Wayne County Schools Career Center

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED June 30, 2021, 2022 and 2023 ACTUAL

Forecasted Fiscal Years Ending June 30, 2024 through June 30, 2028

Forecast Provided By
Mary Workman, Treasurer
November 15, 2023

Wayne County Schools Career Center

Wayne County

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

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	$4,869,208	$5,203,373	$5,248,613	3.9%	$5,759,000	$6,104,000	$6,109,000	$6,251,000	$6,355,000
1.020	Public Utility Personal Property Tax	1,345,591	1,178,201	1,222,404	-4.3%	1,211,000	1,180,000	1,172,000	1,164,000	1,156,000
1.030	Income Tax	-	-	-	0.0%	-	-	-	-	-
1.035	Unrestricted State Grants-in-Aid	4,342,033	4,587,037	4,647,979	3.5%	5,278,000	5,814,000	5,815,000	5,816,000	5,817,000
1.040	Restricted State Grants-in-Aid	1,554,719	1,905,447	1,987,858	13.4%	2,135,000	2,179,000	2,179,000	2,179,000	2,179,000
1.045	Restricted Federal Grants In Aid	-	-	-	0.0%	-	-	-	-	-
1.050	State Share of Local Property Taxes	623,079	654,984	656,377	2.7%	721,000	786,000	787,000	808,000	829,000
1.060	All Other Revenues	520,461	216,297	560,295	50.3%	726,000	592,000	537,000	486,000	477,000
1.070	*Total Revenues*	$13,255,090	$13,745,339	$14,323,526	4.0%	$15,830,000	$16,655,000	$16,599,000	$16,704,000	$16,813,000
	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	93,018	9,287	5,503	-65.4%	10,000	5,000	5,000	5,000	5,000
2.070	*Total Other Financing Sources*	$93,018	$9,287	$5,503	-65.4%	$10,000	$5,000	$5,000	$5,000	$5,000
2.080	*Total Revenues and Other Financing Sources*	$13,348,109	$13,754,627	$14,329,029	3.6%	$15,840,000	$16,660,000	$16,604,000	$16,709,000	$16,818,000
	Expenditures									
3.010	Personal Services	6,588,648	6,966,047	7,310,956	5.3%	$7,806,000	$8,227,000	$8,690,000	$8,981,000	$9,269,000
3.020	Employees' Retirement/Insurance Benefits	2,790,527	2,909,044	3,248,951	8.0%	3,394,000	3,729,000	4,023,000	4,283,000	4,565,000
3.030	Purchased Services	1,518,245	1,645,232	1,531,377	0.7%	2,203,000	2,296,000	2,396,000	2,502,000	2,612,000
3.040	Supplies and Materials	551,078	525,743	616,636	6.3%	781,000	781,000	781,000	781,000	781,000
3.050	Capital Outlay	1,762,005	211,900	270,467	-30.2%	223,000	223,000	223,000	223,000	223,000
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	153,459	177,861	168,743	5.4%	208,000	217,000	222,000	231,000	241,000
4.500	*Total Expenditures*	$13,363,961	$12,435,826	$13,147,130	-0.6%	$14,615,000	$15,473,000	$16,335,000	$17,001,000	$17,691,000
	Other Financing Uses									
5.010	Operating Transfers-Out	170,257	175,007	175,007	1.4%	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*	$170,257	$175,007	$175,007	1.4%	$3,178,257	$178,257	$178,257	$178,257	$178,257
5.050	*Total Expenditures and Other Financing Uses*	$13,534,218	$12,610,833	$13,322,137	-0.6%	$17,793,257	$15,651,257	$16,513,257	$17,179,257	$17,869,257
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	-$186,110	$1,143,793	$1,006,892	-363.3%	-$1,953,257	$1,008,743	$90,743	-$470,257	-$1,051,257
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$8,448,143	$8,262,033	$9,405,826	5.8%	$10,412,718	$8,459,461	$9,468,204	$9,558,947	$9,088,690
7.020	*Cash Balance June 30*	$8,262,033	$9,405,826	$10,412,718	12.3%	$8,459,461	$9,468,204	$9,558,947	$9,088,690	$8,037,433
8.010	*Estimated Encumbrances June 30*	$168,305	$245,344	$226,498	19.0%	$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

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

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
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*	$8,093,728	$9,160,482	$10,186,220	12.2%	$8,159,461	$9,168,204	$9,258,947	$8,788,690	$7,737,433

Wayne County Schools Career Center – Wayne County
Notes to the Five-Year Forecast
General Fund Only
November 15, 2023

Introduction to the Five-Year Forecast
A forecast is like a future painting based on a snapshot of today. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. 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-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

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

2024. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over several years, which could adversely impact our forecast.

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

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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

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

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 triennial update was in 2023, to be collected in 2024 and the next reappraisal will be in 2026 collected in 2027. 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 48.62% of the district’s resources. Our tax collections in the March 2023 and August 2023 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast. However, there is discussion at the statehouse around limiting valuation growth for school districts and career technical schools.

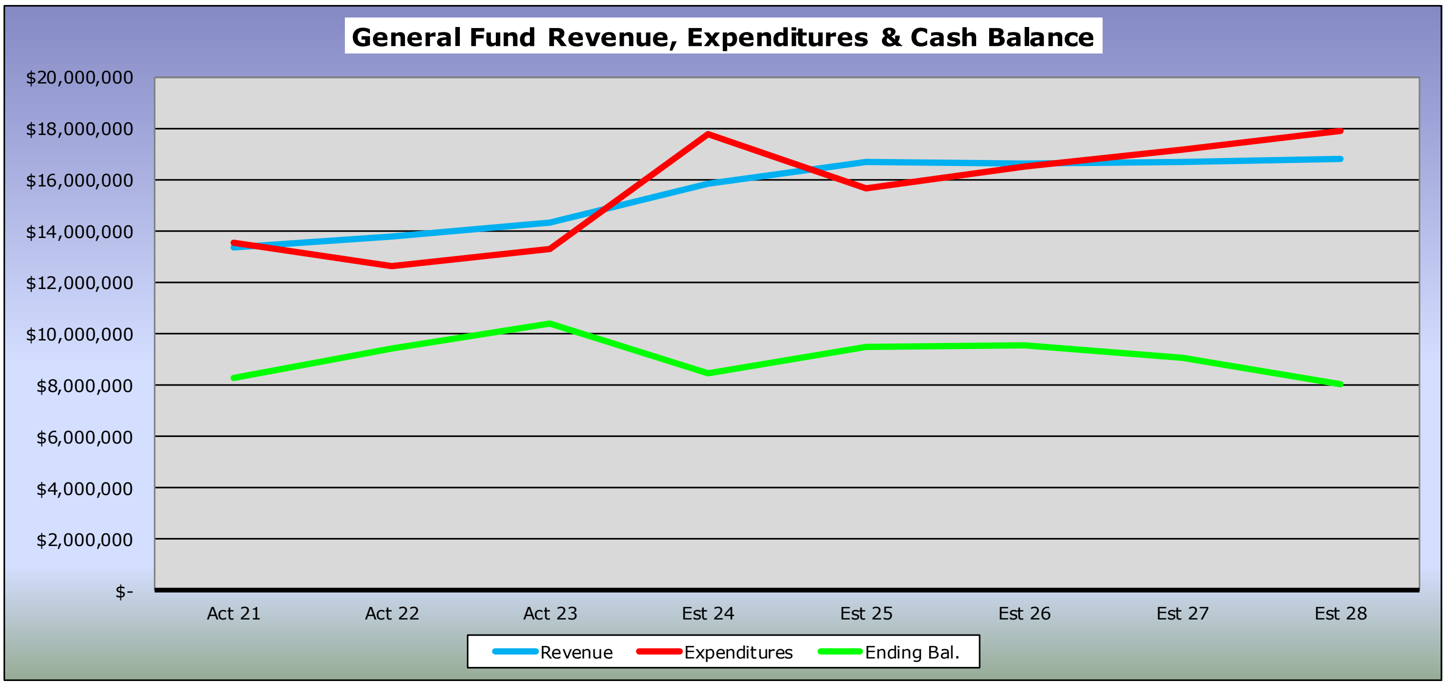
II. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost in year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding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

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

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.

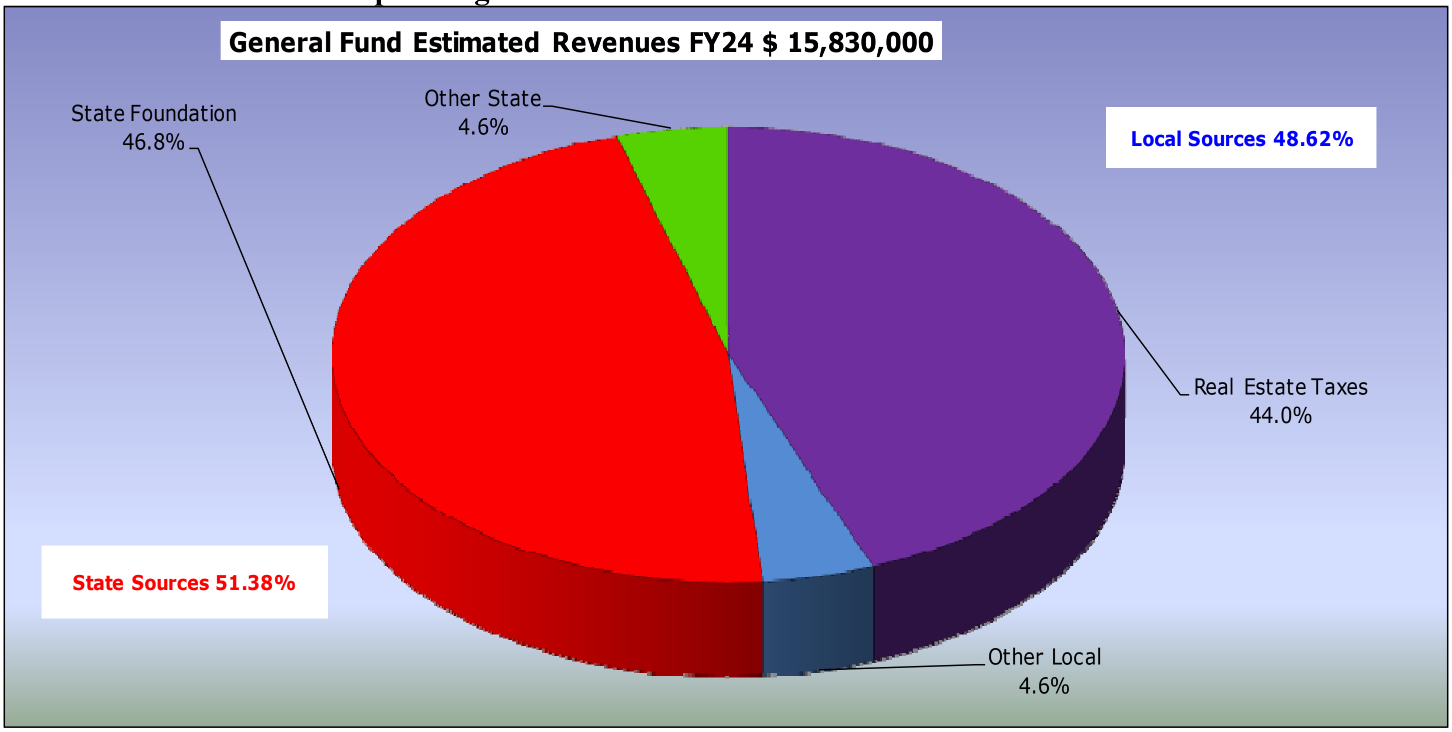
The significant line numbers used as references to the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall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

General Fund Revenue, Expenditures 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 FY24-FY28, with actual data provided for FY21-FY23.



Revenue Assumptions

Estimated General Fund Operating Revenue for FY24



General Property Tax (Real Estate) – Line #1.010
Property Values are established each year by the County Auditors based on new construction and complete reappraisal or updated values. There is an update in progress in 2023 for the collection in 2024 in Wayne County. Class I residential/agricultural values are estimated to increase 20.13% or $471.7 million due to the update led by an improving housing market. There is a similar estimated increase in the Class II commercial/industrial values of 1% or $3.2 million for the update.

The next reappraisal will be in 2026 for collection in 2027 for Wayne County. Currently, we are projecting a 5% increase or $144.4 million in valuations from the update for Class I. We are expecting a decrease in Class II of .10% or $6 million for the reappraisal valuations. 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 YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027
Classification	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027	COLLECT 2028
Res./Ag.	$2,815,337,528	$2,818,712,528	$2,822,087,528	$2,966,566,904	$2,969,941,905
Comm./Ind.	$558,187,857	$553,852,237	$548,273,977	$542,243,991	$535,665,732
Public Utility Personal Property (PUPP)	$289,213,183	$287,213,183	$285,213,183	$283,213,183	$281,213,183
Total Assessed Value	$3,662,738,568	$3,659,777,948	$3,655,574,688	$3,792,024,079	$3,786,820,822

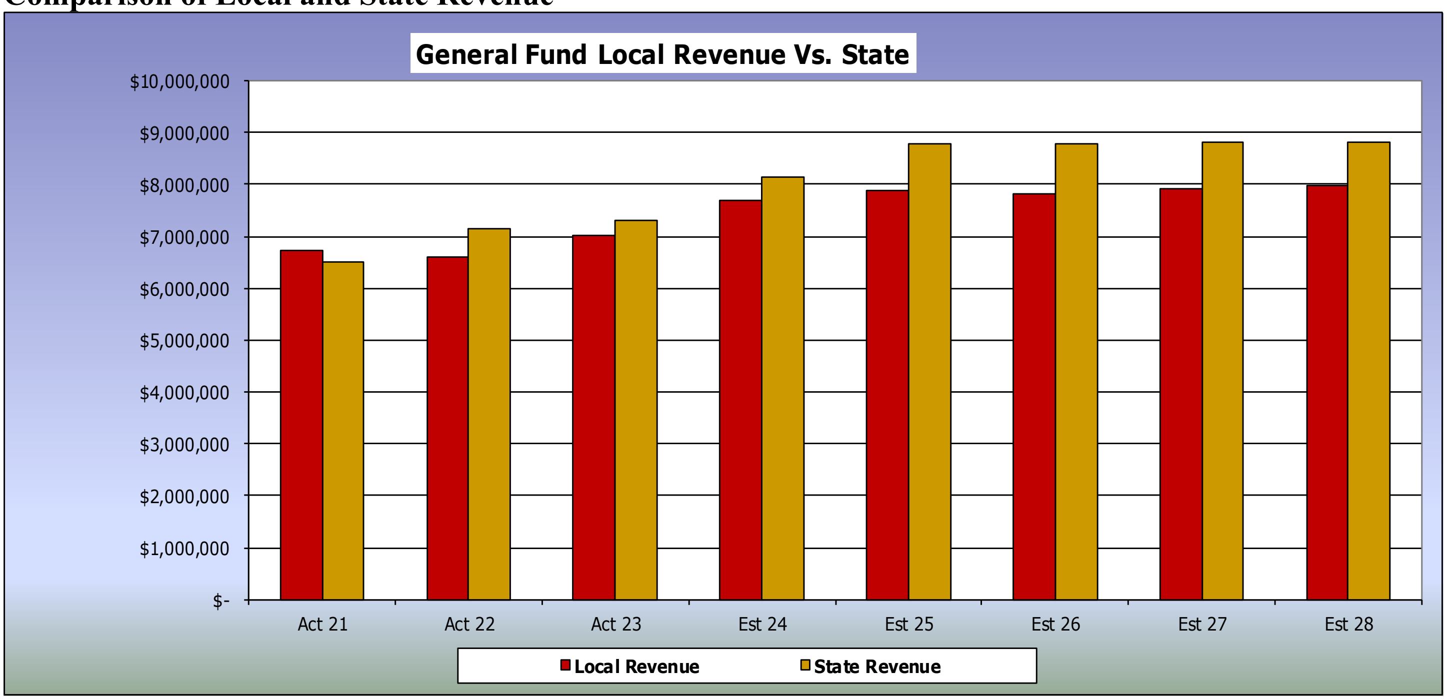
Estimated Real Estate Tax Collection
Property tax levies are estimated to be collected at 97.2% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies we are calculating the taxes at a

lower collection rate. Property taxes are estimated to be collected at 56.75% of the Residential/Agricultural and Commercial/Industrial in the February tax settlements and 43.25% 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 at 75% in 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 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 Nexus 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. Due to Nexus/Rover pipeline disputing the taxable valuation, they are currently paying at a tender rate, or the assessed value they believe it should be. The current forecast reflects values at the tender rate in an effort to not over inflate assumed collections in forecasted years. Should the state agree with the pipelines disputed amounts, the district would not see a refund in future collections, but continued collections based on the current assumptions. However, if the state denies their disputed values, the district will see these delinquent payments in future real estate collections.

Comparison of Local and State Revenue



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue – Line #1.035
HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected FY24 funding based on the October 2023 foundation settlement and funding factors.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

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

A. Student Population and Demographics
B. Property Valuation
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 current funding formula uses FY22 statewide average district costs and developed a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) 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)
5. Athletic Co-Curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of $8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three-year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year's federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

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

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

Unrestricted Categorical State Aid

1. 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). It 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, not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is 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 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

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

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

The funding formula includes 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 fewer funds in FY24 and FY25 than they received in FY21.

Joint Vocational Career-Technical Funding in FY24 and FY25
The new funding formula for joint vocational school districts is substantially similar to the formula for traditional school districts as described above, including the phase-in and guarantee, with the following changes:

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

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

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

Career Awareness and Exploration Funds

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

Future State Budgets Projections beyond FY25

Our funding status for FY26-28 will depend on two new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

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.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was $73.83 million or $42.18 per pupil. In FY22, the funding was increased to $109.39 million for schools or

$62.86 per pupil, and in FY23, the funding totaled $113.1 million or $64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

B) Restricted State Revenues – Line #1.040

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

The formula will have updated enrollment numbers for the restricted categories around December. The restricted state revenue could look different during the May forecast after the enrollment updates occur.

C) Restricted Federal Grants in Aid – Line #1.045

There is no restricted federal funding projected in this forecast.

Summary of State Foundation Revenues	FY24	FY25	FY26	FY27	FY28
Unrestricted Line # 1.035	$5,277,132	$5,813,130	$5,814,266	$5,815,426	$5,816,608
Restricted Line # 1.040	$2,134,617	$2,178,877	$2,178,877	$2,178,877	$2,178,877
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$7,411,749	$7,992,007	$7,993,143	$7,994,303	$7,995,485

State Share of Local Property Tax – Line #1.050

a) Rollback and Homestead Reimbursement

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

Homestead Exemptions are 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 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

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been open enrollment, interest on investments, student fees, payment in lieu of taxes, and general rental fees. HB110, the previous state budget, stopped paying open enrollment as an increase to other revenue for the district.

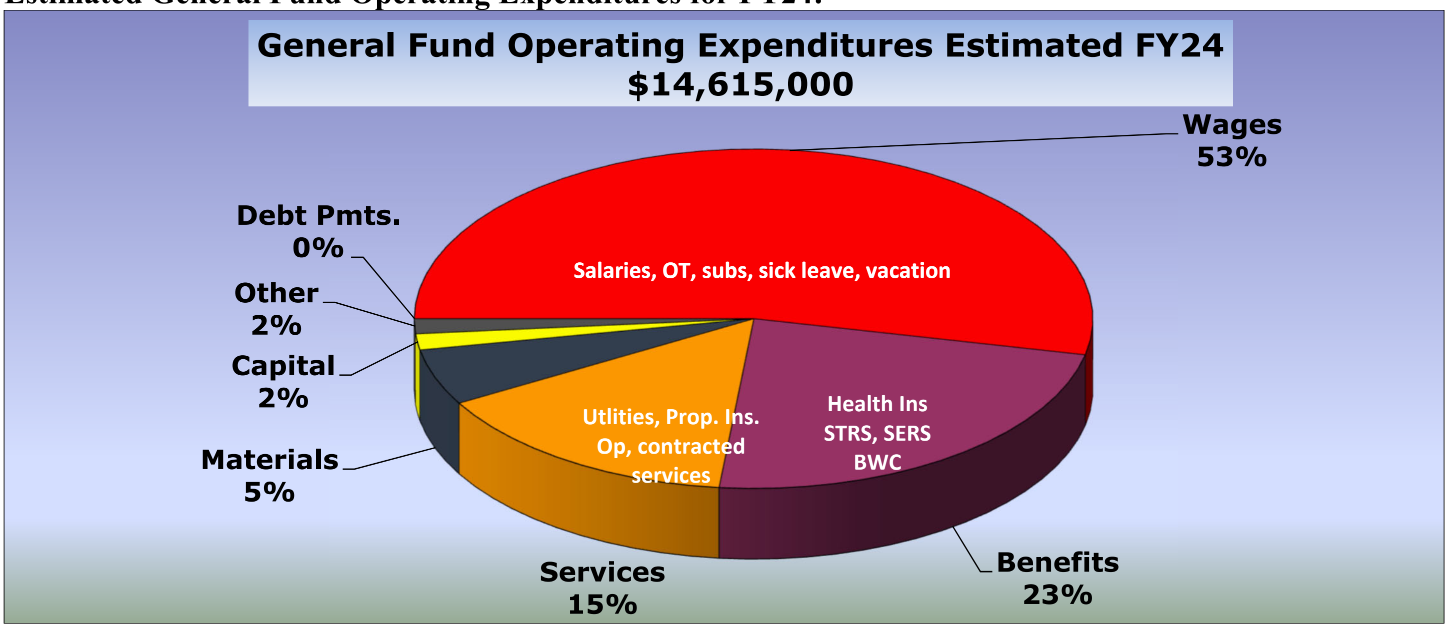
Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the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

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 FY24:



Personnel Services – Employees' Salaries and 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, 2023, through June 30, 2026. As per the newest negotiations, base salary increases are as follows for the certified bargaining unit: 3.5% for FY24, 3.25% for FY25 and FY26 with steps averaging between 1.94 % and 1.55%. The classified bargaining unit and the part-time bargaining unit base increases are as follows: $2.00 for FY24, 3% for FY25 and FY26 with steps averaging between 2.31% and 2.28%. The district is forecasting 1.5% base wage increases for FY27 and FY28. However, increases in base salary are subject to the negotiated agreements between the Board of Education and the 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 FY24 through FY28.

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 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.

Employees' Retirement & 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 7.4% in FY23. The district received the current rates that began July 2023 with an increase of 7.98% and are expecting insurance trends to be 10% for FY25-FY28. The Stark COG has issued at least one health insurance premium holiday each year. The district received two holidays in FY21, and FY22 and received one holiday in FY23 and FY24. The district is forecasting that it will receive one month of an insurance holiday in FY25 through FY28. We will review the insurances and trends annually.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our healthcare costs in the forecast.

C) Workers Compensation & Unemployment Compensation
Workers Compensation is expected to remain at about .11% of wages for FY24–FY28. 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 $14,587 for these costs in FY24.

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.

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 FY24 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 is estimating annual increases of 4.3% annually for most other areas from FY24 through FY28.

Supplies and Materials – Line #3.040

The district is expecting additional costs in FY24 largely due to inflation. However, the district will hold expenses flat each year of the forecast beyond FY25. 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 $1.9 million for lab renovations for Animal Science, Diesel Technologies, and Agribusiness and Production. A portion of this project is reflected in FY21.

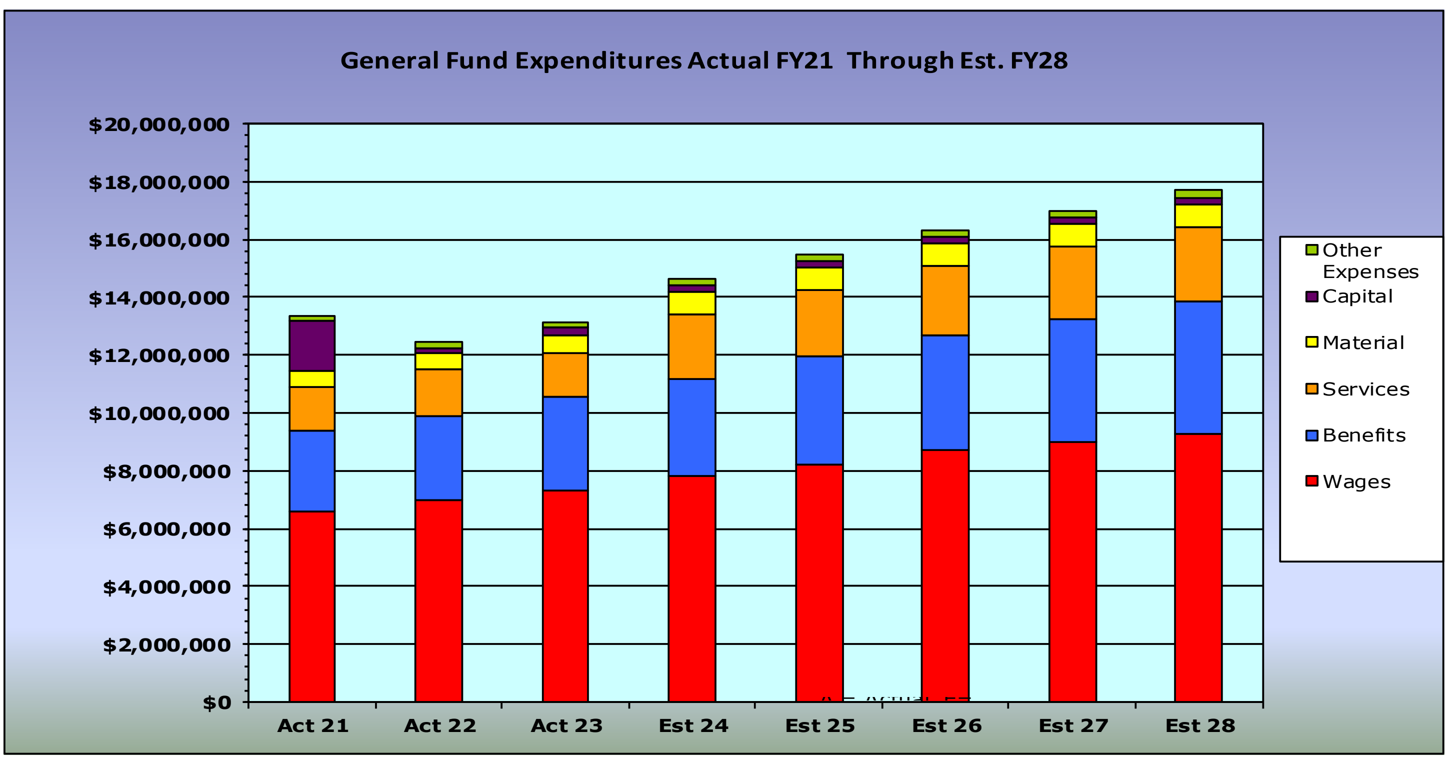
The district is purchasing 1 to 1 technology for students as well as other miscellaneous equipment not purchased out of the Permanent Improvement levy.

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.

Total Expenditure Categories Actual FY21 through FY23 and Estimated FY24 through FY28

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 FY24. 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 FY24 to a Capital Projects Fund for the construction of a new welding lab. This transfer will be dependent upon whether the District receives the CTE construction expansion grant funding that is pending with the proposed state budget. The remaining years will see transfers of $178,257 each year of the forecast as stated above.

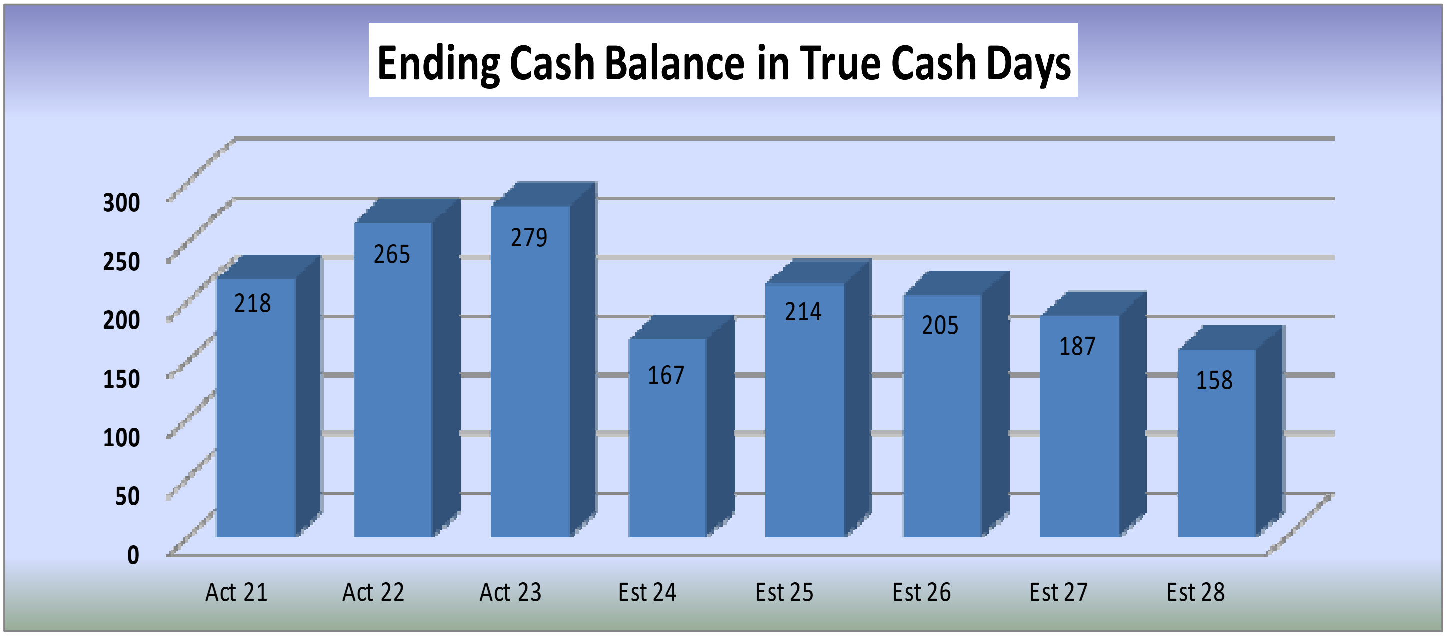
Encumbrances – Line #8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY24	FY25	FY26	FY27	FY28
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.

	FY24	FY25	FY26	FY27	FY28
Ending Unencumbered Cash Balance	$8,159,461	$9,168,204	$9,258,947	$8,788,690	$7,737,433

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 Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption.



Conclusion

Wayne County Schools Career Center receives 51.38% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

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