Wayne County Schools Career Center

Five Year Forecast Financial Report

Fiscal Year 2023

Forecast Provided By
Mary Workman, Treasurer
November 16, 2022

Wayne County Schools Career Center

Wayne 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)	$4,601,831	$4,869,208	$5,203,373	6.3%	$5,211,000	$5,488,000	$5,692,000	$5,694,000	$5,823,000
1.020	Public Utility Personal Property Tax	1,205,542	1,345,591	1,178,201	-0.4%	1,191,000	1,188,000	1,180,000	1,172,000	1,164,000
1.030	Income Tax	-	-	-	0.0%	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	4,316,274	4,342,033	4,587,037	3.1%	4,697,000	4,697,000	4,698,000	4,699,000	4,700,000
1.040	Restricted State Grants-in-Aid	1,552,176	1,554,719	1,905,447	11.4%	1,947,000	1,947,000	1,947,000	1,947,000	1,947,000
1.045	Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-
1.050	Property Tax Allocation	591,823	623,079	654,984	5.2%	659,000	708,000	748,000	749,000	769,000
1.060	All Other Revenues	647,068	520,461	216,297	-39.0%	429,000	494,000	455,000	405,000	302,000
1.070	*Total Revenues*	$12,914,714	$13,255,090	$13,745,339	3.2%	$14,134,000	$14,522,000	$14,720,000	$14,666,000	$14,705,000
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	-	-	-	0.0%	-	-	-	-	-
2.060	All Other Financing Sources	27,262	93,018	9,287	75.6%	5,500	5,500	5,500	5,500	5,500
2.070	*Total Other Financing Sources*	$27,262	$93,018	$9,287	75.6%	$5,500	$5,500	$5,500	$5,500	$5,500
2.080	*Total Revenues and Other Financing Sources*	$12,941,976	$13,348,109	$13,754,627	3.1%	$14,139,500	$14,527,500	$14,725,500	$14,671,500	$14,710,500
	Expenditures									
3.010	Personal Services	6,554,591	6,588,648	6,966,047	3.1%	$7,307,000	$7,571,000	$7,789,000	$8,014,000	$8,245,000
3.020	Employees' Retirement/Insurance Benefits	2,711,202	2,790,527	2,909,044	3.6%	3,299,000	3,502,000	3,726,000	3,967,000	4,227,000
3.030	Purchased Services	1,407,812	1,518,245	1,645,232	8.1%	1,837,000	1,886,000	1,958,000	2,048,000	2,143,000
3.040	Supplies and Materials	507,351	551,078	525,743	2.0%	777,000	777,000	777,000	777,000	777,000
3.050	Capital Outlay	1,311,175	1,762,005	211,900	-26.8%	230,000	230,000	230,000	230,000	230,000
3.060	Intergovernmental	-	-	-	0.0%	-	-	-	-	-
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020	Principal-Notes	-	-	-	0.0%	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	0.0%	-	-	-	-	-
4.055	Principal-Other	-	-	-	0.0%	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	0.0%	-	-	-	-	-
4.300	Other Objects	146,523	153,459	177,861	10.3%	203,000	218,000	223,000	227,000	237,000
4.500	*Total Expenditures*	$12,638,654	$13,363,961	$12,435,826	-0.6%	$13,653,000	$14,184,000	$14,703,000	$15,263,000	$15,859,000
	Other Financing Uses									
5.010	Operating Transfers-Out	174,007	170,257	175,007	0.3%	3,178,257	178,257	178,257	178,257	178,257
5.020	Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030	All Other Financing Uses	-	-	-	0.0%	-	-	-	-	-
5.040	*Total Other Financing Uses*	$174,007	$170,257	$175,007	0.3%	$3,178,257	$178,257	$178,257	$178,257	$178,257
5.050	*Total Expenditures and Other Financing Uses*	$12,812,661	$13,534,218	$12,610,833	-0.6%	$16,831,257	$14,362,257	$14,881,257	$15,441,257	$16,037,257
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	$129,315	-$186,110	$1,143,793	-479.3%	-$2,691,757	$165,243	-$155,757	-$769,757	-$1,326,757
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$8,318,829	$8,448,144	$8,262,034	-0.3%	$9,405,827	$6,714,070	$6,879,313	$6,723,556	$5,953,799
7.020	*Cash Balance June 30*	$8,448,144	$8,262,034	$9,405,827	5.8%	$6,714,070	$6,879,313	$6,723,556	$5,953,799	$4,627,042
8.010	*Estimated Encumbrances June 30*	$1,660,667	$168,305	$245,344	-22.0%	$300,000	$300,000	$300,000	$300,000	$300,000
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials				0.0%	-	-	-	-	-
9.020	Capital Improvements				0.0%	-	-	-	-	-

Wayne County Schools Career Center

Wayne County

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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
9.030	Budget Reserve				0.0%	-	-	-	-	-
9.040	DPIA				0.0%	-	-	-	-	-
9.045	Fiscal Stabilization				0.0%	-	-	-	-	-
9.050	Debt Service				0.0%	-	-	-	-	-
9.060	Property Tax Advances				0.0%	-	-	-	-	-
9.070	Bus Purchases				0.0%	-	-	-	-	-
9.080	*Subtotal*				0.0%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	$6,787,477	$8,093,729	$9,160,483	16.2%	$6,414,070	$6,579,313	$6,423,556	$5,653,799	$4,327,042
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	$6,787,477	$8,093,729	$9,160,483	16.2%	$6,414,070	$6,579,313	$6,423,556	$5,653,799	$4,327,042
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		-	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	$6,787,477	$8,093,729	$9,160,483	16.2%	$6,414,070	$6,579,313	$6,423,556	$5,653,799	$4,327,042

Wayne County Schools Career Center – Wayne County
Notes to the Five-Year Forecast
General Fund Only
November 16, 2022

Introduction to the Five-Year Forecast

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

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

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

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

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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2022 filing.

Economic Outlook

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic, which began in early 2020. The effects of the pandemic have lessened, but several supply chain concerns and high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to 8.3% in August. Costs in FY22 were notably impacted in areas such as electric and natural gas and building materials for facility maintenance and repair. Increased inflation affecting district costs is expected to continue in FY23; it remains to be seen if these costs are transitory or will last over the next few years, which could significantly impact our forecast and adversely affect state and local funding.

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

The State of Ohio's economy has steadily recovered over the past two years. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in year two of a projected five-year phase. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown. It may enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs in the first half of the 2023 calendar year.

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

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.

I. Being in multiple counties can pose many challenges in determining the increases or decreases in values, however, we are very fortunate that a majority of the district's valuation is in Wayne County. The reappraisal was in 2020 collected in 2021 and the next triennial update will be in 2023 collected in 2024. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years, and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equates to 48.33% of the district's resources. Our tax collections in the March 2022 and August 2022 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

II. The future risk comes in FY24 and beyond if the state economy stalls or worsens and the fair school funding plan is not funded in future state budgets or if an economic downturn results in a reduction in state aid. There are two future state biennium budgets covering the period from FY24-25 and FY26-27 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 FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

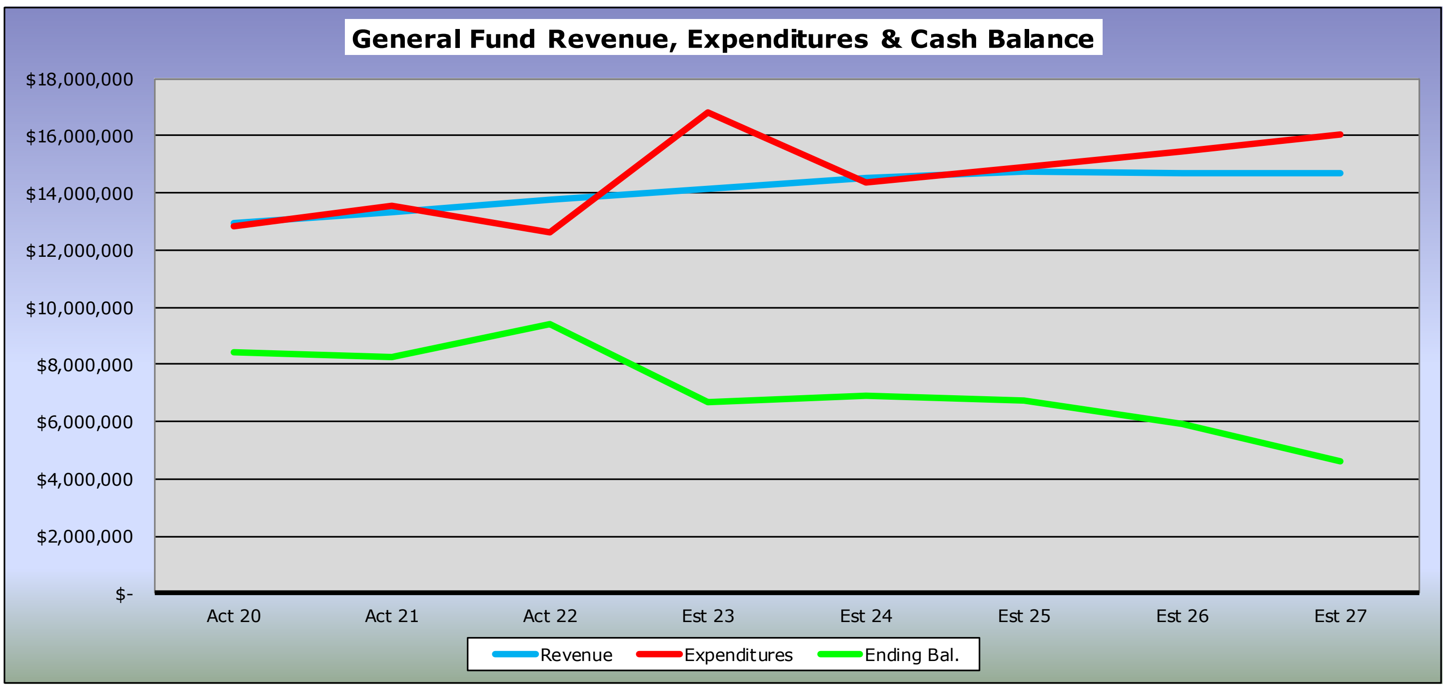
III. HB110 the current state budget implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to the way foundation revenues 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, open enrollment payments will no longer be paid separately to a district as those payments are included with basic aid. The initial impact of these changes on the forecast will be noticed in the historic actual costs for FY20 through FY21 potentially reflecting different trends on

Lines 1.035, 1.04, and 1.06 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.

IV. 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.

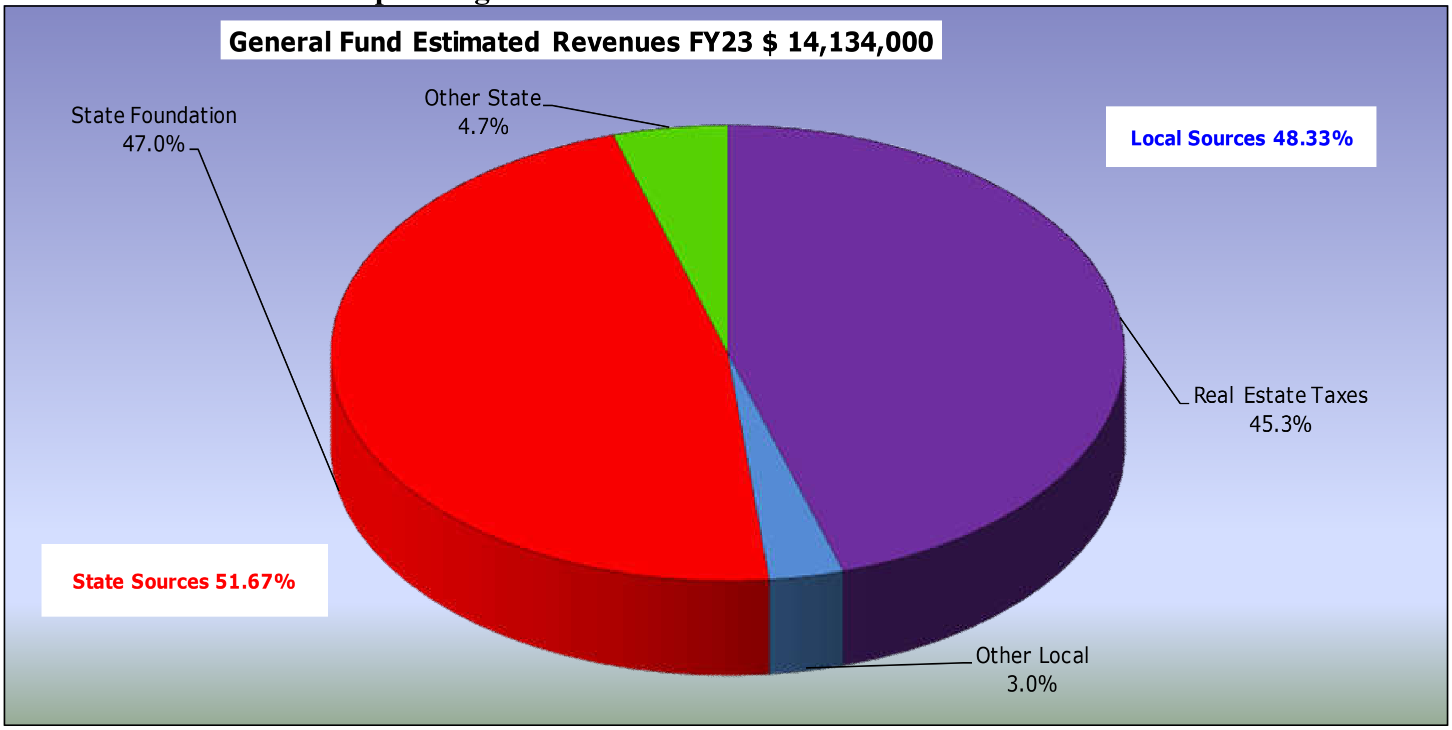
The major line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district.

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 FY23-FY27, with actual data provided for FY20-FY22.



Revenue Assumptions

Estimated General Fund Operating Revenue for FY23



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditors based on new construction and complete reappraisal or updated values. There was a reappraisal completed in 2020 for the collection in 2021 in Wayne County. Class I residential/agricultural values increased 13.57% or $272.6 million due to the reappraisal led by an improving housing market. There was a similar increase in the Class II commercial/industrial values of 12.40% or $59.4 million for the reappraisal.

The next triennial update will be in 2023 for collection in 2024 for Wayne County. Currently, we are projecting a 12.13% increase or $280.1 million in valuations from the update for Class I. We are also expecting an increase in Class II of .73% for $4.0 million for the update valuations. Although we are cautiously optimistic that Class II will grow more significantly than forecasted, it's too early to tell in today's turbulent and volatile economy. The fed rate hikes are making it more expensive for businesses to borrow money. We will monitor these projections with the economy and make changes during future forecasts.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

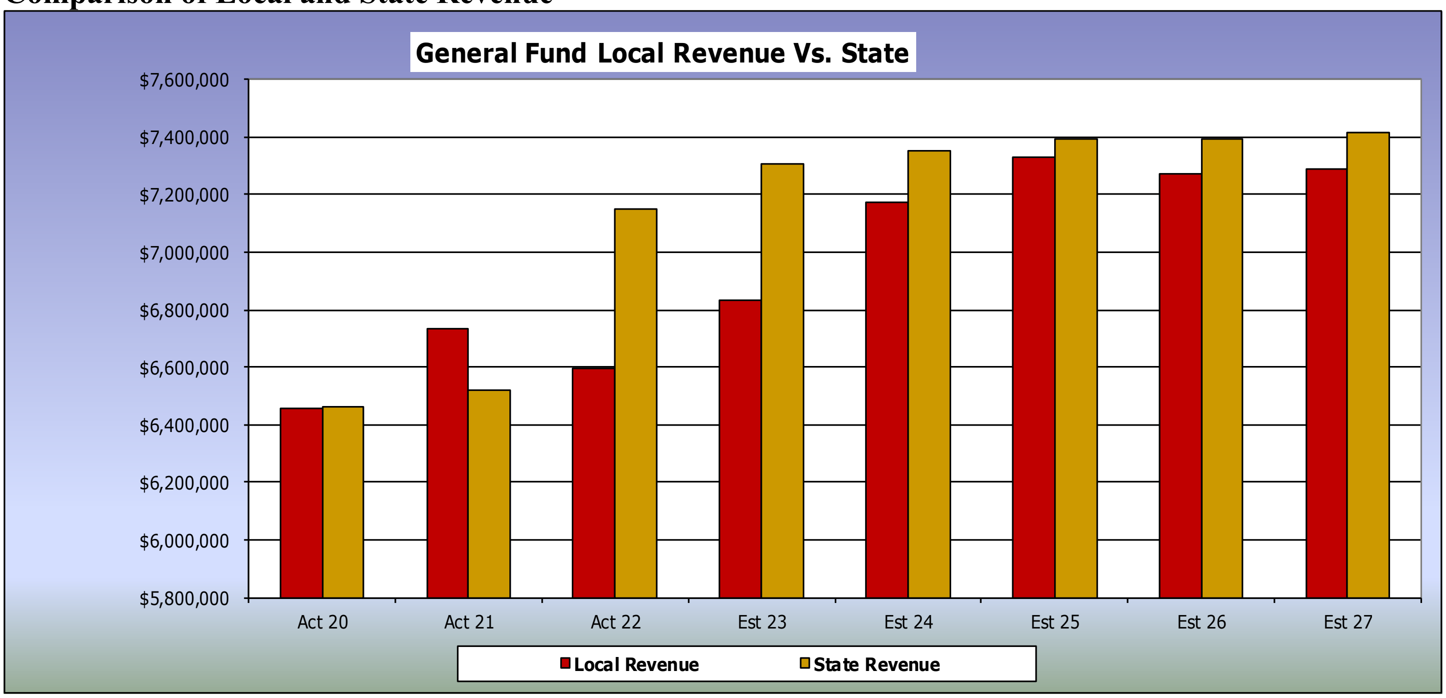
	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026
Classification	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027
Res./Ag.	$2,309,570,100	$2,589,693,512	$2,593,068,512	$2,596,443,512	$2,729,640,688
Comm./Ind.	$550,939,150	$554,948,542	$551,448,542	$548,948,542	$545,997,490
Public Utility Personal Property (PUPP)	$291,213,183	$289,213,183	$287,213,183	$285,213,183	$283,213,183
Total Assessed Value	$3,151,722,433	$3,433,855,236	$3,431,730,236	$3,430,605,236	$3,558,851,361

Estimated Real Estate Tax Collection
Property tax levies are estimated to be collected at 97.2% of the annual amount. 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 56.92% of the Residential/Agriculture and Commercial/Industrial in the February tax settlements and 43.08% collected in the August tax settlements.

Estimated Public Utility Personal Property Tax – Line#1.020
Public Utility tax settlements (PUPP taxes) are estimated to be received 75% in the February and 25% in the August settlements. The amounts received below are generally all Public Utility Personal Property (PUPP) taxes which are an ongoing property tax collection.

The Rover pipeline traverses through approximately 55 miles in Wayne County. The pipeline was placed into operation in phases in 2017 and 2018. Rover collections are paid in full during the 1st half of collection in each calendar year. The forecast assumes this trend will continue. Nexus pipeline also traverses a small portion of Wayne County. Both pipelines have appealed values with the Ohio Board of Tax Appeals after initial appeals were denied by the State Tax Commissioner (Rover 43% of taxable value and Nexxus 53% of taxable value). A settlement was reached for the Nexus case, but an appeal has been filed by the Lorain County Auditor as well as Nexus. This case now rests with the Ohio Board of Tax Appeals

Comparison of Local and State Revenue



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

A) 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. Full calculations of the new formula were not available for nearly all of last fiscal year. We have projected FY23 funding based on the October 2022 foundation settlement and funding factors.

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

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

A. Student Population and Demographics
B. Property Valuation
C. Personal Income of District Residents
D. Historical Funding- CAPS and Guarantees from prior funding formulas

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base funding for four (4) areas:

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

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state wide average of $8,891.03 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. There are three (3) components to the career-technical state share percentage:

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

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

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

Categorical State Aid

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

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also, will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. The phase-in increases are limited to 0% for FY22 and 14% in FY23. There is no legislation indicating what the percentage increase may be for FY24 and beyond for DPIA.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand-alone fund.

Joint Vocational Career-Technical Funding in FY22 and FY23

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

1. Replaces the "special teacher" cost in the base cost computation with the "cost for teachers providing health and physical education, instruction regarding employability and soft skills, development and coordination and internships and job placements, career-technical student organization activities, pre-apprenticeship and apprenticeship coordination, and any assessment related to career-technical education, including any nationally recognized job skills or end-of course assessment," which are calculated in the same manner.
2. Does not specify a minimum for the number of staff members for the staffing cost for student wellness and success for the district in base cost computation.
3. Calculates 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 the cost computations for academic and athletic co-curricular for a traditional district.
4. Replaces per-pupil dollar amount to a weighted funding for the five different career-technical programs.
5. A funding unit will be based on the funding unit's state share percentage times the career-technical education associated services amount times the statewide average career technical base costs per pupil in that fiscal year times the sum of the funding unit's categories one through five career-technical education ADM.

Other Restricted CTE State Aid

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

CTE Credential Program: The district may receive a portion of the $8 million for industry-recognized credentials for high school student for those that earn an industry-recognized credential or receive 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 that has been set aside at the state level for all of the credentials throughout the state. The Department of Education shall pay each city, local, and exempted village school district, community school, STEM school, and joint vocational school district an amount equal to $1,250 for each qualifying credential a student attending the district or school earned in the school year preceding the fiscal year in which the funds are appropriated, which will be prorated if the amount that is appropriated by the Department of Education is insufficient. The district received $48,271 in FY22 and is estimated to flatline each year of the forecast. Additionally, in FY22 the district received $127,500 for innovation funds for FY20 and FY21. It is expected to receive FY22 funding in FY23.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23.

HB110 includes three (3) guarantees: 1) “Formula Transition Aid”; 2) Supplemental Targeted Assistance, and, 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get less funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and additional aid items. It is estimated that nearly 420 districts are on one form of a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

Future State Budgets Projections beyond FY23

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

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% 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 largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil. Actual payments in FY22 were $62.76 per pupil. FY23 Casino revenues are based on the August payment with a 2% annual growth rate for the remainder of the forecast.

B) 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 English Learners (ESL), Student Wellness, CTE Associated Services and Career Awareness and Exploration. Using current March 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 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula. The Career Awareness & Explorations will increase in FY23 to $5.00 per enrolled student of the local districts from the $2.50 per student in FY22.

C) Restricted Federal Grants in Aid – line #1.045

There is no restricted federal funding projected in this forecast.

Summary of State Foundation Revenues	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	$4,696,105	$4,696,246	$4,697,331	$4,698,438	$4,699,567
Restricted Line # 1.040	$1,946,137	$1,946,137	$1,946,137	$1,946,137	$1,946,137
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$6,642,242	$6,642,383	$6,643,468	$6,644,575	$6,645,704

State Taxes Reimbursement/Property Tax Allocation – Line #1.050

a) 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
HB110 the new state budget will stop paying open enrollment as an increase to other revenue for the district. Open enrolled students will be counted as students that attend the district within the Enrolled ADM and will be included in the state basic funding.

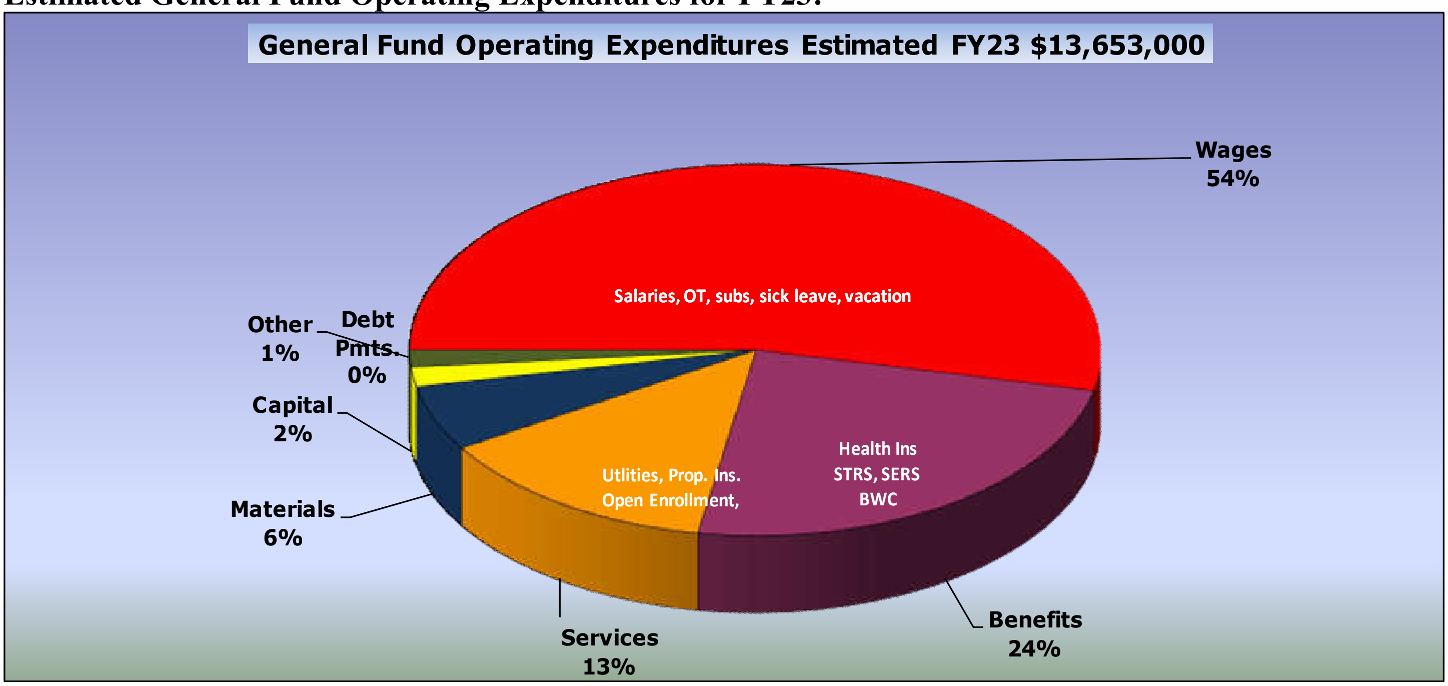
Other revenues are projected to remain relatively flat with the exception of interest. We have increased interest to $345,200 in FY23 and $409,867 in FY24. The forecast begins reflecting reductions in interest year over year beyond FY24. Security of the public funds collected by the district is the top priority of the treasurer's office when investing district funds.

Transfer-In/Advances-In – Line #2.040 and 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. The district is not anticipating any Transfers or Advances In.

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable, therefore the district does not expect to have any significant refunds during the forecast years.

Expenditures Assumptions

Estimated General Fund Operating Expenditures for FY23:



Wages – Line #3.010
The district maintains exempt employees, association employees, and administrators. The school has one bargaining unit: WCJVS Education Association for certified, classified and part-time staff. The Association contract is for a 3-year term effective July 1, 2020 through June 30, 2023. Base salary increases are 2% per year with steps averaging 1.4% per year. The district is forecasting a 1.5% base wage increase for FY24-FY27.

However, increases in base salary are subject to the negotiated agreements between the Board of Education and Association. Any increases agreed upon by both parties will be based on financial solvency and the ability to sustain such increases.

There is also a 3% increase each year for substitute wages and increases consistent with the steps and raises for supplemental wages from FY23 through FY27.

Student Success & Wellness funds are reflected in the forecast effective in FY22. Therefore, the corresponding expenses are reflected as well. This includes the personnel expenses for nursing.

The district contracts for services with the Tri-County Educational Service Center as well as shared services with the ESC and area schools. This has reduced the salaries/benefits line, increased the purchased services line, as well as provided flexibility, and cost savings of shared services. Additional staffing adjustments are made each year to align staff with student needs.

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 or the School Employees Retirement System as required by Ohio law. The district is also required to pay the School Employees Retirement System surcharge for an additional employer charge based on the salaries of lower-paid SERS members. It is exclusively used to fund health care. There are circumstances where the Board pays more than 14% of an employee's wages to the retirement system.

B) Insurance

Health insurance premium increases were 1.21% in FY20, 3.85% in FY21, and 3.9% in FY22. The district received the current rates that began July 2022 with an increase of 7.35% and are expecting insurance trends to be 10% for FY24-FY27. The Stark COG has issued at least one health insurance premium holiday each year. The district received two holidays in FY20, FY21, and FY22 and received one holiday in FY23. The district is forecasting that it will receive one month of an insurance holiday in FY24 through FY27. We will review the insurances and trends annually.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about .19% of wages for FY23–FY27. The district is a direct reimbursement employer which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment and is forecasting $11,780 per year for these costs in FY23-FY27.

D) Medicare

Medicare will continue to increase at the rate of increase of wages. 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.

E) Other/Tuition

The district reimburses employees for tuition as per language in the bargaining unit agreements. Tuition reimbursement is to further their education in order to maintain licensure for teaching.

Purchased Services – Line #3.030
Professional support includes but is not limited to legal fees, utilities, repairs, professional development, and services not performed by employees are included in this line of the forecast.

Student Success & Wellness funds are now reflected in the forecast effective in FY22. Therefore, the corresponding expenses are reflected as well. This includes the expenses for contracted services for attendance and mental health counseling.

The district will increase expenses in FY23 to be more in line with what was being spent prior to the COVID-19 pandemic. Additional amounts are added to building repairs, professional development and utilities. The district will have annual increases of 5% annually for most other areas from FY23 through FY27.

Supplies and Materials – Line #3.040
The district is expecting additional costs in FY23 largely due to inflation. However, the district will hold expenses flat each year of the forecast beyond FY23. This category of expenses is characterized by copy paper, maintenance supplies, educational supplies, etc.

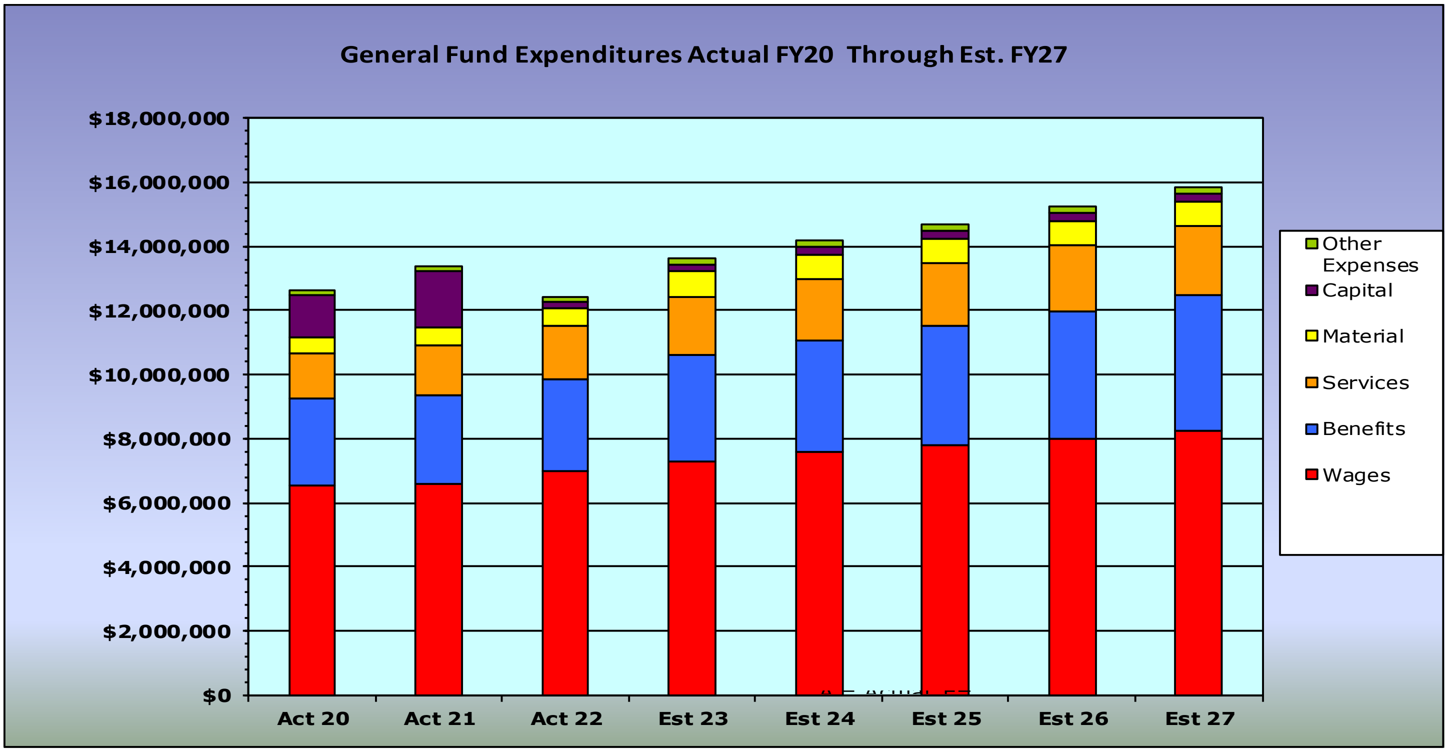
Capital Outlay – Line # 3.050
The area of capital outlay is for all types of equipment whether it is for educational purposes or building repairs.

Included in this line are building improvements. The board budgeted $1 million in capital improvements and new equipment for the Auto Technology lab. This project is reflected in FY19 and FY20. The board budgeted $1.9 million for lab renovations for Animal Science, Diesel Technologies, and Agribusiness and Production. This project is reflected in FY20 and FY21.

The district is purchasing 1 to 1 technology for students as well as other miscellaneous equipment not purchased out of the Permanent Improvement levy.

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, election expenses, our annual audit and other miscellaneous expenses. The increase for these items is approximately 2% for most of the expenses each year. However, during reappraisal and updates, County Auditor and Treasurer's Fees are higher. The audit fees also increase approximately 4.5% a year.

Total Expenditure Categories Actual FY20 through FY22 and Estimated FY23 through FY27
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 to be $3,178,257 in FY23. The OSFC renovation project requires the school to transfer a total of $6,600,000 into the 034 Maintenance Fund over a 23-year period. This equates to a transfer of $164,757 each year to meet this commitment. The school implemented a drug free club program in FY15. The Board committed to match up to $12,500 in community donations to this club each year to assist in managing the expense of the actual drug testing kits. The Board grants two $500 Ambassador Program Achievement Awards each year, which began in FY16. The District is planning a one-time $3,000,000 transfer in FY23 to a Capital Projects Fund for the construction of a new welding lab. The remaining years will see transfers of 178,257 each year of the forecast as stated above.

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.

	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances	$300,000	$300,000	$300,000	$300,000	$300,000

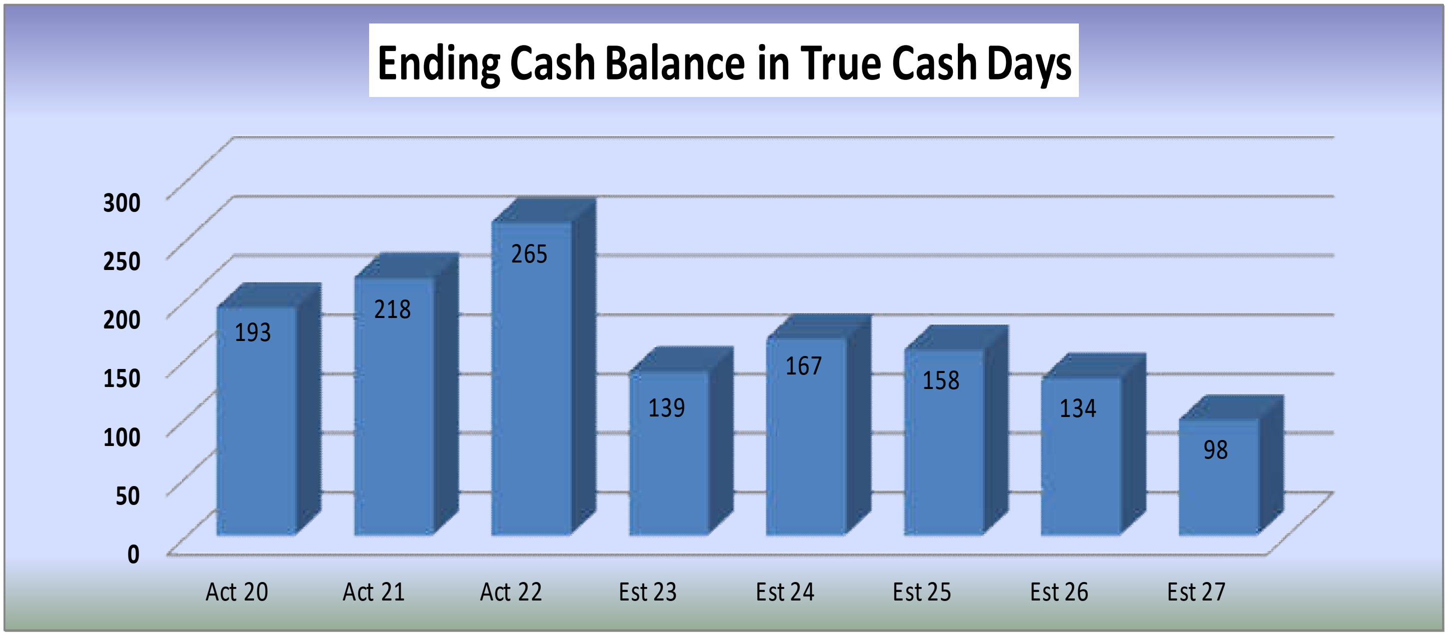
Ending Unencumbered Cash Balance "The Bottom-line"– Line#15.010
This amount must not go below $-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a

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.

	FY23	FY24	FY25	FY26	FY27
Ending Unencumbered Cash Balance	$6,414,070	$6,579,313	$6,423,556	$5,653,799	$4,327,042

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.



Conclusion

Wayne County Schools Career Center receives 51.67% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

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 budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY24-FY27.

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in able to obtain this.

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.