PIONEER TECHNOLOGY CENTER SCHOOL DISTRICT
RICHLAND COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN GENERAL FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING JUNE 30, 2023 THROUGH JUNE 30, 2027

Pioneer
CAREER & TECHNOLOGY CENTER
promises. progress. performance.

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

May 15, 2023

Pioneer Career and Technology Center

Richland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Revenues									
1.010	General Property Tax (Real Estate)	5,894,776	5,960,197	6,018,206	1.0%	6,056,949	6,136,245	6,164,854	6,193,236	6,221,391
1.020	Public Utility Personal Property Tax	1,762,426	1,953,974	1,722,588	-0.5%	1,776,258	1,778,176	1,796,676	1,815,176	1,833,676
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	7,395,158	7,342,426	8,529,387	7.7%	8,870,096	8,959,298	9,049,455	9,140,547	9,232,605
1.040	Restricted State Grants-in-Aid	3,515,131	3,514,999	4,277,571	10.8%	4,336,578	4,418,077	4,499,614	4,544,611	4,590,057
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	483,772	477,635	465,106	-1.9%	470,392	484,103	485,871	487,621	489,353
1.060	All Other Revenues	1,529,099	1,150,311	(24,920)	-63.5%	618,740	629,852	576,572	528,681	485,642
1.070	*Total Revenues*	20,580,362	20,399,542	20,987,938	1.0%	22,129,013	22,405,751	22,573,042	22,709,872	22,852,724
	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	7,992	13,373	0.0%	0	0	0	0	0
2.050	Advances-In	68,344	80,000	95,000	17.9%	63,656	35,000	35,000	35,000	35,000
2.060	All Other Financing Sources	66,294	102,948	9,547	-17.7%	35,437	35,437	35,437	35,437	35,437
2.070	*Total Other Financing Sources*	134,638	190,940	117,920	1.8%	99,093	70,437	70,437	70,437	70,437
2.080	*Total Revenues and Other Financing Sources*	20,715,000	20,590,482	21,105,858	1.0%	22,228,106	22,476,188	22,643,479	22,780,309	22,923,161
	Expenditures									
3.010	Personal Services	9,976,885	10,554,842	10,931,664	4.7%	11,347,534	11,924,387	12,502,625	13,109,756	13,747,224
3.020	Employees' Retirement/Insurance Benefits	4,414,531	4,691,741	4,867,063	5.0%	5,160,345	5,291,385	5,651,217	6,036,788	6,450,010
3.030	Purchased Services	1,922,078	1,604,898	1,752,016	-3.7%	1,602,836	1,882,979	1,949,934	2,008,431	2,068,683
3.040	Supplies and Materials	647,640	461,991	577,422	-1.8%	705,797	741,088	778,142	801,487	825,532
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)	367,400	380,481	417,350	6.6%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	435,000	455,000	470,000	490,000	505,000
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	354,801	332,973	298,039	-8.3%	285,139	269,514	251,014	234,264	219,339
4.300	Other Objects	248,285	237,233	280,483	6.9%	283,288	286,121	288,981	291,871	294,789
4.500	*Total Expenditures*	17,931,620	18,264,159	19,124,037	3.3%	19,819,939	20,850,474	21,891,913	22,972,597	24,110,577
	Other Financing Uses									
5.010	Operating Transfers-Out	845,100	860,827	925,360	4.7%	925,360	925,360	925,360	925,360	925,360
5.020	Advances-Out	130,000	95,000	35,000	-45.0%	35,000	35,000	35,000	35,000	35,000
5.030	All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	975,100	955,827	960,360	-0.8%	960,360	960,360	960,360	960,360	960,360
5.050	*Total Expenditures and Other Financing Uses*	18,906,720	19,219,986	20,084,397	3.1%	20,780,299	21,810,834	22,852,273	23,932,957	25,070,937
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,808,280	1,370,496	1,021,461	-24.8%	1,447,807	665,354	(208,794)	(1,152,648)	(2,147,776)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	15,182,913	16,991,193	18,361,689	10.0%	19,383,150	20,830,957	21,496,311	21,287,517	20,134,869
7.020	*Cash Balance June 30*	16,991,193	18,361,689	19,383,150	6.8%	20,830,957	21,496,311	21,287,517	20,134,869	17,987,093
8.010	*Estimated Encumbrances June 30*	281,659	309,750	364,523	13.8%	364,523	364,523	364,523	364,523	364,523

Pioneer Career and Technology Center

Richland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

		Actual				Forecasted				
		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	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*	16,709,534	18,051,939	19,018,627	6.7%	20,466,434	21,131,788	20,922,994	19,770,346	17,622,570
	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*	16,709,534	18,051,939	19,018,627	6.7%	20,466,434	21,131,788	20,922,994	19,770,346	17,622,570
	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*	16,709,534	18,051,939	19,018,627	6.7%	20,466,434	21,131,788	20,922,994	19,770,346	17,622,570

Pioneer Technology Center School District – Richland County
Notes to the Five Year Forecast
General Fund Only
May 15, 2023

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

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

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

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by the end of November and May each fiscal year. The five-year forecast includes three years of actual and five-years of projected general fund revenues and expenditures. Fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2023 Updates:

Revenues FY23
The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $687 thousand or 3.2% higher than the November forecasted amount of $21.4 million. This indicates the November forecast was 96.8% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 35.4% and are estimated to be $7.8 million, which is $20 thousand higher for FY22 than the original November estimate. Our estimates are 99.7% accurate for FY23 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $13.2 million, which is $262 thousand higher than the original estimate for FY23. We are pleased that we were able to be 98% accurate for FY23. We are currently on the cap and are expected to remain as a cap district for FY24 through FY27.

Line 1.06 - Other revenues are $403 thousand over original estimates, primarily due to the district's ability to leverage our cash balance to receive increased interest revenue, which is a result of high interest rates from the Federal Reserve's strategy to combat record inflation.

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

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be $19.8 million for FY23, which is $263 thousand lower than the original estimate of $20 million in the November forecast, which is roughly 98.6% on target with original estimates. The expenditure line most significantly under projection is Personnel Services (line 3.010).

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

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly $20.4 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the following two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1. 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 sexennial reappraisal in 2025 to be collected in 2026. Richland and Crawford Counties' valuations are the most significant of all of the counties; we are basing our reappraisal increases on the cycles they follow every three years. Richland County makes up 47% of Class I, 54% 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. House Bill (HB) 110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately, as those payments are included with basic aid. A change in expenditures, beginning in FY22, will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21, reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.

4. The current proposed state budget for FY24-25, HB33, was introduced on Feb. 15, 2023 and continues the implementation of the FSFP. In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.

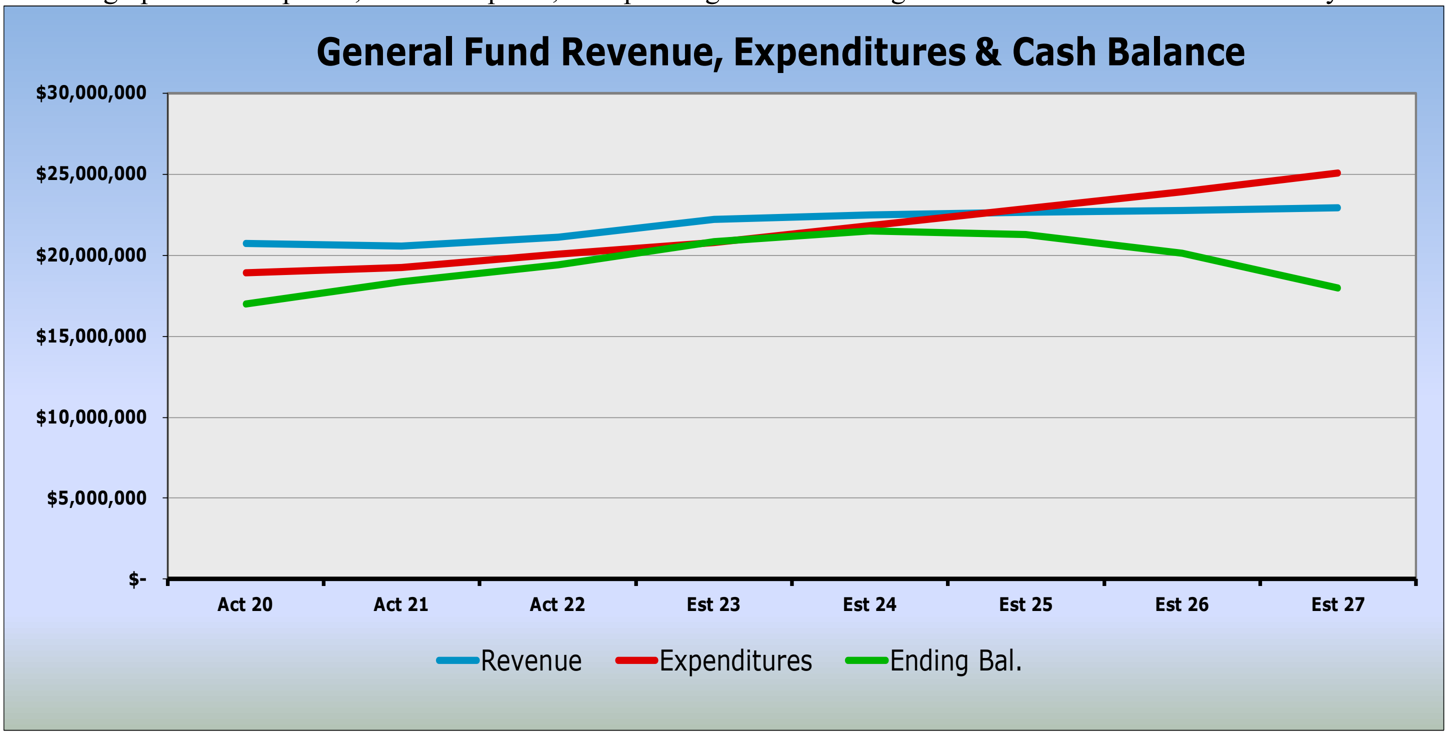
5. The legislature has introduced House Bill 1 (HB1), which modifies the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat $125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback on returning to local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage. As property values grow, the "effective" millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates to increase and would increase local taxpayers' property tax liability, to the extent intended. Taxpayers would however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its seventh hearing in regard to HB1 on April 25, 2023. As this bill is facing opposition from various entities due to its significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored.

6. 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.

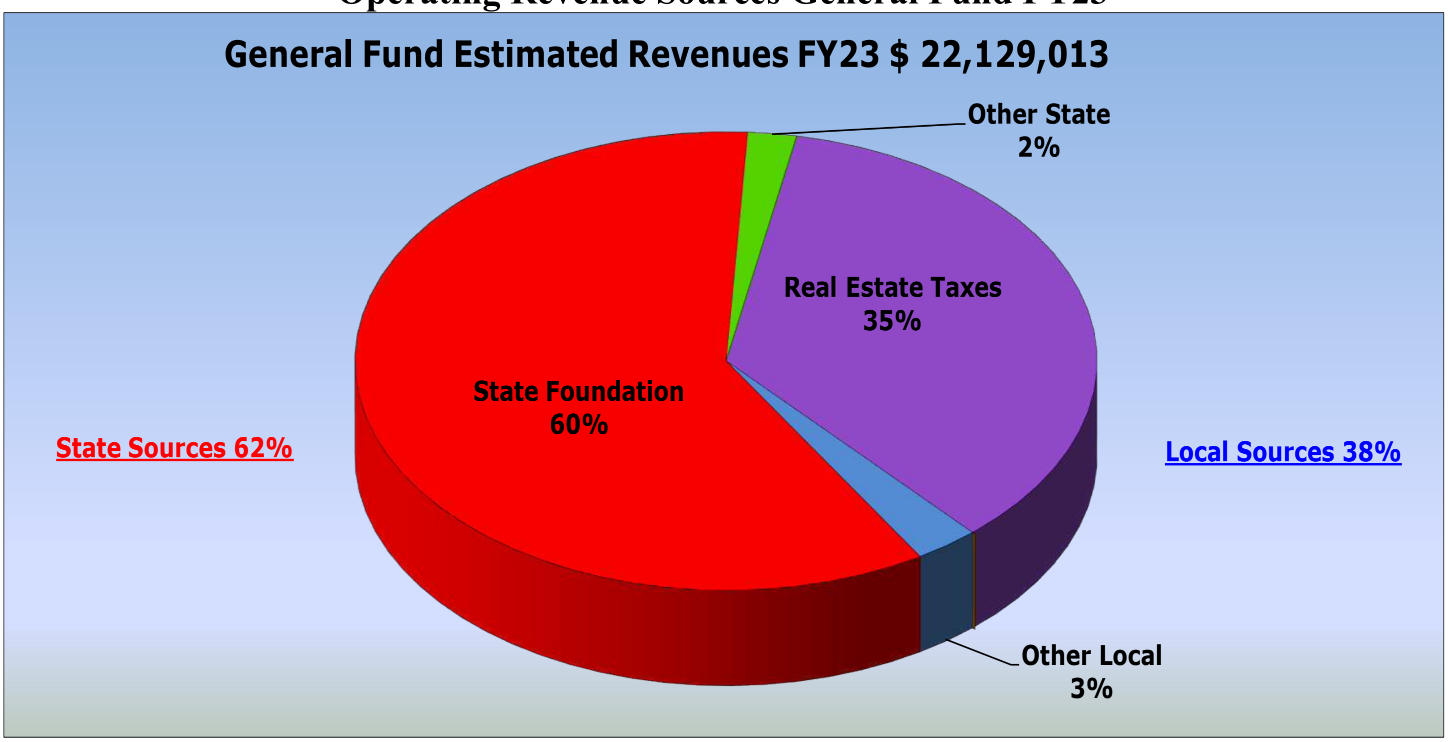
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast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

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

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 FY23



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 which 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 1% or $21.5 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 1% or $21.8 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 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

Classification	Estimated TAX YEAR2022 COLLECT 2023	Estimated TAX YEAR2023 COLLECT 2024	Estimated TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027
Res./Ag.	$2,155,200,000	$2,184,552,000	$2,214,197,520	$2,244,139,495	$2,274,380,890
Comm./Ind.	316,450,070	320,932,320	325,436,982	329,964,167	334,513,988
Public Utility Personal Property (PUPP)	477,088,129	482,088,129	487,088,129	492,088,129	497,088,129
Total Assessed Value	$2,948,738,199	$2,987,572,449	$3,026,722,631	$3,066,191,791	$3,105,983,007

Estimated Real Estate Tax Collection
Property tax levies are estimated to be collected at 97% of the annual amount. This allows for a 3% delinquency factor. In general, 57.25% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 42.75% collected in the August tax settlement.

Estimated Real Estate Tax (Line #1.010)

Source	FY23	FY24	FY25	FY26	FY27
General Property Taxes	$6,056,949	$6,136,245	$6,164,854	$6,193,236	$6,221,391

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.

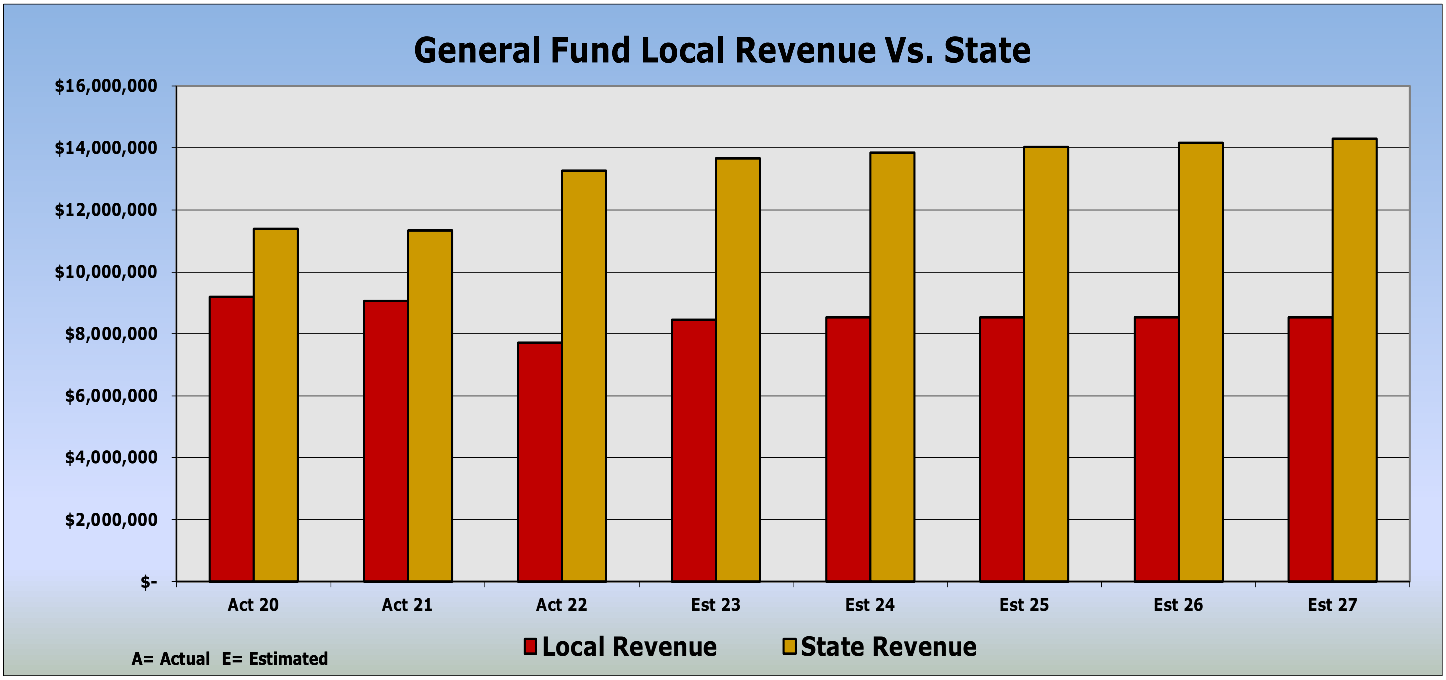
Estimated Public Utility Personal Tax – Line#1.020
Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were $477 million in assessed values in tax year 2022 and 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 1% or $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 0.52% or $2.7 million.

Source	FY23	FY24	FY25	FY26	FY27
Public Utility Personal Property (Line#1.020)	$1,776,258	$1,778,176	$1,796,676	$1,815,176	$1,833,676

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



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB110 through June 30, 2023

Unrestricted State Foundation Revenue– Line #1.035
The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. We have projected FY23 funding based on the May 2023 foundation settlement and funding factors.

Our district is currently a cap district in FY23 and is expected to remain capped in FY24-27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest, and possibly the most complicated, funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

Joint Vocational Career-Technical Funding in FY22 and FY23
The new funding formula for joint vocational school districts is substantially similar to the formula for traditional school districts, including the phase-in and guarantee, with the following differences:

1. Replaces the “special teacher” cost in the base cost computation with the “cost for teachers providing health and physical education, instruction regarding employability and soft skills, development and coordination and

internships and job placements, career-technical student organization activities, pre-apprenticeship and apprenticeship coordination, and any assessment related to career-technical education, including any nationally recognized job skills or end-of course assessment," which are calculated in the same manner.

2. Does not specify a minimum for the number of staff members for the staffing cost for student wellness and success for the district in base cost computation.
3. Calculates the district's cost for that fiscal year for career-technical curriculum specialists and coordinators, career assessment and program placement, recruitment and orientation, student success coordination, analysis of test results, development of intervention and remediation plans and monitoring of those plans, and satellite program coordination. This funding replaces a traditional district's cost computations for academic and athletic co-curricular activities.
4. Replaces per-pupil dollar amount with weighted funding for the five different career-technical programs.
5. A funding unit will be based on the funding unit's state share percentage times the career-technical education associated services amount times the statewide average career technical base costs per pupil in that fiscal year times the sum of the funding unit's categories one through five career-technical education ADM.

Other Restricted CTE State Aid

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

CTE Credential Program: The district may receive a portion of the $8 million for industry-recognized credentials for high school students for those earning an industry-recognized credential or receiving a journeyman certification recognized by the United States Department of Labor. Also, the district is to receive funding through the Innovative Workforce Incentive Program for students that have completed the industry-recognized credentials and are career-ready. The district will receive a share of a total of $12.5 million earmarked for this credentialing program set aside at the state level for all the credentials throughout the state. The Department of Education shall pay each city, local, and exempted village school district, community school, STEM school, and joint vocational school district an amount equal to $1,250 for each qualifying credential a student attending the district or school earned in the school year preceding the fiscal year in which the funds are appropriated, which will be prorated if the amount the Department of Education appropriates is insufficient. The district received $94 thousand in FY22 and will receive an estimated $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.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will consist of a general phase-in percentage for most components of 16.67% in FY22 and 33.33% in FY23. DPIA funding was phased in at 0% in FY22 and was changed by the legislature to be in line with the overall phase in at 33.33% in FY23.

Future State Budget Projections

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

<u>Unrestricted Basic Aid Foundation Funding</u>

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

Restricted Categorical State Aid

a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
b) Gifted Funds - Increases per pupil funding for the gifted professional development component from $14 in FY23 to $21 in FY24 and $28 in FY25.
c) Student Wellness and Success Funds
    a. Expenditures for either physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
    b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025 or the funds must be returned to the ODE.
    c. School resource officer funding will be allocated on a per building basis. Funds are able to support existing SROs.

Other Restricted CTE State Aid

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

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

With these changes to the state funding for FY24-25, we will increase state funding according to our analysis of the most current Legislative Service Commission simulations. Categorical funding estimates will be increased to reflect the changes in HB33. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable and 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% Gross Casino Revenue (GCR) that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as casino revenues appear to have dipped primarily due to their closure and not in response to the economic downturn. Before the COVID-19 closure, casino revenues grew modestly as the economy improved. Original projections for FY23-27 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil, actual payments in FY23 were $65.02 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

Source	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	$8,449,246	$8,533,738	$8,619,075	$8,705,266	$8,792,319
Innovative Workforce	$185,000	$185,000	$185,000	$185,000	$185,000
Credentials Reimbursement	85,290	86,996	88,736	90,511	92,321
Basic Aid-Unrestricted Subtotal	$8,719,536	$8,805,734	$8,892,811	$8,980,777	$9,069,640
Ohio Casino Commission ODT	150,560	153,564	156,644	159,770	162,965
Total Unrestricted State Aid Line # 1.035	$8,870,096	$8,959,298	$9,049,455	$9,140,547	$9,232,605

Restricted State Revenues – Line #1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. Using current May funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, 33.33% in FY23. We have estimated component funding increases at a conservative 1%, due to uncertainty on continued funding of the current funding formula.

Source	FY23	FY24	FY25	FY26	FY27
Student Wellness and Success	$307,389	$310,463	$313,568	$316,704	$319,871
Disadvantaged Pupil Impact Aid (DPIA)	186,663	188,530	190,415	192,319	194,242
English Learners	7,637	7,713	7,790	7,868	7,947
Career Tech - Restricted	3,723,838	3,761,076	3,798,687	3,836,674	3,875,041
CTE Associated Services	33,228	33,560	33,896	34,235	34,577
Career Awareness & Explorations	77,823	116,735	155,258	156,811	158,379
Total Restricted State Revenues Line #1.040	$4,336,578	$4,418,077	$4,499,614	$4,544,611	$4,590,057

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

State Taxes Reimbursement/Property Tax Allocation – Line #1.050
Rollback and Homestead Reimbursement

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

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

Source	FY23	FY24	FY25	FY26	FY27
Rollback and Homestead	$470,392	$484,103	$485,871	$487,621	$489,353

Other Local Revenues – Line #1.060

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

HB110, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeroes to help show the difference between projected FY23-27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as basic state aid.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates have begun to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our strong cash reserves. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Source	FY23	FY24	FY25	FY26	FY27
Open Enrollment Gross	$0	$0	$0	$0	$0
Interest	527,850	538,407	484,566	436,109	392,498
Associated Services	0	0	0	0	0
Class fees and Other	53,151	53,683	54,220	54,762	55,310
Other Tax - MH	16,358	16,358	16,358	16,358	16,358
Tax Abatement	19,053	19,053	19,053	19,053	19,053
Other Tuition	2,328	2,351	2,375	2,399	2,423
Total Other Local Revenue Line #1.060	$618,740	$629,852	$576,572	$528,681	$485,642

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	FY23	FY24	FY25	FY26	FY27
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	63,656	35,000	35,000	35,000	35,000
Total Transfer & Advances In	$63,656	$35,000	$35,000	$35,000	$35,000

All Other Financial Sources – Line #2.060

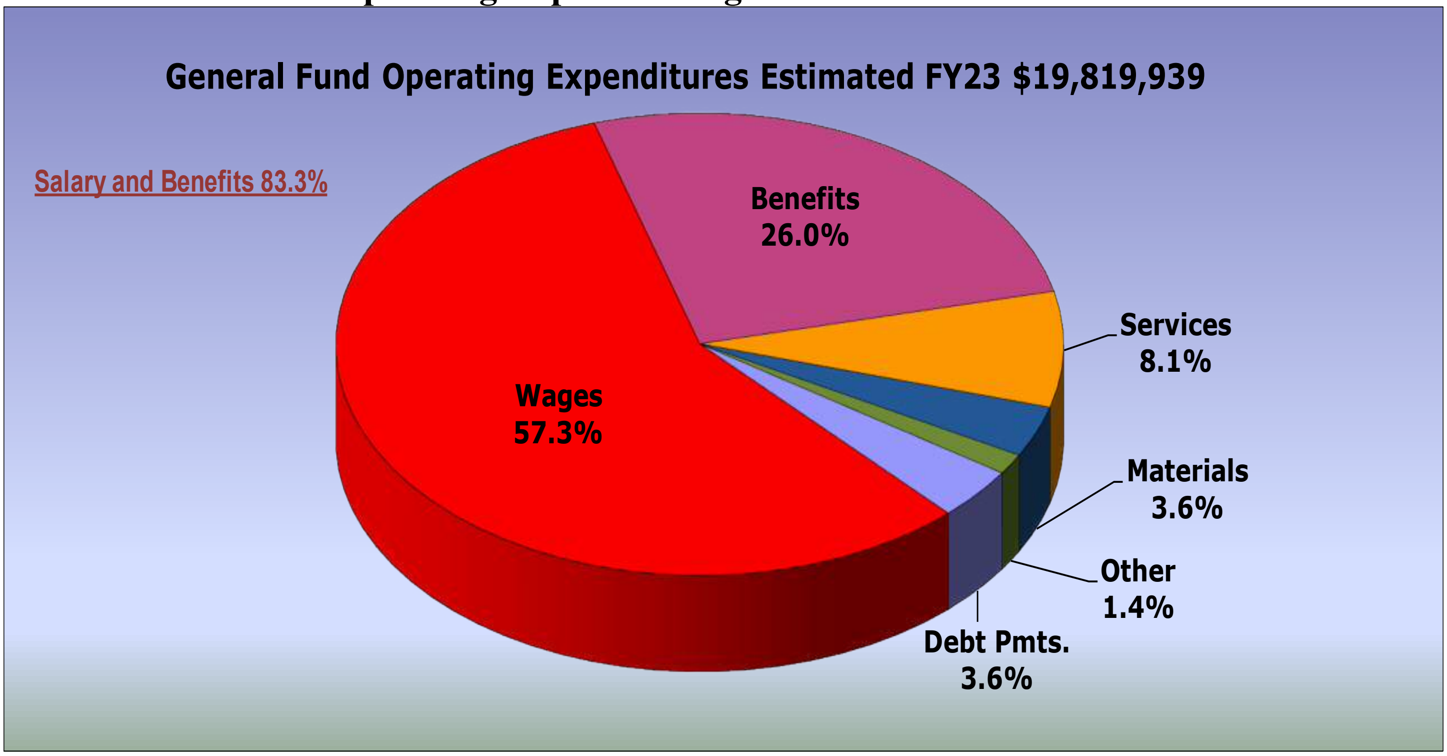
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that are in line with historical collections.

Source	FY23	FY24	FY25	FY26	FY27
Sale of Fixed Assets	$30,925	$30,925	$30,925	$30,925	$30,925
Refund of prior years expenditures	4,512	4,512	4,512	4,512	4,512
Total Other Financing Sources Line #2.060	$35,437	$35,437	$35,437	$35,437	$35,437

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 FY23



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 2% in FY23, 2.25% in FY24, and 2% in FY25-27. Also included is 3% step increases in FY23-27 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 newly approved negotiated agreement that is in place for FY22-24. The new agreement also includes $500, one-time payments, to members of the bargaining unit. The district will negotiate in the spring of 2024, when this contract ends.

Source	FY23	FY24	FY25	FY26	FY27
Base Wages	$10,452,793	$10,975,433	$11,551,643	$12,129,225	$12,735,687
Increases	209,056	246,947	231,033	242,585	254,714
All Staff - Steps and Training	313,584	329,263	346,549	363,877	382,071
BOE/OT	14,933	14,933	14,933	14,933	14,933
Substitutes	125,000	125,000	125,000	125,000	125,000
Supplementals	32,168	32,811	33,467	34,136	34,819
Staff Increases/Reductions	0	0	0	0	0
Severance	200,000	200,000	200,000	200,000	200,000
Total Wages Line #3.010	$11,347,534	$11,924,387	$12,502,625	$13,109,756	$13,747,224

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 3.6% for FY23, a 5% increase for FY24, and an 8% increase for FY5-27, 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 0.1% of wages FY23-27. Unemployment is expected to remain at a shallow level for FY23-27. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

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

Estimated Fringe Benefits – Line #3.020

Source	FY23	FY24	FY25	FY26	FY27
A) STRS/SERS	$1,772,814	$1,864,712	$1,956,830	$2,053,551	$2,155,106
B) Insurance's	3,211,523	3,230,349	3,488,777	3,767,879	4,069,309
C) Workers Comp/Unemployment	10,862	23,049	24,186	25,380	26,633
D) Medicare	157,146	165,275	173,424	181,978	190,962
Health Savings Account	8,000	8,000	8,000	8,000	8,000
Total Fringe Benefits Line #3.020	$5,160,345	$5,291,385	$5,651,217	$6,036,788	$6,450,010

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 FY23-25 and a 3% increase in the forecast for FY26-27, at this time.

HB110, the current state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education began to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships that granted 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 costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

Source	FY23	FY24	FY25	FY26	FY27
College Credit Plus	$524,384	$550,603	$578,133	$595,477	$613,341
Professional Support	327,510	543,886	543,886	560,203	577,009
Utilities	255,671	268,455	281,878	290,334	299,044
Building Maintenance Repairs and Leases	319,192	335,152	351,910	362,467	373,341
PD/Travel	80,074	84,078	88,282	90,930	93,658
Transportation and Other Tuition	26,724	28,060	29,463	30,347	31,257
Communications, Phone, and Other	69,281	72,745	76,382	78,673	81,033
	Total Purchased Servi	$1,602,836	$1,882,979	$1,949,934	$2,008,431

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 FY23-25 and a 3% increase in the forecast for FY26-27, at this time.

Source	FY23	FY24	FY25	FY26	FY27
Supplies	$514,856	$540,599	$567,629	$584,658	$602,198
Textbooks and Software	125,216	131,477	138,051	142,193	146,459
Building Maint Supplies	40,174	42,183	44,292	45,621	46,990
Vehicles Parts, Fuel, and Tires	25,551	26,829	28,170	29,015	29,885
Total Supplies Line #3.040	$705,797	$741,088	$778,142	$801,487	$825,532

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	FY23	FY24	FY25	FY26	FY27
Principal TANS Line #4.020	$435,000	$455,000	$470,000	$490,000	$505,000
Interest on TANS & HB 264 Total Line 4.060	285,139	269,514	251,014	234,264	219,339
Total Principal & Interest	$720,139	$724,514	$721,014	$724,264	$724,339

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 FY23-27. We will continue to monitor, and adjust in future years as necessary.

Source	FY23	FY24	FY25	FY26	FY27
County Auditor & Treasurer Fees	$198,145	$200,126	$202,127	$204,148	$206,189
Other expenses	26,767	27,035	27,305	27,578	27,854
Annual Audit	34,487	34,832	35,180	35,532	35,887
Memberships	23,889	24,128	24,369	24,613	24,859
Total Other Expenses Line #4.300	$283,288	$286,121	$288,981	$291,871	$294,789

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 $925 thousand, broken down as follows: Maintenance Fund of $425 thousand and Permanent Improvement Fund of $500 thousand for FY23-27. At this time, we are not anticipating an increase to this line. Advances are projected to remain $35 thousand for FY23-27 and will be paid back in the following year.

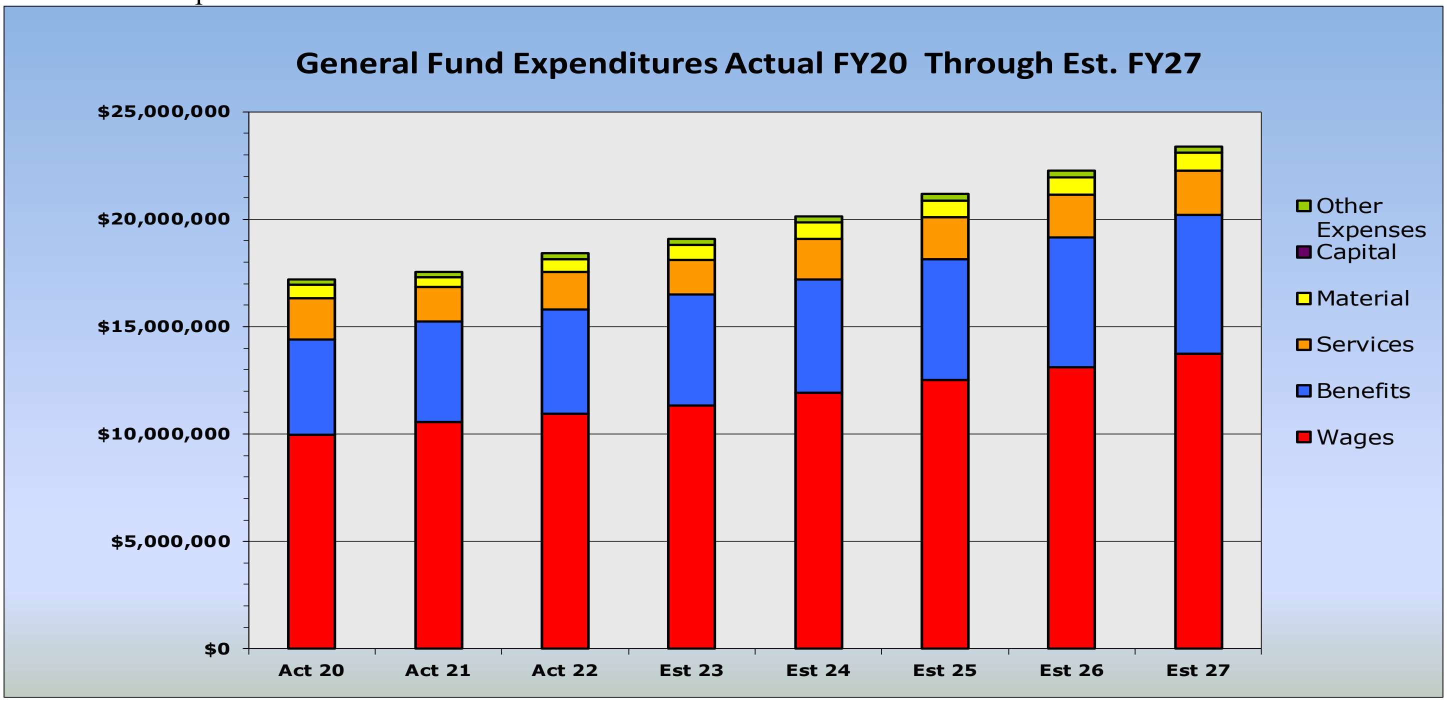
Source	FY23	FY24	FY25	FY26	FY27
Permanent Improvement - Transfer	$500,000	$500,000	$500,000	$500,000	$500,000
Maintenance - Transfer	425,360	425,360	425,360	425,360	425,360
Operating Transfers Out Line #5.010	$925,360	$925,360	$925,360	$925,360	$925,360
Advances Out Line #5.020	$35,000	$35,000	$35,000	$35,000	$35,000
Total Transfer & Advances Out	$960,360	$960,360	$960,360	$960,360	$960,360

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 FY20 through FY22 and Estimated FY23-27

As the following graph indicates, we have been diligent at containing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



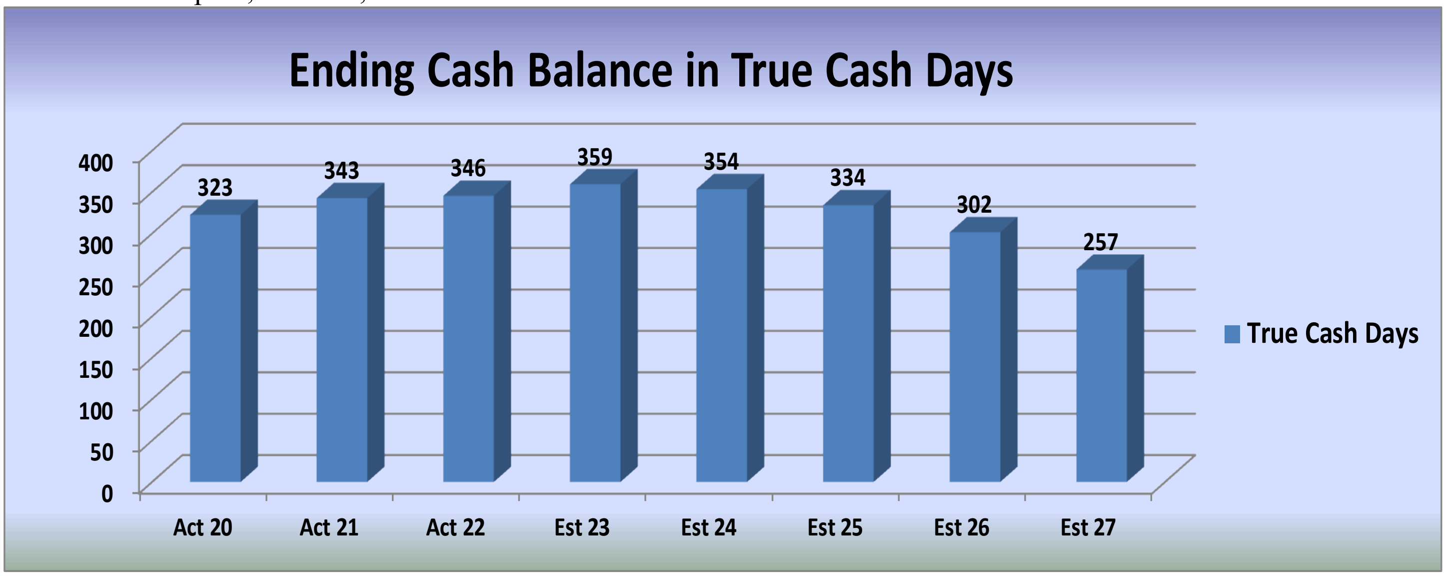
Ending Unencumbered Cash Balance – Line#15.010

This amount must not go below $0, or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of $10,000. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is approximately $1.6 million for our district.

	FY23	FY24	FY25	FY26	FY27
Ending Unencumbered Cash Balance	$20,466,434	$21,131,788	$20,922,994	$19,770,346	$17,622,570

True Cash Days Ending Balance

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



Conclusion

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state funding will be closely monitored as HB33 moves through the legislative process.

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

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/