

Orrville City Schools – Financial Forecast



Orrville City Schools, Spring 2026(FY26)

Purpose

- Integral part of the appropriation process for a school district
- To engage the local board of education and the community in the long-range planning and discussions of financial issues facing the school district
- Vital for planning process and making operating decisions for the district
- Forecast methodology – prepared based on historical trends and current indicators of future financial responsibilities; end state is to provide a guide for financial decisions and sustainability/stability for the district

State Changes to the Forecast

- Now will be submitted in August and February
- Requires districts to submit “appropriations, revenue, and fund balance assumptions,” and projections of “expenditures, revenues, and fund balances for the 3 succeeding years”
- “Functionally, school districts may think of this change as a shift to a four-year submission”
- Coinciding with general practice among Treasurers around the state, Orrville’s forecast presentation will be a five-year projection, with only four years of projection data submitted to the ODEW

School Funding – Before HB96, HB186, HB129, HB335, and HB309

- School funding is comprised of state funding and local taxes
- Ohio school funding has historically been dependent on property tax levies and natural cycles to continue support for education funding
- HB920 had set the precedent for tax reduction factors – protects against large increases but provides a floor for revenue loss
 - Reduces the “effective tax rate” until the floor is reached
- Orrville was at the “20-mill floor” providing a direct correlation from property value increases to district revenue increases
- Orrville has 2 fixed-sum levies (previously referred to as emergency levies)

Tax Reduction Factors and 20-Mill Floor Example

- Mill = $1/1,000$ (\$1 per \$1,000 in value)
- \$10,000,000 property value x 30 mills = \$300,000 (Revenue)
- \$12,000,000 property value x (Y) mills = \$300,000 (Revenue)
 - (Y) = 25 mills
 - So “effective millage” is 25 mills
- \$18,000,000 property value x (Y) mills = \$300,000 (Revenue)
 - (Y) = 16.67 mills
 - However, the 20-mill floor stops this reduction at 20 mills
 - Effective millage is now 20 mills
 - \$18,000,000 x 20 mills = \$360,000
- \$19,800,000 property value (10% increase) x 20 mills = \$396,000
 - Direct 10% increase – matches the actual increase due to being at the 20-mill floor

School Funding After Legislative and Biennium Changes

- HB 129 includes fixed-sum (emergency) levies in the 20-mill floor calculation
 - Orrville will be lifted off the floor to 27.75 mills
 - During the re-appraisal in 2026 and the value update in 2029 our effective millage will be reduced, but will not hit the 20-mill floor again until 2030 or later (estimates confirmed by County Auditor)
 - This means that Orrville's property tax revenue will flat line
- HB 335 limits the growth of inside millage
 - Previously was not limited or subject to tax reduction factors
 - Orrville has 4.8 mills of inside millage that now will see limited growth

School Funding After Legislative and Biennium Changes

- When Orrville does hit the 20-mill floor again, HB 186 will limit the growth from revenue to the GDP Deflator
- HB 96 included a “County Level Piggyback”
 - State level rollbacks but the district is held harmless
 - County will be able to institute with no backfill to the district
 - This would equate to a \$340,000 hit each year to the District’s property tax revenue if enacted

SCHEDULE B ESTIMATES

FISCAL YEAR 2026 - 2027

LEVIES INSIDE & OUTSIDE THE 10 MILL LIMIT

SCHOOL SUBDIVISION: ORRVILLE CITY

2025 Estimated Values & Yields

1. Res/Ag

2. Other Real

3. PUCO

4. Res/Ag New Construction

5. Other New Construction

6. Total

2025 VALUES

\$263,730,410

\$96,170,499

\$4,605,933

\$1,257,630

\$784,420

\$366,548,892

Fund Type	Purpose	Last Yr Voted	No. # Years	Tax Year First/Last	Coll Year First/Last	Full Millage	Reduction Res/Ag	Effective Res/Ag	Effective Other
General Fund	GENERAL FUND		S 09-00-00			4.800		4.800000	4.800000
General Fund	CURRENT EXPENSE	1976	Cont S 09-76-00	Cont Cont	Cont t	21.400	0.610305 0.260329	8.339473	15.828959
General Fund	CURRENT EXPENSE	1980 NOV	Cont	Cont Cont	Cont t	4.800	0.573144 0.182466	2.048908	3.924163
General Fund	CURRENT EXPENSE	1987 NOV	Cont	Cont Cont	Cont t	4.800	0.502251 0.041454	2.389195	4.601020
General Fund	CURRENT EXPENSE	1992 NOV	Cont	Cont Cont	Cont t	4.800	0.495325 0.041454	2.422440	4.601020
Debt Service Funds	BOND (\$16,000,000)	2007 MAY	28	2007 2034	200 8	3.000		3.000000	3.000000
Capital Project Funds	PERMANENT IMPROVEMENT-ONGOING	2005 MAY	Cont S 09-95-00	Cont Cont	Cont t	4.800	0.620894 0.041454	1.819708	4.601020
General Fund	EMERGENCY (\$1,115,700)	2024 NOV	10	2025 2034	202 6	3.150		3.150000	3.150000
General Fund	EMERGENCY (\$1,617,900)	2022 NOV	10	2023 2032	202 4	4.600		4.600000	4.600000

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School Funding After Legislative and Biennium Changes

- State Funding Formula
 - Enacted as a calculation to provide a more equitable distribution of state resources to students in Ohio
 - Planned phase in of cost inputs and district data
 - Main factors – enrollment, local wealth indicators, base cost inputs
- Biennium budget in 2025 did not increase the base cost inputs
 - State formula is using 2022 cost data to dictate what it costs to educate a student
- Lowered enrollment and increased property values work against Orrville's funding
- Net result = decreased state funding

Ohio Department of Education & Workforce Office Of Budget and School Funding Summary School Finance Payment Report (SFPR) Simulation Calculator for FY2027			
IRN:	044610	District: Orrville City	County: Wayne
			State Funding
State Support			
A	Base Cost		\$3,525,527.78
B	Targeted Assistance		\$1,466,825.82
C	Special Education		\$474,868.56
D	Disadvantaged Pupil Impact Aid (DPIA)		\$162,581.15
E	English Learners		\$34,844.81
F	Gifted		\$71,802.55
G	Career Technical Education		\$9,435.97
H	Core Foundation Funding [A + B + C + D + E + I]		\$5,745,986.65
I	Temporary Transitional Aid Guarantee		\$210,683.97
J	Transportation		\$345,573.14
K	Formula Transition Supplement		\$1,150.14
L	Base Funding Supplement		\$52,497.39
M	Enrollment Growth Supplement		\$0.00
N	Total Formula Funding [H + I + J + K + L + M]		\$6,355,891.28
Additional Aid Items			
O	Performance Supplement		\$59,715.78
P	Preschool Special Education		\$126,105.37
Q	Special Education Transportation		\$83,588.38
R	Total State Support (N + O + P + Q)		\$6,625,300.82
Disclosure			
	Base Cost - Student Wellness and Success		\$167,847.30
District Factors			
a	Number of School Buildings		3.00
b	Base Cost Enrolled ADM [greater of ((b1+b2+b3)/3) and b3]		1,380.23
b1	Enrolled ADM FY24	1,434.37	
b2	Enrolled ADM FY25	1,393.90	
b3	Enrolled ADM FY26	1,312.43	
b4	Kindergarten FTE	95.40	
b5	Grade 1-3 FTE	306.61	
b6	Grade 4-8 FTE not in CTE Program	571.42	
b7	Grade 9-12 FTE not in CTE Program	385.71	
b8	FTE Enrolled in Career Technical Education (CTE) Program	11.09	
b9	Grade 9-12 FTE	383.95	

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Summary - *This is the biggest simultaneous change to education funding since the 1970s*

Orrville City Schools Revenue Before Legislative and State Changes

- Property tax growth with property value increases
- Fixed-Sum levies not included in the 20-mill floor - \$2.7M
- State funding formula with current cost inputs

Orrville City Schools Revenue After Legislative and State Changes

- \$750,000 annual revenue decrease compared to previous tax law (LSC calculation from HB186 and HB129)
- Fixed-Sum levies included in the 20-mill floor = flatlined revenue
- \$340,000 county level piggyback pending revenue loss
- \$1M decrease in state funding in FY27 compared to FY24

Note on Forecast Assumptions

Recent legislation adopted by the Ohio General Assembly, including House Bills 186, 335, 129, and 309, introduces new limits and adjustments to how property tax revenues are calculated and collected by school districts, with the intent of moderating revenue growth associated with rising property values.

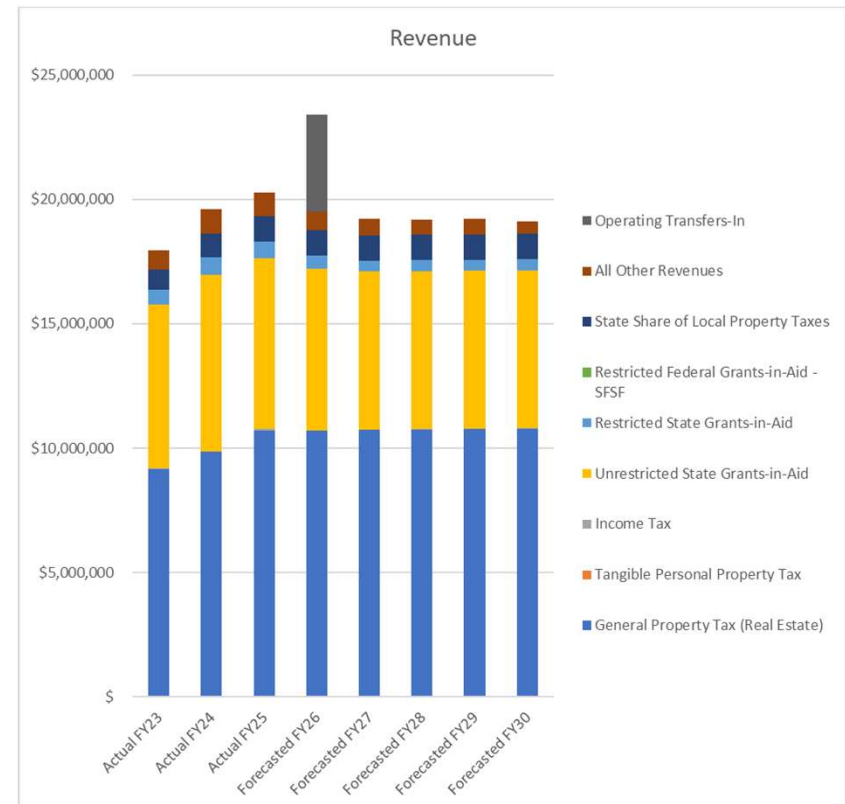
These changes are still in the process of being implemented. The Ohio Department of Taxation is continuing to work through the technical and administrative details of the new laws, and county auditors are awaiting guidance and certified tax rates before final impacts can be communicated to school districts. In addition, several of these bills were enacted in close succession, and questions remain regarding how certain provisions interact with one another. Further guidance or technical changes may be needed as implementation continues.

Accordingly, revenue assumptions reflect the best information available at the time of this forecast and may be revised as additional guidance, certified rates, or statutory changes occur.

The Board of Education and administration regularly review financial forecasts and compare projected revenues to actual results to ensure resources remain aligned with educational priorities, operational needs, and long-term financial stability. While these evolving changes present planning challenges, the District remains committed to transparency, thoughtful fiscal management, and strong stewardship of community resources.

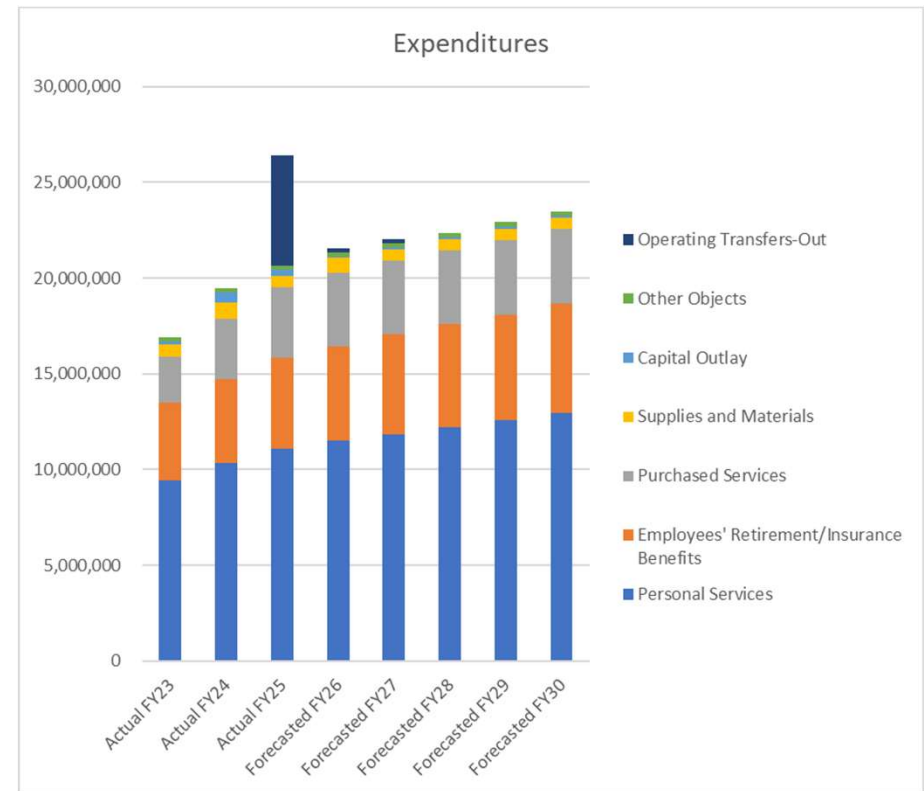
Revenue Forecast and Assumptions – Line 2.080

- Forecast projects revenues flatlining due to the recent property tax changes and Orrville being lifted off the 20-mill floor
- Anticipated to not reach the 20-mill floor again until 2030 or later
- State revenue projected to decrease due to state funding formula changes
- FY26 includes a forecasted transfer-in to the General Fund of \$3.8M to supplement revenue losses
- Changes we are monitoring:
 - Property tax implementation
 - State Biennium budget in 2027
 - County level “Piggyback” credit

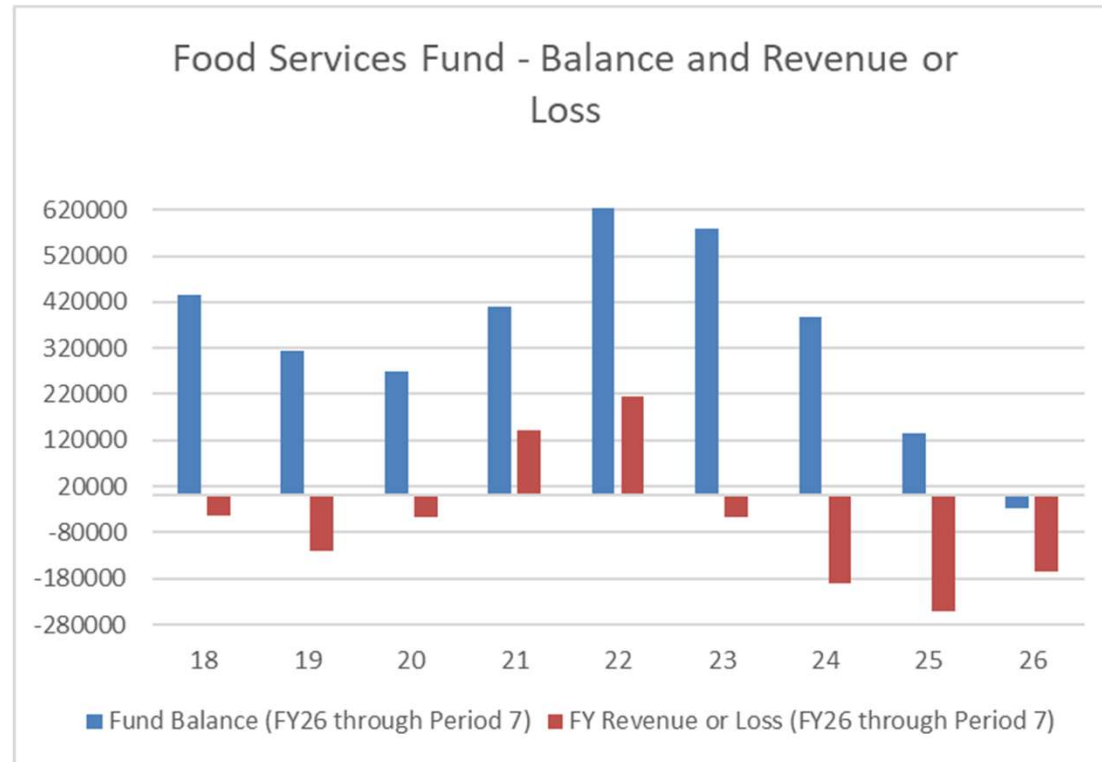


Expenditure Forecast and Assumptions – Line 5.050

- Forecast projects expenditures increasing over the next five years
- Salaries and benefits represent 77% of operating expenditures
- Anticipating a 0.5% annual increase in purchased services, however these can fluctuate due to the nature of student instruction
- Forecast projects a transfer out of the General Fund of \$200,000 in FY26 and \$175,000 in FY27



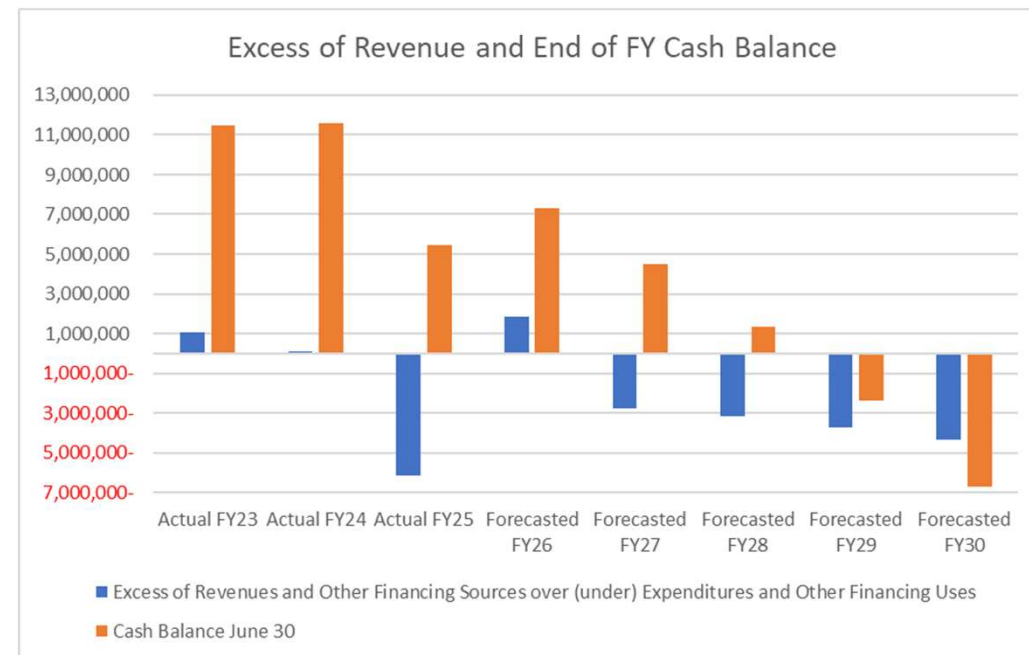
Transfer Out – 006 Food Service



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Excess of Revenue and Other Financing Sources

- Line 6.010 shows the relationship between revenues and expenses in a FY
- FY27-FY30 we forecast line 6.010 as negative due to increasing costs and flat lined revenue streams
- FY25 and FY26 skewed due to Transfers In and Transfers Out of the General Fund



Legislative and Other Notes

Legislative:

- HB 420 – Eliminates Continuing Levies
- Property Tax Abolishment Ballot Initiative

Other:

- Will likely submit an updated forecast in the late spring after the Department of Taxation and County Auditors have received further guidance on legislation implementation