

**PIONEER TECHNOLOGY CENTER SCHOOL DISTRICT
RICHLAND COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2018, 2019 and 2020 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2021 THROUGH JUNE 30, 2025**



**Forecast Provided By
Pioneer Technology Center School District
Treasurer's Office
Linda Schumacher, Treasurer
November 16, 2020**

Pioneer Career and Technology Center

Richland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;
Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenues									
1.010 General Property Tax (Real Estate)	5,819,178	5,764,636	5,894,776	0.7%	5,932,825	5,961,765	5,991,184	6,020,468	6,049,515
1.020 Tangible Personal Property	568,346	1,001,087	1,762,426	76.1%	2,011,063	2,011,322	2,013,173	2,015,022	2,016,873
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035 Unrestricted State Grants-in-Aid	7,420,994	7,397,546	7,395,158	-0.2%	7,319,143	7,341,962	7,368,608	7,369,477	7,372,205
1.040 Restricted State Grants-in-Aid	3,634,380	3,516,427	3,515,131	-1.6%	3,515,132	3,516,909	3,518,703	3,520,515	3,522,345
1.045 Restricted Fed. Ed Jobs Fd.504 FY12	0	0	0	0.0%	0	0	0	0	0
1.050 Property Tax Allocation	485,476	487,122	483,772	-0.2%	494,534	503,796	505,811	507,816	509,802
1.060 All Other Revenues	1,353,249	1,601,571	1,529,099	6.9%	1,355,423	1,411,646	1,490,374	1,507,868	1,525,595
1.070 Total Revenues	19,281,623	19,768,389	20,580,362	3.3%	20,628,120	20,747,400	20,887,853	20,941,166	20,996,335
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	0	0	0	0.0%	0	0	0	0	0
2.050 Advances-In	87,000	118,000	68,344	-3.2%	80,000	130,000	130,000	130,000	130,000
2.060 All Other Financing Sources	107,858	60,164	66,294	-17.0%	22,976	22,976	22,976	22,976	22,976
2.070 Total Other Financing Sources	194,858	178,164	134,638	-16.5%	102,976	152,976	152,976	152,976	152,976
2.080 Total Revenues and Other Financing Sources	19,476,481	19,946,553	20,715,000	3.1%	20,731,096	20,900,376	21,040,829	21,094,142	21,149,311
Expenditures									
3.010 Personal Services	9,594,378	9,887,924	9,976,885	2.0%	10,798,901	11,112,435	11,649,814	12,214,038	12,806,451
3.020 Employees' Retirement/Insurance Benefits	4,170,873	4,253,529	4,414,531	2.9%	4,774,118	5,040,377	5,321,461	5,618,459	5,932,286
3.030 Purchased Services	2,071,626	1,631,595	1,922,078	-1.7%	1,749,992	1,802,491	1,856,565	1,912,262	1,969,630
3.040 Supplies and Materials	524,459	555,946	647,640	11.2%	667,069	687,082	707,695	728,926	750,794
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)	340,000	350,000	367,400	4.0%	0	0	0	0	0
4.020 Principal-Notes	0	0	0	0.0%	380,481	409,700	435,000	455,000	470,000
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	382,545	369,870	354,801	-3.7%	332,973	305,689	285,139	269,514	251,014
4.300 Other Objects	242,511	232,347	248,285	1.3%	250,768	253,276	255,809	258,367	260,950
4.500 Total Expenditures	17,326,392	17,281,211	17,931,620	1.8%	18,954,302	19,611,050	20,511,483	21,456,566	22,441,125
Other Financing Uses									
5.010 Operating Transfers-Out	855,439	825,360	845,100	-0.6%	825,360	825,360	825,360	825,360	825,360
5.020 Advances-Out	118,000	47,000	130,000	58.2%	130,000	130,000	130,000	130,000	130,000
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	973,439	872,360	975,100	0.7%	955,360	955,360	955,360	955,360	955,360
5.050 Total Expenditures and Other Financing Uses	18,299,831	18,153,571	18,906,720	1.7%	19,909,662	20,566,410	21,466,843	22,411,926	23,396,485
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,176,650	1,792,982	1,808,280	26.6%	821,434	333,966	(426,014)	(1,317,784)	(2,247,174)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	12,213,288	13,389,938	15,182,920	11.5%	16,991,200	17,812,634	18,146,600	17,720,586	16,402,802
7.020 Cash Balance June 30	13,389,938	15,182,920	16,991,200	12.7%	17,812,634	18,146,600	17,720,586	16,402,802	14,155,628
8.010 Estimated Encumbrances June 30	229,557	245,412	281,659	10.8%	300,000	300,000	300,000	300,000	300,000

Pioneer Career and Technology Center

Richland County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;

Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
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
<i>Fund Balance June 30 for Certification of</i>									
10.010 Appropriations	13,160,381	14,937,508	16,709,541	12.7%	17,512,634	17,846,600	17,420,586	16,102,802	13,855,628
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 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	13,160,381	14,937,508	16,709,541	12.7%	17,512,634	17,846,600	17,420,586	16,102,802	13,855,628
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 <i>Unreserved Fund Balance June 30</i>	13,160,381	14,937,508	16,709,541	12.7%	17,512,634	17,846,600	17,420,586	16,102,802	13,855,628

Pioneer Technology Center School District – Richland County
Notes to the Five Year Forecast
General Fund Only
November 16, 2020

Introduction to the Five Year Forecast

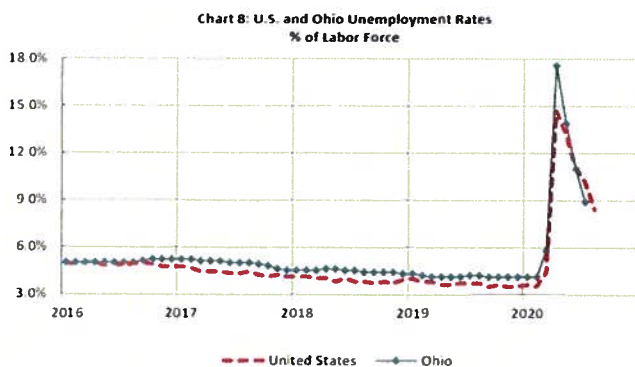
For fiscal year 2021 (July 1, 2020 – June 30, 2021) school districts in Ohio are required to file a five (5) year financial forecast by November 30, 2020 and May 31, 2021. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. HB166, the new state biennium budget provided new restricted state funding to school districts in Fiscal Years 20 and 21 specifically for Student Wellness and Success. The Student Wellness and Success Fund revenues are restricted, are required to be accounted for in a Special Revenue Fund (Fund 467), and are NOT included in this forecast.

Economic Outlook:

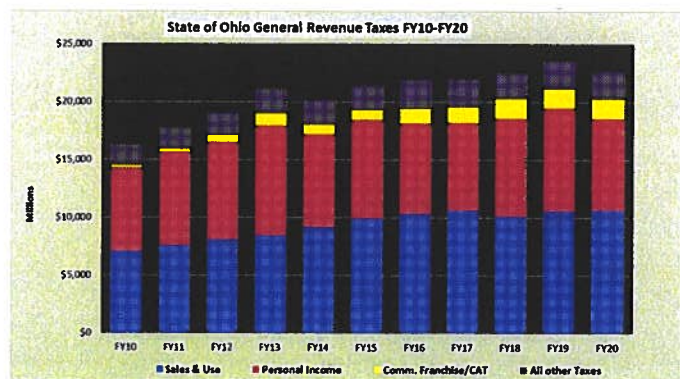
It is prudent in long range forecasting to consider the economic climate that our long range projection of revenues and expenses are made. State and local resources are under stress as the economy recovers from the COVID-19 Global Pandemic. We have reviewed historical data from the Great Recession of 2008, but there is no recent historic data or similar economic situation to compare to what the district is facing now. The pandemic's economic impact makes it extremely challenging to project where our finances will be through fiscal year 2025. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

The state of Ohio provides roughly 50% of all school district funding so the state's financial health is a stabilizing factor for school district funding. The state of Ohio ended FY20 \$1.1 billion or 4.6% under estimated tax revenues and \$866 million below actual FY19 tax revenues. Note that \$441.5 million of this shortfall was due to the April 15, 2020 state tax filing deadline moved to July 15, 2020. Total state program expenditures ended FY20 \$865.1 million under estimated expenses. The state ended in essentially an even position in FY20 and has maintained the \$2.7 billion in the Budget Stabilization Fund. Through August 2020 the states bottom-line is \$389 million better than estimated. Ohio's economy is recovering along with improving employment.

Due to COVID-19 closures unemployment rates statewide rose rapidly from 4.7% in February to 17.4% in April. The graph on the following page shows rates have improved to 8.8% in August and are trending lower according to the Ohio Office of Budget and Management. As unemployment rates drop this positively impacts state and local revenues for districts. These indicators suggest the state of Ohio's overall economy is rebounding and should be able to maintain stable funding through the foundation program through the forecast period.



Source: Ohio Office of Budget and Management



Source: Ohio Office of Budget and Management

Forecast Risks and Uncertainty:

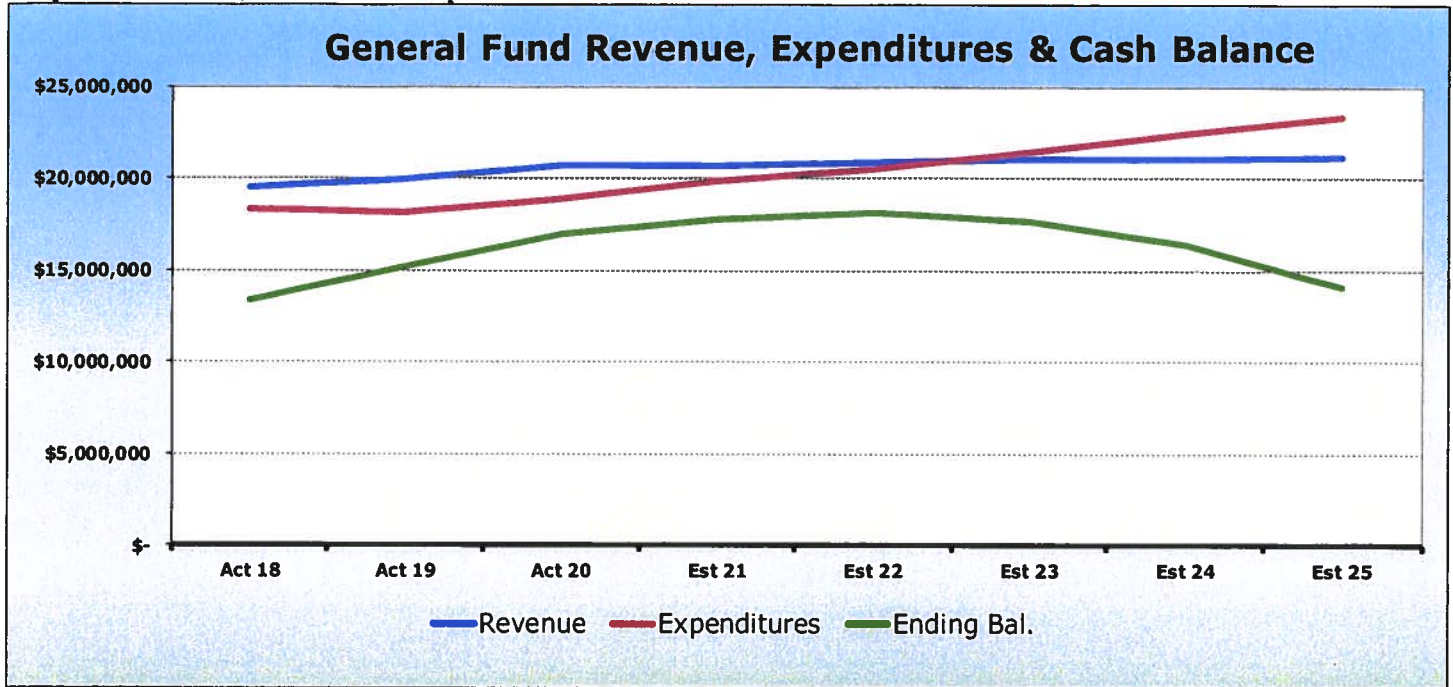
A five-year financial forecast typically has inherent risks and uncertainties. This is due to normal economic uncertainties and to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25, which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us 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. 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 full reappraisal was completed in 2017 collected in 2018 for Richland, Morrow, and Seneca Counties and will have a reappraisal update in 2020 to be collected in 2021. Crawford and Huron Counties full reappraisal was completed in 2018 collected in 2019 and will have a reappraisal update in 2021 to be collected in 2022. Ashland County had a Triennial Update in 2017 for collection in 2018 and had a full reappraisal completed in 2020 for collection in 2021. Marion and Wyandot Counties full reappraisal was completed in 2019 and collected in 2020 and will have a reappraisal update in 2022 to be collected in 2023. Richland and Crawford Counties valuation is the most significant of all of the counties that we are basing our reappraisal increases on the cycles they follow every three years. Richland County makes up 45% Class I, 52% Class II and 36% of PUPP values for the district. Where Crawford County makes up 30% Class I, 31% Class II and 48% of PUPP values for the district. Combined these two Counties make up 75.6% Class I, 83.3% Class II, and 84.9% 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 and 2019, 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 paid the tax payment based on the appealed valuation, or approximately \$500 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. Results of this appeal are anticipated in May 2021. If the appeal is denied, the district will receive delinquent tax payments for the amounts owed by Rover. This is not assumed in the calculations of this forecast at this time.
3. The State Budget represents 54.9% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy worsens or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY25. Since Career Technical Schools did not have any decrease in funding due to the COVID-19 adjustment, the state budgeting process in the spring of 2021 will be especially important to follow for our district. We have projected our state funding to be in line with our current estimates through FY25, which we feel are conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.
4. HB166 (the current state budget for FY20-21) has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success, which is restricted in use and must be placed in Fund 467 and is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22 due to the COVID-19 pandemic and the cuts ordered for K-12 districts at this time.
5. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the extreme resource challenges today. We believe as we move forward our positive working relationship will continue and will only grow stronger. Negotiations for a new contract will begin in the Spring of 2021.

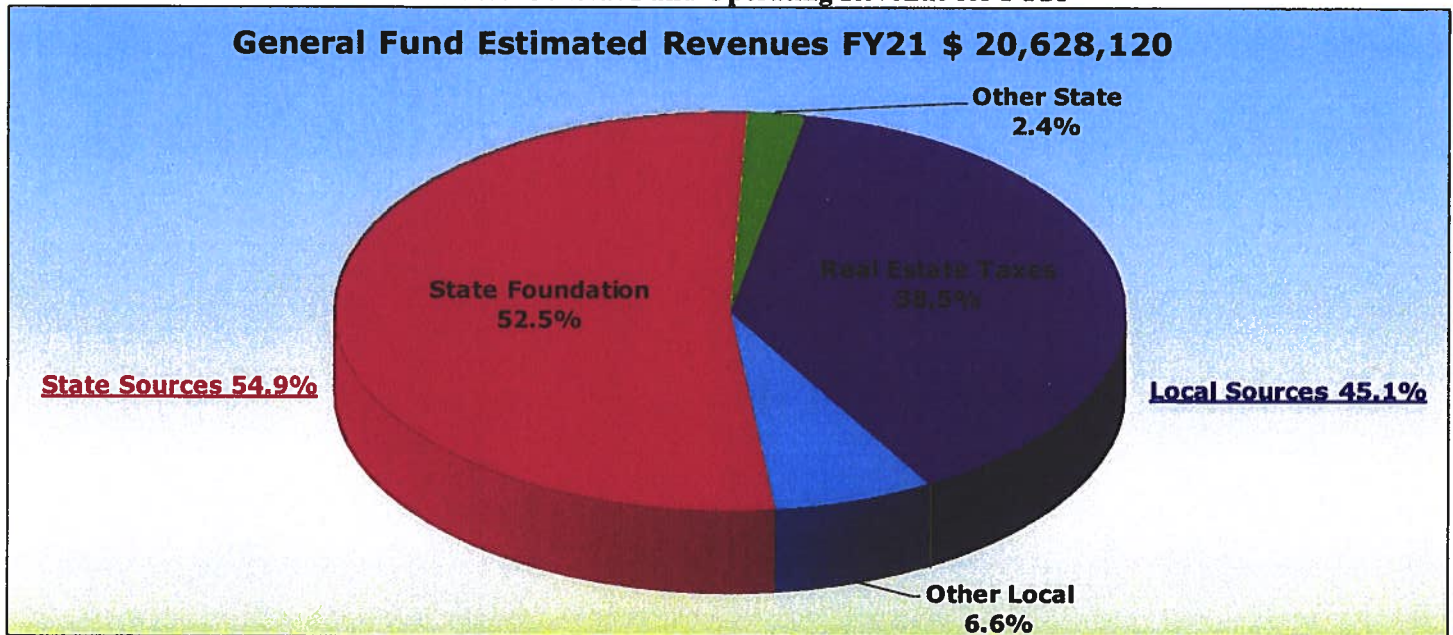
The major Line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Linda Schumacher, Treasurer.

General Fund Revenue, Expenditure and Ending Cash Balance

The graph below shows in summary the forecasted revenue, expenses and ending balance of the district's General Fund for the period FY21-25, with actual data provided for FY18-FY20.



Revenue Assumptions Estimated General Fund Operating Revenue for FY21



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 full reappraisal completed in 2017 for the collection in 2018 for Richland, Morrow, and Seneca Counties which combined make up 57.38% Class I, 54.94% Class II, and 46.82% PUPP. Crawford and Huron Counties had a full reappraisal in 2018 to be collected in 2019 which make up 39.32% Class I, 44.24% Class II, and 51.03% PUPP. Ashland County will have a full reappraisal in 2020 that will be collected in 2021, and makes up 1.91% Class I, .51% Class II, and 1.86% PUPP. Marion

and Wyandot Counties had a full reappraisal in 2019 collected in 2020, and makes up 1.39% Class I, .31% Class II, and .29% PUPP.

Class I the residential/agricultural values decreased 1.23% or \$23.95 million due to the reappraisals for Richland, Morrow, and Seneca Counties due to changes in the CAUV calculations in HB49. There was an increase in the Class II commercial/industrial values of 1.36% or \$3.88 million for the reappraisal. The reappraisal for Crawford and Huron Counties realized a decrease in Class I of .27% or \$5.2 million, and an increase of 3.25% or \$9.4 million in Class II. The Triennial update in 2020 for collection in 2021 for Richland, Morrow, and Seneca Counties, we are projecting an increase in valuations of 1.57% or \$30.4 million in Class I and a 2.16% increase in Class II for \$6.6 million of valuation. The Triennial update in 2021 for collection in 2022 for Crawford and Huron Counties, we are projecting an increase in valuations of 1.08% or \$21.3 million in Class I and a 1.76% increase in Class II for \$5.56 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 2.7577 in tax year 2019, but the millage rate cannot go any lower than 2 mills at any time. Due to HB920, the districts 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 TAX YEAR2020 <u>COLLECT 2021</u>	Estimated TAX YEAR2021 <u>COLLECT 2022</u>	Estimated TAX YEAR2022 <u>COLLECT 2023</u>	Estimated TAX YEAR2023 <u>COLLECT 2024</u>	Estimated TAX YEAR2024 <u>COLLECT 2025</u>
Classification					
Res./Ag.	\$1,974,825,279	\$2,003,953,392	\$2,011,753,392	\$2,039,670,926	\$2,067,867,635
Comm./Ind.	315,940,215	324,400,763	327,300,763	331,837,267	336,396,453
Public Utility Personal Property (PUPP)	543,245,720	543,745,720	544,245,720	544,745,720	545,245,720
Tangible Personal Property (TPP)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assessed Value	<u>\$2,834,011,214</u>	<u>\$2,872,099,875</u>	<u>\$2,883,299,875</u>	<u>\$2,916,253,913</u>	<u>\$2,949,509,808</u>

Estimated Real Estate Tax Collection

Property tax levies are estimated to be collected at 99% of the annual amount, which allows for a 1% delinquency. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies, we are calculating the taxes at a lower collection rate. Property taxes are estimated to be collected at 58% of the Residential/Agriculture and Commercial/Industrial in the February tax settlements and 42% collected in the August tax settlements. We will continue to monitor this trend and adjust as necessary.

Estimated Real Estate Tax (Line #1.010)

Source	FY21	FY22	FY23	FY24	FY25
General Property Taxes	<u>\$5,932,825</u>	<u>\$5,961,765</u>	<u>\$5,991,184</u>	<u>\$6,020,468</u>	<u>\$6,049,515</u>

New Tax Levies – Line #13.030

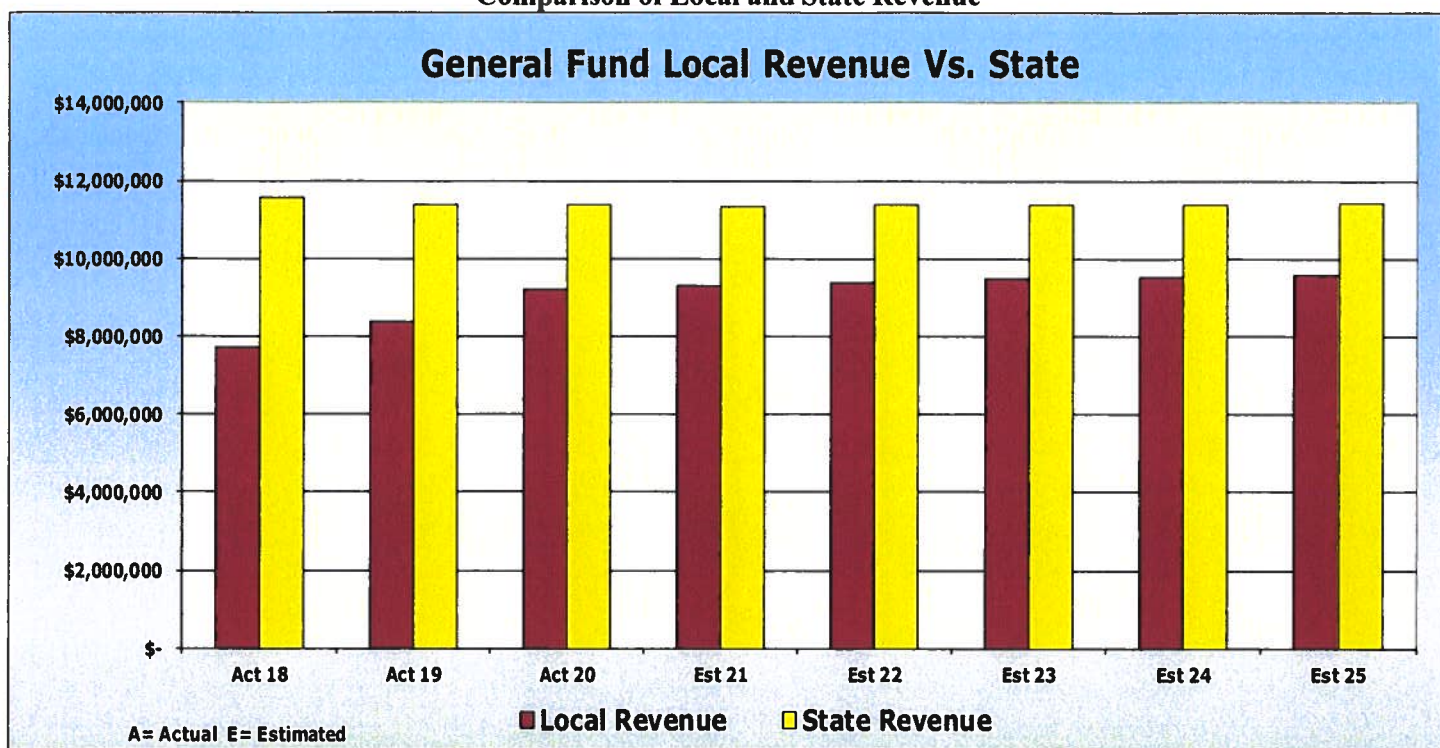
No new levies are modeled in this forecast.

Estimated Public Utility Personal Tax – Line#1.020

Amounts noted below are public utility 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 \$669.5 million in assessed values in 2019 and are collected at the district's full gross voted millage rate of 3.7 mills. Collections are typically 71% in February and 29% in August along with the real estate settlements from the county auditor. The values in 2018 and 2019 increased by 77.69% and 91.73% or \$123.7 and 386.4 million due to the Rover pipeline, and are expected to grow by \$500 thousand each year of the forecast after depreciation. It should be noted that Rover paid the 2019 tax bill based on approximately \$126.8 million in valuation than was billed. This reduced the districts revenue by just under \$500 thousand, and will be effected by the outcome of the tax dispute.

Source	FY21	FY22	FY23	FY24	FY25
Public Utility Personal Property (Line#1.020)	\$2,011,063	\$2,011,322	\$2,013,173	\$2,015,022	\$2,016,873
Total Line # 1.020	<u>\$2,011,063</u>	<u>\$2,011,322</u>	<u>\$2,013,173</u>	<u>\$2,015,022</u>	<u>\$2,016,873</u>

Comparison of Local and State Revenue



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

A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 funding simulations, which essentially guarantee all school districts the same amount of state aid they received in FY19. Essentially funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers is frozen for FY20 & 21 at the FY19 funding level for state basic aid. The State Foundation Funding Formula used since FY14 has now been abandoned after six (6) years. HB305 is currently being considered by the legislature and may produce a successor funding formula for the FY22-23 biennium budget but there is nothing to base future projections on. For this reason we have projected state aid flat at the FY19 funding level through FY25 as we have nothing authoritative to rely on at this time.

In order for the State of Ohio to continue to receive \$47 million annually in federal funding through the Carl D. Perkins Career and Technical Education Act, the state must maintain a maintenance of effort (MOE) level of at least 100% of prior year expenditures in aggregate or on a per pupil basis. Ohio uses foundation funding for JVSDs, CTE funding for traditional districts, various state CTE grants, and funding at the Department of Higher Education for Ohio Technical Colleges to meet federal MOE requirements. Because state funding for JVSDs is flat to FY19 levels, there was no reduction to JVSD foundation funding in FY20 or FY21.

The district received a positive adjustment from FY20 of \$2,895.21 in the September payment. The adjustments are based on final EMIS data and the district has no way of knowing if or when they might receive an adjustment.

Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY20 proposed funding ranges from \$20 per student to \$250 per student and in FY21 funding ranges from \$25 per student to \$300 per student. All schools and students are to receive a minimum additional funding of \$25,000 in FY20 and \$30,000 in FY21. Our district is estimated to receive \$383,776.97 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with one of the approved community partner organizations approved in HB166 that include the following:

At this time our district is spending money in our General Fund that is servicing student needs as identified in 3317.26 (B) which we will recode to our Psychologist, School Nurse and Partial SRO to Fund 467 according to our approved plan. We anticipate that the original expenses recoded from the General Fund to Fund 467 will be returned to the General Fund FY22-25, any new Fund 467 initiatives added in FY20 and 21 will not be continued if funding is discontinued. The General Fund reflects the reduction of these expenses for FY20 and FY21 and reintroduction of the original General Fund expenses in FY22-25.

Future State Budgets: Our funding status for the FY22-25 will depend on two (2) new state budgets, which are unknown. With the change to the state funding and no growth for the FY20-21 state amounts, we are not increasing the state funding for any year of the forecast. We believe our current state funding estimates for FY21-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

Casino Revenue

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

The casinos were closed from March 12, to June 18, 2020 due to the COVID-19, therefore we are reducing the amount of funding in FY21 by 40% then increasing the amount in FY22 by 30%, FY23 by 25% and 2% in FY24-FY25 as we go through the next few years we will adjust as the funding information is available. We believe it will be FY23 or FY24 before revenues return to the post COVID-19 level.

Source	FY21	FY22	FY23	FY24	FY25
Basic Aid-Unrestricted	\$7,235,071	\$7,230,399	\$7,228,605	\$7,226,793	\$7,226,793
Credentials Reimbursement	13,119	13,119	13,119	13,119	13,119
Basic Aid-Unrestricted Subtotal	<u>\$7,248,190</u>	<u>\$7,243,518</u>	<u>\$7,241,724</u>	<u>\$7,239,912</u>	<u>\$7,239,912</u>
Ohio Casino Commission ODT	70,953	98,444	126,884	129,565	132,293
Total Unrestricted State Aid Line # 1.035	<u>\$7,319,143</u>	<u>\$7,341,962</u>	<u>\$7,368,608</u>	<u>\$7,369,477</u>	<u>\$7,372,205</u>

B) Restricted State Revenues – Line #1.040

The current funding model continues funding two restricted sources of revenues to school district, which are Economic Disadvantaged Funding, and Career Technical Education funding. We have incorporated this amount into the restricted aid amount in Line #1.04 for FY21-25 with no increase for these years.

Source	FY21	FY22	FY23	FY24	FY25
Economically Disadvantaged Aid	\$177,661	\$179,438	\$181,232	\$183,044	\$184,874
Career Tech	<u>3,337,471</u>	<u>3,337,471</u>	<u>3,337,471</u>	<u>3,337,471</u>	<u>3,337,471</u>
Total Restricted State Revenues Line #1.040	<u>\$3,515,132</u>	<u>\$3,516,909</u>	<u>\$3,518,703</u>	<u>\$3,520,515</u>	<u>\$3,522,345</u>

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also 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 over age 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have 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 slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers.

Other Local Revenues – Line #1.060

This line of the forecast includes open enrollment, interest, fines, tuition from other districts, class fees, Payments in Lieu of Tax, other miscellaneous income, and Manufactured Homes tax. We are using the October payment for the Open Enrollment and Associated Service payments from the Ohio Department of Education. For future years, we do not anticipate this line increasing by more than 1% FY21-25. The district interest rates for FY21 are reflecting a 50% decrease from FY20. We are then anticipating these interest rates grow by an estimated 25% FY22, 30% FY23, and 2% FY24-25 as the economy stabilizes. We will continue to monitor this very closely and adjust as necessary in future submissions.

Source	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Open Enrollment Gross	\$890,402	\$899,306	\$908,299	\$917,382	\$926,556
Interest	179,126	223,908	291,080	296,902	302,840
Associated Services and Other	196,816	198,784	200,772	202,780	204,808
Class fees	49,825	50,323	50,826	51,334	51,847
Other Tax - MH	16,274	16,274	16,274	16,274	16,274
Tax Abatement	15,831	15,831	15,831	15,831	15,831
Other Tuition	<u>7,149</u>	<u>7,220</u>	<u>7,292</u>	<u>7,365</u>	<u>7,439</u>
Total Line # 1.060	<u>\$1,355,423</u>	<u>\$1,411,646</u>	<u>\$1,490,374</u>	<u>\$1,507,868</u>	<u>\$1,525,595</u>

Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short term borrowing projected in this forecast.

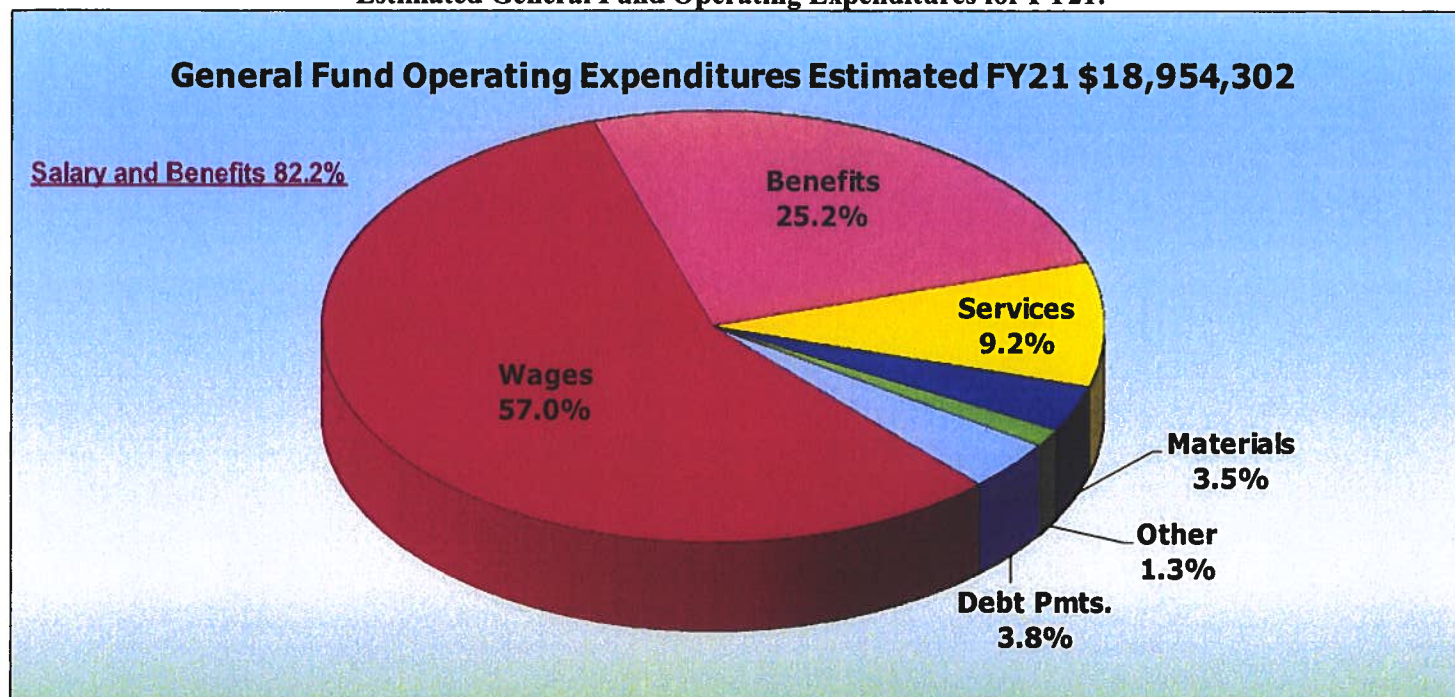
Transfers In / Return of Advances – Line #2.040 & Line #2.050

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. 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.

All Other Financial Sources – Line #2.060

The district expects to receive approximately \$16,220 each year of the forecast in refunds and prior year expenditures. Another source of income to this line is the Sale of Fixed Assets. The district anticipates this line will remain stable due to the normal disposal cycle of our equipment.

Expenditures Assumptions
Estimated General Fund Operating Expenditures for FY21:



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. This forecast reflects a 2% base increase for FY21, as well as 4% included for step raises. The forecast reflects base increases of 1% in FY22 and 2% for FY23-25, as well as 3% step increases in FY22-25 for planning purposes only. Administration and non-represented staff typically will see a similar increase as the collective bargaining contract. However, these are reviewed on a yearly basis. The district will continue to monitor the staffing levels to effectively manage the largest expense for our district. FY21 is the final year of the negotiated agreement, and will negotiate again in the spring of 2021 for FY22-24.

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, with all except health insurance being directly related to the wages paid.

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System (STRS) or the School Employees Retirement System (SERS) as required by Ohio law. We are also required to pay SERS surcharge for all employees that do not make more than \$19,600 to help pay for the health care fund.

B) Insurance

At this time, we are estimating an increase of 8.5% for FY21, and 6% for FY22-25, 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.

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.

Unemployment increased in FY20 due to our employees qualifying based on positions outside of the district. We are anticipating this to be a one-time increase due to the shutdowns in the spring of 2020 from COVID-19. The district is a direct reimbursement employer, which means unemployment costs are incurred, and due if we have employees who are eligible and draw unemployment. This line also includes a reduction of the Bureau of Workers Compensation payments.

Estimated Fringe Benefits – Line #3.020

Source	FY21	FY22	FY23	FY24	FY25
A) STRS/SERS	\$1,683,318	\$1,749,191	\$1,834,797	\$1,924,679	\$2,019,052
B) Insurance's	2,937,320	3,113,559	3,300,373	3,498,395	3,708,299
C) Workers Comp/Unemployment	4,020	22,340	23,430	24,575	25,777
D) Medicare	149,460	155,287	162,861	170,810	179,158
Other/Tuition	0	0	0	0	0
Total Line 3.020	<u>\$4,774,118</u>	<u>\$5,040,377</u>	<u>\$5,321,461</u>	<u>\$5,618,459</u>	<u>\$5,932,286</u>

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 3% increase for each year of the forecast at this time.

Supplies and Materials – Line #3.040

This category accounts for textbooks, supplies for instruction, office, and maintenance. There is an increase of 3% for each year of the forecast for all areas in this category.

Capital Outlay – Line # 3.050

The district does not anticipate expense in this line for the forecasted period due to equipment items being purchased out of 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. 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 NPV savings of \$458,397 to the District and their taxpayers over the remaining life of the COPS.

Source	FY21	FY22	FY23	FY24	FY25
Principal TANS Line #4.020	\$380,481	\$409,700	\$435,000	\$455,000	\$470,000
Interest on TANS & HB 264 Total Line 4.060	<u>332,973</u>	<u>305,689</u>	<u>285,139</u>	<u>269,514</u>	<u>251,014</u>
Total Principal & Interest	<u>\$713,454</u>	<u>\$715,389</u>	<u>\$720,139</u>	<u>\$724,514</u>	<u>\$721,014</u>

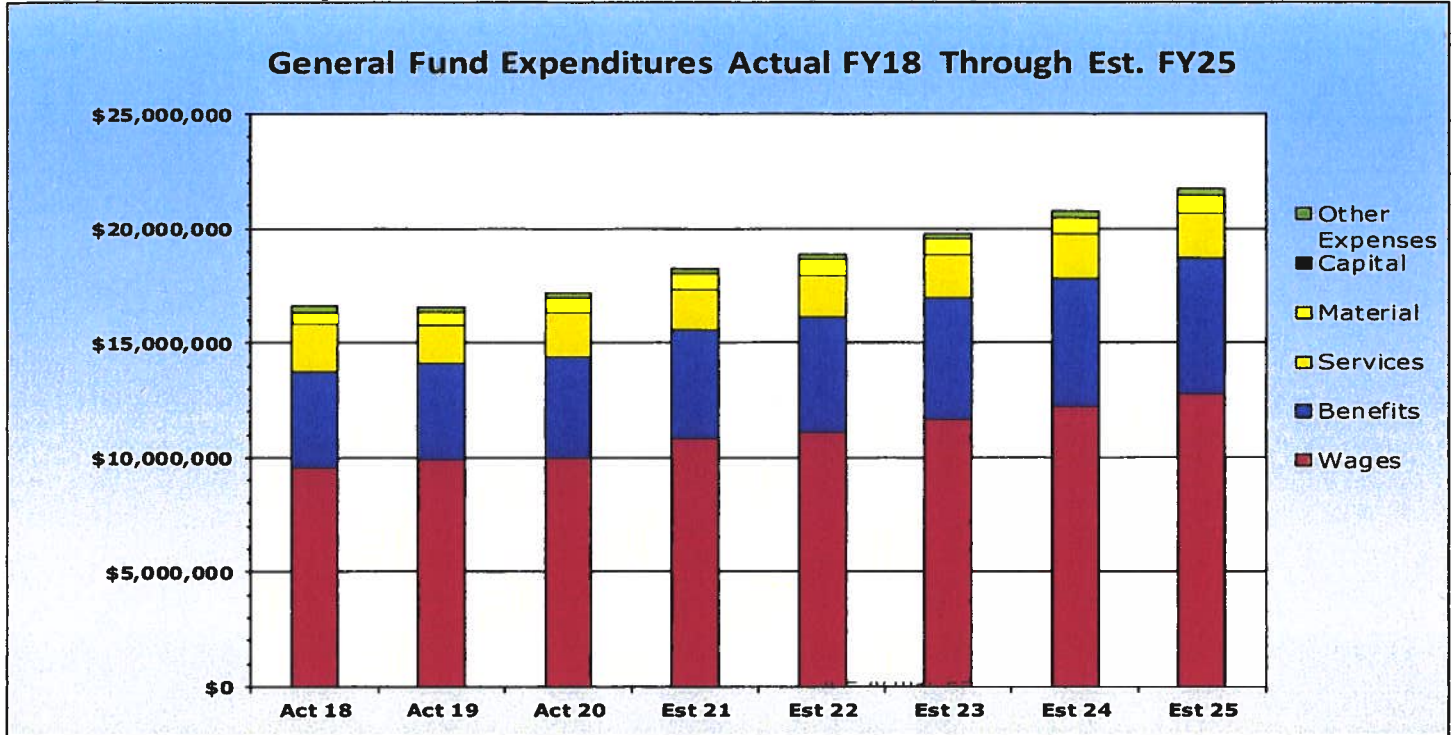
Other Expenses – Line #4.300

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 FY21-25. We will continue to monitor, and adjust in future years as necessary

Source	FY21	FY22	FY23	FY24	FY25
County Auditor & Treasurer Fees	\$165,990	\$167,650	\$169,327	\$171,020	\$172,730
Other expenses	34,089	34,430	34,774	35,122	35,473
Annual Audit	29,986	30,286	30,589	30,895	31,204
Memberships	<u>20,703</u>	<u>20,910</u>	<u>21,119</u>	<u>21,330</u>	<u>21,543</u>
Total Line 4.300	<u>\$250,768</u>	<u>\$253,276</u>	<u>\$255,809</u>	<u>\$258,367</u>	<u>\$260,950</u>

Total Expenditure Categories Actual FY18 through FY20 and Estimated FY21 through FY25

The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



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 \$825,360 broken down as follows: Maintenance Fund of \$425,360 and to Permanent Improvement Fund of \$400,000 for FY21-25. At this time, we are not anticipating an increase to this line. Advances is projected to remain \$130,000 for FY21-25 and will be paid back in the following year.

Source	FY21	FY22	FY23	FY24	FY25
Permanent Improvement - Transfer	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Maintenance - Transfer	<u>425,360</u>	<u>425,360</u>	<u>425,360</u>	<u>425,360</u>	<u>425,360</u>
Operating Transfers Out Line #5.010	<u>\$825,360</u>	<u>\$825,360</u>	<u>\$825,360</u>	<u>\$825,360</u>	<u>\$825,360</u>
Advances Out Line #5.020	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>
Total	<u>\$955,360</u>	<u>\$955,360</u>	<u>\$955,360</u>	<u>\$955,360</u>	<u>\$955,360</u>

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.

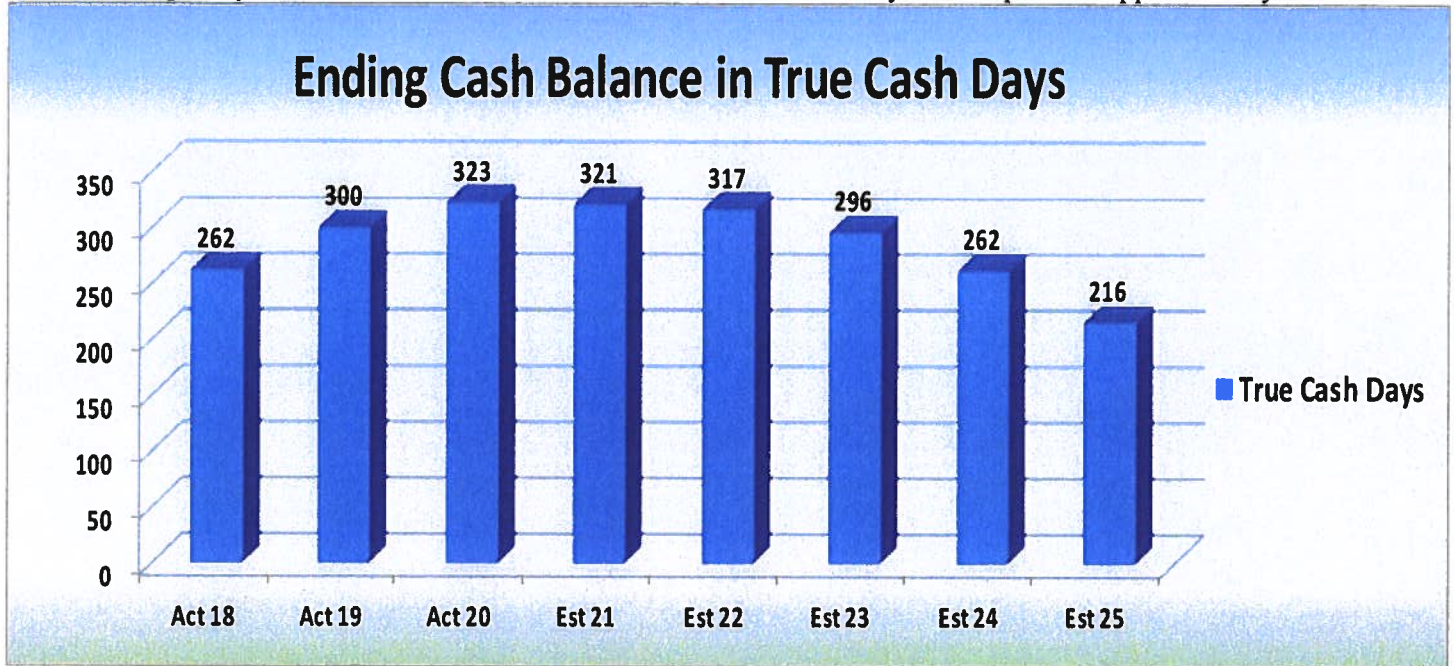
Ending Unencumbered Cash Balance “The Bottom-line”– Line#15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract that is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000, unless the new alternative 412 certificate can be issued pursuant to HB153 effective after September 30, 2011.

	FY21	FY22	FY23	FY24	FY25
Ending Unencumbered Cash Balance	<u>\$17,512,634</u>	<u>\$17,846,600</u>	<u>\$17,420,586</u>	<u>\$16,102,802</u>	<u>\$13,855,628</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. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year-end but could be more depending on each district’s complexity and risk factors for revenue collection. In FY21 60 days cash represents approximately \$3.08 million.



Conclusion

The district administration will be able to plan for the future needs of our students with the financial stability obtained with the current state budget, but they will also need to be mindful that there are many risks and uncertainties that will need to be considered in future planning, as there are two new state budgets in the time period from FY22-25.

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:
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Please visit the Ohio Department of Education website at
<ftp://ftp.ode.state.oh.us/geodoc/5-yrForecast/>