

U.S. GRANT CAREER CENTER CLERMONT COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, and 2023 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2024, THROUGH JUNE 30, 2028



**Forecast Provided By
U.S. Grant Career Center School District
Treasurer's Office
Kelly Sininger, Treasurer
November 16, 2023**

U.S. Grant Career Center

Clermont County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2021, 2022, 2023 Actual;

Forecasted Fiscal Year Ending June 30, 2024 through 2028

		Actual			Average Change	Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023		Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenues										
1.010	General Property Tax (Real Estate)	2,142,283	2,191,214	2,095,475	-1.0%	2,181,526	2,257,075	2,272,841	2,288,913	2,304,797
1.020	Public Utility Personal Property Tax	429,813	561,299	550,248	14.3%	487,657	420,779	306,705	255,129	258,055
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	1,916,242	2,576,974	2,845,013	22.4%	3,479,627	4,104,388	4,105,319	4,577,126	4,486,743
1.040	Restricted State Grants-in-Aid	774,529	967,663	1,156,237	22.2%	1,332,474	1,454,544	1,454,544	1,471,544	1,471,544
1.045	Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	291,833	291,059	293,126	0.2%	294,784	295,581	297,412	299,280	301,099
1.060	All Other Revenues	856,707	196,007	306,310	-10.4%	262,194	232,940	225,990	225,192	151,299
1.070	Total Revenues	6,411,407	6,784,216	7,246,409	6.3%	8,038,262	8,765,307	8,662,811	9,117,184	8,973,537
Other Financing Sources										
2.010	Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020	State Emergency Loans	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	0	0	0	0.0%	1,279,774	0	0	0	0
2.050	Advances-In	0	77,803	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	0	22,458	3,591	0.0%	17,907	0	0	0	0
2.070	Total Other Financing Sources	0	100,261	3,591	0.0%	1,297,681	0	0	0	0
2.080	Total Revenues and Other Financing Sources	6,411,407	6,884,477	7,250,000	6.3%	9,335,943	8,765,307	8,662,811	9,117,184	8,973,537
Expenditures										
3.010	Personal Services	3,557,169	3,679,167	3,898,499	4.7%	4,021,653	4,144,784	4,269,251	4,662,547	4,803,008
3.020	Employees' Retirement/Insurance Benefits	1,130,653	1,174,676	1,236,766	4.6%	1,318,316	1,383,743	1,452,633	1,654,210	1,739,210
3.030	Purchased Services	628,036	794,462	1,066,090	30.3%	1,212,901	1,307,931	1,332,171	1,366,943	1,390,946
3.040	Supplies and Materials	340,336	348,111	506,386	23.9%	521,577	537,224	553,340	599,940	605,940
3.050	Capital Outlay	154,699	213,488	275,802	33.6%	325,000	1,625,000	325,000	325,000	325,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:					0.0%					
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0
4.300	Other Objects	129,625	129,505	141,069	4.4%	142,480	143,905	145,344	146,798	148,265
4.500	Total Expenditures	5,940,518	6,339,409	7,124,612	9.6%	7,541,927	9,142,587	8,077,739	8,755,438	9,012,369
Other Financing Uses										
5.010	Operating Transfers-Out	200,000	185,000	105,000	-25.4%	1,379,774	100,000	100,000	100,000	100,000
5.020	Advances-Out	77,803	0	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	Total Other Financing Uses	277,803	185,000	105,000	-38.3%	1,379,774	100,000	100,000	100,000	100,000
5.050	Total Expenditures and Other Financing Uses	6,218,321	6,524,409	7,229,612	7.9%	8,921,701	9,242,587	8,177,739	8,855,438	9,112,369
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses										
6.010		193,086	360,068	20,388	-3.9%	414,242	(477,280)	485,072	261,746	(138,832)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies										
7.010		7,208,937	7,402,023	7,762,091	3.8%	7,782,479	8,196,721	7,719,441	8,204,513	8,466,259
7.020	Cash Balance June 30	7,402,023	7,762,091	7,782,479	2.6%	8,196,721	7,719,441	8,204,513	8,466,259	8,327,427
8.010	Estimated Encumbrances June 30	60,192	89,393	111,026	36.4%	100,000	100,000	100,000	100,000	100,000
Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030	Budget Reserve	101,846	101,846	0	-50.0%	101,846	101,846	101,846	101,846	101,846
9.040	DPIA	0	0	0	0.0%	0	0	0	0	0
9.045	Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050	Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080	Subtotal Reservations of fund Balance	101,846	101,846	0	-50.0%	101,846	101,846	101,846	101,846	101,846
10.010	Fund Balance June 30 for Certification of Appropriations	7,239,985	7,570,852	7,671,453	2.9%	7,994,875	7,517,595	8,002,667	8,264,413	8,125,581

U.S. Grant Career Center

Clermont County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2021, 2022, 2023 Actual;

Forecasted Fiscal Year Ending June 30, 2024 through 2028

		Actual			Average Change	Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023		Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal	0	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	0
11.300	Cumulative Balance of Renewal Levies	0	0	0	0.0%	0	0	0	0	0
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>										
12.010		7,239,985	7,570,852	7,671,453	2.9%	7,994,875	7,517,595	8,002,667	8,264,413	8,125,581
Revenue from New Levies										
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020	Property Tax - New	0	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	0
14.010	Revenue from Future State Advancements				0.0%	0	0	0	0	0
15.010	Unreserved Fund Balance June 30	7,239,985	7,570,852	7,671,453	2.9%	7,994,875	7,517,595	8,002,667	8,264,413	8,125,581

U.S. Grant Career Center – Clermont County
Notes to the Five-Year Forecast
General Fund Only
November 16, 2023

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. 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, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education & Workforce (ODEW) when events significantly 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 five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate"
- (3) To provide a method for the Department of Education & Workforce and Auditor of State to identify school districts with potential financial problems.

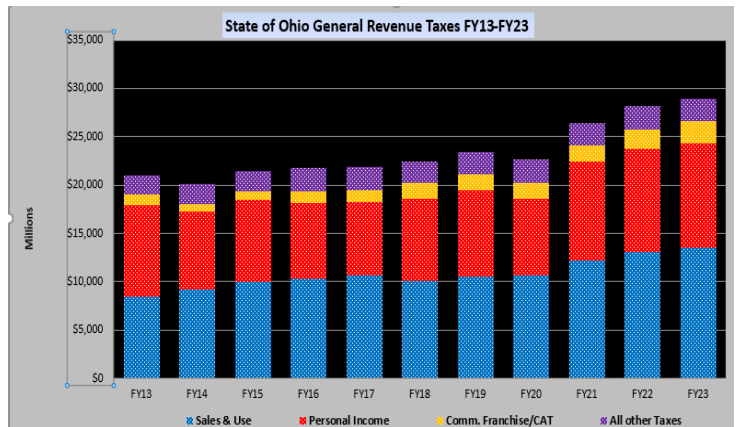
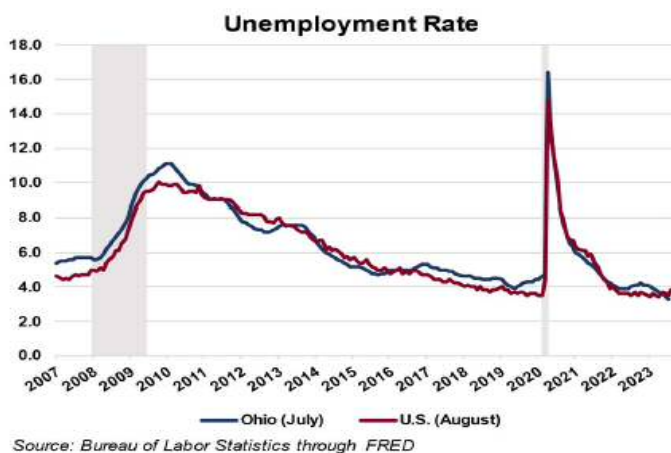
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

Economic Outlook

This five-year forecast is submitted during the multi-year economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to the current annualized rate of 3.4% in August 2023. Costs in FY23 were notably impacted in areas such as capital and durable goods, electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY24. However, the Federal Reserve is projecting inflation to be closer to their target rate of 2% sometime in calendar year 2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely affect our forecast.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a “full employment recession” in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscores why this is a unique time in our economic history.

As noted in the graphs below, the State of Ohio has enjoyed economic growth over the past three years, and the State’s Rainy Day Fund is at \$3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected six-year phase-in. While increased inflation affecting district costs is expected to continue over the next few years, the state’s economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio’s economy should enable the State to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the State is well positioned to continue State aid payments to Ohio’s school districts.



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.

November 2023 Update Summary

On November 3, 2023 Governor Mike DeWine announced that U.S. Grant Career Center's \$9.8 million facilities expansion project has been approved for funding. The project costs will be covered with \$8.5 million of State funding and \$1.3 million of local funding. The expansion will focus on the Allied Health, Metal Fabrication and Advanced Manufacturing programs. Construction must be completed by September of 2026.

The expansion impacts the forecast in various categories beginning in FY27:

- Unrestricted & Restricted State Grants – additional students will generate additional state dollars
- Personnel & Benefits – additional staff anticipated for the increased student population and increased space
- Purchased Services – additional costs such as utilities, maintenance, professional development
- Supplies – additional costs for more students and space

With regard to the \$1.3 million local share, the forecast has been updated as follows:

- Operating Transfers-In & Out have been increased in FY24 by \$1.3 million to reflect the segregation of funding into a new special cost center within the accounting system as required by the grant; and
- Capital Outlay has been increased in FY25 by \$1.3 million to reflect the expenditure of the \$1.3 million local share during construction.

Other significant adjustments, which are unrelated to the expansion project:

Revenues

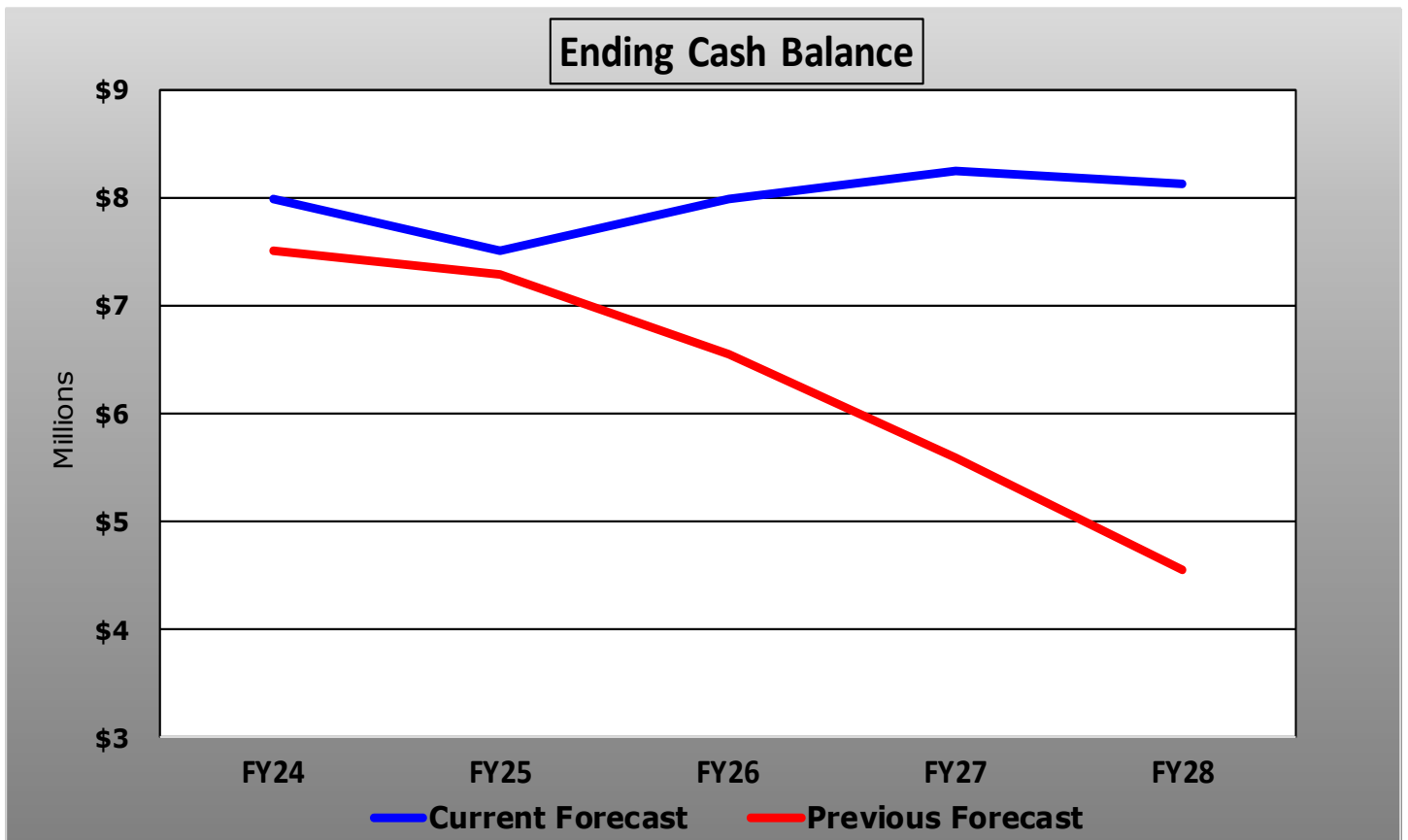
Unrestricted & Restricted State Grants have increased as a result of HB33 continuing the six-year phase-in of the Fair School Funding Plan at 50% phase-in for FY24 and 66.6% for FY25. The FY24 & FY25 FSFP also updates the base-cost inputs from FY18 to FY22 costs which increases the base cost funding. In addition, enrollment has increased from 422 FTEs to 472 FTEs. These adjustments are reflected in this forecast and have resulted in an increase of \$870 thousand in FY24 when comparing the May forecast to this forecast. The \$870 thousand carries forward to each year of the forecasted period.

Other Revenues for FY24 have increased \$31 thousand in FY24 when compared to the May forecast as a result for projected rent to be received on the space occupied by UC Clermont.

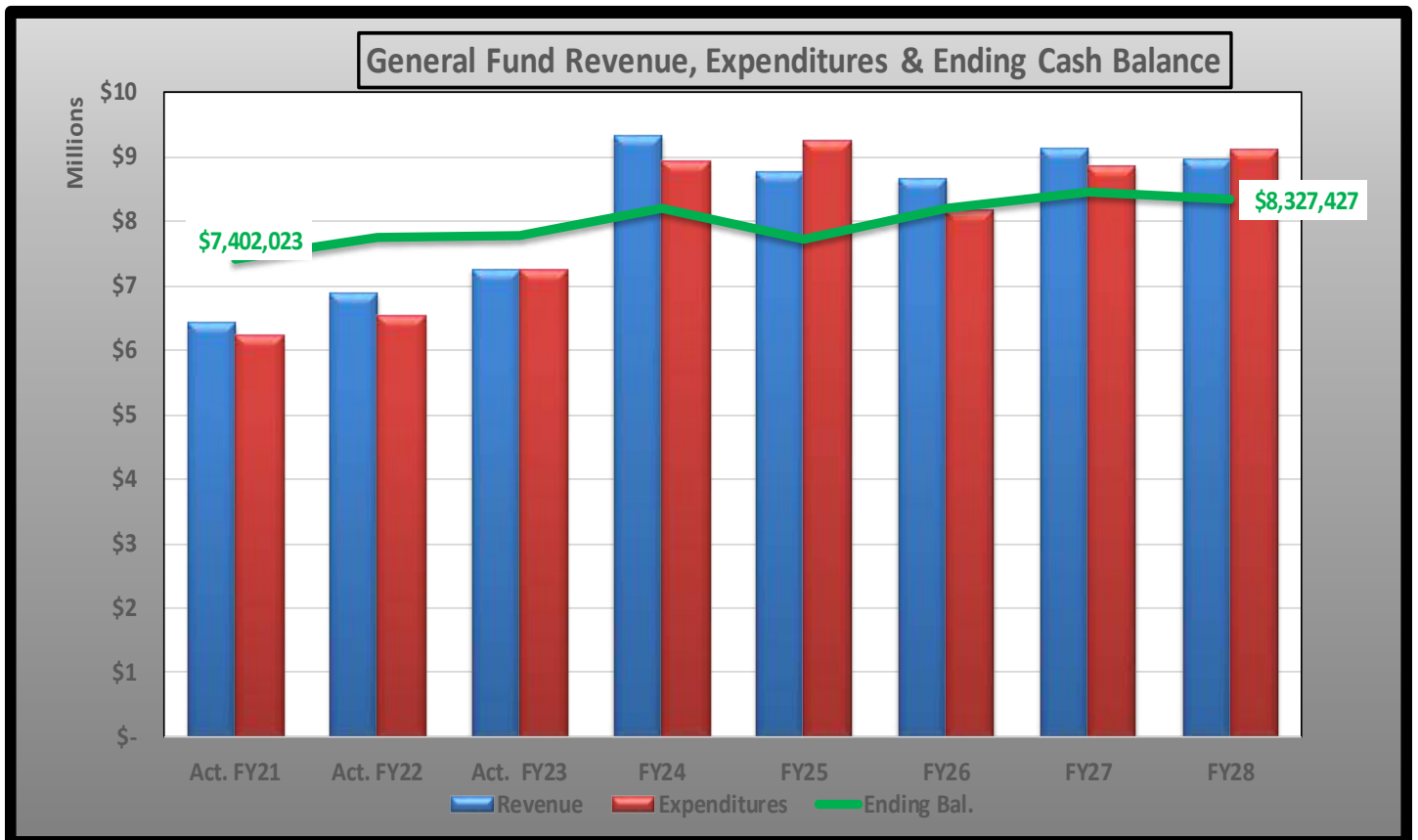
Expenditures

Purchased Services reflect a 3% increase over FY23 actual spending and continues the \$125 thousand commitment to innovative projects. The actual projects may include Supplies & Materials, Capital Outlay, etc., however for purposes of forecasting the entire innovation set-aside is accounted for in Purchased Services.

As shown in the graphs below, the district's financial position has improved since the last forecast as a result of the State's continuation of the Fair School Funding Plan. It should be noted that the projected increase in revenue shown in FY27 and FY28 is due to additional students related to the expansion project of Allied Health and Metal Fabrication.



A summary of the current forecast is as follows:



Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) State biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues, and how they may affect our forecast in the long term:

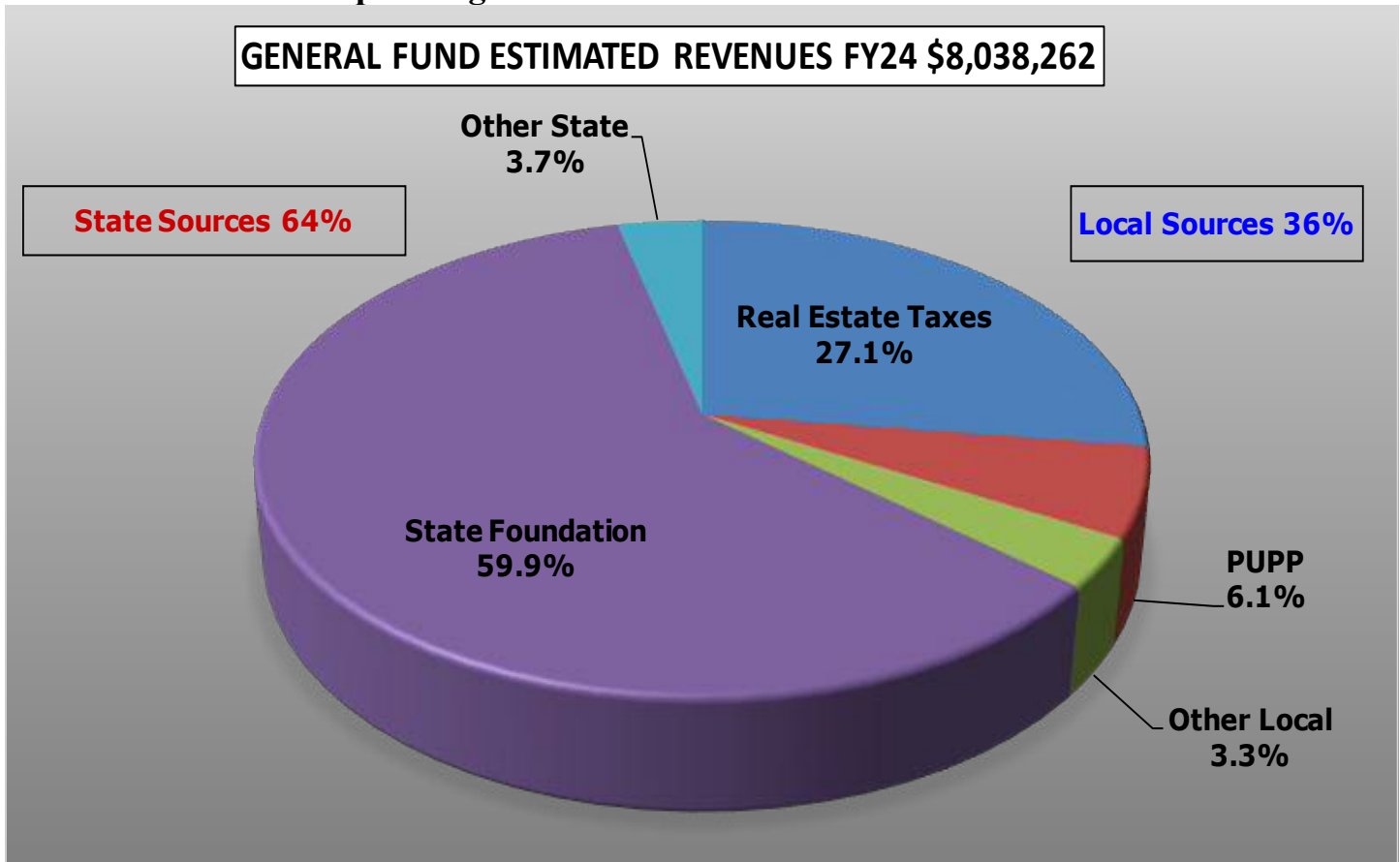
1. Clermont County experienced a sexennial reappraisal in the 2020 tax year to be collected in FY21. The 2020 reappraisal increased overall assessed values by \$41.1 million or an increase of 5.2%. A triennial update is occurring in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by \$265.5 million for an overall increase of 31.8%. There is, however, always a minor risk that the district could sustain a reduction in values in the next triennial update, but we do not anticipate that at this time.
2. Zimmer Power Plant closed May 31, 2022. In Tax Year 2020, the power plant represented \$230 thousand of the Real Estate Property Tax revenues (line 1.01) and \$284 thousand of the Public Utility Personal Property (PUPP) Tax revenues (line 1.02). Anticipating the impact of the closure, the forecast assumes that \$25 thousand of the PUPP Tax revenues will be eliminated in FY24, an additional \$100,000 in FY25, with the remaining \$159 thousand eliminated in FY26 at this time.

Zimmer Power Plant contested tax year 2020, 2021, and 2022 real estate valuations, which lowered the valuation. The case was settled by the State Board of Tax Appeals on September 28, 2023. As a result of the lower valuations, Grant Career Center will be required to make a one-time repayment of \$11,449 in fiscal year 2024 as calculated by the Clermont County Auditor. And since the property is not actively being used for public utility, it is anticipated that the value will continue to decline. For forecasting purposes, the property's appraised value for tax years 2023 through 2028 is estimated to be \$26 million.

3. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of FSFP, however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.
4. HB33 directly pays costs associated with open enrollment. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions to the forecast. If you would like further information, please contact Kelly Sininger, Treasurer.

Revenue Assumptions Operating Revenue Sources General Fund FY23



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, Board of Revision/Board of Tax Appeals activity and a sexennial reappraisal or triennial update. Clermont County experienced a sexennial reappraisal for the 2020 tax year to be collected in 2021. Residential/agricultural values increased 6% or \$40.6 million due to the update led by an improving housing market.

For tax year 2022, new construction in residential property was up 0.9% or \$6.9 million in assessed value and commercial/industrial values increased \$1 million. Overall values rose \$9 million or 1%, which includes new construction for all classes of property.

A triennial update will be occurring in 2023, for collection in 2024, for which we are estimating a 36.75% increase in residential and a 4.5% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$265.5 million or 31.8% overall.

U.S. Grant Career Center has 5.85 mills voted that are collecting at 2.84 mills for tax year 2022. For joint vocational school districts like Grant Career Center, Ohio law prevents the millage rate from going any lower than 2 mills at any time. Due to HB920, the district's effective millage will decrease as values increase until they reach the 2-mill floor. In the forecasted period, we are not expecting to reach the 2-mill floor. Increases in collection estimates are due to new construction being collected at the effective rate in the first year it is taxable.

Zimmer Power Plant contested tax year 2020, 2021, and 2022 real estate valuations. The case was settled by the State Board of Tax Appeals on September 28, 2023, resulting in lower valuations as follows:

Tax Year	Original Appraised Value	Settlement Appraised Value
2020	\$139,774,100	\$97,000,000
2021	\$140,277,430	\$78,000,000
2022	\$140,277,430	\$52,000,000

As a result of the lower valuations, Grant Career Center will be required to make a one-time repayment of \$11,449 in fiscal year 2024 as calculated by the Clermont County Auditor.

As the property is not actively being used for public utility, it is anticipated that the value will continue to decline. For forecasting purposes, the property's appraised value for tax years 2023 through 2028 is estimated to be \$26 million.

Estimated Assessed Value (AV) by Collection Years

<u>Classification</u>	Estimated TAX YEAR 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
Res./Ag.	\$1,009,997,310	\$1,015,107,543	\$1,020,642,587	\$1,026,190,702	\$1,031,497,168
Comm./Ind.	96,377,106	97,291,196	98,031,576	98,997,871	99,845,455
Public Utility Personal Property (PUPP)	82,361,951	61,494,430	43,361,951	43,861,951	44,361,951
Total Assessed Value	<u>\$1,188,736,367</u>	<u>\$1,173,893,169</u>	<u>\$1,162,036,114</u>	<u>\$1,169,050,523</u>	<u>\$1,175,704,573</u>

Estimated Real Estate Tax – Line #1.010

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Est. Real Estate Taxes	<u>\$2,181,526</u>	<u>\$2,257,075</u>	<u>\$2,272,841</u>	<u>\$2,288,913</u>	<u>\$2,304,797</u>
Total Line #1.01 Real Estate Taxes	<u>\$2,181,526</u>	<u>\$2,257,075</u>	<u>\$2,272,841</u>	<u>\$2,288,913</u>	<u>\$2,304,797</u>

Property tax levies are estimated to be collected at 92% of the annual amount. This allows for a 8% delinquency factor. In general, 55.4% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 44.6% collected in the August tax settlement. Collections in FY23 were up \$20 thousand due to additional delinquent taxes collected in the August and March tax settlements, which are expected to continue in FY24, then growing modestly for the remainder of the forecast.

Renewal and Replacement Levies – Line #11.02

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

Estimated Tangible Personal Property (TPP) Tax & Public Utility Personal Property – Line#1.020

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The related values for PUPP are noted on the table above under Public Utility (PUPP), which were \$82.4 million in assessed values in tax year 2023 to be collected at the district's gross voted millage rate. Collections are typically 50% in March and 50% in August along with the real estate settlements from the county auditor. The values in 2022 increased by 3.4%, or \$3.3 million, however they are expected to have a dramatic decrease due to the closure of the Zimmer Power Plant. At this time, we are estimating the decrease to occur over a 3-year period resulting in a loss of \$48.5 million in assessed valuation, or 47.6%, overall. For PUPP valuation not related to Zimmer, the forecast assumes a \$500 thousand increase in valuation per year for tax years 2024-2027.

Zimmer Power Plant closed May 31, 2022. In Tax Year 2020, the power plant represented \$284 thousand of the district's PUPP tax revenues. Anticipating the impact of the closure, the forecast assumes that \$25 thousand of the Zimmer PUPP tax revenues will be eliminated in FY24, \$100 thousand in FY25, with the remaining \$159 thousand eliminated in FY26.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Public Utility Personal Property	<u>\$487,657</u>	<u>\$420,779</u>	<u>\$306,705</u>	<u>\$255,129</u>	<u>\$258,055</u>
Total PUPP Tax Line #1.020	<u>\$487,657</u>	<u>\$420,779</u>	<u>\$306,705</u>	<u>\$255,129</u>	<u>\$258,055</u>

Income Tax – Line#1.030

No income taxes are modeled in this forecast.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model per HB33 through June 30, 2025

Unrestricted State Foundation Revenue – Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors. Our district is currently a capped district in FY24 and is expected to remain capped in FY25-28, while being phased-into the new Fair School Funding Plan (FSFP).

The state foundation funding formula has gone through many changes in recent years. The funding formula that was created in FY14 was used for six years and then dropped in FY19. No formula was used in FY20 and FY21 as funding was frozen at FY19 levels. For FY22 and FY23, HB110 (as amended by HB583) implemented the Fair School Funding Plan. And then HB33 continues the FSFP for FY24 and FY25. The FSFP introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

Beginning in FY27, we are forecasting an increase of 50 FTEs in our enrolled average daily membership (ADM). These 50 additional students also will represent 12 additional Career Technical Category 1 FTEs, with the expansion of Allied Health and Metal Fabrication.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

- A. Student Population and Demographics
- B. Property Valuation Per Pupil
- C. Personal Income of District Residents Per Pupil
- D. Historical Funding - CAPS and Guarantees from prior funding formulas "Funding Bases" for guarantees.

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

The current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for four (4) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a statewide average of \$9,854.58 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. There are three components to the career-technical state share percentage:

1. Aggregate Base Cost – calculated through the Base Cost Approach
2. Local Share Amount – multiply the lesser of the district’s FY21 property valuation or the three-year average property valuation of tax years 2019 through 2021 by 0.05%.
3. District’s State Share of the Base Cost – the greater of the Aggregate Base Cost less the Local Share Amount or the Aggregate Base Cost multiplied by 5%.

The state share percentage for the district will then be the greater of the District’s State Share of the Base Cost divided by the Aggregate Base Cost or 0.05.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open-enrolled students being educated in each district) and multiplied by the local share multiplier index for each district. The result is the local per pupil capacity of the base per pupil funding amount.

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid

1. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. 10% will be reduced from all districts’ calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by \$422 per pupil. Phase-in increases are limited to 50% for FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on the time students enrolled in schools and multiplied by a weighted amount per pupil.
3. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
4. Student Wellness and Success Funds – These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

Joint Vocational Career-Technical Funding in FY24 and FY25

The new funding formula for joint vocational school districts is substantially similar to the formula for traditional school districts as described above, including the phase-in and guarantee, with the following changes:

1. Replaces the “special teacher” cost in the base cost computation with the “cost for teachers providing health and physical education, instruction regarding employability and soft skills, development and coordination and internships and job placements, career-technical student organization activities, pre-apprenticeship and apprenticeship coordination, and any assessment related to career-technical education, including any nationally recognized job skills or end-of-course assessment,” which are calculated in the same manner.
2. Does not specify a minimum for the number of staff members for the staffing cost for student wellness and success for the district in base cost computation.
3. Calculates the district’s cost for that fiscal year for career-technical curriculum specialists and coordinators, career assessment and program placement, recruitment and orientation, student success coordination, analysis of test results, development of intervention and remediation plans and monitoring of those plans, and satellite program

coordination. This funding replaces a traditional district's cost computations for academic and athletic co-curricular activities.

4. Replaces per-pupil dollar amount with weighted funding for the five different career-technical programs.
5. A funding unit will be based on the funding unit's state share percentage times the career-technical education associated services amount times the statewide average career technical base costs per pupil in that fiscal year times the sum of the funding unit's categories one through five career-technical education ADM.
6. Once the base cost is calculated by the state, the FSFP then calculates the state share percentage for each district, the FY24 state-wide average per pupil amount for a CTE district is \$9,854.58.

CTE Credential Program: The district may receive a portion of the \$5.5 million for Industry-recognized Credentials in FY24 and FY25 for high school students for those earning an industry-recognized credential or receiving a journeyman certification recognized by the United States Department of Labor. In addition, the district will receive funding through the Innovative Workforce Incentive Program for students who have completed the industry-recognized credentials and are career-ready. The Department of Education and Workforce shall pay each city, local, and exempted village school district, community school, STEM school, and joint vocational school district an amount equal to \$1,000 for each qualifying credential a student attending the district or school earned in the school year preceding the fiscal year in which the funds are appropriated, which will be prorated if the amount that the Department of Education appropriates is insufficient.

For the Industry-recognized Credentials, the district received \$22 thousand in FY22 and \$27 thousand in FY23. The forecast projects \$27 thousand for FY24-28.

For the Innovative Workforce Incentive Program, the district received \$26 thousand in FY22 and \$65 thousand in FY23. The forecast includes \$30,000 for FY24-28.

Career Awareness and Exploration Funds

To support a more career-focused approach to education, the legislature approved in HB110 the previous state budget the new career awareness and exploration funding. HB33, the current state budget, increases the per-pupil amounts used to calculate these funds from \$5 per pupil in FY23 to \$7.50 in FY24 and \$10 per pupil in FY25.

Future State Budget Projections beyond FY25

Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this forecast, FY26 funding levels are expected to be the same as FY25. The expansion of Allied Health and Metal Fabrication is expected to be completed by FY27 with an anticipated increase of 50 students. The forecast reflects the additional state funding for those 50 students in FY27 and FY28.

Power Plant Devaluation

HB33 includes proposed language for continuing power plant valuation adjustments, which are additional payments to districts that have at least one power plant in their territory. In order to receive the additional funding, the district must see at least a 10% decrease to their PUPP value between TY17 and TY23 (for FY24) or between the preceding tax year and the second preceding tax year (for example, in FY24, between TY22 and TY23). If a district is eligible, the payment is based on a recalculation of the district's FY19 state foundation aid (before FSFP implementation), which would then use the preceding year's taxable value instead of the three-year average used at the time, and the change in local property taxes between TY17 and the preceding tax year. Estimates for this funding currently have \$7 million earmarked for each year in the new biennium. In FY23, we received \$61 thousand to compensate for the declining value. These payments are expected to remain flat through the forecast.

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.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was 73.83 million or \$42.18 per pupil. In FY22, the funding was increased to \$109.39 million for schools or \$62.86 per pupil, and in FY23, the funding totaled \$113.1 million or \$64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$3,315,690	\$3,939,534	\$3,939,534	\$4,406,873	\$4,406,873
Innovative Workforce	30,000	30,000	30,000	30,000	30,000
Power Plant Devaluation	61,426	61,426	61,426	61,426	61,426
Credentials	<u>26,811</u>	<u>26,811</u>	<u>26,811</u>	<u>26,811</u>	<u>26,811</u>
Basic Aid-Unrestricted Subtotal	<u>\$3,433,927</u>	<u>\$4,057,771</u>	<u>\$4,057,771</u>	<u>\$4,525,110</u>	<u>\$4,433,684</u>
Ohio Casino Commission ODT	<u>45,700</u>	<u>46,617</u>	<u>47,548</u>	<u>52,016</u>	<u>53,059</u>
Total Unrestricted State Aid Line #1.035	<u>\$3,479,627</u>	<u>\$4,104,388</u>	<u>\$4,105,319</u>	<u>\$4,577,126</u>	<u>\$4,486,743</u>

Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for English Learners (ESL) and Student Wellness. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. With the exception of adding minimal Career Technical and DPIA funding related to the 50 new students projected in FY27, we have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Disadvantaged Pupil Impact Aid (DPIA)	\$75,408	\$95,128	\$95,128	\$100,128	\$100,128
English Learners	0	0	0	0	0
Career Tech - Restricted	1,109,741	1,200,187	1,200,187	1,207,187	1,207,187
Student Wellness and Success	104,463	104,463	104,463	109,463	109,463
CTE Associated Services	6,791	6,791	6,791	6,791	6,791
Career Awareness & Explorations	<u>36,071</u>	<u>47,975</u>	<u>47,975</u>	<u>47,975</u>	<u>47,975</u>
Total Restricted State Revenues Line #1.040	<u>\$1,332,474</u>	<u>\$1,454,544</u>	<u>\$1,454,544</u>	<u>\$1,471,544</u>	<u>\$1,471,544</u>

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line #1.035	\$3,479,627	\$4,104,388	\$4,105,319	\$4,577,126	\$4,486,743
Restricted Line #1.040	1,332,474	1,454,544	1,454,544	1,471,544	1,471,544
Rest. Federal Funds #1.045	0	0	0	0	0
Total State Foundation Revenue	<u>\$4,812,101</u>	<u>\$5,558,932</u>	<u>\$5,559,863</u>	<u>\$6,048,670</u>	<u>\$5,958,287</u>

State Share of Local Property Taxes – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who

had their Homestead Exemption as of September 29, 2013, will not lose it and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	\$294,784	\$295,581	\$297,412	\$299,280	\$301,099
Total State Share of Local Property Taxes #1.050	<u>\$294,784</u>	<u>\$295,581</u>	<u>\$297,412</u>	<u>\$299,280</u>	<u>\$301,099</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 open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district where they are being educated, and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid.

Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Tax Increment Financing (TIF)	\$23,592	\$34,057	\$49,757	\$62,839 -	
Other Adjustments	74,069	75,000	75,000	75,000	75,000
Interest Earnings	90,000	81,000	72,900	65,610	59,049
Miscellaneous	<u>74,533</u>	<u>42,883</u>	<u>28,333</u>	<u>21,743</u>	<u>17,250</u>
Total Other Local Revenue Line #1.060	<u>\$262,194</u>	<u>\$232,940</u>	<u>\$225,990</u>	<u>\$225,192</u>	<u>\$151,299</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 last fiscal year are expected to be repaid in the current year, as noted in the table below.

All Other Financial Sources – Line #2.060

This funding source is typically a refund of prior year expenditures that is very unpredictable. Due to the nature of these collections, this forecast does not assume future collections in this section.

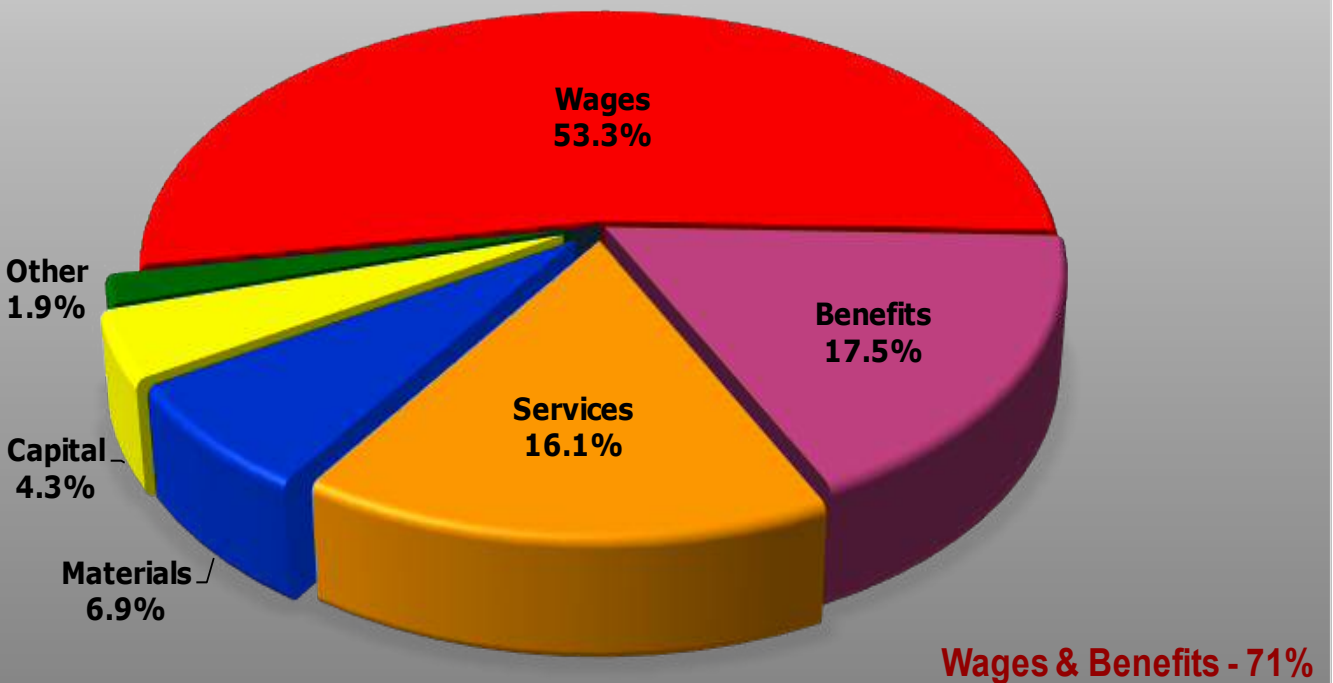
Expenditures Assumptions

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. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization. The district's mission and values drive the administration's decision-making process when it comes to adding new expenditures:

- Will it improve student performance or operational efficiency?
- Can we afford and sustain it?
- Is it ethical?
- Will it improve student engagement?
- Does it improve partner engagement?
- Does it improve community engagement?

All Operating Expense Categories - General Fund FY24

GENERAL FUND OPERATING EXPENDITURES EST. FY24 \$7,541,927



A more in-depth description of each expenditure line item follows:

Wages – Line #3.010

This line item is the largest expense of the district and consists primarily of salaries or wages paid to staff. Substitutes and supplemental extracurricular contracts as well as payments for the Board of Education can also be found in this line item. These forecasted amounts for FY24-28 reflect a step on the salary schedule and a 2.0% increase to the base salary. Administration will typically see similar increases; however, administrative salaries are reviewed on an annual basis. The forecast also reflects additional staff in FY27 to service our anticipated expansion of Allied Health and Metal Fabrication.

The district continually monitors the staffing levels to effectively manage this significant line item.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Base Wages & Payout of Personal Leave	\$3,693,330	\$3,811,094	\$3,931,691	\$4,053,574	\$4,444,234
Based Pay Increase	73,867	76,222	78,634	81,071	88,885
Steps & Academic Training	40,627	41,922	43,249	44,589	48,887
Change in Staff	3,270	2,453	0	265,000	0
Extra Time/Stipend/BOE	8,878	8,878	8,878	8,878	8,878
Substitutes	75,000	75,000	75,000	75,000	75,000
Supplementals	<u>126,681</u>	<u>129,215</u>	<u>131,799</u>	<u>134,435</u>	<u>137,124</u>
Total Wages Line #3.010	<u>\$4,021,653</u>	<u>\$4,144,784</u>	<u>\$4,269,251</u>	<u>\$4,662,547</u>	<u>\$4,803,008</u>

Fringe Benefits Estimates – Line #3.020

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

A) STRS/SERS will increase as Wages Increase

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

B) Insurance

The forecasted amounts include a 7.5% increase in FY24-28, which reflects trend and the likely increase in health care costs as a result of actual claims incurred. This is based on the current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.15% of wages FY24-28. Unemployment is expected to remain at a shallow level for FY24-28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages 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.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
A) STRS/SERS	\$664,787	\$685,246	\$705,926	\$771,419	\$794,761
B) Insurance's	572,658	615,607	661,778	791,411	850,767
C) Workers Comp/Unemployment	6,032	6,217	6,404	6,994	7,205
D) Medicare	59,839	61,673	63,525	69,386	71,477
Other/Tuition/Annuities	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Total Fringe Benefits Line #3.020	<u>\$1,318,316</u>	<u>\$1,383,743</u>	<u>\$1,452,633</u>	<u>\$1,654,210</u>	<u>\$1,739,210</u>

Purchased Services – Line #3.030

This line item primarily includes contracted services, utilities, professional development/meeting expenses, memberships, legal expenses and travel/mileage. Contracted services include items such as computer services received from the Hamilton Clermont Cooperative, IT support services contracted through Orchestrate, instructional services contracted through Bethel-Tate Local School District for the satellite program, instructional services contracted through Child Focus for the early childhood education program, and itinerate services contracted through New Richmond Exempted Village School District.

The expansion of Allied Health and Metal Fabrication is expected to be completed for the FY27 school year and thus additional costs such as utilities, maintenance, and professional development have been added to the forecast.

College Credit Plus will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

The COVID-19 pandemic resulted in instruction being delivered remotely during the last quarter of fiscal year 2020, and several times during fiscal year 2021. In addition, many CTSO events and staff professional development either were cancelled or were held virtually in fiscal year 2020 and 2021. For fiscal years 2024-2028, the forecast reflects pre-COVID expenditure levels for those types of expenditures.

The District's new strategic plan was fully implemented in fiscal year 2023. The plan's purpose is to move the District forward toward achieving the aspirations set by the Board of Education. One of the Board's aspirations is "The District leads educational innovation nationally to assure student engagement and success." The District has set aside \$125 thousand per year starting in 2023 for innovative projects. The District has developed an Innovation Action Planning process that will be followed to identify projects that are eligible for this funding. The actual projects may include Supplies & Materials, Capital Outlay, etc., however for purposes of forecasting the entire innovation set-aside is accounted for in Purchased Services.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Professional & Technical Services, ESC - Bethel LSD	\$110,545	\$113,861	\$117,277	\$120,795	\$124,419
Maintenance, Insurance & Garbage Removal	40,088	41,291	42,530	43,806	45,120
Professional Development	700,106	714,108	728,390	752,958	768,017
Communications, Postage, & Telephone	3,603	3,711	3,822	3,937	4,055
Utilities (Duke, Clermont Water & Bethel Utilities)	129,246	131,831	134,468	137,157	139,900
Itinerate Services	50,375	50,375	50,375	50,375	50,375
Project Life	0	72,737	74,192	75,676	75,676
College Credit Plus	53,938	55,017	56,117	57,239	58,384
Strategic Plan Innovation	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total Purchased Services Line #3.030	<u>\$1,212,901</u>	<u>\$1,307,931</u>	<u>\$1,332,171</u>	<u>\$1,366,943</u>	<u>\$1,390,946</u>

Supplies and Materials – Line #3.040

This line item includes instructional supplies, technology supplies, custodial/operational supplies, marketing supplies and general office supplies. An increase of 3.0% has been projected for FY24-FY27 with an additional \$30 thousand starting in FY27 for supplies and materials anticipated for the additional students and space related to the expansion of Allied Health and Metal Fabrication.

In 2020, student laptops for the one-to-one program were purchased from the Capital Outlay line item. Starting in 2021, new laptops are charged to Supplies, as they do not meet the capitalization threshold of \$5,000 with a useful life of more than 5 years. In fiscal years 2020-2022, the majority of one-to-one laptops were purchased with grant funding. In FY23, 65% of the cost was charged to the General Fund (\$71 thousand). The projections for 2024 through 2028 anticipate the laptops will be funded entirely from the General Fund; however, we will continue to use grant funds to the extent they are available.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
General Office Supplies & Materials	\$377,583	\$388,910	\$400,577	\$442,594	\$447,020
Textbooks & Instructional Supplies	12,845	13,230	13,627	14,036	14,176
Facility Supplies & Materials	46,453	47,847	49,282	50,760	51,268
Technology Replacement	<u>84,696</u>	<u>87,237</u>	<u>89,854</u>	<u>92,550</u>	<u>93,476</u>
Total Supplies Line #3.040	<u>\$521,577</u>	<u>\$537,224</u>	<u>\$553,340</u>	<u>\$599,940</u>	<u>\$605,940</u>

Capital – Line # 3.050

This line item reflects the cost of instructional, as well as, building capital acquisitions and replacement equipment. Career based programming requires ongoing capital equipment to stay abreast of industry needs and provide relevant programming for our students. For the forecast period, an annual investment of \$325 thousand is projected. The increase in FY25 is due to the local share of the expansion project. The total budget for the project is \$9.8 million, of which \$8.5 million is from the State and \$1.3 million is local share. This project will expand the Allied Health and Metal Fabrication programs.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Capital Outlay & Maintenance	\$325,000	\$1,625,000	\$325,000	\$325,000	\$325,000
Total Equipment Line #3.050	<u>\$325,000</u>	<u>\$1,625,000</u>	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>

Other Expenses – Line #4.300

This line item primarily includes the cost of property and liability insurance, county auditor and county treasurer fees for collection and distribution of property taxes, audit fees, memberships, student awards, and miscellaneous expenses not categorized elsewhere. The forecast includes a 1% annual increase for most expenses in this category.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
County Auditor & Treasurer Fees	\$52,151	\$52,673	\$53,200	\$53,732	\$54,269
Liability Insurance	36,540	36,905	37,274	37,647	38,023
Annual Audit Costs	16,720	16,887	17,056	17,227	17,399
Dues, Fees & other Expenses	<u>37,069</u>	<u>37,440</u>	<u>37,814</u>	<u>38,192</u>	<u>38,574</u>
Total Other Expenses Line #4.300	<u>\$142,480</u>	<u>\$143,905</u>	<u>\$145,344</u>	<u>\$146,798</u>	<u>\$148,265</u>

Transfers Out/Advances Out – Line# 5.010 & #5.020

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.

Historically, this line item consists primarily of transfers-out to other District funds. Below is a summary of transfers that occurred during 2018-2023:

<u>Year</u>	<u>Amount</u>	<u>Transfer To:</u>
2018	\$250,000	Adult Education Fund
2019	\$50,000	Food Service Fund
2019	\$200,000	Adult Education Fund
2020	\$100,000	Termination Benefits Fund
2021	\$200,000	Adult Education Fund
2022	\$100,000	Adult Education Fund
2022	\$85,000	Termination Benefits Fund
2023	\$75,000	Adult Education Fund
2023	\$30,000	Termination Benefits Fund

The forecasted amounts for FY24-FY28 reflect \$100 thousand per year for transfers to the Adult Education Fund.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Operating Transfers Out Line #5.010	\$1,379,774	\$100,000	\$100,000	\$100,000	\$100,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$1,379,774</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

Principal and Interest Payment – Lines # 4.05 and 4.06

The District currently has no general fund debt issuances.

Encumbrances –Line#8.010

These are outstanding purchase orders that have not been approved for payment, as the goods were not received in the fiscal year in which they were ordered.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Estimated Encumbrances Line #8.010	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

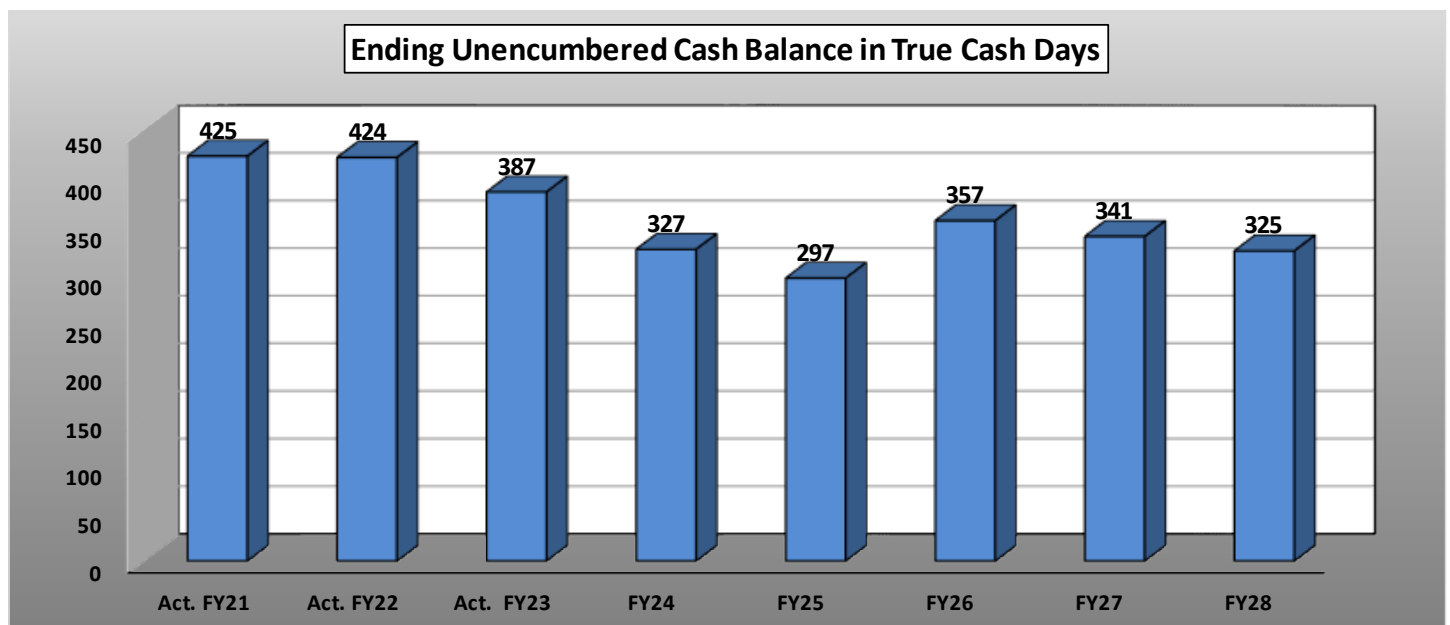
Ending Unencumbered Cash Balance – Line#15.010

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, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of \$10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is approximately \$628 thousand for our district.

<u>Source</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$7,994,875</u>	<u>\$7,517,595</u>	<u>\$8,002,667</u>	<u>\$8,264,413</u>	<u>\$8,125,581</u>

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 Year’s Ending Cash Balance divided by (Current Year’s Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. Although GFOA sets the minimum balance on hand to be thirty (30) days, GFOA recommends two (2) months, or sixty (60) days cash is on hand at year-end but could be more depending 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

The district administration is grateful for the continuation of the Fair School Funding Plan in the current state budget, HB33, as it has reduced the amount that was deducted for programs that were not within the district's control.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.