

New Riegel Local Schools
Five-Year Forecast November 2024 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 2024 (collected in 2025) our residential & agricultural effective millage rate is 22.393 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.
- HB 187 was passed by the Ohio House of Representatives in October of 2023. This changed the way property taxes are evaluated. HB 187 requires a weighing of the past three years of property values in order to determine property tax instead of the current one year. This is still being contested and could change for future evaluations.
- In this forecast, 2025, 2026, 2028 and 2029 are increased 1% for growth because they are in between years of a revaluation and triennial update. In FY 2027 (triennial update) residential values are estimated to increase 4% and agricultural values are estimated to increase 2%.

- History

	<u>Real Property Valuation</u>		
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
2022	49,373,020	1.7%	
2023	49,866,750	1.0%	
2024	71,032,800	43.9%	revaluation 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.
- FY21’s income tax collection was \$809,428; 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 was delayed to May 17, 2021 which may also affect the timing of collections.
- FY22’s income tax collection was \$914,943; an increase of 13% over FY21.
- FY23’s income tax collection was \$900,791; a decrease of 1.6% vs. FY22.
- FY24’s income tax collection is \$991,800; a increase of 10.1% over FY 23.
- FY25’s estimated income tax collection is \$1,051,111; which would be an increase of 6.0% over FY24. FY25 is calculated using actual data for Q1 and Q2 and estimated data for the remainder of the fiscal year.
- FY’s 26 - 29 are forecasted with a 3% increase each year.

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 14-15	332.83
FY 03-04	401.76	FY 15-16	320.88
FY 04-05	394.83	FY 16-17	334.13
FY 05-06	382.16	FY 17-18	324.81
FY 06-07	357.58	FY 18-19	307.48
FY 07-08	350.86	FY 19-20	317.57
FY 08-09	338.71	FY 20-21	309.47
FY 09-10	352.19	FY 21-22	386.18
FY 10-11	363.51	FY 22-23	387.43
FY 11-12	349.13	FY 23-24	395.08
FY 12-13	347.17	FY 24-25	394.02
FY 13-14	321.28		

State Funding FY20 & FY21

HB166 (Ohio's 2020-21 state budget) based the bulk of state funding for both years on FY19's 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.

State Funding FY22 & FY23

HB 110 (Ohio's 2022-23 state budget) includes the Fair School Funding Plan (FSFP) as the basis for the school-funding formula. The FSFP is a complete overhaul of school funding in Ohio. For FY 22 FSFP funding as of the June 2022 #2 payment is used in this forecast, with a total state funding of \$3,268,613. For FY23 I used amounts calculated using the phase-in percentage of 33.33%, as indicated in the FSFP. For FY22 and FY23 increase over prior year of \$269,839 and decrease of \$55,325 respectively. In order to fairly compare years, please see chart below.

In the FSFP parts of state funding are now restricted. These include gifted, disadvantaged pupil impact aid and wellness & success funding. As of now we will not be adding new expenditures in these categories but rather paying for existing ones.

In FY20 and FY21 Student Wellness and Success Funding was received and recorded in a separate fund. With the new budget this funding is now part of foundation funding and remains restricted.

Another very important change in the new funding formula is that students are now funded where they are educated instead of where they reside. Our incoming open enrolled students are being counted in our ADM and funded the same as a resident student. We will no longer be receiving funding or paying out for students leaving us through open enrollment or community school. This change will significantly change both our state and local revenue and purchased service expenditures.

State Funding FY24 & FY25

HB 33 (Ohio's 2024-25 state budget) includes further implementation of the Fair School Funding Plan (FSFP) as the bases for the school-funding formula. All of the same rules apply for further implementation from HB 110. For FY24 and FY25 I used the state's forecasted estimates of funding to show an increase in funding to a total of \$3,650,556 and \$3,741,929 for FY 24 and 25 respectfully.

Below is an apple-to-apple comparison of FY22, FY23 and FY 24 to FY25 foundation. FY25 is estimated based on the October #2 payment. FY25 is estimated based on the simulation models from the state.

	FY22 June #2	FY23 June #2	FY24 June #2	FY25 Estimate
Foundation formula	2,974,565	2,906,504	3,265,237	3,331,132
Student Wellness (restricted)	206,327	213,187	260,918	279,677
Gifted (restricted)	38,620	46,734	54,916	62,268
Enrollment Growth	0	0	0	0
DPIA (restricted)	3,317	3,425	4,596	4,281
Preschool Special Ed	52,973	42,215	40,107	40,943
CTE (restricted)	1,070	856	642	428

Spec Ed Transportation	0	0	0	0
Open Enrollment - incoming	0	0	0	0
Open Enrollment - outgoing	0	0	0	0
Community School	0	0	0	0
difference on simulation	-8,259	0	0	0
	3,268,613	3,212,922	3,626,416	3,718,729
Increase over prior year		-55,691	413,494	
plus casino	23,220	23,613	24,140	23,200
	3,291,833	3,236,535	3,650,556	3,741,929

For this forecast FY26, FY27, FY28 and FY29 state funding is increased by 2% each year.

Casino Tax Revenue

Beginning in FY13 casino tax revenue is also reported in line 1.035. In FY22 \$23,220, in FY23 \$23,613 and in FY24 \$24,140 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 \$23,200 per year for FY26 – FY29.

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 and miscellaneous revenues
- In the new state funding model reimbursement of special education student excess costs for students residing in other districts will continue. We received \$192,176 in FY22, \$141,675 in FY23 and \$134,755 in FY24. FY25 is expected to be at \$130,000. It is expected to continue in FY26 – FY29 estimated at \$110,000 per year.
- In FY20, SF14 (tuition from court-placed students) was \$25,529, \$10,520 in FY21, \$14,667 in FY22, \$23,638 in FY23 and \$16,308 in FY24. It is expected to continue throughout the forecast at \$16,000 per year.
- Up until the new FY22 and FY23 budget incorporated the Fair School Funding Plan open enrollment – incoming students was a separate local revenue item. Starting in FY22 students are funded where they are educated so this takes open enrollment revenue out of line 1.06. These students are now counted in our ADM and funded the same as a resident student in foundation funding. In FY 19 there were 114.8 incoming open enrolled students generating \$691,289. In FY20 there were 134.3 generating \$808,450 and in FY21 there were 126.1 students generating \$759,158. In FY's 25-29 revenue generated by students coming to our district from other districts is part of state foundation funding.

3.01 Personal Services

- FY24 is forecasted based on actual contracts and estimated substitute and extra wages.
- FY25 is calculated with certified employees 4.5% overall increase each year which includes a negotiated base salary increase of 3% and step and column increases estimated at 1.5%. Non-certified and administrative employees are projected with a 3% overall increase. FY's 26-29 are calculated with certified employees 4.5% overall increase each year which includes a negotiated base salary increase of 3% and step and column increase estimated at 1.5%. Non-certified employees are projected with a 2% overall increase. Administrative employees are projected with a 3% overall increase. The same staff & staffing levels as FY25 are used for all years of the forecast.

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 services are thru Delta Dental.
- For this forecast, it is assumed the same employees will take the same types of coverage of insurance as in October 2024.
- Anthem premiums are estimated to increase 7.25% each year for FY's 25 - 29. Changes to medical insurance offerings in the negotiated agreement caused the board cost to be reduced.
- FY's 25 – 29 self-funded medical claims are estimated to increase 10% each year. These claims increased 15% in FY18 and increased 21% in FY19. FY20 was an abnormality because of Covid-19 and decreased 12.3%. In FY21 these claims increased 8%, in FY22 the claims increased by 23%, in FY23 the claims increased by 3.3% and in FY24 the claims increased by 8.7%.
- FY's 26 – 29 dental expenses are estimated to increase 4% each year. Changes to dental insurance offerings in the negotiated agreement caused the board cost to be reduced.
- FY's 27 – 29 vision expenses are estimated to increase 4%. Changes to vision insurance offerings in the negotiated agreement caused the board cost to be reduced.

3.03 Purchased Services

- Expense amounts listed are calculated based on history, researched predictions, and/or a 3% increase each year for most categories. Utility costs are expected to increase by 5% each year.
- In the past a significant item reported in this line was outgoing open enrollment. As stated earlier, beginning in FY22 open enrollment students no longer generate local revenue and also no longer create an expense. In FY's 25-29 students leaving our district to other districts are

incorporated in foundation funding by having those outgoing students no longer counted in our ADM.

- Also, in the past a significant item reported in this line was community school deduction. Now funded the same way as outgoing open enrollment, student attending community schools are not counted in our ADM and do not generate an expense.
- 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.
- In FY24 we added a Resource Officer full-time to our building. This cost was \$72,631 for FY24. We are anticipating a 3% increase each year for FY25-29.
- 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. In FY22 we were billed for a FY21 final of \$6,128. We were not be billed in FY23 and FY24 because our combined FTE with Hopewell is enough not to pay excess costs at this time. Our annual forecasted cost is \$6,300 + a 3% increase per year FY25 and thereafter.
- We contract with the Northern Buckeye Education Council for online Gradpoint courses. Our cost is based on the number of students enrolled in online classes. Our cost in FY19 was \$3,380 and \$4,100 in FY20. In FY21 we used this Education Council for our Blue Jacket Academy which allowed remote learning due to COVID-19. It cost us \$4,280 in FY 22, \$5,119 in FY 23 and \$5,450 in FY24. It is expected to continue at \$5,700 - \$6,500 for FY25-29.
- 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. FY22's expense was \$45,984, in FY23 it was \$42,513 and it was \$42,390 in FY24 . FY25 – FY29 is estimated at \$45,000 - \$53,000 per year.
- Our Sewer system fee increased by 71% in FY23 from FY22. This increase is expected to continue and cost the district in FY25 – 29 an estimated \$46,200 – \$56,200 per year.
- In FY22 our legal expense was \$7,336. Our legal expense in FY23 was \$4,027 and \$4,634 in FY24. It is forecasted to be \$6,000 - \$8,000 in FY's 25 – 29.

3.04 Supplies & Materials

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

3.05 Capital Outlay

- \$63,000 - \$75,000 is budgeted for computer equipment purchases in FY's 25-29.
- A new bus was purchased in FY24 in cooperation with the Ohio School Bus Purchasing Grant Program. Our local share of the bus purchase paid out of the general fund was \$55,499.

4.30 Other Objects

- Other object expenses are estimated based on a 3% increase or researched predictions. State examiner costs in FY23 were \$20,561. State examiner costs are forecasted in FY's 25, 27 and 29 to be \$23,000 - \$26,000 each. A significant expense listed in this category is auditor/treasurer fees expense.

5.01 Transfers Out

- Transfers out include an annual \$100,000 transfer to the permanent improvement fund (in accordance with HB 412/345 set-aside requirements) \$23,200 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. We are also anticipating our entire parking lot needing to be redone in FY29 so we are setting aside \$50,000 each fiscal year from 25-29 for that 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 22	\$204,925
○ FY 23	\$201,326
○ FY 24	\$202,651
○ FY 25	\$198,900
○ FY 26	\$205,000
○ FY 27	\$205,900
○ FY 28	\$201,700
○ FY 29	\$202,400

- Proceeds from the COPs were 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 Sprint who recently purchased the space 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 FY21 and FY22, \$8,400 was transferred monthly and these transfers continued until September of 2022. After Sept. 2022 we are only transferring \$4,800 for the medical self-insured portion as we switched to Delta Dental for our Dental and Vision services in January 2023. In FY's 25-29, the set-aside balance should remain approximately \$80,000.

6.01 and 12.01 Excess of Revenues & Cash Balance

- If the above assumptions hold true, in FY's 25 – 29 the following operating surpluses (deficits) and cash balances are forecasted:
- Excess (deficit) operating revenues over expenditures:

○ FY 25	\$ 173,492
○ FY 26	\$ 58,654
○ FY 27	(\$ 686,709)
○ FY 28	(\$ 914,455)
○ FY 29	(\$1,058,103)

In FY27, \$557,550 FY28, \$574,300 and FY29, \$591,500 of the income tax revenue is moved from Line #1.03 to Line #11.01. This represents proceeds from our 5-year, 0.75% income tax which will expire on 12/31/2026. This tax renewal will be placed on the ballot in November 2025.

Pending renewal of the 5-year, 0.75% income tax the following deficit will hold true for FY27-28:

○ FY 27	(\$ 129,159)
○ FY 28	(\$ 340,155)
○ FY 29	(\$ 466,603)

- Cash balance at year end before set-aside (without renewal of the income tax):

		Cash Days
○ FY 25	\$3,955,865	218.0
○ FY 26	\$4,014,519	221.2
○ FY 27	\$3,327,810	183.4
○ FY 28	\$2,413,355	133.0
○ FY 29	\$1,355,252	74.7

Pending renewal of the 5-year, 0.75% income tax the following cash balance and cash days will hold true for FY27-29:

○ FY 27	\$3,885,360	214.1
○ FY 28	\$3,545,205	195.4
○ FY 29	\$3,078,602	169.6

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. This is especially true this year with HB 187 which could change how our property tax revenue is calculated. 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 Brad Radison, Treasurer at 419-595-2256 ext. 140.