

# Reynoldsburg City School District

## Five-Year Forecast Assumptions and Notes

### For the Period July 1, 2022 Through June 30, 2029

November 19, 2024

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#### *Overview*

The five-year forecast is a planning tool that uses current available data and reasonable assumptions to form a hypothetical representation of Reynoldsburg City Schools' financial future. Forecasts, by their nature, are not designed to be exact, but are rather a tool to provide information to assist the community and stakeholders in the planning and assessment of the financial condition of the District.

The five-year forecast is a working document based on a set of assumptions that can change as more up-to-date information becomes available. Any financial forecast has inherent uncertainty and the COVID-19 Pandemic and resulting economic issues have contributed to this uncertainty. The effects of the pandemic continue to impact our state, country, and global economy. While increased inflation impacting district costs are expected to continue over the next few years, the economy is also expected to continue to grow as the recovery from the pandemic continues.

As a result of the financial stresses that responding to the pandemic placed on school district budgets, all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began being disbursed in fiscal year 2020 and concluded at the end of fiscal year 2024 for ESSER III expenses. The ESSER funds have assisted our district in providing vital services to our students as we recover from the pandemic.

The District is projecting that expenditures will continue to surpass revenues this fiscal year. However, the remaining ESSER funds may reduce the negative impact on the cash balance through fiscal year 2024. In addition, our cash balance will help to mitigate the projected future deficits in the short-term, however additional revenues will need to be generated in the future, most likely via an operating levy.

Our financial situation will continue to evolve in this ever-changing environment. We are consistently monitoring the situation and adjusting to new information as it becomes available. Even in these challenging times, we have not lost focus of our responsibilities and commitment to the students and the taxpayers in the District.

The following provides more detailed information on the assumptions used in this forecast. For additional information, please make an appointment with Angele Latham, Reynoldsburg City School's Treasurer, by calling 614-501-2259.

## ***----Revenues----***

### **Real Estate Tax (line 1.010)**

Real estate taxes are based on property values in the District. Property values are determined and taxes are assessed on a calendar year. Property values for CY24 are \$1,278.8M, an increase of 41.98% over CY22 \$907.7M due to the triennial update and new construction. This resulted in an increase of tax collections of \$340.5K in FY23 and an additional \$555.8K increase in FY24. In addition, modest increases are forecasted to reflect new construction in CY25.

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>
Real Estate Tax	\$26.2M	\$26.7M	\$27.1M	\$27.6M	\$28.1M
State Share of Local Property Taxes	\$3.2M	\$3.3M	\$3.4M	\$3.6M	\$3.7M
<b>Total</b>	<b>\$29.4M</b>	<b>\$30.0M</b>	<b>\$30.5M</b>	<b>\$31.2M</b>	<b>\$31.8M</b>

See Appendix A for additional information on property values and tax collections.

### **Income Tax (line 1.030)**

The District receives revenues from a continuing .5% income tax levy. From FY2022 to FY2023, income tax collections increased an average 10%. In FY2024 collections have decreased 3.6% but are projected to recover in FY25 and beyond and increase approximately 3.2 percent thereafter. The decline in FY24 was due to delinquencies.

See Appendix B for additional information.

### **State Funding (line 1.035 & line 1.040)**

The State sets funding for school districts every two years as part of the biennial budget. FY2025 is the second year of the FY24-FY25 biennial budget.

The actual release of the new state school funding formula, known as the Fair School Funding Plan, was implemented in December of FY22 and is being phased in over six years pending legislation to continue the phase-in in the next biennial budget in FY26. This forecast includes an increase in state funding due to the continued phase-in and the increase in base cost inputs approved by the Ohio legislature for the current biennium. State funding in FY25 and beyond include modest increases however the steep increase expected in property valuation and other factors has led to a decrease in the state share.

State Funding	FY25	FY26	FY27	FY28	FY29
<b>Basic Aid</b>	\$49,832,196	\$51,778,103	53,028,103	\$52,278,103	\$52,528,103
<b>Restricted Aid</b>	\$5,424,048	\$5,866,698	\$5,866,698	\$5,866,698	\$5,866,698
<b>Sub-Total</b>	<b>\$55,256,244</b>	<b>\$57,644,801</b>	<b>\$58,894,801</b>	<b>\$58,144,801</b>	<b>\$58,394,801</b>
<b>Casino Revenue</b>	\$500,000	\$505,000	\$510,000	\$515,000	\$520,000
<b>Total</b>	<b>\$55,756,244</b>	<b>\$58,149,801</b>	<b>\$58,404,801</b>	<b>\$58,659,801</b>	<b>\$58,914,801</b>

### **State Share of Local Property Taxes (line 1.050)**

This line item of the forecast includes reimbursement for the Rollback and Homestead deductions which are deducted from taxpayers' property tax bills. The State reimburses the District for these deductions. In FY2025, this is estimated to be approximately \$3.2M and increase at an average of 3.62 percent.

See Appendix A for additional information on property values and tax collections.

### **Other Revenues (line 1.060)**

Other revenues include tuition from other districts, revenue in lieu of taxes (TIF receipts), interest on investments, etc. The breakdown of other revenues for FY2025 is:

TIF Receipts	\$5.00M
Tuition & Spec Ed Reimb.	\$1.07M
Interest Income	\$1.96M
All Other	<u>\$1.02M</u>
Total	\$9.05M

In FY2013, the District began accepting open enrollment students. The funding for these students used to come to the District as other revenue. Under the new state school funding system, these students will be funded along with resident students and be included in state funding. The District now only allows open enrollment for students open-enrolled prior to FY22 and students of employees.

### **All Other Financing Sources (line 2.060)**

This line includes refunds of prior years' expenditures, Workers' Compensation refunds, insurance reimbursements, and other items not categorized as revenues.

## ----*Expenditures*----

### **Salaries (line 3.010) and Benefits (line 3.020)**

#### **Salaries**

##### Teacher Contract

The District approved a two-year contract with teaching staff effective 08/1/2023 through 7/31/2025. The forecast includes a step increase and a 2.5% base salary increase for all teaching staff in FY25.

##### Classified Contract

The District approved a three-year contract with classified staff effective 7/1/2024 through 6/30/27. The contract includes a step increase each year for classified staff and at least a 2% base salary increase for all classified staff in FY24. Employees paid below market received a base increase based on the market study. All classified employees will receive a 2.5% increase on their base salary in FY26 and FY27.

For forecast years not covered by a negotiated agreement, an annual step increase was used to estimate personnel costs.

#### **Benefits**

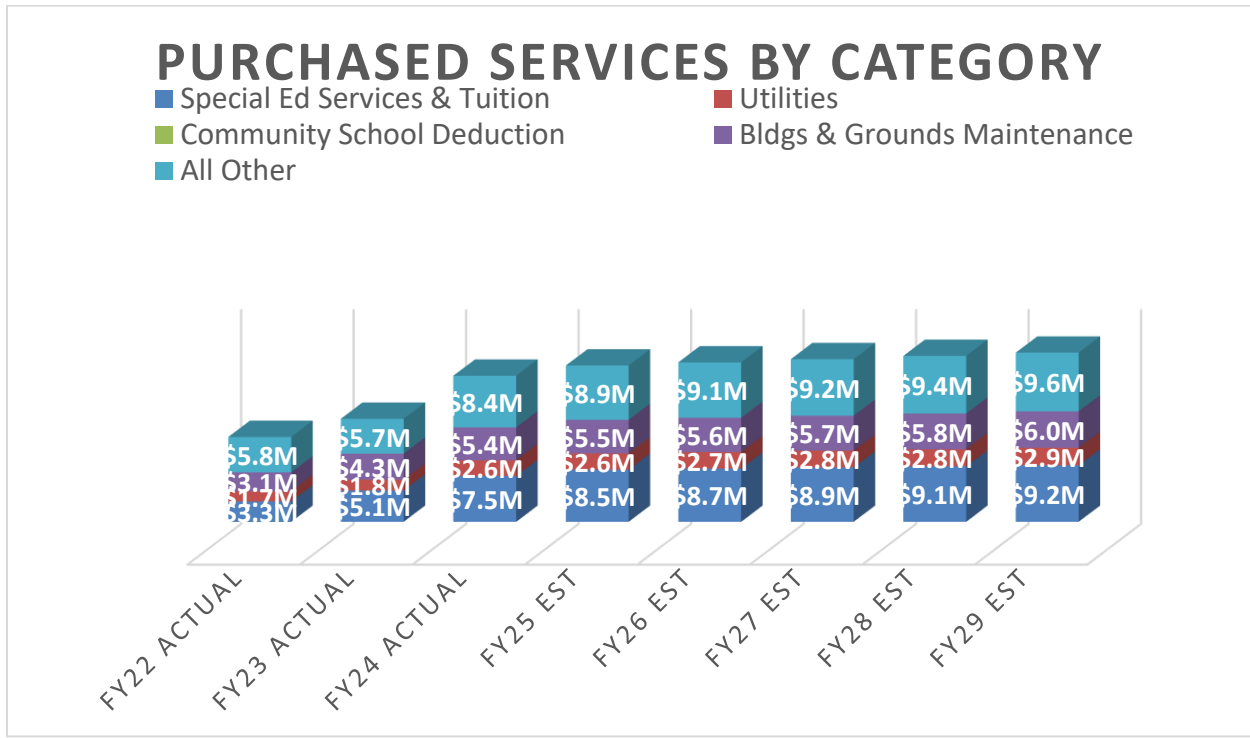
Benefits include employer contributions to the School Employees Retirement System, State Teacher Retirement System, Medicare, and Workers' Compensation. These benefits are calculated as a percentage of salaries.

Benefits also include health insurance. Health insurance rates are renewed every January 1<sup>st</sup>. Rates are forecasted to increase 15% on January 1, 2025 and 10% each January 1<sup>st</sup> thereafter for the remainder of the forecast.

Tuition reimbursements, unemployment, and custodial uniform allowance are also included in benefits. See Appendix D for additional information.

**Purchased Services (line 3.030)**

**Purchased Services**



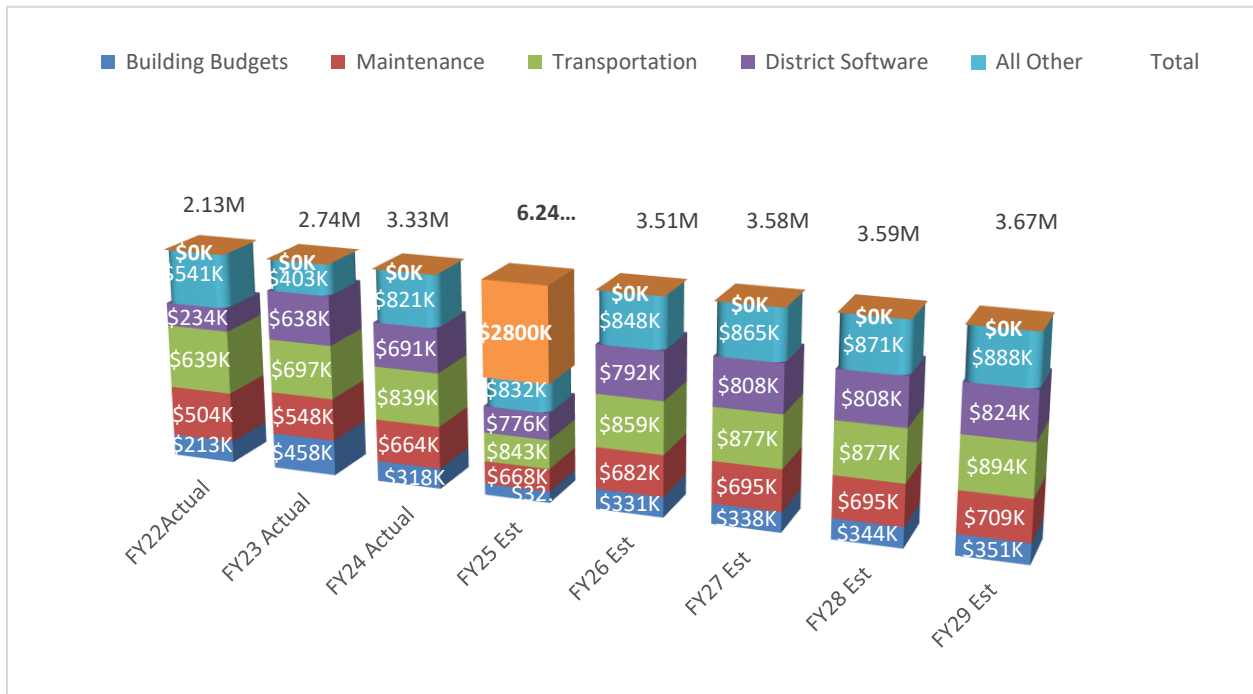
Purchased services include, among other things, utilities, building repairs and maintenance, bus repairs and maintenance, service agreements, copier leases, META computer services, meeting and mileage expenses, special education tuition and special education services. This line item accounts for 23% of total expenditures (line 4.500) and is the most volatile. Many of the items in this category, such as special education costs, transportation costs and support services personnel costs vary widely from year to year.

Prior to the new state school funding system, deductions for students attending other districts as open enrollment students or community schools were recorded as expenditures in purchased services. Starting in FY22, the districts/schools educating these students receive their funding directly and the expenditure is no longer reflected in the forecast.

The top 3 expenditures in FY25 make up over half of this line item.

- Special Education Services & Tuition      \$8.5M
- Bldgs & Grounds Maint                      \$5.5M
- Utilities (Including Phone/Connectivity)      \$2.6M
- All Other    \$8.9M
- Total    \$25.5M

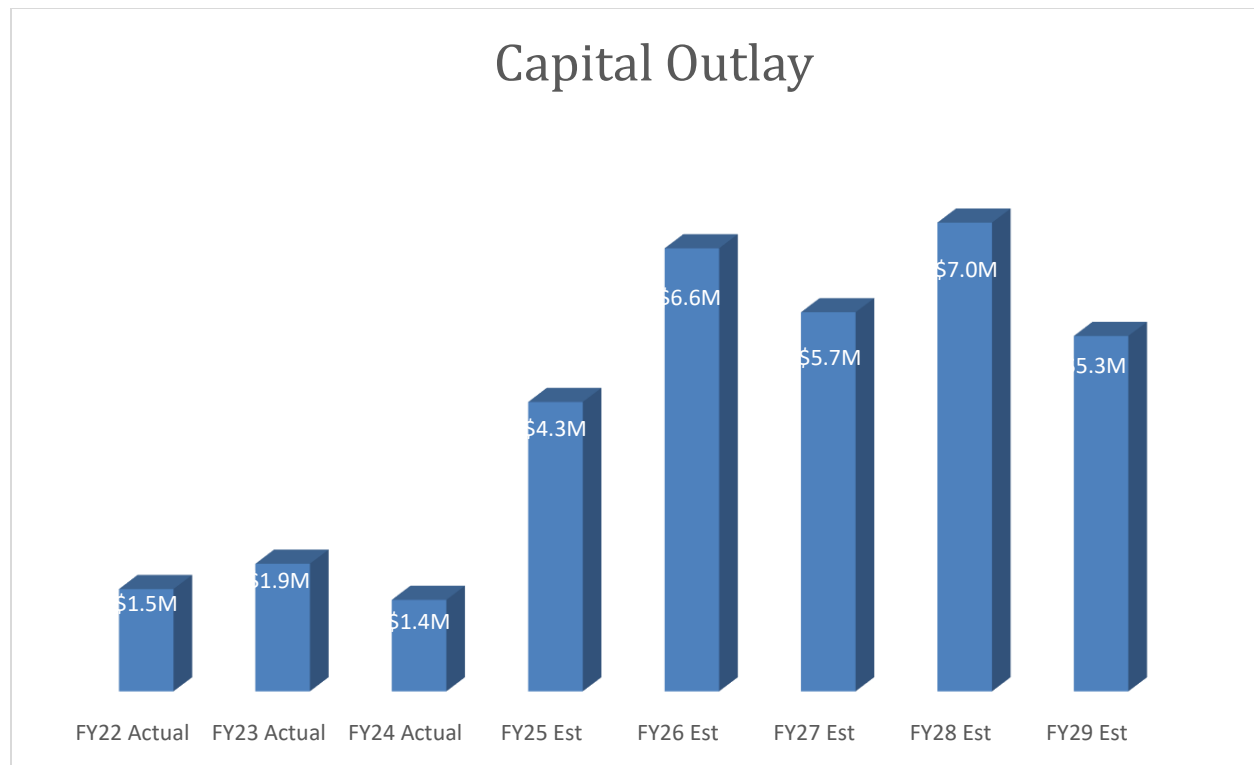
**Supplies and Materials (line 3.040)**



Materials and supplies are estimated at \$6.24M for FY2025 and account for about 5% of the expenditures. This line item includes instructional supplies, maintenance supplies, and bus fuel.

The increase in FY25 is largely due to inflation in the cost of maintenance supplies and fuel and supplies for additional special education units. In FY25 the district will adopt a new K-12 curriculum estimated at \$2.8M.

**Capital Outlay (line 3.050)**



Capital outlay is a relatively small part of the District’s operating budget, accounting for just over 4% of total expenditures. The District has set aside funds in a Permanent Improvement Fund to purchase busses and in a Technology Capital Outlay Fund to purchase technology equipment and infrastructure.

The increase in FY25 is due to capital projects throughout the District. With the failure of the combination bond/permanent improvement levy on November 2, 2021, the general fund has needed to absorb additional maintenance and capital improvement costs. Additional capital improvement costs are forecasted in future periods consistent with the District’s master facilities plan.

**Principal and Interest (lines 4.055 and 4.060)**

In October of 2017, the Board approved a contract with Dynamix Engineering to upgrade the HVAC systems and lighting throughout the District. The project is funded by a \$13.5M loan through CapitalOne and \$2M of General Fund monies. The District will make principal and interest payments from the General Fund until the debt is paid off in December 2032.

**Other Expenditures (line 4.300)**

The majority of Other Expenditures include fees paid to the Education Service Center fees, county auditor and treasurer to collect the District’s property taxes, membership fees, and the cost of the annual audit.

### **Operating Transfers Out (line 5.010)**

In FY2025, transfers to other funds totaling \$1,200,000:

- \$300,000 to the PI Fund for Bus Purchases
- \$98,430 to the Athletic Fund to reduce pay-to-participate fees
- \$14,074 to the LPDC Fund per the teacher negotiated agreement
- \$551,216 to the 034 Maintenance Fund per the 3666637
- \$200,000 Budget Advances for grant funds
- 36,280 to the Music Funds to reduce pay-to participate fees

In FY2024, transfers to other funds totaled \$3,362,890:

- \$87,120 to the Athletic Fund to reduce pay-to-participate fees
- \$42,976 to the LPDC Fund per the teacher negotiated agreement
- \$2,559,922 Building Budget Transfers
- \$672,872 Budget Advances for grant funds

In FY2023, the forecast includes the following transfers totaled \$2,694,520:

- \$200,000 to the PI Fund for Bus Purchases
- \$2,271,750 Advanced for grant funds
- \$184,140 to the Athletic Fund to reduce pay-to-participate fees
- \$38,630 the Music Funds for supplemental contracts

In FY2022, the forecast includes the following transfers totaled \$2,320,996:

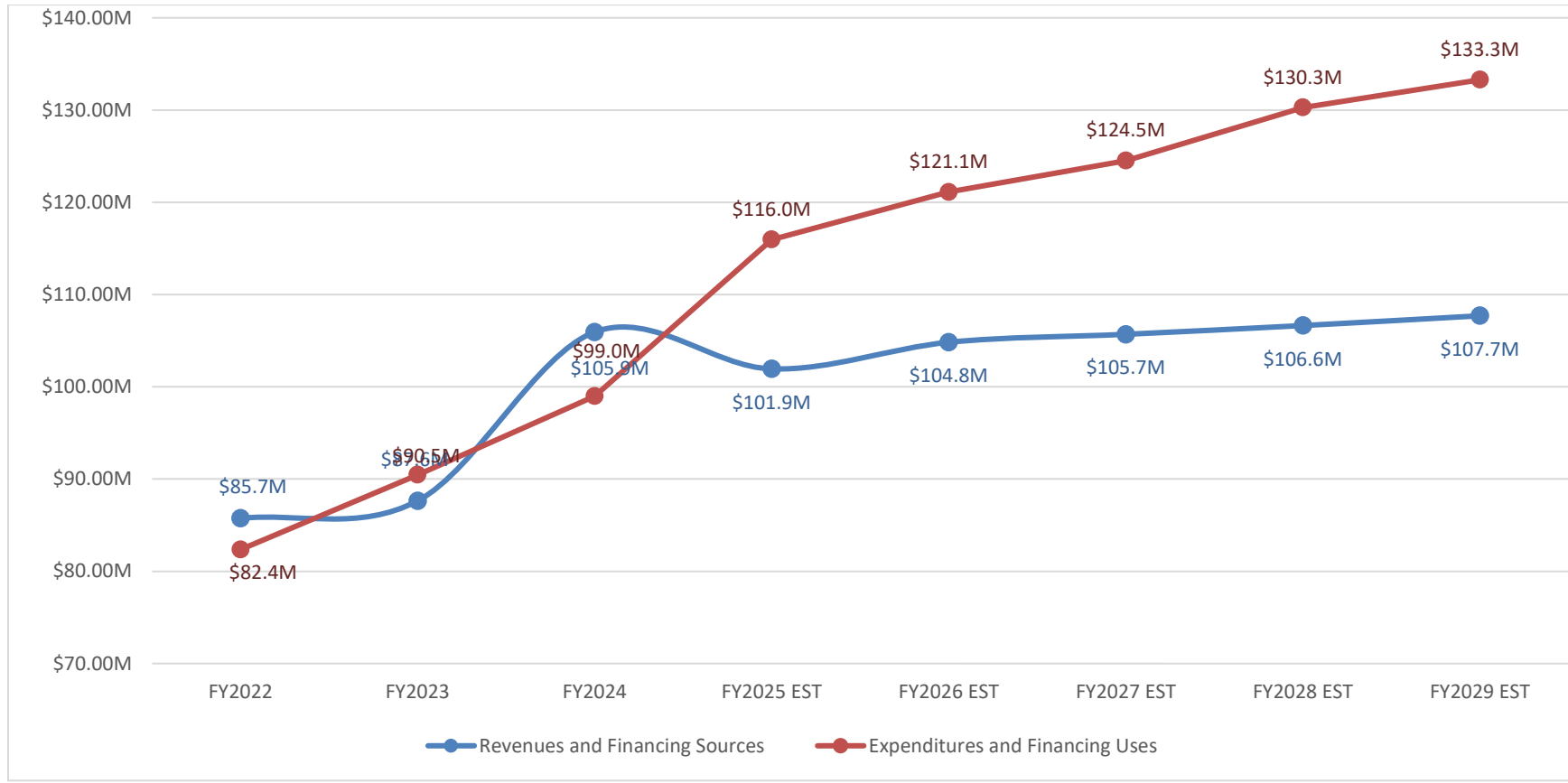
- \$100,655 to the Athletic Fund to reduce pay-to-participate fees
- \$2,138,309 building budget transfers
- \$16,573 the Music Funds to reduce pay-to-participate fees
- \$2,150 to the Athletic Fund for facility rental credit

### **Advances Out (line 5.020)**

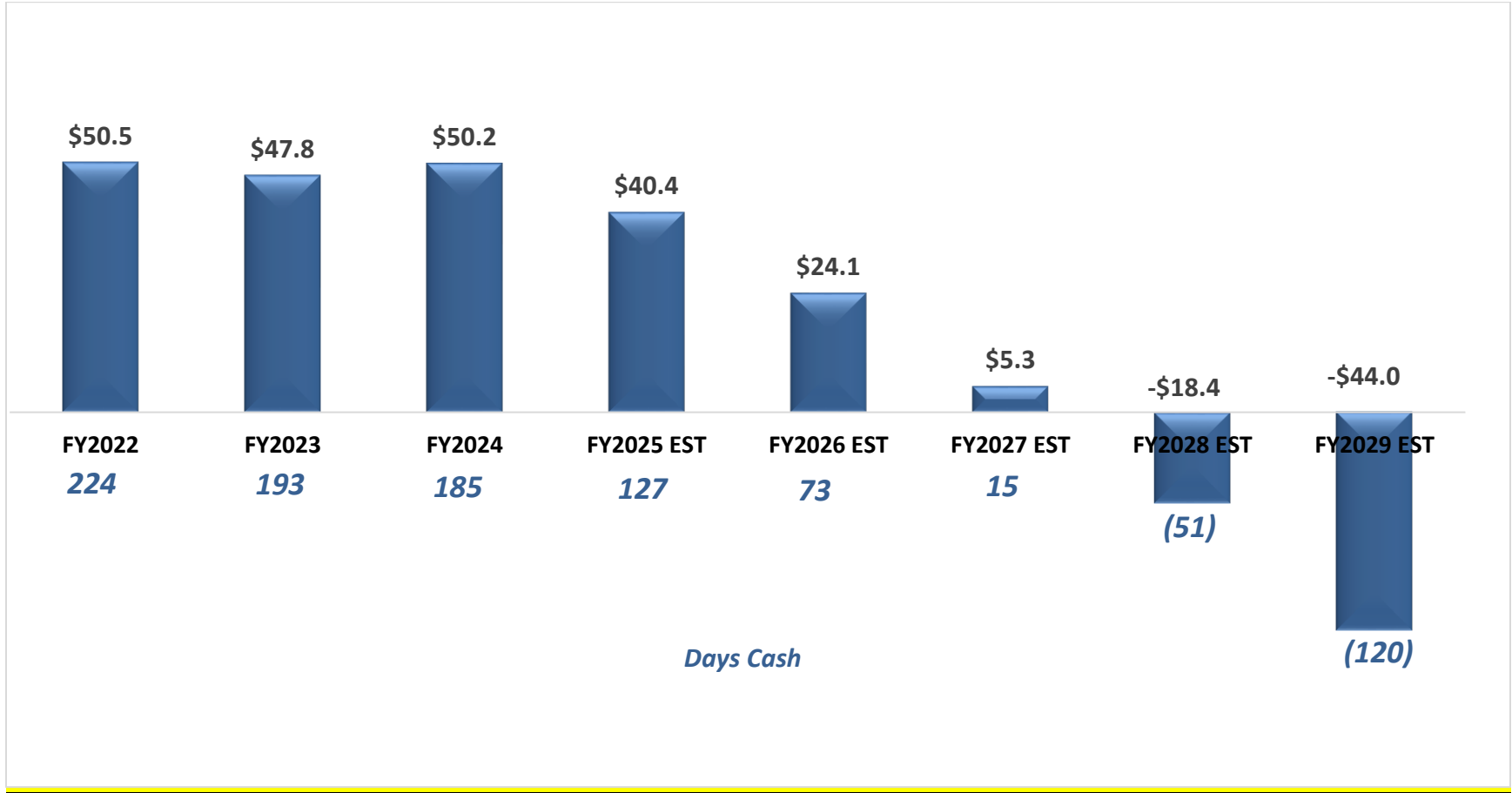
Advances are temporary loans from the General Fund to other District funds, usually grants. FY24 includes \$985,587 in advances to the federal grants. We anticipate that these will decrease as ESSER funds have expired. These monies will be repaid to the General Fund once the grants are complete.



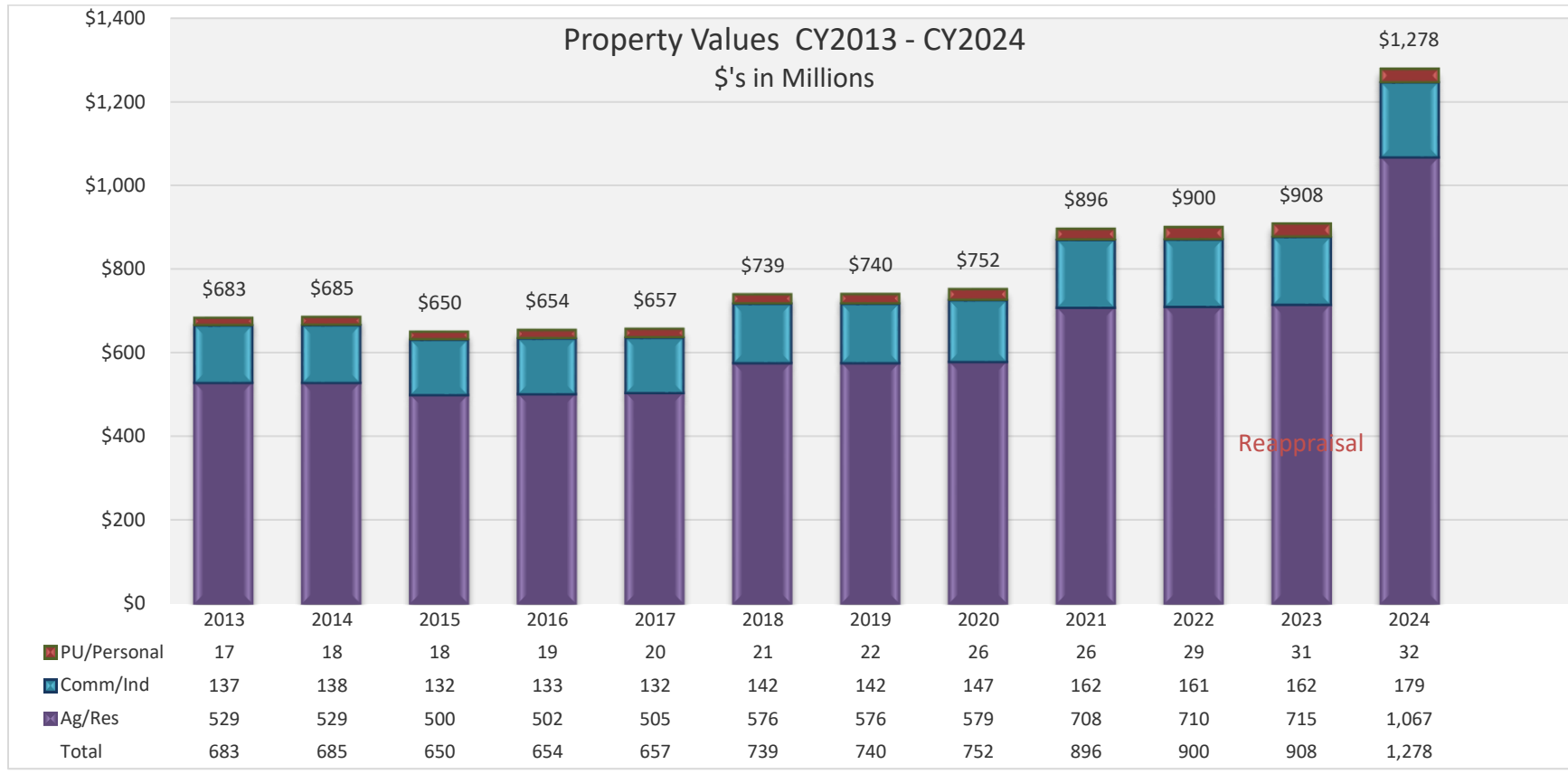
## Appendix A – Revenues vs. Expenditures



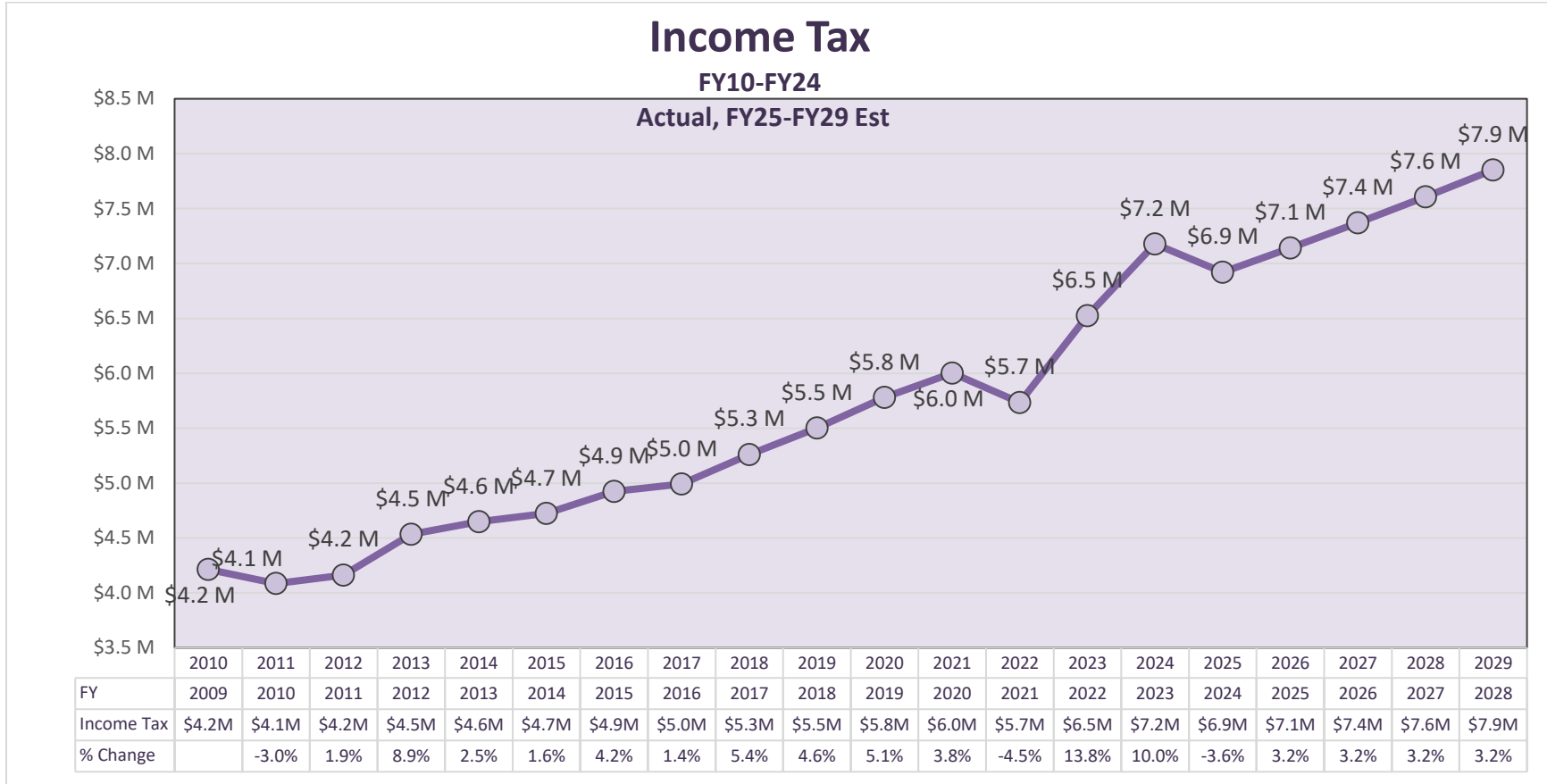
**Appendix A – Cash Balance**



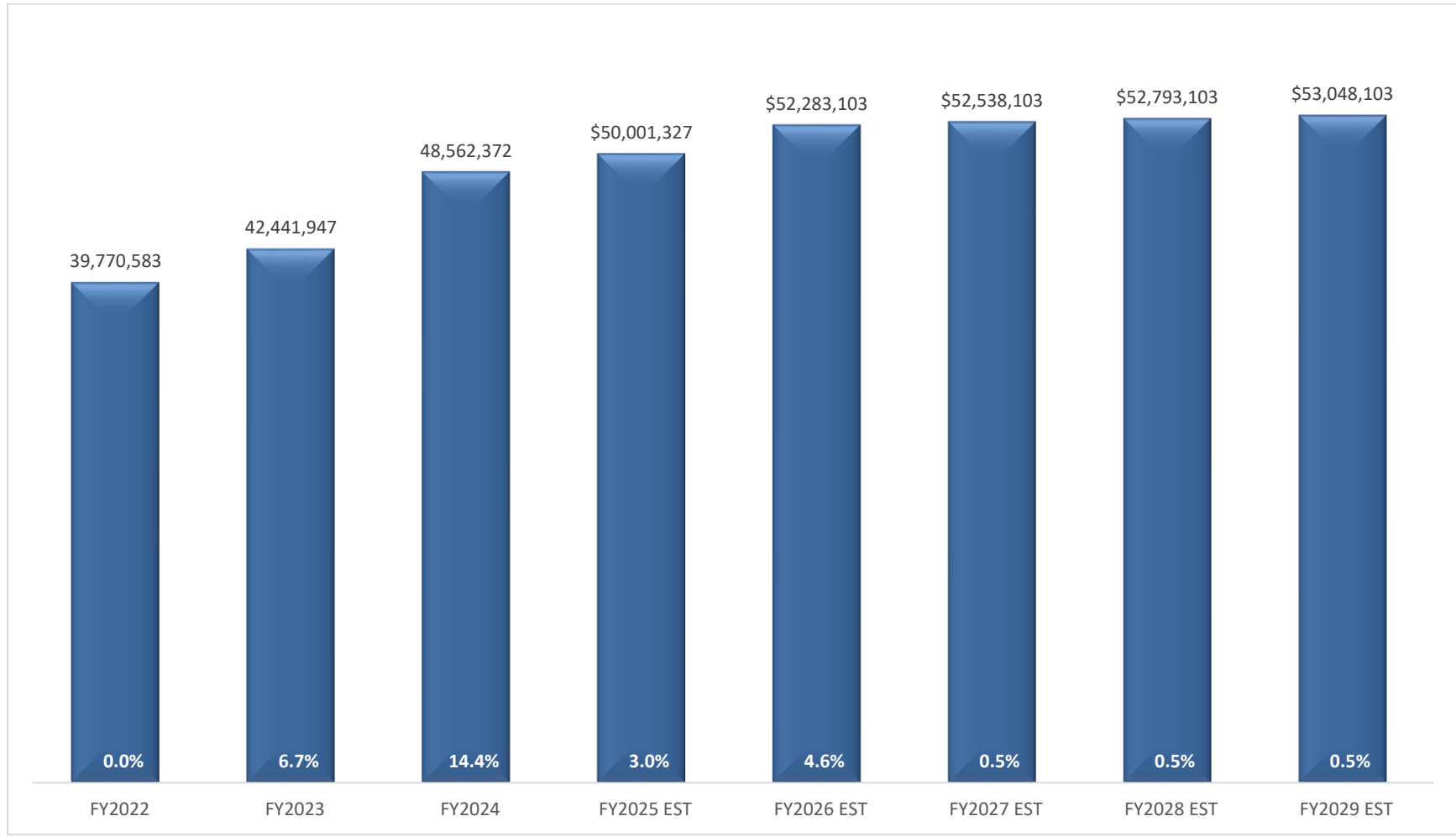
## Appendix A - Property Values/Tax Collections



## Appendix B - Income Tax



## Appendix C- State Funding



## Appendix D- Salaries and Benefits

