

New Riegel Local Schools
Five-Year Forecast May 2021 Assumptions
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1.01 General Property Tax

- Real estate tax revenue is based on assessed valuation multiplied by our effective millage rate. For tax year 2020 (collected in 2021) our residential & agricultural effective millage rate is 22.35 mills. This effective millage rate is expected to continue.
- Changes made to the CAUV formula by the Ohio Department of Taxation and in the 2018-19 biennial budget (H.B. 49) decreased agricultural land values. Ag values declined by 17.7% in FY18 and an additional 16.8% in FY21.
- In this forecast, 2022, 2023 and 2025 are increased 1% for growth because they are in between years of a revaluation and triennial update. In FY 2021 (triennial update) residential values increased 15.1% and agricultural values decreased 16.8%. In FY 2024 (revaluation) residential values are forecasted to increase 8% and agricultural values are estimated to increase 3%.

- History

	<u>Real Property Valuation</u>		
1998	18,177,670		
1999	18,567,890	2.1%	
2000	26,224,100	41.2%	revaluation year
2001	26,724,920	1.9%	
2002	26,968,260	.9%	
2003	28,891,320	7.1%	triennial update year
2004	29,559,640	2.3%	
2005	30,107,680	1.85%	
2006	29,842,590	(.9%)	revaluation year
2007	30,545,800	1.02%	
2008	30,903,910	1.17%	
2009	34,878,730	12.8%	triennial update year
2010	35,118,460	.7%	
2011	35,512,260	1.12%	
2012	38,767,280	9.17%	revaluation year
2013	38,982,890	.6%	
2014	39,260,320	.7%	
2015	52,924,180	34.8%	triennial update year
2016	52,809,940	(.22%)	
2017	53,055,450	.5%	
2018	48,068,470	(9.4%)	revaluation year
2019	48,387,980	.7%	
2020	49,018,050	1.3%	
2021	48,511,130	(1.0%)	triennial update year

- Real estate tax is calculated and collected on a calendar year basis, while a school district's fiscal year is July 1 through June 30. It is estimated 60% will be collected as first half taxes and 40% will be collected second half.

1.02 Income Tax

- The district has a continuing .75% income tax which began January 1, 1990. On May 2, 2006, a .75% additional, 5-year income tax was approved by the voters of our district. A 5-year renewal of this tax was approved by voters on November 2, 2010, again on November 3, 2015 and again on November 3, 2020. The additional tax is now effective through December 31, 2026.
- FY 18's gross income tax collection was \$777,799; an increase of 4.0% over FY17.
- FY 19's gross income tax collection was \$787,431; an increase of 1.2% over FY18.

Starting in FY20, income tax refund setup is subtracted from income tax revenue (Line # 1.03) rather than booked as an expense, appearing on Line #4.30.

- FY20's net income tax collection was \$775,200; an increase of 6.1% over FY19 net.
- FY21's net income tax collection was \$809,500; an increase of 4.4% over FY20.
- Covid-19 delayed the filing deadline for 2019 income tax returns until July 31, 2020. This along with Covid-19 unemployment affected FY20's 1st quarter income tax settlement. The State of Ohio personal income tax filing deadline for 2020 has been delayed to May 17, 2021 which may also affect the timing of collections.
- **FY's 22 - 25 are forecasted with a 4% increase each year.**
- It is important to note that income tax revenue was reported as gross collections through FY19. After state administrative fees and refund setups, the net income tax collected in FY17 was \$676,946 FY18 was \$705,566, and in FY19 was \$721,813.

1.035 Unrestricted Grants in Aid (State Funding)

Historical Data

- The following is a brief recap of formula ADM:

FY 02-03	441.43	FY 11-12	349.13
FY 03-04	401.76	FY 12-13	347.17
FY 04-05	394.83	FY 13-14	321.28
FY 05-06	382.16	FY 14-15	332.83
FY 06-07	357.58	FY 15-16	320.88
FY 07-08	350.86	FY 16-17	334.13
FY 08-09	338.71	FY 17-18	324.81
FY 09-10	352.19	FY 18-19	307.48
FY 10-11	363.51	FY 19-20	317.57

State Funding FY16 & FY17

HB64 (Ohio's 2016-17 state budget) kept many of the same components as the prior state budget, HB59. However, we received significantly more funding through two new components called

capacity aid and the targeted assistance component. We received \$2,083,290 in state funding in FY16 and \$2,371,710 in FY17.

State Funding FY18 & FY19

HB49 (Ohio's 2018-19 state budget) made slight changes to different components of the state funding formula but our total state funding remained steady. In FY18 our district received \$2,354,634 in state funding and we were once again under the transitional guarantee. In FY19 our district receives \$2,363,896 which included \$154,525 in transitional aid guarantee funding.

State Funding FY20 & FY21

HB166 (Ohio's 2020-21 state budget) bases the bulk of state funding for both years on FY19 total calculated funding. This means no calculation is used in determining state funding for FY20 and FY21. Whatever we received in state funding for FY19 would have been the amount we received in FY20 and FY21 regardless of any factors, such as enrollment. However, due to COVID FY20 state foundation was reduced by \$62,504 and FY21 state foundation was reduced by \$28,225.

For this forecast FY22 and FY23 are estimated to remain steady at the FY19 state foundation amount. The amount of money lost by the funding reductions in FY20 and FY21 is reinstated.

For this forecast FY24 and FY25 are estimated to increase by 2% from FY23.

Also, two new funding components, Student Wellness and Success Funding and Student Growth Supplement were added in the FY20 & FY21 budget cycle. New Riegel School is receiving both new funding components.

Student Wellness and Success Funding – We received \$32,798 in SWSF funding in FY20 and \$58,360 in FY21. This money is earmarked for student wellness initiatives and will be accounted for in fund # 467-9020. Per instruction from the Ohio Auditor of State, this funding is not included in the five-year forecast.

Student Growth Supplement – If a district's average enrollment increased over the last four years, there is a calculation paying a supplemental funding. Open enrollment is included in the enrollment calculation so our enrollment increased an average of 1.45% per year. We received \$10,518 in FY20 and \$15,600 in FY21 in Student Growth Supplement funding. This money is general fund money and is reflected in the forecast. It is forecasted to continue throughout the forecast.

Casino Tax Revenue

Beginning in FY13 casino tax revenue is also reported in line 1.035. In FY18 \$18,740, in FY19 \$19,355, in FY20 \$20,631 and in FY21 \$15,900 was received. COVID-19 temporarily closed Ohio casinos in the spring of 2020 so the August 2020 payment was reduced. Casino tax revenue is forecasted at \$21,000 per year for FY22 – FY25.

Special Education Preschool Funding

Districts receive state funding for special education preschool in addition to our foundation funding. The amount we are funded is on a per pupil basis. Our special education preschoolers are educated in an Educational Service Center (ESC) classroom and we pay the ESC the total amount they charge us. In FY18 we received \$16,191 for 3.5 students, in FY19 we received \$24,591 for 6 students and in FY20 we received \$23,431 for 6 students. I forecast special education preschool funding at \$28,000 for six students per year for FY21–25.

1.05 Property Tax Allocation

- Property tax allocation is rollback and homestead tax received from the State. It is forecasted as 12.5% of our estimated real estate tax collections. It also includes the homestead exemption for all senior citizens in HB 119 which increases our property tax allocation and decreases our real estate tax collection.

1.06 All Other Revenues

- All other revenue includes trailer tax, interest, rental, donations, sales of supplies for resale, catastrophic aid, special education local reimbursements, miscellaneous revenues and open enrollment – incoming students.
- We are forecasting to receive catastrophic aid in FY’s 21-25. Reimbursement of open enrolled, special education student excess costs received in FY18 was \$86,981, in FY19 was \$69,971 in FY20 was \$135,394 and in FY21 is \$151,800. It is expected to continue in FY22 – FY25 estimated at \$150,000 per year.
- In FY18, SF14 (tuition from court-placed students) was \$21,821, \$23,373 in FY19 and \$25,529 in FY20. It is expected to continue throughout the forecast at \$10,500 per year.
- Forecasting open enrollment revenue is difficult because of the fluidity of students moving in and out of our district. However, we have seen a significant increase over the last few years.

▪ FY05	\$159,445	(30.2 students)
▪ FY06	\$205,190	(40.4 students)
▪ FY07	\$284,017	(53.1 students)
▪ FY08	\$314,997	(59.6 students)
▪ FY09	\$244,185	(41.1 students)
▪ FY10	\$293,078	(50.7 students)
▪ FY11	\$318,590	(55.5 students)
▪ FY12	\$298,297	(53.5 students)
▪ FY13	\$231,560	(44.1 students)
▪ FY14	\$279,571	(51.6 students)
▪ FY15	\$408,690	(67.2 students)
▪ FY16	\$455,175	(77.8 students)
▪ FY17	\$483,660	(80.6 students)
▪ FY18	\$556,154	(92.6 students)
▪ FY19	\$691,289	(114.8 students)
▪ FY20	\$808,450	(134.3 students)

- FY21 is based on current open enrollment as of April 2021. FY22 open enrollment projection is based on six incoming kindergarten students. FY’s 23-25 are based on enrollment projections of 10 new open enrolled students per year less graduating open enrolled students.

Incoming funded open enrollment is estimated as follows:

▪ 2020-21	126 students	\$758,600
▪ 2021-22	128 students	\$768,000
▪ 2022-23	127 students	\$762,000
▪ 2023-24	132 students	\$792,000
▪ 2024-25	130 students	\$780,000

3.01 Personal Services

- FY21 is forecasted based on actual contracts and estimated substitute and extra wages.
- FY22 is calculated with certified employees 4.0% overall increase each year which includes the negotiated base salary increase of 2% and step and column increases estimated at 2%. Non-certified and administrative employees are projected with a 3% overall increase. The same staff & staffing levels are used from FY21.
- FY's 23, 24 and 25 certified employees are estimated at 3.5% overall increase each year which includes step and column increases and a forecasted 1.5% base salary increase. Non-certified employees are projected at a 2.5% overall increase and administrative employees are projected with a 3% increase. The same staff & staffing levels are used from FY21.
- Taken into consideration is that a portion of a special education aide (\$10,000), a remedial reading teacher (\$32,400) and educational consultant (\$32,300) are paid out of federal grants.

3.02 Employees' Retirement /Insurance Benefits

- Retirement is calculated as 14% of salaries.
- Regarding health insurance, we purchase a high deductible medical plan from Anthem and self-insure between those high deductibles and the low deductibles experienced by our employees. Dental and vision are wholly self-insured by the district.
- For this forecast, it is assumed the same employees will take the same types of coverage of insurance as in April 2021.
- Anthem premiums are estimated to increase 5% each year for FY's 22 - 25.
- FY21 – Self-funded medical, dental & vision claims based on 10 months actual and two months estimated
- FY22 – 25 self-funded medical claims are estimated to increase 10% each year. These claims increased 25% in FY17, increased 15% in FY18 and increased 21% in FY19. FY20 was an abnormality because of Covid-19 and decreased 12.3%.
- FY22 – 25 self-funded dental and vision claims are estimated to increase 8% each year.

3.03 Purchased Services

- Expense amounts listed are calculated based on history, researched predictions, and/or a 3% increase each year.
- A significant item reported in this line is outgoing open enrollment. Outgoing open enrollment for the 2020-21 school year as of April 2021 is 24 students. Open enrollment is estimated steady at 24 students throughout the remainder of the forecast.

- Past Funded outgoing OE =

FY 11	\$147,792 (27.7 students)
FY 12	\$195,268 (31.7 students)
FY 13	\$121,367 (26.6 students)
FY 14	\$137,737 (23.4 students)
FY 15	\$ 57,570 (13.1 students)
FY 16	\$ 68,913 (11.7 students)
FY 17	\$150,812 (21.2 students)
FY 18	\$108,206 (16.5 students)
FY 19	\$106,762 (17.7 students)
FY 20	\$110,708 (18.4 students)

- Estimated funded outgoing OE =

FY 21	24 students	\$ 146,700
FY 22	24 students	\$ 146,700
FY 23	24 students	\$ 146,700
FY 24	24 students	\$ 146,700
FY 25	24 students	\$ 146,700

- Also, a significant item reported in this line is community school deduction. In FY18 there were 6.96 students, in FY19 there were 2.79 students and in FY20 there were 5.89 students attending community schools. As of April 2021 there are 6 students attending costing \$38,300. This is expected to continue throughout the forecast.

- Past community school deduction =

FY 11	\$38,683
FY 12	\$68,434
FY 13	\$23,809
FY 14	\$30,357
FY 15	\$20,869
FY 16	\$36,124
FY 17	\$41,201
FY 18	\$53,921
FY 19	\$14,029
FY 20	\$36,017

- Special education costs such as handicapped preschool, OT, PT, speech, vision and psychology services are paid out of IDEA Part B when applicable, with the balance being charged to the general fund. The fluidity of special education student counts and the high cost of services are difficult to forecast, making this line item an important one to monitor.
- Our agricultural vocational education satellite program teacher is shared with Hopewell Loudon Schools. Funding of the program from Vanguard-Sentinel is based on the fulltime equivalent enrollment (FTE) in the program. Our FTE was 3.08 students in FY20. We were not billed for FY20 until FY21 so our forecasted FY21 expenses include both FY20 and FY21. Our annual forecasted cost is \$20,000 + a 3% increase per year thereafter.
- For the last several years our district contracted technology services from North Central Ohio Educational Service Center (NCOESC). Our total FY18 cost was \$78,762, \$102,427 in FY19 and \$103,003 in FY20. Beginning in FY21 our technology coordinator was hired as an employee so this expense is no longer a purchased service. We still contract with the

Northern Ohio Educational Computer Association (NOECA) for as-needed technology services.

- For the last several years our district contracted with Northwest Ohio Virtual Academy (NOVA) for an online Spanish and other online courses. The name of this organization has since changed to Northern Buckeye Education Council. Our cost is based on the number of students enrolled in online classes. Our cost in FY18 was \$17,740, \$3,380 in FY19 and \$4,100 in FY20. We hired a Spanish teacher in FY19 so this cost decreased significantly. We contract with a local high school for 32.5% of our Spanish teacher's time, bringing in revenue reported in other local sources. In FY21 we are using NOVA for our Blue Jacket Academy which allows remote learning due to COVID-19. It is expected to cost approximately \$10,000 in FY21 and to continue at \$4,100 - \$4,400 for FY22-25.
- Beginning in FY16 our district participates in the College Credit Plus Program. This program allows high school students to attend and earn credit in college classes. FY18's expense was \$26,205, in FY19 it was \$32,621 and in FY20 it was \$26,593. FY21 – FY 25 is estimated at \$36,000 - \$44,800 per year.

Legal Fees

- During the 14-15 school year the Board of Education learned there were issues with our K-12 school building regarding its weather-tightness, exterior façade and roof system. The Board retained a construction attorney and the case was heard at the Third District Court and Ohio Supreme Court. Much of our past legal expense came from this litigation. In FY18 our legal expense was \$140,745 and in FY19 it was \$66,101. The lawsuit was dropped in January 2020. Our legal expense in FY20 was \$18,665. It is forecasted to be \$6,000 - \$11,500 in FY's 21 – 25.

3.04 Supplies & Materials

- Most expenses are estimated based on a 3% increase from the prior year.

3.05 Capital Outlay

- \$58,000 - \$61,000 is budgeted for computer equipment purchases in FY's 21-25.
- The above mentioned building repairs required us to hire several construction consultants. Their cost is included in capital outlay. In FY18, the cost was \$194,008 and in FY19 it was \$5,000.
- A new bus was purchased in FY21 in cooperation with the Ohio School Bus Purchasing Grant Program. Our local share of the bus purchase paid out of the general fund was \$52,700.

4.30 Other Objects

- Other object expenses are estimated based on a 3% increase or researched predictions. State examiner costs are forecasted in FY's 21, 23 and 25 to be \$21,200 - \$23,500 each. A significant expense listed in this category is auditor/treasurer fees expense.
- Starting in FY20, income tax refund setup will be subtracted from income tax revenue (Line # 1.03) rather than booked as an expense, appearing on Line #4.30. This change accounts for approximately \$58,000 in FY20 and continues on throughout the forecast.

5.01 Transfers Out

- Transfers out include an annual \$75,000 transfer to the permanent improvement fund (in accordance with HB 412/345 set-aside requirements) and a \$20,000 annual transfer out to the PI fund from casino tax revenue received. Due to Covid-19 the casino transfer was reduced to \$15,900 in FY 21.
- In FY18, there is a transfer of \$837,743 to the building repair construction fund and an additional transfer in FY19 of \$268,859. A final transfer occurred in FY20 of \$10,231. This is the amount of general fund money the district used towards the remedial repair project.
- Starting in FY17, there are annual transfers to the Bond Retirement-Series 2017 Fund to pay for outstanding bonds issued by the district through Certificates of Participation (COPs). In FY21 the Series 2017 bonds were refunded and Series 2020 bonds were issued reducing our annual transfer.

○ FY 17	\$ 30,635
○ FY 18	\$205,350
○ FY 19	\$228,400
○ FY 20	\$226,200
○ FY 21	\$190,800
○ FY 22	\$205,000
○ FY 23	\$201,400
○ FY 24	\$202,700
○ FY 25	\$198,900

- Proceeds from the COPs is being used to pay for the remedial building repairs.
- Transfers to the severance fund are based on employee retirement eligibility.
- Due to the COVID-19 school closure \$8,500 was transferred to the cafeteria fund in FY20.
- A transfer to the principal's fund is made annually from an air-space lease payment we receive from Watch Communications, except in FY21 when it was deemed not needed.

9.01 through 9.07 Reserves

- Set-aside transfers to fund our self-insured health care liability funds are made monthly. In FY20, \$8,100 was transferred monthly and these transfers are expected to continue. In FY's 21-25, the set-aside balance should remain approximately \$100,000.

6.01 and 12.01 Excess of Revenues & Cash Balance

- If the above assumptions hold true, in FY's 21 – 25 the following operating surpluses (deficits) and cash balances are forecasted:
 - Excess (deficit) operating revenues over expenditures:

○ FY 21	\$ 60,700
○ FY 22	(\$ 130,750)
○ FY 23	(\$ 142,950)
○ FY 24	(\$ 185,000)
○ FY 25	(\$ 383,550)

• Cash balance at year end before set-aside:		Cash Days
○ FY 21	\$2,975,008	193.5
○ FY 22	\$2,844,258	182.4
○ FY 23	\$2,701,308	168.7
○ FY 24	\$2,516,308	152.7
○ FY 25	\$2,132,758	124.1

It is recommended by the Ohio Department of Education that districts have at least two to three months (60 to 90 days) of available operating cash.

Final Note

- The accuracy of this forecast is dependent on the assumptions made. The fluidity of revenues and expenses and the actions of our state legislators greatly impact our financial health. Also, past the current biennium it is extremely difficult to estimate state revenue. Our district closely watches the state legislature as it takes action on school funding issues.

Our five-year forecast and these forecast notes include only summary information. If an interested party would like to view and discuss the detailed calculations, please contact Jane Schalk, Treasurer at 419-595-2256 ext. 140.