



Chippewa Local Schools 5-Year Forecast Assumptions November, 2023

Ira D. Hamman, Treasurer

Revenues:

Line 1.010

Real Estate Tax

Real Estate & Public Utility Personal Property (PUPP) tax revenues account for approximately 39% of the total revenue for the school district. The collections for FY-2024 are up \$68,576 over the same period a year ago (+4%). An increase of 5% is forecasted for FY-2024, followed by an increase of 10% in FY-2025 to account for the reappraisal in 2023. It is expected that the reappraisal will show an increase in residential/agricultural values in excess of 35%. A modest 2% per year increase has been projected for the final 3 years of this forecast.

Line 1.020

Tangible Personal Property Tax

The collection for the first 2 quarter of FY-2024 is down by \$65,244. As a result, a 10% reduction in taxes is forecasted for FY 24, followed by 2% reduction in each of the following years as public utility personal property values depreciate (decrease).

Over the past 3 years the district has realized an increase in PUPP values due to the Nexus Pipeline which runs through the district. Original property values were estimated at almost \$66 million. Nexus filed a complaint first in December of 2019 to reduce values by 38.5% and subsequently filed a second complaint in January of 2020 to reduce the values by 52%. Currently, Nexus is paying on approximately \$33 million of valuation. Forecasted revenues from Nexus are based on the reduced value with no anticipated increase in valuation. Once the complaint is settled the value could be increased thus causing Nexus to owe the district

additional tax dollars. Conversely, the value could be further reduced creating a District obligation to refund a portion of taxes already paid by Nexus. This revenue source will be updated once final value determination is completed.

Line 1.030

Income Tax

The district has a 1% SDIT that was renewed in the November 2022 general election. The income tax is forecasted to be flat for FY-2024 as the first two collections in FY-2024 were down slightly. A 2% increase has been forecasted for the remaining years.

Line 1.035

State Basic Aide

Beginning in FY-2022, Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to support the education process. The Base Cost is currently calculated for two years using a statewide average from historical data.

The forecast assumes no growth for the life of this forecast. We are on a guarantee with the new state funding plan. The guarantee keeps us from having any reductions in state aid.

Line 1.040

Restricted State Aide

Restricted State Aide funding is part of the State's funding of public schools for the purpose of providing dollars for specific areas of education to include Disadvantaged Pupil Impact Aide; English Learners; Gifted Students; and Career Technical Education.

Student Wellness & Success monies, previously Fund 467, is now included in the state basic aide formula and shows up as part of the Restricted State Aide within the General Fund. No growth has been projected for this category.

Line 1.050

State Share of Local Property Taxes

This was tax reform from the 1970's when property taxes were rising significantly. The State passed two pieces of legislation. First, the Rollback which in effect rolled back 10% of taxes for all residential property owners. The second piece provided additional relief for seniors whose annual income fell beneath State guidelines. The State, in return, reimburses the school district for this lost revenue. This line item was previously titled as "Property Tax Allocation." There is no increase forecasted for this line.

Line 1.060
State of Ohio – Other Receipts

Casino revenue is included in this line which began in FY 2013. Historically, there is minimal change in the amount of revenue the District receives on an annual basis.

Tuition & Open Enrollment

The District offers open enrollment for those families not living in the Chippewa district but wanting to enroll their students at one of our schools. Both open enrollment in and out will be “netted” and included with state unrestricted aid. The District continues to receive preschool tuition and special education tuition for any court placed students in our district. No changes are forecasted on this line.

Interest on Investments

Cash not needed for immediate operations is invested during the year. Interest rates for our investments have increased dramatically. FY24 will show over a \$56,000 increase in interest income. The forecast shows a decreasing amount each year to account for potential softening of interest rates along with a diminishing of cash balances.

Federal Revenue

The Medicaid Schools Program (MSP) has been developed to include federal Medicaid matching funding for specific direct services (including targeted case management), certain administrative activities, and specialized transportation.

Advances - In & Refund of Prior Years

There are no scheduled advances in the forecast.

Expenses:

Line 3.010
Salaries & Wages

The district negotiated a 3.25, 2.75 & 2.75% base wage increase for FY-2024-FY-2026 for both bargaining units. An additional one-time bonus of \$55,000 is included in the FY-2024 forecast. The district has used Fund 467 (Student Wellness and Success Fund) since FY-2022 to cover the cost of the school nurse with those costs returning to the general fund in FY-2024.

Beginning in FY-2025, one additional teacher, one aide and a half-time nurse has been added to the staffing forecast.

Line 3.020
Fringe Benefits

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.

Health Insurance

FY-2024 includes no premium increase. FY-2025 through FY-2027 includes a 6% premium increase

Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 0.6% of wages for this five year forecast which is in line with recent historic growth. Unemployment Compensation (UC) has been negligible.

Medicare

Medicare costs will continue to increase due to the projected increase in wages. The contribution rate is 1.45%. These amounts are growing at the general growth rate of wages.

Line 3.030
Purchased Services

Expenses in this category include: professional & legal services, utilities and contracted educational services. A 17% increase in FY-2024 is forecasted to account for an increase in special education needs. A more normal increase of one percent has been forecasted for the remaining years.

Line 3.040
Supplies, Materials, Textbooks

New textbooks or instructional materials can vary greatly between the years and can be a significant expense in this category. Major curriculum purchases for reading and math are planned for FY-2024 along with an increase in facility maintenance supplies. Due to the economy, a 5% increase is forecasted to plan for inflationary growth for the following 2 years followed by 10% for the final 2 years.

Line 3.050
Capital Expenditures & New Equipment

The expenditures represent administrative and instructional equipment, building and site improvements. Most large purchases are expected to be paid from the Permanent Improvement Fund.

Line 4.300
Other Objects

These expenditures include insurance, audit expenses and fees charged by the state and county for the collection of tax revenue.

Line 5.010
Transfers, Advances, Refunds Out

This account group covers fund to fund transfers and end of year short term advances (loans) from the General Fund to other Funds. Amounts advanced are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund.

Annually, the District will transferred funds to cover the cost of District Managed Student Activities (Fund 300) where the activities have not generated adequate funds to cover their costs. Such programs include Athletics, Drama, Music/Choir/Band and Yearbook.

The current forecast includes transferring \$150,000 to the Permanent Improvement Fund (003) and \$300,000 to the Capital Projects Fund (070).