PIONEER TECHNOLOGY CENTER SCHOOL DISTRICT
RICHLAND COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN GENERAL FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, and 2023 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2024, THROUGH JUNE 30, 2028

Pioneer
CAREER & TECHNOLOGY CENTER
promises. progress. performance.

Forecast Provided By
Pioneer Technology Center School District
Treasurer's Office
Linda Schumacher, Treasurer

November 20, 2023

Pioneer Career and Technology Center

Richland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022, and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	5,960,197	6,018,206	6,100,938	1.2%	6,157,280	6,178,071	6,204,682	6,231,085	6,257,281
1.020	Public Utility Personal Property Tax	1,953,974	1,722,588	1,853,775	-2.1%	1,896,725	1,865,274	1,883,774	1,902,274	1,920,774
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	7,342,426	8,529,387	9,025,000	11.0%	10,444,096	11,759,871	11,878,117	11,997,600	12,118,332
1.040	Restricted State Grants-in-Aid	3,514,999	4,277,571	4,346,816	11.7%	4,773,373	4,823,579	4,871,815	4,920,533	4,969,738
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	477,635	465,106	455,060	-2.4%	484,053	485,683	487,256	488,815	490,358
1.060	All Other Revenues	1,150,311	(24,920)	527,130	-1158.7%	779,763	708,193	643,812	585,901	533,814
1.070	*Total Revenues*	20,399,542	20,987,938	22,308,719	4.6%	24,535,290	25,820,671	25,969,456	26,126,208	26,290,297
	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 and Advancements	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	7,992	13,373	0	-16.3%	0	0	0	0	0
2.050	Advances-In	80,000	95,000	63,656	-7.1%	59,000	59,000	59,000	59,000	59,000
2.060	All Other Financing Sources	102,948	9,547	39,228	110.1%	39,228	39,228	39,228	39,228	39,228
2.070	*Total Other Financing Sources*	190,940	117,920	102,884	-25.5%	98,228	98,228	98,228	98,228	98,228
2.080	*Total Revenues and Other Financing Sources*	20,590,482	21,105,858	22,411,603	4.3%	24,633,518	25,918,899	26,067,684	26,224,436	26,388,525
	Expenditures									
3.010	Personal Services	10,554,842	10,931,664	11,178,684	2.9%	11,918,277	12,504,525	13,231,920	14,067,928	14,956,567
3.020	Employees' Retirement/Insurance Benefits	4,691,741	4,867,063	5,056,727	3.8%	5,355,056	5,738,342	6,149,836	6,690,315	7,279,316
3.030	Purchased Services	1,604,898	1,752,016	1,632,259	1.2%	1,664,494	1,718,498	1,770,053	1,823,153	1,877,848
3.040	Supplies and Materials	461,991	577,422	654,211	19.1%	706,242	741,554	763,800	786,714	810,315
3.050	Capital Outlay	0	0	0	0.0%	0	0	0	0	0
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	380,481	417,350	435,000	7.0%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	455,000	470,000	490,000	505,000	520,000
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	332,973	298,039	285,139	-7.4%	269,514	251,014	234,264	219,339	203,639
4.300	Other Objects	237,233	280,483	255,705	4.7%	258,262	260,844	263,452	266,087	268,748
4.500	*Total Expenditures*	18,264,159	19,124,037	19,497,725	3.3%	20,626,845	21,684,777	22,903,325	24,358,536	25,916,433
	Other Financing Uses									
5.010	Operating Transfers-Out	860,827	925,360	1,002,281	7.9%	1,002,281	1,002,281	1,002,281	1,002,281	1,002,281
5.020	Advances-Out	95,000	35,000	59,000	2.7%	59,000	59,000	59,000	59,000	59,000
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	955,827	960,360	1,061,281	5.5%	1,061,281	1,061,281	1,061,281	1,061,281	1,061,281
5.050	*Total Expenditures and Other Financing Uses*	19,219,986	20,084,397	20,559,006	3.4%	21,688,126	22,746,058	23,964,606	25,419,817	26,977,714
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,370,496	1,021,461	1,852,597	27.9%	2,945,392	3,172,841	2,103,078	804,619	(589,189)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	16,991,192	18,361,688	19,383,149	6.8%	21,235,746	24,181,138	27,353,979	29,457,057	30,261,676
7.020	*Cash Balance June 30*	18,361,688	19,383,149	21,235,746	7.6%	24,181,138	27,353,979	29,457,057	30,261,676	29,672,487
8.010	*Estimated Encumbrances June 30*	309,750	364,523	276,653	-3.2%	276,653	276,653	276,653	276,653	276,653

Pioneer Career and Technology Center

Richland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022, and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	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	0	0	0	0.0%	0	0	0	0	0
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*	0	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	18,051,938	19,018,626	20,959,093	7.8%	23,904,485	27,077,326	29,180,404	29,985,023	29,395,834
	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 Replacement/Renewal Levies				0.0%	0	0	0	0	0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	18,051,938	19,018,626	20,959,093	7.8%	23,904,485	27,077,326	29,180,404	29,985,023	29,395,834
	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	0	0	0
15.010	*Unreserved Fund Balance June 30*	18,051,938	19,018,626	20,959,093	7.8%	23,904,485	27,077,326	29,180,404	29,985,023	29,395,834

Pioneer Technology Center School District – Richland County
Notes to the Five-Year Forecast
General Fund Only
November 20, 2023

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly change their forecast or, at a minimum when required under the statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

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

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

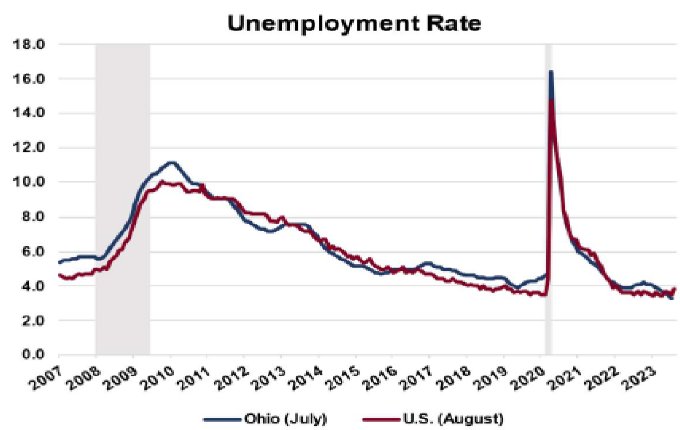
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general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

Economic Outlook

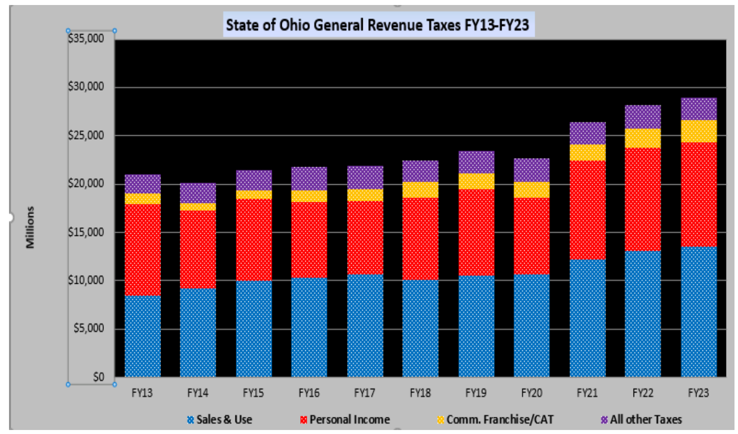
This five-year forecast is submitted during the multiyear economic recovery following the 2020 COVID-19 Pandemic. The recovery began in the fall of 2020 and remains robust through this forecast date. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently high inflation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

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

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



Source: Bureau of Labor Statistics through FRED



Source: Ohio Office of Budget and Management

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

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

1. Being in eight different counties can pose many challenges in determining the increases or decreases in values. The reappraisal cycles for the counties are spread over the full three-year cycle. The triennial update was completed in 2020, to be collected in 2021 for Richland, Morrow, and Seneca Counties and will have a reappraisal in 2023, to be collected in 2024. Crawford and Huron Counties' triennial update was completed in 2021, for collection in 2022 and will have a reappraisal in 2024 to be collected in 2025. Ashland County had a reappraisal in 2020 for collection in 2021 and will have a triennial update in 2023 for collection in 2024. Marion and Wyandot Counties' triennial update was completed in 2022, collecting in 2023, and will have a reappraisal in 2025 to be collected in 2026. Richland and Crawford Counties' valuations are the most significant of all of the counties; therefore, we are basing our reappraisal increases on the cycles they follow every three years. Richland County makes up 47% of Class I, 55% of Class II, and 34% of PUPP values for the district. Where Crawford County makes up 29% of Class I, 27% of Class II, and 42% of PUPP values for the district. Combined these two Counties make up 76% of Class I, 81% of Class II, and 76.5% of all values for the district.

2. With the Rover Pipeline coming online, the district will continue to monitor Public Utility Personal Property tax (PUPP) for disputes. This increase valuation in Tax Year 2018, 2019, and 2020, and has caused a major increase in current and future revenue. It should be mentioned that the taxing authorities billed Rover based on a valuation established by the Ohio Department of Taxation. Rover's first appeal to lower this valuation by 47% was denied.

Rover has made payments based on the appealed valuation, which in tax year 2020 was approximately $90 million lower than the value established by the Ohio Department of Taxation. Since the pipeline began making payments based on the decreased valuation in FY20, the school district has received approximately $790 thousand less than billed. Rover has submitted a second appeal requesting values to be decreased to 38%, and the forecast assumes their appeal is won and the district only receives the lower 38% valuation. The appeal was scheduled to be heard by the Bureau of Tax Appeals beginning May 9, 2022, and then again in August 2022, but has been continued, and has not been remanded back to the Tax Commissioner. If the appeal is denied, the district will receive delinquent tax payments for the amounts owed by Rover. Due to the uncertainty surrounding the appellate decision, this is not assumed in the calculations of this forecast at this time.

3. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.

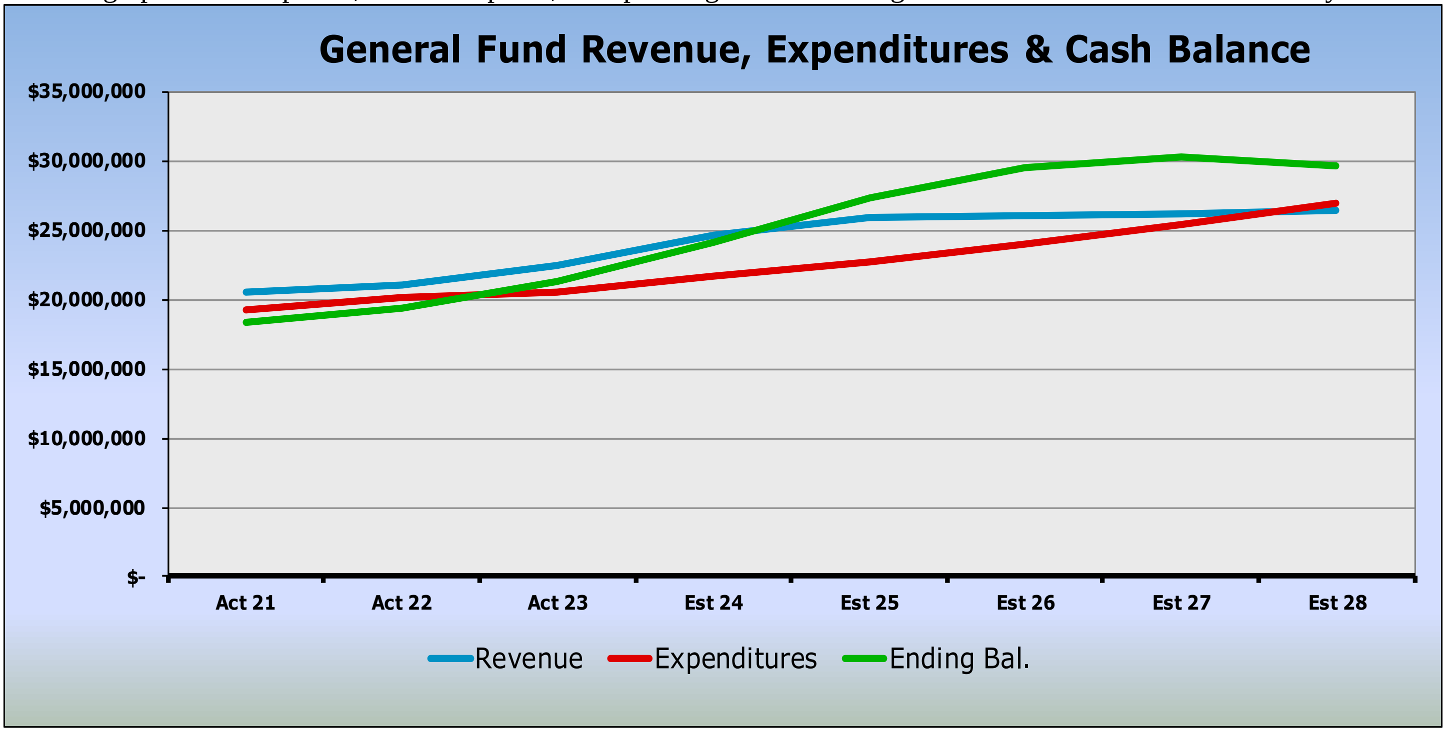
4. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

5. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe that as we move forward our positive working relationship will continue and will only grow stronger. Negotiations for FY22-24 were finalized in early May 2021. Negotiations for a new contract will begin in the spring of 2024.

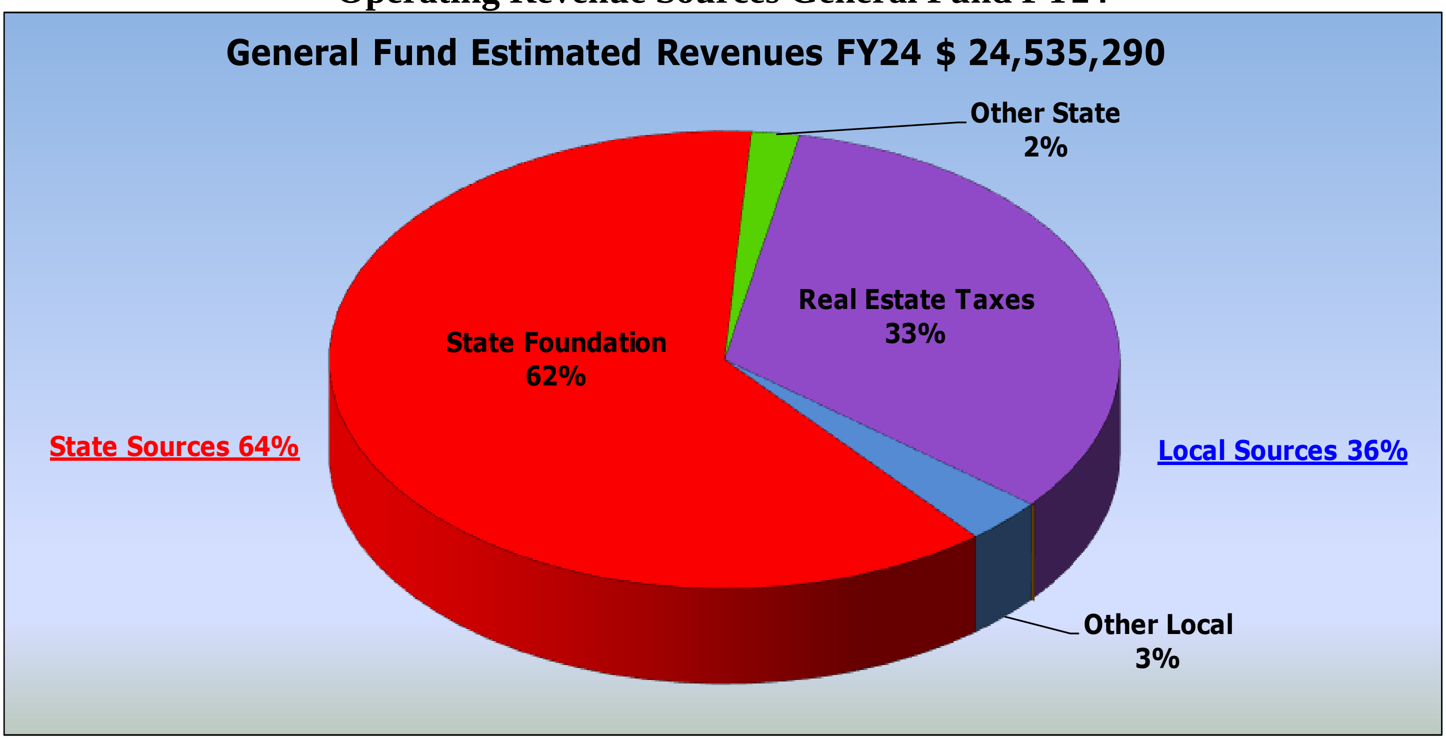
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Linda Schumacher, Treasurer.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

The graph below captures, in one snapshot, the operating scenario facing the career center over the next few years.



Revenue Assumptions
Operating Revenue Sources General Fund FY24



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditors in Richland, Crawford, Morrow, Huron, Ashland, Seneca, Wyandot, and Marion counties based on new construction and complete reappraisal or updated values. There was a reappraisal update completed in 2020 for the collection in 2021 for Richland, Morrow, and Seneca Counties. These counties combined make up 58.6% of Class I, 59% of Class II, and 49.8% of PUPP. Crawford and Huron Counties had a triennial update in 2021 to be collected in 2022, which make up 38.2% of Class I, 39.3% of Class II, and 44.2% of PUPP. Ashland County had a reappraisal in 2020 to be collected in 2021, and makes up 1.8% of Class I, 0.5% of Class II, and 4.7% of PUPP. Marion and Wyandot Counties had a reappraisal in 2022 collected in 2023, and makes up 1.3% of Class I, 1% of Class II, and 1% of PUPP.

Class I the residential/agricultural values increased 5.85% or $113 million due to the updates for Richland, Morrow, and Seneca Counties due to an increasing housing market. There was an increase in the Class II commercial/industrial values of 0.69% or $2.1 million for the update. The 2021 triennial update, to be collected in 2022, for Crawford and Huron Counties realized an increase in Class I of 2.8% or $57.8 million, and an increase of 0.15% or $455 thousand in Class II. The reappraisal in 2023, for collection in 2024, for Richland, Morrow, and Seneca Counties, we are projecting an increase in valuations of 7% or $150.8 million in Class I and a 0.5% increase in Class II for $1.5 million of valuation. The reappraisal in 2024 for collection in 2025 for Crawford and Huron Counties, we are projecting an increase in valuations of 6% or $138.8 million in Class I and a 0.5% increase in Class II for $1.6 million of valuation.

A Career Center has a 2-mill floor if that is the amount of the original millage rate voted for the district. The Pioneer CTC has 3.7 mills voted that are collecting at 2.53 for Class I 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. Increases in collection estimates are due to new construction being collected at the effective rate in the first year it is taxable.

Estimated Assessed Value (AV) by Collection Years

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2023	TAX YEAR 2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
Classification	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	$2,313,864,000	$2,460,495,840	$2,492,900,798	$2,525,629,806	$2,558,686,104
Comm./Ind.	320,932,320	325,436,982	329,964,167	334,513,988	339,086,558
Public Utility Personal Property (PUPP)	500,628,129	505,628,129	510,628,129	515,628,129	520,628,129
Total Assessed Value	$3,135,424,449	$3,291,560,951	$3,333,493,094	$3,375,771,923	$3,418,400,791

Estimated Real Estate Tax Collection

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 March tax settlement and 42% collected in the August tax settlement.

Estimated Real Estate Tax (Line #1.010)

Source	FY24	FY25	FY26	FY27	FY28
General Property Taxes	$6,157,280	$6,178,071	$6,204,682	$6,231,085	$6,257,281

Levy Renewal –Line #11.02

No levy renewals are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

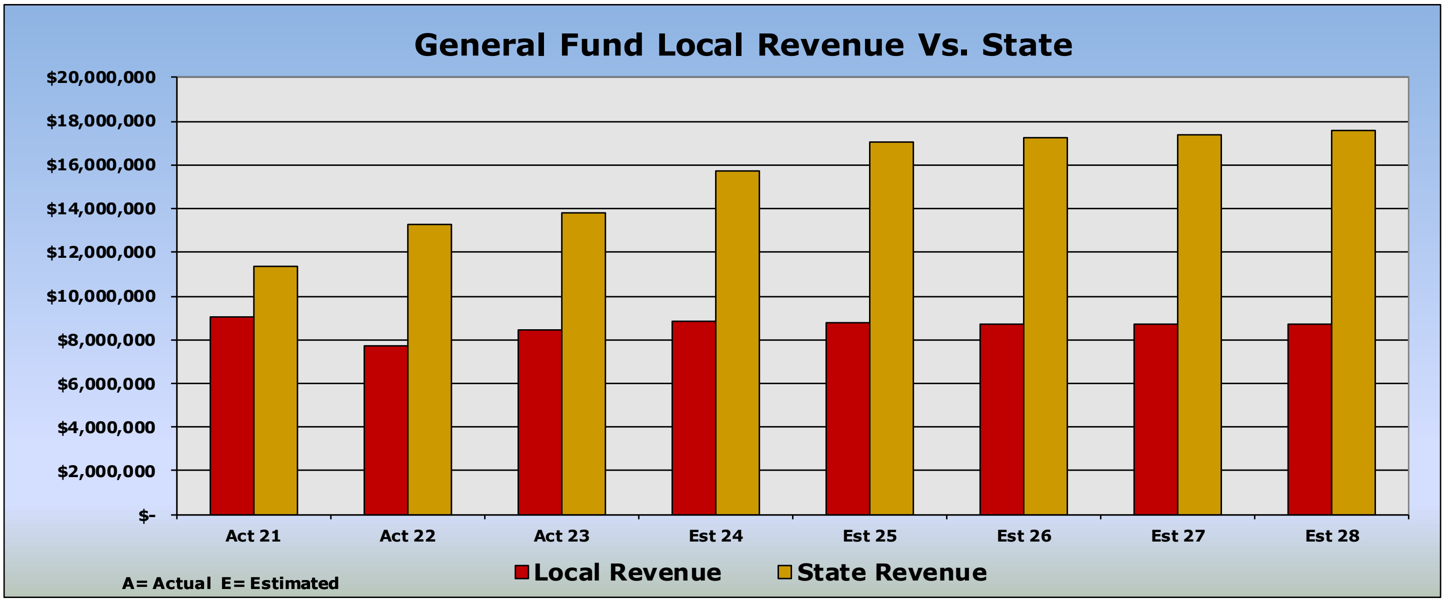
Estimated Public Utility Personal Tax – Line#1.020

Amounts noted below are public utility personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were $495 million in assessed values in tax year 2022 and are collected at the district's gross voted millage rate. Collections are typically 70% in March and 30% in August along with the real estate settlements from the county auditor. The values in 2022 increased by 4.99% or $23.5 million and are expected to grow by $5 million each year of the forecast.

The values in 2018, 2019, and 2020 increased by 77.69%, 48.35%, and 27.37% or $123, $136 million, and $114 million, respectively, due to the Rover pipeline. However, Rover has not been paying on their entire valuation pending their appeal of the valuations. In tax year 2021, values decreased by 11.7% or $62.7 million.

Source	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property (Line#1.020)	$1,896,725	$1,865,274	$1,883,774	$1,902,274	$1,920,774

Income Tax – Line#1.030
No income taxes are modeled in this forecast.



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

Current State Funding Model per HB33 through June 30, 2025
Unrestricted State Foundation Revenue – Line #1.035
HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 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, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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

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

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

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

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a statewide average of $9,854.58 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

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

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

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

Categorical State Aid

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

Unrestricted Categorical State Aid

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

Restricted Categorical State Aid

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

State Funding Phase-In FY24 and FY25 and Guarantees

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

The funding formula includes two (2) guarantees: 1) Temporary Transition Aid and 2) Formula Transition Supplement. The two (2) guarantees, in both temporary and permanent law, ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Joint Vocational Career-Technical Funding in FY24 and FY25

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

1. Replaces the “special teacher” cost in the base cost computation with the “cost for teachers providing health and physical education, instruction regarding employability and soft skills, development and coordination and internships and job placements, career-technical student organization activities, pre-apprenticeship and apprenticeship coordination, and any assessment related to career-technical education, including any nationally recognized job skills or end-of-course assessment,” which are calculated in the same manner.
2. Does not specify a minimum for the number of staff members for the staffing cost for student wellness and success for the district in base cost computation.
3. Calculates the district’s cost for that fiscal year for career-technical curriculum specialists and coordinators, career assessment and program placement, recruitment and orientation, student success coordination, analysis of test results, development of intervention and remediation plans and monitoring of those plans, and satellite program coordination. This funding replaces a traditional district's cost computations for academic and athletic co-curricular activities.
4. Replaces per-pupil dollar amount with weighted funding for the five different career-technical programs.
5. A funding unit will be based on the funding unit’s state share percentage times the career-technical education associated services amount times the statewide average career technical base costs per pupil in that fiscal year times the sum of the funding unit’s categories one through five career-technical education ADM.
6. Once the base cost is calculated by the state, the FSFP then calculates the state share percentage for each district, the FY24 statewide average per pupil amount for a CTE district is $9,854.58.

CTE Credential Program: The district may receive a portion of the $5.5 million for Industry-recognized Credentials in FY24 and FY25 for high school students for those earning an industry-recognized credential or receiving a journeyman certification recognized by the United States Department of Labor. In addition, the district will receive funding through the Innovative Workforce Incentive Program for students who have completed the industry-recognized credentials and are career-ready. The Department of Education and Workforce shall pay each city, local, and exempted village school district, community school, STEM school, and joint vocational school district an amount equal to $1,000 for each qualifying credential a student attending the district or school earned in the school year preceding the fiscal year in which the funds are appropriated, which will be prorated if the amount that the Department of Education appropriates is insufficient. The district received $8 thousand in FY21, $94 thousand in FY22, and $85 thousand in FY23. The remaining years of the forecast will be based on the amount received in FY23, with a 2% increase each year.

Career Awareness and Exploration Funds

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

Future State Budget Projections beyond FY25

Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held projected to grow modestly at 1% per year in FY26-28.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, beginning for the first time on January 31, 2013.

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

Source	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$10,014,475	$11,325,367	$11,438,621	$11,553,007	$11,668,537
Innovative Workforce	$185,000	$185,000	$185,000	$185,000	$185,000
Credentials Reimbursement	86,995	88,735	90,510	92,320	94,166
Basic Aid-Unrestricted Subtotal	$10,286,470	$11,599,102	$11,714,131	$11,830,327	$11,947,703
Ohio Casino Commission ODT	157,626	160,769	163,986	167,273	170,629
Total Unrestricted State Aid Line # 1.035	$10,444,096	$11,759,871	$11,878,117	$11,997,600	$12,118,332

Restricted State Revenues – Line #1.040

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

Source	FY24	FY25	FY26	FY27	FY28
Disadvantaged Pupil Impact Aid (DPIA)	220,349	108,098	109,179	110,271	111,374
English Learners	16,308	12,463	12,588	12,714	12,841
Career Tech - Restricted	4,027,072	4,154,909	4,196,458	4,238,423	4,280,807
Student Wellness and Success	356,657	356,657	360,224	363,826	367,464
CTE Associated Services	37,567	37,943	38,322	38,705	39,092
Career Awareness & Explorations	115,420	153,509	155,044	156,594	158,160
Total Restricted State Revenues Line #1.040	$4,773,373	$4,823,579	$4,871,815	$4,920,533	$4,969,738

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

State Share of Local Property Taxes – Line #1.050

Rollback and Homestead Reimbursement

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

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Source	FY24	FY25	FY26	FY27	FY28
Rollback and Homestead	$484,053	$485,683	$487,256	$488,815	$490,358

Other Local Revenues – Line #1.060

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

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

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

Source	FY24	FY25	FY26	FY27	FY28
Open Enrollment Gross	$0	$0	$0	$0	$0
Interest	718,631	646,768	582,091	523,882	471,494
Class fees and Other	27,183	27,455	27,730	28,007	28,287
Other Tax - MH	11,665	11,665	11,665	11,665	11,665
Tax Abatement	20,198	20,198	20,198	20,198	20,198
Other Tuition	2,086	2,107	2,128	2,149	2,170
Total Other Local Revenue Line #1.060	$779,763	$708,193	$643,812	$585,901	$533,814

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. We are not anticipating transfers in at this time, and only advancing in the amount advanced out in the prior fiscal year. Advances in will match the prior year advance out.

Source	FY24	FY25	FY26	FY27	FY28
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	59,000	59,000	59,000	59,000	59,000
Total Transfer & Advances In	$59,000	$59,000	$59,000	$59,000	$59,000

All Other Financial Sources – Line #2.060

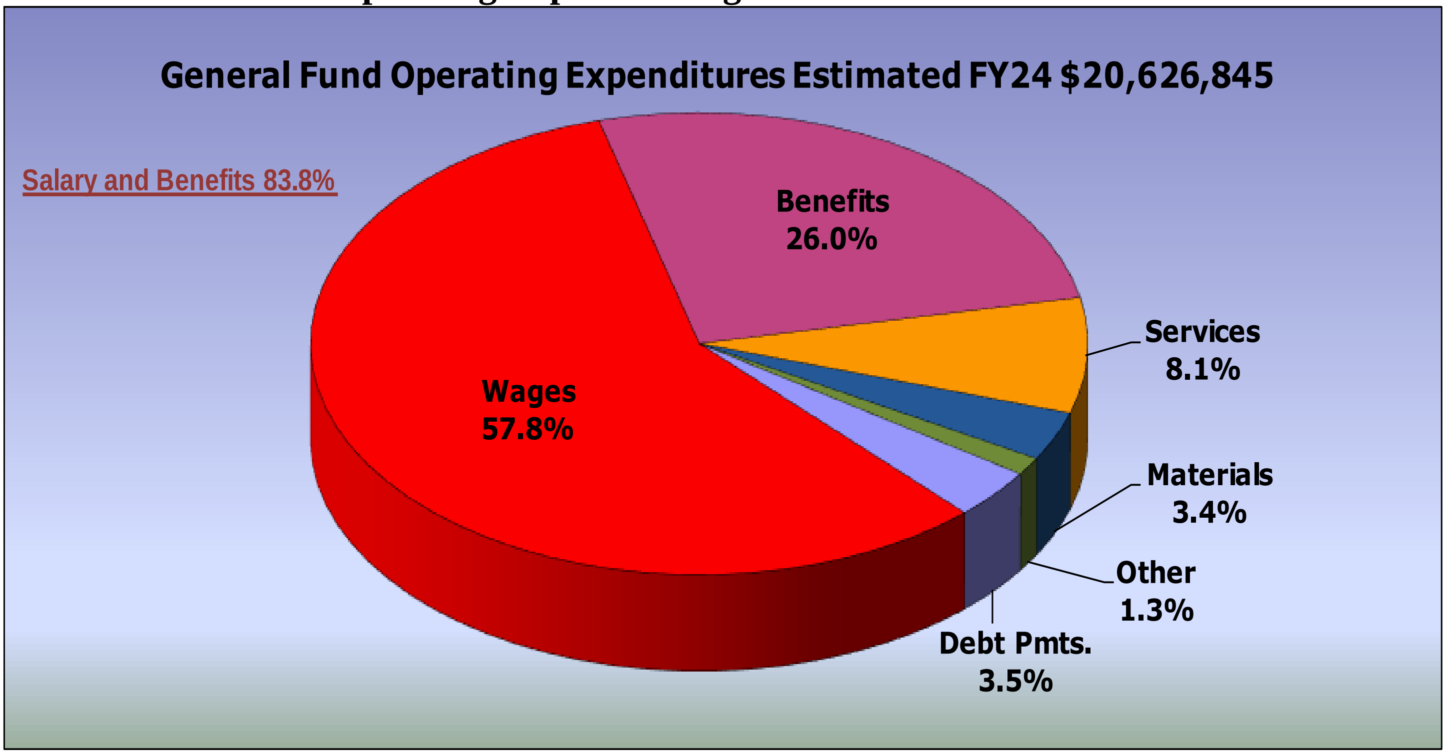
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years, we are estimating an amount of refunds that are in line with historical collections.

Source	FY24	FY25	FY26	FY27	FY28
Sale of Fixed Assets	$8,507	$8,507	$8,507	$8,507	$8,507
Refund of prior years expenditures	30,721	30,721	30,721	30,721	30,721
Total Other Financing Sources Line #2.060	$39,228	$39,228	$39,228	$39,228	$39,228

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.

All Operating Expense Categories - General Fund FY24



Wages – Line #3.010

This line of the forecast is made up primarily of wages or salaries paid to staff. Substitutes and supplemental extracurricular contracts, as well as payments for the Board of Education can also be found here. The forecast reflects base increases of 3% in FY24-28. Also included are 3% step increases in FY24-28 for planning purposes only at this time. Administration and non-represented staff typically will see a similar increase as the collective bargaining units; however, these are reviewed on an annual basis. The district will continue to monitor the staffing levels to effectively manage the largest expense for our district. The increases above align with the negotiated agreement that is in place for FY22-24. The agreement also includes $500, one-time payments, to members of the bargaining unit. The district will negotiate in the spring of 2024, prior to the end of this contract.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	$10,722,011	$11,425,331	$12,110,851	$12,837,503	$13,672,753
Increases	321,660	342,760	363,326	385,125	410,183
All Staff - Steps and Training	321,660	342,760	363,326	385,125	410,183
BOE/OT	14,625	14,625	14,625	14,625	14,625
Substitutes	241,915	241,915	241,915	241,915	241,915
Supplementals	36,406	37,134	37,877	38,635	39,408
Staff Increases/Reductions	60,000	0	0	65,000	67,500
Severance	200,000	100,000	100,000	100,000	100,000
Total Wages Line #3.010	$11,918,277	$12,504,525	$13,231,920	$14,067,928	$14,956,567

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

At this time, we are estimating an increase of 4% for FY24, an 8% increase for FY25-26, and a 10% increase for FY27-28, which reflects trend, and the likely increase in health care costs as a result of actual claims incurred. This is based on our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.09% of wages FY24-28. Unemployment is expected to remain at a shallow level for FY24-28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Estimated Fringe Benefits – Line #3.020

Source	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	$1,906,676	$2,018,719	$2,137,478	$2,273,975	$2,419,064
B) Insurance's	3,260,690	3,521,545	3,803,269	4,194,596	4,625,056
C) Workers Comp/Unemployment	9,971	10,555	11,174	11,885	12,642
D) Medicare	167,469	177,273	187,665	199,609	212,304
Health Savings Account	10,250	10,250	10,250	10,250	10,250
Total Fringe Benefits Line #3.020	$5,355,056	$5,738,342	$6,149,836	$6,690,315	$7,279,316

Purchased Services – Line #3.030

This category accounts for a wide variety of expenses incurred by the District including college credit plus, legal services, contracted educational services, utility costs, mileage/meeting expenses, repairs and maintenance, property insurance along with other charges. We have built-in a 5% increase for FY24-25 and a 3% increase in the forecast for FY26-28, at this time.

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends.

Source	FY24	FY25	FY26	FY27	FY28
College Credit Plus	$279,117	$293,073	$301,865	$310,921	$320,249
Professional Support	584,412	584,412	601,944	620,002	638,602
Utilities	253,058	265,711	273,682	281,892	290,349
Building Maintenance Repairs and Leases	326,051	342,354	352,625	363,204	374,100
PD/Travel	97,099	101,954	105,013	108,163	111,408
Transportation and Other Tuition	26,669	28,002	28,842	29,707	30,598
Communications, Phone, and Other	98,088	102,992	106,082	109,264	112,542
	$1,664,494	$1,718,498	$1,770,053	$1,823,153	$1,877,848

Supplies and Materials – Line #3.040

Expenses, which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. There is an increase of 5% for FY24-25 and a 3% increase in the forecast for FY26-28, at this time. The supplies line will also see a slight increase in FY24 due to $18 thousand of recurring expenses returning to the general fund after having been spent from Student Wellness and Success Funds (SWSF) and Governor's Emergency Education Relief funds.

Source	FY24	FY25	FY26	FY27	FY28
Supplies	$474,222	$497,933	$512,871	$528,257	$544,105
Textbooks and Software	171,919	180,515	185,930	191,508	197,253
Building Maint Supplies	33,949	35,646	36,715	37,816	38,950
Vehicles Parts, Fuel, and Tires	26,152	27,460	28,284	29,133	30,007
Total Supplies Line #3.040	$706,242	$741,554	$763,800	$786,714	$810,315

Capital Outlay – Line # 3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund.

Principal and Interest Payment – Lines #4.050 and #4.060

Payments on this line are made for the principal and interest on the 2008 OSFC renovation project Certificates of Participation (COPS). In March 2015, with interest rates low, the District seized the opportunity to refinance the original COPS issue that funded the renovations completed to the District in fiscal year 2012. The refinance yielded a net present value savings of $458 thousand to the District and their taxpayers over the remaining life of the COPS.

Source	FY24	FY25	FY26	FY27	FY28
Principal TANS Line #4.020	$455,000	$470,000	$490,000	$505,000	$520,000
Interest on TANS & HB 264 Total Line 4.060	269,514	251,014	234,264	219,339	203,639
Total Principal & Interest	$724,514	$721,014	$724,264	$724,339	$723,639

Other Expenses – Line #4.300

This category of expenses is primarily fees to the county auditors and treasurers for collecting property taxes and the annual financial audit. The other expense category is several small expenses with the largest being district liability insurance and dues and fees to organization such as OSBA. This line reflects a 1% increase for the forecasted period. We will continue to monitor, and adjust in future years as necessary.

Source	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$169,255	$170,948	$172,657	$174,384	$176,128
Other expenses	33,742	34,079	34,420	34,764	35,112
Annual Audit	38,147	38,528	38,913	39,302	39,695
Memberships	17,118	17,289	17,462	17,637	17,813
Total Other Expenses Line #4.300	$258,262	$260,844	$263,452	$266,087	$268,748

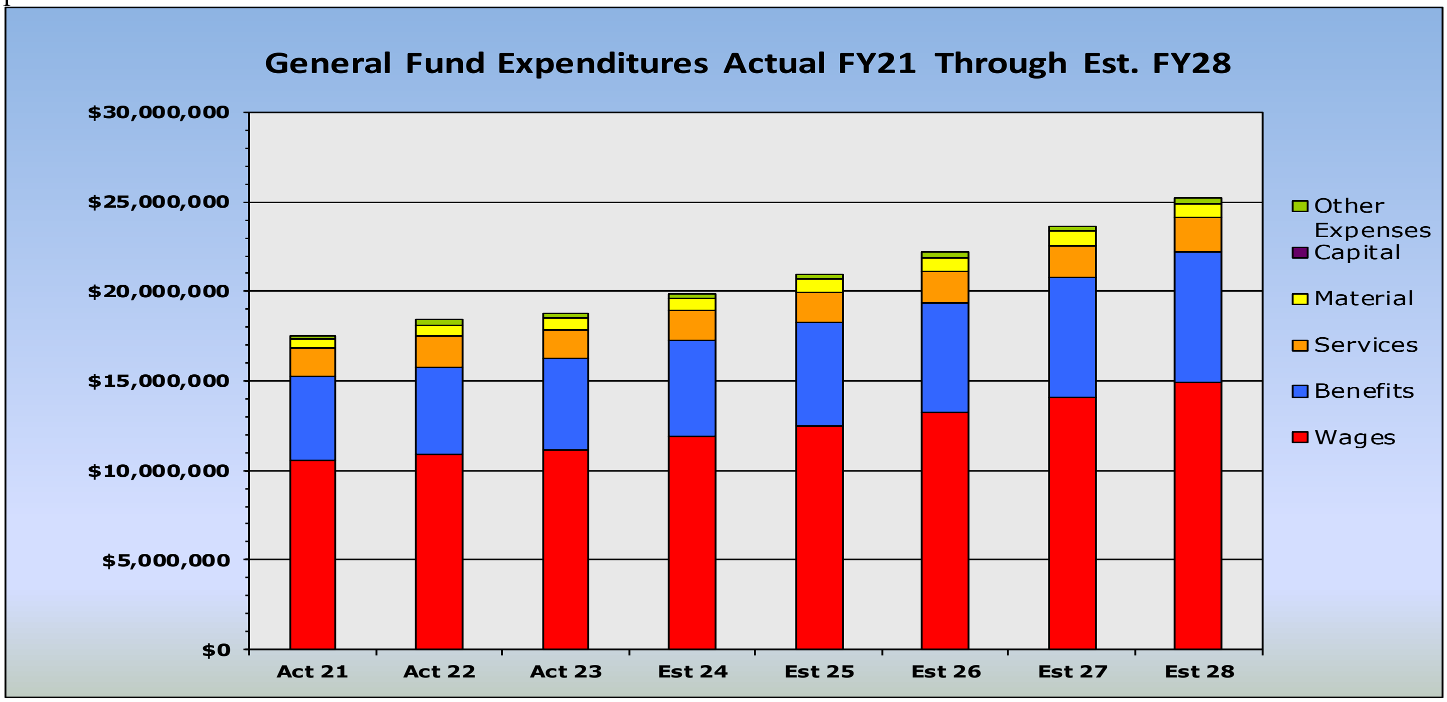
Transfers/Advances Out – Line# 5.010

This account group covers fund-to-fund transfer 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. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. We are anticipating transfers out each year of the forecast to be $1 million for FY24-28, distributed as follows: Maintenance Fund of $425 thousand and Permanent Improvement Fund of $400 thousand, and other transfers totaling $176 thousand. Advances are projected to remain $59 thousand for FY24-28 and will be paid back in the following year. Currently, we are not projecting an increase to this line.

Source	FY24	FY25	FY26	FY27	FY28
Permanent Improvement - Transfer	$400,000	$400,000	$400,000	$400,000	$400,000
Maintenance - Transfer	425,360	425,360	425,360	425,360	425,360
Other - Transfer	176,921	176,921	176,921	176,921	176,921
Operating Transfers Out Line #5.010	$1,002,281	$1,002,281	$1,002,281	$1,002,281	$1,002,281
Advances Out Line #5.020	$59,000	$59,000	$59,000	$59,000	$59,000
Total Transfer & Advances Out	$1,061,281	$1,061,281	$1,061,281	$1,061,281	$1,061,281

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.

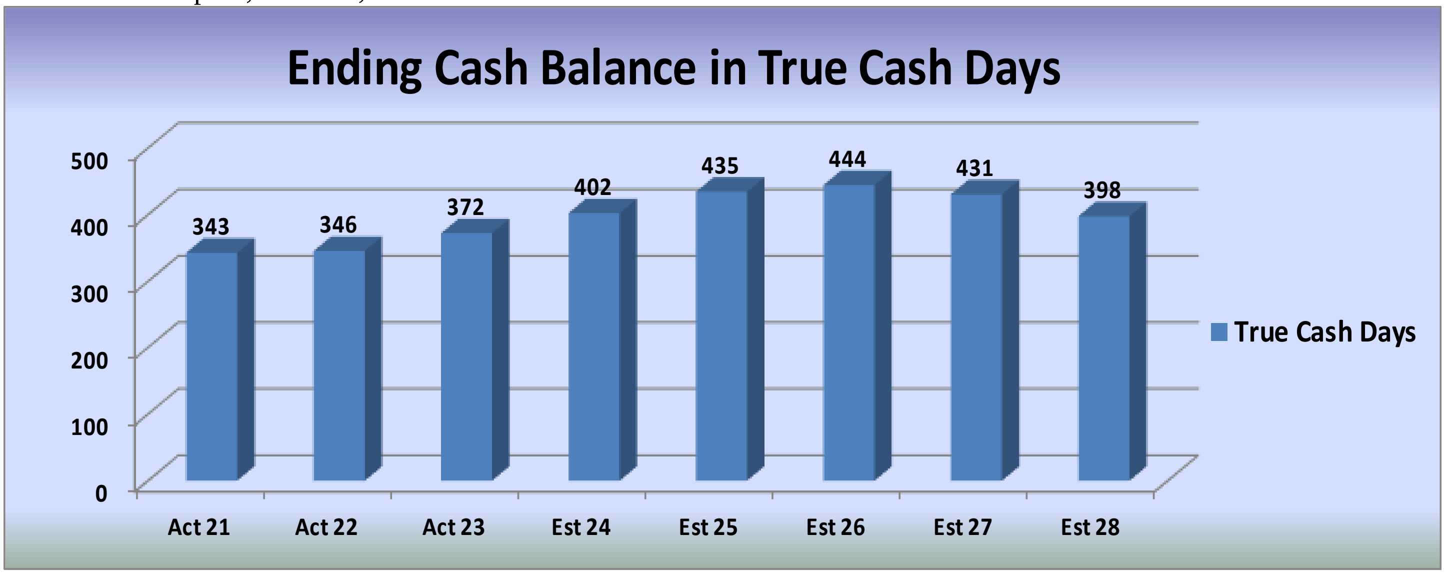
Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28
As the graph on the following page indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.



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 $1.7 million for our district.

	FY24	FY25	FY26	FY27	FY28
Ending Unencumbered Cash Balance	$23,904,485	$27,077,326	$29,180,404	$29,985,023	$29,395,834

True Cash Days Ending Balance
Another way to look at ending cash is to state it in 'True Cash Days." In other words, how many days could the district operate at year-end if no additional revenues were received. This is the Current Year's Ending Cash Balance divided by (Current Year's Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. Although GFOA sets the minimum balance on hand to be thirty (30) days, GFOA recommends two (2) months, or sixty (60) days cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



Conclusion

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

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

Please direct any questions to:
Linda K. Schumacher, Treasurer
Pioneer Career & Technology Center
Email address: schumacher.linda@pioneerctc.edu

Please visit the Ohio Department of Education website at
https://public.education.ohio.gov/geoDoc/5-yrForecast/