

Orrville City Schools 5-Year Forecast



OVERVIEW

The 5-year forecast for the Orrville City School District (the “District”) represents the best projections of revenues and expenses for the General Fund of the District based on the assumptions made. The Overview summarizes the assumptions and background information used to develop the forecast. The detailed assumptions are included in the “Detailed Information and Projections” which contains background information for each line item.

REVENUES

Property Taxes – Historical growth patterns are used to develop Property tax estimates. The County Auditor provides property valuations for the District for all classes of property. The forecast assumes that the value of new construction will continue at current levels for the period of the forecast. The 2023 Triennial Update caused an increase in values. It is assumed that the resulting increase in collections will continue in FY2025. It is assumed that will decrease in FY2026 due to legislation. The emergency levy approved by the voters in February of 2003 was renewed in 2007 and renewed in August 2013 and renewed in November of 2022. This levy will be collected through 2033. The voters approved a second emergency levy in May 2010 and was renewed in 2015 and will be collected through 2025. The renewal for the emergency levy is on the November 2024 ballot.

Income Tax – It is estimated that the District will receive income tax sharing revenue from the City of Orrville for local tax abatements starting in FY2019.

Unrestricted Grant-in-Aid – This line item represents the State Foundation funds received by the District under the new funding formula. The ODE has created estimated amounts for FY2025. Full funding of the new formula will be phased in over 6 years. It is assumed that this line will increase by 4% in FY26 through FY29.

Property Tax Allocation – This line item denotes the amount of funding received from the State for the Homestead Exemption, Property Tax Rollback and Tangible Personal Property reimbursement. The Homestead and Rollback estimates are assumed to be stable through the forecast period.

Other Revenue – Items included in the other category are interest income, fees and other miscellaneous income. Historically, open enrollment amounts were included in this line item and the new funding formula does not provide these payments. It is assumed that class fees and participation fees will continue for the period of the forecast.

EXPENSES

Personal Services – The salaries and wages for District employees are accounted for in this line item. The District has tried to decrease staffing levels through attrition over the past several years. It is assumed that the staffing levels will remain constant during the forecast. The negotiated agreement with the teaching staff of the District expires June 30, 2026. Salary increases are per the negotiated agreements through FY26.

Employees' Retirement/Insurance Benefits – The District's share of retirement (State Teachers Retirement System and School Employee Retirement System), workers compensation and Medicare payments are based upon a percentage of salary and wages. It is assumed that the amount for all of these will remain at approximately 18% of salary. The cost of health insurances is assumed to increase by 8% per year for the length of the forecast.

Purchased Services – This line item represents the amounts paid for utilities, contracts for services, mileage/meeting expenses, property insurance, computer service contracts, legal services and other services. This line shows a reduction over historical actuals because of the change in the funding formula. Districts are no longer charged for open enrollment out student, community school students and scholarship students. . The Forecast includes the continuation of a school resources officer and mental health purchased services

Supplies and Materials – The projected amount in this line item is based upon historical patterns. It assumed that the budgeted amounts in this area will remain relatively.

Capital Outlay – An amount is included in FY2024 for turf replacement and track restoration. The remaining years follow the historical patterns.

Orville Five Year Forecast

District Type: City
 IRN: 046610
 County: Wayne

	2022	2023	2024	2025	2026	2027	2028	2029
Revenues		ACTUAL				Projected		
1.010 General Property Tax (Real Estate)	9,149,214	9,172,292	9,857,155	10,291,728	9,923,000	10,117,525	10,312,050	10,250,000
1.020 Income tax	43,855	26,709	0	44,000	38,000	38,000	38,000	38,000
1.035 Unrestricted State Grants-in-Aid	6,274,777	6,561,261	7,119,007	7,498,102	7,798,026	8,109,947	8,434,345	8,771,719
1.040 Restricted State Grants-in-Aid	608,180	596,633	700,360	450,000	468,000	486,720	506,189	526,436
	<u>6,882,957</u>	<u>7,157,894</u>	<u>7,819,367</u>	<u>7,948,102</u>	<u>8,266,026</u>	<u>8,596,667</u>	<u>8,940,534</u>	<u>9,298,155</u>
1.050 Property Tax Allocation	853,333	830,685	927,350	925,000	925,000	925,000	925,000	925,000
1.060 All Other Revenues	482,668	776,287	985,115	850,000	850,000	850,000	850,000	850,000
1.070 Total Revenues	<u>17,412,027</u>	<u>17,963,867</u>	<u>19,588,987</u>	<u>20,058,830</u>	<u>20,002,026</u>	<u>20,527,192</u>	<u>21,065,584</u>	<u>21,361,155</u>
Expenditures								
3.010 Personal Services	9,596,660	9,433,443	10,322,369	10,996,412	11,470,269	11,763,927	12,116,886	12,481,147
3.020 Employees' Retirement/Insurance Benefits	3,904,864	4,043,978	4,418,371	4,487,799	4,846,275	5,041,013	5,253,074	5,474,658
3.030 Purchased Services	2,207,882	2,408,494	3,114,811	2,700,100	2,727,101	2,754,372	2,781,916	2,809,735
3.040 Supplies and Materials	494,490	646,143	888,011	625,000	631,250	637,563	643,938	650,378
3.050 Capital Outlay	36,497	152,781	502,808	300,000	125,000	125,000	150,000	150,000
4.300 Other Objects	188,457	193,274	216,469	200,000	200,000	200,000	200,000	200,000
4.500 Total Expenditures	<u>16,428,850</u>	<u>16,878,113</u>	<u>19,462,839</u>	<u>19,309,311</u>	<u>19,999,896</u>	<u>20,521,875</u>	<u>21,145,814</u>	<u>21,765,918</u>
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	983,177	1,085,754	126,148	749,519	2,130	5,318	(80,230)	(404,763)
7.010 Cash Balance July 1 - Including Proposed Renewal/Replacement and New Levies	9,415,039	10,398,217	11,483,971	11,610,119	12,359,637	12,361,768	12,367,085	12,286,855
7.020 Cash Balance June 30	10,398,217	11,483,971	11,610,119	12,359,637	12,361,768	12,367,085	12,286,855	11,882,092

DETAILED PROJECTIONS AND INFORMATION

REVENUE

Real Estate Taxes – The valuation history of the District must be reviewed when making an estimate of real estate tax revenues. The table below details the District’s real estate valuation history.

DOLLAR AMOUNT	Real Estate				TOTAL
	Res/ Ag	New Constr	Other	New Constr	
Tax Year 2016, Paid 2017	152,509,110	998,320	79,308,700	1,236,000	234,052,130
Tax Year 2017, Paid 2018*	157,993,940	695,840	80,774,020	2,517,450	241,981,250
Tax Year 2018, Paid 2019	158,602,870	702,470	82,856,290	4,171,530	246,333,160
Tax Year 2019, Paid 2020	159,583,690	1,227,670	84,067,510	3,633,290	248,512,160
Tax Year 2020, Paid 2021**	185,143,920	1,863,230	91,712,720	384,390	279,104,260
Tax Year 2021, Paid 2022	186,829,530	1,859,440	90,681,240	1,536,290	280,906,500
Tax Year 2022, Paid 2023	189,320,310	1,645,350	92,884,060	734,570	284,584,290
Tax Year 2023, Paid 2024*	260,016,500	1,724,890	92,733,180	826,590	355,301,160

* This is an Update year.
 ** This is an Reappraisal year.

The real estate valuation has been very stable. The average increase for real estate over the period is 5.75%. However, the increases occur in the reappraisal and update years. The Update completed in 2023, payable 2024, brought in a large increase in value. Another factor that affects the real estate tax revenue is HB920. HB920 reduces tax rates as valuation increases until the total effective millage reaches 20 mills. Therefore, it is also important to review the actual real estate tax collection history.

REAL ESTATE TAX COLLECTION HISTORY					
	Amount	% Inc		Amount	% Inc
CY2018	8,215,304	1.32%	FY2018	8,282,293	3.84%
CY2019	8,406,882	2.33%	FY2019	8,095,003	-2.26%
CY2020	8,502,169	1.13%	FY2020	8,610,308	6.37%
CY2021	9,083,445	6.84%	FY2021	8,760,297	1.74%
CY2022	9,078,071	-0.06%	FY2022	9,141,400	4.35%
CY2023	9,299,026	2.43%	FY2023	9,172,292	0.34%
CY2024	10,291,728	10.68%	FY2024	9,857,155	7.47%

The District’s fiscal year is July 1 through June 30. The Emergency passed in 2003; was renewed in 2007 and renewed again in 2013 and 2022. Collections will run through 2033. A second Emergency levy was passed in May 2010 and was renewed in 2015. The last year of collection for this levy is 2025. The renewal of that levy is on the November ballot.

The projections assume that the increased tax revenue due to 2023 update will be collected through 2025 and be reduced by the legislature after that. The projected amount of real estate tax revenue for the forecast is as follows:

	FY2025	FY2026	FY2027	FY2028	FY2029
Real Estate Taxes	10,291,728	9,923,000	10,117,525	10,312,050	10,250,000

Unrestricted Grant-in-Aid - This line item represents the State Foundation funds received by the District. FY2025 is based upon the projections by ODE. The FY2026 through FY2029 amounts assume full funding of the new formula that will be phased in over 6 years and equal 4% increase per year.

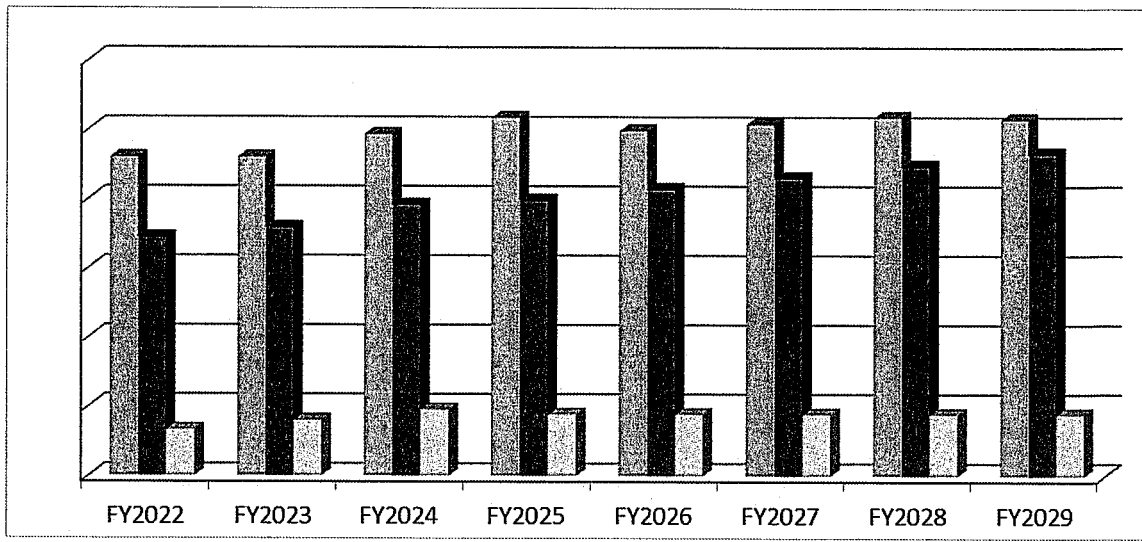
	FY25	FY26	FY27	FY28	FY29
State Foundation	7,498,102	7,798,026	8,109,947	8,434,345	8,771,719

Property Tax Allocation – This line item denotes the amount of funding received from the State for the Homestead Exemption and Property Tax Rollback. The amount of revenue from this source corresponds directly with the property tax value in the District. Also included in this line item is the tangible personal property reimbursement. The State budget included a provision to eliminate the TPP reimbursement after FY2016. The following chart details the estimated revenue for this line item.

	FY2025	FY2026	FY2027	FY2028	FY2029
Rollback	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000
Homestead Exemption	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000
TOTAL	\$925,000	\$925,000	\$925,000	\$925,000	\$925,000

Other Revenue – Items included in the other category are interest income, fees and other miscellaneous income. Historically, open enrollment amounts were included in this line item and the new funding formula does not provide these payments. It is assumed that class fees and participation fees will continue for the period of the forecast.

WHERE THE MONEY COMES FROM?



Blue – Real estate taxes; Red – State funding; Gray – Other

EXPENSES

Personal Services - The salaries and wages for District employees are accounted for in this line item. The District has tried to decrease staffing levels through attrition over the past several years. It is assumed that the staffing levels will remain constant during the forecast. The District will need to continuously monitor staffing levels.

The negotiated agreement with the teaching staff of the District expires June 30, 2026. The salary levels through FY26 are per the agreement. The following chart details the salary projection.

Description	FY2025	FY2026	FY2027	FY2028	FY2029
Certificated Staff	8,126,690	8,491,109	8,729,807	9,026,624	9,333,533
Classified Staff	2,156,393	2,253,431	2,304,133	2,355,976	2,408,986
Extra Curricular Stipends	413,329	425,729	429,986	434,286	438,629
Substitutes	175,000	175,000	175,000	175,000	175,000
Severance	50,000	50,000	50,000	50,000	50,000
Overtime / Bus Trips	75,000	75,000	75,000	75,000	75,000
	10,996,412	11,470,269	11,763,927	12,116,886	12,481,147

Certified staff includes all individuals holding a license to perform their job. This would include administrator, principals and all teachers. Classified staff includes custodians, aides, secretaries and bus drivers.

Employees' Retirement/Insurance Benefits – The District's share of retirement (State Teachers Retirement System and School Employee Retirement System), workers compensation and Medicare payments are based upon a percentage of salary and wages. It is assumed that the amount for all of these will remain at approximately 17% of salary. The cost of health insurances is assumed to increase by 8% per year for the length of the forecast. Per the COG recommendation, premium holidays are not included in the forecast.

	FY2025	FY2026	FY2027	FY2028	FY2029
Retirement, Medicare, WC	1,869,390	1,949,946	1,999,868	2,059,871	2,121,795
Life and Health Insurance	2,618,409	2,896,329	3,041,146	3,193,203	3,352,863
Total Fringe Benefits	4,487,799	4,846,275	5,041,013	5,253,074	5,474,658

Purchased Services – This line item represents the amounts paid for utilities, contracts for services, mileage/meeting expenses, property insurance, computer service contracts, legal services and other services. This line shows a reduction over historical actuals because of the change in the funding formula. Districts are no longer charged for open enrollment out student, community school students and scholarship students. . The Forecast includes the continuation of a school resources officer and mental health purchased services. It is assumed that this line item will increase at a rate of 1% per year. . The chart below details the projections:

	FY2025	FY2026	FY2027	FY2028	FY2029
Legal, Contract, Preschool, STEM, Wellness, TCCSA	1,015,000	1,025,150	1,035,402	1,045,756	1,056,213
Repairs and Maintenance	200,100	202,101	204,122	206,163	208,225
Trainings, Meetings, Inservice	20,000	20,200	20,402	20,606	20,812
Utilities	450,000	454,500	459,045	463,635	468,272
Tuition	1,015,000	1,025,150	1,035,402	1,045,756	1,056,213
	2,700,100	2,727,101	2,754,372	2,781,916	2,809,735

Supplies and Materials – The projected amount in this line item is based upon historical patterns. It assumed that the budgeted amounts in this area will increase slightly per year.

Capital Outlay – An amount is included in FY2025 for the purchase of a new school bus. The remaining years follow the historical patterns.

CONCLUSIONS

The 5-Year Forecast shows that expenditures will not exceed revenues in the Forecast. The Forecast does not show a deficit until FY2028. The District needs to continue to explore additional opportunities for savings and increasing revenue.

