

**U.S. GRANT CAREER CENTER  
CLERMONT COUNTY**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES FOR THE FISCAL YEARS ENDED  
JUNE 30, 2020, 2021 and 2022 ACTUAL  
FORECASTED FISCAL YEARS ENDING  
JUNE 30, 2023 THROUGH JUNE 30, 2027**



**Forecast Provided By  
U.S. Grant Career Center School District  
Treasurer's Office  
Kelly Sininger, Treasurer  
November 28, 2022**

# U.S. Grant Career Center

Clermont County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;

Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual			Average Change	Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022		Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
<b>Revenues</b>										
1.010	General Property Tax (Real Estate)	2,270,558	2,142,283	2,191,214	-1.7%	2,201,764	2,144,410	2,160,620	2,177,141	2,315,304
1.020	Public Utility Personal Property Tax	598,777	429,813	561,299	1.2%	357,652	278,989	281,913	284,839	287,763
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	1,837,117	1,916,242	2,576,974	19.4%	2,691,852	2,692,769	2,693,699	2,694,650	2,695,621
1.040	Restricted State Grants-in-Aid	774,318	774,529	967,663	12.5%	1,102,095	1,102,095	1,102,095	1,102,095	1,102,095
1.045	Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	290,977	291,833	291,059	0.0%	290,473	287,538	289,508	291,571	293,612
1.060	All Other Revenues	621,193	856,707	196,007	-19.6%	174,061	161,601	172,066	187,766	200,848
1.070	<b>Total Revenues</b>	<b>6,392,940</b>	<b>6,411,407</b>	<b>6,784,216</b>	<b>3.1%</b>	<b>6,817,897</b>	<b>6,667,402</b>	<b>6,699,901</b>	<b>6,738,062</b>	<b>6,895,243</b>
<b>Other Financing Sources</b>										
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%	0	0	0	0	0
2.050	Advances-In	3,000	0	77,803	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	12,474	0	22,458	0.0%	121	0	0	0	0
2.070	<b>Total Other Financing Sources</b>	<b>15,474</b>	<b>0</b>	<b>100,261</b>	<b>0.0%</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2.080	<b>Total Revenues and Other Financing Sources</b>	<b>6,408,414</b>	<b>6,411,407</b>	<b>6,884,477</b>	<b>3.7%</b>	<b>6,818,018</b>	<b>6,667,402</b>	<b>6,699,901</b>	<b>6,738,062</b>	<b>6,895,243</b>
<b>Expenditures</b>										
3.010	Personal Services	3,726,546	3,557,169	3,679,167	-0.6%	3,843,376	3,816,056	3,931,285	4,047,611	4,167,521
3.020	Employees' Retirement/Insurance Benefits	1,249,648	1,130,653	1,174,676	-2.8%	1,275,190	1,286,960	1,351,932	1,419,947	1,492,164
3.030	Purchased Services	536,424	628,036	794,462	21.8%	1,019,447	1,108,704	1,127,368	1,146,446	1,165,949
3.040	Supplies and Materials	314,418	340,336	348,111	5.3%	521,592	526,807	532,075	537,395	542,769
3.050	Capital Outlay	579,781	154,699	213,488	-17.7%	325,000	325,000	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	123,698	129,625	129,505	2.3%	126,259	127,522	128,797	130,085	131,386
4.500	<b>Total Expenditures</b>	<b>6,530,515</b>	<b>5,940,518</b>	<b>6,339,409</b>	<b>-1.2%</b>	<b>7,110,864</b>	<b>7,191,049</b>	<b>7,396,457</b>	<b>7,606,484</b>	<b>7,824,789</b>
<b>Other Financing Uses</b>										
5.010	Operating Transfers-Out	100,000	200,000	185,000	46.3%	130,000	100,000	100,000	100,000	100,000
5.020	Advances-Out	3,000	77,803	0	1196.7%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	<b>Total Other Financing Uses</b>	<b>103,000</b>	<b>277,803</b>	<b>185,000</b>	<b>68.2%</b>	<b>130,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
5.050	<b>Total Expenditures and Other Financing Uses</b>	<b>6,633,515</b>	<b>6,218,321</b>	<b>6,524,409</b>	<b>-0.7%</b>	<b>7,240,864</b>	<b>7,291,049</b>	<b>7,496,457</b>	<b>7,706,484</b>	<b>7,924,789</b>
<b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</b>										
6.010		<b>(225,101)</b>	<b>193,086</b>	<b>360,068</b>	<b>-49.6%</b>	<b>(422,846)</b>	<b>(623,647)</b>	<b>(796,556)</b>	<b>(968,422)</b>	<b>(1,029,546)</b>
<b>Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies</b>										
7.010		7,434,040	7,208,939	7,402,025	-0.2%	7,762,093	7,339,247	6,715,600	5,919,044	4,950,622
7.020	<b>Cash Balance June 30</b>	<b>7,208,939</b>	<b>7,402,025</b>	<b>7,762,093</b>	<b>3.8%</b>	<b>7,339,247</b>	<b>6,715,600</b>	<b>5,919,044</b>	<b>4,950,622</b>	<b>3,921,076</b>
8.010	<b>Estimated Encumbrances June 30</b>	<b>202,184</b>	<b>60,192</b>	<b>89,393</b>	<b>-10.9%</b>	<b>89,393</b>	<b>89,393</b>	<b>89,393</b>	<b>89,393</b>	<b>89,393</b>
<b>Reservation of Fund Balance</b>										
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	101,846	0.0%	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	<b>Subtotal Reservations of fund Balance</b>	<b>101,846</b>	<b>101,846</b>	<b>101,846</b>	<b>0.0%</b>	<b>101,846</b>	<b>101,846</b>	<b>101,846</b>	<b>101,846</b>	<b>101,846</b>
10.010	<b>Fund Balance June 30 for Certification of Appropriations</b>	<b>6,904,909</b>	<b>7,239,987</b>	<b>7,570,854</b>	<b>4.7%</b>	<b>7,148,008</b>	<b>6,524,361</b>	<b>5,727,805</b>	<b>4,759,383</b>	<b>3,729,837</b>

# U.S. Grant Career Center

Clermont County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;

Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual			Average Change	Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022		Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
<b>Revenue from Replacement/Renewal Levies</b>										
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		6,904,909	7,239,987	7,570,854	4.7%	7,148,008	6,524,361	5,727,805	4,759,383	3,729,837
<b>Revenue from New Levies</b>										
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	6,904,909	7,239,987	7,570,854	4.7%	7,148,008	6,524,361	5,727,805	4,759,383	3,729,837

**U.S. Grant Career Center – Clermont County**  
**Notes to the Five-Year Forecast**  
**General Fund Only**  
**November 28, 2022**

**Introduction to the Five-Year Forecast**

A forecast is somewhat 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. A variety of 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 ODE when events take place that will 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 and Auditor of State to identify school districts with potential financial problems

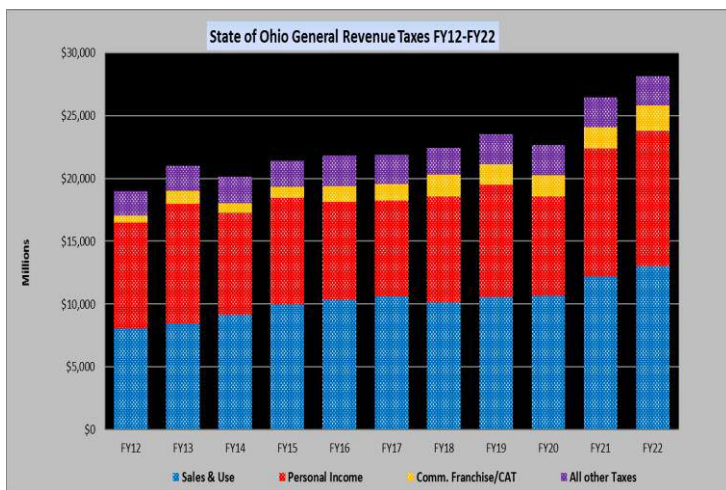
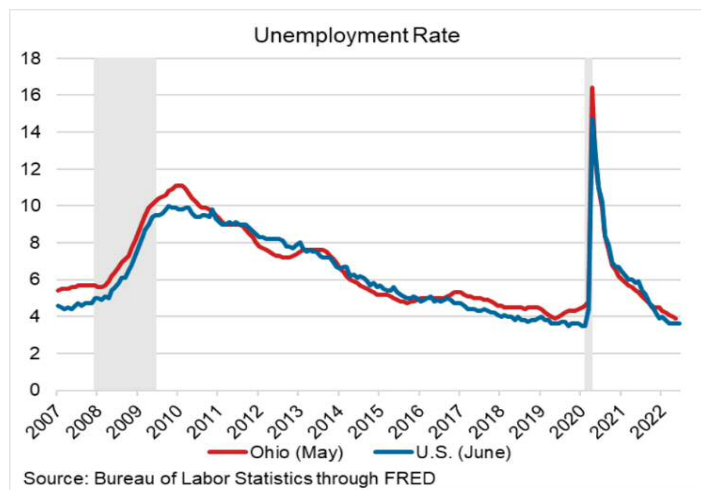
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023 for fiscal year 2023 (July 1, 2022 to June 30, 2023). The five-year forecast includes three years of actual and five-years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022- June 30, 2023) 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 2022 filing.

**Economic Outlook**

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chain concerns and 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 8.3% in August. Costs in FY22 were notably impacted in areas such as electric, natural gas, and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact on our forecast and adversely affect state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. It is expected that interest rate increases before December 2022 will result in increased unemployment and many economists anticipate an economic recession in the first half of calendar year 2023. If that occurs, the recession will happen as the state legislature considers the next biennium budget for FY24 and FY25. Despite the solid economic recovery the state of Ohio has enjoyed over the past two years, as noted below in the graphs, a recession may impact funding for primary and secondary education.

As noted in the graphs below, the State of Ohio’s economy has steadily recovered over the past two years. The new state funding formula is in year two of a projected six-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state’s economy has grown as indicated in the graphs below. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.



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.

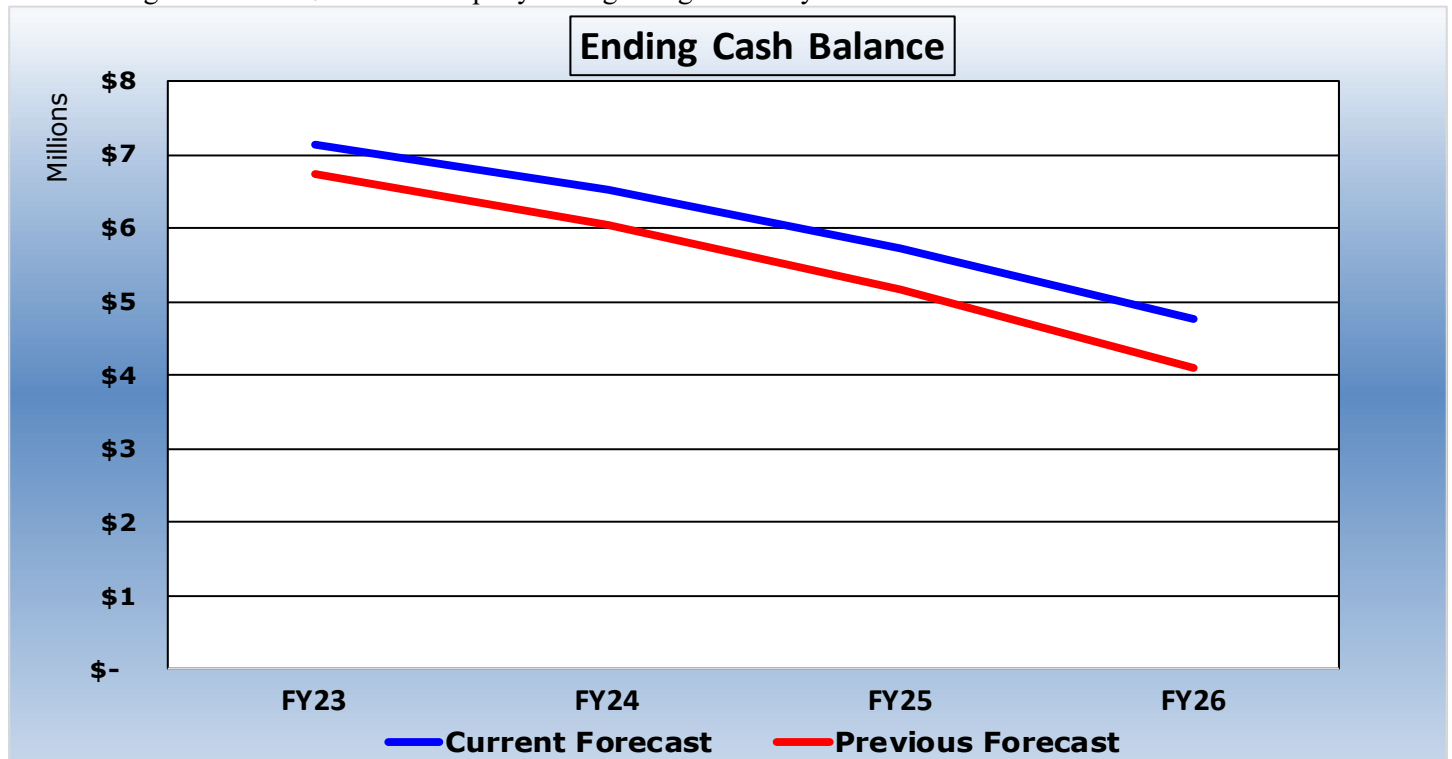
### November 2022 Updates:

Overall, the district's financial position has improved when compared to the prior forecast. Since the last forecast was published:

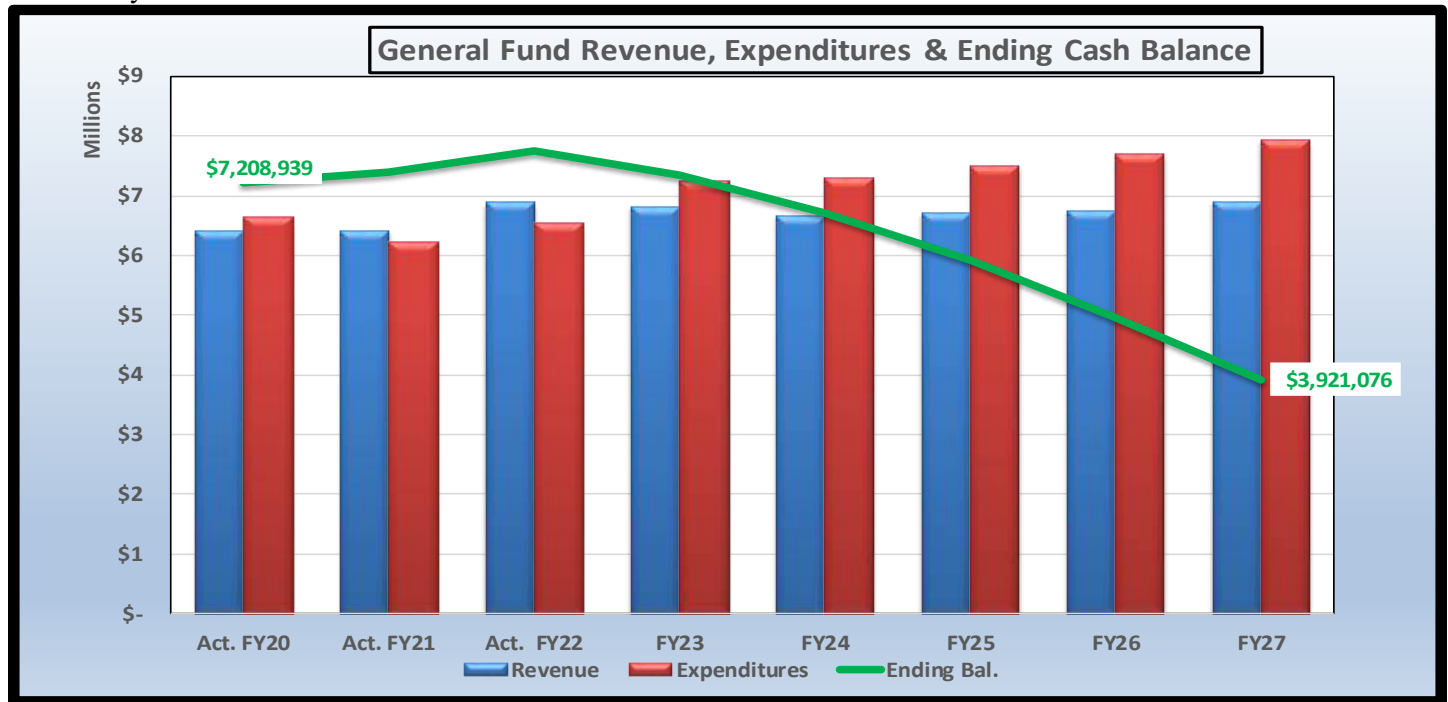
- Actual results from fiscal year 2022 are complete. Actual revenues received were \$175 thousand more than projected in May. The increase was primarily due to State funding received late in the fiscal year for Power Plant Devaluation, Workforce Incentives, and Credentialing. Also, expenditures were \$224 thousand less than projected in May, primarily in the area of Purchased Services and Supplies. As a result the ending cash balance was \$394 thousand higher than originally projected.

Other adjustments that have been made since the May forecast include:

- Public Utility Personal Property revenues are projected to be \$44 thousand less in fiscal year 2023 based upon actual collections that occurred in the fall of 2022;
- Other Revenue increased \$21 thousand in FY23 for reimbursement for CCP classes from the University of Cincinnati;
- Purchased Services increased \$50 thousand per year beginning in fiscal year 2023 for contracted itinerate services;
- Purchased Services increased \$30 thousand per year for fiscal years 2023 and 2024 for higher energy costs; and
- Wages increased \$15 thousand per year beginning in fiscal year 2023 for substitute costs.



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 uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1. Clermont County experienced a 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 will occur in tax year 2023 for collection in FY24. We anticipate value increases for Class I and II property by \$37 million for an overall increase of 4.5%. 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 one-half (\$142 thousand) of the PUPP Tax revenues will be eliminated in FY23, with the remaining \$142 thousand eliminated in FY24.

Additionally, Zimmer Power Plant is contesting the 2020 real estate valuation of \$140 million, which could lower the valuation to \$28.5 million. The case is scheduled to be reviewed by the State Board of Tax Appeals on April 19<sup>th</sup>-20<sup>th</sup>, 2023. If successful, Grant Career Center and six other public entities would owe a refund on tax year 2020 and 2021. Based upon information received from the Clermont County Auditor's Office, Grant Career Center's refund for these two years totals \$366 thousand. The forecast assumes this refund would be paid back over a three-year period beginning in FY24.

3. HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has 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. Beginning in FY22, a district's open enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in expenditures,

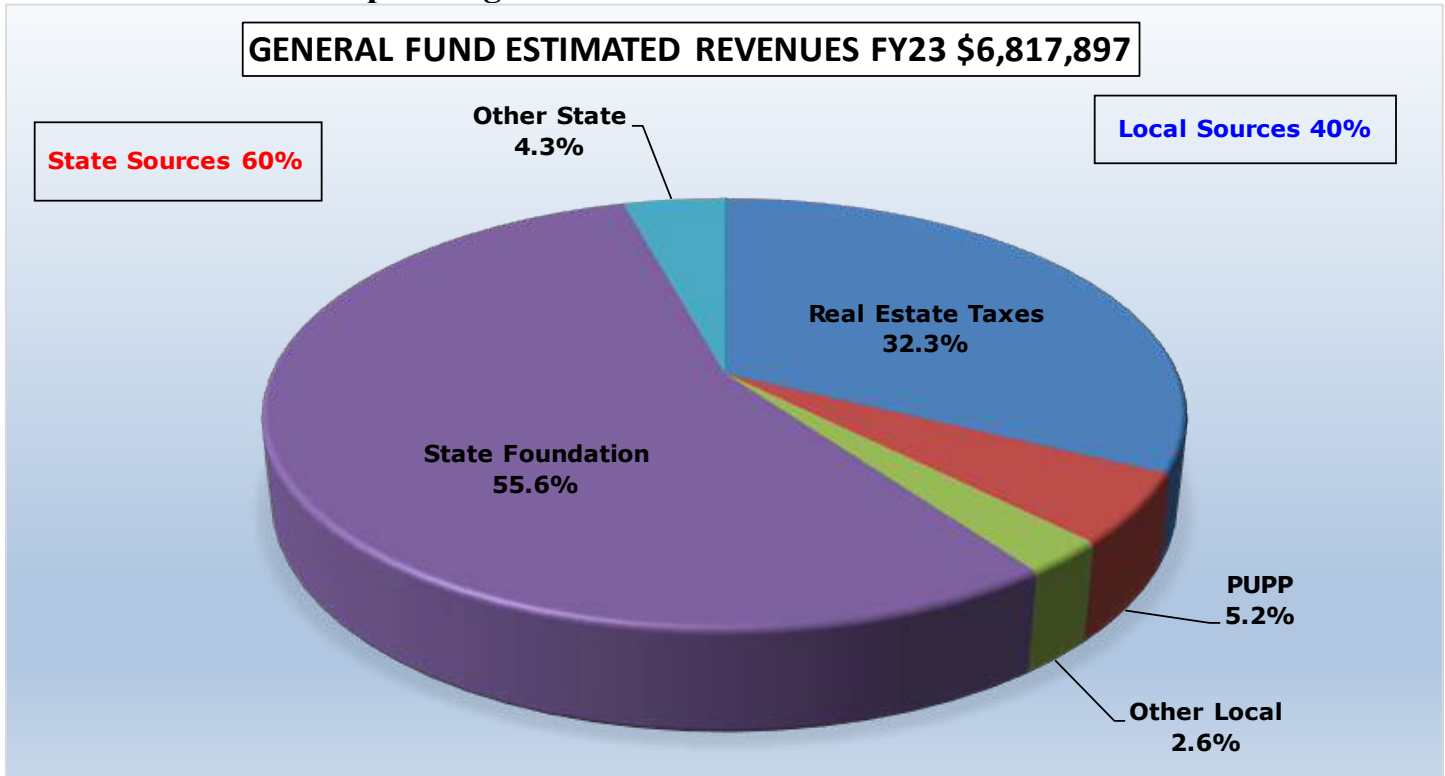
beginning in FY22, will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21, reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.

4. Education option programs such as College Credit Plus, which continue to be removed from state aid, increase costs to the district. Expansion or creation of programs that are not directly paid for by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are 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 made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. 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 complete reappraisal or updated values. Clermont County experienced a complete 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 2021 new construction in residential property was up 1% or \$7 million in assessed value and commercial/industrial values increased \$456 thousand. Overall values rose \$4.9 million or 0.6%, which includes new construction for all classes of property.

A triennial update will occur in 2023 for collection in 2024 for which we are estimating a 5% increase in residential and a 0.5% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase \$37 million or 4.5% overall.

Zimmer Power Plant is contesting the 2020 real estate valuation of \$140 million, which could lower the valuation to \$28.5 million. The case is scheduled to be reviewed by the State Board of Tax Appeals on April 19<sup>th</sup>-20<sup>th</sup>, 2023. If successful, Grant Career Center and six other public entities would owe a refund on tax year 2020 and 2021. Based upon information from the Clermont County Auditor's Office, Grant Career Center's refund for these two years totals \$366 thousand. The forecast assumes this refund will be paid back over a three-year period beginning in FY24 (\$122 thousand per year).

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

<u>Classification</u>	<u>Estimated TAX YEAR2022 COLLECT 2023</u>	<u>Estimated TAX YEAR2023 COLLECT 2024</u>	<u>Estimated TAX YEAR2024 COLLECT 2025</u>	<u>Estimated TAX YEAR 2025 COLLECT 2026</u>	<u>Estimated TAX YEAR 2026 COLLECT 2027</u>
Res./Ag.	\$731,029,088	\$771,765,789	\$776,038,427	\$780,496,938	\$784,699,387
Comm./Ind.	99,331,288	100,355,943	100,968,070	101,330,996	101,825,473
Public Utility Personal Property (PUPP)	<u>47,440,361</u>	<u>47,940,361</u>	<u>48,440,361</u>	<u>48,940,361</u>	<u>49,440,361</u>
Total Assessed Value	<u>\$877,800,736</u>	<u>\$920,062,094</u>	<u>\$925,446,859</u>	<u>\$930,768,295</u>	<u>\$935,965,221</u>

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

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Est. Real Estate Taxes	<u>\$2,201,764</u>	<u>\$2,144,410</u>	<u>\$2,160,620</u>	<u>\$2,177,141</u>	<u>\$2,315,304</u>
Total Line #1.01 Real Estate Taxes	<u>\$2,201,764</u>	<u>\$2,144,410</u>	<u>\$2,160,620</u>	<u>\$2,177,141</u>	<u>\$2,315,304</u>

Property tax levies are estimated to be collected at 97.2% of the annual amount. This allows for a 2.8% delinquency factor. In general, 58% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 42% collected in the August tax settlement. Collections in FY22 were down \$5 thousand from the prior year due to reduced delinquent taxes collected in the August and February tax settlements.

**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 values for PUPP are noted on the table above under Public Utility (PUPP), which were \$95.4 million in assessed values in 2021 and are collected at the district's gross voted millage rate. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. The values in 2021 decreased by 0.16% or \$155 thousand.

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 one-half (\$142 thousand) of the PUPP Tax revenues will be eliminated in FY23, with the remaining \$142 thousand eliminated in FY24.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property	<u>\$357,652</u>	<u>\$278,989</u>	<u>\$281,913</u>	<u>\$284,839</u>	<u>\$287,763</u>
Total PUPP Tax Line #1.020	<u>\$357,652</u>	<u>\$278,989</u>	<u>\$281,913</u>	<u>\$284,839</u>	<u>\$287,763</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 HB110 through June 30, 2023****Unrestricted State Foundation Revenue– Line #1.035**

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. Complete calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the October 2022 foundation settlement and funding factors.

Our district is currently a formula district in FY23 and is expected to continue on the formula in FY24-27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula

for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces 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 FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

#### Base Cost Approach for Career Technical Districts - Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs, and develops a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each career-technical district. Newer more up to date statewide average costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a district's local capacity will update for FY23. Base costs per pupil for career-technical districts includes funding for four (4) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component and Career-Technical Education Support Cost)
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 state-wide average of \$8,891.03 per pupil in FY22 for career-technical schools, the FSFP calculates a state share percentage (SSP) for each career-technical district. The state share percentage in concept will be higher for districts with less capacity (lower local wealth), and 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. The state share percentage for Grant Career Center is calculated as follows:

Grant Career Center's aggregate base cost as calculated by the FSFP	\$ 4,131,770.05	
Less: Grant Career Center's Local Share, which equates to ½ mill assessed valuation	<u>\$ (454,276.75)</u>	10.994720%
Remainder is the State Share	\$ 3,677,493.30	89.005280%

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), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount 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

Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 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 number and concentration of economically disadvantaged students compared to the state average, and multiplied by \$422 per pupil. Phase-in increases are limited to 0% for FY22 and 14% in FY23.
2. Career-Technical Education Funds – Based on career-technical average daily membership and five (5) weighted funding categories students enrolled in.

#### **State Funding Phase-In FY22 and FY23 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. The FSFP does not include caps on funding, rather it includes a general phase-in percentage for

most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding is phased in at 0% in FY22 and 14% in FY23.

#### **Other Restricted CTE State Aid**

1. CTE Associated Services – Based on the Funding unit's state share percentage X 0.0294 X Statewide average career technical base cost per pupil for that fiscal year X Sum of the funding unit's categories one through five career-technical education ADM; which are to provide the funds for non-administrative expenditures a school district expends on vocational programming development.
2. CTE Career Awareness and Explorations – Based on \$2.50 per ADM in FY22 and \$5.00 per ADM in FY23, to provide funds for the delivery of career awareness programs to students enrolled in grades kindergarten through twelve.

**CTE Credential Program:** The district may receive a portion of the \$8 million for industry-recognized credentials for high school students for those earning an industry-recognized credential or receiving a journeyman certification recognized by the United States Department of Labor. Also, the district is to receive funding through the Innovative Workforce Incentive Program for students that have completed the industry-recognized credentials and are career-ready. The district will receive a share of a total of \$12.5 million earmarked for this credentialing program set aside at the state level for all of the credentials throughout the state. The Department of Education shall pay each city, local, and exempted village school district, community school, STEM school, and joint vocational school district an amount equal to \$1,250 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 the Department of Education appropriates is insufficient. The district received \$22,284 in FY22, the remaining years of the forecast will be based on the amount received in FY22.

#### **Other Restricted CTE State Aid**

3. CTE Associated Services – Based on the Funding unit's state share percentage X 0.0294 X Statewide average career technical base cost per pupil for that fiscal year X Sum of the funding unit's categories one through five career-technical education ADM; which are to provide the funds for non-administrative expenditures a school district expends on vocational programming development.
4. CTE Career Awareness and Explorations – Based on \$2.50 per ADM in FY22 and \$5.00 per ADM in FY23, to provide funds for the delivery of career awareness programs to students enrolled in grades kindergarten through twelve.

#### **Future State Budget Projections beyond FY23**

Our funding status for FY24-27 will depend on two (2) unknown state budgets. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY27.

#### **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% Gross Casino Revenue (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.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped primarily due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY22 were \$62.98 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$2,623,860	\$2,623,860	\$2,623,860	\$2,623,860	\$2,623,860
Credentials	<u>22,284</u>	<u>22,284</u>	<u>22,284</u>	<u>22,284</u>	<u>22,284</u>
Basic Aid-Unrestricted Subtotal	<u>\$2,646,144</u>	<u>\$2,646,144</u>	<u>\$2,646,144</u>	<u>\$2,646,144</u>	<u>\$2,646,144</u>
Ohio Casino Commission ODT	<u>45,708</u>	<u>46,625</u>	<u>47,555</u>	<u>48,506</u>	<u>49,477</u>
Total Unrestricted State Aid Line #1.035	<u>\$2,691,852</u>	<u>\$2,692,769</u>	<u>\$2,693,699</u>	<u>\$2,694,650</u>	<u>\$2,695,621</u>

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

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Career Awareness & Explorations and Student Wellness & Success. Using current September funding factors, we have estimated revenues for these new restricted funding lines. DPIA had 0% phase-in growth for FY22 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Student Wellness and Success	\$84,106	\$84,106	\$84,106	\$84,106	\$84,106
Disadvantaged Pupil Impact Aid (DPIA)	55,802	55,802	55,802	55,802	55,802
English Learners	0	0	0	0	0
Career Tech - Restricted	931,626	931,626	931,626	931,626	931,626
CTE Associated Services	5,749	5,749	5,749	5,749	5,749
Career Awareness & Explorations	<u>24,812</u>	<u>24,812</u>	<u>24,812</u>	<u>24,812</u>	<u>24,812</u>
Total Restricted State Revenues Line #1.040	<u>\$1,102,095</u>	<u>\$1,102,095</u>	<u>\$1,102,095</u>	<u>\$1,102,095</u>	<u>\$1,102,095</u>

#### **Restricted Federal Grants in Aid – Line #1.045**

No restricted federal grants are projected for FY23-27.

#### **State Taxes Reimbursement/Property Tax Allocation – 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 prior to 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 residential taxpayers. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible after, 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 going forward 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead	<u>\$290,473</u>	<u>\$287,538</u>	<u>\$289,508</u>	<u>\$291,571</u>	<u>\$293,612</u>
Total Tax Reimbursements #1.050	<u>\$290,473</u>	<u>\$287,538</u>	<u>\$289,508</u>	<u>\$291,571</u>	<u>\$293,612</u>

#### **Other Local Revenues – Line #1.060**

All other local revenue encompasses any type of revenue that does not fit into the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, tuition for court-placed students, Payment In Lieu of Taxes, and tower lease payments.

In FY21 and FY22 interest income fell due to fed rate reductions due to the pandemic, which will impact our earning capability in this area until rates and our ending cash balance begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Starting in fiscal year 2021, the forecast reflects \$15 thousand per year for Brown & Clermont Adult Career Campuses fiscal management. In the forecasted period of 2023 through 2027, the forecast reflects an average of \$15 thousand per year of tax increment financing revenue, as well as, \$25 thousand per year for the partnership with the UC for reimbursement of instructor time in the College Credit Plus engineering class and reimbursement of Common Area Maintenance charges.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Tax Increment Financing (TIF)	\$14,155	\$23,592	\$34,057	\$49,757	\$62,839
Open Enrollment	24,000	24,000	24,000	24,000	24,000
Interest Earnings	60,000	60,000	60,000	60,000	60,000
E-Rate	2,700	0	0	0	0
Miscellaneous	73,206	54,009	54,009	54,009	54,009
Total Other Local Revenue Line #1.060	<u>\$174,061</u>	<u>\$161,601</u>	<u>\$172,066</u>	<u>\$187,766</u>	<u>\$200,848</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 previous fiscal year in the current fiscal year.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances In	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year-to-year and therefore no projections, other than known revenues in the current fiscal year, have been made for the remainder of the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Sale of Personal Property	\$0	\$0	\$0	\$0	\$0
Refund of prior years expenditures	<u>121</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
All Other Financing Sources - Line #2.070	<u>\$121</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>



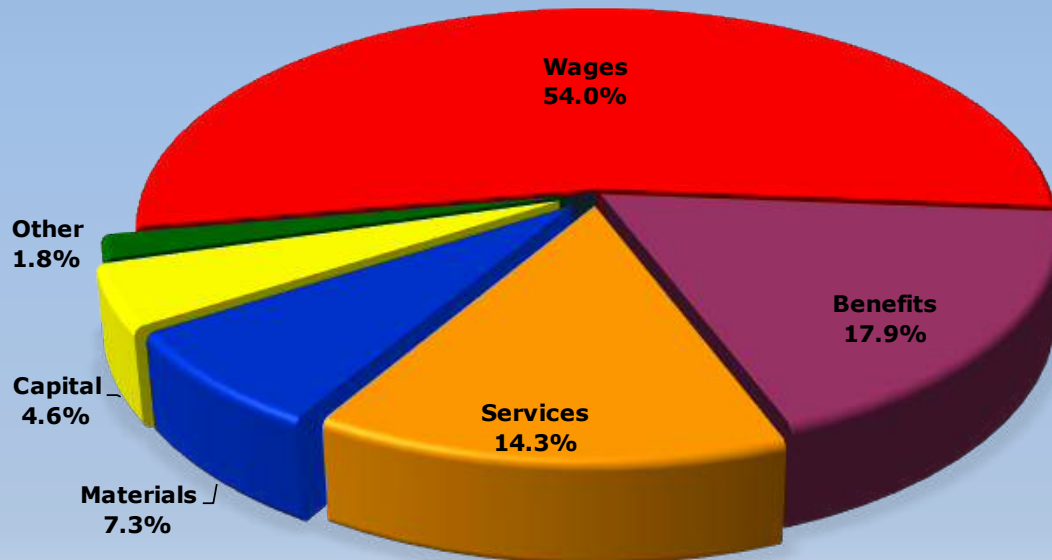
## Expenditures Assumptions

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 FY23

**GENERAL FUND OPERATING EXPENDITURES EST. FY23 \$7,110,864**



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/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. This forecasted amounts for FY23-27 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 district continually monitors the staffing levels to effectively manage this significant line-item. The prior forecast included the addition of one administrative position beginning in FY23. This forecast removes the additional cost related to that position, as the role will be filled with current personnel. In addition, this forecast reflects the elimination of one teaching position effective FY24, and reduces existing administrative salaries by \$27 thousand per year as a result of projected savings in retire/rehire positions.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Wages & Payout of Personal Leave	\$3,455,405	\$3,544,822	\$3,573,411	\$3,686,640	\$3,800,926
Based Pay Increase	69,108	70,896	71,468	73,733	76,019
Steps & Academic Training	38,009	38,993	39,308	40,553	41,810
Growth Staff	(17,700)	(81,300)	0	0	0
Extra Time/Stipend/BOE	72,207	72,207	72,207	72,207	72,207
Substitutes	76,948	70,448	70,448	70,448	70,448
Supplementals	98,029	99,990	101,990	104,030	106,111
Other Adjustments/Reductions	<u>51,370</u>	<u>0</u>	<u>2,453</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$3,843,376</u>	<u>\$3,816,056</u>	<u>\$3,931,285</u>	<u>\$4,047,611</u>	<u>\$4,167,521</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 for FY23-27, 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.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our healthcare costs in the forecast.

**C) Workers Compensation & Unemployment Compensation**

Workers’ Compensation is expected to be approximately 0.15% of wages FY23-27. Unemployment is expected to remain at a shallow level for FY23-27. 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
A) STRS/SERS	\$634,090	\$629,657	\$648,813	\$668,150	\$688,083
B) Insurance's	562,803	580,217	624,107	670,915	721,234
C) Workers Comp/Unemployment	5,765	5,724	5,897	6,071	6,251
D) Medicare	57,932	56,762	58,515	60,211	61,996
Other/Tuition/Annuities	<u>14,600</u>	<u>14,600</u>	<u>14,600</u>	<u>14,600</u>	<u>14,600</u>
Total Fringe Benefits Line #3.020	<u>\$1,275,190</u>	<u>\$1,286,960</u>	<u>\$1,351,932</u>	<u>\$1,419,947</u>	<u>\$1,492,164</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, 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.

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 were either cancelled or were held virtually in fiscal year 2020 and 2021. For fiscal years 2023-2027, the forecast reflects pre-COVID expenditure levels for those types of expenditures.

The District's new strategic plan is on-track to be 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 \$125 thousand is accounted for in Purchased Services.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Professional & Technical Services, ESC - Bethel LSD	\$104,807	\$107,951	\$111,190	\$114,526	\$117,962
Maintenance, Insurance & Garbage Removal	24,450	25,184	25,940	26,718	27,520
Professional Development	515,376	525,684	536,198	546,922	557,860
Communications, Postage, & Telephone	7,462	7,686	7,917	8,155	8,400
Utilities (Duke, Clermont Water & Bethel Utilities)	126,944	129,483	132,073	134,714	137,408
Itinerate Services	50,000	50,000	50,000	50,000	50,000
College Credit Plus	65,408	66,716	68,050	69,411	70,799
Strategic Plan Innovation	<u>125,000</u>	<u>196,000</u>	<u>196,000</u>	<u>196,000</u>	<u>196,000</u>
Total Purchased Services Line #3.030	<u>\$1,019,447</u>	<u>\$1,108,704</u>	<u>\$1,127,368</u>	<u>\$1,146,446</u>	<u>\$1,165,949</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 overall inflation of a 1% is being estimated for this category of expenses which are characterized by textbooks, copy paper, maintenance supplies and fuel.

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. The projections for 2023 through 2027 anticipate the laptops will be funded from the General Fund; however, we will continue to use grant funds to the extent they are available.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
General Office Supplies & Materials	\$282,827	\$285,655	\$288,512	\$291,397	\$294,311
Textbooks & Instructional Supplies	69,747	70,444	71,148	71,859	72,578
Facility Supplies & Materials	49,018	49,508	50,003	50,503	51,008
Technology Replacement	<u>120,000</u>	<u>121,200</u>	<u>122,412</u>	<u>123,636</u>	<u>124,872</u>
Total Supplies Line #3.040	<u>\$521,592</u>	<u>\$526,807</u>	<u>\$532,075</u>	<u>\$537,395</u>	<u>\$542,769</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. Starting in fiscal year 2023 the forecast reflects a consistent, annual investment in capital projects of \$325 thousand.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Capital Outlay & Maintenance	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>
Total Equipment Line #3.050	<u>\$325,000</u>	<u>\$325,000</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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
County Auditor & Treasurer Fees	\$42,831	\$43,259	\$43,692	\$44,129	\$44,570
Liability Insurance	36,364	36,728	37,095	37,466	37,841
Annual Audit Costs	13,000	13,130	13,261	13,394	13,528
Dues, Fees & other Expenses	<u>34,064</u>	<u>34,405</u>	<u>34,749</u>	<u>35,096</u>	<u>35,447</u>
Total Other Expenses Line #4.300	<u>\$126,259</u>	<u>\$127,522</u>	<u>\$128,797</u>	<u>\$130,085</u>	<u>\$131,386</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 2018-2022:

<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

The forecasted amount for FY23 includes a projected transfer to the Termination Benefits fund for retirements of \$30,000. Fiscal years 2023-2027 include a \$100,000 transfer to the Adult Education Fund.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Operating Transfers Out Line #5.010	\$130,000	\$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>\$130,000</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.

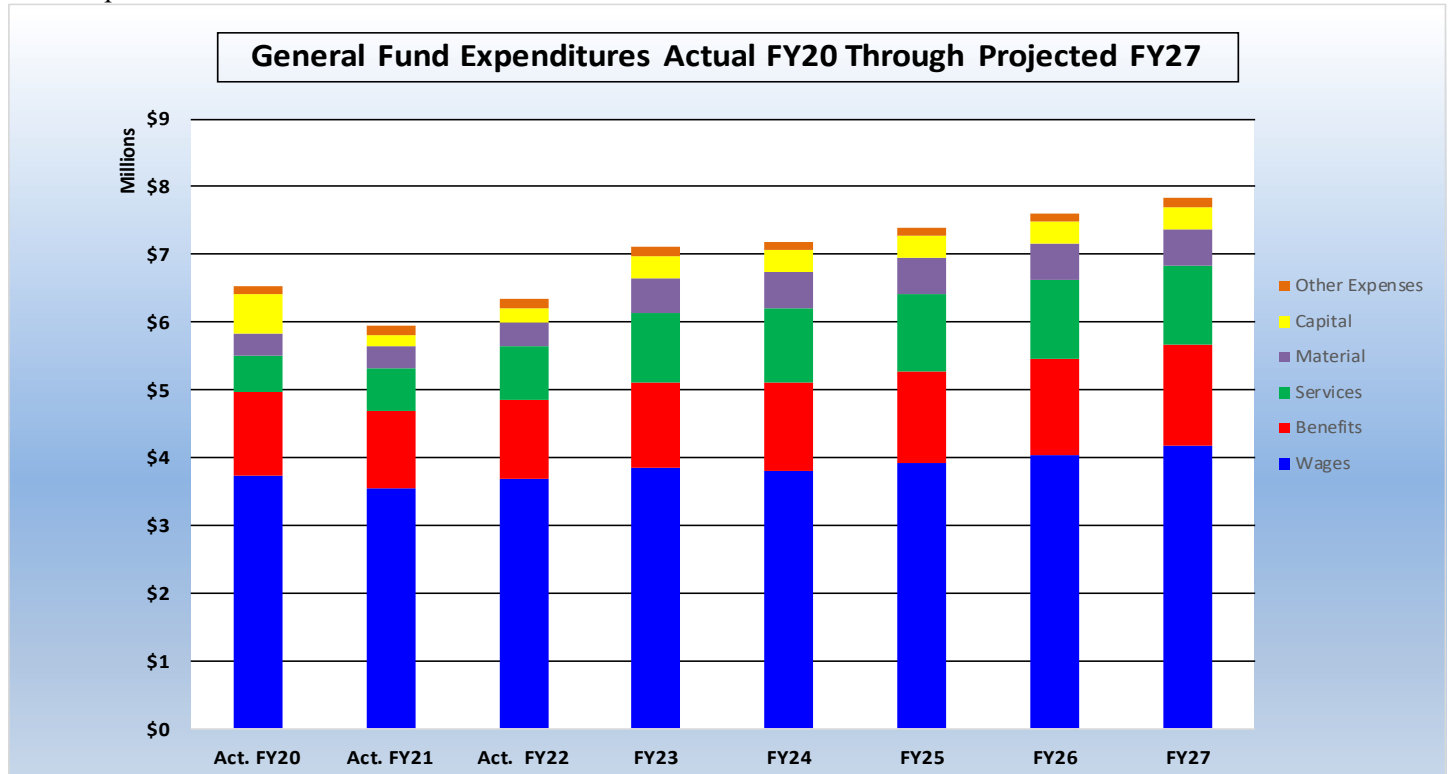
<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Estimated Encumbrances Line #8.010	<u>\$89,393</u>	<u>\$89,393</u>	<u>\$89,393</u>	<u>\$89,393</u>	<u>\$89,393</u>

#### Operating Expenditures Actual FY20 through FY22 and Estimated FY23-27

As the following graph indicates, we have been diligent at reducing costs in reaction to lower state and local revenues. Specific examples include:

- Reducing full-time staff from 57 to 48
- Reducing the district's share of health and dental insurance from 85% to 80%;
- Merging the adult education program with Southern Hills Technical Center, thus reducing the cost to the General Fund;
- Contracting for food service operations with Clermont-Northeastern Local School District, thus reducing the cost to the General Fund;
- Contracting with Child Focus to provide instruction for the Early Childhood program;

We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



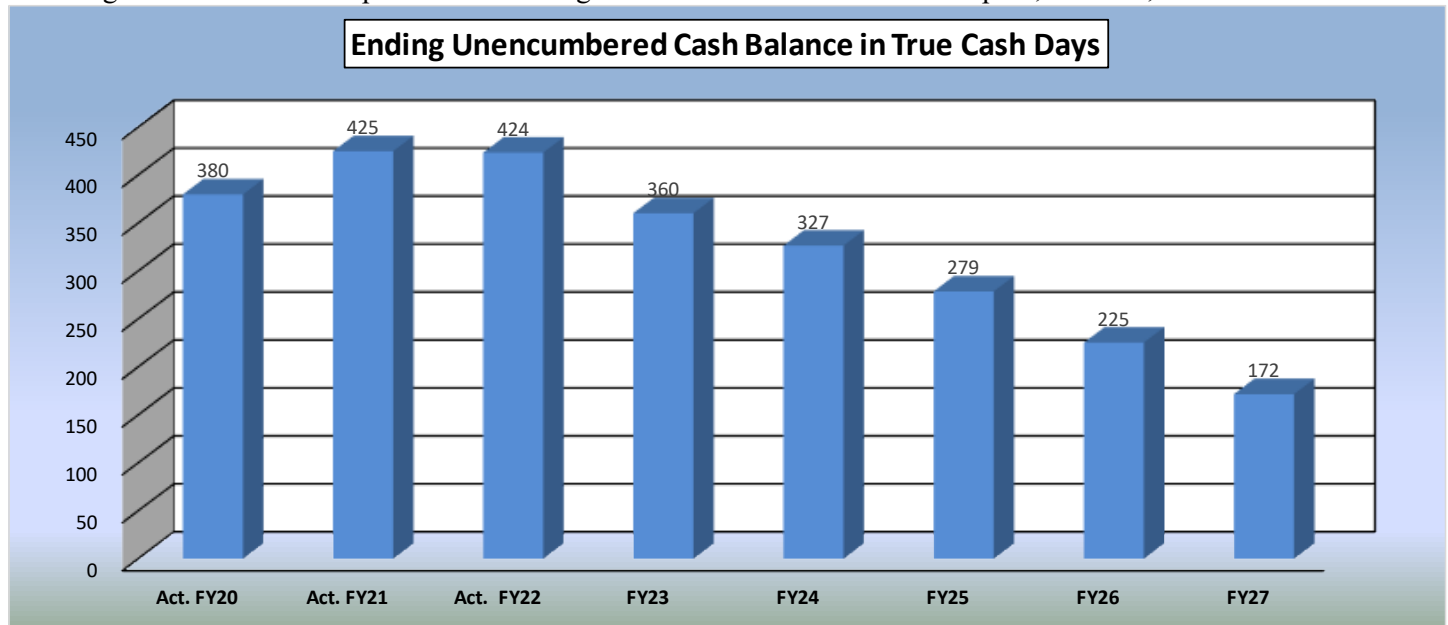
### Ending Unencumbered Cash Balance – Line#15.010

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 sixty (60) day cash balance, which is approximately \$1.1 million for our district.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$7,148,008</u>	<u>\$6,524,361</u>	<u>\$5,727,805</u>	<u>\$4,759,383</u>	<u>\$3,729,837</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. The GFOA recommends no less than 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 encouraged by the implementation of the new funding model. However, future state funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget, and there is no guarantee for future increases in state budgets for FY24-27.

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.