



Chippewa Local Schools 5-Year Forecast Assumptions May, 2024 Update

Ira D. Hamman, Treasurer

Revenues:

Line 1.010

Real Estate Tax

General property taxes are up significantly over last year due to property reappraisals in 2023. Residential/agricultural property values increased approximately 36.52% for Wayne County residence. Generally speaking, property taxes are collected in February and July based on the prior year values. As a result, only half of the increase shows up in the district's fiscal year ending June 30, 2024. Collections for FY-2025 will reflect the full increase in property values. For fiscal years 2026, 2027 and 2028, a modest 2% per year increase has been projected.

Line 1.020

Tangible Personal Property Tax

The collection of personal property tax for FY-2024 is down significantly due to payments of approximately \$1,180,000 received by the County after the final Spring settlement payments. This shortfall for FY-2024 has been included with the FY-2025 forecasted collections. The forecast also includes a 2% reduction in each of the following years as public utility personal property values depreciate (decrease).

As a side note, the district continues to wait on how the Ohio Department of Taxation is going to rule on the PUPP values associated with 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. Collections for FY-2024 are down 2.6%. Due to the economy FY-2025 has been forecasted down another 2% and then increased by 1.5% per year for the final 3 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." Collections for FY-2024 are up due to the property reappraisal discussed above. There is no increase forecasted for the final 4 years.

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. FY-2024 includes approximately \$578,122 in interest income representing a 48% increase over FY-2023. Looking ahead, it is anticipated that this source of funding will decrease by approximately \$75,000 per year due to 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 return of 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. A 14.25% increase is planned for FY-2025 with an additional increase of 6% per year for FY-2026 through FY-2028 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. A 5% increase is forecasted for FY-2025 through FY-2028.

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 forecast includes the following transfers from the General Fund:

	FY-2024	FY-2025 through FY-2028
Capital Improvement Fund	\$300,000	\$300,000
District Managed Activities	\$130,000	\$130,000
Permanent Improvement Fund	\$ 20,000	\$700,000

The annual increase of \$700,000 to the PI fund reflects anticipated payments to add on to and to renovate the Intermediate school building converting the building from grades 3-6 to grades pk-6.