Lake Local Schools (Wood)
Five-Year Forecast Assumptions
November 2022
Overview

This forecast has been prepared to provide the Board of Education and the Lake Local Schools community with information about the current financial status of the District as well as the projected future. This Forecast only includes the General Fund. It is the General Fund which provides the financial resources for educating the children of our District. There are other funds such as the Permanent Improvement Fund or the Bond Fund which have restricted uses. The District is continuously looking for ways to supplant existing expenses to other appropriate funding sources as they are awarded.

This Fiscal Year also contains uncertainties like others have in the past with inflation at a high point. Each uncertainty contains many variables that could continue to impact both revenue and expenses.

Assumptions

REVENUES

Property Tax Receipts

Revenue collected from taxes levied by a school district by the assessed valuation of real property effective tax rates for class I (residential/agricultural) and class II (business).

We receive just over 51% of our total revenue from local sources. This forecast has been made with conservative increases in real estate taxes, and assumes a 7% increase on this year's collections vs. last year's collections. This was due to the county reappraisal that was conducted in 2022. We are expecting small growth each fiscal year with the exception of Fiscal Year 2024 when the revenue from the second phase of the First Solar Project should be received. This is estimated to be around $500,000 but actuals will be based on the county auditor's valuation of the finished building. We are also anticipating the FY26 county reappraisal to be a positive for the district as well as this is a county update year.

Tangible Personal Property (TPP) Tax

Revenue from public utility personal property valuations multiplied by the districts full voted tax rate.

At one time, the locally collected TPP tax represented 31% of the District's tax base however, in fiscal year 2020 we received the last amount of TPP revenue that we will receive.

Property Tax Allocation

Funds received for Tangible Personal Property Tax Reimbursement, Homestead and Rollback

The property tax rollback is a 10% reduction in the taxes charged against Class I (residential and agricultural) real property. The state reimburses schools the full amount of the rollback. A homestead property is property that the homeowner occupies as a primary residence. This qualifies for a 2.5% portion of the tax that is paid by the state and not the homeowner. We are projecting a 1% increase each year of this forecast.

Unrestricted Grants-in-Aid – State Foundation Payments

Funds received through the State Foundation Program with no restrictions on uses.

State aid makes up almost 34% of our total revenue, our next largest income source other than real estate taxes. School districts receive payments twice a month, and are not restricted in how it can be used. The state foundation funding formula was changed again for FY2022 and FY2023. This forecast contains estimates provided to us from the Ohio Department of Education. The new formula eliminated open enrollment funding and open enrollment costs and payments to scholarships as these are now directly funded from the state. State foundation payments are showing a decrease in FY23 which is due to the new funding formula and then holding steady at FY19 rates for the life of the forecast.

Other Local Revenues

Operating revenue sources not included in other lines.

This category previously includes Open Enrollment, Tuition Transfers from other districts, Student Activity Fees, and Investment Income. This line is reduced significantly because the revenue that was recorded here from open enrollment and tuition transfers from other districts is now zero. Since the implementation of the Fair School Funding Plan, all open enrollment in and out is zero and is recorded in the State Aid line. Investment income is still down from previous years as shown by the market. It is recorded at a low of $10,332 in FY23 and then held flat over the life of the forecast.

EXPENDITURES

Salaries

Employee salaries and wages

Salaries include all staffing (salary schedules and extended days), most substitutes, as-needed positions as well as negotiated attendance incentives. Salary expenditures represent just over 53% of our district's total budget in FY2023 and does rise over the life of the forecast. The raises that are included are the 2.99% base increases each year plus the negotiated steps. This number does take into consideration some retirements each year that would result in a net savings upon those rehiring's.

We are using our CARES Act money to reduce our FY23 and FY24 salary expenses and have hired some new positions as well. This forecast reflects these positions being moved into the general fund in FY25.

Benefits

School Board portion of retirement and insurance for employees

This category includes employer contributions for retirement, Medicare, workers' compensation, medical, dental, vision and life insurances. Benefit costs make up just over 2%5.5 of our total budget in FY 2023. The District belongs to the Wood County Schools Health Consortium for Health Care Coverage. Medical insurance rate projections show an increase of 20% in FY23, 10% in FY24 and 8% in FY25. Dental and vision costs are projected to increase 2% each year over the life of the forecast.

Purchases Services/Materials

Amounts paid for utilities, personal services by personnel wo are not on the payroll and other services which the school district may need to purchase.

Expenditures in the purchased services category account for just over 15% of the district's budget. The largest expense item within purchased services are payments to ESC's. We contract with ESC's in the area, primarily Wood Co. ESC for related services (SLP, OT, PT). We are projecting slight increases year over year for instructional services purchased from ESC's; however, the overall cost will decrease as we have invested in our own teacher for the visually impaired. This employee will be licensed in FY24 and will signifyingly reduce our ESC purchased service expense for this this service. Open enrollment, charter school and transportation expenses have all been reduced to zero because of the new Fair School Funding Plan, which is why there was a 20% decrease in the purchased service line from FY21 to FY22.

Supplies

Expenses for general supplies, instructional materials and other items needed.

Just over 4.5% of our overall budget is spent on supplies and materials needed to operate the school and provide an excellent education for our students. This has risen from previous years as we are seeing an increase in supplies needed to run the school as well as an increase in costs due to inflation.

Capital Outlay

Expenses for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, buses

It is anticipated that any significant cost in this area will be covered under the permanent improvement fund. We have been able to utilize CARES money to help offset our 1:1 Chromebook program that was implemented a few years ago, but will still purchase some devices every year for the foreseeable future. We have needed to purchase devices for staff members in FY23 and will continue to do so in the coming years. Grant funding supported half the cost of 4 new busses that were purchased in FY23; however, the remaining fleet of transportation vehicles is aging.

Transfers

Operating transfers or advances to other district funds.

We have historically made transfers at the end of each fiscal year to some of our grant funds, as we do not receive enough in grant money to cover all expenses in some areas. We plan to move the expenditures to the general fund moving forward instead of having to do a transfer. We are budgeting $50,000 each year in this line item as we will continue contributing to a severance fund that was created. This will create consistency in our general fund and allows for the severance expense to be charged to the severance fund. It is not uncommon to have 5 retirement in one year followed by 0 the next.