordance with the new schedule. Our county will be impacted by this change.

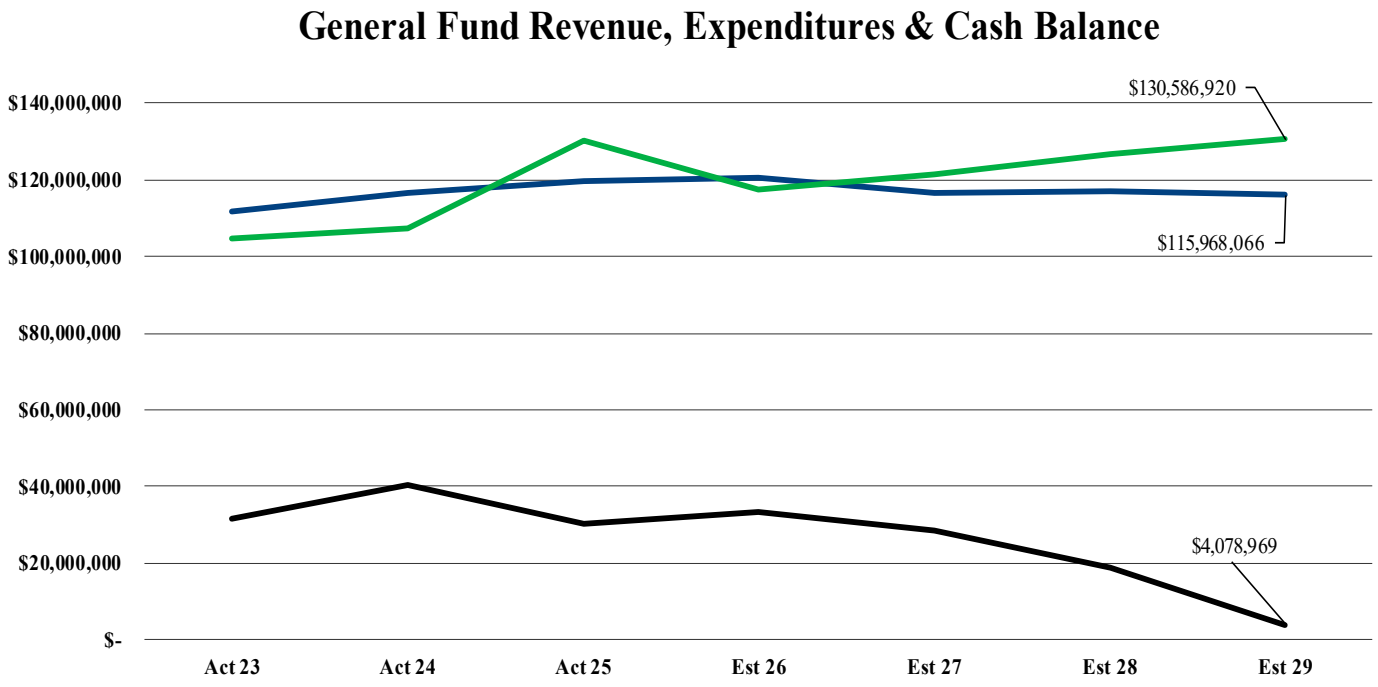
(8) The district alleges construction and project management failures tied to the 2017 Capital Improvement Project (South HS, Lake County West End YMCA, and Senior Center – "Union Village"). AECOM served as the Construction Manager at Risk and ThenDesign Architecture was the Architect for this project. 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.

(9) 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.

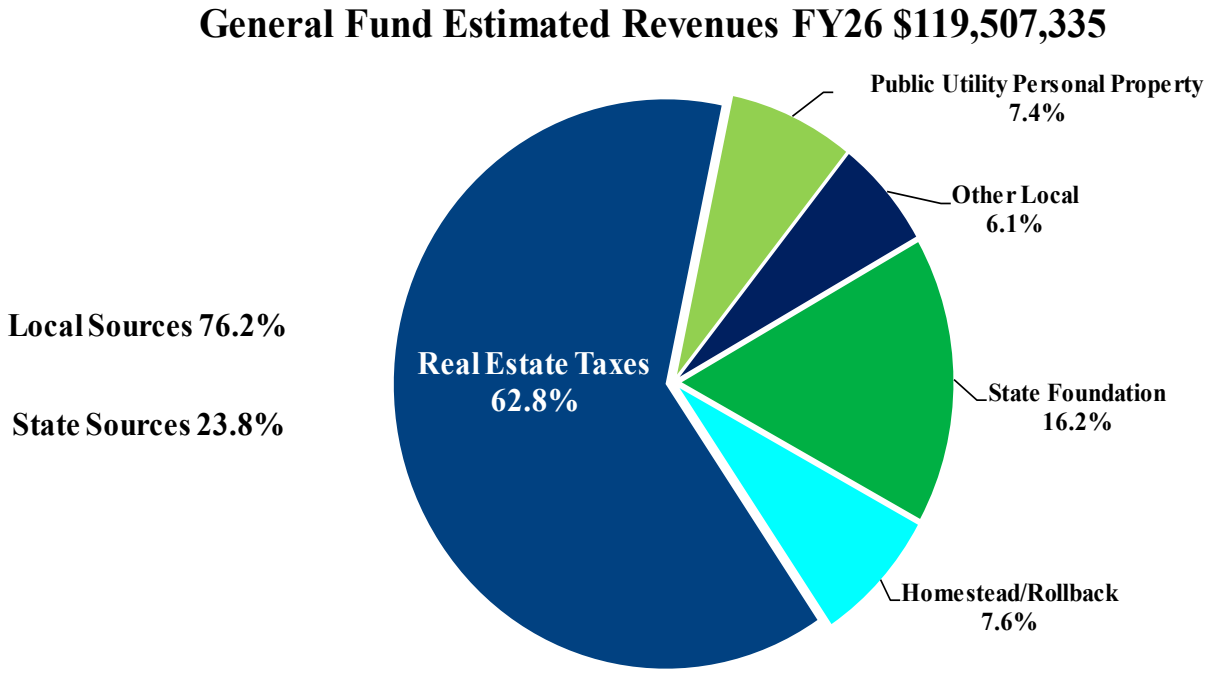
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below to understand the overall financial forecast 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.



Revenue Assumptions
All Operating Revenue Sources General Fund FY26



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, Board of Revisions (BOR) or Bureau of Tax Appeals (BTA) activity, and complete reappraisal or updated values. New to this forecast, HB186 allows new construction growth in property taxes irrespective of GDP DF. Lake County experienced a sexennial reappraisal in tax year 2024 for collection in 2025, which increased our residential values by 28.77% and increased our commercial/industrial property by 13.47%. Overall, total values for Residential/Agricultural and Commercial/Industrial increased $487.6 million or 26.55% overall.

A triennial update will occur in 2027 for collection in FY28, for which we are estimating a 5% increase in residential/agricultural property and we are estimating a 1% increase for commercial/industrial property. We anticipate overall residential/agricultural and commercial/industrial values to increase by 4.2%, or $98 million, at this time.

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

Classification	Actual TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029
Res./Ag.	$1,862,987,270	$1,867,987,270	$1,966,386,634	$1,971,386,634
Comm./Ind.	461,282,510	462,762,510	468,870,135	470,350,135
Public Utility Personal Property (PUPP)	165,690,560	165,840,560	165,990,560	166,140,560
Total Assessed Value	$2,489,960,340	$2,496,590,340	$2,601,247,329	$2,607,877,329

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 54.63 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 fixed sum (formerly emergency) levy that is voted on is now included in the 20-mill floor, the district has five fixed sum levies of 17.33 mills that was voted on for an annual amount of $43.2 million of taxes, as the values increase the millage rate will decrease to only collect the annual amount that was approved by the voters. This must be closely monitored due to potential veto overrides in the House and Senate.

HB129 is a new law that restores fixed sum levies and now includes them in the 20-mill floor calculation. HB129 will be in effect following the tax year 2027 triennial update. Our district is expected to be impacted by including fixed sum (formerly referred to as emergency) levies in our 20-mill floor calculation starting for collection in calendar year 2026. This is expected to result in a loss of $1.39 million in fiscal year 2027 and reduce tax collections by $3.487 million through FY30 on the forecast of taxes on Line 1.01.

Estimated Real Estate Tax Collection Assumptions & New Tax Laws

HB96 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. Lake County

Commissioners approved the Piggyback exemption for both owners occupied credit and homestead exemption for tax year 2025, which is collected in calendar year 2026. This will result in estimated tax reductions for FY26 and FY27, noted in Line 1.01 Estimated Real Estate Tax Estimates below. County auditors have until December 2026 to implement this tax credit for tax year 2026. At this time, we are assuming these county-wide reductions will continue to be approved for the remainder of the forecasted period.

HB186 is a new law that establishes an Inflation Cap Credit for school district property taxes, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF) in reappraisal and triennial updates. HB186 also includes Temporary Tax Credits (claw back) provision that retroactively refunds property tax revenue that has already been collected by school districts for impacted districts starting in their sexennial reappraisal or triennial updates in tax years 2023, 2024, and 2025. These funds have already been realized and have been spent and/or included in future educational planning. The Ohio Department of Taxation is charged, as the authoritative source, with calculating the adjustments due to HB186, but has until April 20, 2026 to do so, which is after the filing deadline for this forecast.

Willoughby-Eastlake City School District is at the 20-mill floor and is anticipating a negative claw back impact to our forecast due to HB186. We are anticipating adjustments noted on the table below for Line 1.01. This is based on our best estimate of HB186, but there is no authoritative updated information from the Ohio Department of Taxation at this time on the actual claw back amount. For planning purposes, we believe this is the worst-case scenario but again there is NO authoritative data on this. When authoritative data is released by the Ohio Department of Taxation, we will adjust the forecast accordingly.

HB335 is a new law that limits revenue growth from inside millage due to valuation reappraisals or triennial updates to the Gross Domestic Product Deflation Factor (GDP DF) for future real estate tax revenue growth. We have not forecasted any increases for future reappraisals/triennial updates above anticipated GDP DF, thus no adverse impact to the forecasted property tax revenue is anticipated from this new law.

As noted in the Forecast Risks and Uncertainty section above, there is no authoritative data for school districts that has been released by the Ohio Department of Taxation (ODT) on HB186. The ODT is the authority in HB186 tasked to calculate all of the temporary tax credits and inflation cap credits to be used in tax year 2025 to collect in calendar year 2026. We will continue to monitor guidance as it is released and will update our forecast accordingly.

We have been conservative with any future value increases for reappraisal or updates due to implementation uncertainty over the new legislative changes as noted in the Forecast Risks and Uncertainty above

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% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 46% in the August tax settlement. We are anticipating a significant adjustment to our second half settlement in 2026 in August through September due to HB186.

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.

Source	FY26	FY27	FY28	FY29
General Property Taxes	$74,997,328	$70,136,244	$71,343,866	$71,636,756
Homestead Piggyback Exemption (HB96)	(730,520)	(1,462,131)	(1,472,442)	(1,482,673)
2.5% Rollback Piggyback Exemption (HB96)	(654,333)	(1,309,668)	(1,319,079)	(1,328,484)
Property Tax Inflation Cap Credits (HB186)	0	(2,586,171)	(1,724,114)	(1,724,114)
Estimated Property Taxes Line #1.010	$73,612,475	$64,778,274	$66,828,231	$67,101,485

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 $165.6 million in assessed values in 2025 and is collected

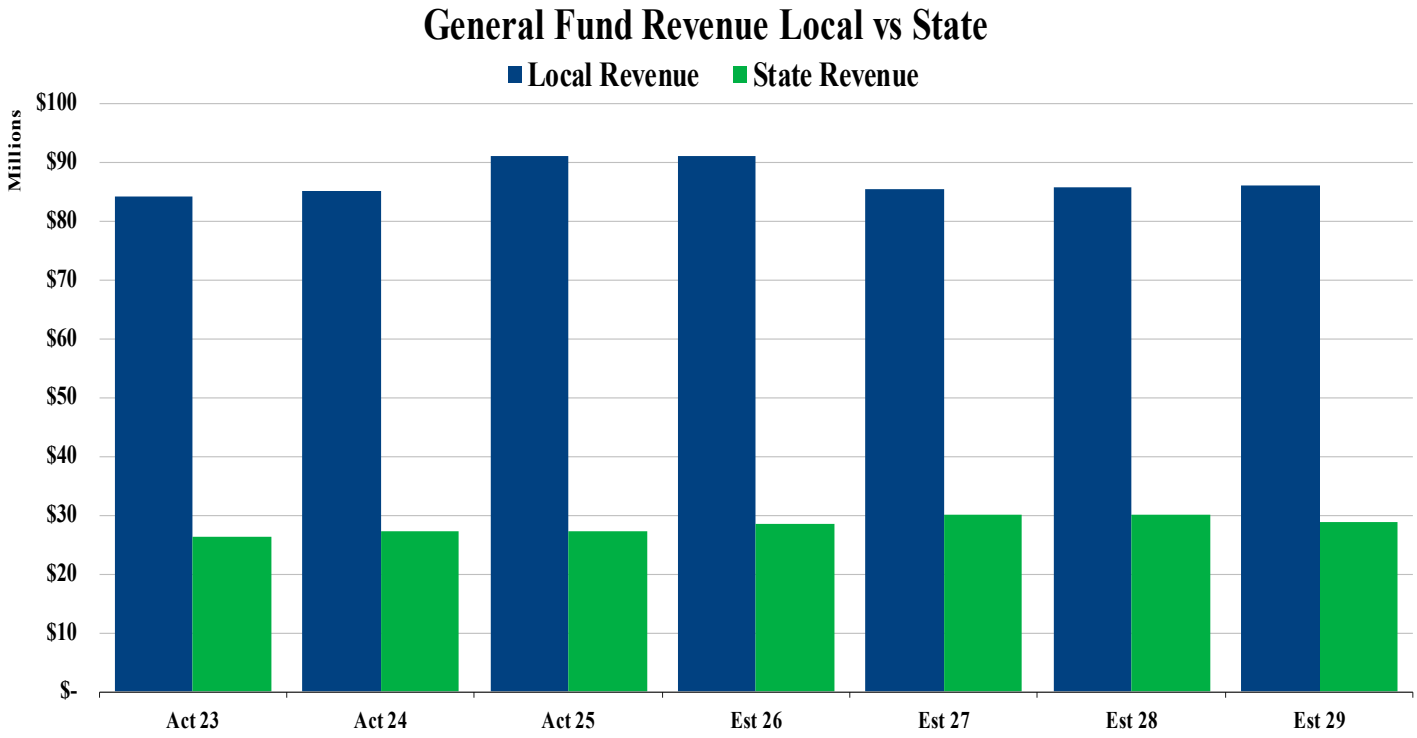
at the district's total voted millage rate. Collections are typically 51% in March and 49% in August, along with the real estate settlements from the county auditor. The values in tax year 2025 rose by 5.15% or $8.1 million and are expected to grow by $150 thousand each year of the forecast.

Source	FY26	FY27	FY28	FY29
Public Utility Personal Property PUPP	$8,821,882	$9,052,104	$8,997,816	$8,945,812
Total Line # 1.020	$8,821,882	$9,052,104	$8,997,816	$8,945,812

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.



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 guarantee district in FY26 and is expected to continue to be on the guarantee in FY26-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 now 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 are estimated to receive $280 thousand in FY26.

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 unknown two (2) new state budgets. 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 held constant in the forecast for FY28 through FY29.

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. We were notified that Threshold Cost reimbursements, and likely future years, are expected to be reduced by 30% from FY25 levels due to fixed state appropriations.

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.

Source	FY26	FY27	FY28	FY29
Basic Aid-Unrestricted	$14,696,366	$15,135,567	$15,135,567	$15,135,567
Preschool and Special Education Transportation	2,370,310	2,676,781	2,676,781	2,676,781
Threshold Reimbursements	428,341	428,341	428,341	428,341
Basic Aid-Unrestricted Subtotal	$17,495,017	$18,240,689	$18,240,689	$18,240,689
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	$17,953,065	$18,705,499	$18,706,973	$18,711,636

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 were notified in January that the state of Ohio overspent their Science of Reading Appropriation and will be reducing funding to recover funds previously paid. 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. The new DPIA formula modified the weight given to these student groups over the biennium, which has resulted in calculated DPIA state funding in FY26 being $86.6 million less than in FY25.

Source	FY26	FY27	FY28	FY29
DPIA	$818,520	$894,869	$894,869	$894,869
ESL	14,424	12,214	12,214	12,214
Gifted	126,303	99,823	99,823	99,823
Career Tech - Restricted	74,775	56,109	56,109	56,109
Other Restricted State Funds	48,011	0	0	0
Student Wellness and Success	280,436	238,358	238,358	238,358
Total Restricted State Revenues Line #1.040	$1,362,469	$1,301,374	$1,301,374	$1,301,374

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundaton Revenues	FY26	FY27	FY28	FY29
Unrestricted Line # 1.035	$17,953,065	$18,240,689	$18,240,689	$18,240,689
Restricted Line # 1.040	1,362,469	1,301,374	1,301,374	1,301,374
Restricted Federal Grants Line #1.045	0	0	0	0
Total State Foundation Revenue	$19,315,534	$19,542,063	$19,542,063	$19,542,063

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.

Partial HB186 Guarantee

New HB186 authorizes payments to school districts and JVSDs that are located in a county that underwent a reappraisal or triennial update in tax years 2023 and 2024 and that, due to the act's temporary credit, would otherwise receive less property tax revenue in tax year 2025 than in tax year 2024. The revenue guarantee applies to tax year 2025, in the case of 2023 reappraisal or update counties, and to tax years 2025 and 2026, in the case of 2024 reappraisal and update counties. Under the act, the Tax Commissioner will calculate the difference between a district's real property tax revenue in tax year 2024 and its revenue in 2025 and, if applicable, 2026. We do anticipate a hold harmless payment for HB186, but since the ODT has not released authoritative data on HB186 calculations, we cannot be certain of this. We will adjust the forecast as data from the ODT becomes available.

Source	FY26	FY27	FY28	FY29
Rollback and Homestead	$9,068,384	$9,092,368	$9,157,510	$9,222,538
HB186 Partial Reimbursement	0	1,274,440	1,274,440	0
Total State Reimbursement for Property Tax Credits	$9,068,384	$10,366,808	$10,431,950	$9,222,538

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 25 basis point in September 2025, another 25 basis points in October 2025, and an additional 25 basis points in December 2025. 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.

Source	FY26	FY27	FY28	FY29
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	1,250,000	1,250,000	1,250,000	1,250,000
Total Other Local Revenue Line #1.060	$7,304,207	$6,341,107	$5,523,107	$5,480,897

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.

Source	FY26	FY27	FY28	FY29
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	$1,000,629	$1,000,000	$1,000,000	$1,000,000

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.

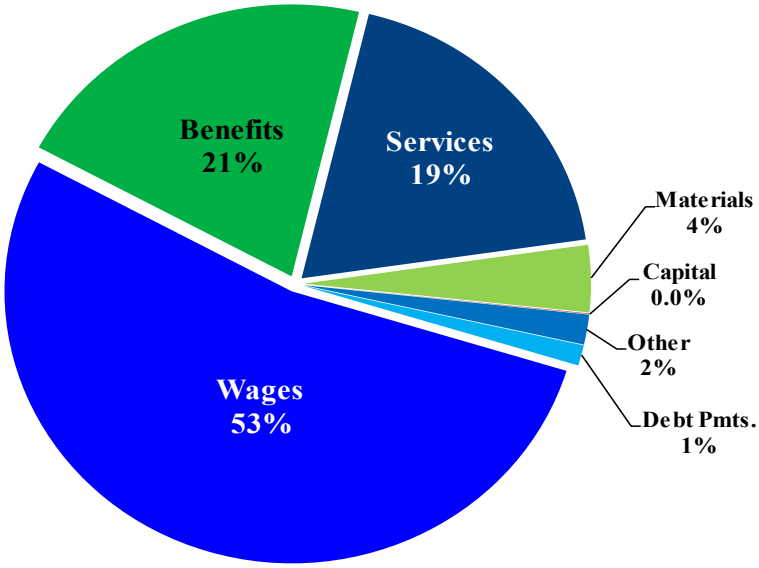
Source	FY26	FY27	FY28	FY29
All Other Financial Sources - Line #2.060	$140,000	$140,000	$140,000	$140,000

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.

Purpose	FY26	FY27	FY28	FY29
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	15,000	15,000	15,000	15,000
Total Wages Line 3.010	$61,413,019	$63,715,448	$66,065,810	$68,504,802

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

Purpose	FY26	FY27	FY28	FY29
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	$24,153,135	$25,373,043	$26,597,930	$27,886,630

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 2% 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.

Purpose	FY26	FY27	FY28	FY29
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	$21,888,214	$21,933,754	$22,872,429	$23,329,876

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.

Purpose	FY26	FY27	FY28	FY29
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	118,566	120,937	123,356	125,823
Total Supplies Line #3.040	$4,594,335	$4,686,221	$5,579,945	$5,691,543

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.

Purpose	FY26	FY27	FY28	FY29
Equipment	$0	$0	$0	$0
Technical Equipment	48,000	48,000	48,000	48,000
Total Equipment Line #3.050	$48,000	$48,000	$48,000	$48,000

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.

Purpose	FY26	FY27	FY28	FY29
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	448,054	411,696	368,436	336,078
Total Principal and Interest Lines #4.010-4.060	$1,401,524	$1,551,696	$1,513,126	$921,698

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.

Purpose	FY26	FY27	FY28	FY29
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	28,633	29,492	30,377	31,288
Total Other Expenses Line #4.300	$2,056,251	$2,117,767	$2,183,694	$2,254,371

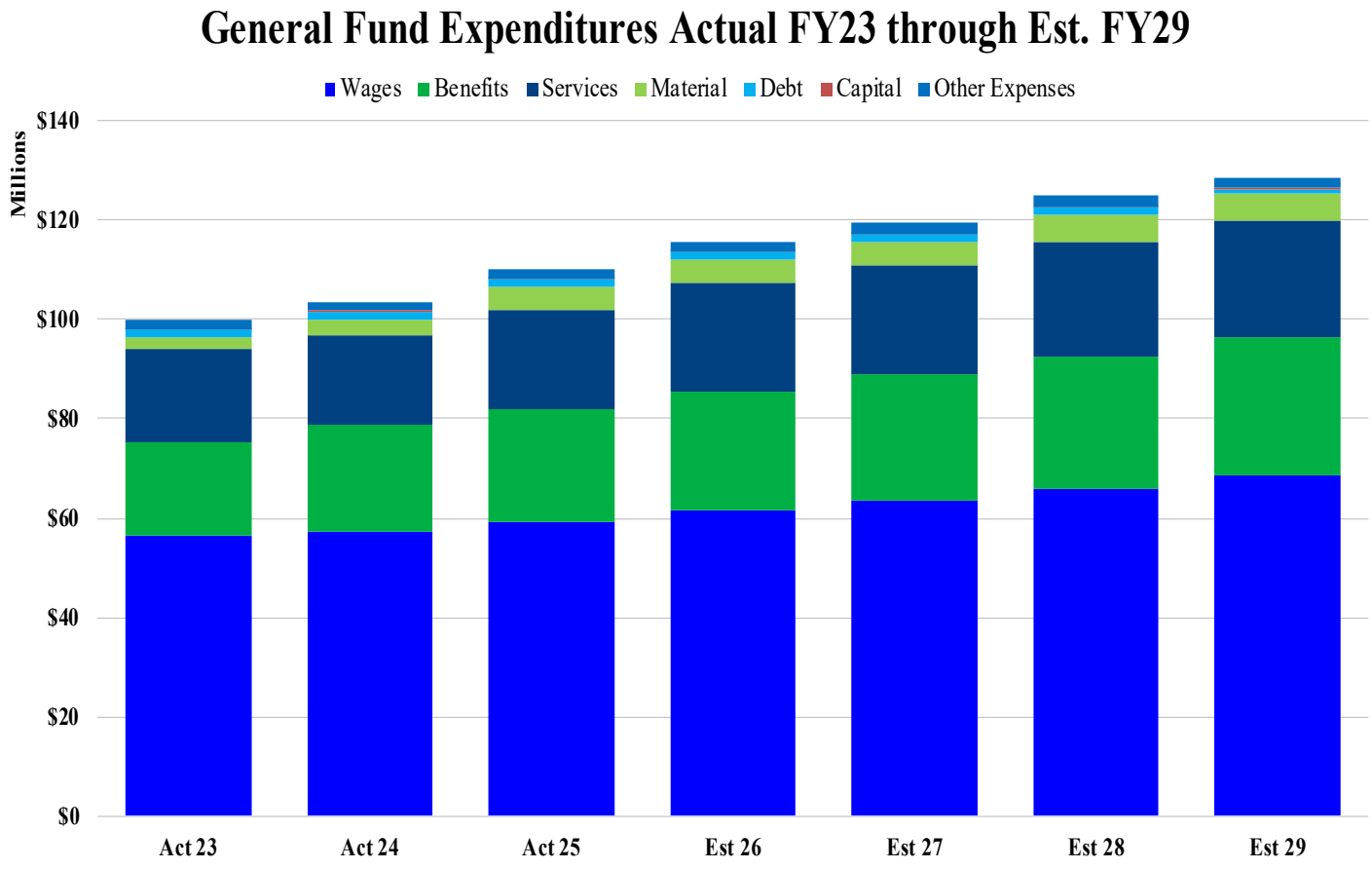
Transfers and Advances Out – Lines #5.01 and #5.02

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.

Purpose	FY26	FY27	FY28	FY29
Regular Transfers	$950,000	$950,000	$950,000	$950,000
Transfers Out Line #5.010	$950,000	$950,000	$950,000	$950,000
Advances Out Line #5.020	1,000,000	1,000,000	1,000,000	1,000,000
Total Transfer & Advances Out	$1,950,000	$1,950,000	$1,950,000	$1,950,000

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.



Encumbrances – Line #8.010

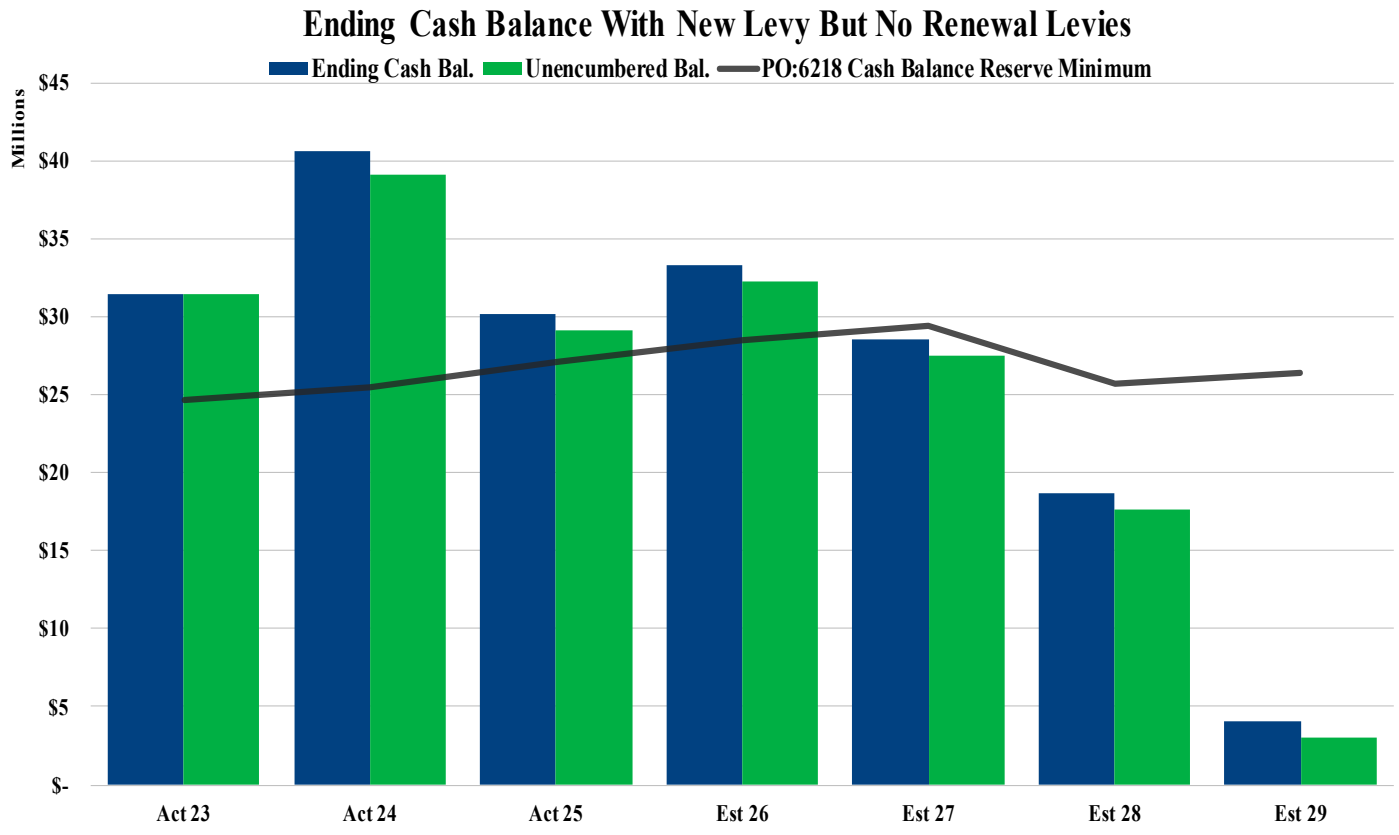
Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure 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.

Purpose	FY26	FY27	FY28	FY29
Estimated Encumbrances	$1,025,280	$1,025,280	$1,025,280	$1,025,280

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

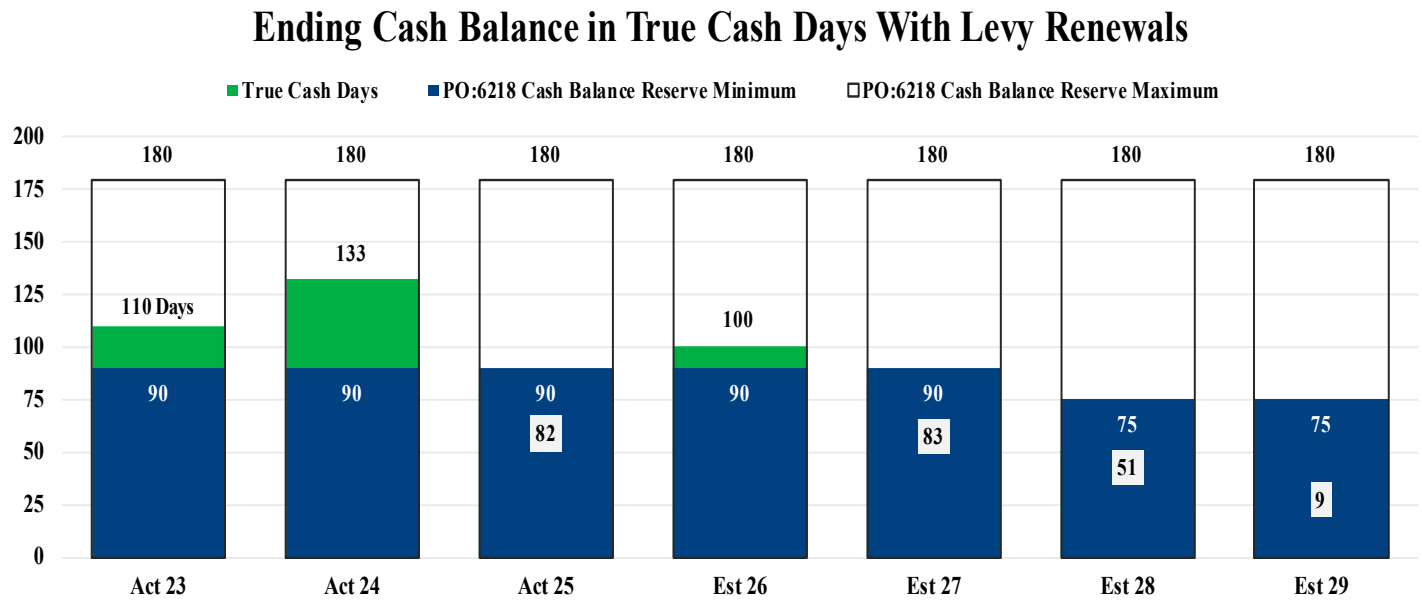
This amount must not go below $-0- or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of $10,000; 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	FY26	FY27	FY28	FY29
Ending Unencumbered Cash Balance	$32,302,278	$27,504,675	$17,672,543	$3,053,689



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. The Government Finance Officers Association (GFOA) recommends that no fewer than two (2) months or 60 days of cash is on hand at year-end. Still, it could be more dependent on each district's complexity and risk factors for revenue collection. This is calculated, including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



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 23.8% 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.