

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT - LAKE COUNTY**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES FOR THE FISCAL YEARS ENDED**  
**JUNE 30, 2024, 2025 and 2026 ACTUAL**  
**FORECASTED FISCAL YEARS ENDING**  
**JUNE 30, 2027 THROUGH JUNE 30, 2030**



**Forecast Provided By**  
**Willoughby-Eastlake City School District**  
**Treasurer's Office**  
**Nicholas E. Ciarniello, Treasurer/CFO**  
**August 27, 2026**

# Willoughby-Eastlake City School District

Lake County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2024, 2025 and 2026 Actual;  
Forecasted Fiscal Years Ending June 30, 2027 Through 2030

|                                                                                                                | Actual              |                     |                     |                   | Forecasted          |                     |                     |                     |
|----------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                                                                | Fiscal Year<br>2024 | Fiscal Year<br>2025 | Fiscal Year<br>2026 | Average<br>Change | Fiscal Year<br>2027 | Fiscal Year<br>2028 | Fiscal Year<br>2029 | Fiscal Year<br>2030 |
| <b>Revenues</b>                                                                                                |                     |                     |                     |                   |                     |                     |                     |                     |
| 1.010 General Property Tax (Real Estate)                                                                       | 70,076,054          | 74,774,621          | 76,051,938          | 4.2%              | 71,647,836          | 72,965,246          | 73,569,369          | 69,940,468          |
| 1.020 Tangible Personal Property                                                                               | 8,511,591           | 8,593,482           | 8,683,035           | 1.0%              | 9,167,150           | 8,982,894           | 8,916,614           | 8,673,903           |
| 1.030 Income Tax                                                                                               | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   |
| 1.035 Unrestricted State Grants-in-Aid                                                                         | 17,072,761          | 16,596,741          | 17,818,400          | 2.3%              | 18,466,304          | 18,462,253          | 18,459,439          | 18,456,527          |
| 1.040 Restricted State Grants-in-Aid                                                                           | 1,926,027           | 1,910,560           | 1,366,135           | -14.6%            | 1,318,253           | 1,318,253           | 1,318,253           | 1,318,253           |
| 1.045 Restricted Federal                                                                                       | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   |
| 1.050 State Reimbursement for Property Tax Credits                                                             | 8,097,465           | 8,631,188           | 9,143,228           | 6.3%              | 12,802,409          | 13,320,849          | 10,361,077          | 10,339,748          |
| 1.060 All Other Revenues                                                                                       | 6,486,382           | 7,760,111           | 8,026,026           | 11.5%             | 7,036,500           | 6,012,600           | 5,970,390           | 5,702,180           |
| 1.070 <i>Total Revenues</i>                                                                                    | 112,170,280         | 118,266,703         | 121,088,762         | 3.9%              | 120,438,452         | 121,062,095         | 118,595,142         | 114,431,079         |
| <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                                                                                   | 17,840              | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   |
| 2.050 Advances-In                                                                                              | 3,842,800           | 1,088,063           | 1,000,629           | -39.9%            | 183,640             | 250,000             | 250,000             | 250,000             |
| 2.060 All Other Financing Sources                                                                              | 394,838             | 434,393             | 14,943              | -43.3%            | 165,000             | 25,000              | 25,000              | 25,000              |
| 2.070 <i>Total Other Financing Sources</i>                                                                     | 4,255,478           | 1,522,456           | 1,015,572           | -48.8%            | 348,640             | 275,000             | 275,000             | 275,000             |
| 2.080 <i>Total Revenues and Other Financing Sources</i>                                                        | 116,425,758         | 119,789,159         | 122,104,334         | 2.4%              | 120,787,092         | 121,337,095         | 118,870,142         | 114,706,079         |
| <b>Expenditures</b>                                                                                            |                     |                     |                     |                   |                     |                     |                     |                     |
| 3.010 Personal Services                                                                                        | 57,256,478          | 59,111,881          | 60,299,834          | 2.6%              | 63,018,541          | 65,943,633          | 67,463,464          | 69,314,586          |
| 3.020 Employees' Retirement/Insurance Benefits                                                                 | 21,411,300          | 22,892,027          | 23,752,530          | 5.3%              | 25,191,593          | 26,520,237          | 27,644,080          | 28,872,075          |
| 3.030 Purchased Services                                                                                       | 18,252,040          | 19,177,003          | 19,498,266          | 3.4%              | 20,090,912          | 21,216,948          | 22,089,145          | 22,997,407          |
| 3.040 Supplies and Materials                                                                                   | 3,001,422           | 4,496,795           | 3,529,211           | 14.2%             | 4,357,465           | 5,531,763           | 5,753,034           | 5,983,156           |
| 3.050 Capital Outlay                                                                                           | 239,702             | 116,736             | 51,449              | -53.6%            | 26,800              | 26,800              | 26,800              | 26,800              |
| 3.060 Intergovernmental                                                                                        | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   |
| Debt Service:                                                                                                  |                     |                     |                     |                   |                     |                     |                     |                     |
| 4.010 Principal-All (Historical Only)                                                                          | 91,000              | 90,000              | 94,000              | 1.7%              | 0                   | 0                   | 0                   | 0                   |
| 4.020 Principal-Notes                                                                                          | 390,503             | 257,745             | 264,468             | -15.7%            | 0                   | 0                   | 0                   | 0                   |
| 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                                                                                   | 570,000             | 585,000             | 595,000             | 2.2%              | 0                   | 0                   | 0                   | 0                   |
| 4.055 Principal-Other                                                                                          | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   |
| 4.060 Interest and Fiscal Charges                                                                              | 510,964             | 476,492             | 448,054             | -6.4%             | 0                   | 0                   | 0                   | 0                   |
| 4.300 Other Objects                                                                                            | 1,720,908           | 1,769,989           | 1,867,305           | 4.2%              | 1,999,920           | 2,058,623           | 2,121,575           | 2,189,103           |
| 4.500 <i>Total Expenditures</i>                                                                                | 103,444,317         | 108,973,668         | 110,400,117         | 3.3%              | 114,685,231         | 121,298,004         | 125,098,098         | 129,383,127         |
| <b>Other Financing Uses</b>                                                                                    |                     |                     |                     |                   |                     |                     |                     |                     |
| 5.010 Operating Transfers-Out                                                                                  | 2,761,325           | 19,207,312          | 915,000             | 250.2%            | 5,915,000           | 5,915,000           | 5,915,000           | 5,915,000           |
| 5.020 Advances-Out                                                                                             | 1,088,063           | 1,000,629           | 183,640             | -44.8%            | 250,000             | 250,000             | 250,000             | 250,000             |
| 5.030 All Other Financing Uses                                                                                 | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 0                   |
| 5.040 <i>Total Other Financing Uses</i>                                                                        | 3,849,388           | 20,207,941          | 1,098,640           | 165.2%            | 6,165,000           | 6,165,000           | 6,165,000           | 6,165,000           |
| 5.050 <i>Total Expenditures and Other Financing Uses</i>                                                       | 107,293,705         | 129,181,609         | 111,498,757         | 3.4%              | 120,850,231         | 127,463,004         | 131,263,098         | 135,548,127         |
| 6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i> | 9,132,053           | (9,392,450)         | 10,605,577          | -207.9%           | (63,139)            | (6,125,909)         | (12,392,956)        | (20,842,048)        |
| 7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies                              | 31,457,146          | 40,589,199          | 31,196,749          | 2.9%              | 41,802,326          | 41,739,187          | 35,613,278          | 23,220,322          |
| 7.020 <i>Cash Balance June 30</i>                                                                              | 40,589,199          | 31,196,749          | 41,802,326          | 5.4%              | 41,739,187          | 35,613,278          | 23,220,322          | 2,378,274           |
| 8.010 <i>Estimated Encumbrances June 30</i>                                                                    | 1,546,162           | 1,023,148           | 505,120             | -42.2%            | 500,000             | 500,000             | 500,000             | 500,000             |
| <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>                                         | 39,043,037          | 30,173,601          | 41,297,206          | 7.1%              | 41,239,187          | 35,113,278          | 22,720,322          | 1,878,274           |
| <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                   | 4,095,214           |
| 11.300 Cumulative Balance of Replacement/Renewal Levies                                                        | 0                   | 0                   | 0                   | 0.0%              | 0                   | 0                   | 0                   | 4,095,214           |
| 12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>      | 39,043,037          | 30,173,601          | 41,297,206          | 7.1%              | 41,239,187          | 35,113,278          | 22,720,322          | 5,973,488           |
| <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>                                                                  | 39,043,037          | 30,173,601          | 41,297,206          | 7.1%              | 41,239,187          | 35,113,278          | 22,720,322          | 5,973,488           |

**Willoughby-Eastlake City School District –Lake County**  
**Notes to the Financial Forecast**  
**General Fund Only**  
**August 27, 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), new state mandates, tax levies, property reappraisals and updates, salary increases, health insurance increases, enrollment variances, or changes to property valuations due to businesses moving in or out of the district.

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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important 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 or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Here are at least three 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. 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. The filing deadlines of February and August are out of alignment with when final 1<sup>st</sup> half and 2<sup>nd</sup> half tax settlements will actually be received in most cases, and the August 31 deadline is out of alignment with when school districts statutorily have to make final fiscal year appropriations which is September 30<sup>th</sup> of each year.

# Requirement vs. Reality: A Structural Diagnostic

The new filing timelines are fundamentally unaligned with the natural availability of key data needed to make accurate projections.

| Data Requirement                 | HB96 Deadline | Real-World Availability      |
|----------------------------------|---------------|------------------------------|
| Baseline Appropriations          | August 31     | September 30 (Statutory Law) |
| 1st Half Property Tax Settlement | February 28   | After Feb 28                 |
| 2nd Half Property Tax Settlement | August 31     | After Aug 31                 |

The financial 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 basis for future years' projections. Our forecast is updated to reflect the most current economic data available for the August 2026 filing.

### Forecast Risks and Uncertainty:

This financial forecast has risks and uncertainty due to economic changes, new property tax laws noted below that were signed by the Governor on December 19, 2025, and also due to state legislative changes that will occur in the spring of 2027 and 2029 due to deliberation of the two (2) state biennium budgets for FY28-29 and FY30-31, all of which affect this forecast.

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:

- (1) On December 19, 2025, Governor DeWine signed into law several pieces of legislation that became law March 19, 2026, and are the most sweeping changes to Ohio property tax law since 1976 when HB920 was passed. The laws that were approved are: HB129, HB186, HB309 and HB335. Subsequently HB479 the state budget correction bill was signed June 24, 2026, and becomes law September 23, 2026, that made needed corrections to HB335 inside millage. Of particular concern is HB186 which implements new property tax caps 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.

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:

### Primary Legislative Drivers of Fiscal Risk

| Legislation  | Core Provision                                                                                       | District Financial Impact                                                                        |
|--------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>HB129</b> | Reclassifies fixed-sum (emergency/substitute) levies to be included in "20-mill floor" calculations. | Forces the district off the 20-mill floor in TY2027, suppressing future Class I tax collections. |
| <b>HB186</b> | Establishes "Inflation Cap Credits" and a retroactive "claw back" of realized revenues.              | Anticipated cumulative loss of \$12.3 million through FY30 creates a sharp revenue drop in FY27. |
| <b>HB309</b> | Empowers County Budget Commissions (CBCs) to reduce voter-approved levies.                           | Shifts fiscal authority to CBC officials, creating an unpredictable risk to local levy yields.   |
| <b>HB335</b> | Limits revenue growth from inside millage to the GDP Deflation Factor (GDP DF).                      | Restricts the district's ability to realize revenue gains from property valuation reappraisals.  |

### Revenue Risk Loss Assessment of HB129 and HB186 To Our Forecast

- HB129 implements new requirements for and restores fixed sum levies. It will also include fixed sum levy millage in the 20-mill floor calculation beginning in the next reappraisal or triennial update cycle of any county that contains district territory, but no later than Tax Year 2028 collect in calendar 2029. For some districts this will result in a loss due to a change in the 20-mill floor. Our district has fixed sum levies and has been on the 20-mill floor but will move off the 20-mill floor in the Tax Year 2027 triennial update due to HB129 including fixed sum levies in our general fund effective millage. Moving off the 20-mill floor is estimated to lower our future Class I tax collections by \$5 million through FY30.

- HB186 establishes Inflation Cap Credits, if districts were at the 20-mill floor, following reappraisals and triennial updates for school district property taxes, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF). HB186 also includes Temporary Tax Credits (claw back) provision that takes back tax revenue that has already been collected by school districts beginning with 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 like ours at the 20-mill floor. Our district was on the 20-mill floor under prior law and is anticipated to lose \$2.7 million a year in inflationary cap credits. The loss in FY27 is expected to be \$4.1 million due to delayed implementation of the new law which results in one and a half years' loss in the fiscal year. Anticipated losses due to inflationary cap credits through FY30 are estimated at \$12.3 million. HB129, as noted above, will take the district off the 20-mill floor as a result of the Tax Year 2027 triennial update. Future additional HB186 inflation cap credits will not occur as long as the district is not on the 20-mill floor as HB920 reduction factors will buffer any inflationary increases.

### Evaluation of Emerging Risks: HB309, HB335, and Piggyback Exemptions

- HB309 indicates an erosion of local fiscal autonomy, shifting power from elected school boards to County Budget Commissions (CBC's) and County Commissioners. HB309 allows a CBC 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" to the GDP Deflation Factor at property reevaluation cycles. To mitigate this, the district has adopted a defensive strategy of projecting at or below the anticipated GDP DF. This is a critical tactical move to prevent the state from applying further downward inflationary adjustments to the district's remaining growth potential. HB479 that becomes law September 23, 2026, corrected inside millage language in HB335 so that any inside millage adjustment occurs only in the home county during revaluations if districts are in multiple counties. Any future inside millage adjustment is indeterminable at this time.
- HB96 Expanded Piggyback Option introduces a significant *local political* risk through "Piggyback" exemptions. Unlike standard Homestead and 2.5% owner-occupied credits—which the state reimburses—Piggyback exemptions are **not reimbursed**. Lake County Commissioners did approve the Piggyback exemption for both owners occupied credit and homestead exemption for tax year 2025 collect in calendar year 2026. This will result in estimated tax reductions of \$2.7 million for tax year 2025, which is collected in 2026 and will impact FY26 and FY27 revenues noted in Line 1.01 Property Tax Estimates below. Our county commissioners did vote by July 1, 2026 to approve Piggyback Property Tax Exemptions for tax year 2026; however, it was limited to only the homestead exemption for reductions in calendar year 2027 which would reduce tax collections in FY27 and FY28. This will result in estimated tax reductions of \$1.4 million for tax year 2026 that will impact FY27 and FY28 noted in Line 1.01 Property Tax Estimates below. If both owner-occupied, and homestead were approved every year this could result in reduced property tax collections for the school district of roughly \$4.5 million each year from current operating levies. This new law creates an unpredictable potential risk to our local tax collections every year. We will adjust the forecast in the future accordingly.

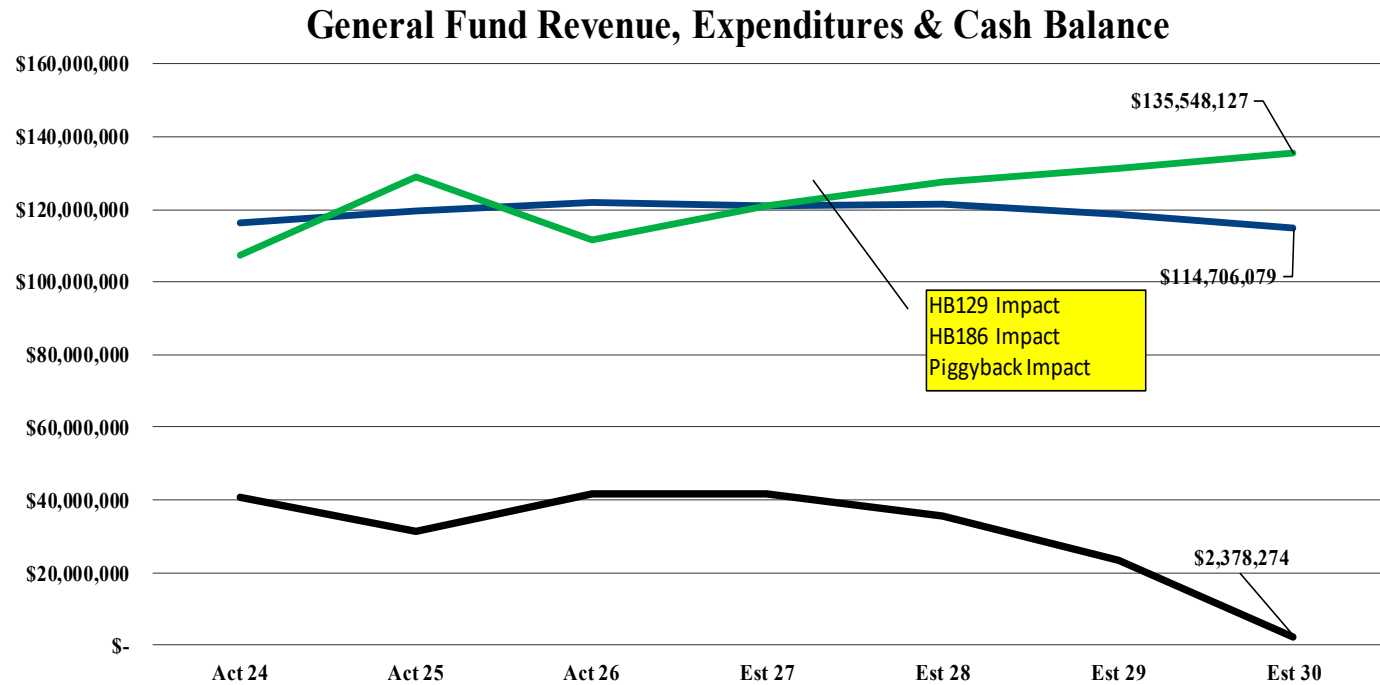
Because the new accelerated August filing deadline for school district forecasts and the enormity of the property tax law changes, second half property tax bills have been delayed along with later final due dates. This will delay second half final actual tax settlement data with which to update our forecast with actual key data. We have estimated revenues and expenses based on the data available and understanding of the new property tax laws. 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.

- (2) Property tax collections are the single largest revenue 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 and HB335 Gross Domestic Product Deflation Factor (GDP DF) and new construction growth. The effects of HB186 and HB335 will be to limit property tax growth following reappraisals and updates. Total local revenues, predominately local taxes, equate to 72.9% 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 reductions in Tax Year 2026 collected in calendar year 2027 taxes will also result. We have included any estimated adjustment for HB186 and HB335 in Line 1.01 assumptions below.
- (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 of \$487.6 million for an overall increase of 26.55%. A triennial update will occur in tax year 2027 for collection in FY28. We have anticipated any 20-mill floor adjustment at that time in Line 1.01 assumptions below. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property within the Gross Domestic Product Deflation Factor range of 7% to 9%. HB335 and HB129 will become effective for our reappraisal in tax year 2027. We have anticipated any 20-mill floor adjustment at that time in Line 1.01 assumptions below. We do not anticipate any impact of HB186 or HB335 on our future tax projections due to our estimates for future growth in revaluations being in line with anticipated GDP DF.
- (4) HB96, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY27. FY27 reflects 100% of the implementation cost of the (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 foundation payment published by the Department of Education and Workforce for our forecasted revenues in FY27-FY30. We are considered a guarantee district and do not anticipate increases in state aid.
- (5) The State Budget represents 27.1% of district revenues and is an area of risk to revenue. The future risk comes in FY28 and beyond due to uncertainty that the Fair School Funding Plan is not continued and funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY28-29 and FY30-31. 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 FY30. We have projected our state funding in FY27 based on recent formula calculations and use of the Ohio Department of Education and Workforce (ODEW) most recent funding settlement. This forecast reflects state revenue to align with the FY27 funding levels through FY30, 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.
- (6) 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.
- (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.

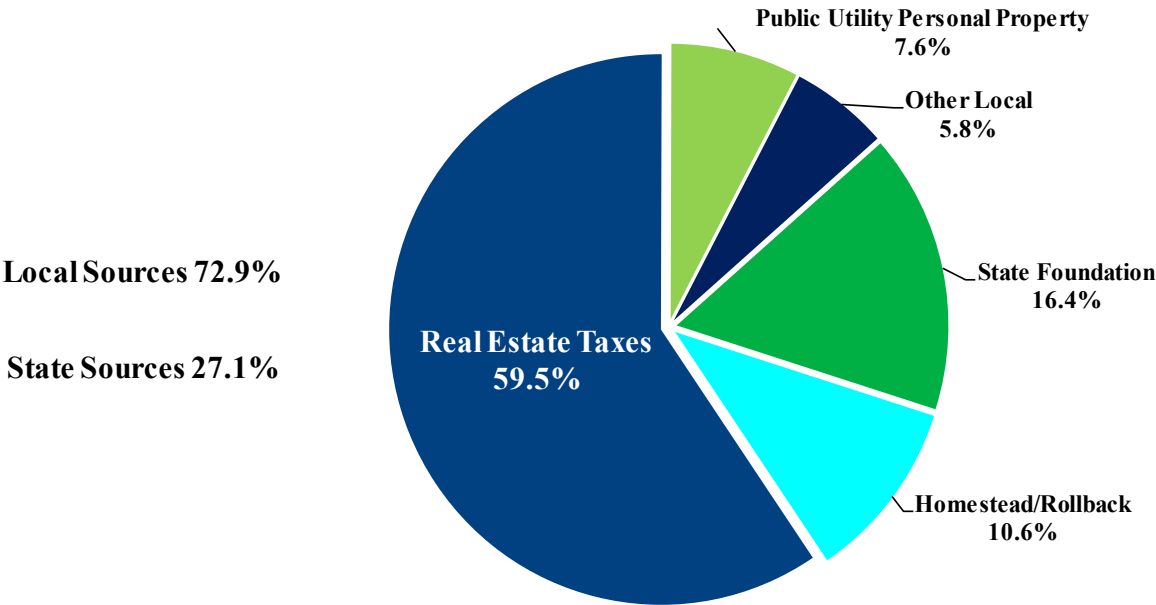
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below to understand the overall financial forecast 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 FY24-26 and Estimated FY27-30**

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 FY27**  
**General Fund Estimated Revenues FY27 \$120,438,452**



## 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.

Due to legislative changes that slow the impact of rapid property tax growth in Ohio, we have estimated a 6% increase in Class I and a 3% increase in Class II. This should be in line with GDP DF rates and HB186 and HB335 should not impact our property tax projections.

Public Utility Personal Property (PUPP) values increased by \$8.1 million in Tax Year 2025. 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

|                                         | Estimated<br>TAX YEAR 2026<br>COLLECT 2027 | Estimated<br>TAX YEAR 2027<br>COLLECT 2028 | Estimated<br>TAX YEAR 2028<br>COLLECT 2029 | Estimated<br>TAX YEAR 2029<br>COLLECT 2030 |
|-----------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b><u>Classification</u></b>            |                                            |                                            |                                            |                                            |
| Res./Ag.                                | \$1,867,987,270                            | \$1,985,066,506                            | \$1,990,066,506                            | \$1,995,066,506                            |
| Comm./Ind.                              | 462,762,510                                | 478,125,386                                | 479,605,386                                | 481,085,386                                |
| Public Utility Personal Property (PUPP) | <u>165,840,560</u>                         | <u>165,990,560</u>                         | <u>166,140,560</u>                         | <u>166,290,560</u>                         |
| Total Assessed Value                    | <u>\$2,496,590,340</u>                     | <u>\$2,629,182,452</u>                     | <u>\$2,635,812,452</u>                     | <u>\$2,642,442,452</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 54.63 mills while the Class I effective millage rate is 20.01 mills, and the Class II effective millage rate is 21.51 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 2026 reappraisal update. Our district is expected to be impacted by including fixed sum (formerly emergency) levies in our 20-mill floor calculation starting for collection in tax year 2027 due to the triennial update. This is expected to result in a loss of \$1.6 million in calendar year 2028 and reduce future projected taxes by \$5 million through FY30 on the forecast of taxes on Line 1.01 below.

## 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 collect in calendar year 2026. This will result in estimated tax reductions of \$2.7 million for tax year 2025 that will impact FY26 and FY27 noted in Line 1.01 Property Tax Estimates below. Our county commissioners voted by July 1, 2026 to approve Piggyback Property Tax Exemptions for tax year 2026 for reductions in calendar year 2027 which would reduce tax collections in FY27 and FY28. This will result in estimated tax reductions of \$1.4 million for tax year 2026 that will impact FY27 and FY28 noted in Line 1.01 Property Tax Estimates below.

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 takes back property tax revenue that has already been collected. For impacted districts this starts with their 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.

Our district 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 recently obtained Department of Tax Equalization (DTE) Form 186 amounts and DTE HB186 Certified Tax Credit Factors. For planning purposes, we believe this is likely the worst-case scenario removing additional revenue of \$12.3 million through FY30, but final second half tax settlements will not be received before this forecast filing deadline. When HB129 takes our district of the 20-mill floor for the tax year 2026 and 2029 revaluations there should not be additional inflationary cap credits.

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 revaluations above anticipated GDP DF, thus no adverse impact to the forecasted property tax revenue is anticipated from this new law.

We have been conservative with any future value increases for reappraisal or updates due to ongoing 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 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.

| <u>Source</u>                              | <u>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         | <u>FY30</u>         |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General Property Taxes                     | \$77,235,721        | \$77,188,190        | \$77,802,544        | \$74,115,341        |
| Homestead Piggyback Exemption (HB96)       | (1,462,131)         | (1,472,442)         | (1,482,673)         | (1,424,371)         |
| 2.5% Rollback Piggyback Exemption (HB96)   | 0                   | 0                   | 0                   | 0                   |
| Property Tax Inflation Cap Credits (HB186) | <u>(4,125,754)</u>  | <u>(2,750,502)</u>  | <u>(2,750,502)</u>  | <u>(2,750,502)</u>  |
| Estimated Property Taxes Line #1.010       | <u>\$71,647,836</u> | <u>\$72,965,246</u> | <u>\$73,569,369</u> | <u>\$69,940,468</u> |

### **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.

| <u>Source</u>                         | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        | <u>FY30</u>        |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Public Utility Personal Property PUPP | <u>\$9,167,150</u> | <u>\$8,982,894</u> | <u>\$8,916,614</u> | <u>\$8,673,903</u> |
| Total Line # 1.020                    | <u>\$9,167,150</u> | <u>\$8,982,894</u> | <u>\$8,916,614</u> | <u>\$8,673,903</u> |

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

No new levies are modeled in this forecast.

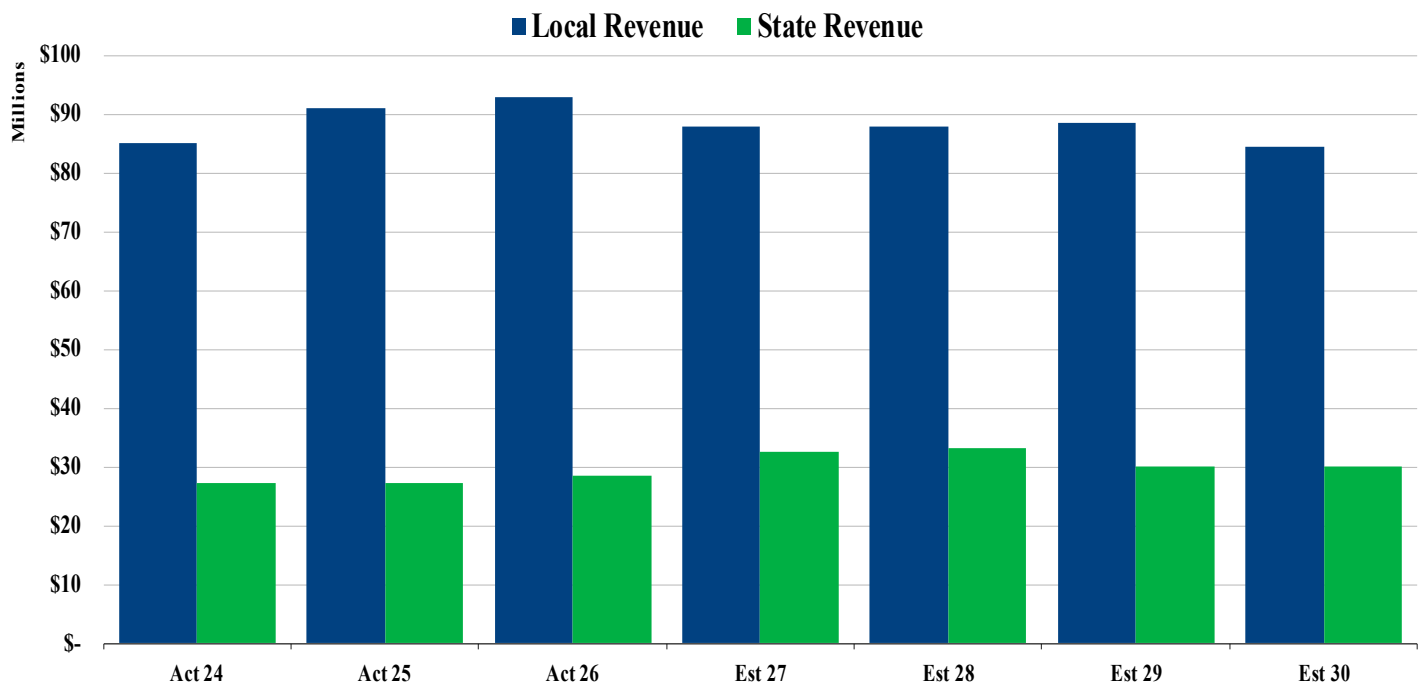
### Levy Renewal – Lines #11.010-11.030

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 FY27, which funds students where they are educated rather than where they live. We have projected FY27 funding based on the most current foundation settlement and funding factors.

Our district is currently a guarantee district in FY27 and is expected to be FY28-FY30 on the new Fair School Funding Plan (FSFP).

A detailed overview of how foundation funding is calculated including all of the HB96 changes is available at the link below. 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 \$279 thousand in FY27.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26 but still includes two (2) primary guarantees: 1) Temporary 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. We are currently on the Temporary Transition Aid guarantee.

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

Our funding status for FY28-FY30 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 processes; 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 FY30.

### **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.

### **Casino Revenue**

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each 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% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31<sup>st</sup> of January and August each year which began for the first time on January 31, 2013.

In FY26, the funding totaled \$108.29 million or \$68.14 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>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         | <u>FY30</u>         |
|------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Basic Aid-Unrestricted                         | \$15,001,798        | \$15,001,798        | \$15,001,798        | \$15,001,798        |
| Preschool and Special Education Transportation | 2,638,233           | 2,638,233           | 2,638,233           | 2,638,233           |
| Threshold Reimbursements                       | 393,148             | 393,148             | 393,148             | 393,148             |
| Basic Aid-Unrestricted Subtotal                | <u>\$18,033,179</u> | <u>\$18,033,179</u> | <u>\$18,033,179</u> | <u>\$18,033,179</u> |
| Credential Reimbursement                       | \$0                 | \$0                 | \$0                 | \$0                 |
| Ohio Casino Commission ODT                     | 433,125             | 429,074             | 426,260             | 423,348             |
| Total Unrestricted State Aid Line # 1.035      | <u>\$18,466,304</u> | <u>\$18,462,253</u> | <u>\$18,459,439</u> | <u>\$18,456,527</u> |

### **Restricted State Revenues – Line #1.040**

We have estimated revenues for these new restricted funding lines using the most current funding factors available. For fiscal years 2026 and 2027, HB96 modified how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. 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 & FY27 being \$86.6 million less than in FY25.

| <u>Source</u>                               | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        | <u>FY30</u>        |
|---------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| DPIA                                        | \$904,226          | \$904,226          | \$904,226          | \$904,226          |
| ESL                                         | 12,610             | 12,610             | 12,610             | 12,610             |
| Gifted                                      | 97,087             | 97,087             | 97,087             | 97,087             |
| Career Tech - Restricted                    | 66,754             | 66,754             | 66,754             | 66,754             |
| Other Restricted State Funds                | 0                  | 0                  | 0                  | 0                  |
| Student Wellness and Success                | <u>237,576</u>     | <u>237,576</u>     | <u>237,576</u>     | <u>237,576</u>     |
| Total Restricted State Revenues Line #1.040 | <u>\$1,318,253</u> | <u>\$1,318,253</u> | <u>\$1,318,253</u> | <u>\$1,318,253</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>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         | <u>FY30</u>         |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Unrestricted Line # 1.035                  | \$18,466,304        | \$18,462,253        | \$18,459,439        | \$18,456,527        |
| Restricted Line # 1.040                    | 1,318,253           | 1,318,253           | 1,318,253           | 1,318,253           |
| Restricted Federal Grants Line #1.045      | <u>0</u>            | <u>0</u>            | <u>0</u>            | <u>0</u>            |
| Total State Foundation Revenue             | <u>\$19,784,557</u> | <u>\$19,780,506</u> | <u>\$19,777,692</u> | <u>\$19,774,780</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. And Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled.

HB96 began a phase down of the 10% rollback credit that has been in effect since 1971 and an equal phase up of the Owner Occupied Credit (OOC) that has been in effect since 1978. In addition, HB96 increased the OOC by 2.88% by phasing it in over four (4) years starting in tax year 2026. Eventually there will be some amount of 10% rollback for non-timber farmland but we will need tax settlement sheets to determine that amount. But these amounts are fully reimbursed to the school district when deducted from Class I property tax bills. Homestead credits vary annually based on applicants and eligibility.

The state of Ohio passed HB479 was signed June 24, 2026, and becomes effective September 23, which included a one-time doubling of the homestead exemption credit to start with tax bills in calendar 2027. This is a one-time only increase to

help homeowners is estimated to provide \$350 million in taxpayer relief for qualified Homestead applicants and will be reimbursed to local governments from a \$2.0 billion surplus in the state budget at the end of May 2026. There were also technical adjustments that if HB186 inflationary tax credits are present, they will be applied after the homestead credits are determined to maximize the credit for homeowners. This will cost the state an addition \$44 million annually which will also be reimbursed to local governments if applicable. The \$44 million increase is ongoing.

### **Partial HB186 Guarantee**

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 Ohio Department of Taxation 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. The Ohio Department of Taxation expects to notify the Ohio Department of Education of these amounts and districts who receive this payment by August 1. A record request has been made for this data and we will adjust the forecast as data from the ODT becomes available.

| <u>Source</u>                                      | <u>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         | <u>FY30</u>         |
|----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Rollback and Homestead                             | \$10,051,916        | \$10,570,356        | \$10,361,077        | \$10,339,748        |
| HB186 Partial Reimbursement                        | <u>2,750,493</u>    | <u>2,750,493</u>    | <u>0</u>            | <u>0</u>            |
| Total State Reimbursement for Property Tax Credits | <u>\$12,802,409</u> | <u>\$13,320,849</u> | <u>\$10,361,077</u> | <u>\$10,339,748</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 25 basis points in September 2025, another 25 basis points in October 2025, and an additional 25 basis points in December 2025. While interest income in FY26 remained 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 the forecasted period. 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>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        | <u>FY30</u>        |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Tuition Income                        | \$1,395,000        | \$895,000          | \$895,000          | \$895,000          |
| Interest Income                       | 2,700,000          | 2,176,100          | 2,133,890          | 1,865,680          |
| Pay to Participate                    | 152,000            | 152,000            | 152,000            | 152,000            |
| Class Fees                            | 255,500            | 255,500            | 255,500            | 255,500            |
| TIF's                                 | 800,000            | 800,000            | 800,000            | 800,000            |
| Insurance Proceeds                    | 20,000             | 20,000             | 20,000             | 20,000             |
| Rentals                               | 200,000            | 200,000            | 200,000            | 200,000            |
| All Other Sources                     | <u>1,514,000</u>   | <u>1,514,000</u>   | <u>1,514,000</u>   | <u>1,514,000</u>   |
| Total Other Local Revenue Line #1.060 | <u>\$7,036,500</u> | <u>\$6,012,600</u> | <u>\$5,970,390</u> | <u>\$5,702,180</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>FY27</u>      | <u>FY28</u>      | <u>FY29</u>      | <u>FY30</u>      |
|------------------------------|------------------|------------------|------------------|------------------|
| Transfers In - Line 2.040    | \$0              | \$0              | \$0              | \$0              |
| Advance Returns - Line 2.050 | <u>183,640</u>   | <u>250,000</u>   | <u>250,000</u>   | <u>250,000</u>   |
| Total Transfer & Advances In | <u>\$183,640</u> | <u>\$250,000</u> | <u>\$250,000</u> | <u>\$250,000</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.

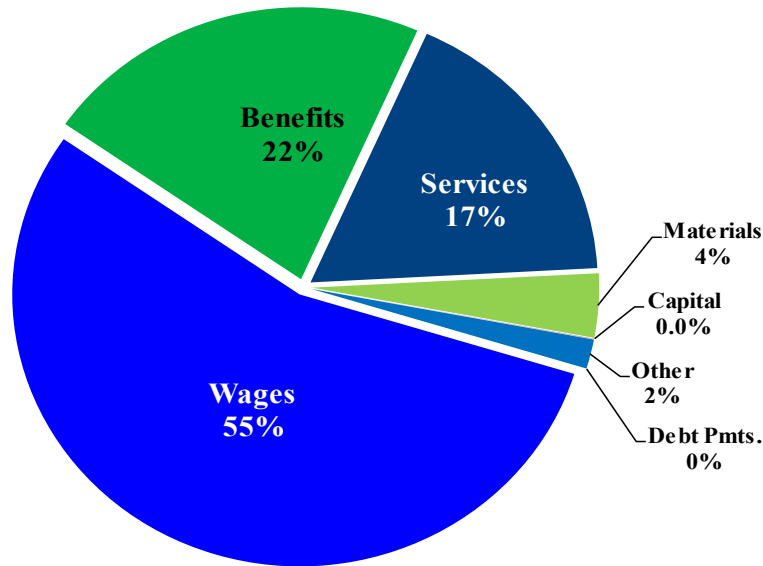
| <u>Source</u>                             | <u>FY27</u>      | <u>FY28</u>     | <u>FY29</u>     | <u>FY30</u>     |
|-------------------------------------------|------------------|-----------------|-----------------|-----------------|
| All Other Financial Sources - Line #2.060 | <u>\$165,000</u> | <u>\$25,000</u> | <u>\$25,000</u> | <u>\$25,000</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 FY27

**General Fund Estimated Operating Expenditures FY27 \$114,685,231**



#### Wages – Line #3.010

A new two-year collective bargaining agreement was approved beginning in FY27, which provides for base increases of 3% for FY27 and FY28, step increases are included. For planning purposes only at this time, a 1% base increase has been projected for FY29-30.

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>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         | <u>FY30</u>         |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
| Base Wages              | \$55,953,919        | \$58,611,731        | \$61,395,788        | \$63,084,172        |
| Increases               | 1,678,618           | 1,758,352           | 613,958             | 630,842             |
| Steps & Training        | 979,194             | 1,025,705           | 1,074,426           | 1,103,973           |
| Overtime/Stipends/Other | 599,789             | 599,789             | 599,789             | 599,789             |
| Substitutes             | 1,783,724           | 1,872,910           | 1,966,556           | 2,064,884           |
| Supplementals           | 1,728,297           | 1,780,146           | 1,797,947           | 1,815,926           |
| Certified Stipend       | 280,000             | 280,000             | 0                   | 0                   |
| Board of Education      | 15,000              | 15,000              | 15,000              | 15,000              |
| Total Wages Line 3.010  | <u>\$63,018,541</u> | <u>\$65,943,633</u> | <u>\$67,463,464</u> | <u>\$69,314,586</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 FY27-30. The district and the unions negotiated a cap on the insurance at 6%. Any increases between 6%-10%, will be the sole responsibility 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 FY27-30.

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

Workers' Compensation is expected to be approximately 0.45% of wages FY27 through FY30. Unemployment is likely to remain at a shallow level FY27 through FY30. 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>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         | <u>FY30</u>         |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| STRS/SERS                         | \$10,304,681        | \$10,784,593        | \$11,040,062        | \$11,343,087        |
| Insurances                        | 13,172,969          | 13,963,347          | 14,801,148          | 15,689,217          |
| Workers' Comp/Unemployment        | 295,777             | 308,810             | 315,581             | 323,829             |
| Medicare                          | 974,981             | 1,020,302           | 1,044,104           | 1,072,757           |
| Other/Tuition                     | 443,185             | 443,185             | 443,185             | 443,185             |
| Total Fringe Benefits Line #3.020 | <u>\$25,191,593</u> | <u>\$26,520,237</u> | <u>\$27,644,080</u> | <u>\$28,872,075</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 have been adjusted based on historical trends. In FY26 there was a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge began in June 2025 and ended June 2026. It was anticipated it would increase electric costs by 20% annually for just that twelve (12) month period. Overall, this line is increasing by an average of roughly 4% overall, with utilities at 5%, through 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.

In FY26, property services began being 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.

The professional services line will continue to be inflated until the alleged construction and project management failures tied to the 2017 Capital Improvement Project reaches its conclusion.

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>FY27</u>         | <u>FY28</u>         | <u>FY29</u>         | <u>FY30</u>         |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Transportation                       | \$9,674,832         | \$10,161,825        | \$10,568,298        | \$10,991,030        |
| Tuition Payments                     | 3,502,000           | 2,842,080           | 2,955,763           | 3,073,994           |
| Utilities                            | 2,240,000           | 2,352,000           | 2,469,600           | 2,593,080           |
| Professional Services                | 1,641,150           | 1,706,796           | 1,775,068           | 1,846,071           |
| Property Services and SRO's          | 1,198,580           | 2,246,523           | 2,336,384           | 2,429,839           |
| Instructional Services               | 977,560             | 1,016,662           | 1,057,328           | 1,099,621           |
| Connectivity, Phone & Postage        | 187,550             | 195,052             | 202,854             | 210,968             |
| Contracted or Trade Services         | 395,940             | 411,778             | 428,249             | 445,379             |
| Travel and Meetings                  | <u>273,300</u>      | <u>284,232</u>      | <u>295,601</u>      | <u>307,425</u>      |
| Total Purchased Services Line #3.030 | <u>\$20,090,912</u> | <u>\$21,216,948</u> | <u>\$22,089,145</u> | <u>\$22,997,407</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>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        | <u>FY30</u>        |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| General Supplies               | \$2,411,253        | \$3,307,703        | \$3,440,011        | \$3,577,611        |
| Resale Supplies                | 592,912            | 816,628            | 849,293            | 883,265            |
| Maintenance                    | 489,800            | 509,392            | 529,768            | 550,959            |
| Vehicles                       | 511,000            | 531,440            | 552,698            | 574,806            |
| All other Supplies & Materials | 235,500            | 244,920            | 254,717            | 264,906            |
| Textbooks & Periodicals        | <u>117,000</u>     | <u>121,680</u>     | <u>126,547</u>     | <u>131,609</u>     |
| Total Supplies Line #3.040     | <u>\$4,357,465</u> | <u>\$5,531,763</u> | <u>\$5,753,034</u> | <u>\$5,983,156</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>FY27</u>     | <u>FY28</u>     | <u>FY29</u>     | <u>FY30</u>     |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Equipment                   | \$26,800        | \$26,800        | \$26,800        | \$26,800        |
| Total Equipment Line #3.050 | <u>\$26,800</u> | <u>\$26,800</u> | <u>\$26,800</u> | <u>\$26,800</u> |

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

Debt service payments have been removed from the general fund.

### Other Expenses – Line #4.300

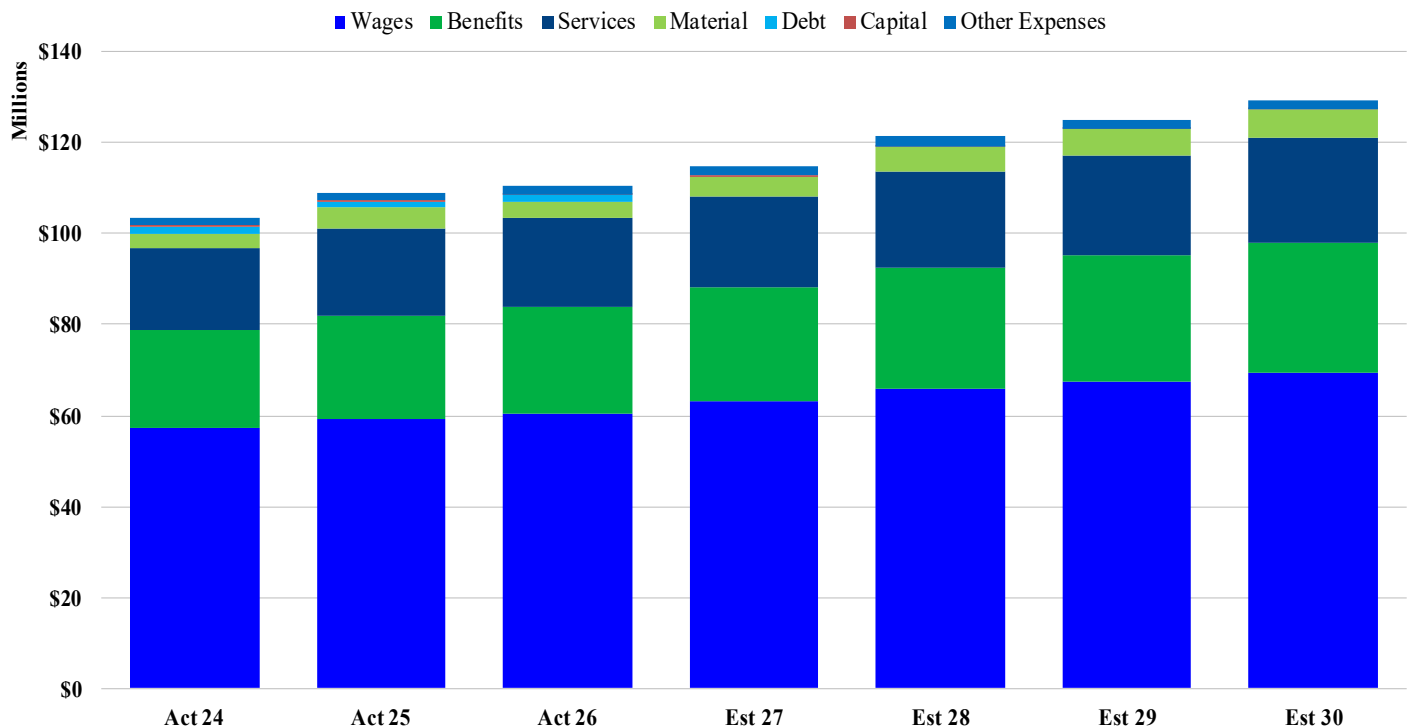
The category of Other Expenses consists primarily of Auditor & Treasurer fees, the annual audit, and other miscellaneous expenses. We do not expect an increase in the property tax collections as this is based on the levy amounts being collected and there are no new levies projected in the forecast. Insurance costs are expected to increase by 10.9% for FY27 and 8% for FY28-30.

| <u>Purpose</u>                   | <u>FY27</u>        | <u>FY28</u>        | <u>FY29</u>        | <u>FY30</u>        |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Property Tax Collections         | \$1,080,000        | \$1,080,000        | \$1,080,000        | \$1,080,000        |
| Dues and fees                    | 236,470            | 243,564            | 250,871            | 258,397            |
| Insurances                       | 622,100            | 671,868            | 725,617            | 783,667            |
| Annual Audit                     | 57,000             | 58,710             | 60,471             | 62,285             |
| Awards and Other                 | <u>4,350</u>       | <u>4,481</u>       | <u>4,615</u>       | <u>4,753</u>       |
| Total Other Expenses Line #4.300 | <u>\$1,999,920</u> | <u>\$2,058,623</u> | <u>\$2,121,575</u> | <u>\$2,189,103</u> |

### Operating Expenditures Actual FY24 through FY26 and Estimated FY27-FY30

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 FY24 through Est. FY30



## 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 FY27-30 there is a \$5 million transfer forecasted to the permanent improvement fund to support the 20-year Capital Plan, which also includes 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>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|-------------------------------|-------------|-------------|-------------|-------------|
| Transfers Out Line #5.010     | \$5,915,000 | \$5,915,000 | \$5,915,000 | \$5,915,000 |
| Advances Out Line #5.020      | \$250,000   | \$250,000   | \$250,000   | \$250,000   |
| Total Transfer & Advances Out | \$6,165,000 | \$6,165,000 | \$6,165,000 | \$6,165,000 |

## Encumbrances – Line #8.010

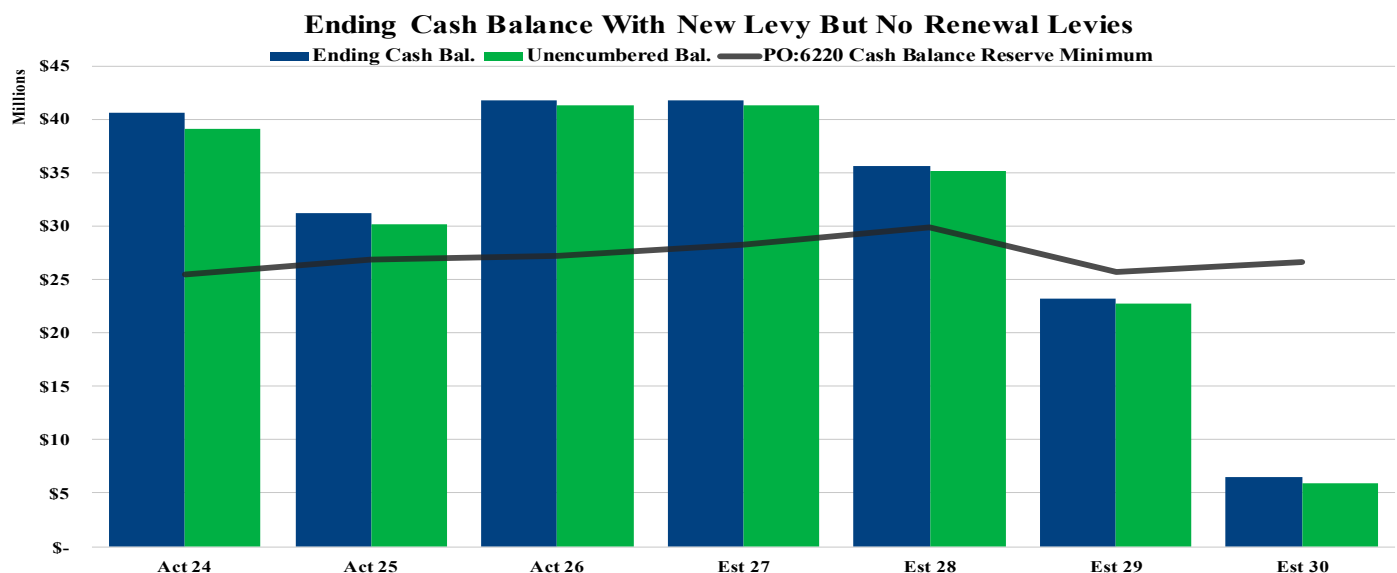
Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure 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>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|------------------------|-------------|-------------|-------------|-------------|
| Estimated Encumbrances | \$500,000   | \$500,000   | \$500,000   | \$500,000   |

## 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 6220 – Budget Preparation](#) on September 9, 2025 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.

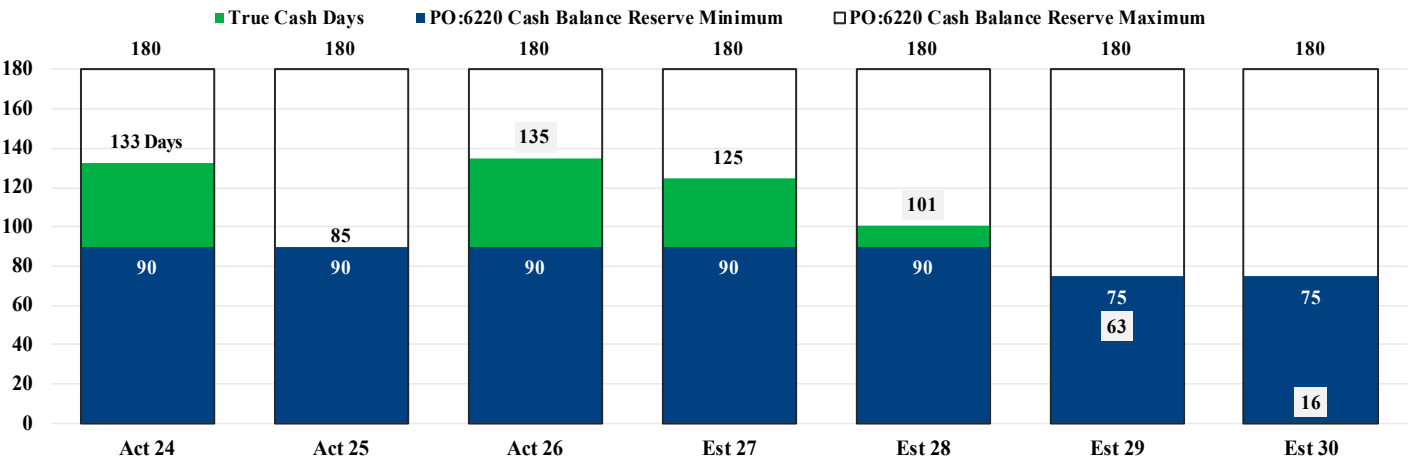
| <u>Purpose</u>                   | <u>FY27</u>  | <u>FY28</u>  | <u>FY29</u>  | <u>FY30</u> |
|----------------------------------|--------------|--------------|--------------|-------------|
| Ending Unencumbered Cash Balance | \$41,239,187 | \$35,113,278 | \$22,720,322 | \$5,973,488 |



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. 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.

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 27.1% 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.