

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
May 18, 2023**

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
Revenues										
1.010	General Property Tax (Real Estate)	2,270,558	2,142,283	2,191,214	-1.7%	2,095,475	2,155,676	2,174,286	2,193,898	2,335,938
1.020	Public Utility Personal Property Tax	598,777	429,813	561,299	1.2%	550,249	438,393	304,047	306,973	309,897
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%	2,840,723	2,805,927	2,806,844	2,807,775	2,808,726
1.040	Restricted State Grants-in-Aid	774,318	774,529	967,663	12.5%	1,152,760	1,165,007	1,177,131	1,177,131	1,177,131
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%	294,516	293,698	295,929	298,312	300,745
1.060	All Other Revenues	621,193	856,707	196,007	-19.6%	301,876	230,595	233,036	241,514	247,096
1.070	Total Revenues	6,392,940	6,411,407	6,784,216	3.1%	7,235,599	7,089,296	6,991,273	7,025,603	7,179,533
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%	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%	3,581	0	0	0	0
2.070	Total Other Financing Sources	15,474	0	100,261	0.0%	3,581	0	0	0	0
2.080	Total Revenues and Other Financing Sources	6,408,414	6,411,407	6,884,477	3.7%	7,239,180	7,089,296	6,991,273	7,025,603	7,179,533
Expenditures										
3.010	Personal Services	3,726,546	3,557,169	3,679,167	-0.6%	3,843,376	3,953,589	4,073,081	4,193,803	4,318,244
3.020	Employees' Retirement/Insurance Benefits	1,249,648	1,130,653	1,174,676	-2.8%	1,239,172	1,319,118	1,384,983	1,454,374	1,527,995
3.030	Purchased Services	536,424	628,036	794,462	21.8%	1,052,476	1,075,724	1,172,345	1,198,337	1,225,030
3.040	Supplies and Materials	314,418	340,336	348,111	5.3%	521,592	537,240	553,357	569,958	587,057
3.050	Capital Outlay	579,781	154,699	213,488	-17.7%	269,622	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	Total Expenditures	6,530,515	5,940,518	6,339,409	-1.2%	7,052,497	7,338,193	7,637,563	7,871,557	8,114,712
Other Financing Uses										
5.010	Operating Transfers-Out	100,000	200,000	185,000	46.3%	105,000	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	Total Other Financing Uses	103,000	277,803	185,000	68.2%	105,000	100,000	100,000	100,000	100,000
5.050	Total Expenditures and Other Financing Uses	6,633,515	6,218,321	6,524,409	-0.7%	7,157,497	7,438,193	7,737,563	7,971,557	8,214,712
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses										
6.010		(225,101)	193,086	360,068	-49.6%	81,683	(348,897)	(746,290)	(945,954)	(1,035,179)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies										
7.010		7,434,040	7,208,939	7,402,025	-0.2%	7,762,093	7,843,776	7,494,879	6,748,589	5,802,635
7.020	Cash Balance June 30	7,208,939	7,402,025	7,762,093	3.8%	7,843,776	7,494,879	6,748,589	5,802,635	4,767,456
8.010	Estimated Encumbrances June 30	202,184	60,192	89,393	-10.9%	219,393	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	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	Subtotal Reservations of fund Balance	101,846	101,846	101,846	0.0%	101,846	101,846	101,846	101,846	101,846
10.010	Fund Balance June 30 for Certification of Appropriations	6,904,909	7,239,987	7,570,854	4.7%	7,522,537	7,293,033	6,546,743	5,600,789	4,565,610

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
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		6,904,909	7,239,987	7,570,854	4.7%	7,522,537	7,293,033	6,546,743	5,600,789	4,565,610
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	6,904,909	7,239,987	7,570,854	4.7%	7,522,537	7,293,033	6,546,743	5,600,789	4,565,610

U.S. Grant Career Center – Clermont County
Notes to the Five-Year Forecast
General Fund Only
May 18, 2023

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), tax adjustments (reappraisal/updates), 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 (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 (CFO) 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 the end of November and May each fiscal year. 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. 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.

May 2023 Updates:

Revenues FY23

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$417 thousand or 6.1% higher than the November forecasted amount of \$6.8 million. This indicates the November forecast was 93.9% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 36.6% and are estimated to be \$2.6 million, which is \$86 thousand higher for FY22 than the original November estimate of \$2.5 million. Our estimates are 96.6% accurate for FY23 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be \$3.99 million, which is \$199 thousand higher than the original estimate for FY23. We are pleased that we were able to be 95% accurate for FY23. We are currently on the cap a district and are expected to remain a cap district for FY24 through FY27.

Line 1.06 - Other revenues are \$127 thousand over original estimates, primarily due to additional revenue in our State Foundation Payment from students who receive their education through a contract, which are somewhat unpredictable year to year.

All areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

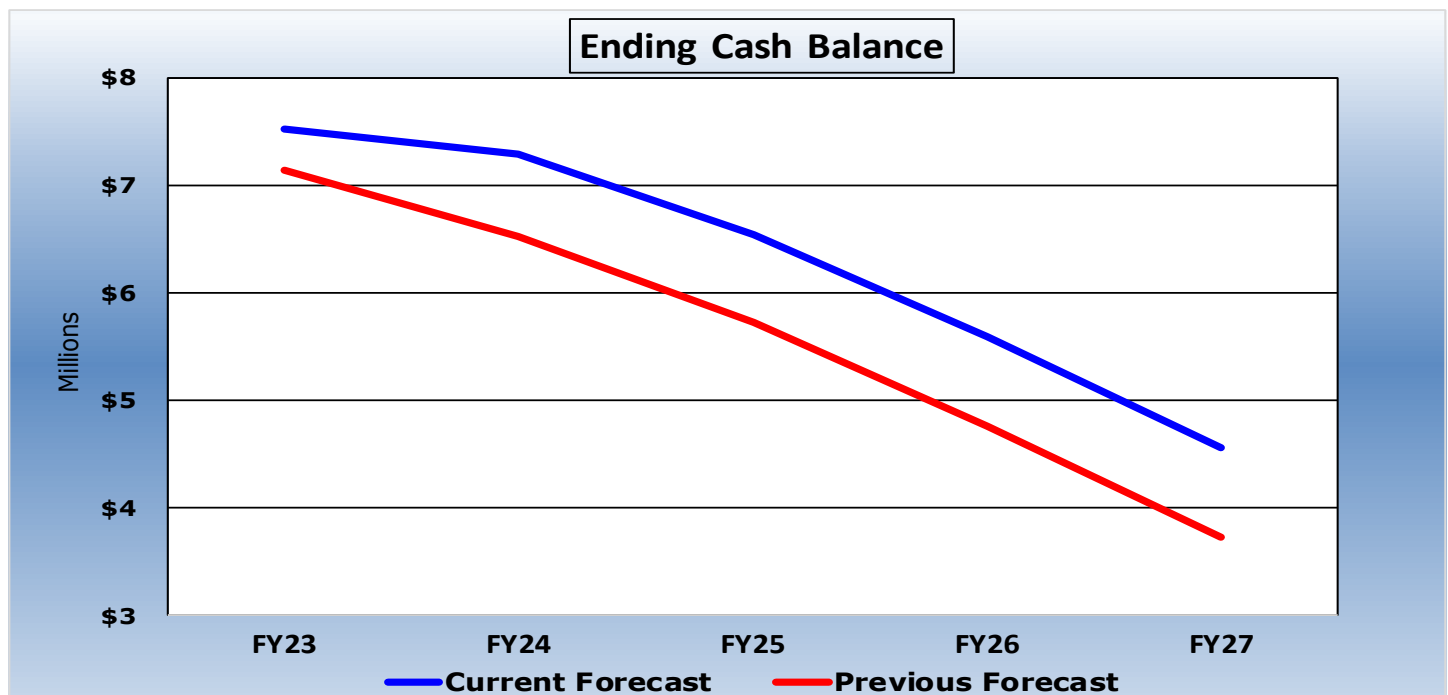
Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be \$7 million for FY23, which is \$58 thousand lower than the original estimate in the November forecast, which is roughly 99.2% on target with original estimates.

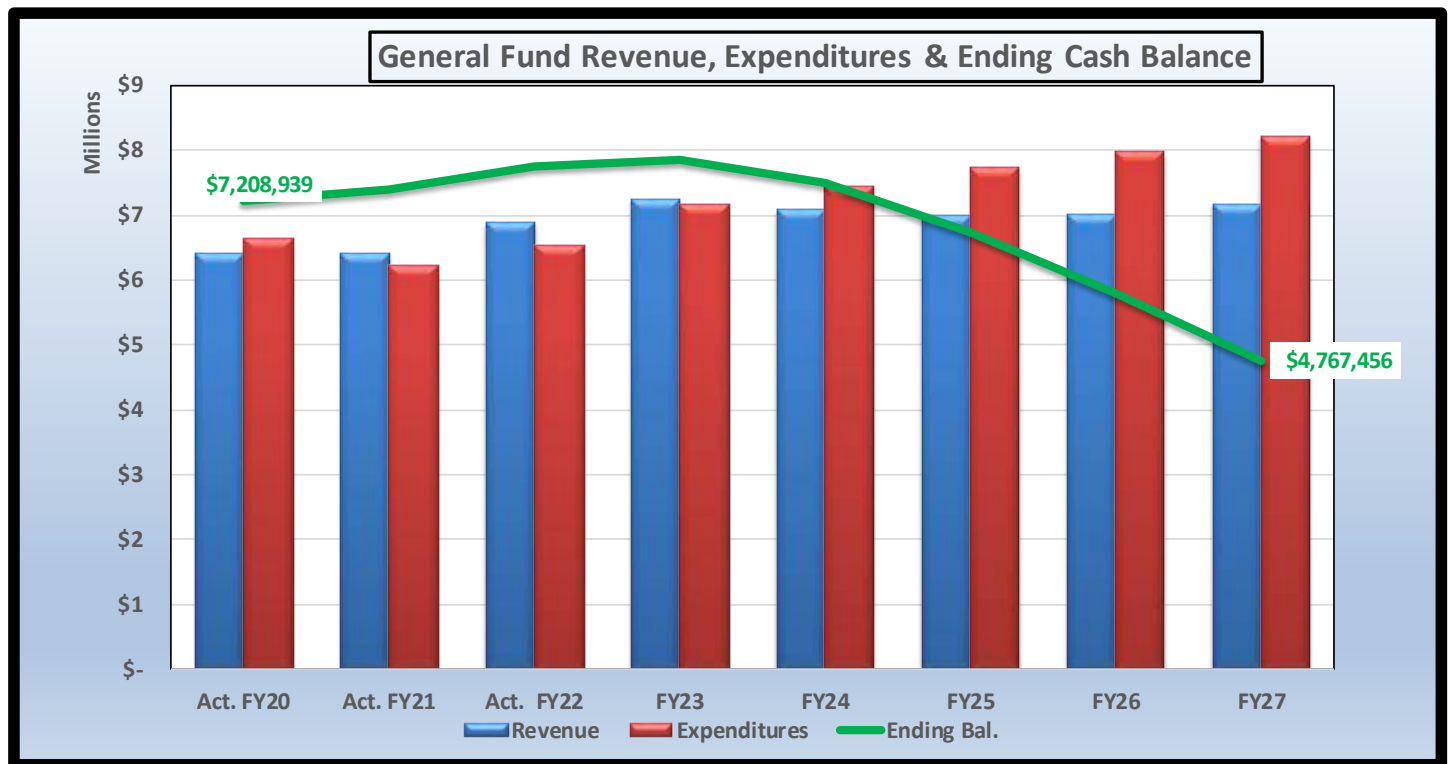
All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures ending mostly on target, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly \$7.5 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.



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 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 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 FY24, with the remaining \$142 thousand eliminated in FY25.

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 19th-20th, 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. House Bill (HB) 110, 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

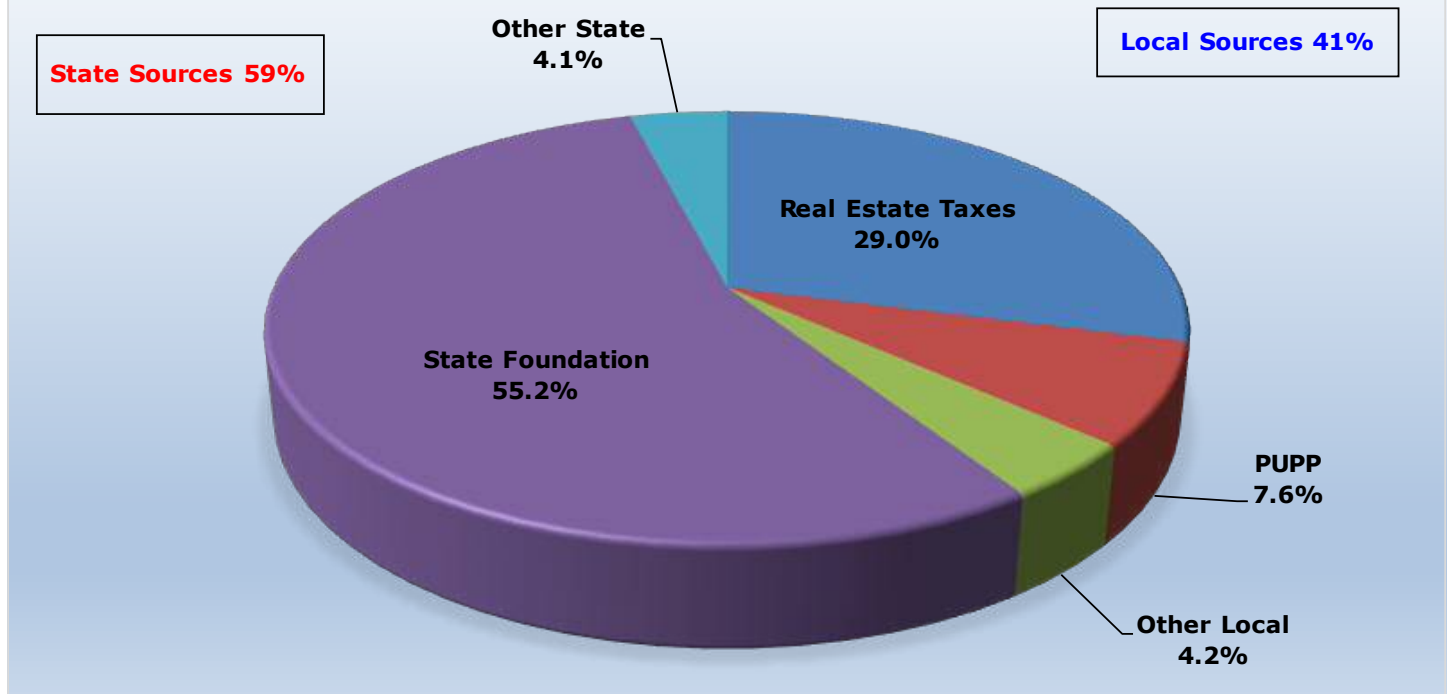
methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur, in that there 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. The current proposed state budget for FY24-25, HB33, was introduced on Feb. 15, 2023 and continues the implementation of the FSFP. In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.
5. The legislature has introduced House Bill 1 (HB1), which modifies the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat \$125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback on returning to local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage. As property values grow, the "effective" millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability, to the extent intended. Taxpayers would however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its seventh hearing in regard to HB1 on April 25, 2023. As this bill is facing opposition from various entities due to its significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored.
6. 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

GENERAL FUND ESTIMATED REVENUES FY23 \$7,235,599



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 1% 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 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.

A Career Center has a 2-mill floor if that is the amount of the original millage rate voted for the district. The US Grant Career Center has 5.85 mills voted that are collecting at 2.84 mills in tax year 2022, but the millage rate cannot go 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 in the forecasted period. 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 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 in August, 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</u> <u>TAX YEAR2022</u> <u>COLLECT 2023</u>	<u>Estimated</u> <u>TAX YEAR2023</u> <u>COLLECT 2024</u>	<u>Estimated</u> <u>TAX YEAR2024</u> <u>COLLECT 2025</u>	<u>Estimated</u> <u>TAX YEAR 2025</u> <u>COLLECT 2026</u>	<u>Estimated</u> <u>TAX YEAR 2026</u> <u>COLLECT 2027</u>
Res./Ag.	\$734,892,020	\$776,491,944	\$781,602,177	\$787,092,933	\$792,585,689
Comm./Ind.	100,100,130	101,370,201	102,284,291	103,024,671	103,990,966
Public Utility Personal Property (PUPP)	<u>98,800,000</u>	<u>51,723,932</u>	<u>52,223,932</u>	<u>52,723,932</u>	<u>53,223,932</u>
Total Assessed Value	<u>\$933,792,150</u>	<u>\$929,586,076</u>	<u>\$936,110,399</u>	<u>\$942,841,536</u>	<u>\$949,800,586</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>\$2,095,475</u>	<u>\$2,155,676</u>	<u>\$2,174,286</u>	<u>\$2,193,898</u>	<u>\$2,335,938</u>
Total Line #1.01 Real Estate Taxes	<u>\$2,095,475</u>	<u>\$2,155,676</u>	<u>\$2,174,286</u>	<u>\$2,193,898</u>	<u>\$2,335,938</u>

Property tax levies are estimated to be collected at 96% of the annual amount. This allows for a 4% delinquency factor. In general, 52.5% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 47.5% 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 decrease slightly in FY24, before remaining stable 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 values for PUPP are noted on the table above under Public Utility (PUPP), which were \$98.8 million in assessed values in tax year 2022 and are 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, and are expected to have a dramatic decrease due to the Zimmer Power Plant closing. At this time, we are estimating the decrease to be \$47 million, or 47.6%, in FY24. Following the reduction in values, we are estimating PUPP to continue growing by \$500 thousand for the remainder of the forecast.

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 FY24, with the remaining \$142 thousand eliminated in FY25.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property	<u>\$550,249</u>	<u>\$438,393</u>	<u>\$304,047</u>	<u>\$306,973</u>	<u>\$309,897</u>
Total PUPP Tax Line #1.020	<u>\$550,249</u>	<u>\$438,393</u>	<u>\$304,047</u>	<u>\$306,973</u>	<u>\$309,897</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. We have projected FY23 funding based on the May 2023 foundation settlement and funding factors.

Our district is currently a ~~cap~~ capped district in FY23 and is expected to remain a capped district 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.

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 new funding formula uses FY18 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 FY23 and remain frozen at FY18 levels, while other factors impacting a district’s local capacity will update for FY23. 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 \$8,891.03 per pupil in FY23, 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. There are three (3) 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 finally 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. 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 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 0% for FY22 and 33.33% in FY23.
2. Career-Technical Education Funds - Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
3. Student Wellness and Success Funds - These funds, in FY20 and FY21, were accounted for in Fund 467, but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

Joint Vocational Career-Technical Funding in FY22 and FY23

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.

Other Restricted CTE State Aid

1. CTE Associated Services – Based on the Funding unit's state share percentage times 0.0294 times statewide average career technical base cost per pupil for that fiscal year times the 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 Exploration – 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 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 thousand in FY22 and we are estimated to receive \$27 thousand in FY23. The remaining years of the forecast will be based on the amount received in FY23.

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, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it

will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding was phased in at 0% in FY22 and was changed by the legislature to be in line with the overall phase in at 33.33% in FY23.

Future State Budget Projections

Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023 and continues the implementation of the FSFP, with the following changes.

Unrestricted Basic Aid Foundation Funding

- a) The statewide average career-technical base cost per pupil will remain at FY18 levels in FY24-25.
- b) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- c) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum through FY25.

Restricted Categorical State Aid

- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Student Wellness and Success Funds
 - a. Expenditures for either physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
 - b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025 or the funds must be returned to the ODE.
 - c. School resource officer funding will be allocated on a per building basis. Funds are able to support existing SROs.

Other Restricted CTE State Aid

- a) Career Awareness and Exploration – Increases per pupil funding component from \$5 in FY23 to \$7.50 in FY24 and \$10 in FY25.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate \$30 million in each year of the biennium, of which \$15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate \$14.3 million over the course of the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to career tech.

With these changes to the state funding for FY24-25, we will project our unrestricted state funding to be in line with the FY23 funding levels for the remainder of the forecast. The state budget for FY26-27 is unknown; however, we believe that our funding estimates are reasonable and we will adjust the forecast in the future when we have authoritative data to utilize.

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 \$65 thousand to compensate for the declining value of the Zimmer Power Plant, these payments are expected to remain flat for the remainder of the forecast.

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 31st 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 FY23 were \$64.98 per pupil. FY24-27 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	\$2,638,416	\$2,638,416	\$2,638,416	\$2,638,416	\$2,638,416
Innovative Workforce	65,000	30,000	30,000	30,000	30,000
Power Plant Devaluation	65,693	65,000	65,000	65,000	65,000
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>\$2,795,920</u>	<u>\$2,760,227</u>	<u>\$2,760,227</u>	<u>\$2,760,227</u>	<u>\$2,760,227</u>
Ohio Casino Commission ODT	<u>44,803</u>	<u>45,700</u>	<u>46,617</u>	<u>47,548</u>	<u>48,499</u>
Total Unrestricted State Aid Line #1.035	<u>\$2,840,723</u>	<u>\$2,805,927</u>	<u>\$2,806,844</u>	<u>\$2,807,775</u>	<u>\$2,808,726</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 Student Wellness. Using current May funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, 33.33% in FY23. We have increased Career Awareness & Explorations funding based on current HB33 simulations, but we have flat lined funding at the FY23 amount for Student Wellness & Success for the remaining forecasted years 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)	73,215	73,215	73,215	73,215	73,215
English Learners	0	0	0	0	0
Career Tech - Restricted	965,694	965,694	965,694	965,694	965,694
CTE Associated Services	5,252	5,252	5,252	5,252	5,252
Career Awareness & Explorations	<u>24,493</u>	<u>36,740</u>	<u>48,864</u>	<u>48,864</u>	<u>48,864</u>
Total Restricted State Revenues Line #1.040	<u>\$1,152,760</u>	<u>\$1,165,007</u>	<u>\$1,177,131</u>	<u>\$1,177,131</u>	<u>\$1,177,131</u>

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line #1.035	\$2,840,723	\$2,805,927	\$2,806,844	\$2,807,775	\$2,808,726
Restricted Line #1.040	1,152,760	1,165,007	1,177,131	1,177,131	1,177,131
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$3,993,483</u>	<u>\$3,970,934</u>	<u>\$3,983,975</u>	<u>\$3,984,906</u>	<u>\$3,985,857</u>

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>\$294,516</u>	<u>\$293,698</u>	<u>\$295,929</u>	<u>\$298,312</u>	<u>\$300,745</u>
Total Tax Reimbursements #1.050	<u>\$294,516</u>	<u>\$293,698</u>	<u>\$295,929</u>	<u>\$298,312</u>	<u>\$300,745</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 interest on investments, tuition for contract vocational students, student fees, Payment In Lieu of Taxes, and tower lease payments.

HB110, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. Open enrolled students will be counted in the enrolled student base at the school district 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.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates have begun to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our strong cash reserves. 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Tax Increment Financing (TIF)	\$17,176	\$23,592	\$34,057	\$49,757	\$62,839
Other Adjustments	99,680	75,000	75,000	75,000	75,000
Interest Earnings	89,160	80,244	72,220	64,998	58,498
E-Rate	0	0	0	0	0
Miscellaneous	<u>95,860</u>	<u>51,759</u>	<u>51,759</u>	<u>51,759</u>	<u>50,759</u>
Total Other Local Revenue Line #1.060	<u>\$301,876</u>	<u>\$230,595</u>	<u>\$233,036</u>	<u>\$241,514</u>	<u>\$247,096</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.

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; 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	\$3,274	\$0	\$0	\$0	\$0
Refund of prior years expenditures	<u>307</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
All Other Financing Sources - Line #2.070	<u>\$3,581</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

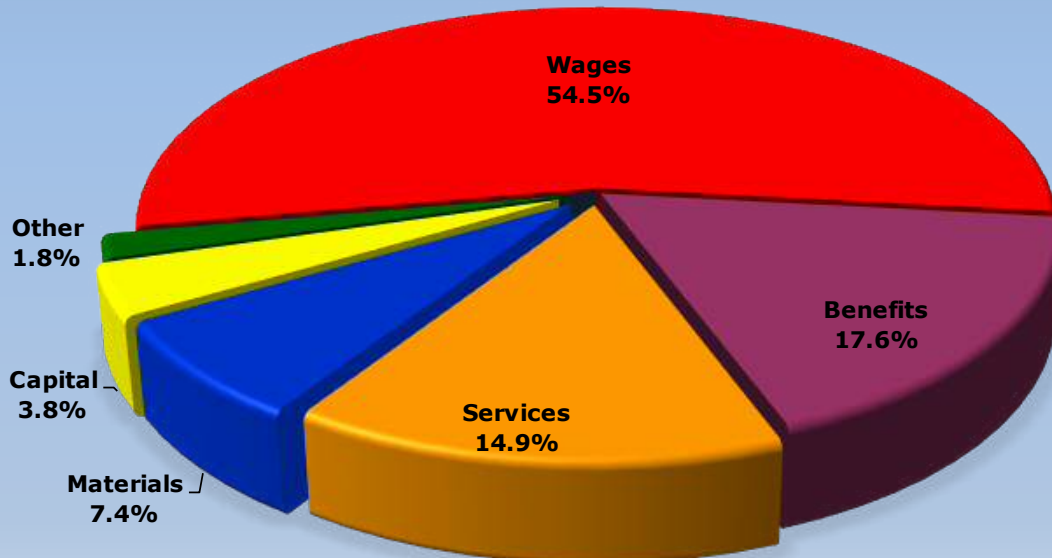
Expenditures Assumptions

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 \$7,052,497



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.

<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	\$3,596,192	\$3,710,944	\$3,828,436	\$3,947,118
Based Pay Increase	69,108	71,924	74,219	76,569	78,942
Steps & Academic Training	38,009	39,558	40,820	42,113	43,418
Change in Staff	33,670	3,270	2,453	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
Total Wages Line #3.010	<u>\$3,843,376</u>	<u>\$3,953,589</u>	<u>\$4,073,081</u>	<u>\$4,193,803</u>	<u>\$4,318,244</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 2% increase for FY23, then a 7.5% increase in FY24-27, 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	\$634,091	\$652,584	\$672,450	\$692,520	\$713,209
B) Insurance's	527,548	587,193	631,232	678,574	729,467
C) Workers Comp/Unemployment	5,765	5,930	6,110	6,291	6,477
D) Medicare	57,168	58,811	60,591	62,389	64,242
Other/Tuition/Annuities	14,600	14,600	14,600	14,600	14,600
Total Fringe Benefits Line #3.020	<u>\$1,239,172</u>	<u>\$1,319,118</u>	<u>\$1,384,983</u>	<u>\$1,454,374</u>	<u>\$1,527,995</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 innovation set-aside is accounted for in Purchased Services. The set-aside will be \$125 thousand per year starting in FY23 through the forecasted period.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Professional & Technical Services, ESC - Bethel LSD	\$382,091	\$393,554	\$405,361	\$417,522	\$430,048
Maintenance, Insurance & Garbage Removal	165,000	169,950	175,049	180,300	185,709
Professional Development	132,248	134,893	137,591	140,343	143,150
Communications, Postage, & Telephone	22,700	23,381	24,082	24,804	25,548
Utilities (Duke, Clermont Water & Bethel Utilities)	127,000	129,540	132,131	134,774	137,469
Itinerate Services	50,000	50,000	50,000	50,000	50,000
Project Life	0	0	72,737	74,192	75,676
College Credit Plus	48,437	49,406	50,394	51,402	52,430
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>\$1,052,476</u>	<u>\$1,075,724</u>	<u>\$1,172,345</u>	<u>\$1,198,337</u>	<u>\$1,225,030</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 3% 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	\$291,312	\$300,051	\$309,053	\$318,325
Textbooks & Instructional Supplies	69,747	71,839	73,994	76,214	78,500
Facility Supplies & Materials	49,018	50,489	52,004	53,564	55,171
Technology Replacement	<u>120,000</u>	<u>123,600</u>	<u>127,308</u>	<u>131,127</u>	<u>135,061</u>
Total Supplies Line #3.040	<u>\$521,592</u>	<u>\$537,240</u>	<u>\$553,357</u>	<u>\$569,958</u>	<u>\$587,057</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 2024 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>\$269,622</u>	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>	<u>\$325,000</u>
Total Equipment Line #3.050	<u>\$269,622</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 thousand. The transfer to the Adult Education Fund in FY23, will be reduced to \$75 thousand due to the improved performance of the program. We will continue with conservative estimates for FY24-27 at \$100 thousand for each year.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Operating Transfers Out Line #5.010	\$105,000	\$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>\$105,000</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.

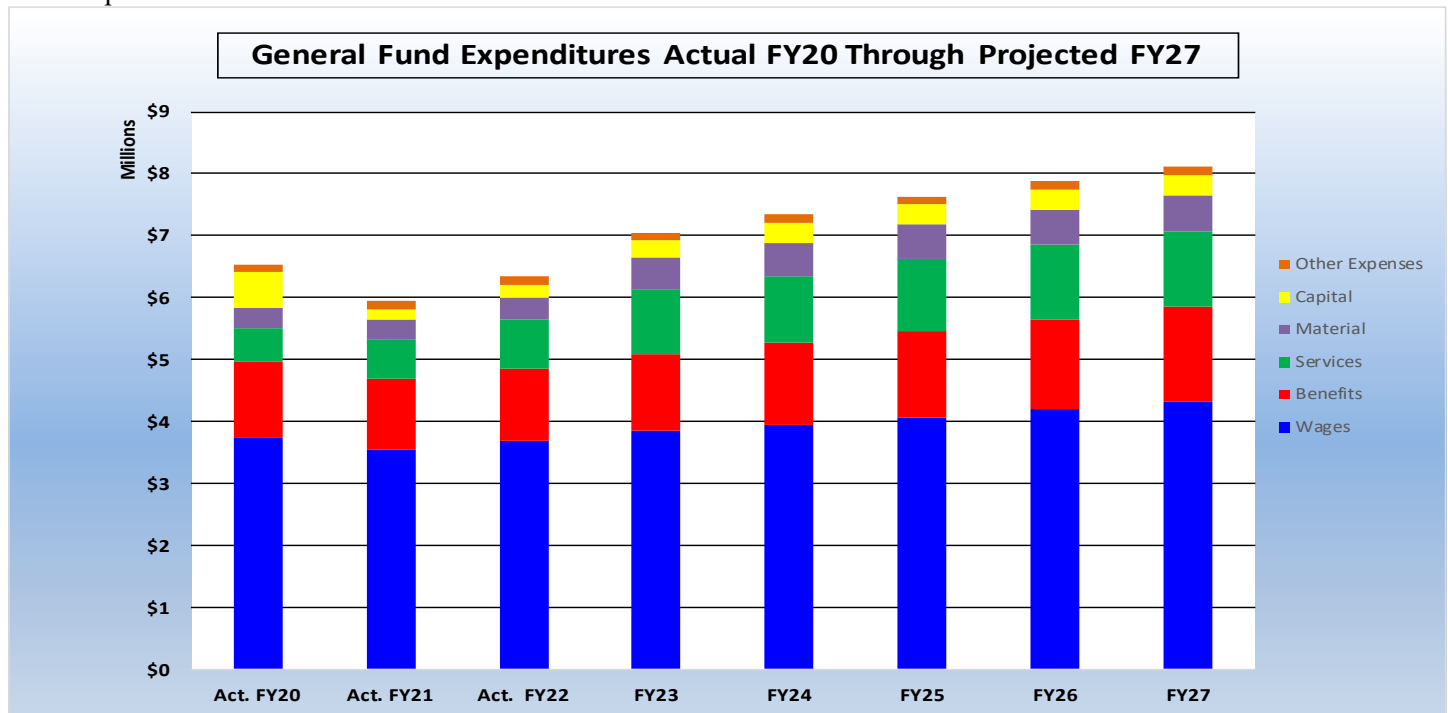
<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Estimated Encumbrances Line #8.010	<u>\$219,393</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

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.



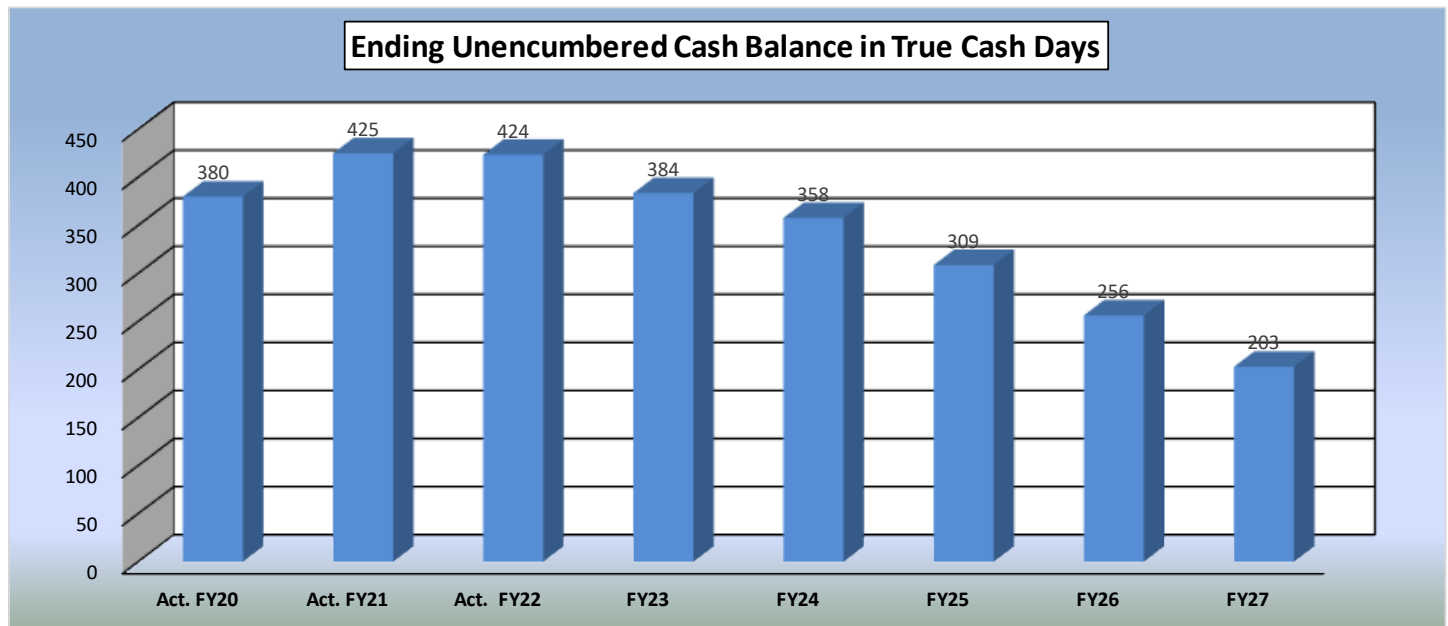
Ending Unencumbered Cash Balance – Line#15.010

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 thirty (30) day cash balance, which is approximately \$580 thousand 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>\$7,522,537</u>	<u>\$7,293,033</u>	<u>\$6,546,743</u>	<u>\$5,600,789</u>	<u>\$4,565,610</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 changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district’s control. However, future state funding will be closely monitored as HB33 moves through the legislative process.

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.